



City of Chico

California



2017

Financial Reports

Fiscal Year Ended June 30, 2017

CITY OF CHICO

Chico, California



Comprehensive Annual Financial Report

Year Ended June 30, 2017

Prepared by:
Chico Finance Department

CITY OF CHICO, CALIFORNIA
June 30, 2017

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) | 5 - 16 |
| Basic Financial Statements: | |
| Government-wide Financial Statements: | |
| Statement of Net Position | 19 |
| Statement of Activities..... | 20 |
| Fund Financial Statements: | |
| Balance Sheet – Governmental Funds | 25 |
| Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position – Governmental Activities..... | 26 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 27 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities | 28 |
| Statement of Net Position – Proprietary Funds..... | 29 |
| Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds ... | 30 |
| Statement of Cash Flows – Proprietary Funds..... | 31 - 32 |
| Statement of Fiduciary Net Position – Fiduciary Funds | 33 |
| Statement of Changes in Fiduciary Net Position – Fiduciary Funds | 34 |
| Notes to Basic Financial Statements..... | 37 - 83 |
| Required Supplementary Information: | |
| Schedules of Changes in Net Pension Liability and Related Ratios – CalPERS Miscellaneous Retirement Plan (Unaudited) | 85 |
| Schedules of Changes in Net Pension Liability and Related Ratios – CalPERS Safety Retirement Plan (Unaudited) | 86 |
| Schedule of Contributions – CalPERS Miscellaneous Retirement Plan (Unaudited) ... | 87 |
| Schedule of Contributions – CalPERS Safety Retirement Plan (Unaudited) ... | 88 |
| Schedule of Funding Progress – Other Post-Employment Benefits (Unaudited) | 89 |
| Schedules of Revenues, Expenditures and Changes in Fund Balance – | |
| Budget and Actual – General Fund..... | 90 - 91 |
| Budget and Actual – CDBG and Home Housing Fund (Major Special Revenue Fund)..... | 92 |
| Budget and Actual – Low and Moderate Income Housing Asset Fund (Major Special Revenue Fund) | 93 |
| Notes to Required Supplementary Information..... | 94 |
| Supplemental Budgetary Comparisons (Major Capital Projects Funds): | |
| Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Grants Fund | 97 |
| Combining and Individual Fund Statements and Schedules: | |
| Nonmajor Governmental Funds: | |
| Combining Balance Sheet – Nonmajor Governmental Funds | 103 |

CITY OF CHICO, CALIFORNIA
June 30, 2017

TABLE OF CONTENTS (CONTINUED)

FINANCIAL SECTION (Continued)

| | |
|---|-----------|
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds | 104 |
| Combining Balance Sheet – Nonmajor Special Revenue Funds | 105 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Special Revenue Funds | 106 |
| Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds: | |
| Operating Grants Fund | 107 |
| Community Maintenance Districts Fund..... | 108 |
| Transportation Fund | 109 |
| Gas Tax Fund | 110 |
| Other Special Revenue Funds | 111 |
| Combining Balance Sheet – Nonmajor Capital Projects Funds..... | 112 - 115 |
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Capital Projects Funds..... | 116 - 119 |
| Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Capital Projects Funds: | |
| Capital Improvements Fund | 120 |
| Bond Proceeds Fund..... | 121 |
| Fleet Replacement and Facility Maintenance Fund | 122 |
| Remediation Fund | 123 |
| Fire Protection Building and Equipment Development Impact Fee Fund | 124 |
| Bidwell Park Land Acquisition Development Impact Fee Fund..... | 125 |
| Administrative Building Impact Fee Fund | 126 |
| Street Facility Improvement Development Impact Fee Fund | 127 |
| Zone J Neighborhood Parks Development Impact Fee Fund..... | 128 |
| Bikeway Improvement Development Impact Fee Fund..... | 129 |
| Community Park Development Impact Fee Fund | 130 |
| Street Maintenance Equipment Development Impact Fee Fund | 131 |
| Police Protection Building and Equipment Development Impact Fee Fund..... | 132 |
| Zone I Neighborhood Parks Development Impact Fee Fund | 133 |
| Zone F & GJ Neighborhood Parks Development Impact Fee Fund..... | 134 |
| Zone B Neighborhood Parks Development Impact Fee Fund..... | 135 |
| Storm Drain Facility Development Impact Fee Fund | 136 |
| Linear Parks and Greenways Parks Development Impact Fee Fund..... | 137 |
| Zone A Neighborhood Parks Development Impact Fee Fund | 138 |
| Zone C Neighborhood Parks Development Impact Fee Fund..... | 139 |
| Zone D & E Neighborhood Parks Development Impact Fee Fund | 140 |
| Internal Service Funds: | |
| Combining Statement of Net Position | 143 |
| Combining Statement of Revenues, Expenses and Changes in Fund Net Position | 144 |
| Combining Statement of Cash Flows | 145 - 146 |
| Agency Funds: | |
| Combining Statement of Changes in Assets and Liabilities | 149 |

CITY OF CHICO, CALIFORNIA

June 30, 2017

TABLE OF CONTENTS (CONTINUED)

STATISTICAL SECTION (UNAUDITED)

| | |
|---|-----------|
| Financial Trends: | |
| Net Position by Component..... | 152 |
| Changes in Net Position | 153 - 154 |
| Fund Balances of Governmental Funds | 155 |
| Changes in Fund Balances of Governmental Funds..... | 156 |
| Revenue Capacity: | |
| General Governmental Tax Revenues by Source..... | 157 |
| Assessed Value and Estimated Actual Value of Taxable Property | 158 |
| Property Tax Rates – Direct and Overlapping Governments | 159 |
| Principal Secured Property Taxpayers | 160 |
| Property Tax Levies and Collections | 161 |
| Debt Capacity: | |
| Ratios of Outstanding Debt by Type | 162 |
| Direct and Overlapping Governmental Activities Debt | 163 |
| Legal Debt Margin Information..... | 164 |
| Pledged-Revenue Coverage..... | 165 |
| Demographic and Economic Information: | |
| Demographic and Economic Statistics | 166 |
| Principal Employers | 167 |
| Operating Information: | |
| Full-time and Part-time City of Chico Employees by Function..... | 168 |
| Operating Indicators by Function..... | 169 |
| Capital Asset Statistics by Function..... | 170 |



ADMINISTRATIVE
SERVICES DEPARTMENT

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

November 22, 2017

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, 2017. 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, 2017, 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 93,383.

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 6% as of June 2017 which is an improvement over the unemployment rate of 7% as of June 2016.

Another indicator of the local economy is community development. As of June 2017, 308 residential building permits were issued along with 88 commercial building permits. This continues the strong building market that occurred during the year ended June 2016, when 317 residential building and 81 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, 2017 as follows:

- Sales Tax increased 6%
- Property Tax revenue increased by 4%

- Utility Users tax revenue increased 5%
- Transient Occupancy Tax increased 8%

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:

| INDUSTRY | PERCENTAGE INCREASE |
|---------------------------|----------------------------|
| 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 4% 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 7%. The City is in the beginning stages of determining the feasibility of refinancing the bonds for the former Redevelopment Agency. If the City is able to do so (with approval by the Redevelopment Agency Oversight Board and State), there may be a slight increase in residual property tax increment in the following 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 employer pension contributions will increase from approximately \$11,200,000 in 2017-18 to \$18,500,000 in 2022-23. 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.

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, 2017, 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 fund is established at 20% of the General Fund operating expenditures or approximately \$9,770,000. The balance in the Emergency Reserve as of June 30, 2017 is \$1,457,221 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 2017-18 Annual Budget) includes a Plan to increase Emergency Reserves. \$1,100,000 will be contributed in fiscal year 2017-18 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, 2017 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, 2017.

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, 2016. 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.

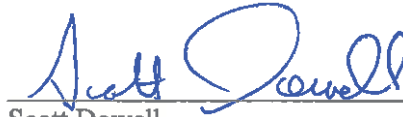
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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.

Respectfully submitted,



Mark Orme
City Manager



Scott Dowell
Administrative Services Director

DIRECTORY OF CITY OFFICIALS

Sean Morgan, Mayor

Reanette Fillmer, Vice-Mayor

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

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

Randall Stone, Councilmember

Mark Orme
City Manager

Chris Constantin
Assistant City Manager

Vincent C. Ewing
City Attorney

Debbie Presson
City Clerk

Scott Dowell
Administrative Services Director

Aaron Lowe
Interim 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, 2016



Executive Director/CEO



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Chico, California (City), as of and for the year ended June 30, 2017, 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, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note II-H to the financial statements, the City reports deficit fund equity in numerous funds. If future revenues are not sufficient, it is likely the General Fund will be responsible for any remaining deficits to fund those deficits. Our opinion is 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, schedules of changes in net pension liability and related ratios, schedules of contributions, schedule of funding progress for other post-employment benefits and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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 fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 November 22, 2017, 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 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 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
November 22, 2017



Management's Discussion and Analysis

As management of the City of Chico (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2017. 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, 2017 of \$434,826,788(*net position*). Of this amount, \$404,979,830 is the *net investment in capital assets*.
- As of June 30, 2017, the City's governmental funds reported combined fund balances of \$99,773,856 an increase of \$4,797,720 in comparison with the prior year. Amounts available for spending include *restricted, committed, assigned and unassigned fund balance*. *Restricted* fund balances totaled \$92,390,123, although \$62,591,897 is composed of long-term loans receivable. *Committed* fund balances totaled \$2,461,140. *Assigned* fund balances totaled \$8,763,612 while *unassigned* fund balance reported a negative fund balance of \$(4,106,007).
- At June 30, 2017, the General Fund had a fund balance of \$8,976,764. It should be noted that the General Fund had a deficit fund balance at June 30, 2013 of (\$7,665,659). The City has made a remarkable recovery and continues to plan for the future.

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

Management's Discussion and Analysis

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 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, 2017. 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

Management's Discussion and Analysis

four internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. These statements include one Private-purpose Trust Fund that includes the activity of the Successor Agency to the Chico Redevelopment Agency and one Agency Fund that accounts for the assets held by the City as an agent for bonded assessment districts.

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

Required Supplementary Information is presented in addition to the basic financial statements and accompanying notes. A Schedule of Changes in Net Pension Liability and Related Ratios is included along with a Schedule of Contributions relating to the CalPERS Retirement Plans. The schedule of funding progress related to the City's participation in the Other Postemployment Benefits Plan is presented as required supplementary information. Budget Schedules for the major 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. 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 \$434,826,788 at the close of the most recent fiscal year.

The largest portion of the City's net position, \$ 404,979,830 , or 93%, 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 | | | | |
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | |
| Current and other assets | \$ 115,359,013 | \$ 126,445,381 | \$ 31,278,498 | \$ 33,362,601 | \$ 146,637,511 | \$ 159,807,982 | \$ 13,170,471 |
| Capital assets | 313,404,802 | 317,046,457 | 129,577,271 | 130,936,638 | 442,982,073 | 447,983,095 | 5,001,022 |
| Total assets | 428,763,815 | 443,491,838 | 160,855,769 | 164,299,239 | 589,619,584 | 607,791,077 | 18,171,493 |
| Deferred Outflows of Resources | | | | | | | |
| Deferred outflows related to pensions | 7,497,558 | 20,210,781 | 1,137,807 | 3,351,150 | 8,635,365 | 23,561,931 | 14,926,566 |
| Current and other liabilities | 92,895,073 | 112,844,657 | 18,054,891 | 19,835,267 | 110,949,964 | 132,679,924 | 21,729,960 |
| Long-term liabilities | 17,564,475 | 15,566,347 | 44,531,726 | 40,436,049 | 62,096,201 | 56,002,396 | (6,093,805) |
| Total liabilities | 110,459,548 | 128,411,004 | 62,586,617 | 60,271,316 | 173,046,165 | 188,682,320 | 15,636,155 |
| Deferred Inflows of Resources | | | | | | | |
| Deferred inflows related to pensions | 7,868,692 | 6,751,398 | 1,529,060 | 1,092,502 | 9,397,752 | 7,843,900 | (1,553,852) |
| Net position: | | | | | | | |
| Net investment | | | | | | | |
| in capital assets | 313,120,399 | \$ 314,105,733 | 85,451,011 | 90,874,097 | 398,571,410 | 404,979,830 | 6,408,420 |
| Restricted | 87,015,063 | 91,660,802 | 10,641,242 | 12,518,750 | 97,656,305 | 104,179,552 | 6,523,247 |
| Unrestricted | (82,202,329) | (77,226,318) | 1,785,646 | 2,893,724 | (80,416,683) | (74,332,594) | 6,084,089 |
| Total net position | \$ 317,933,133 | \$ 328,540,217 | \$ 97,877,899 | \$ 106,286,571 | \$ 415,811,032 | \$ 434,826,788 | \$ 19,015,756 |

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

Assets. Total assets increased by \$14,728,461. The primary causes of the increase was an increase in restricted and unrestricted cash of approximately \$8,830,070 that occurred to reflect the City's overall fiscal recovery and an increase of \$4,069,766 in Intergovernmental receivables primarily related to reimbursements for capital improvements.

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

The most significant deferred outflows of resources reported are related to the implementation of GASB Statement No. 68 and GASB No. 71 for net pension liability reporting. GASB 68 requires that contributions made to the retirement system subsequent to the measurement date be reported as deferred outflows of resources. Differences between projected and actual earnings on pension plan investments are also reported as deferred outflows and 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 \$20,210,781 for governmental activities at June 30, 2017. The deferred outflows of resources will be reflected in the change in the net pension liability in the next fiscal year.

Management's Discussion and Analysis

Liabilities. Governmental activities liabilities increased by \$17,951,456 primarily due to an increase in the net pension liability of \$12,321,285 and new capital leases of \$472,572.

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

Deferred inflows of resources related to pensions represent a net amount attributable to the various components that impact pension changes and can include the differences between actual and expected experience and changes in assumptions. The City has reported deferred inflows of resources for deferred pensions totaling \$ 6,751,398 for government activities at June 30, 2017.

Net Position. Governmental activities net position increased \$10,607,084 due primarily to increased charges for services and contributions to restricted programs.

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

Assets. Total assets increased by \$3,443,470. Construction in progress in the Sewer Fund increased by \$2,545,956.

Deferred Outflows of Resources. GASB Statement No. 68 requires that contributions made subsequent to the measurement date be reported as deferred outflows of resources. Differences between projected and actual earnings on pension plan investments are also reported as deferred outflows and amortized over several years. The City has reported deferred outflows of resources for deferred pension contributions totaling \$3,351,150 for business-type activities at June 30, 2017.

Liabilities. Business-type activities liabilities decreased by \$2,315,301 primarily due to the payment of long-term debt related to the Sewer Fund.

Deferred Inflows of Resources. As discussed above, deferred inflows of resources are the counterpart to deferred outflows of resources on the Statement of Net Position. Deferred inflows of resources related to pensions represent a net amount attributable to the various components that impact pension changes and can include the differences between actual and expected experience and changes in assumptions. The City has reported deferred inflows of resources for deferred pensions totaling \$1,092,502 for business-type activities at June 30, 2017.

Net Position. Business-type activities net position increased \$8,408,672 primarily due to the fees exceeding expenses (from which net gains are reserved for future debt repayment and capital replacement.)

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 |
|--|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------|-----------------------|----------------------|
| | 2016 | 2017 | 2016 | 2017 | 2016 | 2017 | |
| Program revenues: | | | | | | | |
| Charges for services | \$ 11,143,602 | \$ 14,839,565 | \$ 19,131,990 | \$ 20,387,037 | \$ 30,275,592 | \$ 35,226,602 | \$ 4,951,010 |
| Operating grants and contributions | 10,752,285 | 9,975,752 | 270,342 | 3,251,507 | 11,022,627 | 13,227,259 | 2,204,632 |
| Capital grants and contributions | 2,074,891 | 928,580 | 811,891 | 1,941,695 | 2,886,782 | 2,870,275 | (16,507) |
| General revenues: | | | | | | | |
| Taxes | 45,861,426 | 48,397,611 | - | - | 45,861,426 | 48,397,611 | 2,536,185 |
| Grants and contributions not restricted to specific programs | 5,854,525 | 8,759,752 | - | - | 5,854,525 | 8,759,752 | 2,905,227 |
| Unrestricted investment earnings | 249,988 | 108,793 | 69,674 | 149,104 | 319,662 | 257,897 | (61,765) |
| Miscellaneous | 82,723 | 181,581 | - | - | 82,723 | 181,581 | 98,858 |
| Total revenues | 76,019,440 | 83,191,634 | 20,283,897 | 25,729,343 | 96,303,337 | 108,920,977 | 12,617,640 |
| Expenses: | | | | | | | |
| General government | 3,972,163 | 4,577,443 | - | - | 3,972,163 | 4,577,443 | 605,280 |
| Public safety | 39,323,746 | 41,972,342 | - | - | 39,323,746 | 41,972,342 | 2,648,596 |
| Public works | 18,529,780 | 18,588,764 | - | - | 18,529,780 | 18,588,764 | 58,984 |
| Parks and recreation | 3,388,015 | 3,536,661 | - | - | 3,388,015 | 3,536,661 | 148,646 |
| Community development | 2,588,283 | 3,359,829 | - | - | 2,588,283 | 3,359,829 | 771,546 |
| Community agencies | 99,306 | 100,000 | - | - | 99,306 | 100,000 | 694 |
| Interest on long-term debt | 84,625 | 79,535 | - | - | 84,625 | 79,535 | (5,090) |
| Sewer | - | - | 10,985,387 | 11,450,912 | 10,985,387 | 11,450,912 | 465,525 |
| Parking | - | - | 839,364 | 849,259 | 839,364 | 849,259 | 9,895 |
| Private development | - | - | 3,001,022 | 3,488,378 | 3,001,022 | 3,488,378 | 487,356 |
| Airport | - | - | 1,926,804 | 1,902,099 | 1,926,804 | 1,902,099 | (24,705) |
| Total expenses | 67,985,918 | 72,214,574 | 16,752,577 | 17,690,648 | 84,738,495 | 89,905,222 | 5,166,727 |
| Increase (decrease) in net position before transfers | 8,033,522 | 10,977,060 | 3,531,320 | 8,038,695 | 11,564,842 | 19,015,755 | 7,450,913 |
| Transfers | (601,115) | (369,977) | 601,115 | 369,977 | - | - | - |
| Change in net position | 7,432,407 | 10,607,083 | 4,132,435 | 8,408,672 | 11,564,842 | 19,015,755 | 7,450,913 |
| Net position, beginning of year | 310,500,726 | 317,933,133 | 93,745,464 | 97,877,899 | 404,246,190 | 415,811,032 | 11,564,842 |
| Net position, end of year | \$ 317,933,133 | \$ 328,540,216 | \$ 97,877,899 | \$ 106,286,571 | \$ 415,811,032 | \$ 434,826,787 | \$ 19,015,755 |

Governmental Activities. Governmental activities increased the City's net position by \$10,607,084 due to an increase in charges for service.

Revenues. Total revenues for governmental activities were within 9% of prior year:

- Taxes increased \$2,536,185 due to increases in sales tax revenue and property tax revenue as the economy and housing market is moving in a modestly positive direction.
- Capital grants and contributions decreased \$1,146,311 due primarily to decreased grant activity in the 2016/17 fiscal year.

Management's Discussion and Analysis

- Charges for service increased \$3,695,963 due primarily to increased services for new construction in the city.

Expenses. Total expenses for governmental activities increased \$4,228,654 from the prior year:

- Public safety operations during the year accounted for an increase in expenses of \$2,648,596 over the previous year, due to increases in wages and benefits.

Business-type Activities. Business-type activities increased the City's net position by \$8,408,672. The Sewer Fund received an additional \$1,941,695 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, 2017, the City's governmental funds reported combined fund balances of \$99,773,856 an increase of \$4,797,720 compared to the prior year. While the City reported \$92,390,123 of restricted fund balance, \$63,668,179 is composed of long-term loans receivable. As a result, most of the restricted funds may be unavailable for operational purposes.

Nonspendable fund balance is composed of: \$176,800 in long-term receivables, \$32,843 in advances to other funds, \$6,887 of deposits with others and \$48,458 in prepaid items.

Committed fund balance is composed of: \$908,155 for compensated absences, \$95,764 in donations and \$1,457,221 for emergency contingencies.

Total assigned fund balance is \$8,763,612. It is specifically assigned for equipment replacement of \$3,275,567 assigned for capital projects of \$4,314,273, reserve for CalPERs liability of \$541,455 and subsequent year's budget of \$632,317.

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 \$8,976,764 as of June 30, 2017. The \$16,642,423 net change over four 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 | CDBG and HOME Housing | Capital Grants | Low and Moderate Income Housing Asset |
| Revenues | \$ 50,963,449 | \$ 956,062 | \$ 877,340 | \$ 400,824 |
| Expenditures | (49,491,780) | (814,644) | (4,732,448) | (258,064) |
| Other financing sources (uses), net | 916,598 | 4,535 | - | (4,535) |
| Change in fund balances | 2,388,267 | 145,953 | (3,855,108) | 138,225 |
| Fund balances (deficits), beginning of year | 6,588,497 | 7,389,371 | (354,084) | 56,068,788 |
| Fund balances (deficits), end of year | \$ 8,976,764 | \$ 7,535,324 | \$ (4,209,192) | \$ 56,207,013 |
| | Nonmajor Funds | | | |
| | Special Revenue Funds | Capital Projects Funds | 2017 Total Governmental Funds | 2016 Total Governmental Funds |
| Revenues | \$ 8,906,462 | \$ 7,781,885 | \$ 69,886,022 | \$ 67,382,403 |
| Expenditures | (5,573,200) | (4,628,253) | (65,498,389) | (64,352,333) |
| Other financing sources (uses), net | (2,273,036) | 1,766,525 | 410,087 | 3,101,067 |
| Change in fund balances | 1,060,226 | 4,920,157 | 4,797,720 | 6,131,137 |
| Fund balances (deficits), beginning of year | 7,642,384 | 17,641,180 | 94,976,136 | 88,844,999 |
| Fund balances (deficits), end of year | \$ 8,702,610 | \$ 22,561,337 | \$ 99,773,856 | \$ 94,976,136 |

Revenues for governmental funds overall totaled \$ \$69,886,022 , an increase of 4% from the prior fiscal year, and expenditures for governmental funds totaled \$65,498,389, an increase of 2% compared to the prior year. Revenue increases were due primarily to increases in property and sales taxes. Expenditures increased due to additional capital outlay expenditures, capital lease debt service costs for maintenance equipment and applicable operational costs for filling police open positions. In the current fiscal year, revenues and other financing sources (uses) exceeded expenditures for governmental funds by \$4,797,720.

General Fund revenue increased \$2,388,267 due to an approximately 6% increase in sales tax revenue and a 4% increase in property tax revenue (mainly due to increased taxes from residual property tax increment the City now receives subsequent to the dissolution of the Redevelopment Agency).

Current year General Fund expenditures increased over 2016 by \$1,488,616. Expenditures in 2016 - 17 include \$472,572 for the purchase of a sweeper truck under a capital lease. This purchase is off-set by \$472,572 recognized as an Other Financing Source for Capital leases. Other increases incurred in the Police Department to fill vacant positions.

CDBG and HOME Housing Fund revenues and transfers exceeded expenditures by \$145,953. The excess of revenues over expenditures was the result of additional draws for the federal Home Program used for new loans. The draws are reported as revenue while the loan disbursements are reported as loans receivable.

Expenditures in the Capital Grants Fund exceeded revenues by \$3,855,108 due to timing of receipts for reimbursements of 2016 - 17 expenditures. At year end, \$4,209,193 of revenue was unavailable.

Management's Discussion and Analysis

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.

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 | \$ 14,736,602 | \$ 1,182,335 | \$ 3,902,402 | \$ 537,960 | \$ 20,359,299 |
| Operating expenses | 10,467,521 | 849,259 | 3,488,378 | 1,902,099 | 16,707,257 |
| Operating income (loss) | 4,269,081 | 333,076 | 414,024 | (1,364,139) | 3,652,042 |
| Nonoperating revenues (expenses), net | (847,583) | 7,950 | 8,739 | 3,275,852 | 2,444,958 |
| Income (loss) before contributions and transfers | 3,421,498 | 341,026 | 422,763 | 1,911,713 | 6,097,000 |
| Contributions and transfers | 1,827,555 | (65,231) | (106,814) | 656,162 | 2,311,672 |
| Change in net position | <u>\$ 5,249,053</u> | <u>\$ 275,795</u> | <u>\$ 315,949</u> | <u>\$ 2,567,875</u> | <u>\$ 8,408,672</u> |

- Sewer Fund revenues increased over the prior year due to increased Water Pollution Control Plant capacity development fees collected. Expenses were within 5% of expense totals for 2016.
- Parking Fund revenues increased by \$98,245 over the prior year due primarily due to increased staffing for enforcement.
- The Private Development Fund had an increase in net position of \$315,949. Operations in the fund reflected additional activity in the building industry in Chico during the year ended June 30, 2017.
- Airport Fund operating revenues increased \$5,056 primarily due to additional rental charges for airport related facilities. Transfers from the General Fund totaled \$396,316 to help cover annual operating costs of the airport. The City has employed a new airport manager who 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 \$1,432,467. Property tax revenues exceeded budget by \$82,017 while sales and use taxes exceeded budget \$464,637. Other taxes including transient and occupancy taxes (TOT) exceeded budget by \$657,456.

Overall, budgeted expenditures were under budget by \$3,950,595. All departments recognized actual expenditures under budget.

Management's Discussion and Analysis

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

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

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The City's investment in capital assets for its governmental and business-type activities as of June 30, 2017 amounted to \$447,983,095 (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 \$17,452,431.

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 | |
|--------------------------|-------------------------|-----------------------|--------------------------|-----------------------|
| | 2016 | 2017 | 2016 | 2017 |
| Land | \$ 31,566,805 | \$ 31,247,077 | \$ 2,154,341 | \$ 2,154,341 |
| Buildings | 10,053,204 | 9,564,785 | 6,611,208 | 6,206,087 |
| Improvements | 8,033,498 | 8,493,142 | 118,730,843 | 117,879,218 |
| Equipment | 7,905,009 | 7,469,548 | 790,797 | 762,499 |
| Infrastructure | 245,986,500 | 245,842,082 | - | - |
| Construction in progress | 9,859,786 | 14,429,823 | 1,290,082 | 3,934,493 |
| Total, Net | <u>\$ 313,404,802</u> | <u>\$ 317,046,457</u> | <u>\$ 129,577,271</u> | <u>\$ 130,936,638</u> |
| | | | Total | |
| | Total | | Dollar | Percentage |
| | 2016 | 2017 | Change | Change |
| Land | \$ 33,721,146 | \$ 33,401,418 | \$ (319,728) | -1% |
| Buildings | 16,664,412 | 15,770,872 | (893,540) | -5% |
| Improvements | 126,764,341 | 126,372,360 | (391,981) | 0% |
| Equipment | 8,695,806 | 8,232,047 | (463,759) | -5% |
| Infrastructure | 245,986,500 | 245,842,082 | (144,418) | 0% |
| Construction in progress | 11,149,868 | 18,364,316 | 7,214,448 | 65% |
| Total, Net | <u>\$ 442,982,073</u> | <u>\$ 447,983,095</u> | <u>\$ 5,001,022</u> | |

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

- Buildings – Decrease is due primarily to depreciation expense. No significant capitalized construction to building category occurred.
- Improvements – Increases reflect improvements to the airport and sewer system.
- Equipment – Increases reflect the leases of a new sweeper.
- Infrastructure –

Management's Discussion and Analysis

- Increase is due to net effect of subdivisions donated to the City offset by depreciation expense. Additionally, a large road project was also completed and transferred from construction in progress for the State Route Highway 32 project.
- 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.

Long-term liabilities

At June 30, 2017, the City had total long-term liabilities outstanding of \$56,002,396 an overall decrease of \$87,743 from June 30, 2016. 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 2017-18 final budget on June 21, 2017, with a total Operating Budget of \$89,494,484, which is a \$1,119,850 increase from the prior fiscal year's final modified budget. The adopted Capital Improvement Budget totaled \$25,414,382 which is approximately \$4,539,467 decrease from the prior year. Total General Fund revenue and transfers in total of \$51,967,765, which is lower than budgeted expenditures and transfers out of \$52,600,082. The City has also assigned fund balance from June 30, 2017 of \$632,317 to cover expenditures in the fiscal year 2017-18 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 beginning 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 6%
- Property tax revenue increased 4%
- Transient occupancy tax increased 8%

In addition, other key economic factors reflect slow but steady growth for the City. First, the unemployment rate in Butte County has decreased from 6.9% in June 2016 to 6.0% as of June 2017, 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.

Management's Discussion and Analysis

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:

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or

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***GOVERNMENT-WIDE FINANCIAL
STATEMENTS***



CITY OF CHICO, CALIFORNIA
STATEMENT OF NET POSITION
JUNE 30, 2017

| | Primary Government | | | Component Unit |
|---------------------------------------|----------------------------|-----------------------------|----------------|---|
| | Governmental Activities | Business-type Activities | Total | Chico Urban Area Joint Powers Financing Authority |
| ASSETS | | | | |
| Cash and investments | \$ 39,521,878 | \$ 17,688,650 | \$ 57,210,528 | \$ - |
| Restricted cash and investments | 797,296 | 12,518,750 | 13,316,046 | 11,139,544 |
| Receivables: | | | | |
| Interest | 10,051,359 | - | 10,051,359 | 22,730 |
| Property taxes | 413,310 | - | 413,310 | - |
| Accounts | 1,688,102 | 2,553,017 | 4,241,119 | - |
| Intergovernmental | 11,121,585 | 635,027 | 11,756,612 | - |
| Loans | 62,591,897 | - | 62,591,897 | - |
| Internal balances | 32,844 | (32,843) | 1 | - |
| Deposits with others | 144,986 | | 144,986 | - |
| Other assets | 82,124 | - | 82,124 | - |
| Capital assets: | | | | |
| Nondepreciable | 45,676,900 | 6,088,834 | 51,765,734 | - |
| Depreciable, net | 271,369,557 | 124,847,804 | 396,217,361 | - |
| Total assets | 443,491,838 | 164,299,239 | 607,791,077 | 11,162,274 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows related to pensions | 20,210,781 | 3,351,150 | 23,561,931 | - |
| LIABILITIES | | | | |
| Accounts payable | 3,498,504 | 633,578 | 4,132,082 | - |
| Accrued salaries and benefits | 883,764 | 70,700 | 954,464 | - |
| Intergovernmental payable | 90,873 | - | 90,873 | - |
| Interest payable | - | 509,451 | 509,451 | - |
| Deposits | 28,503 | 27,361 | 55,864 | - |
| Unearned revenue | 100,275 | 482,768 | 583,043 | - |
| Net pension liability | 101,733,572 | 18,111,409 | 119,844,981 | - |
| OPEB obligation | 6,509,166 | - | 6,509,166 | - |
| Long-term liabilities: | | | | |
| Due within one year | 2,989,707 | 4,207,233 | 7,196,940 | - |
| Due in more than one year | 12,576,640 | 36,228,816 | 48,805,456 | 23,059,478 |
| Total liabilities | 128,411,004 | 60,271,316 | 188,682,320 | 23,059,478 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows related to pensions | 6,751,398 | 1,092,502 | 7,843,900 | - |
| NET POSITION | | | | |
| Net investment in capital assets | 314,105,733 | 90,874,097 | 404,979,830 | - |
| Restricted for: | | | | |
| Capital projects | 23,168,287 | 12,518,750 | 35,687,037 | - |
| Housing | 63,742,337 | - | 63,742,337 | - |
| Maintenance districts | 3,629,913 | - | 3,629,913 | - |
| Telecommunications equipment | 759,100 | - | 759,100 | - |
| Abandoned vehicle program | 241,200 | - | 241,200 | - |
| Public safety | 119,965 | - | 119,965 | - |
| Unrestricted | (77,226,318) | 2,893,724 | (74,332,594) | (11,897,204) |
| Total net position (deficit) | \$ 328,540,217 | \$ 106,286,571 | \$ 434,826,788 | \$ (11,897,204) |

**CITY OF CHICO, CALIFORNIA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

| FUNCTIONS/PROGRAMS: | Primary Government | | | | | | | | | Component Unit Chico Urban Area Joint Powers Financing Authority |
|--|---------------------------|----------------------|----------------------|-------------------------|--|--|--|-----------------------------|-----------------------|---|
| | Program Revenues | | | | | | Net (Expense) Revenue and Changes in Net Position | | | |
| | Direct Expenses | Indirect Expenses | Total Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | |
| Primary government: | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 6,460,947 | \$ (1,883,504) | \$ 4,577,443 | \$ 246,820 | \$ - | \$ - | \$ (4,330,623) | \$ - | \$ (4,330,623) | |
| Public safety | 41,929,284 | 43,058 | 41,972,342 | 1,175,941 | 2,615,169 | 877,340 | (37,303,892) | - | (37,303,892) | |
| Public works | 18,172,099 | 416,665 | 18,588,764 | 8,715,336 | 6,003,697 | 51,240 | (3,818,491) | - | (3,818,491) | |
| Parks and recreation | 3,252,232 | 284,429 | 3,536,661 | 214,660 | - | - | (3,322,001) | - | (3,322,001) | |
| Community development | 3,257,218 | 102,611 | 3,359,829 | 4,486,808 | 1,356,886 | - | 2,483,865 | - | 2,483,865 | |
| Community agencies | 100,000 | - | 100,000 | - | - | - | (100,000) | - | (100,000) | |
| Interest on long-term debt | 79,535 | - | 79,535 | - | - | - | (79,535) | - | (79,535) | |
| Total governmental activities | <u>73,251,315</u> | <u>(1,036,741)</u> | <u>72,214,574</u> | <u>14,839,565</u> | <u>9,975,752</u> | <u>928,580</u> | <u>(46,470,676)</u> | <u>-</u> | <u>(46,470,676)</u> | |
| Business-type activities: | | | | | | | | | | |
| Sewer | 11,023,162 | 427,750 | 11,450,912 | 14,736,602 | - | 1,941,695 | - | 5,227,385 | 5,227,385 | |
| Parking | 758,927 | 90,332 | 849,259 | 1,182,335 | - | - | - | 333,076 | 333,076 | |
| Private development | 3,254,054 | 234,324 | 3,488,378 | 3,905,795 | - | - | - | 417,417 | 417,417 | |
| Airport | 1,617,763 | 284,336 | 1,902,099 | 562,305 | 3,251,507 | - | - | 1,911,713 | 1,911,713 | |
| Total business-type activities | <u>16,653,906</u> | <u>1,036,742</u> | <u>17,690,648</u> | <u>20,387,037</u> | <u>3,251,507</u> | <u>1,941,695</u> | <u>-</u> | <u>7,889,591</u> | <u>7,889,591</u> | |
| Total primary government | <u>\$ 89,905,221</u> | <u>\$ 1</u> | <u>\$ 89,905,222</u> | <u>\$ 35,226,602</u> | <u>\$ 13,227,259</u> | <u>\$ 2,870,275</u> | <u>(46,470,676)</u> | <u>7,889,591</u> | <u>(38,581,085)</u> | |
| Component unit: | | | | | | | | | | |
| Chico Urban Area Joint Powers Financing Authority | <u>\$ 1,151,741</u> | <u>\$ -</u> | <u>\$ 1,151,741</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,900,000</u> | | | | <u>\$ 748,259</u> |
| General revenues: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | | | | | | | 15,169,017 | - | 15,169,017 | - |
| Sales and use tax | | | | | | | 21,133,637 | - | 21,133,637 | - |
| Utility users tax | | | | | | | 6,895,189 | - | 6,895,189 | - |
| Other taxes | | | | | | | 5,199,768 | - | 5,199,768 | - |
| Grants and contributions not restricted to specific programs | | | | | | | 8,759,752 | | 8,759,752 | |
| Unrestricted investment earnings | | | | | | | 108,793 | 149,104 | 257,897 | 73,249 |
| Miscellaneous | | | | | | | 181,581 | - | 181,581 | - |
| Transfers | | | | | | | (369,977) | 369,977 | - | - |
| Total general revenues and transfers | | | | | | | <u>57,077,760</u> | <u>519,081</u> | <u>57,596,841</u> | <u>821,508</u> |
| Change in net position | | | | | | | 10,607,084 | 8,408,672 | 19,015,756 | 821,508 |
| Net position (deficit), beginning of year | | | | | | | 317,933,133 | 97,877,899 | 415,811,032 | (12,718,712) |
| Net position (deficit), end of year | | | | | | | <u>\$ 328,540,217</u> | <u>\$ 106,286,571</u> | <u>\$ 434,826,788</u> | <u>\$ (11,897,204)</u> |

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, 2017

| | General | CDBG and HOME Housing | Capital Grants | Low and Moderate Income Housing Asset Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|--------------------------|---------------------|--|-----------------------------------|--------------------------------|
| ASSETS | | | | | | |
| Cash and investments | \$ 5,893,648 | \$ 89,794 | \$ - | \$ 1,924,369 | \$ 30,398,064 | \$ 38,305,875 |
| Receivables: | | | | | | |
| Interest | 127,793 | 1,090,332 | - | 8,831,860 | 1,374 | 10,051,359 |
| Property taxes | 413,310 | - | - | - | - | 413,310 |
| Accounts | 1,269,844 | - | - | - | 65,122 | 1,334,966 |
| Intergovernmental | 5,516,411 | 84,018 | 4,233,315 | - | 1,283,981 | 11,117,725 |
| Loans | 176,800 | 7,440,783 | - | 54,931,522 | 42,792 | 62,591,897 |
| Deposits with others | - | - | 103,085 | - | 41,901 | 144,986 |
| Prepaid items | 47,683 | 775 | - | - | - | 48,458 |
| Advances to other funds | - | - | - | - | 2,512,818 | 2,512,818 |
| Restricted cash and investments | - | - | - | - | 497,296 | 497,296 |
| Total assets | <u>\$ 13,445,489</u> | <u>\$ 8,705,702</u> | <u>\$ 4,336,400</u> | <u>\$ 65,687,751</u> | <u>\$ 34,843,348</u> | <u>\$ 127,018,690</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 1,703,394 | \$ 75,537 | \$ 529,692 | \$ 2,649 | \$ 876,396 | \$ 3,187,668 |
| Accrued salaries and benefits | 819,877 | 4,510 | - | 2,475 | 27,120 | 853,982 |
| Deposits | 8,503 | - | - | 20,000 | - | 28,503 |
| Intergovernmental payable | - | - | - | - | 90,873 | 90,873 |
| Due to other funds | - | - | 3,775,837 | - | - | 3,775,837 |
| Unearned revenue | 69,405 | - | 30,870 | - | - | 100,275 |
| Other accrued liabilities | 42,704 | - | - | - | - | 42,704 |
| Advances from other funds | 845,474 | - | - | - | 2,479,974 | 3,325,448 |
| Total liabilities | <u>3,489,357</u> | <u>80,047</u> | <u>4,336,399</u> | <u>25,124</u> | <u>3,474,363</u> | <u>11,405,290</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable housing loan interest revenue | - | 1,090,331 | - | 8,831,860 | - | 9,922,191 |
| Unavailable revenue | 979,368 | - | 4,209,193 | 623,754 | 105,038 | 5,917,353 |
| Total deferred inflows of resources | <u>979,368</u> | <u>1,090,331</u> | <u>4,209,193</u> | <u>9,455,614</u> | <u>105,038</u> | <u>15,839,544</u> |
| Fund balances (deficit): | | | | | | |
| Nonspendable | 224,483 | 775 | - | - | 39,730 | 264,988 |
| Restricted | - | 7,461,166 | - | 56,207,013 | 28,721,944 | 92,390,123 |
| Committed | 2,461,140 | - | - | - | - | 2,461,140 |
| Assigned | 3,837,143 | - | - | - | 4,926,469 | 8,763,612 |
| Unassigned | 2,453,998 | 73,383 | (4,209,192) | - | (2,424,196) | (4,106,007) |
| Total fund balances (deficit) | <u>8,976,764</u> | <u>7,535,324</u> | <u>(4,209,192)</u> | <u>56,207,013</u> | <u>31,263,947</u> | <u>99,773,856</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 13,445,489</u> | <u>\$ 8,705,702</u> | <u>\$ 4,336,400</u> | <u>\$ 65,687,751</u> | <u>\$ 34,843,348</u> | <u>\$ 127,018,690</u> |

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, 2017

| | | |
|--|---------------|----------------|
| Total fund balances (deficit) - total governmental funds | | \$ 99,773,856 |
| 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. | | 317,010,630 |
| Deferred outflows of resources related to pensions reported in the Statement of Net Position | | 18,841,468 |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenues in the fund. | | 15,839,544 |
| Deferred inflows of resources related to pensions reported in the Statement of Net Position | | (6,292,317) |
| 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. | | (8,614,583) |
| Some liabilities are not due and payable in the current period and therefore are not reported in the funds. | | |
| Net pension liability | (95,089,912) | |
| Capital leases payable | (2,940,724) | |
| Other post employment benefits | (6,509,166) | |
| Compensated absences | (3,478,579) | |
| | (108,018,381) | (108,018,381) |
| Net position of governmental activities | | \$ 328,540,217 |

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, 2017

| | General | CDBG and HOME Housing | Capital Grants | Low and Moderate Income Housing Asset Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------------|-----------------------|--|-----------------------------------|--------------------------------|
| REVENUES: | | | | | | |
| Property taxes | \$ 15,169,017 | \$ - | \$ - | \$ - | \$ - | \$ 15,169,017 |
| Sales and use taxes | 21,133,637 | - | - | - | - | 21,133,637 |
| Other taxes | 12,094,956 | - | - | - | - | 12,094,956 |
| Licenses and permits | 91,227 | - | - | - | - | 91,227 |
| Intergovernmental | 1,018,438 | 688,276 | 854,610 | 17,971 | 7,557,363 | 10,136,658 |
| Charges for services | 211,073 | - | - | 3,057 | 8,868,491 | 9,082,621 |
| Fines, forfeitures, and penalties | 782,083 | - | - | - | 57,817 | 839,900 |
| Use of money and property | 236,340 | 15,327 | - | 375,832 | 186,346 | 813,845 |
| Miscellaneous | 226,678 | 252,459 | 22,730 | 3,964 | 18,330 | 524,161 |
| Total revenues | <u>50,963,449</u> | <u>956,062</u> | <u>877,340</u> | <u>400,824</u> | <u>16,688,347</u> | <u>69,886,022</u> |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | 3,363,792 | - | 88,859 | - | 812,305 | 4,264,956 |
| Public safety | 36,290,165 | - | - | - | 1,605,853 | 37,896,018 |
| Public works | 4,804,555 | - | 460,197 | - | 4,373,780 | 9,638,532 |
| Parks and recreation | 3,152,509 | - | - | - | - | 3,152,509 |
| Community development | 984,881 | 814,644 | - | 258,064 | 1,131,803 | 3,189,392 |
| Community agencies | 100,000 | - | - | - | - | 100,000 |
| Capital outlay: | | | | | | |
| Capital outlay - Operations | 659,010 | - | 4,183,392 | - | 1,478,170 | 6,320,572 |
| Capital outlay - Capital leases | - | - | - | - | 472,572 | 472,572 |
| Debt service: | | | | | | |
| Principal retirement | 109,594 | - | - | - | 274,709 | 384,303 |
| Interest and fiscal charges | 27,274 | - | - | - | 52,261 | 79,535 |
| Total expenditures | <u>49,491,780</u> | <u>814,644</u> | <u>4,732,448</u> | <u>258,064</u> | <u>10,201,453</u> | <u>65,498,389</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,471,669</u> | <u>141,418</u> | <u>(3,855,108)</u> | <u>142,760</u> | <u>6,486,894</u> | <u>4,387,633</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | 2,948,221 | 4,535 | - | - | 1,738,993 | 4,691,749 |
| Transfers out | (2,031,623) | - | - | (4,535) | (2,718,076) | (4,754,234) |
| Capital leases | - | - | - | - | 472,572 | 472,572 |
| Total other financing sources (uses) | <u>916,598</u> | <u>4,535</u> | <u>-</u> | <u>(4,535)</u> | <u>(506,511)</u> | <u>410,087</u> |
| Net change in fund balances | 2,388,267 | 145,953 | (3,855,108) | 138,225 | 5,980,383 | 4,797,720 |
| Fund balances (deficit), beginning of year | <u>6,588,497</u> | <u>7,389,371</u> | <u>(354,084)</u> | <u>56,068,788</u> | <u>25,283,564</u> | <u>94,976,136</u> |
| Fund balances (deficit), end of year | <u>\$ 8,976,764</u> | <u>\$ 7,535,324</u> | <u>\$ (4,209,192)</u> | <u>\$ 56,207,013</u> | <u>\$ 31,263,947</u> | <u>\$ 99,773,856</u> |

See accompanying notes to the financial statements.

CITY OF CHICO, CALIFORNIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017

Net change in fund balances - total governmental funds \$ 4,797,720

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

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

| | | |
|----------------------|---------------------|-------------|
| Capital outlay | \$ 6,793,144 | |
| Depreciation expense | <u>(11,584,641)</u> | (4,791,497) |

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

| | | |
|--|------------------|-----------|
| Loss on disposition of capital assets | (319,728) | |
| Increase in obligations under capital leases | (472,572) | |
| Capital contributions | <u>8,759,752</u> | 7,967,452 |

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

| | | |
|----------------------|--|-----------|
| Unavailable revenues | | 4,510,216 |
|----------------------|--|-----------|

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

| | | |
|----------------------|----------------|---------|
| Principal retirement | <u>384,303</u> | 384,303 |
|----------------------|----------------|---------|

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

| | | |
|--|------------------|---------|
| Change in net pension liability | 1,178,122 | |
| Change in compensated absences | (93,809) | |
| Change in other post employment benefits | <u>(503,104)</u> | 581,209 |

Internal service funds are used by management to charge the costs of certain activities to individual funds. A portion of the net revenue (expense) of internal service funds is reported with governmental activities.

| | | |
|--|--|--------------------|
| | | <u>(2,842,319)</u> |
|--|--|--------------------|

| | | |
|---|--|-----------------------------|
| Change in net position of governmental activities | | <u><u>\$ 10,607,084</u></u> |
|---|--|-----------------------------|

See accompanying notes to the financial statements.

CITY OF CHICO, CALIFORNIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2017

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities - Internal Service Funds |
|--|---|---------------------|------------------------|----------------------|------------------------------|--|
| | Sewer | Parking | Private Development | Airport | Total Enterprise Funds | |
| ASSETS | | | | | | |
| Current assets: | | | | | | |
| Cash and investments | \$ 15,709,299 | \$ 1,012,307 | \$ 967,044 | \$ - | \$ 17,688,650 | \$ 1,216,003 |
| Receivables: | | | | | | |
| Accounts | 2,380,452 | 2,921 | 141,291 | 28,353 | 2,553,017 | 353,136 |
| Intergovernmental | 361,482 | - | - | 273,545 | 635,027 | 3,860 |
| Due from other funds | - | - | - | - | - | 3,775,837 |
| Inventories | - | - | - | - | - | 33,666 |
| Total current assets | <u>18,451,233</u> | <u>1,015,228</u> | <u>1,108,335</u> | <u>301,898</u> | <u>20,876,694</u> | <u>5,382,502</u> |
| Noncurrent assets: | | | | | | |
| Restricted cash and investments | 11,868,176 | 650,574 | - | - | 12,518,750 | 300,000 |
| Advances to other funds | - | - | - | - | - | 845,474 |
| Capital assets: | | | | | | |
| Land and construction in progress | 3,813,458 | 1,239,403 | - | 1,035,973 | 6,088,834 | 30,391 |
| Other capital assets, net of accumulated depreciation | <u>106,716,543</u> | <u>2,009,929</u> | <u>4,604</u> | <u>16,116,728</u> | <u>124,847,804</u> | <u>5,436</u> |
| Total noncurrent assets | <u>122,398,177</u> | <u>3,899,906</u> | <u>4,604</u> | <u>17,152,701</u> | <u>143,455,388</u> | <u>1,181,301</u> |
| Total assets | <u>140,849,410</u> | <u>4,915,134</u> | <u>1,112,939</u> | <u>17,454,599</u> | <u>164,332,082</u> | <u>6,563,803</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | | |
| Deferred outflows related to pensions | <u>1,574,269</u> | <u>260,703</u> | <u>1,287,079</u> | <u>229,099</u> | <u>3,351,150</u> | <u>1,369,313</u> |
| LIABILITIES | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 463,278 | 12,071 | 103,637 | 54,592 | 633,578 | 268,132 |
| Accrued salaries and benefits | 35,507 | 6,082 | 24,840 | 4,271 | 70,700 | 29,782 |
| Interest payable | 509,451 | - | - | - | 509,451 | - |
| Deposits | - | - | 27,361 | - | 27,361 | - |
| Compensated absences - current portion | 17,682 | 1,721 | 22,154 | 2,742 | 44,299 | 31,771 |
| Claims liability - current portion | - | - | - | - | - | 2,164,045 |
| Loan payable - current portion | 4,162,934 | - | - | - | 4,162,934 | - |
| Unearned revenue | - | - | 482,768 | - | 482,768 | - |
| Total current liabilities | <u>5,188,852</u> | <u>19,874</u> | <u>660,760</u> | <u>61,605</u> | <u>5,931,091</u> | <u>2,493,730</u> |
| Noncurrent liabilities: | | | | | | |
| Long-term debt: | | | | | | |
| Loan payable | 35,899,607 | - | - | - | 35,899,607 | - |
| Advances from other funds | - | - | - | 32,843 | 32,843 | - |
| Compensated absences | 131,403 | 12,793 | 164,635 | 20,378 | 329,209 | 236,099 |
| Claims liability | - | - | - | - | - | 6,715,129 |
| Net pension liability | <u>9,118,094</u> | <u>1,101,604</u> | <u>7,395,618</u> | <u>496,093</u> | <u>18,111,409</u> | <u>6,643,660</u> |
| Total noncurrent liabilities | <u>45,149,104</u> | <u>1,114,397</u> | <u>7,560,253</u> | <u>549,314</u> | <u>54,373,068</u> | <u>13,594,888</u> |
| Total liabilities | <u>50,337,956</u> | <u>1,134,271</u> | <u>8,221,013</u> | <u>610,919</u> | <u>60,304,159</u> | <u>16,088,618</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | | |
| Deferred inflows related to pensions | <u>558,966</u> | <u>74,518</u> | <u>428,046</u> | <u>30,972</u> | <u>1,092,502</u> | <u>459,081</u> |
| NET POSITION | | | | | | |
| Net investment in capital assets | 70,467,460 | 3,249,332 | 4,604 | 17,152,701 | 90,874,097 | 35,827 |
| Restricted for insurance | - | - | - | - | - | 300,000 |
| Restricted for capital projects | 11,868,176 | 650,574 | - | - | 12,518,750 | - |
| Unrestricted | <u>9,191,121</u> | <u>67,142</u> | <u>(6,253,645)</u> | <u>(110,894)</u> | <u>2,893,724</u> | <u>(8,950,410)</u> |
| Total net position (deficit) | <u>\$ 91,526,757</u> | <u>\$ 3,967,048</u> | <u>\$ (6,249,041)</u> | <u>\$ 17,041,807</u> | <u>\$ 106,286,571</u> | <u>\$ (8,614,583)</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, 2017

| | Business-type Activities - Enterprise Funds | | | | Total Enterprise Funds | Governmental Activities - Internal Service Funds |
|--|---|---------------------|------------------------|----------------------|------------------------------|--|
| | Sewer | Parking | Private Development | Airport | | |
| OPERATING REVENUES: | | | | | | |
| Charges for services | \$ 14,676,859 | \$ 1,182,335 | \$ 2,336,661 | \$ 52,095 | \$ 18,247,950 | \$ 8,635,771 |
| Licenses and permits | - | - | 1,565,741 | - | 1,565,741 | - |
| Rental charges | 59,743 | - | - | 485,865 | 545,608 | - |
| Total operating revenues | <u>14,736,602</u> | <u>1,182,335</u> | <u>3,902,402</u> | <u>537,960</u> | <u>20,359,299</u> | <u>8,635,771</u> |
| OPERATING EXPENSES: | | | | | | |
| Salaries and benefits | 1,920,585 | 301,391 | 1,724,500 | 237,703 | 4,184,179 | 1,654,489 |
| Materials and supplies | 749,433 | 25,849 | 19,738 | 30,830 | 825,850 | 429,102 |
| Purchased services | 850,111 | 126,852 | 774,453 | 106,942 | 1,858,358 | 3,322,840 |
| Other expenses | 2,368,674 | 210,687 | 965,686 | 432,905 | 3,977,952 | 6,180,753 |
| Depreciation | 4,578,718 | 184,480 | 4,001 | 1,093,719 | 5,860,918 | 6,872 |
| Total operating expenses | <u>10,467,521</u> | <u>849,259</u> | <u>3,488,378</u> | <u>1,902,099</u> | <u>16,707,257</u> | <u>11,594,056</u> |
| Operating income (loss) | <u>4,269,081</u> | <u>333,076</u> | <u>414,024</u> | <u>(1,364,139)</u> | <u>3,652,042</u> | <u>(2,958,285)</u> |
| NONOPERATING REVENUES (EXPENSES): | | | | | | |
| Intergovernmental | - | - | - | 3,251,507 | 3,251,507 | - |
| Interest income | 135,808 | 7,950 | 5,346 | - | 149,104 | - |
| Interest expense | (983,391) | - | - | - | (983,391) | - |
| Miscellaneous | - | - | 3,393 | 24,345 | 27,738 | 423,458 |
| Total nonoperating revenues (expenses) | <u>(847,583)</u> | <u>7,950</u> | <u>8,739</u> | <u>3,275,852</u> | <u>2,444,958</u> | <u>423,458</u> |
| Income (loss) before contributions and transfers | 3,421,498 | 341,026 | 422,763 | 1,911,713 | 6,097,000 | (2,534,827) |
| Capital contributions | 1,941,695 | - | - | - | 1,941,695 | - |
| Transfers in | - | - | 302,847 | 731,292 | 1,034,139 | - |
| Transfers out | (114,140) | (65,231) | (409,661) | (75,130) | (664,162) | (307,492) |
| Change in net position | <u>5,249,053</u> | <u>275,795</u> | <u>315,949</u> | <u>2,567,875</u> | <u>8,408,672</u> | <u>(2,842,319)</u> |
| Net position (deficit), beginning of year | 86,277,704 | 3,691,253 | (6,564,990) | 14,473,932 | 97,877,899 | (5,772,264) |
| Net position (deficit), end of year | <u>\$ 91,526,757</u> | <u>\$ 3,967,048</u> | <u>\$ (6,249,041)</u> | <u>\$ 17,041,807</u> | <u>\$ 106,286,571</u> | <u>\$ (8,614,583)</u> |

See accompanying notes to the financial statements.

CITY OF CHICO, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | Business-type Activities - Enterprise Funds | | | | Total Enterprise Funds | Governmental Activities - Internal Service Funds |
|--|---|---------------------|------------------------|------------------|------------------------------|---|
| | Sewer | Parking | Private Development | Airport | | |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | | |
| Receipts from customers and users | \$ 14,973,146 | \$ 1,179,850 | \$ 3,933,717 | \$ 601,500 | \$ 20,688,213 | \$ - |
| Receipts from interfund services provided | | | | | - | 8,706,505 |
| Payments to suppliers and claimants | (3,080,736) | (195,216) | (1,303,291) | (231,893) | (4,811,136) | (5,988,131) |
| Payments to employees | (2,355,248) | (376,018) | (2,073,815) | (283,468) | (5,088,549) | (1,968,040) |
| Payments for interfund services used | (779,042) | (169,316) | (519,292) | (336,350) | (1,804,000) | - |
| Net cash provided (used) by operating activities | <u>8,758,120</u> | <u>439,300</u> | <u>37,319</u> | <u>(250,211)</u> | <u>8,984,528</u> | <u>750,334</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | | |
| Interfund borrowings | - | - | - | (19,876) | (19,876) | (4,286,121) |
| Transfers in | - | - | 302,847 | 731,292 | 1,034,139 | - |
| Transfers out | (114,140) | (65,231) | (409,661) | (75,130) | (664,162) | (307,492) |
| Net cash provided (used) by noncapital financing activities | <u>(114,140)</u> | <u>(65,231)</u> | <u>(106,814)</u> | <u>636,286</u> | <u>350,101</u> | <u>(4,593,613)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES: | | | | | | |
| Acquisition and construction of capital assets | (1,521,068) | (142,027) | - | (3,615,496) | (5,278,591) | - |
| Principal paid on long-term debt | (4,063,719) | - | - | - | (4,063,719) | - |
| Interest paid | (1,045,468) | - | - | - | (1,045,468) | - |
| Intergovernmental receipts | - | - | - | 3,229,421 | 3,229,421 | - |
| Net cash used by capital and related financing activities | <u>(6,630,255)</u> | <u>(142,027)</u> | <u>-</u> | <u>(386,075)</u> | <u>(7,158,357)</u> | <u>-</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | | | | | |
| Interest paid | 135,808 | 7,950 | 5,346 | - | 149,104 | - |
| Net cash provided by investing activities | <u>135,808</u> | <u>7,950</u> | <u>5,346</u> | <u>-</u> | <u>149,104</u> | <u>-</u> |
| Net increase/(decrease) in cash and cash equivalents | 2,149,533 | 239,992 | (64,149) | - | 2,325,376 | (3,843,279) |
| CASH AND INVESTMENTS, beginning of year | 25,427,942 | 1,422,889 | 1,031,193 | - | 27,882,024 | 5,359,282 |
| CASH AND INVESTMENTS, end of year | <u>\$ 27,577,475</u> | <u>\$ 1,662,881</u> | <u>\$ 967,044</u> | <u>\$ -</u> | <u>\$ 30,207,400</u> | <u>\$ 1,516,003</u> |
| RECONCILIATION TO STATEMENT OF NET POSITION: | | | | | | |
| Cash and investments | \$ 15,709,299 | \$ 1,012,307 | \$ 967,044 | \$ - | \$ 17,688,650 | \$ 1,216,003 |
| Restricted cash and investments | 11,868,176 | 650,574 | - | - | 12,518,750 | 300,000 |
| CASH AND INVESTMENTS, end of year | <u>\$ 27,577,475</u> | <u>\$ 1,662,881</u> | <u>\$ 967,044</u> | <u>\$ -</u> | <u>\$ 30,207,400</u> | <u>\$ 1,516,003</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, 2017**

| | Business-type Activities - Enterprise Funds | | | | Total Enterprise Funds | Governmental Activities - Internal Service Funds |
|---|---|-------------------|------------------------|---------------------|------------------------------|---|
| | Sewer | Parking | Private Development | Airport | | |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | | | |
| Operating income (loss) | \$ 4,269,081 | \$ 333,076 | \$ 414,024 | \$ (1,364,139) | \$ 3,652,042 | \$ (2,958,285) |
| Changes in assets, deferred inflows of resources, liabilities and deferred outflows of resources: | | | | | | |
| Depreciation | 4,578,718 | 184,480 | 4,001 | 1,093,719 | 5,860,918 | 6,872 |
| Pension expense | (417,747) | (62,333) | (349,977) | (51,753) | (881,810) | (331,109) |
| Miscellaneous revenues | - | - | 3,393 | 24,345 | 27,738 | 423,458 |
| Change in assets and liabilities: | | | | | | |
| Accounts receivable | 387,013 | (2,485) | 5,929 | 39,195 | 429,652 | (353,136) |
| Intergovernmental receivables | (150,469) | - | - | - | (150,469) | 412 |
| Inventories | - | - | - | - | - | (3,209) |
| Other assets | 1,100 | 76 | 1,840 | 1,037 | 4,053 | 210,268 |
| Accounts payable | 107,340 | (1,220) | (64,547) | 1,397 | 42,970 | (76,791) |
| Accrued salaries and benefits | 6,036 | 1,241 | (421) | 2,543 | 9,399 | 5,998 |
| Compensated absences | (22,952) | (13,535) | 1,084 | 3,445 | (31,958) | 11,560 |
| Unearned revenue | - | - | 22,072 | - | 22,072 | - |
| Deposits | - | - | (79) | - | (79) | - |
| Claims liability | - | - | - | - | - | 3,814,296 |
| Total adjustments | 4,489,039 | 106,224 | (376,705) | 1,113,928 | 5,332,486 | 3,708,619 |
| Net cash provided (used) by operating activities | <u>\$ 8,758,120</u> | <u>\$ 439,300</u> | <u>\$ 37,319</u> | <u>\$ (250,211)</u> | <u>\$ 8,984,528</u> | <u>\$ 750,334</u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES: | | | | | | |
| Transfer of capital assets from Component Unit | <u>\$ 1,941,695</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,941,695</u> | <u>\$ -</u> |

See accompanying notes to the financial statements.

CITY OF CHICO, CALIFORNIA
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017

| | <u>Private-purpose Trust Fund</u> | <u>Agency Funds</u> |
|---|---------------------------------------|---------------------|
| Assets | | |
| Restricted cash and investments | \$ 13,868,433 | \$ 596,417 |
| Receivables: | | |
| Interest | 42,948 | - |
| Loans | 898,796 | 52,968 |
| Capital Assets - Land | <u>2,451,960</u> | <u>-</u> |
| Total assets | <u>17,262,137</u> | <u>\$ 649,385</u> |
| Deferred Outflows of Resources | | |
| Deferred amount on bond refunding | <u>450,408</u> | |
| Liabilities | | |
| Accounts payable | 298 | \$ - |
| Special assessment deposits | - | 649,385 |
| Accrued interest payable | 1,019,279 | - |
| Long-term liabilities: | | |
| Due within one year | 4,346,983 | - |
| Due in more than one year | <u>81,557,757</u> | <u>-</u> |
| Total liabilities | <u>86,924,317</u> | <u>\$ 649,385</u> |
| Net Position | | |
| Total net deficit | <u>\$ (69,211,772)</u> | |

See accompanying notes to the financial statements.

CITY OF CHICO, CALIFORNIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | Private-purpose Trust Fund |
|------------------------------|-------------------------------|
| Additions: | |
| Property taxes | \$ 9,981,549 |
| Use of money and property | 443,742 |
| Total additions | 10,425,291 |
| Deductions: | |
| Redevelopment obligations | 1,900,000 |
| Interest on bonds payable | 4,310,989 |
| City administrative expenses | 142,126 |
| Total deductions | 6,353,115 |
| Change in net position | 4,072,176 |
| Net deficit - beginning | (73,283,948) |
| Net deficit - ending | \$ (69,211,772) |

See accompanying notes to the financial statements.

***NOTES TO THE
FINANCIAL STATEMENTS***



CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017

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, 2017

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 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, 2017

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, 2017

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. For the purposes of recognizing the State initiated sales tax "true-up", a seven month availability period is used.

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. 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, 2017

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, 2017.

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, 2017

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, 2017

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 government only has one item that qualifies for reporting in this category. It is the deferred outflows related to pensions reported in the government-wide statement of net position. This item represents pension contributions made subsequent to the measurement date and is discussed in Note III C.

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 three types of deferred inflows of resources. One item is the deferred inflows related to pensions that is reflected in the government-wide statement of net position. This item is further discussed in Note III C. 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, 2017

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, 2017 are as follows:

GASB Statement No. 73 – Accounting and Financial Reporting for Pension and Related Assets That Are Not within the Scope of GASB No. 68, and Amendments to Certain Provision of GASB Statements No. 67 and No. 68. This statement provides additional guidance and clarification regarding provisions of GASB No. 68. The provisions of this statement are effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement No. 68, which are effective for fiscal years beginning after June 15, 2016. The City has determined there is no effect on the financial statements.

GASB Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This statement provides guidance for recording other postemployment benefits or OPEB. The provisions of this statement are effective for financial statements for reporting periods beginning after June 15, 2016. The City has determined there is no effect on the financial statements.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. IMPLEMENTATION OF NEW GOVERNMENTAL ACCOUNTING STANDARDS (Continued)

GASB Statement No. 77 – Tax Abatement Disclosures. This statement requires disclosure of tax abatement information about (1) a reporting government’s own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government’s tax revenues. The provisions of this statement are effective for financial statements for reporting periods beginning after December 15, 2015. The City has determined there is no effect on the financial statements.

GASB Statement No. 78 – Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans. This statement amends the scope and applicability of Statement No. 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The provisions are effective for reporting periods beginning after December 15, 2015. The City has determined there is no effect on the financial statements.

GASB Statement No. 80 – Blending Requirements for Certain Component Units - An Amendment of Statement No. 14. This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The City has determined there is no effect on the financial statements.

GASB Statement No. 81 – Irrevocable Split-Interest Agreements. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016. The City has determined 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. 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 is currently analyzing. The City had not determined its effect on the financial 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.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. IMPLEMENTATION OF NEW GOVERNMENTAL ACCOUNTING STANDARDS (Continued)

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. 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 not determined its effect on the financial statements.

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 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, 2017

II. DETAILED NOTES

A. CASH AND INVESTMENTS

At June 30, 2017, 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 | \$ 57,210,966 | \$ - | \$ - | \$ 57,210,966 |
| Restricted cash and investments | 13,316,046 | 11,139,544 | 14,464,850 | 38,920,440 |
| Total cash and investments | <u>\$ 70,527,012</u> | <u>\$ 11,139,544</u> | <u>\$ 14,464,850</u> | <u>\$ 96,131,406</u> |

At June 30, 2017, the City’s cash and investments consist of the following:

| | |
|---------------------------------------|----------------------|
| Cash in bank, deposits and petty cash | \$ 18,522,540 |
| Investments | <u>77,608,428</u> |
| Total cash and investments | <u>\$ 96,130,968</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.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer | Minimum Rating |
|---|---------------------|---------------------------------------|--|-------------------|
| U.S. Treasury Securities | 5 years | None | None | None |
| U.S. Agency Securities | 5 years | None | None | None |
| Money Market Mutual Funds | N/A | 20% | 10% | AAA |
| Collateralized Bank Deposits | N/A | 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 |

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

II. DETAILED NOTES (Continued)

A. CASH AND INVESTMENTS (Continued)

Investments Authorized by Debt Agreements

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

Custodial Credit Risk

The custodial credit risk for deposits is the risk that the City will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that the City's bank deposits are insured by Federal Depository Insurance Corporation (FDIC). The California Government Code and the City's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits and securities lending transactions: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by depository 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, 2017, the City's balance in financial institutions was \$18,522,540. Of that amount, \$250,000 was covered by FDIC insurance, and \$18,272,540 was covered by collateral held in the pledging bank's trust department.

Concentration of Credit Risk

The investment policy of the City authorized by debt agreements contains no limitations on the amount that can be invested in any one issuer beyond that stated above. Investments in any one issuer (other than U.S. Treasury Notes, mutual funds and external investment pools) that represent 5% or more of the total investments of the City are as follows (this investment is owned by the Successor Agency and is included in the cash of the private-purpose trust fund):

| <u>Issuer</u> | <u>Investment Type</u> | <u>Reported Amount</u> |
|------------------------|---|------------------------|
| FSA Capital Management | Guaranteed Investment Contract-held with fiscal agent | \$ 8,455,840 |

Interest Rate and Credit Risk

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.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

II. DETAILED NOTES (Continued)

A. CASH AND INVESTMENTS (Continued)

As of June 30, 2017, the City's investments distributed by maturity are as follows:

| | <u>Maturity</u> | | | | Fair Value |
|--|----------------------|-------------------|---------------------|---------------------|----------------------|
| | Under 30 Days | 31-365 Days | 1-5 Years | Over 5 Years | |
| Investments held by fiscal agents: | | | | | |
| Deposits | | | | | |
| Money Market Mutual Funds Not Rated | \$ 217,940 | \$ - | \$ - | \$ - | \$ 217,940 |
| Guaranteed Investment Contract Not Rated | - | - | - | 8,455,840 | <u>8,455,840</u> |
| Total investments held by fiscal agents | | | | | <u>8,673,780</u> |
| Investments held in City treasury: | | | | | |
| Local Agency Investment Fund | 62,839,433 | - | - | - | 62,839,433 |
| Money Market Mutual Funds: | 4,409,564 | - | - | - | 4,409,564 |
| Certificates of Deposit: | - | 500,114 | 1,185,537 | - | <u>1,685,651</u> |
| Total investments held in City treasury | | | | | <u>68,934,648</u> |
| Total investments by maturity | <u>\$ 67,466,937</u> | <u>\$ 500,114</u> | <u>\$ 1,185,537</u> | <u>\$ 8,455,840</u> | <u>\$ 77,608,428</u> |

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.

| | Fair Value | Rating as of Fiscal Year End | | | | | | Not Rated |
|------------------------------------|---------------------|------------------------------|------------------|------------------|-------------------|------------------|-------------------|---------------------|
| | | S&P / Moody's | | | | | | |
| | | AAA/ Aaa-mf | BBB/ A1 | BBB/ A3 | BBB/ Not Rated | Not Rated Aa3 | Not Rated/ Ba3 | |
| Investments held in City treasury: | | | | | | | | |
| Local Agency Investment Fund | \$62,839,433 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 62,839,433 |
| Money Market Mutual Funds | 4,409,564 | 3,385,650 | - | - | - | - | - | 1,023,914 |
| Certificates of Deposit | 1,685,651 | - | 488,280 | 250,067 | 249,993 | 250,080 | 250,047 | 197,184 |
| Total | <u>\$68,934,648</u> | <u>\$3,385,650</u> | <u>\$488,280</u> | <u>\$250,067</u> | <u>\$249,993</u> | <u>\$250,080</u> | <u>\$250,047</u> | <u>\$64,060,531</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.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

II. DETAILED NOTES (Continued)

A. CASH AND INVESTMENTS (Continued)

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 \$11,139,544. JPFA's restricted cash includes \$9,870,280 of the total \$11,139,544 in LAIF. The JPFA's remaining restricted cash of \$1,269,264 is maintained in the City's Treasury.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

II. DETAILED NOTES (Continued)

A. CASH AND INVESTMENTS (Continued)

Restricted Cash and Investments

As of June 30, 2017 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 | \$ 497,296 | |
| Total Non-major Governmental Funds | | \$ 497,296 |
| <u>Internal Service Funds</u> | | |
| Insurance deposits | \$ 300,000 | |
| Total Internal Service Funds | | \$ 300,000 |
| Total governmental activities restricted cash and investments | | 797,296 |

Business-Type Activities:

| | | |
|--|------------|------------|
| Restricted for capital projects - sewer | 11,868,176 | |
| Restricted for capital projects - parking | 650,574 | |
| Total business-type activities restricted cash and investments | | 12,518,750 |
| Total primary government restricted cash and investments | | 13,316,046 |

Discretely Presented Component Unit:

| | | |
|--|------------|------------|
| Restricted for capital projects and debt service | 11,139,544 | |
| Total JPFA restricted cash and investments | | 11,139,544 |

Fiduciary Funds

Private-purpose Trust Fund

| | | |
|---------------------------------------|------------|--|
| Restricted for Recognized Obligations | 13,868,433 | |
| Total Private-purpose Trust Fund | 13,868,433 | |

Agency Funds

| | | |
|-----------------------------|---------|--|
| Restricted for debt service | 596,417 | |
| Total Agency Funds | 596,417 | |

| | | |
|--|--|----------------------|
| Total Fiduciary Fund restricted cash and investments | | 14,464,850 |
| Total restricted cash and investments | | <u>\$ 38,920,440</u> |

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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, 2017.

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, 2017

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, 2017. 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, 2017, 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 | \$ - | \$ 1,685,651 | \$ - | \$ 1,685,651 |
| Total investments measured at fair value | <u>\$ -</u> | <u>\$ 1,685,651</u> | <u>\$ -</u> | <u>\$ 1,685,651</u> |
| Investments measured at amortized costs | | | | |
| LAIF | | | | 62,839,433.00 |
| Guaranteed Investment Contracts | | | | 8,455,840.00 |
| Money Market | | | | <u>4,627,504.00</u> |
| Total investments measured at fair value | | | | <u>\$ 77,608,428</u> |

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

II. DETAILED NOTES (Continued)

B. RECEIVABLES

The following summarizes the City’s governmental activities receivables as of June 30, 2017:

| | Interest | Property Taxes | Accounts | Intergovern- mental | Loans | Total |
|---|---------------------|-------------------|---------------------|------------------------|----------------------|----------------------|
| Governmental activities: | | | | | | |
| General Fund | \$ 127,793 | \$ 413,310 | \$ 1,269,844 | \$ 5,516,411 | \$ 176,800 | \$ 7,504,158 |
| CDBG and HOME Housing Fund | 1,090,332 | - | - | 84,018 | 7,440,783 | 8,615,133 |
| Capital Grants Fund | - | - | - | 4,233,315 | - | 4,233,315 |
| Low and Moderate Income Housing Asset Fund | 8,831,860 | - | - | - | 54,931,522 | 63,763,382 |
| Other Nonmajor Governmental Funds | 1,374 | - | 65,122 | 1,283,981 | 42,792 | 1,393,269 |
| Internal Service Funds | - | - | 353,136 | 3,860 | - | 356,996 |
| Total governmental activities | <u>\$10,051,359</u> | <u>\$ 413,310</u> | <u>\$ 1,688,102</u> | <u>\$ 11,121,585</u> | <u>\$ 62,591,897</u> | <u>\$ 85,866,253</u> |

Loans Receivable

The loans receivable in the CDBG and HOME Housing Fund and Low and Moderate Income Housing Asset Fund of \$7,440,783 and \$54,931,522 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, 2017:

| | Accounts | Intergovernmental | Total |
|--------------------------------|---------------------|-------------------|---------------------|
| Business-type activities: | | | |
| Sewer Fund | \$ 2,380,452 | \$ 361,482 | \$ 2,741,934 |
| Parking Fund | 2,921 | - | 2,921 |
| Private-Development Fund | 141,291 | - | 141,291 |
| Airport Fund | 28,353 | 273,545 | 301,898 |
| Total business-type activities | <u>\$ 2,553,017</u> | <u>\$ 635,027</u> | <u>\$ 3,188,044</u> |

Accounts receivable in the Sewer Fund is composed of \$2,375,950 in sewer service fees billed for services rendered on or before June 30, 2017 and received in the months of July and August of 2017 and \$4,502 in sewer development impact fees owed to the City as of June 30, 2017.

The intergovernmental receivable of \$273,545 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, 2017

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, 2017 were as follows:

| | Unavailable Housing Loan Revenue | Unavailable Revenue | Total |
|-----------------------------------|--|------------------------|----------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| General Fund | \$ - | \$ 979,368 | \$ 979,368 |
| CDBG and HOME Housing Fund | 1,090,331 | - | 1,090,331 |
| Capital Grants Fund | - | 4,209,193 | 4,209,193 |
| Low and Moderate Income | | | |
| Housing Asset Fund | 8,831,860 | 623,754 | 9,455,614 |
| Other Nonmajor Governmental Funds | - | 105,038 | 105,038 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total governmental activities | <u>\$ 9,922,191</u> | <u>\$ 5,917,353</u> | <u>\$ 15,839,544</u> |

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

II. DETAILED NOTES (Continued)

D. CAPITAL ASSETS

Capital assets for governmental activities for the year ended June 30, 2017, was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|---|-----------------------|---------------------|---------------------|--------------------|-----------------------|
| Governmental activities | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 31,566,805 | \$ - | \$ (319,728) | \$ - | \$ 31,247,077 |
| Construction in progress | 9,859,786 | 5,883,816 | - | (1,362,438) | 14,381,164 |
| Total capital assets, not being depreciated | <u>41,426,591</u> | <u>5,883,816</u> | <u>(319,728)</u> | <u>(1,362,438)</u> | <u>45,628,241</u> |
| Capital assets being depreciated: | | | | | |
| Buildings | 21,393,132 | - | - | - | 21,393,132 |
| Improvements other than buildings | 19,836,764 | - | - | 1,115,162 | 20,951,926 |
| Equipment, furniture and vehicles | 19,070,960 | 948,529 | (338,911) | 247,276 | 19,927,854 |
| Infrastructure: | | | | | |
| Roadway | 308,695,853 | 7,865,679 | - | - | 316,561,532 |
| Bridge | 9,455,484 | - | - | - | 9,455,484 |
| Drainage | 47,656,267 | 854,872 | - | - | 48,511,139 |
| Total capital assets, being depreciated | <u>426,108,460</u> | <u>9,669,080</u> | <u>(338,911)</u> | <u>1,362,438</u> | <u>436,801,067</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (11,339,928) | (488,419) | - | - | (11,828,347) |
| Improvements other than buildings | (11,803,266) | (655,518) | - | - | (12,458,784) |
| Equipment, furniture and vehicles | (11,165,951) | (1,582,607) | 338,911 | - | (12,409,647) |
| Infrastructure: | | | | | |
| Roadway | (97,837,282) | (7,550,571) | - | - | (105,387,853) |
| Bridge | (4,273,051) | (189,110) | - | - | (4,462,161) |
| Drainage | (17,710,771) | (1,125,288) | - | - | (18,836,059) |
| Total accumulated depreciation | <u>(154,130,249)</u> | <u>(11,591,513)</u> | <u>338,911</u> | <u>-</u> | <u>(165,382,851)</u> |
| Total capital assets being depreciated, net | <u>271,978,211</u> | <u>(1,922,433)</u> | <u>-</u> | <u>1,362,438</u> | <u>271,418,216</u> |
| Governmental activities capital asset, net | <u>\$ 313,404,802</u> | <u>\$ 3,961,383</u> | <u>\$ (319,728)</u> | <u>\$ -</u> | <u>\$ 317,046,457</u> |

Reconciliation of Governmental activities capital asset increases:

| | |
|---|----------------------|
| Total capital assets, not being depreciated - increases | \$ 5,883,816 |
| Total capital assets, being depreciated - increases | 9,669,080 |
| Governmental activities capital asset increases | <u>\$ 15,552,896</u> |
| Governmental Funds - capital outlay | \$ 6,793,144 |
| Donations and contributed capital* | 8,759,752 |
| Governmental activities capital asset increases | <u>\$ 15,552,896</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, 2017

II. DETAILED NOTES (Continued)

D. CAPITAL ASSETS (Continued)

Capital assets for business-type activities for the year ended June 30, 2017, was as follows:

| | Beginning Balance | Increases | Decreases | Transfers | Ending Balance |
|--|-----------------------|---------------------|-------------|-----------------|-----------------------|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 2,154,341 | \$ - | \$ - | \$ - | \$ 2,154,341 |
| Construction in progress | 1,290,082 | 2,688,971 | - | (44,560) | 3,934,493 |
| Total capital assets, not being depreciated: | <u>3,444,423</u> | <u>2,688,971</u> | <u>-</u> | <u>(44,560)</u> | <u>6,088,834</u> |
| Capital assets, being depreciated: | | | | | |
| Buildings | 19,315,198 | 97,190 | - | - | 19,412,388 |
| Improvements other than buildings | 181,095,380 | 4,331,729 | - | 44,560 | 185,471,669 |
| Equipment, furniture and vehicles | 2,796,554 | 102,395 | - | - | 2,898,949 |
| Total capital assets, being depreciated: | <u>203,207,132</u> | <u>4,531,314</u> | <u>-</u> | <u>44,560</u> | <u>207,783,006</u> |
| Less accumulated depreciation for: | | | | | |
| Buildings | (12,703,990) | (502,311) | - | - | (13,206,301) |
| Improvements other than buildings | (62,364,537) | (5,227,914) | - | - | (67,592,451) |
| Equipment, furniture and vehicles | (2,005,757) | (130,693) | - | - | (2,136,450) |
| Total accumulated depreciation | <u>(77,074,284)</u> | <u>(5,860,918)</u> | <u>-</u> | <u>-</u> | <u>(82,935,202)</u> |
| Total capital assets being depreciated, net | <u>126,132,848</u> | <u>(1,329,604)</u> | <u>-</u> | <u>44,560</u> | <u>124,847,804</u> |
| Business-type activities capital assets, net | <u>\$ 129,577,271</u> | <u>\$ 1,359,367</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 130,936,638</u> |

Reconciliation of Business-type activities capital asset increases:

| | |
|---|---------------------|
| Total capital assets, not being depreciated - increases | \$ 2,688,971 |
| Total capital assets, being depreciated - increases | <u>4,531,314</u> |
| Business-type activities capital asset increases | <u>\$ 7,220,285</u> |
| Business-type activities - capital outlay | \$ 5,373,245 |
| Donations and contributed capital ** | <u>1,847,040</u> |
| Business-type activities capital asset increases | <u>\$ 7,220,285</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, 2017

II. DETAILED NOTES (Continued)

D. CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions/programs as follows:

| | |
|--|----------------------|
| Governmental activities: | |
| General government | \$ 381,297 |
| Public safety | 1,398,942 |
| Public works | 9,305,516 |
| Parks and recreation | 498,886 |
| Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets | 6,872 |
| Total depreciation expense - governmental activities | <u>\$ 11,591,513</u> |
| Business-type activities: | |
| Sewer | \$ 4,578,718 |
| Parking | 184,480 |
| Private Development | 4,001 |
| Airport | 1,093,719 |
| Total depreciation expense - business-type activities | <u>\$ 5,860,918</u> |

E. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2017, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due within One Year |
|---|----------------------|---------------------|-----------------------|----------------------|------------------------|
| Governmental Activities: | | | | | |
| Capital leases | \$ 2,852,455 | \$ 472,572 | \$ (384,303) | \$ 2,940,724 | \$ 381,316 |
| Compensated absences | 3,641,080 | 2,175,708 | (2,070,339) | 3,746,449 | 444,346 |
| Self-insurance claims & settlements | 5,064,878 | 6,107,289 | (2,292,993) | 8,879,174 | 2,164,045 |
| Governmental activities long term liabilities | <u>\$ 11,558,413</u> | <u>\$ 8,755,569</u> | <u>\$ (4,747,635)</u> | <u>\$ 15,566,347</u> | <u>\$ 2,989,707</u> |
| Business-type Activities: | | | | | |
| Loans payable | \$ 44,126,260 | \$ - | \$ (4,063,719) | \$ 40,062,541 | \$ 4,162,933 |
| Compensated absences | 405,466 | 198,592 | (230,550) | 373,508 | 44,300 |
| Business-type activities long-term liabilities | <u>\$ 44,531,726</u> | <u>\$ 198,592</u> | <u>\$ (4,294,269)</u> | <u>\$ 40,436,049</u> | <u>\$ 4,207,233</u> |

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

II. DETAILED NOTES (Continued)

E. LONG-TERM LIABILITIES (Continued)

LONG-TERM LIABILITIES

Governmental Activities:

Capital Leases

Lease payable to Oshkosh Capital; for a Pierce Arrow XT Quint Aerial Truck for the Fire Department; interest at 2.46%; due in annual installments on July 25, in the amount of \$136,868, including interest, through July 25, 2024.

Original lease amount was \$1,200,359. Payments to be made from General Fund.

| <u>Amount</u> | <u>Totals</u> |
|---------------|---------------|
| \$ 981,358 | |

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 Fleet Replacement Fund.

1,586,694

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 from Fleet Replacement Fund.

372,672

Total governmental activities capital leases

\$ 2,940,724

Compensated absences - Discussed in Note I D

3,746,449

Liability for self-insurance claims - Discussed in Risk Management Note III A

8,879,174

Total governmental activities long-term debt

\$ 15,566,347

Business-Type Activities:

Loans Payable

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

| <u>Amount</u> | <u>Totals</u> |
|---------------|---------------|
| \$ 8,544,195 | |

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.

29,208,488

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.

2,309,858

Total business-type activities loans payable

\$ 40,062,541

Compensated absences - Discussed in Note I D

373,508

Total business-type activities long-term debt

\$ 40,436,049

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

II. DETAILED NOTES (Continued)

E. LONG-TERM LIABILITIES (Continued)

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

| Year Ending June 30 | Business-type Activities | | |
|---------------------|--------------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2018 | \$ 4,162,933 | \$ 946,251 | \$ 5,109,184 |
| 2019 | 4,264,614 | 844,574 | 5,109,188 |
| 2020 | 4,368,814 | 740,372 | 5,109,186 |
| 2021 | 4,475,602 | 633,584 | 5,109,186 |
| 2022 | 2,308,368 | 524,144 | 2,832,514 |
| 2023-2027 | 12,361,687 | 1,800,877 | 14,162,564 |
| 2028-2030 | 8,120,524 | 377,015 | 8,497,539 |
| Total | <u>\$ 40,062,542</u> | <u>\$ 5,866,817</u> | <u>\$ 45,929,361</u> |

Interest expense in the amount of \$983,391 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, 2017

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, 2017</u> |
|---------------------------------|--------------------------|---|
| Governmental Activities: | | |
| Fire Department Tiller Truck | 2.46% | \$ 981,358 |
| Fire Department Pumpers (3) | 2.80% | 1,586,694 |
| Sweepers (2) | 2.85% | 372,672 |
| Total Capital Lease Obligations | | <u>\$ 2,940,724</u> |

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

| | <u>Governmental Activities</u> |
|--------------------------------|------------------------------------|
| Equipment | \$ 3,604,481 |
| Less: accumulated amortization | (274,593) |
| Net Value | <u>\$ 3,329,888</u> |

As of June 30, 2017, capital lease annual amortization are as follows:

| | <u>Governmental Activities</u> |
|-------------------------------------|------------------------------------|
| Year ending June 30: | |
| 2018 | \$ 460,899 |
| 2019 | 460,899 |
| 2020 | 460,899 |
| 2021 | 460,899 |
| 2022 | 360,999 |
| 2023-2025 | 1,082,998 |
| Total requirements | \$ 3,287,593 |
| Less interest | (346,869) |
| Present value of remaining payments | <u>\$ 2,940,724</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, 2017

II. DETAILED NOTES (Continued)

G. INTERFUND RECEIVABLES AND PAYABLES

Due From/To Other Funds

Amounts due from/to other funds at June 30, 2017 are as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|---------------------------------------|---------------------------------------|---------------------|
| Self-Insurance Internal Services Fund | Capital Grants | \$ 3,775,837 |
| | Total Major Funds from/to other funds | <u>3,775,837</u> |
| | Total due from/to other funds | <u>\$ 3,775,837</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

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|--|--|---------------------|
| Non-Major Funds: | | |
| Self-Insurance Internal Services Fund | General Fund | \$ 845,474 |
| Community Park Impact Fund | Bidwell Park Land Acquisition Impact Fee Fund | 1,178,215 |
| | Fire Protection Building and Equipment Impact Fund | 406,535 |
| Police Protection Building and Equipment Impact Fee Fund | Airport Enterprise Fund | 32,843 |
| Fleet Replacement and Facility Maintenance Fund | Administrative Building Impact Fee | 701,189 |
| Street Maintenance Impact Fee Fund | Zone J Neighborhood Parks Impact Fee Fund | 138,258 |
| Police Protection Building and Equipment Impact Fee Fund | Community Maintenance Districts Special Revenue Fund | <u>55,778</u> |
| Zone I Neighborhood Parks Impact Fee Capital Projects Fund | Nonmajor Governmental Funds Advances to Other Funds | <u>3,358,292</u> |
| | Total advances to/from other funds | <u>\$ 3,358,292</u> |

All advances are due to cash deficits as listed for each payable fund. In addition, no formal borrowing arrangements exist except for the \$55,778 cash advance. Finally, all payable funds may be unable to repay the advance within the next fiscal year.

The circumstances requiring cash advances are as follows:

Airport Enterprise Fund: The Airport Enterprise requires an advance of cash due to a long-term structural deficit in the operations of the Airport Enterprise. Although cost cutting measures have been put into place, expenses are

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

II. DETAILED NOTES (Continued)

G. INTERFUND RECEIVABLES AND PAYABLES (Continued)

still outpacing revenue. In addition, the one commercial carrier serving the Airport discontinued operations in December 2014. The City Council and Airport Commission are working together to determine how to restore fiscal stability to the Airport. The Airport Fund is being advanced \$32,843 total from the Fleet Replacement and Facility Maintenance Fund.

Development Impact Fee Funds: Four Development Impact Fee Funds require a total of \$2,424,196 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 2016-17, the three Funds recovered \$1,610,476 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, 2017, the Funds listed below reported deficit fund balances or net position:

| <u>Fund</u> | <u>Deficit Fund Balance</u> |
|--|-----------------------------|
| Private Development Fund | \$ (6,249,041) |
| Information Services Internal Service Fund | (3,078,109) |
| Central Garage Internal Service Fund | (1,971,173) |
| Bidwell Park Land Acquisition Impact Fee Fund | (1,178,215) |
| Fire Protection Building and Equipment Impact Fee Fund | (406,535) |
| Administrative Building Impact Fee Fund | (701,189) |
| Municipal Building Maintenance Internal Service Fund | (701,733) |
| Capital Grants Fund | (4,209,192) |
| Zone J Neighborhood Impact Fee Fund | (138,257) |
| Self Insurance Internal Service Fund | <u>(2,863,568)</u> |
| Total Deficit Funds | <u>\$ (21,497,012)</u> |

Private Development Fund

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

Capital Grants Fund Deficit

The Capital Grants Capital Projects Fund deficit represents grant expenditures that had not been reimbursed by granting agencies within the 60-day period of availability for which corresponding revenues have not been recognized. The deficit amount is recorded as a deferred inflow of resources on the Fund's Balance Sheet.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

II. DETAILED NOTES (Continued)

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

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

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, 2017:

| <u>Transfer From</u> | <u>Transfer To</u> | <u>Amount</u> | <u>Purpose</u> |
|--|--|----------------|---------------------------|
| <u>General Fund:</u> | Other Special Revenue Funds | \$ 25,222 | General Fund Contribution |
| | Operating Grants Non-Major Special Revenue Fund | 9,622 | General Fund Contribution |
| | Technology Replacement | 150,000 | General Fund Contribution |
| | Fleet Replacement and Facility Maintenance Non-Equipment Liability Reserve | 1,000,000 | General Fund Contribution |
| | Community Maintenance District Administration | 134,027 | General Fund Contribution |
| | Private Development Enterprise Fund | 13,589 | General Fund Contribution |
| | Airport Enterprise Fund | 302,847 | General Fund Contribution |
| | | <u>396,316</u> | General Fund Contribution |
| | | 2,031,623 | |
| <u>Low & Moderate Income Housing Fund:</u> | CDBG and Home Housing Fund | <u>4,535</u> | |

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

II. DETAILED NOTES (Continued)

I. INTERFUND TRANSFERS (Continued)

| <u>Transfer From</u> | <u>Transfer To</u> | <u>Amount</u> | <u>Purpose</u> |
|---|--|------------------|---|
| <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 | 233,100 | Program Support |
| Bond Proceeds Capital Projects Fund | Airport Enterprise Fund | 334,976 | Program Support |
| | | <u>2,718,076</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 | 61,631 | Program Support |
| | | <u>65,231</u> | |
| Private Development Enterprise Fund | Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund | 132,997 | Private Development Fund Contribution |
| Private Development Enterprise Fund | Emergency Reserve | 114,864 | Private Development Fund Contribution |
| Private Development Enterprise Fund | General Fund - General Plan Reserve | 161,800 | Private Development Fund Contribution |
| | | <u>409,661</u> | |
| Airport Enterprise Fund | Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund | 75,130 | Airport Fund Contribution |
| | | <u>75,130</u> | |
| <u>Transfer From</u> | | | |
| <u>Internal Services Funds:</u> | | | |
| Self Insurance Fund | General Fund | 288,457 | Self Insurance Contribution |
| Central Garage Internal Services Fund | Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund | 14,256 | Central Garage Contribution |
| Municipal Building Maintenance Internal Services Fund | Fleet Replacement and Facility Maintenance Non-Major Capital Projects Fund | 4,779 | Municipal Building Maintenance Contribution |
| | | <u>307,492</u> | |

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

II. DETAILED NOTES (Continued)

J. FUND BALANCES

The following is a schedule of the Governmental Funds fund balance classifications as of June 30, 2017:

| | 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 | \$ 176,800 | \$ - | \$ - | \$ - | \$ - | \$ 176,800 |
| Deposits with others | - | - | - | - | 6,887 | 6,887 |
| Prepaid items | 47,683 | 775 | - | - | - | 48,458 |
| Advances to other funds | - | - | - | - | 32,843 | 32,843 |
| | <u>224,483</u> | <u>775</u> | <u>-</u> | <u>-</u> | <u>39,730</u> | <u>264,988</u> |
| Restricted | | | | | | |
| Capital projects | - | - | - | - | 20,019,334 | 20,019,334 |
| Housing | - | 7,461,166 | - | 56,207,013 | - | 63,668,179 |
| Transportation related projects | - | - | - | - | 3,909,088 | 3,909,088 |
| Maintenance districts | - | - | - | - | 3,629,913 | 3,629,913 |
| Other purposes | - | - | - | - | 1,163,609 | 1,163,609 |
| | <u>-</u> | <u>7,461,166</u> | <u>-</u> | <u>56,207,013</u> | <u>28,721,944</u> | <u>92,390,123</u> |
| Committed | | | | | | |
| Compensated absences | 908,155 | - | - | - | - | 908,155 |
| Donations | 95,764 | - | - | - | - | 95,764 |
| Emergency contingencies | 1,457,221 | - | - | - | - | 1,457,221 |
| | <u>2,461,140</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>2,461,140</u> |
| Assigned | | | | | | |
| Equipment replacement | - | - | - | - | 3,275,567 | 3,275,567 |
| Capital projects | 2,663,371 | - | - | - | 1,650,902 | 4,314,273 |
| Subsequent year budget | 632,317 | - | - | - | - | 632,317 |
| Unfunded CalPERS Liability | 541,455 | - | - | - | - | 541,455 |
| | <u>3,837,143</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,926,469</u> | <u>8,763,612</u> |
| Unassigned | | | | | | |
| General Fund | 2,453,998 | - | - | - | - | 2,453,998 |
| Special Revenue Funds | - | 73,383 | - | - | - | 73,383 |
| Capital Projects Funds | - | - | (4,209,192) | - | (2,424,196) | (6,633,388) |
| | <u>2,453,998</u> | <u>73,383</u> | <u>(4,209,192)</u> | <u>-</u> | <u>(2,424,196)</u> | <u>(4,106,007)</u> |
| Total fund balances (deficit) | <u>\$ 8,976,764</u> | <u>\$ 7,535,324</u> | <u>\$ (4,209,192)</u> | <u>\$ 56,207,013</u> | <u>\$ 31,263,947</u> | <u>\$ 99,773,856</u> |

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

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, 2017 for governmental activities is as follows:

| | | |
|--|-------------------|-----------------------------|
| Restricted for Capital Assets | | |
| Capital projects | | \$ 23,168,287 |
| Restricted for Housing | | |
| Affordable housing loans | \$ 7,535,324 | |
| CDBG housing loans | <u>56,207,013</u> | 63,742,337 |
| Restricted for Maintenance Districts | | |
| Maintenance districts | | 3,629,913 |
| Restricted for Telecommunications Equipment | | |
| Telecommunications equipment | | 759,100 |
| Restricted for Abandoned Vehicle Program | | |
| Abandoned vehicle program | | 241,200 |
| Restricted for Public Safety | | |
| Public safety | | <u>119,965</u> |
| Total restricted component of net position - governmental activities | | <u><u>\$ 91,660,802</u></u> |

L. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Nonmajor Capital Projects Funds

The Fire Protection Building and Equipment Development Impact Fee Fund and the Administrative Building Impact Fee Fund had negative expenditure variance due to unforeseen costs. The total variance was \$2,578 over the appropriated amount of \$14,257 in the Fire Protection Building & Equipment Fund and \$3,953 over the appropriated amount of \$407 in the Administrative Building Impact Fee Fund.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

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, 2017, 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 \$7,392,989 for insurance losses through June 30, 2017 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> |
| 2015-16 | \$ 4,496,786 | \$ 1,206,712 | \$ (1,423,084) | \$ 4,280,414 |
| 2016-17 | 4,280,414 | 5,014,854 | (1,902,279) | 7,392,989 |

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, 2017

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, 2017, were \$294,225.

The claims liability reported in the Self Insurance Internal Service Fund at June 30, 2017, 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 \$1,486,185 for insurance losses represents the estimated cost of settling self-insurance liability claims.

Changes in the claims liability are as follows:

| | Claims Liability July 1 | Current -Year Claims and Changes in Estimate | Current-Year Payments | Claims Liability June 30 |
|---------|----------------------------|--|--------------------------|-----------------------------|
| 2015-16 | \$ 847,653 | \$ 895,999 | \$ (959,188) | \$ 784,464 |
| 2016-17 | 784,464 | 1,092,435 | (390,714) | 1,486,185 |

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 \$2,421,286 for contracts awarded but not completed as of June 30, 2017. The following table shows the distribution of those commitments to major and nonmajor funds.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

III. OTHER INFORMATION (Continued)

B. CONTINGENCIES AND COMMITMENTS (Continued)

Construction and Other Commitments (Continued)

| | |
|--------------------------------|---------------------|
| Governmental activities: | |
| Capital Grants Fund | \$ 431,698 |
| Total governmental activities: | <u>\$ 431,698</u> |
| Business-type activities: | |
| Sewer Fund | \$ 1,989,588 |
| Total business-type activities | <u>\$ 1,989,588</u> |

The major contracts outstanding are \$410,722 for State Route 32 Widening Project Phase 2, \$20,976 for Annual Long Line Thermoplastic Strips in various areas and \$1,289,253 for Trunk Line Replacement on Chico River Road.

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, 2017

III. OTHER INFORMATION (Continued)

C. DEFINED BENEFIT PENSION PLAN (Continued)

The Plans' provisions and benefits in effect at June 30, 2017, are summarized as follows:

| | <u>Miscellaneous</u> | | |
|---|----------------------|--------------------|--|
| | <u>Classic</u> | <u>Classic</u> | <u>PEPRA - on or after January 1, 2013</u> |
| Hire Date | | | |
| Formula | 2% @ 55 | 3% @ 60 | 2% @ 62 |
| Benefit vesting schedule | 5 years of service | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life | monthly for life |
| Retirement age | 55 | 60 | 62 |
| Monthly benefits, as a % of annual salary | 2.000% | 3.000% | 2.000% |
| Required employee contribution rates | 8.000% | 8.000% | 6.750% |
| Required employer contribution rates | 38.936% | 38.936% | 38.936% |

| | <u>Safety</u> | |
|---|--------------------|--|
| | <u>Classic</u> | <u>PEPRA - on or after January 1, 2013</u> |
| Hire Date | | |
| Formula | 3% @ 50 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years of service | 5 years of service |
| Benefit payments | monthly for life | monthly for life |
| Retirement age | 50 | 57 |
| Monthly benefits, as a % of annual salary | 3.000% | 2.700% |
| Required employee contribution rates | 9.000% | 12.000% |
| Required employer contribution rates | 39.005% | 39.005% |

Employees Covered – At June 30, 2017, the following employees were covered by the benefit terms for each Plan:

| | <u>Miscellaneous</u> | <u>Safety</u> |
|--|----------------------|---------------|
| Inactive employees or beneficiaries currently receiving benefits | 386 | 209 |
| Inactive employees entitled to but not yet receiving benefits | 447 | 121 |
| Active employees | 231 | 164 |
| Total | <u>1,064</u> | <u>494</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 \$4,840,128

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

III. OTHER INFORMATION (Continued)

C. DEFINED BENEFIT PENSION PLAN (Continued)

for the year ended June 30, 2017. Total employer contributions to the Safety Plan were \$5,352,995 for the year ended June 30, 2017.

Net Pension Liability

The City’s net pension liability for each plan was measured as of June 30, 2016 and the total pension liability was determined by an actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016.

Actuarial Assumptions – The total pension liability in the June 30, 2015 actuarial valuations was determined using the following actuarial assumptions:

| | <u>Miscellaneous</u> | <u>Safety</u> |
|---------------------------|------------------------------|---------------------|
| Valuation Date | June 30, 2015 | June 30, 2015 |
| Measurement Date | June 30, 2016 | June 30, 2016 |
| Actuarial Cost Method | Entry-Age Normal Cost Method | |
| Actuarial Assumptions: | | |
| Discount Rate | 7.65% | 7.65% |
| 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 | 7.50% | 7.50% |
| Mortality | 0 (2) | 0 (2) |

(1) Depending on age, service and type of employment
 (2) Derived using CalPERS' Membership Data for all Funds

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, 2017

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 | 51% | 5.25% | 5.71% |
| Global Fixed Income | 20% | 0.99% | 2.43% |
| Inflation Sensitive | 6% | 0.45% | 3.36% |
| Private Equity | 10% | 6.83% | 6.95% |
| Real Estate | 10% | 4.50% | 5.13% |
| Infrastructure and Forestland | 2% | 4.50% | 5.09% |
| Liquidity | 1% | -0.55% | -1.05% |
| Total | 100% | | |
| Expected Inflation Rate: | | 2.50% | 3.00% |

Discount Rate – The discount rate used to measure the total pension liability was 7.65%. 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 7.65 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 7.65 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, 2017

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, 2016 are as follows:

Miscellaneous Plan:

| | Increase (Decrease) | | |
|--|------------------------------------|--|--|
| | <u>Total Pension Liability</u> | <u>Plan Fiduciary Net Position</u> | <u>Net Pension Liability/(Asset)</u> |
| Balance at June 30, 2016 | \$ 167,400,515 | \$ 113,121,810 | \$ 54,278,705 |
| Changes in the year: | | | |
| Service Cost | 2,352,654 | - | 2,352,654 |
| Interest on the total pension liability | 12,292,586 | - | 12,292,586 |
| Differences between actual and expected experience | (3,764,124) | - | (3,764,124) |
| Plan to plan resource movement | - | (3,366) | 3,366 |
| Contribution - employer | - | 3,774,160 | (3,774,160) |
| Contribution - employee | - | 960,903 | (960,903) |
| Projected earnings on investments | - | 8,502,023 | (8,502,023) |
| Differences between projected and actual earning on plan investments | - | (7,927,346) | 7,927,346 |
| Administrative expenses | - | (68,942) | 68,942 |
| Benefit payments, including refunds of employee contributions | (8,251,225) | (8,251,225) | - |
| Net changes | <u>2,629,891</u> | <u>(3,013,793)</u> | <u>5,643,684</u> |
| Balance at June 30, 2017 | \$ 170,030,406 | \$ 110,108,017 | \$ 59,922,389 |

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

III. OTHER INFORMATION (Continued)

C. DEFINED BENEFIT PENSION PLAN (Continued)

Safety Plan:

| | Increase (Decrease) | | |
|--|----------------------------|--------------------------------|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability/(Asset) |
| Balance at June 30, 2016 | <u>\$ 187,147,763</u> | <u>\$ 135,670,862</u> | <u>\$ 51,476,901</u> |
| Changes in the year: | | | |
| Service Cost | 3,944,837 | - | 3,944,837 |
| Interest on the total pension liability | 13,926,474 | - | 13,926,474 |
| Differences between actual and expected experience | (2,584,243) | - | (2,584,243) |
| Plan to plan resource movement | - | 3,366 | (3,366) |
| Contribution - employer | - | 4,852,766 | (4,852,766) |
| Contribution - employee | - | 1,404,504 | (1,404,504) |
| Projected earnings on investments | - | 10,259,079 | (10,259,079) |
| Differences between projected and actual earning on plan investments | - | (9,595,654) | 9,595,654 |
| Administrative expenses | - | (82,684) | 82,684 |
| Benefit payments, including refunds of employee contributions | (8,981,039) | (8,981,039) | - |
| Net changes | <u>6,306,029</u> | <u>(2,139,662)</u> | <u>8,445,691</u> |
| Balance at June 30, 2017 | <u>\$ 193,453,792</u> | <u>\$ 133,531,200</u> | <u>\$ 59,922,592</u> |
| Total of all plans | <u>\$ 363,484,176</u> | <u>\$ 243,639,217</u> | <u>\$ 119,844,981</u> |

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 | 6.65% | 6.65% | 6.65% |
| Net Pension Liability | \$ 81,491,340 | \$ 86,836,600 | \$ 168,327,940 |
| Current Discount Rate | 7.65% | 7.65% | 7.65% |
| Net Pension Liability | \$ 59,922,367 | \$ 59,922,592 | \$ 119,844,959 |
| 1% Increase | 8.65% | 8.65% | 8.65% |
| Net Pension Liability | \$ 42,000,866 | \$ 37,922,178 | \$ 79,923,044 |

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

III. OTHER INFORMATION (Continued)

C. DEFINED BENEFIT PENSION PLAN (Continued)

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, 2017, the City recognized pension expense of \$7,802,081. At June 30, 2017, 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 | \$ 4,840,128 | \$ - |
| Differences between actual and expected experience | - | (3,066,161) |
| Changes in assumption | - | (570,043) |
| Net difference between projected and actual earnings on plan investments | 5,999,637 | |
| Total | <u>\$ 10,839,765</u> | <u>\$ (3,636,204)</u> |

| | <u>Safety Plan</u> | |
|---|---|--|
| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
| Pension contributions subsequent to measurement date | \$ 5,352,995 | \$ - |
| Differences between actual and expected experience | - | (2,325,394) |
| Changes in assumption | - | (1,882,302) |
| Net difference between projected and actual earnings on plan investments | 7,369,171 | |
| Total | <u>\$ 12,722,166</u> | <u>\$ (4,207,696)</u> |

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

III. OTHER INFORMATION (Continued)

C. DEFINED BENEFIT PENSION PLAN (Continued)

The amounts of \$4,840,128 and \$5,352,995 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

| <u>Year ended June 30</u> | <u>Miscellaneous</u> | <u>Safety</u> |
|---------------------------|----------------------|---------------------|
| 2018 | \$ (1,958,636) | \$ (469,568) |
| 2019 | (59,719) | (469,569) |
| 2020 | 2,796,318 | 2,416,411 |
| 2021 | 1,585,470 | 1,684,201 |
| Total | <u>\$ 2,363,433</u> | <u>\$ 3,161,475</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. 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. The Retiree Healthcare Plan does not issue a financial report.

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 45.

As of July 1, 2016, the date of the most recent actuarial, 291 active employees and 69 retirees are either participating or have a right to participate in the healthcare plan.

Funding Policy

The contribution requirements of the Plan participants and the City are established by and may be amended by the City. The City contributes to the plan on a pay-as-you-go basis. The City contributed an estimated \$322,000 during 2016-17 for the implied subsidy inherent in 2016-17 retiree-paid premiums. The General Fund has primarily been used to pay these subsidies, although all benefiting Funds pay a share of the costs.

Annual OPEB Cost and Net OPEB Obligation

The City’s annual other postemployment benefit cost (expense) is calculated based on the annual required contribution (ARC) of the employer. The ARC represents a level of funding that, if paid on an ongoing basis, projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

III. OTHER INFORMATION (Continued)

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

The following table shows the components of the City’s annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City’s Net OPEB obligation:

| | |
|--|----------------------------|
| Annual required contribution | \$ 809,726 |
| Interest on net OPEB obligation | 240,242 |
| Adjustment to annual required contribution | <u>(306,026)</u> |
| Annual OPEB cost (expense) | 743,942 |
| Contributions made | <u>(240,838)</u> |
| Increase in net OPEB obligation | 503,104 |
| Net OPEB obligation - beginning of year | <u>6,006,062</u> |
| Net OPEB obligation - end of year | <u><u>\$ 6,509,166</u></u> |

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2016-17 and the two preceding fiscal years were as follows:

| Fiscal Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|----------------------|---------------------|---|------------------------|
| 6/30/2015 | \$ 939,164 | 27.3% | \$ 5,315,209 |
| 6/30/2016 | 990,760 | 30.3% | 6,006,062 |
| 6/30/2017 | 743,942 | 32.4% | 6,509,166 |

Funded Status and Funding Progress

As of July 1, 2016, the plan’s most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$8,802,583, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$8,802,583. The covered payroll (annual payroll of active employees covered by the plan) was \$31,331,000, and the ratio of the UAAL to the covered payroll was 28.1%. Actuarial valuations of an ongoing plan involve estimates of the value of expected benefit payments and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual

results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumption.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan participants) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the July 1, 2016 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses) and a 3% general inflation

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

III. OTHER INFORMATION (Continued)

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

assumption. Medical premiums were assumed to increase at a rate of 5.8% for 2017, grading down to 5% for 2021 and thereafter. The UAAL is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2017 was 22 years.

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, 2017.

CAPITAL ASSETS - LAND

As of June 30, 2017, the Successor Agency owns 10 parcels of land with a cost of \$2,451,960. 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, 2017

III. OTHER INFORMATION (Continued)

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

LONG-TERM LIABILITIES

As of June 30, 2017, the balances of the Successor Agency long-term obligations are presented below:

| | Beginning Balance June 30, 2016 | Additions | Deductions | Ending June 30, 2017 | Due within One Year |
|---|------------------------------------|-------------|-----------------------|-------------------------|------------------------|
| 2001 Chico Public Financing Authority Tax Allocation Revenue Bonds | \$ 16,185,000 | \$ - | \$ (2,230,000) | \$ 13,955,000 | \$ 2,345,000 |
| 2005 Chico Redevelopment Agency Tax Allocation Bonds | 60,085,000 | - | (1,180,000) | 58,905,000 | 1,225,000 |
| 2007 Chico Redevelopment Agency Tax Allocation Refunding Bonds | 13,205,000 | - | (715,000) | 12,490,000 | 740,000 |
| Subtotal | 89,475,000 | - | (4,125,000) | 85,350,000 | 4,310,000 |
| Original Issuance Premium | 591,723 | - | (36,983) | 554,740 | 36,983 |
| Successor Agency long-term liabilities | <u>\$ 90,066,723</u> | <u>\$ -</u> | <u>\$ (4,161,983)</u> | <u>\$ 85,904,740</u> | <u>\$ 4,346,983</u> |

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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

Revenue Bonds

2001 Tax Allocation Revenue Bonds (2001 TARBS) were issued by the CPFA in the amount of \$32,060,000 for the purpose of making loans to the Chico Redevelopment Agency to finance redevelopment projects in the Chico Amended and Merged Redevelopment Project Area and to refund the outstanding 1991 Revenue Bonds, Series A. Interest rates for the remaining term of the 2001 TARBS range from 5.00%-5.13%; serial bond payments due in semi-annual installments on October 1 and April 1 through April 1, 2024; term bonds of \$5,255,000 and \$3,890,000 due April 1, 2021 and 2024, respectively. The CPFA is subject to mandatory sinking fund payments ranging from \$1,235,000 to \$2,695,000 beginning 2020 and ending 2024.

| <u>Amount</u> | <u>Totals</u> |
|---------------|---------------|
| \$ 13,955,000 | |

2005 Tax Allocation Bonds (2005 TABS) were issued by the Redevelopment Agency in the amount of \$68,500,000 to finance redevelopment projects in the Chico Amended and Merged Redevelopment Project Area. Interest rates for the remaining term of the 2005 TABS range from 4.00%-5.00%, and payments are due in semi-annual installments on October 1 and April 1, through April 1, 2032. Additionally, term bonds of \$11,655,000, \$19,770,000 and \$14,885,000 are due April 1, 2027, 2030 and 2032, respectively. The Redevelopment Agency is subject to mandatory sinking fund payments ranging from \$5,690,000 to \$7,625,000 beginning 2026 and ending 2032.

| | |
|------------|--|
| 58,905,000 | |
|------------|--|

2007 Tax Allocation Refunding Bonds (2007 TABS) were issued by the Redevelopment Agency in the amount of \$23,405,000 for the purpose of refunding the CPFA's outstanding 1996 Tax Allocation Revenue Bonds. Interest rates for the remaining term of the 2007 TABS range from 4.13%-4.625%; payments due in semi-annual installments on October 1 and April 1 through April 1, 2025.

| | |
|-------------------|--|
| <u>12,490,000</u> | |
|-------------------|--|

| | |
|---|-----------------------------|
| Subtotal Successor Agency bonds payable | 85,350,000 |
| Add: Original issuance premium | <u>554,740</u> |
| Total Successor Agency long-term debt | <u><u>\$ 85,904,740</u></u> |

CITY OF CHICO
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

III. OTHER INFORMATION (Continued)

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

LONG-TERM LIABILITIES (Continued)

The following is a schedule of total debt service requirements to maturity as of June 30, 2017 for the tax allocation bonds:

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|----------------------|----------------------|-----------------------|
| 2018 | \$ 4,310,000 | \$ 4,145,071 | \$ 8,455,071 |
| 2019 | 4,510,000 | 3,945,840 | 8,455,840 |
| 2020 | 4,720,000 | 3,734,715 | 8,454,715 |
| 2021 | 4,945,000 | 3,509,025 | 8,454,025 |
| 2022 | 4,850,000 | 3,271,419 | 8,121,419 |
| 2023-2027 | 27,360,000 | 12,761,957 | 40,121,957 |
| 2028-2032 | 34,655,000 | 5,367,500 | 40,022,500 |
| Total | <u>\$ 85,350,000</u> | <u>\$ 36,735,527</u> | <u>\$ 122,085,527</u> |

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

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

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

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

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

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

| | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|---------------|---------------|---------------|
| Actuarially determined contributions | \$ 4,840,128 | \$ 3,774,896 | \$ 3,273,509 |
| Contributions in relation to the actuarially determined contribution | (4,840,128) | (3,774,896) | (3,273,509) |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered-payroll | \$ 12,743,802 | \$ 12,095,926 | \$ 11,927,104 |
| Contributions as a percentage of covered-payroll | 37.98% | 31.21% | 27.45% |

Notes to Schedule

| | | | |
|-----------------|-----------|-----------|-----------|
| Valuation date: | 6/30/2014 | 6/30/2013 | 6/30/2012 |
|-----------------|-----------|-----------|-----------|

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 | 7.65% |
| 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 three years are shown.

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

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

Notes to Schedule

| | | | |
|-----------------|-----------|-----------|-----------|
| Valuation date: | 6/30/2014 | 6/30/2013 | 6/30/2012 |
|-----------------|-----------|-----------|-----------|

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 | 7.65% |
| 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 three years are shown.

CITY OF CHICO, CALIFORNIA
SCHEDULE OF FUNDING PROGRESS (UNAUDITED)
OTHER POST-EMPLOYMENT BENEFITS

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability | Underfunded/ (Overfunded) Actuarial Accrued Liability | Funded Ratio | Annual Covered Payroll | Unfunded Actuarial Liability as a Percentage of Covered Payroll |
|--------------------------------|---------------------------------|-----------------------------------|---|-----------------|------------------------------|--|
| 6/30/2012 | \$ - | \$ 8,284,000 | \$ 8,284,000 | 0% | \$ 29,266,000 | 28.3% |
| 7/1/2014 | - | 11,627,106 | 11,627,106 | 0% | 27,331,000 | 42.5% |
| 7/1/2016 | - | 8,802,583 | 8,802,583 | 0% | 26,792,241 | 32.9% |

CITY OF CHICO, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|-------------------|--------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES: | | | | |
| Property taxes | \$ 14,857,000 | \$ 15,087,000 | \$ 15,169,017 | \$ 82,017 |
| Sales and use taxes | 21,124,000 | 20,669,000 | 21,133,637 | 464,637 |
| Other taxes | 11,437,500 | 11,437,500 | 12,094,956 | 657,456 |
| Licenses and permits | 97,200 | 97,200 | 91,227 | (5,973) |
| Intergovernmental | 341,000 | 1,008,530 | 1,018,438 | 9,908 |
| Charges for services | 197,100 | 197,100 | 211,073 | 13,973 |
| Fines, forfeitures, and penalties | 616,000 | 616,000 | 782,083 | 166,083 |
| Use of money and property | 207,300 | 207,300 | 236,340 | 29,040 |
| Miscellaneous | 112,400 | 211,352 | 226,678 | 15,326 |
| Total revenues | <u>48,989,500</u> | <u>49,530,982</u> | <u>50,963,449</u> | <u>1,432,467</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Administrative services department | 1,882,022 | 2,058,820 | 1,927,798 | 131,022 |
| City attorney department | 636,933 | 611,989 | 610,926 | 1,063 |
| City clerk department | 901,678 | 918,192 | 856,659 | 61,533 |
| City manager department | 2,151,412 | 2,205,218 | 1,937,439 | 267,779 |
| Less - indirect costs | (1,969,030) | (1,969,030) | (1,969,030) | - |
| General government | <u>3,603,015</u> | <u>3,825,189</u> | <u>3,363,792</u> | <u>461,397</u> |
| Police department | 23,678,840 | 24,123,123 | 23,327,513 | 795,610 |
| Fire department | 11,669,332 | 13,123,805 | 12,962,652 | 161,153 |
| Public safety | <u>35,348,172</u> | <u>37,246,928</u> | <u>36,290,165</u> | <u>956,763</u> |
| Public works department | <u>3,827,257</u> | <u>5,126,321</u> | <u>4,804,555</u> | <u>321,766</u> |
| Parks department | <u>3,284,554</u> | <u>3,357,520</u> | <u>3,152,509</u> | <u>205,011</u> |
| Community development department | <u>833,658</u> | <u>1,028,844</u> | <u>984,881</u> | <u>43,963</u> |
| Community agencies | 100,000 | 100,000 | 100,000 | - |
| Capital outlay | | | | |
| Capital outlay - Operations | 2,232,399 | 2,620,705 | 659,010 | 1,961,695 |
| Debit Service: | | | | |
| Principal retirement | - | 109,594 | 109,594 | - |
| Interest and fiscal charges | - | 27,274 | 27,274 | - |
| Total expenditures | <u>49,229,055</u> | <u>53,442,375</u> | <u>49,491,780</u> | <u>3,950,595</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(239,555)</u> | <u>(3,911,393)</u> | <u>1,471,669</u> | <u>5,383,062</u> |

**CITY OF CHICO, CALIFORNIA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017**

Continued from previous page

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|-------------------------|---------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 3,757,759 | 3,934,003 | 2,948,221 | (985,782) |
| Transfers out | <u>(2,697,449)</u> | <u>(2,208,871)</u> | <u>(2,031,623)</u> | <u>177,248</u> |
| Total other financing sources (uses) | <u>1,060,310</u> | <u>1,725,132</u> | <u>916,598</u> | <u>(808,534)</u> |
| Net change in fund balance | 820,755 | (2,186,261) | 2,388,267 | 4,574,528 |
| Fund balance, beginning of year | <u>6,588,497</u> | <u>6,588,497</u> | <u>6,588,497</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 7,409,252</u> | <u>\$ 4,402,236</u> | <u>\$ 8,976,764</u> | <u>\$ 4,574,528</u> |

**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, 2017**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|----------------------------|----------------------------|----------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,850,608 | \$ 1,188,674 | \$ 688,276 | \$ (500,398) |
| Use of money and property | 15,320 | 15,320 | 15,327 | 7 |
| Miscellaneous | - | - | 252,459 | 252,459 |
| Total revenues | <u>1,865,928</u> | <u>1,203,994</u> | <u>956,062</u> | <u>(247,932)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | <u>1,906,095</u> | <u>1,180,628</u> | <u>814,644</u> | <u>365,984</u> |
| Total expenditures | <u>1,906,095</u> | <u>1,180,628</u> | <u>814,644</u> | <u>365,984</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(40,167)</u> | <u>23,366</u> | <u>141,418</u> | <u>118,052</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | <u>57,293</u> | <u>57,293</u> | <u>4,535</u> | <u>(52,758)</u> |
| Total other financing sources (uses) | <u>57,293</u> | <u>57,293</u> | <u>4,535</u> | <u>(52,758)</u> |
| Net change in fund balance | 17,126 | 80,659 | 145,953 | 65,294 |
| Fund balance, beginning of year | <u>7,389,371</u> | <u>7,389,371</u> | <u>7,389,371</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 7,406,497</u></u> | <u><u>\$ 7,470,030</u></u> | <u><u>\$ 7,535,324</u></u> | <u><u>\$ 65,294</u></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, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|----------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 17,125 | \$ 17,125 | \$ 17,971 | \$ 846 |
| Charges for services | - | - | 3,057 | 3,057 |
| Use of money and property | 165,000 | 165,000 | 375,832 | 210,832 |
| Miscellaneous | - | - | 3,964 | 3,964 |
| Total revenues | <u>182,125</u> | <u>182,125</u> | <u>400,824</u> | <u>218,699</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 346,254 | 344,054 | 258,064 | 85,990 |
| Total expenditures | <u>346,254</u> | <u>344,054</u> | <u>258,064</u> | <u>85,990</u> |
| Excess (deficiency) of revenues over (under) expenditures | (164,129) | (161,929) | 142,760 | 304,689 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>57,293</u> | <u>57,293</u> | <u>(4,535)</u> | <u>(61,828)</u> |
| Net change in fund balance | (106,836) | (104,636) | 138,225 | 242,861 |
| Fund balance, beginning of year | <u>56,068,788</u> | <u>56,068,788</u> | <u>56,068,788</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 55,961,952</u> | <u>\$ 55,964,152</u> | <u>\$ 56,207,013</u> | <u>\$ 242,861</u> |

CITY OF CHICO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

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

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

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

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

SUPPLEMENTAL BUDGETARY COMPARISONS

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

- Capital Grants Fund



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, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 12,425,313 | \$ 16,309,207 | \$ 854,610 | \$ (15,454,597) |
| Miscellaneous | - | - | 22,730 | 22,730 |
| Total revenues | <u>12,425,313</u> | <u>16,309,207</u> | <u>877,340</u> | <u>(15,431,867)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | - | - | 88,859 | (88,859) |
| Public works | - | - | 460,197 | (460,197) |
| Capital outlay | <u>12,425,313</u> | <u>15,955,123</u> | <u>4,183,392</u> | <u>11,771,731</u> |
| Total expenditures | <u>12,425,313</u> | <u>15,955,123</u> | <u>4,732,448</u> | <u>11,222,675</u> |
| Excess (deficiency) of revenues over (under) expenditures | - | 354,084 | (3,855,108) | (4,209,192) |
| Fund balance (deficit), beginning of year | <u>(354,084)</u> | <u>(354,084)</u> | <u>(354,084)</u> | <u>-</u> |
| Fund balance (deficit), end of year | <u>\$ (354,084)</u> | <u>\$ -</u> | <u>\$ (4,209,192)</u> | <u>\$ (4,209,192)</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 grants.

Community Maintenance Districts

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

Transportation

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

Gas Tax

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

Other Special Revenue

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

CAPITAL PROJECTS FUNDS

Capital Improvements

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

Bond Proceeds Fund

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

Fleet Replacement and Facility Maintenance

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

Remediation

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

CAPITAL PROJECTS FUNDS (Continued)

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, 2017**

| | Special Revenue Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|--------------------------|---------------------------|--|
| ASSETS | | | |
| Cash and investments | \$ 7,820,317 | \$ 22,577,747 | \$ 30,398,064 |
| Receivables: | | | |
| Interest | - | 1,374 | 1,374 |
| Accounts | 46,473 | 18,649 | 65,122 |
| Intergovernmental | 1,283,981 | - | 1,283,981 |
| Loans | 42,792 | - | 42,792 |
| Advances to other funds | - | 2,512,818 | 2,512,818 |
| Restricted cash and investments | - | 497,296 | 497,296 |
| Total assets | <u>\$ 9,193,563</u> | <u>\$ 25,649,785</u> | <u>\$ 34,843,348</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | |
| Liabilities: | | | |
| Accounts payable | \$ 252,402 | \$ 623,994 | \$ 876,396 |
| Accrued salaries and benefits | 5,511 | 21,609 | 27,120 |
| Advances from other funds | 55,778 | 2,424,196 | 2,479,974 |
| Total liabilities | <u>404,564</u> | <u>3,069,799</u> | <u>3,474,363</u> |
| Deferred inflows of resources: | | | |
| Unavailable revenue - development impact fees and grants | 86,389 | 18,649 | 105,038 |
| Total deferred inflows of resources | <u>86,389</u> | <u>18,649</u> | <u>105,038</u> |
| Fund balances: | | | |
| Nonspendable | - | 39,730 | 39,730 |
| Restricted | 8,702,610 | 20,019,334 | 28,721,944 |
| Assigned | - | 4,926,469 | 4,926,469 |
| Unassigned | - | (2,424,196) | (2,424,196) |
| Total fund balances | <u>8,702,610</u> | <u>22,561,337</u> | <u>31,263,947</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 9,193,563</u> | <u>\$ 25,649,785</u> | <u>\$ 34,843,348</u> |

CITY OF CHICO, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

| | Special Revenue Funds | Capital Projects Funds | Total Nonmajor Governmental Funds |
|--|--------------------------|---------------------------|--|
| REVENUES: | | | |
| Intergovernmental | \$ 7,557,363 | \$ - | \$ 7,557,363 |
| Charges for services | 1,224,733 | 7,643,758 | 8,868,491 |
| Fines, forfeitures, and penalties | 57,817 | - | 57,817 |
| Use of money and property | 65,044 | 121,302 | 186,346 |
| Miscellaneous | 1,505 | 16,825 | 18,330 |
| Total revenues | <u>8,906,462</u> | <u>7,781,885</u> | <u>16,688,347</u> |
| EXPENDITURES: | | | |
| Current: | | | |
| General government | 288,514 | 523,791 | 812,305 |
| Public safety | 1,605,853 | - | 1,605,853 |
| Public works | 3,479,355 | 894,425 | 4,373,780 |
| Community development | - | 1,131,803 | 1,131,803 |
| Capital outlay: | | | |
| Capital outlay - Operations | 196,539 | 1,281,631 | 1,478,170 |
| Capital outlay - Capital lease | - | 472,572 | 472,572 |
| Debt service: | | | |
| Principal retirement | - | 274,709 | 274,709 |
| Interest and fiscal charges | 2,939 | 49,322 | 52,261 |
| Total expenditures | <u>5,573,200</u> | <u>4,628,253</u> | <u>10,201,453</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>3,333,262</u> | <u>3,153,632</u> | <u>6,486,894</u> |
| OTHER FINANCING SOURCES (USES): | | | |
| Transfers in | 110,064 | 1,628,929 | 1,738,993 |
| Transfers out | (2,383,100) | (334,976) | (2,718,076) |
| Capital leases | - | 472,572 | 472,572 |
| Total other financing sources (uses) | <u>(2,273,036)</u> | <u>1,766,525</u> | <u>(506,511)</u> |
| Net change in fund balances | 1,060,226 | 4,920,157 | 5,980,383 |
| Fund balances, beginning of year | <u>7,642,384</u> | <u>17,641,180</u> | <u>25,283,564</u> |
| Fund balances, end of year | <u>\$ 8,702,610</u> | <u>\$ 22,561,337</u> | <u>\$ 31,263,947</u> |

**CITY OF CHICO, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2017**

| | Operating Grants | Community Maintenance Districts | Transportation | Gas Tax | Other Special Revenue Funds | Total Nonmajor Special Revenue Funds |
|--|---------------------|---------------------------------------|---------------------|---------------------|-----------------------------------|--|
| ASSETS | | | | | | |
| Cash and investments | \$ 250,696 | \$ 3,722,961 | \$ 1,624,193 | \$ 1,243,267 | \$ 979,200 | \$ 7,820,317 |
| Receivables: | | | | | | |
| Accounts | - | - | - | - | 46,473 | 46,473 |
| Intergovernmental | 50,838 | 22,113 | - | 1,205,433 | 5,597 | 1,283,981 |
| Loans | - | - | - | - | 42,792 | 42,792 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | <u>\$ 301,534</u> | <u>\$ 3,745,074</u> | <u>\$ 1,624,193</u> | <u>\$ 2,448,700</u> | <u>\$ 1,074,062</u> | <u>\$ 9,193,563</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 11,892 | \$ 58,451 | \$ 76,265 | \$ 84,757 | \$ 21,037 | \$ 252,402 |
| Accrued salaries and benefits | - | 932 | 2,783 | - | 1,796 | 5,511 |
| Intergovernmental payable | 90,873 | - | - | - | - | 90,873 |
| Advances from other funds | - | 55,778 | - | - | - | 55,778 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>102,765</u> | <u>115,161</u> | <u>79,048</u> | <u>84,757</u> | <u>22,833</u> | <u>404,564</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenue | 86,389 | - | - | - | - | 86,389 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total deferred inflows of resources | <u>86,389</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>86,389</u> |
| Fund balances: | | | | | | |
| Restricted | 112,380 | 3,629,913 | 1,545,145 | 2,363,943 | 1,051,229 | 8,702,610 |
| Total fund balances | <u>112,380</u> | <u>3,629,913</u> | <u>1,545,145</u> | <u>2,363,943</u> | <u>1,051,229</u> | <u>8,702,610</u> |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 301,534</u> | <u>\$ 3,745,074</u> | <u>\$ 1,624,193</u> | <u>\$ 2,448,700</u> | <u>\$ 1,074,062</u> | <u>\$ 9,193,563</u> |

CITY OF CHICO, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
YEAR ENDED JUNE 30, 2017

| | Operating Grants | Community Maintenance Districts | Transportation | Gas Tax | Other Special Revenue Funds | Total Nonmajor Special Revenue Funds |
|--|---------------------|---------------------------------------|---------------------|---------------------|-----------------------------------|--|
| REVENUES: | | | | | | |
| Intergovernmental | \$ 1,502,426 | \$ - | \$ 3,187,546 | \$ 2,867,391 | \$ - | \$ 7,557,363 |
| Charges for services | - | 986,194 | 329 | - | 238,210 | 1,224,733 |
| Fines, forfeitures, and penalties | - | - | - | - | 57,817 | 57,817 |
| Use of money and property | - | 26,164 | 21,743 | 8,966 | 8,171 | 65,044 |
| Miscellaneous | - | - | 1,505 | - | - | 1,505 |
| Total revenues | <u>1,502,426</u> | <u>1,012,358</u> | <u>3,211,123</u> | <u>2,876,357</u> | <u>304,198</u> | <u>8,906,462</u> |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | 288,514 | 288,514 |
| Public safety | 1,558,609 | - | - | - | 47,244 | 1,605,853 |
| Public works | - | 823,936 | 2,263,858 | 391,561 | - | 3,479,355 |
| Capital outlay | - | - | 141,683 | 51,240 | 3,616 | 196,539 |
| Debt service: | | | | | | |
| Interest | - | 2,939 | - | - | - | 2,939 |
| Total expenditures | <u>1,558,609</u> | <u>826,875</u> | <u>2,405,541</u> | <u>442,801</u> | <u>339,374</u> | <u>5,573,200</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(56,183)</u> | <u>185,483</u> | <u>805,582</u> | <u>2,433,556</u> | <u>(35,176)</u> | <u>3,333,262</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | 34,844 | 13,589 | 61,631 | - | - | 110,064 |
| Transfers out | - | - | (100,000) | (2,050,000) | (233,100) | (2,383,100) |
| Total other financing sources (uses) | <u>34,844</u> | <u>13,589</u> | <u>(38,369)</u> | <u>(2,050,000)</u> | <u>(233,100)</u> | <u>(2,273,036)</u> |
| Net change in fund balances | (21,339) | 199,072 | 767,213 | 383,556 | (268,276) | 1,060,226 |
| Fund balances, beginning of year | <u>133,719</u> | <u>3,430,841</u> | <u>777,932</u> | <u>1,980,387</u> | <u>1,319,505</u> | <u>7,642,384</u> |
| Fund balances, end of year | <u>\$ 112,380</u> | <u>\$ 3,629,913</u> | <u>\$ 1,545,145</u> | <u>\$ 2,363,943</u> | <u>\$ 1,051,229</u> | <u>\$ 8,702,610</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, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 1,521,318 | \$ 1,644,954 | \$ 1,502,426 | \$ (142,528) |
| Total revenues | <u>1,521,318</u> | <u>1,644,954</u> | <u>1,502,426</u> | <u>(142,528)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public safety | 1,443,791 | 1,567,281 | 1,558,609 | 8,672 |
| Capital outlay | 204,890 | 204,890 | - | 204,890 |
| Total expenditures | <u>1,648,681</u> | <u>1,772,171</u> | <u>1,558,609</u> | <u>213,562</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(127,363)</u> | <u>(127,217)</u> | <u>(56,183)</u> | <u>71,034</u> |
| OTHER FINANCING SOURCES: | | | | |
| Transfers in | <u>34,423</u> | <u>34,884</u> | <u>34,844</u> | <u>(40)</u> |
| Net change in fund balance | (92,940) | (92,333) | (21,339) | 70,994 |
| Fund balance, beginning of year | <u>133,719</u> | <u>133,719</u> | <u>133,719</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 40,779</u> | <u>\$ 41,386</u> | <u>\$ 112,380</u> | <u>\$ 70,994</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, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|--------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | \$ 1,150,109 | \$ 984,864 | \$ 986,194 | \$ 1,330 |
| Use of money and property | | | 26,164 | 26,164 |
| Total revenues | <u>1,150,109</u> | <u>984,864</u> | <u>1,012,358</u> | <u>27,494</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 1,141,469 | 1,246,776 | 823,936 | 422,840 |
| Debt Service | | | | |
| Interest | <u>375</u> | <u>3,348</u> | <u>2,939</u> | <u>409</u> |
| Total expenditures | <u>1,141,844</u> | <u>1,250,124</u> | <u>826,875</u> | <u>423,249</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>8,265</u> | <u>(265,260)</u> | <u>185,483</u> | <u>450,743</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 32,417 | - | 13,589 | 13,589 |
| Transfers out | <u>(13,589)</u> | <u>(13,589)</u> | <u>-</u> | <u>13,589</u> |
| Total other financing sources (uses) | <u>18,828</u> | <u>(13,589)</u> | <u>13,589</u> | <u>27,178</u> |
| Net change in fund balance | 27,093 | (278,849) | 199,072 | 477,921 |
| Fund balance, beginning of year | <u>3,430,841</u> | <u>3,430,841</u> | <u>3,430,841</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 3,457,934</u> | <u>\$3,151,992</u> | <u>\$ 3,629,913</u> | <u>\$ 477,921</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, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Intergovernmental | \$ 3,175,762 | \$3,175,762 | \$ 3,187,546 | \$ 11,784 |
| Charges for services | 500 | 500 | 329 | (171) |
| Use of money and property | 17,300 | 17,300 | 21,743 | 4,443 |
| Other | - | - | 1,505 | 1,505 |
| Total revenues | <u>3,193,562</u> | <u>3,193,562</u> | <u>3,211,123</u> | <u>17,561</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 2,714,087 | 2,544,899 | 2,263,858 | 281,041 |
| Capital outlay | 364,245 | 1,189,130 | 141,683 | 1,047,447 |
| Total expenditures | <u>3,078,332</u> | <u>3,734,029</u> | <u>2,405,541</u> | <u>1,328,488</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>115,230</u> | <u>(540,467)</u> | <u>805,582</u> | <u>1,346,049</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 36,569 | 36,569 | 61,631 | 25,062 |
| Transfers out | (100,000) | (100,000) | (100,000) | - |
| Total other financing sources (uses) | <u>(63,431)</u> | <u>(63,431)</u> | <u>(38,369)</u> | <u>25,062</u> |
| Net change in fund balance | 51,799 | (603,898) | 767,213 | 1,371,111 |
| Fund balance, beginning of year | <u>777,932</u> | <u>777,932</u> | <u>777,932</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 829,731</u> | <u>\$ 174,034</u> | <u>\$ 1,545,145</u> | <u>\$ 1,371,111</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, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|--------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 2,658,500 | \$ 2,658,500 | \$ 2,867,391 | \$ 208,891 |
| Use of money and property | - | - | 8,966 | 8,966 |
| Total revenues | <u>2,658,500</u> | <u>2,658,500</u> | <u>2,876,357</u> | <u>217,857</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | - | - | 391,561 | (391,561) |
| Capital outlay | <u>934,927</u> | <u>2,393,422</u> | <u>51,240</u> | <u>2,342,182</u> |
| Total expenditures | <u>934,927</u> | <u>2,393,422</u> | <u>442,801</u> | <u>1,950,621</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>1,723,573</u> | <u>265,078</u> | <u>2,433,556</u> | <u>2,168,478</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(2,050,000)</u> | <u>(2,050,000)</u> | <u>(2,050,000)</u> | <u>-</u> |
| Net change in fund balance | (326,427) | (1,784,922) | 383,556 | 2,168,478 |
| Fund balance, beginning of year | <u>1,980,387</u> | <u>1,980,387</u> | <u>1,980,387</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 1,653,960</u> | <u>\$ 195,465</u> | <u>\$ 2,363,943</u> | <u>\$ 2,168,478</u> |

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, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual</u> <u>Amounts</u> | <u>Variance with</u> <u>Final Budget</u> |
|--|-------------------------|-------------------|---------------------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Intergovernmental revenues | \$ 25,000 | \$ - | \$ - | \$ - |
| Charges for services | 205,000 | 217,758 | 238,210 | 20,452 |
| Fines, forfeitures and penalties | 85,000 | 87,000 | 57,817 | (29,183) |
| Use of money and property | 2,353 | 2,353 | 8,171 | 5,818 |
| Total revenues | <u>317,353</u> | <u>307,111</u> | <u>304,198</u> | <u>(2,913)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | 144,551 | 140,485 | 288,514 | (148,029) |
| Public safety | 56,105 | 47,245 | 47,244 | 1 |
| Capital outlay | 444,800 | 760,941 | 3,616 | 757,325 |
| Total expenditures | <u>645,456</u> | <u>948,671</u> | <u>339,374</u> | <u>609,297</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(328,103)</u> | <u>(641,560)</u> | <u>(35,176)</u> | <u>606,384</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(233,100)</u> | <u>(233,100)</u> | <u>(233,100)</u> | <u>-</u> |
| Net change in fund balance | (561,203) | (874,660) | (268,276) | 606,384 |
| Fund balance, beginning of year | <u>1,319,505</u> | <u>1,319,505</u> | <u>1,319,505</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 758,302</u> | <u>\$ 444,845</u> | <u>\$ 1,051,229</u> | <u>\$ 606,384</u> |

**CITY OF CHICO, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017**

| | Capital Improvements Fund | Bond Proceeds Fund | Fleet Replacement and Facility Maintenance | Remediation Fund | Fire Protection Building and Equipment Dev Impact Fee Fund | Bidwell Park Land Acquisition Dev Impact Fee Fund |
|--|------------------------------|-----------------------|---|---------------------|---|--|
| ASSETS | | | | | | |
| Cash and investments | \$ 1,494,090 | \$ - | \$ 3,576,189 | \$ 236,597 | \$ - | \$ - |
| Receivables: | | | | | | |
| Interest | - | 1,374 | - | - | - | - |
| Accounts | - | - | - | - | 1,464 | 398 |
| Deposits with others | - | 6,887 | - | - | - | - |
| Advances to other funds | - | - | 32,843 | - | - | - |
| Restricted cash and investments | - | 497,296 | - | - | - | - |
| Total assets | <u>\$ 1,494,090</u> | <u>\$ 505,557</u> | <u>\$ 3,609,032</u> | <u>\$ 236,597</u> | <u>\$ 1,464</u> | <u>\$ 398</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ 35,748 | \$ 27,293 | \$ 300,622 | \$ 22,428 | \$ - | \$ - |
| Accrued salaries and benefits | 21,609 | - | - | - | - | - |
| Advance from other funds | - | - | - | - | 406,535 | 1,178,215 |
| Total liabilities | <u>57,357</u> | <u>27,293</u> | <u>300,622</u> | <u>22,428</u> | <u>406,535</u> | <u>1,178,215</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenue - development impact fees | - | - | - | - | 1,464 | 398 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,464</u> | <u>398</u> |
| Fund balances: | | | | | | |
| Nonspendable | - | 6,887 | 32,843 | - | - | - |
| Restricted | - | 471,377 | - | - | - | - |
| Committed | - | - | - | - | - | - |
| Assigned | 1,436,733 | - | 3,275,567 | 214,169 | - | - |
| Unassigned | - | - | - | - | (406,535) | (1,178,215) |
| Total fund balances (deficit) | <u>1,436,733</u> | <u>478,264</u> | <u>3,308,410</u> | <u>214,169</u> | <u>(406,535)</u> | <u>(1,178,215)</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 1,494,090</u> | <u>\$ 505,557</u> | <u>\$ 3,609,032</u> | <u>\$ 236,597</u> | <u>\$ 1,464</u> | <u>\$ 398</u> |

**CITY OF CHICO, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017**

| | Administrative Building Impact Fee Fund | Street Facility Improvement Impact Fee Fund | Zone J Neighborhood Parks Impact Fee Fund | Bikeway Improvement Impact Fee Fund | Community Park Impact Fee Fund | Street Maintenance Equipment Impact Fee Fund |
|--|---|---|---|---|-----------------------------------|--|
| ASSETS | | | | | | |
| Cash and investments | \$ - | \$ 4,391,506 | \$ - | \$ 689,389 | \$ 3,965,486 | \$ 987,292 |
| Receivables: | | | | | | |
| Interest | - | - | - | - | - | - |
| Accounts | 380 | 7,946 | - | 950 | 3,438 | 217 |
| Deposits with others | - | 35,014 | - | - | - | - |
| Advances to other funds | - | - | - | - | 1,178,215 | 701,189 |
| Restricted cash and investments | - | - | - | - | - | - |
| Total assets | <u>\$ 380</u> | <u>\$ 4,434,466</u> | <u>\$ -</u> | <u>\$ 690,339</u> | <u>\$ 5,147,139</u> | <u>\$ 1,688,698</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ 182,766 | \$ - | \$ 11,212 | \$ - | \$ - |
| Accrued salaries and benefits | - | - | - | - | - | - |
| Advance from other funds | 701,189 | - | 138,257 | - | - | - |
| Total liabilities | <u>701,189</u> | <u>182,766</u> | <u>138,257</u> | <u>11,212</u> | <u>-</u> | <u>-</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenue - development impact fees | 380 | 7,946 | - | 950 | 3,438 | 217 |
| Total deferred inflows of resources | <u>380</u> | <u>7,946</u> | <u>-</u> | <u>950</u> | <u>3,438</u> | <u>217</u> |
| Fund balances: | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | - | 4,243,754 | - | 678,177 | 5,143,701 | 1,688,481 |
| Committed | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - |
| Unassigned | (701,189) | - | (138,257) | - | - | - |
| Total fund balances (deficit) | <u>(701,189)</u> | <u>4,243,754</u> | <u>(138,257)</u> | <u>678,177</u> | <u>5,143,701</u> | <u>1,688,481</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 380</u> | <u>\$ 4,434,466</u> | <u>\$ -</u> | <u>\$ 690,339</u> | <u>\$ 5,147,139</u> | <u>\$ 1,688,698</u> |

**CITY OF CHICO, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017**

| | Police Protection Building and Equipment Impact Fee Fund | Zone I Neighborhood Parks Impact Fee Fund | Zone F and G Neighborhood Parks Impact Fee Fund | Zone B Neighborhood Parks Impact Fee Fund | Storm Drainage Facility Impact Fee Fund | Linear Parks/ Greenways Impact Fee Fund |
|--|---|---|---|---|---|---|
| ASSETS | | | | | | |
| Cash and investments | \$ 2,819,307 | \$ 820,076 | \$ 740,851 | \$ 481,387 | \$ 861,115 | \$ 749,374 |
| Receivables: | | | | | | |
| Interest | - | - | - | - | - | - |
| Accounts | 1,668 | - | 1,664 | - | - | 524 |
| Deposits with others | - | - | - | - | - | - |
| Advances to other funds | 544,793 | 55,778 | - | - | - | - |
| Restricted cash and investments | - | - | - | - | - | - |
| Total assets | <u>\$ 3,365,768</u> | <u>\$ 875,854</u> | <u>\$ 742,515</u> | <u>\$ 481,387</u> | <u>\$ 861,115</u> | <u>\$ 749,898</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | | | |
| Liabilities: | | | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ - | \$ 43,925 | \$ - |
| Accrued salaries and benefits | - | - | - | - | - | - |
| Advance from other funds | - | - | - | - | - | - |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>43,925</u> | <u>-</u> |
| Deferred inflows of resources: | | | | | | |
| Unavailable revenue - development impact fees | 1,668 | - | 1,664 | - | - | 524 |
| Total deferred inflows of resources | <u>1,668</u> | <u>-</u> | <u>1,664</u> | <u>-</u> | <u>-</u> | <u>524</u> |
| Fund balances: | | | | | | |
| Nonspendable | - | - | - | - | - | - |
| Restricted | 3,364,100 | 875,854 | 740,851 | 481,387 | 817,190 | 749,374 |
| Committed | - | - | - | - | - | - |
| Assigned | - | - | - | - | - | - |
| Unassigned | - | - | - | - | - | - |
| Total fund balances (deficit) | <u>3,364,100</u> | <u>875,854</u> | <u>740,851</u> | <u>481,387</u> | <u>817,190</u> | <u>749,374</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 3,365,768</u> | <u>\$ 875,854</u> | <u>\$ 742,515</u> | <u>\$ 481,387</u> | <u>\$ 861,115</u> | <u>\$ 749,898</u> |

**CITY OF CHICO, CALIFORNIA
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
JUNE 30, 2017**

| | Zone A Neighborhood Parks Impact Fee Fund | Zone C Neighborhood Parks Impact Fee Fund | Zone D and E Neighborhood Parks Impact Fee Fund | Total Nonmajor Capital Projects Funds |
|--|---|---|---|--|
| ASSETS | | | | |
| Cash and investments | \$ 230,614 | \$ 166,326 | \$ 368,148 | \$ 22,577,747 |
| Receivables: | | | | |
| Interest | - | - | - | 1,374 |
| Accounts | - | - | - | 18,649 |
| Deposits with others | - | - | - | 41,901 |
| Advances to other funds | - | - | - | 2,512,818 |
| Restricted cash and investments | - | - | - | 497,296 |
| Total assets | <u>\$ 230,614</u> | <u>\$ 166,326</u> | <u>\$ 368,148</u> | <u>\$ 25,649,785</u> |
| LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 623,994 |
| Accrued salaries and benefits | - | - | - | 21,609 |
| Advance from other funds | - | - | - | 2,424,196 |
| Total liabilities | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,069,799</u> |
| Deferred inflows of resources: | | | | |
| Unavailable revenue - development impact fees | - | - | - | 18,649 |
| Total deferred inflows of resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>18,649</u> |
| Fund balances: | | | | |
| Nonspendable | - | - | - | 39,730 |
| Restricted | 230,614 | 166,326 | 368,148 | 20,019,334 |
| Committed | - | - | - | - |
| Assigned | - | - | - | 4,926,469 |
| Unassigned | - | - | - | (2,424,196) |
| Total fund balances (deficit) | <u>230,614</u> | <u>166,326</u> | <u>368,148</u> | <u>22,561,337</u> |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 230,614</u> | <u>\$ 166,326</u> | <u>\$ 368,148</u> | <u>\$ 25,649,785</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, 2017**

| | Capital Improvements Fund | Bond Proceeds Fund | Fleet Replacement and Facility Maintenance | Remediation Fund | Fire Protection Building and Equipment Dev Impact Fee Fund | Bidwell Park Land Acquisition Dev Impact Fee Fund |
|--|------------------------------|-----------------------|---|---------------------|---|--|
| REVENUES: | | | | | | |
| Charges for services | \$ 1,333,621 | | | | \$ 482,646 | \$ 131,369 |
| Use of money and property | 2,274 | 5,322 | 17,127 | 1,648 | | |
| Miscellaneous | | | 16,825 | | | |
| Total revenues | <u>1,335,895</u> | <u>5,322</u> | <u>33,952</u> | <u>1,648</u> | <u>482,646</u> | <u>131,369</u> |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | | | 523,791 | - | - | |
| Public safety | | | | - | - | |
| Public works | 829,580 | | | - | - | |
| Community development | | | | 167,208 | 16,835 | 398 |
| Capital outlay: | | | | | | |
| Capital outlay - Operations | 1,187 | 45,872 | 678,555 | - | - | |
| Capital outlay - Capital leases | | | 472,572 | - | - | |
| Debt service: | | | | | | |
| Principal retirement | - | - | 274,709 | - | - | - |
| Interest | - | - | 49,322 | - | - | - |
| Total expenditures | <u>830,767</u> | <u>45,872</u> | <u>1,998,949</u> | <u>167,208</u> | <u>16,835</u> | <u>398</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>505,128</u> | <u>(40,550)</u> | <u>(1,964,997)</u> | <u>(165,560)</u> | <u>465,811</u> | <u>130,971</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | - | - | 1,628,929 | - | - | - |
| Transfers out | - | (334,976) | - | - | - | - |
| Capital leases | - | - | 472,572 | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>(334,976)</u> | <u>2,101,501</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 505,128 | (375,526) | 136,504 | (165,560) | 465,811 | 130,971 |
| Fund balances (deficit), beginning of year | <u>931,605</u> | <u>853,790</u> | <u>3,171,906</u> | <u>379,729</u> | <u>(872,346)</u> | <u>(1,309,186)</u> |
| Fund balances (deficit), end of year | <u>\$ 1,436,733</u> | <u>\$ 478,264</u> | <u>\$ 3,308,410</u> | <u>\$ 214,169</u> | <u>\$ (406,535)</u> | <u>\$ (1,178,215)</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, 2017**

| | Administrative Building Impact Fee Fund | Street Facility Improvement Impact Fee Fund | Zone J Neighborhood Parks Impact Fee Fund | Bikeway Improvement Impact Fee Fund | Community Park Impact Fee Fund | Street Maintenance Equipment Impact Fee Fund |
|--|---|---|---|---|-----------------------------------|--|
| REVENUES: | | | | | | |
| Charges for services | \$ 134,583 | \$ 2,357,322 | \$ 21,728 | \$ 336,204 | \$ 1,142,702 | \$ 74,452 |
| Use of money and property | | 20,999 | | 3,118 | 23,612 | 8,472 |
| Miscellaneous | | | | | | |
| Total revenues | <u>134,583</u> | <u>2,378,321</u> | <u>21,728</u> | <u>339,322</u> | <u>1,166,314</u> | <u>82,924</u> |
| EXPENDITURES: | | | | | | |
| Current: | | | | | | |
| General government | | | | | | |
| Public safety | | | | | | |
| Public works | | | | | | |
| Community development | 4,360 | 761,360 | | 50,770 | 68,234 | 6,995 |
| Capital outlay: | | | | | | |
| Capital outlay - Operations | | 488,485 | | 60,634 | | |
| Capital outlay - Capital leases | | | | | | |
| Debt service: | | | | | | |
| Principal retirement | - | - | - | - | - | - |
| Interest | - | - | - | - | - | - |
| Total expenditures | <u>4,360</u> | <u>1,249,845</u> | <u>-</u> | <u>111,404</u> | <u>68,234</u> | <u>6,995</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>130,223</u> | <u>1,128,476</u> | <u>21,728</u> | <u>227,918</u> | <u>1,098,080</u> | <u>75,929</u> |
| OTHER FINANCING SOURCES (USES): | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Capital leases | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 130,223 | 1,128,476 | 21,728 | 227,918 | 1,098,080 | 75,929 |
| Fund balances (deficit), beginning of year | <u>(831,412)</u> | <u>3,115,278</u> | <u>(159,985)</u> | <u>450,259</u> | <u>4,045,621</u> | <u>1,612,552</u> |
| Fund balances (deficit), end of year | <u>\$ (701,189)</u> | <u>\$ 4,243,754</u> | <u>\$ (138,257)</u> | <u>\$ 678,177</u> | <u>\$ 5,143,701</u> | <u>\$ 1,688,481</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, 2017**

| | Police Protection Building and Equipment Impact Fee Fund | Zone I Neighborhood Parks Impact Fee Fund | Zone F and G Neighborhood Parks Impact Fee Fund | Zone B Neighborhood Parks Impact Fee Fund | Storm Drainage Facility Impact Fee Fund |
|--|---|---|---|---|---|
| REVENUES: | | | | | |
| Charges for services | \$ 738,166 | \$ 29,351 | \$ 129,361 | \$ 167,984 | \$ 215,053 |
| Use of money and property | 15,259 | 7,036 | 3,476 | 2,022 | 3,941 |
| Miscellaneous | | | | | |
| Total revenues | <u>753,425</u> | <u>36,387</u> | <u>132,837</u> | <u>170,006</u> | <u>218,994</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | | | | | |
| Public safety | | | | | |
| Public works | | | | | 61,496 |
| Community development | 18,509 | 510 | 308 | 73 | |
| Capital outlay: | | | | | |
| Capital outlay - Operations | | | | | 5,838 |
| Capital outlay - Capital leases | | | | | |
| Debt service: | | | | | |
| Principal retirement | - | - | - | - | - |
| Interest | - | - | - | - | - |
| Total expenditures | <u>18,509</u> | <u>510</u> | <u>308</u> | <u>73</u> | <u>67,334</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>734,916</u> | <u>35,877</u> | <u>132,529</u> | <u>169,933</u> | <u>151,660</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | - |
| Transfers out | - | - | - | - | - |
| Capital leases | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balances | 734,916 | 35,877 | 132,529 | 169,933 | 151,660 |
| Fund balances (deficit), beginning of year | <u>2,629,184</u> | <u>839,977</u> | <u>608,322</u> | <u>311,454</u> | <u>665,530</u> |
| Fund balances (deficit), end of year | <u>\$ 3,364,100</u> | <u>\$ 875,854</u> | <u>\$ 740,851</u> | <u>\$ 481,387</u> | <u>\$ 817,190</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, 2017**

| | Linear Parks/ Greenways Impact Fee Fund | Zone A Neighborhood Parks Impact Fee Fund | Zone C Neighborhood Parks Impact Fee Fund | Zone D and E Neighborhood Parks Impact Fee Fund | Total Nonmajor Capital Projects Funds |
|--|---|---|---|---|--|
| REVENUES: | | | | | |
| Charges for services | \$ 176,622 | \$ 38,483 | \$ 7,913 | \$ 126,198 | \$ 7,643,758 |
| Use of money and property | 3,389 | 1,195 | 813 | 1,599 | 121,302 |
| Miscellaneous | | | | | 16,825 |
| Total revenues | <u>180,011</u> | <u>39,678</u> | <u>8,726</u> | <u>127,797</u> | <u>7,781,885</u> |
| EXPENDITURES: | | | | | |
| Current: | | | | | |
| General government | | | | | 523,791 |
| Public safety | | | | | - |
| Public works | 3,008 | | | 341 | 894,425 |
| Community development | | 36,103 | 140 | | 1,131,803 |
| Capital outlay: | | | | | |
| Capital outlay - Operations | 1,060 | | | | 1,281,631 |
| Capital outlay - Capital leases | | | | | 472,572 |
| Debt service: | | | | | |
| Principal retirement | - | - | - | - | 274,709 |
| Interest | - | - | - | - | 49,322 |
| Total expenditures | <u>4,068</u> | <u>36,103</u> | <u>140</u> | <u>341</u> | <u>4,628,253</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>175,943</u> | <u>3,575</u> | <u>8,586</u> | <u>127,456</u> | <u>3,153,632</u> |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Transfers in | - | - | - | - | 1,628,929 |
| Transfers out | - | - | - | - | (334,976) |
| Capital leases | - | - | - | - | 472,572 |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,766,525</u> |
| Net change in fund balances | 175,943 | 3,575 | 8,586 | 127,456 | 4,920,157 |
| Fund balances (deficit), beginning of year | <u>573,431</u> | <u>227,039</u> | <u>157,740</u> | <u>240,692</u> | <u>17,641,180</u> |
| Fund balances (deficit), end of year | <u>\$ 749,374</u> | <u>\$ 230,614</u> | <u>\$ 166,326</u> | <u>\$ 368,148</u> | <u>\$ 22,561,337</u> |

**CITY OF CHICO, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|---------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | \$ 682,000 | \$ 781,801 | \$ 1,333,621 | \$ 551,820 |
| Use of money and property | - | - | 2,274 | 2,274 |
| Total revenues | <u>682,000</u> | <u>781,801</u> | <u>1,335,895</u> | <u>554,094</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 2,259,335 | 1,935,120 | 829,580 | 1,105,540 |
| Capital outlay | <u>127,750</u> | <u>387,615</u> | <u>1,187</u> | <u>386,428</u> |
| Total expenditures | <u>2,387,085</u> | <u>2,322,735</u> | <u>830,767</u> | <u>1,491,968</u> |
| Excess (deficiency) of revenues over (under) expenditures | (1,705,085) | (1,540,934) | 505,128 | 2,046,062 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(22,593)</u> | - | - | - |
| Total other financing sources (uses) | <u>(22,593)</u> | - | - | - |
| Net change in fund balance | (1,727,678) | (1,540,934) | 505,128 | 2,046,062 |
| Fund balance, beginning of year | <u>931,605</u> | <u>931,605</u> | <u>931,605</u> | - |
| Fund balance, end of year | <u>\$ (796,073)</u> | <u>\$ (609,329)</u> | <u>\$ 1,436,733</u> | <u>\$ 2,046,062</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, 2017**

| | <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 | \$ - | \$ - | \$ 5,322 | \$ 5,322 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Capital outlay | - | 271,890 | 45,872 | 226,018 |
| Excess (deficiency) of revenues over (under) expenditures | - | (271,890) | (40,550) | 231,340 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | (325,145) | (415,942) | (334,976) | 80,966 |
| Total other financing sources (uses) | (325,145) | (415,942) | (334,976) | 80,966 |
| Net change in fund balance | (325,145) | (687,832) | (375,526) | 312,306 |
| Fund balance, beginning of year | 853,790 | 853,790 | 853,790 | - |
| Fund balance, end of year | <u>\$ 528,645</u> | <u>\$ 165,958</u> | <u>\$ 478,264</u> | <u>\$ 312,306</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, 2017

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget |
|--|-------------------------|-------------------|---------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Use of money and property | \$ - | \$ - | \$ 17,127 | \$ 17,127 |
| Miscellaneous | <u>10,000</u> | <u>10,000</u> | <u>16,825</u> | <u>6,825</u> |
| Total revenues | <u>10,000</u> | <u>10,000</u> | <u>33,952</u> | <u>23,952</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| General government | - | - | 523,791 | (523,791) |
| Capital outlay | 3,214,839 | 3,687,378 | 678,555 | 3,008,823 |
| Capital outlay - Capital leases | | | 472,572 | (472,572) |
| Debt service: | | | | |
| Principal retirement | - | 274,709 | 274,709 | - |
| Interest | - | 49,332 | 49,322 | 10 |
| Total expenditures | <u>3,214,839</u> | <u>4,011,419</u> | <u>1,998,949</u> | <u>2,012,470</u> |
| Excess (deficiency) of revenues over (under) expenditures | (3,204,839) | (4,001,419) | (1,964,997) | 2,036,422 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers in | 1,563,667 | 1,429,640 | 1,628,929 | 199,289 |
| Capital leases | - | - | 472,572 | 472,572 |
| Total other financing sources (uses) | <u>1,563,667</u> | <u>1,429,640</u> | <u>2,101,501</u> | <u>671,861</u> |
| Net change in fund balance | (1,641,172) | (2,571,779) | 136,504 | 2,708,283 |
| Fund balance, beginning of year | <u>3,171,906</u> | <u>3,171,906</u> | <u>3,171,906</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 1,530,734</u> | <u>\$ 600,127</u> | <u>\$ 3,308,410</u> | <u>\$ 2,708,283</u> |

CITY OF CHICO, CALIFORNIA
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
REMEDATION FUND
FOR THE YEAR ENDED JUNE 30, 2017

| | <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 | \$ - | \$ - | \$ 1,648 | \$ 1,648 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community Development | 144,400 | 202,428 | 167,208 | 35,220 |
| Total expenditures | 144,400 | 202,428 | 167,208 | 35,220 |
| Excess (deficiency) of revenues over (under) expenditures | (144,400) | (202,428) | (165,560) | 36,868 |
| Fund balance, beginning of year | 379,729 | 379,729 | 379,729 | - |
| Fund balance, end of year | <u>\$ 235,329</u> | <u>\$ 177,301</u> | <u>\$ 214,169</u> | <u>\$ 36,868</u> |

**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, 2017**

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget |
|--|----------------------------|----------------------------|----------------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | <u>\$ 300,000</u> | <u>\$ 300,410</u> | <u>\$ 482,646</u> | <u>\$ 182,236</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | <u>4,836</u> | <u>14,257</u> | <u>16,835</u> | <u>(2,578)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>295,164</u> | <u>286,153</u> | <u>465,811</u> | <u>179,658</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(48)</u> | <u>(138)</u> | <u>-</u> | <u>138</u> |
| Net change in fund balance | 295,116 | 286,015 | 465,811 | 179,796 |
| Fund balance, beginning of year | <u>(872,346)</u> | <u>(872,346)</u> | <u>(872,346)</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ (577,230)</u></u> | <u><u>\$ (586,331)</u></u> | <u><u>\$ (406,535)</u></u> | <u><u>\$ 179,796</u></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, 2017**

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget |
|--|------------------------------|------------------------------|------------------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | <u>\$ 70,000</u> | <u>\$ 70,016</u> | <u>\$ 131,369</u> | <u>\$ 61,353</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community Development | <u>-</u> | <u>398</u> | <u>398</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>70,000</u> | <u>69,618</u> | <u>130,971</u> | <u>61,353</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>-</u> | <u>(4)</u> | <u>-</u> | <u>4</u> |
| Net change in fund balance | 70,000 | 69,614 | 130,971 | 61,357 |
| Fund balance (deficit), beginning of year | <u>(1,309,186)</u> | <u>(1,309,186)</u> | <u>(1,309,186)</u> | <u>-</u> |
| Fund balance (deficit), end of year | <u><u>\$ (1,239,186)</u></u> | <u><u>\$ (1,239,572)</u></u> | <u><u>\$ (1,178,215)</u></u> | <u><u>\$ 61,357</u></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, 2017

| | <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 | \$ 80,017 | \$ 134,583 | \$ 54,566 |
| Total revenues | <u>80,000</u> | <u>80,017</u> | <u>134,583</u> | <u>54,566</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | - | 407 | 4,360 | (3,953) |
| Excess (deficiency) of revenues over (under) expenditures | <u>80,000</u> | <u>79,610</u> | <u>130,223</u> | <u>50,613</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (4) | - | 4 |
| Net change in fund balance | 80,000 | 79,606 | 130,223 | 50,617 |
| Fund balance (deficit), beginning of year | <u>(831,412)</u> | <u>(831,412)</u> | <u>(831,412)</u> | <u>-</u> |
| Fund balance (deficit), end of year | <u><u>\$ (751,412)</u></u> | <u><u>\$ (751,806)</u></u> | <u><u>\$ (701,189)</u></u> | <u><u>\$ 50,617</u></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, 2017**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|--------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | \$ 1,500,000 | \$ 1,500,000 | \$ 2,357,322 | \$ 857,322 |
| Use of money and property | - | - | 20,999 | 20,999 |
| Total revenues | <u>1,500,000</u> | <u>1,500,000</u> | <u>2,378,321</u> | <u>878,321</u> |
| EXPENDITURES: | | | | |
| Community development | 636,424 | 2,611,122 | 761,360 | 1,849,762 |
| Capital outlay | <u>590,000</u> | <u>1,383,213</u> | <u>488,485</u> | <u>894,728</u> |
| Total expenditures | <u>1,226,424</u> | <u>3,994,335</u> | <u>1,249,845</u> | <u>2,744,490</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>273,576</u> | <u>(2,494,335)</u> | <u>1,128,476</u> | <u>3,622,811</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(12,264)</u> | <u>(39,905)</u> | - | <u>39,905</u> |
| Net change in fund balance | 261,312 | (2,534,240) | 1,128,476 | 3,662,716 |
| Fund balance, beginning of year | <u>3,115,278</u> | <u>3,115,278</u> | <u>3,115,278</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 3,376,590</u> | <u>\$ 581,038</u> | <u>\$ 4,243,754</u> | <u>\$ 3,662,716</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, 2017**

| | <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 | \$ 21,728 | \$ 16,728 |
| Net change in fund balance | 5,000 | 5,000 | 21,728 | 16,728 |
| Fund balance (deficit), beginning of year | <u>(159,985)</u> | <u>(159,985)</u> | <u>(159,985)</u> | <u>-</u> |
| Fund balance (deficit), end of year | <u>\$ (154,985)</u> | <u>\$ (154,985)</u> | <u>\$ (138,257)</u> | <u>\$ 16,728</u> |

**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, 2017**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | \$ 160,000 | \$ 190,691 | \$ 336,204 | \$ 145,513 |
| Use of money and property | - | - | 3,118 | 3,118 |
| Total revenues | <u>160,000</u> | <u>190,691</u> | <u>339,322</u> | <u>148,631</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | | | 50,770 | (50,770) |
| Capital outlay | 399,128 | 624,664 | 60,634 | 564,030 |
| Total expenditures | <u>399,128</u> | <u>624,664</u> | <u>111,404</u> | <u>513,260</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(239,128)</u> | <u>(433,973)</u> | <u>227,918</u> | <u>661,891</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(3,991)</u> | <u>(5,939)</u> | <u>-</u> | <u>5,939</u> |
| Net change in fund balance | (243,119) | (439,912) | 227,918 | 667,830 |
| Fund balance, beginning of year | <u>450,259</u> | <u>450,259</u> | <u>450,259</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 207,140</u> | <u>\$ 10,347</u> | <u>\$ 678,177</u> | <u>\$ 667,830</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, 2017**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|----------------------------|----------------------------|----------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | \$ 650,000 | \$ 650,000 | \$ 1,142,702 | \$ 492,702 |
| Use of money and property | - | - | 23,612 | 23,612 |
| Total revenues | <u>650,000</u> | <u>650,000</u> | <u>1,166,314</u> | <u>516,314</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | <u>15,510</u> | <u>69,972</u> | <u>68,234</u> | <u>1,738</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>634,490</u> | <u>580,028</u> | <u>1,098,080</u> | <u>518,052</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(155)</u> | <u>(676)</u> | <u>-</u> | <u>676</u> |
| Net change in fund balance | 634,335 | 579,352 | 1,098,080 | 518,728 |
| Fund balance, beginning of year | <u>4,045,621</u> | <u>4,045,621</u> | <u>4,045,621</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 4,679,956</u></u> | <u><u>\$ 4,624,973</u></u> | <u><u>\$ 5,143,701</u></u> | <u><u>\$ 518,728</u></u> |

**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, 2017**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|----------------------------|----------------------------|----------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | \$ 45,000 | \$ 45,000 | \$ 74,452 | \$ 29,452 |
| Use of money and property | - | - | 8,472 | 8,472 |
| Total revenues | <u>45,000</u> | <u>45,000</u> | <u>82,924</u> | <u>37,924</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | <u>1,951</u> | <u>6,995</u> | <u>6,995</u> | <u>-</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>43,049</u> | <u>38,005</u> | <u>75,929</u> | <u>37,924</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(20)</u> | <u>(68)</u> | <u>-</u> | <u>68</u> |
| Net change in fund balance | 43,029 | 37,937 | 75,929 | 37,992 |
| Fund balance, beginning of year | <u>1,612,552</u> | <u>1,612,552</u> | <u>1,612,552</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 1,655,581</u></u> | <u><u>\$ 1,650,489</u></u> | <u><u>\$ 1,688,481</u></u> | <u><u>\$ 37,992</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, 2017

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget |
|--|----------------------------|----------------------------|----------------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | \$ 525,000 | \$ 525,000 | \$ 738,166 | \$ 213,166 |
| Use of money and property | - | - | 15,259 | 15,259 |
| Total revenues | <u>525,000</u> | <u>525,000</u> | <u>753,425</u> | <u>228,425</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | 5,479 | 5,479 | 18,509 | (13,030) |
| Capital outlay | - | 585,519 | - | 585,519 |
| Total expenditures | <u>5,479</u> | <u>590,998</u> | <u>18,509</u> | <u>572,489</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>519,521</u> | <u>(65,998)</u> | <u>734,916</u> | <u>800,914</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(55)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | 519,466 | (65,998) | 734,916 | 800,914 |
| Fund balance, beginning of year | <u>2,629,184</u> | <u>2,629,184</u> | <u>2,629,184</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 3,148,650</u></u> | <u><u>\$ 2,563,186</u></u> | <u><u>\$ 3,364,100</u></u> | <u><u>\$ 800,914</u></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, 2017**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | \$ 60,000 | \$ 60,000 | \$ 29,351 | \$ (30,649) |
| Use of money and property | - | - | 7,036 | 7,036 |
| Total revenues | <u>60,000</u> | <u>60,000</u> | <u>36,387</u> | <u>(23,613)</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community Development | - | 511 | 510 | 1 |
| Excess (deficiency) of revenues over (under) expenditures | <u>60,000</u> | <u>59,489</u> | <u>35,877</u> | <u>(23,612)</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (5) | - | 5 |
| Net change in fund balance | 60,000 | 59,484 | 35,877 | (23,607) |
| Fund balance, beginning of year | <u>839,977</u> | <u>839,977</u> | <u>839,977</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 899,977</u> | <u>\$ 899,461</u> | <u>\$ 875,854</u> | <u>\$ (23,607)</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, 2017**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|--------------------------|--------------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | \$ 60,000 | \$ 60,000 | \$ 129,361 | \$ 69,361 |
| Use of money and property | - | - | 3,476 | 3,476 |
| Total revenues | <u>60,000</u> | <u>60,000</u> | <u>132,837</u> | <u>72,837</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | - | 308 | 308 | - |
| Excess (deficiency) of revenues over (under) expenditures | <u>60,000</u> | <u>59,692</u> | <u>132,529</u> | <u>72,837</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (3) | - | 3 |
| Net change in fund balance | 60,000 | 59,689 | 132,529 | 72,840 |
| Fund balance, beginning of year | <u>608,322</u> | <u>608,322</u> | <u>608,322</u> | <u>-</u> |
| Fund balance, end of year | <u><u>\$ 668,322</u></u> | <u><u>\$ 668,011</u></u> | <u><u>\$ 740,851</u></u> | <u><u>\$ 72,840</u></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, 2017

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | \$ 8,500 | \$ 8,500 | \$ 167,984 | \$ 159,484 |
| Use of money and property | - | - | 2,022 | 2,022 |
| Total revenues | <u>8,500</u> | <u>8,500</u> | <u>170,006</u> | <u>161,506</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | - | 73 | 73 | - |
| Excess (deficiency) of revenues over (under) expenditures | <u>8,500</u> | <u>8,427</u> | <u>169,933</u> | <u>161,506</u> |
| Net change in fund balance | 8,500 | 8,427 | 169,933 | 161,506 |
| Fund balance, beginning of year | <u>311,454</u> | <u>311,454</u> | <u>311,454</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 319,954</u> | <u>\$ 319,881</u> | <u>\$ 481,387</u> | <u>\$ 161,506</u> |

**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, 2017**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | \$ 100,000 | \$ 100,000 | \$ 215,053 | \$ 115,053 |
| Use of money and property | - | - | \$ 3,941 | 3,941 |
| Total revenues | <u>100,000</u> | <u>100,000</u> | <u>218,994</u> | <u>118,994</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 169,439 | 711,076 | 61,496 | 649,580 |
| Capital outlay | - | - | 5,838 | (5,838) |
| Total expenditures | <u>169,439</u> | <u>711,076</u> | <u>67,334</u> | <u>643,742</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(69,439)</u> | <u>(611,076)</u> | <u>151,660</u> | <u>762,736</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(1,694)</u> | <u>(7,097)</u> | <u>-</u> | <u>7,097</u> |
| Net change in fund balance | (71,133) | (618,173) | 151,660 | 769,833 |
| Fund balance, beginning of year | <u>665,530</u> | <u>665,530</u> | <u>665,530</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 594,397</u> | <u>\$ 47,357</u> | <u>\$ 817,190</u> | <u>\$ 769,833</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, 2017**

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--|-------------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | \$ 90,000 | \$ 90,000 | \$ 176,622 | \$ 86,622 |
| Use of money and property | - | - | 3,389 | 3,389 |
| Total revenues | <u>90,000</u> | <u>90,000</u> | <u>180,011</u> | <u>90,011</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | 38,110 | 406,109 | 3,008 | 403,101 |
| Capital outlay | - | - | 1,060 | (1,060) |
| Total expenditures | <u>38,110</u> | <u>406,109</u> | <u>4,068</u> | <u>402,041</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>51,890</u> | <u>(316,109)</u> | <u>175,943</u> | <u>492,052</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(381)</u> | <u>(4,060)</u> | <u>-</u> | <u>4,060</u> |
| Net change in fund balance | 51,509 | (320,169) | 175,943 | 496,112 |
| Fund balance, beginning of year | <u>573,431</u> | <u>573,431</u> | <u>573,431</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 624,940</u> | <u>\$ 253,262</u> | <u>\$ 749,374</u> | <u>\$ 496,112</u> |

**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, 2017**

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget |
|--|-------------------------|-------------------|-------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | \$ 5,000 | \$ 5,000 | \$ 38,483 | \$ 33,483 |
| Use of money and property | - | - | 1,195 | 1,195 |
| Total revenues | <u>5,000</u> | <u>5,000</u> | <u>39,678</u> | <u>34,678</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Parks and recreation | <u>115,000</u> | <u>122,792</u> | <u>36,103</u> | <u>86,689</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(110,000)</u> | <u>(117,792)</u> | <u>3,575</u> | <u>121,367</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(1,150)</u> | <u>(1,228)</u> | - | <u>1,228</u> |
| Net change in fund balance | (111,150) | (119,020) | 3,575 | 122,595 |
| Fund balance, beginning of year | <u>227,039</u> | <u>227,039</u> | <u>227,039</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 115,889</u> | <u>\$ 108,019</u> | <u>\$ 230,614</u> | <u>\$ 122,595</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, 2017**

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget |
|--|-------------------------|-------------------|-------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | | | \$ 7,913 | \$ 7,913 |
| Use of money and property | - | - | 813 | 813 |
| Total revenues | - | - | 8,726 | 8,726 |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Community development | | 141 | 140 | 1 |
| Total expenditures | - | 141 | 140 | 1 |
| Excess (deficiency) of revenues over (under) expenditures | - | (141) | 8,586 | 8,727 |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | - | (1) | - | 1 |
| Net change in fund balance | - | (142) | 8,586 | 8,728 |
| Fund balance, beginning of year | 157,740 | 157,740 | 157,740 | - |
| Fund balance, end of year | <u>\$ 157,740</u> | <u>\$ 157,598</u> | <u>\$ 166,326</u> | <u>\$ 8,728</u> |

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, 2017

| | <u>Budgeted Amounts</u> | | Actual Amounts | Variance with Final Budget |
|--|-------------------------|--------------------|-------------------|-------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES: | | | | |
| Charges for services | \$ 50,000 | \$ 50,000 | \$ 126,198 | \$ 76,198 |
| Use of money and property | - | - | \$ 1,599 | 1,599 |
| Total revenues | <u>50,000</u> | <u>50,000</u> | <u>127,797</u> | <u>77,797</u> |
| EXPENDITURES: | | | | |
| Current: | | | | |
| Public works | <u>283,458</u> | <u>283,799</u> | <u>341</u> | <u>283,458</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(233,458)</u> | <u>(233,799)</u> | <u>127,456</u> | <u>361,255</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Transfers out | <u>(2,835)</u> | <u>(2,838)</u> | <u>-</u> | <u>2,838</u> |
| Net change in fund balance | (236,293) | (236,637) | 127,456 | 364,093 |
| Fund balance, beginning of year | <u>240,692</u> | <u>196,954</u> | <u>240,692</u> | <u>43,738</u> |
| Fund balance, end of year | <u>\$ 4,399</u> | <u>\$ (39,683)</u> | <u>\$ 368,148</u> | <u>\$ 407,831</u> |

INTERNAL SERVICE FUNDS

Self Insurance

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

Central Garage

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

Municipal Building Maintenance

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

Information Services

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



CITY OF CHICO, CALIFORNIA
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2017

| | Self Insurance | Central Garage | Municipal Building Maintenance | Information Services | Total |
|--|---------------------------|---------------------------|--------------------------------------|---------------------------|---------------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and investments | \$ 879,628 | \$ 69,091 | \$ 74,204 | \$ 193,080 | \$ 1,216,003 |
| Receivables: | | | | | |
| Accounts | 353,136 | - | - | - | 353,136 |
| Intergovernmental | - | 3,860 | - | - | 3,860 |
| Due from other funds | 3,775,837 | - | - | - | 3,775,837 |
| Inventories | - | 33,666 | - | - | 33,666 |
| Total current assets | <u>5,008,601</u> | <u>106,617</u> | <u>74,204</u> | <u>193,080</u> | <u>5,382,502</u> |
| Noncurrent assets: | | | | | |
| Restricted cash and investments | 300,000 | - | - | - | 300,000 |
| Advances to other funds | 845,474 | - | - | - | 845,474 |
| Land and construction in progress | - | 30,391 | - | - | 30,391 |
| Other capital assets, net of accumulated depreciation | - | 5,436 | - | - | 5,436 |
| Total noncurrent assets | <u>1,145,474</u> | <u>35,827</u> | <u>-</u> | <u>-</u> | <u>1,181,301</u> |
| Total assets | <u>6,154,075</u> | <u>142,444</u> | <u>74,204</u> | <u>193,080</u> | <u>6,563,803</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | | |
| Deferred amounts related to pensions | - | 458,184 | 248,824 | 662,305 | 1,369,313 |
| LIABILITIES | | | | | |
| Current liabilities: | | | | | |
| Accounts payable | 138,469 | 61,888 | 40,816 | 26,959 | 268,132 |
| Accrued salaries and benefits | - | 10,117 | 5,159 | 14,506 | 29,782 |
| Compensated absences - current portion | - | 4,105 | 9,406 | 18,260 | 31,771 |
| Claims liability - current portion | 2,164,045 | - | - | - | 2,164,045 |
| Total current liabilities | <u>2,302,514</u> | <u>76,110</u> | <u>55,381</u> | <u>59,725</u> | <u>2,493,730</u> |
| Noncurrent liabilities: | | | | | |
| Compensated absences | - | 80,332 | 20,070 | 135,697 | 236,099 |
| Claims liability | 6,715,129 | - | - | - | 6,715,129 |
| Net pension liability | - | 2,262,558 | 869,904 | 3,511,198 | 6,643,660 |
| Total noncurrent liabilities | <u>6,715,129</u> | <u>2,342,890</u> | <u>889,974</u> | <u>3,646,895</u> | <u>13,594,888</u> |
| Total liabilities | <u>9,017,643</u> | <u>2,419,000</u> | <u>945,355</u> | <u>3,706,620</u> | <u>16,088,618</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred amounts related to pensions | - | 152,801 | 79,406 | 226,874 | 459,081 |
| NET POSITION | | | | | |
| Net investment in capital assets | - | 35,827 | - | - | 35,827 |
| Restricted for insurance | 300,000 | - | - | - | 300,000 |
| Unrestricted | (3,163,568) | (2,007,000) | (701,733) | (3,078,109) | (8,950,410) |
| Total net position | <u>\$ (2,863,568)</u> | <u>\$ (1,971,173)</u> | <u>\$ (701,733)</u> | <u>\$ (3,078,109)</u> | <u>\$ (8,614,583)</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, 2017

| | Self Insurance | Central Garage | Municipal Building Maintenance | Information Services | Total |
|---|-----------------------|-----------------------|--------------------------------------|-------------------------|-----------------------|
| OPERATING REVENUES: | | | | | |
| Charges for services - internal | \$ 4,379,515 | \$ 1,614,799 | \$ 842,392 | \$ 1,763,422 | \$ 8,600,128 |
| Charges for services - external | - | 35,643 | - | - | 35,643 |
| Total operating revenues | <u>4,379,515</u> | <u>1,650,442</u> | <u>842,392</u> | <u>1,763,422</u> | <u>8,635,771</u> |
| OPERATING EXPENSES: | | | | | |
| Salaries and benefits | | 596,520 | 237,249 | 820,720 | 1,654,489 |
| Materials and supplies | 111 | 326,248 | 60,296 | 42,447 | 429,102 |
| Purchased services | 2,473,903 | 81,737 | 255,442 | 511,758 | 3,322,840 |
| Other expenses | 5,211,155 | 519,631 | 234,017 | 215,950 | 6,180,753 |
| Depreciation | - | 6,872 | - | - | 6,872 |
| Total operating expenses | <u>7,685,169</u> | <u>1,531,008</u> | <u>787,004</u> | <u>1,590,875</u> | <u>11,594,056</u> |
| Operating income (loss) | <u>(3,305,654)</u> | <u>119,434</u> | <u>55,388</u> | <u>172,547</u> | <u>(2,958,285)</u> |
| NONOPERATING REVENUES (EXPENSES): | | | | | |
| Miscellaneous | 423,135 | 323 | - | - | 423,458 |
| Total nonoperating revenues (expenses) | <u>423,135</u> | <u>323</u> | <u>-</u> | <u>-</u> | <u>423,458</u> |
| Income (loss) before transfers | (2,882,519) | 119,757 | 55,388 | 172,547 | (2,534,827) |
| Transfers out | <u>(288,457)</u> | <u>(14,256)</u> | <u>(4,779)</u> | <u>-</u> | <u>(307,492)</u> |
| Change in net position | (3,170,976) | 105,501 | 50,609 | 172,547 | (2,842,319) |
| Net position (deficit), beginning of year | <u>307,408</u> | <u>(2,076,674)</u> | <u>(752,342)</u> | <u>(3,250,656)</u> | <u>(5,772,264)</u> |
| Net position (deficit), end of year | <u>\$ (2,863,568)</u> | <u>\$ (1,971,173)</u> | <u>\$ (701,733)</u> | <u>\$ (3,078,109)</u> | <u>\$ (8,614,583)</u> |

**CITY OF CHICO, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

| | Self Insurance | Central Garage | Municipal Building Maintenance | Information Services | Total |
|---|---------------------|-------------------|--------------------------------------|-------------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | | | | |
| Receipts from services provided | \$ 4,449,514 | \$ 1,651,177 | \$ 842,392 | \$ 1,763,422 | \$ 8,706,505 |
| Payments to suppliers and claimants | (3,778,487) | (940,800) | (565,340) | (703,504) | (5,988,131) |
| Payments to employees | - | (691,971) | (294,568) | (981,501) | (1,968,040) |
| Net cash provided (used) by operating activities | <u>671,027</u> | <u>18,406</u> | <u>(17,516)</u> | <u>78,417</u> | <u>750,334</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES: | | | | | |
| Interfund borrowings | (4,286,121) | - | - | - | (4,286,121) |
| Transfers out | (288,457) | (14,256) | (4,779) | - | (307,492) |
| Net cash provided (used) by noncapital financing activities | <u>(4,574,578)</u> | <u>(14,256)</u> | <u>(4,779)</u> | <u>-</u> | <u>(4,593,613)</u> |
| Net increase (decrease) in cash and cash equivalents | (3,903,551) | 4,150 | (22,295) | 78,417 | (3,843,279) |
| Cash and cash equivalents, beginning of year | 5,083,179 | 64,941 | 96,499 | 114,663 | 5,359,282 |
| Cash and cash equivalents, end of year | <u>\$ 1,179,628</u> | <u>\$ 69,091</u> | <u>\$ 74,204</u> | <u>\$ 193,080</u> | <u>\$ 1,516,003</u> |
| RECONCILIATION TO STATEMENT OF NET POSITION: | | | | | |
| Cash and investments | \$ 879,628 | \$ 69,091 | \$ 74,204 | \$ 193,080 | \$ 1,216,003 |
| Restricted cash and investments | 300,000 | - | - | - | 300,000 |
| CASH AND INVESTMENTS, end of year | <u>\$ 1,179,628</u> | <u>\$ 69,091</u> | <u>\$ 74,204</u> | <u>\$ 193,080</u> | <u>\$ 1,516,003</u> |

**CITY OF CHICO, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS (CONTINUED)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

| | Self Insurance | Central Garage | Municipal Building Maintenance | Information Services | Total |
|--|-------------------|-------------------|--------------------------------------|-------------------------|-------------------|
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES: | | | | | |
| Operating income (loss) | \$ (3,305,654) | \$ 119,434 | \$ 55,388 | \$ 172,547 | \$ (2,958,285) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | | | | | |
| Other expenses | | | | | - |
| Depreciation | - | 6,872 | - | - | 6,872 |
| Pension expense | - | (112,371) | (50,610) | (168,128) | (331,109) |
| Miscellaneous revenue | 423,135 | 323 | - | - | 423,458 |
| Changes in assets, deferred inflows of resources, liabilities and deferred outflows of resources: | | | | | |
| Accounts receivable | (353,136) | - | | | (353,136) |
| Intergovernmental receivable | - | 412 | - | - | 412 |
| Due from other funds | - | - | - | - | - |
| Due from component unit | - | - | - | - | - |
| Other assets | 141,982 | - | - | 68,286 | 210,268 |
| Inventories | - | (3,209) | - | - | (3,209) |
| Accounts payable | (49,596) | (9,975) | (15,585) | (1,635) | (76,791) |
| Accrued salaries and benefits | - | 1,875 | 1,180 | 2,943 | 5,998 |
| Compensated absences | - | 15,045 | (7,889) | 4,404 | 11,560 |
| Claims liability | 3,814,296 | - | - | - | 3,814,296 |
| Total adjustments | 3,976,681 | (101,028) | (72,904) | (94,130) | 3,708,619 |
| Net cash provided (used) by operating activities | <u>\$ 671,027</u> | <u>\$ 18,406</u> | <u>\$ (17,516)</u> | <u>\$ 78,417</u> | <u>\$ 750,334</u> |

AGENCY FUND



CITY OF CHICO, CALIFORNIA
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2017

| | Assessment Districts | | | Balance, June 30, 2017 |
|---------------------------------|---------------------------|-----------------|--------------------|---------------------------|
| | Balance, June 30, 2016 | Additions | Deletions | |
| ASSETS | | | | |
| Restricted cash and investments | \$ 595,873 | \$ 6,621 | \$ (6,077) | \$ 596,417 |
| Receivables: | | | | |
| Loans | 59,589 | - | (6,621) | 52,968 |
| Total assets | <u>\$ 655,462</u> | <u>\$ 6,621</u> | <u>\$ (12,698)</u> | <u>\$ 649,385</u> |
| LIABILITIES | | | | |
| Special assessment deposits | <u>\$ 655,462</u> | <u>\$ 6,621</u> | <u>\$ (12,698)</u> | <u>\$ 649,385</u> |



STATISTICAL SECTION (UNAUDITED)

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

| Contents: | Page |
|---|-------------|
| Financial Trends | 152-156 |
| <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 | 157-161 |
| <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i> | |
| Debt Capacity | 162-165 |
| <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 | 166-167 |
| <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 | 168-170 |
| <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>2008</u> | <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> |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Governmental activities | | | | | | | | | | |
| Net investment in capital assets | \$ 219,235 | \$ 222,778 | \$ 216,288 | \$ 223,393 | \$ 310,074 | \$ 305,769 | \$ 306,134 | \$ 311,705 | \$ 313,120 | \$ 314,106 |
| Restricted | 70,687 | 77,167 | 80,689 | 85,568 | 64,494 | 69,526 | 82,485 | 89,720 | 87,015 | 91,661 |
| Unrestricted | (12,704) | (30,894) | (42,420) | (44,346) | (43,720) | (11,653) | (3,972) | (92,205) | (82,202) | (77,226) |
| Total governmental activities net position | <u>\$ 277,218</u> | <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> |
| Business-type activities | | | | | | | | | | |
| Net investment in capital assets | \$ 78,806 | \$ 99,653 | \$ 107,633 | \$ 108,507 | \$ 114,359 | \$ 75,135 | \$ 79,617 | \$ 85,684 | \$ 85,451 | \$ 90,874 |
| Restricted | 1,543 | 2,764 | 1,935 | 2,449 | 3,588 | 5,230 | 6,857 | 8,804 | 10,641 | 12,519 |
| Unrestricted | 705 | (3,422) | (3,427) | (2,573) | (990) | 12,553 | 12,621 | (743) | 1,786 | 2,894 |
| Total business-type activities net position | <u>\$ 81,054</u> | <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>\$ 106,287</u> |
| Primary government | | | | | | | | | | |
| Net investment in capital assets | \$ 298,041 | \$ 322,431 | \$ 323,921 | \$ 331,900 | \$ 424,433 | \$ 380,904 | \$ 385,751 | \$ 397,389 | \$ 398,571 | \$ 404,980 |
| Restricted | 72,230 | 79,931 | 82,625 | 88,017 | 68,082 | 74,756 | 89,342 | 98,524 | 97,656 | 104,180 |
| Unrestricted | (11,999) | (34,316) | (45,847) | (46,919) | (44,710) | 900 | 8,649 | (92,948) | (80,416) | (74,332) |
| Total primary government net position | <u>\$ 358,272</u> | <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>\$ 434,827</u> |

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

| | <u>2008</u> | <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> |
|---|--------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 5,488 | \$ 2,017 | \$ 1,885 | \$ 3,125 | \$ 2,341 | \$ 2,667 | \$ 2,636 | \$ 3,218 | \$ 3,972 | \$ 4,577 |
| Public safety | 38,071 | 38,423 | 38,146 | 37,521 | 37,436 | 37,797 | 34,599 | 36,709 | 39,324 | 41,972 |
| Public works | 18,714 | 17,116 | 16,244 | 16,694 | 18,764 | 19,555 | 16,823 | 18,954 | 18,530 | 18,589 |
| Parks and recreation | 4,002 | 4,011 | 3,521 | 3,525 | 3,476 | 3,531 | 3,360 | 3,582 | 3,388 | 3,537 |
| Community development | 4,713 | 5,298 | 4,652 | 4,355 | 4,088 | 2,575 | 2,654 | 2,296 | 2,588 | 3,360 |
| Community agencies | 852 | 766 | 465 | 381 | 354 | 323 | 162 | 53 | 99 | 100 |
| Redevelopment | 21,344 | 15,159 | 24,926 ³ | 13,867 | 5,187 | - | - | - | - | 0 |
| Interest on long-term debt | 5,900 | 6,145 | 7,036 | 6,511 | 2,424 | 3 | 3 | 3 | 85 | 80 |
| Total governmental activities expenses | <u>99,084</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Sewer | 7,785 | 8,444 | 8,815 | 8,921 | 10,383 | 12,161 | 12,235 | 11,428 | 10,986 | 11,451 |
| Parking | 822 | 1,726 | 813 | 965 | 1,034 | 1,017 | 825 | 714 | 839 | 849 |
| Private development | 4,560 | 4,528 | 4,097 | 2,291 | 1,794 | 1,993 | 2,479 | 2,746 | 3,001 | 3,488 |
| Airport | 1,406 | 1,447 | 1,451 | 1,584 | 1,786 | 2,001 | 2,263 | 2,036 | 1,927 | 1,902 |
| Waste management | 2 | - | - | - | - | - | - | - | - | - |
| Total business-type activities expenses | <u>14,575</u> | <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>17,691</u> |
| Program Revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 238 | 206 | 171 | 117 | 97 | - | - | 349 | 188 | 247 |
| Public safety | 1,282 | 1,392 | 1,197 | 1,219 | 1,283 | 1,139 | 962 | 1,163 | 1,118 | 1,176 |
| Public works | 2,656 | 1,622 | 1,594 | 1,702 | 1,934 | 3,439 | 5,641 | 8,674 | 9,462 | 8,715 |
| Community development | 5,330 | 2,468 | 2,714 | 4,089 | 5,793 | 2 | 17 | 1 | 94 | 215 |
| Other activities | 156 | 177 | 156 | 125 | 120 | 106 | 155 | 86 | 282 | 4,487 |
| Operating grants and contributions | 9,724 | 10,252 | 11,669 | 7,743 | 13,102 | 9,297 | 10,874 | 11,855 | 10,752 | 9,976 |
| Capital grants and contributions | 18,359 | 11,914 | 4,545 | 15,062 | 4,064 | 3,261 | 2,235 | 4,565 | 2,075 | 929 |
| Total governmental activities program revenues | <u>37,745</u> | <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> |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Sewer | 7,830 | 8,444 | 8,587 | 8,168 | 10,000 | 14,857 | 14,942 | 16,465 | 14,333 | 14,737 |
| Private development | 3,324 | 2,270 | 1,766 | 1,538 | 1,461 | 2,026 | 2,470 | 2,539 | 3,166 | 3,906 |
| Other activities | 1,635 | 1,626 | 1,577 | 1,586 | 1,525 | 1,496 | 1,506 | 1,453 | 1,633 | 1,745 |
| Operating grants and contributions | - | 12 | - | - | 130 | 318 | 303 | - | 270 | 3,252 |
| Capital grants and contributions | 761 | 811 | 1,346 | 2,901 | 10,655 | 8,713 | 4,535 | 7,352 | 812 | 1,942 |
| Total business-type activities program revenues | <u>13,550</u> | <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> |
| Total primary government program revenues | <u>51,295</u> | <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> |
| Net (expenses)/revenue | | | | | | | | | | |
| Governmental activities | (61,339) | (60,904) | (74,829) | (55,922) | (47,677) | (49,207) | (40,353) | (38,122) | (44,015) | (46,470) |
| Business-type activities | (1,025) | (2,982) | (1,900) | 432 | 8,774 | 10,238 | 5,954 | 10,885 | 3,461 | 7,891 |
| Total primary government net expense | <u>\$ (62,364)</u> | <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>\$ (38,579)</u> |

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

| | <u>2008</u> | <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> |
|---|----------------------|-----------------------|----------------------|------------------|-------------------|------------------|------------------|------------------|------------------|------------------|
| General Revenues and Other Changes in Net Position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes | | | | | | | | | | |
| Property taxes | \$ 41,285 | \$ 43,479 | \$ 43,295 | \$ 41,041 | \$ 25,998 | \$ 11,604 | \$ 12,327 | \$ 13,649 | \$ 14,564 | \$ 15,169 |
| Sales and use tax | 13,003 | 11,728 | 11,082 | 11,603 | 12,367 | 12,783 | 13,945 | 14,597 | 17,320 | 21,134 |
| Sales tax in-lieu | 4,350 | 3,893 | 3,708 | 3,896 | 4,128 | 4,261 | 4,597 | 4,812 | 2,589 | 0 |
| Utility users tax | 6,745 | 6,904 | 6,691 | 6,632 | 6,655 | 6,241 | 6,305 | 6,203 | 6,552 | 6,895 |
| Other taxes | 3,972 | 3,930 | 3,676 | 3,763 | 3,976 | 4,078 | 4,324 | 5,536 | 4,836 | 5,200 |
| Unrestricted grants and contributions | 923 | 823 | 716 | 469 | 33 | 2,483 | 8,576 | 8,837 | 5,854 | 0 |
| Unrestricted investment earnings | 5,525 | 2,939 | 336 | 229 | 54 | 168 | 136 | 231 | 250 | 109 |
| Miscellaneous | 159 | (44) | 30 | 93 | 200 | 158 | 921 | 155 | 83 | 182 |
| 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 | (9,837) ² | (20,915) ² | (9,199) ² | (1,814) | 200 | (9,729) | (222) | (718) | (601) | (370) |
| Business-type activities: | | | | | | | | | | |
| Unrestricted investment earnings | 33 | 8 | (16) | (5) | - | - | - | - | 70 | 149 |
| Transfers | 9,837 ² | 20,915 ² | 9,062 ² | 1,814 | (200) | 9,729 | 222 | 718 | 601 | 370 |
| Total business-type activities | 9,870 | 20,923 | 9,046 | 1,808 | (200) | 9,729 | 222 | 718 | 671 | 519 |
| Total primary government | <u>\$ 75,995</u> | <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> |
| Change in Net Position | | | | | | | | | | |
| Governmental activities | \$ 4,785 | \$ (8,167) | \$ (14,494) | \$ 9,992 | \$ 76,129 | \$ (11,467) | \$ 21,005 | \$ 14,635 | \$ 7,432 | \$ 10,607 |
| Business-type activities | 8,845 | 17,940 | 7,146 | 2,242 | 8,574 | 19,968 | 6,177 | 11,603 | 4,133 | 8,409 |
| Total primary government | <u>\$ 13,630</u> | <u>\$ 9,773</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> |

¹ Effective July 1, 2005, transit operations of the City were transferred to the Butte County Association of Governments (BCAG) due to the countywide consolidation of transit services within Butte County.

² The increase in transfers was due to construction of the Water Pollution Control Plant and the subsequent transfer of those assets to the Sewer Fund.

³ The increase in Redevelopment expenses was due to the State "take" of \$9,248,048 in Redevelopment Funds, also known as SERAF (Supplemental Revenue Augmentation Funds).

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

| | Fiscal Year Ending June 30 | | | | | | |
|---|-----------------------------------|--------------------------|--------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| | <u>2011 (a)</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
| General Fund: | | | | | | | |
| Nonspendable | \$ 3,213 | \$ 1,088 | \$ 554 | \$ 52 | \$ 236 | \$ 243 | \$ 224 |
| Committed | 4,072 | 4,262 | - | - | 988 | 1,025 | 2,461 |
| Assigned | - | - | - | - | 2,980 | 678 | 3,837 |
| Unassigned | - | - | (8,219) | (2,858) | - | 4,643 | 2,454 |
| Total General Fund | <u>\$ 7,285</u> | <u>\$ 5,350</u> | <u>\$ (7,665)</u> | <u>\$ (2,806)</u> | <u>\$ 4,204</u> | <u>\$ 6,589</u> | <u>\$ 8,976</u> |
| | | | | | | | |
| All other Governmental funds: | | | | | | | |
| Nonspendable | \$ 52,102 | \$ 56,356 ² | \$ 3,008 | \$ 1,841 | \$ 757 | \$ 55 | \$ 41 |
| Restricted | 45,845 | 5,411 ² | 70,020 | 82,397 | 84,034 | 87,431 | 92,390 |
| Committed | 2,831 | 2,924 | - | - | - | - | - |
| Assigned | 66 | - | 848 | 2,871 | 4,263 | 4,429 | 4,926 |
| Unassigned | (1,901) | (2,333) | (7,871) | (4,985) | (4,413) | (3,527) | (6,560) |
| Total other Governmental Funds | <u>\$ 98,943</u> | <u>\$ 62,359</u> | <u>\$ 66,005</u> | <u>\$ 82,124</u> | <u>\$ 84,641</u> | <u>\$ 88,388</u> | <u>\$ 90,797</u> |
| | | | | | | | |
| | Fiscal Year Ending June 30 | | | | | | |
| | <u>2008</u> | <u>2009</u> | <u>2010</u> | | | | |
| General fund: | | | | | | | |
| Reserved | \$ 536 | \$ 2,761 | \$ 143 | | | | |
| Unreserved | 11,662 | 6,830 | 6,755 | | | | |
| Total General fund | <u>\$ 12,198</u> | <u>\$ 9,591</u> | <u>\$ 6,898</u> | | | | |
| | | | | | | | |
| All other governmental funds: | | | | | | | |
| Reserved | \$ 53,714 | \$ 56,876 | \$ 65,689 | | | | |
| Unreserved, reported in: | | | | | | | |
| Special revenue funds | 52,551 ¹ | 21,815 | 8,318 | | | | |
| Capital projects funds | 17,633 ¹ | 33,530 | 27,919 | | | | |
| Total all other governmental funds | <u>\$ 123,898</u> | <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.

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

| | <u>2008</u> | <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> |
|--|-----------------|--------------------|--------------------|-------------------|--------------------|-------------------|------------------|-----------------|-----------------|-----------------|
| Revenues | | | | | | | | | | |
| Property taxes | \$ 41,285 | \$ 43,479 | \$ 43,295 | \$ 41,041 | \$ 25,991 | \$ 11,589 | \$ 12,311 | \$ 13,649 | \$ 14,564 | \$ 15,169 |
| Sales and use taxes | 17,353 | 15,622 | 14,790 | 15,508 | 16,502 | 17,044 | 18,542 | 19,408 | 19,908 | 21,134 |
| Other taxes | 10,713 | 10,701 | 10,256 | 10,283 | 10,517 | 10,198 | 10,509 | 11,739 | 11,389 | 12,095 |
| Licenses and permits | 104 | 111 | 108 | 114 | 121 | 136 | 133 | 131 | 108 | 91 |
| Intergovernmental | 15,954 | 14,967 | 14,452 | 18,179 | 15,993 | 10,831 | 12,215 | 14,951 | 12,817 | 10,137 |
| Charges for services | 7,579 | 3,933 | 4,300 | 5,587 | 7,327 | 3,118 | 5,619 | 7,994 | 6,875 | 9,083 |
| Fines, forfeitures, and penalties | 898 | 895 | 817 | 945 | 882 | 776 | 743 | 854 | 777 | 840 |
| Use of money and property | 5,659 | 3,205 | 1,199 | 992 | 502 | 426 | 361 | 528 | 728 | 814 |
| Miscellaneous | 289 | 588 | 309 | 233 | 414 | 360 | 1,138 | 247 | 216 | 524 |
| Total revenues | <u>99,834</u> | <u>93,501</u> | <u>89,526</u> | <u>92,882</u> | <u>78,249</u> | <u>54,478</u> | <u>61,571</u> | <u>69,501</u> | <u>67,382</u> | <u>69,887</u> |
| Expenditures | | | | | | | | | | |
| General government | 5,188 | 1,775 | 1,768 | 2,553 | 1,762 | 2,278 | 2,232 | 2,397 | 3,692 | 4,265 |
| Public safety | 35,876 | 36,187 | 36,925 | 35,289 | 35,085 | 35,332 | 32,853 | 34,203 | 37,820 | 37,896 |
| Public works | 8,993 | 8,654 | 7,898 | 7,615 | 9,248 | 9,794 | 7,652 | 9,119 | 9,219 | 9,639 |
| Parks and recreation | 3,409 | 3,502 | 3,086 | 3,014 | 2,916 | 3,044 | 2,883 | 2,976 | 3,074 | 3,153 |
| Community development | 4,692 | 5,271 | 4,651 | 4,335 | 4,050 | 2,468 | 2,589 | 2,228 | 2,657 | 3,189 |
| Community agencies | 851 | 764 | 467 | 377 | 350 | 323 | 162 | 53 | 99 | 100 |
| Redevelopment | 13,416 | 15,113 | 15,805 | 12,206 | 5,312 | - | - | - | - | - |
| Contribution to other governments | - | - | 9,248 | 1,904 | - | - | - | - | - | - |
| Capital outlay | 28,400 | 41,745 | 21,768 | 17,256 | 6,941 | 4,357 | 2,581 | 8,290 | 7,427 | 6,793 |
| Debt service | | | | | | | | | | |
| Principal retirement | 3,888 | 4,024 | 4,242 | 5,787 | 2,793 | - | - | - | 279 | 384 |
| Interest and fiscal charges | 5,792 | 5,935 | 5,794 | 6,444 | 3,726 | 3 | 3 | 3 | 85 | 80 |
| Bond issuance and fiscal agent fees | 510 | - | - | - | - | - | - | - | - | - |
| Advanced refunding of bonds | 59 | - | - | - | - | - | - | - | - | - |
| Total expenditures | <u>111,075</u> | <u>122,971</u> | <u>111,652</u> | <u>96,779</u> | <u>72,183</u> | <u>57,600</u> | <u>50,956</u> | <u>59,269</u> | <u>64,352</u> | <u>65,498</u> |
| Excess of revenues over (under) expenditures | (11,241) | (29,470) | (22,126) | (3,897) | 6,066 | (3,122) | 10,616 | 10,232 | 3,030 | 4,389 |
| Other financing sources (uses) | | | | | | | | | | |
| Transfers in | 36,333 | 7,442 | 9,413 | 10,612 | 5,834 | 6,424 | 5,864 | 5,038 | 5,620 | 4,692 |
| Transfers out | (34,188) | (7,398) | (9,364) | (10,646) | (5,613) | (16,306) | (6,069) | (5,742) | (5,651) | (4,754) |
| Capital leases | - | - | - | - | - | - | - | - | 3,132 | 473 |
| Revenue bonds issued | 23,405 | - | - | - | - | - | - | - | - | - |
| Discount on refunding bonds | (15) | - | - | - | - | - | - | - | - | - |
| Payment to refunding bond escrow | (22,870) | - | - | - | - | - | - | - | - | - |
| Issuance of long-term debt | 8,065 | 18,221 | 9,089 | 1,336 | 554 | - | - | - | - | - |
| Extraordinary gain due to dissolution of RDA | - | - | - | - | 41,849 | - | - | - | - | - |
| Extraordinary loss due to dissolution of RDA | - | - | - | - | (79,156) | - | - | - | - | - |
| Loans received from private-purpose trust fund | - | - | - | - | - | 6,361 | 4,100 | - | - | - |
| Bond Proceeds from private purpose trust fund | - | - | - | - | - | - | 6,467 | - | - | - |
| Total other financing sources (uses) | <u>10,730</u> | <u>18,265</u> | <u>9,138</u> | <u>1,302</u> | <u>(36,532)</u> | <u>(3,521)</u> | <u>10,362</u> | <u>(704)</u> | <u>3,101</u> | <u>411</u> |
| Net change in fund balance | <u>\$ (512)</u> | <u>\$ (11,205)</u> | <u>\$ (12,988)</u> | <u>\$ (2,595)</u> | <u>\$ (30,466)</u> | <u>\$ (6,643)</u> | <u>\$ 20,977</u> | <u>\$ 9,528</u> | <u>\$ 6,131</u> | <u>\$ 4,799</u> |
| Debt service as a percentage of noncapital expenditures | 12% | 12% | 11% | 15% | 10% | 0% ¹ | 0% | 0% | 0% | 1% |

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

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

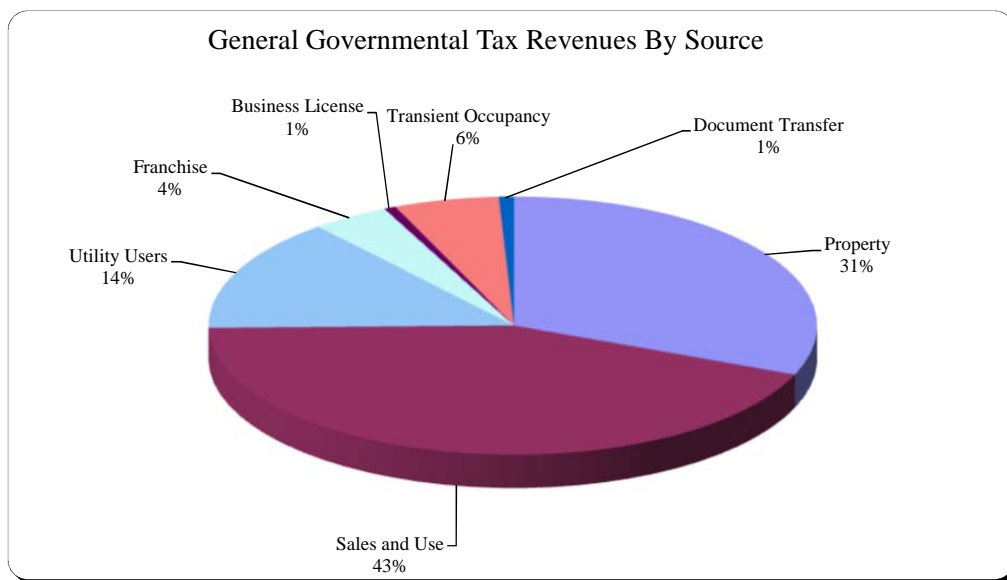
City of Chico, California
General Governmental Tax Revenues By Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

| Fiscal Year | Property | Sales and Use | Utility Users | Other Taxes | | | | Total |
|-------------|-----------|---------------|---------------|-------------|------------------|---------------------|-------------------|-----------|
| | | | | Franchise | Business License | Transient Occupancy | Document Transfer | |
| 2008 | \$ 41,285 | \$17,353 | \$ 6,745 | \$ 1,083 | \$ 587 | \$ 2,022 | \$ 280 | \$ 69,355 |
| 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 |
| 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 |

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

| Fiscal Year | Secured Roll | Utility Roll | Unsecured Roll | Gross Assessed Value | Less Exemptions | Net Assessed Value | Total Direct Tax Rate % |
|--------------------|---------------------|---------------------|-----------------------|-----------------------------|------------------------|---------------------------|--------------------------------|
| 2008 | \$ 6,666,490 | \$ 914 | \$ 440,714 | \$ 7,108,118 | \$ 383,602 | \$ 6,724,516 | 1.0000 |
| 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 |
| 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 |

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) | |
| 2008 | 1.00 | 0.00 | 1.00 | 0.0381 | 0.0209 | 1.0590 |
| 2009 | 1.00 | 0.00 | 1.00 | 0.0544 | 0.0209 | 1.0753 |
| 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 |

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

(1) Chico Unified School District: 1998 Series B, 2012 Chico Refunding and 2012 Measure E Series A.

(2) Butte-Glenn Community College District: General obligation bonds, Refunded Series A and B, and Series B and C.

Source: Butte County Auditor/Controller's Office.

City of Chico, California
Principal Secured Property Taxpayers
June 30, 2017
Current Year and Nine Years Ago
(amounts expressed in thousands)

| Taxpayer | 2017 | | | 2008 | | |
|---|------------------------|------|--|------------------------|------|--|
| | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Valuation | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Valuation |
| Chico Mall Investors LLC | \$ 38,021 | 1 | 0.50% | | | |
| Chico Crossroads LP | 37,040 | 2 | 0.49 | | | |
| Carwood Skypark LLC Et Al. | 24,184 | 3 | 0.32 | | | |
| Sierra Nevada Brewing Company | \$ 18,781 | 4 | 0.25 | | | |
| Costco Wholesale Corporation | \$ 18,547 | 5 | 0.24 | | | |
| Evergreen Orchard LLC | 18,514 | 6 | 0.24 | | | |
| Gregory L and Joan R Webb | 15,505 | 7 | 0.20 | | | |
| WalMart Real Estate Business Trust | \$ 15,195 | 8 | 0.20 | | | |
| Ed and mary Wittmeier Family Trusr | \$ 14,894 | 9 | 0.20 | | | |
| 1661 Forest Avenue Investors | 14,855 | 10 | 0.19 | | | |
| Chico Mall Limited Partnership | | | - | \$ 63,327 | 1 | 1.00% |
| Carwood Skypark LLC | | | - | 30,490 | 2 | 0.48 |
| Chico Crossroads Limited Partnership | | | - | 29,038 | 3 | 0.46 |
| Evergreen Orchard LLC | | | - | 18,554 | 4 | 0.29 |
| Lowe's HIW Inc. | | | - | 17,687 | 5 | 0.28 |
| California Water Service | | | - | 16,826 | 6 | 0.27 |
| Chico Senior Living LLC | | | - | 16,739 | 7 | 0.27 |
| Chico Lodging LLC | | | - | 15,662 | 8 | 0.25 |
| Grossman Family Trust/Sierra Nevada Brewery | | | - | 14,043 | 9 | 0.22 |
| Gregory L. Webb | | | - | 13,780 | 10 | 0.22 |
| Largest Secured Property Valuation | 215,536 | | | 236,146 | | |
| Other Secured Taxpayers | 7,417,510 | | | 6,066,384 | | |
| Total Secured Property Valuation - Net of Exemptions | \$ 7,633,046 | | 100.00% | \$ 6,302,531 | | 100.00% |

Source: Butte County Auditor/Controller's Office.
HdL's " 2016/17 Top Property Taxpayers - Secured."
2008 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 | | |
| 2008 | \$ 41,285 | \$ 41,285 | 100 | - | \$ 41,285 | 100 |
| 2009 | 43,479 | 43,479 | 100 | - | 43,479 | 100 |
| 2010 | 43,295 | 43,295 | 100 | - | 43,295 | 100 |
| 2012 | 25,991 (2) | 25,991 | 100 | - | 25,991 | 100 |
| 2013 | 11,589 (3) | 11,589 | 100 | - | 11,589 | 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 |

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)

| Fiscal Year | Governmental Activities | | | | Business-Type Activities | | Total Primary Government | Percentage of Personal Income | Per Capita |
|--------------------|---------------------------------|----------------------|--------------|-----------------------|---------------------------------|--------------|---------------------------------|--------------------------------------|-------------------|
| | General Obligation Bonds | Revenue Bonds | Loans | Capital Leases | Revenue Bonds | Loans | | | |
| 2008 | - | \$ 115,795 | \$ 26,946 | \$ - | \$ 2,165 | \$ 7,825 | \$ 152,731 | 2.36 | \$ 1,757 |
| 2009 | - | 113,010 | 43,928 | - | 1,030 | 11,641 | 169,609 | 2.51 | 1,951 |
| 2011 | - | 106,955 | 51,153 | - | - | 13,693 | 171,801 | 2.33 | 1,977 |
| 2012 | - | - | 46,364 | - | - | 13,072 | 59,436 | 0.81 | 679 |
| 2013 | - | - | - | - | - | 55,746 | 55,746 | 0.76 | 636 |
| 2014 | - | - | - | - | - | 51,966 | 51,966 | 0.66 | 588 |
| 2015 | - | - | - | - | - | 48,093 | 48,093 | 0.58 | 537 |
| 2016 | - | - | - | 2,852 | - | 44,126 | 46,978 | 0.57 | 508 |
| 2017 | - | - | - | 2,568 | - | 40,063 | 42,631 | 0.47 | 457 |

Note: Personal income and per capita personal income: Based on the calendar year information ending during that fiscal year. The Bureau of Economic Analysis Fiscal Year 2015 amounts are currently not available; therefore, the 2014 amounts are reflected in 2015 as an estimate.

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

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

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

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

City of Chico, California
Direct and Overlapping Governmental Activities Debt
June 30, 2017
(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 | \$ 98,070 | 72.58% | \$ 71,180 |
| Butte-Glenn Community College District | 106,680 | 40.02% | <u>42,693</u> |
| Subtotal, overlapping debt | | | 113,873 |
| City of Chico direct debt | | | <u>-</u> |
| Total direct and overlapping debt | | | <u><u>\$ 113,873</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)

| | <u>2008</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>Fiscal Year</u> <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|--------------|--------------|--------------|--------------|-----------------------------------|--------------|--------------|--------------|--------------|--------------|
| Total Assessed Valuation (less other exemptions) | \$ 6,724,516 | \$ 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 |
| Debt Limit - 15 Percent of Assessed Valuation (1) | \$ 1,008,677 | \$ 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 |
| Amount of Debt Applicable to Debt Limit | - | - | - | - | - | - | - | - | - | - |
| Legal Debt Margin | \$ 1,008,677 | \$ 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 |
| 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 | | % Coverage |
| | | | | | | | Principal | Interest | |
| 2008 | \$ 1,132,170 | \$ 597,794 | \$ 534,376 | \$ 229,784 | 2.33 | \$ 30,532,462 | \$ 2,680,000 | \$ 5,269,568 | 3.84 |
| 2009 | 1,030,118 | 686,311 | 343,807 | 219,384 | 1.57 | 32,047,126 | 2,785,000 | 5,443,522 | 3.89 |
| 2011 | - | - | - | - | - | 30,021,115 | 3,085,000 | 5,221,121 | 3.61 |
| 2012 | - | - | - | - | - | - | - | - | - |
| 2013 | - | - | - | - | - | - | - | - | - |
| 2014 | - | - | - | - | - | - | - | - | - |
| 2015 | - | - | - | - | - | - | - | - | - |
| 2016 | - | - | - | - | - | - | - | - | - |
| 2017 | - | - | - | - | - | - | - | - | - |

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

| Fiscal Year | City of Chico | | Chico Metropolitan Statistical Area | | | |
|--------------------|---|--|--|--|--|---|
| | City of Chico Population (1) | City of Chico Unemploy- ment Rate (3) | Butte County Population (1) | Butte County Personal Income (thousands of dollars) (2) | Butte County Per Capita Personal Income (2) | Butte County Unemploy- ment Rate (3) |
| 2008 | 86,949 | 8.2 | 220,407 | \$ 6,474,292 | \$ 29,374 | 8.9 |
| 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 |
| 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 |
| 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 |

Note: Personal income and per capita personal income: Based on the calendar year information ending during that fiscal year. The Bureau of Economic Analysis Fiscal Year 2015 amounts are currently not available; therefore, the 2014 amounts are reflected in 2015 as an estimate.

- (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>2017</u> | | | <u>2008</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 | 3,272 | 1 | 34.20% | 2,268 | 1 | 30.26% |
| California State University, Chico | 1,994 | 2 | 20.84 | 1,823 | 2 | 24.33 |
| Chico Unified School District | 1,504 | 3 | 15.72 | 1,400 | 3 | 18.68 |
| Build.com | 640 | 4 | 6.69 | | | - |
| Sierra Nevada Brewery | 519 | 5 | | 325 | 6 | |
| United Health Care | 430 | 6 | | | | |
| City of Chico | 367 | 7 | 3.84 | 453 | 4 | 6.04 |
| Costco | 329 | 8 | 3.44 | | | - |
| Walmart | 268 | 9 | 2.80 | 412 | 5 | 5.50 |
| Milestone Technologies* | 245 | 10 | 2.56 | | | - |
| Koret of California | | | - | 250 | 7 | 3.34 |
| Aero Union Corporation | | | - | 185 | 9 | 2.47 |
| Chico Enterprise Record | | | - | 170 | 10 | 2.27 |

* No current data available for this statistic, therefore 2013 statistics are carried forward from Fiscal Year 2012/13.

Source: City of Chico staff.

Note: Data provided may include employers with locations throughout Butte County. As a result, the number of employees working in Chico may differ from total employees listed.

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>2008</u> | <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> |
| General government | 57 | 55 | 52 | 45 | 45 | 42 | 29 | 29 | 31 | 30 |
| Public safety | | | | | | | | | | |
| Police | 157 | 151 | 155 | 150 | 148 ⁴ | 143 ⁴ | 131 ⁴ | 136 ⁴ | 143 ⁴ | 143 ⁴ |
| Fire | 74 | 74 | 74 | 72 | 70 | 67 | 74 | 74 | 74 | 59 |
| Public works | 72 | 70 | 66 | 60 | 59 | 67 ² | 69 | 69 | 72 | 73 |
| Parks and recreation | 23 | 23 | 24 | 21 | 21 | 21 | 12 | 13 | 13 | 14 |
| Community development | 4 | 5 | 6 | 6 | 8 ¹ | 36 ³ | 20 | 21 | 22 | 22 |
| Sewer | 17 | 16 | 16 | 15 | 16 | 0 | 0 | 0 | 0 | 0 |
| Parking | 2 | 2 | 2 | 2 | 2 | 0 | 0 | 0 | 0 | 0 |
| Private development | 46 | 45 | 43 | 31 | 24 | 0 | 0 | 0 | 0 | 0 |

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>2008</u> | <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> |
| Police | | | | | | | | | | |
| Calls for service* | 115,373 | 119,469 | 116,037 | 131,709 | 129,790 | 132,143 | 132,030 | 126,577 | 131,077 | 135,013 |
| Arrests* | 6,110 | 6,249 | 6,100 | 5,539 | 5,272 | 4,762 | 4,965 | 5,150 | 4,696 | 6,243 |
| Fire | | | | | | | | | | |
| Service calls answered* | 747 | 856 | 701 | 760 | 789 | 827 | 883 | 851 | 969 | 929 |
| Medical emergencies* | 6,688 | 7,227 | 7,714 | 7,922 | 8,498 | 8,969 | 8,919 | 9,390 | 9,696 | 9,537 |
| Public works | | | | | | | | | | |
| Street resurfacing (tons of asphalt) | 1,161 | 1,072 | 780 | 635 | 683 | 1,070 | 491 | 1,092 | 1,196 | 1,401 |
| Community development | | | | | | | | | | |
| Annexation activity (net acreage)* | 15,963 | 16,192 | 16,192 | 16,192 | 16,252 | 16,252 | 16,252 | 16,278 | 16,280 | 16,288 |
| Code violation notices issued | 693 | 710 | 699 | 476 | 260 | 355 | 361 | 434 | 441 ₂ | 175 |
| Sewer | | | | | | | | | | |
| Parking | | | | | | | | | | |
| Parking meter repairs | 707 | 740 | 672 | 701 | 765 | 769 | 1090 | 1366 | 573 ₃ | 624 |
| Private development | | | | | | | | | | |
| Residential building permits | 225 | 126 | 132 | 105 | 117 | 211 | 226 | 242 | 317 | 306 |
| Commercial building permits | 20 | 12 | 60 | 52 | 52 | 51 | 64 | 87 | 81 | 88 |
| Airport | | | | | | | | | | |
| Passengers per year (loading/unloading) | 50,376 | 47,992 | 46,559 | 43,394 | 41,832 | 37,813 | 39,246 | 16,825 ₁ | 0 | 0 |
| Transit | | | | | | | | | | |

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

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

| Function | Fiscal Year | | | | | | | | | |
|-------------------------------|--------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2008</u> | <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> |
| Police | | | | | | | | | | |
| Police stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol cars | 23 | 25 | 25 | 25 | 24 | 24 | 24 | 24 | 25 | 25 |
| Fire | | | | | | | | | | |
| Fire stations | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 4 |
| Fire hydrants* | 3,023 | 3,160 | 3,197 | 3,285 | 3,299 | 3,322 | 3,357 | 3,834 | 3896 | 4030 |
| Public works | | | | | | | | | | |
| Street (miles)** | 254.8 | 256.6 | 257 | 257.9 | 257.9 | 258.3 | 289.2 | 296.3 | 293.8 | 300 |
| Traffic signals | 98 | 98 | 98 | 98 | 99 | 99 | 100 | 101 | 102 | 102 |
| Parks and recreation | | | | | | | | | | |
| Park acreage*** | 3758.4 | 3758.4 | 3751.2 | 3751.2 | 3751.2 | 3751.2 | 3679.0 | 3679.0 | 3836.0 | 3836.0 |
| Sanitary sewer (miles) | 210.2 | 212.0 | 212.4 | 212.9 | 213.4 | 213.8 | 214.6 | 216.2 | 217.3 | 219.32 |
| Storm sewer (miles) | 218.8 | 220.7 | 221.3 | 221.8 | 222.4 | 222.8 | 223.4 | 225.6 | 226.67 | 228.4 |
| Parking lots | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Parking structures | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Airport | | | | | | | | | | |
| Runway lengths 13L/31R (feet) | 6724 | 6724 | 6724 | 6724 | 6724 | 6724 | 6724 | 6724 | 6724 | 6724 |
| Runway lengths 13R/31L (feet) | 3005 | 3005 | 3005 | 3005 | 3005 | 3005 | 3005 | 3000 | 3000 | 3000 |

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.