BUTTE COUNTY ADMINISTRATION

25 COUNTY CENTER DRIVE, SUITE 200
OROVILLE, CALIFORNIA 95965-3380
Telephone: (530) 538-7631 Fax: (530) 538-7120

PAUL HAHN
Chief Administrative Officer

Date: February 16th, 2011

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

From: Gregory G. Iturria, Chief Financial Officer

Subject: Second Quarter Financial Report

OVERVIEW

The 2nd quarter financial report for Butte County operations contains updates on the economy, expenditures, revenues, cash balances and long-term debts for the first six months of the fiscal year ending June 30, 2011. It also contains an updated multiyear budget forecast utilizing 2nd quarter data.

Economy: There is some encouraging news in the latest economic data. Economic output continues to rise, inflation is in check, construction activity is showing a little improvement, but joblessness continues to stay high and stagnant.

Expenditures: Expenditures by County departments are generally on budget and tracking similar to this time last year.

Revenues: General purpose revenues, in aggregate, are trending close but a little short of the budget estimates. Property taxes received in lieu of vehicle license fees will be about $1 million less than budgeted, but other discretionary revenues, such as Public Safety Sales Tax are trending to come in higher than projected in the budget. Departmental revenues, on the other hand, are trending close to this time last year, and include unanticipated State reimbursement of 2010 special election expenses and other mandated costs reimbursement.

Forecast: The forecast shows significant improvement to current year fund balances in the General Fund and Debt Service Fund that will carry over to help pay for expenses next fiscal year. Most notably, State reimbursements unexpectedly received in December 2010 have helped the General Fund plus surplus Pension Obligation Bond (POB) collections for the County's variable rate bonds have helped the Debt Service Fund. The additional POB balance was generated because of historically low bond interest costs and can be used to reduce collections for POB payments over the coming years.

The recent positive trends are potentially ongoing, so the projected gap between ongoing revenues and ongoing expenses has improved noticeably since the November 2010 forecast. Based on current trends the gap between ongoing revenues and expenditures is projected in the $3 million range through fiscal year 2014/15.

Cash Balances: General Fund operating cash was tracking similar for the 2nd quarter of Fiscal Year 2010/11 to what we saw one year ago. In October and November of 2010, Tax Revenue Anticipation Note (TRAN) funds were transferred into the General Fund to cover deficit cash balances. Although no transfer of TRAN funds was necessary in December, it is very likely TRAN funds will be utilized again prior to receiving the 2nd installment of property taxes in April of this year.

Debt: No new long-term debt was issued in the prior quarter, but the enclosed debt table has been updated to include the Bangor Fire Station loan by the United States Department of Agriculture.

ECONOMIC REPORT

National Economy: The U.S. Gross Domestic Product (GDP), which measures the market value of all final goods and services produced within the country, rose for the sixth straight quarter for the three-month period ending December 31, 2010. As Figure 1 reflects, the rate of economic growth has slowed down in recent months.

Inflation continues to be held in check. The national Consumer Price Index (CPI) rose by less than 1% in the last quarter after a volatile five year period, as seen in Figure 2 below. CPI measures the average change over time in the prices paid of a variety of consumer goods and services.

In January 2011, the Conference Board's Consumer Confidence Index (CCI) measure was 60.6 (100 = normal). The CCI measures the relative financial health, spending power, and confidence of the average consumer. While the 10 year chart below shows that consumer confidence is still at historically low levels, a measure of 60.6 is the highest in the last 8 months. Although consumer expectations are still guarded, this data hopefully indicates that the U.S. public continues to stabilize its belief that better times are ahead. These future views are important in decisions to buy items like houses and autos.

Figure 1

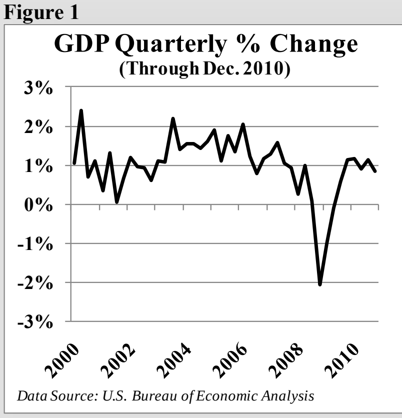


Figure 2

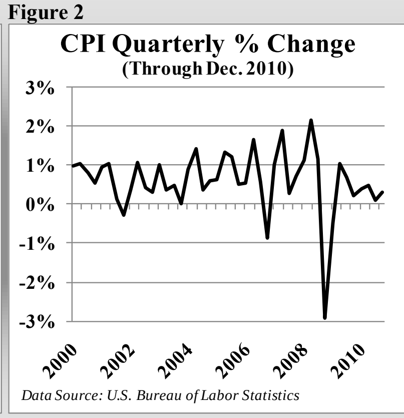
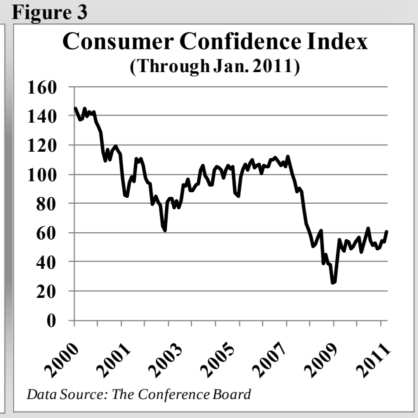
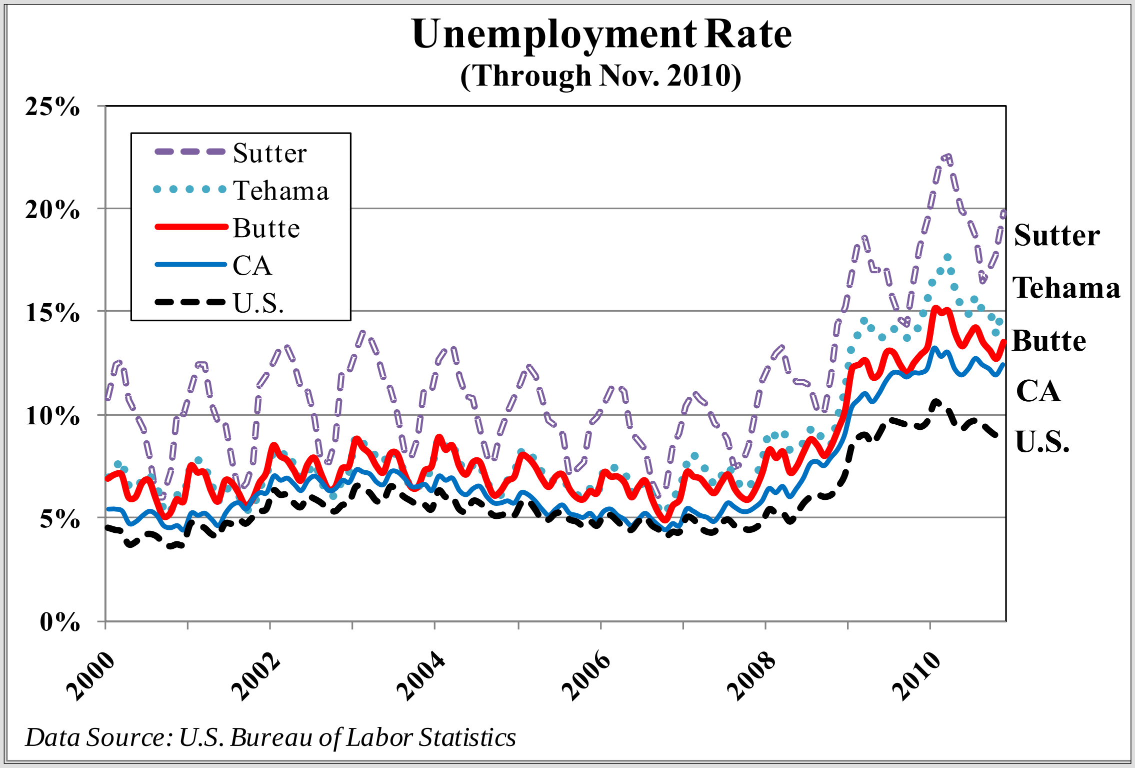


Figure 3



Employment: After a quarter of losses, California gained 78,600 nonfarm jobs in the 2nd quarter. The State's unemployment rate fell slightly to 12.3% at the end of December 2010. This is up 0.1% from December 2009 and up 7.7% from December 2006. The countywide unemployment rate in November was 13.5%, up 0.6% from November 2009 and up significantly from four years ago as shown in Figure 4 below. According to preliminary data, Butte County had 14,483 employable residents considered unemployed during December 2010. While unemployment in Butte County is higher than state and national averages, it continues to remain lower than unemployment rates experienced in adjacent counties.

Figure 4



Other State and Local Economic Indicators: Home building data improves but is still disappointing. The pace of statewide homebuilding continues to improve over last year. 12,104 residential building permits were issued statewide during the 2nd quarter this fiscal year. While this is an increase of over 24% from the same quarter a year earlier, this figure is still down nearly 78% from the pace set during the same quarter in 2004, which yielded the most issued permits of any 2nd quarter of the decade.

Figure 5

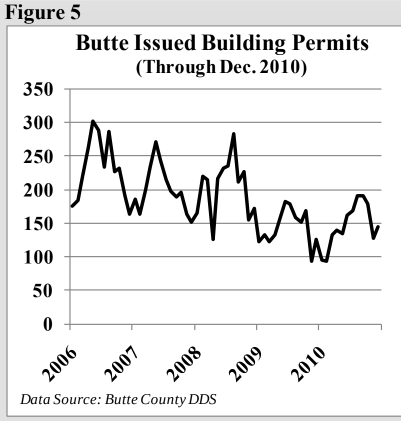
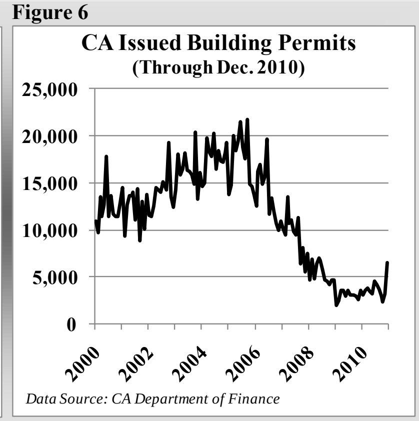


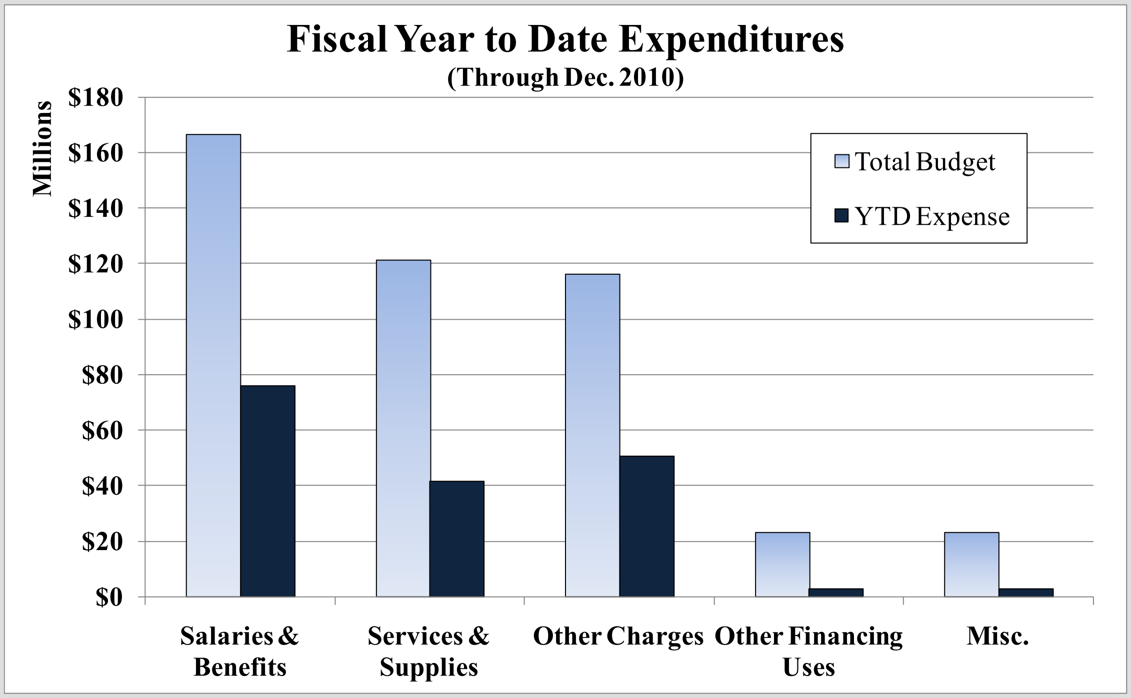
Figure 6



Local construction permitting in the unincorporated area of the County in the 2nd quarter of this fiscal year was 14% higher than the same quarter one year earlier. Although permits dipped more than 18% from the first to 2nd quarter of this fiscal year, this is most likely a seasonal trend and building appears to continue to achieve modest gains since the low point in 2009.

Compared to November of 2010, existing home sales in California rose by 5.9% in December 2010. Although encouraging, this figure was still down 6.8% from the same period in 2009. The median price of existing, single-family homes sold in California during the month of December 2010 was $301,850, a 1.7% increase from the previous month but a 1.6% decrease from a year earlier.

Figure 7



EXPENDITURE REPORT

At the end of the 2nd quarter, December 31, 2010, the County's budget totaled $451 million and the County had expended $174 million[1]. As shown in Figure 7 above, through the 2nd quarter, the County spent $76 million on Salaries and Benefits, $42 million on Services and Supplies, and $51 million on Other Charges, such as payments between funds and contributions to other agencies. The remaining $6 million in expenditures were for Other Financing Uses and Miscellaneous Expenditures. Other Financing Uses are primarily charges between budget units in the same fund and Miscellaneous Expenditures include fixed assets and building depreciation.

Overall, the County has expended 39% of the budget through the 2nd quarter of the 2010/11 fiscal year. Although 50% of the fiscal year elapsed between July 1st and December 31st, it is typical for expenditures overall to be less than 50% at the end of the 2nd quarter. For example, many services and supplies are based on monthly billings that, by their nature, aren't paid until the month following the month of service

[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.

and normal staff turnover creates some salary savings. Last year at this time the County had expended 38% of its budget.

Figure 8

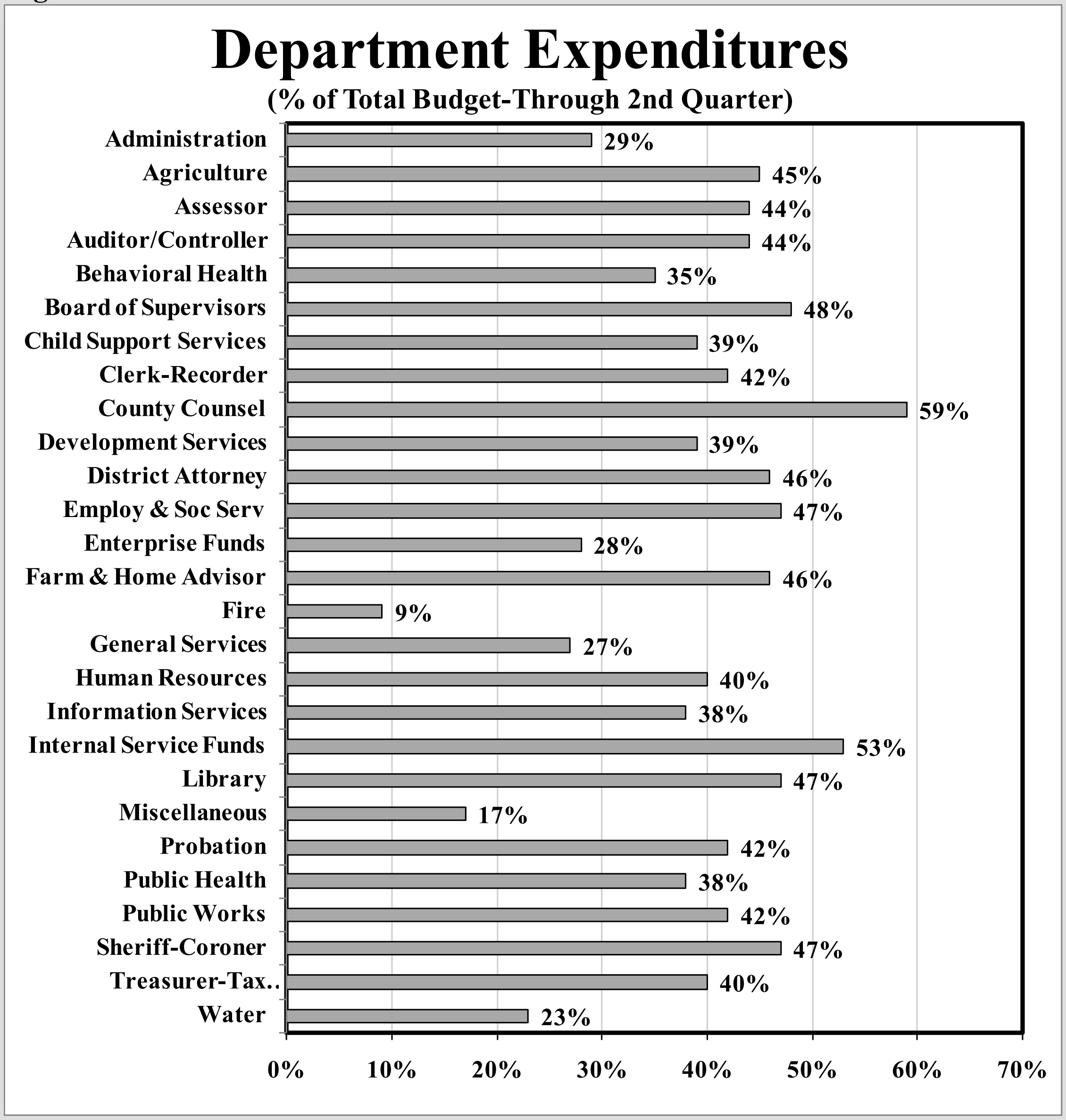


Figure 8 shows the percent of budget expended by each County Department. The majority of Departments have expended between 35% and 50% of their budget through the 2nd quarter, which is similar to expenditures through the first half of prior years. Two departments have expended more than 50% of their budget. County Counsel and the Internal Services Funds have spent 59% and 53% of their budgets, respectively. County Counsel has had a number of contract payments in the first part of the year that increased their percentage of budget spent beyond 50%. This is due to timing of billings and ongoing litigation expenses which will likely require a budget adjustment before year end. The internal service funds include General Liability, Workers' Compensation and other risk management funds, as well as the

Utilities Fund. In a number of these funds insurance premiums for the year are paid in the 1st quarter. Additionally, unanticipated settlement payments were made in the first half of the year with offsetting revenue.

A number of departments have spent less than 35% of budgeted expenditures for the year. Although there are a variety of reasons, they all relate to an uneven flow of expenditures through the course of the year. The Enterprise Funds, which account for the operations of the Neal Road Waste and Recycling Facility, as well as the General Services Department, have budgets that include a number of building projects and/or maintenance that have not yet been expended. The Fire Department and Water and Resource Conservation Department have budgeted professional services that are primarily unspent at this point, but are expected to be utilized later in the year. The Fire budget, for example, includes the State CalFire agreement. The 1st and 2nd quarter payments aren't paid to the state until the 3rd quarter. The Miscellaneous budget units overall have only used 17% of budgeted expenditures. Miscellaneous budget units include a wide variety of budget units not directly related to the operations of a particular Department. For example, capital projects, Community Development Block Grants, grand jury expenses and debt service are all included in Miscellaneous. The largest budget unit of the Miscellaneous budgets is General Revenues and Transfers, which accounts for all general purpose revenues received, as well as General Fund transfers to other Funds. Through the 2nd quarter, 14% of the budgeted transfers to other funds have been made.

The budgeted General Fund transfer to the Department of Employment and Social Services is $3.7 million. No transfers have been made to date, however, it is currently anticipated that by the end of the year a $2.4 million transfer will be required to support mandatory expenditures in the Department of Employment and Social Services. This projection is updated from the budget and 1st quarter projection based on current trends in the Department of Employment and Social Services, including better than anticipated Realignment sales tax revenues, anticipated savings related to the 3.6% reduction for In-Home Supportive Services hours adopted in the State Budget, the Federal extension of the enhanced MediCal sharing ratios and anticipated savings in the Foster Care program.

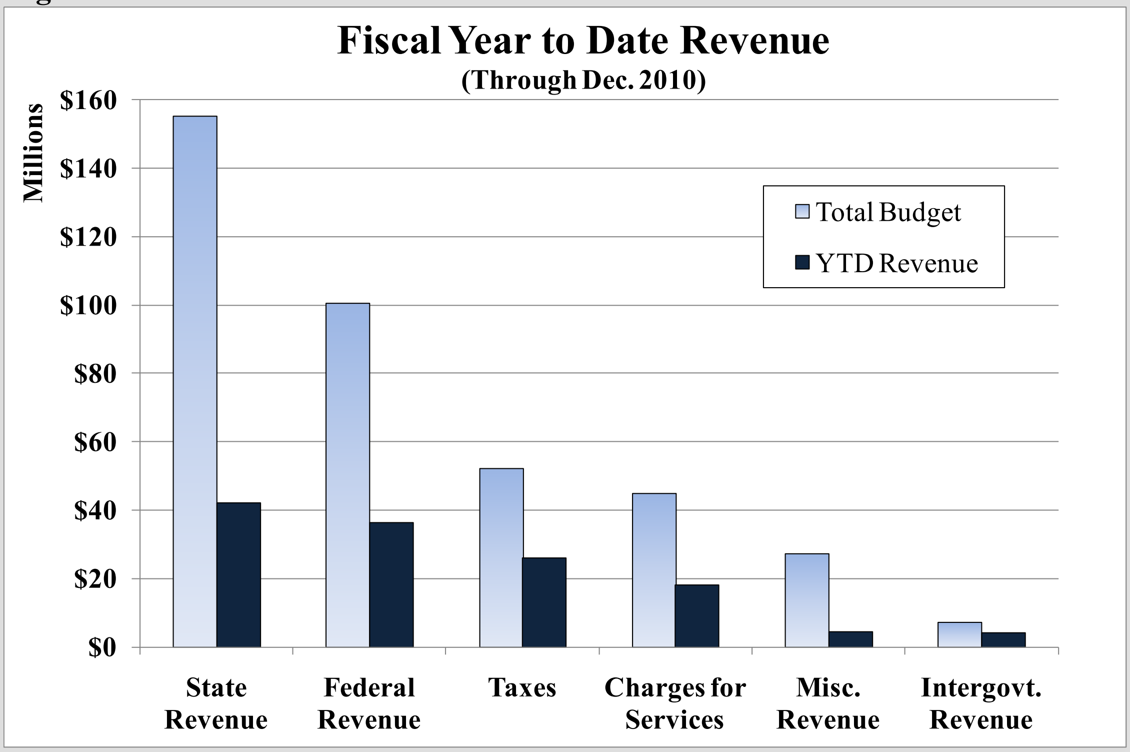
Public Health and Behavioral Health have both received 50% of the budgeted transfers which are used to meet the County's required Maintenance of Effort. Budgeted transfers have yet to be made to the Debt Service Fund and only 6% of budgeted transfers have been made for the Fire Fund. Debt Service Fund transfers will be done periodically throughout the year and the use of the budgeted transfer is still anticipated. As discussed above, timing of payments for the state CalFire agreement has kept costs in the Fire Department low in the first half of the year. The Library has required 60% of its budgeted transfer to support the cash flow of the department while they await revenue from a number of grants.

Through the first quarter, the Water and Resource Conservation Department has used 111% of its budgeted transfer. While the transfer to the Water Fund currently exceeds the budgeted amount, this overage is considered temporary to support the cash flow needs of the department while they await revenue from a number of grants and local water sales. Year end projections for the Water Department actually anticipate general fund savings of $120,000 from unanticipated proceeds of the County's Table A allocation.

REVENUE REPORT

Through the 2nd quarter of the year the County has received 34% of budgeted revenues[2]. Last year at this time, the County had received 29% of budgeted revenues. The variance between this year and last was primarily the result of a reporting error in which a portion of the Department of Employment and Social Services 2nd quarter revenues were not recognized until the 3rd quarter of the fiscal year. Absent this reporting error, revenues as a percentage of budget would have been more closely aligned between the two fiscal years.

Figure 9



The County's revenues are not evenly spread throughout the year. As seen in Figure 10 on the following page, revenues received by each County department to date vary significantly as a percentage of budget. Many department revenues are reimbursement-based and require the County to expend funds before requesting revenue. For example, Probation receives significant Title IVE funds for Juvenile Hall services that are only received after a lengthy claiming process. Other revenues continue to be impacted by state payment delays. While Behavioral Health revenues continued to be significantly delayed through the first half of the year, the Department did show improvement from the prior fiscal year and significant revenues were received in December. While this positive trend appears to be continuing into January, the situation is tenuous and subject to the State of California's cash flow problems. Figure 10 shows that

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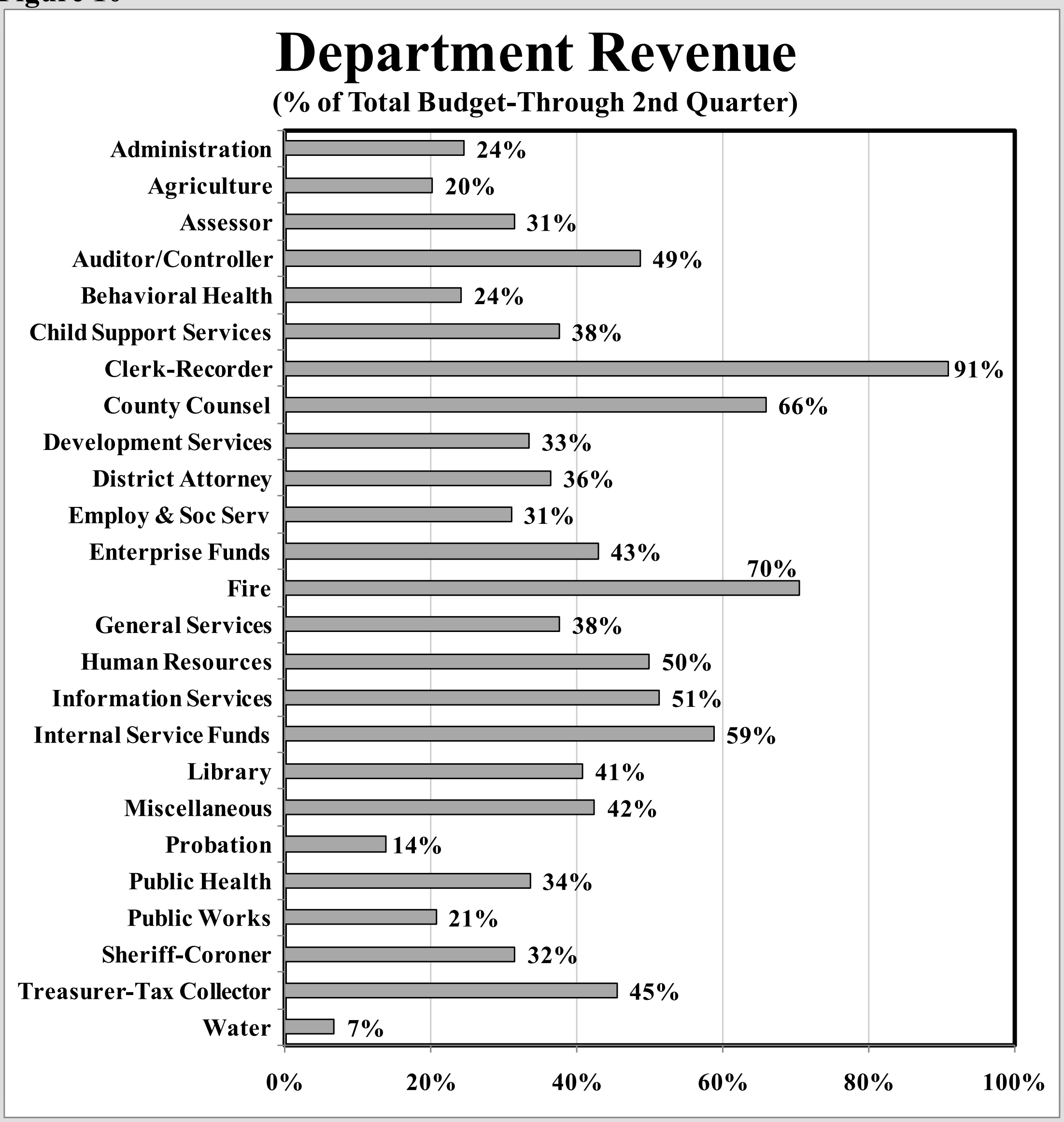
[2] For the purpose of this report the County's budgeted revenues include all departmental operating budgets, internal service funds (for example Worker's Compensation and General Liability), enterprise funds (Neal Road Waste and Recycling Facility) as well as a number of miscellaneous budget units such as general purpose revenues, capital projects, CDBG grant programs and Debt Service. County Service Areas, General Fund operating transfers to other funds and the Behavioral Health receivable, which documents approved, but yet unpaid, MediCal billings are excluded.

most Departments' revenues are between 20% and 50% of budget through the 2nd quarter and comparisons with prior year revenue patterns indicate that for the most part this is consistent with historical revenue receipts.

At midyear, a few departments show higher than anticipated revenues. The Clerk-Recorder received unbudgeted reimbursement for a prior year special election of $480,000 and the Clerk-Recorder and District Attorney have both received significant unanticipated mandate reimbursement funds that combined total over $600,000. County Counsel and the Fire Department are also both showing strong revenue receipts in 2010/11, however this is primarily due to 2009/10 revenue that was not posted until 2010/11. Finally, the Internal Service Funds are showing revenues totaling 59% of budget. This is due to the reimbursement of unanticipated settlement payments made in the first half of the year.

Figure 10



General Purpose Revenues, included in Figure 10 on the preceding page as part of the miscellaneous budget unit, are coming in much as anticipated in the first quarter report. Following the receipt of the first property tax installment, 46% of budgeted general purpose revenue has been received through the end of December. We are currently projecting a revenue shortfall of approximately $500,000 for the year, largely due to a decline in the Vehicle License Fee (VLF) in Lieu revenue. VLF in Lieu accounts for $24 million of the $46.9 million in budgeted property tax revenues. This is revenue that the County receives in lieu of the Vehicle License Fee revenues the County received until fiscal year 2003/04. VLF in Lieu revenues are calculated each fall by staff in the Auditor's Office based on assessed valuation. Due to the decline in the County's assessed valuation, VLF in Lieu revenues will fall short of budget by approximately $1 million. Some of this shortfall is offset by higher than anticipated statewide Public Safety Sales Tax revenues (Proposition 172). Figure 11 shows year to date receipts of general purpose revenue.

Figure 11

General Purpose Revenue Receipts

(Through 2nd Quarter)

Account Title	Budget	YTD Receipts	YTD %
Property Taxes	46,857,890	23,805,055	51%
Teeter Plan Proceeds	1,000,000	-	0%
Local Sales Tax	3,432,300	1,504,739	44%
Other Taxes	974,070	657,662	68%
Licenses & Permits	1,550,040	303,512	20%
Fines, Forfeitures & Penalties	1,444,020	401,169	28
Interest-County Treasury	915,000	200883	22%
Local Public Safety Sales Tax	11,770,000	5,762,036	49%
RDA City of Chico	4,377,900	3,066,492	70%
Tobacco Settlement Funds	2,542,552	-	0%
Other Misc. Revenue	1,044,850	-620,344	-59%
Total General Purpose Revenue	**$75,908,622**	**$35,081,204**	**46%**

Other Misc. Revenue in Figure 11 is negative due to the reversal of the unrealized gain/loss that is posted at the end of each fiscal year by the Auditor's Office and then reversed in the first period of the following year. This posting is a year-end adjustment to each fund related to the market value of the County's investments. It is anticipated that this negative number will be offset by the completion of this same transaction at the end of the current fiscal year.

MULTI- YEAR BUDGET FORECAST

The Budget Forecast is a tool which forecasts, based on current trends, projected future expenditures and revenues in the General Fund to demonstrate how decisions made and actions taken now are likely to impact future budgets and to identify projected gaps between ongoing expenditures and revenues. Based on the analysis undertaken over the past months, a number of the trends that influence the forecast show significant improvement. The result is that Butte County's 2011/12 budget outlook is noticeably improved from the past forecast and, based on current trends, anticipates a $1.2 million surplus. This anticipated surplus was taken into account in the budget instructions and targets provided to Departments for the development of the 2011/12 budget. While also improved, the budget outlook for 2012/13 and beyond indicates that the County will still need to address an expenditure-revenue gap currently projected at approximately $3 million per year.

Carryover from Prior Year: The largest single improvement in the forecast is the anticipated available fund balance carryover projected for the 2011/12 budget year. The carryover fund balance is made up of three general components: (1) Prior year unspent contingencies, (2) departmental budget savings, and (3) variance between actual and anticipated General Purpose Revenues. The last forecast anticipated a $17 million carryover. The current estimate projects an $18.2 million carryover, increasing projected available resources by $1.2 million. This improvement is the direct result of unbudgeted revenues received in 2010/11 including $480,000 for a prior year special election and over $600,000 in mandate reimbursement funds which increase anticipated department budget savings. Significant ongoing savings are also anticipated from County departments based on the careful budget management demonstrated by County departments over the past couple of years.

The 2011/12 carryover also includes a projected $9 million in unspent prior year contingencies available to carryover. For 2012/13 and beyond the projected carryover is $16 million. This includes Departmental savings of approximately $8 million and unspent contingencies of approximately $8 million.

Contingency: Similar in magnitude and related to the increase in anticipated available fund balance carryover is a projected decrease to contingencies. Previous forecasts have assumed ongoing contingencies of $10 million. The current forecast assumes $9 million, increasing available resources to fund County operations by $1 million. Contingencies serve dual purposes. They ensure funds are set aside for unanticipated needs or emergencies during the year. More recently, as credit markets have tightened, a higher contingency level has allowed the County to access credit even with lowered fund balances. As fund balances are anticipated to increase, a decrease in needed contingencies is also forecasted.

Employee Compensation: The final improvement in the Budget Forecast relates to employee compensation. The 2011/12 forecasted employee compensation has been reduced by approximately $630,000. This decrease is primarily related to a change in the anticipated departmental contribution to the debt service on the County's Pension Obligation Bonds. The County's Pension Obligation Bonds currently include interest payments on both fixed and variable rate bonds. The lower than anticipated interest rates have resulted in collections from County Departments that exceeded required payments. These excess collections along with gradual interest rate increases allow projected collections from County departments in fiscal years 2011/12, 2012/13 and 2013/14 to be lower than anticipated debt service payments. However it should also be noted that collections for principal payments begin in 2012/13 and will result in accelerating bond payments through 2033/34.

Decreases in forecasted unemployment insurance and workers compensation costs have contributed to the overall decrease in forecasted employee compensation costs.

In the coming months the CalPERS Board will be reevaluating its earning assumptions. Currently, CalPERS assumes it will have, on average, a 7.75% return on investments. It is probable that this will be reduced to 7.5% or even 7.25%. The change to 7.5% is anticipated to increase the employer contribution for Miscellaneous employees by 2% of payroll and for safety employees by 5% of payroll starting in fiscal year 2012/13. A change to 7.25% would double the impact. CalPERS staff report that the change to a 7.5% rate is "probable," so the forecast includes the 2% miscellaneous and 5% safety increases starting in 2012/13.

Property Taxes, Sales Taxes and Other Discretionary Revenues: Combined, these three categories make up the County's Discretionary or General Purpose Revenues. The 2011/12 projection for General Purpose Revenues has been refined based on current projections, resulting in a net decrease from the prior forecast in anticipated funds in 2011/12 of approximately $400,000.

Use of Restricted Revenue & Cash Balances: Use of restricted, or departmental revenue, is decreased by $150,000 annually compared to the 1st Quarter forecast based on revised revenue projections for housing federal inmates in the County Jail. The current projection is $3.23 million annually.

Other Expenditures: Other expenditures include service and supply purchases in the general fund and transfers to the Welfare, Fire, Library and Water Funds. There has been no substantive change in forecasted other expenditures since the 1st Quarter.

State Budget: Consistent with earlier forecasts the current budget forecast does not include any impacts to the County based on State Budget proposals and revenue estimates continue to rely on significant ongoing state revenues. For example, the forecast assumes $900,000 in ongoing Indian Gaming revenues starting in 2011/12 will subvent operating costs for Fire, District Attorney and Sheriff Operations.

Figure 12

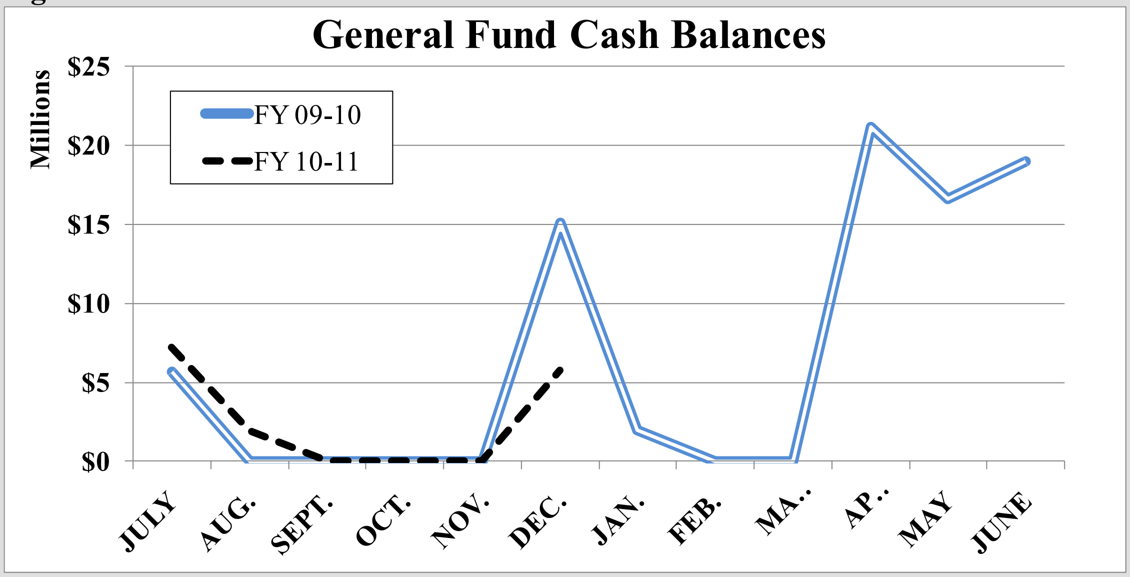
General Fund Budget Forecast

(Through Fiscal Year 2014-15)

GENERAL FUND	Adopted Budget 2010/11	Forecasted Budget 2011/12	Forecasted Budget 2012/13	Forecasted Budget 2013/14	Forecasted Budget 2014/15
ESTIMATED DEMAND:					
Employee Compensation	69,302,218	70,039,297	72,009,515	73,526,024	74,687,282
Contingency	10,530,697	9,000,000	9,000,000	9,000,000	9,000,000
Other Expenditures	51,930,456	51,770,544	53,222,389	54,690,463	55,675,337
Use of Restricted Revenue & Cash Balances	-39,357,052	-38,163,083	-38,699,910	-39,517,583	-40,361,516
Net Demand For Resources	**92,406,319**	**92,646,757**	**95,531,994**	**97,698,904**	**99,001,102**
ESTIMATED RESOURCES:					
Carryover From Prior Year*	16,497,697	18,200,000	16,000,000	16,000,000	16,000,000
Property Taxes	46,857,890	45,654,115	46,110,656	46,802,316	47,661,938
Sales Taxes	15,202,300	16,575,530	17,072,796	17,584,980	18,112,529
Other Discretionary Revenues	13,848,432	13,435,060	13,597,419	13,796,439	14,021,612
Net Available Resources	**92,406,319**	**93,864,705**	**92,780,871**	**94,183,735**	**95,796,079**
Surplus / (Deficit) Trend	**$0**	**$1,217,948**	**($2,751,122)**	**($3,515,169)**	**($3,205,023)**

* Available Fund Balance Carryover includes unexpended Contingency appropriations and departmental savings from prior year.

Figure 13



The State continues to face significant budget shortfalls and the Governor is proposing significant changes to the state/local relationship. If and when the State adopts a budget, any impacts to the County would be included in subsequent forecasts.

GENERAL FUND OPERATING CASH REPORT

General Fund operating cash was tracking similar for the first quarter of Fiscal Year 2010/11 to what we saw one year ago. In October and November of 2010, Tax Revenue Anticipation Note (TRAN) funds were transferred into the General Fund to cover deficit cash balances. In the graph, above, you can see this is the case for all points where the graph lines are at zero. The combined total of TRAN funds transferred for October and November was $12,335,056. TRAN funds were also used in the same months for 2009.

In December of 2010, the first installment of 2010/11 property taxes was received. Consequently, the TRAN funds borrowed were transferred out of the General Fund and back to the TRAN Proceeds Trust Fund, and the ending cash balance in the General Fund was a positive number.

As indicated on the graph, the ending balance for December of 2010 was approximately $9 million lower compared to December of 2009. The primary reason for the difference is due to a cash advance from the General Fund to the Department of Employment and Social Services (DESS) for approximately $7 million. This is an ongoing concern since there are more State deferrals planned this fiscal year.

Figure 14

Cash Advances – General Fund (At Dec. 31, 2010)	
Advances **To** General Fund:	
From TRAN* proceeds	$ -
Advances **From** General Fund:	
To - CSA 200 Stirling City Sewer	$ 3,502.64
Employment and Social Services	$ 7,058,884.81
Behavioral Health	$ 8,280,596.16
Total Advances from General Fund	**$15,342,983.61**
* Tax Revenue Anticipation Note	

In general, at the end of each month, any fund that is cash deficit is brought to zero through a cash advance from the General Fund. The amount advanced is then given back to the General Fund at the beginning of the next month. DESS has experienced significant payment deferrals from the State, consequently requiring temporary coverage from the General Fund. Approximately $4.5 million in deferral payments were received by DESS in January of this year, improving their cash position.

As of December 31, 2010, the General Fund needed to advance over $15 million in cash to support other funds. A significant portion of cash advances included over $8 million to Behavioral Health. The Behavioral Health department continues to experience significant payment delays from the State. While the Behavioral Health Fund cash deficits have improved from the prior fiscal year, it is still a significant concern. The first installment of property taxes in December provided for a sufficient cash balance in the General Fund to make the advances. Although no transfer of TRAN funds was necessary in December, it is very likely TRAN funds will be utilized again prior to receiving the 2nd installment of property taxes in April of this year. Figure 14 lists all cash advances as of December 31, 2010.

TRAN funds are not available for cash flow after the 2nd installment of property taxes is collected in April. It is unclear if there will be sufficient cash in the General Fund in May and June to cover its operating expenses plus necessary cash advances to DESS and Behavioral Health. If there is not, then cash advances from other funds may be necessary.

LONG-TERM DEBT
The following ratio of outstanding debt schedule, Figure 15, and long-term debt schedule, Figure 16, present data as of December 31, 2010. Changes worth noting since the 1st Quarter Financial Report are (1) the Butte County Service Area No. 26 Bonds were paid in full in December 2010 and (2) the addition of the $1,100,000 Bangor Fire Station #55 Certificate of Participation secured through the United States Department of Agriculture (USDA) in August 2010. The proceeds of the USDA loan have been used for the construction of the Bangor Fire Station. Construction is 97% complete.

Figure 15

Ratio of Outstanding Debt by Type
(In Thousands, Except Per Capita)

	Government Activities				Neal Road Recycling and Waste Facility					
Fiscal Year	Bonds	Certificates of Participation	Loans/ Notes	Capital Leases	Loans	Certificates of Participation	Capital Leases	Total Primary Government	% of Assessed Property Tax Value	Per Capita
2005	61,515	4,540	4,111	688			1,289	72,143	0.4894%	$332
2006	57,212	3,920	3,935	1,479	500		784	67,830	0.4123%	$311
2007	56,424	3,290	2,903	1,097	450	12,025	303	76,492	0.4649%	$351
2008	50,575	2,650	2,703	1,134	400	12,025	20	69,507	0.3854%	$315
2009	50,492	2,300	2,494	1,029	350	12,025	20	68,710	0.3680%	$311
2010	50,403	1,945	2,278	922	300	11,300	0	67,148	0.3739%	$308
2011	49,895	2,680	2,166	904	300	10,550	0	66,495	0.3647%	$300

Figure 16

Type of Debt	Original Loan Amount	Current Balance	Avg. Annual Payment*	Maturity Date
Bonds Payable				
Butte County Service Area No. 26 Bonds:				
1974 Sewer Bonds	680,000	-	-	1/1/2015
1975 Sewer Bonds, Series A	790,000	-	-	1/1/2015
1975 Sewer Bonds, Series B	380,000	-	-	1/1/2015
1975 Sewer Bonds, Series C	86,396	-	-	1/1/2015
Total CSA 26 Bonds	*$ 1,936,396*	*$ -*	*$ -*	
Pension Obligation Bonds				
Series A	28,020,000	28,020,000	2,475,316	6/1/2034
Series B	21,875,000	21,875,000	1,692,500	6/1/2034
Total Pension Obligation Bonds	*$ 49,895,000*	*$ 49,895,000*	*$ 4,167,816*	
Total Bonds Payable	**$ 51,831,396**	**$ 49,895,000**	**$ 4,167,816**	
Certificates of Participation				
2003 Certificates of Participation	5,150,000	1,580,000	421,140	7/1/2014
2010 Bangor Fire Station #55 COP	1,100,000	1,100,000	55,379	8/1/2050
Total Certificates of Participation	**$ 6,250,000**	**$ 2,680,000**	**$ 476,519**	
Capital Leases				
Chico Memorial Hall - 492 Rio Lindo	583,400	421,706	61,156	4/10/2020
Chico Memorial Hall - 554 Rio Lindo	670,900	476,231	62,275	4/10/2020
Ford Motor Credit	32,581	6,033	9,282	8/20/2011
Total Capital Leases	**$ 1,286,881**	**$ 903,970**	**$ 132,713**	
Notes Payable				
California Energy Commission				
Solar Project-Phase 1	2,777,000	1,885,287	277,181	12/22/2018
Solar Project-Phase 2	390,000	281,150	35,786	6/22/2020
Total Notes Payable	**$ 3,167,000**	**$ 2,166,437**	**$ 312,967**	
Neal Road Recycling and Waste Facility				
2006 Certificate of Participation	12,025,000	10,550,000	1,193,436	7/1/2021
Loan - California Integrated Waste Mngt Board	500,000	300,000	50,000	6/1/2016
Total Neal Road Recycling and Waste Facility	**$ 12,525,000**	**$ 10,850,000**	**$ 1,243,436**	
TOTAL LONG-TERM DEBT	**$ 75,060,277**	**$ 66,495,407**	**$ 6,333,451**	

* From FYE 6/30/11 to maturity per amortization schedules