

City of Chico

Financial Status of All Funds

Presented to:

Finance Committee

March 11, 2008



Financial Status of the City's Funds

- The City manages over 230 separate funds
- Funds are similar to individual checking accounts
 - Used to account for revenue, expenditures, and available fund balance
- Funds are categorized into various fund “types”

Various Fund Types



- Operating Funds
 - General, Park & Emergency Reserve
- Enterprise Funds
 - Airport, Sewer, Private Development, Subdivisions
- Capital Improvement Funds
 - Grants, Development Impact Fee Funds
- Redevelopment Funds
- Bond Funds
- Special Revenue Funds
- Internal Service Funds
- Assessment District Funds
- Maintenance District Funds



Fund Balance Trends

	6/30/2004 Fund Balance	6/30/2005 Fund Balance	6/30/2006 Fund Balance	6/30/2007 Fund Balance	Desired Reserve
TOTAL OPERATING FUNDS	9,177,050	11,751,812	10,383,830	10,719,788	12,888,429
TOTAL ENTERPRISE FUNDS	4,046,148	3,737,482	2,638,578	3,192,130	3,601,412
TOTAL CAPITAL IMPROVEMENT FUNDS	23,840,027	19,923,942	23,845,201	21,197,402	11,091,070
TOTAL INTERNAL SERVICE FUNDS	3,455,800	3,546,241	5,237,920	7,066,228	5,381,945
TOTAL SPECIAL REVENUE FUNDS	2,853,713	2,783,619	4,247,990	4,204,506	1,400,000
TOTAL REDEVELOPMENT FUNDS	3,772,783	10,397,873	3,313,683	4,869,988	0
TOTAL ASSESSMENT DISTRICT FUNDS	1,941,572	1,511,601	1,538,297	1,604,299	569,957
TOTAL MAINTENANCE DISTRICT FUNDS	573,361	759,595	869,505	1,136,598	809,339
TOTAL ALL CITY FUNDS	49,660,454	54,412,165	52,075,004	53,990,939	35,742,152
<u>REDEVELOPMENT BOND FUNDS</u>					
355 2001 TARBS Capital Improvement	12,960,281	11,604,963	8,373,334	7,483,035	
357 2005 TABS Capital Improvement	0	0	64,998,834	52,648,378	
954 CPFA TARBS Reserve	4,423,226	4,422,966	4,422,966	4,429,230	4,422,966
957 2005 TABS Reserve	0	0	4,108,563	4,195,588	4,092,746
TOTAL REDEVELOPMENT BOND FUNDS	17,383,507	16,027,929	81,903,697	68,756,231	8,515,712

Funds in Deficit Position



- As of June 30, 2007, a total of 12 funds were in a deficit position
(Excluding the General Fund)

- There are Two types of Deficits
 - Negative Fund Balance
 - Fund is out of money
 - Structural Deficit
 - Fund is spending more than it is earning

Fund 352 – Merged Redevelopment Fund



- Current Deficit = -\$11.4 million
 - Expected to increase to -\$26.1 million if nothing is done to balance fund
- Deficit due to large capital expenditures that exceed available revenue
- To resolve the deficit, projects must be delayed, cancelled, or funded elsewhere

Fund 862 – Private Development Fund



- Current Deficit = -\$3.8 million
 - With a Structural deficit of \$1 million/year
- Deficit due to inadequate revenues to cover expenditures
- To resolve existing deficit, the City needs to transfer funds from the General Fund
- To resolve structural imbalance, the City must either reduce its cost of service, increase developer user fees, or both

Fund 856 – Airport Fund



- Current Deficit = $-\$190,254$
 - With a Structural deficit of $\$75,000/\text{year}$
- Deficit due to inadequate revenues to cover expenditures
- To resolve deficit, the City must either reduce its cost of service, increase airport related revenues, or both

Development Impact Fee Funds



- These funds generate revenue through the collection of development-related “impact fees”
 - To offset cost of infrastructure & facilities constructed to support new development
- The deficits will be resolved over time, as the City collects enough revenue to offset the existing negative fund balances

Development Impact Fee Funds



- Fund 337 – Fire Protection Building and Equipment
 - Current deficit = -\$2.5 million (*projected to grow to -\$4.1 million with the construction of Fire Station #6 & the design of Fire Station #7*)
- Fund 332 – Bidwell Park Land Acquisition
 - Current deficit = -\$1.3 million
- Fund 336 – Administrative Building
 - Current deficit = -\$1.3 million
- Fund 348 – Zone J Neighborhood Parks
 - Current deficit = -\$208,036
- Fund 344 – Zone D&E Neighborhood Parks
 - Current deficit = -\$48,426

Grant Funds



- Three grant-related funds are in a temporary deficit situation, due to the reimbursement nature of the grants
 - Fund 201 – Community Development Block Grant (deficit = -\$394,805)
 - Fund 201 – HOME Federal Grants (deficit = -\$204,640)
 - Fund 100 – Grants-Operating Activities (deficit = -\$85,693)
- These deficits will be resolved in Fiscal Year 2007-08

Impact of Deficits



- Similar to a household budget, running a deficit in a fund limits the funds ability to pay its obligations
- Funds with a deficit “borrow” money from other Funds
 - Interest charges are paid on borrowed money
- Large deficits negatively impact the City’s cash flow

Questions?

