

**COUNTY OF BUTTE**  
STATE OF CALIFORNIA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2012



Beautiful Riverbend Park – Oroville, CA  
Photo by Lynne Skinner

**Prepared Under the Supervision of:**

**David A. Houser**  
**County Auditor-Controller**



**COUNTY OF BUTTE, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2012**

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**COUNTY OF BUTTE, CALIFORNIA**

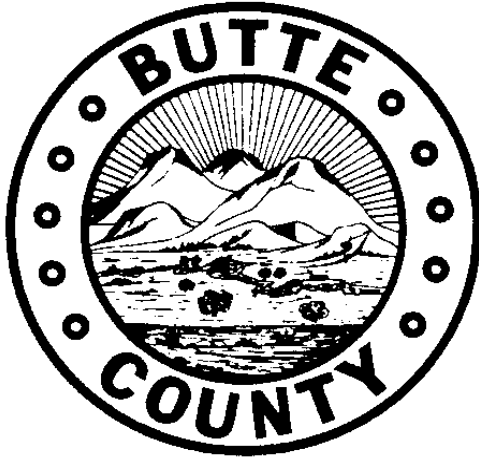
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**BUTTE COUNTY**  
25 COUNTY CENTER DRIVE  
OROVILLE, CALIFORNIA 95965-3392  
Telephone (530)-538-7607 Fax: (530)-538-7693

December 20, 2012

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, 2012, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California (State). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and present fairly the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2012, and the respective changes in financial position and cash flow, where applicable, thereof for the fiscal year then ended. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

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

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

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

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

**PROFILE OF THE GOVERNMENT**

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

Biggs, Chico, Gridley, Oroville, and Paradise. The County's population is 221,273 with approximately 38% of the residents living in the unincorporated area.

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

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

### **MAJOR INITIATIVES**

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

#### **Significant County-wide Budget Cuts**

During the 2011/2012 fiscal year, the County continued to be affected by the global recession and increasingly dire outlook from the California state government. The Board of Supervisors continues to act quickly and decisively to ensure that the County remains financially stable through the fiscal year and to create a prudent spending plan for the coming year. These actions included budget cuts and some reductions in employee benefit costs in the County. While these cuts have placed strain on County operations, the Board's decisions have enabled the County to continue to provide its necessary services to its citizens despite the uncertain economic climate.

### **FACTORS AFFECTING FINANCIAL CONDITION**

#### **Global Recession**

Butte County continues to steer through the ongoing uncertainties in the financial markets and the budget concerns facing the State of California. The budget challenges faced by the county in the past fiscal year have been met and we are anticipating possible impacts in the current county budget as the State of California addresses possible reductions to be put in place based on lower revenue receipts that the State is experiencing.

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

#### **Impact of State Fiscal Crisis**

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



funding. These changes have included delayed payments, borrowing from counties, suspending funding, and cancelling funding altogether – even for services required to be performed by State mandate. This uncertainty creates additional risk for the County. To mitigate this risk, all departments in the County, led by the Administrative, Finance, Treasurer/Tax Collector and Auditor-Controller offices, have conducted thorough reviews of their budgetary statuses, cash positions, and fiscal outlooks with close monitoring taking place continuously.

## **Internal Control**

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

## **Single Audit**

As a recipient of federal and state financial assistance, the County is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Information related to this single audit, include the schedule of federal awards, findings and questioned costs, and the independent auditor's report on internal control and compliance. The County is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by management and the Auditor-Controller Division's internal audit staff. The 2011-12 Single Audit will be issued under separate cover and will be available by contacting the Auditor-Controller's office, after March 31, 2013.

## **Budgeting Controls**

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

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

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

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

The County uses an encumbrances system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations.

The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control and cash planning. Unencumbered appropriations lapse at the end of each fiscal year.

### **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, 2012, 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, 2012, are fairly presented in conformity with accounting standards generally accepted in the United States of America. The independent auditor’s report is presented as the first item of the financial section of the report.

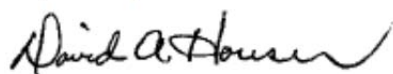
#### **Awards and Acknowledgments**

The GFOA awarded the prestigious Certificate of Achievement for Excellence in Financial Reporting to the County for successful completion of the CAFR for the fiscal year ended June 30, 2011. The award was also given for the fiscal years ended June 30, 2009 and 2010. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

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

Respectfully submitted,



David A. Houser  
County Auditor-Controller

# COUNTY OF BUTTE

## BOARD OF SUPERVISORS AND PRINCIPAL COUNTY OFFICIALS

June 30, 2012

### Board of Supervisors

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

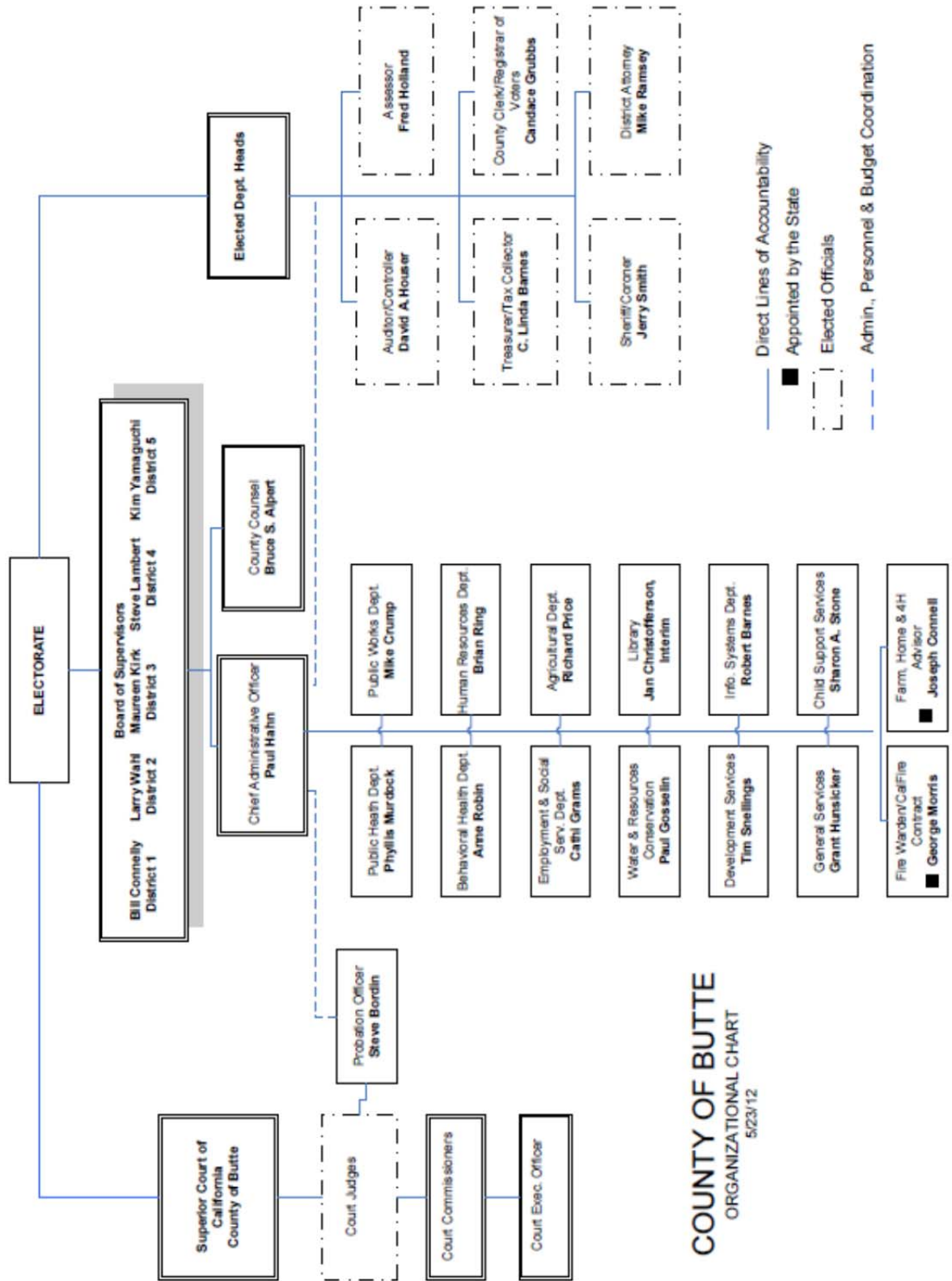
\*Chosen annually at the first meeting in January.

### County-wide Elected Officials

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

### Appointed Officials

Chief Administrative Officer.....	Paul Hahn
County Counsel.....	Bruce Alpert



# Certificate of Achievement for Excellence in Financial Reporting

Presented to

## County of Butte California

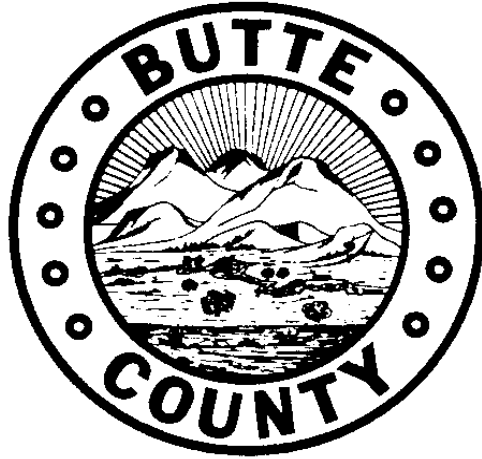
For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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.



*Christopher P. Morinell*  
President

*Jeffrey R. Emer*  
Executive Director



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## INDEPENDENT AUDITOR'S REPORT

Board of Supervisors  
County of Butte, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County of Butte, California, (the County), as of and for the year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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 as of June 30, 2012, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated December 20, 2012, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Supervisors  
County of Butte, California

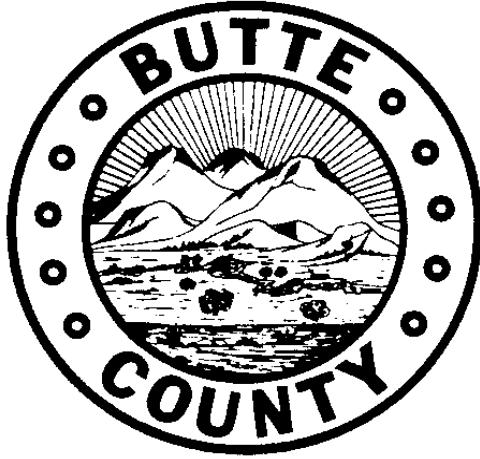
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the County of Butte's basic financial statements. The introductory section, combining and individual nonmajor 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 nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on it.

*Gallina LLP*

Roseville, California  
December 20, 2012





## **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, 2012. 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 \$334,254 (net assets). Of this amount, \$15,440 (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 \$17,511 during the fiscal year excluding prior period adjustments.
- As of June 30, 2012, the County's governmental funds reported combined ending fund balances of \$100,378, a net increase of \$1,183 in comparison with the prior fiscal year, excluding the previous period adjustments. Amounts available for spending include restricted, committed, assigned and unassigned fund balances; these totaled \$99,724, or 99% of ending fund balance. Of this amount \$83,185 is restricted by law or externally imposed requirements, and \$809 is committed for specific purposes.
- At the end of the current fiscal year, the assigned and unassigned fund balances for the general fund was \$17,456 or 14.7% of total general fund expenditures.
- The County's total long-term obligations as of June 30, 2012 increased by \$1,831 over the prior period. The key factors in the increase were the addition of \$347 in Claims and Judgments, reduction of \$337 in Compensated Absences, reduction of \$234 in long-term notes, and the addition of \$2,920 in the OPEB obligation.

## **II. OVERVIEW OF THE FINANCIAL STATEMENTS**

### **A. GASB 34 Financial Report Model**

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

### **B. Government-Wide Financial Statements**

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

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

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

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

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

### **C. Fund Financial Statements**

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

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

The County maintains 143 individual governmental funds. On the financial statements for governmental funds information is presented separately for six 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 insurance and utilities. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

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

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

#### D. Required Supplementary Information

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

#### E. Combining Statements and Schedules

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

### III. FINANCIAL ANALYSIS COUNTY-WIDE

**Table 1 – Net Assets (in thousands)**

	Governmental Activities		Business-type Activities		Total		Total	
	2012	2011	2012	2011	2012	2011	Dollar Change 2011 to 2012	% Change 2011 to 2012
Current and other assets	\$ 193,812	\$ 198,532	\$ 19,518	\$ 18,848	\$ 213,330	\$ 217,380	\$ (4,050)	(1.9)%
Capital assets	231,479	248,661	18,888	18,380	250,367	267,041	(16,674)	(6.7)%
Total assets	425,291	447,193	38,406	37,228	463,697	484,421	(20,724)	(4.5)%
Current and other liabilities	31,356	30,459	1,305	451	32,661	30,910	1,751	5.4 %
Long-term liabilities	83,988	87,089	12,794	14,312	96,782	101,401	(4,619)	(4.8)%
Total liabilities	115,344	117,548	14,099	14,763	129,443	132,311	(2,868)	(2.2)%
Net assets:								
Invested in capital assets, net of related debt	226,632	243,321	8,997	7,445	235,629	250,766	(15,137)	(6.4)%
Restricted net assets	83,185	52,099		4,753	83,185	56,852	26,333	31.7 %
Unrestricted net assets	130	34,225	15,310	10,267	15,440	44,492	(29,052)	(188.2)%
Total net assets	\$ 309,947	\$ 329,645	\$ 24,307	\$ 22,465	\$ 334,254	\$ 352,111	\$ (17,857)	(5.3)%

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 4.7% 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.

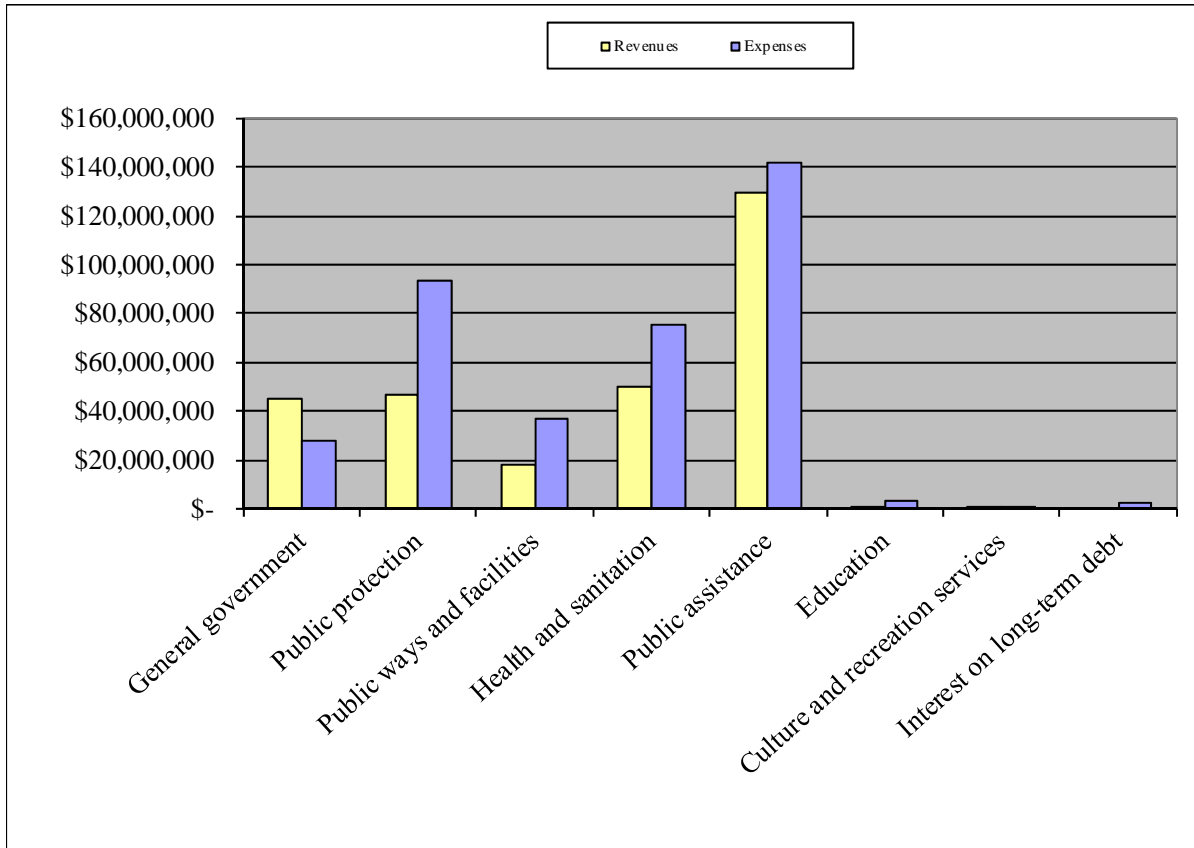
**Table 2 – The Change in Net Assets (in thousands)**

	Governmental Activities		Business-type Activities		Total		Total	
	2012	2011	2012	2011	2012	2011	Dollar Change 2011 to 2012	% Change 2011 to 2012
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 38,278	\$ 41,720	\$ 6,626	\$ 6,516	\$ 44,904	\$ 48,236	\$ (3,332)	(7.4)%
Operating grants and contributions	238,623	227,348	--	161	238,623	227,509	11,114	4.7 %
Capital grants and contributions	13,264	10,466	--	--	13,264	10,466	2,798	21.1 %
General revenues:								
Property taxes	46,505	47,576	--	--	46,505	47,576	(1,071)	(2.3)%
Sales taxes	3,810	3,825	--	--	3,810	3,825	(15)	(0.4)%
Other taxes and related revenues	1,022	942	--	--	1,022	942	80	7.8 %
Unrestricted grants and contributions	17,747	16,753	--	--	17,747	16,753	994	5.6 %
Unrestricted investment income	1,752	3,053	197	229	1,949	3,282	(1,333)	(68.4)%
Miscellaneous revenues	3,935	4,886	--	--	3,935	4,886	(951)	(24.2)%
Total revenues	364,936	356,569	6,823	6,906	371,759	363,475	8,284	2.2 %
<b>Program expenses:</b>								
General government	30,061	29,168	--	--	30,061	29,168	893	3.0 %
Public protection	93,246	91,167	--	--	93,246	91,167	2,079	2.2 %
Public ways and facilities	37,082	36,686	--	--	37,082	36,686	396	1.1 %
Health and sanitation	75,317	72,016	--	--	75,317	72,016	3,301	4.4 %
Public assistance	141,999	148,220	--	--	141,999	148,220	(6,221)	(4.4)%
Education	3,209	2,960	--	--	3,209	2,960	249	7.8 %
Culture and recreation services	584	530	--	--	584	530	54	9.2 %
Interest on long-term debt	2,489	2,701	--	--	2,489	2,701	(212)	(8.5)%
Sanitation	--	--	5,282	5,986	5,282	5,986	(704)	(13.3)%
Total expenses	383,987	383,448	5,282	5,986	389,269	389,434	(165)	(0.0)%
Change in net assets before transfers	(19,051)	(26,879)	1,541	920	(17,510)	(25,959)	8,449	(48.3)%
Transfers	15	20	(15)	(20)	--	--	--	--
Change in net assets	(19,036)	(26,859)	1,526	900	(17,510)	(25,959)	8,449	(48.3)%
Net assets at beginning of year	329,645	354,538	22,465	21,565	352,110	376,103	(23,993)	(6.8)%
Prior period adjustment	(662)	1,966	316	--	(346)	1,966	--	--
Net assets, ending	\$ 309,947	\$ 329,645	\$ 24,307	\$ 22,465	\$ 334,254	\$ 352,110	\$ (17,856)	(5.3)%

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 \$19,036, primarily due to current year depreciation expense of the County’s infrastructure (roads and bridges), which amounted to \$24,347.
- Business-Type Activities accounted for an increase in net assets of \$1,526, primarily due to current year revenues exceeding expenses.

Expenses and Program Revenues – Governmental Activities



#### IV. FINANCIAL ANALYSIS OF FUNDS

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

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

At June 30, 2012, the County's governmental funds reported combined ending fund balances of \$100,378. The components of total fund balance are as follows:

- Nonspendable fund balance – \$655, are amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and are made up of inventories and prepaid expenses.
- Restricted fund balance – \$83,185, consists of amounts with constraints put on their use by externally imposed creditors, grantors, contributions, laws, regulations or enabling legislation.
- Committed fund balance – \$809, are amounts for specific purposes determined by the Board of Supervisors, such as debt service of \$721.
- Assigned fund balance – \$5,059 represents \$3,500 set aside for emergency reserves and \$1,559 as a reserve for contingencies.
- Unassigned fund balance – \$10,670, represents the residual classification for the County's General Fund.

Approximately 99%, or \$99,724, of the total fund balances is available to meet the County's current and future needs. With the approval of the Board of Supervisors, County management can earmark a portion of fund balance to a particular function, project or activity, and can also earmark it for purposes beyond the current year, within the constraints applied to the various categories of fund balance. With the exception of the nonspendable portion, fund balances are available for appropriation at any time.

The general fund is the main operating fund of the County. The general fund's fund balance increased by \$9,015 during the current fiscal year, excluding prior period adjustments. As a result of GASB 54 implementation, Funds categorized as Special Revenue were analyzed to determine they still qualified for that classification. Analysis determined fire fund, water fund and library fund no longer met that classification therefore were collapsed into general fund, which contributed to the increase in general fund balance. Negotiations with all bargaining units resulted in Butte County employees increased contribution towards their pension resulting in a shift of expenditures from the County to the employees which also contributed to increased fund balance.

As a measure of the general fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures. Total fund balance equates to 31.3% of total fund expenditures, while spendable fund balance equates to 31.0% of total fund expenditures. Of the general fund spendable fund balance, \$18,715 or 50.2% is restricted, and \$809, or 2.2% is committed.

The welfare fund has a total fund balance of \$4,636. The entire amount, \$4,636 is restricted. The overall fund balance increased by \$3,251 due to the new complicated 2011 Realignment delaying payments from the State.

The public health fund has a total fund balance of \$12,254. The entire amount, \$12,254 is restricted. The overall fund balance decreased by \$839 due primarily due to Health Realignment Vehicle License Fees



being received at \$652,734 below base level funding. In addition, the department planned and budgeted to use restricted cash to help support one-time costs.

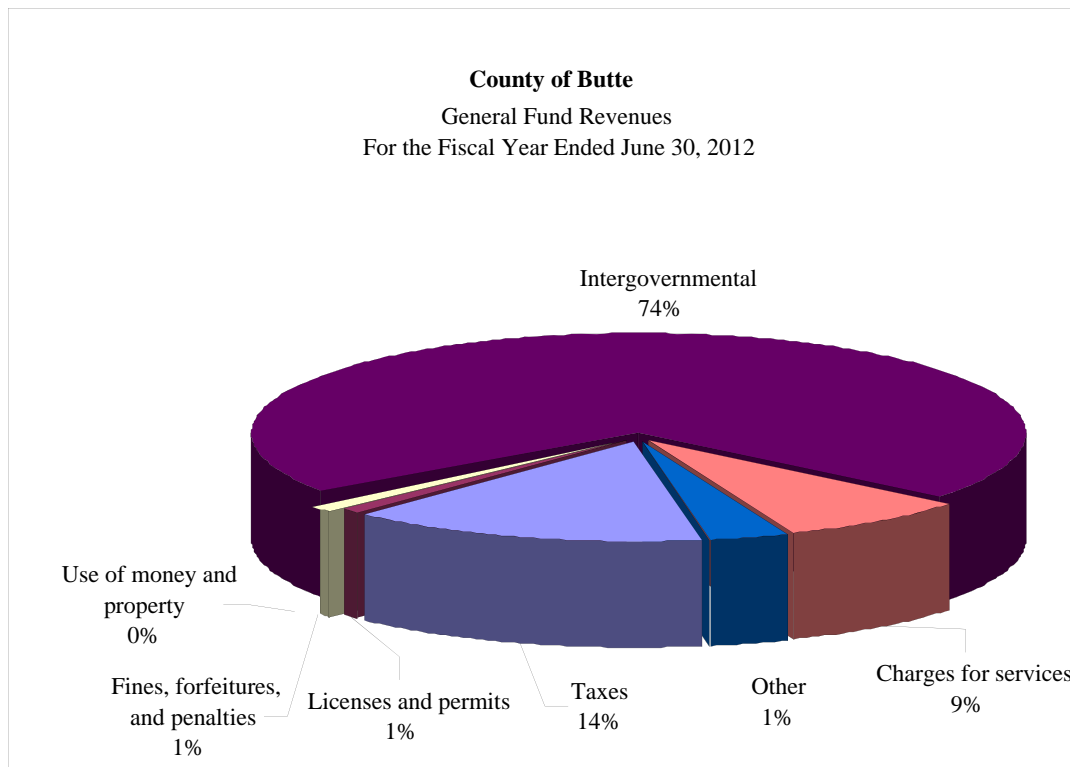
The behavioral health fund has a total fund balance of \$(1,726). The entire amount, \$(1,726) is unassigned. The overall fund balance decreased by \$1,569 mainly due to the State converting to new information systems specifically for implementing HIPAA compliance and data transfers. This conversion created a delay in current fiscal year payments. In addition, the new complicated 2011 Realignment Program delaying payments from the state also contributed to the decrease in fund balance.

The road fund has a total fund balance of \$15,879. Of this amount, \$364 is nonspendable, and the balance of \$15,515 is restricted. The overall fund balance decreased by \$136 during the current fiscal year, due to decreased revenues from other local governmental projects.

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 2011		FY 2012		Change	
	Amount	% of total	Amount	% of total	Amount	% of change
Taxes	\$ 52,344	14.8%	\$ 51,337	14.1%	\$ (1,007)	(1.9%)
Licenses and permits	3,146	0.9%	3,120	0.9%	(26)	(0.8%)
Fines, forfeitures, and penalties	3,303	0.9%	3,233	0.9%	(70)	(2.1%)
Use of money and property	2,833	0.8%	1,571	0.4%	(1,262)	(44.5%)
Intergovernmental	254,567	71.8%	269,779	74.2%	15,212	6.0%
Charges for services	33,316	9.4%	30,672	8.4%	(2,644)	(7.9%)
Other	4,886	1.4%	3,935	1.1%	(951)	(19.5%)
<b>Total</b>	<b>\$ 354,395</b>	<b>100%</b>	<b>\$ 363,647</b>	<b>100%</b>	<b>\$ 9,252</b>	<b>2.6%</b>



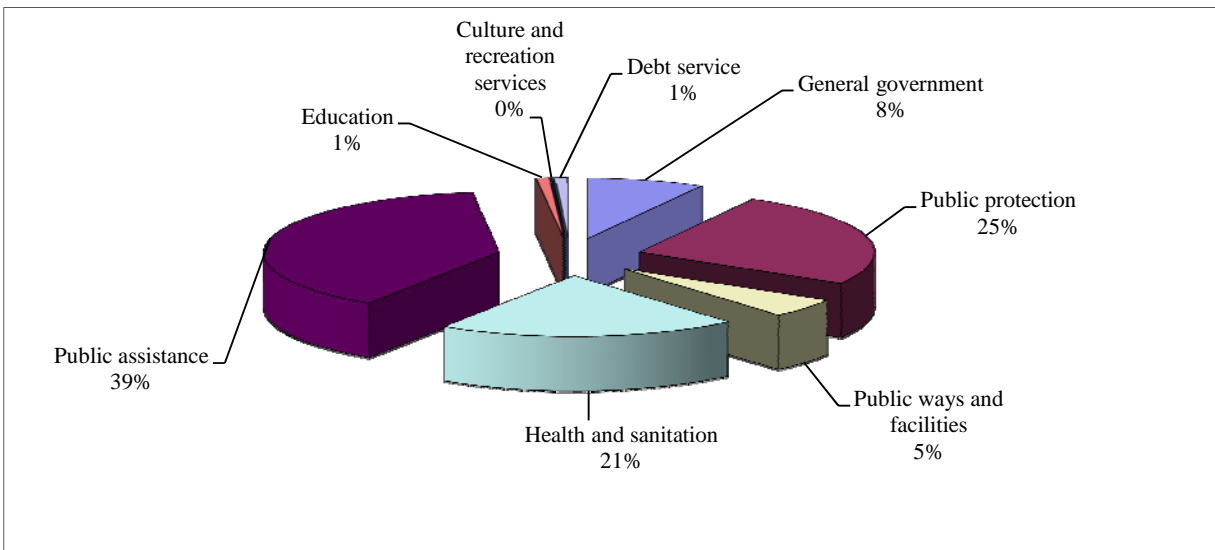
Significant changes for major revenue sources are explained below.

- Taxes – Residential and Secured Business Values declined resulting in reduced Property Tax Revenue.
- Use of Money and Property – Interest rates on investments and the value of investments continued to decrease in the current year.
- Other – Decreased revenue under other is primarily due to decrease in other sales as a result of demand falling in this weak economy.

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 2011		FY 2012		Change	
	Amount	% of total	Amount	% of total	Amount	% of change
General government	\$ 24,604	6.9%	\$ 29,192	8.1%	\$ 4,588	15.7%
Public protection	90,860	25.4%	92,590	25.5%	1,730	1.9%
Public ways and facilities	17,281	4.8%	18,434	5.1%	1,153	6.3%
Health and sanitation	71,324	19.9%	74,749	20.6%	3,425	4.6%
Public assistance	147,195	41.1%	140,937	38.9%	(6,258)	(4.4%)
Education	2,857	0.8%	3,149	0.9%	292	9.3%
Culture and recreation services	349	0.1%	363	0.1%	14	3.9%
Debt service	3,799	1.1%	3,153	0.9%	(646)	(20.5%)
<b>Total</b>	<b>\$ 358,269</b>	<b>100%</b>	<b>\$ 362,567</b>	<b>100%</b>	<b>\$ 4,298</b>	<b>1.2%</b>



Significant changes for major functions are explained below.

- General Government – The increase in this function is mainly due to increased expenditures for major maintenance in order to become ADA compliant.
- Education – The increase in this function is mainly due to increased regulations requiring additional training.
- Debt Service – The decrease in this function is mainly due to interest rates dropping very low.

**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 \$24,307. Of this amount, \$8,797 is invested in capital assets, net of related debt, and the balance of \$15,510 is unreserved. Overall net assets increased by \$1,842 due to an increase in capital assets and revenues exceeding expenses.

## V. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget for revenues were an increase of \$23,527. This increase was due to the County anticipating more aid from other governments than was originally anticipated.

During the fiscal year, actual revenues were less than budgetary estimates by \$24,770. The primary reason for the decrease was the decreased revenue received by aid from other governments.

## 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, 2012, amounts to \$250,367 (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 6.6%. The decrease resulted from infrastructure depreciation exceeding infrastructure assets acquired by \$16,674.

Additional information on the County’s capital assets can be found in the Notes to the Financial Statements section of this report on page 48, note 5 – Capital Assets.

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

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

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

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2011	2012	2011	2012	2011	2012
Land	\$ 2,281	\$ 2,641	\$ 431	\$ 431	\$ 2,712	\$ 3,072
Structures & improvements	42,539	42,845	13,760	17,314	56,299	60,159
Equipment	11,844	12,066	869	653	12,713	12,719
Infrastructure	189,674	170,135	--	--	189,674	170,135
Construction in progress	2,323	3,792	3,320	490	5,643	4,282
Total	\$ 248,661	\$ 231,479	\$ 18,380	\$ 18,888	\$ 267,041	\$ 250,367

## **B. Long-Term Obligations**

At June 30, 2012, the County had total long-term obligations outstanding of \$103,232 consisting of \$12,129 in Certificates of Participation, capital lease obligations of \$791, bonds payable of \$49,895, loan payable of \$200, and notes payable of \$1,818. Additional long-term liabilities include compensated leave payable of \$14,057, actuarial claims liability of \$5,926 for general insurance and worker's compensation self insurance, landfill closure/post closure care liability of \$3,431, and OPEB obligation of \$14,985.

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 50, note 7 – Long-Term Obligations.

## **VII. Fiscal Outlook**

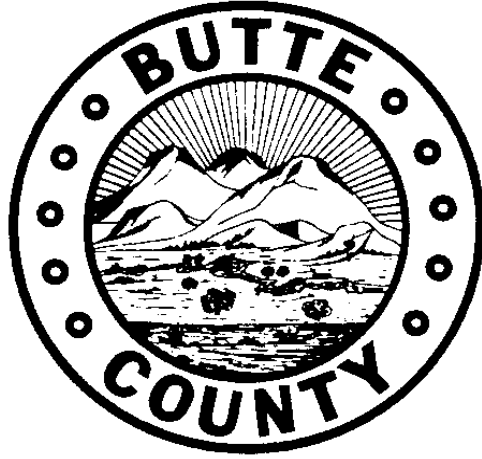
The County adopted its fiscal year 2012-2013 Final Budget in the total amount of \$448,308, with a General Fund overall emergency reserve level of \$4,500. This emergency reserve consists of General Reserve for \$3,500 and an Appropriation for Contingency of \$1,000. The County will continue to face 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 including the new public safety and health and human services realignment. Declining revenues, 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. Conversely, real estate values are improving in certain areas of the County, resulting in a 2% property tax increase allowed under Proposition 13. Also, the County has negotiated agreements with southern California water districts to lease our excess water that will produce up to \$1.2 million annually for the next two years.

## **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:

Auditor-Controller  
25 County Center Drive  
Suite 120  
Oroville, CA 95965

The County's Comprehensive Annual Financial Report can also be found at [www.buttecounty.net](http://www.buttecounty.net).



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



# COUNTY OF BUTTE, CALIFORNIA

## STATEMENT OF NET ASSETS JUNE 30, 2012

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and investments	\$ 110,157,254	\$ 16,404,021	\$ 126,561,275
Cash and investments with fiscal agent	1,639,220	2,219,993	3,859,213
Imprest cash	88,470	2,800	91,270
Interest receivable	394,790	58,548	453,338
Accounts receivable	5,341,411	578,373	5,919,784
Due from other governments	24,261,599	-	24,261,599
Prepaid items	176,664	-	176,664
Deposits from others	177,796	22,188	199,984
Inventories	477,850	-	477,850
Loans receivable	2,731,732	-	2,731,732
Net pension asset	48,246,989	-	48,246,989
Deferred debt issuance costs	118,437	231,053	349,490
Capital assets, net			
Non-depreciable	6,433,013	920,684	7,353,697
Depreciable assets, net	225,046,024	17,967,733	243,013,757
Total Assets	425,291,249	38,405,393	463,696,642
<b>LIABILITIES</b>			
Liabilities:			
Due to other funds	-	13,232	13,232
Accounts payable	9,979,571	152,369	10,131,940
Salaries and benefits payable	3,029,791	26,527	3,056,318
Deposits payable	13,115	-	13,115
Unearned revenue	12,782,302	-	12,782,302
Accrued interest	12,788	200,650	213,438
Long term liabilities:			
Due within one year	5,538,307	911,545	6,449,852
Due in more than one year	83,988,230	12,794,350	96,782,580
Total Liabilities	115,344,104	14,098,673	129,442,777
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	226,632,409	8,996,514	235,628,923
Restricted for:			
General restrictions	69,938,282	-	69,938,282
County Service Areas	6,953,538	-	6,953,538
Debt service	6,293,520	-	6,293,520
Unrestricted	129,396	15,310,206	15,439,602
Total Net Assets	\$ 309,947,145	\$ 24,306,720	\$ 334,253,865

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, 2012**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
<b>Primary government:</b>			
Governmental activities:			
General government	\$ 30,060,660	\$ 19,859,373	\$ 24,932,570
Public safety	93,246,404	9,364,760	37,762,157
Public ways and facilities	37,081,727	2,286,810	2,561,682
Health and sanitation	75,317,142	5,607,738	44,435,520
Public assistance	141,998,777	1,012,741	128,851,859
Education	3,208,699	146,391	-
Culture and recreation services	583,937	-	79,511
Interest on long-term debt	2,488,759	-	-
Total Governmental Activities	<u>383,986,105</u>	<u>38,277,813</u>	<u>238,623,299</u>
Business-type activities:			
Sanitation	5,281,891	6,626,025	-
Total business-type activities	<u>5,281,891</u>	<u>6,626,025</u>	<u>-</u>
Total Primary Government	<u>\$ 389,267,996</u>	<u>\$ 44,903,838</u>	<u>\$ 238,623,299</u>

General revenues:

    Taxes:

        Property taxes

        Sales and use taxes

        Other taxes and related revenues

    Grants and contributions not restricted to specific programs

    Unrestricted interest and investment earnings

    Other revenues

    Transfers

        Total general revenues

Change in net assets

Net assets - beginning, as restated

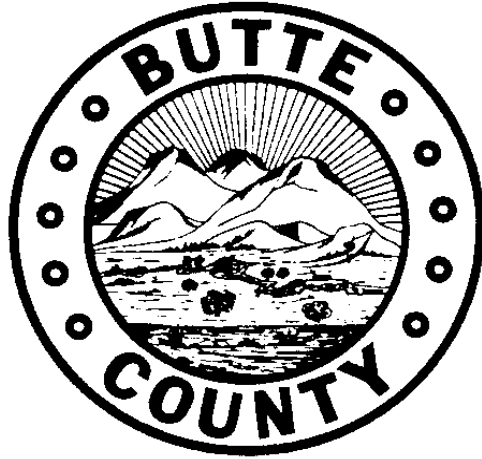
Net assets - ending

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

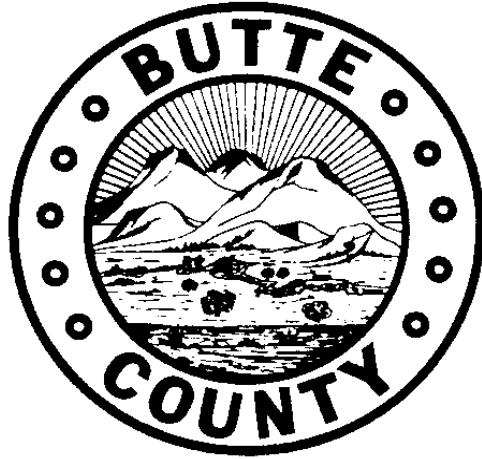


<b>Program Revenues</b>	<b>Net (Expense) Revenue and Changes in Net Assets</b>		
	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>
\$ -	\$ 14,731,283	\$ -	\$ 14,731,283
-	(46,119,487)	-	(46,119,487)
13,263,837	(18,969,398)	-	(18,969,398)
-	(25,273,884)	-	(25,273,884)
-	(12,134,177)	-	(12,134,177)
-	(3,062,308)	-	(3,062,308)
-	(504,426)	-	(504,426)
-	(2,488,759)	-	(2,488,759)
<u>13,263,837</u>	<u>(93,821,156)</u>	<u>-</u>	<u>(93,821,156)</u>
-	-	1,344,134	1,344,134
-	-	1,344,134	1,344,134
<u>\$ 13,263,837</u>	<u>(93,821,156)</u>	<u>1,344,134</u>	<u>(92,477,022)</u>
	46,504,613	-	46,504,613
	3,809,695	-	3,809,695
	1,022,342	-	1,022,342
	17,747,085	-	17,747,085
	1,751,760	196,221	1,947,981
	3,934,721	-	3,934,721
	14,788	(14,788)	-
	<u>74,785,004</u>	<u>181,433</u>	<u>74,966,437</u>
	(19,036,152)	1,525,567	(17,510,585)
	<u>328,983,297</u>	<u>22,781,153</u>	<u>351,764,450</u>
	<u>\$ 309,947,145</u>	<u>\$ 24,306,720</u>	<u>\$ 334,253,865</u>

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



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**Basic Financial Statements-  
Fund Financial Statements**



**COUNTY OF BUTTE, CALIFORNIA**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<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>
<b>ASSETS</b>							
Cash and investments	\$ 32,770,262	\$ 4,011,478	\$ 6,704,832	\$ 3,924,430	\$ 14,388,486	\$ 31,674,238	\$ 93,473,726
Restricted Assets:							
Cash with fiscal agent	751,146	-	-	-	-	888,074	1,639,220
Imprest cash	84,770	-	650	1,000	50	2,000	88,470
Due from other funds	2,025,812	115,923	4,125,032	-	8,132	-	6,274,899
Interest receivable	147,038	6,515	35,173	(2,455)	43,992	102,474	332,737
Accounts receivable	1,214,432	758,546	1,180,881	-	2,172,366	10,072	5,336,297
Due from other governments	6,075,542	9,718,485	924,611	6,227,556	913,884	386,651	24,246,729
Prepaid items	176,664	-	-	-	-	-	176,664
Deposits from others	2,796	-	-	-	-	-	2,796
Inventory	113,819	-	-	-	364,031	-	477,850
Loans receivable	-	-	-	-	-	2,731,732	2,731,732
Total assets	<u>\$ 43,362,281</u>	<u>\$ 14,610,947</u>	<u>\$ 12,971,179</u>	<u>\$ 10,150,531</u>	<u>\$ 17,890,941</u>	<u>\$ 35,795,241</u>	<u>\$ 134,781,120</u>
<b>LIABILITIES</b>							
Liabilities:							
Due to other funds	\$ -	\$ 1,988,589	\$ 1,467	\$ 4,238,686	\$ 35,602	\$ 3,650	\$ 6,267,994
Accounts payable	3,278,932	1,124,056	357,171	2,502,092	1,821,998	493,546	9,577,795
Salaries and benefits payable	1,373,791	716,662	217,917	471,512	134,306	115,603	3,029,791
Deposits payable	13,115	-	-	-	-	-	13,115
Deferred revenue	1,426,612	6,145,937	141,046	4,664,281	20,414	3,115,744	15,514,034
Total liabilities	<u>6,092,450</u>	<u>9,975,244</u>	<u>717,601</u>	<u>11,876,571</u>	<u>2,012,320</u>	<u>3,728,543</u>	<u>34,402,729</u>
<b>FUND BALANCES</b>							
Nonspendable	290,483	-	-	-	364,031	-	654,514
Restricted	18,714,771	4,635,703	12,253,578	-	15,514,590	32,066,698	83,185,340
Committed	808,712	-	-	-	-	-	808,712
Assigned	5,059,485	-	-	-	-	-	5,059,485
Unassigned	12,396,380	-	-	(1,726,040)	-	-	10,670,340
Total fund balances	<u>37,269,831</u>	<u>4,635,703</u>	<u>12,253,578</u>	<u>(1,726,040)</u>	<u>15,878,621</u>	<u>32,066,698</u>	<u>100,378,391</u>
Total liabilities and fund balances	<u>\$ 43,362,281</u>	<u>\$ 14,610,947</u>	<u>\$ 12,971,179</u>	<u>\$ 10,150,531</u>	<u>\$ 17,890,941</u>	<u>\$ 35,795,241</u>	<u>\$ 134,781,120</u>

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

# 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, 2012

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

Fund balances-total governmental funds	\$ 100,378,391
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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	\$ 2,640,691	
Construction in progress	3,792,322	
Infrastructure	590,523,872	
Structures and improvements	66,329,578	
Equipment	54,807,379	
Less: accumulated depreciation	<u>(486,645,341)</u>	
Total capital assets		231,448,501

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

Net pension asset	48,246,989
Loans receivable	2,731,732

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.

118,437

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.

(12,788)

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.

10,636,420

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, 2012 are:

Certificates of participation	(2,237,333)
Bonds payable	(49,895,000)
Notes payable	(1,818,663)
Capital leases	(790,632)
Other postemployment benefits	(13,873,612)
Compensated absences	<u>(14,985,297)</u>

Total long-term liabilities	<u>(83,600,537)</u>
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Net assets of governmental activities	<u><u>\$ 309,947,145</u></u>
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The accompanying notes are an integral part of these financial statements.

**COUNTY OF BUTTE, CALIFORNIA**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<b>General Fund</b>	<b>Welfare Fund</b>	<b>Public Health Fund</b>	<b>Behavioral Health Fund</b>	<b>Road Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>							
Taxes	\$ 50,515,660	\$ -	\$ -	\$ -	\$ -	\$ 820,990	\$ 51,336,650
Licenses and permits	2,921,465	-	120,409	-	78,519	-	3,120,393
Fines, forfeitures, and penalties	2,478,604	-	327,287	98,817	-	328,335	3,233,042
Revenue from use of money and property	1,109,616	(32,298)	146,395	(172,665)	197,096	322,845	1,570,990
Aid from other governments	43,707,200	135,866,344	17,419,254	47,093,533	13,263,837	12,429,068	269,779,236
Charges for services	18,554,491	895,613	2,877,236	2,183,989	2,208,291	3,952,617	30,672,237
Other	2,811,391	887,860	14,828	70,884	54,572	95,186	3,934,721
Total revenues	<u>122,098,427</u>	<u>137,617,519</u>	<u>20,905,409</u>	<u>49,274,558</u>	<u>15,802,315</u>	<u>17,949,041</u>	<u>363,647,269</u>
<b>EXPENDITURES:</b>							
Current:							
General government	25,859,007	-	-	-	-	3,333,380	29,192,387
Public protection	88,470,574	1,037,070	-	-	-	3,082,688	92,590,332
Public ways and facilities	-	-	-	-	17,096,875	1,337,119	18,433,994
Health and sanitation	-	-	22,354,854	50,538,485	-	1,855,126	74,748,465
Public assistance	388,239	132,980,692	-	-	-	7,567,659	140,936,590
Education	3,149,115	-	-	-	-	171	3,149,286
Recreation and cultural services	265,977	-	-	-	-	97,088	363,065
Debt Service:							
Principal	392,696	-	-	-	-	373,261	765,957
Interest	410,694	-	-	-	-	1,976,477	2,387,171
Total expenditures	<u>118,936,302</u>	<u>134,017,762</u>	<u>22,354,854</u>	<u>50,538,485</u>	<u>17,096,875</u>	<u>19,622,969</u>	<u>362,567,247</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,162,125</u>	<u>3,599,757</u>	<u>(1,449,445)</u>	<u>(1,263,927)</u>	<u>(1,294,560)</u>	<u>(1,673,928)</u>	<u>1,080,022</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Sales of capital assets	137,913	-	-	-	27,446	4,005	169,364
Transfers in	2,456,745	-	724,304	285,189	1,211,569	3,136,967	7,814,774
Transfers out	(2,869,715)	(349,113)	(113,572)	(242,456)	(80,636)	(3,836,727)	(7,492,219)
Issuance of debt	32,150	-	-	-	-	240,765	272,915
Total other financing sources (uses)	<u>(242,907)</u>	<u>(349,113)</u>	<u>610,732</u>	<u>42,733</u>	<u>1,158,379</u>	<u>(454,990)</u>	<u>764,834</u>
Net change in fund balances	<u>2,919,218</u>	<u>3,250,644</u>	<u>(838,713)</u>	<u>(1,221,194)</u>	<u>(136,181)</u>	<u>(2,128,918)</u>	<u>1,844,856</u>
Fund balances, beginning	34,350,613	1,385,059	13,092,291	157,130	16,014,802	34,195,616	99,195,511
Prior period adjustments	-	-	-	(661,976)	-	-	(661,976)
Fund balances - beginning, restated	<u>34,350,613</u>	<u>1,385,059</u>	<u>13,092,291</u>	<u>(504,846)</u>	<u>16,014,802</u>	<u>34,195,616</u>	<u>98,533,535</u>
Fund balances, ending	<u>\$ 37,269,831</u>	<u>\$ 4,635,703</u>	<u>\$ 12,253,578</u>	<u>\$ (1,726,040)</u>	<u>\$ 15,878,621</u>	<u>\$ 32,066,698</u>	<u>\$ 100,378,391</u>

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

**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, 2012**

The schedule below reconciles the Net Changes in Fund Balances reported on the Governmental 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.

<b>Net change to fund balances-total governmental funds</b>		\$ 1,844,856
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	\$ 6,970,132	
Depreciation expense not reported in governmental funds	(24,341,024)	
Other capital asset adjustments	169,364	(17,201,528)
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		(1,356,101)
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 the governmental funds, but the issuance increases long-term receivables in the Statement of Net Assets.		
Change in loans receivable		944,177
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	765,957	
Proceeds from issuance of debt	(272,915)	
Amortization expense of costs of issuance not reported in governmental funds	(101,751)	391,291
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	163	
Other postemployment benefits	(2,920,263)	
Compensated absences	336,862	(2,583,238)
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.		
		(1,075,609)
<b>Change in net assets of governmental activities</b>		<b>\$ (19,036,152)</b>

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



# COUNTY OF BUTTE, CALIFORNIA

## STATEMENT OF NET ASSETS

### PROPRIETARY FUNDS

JUNE 30, 2012

	Landfill	Total	Governmental Activities Internal Service Funds
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 16,404,021	\$ 16,404,021	\$ 16,683,528
Cash and investments with fiscal agent	2,219,993	2,219,993	-
Imprest cash	2,800	2,800	-
Due from other funds	-	-	7,965
Interest receivable	58,548	58,548	62,053
Accounts receivable	578,373	578,373	5,114
Deposits with others	22,188	22,188	175,000
Total current assets	<u>19,285,923</u>	<u>19,285,923</u>	<u>16,933,660</u>
Noncurrent assets:			
Deferred debt issuance costs	231,053	231,053	-
Capital assets:			
Nondepreciable:			
Land	430,939	430,939	-
Construction in progress	489,745	489,745	-
Depreciable:			
Structures	18,486,894	18,486,894	-
Equipment	4,300,520	4,300,520	45,461
Less: Accumulated depreciation	(4,819,681)	(4,819,681)	(14,924)
Total capital assets, net	<u>18,888,417</u>	<u>18,888,417</u>	<u>30,537</u>
Total noncurrent assets	<u>19,119,470</u>	<u>19,119,470</u>	<u>30,537</u>
Total assets	<u>38,405,393</u>	<u>38,405,393</u>	<u>16,964,197</u>
<b>LIABILITIES</b>			
Current liabilities:			
Due to other funds	13,232	13,232	-
Interest payable	200,650	200,650	-
Accounts payable	152,369	152,369	401,777
Accrued salaries and benefits	26,527	26,527	-
Compensated absences, current portion	38,000	38,000	-
Claims and judgments, current portion	-	-	3,300,000
COP payable, current portion	810,000	810,000	-
Loans payable, current portion	50,000	50,000	-
Total current liabilities	<u>1,290,778</u>	<u>1,290,778</u>	<u>3,701,777</u>
Noncurrent liabilities:			
Compensated absences, less current portion	145,453	145,453	-
Loans payable, less current portion	150,000	150,000	-
COP payable, less current portion	9,081,903	9,081,903	-
Claims and judgments, less current portion	-	-	2,626,000
Landfill closure/post-closure care costs	3,430,539	3,430,539	-
Total noncurrent liabilities	<u>12,807,895</u>	<u>12,807,895</u>	<u>2,626,000</u>
Total liabilities	<u>14,098,673</u>	<u>14,098,673</u>	<u>6,327,777</u>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	8,996,514	8,996,514	30,537
Unrestricted	15,310,206	15,310,206	10,605,883
Total net assets	<u>\$ 24,306,720</u>	<u>\$ 24,306,720</u>	<u>\$ 10,636,420</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, 2012

			Governmental Activities
	Landfill	Total	Internal Service Funds
<b>OPERATING REVENUES</b>			
Charges for services	\$ -	\$ -	\$ 6,331,444
Landfill fees	6,509,100	6,509,100	-
Other revenue	116,925	116,925	768,612
Total operating revenues	6,626,025	6,626,025	7,100,056
<b>OPERATING EXPENSES</b>			
Salaries and employee benefits	1,389,190	1,389,190	384,785
Service and supplies	-	-	2,836,817
Claims and judgments	-	-	4,227,661
Operation and maintenance	2,684,109	2,684,109	-
Depreciation	580,832	580,832	6,425
Other expenses	-	-	592,980
Landfill closure/post-closure care cost	226,460	226,460	-
Total operating expenses	4,880,591	4,880,591	8,048,668
Operating income (loss)	1,745,434	1,745,434	(948,612)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	196,221	196,221	180,770
Interest expense	(401,300)	(401,300)	-
Total nonoperating revenues (expenses)	(205,079)	(205,079)	180,770
<b>NET INCOME BEFORE TRANSFERS</b>			
	1,540,355	1,540,355	(767,842)
Transfers in	-	-	11,625
Transfers out	(14,788)	(14,788)	(319,392)
Change in net assets	1,525,567	1,525,567	(1,075,609)
Net assets, beginning of year	22,465,196	22,465,196	11,712,029
Prior period adjustments	315,957	315,957	-
Net assets - beginning, restated	22,781,153	22,781,153	11,712,029
Net assets, end of year	\$ 24,306,720	\$ 24,306,720	\$ 10,636,420

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

**COUNTY OF BUTTE, CALIFORNIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Business-type Activities</u>		Governmental Activities
	<u>Landfill</u>	<u>Total</u>	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 6,549,846	\$ 6,549,846	\$ 7,167,283
Cash paid to suppliers for goods and services	(2,409,958)	(2,409,958)	(7,220,162)
Cash paid to employees for services	(1,414,420)	(1,414,420)	(384,860)
Internal activities - payments from (to) other funds	13,232	13,232	-
Net cash provided (used) by operating activities	<u>2,738,700</u>	<u>2,738,700</u>	<u>(437,739)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Principal repayment on loans payable	(50,000)	(50,000)	-
Transfers in	-	-	11,625
Transfers out	(14,788)	(14,788)	(319,392)
Net cash provided (used) by noncapital financing activities	<u>(64,788)</u>	<u>(64,788)</u>	<u>(307,767)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Payments related to the acquisition of capital assets	(1,089,235)	(1,089,235)	(25,879)
Principal repayment on COP payable	(793,545)	(793,545)	-
Interest paid	(395,870)	(395,870)	-
Net cash provided (used) by capital and related financing activities	<u>(2,278,650)</u>	<u>(2,278,650)</u>	<u>(25,879.00)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	216,383	216,383	204,293
Net cash provided (used) by investing activities	<u>216,383</u>	<u>216,383</u>	<u>204,293</u>
Net increase (decrease) in cash and cash equivalents	611,645	611,645	(567,092)
Cash and cash equivalents, beginning	18,015,169	18,015,169	17,250,620
Cash and cash equivalents, ending	<u>\$ 18,626,814</u>	<u>\$ 18,626,814</u>	<u>\$ 16,683,528</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:</b>			
Cash and investments	\$ 16,404,021	\$ 16,404,021	\$ 16,683,528
Cash and investments with fiscal agent	2,219,993	2,219,993	-
Imprest cash	2,800	2,800	-
Total cash and investments	<u>\$ 18,626,814</u>	<u>\$ 18,626,814</u>	<u>\$ 16,683,528</u>

(continued)

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

**COUNTY OF BUTTE, CALIFORNIA**  
**STATEMENT OF CASH FLOWS (continued)**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Business-type Activities</u>		<u>Governmental</u>
	<u>Landfill</u>	<u>Total</u>	<u>Internal</u> <u>Service</u> <u>Funds</u>
<b>Reconciliation of Operating Income (Loss)</b>			
<b>to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 1,745,434	\$ 1,745,434	\$ (948,612)
Adjustment to reconcile operating income (loss)			
to net cash provided (used) by			
operating activities:			
Depreciation	580,832	580,832	6,424
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(76,179)	(76,179)	117,227
Due from external parties	-	-	(50,000)
Deposits	(22,188)	(22,188)	-
Increase (decrease) in:			
Accounts payable	296,339	296,339	90,297
Due to other funds	13,232	13,232	-
Accrued salaries and benefits	(36,325)	(36,325)	(75)
Compensated absences	11,095	11,095	-
Landfill closure/post-closure cost	226,460	226,460	-
Claims and judgments	-	-	347,000
Net cash provided (used) by			
operating activities	<u>\$ 2,738,700</u>	<u>\$ 2,738,700</u>	<u>\$ (437,739)</u>

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



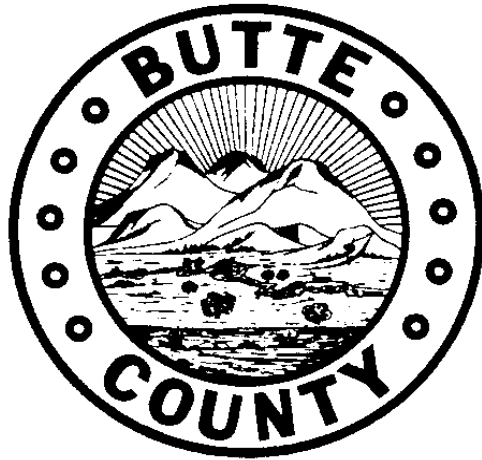
# COUNTY OF BUTTE, CALIFORNIA

## STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS INVESTMENT TRUST FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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Additions:	
Contributions to pooled investments	\$ 1,232,520,314
Interest and investment income	3,307,610
Total additions	<u>1,235,827,924</u>
Deductions:	
Distributions from investment pool	<u>(1,272,997,747)</u>
Total deductions	<u>(1,272,997,747)</u>
Net increase	(37,169,823)
Net assets, beginning	<u>234,556,514</u>
Net assets, ending	<u>\$ 197,386,691</u>

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



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





# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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### 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, 2012 fiscal year-end.

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

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

#### County Service Area (CSA) – Lighting

CSA #11 Durham	CSA #12 Stirling City Lighting
CSA #14 East Chico	CSA #16 West Chico
CSA #17 South Oroville – Las Plumas Park	CSA #27 Richvale
CSA #33 Oro-Wyandotte	CSA #36 Glen Haven
CSA #62 Rancho De Thunder	CSA #67 Vista Del Cerro
CSA #75 North Park	CSA #78 Woodside
CSA #85 Carriage Manor	CSA #92 Rosewood Subdivision
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, 2012

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### 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 #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 #120 Oak Way Park  
CSA #125 Willow Bend Subdivision  
CSA #128 Wildflower Estates Subdivision  
CSA #129 Orchard House Estates  
CSA #133 Ceres Avenue Subdivision  
CSA #154 Forebay Vista  
CSA #177 Blossom Estates  
CSA #181 Palm Crest Village Subdivision

##### CSA – Drainage

CSA #4 Sierra Del Oro  
CSA #23 Pleasant Valley  
CSA #24 Chico – Mud Creek  
CSA #25 Shasta Union  
CSA #87 Keefer Road/Rock Creek  
CSA #95 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, 2012

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### 1. Summary of Significant Accounting Policies (continued)

#### A. The Financial Reporting Entity (continued)

##### CSA – Other

CSA #26 Thermalito Sewer and Drainage  
CSA #31 Biggs (Schohr's) Swimming Pool – Recreation  
CSA #34 Gridley Swimming Pool – Recreation  
CSA #37 Gridley – Biggs Ambulance  
CSA #90 Southgate Acres Drainage and Fire Protection  
CSA #94 Sycamore Valley Sewer, Lighting, and Drainage  
CSA #114 County of Butte – Nitrate Study Plan  
CSA #131 Walnut Manor – Lighting, Drainage, and Landscape  
CSA #135 Keefer Creek Estates – Lighting, Drainage, and Sewer  
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 #163 Thorntee Industrial Park – Lighting, Drainage, and Fire  
CSA #164 County of Butte – Animal Control  
CSA #165 Justin Manor Subdivision – Lighting, Drainage, and Fire  
CSA #169 Pheasant Landing #1 Subdivision and #2 – Lighting, Drainage, and Fire  
CSA #169 Pheasant Landing #3 Subdivision – Lighting, Drainage, and Fire  
CSA #169 Zone #4 of Sierra Moon Subdivision #1 – Lighting and Drainage  
CSA #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 #176 Pheasant Landing Estates #3 – Lighting, Drainage, and Fire  
CSA #178 Twin Palms Subdivision – Lighting, Drainage, and Fire  
CSA #179 Chambers & Speedway Subdivision – 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, 2012

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### 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, 2012

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### 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 and operating expenses, 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 and nonoperating expenses, 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, 2012

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### 1. Summary of Significant Accounting Policies (continued)

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

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

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

The County reports the following additional fund types:

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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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### 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, 2012

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### 1. Summary of Significant Accounting Policies (continued)

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

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

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

#### D. Cash and Cash Equivalents

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

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

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

The fair value of investments in the Pool is determined monthly based upon quoted market prices. The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2012 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, 2012

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### 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 90.6% of the funds on deposit in the County Treasury.

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

#### E. Inventories and Prepaid Items

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

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

#### F. Property Taxes

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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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### 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 reported as a nonspendable component of fund balance since they do not constitute available spendable resources. No amount has been provided as an allowance for doubtful accounts because in the opinion of management all material amounts are fully collectible.

#### H. **Capital Assets**

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than \$25,000 for machinery, equipment and computer software; more than \$125,000 for infrastructure, buildings and land improvements; 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, 2012

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### 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
Machinery & Equipment	5 to 20 years
Vehicles	5 to 15 years

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

#### I. Compensated Absences

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

#### J. Interfund Receivables and Payables

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

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

#### K. Use of Estimates

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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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### 1. Summary of Significant Accounting Policies (continued)

#### L. 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.

#### M. 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.

#### N. Fund Equity

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

- *Nonspendable Fund Balance* – amounts that are not in a spendable form or are legally or contractually required to be maintained intact (such as inventories or prepaid amounts).
- *Restricted Fund Balance* – amounts that can be spent only for specific purposes stipulated by external parties (such as creditors, grant providers or contributors) or by law.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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### 1. Summary of Significant Accounting Policies (continued)

#### N. Fund Equity (continued)

- *Committed Fund Balance* – amounts that can be used only for the specific purpose determined by the Board of Supervisors. Commitments may be changed or lifted only by the Board of Supervisors taking the same formal action that imposed the constraint originally. The formal action must occur prior to the end of the reporting period. The amount which will be subject to the constraint may be determined in the subsequent period.
- *Assigned Fund Balance* – amounts intended to be used by the government entity for specific purposes that are neither restricted nor committed. Intent can be expressed by the Board of Supervisors or by an official or body to which the Board delegates the authority. Assigned fund balance can be used to eliminate a projected budgetary deficit in the subsequent year's budget.
- *Unassigned Fund Balance* – the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

*Fund Balance Policy* – based on the County's policy regarding the fund balance classification that was approved by the Board of Supervisors, when both restricted and unrestricted funds are available for expenditure, restricted funds should be spent first unless legal requirements disallow it. When expenditures are incurred for purposes for which amounts in any unrestricted fund balance classification could be used, committed funds are to be spent first, assigned funds second, and unassigned funds last.

Only the Board of Supervisors has the authority to assign unassigned fund balance amounts where the County's intent is for those amounts to be used for specific purposes.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 2. Cash and Investments

Cash and investments as of June 30, 2012 are classified in the accompanying financial statements as follows:

Statement of net assets:

Primary government:

Cash and investments	\$ 126,561,275
Cash and investments with fiscal agents	3,859,213
Imprest cash	91,270

Fiduciary funds:

Cash and investments	222,334,151
Imprest cash	<u>18,496</u>

Total cash and investments \$ 352,864,405

Cash and investments as of June 30, 2012 consist of the following:

Cash on hand	\$ 169,547
Deposits with financial institutions	15,834,604
Investments	352,272,839
Outstanding warrants	<u>(15,412,585)</u>

Total cash and investments \$ 352,864,405

### **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	20%	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Money Market Mutual Funds	N/A	20%	10%
Mortgage Pass-Through Securities	5 years	20%	None
County Pooled Investment Funds	N/A	None	None
Local Agency Investment Fund (LAIF)	N/A	None	None
JPA Pools (other investment pools)	N/A	None	None

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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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### 2. Cash and Investments (continued)

#### Investments Authorized by Debt Agreements

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

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

#### 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:

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 2. Cash and Investments (continued)

#### Disclosures Relating to Interest Rate Risk (continued)

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	\$ 21,809,261	\$ -	\$ -	\$ 10,270,773	\$ 3,489,109	\$ 8,049,379
FFCB	66,068,190	7,795,351	3,122,499	--	5,004,330	50,146,010
FHLB	96,522,388	24,853,773	15,679,286	16,720,451	15,408,700	23,860,178
FHLMC	35,073,554	2,012,334	--	4,980,755	--	28,080,465
FNMA	35,066,035	5,000,000	--	--	15,030,665	15,035,370
TVA	11,109,975	--	5,244,175	--	--	5,865,800
NEGOTIABLE CD	3,000,000	--	750,000	1,250,000	500,000	500,000
CAL TRUST	3,973	3,973	--	--	--	--
LAIF	44,410,651	44,410,651	--	--	--	--
CORPORATE NOTES	5,170,790	5,170,790	--	--	--	--
Money Market Funds	30,208,807	30,208,807	--	--	--	--
Total with Treasurer	<u>348,443,624</u>	<u>119,455,679</u>	<u>24,795,960</u>	<u>33,221,979</u>	<u>39,432,804</u>	<u>131,537,202</u>
With fiscal agents:						
Money Market Funds	2,225,624	2,225,624	--	--	--	--
FHLB	401,359	--	401,359	--	--	--
FNMA	1,200,612	--	--	1,200,612	--	--
LAIF	1,620	1,620	--	--	--	--
Total with fiscal agent	<u>3,829,215</u>	<u>2,227,244</u>	<u>401,359</u>	<u>1,200,612</u>	<u>--</u>	<u>--</u>
Total investments	<u>\$ 352,272,839</u>	<u>\$ 121,682,923</u>	<u>\$ 25,197,319</u>	<u>\$ 34,422,591</u>	<u>\$ 39,432,804</u>	<u>\$ 131,537,202</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, 2012

### 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			
				Moody's AAA	S & P Aa	Moody's A1/P1	Not Rated
FAMCA	\$ 21,809,261	N/A		\$ --	\$ --	\$ --	\$ 21,809,261
FFCB	66,068,190	N/A		66,068,190	--	--	--
FHLB	96,522,388	N/A		96,522,388	--	--	--
FHLMC	35,073,554	N/A		35,073,554	--	--	--
FNMA	35,066,035	N/A		35,066,035	--	--	--
TVA	11,109,975	N/A		11,109,975	--	--	--
NEGOTIABLE CD	3,000,000	N/A		--	--	--	3,000,000
CAL TRUST	3,973	N/A		--	3,973	--	--
LAIF	44,410,650	N/A		--	--	--	44,410,650
CORPORATE NOTES	5,170,790	N/A		--	--	5,170,790	--
Money Market Funds	71,786	A		71,786	--	--	--
BANK MMF	30,137,022	N/A		--	--	--	30,137,022
Held by bond trustee:							
Money Market	2,225,624	A		2,225,624	--	--	--
FHLB	401,359	N/A		401,359	--	--	--
FNMA	1,200,612	N/A		1,200,612	--	--	--
LAIF	1,620	N/A		--	--	--	1,620
<b>Total</b>	<b>\$ 352,272,839</b>		<b>\$ --</b>	<b>\$ 247,739,523</b>	<b>\$ 3,973</b>	<b>\$ 5,170,790</b>	<b>\$ 99,358,553</b>

#### 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	\$ 96,523,335
Federal Farm Credit Bank	Federal agency securities	66,068,190
Federal National Mortgage Assoc.	Federal agency securities	35,066,035
Federal Home Loan Mortgage Corp.	Federal agency securities	35,073,554
Federal Agricultural Mortgage Corp.	Federal agency securities	21,809,261

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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### 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. It is our practice to disallow first trust deed mortgage notes as collateral for the County's secured deposits.

#### **Investment in State Investment Pool**

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

#### **Investment Trust of California Joint Powers Authority Pool**

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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 2. Cash and Investments (continued)

#### Treasury Investment Pool

*Condensed Financial Information for the Treasurer's Investment Pool*

In lieu of separately issued financial statements for the Treasurer's investment pool, condensed financial information is presented below as of and for the fiscal year ended June 30, 2012:

Statement of Net Assets	
Net Assets held for pool participants	<u>\$ 348,895,427</u>
Equity of internal pool participants	\$ 152,223,347
Equity of external pool participants (voluntary and involuntary)	<u>196,672,079</u>
Total Equity	<u>\$ 348,895,427</u>
Statement of Changes in Net Assets	
Net Assets held for pool participants at July 1, 2011	\$ 388,400,260
Net change in investments by pool participants	<u>(39,504,833)</u>
Net Assets held for pool participants at June 30, 2012	<u>\$ 348,895,427</u>

### 3. Receivables/Deferred Revenue

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

<u>Governmental Activities:</u>	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Resources received that do not meet the criteria for revenue	\$ --	\$ 1,426,612
Welfare Fund:		
Resources received that do not meet the criteria for revenue	--	6,145,937
Public Health Fund:		
Resources received that do not meet the criteria for revenue	--	141,046
Behavioral Health Fund:		
Resources received that do not meet the criteria for revenue	--	4,664,281
Road Fund:		
Resources received that do not meet the criteria for revenue	--	20,414
Other Governmental Funds:		
Resources received that do not meet the criteria for revenue		384,012
Resources unavailable for current expenditures	<u>2,731,732</u>	
	<u>\$ 2,731,732</u>	<u>\$ 12,782,302</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, 2012**

**4. Interfund Transactions**

**Interfund Receivables/Payables**

The composition of interfund balances as of June 30, 2012 are as follows:

*Balances due to/from other funds:*

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Welfare Fund	1,988,589
	Road Fund	28,657
	Nonmajor Governmental Funds	2,848
	Landfill Fund	4,080
	Fiduciary Funds	1,638
		<u>2,025,812</u>
Welfare Fund	Public Health Fund	1,467
	Behavioral Health Fund	113,654
	Nonmajor Governmental Funds	802
		<u>115,923</u>
Public Health Fund	Behavioral Health Fund	4,125,032
		<u>4,125,032</u>
Road Fund	Landfill Fund	8,132
		<u>8,132</u>
Internal Service Funds	Road Fund	6,945
	Landfill Fund	1,020
		<u>7,965</u>
Total		<u><u>6,282,864</u></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, 2012

### 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:

<u>Transfers From</u>	<u>Transfers To</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Public Health Fund	\$ 724,304	Transfer for county match
	Behavioral Health Fund	285,189	Transfer for county match
	Nonmajor Governmental Funds	123,431	Transfer for debt service
	Nonmajor Governmental Funds	826,657	Transfer for capital projects
	Nonmajor Governmental Funds	910,134	Transfer for debt service - POB
		<u>2,869,715</u>	
Welfare Fund	Nonmajor Governmental Funds	349,113	Transfer for debt service - POB
Public Health Fund	Nonmajor Governmental Funds	113,572	Transfer for debt service - POB
Behavioral Health Fund	Nonmajor Governmental Funds	17,730	Transfer for capital projects
	Nonmajor Governmental Funds	224,726	Transfer for debt service - POB
		<u>242,456</u>	
Road Fund	Nonmajor Governmental Funds	10,245	Transfer for Worker's Comp Ins.
	Nonmajor Governmental Funds	70,391	Transfer for debt service - POB
		<u>80,636</u>	
Landfill	Nonmajor Governmental Funds	1,380	Transfer for Worker's Comp Ins.
	Nonmajor Governmental Funds	13,408	Transfer for debt service - POB
		<u>14,788</u>	
Nonmajor Governmental Funds	General Fund	4,966	Transfer for road operating subsidy - TDA
	General Fund	59,476	Transfer for road operating subsidy
	General Fund	168,525	Transfers for CDBG program grants
	General Fund	2,223,778	Transfers to close Fire, Water, Library
	Road Fund	1,211,569	Transfers of Transit funds
	Nonmajor Governmental Funds	108,823	Transfer for debt service - POB
	Nonmajor Governmental Funds	59,590	Transfer for debt service - POB
		<u>3,836,727</u>	
Internal Service Funds	Nonmajor Governmental Funds	312,968	Transfer for debt service
	Nonmajor Governmental Funds	711	Transfer for equipment depreciation
	Nonmajor Governmental Funds	5,713	Transfer for equipment depreciation
		<u>319,392</u>	
Total		<u>\$ 7,826,399</u>	

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2012 was as follows:

	Restated Balance (1) July 1, 2011	Additions	Retirements	Transfers and Adjustments	Balance June 30, 2012
<b>Governmental Activities</b>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 2,281,119	\$ 359,572	\$ --	\$ --	\$ 2,640,691
Construction in progress	2,323,172	3,287,596	--	(1,818,446)	3,792,322
Total capital assets, not being depreciated	4,604,291	3,647,168	--	(1,818,446)	6,433,013
<i>Capital assets, being depreciated:</i>					
Infrastructure	590,523,872	--	--	--	590,523,872
Structures and improvements	64,590,664	--	--	1,738,914	66,329,578
Equipment	52,624,854	3,428,400	(1,279,946)	79,532	54,852,840
Total capital assets, being depreciated	707,739,390	3,428,400	(1,279,946)	1,818,446	711,706,290
Less: accumulated depreciation for:					
Infrastructure	(400,849,769)	(19,538,956)	--	--	(420,388,725)
Structures and improvements	(22,051,661)	(1,409,509)	--	(23,842)	(23,485,012)
Equipment	(40,781,141)	(3,398,984)	1,392,213	1,383	(42,786,529)
Total accumulated depreciation	(463,682,571)	(24,347,449)	1,392,213	(22,459)	(486,660,266)
Total capital assets, being depreciated, net	244,056,819	(20,919,049)	112,267	1,795,987	225,046,024
Governmental activities capital assets, net	<u>\$ 248,661,110</u>	<u>\$ (17,271,881)</u>	<u>\$ 112,267</u>	<u>\$ (22,459)</u>	<u>\$ 231,479,037</u>
<b>Business-Type Activities:</b>					
<i>Capital assets, not being depreciated:</i>					
Land	\$ 430,940	\$ --	\$ --	\$ --	\$ 430,940
Construction in progress	3,355,522	638,745	--	(3,504,523)	489,744
Total capital assets, not being depreciated	3,786,462	638,745	--	(3,504,523)	920,684
<i>Capital assets, being depreciated:</i>					
Structures and improvements	14,885,724	--	--	3,601,170	18,486,894
Equipment	4,262,634	37,886	--	--	4,300,520
Total capital assets, being depreciated	19,148,358	37,886	--	3,601,170	22,787,414
Less: accumulated depreciation for:					
Structures and improvements	(844,858)	(328,353)	--	--	(1,173,211)
Equipment	(3,393,991)	(252,479)	--	--	(3,646,470)
Total accumulated depreciation	(4,238,849)	(580,832)	--	--	(4,819,681)
Total capital assets, being depreciated, net	14,909,509	(542,946)	--	3,601,170	17,967,733
Business-type activities capital assets, net	<u>\$ 18,695,971</u>	<u>\$ 95,799</u>	<u>\$ --</u>	<u>\$ 96,647</u>	<u>\$ 18,888,417</u>

(1) The beginning balance of *Business-Type Activities* was restated as explained in Note 14.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 5. Capital Assets (continued)

Depreciation expense was changed to functions as follows:

**Governmental Activities:**

General government	\$ 1,269,663
Public protection	2,561,656
Public ways	19,545,833
Health and sanitation	479,865
Public assistance	153,392
Education	95,707
Recreation and cultural services	234,908
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of assets	6,425
	\$ 24,347,449

**Business-Type Activities:**

Landfill	\$ 580,832
	\$ 580,832

### 6. Short-Term Debt

Tax and Revenue Anticipation Notes

In July 2011, the County issued \$15,252,750 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, 2012, was as follows:

	Balance July 1, 2011	Additions	Retirements	Balance June 30, 2012
<b>Governmental Activities:</b>				
FY 2011-12 TRANs	\$ --	\$ 15,252,750	\$ 15,252,750	\$ --
Total governmental activities	\$ --	\$ 15,252,750	\$ 15,252,750	\$ --

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 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 \$224,195,896.

A summary of long-term obligations follows:

Type of Indebtedness (Purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2012
<b>Governmental Activities:</b>					
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
				49,895,000	49,895,000
<b>Certificates of Participation</b>					
2003 Certificates of Participation	7/1/04-7/1/14	2%-3.4%	\$325,000-\$415,000	5,150,000	1,205,000
2010 Bangor Fire Station #55 COP	8/1/50	4%	\$12,000-\$52,000	1,100,000	1,032,333
				6,250,000	2,237,333
<b>Capital Leases</b>					
Chico Memorial Hall - 492 Rio Lindo	4/10/20	7.40%	\$33,166-\$56,943	583,400	359,589
Chico Memorial Hall - 554 Rio Lindo	4/10/20	5.20%	\$39,461-\$59,196	670,900	399,259
Ford Motor Credit	7/15/14	5.85%	\$7,500-\$8,523	32,150	23,116
Megabyte - Computer System	7/9/12	0.00%	\$8,668	26,000	8,668
				1,312,450	790,632
<b>Notes Payable</b>					
California Energy Commission					
Solar Project - phase 1	12/22/18	3.95%	\$63,794-\$263,961	2,777,000	1,575,257
Solar Project - phase 2	6/22/20	3.95%	\$8,057-\$34,750	390,000	243,406
				3,167,000	1,818,663
<b>Total Governmental Activities</b>				\$ 60,624,450	\$ 54,741,628
<b>Business-type Activities:</b>					
2006 Certificates of Participation	7/1/09-7/1/21	3.4%-4.5%	\$725,000-\$1,165,000	12,025,000	9,770,000
Loan-Neal Road Recycling & Waste Fac.	6/1/16	0%	\$50,000	500,000	200,000
				12,525,000	9,970,000



# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 7. Long-Term Obligations (continued)

#### Summary of Long-Term Obligations

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

	Balance <u>7/1/2011</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>6/30/2012</u>	Amounts Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Capital lease obligations	\$ 847,810	\$ 32,150	\$ 89,328	\$ 790,632	\$ 92,804
Bonds payable	49,895,000	--	--	49,895,000	--
Notes payable	2,052,624	--	233,961	1,818,663	243,503
Certificates of participation	2,439,235	240,765	442,667	2,237,333	402,000
Claims and judgments	5,579,000	4,227,661	3,880,661	5,926,000	3,300,000
Compensated absences	14,210,475	17,736,025	18,072,888	13,873,612	1,534,220
OPEB obligation	<u>12,065,034</u>	<u>4,755,994</u>	<u>1,835,731</u>	<u>14,985,297</u>	<u>--</u>
 Total governmental activities	 <u>\$ 87,089,178</u>	 <u>\$ 26,992,595</u>	 <u>\$ 24,555,236</u>	 <u>\$ 89,526,537</u>	 <u>\$ 5,572,527</u>
 <b>Business-Type Activities:</b>					
Certificates of participation	10,550,000	--	780,000	9,770,000	810,000
Premium on debt	135,448	--	13,545	121,903	13,545
Landfill closure/post- -closure care costs	3,204,079	226,460	--	3,430,539	--
Loan payable	250,000	--	50,000	200,000	50,000
Compensated absences	<u>172,358</u>	<u>172,956</u>	<u>161,861</u>	<u>183,453</u>	<u>38,000</u>
 Total business-type activities	 <u>\$ 14,311,885</u>	 <u>\$ 399,416</u>	 <u>\$ 1,005,406</u>	 <u>\$ 13,705,895</u>	 <u>\$ 911,545</u>

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 7. Long-Term Obligations (continued)

#### Capital Lease

The County leases equipment under capital leases. The following is a summary, by year, of future minimum lease payments, together with the present value of the minimum lease payments, as of June 30, 2012:

<u>Fiscal Year Ending June 30,</u>	<u>Governmental Activities</u>
2013	141,120
2014	132,452
2015	132,452
2016	123,431
2017	123,431
2018-2020	<u>370,292</u>
Total minimum lease payments	1,023,178
Less: Amount representing interest	<u>232,546</u>
Present value of minimum lease payments	<u>\$ 790,632</u>

The following is a schedule of net remaining property leased under capital leases at June 30, 2012:

	<u>Acquisition Value</u>	<u>Accumulated Depreciation</u>
Governmental Activities:		
Chico Memorial Halls	1,254,300	139,838
Megabyte Property Tax Acct. Reporting	26,000	6,139
2012 Ford F-350	34,563	4,032

#### Operating Leases

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

<u>Year Ended June 30,</u>	<u>Payments</u>
2013	\$ 4,624,835
2014	4,007,357
2015	3,673,538
2016	3,558,799
2017	<u>3,206,678</u>
Totals	<u>\$ 19,071,207</u>

**COUNTY OF BUTTE, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**7. Long-Term Obligations (continued)**

Rental expense was \$5,188,955 for all funds for the year ended June 30, 2012.

**Bonds Payable**

At June 30, 2012, bonds outstanding consist of the following:

***Pension Obligation Bonds:***

The pension obligation bonds were issued in three series (A, B, and C) in 2004. These bonds were issued to save future interest costs associated with the County’s pension obligations. Series A has a fixed interest rate of 6.0486%; Series B has a variable rate derived from the one month LIBOR index plus a margin of .30%. (The County elected to exercise its option to prepay Series C on September 1, 2007). For fiscal year 2011/2012, the average rate paid for Series B was .53574%. The next payment of interest for Series A is due December 1, 2012, while the interest payments for Series B are calculated and paid the first business day of each month. Principal payments for both Series A and B are due beginning in fiscal year 2014 and ending in fiscal year 2034.

As of June 30, 2012, the estimated (Series B is a variable rate) annual debt service requirements to maturity for the Pension Obligation Bonds are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2013	\$ --	\$ 2,128,492	\$ 2,128,492
2014	350,000	2,347,242	2,697,242
2015	470,000	2,443,317	2,913,317
2016	595,000	2,530,532	3,125,532
2017	735,000	2,732,797	3,467,797
2018-2022	6,145,000	12,892,772	19,037,772
2023-2027	11,595,000	10,637,525	22,232,525
2028-2032	19,385,000	6,543,237	25,928,237
2033-2034	10,620,000	921,966	11,541,966
Total	<u>\$ 49,895,000</u>	<u>\$ 43,177,880</u>	<u>\$ 93,072,880</u>

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 7. Long-Term Obligations (continued)

#### Notes Payable

At June 30, 2012, 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, 2012, annual debt service requirements to maturity are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	243,503	69,464	312,967
2014	253,216	59,751	312,967
2015	263,317	49,651	312,968
2016	273,721	39,247	312,968
2017	284,740	28,228	312,968
2018-2020	500,166	22,963	523,129
Total	<u>\$ 1,818,663</u>	<u>\$ 269,304</u>	<u>\$ 2,087,967</u>

#### Certificates of Participation

##### *Governmental Activities*

##### 2003 Certificates of Participation

On June 30, 2003, the County issued \$5,150,000 in Certificates of Participation (COPs). The proceeds of the COP's, together with funds available in the 1993 COP Reserve Fund, refunded the outstanding lease obligations for fire trucks. Commencing January 1, 2004, interest ranging from 2.0% to 3.4% is payable semiannually on January 1 and July 1 of each year. The average rate of interest for the COPs is 2.57%. Beginning on July 1, 2004, principal payments are due on July 1 of each year. The final principal payment is due on July 1, 2014.

##### 2010 Bangor Fire Station Certificates of Participation

On August 11, 2011, the County issued \$1,100,000 in Certificates of Participation. The proceeds, which have been paid in installments, have funded the majority of the costs associated with the construction of improvements to Bangor Fire Station #55. Commencing with the interest only payment on February 1, 2011, a payment of interest only is due on February 1 of each year and a payment comprised of principal and interest is due on August 1 of each year. The interest rate is fixed at 4.0% per year. The final principal payment is due on August 1, 2050.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 7. Long-Term Obligations (continued)

#### Certificates of Participation (continued)

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	402,000	76,040	\$ 478,040
2014	413,000	63,290	476,290
2015	428,000	49,315	477,315
2016	14,000	41,720	55,720
2017	14,000	41,160	55,160
2018-2022	80,000	196,640	276,640
2023-2027	97,000	178,980	275,980
2028-2032	120,000	157,400	277,400
2033-2037	145,000	130,900	275,900
2038-2042	175,000	99,060	274,060
2043-2047	213,000	60,380	273,380
2048-2051	136,333	15,040	151,373
Total	\$ 2,237,333	\$ 1,109,925	\$ 3,347,258

#### *Business-Type Activities*

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2013	810,000	\$ 385,100	\$ 1,195,100
2014	845,000	352,000	1,197,000
2015	880,000	317,500	1,197,500
2016	915,000	281,600	1,196,600
2017	950,000	244,300	1,194,300
2018-2022	5,370,000	576,325	5,946,325
Total	\$ 9,770,000	\$ 2,156,825	\$ 11,926,825

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 7. Long-Term Obligations (continued)

#### Loan Payable

##### *Business-Type Activities*

In 2006, the County 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, 2012, annual debt service requirements to maturity are as follows:

<u>Fiscal Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 50,000	\$ --	\$ 50,000
2014	50,000	--	50,000
2015	50,000	--	50,000
2016	50,000	--	50,000
Total	<u>\$ 200,000</u>	<u>\$ --</u>	<u>\$ 200,000</u>

#### Compensated Absences

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

The County does not accrue for compensated absences in its governmental fund statements and recognizes liabilities for compensated absences only if they are due and payable in an event such as termination. However, in the statement of activities the 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 53%, Welfare Fund 16%, Public Health Fund 6%, Behavioral Health Fund 15%, Road Fund 6%, and Nonmajor funds 4%.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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### 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 \$3,430,539 reported as landfill closure and post-closure care liability at June 30, 2012, represents the cumulative amount reported to date based on the use of 20.25 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$13,508,134 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 2012. The County expects to close the landfill in the fiscal year 2031.

The County is required by state and federal laws and regulations to make annual contributions to a separate fund to finance closure and post-closure care. The County is in compliance with these requirements, and at June 30, 2012, investments of \$4,792,927 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. Total estimated costs for closure and post-closure increased from \$16,607,092 at June 30, 2011 to \$16,938,673 at June 30, 2012, and the remaining capacity of the landfill decreased from 80.71 percent to 79.75 percent at June 30, 2011 and 2012, respectively. These changes resulted in an increase to the landfill closure and post-closure care liability and caused an increase in expense of \$226,460 at June 30, 2012.

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

#### **Limitations and Restrictions**

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

#### **Deferred Debt Issuance Costs**

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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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### 7. Long-Term Obligations (continued)

#### **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, 2012 does not expect to incur a liability.



# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 8. Restricted Net Assets/Fund Balances

#### Fund Balances

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned and unassigned. A detailed schedule of fund balances at June 30, 2012 is as follows:

	General	Welfare	Public Health	Behavioral Health	Road	Other Governmental Funds	Total Governmental Funds
<b>Nonspendable:</b>							
Inventory	\$ 113,819	\$ -	\$ -	\$ -	\$ 364,031	\$ -	\$ 477,850
Prepaid items	176,664	-	-	-	-	-	176,664
<b>Total nonspendable fund balance</b>	<b>290,483</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>364,031</b>	<b>-</b>	<b>654,514</b>
<b>Restricted:</b>							
Purpose of fund	-	2,257,966	12,253,578	-	15,514,590	32,022,363	62,048,497
Public Safety HHS Realign.	2,244,417	2,377,737	-	-	-	44,335	4,666,489
Inmate Welfare	2,210,583	-	-	-	-	-	2,210,583
DNA-ID Local Share	198,671	-	-	-	-	-	198,671
Prob - Uncl Victim Restitu.	217,172	-	-	-	-	-	217,172
Env Impact Review	413,342	-	-	-	-	-	413,342
Sheriff - Civil Equipment	246,997	-	-	-	-	-	246,997
Criminal Justice Facility	864,177	-	-	-	-	-	864,177
Sheriff Veh & Equip Maint.	135,663	-	-	-	-	-	135,663
DA RL Est Fraud Prosecut.	230,929	-	-	-	-	-	230,929
Rock Creek Flood Project	121,264	-	-	-	-	-	121,264
Planning 2nd Dwelling	254,365	-	-	-	-	-	254,365
Tax Collector Cost	139,372	-	-	-	-	-	139,372
Drug & Gang Activity	183,991	-	-	-	-	-	183,991
Fed Forfeitures to DA	126,444	-	-	-	-	-	126,444
DA Env & Consumer Prot.	135,178	-	-	-	-	-	135,178
Asset Seizure - Sheriff	100,323	-	-	-	-	-	100,323
Juv Ed/Rec/Special Proj.	220,455	-	-	-	-	-	220,455
Sheriff-Fed Revenue Sh.	967,886	-	-	-	-	-	967,886
Prob. - Title IV/TANF	356,934	-	-	-	-	-	356,934
Recorder Micrographics	223,545	-	-	-	-	-	223,545
Recording System	2,465,279	-	-	-	-	-	2,465,279
GC27585 Survey Monum.	157,843	-	-	-	-	-	157,843
Fire - Water Tender	611,081	-	-	-	-	-	611,081
Fire - County Cost Share	929,883	-	-	-	-	-	929,883
Lime Saddle Diso. Restit.	1,193,706	-	-	-	-	-	1,193,706
Sheriff Rural rest. Cash	879,172	-	-	-	-	-	879,172
DWR IRWM Cash	259,524	-	-	-	-	-	259,524
Indian Gaming Cash	593,279	-	-	-	-	-	593,279
Prob. - CCPIA SB678	116,409	-	-	-	-	-	116,409
Prob. - YOBG Rest. Cash	931,780	-	-	-	-	-	931,780
Other	985,106	-	-	-	-	-	985,106
<b>Total restricted fund balance</b>	<b>18,714,771</b>	<b>4,635,703</b>	<b>12,253,578</b>	<b>-</b>	<b>15,514,590</b>	<b>32,066,698</b>	<b>83,185,340</b>
<b>Committed:</b>							
Imprest cash	84,770	-	-	-	-	-	84,770
Deposits	2,796	-	-	-	-	-	2,796
Debt service	721,146	-	-	-	-	-	721,146
<b>Total committed fund balance</b>	<b>808,712</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>808,712</b>
<b>Assigned:</b>							
Emergency reserve	3,500,000	-	-	-	-	-	3,500,000
Contingencies	1,559,485	-	-	-	-	-	1,559,485
<b>Total assigned fund balance</b>	<b>5,059,485</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,059,485</b>
<b>Unassigned fund balance:</b>	<b>12,396,380</b>	<b>-</b>	<b>-</b>	<b>(1,726,040)</b>	<b>-</b>	<b>-</b>	<b>10,670,340</b>
<b>Total Fund Balances</b>	<b>\$ 37,269,831</b>	<b>\$ 4,635,703</b>	<b>\$ 12,253,578</b>	<b>\$ (1,726,040)</b>	<b>\$ 15,878,621</b>	<b>\$ 32,066,698</b>	<b>\$ 100,378,391</b>

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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### 8. Restricted Net Assets/Fund Balances (continued)

The Board of Supervisors adopted the Fund Balance Reserve Policy in January 2010. The policy was created to mitigate operational impacts during difficult economic times, allow the County to respond strategically and responsibly to the challenges of a changing fiscal environment, absorb unanticipated costs, and provide flexibility to react to reductions in County revenues from other governmental agencies. This policy sets forth the parameters and funding methods the County may utilize to establish and maintain an adequate General Fund reserve.

General Fund Reserve requirements are classified as follows:

- *Appropriation for Contingencies* – during the annual public hearing on the Proposed Budget, the Board will consider maintaining an amount equal to or greater than five percent (5%) of the proposed budget for the General Fund.
- *General Fund Reserve* – should be maintained at an amount equivalent to two months operating expenses for all County governmental funds.
- *Excess Fund Balance Available* – when the Fund Balance Available is less than estimated the Auditor-Controller will be directed to reduce the Appropriation for Contingencies. When the Fund Balance Available is greater than estimated the direction will be to, in order of priority, ensure the Appropriation for Contingencies is at the five percent (5%) level, increase the General Fund Reserve to maintain the two months of operating expenses, designate for known and quantified unfunded liabilities, such as Employee pension plan, other Post-Employment benefits or accrued Employee leave.
- *Unreserved Fund Balance* – should be maintained to provide adequate working capital and accommodate required adjustments to other reserve accounts, including advances to other funds.
- *Other Designations of the General Fund* – establishment of these policies do not preclude the Board of Supervisors from setting aside additional funds for a specific project, program or capital item.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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### 8. Restricted Net Assets/Fund Balances (continued)

#### Net Assets

The government-wide statement of net assets reports \$52 million of restricted net assets, none of which is restricted by enabling legislation. Net assets invested in capital assets, net of related debt, was comprised of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net of accumulated depreciation	\$ 231,479,037	\$ 18,888,417
Outstanding principal of capital-related debt	<u>(4,846,628)</u>	<u>(9,891,903)</u>
Net assets, invested in capital assets, net of related debt	<u>\$ 226,632,409</u>	<u>\$ 8,996,514</u>

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

#### Plan Description

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

#### Funding Policy

Employees under the Miscellaneous Plan are required to contribute 7% and employees under the Safety Plan are required to contribute 9% of their annual covered salary. The County is required to contribute at an actuarially determined rate of annual covered payroll; the current rate is 10.268% for non-safety employees and 15.726% for safety employees. The contribution requirements of plan members and the County are established and may be amended by CalPERS.

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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

#### Annual Pension Cost

For the year ended June 30, 2012, the County's annual pension cost was \$13,991,146. The required contribution was determined as part of the June 30, 2009 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, 2009 was 30 years for the Miscellaneous Plan and 30 years for the Safety Plan.

#### Funded Status and Funding Progress

The following is the funded status information for each plan as of June 30, 2011, the most recent actuarial valuation date:

	Entry Age Normal Liability	Actuarial of Assets	Unfunded/ Liability	Ratio	Annual Payroll	% of Payroll
Miscellaneous	\$ 490,241,593	\$ 433,640,093	\$ 56,601,500	88.5%	\$ 89,342,440	63.4%
Safety	120,716,989	108,173,489	12,543,500	89.6%	16,885,154	74.3%

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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

The County's annual pension cost and pension asset for the fiscal year ended June 30, 2012 were as follows:

	Miscellaneous	Safety	Total
Annual required contribution	\$ 10,249,806	\$ 4,380,005	\$ 14,629,811
Interest on beginning net pension asset	(2,769,163)	(1,183,334)	(3,952,497)
Adjustment to the annual required contribution	<u>2,321,707</u>	<u>992,125</u>	<u>3,313,832</u>
Annual pension cost	9,802,350	4,188,796	13,991,146
Contributions made	<u>8,852,251</u>	<u>3,782,794</u>	<u>12,635,045</u>
Decrease in net pension asset	(950,099)	(406,002)	(1,356,101)
Net pension asset, beginning of year	<u>34,752,470</u>	<u>14,850,620</u>	<u>49,603,090</u>
Net pension asset, end of year	<u>\$ 33,802,371</u>	<u>\$ 14,444,618</u>	<u>\$ 48,246,989</u>

#### Three-Year Trend Information for PERS

##### Miscellaneous

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Asset
6/30/2010	8,392,159	7,655,482	91%	36,047,511
6/30/2011	8,996,914	7,701,872	86%	34,752,470
6/30/2012	9,802,350	8,852,251	90%	33,802,371

##### Safety

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Asset
6/30/2010	3,586,184	3,271,384	91%	15,404,025
6/30/2011	3,844,611	3,291,207	86%	14,850,620
6/30/2012	4,188,796	3,782,794	90%	14,444,618

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

#### A. Plan Description

The County sponsors healthcare coverage under the California Public Employees Medical and Hospital Care Act ("PEMHCA"), commonly referred to as PERS Health. PEMHCA provides health insurance through a variety of Health Maintenance Organization (HMO) and Preferred Provider Organization (PPO) options. Participation in PEMHCA is financed in part by the County through a contribution to PEMHCA of \$108.00 per employee per month for 2011. The \$108.00 per month increased by law to \$112.00 on January 1, 2012, and will be indexed with medical inflation (CPI) for years 2013 and thereafter. Delta Dental (Premier and DPO), vision and life insurance are also available.

#### *Post-Retirement Coverage*

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

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

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

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

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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

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

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

For 2011, the monthly County contributions are \$97.20 and \$108.00 for Unequal and Equal Contribution Methods, respectively. For 2012, those amounts increased to \$106.40 and \$112.00, respectively.

#### *Changes in Eligibility for Sick-Leave Buy-out*

Employees other than non-represented groups hired after June 30, 2010 will not be eligible for sick-leave buyout nor will they receive one year of County-paid health benefits after retirement. Retirees other than non-represented groups who retired on or after January 1, 2010 will be subject to a limit on County reimbursements equal to the sum of the Blue Shield HMO premium, Delta DPO and vision premiums.

#### *Healthcare Premiums*

The following table shows January 1, 2012 monthly PERS Health (PEMHCA) premiums for retirees within the Other Northern California region (Bay Area/Sacramento for Kaiser). Dental and vision rates in effect for 2011-12 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	\$ 704.69	\$ 616.14	\$ 559.25	\$ 1,002.53	\$ 36.02	\$ 33.15	\$ 13.87
Retiree+1	1,409.38	1,232.28	1,118.50	2,005.06	77.82	72.26	13.87
Family	1,832.19	1,601.96	1,454.05	2,606.58	115.58	113.49	13.87
<u>Medicare Supplement</u>							
Retiree	337.99	277.81	383.44	432.43	N/A	N/A	N/A
Retiree+1	675.98	555.62	766.88	864.86	N/A	N/A	N/A
Family	1,013.97	833.43	1,150.32	1,297.29	N/A	N/A	N/A

### B. Funding Policy

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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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

GASB 45 does not require pre-funding of OPEB benefits. Therefore, the County's funding policy is to continue to pay healthcare premiums for retirees as they fall due. The County has elected not to establish an irrevocable trust at this time.

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

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

The following table shows the components of the County's Annual OPEB Cost for the fiscal years ended June 30, 2012, the amount actually contributed to the plan, and changes in the County's Net OPEB Obligation/(Asset):

Annual required contribution	\$ 4,937,590
Interest on net OPEB obligation	603,252
Adjustment of annual required contribution	<u>(784,848)</u>
Annual OPEB cost	4,755,994
Contributions made	<u>(1,835,731)</u>
Change in net OPEB obligation (Asset)	2,920,263
Net OPEB obligation (Asset) - beginning of year	<u>12,065,034</u>
Net OPEB obligation (Asset) - end of year	<u><u>\$14,985,297</u></u>

The County's Annual OPEB Cost, the percentage of Annual OPEB Cost contributed to the plan, and the Net OPEB Obligation/(Asset) for the fiscal years ended June 30, 2010, 2011, and 2012 are as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Employer Contribution	Annual OPEB Cost Contributed	Obligation (Asset)
6/30/2010	\$ 4,583,232	\$ 1,398,316	30.51%	\$ 9,200,139
6/30/2011	\$ 4,535,295	\$ 1,670,400	36.83%	\$ 12,065,034
6/30/2012	\$ 4,755,994	\$ 1,835,731	38.60%	\$ 14,985,297

The general fund and the special revenue funds have typically been used in prior years to liquidate the net OPEB obligation.



**COUNTY OF BUTTE, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**D. Schedule of Funding Progress**

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets</b>	<b>Projected Unit Credit Actuarial Accrued Liability</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
July 1, 2007	\$0	\$27,660,497	\$27,660,497	0.00%	101,759,340	27.18%
July 1, 2009	\$0	\$33,471,811	\$33,471,811	0.00%	105,638,908	31.69%
July 1, 2011	\$0	\$38,478,208	\$38,478,208	0.00%	106,227,594	36.22%

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

**E. Actuarial Methods and Assumptions**

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

The plan's most recent actuarial valuation was performed as of July 1, 2011. In that valuation, the Projected Unit Credit (PUC) Cost Method was used. The actuarial assumptions included a 5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 5 percent after 3 years. These assumptions reflect an implicit 3 percent general inflation assumption. The County's unfunded actuarial accrued liability is being amortized as a level dollar amount on an open basis over 30 years. The remaining amortization period as of June 30, 2012 was 30 years. The County's plan is considered a single-employer plan under GASB 45.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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### 11. Risk Management

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

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

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

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

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

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

All operating funds participate in the program and make payments to the insurance funds based on actuarial estimates of the amounts needed to pay prior and current year claims, and to allow accrual of estimated incurred but not reported claims. These claims liability estimates are based on the requirements of GASB Statements No. 10 and 30 and include estimate claims incurred but not yet reported as of June 30, 2012. The claims liability includes all allocated loss adjustment expenses. Changes in the insurance funds' claims liability amount during the fiscal years ended June 30, 2011 and 2012 were as follows:

**COUNTY OF BUTTE, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

**11. 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>
2010-2011	\$ 5,164,000	\$ (4,492,903)	\$ 4,907,903	\$ 5,579,000
2011-2012	\$ 5,579,000	\$ (3,880,661)	\$ 4,227,661	\$ 5,926,000

**12. Affiliated Organization**

The Butte County Air Quality Management District (the District) was established in 1967 by the State Legislature through the “Mulford-Carrell Air Resources Act” which provided local air districts with the primary responsibility for the control of non-vehicular sources of air pollution. The District’s Board is composed of ten members, of which five members are the County’s Board of Supervisors. Effective August 2003, the District became a separate legal entity and is no longer considered a part of the County. The District has financial statements prepared and they can be obtained from management at the District. Condensed financial statements for the District as of June 30, 2012, are presented below:

	<u>Amount</u>
Statement of Net Assets	
Assets	\$ 562,081
Liabilities	<u>142,279</u>
Equity	<u>\$ 419,802</u>
Revenue and Expenses	
Revenues	\$ 1,856,610
Expenses	<u>1,778,482</u>
Net Income (Loss)	<u>\$ 78,128</u>

**13. Contingencies**

Grants

The County participates in a number of grant programs funded, in whole or part, by federal, state and other sources. These programs are subject to program compliance audits by the grantors or their representatives. The audits of these programs for or including the fiscal year ended June 30, 2012, have not yet been conducted. Additionally, certain audits related to prior fiscal years have not been finalized. Accordingly, the County’s compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although, the County expects such amounts, if any, to be immaterial.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

### 13. Contingencies (continued)

#### Litigation

The County is a defendant in various matters of litigation. Of these matters, management and County's legal counsel do not anticipate any material effect on the June 30, 2012 financial statements.

### 14. Restatement of Fund Equity/Net Assets

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

	Government-Wide Statement of Activities		Fund Statements					Government-Wide Statement of Activities
	Governmental Activities	General Fund	Welfare	Public Health	Behavioral Health	Road Fund	Other Governmental Funds	Business-Type Activities/ Landfill
Fund balance/net assets, June 30, 2011, as previously reported	\$ 329,645,273	\$ 34,350,613	\$ 1,385,059	\$ 13,092,291	\$ 157,130	\$ 16,014,802	\$ 34,195,617	\$ 22,465,196
Restatements:								
Reclassify prior year revenue recorded in current year	(661,976)	--	--	--	(661,976)	--	--	--
Capital asset corrections	--	--	--	--	--	--	--	315,957
Total Restatements	(661,976)	--	--	--	(661,976)	--	--	315,957
Fund balance/net assets, July 1, 2011, as restated	\$ 328,983,297	\$ 34,350,613	\$ 1,385,059	\$ 13,092,291	\$ (504,846)	\$ 16,014,802	\$ 34,195,617	\$ 22,781,153

### 15. Subsequent Events

#### California State Budget

The State is the source for a significant amount of Butte County's revenues and much of these funds are at risk for deferral or cuts in order to balance the State budget.

The County has taken these deferrals and cuts into account with its 2013 budget, but the risk exists that further decreases in revenue may be realized when the State finally comes to agreement on its spending plan. Many of these decreases in funding will be associated with State-mandated programs. The County remains committed to prudent fiscal management while providing quality services to its citizens.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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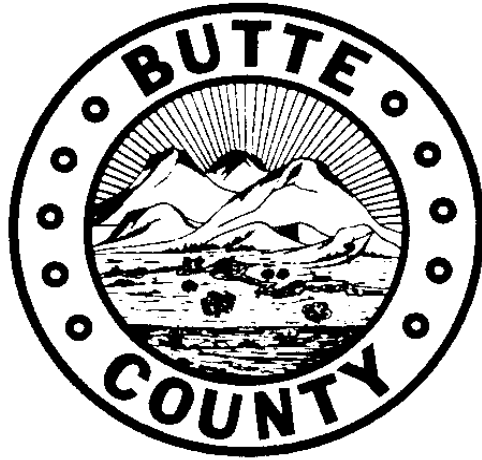
### 16. Stewardship, Compliance, and Accountability

#### *Deficit Fund Balance*

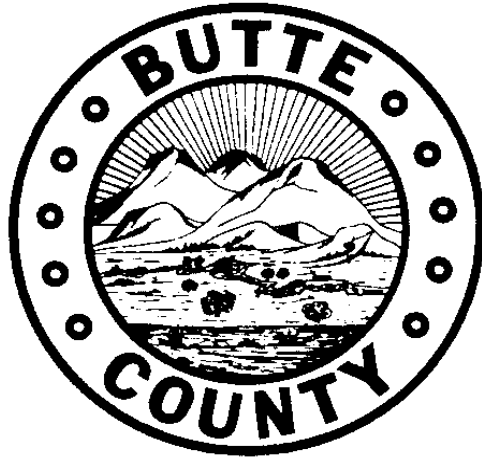
The following fund had deficit fund balances at June 30, 2012:

	<u>Deficit Fund Balance</u>
Behavioral Health Fund	\$ 1,726,040

Behavioral Health Fund had a deficit fund balance of \$1,726,040 at June 30, 2012. The deficit fund balance for the Behavioral Health Fund primarily resulted from reimbursement delays from Federal Financial Participation and the State of California changing their cost report method. The County feels these issues have been resolved and will eliminate the deficit fund balance.



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## **Required Supplementary Information**





# COUNTY OF BUTTE, CALIFORNIA

## County Employees' Retirement Plan (Defined Benefit Pension Plan) Schedule of Funding Progress For the Fiscal Year Ended June 30, 2012

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)
<b>6/30/2009:</b>						
Misc.	\$ 389,091,737	\$ 435,914,875	\$ 46,823,138	89.3%	\$ 88,613,206	52.8%
Safety	96,658,588	107,030,449	10,371,861	90.3%	17,025,702	60.9%
Total	<u>\$ 485,750,325</u>	<u>\$ 542,945,324</u>	<u>\$ 57,194,999</u>	<u>89.5%</u>	<u>\$ 105,638,908</u>	<u>54.1%</u>
<b>6/30/2010:</b>						
Misc.	\$ 409,783,064	\$ 458,068,571	\$ 48,285,507	89.5%	\$ 88,837,791	54.4%
Safety	101,887,180	112,862,174	10,974,994	90.3%	16,802,391	65.3%
Total	<u>\$ 511,670,244</u>	<u>\$ 570,930,745</u>	<u>\$ 59,260,501</u>	<u>89.6%</u>	<u>\$ 105,640,182</u>	<u>56.1%</u>
<b>6/30/2011:</b>						
Misc.	\$ 433,640,093	\$ 490,241,593	\$ 56,601,500	88.5%	\$ 89,342,440	63.4%
Safety	108,173,489	120,716,989	12,543,500	89.6%	16,885,154	74.3%
Total	<u>\$ 541,813,582</u>	<u>\$ 610,958,582</u>	<u>\$ 69,145,000</u>	<u>88.7%</u>	<u>\$ 106,227,594</u>	<u>65.1%</u>

# COUNTY OF BUTTE, CALIFORNIA

## Other Post Employment Benefits (OPEB) Plan Schedule of Funding Progress For the Fiscal Year Ended June 30, 2012

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Actuarial Valuation Date	(1) Actuarial Value of Plan Assets	(2) Actuarial Accrued Liability (AAL)	(3) Funded ratio	(4) Unfunded Actuarial Accrued Liability (UAAL) (2) - (1)	(5) Annual Covered Payroll	(6) UAAL as a Percentage of Covered Payroll (4) ÷ (5)
7/1/2007	\$ -	\$ 27,660,497	0.00%	\$ 27,660,497	\$ 101,759,340	27.18%
7/1/2009	-	33,471,811	0.00%	33,471,811	105,638,908	31.69%
7/1/2011	-	38,478,208	0.00%	38,478,208	106,227,594	36.22%

### 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.

# **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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year - restated	\$ 19,701,217	\$ 10,869,280	\$ 34,350,613	\$ 23,481,333
<b>RESOURCES (inflows):</b>				
Taxes	50,385,691	50,385,681	50,515,660	129,979
Licenses and permits	3,368,794	3,368,794	2,921,465	(447,329)
Fines, forfeitures, and penalties	2,238,730	2,337,255	2,478,604	141,349
Revenues from uses of money and property	1,059,600	1,059,600	1,109,616	50,016
Aid from other governments	33,685,009	39,512,309	43,707,200	4,194,891
Charges for services	20,082,325	19,347,530	18,554,491	(793,039)
Other	3,375,849	3,021,248	2,811,391	(209,857)
Other financing sources	550,000	6,725,168	2,626,808	(4,098,360)
Amounts available for appropriation	<u>114,745,998</u>	<u>125,757,585</u>	<u>124,725,235</u>	<u>(1,032,350)</u>
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>General Government:</b>				
<b>Board of Supervisors:</b>				
Salaries and employee benefits	662,449	662,449	659,154	3,295
Services and supplies	164,141	167,131	149,381	17,750
Other charges	-	4,604	4,604	-
Capital assets	4,604	-	-	-
Other financing uses	1,445,948	1,457,182	1,449,153	8,029
Total Board of Supervisors	<u>2,277,142</u>	<u>2,291,366</u>	<u>2,262,292</u>	<u>29,074</u>
<b>Administrative Office:</b>				
Salaries and employee benefits	3,009,591	2,994,591	2,938,114	56,477
Services and supplies	1,099,127	1,658,820	984,142	674,678
Other charges	-	404,721	229,495	175,226
Capital assets	16,374	369,783	109,522	260,261
Other financing uses	(182,601)	(8,081)	(125,990)	117,909
Total Administrative Office	<u>3,942,491</u>	<u>5,419,834</u>	<u>4,135,283</u>	<u>1,284,551</u>
<b>Auditor-Controller:</b>				
Salaries and employee benefits	1,526,451	1,521,841	1,464,356	57,485
Services and supplies	157,098	211,937	172,403	39,534
Other charges	-	9,258	9,258	-
Capital assets	8,487	-	-	-
Other financing uses	(197,203)	(174,010)	(179,968)	5,958
Total Auditor-Controller	<u>1,494,833</u>	<u>1,569,026</u>	<u>1,466,049</u>	<u>102,977</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government (continued):</b>				
General Services:				
Salaries and employee benefits	\$ 3,516,247	\$ 3,571,485	\$ 3,353,207	\$ 218,278
Services and supplies	3,647,292	4,169,551	3,707,736	461,815
Other charges	37,000	219,270	200,598	18,672
Capital assets	114,700	4,618	-	4,618
Other financing uses	(4,264,589)	(3,984,847)	(3,989,145)	4,298
Total Purchasing	3,050,650	3,980,077	3,272,396	707,681
Treasurer-Tax Collector:				
Salaries and employee benefits	1,770,354	1,770,354	1,700,776	69,578
Services and supplies	1,034,004	1,094,207	961,331	132,876
Other charges	-	7,300	7,299	1
Capital assets	6,768	-	-	-
Other financing uses	158,592	176,741	171,724	5,017
Total Treasurer-Tax Collector	2,969,718	3,048,602	2,841,130	207,472
Assessor:				
Salaries and employee benefits	2,952,087	2,952,087	2,807,405	144,682
Services and supplies	274,870	252,729	247,777	4,952
Other charges	18,666	42,999	42,998	1
Capital assets	21,301	-	-	-
Other financing uses	270,365	346,894	331,129	15,765
Total Assessor	3,537,289	3,594,709	3,429,309	165,400
Human Resources:				
Salaries and employee benefits	1,538,393	1,538,393	1,491,851	46,542
Services and supplies	379,310	441,453	281,108	160,345
Other charges	-	2,118	2,118	-
Capital assets	2,118	-	-	-
Other financing uses	(519,225)	(519,225)	(519,276)	51
Total Human Resources	1,400,596	1,462,739	1,255,801	206,938
County Counsel:				
Salaries and employee benefits	1,202,831	1,202,831	1,225,238	(22,407)
Services and supplies	789,914	1,491,587	1,461,748	29,839
Other charges	-	9,645	9,645	-
Capital assets	9,645	-	-	-
Other financing uses	(1,548,202)	(1,535,355)	(1,538,972)	3,617
Total County Counsel	454,188	1,168,708	1,157,659	11,049
Public Works General Services:				
Services and supplies	12,031	12,031	11,868	163
Other charges	88,323	88,323	88,323	-
Other financing uses	814	814	804	10
Total Public Works General Services	101,168	101,168	100,995	173

(continued)

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government (continued):</b>				
Information Systems:				
Salaries and employee benefits	\$ 2,450,509	\$ 2,450,509	\$ 2,443,241	\$ 7,268
Services and supplies	1,700,504	1,583,329	1,561,066	22,263
Other charges	-	549,479	549,478	1
Capital assets	297,978	51,497	-	51,497
Other financing uses	(1,344,486)	(1,103,909)	(1,282,086)	178,177
Total Information Systems	3,104,505	3,530,905	3,271,699	259,206
Elections:				
Salaries and employee benefits	760,045	760,045	773,970	(13,925)
Services and supplies	770,272	771,200	734,220	36,980
Other charges	-	7,127	7,127	-
Capital assets	6,307	-	-	-
Other financing uses	49,649	66,884	62,109	4,775
Total Elections	1,586,273	1,605,256	1,577,426	27,830
Community Action Agency				
Services and supplies	9,578	9,578	9,584	(6)
Other charges	344	344	344	-
Other financing uses	37,162	37,162	37,152	10
Total SPCL Grant Requirement	47,084	47,084	47,080	4
Tax and Revenue Anticipation Notes:				
Other charges	240,000	365,635	363,696	1,939
Other financing uses	1,625	1,635	1,632	3
Total Tax and Revenue Anticipation Notes	241,625	367,270	365,328	1,942
Retired Employee Benefits:				
Salaries and employee benefits	-	-	5,529	(5,529)
Other financing uses	-	-	1,848	(1,848)
Total Retired Employee Benefits	-	-	7,377	(7,377)
Table A Water:				
Services and supplies	1,380,000	1,380,000	1,203,315	176,685
Total Table A Water	1,380,000	1,380,000	1,203,315	176,685
Unallocated A-87:				
Services and supplies	61,162	61,162	61,166	(4)
Other charges	24,067	24,067	24,067	-
Other financing uses	1,070,603	1,070,603	1,090,191	(19,588)
Total Unallocated A-87	1,155,832	1,155,832	1,175,424	(19,592)
General Revenue and Transfers:				
Other financing uses	4,609,648	4,609,648	1,132,924	3,476,724
Total General Revenue and Transfers	4,609,648	4,609,648	1,132,924	3,476,724
Total General Government	29,973,042	35,332,224	28,701,487	6,630,737

(continued)

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Protection:</b>				
Emergency Services:				
Services and supplies	\$ 194	\$ 194	\$ -	\$ 194
Total Emergency Services	194	194	-	194
Grand Jury:				
Services and supplies	111,227	111,227	61,202	50,025
Other financing uses	31,196	31,196	31,188	8
Total Grand Jury	142,423	142,423	92,390	50,033
County Share Trial Courts:				
Services and supplies	18,257	18,257	12,255	6,002
Other charges	1,935,979	1,935,979	1,832,485	103,494
Other financing uses	63,296	63,296	63,312	(16)
Total County Share Trial Courts	2,017,532	2,017,532	1,908,052	109,480
District Attorney - Criminal:				
Salaries and employee benefits	8,093,171	8,198,025	7,800,658	397,367
Services and supplies	739,943	1,096,005	1,017,480	78,525
Other charges	56,086	105,025	73,324	31,701
Capital assets	29,438	11,037	10,821	216
Other financing uses	94,098	136,854	148,640	(11,786)
Total District Attorney - Criminal	9,012,736	9,546,946	9,050,923	496,023
District Attorney - Child Abduction Unit:				
Salaries and employee benefits	178,710	175,571	151,231	24,340
Services and supplies	4,046	7,185	7,185	-
Other financing uses	42,565	42,565	37,377	5,188
Total District Attorney - Child Abduction Unit	225,321	225,321	195,793	29,528
District Attorney - Welfare Fraud Investigation:				
Salaries and employee benefits	544,128	753,950	683,800	70,150
Services and supplies	10,916	132,306	82,842	49,464
Other charges	-	323	323	-
Other financing uses	132,530	165,760	148,373	17,387
Total District Attorney - Welfare Fraud Invest.	687,574	1,052,339	915,338	137,001
District Attorney - IHSS Fraud:				
Salaries and employee benefits	172,287	172,287	61,220	111,067
Services and supplies	2,091	2,091	706	1,385
Other financing uses	5,175	5,175	5,184	(9)
Total District Attorney - IHSS Fraud	179,553	179,553	67,110	112,443
Public Defender:				
Services and supplies	2,803,866	2,852,901	2,650,658	202,243
Other charges	-	-	41,078	(41,078)
Other financing uses	3,378	3,378	3,372	6
Total Public Defender	2,807,244	2,856,279	2,695,108	161,171

(continued)

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Protection (continued):</b>				
Sheriff - Coroner:				
Salaries and employee benefits	\$ 24,144,456	\$ 24,679,246	\$ 23,736,582	\$ 942,664
Services and supplies	8,467,140	9,856,470	8,564,505	1,291,965
Other charges	264,900	1,187,578	1,183,896	3,682
Capital assets	366,659	290,355	245,971	44,384
Other financing uses	1,922,098	1,878,519	1,864,089	14,430
Total Sheriff - Coroner Administration	<u>35,165,253</u>	<u>37,892,168</u>	<u>35,595,043</u>	<u>2,297,125</u>
Criminal Justice Construction:				
Other charges	-	422,060	421,985	75
Other financing uses	1,449,060	1,606,733	590,270	1,016,463
Total Criminal Justice Construction	<u>1,449,060</u>	<u>2,028,793</u>	<u>1,012,255</u>	<u>1,016,538</u>
Juvenile Hall General:				
Salaries and employee benefits	3,863,428	3,863,428	3,978,474	(115,046)
Services and supplies	963,934	965,221	856,742	108,479
Other charges	3,000	19,247	17,537	1,710
Capital assets	14,247	-	-	-
Other financing uses	483,214	483,214	259,212	224,002
Total Juvenile Hall General	<u>5,327,823</u>	<u>5,331,110</u>	<u>5,111,965</u>	<u>219,145</u>
Probation Victim Witness:				
Salaries and employee benefits	225,647	112,824	104,083	8,741
Services and supplies	18,713	9,314	5,241	4,073
Other charges	-	43	43	-
Other financing uses	16,864	8,431	8,442	(11)
Total Probation Victim Witness	<u>261,224</u>	<u>130,612</u>	<u>117,809</u>	<u>12,803</u>
Probation General Services:				
Salaries and employee benefits	7,125,705	7,594,958	7,192,858	402,100
Services and supplies	1,276,580	1,665,247	1,250,706	414,541
Other charges	103,890	228,495	134,354	94,141
Capital assets	5,464	90,000	82,113	7,887
Other financing uses	416,890	505,130	435,613	69,517
Total Probation General Services	<u>8,928,529</u>	<u>10,083,830</u>	<u>9,095,644</u>	<u>988,186</u>
Probation BD/CON:				
Salaries and employee benefits	126,670	63,335	63,014	321
Services and supplies	157,280	78,640	35,546	43,094
Other financing uses	4,162	2,081	2,088	(7)
Total Probation BD/CON	<u>288,112</u>	<u>144,056</u>	<u>100,648</u>	<u>43,408</u>

(continued)



**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Protection (continued):</b>				
Development Services:				
Salaries and employee benefits	\$ 2,531,489	\$ 2,531,489	\$ 2,437,263	\$ 94,226
Services and supplies	1,130,886	1,581,058	884,083	696,975
Other charges	17,000	24,174	22,160	2,014
Capital assets	7,174	-	-	-
Other financing uses	208,345	208,345	202,621	5,724
Total Development Services	<u>3,894,894</u>	<u>4,345,066</u>	<u>3,546,127</u>	<u>798,939</u>
Subdivision Inspection:				
Salaries and employee benefits	457,506	457,506	405,665	51,841
Services and supplies	38,094	30,024	20,310	9,714
Other charges	25,672	34,856	34,855	1
Capital assets	1,114	-	-	-
Other financing uses	15,991	15,991	15,996	(5)
Total Subdivision Inspection	<u>538,377</u>	<u>538,377</u>	<u>476,826</u>	<u>61,551</u>
Fire Protection - Regular Service:				
Services and supplies	13,534,584	13,531,852	13,210,908	320,944
Other charges	637,974	469,360	469,360	-
Capital assets	-	-	-	-
Other financing uses	40,914	212,260	172,208	40,052
Total Fire Protection - Regular Service	<u>14,213,472</u>	<u>14,213,472</u>	<u>13,852,476</u>	<u>360,996</u>
Fire Protection - Voluntary Program:				
Salaries and employee benefits	28,923	28,923	23,816	5,107
Services and supplies	636,192	628,192	585,200	42,992
Other charges	43,454	8,000	7,952	48
Capital assets	-	43,454	43,897	(443)
Total Fire Protection - Voluntary Program	<u>708,569</u>	<u>708,569</u>	<u>660,865</u>	<u>47,704</u>
Fire Protection - Ancillary Services:				
Services and supplies	41,623	273,472	270,248	3,224
Other charges	586	586	588	(2)
Total Fire Protection - Ancillary Services	<u>42,209</u>	<u>274,058</u>	<u>270,836</u>	<u>3,222</u>
Agriculture General Services:				
Salaries and employee benefits	1,753,373	1,753,373	1,743,216	10,157
Services and supplies	229,706	233,758	204,360	29,398
Other charges	25,000	35,794	35,794	-
Capital assets	103,346	101,500	99,273	2,227
Other financing uses	102,841	102,841	102,887	(46)
Total Agriculture General Services	<u>2,214,266</u>	<u>2,227,266</u>	<u>2,185,530</u>	<u>41,736</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Protection (continued):</b>				
Recorder:				
Salaries and employee benefits	\$ 791,844	\$ 758,844	\$ 771,942	\$ (13,098)
Services and supplies	395,591	350,637	326,455	24,182
Other charges	400	8,708	8,338	370
Capital assets	15,808	7,500	7,323	177
Other financing uses	80,295	302,999	297,132	5,867
Total Recorder	<u>1,283,938</u>	<u>1,428,688</u>	<u>1,411,190</u>	<u>17,498</u>
LAFCO Contribution				
Other charges	200,000	200,000	198,753	1,247
Total LAFCO Contribution	<u>200,000</u>	<u>200,000</u>	<u>198,753</u>	<u>1,247</u>
Water Services:				
Salaries and employee benefits	527,964	527,964	432,381	95,583
Services and supplies	528,654	826,455	477,618	348,837
Other charges	-	2,178	2,178	-
Capital assets	737	-	-	-
Other financing uses	55,858	55,858	55,872	(14)
Total Water Services	<u>1,113,213</u>	<u>1,412,455</u>	<u>968,049</u>	<u>444,406</u>
Total Public Protection	<u>75,737,266</u>	<u>96,979,107</u>	<u>89,528,730</u>	<u>7,450,377</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Assistance:</b>				
Children's' Trust Fund - AB2994:				
Services and supplies	\$ 155,000	\$ 155,000	\$ 102,582	\$ 52,418
Other financing uses	391	391	384	7
Total Children's' Trust Fund - AB2994	<u>155,391</u>	<u>155,391</u>	<u>102,966</u>	<u>52,425</u>
Welfare Domestic Violence:				
Services and supplies	30,000	33,000	33,000	-
Total Welfare Domestic Violence	<u>30,000</u>	<u>33,000</u>	<u>33,000</u>	<u>-</u>
Institutional/ Correction:				
Services and supplies	286,058	362,052	7,508	354,544
Other charges	49,221	49,221	14,447	34,774
Other financing uses	(760)	(760)	(756)	(4)
Total Institutional/ Correction	<u>334,519</u>	<u>410,513</u>	<u>21,199</u>	<u>389,314</u>
Juvenile Court Wards:				
Other charges	490	490	215	275
Other financing uses	10	10		10
Total Juvenile Court Wards	<u>500</u>	<u>500</u>	<u>215</u>	<u>285</u>
Veteran's Service Officer:				
Salaries and employee benefits	144,960	169,761	159,894	9,867
Services and supplies	54,957	58,457	52,076	6,381
Other charges	-	213	213	-
Capital assets	213	-	-	-
Other financing uses	20,213	20,213	20,208	5
Total Veteran's Service Officer	<u>220,343</u>	<u>248,644</u>	<u>232,391</u>	<u>16,253</u>
 Total Public Assistance	 <u>740,753</u>	 <u>848,048</u>	 <u>389,771</u>	 <u>458,277</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Education:</b>				
Farm, Home, and 4H Department:				
Salaries and employee benefits	\$ 150,448	\$ 150,448	\$ 125,712	\$ 24,736
Services and supplies	60,953	60,953	52,439	8,514
Other charges	6,271	7,221	7,118	103
Capital assets	59,544	58,594	53,581	5,013
Other financing uses	2,956	2,956	2,964	(8)
Total Farm, Home, and 4H Department	280,172	280,172	241,814	38,358
Libraries - Literacy Grant:				
Salaries and employee benefits	207,275	207,275	180,681	26,594
Services and supplies	37,367	37,246	24,519	12,727
Other charges	4,370	2,082	2,081	1
Other financing uses	-	4,370	4,273	97
Total Libraries - Literacy Grant	249,012	250,973	211,554	39,419
Libraries				
Salaries and employee benefits	1,492,650	1,492,650	1,461,100	31,550
Services and supplies	369,721	445,935	379,304	66,631
Other charges	800,649	71,442	71,442	-
Capital assets	71,419	-	-	-
Other financing uses	-	800,649	800,486	163
Total Libraries	2,734,439	2,810,676	2,712,332	98,344
Total Education	3,263,623	3,341,821	3,165,700	176,121
<b>Recreation and cultural services:</b>				
Butte Meadows Recreation Grant:				
Services and supplies	60,000	64,613	19,511	45,102
Other charges	-	387	386	1
Other financing uses	8,247	8,247	432	7,815
Total Butte Meadows Recreation Grant	68,247	73,247	20,329	52,918
<b>Provisions for Contingencies:</b>				
Appropriation Contingencies	1,559,485	843,971	-	843,971
<b>Total Charges to appropriations</b>	111,342,416	137,418,418	121,806,017	15,612,401
Budgetary Fund balances, ending	\$ 23,104,799	\$ (791,553)	\$ 37,269,831	\$ 14,580,051

(continued)

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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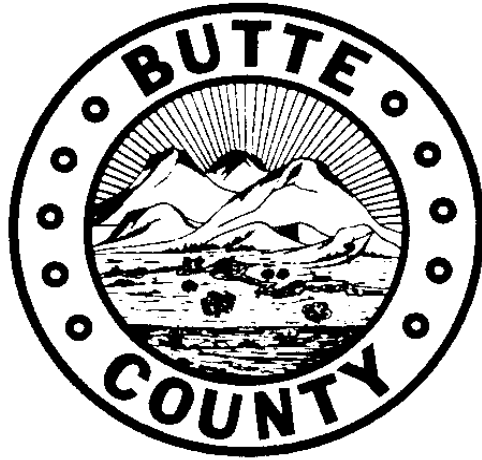
*Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:*

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 124,725,235
Differences - budget to USGAAP:	
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	(137,913)
 Transfers in are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(2,456,745)</u>
 Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - general fund	 <u><u>\$ 122,098,427</u></u>

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 121,806,017
Differences - budget to USGAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(2,869,715)</u>
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - general fund	 <u><u>\$ 118,936,302</u></u>



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# **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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year - restated	\$ 169,653	\$ 1,968,384	\$ 1,385,059	\$ (583,325)
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	-	-	(32,298)	(32,298)
Aid from other governments	131,075,839	134,216,426	135,866,344	1,649,918
Charges for services	925,089	846,290	895,613	49,323
Other	1,750,256	1,750,256	887,860	(862,396)
Other financing sources	3,474,575	16,152,381	-	(16,152,381)
Amounts available for appropriation	<u>137,225,759</u>	<u>152,965,353</u>	<u>137,617,519</u>	<u>(15,347,834)</u>
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Protection:</b>				
Welfare - Public Guardian:				
Salaries and employee benefits	441,921	436,121	418,092	18,029
Services and supplies	3,300	1,879	266	1,613
Other charges	134,220	141,441	141,402	39
Other financing uses	514,764	514,764	481,933	32,831
Total Welfare - Public Guardian	<u>1,094,205</u>	<u>1,094,205</u>	<u>1,041,693</u>	<u>52,512</u>
Total Public Protection	<u>1,094,205</u>	<u>1,094,205</u>	<u>1,041,693</u>	<u>52,512</u>
<b>Public Assistance:</b>				
Welfare Administration:				
Salaries and employee benefits	11,624,504	10,640,512	10,252,516	387,996
Services and supplies	4,425,169	4,861,416	4,597,642	263,774
Other charges	2,769,138	3,114,257	2,906,912	207,345
Capital assets	150,000	205,000	139,432	65,568
Other financing uses	(18,968,811)	(18,666,119)	(17,791,436)	(874,683)
Total Welfare Administration	<u>-</u>	<u>155,066</u>	<u>105,066</u>	<u>50,000</u>
Welfare - Eligibility:				
Salaries and employee benefits	12,998,979	14,438,638	13,622,125	816,513
Services and supplies	146,749	367,053	285,032	82,021
Other charges	505,000	711,890	524,430	187,460
Other financing uses	4,998,472	4,522,774	4,247,661	275,113
Total Welfare - Eligibility	<u>18,649,200</u>	<u>20,040,355</u>	<u>18,679,248</u>	<u>1,361,107</u>
Welfare Protective Services:				
Salaries and employee benefits	9,001,634	9,044,688	8,413,208	631,480
Services and supplies	2,249,526	2,619,311	1,794,746	824,565
Other charges	1,311,964	1,484,428	1,167,096	317,332
Other financing uses	6,383,079	6,268,047	5,886,890	381,157
Total Welfare Protective Services	<u>18,946,203</u>	<u>19,416,474</u>	<u>17,261,940</u>	<u>2,154,534</u>

(continued)



**COUNTY OF BUTTE, CALIFORNIA**

**BUDGET COMPARISON SCHEDULE-WELFARE FUND-BUDGETARY BASIS (continued)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Welfare CALWORKS Program:				
Salaries and employee benefits	\$ 4,184,752	\$ 4,072,450	\$ 4,139,428	\$ (66,978)
Services and supplies	2,436,634	3,887,285	2,958,389	928,896
Other charges	1,129,116	1,556,130	1,124,951	431,179
Other financing uses	7,072,496	7,410,534	7,174,952	235,582
Total Welfare CALWORKS Program	<u>14,822,998</u>	<u>16,926,399</u>	<u>15,397,720</u>	<u>1,528,679</u>
Welfare Aids:				
Services and supplies	5,000	9,280	1,480	7,800
Other charges	83,708,153	84,498,385	81,879,728	2,618,657
Total Welfare Aids	<u>83,713,153</u>	<u>84,507,665</u>	<u>81,881,208</u>	<u>2,626,457</u>
Welfare General Relief:				
Services and supplies	-	2,170	-	2,170
Total Welfare General Relief	<u>-</u>	<u>2,170</u>	<u>-</u>	<u>2,170</u>
Total Public Assistance	<u>136,131,554</u>	<u>141,048,130</u>	<u>133,325,182</u>	<u>7,722,948</u>
<b>Total Charges to appropriations</b>	<u>137,225,759</u>	<u>142,142,335</u>	<u>134,366,875</u>	<u>7,775,460</u>
Budgetary Fund balances, ending	<u>\$ 169,653</u>	<u>\$ 12,791,403</u>	<u>\$ 4,635,703</u>	<u>\$ (8,155,699)</u>

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

**Uses/outflows of resources:**

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

\$ 134,366,875

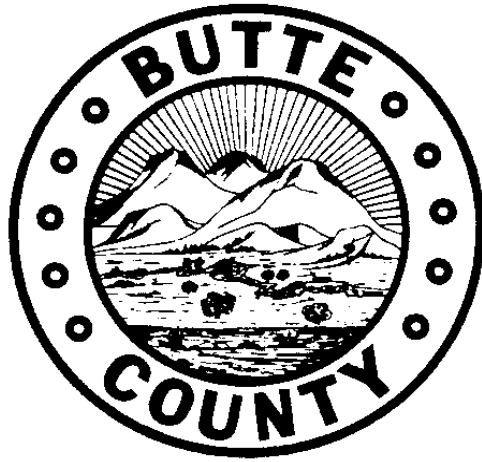
Differences - budget to USGAAP:

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

(349,113)

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

\$ 134,017,762



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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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year - restated	\$ 12,292,046	\$ 11,119,248	\$ 13,092,291	\$ 1,973,043
<b>RESOURCES (inflows):</b>				
Licenses and permits	100,000	100,000	120,409	20,409
Fines, forfeitures, and penalties	350,000	350,000	327,287	(22,713)
Revenues from uses of money and property	215,000	215,000	146,395	(68,605)
Aid from other governments	18,153,765	18,658,313	17,419,254	(1,239,059)
Charges for services	2,948,366	3,066,544	2,877,236	(189,308)
Other	12,066	12,066	14,828	2,762
Other financing sources	724,304	724,304	724,304	-
Amounts available for appropriation	<u>22,503,501</u>	<u>23,126,227</u>	<u>21,629,713</u>	<u>(1,496,514)</u>
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>Health and Sanitation:</b>				
Public Health General Services:				
Salaries and employee benefits	12,631,638	12,709,854	10,950,118	1,759,736
Services and supplies	9,967,489	11,088,203	9,863,807	1,224,396
Other charges	2,020,034	1,767,800	1,416,626	351,174
Capital assets	96,343	297,553	237,875	59,678
Other financing uses	-	795,623	-	795,623
Total Public Health General Services	<u>24,715,504</u>	<u>26,659,033</u>	<u>22,468,426</u>	<u>4,190,607</u>
Total Health and Sanitation	<u>24,715,504</u>	<u>26,659,033</u>	<u>22,468,426</u>	<u>4,190,607</u>
<b>Total Charges to appropriations</b>	<u>24,715,504</u>	<u>26,659,033</u>	<u>22,468,426</u>	<u>4,190,607</u>
Budgetary Fund balances, ending	<u>\$ 10,080,043</u>	<u>\$ 7,586,442</u>	<u>\$ 12,253,578</u>	<u>\$ 4,667,136</u>

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE-PUBLIC HEALTH FUND-BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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*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	\$ 21,629,713
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Differences - budget to USGAAP:

Transfers in are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(724,304)</u>
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Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance	<u><u>\$ 20,905,409</u></u>
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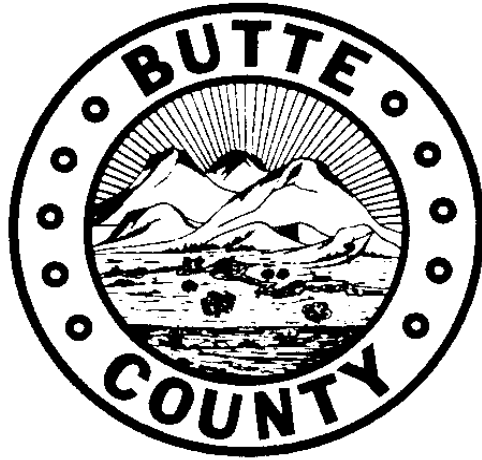
**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 22,468,426
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Differences - budget to USGAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(113,572)</u>
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Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance	<u><u>\$ 22,354,854</u></u>
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# **COUNTY OF BUTTE**

## **Behavioral Health Fund**

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

# COUNTY OF BUTTE, CALIFORNIA

## BUDGET COMPARISON SCHEDULE - BEHAVIORAL HEALTH FUND-BUDGETARY BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year - restated	\$ 72,714	\$ (4,482,176)	\$ (504,846)	\$ 3,977,330
<b>RESOURCES (inflows):</b>				
Fines, forfeitures, and penalties	29,268	12,885	98,817	85,932
Revenues from uses of money and property	-	-	(172,665)	(172,665)
Aid from other governments	50,760,303	50,945,444	47,093,533	(3,851,911)
Charges for services	2,164,163	2,443,805	2,183,989	(259,816)
Other	-	-	70,884	70,884
Other financing sources	285,189	1,993,452	285,189	(1,708,263)
Amounts available for appropriation	53,238,923	55,395,586	49,559,747	(5,835,839)
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>Health and Sanitation:</b>				
Behavioral Health General Services:				
Salaries and employee benefits	23,791,396	23,835,897	22,684,065	1,151,832
Services and supplies	22,796,738	26,779,105	20,992,663	5,786,442
Other charges	2,091,596	3,281,928	2,900,283	381,645
Capital assets	6,488	606,610	96,396	510,214
Other financing uses	-	174,172	17,730	156,442
Total Mental Health General Services	48,686,218	54,677,712	46,691,137	7,986,575
Mental Health Substance Abuse:				
Salaries and employee benefits	2,129,558	2,230,011	2,211,333	18,678
Services and supplies	680,839	1,669,200	1,408,639	260,561
Other charges	438,656	500,397	469,832	30,565
Total Mental Health Substance Abuse	3,249,053	4,399,608	4,089,804	309,804
Total Health and Sanitation	51,935,271	59,077,320	50,780,941	8,296,379
<b>Total Charges to appropriations</b>	51,935,271	59,077,320	50,780,941	8,296,379
Budgetary Fund balances, ending	\$ 1,376,366	\$ (8,163,910)	\$ (1,726,040)	\$ 6,437,870



**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BEHAVIORAL HEALTH FUND-BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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*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 \$ 49,559,747

Differences - budget to USGAAP:

Transfers in are inflows of budgetary resources  
but are not revenues for financial reporting purposes (285,189)

Total revenues as reported on the statement of revenues, expenditures, and  
changes in fund balance \$ 49,274,558

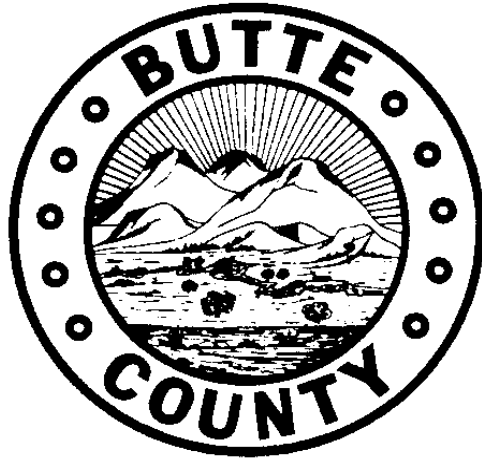
**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations"  
from the budgetary comparison schedule \$ 50,780,941

Differences - budget to USGAAP:

Transfers to other funds are outflows of budgetary resources  
but are not expenditures for financial reporting purposes (242,456)

Total expenditures as reported on the statement of revenues, expenditures, and  
changes in fund balance \$ 50,538,485



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# COUNTY OF BUTTE

## Road Fund

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

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - ROAD FUND - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year - restated	\$ 13,695,848	\$ 12,632,031	\$ 16,014,802	\$ 3,382,771
<b>RESOURCES (inflows):</b>				
Licenses and permits	44,000	44,000	78,519	34,519
Revenues from uses of money and property	250,000	250,000	197,096	(52,904)
Aid from other governments	22,863,004	22,599,004	13,263,837	(9,335,167)
Charges for services	1,973,724	3,035,624	2,208,291	(827,333)
Other	750,000	91,200	54,572	(36,628)
Other financing sources	2,046,200	1,955,000	1,239,015	(715,985)
Amounts available for appropriation	<u>27,926,928</u>	<u>27,974,828</u>	<u>17,041,330</u>	<u>(10,933,498)</u>
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Ways and Facilities:</b>				
Road Operations:				
Salaries and employee benefits	7,418,253	7,436,253	7,172,454	263,799
Services and supplies	19,469,187	21,355,461	8,408,942	12,946,519
Other charges	667,119	717,680	559,148	158,532
Capital assets	2,603,516	2,642,105	1,026,722	1,615,383
Other financing uses	-	230,000	10,245	219,755
Total Road Operations	<u>30,158,075</u>	<u>32,381,499</u>	<u>17,177,511</u>	<u>15,203,988</u>
Total Public Assistance	<u>30,158,075</u>	<u>32,381,499</u>	<u>17,177,511</u>	<u>15,203,988</u>
<b>Provisions for Contingencies:</b>				
Appropriation Contingencies	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>1,000,000</u>
<b>Total Charges to appropriations</b>	<u>31,158,075</u>	<u>33,381,499</u>	<u>17,177,511</u>	<u>16,203,988</u>
Budgetary Fund balances, ending	<u>\$ 10,464,701</u>	<u>\$ 7,225,360</u>	<u>\$ 15,878,621</u>	<u>\$ 8,653,261</u>

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - ROAD FUND - BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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*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	\$ 17,041,330
Differences - budget to USGAAP:	
Transfers in are inflows of budgetary resources but are not revenues for financial reporting purposes	(1,211,569)
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(27,446)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance	<u><u>\$ 15,802,315</u></u>

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 17,177,511
Differences - budget to USGAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(80,636)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance	<u><u>\$ 17,096,875</u></u>

# COUNTY OF BUTTE, CALIFORNIA

## Note to Required Supplementary Information For the Fiscal Year Ended June 30, 2011

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### **BUDGETARY BASIS OF ACCOUNTING**

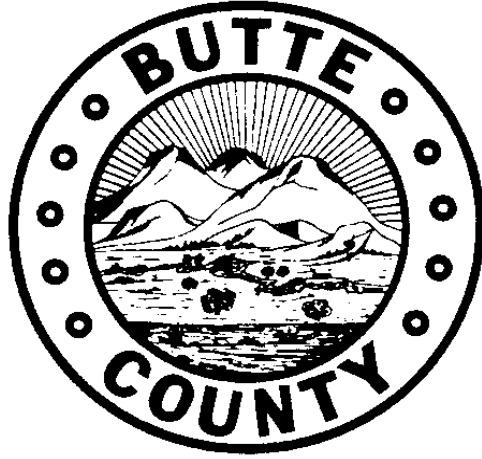
In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through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



**Combining Nonmajor  
Governmental Fund 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. This fund is now included in the General Fund.

The *Fire Protection Fund* provides fire protection services to both cities and unincorporated areas in the County. This fund is now included in the General Fund.

The *Library Fund* accounts for the revenues and expenditures relating to libraries. This fund is now included in the General Fund.

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

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

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

# COUNTY OF BUTTE

## Nonmajor Governmental Funds (Continued)

### SPECIAL REVENUE FUNDS (Continued)

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

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

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

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

### DEBT SERVICE FUND

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

**COUNTY OF BUTTE, CALIFORNIA**

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<b>Capital Projects Fund</b>	<b>Special Revenue Funds</b>			<b>Water Resources</b>
		<b>Equipment Replacement</b>	<b>Equipment</b>	<b>State COPS</b>	
<b>ASSETS</b>					
Cash and investments	\$ 1,628,087	\$ 2,651,138	\$ 2,211,057	\$ 373,372	\$ -
Cash and investments with fiscal agent	-	150,354	-	-	-
Imprest cash	-	-	-	-	-
Interest receivable	2,709	6,527	7,146	1,383	-
Accounts receivable	-	-	-	-	-
Due from other governments	44,335	-	-	-	-
Loans receivable	-	-	-	-	-
Total assets	<u>\$ 1,675,131</u>	<u>\$ 2,808,019</u>	<u>\$ 2,218,203</u>	<u>\$ 374,755</u>	<u>\$ -</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	361,907	8,886	19,129	1,233	-
Salaries and benefits payable	-	-	-	-	-
Deferred revenue	-	-	-	-	-
Total liabilities	<u>361,907</u>	<u>8,886</u>	<u>19,129</u>	<u>1,233</u>	<u>-</u>
Fund balances:					
Restricted	<u>1,313,224</u>	<u>2,799,133</u>	<u>2,199,074</u>	<u>373,522</u>	<u>-</u>
Total fund balances	<u>1,313,224</u>	<u>2,799,133</u>	<u>2,199,074</u>	<u>373,522</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 1,675,131</u>	<u>\$ 2,808,019</u>	<u>\$ 2,218,203</u>	<u>\$ 374,755</u>	<u>\$ -</u>

continued

**COUNTY OF BUTTE, CALIFORNIA**

**COMBINING BALANCE SHEET (Continued)  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	<b>Special Revenue Funds</b>					
	<b>Fire Protection</b>	<b>Library</b>	<b>Transit</b>	<b>Housing and Community Development</b>	<b>Fish and Game</b>	<b>Child Support Services</b>
<b>ASSETS</b>						
Cash and investments	\$ -	\$ -	\$ 256,270	\$ 117,630	\$ 108,744	\$ 591,994
Cash and investments with fiscal agent	-	-	-	-	-	-
Imprest cash	-	-	-	-	-	2,000
Interest receivable	-	-	1,718	894	358	4,763
Accounts receivable	-	-	-	-	-	-
Due from other governments	-	-	130,758	87,523	-	-
Loans receivable	-	-	-	2,731,732	-	-
Total assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,746</u>	<u>\$ 2,937,779</u>	<u>\$ 109,102</u>	<u>\$ 598,757</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Due to other funds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	23,282	5,000	4,475
Salaries and benefits payable	-	-	-	-	-	109,623
Deferred revenue	-	-	-	2,731,732	-	384,012
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,755,014</u>	<u>5,000</u>	<u>498,110</u>
Fund balances:						
Restricted	-	-	388,746	182,765	104,102	100,646
Total fund balances	<u>-</u>	<u>-</u>	<u>388,746</u>	<u>182,765</u>	<u>104,102</u>	<u>100,646</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,746</u>	<u>\$ 2,937,779</u>	<u>\$ 109,102</u>	<u>\$ 598,756</u>

continued

**COUNTY OF BUTTE, CALIFORNIA**

**COMBINING BALANCE SHEET (Continued)  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2012**

	Special Revenue Funds			Debt Service Fund	Total
	County Service Areas	IHSS Public Authority	Impact Fees		
<b>ASSETS</b>					
Cash and investments	\$ 6,943,889	\$ 33,977	\$ 8,719,015	\$ 8,039,065	\$ 31,674,238
Cash and investments with fiscal agent	-	-	-	737,720	888,074
Imprest cash	-	-	-	-	2,000
Interest receivable	22,837	107	28,378	25,654	102,474
Accounts receivable	10,072	-	-	-	10,072
Due from other governments	46,302	77,733	-	-	386,651
Loans receivable	-	-	-	-	2,731,732
Total assets	<u>\$ 7,023,100</u>	<u>\$ 111,817</u>	<u>\$ 8,747,393</u>	<u>\$ 8,802,439</u>	<u>\$ 35,795,241</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ 3,650	\$ -	\$ 3,650
Accounts payable	69,562	72	-	-	493,546
Salaries and benefits payable	-	5,980	-	-	115,603
Deferred revenue	-	-	-	-	3,115,744
Total liabilities	<u>69,562</u>	<u>6,052</u>	<u>3,650</u>	<u>-</u>	<u>3,728,543</u>
Fund balances:					
Restricted	<u>6,953,538</u>	<u>105,765</u>	<u>8,743,743</u>	<u>8,802,439</u>	<u>32,066,697</u>
Total fund balances	<u>6,953,538</u>	<u>105,765</u>	<u>8,743,743</u>	<u>8,802,439</u>	<u>32,066,698</u>
Total liabilities and fund balances	<u>\$ 7,023,100</u>	<u>\$ 111,817</u>	<u>\$ 8,747,393</u>	<u>\$ 8,802,439</u>	<u>\$ 35,795,241</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, 2012**

	Capital Projects Fund	Special Revenue Funds			Water Resources
		Equipment Replacement	Equipment	State COPS	
<b>REVENUES</b>					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties	-	-	-	-	-
Revenues from uses of money and property	16,697	25,020	22,144	(526)	(347)
Aid from other governments	561,090	-	-	3,612	-
Charges for services	2,198,916	963,314	361,745	-	-
Other	20,195	-	-	-	3
Total revenues	<u>2,796,898</u>	<u>988,334</u>	<u>383,889</u>	<u>3,086</u>	<u>(344)</u>
<b>EXPENDITURES:</b>					
Current:					
General government	\$ 1,129,723	\$ -	\$ 404,852	\$ -	\$ -
Public protection	830,751	440,018	-	175,135	77,154
Public ways and facilities	-	-	-	-	-
Health and sanitation	1,216,683	-	-	-	-
Public assistance	-	-	-	-	-
Education	-	-	-	-	-
Recreation and cultural services	-	-	-	-	-
Debt Service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Total expenditures	<u>3,177,157</u>	<u>440,018</u>	<u>404,852</u>	<u>175,135</u>	<u>77,154</u>
Excess (deficiency) of revenues over expenditures	<u>(380,259)</u>	<u>548,316</u>	<u>(20,963)</u>	<u>(172,049)</u>	<u>(77,498)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Sale of capital assets	-	4,005	-	-	-
Transfers in	844,387	-	6,424	-	-
Transfer out	(108,823)	-	-	(59,476)	(112,835)
Issuance of debt	240,765	-	-	-	-
Total other financing sources (uses)	<u>976,329</u>	<u>4,005</u>	<u>6,424</u>	<u>(59,476)</u>	<u>(112,835)</u>
Net change in fund balances	<u>596,070</u>	<u>552,321</u>	<u>(14,539)</u>	<u>(231,525)</u>	<u>(190,333)</u>
Fund balances, beginning	<u>717,154</u>	<u>2,246,812</u>	<u>2,213,613</u>	<u>605,047</u>	<u>190,333</u>
Fund balances, ending	<u>\$ 1,313,224</u>	<u>\$ 2,799,133</u>	<u>\$ 2,199,074</u>	<u>\$ 373,522</u>	<u>\$ -</u>

continued

**COUNTY OF BUTTE, CALIFORNIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (Continued)  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Special Revenue Funds					
	Fire Protection	Library	Transit	Housing and Community Development	Fish and Game	
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties	-	-	-	-	21,732	-
Revenues from uses of money and property	(14,535)	(1,503)	9,053	2,665	745	12,435
Aid from other governments	-	-	2,561,682	1,684,784	-	7,247,102
Charges for services	684	-	-	-	-	26,503
Other	1,840	41	-	68,293	-	4,814
Total revenues	<u>(12,011)</u>	<u>(1,462)</u>	<u>2,570,735</u>	<u>1,755,742</u>	<u>22,477</u>	<u>7,290,854</u>
<b>EXPENDITURES:</b>						
Current:						
General government	\$ -	\$ -	\$ -	\$ 1,764,071	\$ -	\$ -
Public protection	921,444	-	-	-	52,251	-
Public ways and facilities	-	-	1,337,119	-	-	-
Health and sanitation	-	-	-	-	-	-
Public assistance	-	-	-	-	-	7,270,222
Education	-	171	-	-	-	-
Recreation and cultural services	-	-	-	-	-	-
Debt Service:						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Total expenditures	<u>921,444</u>	<u>171</u>	<u>1,337,119</u>	<u>1,764,071</u>	<u>52,251</u>	<u>7,270,222</u>
Excess (deficiency) of revenues over expenditures	<u>(933,455)</u>	<u>(1,633)</u>	<u>1,233,616</u>	<u>(8,329)</u>	<u>(29,774)</u>	<u>20,632</u>
<b>OTHER FINANCING SOURCES (USES):</b>						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfer out	(1,997,265)	(113,678)	(1,211,569)	(168,525)	-	(59,590)
Issuance of debt	-	-	-	-	-	-
Total other financing sources (uses)	<u>(1,997,265)</u>	<u>(113,678)</u>	<u>(1,211,569)</u>	<u>(168,525)</u>	<u>-</u>	<u>(59,590)</u>
Net change in fund balances	<u>(2,930,720)</u>	<u>(115,311)</u>	<u>22,047</u>	<u>(176,854)</u>	<u>(29,774)</u>	<u>(38,958)</u>
Fund balances, beginning	<u>2,930,720</u>	<u>115,311</u>	<u>366,699</u>	<u>359,619</u>	<u>133,876</u>	<u>139,604</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 388,746</u>	<u>\$ 182,765</u>	<u>\$ 104,102</u>	<u>\$ 100,646</u>

continued

**COUNTY OF BUTTE, CALIFORNIA**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES (Continued)  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Special Revenue Funds</u>				<u>Total</u>
	<u>County Service Areas</u>	<u>IHSS Public Authority</u>	<u>Impact Fees</u>	<u>Debt Service Fund</u>	
<b>REVENUES</b>					
Taxes	\$ 820,990	\$ -	\$ -	\$ -	\$ 820,990
Fines, forfeitures, and penalties	-	-	306,603	-	328,335
Revenues from uses of money and property	65,008	847	87,501	97,641	322,845
Aid from other governments	127,222	243,576	-	-	12,429,068
Charges for services	356,455	45,000	-	-	3,952,617
Other	-	-	-	-	95,186
Total revenues	<u>1,369,675</u>	<u>289,423</u>	<u>394,104</u>	<u>97,641</u>	<u>17,949,041</u>
<b>EXPENDITURES:</b>					
Current:					
General government	\$ -	\$ -	\$ 14,480	\$ 20,255	\$ 3,333,380
Public protection	585,935	-	-	-	3,082,688
Public ways and facilities	-	-	-	-	1,337,119
Health and sanitation	638,443	-	-	-	1,855,126
Public assistance	-	297,437	-	-	7,567,659
Education	-	-	-	-	171
Recreation and cultural services	97,088	-	-	-	97,088
Debt Service:					
Principal	-	-	-	373,261	373,261
Interest	-	-	-	1,976,477	1,976,477
Total expenditures	<u>1,321,466</u>	<u>297,437</u>	<u>14,480</u>	<u>2,369,993</u>	<u>19,622,969</u>
Excess (deficiency) of revenues over expenditures	<u>48,209</u>	<u>(8,014)</u>	<u>379,624</u>	<u>(2,272,352)</u>	<u>(1,673,928)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Sale of capital assets	-	-	-	-	4,005
Transfers in	-	-	-	2,286,156	3,136,967
Transfer out	-	-	(4,966)	-	(3,836,727)
Issuance of debt	-	-	-	-	240,765
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,966)</u>	<u>2,286,156</u>	<u>(454,990)</u>
Net change in fund balances	<u>48,209</u>	<u>(8,014)</u>	<u>374,658</u>	<u>13,804</u>	<u>(2,128,918)</u>
Fund balances, beginning	<u>6,905,329</u>	<u>113,779</u>	<u>8,369,085</u>	<u>8,788,635</u>	<u>34,195,616</u>
Fund balances, ending	<u>\$ 6,953,538</u>	<u>\$ 105,765</u>	<u>\$ 8,743,743</u>	<u>\$ 8,802,439</u>	<u>\$ 32,066,698</u>



**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**CAPITAL PROJECTS FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year - restated	\$ 1,075,860	\$ (6,724)	\$ 717,154	\$ 723,878
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	-	-	16,697	16,697
Aid from other governments	142,500	593,500	561,090	(32,410)
Charges for services	674,122	674,122	2,198,916	1,524,794
Other	-	400,000	20,195	(379,805)
Other financing sources	1,353,828	4,406,922	844,387	(3,562,535)
Amounts available for appropriation	<u>2,170,450</u>	<u>6,074,544</u>	<u>3,641,285</u>	<u>(2,433,259)</u>
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>General Government:</b>				
Debt Service Transfer:				
Other financing uses	-	121,316	108,823	12,493
Total Debt Service Transfer	<u>-</u>	<u>121,316</u>	<u>108,823</u>	<u>12,493</u>
Hall of Records:				
Capital assets	-	600,000	571,694	28,306
Total Hall of Records	<u>-</u>	<u>600,000</u>	<u>571,694</u>	<u>28,306</u>
County Center Master Plan:				
Services and supplies	195,257	194,427	187,438	6,989
Other charges	-	6,565	6,561	4
Total County Center Master Plan	<u>195,257</u>	<u>200,992</u>	<u>193,999</u>	<u>6,993</u>
General Services Building:				
Services and supplies	-	182	-	182
Total General Services Building	<u>-</u>	<u>182</u>	<u>-</u>	<u>182</u>
Chico Public Works Yard:				
Services and supplies	-	226,814	36,509	190,305
Capital assets	-	3,186	-	3,186
Total Chico Public Works Yard	<u>-</u>	<u>230,000</u>	<u>36,509</u>	<u>193,491</u>
Veterans Memorial Park:				
Other charges	14,300	14,300	14,032	268
Capital assets	129,000	315,147	313,489	1,658
Total Veterans Memorial Park	<u>143,300</u>	<u>329,447</u>	<u>327,521</u>	<u>1,926</u>
 Total General Government	 <u>338,557</u>	 <u>1,481,937</u>	 <u>1,238,546</u>	 <u>243,391</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**CAPITAL PROJECTS FUND (continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Protection:</b>				
Bloomer Mt. Communication Tower:				
Other charges	\$ -	\$ 2,470	\$ 2,469	\$ 1
Capital assets	-	426,492	247,260	179,232
Total Bloomer Mt. Communication Tower	-	428,962	249,729	179,233
Public Safety Facilities Modification:				
Other charges	-	15,000	14,254	746
Capital assets	-	250,000	175,407	74,593
Total Public Safety Facilities Modification	-	265,000	189,661	75,339
Victim Witness Remodel:				
Other charges	-	8,500	473	8,027
Capital assets	-	64,000	46,924	17,076
Total Victim Witness Remodel	-	72,500	47,397	25,103
Bangor Fire Station #55:				
Other charges	-	4,144	4,144	-
Capital assets	-	15,894	15,432	462
Total Bangor Fire Station #55	-	20,038	19,576	462
Jail Security System:				
Other charges	-	10,000	9,617	383
Capital assets	332,160	333,560	314,771	18,789
Total Jail Security System	332,160	343,560	324,388	19,172
Sheriff Evidence Storage Facility:				
Services and supplies	450,000	410,456	-	410,456
Other charges	-	39,544	-	39,544
Capital assets	50,000	50,000	-	50,000
Total Sheriff Evidence Storage Facility	500,000	500,000		500,000
Total Public Protection	832,160	1,630,060	830,751	799,309
<b>Health and Sanitation:</b>				
Public Health Lab:				
Services and supplies	80,000	80,000	-	80,000
Other charges	-	56,187	21,758	34,429
Capital assets	712,512	702,336	56,133	646,203
Total Public Health Lab	792,512	838,523	77,891	760,632

(continued)

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**CAPITAL PROJECTS FUND (continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Behavioral Health - Cohasset Remodel:				
Other charges	\$ -	\$ 20,093	\$ 20,081	\$ 12
Capital assets	-	397,446	397,339	107
Total Behavioral Health Remodel	-	417,539	417,420	119
Behavioral Health - Rio Lindo Remodel:				
Other charges	-	24,600	9,942	14,658
Capital assets	294,127	351,900	210,234	141,666
Total Behavioral Health Remodel	294,127	376,500	220,176	156,324
CSS Remodel:				
Other charges	-	39,291	39,291	-
Capital assets	-	465,485	461,905	3,580
Total CSS Remodel	-	504,776	501,196	3,580
Total Health and Sanitation	1,086,639	2,137,338	1,216,683	920,655
<b>Total Charges to appropriations</b>	<b>2,257,356</b>	<b>5,249,335</b>	<b>3,285,980</b>	<b>1,963,355</b>
Budgetary Fund balances, ending	<u>\$ 988,954</u>	<u>\$ 818,485</u>	<u>\$ 1,072,459</u>	<u>\$ 253,974</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 \$ 3,641,285

Differences - budget to USGAAP:  
Transfers from other funds are inflows of budgetary resources  
but are not revenues for financial reporting purposes (844,387)

Total revenues as reported on the statement of revenues, expenditures, and  
changes in fund balance \$ 2,796,898

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations"  
from the budgetary comparison schedule \$ 3,285,980

Differences - budget to USGAAP:  
Transfers to other funds are outflows of budgetary resources  
but are not expenditures for financial reporting purposes (108,823)

Total expenditures as reported on the statement of revenues, expenditures, and  
changes in fund balance \$ 3,177,157

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**EQUIPMENT REPLACEMENT SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year - restated	\$ 2,291,338	\$ 2,204,278	\$ 2,246,812	\$ 42,534
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	25,000	25,000	25,020	20
Charges for services	-	-	963,314	963,314
Other financing sources	963,314	963,314	4,005	(959,309)
Amounts available for appropriation	<u>988,314</u>	<u>988,314</u>	<u>992,339</u>	<u>4,025</u>
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Protection:</b>				
Sheriff Equipment Replacement:				
Capital assets	232,000	266,579	265,857	722
Total Sheriff Equipment Replacement	<u>232,000</u>	<u>266,579</u>	<u>265,857</u>	<u>722</u>
Fire Equipment Replacement:				
Capital assets	-	1,030,000	174,161	855,839
Total Fire Equipment Replacement	<u>-</u>	<u>1,030,000</u>	<u>174,161</u>	<u>855,839</u>
Total Public Protection	<u>232,000</u>	<u>1,296,579</u>	<u>440,018</u>	<u>856,561</u>
<b>Total Charges to appropriations</b>	<u>232,000</u>	<u>1,296,579</u>	<u>440,018</u>	<u>856,561</u>
Budgetary Fund balances, ending	<u>\$ 3,047,652</u>	<u>\$ 1,896,013</u>	<u>\$ 2,799,133</u>	<u>\$ (810,002)</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	\$ 992,339
Differences - budget to USGAAP:	
Transfers from other funds are inflows of budgetary resources	
but are not revenues for financial reporting purposes	<u>(4,005)</u>

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance	<u>\$ 988,334</u>
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**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**EQUIPMENT SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year - restated	\$ 1,721,601	\$ 1,113,008	\$ 2,213,613	\$ 1,100,605
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	-	-	22,144	22,144
Charges for services	-	-	361,745	361,745
Other financing sources	361,745	361,745	6,424	(355,321)
Amounts available for appropriation	361,745	361,745	390,313	28,568
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>General Government:</b>				
ISF Equipment Replacement:				
Other charges	567,676	850,922	404,852	446,070
Total ISF Equipment Replacement	567,676	850,922	404,852	446,070
Total General Government	567,676	850,922	404,852	446,070
<b>Total Charges to appropriations</b>	567,676	850,922	404,852	446,070
Budgetary Fund balances, ending	\$ 1,515,670	\$ 623,831	\$ 2,199,074	\$ 1,575,243

*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	\$ 390,313
Differences - budget to USGAAP: Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(6,424)
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance	\$ 383,889

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**STATE COPS SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year - restated	\$ 324,623	\$ (10,832)	\$ 605,047	\$ 615,879
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	-	-	(526)	(526)
Aid from other governments	646,600	(80,300)	3,612	83,912
Amounts available for appropriation	646,600	(80,300)	3,086	83,386
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Protection:</b>				
District Attorney - State COPS:				
Services and supplies	46,184	79,697	79,623	74
Other charges	(284)	-	-	-
Total District Attorney - State COPS	45,900	79,697	79,623	74
Sheriff - State COPS - Jail:				
Services and supplies	50,000	97,185	95,512	1,673
Other charges	700	-	-	-
Total Sheriff - State COPS - Jail	50,700	97,185	95,512	1,673
Juvenile Justice Plan:				
Other financing uses	550,000	59,500	59,476	24
Total Juvenile Justice Plan	550,000	59,500	59,476	24
Total Public Protection	646,600	236,382	234,611	1,771
<b>Total Charges to appropriations</b>	646,600	236,382	234,611	1,771
Budgetary Fund balances, ending	\$ 324,623	\$ (327,514)	\$ 373,522	\$ 701,036

(continued)

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**STATE COPS SPECIAL REVENUE FUND (continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations"  
from the budgetary comparison schedule \$ 234,611

Differences - budget to USGAAP:

Transfers to other funds are outflows of budgetary resources  
but are not expenditures for financial reporting purposes (59,476)

Total expenditures as reported on the statement of revenues, expenditures, and  
changes in fund balance \$ 175,135

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**TRANSIT SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning of year - restated	\$ 433,364	\$ 435,364	\$ 366,699	\$ (68,665)
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	10,000	10,000	9,053	(947)
Aid from other governments	3,000,000	3,000,000	2,561,682	(438,318)
Amounts available for appropriation	<u>3,010,000</u>	<u>3,010,000</u>	<u>2,570,735</u>	<u>(439,265)</u>
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Ways and Facilities:</b>				
Transit - System Operations				
Other charges	1,210,000	1,338,293	1,337,119	1,174
Other financing uses	1,800,000	1,671,707	1,211,569	460,138
Total Transit - System Operations	<u>3,010,000</u>	<u>3,010,000</u>	<u>2,548,688</u>	<u>461,312</u>
Total Public Ways and Facilities	<u>3,010,000</u>	<u>3,010,000</u>	<u>2,548,688</u>	<u>461,312</u>
<b>Total Charges to appropriations</b>	<u>3,010,000</u>	<u>3,010,000</u>	<u>2,548,688</u>	<u>461,312</u>
Budgetary Fund balances, ending	<u>\$ 433,364</u>	<u>\$ 435,364</u>	<u>\$ 388,746</u>	<u>\$ (46,618)</u>

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

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations"  
from the budgetary comparison schedule \$ 2,548,688

Differences - budget to USGAAP:

Transfers to other funds are outflows of budgetary resources  
but are not expenditures for financial reporting purposes (1,211,569)

Total expenditures as reported on the statement of revenues, expenditures, and  
changes in fund balance \$ 1,337,119



**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**HOUSING AND COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year - restated	\$ 329,820	\$ 61,229	\$ 359,619	\$ 298,390
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	2,000	2,000	2,665	665
Aid from other governments	563,875	5,012,875	1,684,784	(3,328,091)
Other	221,690	221,690	68,293	(153,397)
Amounts available for appropriation	<u>787,565</u>	<u>5,236,565</u>	<u>1,755,742</u>	<u>(3,480,823)</u>
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>General Government:</b>				
CDBG Administration:				
Other charges	(1,072)	(1,072)	(1,092)	20
Other financing uses	-	168,525	168,525	-
Total CDBG Administration	<u>(1,072)</u>	<u>167,453</u>	<u>167,433</u>	<u>20</u>
08-EDEF-5887:				
Services and supplies	-	48,334	48,334	-
Total 08-EDEF-5887	<u>-</u>	<u>48,334</u>	<u>48,334</u>	<u>-</u>
09-EDEF-6537:				
Services and supplies	153,000	292,864	78,676	214,188
Other charges	-	6,000	6,488	(488)
Total 09-EDEF-6537	<u>153,000</u>	<u>298,864</u>	<u>85,164</u>	<u>213,700</u>
09-PTAE-6559:				
Services and supplies	1,375	31,782	31,782	-
Other charges	-	2,128	1,628	500
Total 09-PTAE-6559	<u>1,375</u>	<u>33,910</u>	<u>33,410</u>	<u>500</u>
11-PTEC-7614:				
Services and supplies	-	10,000	-	10,000
Other charges	-	40,000	2,132	37,868
Total 11-PTEC-7614	<u>-</u>	<u>50,000</u>	<u>2,132</u>	<u>47,868</u>
CDBG General Allocation Grant:				
Services and supplies	410,000	452,926	286,504	166,422
Other charges	-	28,372	9,921	18,451
Total CDBG General Allocation Grant	<u>410,000</u>	<u>481,298</u>	<u>296,425</u>	<u>184,873</u>
DRI 2008 Fires:				
Services and supplies	-	3,068,420	1,087,329	1,981,091
Other charges	-	1,329,827	108,330	1,221,497
Total DRI 2008 Fires	<u>-</u>	<u>4,398,247</u>	<u>1,195,659</u>	<u>3,202,588</u>
HCD - Revolving Loan:				
Services and supplies	209,300	248,485	90,104	158,381
Other charges	14,390	15,790	13,935	1,855
Total HCD - Revolving Loan	<u>223,690</u>	<u>264,275</u>	<u>104,039</u>	<u>160,236</u>
Total General Government	<u>786,993</u>	<u>5,742,381</u>	<u>1,932,596</u>	<u>3,809,785</u>
<b>Total Charges to appropriations</b>	<u>786,993</u>	<u>5,742,381</u>	<u>1,932,596</u>	<u>3,809,785</u>
Budgetary Fund balances, ending	<u>\$ 330,392</u>	<u>\$ (444,587)</u>	<u>\$ 182,765</u>	<u>\$ 627,352</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**HOUSING AND COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND (continued)**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

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

**Sources/inflows of resources:**

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations"  
from the budgetary comparison schedule \$ 1,932,596

Differences - budget to USGAAP:

Transfers to other funds are outflows of budgetary resources  
but are not expenditures for financial reporting purposes (168,525)

Total expenditures as reported on the statement of revenues, expenditures, and  
changes in fund balance \$ 1,764,071

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**FISH AND GAME SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning of year - restated	\$ 78,555	\$ 50,708	\$ 133,876	\$ 83,168
RESOURCES (inflows):				
Fines, forfeitures, and penalties	18,867	18,867	21,732	2,865
Revenues from uses of money and property	2,337	2,337	745	(1,592)
Amounts available for appropriation	<u>21,204</u>	<u>21,204</u>	<u>22,477</u>	<u>1,273</u>
CHARGES TO APPROPRIATIONS (outflows):				
<b>Public Protection:</b>				
Fish and Game:				
Services and supplies	40,692	49,988	34,311	15,677
Other charges	17,946	17,946	17,940	6
Total Fish and Game	<u>58,638</u>	<u>67,934</u>	<u>52,251</u>	<u>15,683</u>
Total Public Protection	<u>58,638</u>	<u>67,934</u>	<u>52,251</u>	<u>15,683</u>
<b>Total Charges to appropriations</b>	<u>58,638</u>	<u>67,934</u>	<u>52,251</u>	<u>15,683</u>
Budgetary Fund balances, ending	<u>\$ 41,121</u>	<u>\$ 3,978</u>	<u>\$ 104,102</u>	<u>\$ 100,124</u>

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**CHILD SUPPORT SERVICES SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year - restated	\$ 80,111	\$ 130,111	\$ 139,604	\$ 9,493
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	30,000	30,000	12,435	(17,565)
Aid from other governments	8,995,946	8,995,946	7,247,102	(1,748,844)
Charges for services	29,000	29,000	26,503	(2,497)
Other	100	100	4,814	4,714
Amounts available for appropriation	<u>9,055,046</u>	<u>9,055,046</u>	<u>7,290,854</u>	<u>(1,764,192)</u>
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Assistance:</b>				
Child Support Services:				
Salaries and employee benefits	7,740,446	7,235,670	5,778,001	1,457,669
Services and supplies	722,032	721,564	505,837	215,727
Other charges	592,568	593,036	960,061	(367,025)
Other financing uses	-	504,776	85,913	418,863
Total Child Support Services	<u>9,055,046</u>	<u>9,055,046</u>	<u>7,329,812</u>	<u>1,725,234</u>
Total Public Assistance	<u>9,055,046</u>	<u>9,055,046</u>	<u>7,329,812</u>	<u>1,725,234</u>
<b>Total Charges to appropriations</b>	<u>9,055,046</u>	<u>9,055,046</u>	<u>7,329,812</u>	<u>1,725,234</u>
Budgetary Fund balances, ending	<u>\$ 80,111</u>	<u>\$ 130,111</u>	<u>\$ 100,646</u>	<u>\$ (29,465)</u>

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

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations"  
from the budgetary comparison schedule \$ 7,329,812

Differences - budget to USGAAP:

Transfers to other funds are outflows of budgetary resources  
but are not expenditures for financial reporting purposes (59,590)

Total expenditures as reported on the statement of revenues, expenditures, and  
changes in fund balance \$ 7,270,222

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**COUNTY SERVICE AREAS SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning of year - restated	\$ 4,524,971	\$ 4,524,971	\$ 6,905,329	\$ 2,380,358
<b>RESOURCES (inflows):</b>				
Taxes	829,127	829,127	820,990	(8,137)
Revenues from uses of money and property	135,780	135,780	65,008	(70,772)
Aid from other governments	98,080	98,080	127,222	29,142
Charges for services	343,034	343,034	356,455	13,421
Other	5,348	5,348	-	(5,348)
Amounts available for appropriation	<u>1,411,369</u>	<u>1,411,369</u>	<u>1,369,675</u>	<u>(41,694)</u>
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
Public protection	1,046,922	1,046,922	585,935	460,987
Health and sanitation	1,259,864	1,259,864	638,443	621,421
Recreation and cultural services	131,095	131,095	97,088	34,007
Other charges	3,750	3,750	-	3,750
<b>Total Charges to appropriations</b>	<u>2,441,631</u>	<u>2,441,631</u>	<u>1,321,466</u>	<u>1,120,165</u>
Budgetary Fund balances, ending	<u>\$ 3,494,709</u>	<u>\$ 3,494,709</u>	<u>\$ 6,953,538</u>	<u>\$ 3,458,829</u>

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**IHSS PUBLIC AUTHORITY SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning of year - restated	\$ -	\$ (115,780)	\$ 113,779	\$ 229,559
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	-	-	847	847
Aid from other governments	250,622	250,622	243,576	(7,046)
Charges for services	45,000	45,000	45,000	-
Amounts available for appropriation	<u>295,622</u>	<u>295,622</u>	<u>289,423</u>	<u>(6,199)</u>
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Assistance:</b>				
IHSS Public Authority:				
Salaries and employee benefits	259,977	259,977	261,204	(1,227)
Services and supplies	44,948	44,948	31,073	13,875
Other charges	5,152	5,152	5,160	(8)
Total IHSS Public Authority	<u>310,077</u>	<u>310,077</u>	<u>297,437</u>	<u>12,640</u>
Total Public Assistance	<u>310,077</u>	<u>310,077</u>	<u>297,437</u>	<u>12,640</u>
<b>Total Charges to appropriations</b>	<u>310,077</u>	<u>310,077</u>	<u>297,437</u>	<u>12,640</u>
Budgetary Fund balances, ending	<u>\$ (14,455)</u>	<u>\$ (130,235)</u>	<u>\$ 105,765</u>	<u>\$ 236,000</u>

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**IMPACT FEES SPECIAL REVENUE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning of year - restated	\$ 8,864,556	\$ 7,729,278	\$ 8,369,085	\$ 639,807
<b>RESOURCES (inflows):</b>				
Fines, forfeitures, and penalties	376,378	376,378	306,603	(69,775)
Revenues from uses of money and property	83,640	83,640	87,501	3,861
Amounts available for appropriation	<u>460,018</u>	<u>460,018</u>	<u>394,104</u>	<u>(65,914)</u>
 <b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Assistance:</b>				
IHSS Public Authority:				
Other charges	114	114	14,480	(14,366)
Other financing uses	160,000	160,000	4,966	155,034
Total IHSS Public Authority	<u>160,114</u>	<u>160,114</u>	<u>19,446</u>	<u>140,668</u>
Total Public Assistance	<u>160,114</u>	<u>160,114</u>	<u>19,446</u>	<u>140,668</u>
<b>Total Charges to appropriations</b>	<u>160,114</u>	<u>160,114</u>	<u>19,446</u>	<u>140,668</u>
Budgetary Fund balances, ending	<u>\$ 9,164,460</u>	<u>\$ 8,029,182</u>	<u>\$ 8,743,743</u>	<u>\$ 433,225</u>

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

**Uses/outflows of resources:**

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

\$ 19,446

Differences - budget to USGAAP:

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

(4,966)

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

\$ 14,480

**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS**  
**DEBT SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year - restated	\$ (302,794)	\$ 7,805,323	\$ 8,788,635	\$ 983,312
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	-	-	97,641	97,641
Other financing sources	61,316	121,316	-	(121,316)
Interfund transfers	2,727,089	2,727,089	2,286,156	(440,933)
Amounts available for appropriation	2,788,405	2,848,405	2,383,797	(464,608)
<b>CHARGES TO APPROPRIATIONS (outflows):</b>				
<b>General Government:</b>				
<b>POB Series A:</b>				
Services and supplies	6,703	6,703	6,703	-
Other charges	1,699,283	1,699,293	1,699,284	9
Total POB Series A	1,705,986	1,705,996	1,705,987	9
<b>POB Series B:</b>				
Services and supplies	2,500	2,500	2,500	-
Other charges	578,529	578,494	119,695	458,799
Total POB Series B	581,029	580,994	122,195	458,799
<b>Chico Memorial Hall 492 Rio Lindo:</b>				
Other charges	61,454	61,459	61,456	3
Total Chico Memorial Hall 492 Rio L.	61,454	61,459	61,456	3
<b>Chico Memorial Hall 554 Rio Lindo:</b>				
Other charges	62,578	62,588	62,587	1
Total Chico Memorial Hall 554 Rio L.	62,578	62,588	62,587	1
<b>CEC Solar:</b>				
Other charges	314,494	314,504	314,503	1
Total CEC Solar	314,494	314,504	314,503	1
<b>Total General Government</b>	<b>2,725,541</b>	<b>2,725,541</b>	<b>2,266,728</b>	<b>458,813</b>

(continued)



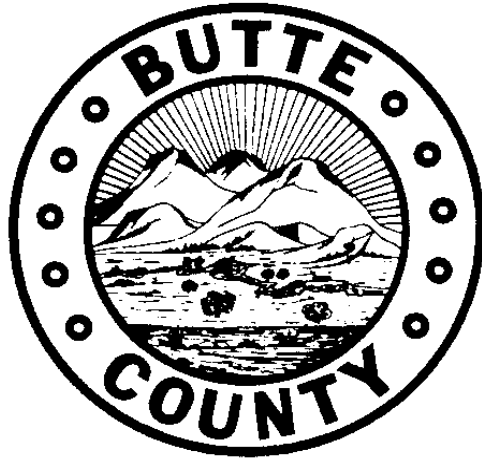
**COUNTY OF BUTTE, CALIFORNIA**  
**BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS (continued)**  
**DEBT SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Protection:</b>				
DA-Ford Motor Credit x16373:				
Other charges	1,548	1,548	-	1,548
Total DA-Ford Motor Credit x16373	<u>1,548</u>	<u>1,548</u>	<u>-</u>	<u>1,548</u>
Bangor Fire Station				
Other charges	61,316	121,316	103,265	18,051
Total Bangor Fire Station	<u>61,316</u>	<u>121,316</u>	<u>103,265</u>	<u>18,051</u>
Total Public Protection	<u>62,864</u>	<u>122,864</u>	<u>103,265</u>	<u>19,599</u>
<b>Total Charges to appropriations</b>	<u>2,788,405</u>	<u>2,848,405</u>	<u>2,369,993</u>	<u>478,412</u>
Budgetary Fund balances, ending	<u>\$ (302,794)</u>	<u>\$ 7,805,323</u>	<u>\$ 8,802,439</u>	<u>\$ 997,116</u>

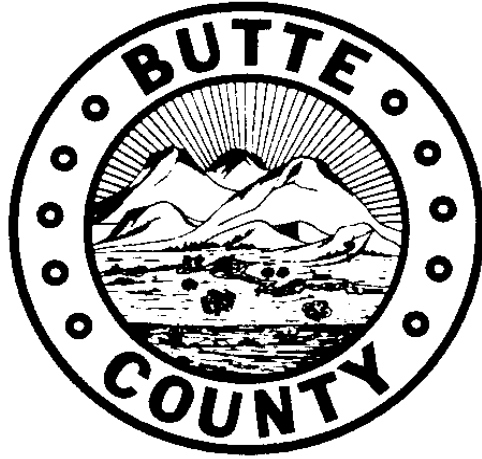
*Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:*

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 2,383,797
Differences - budget to USGAAP: Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(2,286,156)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance	<u>\$ 97,641</u>



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

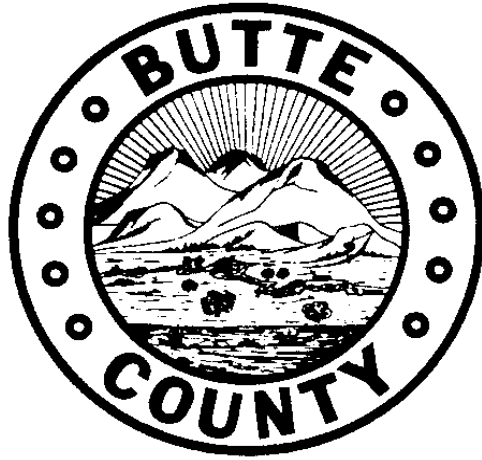
The *Worker's Compensation Insurance Fund* accounts for the disability, medical, and rehabilitation expenses and related costs associated with on-the-job injuries.

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

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



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# COUNTY OF BUTTE, CALIFORNIA

## COMBINING STATEMENT OF FUND NET ASSETS INTERNAL SERVICE FUNDS JUNE 30, 2012

	Self Insurance	Worker's Compensation	Unemployment Insurance
<b>ASSETS</b>			
Current assets:			
Cash and investments	\$ 3,223,448	\$ 11,487,736	\$ 1,263,207
Due from other funds	-	7,965	-
Interest receivable	11,619	43,719	4,902
Accounts receivable	-	5,114	-
Deposits with others	-	175,000	-
Total current assets	3,235,067	11,719,534	1,268,109
Noncurrent assets:			
Capital assets:			
Depreciable:			
Equipment	10,671	34,790	-
Less: Accumulated depreciation	(3,735)	(11,189)	-
Total capital assets, net	6,936	23,601	-
Total noncurrent assets	6,936	23,601	-
Total assets	3,242,003	11,743,135	1,268,109
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	111,236	141,260	383
Claims and judgments, current portion	1,400,000	1,900,000	-
Total current liabilities	1,511,236	2,041,260	383
Noncurrent liabilities:			
Claims and judgments, less current portion	92,000	2,534,000	-
Total noncurrent liabilities	92,000	2,534,000	-
Total liabilities	1,603,236	4,575,260	383
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	6,936	23,601	-
Unrestricted	1,631,831	7,144,274	1,267,726
Total net assets	\$ 1,638,767	\$ 7,167,875	\$ 1,267,726

(continued)

# COUNTY OF BUTTE, CALIFORNIA

## COMBINING STATEMENT OF FUND NET ASSETS (continued) INTERNAL SERVICE FUNDS JUNE 30, 2012

	Medical Liability	Miscellaneous Insurance	Utilities Clearing	Total
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 111,019	\$ 53,363	\$ 544,755	\$ 16,683,528
Due from other funds	-	+	-	7,965
Interest receivable	363	175	1,275	62,053
Accounts receivable	-	-	-	5,114
Deposits with others	-	-	-	175,000
Total current assets	111,382	53,538	546,030	16,933,660
Noncurrent assets:				
Capital assets:				
Depreciable:				
Equipment	-	-	-	45,461
Less: Accumulated depreciation	-	-	-	(14,924)
Total capital assets, net	-	-	-	30,537
Total noncurrent assets	-	-	-	30,537
Total assets	111,382	53,538	546,030	16,964,197
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	-	-	148,898	401,777
Claims and judgments, current portion	-	-	-	3,300,000
Total current liabilities	-	-	148,898	3,701,777
Noncurrent liabilities:				
Claims and judgments, less current portion	-	-	-	2,626,000
Total noncurrent liabilities	-	-	-	2,626,000
Total liabilities	-	-	148,898	6,327,777
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	-	-	30,537
Unrestricted	111,382	53,538	397,132	10,605,883
Total net assets	\$ 111,382	\$ 53,538	\$ 397,132	\$ 10,636,420



# 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, 2012

	Self Insurance	Worker's Compensation	Unemployment Insurance
<b>OPERATING REVENUES</b>			
Charges for services	\$ 1,736,464	\$ 1,645,010	\$ 262,092
Other revenue	74,504	694,108	-
Total operating revenue	1,810,968	2,339,118	262,092
<b>OPERATING EXPENSES</b>			
Salaries and employee benefits	-	-	384,785
Service and supplies	305,170	250,266	1,908
Claims and judgments	1,547,858	2,679,803	-
Other expenses	273,007	296,969	4,260
Depreciation and amortization	712	5,713	-
Total operating expenses	2,126,747	3,232,751	390,953
Operating income (loss)	(315,779)	(893,633)	(128,861)
Nonoperating revenues (expenses)			
Interest income	34,642	123,060	13,586
Total nonoperating revenue (expense)	34,642	123,060	13,586
<b>Net Income (Loss) Before Transfers</b>	(281,137)	(770,573)	(115,275)
Transfers in	-	11,625	-
Transfers out	(711)	(5,713)	-
Change in net assets	(281,848)	(764,661)	(115,275)
Net assets, beginning	1,920,615	7,932,536	1,383,001
Total net assets, ending	\$ 1,638,767	\$ 7,167,875	\$ 1,267,726

(continued)

# COUNTY OF BUTTE, CALIFORNIA

## COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS (continued) INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Medical Liability	Miscellaneous Insurance	Utilities Clearing	Total
<b>OPERATING REVENUES</b>				
Charges for services	\$ 115,000	\$ 147,895	\$ 2,424,983	6,331,444
Other revenue	-	-	-	768,612
Total operating revenue	115,000	147,895	2,424,983	7,100,056
<b>OPERATING EXPENSES</b>				
Salaries and employee benefits	-	-	-	384,785
Service and supplies	87,226	137,658	2,054,589	2,836,817
Claims and judgments	-	-	-	4,227,661
Other expenses	1,104	1,356	16,284	592,980
Depreciation and amortization	-	-	-	6,425
Total operating expenses	88,330	139,014	2,070,873	8,048,668
Operating income (loss)	26,670	8,881	354,110	(948,612)
Nonoperating revenues (expenses)				
Interest income	1,940	821	6,721	180,770
Total nonoperating revenue (expense)	1,940	821	6,721	180,770
<b>Net Income (Loss) Before Transfers</b>	28,610	9,702	360,831	(767,842)
Transfers in	-	-	-	11,625
Transfers out	-	-	(312,968)	(319,392)
Change in net assets	28,610	9,702	47,863	(1,075,609)
Total net assets, beginning	82,772	43,836	349,269	11,712,029
Total net assets, ending	\$ 111,382	\$ 53,538	\$ 397,132	\$ 10,636,420

# COUNTY OF BUTTE, CALIFORNIA

## COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Self Insurance	Worker's Compensation	Unemployment Insurance
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from customers	\$ 1,938,428	\$ 2,276,039	\$ 262,092
Cash paid to suppliers for goods and services	(1,404,764)	(3,633,960)	(5,785)
Cash paid to employees for services	-	(75)	(384,785)
	533,664	(1,357,996)	(128,478)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Transfers in	-	11,625	-
Transfers out	(711)	(5,713)	-
	(711)	5,912	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Payments related to the acquisition of capital assets	-	(25,879)	-
	-	(25,879)	-
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest received	35,005	143,655	16,077
	35,005	143,655	16,077
Net increase (decrease) in cash and cash equivalents	567,958	(1,234,308)	(112,401)
Cash and cash equivalents, beginning	2,655,490	12,722,044	1,375,608
Cash and cash equivalents, ending	\$ 3,223,448	\$ 11,487,736	\$ 1,263,207
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:</b>			
Cash and investments	\$ 3,223,448	\$ 11,487,736	\$ 1,263,207
Total cash and investments	\$ 3,223,448	\$ 11,487,736	\$ 1,263,207

(continued)

# COUNTY OF BUTTE, CALIFORNIA

## COMBINING STATEMENT OF CASH FLOWS (continued) INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Medical Liability	Miscellaneous Insurance	Utilities Clearing	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 115,000	\$ 147,895	\$ 2,427,829	7,167,283
Cash paid to suppliers for goods and services	(88,330)	(139,014)	(1,948,309)	(7,220,162)
Cash paid to employees for services	-	-	-	(384,860)
Net cash provided (used) by operating activities	26,670	8,881	479,520	(437,739)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers in	-	-	-	11,625
Transfers out	-	-	(312,968)	(319,392)
Net cash provided (used) by noncapital financing activities	-	-	(312,968)	(307,767)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Payments related to the acquisition of capital assets	-	-	-	(25,879)
Net cash provided (used) by capital and related financing activities	-	-	-	(25,879)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest received	1,954	855	6,747	204,293
Net cash provided by investing activities	1,954	855	6,747	204,293
Net increase (decrease) in cash and cash equivalents	28,624	9,736	173,299	(567,092)
Cash and cash equivalents, beginning	82,395	43,627	371,456	17,250,620
Cash and cash equivalents, ending	\$ 111,019	\$ 53,363	\$ 544,755	\$ 16,683,528
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:</b>				
Cash and investments	\$ 111,019	\$ 53,363	\$ 544,755	\$ 16,683,528
Total cash and investments	\$ 111,019	\$ 53,363	\$ 544,755	\$ 16,683,528

(continued)

# COUNTY OF BUTTE, CALIFORNIA

## COMBINING STATEMENT OF CASH FLOWS (continued) INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

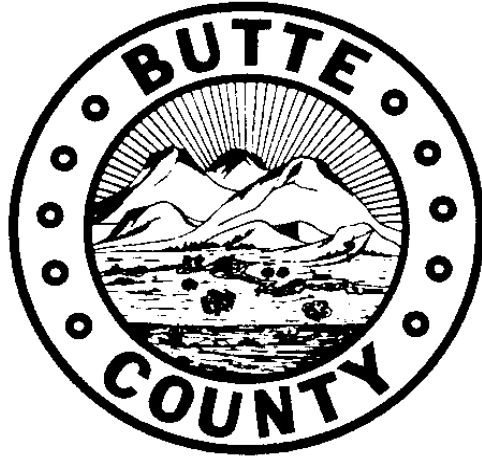
	Self Insurance	Worker's Compensation	Unemployment Insurance
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (315,779)	\$ (893,633)	\$ (128,861)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	711	5,713	-
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	127,460	(13,079)	-
Deposits with others	-	(50,000)	-
Increase (decrease) in:			
Accounts payable	55,272	(87,922)	383
Accrued salaries and benefits	-	(75)	-
Claims and judgments	666,000	(319,000)	-
	\$ 533,664	\$ (1,357,996)	\$ (128,478)
Net cash provided (used) by operating activities	\$ 533,664	\$ (1,357,996)	\$ (128,478)

(continued)

# COUNTY OF BUTTE, CALIFORNIA

## COMBINING STATEMENT OF CASH FLOWS (continued) INTERNAL SERVICE FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	Medical Liability	Miscellaneous Insurance	Utilities Clearing	Total
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ 26,670	\$ 8,881	\$ 354,110	\$ (948,612)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	-	-	-	6,424
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	-	-	2,846	117,227
Deposits with others	-	-	-	(50,000)
Increase (decrease) in:				
Accounts payable	-	-	122,564	90,297
Accrued salaries and benefits	-	-	-	(75)
Claims and judgments	-	-	-	347,000
	\$ 26,670	\$ 8,881	\$ 479,520	\$ (437,739)
Net cash provided (used) by operating activities	\$ 26,670	\$ 8,881	\$ 479,520	\$ (437,739)



## **Fiduciary Funds**





# COUNTY OF BUTTE

## Fiduciary Fund Types

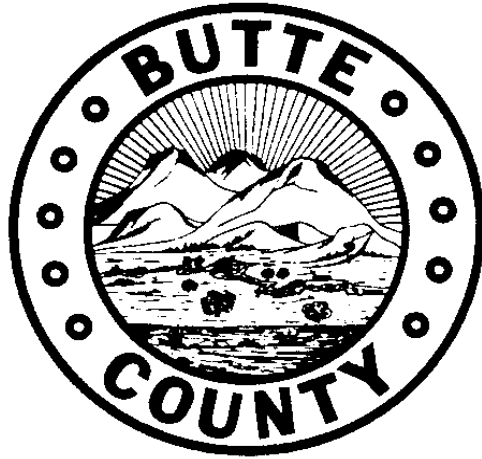
Fiduciary Funds account for assets held by the County in a trustee capacity, or as an agent for private organizations, other governmental units, or other funds. The following are the County's Fiduciary Funds:

### 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-620 Fund* accounts for funds held for other government agencies.



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**COUNTY OF BUTTE, CALIFORNIA**  
**COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**JUNE 30, 2012**

	<u>Other</u>	<u>Tax Resources</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and investments	\$ 15,341,647	\$ 10,320,425	\$ 25,662,072
Interest receivable	-	49,761	49,761
Property tax receivable	-	15,192,871	15,192,871
Total assets	<u>\$ 15,341,647</u>	<u>\$ 25,563,057</u>	<u>\$ 40,904,704</u>
<b>LIABILITIES</b>			
Agency funds held for others	<u>\$ 15,341,647</u>	<u>\$ 25,563,057</u>	<u>\$ 40,904,704</u>
Total liabilities	<u>\$ 15,341,647</u>	<u>\$ 25,563,057</u>	<u>\$ 40,904,704</u>

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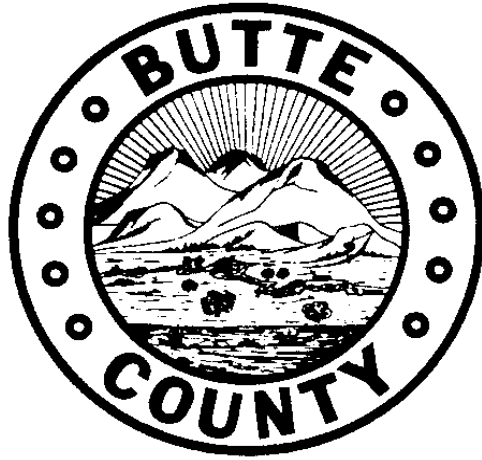
**COUNTY OF BUTTE, CALIFORNIA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES (continued)**  
**AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

Other	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b>ASSETS</b>				
Cash and investments	\$ 15,436,580	\$ 26,747,516	\$ 26,842,449	\$ 15,341,647
Total assets	<u>\$ 15,436,580</u>	<u>\$ 26,747,516</u>	<u>\$ 26,842,449</u>	<u>\$ 15,341,647</u>
<b>LIABILITIES</b>				
Agency funds held for others	\$ 15,436,580	\$ 26,747,516	\$ 26,842,449	\$ 15,341,647
Total liabilities	<u>\$ 15,436,580</u>	<u>\$ 26,747,516</u>	<u>\$ 26,842,449</u>	<u>\$ 15,341,647</u>
<b>Tax Resources</b>				
<b>ASSETS</b>				
Cash and investments	\$ 7,722,531	\$ 8,520,800	\$ 5,922,906	\$ 10,320,425
Interest receivable	62,775	49,761	62,775	49,761
Property tax receivable	15,554,053	15,192,871	15,554,053	15,192,871
Total assets	<u>\$ 23,339,359</u>	<u>\$ 23,763,432</u>	<u>\$ 21,539,734</u>	<u>\$ 25,563,057</u>
<b>LIABILITIES</b>				
Agency funds held for others	\$ 23,339,359	\$ 23,763,432	\$ 21,539,734	\$ 25,563,057
Total liabilities	<u>\$ 23,339,359</u>	<u>\$ 23,763,432</u>	<u>\$ 21,539,734</u>	<u>\$ 25,563,057</u>
<b>Butte County SB-620</b>				
<b>ASSETS</b>				
Cash and investments	\$ 613	\$ -	\$ 613	\$ -
Interest receivable	26	-	26	-
Total assets	<u>\$ 639</u>	<u>\$ -</u>	<u>\$ 639</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Agency funds held for others	639	-	639	-
Total liabilities	<u>\$ 639</u>	<u>\$ -</u>	<u>\$ 639</u>	<u>\$ -</u>

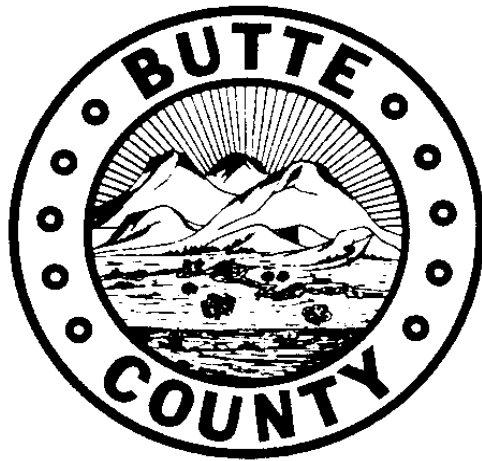
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**COUNTY OF BUTTE, CALIFORNIA**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES (continued)**  
**AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

<u>Total Agency Funds</u>	Balance July 1, 2011	Additions	Deductions	Balance June 30, 2012
<b>ASSETS</b>				
Cash and investments	\$ 23,159,724	\$ 35,268,316	\$ 32,765,968	\$ 25,662,072
Interest receivable	62,801	49,761	62,801	49,761
Property tax receivable	15,554,053	15,192,871	15,554,053	15,192,871
Total assets	<u>\$ 38,776,578</u>	<u>\$ 50,510,948</u>	<u>\$ 48,382,822</u>	<u>\$ 40,904,704</u>
<b>LIABILITIES</b>				
Agency funds held for others	\$ 38,776,578	\$ 50,510,948	\$ 48,382,822	\$ 40,904,704
Total liabilities	<u>\$ 38,776,578</u>	<u>\$ 50,510,948</u>	<u>\$ 48,382,822</u>	<u>\$ 40,904,704</u>



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**Statistical Section**





# Statistical Section

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

## CONTENTS

### **FINANCIAL TRENDS**

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

### **REVENUE CAPACITY**

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

### **DEBT CAPACITY**

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

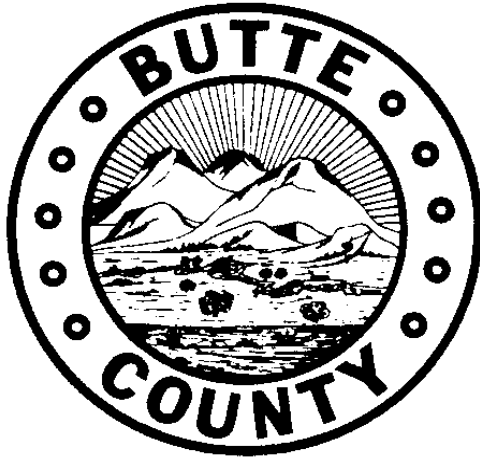
### **ECONOMIC AND DEMOGRAPHIC INFORMATION**

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

### **OPERATING INFORMATION**

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

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



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

For the Fiscal Year Ended June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities:</b>										
Invested in capital assets, net of related debt	\$ 346,872,973	\$ 287,229,222	\$ 328,573,058	\$ 313,955,354	\$ 299,087,057	\$ 280,126,245	\$ 269,571,545	\$ 263,205,332	\$ 243,321,441	\$ 226,632,409
Restricted	43,991,120	29,106,697	14,971,692	16,696,959	26,321,708	45,999,726	51,089,379	49,225,674	78,363,897	83,185,340
Unrestricted	23,109,853	28,188,079	39,547,523	45,147,228	44,293,530	19,565,376	29,823,697	35,430,215	7,959,935	129,396
Total governmental activities net assets	<u>\$ 413,973,946</u>	<u>\$ 344,523,998</u>	<u>\$ 383,092,273</u>	<u>\$ 375,799,541</u>	<u>\$ 369,702,295</u>	<u>\$ 345,691,347</u>	<u>\$ 350,484,621</u>	<u>\$ 347,861,221</u>	<u>\$ 329,645,273</u>	<u>\$ 309,947,145</u>
<b>Business-type activities:</b>										
Invested in capital assets, net of related debt	\$ 4,389,868	\$ 6,799,310	\$ 8,402,774	\$ 8,748,541	\$ 1,792,507	\$ 4,389,846	\$ 5,046,136	\$ 7,162,066	\$ 8,912,181	\$ 8,996,514
Restricted	-	6,196,080	6,434,145	6,691,502	4,083,228	4,300,259	4,421,316	5,547,422	4,753,072	-
Unrestricted	9,311,498	520,516	(313,620)	(753,677)	11,463,088	10,256,700	10,664,266	9,326,821	8,799,943	15,310,206
Total business-type activities net assets	<u>\$ 13,701,366</u>	<u>\$ 13,515,906</u>	<u>\$ 14,523,299</u>	<u>\$ 14,686,366</u>	<u>\$ 17,338,823</u>	<u>\$ 18,946,805</u>	<u>\$ 20,131,718</u>	<u>\$ 22,036,309</u>	<u>\$ 22,465,196</u>	<u>\$ 24,306,720</u>
<b>Primary government:</b>										
Invested in capital assets, net of related debt	\$ 351,262,841	\$ 294,028,532	\$ 336,975,832	\$ 322,703,895	\$ 300,879,564	\$ 284,516,091	\$ 274,617,681	\$ 270,367,398	\$ 252,233,622	\$ 235,628,923
Restricted	43,991,120	35,302,777	21,405,837	23,388,461	30,404,936	50,299,985	55,510,695	54,773,096	83,116,969	83,185,340
Unrestricted	32,421,351	28,708,595	39,233,903	44,393,551	55,756,618	29,822,076	40,487,963	44,757,037	16,759,878	15,439,602
Total primary government net assets	<u>\$ 427,675,312</u>	<u>\$ 358,039,904</u>	<u>\$ 397,615,572</u>	<u>\$ 390,485,907</u>	<u>\$ 387,041,118</u>	<u>\$ 364,638,152</u>	<u>\$ 370,616,339</u>	<u>\$ 369,897,531</u>	<u>\$ 352,110,469</u>	<u>\$ 334,253,865</u>

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

For the Fiscal Year Ended June 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Governmental activities:</b>										
<b>Expenses</b>										
General government	\$ 13,403,744	\$ 19,988,028	\$ 28,108,571	\$ 16,617,793	\$ 19,086,835	\$ 20,865,771	\$ 20,710,290	\$ 25,025,047	\$ 29,168,334	\$ 30,060,660
Public protection	67,875,626	69,137,314	82,634,178	81,999,331	87,500,747	96,664,267	94,362,185	88,781,607	91,167,264	93,246,404
Public ways and facilities	28,463,533	28,079,018	17,520,672	31,531,708	34,623,721	39,999,631	34,975,071	30,108,420	36,686,173	37,081,727
Health and sanitation	55,095,207	55,942,561	56,395,525	58,593,884	64,268,283	72,458,490	67,582,300	72,502,065	72,015,960	75,317,142
Public assistance	127,500,579	126,530,857	130,935,568	130,966,814	135,871,668	142,125,227	142,615,875	143,688,838	148,220,091	141,998,777
Education	2,522,005	2,749,824	2,723,315	2,905,270	3,117,432	3,394,070	3,291,233	2,805,328	2,959,473	3,208,699
Culture and recreation services	533,602	393,637	499,967	658,741	604,386	374,615	524,852	512,353	530,319	583,937
Interest on long-term debt	-	-	3,608,601	4,183,940	4,315,186	3,696,005	2,659,630	2,499,474	2,701,482	2,488,759
Total governmental activities expense	295,394,296	302,821,239	322,426,397	327,457,481	349,388,258	379,578,076	366,721,436	365,923,132	383,449,096	383,986,105
<b>Program Revenues</b>										
Charges for services:										
General government	5,856,655	6,461,374	16,760,879	16,779,891	19,903,572	20,463,697	16,567,360	21,694,710	22,092,523	19,859,373
Public protection	13,731,788	8,021,648	6,461,794	5,581,142	5,285,862	6,000,509	9,180,534	10,708,534	10,398,936	9,364,760
Public ways and facilities	2,631,921	925,783	2,680,446	2,932,837	3,439,296	3,547,975	4,082,071	2,225,165	2,216,854	2,286,810
Health and sanitation	6,391,541	5,929,611	4,109,596	4,041,916	5,011,027	5,176,893	5,673,115	5,756,094	5,785,533	5,607,738
Public assistance	1,157,862	2,289,201	393,023	205,520	354,261	543,906	711,842	676,610	1,079,724	1,012,741
Education	327,068	72,357	72,532	118,108	101,360	89,362	113,684	146,212	146,391	146,391
Culture and recreation services	57,256	58,789	-	101,775	115,716	120,209	-	-	-	-
Operating grants and contributions	205,178,971	207,564,618	184,501,125	194,629,899	206,381,946	214,119,802	222,937,925	222,575,034	227,348,490	238,623,299
Capital grants and contributions	2,643,929	3,151,868	14,939,327	11,982,196	13,136,901	12,981,464	16,299,993	20,924,224	10,465,668	13,263,837
Total governmental activities program revenues	237,976,991	234,475,249	229,918,722	236,373,284	253,729,941	263,043,817	275,566,524	284,706,583	279,534,119	290,164,949
<b>Net Expense<sup>1</sup></b>	<b>(57,417,305)</b>	<b>(68,345,990)</b>	<b>(92,507,675)</b>	<b>(91,084,197)</b>	<b>(95,658,317)</b>	<b>(116,534,259)</b>	<b>(91,154,912)</b>	<b>(81,216,549)</b>	<b>(103,914,977)</b>	<b>(93,821,156)</b>
<b>General Revenues and Transfers</b>										
Taxes:										
Property taxes	17,798,624	18,770,212	34,260,317	41,656,548	45,641,947	47,928,940	49,534,039	49,822,100	47,576,400	46,504,613
Sales taxes	3,517,481	3,846,573	4,952,509	3,371,227	4,551,967	4,006,588	3,525,252	3,502,003	3,825,307	3,809,695
Other taxes and related revenues	2,353,498	2,715,949	1,935,715	1,624,332	1,356,479	989,470	1,031,960	1,010,109	942,242	1,022,342
Grants and contributions not restricted to specific programs	15,056,401	12,405,825	18,526,669	25,122,030	21,030,134	21,299,136	17,253,122	15,503,952	16,753,325	17,747,085
Unrestricted investment earnings	1,587,619	1,936,913	3,291,173	1,474,933	5,558,955	5,367,056	4,832,431	3,218,361	3,053,171	1,751,760
Gain (Loss) on Sale/Disposal of Capital Assets	-	(5,569)	(66,147)	19,610	-	-	-	-	-	-
Miscellaneous	5,008,578	8,326,140	19,507,815	8,327,670	11,430,359	12,932,121	11,688,662	4,521,606	4,886,259	3,934,721
Transfers	(6,906)	-	-	-	(8,770)	-	-	-	-	14,788
Total general revenues and transfers	45,315,295	47,996,043	82,408,051	81,596,350	89,561,071	92,523,311	87,865,466	77,578,131	77,036,704	74,785,004
<b>Change in net assets-</b>										
<b>-governmental activities</b>	<b>\$ (12,102,010)</b>	<b>\$ (20,349,947)</b>	<b>\$ (10,099,624)</b>	<b>\$ (9,487,847)</b>	<b>\$ (6,097,246)</b>	<b>\$ (24,010,948)</b>	<b>\$ (3,289,446)</b>	<b>\$ (3,638,418)</b>	<b>\$ (26,878,273)</b>	<b>\$ (19,036,152)</b>

<sup>1</sup> 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 TEN FISCAL YEARS**  
(accrual basis of accounting)

	For the Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Business-Type activities:</b>										
<b>Expenses</b>										
Sanitation	\$ 4,780,855	\$ 1,425,942	\$ 5,129,527	\$ 4,664,895	\$ 4,680,195	\$ 4,403,172	\$ 5,486,248	\$ 5,804,049	\$ 4,855,077	\$ 5,281,891
Transit	1,796,178	2,192,068	2,243,837	2,528,381	23,907	388,537	-	-	-	-
Total business-type activities	6,577,033	3,618,010	7,373,364	7,193,276	4,704,102	4,791,709	5,486,248	5,804,049	4,855,077	5,281,891
<b>Program Revenues</b>										
Charges for services:										
Sanitation	4,167,002	4,553,286	4,373,835	5,579,396	6,499,022	6,662,729	5,981,595	6,094,380	6,150,774	6,626,025
Transit	231,793	314,320	199,588	478,840	71,499	-	-	-	-	-
Operating grants and contributions	1,600,402	2,097,391	2,103,588	1,605,044	465,263	70,717	108,566	83,808	159,913	-
Total business-type activities program revenues	5,999,197	6,964,997	6,677,011	7,663,280	7,035,784	6,733,446	6,090,161	6,178,188	6,310,686	6,626,025
<b>Net Expense<sup>1</sup></b>	<b>(577,836)</b>	<b>3,346,987</b>	<b>(696,353)</b>	<b>470,004</b>	<b>2,331,682</b>	<b>1,941,737</b>	<b>603,913</b>	<b>374,139</b>	<b>1,455,610</b>	<b>1,344,134</b>
<b>General revenues</b>										
Unrestricted investment earnings	700,798	632,463	522,399	384,442	89,643	701,950	1,004,069	810,774	463,350	196,221
Gain (Loss) on Sale/Disposal of Capital Assets	(22,132)	-	-	-	(2,528,082)	-	-	-	-	-
Miscellaneous	209,152	18,862	(11,506)	152,947	186,366	-	-	-	-	-
Transfers	-	-	-	-	-	8,770	-	-	-	(14,788)
Total general revenues	887,818	651,325	510,893	537,389	(2,252,073)	710,720	1,004,069	810,774	463,350	181,433
<b>Change in net assets -business-type activities</b>	<b>\$ 309,982</b>	<b>\$ 3,998,312</b>	<b>\$ (185,460)</b>	<b>\$ 1,007,393</b>	<b>\$ 79,609</b>	<b>\$ 2,652,457</b>	<b>\$ 1,607,982</b>	<b>\$ 1,184,913</b>	<b>\$ 1,918,960</b>	<b>\$ 1,525,567</b>
<b>Primary Government</b>										
<b>Expenses</b>										
Governmental activities	\$ 295,394,296	\$ 302,821,239	\$ 322,426,397	\$ 327,457,481	\$ 349,388,258	\$ 379,578,076	\$ 366,721,436	\$ 365,923,132	\$ 365,923,133	\$ 383,986,105
Business-type activities	6,577,033	3,618,010	7,373,364	7,193,276	4,704,102	4,791,709	5,486,248	5,804,049	4,855,077	5,281,891
Total primary government expenses	301,971,329	306,439,249	329,799,761	334,650,757	354,092,360	384,369,785	372,207,684	371,727,181	370,778,210	389,267,996
<b>Program Revenues</b>										
Governmental activities	237,976,991	234,475,249	229,918,722	236,373,284	253,729,941	263,043,817	275,566,524	284,706,583	284,706,583	290,164,949
Business-type activities	5,999,197	6,964,997	6,677,011	7,663,280	7,035,784	6,733,446	6,090,161	6,178,188	6,310,686	6,626,025
Total primary government program revenues	243,976,188	241,440,246	236,595,733	244,036,564	260,765,725	269,777,263	281,656,685	290,884,771	291,017,269	296,790,974
<b>Net Expense<sup>1</sup></b>	<b>(57,417,305)</b>	<b>(68,345,990)</b>	<b>(92,507,675)</b>	<b>(91,084,197)</b>	<b>(95,658,317)</b>	<b>(116,534,259)</b>	<b>(91,154,912)</b>	<b>(81,216,549)</b>	<b>(81,216,550)</b>	<b>(93,821,156)</b>
Governmental activities	(57,417,305)	(68,345,990)	(92,507,675)	(91,084,197)	(95,658,317)	(116,534,259)	(91,154,912)	(81,216,549)	(81,216,550)	(93,821,156)
Business-type activities	(577,836)	3,346,987	(696,353)	470,004	2,331,682	1,941,737	603,913	374,139	1,455,610	1,344,134
Total primary government net expense	(57,995,141)	(64,999,003)	(93,204,028)	(90,614,193)	(93,326,635)	(114,592,522)	(90,550,999)	(80,842,410)	(79,760,940)	(92,477,022)
<b>General revenues</b>										
Governmental activities	45,315,295	47,996,043	82,408,051	81,596,350	89,561,071	92,523,311	87,865,466	77,578,131	77,578,131	74,785,004
Business-type activities	887,818	651,325	510,893	537,389	(2,252,073)	710,720	1,004,069	810,774	463,350	181,433
Total primary government general revenues	46,203,113	48,647,368	82,918,944	82,133,739	87,308,998	93,234,031	88,869,535	78,388,905	78,041,481	74,966,437
<b>Change in net assets</b>	<b>(12,102,010)</b>	<b>(20,349,947)</b>	<b>(10,099,624)</b>	<b>(9,487,847)</b>	<b>(6,097,246)</b>	<b>(24,010,948)</b>	<b>(3,289,446)</b>	<b>(3,638,418)</b>	<b>(3,638,419)</b>	<b>(19,036,152)</b>
Governmental activities	(12,102,010)	(20,349,947)	(10,099,624)	(9,487,847)	(6,097,246)	(24,010,948)	(3,289,446)	(3,638,418)	(3,638,419)	(19,036,152)
Business-type activities	309,982	3,998,312	(185,460)	1,007,393	79,609	2,652,457	1,607,982	1,184,913	1,918,960	1,525,567
Total primary government change in net assets	\$ (11,792,028)	\$ (16,351,635)	\$ (10,285,084)	\$ (8,480,454)	\$ (6,017,637)	\$ (21,358,491)	\$ (1,681,464)	\$ (2,453,505)	\$ (1,719,459)	\$ (17,510,585)

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

	For the Fiscal Year Ended June 30,							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund:</b>								
Reserved for:								
Encumbrances	\$ 7,257,572	\$ 6,409,889	\$ 5,130,723	\$ 5,535,099	\$ 2,829,192	\$ 4,164,873	\$ 2,437,136	\$ 2,348,768
Imprest cash	44,270	44,270	45,145	45,095	45,595	44,095	44,245	84,345
Prepaid items	-	1,100	4,140	15,503	1,138	-	1,888	1,848
Deposits with others	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
General restrictions	18,132,280	21,069,956	3,165,083	5,196,551	5,586,824	10,611,120	11,560,087	13,844,851
Debt service	4,656,265	787,644	787,482	792,978	808,994	801,259	1,127,040	1,572,685
Inventory	-	-	-	-	-	-	-	154,369
Unreserved:								
Designated	2,502,727	2,830,188	24,366,630	19,626,639	3,894,494	91,826	232,510	115,000
Undesignated	16,078,711	8,768,646	10,776,705	15,813,037	16,857,031	10,160,457	9,059,057	16,710,645
Total general fund balance	<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>	<u>\$ 24,464,463</u>	<u>\$ 34,835,011</u>

<b>All other Governmental Funds:</b>								
Reserved for:								
Encumbrances	\$ 7,304,377	\$ 5,412,910	\$ 4,389,886	\$ 2,988,183	\$ 10,563,974	\$ 17,850,098	\$ 11,526,534	\$ 10,662,956
Imprest cash	5,365	5,215	1,215	1,165	1,815	1,750	1,700	2,700
Prepaid items	-	2,190	297	945	1,766	-	4,088	8,945
Deposits with others	-	297	500	297	297	297	297	297
Long-term loans receivable <sup>1</sup>	3,134,461	2,682,411	2,226,168	2,074,395	-	-	-	-
Legislative/ Grant restrictions	4,006,428	3,862,737	731,130	948,144	1,961,755	21,963,318	22,424,759	25,932,333
Debt service	1,150,916	417,810	8,061,829	7,684,891	8,970,613	5,522,525	7,943,619	7,875,805
Inventories	119,333	280,034	267,580	310,556	231,586	293,954	273,707	284,270
Unreserved:								
Designated, reported in:								
Special revenue funds	5,594,935	5,356,679	6,053,130	7,102,915	23,931,864	-	4,558,541	4,460,824
Undesignated, reported in:								
Special revenue funds	7,339,842	8,004,013	10,816,972	14,336,025	8,439,849	1,249,734	12,604,968	15,206,987
Capital projects funds	(1,331,347)	501,318	90,015	129,562	220,031	848,587	295,664	551,122
Total other governmental fund balances	<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>	<u>\$ 59,633,877</u>	<u>\$ 64,986,239</u>

	2	
	2011	2012
<b>General Fund:</b>		
Nonspendable	\$ 122,064	\$ 290,483
Restricted	13,842,210	18,714,771
Committed	2,628,878	808,712
Assigned	6,559,485	5,059,485
Unassigned	11,197,976	12,396,380
Total general fund	<u>\$ 34,350,613</u>	<u>\$ 37,269,831</u>
<b>All other Governmental Funds:</b>		
Nonspendable	\$ 323,212	\$ 364,031
Restricted	64,521,687	64,470,569
Unassigned	-	(1,726,040)
Total other governmental fund	<u>\$ 64,844,899</u>	<u>\$ 63,108,560</u>

Source: Auditor-Controller, County of Butte

Note 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.

Note 2: The County implemented GASB Statement No. 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned and unassigned compared to reserved and unreserved.

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

	For the Fiscal Year Ended June 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>REVENUES</b>										
Taxes	\$ 21,237,501	\$ 22,753,793	\$ 23,874,775	\$ 41,845,457	\$ 47,395,136	\$ 52,384,206	\$ 53,797,238	\$ 54,091,251	\$ 54,334,212	\$ 51,336,650
Licenses and permits	3,398,347	3,988,539	4,360,823	5,143,170	4,322,084	4,861,476	4,604,498	3,720,735	3,123,312	3,120,393
Fines, forfeitures, and penalties	2,115,318	2,255,129	2,741,657	1,829,081	2,446,572	2,728,930	3,139,816	3,307,221	3,835,387	3,233,042
Revenues from uses of money and property	3,533,053	3,053,170	2,240,655	3,081,942	1,337,150	5,285,289	4,982,969	4,063,901	2,766,269	1,570,990
Aid from other governments	224,680,201	223,632,528	221,567,801	217,938,378	231,688,344	240,529,554	248,376,861	256,476,762	258,983,988	269,779,236
Charges for services	20,091,942	22,705,240	22,558,577	23,166,702	22,885,477	26,645,205	27,757,939	29,300,650	34,248,627	30,672,237
Other	5,637,472	3,912,473	6,852,202	19,506,239	8,327,670	11,430,359	12,932,121	11,688,660	4,521,606	3,934,721
<b>Total revenues</b>	<b>280,693,834</b>	<b>282,300,872</b>	<b>284,196,490</b>	<b>312,510,969</b>	<b>318,402,433</b>	<b>343,865,019</b>	<b>355,591,442</b>	<b>362,649,180</b>	<b>361,813,401</b>	<b>363,647,269</b>
<b>EXPENDITURES:</b>										
Current:										
General government	13,295,361	13,564,592	23,530,072	28,041,583	18,353,948	20,440,643	21,640,700	21,456,259	23,348,016	29,192,387
Public protection	68,903,950	72,318,779	73,266,989	80,974,652	80,525,118	89,379,218	97,512,700	93,854,161	84,903,509	92,590,332
Public ways and facilities	14,798,252	13,942,349	15,811,238	10,943,957	14,332,609	17,037,110	18,547,425	22,211,130	18,282,672	18,433,994
Health and sanitation	48,966,706	54,706,422	55,626,131	55,683,804	59,429,613	65,632,200	72,966,299	67,928,959	71,610,453	74,748,465
Public assistance	122,398,997	127,320,047	126,018,804	128,551,888	131,916,991	137,501,206	142,597,681	143,751,638	142,735,533	140,936,590
Education	2,323,995	2,595,937	2,618,241	2,604,840	2,819,417	3,056,164	3,397,317	3,227,903	2,714,077	3,149,286
Recreation and cultural services	4,065,679	629,744	455,878	356,178	540,284	475,794	574,995	538,899	344,806	363,065
Debt Service: (1)										
Principal	-	-	-	4,160,315	5,562,451	2,854,718	6,774,954	746,483	767,210	765,957
Interest	-	-	-	3,259,717	4,218,911	4,226,524	3,599,724	2,597,561	2,398,702	2,387,171
Cost of issuance	-	-	-	162,344	19,300	-	-	-	-	-
<b>Total expenditures</b>	<b>274,752,940</b>	<b>285,077,870</b>	<b>297,327,353</b>	<b>314,739,278</b>	<b>317,718,642</b>	<b>340,603,577</b>	<b>367,611,795</b>	<b>356,312,993</b>	<b>347,104,978</b>	<b>362,567,247</b>
Excess (deficiency) of revenues over expenditures	5,940,894	(2,776,998)	(13,130,863)	(2,228,309)	683,791	3,261,442	(12,020,353)	6,336,187	14,708,423	1,080,022
<b>OTHER FINANCING SOURCES (USES):</b>										
Sales of capital asset	26,488	55,949	16,283	184,210	22,973	24,014	463,507	72,392	68,894	169,364
Transfers in	6,675,214	6,628,970	11,545,776	20,333,417	23,387,710	19,802,941	24,328,799	20,862,960	21,674,746	7,814,774
Transfer out	(6,675,214)	(6,358,889)	(11,277,305)	(22,854,312)	(19,446,663)	(19,292,699)	(23,638,040)	(20,574,185)	(20,525,060)	(7,492,219)
Proceeds from issuance of debt	1,428,917	5,040,019	52,387,282	15,474,418	1,254,300	23,535	123,162	-	-	272,915
<b>Total other financing sources (uses)</b>	<b>1,455,405</b>	<b>5,366,049</b>	<b>52,672,036</b>	<b>13,137,733</b>	<b>5,218,320</b>	<b>557,791</b>	<b>1,277,428</b>	<b>361,167</b>	<b>1,218,580</b>	<b>764,834</b>
<b>SPECIAL ITEM:</b>										
Payment for unfunded actuarial liability	-	-	(49,100,000)	-	-	-	-	-	-	-
<b>Net change in fund balances</b>	<b>\$ 7,396,299</b>	<b>\$ 2,589,051</b>	<b>\$ (9,558,827)</b>	<b>\$ 10,909,424</b>	<b>\$ 5,902,111</b>	<b>\$ 3,819,233</b>	<b>\$ (10,742,925)</b>	<b>\$ 6,697,354</b>	<b>\$ 15,927,003</b>	<b>\$ 1,844,856</b>
Debt service as a percentage of noncapital expenditures	n/a	n/a	n/a	2.5%	3.1%	2.1%	2.9%	1.0%	0.9%	0.9%

Source: Auditor-Controller, County of Butte

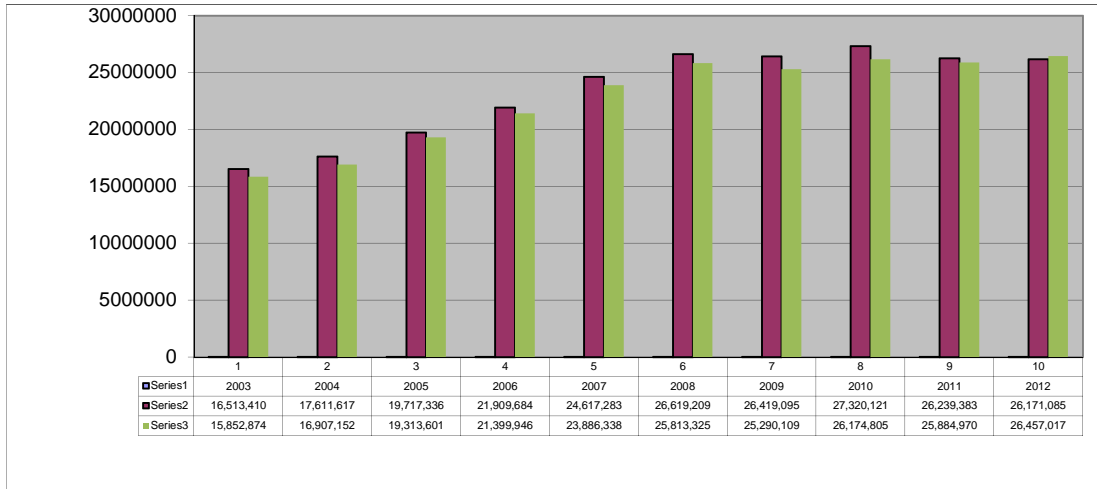
Note 1: Debt service was shown as a separate function during fiscal year 2004-05.

**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 (1)	Total Tax Collections June 30 (2)	Percent of Total Tax Collections to Tax Levy
2003	16,513,410	15,852,874	96.00%	439,062	16,291,936	98.66%
2004	17,611,617	16,907,152	96.00%	397,491	17,304,643	98.26%
2005	19,717,336	19,313,601	97.95%	372,631	19,686,232	99.84%
2006	21,909,684	21,399,946	97.67%	445,534	21,845,480	99.71%
2007	24,617,283	23,886,338	97.03%	465,174	24,351,512	98.92%
2008	26,619,209	25,813,325	96.97%	696,536	26,509,861	99.59%
2009	26,419,095	25,290,109	95.73%	828,468	26,118,577	98.86%
2010	27,320,121	26,174,805	95.81%	946,894	27,121,699	99.27%
2011	26,239,383	25,884,970	98.65%	941,274	26,826,244	102.24%
2012	26,171,085	26,457,017	101.09%	946,894	27,403,911	104.71%

Note 1: Includes current year collections of delinquent taxes. Taxes by levy year will be reported when information is available.

Note 2: Includes current and teeter collections.



Source: Auditor-Controller, County of Butte



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

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Fiscal Year	Secured Roll	Utility Roll	Unsecured Roll	Assessed Value
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
2009	17,826,407,338	7,930,798	836,897,313	18,671,235,449
2010	17,716,534,370	7,930,548	867,980,662	18,592,445,580
2011	17,361,801,601	5,152,377	868,120,034	18,235,074,012
2012	17,015,198,786	4,882,202	915,590,669	17,935,671,657

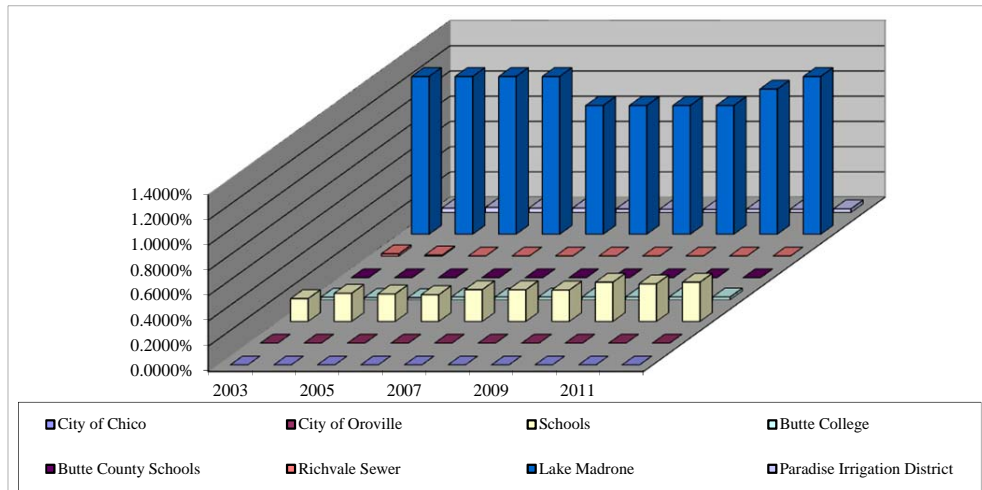
Note: Total estimated actual value of taxable property was not reasonably estimable.

Source: Auditor-Controller, County of Butte

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

Fiscal Year	Basic				Butte				Paradise		Total
	Countywide Levy	City of Chico	City of Oroville	Schools	Butte College	County Schools	Richvale Sewer	Lake Madrone	Irrigation District		
2003	1.00%	0.000%	0.000%	0.1810%	0.0188%	0.000%	0.0175%	1.250%	0.034%	2.5013%	
2004	1.00%	0.000%	0.000%	0.2229%	0.0171%	0.000%	0.0078%	1.250%	0.039%	2.5368%	
2005	1.00%	0.000%	0.000%	0.2177%	0.0160%	0.000%	0.0000%	1.250%	0.034%	2.5177%	
2006	1.00%	0.000%	0.000%	0.2118%	0.0209%	0.000%	0.0000%	1.250%	0.033%	2.5157%	
2007	1.00%	0.000%	0.000%	0.2518%	0.0209%	0.000%	0.0000%	1.020%	0.027%	2.3197%	
2008	1.00%	0.000%	0.000%	0.2507%	0.0209%	0.000%	0.0000%	1.020%	0.024%	2.3156%	
2009	1.00%	0.000%	0.000%	0.2488%	0.0209%	0.000%	0.0000%	1.020%	0.022%	2.3117%	
2010	1.00%	0.000%	0.000%	0.3109%	0.0209%	0.000%	0.0000%	1.020%	0.026%	2.3778%	
2011	1.00%	0.000%	0.000%	0.2974%	0.0209%	0.000%	0.0000%	1.150%	0.024%	2.4923%	
2012	1.00%	0.000%	0.000%	0.3109%	0.0209%	0.000%	0.0000%	1.250%	0.028%	2.6098%	

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	2012			2005 (1)		
	Rank	Assessed Valuation	Percentage of Total Assessed	Rank	Assessed Valuation	Percentage of Total Assessed
Pacific Gas and Electric Corporation	1	\$ 491,814,588	2.939%	1	\$ 346,921,754	2.595%
Wild Goose Storage, Inc.	2	221,731,818	1.325%	2	91,461,818	0.684%
Pacific Bell California	3	61,177,859	0.366%	3	58,258,685	0.436%
Chico Mall Partners LP	4	45,511,700	0.272%	5	28,858,611	0.216%
California Water Service	5	41,019,831	0.245%		-	-
Chico Crossroads LP	6	32,375,000	0.193%	4	36,651,410	0.274%
Farmland Reserve, Inc.	7	32,170,889	0.192%		-	-
Pacific Realty Associates	8	31,688,433	0.189%		-	-
Union Pacific Railroad	9	27,240,107	0.163%		-	-
Pacific Coast Producers	10	27,005,017	0.161%	9	23,425,271	0.175%
North Valley Mall LLC				6	24,011,550	0.180%
Pan Pacific Development LLC				7	24,002,189	0.180%
Sprint Communications Co.				8	23,695,716	0.177%
Western Investment Real Estate Trust				10	19,262,765	0.144%
Largest Secured Property Valuation		1,011,735,242	<u>6.045%</u>		676,549,769	<u>5.061%</u>
Other Secured Taxpayers		<u>15,721,105,589</u>			<u>12,694,631,953</u>	
Total Secured Property Valuation - net of exemptions		<u>\$ 16,732,840,831</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, 2012 and should also be presented for June 30, 2003. However, June 30, 2003 information is not available and June 30, 2005 information will be presented until there is a nine year separation.

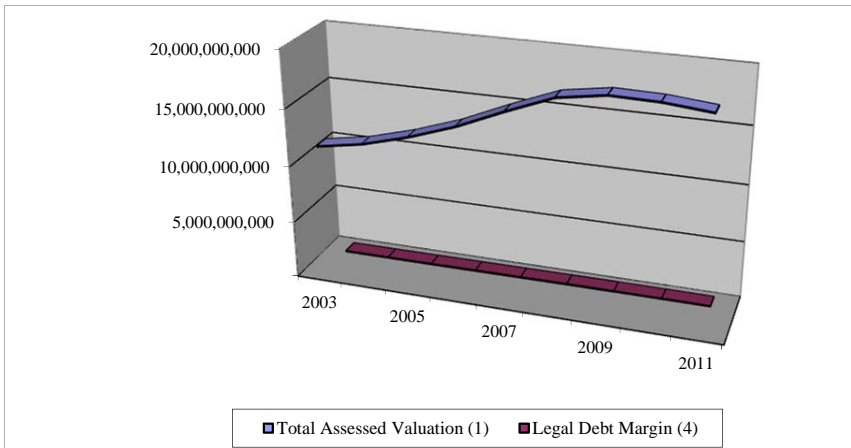
Source: Auditor-Controller, County of Butte

**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
2003	11,582,436,024	144,780,450	-	144,780,450	100%
2004	12,279,362,364	153,492,030	-	153,492,030	100%
2005	13,371,181,722	167,139,772	-	167,139,772	100%
2006	14,740,506,515	184,256,331	-	184,256,331	100%
2007	16,453,060,602	205,663,258	-	205,663,258	100%
2008	18,034,737,948	225,434,224	-	225,434,224	100%
2009	18,671,235,449	233,390,443	-	233,390,443	100%
2010	18,592,445,580	232,405,570	-	232,405,570	100%
2011	18,235,074,012	227,938,425	-	227,938,425	100%
2012	17,935,671,657	224,195,896	-	224,195,896	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**

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Fiscal Year	County Population (1)	Assessed Value	Gross Bonded Debt	Debt		Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
				Payable from Enterprise Revenue	Net Debt		
2003	210,800	11,582,436,024				0.000%	
2004	212,237	12,279,362,364				0.000%	
2005	214,119	13,371,181,722				0.000%	
2006	217,209	14,740,506,515				0.000%	
2007	218,069	16,453,060,602				0.000%	
2008	220,407	18,034,737,948				0.000%	
2009	220,748	18,671,235,449				0.000%	
2010	221,331	18,592,445,580				0.000%	
2011	221,388	18,235,074,012				0.000%	
2012	221,273	17,935,671,657				0.000%	

Source:

- (1) State of California, Department of Finance  
[www.dof.ca.gov/research/demographic/reports/estimates/e-1/view.php](http://www.dof.ca.gov/research/demographic/reports/estimates/e-1/view.php)

Source: Auditor-Controller, County of Butte

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

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Assessed Value	Percentage of Personal Income	Per Capita
	Bonds	Certificates of Participation	Loans/ Notes	Capital Leases	Loans	Certificates of Participation	Capital Leases				
2003	1,052	9,345		2,366			2,258	15,021	0.1223%	0.30%	70
2004	50,879	5,150	2,492	1,019			1,780	61,320	0.4586%	1.14%	282
2005	61,515	4,540	4,111	688			1,289	72,143	0.4894%	1.24%	332
2006	57,212	3,920	3,935	1,479	500		784	67,830	0.4123%	1.11%	311
2007	56,424	3,290	2,903	1,097	450	12,025	303	76,491	0.4649%	1.18%	351
2008	50,575	2,650	2,703	1,134	400	12,025		69,486	0.3854%	0.98%	315
2009	50,492	2,300	2,494	1,029	350	12,025	20	68,710	0.3680%	1.02%	311
2010	50,403	1,945	2,278	922	300	11,300	20	67,167	0.3613%	0.94%	303
2011	49,895	2,439	2,053	848	250	10,550	-	66,035	0.3621%	0.88%	298
2012	49,895	2,237	1,819	791	200	9,770	-	64,712	0.3608%	0.85%	292

Source: Auditor-Controller, County of Butte

**COUNTY OF BUTTE, CALIFORNIA  
OVERLAPPING BONDED DEBT  
JUNE 30, 2012**

2011-12 Assessed Valuation: \$18,716,515,062 (includes unitary utility valuation)  
 Redevelopment Incremental Valuation: 3,143,182,033  
 Adjusted Assessed Valuation: \$15,573,333,029

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/12	% Applicable (1)	County's Share of Debt 6/30/12
Butte-Glenn Community College District	\$ 75,763,079	85.769%	\$ 64,981,235
Yuba Joint Community College District	127,102,120	0.189	240,223
Chico Unified School District	50,510,000	100.	50,510,000
Marysville Joint Unified School District	68,763,777	1.324	910,432
Oroville Union High School District	19,421,385	100.	19,421,385
Manzanita School District	680,000	100.	680,000
Oroville School District	4,186,411	100.	4,186,411
Thermalito Union School District	1,834,445	100.	1,834,445
City 1915 Act Bonds	195,000	100.	<u>195,000</u>
<b>TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT</b>			<b>\$142,959,131</b>

Ratios to 2011-12 Assessed Valuation:  
 Total Overlapping Tax and Assessment Debt .....0.76%

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
<b>Butte County Certificates of Participation</b>	<b>\$12,063,000</b>	<b>100.</b>	<b>% \$12,063,000</b>
<b>Butte County Pension Obligations</b>	<b>49,895,000</b>	<b>100.</b>	<b>49,895,000</b>
Butte-Glenn Community College District General Fund Obligations	2,690,000	85.769	2,307,186
Yuba Joint Community College District General Fund Obligations	21,025,247	0.189	39,738
Chico Unified School District Certificates of Participation	1,460,000	100.	1,460,000
Paradise Unified School District Certificates of Participation	1,115,000	100.	1,115,000
Biggs Unified School District Certificates of Participation	420,000	100.	420,000
City of Oroville Pension Obligations	6,355,000	100.	6,355,000
City of Paradise Pension Obligations	9,009,980	100.	<u>9,009,980</u>
<b>TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT</b>			<b>\$82,664,904</b>

**TOTAL DIRECT DEBT** **\$61,958,000**  
**TOTAL OVERLAPPING DEBT** **\$163,666,035**

**COMBINED TOTAL DEBT** **\$225,624,035 (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 Adjusted Assessed Valuation:  
**Total Direct Debt (\$61,958,000) .....0.40%**  
 Combined Total Debt.....1.45%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/12: \$0

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

	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>General Obligation Bonds</b>	\$ 1,051,620	\$ 50,878,665	\$ 57,070,000	\$ 57,212,322	\$ 56,423,916	\$ 50,575,340	\$ 50,491,664	\$ 50,402,721	\$ 49,895,000	\$ 49,895,000
<b>Less:</b>										
Amounts Available in Debt Service Fund (1)	-	-	20,839,083	7,257,602	8,536,527	5,385,967	7,805,458	7,732,755	8,788,635	8,802,439
<b>Total Net Obligation Bonds Outstanding</b>	<u>\$ 1,051,620</u>	<u>\$ 50,878,665</u>	<u>\$ 36,230,917</u>	<u>\$ 49,954,720</u>	<u>\$ 47,887,389</u>	<u>\$ 45,189,373</u>	<u>\$ 42,686,206</u>	<u>\$ 42,669,966</u>	<u>\$ 41,106,365</u>	<u>\$ 41,092,561</u>
<b>Percentage of Estimated Actual Taxable Value of Property</b>	0.0%	0.4%	0.27%	0.34%	0.29%	0.25%	0.23%	0.23%	0.23%	0.23%
<b>Per Capita</b>	\$ 5.0	\$ 237.6	\$ 166.8	\$ 230.0	\$ 219.6	\$ 205.0	\$ 193.4	\$ 192.8	\$ 185.7	\$ 185.7

Note 1: Debt Service was not a separate fund prior to 2005.

Note 2: Details regarding the county's outstanding debt can be found in the notes to the financial statements.

Source: Auditor-Controller, County of Butte



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

Fiscal Year	Population (1)	Personal Income (2)	Per Capita Personal Income (2)	School Enrollment (3)	Unemployment Rate (1)
2003	212,237	5,025,193,000	23,677	34,260	7.4%
2004	214,119	5,393,454,000	25,189	33,768	7.2%
2005	217,209	5,811,000,000	26,753	33,385	6.7%
2006	217,209	6,099,731,000	28,082	33,192	4.9%
2007	218,069	6,494,706,000	29,783	32,827	6.1%
2008	220,407	7,100,740,000	32,216	32,559	8.2%
2009	220,748	6,752,580,000	30,590	32,069	13.2%
2010	221,331	7,163,944,000	32,368	31,539	13.1%
2011	221,388	7,500,846,828	33,881	31,226	13.1%
2012	221,273	7,643,654,512	34,544	31,255	12.6%

**Detail of estimated population, as June, 2012:**

Incorporated Cities/Towns:

City of Biggs	1,707
City of Chico	87,713
City of Gridley	6,584
City of Oroville	15,546
Town of Paradise	27,373
Total of incorporated	138,923
Total of unincorporated	82,350
Total Population	221,273

Note: Personal income and per capita income are based on the calendar year information ending during the fiscal year.

Sources:

- (1) State of California, Employment Development Department, Labor Market Information Division ([www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/](http://www.labormarketinfo.edd.ca.gov/cgi/dataanalysis/))
- (2) Bureau of Economic Analysis ([www.bea.gov/bea/regional/reis/](http://www.bea.gov/bea/regional/reis/))
- (3) California Dept. of Education (<http://dq.cde.ca.gov/dataquest/Enrollment>)

**COUNTY OF BUTTE, CALIFORNIA**  
**MISCELLANEOUS STATISTICAL INFORMATION**  
**JUNE 30, 2012**

**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

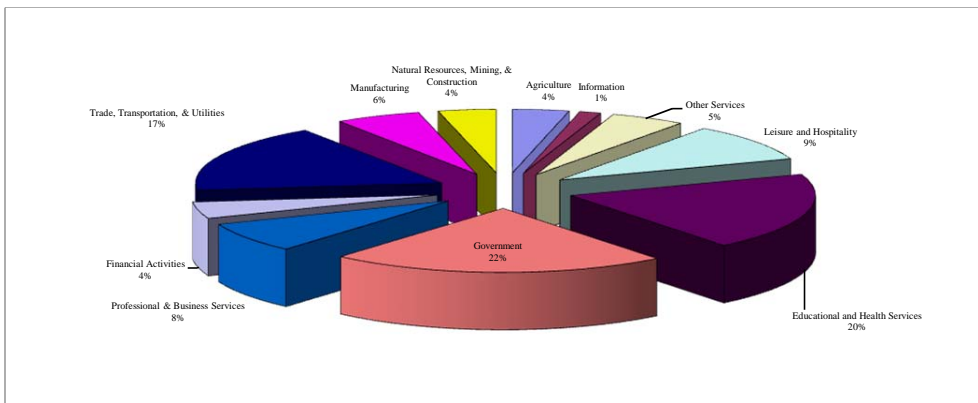
**Form of Government:** General Law County, governed by a five-member Board of Supervisors

**Fiscal Year Begins:** July 1

**County Employees:** as of June 30, 2012: 2,154

**Employment Distribution (2011 Annual Average)(1):**

Agriculture	3.7%
Information	1.4%
Other Services	4.9%
Leisure and Hospitality	9.6%
Educational and Health Services	19.7%
Government	22.1%
Professional & Business Services	7.6%
Financial Activities	4.2%
Trade, Transportation, & Utilities	17.4%
Manufacturing	5.6%
Natural Resources, Mining, & Construction	3.8%



**COUNTY OF BUTTE, CALIFORNIA**  
**PRINCIPAL EMPLOYERS**  
**JUNE 30, 2012 and Ten Years Ago**

**Major County Employers**

Company	2012			2003		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Enloe Medical Center, Inc.	2,275	1	2.55%	n/a	n/a	n/a
Butte County	2,154	2	2.42%	n/a	n/a	n/a
California State University, Chico	1,834	3	2.06%	n/a	n/a	n/a
Butte Glenn Community College	1,500	4	1.68%	n/a	n/a	n/a
Chico Unified School District	1,400	5	1.57%	n/a	n/a	n/a
Pacific Coast Producers	1,250	6	1.40%	n/a	n/a	n/a
Oroville Hospital	1,233	7	1.38%	n/a	n/a	n/a
Feather River Hospital	1,160	8	1.30%	n/a	n/a	n/a
Associated Students California	600	9	0.67%	n/a	n/a	n/a
Butte County Office of Education	600	10	0.67%	n/a	n/a	n/a
Total	<u>14,006</u>		<u>15.72%</u>			

Note: June 30, 2003 complete information is not available.

Source: [www.labormarketinfo.edd.ca.gov/majorer/countymajorer.asp](http://www.labormarketinfo.edd.ca.gov/majorer/countymajorer.asp)  
 Individual company websites

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

Function/Program	For the Fiscal Year Ended June 30,								
	2004	2005	2006	2007	2008	2009	2010	2011	2012
<b>Sheriff</b>									
Number of Bookings	11,356	12,964	13,543	13,920	12,693	14,241	13,487	12,792	13,285
Coroner Case Load	1,588	1,618	1,701	1,709	1,632	1,677	1,734	1,606	1,656
Calls for Services - Unincorporated Areas	45,536	43,585	43,261	56,131	64,121	63,871	63,787	60,499	58,843
<b>Fire</b>									
Medical Assistance	13,383	13,964	13,240	8,287	8,101	8,021	11,941	12,054	12,511
Fires Extinguished	905	884	740	753	1,311	1,089	2,169	2,022	2,311
<b>Probation</b>									
Juveniles in Detention Facilities (bed days)	22,354	19,967	20,987	21,484	19,242	17,949	17,564	17,789	17,593
<b>Waste Management</b>									
Landfill Tonnage	209,466	202,189	191,676	196,153	192,073	163,370	152,257	152,822	154,531
Recycling Tonnage	22,762	20,186	13,640	26,484	23,377	19,390	13,768	12,420	12,094
<b>County Library</b>									
Total Circulation	653,985	662,590	723,178	744,881	826,821	910,249	840,078	918,069	963,052
Reference Questions Answered	49,276	41,672	37,703	36,948	38,546	42,366	27,449	32,526	39,798
Patrons	97,023	106,696	96,049	90,702	93,616	94,574	79,326	74,057	80,135
Programs Offered	1,106	975	1,169	1,019	1,214	1,353	1,415	1,377	1,510
Program Attendance	20,788	18,917	22,510	23,439	30,916	34,764	28,395	32,943	36,751
Visitor Count	581,194	628,430	662,302	656,949	723,460	756,901	642,112	640,096	672,851
<b>Clerk-Recorder</b>									
Official Records Recorded	87,054	77,545	74,963	77,497	61,002	51,388	52,738	52,863	53,996
Vital Records Copies Issued	12,201	12,813	13,179	13,903	13,629	13,689	12,430	12,393	11,771
Official Records Copies Issued	6,942	7,319	6,665	6,442	6,172	5,408	4,272	5,431	5,161
<b>Community Health Agency</b>									
Facilities Inspections	N/A	3,200	4,015	4,905	5,577	5,276	5,714	5,704	4,905
<b>Public Social Services</b>									
CalWORKS Clients	134,259	122,799	115,616	121,734	105,953	103,947	102,663	103,267	101,884
Food Stamp Clients	167,912	206,012	209,550	221,324	228,513	251,732	290,417	311,695	339,557
Medi-Cal Clients	119,660	152,590	148,090	144,901	159,384	157,048	169,544	245,592	230,464
In-Home Support Services	32,355	33,044	30,927	36,416	35,951	37,593	36,322	33,376	33,660
Foster Care Placements	9,682	9,166	8,859	8,343	8,417	7,542	7,065	5,812	5,070
Child Welfare Services	11,850	12,193	12,019	11,130	12,282	11,237	10,150	9,800	8,936

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 NINE FISCAL YEARS**

For the Fiscal Year Ended June 30,

<b>Function/Program</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>
<b>Sheriff</b>									
Patrol Stations	4	4	4	4	4	4	4	4	4
Patrol Vehicles	65	65	65	60	60	50	50	61	82
<b>Fire</b>									
Stations	26	26	26	26	26	26	26	26	26
Trucks	38	40	40	40	40	40	40	40	40
<b>Waste Management</b>									
Landfills	1	1	1	1	1	1	1	1	1
Capacity in Tons	13,141,300	12,608,230	12,427,121	12,257,452	12,088,756	11,931,691	11,793,202	11,652,343	11,509,906
<b>County Libraries</b>									
Branch Libraries	6	6	6	6	6	6	6	6	6
Book Mobiles	1	1	1	1	1	1	1	1	1
Books in Collection	284,355	296,795	299,262	309,681	306,155	321,799	302,828	243,280	256,893

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

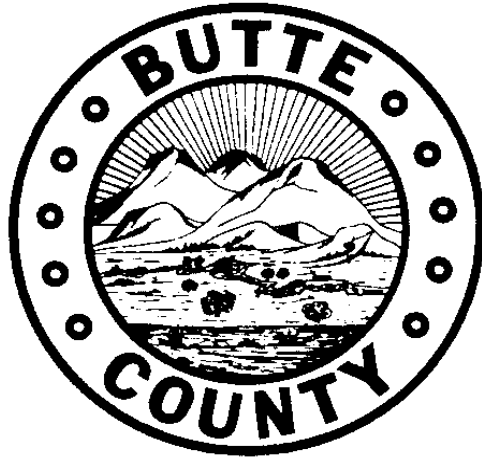
Source: Auditor-Controller, County of Butte

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

Function/Program	Full-time Equivalent Employees						
	2006	2007	2008	2009	2010	2011	2012
<b>General government:</b>							
Legislative and Administrative	28	24	35	35	38	39	38
Finance	30	35	19	16	20	20	22
Purchasing	3	4	6	6	6	6	6
Treasurer	28	24	26	28	30	27	24
Assessor	44	44	44	38	39	39	41
Human Resources	12	13	22	17	18	18	19
County Counsel	12	12	9	9	9	9	9
Elections	14	8	13	10	10	9	10
Development Services	44	45	42	40	40	40	39
Recorder	17	17	15	12	11	13	12
Other General	11	11	14	50	50	44	47
<b>Public Protection:</b>							
Judicial	97	97	104	118	115	109	106
Police Protection	167	163	175	163	175	176	161
Detention and Correction	167	159	168	191	176	158	155
Fire Protection	3	-	4	5	4	3	5
Probation	92	102	105	94	93	93	92
Water Services	5	5	4	4	4	3	3
Other Protection	7	8	7	6	6	4	4
<b>Public ways and Facilities:</b>							
Public ways	106	117	106	103	100	101	100
<b>Health and Sanitation:</b>							
Health	571	565	591	579	566	555	497
Agriculture	22	19	24	24	28	23	22
<b>Public Assistance:</b>							
Aid Programs	555	565	557	514	521	555	551
Veterans Services	1	2	3	3	3	2	2
Other Assistance	111	122	101	107	109	111	109
<b>Education:</b>							
Library Services	54	56	58	43	43	43	32
Farm Advisor	3	3	3	3	4	3	2
<b>County Business-type Functions</b>							
Landfill	25	25	23	21	20	23	22
<b>Internal Service Funds</b>							
	66	67	67	24	24	24	24
Totals	2,295	2,312	2,345	2,263	2,262	2,250	2,154

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

Source: Human Resources Department, County of Butte



## Glossary





**COUNTY OF BUTTE**  
**Glossary for the Comprehensive Annual Financial Report**

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

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

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

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

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

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

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

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

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

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

**ASSIGNED FUND BALANCE,** Amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision making, or by a body or an official designated for that purpose. This is also the classification for residual funds in the County's special revenue funds.

**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.

## **COUNTY OF BUTTE**

### **Glossary for the Comprehensive Annual Financial Report**

**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).

**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.

**COMMITTED FUND BALANCE.** Amounts that can only be used for specific purposes determined by formal action of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action that imposed the limitation needs to occur no later than the close of the reporting period.

**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 counter-party to an investment will not fulfill its obligations.

## COUNTY OF BUTTE

### Glossary for the Comprehensive Annual Financial Report

**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.

**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.

## COUNTY OF BUTTE

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**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 prepaids (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.

**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.

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**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.

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**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.

**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.

**NONSPENDABLE FUND BALANCE,** Amounts that cannot be spent because they are either (a) not spendable in form or (b) legally or contractually required to be maintained intact.

**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,

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and (2) applying this percentage to the total debt of the overlapping jurisdiction. Special assessment debt is allocated on the basis of the ratio of assessment receivable in each jurisdiction, which will be used wholly or in part to pay off the debt, to total assessments receivable, which will be used wholly or in part for this purpose.

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

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

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

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

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

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

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

**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.

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**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 retirable 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.

**UNASSIGNED FUND BALANCE,** The residual classification for the County's General fund that includes amounts not contained in the other classifications. In other funds, the unassigned classification is used only if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned to those purposes.

**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.

**UNRESTRICTED NET ASSETS.** That portion of net assets that is neither restricted not 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.