

COUNTY OF BUTTE
STATE OF CALIFORNIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

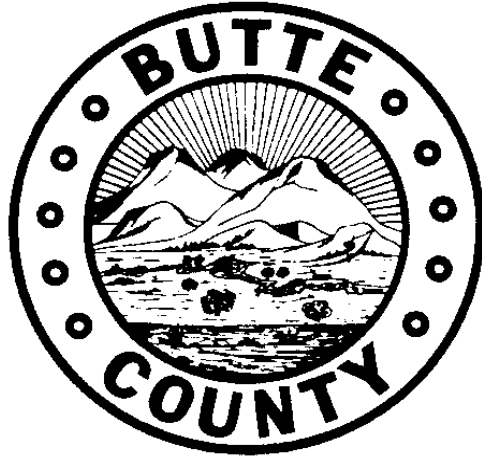
FOR THE FISCAL YEAR ENDED
JUNE 30, 2010



KimsheW Falls
Photo by Peggy Moak

Prepared Under the Supervision of:

David A. Houser
County Auditor-Controller



Introductory Section

COUNTY OF BUTTE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2010

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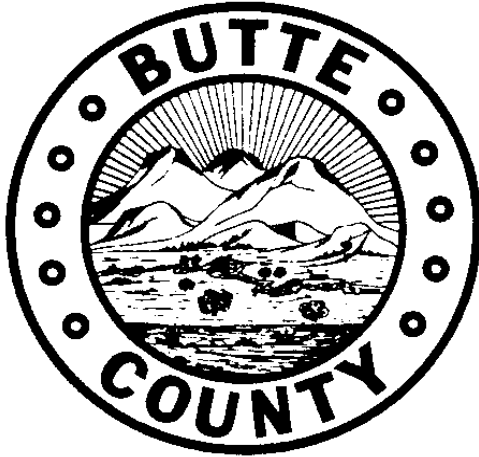
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BUTTE COUNTY
25 COUNTY CENTER DRIVE
OROVILLE, CALIFORNIA 95965-3392
Telephone (530)-538-2030 Fax: (530)-538-3831

December 27, 2010

To the Citizens of Butte County, California

Dear Citizens:

The Comprehensive Annual Financial Report (CAFR) of the County of Butte (County) for the fiscal year ended June 30, 2010, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California (State). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and present fairly the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2010, and the respective changes in financial position and cash flow, where applicable, thereof for the fiscal year then ended. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

This letter of transmittal is designed to complement the Management's Discussion and Analysis and should be read in conjunction with it. The County's MD&A can be found on pages 3 through 12 of this report.

The financial reporting entity of the County includes all the funds of the primary government (i.e., Butte County as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable.

Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, certain districts and agencies accounted for in the Special Revenue are reported as part of the primary government.

For a more detailed overview of the County's component units see the Notes to the Basic Financial Statements.

PROFILE OF THE GOVERNMENT

One of the State's original 27 counties, the County was established by an act of the State Legislature on February 18, 1850. The County is located in the northern portion of the Sacramento Valley. Rising from the Sacramento River, the County's western boundary, to the Sierra Nevada Mountains, its eastern perimeter, the County's 1,665 square miles range in elevation from sixty feet to over 7,000 feet resulting in a considerable variation in climate. There are five incorporated cities/town located within the County:

Biggs, Chico, Gridley, Oroville, and Paradise. The County's population is 221,331 with approximately 38% of the residents living in the unincorporated area.

Policymaking and legislative authority is vested in the County Board of Supervisors (the Board), which consists of an elected supervisor from each of five districts. The Board is responsible, among other things for passing ordinances, adopting the budget, appointing committees, appointing the Chief Administrative Officer (CAO), and appointing non-elected department heads. Supervisors are elected to four-year staggered terms with two supervisors being elected in even-year elections and three supervisors being elected in odd-year elections. The County Charter designates that certain officers are elected which are responsible for the offices of the County Clerk-Recorder, Assessor, Auditor-Controller, District Attorney, Sheriff-Coroner, and Treasurer-Tax Collector.

The County provides a full range of services including sheriff; health and sanitation; the construction and maintenance of highways, streets, and infrastructure assets; recreational activities and cultural events; election; library; social services; and administration.

MAJOR INITIATIVES

Butte County is undertaking several major initiatives notwithstanding significant fiscal limitations:

Significant County-wide Budget Cuts

During the 2009/2010 fiscal year, the County was faced with the effects of a global recession and increasingly dire outlook from the California state government. The Board of Supervisors acted quickly and decisively to ensure that the County remained financially stable through the fiscal year and to create a prudent spending plan for the coming year. These actions included significant budget cuts and layoffs across the entire County organization. While these cuts have placed strain on County operations, the Board's decisions have enabled the County to continue to provide its necessary services to its citizens despite the uncertain economic climate.

FACTORS AFFECTING FINANCIAL CONDITION

Global Recession

Butte County continues to steer through the ongoing uncertainties in the financial markets and the budget concerns facing the State of California. The budget challenges faced by the county in the past fiscal year have been met and we are anticipating possible impacts in the current county budget as the State of California addresses the significant deficit it is facing during the current year.

Economy-driven impacts to County provided programs and services can be less severe with proactive management of the County's budget. Finance, the Treasurer and Auditor offices continue to work closely to manage the cash demands on the County as the economy shows some slow improvement.

Impact of State Fiscal Crisis

The majority of the County's revenues come from the State of California. As the State has struggled to come up with a sustainable, prudent, and balanced spending plan against the backdrop of the global economic crisis, the County has been forced to stand by and react to sudden and evolving changes in

funding. These changes have included delayed payments, borrowing from counties, suspending funding, and cancelling funding altogether – even for services required to be performed by State mandate.

This uncertainty creates additional risk for the County. To mitigate this risk, all departments in the County, led by the Administrative, Finance, Treasurer/Tax Collector and Auditor-Controller offices, have conducted thorough reviews of their budgetary statuses, cash positions, and fiscal outlooks with close monitoring taking place continuously.

Internal Control

The management of the County is responsible for establishing and maintaining internal controls designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles general accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) choices between these two concepts often require estimates and judgments by management.

Single Audit

As a recipient of federal and state financial assistance, the County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Information related to this single audit, include the schedule of federal awards, findings and questioned costs, and the independent auditor's report on internal control and compliance. The County is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by management and the Auditor-Controller Division's internal audit staff. The 2009-10 Single Audit will be issued under separate cover and will be available by contacting the Auditor-Controller's office, after March 31, 2011.

Budgeting Controls

In addition to accounting controls, the County maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board of Supervisors.

In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for all Governmental Funds. Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds are authorized by the County Chief Administrative Officer's office and must be approved by the Board of Supervisors. The Board of Supervisors must approve supplementary appropriations normally financed by

unanticipated revenues during the year. Pursuant to Board Resolution, the County Chief Administrative Officer is authorized to approve transfers and revision of appropriations under \$50,000 within a single budget unit as deemed necessary and appropriate. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and are amended during the fiscal year by resolutions approved by the Board of Supervisors.

The County uses an encumbrances system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Encumbrances are combined with expenditures for budgetary comparison purposes.

The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control and cash planning. Open encumbrances at June 30, 2010, for all governmental fund types are reported as reservations of fund balances. Unencumbered appropriations lapse at the end of each fiscal year.

Cash Management

Cash temporarily idle during the year was invested in the Local Agency Investment Fund (managed by the California State Treasurer's Office), CalTrust (a public agency investment trust), money market mutual funds, time certificates, commercial paper, municipal notes, and U.S. Treasury and Agency investments.

The first and primary objective of the Treasurer's investment of public funds is to safeguard investment principal; second, to maintain sufficient liquidity within the portfolio to meet daily cash flow requirements, and third, to achieve a reasonable rate of return or yield on the portfolio consistent with these objectives. The portfolio shall be actively managed in a manner that is responsive to the public trust and consistent with State law.

Restrictive investment policies are in place to minimize credit and market risks while maintaining a competitive yield on the portfolios. The County Treasurer's selection of investments is more restrictive than those authorized in Sections 53601 and 53635 of the California Government Code and gives primary consideration to the safety and preservation of the principal amounts invested. On-going cash flow projections are maintained for the coming twelve months to assure that adequate funds are available to meet daily cash expenditure requirements.

State statutes, specific debt financing indentures and contractual arrangements generally determine the investment restrictions of County cash and investments not held in the County Treasury.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Pools*, school districts and special district external investments pools are reported as investment trust funds. Of the Treasurer's total cash and investments pool of \$395,609,508 at June 30, 2010, \$229,132,141 relates to the external investment pool participants.

Risk Management

The County self-insures for property damage, liability, workers' compensation, unemployment, and dental insurance claims. Self-insurance transactions are accounted for in Internal Service Funds. It is the County's policy to fund current self-insurance liabilities for Governmental Funds by making provisions in the budget of the succeeding year. Proprietary premium charges are expensed in the year incurred.

Employee Benefit Plans

The County participates in and contributes to the employee retirement plans with the CalPERS, which is an agent multiple-employer defined benefit retirement plan that acts as a common investment and administrative agent for various local and state governmental agencies within the state. CalPERS provides retirement, disability, and death benefits based on the employees' years of service, age, and final compensation. Copies of the CalPERS' annual financial report are available through CalPERS.

Post-retirement Health Care Benefits

The County provides post-retirement health insurance benefits, in accordance with County ordinance, to employees who retire from the County before attaining age 65 with at least ten (10) years or more of cumulative service with Butte County who, upon termination, immediately retire under the provisions of the County's contract with the Public Employees' Retirement System shall be eligible for the health benefit only coverage for themselves (employees only) to Medicare Supplemental Qualifying Age. Under the following conditions, PERS members shall be entitled to twelve (12) months of reimbursable health premiums immediately following retirement. In addition, miscellaneous members are permitted one of the following choices: 1) to receive one (1) month of reimbursable health only premium for each day of sick leave on accrual at the date of retirement; or 2) to receive one (1) month of reimbursable health only premium for each two and one-half (2 1/2) days in excess of thirty (30) days accrued sick leave to cover both employee and spouse to Medicare Supplemental Qualifying Age; or 3) one (1) month of reimbursable health plan benefits (employee only) will be granted for each day of accrued sick leave until the sick leave credit is exhausted or the employee reaches Medicare Supplemental Qualifying Age; and one (1) month of reimbursable health plan benefits for each one and one-half days in excess of thirty (30) days accrued sick leave to cover employee's spouse until the sick leave credit is exhausted or spouse reaches Medicare Supplemental Qualifying Age.

OTHER INFORMATION

Independent Audit

County charter requires an annual audit by independent certified public accountants. The firm of Gallina, LLP was selected by the County to meet this requirement. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; and evaluating the overall financial statement presentation. The independent auditors concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified ("clean") opinion that the County's basic financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with accounting standards generally accepted in the United States of America. The independent auditor's report is presented as the first item of the financial section of the report.

Awards and Acknowledgments

The GFOA awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting to the County for successful completion of the CAFR for the fiscal year ended June 30, 2009. The award was also given for the fiscal years ended June 30, 2007 and 2008. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of staff from the Auditor-Controller office and the cooperation and assistance of all County departments. I would like to commend the Board of Supervisors for its interest, support, and exemplary leadership in planning and conducting the financial operations of the County in a responsive and progressive manner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "David A. Houser". The signature is fluid and cursive, with a long horizontal stroke at the end.

David A. Houser
County Auditor-Controller

COUNTY OF BUTTE

BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS

June 30, 2010

Board of Supervisors

First District.....	Bill Connelly, Chair*
Second District.....	Jane Dolan
Third District.....	Maureen Kirk
Fourth District.....	Steve Lambert, Vice Chair*
Fifth District.....	Kim Yamaguchi

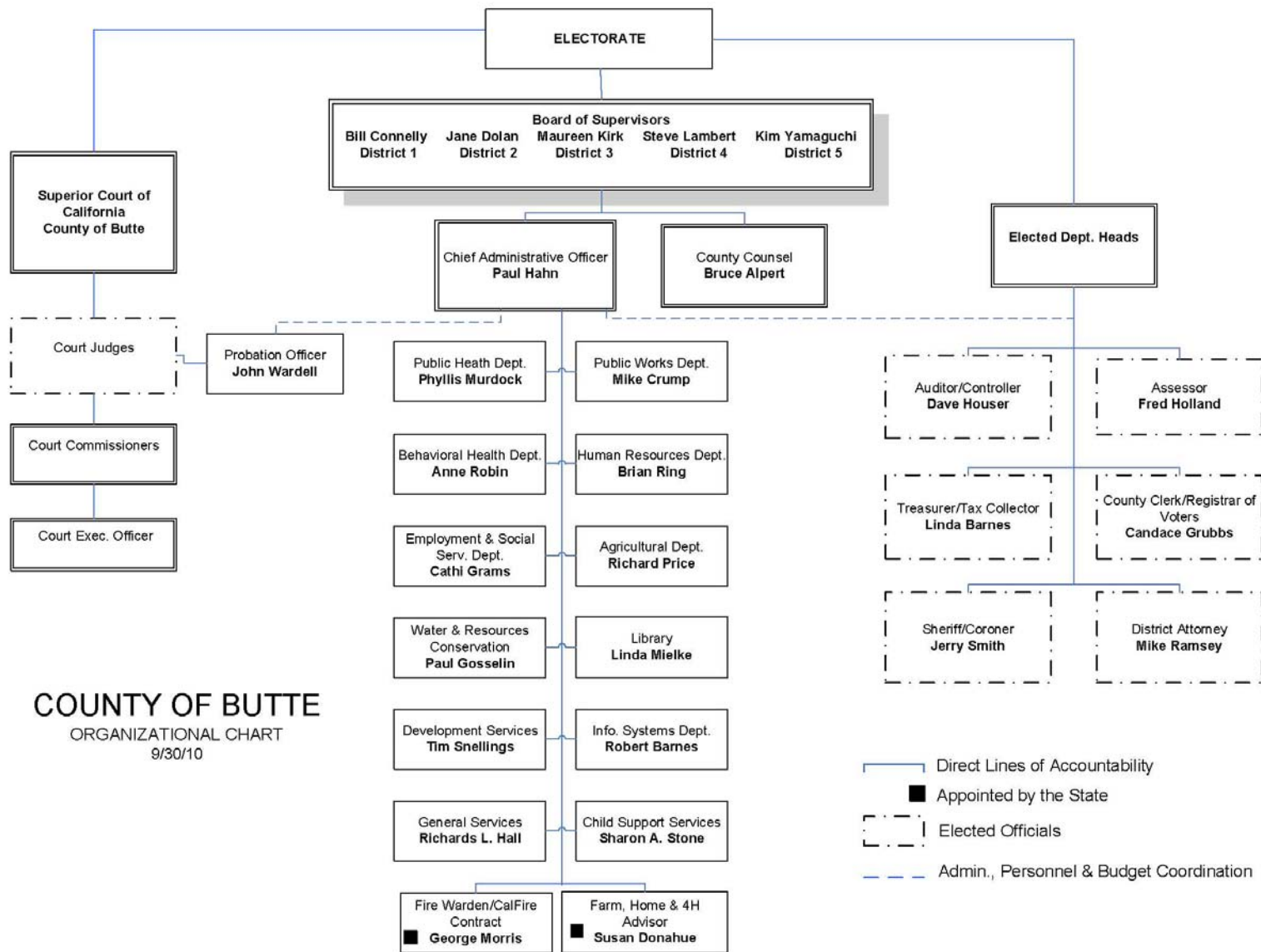
*Chosen annually at the first meeting in January.

County-wide Elected Officials

Assessor.....	Fred Holland
Auditor-Controller.....	David A. Houser
Clerk/Recorder.....	Candace Grubbs
District Attorney.....	Mike Ramsey
Sheriff-Coroner.....	Jerry Smith
Treasurer-Tax Collector.....	C. Linda Barnes

Appointed Officials

Chief Administrative Officer.....	Paul Hahn
Interim Chief Administrative Officer (at 6/30/10).....	Scott Tandy
County Counsel.....	Bruce Alpert



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Butte
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



INDEPENDENT AUDITOR'S REPORT

Board of Supervisors
County of Butte, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Butte, California (County), as of and for the year ended June 30, 2010, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the County of Butte, California. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Butte, California, as of June 30, 2010, the respective changes in financial position and cash flows, where applicable, and the respective budgetary comparisons for the General Fund and major special revenue funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated December 27, 2010, on our consideration of the County of Butte's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

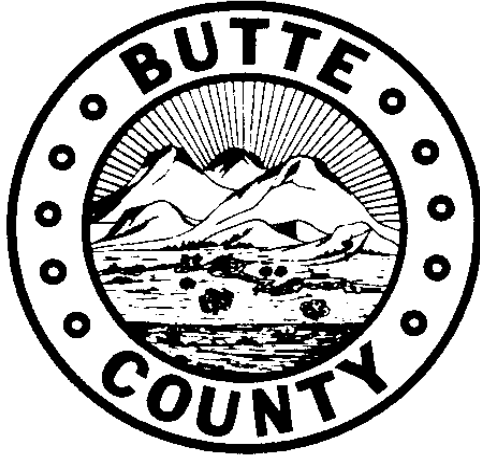
Board of Supervisors
County of Butte, California

The Management's Discussion and Analysis (MD & A) and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules and detailed budget schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Gallina LLP

Roseville, California
December 27, 2010



Management's Discussion and Analysis

The information in this section is not covered by the Independent Auditor's Report. It is presented as required supplementary information for the benefit of the readers of the Comprehensive Annual Financial Report.

In this section of the County of Butte's (County) Comprehensive Annual Financial Report, the County's management discusses financial results for the fiscal year ended June 30, 2010. It should be read in conjunction with the County's financial statements following this section. All dollar amounts are expressed in thousands in the text and tables unless otherwise indicated.

I. FINANCIAL HIGHLIGHTS

- The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$376,575 (net assets). Of this amount, \$44,757 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$1,719 during the fiscal year excluding prior period adjustments.
- As of June 30, 2010, the County's governmental funds reported combined ending fund balances of \$99,821, a net increase of \$15,927 in comparison with the prior fiscal year, excluding the previous period adjustments. This net increase represents a increase of \$5,429 in reserved fund balances, a decrease of \$215 in designated fund balances, and an increase of \$10,713 in unreserved, undesignated fund balances, which may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, the unreserved, undesignated fund balance for the general fund was \$16,711 or 18.1% of total general fund expenditures.
- The County's total long-term obligations as of June 30, 2010 increased by \$2,349 over the prior period. The key factor in the increase was the increase in other postemployment benefits of \$3,185 partially offset by the retirement of \$355 in Certificates of Participation notes, the retirement of \$217 in Notes Payable, and the retirement of \$107 in capital lease obligations.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

A. GASB 34 Financial Report Model

The County of Butte has adopted a financial reporting model that is designed to demonstrate government accountability by presenting both a long-term and a near-term view of its finances. This model is prescribed by Statement Number 34 of the Government Accounting Standard Board (GASB 34). This model is comprised of three parts: 1) Management's Discussion and Analysis which provides the financial highlights; 2) The County's basic financial statements, which consist of the Government-Wide financial statements; the Fund financial statements, and the Notes to the financial statements; and 3) Required Supplementary Information.

B. Government-Wide Financial Statements

The government-wide financial statements provide an overview of the County's finances, in a manner similar to a private-sector business that is, using the accrual basis of accounting. They demonstrate accountability of Butte County by showing the extent to which it has met operating objectives efficiently and effectively, using all resources available, and whether it can continue to do so.

The *statement of net assets* presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information on expenses and revenues to show how the government's net assets changed during the fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues are reported as soon as earned and expenses are reported as soon as incurred even though the related cash flows may not take place until future fiscal periods (e.g., earned but unused vacation leave).

Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation. The business-type activities of the County include the Butte County Neal Road Landfill.

Certain component units such as county service areas are essentially part of County operations and their financial data are blended in with operational funds of the County.

C. Fund Financial Statements

The fund financial statements provide evidence of accountability by demonstrating compliance with budgetary decisions made in public forum. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes stipulated by laws, regulations or policies. The funds of the County are divided into three categories: governmental, proprietary, and fiduciary.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The County maintains 143 individual governmental funds. On the financial statements for governmental funds information is presented separately for five major funds: the General Fund, the Welfare Fund, the Public Health Fund, the Behavioral Health Fund, and the Road Fund. Data from the other governmental funds are aggregated into a single column.

Proprietary funds are of two types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its central landfill operations. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for a variety of services including telephone services, insurance, information systems, duplicating, utilities, and facilities maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds statements provide the same type of information as the part of government-wide financial statements pertaining to business-type activities, only in more detail. The County's internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's programs. In the fiduciary fund category, the County maintains both agency funds and investment trust funds.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the financial information provided in the government-wide and fund financial statements.

D. Required Supplementary Information

In addition to the basic financial statements, this report presents Required Supplementary Information. The required supplementary information is presented concerning the County's progress in funding its obligation to provide pension benefits to its employees and the County General fund budgetary comparison schedule and the major special revenue funds.

E. Combining Statements and Schedules

The combining and individual fund statements and schedules referred to earlier provide information for nonmajor governmental funds, internal service funds, and fiduciary funds and are presented immediately following the required supplementary information.

III. FINANCIAL ANALYSIS COUNTY-WIDE

Table 1 – Net Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2010	2009	2010	2009	2010	2009	Dollar Change	% Change
							2009 to 2010	2009 to 2010
Assets:								
Current and other assets	\$ 191,739	\$ 180,333	\$ 19,157	\$ 18,730	\$ 210,896	\$ 199,063	\$ 11,833	5.94
Capital assets	268,350	275,395	17,422	17,234	285,772	292,629	(6,857)	(2.34)
Total assets	460,089	455,728	36,579	35,964	496,668	491,692	4,976	1.01
Liabilities:								
Current and other liabilities	21,774	24,448	317	975	22,091	25,423	(3,332)	(13.11)
Long-term liabilities	83,777	80,795	14,225	14,858	98,002	95,653	2,349	2.46
Total liabilities	105,551	105,243	14,542	15,833	120,093	121,076	(983)	(0.81)
Net Assets:								
Invested in capital net of related debt	263,205	269,572	7,162	5,046	270,367	274,618	(4,251)	(1.55)
Restricted net assets	55,903	51,089	5,548	4,421	61,451	55,510	5,941	10.70
Unrestricted net assets	35,430	29,824	9,327	10,664	44,757	40,488	4,269	10.54
Total net assets	\$ 354,538	\$ 350,485	\$ 22,037	\$ 20,131	\$ 376,575	\$ 370,616	\$ 5,959	1.61

Investment in capital assets net of related debt reflects the County's investment in capital assets (i.e. its land, structures and improvements, infrastructure, and equipment). The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net assets represent resources that are subject to external restrictions on how they may be used.

Unrestricted net assets represent 11.9% of the total net assets and may be used to meet the County's ongoing obligations to citizens and creditors.

Beside the amount invested in capital assets, there are externally imposed debt service reserve and statutory constraints on the use of 100% of the restricted net assets.

The following table presents the activities that accounted for the changes in net assets.

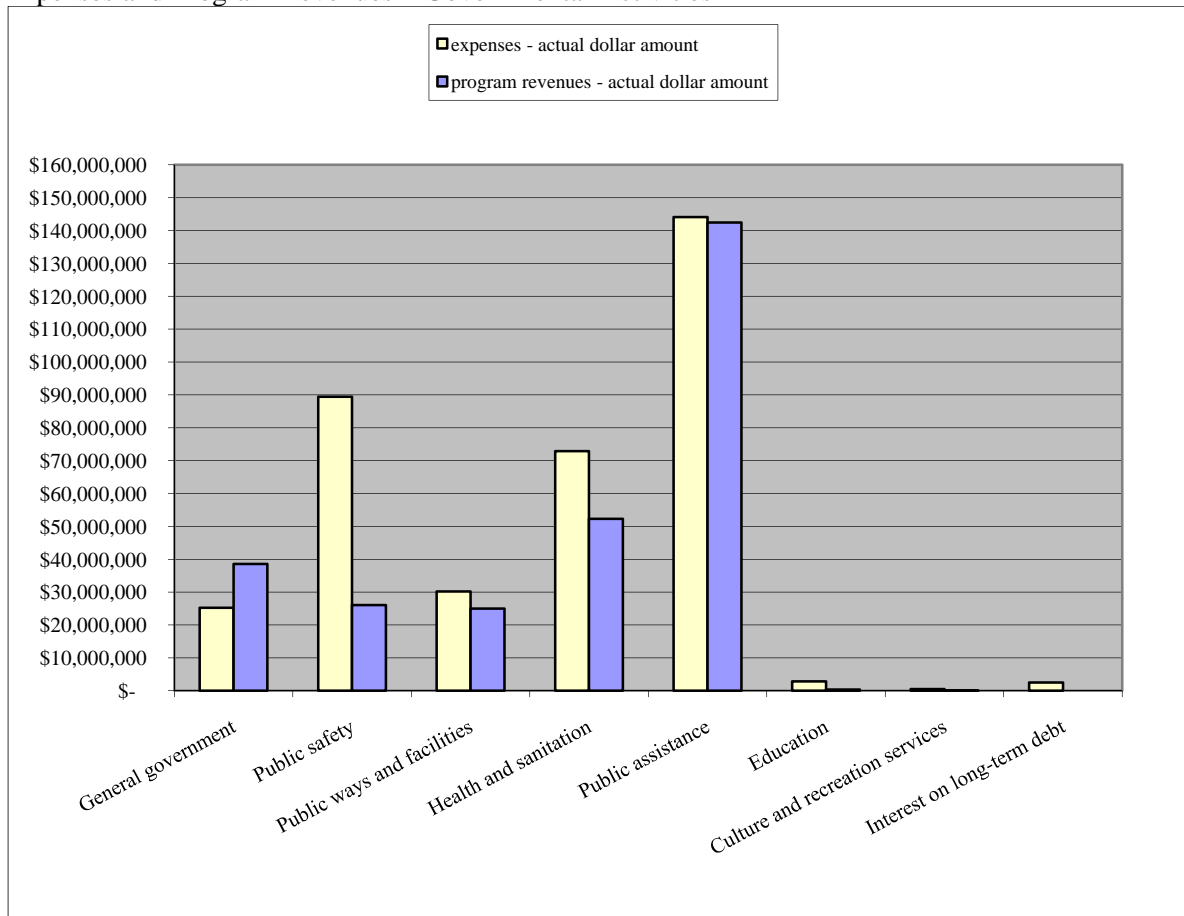
Table 2 – The Change in Net Assets (in thousands)

	Governmental Activities		Business-Type Activities		Total		Total	
	2010	2009	2010	2009	2010	2009	Dollar Change 2009 to 2010	% Change 2009 to 2010
Revenues:								
Program Revenues:								
Charges for services	\$ 41,207	\$ 36,329	\$ 6,151	\$ 6,094	\$ 47,358	\$ 42,423	\$ 4,935	11.63
Operating grants and contributions	222,575	222,938	160	84	222,735	223,022	(287)	(0.13)
Capital grants and contributions	20,924	16,300	--	--	20,924	16,300	4,624	28.37
General Revenues:								
Property taxes	49,822	49,534	--	--	49,822	49,534	288	0.58
Sales and use taxes	3,502	3,525	--	--	3,502	3,525	(23)	(0.65)
Other taxes and related revenues	1,010	1,032	--	--	1,010	1,032	(22)	(2.13)
Grants and contributions not restricted to specific purposes	15,504	17,253	--	--	15,504	17,253	(1,749)	(10.14)
Unrestricted interest and investment earnings	3,218	4,832	463	811	3,681	5,643	(1,962)	(34.77)
Other revenues	4,522	11,689	--	--	4,522	11,689	(7,167)	(61.31)
Total revenues	362,284	363,432	6,774	6,989	369,058	370,421	(1,363)	(0.37)
Expenses:								
General government	25,115	20,710	--	--	25,115	20,710	4,405	21.27
Public protection	88,791	94,362	--	--	88,791	94,362	(5,571)	(5.90)
Public ways and facilities	30,009	34,975	--	--	30,009	34,975	(4,966)	(14.20)
Health and sanitation	72,502	67,582	--	--	72,502	67,582	4,920	7.28
Public assistance	143,689	142,616	--	--	143,689	142,616	1,073	0.75
Education	2,805	3,291	--	--	2,805	3,291	(486)	(14.77)
Culture and recreation	512	525	--	--	512	525	(13)	(2.48)
Interest on long-term debt	2,499	2,660	--	--	2,499	2,660	(161)	(6.05)
Sanitation	--	--	4,855	5,805	4,855	5,805	(950)	(16.37)
Total expenses	365,922	366,721	4,855	5,805	370,777	372,526	(1,749)	(0.47)
Change in net assets before transfers	(3,638)	(3,289)	1,919	1,184	(1,719)	(2,105)	386	(18.34)
Transfers	14	--	(14)	--	--	--	--	--
Change in net assets	(3,624)	(3,289)	1,905	1,184	(1,719)	(2,105)	386	(18.34)
Net assets at beginning year	350,484	345,691	20,132	18,947	370,616	364,638	5,978	1.64
Prior period adjustment	7,678	8,083	--	--	7,678	8,083	(405)	--
Net assets at end of year	\$ 354,538	\$ 350,485	\$ 22,037	\$ 20,131	\$ 376,575	\$ 370,616	\$ 5,959	1.61

The following highlights significant factors that affected the governmental and business-type activities and contributed to the decrease in net assets:

- Governmental Activities accounted for a decrease in net assets of \$3,624, primarily due to current year depreciation expense of the County’s infrastructure (roads and bridges), which amounted to \$19,454. The decrease was offset by a \$288 increase in property taxes and a \$4,878 increase in charges for services and a \$4,624 increase in capital grants.
- Business-Type Activities accounted for an increase in net assets of \$1,905, primarily due to current year revenues exceeding expenses.

Expenses and Program Revenues – Governmental Activities



IV. FINANCIAL ANALYSIS OF FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with budgetary and legal requirements.

Governmental funds The general government functions are included in the General, Special Revenue, Capital Project, and Debt Service Funds. Included in these funds are the special districts governed by the Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, the unreserved fund balance may serve as a useful measure of the County's net resources available for spending at the end of the fiscal year.

At June 30, 2010, the County's governmental funds reported combined ending fund balances of \$99,821. Approximately 37.1% of this total amount (\$37,045) constitutes the unreserved fund balance, which may be used to meet the County's ongoing general obligations to citizens and creditors. The remainder of the fund balance is reserved to indicate that it is not available for general obligations because it has been committed in the form of prior year obligations (encumbrances), inventories, debt service reserves, or the funds have statutory restrictions.

The general fund is the main operating fund of the County. At June 30, 2010, the unreserved fund balance of the general fund was \$16,826 while the total fund balance reached \$34,835. As measures of the general fund's liquidity, it is useful to note that the unreserved fund balance represents 18.2% percent of total fund expenditures, while the total fund balance represents 37.8% percent of that same amount. The general fund's fund balance increased by \$10,553 during the current fiscal year, excluding prior period adjustments.

The welfare fund has a total fund balance of \$3,990. Of this amount, \$1,833 is reserved, and the balance of \$2,157 is unreserved. The overall fund balance increased by \$971 due to a decrease in overall expenditures.

The public health fund has a total fund balance of \$14,911. Of this amount, \$8,116 is reserved, and the balance of \$6,795 is unreserved. The overall fund balance decreased by \$1,966 due primarily to an increase in expenditures during the current fiscal year.

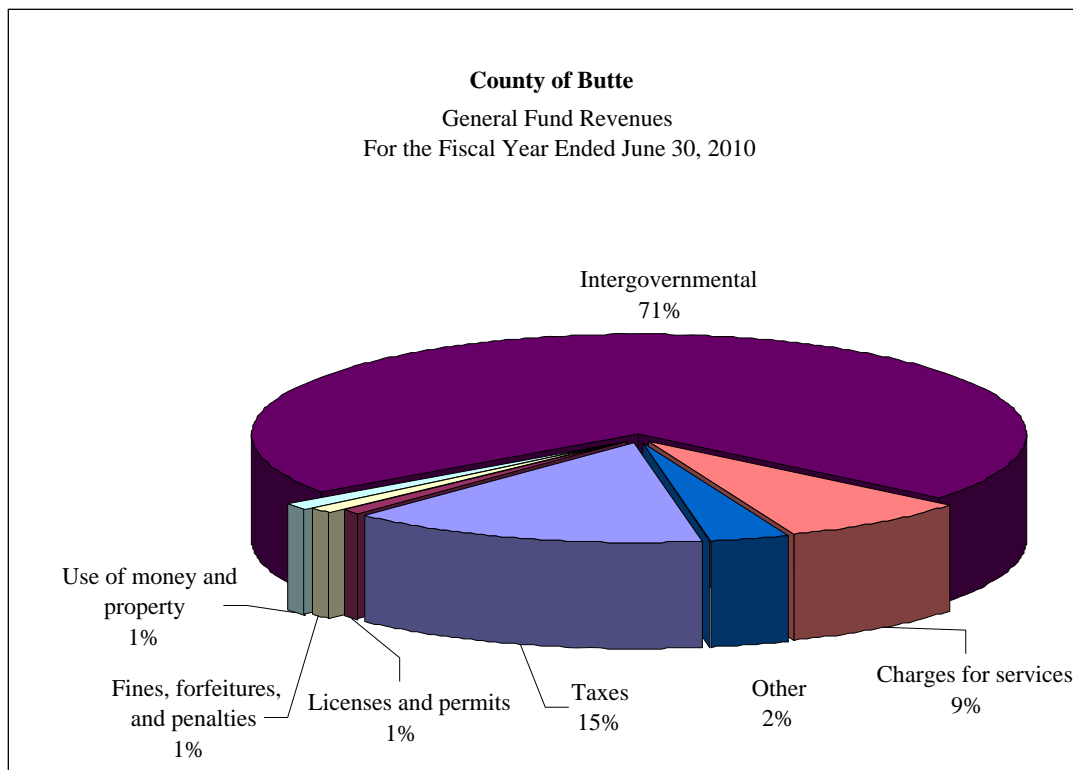
The behavioral health fund has a total fund balance of \$(1,199). Of this amount, \$5,749 is reserved, and the balance of \$(6,948) is unreserved. The behavioral health fund incurred a negative fund balance due to the State of California's reduction to funding for behavioral health.

The road fund has a total fund balance of \$17,451. Of this amount, \$8,938 is reserved, and the balance of \$8,513 is unreserved. The overall fund balance increased by \$8,259 during the current fiscal year, due to increased revenues and decreased expenditures.

The following table presents revenues from various sources as well as reflecting increases or decreases from the prior fiscal year in the governmental funds.

Table 3 – Revenues in the Governmental Funds (in thousands)

Revenue Sources	FY 2009		FY 2010		Change	
	Amount	% of total	Amount	% of total	Amount	% of change
Taxes	\$ 54,091	14.9%	\$ 54,334	15.0%	\$ 243	0.4%
Licenses and permits	3,721	1.0%	3,123	0.9%	(598)	(16.1%)
Fines, forfeitures, and penalties	3,307	0.9%	3,835	1.1%	528	16.0%
Use of money and property	4,064	1.1%	2,766	0.8%	(1,298)	(31.9%)
Intergovernmental	256,477	70.9%	258,984	71.6%	2,507	1.0%
Charges for services	29,301	8.1%	34,249	9.5%	4,948	16.9%
Other	11,689	3.2%	4,522	1.2%	(7,167)	(61.3%)
Total	<u>\$ 362,650</u>	<u>100%</u>	<u>\$ 361,813</u>	<u>100%</u>	<u>\$ (837)</u>	<u>(0.2%)</u>



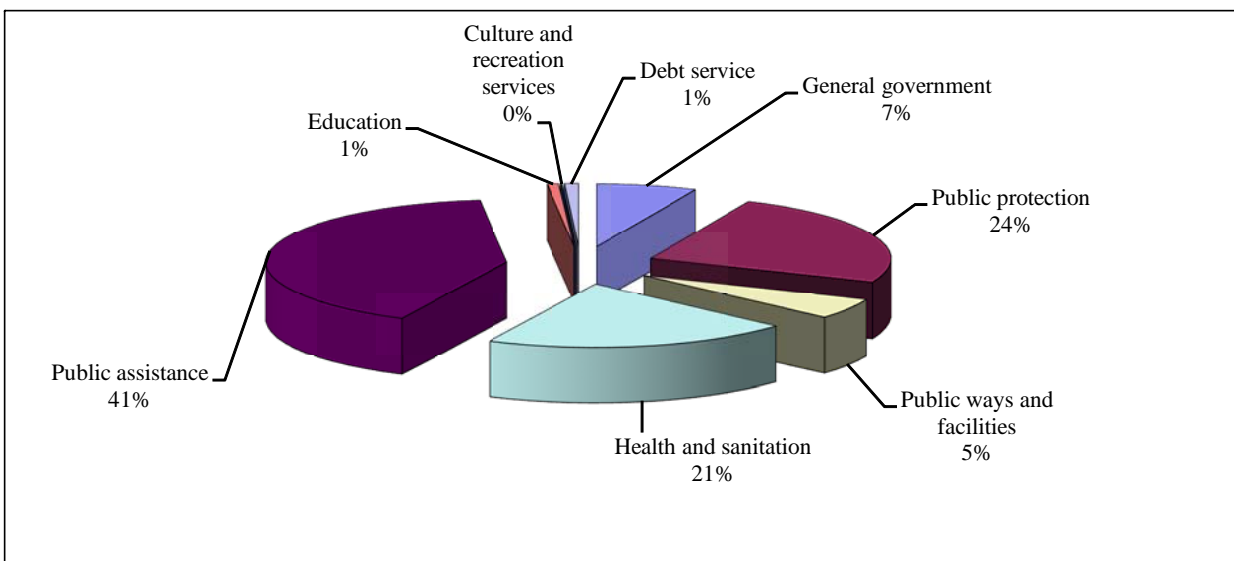
Significant changes for major revenue sources are explained below.

- Taxes – Tax revenues include sales taxes and property taxes. The increase in tax revenues is due primarily to increased property taxes, as well as smaller increases in property transfer tax revenues. This was offset by a decrease in sales taxes.
- Licenses and permits – Decreased revenues from construction permits and planning application fees account for most of the decrease noted in this revenue category.
- Fines, forfeitures, and penalties – Increase in court related fines and forfeitures.
- Use of money and property – Reflects decrease due to the change in fair value of the County’s investments.
- Other – Decreased revenue under other is primarily due to decrease in reimbursements.

The following table presents expenditures by function compared to prior fiscal year's amounts in the governmental funds.

Table 4 – Expenditures in the Governmental Funds (in thousands)

Function	FY 2009		FY 2010		Change	
	Amount	% of total	Amount	% of total	Amount	% of change
General government	\$ 21,456	6.0%	\$ 23,439	6.8%	\$ 1,983	8.5%
Public protection	94,357	26.5%	85,264	24.6%	(9,093)	(10.7%)
Public ways and facilities	22,211	6.2%	18,183	5.2%	(4,028)	(22.2%)
Health and sanitation	67,531	19.0%	71,610	20.6%	4,079	5.7%
Public assistance	143,752	40.3%	142,384	41.0%	(1,368)	(1.0%)
Education	3,228	0.9%	2,714	0.8%	(514)	(18.9%)
Culture and recreation services	434	0.1%	345	0.1%	(89)	(25.8%)
Debt service	3,344	0.9%	3,166	0.9%	(178)	(5.6%)
Total	\$ 356,313	100%	\$ 347,105	100%	\$ (9,208)	(2.7%)



Significant changes for major functions are explained below.

- Culture and recreation – The decrease in this function is due to the decrease in purchases for book and periodical purchases for libraries.
- Debt service – The decrease in this function is due to the County paying down the entire remaining balance of the Pension Obligation Bonds Series C in the prior year.

Proprietary funds The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The funds include the enterprise funds: the County Central Landfill Fund; and the internal service funds, which are presented in aggregate.

The Landfill fund has total net assets of \$22,037. Of this amount, \$7,162 is invested in capital assets, net of related debt, \$5,548 is restricted, and the balance of \$9,327 is unrestricted. Overall net assets increased by \$1,905 due to a decrease in operating expenses.

V. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget for revenues were an increase of \$3,372. This increase was due to the County anticipating more aid from other governments than was originally anticipated.

During the fiscal year, actual revenues were more than budgetary estimates by \$2,747. The main reason for the increase was that taxes were \$1,524 more than the estimated amount due to decreased sales taxes. Additionally, fines, forfeitures, and penalties were \$1,165 greater than the estimated amount and other financing sources were \$1,023 greater than the estimated amount. These gains were primarily offset by licenses and permits revenue being \$928 less than budgeted. Actual expenditures and transfers were less than budgetary estimates by \$21,825. The net effect of under-realization of revenues and under-utilization of appropriations resulted in a favorable variance of \$24,571.

VI. CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$285,772 (net of accumulated depreciation). This investment in capital assets includes land, structures and improvements, equipment, construction-in-progress, and infrastructure. The total decrease in the County's net investment in capital assets for the current period was 2.3%. The decrease resulted from infrastructure depreciation exceeding infrastructure assets acquired by \$12,182.

Additional information on the County's capital assets can be found in the Notes to the Financial Statements section of this report in Note 5 – Capital Assets.

Key events affecting capital assets during the fiscal year included the following:

- Construction in progress capital assets being transferred structures and improvements and equipment.
- For government-wide financial statement presentation, all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Fund financial statements record capital asset purchases as expenditures.

Table 5 – Capital Assets (Net of Depreciation) (in thousands)

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2009	2010	2009	2010	2009	2010
Land	\$ 3,406	\$ 3,500	\$ 488	\$ 431	\$ 3,895	\$ 3,931
Structures & improvements	43,064	42,854	88	83	43,152	42,937
Equipment	13,926	12,376	1,631	1,236	15,557	13,612
Infrastructure	213,597	209,298	--	--	213,597	209,298
Construction in progress	1,402	321	15,026	15,672	16,428	15,993
Total	\$ 275,395	\$ 268,350	\$ 17,234	\$ 17,422	\$ 292,629	\$ 285,772

B. Long-Term Obligations

At June 30, 2010, the County had total long-term obligations outstanding of \$97,853 consisting of \$13,245 in Certificates of Participation, capital lease obligations of \$942, bonds payable of \$50,403, loan payable of \$300, and notes payable of \$2,278. Additional long-term liabilities include compensated leave payable of \$14,037, actuarial claims liability of \$5,164 for general insurance and worker's compensation self insurance, landfill closure/post closure care liability of \$2,285, and OPEB obligation of \$9,200.

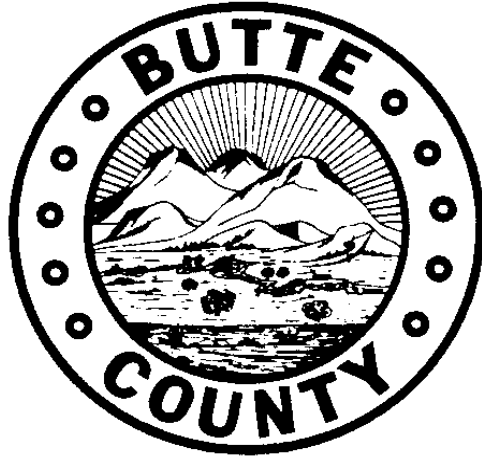
Additional information on the County's long-term liabilities can be found in the Notes to the Financial Statements section of this report in Note 7 – Long-Term Obligations.

VII. Fiscal Outlook

The County adopted its fiscal year 2010-2011 Adopted Budget in the total amount of \$408,984, with a General Fund Contingency Appropriation of \$10,531. This represents increased financing requirements of \$10,767 from the prior fiscal year, and a General Fund Contingency Appropriation decrease of \$1,007. The County will continue to face difficult fiscal challenges in the foreseeable future. Although the most critical fiscal uncertainty facing the County continues to be the impact on local government resulting from actions the State of California may take in addressing its own fiscal problems, declining revenues and increasing social service and indigent health caseloads due to the declining economy will also impact the ability of the County to maintain current service levels.

VIII. Request for Information

This financial report is designed to demonstrate accountability of the Butte County government by providing both long-term and near-term views of the County's finances. Questions or comments regarding any of the information presented in this report or requests for additional financial information should be addressed to the Auditor-Controller, 25 County Center Drive, Oroville, CA 95965.



**Basic Financial Statements-
Government-wide Financial Statements**

COUNTY OF BUTTE

Statement of Net Assets

June 30, 2010

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Current Assets:			
Cash and investments	\$ 96,778,785	\$ 16,312,082	\$ 113,090,867
Restricted Assets:			
Cash with fiscal agent	6,448,463	2,199,928	8,648,391
Imprest cash	87,045	2,800	89,845
Accounts receivables, net	1,270,969	269,774	1,540,743
Interest receivable	599,550	99,523	699,073
Due from other government agencies	32,506,953	--	32,506,953
Prepaid items	33,608	--	33,608
Deposits with others	92,797	--	92,797
Inventory	438,639	--	438,639
Internal balances	995	(995)	--
Loans receivable	1,707,859	--	1,707,859
Net pension asset	51,451,536	--	51,451,536
Deferred bond issuance costs	321,939	273,113	595,052
Noncurrent Assets:			
Capital Assets:			
Nondepreciable	3,821,899	16,102,795	19,924,694
Depreciable, net	264,528,518	1,319,511	265,848,029
Total assets	<u>460,089,555</u>	<u>36,578,531</u>	<u>496,668,086</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	4,947,408	22,470	4,969,878
Salaries and benefits payable	6,785,522	63,334	6,848,856
Deposits payable	14,477	--	14,477
Unearned revenue	10,012,951	--	10,012,951
Accrued interest	13,993	231,250	245,243
Long-Term Liabilities:			
Due within one year	4,674,590	871,232	5,545,822
Due in more than one year	79,102,151	13,353,936	92,456,087
Total liabilities	<u>105,551,092</u>	<u>14,542,222</u>	<u>120,093,314</u>
NET ASSETS			
Invested in capital assets, net of related debt	263,205,333	7,162,066	270,367,399
Restricted for:			
General restrictions	39,777,184	--	39,777,184
County service areas	6,677,241	--	6,677,241
Debt service	9,448,490	--	9,448,490
Landfill post-closure requirements	--	5,547,422	5,547,422
Unrestricted	35,430,215	9,326,821	44,757,036
Total net assets	<u>\$ 354,538,463</u>	<u>\$ 22,036,309</u>	<u>\$ 376,574,772</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF BUTTE

Statement of Activities
For the Fiscal Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities:				
General government	\$ 25,115,218	\$ 21,694,710	\$ 16,852,886	\$ --
Public safety	88,790,678	10,708,534	15,324,214	--
Public ways and facilities	30,009,178	2,225,165	1,836,542	20,924,224
Health and sanitation	72,502,065	5,756,094	46,543,314	--
Public assistance	143,688,838	676,610	141,750,799	--
Education	2,805,328	146,212	207,279	--
Recreation and cultural services	512,353	--	60,000	--
Interest on long-term debt	2,499,474	--	--	--
Total Governmental Activities	<u>365,923,132</u>	<u>41,207,325</u>	<u>222,575,034</u>	<u>20,924,224</u>
Business-type activities:				
Sanitation	4,855,077	6,150,774	159,913	--
Total business-type activities	<u>4,855,077</u>	<u>6,150,774</u>	<u>159,913</u>	<u>--</u>
Total Primary Government	<u>\$ 370,778,209</u>	<u>\$ 47,358,099</u>	<u>\$ 222,734,947</u>	<u>\$ 20,924,224</u>

General revenues:
Taxes:
 Property taxes
 Sales and use taxes
 Other taxes and related revenues
Grants and contributions not restricted to specific programs
Unrestricted interest and investment earnings
Other revenues
Transfers
 Total general revenues and transfers

Change in net assets
Net assets - beginning, as restated

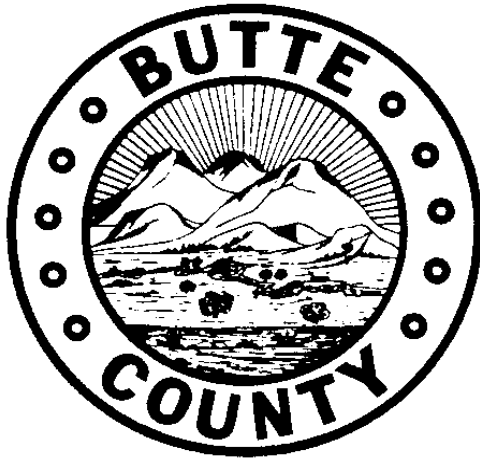
Net assets - ending

The accompanying notes are an integral part of these financial statements.

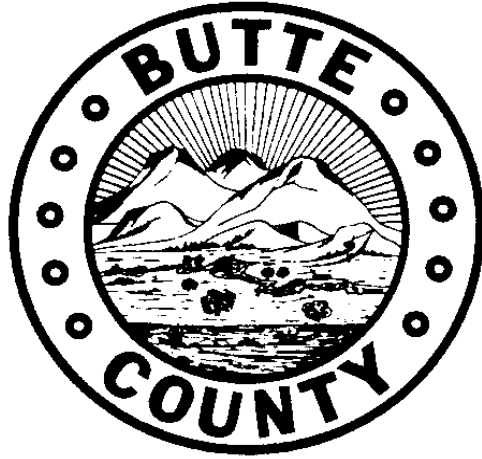
Net (Expenses) Revenues and
Changes in Net Assets

Primary Government		
Governmental Activities	Business- Type Activities	Total
\$ 13,432,378	\$ --	\$ 13,432,378
(62,757,930)	--	(62,757,930)
(5,023,247)	--	(5,023,247)
(20,202,657)	--	(20,202,657)
(1,261,429)	--	(1,261,429)
(2,451,837)	--	(2,451,837)
(452,353)	--	(452,353)
(2,499,474)	--	(2,499,474)
<u>(81,216,549)</u>	<u>--</u>	<u>(81,216,549)</u>
--	1,455,610	1,455,610
<u>--</u>	<u>1,455,610</u>	<u>1,455,610</u>
(81,216,549)	1,455,610	(79,760,939)
49,822,100	--	49,822,100
3,502,003	--	3,502,003
1,010,109	--	1,010,109
15,503,952	--	15,503,952
3,218,361	463,350	3,681,711
4,521,606	--	4,521,606
14,369	(14,369)	--
<u>77,592,500</u>	<u>448,981</u>	<u>78,041,481</u>
(3,624,049)	1,904,591	(1,719,458)
<u>358,162,512</u>	<u>20,131,718</u>	<u>378,294,230</u>
<u>\$ 354,538,463</u>	<u>\$ 22,036,309</u>	<u>\$ 376,574,772</u>

The accompanying notes are an integral part of these financial statements.



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**Basic Financial Statement-
Fund Financial Statements**

COUNTY OF BUTTE

Balance Sheet Governmental Funds June 30, 2010

	General Fund	Welfare Fund	Public Health Fund	Behavioral Health Fund	Road Fund	Other Governmental Funds	Total
ASSETS							
Cash and investments	\$ 33,249,953	\$ --	\$ 7,036,676	\$ 4,343,273	\$ 11,399,422	\$ 24,264,583	\$ 80,293,907
Restricted Assets:							
Cash with fiscal agent	1,572,685	--	--	--	--	4,833,425	6,406,110
Imprest cash	84,345	--	500	--	50	2,150	87,045
Due from other funds	1,344,851	830,072	6,842,006	--	--	542,861	9,559,790
Accounts receivable	893,758	55,601	20,433	--	55,396	245,781	1,270,969
Interest receivable	231,967	974	43,829	21,865	47,204	152,122	497,961
Due from other governments	3,849,761	9,485,398	1,790,229	8,815,124	6,331,516	2,234,925	32,506,953
Prepaid items	1,848	4,764	318	3,863	--	--	10,793
Deposits with others	2,500	--	--	--	--	297	2,797
Inventory	154,369	--	--	--	284,270	--	438,639
Long-term receivables	--	--	--	--	--	1,707,859	1,707,859
	<u>\$ 41,386,037</u>	<u>\$ 10,376,809</u>	<u>\$ 15,733,991</u>	<u>\$ 13,184,125</u>	<u>\$ 18,117,858</u>	<u>\$ 33,984,003</u>	<u>\$ 132,782,823</u>
Total assets							
LIABILITIES							
Liabilities:							
Due to other funds	\$ 542,814	\$ 1,202,758	\$ --	\$ 6,846,453	\$ 190	\$ 966,580	\$ 9,558,795
Accounts payable	1,429,046	435,316	192,877	1,983,739	364,147	476,845	4,881,970
Accrued payroll	2,963,259	1,552,600	505,370	1,094,394	300,333	369,566	6,785,522
Deposits payable	14,477	--	--	--	--	--	14,477
Deferred revenue	1,601,430	3,195,825	124,643	4,458,234	2,476	2,338,202	11,720,810
	<u>6,551,026</u>	<u>6,386,499</u>	<u>822,890</u>	<u>14,382,820</u>	<u>667,146</u>	<u>4,151,193</u>	<u>32,961,574</u>
Total liabilities							
FUND BALANCES							
Reserved for:							
Encumbrances	2,348,768	1,499,869	1,172,798	4,728,929	1,063,817	2,197,542	13,011,723
Imprest cash	84,345	--	500	--	50	2,150	87,045
Prepaid items	1,848	4,764	318	3,863	--	--	10,793
Deposits with others	2,500	--	--	--	--	297	2,797
General restrictions	13,844,851	328,955	6,942,394	1,016,781	7,589,463	10,054,740	39,777,184
Debt service	1,572,685	--	--	--	--	7,875,805	9,448,490
Inventories	154,369	--	--	--	284,270	--	438,639
Unreserved:							
Designated for:							
Special revenue funds:							
County service areas	--	--	--	--	--	4,460,824	4,460,824
General fund	115,000	--	--	--	--	--	115,000
Undesignated, reported in:							
General fund	16,710,645	--	--	--	--	--	16,710,645
Special revenue funds	--	2,156,722	6,795,091	(6,948,268)	8,513,112	4,690,330	15,206,987
Capital projects funds	--	--	--	--	--	551,122	551,122
	<u>34,835,011</u>	<u>3,990,310</u>	<u>14,911,101</u>	<u>(1,198,695)</u>	<u>17,450,712</u>	<u>29,832,810</u>	<u>99,821,249</u>
Total fund balances							
Total liabilities and fund balances	<u>\$ 41,386,037</u>	<u>\$ 10,376,809</u>	<u>\$ 15,733,991</u>	<u>\$ 13,184,125</u>	<u>\$ 18,117,858</u>	<u>\$ 33,984,003</u>	<u>\$ 132,782,823</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF BUTTE

Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Assets - Governmental Activities
June 30, 2010

Fund Balance - total governmental funds \$ 99,821,249

Amounts reported for governmental activities in the statement of net assets are different because :

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. These assets consist of:

Land	3,500,403	
Construction in progress	321,496	
Infrastructure	592,478,095	
Structures and improvements	63,560,157	
Equipment	50,720,618	
Less accumulated depreciation	<u>(442,243,167)</u>	
Total capital assets		268,337,602

In governmental funds, other long-term assets are not available to pay for current-period expenditures:

Net pension asset		51,451,536
Loans receivable		1,707,859

Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the long-term debt issuance costs.

321,939

Interest payable on long-term debt does not require current financial resources, therefore, interest payable is not reported as a liability in the Governmental Funds Balance Sheet.

(13,993)

Internal service funds are used by the County to charge the cost of liability, malpractice, and worker's compensation insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.

11,525,012

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities are reported in the statement of net assets.

Certificates of participation	(1,945,000)	
Bonds payable	(50,402,721)	
Notes payable	(2,277,811)	
Capital leases	(922,273)	
Compensated absences	(13,864,797)	
Other post-employment benefits	<u>(9,200,139)</u>	
Total long-term liabilities		<u>(78,612,741)</u>

Net assets of governmental activities \$ 354,538,463

The accompanying notes are an integral part of these financial statements.

COUNTY OF BUTTE

Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General	Welfare	Public Health	Behavioral Health	Road	Other Governmental Funds	Total
REVENUES:							
Taxes	\$ 53,488,481	\$ --	\$ --	\$ --	\$ --	\$ 845,731	\$ 54,334,212
Licenses and permits	2,916,349	--	151,440	--	55,523	--	3,123,312
Fines, forfeits and penalties	2,811,595	--	379,822	126,785	15,787	501,398	3,835,387
Revenue from use of money and property	1,654,091	(22,606)	206,311	114,955	74,017	739,501	2,766,269
Aid from other governments	29,620,232	133,906,516	16,582,555	45,464,711	20,924,224	12,485,750	258,983,988
Charges for services	24,604,664	559,032	2,771,866	2,326,000	2,153,855	1,833,209	34,248,626
Other	2,616,624	1,489,379	13,073	87,690	20,157	294,683	4,521,606
Total revenues	<u>117,712,036</u>	<u>135,932,321</u>	<u>20,105,067</u>	<u>48,120,141</u>	<u>23,243,563</u>	<u>16,700,272</u>	<u>361,813,400</u>
EXPENDITURES:							
Current:							
General government	21,429,481	--	--	--	--	2,008,706	23,438,187
Public protection	69,603,687	1,066,647	--	--	--	14,593,968	85,264,302
Public ways and facilities	--	--	--	--	17,372,010	811,420	18,183,430
Health and sanitation	--	--	22,671,600	48,351,356	--	587,497	71,610,453
Public assistance	305,766	134,231,823	--	--	--	7,846,222	142,383,811
Education	272,314	--	--	--	--	2,441,763	2,714,077
Recreation and cultural services	216,320	--	--	--	--	128,486	344,806
Debt Service:							
Principal	43,175	--	--	--	--	724,035	767,210
Interest	337,411	--	--	--	--	2,061,291	2,398,702
Total expenditures	<u>92,208,154</u>	<u>135,298,470</u>	<u>22,671,600</u>	<u>48,351,356</u>	<u>17,372,010</u>	<u>31,203,388</u>	<u>347,104,978</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,503,882</u>	<u>633,851</u>	<u>(2,566,533)</u>	<u>(231,215)</u>	<u>5,871,553</u>	<u>(14,503,116)</u>	<u>14,708,422</u>
OTHER FINANCING SOURCES (USES):							
Proceeds from sale of capital assets	35,779	--	--	--	33,115	--	68,894
Transfers in	1,606,125	695,658	724,304	424,727	2,428,505	15,795,427	21,674,746
Transfers out	(16,592,995)	(356,371)	(124,024)	(234,310)	(74,297)	(3,143,063)	(20,525,060)
Total other financing sources (uses)	<u>(14,951,091)</u>	<u>339,287</u>	<u>600,280</u>	<u>190,417</u>	<u>2,387,323</u>	<u>12,652,364</u>	<u>1,218,580</u>
Net change in fund balances	<u>10,552,791</u>	<u>973,138</u>	<u>(1,966,253)</u>	<u>(40,798)</u>	<u>8,258,876</u>	<u>(1,850,752)</u>	<u>15,927,002</u>
Fund balance - beginning	24,464,463	3,019,173	16,877,029	(1,157,897)	9,191,836	31,703,736	84,098,340
Prior period adjustments	(182,243)	(2,001)	325	--	--	(20,174)	(204,093)
Fund balance - beginning, restated	<u>24,282,220</u>	<u>3,017,172</u>	<u>16,877,354</u>	<u>(1,157,897)</u>	<u>9,191,836</u>	<u>31,683,562</u>	<u>83,894,247</u>
Fund balance - ending	<u>\$ 34,835,011</u>	<u>\$ 3,990,310</u>	<u>\$ 14,911,101</u>	<u>\$ (1,198,695)</u>	<u>\$ 17,450,712</u>	<u>\$ 29,832,810</u>	<u>\$ 99,821,249</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF BUTTE

Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Government-Wide Statement of Activities - Governmental Activities
For the Fiscal Year Ended June 30, 2010

Net change to fund balance - total governmental funds		\$ 15,927,002
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay expenditures are therefore added back to fund balances	11,063,128	
Depreciation expense not reported in governmental funds	<u>(24,168,324)</u>	(13,105,196)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds statements		19,222
<p>Governmental funds report the effect of the pension asset when first paid, whereas the amount is deferred and amortized in the statement of activities.</p>		
Decrease in pension asset		(1,051,478)
<p>Debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but in the statement of net assets, the costs are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of debt principal is an expenditures in the governmental funds, but in the statement of net assets the repayment reduces long-term liabilities</p>		
Principal payments	767,334	
Amortization expense of costs of issuance not reported in governmental funds	<u>(101,751)</u>	665,583
Net adjustment		
<p>Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available (net change).</p>		
Interest payable	979	
Other post-employment benefits	(3,184,916)	
Compensated absences	<u>(798,193)</u>	(3,982,130)
<p>Internal service funds are used by the County to charge the costs of liability, malpractice, and worker's compensation insurance to individual funds. The net revenue/expense of internal service funds is reported with governmental activities.</p>		
		<u>(2,097,052)</u>
Change in net assets of governmental activities		<u><u>\$ (3,624,049)</u></u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF BUTTE

Statement of Fund Net Assets
Proprietary Funds
June 30, 2010

	Business-type Activities		Governmental Activities
	Landfill	Total	Internal Service Funds
ASSETS			
Current assets:			
Cash and Investments	\$ 16,312,082	\$ 16,312,082	\$ 16,484,878
Cash with fiscal agent	2,199,928	2,199,928	42,353
Imprest cash	2,800	2,800	--
Due from other funds	--	--	119,371
Accounts receivable	269,774	269,774	--
Interest receivable	99,523	99,523	101,589
Deposits with others	--	--	90,000
Prepaid items	--	--	22,815
Total current assets	<u>18,884,107</u>	<u>18,884,107</u>	<u>16,861,006</u>
Noncurrent assets:			
Deferred debt issuance costs	273,113	273,113	--
Capital Assets:			
Nondepreciable:			
Land	430,939	430,939	--
Construction in progress	15,671,856	15,671,856	--
Depreciable:			
Structures and improvements	121,695	121,695	--
Equipment	4,139,249	4,139,249	19,582
Accumulated depreciation	(2,941,433)	(2,941,433)	(6,767)
Total noncurrent assets	<u>17,695,419</u>	<u>17,695,419</u>	<u>12,815</u>
Total assets	<u>36,579,526</u>	<u>36,579,526</u>	<u>16,873,821</u>
LIABILITIES			
Current liabilities:			
Due to other funds	995	995	119,371
Accounts payable	22,470	22,470	65,438
Accrued salaries and benefits	63,334	63,334	--
Interest payable	231,250	231,250	--
Compensates absences	38,000	38,000	--
COP payable, current portion	763,545	763,545	--
Claims and judgments, current portion	--	--	2,400,000
Capital leases, current portion	19,687	19,687	--
Loans payable, current portion	50,000	50,000	--
Total current liabilities	<u>1,189,281</u>	<u>1,189,281</u>	<u>2,584,809</u>
Noncurrent liabilities:			
Compensates absences	133,813	133,813	--
Loans payable, less current portion	250,000	250,000	--
Claims and judgments	--	--	2,764,000
COP payable, less current portion	10,685,448	10,685,448	--
Landfill closure/post-closure care costs	2,284,675	2,284,675	--
Total noncurrent liabilities	<u>13,353,936</u>	<u>13,353,936</u>	<u>2,764,000</u>
Total liabilities	<u>14,543,217</u>	<u>14,543,217</u>	<u>5,348,809</u>
NET ASSETS			
Invested in capital assets, net of related debt	7,162,066	7,162,066	12,815
Restricted	5,547,422	5,547,422	--
Unrestricted	9,326,821	9,326,821	11,512,197
Total net assets	<u>\$ 22,036,309</u>	<u>\$ 22,036,309</u>	<u>\$ 11,525,012</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF BUTTE

Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Business-type Activities		Governmental Activities
	Landfill	Total	Internal Service Funds
OPERATING REVENUES:			
Charges for services	\$ --	\$ --	\$ 7,576,809
Landfill fees	6,146,749	6,146,749	--
Miscellaneous	4,025	4,025	170,253
	<u>6,150,774</u>	<u>6,150,774</u>	<u>7,747,062</u>
Total operating revenues			
OPERATING EXPENSES:			
Operations and management	2,418,755	2,418,755	--
Salaries and employee benefits	1,401,465	1,401,465	630,478
Services and supplies	--	--	3,464,447
Premiums, claims and judgments	--	--	3,424,383
Other charges	--	--	402,159
Landfill closure/postclosure care costs	136,930	136,930	--
Depreciation and amortization	435,427	435,427	1,305
	<u>4,392,577</u>	<u>4,392,577</u>	<u>7,922,772</u>
Total operating expenses			
OPERATING INCOME (LOSS)	<u>1,758,197</u>	<u>1,758,197</u>	<u>(175,710)</u>
Nonoperating Revenues (Expenses):			
Intergovernmental	159,913	159,913	--
Interest income	463,350	463,350	452,092
Interest expense	(462,500)	(462,500)	--
	<u>160,763</u>	<u>160,763</u>	<u>452,092</u>
Total nonoperating revenues (expenses)			
NET INCOME BEFORE AND TRANSFERS	1,918,960	1,918,960	276,382
Transfers out	(14,369)	(14,369)	(2,373,434)
Change in net assets	1,904,591	1,904,591	(2,097,052)
Net assets, beginning of year	<u>20,131,718</u>	<u>20,131,718</u>	<u>13,622,064</u>
Net assets, end of year	<u>\$ 22,036,309</u>	<u>\$ 22,036,309</u>	<u>\$ 11,525,012</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF BUTTE

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	<u>Business-type Activities</u>		Governmental Activities
	<u>Landfill</u>	<u>Total</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 6,119,006	\$ 6,119,006	\$ 7,998,840
Cash paid to suppliers for goods and services	(3,082,656)	(3,082,656)	(7,083,477)
Cash paid to employees for services	(1,376,520)	(1,376,520)	(1,404,855)
Internal activities - payments from (to) other funds	(381,850)	(381,850)	(125,543)
	<u>1,277,980</u>	<u>1,277,980</u>	<u>(615,035)</u>
Net cash provided (used) by operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Aid from other governmental units	159,913	159,913	--
Principal repayment on loans payable	(50,000)	(50,000)	--
Transfers out	(14,369)	(14,369)	(553,349)
	<u>95,544</u>	<u>95,544</u>	<u>(553,349)</u>
Net cash provided (used) by noncapital financing activities			
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments related to the acquisition of capital assets	(624,059)	(624,059)	--
Principal repayment on COP payable	(738,545)	(738,545)	--
Interest paid	(462,500)	(462,500)	--
	<u>(1,825,104)</u>	<u>(1,825,104)</u>	<u>--</u>
Net cash provided (used) by capital and related financing activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	493,280	493,280	486,632
Net cash provided by investing activities	<u>493,280</u>	<u>493,280</u>	<u>486,632</u>
Net increase (decrease) in cash and cash equivalents	41,700	41,700	(681,752)
Cash and cash equivalents, beginning	<u>18,473,110</u>	<u>18,473,110</u>	<u>17,208,983</u>
Cash and cash equivalents, ending	<u>\$ 18,514,810</u>	<u>\$ 18,514,810</u>	<u>\$ 16,527,231</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS			
Cash and investments	\$ 16,312,082	\$ 16,312,082	\$ 16,484,878
Cash with fiscal agent	2,199,928	2,199,928	42,353
Imprest cash	2,800	2,800	--
	<u>\$ 18,514,810</u>	<u>\$ 18,514,810</u>	<u>\$ 16,527,231</u>

The accompanying notes are an integral part of these financial statements.

continued

COUNTY OF BUTTE

Statement of Cash Flows (continued)
 Proprietary Funds
 For the Fiscal Year Ended June 30, 2010

	Business-type Activities		Governmental Activities
	Landfill	Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 1,758,197	\$ 1,758,197	\$ (175,710)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	435,427	435,427	1,305
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(27,743)	(27,743)	251,778
Due from other funds	15,163	15,163	945,027
Inventory	--	--	101,692
Prepaid expenses and other assets	--	--	30,150
Increase (decrease) in:			
Accounts payable	(663,901)	(663,901)	(283,330)
Due to other funds	(401,038)	(401,038)	(1,070,570)
Accrued salaries	6,658	6,658	(181,445)
Compensated absences	18,287	18,287	(592,932)
Landfill closure/post-closure cost	136,930	136,930	--
Claims and judgments	--	--	359,000
 Net Cash Provided (Used) by Operating Activities	 \$ 1,277,980	 \$ 1,277,980	 \$ (615,035)

The accompanying notes are an integral part of these financial statements.

COUNTY OF BUTTE

Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Investment Trust</u>	<u>Agency Funds</u>
ASSETS		
Cash and investments	\$ 229,123,745	\$ 44,648,264
Imprest cash	8,396	--
Interest receivable	1,296,262	73,194
Property tax receivable	--	16,469,257
Total assets	<u>230,428,403</u>	<u>61,190,715</u>
LIABILITIES		
Agency funds held for others	<u>--</u>	<u>61,190,715</u>
Total liabilities	<u>--</u>	<u>\$ 61,190,715</u>
NET ASSETS		
Held in trust for pool participants	<u>230,428,403</u>	
Total net assets	<u>\$ 230,428,403</u>	

The accompanying notes are an integral part of these financial statements.

COUNTY OF BUTTE

Statement of Changes in Fiduciary Net Assets
Investment Trust Fund
For the Fiscal Year Ended June 30, 2010

Additions:

Contributions to investment pool	\$ 1,275,493,131
Interest and investment income	<u>5,398,727</u>
Total additions	<u>1,280,891,858</u>

Deductions:

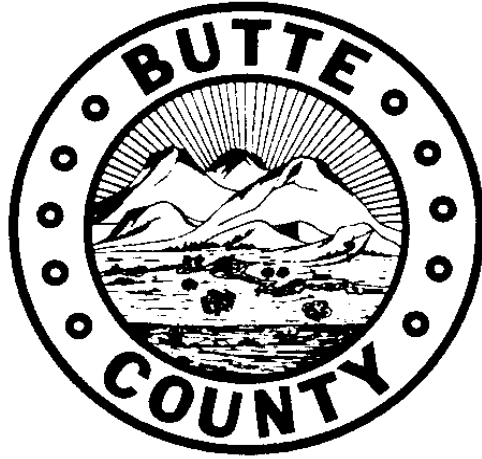
Distributions from investment pool	<u>(1,331,481,452)</u>
Total deductions	<u>(1,331,481,452)</u>

Change in net assets (50,589,594)

Net assets, beginning 281,017,997

Net assets, ending \$ 230,428,403

The accompanying notes are an integral part of these financial statements.



**Basic Financial Statements -
Notes to the Basic Financial Statements**

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies

A. **The Financial Reporting Entity**

The County of Butte (the County), which was incorporated as a County in 1850 as one of the State's original 27 counties, is a legal subdivision of the State of California charged with governmental powers. The County's powers are exercised through a Board of Supervisors, which, as the governing body of the County, is responsible for the legislative and executive control of the County. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units; legally separate entities for which the County is considered to be financially accountable. Financial accountability is demonstrated by the County Board of Supervisors acting as the governing board for each of the component units.

Blended component units, although legally separate entities are, in substance, part of the County's operations: therefore data from these units are combined with data of the primary government. Each blended component unit has a June 30, 2010 fiscal year-end.

In evaluating how to define the County for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in Governmental Accounting Standards Board (GASB) Statement No. 14 "The Financial Reporting Entity."

Based on the criteria established by GASB 14, as amended by GASB Statement No. 39, the reporting entity also includes the following blended component units, which are Special Districts under control of the Board of Supervisors:

County Service Area (CSA) – Lighting

CSA #11 Durham	CSA #14 East Chico
CSA #17 South Oroville – Las Plumas Park	CSA #16 West Chico
CSA #12 Stirling City Lighting	CSA #75 North Park
CSA #27 Richvale	CSA #36 Glen Haven
CSA #33 Oro-Wyandotte	CSA #92 Rosewood Subdivision
CSA #62 Rancho De Thunder	CSA #78 Woodside
CSA #67 Vista Del Cerro	CSA #85 Carriage Manor
CSA #103 Morris Subdivision	CSA #161 Mulberry Street

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies (continued)

A. The Financial Reporting Entity (continued)

CSA – Drainage & Lighting

CSA #47 East and Guynn
CSA #76 Quail Run
CSA #79 Big Chico Creek Estates
CSA #154 Forebay Vista
CSA #96 Silvertree Subdivision
CSA #97 Stoney Brook
CSA #101 Carriage Estates Subdivision
CSA #102 Meadowlark Acres
CSA #116 Pistachio Grove Estates
CSA #119 South Fork Estates
CSA #125 Willow Bend Subdivision
CSA #128 Wildflower Estates Subdivision
CSA #129 Orchard House Estates
CSA #133 Ceres Avenue Subdivision
CSA #120 Oak Way Park
CSA #177 Blossom Estates
CSA #181 Palm Crest Village Subdivision

CSA – Drainage

CSA #4 Sierra Del Oro
CSA #87 Keefer Road/Rock Creek
CSA #23 Pleasant Valley
CSA #24 Chico – Mud Creek
CSA #25 Shasta Union
CSA #92 Copley Acres
CSA #98 Oro Monte Estates

CSA – Sewer

CSA #21 Oakridge
CSA #82 Stirling City
CSA #141 Mountain Oaks Subdivision

CSA – Lighting & Maintenance

CSA #68 Crestwood
CSA #69 Lindo Gardens
CSA #71 Joshua Tree #2

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies (continued)

A. The Financial Reporting Entity (continued)

CSA – Other

CSA #90 Southgate Acres Drainage and Fire Protection
CSA #26 Thermalito Sewer and Drainage
CSA #94 Sycamore Valley Sewer, Lighting, and Drainage
CSA #37 Gridley – Biggs Ambulance
CSA #31 Biggs (Schohr's) Swimming Pool – Recreation
CSA #34 Gridley Swimming Pool – Recreation
CSA #114 County of Butte – Nitrate Study Plan
CSA #131 Walnut Manor – Lighting, Drainage, and Landscape
CSA #137 Durham-Dayton Industrial Partners for Extended Structural Fire Protection
CSA #149 Biggers Subdivision – Lighting, Drainage, and Snow removal
CSA #158 Ishi Valley Estates– Lighting, Drainage, and Fire
CSA #164 County of Butte – Animal Control
CSA #165 Justin Manor Subdivision – Lighting, Drainage, and Fire
CSA #135 Keefer Creek Estates – Lighting, Drainage, and Sewer
CSA #172 Autumn Park – Lighting, Drainage, and Fire
CSA #173 Melrose Estates – Lighting, Drainage, and Fire
CSA #174 Durham Land Estates – Lighting, Drainage, and Fire
CSA #169 Pheasant Landing #1 Subdivision and #2 – Lighting, Drainage, and Fire
CSA #169 Pheasant Landing #3 Subdivision – Lighting, Drainage, and Fire
CSA #169 Zone #4 of Sierra Moon Subdivision #1 – Lighting and Drainage
CSA #178 Twin Palms Subdivision – Lighting, Drainage, and Fire
CSA #179 Chambers & Speedway Subdivision – Lighting, Drainage, and Fire
CSA #163 Thorntee Industrial Park – Lighting, Drainage, and Fire
CSA #176 Pheasant Landing Estates #3 – Lighting, Drainage, and Fire
CSA #180 Red Hawk Ranch Subdivision – Lighting, Drainage, and Fire
CSA #183 Rare Earth Estates – Lighting, Drainage, and Fire

Excluded from the Reporting Entity

Local Board Governed Districts and School Districts: These potential component units have been excluded from the reporting entity. They are legally separate primary governmental units. The financial reporting for these governmental entities, which are independent of the County, are limited to the total amount for cash and investments and the related fiduciary responsibilities of the County for disbursement of these assets. Activities of school districts and local board governed districts are administered by boards which are separately elected and which are independent of the County Board of Supervisors. The following local board governed districts and school districts have been excluded from the County's financial statements:

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies (continued)

A. The Financial Reporting Entity (continued)

Protection to Persons & Property

El Medio Fire District
DWR – Maintenance Area #5
DWR – Maintenance Area #7
DWR – Maintenance Area #13
DWR – Maintenance Area #16

Recreation

Chico Area Recreation & Park
Durham Recreation & Park
Feather River Recreation & Park
Paradise Recreation & Park
Richvale Recreation & Park

Other Districts

Butte County Association of Governments
Butte County Resource Conservation
School Districts
Butte County Fair
Buzztail Community Services
Berry Creek Community Services
Richardson Springs Community Services

Cemetery

Bangor Cemetery
Gridley-Biggs Cemetery
Kimsheew Cemetery
Oroville Cemetery
Paradise Cemetery
Pine Creek Cemetery
Thompson Flat Cemetery
Upham Cemetery

Drainage

Butte Creek Drainage
Drainage District #1
Drainage District #2
Drainage District #100
Drainage District #200
Reclamation District #833
Rock Creek Reclamation District
Sacramento River Reclamation District

Health & Sanitation

Butte County Mosquito Abatement
Durham Mosquito Abatement
Oroville Mosquito Abatement
Richvale Sanitary Operating

These entities have separate elected boards and provide services to residents, generally within the geographic boundaries of the County. In addition, these entities are excluded from the reporting entity because they are not financially accountable to the County.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation

Government-Wide Financial Statements

The statement of net assets and statement of activities display information about the primary government (the County) and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) fees, fines, and charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are separately aggregated and reported as other governmental funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

GASB Statement No. 34 defines major funds and requires that the County's major governmental and proprietary funds are identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund-type.

Major funds are defined as funds that have assets, liabilities, revenues, or expenditures/expenses equal to or greater than ten percent of their fund-type total and five percent of all fund-type totals. The General Fund is always a major fund. The County may also select other funds it believes should be presented as major funds.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies (continued)

B. **Basis of Presentation (continued)**

The County reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, public ways and facilities, health and sanitation, public assistance, education and recreation services.
- The *Welfare Fund* was established to account for the activities of the Butte County Department of Employment and Social Services. The department administers the CalWorks program, Adult and Children's Protection Services and various other State, Federal and local assistance programs.
- The *Public Health Fund* was established to account for the activities of the Butte County Department of Public Health. The department provides a wide range of services designed to protect and enhance the well being of the community.
- The *Behavioral Health Fund* was established to account for the activities of the Butte County Department of Behavioral Health. The department provides a comprehensive continuum of services meeting community needs related to mental health and substance abuse problems.
- The *Road Fund* provides for planning, design, construction, maintenance, and administration of County transportation planning activities. Revenues consist primarily of the County's share of state highway user taxes and are supplemented by federal funds.

The County reports the following major enterprise funds:

- The *Landfill Fund* was established to account for the County's costs of providing landfill and related waste disposal services to the citizens of Butte County in both the unincorporated and incorporated areas of the County.

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's risk management on a cost-reimbursement basis. Internal Service Funds are presented in summary form as part of the proprietary fund financial statements. In the government-wide financial statements, the changes in net assets at the end of the fiscal year, as presented in the statements of activities, were allocated to the user functions of the governmental activities, to reflect the entire activity for the year. Since the predominant users of the internal services are the County's governmental activities, the asset and liability balances of the internal service funds are consolidated into the governmental activities column at the government-wide level.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer in an investment pool, which commingles resources in the investment portfolio for the benefit of all participants. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities.
- The *Agency Funds* are custodial in nature and do not involve measurement of the results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. These funds account for assets held by the County as an agent for other government units. These units include Butte County SB-325 and SB-620, and other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities.

C. Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales tax are recognized when the underlying transactions take place. Revenues from grants, entitlements, and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when “susceptible to accrual” (i.e., when they become both measurable and available). “Measurable” means the amount of the transaction can be determined and “available” means that revenues are collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Property tax revenues are recognized in the current year if they are collected within 60 days of fiscal year end. For all other revenues, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues not considered available are recorded as deferred revenue. The County’s other primary revenue sources: investment income, intergovernmental revenues and charges for services have been treated as “susceptible to accrual” under the modified accrual basis. Licenses and permits, fines, forfeitures and penalties, and other revenue are not considered “susceptible to accrual” under the modified accrual basis and are recorded as revenues when received. Expenditures generally are recorded when a liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies (continued)

C. **Basis of Accounting (continued)**

When both restricted and unrestricted net assets are available, unrestricted resources are used only after the restricted resources are depleted.

For its proprietary funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), are accounting principles generally accepted in the United States of America.

D. **Cash and Cash Equivalents**

The County maintains a Cash and Investment Pool (Pool) that is available for use by all County funds, and agencies outside of the County reporting entity may participate in the Pool. The participation of these agencies is involuntary, except for the Butte County Fair. The outside agencies participating in the Investment Pool are Superior Court, Butte County Fair, Autonomous Special Districts, Schools, Community College Districts, and the Butte County Association of Governments.

The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code, the County's Treasury Oversight Committee, and the Board of Supervisors annually set forth the investment policy that the County Treasurer must follow.

State statutes and the County's investment policy authorize the County Treasurer to invest in instruments described in California Government Code Section 53601 and 53635, including but not limited to: U.S. Government Treasury and Agency Securities, bankers' acceptances, commercial paper, corporate bonds and notes, repurchase agreements and the State Treasurer's Local Agency Investment Fund (LAIF). In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held by the County Treasurer are stated at fair value.

The fair value of investments in the Pool is determined monthly based upon quoted market prices. The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2010 to support the values of shares in the Pool. However, management believes that the investments in the Pool are of high quality and that the risk of participation in the Pool is negligible. The Pool is subject to oversight by the Treasury Oversight Committee, as recommended by the California Debt and Investment Advisory Commission.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies (continued)

D. Cash and Cash Equivalents (continued)

The Pool values participants' shares on an amortized cost basis. Specifically, the Pool distributes income to participants quarterly based on their relative participation during the month, which is calculated based on (1) realized investment gains and losses computed on an amortized cost basis, (2) interest income based on stated rates (both paid and accrued), (3) amortization of discounts and premiums on a straight-line basis, and (4) investment and administrative expenses. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair value of the Pool's investments. Investment income related to investments reported in certain funds is assigned to other funds based upon legal or contractual provisions.

State law requires that the County Treasurer hold all operating monies of the County, school districts and certain special districts. Collectively, these mandatory deposits constituted approximately 92.2% of the funds on deposit in the County Treasury.

For purposes of the accompanying statement of cash flows – Proprietary Funds, the County considers all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents.

E. Inventories and Prepaid Items

Inventories are valued at cost, which is determined on a first-in, first-out basis, and consist primarily of expendable supplies held for consumption. The cost is recorded as expenditure when the items are used. In the governmental funds balance sheet, there is a reservation of fund balance equal to the inventory balance as these amounts are not available for appropriation.

Payments made for services that will benefit future accounting periods are recorded as prepaid items. In the governmental fund types, there is a reservation of fund balance equal to the amount of prepaid items, since these amounts are not available for appropriation.

F. Property Taxes

Property taxes attach as an enforceable lien on January 1. Secured taxes are levied on July 1 and are payable in two installments due by December 10 and April 10. All general property taxes are then allocated by the County Auditor-Controller's Office to the various taxing entities per the legislation-implementing Proposition 13. The method of allocation used by the County is subject to review by the State of California.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies (continued)

F. **Property Taxes (continued)**

Alternative Method of Distribution of Tax Levies

The County utilizes the alternative method of property tax distribution, whereby the County, through the legally required Tax Resource Agency Fund purchases the current secured unpaid taxes remaining at year-end from participating agencies. In return, the Tax Resource Agency Fund records a tax receivable and receives the delinquent secured taxes. The Tax Loss Reserve Agency Fund receives delinquent penalties and redemption interest accruing to delinquent collections related to participating agencies. The participating agencies, including the County, the special districts, and the school districts, in turn, receive their full tax distribution with no liability for uncollected taxes to the Tax Resource Agency Fund. Therefore, for participating agencies, revenue is measurable and available and is recorded in the period the payment of current secured unpaid taxes is received.

The County is required to create a tax loss reserve fund (an agency fund) under one of two alternative methods: 1) one percent of the total amount of taxes and assessments levied on the secured roll for the year or 2) twenty-five percent of the total delinquent secured taxes and assessments as calculated at the end of the fiscal year. The County is using one percent of the total amount of taxes and assessments levied on the secured roll for the year to establish its tax loss reserve.

G. **Loans Receivable**

Loans receivable relate to the Housing and Community Development Program funded by federal and state monies. Loans receivable are collateralized by deeds of trust. Proceeds from the collection of the loans receivable and resale of assets held for sale are restricted by the terms of the grant and, accordingly, are offset by a fund balance reserve which indicates that they do not constitute available spendable resources. No amount has been provided as an allowance for doubtful accounts because in the opinion of management all material amounts are fully collectible.

H. **Capital Assets**

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and the proprietary funds.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies (continued)

H. Capital Assets (continued)

The estimated useful lives are as follows:

Infrastructure	20 to 50 years
Structures and improvements	20 to 50 years
Equipment	3 to 25 years

The County has five networks of infrastructure assets – roads, water/sewer, lighting, drainage, and flood control. Infrastructure has been included in the County’s capital assets at historical cost and related depreciation.

I. Compensated Absences

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of unpaid, accumulated leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

J. Interfund Receivables and Payables

Interfund transactions are reflected as either loans, services provided, reimbursements, or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

K. Use of Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies (continued)

L. **Future Governmental Accounting Standards Board Statements**

Governmental Accounting Standards Board Statement No. 54

In March 2009, GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which is effective for the year ending June 30, 2011. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

M. **Presentation of financial information related to County fiduciary responsibilities**

The basic financial statements also include an Investment Trust fund to account for cash and investments held by the County Treasurer for numerous self-governed school and special districts. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and other assets, and the related fiduciary responsibility of the County for disbursement of these assets. School and special district boards that are separately elected and that are independent of the County Board of Supervisors, administer activities of the school districts and special districts. The County Auditor-Controller makes disbursements upon the request of the responsible self-governed special district officers. The Board has no effective authority to govern, manage, approve budgets, assume financial accountability, establish revenue limits, or appropriate surplus funds available in these entities. Therefore, these entities are fiscally independent of the County. Five cities and numerous self-governed special districts provide services to the residents of the County. The operations of these entities have been excluded from the basic financial statements since each entity conducts its own day-to-day operations and is controlled by its own governing board.

N. **Net Assets**

The government-wide financial statements and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets (net of related debt), restricted net assets, or unrestricted net assets. *Invested in Capital Assets, Net of Related Debt*— This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category. *Restricted Net Assets*— This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or legislation. *Unrestricted Net Assets*— This category represents net assets of the County, not restricted for any project or other purpose.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

1. Summary of Significant Accounting Policies (continued)

O. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not appropriable or legally restricted for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

2. Cash and Investments

Cash and investments as of June 30, 2010 are classified in the accompanying financial statements as follows:

Statement of net assets:

Primary government:

Cash and investments	\$ 113,090,867
Cash with fiscal agents	8,648,391
Imprest cash	89,845

Fiduciary funds:

Cash and investments	273,772,009
Imprest cash	<u>8,396</u>

Total cash and investments \$ 395,609,508

Cash and investments as of June 30, 2010 consist of the following:

Cash on hand	\$ 140,850
Deposits with financial institutions	8,639,835
Investments	411,151,755
Outstanding warrants	<u>(24,322,932)</u>
Total cash and investments	<u>\$ 395,609,508</u>

Cash with fiscal agents, which represents investments of debt proceeds held by bond trustees, is restricted.

Investments Authorized by the California Government Code and the County's Investment Policy

The table below identifies the investment types that are authorized for the County by the California Government Code (or the County's investment policy, where more restrictive). The table also identifies certain provisions of the California Government Code (or the County's investment policy, where more restrictive) that address interest rate risk, credit risk, and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the County, rather than the general provisions of the California Government Code or the County's investment policy.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

2. Cash and Investments (continued)

Investments Authorized by the California Government Code and the County's Investment Policy (continued)

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	20%	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

Excluding amounts held by bond trustee that are not subject to California Government Code restrictions.

Investments Authorized by Debt Agreements

Investments of debt proceeds held by bond trustee are governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the County's investment policy. The table below identifies the investment types that are authorized for investments held by bond trustee. The table also identifies certain provisions of these debt agreements that address interest rate risk, credit risk, and concentration of credit risk.

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Allowed</u>	<u>Maximum Investment in One Issuer</u>
U.S. Treasury Obligations	None	None	None
U.S. Agency Securities	None	None	None
Banker's Acceptances	180 days	None	None
Commercial Paper	270 days	None	None
Money Market Mutual Funds	N/A	None	None
Investment Contracts	30 years	None	None
Local Agency Investment Fund (LAIF)	None	None	None

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

2. Cash and Investments (continued)

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the County manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. Information about the sensitivity of the fair values of the County's investments (including investments held by bond trustee) to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments by maturity:

Investment Type	Fair Value	Remaining Maturity				
		Less than One year	One to Two years	Two to Three years	Three to Four years	Four to Five years
With Treasurer:						
FAMCA	\$ 15,303,564	\$ 5,087,319	\$ 10,216,245	\$ --	\$ --	\$ --
FFCB	43,320,759	10,939,853	12,510,281	5,434,375	3,259,688	11,176,563
FHLB	95,640,925	20,406,880	24,260,000	28,543,732	16,242,813	6,187,500
FHLMC	29,254,556	8,555,268	1,082,500	2,169,914	--	17,446,875
FNMA	31,221,563	3,117,188	--	--	--	28,104,375
TVA	8,830,171	--	3,333,966	--	5,496,205	--
Cal Trust	20,283,688	20,283,688	--	--	--	--
LAIF	143,053,332	143,053,332	--	--	--	--
MTN	15,609,695	--	15,609,695	--	--	--
Money Market Funds	59,049	59,049	--	--	--	--
Total with Treasurer	<u>402,577,301</u>	<u>211,502,576</u>	<u>67,012,687</u>	<u>36,148,021</u>	<u>24,998,705</u>	<u>62,915,312</u>
With fiscal agents:						
Money Market Funds	2,831,344	2,831,344	--	--	--	--
FHLB	412,431	--	--	--	412,431	--
FNMA	1,005,940	--	--	--	--	1,005,940
LAIF	4,324,738	4,324,738	--	--	--	--
Total with fiscal agent	<u>8,574,453</u>	<u>7,156,082</u>	<u>--</u>	<u>--</u>	<u>412,431</u>	<u>1,005,940</u>
Total investments	<u>\$ 411,151,755</u>	<u>\$ 218,658,658</u>	<u>\$ 67,012,687</u>	<u>\$ 36,148,021</u>	<u>\$ 25,411,136</u>	<u>\$ 63,921,252</u>

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code, the County's investment policy, or debt agreements, and the actual rating as of fiscal year end for each investment type.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

2. Cash and Investments (continued)

Disclosures Relating to Credit Risk (continued)

FHLB	95,640,925	N/A	95,640,925	--	--
FHLMC	29,254,556	N/A	29,254,556	--	--
FNMA	31,221,563	N/A	31,221,563	--	--
TVA	8,830,171	N/A	8,830,171	--	--
Cal Trust	20,283,688	N/A	--	20,283,688	--
LAIF	143,053,332	N/A	--	--	143,053,332
MTN	15,609,695	N/A	15,609,695	--	--
MMF	59,049	A	59,049	--	--
Held by bond trustee:					
Money Market	2,831,344	A	2,831,344	--	--
FHLB	412,431	N/A	412,431	--	--
FNMA	1,005,940	N/A	1,005,940	--	--
LAIF	4,324,738	A	--	--	4,324,738
	<u>\$ 411,151,755</u>		<u>\$ 241,440,622</u>	<u>\$ 20,283,688</u>	<u>\$ 149,427,445</u>

Concentration of Credit Risk

The investment policy of the County contains no limitations on the amount that can be invested in any one issuer beyond that stipulated by the California Government Code. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) that represent 5% or more of total County investments are as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Reported Amount</u>
Federal Home Loan Bank	Federal agency securities	\$ 95,640,925
Federal Farm Credit Bank	Federal agency securities	43,320,759
Federal National Mortgage Assoc.	Federal agency securities	31,221,563
Federal Home Loan Mortgage Corp.	Federal agency securities	29,254,556

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

2. Cash and Investments (continued)

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure County deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investment in State Investment Pool

The County is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Participants in the pool include voluntary and involuntary participants, such as special districts and school districts for which there are legal provisions regarding their investments. The Local Investment Advisory Board (Board) has oversight responsibility for LAIF. The Board consists of five members as designated by State Statute. The fair value of the County's investment in this pool is reported in the accompanying financial statements at amounts based upon the County's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis.

Investment Trust of California Joint Powers Authority Pool

The County Treasurer's Pool maintains an investment in the Investment Trust of California Joint Powers Authority Pool ("CalTRUST"). CalTRUST is not registered with the Securities and Exchange Commission as an investment company, but is overseen by a Board of Trustees composed of officials of the public agencies that participate in CalTRUST. The fair value of the County's position in the pool is approximately the same as the value of the pool shares.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

2. Cash and Investments (continued)

Treasury Investment Pool

Condensed Financial Information for the Treasurer's Investment Pool

In lieu of separately issued financial statements for the Treasurer's investment pool, condensed financial information is presented below as of and for the fiscal year ended June 30, 2010:

Statement of Net Assets	
Net Assets held for pool participants	<u>\$ 386,862,876</u>
Equity of internal pool participants	\$ 157,739,131
Equity of external pool participants (voluntary and involuntary)	<u>229,123,745</u>
Total Equity	<u>\$ 386,862,876</u>
Statement of Changes in Net Assets	
Net Assets held for pool participants at July 1, 2009	\$ 415,525,184
Net change in investments by pool participants	<u>(28,662,308)</u>
Net Assets held for pool participants at June 30, 2010	<u>\$ 386,862,876</u>

3. Receivables/Deferred Revenue

Governmental funds report deferred revenue in connection with receivables for revenue not considered available to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

<u>Governmental Activities:</u>	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Resources received that do not meet the criteria for revenue	\$ --	\$ 1,601,430
Welfare Fund:		
Resources received that do not meet the criteria for revenue	--	3,195,825
Public Health Fund:		
Resources received that do not meet the criteria for revenue	--	124,643
Behavioral Health Fund:		
Resources received that do not meet the criteria for revenue	--	4,458,234
Road Fund:		
Resources received that do not meet the criteria for revenue	--	2,476
Other Governmental Funds:		
Resources received that do not meet the criteria for revenue	--	630,343
Resources unavailable for current expenditures	<u>1,707,859</u>	<u>--</u>
	<u>\$ 1,707,859</u>	<u>\$ 10,012,951</u>

Management believes all of its receivables are collectible.

COUNTY OF BUTTE, CALIFORNIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

4. Interfund Transactions

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2010 are as follows:

Balances due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Welfare Fund	\$ 1,202,758
	Behavioral Health Fund	3,803
	Road Fund	190
	Nonmajor Governmental Funds	137,105
	Landfill Fund	995
		<u>1,344,851</u>
Welfare Fund	Behavioral Health Fund	644
	Nonmajor Governmental Funds	829,428
		<u>830,072</u>
Public Health Fund	Behavioral Health Fund	6,842,006
		<u>6,842,006</u>
Nonmajor Governmental Funds	General Fund	542,814
	Nonmajor Governmental Funds	47
		<u>542,861</u>
Internal Service Funds	Internal Service Funds	<u>119,371</u>
Total		<u>\$ 9,679,161</u>

These interfund balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, and (2) payments between funds are made.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

4. Interfund Transactions (continued)

Transfers to/ from other funds:

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenue. The following schedule briefly summarizes the County's transfer activity:

Between Funds within the Governmental Activities:

General Fund	Welfare Fund	\$ 695,658	Transfer for operating subsidy
	Public Health Fund	724,304	Transfer for county match
	Behavioral Health Fund	424,727	Transfer for county match
	Nonmajor Governmental Funds	10,431,121	Fire Protection
	Nonmajor Governmental Funds	1,157,261	Transfer for water operating subsidy
	Nonmajor Governmental Funds	1,812,151	Transfer for library operating subsidy
	Nonmajor Governmental Funds	805,008	Transfer for debt service - POB
	Nonmajor Governmental Funds	628,598	Transfer to State COPS for JJCPA revenue
	Nonmajor Governmental Funds	542,766	Transfer for debt service
		<u>17,221,594</u>	
Welfare Fund	Nonmajor Governmental Funds	356,371	Transfer for debt service - POB
Public Health Fund	Nonmajor Governmental Funds	124,024	Transfer for debt service - POB
Behavioral Health Fund	Nonmajor Governmental Funds	234,310	Transfer for debt service - POB
Road Fund	Nonmajor Governmental Funds	74,297	Transfer for debt service - POB
Landfill	Nonmajor Governmental Funds	14,369	Transfer for debt service - POB
Nonmajor Governmental Funds	Road Fund	1,320,000	Transfer for road operating subsidy - TDA
	Road Fund	1,108,505	Transfer for road operating subsidy
	Nonmajor Governmental Funds	64,945	Transfer for debt service - POB
	Nonmajor Governmental Funds	15,733	Transfer for debt service - POB
	Nonmajor Governmental Funds	5,282	Transfer for debt service - POB
		<u>2,514,465</u>	
Internal Service Funds	Nonmajor Governmental Funds	156,484	Transfer for debt service
	Nonmajor Governmental Funds	711	Transfer for equipment depreciation
	Nonmajor Governmental Funds	594	Transfer for equipment depreciation
	General Fund	977,527	Transfer of assets for closed funds
		<u>1,135,316</u>	
Total		<u>\$ 21,674,746</u>	

During the year, several internal service funds (Data Processing, Facilities Services, Duplicating, Stores and Communications) were closed and their balances were transferred into the General Fund. However, due to the General Fund being reported on the modified accrual basis, capital assets and compensated absences are now being reported on the Government-wide statements only. A government-wide adjustment of \$1,238,117 was recorded to reflect the transfer of these balances.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2010 was as follows:

	Balance ¹ July 1, 2009	Additions	Retirements	Transfers and Adjustments	Balance June 30, 2010
Governmental Activities					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 3,406,451	\$ --	\$ (34,048)	\$ 128,000	\$ 3,500,403
Construction in progress	1,402,009	523,803	--	(1,604,316)	321,496
Total capital assets, not being depreciated	<u>4,808,460</u>	<u>523,803</u>	<u>(34,048)</u>	<u>(1,476,316)</u>	<u>3,821,899</u>
<i>Capital assets, being depreciated:</i>					
Infrastructure	585,587,281	7,271,506	(380,692)	--	592,478,095
Structures and improvements	62,443,539	--	(21,695)	1,138,313	63,560,157
Equipment	50,466,903	1,541,736	(1,602,560)	334,121	50,740,200
Total capital assets, being depreciated	<u>698,497,723</u>	<u>8,813,242</u>	<u>(2,004,947)</u>	<u>1,472,434</u>	<u>706,778,452</u>
Less: accumulated depreciation for:					
Infrastructure	(364,106,814)	(19,453,596)	380,692	--	(383,179,718)
Structures and improvements	(19,379,966)	(1,325,912)	--	--	(20,705,878)
Equipment	(36,541,163)	(3,390,121)	1,588,048	(21,102)	(38,364,338)
Total accumulated depreciation	<u>(420,027,943)</u>	<u>(24,169,629)</u>	<u>1,968,740</u>	<u>(21,102)</u>	<u>(442,249,934)</u>
Total capital assets, being depreciated, net	<u>278,469,780</u>	<u>(15,356,387)</u>	<u>(36,207)</u>	<u>1,451,332</u>	<u>264,528,518</u>
Governmental activities capital assets, net	<u>\$ 283,278,240</u>	<u>\$ (14,832,584)</u>	<u>\$ (70,255)</u>	<u>\$ (24,984)</u>	<u>\$ 268,350,417</u>
Business-Type Activities:					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 488,135	\$ --	\$ --	\$ (57,195)	\$ 430,940
Construction in progress	15,025,836	623,950	--	22,070	15,671,856
Total capital assets, not being depreciated	<u>15,513,970</u>	<u>623,950</u>	<u>--</u>	<u>(35,125)</u>	<u>16,102,796</u>
<i>Capital assets, being depreciated:</i>					
Structures and improvements	121,695	--	--	--	121,695
Equipment	4,200,352	--	(18,876)	(42,227)	4,139,249
Total capital assets, being depreciated	<u>4,322,047</u>	<u>--</u>	<u>(18,876)</u>	<u>(42,227)</u>	<u>4,260,944</u>
Less: accumulated depreciation for:					
Structures and improvements	(33,196)	(5,294)	--	--	(38,490)
Equipment	(2,569,147)	(430,133)	18,876	77,461	(2,902,943)
Total accumulated depreciation	<u>(2,602,343)</u>	<u>(435,427)</u>	<u>18,876</u>	<u>77,461</u>	<u>(2,941,433)</u>
Total capital assets, being depreciated, net	<u>1,719,704</u>	<u>(435,427)</u>	<u>--</u>	<u>35,234</u>	<u>1,319,511</u>
Business-type activities capital assets, net	<u>\$ 17,233,674</u>	<u>\$ 188,523</u>	<u>\$ --</u>	<u>\$ 109</u>	<u>\$ 17,422,307</u>

¹ The beginning balance of Governmental Activities was restated as explained in Note 14.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

5. Capital Assets (continued)

Depreciation expense was changed to functions as follows:

Governmental Activities:

General government	\$ 1,051,491
Public protection	3,022,328
Public ways	19,416,342
Health and sanitation	345,894
Public assistance	73,471
Education	91,251
Recreation and cultural services	167,547
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	1,305
	\$ 24,169,629

Business-Type Activities:

Solid Waste	\$ 435,427
	\$ 435,427

6. Short-Term Debt

Tax and Revenue Anticipation Notes

In August 2009, the County issued \$23,495,000 in tax anticipation notes in advance of property tax collections, depositing the proceeds in the general fund. These notes are necessary in order to fund operations prior to receipt of tax collections. During the fiscal year, the County satisfied the requirements of the notes.

Short-term debt activity for the fiscal year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010
Governmental Activities:				
FY 2009-10 TRANs	\$ --	\$ 23,495,000	\$ 23,495,000	\$ --
Total governmental activities	\$ --	\$ 23,495,000	\$ 23,495,000	\$ --

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

7. Long-Term Obligations

Long-term obligations of the County consist of capital lease obligations, bonds, certificates of participation, notes, and other liabilities, which are payable from the General, Debt Service, Capital Projects, Enterprise, and Internal Service Funds. The calculated legal debt limit for the County is \$227,938,425.

A summary of long-term debt follows:

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2010
Governmental Activities:					
Bonds Payable					
Butte County Service Area No. 26 Bonds:					
1974 Sewer Bonds	7/1/80-1/1/15	5%	\$10,000-\$40,000	\$ 680,000	\$ 175,000
1975 Sewer Bonds, Series A	7/1/80-1/1/15	5%	\$10,000-\$45,000	790,000	210,000
1975 Sewer Bonds, Series B	7/1/80-1/1/15	5%	\$5,000-\$20,000	380,000	100,000
1975 Sewer Bonds, Series C	7/1/80-1/1/15	5%	\$956-\$4,878	86,396	22,721
				<u>1,936,396</u>	<u>507,721</u>
Pension Obligation Bonds:					
Series A	6/30/14-6/30/34	6.05%	\$55,000 -\$3,440,000	28,020,000	28,020,000
Series B	6/30/14-6/30/34	Variable	\$295,000-\$2,105,000	21,875,000	21,875,000
Series C	6/30/05-6/30/14	Variable	\$690,000-\$910,000	7,865,000	--
				<u>57,760,000</u>	<u>49,895,000</u>
Total Bonds Payable				<u>59,696,396</u>	<u>50,402,721</u>
Certificates of Participation					
2003 Certificates of Participation	7/1/04-7/1/14	2%-3.4%	\$415,000-\$650,000	5,150,000	1,945,000
Total Certificates of Participation				<u>5,150,000</u>	<u>1,945,000</u>
Notes Payable					
California Energy Commission					
Solar Project - phase 1	6/22/06-12/22/18	4.9%	\$63,794-\$135,899	2,777,000	1,984,575
Solar Project - phase 2	6/22/06-6/22/20	4.9%	\$8,057-\$17,545	390,000	293,236
Total Notes Payable				<u>3,167,000</u>	<u>2,277,811</u>
Total Governmental Activities				<u>\$ 68,013,396</u>	<u>\$ 54,625,532</u>
Business-type Activities					
Certificates of Participation	11/1/06-11/1/21	3.4%-4.5%	\$725,000-\$1,165,000	\$ 12,025,000	\$ 11,300,000
Loan Payable	6/1/07-6/1/16	0%	\$50,000	500,000	300,000
Total Business-type Activities				<u>\$ 12,525,000</u>	<u>\$ 11,600,000</u>

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

7. Long-Term Obligations (continued)

Summary of Long-Term Obligations

The following is a summary of changes in long-term obligations:

	Balance July 1, 2009	Additions	Retirements	Balance June 30, 2010	Amounts Due Within One Year
Governmental Activities:					
Capital lease obligations	\$ 1,029,115	\$ --	\$ 106,842	\$ 922,273	\$ 90,263
Bonds payable	50,491,664	--	88,943	50,402,721	94,140
Notes payable	2,494,360	--	216,549	2,277,811	225,187
Certificates of participation	2,300,000	--	355,000	1,945,000	365,000
Claims and judgments	4,805,000	3,781,382	3,422,382	5,164,000	2,400,000
Compensated absences	13,659,536	18,483,215	18,277,954	13,864,797	1,500,000
OPEB obligation	6,015,223	4,583,232	1,398,316	9,200,139	--
Total governmental activities	\$ 80,794,898	\$ 26,847,829	\$ 23,865,986	\$ 83,776,741	\$ 4,674,590
Business-Type Activities:					
Capital lease obligations	\$ 19,687	\$ --	\$ --	\$ 19,687	\$ 19,687
Certificates of participation	12,025,000	--	725,000	11,300,000	750,000
Premium on debt	162,538	--	13,545	148,993	13,545
Landfill closure/post-closure care costs	2,147,745	136,930	--	2,284,675	--
Loan payable	350,000	--	50,000	300,000	50,000
Compensated absences	153,526	154,549	136,262	171,813	38,000
Total business-type activities	\$ 14,858,496	\$ 291,479	\$ 924,807	\$ 14,225,168	\$ 871,232

COUNTY OF BUTTE, CALIFORNIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

7. Long-Term Obligations (continued)

Capital Lease

The County leases equipment under capital leases. The following is a summary, by year, of future minimum lease payments, together with the present value of the minimum lease payments, as of June 30, 2010:

Fiscal Year Ending June 30,	Governmental Activities
2011	\$ 146,974
2012	124,979
2013	123,431
2014	123,431
2015	123,431
2016-2020	617,154
Total minimum lease payments	1,259,400
Less: Amount representing interest	337,127
Present value of minimum lease payments	\$ 922,273

The following is a schedule of net remaining property leased under capital leases at June 30, 2010:

	Acquisition Value	Accumulated Depreciation
Governmental Activities:		
Chico Memorial Halls	\$ 1,254,300	\$ 73,098
File management system	90,581	56,613
Vehicles	56,018	34,340

Operating Leases

The County is committed under various noncancelable operating leases for office buildings and equipment. The minimum future lease commitments on these leases are as follows:

Year Ended June 30,	Payments
2011	\$ 3,814,157
2012	3,648,813
2013	3,116,957
2014	3,100,957
2015	2,912,534
Totals	\$ 16,593,418

Rental expense was \$4,373,762 for all funds for the year ended June 30, 2010.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

7. Long-Term Obligations (continued)

Bonds Payable

At June 30, 2010, bonds outstanding consist of the following:

Sewer Bonds:

The sewer bonds bear interest at the rate of 5% per annum which is payable semi-annually. Principal payments are due January 1 of each year through 2015. The bonds were issued to provide sewer in the County Service Area No. 26.

Pension Obligation Bonds:

The pension obligation bonds were issued in three series (A, B, and C) in 2004. These bonds were issued to save future interest costs associated with the County's pension obligations. Series A has a fixed interest rate of 6.0486%; Series B has a variable rate derived from the one month LIBOR index plus a margin of .30%. (The County elected to exercise its option to prepay Series C on September 1, 2007). For fiscal year 2009/2010, the average rate paid for Series B was .56179%. The next payment of interest for Series A is due December 1, 2010, while the interest payments for Series B are calculated and paid the first business day of each month. Principal payments for both Series A and B are due beginning in fiscal year 2014 and ending in fiscal year 2034.

As of June 30, 2010, the estimated annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	\$ 94,140	\$ 2,284,636	\$ 2,378,776
2012	99,347	2,520,305	2,619,652
2013	99,564	2,515,338	2,614,902
2014	454,792	2,510,359	2,965,151
2015	579,878	2,772,511	3,352,389
2016-2020	4,470,000	9,398,505	13,868,505
2021-2025	9,170,000	10,913,128	20,083,128
2026-2030	15,945,000	8,341,660	24,286,660
2031-2034	19,490,000	3,827,370	23,317,370
Total	\$ 50,402,721	\$ 45,083,812	\$ 95,486,533

COUNTY OF BUTTE, CALIFORNIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

7. Long-Term Obligations (continued)

Notes Payable

At June 30, 2010, notes outstanding consist of the following:

The County has in operation solar panels to generate power for certain county buildings. This solar project was funded, in part, through notes from the California Energy Commission of \$3,167,000. Principal and interest, at a fixed rate of 3.95%, are due semi-annually beginning in fiscal year 2005-06.

As of June 30, 2010, annual debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 225,187	\$ 87,780	\$ 312,967
2012	233,962	79,006	312,968
2013	243,503	69,465	312,968
2014	253,216	59,751	312,967
2015	263,317	49,651	312,968
2016-2020	1,058,626	90,437	1,149,063
Total	<u>\$ 2,277,811</u>	<u>\$ 436,090</u>	<u>\$ 2,713,901</u>

Compensated Absences

Upon termination, an employee may be compensated for sick leave amounts accrued over 240 hours at half the normal pay rate not to exceed \$3,000. Upon retirement, County employees have a one-time option of cashing out their accrued sick leave or electing post retirement health insurance benefits up to age 65. If an employee has 10 years of cumulative service, the County will pay health insurance benefits for 12 months plus 1 month for every 8 hours in excess of 240 hours accrued sick leave (employee coverage only). Vacation is accrued at varying rates depending on an employee's years of services. Upon termination, an employee is paid at 100% of the amount accrued. Compensated absences for vacation are paid out at the employee's current rate of pay. Administrative leave is accrued by employees exempt from paid overtime and may be accrued up to a maximum of 352 hours.

The County does not accrue for compensated absences in its governmental fund statements and recognizes liabilities for compensated absences only if they are due and payable in an event such as termination. However, in the statement of activities the expenditure is allocated to each function based on usage.

The compensated absences liability, as well as the OPEB obligation, attributable to the governmental activities will be liquidated as follows: General Fund 48%, Welfare Fund 17%, Public Health Fund 7%, Behavioral Health Fund 15%, Road Fund 6%, and Nonmajor funds 7%.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

7. Long-Term Obligations (continued)

Certificates of Participation

Governmental Activities

On June 30, 2003, the County issued \$5,150,000 in Certificates of Participation (COP's). The proceeds of the COP's, together with funds available in the 1993 COP Reserve Fund, refunded the outstanding lease obligations for fire trucks. Commencing January 1, 2004, interest ranging from 2.0% to 3.4% is payable semiannually on January 1 and July 1 of each year. The average rate of interest for the COP's is 2.57%. Beginning on July 1, 2004, principal payments are due on July 1 of each year.

Fiscal Year Ending June 30,	Principal	Interest	Total
2011	\$ 365,000	\$ 54,879	\$ 419,879
2012	375,000	44,235	419,235
2013	390,000	32,760	422,760
2014	400,000	20,510	420,510
2015	415,000	7,055	422,055
Total	<u>\$ 1,945,000</u>	<u>\$ 159,439</u>	<u>\$ 2,104,439</u>

Business-Type Activities

On November 1, 2006, the County issued \$12,025,000 in Certificates of Participation (COP's), to finance certain capital improvements for the expansion of the County's solid waste facility at Neal Road Landfill. The improvements include module closures and environmental mitigation. Commencing July 1, 2008, interest ranging from 3.4% to 4.5% is payable semiannually on January 1 and July 1 of each year. The average rate of interest for the certificates is 3.995%. Beginning on July 1, 2009, principal payments are due on July 1 of each year.

June 30,	Principal	Interest	Total
2011	\$ 750,000	\$ 447,500	\$ 1,197,500
2012	780,000	416,900	1,196,900
2013	810,000	385,100	1,195,100
2014	845,000	352,000	1,197,000
2015	880,000	317,500	1,197,500
2016-2020	4,950,000	1,009,925	5,959,925
2021-2022	2,285,000	92,300	2,377,300
Total	<u>\$ 11,300,000</u>	<u>\$ 3,021,225</u>	<u>\$ 14,321,225</u>

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

7. Long-Term Obligations (continued)

Loan Payable

Business-Type Activities

At June 30, 2010, the loan outstanding consists of the following:

The County has received a zero interest loan from the California Integrated Waste Management Board in the amount of \$500,000 for operations at the Neal Road Landfill. Principal payments of \$50,000 are due annually beginning June 1, 2007 and ending June 1, 2016.

As of June 30, 2010, annual debt service requirements to maturity are as follows:

<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 50,000	\$ --	\$ 50,000
2012	50,000	--	50,000
2013	50,000	--	50,000
2014	50,000	--	50,000
2015	50,000	--	50,000
2016	50,000	--	50,000
Total	<u>\$ 300,000</u>	<u>\$ --</u>	<u>\$ 300,000</u>

Landfill Closure and Post-closure Costs

State and federal laws and regulations require the County to place a final cover on its Neal Road landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$2,284,675 reported as landfill closure and post-closure care liability at June 30, 2010, represents the cumulative amount reported to date based on the use of 18.40 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$10,131,643 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2010. The County expects to close the landfill in the fiscal year 2031.

The County is required by state and federal laws and regulations to make annual contributions to a separate fund to finance closure and post-closure care. The County is in compliance with these requirements, and at June 30, 2010, investments of \$4,555,934 are held for these purposes. The County expects the future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined; these costs may need to be covered by charges to future landfill users or from future tax revenue.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

7. Long-Term Obligations (continued)

Landfill Closure and Post-closure Costs (continued)

Annually, the Landfill adjusts the estimated closure and post-closure costs due to changes in inflation and capacity. Total estimated costs for closure and post-closure increased from \$12,269,090 at June 30, 2009 to \$12,416,318 at June 30, 2010, and the remaining capacity of the landfill decreased from 82.49 percent to 81.60 percent at June 30, 2009 and 2010, respectively. These changes resulted in an increase to the landfill closure and post-closure care liability and caused an increase in expense of \$136,930 at June 30, 2010.

The closure/post-closure liability will be liquidated in the Landfill Fund.

Limitations and Restrictions

There are a number of limitations and restrictions contained in the various debt indentures. The County's management believes that the County is in compliance with all significant limitations and restrictions.

Deferred Debt Issuance Costs

Bond issuance costs are capitalized and amortized over the terms of the respective bonds using a method that approximates the effective interest method.

Rebatable Arbitrage Earnings

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds and financings and at June 30, 2010 does not expect to incur a liability.

8. Restricted Net Assets/Reserved and Designated Fund Balances

Fund Balances

Fund balances that are not available for appropriation or are not considered "expendable available financial resources" are reserved. Unreserved fund balances that have been earmarked by the Board for a specified purpose are considered designated.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

8. Restricted Net Assets/Reserved and Designated Fund Balances (continued)

Fund Balances (continued)

Fund balance reserved for general restrictions are presented below:

General Fund		
Criminal Justice Facility Temporary Construction	\$ 2,613,352	
Recording System	2,309,077	
Inmate Welfare	2,007,429	
Table A Water	1,428,231	
Lime Saddle Dissolution Restitution	1,026,948	
Probation - YOBG Restricted Cash	812,993	
Probation - Title IV / TANF	590,980	
Other	3,055,842	
		13,844,851
Welfare Fund		
Tax Intercept Refunds	222,198	
Other	106,757	
		328,955
Public Health Fund		
Public Health Sales Tax	2,193,734	
Public Health Vehicle License Fee Base	1,592,309	
Public Health Vehicle License Fee Growth	1,431,730	
CDC PHER H1N1	556,519	
Other	1,168,102	
		6,942,394
Behavioral Health Fund		
Prop 63 - MHSA	490,808	
Alcohol Education	227,147	
Other	298,826	
		1,016,781
Road Fund		
Prop 1B		7,589,463
Other Governmental Funds		
4D Child Support	361,285	
Road Improvement Contributions	801,325	
General Government CW Impact Fee	818,386	
Subdivision Drainage	1,092,481	
Fire-Water Tender Inc.	833,005	
Fire - County Cost Share	991,226	
Fire - CW Impact Fee	843,178	
Other	4,313,853	
		10,054,740
Total Fund Balance - Reserved		\$ 39,777,184

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

8. Restricted Net Assets/Reserved and Designated Fund Balances (continued)

Net Assets

The government-wide statement of net assets reports \$56 million of restricted net assets, none of which is restricted by enabling legislation. Net assets invested in capital assets, net of related debt, was comprised of the following:

	Governmental Activities	Business-Type Activities
Capital assets, net of accumulated depreciation	\$ 268,350,417	\$ 17,422,307
Outstanding principal of capital -related debt	(5,145,084)	(11,468,680)
Unspent debt proceeds	--	1,208,439
 Net assets, invested in capital assets, net of related debt	 \$ 263,205,333	 \$ 7,162,066

9. County Employees Retirement Plan (Defined Benefit Pension Plan)

Plan Description

The County contributes to the California Public Employees Retirement System (CalPERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. CalPERS provides retirement and disability benefits, and death benefits to plan members and beneficiaries. Benefit provisions and all other requirements are established by state statute and County ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office: 400 Q Street, Sacramento, CA 95811.

Funding Policy

Employees under the Miscellaneous Plan are required to contribute 7% and employees under the Safety Plan are required to contribute 9% of their annual covered salary. The County is required to contribute at an actuarially determined rate of annual covered payroll; the current rate is 9.980% for non-safety employees and 15.752% for safety employees. The contribution requirements of plan members and the County are established and may be amended by CalPERS.

The schedule of funding progress for the postemployment defined benefit plan immediately following the notes to the financial statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

9. County Employees Retirement Plan (Defined Benefit Pension Plan) (continued)

Annual Pension Cost

For the year ended June 30, 2010, the County's annual pension cost of \$10,926,866 for CalPERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2007 actuarial valuation using the entry age actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual merit or seniority salary increases that vary by length of service, and (c) no post retirement benefit increases. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of the County's CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a thirty-year period (smoothed market value). The County's CalPERS unfunded actuarial accrued liability is being amortized as a level of percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2007 was 30 years for the Miscellaneous Plan and 30 years for the Safety Plan.

Funded Status and Funding Progress

The following is the funded status information for each plan as of June 30, 2010, the most recent actuarial valuation date:

Funded Status and Funding Progress

The following is the funded status information for each plan as of June 30, 2010, the most recent actuarial valuation date:

	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded/ (Overfunded) Liability	Funded Ratio	Annual Covered Payroll	UAAL as a % of Payroll
Miscellaneous	\$ 435,914,875	\$ 389,091,737	\$ 46,823,138	89.3%	\$ 88,613,206	52.8%
Safety	107,030,449	96,658,588	10,371,861	90.3%	17,025,702	60.9%

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

9. County Employees Retirement Plan (Defined Benefit Pension Plan) (continued)

The County's annual pension cost and pension asset for the fiscal year ended June 30, 2010 were as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Annual required contribution	\$ 8,983,157	\$ 3,849,924	\$ 12,833,081
Interest on beginning net pension asset	(2,934,200)	(1,257,515)	(4,191,715)
Adjustment to the annual required contribution	2,335,885	1,001,093	3,336,978
Annual pension cost	8,384,842	3,593,502	11,978,344
Contributions made	7,648,806	3,278,060	10,926,866
Decrease in net pension asset	(736,036)	(315,442)	(1,051,478)
Net pension asset, beginning of year	36,752,110	15,750,904	52,503,014
Net pension asset, end of year	\$ 36,016,074	\$ 15,435,462	\$ 51,451,536

Three-Year Trend Information for PERS

Miscellaneous

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Asset
6/30/2008	\$ 6,582,801	\$ 6,167,844	94%	\$ 36,027,420
6/30/2009	7,179,435	7,936,205	111%	36,784,189
6/30/2010	8,392,159	7,655,482	91%	36,047,512

Safety

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Asset
6/30/2008	\$ 2,812,999	\$ 2,635,678	94%	\$ 15,395,438
6/30/2009	3,067,956	3,391,343	111%	15,718,825
6/30/2010	3,586,184	3,271,384	91%	15,404,024

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

10. Other Post Employment Benefits (OPEB)

A. Plan Description

The County sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act (“PEMHCA”), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. Participation in PEMHCA is financed in part by the County through a contribution to PEMHCA of \$101.00 per employee per month. The \$101.00 per month increased by law to \$105.00 on January 1, 2010, and will be indexed with medical inflation (CPI) for years 2011 and thereafter. Delta Dental (Premier and DPO), vision and life insurance are also available.

Post-Retirement Coverage

The County also offers medical, dental and vision coverage (but not life insurance) to its retirees. The County makes the required statutory PEMHCA contribution as described above, subject to the “Unequal Contribution Method” under which the County’s contribution for retirees increases each year to 5% of its contribution for active employees multiplied by years the County has participated in PEMHCA until the two amounts are equal, except that Elected, Appointed, and Assistant Department Heads are covered under the Equal Contribution Method. Furthermore, the County will make additional contributions towards certain eligible retirees’ premiums until age 65 according to the County’s agreements with its various employee groups, as described below.

Retirees who have completed at least 10 continuous years of service with the County, have accrued sick leave in excess of 240 hours, and elect retiree health insurance rather than the sick leave payout option, are eligible to receive reimbursements from the County for the cost of medical, dental and vision insurance (offset by the County’s statutory contribution to PEMHCA.)

For BCEA, BCMEA, CWA, BCPPOA, BCCOA (General and Management), Supervisor’s Administrative Services Assistants, and Miscellaneous and Assistant Probation Officer positions within the “Assistant Department Heads and Non-Represented” group, the retiree may make an irrevocable election at the time of retirement to receive one of the following benefit options in addition to 12 months of County-paid health insurance:

- (1) One month of retiree-only premiums for each day of accrued sick leave at retirement;
- (2) One month of 2-party premiums (employee and spouse) for each 2 1/2 days in excess of 30 days accrued sick leave to cover both employee and spouse until age 65; or
- (3) One month of retiree-only premiums for each day of accrued sick leave until the sick leave credit is exhausted or the retiree reaches age 65, and one month of premiums for spousal coverage for each day of accrued sick leave in excess of thirty days until the sick leave credit is exhausted or the spouse reaches age 65.

For DSA General, DSA Management, Under Sheriffs, and BCPEA, the retiree will receive 12 months of County-paid retiree-only health coverage. In addition, each one day of accrued sick leave is converted to one month of retiree-only health insurance premiums and credited to an account for the retiree. Premiums for the retiree and dependents, if applicable, are deducted from the account until it is depleted, or until the retiree reaches age 65, if earlier.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

10. Other Post Employment Benefits (OPEB) (continued)

A. Plan Description (continued)

Post-Retirement Coverage (continued)

Elected and appointed department heads or officials retiring in good standing before age 65 under the provisions of the County's contract with PERS may continue to cover themselves and eligible dependents under the health plans. The County pays the full premium until age 65.

In all cases, once the additional County contributions (as described above) end, the County pays the applicable PEMHCA statutory contribution for the remainder of the retiree's lifetime.

For 2009, the monthly County contributions are \$80.80 and \$101.00 for Unequal and Equal Contribution Methods, respectively. For 2010, those amounts increased to \$89.25 and \$105.00, respectively.

Changes in Eligibility for Sick-Leave Buy-out

The County is eliminating eligibility for sick-leave buy-out for new hires. The cutoff hire date for eligibility varies by bargaining unit but is most commonly June 30, 2010. Provisions applicable only to future hires do not affect a closed-group valuation and as such have not been taken into account in this report, which is as of July 1, 2009.

Healthcare Premiums

The following table shows January 1, 2009 monthly PERS Health (PEMHCA) premiums for retirees within the Other Northern California region (Bay Area/Sacramento for Kaiser). Dental and vision rates in effect for 2009-10 are also included.

	Blue Shield HMO	Kaiser HMO	PERS Choice PPO	PERS Select	PERS Care PPO	PORAC (Safety)	Delta Premier Dental	Delta Dental PPO
<u>Basic Plan</u>								
Retiree	\$ 569.01	\$ 519.62	\$ 501.59	\$ 471.10	\$ 779.53	\$ 484.00	\$ 32.30	\$ 28.30
Retiree+1	1,138.02	1,039.24	1,003.18	942.20	1,559.06	906.00	69.80	61.70
Family	1,479.43	1,351.01	1,304.13	1,224.86	2,026.78	1,151.00	102.61	95.99
<u>Medicare Supplement</u>								
Retiree	341.44	280.16	349.11	349.11	404.60	330.00	N/A	N/A
Retiree+1	682.88	560.32	698.22	698.22	809.20	657.00	N/A	N/A
Family	1,024.32	840.48	1,047.33	1,047.33	1,213.80	1,052.00	N/A	N/A

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

10. Other Post Employment Benefits (OPEB) (continued)

B. Funding Policy

As required by GASB 45, an actuary will determine the County's Annual Required Contributions (ARC) at least once every two fiscal years. The ARC is calculated in accordance with certain parameters, and includes (1) the Normal Cost for one year, and (2) a component for amortization of the total unfunded actuarial accrued liability (UAL) over a period not to exceed 30 years.

GASB 45 does not require pre-funding of OPEB benefits. Therefore, the County's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The County has elected not to establish an irrevocable trust at this time. As a result, there is not a separate audited GAAP-basis postemployment benefit plan report available.

The Board of Supervisors reserves the authority to review and amend this funding policy from time to time, in order to ensure that the funding policy continues to best suit the circumstances of the County.

C. Annual OPEB Cost and Net OPEB Obligation/(Asset)

The following table shows the components of the County's Annual OPEB Cost for the fiscal years ended June 30, 2010, the amount actually contributed to the plan, and changes in the County's Net OPEB Obligation/(Asset):

Annual required contribution	\$4,673,770
Interest on net OPEB obligation	300,761
Adjustment of annual required contribution	<u>(391,299)</u>
Annual OPEB cost	4,583,232
Contributions made	<u>1,398,316</u>
Change in net OPEB obligation (asset)	3,184,916
Net OPEB obligation (asset) beginning of year	<u>6,015,223</u>
Net OPEB obligation (asset) end of year	<u><u>\$9,200,139</u></u>

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal years ended June 30, 2008, 2009, and 2010 are as follows:

Fiscal Year Ending	Annual Annual OPEB Cost	Actual Employer Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation (Asset)
6/30/2008	\$ 4,248,160	\$ 1,180,848	27.80%	\$ 3,067,312
6/30/2009	4,248,160	1,300,249	30.61%	6,015,223
6/30/2010	4,583,232	1,398,316	30.51%	9,200,139

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

10. Other Post Employment Benefits (OPEB) (continued)

D. Schedule of Funding Progress

The funded status of the plan as of the most recent two actuarial valuations was as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Projected Unit Credit Actuarial Accrued Liability</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
July 1, 2007	\$0	\$27,660,497	\$27,660,497	0.00%	101,759,340	27.18%
July 1, 2009	\$0	\$33,471,811	\$33,471,811	0.00%	105,638,908	31.69%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the Annual Required Contributions of the County are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The plan's most recent actuarial valuation was performed as of July 1, 2009. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 7 percent initially, reduced by decrements to an ultimate rate of 5 percent after 2 years. These assumptions reflect an implicit 3 percent general inflation assumption. The County's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years. The remaining amortization period as of June 30, 2010 was 30 years. The County's plan is considered a single-employer plan under GASB 45.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

11. Risk Management

The County is exposed to various risk of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County has three risk management funds (Internal Service Funds) to consolidate the County's insurance programs that are partially self-insured. Fund revenues are primarily premium charges to other funds and are planned to equal estimated expenses resulting from self-insurance programs, liability insurance coverage in excess of the self-insured amount, and operating expenses. The primary activities of the funds consist of risk management programs related to the following:

- General Liability Insurance
- Unemployment Insurance
- Worker's Compensation Insurance

For general liability and workers' compensation claims, the County is a participant in the California State Association of Counties (CSAC) – Excess Insurance Authority excess liability insurance program. The County maintains a self-insured retention (SIR) of \$100,000 per occurrence for its general liability program and \$125,000 for its workers' compensation program. The purpose of the pool is to spread the adverse effects of losses among the member agencies. The County pays an annual basic premium for excess coverage and is assessed an annual risk premium based on an actuarial review that estimates each of the program's participant's ultimate liabilities. Should actual losses among participants be greater than anticipated, the County will be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its pro rata share of the excess. Commercial insurance covers claims between \$100,000 and \$20,000,000 for general liability. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The County is fully self-insured for its unemployment insurance program. Quarterly billings from the State Employment Development Department are sent to the County's claims reviewers, R.E. Harrington, Inc. After the claims are reviewed by R.E. Harrington, Inc., they are turned over to the County for payment.

It is the County's policy to accrue to the Internal Service Fund the estimated liability, as determined with the assistance of independent actuaries, for claims in cases where such amounts are reasonably determinable and where the likelihood of liability exists.

All operating funds participate in the program and make payments to the insurance funds based on actuarial estimates of the amounts needed to pay prior and current year claims, and to allow accrual of estimated incurred but not reported claims. These claims liability estimates are based on the requirements of GASB Statements No. 10 and 30 and include estimate claims incurred but not yet reported as of June 30, 2010. The claims liability includes all allocated loss adjustment expenses. Non-incremental claims adjustment expenses have also been included as part of the liability for claims and judgments.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

11. Risk Management (continued)

Changes in the insurance funds' claims liability amount during the fiscal years ended June 30, 2009 and 2010 were as follows:

Fiscal Year	Claims Liability July 1	Current Year Claims and Changes in Estimates	Current Year Claim	Claims Liability June 30
2008-2009	\$ 5,249,000	\$ (2,590,026)	\$ 2,146,026	\$ 4,805,000
2009-2010	\$ 4,805,000	\$ (3,065,383)	\$ 3,424,383	\$ 5,164,000

12. Affiliated Organization

The Butte County Air Quality Management District (the District) was established in 1967 by the State Legislature through the "Mulford-Carrell Air Resources Act" which provided local air districts with the primary responsibility for the control of non-vehicular sources of air pollution. The District's Board is composed of ten members, of which five members are the County's Board of Supervisors. Effective August 2003, the District became a separate legal entity and is no longer considered a part of the County. The District has financial statements prepared and they can be obtained from management at the District. Condensed financial statements for the District as of June 30, 2010 are presented below:

	<u>Amount</u>
Statement of Net Assets	
Assets	\$ 674,514
Liabilities	<u>315,407</u>
Equity	<u>\$ 359,107</u>
Revenue and Expenses	
Revenues	\$ 1,785,668
Expenses	<u>2,166,756</u>
Net Income (Loss)	<u>\$ (381,088)</u>

13. Contingencies

Grants

The County participates in a number of grant programs funded, in whole or part, by federal, state and other sources. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the fiscal year ended June 30, 2010, have not yet been conducted. Additionally, certain audits related to prior fiscal years have not been finalized. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although, the County expects such amounts, if any, to be immaterial.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

13. Contingencies (continued)

Litigation

The County is a defendant in various matters of litigation. Of these matters, management and County's legal counsel do not anticipate any material effect on the June 30, 2010 financial statements.

14. Restatement of Fund Equity/Net Assets

The impact of the restatements on fund balances/net assets as previously reported is presented below:

	Statement of Activities	Fund Statements			
	Governmental Activities	General Fund	Welfare Fund	Public Health Fund	Other Governmental Funds
Fund balance/net assets, June 30, 2009, as previously reported	\$ 350,484,621	\$ 24,464,463	\$ 3,019,173	\$ 16,877,029	\$ 31,703,736
Restatements:					
Recalculation of road infrastructure	2,693,980	--	--	--	--
Prior year additions to Aqua Frias Bridge	5,189,240	--	--	--	--
Other - fund statements	(204,093)	(182,243)	(2,001)	325	(20,174)
Other - government-wide	(1,236)	--	--	--	--
Total Restatements	<u>7,677,891</u>	<u>(182,243)</u>	<u>(2,001)</u>	<u>325</u>	<u>(20,174)</u>
Fund balance/net assets, July 1, 2009, as restated	<u>\$ 358,162,512</u>	<u>\$ 24,282,220</u>	<u>\$ 3,017,172</u>	<u>\$ 16,877,354</u>	<u>\$ 31,683,562</u>

15. Subsequent Events

Tax and Revenue Anticipation Notes

In July 2010, the County issued \$24,320,000 in notes in anticipation of operating expenditures during the 2010-2011 fiscal year. The notes will be redeemed by June 30, 2011.

USDA Loan for Bangor Fire Station

In August 2010, the County received a \$1,100,000 loan from the USDA to finance construction of the Bangor Fire Station.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2010

15. Subsequent Events (continued)

California State Budget

The California legislature has experienced a record-breaking impasse in agreeing upon a budget for fiscal year 2011. The State is the source for a significant amount of Butte County's revenues and much of these funds are at risk for deferral or cuts in order to balance the State budget.

The County has taken these deferrals and cuts into account with its 2011 budget, but the risk exists that further decreases in revenue may be realized when the State finally comes to agreement on its spending plan. Many of these decreases in funding will be associated with State-mandated programs. The County remains committed to prudent fiscal management while providing quality services to its citizens.

16. Stewardship, Compliance, and Accountability

Deficit Fund Balance

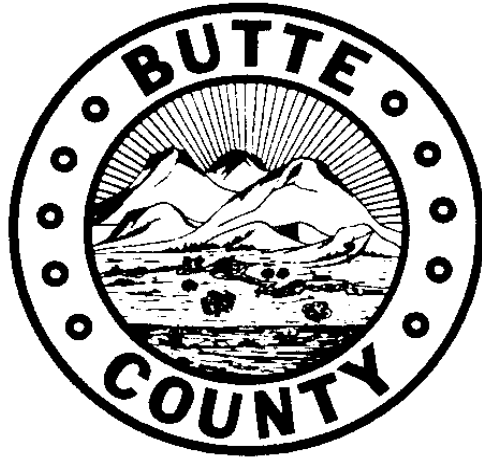
The following funds had deficit fund balances at June 30, 2010:

	<u>Deficit Fund Balance</u>
Behavioral Health Fund	\$ 1,198,695
IHSS Public Authority Fund	157,568
Library Fund	58,715

Behavioral Health Fund had a deficit fund balance of \$1,198,695 at June 30, 2010. The deficit fund balance for the Behavioral Health Fund primarily resulted from reimbursement delays and a decrease in funding from the State of California. The County has implemented expenditure reductions to eliminate the deficit fund balance.

IHSS Public Authority had a deficit fund balance of \$157,568 at June 30, 2010. The deficit fund balance for IHSS primarily resulted from a decrease in funding from the State of California. The County has implemented expenditure reductions to eliminate the deficit fund balance.

The Library Fund had deficit net assets of \$58,715 at June 30, 2010. The deficit net assets result from less revenue collected than budgeted and a decrease in their operating transfer. The County has implemented expenditure reductions to eliminate the deficit fund balance.



Required Supplementary Information

COUNTY OF BUTTE, CALIFORNIA

County Employee's Retirement Plan (Defined Benefit Pension Plan) Schedule of Funding Progress For the Fiscal Year Ended June 30, 2010

The tables below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrued liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (B-A)	Funded (UAAL) Ratio (A/B)	Covered Payroll (C)	UAAL as Percentage of Covered Payroll ((B-A)/C)
6/30/2007:						
Misc.	\$ 343,569,266	\$ 373,069,727	\$ 29,500,461	92.1%	\$ 89,029,277	33.1%
Safety	85,517,599	89,635,795	4,118,196	95.4%	16,019,327	25.7%
Total	<u>\$ 429,086,865</u>	<u>\$ 462,705,522</u>	<u>\$ 33,618,657</u>	<u>92.7%</u>	<u>\$ 105,048,604</u>	<u>32.0%</u>
6/30/2008:						
Misc.	\$ 369,399,324	\$ 403,167,840	\$ 33,768,516	91.6%	\$ 93,987,646	35.9%
Safety	91,770,029	96,570,462	4,800,433	95.0%	17,200,721	27.9%
Total	<u>\$ 461,169,353</u>	<u>\$ 499,738,302</u>	<u>\$ 38,568,949</u>	<u>92.3%</u>	<u>\$ 111,188,367</u>	<u>34.7%</u>
6/30/2009:						
Misc.	\$ 389,091,737	\$ 435,914,875	\$ 46,823,138	89.3%	\$ 88,613,206	52.8%
Safety	96,658,588	107,030,449	10,371,861	90.3%	17,025,702	60.9%
Total	<u>\$ 485,750,325</u>	<u>\$ 542,945,324</u>	<u>\$ 57,194,999</u>	<u>89.5%</u>	<u>\$ 105,638,908</u>	<u>54.1%</u>

COUNTY OF BUTTE, CALIFORNIA

Other Post Employment Benefits (OPEB) Plan Schedule of Funding Progress For the Fiscal Year Ended June 30, 2010

Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded ratio	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) ÷ (5)
7/1/2007	\$ --	\$ 27,660,497	0.00%	\$ 27,660,497	\$ 101,759,340	27.18%
7/1/2009	--	33,471,811	0.00%	33,471,811	105,638,908	31.69%

Notes to Required Supplementary Information

1. This information is intended to help users assess the County's OPEB plan's status on a going-concern basis, assess progress made in accumulating assets to pay benefits when due, and make comparisons with other public employers.
2. Because this is the second valuation under GASB 45, there are only two years of historical information provided. In the future, information from the three most recent valuations will be presented.

COUNTY OF BUTTE

General Fund

The General Fund is the general operations fund of the County. It accounts for all financial activities except those required to be accounted for in another fund. The accompanying Budgetary Comparison Schedule represents the primary expenditure classification of services provided by the County through the General Fund.

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - General Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Budgetary fund balance, beginning of year	\$ 24,282,220	\$ 24,282,220	\$ 24,282,220	\$ --
RESOURCES (inflows):				
Taxes	51,964,575	51,964,575	53,488,481	1,523,906
Licenses and permits	3,815,411	3,844,011	2,916,349	(927,662)
Fines, forfeitures, and penalties	1,809,137	1,646,537	2,811,595	1,165,058
Revenues from uses of money and property	990,250	999,250	1,654,091	654,841
Aid from other governments	27,369,822	30,035,295	29,620,232	(415,063)
Charges for services	23,431,904	24,233,345	24,604,664	371,319
Other	3,235,241	3,265,483	2,616,624	(648,859)
Other financing sources	618,919	618,919	1,641,904	1,022,985
Amounts available for appropriation	<u>113,235,259</u>	<u>116,607,415</u>	<u>119,353,940</u>	<u>2,746,525</u>
CHANGES TO APPROPRIATIONS (outflows):				
General Government:				
Board of Supervisors:				
Salaries and employee benefits	718,190	718,190	692,465	25,725
Services and supplies	131,919	131,919	120,681	11,238
Other charges	--	2,990	--	2,990
Other financing uses	1,001,573	1,001,573	1,001,568	5
Total Board of Supervisors	<u>1,851,682</u>	<u>1,854,672</u>	<u>1,814,714</u>	<u>39,958</u>
Administrative Office:				
Salaries and employee benefits	2,980,457	2,932,457	2,667,787	264,670
Services and supplies	979,419	2,883,453	1,438,698	1,444,755
Other charges	--	301,382	285,189	16,193
Capital assets	--	153,020	25,955	127,065
Other financing uses	(294,368)	(246,368)	(313,227)	66,859
Total Administrative Office	<u>3,665,508</u>	<u>6,023,944</u>	<u>4,104,402</u>	<u>1,919,542</u>
General Services:				
Salaries and employee benefits	3,240,556	2,416,909	2,388,867	28,042
Services and supplies	2,102,388	1,742,900	1,158,324	584,576
Other charges	41,000	116,000	107,344	8,656
Capital assets	46,743	38,255	--	38,255
Other financing uses	(2,592,857)	(1,832,275)	(1,928,126)	95,851
Total General Services	<u>2,837,830</u>	<u>2,481,789</u>	<u>1,726,409</u>	<u>755,380</u>
Auditor-Controller:				
Salaries and employee benefits	1,500,155	1,500,155	1,427,418	72,737
Services and supplies	153,837	177,072	134,966	42,106
Other charges	--	2,892	2,891	1
Other financing uses	(307,869)	(307,594)	(307,596)	2
Total Auditor-Controller	<u>1,346,123</u>	<u>1,372,525</u>	<u>1,257,679</u>	<u>114,846</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government (continued):				
Purchasing:				
Salaries and employee benefits	\$ --	\$ 597,780	\$ 602,660	\$ (4,880)
Services and supplies	--	1,557,226	1,273,897	283,329
Other charges	--	16,488	16,626	(138)
Other financing uses	--	(1,110,374)	(1,117,680)	7,306
Total Purchasing	--	1,061,120	775,503	285,617
Treasurer-Tax Collector:				
Salaries and employee benefits	1,744,698	1,723,698	1,611,212	112,486
Services and supplies	862,912	953,806	877,897	75,909
Other charges	--	1,500	1,303	197
Other financing uses	188,012	188,012	188,004	8
Total Treasurer-Tax Collector	2,795,622	2,867,016	2,678,416	188,600
Assessor:				
Salaries and employee benefits	2,861,049	2,872,444	2,743,504	128,940
Services and supplies	230,413	237,085	228,264	8,821
Other charges	5,000	7,000	6,997	3
Capital assets	--	10,000	10,000	--
Other financing uses	288,850	288,850	288,840	10
Total Assessor	3,385,312	3,415,379	3,277,605	137,774
Human Resources:				
Salaries and employee benefits	1,504,466	1,504,466	1,445,272	59,194
Services and supplies	167,372	244,114	161,446	82,668
Other financing uses	(543,043)	(543,043)	(543,072)	29
Total Human Resources	1,128,795	1,205,537	1,063,646	141,891
County Counsel:				
Salaries and employee benefits	1,164,868	1,168,488	1,153,450	15,038
Services and supplies	797,593	930,377	878,196	52,181
Other financing uses	(1,353,483)	(1,348,483)	(1,348,790)	307
Total County Counsel	608,978	750,382	682,856	67,526
Elections:				
Salaries and employee benefits	852,571	828,071	794,116	33,955
Services and supplies	507,769	575,778	471,263	104,515
Other charges	--	745	653	92
Capital assets	--	388,294	58,911	329,383
Other financing uses	210,367	210,372	210,372	--
Total Elections	1,570,707	2,003,260	1,535,315	467,945

(continued)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government (continued):				
Information Systems:				
Salaries and employee benefits	\$ 2,423,844	\$ 2,434,844	\$ 2,434,037	\$ 807
Services and supplies	1,593,556	1,648,546	1,646,686	1,860
Other charges	--	305,000	300,306	4,694
Capital assets	391,296	20,296	--	20,296
Other financing uses	(2,112,079)	(2,112,069)	(2,114,873)	2,804
Total Information Systems	<u>2,296,617</u>	<u>2,296,617</u>	<u>2,266,156</u>	<u>30,461</u>
Public Works General Services:				
Services and supplies	--	7,070	7,068	2
Other charges	--	91,165	91,165	--
Other financing uses	--	233	228	5
Total Public Works General Services	<u>--</u>	<u>98,468</u>	<u>98,461</u>	<u>7</u>
Community Action Agency				
Services and supplies	8,772	8,751	8,757	(6)
Other financing uses	--	21	24	(3)
Total SPCL Grant Requirement	<u>8,772</u>	<u>8,772</u>	<u>8,781</u>	<u>(9)</u>
Tax and Revenue Anticipation Notes:				
Other charges	<u>412,250</u>	<u>412,250</u>	<u>333,154</u>	<u>79,096</u>
Total Tax and Revenue Anticipation Notes	<u>412,250</u>	<u>412,250</u>	<u>333,154</u>	<u>79,096</u>
Retired Employee Benefits:				
Salaries and employee benefits	<u>391,222</u>	<u>391,222</u>	<u>379,983</u>	<u>11,239</u>
Total Retired Employee Benefits	<u>391,222</u>	<u>391,222</u>	<u>379,983</u>	<u>11,239</u>
Unallocated A-87:				
Services and supplies	74,001	74,001	73,999	2
Other financing uses	<u>840,282</u>	<u>840,283</u>	<u>840,276</u>	<u>7</u>
Total Unallocated A-87	<u>914,283</u>	<u>914,284</u>	<u>914,275</u>	<u>9</u>
General Revenue and Transfers:				
Other financing uses	<u>17,495,170</u>	<u>17,527,414</u>	<u>15,787,987</u>	<u>1,739,427</u>
Total General Revenue and Transfers	<u>17,495,170</u>	<u>17,527,414</u>	<u>15,787,987</u>	<u>1,739,427</u>
Total General Government	<u>40,708,871</u>	<u>44,684,651</u>	<u>38,705,342</u>	<u>5,979,309</u>
Public Protection:				
Emergency Services:				
Services and supplies	--	194	290	(96)
Total Emergency Services	<u>--</u>	<u>194</u>	<u>290</u>	<u>(96)</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Protection (continued):				
Grand Jury:				
Services and supplies	\$ 88,000	\$ 88,675	\$ 88,674	\$ 1
Other financing uses	11,575	11,575	11,568	7
Total Grand Jury	<u>99,575</u>	<u>100,250</u>	<u>100,242</u>	<u>8</u>
County Share Trial Courts:				
Services and supplies	21,717	21,717	15,719	5,998
Other charges	1,772,009	1,869,009	1,868,530	479
Other financing uses	32,546	32,546	32,544	2
Total County Share Trial Courts	<u>1,826,272</u>	<u>1,923,272</u>	<u>1,916,793</u>	<u>6,479</u>
District Attorney - Criminal:				
Salaries and employee benefits	7,781,352	8,197,015	7,858,506	338,509
Services and supplies	740,460	923,472	744,500	178,972
Other charges	29,700	108,741	76,460	32,281
Other financing uses	417,179	426,714	426,517	197
Total District Attorney - Criminal	<u>8,968,691</u>	<u>9,655,942</u>	<u>9,105,983</u>	<u>549,959</u>
District Attorney - Child Abduction Unit:				
Salaries and employee benefits	167,218	178,218	178,157	61
Services and supplies	9,013	3,013	2,516	497
Other financing uses	47,896	42,896	42,822	74
Total District Attorney - Child Abduction Unit	<u>224,127</u>	<u>224,127</u>	<u>223,495</u>	<u>632</u>
District Attorney - Welfare Fraud Investigation:				
Salaries and employee benefits	534,408	534,408	504,907	29,501
Services and supplies	22,598	22,598	9,091	13,507
Other financing uses	142,994	142,994	125,667	17,327
Total District Attorney - Welfare Fraud Invest.	<u>700,000</u>	<u>700,000</u>	<u>639,665</u>	<u>60,335</u>
District Attorney - IHSS Fraud:				
Salaries and employee benefits	--	88,554	82,825	5,729
Services and supplies	--	22,500	1,808	20,692
Total District Attorney - IHSS Fraud	<u>--</u>	<u>111,054</u>	<u>84,633</u>	<u>26,421</u>
Public Defender:				
Services and supplies	2,660,000	2,562,999	2,525,193	37,806
Other financing uses	56,166	56,168	56,169	(1)
Total Public Defender	<u>2,716,166</u>	<u>2,619,167</u>	<u>2,581,362</u>	<u>37,805</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Protection (continued):				
Sheriff - Coroner Administration:				
Salaries and employee benefits	\$ 4,829,750	\$ 4,816,074	\$ 4,815,314	\$ 760
Services and supplies	217,989	216,989	205,686	11,303
Other charges	--	3,000	2,631	369
Capital assets	--	156,928	151,972	4,956
Other financing uses	440,400	440,430	440,428	2
Total Sheriff - Coroner Administration	<u>5,488,139</u>	<u>5,633,421</u>	<u>5,616,031</u>	<u>17,390</u>
Sheriff - Coroner Operation:				
Salaries and employee benefits	8,524,928	8,623,120	8,455,933	167,187
Services and supplies	1,506,452	1,500,038	1,331,249	168,789
Other charges	223,700	311,700	311,459	241
Other financing uses	276,251	257,786	256,792	994
Total Sheriff - Coroner Operation	<u>10,531,331</u>	<u>10,692,644</u>	<u>10,355,433</u>	<u>337,211</u>
Sheriff - Coroner Incarc.:				
Salaries and employee benefits	9,011,035	8,976,466	8,503,639	472,827
Services and supplies	5,382,344	5,460,268	5,251,596	208,672
Other charges	8,500	29,500	29,076	424
Capital assets	--	14,000	13,882	118
Other financing uses	851,544	851,556	851,556	--
Total Sheriff - Coroner Incarc.	<u>15,253,423</u>	<u>15,331,790</u>	<u>14,649,749</u>	<u>682,041</u>
Sheriff - Rural County Supplement:				
Salaries and employee benefits	484,358	484,358	71,011	413,347
Services and supplies	92,634	92,624	180	92,444
Other financing uses	306,293	306,303	306,303	--
Total Sheriff - Rural County Supplement	<u>883,285</u>	<u>883,285</u>	<u>377,494</u>	<u>505,791</u>
Sheriff - Special Enforcement:				
Salaries and employee benefits	810,134	1,022,696	1,021,843	853
Services and supplies	251,039	237,819	217,412	20,407
Other charges	27,500	64,500	63,507	993
Capital assets	76,500	26,658	3,136	23,522
Other financing uses	56,169	(8,141)	(8,150)	9
Total Sheriff - Special Enforcement	<u>1,221,342</u>	<u>1,343,532</u>	<u>1,297,748</u>	<u>45,784</u>
Juvenile Hall General:				
Salaries and employee benefits	3,660,833	3,660,833	3,612,313	48,520
Services and supplies	847,628	872,419	769,394	103,025
Other charges	3,000	3,000	1,861	1,139
Other financing uses	433,746	460,246	433,933	26,313
Total Juvenile Hall General	<u>4,945,207</u>	<u>4,996,498</u>	<u>4,817,501</u>	<u>178,997</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Protection (continued):				
Probation Victim Witness:				
Salaries and employee benefits	\$ 250,408	\$ 232,308	\$ 209,783	\$ 22,525
Services and supplies	15,483	15,483	13,370	2,113
Capital assets	--	18,100	17,713	387
Other financing uses	22,278	22,278	22,272	6
Total Probation Victim Witness	<u>288,169</u>	<u>288,169</u>	<u>263,138</u>	<u>25,031</u>
Probation General Services:				
Salaries and employee benefits	6,982,987	6,990,283	6,990,059	224
Services and supplies	1,056,085	1,352,622	963,290	389,332
Other charges	89,700	214,637	99,606	115,031
Other financing uses	769,351	884,361	802,953	81,408
Total Probation General Services	<u>8,898,123</u>	<u>9,441,903</u>	<u>8,855,908</u>	<u>585,995</u>
Probation BD/CON:				
Salaries and employee benefits	152,839	152,839	145,358	7,481
Services and supplies	145,013	145,007	72,936	72,071
Other financing uses	10,434	10,440	10,440	--
Total Probation BD/CON	<u>308,286</u>	<u>308,286</u>	<u>228,734</u>	<u>79,552</u>
Development Services:				
Salaries and employee benefits	2,549,379	2,549,379	2,503,842	45,537
Services and supplies	955,836	1,687,358	856,239	831,119
Other charges	18,000	18,000	14,255	3,745
Other financing uses	515,025	515,025	515,040	(15)
Total Development Services	<u>4,038,240</u>	<u>4,769,762</u>	<u>3,889,376</u>	<u>880,386</u>
Subdivision Inspection:				
Salaries and employee benefits	--	462,687	462,569	118
Services and supplies	43,372	20,872	16,472	4,400
Other charges	29,986	44,986	44,661	325
Capital assets	1,071	1,071	--	1,071
Other financing uses	34,777	34,777	34,776	1
Total Subdivision Inspection	<u>109,206</u>	<u>564,393</u>	<u>558,478</u>	<u>5,915</u>
Agriculture General Services:				
Salaries and employee benefits	1,696,621	1,728,581	1,721,947	6,634
Services and supplies	175,097	194,929	173,220	21,709
Other charges	20,000	42,000	41,645	355
Other financing uses	166,407	166,407	166,404	3
Total Agriculture General Services	<u>2,058,125</u>	<u>2,131,917</u>	<u>2,103,216</u>	<u>28,701</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Protection (continued):				
Recorder:				
Salaries and employee benefits	\$ 886,627	\$ 886,627	\$ 731,573	\$ 155,054
Services and supplies	218,626	288,302	158,613	129,689
Other charges	--	400	370	30
Other financing uses	148,117	148,117	148,104	13
Total Recorder	<u>1,253,370</u>	<u>1,323,446</u>	<u>1,038,660</u>	<u>284,786</u>
LAFCO Contribution				
Other charges	178,880	178,880	178,880	--
Total LAFCO Contribution	<u>178,880</u>	<u>178,880</u>	<u>178,880</u>	<u>--</u>
 Total Public Protection	 <u>69,989,957</u>	 <u>73,221,934</u>	 <u>68,882,809</u>	 <u>4,339,125</u>
Public Assistance:				
Children's' Trust Fund - AB2994:				
Services and supplies	30,000	30,589	30,587	2
Total Children's' Trust Fund - AB2994	<u>30,000</u>	<u>30,589</u>	<u>30,587</u>	<u>2</u>
Welfare Domestic Violence:				
Services and supplies	30,000	30,000	30,000	--
Total Welfare Domestic Violence	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>--</u>
Institutional/ Correction:				
Services and supplies	150,097	150,097	45,251	104,846
Other charges	56,314	107,170	14,399	92,771
Other financing uses	2,150	2,150	2,136	14
Total Institutional/ Correction	<u>208,561</u>	<u>259,417</u>	<u>61,786</u>	<u>197,631</u>
Juvenile Court Wards:				
Other charges	500	500	381	119
Total Juvenile Court Wards	<u>500</u>	<u>500</u>	<u>381</u>	<u>119</u>
Veteran's Service Officer:				
Salaries and employee benefits	115,056	130,822	130,810	12
Services and supplies	39,402	35,092	32,999	2,093
Other charges	2,000	2,000	--	2,000
Other financing uses	20,404	20,414	20,412	2
Total Veteran's Service Officer	<u>176,862</u>	<u>188,328</u>	<u>184,221</u>	<u>4,107</u>
 Total Public Assistance	 <u>445,923</u>	 <u>508,834</u>	 <u>306,975</u>	 <u>201,859</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Education:				
Farm, Home, and 4H Department:				
Salaries and employee benefits	\$ 126,549	\$ 128,749	\$ 128,739	\$ 10
Services and supplies	57,576	56,376	56,209	167
Other charges	5,500	11,200	10,843	357
Other financing uses	77,730	77,730	77,724	6
Total Farm, Home, and 4H Department	<u>267,355</u>	<u>274,055</u>	<u>273,515</u>	<u>540</u>
 Total Education	 <u>267,355</u>	 <u>274,055</u>	 <u>273,515</u>	 <u>540</u>
Recreation and cultural services:				
Butte Meadows Recreation Grant:				
Services and supplies	65,000	65,000	60,000	5,000
Other charges	--	1,500	1,361	139
Other financing uses	8,141	6,641	876	5,765
Total Butte Meadows Recreation Grant	<u>73,141</u>	<u>73,141</u>	<u>62,237</u>	<u>10,904</u>
 Veteran's Memorial Halls:				
Salaries and employee benefits	165,867	165,867	163,575	2,292
Services and supplies	58,729	86,164	56,932	29,232
Other financing uses	349,792	349,792	349,764	28
Total Veteran's Memorial Halls	<u>574,388</u>	<u>601,823</u>	<u>570,271</u>	<u>31,552</u>
 Total Recreation and Cultural Services	 <u>647,529</u>	 <u>674,964</u>	 <u>632,508</u>	 <u>42,456</u>
Provisions for Contingencies:				
Appropriation Contingencies	<u>11,537,301</u>	<u>11,261,273</u>	<u>--</u>	<u>11,261,273</u>
 Total Charges to appropriations	 <u>123,596,936</u>	 <u>130,625,710</u>	 <u>108,801,149</u>	 <u>21,824,561</u>
 Budgetary Fund balances, ending	 <u>\$ 13,920,543</u>	 <u>\$ 10,263,925</u>	 <u>\$ 34,835,011</u>	 <u>\$ 24,571,086</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2010

Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 119,353,940
Differences - budget to USGAAP:	
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	(35,779)
Transfers in are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(1,606,125)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance	<u>\$ 117,712,036</u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 108,801,149
Differences - budget to USGAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(16,592,995)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance	<u>\$ 92,208,154</u>

COUNTY OF BUTTE

Welfare Fund

The *Welfare Fund* was established to provide social and employment services to the residents of Butte County. Services are provided through two Community Employment Centers in Oroville and Chico.

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Welfare Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 3,017,172	\$ 3,017,172	\$ 3,017,172	\$ --
RESOURCES (inflows):				
Revenues from uses of money and property	--	--	(22,606)	(22,606)
Aid from other governments	123,036,425	141,979,444	133,906,516	(8,072,928)
Charges for services	737,968	737,968	559,032	(178,936)
Other	1,154,262	1,154,262	1,489,379	335,117
Interfund transfers	--	4,529,986	695,658	(3,834,328)
Amounts available for appropriation	<u>124,928,655</u>	<u>148,401,660</u>	<u>136,627,979</u>	<u>(11,773,681)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
Welfare - Public Guardian:				
Salaries and employee benefits	441,776	441,776	418,786	22,990
Services and supplies	3,283	3,283	862	2,421
Other charges	90,180	110,180	108,996	1,184
Other financing uses	494,480	542,980	542,881	99
Total Welfare - Public Guardian	<u>1,029,719</u>	<u>1,098,219</u>	<u>1,071,525</u>	<u>26,694</u>
Total Public Protection	<u>1,029,719</u>	<u>1,098,219</u>	<u>1,071,525</u>	<u>26,694</u>
Public Assistance:				
Welfare Administration:				
Salaries and employee benefits	11,273,019	10,530,995	10,429,759	101,236
Services and supplies	4,412,983	4,226,983	4,152,410	74,573
Other charges	3,753,996	3,817,288	3,798,551	18,737
Capital assets	60,000	60,000	34,220	25,780
Other financing uses	(19,497,998)	(19,040,094)	(19,040,140)	46
Total Welfare Administration	<u>2,000</u>	<u>(404,828)</u>	<u>(625,200)</u>	<u>220,372</u>
Welfare - Eligibility:				
Salaries and employee benefits	11,618,357	12,558,068	11,537,413	1,020,655
Services and supplies	52,078	669,454	511,701	157,753
Other charges	239,990	239,990	187,154	52,836
Capital assets	--	314,624	263,075	51,549
Other financing uses	3,180,711	3,505,711	3,502,179	3,532
Total Welfare - Eligibility	<u>15,091,136</u>	<u>17,287,847</u>	<u>16,001,522</u>	<u>1,286,325</u>
Welfare Protective Services:				
Salaries and employee benefits	8,422,575	8,492,410	8,296,235	196,175
Services and supplies	2,225,543	2,560,021	1,885,708	674,313
Other charges	854,605	1,160,659	1,096,241	64,418
Capital assets	-	40,000	36,202	3,798
Other financing uses	6,471,192	6,611,850	6,611,411	439
Total Welfare Protective Services	<u>17,973,915</u>	<u>18,864,940</u>	<u>17,925,797</u>	<u>939,143</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Welfare Fund - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Assistance (continued):				
Welfare CALWORKS Program:				
Salaries and employee benefits	\$ 4,472,924	\$ 4,387,924	\$ 4,213,802	\$ 174,122
Services and supplies	2,772,246	6,674,229	6,425,638	248,591
Other charges	1,429,126	1,636,010	1,494,778	141,232
Capital assets	--	67,222	67,222	--
Other financing uses	9,351,615	9,252,177	8,383,669	868,508
Total Welfare CALWORKS Program	<u>18,025,911</u>	<u>22,017,562</u>	<u>20,585,109</u>	<u>1,432,453</u>
Welfare Aids:				
Other charges	90,406,084	90,580,700	80,688,451	9,892,249
Total Welfare Aids	<u>90,406,084</u>	<u>90,580,700</u>	<u>80,688,451</u>	<u>9,892,249</u>
Welfare General Relief:				
Services and supplies	--	9,194	7,637	1,557
Total Welfare General Relief	<u>--</u>	<u>9,194</u>	<u>7,637</u>	<u>1,557</u>
Total Public Assistance	<u>141,499,046</u>	<u>148,355,415</u>	<u>134,583,316</u>	<u>13,772,099</u>
Total Charges to appropriations	<u>142,528,765</u>	<u>149,453,634</u>	<u>135,654,841</u>	<u>13,798,793</u>
Budgetary Fund balances, ending	<u>\$ (14,582,938)</u>	<u>\$ 1,965,198</u>	<u>\$ 3,990,310</u>	<u>\$ 2,025,112</u>

Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "total resources"
from the budgetary comparison schedule \$ 136,627,979

Differences - budget to USGAAP:

Transfers from other funds are inflows of budgetary resources
but are not revenues for financial reporting purposes (695,658)

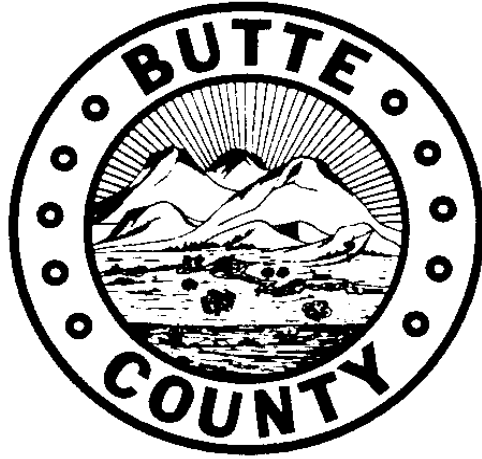
Total revenues as reported on the statement of revenues, expenditures, and
changes in fund balance \$ 135,932,321

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations"
from the budgetary comparison schedule \$ 135,654,841

Transfers to other funds are outflows of budgetary resources
but are not expenditures for financial reporting purposes (356,371)

Total expenditures as reported on the statement of revenues, expenditures, and
changes in fund balance \$ 135,298,470



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COUNTY OF BUTTE

Public Health Fund

The *Public Health Fund* was established to provide public health services to the residents of Butte County.

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Public Health Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 16,877,354	\$ 16,877,354	\$ 16,877,354	\$ --
RESOURCES (inflows):				
Licenses and permits	597,180	597,180	151,440	(445,740)
Fines, forfeitures, and penalties	400,000	400,000	379,822	(20,178)
Revenues from uses of money and property	--	--	206,311	206,311
Aid from other governments	6,790,528	20,288,523	16,582,555	(3,705,968)
Charges for services	2,459,876	2,459,876	2,771,866	311,990
Other	13,350	13,350	13,073	(277)
Other financing sources	--	724,304	724,304	--
Amounts available for appropriation	<u>10,260,934</u>	<u>24,483,233</u>	<u>20,829,371</u>	<u>(3,653,862)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Health and Sanitation:				
Public Health General Services:				
Salaries and employee benefits	12,615,515	12,892,565	11,725,909	1,166,656
Services and supplies	9,580,359	10,120,772	8,938,488	1,182,284
Other charges	4,034,883	2,041,143	1,938,394	102,749
Capital assets	--	204,450	97,627	106,823
Total Public Health General Services	<u>26,230,757</u>	<u>25,258,930</u>	<u>22,700,418</u>	<u>2,558,512</u>
Public Health Environmental Health:				
Other charges	--	95,206	95,206	--
Total Public Health Environmental Health	<u>--</u>	<u>95,206</u>	<u>95,206</u>	<u>--</u>
Total Health and Sanitation	<u>26,230,757</u>	<u>25,354,136</u>	<u>22,795,624</u>	<u>2,558,512</u>
Total Charges to appropriations	<u>26,230,757</u>	<u>25,354,136</u>	<u>22,795,624</u>	<u>2,558,512</u>
Budgetary Fund balances, ending	\$ <u>907,531</u>	\$ <u>16,006,451</u>	\$ <u>14,911,101</u>	\$ <u>(1,095,350)</u>

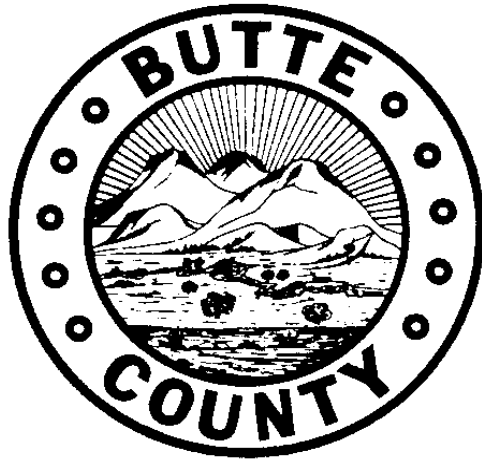
COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Public Health Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 20,829,371
Differences - budget to USGAAP: Transfers in are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(724,304)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance	<u><u>20,105,067</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	22,795,624
Differences - budget to USGAAP: Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(124,024)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance	<u><u>\$ 22,671,600</u></u>



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COUNTY OF BUTTE

Behavioral Health Fund

The *Behavioral Health Fund* was established to provide behavioral health services to the residents of Butte County.

COUNTY OF BUTTE, CALIFORNIA

**Budget Comparison Schedule - Behavioral Health Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ (1,157,897)	\$ (1,157,897)	\$ (1,157,897)	\$ --
RESOURCES (inflows):				
Fines, forfeitures, and penalties	--	--	126,785	126,785
Revenues from uses of money and property	--	--	114,955	114,955
Aid from other governments	42,482,433	51,668,545	45,464,711	(6,203,834)
Charges for services	2,130,401	2,419,285	2,326,000	(93,285)
Other	700	2,715	87,690	84,975
Other financing sources	--	424,727	424,727	0
Amounts available for appropriation	<u>44,613,534</u>	<u>54,515,272</u>	<u>48,544,868</u>	<u>(5,970,404)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Health and Sanitation:				
Behavioral Health General Services:				
Salaries and employee benefits	23,768,629	23,188,369	22,253,454	934,915
Services and supplies	18,789,490	24,406,109	18,550,946	5,855,163
Other charges	3,675,875	5,341,702	3,768,531	1,573,171
Capital assets	--	105,588	26,580	79,008
Other financing uses	--	674,282	--	674,282
Total Mental Health General Services	<u>46,233,994</u>	<u>53,716,050</u>	<u>44,599,511</u>	<u>9,116,539</u>
Mental Health Substance Abuse:				
Salaries and employee benefits	1,697,060	2,024,027	1,975,693	48,334
Services and supplies	1,265,386	1,778,277	1,396,848	381,429
Other charges	222,054	289,682	239,530	50,152
Total Mental Health Substance Abuse	<u>3,184,500</u>	<u>4,091,986</u>	<u>3,612,071</u>	<u>479,915</u>
Behavioral Health Proposition 36:				
Salaries and employee benefits	496,475	175,457	174,845	612
Services and supplies	88,443	7,235	6,508	727
Other charges	331,987	218,341	192,731	25,610
Total Behavioral Health Proposition 36	<u>916,905</u>	<u>401,033</u>	<u>374,084</u>	<u>26,949</u>
Total Health and Sanitation	<u>50,335,399</u>	<u>58,209,069</u>	<u>48,585,666</u>	<u>9,623,403</u>
Total Charges to appropriations	<u>50,335,399</u>	<u>58,209,069</u>	<u>48,585,666</u>	<u>9,623,403</u>
Budgetary Fund balances, ending	<u>\$ (6,879,762)</u>	<u>\$ (4,851,694)</u>	<u>\$ (1,198,695)</u>	<u>\$ 3,652,999</u>

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Behavioral Health Fund - Budgetary Basis
For the Fiscal Year Ended June 30, 2010

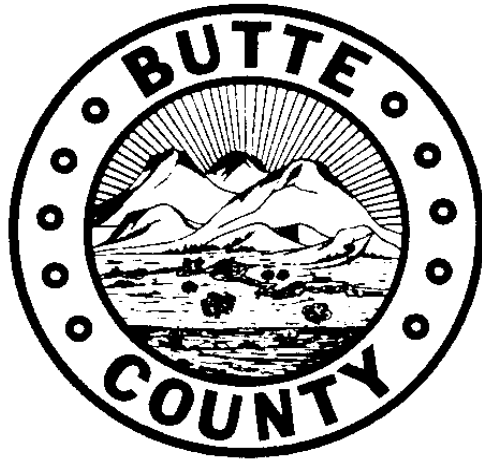
Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 48,544,868
Differences - budget to USGAAP: Transfers in are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(424,727)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance	<u>\$ 48,120,141</u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 48,585,666
Differences - budget to USGAAP: Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(234,310)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance	<u>\$ 48,351,356</u>



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COUNTY OF BUTTE

Road Fund

The *Road Fund* provides for planning, design, construction, maintenance, and administration of County transportation planning activities. Revenues consist primarily of the County's share of state highway user taxes and are supplemented by federal funds.

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Road Fund - Budgetary Basis For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 9,191,836	\$ 9,191,836	\$ 9,191,836	\$ --
RESOURCES (inflows):				
Licenses and permits	50,000	50,000	55,523	5,523
Fines, forfeitures, and penalties	--	--	15,787	15,787
Revenues from uses of money and property	--	150,000	74,017	(75,983)
Aid from other governments	10,409,388	10,699,964	20,924,224	10,224,260
Charges for services	3,143,741	3,143,741	2,153,855	(989,886)
Other	49,000	49,000	20,157	(28,843)
Other financing sources	1,030,000	1,030,000	2,461,620	1,431,620
Amounts available for appropriation	<u>14,682,129</u>	<u>15,122,705</u>	<u>25,705,183</u>	<u>10,582,478</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Ways and Facilities:				
Road Operations:				
Salaries and employee benefits	7,736,859	7,736,859	7,298,309	438,550
Services and supplies	9,167,238	12,879,646	9,041,199	3,838,447
Other charges	1,307,272	1,307,272	1,101,679	205,593
Capital assets	344,500	344,500	5,120	339,380
Total Road Operations	<u>18,555,869</u>	<u>22,268,277</u>	<u>17,446,307</u>	<u>4,821,970</u>
Total Public Ways and Facilities	<u>18,555,869</u>	<u>22,268,277</u>	<u>17,446,307</u>	<u>4,821,970</u>
Provisions for Contingencies:				
Appropriation Contingencies	<u>1,000,000</u>	<u>1,000,000</u>	<u>--</u>	<u>1,000,000</u>
Total Charges to appropriations	<u>19,555,869</u>	<u>23,268,277</u>	<u>17,446,307</u>	<u>5,821,970</u>
Budgetary Fund balances, ending	<u>\$ 4,318,096</u>	<u>\$ 1,046,264</u>	<u>\$ 17,450,712</u>	<u>\$ 16,404,448</u>

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Road Fund - Budgetary Basis For the Fiscal Year Ended June 30, 2010

Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 25,705,183
Differences - budget to USGAAP: Transfers in are inflows of budgetary resources but are not revenues for financial reporting purposes	(2,428,505)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(33,115)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance	<u><u>23,243,563</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	17,446,307
Differences - budget to USGAAP: Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(74,297)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance	<u><u>\$ 17,372,010</u></u>

COUNTY OF BUTTE, CALIFORNIA

Note to Required Supplementary Information For the Fiscal Year Ended June 30, 2010

BUDGETARY BASIS OF ACCOUNTING

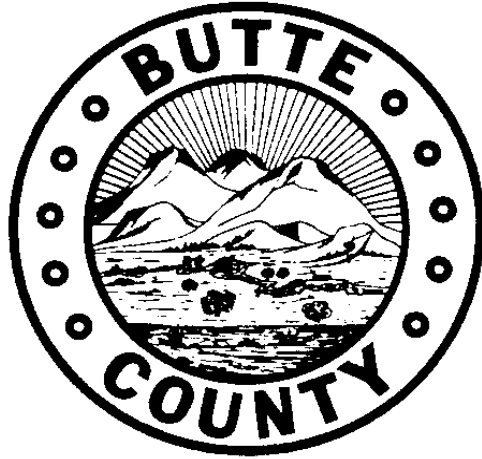
In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for all Governmental Funds except for the JPFA. Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds are authorized by the County Administrative Officer's office and must be approved by the Board of Supervisors. The Board of Supervisors must approve supplementary appropriations normally financed by unanticipated revenues during the year. Pursuant to Board Resolution, the County Administrative Officer is authorized to approve transfers and revision of appropriations under \$50,000 within a single budget unit as deemed necessary and appropriate. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

The amounts reported in the budgetary basis differ from the basis used to present the basic financial statements in accordance with generally accepted accounting principles (GAAP). The County uses an encumbrances system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Unencumbered appropriations lapse at fiscal year-end. Encumbered appropriations are carried forward in the ensuing fiscal year's budget.

The budget approved by the Board of Supervisors for the general fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other Governmental Funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

The budgets for the governmental funds may include an object level known as "intrafund transfers" in the charges for appropriations. This object level is an accounting mechanism used by the County to show reimbursements between operations within the same fund (an example would be the General Fund).



**Combining Nonmajor
Governmental Funds Statements**

COUNTY OF BUTTE

Nonmajor Governmental Funds

CAPITAL PROJECTS FUND

Capital Project Fund is used to account for financial resources to be used for the acquisition of land or acquisition and construction of major facilities other than those financed by the proprietary fund types.

SPECIAL REVENUE FUNDS

Special Revenue funds are established to finance particular governmental activities and are financed by specific taxes or other revenues. Such funds are authorized by statutory provisions to pay for certain activities of a continuing nature. The nonmajor Special Revenue funds are listed below:

The *Equipment Replacement Fund* was established to provide financing for equipment replacement.

The *Equipment Fund* was established to provide financing for equipment purchases.

The *State COPS Fund* was established to account for the State COPS monies received by the County.

The *Water Resources Fund* accounts for revenues and expenditures relating to water and other resources management and conservation.

The *Fire Protection Fund* provides fire protection services to both cities and unincorporated areas in the County.

The *Library Fund* accounts for the revenues and expenditures relating to libraries.

The *Transit Fund* was established to account for the local transportation tax funds.

The *Housing and Community Development Fund* accounts for revenues and expenditures relating to housing and community improvement and development.

The *Fish and Game Fund* is used to account for fines and forfeitures received under Section 13003 of the State of California Fish and Game Code and for other revenue and expenditures for the propagation and conservation of fish and game. The Board of Supervisors authorizes expenditures on the advice of the Fish and Game Commission.

COUNTY OF BUTTE

Nonmajor Governmental Funds (Continued)

SPECIAL REVENUE FUNDS (Continued)

The *Child Support Services Fund* was established by AB 196, AB 150, and SB 542 during fiscal year 2000-01 to provide separate fund accountability as required. These legislative bills mandated that all Family Support Divisions located in the District Attorney's Offices become separate and independent departments. Child Support Services establishes paternity, obtains and enforces court orders for child support, collects and distributes payments, and provides community outreach about those services for the benefit of minor children.

The *County Service Areas Fund* accounts for special district funds that provide sewer, drainage, fire, and street lighting and maintenance to specific areas in the County and are financed by property taxes and user charges.

The *IHSS Public Authority Fund* allows for the maintenance of a registry and referral system to assist consumers in finding qualified in-home supportive services (IHSS) personnel as well as training of and support for providers and recipients of IHSS. Revenues primarily come from grants.

The *Impact Fee Fund* was established to account for Impact Fees, Mitigation Fees, or Local Agency Improvement Fees that are charged by local agencies to developers for the purpose of defraying the cost of public facilities that will be needed in relation to the development project.

DEBT SERVICE FUND

Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt.

COUNTY OF BUTTE, CALIFORNIA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010

	Capital Projects Fund	Special Revenue Funds				
		Equipment Replacement	Equipment	State COPS	Water Resources	Fire Protection
ASSETS						
Cash and investments	\$ 595,305	\$ 2,146,967	\$ 2,226,052	\$ 195,649	\$ 36,315	\$ 1,825,704
Cash with fiscal agent	--	143,048	--	--	--	--
Imprest cash	--	--	--	--	--	--
Due from other funds	--	--	--	--	--	--
Interest receivable	3,920	13,723	12,479	4,370	361	12,711
Accounts receivable	--	--	--	--	180,481	--
Due from other governments	--	--	--	191,513	--	--
Deposits with others	--	--	--	--	--	--
Loans receivable	--	--	--	--	--	--
Total assets	<u>\$ 599,225</u>	<u>\$ 2,303,738</u>	<u>\$ 2,238,531</u>	<u>\$ 391,532</u>	<u>\$ 217,157</u>	<u>\$ 1,838,415</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Due to other funds	\$ --	\$ --	\$ --	\$ 130,000	\$ (12)	\$ --
Accounts payable	3,171	378	117,844	1,647	105,790	156,161
Accrued payroll	--	--	--	--	21,281	755
Deferred revenue	--	--	--	--	--	--
Total liabilities	<u>3,171</u>	<u>378</u>	<u>117,844</u>	<u>131,647</u>	<u>127,059</u>	<u>156,916</u>
Fund balances:						
Reserved for:						
Encumbrances	44,932	--	--	44,012	878,362	777,053
Imprest cash	--	--	--	--	--	--
Deposits with others	--	--	--	--	--	--
General restrictions	--	--	--	--	--	1,824,231
Debt service funds	--	143,048	--	--	--	--
Unreserved:						
Designated	--	--	--	--	--	--
Undesignated, reported in:						
Special revenue funds	--	2,160,312	2,120,687	215,873	(788,264)	(919,785)
Capital project funds	551,122	--	--	--	--	--
Total fund balances	<u>596,054</u>	<u>2,303,360</u>	<u>2,120,687</u>	<u>259,885</u>	<u>90,098</u>	<u>1,681,499</u>
Total liabilities and fund balances	<u>\$ 599,225</u>	<u>\$ 2,303,738</u>	<u>\$ 2,238,531</u>	<u>\$ 391,532</u>	<u>\$ 217,157</u>	<u>\$ 1,838,415</u>

continued

COUNTY OF BUTTE, CALIFORNIA

Combining Balance Sheet (continued)

Nonmajor Governmental Funds

June 30, 2010

	Special Revenue Funds				
	Library	Transit	Housing and Community Development	Fish and Game	Child Support Services
ASSETS					
Cash and investments	\$ 77,085	\$ 5,181	\$ 27,240	\$ 155,298	\$ 1,013,279
Cash with fiscal agent	--	--	--	--	--
Imprest cash	150	--	--	--	2,000
Due from other funds	--	--	--	--	--
Interest receivable	303	2,631	677	982	8,868
Accounts receivable	216	--	--	--	--
Due from other governments	--	147,517	141,020	--	--
Deposits with others	297	--	--	--	--
Loans receivable	--	--	1,707,859	--	--
Total assets	<u>\$ 78,051</u>	<u>\$ 155,329</u>	<u>\$ 1,876,796</u>	<u>\$ 156,280</u>	<u>\$ 1,024,147</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ --	\$ --	\$ --	\$ --	\$ --
Accounts payable	64,843	576	381	5,257	173
Accrued payroll	71,924	--	--	--	263,519
Deferred revenue	--	--	1,707,859	--	630,343
Total liabilities	<u>136,767</u>	<u>576</u>	<u>1,708,240</u>	<u>5,257</u>	<u>894,035</u>
Fund balances:					
Reserved for:					
Encumbrances	43,989	--	225,476	7,025	79,205
Imprest cash	150	--	--	--	2,000
Deposits with others	297	--	--	--	--
General restrictions	102,452	--	--	2	361,285
Debt service funds	--	--	--	--	--
Unreserved:					
Designated	--	--	--	--	--
Undesignated, reported in:					
Special revenue funds	(205,604)	154,753	(56,920)	143,996	(312,378)
Capital project funds	--	--	--	--	--
Total fund balances	<u>(58,716)</u>	<u>154,753</u>	<u>168,556</u>	<u>151,023</u>	<u>130,112</u>
Total liabilities and fund balances	<u>\$ 78,051</u>	<u>\$ 155,329</u>	<u>\$ 1,876,796</u>	<u>\$ 156,280</u>	<u>\$ 1,024,147</u>

continued

COUNTY OF BUTTE, CALIFORNIA

Combining Balance Sheet (continued)

Nonmajor Governmental Funds

June 30, 2010

	Special Revenue Funds				Total
	County Service Areas	IHSS Public Authority	Impact Fees	Debt Service Fund	
ASSETS					
Cash and investments	\$ 6,607,223	\$ 614,151	\$ 7,938,490	\$ 800,644	\$ 24,264,583
Cash with fiscal agent	--	--	--	4,690,377	4,833,425
Imprest cash	--	--	--	--	2,150
Due from other funds	48	--	--	542,813	542,861
Interest receivable	39,009	2,877	44,581	4,630	152,122
Accounts receivable	--	65,084	--	--	245,781
Due from other governments	58,502	2,082	--	1,694,291	2,234,925
Deposits with others	--	--	--	--	297
Loans receivable	--	--	--	--	1,707,859
Total assets	<u>\$ 6,704,782</u>	<u>\$ 684,194</u>	<u>\$ 7,983,071</u>	<u>\$ 7,732,755</u>	<u>\$ 33,984,003</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Due to other funds	\$ 7,137	\$ 829,455	\$ --	\$ --	\$ 966,580
Accounts payable	20,404	220	--	--	476,845
Accrued payroll	--	12,087	--	--	369,566
Deferred revenue	--	--	--	--	2,338,202
Total liabilities	<u>27,541</u>	<u>841,762</u>	<u>--</u>	<u>--</u>	<u>4,151,193</u>
Fund balances:					
Reserved for:					
Encumbrances	97,488	--	--	--	2,197,542
Imprest cash	--	--	--	--	2,150
Deposits with others	--	--	--	--	297
General restrictions	--	--	7,766,770	--	10,054,740
Debt service funds	--	--	--	7,732,757	7,875,805
Unreserved:					
Designated	4,460,824	--	--	--	4,460,824
Undesignated, reported in:					
Special revenue funds	2,118,929	(157,568)	216,301	(2)	4,690,330
Capital project funds	--	--	--	--	551,122
Total fund balances	<u>6,677,241</u>	<u>(157,568)</u>	<u>7,983,071</u>	<u>7,732,755</u>	<u>29,832,810</u>
Total liabilities and fund balances	<u>\$ 6,704,782</u>	<u>\$ 684,194</u>	<u>\$ 7,983,071</u>	<u>\$ 7,732,755</u>	<u>\$ 33,984,003</u>

COUNTY OF BUTTE, CALIFORNIA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2010

	Special Revenue Funds					
	Capital				Water	Fire
	Projects Fund	Equipment Replacement	Equipment	State COPS	Resources	Protection
REVENUES						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Fines, forfeits and penalties	--	--	--	--	--	1,168
Revenue from use of money and property	16,165	66,921	63,329	11,469	2,953	60,387
Aid from other governments	--	--	--	712,312	616,288	353,482
Charges for services	497,622	--	362,884	--	--	254,675
Other	--	--	50	--	91,539	57,344
Total revenues	<u>513,787</u>	<u>66,921</u>	<u>426,263</u>	<u>723,781</u>	<u>710,780</u>	<u>727,056</u>
EXPENDITURES						
Current:						
General government	601,522	--	305,877	--	--	--
Public protection	41,020	86,602	--	159,921	1,780,061	11,978,201
Public ways and facilities	--	--	--	--	--	--
Health and sanitation	5,303	--	--	--	--	--
Public assistance	--	--	--	--	--	--
Education	--	--	--	--	--	--
Recreation and cultural services	--	--	--	--	--	--
Debt Service:						
Principal	--	--	--	--	--	--
Interest	--	--	--	--	--	--
Total expenditures	<u>647,845</u>	<u>86,602</u>	<u>305,877</u>	<u>159,921</u>	<u>1,780,061</u>	<u>11,978,201</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(134,058)</u>	<u>(19,681)</u>	<u>120,386</u>	<u>563,860</u>	<u>(1,069,281)</u>	<u>(11,251,145)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	--	--	1,305	--	1,157,261	10,431,121
Transfers out	--	--	--	(628,598)	(5,282)	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>1,305</u>	<u>(628,598)</u>	<u>1,151,979</u>	<u>10,431,121</u>
Net change in fund balances	<u>(134,058)</u>	<u>(19,681)</u>	<u>121,691</u>	<u>(64,738)</u>	<u>82,698</u>	<u>(820,024)</u>
Fund balances, beginning	730,112	2,323,041	1,998,996	324,623	7,400	2,501,523
Prior period adjustment	--	--	--	--	--	--
Fund balance - beginning, restated	<u>730,112</u>	<u>2,323,041</u>	<u>1,998,996</u>	<u>324,623</u>	<u>7,400</u>	<u>2,501,523</u>
Fund balances - ending	<u>\$ 596,054</u>	<u>\$ 2,303,360</u>	<u>\$ 2,120,687</u>	<u>\$ 259,885</u>	<u>\$ 90,098</u>	<u>\$ 1,681,499</u>

continued

COUNTY OF BUTTE, CALIFORNIA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2010

	Special Revenue Funds				
	Library	Transit	Housing and Community Development	Fish and Game	Child Support Services
REVENUES					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Fines, forfeits and penalties	--	--	--	21,006	--
Revenue from use of money and property	5,563	8,823	(3,137)	3,970	37,996
Aid from other governments	207,279	1,836,542	810,157	--	7,526,420
Charges for services	146,212	--	--	--	29,000
Other	143,758	--	1,933	--	59
Total revenues	<u>502,812</u>	<u>1,845,365</u>	<u>808,953</u>	<u>24,976</u>	<u>7,593,475</u>
EXPENDITURES					
Current:					
General government	--	--	1,074,686	--	--
Public protection	--	--	--	59,409	--
Public ways and facilities	--	811,420	--	--	--
Public ways and facilities	--	--	--	--	--
Public assistance	--	--	--	--	7,528,529
Education	2,441,763	--	--	--	--
Recreation and cultural services	--	--	--	--	--
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Total expenditures	<u>2,441,763</u>	<u>811,420</u>	<u>1,074,686</u>	<u>59,409</u>	<u>7,528,529</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,938,951)</u>	<u>1,033,945</u>	<u>(265,733)</u>	<u>(34,433)</u>	<u>64,946</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	1,812,151	--	--	--	--
Transfers out	<u>(15,733)</u>	<u>(1,320,000)</u>	<u>--</u>	<u>--</u>	<u>(64,945)</u>
Total other financing sources (uses)	<u>1,796,418</u>	<u>(1,320,000)</u>	<u>--</u>	<u>--</u>	<u>(64,945)</u>
Net change in fund balances	<u>(142,533)</u>	<u>(286,055)</u>	<u>(265,733)</u>	<u>(34,433)</u>	<u>1</u>
Fund balances, beginning	83,817	440,808	434,289	185,913	130,421
Prior period adjustment	--	--	--	(457)	(310)
Fund balance - beginning, restated	<u>83,817</u>	<u>440,808</u>	<u>434,289</u>	<u>185,456</u>	<u>130,111</u>
Fund balances - ending	<u>\$ (58,716)</u>	<u>\$ 154,753</u>	<u>\$ 168,556</u>	<u>\$ 151,023</u>	<u>\$ 130,112</u>

continued

COUNTY OF BUTTE, CALIFORNIA

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances (continued)
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2010

	Special Revenue Funds				Total
	County	IHSS Public Authority	Impact Fees	Debt	
	Service Areas			Service Fund	
REVENUES					
Taxes	\$ 845,731	\$ --	\$ --	\$ --	\$ 845,731
Fines, forfeits and penalties	--	--	479,224	--	501,398
Revenue from use of money and property	186,650	15,782	210,410	52,220	739,501
Aid from other governments	220,387	202,883	--	--	12,485,750
Charges for services	329,092	57,240	--	156,484	1,833,209
Other	--	--	--	--	294,683
Total revenues	<u>1,581,860</u>	<u>275,905</u>	<u>689,634</u>	<u>208,704</u>	<u>16,700,272</u>
EXPENDITURES					
Current:					
General government	--	--	22,416	4,205	2,008,706
Public protection	488,754	--	--	--	14,593,968
Public ways and facilities	--	--	--	--	811,420
Public ways and facilities	582,194	--	--	--	587,497
Public assistance	--	317,693	--	--	7,846,222
Education	--	--	--	--	2,441,763
Recreation and cultural services	128,486	--	--	--	128,486
Debt Service:					
Principal	88,943	--	--	635,092	724,035
Interest	25,592	--	--	2,035,699	2,061,291
Total expenditures	<u>1,313,969</u>	<u>317,693</u>	<u>22,416</u>	<u>2,674,996</u>	<u>31,203,388</u>
Excess (deficiency) of revenues over (under) expenditures	<u>267,891</u>	<u>(41,788)</u>	<u>667,218</u>	<u>(2,466,292)</u>	<u>(14,503,116)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	--	--	--	2,393,589	15,795,427
Transfers out	--	--	(1,108,505)	--	(3,143,063)
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>(1,108,505)</u>	<u>2,393,589</u>	<u>12,652,364</u>
Net change in fund balances	<u>267,891</u>	<u>(41,788)</u>	<u>(441,287)</u>	<u>(72,703)</u>	<u>(1,850,752)</u>
Fund balances, beginning	6,414,341	(115,780)	8,438,774	7,805,458	31,703,736
Prior period adjustment	(4,991)	--	(14,416)	--	(20,174)
Fund balance - beginning, restated	<u>6,409,350</u>	<u>(115,780)</u>	<u>8,424,358</u>	<u>7,805,458</u>	<u>31,683,562</u>
Fund balances - ending	<u>\$ 6,677,241</u>	<u>\$ (157,568)</u>	<u>\$ 7,983,071</u>	<u>\$ 7,732,755</u>	<u>\$ 29,832,810</u>

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis Capital Projects Fund For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 730,112	\$ 730,112	\$ 730,112	\$ --
RESOURCES (inflows):				
Revenues from uses of money and property	--	20,000	16,165	(3,835)
Charges for services	409,605	409,605	497,622	88,017
Interfund transfers	1,041,792	1,041,792	--	(1,041,792)
Amounts available for appropriation	1,451,397	1,471,397	513,787	(957,610)
CHANGES TO APPROPRIATIONS (outflows):				
General Government:				
General Services Building:				
Services and supplies	125,000	83,000	63,709	19,291
Other charges	1,682	60,634	58,560	2,074
Capital assets	--	2,000	1,356	644
Total Chico Veterans Hall	126,682	145,634	123,625	22,009
Oroville Veterans Hall ADA Improvements:				
Other charges	9,605	14,605	14,144	461
Capital assets	400,000	801,194	459,754	341,440
Total Chico Veterans Hall	409,605	815,799	473,898	341,901
Total General Government	536,287	961,433	597,523	363,910
Public Protection:				
Bangor Fire Station #55:				
Services and supplies	2,370	30,070	--	30,070
Other charges	7,422	26,422	25,512	910
Capital assets	1,032,000	989,300	19,507	969,793
Total Bangor Fire Station #55	1,041,792	1,045,792	45,019	1,000,773
Total Public Protection	1,041,792	1,045,792	45,019	1,000,773
Public Health Services Building:				
Capital assets	\$ --	\$ 5,303	\$ 5,303	\$ --
Total Public Health Services Building	--	5,303	5,303	--
Total Health and Sanitation	--	5,303	5,303	--

(continued)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
Capital Projects Fund (continued)
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Health and Sanitation (continued):				
Total Charges to appropriations	<u>1,578,079</u>	<u>2,012,528</u>	<u>647,845</u>	<u>1,364,683</u>
Budgetary Fund balances, ending	<u>\$ 603,430</u>	<u>\$ 188,981</u>	<u>\$ 596,054</u>	<u>\$ 407,073</u>

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
 Equipment Replacement Special Revenue Fund
 For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 2,323,041	\$ 2,323,041	\$ 2,323,041	\$ --
RESOURCES (inflows):				
Revenues from uses of money and property	40,000	40,000	66,921	26,921
Interfund transfers	56,180	56,180	--	(56,180)
Amounts available for appropriation	<u>96,180</u>	<u>96,180</u>	<u>66,921</u>	<u>(29,259)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
Sheriff Equipment Replacement:				
Other charges	5,387	5,387	5,387	--
Capital assets	--	87,000	75,131	11,869
Total Sheriff Equipment Replacement	<u>5,387</u>	<u>92,387</u>	<u>80,518</u>	<u>11,869</u>
Fire Equipment Replacement:				
Other charges	6,082	6,082	6,084	(2)
Total Fire Equipment Replacement	<u>6,082</u>	<u>6,082</u>	<u>6,084</u>	<u>(2)</u>
Total Public Protection	<u>11,469</u>	<u>98,469</u>	<u>86,602</u>	<u>11,867</u>
Total Charges to appropriations	<u>11,469</u>	<u>98,469</u>	<u>86,602</u>	<u>11,867</u>
Budgetary Fund balances, ending	<u>\$ 2,407,752</u>	<u>\$ 2,320,752</u>	<u>\$ 2,303,360</u>	<u>\$ (41,126)</u>

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
 Equipment Special Revenue Fund
 For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 1,998,996	\$ 1,998,996	\$ 1,998,996	\$ --
RESOURCES (inflows):				
Revenues from uses of money and property	--	25,000	63,329	38,329
Charges for services	--	--	362,884	362,884
Other financing sources	--	--	1,355	1,355
Amounts available for appropriation	--	25,000	427,568	402,568
CHANGES TO APPROPRIATIONS (outflows):				
General Government:				
ISF Equipment Replacement:				
Other charges	4,049	310,329	305,877	4,452
Total ISF Equipment Replacement	4,049	310,329	305,877	4,452
Total General Government	4,049	310,329	305,877	4,452
Total Charges to appropriations	4,049	310,329	305,877	4,452
Budgetary Fund balances, ending	\$ 1,994,947	\$ 1,713,667	\$ 2,120,687	\$ 407,020

Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "total resources"
 from the budgetary comparison schedule

\$ 427,568

Differences - budget to USGAAP:

Sale of capital assets

(1,305)

Total revenues as reported on the statement of revenues, expenditures, and
 changes in fund balance - equipment fund

\$ 426,263

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
 State COPS Special Revenue Fund
 For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 324,623	\$ 324,623	\$ 324,623	\$ --
RESOURCES (inflows):				
Revenues from uses of money and property	--	--	11,469	11,469
Aid from other governments	798,234	798,234	712,312	(85,922)
Amounts available for appropriation	798,234	798,234	723,781	(74,453)
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
District Attorney - State COPS:				
Services and supplies	53,488	53,488	20,719	32,769
Other charges	827	827	828	(1)
Total District Attorney - State COPS	54,315	54,315	21,547	32,768
Sheriff - State COPS - Enforcement:				
Other charges	--	236,490	236,490	--
Total Sheriff - State COPS - Enforcement	--	236,490	236,490	--
Sheriff - State COPS - Jail:				
Services and supplies	70,000	30,466	30,465	1
Capital assets	--	47,534	1,419	46,115
Total Sheriff - State COPS - Jail	70,000	78,000	31,884	46,116
Juvenile Justice Plan:				
Services and supplies	55,000	55,000	--	55,000
Other financing uses	618,919	618,919	498,598	120,321
Total Juvenile Justice Plan	673,919	673,919	498,598	175,321
Total Public Protection	798,234	1,042,724	788,519	254,205
Total Charges to appropriations	798,234	1,042,724	788,519	254,205
Budgetary Fund balances, ending	\$ 324,623	\$ 80,133	\$ 259,885	\$ 179,752

(continued)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
State COPS Special Revenue Fund (continued)
For the Fiscal Year Ended June 30, 2010

Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 788,519
Differences - budget to USGAAP: Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(628,598)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - state COPS fund	<u><u>\$ 159,921</u></u>

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
 Water Resources Special Revenue Fund
 For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 7,400	\$ 7,400	\$ 7,400	\$ --
RESOURCES (inflows):				
Revenues from uses of money and property	--	--	2,953	2,953
Aid from other governments	133,767	1,914,188	616,288	(1,297,900)
Charges for services	110,000	110,000	--	(110,000)
Other	--	--	91,539	91,539
Interfund transfers	1,226,745	1,226,745	1,157,261	(69,484)
Amounts available for appropriation	<u>1,470,512</u>	<u>3,250,933</u>	<u>1,868,041</u>	<u>(1,382,892)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
Water Services:				
Salaries and employee benefits	463,294	501,579	473,155	28,424
Services and supplies	955,727	2,672,863	1,239,067	1,433,796
Other charges	51,491	51,491	52,084	(593)
Capital assets	--	25,000	21,037	3,963
Total Water Services	<u>1,470,512</u>	<u>3,250,933</u>	<u>1,785,343</u>	<u>1,465,590</u>
Total Public Protection	<u>1,470,512</u>	<u>3,250,933</u>	<u>1,785,343</u>	<u>1,465,590</u>
Total Charges to appropriations	<u>1,470,512</u>	<u>3,250,933</u>	<u>1,785,343</u>	<u>1,465,590</u>
Budgetary Fund balances, ending	<u>\$ 7,400</u>	<u>\$ 7,400</u>	<u>\$ 90,098</u>	<u>\$ 82,698</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

**Budget Comparison Schedule - Budgetary Basis
Water Resources Special Revenue Fund (continued)
For the Fiscal Year Ended June 30, 2010**

Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "total resources"
from the budgetary comparison schedule \$ 1,868,041

Differences - budget to USGAAP:
Transfers from other funds are inflows of budgetary resources
but are not revenues for financial reporting purposes (1,157,261)

Total revenues as reported on the statement of revenues, expenditures, and
changes in fund balance - water fund \$ 710,780

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations"
from the budgetary comparison schedule \$ 1,785,343

Differences - budget to USGAAP:
Transfers to other funds are outflows of budgetary resources
but are not expenditures for financial reporting purposes (5,282)

Total expenditures as reported on the statement of revenues, expenditures, and
changes in fund balance - water fund \$ 1,780,061

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
 Fire Protection Special Revenue Fund
 For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 2,501,523	\$ 2,501,523	\$ 2,501,523	\$ --
RESOURCES (inflows):				
Fines, forfeitures and penalties	--	--	1,168	1,168
Revenues from uses of money and property	--	--	60,387	60,387
Aid from other governments	658,080	658,080	353,482	(304,598)
Charges for services	83,000	262,732	254,675	(8,057)
Other	172,557	--	57,344	57,344
Other financing sources	11,280,786	11,265,786	10,431,121	(834,665)
Amounts available for appropriation	<u>12,194,423</u>	<u>12,186,598</u>	<u>11,158,177</u>	<u>(1,028,421)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
Fire Protection - Regular Service:				
Services and supplies	11,544,961	11,552,136	11,067,586	484,550
Other charges	421,436	425,556	425,484	72
Total Fire Protection - Regular Service	<u>11,966,397</u>	<u>11,977,692</u>	<u>11,493,070</u>	<u>484,622</u>
Fire Protection - Voluntary Program:				
Salaries and employee benefits	32,674	32,674	32,562	112
Services and supplies	459,837	459,837	389,229	70,608
Other charges	8,040	8,040	8,040	--
Total Fire Protection - Voluntary Program	<u>500,551</u>	<u>500,551</u>	<u>429,831</u>	<u>70,720</u>
Fire Protection - Ancillary Services:				
Services and supplies	391,786	445,386	55,084	390,302
Other charges	214	214	216	(2)
Capital assets	20,494	20,494	--	20,494
Total Fire Protection - Ancillary Services	<u>412,494</u>	<u>466,094</u>	<u>55,300</u>	<u>410,794</u>
Total Public Protection	<u>12,879,442</u>	<u>12,944,336</u>	<u>11,978,201</u>	<u>966,136</u>
Total Charges to appropriations	<u>12,879,442</u>	<u>12,944,336</u>	<u>11,978,201</u>	<u>966,136</u>
Budgetary Fund balances, ending	<u>\$ 1,816,504</u>	<u>\$ 1,743,785</u>	<u>\$ 1,681,499</u>	<u>\$ (62,286)</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
Fire Protection Special Revenue Fund (continued)
For the Fiscal Year Ended June 30, 2010

Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 11,158,177
Differences - budget to USGAAP: Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(10,431,121)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - fire fund	<u>\$ 727,056</u>

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
Library Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 83,817	\$ 83,817	\$ 83,817	\$ --
RESOURCES (inflows):				
Revenues from uses of money and property	--	--	5,563	5,563
Aid from other governments	226,072	212,960	207,279	(5,681)
Charges for services	161,503	148,550	146,212	(2,338)
Other	188,792	175,792	143,758	(32,034)
Interfund transfers	1,896,402	1,896,402	1,812,151	(84,251)
Amounts available for appropriation	<u>2,472,769</u>	<u>2,433,704</u>	<u>2,314,963</u>	<u>(118,741)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Education:				
Libraries - Literacy Grant:				
Salaries and employee benefits	175,079	200,079	199,810	269
Services and supplies	47,505	62,505	62,338	167
Other charges	12,377	14,677	14,668	9
Total Libraries - Literacy Grant	<u>234,961</u>	<u>277,261</u>	<u>276,816</u>	<u>445</u>
Libraries				
Salaries and employee benefits	1,594,811	1,524,741	1,492,106	32,635
Services and supplies	346,703	393,692	349,177	44,515
Other charges	339,394	339,399	339,397	2
Total Libraries	<u>2,280,908</u>	<u>2,257,832</u>	<u>2,180,680</u>	<u>77,152</u>
Total Education	<u>2,515,869</u>	<u>2,535,093</u>	<u>2,457,496</u>	<u>77,597</u>
Total Charges to appropriations	<u>2,515,869</u>	<u>2,535,093</u>	<u>2,457,496</u>	<u>77,597</u>
Budgetary Fund balances, ending	<u>\$ 40,717</u>	<u>\$ (17,572)</u>	<u>\$ (58,716)</u>	<u>\$ (41,144)</u>

Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 2,314,963
Differences - budget to USGAAP:	
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(1,812,151)</u>

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - library fund	<u>\$ 502,812</u>
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Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 2,457,496
Differences - budget to USGAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(15,733)</u>

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - library fund	<u>\$ 2,441,763</u>
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COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
 Transit Special Revenue Fund
 For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 440,808	\$ 440,808	\$ 440,808	\$ --
RESOURCES (inflows):				
Revenues from uses of money and property	--	2,000	8,823	6,823
Aid from other governments	2,477,918	2,477,918	1,836,542	(641,376)
Amounts available for appropriation	2,477,918	2,479,918	1,845,365	(634,553)
CHANGES TO APPROPRIATIONS (outflows):				
Public Ways and Facilities:				
Transit - System Operations				
Other charges	2,479,296	2,479,296	2,131,420	347,876
Total Transit - System Operations	2,479,296	2,479,296	2,131,420	347,876
Total Public Ways and Facilities	2,479,296	2,479,296	2,131,420	347,876
Total Charges to appropriations	2,479,296	2,479,296	2,131,420	347,876
Budgetary Fund balances, ending	\$ 439,430	\$ 441,430	\$ 154,753	\$ (286,677)

Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations"
 from the budgetary comparison schedule \$ 2,131,420

Differences - budget to USGAAP:
 Transfers to other funds are outflows of budgetary resources
 but are not expenditures for financial reporting purposes (1,320,000)

Total expenditures as reported on the statement of revenues, expenditures, and
 changes in fund balance - transit fund \$ 811,420

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
Housing and Community Development Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 434,289	\$ 434,289	\$ 434,289	\$ --
RESOURCES (inflows):				
Revenues from uses of money and property	--	2,000	(3,137)	(5,137)
Aid from other governments	646,827	1,016,827	810,157	(206,670)
Other	309,465	307,465	1,933	(305,532)
Amounts available for appropriation	<u>956,292</u>	<u>1,326,292</u>	<u>808,953</u>	<u>(517,339)</u>
CHANGES TO APPROPRIATIONS (outflows):				
General Government:				
05-STBG-1621:				
Services and supplies	230,000	247,897	152,147	95,750
Other charges	411,190	411,190	511,776	(100,586)
Total 05-STBG-1621	<u>641,190</u>	<u>659,087</u>	<u>663,923</u>	<u>(4,836)</u>
05-PTAA-1432				
Services and supplies	--	875	--	875
Total 05-PTAA-1432	<u>--</u>	<u>875</u>	<u>--</u>	<u>875</u>
06-EDBG-2616				
Other charges	404	404	408	(4)
Total 04-EDBG-0632	<u>404</u>	<u>404</u>	<u>408</u>	<u>(4)</u>
06-EDBG-2769				
Services and supplies	--	92,733	92,733	--
Other charges	5,233	5,233	7,357	(2,124)
Total 02-EDBG-874	<u>5,233</u>	<u>97,966</u>	<u>100,090</u>	<u>(2,124)</u>
08-EDEF-5887:				
Services and supplies	--	294,000	111,294	182,706
Other charges	--	6,000	1,269	4,731
Total 06-EDBG-5887	<u>--</u>	<u>300,000</u>	<u>112,563</u>	<u>187,437</u>
08-PTAG-5358:				
Services and supplies	66,500	66,500	66,500	--
Other charges	3,500	3,500	2,199	1,301
Total 08-PTAG-5358	<u>70,000</u>	<u>70,000</u>	<u>68,699</u>	<u>1,301</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
Housing and Community Development Special Revenue Fund (continued)
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
CHANGES TO APPROPRIATIONS (outflows) (continued):				
General Government (continued):				
HCD - Revolving Loan:				
Services and supplies	\$ 285,041	\$ 279,825	\$ 97,849	\$ 181,976
Other charges	24,424	31,424	31,154	270
Total HCD - Revolving Loan	<u>309,465</u>	<u>311,249</u>	<u>129,003</u>	<u>182,246</u>
Total General Government	<u>1,026,292</u>	<u>1,439,581</u>	<u>1,074,686</u>	<u>364,895</u>
Total Charges to appropriations	<u>1,026,292</u>	<u>1,439,581</u>	<u>1,074,686</u>	<u>364,895</u>
Budgetary Fund balances, ending	<u>\$ 364,289</u>	<u>\$ 321,000</u>	<u>\$ 168,556</u>	<u>\$ (152,445)</u>

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
 Fish and Game Special Revenue Fund
 For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 185,456	\$ 185,456	\$ 185,456	\$ --
RESOURCES (inflows):				
Fines, forfeitures, and penalties	21,000	13,000	21,006	8,006
Revenues from uses of money and property	--	--	3,970	3,970
Other	--	8,000	--	(8,000)
Amounts available for appropriation	<u>21,000</u>	<u>21,000</u>	<u>24,976</u>	<u>3,976</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
Fish and Game:				
Services and supplies	95,066	115,888	58,426	57,462
Other charges	980	980	983	(3)
Total Libraries - Fish and Game	<u>96,046</u>	<u>116,868</u>	<u>59,409</u>	<u>57,459</u>
Total Public Protection	<u>96,046</u>	<u>116,868</u>	<u>59,409</u>	<u>57,459</u>
Total Charges to appropriations	<u>96,046</u>	<u>116,868</u>	<u>59,409</u>	<u>57,459</u>
Budgetary Fund balances, ending	<u>\$ 110,410</u>	<u>\$ 89,588</u>	<u>\$ 151,023</u>	<u>\$ 61,436</u>

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
 Child Support Services Special Revenue Fund
 For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning of year	\$ 130,111	\$ 130,111	\$ 130,111	\$ --
RESOURCES (inflows):				
Revenues from uses of money and property	--	50,000	37,996	(12,004)
Aid from other governments	8,989,912	8,989,912	7,526,420	(1,463,492)
Charges for services	29,000	29,000	29,000	--
Other	100	100	59	(41)
Amounts available for appropriation	<u>9,019,012</u>	<u>9,069,012</u>	<u>7,593,475</u>	<u>(1,475,537)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Assistance:				
Child support services:				
Salaries and employee benefits	7,573,710	7,539,802	6,316,492	1,223,310
Services and supplies	697,184	713,874	558,118	155,756
Other charges	798,118	815,336	718,864	96,472
Total Public Assistance	<u>9,069,012</u>	<u>9,069,012</u>	<u>7,593,474</u>	<u>1,475,538</u>
Total Charges to appropriations	<u>9,069,012</u>	<u>9,069,012</u>	<u>7,593,474</u>	<u>1,475,538</u>
Budgetary Fund balances, ending	<u>\$ 80,111</u>	<u>\$ 130,111</u>	<u>\$ 130,112</u>	<u>\$ 1</u>

Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 7,593,474
Differences - budget to USGAAP: Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(64,945)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance	<u>\$ 7,528,529</u>

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
 County Service Areas Special Revenue Funds
 For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 6,409,350	\$ 6,409,350	\$ 6,409,350	\$ --
RESOURCES (inflows):				
Taxes	798,639	798,639	845,731	47,092
Revenues from uses of money and property	126,172	126,172	186,650	60,478
Aid from other governments	245,993	245,993	220,387	(25,606)
Charges for services	330,070	330,070	329,092	(978)
Amounts available for appropriation	<u>1,500,874</u>	<u>1,500,874</u>	<u>1,581,860</u>	<u>80,986</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public protection	1,549,055	1,110,496	488,754	621,742
Health and sanitation	946,867	946,867	582,194	364,673
Recreation and cultural services	171,606	171,606	128,486	43,120
Other charges	--	122,326	114,535	7,791
Total Charges to appropriations	<u>2,667,528</u>	<u>2,351,295</u>	<u>1,313,969</u>	<u>1,037,326</u>
Budgetary Fund balances, ending	<u>\$ 5,242,696</u>	<u>\$ 5,558,929</u>	<u>\$ 6,677,241</u>	<u>\$ 1,118,312</u>

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
 IHSS Public Authority Special Revenue Fund
 For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ --	\$ (115,780)	\$ (115,780)	\$ --
RESOURCES (inflows):				
Revenues from uses of money and property	--	--	15,782	15,782
Aid from other governments	--	445,927	202,883	(243,044)
Charges for services	--	--	57,240	57,240
Amounts available for appropriation	--	445,927	275,905	(170,022)
CHANGES TO APPROPRIATIONS (outflows):				
Public Assistance:				
IHSS Public Authority:				
Salaries and employee benefits	--	354,669	267,765	86,904
Services and supplies	--	67,684	27,309	40,375
Other charges	--	23,574	22,619	955
Total IHSS Public Authority	--	445,927	317,693	128,234
Total Public Assistance	--	445,927	317,693	128,234
Total Charges to appropriations	--	445,927	317,693	128,234
Budgetary Fund balances, ending	\$ --	\$ (115,780)	\$ (157,568)	\$ (41,788)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
Impact Fees Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 8,424,358	\$ 8,424,358	\$ 8,424,358	\$ --
RESOURCES (inflows):				
Revenues from uses of money and property	--	--	210,410	210,410
Fines, forfeits and penalties	7,800	7,800	479,224	471,424
Amounts available for appropriation	<u>7,800</u>	<u>7,800</u>	<u>689,634</u>	<u>681,834</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Assistance:				
IHSS Public Authority:				
Other charges	--	26,773	22,416	4,357
Othe financing uses	--	1,108,505	1,108,505	--
Total IHSS Public Authority	<u>--</u>	<u>1,135,278</u>	<u>1,130,921</u>	<u>4,357</u>
Total Public Assistance	<u>--</u>	<u>1,135,278</u>	<u>1,130,921</u>	<u>4,357</u>
Total Charges to appropriations	<u>--</u>	<u>1,135,278</u>	<u>1,130,921</u>	<u>4,357</u>
Budgetary Fund balances, ending	<u>\$ 8,432,158</u>	<u>\$ 7,296,880</u>	<u>\$ 7,983,071</u>	<u>\$ 677,478</u>

Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations"
from the budgetary comparison schedule

\$ 1,130,921

Differences - budget to USGAAP:

Transfers to other funds are outflows of budgetary resources
but are not expenditures for financial reporting purposes

(1,108,505)

Total expenditures as reported on the statement of revenues, expenditures, and
changes in fund balance

\$ 22,416

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
Debt Service Fund
For the Fiscal Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 7,805,458	\$ 7,805,458	\$ 7,805,458	\$ --
RESOURCES (inflows):				
Revenues from uses of money and property	--	--	52,220	52,220
Other	--	3,185,992	156,484	(3,029,508)
Other financing sources	--	868,134	--	--
Interfund transfers	--	--	2,393,589	2,393,589
Amounts available for appropriation	--	4,054,126	2,602,293	(583,699)
CHANGES TO APPROPRIATIONS (outflows):				
General Government:				
POB Series A:				
Services and supplies	2,500	4,220	4,203	17
Other financing uses	1,690,992	1,690,992	1,690,992	--
Total POB Series A	1,693,492	1,695,212	1,695,195	17
POB Series B:				
Services and supplies	2,500	775	--	775
Other financing uses	1,490,000	1,490,000	124,066	1,365,934
Total POB Series B	1,492,500	1,490,775	124,066	1,366,709
CEC Solar				
Other charges	312,967	312,967	312,967	--
Total CEC Solar	312,967	312,967	312,967	--
Chico Memorial Hall 554 Rio				
Other charges	62,275	62,275	62,275	--
Total Chico Memorial Hall 554 Rio	62,275	62,275	62,275	--
Chico Memorial Hall 492 Rio				
Other charges	61,158	61,158	61,156	2
Total Chico Memorial Hall 492 Rio	61,158	61,158	61,156	2
Total General Government	3,622,392	3,622,387	2,255,659	1,366,728
Public Protection:				
Justice Facility:				
Other financing uses	423,148	423,148	419,337	3,811
Total Justice Facility	423,148	423,148	419,337	3,811

(continued)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - Budgetary Basis
Debt Service Fund (continued)
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public Protection (continued):				
DA-Ford Motor Credit x16373				
Other charges	\$ 8,586	\$ 8,586	\$ --	\$ 8,586
Total DA-Ford Motor Credit x16373	<u>8,586</u>	<u>8,586</u>	<u>--</u>	<u>8,586</u>
 Total Public Protection	 <u>431,734</u>	 <u>431,734</u>	 <u>419,337</u>	 <u>12,397</u>
Total Charges to appropriations	<u>4,054,126</u>	<u>4,054,121</u>	<u>2,674,996</u>	<u>1,379,125</u>
 Budgetary Fund balances, ending	 <u>\$ 3,751,332</u>	 <u>\$ 7,805,463</u>	 <u>\$ 7,732,755</u>	 <u>\$ 795,426</u>

Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "total resources"
from the budgetary comparison schedule

\$ 2,602,293

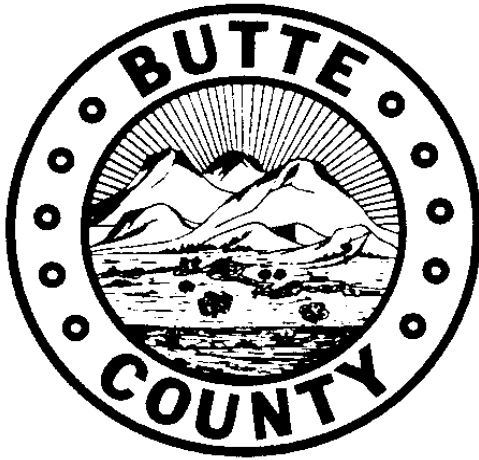
Differences - budget to USGAAP:

Transfers from other funds are inflows of budgetary resources
but are not revenues for financial reporting purposes

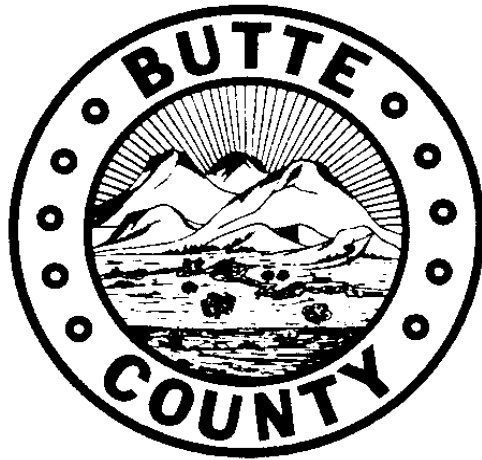
(2,393,589)

Total revenues as reported on the statement of revenues, expenditures, and
changes in fund balance

\$ 208,704



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Internal Service Funds

COUNTY OF BUTTE

Internal Service Funds

These funds were established to account for the goods or services furnished by one County department or agency to other departments or agencies of the County, or to other governments, on a cost-reimbursement basis.

The *Data Processing Fund* is supported by revenues received from County departments for services from the Data Processing department for software systems support to computer network and data structure design and organization to County computer systems.

The *Self-Insurance Fund* accounts for the liability claims against the County, the administration of the insurance program, and associated legal and adjustment expenses.

The *Worker's Compensation Insurance Fund* accounts for the disability, medical, and rehabilitation expenses and related costs associated with on-the-job injuries.

The *Unemployment Insurance Fund* accounts for the unemployment compensation claims filed against the County.

The *Medical Liability Insurance Fund* accounts for the medical compensation claims filed against the County.

The *Self-Insurance Transit Fund* accounts for the transit claims filed against the County.

The *Miscellaneous Insurance Fund* accounts for the financing of the County's miscellaneous self-insurances.

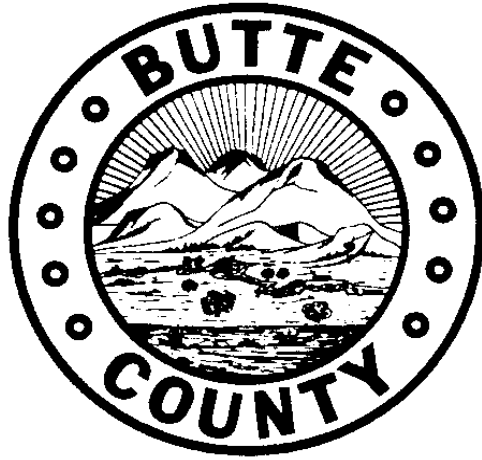
The *Facilities Services Fund* accounts for maintenance service provided to County departments.

The *Utilities Clearing Fund* accounts for the utilities provided to County departments.

The *Duplicating Fund* accounts for printing service functions such as reproduction, layouts, and related costs provided to County departments.

The *Stores Fund* accounts for surplus property of the County departments.

The *Communications Fund* accounts for centralized information management provided to County departments.



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COUNTY OF BUTTE, CALIFORNIA

Combining Statement of Fund Net Assets
Internal Service Funds
June 30, 2010

ASSETS	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Unemployment Insurance</u>
Current Assets:			
Cash and Investments	\$ 1,609,349	\$ 13,031,431	\$ 1,589,804
Cash with fiscal agent	--	42,353	--
Due from other funds	119,371	--	--
Interest receivable	10,141	81,193	8,583
Prepaid expenses	22,815	--	--
Deposits with others	--	90,000	--
Total current assets	<u>1,761,676</u>	<u>13,244,977</u>	<u>1,598,387</u>
Noncurrent Assets:			
Capital Assets:			
Depreciable:			
Equipment	10,671	8,911	--
Accumulated depreciation	<u>(2,312)</u>	<u>(4,455)</u>	<u>--</u>
Total noncurrent assets	<u>8,359</u>	<u>4,456</u>	<u>--</u>
Total assets	<u>1,770,035</u>	<u>13,249,433</u>	<u>1,598,387</u>
LIABILITIES			
Current Liabilities:			
Due to other funds	\$ --	\$ 119,371	\$ --
Accounts payable	42,341	2,462	377
Liability for unpaid claims	400,000	2,000,000	--
Total current liabilities	<u>442,341</u>	<u>2,121,833</u>	<u>377</u>
Long-Term Liabilities:			
Liability for unpaid claims	<u>516,000</u>	<u>2,248,000</u>	<u>--</u>
Total noncurrent liabilities	<u>516,000</u>	<u>2,248,000</u>	<u>--</u>
Total liabilities	<u>958,341</u>	<u>4,369,833</u>	<u>377</u>
NET ASSETS			
Invested in capital assets, net of related debt	8,359	4,456	--
Unrestricted	<u>803,335</u>	<u>8,875,144</u>	<u>1,598,010</u>
Total net assets	<u>\$ 811,694</u>	<u>\$ 8,879,600</u>	<u>\$ 1,598,010</u>

continued

COUNTY OF BUTTE, CALIFORNIA

Combining Statement of Fund Net Assets (continued)
Internal Service Funds
June 30, 2010

ASSETS	<u>Medical Liability</u>	<u>Miscellaneous Insurance</u>	<u>Utilities Clearing</u>	<u>Total</u>
Current Assets:				
Cash and Investments	\$ 21,343	\$ 19,076	\$ 213,875	\$ 16,484,878
Cash with fiscal agent	--	--	--	42,353
Due from other funds	--	--	--	119,371
Interest receivable	(3)	13	1,662	101,589
Prepaid expenses	--	--	--	22,815
Deposits with others	--	--	--	90,000
Total current assets	<u>21,340</u>	<u>19,089</u>	<u>215,537</u>	<u>16,861,006</u>
Noncurrent Assets:				
Capital Assets:				
Depreciable:				
Equipment	--	--	--	19,582
Accumulated depreciation	--	--	--	(6,767)
Total noncurrent assets	<u>--</u>	<u>--</u>	<u>--</u>	<u>12,815</u>
Total assets	<u>21,340</u>	<u>19,089</u>	<u>215,537</u>	<u>16,873,821</u>
LIABILITIES				
Current Liabilities:				
Due to other funds	\$ --	\$ --	\$ --	119,371
Accounts payable	--	--	20,258	65,438
Liability for unpaid claims	--	--	--	2,400,000
Total current liabilities	<u>--</u>	<u>--</u>	<u>20,258</u>	<u>2,584,809</u>
Long-Term Liabilities:				
Liability for unpaid claims	--	--	--	2,764,000
Total noncurrent liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,764,000</u>
Total liabilities	<u>--</u>	<u>--</u>	<u>20,258</u>	<u>5,348,809</u>
NET ASSETS				
Invested in capital assets, net of related debt	--	--	--	12,815
Unrestricted	21,340	19,089	195,279	11,512,197
Total net assets	<u>\$ 21,340</u>	<u>\$ 19,089</u>	<u>\$ 195,279</u>	<u>\$ 11,525,012</u>

COUNTY OF BUTTE, CALIFORNIA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2010

	<u>Data Processing</u>	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Unemployment Insurance</u>
OPERATING REVENUES				
Charges for services	\$ --	\$ 2,079,760	\$ 2,481,984	\$ 643,903
Miscellaneous	--	119,371	24,219	--
 Total operating revenues	 --	 2,199,131	 2,506,203	 643,903
OPERATING EXPENSES				
Salaries and employee benefits	--	--	--	630,478
Services and supplies	--	726,861	579,596	2,001
Premiums, claims and judgments	--	1,486,438	1,937,945	--
Other charges	--	80,640	306,118	2,051
Depreciation and amortization	--	711	594	--
 Total operating expenses	 --	 2,294,650	 2,824,253	 634,530
 Operating income (loss)	 --	 (95,519)	 (318,050)	 9,373
 Nonoperating revenues (expenses):				
Interest income	--	39,675	364,549	39,720
 Total nonoperating revenues (expenses)	 --	 39,675	 364,549	 39,720
 Net Income Before Transfers	 --	 (55,844)	 46,499	 49,093
 Transfers out	 (1,288,797)	 (711)	 (594)	 --
 Change in net assets	 (1,288,797)	 (56,555)	 45,905	 49,093
 Net assets, beginning	 1,288,797	 868,249	 8,833,695	 1,548,917
 Net assets, ending	 <u>\$ --</u>	 <u>\$ 811,694</u>	 <u>\$ 8,879,600</u>	 <u>\$ 1,598,010</u>

continued

COUNTY OF BUTTE, CALIFORNIA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (continued)
 Internal Service Funds
 For the Fiscal Year Ended June 30, 2010

	<u>Medical Liability</u>	<u>Miscellaneous Insurance</u>	<u>Facilities Services</u>	<u>Utilities Clearing</u>
OPERATING REVENUES				
Charges for services	\$ 122,713	\$ 130,758	\$ --	\$ 2,117,691
Miscellaneous	--	113	--	26,550
	<u>122,713</u>	<u>130,871</u>	<u>--</u>	<u>2,144,241</u>
Total operating revenues				
OPERATING EXPENSES				
Salaries and employee benefits	--	--	--	--
Services and supplies	100,288	100,895	--	1,954,806
Premiums, claims and judgments	--	--	--	--
Other charges	1,044	12,306	--	--
Depreciation and amortization	--	--	--	--
	<u>101,332</u>	<u>113,201</u>	<u>--</u>	<u>1,954,806</u>
Total operating expenses				
Operating income (loss)	<u>21,381</u>	<u>17,670</u>	<u>--</u>	<u>189,435</u>
Nonoperating revenues (expenses):				
Interest income	<u>385</u>	<u>470</u>	<u>--</u>	<u>7,293</u>
Total nonoperating revenues (expenses)	<u>385</u>	<u>470</u>	<u>--</u>	<u>7,293</u>
Net Income Before Transfers	21,766	18,140	--	196,728
Transfers out	<u>--</u>	<u>--</u>	<u>(185,921)</u>	<u>(156,484)</u>
Change in net assets	21,766	18,140	(185,921)	40,244
Net assets, beginning	<u>(426)</u>	<u>949</u>	<u>185,921</u>	<u>155,035</u>
Net assets, ending	<u>\$ 21,340</u>	<u>\$ 19,089</u>	<u>\$ --</u>	<u>\$ 195,279</u>

continued

COUNTY OF BUTTE, CALIFORNIA

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (continued)
 Internal Service Funds
 For the Fiscal Year Ended June 30, 2010

	<u>Duplicating</u>	<u>Stores</u>	<u>Communications</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ --	\$ --	\$ --	\$ 7,576,809
Miscellaneous	--	--	--	170,253
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating revenues	--	--	--	7,747,062
	<hr/>	<hr/>	<hr/>	<hr/>
OPERATING EXPENSES				
Salaries and employee benefits	--	--	--	630,478
Services and supplies	--	--	--	3,464,447
Premiums, claims and judgments	--	--	--	3,424,383
Other charges	--	--	--	402,159
Depreciation and amortization	--	--	--	1,305
	<hr/>	<hr/>	<hr/>	<hr/>
Total operating expenses	--	--	--	7,922,772
	<hr/>	<hr/>	<hr/>	<hr/>
Operating income (loss)	--	--	--	(175,710)
	<hr/>	<hr/>	<hr/>	<hr/>
Nonoperating revenues (expenses):				
Interest income	--	--	--	452,092
	<hr/>	<hr/>	<hr/>	<hr/>
Total nonoperating revenues (expenses)	--	--	--	452,092
	<hr/>	<hr/>	<hr/>	<hr/>
Net Income Before Transfers	--	--	--	276,382
	<hr/>	<hr/>	<hr/>	<hr/>
Transfers out	(85,072)	(203,051)	(452,804)	(2,373,434)
	<hr/>	<hr/>	<hr/>	<hr/>
Change in net assets	(85,072)	(203,051)	(452,804)	(2,097,052)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets, beginning	85,072	203,051	452,804	13,622,064
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets, ending	\$ --	\$ --	\$ --	\$ 11,525,012
	<hr/>	<hr/>	<hr/>	<hr/>

COUNTY OF BUTTE, CALIFORNIA

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2010

	<u>Data</u> <u>Processing</u>	<u>Self</u> <u>Insurance</u>	<u>Workers'</u> <u>Compensation</u>	<u>Unemployment</u> <u>Insurance</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ --	\$ 2,079,760	\$ 2,625,574	\$ 643,903
Cash paid to suppliers for goods and services	(36,243)	(2,350,632)	(2,466,719)	(3,675)
Cash paid to employees for services	(452,083)	(42)	(625)	(630,478)
Internal activities - payments from (to) other funds	<u>(124,922)</u>	<u>(75,897)</u>	<u>(194,282)</u>	<u>(848)</u>
Net cash provided (used) by operating activities	<u>(613,248)</u>	<u>(346,811)</u>	<u>(36,052)</u>	<u>8,902</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	<u>(73,521)</u>	<u>(711)</u>	<u>(594)</u>	<u>--</u>
Net cash provided (used) by noncapital financing activities	<u>(73,521)</u>	<u>(711)</u>	<u>(594)</u>	<u>--</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	<u>5,421</u>	<u>43,358</u>	<u>386,649</u>	<u>40,052</u>
Net cash provided (used) by investing activities	<u>5,421</u>	<u>43,358</u>	<u>386,649</u>	<u>40,052</u>
Net increase (decrease) in cash and cash equivalents	(681,348)	(304,164)	350,003	48,954
Cash and cash equivalents, beginning	<u>681,348</u>	<u>1,913,513</u>	<u>12,723,781</u>	<u>1,540,850</u>
Cash and cash equivalents, ending	<u><u>\$ --</u></u>	<u><u>\$ 1,609,349</u></u>	<u><u>\$ 13,073,784</u></u>	<u><u>\$ 1,589,804</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS				
Cash and investments	\$ --	\$ 1,609,349	\$ 13,031,431	\$ 1,589,804
Cash with fiscal agent	--	--	42,353	--
Total cash and investments	<u><u>\$ --</u></u>	<u><u>\$ 1,609,349</u></u>	<u><u>\$ 13,073,784</u></u>	<u><u>\$ 1,589,804</u></u>

continued

COUNTY OF BUTTE, CALIFORNIA

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2010

	<u>Medical Liability</u>	<u>Miscellaneous Insurance</u>	<u>Facilities Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 122,713	\$ 130,871	\$ 21
Cash paid to suppliers for goods and services	(101,332)	(113,201)	(34,879)
Cash paid to employees for services	--	--	(226,764)
Internal activities - payments from (to) other funds	(812)	(286)	140,938
	<u>20,569</u>	<u>17,384</u>	<u>(120,684)</u>
Net cash provided (used) by operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers out	<u>--</u>	<u>--</u>	<u>38,448</u>
Net cash provided (used) by noncapital financing activities	<u>--</u>	<u>--</u>	<u>38,448</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>394</u>	<u>464</u>	<u>477</u>
Net cash provided (used) by investing activities	<u>394</u>	<u>464</u>	<u>477</u>
Net increase (decrease) in cash and cash equivalents	20,963	17,848	(81,759)
Cash and cash equivalents, beginning	<u>380</u>	<u>1,228</u>	<u>81,759</u>
Cash and cash equivalents, ending	<u>\$ 21,343</u>	<u>\$ 19,076</u>	<u>\$ --</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS			
Cash and investments	\$ 21,343	\$ 19,076	\$ --
Cash with fiscal agent	<u>--</u>	<u>--</u>	<u>--</u>
Total cash and investments	<u>\$ 21,343</u>	<u>\$ 19,076</u>	<u>\$ --</u>

continued

COUNTY OF BUTTE, CALIFORNIA

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2010

	Utilities Clearing	Duplicating	Stores
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	\$ 2,144,241	\$ 46,937	\$ 8,175
Cash paid to suppliers for goods and services	(1,954,232)	(14,144)	93,113
Cash paid to employees for services	--	(23,832)	(12,275)
Internal activities - payments from (to) other funds	2,444	3,670	67,067
	<u>192,453</u>	<u>12,631</u>	<u>156,080</u>
Net cash provided (used) by operating activities			
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers out	<u>(156,484)</u>	<u>(69,518)</u>	<u>(195,739)</u>
Net cash provided (used) by noncapital financing activities	<u>(156,484)</u>	<u>(69,518)</u>	<u>(195,739)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	<u>8,541</u>	<u>128</u>	<u>(341)</u>
Net cash provided (used) by investing activities	<u>8,541</u>	<u>128</u>	<u>(341)</u>
Net increase (decrease) in cash and cash equivalents	44,510	(56,759)	(40,000)
Cash and cash equivalents, beginning	<u>169,365</u>	<u>56,759</u>	<u>40,000</u>
Cash and cash equivalents, ending	<u>\$ 213,875</u>	<u>\$ --</u>	<u>\$ --</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS			
Cash and investments	\$ 213,875	\$ --	\$ --
Cash with fiscal agent	<u>--</u>	<u>--</u>	<u>--</u>
Total cash and investments	<u>\$ 213,875</u>	<u>\$ --</u>	<u>\$ --</u>

continued

COUNTY OF BUTTE, CALIFORNIA

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2010

	<u>Communications</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash received from customers	\$ 196,645	\$ 7,998,840
Cash paid to suppliers for goods and services	(101,533)	(7,083,477)
Cash paid to employees for services	(58,756)	(1,404,855)
Internal activities - payments from (to) other funds	<u>57,385</u>	<u>(125,543)</u>
Net cash provided (used) by operating activities	<u>93,741</u>	<u>(615,035)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers out	<u>(95,230)</u>	<u>(553,349)</u>
Net cash provided (used) by noncapital financing activities	<u>(95,230)</u>	<u>(553,349)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	<u>1,489</u>	<u>486,632</u>
Net cash provided (used) by investing activities	<u>1,489</u>	<u>486,632</u>
Net increase (decrease) in cash and cash equivalents	--	(681,752)
Cash and cash equivalents, beginning	<u>--</u>	<u>17,208,983</u>
Cash and cash equivalents, ending	<u><u>\$ --</u></u>	<u><u>\$ 16,527,231</u></u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS		
Cash and investments	\$ --	\$ 16,484,878
Cash with fiscal agent	<u>--</u>	<u>42,353</u>
Total cash and investments	<u><u>\$ --</u></u>	<u><u>\$ 16,527,231</u></u>

continued

COUNTY OF BUTTE

Combining Statement of Cash Flows (continued)
 Internal Service Funds
 For the Fiscal Year Ended June 30, 2010

	<u>Data Processing</u>	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Unemployment Insurance</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ --	\$ (95,519)	\$ (318,050)	\$ 9,373
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	--	711	594	--
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	--	--	--	--
Due from other funds	45,642	(88,756)	3,499	141
Inventory	--	--	--	--
Prepaid expenses and other assets	--	--	--	--
Increase (decrease) in:				
Accounts payable	(36,243)	(58,693)	(60)	377
Due to other funds	(170,564)	(106,512)	(78,410)	(989)
Accrued salaries	(81,061)	(42)	(625)	--
Compensated absences	(371,022)	--	--	--
Claims and judgments	--	2,000	357,000	--
Net cash provided (used) by operating activities	<u>\$ (613,248)</u>	<u>\$ (346,811)</u>	<u>\$ (36,052)</u>	<u>\$ 8,902</u>

continued

COUNTY OF BUTTE

Combining Statement of Cash Flows (continued)
 Internal Service Funds
 For the Fiscal Year Ended June 30, 2010

	<u>Medical Liability</u>	<u>Miscellaneous Insurance</u>	<u>Facilities Services</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 21,381	\$ 17,670	\$ --
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	--	--	--
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	--	--	21
Due from other funds	49	50	509,416
Inventory	--	--	--
Prepaid expenses and other assets	--	--	726
Increase (decrease) in:			
Accounts payable	--	--	(35,605)
Due to other funds	(861)	(336)	(368,478)
Accrued salaries	--	--	(73,782)
Compensated absences	--	--	(152,982)
Claims and judgments	--	--	--
	<u>20,569</u>	<u>17,384</u>	<u>(120,684)</u>
Net cash provided (used) by operating activities	<u>\$ 20,569</u>	<u>\$ 17,384</u>	<u>\$ (120,684)</u>

continued

COUNTY OF BUTTE

Combining Statement of Cash Flows (continued)
Internal Service Funds
For the Fiscal Year Ended June 30, 2010

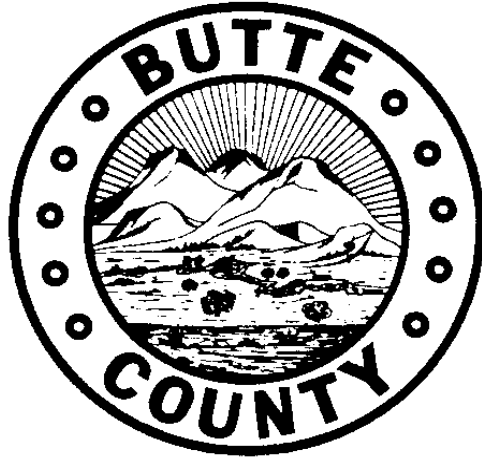
	Utilities Clearing	Duplicating	Stores
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 189,435	\$ --	\$ --
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	--	--	--
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	--	46,937	8,175
Due from other funds	11,863	25,855	187,966
Inventory	--	--	101,692
Prepaid expenses and other assets	--	29,424	--
Increase (decrease) in:			
Accounts payable	574	(43,568)	(8,579)
Due to other funds	(9,419)	(22,185)	(120,899)
Accrued salaries	--	(6,304)	(4,948)
Compensated absences	--	(17,528)	(7,327)
Claims and judgments	--	--	--
	<u>\$ 192,453</u>	<u>\$ 12,631</u>	<u>\$ 156,080</u>
Net cash provided (used) by operating activities			

continued

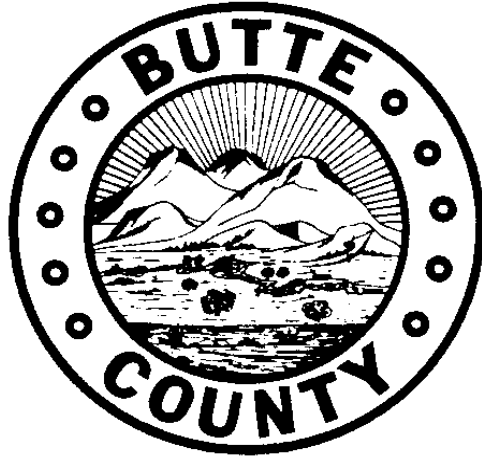
COUNTY OF BUTTE

Combining Statement of Cash Flows (continued)
 Internal Service Funds
 For the Fiscal Year Ended June 30, 2010

	<u>Communications</u>	<u>Total</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ --	\$ (175,710)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	--	1,305
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	196,645	251,778
Due from other funds	249,302	945,027
Inventory	--	101,692
Prepaid expenses and other assets	--	30,150
Increase (decrease) in:		
Accounts payable	(101,533)	(283,330)
Due to other funds	(191,917)	(1,070,570)
Accrued salaries	(14,683)	(181,445)
Compensated absences	(44,073)	(592,932)
Claims and judgments	--	359,000
	<u>\$ 93,741</u>	<u>\$ (615,035)</u>
Net cash provided (used) by operating activities		



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Fiduciary Funds

COUNTY OF BUTTE

Fiduciary Fund Types

Fiduciary Funds account for assets held by the County in a trustee capacity, or as an agent for private organizations, other governmental units, or other funds. The following are the County's Fiduciary Funds:

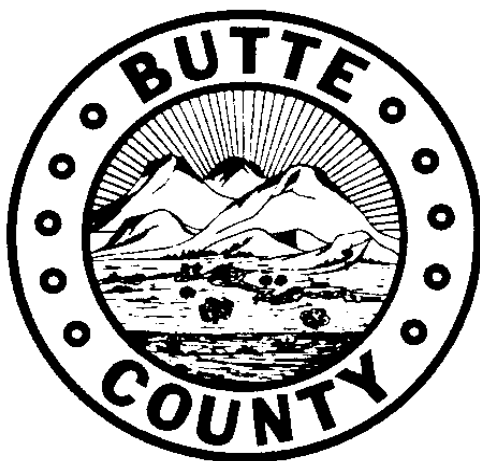
Agency Funds

The *Other Agency Fund* accounts for assets held for other governmental agencies and governmental units by the County in a fiduciary capacity.

The *Tax Resources Fund* accounts for funds reserved for losses and property tax receipts apportioned to other local government agencies participating in the Teeter Plan.

The *Butte County SB-325 Fund* accounts for funds held for other government agencies.

The *Butte County SB-620 Fund* accounts for funds held for other government agencies.



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COUNTY OF BUTTE, CALIFORNIA

Combining Statement of Fiduciary Assets and Liabilities
 Agency Funds
 June 30, 2010

	<u>Other</u>	<u>Tax Resources</u>	<u>Butte County SB-325</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 39,786,554	\$ 4,861,709	\$ 1	\$ 44,648,264
Interest receivable	--	73,015	179	73,194
Property tax receivable	--	16,469,257	--	16,469,257
Total assets	<u>\$ 39,786,554</u>	<u>\$ 21,403,981</u>	<u>\$ 180</u>	<u>\$ 61,190,715</u>
LIABILITIES				
Agency funds held for others	\$ 39,786,554	\$ 21,403,981	\$ 180	\$ 61,190,715
Total liabilities	<u>\$ 39,786,554</u>	<u>\$ 21,403,981</u>	<u>\$ 180</u>	<u>\$ 61,190,715</u>

COUNTY OF BUTTE, CALIFORNIA

Combining Statement of Changes in Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010

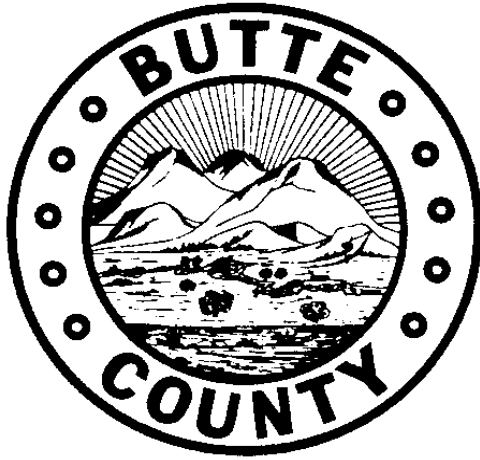
	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Other</u>				
ASSETS				
Cash and investments	\$ 15,937,564	\$ 40,355,049	\$ 16,506,059	\$ 39,786,554
Interest receivable	14,898	--	14,898	--
Total assets	<u>\$ 15,952,462</u>	<u>\$ 40,355,049</u>	<u>\$ 16,520,957</u>	<u>\$ 39,786,554</u>
LIABILITIES				
Agency funds held for others	\$ 15,952,462	\$ 34,482,229	\$ 10,648,137	\$ 39,786,554
Total liabilities	<u>\$ 15,952,462</u>	<u>\$ 34,482,229</u>	<u>\$ 10,648,137</u>	<u>\$ 39,786,554</u>
<u>Tax Resources</u>				
ASSETS				
Cash and investments	\$ 4,342,008	\$ 15,228,894	\$ 14,709,193	\$ 4,861,709
Interest receivable	104,974	73,015	104,974	73,015
Property tax receivable	15,123,920	16,469,257	15,123,920	16,469,257
Total assets	<u>\$ 19,570,902</u>	<u>\$ 31,771,166</u>	<u>\$ 29,938,087</u>	<u>\$ 21,403,981</u>
LIABILITIES				
Agency funds held for others	\$ 19,570,902	\$ 31,771,166	\$ 29,938,087	\$ 21,403,981
Total liabilities	<u>\$ 19,570,902</u>	<u>\$ 31,771,166</u>	<u>\$ 29,938,087</u>	<u>\$ 21,403,981</u>
<u>Butte County SB-325</u>				
ASSETS				
Cash and investments	\$ 2,337	\$ 1	\$ 2,337	\$ 1
Interest receivable	25	179	25	179
Total assets	<u>\$ 2,362</u>	<u>\$ 180</u>	<u>\$ 2,362</u>	<u>\$ 180</u>
LIABILITIES				
Agency funds held for others	\$ 2,362	\$ 180	\$ 2,362	\$ 180
Total liabilities	<u>\$ 2,362</u>	<u>\$ 180</u>	<u>\$ 2,362</u>	<u>\$ 180</u>

continued

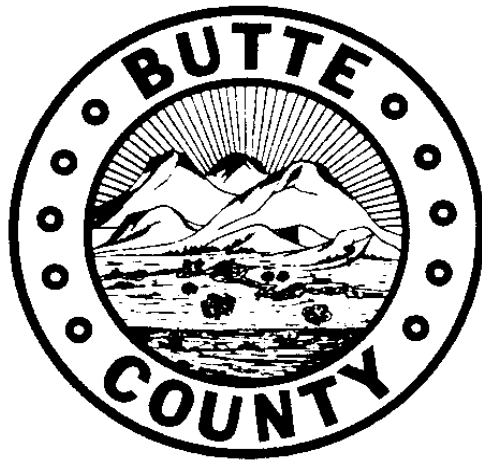
COUNTY OF BUTTE, CALIFORNIA

Combining Statement of Changes in Fiduciary Assets and Liabilities (continued)
 Agency Funds
 June 30, 2010

	<u>Balance</u> <u>July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2010</u>
<u>Butte County SB-620</u>				
ASSETS				
Cash and investments	\$ 51	\$ 12,910	\$ 12,961	\$ --
Total assets	<u>\$ 51</u>	<u>\$ 12,910</u>	<u>\$ 12,961</u>	<u>\$ --</u>
 LIABILITIES				
Agency funds held for others	51	12,910	12,961	--
Total liabilities	<u>\$ 51</u>	<u>\$ 12,910</u>	<u>\$ 12,961</u>	<u>\$ --</u>
 <u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 20,281,960	\$ 55,596,854	\$ 31,230,550	\$ 44,648,264
Interest receivable	119,897	73,194	119,897	73,194
Property tax receivable	15,123,920	16,469,257	15,123,920	16,469,257
Total assets	<u>\$ 35,525,777</u>	<u>\$ 72,139,305</u>	<u>\$ 46,474,367</u>	<u>\$ 61,190,715</u>
 LIABILITIES				
Agency funds held for others	\$ 35,525,777	\$ 66,266,485	\$ 40,601,547	\$ 61,190,715
Total liabilities	<u>\$ 35,525,777</u>	<u>\$ 66,266,485</u>	<u>\$ 40,601,547</u>	<u>\$ 61,190,715</u>



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Statistical Section

Statistical Section

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the comprehensive annual financial report. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in using the information in the financial statements, notes to financial statements, and required supplementary information to understand and assess a government's economic condition.

CONTENTS

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

REVENUE CAPACITY

These schedules contain trend information to help the reader assess the County's most significant local revenue source, the property tax.

DEBT CAPACITY

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

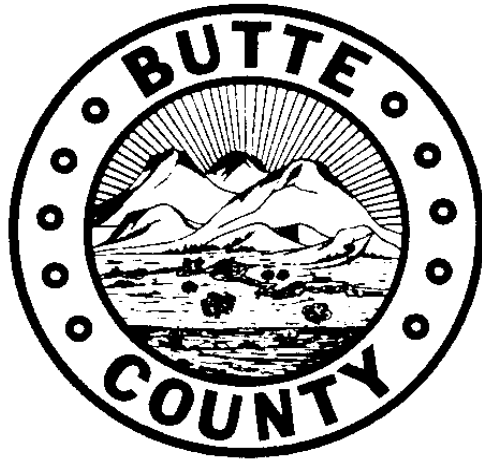
ECONOMIC AND DEMOGRAPHIC INFORMATION

These schedules offer economic and demographic indicators to help the reader understand the environment within which the County's financial activities take place.

OPERATING INFORMATION

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.



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COUNTY OF BUTTE, CALIFORNIA
NET ASSETS by COMPONENT
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	For the Fiscal Year Ended June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:									
Invested in capital assets, net of related debt	\$ 361,051,836	\$ 346,872,973	\$ 287,229,222	\$ 328,573,058	\$ 313,955,354	\$ 299,087,057	\$ 280,126,245	\$ 269,571,545	\$ 263,205,333
Restricted	50,627,806	43,991,120	29,106,697	14,971,692	16,696,959	26,321,708	45,999,726	51,089,379	55,902,915
Unrestricted	14,396,314	23,109,853	28,188,079	39,547,523	45,147,228	44,293,530	19,565,376	29,823,697	35,430,215
Total governmental activities net assets	<u>\$ 426,075,956</u>	<u>\$ 413,973,946</u>	<u>\$ 344,523,998</u>	<u>\$ 383,092,273</u>	<u>\$ 375,799,541</u>	<u>\$ 369,702,295</u>	<u>\$ 345,691,347</u>	<u>\$ 350,484,621</u>	<u>\$ 354,538,463</u>
Business-type activities:									
Invested in capital assets, net of related debt	\$ 3,715,815	\$ 4,389,868	\$ 6,799,310	\$ 8,402,774	\$ 8,748,541	\$ 1,792,507	\$ 4,389,846	\$ 5,046,136	\$ 7,162,066
Restricted	-	-	6,196,080	6,434,145	6,691,502	4,083,228	4,300,259	4,421,316	5,547,422
Unrestricted	5,987,239	9,311,498	520,516	(313,620)	(753,677)	11,463,088	10,256,700	10,664,266	9,326,821
Total business-type activities net assets	<u>\$ 9,703,054</u>	<u>\$ 13,701,366</u>	<u>\$ 13,515,906</u>	<u>\$ 14,523,299</u>	<u>\$ 14,686,366</u>	<u>\$ 17,338,823</u>	<u>\$ 18,946,805</u>	<u>\$ 20,131,718</u>	<u>\$ 22,036,309</u>
Primary government:									
Invested in capital assets, net of related debt	\$ 364,767,651	\$ 351,262,841	\$ 294,028,532	\$ 336,975,832	\$ 322,703,895	\$ 300,879,564	\$ 284,516,091	\$ 274,617,681	\$ 270,367,399
Restricted	50,627,806	43,991,120	35,302,777	21,405,837	23,388,461	30,404,936	50,299,985	55,510,695	61,450,337
Unrestricted	20,383,553	32,421,351	28,708,595	39,233,903	44,393,551	55,756,618	29,822,076	40,487,963	44,757,036
Total primary government net assets	<u>\$ 435,779,010</u>	<u>\$ 427,675,312</u>	<u>\$ 358,039,904</u>	<u>\$ 397,615,572</u>	<u>\$ 390,485,907</u>	<u>\$ 387,041,118</u>	<u>\$ 364,638,152</u>	<u>\$ 370,616,339</u>	<u>\$ 376,574,772</u>

Source: Auditor-Controller, County of Butte

Note: The Government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2001-02. We therefore only have nine years of data available to report.

COUNTY OF BUTTE, CALIFORNIA
CHANGES IN NET ASSETS
LAST NINE FISCAL YEARS
(accumul basis of accounting)

	For the Fiscal Year Ended June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Governmental activities:									
Expenses									
General government	\$ 12,073,217	\$ 13,403,744	\$ 19,988,028	\$ 28,108,571	\$ 16,617,793	\$ 19,086,835	\$ 20,865,771	\$ 20,710,290	\$ 25,115,218
Public protection	61,195,775	67,875,626	69,137,314	82,634,178	81,999,331	87,500,747	96,664,267	94,362,185	88,790,678
Public ways and facilities	27,590,645	28,463,533	28,079,018	17,520,672	31,531,708	34,623,721	39,999,631	34,975,071	30,009,178
Health and sanitation	49,121,198	55,095,207	55,942,561	56,395,525	58,593,884	64,268,283	72,458,490	67,582,300	72,502,065
Public assistance	123,118,708	127,500,579	126,530,857	130,935,568	130,966,814	135,871,668	142,125,227	142,615,875	143,688,838
Education	2,453,904	2,522,005	2,749,824	2,723,315	2,905,270	3,117,432	3,394,070	3,291,233	2,805,328
Culture and recreation services	430,377	533,602	393,637	499,967	658,741	604,386	374,615	524,852	512,353
Interest on long-term debt	-	-	-	3,608,601	4,183,940	4,315,186	3,696,005	2,659,630	2,499,474
Total governmental activities expense	275,983,824	295,394,296	302,821,239	322,426,397	327,457,481	349,388,258	379,578,076	366,721,436	365,923,132
Program Revenues									
Charges for services:									
General government	6,399,673	5,856,655	6,461,374	16,760,879	16,779,891	19,903,572	20,463,697	16,567,360	21,694,710
Public protection	12,695,131	13,731,788	8,021,648	6,461,794	5,581,142	5,285,862	6,000,509	9,180,534	10,708,534
Public ways and facilities	1,787,913	2,631,921	925,783	2,680,446	2,932,837	3,439,296	3,547,975	4,082,071	2,225,165
Health and sanitation	5,424,164	6,391,541	5,929,611	4,109,596	4,041,916	5,011,027	5,176,893	5,673,115	5,756,094
Public assistance	834,080	1,157,862	2,289,201	393,023	205,520	354,261	543,906	711,842	676,610
Education	164,024	327,068	72,357	72,532	118,108	101,360	89,362	113,684	146,212
Culture and recreation services	52,988	57,256	58,789	-	101,775	115,716	120,209	-	-
Operating grants and contributions	197,761,213	205,178,971	207,564,618	184,501,125	194,629,899	206,381,946	214,119,802	222,937,925	222,575,034
Capital grants and contributions	11,051,195	2,643,929	3,151,868	14,939,327	11,982,196	13,136,901	12,981,464	16,299,993	20,924,224
Total governmental activities program revenues	236,170,381	237,976,991	234,475,249	229,918,722	236,373,284	253,729,941	263,043,817	275,566,524	284,706,583
Net Expense¹	(39,813,443)	(57,417,305)	(68,345,990)	(92,507,675)	(91,084,197)	(95,658,317)	(116,534,259)	(91,154,912)	(81,216,549)
General Revenues and Transfers									
Taxes:									
Property taxes	14,269,289	17,798,624	18,770,212	34,260,317	41,656,548	45,641,947	47,928,940	49,534,039	49,822,100
Sales taxes	3,278,612	3,517,481	3,846,573	4,952,509	3,371,227	4,551,967	4,006,588	3,525,252	3,502,003
Other taxes and related revenues	3,689,600	2,353,498	2,715,949	1,935,715	1,624,332	1,356,479	989,470	1,031,960	1,010,109
Grants and contributions not restricted to specific programs	16,632,649	15,056,401	12,405,825	18,526,669	25,122,030	21,030,134	21,299,136	17,253,122	15,503,952
Unrestricted investment earnings	2,470,163	1,587,619	1,936,913	3,291,173	1,474,933	5,558,955	5,367,056	4,832,431	3,218,361
Gain (Loss) on Sale/Disposal of Capital Assets	23,321	-	(5,569)	(66,147)	19,610	-	-	-	-
Miscellaneous	3,505,351	5,008,578	8,326,140	19,507,815	8,327,670	11,430,359	12,932,121	11,688,662	4,521,606
Transfers	-	(6,906)	-	-	-	(8,770)	-	-	14,369
Total general revenues and transfers	43,868,985	45,315,295	47,996,043	82,408,051	81,596,350	89,561,071	92,523,311	87,865,466	77,592,500
Change in net assets-governmental activities	\$ 4,055,542	\$ (12,102,010)	\$ (20,349,947)	\$ (10,099,624)	\$ (9,487,847)	\$ (6,097,246)	\$ (24,010,948)	\$ (3,289,446)	\$ (3,624,049)

¹ Net expense is the difference between the expenses and program revenues of a function or program. It indicates the degree to which a function or program supports itself with its own fees and grants versus its reliance upon funding from taxes and other general revenues. Numbers in parentheses are net expenses, indicating that expenses were greater than program revenues and general revenues were needed to finance that function or program.

(continued)

COUNTY OF BUTTE, CALIFORNIA
CHANGES IN NET ASSETS (continued)
LAST NINE FISCAL YEARS
(accrual basis of accounting)

	For the Fiscal Year Ended June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
Business-Type activities:									
Expenses									
Sanitation	\$ 4,780,855	\$ 1,425,942	\$ 5,129,527	\$ 4,664,895	\$ 4,680,195	\$ 4,403,172	\$ 5,486,248	\$ 5,804,049	\$ 4,855,077
Transit	1,796,178	2,192,068	2,243,837	2,528,381	23,907	388,537	-	-	-
Total business-type activities	6,577,033	3,618,010	7,373,364	7,193,276	4,704,102	4,791,709	5,486,248	5,804,049	4,855,077
Program Revenues									
Charges for services:									
Sanitation	4,167,002	4,553,286	4,373,835	5,579,396	6,499,022	6,662,729	5,981,595	6,094,380	6,150,774
Transit	231,793	314,320	199,588	478,840	71,499	-	-	-	-
Operating grants and contributions	1,600,402	2,097,391	2,103,588	1,605,044	465,263	70,717	108,566	83,808	159,913
Total business-type activities program revenues	5,999,197	6,964,997	6,677,011	7,663,280	7,035,784	6,733,446	6,090,161	6,178,188	6,310,687
Net Expense¹	(577,836)	3,346,987	(696,353)	470,004	2,331,682	1,941,737	603,913	374,139	1,455,610
General revenues									
Unrestricted investment earnings	700,798	632,463	522,399	384,442	89,643	701,950	1,004,069	810,774	463,350
Gain (Loss) on Sale/Disposal of Capital Assets	(22,132)	-	-	-	(2,528,082)	-	-	-	-
Miscellaneous	209,152	18,862	(11,506)	152,947	186,366	-	-	-	-
Transfers	-	-	-	-	-	8,770	-	-	(14,369)
Total general revenues	887,818	651,325	510,893	537,389	(2,252,073)	710,720	1,004,069	810,774	448,981
Change in net assets -business-type activities	\$ 309,982	\$ 3,998,312	\$ (185,460)	\$ 1,007,393	\$ 79,609	\$ 2,652,457	\$ 1,607,982	\$ 1,184,913	\$ 1,904,591
Primary Government									
Expenses									
Governmental activities	\$ 275,983,824	\$ 295,394,296	\$ 302,821,239	\$ 322,426,397	\$ 327,457,481	\$ 349,388,258	\$ 379,578,076	\$ 366,721,436	\$ 365,923,132
Business-type activities	6,577,033	3,618,010	7,373,364	7,193,276	4,704,102	4,791,709	5,486,248	5,804,049	4,855,077
Total primary government expenses	282,560,857	299,012,306	310,194,603	329,619,673	332,161,583	354,179,967	385,064,324	372,525,485	370,778,209
Program Revenues									
Governmental activities	236,170,381	237,976,991	234,475,249	229,918,722	236,373,284	253,729,941	263,043,817	275,566,524	284,706,583
Business-type activities	5,999,197	6,964,997	6,677,011	7,663,280	7,035,784	6,733,446	6,090,161	6,178,188	6,310,687
Total primary government program revenues	242,169,578	244,941,988	241,152,260	237,582,002	243,409,068	260,463,387	269,133,978	281,744,712	291,017,270
Net Expense¹	(39,813,443)	(57,417,305)	(68,345,990)	(92,507,675)	(91,084,197)	(95,658,317)	(116,534,259)	(91,154,912)	(81,216,549)
Governmental activities	(39,813,443)	(57,417,305)	(68,345,990)	(92,507,675)	(91,084,197)	(95,658,317)	(116,534,259)	(91,154,912)	(81,216,549)
Business-type activities	(577,836)	3,346,987	(696,353)	470,004	2,331,682	1,941,737	603,913	374,139	1,455,610
Total primary government net expense	(40,391,279)	(54,070,318)	(69,042,343)	(92,037,671)	(88,752,515)	(93,716,580)	(115,930,346)	(90,780,773)	(79,760,939)
General revenues									
Governmental activities	43,868,985	45,315,295	47,996,043	82,408,051	81,596,350	89,561,071	92,523,311	87,865,466	77,592,500
Business-type activities	887,818	651,325	510,893	537,389	(2,252,073)	710,720	1,004,069	810,774	448,981
Total primary government general revenues	44,756,803	45,966,620	48,506,936	82,945,440	79,344,277	90,271,791	93,527,380	88,676,240	78,041,481
Change in net assets									
Governmental activities	4,055,542	(12,102,010)	(20,349,947)	(10,099,624)	(9,487,847)	(6,097,246)	(24,010,948)	(3,289,446)	(3,624,049)
Business-type activities	309,982	3,998,312	(185,460)	1,007,393	79,609	2,652,457	1,607,982	1,184,913	1,904,591
Total primary government change in net assets	\$ 4,365,524	\$ (8,103,698)	\$ (20,535,407)	\$ (9,092,231)	\$ (9,408,238)	\$ (3,444,789)	\$ (22,402,966)	\$ (2,104,533)	\$ (1,719,458)

Source: Auditor-Controller, County of Butte

Note: The Government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2001-02.

We therefore only have nine years of data available to report.

COUNTY OF BUTTE, CALIFORNIA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(modified accrual basis of accounting)

	For the Fiscal Year Ended June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund:									
Reserved for:									
Encumbrances	\$ 7,069,736	\$ 7,257,572	\$ 6,409,889	\$ 5,130,723	\$ 5,535,099	\$ 2,829,192	\$ 4,164,873	\$ 2,437,136	\$ 2,348,768
Imprest cash	49,695	44,270	44,270	45,145	45,095	45,595	44,095	44,245	84,345
Prepaid items	-	-	1,100	4,140	15,503	1,138	-	1,888	1,848
Deposits with others	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
General restrictions	15,695,241	18,132,280	21,069,956	3,165,083	5,196,551	5,586,824	10,611,120	11,560,087	13,844,851
Debt service	1,091,371	4,656,265	787,644	787,482	792,978	808,994	801,259	1,127,040	1,572,685
Inventories	-	-	-	-	-	-	-	-	154,369
Unreserved:									
Designated	2,388,433	2,502,727	2,830,188	24,366,630	19,626,639	3,894,494	91,826	232,510	115,000
Undesignated	16,192,849	16,078,711	8,768,646	10,776,705	15,813,037	16,857,031	10,160,457	9,059,057	16,710,645
Total general fund balance	\$ 42,489,825	\$ 48,674,325	\$ 39,914,193	\$ 44,278,408	\$ 47,027,402	\$ 30,025,768	\$ 25,876,130	\$ 24,464,463	\$ 34,835,011
All other Governmental Funds:									
Reserved for:									
Encumbrances	\$ 10,347,610	\$ 7,304,377	\$ 5,412,910	\$ 4,389,886	\$ 2,988,183	\$ 10,563,974	\$ 17,850,098	\$ 11,526,534	\$ 10,662,955
Imprest cash	2,940	5,365	5,215	1,215	1,165	1,815	1,750	1,700	2,700
Prepaid items	-	-	2,190	297	945	1,766	-	4,088	8,945
Deposits with others	-	-	297	500	297	297	297	297	297
Long-term loans receivable ¹	3,241,840	3,134,461	2,682,411	2,226,168	2,074,395	-	-	-	-
Legislative/ Grant restrictions	4,369,157	4,006,428	3,862,737	731,130	948,144	1,961,755	21,963,318	22,424,759	25,932,333
Debt service	-	1,150,916	417,810	8,061,829	7,684,891	8,970,613	5,522,525	7,943,619	7,875,805
Inventories	95,668	119,333	280,034	267,580	310,556	231,586	293,954	273,707	284,270
Unreserved:									
Designated, reported in:									
Special revenue funds	5,937,454	5,594,935	5,356,679	6,053,130	7,102,915	23,931,864	-	4,558,541	4,460,824
Undesignated, reported in:									
Special revenue funds	9,327,658	7,339,842	8,004,013	10,816,972	14,336,025	8,439,849	1,249,734	12,604,968	15,206,987
Capital projects funds	(2,402,568)	(1,331,347)	501,318	90,015	129,562	220,031	848,587	295,664	551,122
Total other governmental fund balances	\$ 30,919,759	\$ 27,324,310	\$ 26,525,614	\$ 32,638,722	\$ 35,577,078	\$ 54,323,550	\$ 47,730,263	\$ 59,633,877	\$ 64,986,238

¹ During the fiscal year 2006-2007, the County changed the way it accounts for loans receivable by offsetting loans receivable with deferred revenue instead of restricted fund balance.

Source: Auditor-Controller, County of Butte

Note 1: The Government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2001-02. We therefore only have nine years of data available to report.

Note 2: The substantial increase or decrease in fund balance reserved or designated is explained in Management's Discussion and Analysis.

COUNTY OF BUTTE, CALIFORNIA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST NINE FISCAL YEARS
(modified accrual basis of accounting)

	For the Fiscal Year Ended June 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES									
Taxes	\$ 21,237,501	\$ 22,753,793	\$ 23,874,775	\$ 41,845,457	\$ 47,395,136	\$ 52,384,206	\$ 53,797,238	\$ 54,091,251	\$ 54,334,212
Licenses and permits	3,398,347	3,988,539	4,360,823	5,143,170	4,322,084	4,861,476	4,604,498	3,720,735	3,123,312
Fines, forfeitures, and penalties	2,115,318	2,255,129	2,741,657	1,829,081	2,446,572	2,728,930	3,139,816	3,307,221	3,835,387
Revenues from uses of money and property	3,533,053	3,053,170	2,240,655	3,081,942	1,337,150	5,285,289	4,982,969	4,063,901	2,766,269
Aid from other governments	224,680,201	223,632,528	221,567,801	217,938,378	231,688,344	240,529,554	248,376,861	256,476,762	258,983,988
Charges for services	20,091,942	22,705,240	22,558,577	23,166,702	22,885,477	26,645,205	27,757,939	29,300,650	34,248,626
Other	5,637,472	3,912,473	6,852,202	19,506,239	8,327,670	11,430,359	12,932,121	11,688,660	4,521,606
Total revenues	280,693,834	282,300,872	284,196,490	312,510,969	318,402,433	343,865,019	355,591,442	362,649,180	361,813,400
EXPENDITURES:									
Current:									
General government	13,295,361	13,564,592	23,530,072	28,041,583	18,353,948	20,440,643	21,640,700	21,456,259	23,438,187
Public protection	68,903,950	72,318,779	73,266,989	80,974,652	80,525,118	89,379,218	97,512,700	93,854,161	85,264,302
Public ways and facilities	14,798,252	13,942,349	15,811,238	10,943,957	14,332,609	17,037,110	18,547,425	22,211,130	18,183,430
Health and sanitation	48,966,706	54,706,422	55,626,131	55,683,804	59,429,613	65,632,200	72,966,299	67,928,959	71,610,453
Public assistance	122,398,997	127,320,047	126,018,804	128,551,888	131,916,991	137,501,206	142,597,681	143,751,638	142,383,811
Education	2,323,995	2,595,937	2,618,241	2,604,840	2,819,417	3,056,164	3,397,317	3,227,903	2,714,077
Recreation and cultural services	4,065,679	629,744	455,878	356,178	540,284	475,794	574,995	538,899	344,806
Debt Service: (1)									
Principal	-	-	-	4,160,315	5,562,451	2,854,718	6,774,954	746,483	767,210
Interest	-	-	-	3,259,717	4,218,911	4,226,524	3,599,724	2,597,561	2,398,702
Cost of issuance	-	-	-	162,344	19,300	-	-	-	-
Total expenditures	274,752,940	285,077,870	297,327,353	314,739,278	317,718,642	340,603,577	367,611,795	356,312,993	347,104,978
Excess (deficiency) of revenues over expenditures	5,940,894	(2,776,998)	(13,130,863)	(2,228,309)	683,791	3,261,442	(12,020,353)	6,336,187	14,708,422
OTHER FINANCING SOURCES (USES):									
Sales of capital asset	26,488	55,949	16,283	184,210	22,973	24,014	463,507	72,392	68,894
Transfers in	6,675,214	6,628,970	11,545,776	20,333,417	23,387,710	19,802,941	24,328,799	20,862,960	21,674,746
Transfer out	(6,675,214)	(6,358,889)	(11,277,305)	(22,854,312)	(19,446,663)	(19,292,699)	(23,638,040)	(20,574,185)	(20,525,060)
Proceeds from issuance of debt	1,428,917	5,040,019	52,387,282	15,474,418	1,254,300	23,535	123,162	-	-
Total other financing sources (uses)	1,455,405	5,366,049	52,672,036	13,137,733	5,218,320	557,791	1,277,428	361,167	1,218,580
SPECIAL ITEM:									
Payment for unfunded actuarial liability	-	-	(49,100,000)	-	-	-	-	-	-
Net change in fund balances	\$ 7,396,299	\$ 2,589,051	\$ (9,558,827)	\$ 10,909,424	\$ 5,902,111	\$ 3,819,233	\$ (10,742,925)	\$ 6,697,354	\$ 15,927,002
Debt service as a percentage of noncapital expenditures	n/a	n/a	n/a	2.5%	3.1%	2.1%	2.9%	1.0%	0.9%

Source: Auditor-Controller, County of Butte

Note 1: Debt service was shown as a separate function during fiscal year 2004-05.

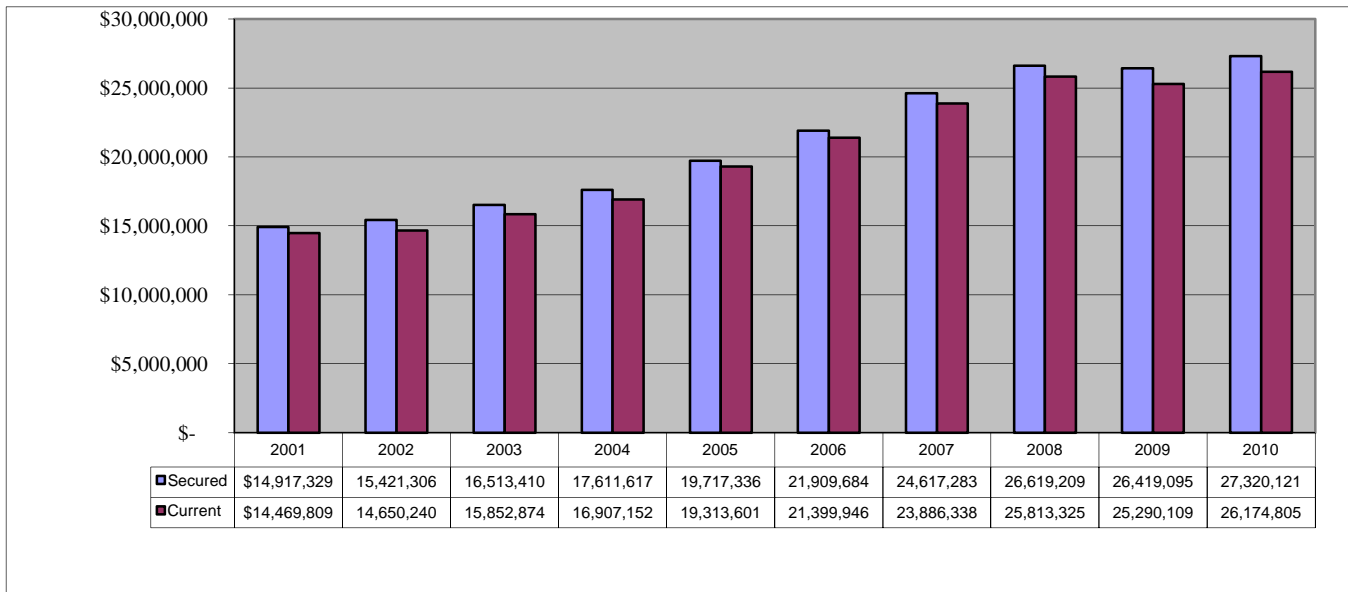
Note 2: The Government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2001-02. We therefore only have nine years of data available to report.

COUNTY OF BUTTE, CALIFORNIA
PROPERTY TAXES LEVIES AND COLLECTIONS
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Total		Percent of		Percent of	
	Secured Property Tax Levy	Current Tax Collections	Current Taxes Collected	Delinquent Tax Collections (1)	Total Tax Collections June 30 (2)	Total Tax Collections to Tax Levy
2001	\$ 14,917,329	\$ 14,469,809	97.00%	\$ 392,184	\$ 14,861,993	99.63%
2002	15,421,306	14,650,240	95.00%	427,151	15,077,391	97.77%
2003	16,513,410	15,852,874	96.00%	439,062	16,291,936	98.66%
2004	17,611,617	16,907,152	96.00%	397,491	17,304,643	98.26%
2005	19,717,336	19,313,601	97.95%	372,631	19,686,232	99.84%
2006	21,909,684	21,399,946	97.67%	445,534	21,845,480	99.71%
2007	24,617,283	23,886,338	97.03%	465,174	24,351,512	98.92%
2008	26,619,209	25,813,325	96.97%	696,536	26,509,861	99.59%
2009	26,419,095	25,290,109	95.73%	828,468	26,118,577	98.86%
2010	27,320,121	26,174,805	95.81%	946,894	27,121,699	99.27%

Note 1: Prior years restated to include only current year collections of delinquent taxes.

Note 2: Includes current and teeter collections.



Source: Auditor-Controller, County of Butte

COUNTY OF BUTTE, CALIFORNIA
ASSESSED VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Secured Roll	Utility Roll	Unsecured Roll	Assessed Value	Total Direct Tax Ratio
2001	9,809,069,349	19,591,858	572,029,882	10,400,691,089	1.0%
2002	10,210,901,077	20,289,420	596,527,153	10,827,717,650	1.0%
2003	10,940,529,305	18,939,397	622,967,322	11,582,436,024	1.0%
2004	11,624,793,072	18,939,909	635,629,383	12,279,362,364	1.0%
2005	12,720,999,330	21,586,369	628,596,023	13,371,181,722	1.0%
2006	14,047,057,479	21,878,301	671,570,735	14,740,506,515	1.0%
2007	15,705,066,165	19,279,234	728,715,203	16,453,060,602	1.0%
2008	17,253,582,073	8,367,262	772,788,613	18,034,737,948	1.0%
2009	17,826,407,338	7,930,798	836,897,313	18,671,235,449	1.0%
2010	17,361,801,601	5,152,377	868,120,034	18,235,074,012	1.0%

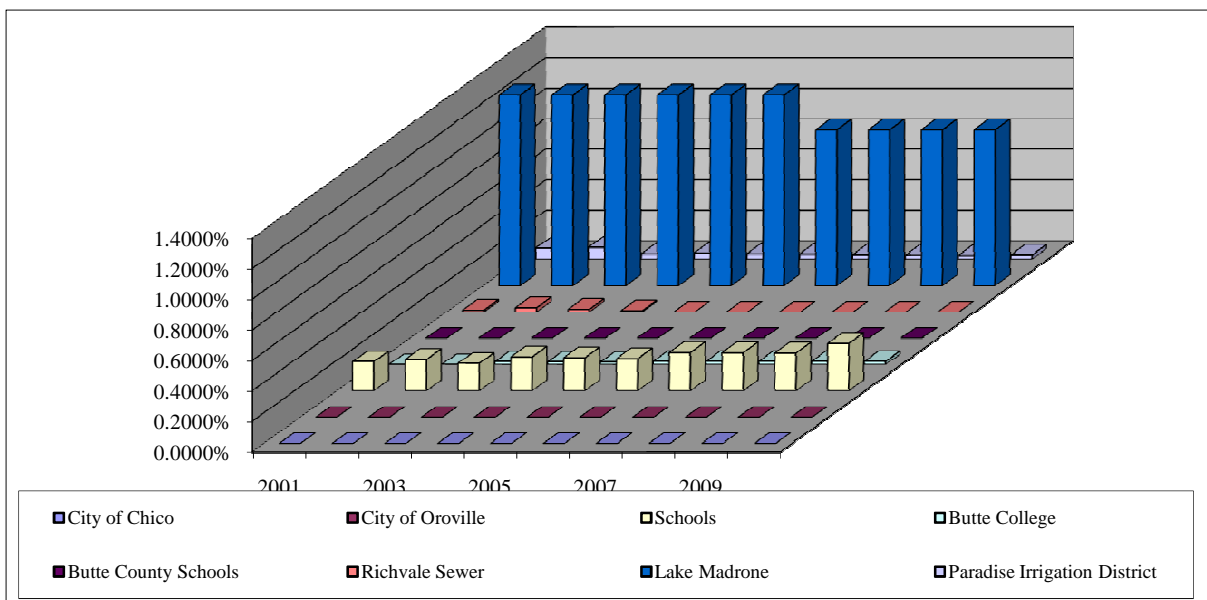
Note: Total estimated actual value of taxable property was not reasonably estimable.

Source: Auditor-Controller, County of Butte

COUNTY OF BUTTE, CALIFORNIA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Basic			Schools	Butte				Paradise		Total
	Countywide Levy	City of Chico	City of Oroville		Butte College	County Schools	Richvale Sewer	Lake Madrone	Irrigation District		
2001	1.000%	0.0000%	0.0000%	0.1916%	0.0000%	0.0000%	0.0119%	1.2500%	0.0720%	2.5255%	
2002	1.000%	0.0000%	0.0000%	0.2072%	0.0000%	0.0000%	0.0280%	1.2500%	0.0780%	2.5632%	
2003	1.000%	0.0000%	0.0000%	0.1810%	0.0188%	0.0000%	0.0175%	1.2500%	0.0340%	2.5013%	
2004	1.000%	0.0000%	0.0000%	0.2229%	0.0171%	0.0000%	0.0078%	1.2500%	0.0390%	2.5368%	
2005	1.000%	0.0000%	0.0000%	0.2177%	0.0160%	0.0000%	0.0000%	1.2500%	0.0340%	2.5177%	
2006	1.000%	0.0000%	0.0000%	0.2118%	0.0209%	0.0000%	0.0000%	1.2500%	0.0330%	2.5157%	
2007	1.000%	0.0000%	0.0000%	0.2518%	0.0209%	0.0000%	0.0000%	1.0200%	0.0270%	2.3197%	
2008	1.000%	0.0000%	0.0000%	0.2507%	0.0209%	0.0000%	0.0000%	1.0200%	0.0240%	2.3156%	
2009	1.000%	0.0000%	0.0000%	0.2488%	0.0209%	0.0000%	0.0000%	1.0200%	0.0220%	2.3117%	
2010	1.000%	0.0000%	0.0000%	0.3109%	0.0209%	0.0000%	0.0000%	1.0200%	0.0260%	2.3778%	

Note: California voters, on June 6, 1978, approved a constitutional amendment to Article XIII A of the California Constitution, commonly known as Proposition 13, which limits the taxing power of the California public agencies. Legislation enacted by the California Legislature to implement Article XIII A (Statutes of 1978 Chapter 292, as amended) provides that notwithstanding any other law, local agencies may not levy property tax except to pay debt service on indebtedness approved by voters prior to July 1, 1978, and that each County will levy the maximum tax permitted by Article XIII A of \$1 per \$100 of full cash value. Assessed value is equal to full cash value, pursuant to Senate Bill 1656, Statutes of 1978. The rates shown above are percentages of assessed valuation.



Source: Auditor-Controller, County of Butte

COUNTY OF BUTTE, CALIFORNIA
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND PRIOR YEAR

Taxpayer	2010			2005 (1)		
	Rank	Assessed Valuation	Percentage of Total Assessed	Rank	Assessed Valuation	Percentage of Total Assessed
Pacific Gas and Electric Corporation	1	\$ 435,779,594	2.390%	1	\$ 346,921,754	2.595%
Wild Goose Storage, Inc.	2	169,742,532	0.931%	2	91,461,818	0.684%
Pacific Bell California	3	51,354,087	0.282%	3	58,258,685	0.436%
Chico Mall Partners LP	4	35,315,910	0.194%	5	28,858,611	0.216%
California Water Service	5	33,926,649	0.186%	-	-	-
Farmland Reserve, Inc.	6	31,743,821	0.174%	-	-	-
Smucker Quality Beverages	7	30,518,782	0.167%	-	-	-
Pacific Realty Associates	8	30,307,001	0.166%	-	-	-
Chico Crossroads LP	9	29,925,000	0.164%	4	36,651,410	0.274%
Pacific Coast Producers	10	27,769,208	0.152%	6	24,011,550	0.180%
Pan Pacific Development LLC				7	24,002,189	0.180%
Sprint Communications Co.				8	23,695,716	0.177%
Largest Secured Property Valuation		876,382,584	<u>4.806%</u>		633,861,733	<u>4.741%</u>
Other Secured Taxpayers		<u>17,358,691,428</u>			<u>12,737,319,989</u>	
Total Secured Property Valuation - net of exemptions		<u>\$ 18,235,074,012</u>			<u>\$ 13,371,181,722</u>	

Note 1: In accordance with GASB Statement No. 44, the following table presents information for the County's principal taxpayers as of June 30, 2010 and should also be presented for June 30, 2001. However, June 30, 2001 information is not available and June 30, 2005 information will be presented until there is a nine year separation.

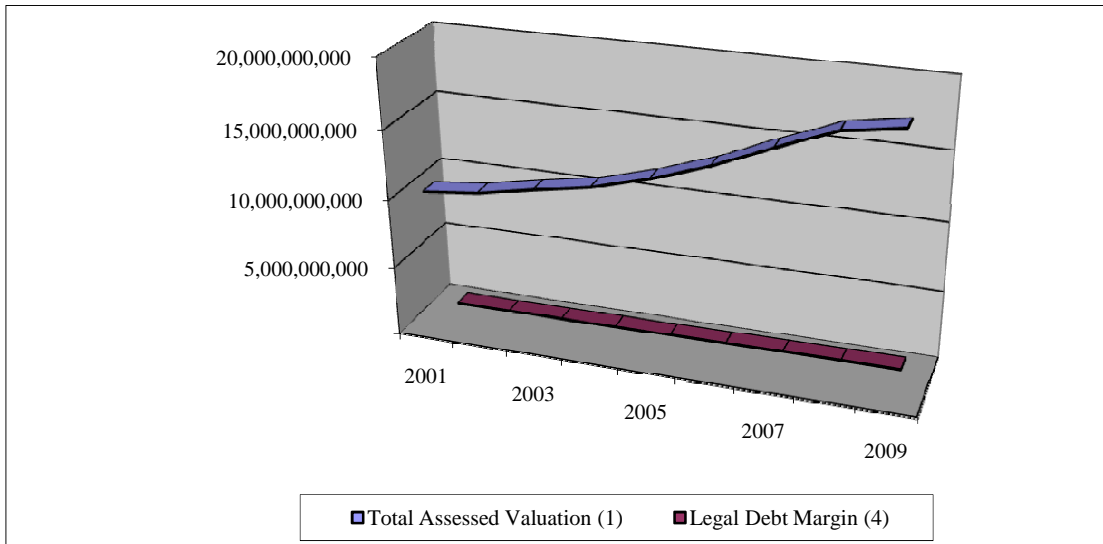
Source: Auditor-Controller, County of Butte

COUNTY OF BUTTE, CALIFORNIA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS

Fiscal Year	Total Assessed Valuation (1)	Legal Debt Limit (2)	Total Net Debt Applicable to Limit (3)	Legal Debt Margin (4)	Legal Debt Margin/ Debt Limit
2001	10,400,691,089	130,008,639	-	130,008,639	100%
2002	10,827,717,650	135,346,471	-	135,346,471	100%
2003	11,582,436,024	144,780,450	-	144,780,450	100%
2004	12,279,362,364	153,492,030	-	153,492,030	100%
2005	13,371,181,722	167,139,772	-	167,139,772	100%
2006	14,740,506,515	184,256,331	-	184,256,331	100%
2007	16,453,060,602	205,663,258	-	205,663,258	100%
2008	18,034,737,948	225,434,224	-	225,434,224	100%
2009	18,671,235,449	233,390,443	-	233,390,443	100%
2010	18,235,074,012	227,938,425	-	227,938,425	100%

Note:

- (1) Total assessed valuation includes exempt property.
- (2) The legal debt limit is set by statute at 1.25 percent of the total assessed valuation.
- (3) The County does not have any General Bonded Debt.
- (4) The legal debt margin is the legal debt limit reduced by all general bonded debt.



Source: Auditor-Controller, County of Butte

COUNTY OF BUTTE, CALIFORNIA
RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO TAXABLE ASSESSED
VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA
LAST TEN FISCAL YEARS

Fiscal Year	County Population (1)	Assessed Value	Gross Bonded Debt	Debt Payable from Enterprise Revenue	Net Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
2001	205,400	10,400,691,089	-	-	-	0.000%	-
2002	207,300	10,827,717,650	-	-	-	0.000%	-
2003	210,800	11,582,436,024	-	-	-	0.000%	-
2004	212,237	12,279,362,364	-	-	-	0.000%	-
2005	214,119	13,371,181,722	-	-	-	0.000%	-
2006	217,209	14,740,506,515	-	-	-	0.000%	-
2007	218,069	16,453,060,602	-	-	-	0.000%	-
2008	220,407	18,034,737,948	-	-	-	0.000%	-
2009	220,748	18,671,235,449	-	-	-	0.000%	-
2010	221,331	18,235,074,012	-	-	-	0.000%	-

Source:

- (1) State of California, Employment Development Department, Labor Market Information Division
(www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/)

Source: Auditor-Controller, County of Butte

COUNTY OF BUTTE, CALIFORNIA
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(In Thousands, except Per Capita)

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Assessed Value	Percentage of Personal Income	Per Capita
	Bonds	Certificates of Participation	Loans/ Notes	Capital Leases	Loans	Certificates of Participation	Capital Leases				
2001	1,167	4,675	5,077	1,809	-	-	-	12,728	0.1176%	0.27%	60
2002	1,109	4,440	-	2,998	-	-	-	8,547	0.0738%	0.18%	40
2003	1,052	9,345	-	2,366	-	-	2,258	15,021	0.1223%	0.30%	70
2004	50,879	5,150	2,492	1,019	-	-	1,780	61,320	0.4586%	1.14%	282
2005	61,515	4,540	4,111	688	-	-	1,289	72,143	0.4894%	1.24%	332
2006	57,212	3,920	3,935	1,479	500	-	784	67,830	0.4123%	1.11%	311
2007	56,424	3,290	2,903	1,097	450	12,025	303	76,491	0.4649%	1.18%	351
2008	50,575	2,650	2,703	1,134	400	12,025	20	69,506	0.3854%	0.98%	315
2009	50,492	2,300	2,494	1,029	350	12,025	20	68,710	0.3680%	1.02%	311
2010	50,403	1,945	2,278	922	300	11,300	20	67,167	0.3683%	0.94%	303

Source: Auditor-Controller, County of Butte

**COUNTY OF BUTTE, CALIFORNIA
OVERLAPPING BONDED DEBT
JUNE 30, 2010**

BUTTE COUNTY

2009-10 Assessed Valuation: \$19,285,763,930 (includes unitary utility valuation)
 Redevelopment Incremental Valuation: 4,156,256,702
 Adjusted Assessed Valuation: \$15,129,507,228

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt <u>6/30/10</u>	<u>% Applicable (1)</u>	County's Share of <u>Debt 6/30/10</u>
Butte-Glenn Community College District	\$79,673,079	85.016%	\$ 67,734,865
Yuba Joint Community College District	93,316,325	0.185	172,635
Chico Unified School District	53,805,000	100.	53,805,000
Marysville Joint Unified School District	69,493,777	1.272	883,961
Oroville Union High School District	20,636,385	100.	20,636,385
Manzanita School District	745,000	100.	745,000
Oroville School District	4,821,411	100.	4,821,411
Thermalito Union School District	1,939,515	100.	1,939,515
City 1915 Act Bonds	370,000	100.	<u>370,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$151,108,772

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

Butte County Certificates of Participation	\$13,245,000	100. %	\$13,245,000
Butte County Pension Obligations	49,895,000	100.	49,895,000
Butte-Glenn Community College District General Fund Obligations	3,085,000	85.016	2,622,744
Chico Unified School District Certificates of Participation	1,935,000	100.	1,935,000
Paradise Unified School District Certificates of Participation	1,305,000	100.	1,305,000
City of Oroville Pension Obligations	6,825,000	100.	6,825,000
City of Paradise Certificates of Participation	15,000	100.	15,000
City of Paradise Pension Obligations	10,269,920	100.	<u>10,269,920</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$86,112,664

COMBINED TOTAL DEBT \$237,221,436 (2)

- (1) Percentage of overlapping agency's assessed valuation located within boundaries of the county.
 (2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2009-10 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....0.78%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$63,140,000).....0.42%

Combined Total Debt.....1.57%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/10: \$0

AB:(\$450)

Source: California Municipal Statistics, Inc.

COUNTY OF BUTTE, CALIFORNIA
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less:										
Amounts Available in Debt Service Fund	-	-	-	-	-	-	-	-	-	-
Total Net Obligation Bonds Outstanding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Percentage of Estimated Actual Taxable Value of Property	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.00%
Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

Source: Auditor-Controller, County of Butte

COUNTY OF BUTTE, CALIFORNIA
DEMOGRAPHICS AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Population (1)	Personal Income (2)	Per Capita	School Enrollment (3)	Unemployment Rate (1)
			Personal Income		
2001	207,300	4,798,095,000	23,146	34,433	6.5%
2002	210,800	4,879,434,000	23,147	34,454	7.3%
2003	212,237	5,025,193,000	23,677	34,260	7.4%
2004	214,119	5,393,454,000	25,189	33,768	7.2%
2005	217,209	5,811,000,000	26,753	33,385	6.7%
2006	217,209	6,099,731,000	28,082	33,192	4.9%
2007	218,069	6,494,706,000	29,783	32,827	6.1%
2008	220,407	7,100,740,000	32,216	32,559	8.2%
2009	220,748	6,752,580,000	30,590	32,069	13.2%
2010	221,331	7,163,944,000	32,368	31,539	13.1%

Detail of estimated population, as July, 2010:

Incorporated Cities/Towns:

City of Biggs	1,800
City of Chico	87,713
City of Gridley	6,285
City of Oroville	14,490
Town of Paradise	26,465
Total of incorporated	136,753
Total of unincorporated	84,578
Total Population	221,331

Sources:

- (1) State of California, Employment Development Department, Labor Market Information Division (www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/)
- (2) Bureau of Economic Analysis (www.bea.gov/bea/regional/reis/)
- (3) Ed-data (www.ed-data.k12.ca.us)

COUNTY OF BUTTE, CALIFORNIA
MISCELLANEOUS STATISTICAL INFORMATION
JUNE 30, 2010

Geographical Location: One of the State's original 27 counties, Butte County is located in the northern portion of the Sacramento Valley. Rising from the Sacramento River, its western boundary, to the Sierra Nevada Mountains, its eastern perimeter, the county's 1,665 square miles range in elevation from sixty feet to over 7,000 feet, resulting in a considerable variation in climate.

Area of County: 1,665 square miles

County Seat: Oroville, California

Date of Incorporation: February 18, 1850

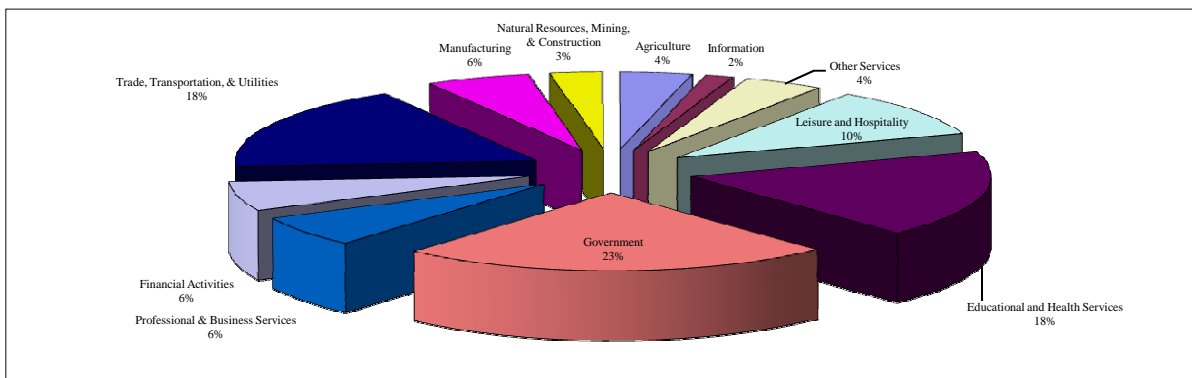
Form of Government: General Law County, governed by a five-member Board of Supervisors

Fiscal Year Begins: July 1

County Employees: as of June 30, 2010: 2,262

Employment Distribution (2006 Annual Average)(1):

Agriculture	3.9%
Information	1.5%
Other Services	4.3%
Leisure and Hospitality	10.2%
Educational and Health Services	18.1%
Government	23.4%
Professional & Business Services	6.4%
Financial Activities	6.1%
Trade, Transportation, & Utilities	17.7%
Manufacturing	5.6%
Natural Resources, Mining, & Construction	2.8%



Source: State of California, Employment Development Department, Labor Market Information Division, Snap Shot (<http://www.calmis.ca.gov/file/COsnaps/buttesnap.pdf>)

COUNTY OF BUTTE, CALIFORNIA
PRINCIPAL EMPLOYERS
JUNE 30, 2010 and Nine Years Ago

Major County Employers

Company	2010			2001		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
California State University, Chico	2,275	1	2.38%	n/a	n/a	n/a
Butte County	2,262	2	2.37%	n/a	n/a	n/a
Enloe Medical Center, Inc.	1,825	3	1.91%	n/a	n/a	n/a
Butte Glenn Community College	1,500	4	1.57%	n/a	n/a	n/a
Oroville Hospital	1,170	5	1.23%	n/a	n/a	n/a
Tyme Maidu Tribe of Berry Creek	700	6	0.73%	n/a	n/a	n/a
Feather River Hospital	620	7	0.65%	n/a	n/a	n/a
Associated Students California	600	8	0.63%	n/a	n/a	n/a
Butte County Office of Education	600	9	0.63%	n/a	n/a	n/a
Electronic Data Systems Company	500	10	0.52%	n/a	n/a	n/a
Total	<u>12,052</u>		<u>12.62%</u>			

Note: June 30, 2001 complete information is not available.

Source: www.labormarketinfo.eee.ca.gov/majorer/countymajorer.asp

**COUNTY OF BUTTE, CALIFORNIA
OPERATING INDICATORS BY FUNCTION
LAST SEVEN FISCAL YEARS**

Function/Program	For the Fiscal Year Ended June 30,						
	2004	2005	2006	2007	2008	2009	2010
Sheriff							
Number of Bookings	11,356	12,964	13,543	13,920	12,693	14,241	13,487
Coroner Case Load	1,588	1,618	1,701	1,709	1,632	1,677	1,734
Calls for Services - Unincorporated Areas	45,536	43,585	43,261	56,131	64,121	63,871	63,787
Fire							
Medical Assistance	13,383	13,964	13,240	8,287	8,101	8,021	11,941
Fires Extinguished	905	884	740	753	1,311	1,089	2,169
Probation							
Juveniles in Detention Facilities (bed days)	22,354	19,967	20,987	21,484	19,242	17,949	17,564
Waste Management							
Landfill Tonnage	209,466	202,189	191,676	196,153	192,073	163,370	152,257
Recycling Tonnage	22,762	20,186	13,640	26,484	23,377	19,390	13,768
County Library							
Total Circulation	653,985	662,590	723,178	744,881	826,821	910,249	840,078
Reference Questions Answered	49,276	41,672	37,703	36,948	38,546	42,366	27,449
Patrons	97,023	106,696	96,049	90,702	93,616	94,574	79,326
Programs Offered	1,106	975	1,169	1,019	1,214	1,353	1,415
Program Attendance	20,788	18,917	22,510	23,439	30,916	34,764	28,395
Visitor Count	581,194	628,430	662,302	656,949	723,460	756,901	842,112
Clerk-Recorder							
Official Records Recorded	87,054	77,545	74,963	77,497	61,002	51,388	52,738
Vital Records Copies Issued	12,201	12,813	13,179	13,903	13,629	13,689	12,430
Official Records Copies Issued	6,942	7,319	6,665	6,442	6,172	5,408	4,272
Community Health Agency							
Facilities Inspections	N/A	3,200	4,015	4,905	5,577	5,276	5,714
Public Social Services							
CalWORKS Clients	134,259	122,799	115,616	121,734	105,953	103,947	102,663
Food Stamp Clients	167,912	206,012	209,550	221,324	228,513	251,732	290,417
Medi-Cal Clients	119,660	152,590	148,090	144,901	159,384	157,048	169,544
In-Home Support Services	32,355	33,044	30,927	36,416	35,951	37,593	36,322
Foster Care Placements	9,682	9,166	8,859	8,343	8,417	7,542	7,065
Child Welfare Services	11,850	12,193	12,019	11,130	12,282	11,237	10,150

Note: Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.

Source: Auditor-Controller, County of Butte

**COUNTY OF BUTTE, CALIFORNIA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST SEVEN FISCAL YEARS**

Function/Program	For the Fiscal Year Ended June 30,						
	2004	2005	2006	2007	2008	2009	2010
Sheriff							
Patrol Stations	4	4	4	4	4	4	4
Patrol Vehicles	65	65	65	60	60	50	50
Fire							
Stations	26	26	26	26	26	26	26
Trucks	38	40	40	40	40	40	40
Waste Management							
Landfills	1	1	1	1	1	1	1
Capacity in Tons	13,141,300	12,608,230	12,427,121	12,257,452	12,088,756	11,931,691	11,793,202
County Libraries							
Branch Libraries	6	6	6	6	6	6	6
Book Mobiles	1	1	1	1	1	1	1
Books in Collection	284,355	296,795	299,262	309,681	306,155	321,799	302,828

Note: Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.

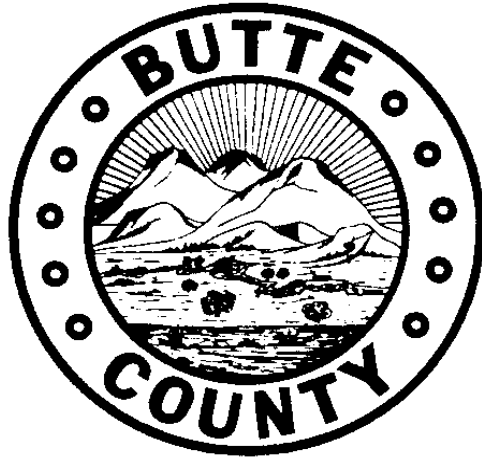
Source: Auditor-Controller, County of Butte

COUNTY OF BUTTE, CALIFORNIA
FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION/ PROGRAM
LAST FIVE FISCAL YEARS

Function/Program	Full-time Equivalent Employees				
	2006	2007	2008	2009	2010
General government:					
Legislative and Administrative	28	24	35	35	38
Finance	30	35	19	16	20
Purchasing	3	4	6	6	6
Treasurer	28	24	26	28	30
Assessor	44	44	44	38	39
Human Resources	12	13	22	17	18
County Counsel	12	12	9	9	9
Elections	14	8	13	60	60
Development Services	44	45	42	40	40
Recorder	17	17	15	12	11
Other General	11	11	14	-	-
Public Protection:					
Judicial	97	97	104	118	115
Police Protection	167	163	175	163	175
Detention and Correction	167	159	168	191	176
Fire Protection	3	-	4	5	4
Probation	92	102	105	94	93
Water Services	5	5	4	4	4
Other Protection	7	8	7	6	6
Public ways and Facilities:					
Public ways	106	117	106	103	100
Health and Sanitation:					
Health	571	565	591	579	566
Agriculture	22	19	24	24	28
Public Assistance:					
Aid Programs	555	565	557	514	521
Veterans Services	1	2	3	3	3
Other Assistance	111	122	101	107	109
Education:					
Library Services	54	56	58	43	43
Farm Advisor	3	3	3	3	4
County Business-type Functions					
Landfill	25	25	23	21	20
Internal Service Funds					
	66	67	67	24	24
	<u>2,295</u>	<u>2,312</u>	<u>2,345</u>	<u>2,263</u>	<u>2,262</u>

Note: Information was not available for ten years' reporting, but will be accumulated over time as it becomes available.

Source: Human Resources Department, County of Butte



Glossary

COUNTY OF BUTTE

Glossary for the Comprehensive Annual Financial Report

ACCOUNTS PAYABLE. A short-term liability account reflecting amounts owed to private persons or organizations for goods and services received by a government.

ACCOUNTS RECEIVABLE. An asset account reflecting amounts due from private persons or organizations for goods and services furnished by a government (but not including amounts due from other funds or other governments).

ACCRUAL BASIS. The recording of the financial effects on a government of transactions and other events and circumstances that have cash consequences for the government in the periods in which those transactions, events and circumstances occur, rather than only in the periods in which cash is received or paid by the government.

ACCUMULATED DEPRECIATION. A contra-asset account used to report the accumulation of periodic credits to reflect the expiration of the estimated service life of capital assets.

ADVANCE FROM OTHER FUNDS. A liability account used to record noncurrent portions of a long-term debt owed by one fund to another fund within the same reporting entity. See **DUE TO OTHER FUNDS** and **INTERFUND RECEIVABLE/PAYABLE**.

ADVANCE TO OTHER FUNDS. An asset account used to record noncurrent portions of a long-term loan from one fund to another fund within the same reporting entity. See **DUE FROM OTHER FUNDS**.

AGENCY FUND. A fund normally used to account for assets held by a government as an agent for individuals, private organizations or other governments and/or other funds.

AMORTIZATION. (1) The portion of the cost of a limited-life or intangible asset charged as an expense during a particular period. (2) The reduction of debt by regular payments of principal and interest sufficient to retire the debt by maturity.

APPROPRIATION. A legal authorization granted by a legislative body to make expenditures and to incur obligations for specific purposes. An appropriation usually is limited in amount and time it may be expended.

ASSESSED VALUATION. A valuation set upon real estate or other property by a government as a basis for levying taxes.

AUDITOR'S REPORT. In the context of a financial audit, a statement by the auditor describing the scope of the audit and the auditing standards applied in the examination, and setting forth the auditor's opinion on the fairness of presentation of the financial information in conformity with GAAP or some other comprehensive basis of accounting.

BALANCE SHEET. The financial statement disclosing the assets, liabilities and equity of an entity at a specified date in conformity with GAAP.

BASIC FINANCIAL STATEMENTS (BFS). The minimum combination of financial statements and note disclosures required for fair presentation in conformity with GAAP. Basic financial statements have three components: government-wide financial statements, fund financial statements and notes to the financial statements.

BASIS OF ACCOUNTING. A term used to refer to *when* revenues, expenditures, expenses, and transfers - and the related assets and liabilities are recognized in the accounts and reported in the financial statements. Specifically, it relates to the *timing* of the measurements made, regardless of the nature of the measurement, on either the cash or the accrual method.

BUDGET. A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them. Used without any modifier, the term usually indicates a financial plan for a single fiscal year. The term "budget" is used in two senses in practice. Sometimes it designates the financial plan presented to the appropriating governing body for adoption, and sometimes, the plan finally approved by that body.

BUDGETARY CONTROL. The control or management of a government or enterprise in accordance with an approved budget to keep expenditures within the limitations of available appropriations and available revenues.

CAPITAL ASSETS. Long-lived tangible assets obtained or controlled as a result of past transactions, events or circumstances. Capital assets include buildings, equipment, and improvements other than buildings, land and infrastructure. In the private sector, these assets are referred to most often as property, plant and equipment.

CAPITAL EXPENDITURES. Expenditures resulting in the acquisition of or addition to the government's general capital assets.

CAPITALIZATION POLICY. The criteria used by a government to determine which outlays should be reported as capital assets.

CAPITAL LEASE. An agreement that conveys the right to use property, plant or equipment, usually for a stated period of time. See **LEASE-PURCHASE AGREEMENTS**.

CAPITAL PROJECTS FUND. A fund created to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

COUNTY OF BUTTE

Glossary for the Comprehensive Annual Financial Report

CASH BASIS. A basis of accounting under which transactions are recognized only when cash is received or disbursed.

CASH WITH FISCAL AGENT. An asset account reflecting deposits with fiscal agents, such as commercial banks, for the payment of bond principal and interest.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING PROGRAM. A voluntary program administered by the GFOA to encourage governments to publish efficiently organized and easily readable CAFR's and to provide technical assistance and peer recognition to the finance officers preparing them.

CHANGE IN THE FAIR VALUE OF INVESTMENTS. The difference between the fair value of investments at the beginning of the year and at the end of the year, taking into consideration investment purchases, sales, and redemptions.

COMPENSATED ABSENCES. Absences, such as vacation, illness and holidays, for which it is expected employees will be paid. The term does not encompass severance or termination pay, postretirement benefits, deferred compensation or other long-term fringe benefits, such as group insurance and long-term disability pay.

COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR). A financial report that encompasses all funds and component units of the government. The CAFR should contain (a) the basic financial statements and required supplementary information, (b) combining statements to support columns in the basic financial statements that aggregate information from more than one fund or component unit, and (c) individual fund statements as needed. The CAFR is the governmental unit's official annual report and also should contain introductory information, schedules necessary to demonstrate compliance with finance-related legal and contractual provisions, and statistical data.

CONCENTRATION OF CREDIT RISK. The risk of loss attributed to the magnitude of a government's investment in a single issuer.

CONTINGENT LIABILITY. Items that may become liabilities as a result of conditions undetermined at a given date, such as guarantees, pending lawsuits, judgments under appeal, unsettled disputed claims, unfilled purchase orders and uncompleted contracts. Contingent liabilities should be disclosed within the financial statements (including the notes) when there is a reasonable possibility a loss may have been incurred. Guarantees, however, should be disclosed even though the possibility of loss may be remote.

CREDIT RISK. The risk that an issuer or a counter-party to an investment will not fulfill its obligations.

CURRENT FINANCIAL RESOURCES MEASUREMENT FOCUS. Measurement focus according to which the aim of a set of financial statements is to report the near-term (current) inflows, outflows, and balances of expendable (spendable) financial resources. The current financial resources measurement focus is unique to accounting and financial reporting for state and local governments and is used solely for reporting the financial position and results of operations of governmental funds.

DEBT. An obligation resulting from the borrowing of money or from the purchase of goods and services. Debts of governments include bonds, time warrants and notes.

DEBT SERVICE FUND. A fund established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

DEFERRED CHARGES. Expenditures that are not chargeable to the fiscal period in which they were made but that are carried as an asset on the balance sheet, pending amortization or other disposition (e.g. bond issuance costs). Deferred charges differ from prepaid items in that they usually extend over a long period of time (more than five years) and are not regularly recurring costs of operation.

DEFERRED REVENUE. Resource inflows that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts also are reported as deferred revenue until they are available to liquidate liabilities of the current period.

DEFICIT. (1) The excess of the liabilities of a fund over its assets. (2) The excess of expenditures over revenues during an accounting period or, in the case of proprietary funds, the excess of expenses over revenues during an accounting period.

DEFINED BENEFIT PENSION PLAN. A pension plan having terms that specify the amount of pension benefits to be provided at a future date or after a certain period of time; the amount specified usually is a function of one or more factors such as age, years of service, and compensation.

DEPRECIATION. (1) Expiration in the service life of capital assets, other than wasting assets, attributable to wear and tear, deterioration, action of the physical elements, inadequacy and obsolescence. (2) The portion of the cost of a capital asset, other than a wasting asset, charged as an expense during a particular period. In accounting for depreciation, the cost of a capital asset, less any salvage value, is prorated over the estimated service life of such an asset, and each period is charged with a portion of such cost. Through this process, the entire cost of the asset is ultimately charged off as an expense.

COUNTY OF BUTTE

Glossary for the Comprehensive Annual Financial Report

DESIGNATED FUND BALANCE. A portion of an unreserved fund balance that has been "earmarked" by the chief executive officer or the legislative body for specified purposes.

DUE FROM OTHER FUNDS. An asset account used to indicate amounts owed to a particular fund by another fund for goods sold or services rendered. This account includes only short-term obligations on open account, not interfund loans.

DUE TO OTHER FUNDS. A liability account reflecting amounts owed by a particular fund to another fund for goods sold or services rendered. These amounts include only short-term obligations on open account, not interfund loans.

ECONOMIC RESOURCES MEASUREMENT FOCUS.

Measurement focus under which the aim of a set of financial statements is to report all inflows, outflows, and balances affecting or reflecting an entity's net assets. The economic resources measurement focus is used for proprietary and fiduciary funds, as well as for government-wide financial reporting. It is also used by business enterprises in the private sector.

ENCUMBRANCES. Commitments related to unperformed (executory) contracts for goods or services. Used in budgeting, encumbrances are not GAAP expenditures or liabilities, but represent the estimated amount of expenditures ultimately to result if unperformed contracts in process are completed.

ENTERPRISE FUND. Proprietary fund type used to report an activity for which a fee is charged to external users for goods and services.

EXPENDITURE-DRIVEN GRANTS. Government-mandated or voluntary nonexchange transactions in which expenditure is the prime factor for determining eligibility. Also referred to as reimbursement grants.

EXCHANGE-LIKE TRANSACTION. Transaction in which there is an identifiable exchange between the reporting government and another party, but the values exchanged may not be quite equal or the direct benefits of the exchange may not be exclusively for the parties to the exchange.

EXPENDITURES. Decreases in net financial resources. Expenditures include current operating expenses requiring the present or future use of net current assets, debt service and capital outlays, and intergovernmental grants, entitlement and shared revenues.

EXPENSES. Outflows or other using up of assets or incurrences of liabilities (or a combination of both) from delivering or producing goods, rendering services or carrying out other activities that constitute the entity's ongoing major or central operations.

EXTERNAL AUDITORS. Independent auditors typically engaged to conduct an audit of a government's financial statements.

EXTERNAL INVESTMENT POOL. An arrangement that commingles (pools) the moneys of more than one legally separate entity and invests, on the participants' behalf, in an investment portfolio; one or more of the participants is not part of the sponsors reporting entity. An external investment pool can be sponsored by an individual government, jointly by more than one government, or by a nongovernmental entity. An investment pool that is sponsored by an individual state or local government is an external investment pool if it includes participation by a legally separate entity that is not part of the same reporting entity as the sponsoring government. If a government-sponsored pool includes only the primary government and its component units, it is an internal investment pool and not an external investment pool.

FAIR VALUE. The amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

FEDERAL DEPOSIT INSURANCE CORPORATION. A corporation created by the federal government that insures deposits in banks and savings associations.

FIDUCIARY FUNDS. The trust and agency funds used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other government units and/or other funds.

FINANCIAL RESOURCES. Resources that are or will become available for spending. Financial resources include cash and resources ordinarily expected to be converted to cash (e.g. receivables, investments). Financial resources may also include inventories and pre-pays (because they obviate the need to expend current available resources).

FISCAL AGENT. A fiduciary agent, usually a bank or county treasurer, who performs the function of paying debt principal and interest when due.

FOREIGN EXCHANGE RISK. The risk that changes in exchange rate will adversely affect the fair value of an investment or a deposit.

FUND. A fiscal and accounting entity with a self-balancing set of accounts in which cash and other financial resources, all related liabilities and residual equities, or balances, and changes therein, are recorded and segregated to carry on specific activities or attain certain objectives in accordance with special regulations, restrictions or limitations.

COUNTY OF BUTTE

Glossary for the Comprehensive Annual Financial Report

FUND BALANCE. The difference between fund assets and fund liabilities of governmental and similar trust funds.

FUND FINANCIAL STATEMENTS. Basic financial statements presented on the basis of funds. Term used in contrast with *government-wide financial statements*.

FUND TYPE. Any one of seven categories into which all funds are classified in governmental accounting. The seven fund types are: general, special revenue, debt service, capital projects, enterprise, internal service, and trust and agency.

GENERAL REVENUES. All revenues that are not required to be reported as program revenues. All taxes, even those that are levied for a specific purpose, are general revenues and should be reported by type of tax – for example, property tax, sales tax, and transient occupancy tax. All other nontax revenues (including interest, grants and contributions) that do not meet the criteria to be reported as program revenues should also be reported as general revenues.

GENERAL FUND. The general fund is one of five governmental fund types and typically serves as the chief operating fund of the government. The general fund is used to account for all financial resources except those required to be accounted for in another fund.

GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP). The conventions, rules, and procedures that serve as the norm for the fair presentation of financial statements. The various sources of GAAP for state and local governments are set forth by SAS No. 69, *The Meaning of "Present Fairly in Conformity with Generally Accepted Accounting Principles"* in the Independent Auditor's Report.

GOVERNMENTAL ACCOUNTING. The composite activity of analyzing, recording, summarizing, reporting and interpreting the financial transactions of governments.

GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB). The ultimate authoritative accounting and financial reporting standard-setting body for state and local governments. The GASB was established in June 1984 to replace the National Council on Governmental Accounting (NCGA).

GOVERNMENTAL FUNDS. Funds generally used to account for tax-supported activities. There are five different types of governmental funds: the general fund, special revenue funds, debt service funds, capital projects funds and permanent funds.

GOVERNMENT-WIDE FINANCIAL STATEMENTS. Financial statements that incorporate all of a government's governmental and business-type activities, as well as its nonfiduciary component units. There are two basic government-wide financial statements: the statement of net assets and the statement of net activities. Both basic governmental financial statements are presented using the economic resources measurement focus and the accrual basis of accounting.

INFRASTRUCTURE. Long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, tunnels, drainage systems, water and sewer systems, dams and lighting systems.

INTEREST RATE RISK. The risk that changes in interest rates will adversely affect the fair value of an investment or a deposit.

INTERFUND RECEIVABLE/PAYABLE. Short-term loans made by one fund to another, or the current portion of an advance to or from another fund.

INTERFUND TRANSFERS. Flow of assets (such as cash or goods) between funds and blended component units of the primary government without equivalent flows of assets in return and without a requirement for payment.

INTERNAL SERVICE FUND. A fund used to account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

JOINT VENTURE. A legal entity or other contractual arrangement in which a government participates as a separate and specific activity for the benefit of the public or service recipients and in which the government retains an ongoing financial interest.

LAPSE. As applied to appropriations, the automatic termination of an appropriation. Except for indeterminate appropriations and continuing appropriations, an appropriation is made for a certain period of time. At the end of this period, any unexpended or unencumbered balance thereof lapses, unless otherwise provided by law.

LEASE-PURCHASE AGREEMENTS. Contractual agreements that are termed leases, but that in substance are purchase contracts.

LEGAL LEVEL OF BUDGETARY CONTROL. The level at which spending in excess of budgeted amounts would be a violation of law.

LEVEL OF BUDGETARY CONTROL. The level at which a government's management may not reallocate resources without special approval from the legislative body.

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LIABILITIES. Probable future sacrifices of economic benefits, arising from present obligations of a particular entity to transfer assets or provide services to other entities in the future as a result of past transactions or events.

LOANS RECEIVABLE. An asset account reflecting amounts loaned to individuals or organizations external to a government, including notes taken as security for such loans. Loans to other funds and governments should be recorded and reported separately.

MAJOR FUND. A governmental fund or enterprise fund reported as a separate column in the basic fund financial statements. The general fund is always a major fund. Otherwise, major funds are funds whose revenues/expenditures, assets or liabilities are at least 10 percent of corresponding totals for all government or enterprise funds and at least 5 percent of the aggregate amount for all governmental and enterprise funds for the same item. Any other government or enterprise fund may be reported as a major fund if the government's officials believe that fund is particularly important to financial statement users.

MANAGEMENT'S DISCUSSION AND ANALYSIS. A component of required supplementary information used to introduce the basic financial statements and to provide an analytical overview of the government's financial activities.

MEASUREMENT FOCUS. A way of presenting an entity's financial performance and position by considering which *resources* are measured (financial or economic) and *when* the effects of transactions or events involving those resources are recognized (the basis of accounting). The measurement focus of government-wide financial statements, proprietary fund financial statements and fiduciary fund financial statements is economic resources. The measurement focus of governmental fund financial statements is current financial resources.

MODIFIED ACCRUAL BASIS. The accrual basis of accounting adapted to the governmental fund-type measurement focus. Under it, revenues and other financial resource increments (e.g. bond issue proceeds) are recognized when they become susceptible to accrual, that is when they become both "measurable" and "available to finance expenditures of the current period." "Available" means collectible in the current period or soon enough thereafter to be used to pay liabilities of the current period. Generally, expenditures are recognized when the fund liability is incurred. All governmental funds, expendable trust funds and agency funds are accounted for using the modified accrual basis of accounting.

OTHER FINANCING SOURCES. An increase in current financial resources that is reported separately from revenues to avoid distorting revenue trends. The use of the other financing sources category is limited to items so classified by GAAP.

OPERATING LEASE. A lease does not transfer ownership rights, risks and rewards from the lessor to the lessee, the lease is called an operation lease and is similar to a rental.

OTHER FINANCING USES. A decrease in current financial resources that is reported separately from expenditures to avoid distorting expenditure trends. The use of other financing uses category is limited to items so classified by GAAP.

OVERLAPPING DEBT. The proportionate share property within each government must bear of the debts of all local governments located wholly or in part within the geographic boundaries of the reporting government. Except for special assessment debt, the amount of debt of each unit applicable to the reporting unit is arrived at by (1) determining what percentage of the total assessed value of the overlapping jurisdiction lies within the limits of the reporting unit, and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

PROGRAM REVENUES. Term used in connection with the government-wide statement of activities. Revenues that derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues.

PROPRIETARY FUNDS. Funds that focus on the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. There are two different types of proprietary funds: enterprise funds and internal service funds.

REBATABLE ARBITRAGE. A term used in connection with the reinvestment of the proceeds of tax-exempt debt. A requirement to remit to the federal government interest revenue in excess of interest costs when the proceeds from the sale of tax-exempt securities are reinvested in a taxable money market instrument with a materially higher yield.

REPORTING ENTITY. The oversight unit and all of its component units, if any, that are combined in the CAFR/BFS.

REQUIRED SUPPLEMENTARY INFORMATION. Consists of statements, schedules, statistical data or other information which, according to the GASB, is necessary to supplement, although not required to be a part of the basic financial statements.

RESERVED FUND BALANCE. The portion of a governmental fund's net assets that is not available for appropriation.

RESTRICTED ASSETS. Assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

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RESTRICTED NET ASSETS. A component of net assets calculated by reducing the carrying value of restricted assets by the amount of any related debt outstanding.

RETAINED EARNINGS. An equity account reflecting the accumulated earnings of an enterprise or internal service fund.

REVENUE BONDS. Bonds whose principal and interest are payable exclusively from earnings of an enterprise fund. In addition to a pledge of revenues, such bonds sometimes contain a mortgage on the enterprise fund's property.

RISK MANAGEMENT. All the ways and means used to avoid accidental loss or to reduce its consequences if it does occur.

SELF-INSURANCE. A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self insurance is a misnomer.

SINGLE AUDIT. An audit performed in accordance with the Single Audit Act of 1997 and Office of Management and Budget's (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal agencies.

SPECIAL DISTRICT. An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, transit authorities, port authorities and electric power authorities.

SPECIAL REVENUE FUND. A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

TAX AND REVENUE ANTICIPATION NOTES (TRANS). Notes issued in anticipation of the collection of taxes and revenues, usually retireable only from tax collections, and frequently only from the proceeds of the tax and revenues levy whose collection they anticipate.

TRUST FUNDS. Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments and/or other funds.

UNDESIGNATED UNRESERVED FUND BALANCE. That portion of a fund balance that is available for spending or appropriation and has not been "earmarked" for specified purposes by the chief executive officer or the legislative body.

UNQUALIFIED OPINION. An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

UNRESERVED FUND BALANCE. That portion of a fund balance available for spending or appropriation in the future.

UNRESTRICTED NET ASSETS. That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

VARIABLE-RATE INVESTMENT. An investment with terms that provide for the adjustment of its interest rate (such as the last day of the month or a calendar quarter) and that, upon each adjustment until the final maturity of the instrument or the period remaining until the principal amount can be recovered through demand, can reasonably be expected to have a fair value that will be unaffected by interest rate changes.