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Date:	November 24, 2015
To:	Butte County Board of Supervisors
From:	Meegan Jessee, Deputy Administrative Officer
Subject:	Financial Report for Fourth Quarter Fiscal Year 2014-2015 & First Quarter 2015-2016

OVERVIEW

The Butte County financial report for the fourth quarter of fiscal year 2014-2015 and the first quarter of fiscal year 2015-2016 contains updates on the economy, expenditures, revenues, cash balances and long-term debts for the periods ending June 30, 2015 and September 30, 2015.

The financial report for the fourth quarter of fiscal year 2014-2015 is combined with the financial report for the first quarter of fiscal year 2015-2016 because significant accounting activity occurred for both periods through September 30, 2015. Many revenues received and expenditures made between June 30, 2015 and September 30, 2015 were recorded in the fourth quarter of fiscal year 2014-2015 because they were related to revenue earned or services received in the 2014-2015 fiscal year.

Economy: The economic data trends through the fourth and first quarter of the fiscal year continue to show slow and sometimes uneven improvement. The decrease in the local unemployment rate to 5.9% was a particularly bright spot and reflects the lowest rate since December 2006.

Expenditures: Expenditures by County departments occurred as anticipated for the fiscal year ending June 30, 2015. At the end of the fourth quarter, the County had expended $421.3 million from a budget totaling $479.2 million, which is about 88%.

Expenditures for the quarter ending September 30, 2015 are on track and, with the exception of some transfers related to a new financial organizational structure implemented this year, very similar to the last fiscal year. Overall, the County expended $131.2 million by the end of the first quarter, which is 25% of the budget.

Revenues: Through the fourth quarter of the fiscal year revenues were somewhat higher as a percent of budget compared to prior years, due primarily to some one time revenues related to the implementation of a new Teeter Plan Policy and pre-2004 state mandate payments, as well as state and federal funds received in the Behavioral Health and Social Services Departments. Through the end of the fiscal year, the County received 98% of budgeted revenues.

Revenues received during the first quarter of the current fiscal year are 19% of the budgeted amount. This is more than previous years, due to the movement of funds related to the implementation of a new financial organizational structure.

Year End Fund Balances: The total General Fund fund balance at June 30, 2015 was $51.5 million. Of this total, $26.9 million was restricted, committed or assigned. The unassigned (available) balance as of June 30, 2015 was just short of $24 million, which is $1.4 more than estimated in the 2015-2016 budget primarily because of the receipt of $1 million more in Teeter Plan revenues than estimated. As a result, the General Fund Contingency for 2015-2016 is $7.4 million instead of the projected $6 million.

Other governmental fund balances totaled $67.4 million. All of the fund balances in the other governmental funds are restricted, committed or assigned. Internal service funds net assets totaled $8 million. Enterprise funds net assets totaled $27.4 million.

Cash Balances: The General Fund operating cash balance was approximately $29.8 million at the end of June 2015. This is about $10.6 million higher than the fourth quarter ending balance one year prior, due to the Teeter Plan revenues mentioned above. At the end of the September 2015, General Fund operating cash was $15.8 million.

Debt: During the fourth quarter of last fiscal year and the first quarter of this fiscal year, principal payments totaling $1.8 million and interest payments of $2.4 million were made against long-term debt obligations.

ECONOMIC UPDATE

Gross Domestic Product: 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 1.5% during the 1st quarter of fiscal year 2015-2016, falling after a rise to 3.9% during the fourth quarter of fiscal year 2014-2015. The economy slowed down a bit as companies cut down on production to prevent a buildup of inventories. Even as businesses slowed with caution, consumer spending grew at the end of the fourth quarter of fiscal year 2014-2015. The 1.5% growth rate in the first quarter of fiscal year 2015-2016 reflects moderate growth, with positive contributions from personal consumption expenditures, exports, nonresidential fixed investment, state and local spending, and residential fixed investment. The increase was offset by negative contributions from private inventory investment. Imports, which reduce GDP, also increased. Figure 1 (below) shows annualized GDP growth by quarter for the preceding ten year period.

Figure 1

Figure 2

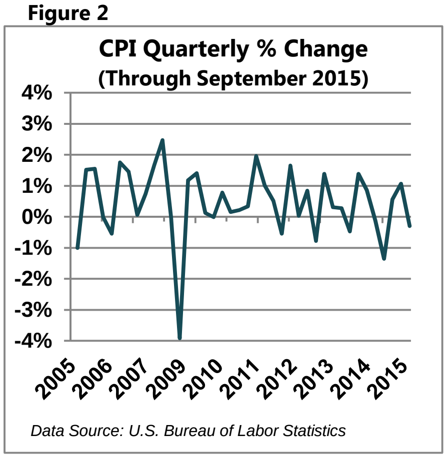
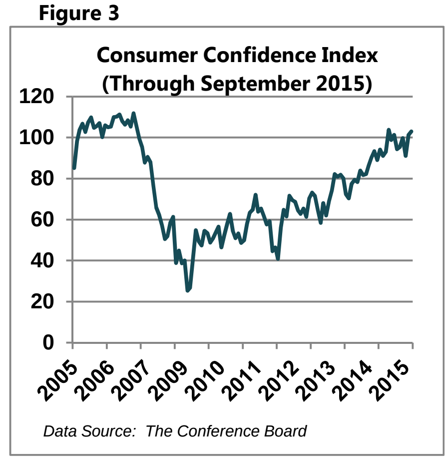


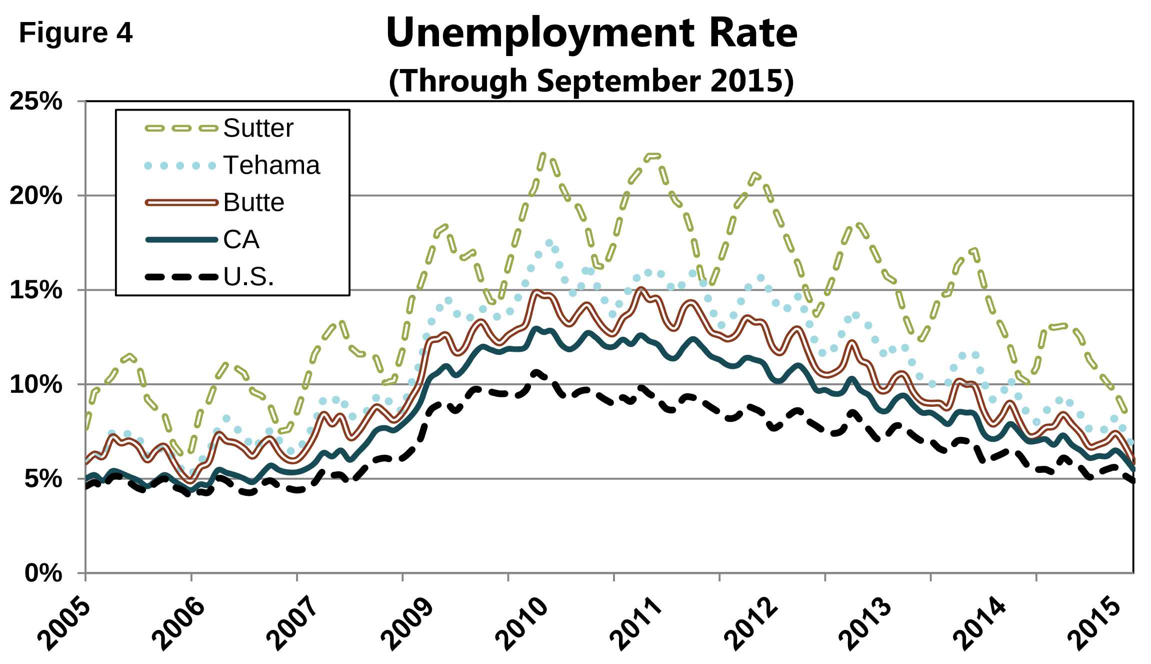
Figure 3



Consumer Price Index: Average prices faced by consumers nationally increased slightly during the fourth quarter of fiscal year 2014-2015 but fell again during the first quarter of fiscal year 2015-2016. The principal factor driving the overall decrease in the first quarter of fiscal year 2015-2016 was a 4.7% fall in energy costs with all major components also declining. Figure 2 (above) displays the quarterly change in the CPI from 2005 through the first quarter of fiscal year 2015-2016.

Consumer Confidence Index: Consumer confidence, as measured by the Conference Board's Consumer Confidence Index (CCI), fell during the fourth quarter of fiscal year 2014-2015 to 99.8 but rose during in the first quarter of fiscal year 2015-2016 to end at 103. According to the CCI, consumers' confidence increased in September to the second highest level in two years, but expectations remain flat with modest improvement in income expectations. Gasoline prices are down and unemployment rates are lower which leads to more favorable consumer confidence. Consumers are viewing current economic conditions more favorably, but they do not foresee growth accelerating in the months ahead. The CCI is benchmarked so that the index value for 1985 equals 100, a time where consumer confidence was neither at a peak or a trough. Since bottoming out at a value of 25.3 in February of 2009, the CCI has maintained fairly consistent increases overall, though the index remains below where it stood in the months preceding the 'Great Recession'.

Figure 4



Data Sources: U.S. Bureau of Labor Statistics, CA Employment Development Department

Unemployment: The State's seasonally unadjusted unemployment rate stood at 6.2% at the close of the fourth quarter of fiscal year 2014-2015. This is a slight decrease from the 6.5% seen at the close of the third quarter, and significantly lower than the 7.3% from the close of fiscal year 2013-2014. The State unemployment rate declined further through the first quarter of the fiscal year 2015-2016 to 5.5% but remains above that of the U.S. as a whole, which was 4.9% at the end of September 2015. Butte County's unemployment rate at the close of the fourth quarter was 7.0%, down from 7.4% at the close of the third quarter, and 8.3% from the close of fiscal year 2013-2014. The unemployment rate for Butte County at the close of the first quarter of fiscal year 2015-2016 showed significant improvement, ending at 5.9%, the lowest point since December 2006. Manufacturers added 800 more jobs since September 2014, and Butte's economy added over 1,500 more jobs over that same time period. In

September, the size of the labor force in Butte County was estimated at 101,300, which was a decrease of 700 from the previous month and down 100 from the previous year (September 2014). 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).

Building Activity: Statewide, the pace of homebuilding appears to be maintaining slow and somewhat steady improvement over the long term. The fourth quarter of fiscal year 2014-2015 saw an average of nearly 8,792 new home starts per month, up slightly from the preceding three-month period. The first quarter of fiscal year 2015-2016 saw a monthly average of 7,695 new home starts statewide, an increase from the 6,375 in the same period last year. The number of building permits issued for the unincorporated area of Butte County continues to increase. An average of 265 building permits of various types were issued per month in the first quarter of fiscal year 2015-2016, up from the 261 in the previous quarter, and up from the 259 in the first quarter of 2014-2015.

Figure 5

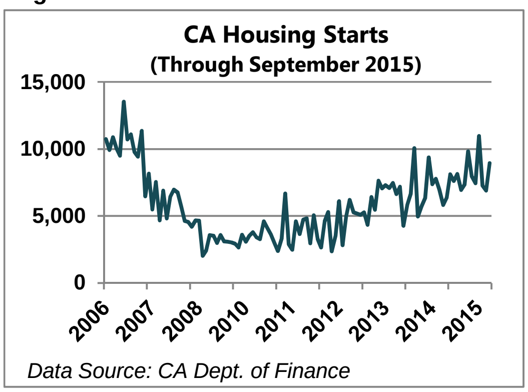
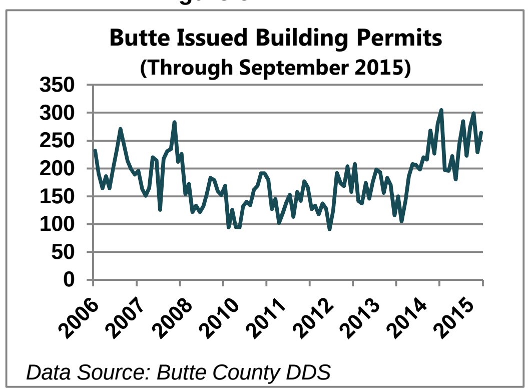


Figure 6



Home Sales: The median price of existing, single-family homes sold in California during September 2015 was $482,150 a decrease of 2.3% from the previous month and a 4.3% increase from a year earlier. The number of existing home sales was 425,030 a 1.5% decrease from the previous period and a 6.9% increase from a year ago. For Butte County, the median price of existing, single-family homes sold during September 2015 was $247,320, a 6.2% decrease from the previous month and a 4.9% increase from a year earlier.

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FOURTH QUARTER EXPENDITURE REPORT

At the end of the 4th quarter the County had expended $421.3 million[1] from a budget totaling $479.2 million. As shown in Figure 7 below, the County spent $169.7 million on salaries and benefits, $103.2 million on services and supplies, and $89.4 million on other charges, such as payments between funds and contributions to other agencies. The remaining $58.9 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 2011 Realignment. Miscellaneous expenses include capital assets. Overall, the County expended 88% of the budget in fiscal year 2014-2015.

Figure 7

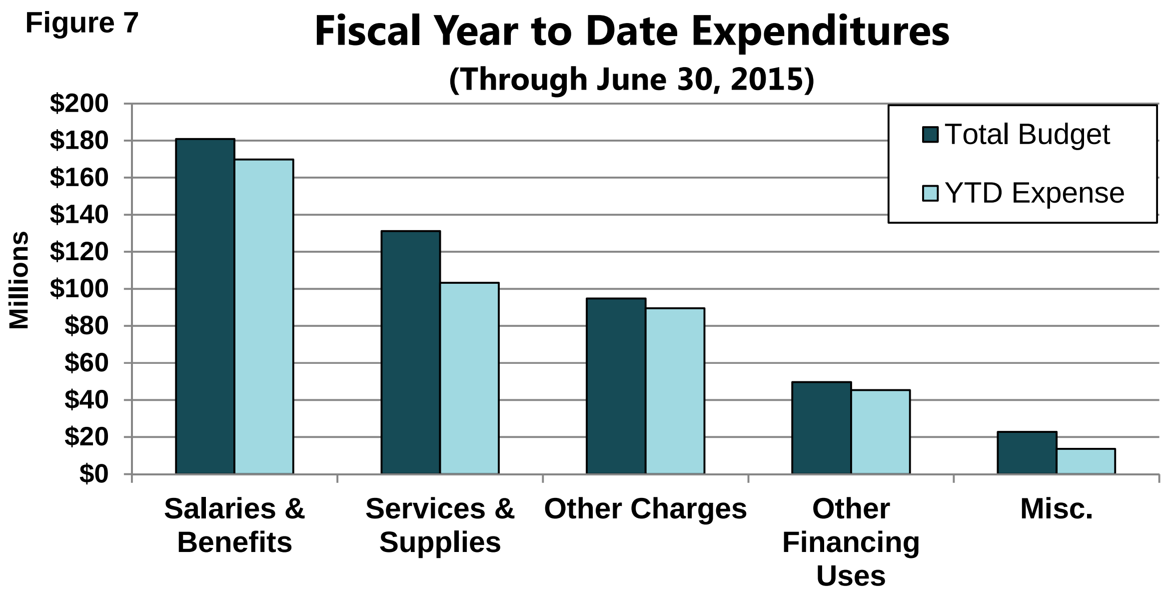


Figure 8 shows the percentage of budget expended by each County department. Most departments had expended between 80% and 100% of their budget. A number of departments had expenditures of less than 80% of budgeted amounts. These are noted as follows: Administration and County Counsel both had significant salary savings related to vacant positions and lower than anticipated professional services costs. General Services, Public Works and Development Services all had projects budgeted, but not completed, by the close of the fiscal year. The Department of Child Support Services is required to meet State efficiency requirements and reduced expenditures in order to meet those requirements and salary savings within the department. 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 experiencing less loss than expected through fewer claims and more aggressive case management. For Public Health, savings are related to the County Medical Services Program participation fee being waived, the delay of two remolding projects and multiple capital purchases, as well as salary savings.

The Neal Road Recycling and Waste Facility, which is accounted for in an enterprise fund, included current year capital purchases and improvements of approximately $430,000. 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 nearly

[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.

$1,000,000 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, nearly $2 million of capital improvements originally planned for fiscal year 2014-2015 have been shifted to fiscal year 2015-2016, including the Module 4F Liner Installation and the Module 5 Excavation.

Figure 8

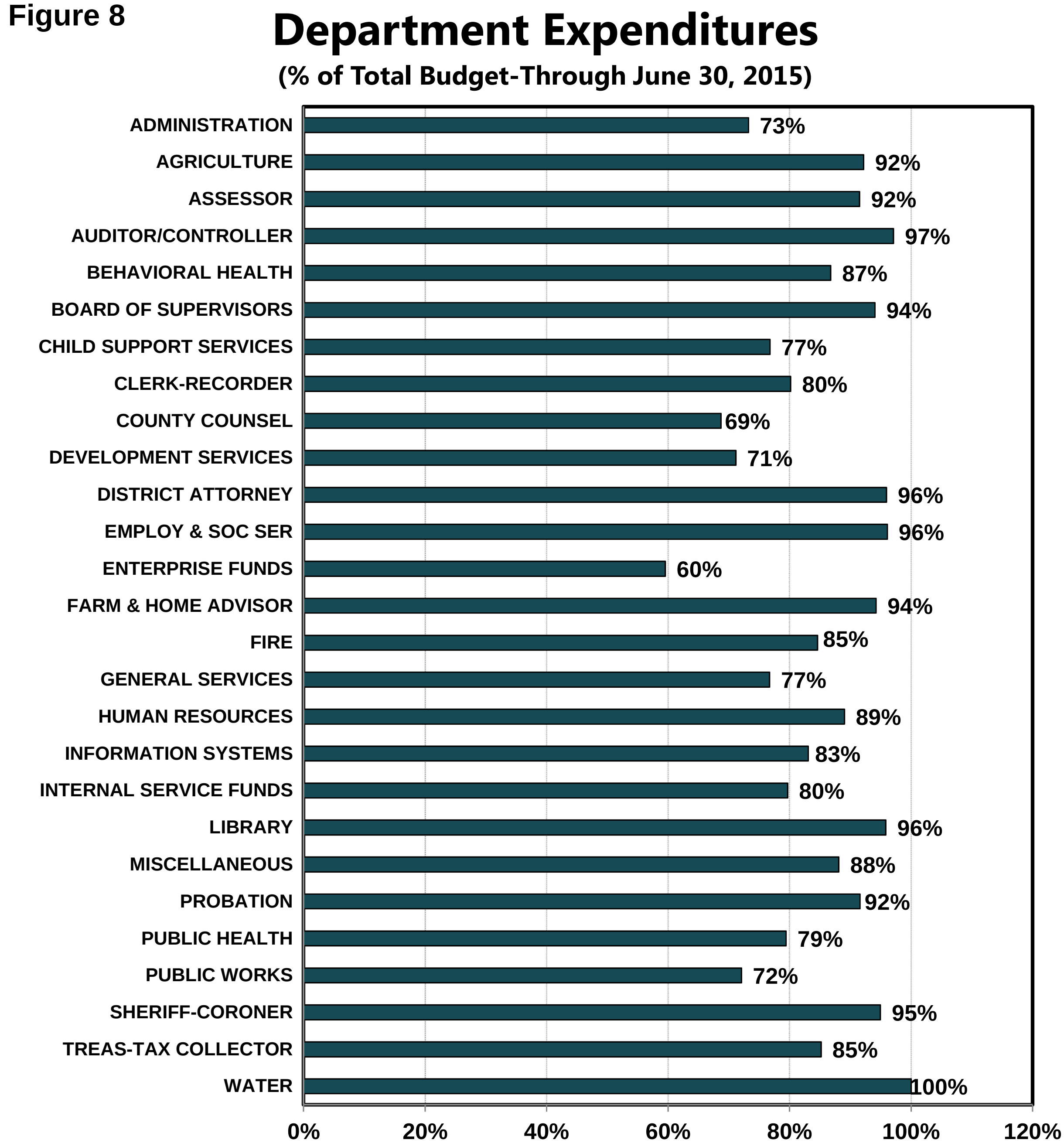
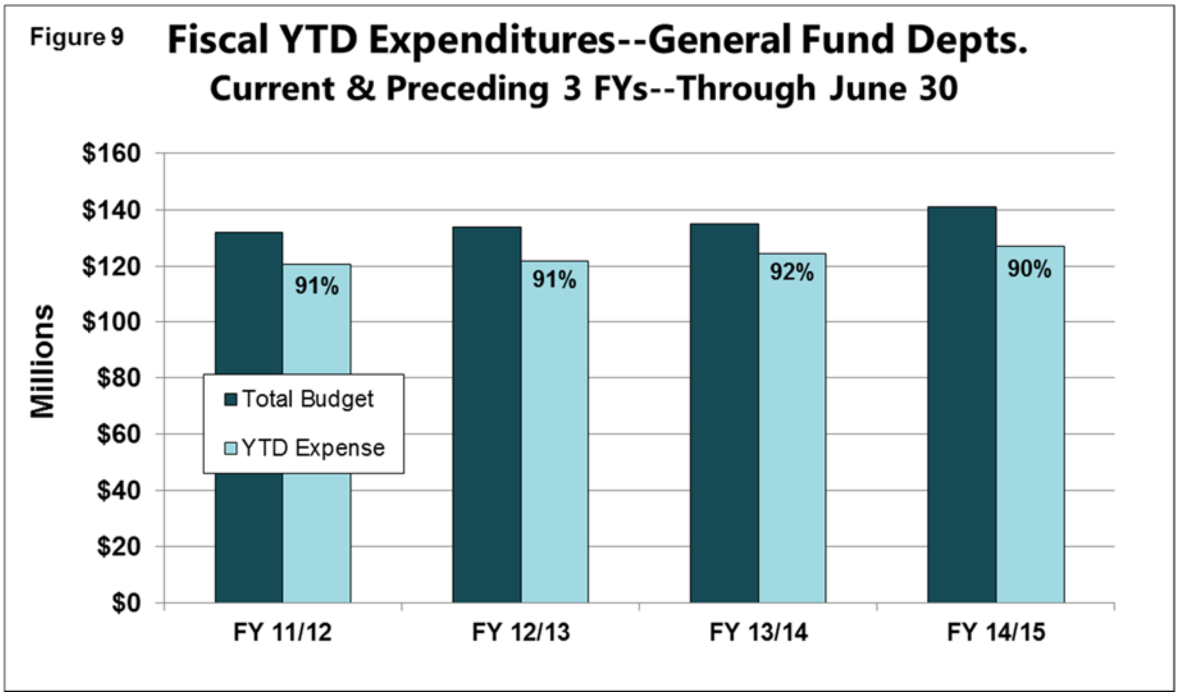


Figure 9 displays budgeted and actual expenditures at the close of the fourth quarter among General Fund departments for the current and preceding three fiscal years. As shown in the graph, expenditures among General Fund departments are consistently around 90% of the budgeted amount through the end of the fourth quarter.



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FOURTH QUARTER REVENUE REPORT

Through the fourth quarter of the fiscal year, as reflected in Figure 10, the County received 98% of budgeted[2] revenues compared with 91% and 89% respectively in the prior two years. The increase is related to a variety of items across the County including the one-time receipt of additional Teeter Plan revenues, the repayment of pre-2004 state mandate (SB 90) revenues and state and federal funds received in both Behavioral Health and Social Services.

Figure 10

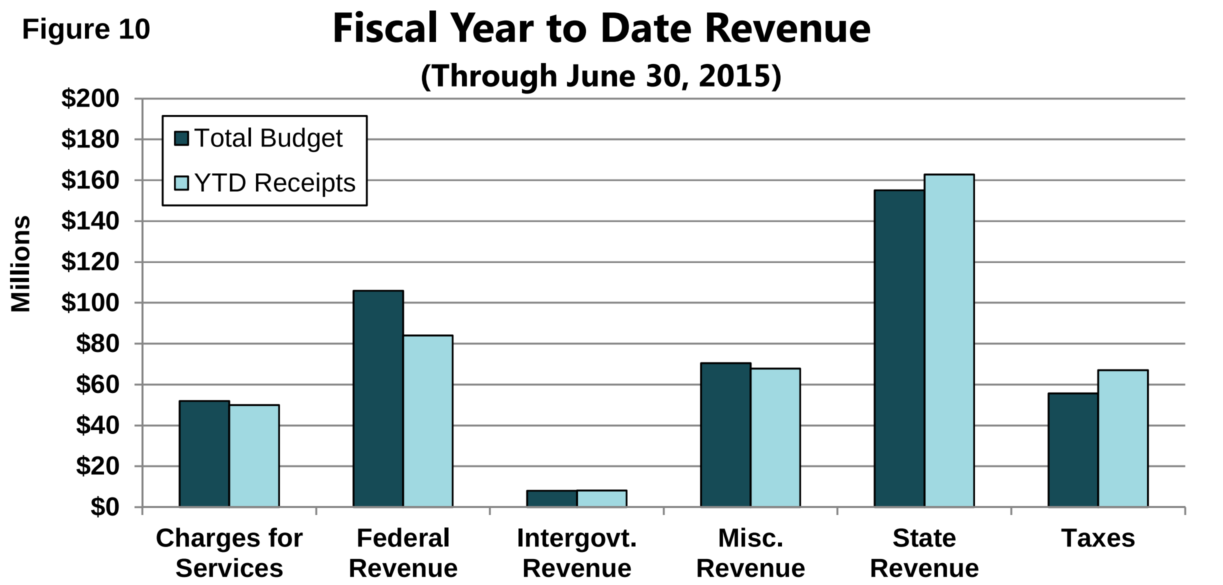
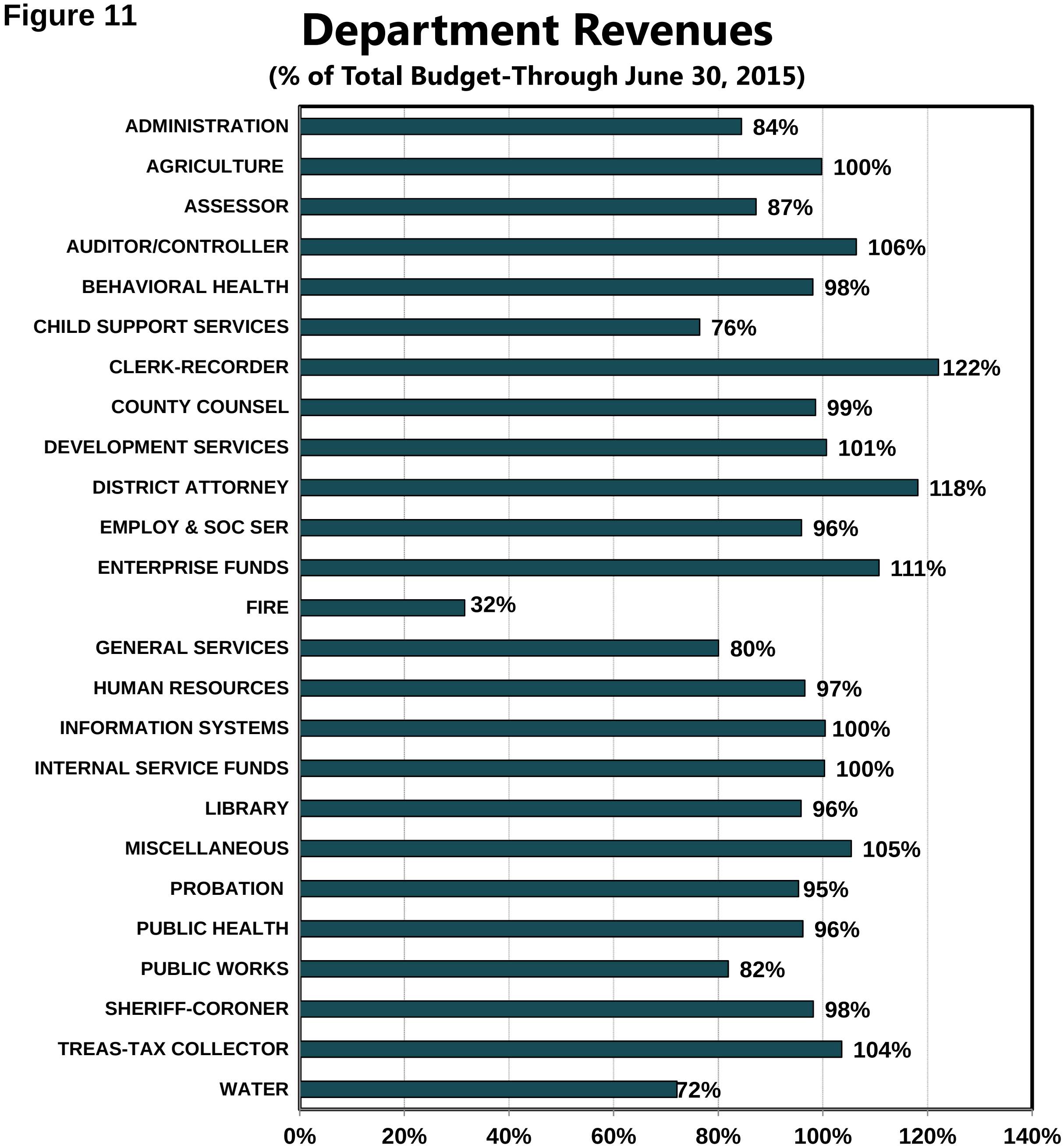


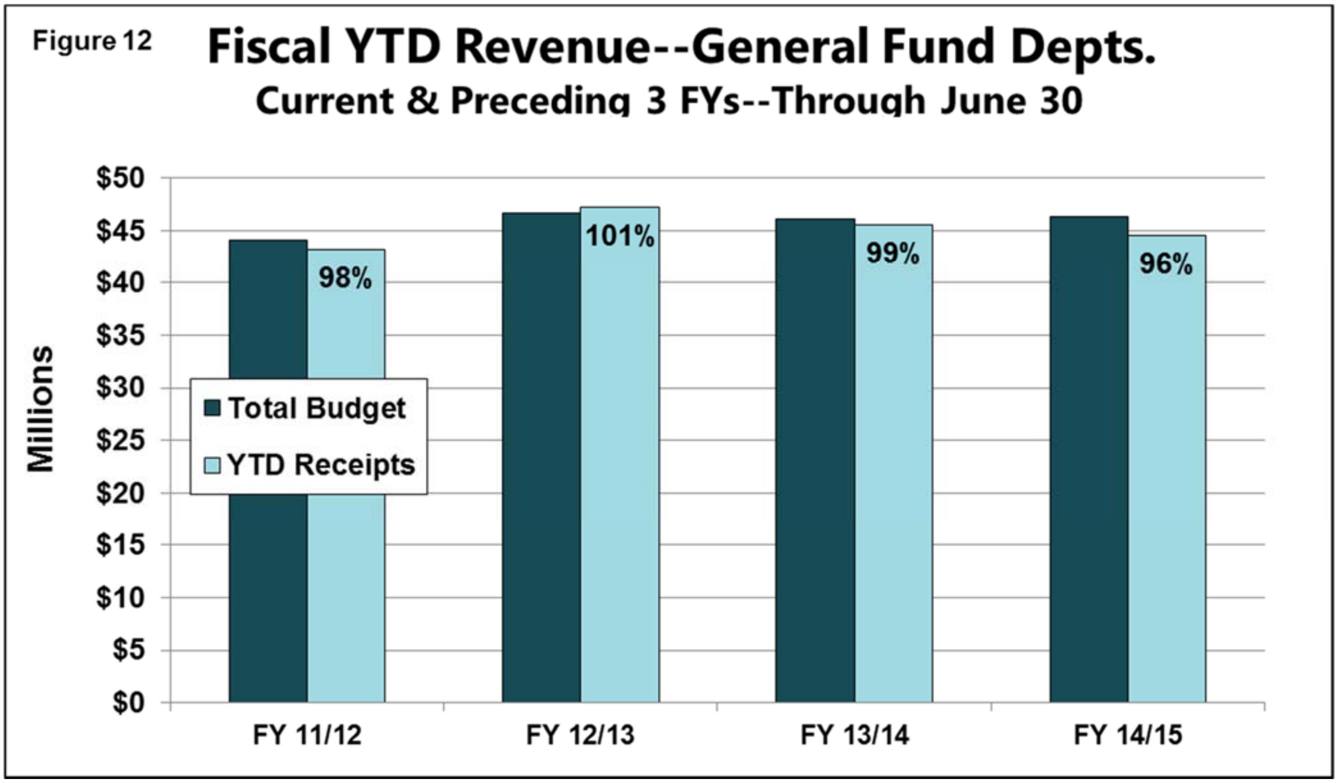
Figure 11 shows revenues received by each County department through the end of the fourth quarter. Most departments received revenues between 80% and 110% of their budgeted amounts through the fiscal year. Three departments had revenue receipts less than 80% of budget. Child Support revenue is directly related to expenditures, and expenditures were reduced in order to meet State requirements. Fire budgeted $1.5 million in grants which were not received during the fiscal year. There is a corresponding savings in expenditures. Water Department revenues were less than 80% because the local purveyors did not purchase as much water as projected. Three departments had revenue receipts more than 110% of budget. The Clerk-Recorder received unanticipated SB 90 mandate reimbursements from the State and higher than anticipated Election Reimbursements from outside agencies. The District Attorney's office received higher than anticipated criminal fines than budgeted and the Neal Road Recycling and Waste Facility received greater than expected waste tonnage, as a result of increased waste coming from Chico due to the franchise agreements implemented in March 2015. At the close of the fourth quarter, General Fund departments had received 96% of budgeted revenue, which is somewhat lower than previous years due in large part to a grant budgeted in the fire budget and not received. There was a corresponding savings in expenditures.

[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), 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 11



Department Revenues
(% of Total Budget-Through June 30, 2015)
ADMINISTRATION
84%
AGRICULTURE
100%
ASSESSOR
87%
AUDITOR/CONTROLLER
106%
BEHAVIORAL HEALTH
98%
CHILD SUPPORT SERVICES
76%
CLERK-RECORDER
122%
COUNTY COUNSEL
99%
DEVELOPMENT SERVICES
101%
DISTRICT ATTORNEY
118%
EMPLOY & SOC SER
96%
ENTERPRISE FUNDS
111%
FIRE
32%
GENERAL SERVICES
80%
HUMAN RESOURCES
97%
INFORMATION SYSTEMS
100%
INTERNAL SERVICE FUNDS
100%
LIBRARY
96%
MISCELLANEOUS
105%
PROBATION
95%
PUBLIC HEALTH
96%
PUBLIC WORKS
82%
SHERIFF-CORONER
98%
TREAS-TAX COLLECTOR
104%
WATER
72%
0%
20%
40%
60%
80%
100%
120%
140%



General Purpose Revenue: General Purpose Revenues (included in Figure 12 above as part of the miscellaneous budget unit) ended the year higher than budgeted. In total, the County received 116% of budgeted revenue, approximately $13 million more than budgeted. This increase in revenues is primarily due to proceeds from the County's operation of the Alternative Method of Tax Apportionment, commonly referred to as the "Teeter Plan" after the Contra Costa Auditor who developed it in 1949. Teeter Plan proceeds were originally budgeted at $2.9 million, but, due to the implementation of a new Teeter Plan Policy, closed the year at $11.5 million. This accounted for $8.6 million of the revenue in excess of budget. The additional Teeter Plan funds are one-time in nature.

The Teeter Plan, adopted by Butte County in 1993, provides a mechanism in which the taxing entities within the County receive 100% of owed property tax revenues. The County advances the revenue to local agencies and retains the delinquent tax payments along with the related penalties and interest. This plan provides local agencies with more consistent revenues and, over the long term, increases County revenues due to the penalties and interest received on the delinquent bills.

During the recent economic downturn tax delinquencies where high, requiring larger than typical advances to the other local agencies and higher reserves in the funds used for the operation of the Teeter Plan. Now that the Great Recession has ended and the delinquent payments are being made, County Administration worked with both the Auditor-Controller and Treasurer-Tax Collector to identify a prudent level of reserves going forward and recommend a Teeter Plan Policy to the Board of Supervisors. In June 2015, the Board of Supervisors adopted a Teeter Plan Policy to insure the County has adequate reserves to protect the County from property tax related losses and any available funds would be transferred to the General Fund. Pursuant to the policy, at the end of the fiscal year funds in excess of the reserve amount were transferred to the General Fund and resulted in one time funds.

Additionally County Property Tax revenues came in $2.2 million higher than budgeted, due primarily to two factors. First, the County received a onetime payment of almost $750,000 related to a prior year correction and property tax revenues related to the former redevelopment agencies came in higher than budgeted. Local sales tax and public safety sales tax closed the year higher than budgeted due to a combination of higher than forecasted revenues as well as a one-time public safety sales tax payment of $240,000 that is the result of a multi-year correction by the State of California. The remaining funds in excess of budget are made up of a number of smaller adjustments including a $300,000 legal settlement and Table A water lease revenue excess of what was originally budgeted.

Figure 13 **General Purpose Revenue Receipts**

(Through 4th Quarter)

Account Title	Budget	YTD Receipts	YTD %
Property Taxes	46,888,961	49,043,468	105%
Teeter Plan Proceeds	2,900,000	11,557,623	399%
Local Sales Tax	4,260,081	4,715,299	111%
Property Transfer Taxes	825,000	817,694	99%
Other Taxes	569,222	642,850	113%
Licenses & Permits	1,556,690	1,530,826	98%
Fines, Forfeitures & Penalties	904,509	1,063,546	118%
Interest-County Treasury	152,000	239,405	158%
Public Safety Sales Tax	14,878,459	15,512,050	104%
Lease-Table A Water	2,575,000	2,761,199	107%
RDA City of Chico	4,074,092	4,267,330	105%
Tobacco Settlement Funds	2,000,000	1,917,782	96%
Other Misc. Revenue	1,707,776	2,159,217	126%
Total General Purpose Revenue	**$83,291,790**	**$96,228,289**	**116%**

YEAR END FUND BALANCE REPORT

The Auditor's Office spent the months of July, August, September and October finalizing the accounting for the 2014-2015 fiscal year. As the process wraps up and the Auditor's Office prepares the Comprehensive Annual Financial Report (CAFR), the June 30, 2015 unaudited ending fund balances in each of the County's Governmental Funds became known. In the coming months the 2014-2015 financial results will be audited and published in the CAFR.

The total General Fund balance is $51.5 million. Of this total, $26.9 million is restricted, committed or assigned. This $26.9 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, 2015 is a little under $24 million. This is $1.4 million more than estimated in the 2015-2016 budget primarily as a result of higher the projected one-time funds from the Teeter Plan. The result of the higher than anticipated unassigned General Fund balance is that the General Fund Contingency for 2015-2016 will be $7.4 million instead of the projected $6 million.

Figure 14

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	51,462,259	26,868,508	23,986,291
0020	Welfare	6,427,489	6,427,489	-
0021	Public Health	12,143,852	12,143,852	-
0022	Behavioral Health	7,593,401	7,593,401	-
0025	Child Support Services	66,991	66,991	-
0030	Road Operations	8,667,720	8,667,720	-
0035	Impact Fee	8,177,867	8,177,867	-
0039	Debt Service	9,940,403	9,940,403	-
0041	Capital Projects	5,048,408	5,048,408	-
0042	Equipment Replacement	3,416,187	3,416,187	-
0043	Support Services Equip. Replacement	1,157,775	1,157,775	-
0131	Local Trans. - Transit	10,988	10,988	-
0142	CDBG	592,391	592,391	-
0143	Housing & Community Development	4,075,433	4,075,433	-
0150	Fish & Game	110,500	110,500	-
Total Governmental Funds		**118,891,664**	**$ 94,297,913**	**$ 23,986,291**

The fund balances for the remaining Governmental Funds are shown in Figure 14 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 $12.1 million is primarily Public Health Realignment funds that can only be used for Public Health, and the Road Operations fund balance of almost $8.7 million is limited to road projects.

In addition to the governmental funds displayed in the chart above, 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 15).

Figure 15

Unaudited Fund Balances-Internal Service Funds (Through 4th Quarter)

Fund No.	Fund Name	Net Position
7100	General Liability	1,973,520
7110	Workers Compensation	4,637,157
7120	Unemployment Insurance	581,445
7140	Medical Liability Insurance	3,490
7160	Misc. Insurance	37,174
7210	Utilities	775,997
Total Internal Service Funds		**$ 8,008,783**

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 16).

Figure 16

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

Fund No.	Fund Name	Net Position
7560	Closure/Post Closure	769,903
7570	Waste Management	26,673,307
Total Enterprise Funds		**$ 27,443,209**

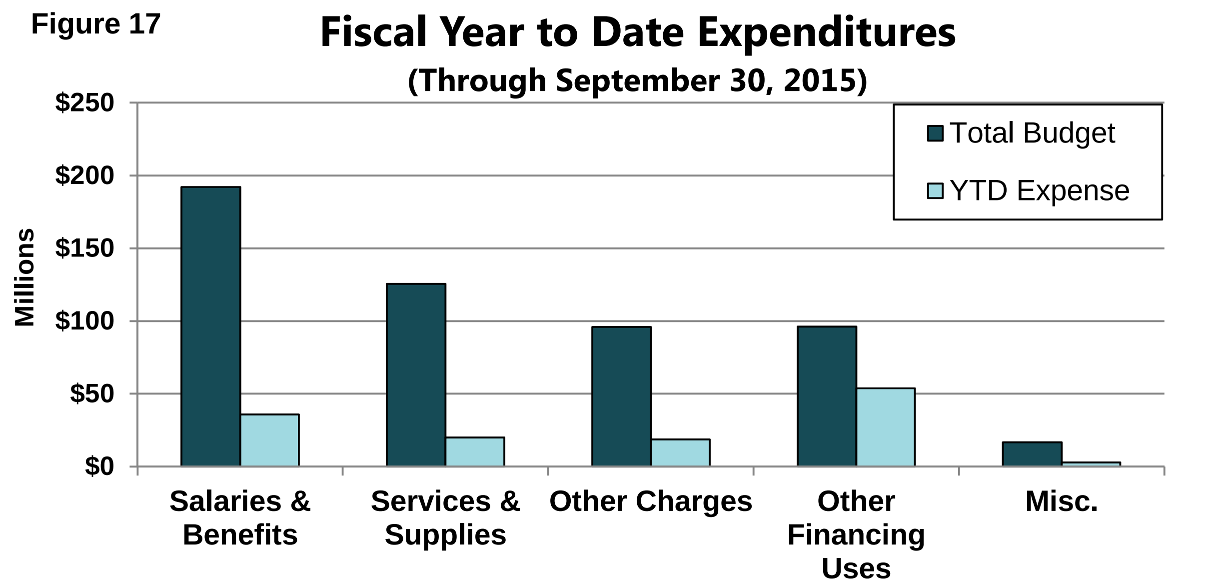
FIRST QUARTER EXPENDITURE REPORT

At the end of the first quarter, the County had expended $131.2 million[3] from a budget totaling $526.4 million. As shown in the graph below, the County spent $35.7 million on salaries and benefits, $20.1 million on services and supplies, $18.7 million on other charges, such as payments between funds and contributions to other agencies and $53.8 million on other financing uses. The remaining $2.9 million in expenditures were miscellaneous expenditures such as capital assets.

Overall, the County expended 25% of the budget through the first quarter. Although 25% of the fiscal year elapsed between July 1st and September 30th, typically expenditures are less than 25% at the end of the first quarter. However this year, as part of the implementation of the new financial organizational structure almost $50 million dollar in transfers were processed to move funds to their new location in the financial organization structure. This was primarily the transfer of restricted funds previously held in the General Fund or other operating funds to the new non-operating funds. These transfers are shown in figure 17 in Other Financing Uses on the following page.

[3] 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), non-operating funds 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 17



The graph on the following page (figure 18) 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. Through the first quarter the miscellaneous category in figure 18 on the next page reflects most of the transfers to non-operating funds discussed above. In addition to the miscellaneous category, the internal services funds category was the only other 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 low percentage of the 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 improvement projects that were not expended in the first quarter.

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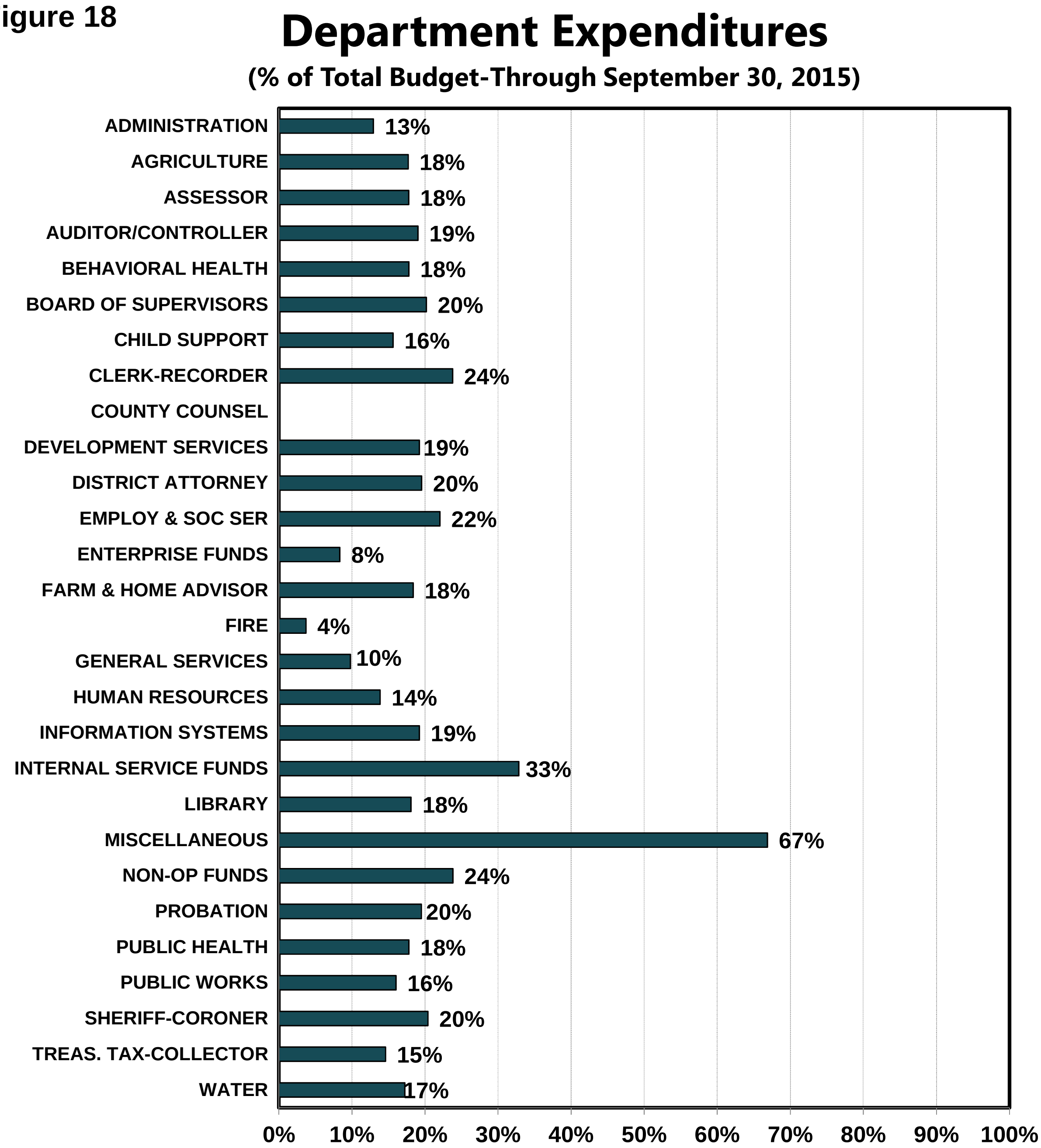
Figure 18

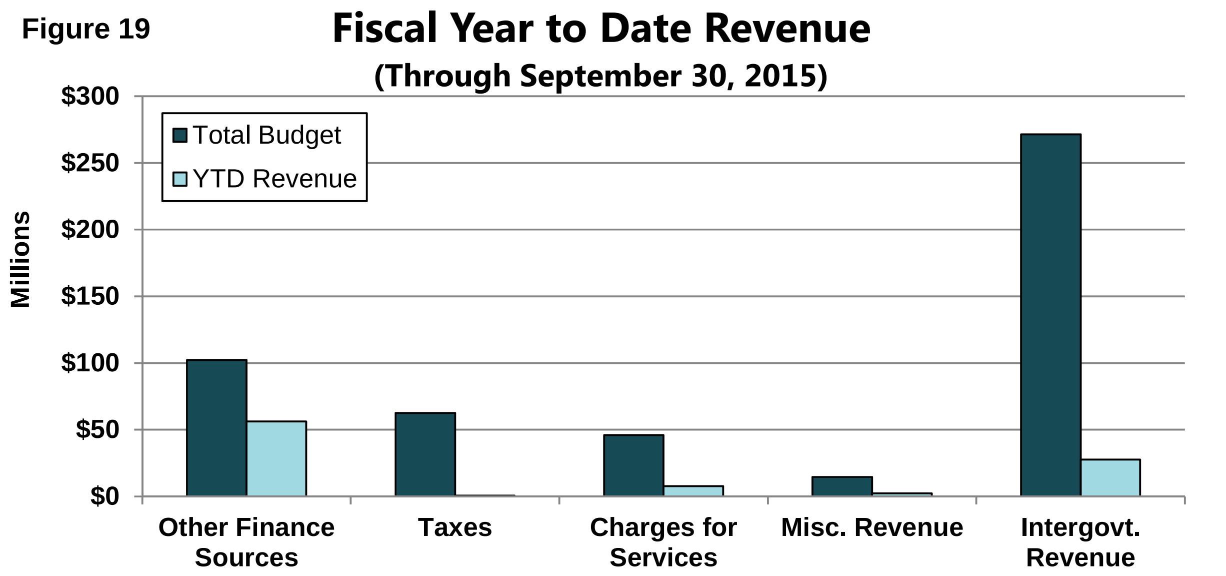


Department Expenditures
(% of Total Budget-Through September 30, 2015)
ADMINISTRATION 13%
AGRICULTURE 18%
ASSESSOR 18%
AUDITOR/CONTROLLER 19%
BEHAVIORAL HEALTH 18%
BOARD OF SUPERVISORS 20%
CHILD SUPPORT 16%
CLERK-RECORDER 24%
COUNTY COUNSEL
DEVELOPMENT SERVICES 19%
DISTRICT ATTORNEY 20%
EMPLOY & SOC SER 22%
ENTERPRISE FUNDS 8%
FARM & HOME ADVISOR 18%
FIRE 4%
GENERAL SERVICES 10%
HUMAN RESOURCES 14%
INFORMATION SYSTEMS 19%
INTERNAL SERVICE FUNDS 33%
LIBRARY 18%
MISCELLANEOUS 67%
NON-OP FUNDS 24%
PROBATION 20%
PUBLIC HEALTH 18%
PUBLIC WORKS 16%
SHERIFF-CORONER 20%
TREAS. TAX-COLLECTOR 15%
WATER 17%
0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

FIRST QUARTER REVENUE REPORT

Through the first quarter of the year the County received 19% of budgeted revenues[4]. Similar to first quarter expenditures, revenues as a percent of budget are higher than typical because of the transfer of almost $50 million in funds from operating budgets to the new non-operating budgets. Otherwise, revenues are relatively low as a percentage of budget consistent with prior years.

Figure 19



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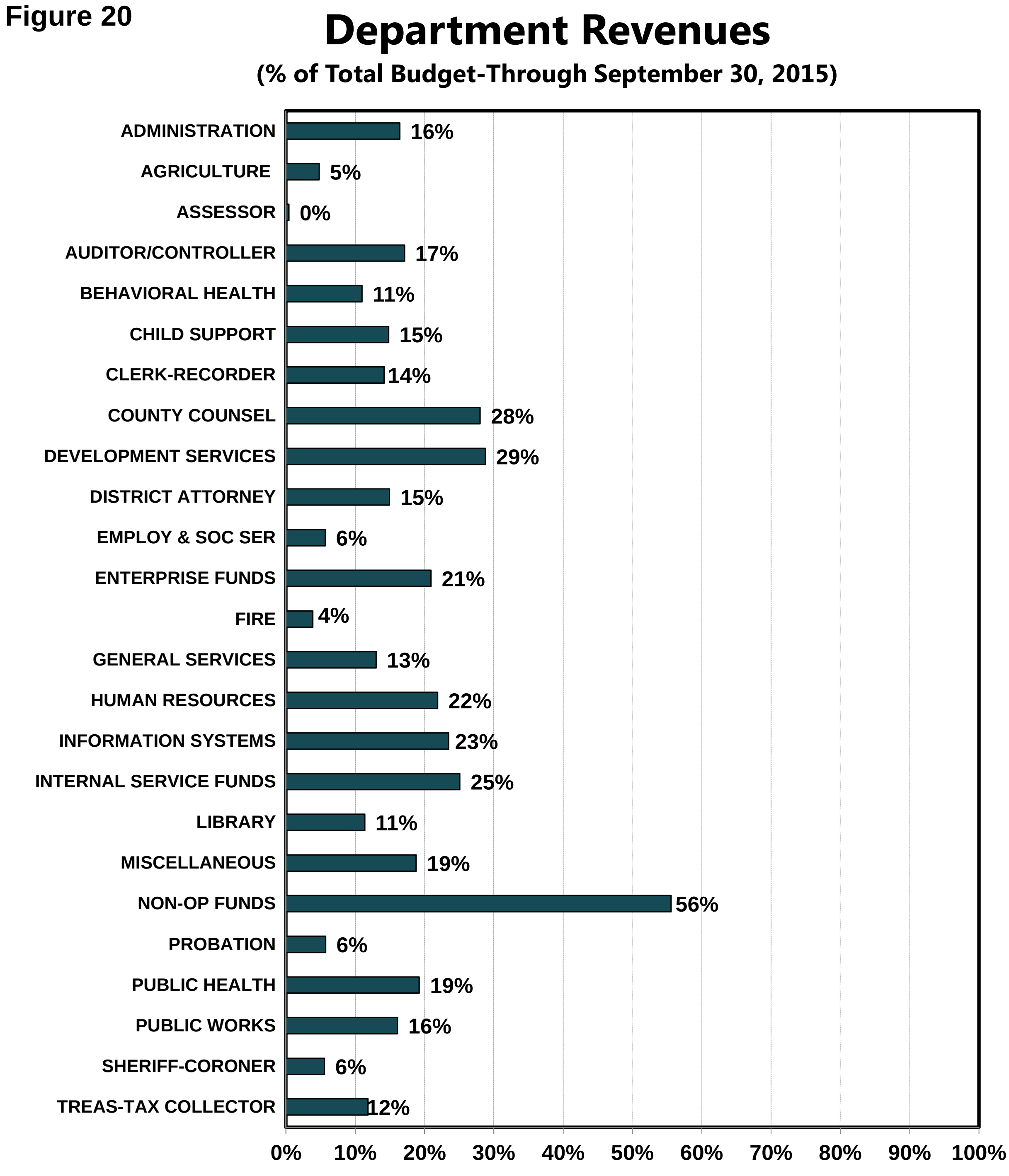
[4] For the purpose of this report the County's budgeted revenues include all departmental operating budgets, internal service funds (for example Workers' Compensation and General Liability), enterprise funds (Neal Road Waste and Recycling Facility), non-operating funds as well as a number of miscellaneous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

Figure 20


Department Revenues
(% of Total Budget-Through September 30, 2015)
ADMINISTRATION 16%
AGRICULTURE 5%
ASSESSOR 0%
AUDITOR/CONTROLLER 17%
BEHAVIORAL HEALTH 11%
CHILD SUPPORT 15%
CLERK-RECORDER 14%
COUNTY COUNSEL 28%
DEVELOPMENT SERVICES 29%
DISTRICT ATTORNEY 15%
EMPLOY & SOC SER 6%
ENTERPRISE FUNDS 21%
FIRE 4%
GENERAL SERVICES 13%
HUMAN RESOURCES 22%
INFORMATION SYSTEMS 23%
INTERNAL SERVICE FUNDS 25%
LIBRARY 11%
MISCELLANEOUS 19%
NON-OP FUNDS 56%
PROBATION 6%
PUBLIC HEALTH 19%
PUBLIC WORKS 16%
SHERIFF-CORONER 6%
TREAS-TAX COLLECTOR 12%
0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

General Purpose 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. Based on revenues received through June 30, 2015 early projections for 2015-2016 discretionary revenues indicate revenues will come in approximately $2.5 million above budget figures due primarily to Property Tax revenues. Staff will continue to closely monitor these trends throughout the year.

Figure 21 **General Purpose Revenue Receipts**

(Through 1st Quarter)

Account Title	Budget	YTD Receipts	YTD %
Property Taxes	56,354,105	-	0%
Prop 172 Sales Tax	15,566,000	1,106,034	7%
Local Sales Tax	4,999,000	447,739	9%
Property Tax Transfers	820,000	228,774	28%
Other Taxes	415,000	3,458	1%
License & Permits	1,221,000	113,288	9%
Interest-County Treasury	220,000	501,958	228%
Lease Table A	3,360,000	90	0%
Fines, Forfietures, & Penalties	1,256,000	148,375	12%
Tobacco Settlement Funds	1,900,000	-	0%
Other Misc. Revenues	1,429,000	44,201	3%
Total General Purpose Revenue	**$87,540,105**	**$2,593,916**	**3%**

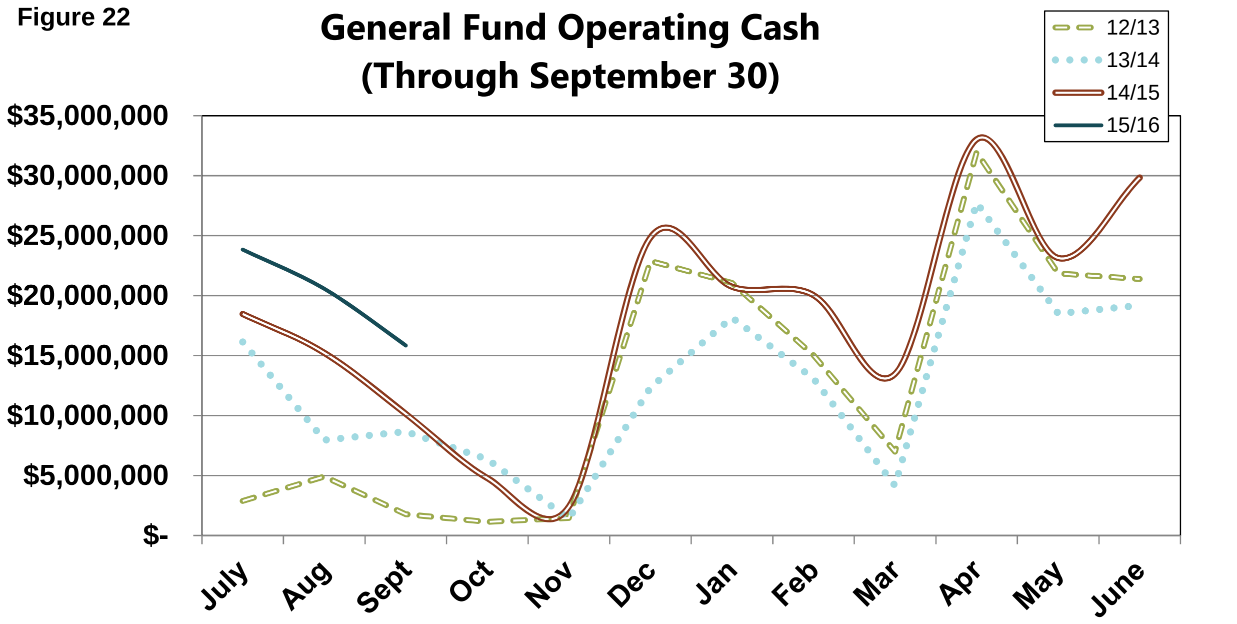
CASH BALANCES

The General Fund operating cash balance at the end of the fourth quarter of fiscal year 2014-2015 was $29.8 million, compared to $19.2 million the prior year. The $10.6 million increase during fiscal year 2014-2015 was almost entirely due to the one-time Teeter Plan revenues discussed above (4th Quarter General Purpose Revenues).

As shown in Figure 22, the overall trend for the General Fund operating cash in the fourth quarter of fiscal year 2014-2015 is consistent with prior years until the end of the fiscal year when, pursuant to the newly adopted Teeter Plan Policy, approximately $11.5 million in accumulated Teeter Plan funds were transferred to the General Fund. Ongoing Teeter Plan funds are anticipated to average $2 million per year.

Consistent with prior years, cash declined in the first quarter of fiscal year 2015-2016. The decline continues through the second quarter until the first installment of property tax is received in December and then declines again until the second installment of property tax is received in April. By the end of the first quarter of fiscal year 2015-2016, the operating cash balance was $15.8 million, compared to $10.1 million at the end of the first quarter of fiscal year 2013-2014. The $5.7 million year over year increase is due to the transfer of the Teeter Funds, which was partially offset by the transfer of restricted funds to the new non-operating funds.

Figure 22



The Behavioral Health Department experienced its fourth straight quarter of a positive cash position, with no cash transfers from the General Fund. The significant improvement in the Department's cash position is due to timely payments from the State as well as efforts made by the Department to increase revenue without accompanying increases in expenditures.

LONG-TERM DEBT

The following Long-Term Debt schedule, Figure 23, presents balances as of September 30, 2015.

During the fourth quarter of fiscal year 2014-2015 and the first quarter of the current fiscal year, the County made a total of $4,235,469.83 in debt payments, $1,792,804.62 of which resulted in principal reductions as detailed in the table below, Figure 24.

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Figure 23	LONG-TERM DEBT (THROUGH SEPTEMBER 2015)				
Type of Debt	**Original Loan Amount**	**Current Balance**		**Avg. Annual Payment***	**Maturity Date**
Bonds Payable					
Pension Obligation Bonds					
-Series A	28,020,000	27,640,000		2,629,431	6/1/2034
-Series B	21,875,000	20,840,000		1,797,500	6/1/2034
Total Bonds Payable	***$ 49,895,000***	***$ 48,480,000***		***$ 4,426,931***	
Certificates of Participation					
2014 Hall of Records Certificates of Participation	8,000,000	6,716,105	(1)	374,099	7/1/2054
2010 Bangor Fire Station #55 Renovation Project	1,100,000	980,333		55,302	8/1/2050
Total Certificates of Participation	***$ 9,100,000***	***$ 7,696,438***		***$ 429,401***	
Capital Leases					
Chico Memorial Hall - 492 Rio Lindo	583,400	248,090		61,156	4/10/2020
Chico Memorial Hall - 554 Rio Lindo	670,900	268,132		62,275	4/10/2020
En Pointe Technologies (Microsoft Enteprise Licensing Agreement)	2,313,309	767,313		769,733	12/15/2015
Total Capital Leases	***$ 3,567,609***	***$ 1,283,535***		***$ 893,164***	
Notes Payable					
California Energy Commission					
-Solar Project Phase 1	2,777,000	897,712		277,181	12/22/2018
-Solar Project Phase 2	390,000	160,914		35,786	6/22/2020
Total Notes Payable	***$ 3,167,000***	***$ 1,058,626***		***$ 312,967***	
Neal Road Recycling and Waste Facility					
2006 Certificate of Participation	12,025,000	6,320,000		1,191,841	7/1/2021
Note Payable - Calif. Integrated Waste Mgt Board	500,000	50,000		50,000	6/1/2016
Lease/Purchase - JPMorgan Chase Bank	558,924	341,233		117,804	12/24/2017
Lease/Purchase - JPMorgan Chase Bank	500,000	403,229		104,976	2/20/2019
Total Neal Road Recycling and Waste Facility	***$ 13,583,924***	***$ 7,114,462***		***$ 1,464,621***	
TOTAL LONG-TERM DEBT	**$ 79,313,533**	**$ 65,633,061**		**$ 7,527,084**	

* From FYE 6/30/15 to maturity per amortization schedules

(1) Amount disbursed to date on an $8,000,000 obligation

Figure 24	LONG-TERM DEBT PAYMENTS	
Debt Description	**Principal Paid**	**Interest Paid**
Pension Obligation Bonds Series A	$200,000.00	$1,681,132.40
Pension Obligation Bonds Series B	$395,000.00	$530,586.27
2010 Bangor Fire Station #55 Renovation Project	$14,000.00	$19,886.65
Chico Memorial Hall-492 Rio Lindo	$39,848.86	$21,307.49
Chico Memorial Hall-554 Rio Lindo	$45,942.63	$16,331.87
California Energy Commission-Solar Project Phase 1	$118,573.94	$20,016.72
California Energy Commission-Solar Project Phase 2	$14,439.19	$3,453.81
2006 Certificate of Participation	$915,000.00	$149,950.00
Note Payable - Calif. Integrated Waste Mgt. Board	$50,000.00	
TOTAL DEBT PAYMENTS	**$1,792,804.62**	**$2,442,665.21**

Figure 25 on the below displays the County's long term debt over a period of ten years as a percentage of the total assessed value of County property and debt per County resident.

Figure 25

Outstanding Debt and Ratios (Through September 2015)
(In Thousands, Except Debt Ratios)

	Governmental Activities (A)				Neal Road Recycling and Waste Facility - Business Type Activities (B)			Total Outstanding Debt (A+B)	Debt Ratios	
Fiscal Year	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
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	0.3452%	$ 292
2013	$ 49,895	$1,575	$ 1,835	$ 699	$ 150	$ 8,960	$ 559	$ 63,673	0.3437%	$ 288
2014	$ 49,545	$1,322	$ 1,422	$ 611	$ 100	$ 8,115	$ 951	$ 62,066	0.3303%	$ 280
2015	$ 48,480	$1,059	$ 5,791	$ 1,284	$ 50	$ 7,235	$ 744	$ 64,643	0.3326%	$ 288
2016	$ 48,480	$1,059	$ 7,696	$ 1,284	$ 50	$ 6,320	$ 744	$ 65,633	0.3221%	$ 293

CONCLUSION

In summary the economy continues to improve, albeit at an uneven and slower pace than we would like to see. County revenues and expenditures ended the year on track with notable one-time revenue increases in the General Fund increasing the unassigned (or available) fund balance. First quarter expenditures and revenues are as expected. The County continues to live within its means and in line with available resources. Cash balances in the General Fund remain healthy and we continue to see improvement in the cash balances in the Behavioral Health fund compared to prior years.