



City of  
**Chico**  
California



**2018**  
**Financial Reports**

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**Fiscal Year Ended June 30, 2018**

# **CITY OF CHICO**

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**Chico, California**



## **Comprehensive Annual Financial Report** **Year Ended June 30, 2018**

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

**CITY OF CHICO, CALIFORNIA**  
June 30, 2018

**TABLE OF CONTENTS**

**INTRODUCTORY SECTION**

Transmittal Letter.....	i - v
Directory of City Officials .....	vi
Structure of City Government.....	vii
GFOA Certificate of Achievement .....	viii

**FINANCIAL SECTION**

Independent Auditors' Report .....	1 - 3
Management's Discussion and Analysis (Required Supplementary Information) .....	4 - 15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	16
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds .....	18
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position – Governmental Activities.....	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds .....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities .....	21
Statement of Net Position – Proprietary Funds.....	22
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds ...	23
Statement of Cash Flows – Proprietary Funds.....	24 - 25
Statement of Fiduciary Net Position – Fiduciary Funds .....	26
Statement of Changes in Fiduciary Net Position – Fiduciary Funds .....	27
Notes to Basic Financial Statements.....	28 - 75
Required Supplementary Information:	
Schedules of Changes in Net Pension Liability and Related Ratios – CalPERS Miscellaneous Retirement Plan (Unaudited) .....	76
Schedules of Changes in Net Pension Liability and Related Ratios – CalPERS Safety Retirement Plan (Unaudited) .....	77
Schedule of Contributions – CalPERS Miscellaneous Retirement Plan (Unaudited) ...	78
Schedule of Contributions – CalPERS Safety Retirement Plan (Unaudited) ...	79
Schedule of Changes in OPEB Liability... ..	80
Schedules of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual – General Fund.....	81 - 82
Budget and Actual – CDBG and Home Housing Fund (Major Special Revenue Fund).....	83
Budget and Actual – Low and Moderate Income Housing Asset Fund (Major Special Revenue Fund) .....	84
Notes to Required Supplementary Information.....	85
Supplemental Budgetary Comparisons (Major Capital Projects Funds):	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Grants Fund .....	86
Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet – Nonmajor Governmental Funds .....	87

**CITY OF CHICO, CALIFORNIA**  
June 30, 2018

**TABLE OF CONTENTS (CONTINUED)**

**FINANCIAL SECTION (Continued)**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	88
Combining Balance Sheet – Nonmajor Special Revenue Funds .....	89
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds .....	90
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds:	
Operating Grants Fund .....	91
Community Maintenance Districts Fund.....	92
Transportation Fund .....	93
Gas Tax Fund .....	94
Other Special Revenue Funds .....	95
Combining Balance Sheet – Nonmajor Capital Projects Funds.....	96 - 100
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds.....	101 - 105
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Capital Projects Funds:	
Capital Improvements Fund .....	106
Bond Proceeds Fund.....	107
Fleet Replacement and Facility Maintenance Fund .....	108
Remediation Fund .....	109
Public Infrastructure Fund.....	110
Fire Protection Building and Equipment Development Impact Fee Fund .....	111
Bidwell Park Land Acquisition Development Impact Fee Fund.....	112
Administrative Building Impact Fee Fund .....	113
Street Facility Improvement Development Impact Fee Fund .....	114
Zone J Neighborhood Parks Development Impact Fee Fund.....	115
Bikeway Improvement Development Impact Fee Fund.....	116
Community Park Development Impact Fee Fund .....	117
Street Maintenance Equipment Development Impact Fee Fund .....	118
Police Protection Building and Equipment Development Impact Fee Fund.....	119
Zone I Neighborhood Parks Development Impact Fee Fund .....	120
Zone F & GJ Neighborhood Parks Development Impact Fee Fund.....	121
Zone B Neighborhood Parks Development Impact Fee Fund.....	122
Storm Drain Facility Development Impact Fee Fund .....	123
Linear Parks and Greenways Parks Development Impact Fee Fund.....	124
Zone A Neighborhood Parks Development Impact Fee Fund .....	125
Zone C Neighborhood Parks Development Impact Fee Fund.....	126
Zone D & E Neighborhood Parks Development Impact Fee Fund .....	127
Internal Service Funds:	
Combining Statement of Net Position .....	128
Combining Statement of Revenues, Expenses and Changes in Fund Net Position .....	129
Combining Statement of Cash Flows .....	130 - 131
Agency Funds:	
Combining Statement of Changes in Assets and Liabilities .....	132

**CITY OF CHICO, CALIFORNIA**  
June 30, 2018

**TABLE OF CONTENTS (CONTINUED)**

**STATISTICAL SECTION (UNAUDITED)**

Financial Trends:	
Net Position by Component.....	133
Changes in Net Position .....	134 - 135
Fund Balances of Governmental Funds .....	136
Changes in Fund Balances of Governmental Funds.....	137
Revenue Capacity:	
General Governmental Tax Revenues by Source.....	138
Assessed Value and Estimated Actual Value of Taxable Property .....	139
Property Tax Rates – Direct and Overlapping Governments .....	140
Principal Secured Property Taxpayers .....	144
Property Tax Levies and Collections .....	142
Debt Capacity:	
Ratios of Outstanding Debt by Type .....	143
Direct and Overlapping Governmental Activities Debt .....	144
Legal Debt Margin Information.....	145
Pledged-Revenue Coverage.....	146
Demographic and Economic Information:	
Demographic and Economic Statistics .....	147
Principal Employers .....	148
Operating Information:	
Full-time and Part-time City of Chico Employees by Function.....	149
Operating Indicators by Function .....	150
Capital Asset Statistics by Function .....	151





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ADMINISTRATIVE  
SERVICES DEPARTMENT

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

January 22, 2019

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, 2018. The Finance Division 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 hired 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. Vavrinek, Trine, Day & Company, 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, 2018, 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 92,348,383.

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 Tuesday 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.

## **Chico's Economic Condition**

### ***Local Economy***

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

One indicator of the local economy is the rate of unemployment. The unemployment rate for Chico was 5% as of June 2018 which is an improvement over the unemployment rate of 6% as of June 2017.

Another indicator of the local economy is community development. During the fiscal year, 304 residential building permits were issued along with 118 commercial building permits. This continues the strong building market that occurred during the year ended June 2017, when 308 residential building and 88 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 City funding as evidenced by the following key City revenue sources, which increased during the fiscal year ended June 30, 2018 as follows:

- Sales Tax increased 3%
- Property Tax revenue increased by 2%



- Utility Users tax revenue increased 2%
- Transient Occupancy Tax increased 5%

**Sales Tax**

Sales tax revenue, which accounts for over 40% of all General Fund revenue, experienced growth in all major industry groups except for fuel and service stations as gas prices were stagnant. Major industry groups changed as follows:

<b>INDUSTRY</b>	<b>PERCENTAGE INCREASE</b>
AUTOS AND TRANSPORTATION	9%
BUILDING AND CONSTRUCTION	7%
BUSINESS AND INDUSTRY	1%
FOOD AND DRUGS	1%
GENERAL CONSUMER GOODS	2%
RESTAURANTS AND HOTELS	2%

**Property Tax**

Property tax revenue, which accounts for almost 30% of all General Fund revenue, increased 2% from the prior year. Property tax revenue is composed of numerous property related tax categories. Current secured property taxes increased 4%, which is closely related to the change in overall property values in the City. The local housing market is experiencing increased growth in construction of new homes and increased growth in the resale of existing homes. Indications are that the current level of growth will continue into the next year. Residual property tax revenue came into place following the dissolution of the City’s Redevelopment Agency. As the former Redevelopment Agency’s obligations are liquidated, the City receives a larger share of this property tax source. This year, the growth in residual property tax increased 3%. The City completed a refunding of bonds for the former Redevelopment Agency during the year. As such, the City anticipates additional residual property taxes of approximately \$280,000 per year in the future years.

***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 \$7,600,000 in 2018-19 to \$11,400,000 in 2023-24. 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 has 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, recommendations to increase reserve fund balances, budgets that provide consideration of City cash flows, and as identified, additional fiscal controls that will ensure the City continues to improve financially.

***Relevant Financial Policies***

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

- **Operating Reserve** – The City Manager shall endeavor to present a Proposed Budget for the ensuing fiscal year which provides a balance in the General Fund to serve as an operating reserve in the amount of seven and one-half percent of the General Fund operating expenditures, or which the City Manager

expects will reach 7 ½% by the time the books are closed at the end of the current fiscal year. These funds would be available to be allocated for unanticipated expenditures or major declines in revenue that occur during the fiscal year. Although the City has available fund balance at June 30, 2018, none of the balance has been formally set aside as an operating reserve.

- **Emergency Reserve** – An Emergency Reserve has been established to help buffer the City from issues such as fluctuation in sales tax, changes in State laws as to how the sales tax is allocated, a sudden draw through employee attrition on vacation payment obligations, or other catastrophic events. The desired level of this reserve is established at 20% of the General Fund operating expenditures or approximately \$10,200,000. The balance in the Emergency Reserve as of June 30, 2018 is \$2,582,221 and is included in the General Fund’s Committed Fund Balance. The City’s fiscal policy (Section D.5 of the City of Chico’s Fiscal Year 2018-19 Annual Budget) includes a Plan to increase Emergency Reserves. \$1,200,000 will be contributed in fiscal year 2018-19 with gradual increases reaching \$1,500,000 in fiscal year 2021-22 and each year thereafter until the Reserve targets are met.
- **Compensated Absence Reserve** – A Compensated Absence Reserve has been established to accumulate funds for the City’s liability for compensated absences. 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. The 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. When the Reserve achieves a sufficient balance, the Reserve may be used for leave payouts when employees separate with the intent of minimizing the time necessary for City departments to replace vacant positions that occur without funds budgeted for these payouts. The balance in the Compensated Absence Reserve as of June 30, 2018 is \$908,155 and is included in the General Fund’s Committed Fund Balance.
- **Replacement Funds** – The City maintains a number of internal replacement funds including a Technology Replacement Fund (City Fund 931) to accumulate funds for the replacement of technological equipment, a Fleet Replacement Fund (City Fund 932) for the replacement of the City’s vehicle fleet, and a Facilities Maintenance Fund (City Fund 933) 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 was \$3,609,032 as of June 30, 2018.

## **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 crumbling 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 is ensuring it continues to grow its emergency and operating reserve funds, while making strategic investments in technology to improve reliability and longevity of critical systems. At the department level, each department head 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. The growth in expenditures is expected to far outpace growth in revenue, so the City is evaluating options and approaches to dealing with the related issues that come from this disparity in resources. Together, with the strength of our employees and the public, the City of Chico will withstand what most cities will face in the coming years.

### 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, 2017. This was the thirteenth 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.

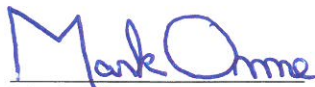
This Financial Report is the result of the cooperative effort of many people. We wish to convey our appreciation to the members of the Finance Office team who contributed to and assisted with its successful completion of the audit. We would also like to express our appreciation to all the City departments 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.

### Camp Fire

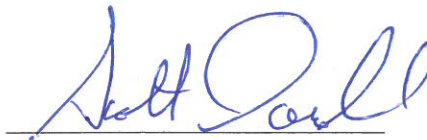
In November 2018, Butte County experienced a wildfire, known as the Camp Fire. This event was one of the worst disasters in California history. The fire burned approximately 153,300 acres and destroyed approximately 14,000 residences, as well as 528 commercial buildings primarily in the neighboring Town of Paradise. More than 50,000 residents from Paradise and the surrounding unincorporated area were evacuated. Many of the evacuees fled to Chico, to stay with friends and family and in evacuation shelters. Although the fire did minimal damage to properties in the City of Chico boundaries, the effects of the fire will impact the City of Chico in the short and long term. The Butte County Auditor Controller indicates City secured property taxes for the 2018-19 fiscal year will be reduced by at least \$800,000. Transient Occupancy Tax is also expected to decline as more hotel and motel occupants stay beyond the taxable 30-day limit. These revenues have been requested to be backfilled by the State of California. There is an increased demand on Safety due to the number of citizens now residing within the City limits causing overtime costs to increase. Direct costs incurred by the City to assist with the emergency are expected to be partially reimbursed by FEMA and Cal OES. Post-disaster expenditures will be supported by supplemental budget adjustments as necessary. Ongoing costs for the long term costs are being evaluated.

The disaster will affect the City of Chico for the foreseeable future. Staff will continue to research and evaluate all applicable options to best provide services to all residents in the City.

Respectfully submitted,



Mark Orme  
City Manager



Scott Dowell  
Administrative Services Director

# DIRECTORY OF CITY OFFICIALS

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**Sean Morgan, Mayor**

**Reanette Fillmer, Vice-Mayor**

**Andrew Coolidge, Councilmember**    **Karl Ory, Councilmember**

**Ann Schwab, Councilmember**    **Mark Sorensen, Councilmember**

**Randall Stone, Councilmember**

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**Mark Orme**  
*City Manager*

**Chris Constantin**  
*Assistant City Manager*

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

**Debbie Presson**  
*City Clerk*

**Scott Dowell**  
*Administrative Services Director*

**Steve Standridge**  
*Fire Chief*

**Mike O'Brien**  
*Chief of Police*

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

**Brendan Vieg**  
*Community Development Director*

**Brendan Ottoboni**  
*Public Works Director-  
Engineering*



# 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, 2017**

*Christopher P. Morill*

Executive Director/CEO



**VAVRINEK, TRINE, DAY & CO., LLP**  
Certified Public Accountants

VALUE THE *difference*

## 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, 2018, 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.

### ***Auditors' 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, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison statements for the general fund and the major special revenue funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

### *Implementation of New Accounting Standards*

As discussed in Note I.G to the financial statements, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, effective July 1, 2017. Our opinions are not modified with respect to this matter.

### *Deficit Fund Equity*

As described in Note II.H to the financial statements, the City reported deficit fund equity in numerous funds. If future revenues are not sufficient, it is likely that the General Fund will be responsible for any remaining deficits to fund those deficits. Our opinions are not modified with respect to this matter.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios, the schedule of changes in the total OPEB liability and related ratios, and the 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's basic financial statements. The introductory section, combining and individual 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 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 combining and individual fund financial statements and schedules are 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 January 22, 2019, 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.

*Vavrinik, Trine, Day & Co. LLP*

Sacramento, California  
January 22, 2019



# Management's Discussion and Analysis

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As management of the City of Chico (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018. 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, 2018 of \$437,607,181 (*net position*). Of this amount, \$406,154,786 is the *net investment in capital assets*.
- As of June 30, 2018, the City's governmental funds reported combined fund balances of \$106,415,238 an increase of \$6,641,388 in comparison with the prior year. Amounts available for spending include *restricted, committed, assigned and unassigned fund balance*. *Restricted* fund balances totaled \$94,713,636, although \$62,161,924 is composed of long-term loans receivable. *Committed* fund balances totaled \$3,649,707. *Assigned* fund balances totaled \$9,232,835 while *unassigned* fund balance reported a negative fund balance of \$(1,415,943).
- At June 30, 2018, the General Fund had a fund balance of \$12,295,762, an increase of \$3,318,998 from June 30, 2017.

## OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Component units are included in our basic financial statements and consist of legally separate entities for which the City is financially accountable or receives a financial benefit. The City has three component units – Chico Parking Authority, Chico Public Financing Authority and the Chico Urban Area Joint Powers Financing. Based on the criteria generally accepted accounting principles, the Chico Parking Authority and Chico Public Financing Authority are blended into the City's basic financial statements. The Parking Authority and Chico Public Financing

## Management's Discussion and Analysis

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Authority's governing bodies are substantially the same as the governing body of the City. Both blended component units are an integral part of the City's operations as they both provide 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 Public Financing Authority and 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, 2018. 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, Capital Grants Fund, and the Low and Moderate Income Housing Asset Fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* found elsewhere in this report.

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

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

**Internal service funds** are used to report activities that provide goods and services for certain City programs and activities. The City uses internal service funds to account for its self-insurance, central garage, municipal building maintenance, 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.

## Management's Discussion and Analysis

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*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 \$437,607,181 at the close of the most recent fiscal year.

The largest portion of the City's net position, \$406,154,786, or 92%, 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		Business-type		Total		Dollar Change
	Activities		Activities				
	2017	2018	2017	2018	2017	2018	
Current and other assets	\$ 126,445,381	\$ 134,955,922	\$ 33,362,601	\$ 34,126,406	\$ 159,807,982	\$ 169,082,328	\$ 9,274,346
Capital assets	317,046,457	314,132,849	130,936,638	130,480,951	447,983,095	444,613,800	(3,369,295)
Total assets	443,491,838	449,088,771	164,299,239	164,607,357	607,791,077	613,696,128	5,905,051
Deferred Outflows of Resources							
Deferred outflows related to pensions & OPEB	20,413,783	26,694,375	3,388,987	3,982,680	23,802,770	30,677,055	6,874,285
Current and other liabilities	112,844,657	127,573,032	19,835,267	22,096,179	132,679,924	149,669,211	16,989,287
Long-term liabilities	17,817,415	14,128,960	42,068,866	36,271,141	59,886,281	50,400,101	(9,486,180)
Total liabilities	130,662,072	141,701,992	61,904,133	58,367,320	192,566,205	200,069,312	7,503,107
Deferred Inflows of Resources							
Deferred inflows related to pensions & OPEB	6,751,398	5,486,263	1,092,502	1,210,427	7,843,900	6,696,690	(1,147,210)
Net position:							
Net investment							
in capital assets	314,105,733	\$ 311,573,441	90,874,097	94,581,345	404,979,830	406,154,786	1,174,956
Restricted	91,660,802	94,268,379	12,518,750	14,426,819	104,179,552	108,695,198	4,515,646
Unrestricted	(79,274,384)	(77,246,929)	1,298,744	4,126	(77,975,640)	(77,242,803)	732,837
Total net position	\$ 326,492,151	\$ 328,594,891	\$ 104,691,591	\$ 109,012,290	\$ 431,183,742	\$ 437,607,181	\$ 6,423,439

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

**Assets.** Total assets increased by \$5,596,933. The primary causes of the increase was an increase in restricted and unrestricted cash of approximately \$8,773,900 that occurred to reflect the City's overall fiscal recovery operating procedures.

**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 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 \$26,500,933 and deferred outflows for contributions of \$193,442 for OPEB for

## Management's Discussion and Analysis

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governmental activities at June 30, 2018. 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 \$11,039,920 primarily due to an increase in the net pension liability of \$13,165,476 and OPEB liability of \$1,811,020.

**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 \$658,308 and pensions totaling \$4,827,956 for government activities at June 30, 2018.

**Net Position.** Governmental activities net position decreased \$3,870,280 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 \$308,118 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 \$86,909 and pensions totaling \$3,895,771 for government activities at June 30, 2018.

**Liabilities.** Business-type activities liabilities decreased by \$3,536,813 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 \$295,760 and deferred pensions totaling \$914,667 for business-type activities at June 30, 2018.

**Net Position.** Business-type activities net position increase of \$4,320,699 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 \$4,164,908 offset by GASB 75 restatement.

## Management's Discussion and Analysis

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

### Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total		Dollar Change
	2017	2018	2017	2018	2017	2018	
<b>Program revenues:</b>							
Charges for services	\$ 14,839,565	\$ 9,807,167	\$ 20,387,037	\$ 19,601,631	\$ 35,226,602	\$ 29,408,798	\$ (5,817,804)
Operating grants and contributions	9,975,752	8,229,294	3,251,507	292,340	13,227,259	8,521,634	(4,705,625)
Capital grants and contributions	928,580	3,808,123	1,941,695	2,649,150	2,870,275	6,457,273	3,586,998
<b>General revenues:</b>							
Taxes	48,397,611	50,625,023	-	-	48,397,611	50,625,023	2,227,412
Grants and contributions not restricted to specific programs	8,759,752	1,775,871	-	-	8,759,752	1,775,871	(6,983,881)
Unrestricted investment earnings	108,793	265,529	149,104	322,007	257,897	587,536	329,639
Miscellaneous	181,581	186,758	-	-	181,581	186,758	5,177
<b>Total revenues</b>	<b>83,191,634</b>	<b>74,697,766</b>	<b>25,729,343</b>	<b>22,865,128</b>	<b>108,920,977</b>	<b>97,562,893</b>	<b>(11,358,084)</b>
<b>Expenses:</b>							
General government	4,577,443	5,059,302	-	-	4,577,443	5,059,302	481,859
Public safety	41,972,342	41,213,983	-	-	41,972,342	41,213,983	(758,359)
Public works	18,588,764	19,763,113	-	-	18,588,764	19,763,113	1,174,349
Parks and recreation	3,536,661	3,566,533	-	-	3,536,661	3,566,533	29,872
Community development	3,359,829	2,431,870	-	-	3,359,829	2,431,870	(927,959)
Community agencies	100,000	50,000	-	-	100,000	50,000	(50,000)
Interest on long-term debt	79,535	82,371	-	-	79,535	82,371	2,836
Sewer	-	-	11,450,912	12,091,786	11,450,912	12,091,786	640,874
Parking	-	-	849,259	1,027,456	849,259	1,027,456	178,197
Private development	-	-	3,488,378	3,685,574	3,488,378	3,685,574	197,196
Airport	-	-	1,902,099	2,167,468	1,902,099	2,167,468	265,369
<b>Total expenses</b>	<b>72,214,574</b>	<b>72,167,172</b>	<b>17,690,648</b>	<b>18,972,284</b>	<b>89,905,222</b>	<b>91,139,456</b>	<b>1,234,234</b>
Increase (decrease) in net position before transfers	10,977,060	2,530,594	8,038,695	3,892,844	19,015,755	6,423,438	(12,592,317)
Transfers	(369,977)	(427,855)	369,977	427,855	-	-	-
<b>Change in net position</b>	<b>10,607,083</b>	<b>2,102,739</b>	<b>8,408,672</b>	<b>4,320,699</b>	<b>19,015,755</b>	<b>6,423,438</b>	<b>(12,592,317)</b>
Net position, beginning of year	317,933,134	326,492,151	97,877,899	104,691,591	415,811,033	431,183,742	15,372,709
Prior period adjustment	(2,048,066)	-	(1,594,980)	-	(3,643,046)	-	3,643,046
Net position, beginning of year, as restated	315,885,068	326,492,151	96,282,919	104,691,591	412,167,987	431,183,742	19,015,755
<b>Net position, end of year</b>	<b>\$ 326,492,151</b>	<b>\$ 328,594,891</b>	<b>\$ 104,691,591</b>	<b>\$ 109,012,290</b>	<b>\$ 431,183,742</b>	<b>\$ 437,607,181</b>	<b>\$ 6,423,439</b>

**Governmental Activities.** Governmental activities increased the City's net position by \$3,870,281 due to an increase in charges for service as well as taxes.

**Revenues.** Total revenues for governmental activities were within 8% of prior year:

- Taxes increased \$2,227,412 due to increases in sales tax revenue and property tax revenue as the economy and housing market is moving in a modestly positive direction.



## Management's Discussion and Analysis

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- Capital grants and contributions increased by \$2,879,543 due primarily to completion of a large infrastructure project.
- Charges for service decreased \$5,032,399 due primarily to Community Development activity.

**Expenses.** Total expenses for governmental activities increased \$47,400 from the prior year:

- The modest increase in expenses is due to the City's overall fiscal recovery operating procedures.

**Business-type Activities.** Business-type activities increased the City's net position by \$4,320,699. The Sewer Fund received an additional \$2,649,148 in capital contributions. 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, 2018, the City's governmental funds reported combined fund balances of \$106,415,238 an increase of \$6,641,389 compared to the prior year. While the City reported \$94,713,636 of restricted fund balance, \$62,161,924 is composed of long-term loans receivable. By nature, restricted resources are restricted for specific purposes.

Nonspendable fund balance is composed of: \$173,000 in long-term receivables, and \$62,003 in prepaid items.

Committed fund balance is composed of: \$918,077 for compensated absences, \$139,881 in donations and \$2,591,749 for emergency contingencies.

Total assigned fund balance is \$9,232,835. It is specifically assigned for equipment replacement of \$2,557,820 assigned for capital projects of \$3,758,491 and subsequent year's budget of \$2,916,524.

**General Fund Balance.** As a result of years of overspending, the City's General Fund recognized a deficit fund balance of (\$7,665,659) as of June 30, 2013, which has decreased (positive change) to \$12,295,762 as of June 30, 2018. The \$19,961,421 net change over five years in Fund Balance is a result of several key items. First, revenue sources including sales tax, property tax and utilities user's tax revenues have gradually increased over the last four years. Second, fiscal restraint has been utilized by City management to contain costs. Third, budgetary policy has been implemented by the City Council to insure a "balanced budget" is approved and monitored each year. These three items along with strategic decision making focusing on fiscal sustainability have helped the City recover from the financial stress of prior years.

## 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 Fund	HOME Housing	Capital Grants	Low and Moderate Income Housing Asset
Revenues	\$ 54,023,987	\$ 1,092,509	\$ 2,157,990	\$ 366,099
Expenditures	(49,710,682)	(1,156,879)	(1,258,358)	(276,298)
Other financing sources (uses), net	(994,307)	47,744	-	(47,744)
Change in fund balances	3,318,998	(16,626)	899,632	42,057
Fund balances (deficits), beginning of year	8,976,764	7,535,323	(4,209,194)	56,207,013
Fund balances (deficits), end of year	\$ 12,295,762	\$ 7,518,697	\$ (3,309,562)	\$ 56,249,070

	Nonmajor Funds		2018	2017
	Special Revenue Funds	Capital Project Funds	Total Governmental Funds	Total Governmental Funds
Revenues	\$ 7,833,956	\$ 7,512,129	\$ 72,986,670	\$ 69,886,022
Expenditures	(7,276,226)	(5,553,869)	(65,232,312)	(65,498,389)
Other financing sources (uses), net	(2,037,815)	1,919,153	(1,112,969)	410,087
Change in fund balances	(1,480,085)	3,877,413	6,641,389	4,797,720
Fund balances (deficits), beginning of year	8,702,608	22,561,336	99,773,850	94,976,136
Fund balances (deficits), end of year	\$ 7,222,523	\$ 26,438,749	\$ 106,415,239	\$ 99,773,856

Revenues for governmental funds overall totaled \$72,986,670, an increase of 4% from the prior fiscal year, and expenditures for governmental funds totaled \$65,232,312, 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 \$3,060,538 due to an increase in Intergovernmental revenues of 6% due primarily to reimbursements for assistance provided to fight the numerous wildfires that occurred during the year. Current year General Fund expenditures increased over 2017 by \$218,902. Increases in wages and benefits accounts for increase.

CDBG and HOME Housing Fund expenditures exceeded revenue and transfers exceeded expenditures by \$(16,626). The excess of expenditures over revenue and transfers is due to the timing of draws of program revenue.

Revenue in the Capital Grants Fund exceeded expenditures by \$899,632 due to timing of receipts for reimbursements of 2017-18 expenditures. At year end, \$3,309,562 of Development Impact Fees were received for future projects not yet completed, so it is classified as unavailable.

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.

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

## Management's Discussion and Analysis

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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	\$ 13,783,520	\$ 1,228,142	\$ 3,921,347	\$ 640,006	\$ 19,573,015
Operating expenses	11,206,232	1,027,456	3,685,574	2,167,468	18,086,730
Operating income (loss)	2,577,288	200,686	235,773	(1,527,462)	1,486,285
Nonoperating revenues (expenses), net	(578,364)	19,795	13,407	302,571	(242,591)
Income (loss) before contributions and transfers	1,998,924	220,481	249,180	(1,224,891)	1,243,694
Contributions and transfers	2,535,008	11,242	130,164	400,589	3,077,003
Change in net position	<u>\$ 4,533,932</u>	<u>\$ 231,723</u>	<u>\$ 379,344</u>	<u>\$ (824,302)</u>	<u>\$ 4,320,697</u>

- Sewer Fund revenues decreased over the prior year due to decreased Water Pollution Control Plant capacity development fees collected. Expenses were within 7% of expense totals for 2017.
- Parking Fund revenues increased by \$45,807 over the prior year due primarily due to consistent staffing for enforcement.
- The Private Development Fund had an increase in net position of \$379,344. Operations in the fund reflected additional activity in the building industry in Chico during the year ended June 30, 2018.
- Airport Fund operating revenues increased \$102,046 primarily due to additional rental charges for airport related facilities. Transfers from the General Fund totaled \$445,600 to help cover annual operating costs of the airport. 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 exceeded budgeted revenue by \$1,445,288. Property tax revenues exceeded budget by \$482,889 while sales and use taxes budget exceeded receipts by \$87,434. Other taxes including transient and occupancy taxes (TOT) exceeded budget by \$668,120.

Overall, budgeted expenditures were under budget by \$3,893,401. 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.

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.

# Management's Discussion and Analysis

## 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, 2018 amounted to \$444,613,800 (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 \$17,754,026.

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	
	2017	2018	2017	2018
Land	\$ 31,247,077	\$ 31,247,077	\$ 2,154,341	\$ 2,154,341
Buildings	9,564,785	10,036,536	6,206,087	5,701,345
Improvements	8,493,142	7,827,374	117,879,218	116,929,049
Equipment	7,518,206	9,855,501	762,499	638,667
Infrastructure	245,842,082	238,100,023	-	-
Construction in progress	14,381,164	17,066,338	3,934,493	5,057,549
Total, Net	\$ 317,046,456	\$ 314,132,849	\$ 130,936,638	\$ 130,480,951

	Total		Total	
	2017	2018	Dollar Change	Percentage Change
Land	\$ 33,401,418	\$ 33,401,418	\$ -	0%
Buildings	15,770,872	15,737,881	(32,991)	0%
Improvements	126,372,360	124,756,423	(1,615,937)	-1%
Equipment	8,280,705	10,494,168	2,213,463	27%
Infrastructure	245,842,082	238,100,023	(7,742,059)	-3%
Construction in progress	18,315,657	22,123,887	3,808,230	21%
Total, Net	\$ 447,983,094	\$ 444,613,800	\$ (3,369,294)	

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

- Buildings – Decrease is due primarily to depreciation expense. No significant capitalized construction to building category occurred.
- Improvements – Decrease is due primarily to depreciation expense.
- Equipment – Increases reflect acquisitions of safety radios and upgraded software for several departments.
- Infrastructure – Decrease is due primarily to depreciation expense.
- 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 II D of this report.

# Management's Discussion and Analysis

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## Long-term liabilities

At June 30, 2018, the City had total long-term liabilities outstanding of \$50,400,101 an overall decrease of \$5,602,295 from June 30, 2017. Additional information related to the City's long-term liabilities can be found in Note II E of this report. Information related to the City's OPEB liability can be found in Note III D of this report.

## Economic Factors and Next Year's Budget

The Chico City Council adopted the fiscal year 2018-19 final budget on June 2, 2018, with a total Operating Budget of \$92,125,239, which is a \$2,630,755 increase from the prior fiscal year's final modified budget. The adopted Capital Improvement Budget totaled \$38,983,310 which is approximately \$13,568,928 increase from the prior year. Total General Fund revenue and transfers in total of \$54,860,154, which is lower than budgeted expenditures and transfers out of \$57,776,678. The City has also assigned fund balance from June 30, 2018 of \$2,916,524 to cover expenditures in the fiscal year 2018-19 budget. As reflected in this CAFR, the City's General Fund experienced the benefit of management decisions that cut expenditures, and thanks to an economy that yielded better than estimated results, revenue also was higher. Management believes that the current fiscal policies and current economic climate will continue to assist with the process of building operating and emergency reserves.

## Local Revenue Base

Chico's local economy is continues to show signs of economic recovery, as evidenced by the increases in locally-generated revenues in the current fiscal year. Noted revenue percentage increases include the following:

- Sales tax revenue increased 3%
- Property tax revenue increased 2%
- Transient occupancy tax increased 2%

In addition, other key economic factors reflect slow but steady growth for the City. First, the unemployment rate in Butte County has decreased from 6.0% in June 2017 to 5.0% as of June 2018, as provided by Bureau of Labor Statistics. Second, the City is seeing a continued increase in local construction as evidenced by an increase in building permits issued, planning fees, and increase in the sales of new and existing homes.

Although the local economy is rebounding, the City will continue to budget very conservatively due to the fact that minimal reserves exist.

In November 2018, Butte County experienced a wildfire, known as the Camp Fire. This event was one of the worst disasters in California history. The fire burned approximately 153,300 acres and destroyed approximately 14,000 residences, as well as 528 commercial buildings primarily in the neighboring Town of Paradise. More than 50,000 residents from Paradise and the surrounding unincorporated area were evacuated. Many of the evacuees fled to Chico, to stay with friends and family and in evacuation shelters. Although the fire did minimal damage to properties in the City of Chico boundaries, the effects of the fire will impact the City of Chico in the short and long term. The Butte County Auditor Controller indicates City secured property taxes for the 2018-19 fiscal year will be reduced by at least \$800,000. Transient Occupancy Tax is also expected to decline as more hotel and motel occupants stay beyond the 30-day limit for taxability. There is an increased demand on Safety due to the number of citizens now residing within the City limits causing overtime costs to increase. Direct costs incurred by the City to assist with the emergency are expected to be partially reimbursed by FEMA and Cal OES. Post-disaster expenditures will be supported by supplemental budget adjustments as necessary. Ongoing costs for the long term costs are being evaluated.

# Management's Discussion and Analysis

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## Requests for Information

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

**US Mail:**

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

or

**Phone:**

(530) 879-7300

or

**Email:**

[scott.dowell@chicoca.gov](mailto:scott.dowell@chicoca.gov)

***GOVERNMENT-WIDE FINANCIAL  
STATEMENT***





**CITY OF CHICO, CALIFORNIA**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2018**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Chico Urban Area Joint Powers Financing Authority
<b>ASSETS</b>				
Cash and investments	\$ 48,273,435	\$ 16,917,688	\$ 65,191,123	\$ -
Restricted cash and investments	819,639	14,426,819	15,246,458	10,499,242
Receivables:				
Interest	10,690,465	-	10,690,465	47,389
Property taxes	868,627	-	868,627	-
Accounts	1,699,685	2,594,560	4,294,245	-
Intergovernmental	10,070,376	185,605	10,255,981	-
Loans	62,161,924	-	62,161,924	-
Deposits with others	231,938	1,734	233,672	-
Prepaid	89,972	-	89,972	-
Other assets	49,861	-	49,861	-
Capital assets:				
Nondepreciable	48,313,415	7,211,890	55,525,305	-
Depreciable, net	265,819,434	123,269,061	389,088,495	-
Total assets	<u>449,088,771</u>	<u>164,607,357</u>	<u>613,696,128</u>	<u>10,546,631</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to OPEB	193,442	86,909	280,351	-
Deferred outflows related to pensions	26,500,933	3,895,771	30,396,704	-
Total deferred outflows of resources	<u>26,694,375</u>	<u>3,982,680</u>	<u>30,677,055</u>	<u>-</u>
<b>LIABILITIES</b>				
Accounts payable	3,003,461	577,358	3,580,819	-
Accrued salaries and benefits	795,478	90,147	885,625	-
Intergovernmental payable	77,599	-	77,599	-
Interest payable	-	448,754	448,754	-
Deposits	28,903	27,232	56,135	-
Unearned revenue	407,858	270,238	678,096	-
Other accrued liabilities	40,499	-	40,499	-
Total OPEB liability	8,320,186	1,488,473	9,808,659	-
Net pension liability	114,899,048	19,193,977	134,093,025	-
Long-term liabilities:				
Due within one year	2,950,769	4,303,678	7,254,447	-
Due in more than one year	11,178,191	31,967,463	43,145,654	23,059,478
Total liabilities	<u>141,701,992</u>	<u>58,367,320</u>	<u>200,069,312</u>	<u>23,059,478</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to OPEB	658,307	295,760	954,067	-
Deferred inflows related to pensions	4,827,956	914,667	5,742,623	-
Total deferred inflows of resources	<u>5,486,263</u>	<u>1,210,427</u>	<u>6,696,690</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	311,573,441	94,581,345	406,154,786	-
Restricted for:				
Capital projects	25,864,321	14,426,819	40,291,140	-
Housing	63,767,767	-	63,767,767	-
Maintenance districts	3,798,009	-	3,798,009	-
Telecommunications equipment	516,149	-	516,149	-
Abandoned vehicle program	191,295	-	191,295	-
Public safety	130,838	-	130,838	-
Unrestricted	(77,246,929)	4,126	(77,242,803)	(12,512,847)
Total net position (deficit)	<u>\$ 328,594,891</u>	<u>\$ 109,012,290</u>	<u>\$ 437,607,181</u>	<u>\$ (12,512,847)</u>

**CITY OF CHICO, CALIFORNIA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2018**

	<b>Primary Government</b>									
	Program Revenues						Net (Expense) Revenue and Changes in Net Position			Component Unit
	Direct	Indirect	Total	Charges for	Operating	Capital	Governmental	Business-type	Chico Urban Area Joint Powers Financing	
	Expenses	Expenses	Expenses	Services	Grants and Contributions	Grants and Contributions	Activities	Activities	Total	Authority
<b>FUNCTIONS/PROGRAMS:</b>										
<b>Primary government:</b>										
Governmental activities:										
General government	\$ 6,932,258	\$ (1,872,956)	\$ 5,059,302	\$ 317,656	\$ -	\$ -	\$ (4,741,646)	\$ -	\$ (4,741,646)	
Public safety	41,181,475	32,509	41,213,984	1,394,910	2,313,309	-	(37,505,765)	-	(37,505,765)	
Public works	19,346,448	416,665	19,763,113	8,287,555	4,457,377	3,808,123	(3,210,058)	-	(3,210,058)	
Parks and recreation	3,282,104	284,429	3,566,533	236,682	-	-	(3,329,851)	-	(3,329,851)	
Community development	2,329,259	102,611	2,431,870	(429,637)	1,458,608	-	(1,402,899)	-	(1,402,899)	
Community agencies	50,000	-	50,000	-	-	-	(50,000)	-	(50,000)	
Interest on long-term debt	82,371	-	82,371	-	-	-	(82,371)	-	(82,371)	
Total governmental activities	<u>73,203,915</u>	<u>(1,036,742)</u>	<u>72,167,173</u>	<u>9,807,166</u>	<u>8,229,294</u>	<u>3,808,123</u>	<u>(50,322,590)</u>	<u>-</u>	<u>(50,322,590)</u>	
Business-type activities:										
Sewer	11,664,037	427,750	12,091,787	13,802,330	2,649,148	-	-	4,359,691	4,359,691	
Parking	937,123	90,332	1,027,455	1,228,142	-	-	-	200,687	200,687	
Private development	3,451,249	234,324	3,685,573	3,922,900	-	-	-	237,327	237,327	
Airport	1,883,132	284,336	2,167,468	648,259	-	292,340	-	(1,226,869)	(1,226,869)	
Total business-type activities	<u>17,935,541</u>	<u>1,036,742</u>	<u>18,972,283</u>	<u>19,601,631</u>	<u>2,649,148</u>	<u>292,340</u>	<u>-</u>	<u>3,570,836</u>	<u>3,570,836</u>	
Total primary government	<u>\$ 91,139,455</u>	<u>\$ 0</u>	<u>\$ 91,139,455</u>	<u>\$ 29,408,797</u>	<u>\$ 10,878,442</u>	<u>\$ 4,100,463</u>	<u>(50,322,590)</u>	<u>3,570,836</u>	<u>(46,751,754)</u>	
<b>Component unit:</b>										
Chico Urban Area Joint										
Powers Financing Authority	<u>\$ 2,656,943</u>	<u>\$ -</u>	<u>\$ 2,656,943</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,900,000</u>				<u>\$ (756,943)</u>

General revenues:										
Taxes:										
Property taxes							15,410,337	-	15,410,337	-
Sales and use tax							21,831,566	-	21,831,566	-
Utility users tax							7,051,581	-	7,051,581	-
Other taxes							6,331,539	-	6,331,539	-
Grants and contributions not restricted to specific programs							1,775,872		1,775,872	
Unrestricted investment earnings							265,529	322,008	587,537	141,300
Miscellaneous							186,761		186,761	-
Transfers							(427,855)	427,855	-	-
Total general revenues and transfers							<u>52,425,330</u>	<u>749,863</u>	<u>53,175,193</u>	<u>(615,643)</u>
Change in net position							2,102,740	4,320,699	6,423,439	(615,643)
Net position (deficit), beginning of year, as restated							<u>326,492,151</u>	<u>104,691,591</u>	<u>431,183,742</u>	<u>(11,897,204)</u>
Net position (deficit), end of year							<u>\$ 328,594,891</u>	<u>\$ 109,012,290</u>	<u>\$ 437,607,181</u>	<u>\$ (12,512,847)</u>

See accompanying notes to the financial statements.

# ***FUND FINANCIAL STATEMENTS***



## FUND FINANCIAL STATEMENTS

### **Governmental Fund Types**

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

Major Governmental Funds include:

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

### **Proprietary Fund Types**

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

Major enterprise funds include:

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

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

### **Fiduciary Fund Type**

Fiduciary funds include:

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

**CITY OF CHICO, CALIFORNIA**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**JUNE 30, 2018**

	General	CDBG & HOME Housing	Capital Grants	Low & Moderate Income Housing Asset Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and investments	\$ 8,416,547	\$ 88,929	\$ -	\$ 2,367,659	\$ 33,355,283	\$ 44,228,418
Restricted cash and investments					407,261	407,261
Receivables:						
Interest	278,367	1,069,520	-	9,340,608	1,970	10,690,465
Property taxes	855,614	-	-	-	13,013	868,627
Accounts	1,602,889	-	-	-	44,850	1,647,739
Intergovernmental	4,672,325	340,021	3,849,062	-	1,204,568	10,065,976
Loans	173,000	7,415,833	-	54,534,780	38,311	62,161,924
Deposits with others	-	-	29,616	-	203,572	233,188
Prepaid items	62,003	-	-	-	-	62,003
Advances to other funds	-	-	-	-	1,993,774	1,993,774
<b>Total assets</b>	<b>\$ 16,060,745</b>	<b>\$ 8,914,303</b>	<b>\$ 3,878,678</b>	<b>\$ 66,243,047</b>	<b>\$ 37,262,602</b>	<b>\$ 132,359,375</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ 795,563	\$ 281,306	\$ 29,691	\$ 7,515	\$ 1,491,566	\$ 2,605,641
Accrued salaries and benefits	717,751	4,892	-	2,100	36,377	761,120
Deposits	9,303	-	-	20,000	-	29,303
Intergovernmental payable	-	39,888	-	-	37,711	77,599
Due to other funds	-	-	3,447,922	-	-	3,447,922
Unearned revenue	6,793	-	401,065	-	-	407,858
Other accrued liabilities	40,499	-	-	-	-	40,499
Advances from other funds	845,474	-	-	-	1,993,774	2,839,248
<b>Total liabilities</b>	<b>2,415,383</b>	<b>326,086</b>	<b>3,878,678</b>	<b>29,615</b>	<b>3,559,428</b>	<b>10,209,190</b>
Deferred inflows of resources:						
Unavailable housing loan interest revenue	-	1,069,520	-	9,340,608	-	10,410,128
Unavailable revenue	1,349,600	-	3,309,562	623,754	41,903	5,324,819
<b>Total deferred inflows of resources</b>	<b>1,349,600</b>	<b>1,069,520</b>	<b>3,309,562</b>	<b>9,964,362</b>	<b>41,903</b>	<b>15,734,947</b>
Fund Balances:						
Nonspendable	235,003	-	-	-	-	235,003
Restricted	-	7,518,697	-	56,249,070	30,945,869	94,713,636
Committed	3,649,707	-	-	-	-	3,649,707
Assigned	4,575,583	-	-	-	4,657,252	9,232,835
Unassigned	3,835,469	-	(3,309,562)	-	(1,941,850)	(1,415,943)
<b>Total fund balances (deficit)</b>	<b>12,295,762</b>	<b>7,518,697</b>	<b>(3,309,562)</b>	<b>56,249,070</b>	<b>33,661,271</b>	<b>106,415,238</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 16,060,745</b>	<b>\$ 8,914,303</b>	<b>\$ 3,878,678</b>	<b>\$ 66,243,047</b>	<b>\$ 37,262,602</b>	<b>\$ 132,359,375</b>

See accompanying notes to the financial statements.

CITY OF CHICO, CALIFORNIA  
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES  
JUNE 30, 2018

Total fund balances (deficit) - total governmental funds	\$	106,415,238
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		314,099,708
Deferred outflows of resources reported in the Statement of Net Position		
Related to OPEB	156,996	
Related to Pension	<u>24,809,268</u>	24,966,264
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenues in the fund.		15,734,947
Deferred inflows of resources reported in the Statement of Net Position		
Related to OPEB	(534,278)	
Related to Pension	<u>(4,445,936)</u>	(4,980,214)
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.		(6,309,102)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Net pension liability	(107,699,928)	
Capital leases payable	(2,559,408)	
Total OPEB liability	(7,700,586)	
Compensated absences	<u>(3,372,028)</u>	(121,331,950)
Net position of governmental activities	\$	<u><u>328,594,891</u></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, 2018**

	General	CDBG and Housing	Capital Grants	Low and Income Asset Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>						
Property taxes	\$ 15,410,337	\$ -	\$ -	\$ -	\$ -	\$ 15,410,337
Sales and use taxes	21,831,566	-	-	-	-	21,831,566
Other taxes	13,383,120	-	-	-	-	13,383,120
Licenses and permits	147,298	-	-	-	-	147,298
Intergovernmental	1,623,367	1,016,815	2,157,990	20,475	6,442,450	11,261,097
Charges for services	367,342	-	-	-	8,443,489	8,810,831
Fines, forfeitures, and penalties	749,158	-	-	-	56,607	805,765
Use of money and property	194,274	75,694	-	345,671	372,889	988,528
Miscellaneous	317,525	-	-	(47)	30,649	348,127
<b>Total revenues</b>	<b>54,023,987</b>	<b>1,092,509</b>	<b>2,157,990</b>	<b>366,099</b>	<b>15,346,084</b>	<b>72,986,669</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
General government	2,964,783	-	504,755	-	1,145,387	4,614,925
Public safety	37,161,996	-	-	-	392,211	37,554,207
Public works	3,726,271	-	-	-	6,255,480	9,981,751
Parks and recreation	3,021,710	-	-	-	-	3,021,710
Community development	969,690	815,053	-	276,298	331,885	2,392,926
Community agencies	50,000	-	-	-	-	50,000
Capital outlay	1,414,274	341,826	753,603	-	4,643,403	7,153,106
<b>Debt service:</b>						
Principal retirement	328,642	-	-	-	52,674	381,316
Interest and fiscal charges	73,316	-	-	-	9,055	82,371
<b>Total expenditures</b>	<b>49,710,682</b>	<b>1,156,879</b>	<b>1,258,358</b>	<b>276,298</b>	<b>12,830,095</b>	<b>65,232,312</b>
Excess (deficiency) of revenues over (under) expenditures	4,313,305	(64,370)	899,632	89,801	2,515,989	7,754,357
<b>OTHER FINANCING SOURCES</b>						
Transfers in	2,371,227	47,744	-	-	2,205,216	4,624,187
Transfers out	(3,365,534)	-	-	(47,744)	(2,323,878)	(5,737,156)
<b>Total other financing sources (uses)</b>	<b>(994,307)</b>	<b>47,744</b>	<b>-</b>	<b>(47,744)</b>	<b>(118,662)</b>	<b>(1,112,969)</b>
<b>Net change in fund balances</b>	<b>3,318,998</b>	<b>(16,626)</b>	<b>899,632</b>	<b>42,057</b>	<b>2,397,327</b>	<b>6,641,388</b>
<b>Fund balances (deficit), beginning of year</b>	<b>8,976,764</b>	<b>7,535,323</b>	<b>(4,209,194)</b>	<b>56,207,013</b>	<b>31,263,944</b>	<b>99,773,850</b>
<b>Fund balances (deficit), end of year</b>	<b>\$ 12,295,762</b>	<b>\$ 7,518,697</b>	<b>\$ (3,309,562)</b>	<b>\$ 56,249,070</b>	<b>\$ 33,661,271</b>	<b>\$ 106,415,238</b>

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, 2018

Net change in fund balances - total governmental funds		\$ 6,641,388
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Capital outlay	7,153,106	
Depreciation expense	<u>(11,697,185)</u>	(4,544,079)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e. disposals, transfers, donations, etc.) was to increase (decrease) net position:</p>		
Capital assets transferred from Business-type activities		
Loss on disposition of capital assets	(142,712)	
Capital contributions	<u>1,775,872</u>	1,633,160
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenues		(104,597)
<p>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.</p>		
Principal retirement		381,316
<p>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.</p>		
Change in net pension liability	(4,795,837)	
Change in compensated absences	106,551	
Change in total OPEB liability	<u>(184,903)</u>	(4,874,189)
<p>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.</p>		
		<u>2,969,741</u>
Change in net position of governmental activities		<u>\$ 2,102,740</u>

See accompanying notes to the financial statements.

CITY OF CHICO, CALIFORNIA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2018

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Sewer	Parking	Private Development	Airport		
<b>ASSETS</b>						
<b>Current assets:</b>						
Cash and investments	\$ 14,128,436	\$ 1,266,919	\$ 1,198,246	\$ 324,087	\$ 16,917,688	\$ 4,045,016
<b>Receivables:</b>						
Accounts	2,299,047	661	281,334	13,518	2,594,560	51,946
Intergovernmental	26,242	-	-	159,363	185,605	4,400
Due from other funds	-	-	-	-	-	3,447,922
Deposit with others	1,734	-	-	-	1,734	-
Inventories	-	-	-	-	-	49,861
Prepaid expenses	-	-	-	-	-	26,719
Total current assets	<u>16,455,459</u>	<u>1,267,580</u>	<u>1,479,580</u>	<u>496,968</u>	<u>19,699,587</u>	<u>7,625,864</u>
<b>Noncurrent assets:</b>						
Restricted cash and investments	13,582,603	844,216	-	-	14,426,819	412,378
Advances to other funds	-	-	-	-	-	845,474
<b>Capital assets:</b>						
Land and construction in progress	4,691,763	1,239,403	-	1,280,724	7,211,890	30,391
Other capital assets, net of accumulated depreciation	106,547,138	1,827,499	1,842	14,892,582	123,269,061	2,750
Total noncurrent assets	<u>124,821,504</u>	<u>3,911,118</u>	<u>1,842</u>	<u>16,173,306</u>	<u>144,907,770</u>	<u>1,290,993</u>
Total assets	<u>141,276,963</u>	<u>5,178,698</u>	<u>1,481,422</u>	<u>16,670,274</u>	<u>164,607,357</u>	<u>8,916,857</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred outflow related to OPEB	39,249	5,607	36,446	5,607	86,909	36,446
Deferred outflows related to pensions	1,817,873	291,009	1,509,575	277,314	3,895,771	1,691,665
Total deferred outflows of resources	<u>1,857,122</u>	<u>296,616</u>	<u>1,546,021</u>	<u>282,921</u>	<u>3,982,680</u>	<u>1,728,111</u>
<b>LIABILITIES</b>						
<b>Current liabilities:</b>						
Accounts payable	384,691	12,643	81,602	98,423	577,359	397,823
Accrued salaries and benefits	38,139	7,073	39,660	5,274	90,146	34,357
Interest payable	448,754	-	-	-	448,754	-
Deposits	-	-	27,232	-	27,232	(400)
Compensated absences - current portion	13,460	1,491	21,959	2,155	39,065	27,018
Claims liability - current portion	-	-	-	-	-	2,177,493
Loan payable - current portion	4,264,612	-	-	-	4,264,612	-
Unearned revenue	-	-	270,238	-	270,238	-
Total current liabilities	<u>5,149,656</u>	<u>21,207</u>	<u>440,691</u>	<u>105,852</u>	<u>5,717,406</u>	<u>2,636,291</u>
<b>Noncurrent liabilities:</b>						
Loan payable	31,634,994	-	-	-	31,634,994	-
Compensated absences	114,554	12,690	186,886	18,340	332,470	229,934
Claims liability	-	-	-	-	-	5,763,076
Total OPEB liability	762,896	102,250	580,934	42,393	1,488,473	619,600
Net pension liability	9,612,741	1,167,773	7,833,292	580,171	19,193,977	7,199,120
Total noncurrent liabilities	<u>42,125,185</u>	<u>1,282,713</u>	<u>8,601,112</u>	<u>640,904</u>	<u>52,649,914</u>	<u>13,811,730</u>
Total liabilities	<u>47,274,841</u>	<u>1,303,920</u>	<u>9,041,803</u>	<u>746,756</u>	<u>58,367,320</u>	<u>16,448,021</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred inflows related to OPEB	133,570	19,081	124,028	19,081	295,760	124,029
Deferred inflows related to pensions	475,976	62,663	356,912	19,116	914,667	382,020
Total deferred inflows of resources	<u>609,546</u>	<u>81,744</u>	<u>480,940</u>	<u>38,197</u>	<u>1,210,427</u>	<u>506,049</u>
<b>NET POSITION</b>						
Net investment in capital assets	75,339,295	3,066,902	1,842	16,173,306	94,581,345	33,141
Restricted for insurance	-	-	-	-	-	412,378
Restricted for capital projects	13,582,603	844,216	-	-	14,426,819	-
Unrestricted	6,327,800	178,532	(6,497,142)	(5,064)	4,126	(6,754,621)
Total net position (deficit)	<u>\$ 95,249,698</u>	<u>\$ 4,089,650</u>	<u>\$ (6,495,300)</u>	<u>\$ 16,168,242</u>	<u>\$ 109,012,290</u>	<u>\$ (6,309,102)</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, 2018**

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Sewer	Parking	Private Development	Airport		
<b>OPERATING REVENUES:</b>						
Charges for services	\$ 13,747,819	\$ 1,228,142	\$ 2,504,229	\$ 71,856	\$ 17,552,046	\$ 14,744,198
Licenses and permits	-	-	1,417,118	-	1,417,118	-
Rental charges	35,701	-	-	568,150	603,851	-
Total operating revenues	<u>13,783,520</u>	<u>1,228,142</u>	<u>3,921,347</u>	<u>640,006</u>	<u>19,573,015</u>	<u>14,744,198</u>
<b>OPERATING EXPENSES:</b>						
Salaries and benefits	2,477,032	450,540	2,254,518	324,516	5,506,606	2,228,006
Materials and supplies	821,760	16,248	19,063	15,633	872,704	390,943
Purchased services	607,446	161,859	760,796	103,943	1,634,044	2,728,958
Other expenses	2,655,178	216,379	648,434	499,230	4,019,221	7,309,339
Depreciation	4,644,816	182,430	2,763	1,224,146	6,054,155	2,686
Total operating expenses	<u>11,206,232</u>	<u>1,027,456</u>	<u>3,685,574</u>	<u>2,167,468</u>	<u>18,086,730</u>	<u>12,659,932</u>
Operating income (loss)	<u>2,577,288</u>	<u>200,686</u>	<u>235,773</u>	<u>(1,527,462)</u>	<u>1,486,285</u>	<u>2,084,266</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>						
Intergovernmental	-	-	-	292,340	292,340	-
Interest income	288,380	19,795	11,854	1,978	322,007	21,273
Interest expense	(885,554)	-	-	-	(885,554)	-
Miscellaneous	18,810	-	1,553	8,253	28,616	179,087
Total nonoperating revenues (expenses)	<u>(578,364)</u>	<u>19,795</u>	<u>13,407</u>	<u>302,571</u>	<u>(242,591)</u>	<u>200,360</u>
Income (loss) before contributions and transfers	1,998,924	220,481	249,180	(1,224,891)	1,243,694	2,284,626
Capital contributions	2,649,148	-	-	-	2,649,148	-
Transfers in	-	36,000	327,853	475,719	839,572	791,455
Transfers out	(114,140)	(24,758)	(197,689)	(75,130)	(411,717)	(106,340)
Change in net position	4,533,932	231,723	379,344	(824,302)	4,320,697	2,969,741
Net position (deficit), beginning of year, as restated	90,715,766	3,857,927	(6,874,644)	16,992,544	104,691,593	(9,278,843)
Net position (deficit), end of year	<u>\$ 95,249,698</u>	<u>\$ 4,089,650</u>	<u>\$ (6,495,300)</u>	<u>\$ 16,168,242</u>	<u>\$ 109,012,290</u>	<u>\$ (6,309,102)</u>

**CITY OF CHICO, CALIFORNIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Business-type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Sewer	Parking	Private Development	Airport	Total Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers and users	\$ 14,218,975	\$ 1,230,402	\$ 3,570,187	\$ 663,094	\$ 19,682,658	\$ -
Receipts from interfund services provided					-	15,245,209
Payments to suppliers and claimants	(3,478,893)	(223,360)	(961,312)	(241,341)	(4,904,906)	(11,281,469)
Payments to employees	(2,281,193)	(419,270)	(2,030,673)	(295,527)	(5,026,663)	(2,035,378)
Payments for interfund services used	(685,811)	(170,556)	(489,019)	(333,635)	(1,679,021)	-
Net cash provided (used) by operating activities	<u>7,773,078</u>	<u>417,216</u>	<u>89,183</u>	<u>(207,409)</u>	<u>8,072,068</u>	<u>1,928,362</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Interfund borrowings	-	-	-	(32,843)	(32,843)	322,381
Transfers in	-	36,000	327,853	475,719	839,572	791,455
Transfers out	(114,140)	(24,758)	(197,689)	(75,130)	(411,717)	(106,340)
Net cash provided (used) by noncapital financing activities	<u>(114,140)</u>	<u>11,242</u>	<u>130,164</u>	<u>367,746</u>	<u>395,012</u>	<u>1,007,496</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Acquisition and construction of capital assets	(2,704,567)	-	-	(244,751)	(2,949,318)	-
Principal paid on long-term debt	(4,162,935)	-	-	-	(4,162,935)	-
Interest paid	(946,253)	-	-	-	(946,253)	-
Intergovernmental receipts	-	-	-	406,523	406,523	-
Net cash provided (used) by capital and related financing activities	<u>(7,813,755)</u>	<u>-</u>	<u>-</u>	<u>161,772</u>	<u>(7,651,983)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest paid	288,380	19,796	11,853	1,978	322,007	-
Net cash provided by investing activities	<u>288,380</u>	<u>19,796</u>	<u>11,853</u>	<u>1,978</u>	<u>322,007</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	133,563	448,254	231,200	324,087	1,137,104	2,935,858
CASH AND INVESTMENTS, beginning of year	27,577,476	1,662,881	967,046	-	30,207,403	1,521,536
CASH AND INVESTMENTS, end of year	<u>\$ 27,711,039</u>	<u>\$ 2,111,135</u>	<u>\$ 1,198,246</u>	<u>\$ 324,087</u>	<u>\$ 31,344,507</u>	<u>\$ 4,457,394</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION:</b>						
Cash and investments	14,128,436	1,266,919	\$1,198,246	324,087	16,917,688	4,045,016
Restricted cash and investments	13,582,603	844,216	-	-	14,426,819	412,378
CASH AND INVESTMENTS, end of year	<u>\$ 27,711,039</u>	<u>\$ 2,111,135</u>	<u>\$ 1,198,246</u>	<u>\$ 324,087</u>	<u>\$ 31,344,507</u>	<u>\$ 4,457,394</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, 2018**

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities - Internal Service Funds
	Sewer	Parking	Private Development	Airport		
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ 2,577,288	\$ 200,686	\$ 235,773	\$ (1,527,462)	\$ 1,486,285	\$ 2,084,266
Changes in assets, deferred inflows of resources, liabilities and deferred outflows of resources:						
Depreciation	4,644,816	182,430	2,763	1,224,146	6,054,155	2,686
OPEB expense	46,226	6,603	42,924	6,604	102,357	42,923
Pension expense	168,052	24,007	144,045	24,007	360,111	156,047
Miscellaneous revenues	18,810	-	1,553	8,253	28,616	200,360
Change in assets and liabilities:						
Accounts receivable	81,404	2,260	(140,053)	14,835	(41,554)	301,190
Intergovernmental receivables	335,240	-	-	-	335,240	(540)
Inventories	-	-	-	-	-	(16,195)
Deposits with others	(1,734)	-	-	-	(1,734)	-
Prepaid	-	-	-	-	-	(26,719)
Accounts payable	(78,586)	572	(22,037)	43,831	(56,220)	129,292
Accrued salaries and benefits	2,633	991	14,820	1,002	19,446	4,575
Compensated absences	(21,071)	(333)	22,054	(2,625)	(1,973)	(10,918)
Unearned revenue	-	-	(212,530)	-	(212,530)	-
Deposits	-	-	(129)	-	(129)	-
Claims liability	-	-	-	-	-	(938,605)
Total adjustments	5,195,790	216,530	(146,590)	1,320,053	6,585,783	(155,904)
Net cash provided (used) by operating activities	<u>\$ 7,773,078</u>	<u>\$ 417,216</u>	<u>\$ 89,183</u>	<u>\$ (207,409)</u>	<u>\$ 8,072,068</u>	<u>\$ 1,928,362</u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>						
Transfer of capital assets from Component Unit	<u>\$ 2,649,148</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,649,148</u>	<u>\$ -</u>

**CITY OF CHICO, CALIFORNIA**  
**STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**JUNE 30, 2018**

	Private-purpose Trust Fund	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Restricted cash and investments	\$ 6,555,473	\$ 597,577
Receivables:		
Loans	827,932	46,347
Capital Assets - Land	<u>2,386,110</u>	<u>-</u>
 Total assets	 <u>9,769,515</u>	 <u>\$ 643,924</u>
<b>Liabilities</b>		
Accounts payable	\$ 476	\$ -
Special assessment deposits	-	643,924
Due within one year	4,605,000	-
Due in more than one year	<u>67,620,000</u>	<u>-</u>
 Total liabilities	 <u>72,225,476</u>	 <u>\$ 643,924</u>
<b>Deferred Inflows of Resources</b>		
Deferred amount on bond refunding	<u>441,808</u>	
<b>Net Position</b>		
Total net deficit	\$ <u>(62,897,769)</u>	

**CITY OF CHICO, CALIFORNIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Private-purpose Trust Fund
<b>Additions:</b>	
Property taxes	\$ 11,295,071
Sale of capital asset	317,949
Use of money and property	(1,687)
Total additions	11,611,333
 <b>Deductions:</b>	
Redevelopment obligations	1,900,000
Interest on bonds payable	2,974,263
Cost of debt issuance	156,174
City administrative expenses	266,893
Total deductions	5,297,330
Change in net position	6,314,003
Net deficit - beginning	(69,211,772)
Net deficit - ending	\$ (62,897,769)



***NOTES TO THE  
FINANCIAL STATEMENTS***



**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

**I. 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 Units**

Chico Public Financing Authority

In order to facilitate the financing of public improvements, as well as other facilities and improvements which can be funded through the issuance of tax exempt bonds, the City Council and the governing board of the Chico Redevelopment Agency (now known as the Successor Agency to the Chico Redevelopment Agency) established a joint powers agency, known as the Chico Public Financing Authority (CPFA), 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). The CPFA is authorized, among other things, to issue bonds pursuant to the provisions of the Marks-Roos Local Bond Pooling Act of 1985, as set forth in Article 4, Chapter 5, Division 7, Title 1, of the California Government Code (commencing with Government Code Section 6584) for the purpose of financing facilities and improvements. Facilities and improvements constructed become assets of the City. The financing activity of the CPFA is included in the Private-purpose Trust Fund. Complete financial statements for the CPFA may be obtained from the Finance Office of the City of Chico at 411 Main Street, Chico, California 95928.

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,

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

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

**A. THE FINANCIAL REPORTING ENTITY (Continued)**

**Discretely Presented Component Unit (Continued)**

Chico Urban Area Joint Powers Financing Authority (Continued)

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 infrastructure belongs 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. 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 **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, 2018

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

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (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 outflows, 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 end of the current fiscal period.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

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

**C. BASIS OF PRESENTATION, BASIS OF ACCOUNTING, AND MEASUREMENT FOCUS (Continued)**

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, 2018

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

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

Receivables and Payables (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.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

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

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

Inventories

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

Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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, 2018.

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.



**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

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

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

Long-Term Debt

In the government-wide financial statements, proprietary fund types and fiduciary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as 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 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.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

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

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

Net Position (Continued)

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 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 item that qualifies 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 Note III C and Note IIID.

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 government-wide statement of net position. These items are further discussed in Note III C and D. 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 II C.

**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.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

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

**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 Council approval. Any budget transfers in excess of \$50,000 must be approved by 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.

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, 2018 are as follows:

GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement provides additional guidance and clarification for recording other postemployment benefits or OPEB. The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2017. The city implemented this statement as of July 1, 2017.

GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The city has determined that there is no effect on the financial statements.

GASB Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits OPEB). The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The city has determined that there is no effect on the financial statements.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

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

**G. IMPLEMENTATION OF NEW GOVERNMENTAL ACCOUNTING STANDARDS (Continued)**

GASB Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. The city has determined that there is no effect on the financial statements.

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. 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 not determined its effect on the financial 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 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.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

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

**G. IMPLEMENTATION OF NEW GOVERNMENTAL ACCOUNTING STANDARDS (Continued)**

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 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 – *Majority Equity Interests-an amendment of GASB Statements No. 14 and 61*. 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 City had not determined its effect on the financial statements. 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.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**II. DETAILED NOTES**

**A. CASH AND INVESTMENTS**

At June 30, 2018, 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	\$ 65,191,123	\$ -	\$ -	\$ 65,191,123
Restricted cash and investments	15,246,458	10,499,242	7,153,050	32,898,750
Total cash and investments	<u>\$ 80,437,581</u>	<u>\$ 10,499,242</u>	<u>\$ 7,153,050</u>	<u>\$ 98,089,873</u>

At June 30, 2018, the City’s cash and investments consist of the following:

Cash in bank, deposits and petty cash	\$ 16,375,295
Investments	<u>81,714,578</u>
Total cash and investments	<u>\$ 98,089,873</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.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**II. DETAILED NOTES (Continued)**

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

Custodial Credit Risk

The custodial credit risk for deposits is the risk that the City will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that the City’s bank deposits are insured by Federal Depository Insurance Corporation (FDIC). The California Government Code and the City’s investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by depository regulated under stated law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. As of June 30, 2018, the City’s balance in financial institutions was \$15,962,917, 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 June 30, 2018, the City’s investments distributed by maturity are as follows:

	<u>Maturity</u>				<u>Fair Value</u>
	<u>Under 30 Days</u>	<u>31-365 Days</u>	<u>1-5 Years</u>	<u>Over 5 Years</u>	
Investments held by fiscal agents:					
Money Market Mutual Funds	\$ 21,918	\$ -	\$ -	\$ -	<u>\$ 21,918</u>
Total investments held by fiscal agents					<u>21,918</u>
Investments held in City treasury:					
Local Agency Investment Fund	65,591,208	-	-	-	65,591,208
Money Market Mutual Funds	4,968,516	-	-	-	4,968,516
Certificates of Deposit	-	<u>499,570</u>	<u>10,633,366</u>	-	<u>11,132,936</u>
Total investments held in City treasury					<u>81,692,660</u>
Total investments by maturity	<u>\$ 70,581,642</u>	<u>\$ 499,570</u>	<u>\$ 10,633,366</u>	<u>\$ -</u>	<u>\$ 81,714,578</u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

II. DETAILED NOTES (Continued)

A. CASH AND INVESTMENTS (Continued)

Credit Risk

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

S&P/Moody's Rating	Local Agency Investment Fund	Money Market Mutual Funds	Certificates of Deposit
A-/A2	\$ -	\$ -	\$ 249,468
A+/A1	-	-	249,451
A+/A3	-	-	247,797
A+/Aa1	-	-	249,340
A+/Aa3	-	-	498,350
AAAm/Aaa-mf	-	3,960,707	-
BB-/Ba2	-	-	249,318
BBB-/Ba1	-	-	250,030
BBB/Baa1	-	-	248,830
BBB/Baa3	-	-	249,825
BBB+/A3	-	-	475,790
BBB/Not Rated	-	-	243,642
Not Rated/A1	-	-	243,705
Not Rated/Aa2	-	-	249,465
Not Rated/Baa3	-	-	249,783
Not Rated	65,591,208	1,007,809	7,178,142
Total	<u>\$ 65,591,208</u>	<u>\$ 4,968,516</u>	<u>\$ 11,132,936</u>

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 \$10,499,242. JPFA’s restricted cash includes \$9,986,922 held in LAIF. The JPFA’s remaining restricted cash of \$512,320 is maintained in the City’s Treasury.



**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**II. DETAILED NOTES (Continued)**

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

Restricted Cash and Investments

As of June 30, 2018 cash and investments that are restricted by legal or contractual requirements are comprised of the following:

Governmental Activities:

<u>Non-major Governmental Funds</u>	<u>Amount</u>	<u>Totals</u>
Restricted bond proceeds	\$ 407,261	
Total Non-major Governmental Funds		\$ 407,261
 <u>Internal Service Funds</u>		
Insurance deposits	412,378	
Total Internal Service Funds		412,378
Total governmental activities restricted cash and investments		819,639

Business-Type Activities:

Restricted for capital projects - sewer	13,582,603	
Restricted for capital projects - parking	844,216	
Total business-type activities restricted cash and investments		14,426,819
Total primary government restricted cash and investments		15,246,458

Discretely Presented Component Unit:

Restricted for capital projects and debt service	10,499,242	
Total JPFA restricted cash and investments		10,499,242

Fiduciary Funds

Private-purpose Trust Fund

Restricted for Recognized Obligations	6,555,473	
Total Private-purpose Trust Fund	6,555,473	

Agency Funds

Restricted for debt service	597,577	
Total Agency Funds	597,577	

Total Fiduciary Fund restricted cash and investments		7,153,050
Total restricted cash and investments		<u>\$ 32,898,750</u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

**II. DETAILED NOTES (Continued)**

**A. 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 did not have any Level 1 investments at June 30, 2018.

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.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

**II. DETAILED NOTES (Continued)**

A. CASH AND INVESTMENTS (Continued)

Fair Value Measurements (Continued)

The City did not have any Level 3 investments at June 30, 2018. The inputs or methodology used for valuing securities are not necessarily an indication of the risks associated with investing in those securities. Changes in valuation techniques may result in transfers into or out of an assigned level within the disclosure hierarchy.

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

As of June 30, 2018, the City has the following fair value measurements:

	<u>Quoted Prices (Level 1)</u>	<u>Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>	<u>Total</u>
Investments by fair value:				
Certificates of Deposit	\$ -	\$ 11,132,936	\$ -	\$ 11,132,936
Total investments measured at fair value	<u>\$ -</u>	<u>\$ 11,132,936</u>	<u>\$ -</u>	<u>\$ 11,132,936</u>
Investments measured at amortized costs or not subject to fair value heirarchy:				
Local Agency Investment Fund				65,591,208
Money Market				<u>4,990,434</u>
Total investments measured at fair value				<u>\$ 81,714,578</u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**II. DETAILED NOTES (Continued)**

**B. RECEIVABLES**

The following summarizes the City's governmental activities receivables as of June 30, 2018:

	Interest	Property Taxes	Accounts	Intergovern- mental	Loans	Total
Governmental activities:						
General Fund	\$ 278,367	\$ 855,614	\$ 1,602,889	\$ 4,672,325	\$ 173,000	\$ 7,582,195
CDBG and HOME Housing Fund	1,069,520	-	-	340,021	7,415,833	8,825,374
Capital Grants Fund	-	-	-	3,849,062	-	3,849,062
Low and Moderate Income Housing Asset Fund	9,340,608	-	-	-	54,534,780	63,875,388
Other Nonmajor Governmental Funds:	1,970	13,013	44,850	1,204,568	38,311	1,302,712
Internal Service Funds	-	-	51,946	4,400	-	56,346
Total governmental activities	<u>\$10,690,465</u>	<u>\$ 868,627</u>	<u>\$ 1,699,685</u>	<u>\$ 10,070,376</u>	<u>\$ 62,161,924</u>	<u>\$ 85,491,077</u>

Loans Receivable

The loans receivable in the CDBG and HOME Housing Fund and Low and Moderate Income Housing Asset Fund of \$7,415,833 and \$54,534,780 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.

The following summarizes the City's business-type activities receivables as of June 30, 2018:

	Accounts	Intergovernmental	Total
Business-type activities:			
Sewer Fund	\$ 2,299,047	\$ 26,242	\$ 2,325,289
Parking Fund	661	-	661
Private-Development Fund	281,334	-	281,334
Airport Fund	13,518	159,363	172,881
Total business-type activities	<u>\$ 2,594,560</u>	<u>\$ 185,605</u>	<u>\$ 2,780,165</u>

Accounts receivable in the Sewer Fund is composed of \$2,299,047 in sewer service fees billed for services rendered on or before June 30, 2018 and received in the months of July and August of 2018 and \$26,242 in sewer development impact fees owed to the City as of June 30, 2018.

The intergovernmental receivable of \$159,363 in the Airport Fund represents a receivable for an Airport Improvement Program grant.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

**II. DETAILED NOTES (Continued)**

**C. DEFERRED INFLOWS OF RESOURCES**

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., measurable 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, 2018 were as follows:

	Unavailable Housing Loan Revenue	Unavailable Revenue	Total
General Fund	\$ -	\$ 1,349,600	\$ 1,349,600
CDBG and HOME Housing Fund	1,069,520	-	1,069,520
Capital Grants Fund	-	3,309,562	3,309,562
Low and Moderate Income			
Housing Asset Fund	9,340,608	623,754	9,964,362
Other Nonmajor Governmental Funds	-	41,903	41,903
	<u>\$ 10,410,128</u>	<u>\$ 5,324,819</u>	<u>\$ 15,734,947</u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

**II. DETAILED NOTES (Continued)**

**D. CAPITAL ASSETS**

Capital assets for governmental activities for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities</b>					
Capital assets, not being depreciated:					
Land	\$ 31,247,077	\$ -	\$ -	\$ -	\$ 31,247,077
Construction in progress	14,381,164	4,289,894	(142,712)	(1,462,008)	17,066,338
Total capital assets, not being depreciated	<u>45,628,241</u>	<u>4,289,894</u>	<u>(142,712)</u>	<u>(1,462,008)</u>	<u>48,313,415</u>
Capital assets being depreciated:					
Buildings	21,393,132	964,016	-	3,500	22,360,648
Improvements other than buildings	20,951,926	-	-	-	20,951,926
Equipment, furniture and vehicles	19,927,854	1,934,195	(714,555)	1,458,508	22,606,002
Infrastructure:					
Roadway	316,561,532	1,521,410	-	-	318,082,942
Bridge	9,455,484	-	-	-	9,455,484
Drainage	48,511,139	219,461	-	-	48,730,600
Total capital assets, being depreciated	<u>436,801,067</u>	<u>4,639,082</u>	<u>(714,555)</u>	<u>1,462,008</u>	<u>442,187,602</u>
Less accumulated depreciation for:					
Buildings	(11,828,347)	(495,765)	-	-	(12,324,112)
Improvements other than buildings	(12,458,784)	(665,768)	-	-	(13,124,552)
Equipment, furniture and vehicles	(12,409,648)	(1,055,408)	714,555	-	(12,750,501)
Infrastructure:					
Roadway	(105,387,853)	(7,928,474)	-	-	(113,316,327)
Bridge	(4,462,161)	(189,110)	-	-	(4,651,271)
Drainage	(18,836,059)	(1,365,346)	-	-	(20,201,405)
Total accumulated depreciation	<u>(165,382,852)</u>	<u>(11,699,871)</u>	<u>714,555</u>	<u>-</u>	<u>(176,368,168)</u>
Total capital assets being depreciated, net	<u>271,418,215</u>	<u>(7,060,789)</u>	<u>-</u>	<u>1,462,008</u>	<u>265,819,434</u>
Governmental activities capital asset, net	<u>\$ 317,046,456</u>	<u>\$ (2,770,895)</u>	<u>\$ (142,712)</u>	<u>\$ -</u>	<u>\$ 314,132,849</u>

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

Total capital assets, not being depreciated - increases	\$ 4,289,894
Total capital assets, being depreciated - increases	4,639,082
Governmental activities capital asset increases	<u>\$ 8,928,976</u>
Governmental Funds - capital outlay	\$ 7,153,106
Donations and contributed capital*	1,775,872
Governmental activities capital asset increases	<u>\$ 8,928,978</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, 2018**

**II. DETAILED NOTES (Continued)**

**D. CAPITAL ASSETS (Continued)**

Capital assets for business-type activities for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,154,341	\$ -	\$ -	\$ -	\$ 2,154,341
Construction in progress	3,934,493	2,826,249	(19,869)	(1,683,324)	5,057,549
Total capital assets, not being depreciated:	<u>6,088,834</u>	<u>2,826,249</u>	<u>(19,869)</u>	<u>(1,683,324)</u>	<u>7,211,890</u>
Capital assets, being depreciated:					
Buildings	19,412,388	-	-	-	19,412,388
Improvements other than buildings	185,471,669	2,792,088	-	1,683,324	189,947,081
Equipment, furniture and vehicles	2,898,949	-	-	-	2,898,949
Total capital assets, being depreciated:	<u>207,783,006</u>	<u>2,792,088</u>	<u>-</u>	<u>1,683,324</u>	<u>212,258,418</u>
Less accumulated depreciation for:					
Buildings	(13,206,301)	(504,742)	-	-	(13,711,043)
Improvements other than buildings	(67,592,451)	(5,425,581)	-	-	(73,018,032)
Equipment, furniture and vehicles	(2,136,450)	(123,832)	-	-	(2,260,282)
Total accumulated depreciation	<u>(82,935,202)</u>	<u>(6,054,155)</u>	<u>-</u>	<u>-</u>	<u>(88,989,357)</u>
Total capital assets being depreciated, net	<u>124,847,804</u>	<u>(3,262,067)</u>	<u>-</u>	<u>1,683,324</u>	<u>123,269,061</u>
Business-type activities capital assets, net	<u>\$ 130,936,638</u>	<u>\$ (435,818)</u>	<u>\$ (19,869)</u>	<u>\$ -</u>	<u>\$ 130,480,951</u>

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

Total capital assets, not being depreciated - increases	\$ 2,826,249
Total capital assets, being depreciated - increases	<u>2,792,088</u>
Business-type activities capital asset increases	<u>\$ 5,618,337</u>
Business-type activities - capital outlay	\$ 2,969,189
Donations and contributed capital **	<u>2,649,148</u>
Business-type activities capital asset increases	<u>\$ 5,618,337</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, 2018

**II. DETAILED NOTES (Continued)**

**D. CAPITAL ASSETS (Continued)**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
General government	\$ 359,821
Public safety	1,115,898
Public works	9,707,470
Parks and recreation	510,176
Community development	3,820
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	2,686
Total depreciation expense - governmental activities	<u>\$ 11,699,871</u>
Business-type activities:	
Sewer	\$ 4,644,816
Parking	182,430
Private Development	2,763
Airport	1,224,146
Total depreciation expense - business-type activities	<u>\$ 6,054,155</u>

**E. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental Activities:</b>					
Capital leases	\$ 2,940,724	\$ -	\$ (381,316)	\$ 2,559,408	\$ 391,700
Compensated absences	3,746,449	2,041,921	(2,159,387)	3,628,983	381,576
Self-insurance claims & settlements	8,879,174	778,867	(1,717,472)	7,940,569	2,177,493
Governmental activities long term liabilities	<u>\$ 15,566,347</u>	<u>\$ 2,820,788</u>	<u>\$ (4,258,175)</u>	<u>\$ 14,128,960</u>	<u>\$ 2,950,769</u>
<b>Business-type Activities:</b>					
Loans payable	\$ 40,062,541	\$ -	\$ (4,162,935)	\$ 35,899,606	\$ 4,264,612
Compensated absences	373,508	213,311	(215,284)	371,535	39,066
Business-type activities long-term liabilities	<u>\$ 40,436,049</u>	<u>\$ 213,311</u>	<u>\$ (4,378,219)</u>	<u>\$ 36,271,141</u>	<u>\$ 4,303,678</u>



**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**II. DETAILED NOTES (Continued)**

**E. LONG-TERM LIABILITIES (Continued)**

Governmental Activities:

	<u>Amount</u>	<u>Totals</u>
<u>Capital Leases</u>		
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.	\$ 869,025	
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.	1,406,989	
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.	<u>283,394</u>	
Total governmental activities capital leases		\$ 2,559,408
Compensated absences - Discussed in Note I D		3,628,983
Liability for self-insurance claims - Discussed in Risk Management Note III A		<u>7,940,569</u>
Total governmental activities long-term debt		<u>\$ 14,128,960</u>

Business-Type Activities:

	<u>Amount</u>	<u>Totals</u>
<u>Loans Payable</u>		
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.	\$ 6,489,670	
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.	27,267,346	
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.	<u>2,142,590</u>	
Total business-type activities loans payable		\$ 35,899,606
Compensated absences - Discussed in Note I D		<u>371,535</u>
Total business-type activities long-term debt		<u>\$ 36,271,141</u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**II. DETAILED NOTES (Continued)**

**E. LONG-TERM LIABILITIES (Continued)**

Annual debt service requirements to maturity for loans payable are as:

<u>Year Ending June 30</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,264,612	\$ 844,574	\$ 5,109,186
2020	4,368,814	740,372	5,109,186
2021	4,475,602	633,584	5,109,186
2022	2,308,368	524,144	2,832,512
2023	2,361,332	471,180	2,832,512
2024-2028	12,645,813	1,516,751	14,162,564
2029-2030	5,475,065	189,960	5,665,025
Total	<u>\$ 35,899,606</u>	<u>\$ 4,920,565</u>	<u>\$ 40,820,171</u>

Interest expense in the amount of \$885,554 has been included as a component of the direct expenses of individual functions in the business-type activities on the government-wide statement of activities as the underlying debt has objectives that can be connected to specific programs.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

**II. DETAILED NOTES (Continued)**

**F. CAPITAL LEASES**

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

	<u>Interest Rate</u>	<u>Present Value at June 30, 2018</u>
Governmental Activities:		
Fire Department Tiller Truck	2.46%	\$ 869,025
Fire Department Pumpers (3)	2.80%	1,406,989
Sweepers (2)	2.85%	283,394
Total Capital Lease Obligations		<u>\$ 2,559,408</u>

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

	<u>Governmental Activities</u>
Equipment	\$ 3,604,481
Less: accumulated amortization	(243,097)
Net Value	<u>\$ 3,361,384</u>

As of June 30, 2018, capital lease annual amortization are as follows:

	<u>Governmental Activities</u>
Year ending June 30:	
2019	\$ 460,899
2020	460,899
2021	460,899
2022	360,999
2023	360,999
2024-2025	721,998
Total requirements	\$ 2,826,693
Less interest	(267,284)
Present value of remaining payments	<u>\$ 2,559,409</u>

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, 2018**

**II. DETAILED NOTES (Continued)**

**G. INTERFUND RECEIVABLES AND PAYABLES**

Due From/To Other Funds

Amounts due from/to other funds at June 30, 2018 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Self-Insurance Internal Services Fund	Capital Grants	\$ 3,447,922
	Total due from/to other funds	<u>\$ 3,447,922</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 to/from other funds at June 30, 2018 are as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Self-Insurance Internal Service Fund	General Fund	\$ 845,474
Non-Major Funds:		
Community Park Impact Fund	Bidwell Park Land Acquisition Impact Fee Fund	1,102,203
	Fire Protection Building and Equipment Impact	
	Fund	91,458
Police Protection Building and Equipment Impact Fee Fund	Administrative Building Impact Fee	611,209
Street Maintenance Impact Fee Fund	Zone J Neighborhood Parks Impact Fee Fund	136,275
Police Protection Building and Equipment Impact Fee Fund	Community Maintenance Districts Special	
	Revenue Fund	<u>52,629</u>
Zone I Neighborhood Parks Impact Fee Capital Projects Fund		
	Total advances to/from other funds	<u>\$ 2,839,248</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, 2018

**II. DETAILED NOTES (Continued)**

**G. INTERFUND RECEIVABLES AND PAYABLES (Continued)**

Development Impact Fee Funds: Four Development Impact Fee Funds require a total of \$1,941,128 in cash advances. Deficits in the funds occurred due to a former practice of capital spending prior to the collection of fees. For the three largest cash deficits, repayment (collection of impact fee revenue) is estimated to take approximately 20-30 years from the time of the purchase and construction of the buildings and land. Although the deficits are significant, management has analyzed the nexus between the projects and fee recovery and has determined that recovery of future revenue is estimated to be sufficient to cover existing deficits. During fiscal year 2017-18, the three Funds recovered \$483,068 of the prior cash deficit. However, if future revenue is not sufficient, it is likely the General Fund will be responsible for any remaining deficits. The advances do not have formal borrowing agreements but are allowable in accordance with State law and City fiscal policies.

**H. DEFICIT FUND EQUITY**

At June 30, 2018, the Funds listed below reported deficit fund balances or net position:

<u>Fund</u>	<u>Deficit Fund Balance</u>
Private Development Fund	\$ (6,495,300)
Information Services Internal Service Fund	(3,439,500)
Central Garage Internal Service Fund	(2,242,672)
Bidwell Park Land Acquisition Impact Fee Fund	(1,102,203)
Fire Protection Building and Equipment Impact Fee Fund	(92,163)
Administrative Building Impact Fee Fund	(611,209)
Municipal Building Maintenance Internal Service Fund	(921,729)
Capital Grants Fund	(3,309,562)
Zone J Neighborhood Impact Fee Fund	(136,275)
Self Insurance Internal Service Fund	<u>(1,022,960)</u>
Total Deficit Funds	<u>\$ (19,373,573)</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.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**II. DETAILED NOTES (Continued)**

**H. DEFICIT FUND EQUITY**

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.

**I. INTERFUND TRANSFERS**

In general, the City uses interfund transfers to move revenues from funds that collect them to funds that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to help finance various programs accounted for in other funds in accordance with budgetary authorization.

This year, the most significant transfers were made from the Gas Tax Special Revenue Fund to the General Fund for program support and from the Capital Improvement Fund to the General Fund for deficit reduction.

The following is a schedule of interfund transfers from/to other funds as of June 30, 2018:

Transfers to/from other funds as of June 30, 2018 are as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
<u>General Fund:</u>	Operating Grants	\$ 31,221	General Fund Contribution
	Gas Tax Funds	90,678	General Fund Contribution
	Technology Replacement	150,000	General Fund Contribution
	Retirement Funding	541,455	General Fund Contribution
	Public Infrastructure	866,673	General Fund Contribution
	Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund	376,000	General Fund Contribution
	Equipment Liability Reserve	300,000	General Fund Contribution
	Community Maintenance District Administration	20,000	General Fund Contribution
	Private Development Enterprise Fund	293,907	General Fund Contribution
	Workers Comp Insurance Reserve	250,000	General Fund Contribution
	Airport Enterprise Fund	445,600	General Fund Contribution
		<u>3,365,534</u>	
<u>Low &amp; Moderate Income Housing Fund:</u>	CDBG and Home Housing Fund	<u>47,744</u>	Program Support

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**II. DETAILED NOTES (Continued)**

**I. INTERFUND TRANSFERS (Continued)**

Transfer From	Transfer To	Amount	Purpose
<u>Nonmajor Governmental Funds:</u>			
Transportation Special Revenue Fund	General Fund	\$ 100,000	Program Support
Gas Tax Special Revenue Fund	General Fund	2,050,000	Program Support
Other Special Revenue Funds	General Fund	14,872	Program Support
Transportation Special Revenue Fund	Parking Enterprise Fund	36,000	Program Support
Bond Proceeds Capital Projects Fund	Airport Enterprise Fund	30,119	Program Support
Bidwell Park Land Acquisition Impact Fee Fund	Private Development Enterprise Fund	4	Program Support
Administrative Building Impact Fee Fund	Private Development Enterprise Fund	4	Program Support
Fire Protection Building and Equipment Impact Fee Fund	Private Development Enterprise Fund	254	Program Support
Street Facility Improvement Impact Fee Fund	Private Development Enterprise Fund	18,281	Program Support
Bikeway Improvement Impact Fee Fund	Private Development Enterprise Fund	2,233	Program Support
Community Park Impact Fee Fund	Private Development Enterprise Fund	872	Program Support
Street Maintenance Impact Fee Fund	Private Development Enterprise Fund	1,421	Program Support
Street Maintenance Impact Fee Fund	Fleet Replacement	58,941	Program Support
Police Protection Building and Equipment Impact Fee Fund	Private Development Enterprise Fund	6,171	Program Support
Storm Drainage Facility Impact Fee Fund	Private Development Enterprise Fund	2,950	Program Support
Linear Parks/Greenways Impact Fee Fund	Private Development Enterprise Fund	961	Program Support
Zone A Neighborhood Park Impact Fee Fund	Private Development Enterprise Fund	782	Program Support
Zone B Neighborhood Park Impact Fee Fund	Private Development Enterprise Fund	1	Program Support
Zone C Neighborhood Park Impact Fee Fund	Private Development Enterprise Fund	1	Program Support
Zones D & E Neighborhood Park Impact Fee Fund	Private Development Enterprise Fund	3	Program Support
Zones F & G Neighborhood Park Impact Fee Fund	Private Development Enterprise Fund	3	Program Support
Zone I Neighborhood Park Impact Fee Fund	Private Development Enterprise Fund	5	Program Support
		<u>2,323,878</u>	
<u>Proprietary Funds:</u>			
Sewer Enterprise Fund	Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund	114,140	Sewer Fund Contribution
		<u>114,140</u>	
Parking Enterprise Fund	Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund	3,600	Parking Fund Contribution
Parking Enterprise Fund	Transportation Special Revenue Fund	21,158	Program Support
		<u>24,758</u>	
Private Development Enterprise Fund	Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund	19,075	Private Development Fund Contribution
Private Development Enterprise Fund	Emergency Reserve	34,528	Private Development Fund Contribution
Private Development Enterprise Fund	General Fund - General Plan Reserve	84,523	Private Development Fund Contribution
Private Development Enterprise Fund	Technology Replacement Non-Major Capital Projects Fund	59,563	Private Development Fund Contribution
		<u>197,689</u>	
Airport Enterprise Fund	Major Capital Projects Fund	<u>75,130</u>	Airport Fund Contribution

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**II. DETAILED NOTES (Continued)**

**I. INTERFUND TRANSFERS (Continued)**

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
<u>Internal Services Funds:</u>			
Self Insurance Fund	General Fund	\$ 87,304	Self Insurance Contribution
	Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund		Self Insurance Contribution
Self Insurance Fund			
Central Garage Internal Services Fund	Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund	14,256	Central Garage Contribution
			Municipal Building
Municipal Building Maintenance Internal Services Fund	Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund	4,780	Maintenance Contribution
		<u>106,340</u>	
	Total Transfers	<u>\$ 6,255,213</u>	



**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

**II. DETAILED NOTES (Continued)**

**J. FUND BALANCES**

The following is a schedule of the Governmental Funds fund balance classifications as of June 30, 2018:

	General	CDBG and HOME Housing	Capital Grants	Low and Moderate Income Housing Asset Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund balances (deficit):						
Nonspendable						
Long-term receivables	\$ 173,000	\$ -	\$ -	\$ -	\$ -	\$ 173,000
Prepaid items	62,003	-	-	-	-	62,003
	<u>235,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>235,003</u>
Restricted						
Capital projects	-	-	-	-	23,723,343	23,723,343
Housing	-	7,518,697	-	56,249,070	-	63,767,767
Transportation related projects	-	-	-	-	2,535,925	2,535,925
Maintenance districts	-	-	-	-	3,798,009	3,798,009
Other purposes	-	-	-	-	888,592	888,592
	<u>-</u>	<u>7,518,697</u>	<u>-</u>	<u>56,249,070</u>	<u>30,945,869</u>	<u>94,713,636</u>
Committed						
Compensated absences	918,077	-	-	-	-	918,077
Donations	139,881	-	-	-	-	139,881
Emergency contingencies	2,591,749	-	-	-	-	2,591,749
	<u>3,649,707</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,649,707</u>
Assigned						
Equipment replacement	-	-	-	-	2,557,820	2,557,820
Capital projects	1,659,059	-	-	-	2,099,432	3,758,491
Subsequent year budget	2,916,524	-	-	-	-	2,916,524
	<u>4,575,583</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,657,252</u>	<u>9,232,835</u>
Unassigned						
General Fund	3,835,469	-	-	-	-	3,835,469
Capital Projects Funds	-	-	(3,309,562)	-	(1,941,850)	(5,251,412)
	<u>3,835,469</u>	<u>-</u>	<u>(3,309,562)</u>	<u>-</u>	<u>(1,941,850)</u>	<u>(1,415,943)</u>
Total fund balances (deficit)	<u>\$ 12,295,762</u>	<u>\$ 7,518,697</u>	<u>\$ (3,309,562)</u>	<u>\$ 56,249,070</u>	<u>\$ 33,661,271</u>	<u>\$ 106,415,238</u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED JUNE 30, 2018

**II. DETAILED NOTES (Continued)**

**K. RESTRICTED COMPONENT OF NET POSITION**

The restricted component 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.

The restricted component of net position at June 30, 2018 for governmental activities is as follows:

Restricted for Capital Assets			
Capital projects			\$ 25,864,321
Restricted for Housing			
Affordable housing loans	\$ 7,518,697		
CDBG housing loans	<u>56,249,070</u>	63,767,767	
Restricted for Maintenance Districts			
Maintenance districts			3,798,009
Restricted for Telecommunications Equipment			
Telecommunications equipment			516,149
Restricted for Abandoned Vehicle Program			
Abandoned vehicle program			191,295
Restricted for Public Safety			
Public safety			<u>130,838</u>
Total restricted component of net position - governmental activities			<u><u>\$ 94,268,379</u></u>

**L. EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

Nonmajor Capital Projects Funds

The Community Park and Street Maintenance Equipment Impact Fee Funds, had negative expenditure variances due to unanticipated expenditures. The total variance was \$2,199.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**III. OTHER INFORMATION**

**A. 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 up to a maximum of \$500,000 for each general liability claim, and the workers' compensation program provides coverage for up to a maximum of \$750,000 for each workers' compensation claim.

Workers' Compensation Insurance

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

The claims liability reported in the self-insurance fund at June 30, 2018, 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 \$6,644,631 for insurance losses through June 30, 2018 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	Current -Year Claims and	Current-Year	Claims Liability
	<u>July 1</u>	<u>Changes in Estimate</u>	<u>Payments</u>	<u>June 30</u>
2016-17	\$ 4,280,414	\$ 5,014,854	\$ (1,902,279)	\$ 7,392,989
2017-18	7,392,989	760,501	(1,508,859)	6,644,631

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

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED JUNE 30, 2018

**III. OTHER INFORMATION (Continued)**

**A. RISK MANAGEMENT (Continued)**

General Liability Insurance (Continued)

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 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, 2018, were \$302,194.

The claims liability reported in the Self Insurance Internal Service Fund at June 30, 2018, was also based on the requirements of GASB Statement No. 10, as described above in Part 1. – Workers’ Compensation Insurance. The City’s provision of \$1,295,938 for insurance losses represents the estimated cost of settling self-insurance liability claims.

Changes in the claims liability are as follows:

	Claims Liability	Current -Year Claims and	Current-Year	Claims Liability
	<u>July 1</u>	<u>Changes in Estimate</u>	<u>Payments</u>	<u>June 30</u>
2016-17	\$ 784,464	\$ 1,092,435	\$ (390,714)	\$ 1,486,185
2017-18	1,486,185	18,366	(208,613)	1,295,938

**B. 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 \$1,178,172 in the Capital Grants Fund for contracts awarded but not completed as of June 30, 2018. The major contracts outstanding are \$290,330 for State Route 32 Widening Project Phase 2, \$173,735 for Annual Long Line Thermoplastic Strips in various areas and \$714,107 for 10<sup>th</sup> Street Storm Drainage.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

**III. OTHER INFORMATION (Continued)**

C. DEFINED BENEFIT PENSION PLAN

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, 2018

**III. OTHER INFORMATION (Continued)**

C. DEFINED BENEFIT PENSION PLAN (Continued)

The Plans' provisions and benefits in effect at June 30, 2018, are summarized as follows:

	<b>Miscellaneous</b>		
	Classic	Classic	PEPRA - on or after January 1, 2013
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	12.432%	12.432%	12.432%

	<b>Safety</b>	
	Classic	PEPRA - on or after January 1, 2013
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%	12.000%
Required employer contribution rates	20.360%	20.360%

**Employees Covered** – At June 30, 2018, the following employees were covered by the benefit terms for each Plan:

	<b>Miscellaneous</b>	<b>Safety</b>
Inactive employees or beneficiaries currently receiving benefits	310	223
Inactive employees entitled to but not yet receiving benefits	160	51
Active employees	199	159
Total	<u>669</u>	<u>433</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. Total employer contributions to the Miscellaneous Plan were \$4,898,914

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**III. OTHER INFORMATION (Continued)**

C. DEFINED BENEFIT PENSION PLAN (Continued)

for the year ended June 30, 2018. Total employer contributions to the Safety Plan were \$5,618,264 for the year ended June 30, 2018.

**Net Pension Liability**

The City’s net pension liability for each plan was measured as of June 30, 2017 and the total pension liability was determined by an actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017.

*Actuarial Assumptions* – The total pension liability in the June 30, 2016 actuarial valuations was determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2016	June 30, 2016
Measurement Date	June 30, 2017	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method	
Actuarial Assumptions:		
Discount Rate	7.15%	7.15%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	3.30% to 14.20% (1)	3.30% to 14.20% (1)
Investment Rate of Return	7.15%	7.15%

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 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 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, 2018

**III. OTHER INFORMATION (Continued)**

C. DEFINED BENEFIT PENSION PLAN (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Years 1-10</u>	<u>Real Return Years 11+</u>
Global Equity	47%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
Total	<u>100%</u>		

**Discount Rate** – The discount rate used to measure the total pension liability was 7.15%, a decrease of .50% from the June 30, 2016 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, 2018

**III. OTHER INFORMATION (Continued)**

C. DEFINED BENEFIT PENSION PLAN (Continued)

**Changes in the Net Pension Liability**

The changes in the Net Pension Liability for each Plan for the measurement date of June 30, 2017 are as follows:

	<b>Increase (Decrease)</b>		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<i>Miscellaneous Plan:</i>			
<b>Balance at June 30, 2017</b>	\$ 170,030,405	\$ 110,108,017	\$ 59,922,388
<b>Changes in the year:</b>			
Service Cost	2,762,977	-	2,762,977
Interest on the total pension liability	12,410,522	-	12,410,522
Differences between actual and expected experience	(3,454,037)	-	(3,454,037)
Changes in assumptions	9,955,942	-	9,955,942
Contribution - employer	-	4,835,288	(4,835,288)
Contribution - employee	-	1,042,124	(1,042,124)
Projected earnings on investments	-	12,216,475	(12,216,475)
Administrative expenses	-	(162,567)	162,567
Benefit payments, including refunds of employee contributions	(8,680,046)	(8,680,046)	-
<b>Net changes</b>	<b>12,995,358</b>	<b>9,251,274</b>	<b>3,744,084</b>
<b>Balance at June 30, 2018</b>	<b>\$ 183,025,763</b>	<b>\$ 119,359,291</b>	<b>\$ 63,666,472</b>
<i>Safety Plan:</i>			
<b>Balance at June 30, 2017</b>	\$ 193,453,792	\$ 133,531,200	\$ 59,922,592
<b>Changes in the year:</b>			
Service Cost	4,563,295	-	4,563,295
Interest on the total pension liability	14,578,548	-	14,578,548
Differences between actual and expected experience	105,155	-	105,155
Changes in assumptions	12,709,578	-	12,709,578
Contribution - employer	-	5,349,238	(5,349,238)
Contribution - employee	-	1,550,187	(1,550,187)
Projected earnings on investments	-	14,750,340	(14,750,340)
Administrative expenses	-	(197,150)	197,150
Benefit payments, including refunds of employee contributions	(9,308,811)	(9,308,811)	-
<b>Net changes</b>	<b>22,647,765</b>	<b>12,143,804</b>	<b>10,503,961</b>
<b>Balance at June 30, 2018</b>	<b>\$ 216,101,557</b>	<b>\$ 145,675,004</b>	<b>\$ 70,426,553</b>
<b>Total of all plans</b>	<b>\$ 399,127,320</b>	<b>\$ 265,034,295</b>	<b>\$ 134,093,025</b>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

**III. OTHER INFORMATION (Continued)**

C. 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	\$ 87,512,398	\$ 101,619,233	\$ 189,131,631
Current Discount Rate	7.15%	7.15%	7.15%
Net Pension Liability	\$ 63,666,472	\$ 70,426,553	\$ 134,093,025
1% Increase	8.15%	8.15%	8.15%
Net Pension Liability	\$ 43,914,070	\$ 45,069,398	\$ 88,983,468

*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, 2018, the City recognized pension expense of \$158,291,169. At June 30, 2018, 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	\$ 4,898,914	\$ -
Differences between actual and expected experience	-	(3,043,408)
Changes in assumption	6,268,556	
Net difference between projected and actual earnings on plan investments	1,623,220	
Total	<u>\$ 12,790,690</u>	<u>\$ (3,043,408)</u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

**III. OTHER INFORMATION (Continued)**

C. DEFINED BENEFIT PENSION PLAN (Continued)

	Safety Plan	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 5,618,264	\$ -
Differences between actual and expected experience	81,256	(1,601,199)
Changes in assumption	9,821,038	(1,098,016)
Net difference between projected and actual earnings on plan investments	2,085,456	
Total	<u>\$ 17,606,014</u>	<u>\$ (2,699,215)</u>
Total of all plans	<u>\$ 30,396,704</u>	<u>\$ (5,742,623)</u>

The amounts of \$4,898,914 and \$5,618,264 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, 2019. 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
2019	\$ 1,456,521	\$ 1,381,670	\$ 2,838,191
2020	3,590,124	4,267,650	7,857,774
2021	693,597	3,535,438	4,229,035
2022	(891,874)	103,779	(788,095)
	<u>\$ 4,848,368</u>	<u>\$ 9,288,537</u>	<u>\$ 14,136,903</u>

D. 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	69
Active employees	<u>291</u>
Total membership	<u>360</u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED JUNE 30, 2018

**III. OTHER INFORMATION (Continued)**

**D. OTHER POST EMPLOYMENT BENEFITS – (OPEB) (Continued)**

**Total OPEB Liability** – The cities total OPEB liability was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

**Actuarial Assumptions and other inputs** – The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Assumptions:	
Discount Rate	3.58%
Inflation	3.00%
Projected Salary Increase	3.25
Mortality	Based on CalPERS tables (*)
Healthcare cost trend rate	5.80% 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 Acturaries Scale BB. For mor details on this talbe please refer to the CalPERS 2014 experience study report available on CalPERS website.

The discount rate of 3.58 percent is based on the Bond Buyer 20-Bond General Obligation Index at June 30, 2017. Mortality rates were taken from the 2014 CalPERS OPEB Assumptions Model

<b>Changes in Total OPEB Liability</b>	<b>Total OPEB liability</b>
Balance at June 30, 2017	\$ 10,393,031
Changes for the year	
Service Cost	411,300
Interest	292,769
Changes in assumptions *	(1,047,603)
Benefit payments	(240,838)
Net change in total OPEB liability	(584,372)
Balance at June 30, 2018	<u>9,808,659</u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED JUNE 30, 2018

**III. OTHER INFORMATION (Continued)**

**D. OTHER POST EMPLOYMENT BENEFITS – (OPEB) (Continued)**

*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 (2.58%) or 1-percentage point higher (4.58%) than the current discount rate.

<u>Discount Rate</u>	<u>OPEB Liability</u>
1% Decrease (2.58%)	
Total OPEB Liability	\$ 11,203,617
Current Discount Rate (3.58%)	
Total OPEB Liability	\$ 9,808,659
1% Increase (4.58%)	
Total OPEB Liability	\$ 8,621,990

*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 4.8%) or 1-percentage point higher (6.0% to 6.8%) than the current healthcare cost trend rates:

<u>Healthcare Cost Trend Rate</u>	<u>OPEB Liability</u>
1% Decrease (4.0% to 4.8%)	
Total OPEB Liability	\$ 11,203,617
Assumed Rate (5.00% to 5.8%)	
Total OPEB Liability	\$ 9,808,659
1% Increase (6.0% to 6.8%)	
Total OPEB Liability	\$ 8,621,990

*OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB*– For the year ended June 30, 2018, the City recognized an OPEB expense of \$610,533. At June 30, 2018, the City reported deferred outflows of resources and inflow of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of Assumptions		\$ 954,067
Amounts paid by the employer for OPEB as benefits became due subsequent to the measurement date.	\$ 280,351	
	<u>\$ 280,351</u>	<u>\$ 954,067</u>

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED JUNE 30, 2018

**III. OTHER INFORMATION (Continued)**

**D. OTHER POST EMPLOYMENT BENEFITS – (OPEB) (Continued)**

The \$280,351 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 net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized as OPEB expense as follows:

**Year ended June 30:**

2019	\$	(93,536)
2020		(93,536)
2021		(93,536)
2022		(93,536)
2023		(93,539)
Thereafter		(486,384)
Total		<u>(954,067)</u>

**E. 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, 2018.

**CAPITAL ASSETS - LAND**

As of June 30, 2018, the Successor Agency owns nine parcels of land with a cost of \$2,386,110. The land will be utilized for a public purpose at a time to be determined by the Successor Agency’s Oversight Board.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

**III. OTHER INFORMATION (Continued)**

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

**LONG-TERM LIABILITIES**

As of June 30, 2018, the balances of the Successor Agency long-term obligations are presented below:

	Beginning Balance June 30, 2017	Additions	Deductions	Ending June 30, 2018	Due within One Year
2001 Chico Public Financing Authority Tax Allocation Revenue Bonds	\$ 13,955,000	\$ -	\$ (13,955,000)	\$ -	\$ -
2005 Chico Redevelopment Agency Tax Allocation Bonds	58,905,000	-	(58,905,000)	-	-
2007 Chico Redevelopment Agency Tax Allocation Refunding Bonds	12,490,000	-	(12,490,000)	-	-
2017 Successor Agency to the Chico RDA Tax Allocation Refunding Bonds Series A	-	65,475,000	-	65,475,000	-
2017 Successor Agency to the Chico RDA Tax Allocation Refunding Bonds Series B	-	12,435,000	(5,685,000)	6,750,000	4,605,000
Subtotal	85,350,000	77,910,000	(91,035,000)	72,225,000	4,605,000
Original Issuance Premium	554,740	-	(554,740)	-	-
Successor Agency long-term liabilities	<u>\$ 85,904,740</u>	<u>\$ 77,910,000</u>	<u>\$ (91,589,740)</u>	<u>\$ 72,225,000</u>	<u>\$ 4,605,000</u>

**Successor Agency Tax Allocation Refunding Bonds**

On December 7, 2017, the Successor Agency to the Chico Redevelopment Agency issued \$77,910,000 in Tax Allocation Refunding Bonds (Series A and Series B) to refund \$13,935,000 of outstanding Chico Public Financing Authority 2001 Tax Allocation Revenue Bonds, \$58,905,000 of Chico Redevelopment Agency (RDA) 2005 Tax Allocations Bonds, and \$12,490,000 of Chico RDA 2007 Tax Allocation Refunding Bonds. The total debt service payments were reduced by \$11,941,239, and resulted in an economic gain of \$11,176,885. The bonds are secured by a pledge of tax revenues consisting of tax increment payments to be received by the Successor Agency.

A deferred amount on refunding of \$475,793 was recognized with the issuance of the bonds. The unamortized balance at June 30, 2018 was \$441,808.

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

**III. OTHER INFORMATION (Continued)**

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

**LONG-TERM LIABILITIES (Continued)**

Successor Agency Long-term Liabilities

<u>Revenue Bonds</u>	<u>Amount</u>	<u>Totals</u>
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 installemnts on October 1 and April 1 through April 1, 2032.	\$ 65,475,000	
2017 Tax Allocation Refunding Bonds Series B (2017 TABS Series B) were issued in the amount of \$12,435,000 for the purpose of partially refunding the outstanding 2001 Tax Allocation Revenue Bonds. Interest rates for the term of the 2017 TABS Series B is 2.81%. Payments are due in semi-annual installemnts on October 1 and April 1 through April 1, 2020.	<u>6,750,000</u>	
Total Successor Agency long-term debt		<u>\$ 72,225,000</u>

The following is a schedule of total debt service requirements to maturity as of June 30, 2018 for the tax allocation bonds:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 4,605,000	\$ 2,036,070	\$ 6,641,070
2020	4,735,000	1,906,670	6,641,670
2021	4,860,000	1,773,357	6,633,357
2022	4,665,000	1,636,305	6,301,305
2023	4,795,000	1,504,752	6,299,752
2024-2028	25,470,000	5,448,381	30,918,381
2029-2032	23,095,000	1,650,969	24,745,969
Total	<u>\$ 72,225,000</u>	<u>\$ 15,956,504</u>	<u>\$ 88,181,505</u>



**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

**III. OTHER INFORMATION (Continued)**

**F. CHANGE IN ACCOUNTING PRINCIPLE**

Net position as of July 1, 2017, has been restated as follows for the implementation of GASB Statement No. 75 Accounting and Financial Reporting for Postemployment Benefits Other Than Pension.

	<b>June 30, 2017</b>		<b>June 30, 2017</b>
	<b>Previously Presented</b>	<b>Restatement</b>	<b>Restated</b>
<b>Governmental Activities</b>			
Deferred outflows related to OPEB	\$ -	\$ 203,001	\$ 203,001
Total OPEB liability	-	(8,760,233)	(8,760,233)
OPEB obligation	(6,509,166)	6,509,166	-
Net Position	328,540,217	<u>\$ (2,048,066)</u>	326,492,151
<b>Business-type Activities</b>			
Deferred outflows related to OPEB	\$ -	\$ 37,837	\$ 37,837
Total OPEB liability	-	(1,632,815)	(1,632,815)
Net Position	106,286,569	<u>\$ (1,594,978)</u>	104,691,591

**Fund Financial Statements**

	<b>June 30, 2017</b>		<b>June 30, 2017</b>
	<b>Previously Presented</b>	<b>Restatement</b>	<b>Restated</b>
<b>Enterprise Fund - Sewer</b>			
Deferred outflows related to OPEB	\$ -	\$ 19,239	\$ 19,239
Total OPEB liability	-	(830,230)	(830,230)
Net Position	91,526,757	<u>\$ (810,991)</u>	90,715,766
<b>Enterprise Fund - Parking</b>			
Deferred outflows related to OPEB	\$ -	\$ 2,589	\$ 2,589
Total OPEB liability	-	(111,710)	(111,710)
Net Position	3,967,048	<u>\$ (109,121)</u>	3,857,927
<b>Enterprise Fund - Private Development</b>			
Deferred outflows related to OPEB	\$ -	\$ 14,840	\$ 14,840
Total OPEB liability	-	(640,443)	(640,443)
Net Position	(6,249,041)	<u>\$ (625,603)</u>	(6,874,644)
<b>Enterprise Fund - Airport</b>			
Deferred outflows related to OPEB	\$ -	\$ 1,169	\$ 1,169
Total OPEB liability	-	(50,432)	(50,432)
Net Position	17,041,807	<u>\$ (49,263)</u>	16,992,544
<b>Internal Service Funds</b>			
Deferred outflows related to OPEB	\$ -	\$ 15,758	\$ 15,758
Total OPEB liability	-	(680,018)	(680,018)
Net Position	(8,614,583)	<u>\$ (664,260)</u>	(9,278,843)

**CITY OF CHICO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED JUNE 30, 2018

**III. OTHER INFORMATION (Continued)**

**G. SUBSEQUENT EVENTS**

**Camp Fire**

In November 2018, Butte County experienced a wildfire, known as the Camp Fire. This event was one of the worst disasters in California history. The fire burned approximately 153,300 acres and destroyed approximately 14,000 residences, as well as 528 commercial buildings primarily in the neighboring Town of Paradise. More than 50,000 residents from Paradise and the surrounding unincorporated area were evacuated. Many of the evacuees fled to Chico, to stay with friends and family and in evacuation shelters. Although the fire did minimal damage to properties in the City of Chico boundaries, the effects of the fire will impact the City of Chico in the short and long term. The Butte County Auditor Controller indicates City secured property taxes for the 2018-19 fiscal year will be reduced by at least \$800,000. Transient Occupancy Tax is also expected to decline as more hotel and motel occupants stay beyond the 30-day limit for taxability. There is an increased demand on Safety due to the number of citizens now residing within the City limits causing overtime costs to increase.

Direct costs incurred by the City to assist with the emergency are expected to be partially reimbursed by FEMA and Cal OES. Post-disaster expenditures will be supported by supplemental budget adjustments as necessary. Ongoing costs for the long term costs are being evaluated.

**Section 115 Trust**

August of 2018, the City entered into a Pension Stabilization Trust Participation Agreement (IRS Section 115) with Keenan and Associates. As of the financial statement date \$1,291,455 of cash has been deposited into restricted cash and investments for this trust.

## **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	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total pension liability</b>				
Service cost	\$ 2,762,977	\$ 2,352,654	\$ 2,441,836	\$ 3,139,806
Interest	12,410,522	12,292,564	12,098,168	11,852,134
Differences between expected and actual experience	(3,454,037)	(3,764,124)	(3,748,881)	-
Changes in assumptions	9,955,942	-	(2,850,219)	-
Benefit payments, including refunds of employee contributions	(8,680,046)	(8,251,225)	(8,129,122)	(7,723,542)
<b>Net change in total pension liability</b>	12,995,358	2,629,869	(188,218)	7,268,398
<b>Total pension liability -- beginning</b>	170,030,384	167,400,515	167,588,733	160,320,335
<b>Total pension liability -- ending (a)</b>	<u>\$ 183,025,742</u>	<u>\$ 170,030,384</u>	<u>\$ 167,400,515</u>	<u>\$ 167,588,733</u>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 4,835,288	\$ 3,774,160	\$ 3,273,509	\$ 3,326,062
Contributions - employee	1,042,124	960,903	950,096	991,678
Net investment income	12,216,475	574,677	2,533,100	17,333,730
Plan to plan resource movement	-	(3,366)	3,313	-
Benefit payments, including refunds of employee contributions	(8,680,046)	(8,251,225)	(8,129,122)	(7,723,542)
Administrative Expense	(162,567)	(68,942)	(127,469)	-
<b>Net change in fiduciary net position</b>	9,251,274	(3,013,793)	(1,496,573)	13,927,928
<b>Plan fiduciary net position -- beginning</b>	110,108,017	113,121,810	114,618,383	100,690,455
<b>Plan fiduciary net position -- ending (b)</b>	<u>\$ 119,359,291</u>	<u>\$ 110,108,017</u>	<u>\$ 113,121,810</u>	<u>\$ 114,618,383</u>
<b>Net pension liability -- ending (a) - (b)</b>	<u>\$ 63,666,451</u>	<u>\$ 59,922,367</u>	<u>\$ 54,278,705</u>	<u>\$ 52,970,350</u>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	65.21%	64.76%	67.58%	68.39%
<b>Covered Payroll</b>	\$ 12,743,802	\$ 12,095,926	\$ 11,927,104	\$ 14,799,933
<b>Net pension liability as a percentage of covered payroll</b>	499.59%	495.39%	455.09%	357.91%

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

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

Measurement Period	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
<b>Total pension liability</b>				
Service cost	\$ 4,563,295	\$ 3,944,837	\$ 4,060,125	\$ 4,587,446
Interest	14,578,548	13,926,474	13,452,675	12,801,088
Differences between expected and actual experience	105,155	(2,584,243)	(602,213)	-
Changes in assumptions	12,709,578	-	(3,450,890)	-
Benefit payments, including refunds of employee contributions	(9,308,811)	(8,981,039)	(8,373,881)	(7,428,081)
<b>Net change in total pension liability</b>	<b>22,647,765</b>	<b>6,306,029</b>	<b>5,085,816</b>	<b>9,960,453</b>
<b>Total pension liability -- beginning</b>	<b>193,453,792</b>	<b>187,147,763</b>	<b>182,061,947</b>	<b>172,101,494</b>
<b>Total pension liability -- ending (a)</b>	<b>\$ 216,101,557</b>	<b>\$ 193,453,792</b>	<b>\$ 187,147,763</b>	<b>\$ 182,061,947</b>
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 5,349,238	\$ 4,852,766	\$ 4,398,219	\$ 4,361,304
Contributions - employee	1,550,187	1,404,504	1,236,718	1,260,761
Net investment income	14,750,340	663,425	2,981,880	20,361,355
Plan to plan resource movement	-	3,366	(3,313)	-
Benefit payments, including refunds of employee contributions	(9,308,811)	(8,981,039)	(8,373,881)	(7,428,081)
Administrative Expense	(197,150)	(82,684)	(152,694)	-
<b>Net change in fiduciary net position</b>	<b>12,143,804</b>	<b>(2,139,662)</b>	<b>86,929</b>	<b>18,555,339</b>
<b>Plan fiduciary net position -- beginning</b>	<b>133,531,200</b>	<b>135,670,862</b>	<b>135,583,933</b>	<b>117,028,593</b>
<b>Plan fiduciary net position -- ending (b)</b>	<b>\$ 145,675,004</b>	<b>\$ 133,531,200</b>	<b>\$ 135,670,862</b>	<b>\$ 135,583,932</b>
<b>Net pension liability -- ending (a) - (b)</b>	<b>\$ 70,426,553</b>	<b>\$ 59,922,592</b>	<b>\$ 51,476,901</b>	<b>\$ 46,478,015</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>67.41%</b>	<b>69.02%</b>	<b>72.49%</b>	<b>74.47%</b>
<b>Covered payroll</b>	<b>\$ 14,048,439</b>	<b>\$ 14,048,202</b>	<b>\$ 14,089,826</b>	<b>\$ 15,179,163</b>
<b>Net pension liability as a percentage of covered payroll</b>	<b>501.31%</b>	<b>426.55%</b>	<b>365.35%</b>	<b>306.20%</b>

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

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

	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Actuarially determined contributions	\$ 4,898,914	\$ 4,835,288	\$ 3,774,896	\$ 3,273,509
Contributions in relation to the actuarially determined contribution	(4,898,914)	(4,835,288)	(3,774,896)	(3,273,509)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 12,101,584	\$ 12,743,802	\$ 12,095,926	\$ 11,927,104
Contributions as a percentage of covered-payroll	36.82%	37.94%	31.21%	27.45%

**Notes to Schedule**

Valuation date:	6/30/2016	6/30/2015	6/30/2014	6/30/2013
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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
Asset valuation method	Market Value
Inflation	2.75%
Salary Increase	3.30% to 14.20% depending on age, service and type of employment
Payroll Growth	3.00%
Discount Rate	7.50%
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 published by the Society of Actuaries.

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

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

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contributions	\$ 5,618,264	\$ 5,352,995	\$ 4,943,984	\$ 4,398,219
Contributions in relation to the actuarially determined contribution	(5,618,264)	(5,352,995)	(4,943,984)	(4,398,219)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 13,110,050	\$ 14,048,439	\$ 14,048,202	\$ 14,089,826
Contributions as a percentage of covered-payroll	46.23%	38.10%	35.19%	31.22%

**Notes to Schedule**

Valuation date:	6/30/2016	6/30/2015	6/30/2014	6/30/2013
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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
Asset valuation method	Market Value
Inflation	2.75%
Salary Increase	3.30% to 14.20% depending on age, service and type of employment
Payroll Growth	3.00%
Discount Rate	7.50%
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 published by the Society of Actuaries.

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



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

	<b>2018</b>
Measurement Date	June 30, 2017
<b>Total OPEB liability</b>	
Service cost	\$ 411,300
Interest	292,769
Differences between expected and actual experience	-
Changes in assumptions	(1,047,603)
Changes in benefits	-
Benefit payments, including refunds of employee contributions	(240,838)
<b>Net change in total OPEB liability</b>	(584,372)
<b>Total OPEB liability -- beginning</b>	10,393,031
<b>Total OPEB liability -- ending (a)</b>	\$ 9,808,659
<b>Covered employee payroll</b>	\$ 25,211,635
<b>Total OPEB liability as a percentage of covered payroll</b>	38.91%

\* Fiscal year 2018 was the first year of implementation, therefore, only one year is shown.

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Property taxes	\$ 15,391,000	\$ 14,927,448	\$ 15,410,337	\$ 482,889
Sales and use taxes	21,059,000	21,919,000	21,831,566	(87,434)
Other taxes	11,765,000	12,715,000	13,383,120	668,120
Licenses and permits	96,240	96,240	147,298	51,058
Intergovernmental	347,000	1,563,150	1,623,367	60,217
Charges for services	207,100	265,983	367,342	101,359
Fines, forfeitures, and penalties	680,925	680,925	749,158	68,233
Use of money and property	159,117	159,467	194,274	34,807
Miscellaneous	122,500	251,487	317,525	66,038
<b>Total revenues</b>	<b>49,827,882</b>	<b>52,578,700</b>	<b>54,023,987</b>	<b>1,445,288</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Administrative services department	1,821,726	1,885,627	1,861,175	24,452
City attorney department	633,444	635,918	417,225	218,693
City clerk department	842,853	851,784	777,281	74,503
City manager department	1,936,755	1,972,180	1,878,132	94,048
Less - indirect costs	(1,969,030)	(1,969,030)	(1,969,030)	-
General government	3,265,748	3,376,479	2,964,783	411,696
Police department	24,359,188	24,601,906	23,876,834	725,072
Fire department	12,142,941	13,381,654	13,285,162	96,492
Public safety	36,502,129	37,983,560	37,161,996	821,564
Public works department	3,923,937	3,831,480	3,726,271	105,209
Parks department	3,329,167	3,349,074	3,021,710	327,364
Community development department	809,490	880,042	969,690	(89,648)
Community agencies	50,000	50,000	50,000	-
Capital outlay :				
Capital outlay - Operations	1,216,826	3,733,728	1,414,274	2,319,454
Debit Service:				
Principal retirement	381,315	328,641	328,642	(1)
Interest and fiscal charges	79,583	73,317	73,316	1
<b>Total expenditures</b>	<b>49,097,297</b>	<b>53,606,321</b>	<b>49,710,682</b>	<b>3,895,639</b>
Excess (deficiency) of revenues over (under) expenditures	730,585	(1,027,621)	4,313,305	5,340,926

*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, 2018**

*Continued from previous page*

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
OTHER FINANCING SOURCES (USES):				
Transfers in	2,346,110	2,532,392	2,371,227	(161,165)
Transfers out	(1,960,057)	(2,575,320)	(3,365,534)	(790,214)
Total other financing sources (uses)	386,053	(42,928)	(994,307)	(951,378)
Net change in fund balance	1,116,638	(1,070,549)	3,318,998	4,389,547
Fund balance, beginning of year	8,976,764	8,976,764	8,976,764	-
Fund balance, end of year	\$ 10,093,402	\$ 7,906,215	\$ 12,295,762	\$ 4,389,547

**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, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 2,580,395	\$ 2,616,278	\$ 1,016,815	\$ (1,599,463)
Use of money and property	15,320	15,320	75,694	60,374
Total revenues	<u>2,595,715</u>	<u>2,631,598</u>	<u>1,092,509</u>	<u>(1,539,090)</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	319,473	383,766	815,053	(431,287)
Capital outlay	<u>2,636,396</u>	<u>2,610,141</u>	<u>341,826</u>	<u>2,268,315</u>
Total expenditures	<u>2,955,869</u>	<u>2,993,907</u>	<u>1,156,879</u>	<u>1,837,028</u>
Excess (deficiency) of revenues over (under) expenditures	(360,154)	(362,309)	(64,369)	297,940
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	<u>57,293</u>	<u>57,293</u>	<u>47,744</u>	<u>(9,549)</u>
Net change in fund balance	(302,861)	(305,016)	(16,626)	288,390
Fund balance, beginning of year	<u>7,535,323</u>	<u>7,535,323</u>	<u>7,535,323</u>	<u>-</u>
Fund balance, end of year	<u>\$ 7,232,462</u>	<u>\$ 7,230,307</u>	<u>\$ 7,518,697</u>	<u>\$ 288,390</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 17,971	\$ 17,971	\$ 20,475	\$ 2,504
Use of money and property	170,000	170,000	345,671	175,671
Miscellaneous	30,000	30,000	(47)	(30,047)
	<u>217,971</u>	<u>217,971</u>	<u>366,099</u>	<u>148,128</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	275,572	302,584	276,298	26,286
Capital outlay	550,000	550,000	-	550,000
	<u>825,572</u>	<u>852,584</u>	<u>276,298</u>	<u>576,286</u>
Excess (deficiency) of revenues over (under) expenditures	(607,601)	(634,613)	89,801	724,414
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(57,293)	(57,293)	(47,744)	9,549
Net change in fund balance	<u>(664,894)</u>	<u>(691,906)</u>	<u>42,057</u>	<u>733,963</u>
Fund balance, beginning of year	<u>56,207,013</u>	<u>56,207,013</u>	<u>56,207,013</u>	<u>-</u>
Fund balance, end of year	<u>\$ 55,542,119</u>	<u>\$ 55,515,107</u>	<u>\$ 56,249,070</u>	<u>\$ 733,963</u>

**CITY OF CHICO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2018**

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 defined by budget policies as approved by City Council.

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.

## **SUPPLEMENTAL BUDGETARY COMPARISONS**

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

- Capital Grants Fund





**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
CAPITAL GRANTS FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Intergovernmental	\$ 10,631,046	\$ 20,063,977	\$ 2,157,990	\$ (17,905,987)
Total revenues	<u>10,631,046</u>	<u>20,063,977</u>	<u>2,157,990</u>	<u>(17,905,987)</u>
EXPENDITURES:				
Current:				
General government	-	-	504,755	(504,755)
Capital outlay	<u>10,631,046</u>	<u>15,854,782</u>	<u>753,603</u>	<u>15,101,179</u>
Total expenditures	<u>10,631,046</u>	<u>15,854,782</u>	<u>1,258,358</u>	<u>14,596,424</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>4,209,195</u>	<u>899,632</u>	<u>(3,309,563)</u>
Net change in fund balance	-	4,209,195	899,632	(3,309,563)
Fund balance (deficit), beginning of year	<u>(4,209,194)</u>	<u>(4,209,194)</u>	<u>(4,209,194)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (4,209,194)</u>	<u>\$ 1</u>	<u>\$ (3,309,562)</u>	<u>\$ (3,309,563)</u>



## **NONMAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

#### **Operating Grants**

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

#### **Community Maintenance Districts**

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

#### **Transportation**

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

#### **Gas Tax**

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

#### **Other Special Revenue**

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

### **CAPITAL PROJECTS FUNDS**

#### **Capital Improvements**

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

#### **Bond Proceeds Fund**

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

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

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

#### **Remediation**

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

## **NONMAJOR GOVERNMENTAL FUNDS** (Continued)

### **CAPITAL PROJECTS FUNDS** (Continued)

#### **Fire Protection Building and Equipment Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for site acquisition, improvement and equipping of fire protection buildings and facilities, and acquisition and improvement of fire protection equipment.

#### **Bidwell Park Land Acquisition Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for acquisition of unimproved parkland sites adjacent to Bidwell Park.

#### **Administrative Building Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for site acquisition, construction, and equipping of administrative building facilities.

#### **Street Facility Improvement Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for right of way acquisition, construction and improvement of street facilities.

#### **Zone J Neighborhood Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for acquisition and development of neighborhood park facilities in Zone J (Central East Chico - between Big Chico Creek and Lindo Channel from SHR 99 to Manzanita Avenue).

#### **Bikeway Improvement Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for right of way acquisition, construction, and improvement of bicycle facilities.

#### **Community Park Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for acquisition and development of community park facilities.

#### **Street Maintenance Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for street maintenance equipment acquisition and improvements.

#### **Police Protection Building and Equipment Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for site acquisition, construction, improvement and equipping of police protection buildings and facilities, and acquisition and improvement of police protection equipment.

## **NONMAJOR GOVERNMENTAL FUNDS** (Continued)

### **CAPITAL PROJECTS FUNDS (Continued)**

#### **Zone I Neighborhood Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for acquisition and development of neighborhood park facilities in Zone I (Southeast Chico – east of SHR 99, south of Big Chico Creek).

#### **Zone F & G Neighborhood Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for acquisition and development of neighborhood park facilities in Zone F & G (North Central Chico (Foothill region) – east of the Airport Bike Path, west of the Diversion Channel and north of East Avenue/Lindo Channel).

#### **Zone B Neighborhood Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for acquisition and development of neighborhood park facilities in Zone B (West Chico – boundaries identical to those of the Oak Way Park Assessment District).

#### **Storm Drainage Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for construction and installation of storm drainage improvements.

#### **Linear Parks/Greenways Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for acquisition and development of linear parks and greenway facilities.

#### **Zone A Neighborhood Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for acquisition and development of neighborhood park facilities in Zone A (Southwest Chico – south of Big Chico Creek and west of SHR 99).

#### **Zone C Neighborhood Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for acquisition and development of neighborhood park facilities in Zone C (Northwest Chico – south of West Lassen Avenue, west of SHR 99 and north of Lindo Channel).

#### **Zone D & E Neighborhood Development Impact Fee**

Accounts for the collection of and expenditure of fees imposed as a condition of new development within the City. These fees can only be used for acquisition and development of neighborhood park facilities in Zone D & E (North Northwest Chico – north of West Lassen Avenue to SHR 99 to the Airport Bike Path).



**CITY OF CHICO, CALIFORNIA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2018**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and investments	\$ 6,606,388	\$ 26,748,895	\$ 33,355,283
Receivables:			
Interest	-	1,970	1,970
Taxes	13,013	-	13,013
Accounts	44,850	-	44,850
Intergovernmental	1,201,957	2,611	1,204,568
Loans	38,311	-	38,311
Deposits with others	41,405	162,167	203,572
Advances to other funds	-	1,993,774	1,993,774
Restricted cash and investments	-	407,261	407,261
 Total assets	 <u>\$ 7,945,924</u>	 <u>\$ 29,316,678</u>	 <u>\$ 37,262,602</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
Liabilities:			
Accounts payable	\$ 580,573	\$ 910,993	\$ 1,491,566
Accrued salaries and benefits	10,585	25,792	36,377
Intergovernmental payable	37,711	-	37,711
Advances from other funds	52,629	1,941,145	1,993,774
 Total liabilities	 <u>681,498</u>	 <u>2,877,930</u>	 <u>3,559,428</u>
Deferred inflows of resources:			
Unavailable revenue -	41,903		41,903
 Total deferred inflows of resources	 <u>41,903</u>	 <u>-</u>	 <u>41,903</u>
Fund balances:			
Restricted	7,222,523	23,723,346	30,945,869
Assigned	-	4,657,251	4,657,251
Unassigned	-	(1,941,849)	(1,941,849)
 Total fund balances	 <u>7,222,523</u>	 <u>26,438,748</u>	 <u>33,661,271</u>
Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 7,945,924</u>	 <u>\$ 29,316,678</u>	 <u>\$ 37,262,602</u>

**CITY OF CHICO, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Special Revenue Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
<b>REVENUES:</b>			
Intergovernmental	\$ 6,442,450	\$ -	\$ 6,442,450
Charges for services	1,232,042	7,211,447	8,443,489
Fines, forfeitures, and penalties	56,607	-	56,607
Use of money and property	102,857	270,032	372,889
Miscellaneous	-	30,649	30,649
	<u>7,833,956</u>	<u>7,512,128</u>	<u>15,346,084</u>
<b>EXPENDITURES:</b>			
Current:			
General government	299,476	845,911	1,145,387
Public safety	392,211	-	392,211
Public works	4,488,912	1,766,568	6,255,480
Community development	-	331,885	331,885
Capital outlay:			
Capital outlay - Operations	2,092,838	2,550,565	4,643,403
Debt service:			
Principal retirement	-	52,674	52,674
Interest and fiscal charges	2,789	6,266	9,055
	<u>7,276,226</u>	<u>5,553,869</u>	<u>12,830,095</u>
Excess (deficiency) of revenues over (under) expenditures	<u>557,730</u>	<u>1,958,259</u>	<u>2,515,989</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
Transfers in	163,057	2,042,159	2,205,216
Transfers out	<u>(2,200,872)</u>	<u>(123,006)</u>	<u>(2,323,878)</u>
Total other financing sources (uses)	<u>(2,037,815)</u>	<u>1,919,153</u>	<u>(118,662)</u>
Net change in fund balances	(1,480,086)	3,877,412	2,397,327
Fund balances, beginning of year	<u>8,702,608</u>	<u>22,561,336</u>	<u>31,263,944</u>
Fund balances, end of year	<u>\$ 7,222,523</u>	<u>\$ 26,438,748</u>	<u>\$ 33,661,271</u>



**CITY OF CHICO, CALIFORNIA  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2018**

	Operating Grants	Community Maintenance Districts	Transportation	Gas Tax	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds
<b>ASSETS</b>						
Cash and investments	\$ 151,957	\$ 3,948,047	\$ 1,480,473	\$ 307,428	\$ 718,483	\$ 6,606,388
Receivables:						
Taxes	-	13,013				13,013
Accounts	-	575	-	-	44,275	44,850
Intergovernmental	-	-	186,387	1,009,796	5,774	1,201,957
Loans	-	-	-	-	38,311	38,311
Deposits with others		1,250	217	39,938		41,405
		<u>1,250</u>	<u>217</u>	<u>39,938</u>		<u>41,405</u>
Total assets	<u>\$ 151,957</u>	<u>\$ 3,962,885</u>	<u>\$ 1,667,077</u>	<u>\$ 1,357,162</u>	<u>\$ 806,843</u>	<u>\$ 7,945,924</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	\$ -	\$ 74,536	\$ 12,933	\$ 471,979	\$ 21,125	\$ 580,573
Accrued salaries and benefits	4,478	-	3,402	-	2,705	10,585
Intergovernmental payable	-	37,711	-	-	-	37,711
Advances from other funds	-	52,629	-	-	-	52,629
		<u>52,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52,629</u>
Total liabilities	<u>4,478</u>	<u>164,876</u>	<u>16,335</u>	<u>471,979</u>	<u>23,830</u>	<u>681,498</u>
Deferred inflows of resources:						
Unavailable revenue	41,903	-	-	-	-	41,903
	<u>41,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,903</u>
Total deferred inflows of resources	<u>41,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,903</u>
Fund balances:						
Restricted	105,576	3,798,009	1,650,742	885,183	783,013	7,222,523
	<u>105,576</u>	<u>3,798,009</u>	<u>1,650,742</u>	<u>885,183</u>	<u>783,013</u>	<u>7,222,523</u>
Total fund balances	<u>105,576</u>	<u>3,798,009</u>	<u>1,650,742</u>	<u>885,183</u>	<u>783,013</u>	<u>7,222,523</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 151,957</u>	<u>\$ 3,962,885</u>	<u>\$ 1,667,077</u>	<u>\$ 1,357,162</u>	<u>\$ 806,843</u>	<u>\$ 7,945,924</u>

**CITY OF CHICO, CALIFORNIA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Operating Grants	Community Maintenance Districts	Transportation	Gas Tax	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds
<b>REVENUES:</b>						
Intergovernmental	\$ 334,940	\$ -	\$ 3,073,065	\$ 3,034,445	\$ -	\$ 6,442,450
Charges for services	-	963,089	256	-	268,697	1,232,042
Fines, forfeitures, and penalties	-	-	-	-	56,607	56,607
Use of money and property	(68)	41,897	31,044	18,048	11,936	102,857
<b>Total revenues</b>	<b>334,872</b>	<b>1,004,986</b>	<b>3,104,365</b>	<b>3,052,493</b>	<b>337,240</b>	<b>7,833,956</b>
<b>EXPENDITURES:</b>						
Current:						
General government	-	-	-	-	299,476	299,476
Public safety	372,896	-	-	-	19,315	392,211
Public works	-	854,101	2,713,013	921,798	-	4,488,912
Capital outlay	-	-	170,912	1,650,133	271,793	2,092,838
Debt service:						
Interest	-	2,789	-	-	-	2,789
<b>Total expenditures</b>	<b>372,896</b>	<b>856,890</b>	<b>2,883,925</b>	<b>2,571,931</b>	<b>590,584</b>	<b>7,276,226</b>
Excess (deficiency) of revenues over (under) expenditures	(38,024)	148,096	220,440	480,562	(253,344)	557,730
<b>OTHER FINANCING SOURCES</b>						
<b>(USES):</b>						
Transfers in	31,221	20,000	21,158	90,678	-	163,057
Transfers out	-	-	(136,000)	(2,050,000)	(14,872)	(2,200,872)
<b>Total other financing sources (uses)</b>	<b>31,221</b>	<b>20,000</b>	<b>(114,842)</b>	<b>(1,959,322)</b>	<b>(14,872)</b>	<b>(2,037,815)</b>
Net change in fund balances	(6,803)	168,096	105,598	(1,478,760)	(268,216)	(1,480,085)
Fund balances, beginning of year	112,379	3,629,913	1,545,144	2,363,943	1,051,229	8,702,608
Fund balances, end of year	<u>\$ 105,576</u>	<u>\$ 3,798,009</u>	<u>\$ 1,650,742</u>	<u>\$ 885,183</u>	<u>783,013</u>	<u>\$ 7,222,523</u>

**CITY OF CHICO, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**OPERATING GRANTS SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 142,399	\$ 669,397	\$ 334,940	\$ (334,457)
Use of money and property	-	-	(68)	(68)
<b>Total revenues</b>	<b>142,399</b>	<b>669,397</b>	<b>334,872</b>	<b>(334,525)</b>
<b>EXPENDITURES:</b>				
Current:				
Public safety	178,713	512,340	372,896	139,444
Capital outlay	-	287,434	-	287,434
<b>Total expenditures</b>	<b>178,713</b>	<b>799,774</b>	<b>372,896</b>	<b>426,878</b>
Excess (deficiency) of revenues over (under) expenditures	(36,314)	(130,377)	(38,024)	92,353
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	30,642	59,894	31,221	(28,673)
<b>Total other financing sources (uses)</b>	<b>30,642</b>	<b>59,894</b>	<b>31,221</b>	<b>(28,673)</b>
Net change in fund balance	(5,672)	(70,483)	(6,803)	63,680
Fund balance, beginning of year	112,379	112,379	112,379	-
Fund balance, end of year	<u>\$ 106,707</u>	<u>\$ 41,896</u>	<u>\$ 105,576</u>	<u>\$ 63,680</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, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 966,200	\$ 1,041,797	\$ 963,089	\$ (78,708)
Use of money and property	-	-	41,897	41,897
<b>Total revenues</b>	<b>966,200</b>	<b>1,041,797</b>	<b>1,004,986</b>	<b>(36,811)</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Public works	1,047,579	1,047,579	854,101	193,478
Debt Service				
Interest	3,348	3,348	2,789	559
<b>Total expenditures</b>	<b>1,050,927</b>	<b>1,050,927</b>	<b>856,890</b>	<b>194,037</b>
Excess (deficiency) of revenues over (under) expenditures	(84,727)	(9,130)	148,096	157,226
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	20,000	20,000	20,000	-
<b>Total other financing sources (uses)</b>	<b>20,000</b>	<b>20,000</b>	<b>20,000</b>	<b>-</b>
Net change in fund balance	(64,727)	10,870	168,096	157,226
Fund balance, beginning of year	3,629,913	3,629,913	3,629,913	-
Fund balance, end of year	<u>\$ 3,565,186</u>	<u>\$ 3,640,783</u>	<u>\$ 3,798,009</u>	<u>\$ 157,226</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, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 3,151,700	\$ 3,151,700	\$ 3,073,065	\$ (78,635)
Charges for services	500	500	256	(244)
Use of money and property	17,220	17,220	31,044	13,824
<b>Total revenues</b>	<u>3,169,420</u>	<u>3,169,420</u>	<u>3,104,365</u>	<u>(65,055)</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	2,533,830	2,561,006	2,713,013	(152,007)
Capital outlay	745,625	1,643,594	170,912	1,472,682
<b>Total expenditures</b>	<u>3,279,455</u>	<u>4,204,600</u>	<u>2,883,925</u>	<u>1,320,675</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(110,035)</u>	<u>(1,035,180)</u>	<u>220,440</u>	<u>1,255,620</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	36,000	36,000	21,158	(14,842)
Transfers out	(100,000)	(100,000)	(136,000)	(36,000)
<b>Total other financing sources (uses)</b>	<u>(64,000)</u>	<u>(64,000)</u>	<u>(114,842)</u>	<u>(50,842)</u>
Net change in fund balance	(174,035)	(1,099,180)	105,598	1,204,778
Fund balance, beginning of year	<u>1,545,144</u>	<u>1,545,144</u>	<u>1,545,144</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,371,109</u>	<u>\$ 445,964</u>	<u>\$ 1,650,742</u>	<u>\$ 1,204,778</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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental revenues	\$ 2,737,500	\$ 3,412,943	\$ 3,034,445	\$ (378,498)
Use of money and property	-	-	18,048	18,048
Total revenues	2,737,500	3,412,943	3,052,493	(360,450)
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	921,798	(921,798)
Capital outlay	878,634	3,395,515	1,650,133	1,745,382
Total expenditures	878,634	3,395,515	2,571,931	823,585
Excess (deficiency) of revenues over (under) expenditures	1,858,866	17,428	480,562	463,134
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	90,678	90,678
Transfers out	-	(2,050,000)	(2,050,000)	-
Total other financing sources (uses)	-	(2,050,000)	(1,959,322)	90,678
Net change in fund balance	1,858,866	(2,032,572)	(1,478,760)	553,812
Fund balance, beginning of year	2,363,943	2,363,943	2,363,943	-
Fund balance, end of year	\$ 4,222,809	\$ 331,371	\$ 885,183	\$ 553,812

**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, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental revenues	\$ -	\$ 4,900	\$ -	\$ (4,900)
Charges for services	213,000	228,182	268,697	40,515
Fines, forfeitures and penalties	56,607	95,000	56,607	(38,393)
Use of money and property	-	-	11,936	11,936
<b>Total revenues</b>	<u>269,607</u>	<u>328,082</u>	<u>337,240</u>	<u>9,158</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
General government	140,371	140,742	299,476	(158,734)
Public safety	11,155	19,315	19,315	-
Capital outlay	150,800	849,715	271,793	577,922
<b>Total expenditures</b>	<u>302,326</u>	<u>1,009,772</u>	<u>590,584</u>	<u>419,188</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(32,719)</u>	<u>(681,690)</u>	<u>(253,344)</u>	<u>428,346</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	2,820	-	-	-
Transfers out	(90,000)	(61,399)	(14,872)	46,527
<b>Total other financing sources (uses)</b>	<u>(87,180)</u>	<u>(61,399)</u>	<u>(14,872)</u>	<u>46,527</u>
<b>Net change in fund balance</b>	<u>(119,899)</u>	<u>(743,089)</u>	<u>(268,216)</u>	<u>474,873</u>
Fund balance, beginning of year	<u>1,051,229</u>	<u>1,051,229</u>	<u>1,051,229</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 931,330</u>	<u>\$ 308,140</u>	<u>\$ 783,013</u>	<u>\$ 474,873</u>

**CITY OF CHICO, CALIFORNIA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018**

	Capital Improvements Fund	Bond Proceeds Fund	Fleet Replacement and Facility Maintenance	Remediation Fund
<b>ASSETS</b>				
Cash and investments	\$ 2,143,907	\$ -	\$ 2,687,728	\$ 122,973
Receivables:				
Interest	-	1,970	-	-
Intergovernmental	-	-	-	-
Deposits with others	-	26,026	-	-
Advances to other funds	-	-	-	-
Restricted cash and investments	-	407,261	-	-
Total assets	<u>\$ 2,143,907</u>	<u>\$ 435,257</u>	<u>\$ 2,687,728</u>	<u>\$ 122,973</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 125,099	\$ 47,913	\$ 129,908	\$ 16,557
Accrued salaries and benefits	25,792	-	-	-
Advance from other funds	-	-	-	-
Total liabilities	<u>150,891</u>	<u>47,913</u>	<u>129,908</u>	<u>16,557</u>
Fund balances:				
Restricted	-	387,344	-	-
Assigned	1,993,016	-	2,557,820	106,416
Unassigned	-	-	-	-
Total fund balances (deficit)	<u>1,993,016</u>	<u>387,344</u>	<u>2,557,820</u>	<u>106,416</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,143,907</u>	<u>\$ 435,257</u>	<u>\$ 2,687,728</u>	<u>\$ 122,973</u>



**CITY OF CHICO, CALIFORNIA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018**

	Impact Fee Funds				
	Public Infrastructure Replacement	Fire Protection Building & Equipment Dev	Bidwell Park Land Acquisition Dev	Administrative Building	Street Facility Improvement
<b>ASSETS</b>					
Cash and investments	\$ 496,215	\$ -	\$ -	\$ -	\$ 6,473,434
Receivables:					
Interest	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Deposits with others	10,571	-	-	-	123,847
Advances to other funds	-	-	-	-	-
Restricted cash and investments	-	-	-	-	-
Total assets	<u>\$ 506,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,597,281</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 111,837	\$ 705	\$ -	\$ -	\$ 311,027
Accrued salaries and benefits	-	-	-	-	-
Advance from other funds	-	91,458	1,102,203	611,209	-
Total liabilities	<u>111,837</u>	<u>92,163</u>	<u>1,102,203</u>	<u>611,209</u>	<u>311,027</u>
Fund balances:					
Restricted	394,949	-	-	-	6,286,254
Assigned	-	-	-	-	-
Unassigned	-	(92,163)	(1,102,203)	(611,209)	-
Total fund balances (deficit)	<u>394,949</u>	<u>(92,163)</u>	<u>(1,102,203)</u>	<u>(611,209)</u>	<u>6,286,254</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 506,786</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,597,281</u>

**CITY OF CHICO, CALIFORNIA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018**

	Impact Fee Funds				
	Zone J	Bikeway Improvement	Community Park	Street	Police Protection
	Neighborhood Parks			Maintenance Equipment	Building and Equipment
<b>ASSETS</b>					
Cash and investments	\$ -	\$ 815,967	\$ 4,806,508	\$ 1,033,425	\$ 3,121,901
Receivables:	-				
Interest	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Deposits with others	-	-	-	-	-
Advances to other funds	-	-	1,102,203	611,209	227,733
Restricted cash and investments	-	-	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 815,967</u>	<u>\$ 5,908,711</u>	<u>\$ 1,644,634</u>	<u>\$ 3,349,634</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ 765	\$ 856	\$ 129,084	\$ 745
Accrued salaries and benefits	-	-	-	-	-
Advance from other funds	136,275	-	-	-	-
Total liabilities	<u>136,275</u>	<u>765</u>	<u>856</u>	<u>129,084</u>	<u>745</u>
Fund balances:					
Restricted	-	815,202	5,907,855	1,515,550	3,348,889
Assigned	-	-	-	-	-
Unassigned	(136,275)	-	-	-	-
Total fund balances (deficit)	<u>(136,275)</u>	<u>815,202</u>	<u>5,907,855</u>	<u>1,515,550</u>	<u>3,348,889</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 815,967</u>	<u>\$ 5,908,711</u>	<u>\$ 1,644,634</u>	<u>\$ 3,349,634</u>

**CITY OF CHICO, CALIFORNIA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018**

	Impact Fee Funds				
	Zone I Neighborhood Parks	Zone F and G Neighborhood Parks	Zone B Neighborhood Parks	Storm Drainage Facility	Linear Parks/ Greenways
<b>ASSETS</b>					
Cash and investments	\$ 964,605	\$ 874,056	\$ 548,217	\$ 1,133,382	\$ 779,105
Receivables:					
Interest	-	-	-	-	-
Intergovernmental	-	-	-	2,611	-
Deposits with others	-	-	-	1,723	-
Advances to other funds	52,629	-	-	-	-
Restricted cash and investments	-	-	-	-	-
Total assets	<u>\$ 1,017,234</u>	<u>\$ 874,056</u>	<u>\$ 548,217</u>	<u>\$ 1,137,716</u>	<u>\$ 779,105</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ 27,586	\$ 2,596
Accrued salaries and benefits	-	-	-	-	-
Advance from other funds	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,586</u>	<u>2,596</u>
Fund balances:					
Restricted	1,017,234	874,056	548,217	1,110,130	776,509
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances (deficit)	<u>1,017,234</u>	<u>874,056</u>	<u>548,217</u>	<u>1,110,130</u>	<u>776,509</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,017,234</u>	<u>\$ 874,056</u>	<u>\$ 548,217</u>	<u>\$ 1,137,716</u>	<u>\$ 779,105</u>

**CITY OF CHICO, CALIFORNIA  
COMBINING BALANCE SHEET  
NONMAJOR CAPITAL PROJECTS FUNDS  
JUNE 30, 2018**

	Impact Fee Funds			Total Nonmajor Capital Projects Funds
	Zone A Neighborhood Parks	Zone C Neighborhood Parks	Zone D and E Neighborhood Parks	
<b>ASSETS</b>				
Cash and investments	\$ 202,344	\$ 171,123	\$ 374,005	\$ 26,748,895
Receivables:				
Interest	-	-	-	1,970
Intergovernmental	-	-	-	2,611
Deposits with others	-	-	-	162,167
Advances to other funds	-	-	-	1,993,774
Restricted cash and investments	-	-	-	407,261
Total assets	<u>202,344</u>	<u>\$ 171,123</u>	<u>\$ 374,005</u>	<u>\$ 29,316,678</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 6,315	\$ -	\$ -	\$ 910,993
Accrued salaries and benefits	-	-	-	25,792
Advance from other funds	-	-	-	1,941,145
Total liabilities	<u>6,315</u>	<u>-</u>	<u>-</u>	<u>2,877,930</u>
Fund balances:				
Restricted	196,029	171,123	374,005	23,723,346
Assigned	-	-	-	4,657,251
Unassigned	-	-	-	(1,941,849)
Total fund balances (deficit)	<u>196,029</u>	<u>171,123</u>	<u>374,005</u>	<u>26,438,748</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 202,344</u>	<u>\$ 171,123</u>	<u>\$ 374,005</u>	<u>\$ 29,316,678</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, 2018**

	Capital Improvements Fund	Bond Proceeds Fund	Fleet Replacement and Facility Maintenance	Remediation Fund
<b>REVENUES:</b>				
Charges for services	\$ 1,590,304	\$ -	\$ -	\$ -
Use of money and property	3,261	6,361	35,643	2,107
Miscellaneous	-	-	30,649	-
Total revenues	<u>1,593,565</u>	<u>6,361</u>	<u>66,292</u>	<u>2,107</u>
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	845,911	-
Public works	1,037,281	-	-	-
Community development	-	-	-	109,860
Capital outlay:				
Capital outlay - Operations	-	67,162	1,146,456	-
Debt service:				
Principal retirement	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>1,037,281</u>	<u>67,162</u>	<u>1,992,367</u>	<u>109,860</u>
Excess (deficiency) of revenues over (under) expenditures	<u>556,284</u>	<u>(60,801)</u>	<u>(1,926,075)</u>	<u>(107,753)</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	1,175,485	-
Transfers out	-	(30,119)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(30,119)</u>	<u>1,175,485</u>	<u>-</u>
Net change in fund balances	556,284	(90,920)	(750,590)	(107,753)
Fund balances (deficit), beginning of year	<u>1,436,732</u>	<u>478,264</u>	<u>3,308,410</u>	<u>214,169</u>
Fund balances (deficit), end of year	<u>\$ 1,993,016</u>	<u>\$ 387,344</u>	<u>\$ 2,557,820</u>	<u>\$ 106,416</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, 2018**

	Impact Fee Funds				
	Public	Fire Protection	Bidwell Park		
	Infrastructure Replacement	Building & Equipment Dev	Land Acquisition Dev	Administrative Building	Street Facility Improvement
<b>REVENUES:</b>					
Charges for services	\$ -	\$ 329,982	\$ 76,016	\$ 97,350	\$ 2,583,414
Use of money and property	-	(3,436)	-	(7,366)	55,627
Miscellaneous	-	-	-	-	-
Total revenues	<u>-</u>	<u>326,546</u>	<u>76,016</u>	<u>89,984</u>	<u>2,639,041</u>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public works	471,725	-	-	-	-
Community development	-	11,920	-	-	116,602
Capital outlay:					
Capital outlay - Operations	-	-	-	-	461,659
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>471,725</u>	<u>11,920</u>	<u>-</u>	<u>-</u>	<u>578,261</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(471,725)</u>	<u>314,626</u>	<u>76,016</u>	<u>89,984</u>	<u>2,060,780</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	866,674	-	-	-	-
Transfers out	-	(254)	(4)	(4)	(18,281)
Total other financing sources (uses)	<u>866,674</u>	<u>(254)</u>	<u>(4)</u>	<u>(4)</u>	<u>(18,281)</u>
Net change in fund balances	394,949	314,372	76,012	89,980	2,042,499
Fund balances (deficit), beginning of year	-	(406,535)	(1,178,215)	(701,189)	4,243,755
Fund balances (deficit), end of year	<u>\$ 394,949</u>	<u>\$ (92,163)</u>	<u>\$ (1,102,203)</u>	<u>\$ (611,209)</u>	<u>\$ 6,286,254</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, 2018**

	Impact Fee Funds				
	Zone J			Street	Police Protection
	Neighborhood	Bikeway	Community	Maintenance	Building
	Parks	Improvement	Park	Equipment	and Equipment
<b>REVENUES:</b>					
Charges for services	\$ 1,982	\$ 243,389	\$ 725,707	\$ 62,880	\$ 551,058
Use of money and property	-	7,806	58,326	18,632	38,441
Miscellaneous	-	-	-	-	-
Total revenues	<u>1,982</u>	<u>251,195</u>	<u>784,033</u>	<u>81,512</u>	<u>589,499</u>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public works	-	-	-	-	-
Community development	-	33,067	19,007	6,167	29,770
Capital outlay:					
Capital outlay - Operations	-	78,870	-	128,974	568,769
Debt service:					
Principal retirement	-	-	-	52,674	-
Interest	-	-	-	6,266	-
Total expenditures	<u>-</u>	<u>111,937</u>	<u>19,007</u>	<u>194,081</u>	<u>598,539</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,982</u>	<u>139,258</u>	<u>765,026</u>	<u>(112,569)</u>	<u>(9,040)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	(2,233)	(872)	(60,362)	(6,171)
Total other financing sources (uses)	<u>-</u>	<u>(2,233)</u>	<u>(872)</u>	<u>(60,362)</u>	<u>(6,171)</u>
Net change in fund balances	1,982	137,025	764,154	(172,931)	(15,211)
Fund balances (deficit), beginning of year	<u>(138,257)</u>	<u>678,177</u>	<u>5,143,701</u>	<u>1,688,481</u>	<u>3,364,100</u>
Fund balances (deficit), end of year	<u>\$ (136,275)</u>	<u>\$ 815,202</u>	<u>\$ 5,907,855</u>	<u>\$ 1,515,550</u>	<u>\$ 3,348,889</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, 2018**

	Impact Fee Funds				
	Zone I	Zone F and G	Zone B	Storm	Linear Parks/ Greenways
	Neighborhood Parks	Neighborhood Parks		Drainage Facility	
<b>REVENUES:</b>					
Charges for services	\$ 129,479	\$ 124,673	\$ 61,271	\$ 511,573	\$ 111,766
Use of money and property	11,906	8,535	5,560	11,941	8,332
Miscellaneous	-	-	-	-	-
Total revenues	<u>141,385</u>	<u>133,208</u>	<u>66,831</u>	<u>523,514</u>	<u>120,098</u>
<b>EXPENDITURES:</b>					
Current:					
General government	-	-	-	-	-
Public works	-	-	-	223,613	33,949
Community development	-	-	-	-	-
Capital outlay:					
Capital outlay - Operations	-	-	-	4,011	58,053
Debt service:					
Principal retirement	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,624</u>	<u>92,002</u>
Excess (deficiency) of revenues over (under) expenditures	<u>141,385</u>	<u>133,208</u>	<u>66,831</u>	<u>295,890</u>	<u>28,096</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Transfers in	-	-	-	-	-
Transfers out	(5)	(3)	(1)	(2,950)	(961)
Total other financing sources (uses)	<u>(5)</u>	<u>(3)</u>	<u>(1)</u>	<u>(2,950)</u>	<u>(961)</u>
Net change in fund balances	141,380	133,205	66,830	292,940	27,135
Fund balances (deficit), beginning of year	<u>875,854</u>	<u>740,851</u>	<u>481,387</u>	<u>817,190</u>	<u>749,374</u>
Fund balances (deficit), end of year	<u>\$ 1,017,234</u>	<u>\$ 874,056</u>	<u>\$ 548,217</u>	<u>\$ 1,110,130</u>	<u>\$ 776,509</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, 2018**

	Impact Fee Funds			Total
	Zone A	Zone C	Zone D and E	Nonmajor
	Parks	Parks	Parks	Capital Projects Funds
<b>REVENUES:</b>				
Charges for services	\$ 5,796	\$ 2,981	\$ 1,826	\$ 7,211,447
Use of money and property	2,504	1,817	4,035	270,032
Miscellaneous	-	-	-	30,649
Total revenues	8,300	4,798	5,861	7,512,128
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	-	845,911
Public works	-	-	-	1,766,568
Community development	5,492	-	-	331,885
Capital outlay:				
Capital outlay - Operations	36,611	-	-	2,550,565
Debt service:				
Principal retirement	-	-	-	52,674
Interest	-	-	-	6,266
Total expenditures	42,103	-	-	5,553,869
Excess (deficiency) of revenues over (under) expenditures	(33,803)	4,798	5,861	1,958,259
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	2,042,159
Transfers out	(782)	(1)	(3)	(123,006)
Total other financing sources (uses)	(782)	(1)	(3)	1,919,153
Net change in fund balances	(34,585)	4,797	5,858	3,877,412
Fund balances (deficit), beginning of year	230,614	166,326	368,147	22,561,336
Fund balances (deficit), end of year	\$ 196,029	\$ 171,123	\$ 374,005	\$ 26,438,748

**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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 712,000	\$ 792,485	\$ 1,590,304	\$ 797,819
Use of money and property	-	-	3,261	3,261
Total revenues	<u>712,000</u>	<u>792,485</u>	<u>1,593,565</u>	<u>801,080</u>
<b>EXPENDITURES:</b>				
Current:				
Public works	<u>2,085,995</u>	<u>2,334,955</u>	<u>1,037,281</u>	<u>1,297,674</u>
Total expenditures	<u>2,085,995</u>	<u>2,334,955</u>	<u>1,037,281</u>	<u>1,297,674</u>
Net change in fund balance	(1,373,995)	(1,542,470)	556,284	2,098,754
Fund balance, beginning of year	<u>1,436,732</u>	<u>1,436,732</u>	<u>1,436,732</u>	<u>-</u>
Fund balance, end of year	<u>\$ 62,737</u>	<u>\$ (105,738)</u>	<u>\$ 1,993,016</u>	<u>\$ 2,098,754</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, 2018**

	<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	\$ -	\$ -	\$ 6,361	\$ 6,361
EXPENDITURES:				
Current:				
Capital outlay	-	226,018	67,162	158,857
Excess (deficiency) of revenues over (under) expenditures	-	(226,018)	(60,801)	165,217
OTHER FINANCING SOURCES (USES):				
Transfers out	(77,989)	(57,943)	(30,119)	27,824
Net change in fund balance	(77,989)	(283,961)	(90,920)	137,393
Fund balance, beginning of year	478,264	478,264	478,264	-
Fund balance, end of year	<u>\$ 400,275</u>	<u>\$ 194,303</u>	<u>\$ 387,344</u>	<u>\$ 137,393</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, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 35,643	\$ 35,643
Miscellaneous	10,000	10,000	30,649	20,649
Total revenues	10,000	10,000	66,292	56,293
<b>EXPENDITURES:</b>				
Current:				
General government	-	-	845,910	(845,910)
Capital outlay:				
Capital outlay	1,721,119	3,444,000	1,146,456	2,297,544
Total expenditures	1,721,119	3,444,000	1,992,366	1,451,635
Excess (deficiency) of revenues over (under) expenditures	(1,711,119)	(3,434,000)	(1,926,074)	1,507,926
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	1,173,894	1,177,509	1,175,485	(2,024)
Net change in fund balance	(537,225)	(2,256,491)	(750,589)	1,505,902
Fund balance, beginning of year	3,308,409	3,308,409	3,308,409	-
Fund balance, end of year	\$ 2,771,184	\$ 1,051,918	\$ 2,557,820	\$ 1,505,902

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
REMEDATION FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ -	\$ 2,107	\$ 2,107
Total revenues	<u>-</u>	<u>-</u>	<u>2,107</u>	<u>2,107</u>
<b>EXPENDITURES:</b>				
Current:				
Community Development	-	-	109,860	(109,860)
Capital outlay	<u>159,650</u>	<u>196,870</u>	<u>-</u>	<u>196,870</u>
Total expenditures	<u>159,650</u>	<u>196,870</u>	<u>109,860</u>	<u>87,010</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(159,650)</u>	<u>(196,870)</u>	<u>(107,753)</u>	<u>89,117</u>
Net change in fund balance	(159,650)	(196,870)	(107,753)	89,117
Fund balance, beginning of year	<u>214,169</u>	<u>214,169</u>	<u>214,169</u>	<u>-</u>
Fund balance, end of year	<u>\$ 54,519</u>	<u>\$ 17,299</u>	<u>\$ 106,416</u>	<u>\$ 89,117</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, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Public works	\$		471,725	\$ (471,725)
Capital outlay	-	600,000	-	600,000
Total expenditures	-	600,000	471,725	128,275
Excess (deficiency) of revenues over (under) expenditures	-	(600,000)	(471,725)	128,275
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	600,000	866,674	266,674
Net change in fund balance	-	-	394,949	394,948
Fund balance, end of year	\$ -	\$ -	\$ 394,949	\$ 394,948

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
FIRE PROTECTION BLDG & EQUIP DEV IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 300,000	\$ 300,000	\$ 329,982	\$ 29,982
Use of money and property	-	-	(3,436)	(3,436)
<b>Total revenues</b>	<u>300,000</u>	<u>300,000</u>	<u>326,546</u>	<u>26,546</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	11,920	(11,920)
Capital outlay	4,836	15,596	-	15,596
<b>Total expenditures</b>	<u>4,836</u>	<u>15,596</u>	<u>11,920</u>	<u>3,676</u>
Excess (deficiency) of revenues over (under) expenditures	<u>295,164</u>	<u>284,404</u>	<u>314,626</u>	<u>30,222</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(48)	(156)	(254)	(98)
<b>Total other financing sources (uses)</b>	<u>(48)</u>	<u>(156)</u>	<u>(254)</u>	<u>(98)</u>
Net change in fund balance	295,116	284,248	314,372	30,124
Fund balance, beginning of year	(406,535)	(406,535)	(406,535)	-
Fund balance, end of year	<u>\$ (111,419)</u>	<u>\$ (122,287)</u>	<u>\$ (92,163)</u>	<u>\$ 30,124</u>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
BIDWELL PARK LAND ACQUISITION DEV IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$ 70,000	\$ 70,000	\$ 76,016	\$ 6,016
Total revenues	<u>70,000</u>	<u>70,000</u>	<u>76,016</u>	<u>6,016</u>
(under) expenditures	<u>70,000</u>	<u>70,000</u>	<u>76,016</u>	<u>6,016</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(4)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(4)</u>
Net change in fund balance	70,000	70,000	76,012	6,012
Fund balance (deficit), beginning of year	<u>(1,178,215)</u>	<u>(1,178,215)</u>	<u>(1,178,215)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (1,108,215)</u>	<u>\$ (1,108,215)</u>	<u>\$ (1,102,203)</u>	<u>\$ 6,012</u>



**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
ADMINISTRATIVE BUILDING IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$ 80,000	\$ 80,000	\$ 97,350	\$ 17,350
Use of money and property	-	-	(7,366)	(7,366)
Total revenues	<u>80,000</u>	<u>80,000</u>	<u>89,984</u>	<u>9,984</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(4)	(4)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4)</u>	<u>(4)</u>
Net change in fund balance	80,000	80,000	89,980	9,980
Fund balance (deficit), beginning of year	<u>(701,189)</u>	<u>(701,189)</u>	<u>(701,189)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (621,189)</u>	<u>\$ (621,189)</u>	<u>\$ (611,209)</u>	<u>\$ 9,980</u>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
ZONE J NEIGHBORHOOD PARKS IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES:				
Charges for services	\$ 5,000	\$ 5,000	\$ 1,983	\$ (3,017)
Total revenues	<u>5,000</u>	<u>5,000</u>	<u>1,983</u>	<u>(3,017)</u>
EXPENDITURES:				
OTHER FINANCING SOURCES (USES):				
Net change in fund balance	5,000	5,000	1,983	(3,017)
Fund balance (deficit), beginning of year	<u>(138,257)</u>	<u>(138,257)</u>	<u>(138,257)</u>	<u>-</u>
Fund balance (deficit), end of year	<u>\$ (133,257)</u>	<u>\$ (133,257)</u>	<u>\$ (136,274)</u>	<u>\$ (3,017)</u>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
STREET FACILITY IMPROVEMENT IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 1,500,000	\$ 1,500,000	\$ 2,583,414	\$ 1,083,414
Use of money and property	-	-	55,627	55,627
Total revenues	1,500,000	1,500,000	2,639,041	1,139,041
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	116,602	(116,602)
Capital outlay	1,883,699	4,823,368	461,659	4,361,710
Total expenditures	1,883,699	4,823,368	578,261	4,245,107
Excess (deficiency) of revenues over (under) expenditures	(383,699)	(3,323,368)	2,060,780	5,384,148
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(18,837)	(48,234)	(18,281)	29,953
Net change in fund balance	(402,536)	(3,371,602)	2,042,499	5,414,101
Fund balance, beginning of year	4,243,755	4,243,755	4,243,755	-
Fund balance, end of year	\$ 3,841,219	\$ 872,153	\$ 6,286,254	\$ 5,414,101

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
BIKEWAY IMPROVEMENT IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 160,000	\$ 160,000	\$ 243,389	\$ 83,389
Use of money and property	-	-	7,806	7,806
<b>Total revenues</b>	<u>160,000</u>	<u>160,000</u>	<u>251,195</u>	<u>91,195</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	33,067	(33,067)
Capital outlay	<u>157,419</u>	<u>680,679</u>	<u>78,870</u>	<u>601,809</u>
<b>Total expenditures</b>	<u>157,419</u>	<u>680,679</u>	<u>111,937</u>	<u>568,742</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,581</u>	<u>(520,679)</u>	<u>139,258</u>	<u>659,937</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(1,574)</u>	<u>(6,806)</u>	<u>(2,233)</u>	<u>4,573</u>
<b>Net change in fund balance</b>	1,007	(527,485)	137,025	664,509
Fund balance, beginning of year	<u>678,177</u>	<u>678,177</u>	<u>678,177</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 679,184</u>	<u>\$ 150,692</u>	<u>\$ 815,202</u>	<u>\$ 664,509</u>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
COMMUNITY PARK IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 650,000	\$ 650,000	\$ 725,707	\$ 75,707
Use of money and property	-	-	58,326	58,326
<b>Total revenues</b>	<b>650,000</b>	<b>650,000</b>	<b>784,034</b>	<b>134,034</b>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	19,007	(19,007)
Capital outlay	15,510	17,248	-	17,248
<b>Total expenditures</b>	<b>15,510</b>	<b>17,248</b>	<b>19,007</b>	<b>(1,759)</b>
Excess (deficiency) of revenues over (under) expenditures	634,490	632,752	765,026	132,274
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(155)	(344)	(872)	(528)
<b>Net change in fund balance</b>	<b>634,335</b>	<b>632,408</b>	<b>764,154</b>	<b>131,746</b>
Fund balance, beginning of year	5,143,701	5,143,701	5,143,701	-
<b>Fund balance, end of year</b>	<b>\$ 5,778,036</b>	<b>\$ 5,776,109</b>	<b>\$ 5,907,855</b>	<b>\$ 131,746</b>

**CITY OF CHICO, CALIFORNIA**  
**SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**STREET MAINTENANCE EQUIPMENT IMPACT FEE FUND**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 45,000	\$ 45,000	\$ 62,880	\$ 17,880
Use of money and property	-	-	18,632	18,632
<b>Total revenues</b>	<u>45,000</u>	<u>45,000</u>	<u>81,512</u>	<u>36,512</u>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
Community development	-	-	6,167	(6,167)
Capital outlay	1,951	134,701	128,974	5,727
<b>Debt Service</b>				
Principal retirement	-	52,674	52,674	-
Interest and finance charges	-	6,266	6,266	-
<b>Total expenditures</b>	<u>1,951</u>	<u>193,641</u>	<u>194,082</u>	<u>(440)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43,049</u>	<u>(148,641)</u>	<u>(112,569)</u>	<u>36,072</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(20)</u>	<u>(60,288)</u>	<u>(60,362)</u>	<u>(74)</u>
<b>Total other financing sources (uses)</b>	<u>(20)</u>	<u>(60,288)</u>	<u>(60,362)</u>	<u>(74)</u>
<b>Net change in fund balance</b>	<u>43,029</u>	<u>(208,929)</u>	<u>(172,932)</u>	<u>35,997</u>
Fund balance, beginning of year	<u>1,688,481</u>	<u>1,688,481</u>	<u>1,688,481</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ 1,731,510</u></u>	<u><u>\$ 1,479,552</u></u>	<u><u>\$ 1,515,550</u></u>	<u><u>\$ 35,997</u></u>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
POLICE PROTECTION BUILDING AND EQUIPMENT IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 525,000	\$ 525,000	\$ 551,058	\$ 26,058
Use of money and property	-	-	38,441	38,441
Total revenues	<u>525,000</u>	<u>525,000</u>	<u>589,499</u>	<u>64,499</u>
<b>EXPENDITURES:</b>				
Current:				
Community development	-	-	29,770	(29,770)
Capital outlay	<u>5,479</u>	<u>602,071</u>	<u>568,769</u>	<u>33,302</u>
Total expenditures	<u>5,479</u>	<u>602,071</u>	<u>598,539</u>	<u>3,531</u>
Excess (deficiency) of revenues over (under) expenditures	<u>519,521</u>	<u>(77,071)</u>	<u>(9,040)</u>	<u>68,031</u>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(55)</u>	<u>(6,021)</u>	<u>(6,171)</u>	<u>(150)</u>
Total other financing sources (uses)	<u>(55)</u>	<u>(6,021)</u>	<u>(6,171)</u>	<u>(150)</u>
Net change in fund balance	519,466	(83,092)	(15,211)	67,881
Fund balance, beginning of year	<u>3,364,100</u>	<u>3,364,100</u>	<u>3,364,100</u>	<u>-</u>
Fund balance, end of year	<u>\$ 3,883,566</u>	<u>\$ 3,281,008</u>	<u>\$ 3,348,889</u>	<u>\$ 67,881</u>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
ZONE I NEIGHBORHOOD PARKS IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 60,000	\$ 60,000	\$ 129,479	\$ 69,479
Use of money and property	-	-	11,906	11,906
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>141,385</u>	<u>81,385</u>
<b>EXPENDITURES:</b>				
Current:				
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(5)	(5)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(5)</u>	<u>(5)</u>
Net change in fund balance	60,000	60,000	141,380	81,380
Fund balance, beginning of year	<u>875,854</u>	<u>875,854</u>	<u>875,854</u>	<u>-</u>
Fund balance, end of year	<u><u>\$ 935,854</u></u>	<u><u>\$ 935,854</u></u>	<u><u>\$ 1,017,234</u></u>	<u><u>\$ 81,380</u></u>



**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
ZONE F & G NEIGHBORHOOD PARKS IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 60,000	\$ 60,000	\$ 124,673	\$ 64,673
Use of money and property	-	-	8,535	8,535
Total revenues	<u>60,000</u>	<u>60,000</u>	<u>133,208</u>	<u>73,208</u>
<b>EXPENDITURES:</b>				
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	-	(3)	(3)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(3)</u>	<u>(3)</u>
Net change in fund balance	60,000	60,000	133,205	73,205
Fund balance, beginning of year	<u>740,851</u>	<u>740,851</u>	<u>740,851</u>	<u>-</u>
Fund balance, end of year	<u>\$ 800,851</u>	<u>\$ 800,851</u>	<u>\$ 874,056</u>	<u>\$ 73,205</u>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
ZONE B NEIGHBORHOOD PARKS IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ 10,000	\$ 10,000	\$ 61,271	\$ 51,271
Use of money and property	-	-	5,560	5,560
	10,000	10,000	66,831	56,831
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(1)	(1)
	-	-	(1)	(1)
Net change in fund balance	10,000	10,000	66,830	56,831
Fund balance, beginning of year	481,387	481,387	481,387	-
Fund balance, end of year	\$ 491,387	\$ 491,387	\$ 548,217	\$ 56,831

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
STORM DRAIN FACILITY IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 100,000	\$ 100,000	\$ 511,573	\$ 411,573
Use of money and property	-	-	11,941	11,941
<b>Total revenues</b>	<b>100,000</b>	<b>100,000</b>	<b>523,513</b>	<b>423,513</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	223,613	(223,613)
Capital outlay	49,724	703,465	4,011	699,454
<b>Total expenditures</b>	<b>49,724</b>	<b>703,465</b>	<b>227,623</b>	<b>475,842</b>
Excess (deficiency) of revenues over (under) expenditures	50,276	(603,465)	295,890	899,355
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(497)	(7,034)	(2,950)	4,084
<b>Total other financing sources (uses)</b>	<b>(497)</b>	<b>(7,034)</b>	<b>(2,950)</b>	<b>4,084</b>
Net change in fund balance	49,779	(610,499)	292,940	903,439
Fund balance, beginning of year	817,190	817,190	817,190	-
Fund balance, end of year	<u>\$ 866,969</u>	<u>\$ 206,691</u>	<u>\$ 1,110,130</u>	<u>\$ 903,439</u>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
LINEAR PARKS & GREENWAYS IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 90,000	\$ 90,000	\$ 111,766	\$ 21,766
Use of money and property	-	-	8,332	8,332
<b>Total revenues</b>	<b>90,000</b>	<b>90,000</b>	<b>120,098</b>	<b>30,098</b>
<b>EXPENDITURES:</b>				
Current:				
Public works	-	-	33,949	(33,949)
Capital outlay	38,110	429,851	58,053	371,798
<b>Total expenditures</b>	<b>38,110</b>	<b>429,851</b>	<b>92,002</b>	<b>(405,747)</b>
Excess (deficiency) of revenues over (under) expenditures	51,890	(339,851)	28,096	367,947
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	(381)	(4,299)	(961)	3,338
<b>Total other financing sources (uses)</b>	<b>(381)</b>	<b>(4,299)</b>	<b>(961)</b>	<b>3,338</b>
<b>Net change in fund balance</b>	<b>51,509</b>	<b>(344,150)</b>	<b>27,135</b>	<b>371,285</b>
Fund balance, beginning of year	749,374	749,374	749,374	-
<b>Fund balance, end of year</b>	<b>\$ 800,883</b>	<b>\$ 405,224</b>	<b>\$ 776,509</b>	<b>\$ 371,285</b>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
ZONE A NEIGHBORHOOD PARKS IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Charges for services	\$ 10,000	\$ 10,000	\$ 5,796	\$ (4,204)
Use of money and property	-	-	2,504	2,504
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>8,300</u>	<u>(1,701)</u>
<b>EXPENDITURES:</b>				
Current:				
Parks and recreation	-	-	5,492	(5,492)
Capital outlay	-	86,688	36,611	50,077
Total expenditures	<u>-</u>	<u>86,688</u>	<u>42,103</u>	<u>44,585</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,000</u>	<u>(76,688)</u>	<u>(33,803)</u>	<u>42,885</u>
Transfers out	<u>-</u>	<u>(867)</u>	<u>(782)</u>	<u>85</u>
Net change in fund balance	10,000	(77,555)	(34,585)	42,970
Fund balance, beginning of year	<u>230,614</u>	<u>230,614</u>	<u>230,614</u>	<u>-</u>
Fund balance, end of year	<u>\$ 240,614</u>	<u>\$ 153,059</u>	<u>\$ 196,028</u>	<u>\$ 42,970</u>

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
ZONE C NEIGHBORHOOD PARKS IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES:				
Charges for services	\$ -	\$ -	\$ 2,981	\$ (2,981)
Use of money and property	-	-	1,817	(1,817)
Total revenues	-	-	4,798	(4,798)
OTHER FINANCING SOURCES (USES):				
Transfers out	-	-	(1)	(1)
Net change in fund balance	-	-	4,797	4,796
Fund balance, beginning of year	166,326	166,326	166,326	-
Fund balance, end of year	\$ 166,326	\$ 166,326	\$ 171,123	\$ 4,796

**CITY OF CHICO, CALIFORNIA  
SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
ZONE D & E NEIGHBORHOOD PARKS IMPACT FEE FUND  
FOR THE YEAR ENDED JUNE 30, 2018**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES:</b>				
Charges for services	\$ 50,000	\$ 50,000	\$ 1,826	\$ (48,174)
Use of money and property	-	-	4,035	4,035
<b>Total revenues</b>	<b>50,000</b>	<b>50,000</b>	<b>5,861</b>	<b>(44,139)</b>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	-	283,458	-	283,458
<b>Total expenditures</b>	<b>-</b>	<b>283,458</b>	<b>-</b>	<b>(283,458)</b>
Excess (deficiency) of revenues over (under) expenditures	50,000	(233,458)	5,861	239,319
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	-	(2,835)	(3)	2,832
<b>Net change in fund balance</b>	<b>50,000</b>	<b>(236,293)</b>	<b>5,858</b>	<b>242,151</b>
Fund balance, beginning of year	368,147	368,147	368,147	-
<b>Fund balance, end of year</b>	<b>\$ 418,147</b>	<b>\$ 131,854</b>	<b>\$ 374,005</b>	<b>\$ 242,151</b>





## **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 pension costs which are distributed to departments based on labor costs.



**CITY OF CHICO, CALIFORNIA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2018**

	Self Insurance	Central Garage	Municipal Building Maintenance	Information Services	Retirement Funding	Total
<b>ASSETS</b>						
Current assets:						
Cash and investments	\$ 2,406,331	\$ 46,979	\$ 57,617	\$ 216,329	\$ 1,317,760	\$ 4,045,016
Receivables:						
Accounts	51,946	-	-	-	-	51,946
Intergovernmental	-	4,400	-	-	-	4,400
Due from other funds	3,447,922	-	-	-	-	3,447,922
Inventories	-	49,861	-	-	-	49,861
Prepaid items	1,341	-	-	25,378	-	26,719
Total current assets	<u>5,907,540</u>	<u>101,240</u>	<u>57,617</u>	<u>241,707</u>	<u>1,317,760</u>	<u>7,625,864</u>
Noncurrent assets:						
Restricted cash and investments	412,378	-	-	-	-	412,378
Advances to other funds	845,474	-	-	-	-	845,474
Land and construction in progress	-	30,391	-	-	-	30,391
net of accumulated depreciation	-	2,750	-	-	-	2,750
Total noncurrent assets	<u>1,257,852</u>	<u>33,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,290,993</u>
Total assets	<u>7,165,392</u>	<u>134,381</u>	<u>57,617</u>	<u>241,707</u>	<u>1,317,760</u>	<u>8,916,857</u>
<b>DEFERRED OUTFLOWS OF</b>						
Deferred amounts related to OPEB	-	11,214	8,411	16,821	-	36,446
Deferred amounts related to pensions	-	539,610	366,886	785,169	-	1,691,665
Total deferred outflows of resources	<u>-</u>	<u>550,824</u>	<u>375,297</u>	<u>801,990</u>	<u>-</u>	<u>1,728,111</u>
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	248,084	61,237	59,288	29,214	-	397,823
Accrued salaries and benefits	-	9,462	9,140	15,755	-	34,357
Deposits	(300)	(100)	-	-	-	(400)
Compensated absences - current	-	1,007	11,323	14,688	-	27,018
Claims liability - current portion	2,177,493	-	-	-	-	2,177,493
Total current liabilities	<u>2,425,277</u>	<u>71,606</u>	<u>79,751</u>	<u>59,657</u>	<u>-</u>	<u>2,636,291</u>
Noncurrent liabilities:						
Compensated absences	-	65,631	39,305	124,998	-	229,934
Claims liability	5,763,076	-	-	-	-	5,763,076
Total OPEB liability	-	207,678	103,582	308,340	-	619,600
Net pension liability	-	2,415,709	1,041,760	3,741,651	-	7,199,120
Total noncurrent liabilities	<u>5,763,076</u>	<u>2,689,018</u>	<u>1,184,647</u>	<u>4,174,989</u>	<u>-</u>	<u>13,811,730</u>
Total liabilities	<u>8,188,353</u>	<u>2,760,624</u>	<u>1,264,398</u>	<u>4,234,646</u>	<u>-</u>	<u>16,448,021</u>
<b>DEFERRED INFLOWS OF</b>						
Deferred amounts related to OPEB	-	38,163	28,622	57,244	-	124,029
Deferred amounts related to pensions	-	129,090	61,623	191,307	-	382,020
Total deferred inflows of resources	<u>-</u>	<u>167,253</u>	<u>90,245</u>	<u>248,551</u>	<u>-</u>	<u>506,049</u>
<b>NET POSITION</b>						
Net investment in capital assets	-	33,141	-	-	-	33,141
Restricted for insurance	412,378	-	-	-	-	412,378
Unrestricted	(1,435,339)	(2,275,813)	(921,729)	(3,439,500)	1,317,760	(6,754,621)
Total net position (deficit)	<u>\$ (1,022,961)</u>	<u>\$ (2,242,672)</u>	<u>\$ (921,729)</u>	<u>\$ (3,439,500)</u>	<u>\$ 1,317,760</u>	<u>\$ (6,309,102)</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, 2018**

	Self Insurance	Central Garage	Municipal Building Maintenance	Information Services	Retirement Funding	Total
<b>OPERATING REVENUES:</b>						
Charges for services - internal	\$ 3,033,425	\$ 1,574,285	\$ 973,516	\$ 1,765,170	\$ 7,357,980	\$ 14,704,376
Charges for services - external	-	39,822	-	-	-	39,822
Total operating revenues	<u>3,033,425</u>	<u>1,614,107</u>	<u>973,516</u>	<u>1,765,170</u>	<u>7,357,980</u>	<u>14,744,198</u>
Salaries and benefits	-	683,255	519,346	1,025,405	-	2,228,006
Materials and supplies	276	282,665	75,012	32,990	-	390,943
Purchased services	1,877,403	59,915	245,338	546,302	-	2,728,958
Other Expenses	(287,802)	621,408	235,148	192,912	6,547,673	7,309,339
Depreciation	-	2,686	-	-	-	2,686
Total operating expenses	<u>1,589,877</u>	<u>1,649,929</u>	<u>1,074,844</u>	<u>1,797,609</u>	<u>6,547,673</u>	<u>12,659,932</u>
Operating income (loss)	<u>1,443,548</u>	<u>(35,822)</u>	<u>(101,328)</u>	<u>(32,439)</u>	<u>810,307</u>	<u>2,084,266</u>
<b>NONOPERATING REVENUES</b>						
Investment earnings	55,275	-	-	-	(34,002)	21,273
Miscellaneous	179,087	-	-	-	-	179,087
Total nonoperating revenues	<u>234,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(34,002)</u>	<u>200,360</u>
Income (loss) before transfers	1,677,910	(35,822)	(101,328)	(32,439)	776,305	2,284,626
Transfers in	250,000	-	-	-	541,455	791,455
Transfers out	<u>(87,304)</u>	<u>(14,256)</u>	<u>(4,780)</u>	<u>-</u>	<u>-</u>	<u>(106,340)</u>
Change in net position	1,840,606	(50,078)	(106,108)	(32,439)	1,317,760	2,969,741
Net position (deficit), beginning of of year, as restated	<u>(2,863,567)</u>	<u>(2,192,594)</u>	<u>(815,621)</u>	<u>(3,407,061)</u>	<u>-</u>	<u>(9,278,843)</u>
Net position (deficit), end of year	<u>\$ (1,022,961)</u>	<u>\$ (2,242,672)</u>	<u>\$ (921,729)</u>	<u>\$ (3,439,500)</u>	<u>\$ 1,317,760</u>	<u>\$ (6,309,102)</u>

**CITY OF CHICO, CALIFORNIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Self Insurance	Central Garage	Municipal Building Maintenance	Information Services	Retirement Funding	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from services provided	\$ 3,568,978	\$ 1,613,567	\$ 973,516	\$ 1,765,170	\$ 7,323,978	\$ 15,245,209
Payments to suppliers and claimants	(2,420,508)	(980,935)	(537,025)	(795,328)	(6,547,673)	(11,281,469)
Payments to employees	-	(640,488)	(448,297)	(946,593)	-	(2,035,378)
Net cash provided (used) by operating activities	<u>1,148,470</u>	<u>(7,856)</u>	<u>(11,806)</u>	<u>23,249</u>	<u>776,305</u>	<u>1,928,362</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Interfund borrowings	322,381	-	-	-	-	322,381
Transfers in	250,000	-	-	-	541,455	791,455
Transfers out	(87,304)	(14,256)	(4,780)	-	-	(106,340)
Net cash provided (used) by noncapital financing activities	<u>485,077</u>	<u>(14,256)</u>	<u>(4,780)</u>	<u>-</u>	<u>541,455</u>	<u>1,007,496</u>
Net increase (decrease) in cash and cash equivalents	1,633,547	(22,112)	(16,586)	23,249	1,317,760	2,935,858
Cash and cash equivalents, beginning of year	1,185,162	69,091	74,203	193,080	-	1,521,536
Cash and cash equivalents, end of year	<u>\$ 2,818,709</u>	<u>\$ 46,979</u>	<u>\$ 57,617</u>	<u>\$ 216,329</u>	<u>\$ 1,317,760</u>	<u>\$ 4,457,394</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION:</b>						
Cash and investments	\$ 2,406,331	\$ 46,979	\$ 57,617	\$ 216,329	\$ 1,317,760	\$ 4,045,016
Restricted cash and investments	412,378	-	-	-	-	412,378
CASH AND INVESTMENTS, end of year	<u>\$ 2,818,709</u>	<u>\$ 46,979</u>	<u>\$ 57,617</u>	<u>\$ 216,329</u>	<u>\$ 1,317,760</u>	<u>\$ 4,457,394</u>

**CITY OF CHICO, CALIFORNIA**  
**COMBINING STATEMENT OF CASH FLOWS (CONTINUED)**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Self Insurance	Central Garage	Municipal Building Maintenance	Information Services	Retirement Funding	Total
<b>RECONCILIATION OF OPERATING INCOME</b>						
<b>(LOSS) TO NET CASH PROVIDED (USED)</b>						
<b>BY OPERATING ACTIVITIES:</b>						
Operating income (loss)	\$ 1,443,548	\$ (35,822)	\$ (101,328)	\$ (32,439)	\$ 810,307	\$ 2,084,266
Adjustments to reconcile operating income to net cash provided (used) by operating activities:						
Depreciation	-	2,686	-	-	-	2,686
OPEB expense	-	13,207	9,905	19,811	-	42,923
Pension expense	-	48,014	36,011	72,022	-	156,047
Miscellaneous revenue	234,362	-	-	-	(34,002)	200,360
Accounts receivable	301,190	-	-	-	-	301,190
Intergovernmental receivable	-	(540)	-	-	-	(540)
Prepaid	(1,341)	-	-	(25,378)	-	(26,719)
Inventories	-	(16,195)	-	-	-	(16,195)
Accounts payable	109,316	(752)	18,473	2,255	-	129,292
Accrued salaries and benefits	-	(655)	3,981	1,249	-	4,575
Compensated absences	-	(17,799)	21,152	(14,271)	-	(10,918)
Claims liability	(938,605)	-	-	-	-	(938,605)
 Total adjustments	 (295,078)	 27,966	 89,522	 55,688	 (34,002)	 (155,904)
Net cash provided (used) by operating activities	<u>\$ 1,148,470</u>	<u>\$ (7,856)</u>	<u>\$ (11,806)</u>	<u>\$ 23,249</u>	<u>\$ 776,305</u>	<u>\$ 1,928,362</u>

**AGENCY FUNDS**





**CITY OF CHICO, CALIFORNIA**  
**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	Assessment Districts			
	Balance	Additions	Deletions	Balance
	June 30, 2017			June 30, 2018
<b>ASSETS</b>				
Restricted cash and investments	\$ 596,417	\$ 7,781	\$ (6,621)	\$ 597,577
Receivables:				
Loans	<u>52,968</u>	<u>6,621</u>	<u>(13,242)</u>	<u>46,347</u>
Total assets	<u>\$ 649,385</u>	<u>\$ 14,402</u>	<u>\$ (19,863)</u>	<u>\$ 643,924</u>
<b>LIABILITIES</b>				
Special assessment deposits	<u>\$ 649,385</u>	<u>\$ 14,402</u>	<u>\$ (19,863)</u>	<u>\$ 643,924</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.

<b>Contents:</b>	<b>Page</b>
Financial Trends	133-137
<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	138-142
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	143-146
<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	147-148
<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	149-151
<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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities										
Net investment in capital assets	\$ 222,778	\$ 216,288	\$ 223,393	\$ 310,074	\$ 305,769	\$ 306,134	\$ 311,705	\$ 313,120	\$ 314,106	\$ 311,573
Restricted	77,167	80,689	85,568	64,494	69,526	82,485	89,720	87,015	91,661	94,269
Unrestricted	(30,894)	(42,420)	(44,346)	(43,720)	(11,653)	(3,972)	(92,205)	(82,202)	(77,226)	(77,247)
Total governmental activities net position	<u>\$ 269,051</u>	<u>\$ 254,557</u>	<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>\$ 328,595</u>
Business-type activities										
Net investment in capital assets	\$ 99,653	\$ 107,633	\$ 108,507	\$ 114,359	\$ 75,135	\$ 79,617	\$ 85,684	\$ 85,451	\$ 90,874	\$ 94,581
Restricted	2,764	1,935	2,449	3,588	5,230	6,857	8,804	10,641	12,519	14,427
Unrestricted	(3,422)	(3,427)	(2,573)	(990)	12,553	12,621	(743)	1,786	3	4
Total business-type activities net position	<u>\$ 98,995</u>	<u>\$ 106,141</u>	<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>
Primary government										
Net investment in capital assets	\$ 322,431	\$ 323,921	\$ 331,900	\$ 424,433	\$ 380,904	\$ 385,751	\$ 397,389	\$ 398,571	\$ 404,980	\$ 406,155
Restricted	79,931	82,625	88,017	68,082	74,756	89,342	98,524	97,656	104,180	108,695
Unrestricted	(34,316)	(45,847)	(46,919)	(44,710)	900	8,649	(92,948)	(80,416)	(77,223)	(77,243)
Total primary government net position	<u>\$ 368,046</u>	<u>\$ 360,699</u>	<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>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Expenses</b>										
Governmental activities:										
General government	\$ 2,017	\$ 1,885	\$ 3,125	\$ 2,341	\$ 2,667	\$ 2,636	\$ 3,218	\$ 3,972	\$ 4,577	\$ 5,059
Public safety	38,423	38,146	37,521	37,436	37,797	34,599	36,709	39,324	41,972	41,214
Public works	17,116	16,244	16,694	18,764	19,555	16,823	18,954	18,530	18,589	19,763
Parks and recreation	4,011	3,521	3,525	3,476	3,531	3,360	3,582	3,388	3,537	3,567
Community development	5,298	4,652	4,355	4,088	2,575	2,654	2,296	2,588	3,360	2,432
Community agencies	766	465	381	354	323	162	53	99	100	50
Redevelopment	15,159	24,926 <sup>3</sup>	13,867	5,187	-	-	-	-	-	-
Interest on long-term debt	6,145	7,036	6,511	2,424	3	3	3	85	80	82
Total governmental activities expenses	<u>88,935</u>	<u>96,875</u>	<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>
Business-type activities:										
Sewer	8,444	8,815	8,921	10,383	12,161	12,235	11,428	10,986	11,451	12,092
Parking	1,726	813	965	1,034	1,017	825	714	839	849	1,027
Private development	4,528	4,097	2,291	1,794	1,993	2,479	2,746	3,001	3,488	3,686
Airport	1,447	1,451	1,584	1,786	2,001	2,263	2,036	1,927	104,180	2,167
Waste management	-	-	-	-	-	-	-	-	-	-
Total business-type activities expenses	<u>16,145</u>	<u>15,176</u>	<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>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	206	171	117	97	-	-	349	188	247	318
Public safety	1,392	1,197	1,219	1,283	1,139	962	1,163	1,118	1,176	1,395
Public works	1,622	1,594	1,702	1,934	3,439	5,641	8,674	9,462	8,715	8,287
Community development	2,468	2,714	4,089	5,793	2	17	1	94	215	236
Other activities	177	156	125	120	106	155	86	282	4,487	(429)
Operating grants and contributions	10,252	11,669	7,743	13,102	9,297	10,874	11,855	10,752	9,976	8,230
Capital grants and contributions	11,914	4,545	15,062	4,064	3,261	2,235	4,565	2,075	929	3,808
Total governmental activities program revenues	<u>28,031</u>	<u>22,046</u>	<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>21,845</u>
Business-type activities:										
Charges for services:										
Sewer	8,444	8,587	8,168	10,000	14,857	14,942	16,465	14,333	14,737	13,802
Private development	2,270	1,766	1,538	1,461	2,026	2,470	2,539	3,166	3,906	3,923
Other activities	1,626	1,577	1,586	1,525	1,496	1,506	1,453	1,633	1,745	1,876
Operating grants and contributions	12	-	-	130	318	303	-	270	3,252	2,649
Capital grants and contributions	811	1,346	2,901	10,655	8,713	4,535	7,352	812	1,942	293
Total business-type activities program revenues	<u>13,163</u>	<u>13,276</u>	<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>
Total primary government program revenues	<u>41,194</u>	<u>35,322</u>	<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>44,388</u>
<b>Net (expenses)/revenue</b>										
Governmental activities	(60,904)	(74,829)	(55,922)	(47,677)	(49,207)	(40,353)	(38,122)	(44,015)	(46,470)	(50,322)
Business-type activities	(2,982)	(1,900)	432	8,774	10,238	5,954	10,885	3,461	(94,385)	3,571
Total primary government net expense	<u>\$ (63,886)</u>	<u>\$ (76,729)</u>	<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>\$ (46,751)</u>

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

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes										
Property taxes	\$ 43,479	\$ 43,295	\$ 41,041	\$ 25,998	\$ 11,604	\$ 12,327	\$ 13,649	\$ 14,564	\$ 15,169	\$ 15,410
Sales and use tax	11,728	11,082	11,603	12,367	12,783	13,945	14,597	17,320	21,134	21,832
Sales tax in-lieu	3,893	3,708	3,896	4,128	4,261	4,597	4,812	2,589	-	-
Utility users tax	6,904	6,691	6,632	6,655	6,241	6,305	6,203	6,552	6,895	7,052
Other taxes	3,930	3,676	3,763	3,976	4,078	4,324	5,536	4,836	5,200	6,332
Unrestricted grants and contributions	823	716	469	33	2,483	8,576	8,837	5,854	0	1,776
Unrestricted investment earnings	2,939	336	229	54	168	136	231	250	109	266
Miscellaneous	(44)	30	93	200	158	921	155	83	182	588
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	-	-	-	-
Transfers	(20,915) <sup>2</sup>	(9,199) <sup>2</sup>	(1,814)	200	(9,729)	(222)	(718)	(601)	(370)	-
Business-type activities:										
Unrestricted investment earnings	8	(16)	(5)	-	-	-	-	70	149	-
Transfers	20,915 <sup>2</sup>	9,062 <sup>2</sup>	1,814	(200)	9,729	222	718	601	370	428
Total business-type activities	<u>20,923</u>	<u>9,046</u>	<u>1,808</u>	<u>(200)</u>	<u>9,729</u>	<u>222</u>	<u>718</u>	<u>671</u>	<u>519</u>	<u>428</u>
Total primary government	<u>\$ 73,661</u>	<u>\$ 69,381</u>	<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>\$ 428</u>
<b>Change in Net Position</b>										
Governmental activities	\$ (8,167)	\$ (14,494)	\$ 9,992	\$ 76,129	\$ (11,467)	\$ 21,005	\$ 14,635	\$ 7,432	\$ 10,607	\$ 2,103
Business-type activities	17,940	7,146	2,242	8,574	19,968	6,177	11,603	4,133	8,409	4,321
	<u>\$ 9,774</u>	<u>\$ (7,348)</u>	<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>

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

	<b>Fiscal Year Ending June 30</b>							
	<u>2011 (a)</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>General Fund:</b>								
Nonspendable	\$ 3,213	\$ 1,088	\$ 554	\$ 52	\$ 236	\$ 243	\$ 224	\$ 235
Committed	4,072	4,262	-	-	988	1,025	2,461	3,650
Assigned	-	-	-	-	2,980	678	3,837	4,576
Unassigned	-	-	(8,219)	(2,858)	-	4,643	2,454	3,835
<b>Total General Fund</b>	<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>
<b>All other Governmental funds:</b>								
Nonspendable	\$ 52,102	\$ 56,356 <sup>2</sup>	\$ 3,008	\$ 1,841	\$ 757	\$ 55	\$ 41	\$ 235
Restricted	45,845	5,411 <sup>2</sup>	70,020	82,397	84,034	87,431	92,390	94,714
Committed	2,831	2,924	-	-	-	-	-	3,650
Assigned	66	-	848	2,871	4,263	4,429	4,926	9,233
Unassigned	(1,901)	(2,333)	(7,871)	(4,985)	(4,413)	(3,527)	(6,560)	(1,416)
<b>Total other Governmental Funds</b>	<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>\$ 106,415</u>
<b>Fiscal Year Ending June 30</b>								
	<u>2009</u>	<u>2010</u>						
<b>General fund:</b>								
Reserved	\$ 2,761	\$ 143						
Unreserved	6,830	6,755						
<b>Total General fund</b>	<u>\$ 9,591</u>	<u>\$ 6,898</u>						
<b>All other governmental funds:</b>								
	\$ 56,876	\$ 65,689						
<b>Unreserved, reported in:</b>								
Special revenue funds	21,815	8,318						
Capital projects funds	33,530	27,919						
<b>Total all other governmental funds</b>	<u>\$ 112,221</u>	<u>\$ 101,926</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.



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

	2009	2010	2011	2013	2014	2015	2016	2017	2018
<b>Revenues</b>									
Property taxes	\$ 43,479	\$ 43,295	\$ 41,041	\$ 11,589	\$ 12,311	\$ 13,649	\$ 14,564	\$ 15,169	\$ 15,410
Sales and use taxes	15,622	14,790	15,508	17,044	18,542	19,408	19,908	21,134	21,832
Other taxes	10,701	10,256	10,283	10,198	10,509	11,739	11,389	12,095	13,383
Licenses and permits	111	108	114	136	133	131	108	91	147
Intergovernmental	14,967	14,452	18,179	10,831	12,215	14,951	12,817	10,137	11,261
Charges for services	3,933	4,300	5,587	3,118	5,619	7,994	6,875	9,083	8,811
Fines, forfeitures, and penalties	895	817	945	776	743	854	777	840	806
Use of money and property	3,205	1,199	992	426	361	528	728	814	989
Miscellaneous	588	309	233	360	1,138	247	216	524	348
Total revenues	<u>93,501</u>	<u>89,526</u>	<u>92,882</u>	<u>54,478</u>	<u>61,571</u>	<u>69,501</u>	<u>67,382</u>	<u>69,887</u>	<u>72,986</u>
<b>Expenditures</b>									
General government	1,775	1,768	2,553	2,278	2,232	2,397	3,692	4,265	4,615
Public safety	36,187	36,925	35,289	35,332	32,853	34,203	37,820	37,896	37,554
Public works	8,654	7,898	7,615	9,794	7,652	9,119	9,219	9,639	9,982
Parks and recreation	3,502	3,086	3,014	3,044	2,883	2,976	3,074	3,153	3,022
Community development	5,271	4,651	4,335	2,468	2,589	2,228	2,657	3,189	2,393
Community agencies	764	467	377	323	162	53	99	100	50
Redevelopment	15,113	-	12,206	-	-	-	-	-	-
Contribution to other governments	-	9,248	1,904	-	-	-	-	-	-
Capital outlay	41,745	21,768	17,256	4,357	2,581	8,290	7,427	6,793	7,153
Principal retirement	4,024	4,242	5,787	-	-	-	279	384	381
Interest and fiscal charges	5,935	-	6,444	3	3	3	85	80	82
Total expenditures	<u>122,971</u>	<u>90,053</u>	<u>96,779</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>
Excess of revenues over (under) expenditures	(29,470)	(527)	(3,897)	(3,122)	10,616	10,232	3,030	4,389	7,754
<b>Other financing sources (uses)</b>									
Transfers in	7,442	9,413	10,612	6,424	5,864	5,038	5,620	4,692	4,624
Transfers out	(7,398)	(9,364)	(10,646)	(16,306)	(6,069)	(5,742)	(5,651)	(4,754)	(5,737)
Capital leases	-	-	-	-	-	-	3,132	473	-
Revenue bonds issued	-	-	-	-	-	-	-	-	-
Premium on revenue bonds	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Discount on refunding bonds	-	-	-	-	-	-	-	-	-
Payment to refunding bond escrow	-	-	-	-	-	-	-	-	-
Issuance of long-term debt	18,221	9,089	1,336	-	-	-	-	-	-
Extraordinary gain due to dissolution of RDA	-	-	-	-	-	-	-	-	-
Extraordinary loss due to dissolution of RDA	-	-	-	-	-	-	-	-	-
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>18,265</u>	<u>9,138</u>	<u>1,302</u>	<u>(3,521)</u>	<u>10,362</u>	<u>(704)</u>	<u>3,101</u>	<u>411</u>	<u>(1,113)</u>
Net change in fund balance	<u>\$ (11,205)</u>	<u>\$ 8,611</u>	<u>\$ (2,595)</u>	<u>\$ (6,643)</u>	<u>\$ 20,977</u>	<u>\$ 9,528</u>	<u>\$ 6,131</u>	<u>\$ 4,799</u>	<u>\$ 6,641</u>
Debt service as a percentage of noncapital expenditures	12%	11%	15% #	0% <sup>1</sup>	0%	0%	0%	1%	0%

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

For further analysis, please reference the schedule of Changes in Net Position on page 140-141, and

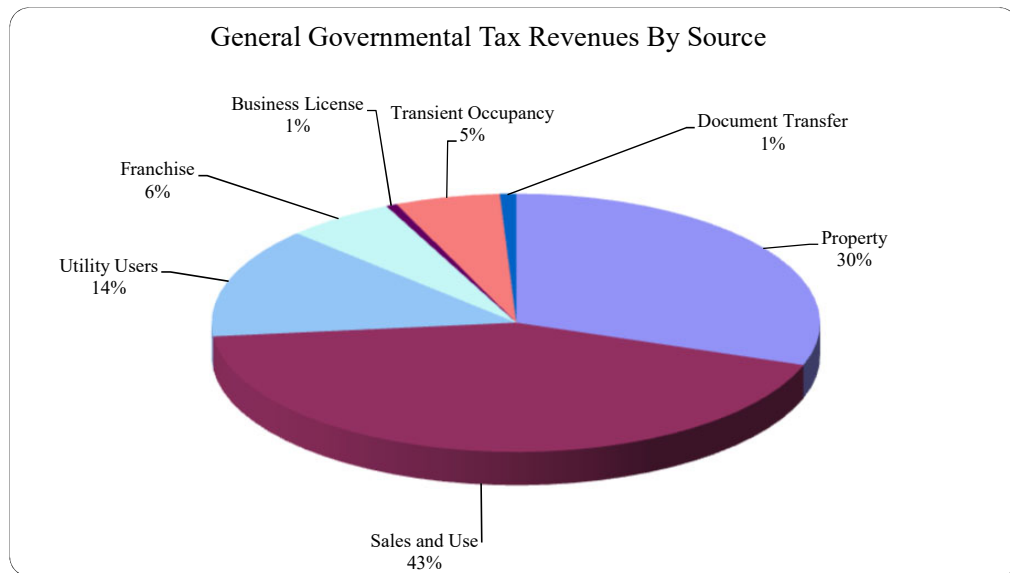
**City of Chico, California**  
**General Governmental Tax Revenues By Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(amounts expressed in thousands)**

Fiscal Year	Property	Sales and Use	Utility Users	Other Taxes				Total
				Franchise	Business License	Transient Occupancy	Document Transfer	
2009	\$ 43,479	\$ 15,622	\$ 6,904	\$ 1,268	\$ 511	\$ 1,953	\$ 198	\$ 69,935
2010	43,295	14,790	6,691	1,214	514	1,765	183	68,452
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

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

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

Source: City of Chico, Finance Department.



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

**City of Chico**

<b>Fiscal Year</b>	<b>Secured Roll</b>	<b>Utility Roll</b>	<b>Unsecured Roll</b>	<b>Gross Assessed Value</b>	<b>Less Exemptions</b>	<b>Net Assessed Value</b>	<b>Total Direct Tax Rate %</b>
2009	\$ 7,215,181	\$ 889	\$ 467,931	\$ 7,684,001	\$ 376,298	\$ 7,307,703	1.0000
2010	7,230,195	889	484,544	7,715,628	404,946	7,310,682	1.0000
2011	7,083,981	1,024	485,021	7,570,026	490,228	7,079,798	1.0000
2012	7,140,144	969	485,354	7,626,467	623,104	7,003,363	1.0000
2013	7,051,026	969	474,665	7,526,660	674,431	6,852,229	1.0000
2014	7,300,487	969	474,173	7,775,629	740,734	7,034,895	1.0000
2015	7,506,597	766	496,210	8,003,573	660,197	7,343,376	1.0000
2016	7,974,709	766	497,516	8,472,991	703,805	7,769,186	1.0000
2017	8,334,966	766	527,595	8,863,327	738,780	8,124,547	1.0000
2018	8,805,532	662	560,997	9,367,191	768,498	8,598,694	1.0000

Source: Butte County Auditor/Controller's Office.

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

Fiscal Year	City of Chico			Overlapping Rates		Total Direct and Overlapping Rates %
	Basic Countywide Levy %	City %	Total Direct Tax Rate %	Chico Unified School District % (1)	Butte College % (2)	
2009	1.00	0.00	1.00	0.0544	0.0209	1.0753
2010	1.00	0.00	1.00	0.0383	0.0209	1.0591
2011	1.00	0.00	1.00	0.0415	0.0209	1.0624
2012	1.00	0.00	1.00	0.0211	0.0209	1.0420
2014	1.00	0.00	1.00	0.0401	0.0209	1.0610
2015	1.00	0.00	1.00	0.0451	0.0209	1.0660
2016	1.00	0.00	1.00	0.0291	0.0209	1.0500
2017	1.00	0.00	1.00	0.0817	0.0466	1.1283
2018	1.00	0.00	1.00	0.0874	0.0413	1.1287

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

- (1) Chico Unified School District: 1998 Series B, 2012 Chico Refunding and 2012 Measure E Series A.
- (2) Butte County State School Building Program: Second phase of Loma Vista special education facility.
- (2) Butte-Glenn Community College District: General obligation bonds, Refunded Series A and B, and Series B and C.

Source: Butte County Auditor/Controller's Office.

**City of Chico, California**  
**Principal Secured Property Taxpayers**  
**June 30, 2018**  
**Current Year and Nine Years Ago**  
**(amounts expressed in thousands)**

Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Valuation
Merle A. Webb and Sons	\$ 57,265	1	0.71	\$ 19,908	5	0.25
North Valley Mall II LLC	28,947	2	0.36			-
Sterling Oaks Development Partnership LP	22,633	3	0.28			-
Eaton Properties INC	20,060	4	0.25			-
South Chico LLC	18,108	5	0.22			-
Safeway INC	17,689	6	0.22			-
Guillon INC	16,428	7	0.20			-
Westpark Plaza Partners LLC	16,048	8	0.20			-
Penzance Properties INC	15,029	9	0.19			-
Ceres Plaza Apartments	13,392	10	0.17			-
Carwood Skypark LLC Et Al.			-	31,966	2	0.40
Chico Mall Investors LLC			-	28,594	3	0.36
Lowes HIW INC			-	17,907	8	0.23
Chico Crossroads LP			-	37,984	1	0.48
Evergreen Orchard LLC			-	18,911	6	0.24
Costco Wholesale Corporation			-	21,025	4	0.27
California Water Service Company			-	18,502	7	0.23
Chico Senior Living Delaware			-	17,136	9	0.22
Enloe Medical Center			-	16,825	10	
Largest Secured Property Valuation	168,333			228,758		
Other Secured Taxpayers	7,910,220			6,073,773		
<b>Total Secured Property Valuation - Net of Exemptions</b>	<b>\$ 8,078,553</b>		<b>100.00%</b>	<b>\$ 6,302,531</b>		<b>100.00%</b>

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

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy		Total Tax Collections	Percent of Total Collections to Tax Levy
			Collected (1)	Delinquent Tax Collections		
2009	\$ 43,479	\$ 43,479	100	\$ -	\$ 43,479	100
2010	43,295	43,295	100	-	43,295	100
2011	41,041	41,041	100	-	41,041	100
2012	25,991 (2)	25,991	100	-	25,991	100
2013	11,589 (3)	11,589	100	-	11,589	100
2014	12,311	12,311	100	-	12,311	100
2015	13,649	13,649	100	-	13,649	100
2016	14,564	14,564	100	-	14,564	100
2017	15,169	15,169	100	-	15,169	100
2018	15,410	15,410	100	-	15,410	100

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

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

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

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

<u>Fiscal Year</u>	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		<u>Percentage of Personal Income</u>	<u>Per Capita</u>
	<u>Revenue Bonds</u>	<u>Loans</u>	<u>Capital Leases</u>	<u>Revenue Bonds</u>	<u>Loans</u>		
2009	\$ 113,010	\$ 43,928	-	\$ 1,030	\$ 11,641	2.51	\$ 1,951
2010	110,040	52,519	-	-	13,917	2.46	2,000
2011	106,955	51,153	-	-	13,693	2.33	1,977
2012	-	46,364	-	-	13,072	0.81	679
2013	-	-	-	-	55,746	0.76	636
2014	-	-	-	-	51,966	0.66	588
2015	-	-	-	-	48,093	0.58	537
2016	-	-	2,852	-	-	0.03	31
2017	-	-	2,568	-	40,063	0.47	457
2018	-	-	2,559	-	-	0.03	28

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 Chic 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 reflect the Funds responsible for the debt.

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

**City of Chico, California**  
**Direct and Overlapping Government Activities Debt**  
**June 30, 2018**  
**(amounts expressed in thousands)**

Jurisdiction	Net General Obligation Bonded Debt Outstanding	Percentage Applicable to City *	City Share of Debt
Overlapping Debt Repaid with Property Tax:			
Chico Unified School District	\$ 95,510	73.24%	\$ 69,954
Butte-Glenn Community College District	200,605	40.56%	<u>81,366</u>
Subtotal, overlapping debt			151,320
City of Chico direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 151,320</u></u>

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

Chico Unified School District.  
Butte Community College.



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

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Assessed Valuation (less other exemptions)	\$ 7,307,703	\$ 7,310,682	\$ 7,079,798	\$ 7,003,363	\$ 6,852,229	\$ 7,034,895	\$ 7,343,376	\$ 7,769,186	\$ 8,124,547	\$ 8,598,694
Debt Limit - 15 Percent of Assessed Valuation (1)	\$ 1,096,155	\$ 1,096,602	\$ 1,061,970	\$ 1,050,504	\$ 1,027,834	\$ 1,055,234	\$ 1,101,506	\$ 1,165,378	\$ 1,218,682	\$ 1,289,804
Amount of Debt Applicable to Debt Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$ 1,096,155	\$ 1,096,602	\$ 1,061,970	\$ 1,050,504	\$ 1,027,834	\$ 1,055,234	\$ 1,101,506	\$ 1,165,378	\$ 1,218,682	\$ 1,289,804
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Butte County Auditor/Controller's Office.

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

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

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

Fiscal Year	Parking Fund Bond (1)					Tax Allocation Bonds (2)		
	Gross Revenue	Operating Expenses	Net Revenue Available for Debt Service	Total Debt Service	% Coverage	Tax Increment	Debt Service Interest	% Coverage
2009	\$ 1,030,118	\$ 686,311	\$ 343,807	\$ 219,384	1.57	\$ 32,047,126	\$ 5,443,522	3.89
2010	-	-	-	-	-	31,728,673	5,335,471	3.82
2011	-	-	-	-	-	-	5,221,121	-
2012	-	-	-	-	-	-	-	-
2013	-	-	-	-	-	-	-	-
2014	-	-	-	-	-	-	-	-
2015	-	-	-	-	-	-	-	-
2016	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-
2018	-	-	-	-	-	-	-	-

Source: City of Chico, Finance Department.

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

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

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

<b>Fiscal Year</b>	<b>City of Chico</b>		<b>Chico Metropolitan Statistical Area</b>			
	<b>City of Chico Population (1)</b>	<b>City of Chico Unemploy- ment Rate (3)</b>	<b>Butte County Population (1)</b>	<b>Butte County Personal Income (thousands of dollars) (2)</b>	<b>Butte County Per Capita Personal Income (2)</b>	<b>Butte County Unemploy- ment Rate (3)</b>
2009	87,713	11.9	220,748	\$ 6,752,580	\$ 30,590	12.8
2010	88,228	12.8	221,768	7,163,944	32,304	13.8
2011	86,900	12.9	221,388	7,372,059	33,299	13.8
2012	87,500	11.5	221,273	7,372,059	33,317	12.3
2013	87,671	9.3	221,485	7,347,286	33,173	10.0
2014	88,389	7.5	222,316	7,907,991	35,571	8.1
2015	89,634	5.7	224,323	8,250,752	36,781	6.9
2016	92,464	5.6	224,601	8,298,110	36,946	6.7
2017	93,383	5.3	226,404	9,009,925	39,796	6.3
2018	92,348	4.1	227,621	9,465,874	41,586	4.7

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

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

<u>Employer</u>	<u>2018</u>			<u>2009</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	3,459	1	34.84%	2,275	1	31.09%
California State University, Chico	2,033	2	20.48	1,825	2	24.94
Chico Unified School District	1,535	3	15.46	1,400	3	19.13
Sierra Nevada Brewery	520	4	5.24	325	6	4.44
Build.com	500	5	0.05			-
United Health Care	425	6	0.04			-
Tri Counties Bank	410	7	0.04			-
Lulu's Fashion Lounge	369	8	0.04			-
City of Chico	351	9	3.53	442	4	6.04
Costco	327	10	3.29			-
Walmart			-	400	5	5.47
Smuckers			-	125	10	1.71
Sun Gard Bi-Tech			-	200	7	2.73
Aero Union Corporation			-	175	8	2.39
Chico Enterprise Record			-	150	9	2.05
<b>Total</b>	<b>9,929</b>		<b>100.00%</b>	<b>7,317</b>		<b>100.00%</b>

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government	55	52	45	45	42	29	29	31	30	30
Public safety										
Police	151 <sup>4</sup>	155 <sup>4</sup>	150 <sup>4</sup>	148 <sup>4</sup>	143 <sup>4</sup>	131 <sup>4</sup>	136 <sup>4</sup>	143 <sup>4</sup>	143 <sup>4</sup>	148 <sup>4</sup>
Fire	74	74	72	70	67	74	74	74	59	59
Public works	70	66	60	59	67 <sup>2</sup>	69	69	72	73	76
Parks and recreation	23	24	21	21	21	12	13	13	14	12
Community development	5 <sup>1</sup>	6 <sup>1</sup>	6 <sup>1</sup>	8 <sup>1</sup>	36 <sup>3</sup>	20	21	22	22	24
Sewer	16	16	15	16	0	0	0	0	0	0
Parking	2	2	2	2	0	0	0	0	0	0
Private development	45	43	31	24	0	0	0	0	0	0
Airport	1	0	0	0	0	0	0	0	2	2
<b>Total</b>	<b>442</b>	<b>438</b>	<b>402</b>	<b>393</b>	<b>376</b>	<b>334</b>	<b>342</b>	<b>355</b>	<b>343</b>	<b>351</b>

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

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>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Police										
Calls for service*	119,469	116,037	131,709	129,790	132,143	132,030	126,577	131,077	135,013	126,669
Arrests*	6,249	6,100	5,539	5,272	4,762	4,965	5,150	4,696	6,243	7,120
Fire										
Service calls answered*	856	701	760	789	827	883	851	969	929	1,026
Medical emergencies*	7,227	7,714	7,922	8,498	8,969	8,919	9,390	9,696	9,537	8,751
Public works										
Street resurfacing (tons of asphalt)	1,072	780	635	683	1,070	491	1,092	1,196	1,401	550
Community development										
Annexation activity (net acreage)*	16,192	16,192	16,192	16,252	16,252	16,252	16,278	16,280	16,288	16,376
Code violation notices issued	710	699	476	260	355	361	434	441 <sup>2</sup>	175	214
Sewer										
Parking										
Parking meter repairs	740	672	701	765	769	1090	1366	573 <sup>3</sup>	624	819
Private development										
Residential building permits	126	132	105	117	211	226	242	317	306	401
Commercial building permits	12	60	52	52	51	64	87	81	88	118
Airport										
Passengers per year (loading/unloading)	47,992	46,559	43,394	41,832	37,813	39,246	16,825 <sup>1</sup>	0	0	0
Passengers per year (loading/unloading)										

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 waste.

Source: City of Chico departments.

1 - Represents passengers through December 2, 2014. Commercial air service terminated in its entirety as of this date.

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

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.

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

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

<b>Function</b>	<b>Fiscal Year</b>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<b>Police</b>										
Police stations	1	1	1	1	1	1	1	1	1	1
Patrol cars	25	25	25	24	24	24	24	25	25	25
<b>Fire</b>										
Fire stations	6	6	6	6	6	6	6	6	4	4
Fire hydrants*	3,160	3,197	3,285	3,299	3,322	3,357	3,834	3896	4030	4042
<b>Public works</b>										
Street (miles)**	256.6	257	257.9	257.9	258.3	289.2	296.3	293.8	300	300.8
Traffic signals	98	98	98	99	99	100	101	102	102	103
<b>Parks and recreation</b>										
Park acreage***	3758.4	3751.2	3751.2	3751.2	3751.2	3679.0	3679.0	3836.0	3836.0	3836
Sanitary sewer (miles)	212.0	212.4	212.9	213.4	213.8	214.6	216.2	217.3	219.32	220.33
Storm sewer (miles)	220.7	221.3	221.8	222.4	222.8	223.4	225.6	226.67	228.4	229.33
Parking lots	5	5	5	5	5	5	5	5	5	5
Parking structures	1	1	1	1	1	1	1	1	1	1
<b>Airport</b>										
Runway lengths 13L/31R (feet)	6724	6724	6724	6724	6724	6724	6724	6724	6724	6724
Runway lengths 13R/31L (feet)	3005	3005	3005	3005	3005	3005	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.

