

Chapter 5. **REMAINING REVIEW  
FACTORS**



## Section 5.1 **Finance Constraints and Opportunities**



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## Chapter 5    **REMAINING REVIEW FACTORS**

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### ■ **Introduction**

The remaining review factors required by the Cortese-Knox-Hertzberg Act are to some extent less precise and typically more qualitative than the Infrastructure Needs and Deficiencies analysis (Chapter 4). As a result, the following discussions and associated determinations are of a more general nature.

Written determinations for the review factors addressed in this chapter are provided at the beginning of each individual review section (5.1 through 5.7).

### **5.1    FINANCE CONSTRAINTS AND OPPORTUNITIES**

Finance Constraints and Opportunities evaluate factors that affect the financing of needed improvements and services. An examination of Financing Constraints and Opportunities includes an evaluation of:

1.     the fiscal impacts of potential development, and
2.     probable mechanisms to finance needed improvements and services.

Evaluating these issues as part of the MSR process is important to ensure new development does not overly burden existing infrastructure and the ability for the City to fund existing services and improvements.

#### **5.1.1    City Budget Overview**

The City of Chico's Fiscal Year (FY) 2005-06 budget is \$129,572,266.<sup>1</sup> The City's budget is broken down into two budgetary categories: operating and capital. The Operating Budget is the expenditure plan for the delivery of City services. The Capital Budget is the expenditure plan for the purchase or construction of capital improvements or equipment and City programs. The \$129.6 million dollar budget represents \$75.4 million in Operating Funds and \$54.2 million in Capital Funding. Together, the Operating and Capital budgets provide for \$40.8 million in General and Park Funds, Redevelopment Agency Funds of \$36.6 million, and Other Funds at \$52.1 million.

### ■ **Historic Performance and Existing Fiscal Status**

The City of Chico has traditionally taken a conservative fiscal approach to its budget and financing in an attempt to ensure long-term sustainable service levels and necessary capital investment. In general, the City's inventory of commercial and employment uses and associated fee structure have provided the City with a positive fiscal base. The Chico local economy appears to be healthy and continues to show strong growth.<sup>2</sup> However, as with all jurisdictions within California, a primary challenge has been dealing with various shortfalls and potential changes to revenue distribution at the State level. Local revenues such as property tax, cigarette tax, fines and forfeitures, and motor vehicle in-lieu fees have been jeopardized by the State. From 1990-91 through 2004-05, the State took over \$13.6 million from the

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1    City of Chico, *Proposed Annual Budget 2005-2006*, p. i.

2    City of Chico, *Proposed Annual Budget 2005-2006, Budget Message*, p. 2.

City's General Fund.<sup>3</sup> In a continuing attempt to anticipate State and other potential financing issues, the City of Chico adjusts to the ongoing actions of the State, maintains a budget reserve, and coordinates its budgeting processes.

The City's FY 2005-06 proposed budget of \$129.6 million represents a 30 percent decrease from the FY 2004-05 estimated budget of \$168.9 million, largely representing a significant decrease in capital project funding. The funding variance from the previous FY includes Capital Fund reductions of \$40.9 million and an Operating Fund increase of \$1.5 million. Overall, General and Park Funds are budgeted to increase by \$2.4 million, Redevelopment Funds to decrease by \$20.4 million, and Other Funds to decrease by \$21.3 million. However, the City's General Fund revenue during the FY 2005-2006 is estimated to increase by 2.58 percent.<sup>4</sup>

### ■ **Bond Rating**

The City of Chico requested a bond rating evaluation from two independent consultants (Standard & Poor's and Fitch Ratings) in 2005. Both firms assigned a rating of "A" for the Chico Amended and Merged Redevelopment Project, Chico Redevelopment Agency.<sup>5</sup> This high/stable rating will allow the City to issue ample bonds, if necessary.

### ■ **Infrastructure Costs, Service Costs, and Funding Programs**

The City typically funds infrastructure and services through the General Fund and the City's Capital Improvement Program (CIP), which identifies the revenue source through which specific projects are funded. The City follows state regulations for collecting impact fees from development projects (AB 1600), and local provisions that govern development impact fees (Chico Municipal Code 3.85) sewer service fees (Chico Municipal Code 15.36). Chapter 4 of this MSR, Infrastructure Needs and Deficiencies, contains a summary of the existing funding sources for water, wastewater, storm drainage, roadways, police services, fire services, park and recreation, and solid waste. The summary is not intended to be exhaustive, but simply highlights examples of primary funding sources.

### ■ **Annual Budgetary Process**

The City Charter requires the City Manager to present a proposed budget to the City Council by June 1 of each year, with the City Council adopting the comprehensive operating and capital budget at its first regular meeting in July.<sup>6</sup> The proposed budgetary calendar for the ensuing fiscal year is revised thereafter and adopted by the City Council in November.

During the election of November 2004, the voters approved a Charter amendment that would allow the adoption of a biannual budget. Beginning in 2006-07, the Chico City Council will utilize the adopted authority. While the Council may continue to meet quarterly to review the ongoing budget status, the preparation of a two year budget will dramatically decrease the amount of administrative time spent by City departments.

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3 City of Chico, *Proposed Annual Budget 2005-2006, Exhibit B*, p. 3.

4 City of Chico, *Proposed Annual Budget 2005-2006, Budget Message*, p. 2.

5 Letters of communication to the City of Chico, Standard & Poor's, October 13, 2005 and Fitch Ratings, October 13, 2005.

6 City of Chico *Comprehensive Annual Financial Report (CAFR), Year Ending June 30, 2004*, p. ii.

## ■ General Fund Reserve

The City of Chico provides for both a General Fund operating reserve and a General Fund emergency reserve. The General Fund operating reserve for FY 2005-06 is 7.5 percent,<sup>7</sup> which roughly equates to \$3 million. This reserve would be available for unanticipated expenses that occur during the fiscal year in accordance with the Supplemental Appropriation/Budget Modification Requirements within the Budget Administration Policies. The emergency reserve for FY 2005-06 is 20 percent of the General Fund operating expenditures, which roughly equates to \$8 million. Following the close of books each year, the Finance Director, at the direction of the City Manager, is authorized to transfer monies in an amount equal to 20 percent of the amount in excess of the General Fund Operating Reserve to the Emergency Reserve Fund. The purposes for which funds could be allocated from the Emergency Reserve Fund include, but are not limited to, payment for compensated employee pay-outs, fluctuations in sales tax revenue, changes in state pass-through payments, and other emergency needs as determined by the City Council.

## ■ Long-Term Debts

A schedule of long-term debt is included in the City's annual budget for outstanding revenue bonds issued by the City, Chico Public Financing Authority, and Chico Parking Authority. The schedule includes the original amount of the bonds, the interest rate, the final year of payment, and the balance of debt. The City of Chico issued four long-term revenue bonds and other state revolving fund loan debt amounting to roughly \$84.3 million (June 30, 2005).<sup>8</sup> The Chico Redevelopment Agency has issued three long-term revenue bonds totaling roughly \$52.4 million in long-term debt (June 30, 2005).<sup>9</sup> The City's total long-term debt decreased by roughly \$2.5 million between FY 2002-03 and FY 2003-04.<sup>10</sup> The decrease is primarily due to scheduled principal payments.

## ■ Cost-Revenue Comparison

The City of Chico's 2005-06 budget provides operating budgets for all City departments (\$59.7 million), Chico Maintenance District Funds (\$615,197), Assessment District Funds (\$23,567), and Chico Redevelopment Agency Funds (\$5.9 million) for total operating expenditures of approximately \$66.2 million.<sup>11</sup>

The City of Chico's 2005-06 adopted budget also provides operating revenues and expenditures information for General and Park funds for the past three years (2002-03 to 2004-05), the current fiscal year (2005-06), and a projection for two additional years (2006-07 to 2007-08). The trend of previous years, current fiscal year, and projections all demonstrate a deficiency in revenues over operating expenditures. The previous three years show an average General and Park fund deficiency per year of approximately \$3 million. Projections for the 2005-06 fiscal year identified a deficiency of approximately \$6.7 million, while 2006-07 and 2007-08 show a projected deficiencies of \$4.3 million and \$6.3 million, respectively, in revenues over operating expenditures. Although deficits were projected, balanced

7 City of Chico, *Proposed Annual Budget 2005-2006*, p. BP-7.

8 City of Chico, *Proposed Annual Budget 2005-2006, Debt Service Schedules*, p. 1.

9 Chico Redevelopment Agency, *Proposed Annual Budget 2005-2006, Debt Service Schedule*, p. 1.

10 City of Chico *Comprehensive Annual Financial Report (CAFR), Year Ending June 30, 2004, Management's Discussion and Analysis*, p. 3.

11 City of Chico, *Proposed Annual Budget 2005-2006, Operating Budget Summary*, p. 1.

budgets were adopted<sup>12</sup> through reductions in expenditures, use of carry over of unspent funds from the prior year, deferring decisions on some expenditures until actual revenues (versus projected) are determined, and use of reserves. The result is the realization of sufficient revenues to balance the budget.

At the direction of the Chico City Council and based on budget information from the 2004-05 adopted budget,<sup>13</sup> City staff completed and updated analysis of the City's costs associated with providing planning, public works engineering, building, and development engineering services versus the revenue being collected for the services. This analysis illustrated that those City departments and divisions studied charged less than the full cost of providing any given service. The study determined the actual hourly rate for cost of services was substantially disproportionate to that of what was being charged as a fee for the services. Although amounts varied, the result was deficit reimbursement, which generated the need for an overall subsidy for the department services (for further discussion, see Section 5.3, Opportunities for Rate Restructuring).<sup>14</sup>

Similarly, a Sewer Service Rate Analysis study was conducted in 2003. As a result of this study, the Finance Committee recommended an increase in monthly sewer service rates. The study concluded that without an increase in sewer service rates, beyond that of Consumer Price Index increases, projected expenditures would exceed revenue by an estimated \$2 million annually from 2003-04 through 2007-08.<sup>15</sup> This equates to a \$10 million dollar deficit during this five-year period. Further, City staff commented that absorption of the increased sanitary sewer service costs was not an option without negatively impacting the City's General Fund. Based on City Council direction, fees and rates were updated in 2003 and adjusted up to 2005 dollars per the Construction Cost Index.<sup>16</sup> Comparatively, the City's recommended sewer service rates fall at the lower end of rates charged by other cities of similar size and treatment plant capabilities (for further discussion, see Section 5.3, Opportunities for Rate Restructuring).

**Determination 5.1-1**

In a continuing attempt to anticipate State and other potential financing issues, the City of Chico adjusts to the ongoing actions of the State, maintains a budget reserve, and coordinates its budgeting processes.

**Determination 5.1-2**

Beginning in 2006-07, the Chico City Council will utilize the adopted authority for the preparation of a two year budget, which will dramatically decrease the amount of administrative time spent by City departments.

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12 City of Chico, *Proposed Annual Budget 2005-2006, Fund Projections*, p. 1.

13 Community Services Department, *Agenda Report, Re: Development Services Fee Study Report*, Meeting Date September 28, 2005, p. 1.

14 City of Chico *Development User Fee Study Update Final Report*, September 19, 2005, p. 2.

15 City of Chico, *City Council Staff Report*, Director of Public Works, July 18, 2003, p. 4.

16 Butte County LAFCO, *Municipal Services Review Domestic Water and Wastewater Services*, Draft February 2006, p. 2.3-5.

**Determination 5.1-3**

The City's FY 2005-06 proposed budget represents a 30 percent decrease from the previous year, largely representing a significant decrease in capital project funding. However, the City's General Fund revenue during this period is estimated to increase by 2.58 percent.

**Determination 5.1-4**

The General fund operating reserve is available for unanticipated expenses that occur during the fiscal year in accordance with the Supplemental Appropriation/Budget Modification Requirements within the Budget Administration Policies.

**Determination 5.1-5**

The City of Chico has been assigned a bond rating of "A." This high/stable rating will allow the City to issue ample bonds, if necessary.

**Determination 5.1-6**

A schedule of long-term debt is included in the City's annual budget for outstanding revenue bonds issued by the City, Chico Public Financing Authority, and Chico Parking Authority. The City's total long-term debt decreased between FY 2002-03 and FY 2003-04, primarily due to scheduled principal payments.

**Determination 5.1-7**

The City of Chico's 2005-06 adopted budget, which provides operating revenues and expenditures for General and Park funds through 2007-08, identifies a potential deficiency in revenues over operating expenditures. Although deficits are projected, balanced budgets were adopted through reductions in expenditures, use of carry over of unspent funds from the prior year, deferring decisions on some expenditures until actual revenues (versus projected) are determined, and use of reserves.

**5.1.2 Practices**

**■ Development Impact Fees**

The imposition of development impact fees assumes that new growth and development should pay its proportionate share of the cost of providing needed new facilities. The City levies a series of

development impact fees to offset the impacts of new development. These fees are broken down into two categories:

1. Transportation Facility Fees, Storm Drainage Facility Fees, and Building and Equipment Fees; and
2. Park Facility Improvement Fees Funds.

Fees are based on California Government Code §66000 et seq., which requires the agency setting the fee to: (a) identify the purpose of the fee; (b) identify the use to which the fee will be put; (c) determine the nexus between the type of development charged the fee, the amount of the fee and its use; and (d) determine the reasonable relationship between the need for the public facility or improvement and the project upon which the fee is imposed. In addition to Government Code §66000, Chapters 3.85 and 15.36 of the Chico Municipal Code require a summary of revenues, expenditures, and refunds issued for each development impact fee levied by the City. This analysis of development impact fee fund revenues and expenditures is contained in the City's annual budget. The total estimated ending fund balance for all funds FY 2004-05 was \$3.4 million.<sup>17</sup> Beyond fees established in accordance with Government Code §66000, the City may also establish fees or exactions through the development agreement process.

The Chico City Council adopted a 2004-05 Update of Development Impact Fees Analysis and Recommendations (Nexus Study) in November 2004. The original Nexus Study, prepared in 1997, has been updated several times since, with the November 2004 update including revisions to the project list, as well as changes in the assumptions.

The most notable project list revisions include the addition of \$500,000 for a Project Study Report (PSR) for State Highway Route 32 (Fir Street to Yosemite Drive); addition of \$3.0 million for the SHR 99/Eaton Road Interchange (plans, specifications, and estimates); and a \$5.5 million reduction in the allocation of other funding sources (Federal funds credit), which has been shifted to roadway maintenance.<sup>18</sup> To off set cost attributable to existing development, a credit of over \$2.1 million was added to the Street Facilities Fee for receipt of Federal Congestion Management and Air Quality (CMAQ) funds programmed through 2004. Other adjustments to the Street Facilities project list include removal of several street projects, reductions in some costs, and updated project estimates and costs. Further, funding for three street sweepers was shifted from the General Fund to the Major Equipment project list.

Changes in basic assumptions and nexus findings from the previous update include one change in the methodology for Police Protection Building and Equipment Fees. Previously allocated at 80 percent, the methodology has now been adjusted to reflect 59 percent of the cost of new police facilities to new development.<sup>19</sup>

## ■ **City/County Tax Exchange Agreements**

In June 1978 the voters of California amended the California Constitution by adding an article that limited the total amount of property taxes that could be levied on property by local taxing agencies having such property within their territorial jurisdiction to one percent of full cash value. Following this constitutional amendment, the California Legislature added Section 99 to the California Revenue and Taxation Code. Section 99 requires a city seeking to annex property to its incorporated territory and a

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<sup>17</sup> City of Chico, *Proposed Annual Budget 2005-2006*, p. A-5.

<sup>18</sup> City of Chico *2004-05 Update of Development Impact Fees Analysis and Recommendations (Nexus Study)*, p. i.

<sup>19</sup> City of Chico *2004-05 Update of Development Impact Fees Analysis and Recommendations (Nexus Study)*, p. ii.

county affected by such annexation to agree upon an exchange of property taxes, which are derived from such property available to the county and city following annexation of the property to the incorporated territory of the city. In January 1980, Butte County and the City of Chico in contemplation of an annexation and in accordance with Section 99(d) executed a master property tax transfer agreement entitled "Agreement Between Butte County and its Cities Regarding the Negotiated Exchange of Property Tax Revenues Relating to Jurisdictional Changes," which provided for the exchange of property tax revenues between the County and City for all annexations of property located in the unincorporated territory of the County to the incorporated territory of the City, except for those annexations which would also materially affect the non-property tax revenues received by the County.<sup>20</sup>

In April 1982, the City of Chico made a request to Butte County to renegotiate the property tax exchange rate between the City and County, as determined by the 1980 "Agreement." The City and County agreed upon a new rate of exchange and amended the master Agreement. The new division of property tax revenues from properties annexed between January 1, 1978 and December 31, 1986, as well as property tax revenues available to the County and City from properties annexed subsequent to January 1, 1987 is as follows:<sup>21</sup>

- County Share – 55 percent
- City Share – 45 percent

Significantly, the agreement also provides for a pass-through of five percent of City sales tax revenue to the County.

The new "Amended Master Property Tax Agreement" replaced and fully supersedes all or any portion of the previous agreement entitled Agreement.<sup>22</sup> Reference this document for further information regarding the City of Chico and Butte County tax exchange agreements (Joint City Council/Redevelopment Agency Resolution No. 49 87-88/RDA 5-87, adopted November 3, 1987).

## ■ Redevelopment Agency

The City of Chico activated its Redevelopment Agency in 1980. Since 1980, four redevelopment project areas have been adopted. In June 2004, the redevelopment plans for the four projects were amended and restated in order to fiscally merge the projects to form the Chico Amended and Merged Redevelopment Project. This merger allowed for the creation of combined dollar limits on tax increment collection and outstanding bonded indebtedness for the four projects; removed the non-statutory annual limit on tax increment collection of \$6 million for both the Southeast Chico and Chico Municipal Airports projects; extended the time limit for tax increment collection in the Central Chico Redevelopment Project to 2036; and repealed the time limit for incurring debt for the Central Chico, Southeast Chico, and Chico Municipal Airports projects.<sup>23</sup>

Chico's Redevelopment Agency Funds FY 2005-06 proposed budget is \$35.1 million. Of that, Operating Funds are roughly \$5.1 million and Capital Funds are \$26.4 million.<sup>24</sup> Unlike the City's budget, the Redevelopment Agency's budget and funding process operate on a system of debt. The Agency accrues

20 County of Butte/City of Chico, *Amended Master Property Tax Transfer Agreement*, p. 2.

21 County of Butte/City of Chico, *Amended Master Property Tax Transfer Agreement*, p. 3.

22 County of Butte/City of Chico, *Amended Master Property Tax Transfer Agreement*, p. 8.

23 Chico Redevelopment Agency, *Proposed Annual Budget 2005-2006*, p. 2.

24 City of Chico, *Proposed Annual Budget 2005-2006*, p. i.

no revenue until after a financial obligation has been incurred, at which point the Redevelopment Agency is eligible to receive the property tax increment in accordance with the document that created the particular project area(s). Redevelopment funds can only be used for capital improvement purposes and are not available under any circumstance for operating expenses other than administration of the Agency.

## ■ **Opportunities to Share Facilities**

The City has taken steps to analyze opportunities to share facilities with Butte County in order to defer costs. For more information on this, please refer to Section 5.4, Opportunities for Shared Facilities, of this MSR.

### **5.1.3 Plans and Regulatory Requirements**

#### ■ **City of Chico General Plan Policies**

The City of Chico General Plan contains policies that address the need to fund various infrastructure and public services. These include policies that require new development to construct or fund improvements necessary to mitigate development impacts and for the provision of stable funding sources for public services and maintenance. Policies relating to funding can be found for recreational facilities, transportation and circulation, public facilities and services, and health and safety issues. An objective of the Chico General Plan establishes “an equitable method for paying for facilities and services needed to accommodate new development.”<sup>25</sup>

A sample of general funding and fiscal policies include:

CD-G-23: Through comprehensive planning to establish a clear vision and specific direction for the downtown, identify public projects and funding.

LU-I-11: Pursue additional funding strategies for improvements to streets and for the development of new neighborhood and pocket parks within existing residential areas.

LU-I-45: Use the Chico Redevelopment Agency and the Chico Public Financing Authority to facilitate funding infrastructure improvements needed for industrial areas to accommodate expansion of existing industry or provide sites for new industry.

T-I-46: Pursue public and private sources of funding for the implementation of the landscape improvements along Highway 99 and State Route 32. This could include state grants for the improvement of streets and highways as well as continued requirements for private developers to make landscape improvements at the time of development.

PP-G-11: Establish equitable methods for distributing costs associated with providing water and wastewater service to development, including impact mitigation fees where warranted.

PP-I-41: Explore the feasibility of an area-wide rate structure to fund storm water drainage and ongoing maintenance. Require all new development to pay this fee as a condition of project approval.

PP-I-51: Develop a city library system or work with Butte County to expand its existing library facilities to maintain library services at existing levels. Work with LAFCO and Butte County to explore the feasibility of establishing communitywide funding for library facilities and services.

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<sup>25</sup> City of Chico *General Plan* (1994, revised 1999), p. 5-1.

## ■ Capital Improvement Program

The Capital Improvement Program (CIP) is a planning document for the upcoming five-year period that contains revenue and expenditure estimates for public infrastructure projects, airport projects, purchase of new equipment, park projects, annual programs, municipal buildings and facilities projects, and other miscellaneous major projects. The current City of Chico Capital Improvement Program, 2005-06 to 2009-10 was approved by City Council motion in November 2004 and incorporated into the 2004-05 Annual Budget by budget modification.<sup>26</sup>

The City of Chico CIP contains roughly 31 funding sources with various revenue sources through which projects are funded and programmed.<sup>27</sup> Projects are grouped by similar type in the following categories.

1. Airport facilities
2. Annual programs
3. Equipment
4. Miscellaneous Major Projects
5. Municipal Building and Facilities
6. Park Facilities
7. Sewer Facilities
8. Storm Drain Facilities
9. Street, Bicycle, and Traffic Signal Projects

Table 5-1 shows the total capital expenditures by year for CIP 2005-06 to 2009-10.<sup>28</sup>

<b>FY 2005-06</b>	<b>FY 2006-07</b>	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>	<b>TOTAL</b>
\$12.0 million	\$12.0 million	\$18.4 million	\$6.3 million	\$11.1 million	\$59.8 million

The City of Chico Capital Improvement Program 2006-07 to 2010-11 will be presented to the City Council for consideration at a meeting subsequent to the Final Budget adoption. Following City Council approval, the City of Chico CIP 2006-07 to 2010-11 will be incorporated into the 2005-06 Annual Budget through a budget modification.<sup>29</sup>

## ■ Municipal Code

The City of Chico's Municipal Code includes the following chapters that manage financial issues.<sup>30</sup>

- Title 2 – Administration and Personnel
- Title 3 – Revenue and Finance
- Title 5 – Business Regulations

26 City of Chico, *Proposed Annual Budget 2005-2006, Capital Improvement Program*, p. 1.

27 City of Chico, *Proposed Annual Budget 2005-2006, Capital Improvement Program*, p. 4-8.

28 City of Chico, *Proposed Annual Budget 2005-2006, Capital Improvement Program*, p. 9.

29 City of Chico, *Proposed Annual Budget 2005-2006, Capital Improvement Program*, p. 1.

30 City of Chico Municipal Code, 2002.

- Title 15 – Water and Sewers
- Title 19 – Land Use and Development Regulations (Application Filing and Processing, Fees)
- Appendices
  - Title 3R – Revenue and Finance Rules and Procedures
  - Title 15R – Water and Sewers

In addition to the above, other documents that address financing include the City Budget, City of Chico Comprehensive Annual Financial Reports (CAFR), Chico Parks Nexus Study 2004, City of Chico Park Maintenance Financial Analysis, City of Chico Sanitary Sewer Master Plan, and City of Chico Storm Water Management Program.

#### **5.1.4 Summary of Written Determinations**

- 5.1-1 *In a continuing attempt to anticipate State and other potential financing issues, the City of Chico adjusts to the ongoing actions of the State, maintains a budget reserve, and coordinates its budgeting processes.*
- 5.1-2 *Beginning in 2006-07, the Chico City Council will utilize the adopted authority for the preparation of a two year budget, which will dramatically decrease the amount of administrative time spent by City departments.*
- 5.1-3 *The City's FY 2005-06 proposed budget represents a 30 percent decrease from the previous year, largely representing a significant decrease in capital project funding. However, the City's General Fund revenue during this period is estimated to increase by 2.58 percent.*
- 5.1-4 *The General fund operating reserve is available for unanticipated expenses that occur during the fiscal year in accordance with the Supplemental Appropriation/Budget Modification Requirements within the Budget Administration Policies.*
- 5.1-5 *The City of Chico has been assigned a bond rating of "A." This high/stable rating will allow the City to issue ample bonds, if necessary.*
- 5.1-6 *A schedule of long-term debt is included in the City's annual budget for outstanding revenue bonds issued by the City, Chico Public Financing Authority, and Chico Parking Authority. The City's total long-term debt decreased between FY 2002-03 and FY 2003-04, primarily due to scheduled principal payments.*
- 5.1-7 *The City of Chico's 2005-06 adopted budget, which provides operating revenues and expenditures for General and Park funds through 2007-08, projects a deficiency in revenues over operating expenditures. Although deficits are projected, balanced budgets were adopted and/or expenditures reduced such that higher revenues would realized.*