



# Butte County

LAND OF NATURAL WEALTH AND BEAUTY

## OFFICE OF THE AUDITOR-CONTROLLER

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To: The Citizens of Butte County

From: David A. Houser   
Auditor-Controller

Date: October 26, 2009

### Final Budget 2009-10 Fiscal Year

The Butte County Final Budget was adopted by the Board of Supervisors on July 1, 2009. With the 2008-09 fiscal year closeout an additional fund balance carryover of \$9,060,944 was attained. This additional fund balance carryover was added to the Reserve for Contingencies to provide an emergency reserve level of \$11,537,301 for the 2009-10 fiscal year budget. Funding the Reserve for Contingencies is of increased importance during this time of economic uncertainty and is necessary to handle unforeseen disasters, such as the fires in 2008. The current recession has had a devastating and cumulative effect on the financial and economic environment of our State and County, with unemployment levels at record highs, and furloughs and layoffs continuing.

The adoption of the State budget in September, the latest adopted date in California's history, included the State implementing the provisions of Proposition 1A, which require the transfer of 8% of the County property tax revenue to the State this fiscal year. The transferred funds would be returned to the County at the end of three years with interest of 2.3% per annum. This temporary loss of funds would have had a severe impact to the County operating budget if not for the Proposition 1A Securitization Program, which provides for the securitization of this receivable from the State, with all costs and fees to be paid by the State. Under this provision, the County will not be financially impacted by this shift.

While this Final Budget provides Butte County with a prudent spending plan for the 2009-10 fiscal year, the continued recessionary economic climate provides little optimism for property tax growth or for improvements in the business climate in the near future. Furthermore, it is possible that State revenues for this fiscal year will be below the latest forecast, which could result in further reduction in State funding to the local governments.

We all look forward to some gradual economic recovery toward the end of 2009 and for the future.

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