

**Q2'09-10**

Elected Officials

Ann Schwab  
Mayor

Tom Nickell  
Vice Mayor

Mary Flynn

Scott Gruendl

Andy Holcombe

Larry Wahl

Jim Walker

City Management

Dave Burkland  
City Manager  
896-7200

Jennifer Hennessy  
Finance Director  
879-7300



Economic Indicators

(As of Dec. 2009)

CPI-U.....+2.0%  
(+0.4% avg. CPI-U for 2009)

Median Home Price.....\$286,890  
(+3.86% over prior year)  
(www.realtytrac.com)

Unemployment Rate...13.4  
(Butte County — Dec 2009)

Area Foreclosures.....509  
(as of 2-4-10)  
(www.realtytrac.com)

Chico Population.....87,713  
(+1% over prior year)

# City of Chico

## Quarterly Financial Report

2nd Quarter (Oct. 1 - Dec. 31)

March 2, 2010



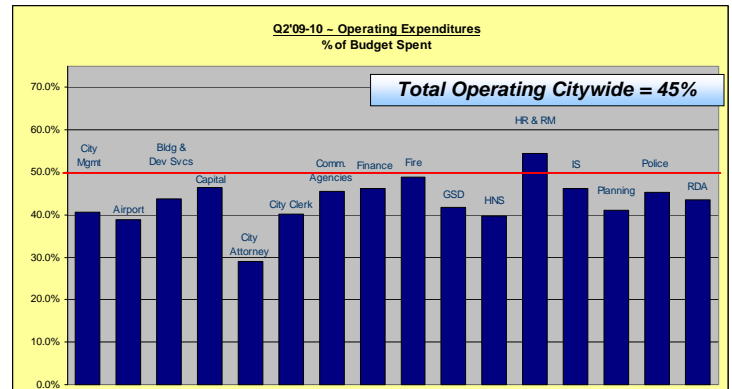
### Deficit Reduction Strategy Status

In the face of weaker revenues than anticipated due to the global economic recession, the City of Chico continues to exceed its budget reduction targets for Fiscal Year 2009-10, absorbing the vast majority of the declining revenue base.

With 50% of the Fiscal Year over, actual Citywide Operating Expenditures through December 31, 2009 totaled 45% of the annual budget, indicating that departments are exceeding their budget reduction targets. The annual budget reflects the Deficit Reduction Strategy measures put into place for the Fiscal Year, plus another 3% reduction to the General Fund, necessary to balance that fund.

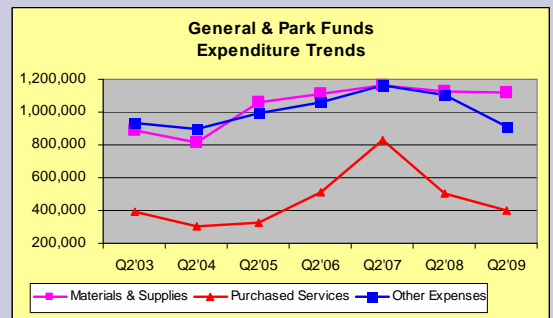
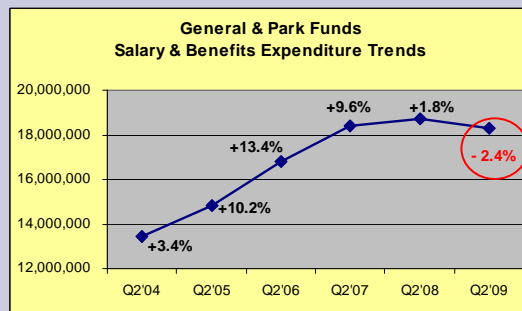
All departments, with the exception of Human Resources & Risk Management are trending below the 50% mark. HR&RM is above the 50% mark due to annual premium payments made in the beginning of the fiscal year that cover the entire year.

The City currently has 28 vacant positions, in addition to the 21 positions already removed as part of the Deficit Reduction Strategy. The vacancies have created additional savings in Citywide Salaries & Benefits costs. Each of these vacant positions are analyzed by the City Manager to ensure adequate funding before any vacancy is filled.



### General & Park Fund Expenditure Trends

Through December 31st, expenditures in the General & Park Funds totaled 47.2% of the budget. Salaries & Benefits are 2.4% lower than the 2nd quarter of 2008 due to less overtime expenditures, and substantially lower than the previous five-year average growth rate of +7.7%. Non-salary expenditures continue to decline over prior year levels as well, indicating the Deficit Reduction Strategy is successfully lowering the City's cost base.





**Upcoming Events:**

4/15—Q4'09 Sales Tax results available

5/7— FY10-11 Proposed Budget distributed

5/18—Q3'09-10 Quarterly Financial Update

6/1— City Council Budget Worksession

## General & Park Fund Revenues

In the table below, a Mid-Year Update is provided for all General & Park Fund Revenues to illustrate how the actual trends in revenue are comparing to those adopted in the Annual Budget. While 50% of the fiscal year has passed, Sales Tax revenue represents sales through September only, as opposed to December. Based on the trends to date, along with input from the City's Sales Tax consultants, this revenue source is expected to fall short of Budget due to the deeper decline in Auto Sales, Gasoline prices and General Consumer Goods than originally projected. It is believed that Sales Tax declines will lessen in the coming quarters, and will eventually even off by FY2010-11. Property Tax In Lieu of Vehicle License Fees, Utility Users' Tax and Transient Occupancy Tax are trending above the original budget. The adjustment of (\$400,000) in the From Other Agencies category is due to less reimbursements than expected for fire deployment activity, most of which has been offset by a reduction in Fire Department Overtime.

	FY09-10 Adopted Budget	FY09-10 Mid-Year Update	Mid-Year Adjustment
Sales Tax	15,038,300	14,308,598	(729,702)
Property Tax	4,788,829	4,656,679	(132,150)
Property Tax In Lieu of VLF	6,443,000	6,763,688	320,688
Utility Users Tax	6,385,300	6,713,621	328,321
Transient Occupancy Tax	1,595,500	1,715,000	119,500
<u>Other Taxes</u>	<u>1,842,400</u>	<u>1,842,400</u>	<u>0</u>
<b>Total Tax Revenue</b>	<b>36,093,329</b>	<b>35,999,986</b>	<b>(93,343)</b>
Licenses and Permits	92,700	92,700	0
Motor Vehicle In Lieu (VLF)	750,000	750,000	0
From Other Agencies	754,900	354,900	(400,000)
Charge for Current Services	262,900	262,900	0
Fines and Forfeitures	793,700	793,700	0
Use of Money and Property	314,210	239,210	(75,000)
<u>Other Revenues</u>	<u>351,600</u>	<u>351,600</u>	<u>0</u>
<b>Total Other Revenues</b>	<b>3,320,010</b>	<b>2,845,010</b>	<b>(475,000)</b>
<b>Total Gen/Park Revenue</b>	<b>39,413,339</b>	<b>38,844,996</b>	<b>(568,343)</b>

*Management staff has been working diligently to create a financial plan to address the growing deficit within the Private Development Fund and will incorporate the plan into the FY2010-11 Annual Budget.*

## Development Activity Update

While development-related activity continues to fall victim to the global recession and housing market crash, indications are showing a slight increase in Plan Check activity (initiation of development projects) when compared to the prior year. The number of Permits issued (indicating the construction phase of projects) are down only 1% from the prior year, however Certificates of Occupancy (completion of new construction project) are down nearly 26% from the prior year.

Date Range	Plan Checks		Permits Issued		Cert. of Occupancy	
7/1 - 12/31/06	532		1060		217	
7/1 - 12/31/07	590	10.9%	1029	-2.9%	234	7.8%
7/1 - 12/31/08	300	-49.2%	936	-9.0%	171	-26.9%
7/1 - 12/31/09	333	11.0%	927	-1.0%	127	-25.7%