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Butte County's Financial Analysis Reveals a Significant Budget Deficit and Cash Flow Problems

News Release

FOR IMMEDIATE RELEASE: October 31, 2008 – 10:00 a.m.

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Oroville, CA – Butte County released the results of its latest financial analysis, which revealed a current fiscal year budget deficit of \$10 million (please see the attached report). The analysis was performed at the direction of the Chief Administrative Officer to gauge the local effects of the increasingly deteriorating national economy.

The analysis shows that the global financial crisis and the dramatic slowdown in the economy are causing reductions to important County revenues such as property and sales tax, while the cost of providing mandated social services is increasing. Additionally, the County has incurred unbudgeted costs for the recent wild fires. Adding to the complexity, the State of California continues to delay required payments, causing cash flow challenges to the County.

To manage the budget deficit and cash flow issues, the Board will consider a number of suggested actions at its regular meeting on November 4, 2008. Those suggestions are found on pages 20-22 of the attached report.

“Butte County is not alone in facing significant budget deficits and cash flow difficulties,” said Brian Haddix, the Chief Administrative Officer for Butte County. “The State and all local governments in California are facing the same predicament. Nonetheless, we will have a balanced budget in Butte County.”

Butte County officials will continue to closely monitor its fiscal conditions in the rapidly changing economy and will take timely and appropriate actions.

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