



BUTTE COUNTY ADMINISTRATION

Finance and Risk Management

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PAUL HAHN
Chief Administrative Officer

Date: November 12, 2013

To: Butte County Board of Supervisors
Paul Hahn, Chief Administrative Officer

From: Gregory G. Iturria, Chief Financial Officer

Subject: Financial Report for Fourth Quarter FY 2012-13 & First Quarter FY 2013-14

OVERVIEW

The financial report for the fourth quarter of fiscal year 2012-2013 and the first quarter of fiscal year 2013-2014 regarding Butte County operations contains updates on the economy, expenditures, revenues, cash balances and long-term debts for the periods ending June 30, 2013 and September 30, 2013.

The financial report for the fourth quarter of fiscal year 2012-2013 is combined with the financial report for the first quarter of fiscal year 2013-2014 because significant accounting activity occurred in both periods through September 30, 2013. Several significant cash inflows received between June 30, 2013 and September 30, 2013 were recorded as revenue earnings in the fiscal year ending June 30, 2013. Also, several significant cash outflows occurred between June 30, 2013 and September 30, 2013 were recorded as expenditures committed in the fiscal year ending June 30, 2013.

Economy: There is positive news from economic data trends through the first quarter of this fiscal year. Economic output continues to rise at a moderate pace, while inflation remains in check. Consumer spending power and confidence has improved significantly in the last six months. Purchases of new homes and construction activity continue to gradually increase in our region and State. Home prices continue to increase and the job market continues to grow with steady improvement.

Expenditures: Expenditures by County departments occurred as anticipated for the fiscal year ending June 30, 2013. At the end of the fourth quarter, the County had expended \$415.8 million from a budget totaling \$496.8 million, about 84% of last fiscal year's budget.

Expenditures for the quarter ending September 30, 2013 are on track and very similar to the last fiscal year. Overall, the County expended \$77.9 million, which is 15% of the budget, by the end of the first quarter.

Revenues: Discretionary revenues received during fiscal year ending June 30, 2013 were approximately \$3.5 million higher than budgeted, due most prominently by the receipt of Table A water lease revenue, and higher than expected receipts for the tobacco lawsuit settlement. Departmental revenue receipts were

received as expected. Through the end of the fiscal year, the County received 89% of budgeted revenues, consistent with prior years.

Revenues received during the first quarter of the current fiscal year are typically low compared to budget. Through the first quarter of the fiscal year, the County received 7% of budgeted revenues. This is consistent with that of prior years.

Year End Fund Balances: The total General Fund balance as of June 30, 2013 is \$36.4 million. Of this total, \$19.1 million is restricted, committed or assigned. The unassigned balance as of June 30, 2013 is \$17.2 million, which is \$2.7 million more than estimated in the 2013-2014 budget. As a result, the General Fund Contingency for 2013-2014 is \$7 million instead of the projected \$4.3 million.

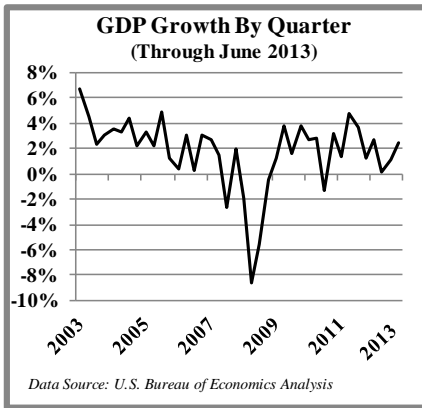
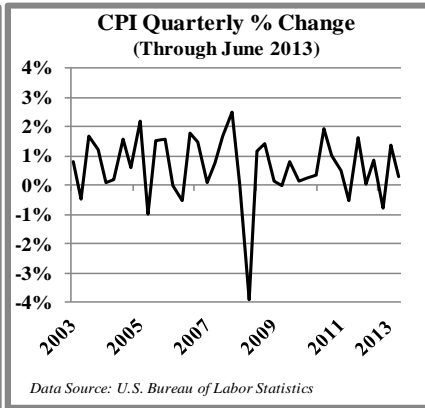
Other governmental fund balances totaled \$49,376,708. All of the fund balances in the other governmental funds are restricted, committed or assigned. Internal service fund net assets totaled \$9,253,219. Enterprise fund net assets totaled \$25,462,743.

Cash Balances: General Fund operating cash balance was nearly \$21.4 million at the end of June 2013. This is about \$5.8 million higher than the fourth quarter ending balance one year prior. The significant increase is mostly due to the receipt of new Table A water lease revenue and public safety realignment funds. No cash advances were necessary from the General Fund to other funds at June 30, 2013 or at September 30, 2013. The Behavioral Health Fund required cash advances from the Public Health Fund during the fourth quarter of fiscal year 2012-2013 and the first quarter of fiscal year 2013-2014.

Debt: During the fourth quarter of last fiscal year and first quarter of this fiscal year, principal payments totaling \$1,515,147 and interest payments of \$354,970 were made against long-term debt obligations. No new loans were issued between April 1, 2013 and September 30, 2013.

ECONOMIC REPORT

National Economy: U.S. Gross Domestic Product (GDP), which measures the market value of all final goods and services produced within the country, increased at an annual rate of 2.5% during the fourth quarter of fiscal year 2012-2013—outpacing the 1.1% annualized growth observed in the previous quarter. The expansion in GDP growth was driven by increases in consumer spending, exports, private inventory investment, nonresidential fixed investment, and residential fixed investment. Residential fixed investment, which reflects the rebound being felt in housing construction nationally, has been a bright spot in the economy and grew at an annualized rate of greater than 12.5% in the second half of fiscal year 2012-2013. The GDP growth figure for the first quarter of fiscal year 2013-2014 is not currently available, but a survey of economists conducted by the Wall Street Journal provides an annualized GDP growth estimate of 2.1%, although this figure does not incorporate the effects of the recent government shutdown. Figure 1(below) shows annualized GDP growth by quarter for the preceding ten year period.

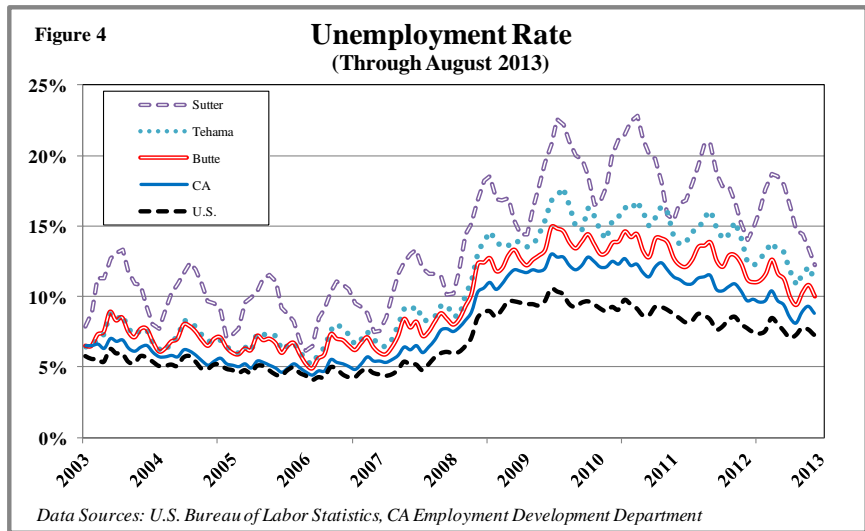
Figure 1**Figure 2****Figure 3**

Prices faced by consumers nationally have vacillated markedly in recent months, with the majority of the volatility being caused by changing prices for energy, and the overall price level has increased at a below average rate. During the eighteen months between March of 2012 and August of 2013, the Consumer Price Index (CPI) increased on a month-to-month basis eleven times and decreased seven times. Over the twelve months ending in August 2013, the CPI has increased by just 1.07%, well below the average annual rate of increase over the past decade of approximately 2.6%. In the fourth quarter of fiscal year 2012-2013 the CPI increased by .31% and for the first two months of the first quarter of fiscal year 2013-2014 it has increased by .16%. Figure 2 (above) displays the quarterly change in the CPI from 2003 through the fourth quarter of fiscal year 2012-2013.

Consumer confidence, as measured by the Conference Board's Consumer Confidence Index (CCI), increased slightly in both the fourth quarter of fiscal year 2012-2013 and the first quarter of fiscal year 2013-2014. The average CCI value was 75.1 and 80.6 in the fourth and first quarters, respectively, above the third quarter average value of 62.8. Since bottoming out at a value of 25.3 in March of 2009, the CCI has maintained fairly consistent increases, though the index remains well below where it stood in the months preceding the 'Great Recession'. The Conference Board reported that consumers' assessment of economic conditions has moderately improved, but there is considerable uncertainty regarding whether the momentum can be sustained in the months ahead. Figure 3 (above) shows the monthly change in the CCI from 2003 through the first quarter of fiscal year 2013-2014.

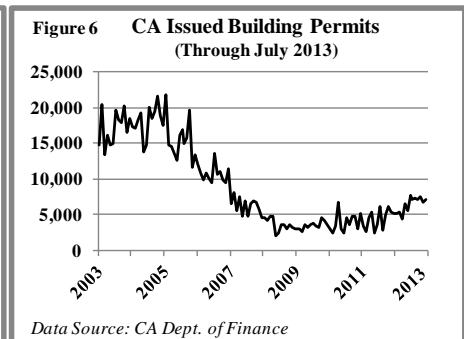
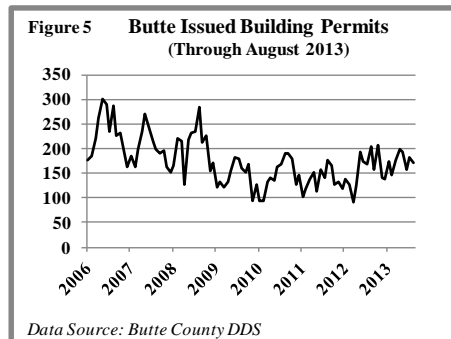
Unemployment: The State's seasonally unadjusted unemployment rate stood at 8.9% at the close of the fourth quarter of fiscal year 2012-2013, a slight decrease from the 9.4% seen at the close of the third quarter and much lower than the 10.7% from the close of fiscal year 2011-2012. The rate remains largely unchanged through the first two months of the first quarter of fiscal year 2013-2014, standing at 8.8%. Butte County's unemployment rate at the close of the fourth quarter was 10.3%, down from 11.2% at the close of the third quarter and 12.9% from the close of fiscal year 2011-2012. The unemployment rate for

August was 10.0%. Also in August, the size of the labor force in Butte County was 101,000, a slight decrease from the 101,300 reported at the close of the third quarter. While the unemployment rate in Butte County remains higher than that of the State and the U.S. as a whole, it remains lower than that of the neighboring counties of Sutter and Tehama (Figure 4).



Other State and Local Economic Indicators: Statewide, the pace of homebuilding appears to be increasing. The fourth quarter of fiscal year 2012-2013 saw an average of nearly 7,300 new home starts per month, up from 6,700 in the third quarter and 5,300 in the second quarter. The first two months of the first quarter of fiscal year 2013-2014 saw a monthly average of 6,900 new home starts statewide. The recent trend for Butte County is not so discernible. An average of 182 building permits of various types were issued for the unincorporated area per month in the fourth quarter, up from 165 in the previous quarter, but an average of 156 building permits was issued monthly in the first quarter of 2013-2014.

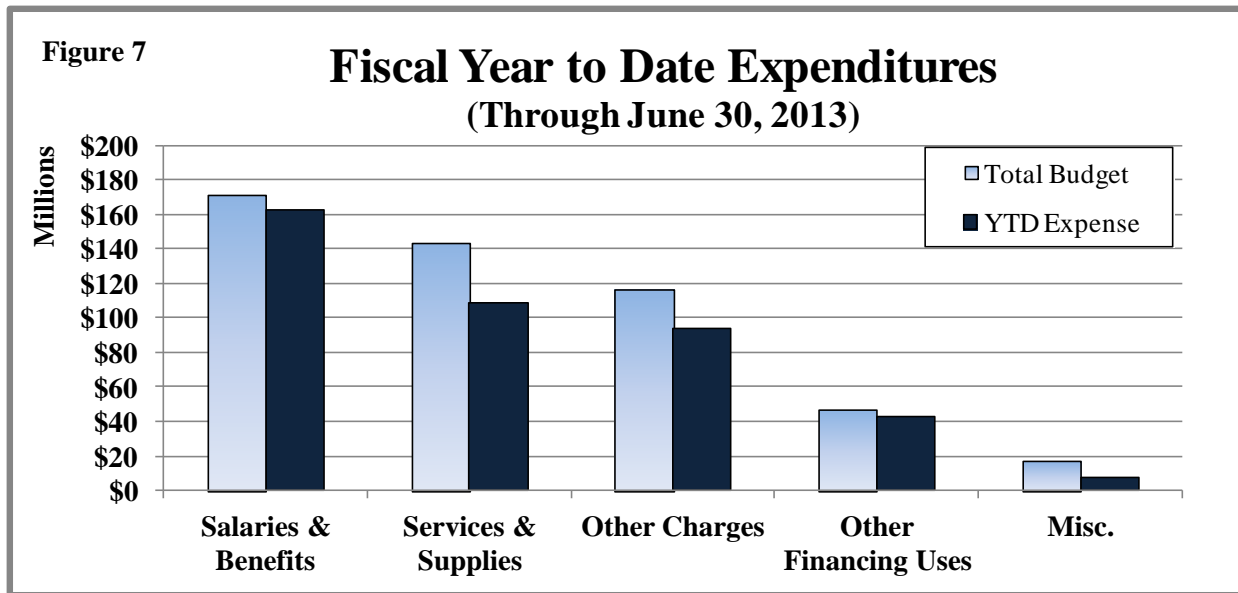
The median price of existing, single-family homes sold in California during August 2013 was \$441,330, a 1.7% increase from the previous month and a 28.4% increase from a year earlier. The number of existing home sales was 434,700, a decrease of 2.0% from the previous period and a 1.9% decrease from a year ago.



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FOURTH QUARTER EXPENDITURE REPORT

At the end of the 4th quarter, the County had expended \$415.8 million¹ from a budget totaling \$496.8 million. As shown in Figure 7 below, the County spent \$162.3 million on salaries and benefits, \$108.7 million on services and supplies, and \$94.1 million on other charges, such as payments between funds and contributions to other agencies. The remaining \$50.7 million in expenditures were for other financing uses and miscellaneous expenditures, which are primarily operating transfers and other charges between budget units. The majority of these transfers are related to Realignment 2011. Miscellaneous expenses include capital assets. Overall, the County expended 84% of the budget in fiscal year 2013-2014, similar to prior years.



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¹ For the purpose of this report the County budget includes all departmental operating budgets, internal service funds (for example Workers' Compensation and General Liability), enterprise funds (Neal Road Waste and Recycling Facility) as well as a number of miscellaneous budget units such as capital projects, CDBG grant programs and Debt Service. County Service Areas and appropriations for contingency are excluded.

Figure 8

Department Expenditures

(% of Total Budget - Through June 30, 2013)

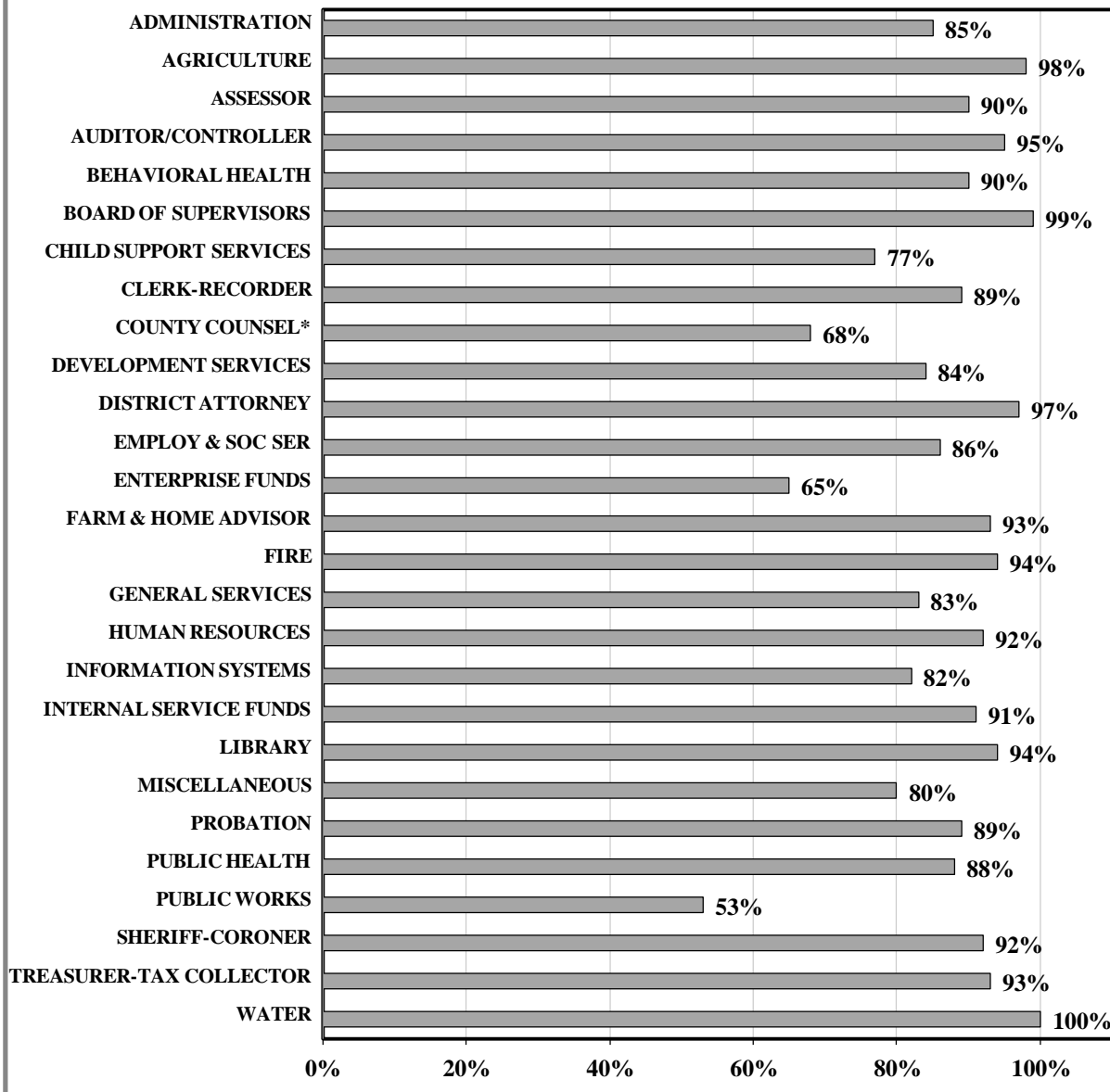


Figure 8 above shows the percentage of budget expended by each County department. Most departments have expended between 80% and 100% of their budget. The Departments of Child Support Services, County Counsel and Public Works all had expenditures that were lower than anticipated. This was due to salary savings in Child Support, professional services savings in County Counsel and projects originally planned for 2012-2013 that are now anticipated in 2013-2014 in Public Works. The Public Works projects now anticipated for 2013-2014 include the Neal Road Bike Lane, Lincoln Blvd Sidewalks, Skyway Safety Improvements and Midway/Speedway Intersection Improvements among others.

The enterprise fund operating plan (Neal Road Recycling and Waste Facility) included capital purchases and improvements of approximately \$1.4 million. Due to accounting requirements affecting all proprietary funds, annual depreciation is recorded as an expense for capital assets and improvements owned rather than current year purchases. Additionally, the budget includes over \$800,000 in principal debt payments that are not recorded as current year expenditures. As a result, only 65% of the expenses anticipated in the budget were used in fiscal year 2012-2013.

FOURTH QUARTER REVENUE REPORT

Through the fourth quarter of the fiscal year, as reflected in Figure 9, the County received 89% of budgeted revenues², consistent with prior years.

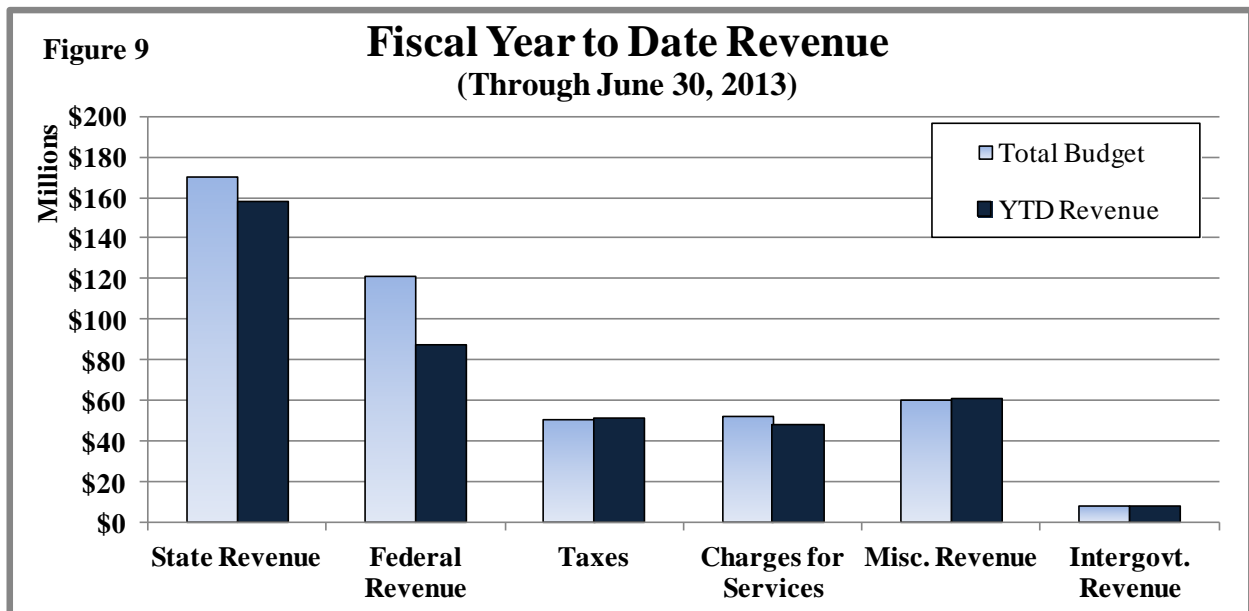


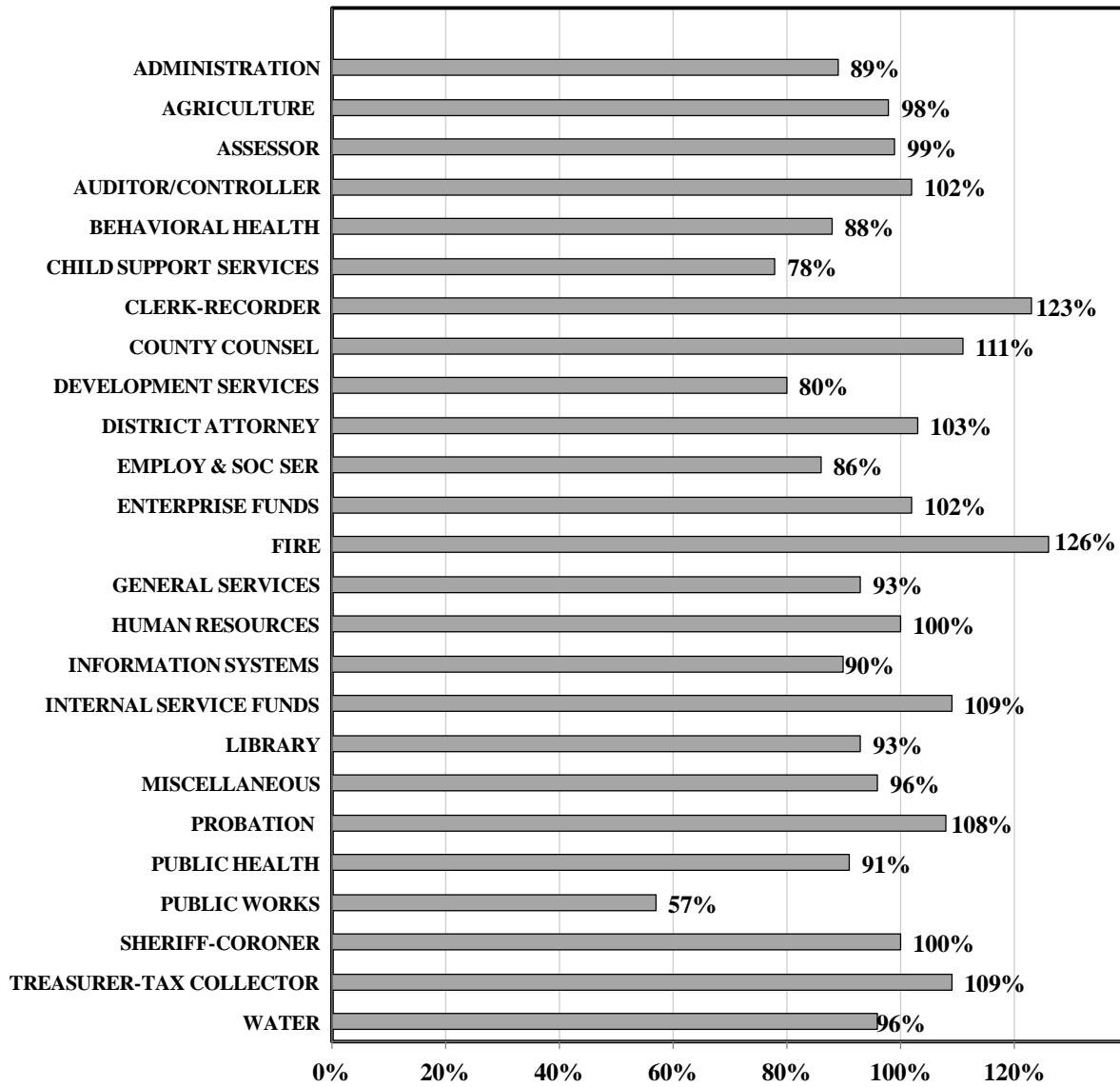
Figure 10 below shows revenues received by each County department to date as a percentage of budget. Most department revenues were between 80% and 110% of budget through the fiscal year. Two departments had expenditures less than 80%. Both the Departments of Public Works and Child Support Services had lower than anticipated reimbursement revenues due to lower than anticipated expenditures.

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² For the purpose of this report the County's budgeted revenues include all departmental operating budgets, internal service funds (for example Workers' Compensation and General Liability), enterprise funds (Neal Road Waste and Recycling Facility) as well as a number of miscellaneous budget units such as general purpose revenues, capital projects, CDBG grant programs and Debt Service. County Service Areas are excluded.

Figure 10

Department Revenue (% of Total Budget-Through June 30, 2013)



The Clerk-Recorder and Fire Departments had revenues in excess of 110% of budget. The Clerk Recorder received unbudgeted election reimbursement funds and higher recording fees than anticipated due to the improving housing market. The Fire Department's revenues are higher than anticipated due to a relatively higher number of summer fires in the state responsibility area (SRA) in 2012. When the Fire Department sends staff and equipment to SRA fires the County is reimbursed by the state. These funds are held in reserved County Cost Share and Water Tender accounts.

General Purpose Revenues, shown in Figure 11 below, ended the year better than anticipated. In total, the County received 105% of budgeted revenue. Final revenue receipts include a number of revenues where more funds were received than budgeted. Of particular note are a number of revenues that are indicators for future property tax growth including strong property transfer tax receipts and more teeter plan proceeds that originally anticipated. Also note worthy is an increase in tobacco settlement funds related to some prior years' revenues that were held up in litigation at the national level and Table A Water Lease revenues that weren't initially budgeted due to the timing of the contract approval. The Table A Water Lease revenues reflect payment for one and one half years due to the timing of contract execution and payment. Offsetting some of these increases are shortfalls in other revenues, most significantly interest revenues have declined sharply due to historically low interest rates.

Figure 11 General Purpose Revenue Receipts			
(Through 4th Quarter)			
Account Title	Budget	YTD Receipts	YTD %
Property Taxes	45,170,100	44,705,150	99%
Teeter Plan Proceeds	1,326,500	1,500,000	113%
Local Sales Tax	3,660,390	3,911,514	107%
Property Transfer Taxes	510,000	636,826	125%
Other Taxes	539,000	569,913	106%
Licenses & Permits	1,538,000	1,531,282	100%
Fines, Forfeitures & Penalties	1,188,724	1,058,947	89%
Interest-County Treasury	1,036,000	253,038	24%
Public Safety Sales Tax	14,158,000	14,208,093	100%
Lease-Table A Water	0	3,558,274	
RDA City of Chico	4,155,000	3,915,890	94%
Tobacco Settlement Funds	1,993,387	2,946,747	148%
Other Misc. Revenue	1,366,880	1,352,649	99%
Total General Purpose Revenue	\$76,641,981	\$80,148,322	105%

YEAR END FUND BALANCE REPORT

The Auditor's Office spent the months of July, August and September finalizing the accounting for the 2012-2013 fiscal year. As the process wraps up and the Auditor's Office begins to prepare the Comprehensive Annual Financial Report (CAFR), the June 30th, 2013 unaudited ending fund balances in each of the County's Governmental Funds became known. In the coming months the 2012-2013 financial results will be audited and published in the CAFR.

In the past the fund balances have been displayed in terms of total fund balance less fund balance reserved, designated and encumbered resulting in an available fund balance in each fund. However, based on a pronouncement from the Governmental Accounting Standards Board (GASB) and in accordance with the Fund Balance policy adopted by the Board of Supervisors the classifications of fund balances have been improved. The classifications will be total fund balance less fund balance restricted, committed or assigned. Any portion of fund balance that is not restricted, committed or assigned will be considered unassigned. For the General Fund the unassigned fund balance is equivalent to the old available fund balance. The General Fund is the only fund that can have a positive unassigned fund

balance since any funds in a special revenue fund are, by definition, set aside for a specific purpose. Figure 12 below displays the fund balance for each of the County's Governmental Funds.

Figure 12

Unaudited Fund Balances-Governmental Funds
(Through 4th Quarter)

Fund No.	Fund Name	Total Fund Balance	Restricted / Committed / Assigned Fund Balance	Unassigned Fund Balance
0010	General Fund	36,393,265	19,125,734	17,267,531
0020	Welfare	2,444,150	2,444,150	-
0021	Public Health	9,818,400	9,818,400	-
0022	Behavioral Health	(2,571,238)	2,960,931	(5,532,169)
0025	Child Support Services	119,172	119,172	-
0030	Road Operations	12,952,299	12,952,299	-
0035	Impact Fee	9,212,274	9,212,274	-
0039	Debt Service	8,844,215	8,844,215	-
0041	Capital Projects	1,655,581	1,655,581	-
0042	Equipment Replacement	2,234,930	2,234,930	-
0043	ISF Equipment Replacement	2,126,852	2,126,852	-
0050	Supplemental Law Enf. Svcs.	371,491	371,491	-
0055	Public Safety & HHS Realignment	1,391,008	1,391,008	-
0131	Local Trans. - Transit	523,350	523,350	-
0142	CDBG	142,140	142,140	-
0143	Housing & Community Development	10,770	10,770	-
0150	Fish & Game	101,314	101,314	-
Total Governmental Funds		85,769,973	\$ 74,034,611	\$ 11,735,362

The total General Fund balance is \$36.4 million. Of this total, \$19.1 million is restricted, committed or assigned. This \$19.1 million is primarily composed of funds whose use is restricted by law, for example Inmate Welfare funds and Recording System funds. The unassigned general fund balance as of June 30th, 2013 is \$17.2 million. This is \$2.7 million more than estimated in the 2013-2014 budget (including an adjustment due to a change in practice related to assigned fund balance for encumbrance).³ The result of the larger than anticipated unassigned General Fund balance is that the General Fund Contingency for 2013-2014 will be \$7 million instead of the projected \$4.3 million.

³ The estimated fund balance available included in the Recommended Budget was \$13,600,000. The proposed adjustments to the Recommended Budget which were accepted by the Board of Supervisors at Budget Hearings included an increase to the estimated available fund balance of \$1,652,377 as detailed on Schedule A presented at Budget Hearings. This change resulted in an estimated fund balance available of \$15,252,377. The fund balance available terminology is still required in the state controller prescribed budget schedules and is equivalent to the General Fund unassigned fund balance terminology required to be used for the County's Financial Statements. For fiscal year 2012-2013 due to a change from the prior year in how encumbrances are treated by the Auditor's Office for purposes of fund balance classification an additional adjustment is required to compare the estimated fund balance available with the unassigned fund balance. This adjustment is the assigned fund balance for encumbrances which was assumed to be part of the fund balance available for the purpose of the estimate. The unaudited General Fund unassigned fund balance is \$17,231,439 with the adjustment related to the assignment for encumbrances the total is \$17,945,784 or \$2,693,407 more than estimated in the 2013-2014 budget.

The General Fund balance is primarily the result of total expenditures and revenues in the General Fund as well as use or accumulation of restricted, committed or assigned fund balance. The fund balance estimate completed during the preparation of the Recommended Budget assumed that there would be more use of General Fund Contingencies in the Spring, and that a number of general purpose and department revenues would come in lower than final receipts reflect.

The fund balances for the remaining Governmental Funds are shown in Figure 12 and in all cases are restricted, committed or assigned to the purpose of the fund or a specific project or program within the fund. For example the Public Health fund balance of \$9.8 million is primarily Public Health realignment funds that can only be used for Public Health and the Road Operations fund balance of almost \$13 million is limited to road projects.

The Behavioral Health fund has a negative fund balance. This is primarily the result of ongoing state payment delays impacting the department. The Behavioral Health Department is currently working with Administration to identify adjustments to departmental operations to address this deficit.

In addition to the governmental funds displayed in the chart on the previous page, the County has internal service funds and enterprise funds, both of which are accounted for somewhat differently than the governmental funds. Instead of a year end fund balance, the internal service and enterprise funds report net assets at year end. Generally accepted accounting principles require that governmental funds are accounted for using modified accrual accounting, while internal service and enterprise funds are required to be accounted for with accrual accounting. The most significant difference between total fund balance in the governmental funds and net position in the internal service and enterprise funds is that net position includes buildings and other assets owned by the fund, but not fully depreciated. Governmental fund balances do not include capital assets.

The internal service funds are used to account for insurance and utility costs borne by the organization and then charged to benefiting departments. The positive net assets in the internal service funds will continue to make it possible to collect lower premiums from departmental budgets than their incurred costs. (Figure 13)

Figure 13		
Unaudited Fund Balances-Internal Service Funds		
(Through 4th Quarter)		
Fund No.	Fund Name	Net Position
7100	General Liability	1,940,865
7110	Workers Compensation	5,533,099
7120	Unemployment Insurance	1,228,586
7140	Medical Liability Insurance	63,857
4160	Misc. Insurance	66,228
7210	Utilities	420,584
Total Internal Service Funds		\$ 9,253,219

The enterprise funds are used to account for the operations of the Neal Road Recycling and Waste Facility. The Closure/Post Closure Fund will insure that adequate funds are available for the ultimate closure and

post closure maintenance of the facility while the Waste Management Fund is for the operations of the facility. (Figure 14)

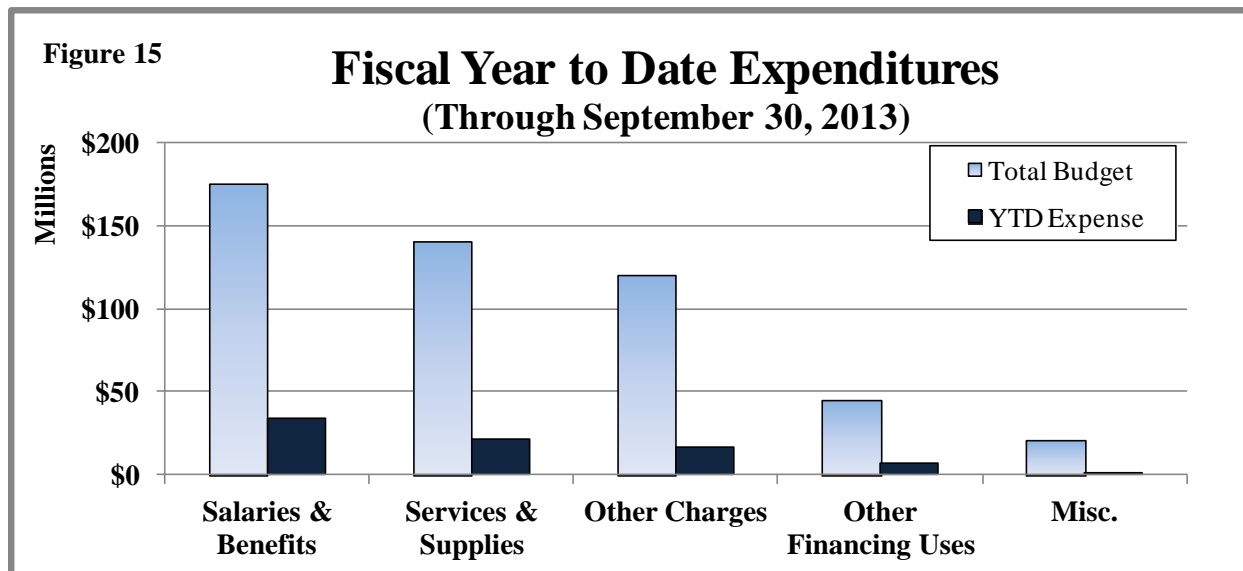
Figure 14

Unaudited Fund Balances-Enterprise Funds
(Through 4th Quarter)

Fund No.	Fund Name	Net Position
7560	Closure/Post Closure	1,114,208
7570	Waste Management	24,348,535
Total Enterprise Funds		\$ 25,462,743

FIRST QUARTER EXPENDITURE REPORT

At the end of the first quarter, the County had expended \$77.9 million⁴ from a budget totaling \$502.9 million. As shown in the graph below, the County spent \$34.2 million on salaries and benefits, \$21.1 million on services and supplies, and \$16 million on other charges, such as payments between funds and contributions to other agencies. The remaining \$6.6 million in expenditures were for other financing uses and miscellaneous expenditures. Other financing uses are primarily operating transfers and charges between budget units. Miscellaneous expenses include capital assets.



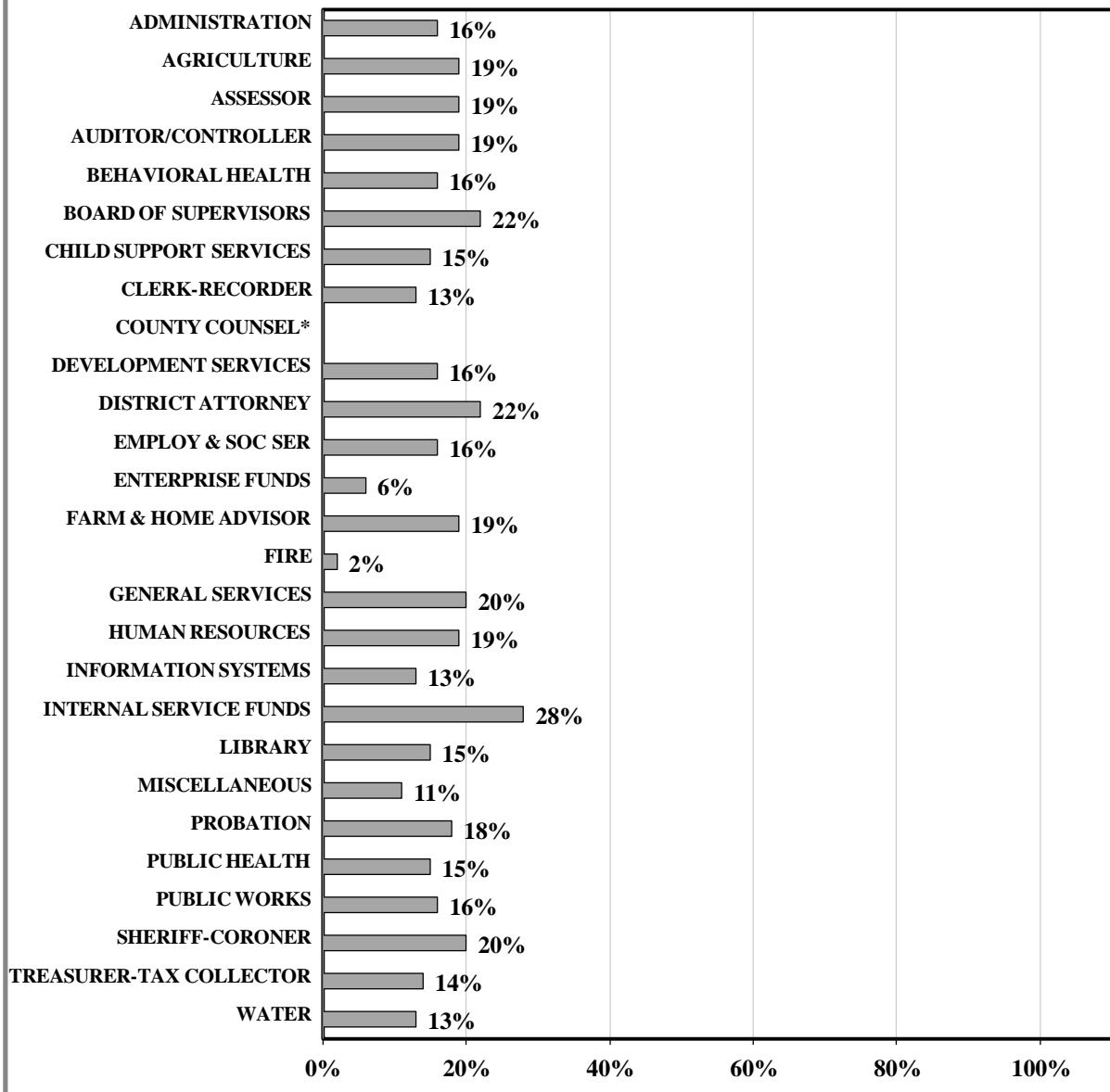
Overall, the County expended 15% of the budget through the first quarter. Although 25% of the fiscal year elapsed between July 1st and September 30th, it is typical for expenditures to be less than 25% at the end of the first quarter. The graph on the following page shows the percent of budget expended by each County department. The majority of departments expended 10% to 25% of their budget through September, which is typical for this early in the fiscal year.

⁴ For the purpose of this report the County budget includes all departmental operating budgets, internal service funds (for example Workers' Compensation and General Liability), enterprise funds (Neal Road Waste and Recycling Facility) as well as a number of miscellaneous budget units such as capital projects, CDBG grant programs and Debt Service. County Service Areas and appropriations for contingency are excluded.

Figure 16

Department Expenditures

(% of Total Budget - Through September 30, 2013)



*County Counsel's Budget currently reflects a -3.35% due to expenditure transfers posted in accordance with the countywide cost allocations.

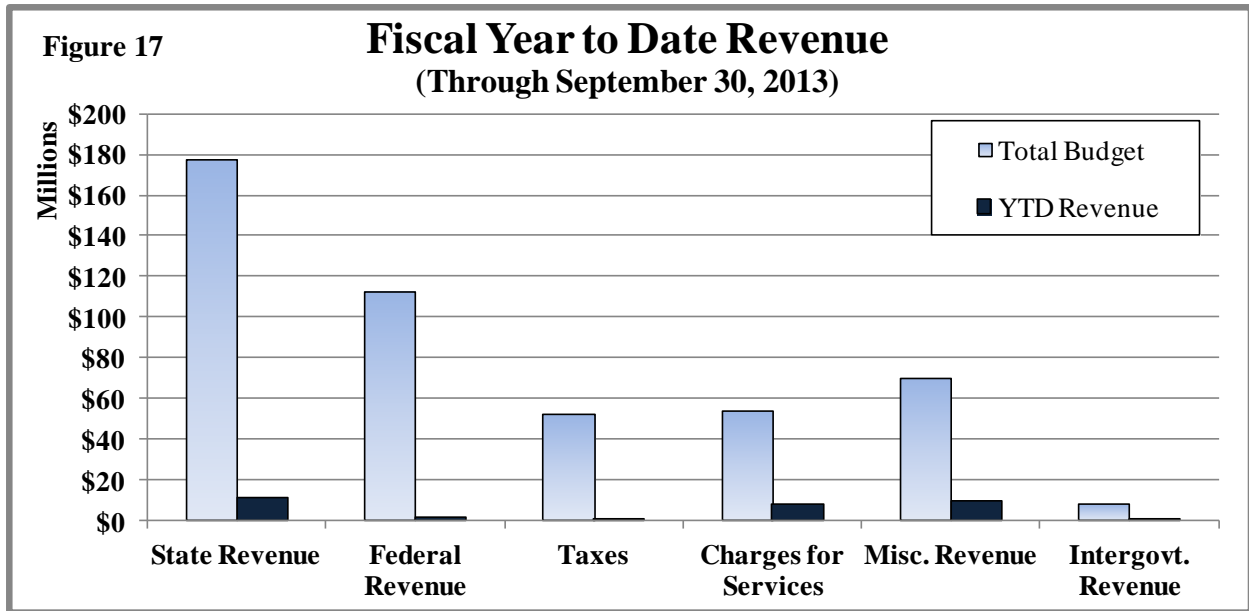
Through the first quarter, internal services funds were the only unit that expended more than 25% of planned expenditures. The internal service funds include General Liability, Workers' Compensation and other risk management funds, and the Utilities Fund. Most of the County's insurance premiums are paid in the first quarter of the fiscal year which accounts for the higher percent of budget expended then other areas of the County.

A number of departments expended less than 10% of their budget for the year; however this is consistent with prior year results. The Fire budget, for example, includes the State Cal Fire agreement and the first

quarter invoice is not anticipated until later in the year. County Counsel reflects a negative percentage due to expenditure transfers posted in accordance with countywide cost allocations. The enterprise fund operating plan (Neal Road Recycling and Waste Facility) includes over \$800,000 in principal debt payments that are not recorded as current year expenditures.

FIRST QUARTER REVENUE REPORT

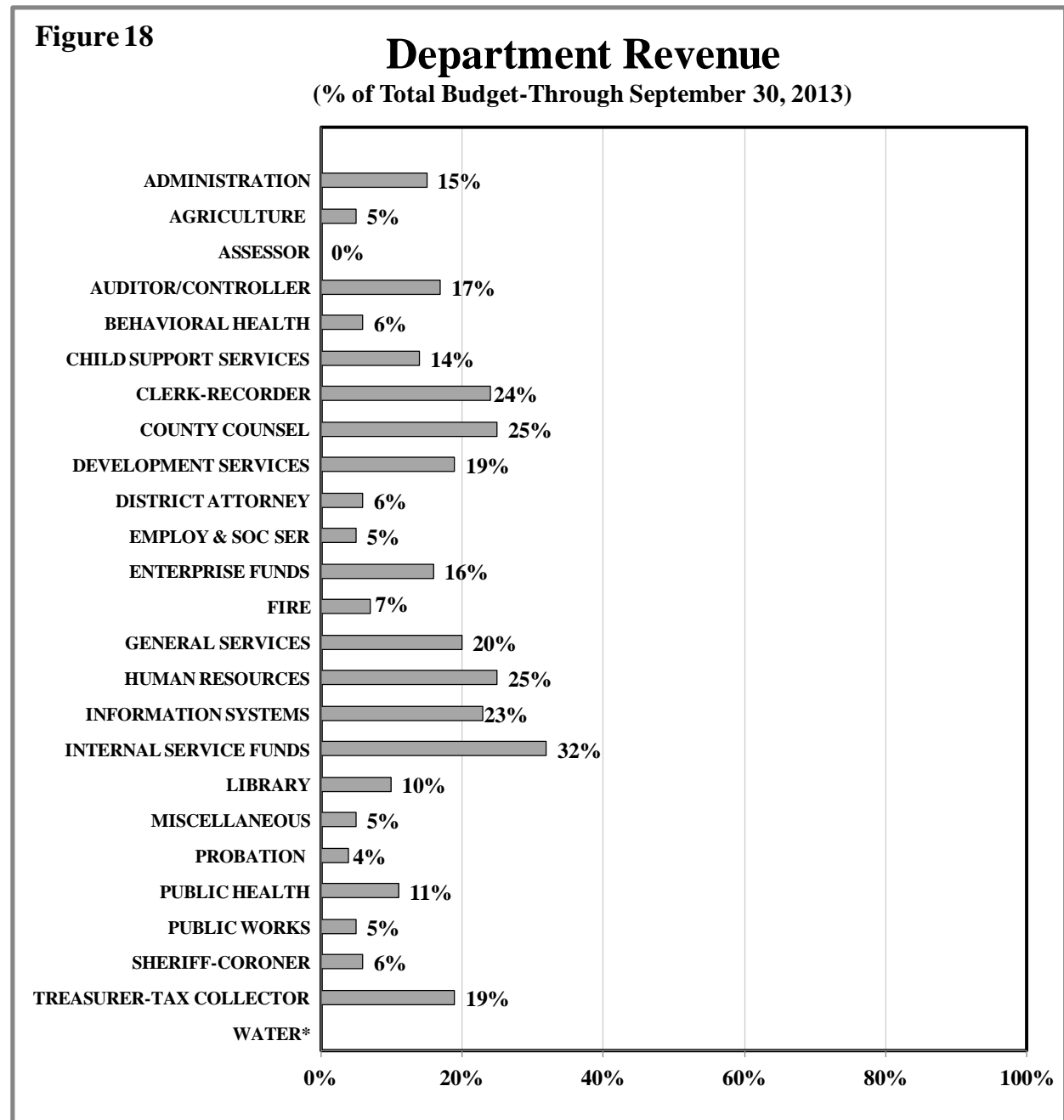
Through the first quarter of the year the County received 7% of budgeted revenues⁵. Although first quarter revenues appear low, the results are consistent with that of prior years.



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⁵ For the purpose of this report the County’s budgeted revenues include all departmental operating budgets, internal service funds (for example Workers’ Compensation and General Liability), enterprise funds (Neal Road Waste and Recycling Facility) as well as a number of miscellaneous budget units such as general purpose revenues, capital projects, CDBG grant programs and Debt Service. County Service Areas are excluded.

Figure 18 below shows revenues received by each County department to date as a percentage of budget.



**The Water Department's budget currently reflects a -63.81% due to prior year accruals not received by the close of the first quarter. This is consistent with prior years and due to the timing of grant revenues.*

Similar to overall County revenues in the first quarter of the fiscal year, general purpose revenue receipts are low. Through the first quarter, the County only received 3% of budgeted revenues. The single largest component of general purpose revenue is property tax and the first installment will not be received until the second quarter. Similarly, the County has only received one month of sales tax revenues. The table below shows year to date receipts of general purpose revenue. Staff will continue to closely monitor these revenues throughout the year.

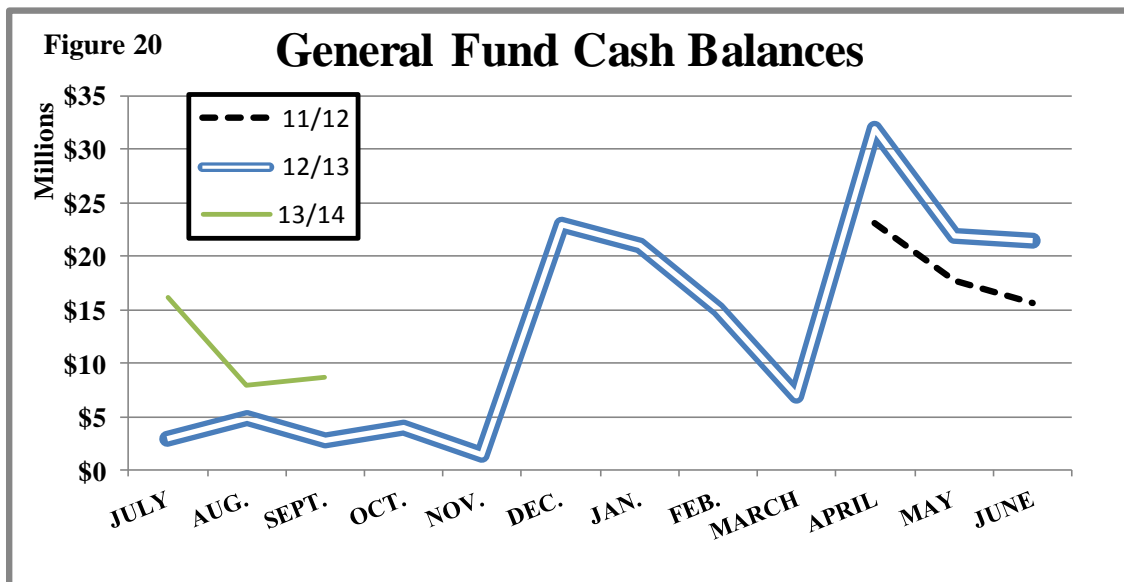
Figure 19

General Purpose Revenue Receipts (Through 1st Quarter)

Account Title	Budget	YTD Receipts	YTD %
Property Taxes	45,563,216	-	0%
Teeter Plan Proceeds	1,500,000	-	0%
Local Sales Tax	3,999,000	312,701	8%
Property Transfer Taxes	620,600	206,804	33%
Other Taxes	618,500	4,589	1%
Licenses & Permits	1,553,200	158,235	10%
Fines, Forfeitures & Penalties	973,200	78,413	8%
Interest-County Treasury	150,000	132	0%
Public Safety Sales Tax	14,134,100	1,045,680	7%
Lease-Table A Water	1,184,000	-	0%
RDA City of Chico	3,980,600	-	0%
Tobacco Settlement Funds	1,960,000	-	0%
Other Misc. Revenue	1,707,800	322,989	19%
Total General Purpose Revenue	\$77,944,216	\$2,129,543	3%

GENERAL FUND OPERATING CASH REPORT

The General Fund cash balance at the end of the fourth quarter of fiscal year 2012-2013 was \$21,378,038. At June 30, 2012, the ending balance was \$15,624,213. The approximate \$5,754,000 increase is primarily a result of the receipt of new Table A water lease revenue and operating transfers from Public Safety Realignment Fund 55.



The graph reflects the higher balance for the fourth quarter of fiscal year 2012-2013 and expected pattern from April increases due to the second installment of property taxes and the tapering downward by the end of the fiscal year. The trend is in line with prior fiscal years. The trend through the first quarter of the current fiscal year, as expected, is similar in pattern but higher in volume.

As of June 30, 2013, as well as September 30, 2013, no General Fund operating transfers of cash were made to any other funds.

As described in previous quarterly reports, payments to counties from the State remain uncertain. This predicament has and continues to have the greatest impact on the

Behavioral Health Fund. In the fourth quarter of fiscal year 2012-2013 and first quarter of fiscal year 2013-2014, all cash deficits for the Behavioral Health Fund were advanced from Public Health realignment. These advances have been returned to Public Health realignment in subsequent months.

The County determined that it would not be necessary to secure a Tax Revenue Anticipation Note (TRAN) for short term borrowing needs for fiscal year 2013-2014. Staff continuously monitors operating cash for all funds and maintains contingency plans in case advances are necessary from various cash accounts, in addition to the General Fund operating cash account and the Public Health realignment account, on a short term basis.

Figure 21 GENERAL FUND - CASH ADVANCES AT SEPTEMBER 30, 2013	
Advances To General Fund:	\$ -
Advances From General Fund:	\$ -
Total Advances from General Fund	\$ -

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LONG-TERM DEBT

To provide the public, including holders of debt, accurate, timely, and transparent financial data, long-term debt information is regularly recorded and reported for use internally, as well as by outside agencies, such as credit rating agencies, that monitor the fiscal health of the County. During the fourth quarter of the fiscal year ending June 30, 2013 and the first quarter of the current fiscal year, the following loan payments resulted in sizeable principal reductions on several loans:

<u>Debt Description</u>	<u>Principal Paid (4/1/13-9/30/13)</u>	<u>Interest Paid (4/1/13-9/30/13)</u>
2003 Certificate of Participation	Principal: \$400,000.00	Interest: \$13,455.00
2010 Bangor Fire Station #55 Renovation Project	Principal: \$13,000.00	Interest: \$20,406.65
2006 Certificates of Participation	Principal: \$845,000.00	Interest: \$184,450.00
Chico Memorial Hall, 492 Rio Lindo Avenue, Chico	Principal: \$34,546.76	Interest: \$26,609.59
Chico Memorial Hall, 554 Rio Lindo Avenue, Chico	Principal: \$41,513.02	Interest: \$20,761.48
California Energy Commission - Phase 1	Principal: \$109,679.80	Interest: \$28,910.86
California Energy Commission - Phase 2	Principal: \$13,356.37	Interest: \$4,536.63
Ford Motor Credit	Principal: \$8,051.54	Interest: \$969.59
California Integrated Waste Management Board	Principal: \$50,000	Interest: \$0
2004 Pension Obligation Bonds Series B	Principal: \$0	Interest: \$54,869.96

The following Long-Term Debt schedule, Figure 22, and Ratio of Outstanding Debt and Ratios schedule, Figure 23, present data as of September 30, 2013.

Figure 22				
Type of Debt	Original Loan Amount	Current Balance	Avg. Annual Payment*	Maturity Date
Bonds Payable				
Pension Obligation Bonds				
-Series A	28,020,000	28,020,000	2,546,618	6/1/2034
-Series B	21,875,000	21,875,000	1,746,932	6/1/2034
Total Bonds Payable	\$ 49,895,000	\$ 49,895,000	\$ 4,167,816	
Certificates of Participation				
2003 Certificates of Participation	5,150,000	415,000	421,775	7/1/2014
2010 Bangor Fire Station #55 Renovation Project	1,100,000	1,007,333	55,322	8/1/2050
Total Certificates of Participation	\$ 6,250,000	\$ 1,422,333	\$ 477,097	
Capital Leases				
Chico Memorial Hall - 492 Rio Lindo	583,400	325,042	61,156	4/10/2020
Chico Memorial Hall - 554 Rio Lindo	670,900	357,746	62,275	4/10/2020
Ford Motor Credit	32,150	8,523	9,021	7/15/2014
Megabyte	26,000	-	-	7/9/2012
Total Capital Leases	\$ 1,312,450	\$ 691,311	\$ 132,452	
Notes Payable				
California Energy Commission				
-Solar Project Phase 1	2,777,000	1,358,183	257,383	12/22/2018
-Solar Project Phase 2	390,000	216,977	35,786	6/22/2020
Total Notes Payable	\$ 3,167,000	\$ 1,575,160	\$ 312,967	
Neal Road Recycling and Waste Facility				
2006 Certificate of Participation	12,025,000	8,115,000	1,192,683	7/1/2021
Note Payable - Calif. Integrated Waste Mgt Board	500,000	150,000	50,000	6/1/2016
Lease-Purchase - JPMorgan Chase Bank	558,924	558,924	117,804	12/24/2017
Total Neal Road Recycling and Waste Facility	\$ 13,083,924	\$ 8,823,924	\$ 1,360,487	
TOTAL LONG-TERM DEBT	\$ 73,708,374	\$ 62,407,728	\$ 6,450,819	

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Figure 23

Outstanding Debt and Ratios

(In Thousands, Except Debt Ratios)

Fiscal Year	Government Activities (A)				Neal Road Recycling and Waste Facility (B)			Total Outstanding Debt (A+B)	Debt Ratios	
	Bonds	Loans/ Notes	Certificates of Participation	Capital Leases	Loans	Certificates of Participation	Capital Leases	Primary Government	Debt as a % of Assessed Property Values	Debt per County Resident
2005	\$61,515	\$4,111	\$ 4,540	\$ 688	\$ -	\$ -	\$1,289	\$ 72,143	0.4894%	\$ 332
2006	\$57,212	\$3,935	\$ 3,920	\$1,479	\$500	\$ -	\$ 784	\$ 67,830	0.4123%	\$ 311
2007	\$56,424	\$2,903	\$ 3,290	\$1,097	\$450	\$ 12,025	\$ 303	\$ 76,492	0.4649%	\$ 351
2008	\$50,575	\$2,703	\$ 2,650	\$1,134	\$400	\$ 12,025	\$ 20	\$ 69,507	0.3854%	\$ 315
2009	\$50,492	\$2,494	\$ 2,300	\$1,029	\$350	\$ 12,025	\$ 20	\$ 68,710	0.3680%	\$ 311
2010	\$50,403	\$2,278	\$ 1,945	\$ 922	\$300	\$ 11,300	\$ -	\$ 67,148	0.3739%	\$ 308
2011	\$49,895	\$2,053	\$ 2,680	\$ 832	\$250	\$ 10,550	\$ -	\$ 66,260	0.3634%	\$ 299
2012	\$49,895	\$1,819	\$ 2,237	\$ 792	\$200	\$ 9,770	\$ -	\$ 64,713	0.3608%	\$ 292
2013	\$49,895	\$1,575	\$ 1,835	\$ 699	\$150	\$ 8,960	\$ 559	\$ 63,673	0.3601%	\$ 288
2014	\$49,895	\$1,575	\$ 1,422	\$ 691	\$150	\$ 8,115	\$ 559	\$ 62,407	0.3474%	\$ 282

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