



City of Chico **Quarterly Financial Report**

FY10-11 Results & Q1'11-12 (July-September)

Chico City Council



November 1, 2011

Quarterly Financial Report

- FY10~11 Year-End Results
 - Approval of Supplemental Appropriation

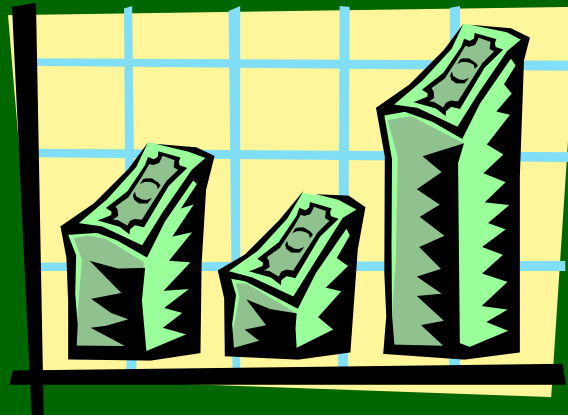
- FY11~12 Fiscal Work Out Plan

- Q1'11~12 Operating Results

- Approval of Q1'11~12 Supplemental Appropriation/Budget Modification

FY10~11

Year~End Results



FY10~11 Year~End Results

- Continued fiscal challenges
 - Loss of approx. \$450k in VLF
 - State informed City in July '11
 - Declining Property Tax and UUT
 - Continued property de-valuations
 - Less UUT from cell phone carriers
 - Overspent Operating Budgets
 - Fuel, electric, overtime & salaries/benefits

FY10~11 Year~End Results

- Budget Contingency Plan Triggered
 - Necessary to balance FY10~11
 - Respond to sudden loss of \$450k in VLF
 - Utilizing available funds from non-emergency sources
 - Preserves Emergency Reserve Fund at \$5.9M

FY10~11 Year-End Results

GENERAL & PARK FUNDS	MODIFIED ADOPTED 2010-11	ACTUALS (Preliminary)	YEAR-END ADJUSTMENTS	ACTUALS (Final)	VARIANCE
<u>REVENUES</u>					
Sales Tax	15,614,093	15,634,139		15,634,139	20,046
Property Tax	4,464,195	4,304,973		4,304,973	(159,222)
Property Tax In Lieu of VLF	6,490,036	6,490,036		6,490,036	0
Utility Users Tax	6,582,700	6,632,404		6,632,404	49,704
Transient Occupancy Tax	1,863,000	1,879,991		1,879,991	16,991
Other Taxes	<u>1,797,600</u>	<u>1,770,458</u>		<u>1,770,458</u>	<u>(27,142)</u>
Total Tax Revenues	36,811,624	36,712,001		36,712,001	(99,623)
All Other Revenues	2,318,224	2,024,015		2,024,015	(294,209)
Other Financing Sources	5,287,436	5,270,374	798,000	6,068,374	780,938
TOTAL REVENUE SOURCES	44,417,284	44,006,390	798,000	44,804,390	387,106
<u>EXPENDITURES</u>					
Salaries & Benefits	36,430,572	36,475,088		36,475,088	44,516
Materials & Supplies	2,192,085	2,445,709		2,445,709	253,624
Purchased Services	1,096,341	1,123,002		1,123,002	26,661
Other Expenses	1,831,039	1,984,199		1,984,199	153,160
Allocations	64,980	(29,607)		(29,607)	(94,587)
Total Operating Expenditures	41,615,017	41,998,392		41,998,392	383,375
Capital Improvement Projects	232,319	185,518		185,518	(46,801)
Other Financing Uses	796,793	787,518		787,518	(9,275)
TOTAL EXPENDITURES	42,644,129	42,971,428	0	42,971,428	327,299
NET REVENUE/(DEFICIT)	1,773,155	1,034,962	798,000	1,832,962	59,807
BEGINNING FUND BALANCE	41,746	41,746		41,746	
ENDING FUND BALANCE	1,814,901	1,076,708		1,874,708	59,807
Adjustment for Loans	(1,735,436)	(1,709,304)		(1,709,304)	26,132
Available Funds	79,465	(632,596)		165,404	85,939

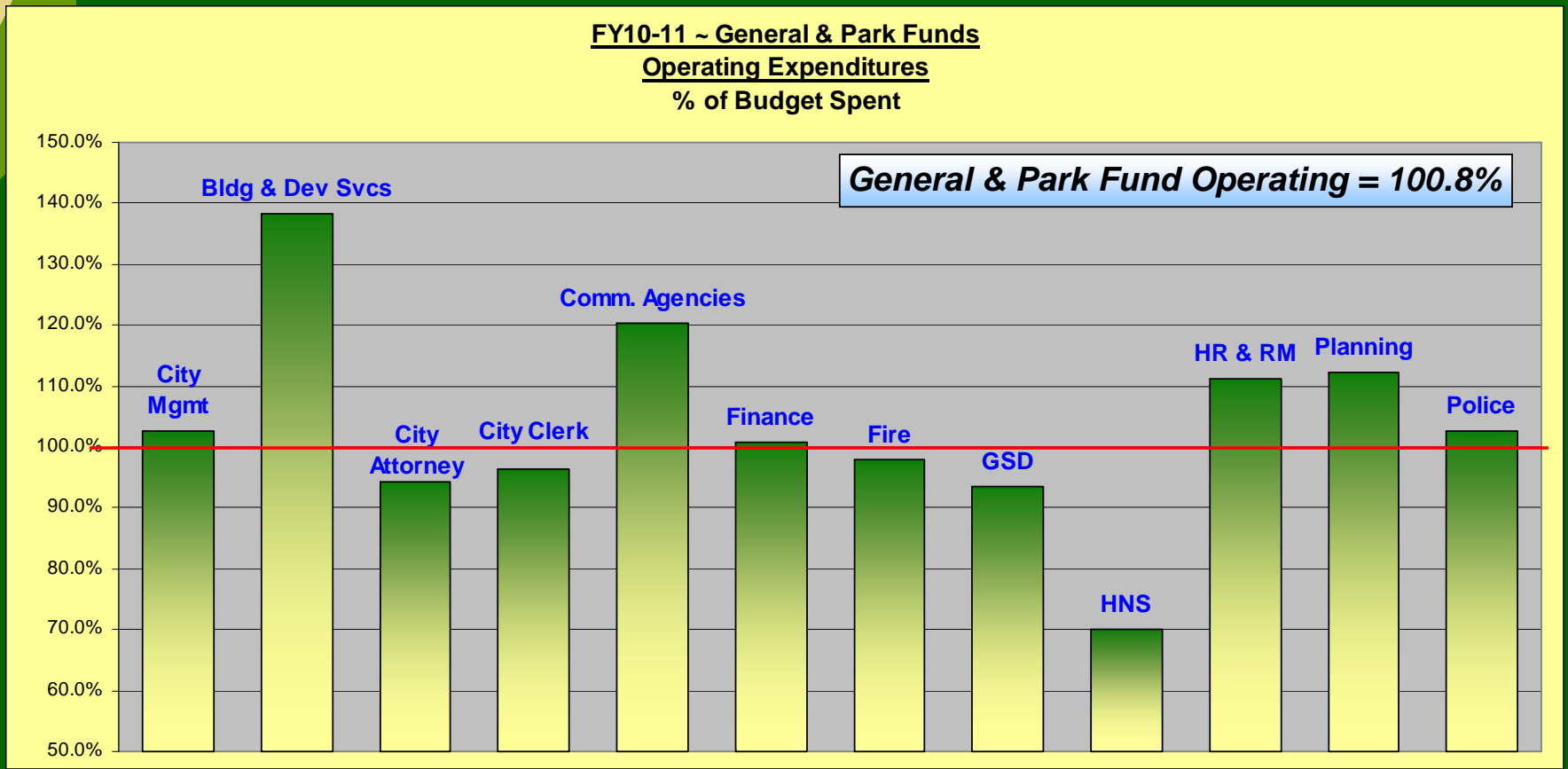
FY10~11 Year~End Results

□ General & Park Fund Revenue

General & Park Fund Revenue	MODIFIED ADOPTED 2010-11	ACTUALS (as of 9/14/11)	\$ VARIANCE	% VARIANCE	
Sales Tax	15,614,093	15,634,139	20,046	0.1%	
Property Tax	4,464,195	4,304,973	(159,222)	-3.6%	property de-valuations
Property Tax In Lieu of VLF	6,490,036	6,490,036	0	0.0%	
Utility Users Tax	6,582,700	6,632,404	49,704	0.8%	
Transient Occupancy Tax	1,863,000	1,879,991	16,991	0.9%	
<u>Other Taxes</u>	<u>1,797,600</u>	<u>1,770,458</u>	<u>(27,142)</u>	-1.5%	Bus License, Property Tsf Tax
Total Tax Revenues	36,811,624	36,712,001	(99,623)	-0.3%	
Licenses and Permits	99,500	113,976	14,476	14.5%	
Motor Vehicle In Lieu (VLF)	710,000	444,502	(265,498)	-37.4%	VLF from Annexations
From Other Agencies	156,117	174,342	18,225	11.7%	
Charge for Current Services	175,002	165,698	(9,304)	-5.3%	
Fines and Forfeitures	742,800	765,727	22,927	3.1%	higher parking fine revenue
Use of Money and Property	182,601	187,199	4,598	2.5%	
<u>Other Revenues</u>	<u>252,204</u>	<u>172,571</u>	<u>(79,633)</u>	-31.6%	Insurance refund did not materialize
All Other Revenues	2,318,224	2,024,015	(294,209)	-12.7%	
Other Financing Sources	5,287,436	6,068,374	780,938	14.8%	
TOTAL REVENUE SOURCES	44,417,284	44,804,390	387,106	0.9%	

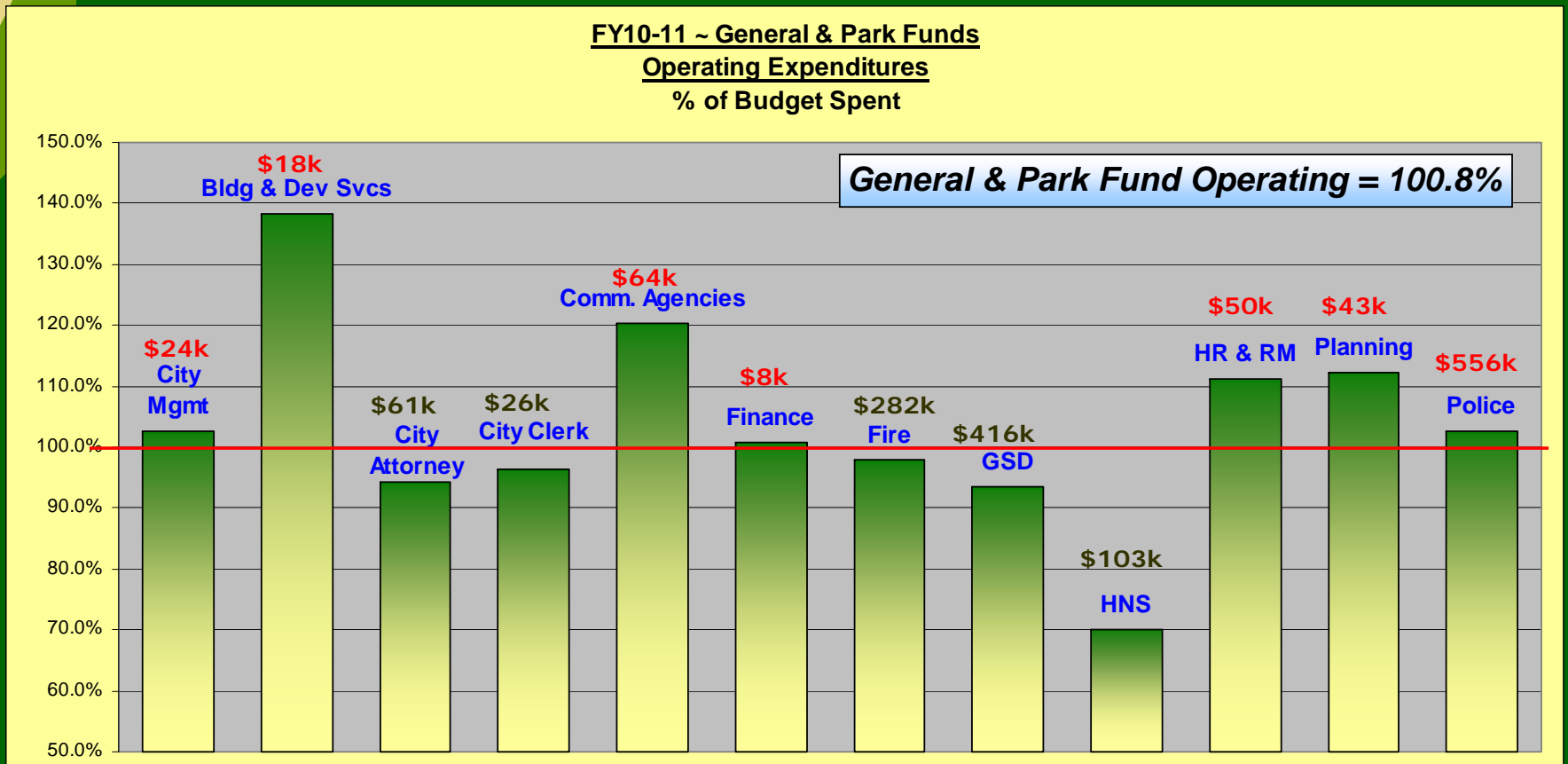
FY10~11 Year~End Results

□ Operating Budget Results



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Fund transfers necessary to offset loss of VLF revenue & overages in Operating expenditures

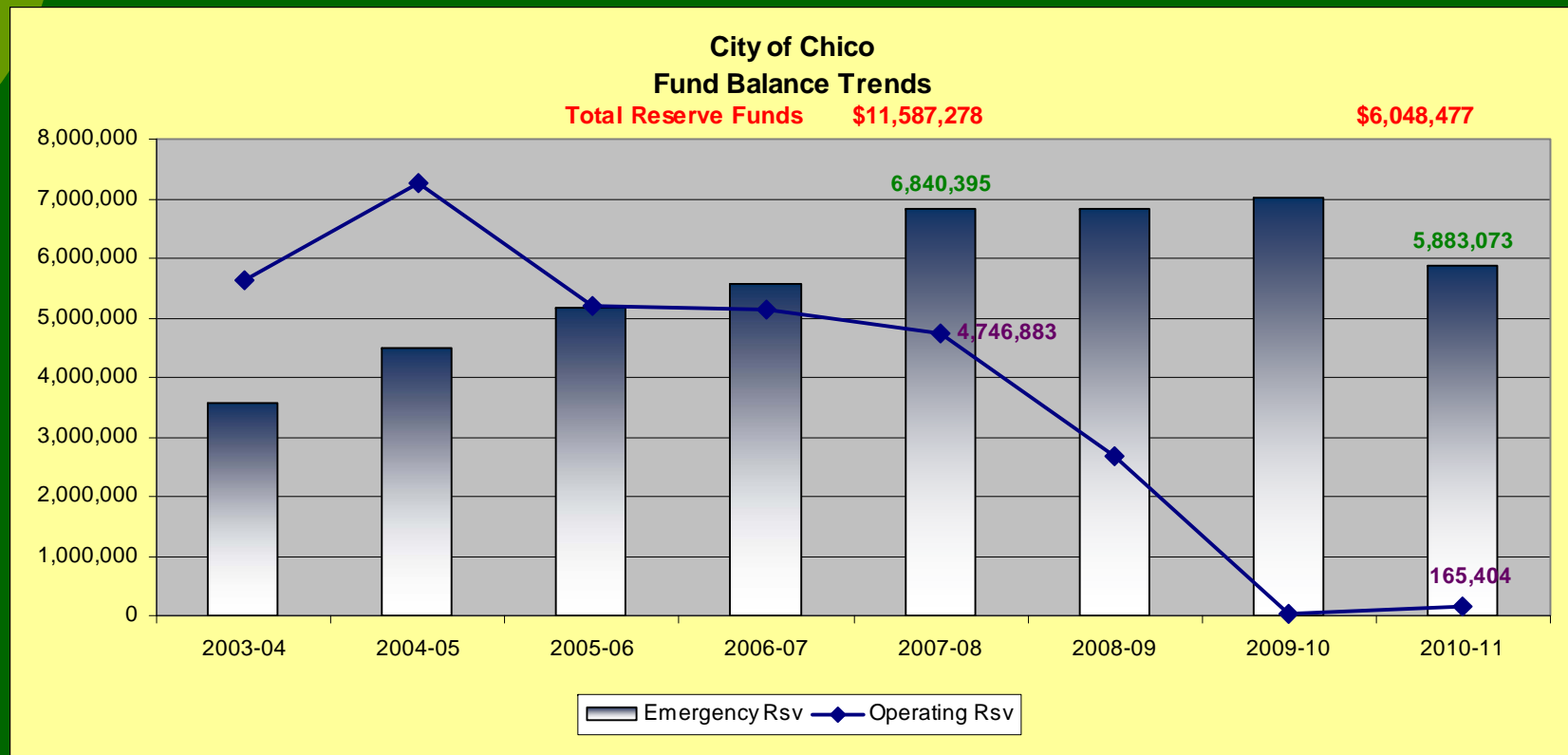
FY10~11 Year~End Results

□ Summary of Fund Transfers

- \$48k from Private Activity Bond Administration Fund (excess reserve)
- \$250k from General Liability Insurance Reserve Fund (excess reserve)
 - JPA no longer requires \$1.5M reserve balance
 - Proposal to change Budget Policy to allow for a \$1M reserve, as opposed to \$2M previously
- \$500k from Gas Tax Fund (reimbursement of street maintenance costs borne by General Fund in prior years)

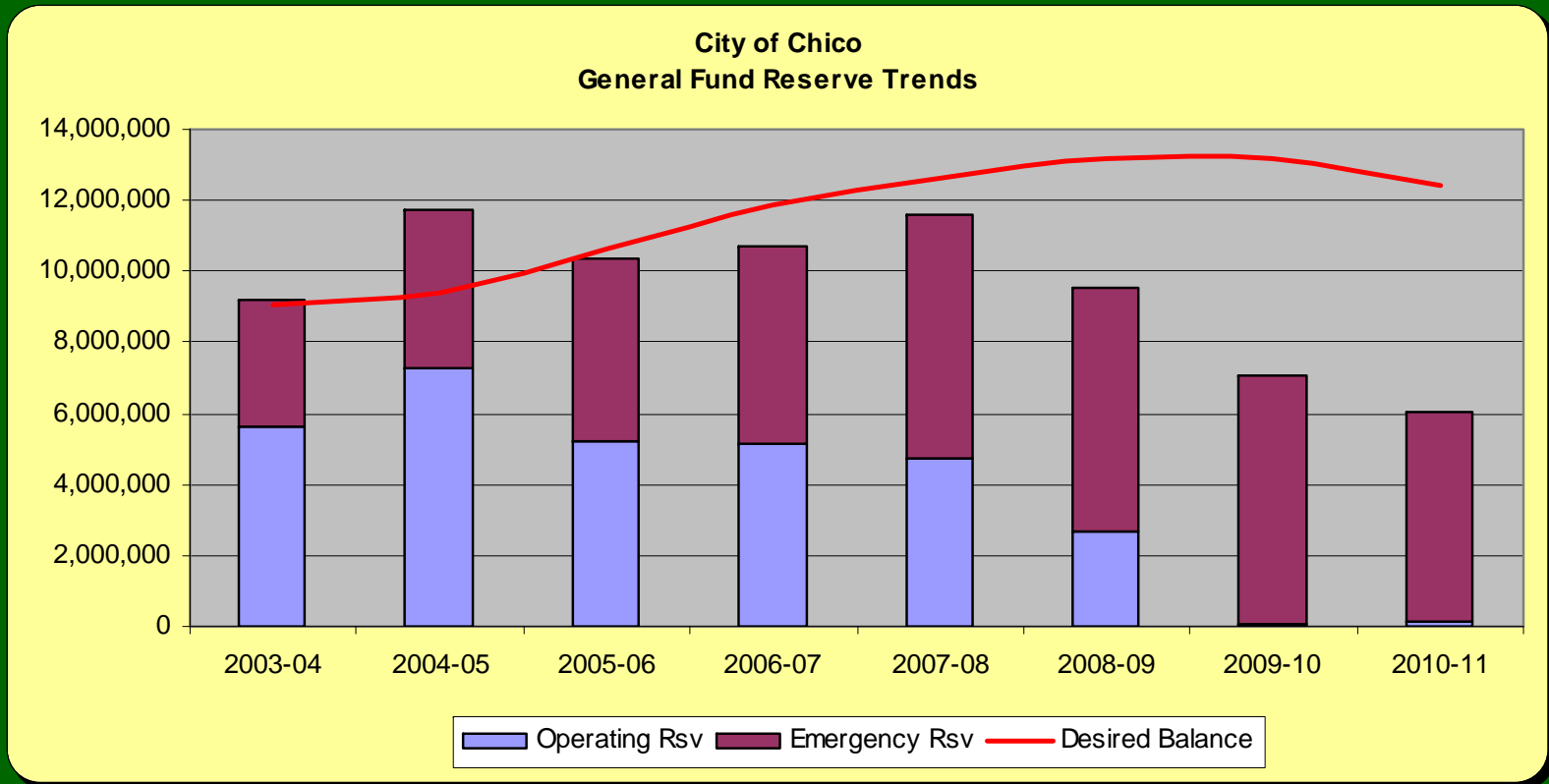
FY10~11 Year~End Results

- Available reserve funds have declined 48% since 2007~08



FY10~11 Year-End Results

- Total Reserve balance 51% below Budget Policy's Desired Balance



FY10~11 Year~End Results

□ Supplemental Appropriation Request

● Transfers In to the General Fund

- \$500k from Gas Tax
- \$250k from General Liability Insurance Reserve
- \$48k from Private Activity Bond Administration

● Allocate \$515k in Transportation (Fund 212) funds for the SR99 Bikeway Facility

- Previously funded with Gas Tax funds
- Creates available Gas Tax Funds to use to reimburse General Fund for street maintenance costs from prior years, as allowed by the State Controller's Office

FY11~12 Fiscal Work~Out Plan



FY11~12 Fiscal Work Out Plan

- FY11~12 Final Budget adopted on 7/5/11 with a Fund Balance of \$52,903
 - On 6/30/11, City was informed that all VLF Revenue would be diverted to Public Safety grants
 - \$720k annual revenue loss to General Fund
 - Offset by \$60k gain in Booking Fee reimbursements & \$100k gain in COPS grant funding
 - Net Impact to General Fund = \$560k/year

- FY11~12 General Fund out of balance by \$508k

FY11~12 Fiscal Work Out Plan

- City needs to develop \$560k in structural (ongoing) cost reductions/revenue enhancements to offset loss of VLF Revenue
 - Early Retirement Program
 - Target savings = \$500k/year (based on 9 employees)
 - Approx. \$230k would be realized in FY11-12
 - Expanded Hiring Suspension = \$94k/year
 - 2 additional positions (Admin Assistant, Maint. Worker)
 - Enhanced General Fund Revenue = \$50k+/year
 - Lease revenue & parking fines

FY11~12 Fiscal Work Out Plan

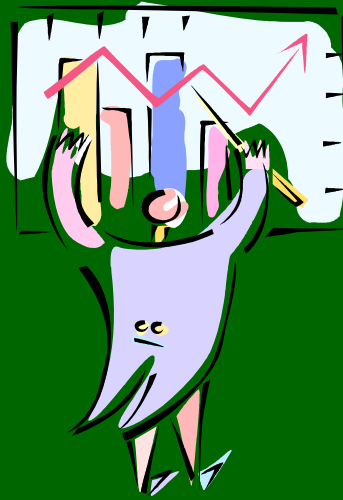
- ❑ Due to lag time in implementation of these structural measures, one-time fund transfers may be necessary to balance FY11~12
 - \$350k reimbursement of Gas Tax Funds for street maintenance costs borne by General Fund in prior years

- ❑ If revenues exceed Budget projections, Gas Tax funds will not be transferred

- ❑ If structural reductions do not meet targeted savings, the City may trigger its Budget Contingency Plan to balance FY11~12, if needed.

Q1'11~12

Operating Results

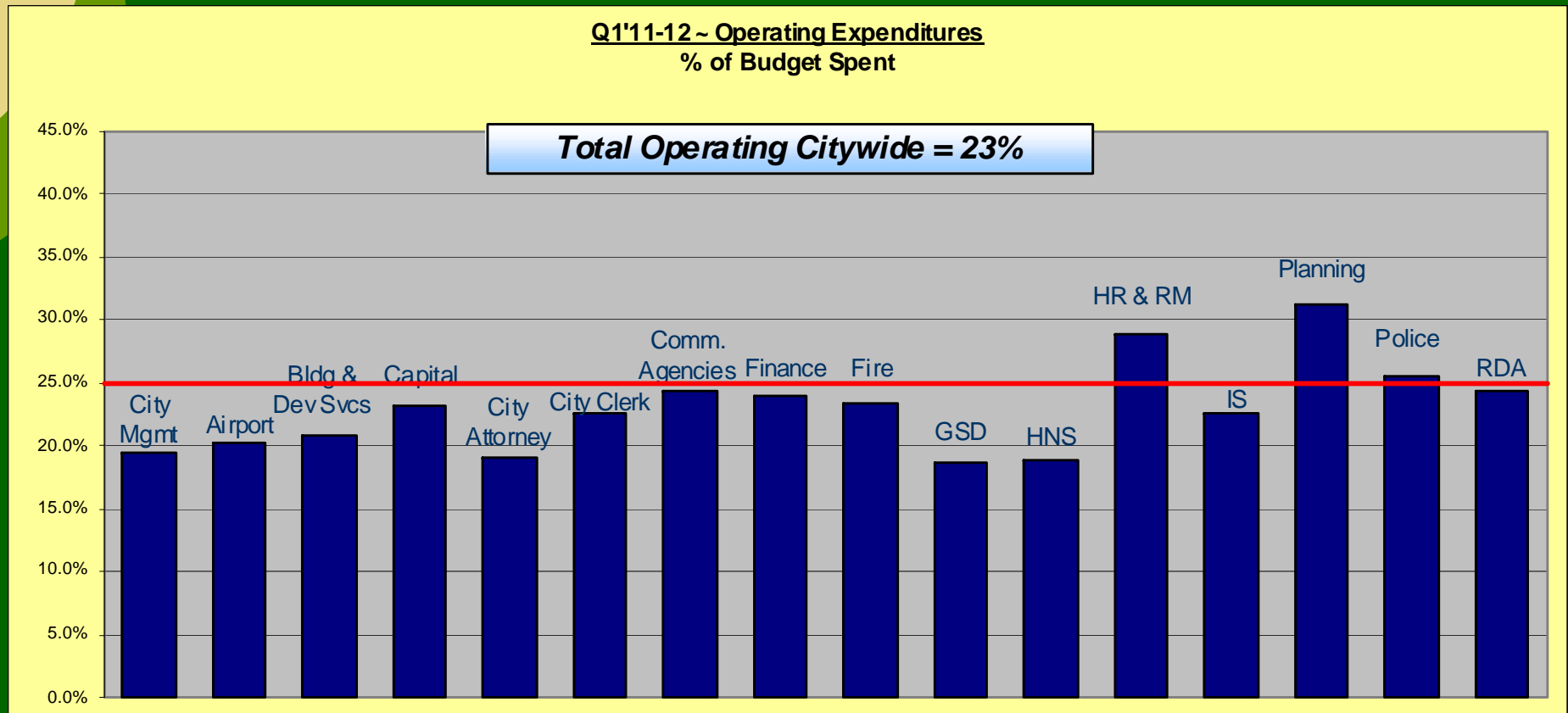


Q1'11~12 Operating Results

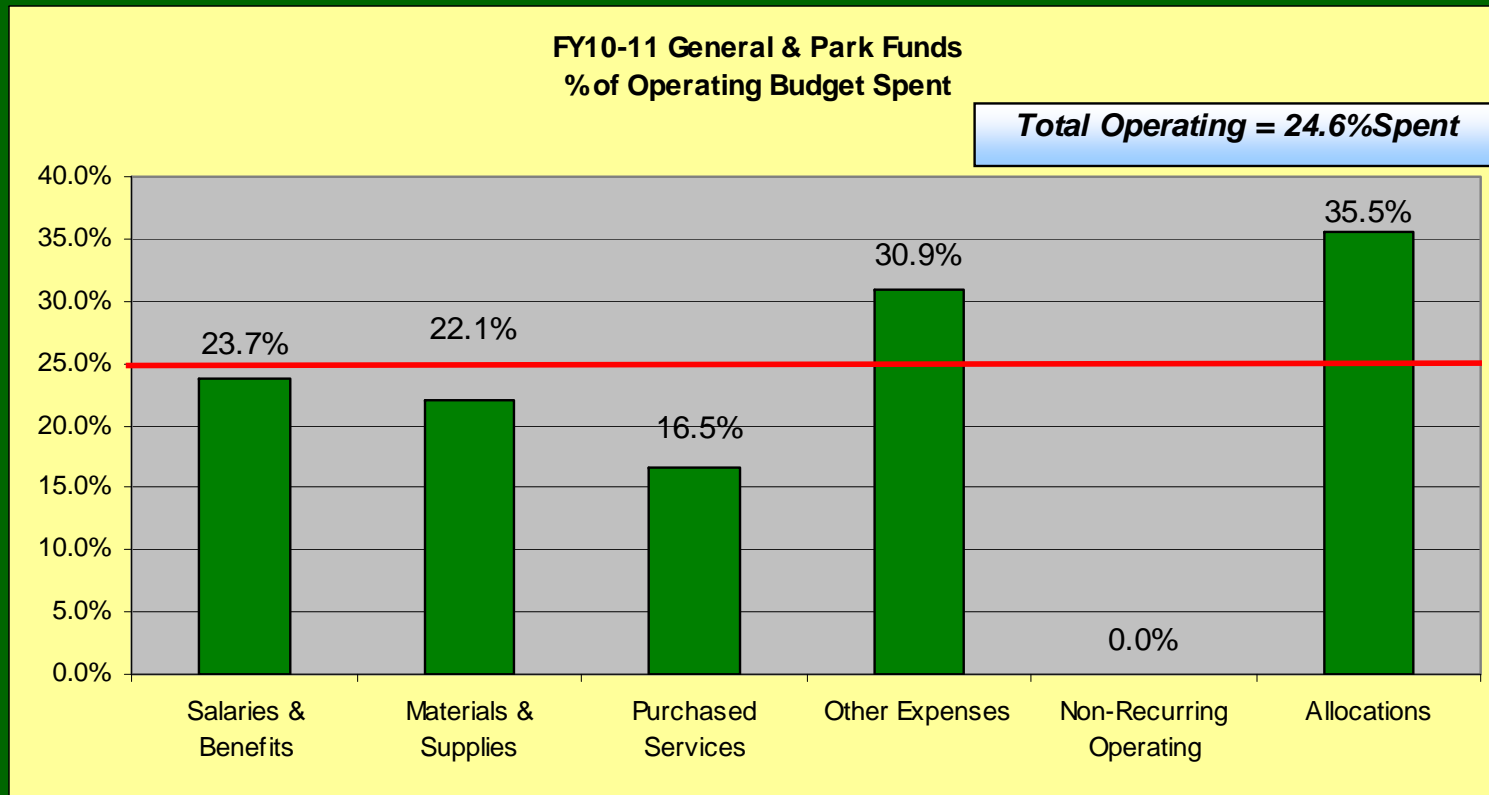
- Department Expenditures across all Funds for July through September came within Budgets, with three exceptions:
 - HR&RM and Planning both exceeded the 25% spent mark due to large annual payments made in July which cover the entire fiscal year, thus skewing the run rate for expenditures compared to Budget
 - Police is slightly over the 25% spent mark due to overtime expenditures related to Labor Day

- Departments within the General & Park Funds spent 24.2% of their annual budget through Q1'11~12 (or 25% of the budget).

Q1'11~12 Operating Results



Q1'11~12 Operating Results

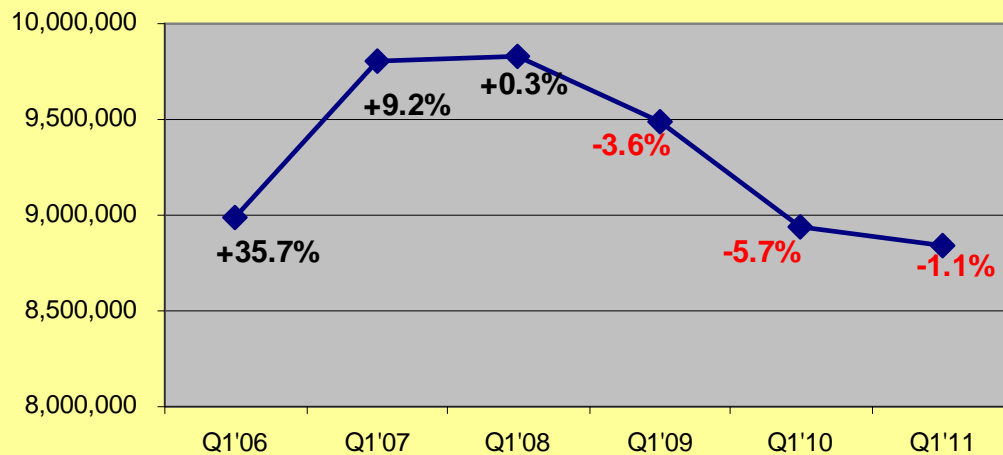


Other Expenses exceeds 25% mark due to the payment of 50% of the Community Agency funding & annual LAFCO payment.

Allocations exceeds 25% due to payment of annual premium

Q1'11-12 Operating Results

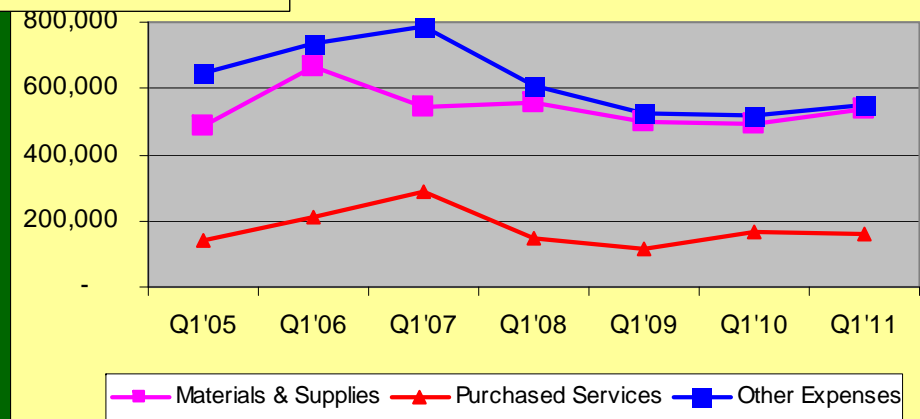
**General & Park Funds
Salary & Benefits Expenditure Trends**



Salary & Benefit Expenditures through Q1'11-12 still declining compared to prior years

Non-Salary Expenditures show slight gain (2.5%) over prior year through Q1'11-12

**General & Park Funds
Expenditure Trends**



Q1'11~12 Supplemental Appropriation/ Budget Modification



Q1'11~12 Supplemental

□ General & Park Funds

- FY11~12 Fiscal Work Out Plan items
 - Net impact to Fund Balance = \$63.6k
- \$13.6k allocation for Fire Safe House Trailer (matching funds for \$54.4k grant)
- \$10k reduction to salaries/benefits to shift eligible costs to Passenger Facility Charge project
- \$7.7k reduction to community agency funding due to 2 agencies declining acceptance of grant

Q1'11~12 Supplemental

□ All Other Funds

- Revenue & Operating adjustments for multiple Chico Maintenance Districts
- Funding shifts between several capital projects
- Record new grants and corresponding capital project expenditures
- Reduction in Subdivision revenue
- Budget modification to shift funding with Building Maintenance Operating budget

□ Change to Budget Policy E.4.g.

- Desired reserve for General Liability Fund

Q1'11~12 Supplemental

Total Request by Type	General/Park Funds	Other Funds	All Funds
Revenue	(\$610,700)	\$6,695,631	\$6,084,931
Operating	(\$342,038)	\$53,783	(\$288,255)
Capital	\$13,600	\$7,094,585	\$7,108,185
Transfers	\$408,161	(\$408,161)	\$0

Any
Questions?

