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Date: November 18, 2014  
To: Butte County Board of Supervisors  
Paul J. Hahn, Chief Administrative Officer  
From: Meegan Jessee, Deputy Chief Financial Officer  
Subject: Financial Report for Fourth Quarter FY 2013-14 & First Quarter FY 2014-15

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## OVERVIEW

The Butte County financial report for the fourth quarter of fiscal year 2013-2014 and the first quarter of fiscal year 2014-2015 contains updates on the economy, expenditures, revenues, cash balances and long-term debts for the periods ending June 30, 2014 and September 30, 2014.

The financial report for the fourth quarter of fiscal year 2013-2014 is combined with the financial report for the first quarter of fiscal year 2014-2015 because significant accounting activity occurred in both periods through September 30, 2014. Many revenues received and expenditures made between June 30, 2014 and September 30, 2014 were recorded in the fourth quarter of fiscal year 2013-2014 because they were related to revenue earned or services received in the 2013-2014 fiscal year.

**Economy:** There is positive news from economic data trends through the first quarter of this fiscal year. Economic output continues to rise at a solid 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 increase in our region and State. Home prices continue to increase but at a slower rate, 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, 2014. At the end of the fourth quarter, the County had expended \$410.7 million from a budget totaling \$489.8 million, this is about 84% of last fiscal year's budget and consistent with prior years' performance.

Expenditures for the quarter ending September 30, 2014 are on track and very similar to the last fiscal year. Overall, the County expended \$76.9 million by the end of the first quarter, which is 16% of the budget.

**Revenues:** Discretionary revenues received during fiscal year ending June 30, 2014 were approximately \$3.1 million higher than budgeted, due primarily to the receipt of Table A water lease revenue and higher than expected sales tax receipts. Departmental revenue receipts were received as expected. Through the end of the fiscal year, the County received 91% of budgeted revenues, which is consistent with prior years.

Revenues received during the first quarter of the current fiscal year are 7% of the budgeted amount. Most county revenues are received later in the fiscal year which results in low first quarter revenue receipts. This is consistent with prior years.

**Year End Fund Balances:** The total General Fund balance as of June 30, 2014 was \$39.9 million. Of this total, \$25.2 million was restricted, committed or assigned. The unassigned balance as of June 30, 2014 was \$14.7 million, which is \$850,000 less than estimated in the 2014-2015 budget. As a result, the General Fund Contingency for 2014-2015 is \$4.6 million instead of the projected \$5.5 million.

Other governmental fund balances totaled \$60,330,659. All of the fund balances in the other governmental funds are restricted, committed or assigned. Internal service fund net assets totaled \$9,624,363. Enterprise fund net assets totaled \$25,862,729.

**Cash Balances:** The General Fund operating cash balance was approximately \$19.2 million at the end of June 2014. This is about \$2.2 million lower than the fourth quarter ending balance one year prior. At the end of the September 2014, General Fund operating cash was \$10.1 million, or \$1.5 million higher than the ending 1<sup>st</sup> quarter balance one year earlier. In both cases this reflects normal variations in operating cash levels due to the timing of payments and receipts. Cash advances were not necessary from the General Fund to other funds at the end of fiscal year 2013-2014. During the first quarter of this fiscal year there has been a cash advance of \$620,000 from the General Fund to the Community Development Block Grant Fund for housing rehabilitation projects awaiting state reimbursement. The Behavioral Health Fund required cash advances from the Public Health Fund during the fourth quarter of fiscal year 2013-2014 and the first quarter of fiscal year 2014-2015 in the amounts of \$4.3 million and \$0.9 million respectively.

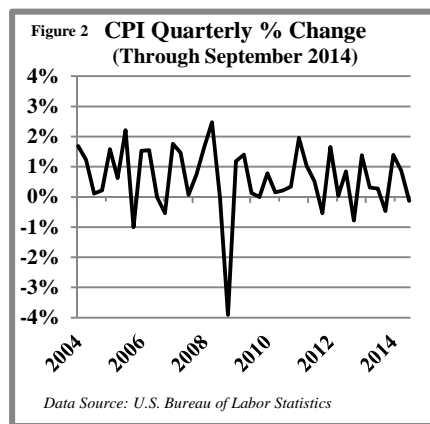
**Debt:** During the fourth quarter of last fiscal year and the first quarter of this fiscal year, principal payments totaling \$1,045,225 and interest payments of \$994,405 were made against long-term debt obligations. A new loan, in the form Certificates of Participation sold to the United States Department of Agriculture, was issued in July 2014 to finance construction of the new Hall of Records.

## **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 3.5% during the first quarter of fiscal year 2014-2015. While the 3.5% annualized growth rate is less than the 4.6% annualized growth seen during the fourth quarter of fiscal year 2013-2014, it does represent strong growth in the economy, and is a large swing from the 2.1% annualized decrease observed in the third quarter of fiscal year 2013-2014. This has been primarily attributed to the exceptionally severe winter weather experienced across the Midwest and East during that period. The expansion in GDP growth during the first quarter of fiscal year 2014-2015 was driven by increases in consumer spending,

exports, nonresidential fixed investment, federal government spending, and state and local government spending. Imports, which reduce GDP, also decreased. Despite many components of GDP increasing, more than half of the growth can be attributed to increases in consumer purchases of goods, business spending (nonresidential fixed investment), and federal government expenditures.

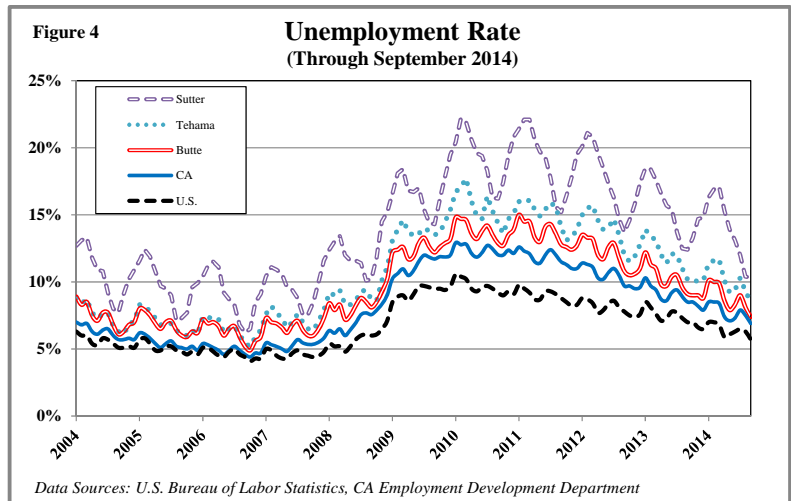
Prices faced by consumers nationally have fluctuated in recent months, with the majority of the volatility being caused by changing prices for energy. During the twelve months preceding September 2014, the Consumer Price Index (CPI) increased on a month-to-month basis seven times, and decreased five times. Overall during that period, the CPI increased by 1.7%. This is below the average annual rate of increase over the past decade of approximately 2.5%. In the fourth quarter of fiscal year 2013-2014 the CPI increased by 0.9%, and for the first quarter of fiscal year 2014-2015 it has decreased by roughly 0.1%. Figure 2 (below) displays the quarterly change in the CPI from 2004 through the first quarter of fiscal year 2014-2015.



Consumer confidence, as measured by the Conference Board’s Consumer Confidence Index (CCI), increased slightly in both the fourth quarter of fiscal year 2013-2014 and the first quarter of fiscal year 2014-2015. The average CCI value was 83.4 and 89.9 in the fourth and first quarters, respectively, above the fiscal year 2013-2014 third quarter average value of 80.5. 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 decreased in September, as consumers expressed expectations of softening job growth and easing of economic growth in general in the coming months. Figure 3 (above) shows the monthly change in the CCI from 2004 through September 2014.

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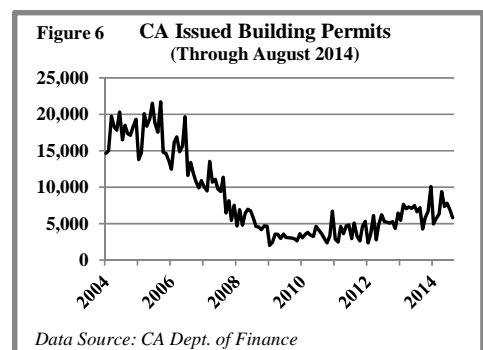
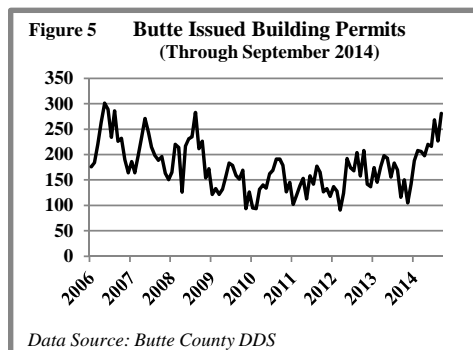
**Unemployment:** The State's seasonally unadjusted unemployment rate stood at 7.3% at the close of the fourth quarter of fiscal year 2013-2014. This is a significant decrease from the 8.4% seen at the close of the third quarter, and also much lower than the 9.2% from the close of fiscal year 2012-2013. The State unemployment rate declined further through the first quarter of fiscal year 2014-2015, ending at 6.9%. Butte County's unemployment rate at the close of the fourth quarter was 8.3%, down



from 9.9% at the close of the third quarter, and 10.4% from the close of fiscal year 2012-2013. The unemployment rate for Butte County at the close of the first quarter of fiscal year 2014-2015 continued to show improvement, ending at 7.4%. In September, the size of the labor force in Butte County was estimated to be 103,100, virtually equivalent to the estimated size of the labor force at the close of the fourth quarter of fiscal year 2013-2014 (103,200). 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).

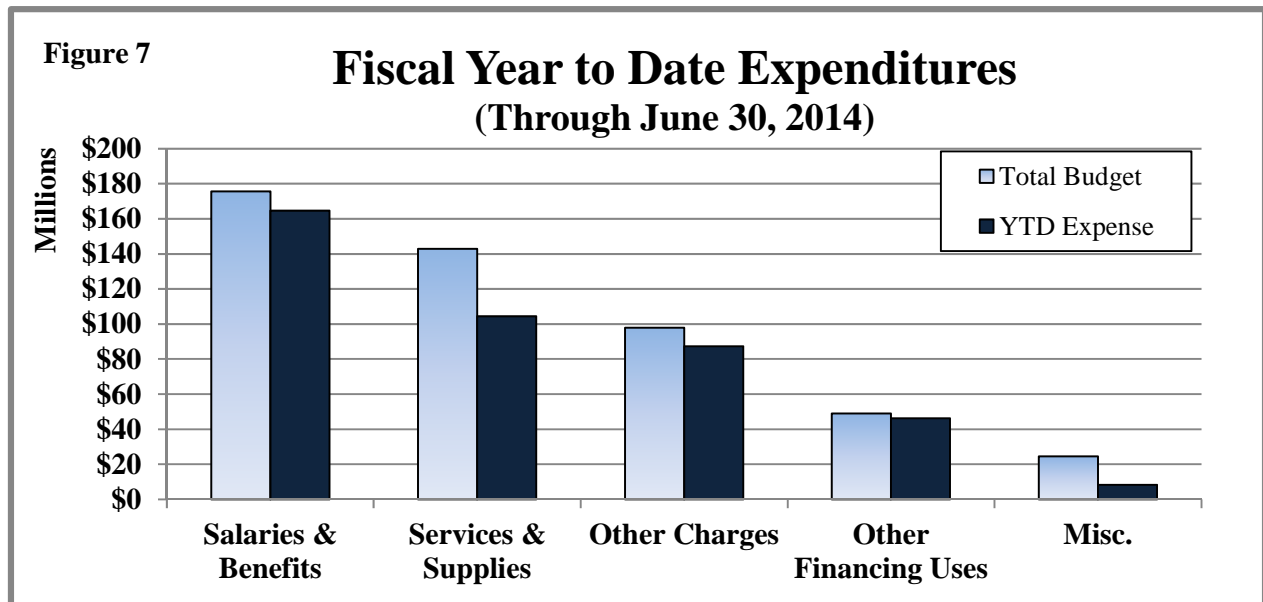
**Other State and Local Economic Indicators:** Statewide, the pace of homebuilding appears to be maintaining slow but steady improvement over the long term. The trend was disrupted somewhat by a new regulation that took effect January 1, 2014, which caused a large increase in starts to occur in December, and a subsequent decrease in the following months. The fourth quarter of fiscal year 2013-2014 saw an average of nearly 8,200 new home starts per month, up from about 7,300 in the fourth quarter of fiscal year 2012-2013. The first two months of the first quarter of fiscal year 2014-2015 saw a monthly average of 6,400 new home starts statewide a decrease from 6,900 in the same period last year. The number of building permits issued for the unincorporated area of Butte County has been increasing recently. An average of 259 building permits of various types were issued per month in the first quarter of fiscal year 2014-2015, up from 211 in the previous quarter, and up from 156 for the first quarter of fiscal year 2013-2014.

The median price of existing, single-family homes sold in California during August 2014 was \$480,280, a 3.3% increase from the previous month, and a 8.9% increase from a year earlier. The number of existing home sales was 394,280, a decrease of 1.2% from the previous period, and a 9.3% decrease from a year ago.



## FOURTH QUARTER EXPENDITURE REPORT

At the end of the 4th quarter the County had expended \$410.7 million<sup>1</sup> from a budget totaling \$489.8 million. As shown in Figure 7 below, the County spent \$164.6 million on salaries and benefits, \$104.4 million on services and supplies, and \$87.3 million on other charges, such as payments between funds and contributions to other agencies. The remaining \$54.4 million in expenditures were for other financing uses and miscellaneous expenditures, which consist primarily of operating transfers and other charges between budget units. The majority of these transfers are related to the 2011 Realignment. Miscellaneous expenses include capital assets. Overall, the County expended 84% of the budget in fiscal year 2013-2014, similar to prior years.



<sup>1</sup> 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.

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Figure 8

# Department Expenditures

(% of Total Budget - Through June 30, 2014)

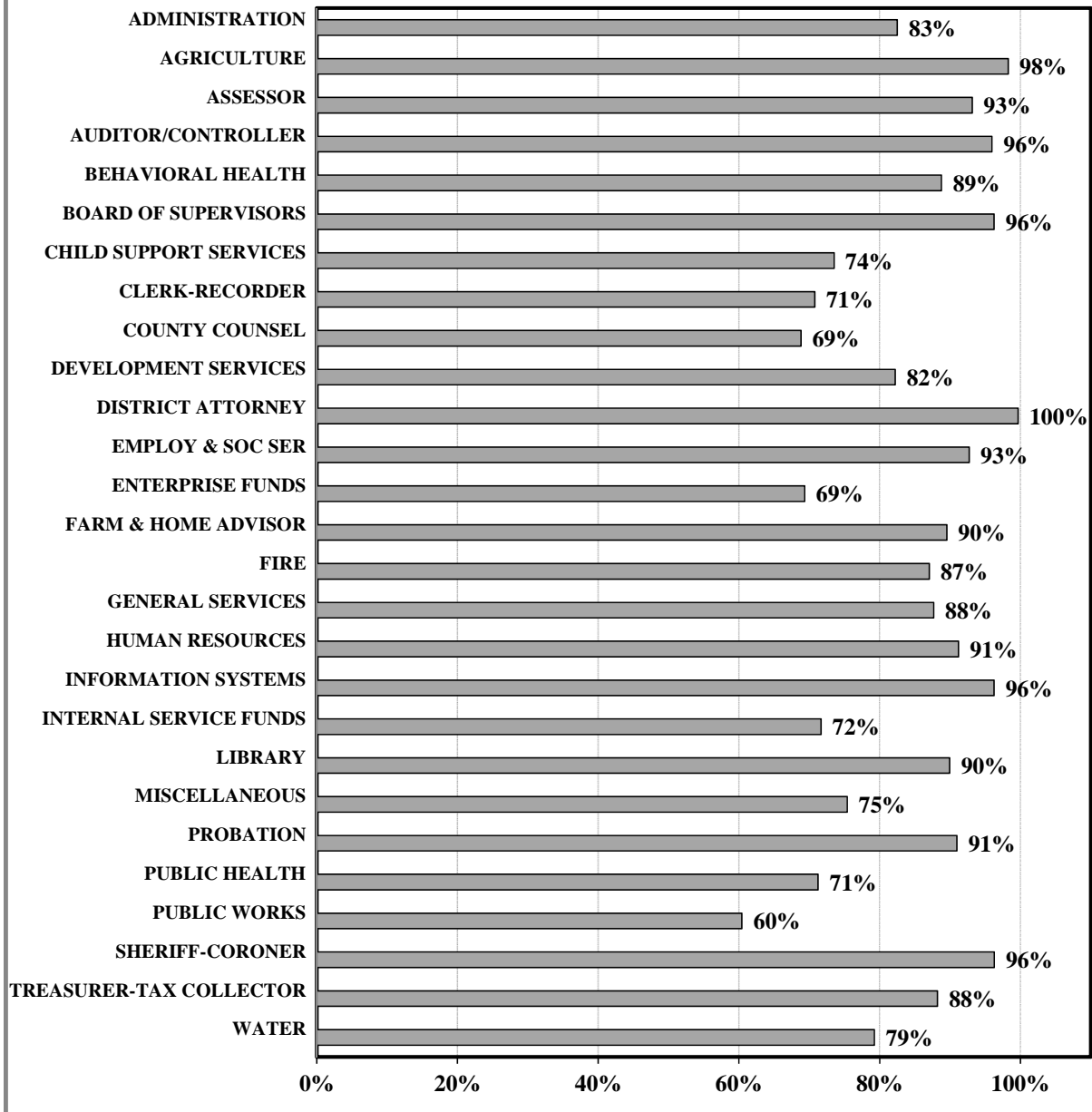


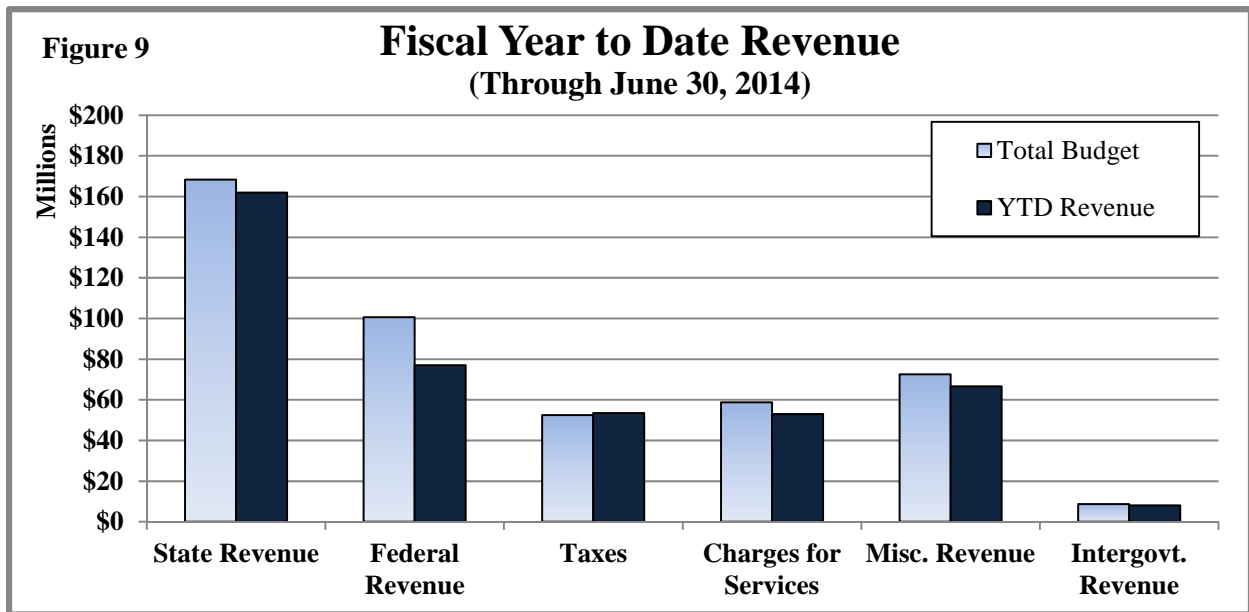
Figure 8 above shows the percentage of budget expended by each County department. Most departments have expended between 80% and 100% of their budget. A small number of departments had expenditures of less than 80% of budgeted amounts. These are noted as follows: The Clerk-Recorder; Miscellaneous Budget Units which include Capital Projects; Public Works; and Water Departments all included budgeted projects that are now planned for the current fiscal year. The Department of Child Support Services is required to meet State efficiency requirements and reduced expenditures in order to meet those requirements. In County Counsel, a staff position was vacant for

most of the year, and the department incurred lower than anticipated costs for outside counsel. The County's insurance programs (general liability, workers' compensation, and others) and Utilities Fund fall within the Internal Service Funds grouping and the largest portion of the unexpended appropriation from that grouping resulted from reimbursements received from excess insurance coverage. For Public Health, changes related to the implementation of the Affordable Care Act and administration of the County Medical Services Program resulted in a decrease in expenditures.

The Neal Road Recycling and Waste Facility budget, which is accounted for in an enterprise fund, included current year capital purchases and improvements of approximately \$800,000. Due to accounting requirements for enterprise funds, annual depreciation is recorded as an expense for capital assets rather than the total cost of current year capital purchases. Additionally, the budget includes over \$800,000 in principal debt payments that are not recorded as current year expenditures. The result of these accounting requirements is that some budgeted expenditures are unused. Finally, some capital expenditures originally planned for fiscal year 2013-2014 have been shifted to fiscal year 2014-2015.

#### FOURTH QUARTER REVENUE REPORT

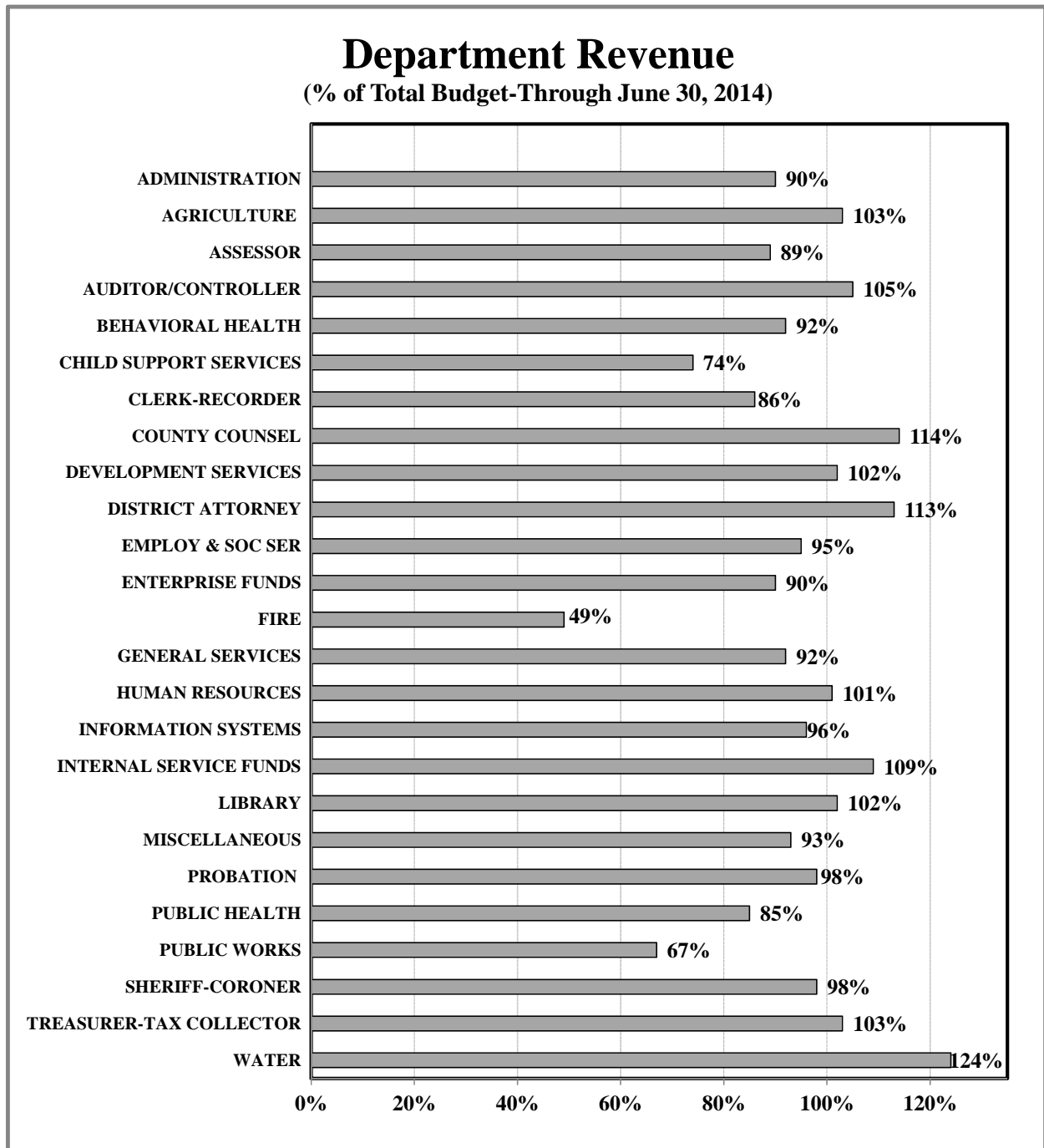
Through the fourth quarter of the fiscal year, as reflected in Figure 9, the County received 91% of budgeted revenues<sup>2</sup>, consistent with prior years.



<sup>2</sup> 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 below shows revenues received by each County department through the end of the fourth quarter. Most departments received revenues between 80% and 110% of their budgeted amounts through the fiscal year. Three departments had revenue receipts less than 80% of budget. Child Support revenue is directly related to expenditures, and expenditures were reduced in order to meet State requirements. For Public Works, several planned projects were delayed, resulting in associated reimbursements being received in fiscal year 2014-2015. Fire had budgeted grant revenue for the purchase of equipment, but the purchase and associated reimbursement is now planned for the current fiscal year.



County Counsel, the District Attorney, and Water had revenues in excess of 110% of budget. County Counsel received 114% of budgeted revenue primarily due to unanticipated revenues related to an increased Public Administrator/Public Guardian workload, and settlements from various grading ordinance violations. Revenue within the District Attorney's Office was 113% of budget, primarily due to the receipt of unanticipated mandate reimbursements from the State. Water received revenue amounting to 124% of the amount budgeted primarily due to greater than anticipated grant revenues.

General Purpose Revenues, shown in Figure 11 below, ended the year higher than budgeted. In total, the County received 104% of budgeted revenue. Property taxes are the most significant source of general purpose revenue and showed slightly better than anticipated growth. Both local sales tax and the public safety sales tax showed better than anticipated increases, a positive sign for economic activity in general. Table A Water Lease revenues are much larger than budgeted due to the timing of the contract approval and lease payments. Interest in the County Treasury is above the budgeted amount due to the inclusion of interest earned from a Tax and Revenue Anticipation Note issued several years prior. Receipt of revenues from fines, forfeitures, and penalties were slightly below the budgeted amount, as was receipt of tobacco settlement funds.

<b>Figure 11                      General Purpose Revenue Receipts</b>			
<b>(Through 4th Quarter)</b>			
<b>Account Title</b>	<b>Budget</b>	<b>YTD Receipts</b>	<b>YTD %</b>
Property Taxes	45,563,216	45,843,079	101%
Teeter Plan Proceeds	1,500,000	1,500,000	100%
Local Sales Tax	3,999,000	4,412,158	110%
Property Transfer Taxes	620,600	762,920	123%
Other Taxes	618,500	713,211	115%
Licenses & Permits	1,553,200	1,594,501	103%
Fines, Forfeitures & Penalties	973,200	923,997	95%
Interest-County Treasury	150,000	238,711	159%
Public Safety Sales Tax	14,134,100	14,592,184	103%
Lease-Table A Water	1,184,000	2,400,497	203%
RDA City of Chico	3,980,600	4,045,332	102%
Tobacco Settlement Funds	1,960,000	1,937,231	99%
Other Misc. Revenue	1,707,800	2,081,147	122%
<b>Total General Purpose Revenue</b>	<b>\$77,944,216</b>	<b>\$81,044,968</b>	<b>104%</b>

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## YEAR END FUND BALANCE REPORT

The Auditor's Office spent the months of July, August and September finalizing the accounting for the 2013-2014 fiscal year. As the process wraps up and the Auditor's Office prepares the Comprehensive Annual Financial Report (CAFR), the June 30, 2014 unaudited ending fund balances in each of the County's Governmental Funds became known. In the coming months the 2013-2014 financial results will be audited and published in the CAFR.

The total General Fund balance is \$39.9 million. Of this total, \$25.2 million is restricted, committed or assigned. This \$25.2 million is primarily composed of funds whose use is restricted by law, for example Inmate Welfare funds and Recording System funds. The unassigned, or available, general fund balance as of June 30, 2014 is \$14.7 million. This is \$850,000 less than estimated in the 2014-2015 budget. The result of the lower than anticipated unassigned General Fund balance is that the General Fund Contingency for 2014-2015 will be \$4.6 million instead of the projected \$5.5 million.

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 \$11.3 million is primarily Public Health

**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	39,898,454	25,189,771	14,708,683
0020	Welfare	6,748,186	6,748,186	-
0021	Public Health	11,270,535	11,270,535	-
0022	Behavioral Health	326,933	326,933	-
0025	Child Support Services	100,135	100,135	-
0030	Road Operations	10,783,095	10,783,095	-
0035	Impact Fee	7,329,235	7,329,235	-
0039	Debt Service	9,355,363	9,355,363	-
0041	Capital Projects	5,503,786	5,503,786	-
0042	Equipment Replacement	2,957,114	2,957,114	-
0043	Support Services Equip. Replacement	1,720,193	1,720,193	-
0050	Supplemental Law Enf. Svcs.	376,246	376,246	-
0055	Public Safety & HHS Realignment	-	-	-
0131	Local Trans. - Transit	45,676	45,676	-
0142	CDBG	129,565	129,565	-
0143	Housing & Community Development	3,572,332	3,572,332	-
0150	Fish & Game	112,265	112,265	-
<b>Total Governmental Funds</b>		<b>100,229,113</b>	<b>\$ 85,520,430</b>	<b>\$ 14,708,683</b>

realignment funds that can only be used for Public Health, and the Road Operations fund balance of almost \$10.8 million is limited to road projects.

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, for the internal service and enterprise funds net position is reported 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 position in the internal service funds will continue to make it possible to collect lower premiums from departmental budgets than their incurred costs. (Figure 13)

<b>Figure 13</b>		
<b>Unaudited Fund Balances-Internal Service Funds</b>		
<b>(Through 4th Quarter)</b>		
<b>Fund No.</b>	<b>Fund Name</b>	<b>Net Position</b>
7100	General Liability	2,562,040
7110	Workers Compensation	5,397,805
7120	Unemployment Insurance	916,980
7140	Medical Liability Insurance	6,300
4160	Misc. Insurance	23,235
7210	Utilities	718,003
<b>Total Internal Service Funds</b>		<b>\$ 9,624,363</b>

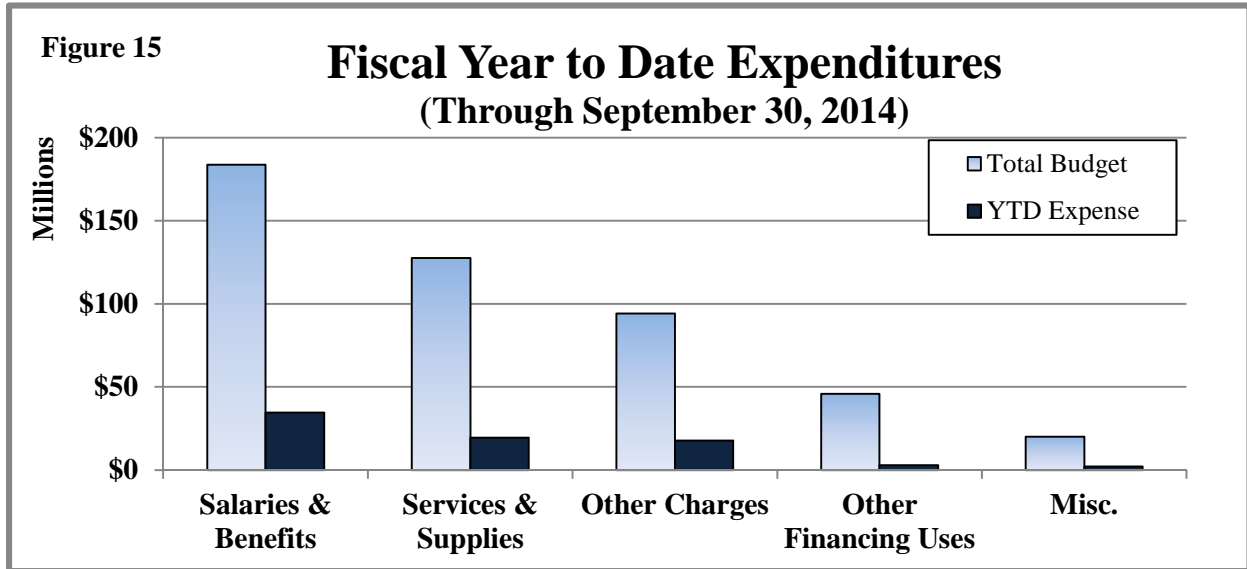
The enterprise funds are used to account for the operations of the Neal Road Recycling and Waste Facility. The Closure/Post Closure Fund will insure that adequate funds are available for the ultimate closure and post closure maintenance of the facility while the Waste Management Fund is for the operations of the facility. (Figure 14)

<b>Figure 14</b>		
<b>Unaudited Fund Balances-Enterprise Funds</b>		
<b>(Through 4th Quarter)</b>		
<b>Fund No.</b>	<b>Fund Name</b>	<b>Net Position</b>
7560	Closure/Post Closure	956,471
7570	Waste Management	24,906,258
<b>Total Enterprise Funds</b>		<b>\$ 25,862,729</b>

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## FIRST QUARTER EXPENDITURE REPORT

At the end of the first quarter, the County had expended \$76.9 million<sup>3</sup> from a budget totaling \$471.2 million. As shown in the graph below, the County spent \$34.6 million on salaries and benefits, \$19.6 million on services and supplies, and \$17.8 million on other charges, such as payments between funds and contributions to other agencies. The remaining \$4.9 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 16% 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.

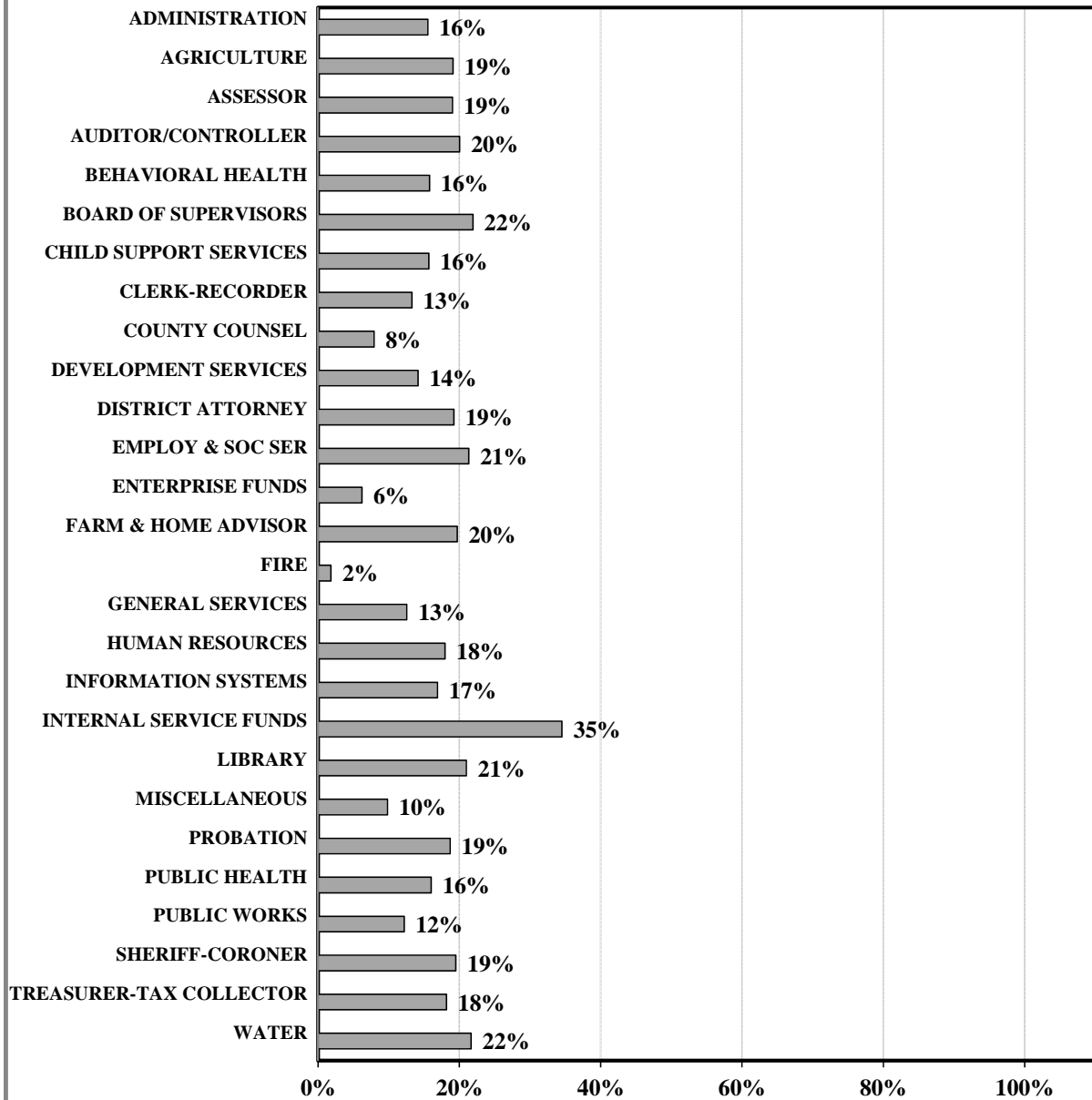
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<sup>3</sup> For the purpose of this report the County budget includes all departmental operating budgets, internal service funds (for example Workers' Compensation and General Liability), enterprise funds (Neal Road Waste and Recycling Facility) as 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, 2014)

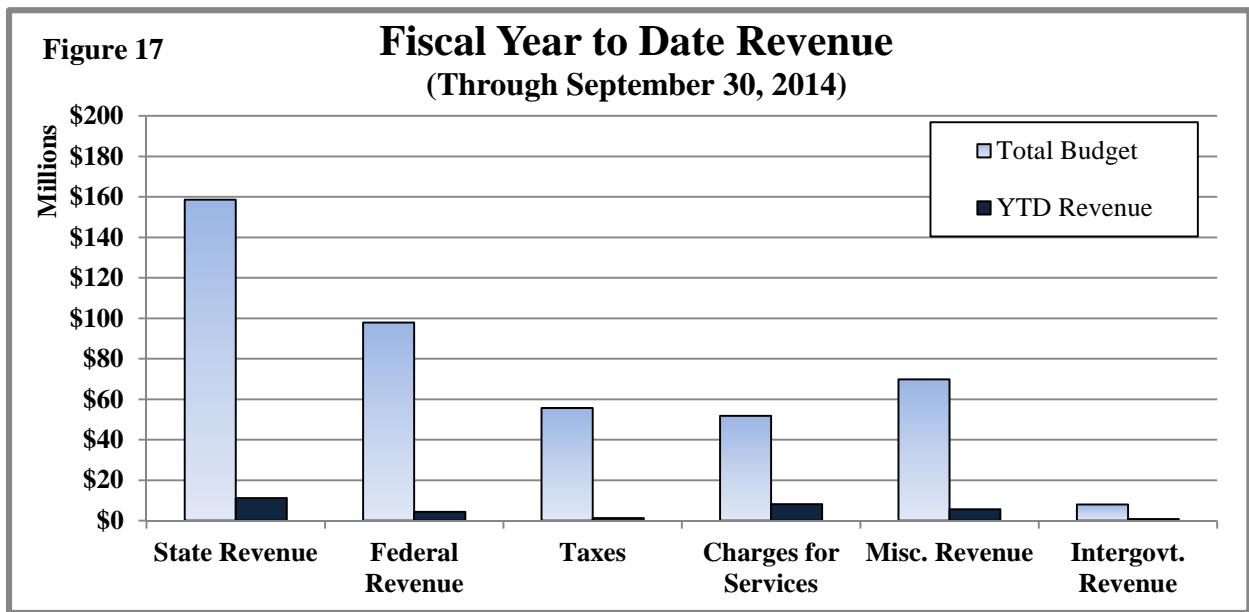


Through the first quarter, internal services funds were the only unit that expended more than 25% of planned expenditures. The internal service funds include General Liability, Workers' Compensation and other risk management funds, and the Utilities Fund. Most of the County's insurance premiums are paid in the first quarter of the fiscal year which accounts for the higher percent of budget expended than 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 low percentage of their budget expended due to negative expenditure transfers posted in accordance with countywide cost allocations. The enterprise fund operating plan (Neal Road Recycling and Waste Facility) includes appropriation for debt service payments and capital asset purchases that were not expended in the first quarter.

**FIRST QUARTER REVENUE REPORT**

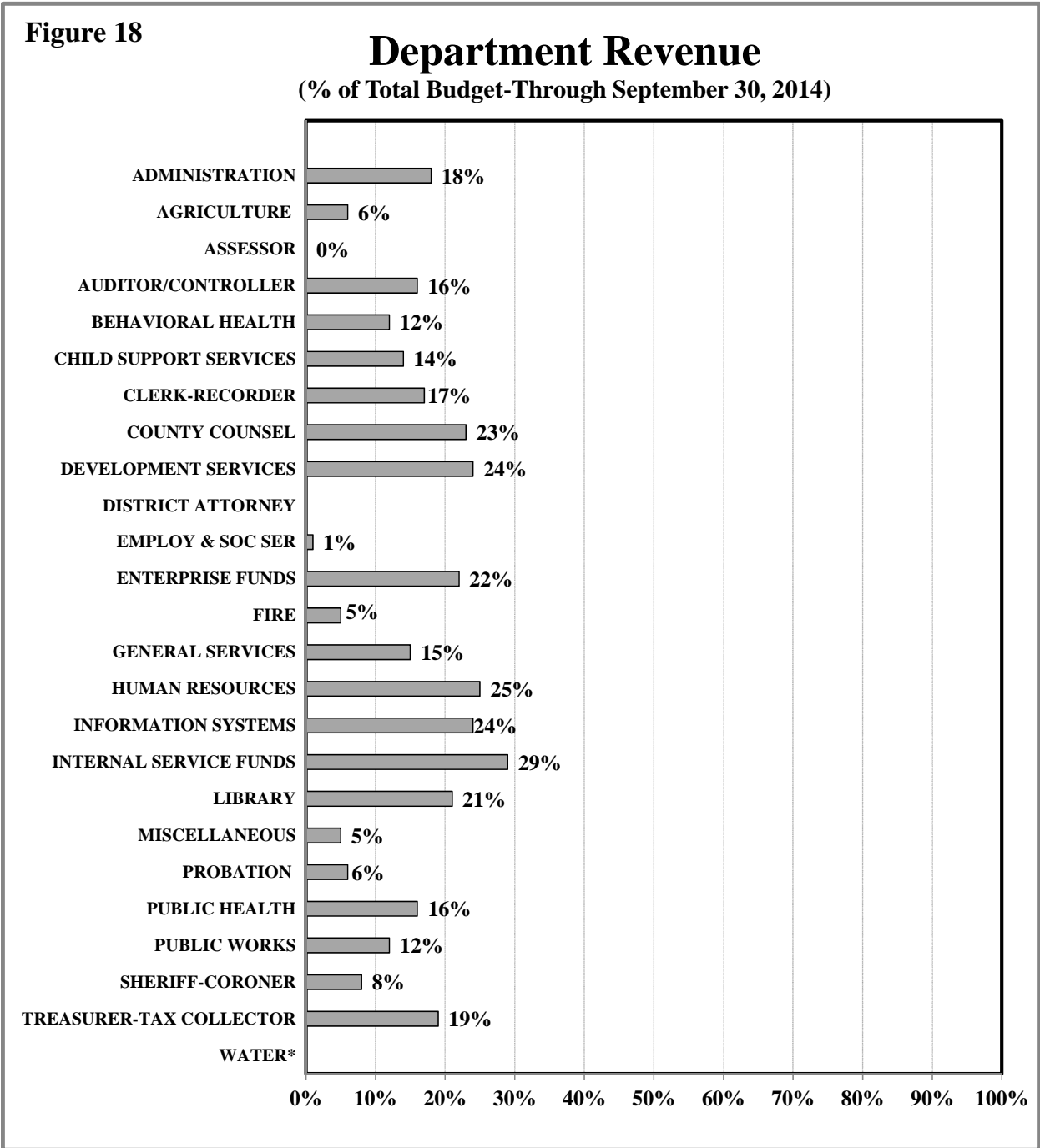
Through the first quarter of the year the County received 7% of budgeted revenues<sup>4</sup>. Although first quarter revenues appear low, the results are consistent with that of prior years.



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<sup>4</sup> 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. At this point in the fiscal year, it is typical for departments to have wide variations in the percentage of budgeted revenue collected.



*\*The Water Department's budget currently reflects a -112.56% due to prior year accruals not received by the close of the first quarter. This is consistent with prior years and die to the timing of grant revenues.*

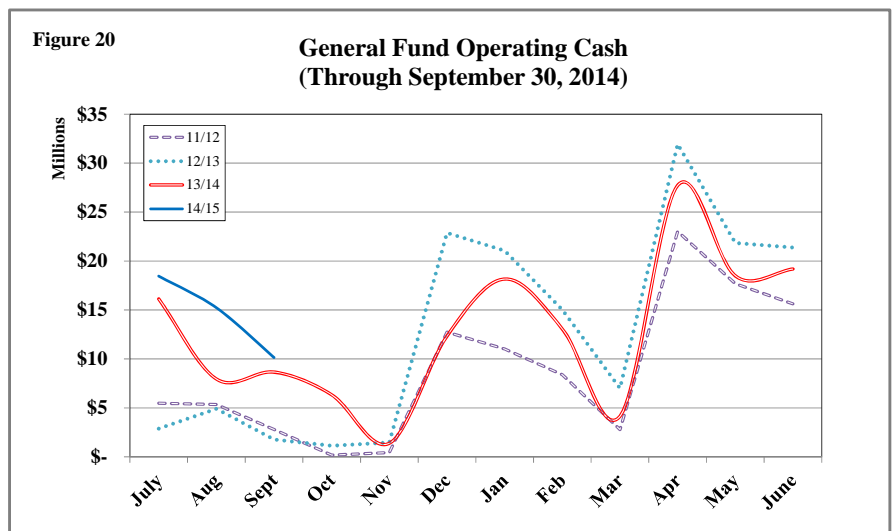


Similar to overall County revenues in the first quarter of the fiscal year, general purpose revenue receipts are low. Through the first quarter, the County only received 3% of budgeted revenues. The single largest component of general purpose revenue is property tax and the first installment will not 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.

<b>Figure 19 General Purpose Revenue Receipts</b>			
<b>(Through 1st Quarter)</b>			
<b>Account Title</b>	<b>Budget</b>	<b>YTD Receipts</b>	<b>YTD %</b>
Property Taxes	46,888,961	741,631	2%
Teeter Plan Proceeds	2,900,000	-	0%
Local Sales Tax	4,260,081	374,212	9%
Property Transfer Taxes	825,000	189,797	23%
Other Taxes	569,222	5,571	1%
Licenses & Permits	1,556,690	170,608	11%
Fines, Forfeitures & Penalties	904,509	67,577	7%
Interest-County Treasury	152,000	267	0%
Public Safety Sales Tax	14,878,459	976,014	7%
Lease-Table A Water	2,400,000	-	0%
RDA City of Chico	4,074,092	-	0%
Tobacco Settlement Funds	2,000,000	-	0%
Other Misc. Revenue	1,707,776	29,514	2%
<b>Total General Purpose Revenue</b>	<b>\$83,116,790</b>	<b>\$2,555,192</b>	<b>3%</b>

**GENERAL FUND OPERATING CASH REPORT**

The General Fund operating cash balance at the end of the fourth quarter of fiscal year 2013-2014 was \$19.2 million, compared with \$21.4 million the prior year. By the end of 1<sup>st</sup> quarter of 2014-2015 the cash balance was \$10.1 million which was \$1.5 million more than the balance at the end of the 1<sup>st</sup> quarter of 2013-2014. These year over year variances in operating cash reflect normal variation in operating cash levels due to the timing of payments and receipts.



As shown in the graph above the overall trends for general fund operating cash are consistent from year to year with declining balances in the 1<sup>st</sup> and 2<sup>nd</sup> quarters of the year until the first installment of property tax is received December and then declining again until the second installment of property tax is received in April.

As of June 30, 2014 there were no General Fund cash advances to other funds. As of September 30, 2014 there is an outstanding \$620,000 cash advance from the General Fund to the CDBG fund to pay for housing rehab projects until state reimbursement is received.

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. As of the end of the fourth quarter of the 2013-2014 fiscal year, the cash deficit for Behavioral Health was \$4,256,056 and as of the end of the first quarter of the current fiscal year, the cash deficit was \$912,737. The significant cash improvement in the first quarter of the current fiscal year was due to the State of California making more timely payments to the County. All cash deficits for the Behavioral Health Fund were advanced from Public Health realignment. These advances have been returned to Public Health realignment.

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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. The 2003 Certificate of Participation and the Ford Motor Credit loan were paid in full during the first quarter of the current fiscal year. To finance the construction of a new Hall of Records, in the first quarter of the current fiscal year the County sold \$8,000,000 in Certificates of Participation to the United States Department of Agriculture, Rural Development program. Starting in July 2015, the County is obligated to make a principal and interest payment in July and an interest only payment in January of each year. During the fourth quarter of the fiscal year ending on June 30, 2014 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 (4/1/14-9/30/14)</u>	<u>Interest Paid (4/1/14-9/30/14)</u>
2003 Certificate of Participation	\$ 415,000.00	\$ 7,055.00
2004 Pension Obligation Bonds-Series A	\$ 55,000.00	\$ 845,495.90
2004 Pension Obligation Bonds-Series B	\$ 295,000.00	\$ 49,996.69
2010 Bangor Fire Station #55-Certificates of Participation	\$ 13,000.00	\$ 20,146.65
Chico Memorial Hall 492 Rio Lindo Avenue, Chico	\$ 37,103.22	\$ 24,053.13
Chico Memorial Hall 554 Rio Lindo Avenue, Chico	\$ 43,671.70	\$ 18,602.80
California Energy Commission - Phase 1	\$ 114,039.94	\$ 24,550.72
California Energy Commission - Phase 2	\$ 13,887.23	\$ 4,005.77
California Integrated Waste Management Board	\$ 50,000.00	\$ 0
Ford Motor Credit	\$ 8,522.57	\$ 498.56

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The following Long-Term Debt schedule, Figure 21, and Ratio of Outstanding Debt and Ratios schedule, Figure 22, present data as of September 30, 2014.

<b>Figure 21</b>				
<b>Type of Debt</b>	<b>Original Loan Amount</b>	<b>Current Balance</b>	<b>Avg. Annual Payment*</b>	<b>Maturity Date</b>
<b>Bonds Payable</b>				
<b>Pension Obligation Bonds</b>				
-Series A	28,020,000	27,965,000	2,587,362	6/1/2034
-Series B	21,875,000	21,580,000	1,778,036	6/1/2034
<b>Total Bonds Payable</b>	<b>\$ 49,895,000</b>	<b>\$ 49,545,000</b>	<b>\$ 4,365,398</b>	
<b>Certificates of Participation</b>				
2003 Certificates of Participation	5,150,000	-	-	7/1/2014
2014 Hall of Records Certificates of Participation	8,000,000	421,814	374,500	7/1/2054
2010 Bangor Fire Station #55 Renovation Project	1,100,000	994,333	55,302	8/1/2050
<b>Total Certificates of Participation</b>	<b>\$ 14,250,000</b>	<b>\$ 1,416,147</b>	<b>\$ 429,802</b>	
<b>Capital Leases</b>				
Chico Memorial Hall - 492 Rio Lindo	583,400	287,939	61,156	4/10/2020
Chico Memorial Hall - 554 Rio Lindo	670,900	314,074	62,275	4/10/2020
Ford Motor Credit	32,150	-	-	7/15/2014
<b>Total Capital Leases</b>	<b>\$ 1,286,450</b>	<b>\$ 602,013</b>	<b>\$ 123,431</b>	
<b>Notes Payable</b>				
<b>California Energy Commission</b>				
-Solar Project Phase 1	2,777,000	1,132,450	277,181	12/22/2018
-Solar Project Phase 2	390,000	189,494	35,786	6/22/2020
<b>Total Notes Payable</b>	<b>\$ 3,167,000</b>	<b>\$ 1,321,944</b>	<b>\$ 312,967</b>	
<b>Neal Road Recycling and Waste Facility</b>				
2006 Certificate of Participation	12,025,000	8,115,000	1,191,841	8/24/2035
Note Payable - Calif. Integrated Waste Mgt Board	500,000	100,000	50,000	6/1/2016
Lease/Purchase - JPMorgan Chase Bank	558,924	451,035	117,804	12/24/2017
Lease/Purchase - JPMorgan Chase Bank	500,000	500,000	104,976	2/20/2019
<b>Total Neal Road Recycling and Waste Facility</b>	<b>\$ 13,583,924</b>	<b>\$ 9,166,035</b>	<b>\$ 1,464,621</b>	
<b>TOTAL LONG-TERM DEBT</b>	<b>\$ 82,182,374</b>	<b>\$ 62,051,139</b>	<b>\$ 6,696,219</b>	

\* From FYE 6/30/14 to maturity per amortization schedules

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**Figure 22**

## 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	\$ 49,545	\$ 1,322	\$ 1,422	\$ 611	\$ 100	\$ 8,115	\$ 951	\$ 62,066	0.3455%	\$ 280
2015	\$ 49,545	\$ 1,322	\$ 1,416	\$ 602	\$ 100	\$ 8,115	\$ 951	\$ 62,051	0.3454%	\$ 280

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