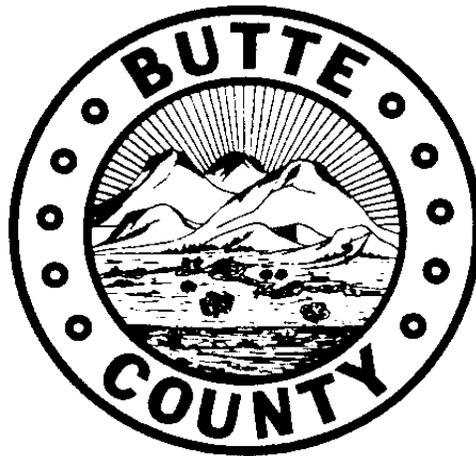


**COUNTY OF BUTTE**  
STATE OF CALIFORNIA

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006

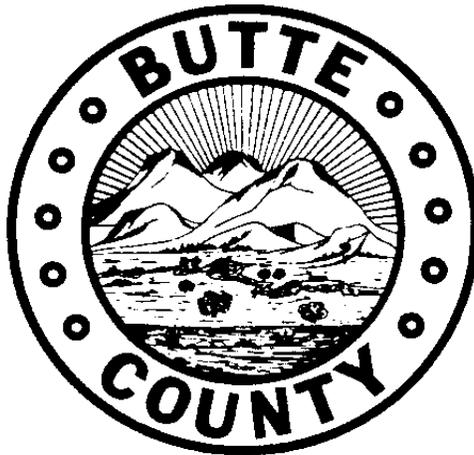




**COUNTY OF BUTTE**  
STATE OF CALIFORNIA

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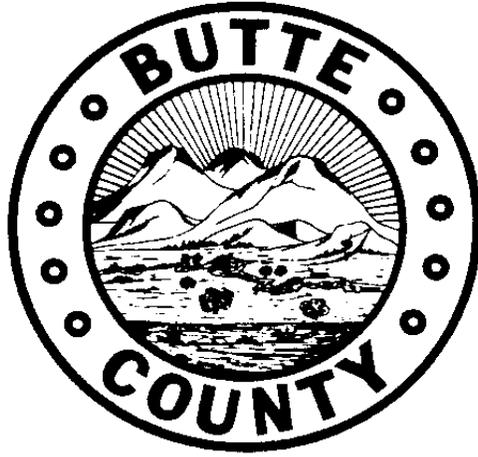
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2006



Prepared by the Office of:

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





## **Introductory Section**



**COUNTY OF BUTTE, CALIFORNIA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**For the Fiscal Year Ended June 30, 2006**

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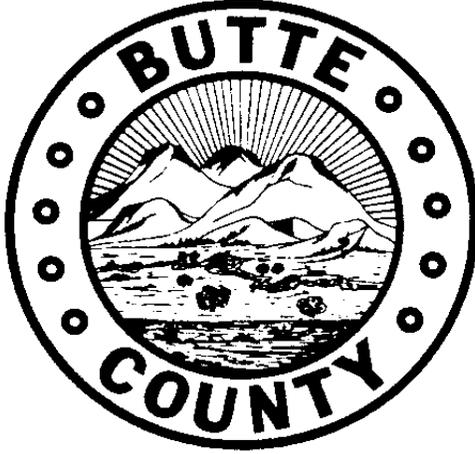
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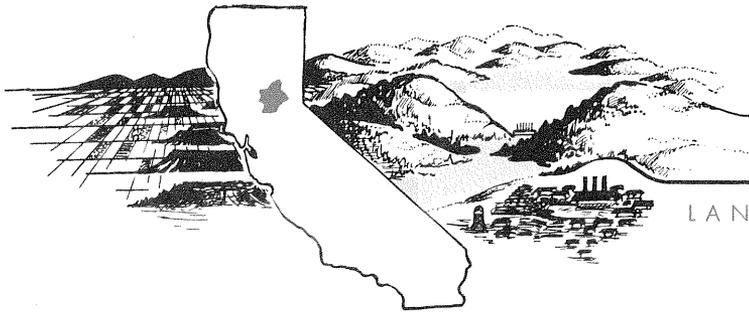
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# Butte County

LAND OF NATURAL WEALTH AND BEAUTY

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

December 01, 2006

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, 2006, is hereby submitted in compliance with Sections 25250 and 25253 of the Government Code of the State of California. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the County. To the best of our knowledge and belief, the enclosed data 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, 2006, 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.

The CAFR is presented in three sections: Introductory, Financial, and Statistical sections.

- The *Introductory Section* includes this transmittal letter, the County's organizational chart, and a list of principal officials.
- The *Financial Section* includes the independent auditor's report on the basic financial statements, the Management's Discussion and Analysis (MD&A) of the County's overall changes in financial position, the audited basic financial statements, note disclosures, combining and nonmajor fund financial statements, and budgetary comparison statements to provide readers with a comprehensive understanding of the County's financial activities of the past fiscal year.
- The *Statistical Section*, which is unaudited, includes selected financial and demographic information, generally presented on a multiyear basis.

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

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

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

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

### **PROFILE OF THE GOVERNMENT**

One of the State's original 27 counties, the County was established by an act of the State Legislature on February 18, 1850. The County is located in the northern portion of the Sacramento Valley. Rising from the Sacramento River, the County's western boundary, to the Sierra Nevada Mountains, its eastern perimeter, the County's 1,665 square miles range in elevation from sixty feet to over 7,000 feet resulting in a considerable variation in climate. There are five incorporated cities/town located within the County: Biggs, Chico, Gridley, Oroville, and Paradise. The County's population is 214,199 with approximately 44% 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 County Administrative Officer (CAO), and appointing the non-elected department heads that are not otherwise appointed by law. 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 is responsible for the offices of the County Clerk-Recorder, Assessor, Auditor-Controller, District Attorney, Sheriff-Coroner, Treasurer-Tax Collector, and Superintendent of Schools.

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:

### **Pension Obligation Bonds**

Butte County joined several other California Public Employee' Retirement System (CalPERS) partners in issuing bonds to pay the unfunded liability that had accrued in employee retirement accounts. The unfunded liability was an obligation of Butte County. One option for payment of this debt was to borrow the funds from CalPERS at their assumed investment rate of 8.25%. Another option was to join with other CalPERS partners to issue pension obligation bonds at a substantially lower interest cost. Issuing the pension obligation bonds was by far the most prudent fiscal option, and it saved Butte County taxpayers several millions of dollars over the life of the debt payment. Issuing the bonds also enabled a leveling off of retirement contributions. In the current year, Butte County will pay net interest of 4.12% on the bonds for an overall interest savings of \$2,396,226 against what would have been paid to CalPERS.

### **Retirement Incentives Prevent Layoffs**

Recognizing that the reductions in various programs and services exposed several Butte County employees to being laid off, the Board of Supervisors approved a retirement incentives program that accelerated retirement decisions for 135 Butte County employees. As a result, all but one employee was placed into alternative work assignments within Butte County.

### **Solar Project Saves Money and Reduces Emissions**

The Board of Supervisors dedicated the first phase of solar power for the Butte County Government Center. This project generates 1.18 megawatts of electrical power. The net-metering system enables Butte County to run off of the solar power generated and, when more is produced than used, to sell excess power back to Pacific Gas and Electric. The \$8.4 million project was completed and will be fully paid for in 13.2 years. In the meantime, increases in energy costs are capped and Butte County has become nationally recognized for innovation in energy alternatives.

### **Improvements to Information Systems Paves the Way to Future Savings**

During the current fiscal year more effective use of the Pentamation Financial Management System has been made. In addition, installation of the KRONOS timekeeping system has progressed to the point where 29 departments out of 37 are now using the system for time-data entry.

### **FERC Relicensing of Oroville Dam**

Originally licensed by the Federal Power Commission in 1957, the Project, a 762-megawatt ("MW") hydroelectric project, has been in operation since 1968. The Project, further described in Section 2.0, includes Oroville Dam and Reservoir, three power plants, Thermalito Diversion Dam, the Feather River Fish Hatchery and Fish Barrier Dam, Thermalito Power Canal, Oroville Wildlife Area, Thermalito Forebay and Forebay Dam, Thermalito Afterbay and Afterbay Dam, transmission lines, as well as a number of recreation facilities. The Project encompasses 41,100 acres—all located within the unincorporated areas of the County.

The California Department of Water Resources ("DWR" or, the "Licensee"), the current licensee for the Project, applied for a 50-year renewal of its federal license to operate the Project in January 2005. The proposed new license term is to commence in 2007. The application filed by the Licensee with the Federal Energy Regulatory Commission (the "Commission") indicates that DWR receives electricity revenues from the Project in excess of \$100 million each year, and in addition both DWR and its water contractor beneficiaries receive other electricity and water benefits from the Project worth hundreds of millions of dollars per year. The Application includes some potential expenditures for protection, mitigation and enhancement ("PM&E") measures, however, the proposed actions are insufficient to mitigate the significant impacts on Butte County government and services, and to protect the public safety and health of County residents and the over 1.7 million annual visitors to Butte County attracted by the Project.

Relicensing the Project, as proposed by the Licensee in its Application, will result in substantial service-related costs to the citizens of Butte County and their government. The purpose of this Report on the Operational Impacts of the Oroville Facilities Project on Butte County ("Report") is to identify the annual service costs incurred by Butte County because of the Project. The Project's impact on Butte County is highly significant because, in California, county governments are responsible for providing a broad range of government services to all persons within the county, whether in the unincorporated or incorporated areas of the County, including recreational visitors and tourists visiting Project-related facilities.

Upon review of the Licensee's Final Existing Recreation Use Report (R-12), it is projected that the Project draws an approximate average peak period population of 11,334 daily visitors to Butte County (the "Project Visitors"). Butte County provides many governmental services to the Project, the Project does not reimburse these expenses, pays no taxes, makes no payments in lieu of taxes to the County, and provides none of the low-cost power produced at the Project to local residents, industry or governments. Thus, although the Project provides hundreds of millions of dollars in annual water and electricity benefits to the Licensee and others, none of these revenues or benefits are shared with the County or its residents.

The Licensee is thereby forcing the local government and its taxpayers to subsidize Project operations. The County is mandated to respond to public safety threats within its community, whether from calls for police assistance, boating accidents, vehicle fires, dangerous roadways, flood events, or other hazards, regardless of whether the Project provides revenues to fund such services. Thus, the County must use its limited discretionary budget funds to subsidize these services within the Project Area. The County—which suffers from high unemployment rates and a depressed economy—must divert resources away from other important governmental services, such as health and human services, to pay for the costs of responding to Project-related medical emergencies, rescues, crimes on Project lands, flood events, road maintenance, and the like.

Butte County is responsible for providing public services to all Project Visitors, including Non-Resident Visitors, in the primary areas summarized below. The service costs discussed herein are not the total costs incurred by Butte County, but rather reflect only that portion of the County's identified service costs that are incurred due to Project demands and the service demands of the Non-Resident Visitors to the Project.

Butte County provides the following services related to the Oroville Dam project:

- Law Enforcement/Criminal Justice Services, including general police response, investigation and patrol services; special police operation unit services (e.g., emergency ordinance disposal team, special weapons and tactics team, canine unit, aviation unit, dive and rescue team, and narcotics task force); jail services; prosecution services; probation department services; and public defender services;

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

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

The County believes that DWR has greatly under-counted the number of Project Visitors. However, because the Licensee did not agree to revise its study methodologies when the County raised such concerns during the alternative licensing process, the County relies upon these recreational studies as the only data currently available.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **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 required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Information related to this single audit, including the schedule of federal awards, findings and questioned costs, and the independent auditor's report on internal control and compliance. The County is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by management and the Auditor-Controller Division's internal audit staff. The 2005-06 Single Audit will be issued under separate cover and will be available by contacting the Auditor-Controller Division, after March 31, 2007.

## **Budgeting Controls**

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

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

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

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

The County also maintains an encumbrance accounting system as one technique of accomplishing budgetary control and cash planning. Open encumbrances at June 30, 2006, for all governmental fund types are reported as reservations of fund balances. Unencumbered appropriations lapse at the end of each fiscal year.

## **Cash Management**

Cash temporarily idle during the year was invested in money market mutual funds, negotiable certificates of deposit, time certificates, commercial paper, municipal notes, and U.S. Treasury and Agency investments.

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

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

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

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Pools*, school districts and special district external investments pools are reported as investment trust funds. Of the Treasurer's total cash and investments pool of \$339,539,791 at June 30, 2006, \$220,356,717 relates to the external investment pool participants.

## **Risk Management**

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

## **Employee Benefit Plans**

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

## **Post-retirement Health Care Benefits**

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

## **OTHER INFORMATION**

### **Independent Audit**

County charter requires an annual audit by independent certified public accountants. The firm of Bartig, Basler and Ray, 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, 2006, 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, 2006, 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.

### **Acknowledgments**

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of the entire staff of 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, 2006

### Board of Supervisors

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

\*Chosen annually at the first meeting in January.

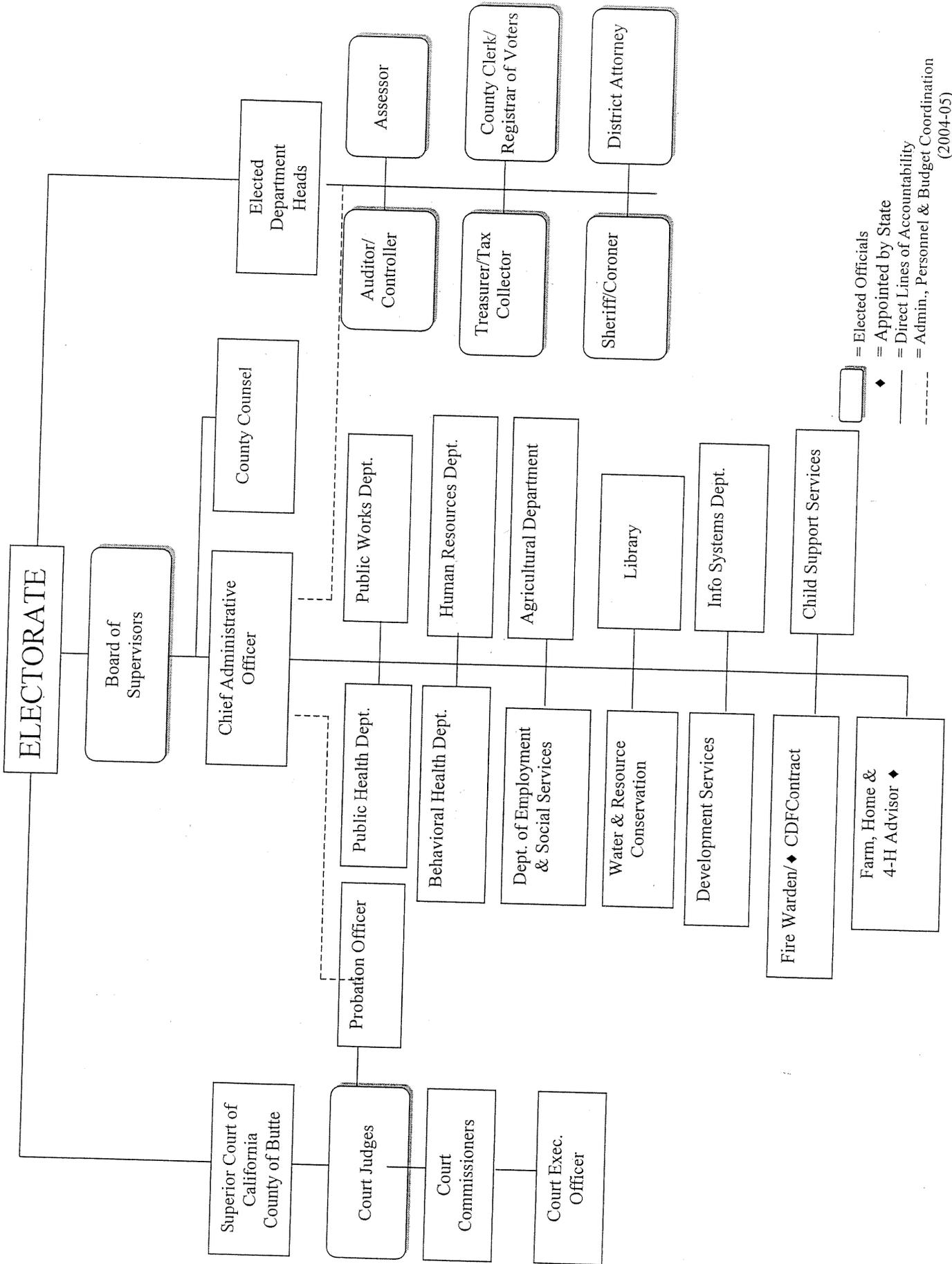
### County-wide Elected Officials

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

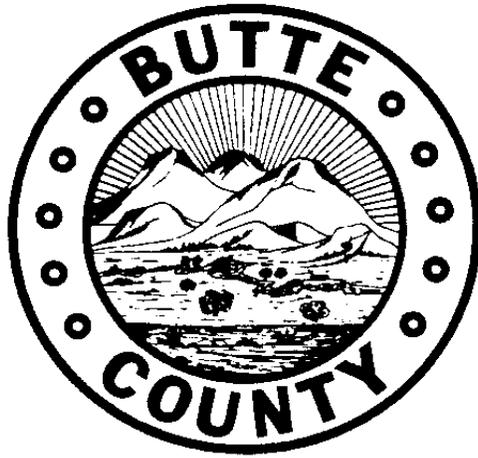
### Appointed Officials

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

# COUNTY OF BUTTE ORGANIZATIONAL CHART



- ▭ = Elected Officials
- ◊ = Appointed by State
- = Direct Lines of Accountability
- - - = Admin., Personnel & Budget Coordination



**Financial Section**





## INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors and Grand Jury  
County of Butte  
Oroville, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of County of Butte, California, as of and for the year ended June 30, 2006, which collectively comprise the County of Butte's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of County of Butte. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 County of Butte, California, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund, the Welfare Fund and the Road Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 of the notes to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 46, Net Assets

Restricted by Enabling Legislation – an Amendment of GASB Statement No. 34 on July 1, 2005.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2006, on our consideration of County of Butte’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.

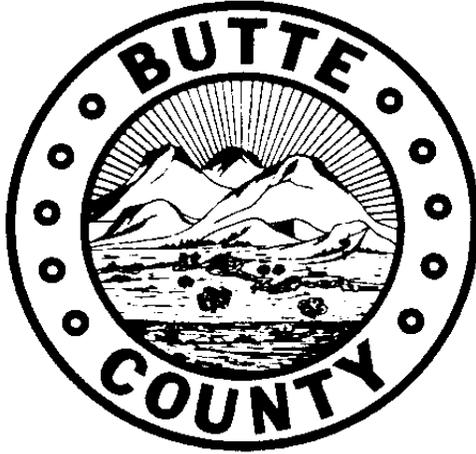
Management’s Discussion and Analysis, on pages 3-12, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was 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 fund statements and schedules and statistical tables, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BARTIG, BASLER & RAY, LLP  
A Gallina LLP Company



November 6, 2006  
Roseville, California



## **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, 2006. 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 \$390,486 (net assets). Of this amount, \$44,394 (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 \$7,130 during the fiscal year.
- As of June 30, 2006, the County's governmental funds reported combined ending fund balances of \$82,604, a net increase of \$5,687 in comparison with the prior year. This net increase represents a increase of \$783 in reserved fund balances, a decrease of \$3,690 in designated fund balances, and an increase of \$8,594 in unreserved, undesignated fund balances, which may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$15,813 or 11.3% of total general fund expenditures.
- The County's total long-term obligations as of June 30, 2006 increased by \$780 over the prior period. The key factor in the increase was the increase of \$2,771 in Worker's Compensation and General Liability self-insurance liability and \$1,254 in capital lease obligations. The difference in the increase was payment of principal throughout the fiscal year.

## **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 Landfill and Butte County Transit Funds.

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

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

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

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

The County maintains 142 individual governmental funds. On the financial statements for governmental funds information is presented separately for three major funds: the General Fund, the Welfare 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 enterprise funds to account for its central landfill and transit operations. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for a variety of services including telephone services, insurance, information systems, duplicating, utilities, and facilities maintenance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

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

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

#### **D. Required Supplementary Information**

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

#### **E. Combining Statements and Schedules**

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

### III. FINANCIAL ANALYSIS COUNTY-WIDE

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

	Governmental Activities		Business-type Activities		Total		Total	
	2005	2006	2005	2006	2005	2006	Dollar Change	Percent Change
Current and other assets	\$ 163,793	\$ 153,433	\$ 10,401	\$ 9,516	\$ 174,194	\$ 162,949	\$ (11,245)	(6.5)%
Capital assets	338,130	323,361	9,691	10,032	347,821	333,393	(14,428)	(4.1)%
Total assets	501,923	476,794	20,092	19,548	522,015	496,342	(25,673)	(4.9)%
Current and other liabilities	38,107	13,674	3,504	1,897	41,611	15,571	(26,040)	(62.6)%
Long-term liabilities	80,724	87,320	2,065	2,965	82,789	90,285	7,496	9.1 %
Total liabilities	118,831	100,994	5,569	4,862	124,400	105,856	(18,544)	(14.9)%
Net assets:								
Invested in capital assets, net of related debt	328,573	313,955	8,403	8,748	336,976	322,703	(14,273)	(4.2)%
Restricted net assets	14,972	16,697	6,434	6,692	21,406	23,389	1,983	9.3 %
Unrestricted net assets	39,547	45,148	(314)	(754)	39,233	44,394	5,161	13.2 %
Total net assets	\$ 383,092	\$ 375,800	\$ 14,523	\$ 14,686	\$ 397,615	\$ 390,486	\$ (7,129)	(1.8)%

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

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

Unrestricted net assets represent 11.4% 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.

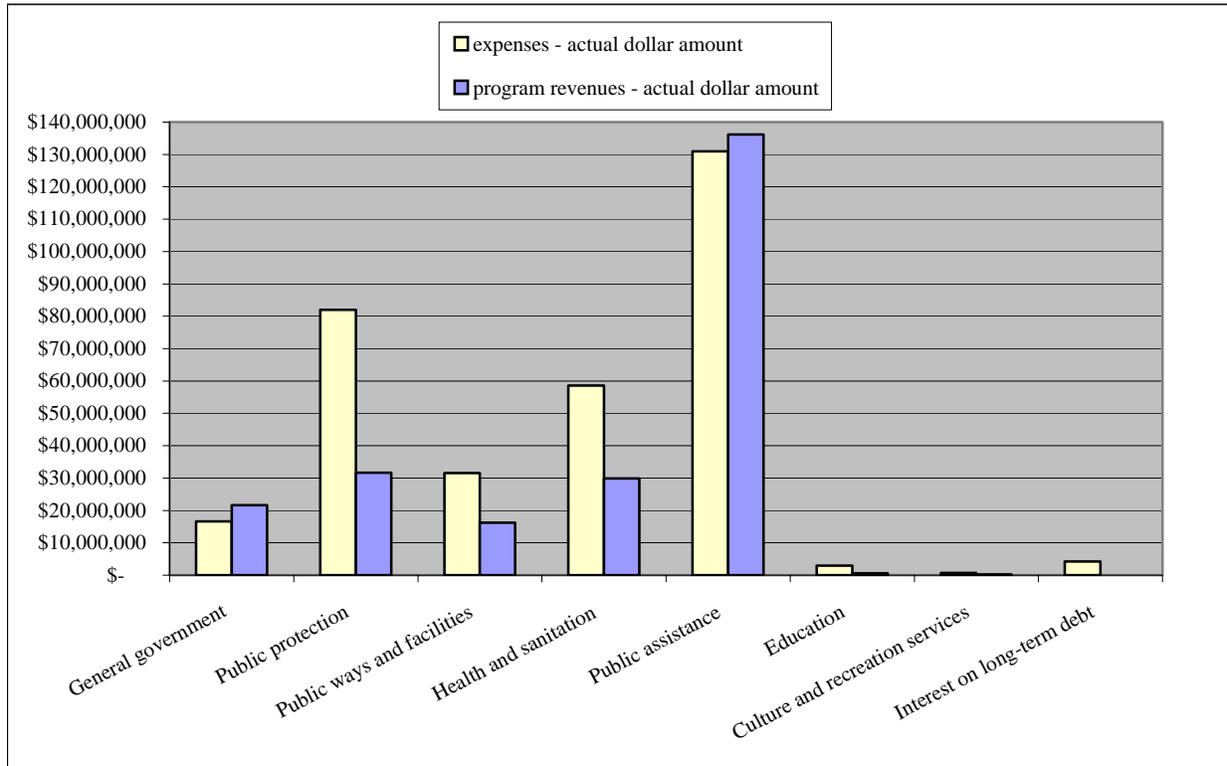
**Table 2 – The Change in Net Assets (in thousands)**

	Governmental Activities		Business-type Activities		Total		Total	
	2005	2006	2005	2006	2005	2006	Dollar Change	Percent Change
<b>Revenues:</b>								
Program revenues:								
Charges for services	\$ 30,478	\$ 29,761	\$ 6,058	\$ 6,571	\$ 36,536	\$ 36,332	\$ (204)	(0.6)%
Operating grants and contributions	184,501	194,630	1,605	465	186,106	195,095	8,989	4.8 %
Capital grants and contributions	14,939	11,982			14,939	11,982	(2,957)	(19.8)%
General revenues:								
Property taxes	34,260	41,657			34,260	41,657	7,397	21.6 %
Sales taxes	4,953	3,371			4,953	3,371	(1,582)	(31.9)%
Other taxes and related revenues	1,936	1,624			1,936	1,624	(312)	(16.1)%
Unrestricted grants and contributions	18,527	25,122			18,527	25,122	6,595	35.6 %
Unrestricted investment income	3,291	1,475	384	90	3,675	1,565	(2,110)	(57.4)%
Gain/ (loss) on sale/disposal of capital assets	(66)	20		(2,528)	(66)	(2,508)	(2,442)	3,700.0 %
Other revenues	19,508	8,328	153	186	19,661	8,514	(11,147)	(56.7)%
<b>Total revenues</b>	<b>312,327</b>	<b>317,970</b>	<b>8,200</b>	<b>4,784</b>	<b>320,527</b>	<b>322,754</b>	<b>2,227</b>	<b>0.7 %</b>
<b>Program expenses:</b>								
General Government	28,108	16,618			28,108	16,618	(11,490)	(40.9)%
Public protection	82,634	81,999			82,634	81,999	(635)	(0.8)%
Public ways and facilities	17,521	31,532			17,521	31,532	14,011	80.0 %
Health and sanitation	56,396	58,594			56,396	58,594	2,198	3.9 %
Public assistance	130,936	130,967			130,936	130,967	31	0.0 %
Education	2,723	2,905			2,723	2,905	182	6.7 %
Culture and recreation services	500	658			500	658	158	31.6 %
Interest on long-term debt	3,609	4,184			3,609	4,184	575	n/a
Sanitation			4,665	4,680	4,665	4,680	15	0.3 %
Transit			2,528	24	2,528	24	(2,504)	(99.1)%
<b>Total expenses</b>	<b>322,427</b>	<b>327,457</b>	<b>7,193</b>	<b>4,704</b>	<b>329,620</b>	<b>332,161</b>	<b>2,541</b>	<b>0.8 %</b>
<b>Net increase (decrease) in net assets</b>	<b>(10,100)</b>	<b>(9,487)</b>	<b>1,007</b>	<b>80</b>	<b>(9,093)</b>	<b>(9,407)</b>	<b>(314)</b>	<b>3.5 %</b>
Net assets, beginning	344,524	383,092	13,516	14,523	358,040	397,615	39,575	11.1 %
Prior period adjustment	48,668	2,195		83	48,668	2,278	(46,390)	n/a
Net assets, beginning, restated	393,192	385,287	13,516	14,606	406,708	399,893	(6,815)	(1.7)%
<b>Net assets, ending</b>	<b>\$ 383,092</b>	<b>\$ 375,800</b>	<b>\$ 14,523</b>	<b>\$ 14,686</b>	<b>\$ 397,615</b>	<b>\$ 390,486</b>	<b>\$ (7,129)</b>	<b>(1.8)%</b>

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

- Governmental Activities accounted for a decrease in net assets of \$9,488. This decrease is due primarily from current year depreciation expense of the County's infrastructure (roads and bridges) and cost associated with the supplemental retirement benefits.

## 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, unreserved fund balance may serve as a useful measure of the County’s net resources available for spending at the end of the fiscal year.

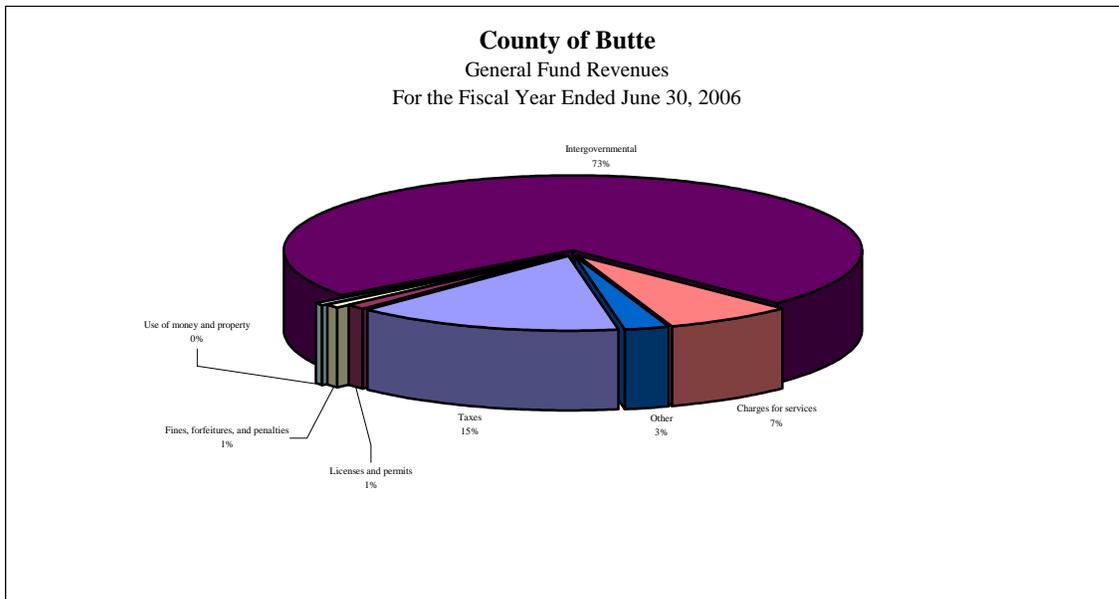
At June 30, 2006, the County’s governmental funds reported combined ending fund balances of \$82,604. Approximately 69.0% of this total amount (\$57,009) constitutes unreserved fund balance, which may be used to meet the County’s ongoing general obligations to citizens and creditors. The remainder of fund balance is reserved to indicate that it is not available for general obligations because it has been committed in the form of prior year obligations (encumbrances), inventories, debt service reserves, or the funds have statutory restrictions.

The general fund is the main operating fund of the County. At June 30, 2006, unreserved fund balance of the general fund was \$35,440 while total fund balance reached \$47,027. As measures of the general fund's liquidity, it is useful to note that unreserved fund balance represents 25.3% percent of total fund expenditures, while total fund balance represents 33.6% percent of that same amount.

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

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

Revenue Sources	FY 2005		FY 2006		Change	
	Amount	% of total	Amount	% of total	Amount	% of change
Taxes	\$ 41,846	13.4%	\$ 47,395	14.9%	\$ 5,549	13.3%
Licenses and permits	5,143	1.6%	4,322	1.4%	(821)	(16.0%)
Fines, forfeitures, and penalties	1,829	0.6%	2,447	0.8%	618	33.8%
Use of money and property	3,082	1.0%	1,337	0.4%	(1,745)	(56.6%)
Intergovernmental	217,938	69.7%	231,688	72.8%	13,750	6.3%
Charges for services	23,167	7.4%	22,885	7.2%	(282)	(1.2%)
Other	19,506	6.2%	8,328	2.6%	(11,178)	(57.3%)
<b>Total</b>	<b>\$ 312,511</b>	<b>100%</b>	<b>\$ 318,402</b>	<b>100%</b>	<b>\$ 5,891</b>	<b>1.9%</b>



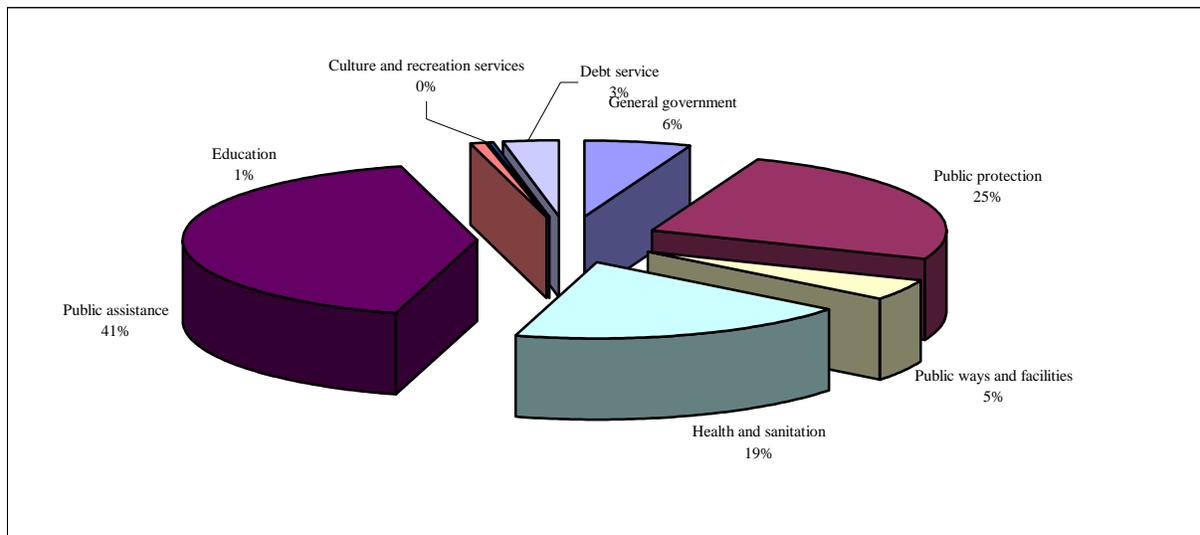
Significant changes for major revenue sources are explained below.

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

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

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

Function	FY 2005		FY 2006		Change	
	Amount	% of total	Amount	% of total	Amount	% of change
General government	\$ 28,042	8.9%	\$ 18,354	5.8%	\$ (9,688)	(52.8%)
Public protection	80,975	25.7%	80,525	25.3%	(450)	(0.6%)
Public ways and facilities	10,944	3.5%	14,333	4.5%	3,389	23.6%
Health and sanitation	55,684	17.7%	59,430	18.7%	3,746	6.3%
Public assistance	128,552	40.8%	131,917	41.5%	3,365	2.6%
Education	2,605	0.8%	2,819	0.9%	214	7.6%
Culture and recreation services	356	0.1%	540	0.2%	184	34.1%
Debt service	7,581	2.4%	9,801	3.1%	2,220	22.7%
<b>Total</b>	<b>\$ 314,739</b>	<b>100%</b>	<b>\$ 317,719</b>	<b>100%</b>	<b>\$ 2,980</b>	<b>0.9%</b>



Significant changes for major functions are explained below.

- General government – The decrease in this function is due to decreased payments of unfunded pension obligations.
- Public ways and facilities – The increase in this function is due to flooding and storm related repairs on the County’s roads and facilities.
- Culture and recreation – The increase in this function is due to the increase in purchases for book and periodical purchases for libraries.
- Debt service – The increase in this function is due to the County satisfying the requirements of the Worker’s Compensation Bonds.

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

## **V. GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget for revenues were \$12,307 of increased appropriations funded primarily by additional grant revenues received from State and Federal programs (\$7,025) and taxes (\$3,414).

During the fiscal year, actual revenues were less than budgetary estimates by \$4,947. Actual expenditures and transfers were less than budgetary estimates by \$26,167. The net effect of under-realization of revenues and under-utilization of appropriations resulted in a favorable variance of \$21,220.

## **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, 2006, amounts to \$333,393 (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 4.1%. The decrease resulted from infrastructure depreciation exceeding infrastructure assets acquired by \$17,179.

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

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

- GASB 34 requires the County to record infrastructure costs as capital assets. Infrastructure includes the County’s road network, bridges, drainage ditches, and sewer systems, if any. As provided for in Statement 34, the County phased in the historical costs related to its infrastructure. During the fiscal year, the County including \$2,409,876 of infrastructure (net of related depreciation) related to prior fiscal years.

- 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>	
	2005	2006	2005	2006	2005	2006
Land	\$ 1,548	\$ 1,923	\$ 488	\$ 488	\$ 2,036	\$ 2,411
Structures & improvements	39,700	44,375	432	104	40,132	44,479
Equipment	8,917	10,669	4,385	2,450	13,302	13,119
Infrastructure	281,281	264,102			281,281	264,102
Construction in progress	6,684	2,292	4,386	6,990	11,070	9,282
Total	\$ 338,130	\$ 323,361	\$ 9,691	\$ 10,032	\$ 347,821	\$ 333,393

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

At June 30, 2006, the County had total long-term obligations outstanding of \$90,285 consisting of \$3,920 in Certificates of Participation, capital lease obligations of \$2,263, bonds payable of \$57,212, loan payable of \$500, and notes payable of \$3,935. Additional long-term liabilities include compensated leave payable of \$12,292, actuarial claims liability of \$4,009 for the general insurance and worker's compensation ISF, landfill closure/post closure care liability of \$1,598, and supplemental retirement benefits payable of \$4,556.

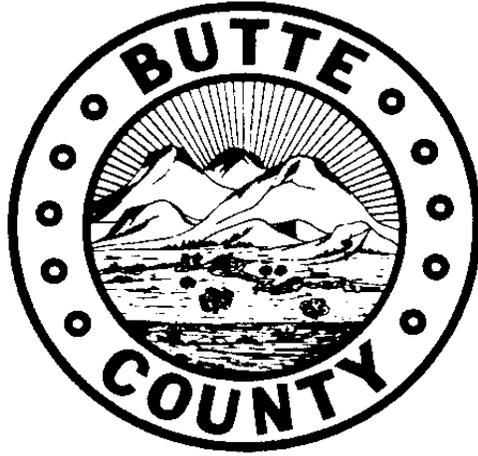
Additional information on the County's long-term liabilities can be found in the Notes to the Financial Statements section of this report.

## **VII. Fiscal Outlook**

The County adopted its fiscal year 2006-2007 Final Budget in the total amount of \$391,518, with a General Fund Contingency Appropriation of \$8,037. This represents increased financing requirements of \$25,452 from the prior year, the General Fund Contingency Appropriation decreased by \$2,407. The County, in recent years, has issued Pension Obligation Bonds to curtail higher pension costs and has implemented a containment plan to slow the increase in Worker's Compensation costs. Additionally, passage of Proposition 1A, which prohibits the State from reducing local governments' property tax proceeds, as well as recent increases in property values, have all helped to improve the County's financial position. The County should proceed with caution, however, since it is estimated by the State Legislative Analyst Office that the State budget deficit in fiscal year 2008 will be 5.5 billion dollars. The County will also be looking at funding Other Post Employment Benefit costs as a result of GASB's 43 and 45. As of this date, the liability for these costs has not been calculated.

## **VIII. Request for Information**

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



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



# COUNTY OF BUTTE

## Statement of Net Assets June 30, 2006

ASSETS	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
Current Assets:			
Cash and investments	\$ 76,971,137	\$ 9,125,722	\$ 86,096,859
Cash with fiscal agent	9,007,543	--	9,007,543
Imprest cash	86,260	1,000	87,260
Accounts receivables, net	1,191,537	113,948	1,305,485
Due from other government agencies	10,658,623	--	10,658,623
Prepaid items	16,448	300	16,748
Deposits with others	52,797	--	52,797
Inventory	513,767	--	513,767
Internal balances	(274,986)	274,986	--
Receivables from external parties	1,498,940	--	1,498,940
Loans receivable	2,074,395	--	2,074,395
Net pension asset	50,907,352	--	50,907,352
Capital Assets:			
Nondepreciable	4,214,202	7,477,806	11,692,008
Depreciable, net	319,146,640	2,554,467	321,701,107
Deferred bond issuance costs	728,943	--	728,943
Total assets	476,793,598	19,548,229	496,341,827
<b>LIABILITIES</b>			
Accounts payable	5,805,602	360,181	6,165,783
Salaries and benefits payable	4,944,231	40,537	4,984,768
Desposits payable	3,392	--	3,392
Deferred revenue	2,848,898	--	2,848,898
Accrued interest	71,810	--	71,810
Landfill corrective action liability	--	1,496,477	1,496,477
Long-Term Liabilities:			
Due within one year	3,630,813	568,912	4,199,725
Due in more than one year	83,689,311	2,395,756	86,085,067
Total liabilities	100,994,057	4,861,863	105,855,920
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	313,955,354	8,748,541	322,703,895
Restricted	16,696,959	6,691,502	23,388,461
Unrestricted	45,147,228	(753,677)	44,393,551
Total net assets	\$ 375,799,541	\$ 14,686,366	\$ 390,485,907

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

**COUNTY OF BUTTE**

Statement of Activities  
For the Year Ended June 30, 2006

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
General government	\$ 16,617,793	\$ 16,779,891	\$ 4,788,087	\$ 45,781
Public protection	81,999,331	5,581,142	26,005,043	82,899
Public ways and facilities	31,531,708	2,932,837	1,482,058	11,853,516
Health and sanitation	58,593,884	4,041,916	25,882,716	--
Public assistance	130,966,814	205,520	135,926,051	--
Education	2,905,270	118,108	423,681	--
Recreation and cultural services	658,741	101,775	122,263	--
Interest on long-term debt	4,183,940	--	--	--
Total Governmental Activities	<u>327,457,481</u>	<u>29,761,189</u>	<u>194,629,899</u>	<u>11,982,196</u>
Business-Type Activities:				
Sanitation	4,680,195	6,499,022	188,505	--
Transit	23,907	71,499	276,758	--
Total Business-Type Activities:	<u>4,704,102</u>	<u>6,570,521</u>	<u>465,263</u>	<u>--</u>
<b>Total Butte County</b>	<u>\$ 332,161,583</u>	<u>\$ 36,331,710</u>	<u>\$ 195,095,162</u>	<u>\$ 11,982,196</u>

General Revenues:

  Taxes:

    Property taxes

    Sales and use taxes

    Other

  Grants and contributions not restricted to specific programs

  Unrestricted interest and investment earnings

  Gain on sale of capital assets

  Miscellaneous

    Total general revenues

Change in net assets

Net assets, beginning

Prior year adjustments

Net assets, beginning, restated

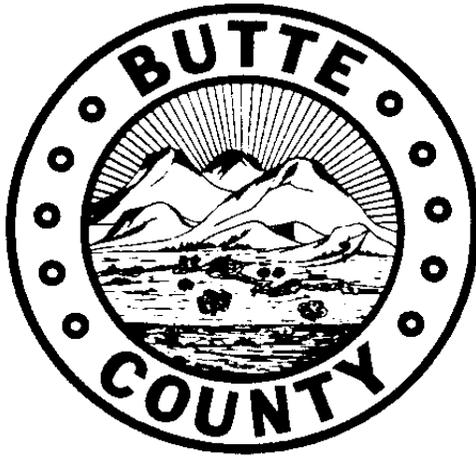
Net assets - ending

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

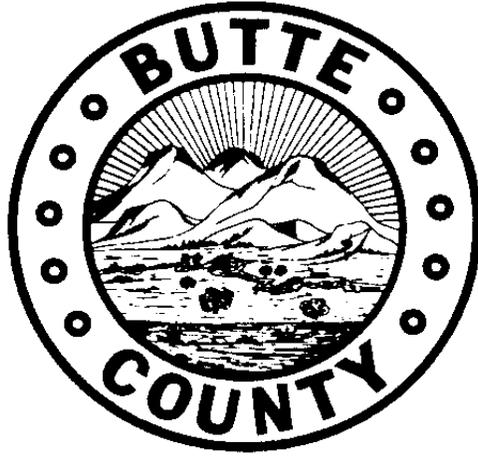
Net (Expense) Revenue and  
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ 4,995,966		\$ 4,995,966
(50,330,247)		(50,330,247)
(15,263,297)		(15,263,297)
(28,669,252)		(28,669,252)
5,164,757		5,164,757
(2,363,481)		(2,363,481)
(434,703)		(434,703)
(4,183,940)		(4,183,940)
<u>(91,084,197)</u>		<u>(91,084,197)</u>
--	2,007,332	2,007,332
--	324,350	324,350
--	2,331,682	2,331,682
(91,084,197)	2,331,682	(88,752,515)
41,656,548	--	41,656,548
3,371,227	--	3,371,227
1,624,332	--	1,624,332
25,122,030	--	25,122,030
1,474,933	89,643	1,564,576
19,610	(2,528,082)	(2,508,472)
8,327,670	186,366	8,514,036
<u>81,596,350</u>	<u>(2,252,073)</u>	<u>79,344,277</u>
<u>(9,487,847)</u>	<u>79,609</u>	<u>(9,408,238)</u>
383,092,273	14,523,299	397,615,572
2,195,115	83,458	2,278,573
385,287,388	14,606,757	399,894,145
<u>\$ 375,799,541</u>	<u>\$ 14,686,366</u>	<u>\$ 390,485,907</u>

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



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**Basic Financial Statement-  
Fund Financial Statements**



**COUNTY OF BUTTE**

**Balance Sheet  
Governmental Funds  
June 30, 2006**

	<u>General Fund</u>	<u>Welfare Fund</u>	<u>Road Fund</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$ 44,994,426	\$ 4,327,550	\$ 10,202,109	\$ 13,581,790	\$ 73,105,875
Restricted Assets:					
Cash with fiscal agent	792,978	--	--	6,798,184	7,591,162
Imprest cash	45,095	--	50	1,115	46,260
Due from other funds	8,063,001	1,440,581	138,533	2,725,475	12,367,590
Accounts receivable	296,661	246,545	374,584	234	918,024
Due from other governments	8,283,317	1,301,524	803,319	270,463	10,658,623
Prepaid items	15,503	945	--	--	16,448
Deposits with others	2,500	--	--	297	2,797
Inventory	--	--	310,556	--	310,556
Long-term receivables	--	--	--	2,074,395	2,074,395
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total assets	<u>\$ 62,493,481</u>	<u>\$ 7,317,145</u>	<u>\$ 11,829,151</u>	<u>\$ 25,451,953</u>	<u>\$ 107,091,730</u>
<b>LIABILITIES</b>					
Liabilities:					
Due to other funds	\$ 8,769,060	\$ 2,318,898	\$ 26,761	\$ 517,752	\$ 11,632,471
Accounts payable	2,889,100	610,351	622,000	1,070,948	5,192,399
Accrued payroll	3,169,104	1,103,007	218,896	319,083	4,810,090
Deposits payable	--	--	--	3,392	3,392
Deferred revenue	638,815	2,210,083	--	--	2,848,898
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total liabilities	<u>15,466,079</u>	<u>6,242,339</u>	<u>867,657</u>	<u>1,911,175</u>	<u>24,487,250</u>
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	5,535,099	571,030	660,207	1,756,946	8,523,282
Imprest cash	45,095	--	50	1,115	46,260
Prepaid items	15,503	945	--	--	16,448
Deposits with others	2,500	--	--	297	2,797
Notes receivable	--	--	--	2,074,395	2,074,395
General restrictions	5,196,551	97,529	695,863	154,752	6,144,695
Debt service	792,978	--	--	7,684,891	8,477,869
Inventories	--	--	310,556	--	310,556
Unreserved:					
Designated	19,626,639	--	2,561,258	4,541,657	26,729,554
Undesignated, reported in:					
General fund	15,813,037	--	--	--	15,813,037
Special revenue funds	--	405,302	6,733,560	7,197,163	14,336,025
Capital projects funds	--	--	--	129,562	129,562
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total fund balances	<u>47,027,402</u>	<u>1,074,806</u>	<u>10,961,494</u>	<u>23,540,778</u>	<u>82,604,480</u>
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total liabilities and fund balances	<u>\$ 62,493,481</u>	<u>\$ 7,317,145</u>	<u>\$ 11,829,151</u>	<u>\$ 25,451,953</u>	<u>\$ 107,091,730</u>

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

## COUNTY OF BUTTE

### Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets - Governmental Activities June 30, 2006

Fund Balance - total governmental funds (page 17) \$ 82,604,480

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

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

Land	\$	1,922,563	
Construction in progress		1,548,557	
Infrastructure		587,569,759	
Buildings and improvements		60,264,142	
Equipment		36,558,709	
Less accumulated depreciation		<u>(366,658,494)</u>	
Total capital assets			321,205,236

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

Net pension asset			50,907,352
-------------------	--	--	------------

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.

728,943

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

(71,810)

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.

3,275,786

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, 2006 are:

Certificates of participation		(3,920,000)	
Bonds payable		(57,212,322)	
Notes payable		(3,934,629)	
Capital leases		(1,479,049)	
Supplemental retirement benefit obligation		(4,555,527)	
Compensated absences		<u>(11,748,919)</u>	
Total long-term liabilities			<u>(82,850,446)</u>

Net assets of governmental activities (page 13)

\$ 375,799,541

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

## COUNTY OF BUTTE

### Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds For the Year Ended June 30, 2006

	General	Welfare	Road	Other Governmental Funds	Total
<b>REVENUES:</b>					
Taxes	\$ 46,652,107	\$ --	\$ --	\$ 743,029	\$ 47,395,136
Licenses and permits	3,914,502	--	74,640	332,942	4,322,084
Fines, forfeits and penalties	2,377,793	--	--	68,779	2,446,572
Revenue from use of money and property	1,173,832	(103,004)	11,537	254,785	1,337,150
Aid from other governments	83,435,037	123,340,595	11,002,709	13,910,003	231,688,344
Charges for services	19,652,257	475,321	2,133,617	624,282	22,885,477
Other	3,275,220	297,874	426,136	4,328,440	8,327,670
Total revenues	<u>160,480,748</u>	<u>124,010,786</u>	<u>13,648,639</u>	<u>20,262,260</u>	<u>318,402,433</u>
<b>EXPENDITURES:</b>					
Current:					
General government	15,220,001	--	--	3,133,947	18,353,948
Public protection	64,254,437	712,742	--	15,557,939	80,525,118
Public ways and facilities	--	--	12,453,043	1,879,566	14,332,609
Health and sanitation	57,494,430	--	--	1,935,183	59,429,613
Public assistance	516,817	122,710,748	--	8,689,426	131,916,991
Education	252,481	--	--	2,566,936	2,819,417
Recreation and cultural services	458,813	--	--	81,471	540,284
Debt Service:					
Principal	793,690	--	--	4,768,760	5,562,450
Interest	841,647	--	--	3,377,265	4,218,912
Cost of issuance	--	--	--	19,300	19,300
Total expenditures	<u>139,832,316</u>	<u>123,423,490</u>	<u>12,453,043</u>	<u>42,009,793</u>	<u>317,718,642</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20,648,432</u>	<u>587,296</u>	<u>1,195,596</u>	<u>(21,747,533)</u>	<u>683,791</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of capital assets	22,973	--	--	--	22,973
Transfers in	827,154	--	--	22,560,556	23,387,710
Transfers out	(18,534,804)	(50,141)	6,140	(867,858)	(19,446,663)
Inception of capital lease	--	--	--	1,254,300	1,254,300
Total other financing sources (uses)	<u>(17,684,677)</u>	<u>(50,141)</u>	<u>6,140</u>	<u>22,946,998</u>	<u>5,218,320</u>
Net change in fund balances	<u>2,963,755</u>	<u>537,155</u>	<u>1,201,736</u>	<u>1,199,465</u>	<u>5,902,111</u>
Fund balance - beginning	44,278,408	537,651	9,759,758	22,341,313	76,917,130
Prior period adjustments	(214,761)	--	--	--	(214,761)
Fund balance - beginning, restated	<u>44,063,647</u>	<u>537,651</u>	<u>9,759,758</u>	<u>22,341,313</u>	<u>76,702,369</u>
Fund balance - ending	<u>\$ 47,027,402</u>	<u>\$ 1,074,806</u>	<u>\$ 10,961,494</u>	<u>\$ 23,540,778</u>	<u>\$ 82,604,480</u>

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

**COUNTY OF BUTTE**

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Government-Wide Statement of Activities - Governmental Activities  
For the Fiscal Year Ended June 30, 2006

Net change to fund balance - total governmental funds (page 19) \$ 5,902,111

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

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay expenditures are therefore added back to fund balances	5,810,091	
Depreciation expense not reported in governmental funds	(23,298,445)	
Loss on sale of capital assets	<u>(3,363)</u>	
		(17,491,717)

Debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the statement of net assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but in the statement of net assets, the costs are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of debt principal is an expenditures in the governmental funds, but in the statement of net assets the repayment reduces long-term liabilities

Principal payments	5,562,450	
Issuance of long-term debt	(1,254,300)	
Cost of issuance	19,300	
Amortization expense of costs of issuance not reported in governmental funds		
To bond, certificate, and note holders	<u>(121,051)</u>	
Net adjustment		4,206,399

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	156,023	
Increase in net pension asset	1,111,910	
Supplemental retirement benefit obligation	(776,211)	
Compensated absences	<u>(553,330)</u>	
		(61,608)

Internal service funds are used by the County to charge the costs of liability, malpractice, and worker's compensation insurance to individual funds. The net revenue/expense of internal service funds is reported with governmental activities.

		<u>(2,043,032)</u>
--	--	--------------------

Change in net assets of governmental activities (page 15) \$ (9,487,847)

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

**COUNTY OF BUTTE**

Statement of Fund Net Assets  
Proprietary Funds  
June 30, 2006

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Transit	Landfill	Total	Internal Service Funds
<b>ASSETS</b>				
Current assets:				
Cash and Investments	\$ 113,166	\$ 9,012,556	\$ 9,125,722	\$ 3,865,262
Cash with fiscal agent	--	--	--	1,416,381
Imprest cash	--	1,000	1,000	40,000
Due from other funds	206,603	103,801	310,404	721,557
Accounts receivable	437	113,511	113,948	273,513
Inventory	--	--	--	203,211
Deposits with others	--	--	--	50,000
Prepaid items	--	300	300	--
Total current assets	<u>320,206</u>	<u>9,231,168</u>	<u>9,551,374</u>	<u>6,569,924</u>
Noncurrent assets:				
Capital Assets:				
Nondepreciable:				
Land	--	488,133	488,133	--
Construction in progress	--	6,989,673	6,989,673	743,082
Depreciable:				
Structures and improvements	--	121,695	121,695	--
Equipment	--	3,765,770	3,765,770	3,840,997
Accumulated depreciation	--	(1,332,998)	(1,332,998)	(2,428,473)
Total noncurrent assets	<u>--</u>	<u>10,032,273</u>	<u>10,032,273</u>	<u>2,155,606</u>
Total assets	<u>320,206</u>	<u>19,263,441</u>	<u>19,583,647</u>	<u>8,725,530</u>
<b>LIABILITIES</b>				
Current liabilities:				
Due to other funds	46	35,372	35,418	232,722
Accounts payable	--	360,181	360,181	613,203
Accrued salaries and benefits	--	40,537	40,537	134,141
Landfill corrective action liability	--	1,496,477	1,496,477	--
Capital leases, current portion	--	518,912	518,912	--
Loans payable, current portion	--	50,000	50,000	--
Total current liabilities	<u>46</u>	<u>2,501,479</u>	<u>2,501,525</u>	<u>980,066</u>
Noncurrent liabilities:				
Compensates absences	--	82,739	82,739	460,678
Capital lease payable, less current portion	--	264,820	264,820	--
Loans payable, less current portion	--	450,000	450,000	--
Claims and judgments	--	--	--	4,009,000
Landfill closure/post-closure care costs	--	1,598,197	1,598,197	--
Total noncurrent liabilities	<u>--</u>	<u>2,395,756</u>	<u>2,395,756</u>	<u>4,469,678</u>
Total liabilities	<u>46</u>	<u>4,897,235</u>	<u>4,897,281</u>	<u>5,449,744</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	--	8,748,541	8,748,541	2,155,606
Restricted	--	6,691,502	6,691,502	--
Unrestricted	320,160	(1,073,837)	(753,677)	1,120,180
Total net assets	<u>\$ 320,160</u>	<u>\$ 14,366,206</u>	<u>\$ 14,686,366</u>	<u>\$ 3,275,786</u>

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

**COUNTY OF BUTTE**

Statement of Revenues, Expenses and Changes in Fund Net Assets  
 Proprietary Funds  
 For the Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Transit	Landfill	Total	Internal Service Funds
<b>OPERATING REVENUES:</b>				
Charges for services	\$ --	\$ --	\$ --	\$ 19,717,238
Transit fares	71,499	--	71,499	--
Landfill fees	--	5,915,734	5,915,734	--
Miscellaneous	--	583,288	583,288	2,426
Total operating revenues	<u>71,499</u>	<u>6,499,022</u>	<u>6,570,521</u>	<u>19,719,664</u>
<b>OPERATING EXPENSES:</b>				
Administration	304	1,634,232	1,634,536	--
Operations and management	17,275	998,383	1,015,658	--
Salaries and employee benefits	--	1,240,719	1,240,719	4,338,843
Services and supplies	--	--	--	9,543,259
Premiums, claims and judgments	--	--	--	2,888,471
Other charges	6,328	--	6,328	1,547,210
Landfill closure/postclosure care costs	--	375,416	375,416	--
Depreciation and amortization	--	399,454	399,454	332,153
Total operating expenses	<u>23,907</u>	<u>4,648,204</u>	<u>4,672,111</u>	<u>18,649,936</u>
<b>OPERATING INCOME (LOSS)</b>	<u>47,592</u>	<u>1,850,818</u>	<u>1,898,410</u>	<u>1,069,728</u>
Nonoperating Revenues (Expenses):				
Intergovernmental	276,758	188,505	465,263	45,781
Interest income	1,245	88,398	89,643	137,783
Non-operating revenues	68	186,298	186,366	--
Sale of capital assets	(2,528,082)	--	(2,528,082)	--
Interest expense	--	(31,991)	(31,991)	--
Total nonoperating revenues (expenses)	<u>(2,250,011)</u>	<u>431,210</u>	<u>(1,818,801)</u>	<u>183,564</u>
<b>NET INCOME BEFORE TRANSFERS</b>	<u>(2,202,419)</u>	<u>2,282,028</u>	<u>79,609</u>	<u>1,253,292</u>
Capital contributions	--	--	--	644,723
Transfers in	--	--	--	21,104
Transfers out	--	--	--	(3,962,151)
Change in net assets	<u>(2,202,419)</u>	<u>2,282,028</u>	<u>79,609</u>	<u>(2,043,032)</u>
Net assets, beginning of year	2,522,579	12,000,720	14,523,299	5,318,818
Prior period adjustment	--	83,458	83,458	--
Net assets, beginning of year, restated	<u>2,522,579</u>	<u>12,084,178</u>	<u>14,606,757</u>	<u>5,318,818</u>
Net assets, ending	<u>\$ 320,160</u>	<u>\$ 14,366,206</u>	<u>\$ 14,686,366</u>	<u>\$ 3,275,786</u>

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

**COUNTY OF BUTTE**

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2006

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Transit	Landfill	Total	Internal Service Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash receipts from customers	\$ (153,105)	\$ 6,473,203	\$ 6,320,098	\$ 19,504,739
Cash paid to suppliers for goods and services	(269,359)	(3,138,205)	(3,407,564)	(11,120,059)
Cash paid to employees for services	--	(1,206,709)	(1,206,709)	(4,192,328)
Internal activities - payments from (to) other funds	(207,910)	4,025	(203,885)	(451,394)
Net cash provided (used) by operating activities	(630,374)	2,132,314	1,501,940	3,740,958
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Aid from other governmental units	482,093	188,505	670,598	45,781
Transfers in	--	--	--	21,104
Transfers out	--	--	--	(3,962,151)
Non-operating revenues	68	186,298	186,366	--
Net cash provided (used) by noncapital financing activities	482,161	374,803	856,964	(3,895,266)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>				
Payments related to the acquisition of capital assets	--	(3,268,372)	(3,268,372)	--
Loan proceeds	--	500,000	500,000	--
Principal payments on capital lease	--	(504,931)	(504,931)	--
Interest payments on capital lease	--	(31,991)	(31,991)	--
Net cash provided (used) by capital and related financing activities	--	(3,305,294)	(3,305,294)	--
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	1,245	88,398	89,643	137,783
Net cash provided by investing activities	1,245	88,398	89,643	137,783
Net increase (decrease) in cash and cash equivalents	(146,968)	(709,779)	(856,747)	(16,525)
Cash and cash equivalents, beginning	260,134	9,723,335	9,983,469	5,338,168
Cash and cash equivalents, ending	\$ 113,166	\$ 9,013,556	\$ 9,126,722	\$ 5,321,643
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS</b>				
Cash and investments	\$ 113,166	\$ 9,012,556	\$ 9,125,722	\$ 3,865,262
Cash with fiscal agent	--	--	--	1,416,381
Imprest cash	--	1,000	1,000	40,000
Total cash and cash equivalents	\$ 113,166	\$ 9,013,556	\$ 9,126,722	\$ 5,321,643

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

continued

**COUNTY OF BUTTE**

Statement of Cash Flows (continued)  
 Proprietary Funds  
 For the Fiscal Year Ended June 30, 2006

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Transit</u>	<u>Landfill</u>	<u>Total</u>	<u>Activities</u>
				<u>Internal</u>
				<u>Service</u>
				<u>Funds</u>
<b>Reconciliation of Operating Income (Loss)</b>				
<b>to Net Cash Provided (Used) by</b>				
<b>Operating Activities:</b>				
Operating income (loss)	\$ 47,592	\$ 1,850,818	\$ 1,898,410	\$ 1,069,728
Adjustments to reconcile operating income				
(loss) to net cash provided (used) by				
operating activities:				
Depreciation	--	399,454	399,454	332,153
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	135,734	(25,819)	109,915	(164,925)
Due from other funds	(161,121)	(14,379)	(175,500)	(249,335)
Inventory	--	--	--	55,915
Deposits with others	--	--	--	(50,000)
Prepaid expenses and other assets	--	(300)	(300)	60
Increase (decrease) in:				
Accounts payable	(245,452)	(505,290)	(750,742)	31,906
Due to other funds	--	--	--	(202,059)
Unredeemed passenger tickets	(44,578)	--	(44,578)	--
Deferred revenue	(315,760)	--	(315,760)	--
Due to other funds	(46,789)	18,404	(28,385)	--
Accrued salaries	--	9,398	9,398	37,454
Compensated absences	--	24,612	24,612	109,061
Landfill closure/postclosure cost	--	375,416	375,416	--
Claims and judgments	--	--	--	2,771,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Net Cash Provided (Used) by</b>				
<b>Operating Activities</b>	<u>\$ (630,374)</u>	<u>\$ 2,132,314</u>	<u>\$ 1,501,940</u>	<u>\$ 3,740,958</u>
 <b>Noncash investing, capital and financing activities:</b>				
 Contributions of capital assets from government	\$ --	\$ --	\$ --	\$ 644,723

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

# COUNTY OF BUTTE

## Statement of Fiduciary Net Assets Fiduciary Funds June 30, 2006

	Investment Trust	Agency Funds
<b>ASSETS</b>		
Cash and investments	\$ 222,738,286	\$ 23,049,939
Imprest cash	8,121	--
Due from other funds	3,098,626	2,777,132
Accounts receivable	987,255	--
Due from other governments	2,448,849	--
Prepaid items	7,109	--
Deposits with others	400,000	--
Taxes receivable	--	6,272,732
Total assets	<u>229,688,246</u>	<u>\$ 32,099,803</u>
<b>LIABILITIES</b>		
Due to other funds	1,684,911	5,689,787
Accounts payable	3,327,491	986
Salaries and benefits payable	153,126	--
Deferred revenue	4,166,001	--
Agency funds held for others	--	26,409,030
Total liabilities	<u>9,331,529</u>	<u>\$ 32,099,803</u>
<b>NET ASSETS</b>		
Held in trust for pool participants	<u>220,356,717</u>	
Total net assets	<u>\$ 220,356,717</u>	

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

**COUNTY OF BUTTE**

Statement of Changes in Fiduciary Net Assets  
Investment Trust Fund  
June 30, 2006

**Additions:**

Contributions to investment pool	\$ 1,332,760,305
Interest and investment income	<u>4,953,186</u>
Total additions	<u>1,337,713,491</u>

**Deductions:**

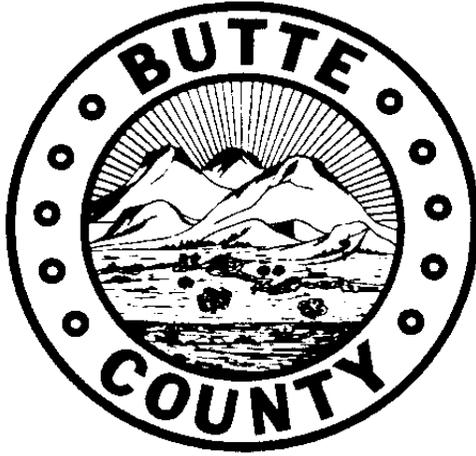
Distributions from investment pool	<u>(1,302,552,610)</u>
Total deductions	<u>(1,302,552,610)</u>

Change in net assets 35,160,881

**Net assets, beginning** 185,195,836

**Net assets, ending** \$ 220,356,717

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



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



# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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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 and so data from these units are combined with data of the primary government. Each blended component unit has a June 30, 2006 fiscal year-end.

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

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

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

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

Lindo Manor  
East Chico – CSA #14  
East Chico – CSA #15  
West Chico – CSA #16  
North Park  
Oro – Quincy Road  
Oro-Wyandotte  
Rancho De Thunder  
Vista Del Cerro

Durham  
Meadow Estates  
South Oroville – Las Plumas Park  
Stirling City Lighting  
Richvale  
Glen Haven  
Rosewood Subdivision  
Woodside  
Carriage Manor

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

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

Ramada Street  
Olive Glen Estates  
Mulberry Street

Morris Subdivision  
Almond Grove West  
Lassen

##### CSA – Drainage & Lighting

East and Guynn  
Quail Run  
Big Chico Creek Estates  
Forebay Vista  
Lindo West  
Silvertree Subdivision  
Stoney Brook  
Carriage Estates Subdivision  
Holly Gardens  
Meadowlark Acres  
El Verano  
Walnut Grove  
Pistachio Grove Estates  
McIntosh Avenue  
South Fork Estates  
Willow Bend Subdivision  
West Chico Estates  
Wildflower Estates Subdivision  
Orchard House Estates  
Ceres Avenue Subdivision  
Oak Way Park  
Laurelwood Estates  
Blossom Estates

##### CSA – Drainage

Sierra Del Oro  
Keefer Road/Rock Creek  
North Chico  
Pleasant Valley  
Chico – Mud Creek  
Shasta Union  
Copley Acres  
Oro Monte Estates  
Heritage Estates

##### CSA – Sewer

Oakridge  
Stirling City  
Mountain Oaks Subdivision

##### CSA – Lighting & Maintenance

Vista Del Cerro  
Crestwood  
Lindo Gardens  
Joshua Tree #2

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

##### CSA – Other

Southgate Acres Drainage and  
Fire Protection  
Thermalito Sewer and Drainage  
Sycamore Valley Sewer and Lighting  
Gridley – Biggs Ambulance  
Vallombrosa Lighting and Fire Hydrant  
Biggs Swimming Pool – Recreation  
Gridley Swimming Pool – Recreation  
County of Butte – Nitrate Study Plan  
Walnut Manor – Lighting, Drainage, and Landscape  
Durham-Dayton Industrial Partners for  
Extended Structural Fire Protection  
Forrest Young – Lighting, Drainage, and Bikepath  
Biggers Subdivision – Lighting, Drainage, and Snow removal  
Ishi Valley Estates– Lighting, Drainage, and Fire  
County of Butte – Animal Control  
Justin Manor Subdivision – Lighting, Drainage, and Fire  
Keefer Creek Estates – Lighting, Drainage, and Sewer  
Autumn Park – Lighting, Drainage, and Fire  
Melrose Estates – Lighting, Drainage, and Fire  
Durham Land Estates – Lighting, Drainage, and Fire  
Pheasant Landing #1 and #2 – Lighting, Drainage, and Fire  
Pheasant Landing #3 – Lighting, Drainage, and Fire  
Twin Palms Subdivide – Lighting, Drainage, and Fire  
Chambers & Speedway Subdivision – Lighting, Drainage, and Fire  
Thorntee Industrial Park – 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, 2006

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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  
Maintenance Area #5  
Maintenance Area #7  
Maintenance Area #13  
Maintenance Area #16

##### Cemetery

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

##### Recreation

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

##### 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

##### Other Districts

Butte County Association of  
Governments  
School Districts  
Butte County Fair

##### 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, 2006

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

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

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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

The County reports the following additional fund types:

- *Internal Service Funds* account for the County's information services, printing services, utilities, risk management, facilities services, and equipment on a cost-reimbursement basis. Internal Service Funds are presented in summary form as part of the proprietary fund financial statements. In the government-wide financial statements, the changes in net assets at the end of the fiscal year, as presented in the statements of activities, were allocated to the user functions of both the governmental and business-type 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.
- 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.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

#### C. **Basis of Accounting**

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

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.

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.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

#### 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 participate in the Pool. The participation of these agencies is involuntary, except for the Butte County Fair. The agencies participating in the Investment Trust Fund are Superior Court, Butte County Fair, Autonomous Special Districts, Schools, School Bonds, 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 statutes and the County Treasury Oversight Committee set forth the various investment policies that the County Treasurer must follow.

State statutes and the County's investment policy authorize the County Treasurer to invest in 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 Pool is subject to regulatory oversight by the Treasury Oversight Committee, as recommended by the California Debt and Investment Advisory Commission. The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2006 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 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 61.2% of the funds on deposit in the County Treasury.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

#### D. **Cash and Cash Equivalents (continued)**

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

#### E. **Inventories and Prepaid Items**

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

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

#### F. **Property Taxes**

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

#### 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.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

#### G. Loans Receivable

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

#### H. Capital Assets

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

The estimated useful lives are as follows:

Infrastructure (except for the maintained pavement subsystem)	20 to 50 years
Structures and improvements	20 to 50 years
Equipment	3 to 25 years

The County has five networks of infrastructure assets – roads, water/sewer, lighting, drainage, and flood control. The County has the option of phasing in the historical costs related to its infrastructure. Currently, the road network has been included in the County's capital assets at historical cost and related depreciation. In future years, the remaining networks will be added to capital assets. All current year acquisition costs identified for infrastructure have been included.

#### I. Compensated Absences

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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

#### 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.

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

##### Governmental Accounting Standards Board Statement No. 42

In November of 2003, the GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*. This statement is effective for periods beginning after December 15, 2004. This statement requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital asset or upon disposal of the capital asset. Users of financial statements will better understand when impairments have occurred and what their financial impact is on the government. This Statement also enhances comparability of financial statements between governments by requiring all governments to account for insurance recoveries in the same manner. As of June 30, 2006, the County as a reporting entity has not encountered any asset impairment.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

##### Governmental Accounting Standards Board Statement No. 44

In June 2004, the GASB issued Statement No. 44, *Economic Condition Reporting: The Statistical Section an amendment of NCGA Statement No. 1*. This statement is effective for periods beginning after December 15, 2004. This Statement amends the portions of NCGA Statement 1, *Governmental Accounting and Financial Reporting Principles*, that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of a government. The *Statistical Section* of this report is updated to comply with GASB Statement No. 44.

##### Governmental Accounting Standards Board Statement No. 46

In December of 2004, GASB issued Statement No. 46, *Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34*. GASB Statement No. 34 requires that limitations on the use of net assets imposed by enabling legislation be reported as restricted net assets. Some governments have had difficulty interpreting the requirement that those restrictions be “legally enforceable.” GASB Statement No. 46 clarifies that a legally enforceable enabling legislation restriction is one that a party external to a government—such as citizens, public interest groups, or the judiciary—can compel a government to honor. The Statement states that the legal enforceability of an enabling legislation restriction should be reevaluated if any of the resources raised by the enabling legislation are used for a purpose not specified by the enabling legislation or if a government has other cause for reconsideration. This Statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated. Finally, this Statement requires governments to disclose the portion of total net assets that is restricted by enabling legislation (see note 8). The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2005. As of June 30, 2006, Butte County is in compliance with GASB Statement No. 46.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

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

##### Governmental Accounting Standards Board Statement No. 43

In April 2004, the GASB issued Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement establishes accounting and financial reporting standards for plans that provide postemployment benefits other than pension benefits (known as other postemployment benefits or OPEB). This statement is not effective until June 30, 2007. This statement is not expected to have a significant impact on the financial statements of the County.

##### Governmental Accounting Standards Board Statement No. 45

In August 2005, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement is effective for periods beginning after December 15, 2006. The Statement generally requires that state and local governmental employers account for and report the annual cost of other nonpension benefits (OPEB) and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. The statement also establishes disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. This statement is not effective until June 30, 2008. The County has not determined its effect on the financial statements.

##### Governmental Accounting Standards Board Statement No. 47

In June of 2005, GASB issued Statement No. 47, *Accounting for Termination Benefits*. This statement is effective for periods beginning after June 15, 2005. In financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (for example, early-retirement incentives) when the offer is accepted and the amount can be estimated. A liability and expense for involuntary termination benefits (for example, severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated. In financial statements prepared on the modified accrual basis of accounting, liabilities and expenditures for termination benefits should be recognized to the extent the liabilities are normally expected to be liquidated with expendable available financial resources. The County has elected not to early implement GASB No. 47 and has not determined its effect on the County's financial statements.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

#### N. Presentation of financial information related to County fiduciary responsibilities

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

#### O. Net Assets

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

#### P. Fund Equity

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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

### 2. Cash and Investments

Cash and investments as of June 30, 2006 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 86,096,859
Cash and investments with fiscal agents	9,007,543
Imprest cash	87,260
Fiduciary funds:	
Cash and investments	246,087,737
Imprest cash	<u>8,121</u>
Total cash and investments	<u>\$ 341,287,520</u>

Cash and investments as of June 30, 2006 consist of the following:

Cash on hand	\$ 95,381
Deposits with financial institutions	11,095,818
Investments	348,547,334
Outstanding warrants	(18,896,300)
Cash deposits – outside accounts	<u>445,287</u>
Total cash and investments	<u>\$ 341,287,520</u>

### **Investments Authorized by the California Government Code and the County’s Investment Policy**

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

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage Of *Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Local Agency Bonds	5 years	None	None
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
Banker's Acceptances	180 days	40%	30%
Commercial Paper	270 days	25%	10%
Negotiable Certificates of Deposit	5 years	30%	None
Repurchase Agreements	1 year	None	None
Reverse Repurchase Agreements	92 days	20% of base value	None
Medium-Term Notes	5 years	30%	None
Mutual Funds N/A	20%	10%	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, 2006

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### 2. Cash and Investments (continued)

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

##### Investments Authorized by Debt Agreements

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

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

#### **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, 2006

### 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	\$ 9,842,468	\$ 4,999,200	\$ -	\$ -	\$ -	\$ 4,843,268
FFCB	44,888,194	5,000,000	12,925,025	9,548,438	8,735,356	8,679,375
FHLB	85,418,628	21,726,453	17,293,750	23,080,925	2,859,375	20,458,125
FHLMC	77,265,131	12,192,680	22,358,137	9,512,500	18,661,489	14,540,325
FNMA	31,990,625	-	17,407,813	14,582,812	-	-
CD	500,000	500,000	-	-	-	-
Solar Project	839,480	839,480	-	-	-	-
Cal Trust	10,217,170	10,217,170	-	-	-	-
Laif	78,578,095	78,578,095	-	-	-	-
Total with Treasurer	<u>339,539,791</u>	<u>134,053,078</u>	<u>69,984,725</u>	<u>56,724,675</u>	<u>30,256,220</u>	<u>48,521,093</u>
With fiscal agents:						
Money Market	3,958,237	3,958,237	-	-	-	-
FHLB	2,011,926	1,498,665	513,261	-	-	-
FHLMC	3,037,380	3,037,380	-	-	-	-
Total with fiscal agent	<u>9,007,543</u>	<u>8,494,282</u>	<u>513,261</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 348,547,334</u>	<u>\$ 142,547,360</u>	<u>\$ 70,497,986</u>	<u>\$ 56,724,675</u>	<u>\$ 30,256,220</u>	<u>\$ 48,521,093</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, 2006

### 2. Cash and Investments (continued)

#### Disclosures Relating to Credit Risk (continued)

Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End		
				AAA	Aa	Not Rated
FAMCA	\$ 9,842,468	N/A	\$ -	\$ -	\$ -	\$ 9,842,468
FFCB	44,888,194	N/A	-	44,888,194	-	-
FHLB	85,418,628	N/A	-	85,418,628	-	-
FHLMC	77,265,131	N/A	-	77,265,131	-	-
FNMA	31,990,625	N/A	-	31,990,625	-	-
CD	500,000	N/A	-	-	-	500,000
Solar Project	839,480	N/A	-	-	-	839,480
Cal Trust	10,217,170	N/A	-	-	-	10,217,170
Laif	78,578,095	N/A	-	-	-	78,578,095
Held by bond trustee:						
Money Market	3,958,237	A	-	3,958,237	-	-
FHLB	2,011,926	N/A	-	2,011,926	-	-
FHLMC	3,037,380	N/A	-	3,037,380	-	-
<b>Total</b>	<b>\$ 348,547,334</b>		<b>\$ -</b>	<b>\$ 248,570,121</b>	<b>\$ -</b>	<b>\$ 99,977,213</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	\$ 87,430,554
Federal Farm Credit Agency	Federal agency securities	44,888,194
Federal Home Loan Mortgage Corp.	Federal agency securities	80,302,510
Federal National Mortgage Assn.	Federal agency securities	31,990,625

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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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.

#### 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. 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.

#### Condensed Financial Information

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, 2006:

Statement of Net Assets	
Net Assets held for pool participants	<u>\$ 341,287,520</u>
Equity of internal pool participants	120,930,803
Equity of external pool participants (voluntary and involuntary)	<u>220,356,717</u>
Total Equity	<u>\$ 341,287,520</u>
Statement of Changes in Net Assets	
Net Assets held for pool participants at July 1, 2005	\$ 319,584,558
Net change in investments by pool participants	<u>21,702,962</u>
Net Assets held for pool participants at June 30, 2006	<u>\$ 341,287,520</u>

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

### 3. Receivables

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

<b>Receivables</b>	General	Welfare	Road	Nonmajor	Internal	Total
<b>Governmental Activities:</b>	Fund	Fund	Fund	Governmental	Service	Governmental
				Funds	Funds	Activities
Accounts	\$ 296,661	\$ 246,545	\$ 374,584	\$ 234	\$ 273,513	\$ 1,191,537
Due from other governments	8,283,317	1,301,524	803,319	270,463	-	10,658,623
	<u>\$ 8,579,978</u>	<u>\$ 1,548,069</u>	<u>\$ 1,177,903</u>	<u>\$ 270,697</u>	<u>\$ 273,513</u>	<u>\$ 11,850,160</u>

<b>Receivables</b>	Transit	Landfill	Total
<b>Business-Type Activities:</b>	Fund	Fund	Business-Type
			Activities
Accounts	\$ 437	\$ 113,511	\$ 113,948
	<u>\$ 437</u>	<u>\$ 113,511</u>	<u>\$ 113,948</u>

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.

<b>Governmental Activities:</b>	Unearned
General Fund:	
Resources received that do not meet the criteria for revenue	\$ 638,815
Welfare Fund:	
Resources received that do not meet the criteria for revenue	<u>2,210,083</u>
	<u>\$ 2,848,898</u>

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

### 4. Interfund Transactions

#### Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2006 are as follows:

#### *Balances due to/from other funds:*

Receivable Fund	Payable Fund	Amount
General Fund	Welfare Fund	\$ 2,230,123
	Road Fund	7,036
	Nonmajor Governmental Funds	281,830
	Internal Service Funds	43,159
	Landfill Fund	28,599
	Fiduciary Funds	5,472,254
		<u>8,063,001</u>
Welfare Fund	General Fund	1,154,638
	Nonmajor Governmental Funds	143,992
	Fiduciary Funds	141,951
		<u>1,440,581</u>
Road Fund	General Fund	73,490
	Welfare Fund	2,122
	Nonmajor Governmental Funds	4,820
	Internal Service Funds	975
	Landfill Fund	2,840
	Fiduciary Funds	54,286
		<u>138,533</u>
Nonmajor Governmental Funds	General Fund	2,258,412
	Welfare Fund	17,369
	Internal Service Funds	165,174
	Fiduciary Funds	284,520
		<u>2,725,475</u>
Internal Service Funds	General Fund	500,682
	Welfare Fund	69,284
	Road Fund	19,725
	Nonmajor Governmental Funds	53,457
	Internal Service Funds	23,326
	Transit Fund	46
	Landfill Fund	3,933
	Fiduciary Funds	51,104
		<u>721,557</u>
Transit Fund	General Fund	40
	Fiduciary Funds	206,563
		<u>206,603</u>
Landfill Fund	General Fund	11,406
	Internal Service Funds	13
	Fiduciary Funds	92,382
		<u>103,801</u>
Fiduciary Funds	General Fund	4,770,392
	Nonmajor Governmental Funds	33,653
	Internal Service Funds	75
	Fiduciary Funds	1,071,638
		<u>5,875,758</u>
Total		<u>\$ 19,275,309</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, 2006

### 4. Interfund Transactions (continued)

#### Transfers to/ from other funds:

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

Between Funds within the Governmental Activities\*:

Transfers From	Transfers To	Amount	Reason
General Fund	Nonmajor Governmental Funds	\$ 13,398,012	Fire protection
	Nonmajor Governmental Funds	2,599,836	Equipment replacement
	Nonmajor Governmental Funds	425,315	Transfer for water operating subsidy
	Nonmajor Governmental Funds	1,916,133	Transfer for library operating subsidy
	Nonmajor Governmental Funds	189,368	Capital projects
		<u>18,528,664</u>	
Welfare Fund	Nonmajor Governmental Funds	<u>50,141</u>	Transfer for operating subsidy
General Fund	Road Fund	<u>6,140</u>	Road projects
Nonmajor Governmental Funds	General Fund	711,151	Transfer funds for COPS expenditures
Nonmajor Governmental Funds	General Fund	116,003	Transfer excess funds
		<u>827,154</u>	
Nonmajor Governmental Funds	Nonmajor Governmental Funds	32,600	Fire Equipmen
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,964	Equipment replacement
		<u>34,564</u>	
Internal Service Funds	Nonmajor Governmental Funds	3,168,619	Debt service payments
Internal Service Funds	Nonmajor Governmental Funds	453,257	Capital projects
Internal Service Funds	Nonmajor Governmental Funds	319,171	Equipment replacement
		<u>3,941,047</u>	
Internal Service Funds	Internal Service Funds	<u>21,104</u>	To transfer shared costs
Total		<u>\$ 23,408,814</u>	

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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

### 5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2006 was as follows:

	Balance July 1, 2005	Infrastructure Adjustment	Additions	Retirements	Transfers	Balance June 30, 2006
<b>Governmental Activities</b>						
<i>Capital assets, not being depreciated:</i>						
Land	\$ 1,548,282	\$ -	\$ 374,281	\$ -	\$ -	\$ 1,922,563
Construction in progress	6,684,069	-	2,705,467	-	(7,097,897)	2,291,639
Total capital assets, not being depreciated	8,232,351	-	3,079,748	-	(7,097,897)	4,214,202
<i>Capital assets, being depreciated:</i>						
Infrastructure	589,951,142	5,345,830	-	(7,727,213)	-	587,569,759
Structures and improvements	54,464,238	-	861,526	-	4,938,378	60,264,142
Equipment	35,809,949	-	2,513,540	(96,050)	2,172,268	40,399,707
Total capital assets, being depreciated	680,225,329	5,345,830	3,375,066	(7,823,263)	7,110,646	688,233,608
Less: accumulated depreciation for:						
Infrastructure	(308,669,923)	(2,935,954)	(19,588,880)	7,727,213	-	(323,467,544)
Structures and improvements	(14,764,645)	-	(1,124,146)	-	-	(15,888,791)
Equipment	(26,892,999)	-	(2,917,572)	92,687	(12,749)	(29,730,633)
Total accumulated depreciation	(350,327,567)	(2,935,954)	(23,630,598)	7,819,900	(12,749)	(369,086,968)
Total capital assets, being depreciated, net	329,897,762	2,409,876	(20,255,532)	(3,363)	7,097,897	319,146,640
Governmental activities capital assets, net	\$ 338,130,113	\$ 2,409,876	\$ (17,175,784)	\$ (3,363)	\$ -	\$ 323,360,842
<b>Business-Type Activities:</b>						
<i>Capital assets, not being depreciated:</i>						
Land	\$ 488,133	\$ -	\$ -	\$ -	\$ -	\$ 488,133
Construction in progress	4,385,947	-	2,612,016	(8,290)	-	6,989,673
Total capital assets, not being depreciated	4,874,080	-	2,612,016	(8,290)	-	7,477,806
<i>Capital assets, being depreciated:</i>						
Structures and improvements	959,390	-	-	(837,695)	-	121,695
Equipment	6,847,613	-	656,356	(3,725,450)	(12,749)	3,765,770
Total capital assets, being depreciated	7,807,003	-	656,356	(4,563,145)	(12,749)	3,887,465
Less: accumulated depreciation for:						
Structures and improvements	(526,523)	-	(5,294)	514,504	-	(17,313)
Equipment	(2,463,123)	-	(394,160)	1,528,849	12,749	(1,315,685)
Total accumulated depreciation	(2,989,646)	-	(399,454)	2,043,353	12,749	(1,332,998)
Total capital assets, being depreciated, net	4,817,357	-	256,902	(2,519,792)	-	2,554,467
Business-type activities capital assets, net	\$ 9,691,437	\$ -	\$ 2,868,918	\$ (2,528,082)	\$ -	\$ 10,032,273

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

### 5. Capital Assets (continued)

Depreciation expense was changed to functions as follows:

**Governmental Activities:**

General government	\$ 598,800
Public protection	2,929,152
Public ways	19,465,668
Health and sanitation	174,661
Public assistance	234,975
Education	105,638
Recreation and cultural services	121,704
	<u>\$ 23,630,598</u>

**Business-Type Activities:**

Sanitation	\$ 399,454
	<u>\$ 399,454</u>

### 6. Short-Term Debt

*Tax and Revenue Anticipation Notes*

In July 2005, the County issued \$25,000,000 in tax anticipation notes in advance of property tax collections, depositing the proceeds in the general fund. These notes are necessary in order to fund operations prior to receipt of tax collections. During the fiscal year, the County satisfied the requirements of the notes.

Short-term debt activity for the fiscal year ended June 30, 2006, was as follows:

	Balance July 1, 2005	Additions	Retirements	Balance June 30, 2006
<b>Governmental Activities:</b>				
FY 2004-05 TRANs	\$ 18,774,429	\$ -	\$ 18,774,429	\$ -
FY 2005-06 TRANs	-	25,000,000	25,000,000	-
	<u>\$ 18,774,429</u>	<u>\$ 25,000,000</u>	<u>\$ 43,774,429</u>	<u>\$ -</u>
Total governmental activities	<u>\$ 18,774,429</u>	<u>\$ 25,000,000</u>	<u>\$ 43,774,429</u>	<u>\$ -</u>

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

### 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 \$205,663,258.

A summary of long-term obligations follows:

Type of indebtedness (purpose)	Maturity	Interest Rates	Annual Principal Installments	Original Issue Amount	Outstanding at June 30, 2006
<b>Governmental Activities:</b>					
<b><i>Bonds Payable</i></b>					
Butte County Service Area No. 26 Bonds:					
1974 Sewer Bonds	7/1/80-1/1/15	5%	\$10,000-\$40,000	\$ 680,000	\$ 290,000
1975 Sewer Bonds, Series A	7/1/80-1/1/15	5%	\$10,000-\$45,000	790,000	345,000
1975 Sewer Bonds, Series B	7/1/80-1/1/15	5%	\$5,000-\$20,000	380,000	165,000
1975 Sewer Bonds, Series C	7/1/80-1/1/15	5%	\$956-\$4,878	86,396	37,323
				<u>1,936,396</u>	<u>837,323</u>
Pension Obligation Bonds:					
Series A	6/30/14-6/30/34	Variable	\$55,000 -\$3,440,000	28,020,000	28,020,000
Series B	6/30/14-6/30/34	Variable	\$295,000-\$2,105,000	21,875,000	21,875,000
Series C	6/30/05-6/30/14	Variable	\$690,000-\$910,000	7,865,000	6,480,000
				<u>57,760,000</u>	<u>56,375,000</u>
Worker's Compensation Bonds:					
Series A	12/1/04-5/1/06	3.17%-3.59%	\$312,800-\$325,300	5,734,700	-
				<u>5,734,700</u>	<u>-</u>
<b>Total Bonds Payable</b>				<u>65,431,096</u>	<u>57,212,323</u>
<b><i>Certificates of Participation</i></b>					
2003 Certificates of Participation	7/1/04-7/1/14	2%-3.4%	\$415,000-\$650,000	5,150,000	3,920,000
<b>Total Certificates of Participation</b>				<u>5,150,000</u>	<u>3,920,000</u>
<b><i>Notes Payable</i></b>					
California Energy Commission					
Solar Project - phase 1	6/22/06-12/22/18	4.9%	\$63,794-\$135,899	2,777,000	2,713,206
Solar Project - phase 2	6/22/06-6/22/20	4.9%	\$8,057-\$17,545	390,000	381,943
Butte County Treasury - Solar					
Project Gap Financing	12/31/04-2/24/09	3.75%	\$50,000-\$750,000	1,200,000	839,480
<b>Total Notes Payable</b>				<u>4,367,000</u>	<u>3,934,629</u>
<b>Total Governmental Activities</b>				<u>\$ 74,948,096</u>	<u>\$ 65,066,952</u>

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

#### Summary of Long-Term Debt

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

	Balance July 1, 2005	Additions	Retirements	Balance June 30, 2006	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Capital lease obligations	\$ 688,438	\$ 1,254,300	\$ 463,689	\$ 1,479,049	\$ 401,314
Bonds payable	61,514,876	-	4,302,554	57,212,322	788,406
Notes payable	4,110,837	-	176,208	3,934,629	292,584
Certificates of participation	4,540,000	-	620,000	3,920,000	630,000
Claims and judgments	1,238,000	2,888,471	117,471	4,009,000	-
Supplemental retirement benefits payable	5,039,088	1,034,948	1,518,509	4,555,527	1,518,509
Compensated absences	10,287,433	1,922,164	-	12,209,597	-
Total governmental activities	<u>\$ 87,418,672</u>	<u>\$ 7,099,883</u>	<u>\$ 7,198,431</u>	<u>\$ 87,320,124</u>	<u>\$ 3,630,813</u>
<b>Business-Type Activities:</b>					
Capital lease obligations	\$ 1,288,663	-	\$ 504,931	\$ 783,732	\$ 518,912
Landfill closure/post-closure care costs	1,222,781	375,416	-	1,598,197	-
Loan payable	-	500,000	-	500,000	50,000
Compensated absences	58,127	24,612	-	82,739	-
Total business-type activities	<u>\$ 2,569,571</u>	<u>\$ 900,028</u>	<u>\$ 504,931</u>	<u>\$ 2,964,668</u>	<u>\$ 568,912</u>

#### 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, 2006:

Fiscal Year Ending June 30,	Governmental Activities	Business-Type Activities
2007	\$ 486,525	\$ 536,922
2008	123,431	268,461
2009	123,431	-
2010	123,431	-
2011	123,431	-
2012-2016	617,155	-
2017-2020	493,724	-
Total minimum lease payments	2,091,128	805,383
Less: Amount representing interest	(612,079)	(21,651)
Present value of minimum lease payments	<u>\$ 1,479,049</u>	<u>\$ 783,732</u>

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

#### Capital Lease (continued)

The following is a schedule of net remaining property leased under capital leases at June 30, 2006:

	<u>Acquisition Value</u>	<u>Accumulated Depreciation</u>
Governmental Activities:		
Energy Management Facility	\$ 2,555,775	\$ 460,039
Chico Memorial Halls	1,254,300	4,300
Vehicles	74,886	62,212
Business-Type Activities:		
Caterpillar Equipment	2,526,539	709,202

#### Bonds Payable

At June 30, 2006, bonds outstanding consist of the following:

##### *Sewer Bonds:*

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

##### *Pension Obligation Bonds:*

The pension obligation bonds bear interest at a variable rate. The first payment of interest for Series A is due June 30, 2005, at a rate of 6.03%. The first payment of interest for Series B is due June 30, 2005, at a rate of 3.42%. The first payment of interest for Series C is due June 30, 2005, at a rate of 3.13%. Principal payments for both Series A and B are due beginning in fiscal year 2014 and ending in fiscal year 2034. Principal payments for Series C are due beginning in June 30, 2005 and ending in fiscal year 2014. The bonds were issued to save future interest costs associated with the County's pension obligations.

##### *Workers' Compensation Bonds:*

The workers' compensation bonds bear interest at a variable rate between 3.17% and 3.59%. The first payment of interest for Series A is due December 30, 2005. Principal payments for Series A is due beginning in December 1, 2005 and ending May 1, 2006. The bonds were issued to provide start up funding for the County to be self-insured for workers' compensation. The County satisfied the requirements of the bond obligations during the current fiscal year.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

#### Bonds Payable (continued)

As of June 30, 2006, annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2007	\$ 788,406	\$ 2,700,768	\$ 3,489,174
2008	823,576	2,674,123	3,497,699
2009	853,755	2,641,212	3,494,967
2010	883,943	2,612,248	3,496,191
2011	914,140	2,580,482	3,494,622
2012-2016	4,468,502	12,400,098	16,868,600
2017-2021	5,280,000	11,515,562	16,795,562
2022-2026	10,335,000	9,852,138	20,187,138
2027-2031	17,605,000	6,661,241	24,266,241
2032-2034	15,260,000	1,589,318	16,849,318
Total	<u>\$ 57,212,322</u>	<u>\$ 55,227,190</u>	<u>\$ 112,439,512</u>

#### Notes Payable

At June 30, 2006, 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 variable rate starting at 4.9%, will be due semi-annually beginning in fiscal year 2006. Additionally, \$1,200,000 was borrowed from the County Treasury as gap financing for the solar project. Principal and interest, at a variable rate starting at 3.75%, are due semi-annually, beginning in December of 2005 through 2008, with a balloon payment of \$750,000 in 2009. The interest rate at June 30, 2006 was 4.00%.

As of June 30, 2006, annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2007	\$ 292,584	\$ 152,971	\$ 445,555
2008	299,962	141,668	441,630
2009	847,723	117,700	965,423
2010	216,549	96,418	312,967
2011	225,187	87,780	312,967
2012-2016	1,267,718	297,119	1,564,837
2017-2020	784,906	51,191	836,097
Total	<u>\$ 3,934,629</u>	<u>\$ 944,847</u>	<u>\$ 4,879,476</u>

**COUNTY OF BUTTE, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

**Compensated Absences**

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

Since no means exists to reasonably estimate the amounts that might be liquidated with expendable currently available financial resources, if any, they are reported as long-term debt on the statement of net Assets. The County does not accrue for compensated absences in its governmental fund statements and recognizes liabilities for compensated absences only if they are due and payable in an event such as termination. However, in the statement of activities the expenditure is allocated to each function based on usage.

**Certificates of Participation**

On June 30, 2004, the County issued \$5,150,000 in Certificates of Participation (COP's) with interest rates ranging from 2.0% to 3.4% to advance refund \$4,195,000 of outstanding 1993 COP's and \$1,026,882 of outstanding lease obligations for fire trucks with interest rates ranging from 3.8% to 5.5%. The net proceeds of \$5,091,245 (after payment of \$166,950 in underwriting fees, insurance, and other issuance costs) plus an additional \$883,208 of 1993 COP's reserve fund monies were used to payoff the 1993 COP's and lease obligations.

<b>Fiscal Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2007	\$ 630,000	\$ 96,623	\$ 726,623
2008	640,000	83,923	723,923
2009	350,000	73,148	423,148
2010	355,000	64,335	419,335
2011	365,000	54,879	419,879
2012-2015	1,580,000	104,560	1,684,560
Total	<u>\$ 3,920,000</u>	<u>\$ 477,468</u>	<u>\$ 4,397,468</u>

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

#### Loan Payable

At June 30, 2006, the loan outstanding consist of the following:

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

As of June 30, 2006, 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>
2007	\$ 50,000	\$ -	\$ 50,000
2008	50,000	-	50,000
2009	50,000	-	50,000
2010	50,000	-	50,000
2011	50,000	-	50,000
2012-2016	250,000	-	250,000
Total	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ 500,000</u>

#### Landfill Closure and Post-closure Costs

State and federal laws and regulations require the County to place a final cover on its Neal Road landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$1,598,197 reported as landfill closure and post-closure care liability at June 30, 2006, represents the cumulative amount reported to date based on the use of 14.07 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$9,761,748 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 2006. The County expects to close the landfill in the fiscal year 2033. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a separate fund to finance closure and post-closure care. The County is in compliance with these requirements, and at June 30, 2006, investments of \$6,691,502 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 (due to changes in technology or applicable laws or regulations, for example), these costs may need to be covered by charges to future landfill users or from future tax revenue.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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

#### **Landfill Closure and Post-closure Costs (continued)**

Annually, the Landfill adjusts the estimated closure and post-closure costs due to changes in inflation and capacity. At June 30, 2006, total estimated costs for closure and post-closure increased from \$9,450,087 at June 30, 2005 to \$11,359,945 and the remaining capacity of the landfill decreased from 87.06 percent to 85.93 percent at June 30, 2005 and 2006, respectively. These changes resulted in an increase to the landfill closure and post-closure care liability and caused an expense of \$375,416 at June 30, 2006.

#### **Supplemental Retirement Benefits Payable**

The County of Butte has adopted a tax qualified governmental defined benefit plan for the benefit of its eligible employees to provide supplemental retirement benefits to eligible employees in addition to the benefits employees will receive from the California Public Employees' Retirement System (PERS). At the time this incentive was offered, the eligibility requirements were, the employee must be a current Butte County employee with at least 5 years of service and at least 50 years of age as of January 1, 2006, with the condition that they agreed to terminate employment with the County on or before January 1, 2005, with the benefits beginning the first day after separation. The County will have 5 disbursements of approximately \$1,518,509, spanning over the next 5 years with the first remitted August 10, 2004. On September 8, 2004, the County of Butte requested a "Letter of Determination" from the IRS to ensure the plan's compliance. At June 30, 2006, the total supplemental retirement benefits payable balance was \$4,555,527.

#### **Limitations and Restrictions**

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

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

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

#### **Rebatable Arbitrage Earnings**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds and financings and at June 30, 2006 does not expect to incur a liability.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

### 8. Restricted Net Assets/Reserved and Designated Fund Balances

#### Fund Balances

Fund balances that are not available for appropriation or are not considered “expendable available financial resources” are reserved. Unreserved fund balances that have been earmarked by the Board for a specified purpose are considered designated. Such reserved and designated fund balances at June 30, 2006 are as follows:

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Welfare Fund	Road Fund		
<b>Reserved for:</b>					
Encumbrances	\$ 5,535,099	\$ 571,030	\$ 660,207	\$ 1,756,946	\$ 8,523,282
Imprest cash	45,095		50	1,115	46,260
Prepaid items	15,503	945	-	-	16,448
Deposits with others	2,500	-	-	297	2,797
Long-term loans receivable	-	-	-	2,074,395	2,074,395
General restrictions	5,196,551	97,529	695,863	154,752	6,144,695
Debt service	792,978	-	-	7,684,891	8,477,869
Inventory	-	-	310,556	-	310,556
Total reserved fund balances	11,587,726	669,504	1,666,676	11,672,396	25,596,302
<b>Designated for:</b>					
Indian Gaming	249,427	-	282,000	591,956	1,123,383
Mental Health	1,127,116	-	-	-	1,127,116
Public Health	15,445,059	-	-	-	15,445,059
Rural Health- Education	109,042	-	-	-	109,042
Recording System	1,722,337	-	-	-	1,722,337
Recorder Micrographic	331,479	-	-	-	331,479
Recorder-Vital Health Stats	149,969	-	-	-	149,969
Sheriff Development Fees	172,795	-	-	-	172,795
Road Projects	-	-	2,279,258	-	2,279,258
Water Tender	-	-	-	248,852	248,852
Fish and Game	-	-	-	127,128	127,128
Child Support	-	-	-	29,464	29,464
County Service Areas	-	-	-	3,477,586	3,477,586
Various	319,415	-	-	66,671	386,086
Total designated fund balances	19,626,639	-	2,561,258	4,541,657	26,729,554
<b>Unreserved-Undesignated</b>					
<b>Fund Balances</b>	15,813,037	405,302	6,733,560	7,326,725	30,278,624
<b>Total Fund Balances</b>	\$ 47,027,402	\$ 1,074,806	\$ 10,961,494	\$ 23,540,778	\$ 82,604,480

#### Net Assets

The government-wide statement of net assets reports \$16.7 million of restricted net assets, of which \$6.1 million is restricted by enabling legislation.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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### 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 P Street, Sacramento, CA 95814.

#### 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; the current rate is 9.361% for non-safety employees and 14.353% for safety employees, of annual covered payroll. The contribution requirements of plan members and the County are established and may be amended by CalPERS.

#### Annual Pension Cost

For the fiscal year ended June 30, 2006, the County's annual pension cost of \$9,637,849 for CalPERS was equal to the County's required and actual contributions. The required contributions was determined as part of the June 30, 2005 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 three-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, 2005 was 31 years for the Miscellaneous Plan and 9999 years for the Safety Plan.

The County's annual pension cost and pension asset for the year ended June 30, 2006 were as follows:

Contributions made	\$ 9,637,849
Less: Annual pension cost	<u>(8,804,562)</u>
Net pension asset, end of year	<u>\$ 833,287</u>

**COUNTY OF BUTTE, CALIFORNIA**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

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

Annual Pension Cost (continued)

Three-Year Trend Information for PERS

<b>Fiscal Year Ending</b>	<b>Annual Pension Cost (APC)</b>	<b>Contribution</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Asset</b>
06/30/04	\$4,785,485	\$53,885,485	1,126%	-
06/30/05	\$9,778,480	\$10,473,922	107%	\$49,795,442
06/30/06	\$8,804,562	\$9,637,849	109%	\$50,907,352

**10. Post-Retirement Health Benefits**

In addition to the pension benefits described in Note 8 the County provides post-retirement health insurance benefits, in accordance with County ordinance, to employees who retire from the County before attaining age 65 with at least 10 years of continuous service who have accrued sick leave in excess of 240 hours and elect the post-retirement insurance benefits rather than the sick leave payout option. Refer to Note 7, compensated absences, for specific details. The County pays the full premium for health and dental coverage incurred by retirees under 65 years of age or not covered by another governmental or employer-paid health plan. Expenditures for post-retirement health care benefits are recognized as retirees report premiums paid for reimbursement. During the fiscal year, expenditures of \$1,135,208 were recognized for post-retirement health care covering 344 retirees.

**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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

### 11. Risk Management (continued)

The County maintains a self-insured retention (SIR) of \$100,000 per occurrence for its general liability program and \$125,000 for workers' compensation program. For general liability and workers' compensation claims, the County is a participant in the California State Association of Counties – Excess Insurance Authority (CSAC) excess liability insurance program. The County covers the first \$100,000 of general liability claims and \$125,000 in workers' compensation claims. 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 charge to expense of 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.

There were no settled claims that have exceeded insurance coverages during the past three fiscal years.

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, 2006. The claims liability includes all allocated loss adjustment expenses. Changes in the insurance funds' claims liability amount during the fiscal years ended June 30, 2005 and 2006 were as follows:

Fiscal Year	Claims Liability July 1	Current Year Claim Payments	Changes in Estimates of Prior Year	Current Year Claim	Claims Liability June 30
2004-2005	\$ 1,350,000	\$ (311,497)	\$ -	\$ 199,497	\$ 1,238,000
2005-2006	\$ 1,238,000	\$ (117,471)	\$ -	\$ 2,888,471	\$ 4,009,000

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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### 12. 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, 2006, have not yet been conducted. Additionally, certain audits related to prior fiscal years have not been finalized. Accordingly, the County's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although, the County expects such amounts, if any, to be immaterial.

#### Litigation

The County is a defendant in various matters of litigation. Of these matters, management and County's legal counsel do not anticipate any material effect on the June 30, 2006 financial statements.

### 13. Prior Year Adjustments

A prior year adjustment was made in the Governmental Activities of \$2,195,115 due to \$2,409,876 for the infrastructure addition as part of GASB 34 requirement and \$(214,761) overstatement of accounts receivable.

A prior year adjustment was made in the Business-type Activities due to an \$83,458 understatement of accounts receivable.

A prior year adjustment was made in the Landfill Fund due to an \$83,458 understatement of accounts receivable.

### 14. Subsequent Events

#### Tax and Revenue Anticipation Notes

In July 2006, the County issued \$15,000,000 in notes in anticipation of operation expenditures during the 2006-2007 fiscal year. The notes will be redeemed June 29, 2007.

#### Creation of New Special Revenue Funds

As of July 1, 2006, two new Special Revenue Funds were created for Public Health and Behavioral Health. Prior to July 1, 2006, these two departments were included in the General Fund. Special Revenue Funds are used to account for revenues that must be used by law for specific purposes. Within this context, the addition of the new funds was made to simplify and better organize accounting systems for the departments. The fund accounting process allows the County to budget and account for revenues that are restricted by law or policy to a specific use or purpose in accordance with nationally recognized rules of governmental accounting and budgeting.

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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### 14. Subsequent Events (continued)

#### Neal Road Landfill Financing

Certificates of Participation in the amount of \$12,000,000, dated November 1, 2006, were issued to finance certain capital improvements for the expansion of the County's solid waste facility at Neal Road Landfill. The improvements include module closures and improvements related to environmental mitigation. Interest ranging from 3.4% to 4.5% on the Series 2006 Certificates is payable semiannually on January 1 and July 1 of each year, commencing July 1, 2007. Principal is payable annually, commencing on July 1, 2009.

#### Pay off of Solar project gap financing

During fiscal year 2004/05, \$1,200,000 was borrowed from the County Treasurer as gap financing for the County's solar project. On November 1, 2006, the remaining balance of \$839,480 was paid back to the County Treasurer.

### 15. Stewardship, Compliance, and Accountability

#### Budgetary Data

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

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

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

# COUNTY OF BUTTE, CALIFORNIA

## NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2006

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### 15. Stewardship, Compliance, and Accountability (continued)

#### *Budgetary Data (continued)*

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).

#### *Excess of Expenditures Over Appropriations*

Capital Projects Fund debt service expenditures of \$472,556 related to debt service were unbudgeted. These expenditures were funded by the related “other financing sources”.

#### *Deficit Net Assets*

The following funds had deficit net assets at June 30, 2006:

	<u>Deficit Net Assets</u>
Internal Service Funds:	
Worker’s Compensation Fund	\$ 661,153
Miscellaneous Insurance	159

Worker’s Compensation Fund had deficit net assets of \$661,153 at June 30, 2006. The deficit net assets for Worker’s Compensation Fund primarily resulted from an increase in claims and judgments.

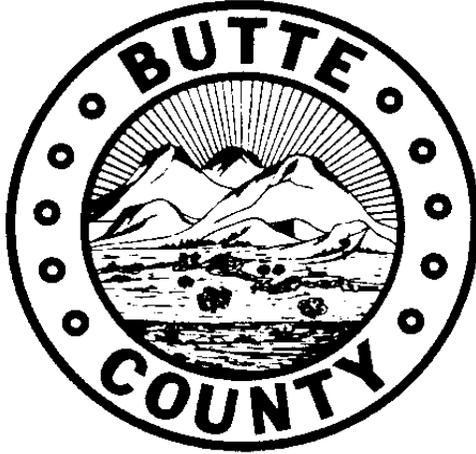
Miscellaneous Insurance Fund had deficit net assets of \$159 at June 30, 2006. The deficit net assets for Miscellaneous Insurance Fund primarily resulted from a decrease in operating revenue.

#### *Deficit Fund Balance*

The following funds had deficit fund balances at June 30, 2006:

	<u>Deficit Fund Balance</u>
Special Revenue Funds:	
IHSS Public Authority Fund	\$ 3,123

IHSS Public Authority Fund had deficit fund balance of \$3,123 at June 30, 2006. The deficit fund balance for IHSS Public Authority Fund primarily resulted from an increase in operating expenditures.



## **Required Supplementary Information**

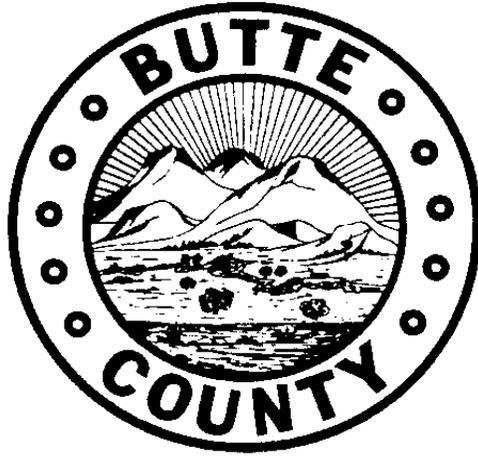


# COUNTY OF BUTTE, CALIFORNIA

## County Employee's Retirement Plan (Defined Benefit Pension Plan) Schedule of Funding Progress For the Fiscal Year Ended June 30, 2006

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>6/30/2003:</b>						
Misc.	\$ 217,515,671	\$ 261,038,613	\$ 43,522,942	83.3%	\$ 78,825,247	55.2%
Safety	48,168,853	61,404,830	13,235,977	78.4%	11,913,346	111.1%
Total	<u>\$ 265,684,524</u>	<u>\$ 322,443,443</u>	<u>\$ 56,758,919</u>	<u>82.4%</u>	<u>\$ 90,738,593</u>	<u>62.6%</u>
<b>6/30/2004:</b>						
Misc.	\$ 267,713,567	\$ 280,522,064	\$ 12,808,497	95.4%	\$ 77,367,736	16.6%
Safety	67,108,564	66,351,121	(757,443)	101.1%	12,956,798	(5.8%)
Total	<u>\$ 334,822,131</u>	<u>\$ 346,873,185</u>	<u>\$ 12,051,054</u>	<u>96.5%</u>	<u>\$ 90,324,534</u>	<u>13.3%</u>
<b>6/30/2005:</b>						
Misc.	\$ 289,731,107	\$ 305,981,838	\$ 16,250,731	94.7%	\$ 74,650,612	21.8%
Safety	72,647,313	70,897,375	(1,749,938)	102.5%	12,442,942	(14.1%)
Total	<u>\$ 362,378,420</u>	<u>\$ 376,879,213</u>	<u>\$ 14,500,793</u>	<u>96.2%</u>	<u>\$ 87,093,554</u>	<u>16.6%</u>



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# **COUNTY OF BUTTE**

## **General Fund**

The General Fund is the general operation 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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 44,278,408	\$ 44,278,408	\$ 44,278,408	\$ --
Prior year adjustment	--	--	(214,761)	(214,761)
Fund balances, beginning, restated	<u>44,278,408</u>	<u>44,278,408</u>	<u>44,063,647</u>	<u>(214,761)</u>
<b>RESOURCES (inflows):</b>				
Taxes	41,808,000	45,221,661	46,652,107	1,430,446
Licenses and permits	4,745,601	4,787,601	3,914,502	(873,099)
Fines, forfeitures, and penalties	1,889,773	2,013,207	2,377,793	364,586
Revenues from uses of money and property	1,983,200	2,460,833	1,173,832	(1,287,001)
Aid from other governments	79,705,367	86,730,247	83,435,037	(3,295,210)
Charges for services	20,052,352	20,970,054	19,652,257	(1,317,797)
Other	2,936,361	3,244,175	3,275,220	31,045
Other financing sources	--	--	22,973	22,973
Interfund transfers	614,302	644,302	827,154	182,852
Amounts available for appropriation	<u>153,734,956</u>	<u>166,072,080</u>	<u>161,330,875</u>	<u>(4,741,205)</u>
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>General Government:</b>				
Board of Supervisors - District 1:				
Salaries and employee benefits	104,930	112,057	112,056	1
Services and supplies	24,400	27,549	27,547	2
Total Board of Supervisors - District 1	<u>129,330</u>	<u>139,606</u>	<u>139,603</u>	<u>3</u>
Board of Supervisors - District 2:				
Salaries and employee benefits	94,134	93,725	85,307	8,418
Services and supplies	18,400	18,808	14,485	4,323
Other financing uses	--	1	--	1
Total Board of Supervisors - District 2	<u>112,534</u>	<u>112,534</u>	<u>99,792</u>	<u>12,742</u>
Board of Supervisors - District 3:				
Salaries and employee benefits	93,327	94,928	94,843	85
Services and supplies	18,400	18,199	13,084	5,115
Total Board of Supervisors - District 3	<u>111,727</u>	<u>113,127</u>	<u>107,927</u>	<u>5,200</u>
Board of Supervisors - District 4:				
Salaries and employee benefits	107,753	112,653	111,484	1,169
Services and supplies	18,400	21,400	15,743	5,657
Total Board of Supervisors - District 4	<u>126,153</u>	<u>134,053</u>	<u>127,227</u>	<u>6,826</u>
Board of Supervisors - District 5:				
Salaries and employee benefits	93,809	102,575	102,493	82
Services and supplies	18,400	22,234	20,067	2,167
Total Board of Supervisors - District 5	<u>112,209</u>	<u>124,809</u>	<u>122,560</u>	<u>2,249</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government (continued):</b>				
Board of Supervisors - Shared Costs:				
Salaries and employee benefits	\$ 37,619	\$ 35,751	\$ 35,751	\$ --
Services and supplies	97,983	79,910	79,907	3
Other financing uses	793,082	920,724	920,724	--
Total Board of Supervisors - Shared costs	<u>928,684</u>	<u>1,036,385</u>	<u>1,036,382</u>	<u>3</u>
Administrative Office:				
Salaries and employee benefits	1,474,480	1,474,585	1,446,926	27,659
Services and supplies	930,135	957,194	765,849	191,345
Other financing uses	(237,308)	(194,472)	(194,474)	2
Total Administrative Office	<u>2,167,307</u>	<u>2,237,307</u>	<u>2,018,301</u>	<u>219,006</u>
Clerk of the Board:				
Salaries and employee benefits	137,979	142,779	142,477	302
Services and supplies	102,301	100,514	79,708	20,806
Other financing uses	3,075	4,862	4,862	--
Total Clerk of the Board	<u>243,355</u>	<u>248,155</u>	<u>227,047</u>	<u>21,108</u>
General Service Administration:				
Salaries and employee benefits	358,212	371,085	371,084	1
Services and supplies	41,612	43,604	43,602	2
Other charges	--	540	539	1
Other financing uses	(42,676)	11,585	11,584	1
Total General Service Administration	<u>357,148</u>	<u>426,814</u>	<u>426,809</u>	<u>5</u>
Auditor-Controller:				
Salaries and employee benefits	2,324,675	2,255,246	2,141,786	113,460
Services and supplies	263,930	319,137	288,323	30,814
Capital assets	--	100,000	100,000	--
Other financing uses	(921,154)	(858,182)	(858,184)	2
Total Auditor-Controller	<u>1,667,451</u>	<u>1,816,201</u>	<u>1,671,925</u>	<u>144,276</u>
Purchasing:				
Salaries and employee benefits	245,468	245,934	245,934	--
Services and supplies	43,795	36,771	36,767	4
Other financing uses	(144,564)	(123,896)	(123,897)	1
Total Purchasing	<u>144,699</u>	<u>158,809</u>	<u>158,804</u>	<u>5</u>
Treasurer-Tax Collector:				
Salaries and employee benefits	1,433,498	1,415,652	1,397,693	17,959
Services and supplies	1,019,459	1,076,011	957,720	118,291
Other charges	--	2,800	--	2,800
Capital assets	55,000	64,000	62,413	1,587
Other financing uses	21,235	27,889	27,888	1
Total Treasurer-Tax Collector	<u>2,529,192</u>	<u>2,586,352</u>	<u>2,445,714</u>	<u>140,638</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government (continued):</b>				
Assessor:				
Salaries and employee benefits	\$ 2,903,561	\$ 2,911,467	\$ 2,855,833	\$ 55,634
Services and supplies	496,040	514,985	431,765	83,220
Other charges	2,400	7,549	7,548	1
Capital assets	--	15,000	14,447	553
Other financing uses	51,838	51,838	44,880	6,958
Total Assessor	<u>3,453,839</u>	<u>3,500,839</u>	<u>3,354,473</u>	<u>146,366</u>
Human Resources:				
Salaries and employee benefits	1,004,263	979,908	915,688	64,220
Services and supplies	285,309	302,358	270,393	31,965
Other financing uses	(715,508)	(708,202)	(709,233)	1,031
Total Human Resources	<u>574,064</u>	<u>574,064</u>	<u>476,848</u>	<u>97,216</u>
County Counsel:				
Salaries and employee benefits	1,188,989	1,186,064	1,186,063	1
Services and supplies	804,388	813,268	847,872	(34,604)
Other financing uses	(1,424,659)	(1,419,614)	(1,540,079)	120,465
Total County Counsel	<u>568,718</u>	<u>579,718</u>	<u>493,856</u>	<u>85,862</u>
Elections:				
Salaries and employee benefits	608,461	665,640	659,843	5,797
Services and supplies	549,818	819,182	807,987	11,195
Other charges	--	228	228	--
Capital assets	--	2,778,968	1,328,609	1,450,359
Other financing uses	52,183	52,183	47,200	4,983
Total Elections	<u>1,210,462</u>	<u>4,316,201</u>	<u>2,843,867</u>	<u>1,472,334</u>
Public Works General Services:				
Services and supplies	8,544	7,677	55,897	(48,220)
Other charges	102,443	105,437	105,437	--
Other financing uses	481	367	367	--
Total Public Works General Services	<u>111,468</u>	<u>113,481</u>	<u>161,701</u>	<u>(48,220)</u>
SPCL Grant Requirement:				
Services and supplies	19,037	22,668	22,666	2
Other financing uses	158	62	62	--
Total SPCL Grant Requirement	<u>19,195</u>	<u>22,730</u>	<u>22,728</u>	<u>2</u>
Tax and Revenue Anticipation Notes:				
Other financing uses	235,000	712,633	712,633	--
Total Tax and Revenue Anticipation Notes	<u>235,000</u>	<u>712,633</u>	<u>712,633</u>	<u>--</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government (continued):</b>				
Retired Employee Benefits:				
Salaries and employee benefits	\$ 100,000	\$ 100,000	\$ 82,894	\$ 17,106
Total Retired Employee Benefits	<u>100,000</u>	<u>100,000</u>	<u>82,894</u>	<u>17,106</u>
Unallocated A-87:				
Services and supplies	368,436	368,436	305,813	62,623
Other financing uses	82,857	82,857	58,751	24,106
Total Unallocated A-87	<u>451,293</u>	<u>451,293</u>	<u>364,564</u>	<u>86,729</u>
Energy Retro Capital Lease:				
Other charges	354,013	354,013	354,012	1
Total Energy Retro Capital Lease	<u>354,013</u>	<u>354,013</u>	<u>354,012</u>	<u>1</u>
General Revenue and Transfers:				
Other financing uses	17,567,749	21,356,064	18,534,804	2,821,260
Total General Revenue and Transfers	<u>17,567,749</u>	<u>21,356,064</u>	<u>18,534,804</u>	<u>2,821,260</u>
 Total General Government	 <u>33,275,590</u>	 <u>41,215,188</u>	 <u>35,984,471</u>	 <u>5,230,717</u>
<b>Public Protection:</b>				
Emergency Services:				
Salaries and employee benefits	112,365	132,927	126,629	6,298
Services and supplies	29,515	243,926	260,218	(16,292)
Other charges	2,000	296,348	294,753	1,595
Capital assets	--	228,312	75,667	152,645
Other financing uses	53,456	53,456	36,290	17,166
Total Emergency Services	<u>197,336</u>	<u>954,969</u>	<u>793,557</u>	<u>161,412</u>
Grand Jury:				
Services and supplies	55,147	74,579	74,576	3
Other financing uses	13,280	33,199	33,199	--
Total Grand Jury	<u>68,427</u>	<u>107,778</u>	<u>107,775</u>	<u>3</u>
New Court Capital Lease:				
Services and supplies	4,500	4,500	1,639	2,861
Other charges	429,323	429,323	424,323	5,000
Total New Court Capital Lease	<u>433,823</u>	<u>433,823</u>	<u>425,962</u>	<u>7,861</u>
County Share Trial Courts:				
Services and supplies	570,655	585,153	576,186	8,967
Other charges	1,823,242	1,799,583	1,382,168	417,415
Other financing uses	7,985	17,146	17,145	1
Total County Share Trial Courts	<u>2,401,882</u>	<u>2,401,882</u>	<u>1,975,499</u>	<u>426,383</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Protection (continued):</b>				
District Attorney - Criminal:				
Salaries and employee benefits	\$ 6,713,099	\$ 7,033,047	\$ 7,030,490	\$ 2,557
Services and supplies	930,574	1,117,430	1,097,666	19,764
Other charges	29,700	31,908	31,908	--
Capital assets	25,118	176,786	172,915	3,871
Other financing uses	(179,052)	(148,921)	(170,954)	22,033
Total District Attorney - Criminal	<u>7,519,439</u>	<u>8,210,250</u>	<u>8,162,025</u>	<u>48,225</u>
District Attorney - Child Abduction Unit:				
Salaries and employee benefits	190,601	196,027	191,792	4,235
Services and supplies	20,401	19,900	14,320	5,580
Other charges	300	7,304	7,304	--
Other financing uses	41,209	29,280	25,903	3,377
Total District Attorney - Child Abduction Unit	<u>252,511</u>	<u>252,511</u>	<u>239,319</u>	<u>13,192</u>
District Attorney - Welfare Fraud Investigation:				
Salaries and employee benefits	914,507	1,114,345	1,114,343	2
Services and supplies	121,983	107,501	107,497	4
Other charges	6,823	18,962	18,961	1
Other financing uses	155,822	142,511	142,507	4
Total District Attorney - Welfare Fraud Investigation	<u>1,199,135</u>	<u>1,383,319</u>	<u>1,383,308</u>	<u>11</u>
District Attorney - IHSS Fraud:				
Salaries and employee benefits	--	124,337	114,880	9,457
Services and supplies	--	663	663	--
Total District Attorney - IHSS Fraud	<u>--</u>	<u>125,000</u>	<u>115,543</u>	<u>9,457</u>
Public Defender:				
Salaries and employee benefits				
Services and supplies	2,204,500	2,201,185	2,187,744	13,441
Other financing uses	(17,039)	(13,724)	(14,632)	908
Total Public Defender	<u>2,187,461</u>	<u>2,187,461</u>	<u>2,173,112</u>	<u>14,349</u>
Sheriff - Coroner Administration:				
Salaries and employee benefits	4,222,245	4,538,375	4,397,442	140,933
Services and supplies	687,407	698,792	669,594	29,198
Other charges	12,000	34,606	34,606	--
Capital assets	--	78,922	76,892	2,030
Other financing uses	204,787	204,787	203,253	1,534
Total Sheriff - Coroner Administration	<u>5,126,439</u>	<u>5,555,482</u>	<u>5,381,787</u>	<u>173,695</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Protection (continued):</b>				
Sheriff - Coroner Operation:				
Salaries and employee benefits	\$ 6,252,852	\$ 6,356,029	\$ 6,356,027	\$ 2
Services and supplies	1,538,728	1,641,410	1,646,426	(5,016)
Other charges	184,877	313,270	313,270	--
Capital assets	--	5,066	5,065	1
Other financing uses	125,920	82,352	82,352	--
Total Sheriff - Coroner Operation	<u>8,102,377</u>	<u>8,398,127</u>	<u>8,403,140</u>	<u>(5,013)</u>
Sheriff - Coroner Incarc.:				
Salaries and employee benefits	7,788,309	7,964,797	7,964,795	2
Services and supplies	5,100,473	5,217,355	5,018,966	198,389
Other charges	10,000	19,055	19,055	--
Other financing uses	180,043	180,043	154,751	25,292
Total Sheriff - Coroner Incarc.	<u>13,078,825</u>	<u>13,381,250</u>	<u>13,157,567</u>	<u>223,683</u>
Sheriff - MIOCR Grant				
Services and supplies	--	--	561	(561)
Other financing uses	--	--	47,361	(47,361)
Total Sheriff - MIOCR Grant	<u>--</u>	<u>--</u>	<u>47,922</u>	<u>(47,922)</u>
Sheriff - Rural County Supplement:				
Salaries and employee benefits	--	541,810	127,681	414,129
Services and supplies	--	137,848	73,203	64,645
Capital assets	215,000	244,172	242,069	2,103
Other financing uses	11,000	28,626	13,776	14,850
Total Sheriff - Rural County Supplement	<u>226,000</u>	<u>952,456</u>	<u>456,729</u>	<u>495,727</u>
Sheriff - Special Enforcement:				
Salaries and employee benefits	547,640	531,213	522,212	9,001
Services and supplies	307,225	281,630	232,264	49,366
Other charges	10,000	17,668	17,667	1
Capital assets	--	77,953	77,952	1
Other financing uses	115,916	133,791	123,676	10,115
Total Sheriff - Special Enforcement	<u>980,781</u>	<u>1,042,255</u>	<u>973,771</u>	<u>68,484</u>
Sheriff - Narcotics Task Force:				
Salaries and employee benefits	93,054	168,806	159,649	9,157
Services and supplies	6,627	9,162	5,643	3,519
Other charges	3,000	4,769	4,769	--
Other financing uses	3,030	590	590	--
Total Sheriff - Narcotics Task Force	<u>105,711</u>	<u>183,327</u>	<u>170,651</u>	<u>12,676</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Protection (continued):</b>				
Jail - Consent Decree:				
Salaries and employee benefits	\$ 81,994	\$ 80,570	\$ 64,844	\$ 15,726
Services and supplies	85,498	85,703	79,372	6,331
Other financing uses	2,608	3,827	3,826	1
Total Jail - Consent Decree	<u>170,100</u>	<u>170,100</u>	<u>148,042</u>	<u>22,058</u>
Juvenile Hall General:				
Salaries and employee benefits	2,714,983	3,091,869	3,091,867	2
Services and supplies	1,027,801	1,102,620	1,102,615	5
Other charges	3,000	2,305	2,304	1
Other financing uses	60,793	63,652	63,652	--
Total Juvenile Hall General	<u>3,806,577</u>	<u>4,260,446</u>	<u>4,260,438</u>	<u>8</u>
Probation Victim Witness:				
Salaries and employee benefits	198,945	198,395	183,258	15,137
Services and supplies	34,633	34,635	27,564	7,071
Other financing uses	4,051	4,599	4,598	1
Total Probation Victim Witness	<u>237,629</u>	<u>237,629</u>	<u>215,420</u>	<u>22,209</u>
Probation General Services:				
Salaries and employee benefits	6,142,301	6,368,450	6,353,184	15,266
Services and supplies	1,709,840	1,709,568	1,657,672	51,896
Other charges	48,000	49,075	47,444	1,631
Other financing uses	(419,473)	(384,684)	(437,095)	52,411
Total Probation General Services	<u>7,480,668</u>	<u>7,742,409</u>	<u>7,621,205</u>	<u>121,204</u>
Probation BD/CON:				
Salaries and employee benefits	124,509	130,737	130,736	1
Services and supplies	107,056	100,828	35,672	65,156
Other financing uses	3,940	3,940	2,895	1,045
Total Probation BD/CON	<u>235,505</u>	<u>235,505</u>	<u>169,303</u>	<u>66,202</u>
Development Services:				
Salaries and employee benefits	3,180,327	3,166,125	2,783,063	383,062
Services and supplies	755,244	1,172,952	1,084,205	88,747
Other charges	16,000	26,925	26,925	--
Capital assets	--	357,500	354,062	3,438
Other financing uses	257,231	257,231	247,925	9,306
Total Development Services	<u>4,208,802</u>	<u>4,980,733</u>	<u>4,496,180</u>	<u>484,553</u>
Subdivision Inspection:				
Salaries and employee benefits	694,086	672,442	595,610	76,832
Services and supplies	80,795	81,311	40,786	40,525
Other charges	142,451	163,579	163,578	1
Other financing uses	13,523	13,523	8,130	5,393
Total Subdivision Inspection	<u>930,855</u>	<u>930,855</u>	<u>808,104</u>	<u>122,751</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Protection (continued):</b>				
Agriculture General Services:				
Salaries and employee benefits	\$ 1,507,021	\$ 1,555,433	\$ 1,554,231	\$ 1,202
Services and supplies	260,891	305,472	278,526	26,946
Other charges	14,000	28,455	28,455	--
Other financing uses	24,949	25,644	25,644	--
Total Agriculture General Services	<u>1,806,861</u>	<u>1,915,004</u>	<u>1,886,856</u>	<u>28,148</u>
Recorder:				
Salaries and employee benefits	981,710	969,476	889,439	80,037
Services and supplies	408,644	413,109	338,009	75,100
Other charges	--	105	105	--
Capital assets	50,000	50,000	44,115	5,885
Other financing uses	28,425	36,089	36,088	1
Total Recorder	<u>1,468,779</u>	<u>1,468,779</u>	<u>1,307,756</u>	<u>161,023</u>
Planning Comm. Loc. Ag. Formation:				
Other charges	<u>176,998</u>	<u>177,298</u>	<u>177,298</u>	<u>--</u>
Total Planning Comm. Loc. Ag. Formation	<u>176,998</u>	<u>177,298</u>	<u>177,298</u>	<u>--</u>
Animal Control:				
Salaries and employee benefits	437,360	418,395	380,544	37,851
Services and supplies	380,301	392,138	374,796	17,342
Other charges	5,500	14,920	14,919	1
Capital assets	--	15,311	15,311	--
Other financing uses	23,314	25,522	15,522	10,000
Total Animal Control	<u>846,475</u>	<u>866,286</u>	<u>801,092</u>	<u>65,194</u>
Total Public Protection	<u>63,023,396</u>	<u>67,602,478</u>	<u>65,402,632</u>	<u>2,199,846</u>
<b>Health and Sanitation:</b>				
Public Health General Services:				
Salaries and employee benefits	9,893,632	9,722,153	9,101,219	620,934
Services and supplies	3,604,557	3,646,929	2,774,359	872,570
Other charges	127,000	127,000	8,927	118,073
Capital assets	232,391	453,351	78,030	375,321
Other financing uses	(33,482)	137,109	137,109	--
Total Public Health General Services	<u>13,824,098</u>	<u>14,086,542</u>	<u>12,099,644</u>	<u>1,986,898</u>
Public Health County Medical Services:				
Services and supplies	6,769,231	6,765,831	5,660,788	1,105,043
Other charges	261,000	444,400	376,327	68,073
Other financing uses	9,536	9,536	7,304	2,232
Total Public Health County Medical Services	<u>7,039,767</u>	<u>7,219,767</u>	<u>6,044,419</u>	<u>1,175,348</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Health and Sanitation (continued):</b>				
Public Health Environmental Health:				
Salaries and employee benefits	\$ 2,137,023	\$ 2,117,291	\$ 1,725,420	\$ 391,871
Services and supplies	253,936	263,033	231,368	31,665
Other charges	16,000	25,346	25,345	1
Other financing uses	87,879	89,168	63,494	25,674
Total Public Health Environmental Health	<u>2,494,838</u>	<u>2,494,838</u>	<u>2,045,627</u>	<u>449,211</u>
Mental Health General Services:				
Salaries and employee benefits	21,444,117	21,663,205	20,905,194	758,011
Services and supplies	10,731,150	13,373,841	10,158,877	3,214,964
Other charges	516,546	618,797	597,202	21,595
Capital assets	--	142,443	--	142,443
Other financing uses	1,067,146	1,022,146	901,787	120,359
Total Mental Health General Services	<u>33,758,959</u>	<u>36,820,432</u>	<u>32,563,060</u>	<u>4,257,372</u>
Mental Health Substance Abuse:				
Salaries and employee benefits	1,542,819	1,614,074	1,372,751	241,323
Services and supplies	1,082,204	1,218,396	461,375	757,021
Other charges	45,381	84,788	65,333	19,455
Other financing uses	204,734	191,719	159,462	32,257
Total Mental Health Substance Abuse	<u>2,875,138</u>	<u>3,108,977</u>	<u>2,058,921</u>	<u>1,050,056</u>
Behavioral Health Proposition 36:				
Salaries and employee benefits	533,218	541,298	541,295	3
Services and supplies	470,980	306,043	261,553	44,490
Other charges	750	750	290	460
Other financing uses	400,828	400,870	384,220	16,650
Total Behavioral Health Proposition 36	<u>1,405,776</u>	<u>1,248,961</u>	<u>1,187,358</u>	<u>61,603</u>
Total Health and Sanitation	<u>61,398,576</u>	<u>64,979,517</u>	<u>55,999,029</u>	<u>8,980,488</u>
<b>Public Assistance:</b>				
Children's' Trust Fund - AB2994:				
Services and supplies	30,000	30,000	30,000	--
Total Children's' Trust Fund - AB2994	<u>30,000</u>	<u>30,000</u>	<u>30,000</u>	<u>--</u>
Welfare Domestic Violence:				
Services and supplies	28,000	70,000	70,000	--
Total Welfare Domestic Violence	<u>28,000</u>	<u>70,000</u>	<u>70,000</u>	<u>--</u>
Institutional/ Correction:				
Other charges	253,995	253,955	207,360	46,595
Other financing uses	909	949	949	--
Total Institutional/ Correction	<u>254,904</u>	<u>254,904</u>	<u>208,309</u>	<u>46,595</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Assistance (continued):</b>				
Juvenile Court Wards:				
Other charges	\$ 1,848	\$ 1,848	\$ --	\$ 1,848
Other financing uses	2	2	2	--
Total Juvenile Court Wards	<u>1,850</u>	<u>1,850</u>	<u>2</u>	<u>1,848</u>
Veteran's Service Officer:				
Salaries and employee benefits	140,363	201,441	185,283	16,158
Services and supplies	35,035	35,957	25,995	9,962
Other financing uses	8,142	8,142	3,735	4,407
Total Veteran's Service Officer	<u>183,540</u>	<u>245,540</u>	<u>215,013</u>	<u>30,527</u>
 Total Public Assistance	 <u>498,294</u>	 <u>602,294</u>	 <u>523,324</u>	 <u>78,970</u>
<b>Education:</b>				
Farm, Home, and 4H Department:				
Salaries and employee benefits	123,070	140,005	140,003	2
Services and supplies	110,033	109,361	104,689	4,672
Other charges	6,000	5,539	3,647	1,892
Other financing uses	2,944	4,142	4,142	--
Total Farm, Home, and 4H Department	<u>242,047</u>	<u>259,047</u>	<u>252,481</u>	<u>6,566</u>
 Total Education	 <u>242,047</u>	 <u>259,047</u>	 <u>252,481</u>	 <u>6,566</u>
<b>Recreation and cultural services:</b>				
Butte Meadows Recreation Grant:				
Services and supplies	40,000	40,000	47,280	(7,280)
Other financing uses	7,301	7,301	389	6,912
Total Butte Meadows Recreation Grant	<u>47,301</u>	<u>47,301</u>	<u>47,669</u>	<u>(368)</u>
Veteran's Memorial Halls:				
Services and supplies	274,015	288,162	283,522	4,640
Other financing uses	28,112	140,696	134,902	5,794
Total Veteran's Memorial Halls	<u>302,127</u>	<u>428,858</u>	<u>418,424</u>	<u>10,434</u>
 Total Recreation and Cultural Services	 <u>349,428</u>	 <u>476,159</u>	 <u>466,093</u>	 <u>10,066</u>
<b>Provisions for Contingencies:</b>				
Appropriation Contingencies	<u>10,443,610</u>	<u>3,251,851</u>	<u>--</u>	<u>3,251,851</u>
 <b>Total Charges to appropriations</b>	 <u>169,230,941</u>	 <u>178,386,534</u>	 <u>158,628,030</u>	 <u>19,758,504</u>
 Budgetary Fund balances, ending	 <u>\$ 28,782,423</u>	 <u>\$ 31,963,954</u>	 <u>\$ 46,766,492</u>	 <u>\$ 14,802,538</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

Budget Comparison Schedule - General Fund - Budgetary Basis (continued)  
For the Fiscal Year Ended June 30, 2006

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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	\$ 161,330,875
Differences - budget to USGAAP:	
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	(22,973)
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(827,154)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - general fund	<u>\$ 160,480,748</u>

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 158,628,030
Differences - budget to USGAAP:	
Encumbrances for services and supplies ordered but not received is reported in the fiscal year the order is placed for budgetary purposes, but in the fiscal year services are incurred or goods received for financial reporting purposes	(260,910)
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(18,534,804)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - general fund	<u>\$ 139,832,316</u>

# **COUNTY OF BUTTE**

## **Welfare Fund**

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

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Welfare Fund - Budgetary Basis  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 537,651	\$ 537,651	\$ 537,651	\$ --
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	--	--	(103,004)	(103,004)
Aid from other governments	126,017,480	127,188,459	123,340,595	(3,847,864)
Charges for services	574,369	575,382	475,321	(100,061)
Other	240,624	240,624	297,874	57,250
Interfund transfers	2,145,386	1,975,386	--	(1,975,386)
Amounts available for appropriation	128,977,859	129,979,851	124,010,786	(5,969,065)
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Protection:</b>				
Welfare - Public Guardian:				
Salaries and employee benefits	372,015	372,015	338,901	33,114
Services and supplies	283	1,083	648	435
Other charges	60,000	59,200	49,988	9,212
Other financing uses	323,204	323,204	323,204	--
Total Welfare - Public Guardian	755,502	755,502	712,741	42,761
Total Public Protection	755,502	755,502	712,741	42,761
<b>Public Assistance:</b>				
Welfare Administration:				
Salaries and employee benefits	11,428,642	11,341,553	11,129,571	211,982
Services and supplies	4,691,412	4,764,828	4,453,608	311,220
Other charges	1,411,337	1,411,337	1,043,801	367,536
Capital assets	66,000	79,673	79,673	--
Other financing uses	(17,597,391)	(17,597,391)	(17,597,391)	--
Total Welfare Administration	--	--	(890,738)	890,738
Welfare - Eligibility:				
Salaries and employee benefits	9,906,193	9,890,091	9,312,522	577,569
Services and supplies	74,937	74,937	46,401	28,536
Other charges	290,092	363,842	355,965	7,877
Other financing uses	3,322,750	3,322,750	3,322,750	--
Total Welfare - Eligibility	13,593,972	13,651,620	13,037,638	613,982
Welfare Protective Services:				
Salaries and employee benefits	7,826,432	8,163,703	8,163,701	2
Services and supplies	2,175,255	1,895,833	1,896,853	(1,020)
Other charges	857,500	1,266,523	1,266,523	--
Other financing uses	5,932,256	5,932,256	5,932,256	--
Total Welfare Protective Services	16,791,443	17,258,315	17,259,333	(1,018)

(continued)

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Welfare Fund - Budgetary Basis (continued)  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Assistance (continued):</b>				
Welfare CALWORKS Program:				
Salaries and employee benefits	\$ 3,988,003	\$ 4,005,630	\$ 3,979,512	\$ 26,118
Services and supplies	3,011,095	3,257,717	2,840,917	416,800
Other charges	1,864,871	2,187,659	2,187,658	1
Other financing uses	8,019,181	8,019,181	8,019,181	--
Total Welfare CALWORKS Program	<u>16,883,150</u>	<u>17,470,187</u>	<u>17,027,268</u>	<u>442,919</u>
Welfare Aids:				
Other charges	79,253,792	79,253,792	75,667,090	3,586,702
Total Welfare Aids	<u>79,253,792</u>	<u>79,253,792</u>	<u>75,667,090</u>	<u>3,586,702</u>
Welfare Sed-Foster Care:				
Other charges	700,000	700,000	538,315	161,685
Total Welfare Sed-Foster Care	<u>700,000</u>	<u>700,000</u>	<u>538,315</u>	<u>161,685</u>
Welfare General Relief:				
Services and supplies	69,600	69,600	4,091	65,509
Other charges	930,400	760,400	585,570	174,830
Total Welfare General Relief	<u>1,000,000</u>	<u>830,000</u>	<u>589,661</u>	<u>240,339</u>
Total Public Assistance	<u>128,222,357</u>	<u>129,163,914</u>	<u>123,228,567</u>	<u>5,935,347</u>
<b>Total Charges to appropriations</b>	<u>128,977,859</u>	<u>129,919,416</u>	<u>123,941,308</u>	<u>5,978,108</u>
Budgetary Fund balances, ending	<u>\$ 537,651</u>	<u>\$ 598,086</u>	<u>\$ 607,129</u>	<u>\$ 9,043</u>

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

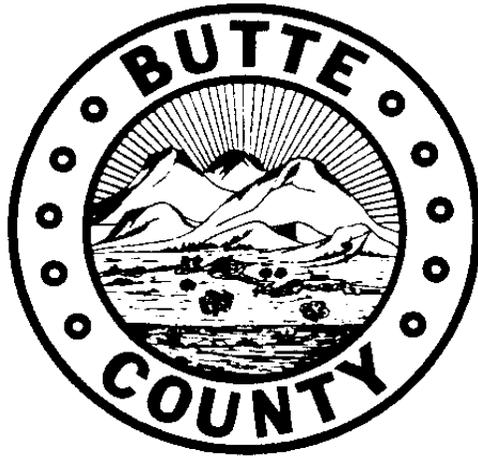
**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations"  
from the budgetary comparison schedule \$ 123,941,308

Differences - budget to USGAAP:

Encumbrances for services and supplies ordered but not received is reported  
in the fiscal year the order is placed for budgetary purposes, but in the  
fiscal year services are incurred or goods received for financial reporting purposes (517,818)

Total expenditures as reported on the statement of revenues, expenditures, and  
changes in fund balance - welfare fund \$ 123,423,490



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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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 9,759,758	\$ 9,759,758	\$ 9,759,758	\$ --
<b>RESOURCES (inflows):</b>				
Licenses and permits	62,000	62,000	74,640	12,640
Revenues from uses of money and property	130,000	130,000	11,537	(118,463)
Aid from other governments	10,436,000	12,011,000	11,002,709	(1,008,291)
Charges for services	2,331,000	2,730,441	2,133,617	(596,824)
Other	23,600	248,475	426,136	177,661
Other financing sources	12,000	12,000	--	(12,000)
Amounts available for appropriation	<u>12,994,600</u>	<u>15,181,916</u>	<u>13,648,639</u>	<u>(1,533,277)</u>
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Ways and Facilities:</b>				
Road Operations:				
Salaries and employee benefits	7,072,189	6,895,621	6,743,718	151,903
Services and supplies	5,610,036	7,782,715	4,973,103	2,809,612
Other charges	766,984	846,984	585,446	261,538
Capital assets	416,073	734,600	703,115	31,485
Total Road Operations	<u>13,865,282</u>	<u>16,259,920</u>	<u>13,005,382</u>	<u>3,254,538</u>
Total Public Assistance	<u>13,865,282</u>	<u>16,259,920</u>	<u>13,005,382</u>	<u>3,254,538</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>14,865,282</u>	<u>17,259,920</u>	<u>13,005,382</u>	<u>4,254,538</u>
Budgetary Fund balances, ending	<u>\$ 7,889,076</u>	<u>\$ 7,681,754</u>	<u>\$ 10,403,015</u>	<u>\$ 2,721,261</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

\$ 13,005,382

Differences - budget to USGAAP:

Encumbrances for services and supplies ordered but not received is reported  
in the fiscal year the order is placed for budgetary purposes, but in the fiscal  
year services are incurred or goods received for financial reporting purposes

(552,339)

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

\$ 12,453,043

# COUNTY OF BUTTE, CALIFORNIA

## Note to Required Supplementary Information For the Fiscal Year Ended June 30, 2006

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### **BUDGETARY BASIS OF ACCOUNTING**

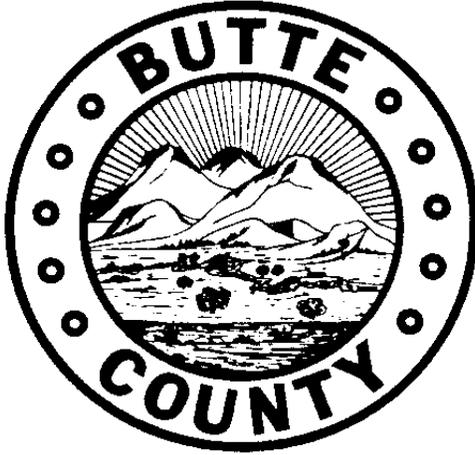
In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through 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 Manager'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 Manager is authorized to approve transfers and revision of appropriations under \$50,000 within a single budget unit as deemed necessary and appropriate. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

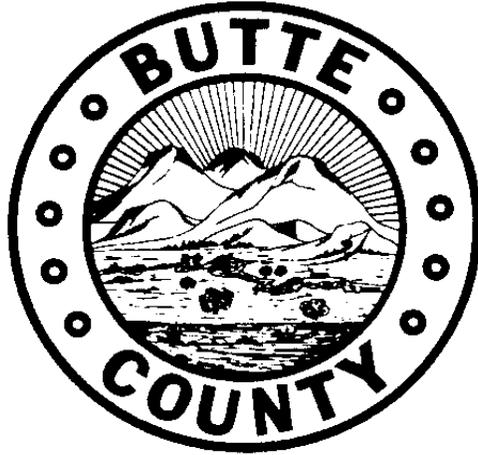
The County uses an encumbrances system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure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

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

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



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**Combining Nonmajor  
Governmental Funds Statements**



# COUNTY OF BUTTE

## Nonmajor Governmental Funds

### CAPITAL PROJECTS FUND

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

### SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

# COUNTY OF BUTTE

## Nonmajor Governmental Funds (Continued)

### SPECIAL REVENUE FUNDS (Continued)

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

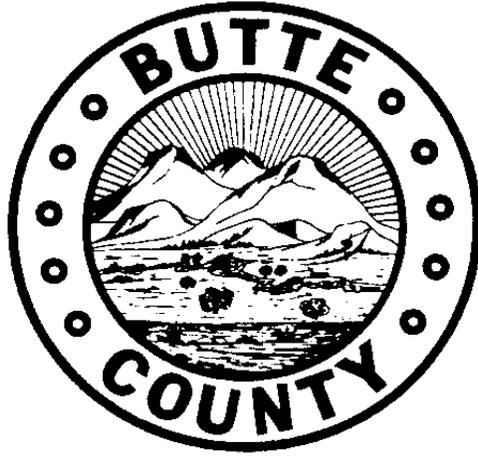
The *County Service Areas Fund* accounts for special district funds that provide sewer, drainage, fire, and street lighting and maintenance to specific areas in the County and are financed by property taxes and user charges.

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

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

### DEBT SERVICE FUND

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



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**COUNTY OF BUTTE, CALIFORNIA**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2006

	Capital Projects Fund	Special Revenue Funds				
		Equipment Replacement	Equipment	State COPS	Water Resources	Fire Protection
<b>ASSETS</b>						
Cash and investments	\$ 217,575	\$ 2,145,084	\$ 1,040,221	\$ 581,556	\$ --	\$ 780,154
Cash with fiscal agent	--	427,289	--	--	--	--
Imprest cash	--	--	--	--	--	--
Due from other funds	11,288	219,631	257,106	6,125	241,796	1,609,503
Accounts receivable	--	--	--	--	--	234
Due from other governments	--	--	--	--	30,968	--
Deposits with others	--	--	--	--	--	--
Loans receivable	--	--	--	--	--	--
Total assets	<u>\$ 228,863</u>	<u>\$ 2,792,004</u>	<u>\$ 1,297,327</u>	<u>\$ 587,681</u>	<u>\$ 272,764</u>	<u>\$ 2,389,891</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Due to other funds	\$ 498	\$ --	\$ 22,275	\$ 250,892	\$ 5,483	\$ 23,665
Accounts payable	--	79	63,448	1,051	32,869	761,318
Accrued payroll	--	--	--	--	14,055	788
Deposits payable	3,392	--	--	--	--	--
Total liabilities	<u>3,890</u>	<u>79</u>	<u>85,723</u>	<u>251,943</u>	<u>52,407</u>	<u>785,771</u>
Fund balances:						
Reserved for:						
Encumbrances	95,411	--	168,814	3,998	220,357	564,925
Imprest cash	--	--	--	--	--	--
Deposits with others	--	--	--	--	--	--
Notes receivable	--	--	--	--	--	--
General restrictions	--	--	--	--	--	154,340
Debt service funds	--	427,289	--	--	--	--
Unreserved:						
Designated	--	--	--	--	--	907,479
Undesignated, reported in:						
Special revenue funds	--	2,364,636	1,042,790	331,740	--	(22,624)
Capital project funds	129,562	--	--	--	--	--
Total fund balances	<u>224,973</u>	<u>2,791,925</u>	<u>1,211,604</u>	<u>335,738</u>	<u>220,357</u>	<u>1,604,120</u>
Total liabilities and fund balances	<u>\$ 228,863</u>	<u>\$ 2,792,004</u>	<u>\$ 1,297,327</u>	<u>\$ 587,681</u>	<u>\$ 272,764</u>	<u>\$ 2,389,891</u>

continued

**COUNTY OF BUTTE, CALIFORNIA**

Combining Balance Sheet (continued)  
 Nonmajor Governmental Funds  
 June 30, 2006

	Special Revenue Funds				
	Library	Transit	Housing and Community Development	Fish and Game	Child Support Services
<b>ASSETS</b>					
Cash and investments	\$ 111,002	\$ 367,465	\$ 894,489	\$ 200,201	\$ 1,032,063
Cash with fiscal agent	--	--	--	--	--
Imprest cash	115	--	--	--	1,000
Due from other funds	133,981	72,104	18,580	3,400	60,687
Accounts receivable	--	--	--	--	--
Due from other governments	--	--	--	--	--
Deposits with others	297	--	--	--	--
Loans receivable	--	--	2,074,395	--	--
Total assets	<u>\$ 245,395</u>	<u>\$ 439,569</u>	<u>\$ 2,987,464</u>	<u>\$ 203,601</u>	<u>\$ 1,093,750</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	\$ 8,859	\$ 3,934	\$ 271	\$ 3	\$ 8,949
Accounts payable	24,098	--	137,345	350	87
Accrued payroll	67,182	--	--	--	201,555
Deposits payable	--	--	--	--	--
Total liabilities	<u>100,139</u>	<u>3,934</u>	<u>137,616</u>	<u>353</u>	<u>210,591</u>
Fund balances:					
Reserved for:					
Encumbrances	28,684	--	18,985	25,020	1,200
Imprest cash	115	--	--	--	1,000
Deposits with others	297	--	--	--	--
Notes receivable	--	--	2,074,395	--	--
General restrictions	--	--	--	412	--
Debt service funds	--	--	--	--	--
Unreserved:					
Designated	--	--	--	127,128	29,464
Undesignated, reported in:					
Special revenue funds	116,160	435,635	756,468	50,688	851,495
Capital project funds	--	--	--	--	--
Total fund balances	<u>145,256</u>	<u>435,635</u>	<u>2,849,848</u>	<u>203,248</u>	<u>883,159</u>
Total liabilities and fund balances	<u>\$ 245,395</u>	<u>\$ 439,569</u>	<u>\$ 2,987,464</u>	<u>\$ 203,601</u>	<u>\$ 1,093,750</u>

continued

**COUNTY OF BUTTE, CALIFORNIA**

Combining Balance Sheet (continued)  
Nonmajor Governmental Funds  
June 30, 2006

	Special Revenue Funds				Total
	County Service Areas	IHSS Public Authority	Air Quality Management District	Debt Service Fund	
<b>ASSETS</b>					
Cash and investments	\$ 4,759,125	\$ 129,256	\$ 445,287	\$ 878,312	\$ 13,581,790
Cash with fiscal agent	--	--	--	6,370,895	6,798,184
Imprest cash	--	--	--	--	1,115
Due from other funds	61,105	21,774	--	8,395	2,725,475
Accounts receivable	--	--	--	--	234
Due from other governments	--	--	239,495	--	270,463
Deposits with others	--	--	--	--	297
Loans receivable	--	--	--	--	2,074,395
Total assets	<u>\$ 4,820,230</u>	<u>\$ 151,030</u>	<u>\$ 684,782</u>	<u>\$ 7,257,602</u>	<u>\$ 25,451,953</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Due to other funds	\$ 48,586	\$ 144,337	\$ --	\$ --	\$ 517,752
Accounts payable	411	--	49,892	--	1,070,948
Accrued payroll	--	9,816	25,687	--	319,083
Deposits payable	--	--	--	--	3,392
Total liabilities	<u>48,997</u>	<u>154,153</u>	<u>75,579</u>	<u>--</u>	<u>1,911,175</u>
Fund balances:					
Reserved for:					
Encumbrances	337,421	625	291,506	--	1,756,946
Imprest cash	--	--	--	--	1,115
Deposits with others	--	--	--	--	297
Notes receivable	--	--	--	--	2,074,395
General restrictions	--	--	--	--	154,752
Debt service funds	--	--	--	7,257,602	7,684,891
Unreserved:					
Designated	3,477,586	--	--	--	4,541,657
Undesignated, reported in:					
Special revenue funds	956,226	(3,748)	317,697	--	7,197,163
Capital project funds	--	--	--	--	129,562
Total fund balances	<u>4,771,233</u>	<u>(3,123)</u>	<u>609,203</u>	<u>7,257,602</u>	<u>23,540,778</u>
Total liabilities and fund balances	<u>\$ 4,820,230</u>	<u>\$ 151,030</u>	<u>\$ 684,782</u>	<u>\$ 7,257,602</u>	<u>\$ 25,451,953</u>

## COUNTY OF BUTTE, CALIFORNIA

### Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended June 30, 2006

	Capital Projects Fund	Special Revenue Funds				Fire Protection
		Equipment Replacement	Equipment	State COPS	Water Resources	
<b>REVENUES</b>						
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--	--	--
Fines, forfeits and penalties	2,250	--	--	--	--	--
Revenue from use of money and property	4,190	(33,345)	19,589	21,165	1,240	(119,693)
Aid from other governments	82,899	--	61,791	404,524	121,262	975,702
Charges for services	--	--	--	--	--	87,253
Other	1,145	--	--	--	80,352	302,496
Total revenues	<u>90,484</u>	<u>(33,345)</u>	<u>81,380</u>	<u>425,689</u>	<u>202,854</u>	<u>1,245,758</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,843,675	--	652,690	--	--	--
Public protection	86,412	2,480	--	250,081	615,336	14,578,224
Public ways and facilities	--	--	--	--	--	--
Health and sanitation	--	--	--	--	--	--
Public assistance	--	--	--	--	--	--
Education	--	--	--	--	--	--
Recreation and cultural services	--	--	--	--	--	--
Debt Service:						
Principal	176,207	290,000	--	--	--	--
Interest	277,049	14,800	--	--	--	--
Costs of issuance	19,300	--	--	--	--	--
Total expenditures	<u>2,402,643</u>	<u>307,280</u>	<u>652,690</u>	<u>250,081</u>	<u>615,336</u>	<u>14,578,224</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,312,159)</u>	<u>(340,625)</u>	<u>(571,310)</u>	<u>175,608</u>	<u>(412,482)</u>	<u>(13,332,466)</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	642,624	2,519,398	401,573	--	425,315	13,430,612
Transfers out	(148,603)	--	(1,965)	(711,150)	--	--
Issuance of long-term debt	1,254,300	--	--	--	--	--
Total other financing sources (uses)	<u>1,748,321</u>	<u>2,519,398</u>	<u>399,608</u>	<u>(711,150)</u>	<u>425,315</u>	<u>13,430,612</u>
Net change in fund balances	<u>(563,838)</u>	<u>2,178,773</u>	<u>(171,702)</u>	<u>(535,542)</u>	<u>12,833</u>	<u>98,146</u>
Fund balances, beginning	<u>788,811</u>	<u>613,152</u>	<u>1,383,306</u>	<u>871,280</u>	<u>207,524</u>	<u>1,505,974</u>
Fund balances - ending	<u>\$ 224,973</u>	<u>\$ 2,791,925</u>	<u>\$ 1,211,604</u>	<u>\$ 335,738</u>	<u>\$ 220,357</u>	<u>\$ 1,604,120</u>

continued

**COUNTY OF BUTTE, CALIFORNIA**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances (continued)  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2006

	Special Revenue Funds				
	Library	Transit	Housing and Community Development	Fish and Game	Child Support Services
<b>REVENUES</b>					
Taxes	\$ --	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--	--
Fines, forfeits and penalties	--	--	--	30,132	--
Revenue from use of money and property	(1,273)	13,005	7,427	(42,706)	33,641
Aid from other governments	423,681	1,161,670	215,315	--	8,856,590
Charges for services	123,461	--	--	--	16,684
Other	88,900	--	160,425	--	4,881
Total revenues	<u>634,769</u>	<u>1,174,675</u>	<u>383,167</u>	<u>(12,574)</u>	<u>8,911,796</u>
<b>EXPENDITURES</b>					
Current:					
General government	--	--	632,582	--	--
Public protection	--	--	--	25,406	--
Public ways and facilities	--	1,453,209	--	--	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	8,337,001
Education	2,566,936	--	--	--	--
Recreation and cultural services	--	--	--	--	--
Debt Service:					
Principal	--	--	--	--	--
Interest	--	--	--	--	--
Costs of issuance	--	--	--	--	--
Total expenditures	<u>2,566,936</u>	<u>1,453,209</u>	<u>632,582</u>	<u>25,406</u>	<u>8,337,001</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,932,167)</u>	<u>(278,534)</u>	<u>(249,415)</u>	<u>(37,980)</u>	<u>574,795</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,916,133	--	--	--	--
Transfers out	--	--	--	--	--
Issuance of long-term debt	--	--	--	--	--
Total other financing sources (uses)	<u>1,916,133</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	<u>(16,034)</u>	<u>(278,534)</u>	<u>(249,415)</u>	<u>(37,980)</u>	<u>574,795</u>
Fund balances, beginning	<u>161,290</u>	<u>714,169</u>	<u>3,099,263</u>	<u>241,228</u>	<u>308,364</u>
Fund balances - ending	<u>\$ 145,256</u>	<u>\$ 435,635</u>	<u>\$ 2,849,848</u>	<u>\$ 203,248</u>	<u>\$ 883,159</u>

continued

**COUNTY OF BUTTE, CALIFORNIA**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balances (continued)  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2006

	Special Revenue Funds				Total
	County Service Areas	IHSS Public Authority	Air Quality Management District	Debt Service Fund	
<b>REVENUES</b>					
Taxes	\$ 743,029	\$ --	\$ --	\$ --	\$ 743,029
Licenses and permits	--	--	332,942	--	332,942
Fines, forfeits and penalties	--	--	36,397	--	68,779
Revenue from use of money and property	56,531	(3,234)	1,716	296,532	254,785
Aid from other governments	199,741	289,645	1,117,183	--	13,910,003
Charges for services	396,884	--	--	--	624,282
Other	161,663	12,125	87,824	3,428,629	4,328,440
Total revenues	<u>1,557,848</u>	<u>298,536</u>	<u>1,576,062</u>	<u>3,725,161</u>	<u>20,262,260</u>
<b>EXPENDITURES</b>					
Current:					
General government	--	--	--	5,000	3,133,947
Public protection	--	--	--	--	15,557,939
Public ways and facilities	426,357	--	--	--	1,879,566
Health and sanitation	439,128	--	1,496,055	--	1,935,183
Public assistance	--	352,425	--	--	8,689,426
Education	--	--	--	--	2,566,936
Recreation and cultural services	81,471	--	--	--	81,471
Debt Service:					
Principal	73,253	--	--	4,229,300	4,768,760
Interest	43,742	--	--	3,041,674	3,377,265
Costs of issuance	--	--	--	--	19,300
Total expenditures	<u>1,063,951</u>	<u>352,425</u>	<u>1,496,055</u>	<u>7,275,974</u>	<u>42,009,793</u>
Excess (deficiency) of revenues over (under) expenditures	<u>493,897</u>	<u>(53,889)</u>	<u>80,007</u>	<u>(3,550,813)</u>	<u>(21,747,533)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	--	50,141	--	3,168,620	22,554,416
Transfers out	--	--	--	--	(861,718)
Issuance of long-term debt	--	--	--	--	1,254,300
Total other financing sources (uses)	<u>--</u>	<u>50,141</u>	<u>--</u>	<u>3,168,620</u>	<u>22,946,998</u>
Net change in fund balances	<u>493,897</u>	<u>(3,748)</u>	<u>80,007</u>	<u>(382,193)</u>	<u>1,199,465</u>
Fund balances, beginning	<u>4,277,336</u>	<u>625</u>	<u>529,196</u>	<u>7,639,795</u>	<u>22,341,313</u>
Fund balances - ending	<u>\$ 4,771,233</u>	<u>\$ (3,123)</u>	<u>\$ 609,203</u>	<u>\$ 7,257,602</u>	<u>\$ 23,540,778</u>

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
 Capital Projects Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 788,811	\$ 788,811	\$ 788,811	\$ --
<b>RESOURCES (inflows):</b>				
Fines, forfeitures, and penalties	--	2,250	2,250	--
Revenues from uses of money and property	--	--	10,500	10,500
Aid from other governments	--	70,163	82,899	12,736
Other financing sources	--	1,236,148	1,254,300	18,152
Interfund transfers	--	246,661	642,624	395,963
Amounts available for appropriation	--	1,555,222	1,992,573	437,351
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>General Government:</b>				
County I-net:				
Other charges	--	123	123	--
Total County I-net	--	123	123	--
2005 Solar Project:				
Services and supplies	--	6,970	--	6,970
Other charges	--	230	--	230
Total 2005 Solar Project	--	7,200	--	7,200
Chico Veterans Hall:				
Other charges	--	374	373	1
Capital assets	--	1,415,516	1,291,426	124,090
Total Chico Veterans Hall	--	1,415,890	1,291,799	124,091
Total General Government	--	1,423,213	1,291,922	131,291
<b>Public Protection:</b>				
New Juvenile Hall:				
Other charges	253	253	68	185
Capital assets	1,000	33,000	1,554	31,446
Total County I-net	1,253	33,253	1,622	31,631
Fire Station 42 Relocation:				
Other charges	1,205	4,317	4,317	--
Capital assets	166,725	53,234	54,009	(775)
Total Fire Station 42 Relocation	167,930	57,551	58,326	(775)

(continued)

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
 Capital Projects Fund (continued)  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Protection (continued):</b>				
Court House Expansion:				
Services and supplies	\$ --	\$ 314	\$ 313	\$ 1
Other charges	954	3,204	2,344	860
Capital assets	50,400	120,249	73,212	47,037
Total Court House Expansion	<u>51,354</u>	<u>123,767</u>	<u>75,869</u>	<u>47,898</u>
Total Public Protection	<u>220,537</u>	<u>214,571</u>	<u>135,817</u>	<u>78,754</u>
<b>Total Charges to appropriations</b>	<u>220,537</u>	<u>1,637,784</u>	<u>1,427,739</u>	<u>210,045</u>
Budgetary Fund balances, ending	<u>\$ 568,274</u>	<u>\$ 706,249</u>	<u>\$ 1,353,645</u>	<u>\$ 647,396</u>

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

**Sources/inflows of resources:**

Actual amounts (budgetary basis) "total resources"  
 from the budgetary comparison schedule \$ 1,992,573

Differences - budget to USGAAP:

Proceeds from sale of capital assets are inflows of budgetary resources  
 but are not revenues for financial reporting purposes (1,254,300)

Transfers from other funds are inflows of budgetary resources  
 but are not revenues for financial reporting purposes (642,624)

Total revenues as reported on the statement of revenues, expenditures, and  
 changes in fund balance - capital projects fund \$ 95,649

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations"  
 from the budgetary comparison schedule \$ 1,427,739

Differences - budget to USGAAP:

Encumbrances for services and supplies ordered but not received is reported  
 in the fiscal year the order is placed for budgetary purposes, but in the fiscal  
 year services are incurred or goods received for financial reporting purposes 974,904

Total expenditures as reported on the statement of revenues, expenditures, and  
 changes in fund balance - capital projects fund \$ 2,402,643

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
Equipment Replacement Special Revenue Fund  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 613,152	\$ 613,152	\$ 613,152	\$ --
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	--	--	(33,345)	(33,345)
Interfund transfers	200,000	2,519,398	2,519,398	--
Amounts available for appropriation	200,000	2,519,398	2,486,053	(33,345)
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Protection:</b>				
Sheriff Equipment Replacement:				
Other charges	1,140	1,140	76	1,064
Total Sheriff Equipment Replacement	1,140	1,140	76	1,064
Fire Equipment Replacement:				
Services and supplies	--	1,100	1,100	--
Other charges	309,719	308,619	306,024	2,595
Total Fire Equipment Replacement	309,719	309,719	307,124	2,595
Total Public Protection	310,859	310,859	307,200	3,659
<b>Total Charges to appropriations</b>	<b>310,859</b>	<b>310,859</b>	<b>307,200</b>	<b>3,659</b>
Budgetary Fund balances, ending	\$ 502,293	\$ 2,821,691	\$ 2,792,005	\$ (29,686)

*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 \$ 2,486,053

Differences - budget to USGAAP:  
Transfers from other funds are inflows of budgetary resources  
but are not revenues for financial reporting purposes (2,519,398)

Total revenues as reported on the statement of revenues, expenditures, and  
changes in fund balance - equipment replacement fund \$ (33,345)

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations"  
from the budgetary comparison schedule \$ 307,200

Differences - budget to USGAAP:  
Encumbrances for services and supplies ordered but not received is reported  
in the fiscal year the order is placed for budgetary purposes, but in the fiscal  
year services are incurred or goods received for financial reporting purposes 80

Total expenditures as reported on the statement of revenues, expenditures, and  
changes in fund balance - equipment replacement fund \$ 307,280

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
Equipment Special Revenue Fund  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 1,383,306	\$ 1,383,306	\$ 1,383,306	\$ --
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	--	--	19,589	19,589
Aid from other governments	--	--	61,791	61,791
Interfund transfers	80,438	80,438	401,573	321,135
Amounts available for appropriation	80,438	80,438	482,953	402,515
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>General Government:</b>				
ISF Equipment Replacement:				
Other charges	521,784	667,409	791,158	(123,749)
Total ISF Equipment Replacement	521,784	667,409	791,158	(123,749)
Total General Government	521,784	667,409	791,158	(123,749)
<b>Total Charges to appropriations</b>	521,784	667,409	791,158	(123,749)
Budgetary Fund balances, ending	\$ 941,960	\$ 796,335	\$ 1,075,101	\$ 278,766

*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

\$ 482,953

Differences - budget to USGAAP:

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

(401,573)

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

\$ 81,380

**Uses/outflows of resources:**

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

\$ 791,158

Differences - budget to USGAAP:

Encumbrances for services and supplies ordered but not received is reported  
in the fiscal year the order is placed for budgetary purposes, but in the fiscal  
year services are incurred or goods received for financial reporting purposes

(138,468)

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

\$ 652,690

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
State COPS Special Revenue Fund  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 871,280	\$ 871,280	\$ 871,280	\$ --
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	--	--	21,165	21,165
Aid from other governments	861,975	890,187	404,524	(485,663)
Amounts available for appropriation	861,975	890,187	425,689	(464,498)
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Protection:</b>				
District Attorney - State COPS:				
Services and supplies	30,446	81,499	58,254	23,245
Other charges	1,255	1,255	912	343
Total District Attorney - State COPS	31,701	82,754	59,166	23,588
Sheriff - State COPS - Enforcement:				
Services and supplies	42,000	42,000	26,218	15,782
Capital assets	111,972	93,972	92,518	1,454
Other financing uses		18,000	18,000	--
Total Sheriff - State COPS - Enforcement	153,972	153,972	136,736	17,236
Sheriff - State COPS - Jail:				
Services and supplies	37,000	37,000	35,196	1,804
Capital assets	25,000	25,000	--	25,000
Total Sheriff - State COPS - Jail	62,000	62,000	35,196	26,804
Juvenile Justice Plan:				
Other financing uses	614,302	644,302	587,301	57,001
Total Juvenile Justice Plan	614,302	644,302	587,301	57,001
Total Public Protection	861,975	943,028	818,399	124,629
<b>Total Charges to appropriations</b>	861,975	943,028	818,399	124,629
Budgetary Fund balances, ending	\$ 871,280	\$ 818,439	\$ 478,570	\$ (339,869)

*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

\$ 818,399

Differences - budget to USGAAP:

Encumbrances for services and supplies ordered but not received is reported  
in the fiscal year the order is placed for budgetary purposes, but in the fiscal  
year services are incurred or goods received for financial reporting purposes

142,832

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

(711,150)

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

\$ 250,081

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
Water Resources Special Revenue Fund  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 207,524	\$ 207,524	\$ 207,524	\$ --
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	--	--	1,240	1,240
Aid from other governments	129,748	566,568	121,262	(445,306)
Other	35,000	67,000	80,352	13,352
Interfund transfers	477,427	493,427	425,315	(68,112)
Amounts available for appropriation	<u>642,175</u>	<u>1,126,995</u>	<u>628,169</u>	<u>(498,826)</u>
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Protection:</b>				
Water Services:				
Salaries and employee benefits	438,433	589,476	405,268	184,208
Services and supplies	161,702	446,179	336,228	109,951
Other charges	42,040	42,040	32,615	9,425
Capital assets	--	49,300	45,274	4,026
Total Water Services	<u>642,175</u>	<u>1,126,995</u>	<u>819,385</u>	<u>307,610</u>
Total Public Protection	<u>642,175</u>	<u>1,126,995</u>	<u>819,385</u>	<u>307,610</u>
<b>Total Charges to appropriations</b>	<u>642,175</u>	<u>1,126,995</u>	<u>819,385</u>	<u>307,610</u>
Budgetary Fund balances, ending	<u>\$ 207,524</u>	<u>\$ 207,524</u>	<u>\$ 16,308</u>	<u>\$ (191,216)</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 \$ 628,169

Differences - budget to USGAAP:  
Transfers from other funds are inflows of budgetary resources  
but are not revenues for financial reporting purposes (425,315)

Total revenues as reported on the statement of revenues, expenditures, and  
changes in fund balance - water fund \$ 202,854

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations"  
from the budgetary comparison schedule \$ 819,385

Differences - budget to USGAAP:  
Encumbrances for services and supplies ordered but not received is reported  
in the fiscal year the order is placed for budgetary purposes, but in the fiscal  
year services are incurred or goods received for financial reporting purposes (204,049)

Total expenditures as reported on the statement of revenues, expenditures, and  
changes in fund balance - water fund \$ 615,336

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
 Fire Protection Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 1,505,974	\$ 1,505,974	\$ 1,505,974	\$ --
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	--	--	(119,693)	(119,693)
Aid from other governments	791,546	300,125	975,702	675,577
Charges for services	148,430	148,430	87,253	(61,177)
Other	114,906	399,192	302,496	(96,696)
Interfund transfers	12,813,191	13,148,647	13,430,612	281,965
Amounts available for appropriation	<u>13,868,073</u>	<u>13,996,394</u>	<u>14,676,370</u>	<u>679,976</u>
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Protection:</b>				
Fire Protection - Regular Service:				
Services and supplies	13,378,968	13,047,799	12,852,317	195,482
Other charges	(302,981)	91,561	91,561	--
Capital assets	--	268,794	268,793	1
Total Fire Protection - Regular Service	<u>13,075,987</u>	<u>13,408,154</u>	<u>13,212,671</u>	<u>195,483</u>
Fire Protection - Voluntary Program:				
Salaries and employee benefits	54,235	55,761	61,364	(5,603)
Services and supplies	496,099	494,078	483,109	10,969
Other charges	15,798	19,149	19,148	1
Capital assets	--	269,069	268,623	446
Total Fire Protection - Voluntary Program	<u>566,132</u>	<u>838,057</u>	<u>832,244</u>	<u>5,813</u>
Fire Protection - Ancillary Services:				
Services and supplies	179,064	204,716	229,503	(24,787)
Capital assets	--	37,437	36,526	911
Total Fire Protection - Ancillary Services	<u>179,064</u>	<u>242,153</u>	<u>266,029</u>	<u>(23,876)</u>
Power Line Inspection Program:				
Services and supplies	46,530	46,530	4,178	42,352
Other charges	360	360	40	320
Total Power Line Inspection Program	<u>46,890</u>	<u>46,890</u>	<u>4,218</u>	<u>42,672</u>
Total Public Protection	<u>13,868,073</u>	<u>14,535,254</u>	<u>14,315,162</u>	<u>220,092</u>
<b>Total Charges to appropriations</b>	<u>13,868,073</u>	<u>14,535,254</u>	<u>14,315,162</u>	<u>220,092</u>
Budgetary Fund balances, ending	\$ <u>1,505,974</u>	\$ <u>967,114</u>	\$ <u>1,867,182</u>	\$ <u>900,068</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
Fire Protection Special Revenue Fund (continued)  
For the Fiscal Year Ended June 30, 2006

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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 \$ 14,676,370

Differences - budget to USGAAP:  
Transfers from other funds are inflows of budgetary resources  
but are not revenues for financial reporting purposes (13,430,612)

Total revenues as reported on the statement of revenues, expenditures, and  
changes in fund balance - fire fund \$ 1,245,758

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations"  
from the budgetary comparison schedule \$ 14,315,162

Differences - budget to USGAAP:  
Encumbrances for services and supplies ordered but not received is reported  
in the fiscal year the order is placed for budgetary purposes, but in the fiscal  
year services are incurred or goods received for financial reporting purposes 263,062

Total expenditures as reported on the statement of revenues, expenditures, and  
changes in fund balance - fire fund \$ 14,578,224

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
 Library Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 161,290	\$ 161,290	\$ 161,290	\$ --
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	--	--	(1,273)	(1,273)
Aid from other governments	279,000	375,499	423,681	48,182
Charges for services	124,000	124,000	123,461	(539)
Other	--	130,207	88,900	(41,307)
Interfund transfers	1,858,059	1,966,459	1,916,133	(50,326)
Amounts available for appropriation	<u>2,261,059</u>	<u>2,596,165</u>	<u>2,550,902</u>	<u>(45,263)</u>
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>Education:</b>				
Libraries - Literacy Grant:				
Salaries and employee benefits	178,435	209,712	208,158	1,554
Services and supplies	17,533	66,705	65,083	1,622
Other charges	9,392	9,392	8,902	490
Total Libraries - Literacy Grant	<u>205,360</u>	<u>285,809</u>	<u>282,143</u>	<u>3,666</u>
Libraries				
Salaries and employee benefits	1,490,096	1,622,935	1,605,065	17,870
Services and supplies	515,987	639,306	637,923	1,383
Other charges	49,616	48,115	46,152	1,963
Total Libraries	<u>2,055,699</u>	<u>2,310,356</u>	<u>2,289,140</u>	<u>21,216</u>
Total Education	<u>2,261,059</u>	<u>2,596,165</u>	<u>2,571,283</u>	<u>24,882</u>
<b>Total Charges to appropriations</b>	<u>2,261,059</u>	<u>2,596,165</u>	<u>2,571,283</u>	<u>24,882</u>
Budgetary Fund balances, ending	\$ 161,290	\$ 161,290	\$ 140,909	\$ (20,381)

*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 \$ 2,550,902

Differences - budget to USGAAP:  
 Transfers from other funds are inflows of budgetary resources  
 but are not revenues for financial reporting purposes (1,916,133)

Total revenues as reported on the statement of revenues, expenditures, and  
 changes in fund balance - library fund \$ 634,769

**Uses/outflows of resources:**

Actual amounts (budgetary basis) "total charges to appropriations"  
 from the budgetary comparison schedule \$ 2,571,283

Differences - budget to USGAAP:  
 Encumbrances for services and supplies ordered but not received is reported  
 in the fiscal year the order is placed for budgetary purposes, but in the fiscal  
 year services are incurred or goods received for financial reporting purposes (4,347)

Total expenditures as reported on the statement of revenues, expenditures, and  
 changes in fund balance - library fund \$ 2,566,936

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis

Transit Special Revenue Fund

For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 714,169	\$ 714,169	\$ 714,169	\$ --
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	--	--	13,005	13,005
Aid from other governments	1,223,420	1,223,420	1,161,670	(61,750)
Amounts available for appropriation	1,223,420	1,223,420	1,174,675	(48,745)
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Ways and Facilities:</b>				
Transit - System Operations				
Other charges	1,223,420	1,524,355	1,453,209	71,146
Total Transit - System Operations	1,223,420	1,524,355	1,453,209	71,146
Total Public Ways and Facilities	1,223,420	1,524,355	1,453,209	71,146
<b>Total Charges to appropriations</b>	1,223,420	1,524,355	1,453,209	71,146
Budgetary Fund balances, ending	\$ 714,169	\$ 413,234	\$ 435,635	\$ 22,401

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
Housing and Community Development Special Revenue Fund  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 3,099,263	\$ 3,099,263	\$ 3,099,263	\$ --
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	5,000	5,000	7,427	2,427
Aid from other governments	--	1,241,987	215,315	(1,026,672)
Other	137,100	137,678	160,425	22,747
Amounts available for appropriation	142,100	1,384,665	383,167	(1,001,498)
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>General Government:</b>				
Southside Community Center:				
Services and supplies	2,107	--	(19)	19
Total Southside Community Center	2,107	--	(19)	19
01-EDBG-1027:				
Services and supplies	--	392,375	69,323	323,052
Other charges	--	7,500	197	7,303
Total 01-EDBG-1027	--	399,875	69,520	330,355
97-STBG-1103:				
Other charges	--	1	1	--
Total 97-STBG-1103	--	1	1	--
04-PTAA-0303:				
Services and supplies	--	564,385	136,038	428,347
Other charges	--	22,000	1,471	20,529
Capital assets	--	51,309	51,308	1
Total 04-PTAA-0303	--	637,694	188,817	448,877
05-PTAA-1432:				
Services and supplies	--	109,825	--	109,825
Other charges	--	71,575	115	71,460
Total 05-PTAA-1432	--	181,400	115	181,285
04-EDBG-0632:				
Services and supplies	--	170,625	66,593	104,032
Other charges	--	4,500	583	3,917
Total 04-EDBG-0632	--	175,125	67,176	107,949

(continued)

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
Housing and Community Development Special Revenue Fund  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>General Government (continued):</b>				
02-EDBG-874:				
Services and supplies	\$ 265,000	\$ 265,000	\$ 41,960	\$ 223,040
Other charges	32,800	32,799	1,689	31,110
Total 02-EDBG-874	<u>297,800</u>	<u>297,799</u>	<u>43,649</u>	<u>254,150</u>
HCD - Revolving Loan:				
Services and supplies	162,405	265,733	237,933	27,800
Other charges	33,503	33,503	17,200	16,303
Total HCD - Revolving Loan	<u>195,908</u>	<u>299,236</u>	<u>255,133</u>	<u>44,103</u>
Total General Government	<u>495,815</u>	<u>1,991,130</u>	<u>624,392</u>	<u>1,366,738</u>
<b>Total Charges to appropriations</b>	<u>495,815</u>	<u>1,991,130</u>	<u>624,392</u>	<u>1,366,738</u>
Budgetary Fund balances, ending	<u>\$ 2,745,548</u>	<u>\$ 2,492,798</u>	<u>\$ 2,858,038</u>	<u>\$ 365,240</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 \$ 624,392

Differences - budget to USGAAP:

Encumbrances for services and supplies ordered but not received is reported  
in the fiscal year the order is placed for budgetary purposes, but in the fiscal  
year services are incurred or goods received for financial reporting purposes 8,190

Total expenditures as reported on the statement of revenues, expenditures, and  
changes in fund balance - housing and community development fund \$ 632,582

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
 Fish and Game Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 241,228	\$ 241,228	\$ 241,228	\$ --
<b>RESOURCES (inflows):</b>				
Fines, forfeitures, and penalties	27,901	27,901	30,132	2,231
Revenues from uses of money and property	4,500	4,500	(42,706)	(47,206)
Amounts available for appropriation	<u>32,401</u>	<u>32,401</u>	<u>(12,574)</u>	<u>(44,975)</u>
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Protection:</b>				
Fish and Game:				
Services and supplies	31,476	29,971	38,147	(8,176)
Other charges	925	2,430	2,430	--
Total Libraries - Fish and Game	<u>32,401</u>	<u>32,401</u>	<u>40,577</u>	<u>(8,176)</u>
Total Public Protection	<u>32,401</u>	<u>32,401</u>	<u>40,577</u>	<u>(8,176)</u>
<b>Total Charges to appropriations</b>	<u>32,401</u>	<u>32,401</u>	<u>40,577</u>	<u>(8,176)</u>
Budgetary Fund balances, ending	<u>\$ 241,228</u>	<u>\$ 241,228</u>	<u>\$ 188,077</u>	<u>\$ (53,151)</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

\$ 40,577

Differences - budget to USGAAP:

Encumbrances for services and supplies ordered but not received is reported  
 in the fiscal year the order is placed for budgetary purposes, but in the fiscal  
 year services are incurred or goods received for financial reporting purposes

(15,171)

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

\$ 25,406

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
 Child Support Services Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 308,364	\$ 308,364	\$ 308,364	\$ --
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	--	--	33,641	33,641
Aid from other governments	9,003,739	9,031,024	8,856,590	(174,434)
Charges for services	30,000	30,000	16,684	(13,316)
Other	55,000	55,000	4,881	(50,119)
Amounts available for appropriation	<u>9,088,739</u>	<u>9,116,024</u>	<u>8,911,796</u>	<u>(204,228)</u>
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Assistance:</b>				
Fish and Game:				
Salaries and employee benefits	7,516,858	7,516,858	7,126,955	389,903
Services and supplies	1,161,805	1,189,090	932,564	256,526
Other charges	410,076	410,076	278,682	131,394
Total Libraries - Fish and Game	<u>9,088,739</u>	<u>9,116,024</u>	<u>8,338,201</u>	<u>777,823</u>
Total Public Assistance	<u>9,088,739</u>	<u>9,116,024</u>	<u>8,338,201</u>	<u>777,823</u>
<b>Total Charges to appropriations</b>	<u>9,088,739</u>	<u>9,116,024</u>	<u>8,338,201</u>	<u>777,823</u>
Budgetary Fund balances, ending	<u>\$ 308,364</u>	<u>\$ 308,364</u>	<u>\$ 881,959</u>	<u>\$ 573,595</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

\$ 8,338,201

Differences - budget to USGAAP:

Encumbrances for services and supplies ordered but not received is reported  
 in the fiscal year the order is placed for budgetary purposes, but in the fiscal  
 year services are incurred or goods received for financial reporting purposes

(1,200)

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

\$ 8,337,001

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
 County Service Areas Special Revenue Funds  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 4,277,336	\$ 4,277,336	\$ 4,277,336	\$ --
<b>RESOURCES (inflows):</b>				
Taxes	--	--	743,029	743,029
Revenues from uses of money and property	--	--	56,531	56,531
Aid from other governments	--	--	199,741	199,741
Charges for services	--	--	396,884	396,884
Other	--	--	161,663	161,663
Amounts available for appropriation	--	--	1,557,848	1,557,848
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
Public ways and facilities	792,357	871,652	426,357	445,295
Health and sanitation	767,617	1,225,412	556,123	669,289
Recreation and cultural services	133,643	241,356	81,471	159,885
<b>Total Charges to appropriations</b>	<b>1,693,617</b>	<b>2,338,420</b>	<b>1,063,951</b>	<b>1,274,469</b>
Budgetary Fund balances, ending	\$ 2,583,719	\$ 1,938,916	\$ 4,771,233	\$ 2,832,317

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
 IHSS Public Authority Special Revenue Fund  
 For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 625	\$ 625	\$ 625	\$ --
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	--	--	(3,234)	(3,234)
Aid from other governments	386,127	386,127	289,645	(96,482)
Other	--	--	12,125	12,125
Amounts available for appropriation	<u>386,127</u>	<u>386,127</u>	<u>298,536</u>	<u>(87,591)</u>
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>Public Assistance:</b>				
<b>IHSS Public Authority:</b>				
Salaries and employee benefits	305,305	305,305	280,236	25,069
Services and supplies	61,737	61,737	54,547	7,190
Other charges	19,085	19,085	18,267	818
Total IHSS Public Authority	<u>386,127</u>	<u>386,127</u>	<u>353,050</u>	<u>33,077</u>
Total Public Assistance	<u>386,127</u>	<u>386,127</u>	<u>353,050</u>	<u>33,077</u>
<b>Total Charges to appropriations</b>	<u>386,127</u>	<u>386,127</u>	<u>353,050</u>	<u>33,077</u>
Budgetary Fund balances, ending	<u><u>\$ --</u></u>	<u><u>\$ --</u></u>	<u><u>\$ (54,514)</u></u>	<u><u>\$ (54,514)</u></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

\$ 353,050

Differences - budget to USGAAP:

Encumbrances for services and supplies ordered but not received is reported  
 in the fiscal year the order is placed for budgetary purposes, but in the fiscal  
 year services are incurred or goods received for financial reporting purposes

(625)

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

\$ 352,425

**COUNTY OF BUTTE, CALIFORNIA**

Budget Comparison Schedule - Budgetary Basis  
Debt Service Fund  
For the Fiscal Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 7,639,795	\$ 7,639,795	\$ 7,639,795	\$ --
<b>RESOURCES (inflows):</b>				
Revenues from uses of money and property	--	322,004	296,532	(25,472)
Other	--	3,428,629	3,428,629	--
Interfund transfers	83,825	3,168,620	3,168,620	--
Amounts available for appropriation	<u>83,825</u>	<u>6,919,253</u>	<u>6,893,781</u>	<u>(25,472)</u>
<b>CHANGES TO APPROPRIATIONS (outflows):</b>				
<b>General Government:</b>				
POB Series A:				
Other financing uses	--	1,690,992	1,690,992	--
Total POB Series A	<u>--</u>	<u>1,690,992</u>	<u>1,690,992</u>	<u>--</u>
POB Series B:				
Services and supplies	--	2,500	2,500	--
Other financing uses	--	977,261	977,260	1
Total POB Series B	<u>--</u>	<u>979,761</u>	<u>979,760</u>	<u>1</u>
POB Series C:				
Services and supplies	--	2,500	2,500	--
Other financing uses	--	1,015,542	1,015,542	--
Total POB Series C	<u>--</u>	<u>1,018,042</u>	<u>1,018,042</u>	<u>--</u>
Workers' Compensation - Series A				
Other financing uses	--	3,587,181	3,587,180	1
Total POB Series A	<u>--</u>	<u>3,587,181</u>	<u>3,587,180</u>	<u>1</u>
Total General Government	<u>--</u>	<u>7,275,976</u>	<u>7,275,974</u>	<u>2</u>
<b>Total Charges to appropriations</b>	<u>--</u>	<u>7,275,976</u>	<u>7,275,974</u>	<u>2</u>
Budgetary Fund balances, ending	<u>\$ 7,723,620</u>	<u>\$ 7,283,072</u>	<u>\$ 7,257,602</u>	<u>\$ (25,470)</u>

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

**Sources/inflows of resources:**

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

\$ 6,893,781

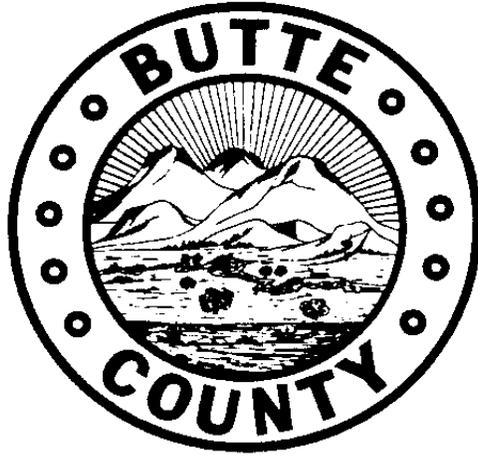
Differences - budget to USGAAP:

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

(3,168,620)

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

\$ 3,725,161



## **Internal Service Funds**



# COUNTY OF BUTTE

## Internal Service Funds

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

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

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

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

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

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

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

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

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

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

The *Motor Pool Fund* accounts for vehicles and maintenance service provided to County departments.

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

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

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

# COUNTY OF BUTTE, CALIFORNIA

## Combining Statement of Fund Net Assets Internal Service Funds June 30, 2006

<b>ASSETS</b>	<u>Data Processing</u>	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Unemployment Insurance</u>	<u>Medical Liability</u>
<b>Current Assets:</b>					
Cash and Investments	\$ 278,781	\$ 1,876,199	\$ 450,937	\$ 763,695	\$ 500
Cash with fiscal agent	--	--	1,416,381	--	--
Imprest cash	--	--	--	--	--
Due from other funds	206,583	29,551	14,985	3,454	6
Receivables, net					
Accounts	--	120,652	--	--	--
Inventories	--	--	--	--	--
Deposits with others	--	--	50,000	--	--
Total current assets	<u>485,364</u>	<u>2,026,402</u>	<u>1,932,303</u>	<u>767,149</u>	<u>506</u>
<b>Noncurrent Assets:</b>					
<b>Capital Assets:</b>					
<b>Nondepreciable:</b>					
Construction in progress	743,082	--	--	--	--
<b>Depreciable:</b>					
Equipment	1,772,358	5,628	8,911	--	--
Accumulated depreciation	<u>(1,015,922)</u>	<u>(5,628)</u>	<u>(2,079)</u>	--	--
Total noncurrent assets	<u>1,499,518</u>	<u>--</u>	<u>6,832</u>	<u>--</u>	<u>--</u>
Total assets	<u>1,984,882</u>	<u>2,026,402</u>	<u>1,939,135</u>	<u>767,149</u>	<u>506</u>
<b>LIABILITIES</b>					
<b>Current Liabilities:</b>					
Due to other funds	\$ 96,488	\$ 708	\$ 5,956	\$ 47	\$ 26
Accounts payable	59,756	42,299	20,692	--	--
Accrued salaries and benefits	47,708	6,770	1,640	--	--
Total current liabilities	<u>203,952</u>	<u>49,777</u>	<u>28,288</u>	<u>47</u>	<u>26</u>
<b>Long-Term Liabilities:</b>					
Liability for compensated absences	224,078	41,084	--	--	--
Liability for unpaid claims	--	1,437,000	2,572,000	--	--
Total noncurrent liabilities	<u>224,078</u>	<u>1,478,084</u>	<u>2,572,000</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>428,030</u>	<u>1,527,861</u>	<u>2,600,288</u>	<u>47</u>	<u>26</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	1,499,518	--	6,832	--	--
Unrestricted	57,334	498,541	(667,985)	767,102	480
Total net assets	<u>\$ 1,556,852</u>	<u>\$ 498,541</u>	<u>\$ (661,153)</u>	<u>\$ 767,102</u>	<u>\$ 480</u>

continued

**COUNTY OF BUTTE, CALIFORNIA**

Combining Statement of Fund Net Assets (continued)  
Internal Service Funds  
June 30, 2006

	Self Insurance- Transit	Miscellaneous Insurance	Facilities Services	Utilities Clearing	Motor Pool
<b>ASSETS</b>					
Current Assets:					
Cash and Investments	\$ 8,307	\$ 2,560	\$ 128,876	\$ 246,203	\$ --
Cash with fiscal agent	--	--	--	--	--
Imprest cash	--	--	--	--	--
Due from other funds	142	--	316,354	4,157	--
Receivables, net					
Accounts	--	--	--	--	--
Inventories	--	--	--	--	--
Deposits with others	--	--	--	--	--
Total current assets	<u>8,449</u>	<u>2,560</u>	<u>445,230</u>	<u>250,360</u>	<u>--</u>
Noncurrent Assets:					
Capital Assets:					
Nondepreciable:					
Construction in progress	--	--	--	--	--
Depreciable:					
Equipment	--	--	822,571	--	--
Accumulated depreciation	--	--	(670,447)	--	--
Total noncurrent assets	<u>--</u>	<u>--</u>	<u>152,124</u>	<u>--</u>	<u>--</u>
Total assets	<u>8,449</u>	<u>2,560</u>	<u>597,354</u>	<u>250,360</u>	<u>-</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Due to other funds	\$ --	\$ 87	\$ 28,071	\$ 2,877	\$ --
Accounts payable	--	2,632	163,186	167,892	--
Accrued salaries and benefits	--	--	59,136	--	--
Total current liabilities	<u>--</u>	<u>2,719</u>	<u>250,393</u>	<u>170,769</u>	<u>--</u>
Long-Term Liabilities:					
Liability for compensated absences	--	--	142,947	--	--
Liability for unpaid claims	--	--	--	--	--
Total noncurrent liabilities	<u>--</u>	<u>--</u>	<u>142,947</u>	<u>--</u>	<u>--</u>
Total liabilities	<u>--</u>	<u>2,719</u>	<u>393,340</u>	<u>170,769</u>	<u>--</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	--	--	152,124	--	--
Unrestricted	8,449	(159)	51,890	79,591	--
Total net assets	<u>\$ 8,449</u>	<u>\$ (159)</u>	<u>\$ 204,014</u>	<u>\$ 79,591</u>	<u>\$ -</u>

continued

**COUNTY OF BUTTE, CALIFORNIA**

Combining Statement of Fund Net Assets (continued)  
Internal Service Funds  
June 30, 2006

<b>ASSETS</b>	<u>Duplicating</u>	<u>Stores</u>	<u>Communications</u>	<u>Total</u>
Current Assets:				
Cash and Investments	\$ 38,461	\$ --	\$ 70,743	\$ 3,865,262
Cash with fiscal agent	--	--	--	1,416,381
Imprest cash	--	40,000	--	40,000
Due from other funds	17,345	27,331	101,649	721,557
Receivables, net				
Accounts	30,842	5,629	116,390	273,513
Inventories	29,676	172,048	1,487	203,211
Deposits with others	--	--	--	50,000
Total current assets	<u>116,324</u>	<u>245,008</u>	<u>290,269</u>	<u>6,569,924</u>
Noncurrent Assets:				
Capital Assets:				
Nondepreciable:				
Construction in progress	--	--	--	743,082
Depreciable:				
Equipment	71,887	83,857	1,075,785	3,840,997
Accumulated depreciation	(54,691)	(62,690)	(617,016)	(2,428,473)
Total noncurrent assets	<u>17,196</u>	<u>21,167</u>	<u>458,769</u>	<u>2,155,606</u>
Total assets	<u>133,520</u>	<u>266,175</u>	<u>749,038</u>	<u>8,725,530</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Due to other funds	\$ 1,200	\$ 80,735	\$ 16,527	\$ 232,722
Accounts payable	24,136	977	131,633	613,203
Accrued salaries and benefits	4,796	3,264	10,827	134,141
Total current liabilities	<u>30,132</u>	<u>84,976</u>	<u>158,987</u>	<u>980,066</u>
Long-Term Liabilities:				
Liability for compensated absences	15,572	4,697	32,300	460,678
Liability for unpaid claims	--	--	--	4,009,000
Total noncurrent liabilities	<u>15,572</u>	<u>4,697</u>	<u>32,300</u>	<u>4,469,678</u>
Total liabilities	<u>45,704</u>	<u>89,673</u>	<u>191,287</u>	<u>5,449,744</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	17,196	21,167	458,769	2,155,606
Unrestricted	70,620	155,335	98,982	1,120,180
Total net assets	<u>\$ 87,816</u>	<u>\$ 176,502</u>	<u>\$ 557,751</u>	<u>\$ 3,275,786</u>

## COUNTY OF BUTTE, CALIFORNIA

### Combining Statement of Revenues, Expenses and Changes in Fund Net Assets Internal Service Funds For the Year Ended June 30, 2006

	<u>Data Processing</u>	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Unemployment Insurance</u>	<u>Medical Liability</u>
<b>OPERATING REVENUES</b>					
Charges for services	\$ 2,313,886	\$ 1,399,462	\$ 5,391,695	\$ 461,041	\$ 116,505
Miscellaneous	1,410	--	--	--	--
Total operating revenues	<u>2,315,296</u>	<u>1,399,462</u>	<u>5,391,695</u>	<u>461,041</u>	<u>116,505</u>
<b>OPERATING EXPENSES</b>					
Salaries and employee benefits	1,319,175	235,963	--	178,494	--
Services and supplies	637,684	912,412	1,435,515	1,255	116,506
Premiums, claims and judgments	--	299,298	2,572,000	--	--
Other charges	141,356	81,862	973,481	853	492
Depreciation and amortization	217,904	--	594	--	--
Total operating expenses	<u>2,316,119</u>	<u>1,529,535</u>	<u>4,981,590</u>	<u>180,602</u>	<u>116,998</u>
Operating income (loss)	<u>(823)</u>	<u>(130,073)</u>	<u>410,105</u>	<u>280,439</u>	<u>(493)</u>
Nonoperating revenues (expenses):					
Intergovernmental	--	--	--	--	--
Interest income	180	10,021	127,113	(6,672)	74
Total nonoperating revenues (expenses)	<u>180</u>	<u>10,021</u>	<u>127,113</u>	<u>(6,672)</u>	<u>74</u>
<b>Net Income Before Transfers</b>	(643)	(120,052)	537,218	273,767	(419)
Capital contributions	518,307	--	--	--	--
Transfers in	--	--	--	--	--
Transfers out	<u>(226,025)</u>	<u>--</u>	<u>(3,169,214)</u>	<u>--</u>	<u>--</u>
Change in net assets	291,639	(120,052)	(2,631,996)	273,767	(419)
Net assets, beginning	<u>1,265,213</u>	<u>618,593</u>	<u>1,970,843</u>	<u>493,335</u>	<u>899</u>
Net assets, ending	<u>\$ 1,556,852</u>	<u>\$ 498,541</u>	<u>\$ (661,153)</u>	<u>\$ 767,102</u>	<u>\$ 480</u>

continued

**COUNTY OF BUTTE, CALIFORNIA**

Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (continued)  
 Internal Service Funds  
 For the Year Ended June 30, 2006

	Self Insurance- Transit	Miscellaneous Insurance	Facilities Services	Utilities Clearing	Motor Pool
<b>OPERATING REVENUES</b>					
Charges for services	\$ --	\$ 95,952	\$ 3,284,965	\$ 2,871,801	\$ --
Miscellaneous	--	--	162	163	--
Total operating revenues	<u>--</u>	<u>95,952</u>	<u>3,285,127</u>	<u>2,871,964</u>	<u>--</u>
<b>OPERATING EXPENSES</b>					
Salaries and employee benefits	--	--	2,015,655	--	--
Services and supplies	--	95,591	972,189	2,332,167	--
Premiums, claims and judgments	17,173	--	--	--	--
Other charges	--	543	227,366	32,290	100
Depreciation and amortization	--	--	36,424	--	--
Total operating expenses	<u>17,173</u>	<u>96,134</u>	<u>3,251,634</u>	<u>2,364,457</u>	<u>100</u>
Operating income (loss)	<u>(17,173)</u>	<u>(182)</u>	<u>33,493</u>	<u>507,507</u>	<u>(100)</u>
Nonoperating revenues (expenses):					
Intergovernmental	--	--	--	--	--
Interest income	495	6	(2,040)	6,454	--
Total nonoperating revenues (expenses)	<u>495</u>	<u>6</u>	<u>(2,040)</u>	<u>6,454</u>	<u>--</u>
<b>Net Income Before Transfers</b>	<u>(16,678)</u>	<u>(176)</u>	<u>31,453</u>	<u>513,961</u>	<u>(100)</u>
Capital contributions	--	--	91,366	--	--
Transfers in	--	--	--	--	--
Transfers out	--	--	(36,424)	(453,257)	--
Change in net assets	<u>(16,678)</u>	<u>(176)</u>	<u>86,395</u>	<u>60,704</u>	<u>(100)</u>
Net assets, beginning	<u>25,127</u>	<u>17</u>	<u>117,619</u>	<u>18,887</u>	<u>100</u>
Net assets, ending	<u>\$ 8,449</u>	<u>\$ (159)</u>	<u>\$ 204,014</u>	<u># \$ 79,591</u>	<u># \$ --</u>

continued

## COUNTY OF BUTTE, CALIFORNIA

### Combining Statement of Revenues, Expenses and Changes in Fund Net Assets (continued) Internal Service Funds For the Year Ended June 30, 2006

	<u>Duplicating</u>	<u>Stores</u>	<u>Communications</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 690,591	\$ 910,490	\$ 2,180,850	\$ 19,717,238
Miscellaneous	4	3	684	2,426
Total operating revenues	690,595	910,493	2,181,534	19,719,664
<b>OPERATING EXPENSES</b>				
Salaries and employee benefits	140,771	108,882	339,903	4,338,843
Services and supplies	525,039	802,982	1,711,919	9,543,259
Premiums, claims and judgments	--	--	--	2,888,471
Other charges	24,985	24,082	39,800	1,547,210
Depreciation and amortization	2,542	4,767	69,922	332,153
Total operating expenses	693,337	940,713	2,161,544	18,649,936
Operating income (loss)	(2,742)	(30,220)	19,990	1,069,728
Nonoperating revenues (expenses):				
Intergovernmental	--	--	45,781	45,781
Interest income	(786)	799	2,139	137,783
Total nonoperating revenues (expenses)	(786)	799	47,920	183,564
<b>Net Income Before Transfers</b>	(3,528)	(29,421)	67,910	1,253,292
Capital contributions	11,957	23,093	--	644,723
Transfers in	--	--	21,104	21,104
Transfers out	(2,542)	(4,766)	(69,923)	(3,962,151)
Change in net assets	5,887	(11,094)	19,091	(2,043,032)
Net assets, beginning	81,929	187,596	538,660	5,318,818
Net assets, ending	\$ 87,816	\$ 176,502	\$ 557,751	\$ 3,275,786

**COUNTY OF BUTTE, CALIFORNIA**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2006

	<u>Data Processing</u>	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Unemployment Insurance</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash receipts from customers	\$ 2,315,296	\$ 1,278,810	\$ 5,341,695	\$ 461,041
Cash paid to suppliers for goods and services	(753,019)	(1,163,673)	(2,388,366)	(2,503)
Cash paid to employees for services	(1,212,251)	(236,369)	1,566	(178,494)
Internal activities - payments from (to) other funds	10,884	(937)	13,314	(2,720)
	<u>360,910</u>	<u>(122,169)</u>	<u>2,968,209</u>	<u>277,324</u>
Net cash provided (used) by operating activities				
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Aid from other governmental agencies				
Transfers in				
Transfers out	<u>(226,025)</u>	<u>--</u>	<u>(3,169,214)</u>	<u>--</u>
Net cash provided (used) by noncapital financing activities	<u>(226,025)</u>	<u>--</u>	<u>(3,169,214)</u>	<u>--</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	<u>180</u>	<u>10,021</u>	<u>127,113</u>	<u>(6,672)</u>
Net cash provided (used) by investing activities	<u>180</u>	<u>10,021</u>	<u>127,113</u>	<u>(6,672)</u>
Net increase (decrease) in cash and cash equivalents	135,065	(112,148)	(73,892)	270,652
Cash and cash equivalents, beginning	<u>143,716</u>	<u>1,988,347</u>	<u>1,941,210</u>	<u>493,043</u>
Cash and cash equivalents, ending	<u>\$ 278,781</u>	<u>\$ 1,876,199</u>	<u>\$ 1,867,318</u>	<u>\$ 763,695</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS</b>				
Cash and investments	\$ 278,781	\$ 1,876,199	\$ 450,937	\$ 763,695
Cash with fiscal agent	--	--	1,416,381	--
Imprest cash	--	--	--	--
Total cash and investments	<u>\$ 278,781</u>	<u>\$ 1,876,199</u>	<u>\$ 1,867,318</u>	<u>\$ 763,695</u>

continued

# COUNTY OF BUTTE, CALIFORNIA

## Combining Statement of Cash Flows Internal Service Funds For the Year Ended June 30, 2006

	Medical Liability	Self Insurance- Transit	Miscellaneous Insurance	Facilities Services
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash receipts from customers	\$ 116,505	\$ --	\$ 95,952	\$ 3,285,127
Cash paid to suppliers for goods and services	(116,998)	(24,383)	(93,502)	(1,103,949)
Cash paid to employees for services	--	--	--	(1,998,945)
Internal activities - payments from (to) other funds	(11)	36	2	(204,793)
Net cash provided (used) by operating activities	<u>(504)</u>	<u>(24,347)</u>	<u>2,452</u>	<u>(22,560)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Aid from other governmental agencies				
Transfers in				
Transfers out	--	--		(36,424)
Net cash provided (used) by noncapital financing activities	<u>--</u>	<u>--</u>	<u>--</u>	<u>(36,424)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received	74	495	6	(2,040)
Net cash provided (used) by investing activities	<u>74</u>	<u>495</u>	<u>6</u>	<u>(2,040)</u>
Net increase (decrease) in cash and cash equivalents	(430)	(23,852)	2,458	(61,024)
Cash and cash equivalents, beginning	930	32,159	102	189,900
Cash and cash equivalents, ending	<u>\$ 500</u>	<u>\$ 8,307</u>	<u>\$ 2,560</u>	<u>\$ 128,876</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS</b>				
Cash and investments	\$ 500	\$ 8,307	\$ 2,560	\$ 128,876
Cash with fiscal agent	--	--	--	--
Imprest cash	--	--	--	--
Total cash and investments	<u>\$ 500</u>	<u>\$ 8,307</u>	<u>\$ 2,560</u>	<u>\$ 128,876</u>

continued

**COUNTY OF BUTTE, CALIFORNIA**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2006

	Utilities Clearing	Motor Pool	Duplicating
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from customers	\$ 2,871,964	\$ --	\$ 679,039
Cash paid to suppliers for goods and services	(2,334,472)	(100)	(580,118)
Cash paid to employees for services	--	--	(133,297)
Internal activities - payments from (to) other funds	(2,907)	1	48,186
	<u>534,585</u>	<u>(99)</u>	<u>13,810</u>
Net cash provided (used) by operating activities			
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Aid from other governmental agencies			
Transfers in			
Transfers out	(453,257)		(2,542)
	<u>(453,257)</u>	<u>--</u>	<u>(2,542)</u>
Net cash provided (used) by noncapital financing activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	6,454	--	(786)
	<u>6,454</u>	<u>--</u>	<u>(786)</u>
Net cash provided (used) by investing activities			
Net increase (decrease) in cash and cash equivalents	87,782	(99)	10,482
Cash and cash equivalents, beginning	158,421	99	27,979
Cash and cash equivalents, ending	<u>\$ 246,203</u>	<u>\$ --</u>	<u>\$ 38,461</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS</b>			
Cash and investments	\$ 246,203	\$ --	\$ 38,461
Cash with fiscal agent	--	--	--
Imprest cash	--	--	--
Total cash and investments	<u>\$ 246,203</u>	<u>\$ --</u>	<u>\$ 38,461</u>

continued

**COUNTY OF BUTTE, CALIFORNIA**

Combining Statement of Cash Flows  
Internal Service Funds  
For the Year Ended June 30, 2006

	<u>Stores</u>	<u>Communications</u>	<u>Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from customers	\$ 908,643	\$ 2,150,667	\$ 19,504,739
Cash paid to suppliers for goods and services	(799,878)	(1,759,098)	(11,120,059)
Cash paid to employees for services	(107,963)	(326,575)	(4,192,328)
Internal activities - payments from (to) other funds	3,165	(315,614)	(451,394)
	<u>3,967</u>	<u>(250,620)</u>	<u>3,740,958</u>
Net cash provided (used) by operating activities			
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Aid from other governmental agencies		45,781	45,781
Transfers in		21,104	21,104
Transfers out	(4,766)	(69,923)	(3,962,151)
	<u>(4,766)</u>	<u>(3,038)</u>	<u>(3,895,266)</u>
Net cash provided (used) by noncapital financing activities			
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received	799	2,139	137,783
	<u>799</u>	<u>2,139</u>	<u>137,783</u>
Net cash provided (used) by investing activities			
Net increase (decrease) in cash and cash equivalents	--	(251,519)	(16,525)
Cash and cash equivalents, beginning	40,000	322,262	5,338,168
Cash and cash equivalents, ending	<u>\$ 40,000</u>	<u>\$ 70,743</u>	<u>\$ 5,321,643</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS</b>			
Cash and investments	\$ --	\$ 70,743	\$ 3,865,262
Cash with fiscal agent	--	--	1,416,381
Imprest cash	40,000	--	40,000
Total cash and investments	<u>\$ 40,000</u>	<u>\$ 70,743</u>	<u>\$ 5,321,643</u>

**COUNTY OF BUTTE**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Fiscal Year Ended June 30, 2006

	<u>Data Processing</u>	<u>Self Insurance</u>	<u>Workers' Compensation</u>	<u>Unemployment Insurance</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (823)	\$ (130,073)	\$ 410,105	\$ 280,439
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	217,904	--	594	--
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	--	(120,652)	--	--
Due from other funds	(60,003)	(817)	10,798	(2,557)
Inventory				
Deposits with others	--	--	(50,000)	--
Prepaid expenses and other assets	--	--	--	--
Increase (decrease) in:				
Accounts payable	26,021	(69,101)	20,630	(395)
Due to other funds	70,887	(120)	2,516	(163)
Accrued salaries	22,763	(101)	1,566	--
Compensated absences	84,161	(305)	--	--
Claims and judgments	--	199,000	2,572,000	--
Net cash provided (used) by operating activities	<u>\$ 360,910</u>	<u>\$ (122,169)</u>	<u>\$ 2,968,209</u>	<u>\$ 277,324</u>
<b>Noncash investing, capital and financing activities:</b>				
Contributions of capital assets from government	\$ 518,307	--	--	--
Contributions of capital assets to/from other funds	21,102	--	--	--

continued

**COUNTY OF BUTTE**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Fiscal Year Ended June 30, 2006

	<u>Medical Liability</u>	<u>Self Insurance- Transit</u>	<u>Miscellaneous Insurance</u>	<u>Facilities Services</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating income (loss)	\$ (493)	\$ (17,173)	\$ (182)	\$ 33,493
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	--	--	--	36,424
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	--	--	--	--
Due from other funds	5	174	1	(118,793)
Inventory				
Deposits with others	--	--	--	--
Prepaid expenses and other assets	--	--	--	60
Increase (decrease) in:				
Accounts payable	--	(7,210)	2,632	95,546
Due to other funds	(16)	(138)	1	(86,000)
Accrued salaries	--	--	--	7,860
Compensated absences	--	--	--	8,850
Claims and judgments	--	--	--	--
Net cash provided (used) by operating activities	<u>\$ (504)</u>	<u>\$ (24,347)</u>	<u>\$ 2,452</u>	<u>\$ (22,560)</u>
<b>Noncash investing, capital and financing activities:</b>				
Contributions of capital assets from government	--	--	--	91,366
Contributions of capital assets to/from other funds	--	--	--	--

continued

**COUNTY OF BUTTE**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Fiscal Year Ended June 30, 2006

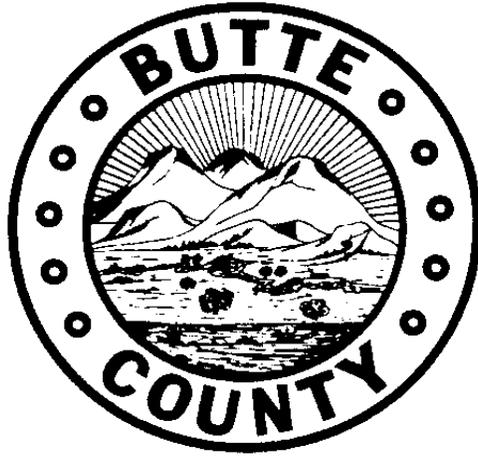
	Utilities Clearing	Motor Pool	Duplicating
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 507,507	\$ (100)	\$ (2,742)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	--	--	2,542
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	--	--	(11,556)
Due from other funds	(2,250)	1	47,293
Inventory			28,926
Deposits with others	--	--	--
Prepaid expenses and other assets	--	--	--
Increase (decrease) in:			
Accounts payable	29,985	--	(59,020)
Due to other funds	(657)	--	893
Accrued salaries	--	--	1,957
Compensated absences	--	--	5,517
Claims and judgments	--	--	--
	<u>\$ 534,585</u>	<u>\$ (99)</u>	<u>\$ 13,810</u>
 Net cash provided (used) by operating activities			
	<u>\$ 534,585</u>	<u>\$ (99)</u>	<u>\$ 13,810</u>
 <b>Noncash investing, capital and financing activities:</b>			
 Contributions of capital assets from government	--	--	11,957
Contributions of capital assets to/from other funds	--	--	

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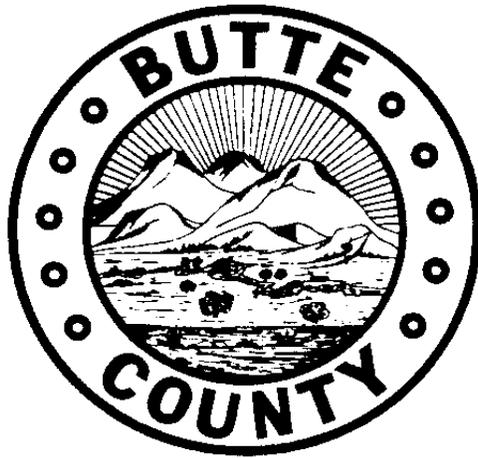
**COUNTY OF BUTTE**

Combining Statement of Cash Flows (continued)  
Internal Service Funds  
For the Fiscal Year Ended June 30, 2006

	<u>Stores</u>	<u>Communications</u>	<u>Total</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ (30,220)	\$ 19,990	\$ 1,069,728
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	4,767	69,922	332,153
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	(1,850)	(30,867)	(164,925)
Due from other funds	(21,832)	(101,355)	(249,335)
Inventory	27,589	(600)	55,915
Deposits with others	--	--	(50,000)
Prepaid expenses and other assets	--	--	60
Increase (decrease) in:			
Accounts payable	(403)	(6,779)	31,906
Due to other funds	24,997	(214,259)	(202,059)
Accrued salaries	74	3,335	37,454
Compensated absences	845	9,993	109,061
Claims and judgments	--	--	2,771,000
	<u>\$ 3,967</u>	<u>\$ (250,620)</u>	<u>\$ 3,740,958</u>
 <b>Noncash investing, capital and financing activities:</b>			
Contributions of capital assets from government	23,093	--	644,723
Contributions of capital assets to/from other funds		(21,102)	--



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## **Fiduciary Funds**



# COUNTY OF BUTTE

## Fiduciary Fund Types

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

### Agency Funds

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

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

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

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

**COUNTY OF BUTTE, CALIFORNIA**

Combining Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2006

	<u>Other</u>	<u>Tax Resources</u>	<u>Butte County SB-325</u>	<u>Butte County SB-620</u>	<u>Total</u>
<b>ASSETS</b>					
Cash and investments	\$ 13,326,208	\$ 9,626,947	\$ 96,784	\$ --	\$ 23,049,939
Due from other funds	2,354,994	132,767	212,304	77,067	2,777,132
Property tax receivable	--	6,272,732	--	--	6,272,732
Total assets	<u>\$ 15,681,202</u>	<u>\$ 16,032,446</u>	<u>\$ 309,088</u>	<u>\$ 77,067</u>	<u>\$ 32,099,803</u>
<b>LIABILITIES</b>					
Due to other funds	\$ 5,620,965	\$ --	\$ --	\$ 68,822	\$ 5,689,787
Accounts payable	986	--	--	--	986
Agency funds held for others	10,059,251	16,032,446	309,088	8,245	26,409,030
Total liabilities	<u>\$ 15,681,202</u>	<u>\$ 16,032,446</u>	<u>\$ 309,088</u>	<u>\$ 77,067</u>	<u>\$ 32,099,803</u>

**COUNTY OF BUTTE, CALIFORNIA**

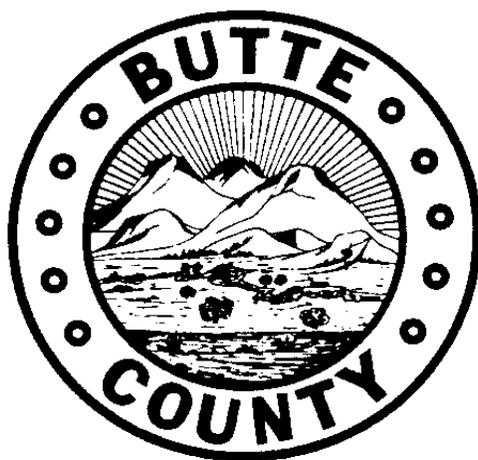
Combining Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2006

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
<u>Other</u>				
<b>ASSETS</b>				
Cash and investments	\$ 13,169,424	\$ 4,996,088	\$ 4,839,304	\$ 13,326,208
Due from other funds	1,429,619	2,354,994	1,429,619	2,354,994
Total assets	<u>\$ 14,599,043</u>	<u>\$ 7,351,082</u>	<u>\$ 6,268,923</u>	<u>\$ 15,681,202</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 4,014,040	\$ 5,920,477	\$ 4,313,552	\$ 5,620,965
Accounts payable	289	986	289	986
Agency funds held for others	10,584,714	1,429,619	1,955,082	10,059,251
Total liabilities	<u>\$ 14,599,043</u>	<u>\$ 7,351,082</u>	<u>\$ 6,268,923</u>	<u>\$ 15,681,202</u>
<u>Tax Resources</u>				
<b>ASSETS</b>				
Cash and investments	\$ 11,828,433	\$ 6,501,983	\$ 8,703,469	\$ 9,626,947
Due from other funds	133,859	132,767	133,859	132,767
Property tax receivable	6,368,124	6,272,732	6,368,124	6,272,732
Total assets	<u>\$ 18,330,416</u>	<u>\$ 12,907,482</u>	<u>\$ 15,205,452</u>	<u>\$ 16,032,446</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 676,716	\$ --	\$ 676,716	\$ --
Agency funds held for others	17,653,700	12,907,482	14,528,736	16,032,446
Total liabilities	<u>\$ 18,330,416</u>	<u>\$ 12,907,482</u>	<u>\$ 15,205,452</u>	<u>\$ 16,032,446</u>
<u>Butte County SB-325</u>				
<b>ASSETS</b>				
Cash and investments	\$ 2,500,851	\$ 126,310	\$ 2,530,377	\$ 96,784
Due from other funds	126,310	212,304	126,310	212,304
Total assets	<u>\$ 2,627,161</u>	<u>\$ 338,614</u>	<u>\$ 2,656,687</u>	<u>\$ 309,088</u>
<b>LIABILITIES</b>				
Agency funds held for others	2,627,161	338,614	2,656,687	309,088
Total liabilities	<u>\$ 2,627,161</u>	<u>\$ 338,614</u>	<u>\$ 2,656,687</u>	<u>\$ 309,088</u>

**COUNTY OF BUTTE, CALIFORNIA**

Combining Statement of Fiduciary Assets and Liabilities  
Agency Funds  
June 30, 2006

	<u>Balance</u> <u>July 1, 2005</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2006</u>
<u>Butte County SB-620</u>				
<b>ASSETS</b>				
Cash and investments	\$ 217	\$ 38,158	\$ 38,375	\$ --
Due from other funds	38,158	77,067	38,158	77,067
Total assets	<u>\$ 38,375</u>	<u>\$ 115,225</u>	<u>\$ 76,533</u>	<u>\$ 77,067</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 38,299	\$ 68,822	\$ 38,299	\$ 68,822
Agency funds held for others	76	46,403	38,234	8,245
Total liabilities	<u>\$ 38,375</u>	<u>\$ 115,225</u>	<u>\$ 76,533</u>	<u>\$ 77,067</u>
 <u>Total Agency Funds</u>				
<b>ASSETS</b>				
Cash and investments	\$ 27,498,925	\$ 11,662,539	\$ 16,111,525	\$ 23,049,939
Due from other funds	1,727,946	2,777,132	1,727,946	2,777,132
Property tax receivable	6,368,124	6,272,732	6,368,124	6,272,732
Total assets	<u>\$ 35,594,995</u>	<u>\$ 20,712,403</u>	<u>\$ 24,207,595</u>	<u>\$ 32,099,803</u>
<b>LIABILITIES</b>				
Due to other funds	\$ 4,729,055	\$ 5,989,299	\$ 5,028,567	\$ 5,689,787
Accounts payable	289	986	289	986
Agency funds held for others	30,865,651	14,722,118	19,178,739	26,409,030
Total liabilities	<u>\$ 35,594,995</u>	<u>\$ 20,712,403</u>	<u>\$ 24,207,595</u>	<u>\$ 32,099,803</u>



**Statistical Section**



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

	For the Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
<b><u>Governmental activities:</u></b>					
Invested in capital assets, net of related debt	\$ 361,051,836	\$ 346,872,973	\$ 287,229,222	\$ 328,573,058	\$ 313,955,354
Restricted	50,627,806	43,991,120	29,106,697	14,971,692	16,696,959
Unrestricted	14,396,314	23,109,853	28,188,079	39,547,523	44,373,145
Total governmental activities net assets	<u>\$ 426,075,956</u>	<u>\$ 413,973,946</u>	<u>\$ 344,523,998</u>	<u>\$ 383,092,273</u>	<u>\$ 375,025,458</u>
<b><u>Business-type activities:</u></b>					
Invested in capital assets, net of related debt	\$ 3,715,815	\$ 4,389,868	\$ 6,799,310	\$ 8,402,774	\$ 8,748,541
Restricted	--	--	6,196,080	6,434,145	6,691,502
Unrestricted	5,987,239	9,311,498	520,516	(313,620)	(753,677)
Total business-type activities net assets	<u>\$ 9,703,054</u>	<u>\$ 13,701,366</u>	<u>\$ 13,515,906</u>	<u>\$ 14,523,299</u>	<u>\$ 14,686,366</u>
<b><u>Primary government:</u></b>					
Invested in capital assets, net of related debt	\$ 364,767,651	\$ 351,262,841	\$ 294,028,532	\$ 336,975,832	\$ 322,703,895
Restricted	50,627,806	43,991,120	35,302,777	21,405,837	23,388,461
Unrestricted	20,383,553	32,421,351	28,708,595	39,233,903	43,619,468
Total primary government net assets	<u>\$ 435,779,010</u>	<u>\$ 427,675,312</u>	<u>\$ 358,039,904</u>	<u>\$ 397,615,572</u>	<u>\$ 389,711,824</u>

Source: Auditor-Controller, County of Butte

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

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

	For the Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
<u>Governmental activities:</u>					
<b>Expenses</b>					
General government	\$ 12,073,217	\$ 13,403,744	\$ 19,988,028	\$ 28,108,571	\$ 16,617,793
Public protection	61,195,775	67,875,626	69,137,314	82,634,178	81,999,331
Public ways and facilities	27,590,645	28,463,533	28,079,018	17,520,672	31,531,708
Health and sanitation	49,121,198	55,095,207	55,942,561	56,395,525	58,593,884
Public assistance	123,118,708	127,500,579	126,530,857	130,935,568	130,966,814
Education	2,453,904	2,522,005	2,749,824	2,723,315	2,905,270
Culture and recreation services	430,377	533,602	393,637	499,967	658,741
Interest on long-term debt	--	--	--	3,608,601	4,183,940
Total governmental activities expense	<u>275,983,824</u>	<u>295,394,296</u>	<u>302,821,239</u>	<u>322,426,397</u>	<u>327,457,481</u>
<b>Program Revenues</b>					
Charges for services	27,357,973	30,154,091	23,758,763	30,478,270	29,761,189
Operating grants and contributions	197,761,213	205,178,971	207,564,618	184,501,125	193,855,816
Capital grants and contributions	11,051,195	2,643,929	3,151,868	14,939,327	11,982,196
Total governmental activities program revenues	<u>236,170,381</u>	<u>237,976,991</u>	<u>234,475,249</u>	<u>229,918,722</u>	<u>235,599,201</u>
<b>Net Expense<sup>1</sup></b>	<u>(39,813,443)</u>	<u>(57,417,305)</u>	<u>(68,345,990)</u>	<u>(92,507,675)</u>	<u>(91,858,280)</u>
<b>General Revenues and Transfers</b>					
Taxes:					
Property taxes	14,269,289	17,798,624	18,770,212	34,260,317	41,656,548
Sales taxes	3,278,612	3,517,481	3,846,573	4,952,509	3,371,227
Other taxes and related revenues	3,689,600	2,353,498	2,715,949	1,935,715	1,624,332
Grants and contributions not restricted to specific programs	16,632,649	15,056,401	12,405,825	18,526,669	25,122,030
Unrestricted investment earnings	2,470,163	1,587,619	1,936,913	3,291,173	1,474,933
Gain (Loss) on Sale/Disposal of Capital Assets	23,321	--	(5,569)	(66,147)	19,610
Miscellaneous	3,505,351	5,008,578	8,326,140	19,507,815	8,327,670
Transfers	--	(6,906)	--	--	--
Total general revenues and transfers	<u>43,868,985</u>	<u>45,315,295</u>	<u>47,996,043</u>	<u>82,408,051</u>	<u>81,596,350</u>
<b>Change in net assets-governmental activities</b>	<u>\$ 4,055,542</u>	<u>\$ (12,102,010)</u>	<u>\$ (20,349,947)</u>	<u>\$ (10,099,624)</u>	<u>\$ (10,261,930)</u>

<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 FIVE FISCAL YEARS**  
(accrual basis of accounting)

	For the Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
<u>Business-Type activities:</u>					
<b>Expenses</b>					
Sanitation	\$ 4,780,855	\$ 1,425,942	\$ 5,129,527	\$ 4,664,895	\$ 4,680,195
Transit	1,796,178	2,192,068	2,243,837	2,528,381	23,907
Total business-type activities	<u>6,577,033</u>	<u>3,618,010</u>	<u>7,373,364</u>	<u>7,193,276</u>	<u>4,704,102</u>
<b>Program Revenues</b>					
Charges for services	4,398,795	4,867,606	4,573,423	6,058,236	6,570,521
Operating grants and contributions	1,600,402	2,097,391	2,103,588	1,605,044	465,263
Total business-type activities program revenues	<u>5,999,197</u>	<u>6,964,997</u>	<u>6,677,011</u>	<u>7,663,280</u>	<u>7,035,784</u>
<b>Net Expense<sup>1</sup></b>	<u>(577,836)</u>	<u>3,346,987</u>	<u>(696,353)</u>	<u>470,004</u>	<u>2,331,682</u>
<b>General revenues</b>					
Unrestricted investment earnings	700,798	632,463	522,399	384,442	89,643
Gain (Loss) on Sale/Disposal of Capital Assets	(22,132)	--	--	--	(2,528,082)
Miscellaneous	209,152	18,862	(11,506)	152,947	186,366
Total general revenues	<u>887,818</u>	<u>651,325</u>	<u>510,893</u>	<u>537,389</u>	<u>(2,252,073)</u>
<b>Change in net assets-business-type activities</b>	<u>\$ 309,982</u>	<u>\$ 3,998,312</u>	<u>\$ (185,460)</u>	<u>\$ 1,007,393</u>	<u>\$ 79,609</u>
<u>Primary Government</u>					
<b>Expenses</b>					
Governmental activities	275,983,824	295,394,296	302,821,239	322,426,397	327,457,481
Business-type activities	6,577,033	3,618,010	7,373,364	7,193,276	4,704,102
Total primary government expenses	<u>282,560,857</u>	<u>299,012,306</u>	<u>310,194,603</u>	<u>329,619,673</u>	<u>332,161,583</u>
<b>Program Revenues</b>					
Governmental activities	236,170,381	237,976,991	234,475,249	229,918,722	235,599,201
Business-type activities	5,999,197	6,964,997	6,677,011	7,663,280	7,035,784
Total primary government program revenues	<u>242,169,578</u>	<u>244,941,988</u>	<u>241,152,260</u>	<u>237,582,002</u>	<u>242,634,985</u>
<b>Net Expense<sup>1</sup></b>	<u>(39,813,443)</u>	<u>(57,417,305)</u>	<u>(68,345,990)</u>	<u>(92,507,675)</u>	<u>(91,858,280)</u>
Governmental activities	(39,813,443)	(57,417,305)	(68,345,990)	(92,507,675)	(91,858,280)
Business-type activities	(577,836)	3,346,987	(696,353)	470,004	2,331,682
Total primary government net expense	<u>(40,391,279)</u>	<u>(54,070,318)</u>	<u>(69,042,343)</u>	<u>(92,037,671)</u>	<u>(89,526,598)</u>
<b>General revenues</b>					
Governmental activities	43,868,985	45,315,295	47,996,043	82,408,051	81,596,350
Business-type activities	887,818	651,325	510,893	537,389	(2,252,073)
Total primary government general revenues	<u>44,756,803</u>	<u>45,966,620</u>	<u>48,506,936</u>	<u>82,945,440</u>	<u>79,344,277</u>
<b>Change in net assets</b>					
Governmental activities	4,055,542	(12,102,010)	(20,349,947)	(10,099,624)	(10,261,930)
Business-type activities	309,982	3,998,312	(185,460)	1,007,393	79,609
Total primary government change in net assets	<u>\$ 4,365,524</u>	<u>\$ (8,103,698)</u>	<u>\$ (20,535,407)</u>	<u>\$ (9,092,231)</u>	<u>\$ (10,182,321)</u>

Source: Auditor-Controller, County of Butte

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

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

	For the Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
<b>General Fund:</b>					
Reserved for:					
Encumbrances	\$ 7,069,736	\$ 7,257,572	\$ 6,409,889	\$ 5,130,723	\$ 5,535,099
Imprest cash	49,695	44,270	44,270	45,145	45,095
Prepaid items	--	--	1,100	4,140	15,503
Deposits with others	2,500	2,500	2,500	2,500	2,500
General restrictions	15,695,241	18,132,280	21,069,956	3,165,083	5,196,551
Debt service	1,091,371	4,656,265	787,644	787,482	792,978
Unreserved:					
Designated	2,388,433	2,502,727	2,830,188	24,366,630	19,626,639
Undesignated	16,192,849	16,078,711	8,768,646	10,776,705	15,813,037
Total general fund balance	<u>\$ 42,489,825</u>	<u>\$ 48,674,325</u>	<u>\$ 39,914,193</u>	<u>\$ 44,278,408</u>	<u>\$ 47,027,402</u>
<b>All other Governmental Funds:</b>					
Reserved for:					
Encumbrances	\$ 10,347,610	\$ 7,304,377	\$ 5,412,910	\$ 4,389,886	\$ 2,988,183
Imprest cash	2,940	5,365	5,215	1,215	1,165
Prepaid items	--	--	2,190	297	945
Deposits with others	--	--	297	500	297
Long-term loans receivable	3,241,840	3,134,461	2,682,411	2,226,168	2,074,395
General restrictions	4,369,157	4,006,428	3,862,737	731,130	948,144
Debt service	--	1,150,916	417,810	8,061,829	7,684,891
Inventories	95,668	119,333	280,034	267,580	310,556
Unreserved:					
Designated	5,937,454	5,594,935	5,356,679	6,053,130	7,102,915
Undesignated					
Special revenue funds	9,327,658	7,339,842	8,004,013	10,816,972	13,561,942
Capital projects funds	(2,402,568)	(1,331,347)	501,318	90,015	129,562
Total other governmental fund balances	<u>\$ 30,919,759</u>	<u>\$ 27,324,310</u>	<u>\$ 26,525,614</u>	<u>\$ 32,638,722</u>	<u>\$ 34,802,995</u>

Source: Auditor-Controller, County of Butte

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

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

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

	For the Fiscal Year Ended June 30,				
	2002	2003	2004	2005	2006
<b>REVENUES</b>					
Taxes	\$ 21,237,501	\$ 22,753,793	\$ 23,874,775	\$ 41,845,457	\$ 47,395,136
Licenses and permits	3,398,347	3,988,539	4,360,823	5,143,170	4,322,084
Fines, forfeitures, and penalties	2,115,318	2,255,129	2,741,657	1,829,081	2,446,572
Revenues from uses of money and property	3,533,053	3,053,170	2,240,655	3,081,942	1,337,150
Aid from other governments	224,680,201	223,632,528	221,567,801	217,938,378	230,914,261
Charges for services	20,091,942	22,705,240	22,558,577	23,166,702	22,885,477
Other	5,637,472	3,912,473	6,852,202	19,506,239	8,327,670
Total revenues	<u>280,693,834</u>	<u>282,300,872</u>	<u>284,196,490</u>	<u>312,510,969</u>	<u>317,628,350</u>
<b>EXPENDITURES:</b>					
Current:					
General government	13,295,361	13,564,592	23,530,072	28,041,583	18,353,948
Public protection	68,903,950	72,318,779	73,266,989	80,974,652	80,525,118
Public ways and facilities	14,798,252	13,942,349	15,811,238	10,943,957	14,332,609
Health and sanitation	48,966,706	54,706,422	55,626,131	55,683,804	59,429,613
Public assistance	122,398,997	127,320,047	126,018,804	128,551,888	131,916,991
Education	2,323,995	2,595,937	2,618,241	2,604,840	2,819,417
Recreation and cultural services	4,065,679	629,744	455,878	356,178	540,284
Debt Service: (1)					
Principal	--	--	--	4,160,315	5,562,451
Interest	--	--	--	3,259,717	4,218,911
Cost of issuance	--	--	--	162,344	19,300
Total expenditures	<u>274,752,940</u>	<u>285,077,870</u>	<u>297,327,353</u>	<u>314,739,278</u>	<u>317,718,642</u>
Excess (deficiency) of revenues over expenditures	<u>5,940,894</u>	<u>(2,776,998)</u>	<u>(13,130,863)</u>	<u>(2,228,309)</u>	<u>(90,292)</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Sales of capital asset	26,488	55,949	16,283	184,210	22,973
Transfers in	6,675,214	6,628,970	11,545,776	20,333,417	23,387,710
Transfer out	(6,675,214)	(6,358,889)	(11,277,305)	(22,854,312)	(19,446,663)
Proceeds from issuance of debt	1,428,917	5,040,019	52,387,282	15,474,418	1,254,300
Total other financing sources (uses)	<u>1,455,405</u>	<u>5,366,049</u>	<u>52,672,036</u>	<u>13,137,733</u>	<u>5,218,320</u>
<b>SPECIAL ITEM:</b>					
Payment for unfunded actuarial liability	--	--	(49,100,000)	--	--
Net change in fund balances	<u>\$ 7,396,299</u>	<u>\$ 2,589,051</u>	<u>\$ (9,558,827)</u>	<u>\$ 10,909,424</u>	<u>\$ 5,128,028</u>

Debt service as a percentage of noncapital expenditures

n/a                      n/a                      n/a                      2.5%                      3.1%

Source: Auditor-Controller, County of Butte

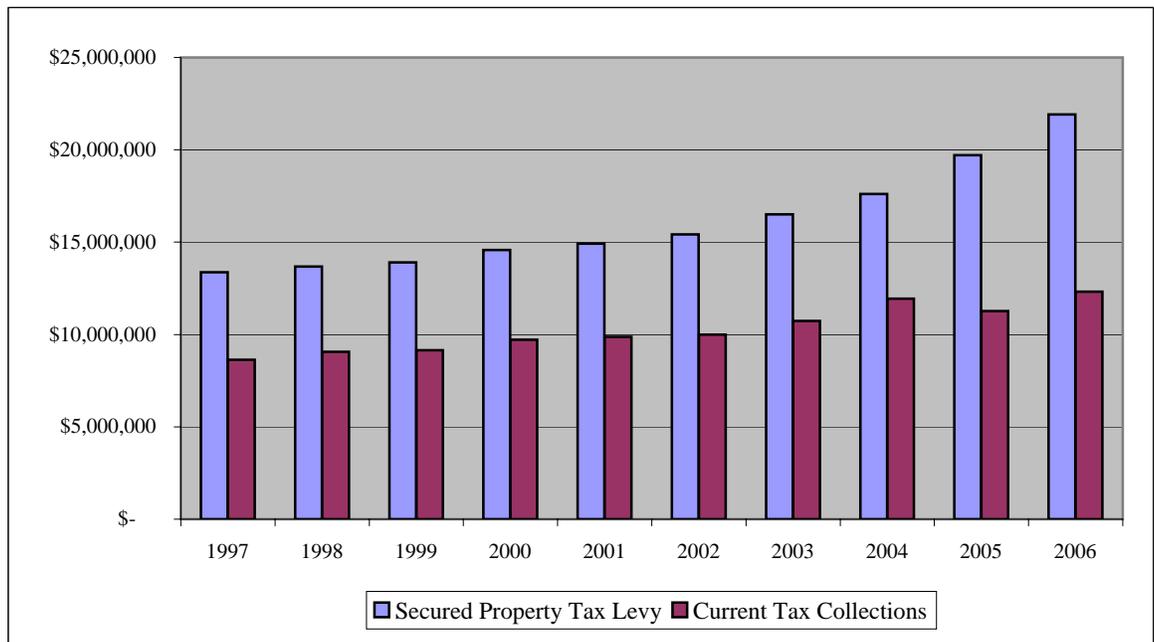
Note 1: Debt service was shown as a separate function during fiscal year 2004-05.

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

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

Fiscal Year	Total		Percent of		Total Tax		Percent of Total Tax Collections to Tax Levy
	Secured Property Tax Levy	Current Tax Collections	Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections June 30 (1)	Total Tax Collections	
1997	\$ 13,368,188	\$ 8,637,059	64.61%	\$ 3,032,635	\$ 11,669,694		87.29%
1998	13,685,273	9,067,074	66.25%	2,795,114	11,862,188		86.68%
1999	13,902,009	9,154,815	65.85%	2,686,153	11,840,968		85.17%
2000	14,568,472	9,722,602	66.74%	2,796,837	12,519,439		85.94%
2001	14,917,329	9,880,470	66.23%	2,662,593	12,543,063		84.08%
2002	15,421,306	9,992,981	64.80%	2,908,736	12,901,717		83.66%
2003	16,513,410	10,741,197	65.05%	2,990,234	13,731,431		83.15%
2004	17,611,617	11,945,629	67.83%	2,687,282	14,632,911		83.09%
2005	19,717,336	11,269,517	57.16%	2,449,265	13,718,782		69.58%
2006	21,909,684	12,315,767	56.21%	2,901,198	15,216,965		69.45%

Note 1: Includes current and prior year's redemption, penalties, and interest.



Source: Auditor-Controller, County of Butte

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

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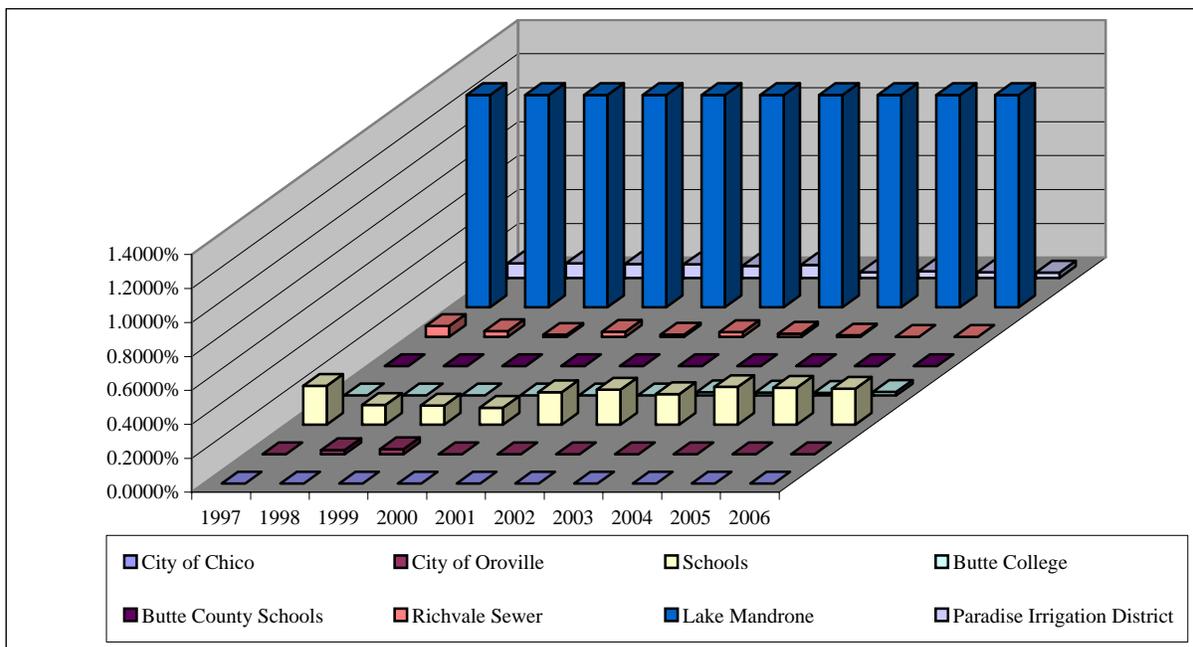
Fiscal Year	Secured Roll	Utility Roll	Unsecured Roll	Assessed Value
1997	\$ 8,772,659,369	\$ 21,836,956	\$ 459,736,643	\$ 9,254,232,968
1998	9,041,466,552	24,659,031	497,793,006	9,563,918,589
1999	9,414,996,955	20,077,633	523,173,513	9,958,248,101
2000	9,809,069,349	19,591,858	572,029,882	10,400,691,089
2001	10,210,901,077	20,289,420	596,527,153	10,827,717,650
2002	10,940,529,305	18,939,397	622,967,322	11,582,436,024
2003	11,624,793,072	18,939,909	635,629,383	12,279,362,364
2004	12,720,999,330	21,586,369	628,596,023	13,371,181,722
2005	14,047,057,479	21,878,301	671,570,735	14,740,506,515
2006	15,705,066,165	19,279,234	728,715,203	16,453,060,602

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 Mandrone	Irrigation District	
1997	1.000%	0.0000%	0.0000%	0.2301%	0.0000%	0.0003%	0.0625%	1.2500%	0.0860%	2.6289%
1998	1.000%	0.0000%	0.0240%	0.1161%	0.0000%	0.0000%	0.0339%	1.2500%	0.0860%	2.5100%
1999	1.000%	0.0000%	0.0300%	0.1130%	0.0000%	0.0006%	0.0117%	1.2500%	0.0830%	2.4883%
2000	1.000%	0.0000%	0.0000%	0.0998%	0.0000%	0.0000%	0.0289%	1.2500%	0.0800%	2.4587%
2001	1.000%	0.0000%	0.0000%	0.1916%	0.0000%	0.0000%	0.0119%	1.2500%	0.0720%	2.5255%
2002	1.000%	0.0000%	0.0000%	0.2072%	0.0000%	0.0000%	0.0280%	1.2500%	0.0780%	2.5632%
2003	1.000%	0.0000%	0.0000%	0.1810%	0.0188%	0.0000%	0.0175%	1.2500%	0.0340%	2.5013%
2004	1.000%	0.0000%	0.0000%	0.2229%	0.0171%	0.0000%	0.0078%	1.2500%	0.0390%	2.5368%
2005	1.000%	0.0000%	0.0000%	0.2177%	0.0160%	0.0000%	0.0000%	1.2500%	0.0340%	2.5177%
2006	1.000%	0.0000%	0.0000%	0.2118%	0.0209%	0.0000%	0.0000%	1.2500%	0.0330%	2.5157%

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	2006			2005 (1)		
	Rank	Assessed Valuation	Percentage of Total Assessed	Rank	Assessed Valuation	Percentage of Total Assessed
Pacific Gas and Electric Corporation	1	\$ 353,157,582	2.146%	1	\$ 346,921,754	2.109%
Wild Goose Storage, Inc.	2	93,536,832	0.569%	2	91,461,818	0.556%
Pacific Bell California	3	47,466,021	0.288%	3	58,258,685	0.354%
Chico Mall Partners LP	4	37,389,566	0.227%	4	36,651,410	0.223%
Farmland Reserve, Inc.	5	33,186,158	0.202%	5	28,858,611	0.175%
Chico Senior Living LLC	6	24,944,953	0.152%			
Pan Pacific Development LLC	7	24,471,727	0.149%	7	24,002,189	0.146%
North Valley Mall LLC	8	24,302,925	0.148%	6	24,011,550	0.146%
Pacific Coast Producers	9	22,726,586	0.138%	9	23,425,271	0.142%
Sprint Communications Co.	10	22,064,715	0.134%	8	23,695,716	0.144%
Western Investment Real Estate Trust			0.000%	10	19,262,765	0.117%
Largest Secured Property Valuation		683,247,065	4.153%		676,549,769	4.112%
Other Secured Taxpayers		15,769,813,537			12,694,631,953	
Total Secured Property Valuation - net of exemptions		\$ 16,453,060,602			\$ 13,371,181,722	

Note 1: In accordance with GASB Statement No. 44, the following table presents information for the County's principal taxpayers as of June 30, 2006 and should also be presented for June 30, 1997. However, June 30, 1997 information is not available and June 30, 2005 information will be presented until there is a nine year separation.

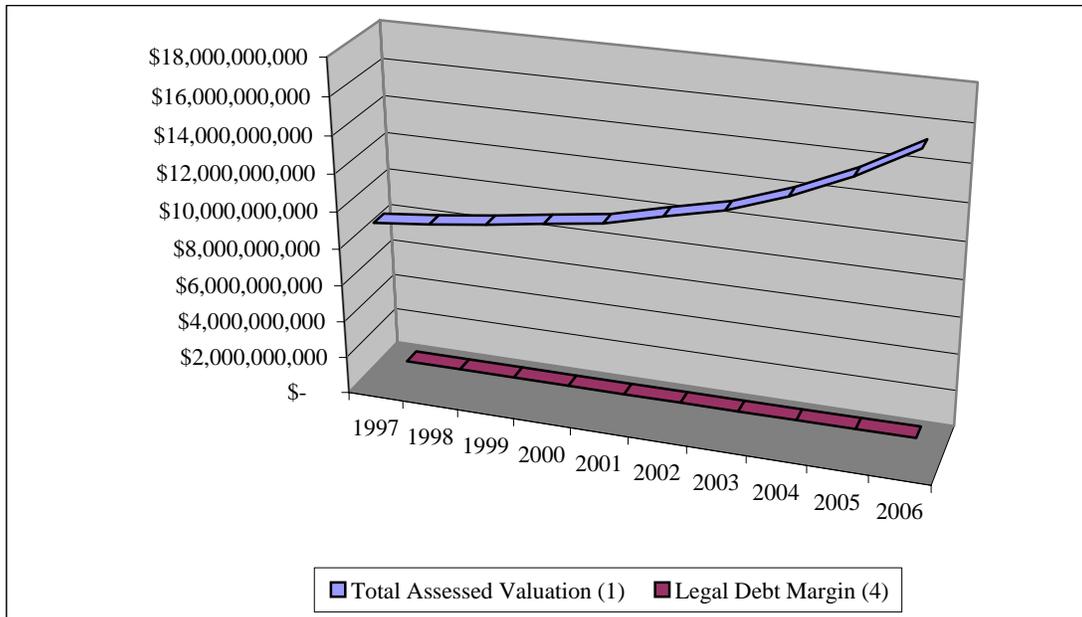
Source: Auditor-Controller, County of Butte

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

Fiscal Year	Total Assessed Valuation (1)	Legal Debt Limit (2)	General Bonded Debt (3)	Legal Debt Margin (4)
1997	\$ 9,254,232,968	\$ 115,677,912	\$ --	\$ 115,677,912
1998	9,563,918,589	119,548,982	--	119,548,982
1999	9,958,248,101	124,478,101	--	124,478,101
2000	10,400,691,089	130,008,639	--	130,008,639
2001	10,827,717,650	135,346,471	--	135,346,471
2002	11,582,436,024	144,780,450	--	144,780,450
2003	12,279,362,364	153,492,030	--	153,492,030
2004	13,371,181,722	167,139,772	--	167,139,772
2005	14,740,506,515	184,256,331	--	184,256,331
2006	16,453,060,602	205,663,258	--	205,663,258

Note:

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



Source: Auditor-Controller, County of Butte

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

Fiscal Year	County Population (1)	Assessed Value	Gross Bonded Debt	Debt Payable from Enterprise Revenue	Net Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt per Capita
1996	197,610	\$ 9,254,232,968	\$ --	\$ --	\$ --	0.000%	\$ --
1997	198,695	9,563,918,589	--	--	--	0.000%	--
1998	200,015	9,958,248,101	--	--	--	0.000%	--
1999	201,020	10,400,691,089	--	--	--	0.000%	--
2000	203,064	10,827,717,650	--	--	--	0.000%	--
2001	205,400	11,582,436,024	--	--	--	0.000%	--
2002	207,300	12,279,362,364	--	--	--	0.000%	--
2003	210,800	13,371,181,722	--	--	--	0.000%	--
2004	212,237	14,740,506,515	--	--	--	0.000%	--
2005	214,119	16,453,060,602	--	--	--	0.000%	--

Source:

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

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

Fiscal Year	Governmental Activities				Business-type Activities		Total Primary Government	Percentage of Assessed Value	Per Capital
	Bonds	Certificates of Participation	Loans/ Notes	Capital Leases	Loans	Capital Leases			
1997	\$ 1,377	\$ 5,515	\$ 5,666	\$ 3,022	\$ --	\$ --	15,580	0.1684%	\$ 78
1998	1,329	5,320	5,666	2,678	--	--	14,993	0.1568%	75
1999	1,277	5,115	--	2,311	--	--	8,703	0.0874%	43
2000	1,225	4,900	--	2,042	--	--	8,167	0.0785%	40
2001	1,167	4,675	5,077	1,809	--	--	12,728	0.1176%	62
2002	1,109	4,440	--	2,998	--	--	8,547	0.0738%	41
2003	1,052	9,345	--	2,366	--	2,258	15,021	0.1223%	71
2004	1,052	5,150	2,492	1,019	--	1,780	11,493	0.0860%	54
2005	61,515	4,540	4,111	688	--	1,289	72,143	0.4894%	337
2006	57,212	3,920	3,935	1,479	500	784	67,830	0.4123%	312

Source: Auditor-Controller, County of Butte

**COUNTY OF BUTTE, CALIFORNIA**  
**OVERLAPPING BONDED DEBT**  
**JUNE 30, 2006**

2006-07 Assessed Valuation: \$16,746,914,094 (includes unitary utility valuation)  
 Redevelopment Incremental Valuation: 3,370,954,480  
 Adjusted Assessed Valuation: \$13,375,959,614

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	<u>% Applicable (1)</u>	<u>Debt</u>
<b>Butte County</b>	<b>100.000 %</b>	<b>\$ - (2)</b>
Butte-Glenn Community College District	87.057	55,109,761
Chico Unified School District	100.000	27,380,000
Marysville Joint Unified School District	1.232	221,760
Paradise Unified School District Lease Tax Obligations	100.000	4,205,000
Oroville Union High School District	100.000	9,686,421
Manzanita School District	100.000	830,000
Oroville School District	100.000	5,611,411
Thermalito Union School District	100.000	2,049,974
Yuba County Water District, I.D. No. 3	68.443	942
City 1915 Act Bonds	100.000	<u>5,075,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT		\$110,170,269

<u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>	<u>%</u>	<u>\$</u>
<b>Butte County Certificates of Participation</b>	<b>100.000 %</b>	<b>\$13,096,700</b>
<b>Butte County Pension Obligations</b>	<b>100.000</b>	<b>56,375,000</b>
Butte-Glenn Community College District General Fund Obligations	87.057	3,151,463
Yuba Joint Community College District Certificates of Participation	0.178	5,162
Chico Unified School District Certificates of Participation	100.000	5,090,000
Paradise Unified School District Certificates of Participation	100.000	1,925,000
City of Paradise Certificates of Participation	100.000	<u>58,975</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT		\$79,702,300

COMBINED TOTAL DEBT \$189,872,569 (3)

- (1) Based on 2005-06 ratios.
- (2) Excludes Certificates of Participation herein offered.
- (3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

Ratios to 2006-07 Assessed Valuation:

**Direct Debt** ..... - %  
 Total Overlapping Tax and Assessment Debt .....0.66%

Ratios to Adjusted Assessed Valuation:

**Combined Direct Debt (\$69,471,700)**.....0.52%  
 Combined Total Debt.....1.42%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/06: \$0

Source: California Municipal Statistics, Inc.

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

Fiscal Year	Population (1)	Per Capital		School Enrollment (3)	Unemployment Rate (1)
		Personal Income (2)	Personal Income		
1997	198,695	\$ 3,890,964,000	\$ 19,583	35,177	8.7%
1998	200,015	4,099,860,000	20,497.8	35,304	8.4%
1999	201,020	4,275,291,000	21,268.0	35,290	6.8%
2000	203,064	4,570,617,000	22,508.3	35,083	6.1%
2001	205,400	4,798,095,000	23,359.8	34,433	6.5%
2002	207,300	4,879,434,000	23,538.0	34,454	7.3%
2003	210,800	5,025,193,000	23,838.7	34,260	7.4%
2004	212,237	5,393,454,000	25,412.4	33,768	7.2%
2005	214,119	n/a	n/a	33,385	6.7%
2006	217,209	n/a	n/a	33,192	4.9%

**Detail of estimated population, as January 1, 2005:**

Incorporated Cities/Towns:

City of Biggs	1,800
City of Chico	73,560
City of Gridley	5,500
City of Oroville	13,250
Town of Paradise	26,750
Total of incorporated	120,860
Total of unincorporated	96,349
Total Population	217,209

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) Ed-data ([www.ed-data.k12.ca.us](http://www.ed-data.k12.ca.us))

**COUNTY OF BUTTE, CALIFORNIA**  
**MISCELLANEOUS STATISTICAL INFORMATION**  
**JUNE 30, 2006**

**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

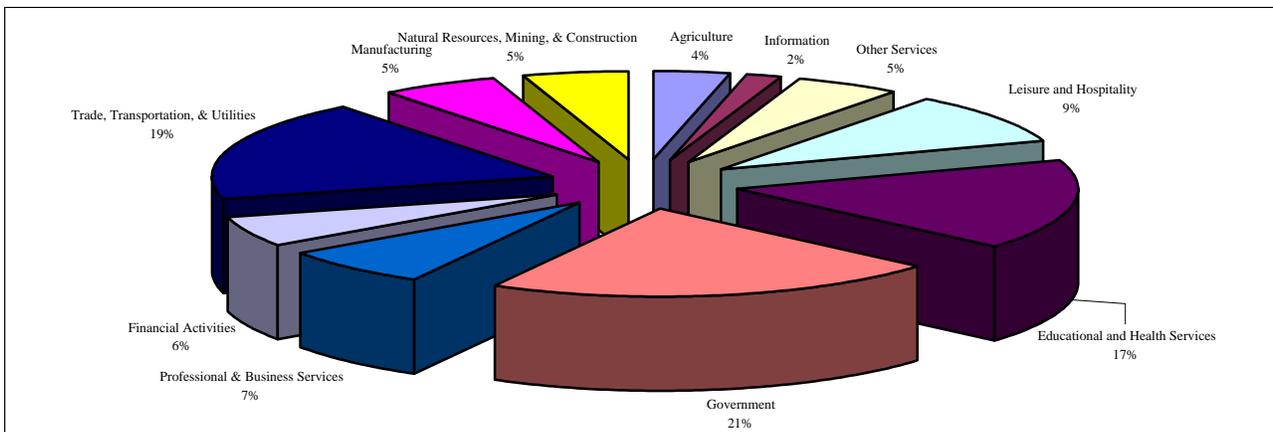
**Form of Government:** General Law County, governed by a five-member Board of Supervisors

**Fiscal Year Begins:** July 1

**County Employees:** as of June 30, 2006: 2,104

**Employment Distribution (2004 Annual Average)(1):**

Agriculture	3.5%
Information	1.9%
Other Services	5.0%
Leisure and Hospitality	9.3%
Educational and Health Services	16.6%
Government	21.7%
Professional & Business Services	7.4%
Financial Activities	5.5%
Trade, Transportation, & Utilities	18.6%
Manufacturing	5.4%
Natural Resources, Mining, & Construction	5.1%



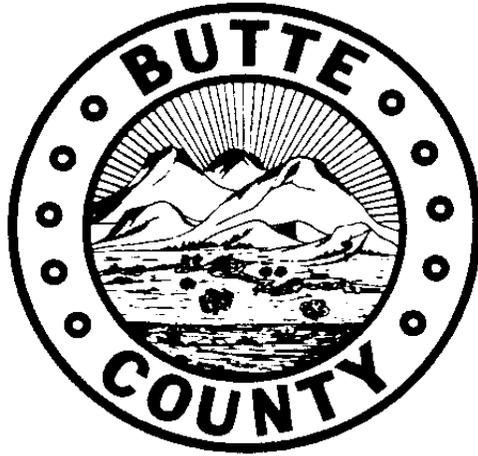
Source 1: State of California, Employment Development Department, Labor Market Information Division

**COUNTY OF BUTTE, CALIFORNIA**  
**MISCELLANEOUS STATISTICAL INFORMATION (Continued)**  
**JUNE 30, 2006**

**Major County Employers**

Company	Location	Product/ Service
BALDWIN CONTRACTING CO INC	Chico	CONTRACTORS-ENGINEERING GENERAL
BUTTE COMMUNITY COLLEGE	Oroville	SCHOOLS-UNIVERSITIES & COLLEGES ACADEMIC
BUTTE COUNTY COMM. EMPLOYMENT	Oroville	EMPLOYMENT AGENCIES & OPPORTUNITIES
CHICO CREEK CARE & REHAB	Chico	NURSING & CONVALESCENT HOMES
CHICO HIGH SCHOOL	Chico	SCHOOLS
CHP PLUS	Chico	HOME HEALTH SERVICE
DO-IT LEISURE	Chico	REHABILITATION SERVICES
ENLOE HOMECARE & HOSPICE	Chico	HOME HEALTH SERVICE
ENLOE MEDICAL CTR	Chico	HOSPITALS
ENLOE MEDICAL CTR PATIENT ACCT	Chico	HOSPITALS
ENLOE REHABILITATION CTR	Chico	REHABILITATION SERVICES
FEATHER FALLS CASINO	Oroville	CASINOS
FEATHER RIVER HOSPITAL	Paradise	HOSPITALS
FEATHER RIVER HOSPITAL CLNCL	Paradise	LABORATORIES-MEDICAL
GOLD COUNTRY CASINO	Oroville	CASINOS
GOOD LIFE	Paradise	NEWSPAPERS (PUBLISHERS)
LIFETOUCH NATIONAL SCHL STUDIO	Chico	PHOTOGRAPHERS-PORTRAIT
NORTHERN CALIFORNIA HOMES	Paradise	REAL ESTATE
OROVILLE HOSPITAL	Oroville	HOSPITALS
SIGNATURE FRUIT CO	Gridley	CANNING (MANUFACTURERS)
WAL-MART	Oroville	DEPARTMENT STORES
WAL-MART	Chico	DEPARTMENT STORES
WITTMEIER AUTO CTR	Chico	AUTOMOBILE DEALERS-NEW CARS

Source: State of California, Employment Development Department ([www.calmis.ca.gov/file/majorer/majorer.htm](http://www.calmis.ca.gov/file/majorer/majorer.htm))



## Glossary



## COUNTY OF BUTTE

### Glossary for the Comprehensive Annual Financial Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## COUNTY OF BUTTE

### Glossary for the Comprehensive Annual Financial Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## COUNTY OF BUTTE

### Glossary for the Comprehensive Annual Financial Report

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

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

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

#### **ECONOMIC RESOURCES MEASUREMENT FOCUS.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## COUNTY OF BUTTE

### Glossary for the Comprehensive Annual Financial Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## COUNTY OF BUTTE

### Glossary for the Comprehensive Annual Financial Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**SELF-INSURANCE.** A term often used to describe the retention by an entity of a risk of loss arising out of the ownership of property or from some other cause, instead of transferring that risk to an independent third party through the purchase of an insurance policy. It is sometimes accompanied by the setting aside of assets to fund any related losses. Because no insurance is involved, the term self insurance is a misnomer.

**SINGLE AUDIT.** An audit performed in accordance with the Single Audit Act of 1997 and Office of Management and Budget's (OMB) Circular A-133, *Audits of State and Local Governments and Non-Profit Organizations*. The Single Audit Act allows or requires governments (depending on the amount of federal assistance received) to have one audit performed to meet the needs of all federal agencies.

**SPECIAL DISTRICT.** An independent unit of local government organized to perform a single government function or a restricted number of related functions. Special districts usually have the power to incur debt and levy taxes; however, certain types of special districts are entirely dependent upon enterprise earnings and cannot impose taxes. Examples of special districts are water districts, drainage districts, flood control districts, hospital districts, fire protection districts, transit authorities, port authorities and electric power authorities.

**SPECIAL REVENUE FUND.** A fund used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

**TAX AND REVENUE ANTICIPATION NOTES (TRANS).** Notes issued in anticipation of the collection of taxes and revenues, usually 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.

**UNDESIGNATED UNRESERVED FUND BALANCE.** That portion of a fund balance that is available for spending or appropriation and has not been "earmarked" for specified purposes by the chief executive officer or the legislative body.

**UNQUALIFIED OPINION.** An opinion rendered without reservation by the independent auditor that financial statements are fairly presented.

**UNRESERVED FUND BALANCE.** That portion of a fund balance available for spending or appropriation in the future.

**UNRESTRICTED NET ASSETS.** That portion of net assets that is neither restricted nor invested in capital assets (net of related debt).

**VARIABLE-RATE INVESTMENT.** An investment with terms that provide for the adjustment of its interest rate (such as the last day of the month or a calendar quarter) and that, upon each adjustment until the final maturity of the instrument or the period remaining until the principal amount can be recovered through demand, can reasonably be expected to have a fair value that will be unaffected by interest rate changes.