

COUNTY OF BUTTE
STATE OF CALIFORNIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

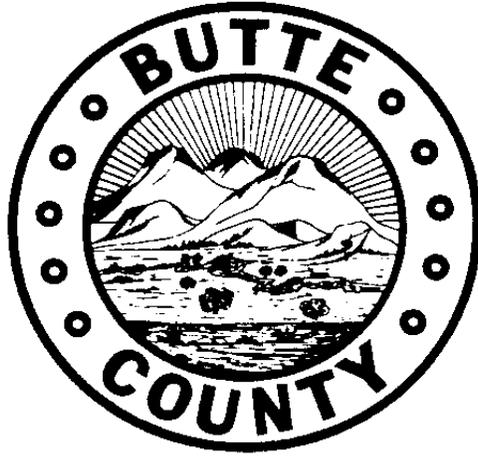
FOR THE FISCAL YEAR ENDED
JUNE 30, 2008



Butte Creek
Photo by Lynne Pillus

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, 2008

Table of Contents

	<u>Page</u>
INTRODUCTORY SECTION:	
Table of Contents	i
Letter of Transmittal	v
Board of Supervisors and Principal County Officials	xiv
Organization Chart	xv
GFOA Certificate of Achievement	xvi
 FINANCIAL SECTION:	
Independent Auditor’s Report	1
Management’s Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	13
Statement of Activities	14
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	17
Reconciliation of the Governmental Funds Balance Sheet to the Governmental-Wide Statement of Net Assets	18
Statement of Revenues, Expenditures, and Changes in Fund Balances	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Governmental-Wide Statement of Activities	20
Proprietary Funds:	
Statement of Net Assets	21
Statement of Revenues, Expenses, and Changes in Net Assets	22
Statement of Cash Flows	23
Fiduciary Funds:	
Statement of Fiduciary Net Assets	25
Statement of Changes in Net Assets – Investment Trust Fund	26

COUNTY OF BUTTE, CALIFORNIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2008**

FINANCIAL SECTION (CONTINUED):

Notes to the Basic Financial Statements:

(1) Summary of Significant Accounting Policies	27
(2) Cash and Investments	41
(3) Receivables.....	45
(4) Interfund Transactions.....	47
(5) Capital Assets.....	49
(6) Short-term Debt.....	50
(7) Long-term Obligations	51
(8) Restricted Net Assets/Reserved and Designated Fund Balances	58
(9) County Employees Retirement Plan (Defined Benefit Pension Plan).....	59
(10) Post-Retirement Health Benefits	61
(11) Other Post Employment Benefits (OPEB)	65
(12) Risk Management.....	66
(13) Contingencies	66
(14) Subsequent Events.....	66
(15) Stewardship, Compliance, and Accountability	67

Required Supplementary Information (other than MD&A):

County Employee's Retirement Plan (Defined Pension Benefit Plan):

Schedule of Funding Progress.....	69
Budgetary Comparison Schedule – General Fund	71
Budgetary Comparison Schedule – Welfare Fund	81
Budgetary Comparison Schedule – Public Health Fund	85
Budgetary Comparison Schedule – Behavioral Health Fund	87
Budgetary Comparison Schedule – Road Fund	89
Note to Required Supplementary Information - Budgetary Basis of Accounting	91

OTHER SUPPLEMENTARY INFORMATION:

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds:

Combining Balance Sheet	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	100
Budgetary Comparison Schedules:	
Capital Projects Fund	104
Equipment Replacement Fund	107
Equipment Fund	108
State COPS Fund.....	109
Water Resources Fund	110
Fire Protection Fund.....	111
Library Fund.....	113
Transit Fund	114
Housing and Community Development Fund.....	115
Fish and Game Fund	116
Child Support Services Fund.....	117
County Service Areas Fund.....	118
IHSS Public Authority Fund	119
Debt Service Fund.....	120

COUNTY OF BUTTE, CALIFORNIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2008

FINANCIAL SECTION (CONTINUED):

OTHER SUPPLEMENTARY INFORMATION (CONTINUED):

Combining and Individual Fund Statements and Schedules (Continued):

Internal Service Funds:

Combining Statement of Net Assets	124
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets	128
Combining Statement of Cash Flows.....	132

Fiduciary Funds:

Agency Funds:

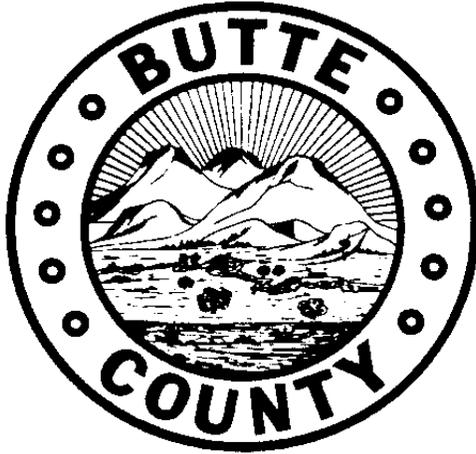
Combining Statement of Fiduciary Assets and Liabilities	140
Combining Statement of Changes in Fiduciary Assets and Liabilities	141

STATISTICAL SECTION:

Net Assets by Component.....	144
Changes in Net Assets	145
Fund Balances, Governmental Funds	147
Changes in Fund Balances, Governmental Funds	148
Property Taxes Levies and Collections.....	149
Assessed Value of Taxable Property	150
Property Tax Rates – Direct and Overlapping Governments.....	151
Principal Property Tax Payers.....	152
Legal Debt Margin Information.....	153
Ratio of Net General Obligation Bonded Debt to Taxable Assessed Value and Net General Obligation Bonded Debt per Capita	154
Ratio of Outstanding by Debt by Type	155
Overlapping Bonded Debt	156
Ratio of General Bonded Debt Outstanding	157
Demographics and Economic Statistics	158
Principal Employers.....	159
Miscellaneous Statistical Information.....	160
Operating Indicators by Function	161
Capital Assets by Function	162
Full-time Equivalent County Government Employees by Function/ Program.....	163

GLOSSARY:

Glossary to the Comprehensive Annual Financial Report.....	165
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Butte County

LAND OF NATURAL WEALTH AND BEAUTY

OFFICE OF THE AUDITOR-CONTROLLER
COUNTY ADMINISTRATION BUILDING
25 COUNTY CENTER DRIVE • OROVILLE, CALIFORNIA 95965-3383
TELEPHONE: (530) 538-7607
FAX: (530) 538-7693

December 29, 2008

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, 2008, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California. 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 is 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, 2008, 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 (MD&A) 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 and Trust and Agency Fund Types 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 220,407 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, and appointing the County Administrative Officer (CAO), and appointing non-elected department heads. Supervisors are elected to four-year staggered terms with two supervisors being elected in Gubernatorial-year elections and three supervisors being elected in Presidential elections. The County Charter designates that certain officers are elected. These officials 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 law enforcement; health and sanitation; the construction and maintenance of highways, streets, and infrastructure assets; prosecution; jail; juvenile hall; elections; libraries; social services; and administration.

MAJOR INITIATIVES

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

Improvements to Information Systems Paves the Way to Future Savings

During the prior fiscal year the County made an upgrade to the Pentamotion Financial Management System. This upgrade provides increased efficiency, access to reports, and data previously unavailable. The County's Information Systems department continues to work diligently with all departments to provide additional streamlining of data processing.

Financial Management Options Committee

A Financial Management Options Committee (Committee) was created during the 2006/2007 fiscal year to consider a restructuring of the Auditor-Controller, Treasury-Tax Collector, General Services, and Administration's duties. The Committee recommended the creation of a financial management division within the Administrative Office managed by a Chief Financial Officer to improve the accountability and effectiveness of county government, while also emphasizing their belief in the importance of checks and balances provided by an elected Auditor-Controller.

During the 2007/2008 fiscal year, the process began to set in place the creation of a Chief Financial Officer and staff within the Administrative Office. At present, the transition of staff and related duties continues.

Federal Energy Regulatory Commission (FERC) Relicensing of Oroville Dam

The Lake Oroville Project (Project), which lies primarily within the unincorporated area of Butte County, has been called the “crown jewel” of the State Water Project. The Project, which has been in operation since 1968, includes Oroville Dam and Reservoir, three power plants, the Thermalito Diversion Dam, the Feather River Fish Hatchery and Fish Barrier Dam, Thermalito Power Canal, Oroville Wildlife Area, the Thermalito Forebay and Dam, the Thermalito Afterbay and Dam, transmission lines, and a number of recreation facilities. The Project covers 41,000 acres of land and is owned by the California Department of Water Resources (DWR), on which the State pays no property taxes. If the land were owned by a private entity or individual, it would produce approximately \$6,900,000 in property taxes each year.

While the Project generates in excess of \$100,000,000 of revenue each year for DWR, and DWR and its water contractors receive other electricity and water benefits from the Project worth approximately \$1,000,000,000 dollars each year, Butte County and its residents are left paying for over \$4,500,000 in services provided to the Project area and its visitors. In essence, the County and its taxpayers have been forced to subsidize Project operations for the State, leaving less revenue to provide services for the people who actually pay for the services, the residents of Butte County.

Butte County provides the following services to the Project and its visitors:

- Law Enforcement/Criminal Justice Services, including general police response, investigation and patrol services; special police operation unit services (e.g., emergency ordinance disposal team, special weapons and tactics team, canine unit, aviation unit, dive and rescue team, and narcotics task force); jail services; prosecution services; probation department services; and public defender services;
- Fire and Rescue Services, including all rescue services (e.g., emergency medical response, rescue teams, vehicular accident responses, water rescue response, and animal rescue); general fire department services (including responding to structural, grass, refuse, and vehicle fire events); and specialized services, including responses by the County's Interagency Hazardous Materials Team ("HazMat Team"), Technical Rescue Team, Drowning Accident Rescue Team, Vehicle Extraction Team, and the Critical Incident Stress Debriefing Team;
- Communications Services, including the equipment and technology that allow the various safety-related agencies to respond to requests for assistance at the Project;
- Public Works - Road Services, including the construction and maintenance of roads serving the Project and responding to increased air quality and water pollution impacts due to this road usage;
- Emergency Operations Center (EOC) and Services, including EOC services and the provision of facilities used by County, state and federal agencies to respond to threatened and actual floods and other disaster events; and
- Health and Human Services, including, but not limited to, welfare payments and services, medical payments for children and the elderly, and assistance to families.

In addition to the cost of providing these services to Non-Resident Visitors, as individual demand is presented, it is important to note that the Project requires that public safety and rescue services, including manpower, training and equipment, be available to the Project 24 hours per day, 365 days per year, so that those services might be immediately deployed as demand arises.

FACTORS AFFECTING FINANCIAL CONDITION

Butte County Fire Storm

Between June 10 and July 29, 2008, Butte County was ravaged by a series of fires unprecedented in County history. During the 49-day siege, thousands of residents were evacuated, hundreds lost their homes, and entire communities were transformed. Butte County mobilized an unmatched response to the suffering caused by the fires.

Total estimated costs may exceed \$6.2 million. However, due to FEMA's denial of a Major Disaster Declaration, the County will likely only receive approximately \$2 million in reimbursement from this source, of which \$1.1 million is expected to be received in fiscal year 2008-09. The balance of the funds, if not recouped by some other legislative or federal administrative means, will have a serious impact on local services, at a time when the County is still vulnerable to other disasters.

Butte County may be burdened with an unreimbursed balance of over \$4.2 million in related fire costs. Most of these costs have already been accounted for in an analysis of department budgets, but some costs are not yet fully realized and/or not yet budgeted.

Fiscal Year 2008-2009 First Quarter Financial Forecast

Similar to the vast majority of public agencies and private enterprises around the globe, Butte County is experiencing financial crises involving swells of instability in the financial markets, significant delays of cash reimbursement from the State of California for services provided on their behalf, and a budget challenge deeper than the County has seen in decades.

The global financial crisis of 2008 is expected to cause a deep global economic recession in 2009 that will drive down revenues for years to come. All the while, the State of California appears to be unwilling or maybe unable to truly balance its own budget deficits.

Many long-term financial challenges are occurring concurrently and deepening suddenly. The State of California has been withholding over ten million dollars owed to Butte County for services rendered on the State's behalf. It has caused a cash crunch that is demanding extraordinary cash management efforts be performed by the Finance, Treasurer/ Tax Collector, and Auditor-Controller offices. Because of the global liquidity crisis in the financial markets, the State of California and others, including Butte County, do not have access to additional credit at affordable rates. This credit crunch requires staff to seek Board of Supervisors approval for short-term cash flow borrowing between county operating and internal service funds to ensure sufficient operating capital through the end of the fiscal year. And, last but not least concerning, the County is expecting a \$10 million budget shortfall in tax revenues, interest earnings, other revenues and unanticipated expenses this fiscal year.

Economy-driven impacts to County provided programs and services will be less severe with proactive management of the County's budget. A broad array of immediate actions will be taken to ensure sufficient liquidity, by curtailing spending, improving revenue collections, and adjusting to a new economic condition. Actions may include increased advocacy, internal borrowing, extraordinary reviews of proposed hiring, a stringent purchase and contract review procedure, deferment of capital projects, and required cost reductions.

While analysis finds substantial department budget shortfalls, which will likely reduce the County General Fund contingency to near zero by the end of the 2008-09 fiscal year, the most concerning trend is the sharp drop in tax and other discretionary revenue trends. Several key revenues are on track to be about \$6 million less than originally anticipated. The cause for the estimated \$6 million shortfall rests entirely on the recently sharpening downturn in the state and local economies. The state, national, and global economies have fallen sharply and the general prognosis, among economists at all levels, is that we are entering into a deepening and prolonged global recession.

County tax receipts typically lag behind economic activity, ranging from 6 months for sales taxes to more than a year for property taxes. Economic activity is expected to continue to decline more in 2009 compared to 2008. Staff is forecasting further declines in revenues next fiscal year than the County is experiencing this fiscal year. The following fiscal year looks equally bleak or worse, due to the property tax collections lag following re-evaluations, and recent news from the California Public Employees' Retirement System (CalPERS) that the County can expect a 4% of payroll cost increase to the County's pension obligations beginning July 1, 2011, if CalPERS' current 21% asset loss holds up through the balance of the fiscal year.

The State of California has recently revised their current budget deficit from \$10 billion to \$14 billion. State financial forecasters are clearly responding to similar revenue decline trends and economic data that the County and other California agencies are observing. Since the County relies heavily on State subventions for most of its budget, staff expects additional risk and potentially additional budgetary impacts this fiscal year, if and when the State comes to terms with its increasing budget deficit.

One action that the State Legislature may feel pressured to take is to suspend Proposition 1A and, subsequently, transfer County property tax revenues away from the County this fiscal year. The impact to the County certainly depends on the prescribed methodology but, based on past methods the impact would probably be about a \$3 million additional general purpose revenue loss this fiscal year.

The Administrative, Finance, Treasurer/Tax Collector and Auditor-Controller offices were joined by fiscal staff in all County departments to conduct a thorough review of the County's financial condition, including current year budgetary status, cash situation, credit position, and its outlook for the new budget year commencing July 1, 2009. The County is not alone in facing these unprecedented challenges on three tough financial fronts. Governments and businesses, at all levels worldwide, are facing these same challenges. The review of all three fiscal arenas concludes with the following findings:

The County needs to conduct internal short-term cash borrowing to ensure sufficient cash for daily operations through June 30, 2009.

The County, and other municipalities, will have new challenges when seeking cash flow loans and selling bonds for capital, pension, and/or other obligations. Staff efforts will need to be redirected to minimize new credit costs.

The remaining \$3 million of General Fund contingency will be needed to offset unanticipated department expenses and under-realized department revenues. Much of these adjustments are due to the summer fire responses and recovery efforts.

The County needs to find an additional \$6 million in General Fund budgetary solutions this fiscal year, due to the sharp economic downturn's impact on tax and other discretionary revenues. Since the County is a service organization that must maintain a balanced budget, these solutions are expected to significantly impact important services, County residents, other customers and County employees.

The County is facing a structural budget deficit next fiscal year that is currently estimated to be at \$10 million. This estimate will be revised after the first installment of property taxes is collected in December and closure of the second quarter.

The County is fortunate to have an experienced Board of Supervisors and professional staff to lead our community through these very difficult financial challenges. Collectively, the County will fully and comprehensively respond to the economic downturn, while minimizing short and long-term impacts. We will need to wrestle with the State of California over their delays in reimbursements. We will need to contemplate all ideas for solutions, leaving no rock unturned.

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 is compiled to allow for the preparation of financial statements in conformity with accounting principles generally 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, including 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 2007-08 Single Audit will be issued under separate cover and will be available by contacting the Auditor-Controller's office, after March 31, 2009.

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 except for the Butte County Air Quality Management District. 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 encumbrance 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, 2008, 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 (LAIF) managed by the California State Treasurer's Office, CalTrust a California public agency investment trust, certificates of deposits, and Federal 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 is 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 \$394,021,450 at June 30, 2008, \$267,168,930 relates to the external investment pool participants. See page 40, Note 2, Cash and Investments for more detail.

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 CalPERS, 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. Such employees shall be eligible for the health benefit only coverage for themselves (employees only) to Medicare Supplemental Qualifying Age. Under the certain conditions, CalPERS 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, 2008, 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, 2008, 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.

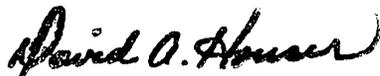
Awards and Acknowledgments

The GFOA awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting (CAFR) to the County for successful completion of the CAFR for the fiscal year ended June 30, 2007. The award was also given for the fiscal year ended June 30, 2006. 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's Office and the Chief Financial 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,



David A. Houser
County Auditor-Controller

COUNTY OF BUTTE

BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS

June 30, 2008

Board of Supervisors

First District.....	Bill Connelly
Second District.....	Jane Dolan, Vice Chair*
Third District.....	Maureen Kirk
Fourth District.....	Curt Josiassen, Chair*
Fifth District.....	Kim K. Yamaguchi

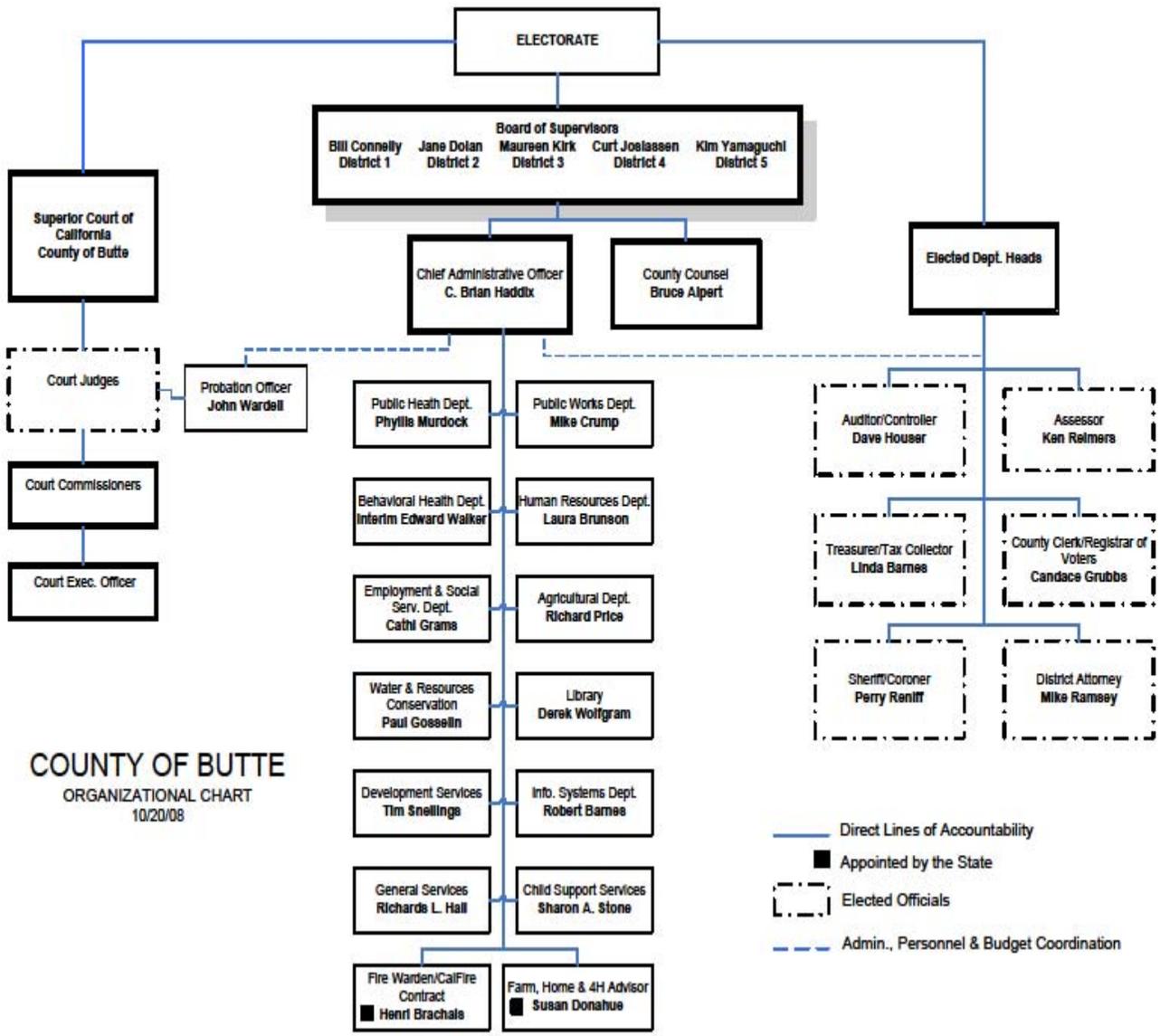
*Chosen annually at the first meeting in January.

County-wide Elected Officials

Assessor.....	Kenneth O. Reimers
Auditor-Controller.....	David A. Houser
Clerk/Recorder.....	Candace Grubbs
District Attorney.....	Mike Ramsey
Sheriff-Coroner.....	Perry Reniff
Treasurer-Tax Collector.....	C. Linda Barnes

Appointed Officials

Chief Administrative Officer.....	C. Brian Haddix
County Counsel.....	Bruce Alpert



Certificate of Achievement for Excellence in Financial Reporting

Presented to

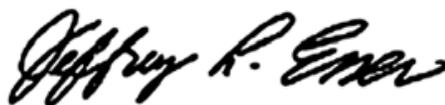
County of Butte California

For its Comprehensive Annual Financial Report
for the Fiscal Year Ended
June 30, 2007

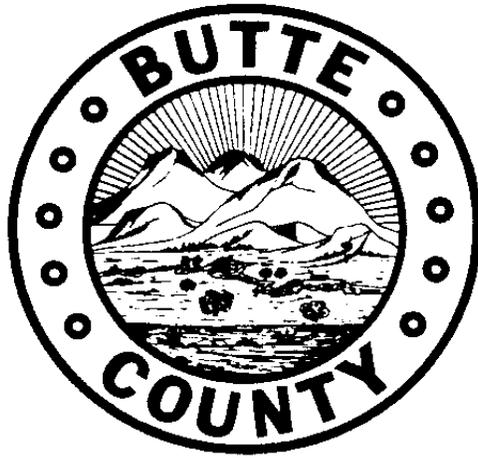
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President



Executive Director



Financial Section



BARTIG, BASLER & RAY, LLP

A GALLINA LLP COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors and Grand Jury
County of Butte
Oroville, 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, 2008, 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 an opinion 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, 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, 2008, and 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.

Board of Supervisors
County of Butte, California

In accordance with *Government Auditing Standards*, we have also issued under separate cover our report dated December 29, 2008, 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.

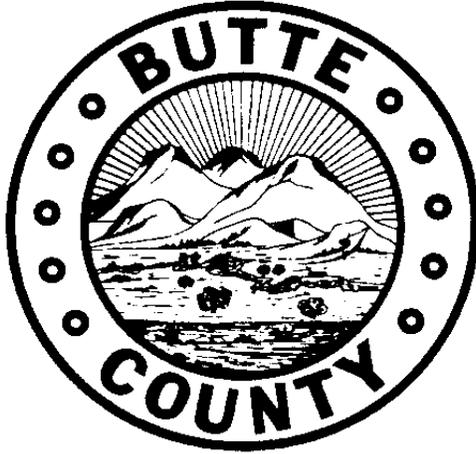
The Management's Discussion and Analysis (MD & A) and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of 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.

BARTIG, BASLER & RAY, LLP
A Gallina LLP Company



Roseville, California
December 29, 2008



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, 2008. 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 \$364,638 (net assets). Of this amount, \$29,822 (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 \$22,403 during the fiscal year.
- As of June 30, 2008, the County's governmental funds reported combined ending fund balances of \$73,606, a net decrease of \$10,743 in comparison with the prior fiscal year. This net decrease represents an increase of \$30,250 in reserved fund balances, a decrease of \$27,735 in designated fund balances, and a decrease of \$13,258 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 \$10,160 or 10.5% of total general fund expenditures.
- The County's total long-term obligations as of June 30, 2008 decreased by \$3,221 over the prior period. The key factor in the decrease was the retirement of \$640 in Certificates of Participation notes, the retirement of \$5,765 in Pension Obligation Bonds, and the retirement of \$370 in capital lease obligations. Payment of other principal obligations throughout the fiscal year contributed a portion of the overall decrease.

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 and Butte County Transit Funds.

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 agencies 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)

	2007	2008	2007	2008	2007	2008	Change	Change
Current and other assets	\$ 162,072	\$ 163,559	\$ 18,706	\$ 17,315	\$ 180,778	\$ 180,874	\$ 96	0.1 %
Capital assets	306,377	286,612	14,759	17,011	321,136	303,623	(17,513)	(5.5)%
Total assets	468,449	450,171	33,465	34,326	501,914	484,497	(17,417)	(3.5)%
Current and other liabilities	14,254	21,025	2,332	701	16,586	21,726	5,140	31.0 %
Long-term liabilities	84,493	83,455	13,794	14,678	98,287	98,133	(154)	(0.2)%
Total liabilities	98,747	104,480	16,126	15,379	114,873	119,859	4,986	4.3 %
Net assets:								
Invested in capital assets, net of related debt	299,087	280,126	1,793	4,390	300,880	284,516	(16,364)	(5.4)%
Restricted net assets	26,322	46,000	4,083	4,300	30,405	50,300	19,895	65.4 %
Unrestricted net assets	44,293	19,565	11,463	10,257	55,756	29,822	(25,934)	(46.5)%
Total net assets	\$ 369,702	\$ 345,691	\$ 17,339	\$ 18,947	\$ 387,041	\$ 364,638	\$ (22,403)	(5.8)%

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 8.18% 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.

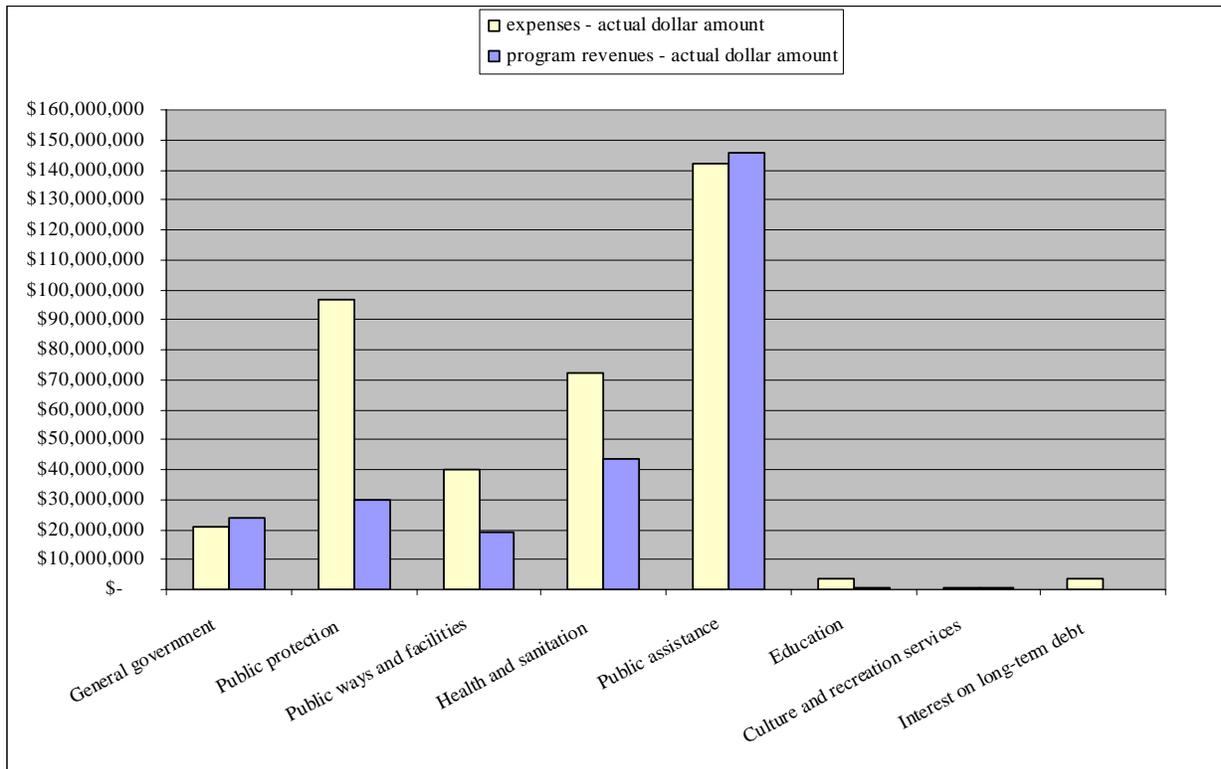
Table 2 – The Change in Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2007	2008	2007	2008	2007	2008	Dollar Change	Percent Change
Revenues:								
Program revenues:								
Charges for services	\$ 34,211	\$ 35,943	\$ 6,663	\$ 5,982	\$ 40,874	\$ 41,925	\$ 1,051	2.6 %
Operating grants and contributions	206,382	214,120	71	108	206,453	214,228	7,775	3.8 %
Capital grants and contributions	13,137	12,981			13,137	12,981	(156)	(1.2)%
General revenues:								
Property taxes	45,642	47,929			45,642	47,929	2,287	5.0 %
Sales taxes	4,552	4,007			4,552	4,007	(545)	(12.0)%
Other taxes and related revenues	1,356	989			1,356	989	(367)	(27.1)%
Unrestricted grants and contributions	21,030	21,299			21,030	21,299	269	1.3 %
Unrestricted investment income	5,559	5,367	702	1,004	6,261	6,371	110	1.8 %
Miscellaneous revenues	11,430	12,932			11,430	12,932	1,502	13.1 %
Total revenues	343,299	355,567	7,436	7,094	350,735	362,661	11,926	3.4 %
Program expenses:								
General Government	19,087	20,866			19,087	20,866	1,779	9.3 %
Public protection	87,501	96,664			87,501	96,664	9,163	10.5 %
Public ways and facilities	34,624	40,000			34,624	40,000	5,376	15.5 %
Health and sanitation	64,268	72,458			64,268	72,458	8,190	12.7 %
Public assistance	135,872	142,125			135,872	142,125	6,253	4.6 %
Education	3,117	3,394			3,117	3,394	277	8.9 %
Culture and recreation services	604	375			604	375	(229)	(37.9)%
Interest on long-term debt	4,315	3,696			4,315	3,696	(619)	(14.3)%
Sanitation			4,403	5,486	4,403	5,486	1,083	24.6 %
Transit			389		389		(389)	(100.0)%
Total expenses	349,388	379,578	4,792	5,486	354,180	385,064	30,884	8.7 %
Excess or deficiency (before any transfers)	(6,089)	(24,011)	2,644	1,608	(3,445)	(22,403)	(18,958)	550.3 %
Transfer	(9)		9					n/a
Net increase (decrease) in net assets	(6,098)	(24,011)	2,653	1,608	(3,445)	(22,403)	(18,958)	550.3 %
Net assets, beginning	375,800	369,702	14,686	17,339	390,486	387,041	(3,445)	(0.9)%
Net assets, ending	\$ 369,702	\$ 345,691	\$ 17,339	\$ 18,947	\$ 387,041	\$ 364,638	\$ (22,403)	(5.8)%

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 \$24,011, primarily due to current year depreciation expense of the County’s infrastructure (roads and bridges), which amounted to \$23,573. The decrease was offset by a \$2,287 increase in property taxes and a \$7,738 increase in operating grants.
- Business-Type Activities accounted for an increase in net assets of \$1,608, primarily due to current year increases in operating grants for the Neal Road Landfill in the amount of \$37 plus a \$302 increase in investment earnings.

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, 2008, the County’s governmental funds reported combined ending fund balances of \$73,606. Approximately 16.8% of this total amount (\$12,351) 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, 2008, the unreserved fund balance of the general fund was \$10,252 while the total fund balance reached \$25,876. As measures of the general fund's liquidity, it is useful to note that the unreserved fund balance represents 10.6% percent of total fund expenditures, while the total fund balance represents 26.7% percent of that same amount. The general fund's fund balance decreased by \$4,150 during the current fiscal year.

The welfare fund has a total fund balance of \$3,321. Of this amount, \$2,084 is reserved, and the balance of \$1,237 is unreserved. The overall fund balance increased by \$1,567 due to increase in welfare related aid.

The public health fund has a total fund balance of \$18,220. Of this amount, \$17,622 is reserved, and the balance of \$598 is unreserved. The overall fund balance increased by \$876 due to a decrease in expenditures during the current fiscal year.

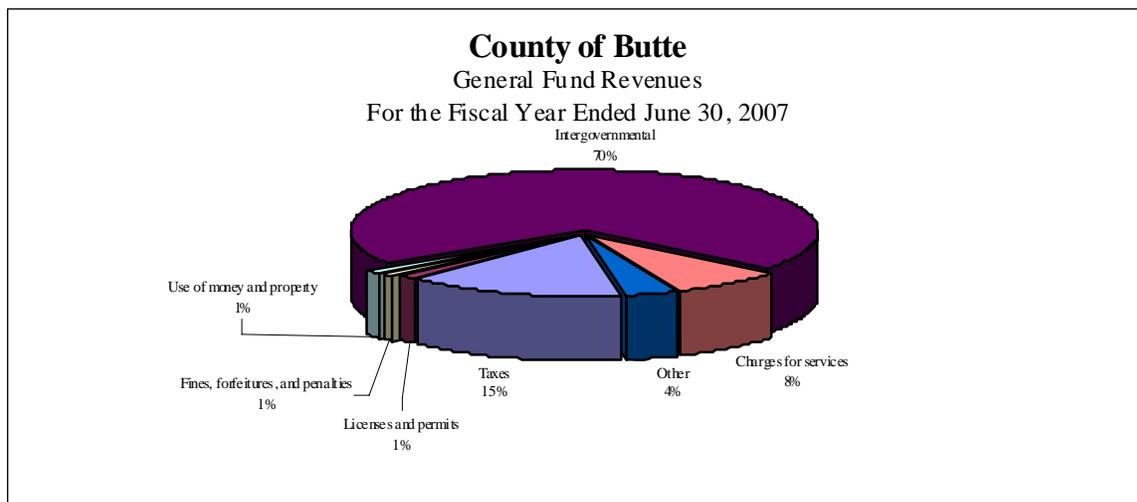
The behavioral health fund has a total fund balance of \$(5,694). Of this amount, \$3,850 is reserved, and the balance of \$(9,544) is unreserved. The behavioral health fund incurred a negative fund balance due to the State of California's reduction to funding for behavioral health.

The road fund has a total fund balance of \$11,517. Of this amount, \$13,142 is reserved, and the balance of \$(1,625) is unreserved. The overall fund balance increased by \$616.

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 2007		FY 2008		Change	
	Amount	% of total	Amount	% of total	Amount	% of change
Taxes	\$ 52,384	15.2%	\$ 53,797	15.1%	\$ 1,413	2.7%
Licenses and permits	4,862	1.4%	4,604	1.3%	(258)	(5.3%)
Fines, forfeitures, and penalties	2,729	0.8%	3,140	0.9%	411	15.1%
Use of money and property	5,285	1.5%	4,983	1.4%	(302)	(5.7%)
Intergovernmental	240,530	69.9%	248,377	69.8%	7,847	3.3%
Charges for services	26,645	7.7%	27,758	7.8%	1,113	4.2%
Other	11,430	3.3%	12,932	3.6%	1,502	13.1%
Total	\$ 343,865	100%	\$ 355,591	100%	\$ 11,726	3.4%



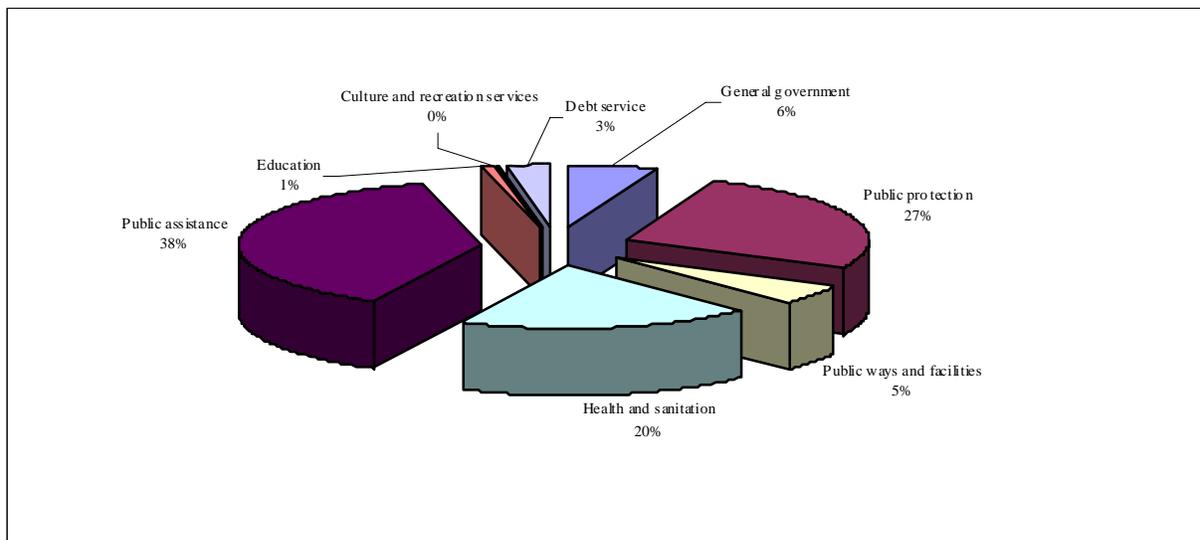
Significant changes for major revenue sources are explained below.

- Taxes – Tax revenues include sales taxes and property taxes. The increase in tax revenues is due primarily to increased property taxes as a result of rising property values, as well as smaller increases in sales tax and property transfer tax revenues.
- Licenses and permits – Increased revenues from construction permits and planning application fees account for most of the increase noted in this revenue category.
- Fines, forfeitures, and penalties – Increase in court related fines and forfeitures.
- Use of money and property – Reflects increase due to the change in fair value of the County’s investments.
- Other – Increased revenue under other is primarily due to increase 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 2007		FY 2008		Change	
	Amount	% of total	Amount	% of total	Amount	% of change
General government	\$ 20,441	6.0%	\$ 21,641	5.9%	\$ 1,200	5.5%
Public protection	89,379	26.2%	97,513	26.5%	8,134	8.3%
Public ways and facilities	17,037	5.0%	18,547	5.0%	1,510	8.1%
Health and sanitation	65,632	19.3%	72,966	19.8%	7,334	10.1%
Public assistance	137,501	40.4%	142,598	38.8%	5,097	3.6%
Education	3,056	0.9%	3,397	0.9%	341	10.0%
Culture and recreation services	476	0.1%	575	0.2%	99	17.2%
Debt service	7,082	2.1%	10,375	2.8%	3,293	31.7%
Total	\$ 340,604	100%	\$ 367,612	100%	\$ 27,008	7.3%



Significant changes for major functions are explained below.

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

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 \$18,947. Of this amount, \$4,390 is invested in capital assets, net of related debt, \$4,300 is restricted, and the balance of \$10,257 is unreserved. Overall net assets increased by \$1.6 due to an increase in investment earnings and operating grants.

V. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget for revenues were an increase of \$2,980. This increase was due to the County anticipating additional aid from other governments that was not originally anticipated.

During the fiscal year, actual revenues were less than budgetary estimates by \$2,869. The main reason for the decrease was that licenses and permits were \$1,860 less than the estimated amount due to decreased development permits. Plus, revenues from other governments decreased \$2,039 less than estimated amount due to decreases in grant revenues. Actual expenditures and transfers were less than budgetary estimates by \$19,068. The net effect of under-realization of revenues and under-utilization of appropriations resulted in a favorable variance of \$16,200.

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, 2008, amounts to \$303,623 (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 5.5%. The decrease resulted from infrastructure depreciation exceeding infrastructure assets acquired by \$21,163.

Additional information on the County’s capital assets can be found in the Notes to the Financial Statements section of this report on page 49, 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)

	Governmental activities		Business-type activities		Total	
	2007	2008	2007	2008	2007	2008
Land	\$ 1,923	\$ 3,406	\$ 488	\$ 488	\$ 2,411	\$ 3,894
Structures & improvements	44,569	44,183	100	97	44,669	44,280
Equipment	13,290	14,581	2,355	2,055	15,645	16,636
Infrastructure	245,994	222,943			245,994	222,943
Construction in progress	601	1,500	11,817	14,371	12,418	15,871
Total	\$ 306,377	\$ 286,613	\$ 14,760	\$ 17,011	\$ 321,137	\$ 303,624

B. Long-Term Obligations

At June 30, 2008, the County had total long-term obligations outstanding of \$95,065 consisting of \$14,675 in Certificates of Participation, capital lease obligations of \$1,153, bonds payable of \$50,575, loan payable of \$400, and notes payable of \$2,703. Additional long-term liabilities include compensated leave payable of \$16,685, actuarial claims liability of \$5,249 for general insurance and worker's compensation self insurance, landfill closure/post closure care liability of \$1,930, and supplemental retirement benefits payable of \$1,519.

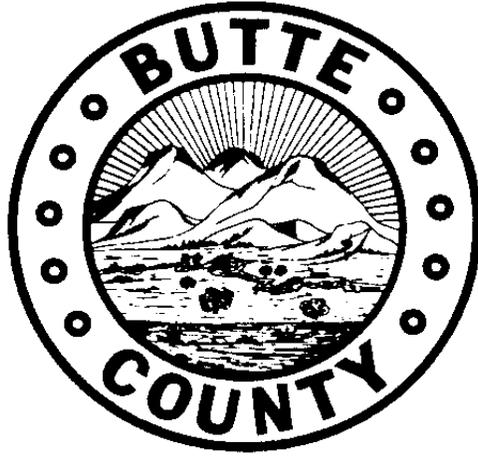
Additional information on the County's long-term liabilities can be found in the Notes to the Financial Statements section of this report on page 51, note 7 – Long-Term Obligations.

VII. Fiscal Outlook

The County adopted its fiscal year 2008-2009 Final Budget in the total amount of \$416,062, with a General Fund Contingency Appropriation of \$3,316. This represents decreased financing requirements of \$9,524 from the prior fiscal year, and a General Fund Contingency Appropriation decrease of \$2,638. 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, CALIFORNIA

STATEMENT OF NET ASSETS JUNE 30, 2008

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 80,532,993	\$ 15,201,961	\$ 95,734,954
Cash and investments with fiscal agent	3,771,864	1,504,307	5,276,171
Imprest cash	85,845	2,800	88,645
Interest receivable	760,460	138,754	899,214
Accounts receivable	4,722,264	162,398	4,884,662
Due from other governments	19,030,042		19,030,042
Prepaid items	77,896		77,896
Deposits from others	52,797		52,797
Inventories	451,342		451,342
Internal balances	(11,113)	11,113	
Receivables from external parties	447,747		447,747
Loans receivable	1,688,637		1,688,637
Net pension asset	51,422,858		51,422,858
Deferred debt issuance costs	525,441	294,413	819,854
Capital assets, net			
Non-depreciable	4,906,164	14,858,947	19,765,111
Depreciable assets, net	281,706,363	2,151,668	283,858,031
Total assets	450,171,600	34,326,361	484,497,961
LIABILITIES			
Liabilities:			
Accounts payable	7,042,714	405,389	7,448,103
Salaries and benefits payable	6,140,547	52,748	6,193,295
Deposits payable	97,392		97,392
Unearned revenue	7,690,112		7,690,112
Accrued interest	54,654	243,575	298,229
Other postemployment benefits	3,067,312		3,067,312
Long term liabilities:			
Due within one year	6,368,815	121,232	6,490,047
Due in more than one year	74,018,707	14,556,612	88,575,319
Total liabilities	104,480,253	15,379,556	119,859,809
NET ASSETS			
Invested in capital assets, net of related debt	280,126,245	4,389,846	284,516,091
Restricted for:			
General restrictions	32,574,438		32,574,438
County Service Areas	5,694,483		5,694,483
Other purposes	1,407,021		1,407,021
Debt service	6,323,784		6,323,784
Landfill post-closure care requirements		4,300,259	4,300,259
Unrestricted	19,565,376	10,256,700	29,822,076
Total net assets	\$ 345,691,347	\$ 18,946,805	\$ 364,638,152

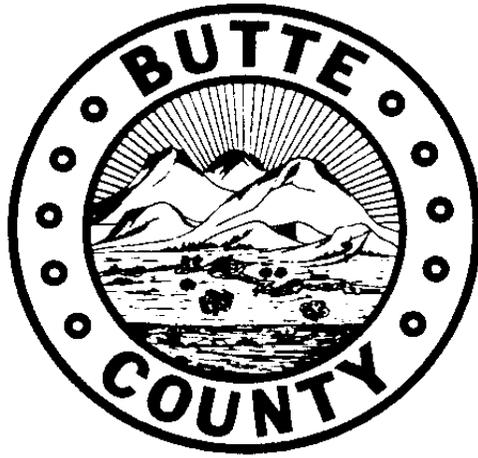
The accompanying notes are an integral part of these financial statements.

COUNTY OF BUTTE, CALIFORNIA

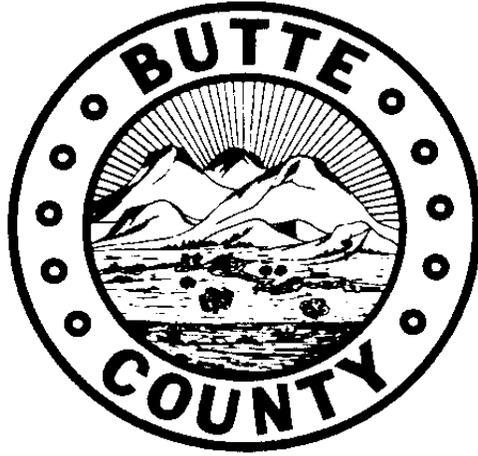
**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 20,865,771	\$ 20,463,697	\$ 3,103,818
Public protection	96,664,267	6,000,509	23,229,633
Public ways and facilities	39,999,631	3,547,975	3,259,072
Health and sanitation	72,458,490	5,176,893	38,385,293
Public assistance	142,125,227	543,906	145,318,884
Education	3,394,070	89,362	350,605
Culture and recreation services	374,615	120,209	472,497
Interest on long-term debt	3,696,005		
Total governmental activities	<u>379,578,076</u>	<u>35,942,551</u>	<u>214,119,802</u>
Business-type activities:			
Sanitation	5,486,248	5,981,595	108,566
Total business-type activities	<u>5,486,248</u>	<u>5,981,595</u>	<u>108,566</u>
Total Butte County	<u>\$ 385,064,324</u>	<u>\$ 41,924,146</u>	<u>\$ 214,228,368</u>
General revenues:			
Taxes:			
Property taxes			
Sales taxes			
Other taxes and related revenues			
Grants and contributions not restricted to specific programs			
Unrestricted investment earnings			
Miscellaneous			
Total general revenues			
Change in net assets			
Net assets, beginning			
Net assets, ending			

Program Revenues	Net (Expense) Revenue and Changes in Net Assets		
	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
\$ 150,514	\$ 2,852,258	\$ -	\$ 2,852,258
821,116	(66,613,009)		(66,613,009)
12,009,834	(21,182,750)		(21,182,750)
	(28,896,304)		(28,896,304)
	3,737,563		3,737,563
	(2,954,103)		(2,954,103)
	218,091		218,091
	(3,696,005)		(3,696,005)
<u>12,981,464</u>	<u>(116,534,259)</u>		<u>(116,534,259)</u>
		603,913	603,913
		603,913	603,913
<u>\$ 12,981,464</u>	<u>(116,534,259)</u>	<u>603,913</u>	<u>(115,930,346)</u>
	47,928,940		47,928,940
	4,006,588		4,006,588
	989,470		989,470
	21,299,136		21,299,136
	5,367,056	1,004,069	6,371,125
	12,932,121		12,932,121
	<u>92,523,311</u>	<u>1,004,069</u>	<u>93,527,380</u>
	(24,010,948)	1,607,982	(22,402,966)
	<u>369,702,295</u>	<u>17,338,823</u>	<u>387,041,118</u>
	<u>\$ 345,691,347</u>	<u>\$ 18,946,805</u>	<u>\$ 364,638,152</u>



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**Basic Financial Statements-
Fund Financial Statements**

COUNTY OF BUTTE, CALIFORNIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<u>General Fund</u>	<u>Welfare Fund</u>	<u>Public Health Fund</u>	<u>Behavioral Health Fund</u>	<u>Road Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and investments	\$ 17,775,854	\$ -	\$ 16,478,090	\$ 2,545,761	\$ 10,967,964	\$ 17,982,825	\$ 65,750,494
Cash and investments with fiscal agent	801,259					2,923,899	3,725,158
Imprest cash	44,095		500		50	1,200	45,845
Due from other funds	7,003,693	205,797	249,559	45,720	24,858	1,973,530	9,503,157
Interest receivable	426,613	(20,828)	9,423	(5,534)	99,009	150,047	658,730
Accounts receivable	2,475,676	91,139	892,886	614,129	833	338,041	4,412,704
Due from other governments	4,247,698	8,878,128	1,573,272	2,371,612	1,302,212	657,120	19,030,042
Due from external parties	447,747						447,747
Deposits from others	2,500					297	2,797
Inventory					293,954		293,954
Loans receivable						1,688,637	1,688,637
Total assets	<u>\$ 33,225,135</u>	<u>\$ 9,154,236</u>	<u>\$ 19,203,730</u>	<u>\$ 5,571,688</u>	<u>\$ 12,688,880</u>	<u>\$ 25,715,596</u>	<u>\$ 105,559,265</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other funds	\$ 2,391,107	\$ 1,210,903	\$ 46,115	\$ 5,418,244	\$ 62,367	\$ 1,056,867	\$ 10,185,603
Accounts payable	2,188,817	753,231	155,845	1,107,541	829,990	1,407,620	6,443,044
Salaries and benefits payable	2,530,971	1,273,620	491,699	981,212	279,913	384,669	5,942,084
Deposits payable						3,392	3,392
Deferred revenue	238,110	2,595,650	289,634	3,758,797		2,496,558	9,378,749
Total liabilities	<u>7,349,005</u>	<u>5,833,404</u>	<u>983,293</u>	<u>11,265,794</u>	<u>1,172,270</u>	<u>5,349,106</u>	<u>31,952,872</u>
Fund balances:							
Reserved for:							
Encumbrances	4,164,873	1,599,255	1,314,475	3,506,554	9,469,666	1,960,148	22,014,971
Imprest cash	44,095		500		50	1,200	45,845
Deposits with others	2,500					297	2,797
Legislative/Grant restrictions	10,611,120	484,315	16,307,697	343,325	3,377,717	1,450,264	32,574,438
Debt service	801,259					5,522,525	6,323,784
Inventory					293,954		293,954
Unreserved:							
Designated, reported in:							
General fund	91,826						91,826
Undesignated, reported in:							
General fund	10,160,457						10,160,457
Special revenue funds		1,237,262	597,765	(9,543,985)	(1,624,777)	10,583,469	1,249,734
Capital project funds						848,587	848,587
Total fund balances	<u>25,876,130</u>	<u>3,320,832</u>	<u>18,220,437</u>	<u>(5,694,106)</u>	<u>11,516,610</u>	<u>20,366,490</u>	<u>73,606,393</u>
Total liabilities and fund balances	<u>\$ 33,225,135</u>	<u>\$ 9,154,236</u>	<u>\$ 19,203,730</u>	<u>\$ 5,571,688</u>	<u>\$ 12,688,880</u>	<u>\$ 25,715,596</u>	<u>\$ 105,559,265</u>

COUNTY OF BUTTE, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Fund balances-total governmental funds	\$ 73,606,393
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. These assets consist of:

Land	\$ 3,406,451	
Construction in progress	1,499,713	
Infrastructure	581,212,366	
Structures and improvements	62,213,549	
Equipment	42,559,699	
Less: accumulated depreciation	<u>(406,348,739)</u>	
Total capital assets		284,543,039

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

Net pension asset	51,422,858
Loans receivable	1,688,637

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.	525,441
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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.	(54,654)
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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.	11,486,318
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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. Balances as of June 30, 2008 are:

Certificates of participation	(2,650,000)	
Bonds payable	(50,575,340)	
Notes payable	(2,702,602)	
Capital leases	(1,133,680)	
Supplemental retirement benefit obligation	(1,518,509)	
Other postemployment benefits	(3,067,312)	
Compensated absences	<u>(15,879,242)</u>	
Total long-term liabilities		<u>(77,526,685)</u>

Net assets of governmental activities	<u>\$ 345,691,347</u>
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COUNTY OF BUTTE, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	General Fund	Welfare Fund	Public Health Fund	Behavioral Health Fund	Road Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$52,924,998	\$ -	\$ -	\$ -	\$ -	\$ 872,240	\$ 53,797,238
Licenses and permits	3,588,532		452,964		51,539	511,463	4,604,498
Fines, forfeitures, and penalties	2,446,684		376,369	113,678	78,531	124,554	3,139,816
Revenues from uses of money and property	2,702,932	(17,661)	357,310	41,359	564,316	1,334,713	4,982,969
Aid from other governments	30,115,180	134,580,920	18,344,929	39,060,480	11,919,290	14,356,062	248,376,861
Charges for services	17,573,082	685,684	2,712,658	2,524,419	2,620,451	1,641,645	27,757,939
Other	4,045,587	1,297,288	54,736	7,298	637,031	6,890,181	12,932,121
Total revenues	<u>113,396,995</u>	<u>136,546,231</u>	<u>22,298,966</u>	<u>41,747,234</u>	<u>15,871,158</u>	<u>25,730,858</u>	<u>355,591,442</u>
EXPENDITURES:							
Current:							
General government	18,077,149					3,563,551	21,640,700
Public protection	77,021,192	818,109				19,673,399	97,512,700
Public ways and facilities					17,346,968	1,200,457	18,547,425
Health and sanitation			22,293,994	47,728,742		2,943,563	72,966,299
Public assistance	385,059	134,209,377				8,003,245	142,597,681
Education	302,329					3,094,988	3,397,317
Recreation and cultural services	475,632					99,363	574,995
Debt Service:							
Principal	30,019					6,744,935	6,774,954
Interest	466,553					3,133,171	3,599,724
Total expenditures	<u>96,757,933</u>	<u>135,027,486</u>	<u>22,293,994</u>	<u>47,728,742</u>	<u>17,346,968</u>	<u>48,456,672</u>	<u>367,611,795</u>
Excess (deficiency) of revenues over expenditures	<u>16,639,062</u>	<u>1,518,745</u>	<u>4,972</u>	<u>(5,981,508)</u>	<u>(1,475,810)</u>	<u>(22,725,814)</u>	<u>(12,020,353)</u>
OTHER FINANCING SOURCES (USES):							
Sales of capital asset	18,822		2,731	137	8,181	433,636	463,507
Transfers in	131,447	47,746	868,708	464,364	2,153,172	20,663,362	24,328,799
Transfer out	(21,062,131)					(2,575,909)	(23,638,040)
Proceeds from inception of capital lease	123,162						123,162
Total other financing sources (uses)	<u>(20,788,700)</u>	<u>47,746</u>	<u>871,439</u>	<u>464,501</u>	<u>2,161,353</u>	<u>18,521,089</u>	<u>1,277,428</u>
Net change in fund balances	(4,149,638)	1,566,491	876,411	(5,517,007)	685,543	(4,204,725)	(10,742,925)
Fund balances, beginning	<u>30,025,768</u>	<u>1,754,341</u>	<u>17,344,026</u>	<u>(177,099)</u>	<u>10,831,067</u>	<u>24,571,215</u>	<u>84,349,318</u>
Fund balances, ending	<u>\$25,876,130</u>	<u>\$ 3,320,832</u>	<u>\$18,220,437</u>	<u>\$ (5,694,106)</u>	<u>\$11,516,610</u>	<u>\$20,366,490</u>	<u>\$ 73,606,393</u>

COUNTY OF BUTTE, CALIFORNIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

The schedule below reconciles the Net Changes in Fund Balances reported on the Government Funds Statement of Revenues, Expenditures, and Changes in Fund Balances, which measure only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the full accrual basis.

Net change to fund balances-total governmental funds \$ (10,742,925)

Amounts reported for governmental activities in the statements of activities are different because:

Governmental funds reported 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.

Capital outlay expenditures are therefore added back to fund balances	\$ 8,493,880	
Depreciation expense not reported in governmental funds	(27,760,239)	
Loss on sale of capital assets	<u>(527,550)</u>	(19,793,909)

Governmental funds the effect of the pension asset when first paid, whereas the amount is deferred and amortized in the statement of activities.

Decrease in pension asset		(592,278)
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Repayment of long-term receivables is treated as revenue in governmental funds, but the repayment reduces long-term receivables in the Statement of Net Assets. Issuance of long-term receivables is treated as expenditures in th governmental funds, but the issuance increases long-term receivables in the Statement of Net Assets.

Change in loans receivable		(413,519)
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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 expenditure in the governmental funds, but in the statement of net assets the repayment reduces long-term liabilities.

Principal payments	6,774,954	
Proceeds from inception of capital lease	(123,162)	
Amortization expense of costs of issuance not reported in governmental funds	<u>(101,751)</u>	6,550,041

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).

Interest payable	5,470	
Supplemental retirement benefit obligation	1,518,509	
Other postemployment benefits	(3,067,312)	
Compensated absences	<u>(3,790,654)</u>	(5,333,987)

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 of internal service funds is reported with governmental activities.

<u>6,315,629</u>

Change in net assets of governmental activities \$ (24,010,948)

COUNTY OF BUTTE, CALIFORNIA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2008

	Landfill	Total	Governmental Activities Internal Service Funds
ASSETS			
Current assets:			
Cash and investments	\$ 15,201,961	\$ 15,201,961	\$ 14,782,499
Cash and investments with fiscal agent	1,504,307	1,504,307	46,706
Imprest cash	2,800	2,800	40,000
Due from other funds	21,496	21,496	1,029,894
Interest receivable	138,754	138,754	101,730
Accounts receivable	162,398	162,398	309,560
Due from external parties			
Inventory			157,388
Deposits with others			50,000
Prepaid items			77,896
Total current assets	<u>17,031,716</u>	<u>17,031,716</u>	<u>16,595,673</u>
Noncurrent assets:			
Deferred debt issuance costs	294,413	294,413	
Capital assets:			
Nondepreciable:			
Land	488,133	488,133	
Construction in progress	14,370,814	14,370,814	
Depreciable:			
Structures	121,695	121,695	
Equipment	4,182,338	4,182,338	5,225,172
Less: Accumulated depreciation	(2,152,365)	(2,152,365)	(3,155,684)
Total capital assets, net	<u>17,010,615</u>	<u>17,010,615</u>	<u>2,069,488</u>
Total noncurrent assets	<u>17,305,028</u>	<u>17,305,028</u>	<u>2,069,488</u>
Total assets	<u>34,336,744</u>	<u>34,336,744</u>	<u>18,665,161</u>
LIABILITIES			
Current liabilities:			
Due to other funds	10,383	10,383	358,561
Interest payable	243,575	243,575	
Accounts payable	405,389	405,389	599,670
Accrued salaries and benefits	52,748	52,748	198,463
Deposits payable			94,000
Compensated absences, current portion	38,000	38,000	203,745
Capital lease payable, current portion	19,687	19,687	
Claims and judgments, current portion			2,400,000
COP payable, current portion	13,545	13,545	
Loans payable, current portion	50,000	50,000	
Total current liabilities	<u>833,327</u>	<u>833,327</u>	<u>3,854,439</u>
Noncurrent liabilities:			
Compensated absences, noncurrent portion	88,720	88,720	475,404
Loans payable, less current portion	350,000	350,000	
COP payable, less current portion	12,187,538	12,187,538	
Claims and judgments, less current portion			2,849,000
Landfill closure/post-closure care costs	1,930,354	1,930,354	
Total noncurrent liabilities	<u>14,556,612</u>	<u>14,556,612</u>	<u>3,324,404</u>
Total liabilities	<u>15,389,939</u>	<u>15,389,939</u>	<u>7,178,843</u>
NET ASSETS			
Invested in capital assets, net of related debt	4,389,846	4,389,846	2,069,488
Restricted for landfill closure costs	4,300,259	4,300,259	
Unrestricted	10,256,700	10,256,700	9,416,830
Total net assets	<u>\$ 18,946,805</u>	<u>\$ 18,946,805</u>	<u>\$ 11,486,318</u>

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

COUNTY OF BUTTE, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

			Governmental Activities
	Landfill	Total	Internal Service Funds
OPERATING REVENUES			
Charges for services	\$ -	\$ -	\$ 21,326,747
Landfill fees	5,955,979	5,955,979	
Other revenue	25,616	25,616	7,546,767
Total operating revenues	<u>5,981,595</u>	<u>5,981,595</u>	<u>28,873,514</u>
OPERATING EXPENSES			
Salaries and employee benefits	1,440,171	1,440,171	5,558,704
Service and supplies			8,196,903
Claims and judgments			7,483,413
Operation and maintenance	3,315,540	3,315,540	
Depreciation	536,559	536,559	485,302
Other expenses			602,450
Landfill closure/post-closure care cost	(286,071)	(286,071)	
Total operating expenses	<u>5,006,199</u>	<u>5,006,199</u>	<u>22,326,772</u>
Operating income (loss)	<u>975,396</u>	<u>975,396</u>	<u>6,546,742</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	108,566	108,566	23,541
Interest income	1,004,069	1,004,069	384,087
Loss on disposal of capital assets			(4,026)
Interest expense	(480,049)	(480,049)	
Total nonoperating revenues (expenses)	<u>632,586</u>	<u>632,586</u>	<u>403,602</u>
Net income (loss) before contributions and transfers	1,607,982	1,607,982	6,950,344
Capital contributions			56,044
Transfers in			28,548
Transfers out			(719,307)
Change in net assets	1,607,982	1,607,982	6,315,629
Total net assets, beginning	<u>17,338,823</u>	<u>17,338,823</u>	<u>5,170,689</u>
Net assets, ending	<u>\$18,946,805</u>	<u>\$18,946,805</u>	<u>\$ 11,486,318</u>

COUNTY OF BUTTE, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Landfill	Total	Governmental Activities Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipt from customers	\$ 6,223,066	\$ 6,223,066	\$28,754,966
Cash paid to suppliers for goods and services	(3,396,112)	(3,396,112)	(16,012,962)
Cash paid to employees for services	(1,411,259)	(1,411,259)	(5,430,284)
Internal activities - payments from (to) other funds	(45,392)	(45,392)	(481,197)
Net cash provided (used) by operating activities	<u>1,370,303</u>	<u>1,370,303</u>	<u>6,830,523</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Aid from other governmental agencies	108,566	108,566	23,541
Transfers in			28,548
Transfers out			(719,307)
Net cash provided (used) by noncapital financing activities	<u>108,566</u>	<u>108,566</u>	<u>(667,218)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Payments related to the acquisition of capital assets	(2,787,197)	(2,787,197)	(463,165)
Principal paid on COP payable	(13,545)	(13,545)	
Principal paid on capital lease	(283,155)	(283,155)	
Principal paid on loans payable	(50,000)	(50,000)	
Interest paid	(521,266)	(521,266)	
Net cash provided (used) by capital and related financing activities	<u>(3,655,163)</u>	<u>(3,655,163)</u>	<u>(463,165)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest received	1,040,606	1,040,606	313,008
Net cash provided (used) by investing activities	<u>1,040,606</u>	<u>1,040,606</u>	<u>313,008</u>
Net increase (decrease) in cash and cash equivalents	(1,135,688)	(1,135,688)	6,013,148
Cash and cash equivalents, beginning	<u>17,844,756</u>	<u>17,844,756</u>	<u>8,856,057</u>
Cash and cash equivalents, ending	<u>\$ 16,709,068</u>	<u>\$ 16,709,068</u>	<u>\$ 14,869,205</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:			
Cash and investments	\$ 15,201,961	\$ 15,201,961	\$ 14,782,499
Cash and investments with fiscal agent	1,504,307	1,504,307	46,706
Imprest cash	2,800	2,800	40,000
Total cash and investments	<u>\$ 16,709,068</u>	<u>\$ 16,709,068</u>	<u>\$ 14,869,205</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
STATEMENT OF CASH FLOWS (continued)
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Landfill	Total	Governmental Activities Internal Service Funds
Reconciliation of Operating Income (Loss)			
to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ 975,396	\$ 975,396	\$ 6,546,742
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	536,559	536,559	485,302
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	241,467	241,467	(119,210)
Due from external parties	4	4	662
Due from other funds	(7,688)	(7,688)	(394,048)
Inventory			47,937
Prepaid items			(53,137)
Increase (decrease) in:			
Accounts payable	(80,572)	(80,572)	(5,996)
Due to other funds	(37,704)	(37,704)	(87,149)
Accrued salaries and benefits	8,706	8,706	40,762
Deposits payable			94,000
Compensated absences	20,206	20,206	87,658
Landfill closure/post-closure cost	(286,071)	(286,071)	
Claims and judgments			187,000
Net cash provided (used) by operating activities	<u>\$ 1,370,303</u>	<u>\$ 1,370,303</u>	<u>\$ 6,830,523</u>

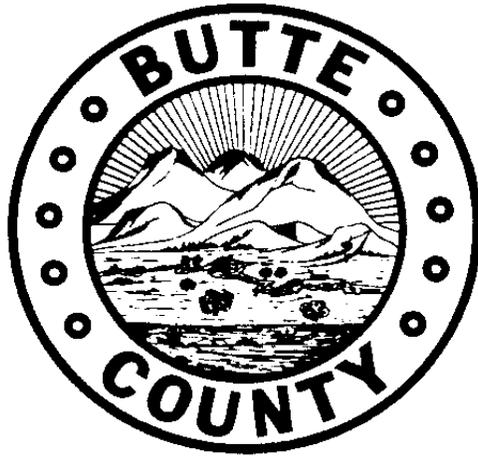
**Noncash investing, capital, and financing
activities:**

Contributions of capital assets from government	\$ -	\$ -	\$ 56,044
Trade in of capital assets			

COUNTY OF BUTTE, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS INVESTMENT TRUST FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Additions:	
Contributions to pooled investments	\$1,400,435,258
Interest and investment income	7,320,806
Total additions	<u>1,407,756,064</u>
Deductions:	
Distribution from investment pool	<u>(1,374,545,935)</u>
Total deductions	<u>(1,374,545,935)</u>
Net increase	33,210,129
Net assets, beginning	<u>233,958,801</u>
Net assets, ending	<u><u>\$ 267,168,930</u></u>



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

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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, 2008 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."

The Butte County Air Quality Management District (the District) is a blended component unit of the County. The District's Board is composed of seven members, of which five members are the County's Board of Supervisors. Financial statements of the District may be obtained by contacting the District or the County Auditor-Controller's Office.

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, 2008

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, 2008

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
Zone #4 of CSA #169 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, 2008

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, 2008

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, 2008

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 information services, printing services, utilities, risk management, facilities services, and equipment 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, 2008

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, 2008

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 agencies participating in the Investment Trust Fund 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, 2008 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, 2008

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 an 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, 2008

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 fixed assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general fixed 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, 2008

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. The County has the option of phasing in the historical costs related to its infrastructure. Currently, the road network has been included in the County’s capital assets at historical cost and related depreciation. In future years, the remaining networks will be added to capital assets. All current year acquisition costs identified for infrastructure have been included.

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.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

1. Summary of Significant Accounting Policies (continued)

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.

L. **Implementation of Governmental Accounting Standards Board Statements and Standards**

Governmental Accounting Standards Board Statement No. 45

In August 2006, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement is effective for periods beginning after December 15, 2006. The Statement generally requires that state and local governmental employers account for and report the annual cost of other nonpension benefits (OPEB) and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. The statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. As of June 30, 2008, Butte County is in compliance with GASB No. 45.

Governmental Accounting Standards Board Statement No. 48

In September of 2006, GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. This statement establishes criteria that governments will use to ascertain whether certain transactions should be regarded as sales or a collateralized borrowings. The statement also includes disclosure requirements for future revenues that are pledged or sold. As of June 30, 2008, Butte County is in compliance with GASB No. 48.

Governmental Accounting Standards Board Statement No. 50

In May of 2008, GASB issued Statement No. 50, *Pension Disclosures*. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB). The requirements of the new statement become effective for fiscal periods beginning after June 15, 2007 except for the requirement for plans that use the aggregate actuarial cost method to present a schedule of funding progress using the entry age actuarial cost method which is effective for the actuarial valuations as of June 15, 2007. As of June 30, 2008, Butte County is in compliance with GASB No. 50.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

1. Summary of Significant Accounting Policies (continued)

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

These statements are not effective until June 30, 2009. The County has not determined its effect on the financial statements.

Governmental Accounting Standards Board Statement No. 49

In November of 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts. The requirements of the new statement become effective for fiscal periods beginning after December 15, 2007. The County has elected not to early implement GASB No. 49 and has not determined its effect on the County's financial statements.

Governmental Accounting Standards Board Statement No. 51

In June of 2008, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks, and computer software. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The County has elected not to early implement GASB No. 51 and has not determined its effect on the County's financial statements.

Governmental Accounting Standards Board Statement No. 52

On November 2008, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. The statement improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The County has elected not to early implement GASB No. 52 and has not determined its effect on the County's financial statements.

N. **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.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

1. Summary of Significant Accounting Policies (continued)

O. 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.

P. 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, 2008 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 95,734,954
Cash and investments with fiscal agents	5,276,171
Imprest cash	88,645
Fiduciary funds:	
Cash and investments	292,911,084
Imprest cash	<u>10,596</u>
Total cash and investments	<u>\$ 394,021,450</u>

Cash and investments as of June 30, 2008 consist of the following:

Cash on hand	\$ 145,390
Deposits with financial institutions	8,666,624
Investments	401,883,150
Outstanding warrants	(16,962,252)
Cash deposits – outside accounts	<u>288,538</u>
Total cash and investments	<u>\$ 394,021,450</u>

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

2. Cash and Investments (continued)

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.

<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	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds	N/A	20%	10%
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

Investment 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
LAIF	None	None	None

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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	\$ 5,059,078	\$ -	\$ -	\$ 5,059,078	\$ -	\$ -
FFCB	49,536,229	8,065,625	9,178,166	9,263,438	12,054,000	10,975,000
FHLB	100,261,819	24,058,408	3,060,000	18,645,000	38,208,725	16,289,686
FHLMC	57,223,449		29,725,302	7,338,115	1,096,250	19,063,782
FNMA	19,201,251	10,081,250		6,149,063		2,970,938
TVA	3,301,080				3,301,080	
CD	500,000					500,000
Cal Trust	15,072,321	15,072,321				
LAIF	146,451,752	146,451,752				
Total with Treasurer	<u>396,606,979</u>	<u>203,729,356</u>	<u>41,963,468</u>	<u>46,454,694</u>	<u>54,660,055</u>	<u>49,799,406</u>
With fiscal agents:						
Money Market	2,476,112	2,476,112				
FHLB	1,003,440					1,003,440
Business checking	46,706	46,706				
LAIF	1,749,913	1,749,913				
Total with fiscal agent	<u>5,276,171</u>	<u>4,272,731</u>				<u>1,003,440</u>
Total investments	<u>\$ 401,883,150</u>	<u>\$ 208,002,087</u>	<u>\$ 41,963,468</u>	<u>\$ 46,454,694</u>	<u>\$ 54,660,055</u>	<u>\$ 50,802,846</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, 2008

2. Cash and Investments (continued)

Disclosures Relating to Credit Risk (continued)

Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	Aa	A1/P1	Not Rated
FAMCA	\$ 5,059,078	N/A	\$ -	\$ 3,085,446	\$ -	\$ -	\$ 1,973,632
FFCB	49,536,229	N/A		49,536,229			
FHLB	100,261,819	N/A		100,261,819			
FHLMC	57,223,449	N/A		57,223,449			
FNMA	19,201,251	N/A		19,201,251			
TVA	3,301,080	N/A		3,301,080			
CD	500,000	N/A					500,000
Cal Trust	15,072,321	N/A					15,072,321
LAIF	146,451,752	N/A					146,451,752
Held by bond trustee:							
Money Market	2,476,112	A		2,476,112			
FHLB	1,003,440	N/A		1,003,440			
Business checking	46,706	N/A					46,706
LAIF	1,749,913	N/A					1,749,913
Total	\$ 401,883,150		\$ -	\$ 236,088,826	\$ -	\$ -	\$ 165,794,324

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	\$ 101,265,259
Federal Farm Credit Bank	Federal agency securities	49,536,229
Federal Home Loan Mortgage Corp.	Federal agency securities	57,223,449
Federal National Mortgage Assn.	Federal agency securities	19,201,251

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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.

Treasury Investment Pool

Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	Aa	A1/P1	Not Rated
FAMCA	\$ 5,059,078	N/A	\$ -	\$ 3,085,446	\$ -	\$ -	\$ 1,973,632
FFCB	49,536,229	N/A		49,536,229			
FHLB	100,261,819	N/A		100,261,819			
FHLMC	57,223,449	N/A		57,223,449			
FNMA	19,201,251	N/A		19,201,251			
TVA	3,301,080	N/A		3,301,080			
CD	500,000	N/A					500,000
Cal Trust	15,072,321	N/A					15,072,321
LAIF	146,451,752	N/A					146,451,752
Total	\$ 396,606,979		\$ -	\$ 232,609,274	\$ -	\$ -	\$ 163,997,705

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

2. Cash and Investments (continued)

Treasury Investment Pool (continued)

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, 2008:

Statement of Net Assets	
Net Assets held for pool participants	<u>\$ 394,021,450</u>
Equity of internal pool participants	\$ 126,852,520
Equity of external pool participants (voluntary and involuntary)	<u>267,168,930</u>
Total Equity	<u>\$ 394,021,450</u>
Statement of Changes in Net Assets	
Net Assets held for pool participants at July 1, 2007	\$ 371,419,151
Net change in investments by pool participants	<u>22,602,299</u>
Net Assets held for pool participants at June 30, 2008	<u>\$ 394,021,450</u>

3. Receivables

Receivables at fiscal year end of the County's major individual funds, nonmajor funds, and internal service funds in the aggregate are as follows:

Receivables	General Fund	Welfare Fund	Public Health Fund	Behavioral Health Fund	Road Fund	Nonmajor Governmental Funds	Internal Service Funds	Total Governmental Activities
Accounts Due from other governments	\$ 2,475,676	\$ 91,139	\$ 892,886	\$ 614,129	\$ 833	\$ 338,041	\$ 309,560	\$ 4,722,264
	<u>4,247,698</u>	<u>8,878,128</u>	<u>1,573,272</u>	<u>2,371,612</u>	<u>1,302,212</u>	<u>657,120</u>	<u>309,560</u>	<u>19,030,042</u>
	<u>\$ 6,723,374</u>	<u>\$ 8,969,267</u>	<u>\$ 2,466,158</u>	<u>\$ 2,985,741</u>	<u>\$ 1,303,045</u>	<u>\$ 995,161</u>	<u>\$ 309,560</u>	<u>\$ 23,752,306</u>
Total								
Receivables	Landfill Fund	Business-Type Activities						
Accounts	\$ 162,398	\$ 162,398						
	<u>\$ 162,398</u>	<u>\$ 162,398</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, 2008

3. Receivables (continued)

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	\$ -	\$ 238,110
Welfare Fund:		
Resources received that do not meet the criteria for revenue		2,595,650
Public Health Fund:		
Resources received that do not meet the criteria for revenue		289,634
Behavioral Health Fund:		
Resources received that do not meet the criteria for revenue		3,758,797
Other Governmental Funds:		
Resources unavailable for current expenditures	1,688,637	807,921
	<u>\$ 1,688,637</u>	<u>\$ 7,690,112</u>

4. Interfund Transactions

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2008 are as follows:

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COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

4. Interfund Transactions (continued)

Balances due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Welfare Fund	\$ 1,043,683
	Public Health Fund	21,276
	Behavioral Health Fund	5,369,749
	Road Fund	25,304
	Nonmajor Governmental Funds	487,855
	Internal Service Funds	52,146
	Landfill Fund	3,680
		<u>7,003,693</u>
Welfare Fund	General Fund	181,405
	Nonmajor Governmental Funds	24,392
		<u>205,797</u>
Public Health Fund	General Fund	249,057
	Internal Service Funds	502
		<u>249,559</u>
Behavioral Health Fund	General Fund	44,802
	Internal Service Funds	918
		<u>45,720</u>
Road Fund	General Fund	22,465
	Nonmajor Governmental Funds	71
	Internal Service Funds	2,322
		<u>24,858</u>
Nonmajor Governmental Funds	General Fund	1,482,646
	Nonmajor Governmental Funds	289,982
	Internal Service Funds	200,902
		<u>1,973,530</u>
Internal Service Funds	General Fund	396,596
	Welfare Fund	167,220
	Public Health Fund	24,839
	Behavioral Health Fund	48,495
	Road Fund	29,703
	Nonmajor Governmental Funds	254,567
	Internal Service Funds	101,771
Landfill Fund	6,703	
		<u>1,029,894</u>
Landfill Fund	General Fund	14,136
	Road Fund	7,360
		<u>21,496</u>
Total		<u>\$ 10,554,547</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, 2008

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*:

Transfers From	Transfers To	Amount	Reason
General Fund	Welfare Fund	\$ 47,746	Transfer for operating subsidy
	Public Health Fund	868,708	Transfer for county match
	Behavioral Health Fund	464,364	Transfer for county match
	Road Fund	11,710	Transfer for road operating subsidy
	Nonmajor Governmental Funds	520	CSA reimbursement
	Nonmajor Governmental Funds	13,708,207	Fire protection
	Nonmajor Governmental Funds	2,004,895	Equipment replacement
	Nonmajor Governmental Funds	628,860	Transfer for water operating subsidy
	Nonmajor Governmental Funds	2,469,801	Transfer for library operating subsidy
	Nonmajor Governmental Funds	857,320	Debt service payments
		<u>21,062,131</u>	
Nonmajor Governmental Funds	General Fund	131,447	Capital reimbursement
	Road Fund	2,141,462	Transfer for road operating subsidy
	Nonmajor Governmental Funds	303,000	Debt service payments
		<u>2,575,909</u>	
Internal Service Funds	Nonmajor Governmental Funds	690,759	Equipment replacement
		<u>690,759</u>	
Internal Service Funds	Internal Service Funds	28,548	To transfer shared costs
		<u>28,548</u>	
Total		<u>\$ 24,357,347</u>	

* These transfers were eliminated in the consolidation, by column, for the Governmental and Business-type activities.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

	Balance July 1, 2007	Additions	Retirements	Transfers	Balance June 30, 2008
Governmental Activities					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 1,922,563	\$ 1,845,380	\$ (361,492)	\$ -	\$ 3,406,451
Construction in progress	601,169	1,676,894		(778,350)	1,499,713
Total capital assets, not being depreciated	<u>2,523,732</u>	<u>3,522,274</u>	<u>(361,492)</u>	<u>(778,350)</u>	<u>4,906,164</u>
<i>Capital assets, being depreciated:</i>					
Infrastructure	583,100,517	522,055	(2,410,206)		581,212,366
Structures and improvements	61,652,667	428,805	(517,066)	649,143	62,213,549
Equipment	44,999,236	4,539,955	(1,888,183)	133,863	47,784,871
Total capital assets, being depreciated	<u>689,752,420</u>	<u>5,490,815</u>	<u>(4,815,455)</u>	<u>783,006</u>	<u>691,210,786</u>
Less: accumulated depreciation for:					
Infrastructure	(337,106,765)	(23,572,810)	2,410,206		(358,269,369)
Structures and improvements	(17,083,562)	(1,330,031)	372,288	10,018	(18,031,287)
Equipment	(31,709,270)	(3,342,700)	1,862,877	(14,674)	(33,203,767)
Total accumulated depreciation	<u>(385,899,597)</u>	<u>(28,245,541)</u>	<u>4,645,371</u>	<u>(4,656)</u>	<u>(409,504,423)</u>
Total capital assets, being depreciated, net	<u>303,852,823</u>	<u>(22,754,726)</u>	<u>(170,084)</u>	<u>778,350</u>	<u>281,706,363</u>
Governmental activities capital assets, net	<u>\$ 306,376,555</u>	<u>\$ (19,232,452)</u>	<u>\$ (531,576)</u>	<u>\$ -</u>	<u>\$ 286,612,527</u>
Business-Type Activities:					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 488,133	\$ -	\$ -	\$ -	\$ 488,133
Construction in progress	11,817,354	2,553,460			14,370,814
Total capital assets, not being depreciated	<u>12,305,487</u>	<u>2,553,460</u>			<u>14,858,947</u>
<i>Capital assets, being depreciated:</i>					
Structures and improvements	121,695				121,695
Equipment	3,953,257	233,737	(4,656)		4,182,338
Total capital assets, being depreciated	<u>4,074,952</u>	<u>233,737</u>	<u>(4,656)</u>		<u>4,304,033</u>
Less: accumulated depreciation for:					
Structures and improvements	(22,607)	(3,125)			(25,732)
Equipment	(1,597,855)	(533,434)	4,656		(2,126,633)
Total accumulated depreciation	<u>(1,620,462)</u>	<u>(536,559)</u>	<u>4,656</u>		<u>(2,152,365)</u>
Total capital assets, being depreciated, net	<u>2,454,490</u>	<u>(302,822)</u>			<u>2,151,668</u>
Business-type activities capital assets, net	<u>\$ 14,759,977</u>	<u>\$ 2,250,638</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,010,615</u>

COUNTY OF BUTTE, CALIFORNIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

5. Capital Assets (continued)

Depreciation expense was changed to functions as follows:

Governmental Activities:

General government	\$ 1,169,105
Public protection	2,862,723
Public ways	23,525,728
Health and sanitation	236,765
Public assistance	160,100
Education	89,994
Recreation and cultural services	201,126
	\$ 28,245,541

Business-Type Activities:

Sanitation	\$ 536,559
	\$ 536,559

6. Short-Term Debt

Tax and Revenue Anticipation Notes

In July 2007, the County issued \$17,200,000 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, 2008, was as follows:

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008
Governmental Activities:				
FY 2006-07 TRANS	\$ -	\$ 17,200,000	\$ 17,200,000	\$ -
Total governmental activities	\$ -	\$ 17,200,000	\$ 17,200,000	\$ -

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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 \$225,434,224.

A summary of long-term obligations follows:

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Princip al Installments	Original Issue Amount	Outstanding at June 30, 2008
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	\$ 235,000
1975 Sewer Bonds, Series A	7/1/80-1/1/15	5%	\$10,000-\$45,000	790,000	280,000
1975 Sewer Bonds, Series B	7/1/80-1/1/15	5%	\$5,000-\$20,000	380,000	135,000
1975 Sewer Bonds, Series C	7/1/80-1/1/15	5%	\$956-\$4,878	86,396	30,340
				<u>1,936,396</u>	<u>680,340</u>
Pension Obligation Bonds:					
Series A	6/30/14-6/30/34	Variable	\$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>50,575,340</u>
Certificates of Participation					
2003 Certificates of Participation	7/1/04-7/1/14	2%-3.4%	\$415,000-\$650,000	5,150,000	2,650,000
Total Certificates of Participation				<u>5,150,000</u>	<u>2,650,000</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	2,363,261
Solar Project - phase 2	6/22/06-6/22/20	4.9%	\$8,057-\$17,545	390,000	339,341
Total Notes Payable				<u>3,167,000</u>	<u>2,702,602</u>
Total Governmental Activities				<u>\$ 68,013,396</u>	<u>\$ 55,927,942</u>

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

7. Long-Term Obligations (continued)

Summary of Long-Term Debt

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

	Balance July 1, 2007	Additions	Retirements	Balance June 30, 2008	Amounts Due Within One Year
Governmental Activities:					
Capital lease obligations	\$ 1,096,933	\$ 123,162	\$ 86,415	\$ 1,133,680	\$ 104,564
Bonds payable	56,423,916		5,848,576	50,575,340	83,755
Notes payable	2,902,565		199,963	2,702,602	208,242
Certificates of participation	3,290,000		640,000	2,650,000	350,000
Claims and judgments	5,062,000	7,483,413	7,296,413	5,249,000	2,400,000
Supplemental retirement benefits payable	3,037,018		1,518,509	1,518,509	1,518,509
Compensated absences	12,680,079	21,472,517	17,594,205	16,558,391	1,703,745
Subtotal	<u>\$ 84,492,511</u>	<u>\$ 29,079,092</u>	<u>\$ 33,184,081</u>	80,387,522	<u>\$ 6,368,815</u>
Other postemployment benefits				<u>3,067,312</u>	
Total governmental activities				<u>\$ 83,454,834</u>	
Business-Type Activities:					
Capital lease obligations	\$ 302,842	\$ -	\$ 283,155	\$ 19,687	\$ 19,687
Certificates of participation	12,025,000			12,025,000	
Premium on debt	189,628		13,545	176,083	13,545
Landfill closure/post- -closure care costs	2,216,425		286,071	1,930,354	
Loan payable	450,000		50,000	400,000	50,000
Compensated absences	106,514	145,794	125,588	126,720	38,000
Total business-type activities	<u>\$ 15,290,409</u>	<u>\$ 145,794</u>	<u>\$ 758,359</u>	<u>\$ 14,677,844</u>	<u>\$ 121,232</u>

Capital Leases

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, 2008:

Fiscal Year Ending June 30,	Governmental Activities	Business-Type Activities
2009	\$ 175,525	\$ 21,138
2010	170,518	
2011	146,974	
2012	124,979	
2013	123,431	
2014-2018	617,155	
2019-2020	246,862	
Total minimum lease payments	1,605,444	21,138
Less: Amount representing interest	471,764	1,451
Present value of minimum lease payments	<u>\$ 1,133,680</u>	<u>\$ 19,687</u>

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

7. Long-Term Obligations (continued)

Capital Lease (continued)

The following is a schedule of net remaining property leased under capital leases at June 30, 2008:

	<u>Acquisition Value</u>	<u>Accumulated Depreciation</u>
Governmental Activities:		
Chico Memorial Halls	1,254,300	12,900
File management system	90,581	12,940
Vehicles	131,002	88,412
Business-Type Activities:		
Tarpomatic	76,237	12,416

Bonds Payable

At June 30, 2008, 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). These bonds were issued to save future interest costs associated with the County's pension obligations. Series A has a fixed interest rate of 6.03%, while Series B and C have rates that are variable, based on the one month LIBOR plus a margin of .30%. For fiscal year 2007/2008, the average rate paid for Series B was 4.5%. The County elected to exercise its option to prepay Series C on September 1, 2007. The next payment of interest for Series A is due December 1, 2008, 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.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

7. Long-Term Obligations (continued)

Bonds Payable (continued)

As of June 30, 2008, annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	\$ 83,755	\$ 2,762,783	\$ 2,846,538
2010	88,943	2,758,466	2,847,409
2011	94,140	2,753,889	2,848,029
2012	99,347	2,749,052	2,848,399
2013	99,485	2,744,079	2,843,564
2014-2018	3,204,670	13,423,563	16,628,233
2019-2023	7,120,000	12,211,689	19,331,689
2024-2028	12,945,000	9,699,913	22,644,913
2029-2033	21,295,000	5,288,701	26,583,701
2034	5,545,000	307,630	5,852,630
Total	<u>\$ 50,575,340</u>	<u>\$ 54,699,765</u>	<u>\$ 105,275,105</u>

Notes Payable

At June 30, 2008, 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, 2008, annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	\$ 208,242	\$ 104,725	\$ 312,967
2010	216,549	96,419	312,968
2011	225,187	87,780	312,967
2012	233,962	79,006	312,968
2013	243,503	69,465	312,968
2014-2018	1,371,090	193,747	1,564,837
2019-2020	204,069	3,403	207,472
Total	<u>\$ 2,702,602</u>	<u>\$ 634,545</u>	<u>\$ 3,337,147</u>

COUNTY OF BUTTE, CALIFORNIA

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

7. Long-Term Obligations (continued)

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 expense is allocated to each function based on usage.

The compensated absences liability attributable to the governmental activities will be liquidated as follows: General Fund 57%, Welfare Fund 12%, Public Health Fund 9%, Behavioral Health Fund 9%, Road Fund 6%, and Nonmajor funds 7%.

Certificates of Participation

Governmental Activities

On June 30, 2003, the County issued \$5,150,000 in Certificates of Participation (COP's) with interest rates ranging from 2.0% to 3.4% to refund \$4,195,000 of outstanding 1993 COP's and \$1,026,882 of outstanding lease obligations for fire trucks with interest rates ranging from 3.8% to 5.5%. The net proceeds of \$5,091,245 (after payment of \$166,950 in underwriting fees, insurance, and other issuance costs) plus an additional \$883,208 of 1993 COP's reserve fund monies were used to payoff the 1993 COP's and lease obligations.

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	\$ 350,000	\$ 73,148	\$ 423,148
2010	355,000	64,335	419,335
2011	365,000	54,879	419,879
2012	375,000	44,235	419,235
2013	390,000	32,760	422,760
2014-2015	815,000	27,565	842,565
Total	<u>\$ 2,650,000</u>	<u>\$ 296,922</u>	<u>\$ 2,946,922</u>

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

7. Long-Term Obligations (continued)

Certificates of Participation (continued)

Business-Type Activities

Certificates of Participation in the amount of \$12,025,000, dated November 1, 2006, were issued 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 improvements related to environmental mitigation. Interest ranging from 3.4% to 4.5% on the Series 2006 Certificates is payable semiannually on January 1 and July 1 of each year, commencing July 1, 2008. The average rate of interest for the certificates is 3.995%. Principal is payable annually, commencing on July 1, 2009.

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	\$ -	\$ 487,150	\$ 487,150
2010	725,000	474,825	1,199,825
2011	750,000	447,500	1,197,500
2012	780,000	416,900	1,196,900
2013	810,000	385,100	1,195,100
2014-2018	4,575,000	1,401,000	5,976,000
2019-2022	4,385,000	370,725	4,755,725
Total	\$ 12,025,000	\$ 3,983,200	\$ 16,008,200

Loan Payable

At June 30, 2008, the loan outstanding consist 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, 2008, annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	\$ 50,000		\$ 50,000
2010	50,000		50,000
2011	50,000		50,000
2012	50,000		50,000
2013	50,000		50,000
2014-2016	150,000		150,000
Total	\$ 400,000	\$ -	\$ 400,000

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

7. Long-Term Obligations (continued)

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 \$1,930,354 reported as landfill closure and post-closure care liability at June 30, 2008, represents the cumulative amount reported to date based on the use of 16.51 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$9,759,030 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 2008. The County expects to close the landfill in the fiscal year 2031. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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, 2008, investments of \$4,300,259 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.

Annually, the Landfill adjusts the estimated closure and post-closure costs due to changes in inflation and capacity. The remaining capacity of the landfill increased from 15.14 percent to 16.51 percent at June 30, 2007 and 2008, respectively. The capacity percentage increased due to normal landfill use.

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

Supplemental Retirement Benefits Payable

The County of Butte has adopted a tax qualified governmental defined benefit plan for the benefit of its eligible employees to provide supplemental retirement benefits to eligible employees in addition to the benefits employees will receive from the California Public Employees' Retirement System (CalPERS). At the time this incentive was offered, the eligibility requirements were: the employee must be a current Butte County employee with at least 5 years of service and at least 50 years of age as of January 1, 2006, with the condition that they agreed to terminate employment with the County on or before January 1, 2005, with the benefits beginning the first day after separation. The County will have 5 disbursements of approximately \$1,518,509, spanning over the next 5 years with the first remitted August 10, 2004. On September 8, 2004, the County of Butte requested a "Letter of Determination" from the IRS to ensure the plan's compliance. At June 30, 2008, the total supplemental retirement benefits payable balance was \$1,518,509.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

7. Long-Term Obligations (continued)

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, 2008 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. Such reserved and designated fund balances at June 30, 2008 are as follows:

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

	<u>Major Funds</u>						<u>Total Governmental Funds</u>
	<u>General</u>	<u>Welfare</u>	<u>Public Health</u>	<u>Behavioral Health</u>	<u>Road</u>	<u>Other Governmental</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	
Reserved for:							
Encumbrances	\$ 4,164,873	\$ 1,599,255	\$ 1,314,475	\$ 3,506,554	\$ 9,469,666	\$ 1,960,148	\$ 22,014,971
Imprest cash	44,095		500		50	1,200	45,845
Deposits with others	2,500					297	2,797
General restrictions	10,611,120	484,315	16,307,697	343,325	3,377,717	1,450,264	32,574,438
Debt service	801,259					5,522,525	6,323,784
Inventory					293,954		293,954
Total reserved fund balances	<u>15,623,847</u>	<u>2,083,570</u>	<u>17,622,672</u>	<u>3,849,879</u>	<u>13,141,387</u>	<u>8,934,434</u>	<u>61,255,789</u>
Designated for:							
Various	91,826						91,826
Total designated fund balances	<u>91,826</u>						<u>91,826</u>
Unreserved-Undesignated Fund Balances	<u>10,160,457</u>	<u>1,237,262</u>	<u>597,765</u>	<u>(9,543,985)</u>	<u>(1,624,777)</u>	<u>11,432,056</u>	<u>12,258,778</u>
Total Fund Balances	<u>\$ 25,876,130</u>	<u>\$ 3,320,832</u>	<u>\$ 18,220,437</u>	<u>\$ (5,694,106)</u>	<u>\$ 11,516,610</u>	<u>\$ 20,366,490</u>	<u>\$ 73,606,393</u>

Net Assets

The government-wide statement of net assets reports \$46 million of restricted net assets, of which \$39.7 million is restricted by enabling legislation.

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.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

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 8.988% for non-safety employees and 12.803% for safety employees. The contribution requirements of plan members and the County are established and may be amended annually by CalPERS.

Annual Pension Cost

For the fiscal year ended June 30, 2008, the County's annual pension cost of \$8,803,522 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.

The County's annual pension cost and pension asset for the fiscal year ended June 30, 2008 were as follows:

Annual required contribution		\$	9,808,216
Interest on beginning net pension asset			(3,581,906)
Adjustment to the annual required contribution			<u>3,169,490</u>
Annual pension cost			9,395,800
Contributions made			<u>8,803,522</u>
Decrease in net pension asset			(592,278)
Net pension asset, beginning of year			<u>52,015,136</u>
Net pension asset, ending of year			<u>\$ 51,422,858</u>

Three-Year Trend Information for PERS

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Asset
06/30/06	\$8,804,562	\$9,637,849	109%	\$50,907,352
06/30/07	\$8,675,039	\$9,782,823	112%	\$52,015,136
06/30/08	\$9,395,800	\$8,803,522	94%	\$51,422,858

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

10. Post-Retirement Health Benefits

In addition to the pension benefits described in Note 9 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 10 years of continuous service who have accrued sick leave in excess of 240 hours and elect the post-retirement insurance benefits rather than the sick leave payout option. Refer to Note 7, compensated absences, for specific details. The County pays the full premium for health and dental coverage incurred by retirees under 65 years of age or not covered by another governmental or employer-paid health plan. Expenditures for post-retirement health care benefits are recognized as retirees report premiums paid for reimbursement. During the fiscal year, expenditures of \$1,180,848 were recognized for post-retirement health care covering 341 retirees.

11. Other Post Employment Benefits (OPEB)

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 \$80.80 per employee per month. The \$80.80 per month is scheduled by law to increase to \$97.00 on January 1, 2008, and to be indexed with medical inflation (CPI) for years 2009 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:

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Post-Retirement Coverage (continued)

- (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.

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 shall pay the full premium for such coverage 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.

The County pays a 0.29%-of-premium administrative fee to PEMHCA for each retiree. For 2007, the monthly County contributions are \$19.50 and \$80.80 for Unequal and Equal Contribution Methods, respectively. For 2008, those amounts will increase to \$72.75 and \$97.00, respectively.

The following table shows January 1, 2007 monthly PERS Health (PEMHCA) premiums for retirees within the Other Northern California region (Bay Area/Sacramento for Kaiser). Dental and vision rates applicable to both 2007 and 2008 are also included.

	Blue Shield HMO	Kaiser HMO	PERS Choice PPO	PERS Care PPO	Delta Premier Dental	Delta Dental PPO	Vision
<u>Basic Plan</u>							
Retiree	\$ 491.50	\$ 431.17	\$ 473.20	\$ 799.97	\$ 31.15	\$ 27.30	\$ 10.24
Retiree+1	983.00	862.34	946.40	1,599.94	67.32	59.51	10.24
Family	1,277.90	1,121.04	1,230.32	2,079.92	98.97	92.58	10.24
<u>Medicare Supplement</u>							
Retiree	318.95	289.68	341.75	371.68	N/A	N/A	N/A
Retiree+1	637.90	579.36	683.50	743.36	N/A	N/A	N/A
Family	956.85	869.04	1,025.25	1,115.04	N/A	N/A	N/A

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Annual OPEB Cost and Net OPEB Obligation: For fiscal year 2008, the County's annual OPEB cost was \$4,248,160. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the fiscal year ended June 30, 2008 were as follows:

Annual required contribution	\$	4,248,160
Interest on net OPEB obligation		-
Adjustment of annual required contribution		-
Annual OPEB cost		4,248,160
Contributions made		1,180,848
Change in net OPEB obligation (asset)		3,067,312
Net OPEB obligation		
(asset) beginning of year		-
Net OPEB obligation		
(asset) end of year	\$	3,067,312

Year ended	Annual OPEB cost	Actual Employer Contribution	Percentage Contributed	Net Ending OPEB Obligation (Asset)
June 30, 2008	\$ 4,248,160	\$ 1,180,848	27.80%	\$ 3,067,312

In future years, three year trend information will be presented. Fiscal year 2008 was the year of implementation of GASB 45, and the County elected to implement prospectively; therefore prior year comparative data is not available.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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

Funded Status and Funding Progress

The funded status of the plan based on an actuarial valuation as of July 1, 2007, was as follows:

Actuarial accrued liability (AAL)	\$ 27,660,497
Actuarial value of plan assets	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 27,660,497</u>
Funded ratio (actuarial value of plan assets/AAL)	0.00%
Covered payroll	101,759,340
UAAL as percentage of covered payroll	27.18%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

In the June 30, 2007 actuarial valuation, the Projected Unit Credit actuarial cost method was used. The actuarial assumptions include a 6% discount rate. The actuarial value of assets is "Not Applicable" since the plan holds no qualifying trust assets. The Unfunded Actuarial Accrued Liability (UAAL) is being amortized as a level dollar amount over an open 30-year period. The remaining amortization period at June 30, 2008 was 30 years.

The required schedule of funding progress, presented as required supplementary information following the notes to the financial statements, will present multi-year 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. As fiscal year 2008 was the year of implementation of GASB Statement 45, and the County elected to apply the statement prospectively, only one year is shown. In future years, required trend data will be presented.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

12. 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, 2008. The claims liability includes all allocated loss adjustment expenses. Changes in the insurance funds' claims liability amount during the fiscal years ended June 30, 2007 and 2008 were as follows:

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

12. Risk Management (continued)

<u>Fiscal Year</u>	<u>Claims Liability July 1</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Current Year Claim</u>	<u>Claims Liability June 30</u>
2006-2007	\$ 4,009,000	\$ (427,361)	\$ 1,480,361	\$ 5,062,000
2007-2008	\$ 5,062,000	\$ (7,296,413)	\$ 7,483,413	\$ 5,249,000

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, 2008, 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.

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, 2008 financial statements.

14. Subsequent Events

Tax and Revenue Anticipation Notes

In July 2008, the County issued \$25,200,000 in notes in anticipation of operation expenditures during the 2008-2009 fiscal year. The notes will be redeemed June 30, 2009.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

15. Stewardship, Compliance, and Accountability

Budgetary Data

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 Air Quality Management District. 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 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. 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).

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

15. Stewardship, Compliance, and Accountability (continued)

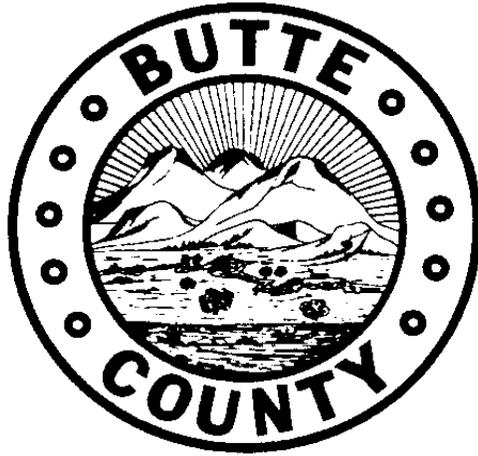
Deficit Fund Balance

The following funds had deficit fund balances at June 30, 2008:

	<u>Deficit Fund Balance</u>
Behavioral Health Fund	\$ 5,694,106
IHSS Public Authority Fund	\$ 113,679

Behavioral Health Fund had deficit net assets of \$5,694,106 at June 30, 2008. The deficit fund balance for 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 net assets.

IHSS Public Authority had deficit net assets of \$113,679 at June 30, 2008. The deficit fund balance for Behavioral Health Fund primarily resulted from a decrease in funding from the State of California. The County has implemented expenditure reductions to eliminate the deficit net assets.



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, 2008

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)
6/30/2005:						
Misc.	\$ 289,731,107	\$ 305,981,838	\$ 16,250,731	94.7%	\$ 74,650,612	21.8%
Safety	72,647,313	70,897,375	(1,749,938)	102.5%	12,442,942	(14.1%)
Total	<u>\$ 362,378,420</u>	<u>\$ 376,879,213</u>	<u>\$ 14,500,793</u>	<u>96.2%</u>	<u>\$ 87,093,554</u>	<u>16.6%</u>
6/30/2006:						
Misc.	\$ 314,637,165	\$ 338,623,312	\$ 23,986,147	92.9%	\$ 83,528,481	28.7%
Safety	78,272,745	81,150,894	2,878,149	96.5%	14,895,548	19.3%
Total	<u>\$ 392,909,910</u>	<u>\$ 419,774,206</u>	<u>\$ 26,864,296</u>	<u>93.6%</u>	<u>\$ 98,424,029</u>	<u>27.3%</u>
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>

Other Post Employment Benefits (OPEB) Plan - Schedule of Funding Progress

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%

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 first valuation under GASB 45, there is no 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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		\$
Budgetary fund balance, beginning of year	\$ 30,025,768	\$ 30,025,768	\$ 30,025,768	\$ -
RESOURCES (inflows):				
Taxes	52,938,000	53,184,723	52,924,998	(259,725)
Licenses and permits	5,156,711	5,448,711	3,588,532	(1,860,179)
Fines, forfeitures, and penalties	1,504,465	1,504,465	2,446,684	942,219
Revenues from uses of money and property	2,404,669	2,404,669	2,702,932	298,263
Aid from other governments	30,034,571	32,154,338	30,115,180	(2,039,158)
Charges for services	17,883,623	17,806,937	17,573,082	(233,855)
Other	2,943,758	3,283,993	4,045,587	761,594
Other financing sources	693,751	751,336	273,431	(477,905)
Amounts available for appropriation	<u>113,559,548</u>	<u>116,539,172</u>	<u>113,670,426</u>	<u>(2,868,746)</u>
CHANGES TO APPROPRIATIONS (outflows):				
General Government:				
Board of Supervisors:				
Salaries and employee benefits	717,810	717,810	699,236	18,574
Services and supplies	219,139	221,300	169,307	51,993
Other charges		1,536		1,536
Capital assets	4,455	4,455	4,455	
Other financing uses	1,091,447	1,091,447	934,843	156,604
Total Board of Supervisors	<u>2,032,851</u>	<u>2,036,548</u>	<u>1,807,841</u>	<u>228,707</u>
Administrative Office:				
Salaries and employee benefits	1,794,760	1,821,439	1,821,439	
Services and supplies	1,425,266	1,276,588	706,398	570,190
Other charges		225,605	8,216	217,389
Capital assets	5,900	130,900	44,703	86,197
Other financing uses	(130,021)	(130,021)	(130,389)	368
Total Administrative Office	<u>3,095,905</u>	<u>3,324,511</u>	<u>2,450,367</u>	<u>874,144</u>
Clerk of the Board:				
Services and supplies		5,009	438	4,571
Total Clerk of the Board		<u>5,009</u>	<u>438</u>	<u>4,571</u>
General Service Administration:				
Salaries and employee benefits	745,832	713,283	624,352	88,931
Services and supplies	456,719	456,719	56,876	399,843
Other charges	2,000	2,417	988	1,429
Capital assets	310	310	310	
Other financing uses	2,839	35,388	33,187	2,201
Total General Service Administration	<u>1,207,700</u>	<u>1,208,117</u>	<u>715,713</u>	<u>492,404</u>
Auditor-Controller:				
Salaries and employee benefits	2,705,875	2,281,268	2,038,057	243,211
Services and supplies	335,330	426,611	335,043	91,568
Capital assets	10,046	10,046	10,046	
Other financing uses	(752,349)	(526,742)	(526,743)	1
Total Auditor-Controller	<u>2,298,902</u>	<u>2,191,183</u>	<u>1,856,403</u>	<u>334,780</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government (continued):				
Purchasing:				
Salaries and employee benefits	\$ 356,215	\$ 336,215	\$ 297,649	\$ 38,566
Services and supplies	50,722	70,722	56,382	14,340
Capital assets	758	758	758	
Other financing uses	(138,765)	(138,765)	(144,192)	5,427
Total Purchasing	268,930	268,930	210,597	58,333
Treasurer-Tax Collector:				
Salaries and employee benefits	1,866,937	1,849,809	1,576,435	273,374
Services and supplies	975,648	1,089,940	823,379	266,561
Other charges		132	132	
Capital assets	6,335	6,335	6,335	
Other financing uses	31,657	48,753	48,753	
Total Treasurer-Tax Collector	2,880,577	2,994,969	2,455,034	539,935
Assessor:				
Salaries and employee benefits	3,321,526	3,313,517	3,125,600	187,917
Services and supplies	524,329	555,453	439,311	116,142
Other charges	2,500	9,453	9,452	1
Capital assets	19,951	19,951	19,951	
Other financing uses	67,264	68,320	68,320	
Total Assessor	3,935,570	3,966,694	3,662,634	304,060
Human Resources:				
Salaries and employee benefits	1,218,644	1,412,644	1,286,397	126,247
Services and supplies	302,323	356,583	264,774	91,809
Capital assets	6,500	6,500	6,500	
Other financing uses	(487,231)	(487,231)	(493,907)	6,676
Total Human Resources	1,040,236	1,288,496	1,063,764	224,732
County Counsel:				
Salaries and employee benefits	1,417,015	1,095,432	1,095,432	
Services and supplies	921,392	1,000,397	922,014	78,383
Capital assets	4,464	4,464	4,464	
Other financing uses	(1,696,359)	(1,399,570)	(1,399,570)	
Total County Counsel	646,512	700,723	622,340	78,383
Elections:				
Salaries and employee benefits	998,347	947,427	947,426	1
Services and supplies	950,886	1,243,546	1,185,153	58,393
Other charges		56	56	
Capital assets	528,026	485,051	43,134	441,917
Other financing uses	55,519	54,930	54,929	1
Total Elections	2,532,778	2,731,010	2,230,698	500,312

(continued)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government (continued):				
Public Works General Services:				
Services and supplies	\$ 9,340	\$ 7,994	\$ 7,993	\$ 1
Other charges	116,109	211,022	211,022	
Other financing uses	561	387	386	1
Total Public Works General Services	126,010	219,403	219,401	2
SPCL Grant Requirement:				
Services and supplies	25,188	25,188	19,414	5,774
Other charges	344	344	344	
Other financing uses	100	100	73	27
Total SPCL Grant Requirement	25,632	25,632	19,831	5,801
Tax and Revenue Anticipation Notes:				
Other charges	460,500	460,500	460,500	
Total Tax and Revenue Anticipation Notes	460,500	460,500	460,500	
Retired Employee Benefits:				
Salaries and employee benefits	110,000	227,113	227,112	1
Total Retired Employee Benefits	110,000	227,113	227,112	1
Unallocated A-87:				
Salaries and employee benefits		5,130	5,130	
Services and supplies	473,713	382,602	323,529	59,073
Capital assets	10,231	10,231	10,231	
Other financing uses	102,361	196,087	196,086	1
Total Unallocated A-87	586,305	594,050	534,976	59,074
General Revenue and Transfers:				
Other financing uses	22,384,174	22,721,674	21,062,131	1,659,543
Total General Revenue and Transfers	22,384,174	22,721,674	21,062,131	1,659,543
Total General Government	43,632,582	44,964,562	39,599,780	5,364,782
Public Protection:				
Emergency Services:				
Salaries and employee benefits	160,431	160,431	156,624	3,807
Services and supplies	81,036	325,313	217,241	108,072
Other charges	3,000	1,575,429	1,562,065	13,364
Capital assets	658	64,938	64,937	1
Other financing uses	41,700	39,055	12,637	26,418
Total Emergency Services	286,825	2,165,166	2,013,504	151,662
Grand Jury:				
Services and supplies	85,827	86,228	86,227	1
Other financing uses	24,851	24,450	9,301	15,149
Total Grand Jury	110,678	110,678	95,528	15,150

(continued)

COUNTY OF BUTTE, CALIFORNIA

BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Protection (continued):				
County Share Trial Courts:				
Services and supplies	\$ 642,308	\$ 536,808	\$ 524,169	\$ 12,639
Other charges	1,330,000	1,583,677	1,583,676	1
Other financing uses	28,413	28,413	22,959	5,454
Total County Share Trial Courts	2,000,721	2,148,898	2,130,804	18,094
District Attorney - Criminal:				
Salaries and employee benefits	8,846,428	8,774,219	8,555,130	219,089
Services and supplies	1,297,702	1,503,831	1,301,982	201,849
Other charges	29,700	66,557	66,557	
Capital assets	93,053	245,107	201,714	43,393
Other financing uses	(70,430)	(77,293)	(105,853)	28,560
Total District Attorney - Criminal	10,196,453	10,512,421	10,019,530	492,891
District Attorney - Child Abduction Unit:				
Salaries and employee benefits	222,865	222,865	166,628	56,237
Services and supplies	20,864	21,924	8,070	13,854
Other charges	1,060			
Other financing uses	59,263	59,263	44,582	14,681
Total District Attorney - Child Abduction Unit	304,052	304,052	219,280	84,772
District Attorney - Welfare Fraud Investigation:				
Salaries and employee benefits	462,500	489,285	489,284	1
Services and supplies	94,866	72,739	67,742	4,997
Other charges	4,658			
Other financing uses	137,977	137,977	120,505	17,472
Total District Attorney - Welfare Fraud Investigation	700,001	700,001	677,531	22,470
Public Defender:				
Services and supplies	2,570,000	2,570,000	2,421,884	148,116
Other financing uses	24,078	24,078	22,213	1,865
Total Public Defender	2,594,078	2,594,078	2,444,097	149,981
Sheriff - Coroner Administration:				
Salaries and employee benefits	5,044,589	5,046,438	4,963,013	83,425
Services and supplies	548,772	628,888	525,499	103,389
Other charges		1,628	1,628	
Capital assets	12,185	18,711	18,711	
Other financing uses	249,534	243,008	192,421	50,587
Total Sheriff - Coroner Administration	5,855,080	5,938,673	5,701,272	237,401
Sheriff - Coroner Operation:				
Salaries and employee benefits	8,484,381	8,874,529	8,874,529	
Services and supplies	2,025,356	2,123,433	2,117,810	5,623
Other charges	220,000	377,784	377,067	717
Capital assets	407,058	511,289	168,947	342,342
Other financing uses	675,190	642,383	642,382	1
Total Sheriff - Coroner Operation	11,811,985	12,529,418	12,180,735	348,683

(continued)

COUNTY OF BUTTE, CALIFORNIA

BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Protection (continued):				
Sheriff - Coroner Incarc.:				
Salaries and employee benefits	\$ 9,252,136	\$ 8,892,661	\$ 8,551,884	\$ 340,777
Services and supplies	6,794,093	7,363,427	5,761,385	1,602,042
Other charges	15,000	23,878	23,877	1
Capital assets	265,779	308,893	280,952	27,941
Other financing uses	214,783	214,783	158,024	56,759
Total Sheriff - Coroner Incarc.	16,541,791	16,803,642	14,776,122	2,027,520
Sheriff - MIOCR Grant				
Salaries and employee benefits		1,755	1,754	1
Total Sheriff - MIOCR Grant		1,755	1,754	1
Sheriff - Rural County Supplement:				
Salaries and employee benefits	500,762	500,762	134,461	366,301
Services and supplies	177,451	140,907	37,708	103,199
Capital assets		65,000		65,000
Other financing uses	7,380	11,906	8,696	3,210
Total Sheriff - Rural County Supplement	685,593	718,575	180,865	537,710
Sheriff - Special Enforcement:				
Salaries and employee benefits	803,681	803,681	801,041	2,640
Services and supplies	393,762	511,360	440,191	71,169
Other charges	10,000	44,248	44,248	
Capital assets		184,171	182,876	1,295
Other financing uses	96,526	96,526	74,206	22,320
Total Sheriff - Special Enforcement	1,303,969	1,639,986	1,542,562	97,424
Sheriff - Narcotics Task Force:				
Salaries and employee benefits	302,744	304,646	304,646	
Services and supplies	10,605	14,860	14,859	1
Other charges	15,500	17,022	17,022	
Other financing uses	(4,752)	(4,510)	(4,510)	
Total Sheriff - Narcotics Task Force	324,097	332,018	332,017	1
Jail - Consent Decree:				
Salaries and employee benefits	104,476	104,476	100,270	4,206
Services and supplies	112,008	125,124	55,545	69,579
Other financing uses	4,302	4,302	2,455	1,847
Total Jail - Consent Decree	220,786	233,902	158,270	75,632
Juvenile Hall General:				
Salaries and employee benefits	3,571,528	3,610,471	3,610,470	1
Services and supplies	1,280,041	1,433,367	1,128,247	305,120
Other charges	5,000	5,000	1,760	3,240
Capital assets	40,992	40,992	40,992	
Other financing uses	84,363	84,363	69,782	14,581
Total Juvenile Hall General	4,981,924	5,174,193	4,851,251	322,942

(continued)

COUNTY OF BUTTE, CALIFORNIA

**BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Public Protection (continued):				
Probation Victim Witness:				
Salaries and employee benefits	\$ 231,830	\$ 231,830	\$ 218,668	\$ 13,162
Services and supplies	36,458	36,458	26,294	10,164
Other financing uses	6,291	6,291	5,371	920
Total Probation Victim Witness	<u>274,579</u>	<u>274,579</u>	<u>250,333</u>	<u>24,246</u>
Probation General Services:				
Salaries and employee benefits	7,875,455	7,783,385	7,536,539	246,846
Services and supplies	1,940,655	2,206,991	1,693,090	513,901
Other charges	76,075	95,798	65,209	30,589
Capital assets	56,889	56,889	52,211	4,678
Other financing uses	270,600	284,326	246,961	37,365
Total Probation General Services	<u>10,219,674</u>	<u>10,427,389</u>	<u>9,594,010</u>	<u>833,379</u>
Probation BD/CON:				
Salaries and employee benefits	148,096	148,061	143,751	4,310
Services and supplies	127,962	127,962	86,882	41,080
Other financing uses	4,039	4,074	4,074	
Total Probation BD/CON	<u>280,097</u>	<u>280,097</u>	<u>234,707</u>	<u>45,390</u>
Development Services:				
Salaries and employee benefits	4,067,273	4,062,706	3,691,774	370,932
Services and supplies	1,765,596	2,580,174	1,131,309	1,448,865
Other charges	16,000	20,567	20,567	
Capital assets	104,454	104,454	71,003	33,451
Other financing uses	388,210	388,210	231,052	157,158
Total Development Services	<u>6,341,533</u>	<u>7,156,111</u>	<u>5,145,705</u>	<u>2,010,406</u>
Subdivision Inspection:				
Salaries and employee benefits	860,116	796,538	651,436	145,102
Services and supplies	89,555	89,669	44,391	45,278
Other charges	160,000	220,221	220,220	1
Capital assets	8,435	8,435	635	7,800
Other financing uses	12,977	16,334	16,334	
Total Subdivision Inspection	<u>1,131,083</u>	<u>1,131,197</u>	<u>933,016</u>	<u>198,181</u>
Agriculture General Services:				
Salaries and employee benefits	1,753,253	1,739,771	1,695,972	43,799
Services and supplies	327,427	393,496	299,681	93,815
Other charges	15,000	28,482	28,481	1
Capital assets	45,750	62,966	46,510	16,456
Other financing uses	40,061	40,061	36,125	3,936
Total Agriculture General Services	<u>2,181,491</u>	<u>2,264,776</u>	<u>2,106,769</u>	<u>158,007</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Protection (continued):				
Recorder:				
Salaries and employee benefits	\$ 1,103,191	\$ 1,102,199	\$ 927,927	\$ 174,272
Services and supplies	370,734	482,029	287,783	194,246
Other charges		992	991	1
Capital assets	7,828	7,828	7,828	
Other financing uses	44,443	44,443	44,320	123
Total Recorder	<u>1,526,196</u>	<u>1,637,491</u>	<u>1,268,849</u>	<u>368,642</u>
Planning Comm. Loc. Ag. Formation:				
Other charges	200,000	200,000	198,753	1,247
Total Planning Comm. Loc. Ag. Formation	<u>200,000</u>	<u>200,000</u>	<u>198,753</u>	<u>1,247</u>
Total Public Protection	<u>80,072,686</u>	<u>85,279,096</u>	<u>77,057,264</u>	<u>8,221,832</u>
Public Assistance:				
Children's' Trust Fund - AB2994:				
Services and supplies	80,000	80,000	32,494	47,506
Total Children's' Trust Fund - AB2994	<u>80,000</u>	<u>80,000</u>	<u>32,494</u>	<u>47,506</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>	
Institutional/ Correction:				
Services and supplies		119,232		119,232
Other charges	228,672	228,672	115,885	112,787
Other financing uses	1,382	1,382	756	626
Total Institutional/ Correction	<u>230,054</u>	<u>349,286</u>	<u>116,641</u>	<u>232,645</u>
Juvenile Court Wards:				
Other charges	1,498	1,498	556	942
Other financing uses	3	3	2	1
Total Juvenile Court Wards	<u>1,501</u>	<u>1,501</u>	<u>558</u>	<u>943</u>
Veteran's Service Officer:				
Salaries and employee benefits	152,617	162,365	162,364	1
Services and supplies	46,229	46,229	37,521	8,708
Other charges		509	509	
Capital assets	266	266	266	
Other financing uses	17,393	7,136	4,706	2,430
Total Veteran's Service Officer	<u>216,505</u>	<u>216,505</u>	<u>205,366</u>	<u>11,139</u>
Total Public Assistance	<u>558,060</u>	<u>677,292</u>	<u>385,059</u>	<u>292,233</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Education:				
Farm, Home, and 4H Department:				
Salaries and employee benefits	\$ 153,882	\$ 153,882	\$ 152,221	\$ 1,661
Services and supplies	137,727	135,204	109,169	26,035
Other charges	6,000	8,118	8,117	1
Capital assets	27,659	27,659	27,658	1
Other financing uses	4,759	5,164	5,164	
Total Farm, Home, and 4H Department	<u>330,027</u>	<u>330,027</u>	<u>302,329</u>	<u>27,698</u>
Total Education	<u>330,027</u>	<u>330,027</u>	<u>302,329</u>	<u>27,698</u>
Recreation and cultural services:				
Butte Meadows Recreation Grant:				
Services and supplies	50,000	107,307	69,201	38,106
Other financing uses	8,162	8,162	499	7,663
Total Butte Meadows Recreation Grant	<u>58,162</u>	<u>115,469</u>	<u>69,700</u>	<u>45,769</u>
Veteran's Memorial Halls:				
Services and supplies	347,475	464,529	375,898	88,631
Capital assets	25,535	25,535	25,535	
Other financing uses	1,967	4,499	4,499	
Total Veteran's Memorial Halls	<u>374,977</u>	<u>494,563</u>	<u>405,932</u>	<u>88,631</u>
Total Recreation and Cultural Services	<u>433,139</u>	<u>610,032</u>	<u>475,632</u>	<u>134,400</u>
Provisions for Contingencies:				
Appropriation Contingencies	<u>5,954,338</u>	<u>5,331,023</u>		<u>5,331,023</u>
Total Charges to appropriations	<u>130,980,832</u>	<u>137,192,032</u>	<u>117,820,064</u>	<u>19,371,968</u>
Budgetary Fund balances, ending	<u>\$ 12,604,484</u>	<u>\$ 9,372,908</u>	<u>\$ 25,876,130</u>	<u>\$ 16,503,222</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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	\$ 113,670,426
Differences - budget to USGAAP:	
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	(18,822)
Transfers in are inflows of budgetary resources but are not revenues for financial reporting purposes	(131,447)
Proceeds from inception of capital lease are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(123,162)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - general fund	<u><u>\$ 113,396,995</u></u>
Uses/outflows of resources:	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 117,820,064
Differences - budget to USGAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(21,062,131)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - general fund	<u><u>\$ 96,757,933</u></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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 1,754,341	\$ 1,754,341	\$ 1,754,341	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			(17,661)	(17,661)
Aid from other governments	137,769,460	140,340,799	134,580,920	(5,759,879)
Charges for services	653,189	683,029	685,684	2,655
Other	255,562	686,602	1,297,288	610,686
Other financing sources		47,400	47,746	346
Amounts available for appropriation	138,678,211	141,757,830	136,593,977	(5,163,853)
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
Welfare - Public Guardian:				
Salaries and employee benefits	405,836	403,581	403,581	
Services and supplies	5,783	8,783	5,281	3,502
Other charges	59,500	59,500	57,918	1,582
Other financing uses	390,492	389,747	351,329	38,418
Total Welfare - Public Guardian	861,611	861,611	818,109	43,502
Total Public Protection	861,611	861,611	818,109	43,502
Public Assistance:				
Welfare Administration:				
Salaries and employee benefits	12,362,061	11,907,685	11,907,684	1
Services and supplies	5,996,626	5,863,761	5,739,144	124,617
Other charges	1,606,146	1,235,944	1,235,944	
Capital assets	55,500			
Other financing uses	(20,020,542)	(18,109,744)	(18,109,744)	
Total Welfare Administration	(209)	897,646	773,028	124,618
Welfare - Eligibility:				
Salaries and employee benefits	11,007,285	10,763,453	10,649,073	114,380
Services and supplies	52,078	54,878	51,317	3,561
Other charges	220,000	220,000	190,170	29,830
Other financing uses	2,125,964	1,970,060	1,776,566	193,494
Total Welfare - Eligibility	13,405,327	13,008,391	12,667,126	341,265
Welfare Protective Services:				
Salaries and employee benefits	8,933,246	8,933,246	8,884,769	48,477
Services and supplies	1,739,049	2,439,169	1,447,099	992,070
Other charges	1,250,665	1,330,505	918,517	411,988
Other financing uses	6,717,430	6,717,430	6,059,521	657,909
Total Welfare Protective Services	18,640,390	19,420,350	17,309,906	2,110,444

(continued)

COUNTY OF BUTTE, CALIFORNIA

**BUDGET COMPARISON SCHEDULE-WELFARE FUND-BUDGETARY BASIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Welfare CALWORKS Program:				
Salaries and employee benefits	\$ 4,281,445	\$ 4,281,168	\$ 4,281,167	\$ 1
Services and supplies	2,631,869	3,924,734	3,643,542	281,192
Other charges	1,449,953	1,834,649	1,777,650	56,999
Other financing uses	10,786,656	10,783,071	9,922,328	860,743
Total Welfare CALWORKS Program	<u>19,149,923</u>	<u>20,823,622</u>	<u>19,624,687</u>	<u>1,198,935</u>
Welfare Aids:				
Other charges	<u>85,250,726</u>	<u>85,671,712</u>	<u>81,929,782</u>	<u>3,741,930</u>
Total Welfare Aids	<u>85,250,726</u>	<u>85,671,712</u>	<u>81,929,782</u>	<u>3,741,930</u>
Welfare Sed-Foster Care:				
Other charges	<u>651,538</u>	<u>685,816</u>	<u>685,816</u>	
Total Welfare Sed-Foster Care	<u>651,538</u>	<u>685,816</u>	<u>685,816</u>	
Welfare General Relief:				
Services and supplies	69,600	52,916	42,088	10,828
Other charges	<u>649,305</u>	<u>1,189,745</u>	<u>1,176,944</u>	<u>12,801</u>
Total Welfare General Relief	<u>718,905</u>	<u>1,242,661</u>	<u>1,219,032</u>	<u>23,629</u>
Total Public Assistance	<u>137,816,600</u>	<u>141,750,198</u>	<u>134,209,377</u>	<u>7,540,821</u>
Total Charges to appropriations	<u>138,678,211</u>	<u>142,611,809</u>	<u>135,027,486</u>	<u>7,584,323</u>
Budgetary Fund balances, ending	<u>\$ 1,754,341</u>	<u>\$ 900,362</u>	<u>\$ 3,320,832</u>	<u>\$ 2,420,470</u>

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

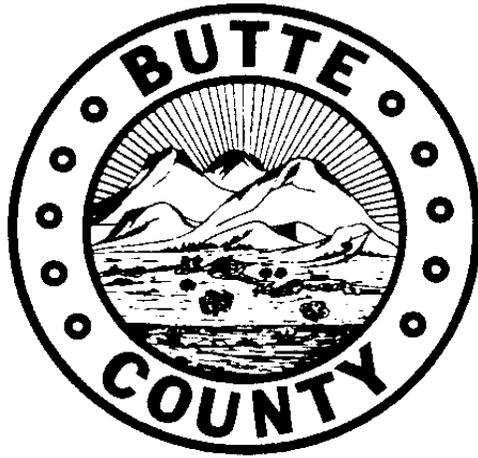
Sources/inflows of resources:

Actual amounts (budgetary basis) "total resources"
from the budgetary comparison schedule \$ 136,593,977

Differences - budget to USGAAP:

Transfers in are inflows of budgetary resources
but are not revenues for financial reporting purposes (47,746)

Total revenues as reported on the statement of revenues, expenditures, and
changes in fund balance - welfare fund \$ 136,546,231



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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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 17,344,026	\$ 17,344,026	\$ 17,344,026	\$ -
RESOURCES (inflows):				
Licenses and permits	418,447	418,447	452,964	34,517
Fines, forfeitures, and penalties	312,000	312,000	376,369	64,369
Revenues from uses of money and property			357,310	357,310
Aid from other governments	22,794,313	22,849,901	18,344,929	(4,504,972)
Charges for services	3,200,784	3,314,416	2,712,658	(601,758)
Other	15,035	15,035	54,736	39,701
Other financing sources	911,867	1,056,267	871,439	(184,828)
Amounts available for appropriation	<u>27,652,446</u>	<u>27,966,066</u>	<u>23,170,405</u>	<u>(4,795,661)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Health and Sanitation:				
Public Health General Services:				
Salaries and employee benefits	12,927,117	12,944,083	11,076,955	1,867,128
Services and supplies	4,217,921	5,442,283	3,518,277	1,924,006
Other charges	755,788	762,788	520,746	242,042
Capital assets	297,657	317,657	110,804	206,853
Total Public Health General Services	<u>18,198,483</u>	<u>19,466,811</u>	<u>15,226,782</u>	<u>4,240,029</u>
Public Health County Medical Services:				
Services and supplies	6,410,339	6,410,339	4,262,891	2,147,448
Other charges	12,251	12,251	6,965	5,286
Total Public Health County Medical Services	<u>6,422,590</u>	<u>6,422,590</u>	<u>4,269,856</u>	<u>2,152,734</u>
Public Health Environmental Health:				
Salaries and employee benefits	2,346,619	2,307,377	2,188,657	118,720
Services and supplies	553,313	789,181	471,700	317,481
Other charges	72,396	117,138	117,138	
Capital assets	59,045	59,861	19,861	40,000
Total Public Health Environmental Health	<u>3,031,373</u>	<u>3,273,557</u>	<u>2,797,356</u>	<u>476,201</u>
Total Health and Sanitation	<u>27,652,446</u>	<u>29,162,958</u>	<u>22,293,994</u>	<u>6,868,964</u>
Total Charges to appropriations	<u>27,652,446</u>	<u>29,162,958</u>	<u>22,293,994</u>	<u>6,868,964</u>
Budgetary Fund balances, ending	<u>\$ 17,344,026</u>	<u>\$ 16,147,134</u>	<u>\$ 18,220,437</u>	<u>\$ 2,073,303</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	\$ 23,170,405
Differences - budget to USGAAP:	
Transfers in are inflows of budgetary resources but are not revenues for financial reporting purposes	(868,708)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(2,731)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - public health fund	<u>\$ 22,298,966</u>

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ (177,099)	\$ (177,099)	\$ (177,099)	\$ -
RESOURCES (inflows):				
Fines, forfeitures, and penalties			113,678	113,678
Revenues from uses of money and property			41,359	41,359
Aid from other governments	46,992,896	51,429,685	39,060,480	(12,369,205)
Charges for services	1,976,520	2,298,636	2,524,419	225,783
Other	382,996	1,127	7,298	6,171
Other financing sources	450,519	450,519	464,501	13,982
Amounts available for appropriation	<u>49,802,931</u>	<u>54,179,967</u>	<u>42,211,735</u>	<u>(11,968,232)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Health and Sanitation:				
Behavioral Health General Services:				
Salaries and employee benefits	26,511,420	25,464,921	23,630,046	1,834,875
Services and supplies	16,319,749	22,952,813	17,212,367	5,740,446
Other charges	2,156,153	2,370,969	1,900,333	470,636
Capital assets	3,239	537,374	379,543	157,831
Total Mental Health General Services	<u>44,990,561</u>	<u>51,326,077</u>	<u>43,122,289</u>	<u>8,203,788</u>
Mental Health Substance Abuse:				
Salaries and employee benefits	2,037,473	1,969,553	1,892,960	76,593
Services and supplies	1,305,404	2,062,704	1,361,615	701,089
Other charges	174,426	195,229	185,103	10,126
Total Mental Health Substance Abuse	<u>3,517,303</u>	<u>4,227,486</u>	<u>3,439,678</u>	<u>787,808</u>
Behavioral Health Proposition 36:				
Salaries and employee benefits	586,896	628,694	628,694	
Services and supplies	269,940	290,077	254,098	35,979
Other charges	438,231	342,001	283,983	58,018
Total Behavioral Health Proposition 36	<u>1,295,067</u>	<u>1,260,772</u>	<u>1,166,775</u>	<u>93,997</u>
Total Health and Sanitation	<u>49,802,931</u>	<u>56,814,335</u>	<u>47,728,742</u>	<u>9,085,593</u>
Total Charges to appropriations	<u>49,802,931</u>	<u>56,814,335</u>	<u>47,728,742</u>	<u>9,085,593</u>
Budgetary Fund balances, ending	<u>\$ (177,099)</u>	<u>\$ (2,811,467)</u>	<u>\$ (5,694,106)</u>	<u>\$ (2,882,639)</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	\$ 42,211,735
Differences - budget to USGAAP:	
Transfers in are inflows of budgetary resources but are not revenues for financial reporting purposes	(464,364)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(137)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - behavioral health fund	<u>\$ 41,747,234</u>

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, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 10,831,067	\$ 10,831,067	\$10,831,067	\$ -
RESOURCES (inflows):				
Licenses and permits	66,000	66,000	51,539	(14,461)
Fines, forfeitures, and penalties			78,531	78,531
Revenues from uses of money and property	275,000	275,000	564,316	289,316
Aid from other governments	20,114,870	21,252,870	11,919,290	(9,333,580)
Charges for services	4,095,136	4,095,136	2,620,451	(1,474,685)
Other	373,000	373,000	637,031	264,031
Other financing sources	1,708,351	2,564,807	2,161,353	(403,454)
Amounts available for appropriation	26,632,357	28,626,813	18,032,511	(10,594,302)
CHANGES TO APPROPRIATIONS (outflows):				
Public Ways and Facilities:				
Road Operations:				
Salaries and employee benefits	7,901,363	7,901,363	7,800,772	100,591
Services and supplies	19,264,371	23,944,269	8,250,715	15,693,554
Other charges	1,116,557	1,116,557	551,589	564,968
Capital assets	870,517	870,517	734,627	135,890
Total Road Operations	29,152,808	33,832,706	17,337,703	16,495,003
Public Works - Construction and Maintenance:				
Services and supplies		138,691	9,265	129,426
Total PW-Construction and Maint.		138,691	9,265	129,426
Total Public Assistance	29,152,808	33,971,397	17,346,968	16,624,429
Provisions for Contingencies:				
Appropriation Contingencies	1,000,000	1,000,000		1,000,000
Total Charges to appropriations	30,152,808	34,971,397	17,346,968	17,624,429
Budgetary Fund balances, ending	\$ 7,310,616	\$ 4,486,483	\$ 11,516,610	\$ 7,030,127

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

\$ 18,032,511

Differences - budget to USGAAP:

Transfers in are inflows of budgetary resources
but are not revenues for financial reporting purposes

(2,153,172)

Proceeds from sale of capital assets are inflows of budgetary resources
but are not revenues for financial reporting purposes

(8,181)

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

\$ 15,871,158

COUNTY OF BUTTE, CALIFORNIA

Note to Required Supplementary Information For the Fiscal Year Ended June 30, 2008

BUDGETARY BASIS OF ACCOUNTING

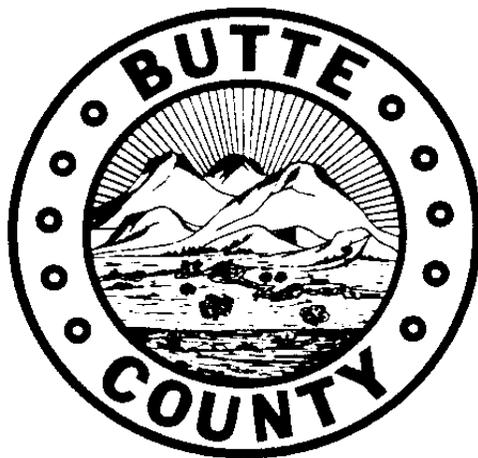
In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through 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.

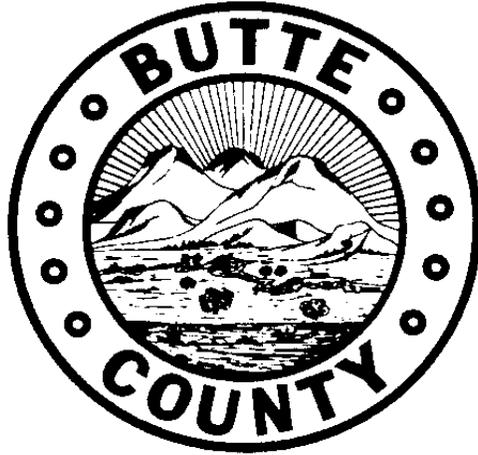
The County uses an encumbrances system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure 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).



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**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.

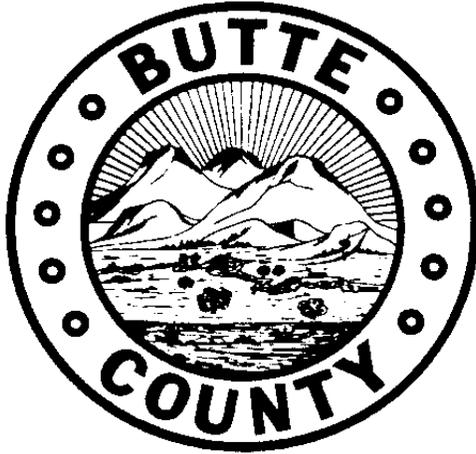
The *County Service Areas Fund* accounts for special district funds that provide sewer, drainage, fire, and street lighting and maintenance to specific areas in the County and are financed by property taxes and user charges.

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 *Air Quality Management District Fund* accounts for the share the County receives through a subvention/ allocation process from motor vehicles fees levied by the State of California, the usage of which is restricted to reducing air pollution.

DEBT SERVICE FUND

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



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COUNTY OF BUTTE, CALIFORNIA

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2008**

	Capital Projects Fund	Special Revenue Funds	
		Equipment Replacement	Equipment
ASSETS			
Cash and investments	\$ 1,293,667	\$ 2,550,166	\$ 1,299,799
Cash and investments with fiscal agent		136,558	
Imprest cash			
Due from other funds	26,942		392,489
Interest receivable	21,371	20,047	12,112
Accounts receivable			
Due from other governments			
Deposits from others			
Loans receivable			
Total assets	<u>\$ 1,341,980</u>	<u>\$ 2,706,771</u>	<u>\$ 1,704,400</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ 15,012	\$ 1,677	\$ 62
Accounts payable	202,278	55,472	30,447
Salaries and benefits payable			
Deposits payable	3,392		
Deferred revenue			
Total liabilities	<u>220,682</u>	<u>57,149</u>	<u>30,509</u>
Fund balances:			
Reserved for:			
Encumbrances	272,711	416,121	288,869
Imprest cash			
Deposits with others			
Legislative/Grant restrictions			
Debt service		136,558	
Unreserved:			
Undesignated, reported in:			
Special revenue funds		2,096,943	1,385,022
Capital project funds	848,587		
Total fund balances	<u>1,121,298</u>	<u>2,649,622</u>	<u>1,673,891</u>
Total liabilities and fund balances	<u>\$ 1,341,980</u>	<u>\$ 2,706,771</u>	<u>\$ 1,704,400</u>

Special Revenue Funds

<u>State COPS</u>	<u>Water Resources</u>	<u>Fire Protection</u>	<u>Library</u>	<u>Transit</u>
\$ 835,909	\$ 296,400	\$ 896,565	\$ 90,484	\$ -
2,225	2,788	1,235,342	150	135,065
8,413	3,898	(3,938)	269	3,715
	62,839	511	524	274,167
	35,014		297	
<u>\$ 846,547</u>	<u>\$ 400,939</u>	<u>\$ 2,128,480</u>	<u>\$ 218,319</u>	<u>\$ 412,947</u>
\$ 100,003	\$ 371,293	\$ 43,000	\$ 24,973	\$ 1,572
2,413	4,798	761,242	14,548	574
	18,159	830	78,482	
<u>102,416</u>	<u>394,250</u>	<u>805,072</u>	<u>118,003</u>	<u>2,146</u>
16,560	1,456	398,203	56,410	
			150	
			297	
		925,205	98,995	
727,571	5,233		(55,536)	410,801
<u>744,131</u>	<u>6,689</u>	<u>1,323,408</u>	<u>100,316</u>	<u>410,801</u>
<u>\$ 846,547</u>	<u>\$ 400,939</u>	<u>\$ 2,128,480</u>	<u>\$ 218,319</u>	<u>\$ 412,947</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2008

	Special Revenue Funds		
	Housing and Community Development	Fish and Game	Child Support Services
ASSETS			
Cash and investments	\$ 467,040	\$ 234,748	\$ 1,144,013
Cash and investments with fiscal agent			
Imprest cash			1,000
Due from other funds	16,478	442	15,032
Interest receivable	4,721	2,122	13,892
Accounts receivable			
Due from other governments	134,710		
Deposits from others			
Loans receivable	1,688,637		
Total assets	\$ 2,311,586	\$ 237,312	\$ 1,173,937
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ 76,539	\$ 18	\$ 24,392
Accounts payable		2,549	1,474
Salaries and benefits payable	22,195		219,510
Deposits payable			
Deferred revenue	1,688,637		807,921
Total liabilities	1,787,371	2,567	1,053,297
Fund balances:			
Reserved for:			
Encumbrances	401,820	39,022	
Imprest cash			1,000
Deposits with others			
Legislative/Grant restrictions			29,464
Debt service			
Unreserved:			
Undesignated, reported in:			
Special revenue funds	122,395	195,723	90,176
Capital project funds			
Total fund balances	524,215	234,745	120,640
Total liabilities and fund balances	\$ 2,311,586	\$ 237,312	\$ 1,173,937

<u>County Service Areas</u>	<u>IHSS Public Authority</u>	<u>Air Quality Management District</u>	<u>Debt Service Fund</u>	<u>TOTAL Nonmajor Governmental Funds</u>
\$ 5,712,160	\$ -	\$ 288,488	\$ 2,873,386	\$ 17,982,825
		50	2,787,341	2,923,899
18,877	1,255			1,200
51,321	768		11,336	1,973,530
		487,396		150,047
				338,041
				657,120
				297
				1,688,637
<u>\$ 5,782,358</u>	<u>\$ 2,023</u>	<u>\$ 775,934</u>	<u>\$ 5,672,063</u>	<u>\$ 25,715,596</u>
\$ 10,141	\$ 104,864	\$ -	\$ 283,321	\$ 1,056,867
8,758	51	320,241	2,775	1,407,620
	10,787	34,706		384,669
				3,392
				2,496,558
<u>18,899</u>	<u>115,702</u>	<u>354,947</u>	<u>286,096</u>	<u>5,349,106</u>
68,976				1,960,148
		50		1,200
				297
		396,600		1,450,264
			5,385,967	5,522,525
5,694,483	(113,679)	24,337		10,583,469
				848,587
<u>5,763,459</u>	<u>(113,679)</u>	<u>420,987</u>	<u>5,385,967</u>	<u>20,366,490</u>
<u>\$ 5,782,358</u>	<u>\$ 2,023</u>	<u>\$ 775,934</u>	<u>\$ 5,672,063</u>	<u>\$ 25,715,596</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, 2008**

	Capital Projects Fund	Special Revenue Funds	
		Equipment Replacement	Equipment
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits			
Fines, forfeitures, and penalties			
Revenues from uses of money and property	112,249	150,093	76,059
Aid from other governments	326,890		
Charges for services	997,584	14,973	
Other	63,501	931,700	
Total revenues	<u>1,500,224</u>	<u>1,096,766</u>	<u>76,059</u>
EXPENDITURES:			
Current:			
General government	2,014,345		465,323
Public protection	729,583	1,071,755	
Public ways and facilities			
Health and sanitation	103,810		
Public assistance			
Education			
Recreation and cultural services			
Debt Service:			
Principal			
Interest			
Total expenditures	<u>2,847,738</u>	<u>1,071,755</u>	<u>465,323</u>
Excess (deficiency) of revenues over expenditures	<u>(1,347,514)</u>	<u>25,011</u>	<u>(389,264)</u>
OTHER FINANCING SOURCES (USES):			
Sales of capital asset	410,134		6,329
Transfers in	1,732,764	299,252	663,638
Transfer out	(131,447)	(303,000)	
Total other financing sources (uses)	<u>2,011,451</u>	<u>(3,748)</u>	<u>669,967</u>
Net change in fund balances	663,937	21,263	280,703
Fund balances, beginning	<u>457,361</u>	<u>2,628,359</u>	<u>1,393,188</u>
Fund balances, ending	<u>\$ 1,121,298</u>	<u>\$ 2,649,622</u>	<u>\$ 1,673,891</u>

Special Revenue Funds

<u>State COPS</u>	<u>Water Resources</u>	<u>Fire Protection</u>	<u>Library</u>	<u>Transit</u>
\$ -	\$ -	\$ -	\$ -	\$ -
50,705	9,521	59,677	4,498	37,838
992,803	471,442	226,347	350,604	3,007,891
	104,264	162,891	93,452	
	286,501	286,501	122,021	
<u>1,043,508</u>	<u>585,227</u>	<u>735,416</u>	<u>570,575</u>	<u>3,045,729</u>
665,251	1,223,432	15,466,823		1,200,457
			3,094,988	
<u>665,251</u>	<u>1,223,432</u>	<u>15,466,823</u>	<u>3,094,988</u>	<u>1,200,457</u>
<u>378,257</u>	<u>(638,205)</u>	<u>(14,731,407)</u>	<u>(2,524,413)</u>	<u>1,845,272</u>
	628,860	10,902	2,469,801	(2,141,462)
	628,860	13,708,207	2,469,801	(2,141,462)
	628,860	13,719,109	2,469,801	(2,141,462)
378,257	(9,345)	(1,012,298)	(54,612)	(296,190)
<u>365,874</u>	<u>16,034</u>	<u>2,335,706</u>	<u>154,928</u>	<u>706,991</u>
<u>\$ 744,131</u>	<u>\$ 6,689</u>	<u>\$ 1,323,408</u>	<u>\$ 100,316</u>	<u>\$ 410,801</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Special Revenue Funds		
	Housing and Community Development	Fish and Game	Child Support Services
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits			
Fines, forfeitures, and penalties		30,422	
Revenues from uses of money and property	40,747	13,746	84,686
Aid from other governments	618,323		6,615,553
Charges for services			29,383
Other	182,593		1,155
Total revenues	841,663	44,168	6,730,777
EXPENDITURES:			
Current:			
General government	1,061,485		
Public protection		32,217	
Public ways and facilities			
Health and sanitation			
Public assistance			7,618,478
Education			
Recreation and cultural services			
Debt Service:			
Principal			
Interest			
Total expenditures	1,061,485	32,217	7,618,478
Excess (deficiency) of revenues over expenditures	(219,822)	11,951	(887,701)
OTHER FINANCING SOURCES (USES):			
Sales of capital asset			
Transfers in			
Transfer out			
Total other financing sources (uses)			
Net change in fund balances	(219,822)	11,951	(887,701)
Fund balances, beginning	744,037	222,794	1,008,341
Fund balances, ending	\$ 524,215	\$ 234,745	\$ 120,640

County Service Areas	IHSS Public Authority	Air Quality Management District	Debt Service Fund	TOTAL Nonmajor Governmental Funds
\$ 872,240	\$ -	\$ -	\$ -	\$ 872,240
		511,463		511,463
		94,132		124,554
327,259	714	704	366,217	1,334,713
220,777	269,503	1,255,929		14,356,062
343,362				1,641,645
5,178		89,542	5,103,726	6,890,181
<u>1,768,816</u>	<u>270,217</u>	<u>1,951,770</u>	<u>5,469,943</u>	<u>25,730,858</u>
			22,398	3,563,551
484,338				19,673,399
				1,200,457
522,244		2,317,509		2,943,563
	384,767			8,003,245
99,363				3,094,988
				99,363
83,576			6,661,359	6,744,935
36,105			3,097,066	3,133,171
<u>1,225,626</u>	<u>384,767</u>	<u>2,317,509</u>	<u>9,780,823</u>	<u>48,456,672</u>
<u>543,190</u>	<u>(114,550)</u>	<u>(365,739)</u>	<u>(4,310,880)</u>	<u>(22,725,814)</u>
1,456		4,815		433,636
520			1,160,320	20,663,362
				(2,575,909)
<u>1,976</u>		<u>4,815</u>	<u>1,160,320</u>	<u>18,521,089</u>
545,166	(114,550)	(360,924)	(3,150,560)	(4,204,725)
<u>5,218,293</u>	<u>871</u>	<u>781,911</u>	<u>8,536,527</u>	<u>24,571,215</u>
<u>\$ 5,763,459</u>	<u>\$ (113,679)</u>	<u>\$ 420,987</u>	<u>\$ 5,385,967</u>	<u>\$ 20,366,490</u>

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 457,361	\$ 457,361	\$ 457,361	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			112,249	112,249
Aid from other governments	410,342	457,342	326,890	(130,452)
Charges for services	392,752	452,752	997,584	544,832
Other	5,100,000	5,510,134	63,501	(5,446,633)
Other financing sources	2,124,913	2,162,913	2,142,898	(20,015)
Amounts available for appropriation	<u>8,028,007</u>	<u>8,583,141</u>	<u>3,643,122</u>	<u>(4,940,019)</u>
CHANGES TO APPROPRIATIONS (outflows):				
General Government:				
Paradise ADA Improvement:				
Other charges	6,498	7,824	7,823	1
Capital assets	187,121	223,795	186,866	36,929
Total Paradise ADA Improvement	<u>193,619</u>	<u>231,619</u>	<u>194,689</u>	<u>36,930</u>
Gridley ADA Improvement:				
Services and supplies		165	164	1
Other charges	8,086	10,325	10,325	
Capital assets	176,547	258,538	232,273	26,265
Total Gridley ADA Improvement	<u>184,633</u>	<u>269,028</u>	<u>242,762</u>	<u>26,266</u>
Admin - Covered Smoking Area:				
Other charges	4,405	841	840	1
Capital assets	39,600	43,164		43,164
Total Admin-Covered Smoking Area	<u>44,005</u>	<u>44,005</u>	<u>840</u>	<u>43,165</u>
Oroville Veterans Hall ADA:				
Other charges	100	354	354	
Capital assets	14,400	74,146		74,146
Total Oroville Veterans Hall ADA	<u>14,500</u>	<u>74,500</u>	<u>354</u>	<u>74,146</u>
Solar Energy Project:				
Other charges		1		1
Capital assets			(190)	190
Total Solar Energy Project		<u>1</u>	<u>(190)</u>	<u>191</u>
General Services Building:				
Services and supplies		11,356	11,355	1
Other charges		356	355	1
Capital assets		1,602,438	1,529,064	73,374
Total General Services Building		<u>1,614,150</u>	<u>1,540,774</u>	<u>73,376</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL PROJECTS FUND (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government (continued):				
Chico Veterans Hall:				
Other charges	\$ 801	\$ 124,016	\$ 34,891	\$ 89,125
Capital assets		19,944	225	19,719
Total Chico Veterans Hall	801	143,960	35,116	108,844
 Total General Government	437,558	2,377,263	2,014,345	362,918
Public Protection:				
New Juvenile Hall:				
Other charges		1		1
Capital assets		33,024		33,024
Total New Juvenile Hall		33,025		33,025
Butte College Fire Station:				
Other charges	20,710	20,710	2,891	17,819
Capital assets	345,158	345,158		345,158
Total Butte College Fire Station	365,868	365,868	2,891	362,977
Court House Expansion:				
Other charges	5,093	22,970	21,460	1,510
Capital assets	405,249	443,432	310,242	133,190
Total Court House Expansion	410,342	466,402	331,702	134,700
No. Chico Fire Consolidation:				
Other charges		962	961	1
Capital assets		409,172	332,357	76,815
Total No. Chico Fire Consolidation		410,134	333,318	76,816
Bangor Fire Station #55:				
Other charges	89,310	124,093	4,373	119,720
Capital assets	1,030,165	1,030,165	46,200	983,965
Total Bangor Fire Station #55	1,119,475	1,154,258	50,573	1,103,685
So. Chico Fire Station #44:				
Other charges		1,781	1,085	696
Capital assets		10,013	10,014	(1)
Total So. Chico Fire Station #44		11,794	11,099	695
Fire Station #42 Relocation:				
Other charges		5,206		5,206
Total Fire Station #42 Relocation		5,206		5,206
 Total Public Protection	1,895,685	2,446,687	729,583	1,717,104

(continued)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL PROJECTS FUND (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Health and Sanitation:				
Public Health Services Building				
Other charges	\$ 10,000	\$ 75,810	\$ 75,810	\$ -
Capital assets	3,990,000	3,988,751	28,000	3,960,751
Total Public Health Services Building	4,000,000	4,064,561	103,810	3,960,751
 Total Health and Sanitation	4,000,000	4,064,561	103,810	3,960,751
 Transfers:				
Other financing uses			131,447	(131,447)
Total Transfers			131,447	(131,447)
Total Charges to appropriations	6,333,243	8,888,511	2,979,185	5,909,326
 Budgetary Fund balances, ending	\$ 2,152,125	\$ 151,991	\$ 1,121,298	\$ 969,307

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 \$ 3,643,122

Differences - budget to USGAAP:

Proceeds from sale of capital assets are inflows of budgetary resources
but are not revenues for financial reporting purposes (410,134)

Transfers from other funds are inflows of budgetary resources
but are not revenues for financial reporting purposes (1,732,764)

Total revenues as reported on the statement of revenues, expenditures, and
changes in fund balance - capital projects fund \$ 1,500,224

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations"
from the budgetary comparison schedule \$ 2,979,185

Differences - budget to USGAAP:

Transfers to other funds are outflows of budgetary resources
but are not expenditures for financial reporting purposes (131,447)

Total expenditures as reported on the statement of revenues, expenditures, and
changes in fund balance - capital projects fund \$ 2,847,738

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
EQUIPMENT REPLACEMENT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 2,628,359	\$ 2,628,359	\$ 2,628,359	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property	50,000	50,000	150,093	100,093
Charges for services			14,973	14,973
Other			931,700	931,700
Other financing sources	1,231,252	1,231,252	299,252	(932,000)
Amounts available for appropriation	1,281,252	1,281,252	1,396,018	114,766
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
Sheriff Equipment Replacement:				
Services and supplies		30,000	6,964	23,036
Other charges	57	30,057	4,015	26,042
Capital assets	696,000	636,000	628,856	7,144
Total Sheriff Equipment Replacement	696,057	696,057	639,835	56,222
Fire Equipment Replacement:				
Services and supplies		379,672	179,906	199,766
Other charges	2,786	3,574	3,574	
Capital assets	500,000	499,212	248,440	250,772
Other financing uses	303,000	303,000	303,000	
Total Fire Equipment Replacement	805,786	1,185,458	734,920	450,538
Total Public Protection	1,501,843	1,881,515	1,374,755	506,760
Total Charges to appropriations	1,501,843	1,881,515	1,374,755	506,760
Budgetary Fund balances, ending	\$ 2,407,768	\$ 2,028,096	\$ 2,649,622	\$ (391,994)

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

\$ 1,396,018

Differences - budget to USGAAP:

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

(299,252)

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

\$ 1,096,766

Uses/outflows of resources:

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

\$ 1,374,755

Differences - budget to USGAAP:

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

(303,000)

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

\$ 1,071,755

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
EQUIPMENT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 1,393,188	\$ 1,393,188	\$ 1,393,188	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			76,059	76,059
Other financing sources	235,535	235,535	669,967	434,432
Amounts available for appropriation	<u>235,535</u>	<u>235,535</u>	<u>746,026</u>	<u>510,491</u>
CHANGES TO APPROPRIATIONS (outflows):				
General Government:				
ISF Equipment Replacement:				
Other charges	533,478	843,704	465,323	378,381
Total ISF Equipment Replacement	<u>533,478</u>	<u>843,704</u>	<u>465,323</u>	<u>378,381</u>
Total General Government	<u>533,478</u>	<u>843,704</u>	<u>465,323</u>	<u>378,381</u>
Total Charges to appropriations	<u>533,478</u>	<u>843,704</u>	<u>465,323</u>	<u>378,381</u>
Budgetary Fund balances, ending	<u><u>\$ 1,095,245</u></u>	<u><u>\$ 785,019</u></u>	<u><u>\$ 1,673,891</u></u>	<u><u>\$ 888,872</u></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	\$ 746,026
Differences - budget to USGAAP:	
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	(6,329)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(663,638)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - equipment fund	<u><u>\$ 76,059</u></u>

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
STATE COPS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 365,874	\$ 365,874	\$ 365,874	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			50,705	50,705
Aid from other governments	999,466	1,010,522	992,803	(17,719)
Amounts available for appropriation	999,466	1,010,522	1,043,508	32,986
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
District Attorney - State COPS:				
Services and supplies	56,910	82,875	52,199	30,676
Other charges	3,003	3,003	608	2,395
Total District Attorney - State COPS	59,913	85,878	52,807	33,071
Sheriff - State COPS - Enforcement:				
Services and supplies	64,802	64,802	25,067	39,735
Other charges	100,000	100,000	100,000	
Capital assets	11,000	11,000		11,000
Total Sheriff - State COPS - Enforcement	175,802	175,802	125,067	50,735
Sheriff - State COPS - Jail:				
Services and supplies	42,000	41,000	33,444	7,556
Other charges		441	440	1
Other financing uses	28,000	28,559	27,537	1,022
Total Sheriff - State COPS - Jail	70,000	70,000	61,421	8,579
Juvenile Justice Plan:				
Services and supplies		26,489	216	26,273
Other financing uses	693,751	751,552	425,740	325,812
Total Juvenile Justice Plan	693,751	778,041	425,956	352,085
Total Public Protection	999,466	1,109,721	665,251	444,470
Total Charges to appropriations	999,466	1,109,721	665,251	444,470
Budgetary Fund balances, ending	\$ 365,874	\$ 266,675	\$ 744,131	\$ 477,456

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
WATER RESOURCES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 16,034	\$ 16,034	\$ 16,034	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			9,521	9,521
Aid from other governments	394,072	720,114	471,442	(248,672)
Charges for services		725,000		(725,000)
Other	35,000	35,000	104,264	69,264
Other financing sources	472,698	472,698	628,860	156,162
Amounts available for appropriation	901,770	1,952,812	1,214,087	(738,725)
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
Water Services:				
Salaries and employee benefits	477,457	463,176	411,241	51,935
Services and supplies	383,082	1,514,238	784,309	729,929
Other charges	40,141	54,422	26,792	27,630
Capital assets	1,090	1,090	1,090	
Total Water Services	901,770	2,032,926	1,223,432	809,494
Total Public Protection	901,770	2,032,926	1,223,432	809,494
Total Charges to appropriations	901,770	2,032,926	1,223,432	809,494
Budgetary Fund balances, ending	\$ 16,034	\$ (64,080)	\$ 6,689	\$ 70,769

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 \$ 1,214,087

Differences - budget to USGAAP:

Transfers from other funds are inflows of budgetary resources
but are not revenues for financial reporting purposes (628,860)

Total revenues as reported on the statement of revenues, expenditures, and
changes in fund balance - water fund \$ 585,227

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
FIRE PROTECTION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Budgetary fund balance, beginning of year	\$ 2,335,706	\$ 2,335,706	\$ 2,335,706	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			59,677	59,677
Aid from other governments	217,861	414,956	226,347	(188,609)
Charges for services	216,000	216,000	162,891	(53,109)
Other	29,674	33,199	286,501	253,302
Other financing sources	15,174,645	15,174,645	13,719,109	(1,455,536)
Amounts available for appropriation	<u>15,638,180</u>	<u>15,838,800</u>	<u>14,454,525</u>	<u>(1,384,275)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
Fire Protection - Regular Service:				
Services and supplies	14,544,298	15,747,723	14,174,137	1,573,586
Other charges	132,835	132,835	95,137	37,698
Capital assets	194,442	94,442	61,681	32,761
Other financing uses	420,000	420,000	420,000	
Total Fire Protection - Regular Service	<u>15,291,575</u>	<u>16,395,000</u>	<u>14,750,955</u>	<u>1,644,045</u>
Fire Protection - Voluntary Program:				
Salaries and employee benefits	76,721	76,721	72,812	3,909
Services and supplies	443,630	499,087	433,636	65,451
Other charges	21,800	21,800	7,976	13,824
Total Fire Protection - Voluntary Program	<u>542,151</u>	<u>597,608</u>	<u>514,424</u>	<u>83,184</u>
Fire Protection - Ancillary Services:				
Services and supplies	213,261	491,771	170,090	321,681
Other charges		252	251	1
Capital assets		31,112	31,103	9
Total Fire Protection - Ancillary Services	<u>213,261</u>	<u>523,135</u>	<u>201,444</u>	<u>321,691</u>
Total Public Protection	<u>16,046,987</u>	<u>17,515,743</u>	<u>15,466,823</u>	<u>2,048,920</u>
Total Charges to appropriations	<u>16,046,987</u>	<u>17,515,743</u>	<u>15,466,823</u>	<u>2,048,920</u>
Budgetary Fund balances, ending	<u>\$ 1,926,899</u>	<u>\$ 658,763</u>	<u>\$ 1,323,408</u>	<u>\$ 664,645</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
FIRE PROTECTION SPECIAL REVENUE FUND (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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 \$ 14,454,525

Differences - budget to USGAAP:

Proceeds from sale of capital assets are inflows of budgetary resources
but are not revenues for financial reporting purposes (10,902)

Transfers from other funds are inflows of budgetary resources
but are not revenues for financial reporting purposes (13,708,207)

Total revenues as reported on the statement of revenues, expenditures, and
changes in fund balance - fire fund \$ 735,416

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
LIBRARY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 154,928	\$ 154,928	\$ 154,928	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			4,498	4,498
Aid from other governments	350,605	386,772	350,604	(36,168)
Charges for services	89,000	109,600	93,452	(16,148)
Other	56,000	70,625	122,021	51,396
Interfund transfers	2,580,911	2,580,911	2,469,801	(111,110)
Amounts available for appropriation	<u>3,076,516</u>	<u>3,147,908</u>	<u>3,040,376</u>	<u>(107,532)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Education:				
Libraries - Literacy Grant:				
Salaries and employee benefits	213,084	223,214	212,689	10,525
Services and supplies	28,813	42,644	42,294	350
Other charges	8,904	9,866	9,865	1
Total Libraries - Literacy Grant	<u>250,801</u>	<u>275,724</u>	<u>264,848</u>	<u>10,876</u>
Libraries				
Salaries and employee benefits	1,965,841	1,968,277	1,943,142	25,135
Services and supplies	728,719	825,130	746,637	78,493
Other charges	59,735	68,941	68,941	
Capital assets	71,420	71,420	71,420	
Total Libraries	<u>2,825,715</u>	<u>2,933,768</u>	<u>2,830,140</u>	<u>103,628</u>
Total Education	<u>3,076,516</u>	<u>3,209,492</u>	<u>3,094,988</u>	<u>114,504</u>
Total Charges to appropriations	<u>3,076,516</u>	<u>3,209,492</u>	<u>3,094,988</u>	<u>114,504</u>
Budgetary Fund balances, ending	<u>\$ 154,928</u>	<u>\$ 93,344</u>	<u>\$ 100,316</u>	<u>\$ 6,972</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

\$ 3,040,376

Differences - budget to USGAAP:

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

(2,469,801)

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

\$ 570,575

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
TRANSIT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Budgetary fund balance, beginning of year	\$ 706,991	\$ 706,991	\$ 706,991	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property		4,867	37,838	32,971
Aid from other governments	3,708,978	3,708,978	3,007,891	(701,087)
Amounts available for appropriation	<u>3,708,978</u>	<u>3,713,845</u>	<u>3,045,729</u>	<u>(668,116)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Ways and Facilities:				
Transit - System Operations				
Other charges	2,967,992	4,426,657	3,341,919	1,084,738
Total Transit - System Operations	<u>2,967,992</u>	<u>4,426,657</u>	<u>3,341,919</u>	<u>1,084,738</u>
Total Public Ways and Facilities	<u>2,967,992</u>	<u>4,426,657</u>	<u>3,341,919</u>	<u>1,084,738</u>
Total Charges to appropriations	<u>2,967,992</u>	<u>4,426,657</u>	<u>3,341,919</u>	<u>1,084,738</u>
Budgetary Fund balances, ending	<u>\$ 1,447,977</u>	<u>\$ (5,821)</u>	<u>\$ 410,801</u>	<u>\$ 416,622</u>
Uses/outflows of resources:				
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule			\$ 3,341,919	
Differences - budget to USGAAP:				
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes			<u>(2,141,462)</u>	
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - transit fund			<u>\$ 1,200,457</u>	

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
HOUSING AND COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 744,037	\$ 744,037	\$ 744,037	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			40,747	40,747
Aid from other governments	997,234	1,531,839	618,323	(913,516)
Other	280,049	280,049	182,593	(97,456)
Amounts available for appropriation	<u>1,277,283</u>	<u>1,811,888</u>	<u>841,663</u>	<u>(970,225)</u>
CHANGES TO APPROPRIATIONS (outflows):				
General Government:				
04-EDBG-1027:				
Services and supplies	145,000	275,287	130,287	145,000
Other charges	3,502	3,502	1,499	2,003
Total 04-EDBG-1027	<u>148,502</u>	<u>278,789</u>	<u>131,786</u>	<u>147,003</u>
05-STBG-1621:				
Services and supplies	435,377	451,340	92,161	359,179
Other charges	502,854	826,891	418,334	408,557
Total 05-STBG-1621	<u>938,231</u>	<u>1,278,231</u>	<u>510,495</u>	<u>767,736</u>
04-PTAA-0303:				
Services and supplies				
Other charges		160	160	
Total 04-PTAA-0303		<u>160</u>	<u>160</u>	
05-PTAA-1432:				
Services and supplies	75,000	172,778	96,903	75,875
Other charges	56,502	56,502	31,873	24,629
Total 05-PTAA-1432	<u>131,502</u>	<u>229,280</u>	<u>128,776</u>	<u>100,504</u>
06-EDBG-2616:				
Services and supplies		33,460	12,926	20,534
Other charges		1,145	175	970
Total 06-EDBG-2616		<u>34,605</u>	<u>13,101</u>	<u>21,504</u>
04-EDBG-0632:				
Services and supplies	20,000	18,983		18,983
Other charges	501	1,518	1,517	1
Total 04-EDBG-0632	<u>20,501</u>	<u>20,501</u>	<u>1,517</u>	<u>18,984</u>
06-EDBG-2769:				
Services and supplies		490,000	127,252	362,748
Other charges		10,000	1,024	8,976
Total 06-EDBG-2769		<u>500,000</u>	<u>128,276</u>	<u>371,724</u>
HCD - Revolving Loan:				
Services and supplies	262,047	130,416	128,579	1,837
Other charges	18,002	18,796	18,795	1
Total HCD - Revolving Loan	<u>280,049</u>	<u>149,212</u>	<u>147,374</u>	<u>1,838</u>
Total General Government	<u>1,518,785</u>	<u>2,490,778</u>	<u>1,061,485</u>	<u>1,429,293</u>
Total Charges to appropriations	<u>1,518,785</u>	<u>2,490,778</u>	<u>1,061,485</u>	<u>1,429,293</u>
Budgetary Fund balances, ending	<u>\$ 502,535</u>	<u>\$ 65,147</u>	<u>\$ 524,215</u>	<u>\$ 459,068</u>

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
FISH AND GAME SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Budgetary fund balance, beginning of year	\$ 222,794	\$ 222,794	\$ 222,794	\$ -
RESOURCES (inflows):				
Fines, forfeitures, and penalties	30,000	30,000	30,422	422
Revenues from uses of money and property	6,000	6,000	13,746	7,746
Amounts available for appropriation	<u>36,000</u>	<u>36,000</u>	<u>44,168</u>	<u>8,168</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
Fish and Game:				
Services and supplies	45,154	75,733	31,072	44,661
Other charges	2,740	2,740	1,145	1,595
Total Fish and Game	<u>47,894</u>	<u>78,473</u>	<u>32,217</u>	<u>46,256</u>
Total Public Protection	<u>47,894</u>	<u>78,473</u>	<u>32,217</u>	<u>46,256</u>
Total Charges to appropriations	<u>47,894</u>	<u>78,473</u>	<u>32,217</u>	<u>46,256</u>
Budgetary Fund balances, ending	<u>\$ 210,900</u>	<u>\$ 180,321</u>	<u>\$ 234,745</u>	<u>\$ 54,424</u>

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
CHILD SUPPORT SERVICES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 1,008,341	\$ 1,008,341	\$ 1,008,341	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property	45,000	45,000	84,686	39,686
Aid from other governments	9,081,365	9,081,365	6,615,553	(2,465,812)
Charges for services	29,000	29,000	29,383	383
Other	100	100	1,155	1,055
Amounts available for appropriation	<u>9,155,465</u>	<u>9,155,465</u>	<u>6,730,777</u>	<u>(2,424,688)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Assistance:				
Child Support Services:				
Salaries and employee benefits	7,682,583	7,682,583	6,487,621	1,194,962
Services and supplies	1,088,974	1,088,974	798,944	290,030
Other charges	383,908	383,908	331,913	51,995
Total Child Support Services	<u>9,155,465</u>	<u>9,155,465</u>	<u>7,618,478</u>	<u>1,536,987</u>
Total Public Assistance	<u>9,155,465</u>	<u>9,155,465</u>	<u>7,618,478</u>	<u>1,536,987</u>
Total Charges to appropriations	<u>9,155,465</u>	<u>9,155,465</u>	<u>7,618,478</u>	<u>1,536,987</u>
Budgetary Fund balances, ending	<u>\$ 1,008,341</u>	<u>\$ 1,008,341</u>	<u>\$ 120,640</u>	<u>\$ (887,701)</u>

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
COUNTY SERVICE AREAS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning of year	\$ 5,218,293	\$ 5,218,293	\$ 5,218,293	\$ -
RESOURCES (inflows):				
Taxes	754,589	754,589	872,240	117,651
Revenues from uses of money and property	118,640	118,640	327,259	208,619
Aid from other governments	220,460	220,460	220,777	317
Charges for services	341,412	341,412	343,362	1,950
Other			5,178	5,178
			<u>1,976</u>	<u>1,976</u>
Amounts available for appropriation	<u>1,435,101</u>	<u>1,435,101</u>	<u>1,770,792</u>	<u>335,691</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public protection	749,863	1,018,678	484,338	534,340
Health and sanitation	753,793	982,623	641,925	340,698
Recreation and cultural services	133,148	139,889	99,363	40,526
Total Charges to appropriations	<u>1,636,804</u>	<u>2,141,190</u>	<u>1,225,626</u>	<u>915,564</u>
Budgetary Fund balances, ending	<u>\$ 5,016,590</u>	<u>\$ 4,512,204</u>	<u>\$ 5,763,459</u>	<u>\$ 1,251,255</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

\$ 1,770,792

Differences - budget to USGAAP:

Proceeds from sale of capital assets are inflows of budgetary resources
but are not revenues for financial reporting purposes

(1,456)

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

(520)

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

\$ 1,768,816

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
IHSS PUBLIC AUTHORITY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning of year	\$ 871	\$ 871	\$ 871	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			714	714
Aid from other governments	422,524	422,524	269,503	(153,021)
Amounts available for appropriation	<u>422,524</u>	<u>422,524</u>	<u>270,217</u>	<u>(152,307)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Assistance:				
IHSS Public Authority:				
Salaries and employee benefits	331,297	331,297	305,436	25,861
Services and supplies	74,034	74,659	66,667	7,992
Other charges	18,516	18,516	12,664	5,852
Total IHSS Public Authority	<u>423,847</u>	<u>424,472</u>	<u>384,767</u>	<u>39,705</u>
Total Public Assistance	<u>423,847</u>	<u>424,472</u>	<u>384,767</u>	<u>39,705</u>
Total Charges to appropriations	<u>423,847</u>	<u>424,472</u>	<u>384,767</u>	<u>39,705</u>
Budgetary Fund balances, ending	<u>\$ (452)</u>	<u>\$ (1,077)</u>	<u>\$ (113,679)</u>	<u>(112,602)</u>

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 8,536,527	\$ 8,536,527	\$ 8,536,527	\$ -
RESOURCES (inflows):				
Fines, forfeitures, and penalties	422,923	422,923		(422,923)
Revenues from uses of money and property			366,217	366,217
Other	4,062,244	4,062,244	5,103,726	1,041,482
Other financing sources	749,983	749,983	1,160,320	410,337
Amounts available for appropriation	<u>5,235,150</u>	<u>5,235,150</u>	<u>6,630,263</u>	<u>1,395,113</u>
CHANGES TO APPROPRIATIONS (outflows):				
General Government:				
POB Series A:				
Services and supplies	6,802	6,801	6,703	98
Other charges	1,690,992	1,690,993	1,690,992	1
Total POB Series A	<u>1,697,794</u>	<u>1,697,794</u>	<u>1,697,695</u>	<u>99</u>
POB Series B:				
Services and supplies	2,500	2,500	2,500	
Other charges	1,251,250	1,251,250	1,065,810	185,440
Total POB Series B	<u>1,253,750</u>	<u>1,253,750</u>	<u>1,068,310</u>	<u>185,440</u>
POB Series C:				
Other charges	1,110,700	5,850,499	5,850,498	1
Total POB Series C	<u>1,110,700</u>	<u>5,850,499</u>	<u>5,850,498</u>	<u>1</u>
Chico Memorial Hall 492 Rio Lindo:				
Other charges	61,156	61,157	61,156	1
Total Chico Memorial Hall 492 Rio L.	<u>61,156</u>	<u>61,157</u>	<u>61,156</u>	<u>1</u>
Chico Memorial Hall 554 Rio Lindo:				
Other charges	62,275	62,275	62,275	
Total Chico Memorial Hall 554 Rio L.	<u>62,275</u>	<u>62,275</u>	<u>62,275</u>	
CEC Solar:				
Other charges	312,967	312,967	312,967	
Total CEC Solar	<u>312,967</u>	<u>312,967</u>	<u>312,967</u>	
Total General Government	<u>4,498,642</u>	<u>9,238,442</u>	<u>9,052,901</u>	<u>185,541</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS (continued)
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Protection:				
Justice Facility:				
Services and supplies	\$ 2,000	\$ 7,775	\$ 7,775	\$ -
Other charges	420,923	415,148	415,147	1
Total Justice Facility	<u>422,923</u>	<u>422,923</u>	<u>422,922</u>	<u>1</u>
DA-Ford Motor Credit x16373:				
Other charges	8,585	8,585		8,585
Total DA-Ford Motor Credit x16373	<u>8,585</u>	<u>8,585</u>		<u>8,585</u>
2003 COP Fire Trucks				
Services and supplies	2,000	2,000	2,000	
Other charges	303,000	303,000	303,000	
Total 2003 COP Fire Trucks	<u>305,000</u>	<u>305,000</u>	<u>305,000</u>	
Total Public Protection	<u>736,508</u>	<u>736,508</u>	<u>727,922</u>	<u>8,586</u>
Total Charges to appropriations	<u>5,235,150</u>	<u>9,974,950</u>	<u>9,780,823</u>	<u>194,127</u>
Budgetary Fund balances, ending	<u>\$ 8,536,527</u>	<u>\$ 3,796,727</u>	<u>\$ 5,385,967</u>	<u>\$ 1,589,240</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

\$ 6,630,263

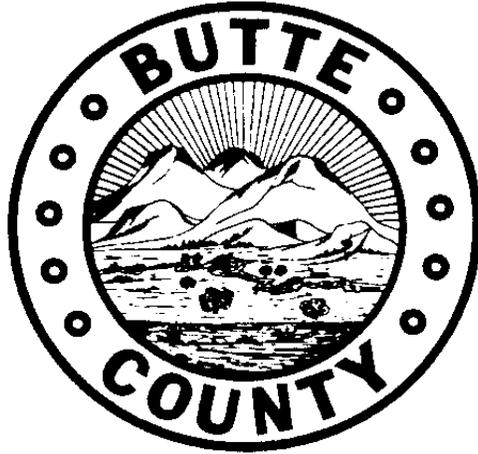
Differences - budget to USGAAP:

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

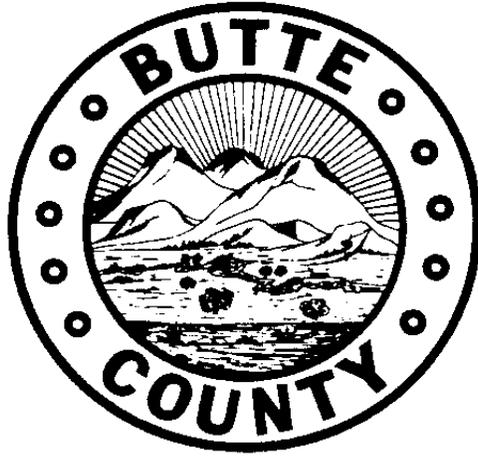
(1,160,320)

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

\$ 5,469,943



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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.

COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2008

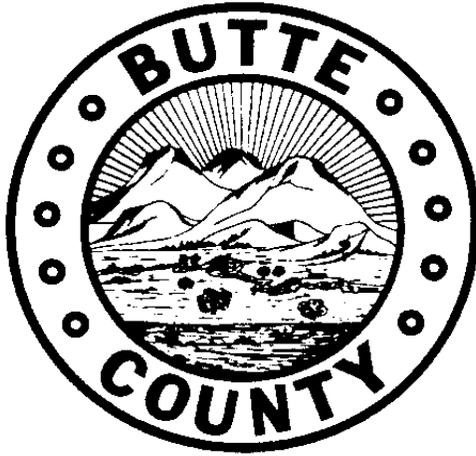
	Data Processing	Self Insurance	Worker's Compensation	Unemployment Insurance
ASSETS				
Current assets:				
Cash and investments	\$ 263,676	\$ 1,616,408	\$ 10,825,940	\$ 1,404,266
Cash and investments with fiscal agent			46,706	
Imprest cash				
Due from other funds	323,137	80,907	1,518	35
Interest receivable	2,126	14,245	71,579	7,970
Accounts receivable	776			
Due from external parties				
Inventory				
Deposits with others			50,000	
Prepaid items		22,815		
Total current assets	<u>589,715</u>	<u>1,734,375</u>	<u>10,995,743</u>	<u>1,412,271</u>
Noncurrent assets:				
Capital assets:				
Depreciable:				
Equipment	3,051,152	10,671	8,911	
Less: Accumulated depreciation	<u>(1,699,734)</u>	<u>(889)</u>	<u>(3,267)</u>	
Total capital assets, net	<u>1,351,418</u>	<u>9,782</u>	<u>5,644</u>	
Total noncurrent assets	<u>1,351,418</u>	<u>9,782</u>	<u>5,644</u>	
Total assets	<u>1,941,133</u>	<u>1,744,157</u>	<u>11,001,387</u>	<u>1,412,271</u>
LIABILITIES				
Current liabilities:				
Due to other funds	31,356	1,747	62,600	58
Accounts payable	42,907	109,106	2,523	836
Accrued salaries and benefits	81,863	12,735		
Deposits payable				
Compensated absences, current portion	113,495	19,376		
Claims and judgments, current portion		400,000	2,000,000	
Total current liabilities	<u>269,621</u>	<u>542,964</u>	<u>2,065,123</u>	<u>894</u>
Noncurrent liabilities:				
Compensated absences, less current portion	264,823	45,210		
Claims and judgments, less current portion		462,000	2,387,000	
Total noncurrent liabilities	<u>264,823</u>	<u>507,210</u>	<u>2,387,000</u>	
Total liabilities	<u>534,444</u>	<u>1,050,173</u>	<u>4,452,123</u>	<u>894</u>
NET ASSETS				
Invested in capital assets, net of related debt	1,351,418	9,782	5,644	
Unrestricted	55,271	684,202	6,543,620	1,411,377
Total net assets	<u>\$ 1,406,689</u>	<u>\$ 693,984</u>	<u>\$ 6,549,264</u>	<u>\$ 1,411,377</u>

Medical Liability	Miscellaneous Insurance	Facilities Services	Utilities Clearing
\$ 738	\$ 31	\$ 293,245	\$ 334,104
23	55	205,748	1
7	1	700	4,441
		50,608	19,836
<u>768</u>	<u>87</u>	<u>550,301</u>	<u>358,382</u>
		904,481	
		(617,137)	
		<u>287,344</u>	
		<u>287,344</u>	
<u>768</u>	<u>87</u>	<u>837,645</u>	<u>358,382</u>
18	31	85,176	5,537
		85,847	159,069
		74,636	
		94,000	
		50,735	
<u>18</u>	<u>31</u>	<u>390,394</u>	<u>164,606</u>
		118,381	
		<u>118,381</u>	
<u>18</u>	<u>31</u>	<u>508,774</u>	<u>164,606</u>
750	56	287,344	193,776
<u>\$ 750</u>	<u>\$ 56</u>	<u>\$ 328,871</u>	<u>\$ 193,776</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2008

	Duplicating	Stores	Communications	Total
ASSETS				
Current assets:				
Cash and investments	\$ 19,746	\$ -	\$ 24,345	\$ 14,782,499
Cash and investments with fiscal agent				46,706
Imprest cash		40,000		40,000
Due from other funds	44,713	191,419	182,338	1,029,894
Interest receivable	67	(550)	1,144	101,730
Accounts receivable	35,939	39,937	162,464	309,560
Due from external parties				
Inventory		156,458	930	157,388
Deposits with others				50,000
Prepaid items	55,035		46	77,896
Total current assets	<u>155,500</u>	<u>427,264</u>	<u>371,267</u>	<u>16,595,673</u>
Noncurrent assets:				
Capital assets:				
Depreciable:				
Equipment	74,591	74,264	1,101,102	5,225,172
Less: Accumulated depreciation	<u>(54,810)</u>	<u>(62,333)</u>	<u>(717,514)</u>	<u>(3,155,684)</u>
Total capital assets, net	<u>19,781</u>	<u>11,931</u>	<u>383,588</u>	<u>2,069,488</u>
Total noncurrent assets	<u>19,781</u>	<u>11,931</u>	<u>383,588</u>	<u>2,069,488</u>
Total assets	<u>175,281</u>	<u>439,195</u>	<u>754,855</u>	<u>18,665,161</u>
LIABILITIES				
Current liabilities:				
Due to other funds	7,083	144,280	20,675	358,561
Accounts payable	20,921	9,769	168,692	599,670
Accrued salaries and benefits	5,974	5,234	18,021	198,463
Deposits payable				94,000
Compensated absences, current portion	5,983	1,790	12,366	203,745
Claims and judgments, current portion				2,400,000
Total current liabilities	<u>39,961</u>	<u>161,073</u>	<u>219,754</u>	<u>3,854,439</u>
Noncurrent liabilities:				
Compensated absences, less current portion	13,959	4,178	28,855	475,404
Claims and judgments, less current portion				2,849,000
Total noncurrent liabilities	<u>13,959</u>	<u>4,178</u>	<u>28,855</u>	<u>3,324,404</u>
Total liabilities	<u>53,920</u>	<u>165,251</u>	<u>248,609</u>	<u>7,178,843</u>
NET ASSETS				
Invested in capital assets, net of related debt	19,781	11,931	383,588	2,069,488
Unrestricted	101,580	262,013	122,658	9,416,830
Total net assets	<u>\$ 121,361</u>	<u>\$ 273,944</u>	<u>\$ 506,246</u>	<u>\$ 11,486,318</u>



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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, 2008

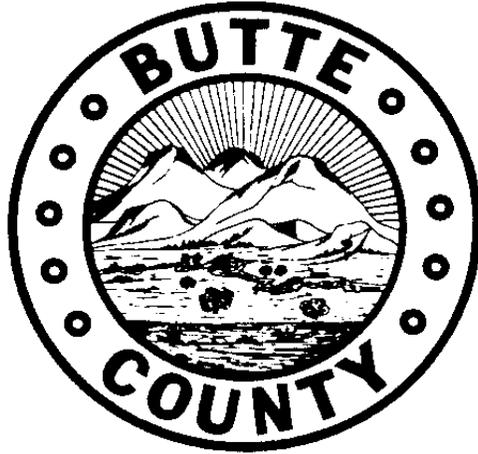
	Data Processing	Self Insurance	Worker's Compensation	Unemployment Insurance
OPERATING REVENUES				
Charges for services	\$ 3,302,173	\$ 1,823,671	\$ 4,664,204	\$ 1,027,926
Other revenue	535	169,413	7,351,368	
Total operating revenue	<u>3,302,708</u>	<u>1,993,084</u>	<u>12,015,572</u>	<u>1,027,926</u>
OPERATING EXPENSES				
Salaries and employee benefits	1,968,627	360,529		230,609
Service and supplies	764,369	560,842	146,037	2,102
Claims and judgments		615,431	6,867,982	
Depreciation	361,479	711	594	
Other expenses	43,155	56,908	275,676	965
Total operating expenses	<u>3,137,630</u>	<u>1,594,421</u>	<u>7,290,289</u>	<u>233,676</u>
Operating income (loss)	<u>165,078</u>	<u>398,663</u>	<u>4,725,283</u>	<u>794,250</u>
NONOPERATING REVENUE (EXPENSE)				
Intergovernmental				
Loss on disposal of capital assets				
Interest income	18,786	77,964	185,195	54,275
Total nonoperating revenue (expense)	<u>18,786</u>	<u>77,964</u>	<u>185,195</u>	<u>54,275</u>
Net income (loss) before contributions and transfers	183,864	476,627	4,910,478	848,525
Capital contributions	56,044			
Transfers in		1,255		
Transfers out	<u>(349,025)</u>		<u>(594)</u>	
Change in net assets	(109,117)	477,882	4,909,884	848,525
Total net assets, beginning	<u>1,515,806</u>	<u>216,102</u>	<u>1,639,380</u>	<u>562,852</u>
Total net assets, ending	<u>\$ 1,406,689</u>	<u>\$ 693,984</u>	<u>\$ 6,549,264</u>	<u>\$ 1,411,377</u>

<u>Medical Liability</u>	<u>Miscellaneous Insurance</u>	<u>Facilities Services</u>	<u>Utilities Clearing</u>
\$ 182,991	\$ 127,888	\$ 3,592,686	\$ 2,342,774
		111	
<u>182,991</u>	<u>127,888</u>	<u>3,592,797</u>	<u>2,342,774</u>
		2,187,732	
182,500	127,888	1,224,445	1,992,980
		65,797	
377	424	130,617	
<u>182,877</u>	<u>128,312</u>	<u>3,608,591</u>	<u>1,992,980</u>
<u>114</u>	<u>(424)</u>	<u>(15,794)</u>	<u>349,794</u>
162	104	15,813	24,039
<u>162</u>	<u>104</u>	<u>15,813</u>	<u>24,039</u>
276	(320)	19	373,833
		27,293	
			<u>(312,967)</u>
276	(320)	27,312	60,866
474	376	301,559	132,910
<u>\$ 750</u>	<u>\$ 56</u>	<u>\$ 328,871</u>	<u>\$ 193,776</u>

(continued)

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, 2008

	<u>Duplicating</u>	<u>Stores</u>	<u>Communications</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 701,010	\$ 1,128,414	\$ 2,433,010	\$ 21,326,747
Other revenue	23		25,317	7,546,767
Total operating revenue	<u>701,033</u>	<u>1,128,414</u>	<u>2,458,327</u>	<u>28,873,514</u>
OPERATING EXPENSES				
Salaries and employee benefits	182,546	129,136	499,525	5,558,704
Service and supplies	436,854	881,742	1,877,144	8,196,903
Claims and judgments				7,483,413
Depreciation	2,924	4,618	49,179	485,302
Other expenses	29,924	21,716	42,688	602,450
Total operating expenses	<u>652,248</u>	<u>1,037,212</u>	<u>2,468,536</u>	<u>22,326,772</u>
Operating income (loss)	<u>48,785</u>	<u>91,202</u>	<u>(10,209)</u>	<u>6,546,742</u>
NONOPERATING REVENUE (EXPENSE)				
Intergovernmental			23,541	23,541
Loss on disposal of capital assets	(4,026)			(4,026)
Interest income	2,788	(128)	5,089	384,087
Total nonoperating revenue (expense)	<u>(1,238)</u>	<u>(128)</u>	<u>28,630</u>	<u>403,602</u>
Net income (loss) before contributions and transfers	47,547	91,074	18,421	6,950,344
Capital contributions				56,044
Transfers in				28,548
Transfers out	<u>(2,924)</u>	<u>(4,618)</u>	<u>(49,179)</u>	<u>(719,307)</u>
Change in net assets	44,623	86,456	(30,758)	6,315,629
Total net assets, beginning	<u>76,738</u>	<u>187,488</u>	<u>537,004</u>	<u>5,170,689</u>
Total net assets, ending	<u>\$ 121,361</u>	<u>\$ 273,944</u>	<u>\$ 506,246</u>	<u>\$ 11,486,318</u>



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COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

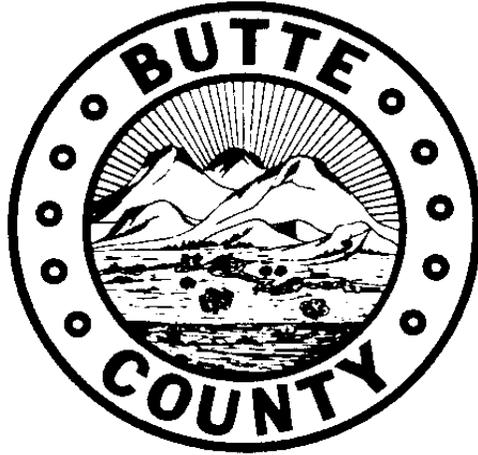
	Data Processing	Self Insurance	Worker's Compensation	Unemployment Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipt from customers	\$ 3,301,932	\$ 1,993,084	\$ 12,015,572	\$ 1,027,926
Cash paid to suppliers for goods and services	(776,157)	(1,631,225)	(6,728,744)	(2,231)
Cash paid to employees for services	(1,893,394)	(361,295)	(181)	(230,609)
Internal activities - payments from (to) other funds	(76,204)	(76,795)	57,739	107
Net cash provided (used) by operating activities	<u>556,177</u>	<u>(76,231)</u>	<u>5,344,386</u>	<u>795,193</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Aid from other governmental agencies				
Transfers in		1,255		
Transfers out	(349,025)		(594)	
Net cash provided (used) by noncapital financing activities	<u>(349,025)</u>	<u>1,255</u>	<u>(594)</u>	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payments related to the acquisition of capital	(197,335)			
Net cash provided (used) by capital and related financing activities	<u>(197,335)</u>			
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	16,660	79,802	114,656	52,363
Net cash provided by investing activities	<u>16,660</u>	<u>79,802</u>	<u>114,656</u>	<u>52,363</u>
Net increase (decrease) in cash and cash equivalents	26,477	4,826	5,458,448	847,556
Cash and cash equivalents, beginning	237,199	1,611,582	5,414,198	556,710
Cash and cash equivalents, ending	<u>\$ 263,676</u>	<u>\$ 1,616,408</u>	<u>\$ 10,872,646</u>	<u>\$ 1,404,266</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:				
Cash and investments	\$ 263,676	\$ 1,616,408	\$ 10,825,940	\$ 1,404,266
Cash and investments with fiscal agent			46,706	
Imprest cash				
Total cash and investments	<u>\$ 263,676</u>	<u>\$ 1,616,408</u>	<u>\$ 10,872,646</u>	<u>\$ 1,404,266</u>

<u>Medical Liability</u>	<u>Miscellaneous Insurance</u>	<u>Facilities Services</u>	<u>Utilities Clearing</u>
\$ 182,991 (182,877)	\$ 127,888 (128,312)	\$ 3,542,189 (1,246,544) (2,145,620) (267,256)	\$ 2,322,938 (1,990,253)
<u>1</u>	<u>19</u>	<u>(267,256)</u>	<u>6,297</u>
<u>115</u>	<u>(405)</u>	<u>(117,231)</u>	<u>338,982</u>
		27,293	(312,967)
		<u>27,293</u>	<u>(312,967)</u>
		(227,108)	
		<u>(227,108)</u>	
<u>162</u>	<u>107</u>	<u>17,287</u>	<u>24,038</u>
<u>162</u>	<u>107</u>	<u>17,287</u>	<u>24,038</u>
277	(298)	(299,759)	50,053
<u>461</u>	<u>329</u>	<u>593,004</u>	<u>284,051</u>
<u>\$ 738</u>	<u>\$ 31</u>	<u>\$ 293,245</u>	<u>\$ 334,104</u>
\$ 738	\$ 31	\$ 293,245	\$ 334,104
<u>\$ 738</u>	<u>\$ 31</u>	<u>\$ 293,245</u>	<u>\$ 334,104</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>Duplicating</u>	<u>Stores</u>	<u>Communications</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipt from customers	\$ 703,056	\$ 1,094,469	\$ 2,442,921	\$ 28,754,966
Cash paid to suppliers for goods and services	(554,718)	(872,553)	(1,899,348)	(16,012,962)
Cash paid to employees for services	(180,279)	(127,403)	(491,503)	(5,430,284)
Internal activities - payments from (to) other funds	5,926	(89,988)	(41,043)	(481,197)
Net cash provided (used) by operating activities	<u>(26,015)</u>	<u>4,525</u>	<u>11,027</u>	<u>6,830,523</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Aid from other governmental agencies			23,541	23,541
Transfers in				28,548
Transfers out	(2,924)	(4,618)	(49,179)	(719,307)
Net cash provided (used) by noncapital financing activities	<u>(2,924)</u>	<u>(4,618)</u>	<u>(25,638)</u>	<u>(667,218)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payments related to the acquisition of capital	(13,405)		(25,317)	(463,165)
Net cash provided (used) by capital and related financing activities	<u>(13,405)</u>		<u>(25,317)</u>	<u>(463,165)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	2,884	93	4,956	313,008
Net cash provided by investing activities	<u>2,884</u>	<u>93</u>	<u>4,956</u>	<u>313,008</u>
Net increase (decrease) in cash and cash equivalents	(39,460)		(34,972)	6,013,148
Cash and cash equivalents, beginning	59,206	40,000	59,317	8,856,057
Cash and cash equivalents, ending	<u>\$ 19,746</u>	<u>\$ 40,000</u>	<u>\$ 24,345</u>	<u>\$ 14,869,205</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:				
Cash and investments	\$ 19,746	\$ -	\$ 24,345	\$ 14,782,499
Cash and investments with fiscal agent				46,706
Imprest cash		40,000		40,000
Total cash and investments	<u>\$ 19,746</u>	<u>\$ 40,000</u>	<u>\$ 24,345</u>	<u>\$ 14,869,205</u>



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COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Data Processing	Self Insurance	Worker's Compensation	Unemployment Insurance
Reconciliation of Operating Income (Loss)				
to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 165,078	\$ 398,663	\$ 4,725,283	\$ 794,250
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	361,479	711	594	
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(776)			
Due from external parties				
Due from other funds	(101,739)	(75,980)	(359)	49
Inventory				
Prepaid items	2,499	(555)		
Increase (decrease) in:				
Accounts payable	28,868	34,511	(58,049)	836
Due to other funds	25,535	(815)	58,098	58
Accrued salaries and benefits	18,199	1,373	(181)	
Deposits payable				
Compensated absences	57,034	(2,139)		
Claims and judgments		(432,000)	619,000	
Net cash provided (used) by operating activities	<u>\$ 556,177</u>	<u>\$ (76,231)</u>	<u>\$ 5,344,386</u>	<u>\$ 795,193</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets from government	\$ 56,044	\$ -	\$ -	\$ -

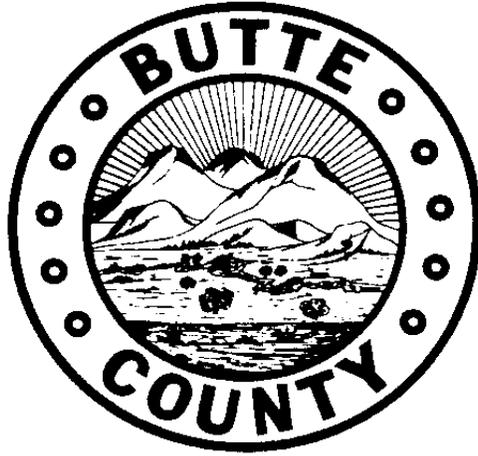
<u>Medical Liability</u>	<u>Miscellaneous Insurance</u>	<u>Facilities Services</u>	<u>Utilities Clearing</u>
\$ 114	\$ (424)	\$ (15,794)	\$ 349,794
		65,797	
		(50,608)	(19,836)
(2)	(2)	(109,007)	892
3	21	14,518	2,727
		(158,249)	5,405
		15,468	
		94,000	
		26,644	
<u>\$ 115</u>	<u>\$ (405)</u>	<u>\$ (117,231)</u>	<u>\$ 338,982</u>

\$ - \$ - \$ - \$ -

(continued)

COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Duplicating</u>	<u>Stores</u>	<u>Communications</u>	<u>Total</u>
Reconciliation of Operating Income (Loss)				
to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 48,785	\$ 91,202	\$ (10,209)	\$ 6,546,742
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	2,924	4,618	49,179	485,302
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	2,023	(33,945)	(16,068)	(119,210)
Due from external parties			662	662
Due from other funds	2,922	(75,303)	(35,519)	(394,048)
Inventory	21,290	26,064	583	47,937
Prepaid items	(55,035)		(46)	(53,137)
Increase (decrease) in:				
Accounts payable	(54,195)	4,841	19,947	(5,996)
Due to other funds	3,004	(14,685)	(5,524)	(87,149)
Accrued salaries and benefits	639	963	4,301	40,762
Deposits payable				94,000
Compensated absences	1,628	770	3,721	87,658
Claims and judgments				187,000
Net cash provided (used) by operating activities	<u>\$ (26,015)</u>	<u>\$ 4,525</u>	<u>\$ 11,027</u>	<u>\$ 6,830,523</u>
Noncash investing, capital, and financing activities:				
Contributions of capital assets from government	\$ -	\$ -	\$ -	\$ 56,044



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.

COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
JUNE 30, 2008

	Other	Tax Resources	Butte County SB-325	Butte County SB-620	Total
ASSETS					
Cash and investments	\$17,345,886	\$ 6,127,880	\$ -	\$ 3	\$ 23,473,769
Due from other governments	1,596,638		452,826	133,848	2,183,312
Interest receivable	262,920	123,250	2		386,172
Property tax receivable		12,078,026			12,078,026
Total assets	\$19,205,444	\$ 18,329,156	\$ 452,828	\$ 133,851	\$ 38,121,279
LIABILITIES					
Due to other governments	\$ 1,911,123	\$ -	\$ 134,999	\$ -	\$ 2,046,122
Accounts payable	46		194,062	80,105	274,213
Interest payable	3,198,701				3,198,701
Agency funds held for others	14,095,574	18,329,156	123,767	53,746	32,602,243
Total liabilities	\$19,205,444	\$ 18,329,156	\$ 452,828	\$ 133,851	\$ 38,121,279

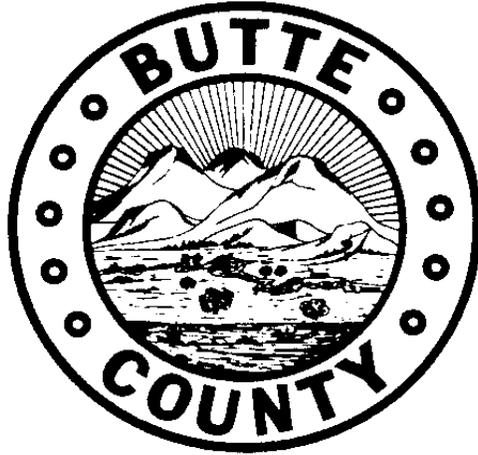
COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Other	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
ASSETS				
Cash and investments	\$ 21,880,353	\$ 4,283,123	\$ 8,817,590	\$ 17,345,886
Due from other governments		1,596,638		1,596,638
Interest receivable		262,920		262,920
Total assets	<u>\$ 21,880,353</u>	<u>\$ 6,142,681</u>	<u>\$ 8,817,590</u>	<u>\$ 19,205,444</u>
LIABILITIES				
Due to other governments	\$ 872,724	\$ 1,911,123	\$ 872,724	\$ 1,911,123
Accounts payable	19,033	46	19,033	46
Interest payable	3,391,366	3,198,701	3,391,366	3,198,701
Agency funds held for others	17,597,230	1,032,811	4,534,467	14,095,574
Total liabilities	<u>\$ 21,880,353</u>	<u>\$ 6,142,681</u>	<u>\$ 8,817,590</u>	<u>\$ 19,205,444</u>
Tax Resources				
ASSETS				
Cash and investments	\$ 7,331,195	\$ 9,135,757	\$ 10,339,072	\$ 6,127,880
Interest receivable	162,980	123,250	162,980	123,250
Property tax receivable	8,972,777	12,078,026	8,972,777	12,078,026
Total assets	<u>\$ 16,466,952</u>	<u>\$ 21,337,033</u>	<u>\$ 19,474,829</u>	<u>\$ 18,329,156</u>
LIABILITIES				
Agency funds held for others	\$ 16,466,952	\$ 21,337,033	\$ 19,474,829	\$ 18,329,156
Total liabilities	<u>\$ 16,466,952</u>	<u>\$ 21,337,033</u>	<u>\$ 19,474,829</u>	<u>\$ 18,329,156</u>
Butte County SB-325				
ASSETS				
Cash and investments	\$ 5,222	\$ 17,062	\$ 22,284	\$ -
Due from other governments	16,805	452,826	16,805	452,826
Interest receivable	257	2	257	2
Total assets	<u>\$ 22,284</u>	<u>\$ 469,890</u>	<u>\$ 39,346</u>	<u>\$ 452,828</u>
LIABILITIES				
Due to other governments	\$ -	\$ 134,999	\$ -	\$ 134,999
Accounts payable		194,062		194,062
Agency funds held for others	22,284	140,829	39,346	123,767
Total liabilities	<u>\$ 22,284</u>	<u>\$ 469,890</u>	<u>\$ 39,346</u>	<u>\$ 452,828</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
<hr/>				
<u>Butte County SB-620</u>				
ASSETS				
Cash and investments	\$ 10	\$ 12,910	\$ 12,917	\$ 3
Due from other governments	12,910	133,848	12,910	133,848
Total assets	<u>\$ 12,920</u>	<u>\$ 146,758</u>	<u>\$ 25,827</u>	<u>\$ 133,851</u>
LIABILITIES				
Accounts payable	\$ -	\$ 80,105	\$ -	\$ 80,105
Agency funds held for others	12,920	66,653	25,827	53,746
Total liabilities	<u>\$ 12,920</u>	<u>\$ 146,758</u>	<u>\$ 25,827</u>	<u>\$ 133,851</u>
<hr/>				
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 29,216,780	\$ 13,448,852	\$ 19,191,863	\$ 23,473,769
Due from other governments	29,715	2,183,312	29,715	2,183,312
Interest receivable	163,237	386,172	163,237	386,172
Property tax receivable	8,972,777	12,078,026	8,972,777	12,078,026
Total assets	<u>\$ 38,382,509</u>	<u>\$ 28,096,362</u>	<u>\$ 28,357,592</u>	<u>\$ 38,121,279</u>
LIABILITIES				
Due to other governments	\$ 872,724	\$ 2,046,122	\$ 872,724	\$ 2,046,122
Accounts payable	19,033	274,213	19,033	274,213
Interest payable	3,391,366	3,198,701	3,391,366	3,198,701
Agency funds held for others	34,099,386	22,577,326	24,074,469	32,602,243
Total liabilities	<u>\$ 38,382,509</u>	<u>\$ 28,096,362</u>	<u>\$ 28,357,592</u>	<u>\$ 38,121,279</u>



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.

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

For the Fiscal Year Ended June 30,

	2002	2003	2004	2005	2006	2007	2008
<u>Governmental activities:</u>							
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
Restricted	50,627,806	43,991,120	29,106,697	14,971,692	16,696,959	26,321,708	45,999,726
Unrestricted	14,396,314	23,109,853	28,188,079	39,547,523	45,147,228	44,293,530	19,565,376
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>Business-type activities:</u>							
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
Restricted			6,196,080	6,434,145	6,691,502	4,083,228	4,300,259
Unrestricted	5,987,239	9,311,498	520,516	(313,620)	(753,677)	11,463,088	10,256,700
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>Primary government:</u>							
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
Restricted	50,627,806	43,991,120	35,302,777	21,405,837	23,388,461	30,404,936	50,299,985
Unrestricted	20,383,553	32,421,351	28,708,595	39,233,903	44,393,551	55,756,618	29,822,076
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>

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 seven years of data available to report.

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

	For the Fiscal Year Ended June 30,						
	2002	2003	2004	2005	2006	2007	2008
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
Public protection	61,195,775	67,875,626	69,137,314	82,634,178	81,999,331	87,500,747	96,664,267
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
Health and sanitation	49,121,198	55,095,207	55,942,561	56,395,525	58,593,884	64,268,283	72,458,490
Public assistance	123,118,708	127,500,579	126,530,857	130,935,568	130,966,814	135,871,668	142,125,227
Education	2,453,904	2,522,005	2,749,824	2,723,315	2,905,270	3,117,432	3,394,070
Culture and recreation services	430,377	533,602	393,637	499,967	658,741	604,386	374,615
Interest on long-term debt				3,608,601	4,183,940	4,315,186	3,696,005
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
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
Public protection	12,695,131	13,731,788	8,021,648	6,461,794	5,581,142	5,285,862	6,000,509
Public ways and facilities	1,787,913	2,631,921	925,783	2,680,446	2,932,837	3,439,296	3,547,975
Health and sanitation	5,424,164	6,391,541	5,929,611	4,109,596	4,041,916	5,011,027	5,176,893
Public assistance	834,080	1,157,862	2,289,201	393,023	205,520	354,261	543,906
Education	164,024	327,068	72,357	72,532	118,108	101,360	89,362
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
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
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
Net Expense¹	(39,813,443)	(57,417,305)	(68,345,990)	(92,507,675)	(91,084,197)	(95,658,317)	(116,534,259)
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
Sales taxes	3,278,612	3,517,481	3,846,573	4,952,509	3,371,227	4,551,967	4,006,588
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
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
Unrestricted investment earnings	2,470,163	1,587,619	1,936,913	3,291,173	1,474,933	5,558,955	5,367,056
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
Transfers		(6,906)				(8,770)	
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
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)

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
LAST SEVEN FISCAL YEARS
(accrual basis of accounting)

	For the Fiscal Year Ended June 30,						
	2002	2003	2004	2005	2006	2007	2008
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
Transit	1,796,178	2,192,068	2,243,837	2,528,381	23,907	388,537	
Total business-type activities	<u>6,577,033</u>	<u>3,618,010</u>	<u>7,373,364</u>	<u>7,193,276</u>	<u>4,704,102</u>	<u>4,791,709</u>	<u>5,486,248</u>
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
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
Total business-type activities program revenues	<u>5,999,197</u>	<u>6,964,997</u>	<u>6,677,011</u>	<u>7,663,280</u>	<u>7,035,784</u>	<u>6,733,446</u>	<u>6,090,161</u>
Net Expense¹	<u>(577,836)</u>	<u>3,346,987</u>	<u>(696,353)</u>	<u>470,004</u>	<u>2,331,682</u>	<u>1,941,737</u>	<u>603,913</u>
General revenues							
Unrestricted investment earnings	700,798	632,463	522,399	384,442	89,643	701,950	1,004,069
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	
Total general revenues	<u>887,818</u>	<u>651,325</u>	<u>510,893</u>	<u>537,389</u>	<u>(2,252,073)</u>	<u>710,720</u>	<u>1,004,069</u>
Change in net assets -business-type activities	<u>\$ 309,982</u>	<u>\$ 3,998,312</u>	<u>\$ (185,460)</u>	<u>\$ 1,007,393</u>	<u>\$ 79,609</u>	<u>\$ 2,652,457</u>	<u>\$ 1,607,982</u>
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
Business-type activities	6,577,033	3,618,010	7,373,364	7,193,276	4,704,102	4,791,709	5,486,248
Total primary government expenses	<u>282,560,857</u>	<u>299,012,306</u>	<u>310,194,603</u>	<u>329,619,673</u>	<u>332,161,583</u>	<u>354,179,967</u>	<u>385,064,324</u>
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
Business-type activities	5,999,197	6,964,997	6,677,011	7,663,280	7,035,784	6,733,446	6,090,161
Total primary government program revenues	<u>242,169,578</u>	<u>244,941,988</u>	<u>241,152,260</u>	<u>237,582,002</u>	<u>243,409,068</u>	<u>260,463,387</u>	<u>269,133,978</u>
Net Expense¹	<u>(39,813,443)</u>	<u>(57,417,305)</u>	<u>(68,345,990)</u>	<u>(92,507,675)</u>	<u>(91,084,197)</u>	<u>(95,658,317)</u>	<u>(116,534,259)</u>
Governmental activities	(39,813,443)	(57,417,305)	(68,345,990)	(92,507,675)	(91,084,197)	(95,658,317)	(116,534,259)
Business-type activities	<u>(577,836)</u>	<u>3,346,987</u>	<u>(696,353)</u>	<u>470,004</u>	<u>2,331,682</u>	<u>1,941,737</u>	<u>603,913</u>
Total primary government net expense	<u>(40,391,279)</u>	<u>(54,070,318)</u>	<u>(69,042,343)</u>	<u>(92,037,671)</u>	<u>(88,752,515)</u>	<u>(93,716,580)</u>	<u>(115,930,346)</u>
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
Business-type activities	887,818	651,325	510,893	537,389	(2,252,073)	710,720	1,004,069
Total primary government general revenues	<u>44,756,803</u>	<u>45,966,620</u>	<u>48,506,936</u>	<u>82,945,440</u>	<u>79,344,277</u>	<u>90,271,791</u>	<u>93,527,380</u>
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)
Business-type activities	309,982	3,998,312	(185,460)	1,007,393	79,609	2,652,457	1,607,982
Total primary government change in net assets	<u>\$ 4,365,524</u>	<u>\$ (8,103,698)</u>	<u>\$ (20,535,407)</u>	<u>\$ (9,092,231)</u>	<u>\$ (9,408,238)</u>	<u>\$ (3,444,789)</u>	<u>\$ (22,402,966)</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 seven years of data available to report

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

	For the Fiscal Year Ended June 30,						
	2002	2003	2004	2005	2006	2007	2008
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
Imprest cash	49,695	44,270	44,270	45,145	45,095	45,595	44,095
Prepaid items			1,100	4,140	15,503	1,138	
Deposits with others	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
Debt service	1,091,371	4,656,265	787,644	787,482	792,978	808,994	801,259
Unreserved:							
Designated	2,388,433	2,502,727	2,830,188	24,366,630	19,626,639	3,894,494	91,826
Undesignated	16,192,849	16,078,711	8,768,646	10,776,705	15,813,037	16,857,031	10,160,457
Total general fund balance	<u>\$ 42,489,825</u>	<u>\$ 48,674,325</u>	<u>\$ 39,914,193</u>	<u>\$ 44,278,408</u>	<u>\$ 47,027,402</u>	<u>\$ 30,025,768</u>	<u>\$ 25,876,130</u>
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
Imprest cash	2,940	5,365	5,215	1,215	1,165	1,815	1,750
Prepaid items			2,190	297	945	1,766	
Deposits with others			297	500	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
Debt service		1,150,916	417,810	8,061,829	7,684,891	8,970,613	5,522,525
Inventories	95,668	119,333	280,034	267,580	310,556	231,586	293,954
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	
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
Capital projects funds	(2,402,568)	(1,331,347)	501,318	90,015	129,562	220,031	848,587
Total other governmental fund balances	<u>\$ 30,919,759</u>	<u>\$ 27,324,310</u>	<u>\$ 26,525,614</u>	<u>\$ 32,638,722</u>	<u>\$ 35,577,078</u>	<u>\$ 54,323,550</u>	<u>\$ 47,730,263</u>

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 seven 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 SEVEN FISCAL YEARS
(modified accrual basis of accounting)

For the Fiscal Year Ended June 30,

	2002	2003	2004	2005	2006	2007	2008
REVENUES							
Taxes	\$ 21,237,501	\$ 22,753,793	\$ 23,874,775	\$ 41,845,457	\$ 47,395,136	\$ 52,384,206	\$ 53,797,238
Licenses and permits	3,398,347	3,988,539	4,360,823	5,143,170	4,322,084	4,861,476	4,604,498
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
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
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
Charges for services	20,091,942	22,705,240	22,558,577	23,166,702	22,885,477	26,645,205	27,757,939
Other	5,637,472	3,912,473	6,852,202	19,506,239	8,327,670	11,430,359	12,932,121
Total revenues	280,693,834	282,300,872	284,196,490	312,510,969	318,402,433	343,865,019	355,591,442
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
Public protection	68,903,950	72,318,779	73,266,989	80,974,652	80,525,118	89,379,218	97,512,700
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
Health and sanitation	48,966,706	54,706,422	55,626,131	55,683,804	59,429,613	65,632,200	72,966,299
Public assistance	122,398,997	127,320,047	126,018,804	128,551,888	131,916,991	137,501,206	142,597,681
Education	2,323,995	2,595,937	2,618,241	2,604,840	2,819,417	3,056,164	3,397,317
Recreation and cultural services	4,065,679	629,744	455,878	356,178	540,284	475,794	574,995
Debt Service: (1)							
Principal				4,160,315	5,562,451	2,854,718	6,774,954
Interest				3,259,717	4,218,911	4,226,524	3,599,724
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
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)
OTHER FINANCING SOURCES (USES):							
Sale of capital assets	26,488	55,949	16,283	184,210	22,973	24,014	463,507
Transfers in	6,675,214	6,628,970	11,545,776	20,333,417	23,387,710	19,802,941	24,328,799
Transfer out	(6,675,214)	(6,358,889)	(11,277,305)	(22,854,312)	(19,446,663)	(19,292,699)	(23,638,040)
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
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)
Debt service as a percentage of noncapital expenditures							
	n/a	n/a	n/a	2.5%	3.1%	2.1%	2.9%

Source: Auditor-Controller, County of Butte

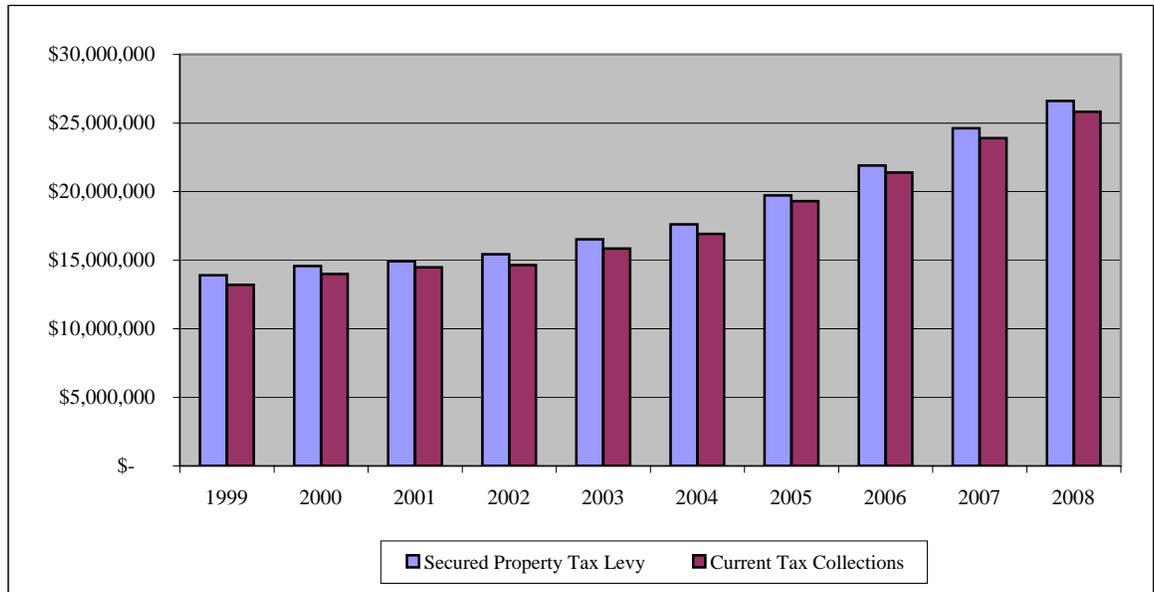
Note 1: Debt service was shown as a separate function during fiscal year 2004-05.

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 seven 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 Secured Property Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections June 30 (1)	Percent of Total Tax Collections to Tax Levy
1999	\$ 13,902,009	\$ 13,206,909	95.00%	\$ 2,686,153	\$ 15,893,062	114.32%
2000	14,568,472	13,985,733	96.00%	2,796,837	16,782,570	115.20%
2001	14,917,329	14,469,809	97.00%	2,662,593	17,132,402	114.85%
2002	15,421,306	14,650,240	95.00%	2,908,736	17,558,976	113.86%
2003	16,513,410	15,852,874	96.00%	2,990,234	18,843,108	114.11%
2004	17,611,617	16,907,152	96.00%	2,687,282	19,594,434	111.26%
2005	19,717,336	19,313,601	97.95%	2,449,265	21,762,866	110.37%
2006	21,909,684	21,399,946	97.67%	2,901,198	24,301,144	110.92%
2007	24,617,283	23,886,338	97.03%	4,710,806	28,597,144	116.17%
2008	26,619,209	25,813,325	96.97%	6,792,152	32,605,477	122.49%

Note 1: Includes current and teeter buy-out, penalties, and interest.



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
1999	\$ 9,041,466,552	\$ 24,659,031	\$ 497,793,006	\$ 9,563,918,589
2000	9,414,996,955	20,077,633	523,173,513	9,958,248,101
2001	9,809,069,349	19,591,858	572,029,882	10,400,691,089
2002	10,210,901,077	20,289,420	596,527,153	10,827,717,650
2003	10,940,529,305	18,939,397	622,967,322	11,582,436,024
2004	11,624,793,072	18,939,909	635,629,383	12,279,362,364
2005	12,720,999,330	21,586,369	628,596,023	13,371,181,722
2006	14,047,057,479	21,878,301	671,570,735	14,740,506,515
2007	15,705,066,165	19,279,234	728,715,203	16,453,060,602
2008	17,253,582,073	8,367,262	772,788,613	18,034,737,948

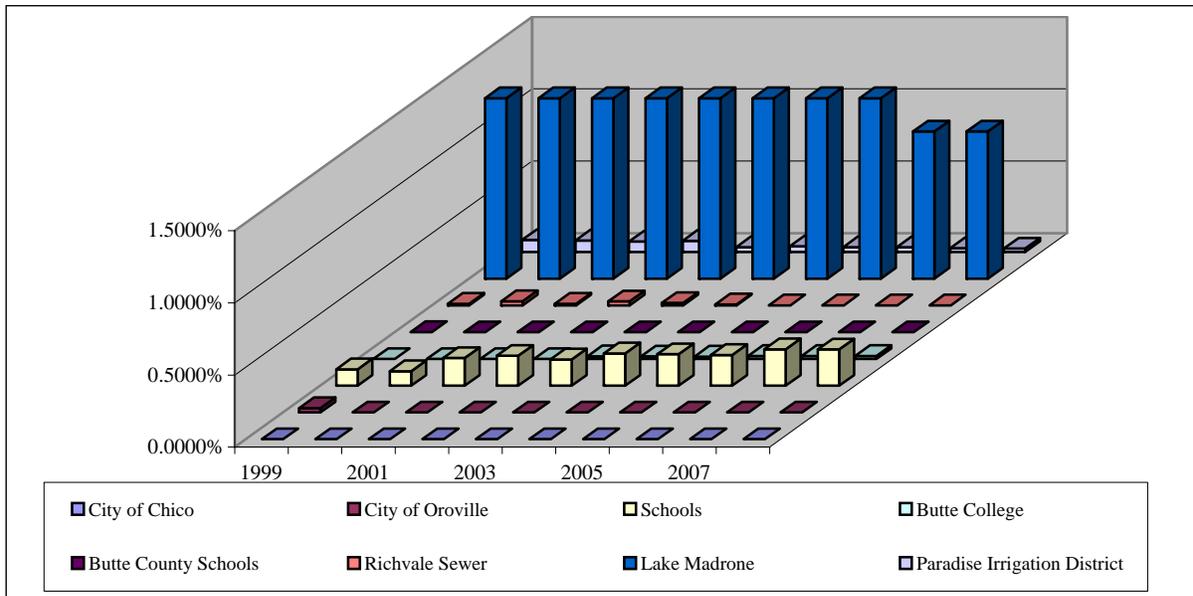
Note: Total estimated actual value of taxable property was not reasonably estimable.

Source: Auditor-Controller, County of Butte

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

Fiscal Year	Basic Countywide Levy	City of Chico	City of Oroville	Schools	Butte College	Butte County Schools	Richvale Sewer	Lake Madrone	Paradise Irrigation District	Total
1999	1.000%	0.0000%	0.0300%	0.1130%	0.0000%	0.0006%	0.0117%	1.2500%	0.0830%	2.4883%
2000	1.000%	0.0000%	0.0000%	0.0998%	0.0000%	0.0000%	0.0289%	1.2500%	0.0800%	2.4587%
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%

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	2008			2005 (1)		
	Rank	Assessed Valuation	Percentage of Total Assessed	Rank	Assessed Valuation	Percentage of Total Assessed
Pacific Gas and Electric Corporation	1	\$ 375,132,582	2.080%	1	\$ 346,921,754	2.595%
Wild Goose Storage, Inc.	2	112,607,341	0.624%	2	91,461,818	0.684%
Pacific Bell California	3	53,086,263	0.294%	3	58,258,685	0.436%
Farmland Reserve, Inc.	4	39,932,845	0.221%	5	28,858,611	0.216%
Chico Mall Partners LP	5	38,122,503	0.211%	4	36,651,410	0.274%
Carwood Skypark LLC ETAL	6	31,500,000	0.175%			
Chico Crossroads LP	7	30,000,000	0.166%			
Sprint Communications Co.	8	26,485,508	0.147%	8	23,695,716	0.177%
North Valley Mall LLC	9	24,388,318	0.135%	6	24,011,550	0.180%
Pacific Coast Producers	10	24,029,975	0.133%	9	23,425,271	0.175%
Pan Pacific Development LLC				7	24,002,189	0.180%
Western Investment Real Estate Trust				10	19,262,765	0.144%
Largest Secured Property Valuation		755,285,335	<u>4.188%</u>		676,549,769	<u>5.060%</u>
Other Secured Taxpayers		<u>17,279,452,613</u>			<u>12,694,631,953</u>	
Total Secured Property Valuation - net of exemptions		<u>\$ 18,034,737,948</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, 2007 and should also be presented for June 30, 1998. However, June 30, 1998 information is not available and June 30, 2005 information will be presented until there is a nine year separation.

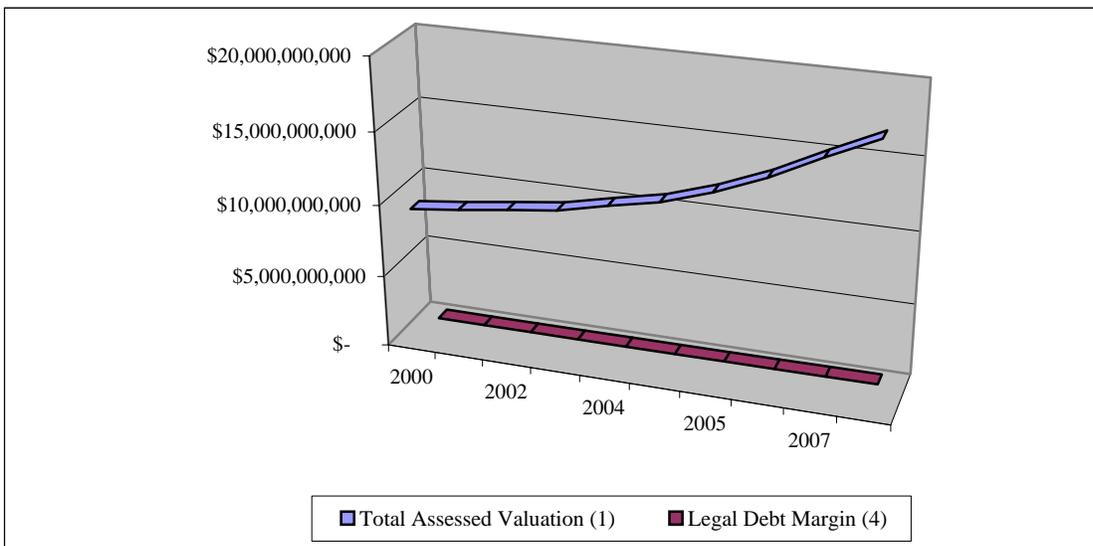
Source: Auditor-Controller, County of Butte

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	Legal Debt Margin (4)	Legal Debt Margin/Debt Limit
2000	\$ 9,563,918,589	\$ 119,548,982	\$ -	\$ 119,548,982	100%
2001	9,958,248,101	124,478,101		124,478,101	100%
2002	10,400,691,089	130,008,639		130,008,639	100%
2003	10,827,717,650	135,346,471		135,346,471	100%
2004	11,582,436,024	144,780,450		144,780,450	100%
2005	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%

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
1999	201,020	\$ 9,563,918,589	\$ -	\$ -	\$ -	0.000%	\$ -
2000	203,064	9,958,248,101				0.000%	
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%	

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	Per Capita
	Bonds	Certificates of Participation	Loans/Notes	Capital Leases	Loans	Certificates of Participation	Capital Leases			
1999	\$ 1,277	\$ 5,115	\$ -	\$ 2,311	\$ -	\$ -	\$ -	\$ 8,703	0.0874%	\$ 42
2000	1,225	4,900		2,042				8,167	0.0785%	39
2001	1,167	4,675	5,077	1,809				12,728	0.1176%	60
2002	1,109	4,440		2,998				8,547	0.0738%	40
2003	1,052	9,345		2,366			2,258	15,021	0.1223%	70
2004	50,879	5,150	2,492	1,019			1,780	61,320	0.4586%	282
2005	61,515	4,540	4,111	688			1,289	72,143	0.4894%	332
2006	57,212	3,920	3,935	1,479	500		784	67,830	0.4123%	311
2007	56,424	3,290	2,903	1,097	450	12,025	303	76,491	0.4649%	351
2008	50,575	2,650	2,703	1,134	400	12,025	20	69,506	0.3854%	315

Source: Auditor-Controller, County of Butte

COUNTY OF BUTTE, CALIFORNIA
OVERLAPPING BONDED DEBT
JUNE 30, 2008

2007-08 Assessed Valuation: \$18,337,832,427 (includes unitary utility valuation)
 Redevelopment Incremental Valuation: 3,850,239,240
 Adjusted Assessed Valuation: \$14,487,593,187

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/08	% Applicable (1)	County's Share of Debt 6/30/08
Butte-Glenn Community College District	\$62,943,079	85.661%	\$ 53,917,671
Yuba Joint Community College District	94,996,325	0.165	156,744
Chico Unified School District	56,775,000	100.	56,775,000
Marysville Joint Unified School District	17,245,000	1.074	185,211
Paradise Unified School District Lease Tax Obligations	3,275,000	100.	3,275,000
Oroville Union High School District	9,371,421	100.	9,371,421
Manzanita School District	805,000	100.	805,000
Oroville School District	5,371,411	100.	5,371,411
Thermalito Union School District	2,024,974	100.	2,024,974
City 1915 Act Bonds	1,655,000	100.	<u>1,655,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$133,537,432

DIRECT AND OVERLAPPING GENERAL FUND DEBT:

Butte County Certificates of Participation	\$14,675,000	100. %	\$14,675,000
Butte County Pension Obligations	49,895,000	100.	49,895,000
Butte-Glenn Community College District General Fund Obligations	3,450,000	85.661	2,955,305
Chico Unified School District Certificates of Participation	2,375,000	100.	2,375,000
Paradise Unified School District Certificates of Participation	1,480,000	100.	1,480,000
City of Oroville Pension Obligations	7,175,000	100.	7,175,000
City of Paradise Certificates of Participation	45,000	100.	45,000
City of Paradise Pension Obligations	10,918,154	100.	<u>10,918,154</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$89,518,459

COMBINED TOTAL DEBT \$223,055,891 (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 2007-08 Assessed Valuation:

Total Overlapping Tax and Assessment Debt.....0.73%

Ratios to Adjusted Assessed Valuation:

Combined Direct Debt (\$64,570,000).....0.45%

Combined Total Debt.....1.54%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/08: \$0

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

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less:										
Amounts Available in Debt Service Fund										
Total Net Obligation Bonds Outstanding	<u>\$ -</u>									
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.

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

Fiscal Year	Population (1)	Per Capita		School Enrollment (3)	Unemployment Rate (1)
		Personal Income (2)	Personal Income		
1999	203,064	\$ 4,275,291,000	\$ 21,054	35,290	6.8%
2000	205,400	4,570,617,000	22,252	35,083	6.1%
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	n/a	n/a	32,827	6.1%
2008	220,407	n/a	n/a	32,559	8.2%

Detail of estimated population, as July, 2007:

Incorporated Cities/Towns:

City of Biggs	1,815
City of Chico	64,323
City of Gridley	6,250
City of Oroville	14,497
Town of Paradise	26,465
Total of incorporated	113,350
Total of unincorporated	107,057
Total Population	220,407

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
PRINCIPAL EMPLOYERS
JUNE 30, 2008 and Nine Years Ago

Major County Employers

Company	2008			1999		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Butte County	2345	1	2.38%	n/a	n/a	n/a
Chico Csu Research Foundation	2000	2	2.03%	n/a	n/a	n/a
Enloe Medical Center, Inc.	1800	3	1.82%	n/a	n/a	n/a
Oroville Hospital	920	4	0.93%	n/a	n/a	n/a
Tyme Maidu Tribe of Berry	700	5	0.71%	n/a	n/a	n/a
Feather River Hospital	620	6	0.63%	n/a	n/a	n/a
Associated Students California	600	7	0.61%	n/a	n/a	n/a
Electronic Data Systems Company	500	8	0.51%	n/a	n/a	n/a
Mooretown Rancheria	450	9	0.46%	n/a	n/a	n/a
Butte Glen Community College	410	10	0.42%	n/a	n/a	n/a
Butte County Office of Education	400	11	0.41%	n/a	n/a	n/a
California State University	300	12	0.30%	n/a	n/a	n/a
Nhic, Corp	300	13	0.30%	n/a	n/a	n/a
Wal-Mart Stores, Inc	280	14	0.28%	n/a	n/a	n/a
Raley's	245	15	0.25%	n/a	n/a	n/a
Costco Wholesale Corp.	220	16	0.22%	n/a	n/a	n/a
Addus Healthcare, Inc	200	17	0.20%	n/a	n/a	n/a
Charles D. Gardemeyer General Association for Retarded	200	18	0.20%	n/a	n/a	n/a
Pacific Coast Producers, Inc	185	20	0.19%	n/a	n/a	n/a
Total	12,875		13.04%			

Source: Northeastern California Small Business Development Center (NECSBDC)

COUNTY OF BUTTE, CALIFORNIA
MISCELLANEOUS STATISTICAL INFORMATION
JUNE 30, 2008

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

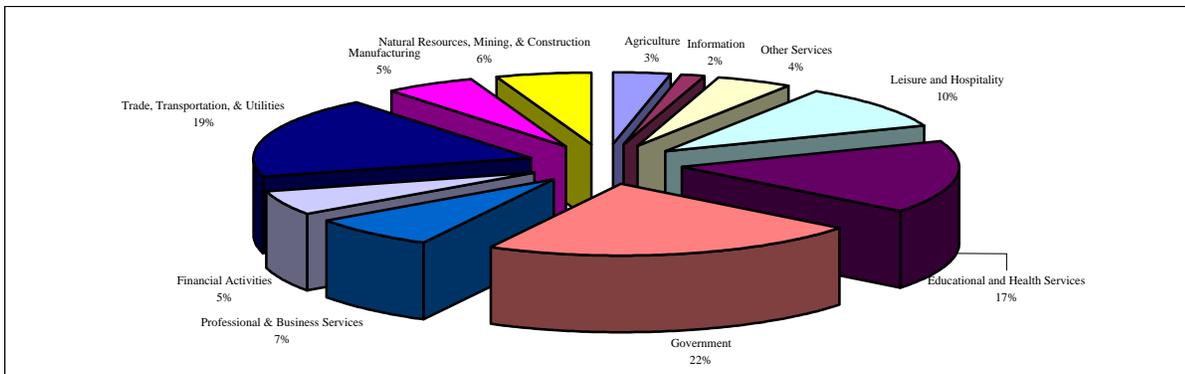
Form of Government: General Law County, governed by a five-member Board of Supervisors

Fiscal Year Begins: July 1

County Employees: as of June 30, 2008: 2,345

Employment Distribution (2006 Annual Average)(1):

Agriculture	3.3%
Information	1.5%
Other Services	4.4%
Leisure and Hospitality	9.9%
Educational and Health Services	16.5%
Government	22.3%
Professional & Business Services	7.4%
Financial Activities	5.4%
Trade, Transportation, & Utilities	18.6%
Manufacturing	5.2%
Natural Resources, Mining, & Construction	5.5%



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
OPERATING INDICATORS BY FUNCTION
LAST FIVE FISCAL YEARS**

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

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 FIVE FISCAL YEARS**

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

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

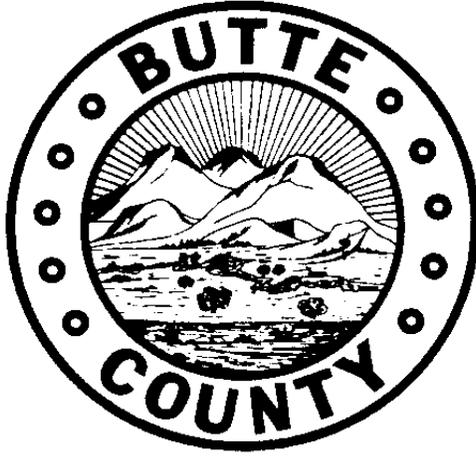
Source: Auditor-Controller, County of Butte

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

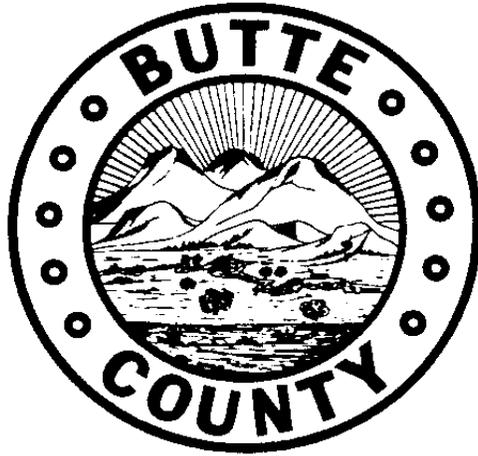
Function/Program	Full-time Equivalent Employees		
	2006	2007	2008
General government:			
Legislative and Administrative	28	24	35
Finance	30	35	19
Purchasing	3	4	6
Treasurer	28	24	26
Assessor	44	44	44
Human Resources	12	13	22
County Counsel	12	12	9
Elections	14	8	13
Development Services	44	45	42
Recorder	17	17	15
Other General	11	11	14
Public Protection:			
Judicial	97	97	104
Police Protection	167	163	175
Detention and Correction	167	159	168
Fire Protection	3		4
Probation	92	102	105
Water Services	5	5	4
Other Protection	7	8	7
Public ways and Facilities:			
Public ways	106	117	106
Health and Sanitation:			
Health	571	565	591
Agriculture	22	19	24
Public Assistance:			
Aid Programs	555	565	557
Veterans Services	1	2	3
Other Assistance	111	122	101
Education:			
Library Services	54	56	58
Farm Advisor	3	3	3
County Business-type Functions			
Landfill	25	25	23
Internal Service Funds			
	66	67	67
	2,295	2,312	2,345

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



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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-paids (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.

COUNTY OF BUTTE

Glossary for the Comprehensive Annual Financial Report

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.

REBATABL 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.

COUNTY OF BUTTE

Glossary for the Comprehensive Annual Financial Report

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.