

COUNTY OF BUTTE
STATE OF CALIFORNIA

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

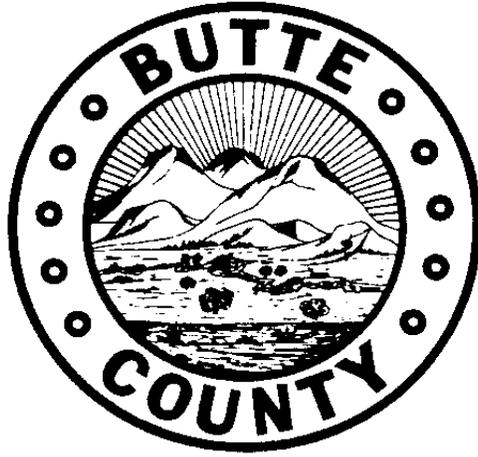
FOR THE FISCAL YEAR ENDED
JUNE 30, 2007



(Lake Oroville, CA - photo by Peggy Moak)

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, 2007

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COUNTY OF BUTTE, CALIFORNIA

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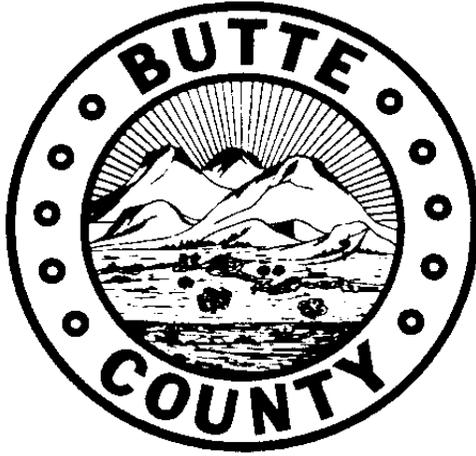
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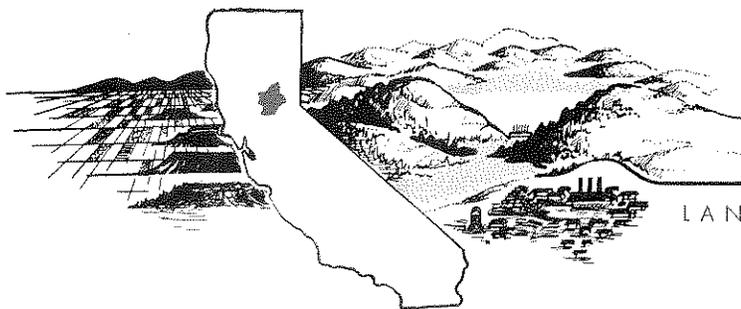
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Butte County

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 24, 2007

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, 2007, 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, 2007, and the respective changes in financial position and cash flow, where applicable, thereof for the fiscal year then ended. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

This letter of transmittal is designed to complement the 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 218,069 with approximately 45% of the residents living in the unincorporated area.

Policymaking and legislative authority is vested in the County Board of Supervisors (the Board), which consists of an elected supervisor from each of five districts. The Board is responsible, among other things for passing ordinances, adopting the budget, appointing committees, and appointing the County Executive Officer (CEO), who in turn appoints 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 are 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:

Capital Improvement Plan (CIP)

The County approved its first Capital Improvement Plan. The 20-year plan includes both service and transportation infrastructure. The CIP is divided into four tiers of five years each. Tier 1, the first five years of the plan, includes Fiscal Year (FY) 2006/2007 through FY 2010/2011. The first Tier includes projects in the near term that are supported by the most detailed analysis and have funding available. The CIP is intended to be a flexible document that is revisited at least annually. The approval of the CIP approved a spending plan but does not appropriate funds. Final authority of each CIP project will come in the form of spending authority in the budget.

State Water Resources Control Board

The State Water Resources Control Board granted a \$38 million loan to install sewers in the Chico Urban Area in order to solve a long standing problem of nitrate contamination of the groundwater in the area.

Improvements to Information Systems Paves the Way to Future Savings

During the current fiscal year the County has made an upgrade to the Pentamotion Financial Management System. This upgrade should provide increased efficiency, access to reports, and data previously unavailable.

Financial Management Options Committee

A Financial Management Options Committee (Committee) was created to consider a restructuring of the Auditor-Controller's duties including the contemplation of placing a measure before the electorate to modify or abolish the office.

The Committee recommended the creation of a financial management division within the Administrative Office managed by a Chief Financial Officer to improve the accountability and effectiveness of county government, while also emphasizing their belief in the importance of checks and balances provided by an elected Auditor-Controller.

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 2006. 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 2006-07 Single Audit will be issued under separate cover and will be available by contacting the Auditor-Controller's office, after March 31, 2008.

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, 2007, for all governmental fund types are reported as reservations of fund balances. Unencumbered appropriations lapse at the end of each fiscal year.

Cash Management

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

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

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

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

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Pools*, school districts and special district external investments pools are reported as investment trust funds. Of the Treasurer's total cash and investments pool of \$371,419,151 at June 30, 2007, \$233,958,801 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, 2007, 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, 2007, are fairly presented in conformity with accounting standards generally accepted in the United States of America. The independent auditor's report is presented as the first item of the financial section of the report.

Awards and Acknowledgments

The GFOA awarded a Certificate of Achievement for Excellence in Financial Reporting to the County's CAFR for the fiscal year ended June 30, 2006. This was the first attempt and first year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both accounting principles generally accepted in the United States of America and applicable legal requirements.

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

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the efficient and dedicated services of 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, 2007

Board of Supervisors

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

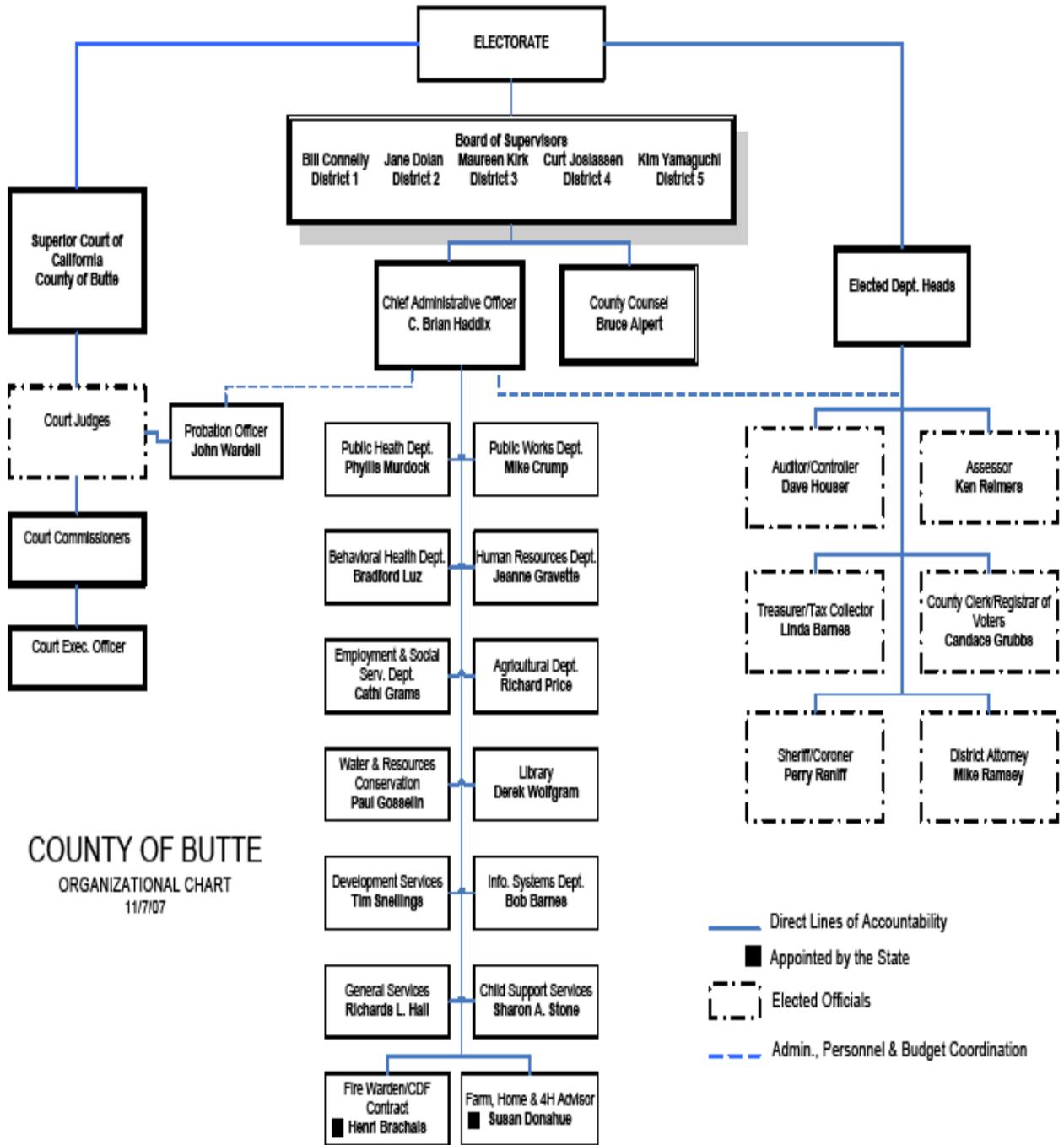
*Chosen annually at the first meeting in January.

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.....	C. Linda Barnes

Appointed Officials

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



Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Butte California

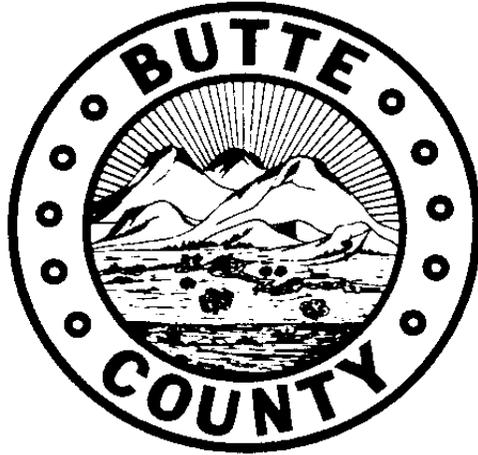
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

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

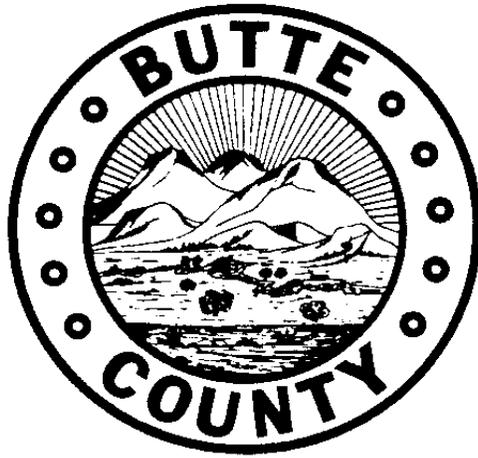


President

Executive Director



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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, 2007, 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.

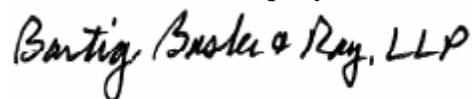
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of County of Butte, California, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons for the General Fund, the Welfare Fund, the Public Health Fund, the Behavioral Health Fund and the Road Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 24, 2007, 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.

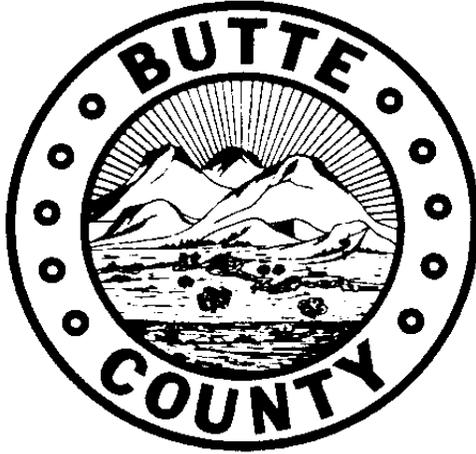
Management's Discussion and Analysis (MD&A) and other required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America.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

Handwritten signature in cursive script that reads "Bartig Basler & Ray, LLP".

Roseville, California
December 24, 2007



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, 2007. 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 \$387,041 (net assets). Of this amount, \$55,757 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets decreased by \$3,445 during the fiscal year.
- As of June 30, 2007, the County's governmental funds reported combined ending fund balances of \$84,349, a net increase of \$1,745 in comparison with the prior fiscal year. This net increase represents an increase of \$5,409 in reserved fund balances, an increase of \$1,097 in designated fund balances, and a decrease of \$4,761 in unreserved, undesignated fund balances, which may be used to meet the government's ongoing obligations to citizens and creditors.
- At the end of the current fiscal year, the unreserved, undesignated fund balance for the general fund was \$16,857 or 18.2% of total general fund expenditures.
- The County's total long-term obligations as of June 30, 2007 increased by \$7,812 over the prior period. The key factor in the increase was the increase of \$1,053 in Worker's Compensation and General Liability self-insurance liability, the issuance of \$12,025 in Certificates of Participation for improvements at the Butte County Neal Road Landfill, and \$24 in capital lease obligations. Payment of principal throughout the fiscal year offset a portion of the overall increase.

II. OVERVIEW OF THE FINANCIAL STATEMENTS

A. GASB 34 Financial Report Model

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

B. Government-Wide Financial Statements

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

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

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

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

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

C. Fund Financial Statements

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

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

The County maintains 144 individual governmental funds. On the financial statements for governmental funds information is presented separately for five major funds: the General Fund, the Welfare Fund, the Public Health Fund, the Behavioral Health Fund, and the Road Fund. Data from the other governmental funds are aggregated into a single column.

Proprietary funds are of two types. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses 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	
	2006	2007	2006	2007	2006	2007	Dollar Change	Percent Change
Current and other assets	\$ 153,433	\$ 162,072	\$ 9,516	\$ 18,706	\$ 162,949	\$ 180,778	\$ 17,829	10.9 %
Capital assets	323,361	306,377	10,032	14,759	333,393	321,136	(12,257)	(3.7)%
Total assets	476,794	468,449	19,548	33,465	496,342	501,914	5,572	1.1 %
Current and other liabilities	13,674	14,254	1,897	2,332	15,571	16,586	1,015	6.5 %
Long-term liabilities	87,320	84,493	2,965	13,794	90,285	98,287	8,002	8.9 %
Total liabilities	100,994	98,747	4,862	16,126	105,856	114,873	9,017	8.5 %
Net assets:								
Invested in capital assets, net of related debt	313,955	299,087	8,748	1,793	322,703	300,880	(21,823)	(6.8)%
Restricted net assets	16,697	26,322	6,692	4,083	23,389	30,405	7,016	30.0 %
Unrestricted net assets	45,148	44,293	(754)	11,463	44,394	55,756	11,362	25.6 %
Total net assets	\$ 375,800	\$ 369,702	\$ 14,686	\$ 17,339	\$ 390,486	\$ 387,041	\$ (3,445)	(0.9)%

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 14.4% 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.

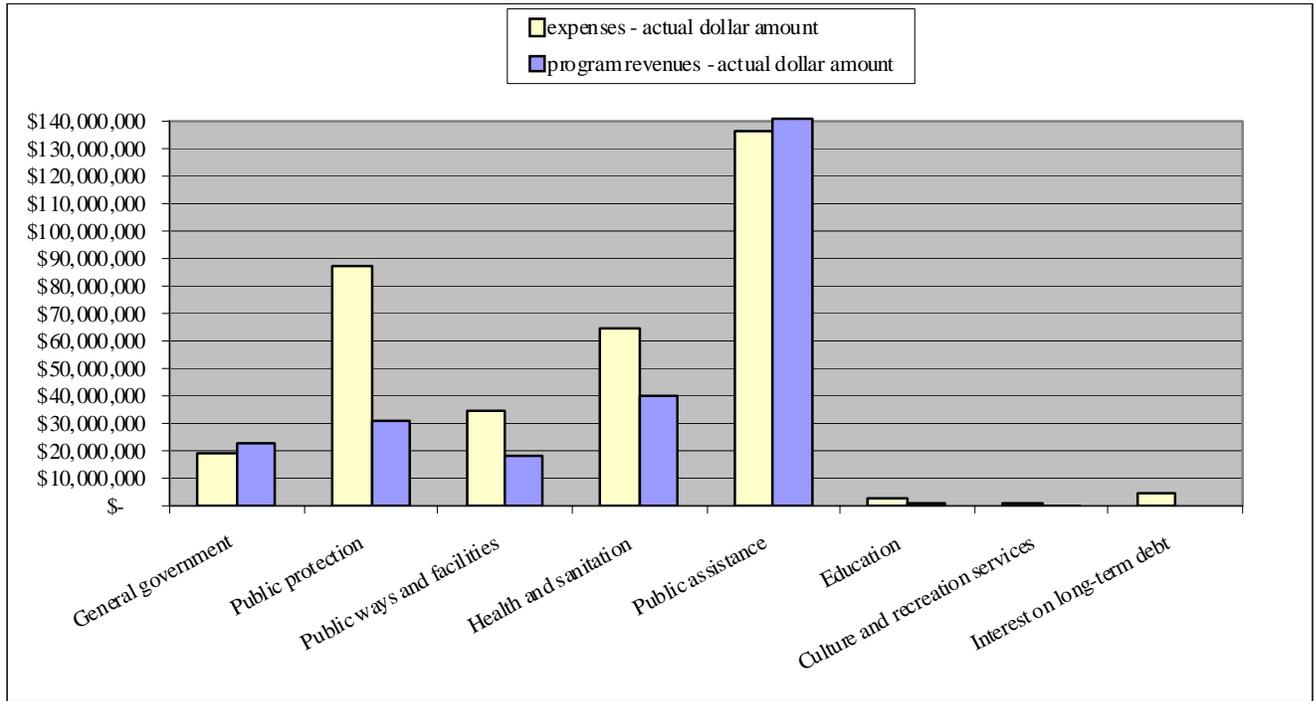
Table 2 – The Change in Net Assets (in thousands)

	Governmental Activities		Business-type Activities		Total		Total	
	2006	2007	2006	2007	2006	2007	Dollar Change	Percent Change
Revenues:								
Program revenues:								
Charges for services	\$ 29,761	\$ 34,211	\$ 6,571	\$ 6,663	\$ 36,332	\$ 40,874	\$ 4,542	12.5 %
Operating grants and contributions	194,630	206,382	465	71	195,095	206,453	11,358	5.8 %
Capital grants and contributions	11,982	13,137			11,982	13,137	1,155	9.6 %
General revenues:								
Property taxes	41,657	45,642			41,657	45,642	3,985	9.6 %
Sales taxes	3,371	4,552			3,371	4,552	1,181	35.0 %
Other taxes and related revenues	1,624	1,356			1,624	1,356	(268)	(16.5)%
Unrestricted grants and contributions	25,122	21,030			25,122	21,030	(4,092)	(16.3)%
Unrestricted investment income	1,475	5,559	90	702	1,565	6,261	4,696	300.1 %
Gain/ (loss) on sale/disposal of capital assets	20		(2,528)		(2,508)		2,508	(100.0)%
Miscellaneous revenues	8,328	11,430	186		8,514	11,430	2,916	34.2 %
Total revenues	317,970	343,299	4,784	7,436	322,754	350,735	27,981	8.7 %
Program expenses:								
General Government	16,618	19,087			16,618	19,087	2,469	14.9 %
Public protection	81,999	87,501			81,999	87,501	5,502	6.7 %
Public ways and facilities	31,532	34,624			31,532	34,624	3,092	9.8 %
Health and sanitation	58,594	64,268			58,594	64,268	5,674	9.7 %
Public assistance	130,967	135,872			130,967	135,872	4,905	3.7 %
Education	2,905	3,117			2,905	3,117	212	7.3 %
Culture and recreation services	658	604			658	604	(54)	(8.2)%
Interest on long-term debt	4,184	4,315			4,184	4,315	131	3.1 %
Sanitation			4,680	4,403	4,680	4,403	(277)	(5.9)%
Transit			24	389	24	389	365	1,520.8 %
Total expenses	327,457	349,388	4,704	4,792	332,161	354,180	22,019	6.6 %
Equity transfer		(9)		9				n/a
Net increase (decrease) in net assets	(9,487)	(6,098)	80	2,653	(9,407)	(3,445)	5,962	(63.4)%
Net assets, beginning	383,092	375,800	14,523	14,686	397,615	390,486	(7,129)	(1.8)%
Prior period adjustment	2,195		83		2,278		(2,278)	n/a
Net assets, beginning, restated	385,287	375,800	14,606	14,686	399,893	390,486	(9,407)	(2.4)%
Net assets, ending	\$ 375,800	\$ 369,702	\$ 14,686	\$ 17,339	\$ 390,486	\$ 387,041	\$ (3,445)	(0.9)%

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

- Governmental Activities accounted for a decrease in net assets of \$6,098, primarily due to current year depreciation expense of the County's infrastructure (roads and bridges), which amounted to \$19,607. The decrease was offset by a \$3,985 increase in property taxes and an \$11,358 increase in operating grants.
- Business-Type Activities accounted for an increase in net assets of \$2,653, primarily due to current year increases in charges for services for the Neal Road Landfill in the amount of \$127 plus a \$1,253 decrease in landfill closure/ post-closure care costs.

Expenses and Program Revenues – Governmental Activities



IV. FINANCIAL ANALYSIS OF FUNDS

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

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

At June 30, 2007, the County’s governmental funds reported combined ending fund balances of \$84,349. Approximately 63.2% of this total amount (\$53,343) constitutes the unreserved fund balance, which may be used to meet the County’s ongoing general obligations to citizens and creditors. The remainder of the fund balance is reserved to indicate that it is not available for general obligations because it has been committed in the form of prior year obligations (encumbrances), inventories, debt service reserves, or the funds have statutory restrictions.

The general fund is the main operating fund of the County. At June 30, 2007, the unreserved fund balance of the general fund was \$20,751 while the total fund balance reached \$30,026. As measures of the general fund's liquidity, it is useful to note that the unreserved fund balance represents 22.5% percent of total fund expenditures, while the total fund balance represents 32.5% percent of that same amount. The general fund's fund balance decreased by \$20,171 during the current fiscal year as the County did an equity transfer for the set-up of two new special revenue funds.

The welfare fund has a total fund balance of \$1,754. Of this amount, \$864 is reserved, and the balance of \$890 is unreserved. The overall fund balance increased by \$680 due to increase in welfare related aid.

The public health fund has a total fund balance of \$17,344. Of this amount, \$1,526 is reserved, and the balance of \$15,818 is unreserved. The public health fund was created by the County during the current fiscal year. The general fund made an equity transfer of \$17,002 to start up the public health fund.

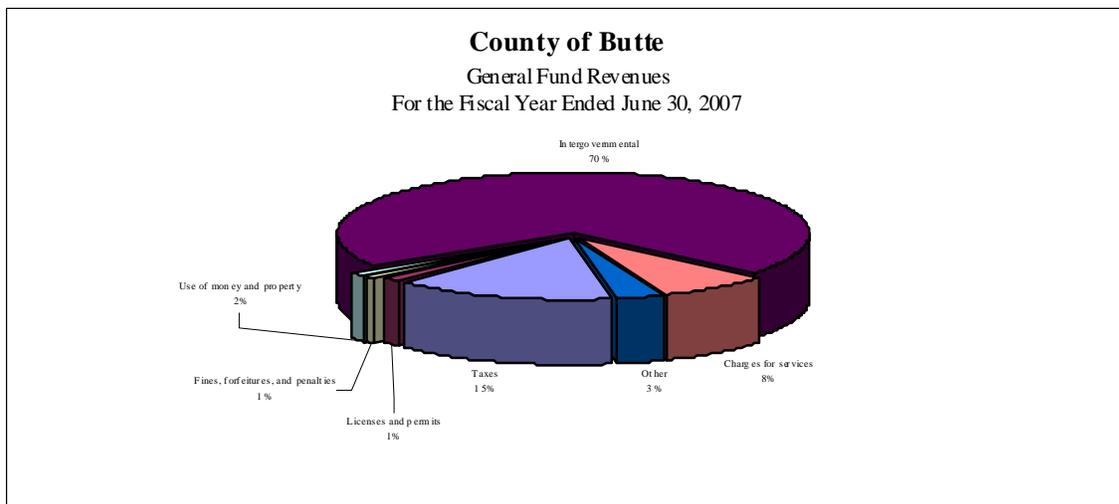
The behavioral health fund has a total fund balance of \$(177). Of this amount, \$3,099 is reserved, and the balance of \$(3,276) is unreserved. The behavioral health fund was created by the County during the current fiscal year. The general fund made an equity transfer of \$3,169 to start up the behavioral health fund. The behavioral health fund incurred a negative fund balance due to the State of California's reduction to funding for behavioral health.

The road fund has a total fund balance of \$10,831. Of this amount, \$3,783 is reserved, and the balance of \$7,048 is unreserved. The overall fund balance decreased by \$130 due to increased road projects.

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

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

Revenue Sources	FY 2006		FY 2007		Change	
	Amount	% of total	Amount	% of total	Amount	% of change
Taxes	\$ 47,395	14.9%	\$ 52,384	15.2%	\$ 4,989	10.5%
Licenses and permits	4,322	1.4%	4,862	1.4%	540	12.5%
Fines, forfeitures, and penalties	2,447	0.8%	2,729	0.8%	282	11.5%
Use of money and property	1,337	0.4%	5,285	1.5%	3,948	295.3%
Intergovernmental	231,688	72.8%	240,530	69.9%	8,842	3.8%
Charges for services	22,885	7.2%	26,645	7.7%	3,760	16.4%
Other	8,328	2.6%	11,430	3.3%	3,102	37.2%
Total	\$ 318,402	100%	\$ 343,865	100%	\$ 25,463	8.0%



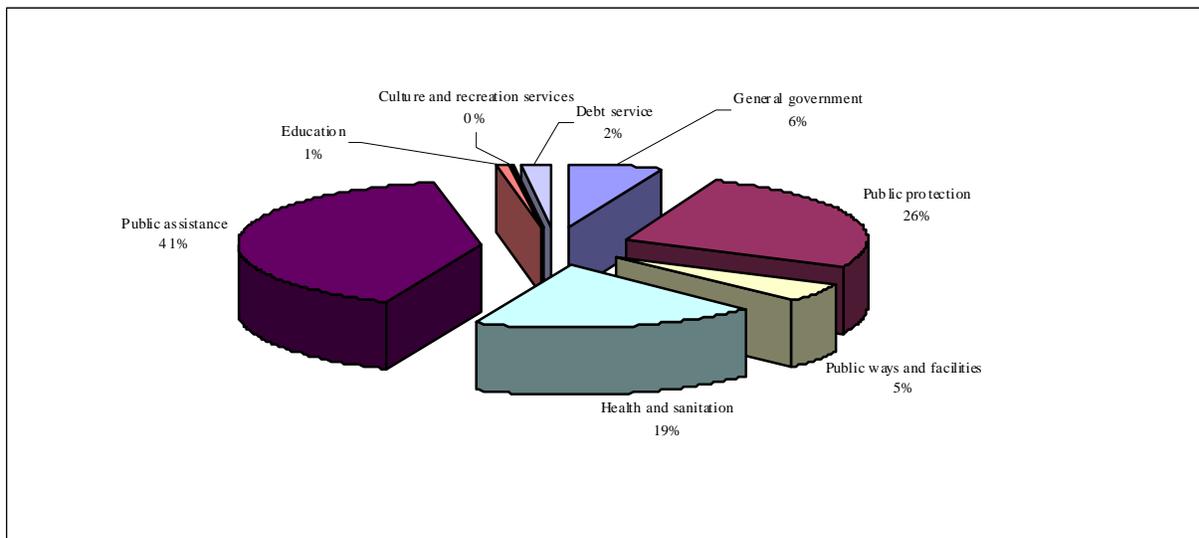
Significant changes for major revenue sources are explained below.

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

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

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

Function	FY 2006		FY 2007		Change	
	Amount	% of total	Amount	% of total	Amount	% of change
General government	\$ 18,354	5.8%	\$ 20,441	6.0%	\$ 2,087	10.2%
Public protection	80,525	25.3%	89,379	26.2%	8,854	9.9%
Public ways and facilities	14,333	4.5%	17,037	5.0%	2,704	15.9%
Health and sanitation	59,430	18.7%	65,632	19.3%	6,202	9.4%
Public assistance	131,917	41.5%	137,501	40.4%	5,584	4.1%
Education	2,819	0.9%	3,056	0.9%	237	7.8%
Culture and recreation services	540	0.2%	476	0.1%	(64)	(13.4%)
Debt service	9,801	3.1%	7,082	2.1%	(2,719)	(38.4%)
Total	\$ 317,719	100%	\$ 340,604	100%	\$ 22,885	6.7%



Significant changes for major functions are explained below.

- 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 decrease in this function is due to the decrease in purchases for book and periodical purchases for libraries.
- Debt service – The decrease in this function is due to the County satisfying the requirements of the Worker’s Compensation Notes in the prior fiscal year.

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

The Landfill fund has total net assets of \$17,339. Of this amount, \$1,793 is invested in capital assets, net of related debt, \$4,083 is restricted, and the balance of \$11,463 is unreserved. Overall net assets increased by \$2,973 due to an increase in landfill fees and a decrease in operating expenses.

The transit fund was turned over to Butte County Association of Governments (BCAG) during the current fiscal year.

V. GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget for revenues were a decrease of \$66,266. This decrease was due to the County creating two new special revenue funds that were originally part of the general fund.

During the fiscal year, actual revenues were more than budgetary estimates by \$7,982. The main reason for the increase is that taxes were \$3,491 more than the estimated amount due to increased property values. Plus, revenues from uses of money and property increased \$1,650 over the estimated amount due to increases in investment earnings. Actual expenditures and transfers were less than budgetary estimates by \$14,941. The net effect of over-realization of revenues and under-utilization of appropriations resulted in a favorable variance of \$22,923.

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, 2007, amounts to \$321,137 (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 3.8%. The decrease resulted from infrastructure depreciation exceeding infrastructure assets acquired by \$18,108.

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:

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

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

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>	
	2006	2007	2006	2007	2006	2007
Land	\$ 1,923	\$ 1,923	\$ 488	\$ 488	\$ 2,411	\$ 2,411
Structures & improvements	44,375	44,569	104	100	44,479	44,669
Equipment	10,669	13,290	2,450	2,355	13,119	15,645
Infrastructure	264,102	245,994			264,102	245,994
Construction in progress	2,292	601	6,990	11,817	9,282	12,418
Total	<u>\$ 323,361</u>	<u>\$ 306,377</u>	<u>\$ 10,032</u>	<u>\$ 14,760</u>	<u>\$ 333,393</u>	<u>\$ 321,137</u>

B. Long-Term Obligations

At June 30, 2007, the County had total long-term obligations outstanding of \$98,097 consisting of \$15,315 in Certificates of Participation, capital lease obligations of \$1,400, bonds payable of \$56,424, loan payable of \$450, and notes payable of \$2,903. Additional long-term liabilities include compensated leave payable of \$12,786, actuarial claims liability of \$5,062 for general insurance and worker's compensation self insurance, landfill closure/post closure care liability of \$720, and supplemental retirement benefits payable of \$3,037.

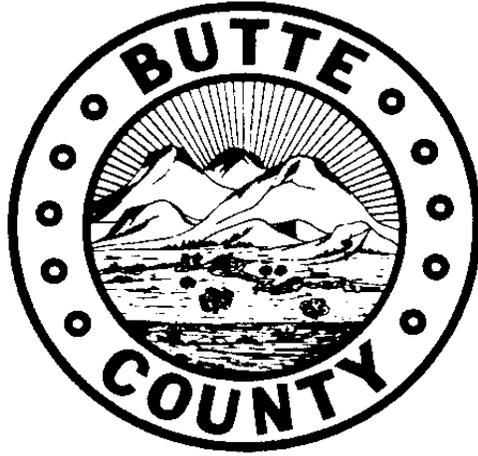
Additional information on the County's long-term liabilities can be found in the Notes to the Financial Statements section of this report.

VII. Fiscal Outlook

The County adopted its fiscal year 2007-2008 Final Budget in the total amount of \$425,586, with a General Fund Contingency Appropriation of \$5,954. This represents increased financing requirements of \$34,068 from the prior fiscal year, and a General Fund Contingency Appropriation decreased of \$2,083. The County is facing a difficult fiscal challenge in the short-term. Although the most critical fiscal uncertainty facing the County continues to be the impact on local government resulting from actions the State of California may take in addressing its own fiscal problems, large increases in employee benefits and worker's compensation insurance costs will also impact the ability of the County to maintain current service levels.

VIII. Request for Information

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



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

COUNTY OF BUTTE, CALIFORNIA

STATEMENT OF NET ASSETS

JUNE 30, 2007

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and investments	\$ 76,855,872	\$ 17,843,756	\$ 94,699,628
Cash and investments with fiscal agent	14,193,493		14,193,493
Imprest cash	89,689	1,000	90,689
Interest receivable	841,276	175,291	1,016,567
Accounts receivable	1,898,542	403,865	2,302,407
Due from other governments	11,729,499		11,729,499
Prepaid items	27,663		27,663
Deposits from others	52,797		52,797
Inventories	436,911		436,911
Internal balances	34,279	(34,279)	
Receivables from external parties	1,168,138	4	1,168,142
Loans receivable	2,102,156		2,102,156
Net pension asset	52,015,136		52,015,136
Deferred debt issuance costs	627,192	315,443	942,635
Capital assets, net			
Non-depreciable	2,523,732	12,305,487	14,829,219
Depreciable assets, net	303,852,823	2,454,490	306,307,313
Total assets	468,449,198	33,465,057	501,914,255
 LIABILITIES			
Liabilities:			
Accounts payable	6,090,885	485,961	6,576,846
Salaries and benefits payable	5,187,192	44,042	5,231,234
Deposits payable	3,392		3,392
Deferred revenue	2,912,799		2,912,799
Accrued interest	60,124	305,822	365,946
Landfill corrective action liability		1,496,477	1,496,477
Long term liabilities:			
Due within one year	5,746,035	369,477	6,115,512
Due in more than one year	78,746,476	13,424,455	92,170,931
Total liabilities	98,746,903	16,126,234	114,873,137
 NET ASSETS			
Invested in capital assets, net of related debt	299,087,057	1,792,507	300,879,564
Restricted:			
General restrictions	7,548,579		7,548,579
Grants and special revenue	8,993,522		8,993,522
Debt service	9,779,607		9,779,607
Landfill post-closure care requirements		4,083,228	4,083,228
Unrestricted	44,293,530	11,463,088	55,756,618
Total net assets	\$ 369,702,295	\$ 17,338,823	\$ 387,041,118

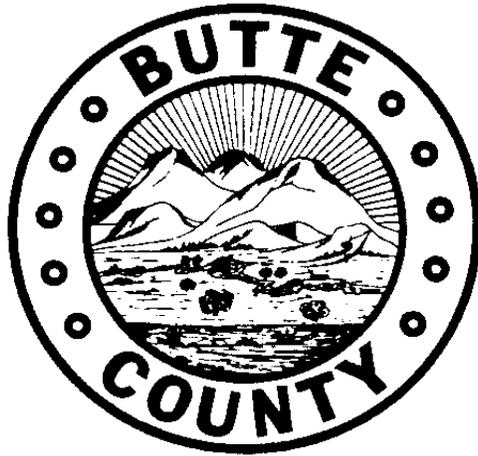
The accompanying notes are an integral part of these financial statements.

COUNTY OF BUTTE, CALIFORNIA

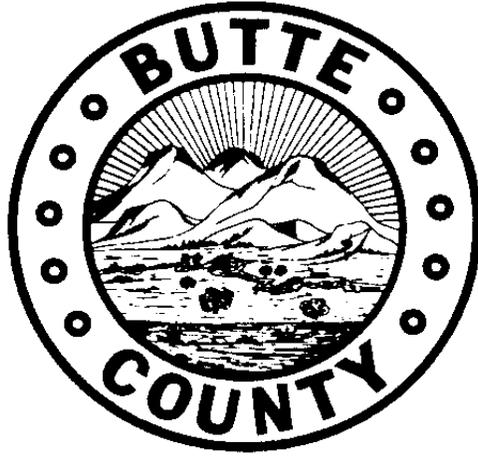
**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Primary government:			
Governmental activities:			
General government	\$ 19,086,836	\$ 19,903,572	\$ 3,248,354
Public protection	87,500,747	5,285,862	25,559,284
Public ways and facilities	34,623,721	3,439,296	1,493,055
Health and sanitation	64,268,283	5,011,027	34,793,685
Public assistance	135,871,668	354,261	140,649,146
Education	3,117,432	101,360	420,746
Culture and recreation services	604,386	115,716	217,676
Interest on long-term debt	4,315,186		
Total governmental activities	<u>349,388,258</u>	<u>34,211,094</u>	<u>206,381,946</u>
Business-type activities:			
Sanitation	4,403,172	6,662,729	70,717
Transit	388,537		
Total business-type activities	<u>4,791,709</u>	<u>6,662,729</u>	<u>70,717</u>
Total Butte County	<u>\$ 354,179,967</u>	<u>\$ 40,873,823</u>	<u>\$ 206,452,663</u>
General revenues:			
Taxes:			
Property taxes			
Sales taxes			
Other taxes and related revenues			
Grants and contributions not restricted to specific programs			
Unrestricted investment earnings			
Miscellaneous			
Total general revenues			
Equity transfer			
		Change in net assets	
	Net assets, beginning		
	Net assets, ending		

Program Revenues	Net (Expense) Revenue and Changes in Net Assets		
	Capital Grants and Contributions	Governmental Activities	Business-Type Activities
\$ 19,427	\$ 4,084,517	\$ -	\$ 4,084,517
7,527	(56,648,074)		(56,648,074)
13,109,947	(16,581,423)		(16,581,423)
	(24,463,571)		(24,463,571)
	5,131,739		5,131,739
	(2,595,326)		(2,595,326)
	(270,994)		(270,994)
	(4,315,186)		(4,315,186)
<u>13,136,901</u>	<u>(95,658,317)</u>		<u>(95,658,317)</u>
		2,330,274	2,330,274
		(388,537)	(388,537)
		<u>1,941,737</u>	<u>1,941,737</u>
<u>\$ 13,136,901</u>	<u>(95,658,317)</u>	<u>1,941,737</u>	<u>(93,716,580)</u>
	45,641,947		45,641,947
	4,551,967		4,551,967
	1,356,479		1,356,479
	21,030,134		21,030,134
	5,558,955	701,950	6,260,905
	<u>11,430,359</u>		<u>11,430,359</u>
	89,569,841	701,950	90,271,791
	(8,770)	8,770	
	(6,097,246)	2,652,457	(3,444,789)
	<u>375,799,541</u>	<u>14,686,366</u>	<u>390,485,907</u>
	<u>\$ 369,702,295</u>	<u>\$ 17,338,823</u>	<u>\$ 387,041,118</u>



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**Basic Financial Statement-
Fund Financial Statements**

COUNTY OF BUTTE, CALIFORNIA

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	<u>General Fund</u>	<u>Welfare Fund</u>	<u>Public Health Fund</u>	<u>Behavioral Health Fund</u>	<u>Road Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and investments	\$ 29,513,324	\$ 1,098,491	\$ 16,608,215	\$ 448,937	\$ 11,345,049	\$ 14,378,503	\$ 73,392,519
Cash and investments with fiscal agent	808,994					8,034,074	8,843,068
Imprest cash	45,595		500		50	1,265	47,410
Due from other funds	2,450,726	106,656	50,185	76,850	92,711	3,055,517	5,832,645
Interest receivable	545,943	8,715	2,529	(21,799)	101,942	173,295	810,625
Accounts receivable	429,441	307,691	415,220		550,432	5,408	1,708,192
Due from other governments	3,414,977	3,810,437	273,005	3,332,634	430,945	467,501	11,729,499
Due from external parties	43,231		936,001		188,244		1,167,476
Prepaid items	1,138			1,766			2,904
Deposits from others	2,500					297	2,797
Inventory					231,586		231,586
Loans receivable						2,102,156	2,102,156
Total assets	<u>\$ 37,255,869</u>	<u>\$ 5,331,990</u>	<u>\$ 18,285,655</u>	<u>\$ 3,838,388</u>	<u>\$ 12,940,959</u>	<u>\$ 28,218,016</u>	<u>\$ 105,870,877</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Due to other funds	\$ 3,373,507	\$ 121,976	\$ 37,189	\$ 2,289,190	\$ 25,105	\$ 141,535	\$ 5,988,502
Accounts payable	1,724,599	276,263	223,591	311,447	1,855,733	1,093,586	5,485,219
Salaries and benefits payable	2,107,530	1,111,831	426,859	848,085	229,054	306,132	5,029,491
Deposits payable						3,392	3,392
Deferred revenue	24,465	2,067,579	253,990	566,765		2,102,156	5,014,955
Total liabilities	<u>7,230,101</u>	<u>3,577,649</u>	<u>941,629</u>	<u>4,015,487</u>	<u>2,109,892</u>	<u>3,646,801</u>	<u>21,521,559</u>
Fund balances:							
Reserved for:							
Encumbrances	2,829,192	853,980	1,196,892	2,633,092	2,827,595	3,052,415	13,393,166
Imprest cash	45,595		500		50	1,265	47,410
Prepaid items	1,138			1,766			2,904
Deposits with others	2,500					297	2,797
General restrictions	5,586,824	10,005	328,616	463,912	723,713	435,509	7,548,579
Debt service	808,994					8,970,613	9,779,607
Inventory					231,586		231,586
Unreserved:							
Designated, reported in:							
General fund	3,894,494						3,894,494
Special revenue funds		890,356	15,818,018		2,511,199	4,712,291	23,931,864
Undesignated, reported in:							
General fund	16,857,031						16,857,031
Special revenue funds				(3,275,869)	4,536,924	7,178,794	8,439,849
Capital project funds						220,031	220,031
Total fund balances	<u>30,025,768</u>	<u>1,754,341</u>	<u>17,344,026</u>	<u>(177,099)</u>	<u>10,831,067</u>	<u>24,571,215</u>	<u>84,349,318</u>
Total liabilities and fund balances	<u>\$ 37,255,869</u>	<u>\$ 5,331,990</u>	<u>\$ 18,285,655</u>	<u>\$ 3,838,388</u>	<u>\$ 12,940,959</u>	<u>\$ 28,218,016</u>	<u>\$ 105,870,877</u>

COUNTY OF BUTTE, CALIFORNIA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET ASSETS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

Fund balances-total governmental funds \$ 84,349,318

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	601,169	
Infrastructure	583,100,517	
Structures and improvements	61,652,667	
Equipment	40,422,288	
Less: accumulated depreciation	<u>(383,362,256)</u>	
Total capital assets		304,336,948

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

Net pension asset	52,015,136
Loans receivable	2,102,156

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.

627,192

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.

(60,124)

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.

5,170,689

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, 2005 are:

Certificates of participation	(3,290,000)	
Bonds payable	(56,423,916)	
Notes payable	(2,902,565)	
Capital leases	(1,096,933)	
Supplemental retirement benefit obligation	(3,037,018)	
Compensated absences	<u>(12,088,588)</u>	
Total long-term liabilities		<u>(78,839,020)</u>

Net assets of governmental activities \$ 369,702,295

COUNTY OF BUTTE, CALIFORNIA

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	General Fund	Welfare Fund	Public Health Fund	Behavioral Health Fund	Road Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$51,550,393	\$ -	\$ -	\$ -	\$ -	\$ 833,813	\$ 52,384,206
Licenses and permits	3,801,772		426,240		200,133	433,331	4,861,476
Fines, forfeitures, and penalties	2,310,760		231,789	83,699		102,682	2,728,930
Revenues from uses of money and property	3,525,113	107,020	(172,005)	(71,660)	564,572	1,332,249	5,285,289
Aid from other governments	31,493,500	128,850,845	19,916,939	33,775,263	12,466,629	14,026,378	240,529,554
Charges for services	17,508,932	676,677	3,115,557	2,054,115	2,449,205	840,719	26,645,205
Other	4,634,505	742,490	62,914	8,239	184,770	5,797,441	11,430,359
Total revenues	<u>114,824,975</u>	<u>130,377,032</u>	<u>23,581,434</u>	<u>35,849,656</u>	<u>15,865,309</u>	<u>23,366,613</u>	<u>343,865,019</u>
EXPENDITURES:							
Current:							
General government	18,279,645					2,160,998	20,440,643
Public protection	71,615,193	761,359				17,002,666	89,379,218
Public ways and facilities					15,995,736	1,041,374	17,037,110
Health and sanitation			24,013,336	39,621,329		1,997,535	65,632,200
Public assistance	452,703	128,936,138				8,112,365	137,501,206
Education	260,453					2,795,711	3,056,164
Recreation and cultural services	321,887					153,907	475,794
Debt Service:							
Principal	740,650					2,114,068	2,854,718
Interest	740,382					3,486,142	4,226,524
Total expenditures	<u>92,410,913</u>	<u>129,697,497</u>	<u>24,013,336</u>	<u>39,621,329</u>	<u>15,995,736</u>	<u>38,864,766</u>	<u>340,603,577</u>
Excess (deficiency) of revenues over expenditures	<u>22,414,062</u>	<u>679,535</u>	<u>(431,902)</u>	<u>(3,771,673)</u>	<u>(130,427)</u>	<u>(15,498,153)</u>	<u>3,261,442</u>
OTHER FINANCING SOURCES (USES):							
Sales of capital asset	24,014						24,014
Transfers in			774,308	425,648		18,602,985	19,802,941
Transfer out	(19,292,699)						(19,292,699)
Proceeds from inception of capital lease	23,535						23,535
Total other financing sources (uses)	<u>(19,245,150)</u>		<u>774,308</u>	<u>425,648</u>		<u>18,602,985</u>	<u>557,791</u>
Net change in fund balances	<u>3,168,912</u>	<u>679,535</u>	<u>342,406</u>	<u>(3,346,025)</u>	<u>(130,427)</u>	<u>3,104,832</u>	<u>3,819,233</u>
Fund balances, beginning	47,027,402	1,074,806			10,961,494	23,540,778	82,604,480
Prior year adjustment						(2,074,395)	(2,074,395)
Fund balances, beginning, restated	<u>47,027,402</u>	<u>1,074,806</u>			<u>10,961,494</u>	<u>21,466,383</u>	<u>80,530,085</u>
Equity transfers	(20,170,546)		17,001,620	3,168,926			
Fund balances, ending	<u>\$30,025,768</u>	<u>\$ 1,754,341</u>	<u>\$17,344,026</u>	<u>\$ (177,099)</u>	<u>\$10,831,067</u>	<u>\$24,571,215</u>	<u>\$ 84,349,318</u>

COUNTY OF BUTTE, CALIFORNIA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

Net change to fund balances-total governmental funds \$ 3,819,233

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

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

Capital outlay expenditures are therefore added back to fund balances	\$ 6,747,981	
Depreciation expense not reported in governmental funds	(23,592,998)	
Loss on sale of capital assets	<u>(23,271)</u>	(16,868,288)

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

Increase in pension asset	1,107,784
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Repayment of long-term receivables is treated as revenue in governmental funds, but the repayment reduces long-term receivables in the Statement of Net Assets. Issuance of long-term receivables is treated as expenditures in th governmental funds, but the issuance increases long-term receivables in the Statement of Net Assets.

Change in loans receivable	27,761
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Debt proceeds provide current financial resources to governmental funds; however issuing debt increases long-term liabilities in the statement of net assets. Costs associated with the issuance of long-term debt are reported as expenditures in the governmental funds, but in the statement of net assets, the costs are deferred and amortized throughout the period during which the related debt is outstanding. Repayment of debt principal is an expenditure in the governmental funds, but in the statement of net assets the repayment reduces long-term liabilities.

Principal payments	2,854,718	
Proceeds from inception of capital lease	(23,535)	
Amortization expense of costs of issuance not reported in governmental funds	<u>(101,751)</u>	2,729,432

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	13,089	
Supplemental retirement benefit obligation	1,518,509	
Compensated absences	<u>(339,669)</u>	1,191,929

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

<u>1,894,903</u>

Change in net assets of governmental activities

<u><u>\$ (6,097,246)</u></u>

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

COUNTY OF BUTTE, CALIFORNIA

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

JUNE 30, 2007

	Business-Type Activities-Enterprise Funds			Governmental Activities
	Transit	Landfill	Total	Internal Service Funds
ASSETS				
Current assets:				
Cash and investments	\$ -	\$ 17,843,756	\$ 17,843,756	\$ 3,463,353
Cash and investments with fiscal agent				5,350,425
Imprest cash		1,000	1,000	42,279
Due from other funds		13,808	13,808	635,846
Interest receivable		175,291	175,291	30,651
Accounts receivable		403,865	403,865	190,350
Due from external parties		4	4	662
Inventory				205,325
Deposits with others				50,000
Prepaid items				24,759
Total current assets		18,437,724	18,437,724	9,993,650
Noncurrent assets:				
Deferred debt issuance costs		315,443	315,443	
Capital assets:				
Nondepreciable:				
Land		488,133	488,133	
Construction in progress		11,817,354	11,817,354	
Depreciable:				
Structures		121,695	121,695	
Equipment		3,953,257	3,953,257	4,576,948
Less: Accumulated depreciation		(1,620,462)	(1,620,462)	(2,537,341)
Total capital assets, net		14,759,977	14,759,977	2,039,607
Total noncurrent assets		15,075,420	15,075,420	2,039,607
Total assets		33,513,144	33,513,144	12,033,257
LIABILITIES				
Current liabilities:				
Due to other funds		48,087	48,087	445,710
Interest payable		305,822	305,822	
Accounts payable		485,961	485,961	605,666
Accrued salaries and benefits		44,042	44,042	157,701
Landfill corrective action liability		1,496,477	1,496,477	
Compensated absences, current portion		30,000	30,000	
Capital lease payable, current portion		283,156	283,156	
Claims and judgments, current portion				1,500,000
COP payable, current portion		6,321	6,321	
Loans payable, current portion		50,000	50,000	
Total current liabilities		2,749,866	2,749,866	2,709,077
Noncurrent liabilities:				
Compensated absences, less current portion		76,514	76,514	591,491
Capital lease payable, less current portion		19,686	19,686	
Loans payable, less current portion		400,000	400,000	
COP payable, less current portion		12,208,307	12,208,307	
Claims and judgments, less current portion				3,562,000
Landfill closure/post-closure care costs		719,948	719,948	
Total noncurrent liabilities		13,424,455	13,424,455	4,153,491
Total liabilities		16,174,321	16,174,321	6,862,568
NET ASSETS				
Invested in capital assets, net of related debt		1,792,507	1,792,507	2,039,607
Restricted		4,083,228	4,083,228	
Unrestricted		11,463,088	11,463,088	3,131,082
Total net assets	\$ -	\$ 17,338,823	\$ 17,338,823	\$ 5,170,689

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

COUNTY OF BUTTE, CALIFORNIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS PROPRIETARY FUNDS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Transit	Landfill	Total	Internal Service Funds
OPERATING REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ 20,302,293
Landfill fees		6,042,873	6,042,873	
Other revenue		619,856	619,856	1,107,435
Total operating revenues		6,662,729	6,662,729	21,409,728
OPERATING EXPENSES				
Salaries and employee benefits	731	1,395,254	1,395,985	5,047,457
Service and supplies				10,646,696
Claims and judgments				1,480,361
Operation and maintenance		3,045,516	3,045,516	
Depreciation		526,303	526,303	437,031
Other expenses	328,199		328,199	1,998,393
Landfill closure/post-closure care cost		(878,249)	(878,249)	
Total operating expenses	328,930	4,088,824	4,417,754	19,609,938
Operating income (loss)	(328,930)	2,573,905	2,244,975	1,799,790
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental		70,717	70,717	19,427
Interest income		701,950	701,950	273,666
Loss on disposal of capital assets		(59,607)	(59,607)	(19,666)
Interest expense		(314,348)	(314,348)	
Total nonoperating revenues (expenses)		398,712	398,712	273,427
Net income (loss) before contributions and transfers	(328,930)	2,972,617	2,643,687	2,073,217
Capital contributions				340,698
Transfers in				208,195
Transfers out				(718,437)
Change in net assets	(328,930)	2,972,617	2,643,687	1,903,673
Total net assets, beginning	320,160	14,366,206	14,686,366	3,275,786
Equity transfer	8,770		8,770	(8,770)
Net assets, ending	\$ -	\$17,338,823	\$17,338,823	\$ 5,170,689

COUNTY OF BUTTE, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Business-Type Activities-Enterprise Funds</u>			<u>Governmental Activities</u>
	<u>Transit</u>	<u>Landfill</u>	<u>Total</u>	<u>Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipt from customers	\$ 437	\$ 6,372,371	\$ 6,372,808	\$21,492,229
Cash paid to suppliers for goods and services	(328,199)	(2,919,436)	(3,247,635)	(13,106,860)
Cash paid to employees for services	(731)	(1,367,974)	(1,368,705)	(4,893,084)
Internal activities - payments from (to) other funds	206,557	102,708	309,265	298,699
Net cash provided (used) by operating activities	<u>(121,936)</u>	<u>2,187,669</u>	<u>2,065,733</u>	<u>3,790,984</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Aid from other governmental agencies		70,717	70,717	19,427
Equity transfer	8,770			(8,770)
Transfers in				208,195
Transfers out				(718,437)
Net cash provided (used) by noncapital financing activities	<u>8,770</u>	<u>70,717</u>	<u>79,487</u>	<u>(499,585)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Payments related to the acquisition of capital assets		(5,258,515)	(5,258,515)	
Premium on issuance of debt		189,628	189,628	
Payment of issuance costs		(315,443)	(315,443)	
Proceeds from the issuance of debt		12,025,000	12,025,000	
Principal paid on capital lease		(535,989)	(535,989)	
Principal paid on loans payable		(50,000)	(50,000)	
Interest paid		(8,526)	(8,526)	
Net cash provided (used) by capital and related financing activities		<u>6,046,155</u>	<u>6,046,155</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received		526,659	526,659	243,015
Net cash provided (used) by investing activities		<u>526,659</u>	<u>526,659</u>	<u>243,015</u>
Net increase (decrease) in cash and cash equivalents	(113,166)	8,831,200	8,718,034	3,534,414
Cash and cash equivalents, beginning	113,166	9,013,556	9,126,722	5,321,643
Cash and cash equivalents, ending	<u>\$ -</u>	<u>\$ 17,844,756</u>	<u>\$ 17,844,756</u>	<u>\$ 8,856,057</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:				
Cash and investments	\$ -	\$ 17,843,756	\$ 17,843,756	\$ 3,463,353
Cash and investments with fiscal agent				5,350,425
Imprest cash		1,000	1,000	42,279
Total cash and investments	<u>\$ -</u>	<u>\$ 17,844,756</u>	<u>\$ 17,844,756</u>	<u>\$ 8,856,057</u>

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

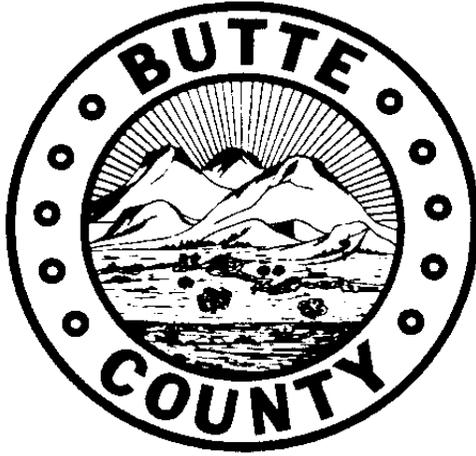
COUNTY OF BUTTE, CALIFORNIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<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>
Reconciliation of Operating Income (Loss)				
to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (328,930)	\$ 2,573,905	\$ 2,244,975	\$ 1,799,790
Adjustment to reconcile operating income (loss)				
to net cash provided (used) by				
operating activities:				
Depreciation		526,303	526,303	437,031
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	437	(290,354)	(289,917)	83,163
Due from external parties		(4)	(4)	(662)
Due from other funds	206,603	89,993	296,596	85,711
Inventory				(2,114)
Prepaid items		300	300	(24,759)
Increase (decrease) in:				
Accounts payable		125,780	125,780	(7,537)
Due to other funds	(46)	12,715	12,669	212,988
Accrued salaries and benefits		3,505	3,505	23,560
Compensated absences		23,775	23,775	130,813
Landfill closure/post-closure cost		(878,249)	(878,249)	
Claims and judgments				1,053,000
				<u>1,053,000</u>
Net cash provided (used) by				
operating activities	<u>\$ (121,936)</u>	<u>\$ 2,187,669</u>	<u>\$ 2,065,733</u>	<u>\$ 3,790,984</u>
Noncash investing, capital, and financing				
activities:				
Contributions of capital assets from government	\$ -	\$ -	\$ -	\$ 340,698
Trade in of capital assets		200,000	200,000	

COUNTY OF BUTTE, CALIFORNIA

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS INVESTMENT TRUST FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Additions:	
Contributions to pooled investments	\$1,371,181,640
Interest and investment income	7,909,021
Total additions	<u>1,379,090,661</u>
Deductions:	
Distribution from investment pool	<u>(1,365,488,577)</u>
Total deductions	<u>(1,365,488,577)</u>
Net increase	13,602,084
Net assets, beginning	<u>220,356,717</u>
Net assets, ending	<u><u>\$ 233,958,801</u></u>



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

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1. Summary of Significant Accounting Policies

A. **The Financial Reporting Entity**

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

Blended component units, although legally separate entities are, in substance, part of the County's operations: therefore data from these units are combined with data of the primary government. Each blended component unit has a June 30, 2007 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, 2007

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, 2007

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, 2007

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
Kimshew 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, 2007

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, 2007

1. Summary of Significant Accounting Policies (continued)

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

The County reports the following major governmental funds:

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

The County reports the following major enterprise funds:

- The *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 the governmental activities, to reflect the entire activity for the year. Since the predominant users of the internal services are the County's governmental activities, the asset and liability balances of the internal service funds are consolidated into the governmental activities column at the government-wide level.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

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

C. Basis of Accounting

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

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

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

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1. Summary of Significant Accounting Policies (continued)

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

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

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

D. **Cash and Cash Equivalents**

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

The pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool. California Government Code 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 instruments described in California Government Code Section 53601, including but not limited to: U.S. Government Treasury and Agency Securities, bankers' acceptances, commercial paper, corporate bonds and notes, repurchase agreements and the State Treasurer's Local Agency Investment Fund (LAIF). In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held by the County Treasurer are stated at fair value.

The fair value of investments in the Pool is determined monthly based upon quoted market prices. The 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, 2007 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.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1. Summary of Significant Accounting Policies (continued)

D. Cash and Cash Equivalents (continued)

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

State law requires that the County Treasurer hold all operating monies of the County, school districts and certain special districts. Collectively, these mandatory deposits constituted approximately 61.2% of the funds on deposit in the County Treasury.

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

E. Inventories and Prepaid Items

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

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

F. Property Taxes

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

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1. Summary of Significant Accounting Policies (continued)

F. **Property Taxes (continued)**

Alternative Method of Distribution of Tax Levies

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

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

G. **Loans Receivable**

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

H. **Capital Assets**

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

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1. Summary of Significant Accounting Policies (continued)

H. Capital Assets (continued)

The estimated useful lives are as follows:

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

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

I. Compensated Absences

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

J. Interfund Receivables and Payables

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

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

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1. Summary of Significant Accounting Policies (continued)

K. Use of Estimates

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

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

Governmental Accounting Standards Board Statement No. 47

In June of 2005, GASB issued Statement No. 47, *Accounting for Termination Benefits*. This statement is effective for periods beginning after June 15, 2006. 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. As of June 30, 2007, Butte County is in compliance with GASB No. 47.

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

Governmental Accounting Standards Board Statement No. 45

In August 2006, the GASB issued Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement is effective for periods beginning after December 15, 2007. 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.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1. Summary of Significant Accounting Policies (continued)

M. Future Governmental Accounting Standards Board Statements (continued)

Governmental Accounting Standards Board Statement No. 48

In September of 2006, GASB issued Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*. Governments sometimes exchange an interest in their expected cash flows from collecting specific receivables or specific future revenues for immediate cash payments—generally, a single lump sum. The financial reporting question addressed by this Statement is whether that transaction should be regarded as a sale or as a collateralized borrowing resulting in a liability. Historically, guidance for reporting the effects of those transactions in governmental financial statements either has been provided in several standards or, in certain cases, was not specifically addressed in authoritative literature. In addition, little or no information about pledged revenues was being disclosed in the notes to the financial statements. As a result, there has been considerable diversity in the manner in which these transactions and information about them have been reported.

This Statement establishes criteria that governments will use to ascertain whether the proceeds received should be reported as revenue or as a liability. The criteria should be used to determine the extent to which a transferor government either retains or relinquishes control over the receivables or future revenues through its continuing involvement with those receivables or future revenues. This Statement establishes that a transaction will be reported as a collateralized borrowing unless the criteria indicating that a sale has taken place are met. If it is determined that a transaction involving *receivables* should be reported as a sale, the difference between the carrying value of the receivables and the proceeds should be recognized in the period of the sale in the change statements. If it is determined that a transaction involving future revenues should be reported as a sale, the revenue should be deferred and amortized, except when specific criteria are met. This Statement also provides additional guidance for sales of receivables and future revenues within the same financial reporting entity. The County has elected not to early implement GASB No. 48 and has not determined its effect on the County's financial statements.

This Statement includes a provision that stipulates that governments should not revalue assets that are transferred between financial reporting entity components. Therefore, any assets (or future revenues) sold or donated within the same financial reporting entity should continue to be reported at their current carrying value when those assets or future revenues are transferred.

This Statement also includes guidance to be used for recognizing other assets and liabilities arising from a sale of specific receivables or future revenues, including residual interests and recourse provisions. The disclosures pertaining to future revenues that have been pledged or sold are intended to provide financial statement users with information about which revenues will be unavailable for other purposes and how long they will continue to be so. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2006. The County has elected not to early implement GASB No. 48 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, 2007

1. Summary of Significant Accounting Policies (continued)

M. **Future Governmental Accounting Standards Board Statements (continued)**

Governmental Accounting Standards Board Statement No. 49

In November of 2006, GASB issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of *existing* pollution by participating in pollution remediation activities such as site assessments and cleanups. The scope of the document excludes pollution *prevention* or *control* obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset, such as landfill closure and post-closure care and nuclear power plant decommissioning.

As illustrated in the flowchart in paragraph 106, once any one of five specified obligating events occurs, a government is required to estimate the components of expected pollution remediation outlays and determine whether outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired. Obligating events include the following:

- The government is compelled to take pollution remediation action because of an imminent endangerment.
- The government violates a pollution prevention–related permit or license.
- The government is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party (PRP) for remediation, or as a government responsible for sharing costs.
- The government is named, or evidence indicates that it will be named, in a lawsuit to compel participation in pollution remediation.
- The government commences or legally obligates itself to commence pollution remediation.

Pollution remediation outlays should be capitalized in government-wide and proprietary fund financial statements, subject to certain limitations, only if the outlays are incurred (1) to prepare property for sale in anticipation of a sale, (2) to prepare property for use when the property was acquired with known or suspected pollution that was expected to be remediated, (3) to perform pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment, or (4) to acquire property, plant, and equipment that have a future alternative use other than remediation efforts.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1. Summary of Significant Accounting Policies (continued)

M. Future Governmental Accounting Standards Board Statements (continued)

Governmental Accounting Standards Board Statement No. 49 (continued)

Most pollution remediation outlays do not qualify for capitalization and should be accrued as a liability (subject to modified accrual provisions in governmental funds) and expense when a range of expected outlays is reasonably estimable or as an expenditure upon receipt of goods and services. If a government cannot reasonably estimate the range of all components of the liability, it should recognize the liability as the range of each *component* (for example, legal services, site investigation, and required post-remediation monitoring) becomes reasonably estimable. In government-wide and proprietary fund financial statements, the liability should be recorded at the current value of the costs the government expects to incur to perform the work. This amount should be estimated using the expected cash flow technique, which measures the liability as the sum of probability-weighted amounts in a range of possible estimated amounts—the estimated mean or average.

For pollution remediation obligations that are not common or similar to situations at other sites with which the government has experience, this Statement includes a series of recognition benchmarks—steps in the remediation process—that governments should consider in determining when components of pollution remediation liabilities are reasonably estimable. Thus, the measurable transactions and events that result in a pollution remediation liability may be relatively limited at initial recognition but would increase over time as more components become reasonably estimable. This Statement also requires remeasurement of the liability (and its components) when new information indicates increases or decreases in estimated outlays.

The measurement of a government's pollution remediation liability should include remediation work that the government expects to perform for other parties; however, expected recoveries from those other parties, and insurance recoveries, reduce the measurement of the government's pollution remediation expense when reasonably estimable (and reduce associated expenditures when the recoveries are measurable and available). If the expected recoveries are not yet realized or realizable, they also would reduce the measurement of the government's pollution remediation liability. If the expected recoveries are realized or realizable, they should be reported as recovery assets (for example, cash or receivables).

For recognized pollution remediation liabilities and recoveries, this Statement requires governments to disclose the nature and source of pollution remediation obligations, the amount of the estimated liability (if not apparent from the financial statements), the methods and assumptions used for the estimate, the potential for changes in estimates, and estimated recoveries that reduce the measurement of the liability. Governments are required to disclose a general description of the nature of pollution remediation activities for liabilities (or components thereof) that are not reasonably estimable.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1. Summary of Significant Accounting Policies (continued)

M. **Future Governmental Accounting Standards Board Statements (continued)**

Governmental Accounting Standards Board Statement No. 49 (continued)

The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2007, with measurement of pollution remediation liabilities required at the beginning of that period so that beginning net assets can be restated. However, governments that have sufficient objective and verifiable information to apply the expected cash flow technique to measurements in prior periods are required to apply the provisions retroactively for all such prior periods presented. The County has elected not to early implement GASB No. 49 and has not determined its effect on the County's financial statements.

Governmental Accounting Standards Board Statement No. 50

In May of 2007, GASB issued Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*. This statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with requirements of Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The County has elected not to early implement GASB No. 50 and has not determined its effect on the County's financial statements.

Governmental Accounting Standards Board Statement No. 51

In June of 2007, GASB issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. In Governments possess many different types of assets that may be considered intangible assets, including easements, water rights, timber rights, patents, trademarks, and computer software. Intangible assets, and more specifically easements, are referred to in the description of capital assets in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This reference has created questions as to whether and when intangible assets should be considered capital assets for financial reporting purposes. An absence of sufficiently specific authoritative guidance that addresses these questions has resulted in inconsistencies in the accounting and financial reporting of intangible assets among state and local governments, particularly in the areas of recognition, initial measurement, and amortization. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

1. Summary of Significant Accounting Policies (continued)

M. Future Governmental Accounting Standards Board Statements (continued)

Governmental Accounting Standards Board Statement No. 51 (continued)

This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets should be applied to these intangible assets, as applicable. This Statement also provides authoritative guidance that specifically addresses the nature of these intangible assets. Such guidance should be applied in addition to the existing authoritative guidance for capital assets.

The guidance specific to intangible assets referred to above includes guidance on recognition. This Statement requires that an intangible asset be recognized in the statement of net assets only if it is considered identifiable. Additionally, this Statement establishes a specified-conditions approach to recognizing intangible assets that are internally generated. Effectively, outlays associated with the development of such assets should not begin to be capitalized until certain criteria are met. Outlays incurred prior to meeting these criteria should be expensed as incurred. This Statement also provides guidance on recognizing internally generated computer software as an intangible asset. This guidance serves as an application of the specified-conditions approach described above to the development cycle of computer software.

This Statement also establishes guidance specific to intangible assets related to amortization. This Statement provides guidance on determining the useful life of intangible assets when the length of their life is limited by contractual or legal provisions. If there are no factors that limit the useful life of an intangible asset, the Statement provides that the intangible asset be considered to have an indefinite useful life. Intangible assets with indefinite useful lives should not be amortized unless their useful life is subsequently determined to no longer be indefinite due to a change in circumstances.

The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. The provisions of this Statement generally are required to be applied retroactively. For governments that were classified as phase 1 or phase 2 governments for the purpose of implementing Statement 34, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980, except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated. Retroactive reporting of these intangible assets by phase 3 governments is encouraged but not required. Retroactive reporting is not required but is permitted for intangible assets considered to have indefinite useful lives as of the effective date of this Statement and those considered to be internally generated. The County has elected not to early implement GASB No. 51 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, 2007

1. Summary of Significant Accounting Policies (continued)

M. Future Governmental Accounting Standards Board Statements (continued)

Governmental Accounting Standards Board Statement No. 52

On November 2007, GASB issued Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*. The statement improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The County has elected not to early implement GASB No. 52 and has not determined its effect on the County's financial statements.

N. Presentation of financial information related to County fiduciary responsibilities

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

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, 2007

2. Cash and Investments

Cash and investments as of June 30, 2007 are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and investments	\$ 94,699,628
Cash and investments with fiscal agents	14,193,493
Imprest cash	90,689
Fiduciary funds:	
Cash and investments	262,424,745
Imprest cash	<u>10,596</u>
Total cash and investments	<u>\$ 371,419,151</u>

Cash and investments as of June 30, 2007 consist of the following:

Cash on hand	\$ 101,285
Deposits with financial institutions	11,247,935
Investments	378,239,614
Outstanding warrants	(18,692,998)
Cash deposits – outside accounts	<u>523,315</u>
Total cash and investments	<u>\$ 371,419,151</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, 2007

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, 2007

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	\$ 4,911,116	\$ -	\$ -	\$ -	\$ 4,911,116	\$ -
FFCB	52,269,122	12,974,075	12,729,375	8,850,672	8,850,938	8,864,062
FHLB	116,999,828	18,715,938	23,558,319	5,918,438	20,880,000	47,927,133
FHLMC	65,637,399	22,788,783	9,745,313	19,005,104	9,979,137	4,119,062
FNMA	38,576,250	17,811,250	14,820,313		5,944,688	
TVA	3,187,533					3,187,533
CD	500,000					500,000
Cal Trust	90,257	90,257				
Laif	85,673,959	85,673,959				
Total with Treasurer	<u>367,845,464</u>	<u>158,054,262</u>	<u>60,853,320</u>	<u>33,774,214</u>	<u>50,565,879</u>	<u>64,597,790</u>
With fiscal agents:						
Money Market	3,733,871	3,733,871				
FHLB	513,661	513,661				
Commercial Paper	6,146,618	6,146,618				
Total with fiscal agent	<u>10,394,150</u>	<u>10,394,150</u>				
Total investments	<u>\$ 378,239,614</u>	<u>\$ 168,448,412</u>	<u>\$ 60,853,320</u>	<u>\$ 33,774,214</u>	<u>\$ 50,565,879</u>	<u>\$ 64,597,790</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, 2007

2. Cash and Investments (continued)

Disclosures Relating to Credit Risk (continued)

Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	Aa	A1/P1	Not Rated
FAMCA	\$ 4,911,116	N/A	\$ -	\$ -	\$ -	\$ -	\$ 4,911,116
FFCB	52,269,122	N/A		52,269,122			
FHLB	116,999,828	N/A		116,999,828			
FHLMC	65,637,399	N/A		65,637,399			
FNMA	38,576,250	N/A		38,576,250			
TVA	3,187,533	N/A		3,187,533			
CD	500,000	N/A					500,000
Cal Trust	90,257	N/A					90,257
Laif	85,673,959	N/A					85,673,959
Held by bond trustee:							
Money Market	3,733,871	A		3,733,871			
FHLB	513,661	N/A		513,661			
Commercial paper	6,146,618	A				6,146,618	
Total	\$ 378,239,614		\$ -	\$ 280,917,664	\$ -	\$ 6,146,618	\$ 91,175,332

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	\$ 117,513,489
Federal Farm Credit Agency	Federal agency securities	52,269,122
Federal Home Loan Mortgage Corp.	Federal agency securities	65,637,399
Federal National Mortgage Assn.	Federal agency securities	38,576,250

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

2. Cash and Investments (continued)

Custodial Credit Risk

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

Investment in State Investment Pool

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

Treasury Investment Pool

Investment Type	Fair Value	Minimum Legal Rating	Exempt From Disclosure	Rating as of Fiscal Year End			
				AAA	Aa	A1/P1	Not Rated
FAMCA	\$ 4,911,116	N/A	\$ -	\$ -	\$ -	\$ -	\$ 4,911,116
FFCB	52,269,122	N/A		52,269,122			
FHLB	116,999,828	N/A		116,999,828			
FHLMC	65,637,399	N/A		65,637,399			
FNMA	38,576,250	N/A		38,576,250			
TVA	3,187,533	N/A		3,187,533			
CD	500,000	N/A					500,000
Cal Trust	90,257	N/A					90,257
Laif	85,673,959	N/A					85,673,959
Total	\$ 367,845,464		\$ -	\$ 276,670,132	\$ -	\$ -	\$ 91,175,332

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

2. Cash and Investments (continued)

Treasury Investment Pool (continued)

Condensed Financial Information for the Treasurer's Investment Pool

In lieu of separately issued financial statements for the Treasurer's investment pool, condensed financial information is presented below as of and for the fiscal year ended June 30, 2007:

Statement of Net Assets	
Net Assets held for pool participants	<u>\$ 371,419,151</u>
Equity of internal pool participants	\$ 137,460,350
Equity of external pool participants (voluntary and involuntary)	<u>233,958,801</u>
Total Equity	<u>\$ 371,419,151</u>
Statement of Changes in Net Assets	
Net Assets held for pool participants at July 1, 2006	\$ 341,287,520
Net change in investments by pool participants	<u>30,131,631</u>
Net Assets held for pool participants at June 30, 2007	<u>\$ 371,419,151</u>

3. Receivables

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

Receivables	General	Welfare	Public	Behavioral	Road	Nonmajor	Internal	Total
Governmental Activities:	Fund	Fund	Health	Health	Fund	Governmental	Service	Governmental
			Fund	Fund		Funds	Funds	Activities
Accounts Due from other governments	\$ 429,441	\$ 307,691	\$ 415,220	\$ -	\$ 550,432	\$ 5,408	\$ 190,350	\$ 1,898,542
	<u>3,414,977</u>	<u>3,810,437</u>	<u>273,005</u>	<u>3,332,634</u>	<u>430,945</u>	<u>467,501</u>		<u>11,729,499</u>
	<u>\$ 3,844,418</u>	<u>\$ 4,118,128</u>	<u>\$ 688,225</u>	<u>\$ 3,332,634</u>	<u>\$ 981,377</u>	<u>\$ 472,909</u>	<u>\$ 190,350</u>	<u>\$ 13,628,041</u>
Total								
Receivables	Transit	Landfill	Business-Type					
Business-Type Activities:	Fund	Fund	Activities					
Accounts	\$ -	\$ 403,865	\$ 403,865					
	<u>\$ -</u>	<u>\$ 403,865</u>	<u>\$ 403,865</u>					

Management believes all of its receivables are collectible.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

3. Receivables (continued)

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

<u>Governmental Activities:</u>	<u>Unavailable</u>	<u>Unearned</u>
General Fund:		
Resources received that do not meet the criteria for revenue	\$ -	\$ 24,465
Welfare Fund:		
Resources received that do not meet the criteria for revenue		2,067,579
Public Health Fund:		
Resources received that do not meet the criteria for revenue		253,990
Behavioral Health Fund:		
Resources received that do not meet the criteria for revenue		566,765
Other Governmental Funds:		
Resources unavailable for current expenditures	<u>2,102,156</u>	<u>2,912,799</u>
	<u>\$ 2,102,156</u>	<u>\$ 2,912,799</u>

4. Interfund Transactions

Interfund Receivables/Payables

The composition of interfund balances as of June 30, 2007 are as follows:

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

4. Interfund Transactions (continued)

Balances due to/from other funds:

Receivable Fund	Payable Fund	Amount
General Fund	Welfare Fund	\$ 9,994
	Public Health Fund	9,214
	Behavioral Health Fund	2,242,181
	Road Fund	12,307
	Nonmajor Governmental Funds	28,866
	Internal Service Funds	148,151
	Landfill Fund	13
		2,450,726
Welfare Fund	General Fund	99,290
	Nonmajor Governmental Funds	7,303
	Internal Service Funds	63
		106,656
Public Health Fund	General Fund	23,185
	Behavioral Health Fund	619
	Nonmajor Governmental Funds	1,520
	Internal Service Funds	2,837
	Landfill Fund	22,024
		50,185
Behavioral Health Fund	General Fund	69,036
	Internal Service Funds	7,814
		76,850
Road Fund	General Fund	63,953
	Welfare Fund	1,606
	Public Health Fund	3,124
	Behavioral Health Fund	1,619
	Nonmajor Governmental Funds	1,675
	Internal Service Funds	4,805
	Landfill Fund	15,929
		92,711
Nonmajor Governmental Funds	General Fund	2,899,944
	Nonmajor Governmental Funds	3,667
	Internal Service Funds	151,906
		3,055,517
Internal Service Funds	General Fund	204,776
	Welfare Fund	110,376
	Public Health Fund	24,851
	Behavioral Health Fund	44,771
	Road Fund	12,588
	Nonmajor Governmental Funds	98,504
	Internal Service Funds	129,859
	Landfill Fund	10,121
		635,846
Landfill Fund	General Fund	13,323
	Road Fund	210
	Internal Service Funds	275
		13,808
Total		\$ 6,482,299

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, 2007

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	Public Health Fund	\$ 774,308	Transfer for county match
	Behavioral Health Fund	425,648	Transfer for county match
	Nonmajor Governmental Funds	13,976,970	Fire protection
	Nonmajor Governmental Funds	303,196	Equipment replacement
	Nonmajor Governmental Funds	408,158	Transfer for water operating subsidy
	Nonmajor Governmental Funds	2,144,941	Transfer for library operating subsidy
	Nonmajor Governmental Funds	1,259,478	Capital projects
		<u>19,292,699</u>	
Internal Service Funds	Nonmajor Governmental Funds	356,538	Debt service payments
Internal Service Funds	Nonmajor Governmental Funds	153,704	Equipment replacement
		<u>510,242</u>	
Internal Service Funds	Internal Service Funds	208,195	To transfer shared costs
Total		<u>\$ 20,011,136</u>	

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

Equity Transfers:

Transfers From	Transfers To	Amount	Reason
General Fund	Public Health Fund	\$ 17,001,620	Creation of funds
	Behavioral Health Fund	3,168,926	Creation of funds
		<u>20,170,546</u>	
Internal Service Funds	Transit Fund	8,770	Closing of funds
Total		<u>\$ 20,179,316</u>	

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

5. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Prior year Adjustment	Additions	Retirements	Transfers	Balance June 30, 2007
Governmental Activities						
<i>Capital assets, not being depreciated:</i>						
Land	\$ 1,922,563	\$ -	\$ -	\$ -	\$ -	\$ 1,922,563
Construction in progress	2,291,639		2,000,511	(26,234)	(3,664,747)	601,169
Total capital assets, not being depreciated	4,214,202		2,000,511	(26,234)	(3,664,747)	2,523,732
<i>Capital assets, being depreciated:</i>						
Infrastructure	587,569,759		1,505,560	(5,974,802)		583,100,517
Structures and improvements	60,264,142		1,234,386	(22,580)	176,719	61,652,667
Equipment	40,399,707		2,348,222	(1,236,721)	3,488,028	44,999,236
Total capital assets, being depreciated	688,233,608		5,088,168	(7,234,103)	3,664,747	689,752,420
Less: accumulated depreciation on for:						
Infrastructure	(323,467,544)		(19,607,148)	5,967,927		(337,106,765)
Structures and improvements	(15,888,791)		(1,217,352)	22,581		(17,083,562)
Equipment	(29,730,633)		(3,205,529)	1,226,892		(31,709,270)
Total accumulated depreciation	(369,086,968)		(24,030,029)	7,217,400		(385,899,597)
Total capital assets, being depreciated, net	319,146,640		(18,941,861)	(16,703)	3,664,747	303,852,823
Governmental activities capital assets, net	<u>\$ 323,360,842</u>	<u>\$ -</u>	<u>\$ (16,941,350)</u>	<u>\$ (42,937)</u>	<u>\$ -</u>	<u>\$ 306,376,555</u>
Business-Type Activities:						
<i>Capital assets, not being depreciated:</i>						
Land	\$ 488,133	\$ -	\$ -	\$ -	\$ -	\$ 488,133
Construction in progress	6,989,673	(26,234)	4,853,915			11,817,354
Total capital assets, not being depreciated	7,477,806	(26,234)	4,853,915			12,305,487
<i>Capital assets, being depreciated:</i>						
Structures and improvements	121,695					121,695
Equipment	3,765,770	81,333	604,600	(498,446)		3,953,257
Total capital assets, being depreciated	3,887,465	81,333	604,600	(498,446)		4,074,952
Less: accumulated depreciation on for:						
Structures and improvements	(17,313)		(5,294)			(22,607)
Equipment	(1,315,685)		(521,009)	238,839		(1,597,855)
Total accumulated depreciation	(1,332,998)		(526,303)	238,839		(1,620,462)
Total capital assets, being depreciated, net	2,554,467	81,333	78,297	(259,607)		2,454,490
Business-type activities capital assets, net	<u>\$ 10,032,273</u>	<u>\$ 55,099</u>	<u>\$ 4,932,212</u>	<u>\$ (259,607)</u>	<u>\$ -</u>	<u>\$ 14,759,977</u>

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

5. Capital Assets (continued)

Depreciation expense was changed to functions as follows:

Governmental Activities:

General government	\$ 1,009,267
Public protection	2,920,934
Public ways	19,515,410
Health and sanitation	166,381
Public assistance	196,420
Education	88,737
Recreation and cultural services	132,880
	\$ 24,030,029

Business-Type Activities:

Sanitation	\$ 526,303
	\$ 526,303

6. Short-Term Debt

Tax and Revenue Anticipation Notes

In July 2006, the County issued \$15,000,000 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, 2007, was as follows:

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007
Governmental Activities:				
FY 2006-07 TRANS	\$ -	\$ 15,000,000	\$ 15,000,000	\$ -
Total governmental activities	\$ -	\$ 15,000,000	\$ 15,000,000	\$ -

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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, 2007
Governmental Activities:					
<i>Bonds Payable</i>					
Butte County Service Area No. 26 Bonds:					
1974 Sewer Bonds	7/1/80-1/1/15	5%	\$10,000-\$40,000	\$ 680,000	\$ 265,000
1975 Sewer Bonds, Series A	7/1/80-1/1/15	5%	\$10,000-\$45,000	790,000	315,000
1975 Sewer Bonds, Series B	7/1/80-1/1/15	5%	\$5,000-\$20,000	380,000	150,000
1975 Sewer Bonds, Series C	7/1/80-1/1/15	5%	\$956-\$4,878	86,396	33,916
				<u>1,936,396</u>	<u>763,916</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	5,765,000
				<u>57,760,000</u>	<u>55,660,000</u>
Total Bonds Payable				<u>59,696,396</u>	<u>56,423,916</u>
<i>Certificates of Participation</i>					
2003 Certificates of Participation	7/1/04-7/1/14	2% -3.4%	\$415,000-\$650,000	5,150,000	3,290,000
Total Certificates of Participation				<u>5,150,000</u>	<u>3,290,000</u>
<i>Notes Payable</i>					
California Energy Commission					
Solar Project - phase 1	6/22/06-12/22/18	4.9%	\$63,794-\$135,899	2,777,000	2,541,525
Solar Project - phase 2	6/22/06-6/22/20	4.9%	\$8,057-\$17,545	390,000	361,040
Butte County Treasury - Solar					
Project Gap Financing	12/31/04-2/24/09	3.75%	\$50,000-\$750,000	1,200,000	
Total Notes Payable				<u>4,367,000</u>	<u>2,902,565</u>
Total Governmental Activities				<u>\$ 69,213,396</u>	<u>\$ 62,616,481</u>

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

7. Long-Term Obligations (continued)

Summary of Long-Term Debt

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

	Balance July 1, 2006	Prior year Adjustment	Additions	Retirements	Balance June 30, 2007	Amounts Due Within One Year
Governmental Activities:						
Capital lease obligations	\$ 1,479,049	\$ -	\$ 23,535	\$ 405,651	\$ 1,096,933	\$ 63,987
Bonds payable	57,212,322			788,406	56,423,916	823,576
Notes payable	3,934,629			1,032,064	2,902,565	199,963
Certificates of participation	3,920,000			630,000	3,290,000	640,000
Claims and judgments	4,009,000		1,480,361	427,361	5,062,000	1,500,000
Supplemental retirement benefits payable	4,555,527			1,518,509	3,037,018	1,518,509
Compensated absences	12,209,597		14,496,244	14,025,762	12,680,079	1,000,000
Total governmental activities	\$ 87,320,124	\$ -	\$ 16,000,140	\$ 18,827,753	\$ 84,492,511	\$ 5,746,035
Business-Type Activities:						
Capital lease obligations	\$ 783,732	\$ 55,099	\$ -	\$ 535,989	\$ 302,842	\$ 283,156
Certificates of participation			12,025,000		12,025,000	
Premium on debt			189,628		189,628	6,321
Landfill closure/post- -closure care costs	1,598,197			878,249	719,948	
Loan payable	500,000			50,000	450,000	50,000
Compensated absences	82,739		131,887	108,112	106,514	30,000
Total business-type activities	\$ 2,964,668	\$ 55,099	\$ 12,346,515	\$ 1,572,350	\$ 13,793,932	\$ 369,477

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, 2007:

Fiscal Year Ending June 30,	Governmental Activities	Business-Type Activities
2008	\$ 132,016	\$ 289,599
2009	132,016	21,138
2010	127,008	
2011	123,431	
2012	123,431	
2013-2017	617,155	
2018-2020	370,293	
Total minimum lease payments	1,625,350	310,737
Less: Amount representing interest	(528,417)	(7,895)
Present value of minimum lease payments	\$ 1,096,933	\$ 302,842

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

7. Long-Term Obligations (continued)

Capital Lease (continued)

The following is a schedule of net remaining property leased under capital leases at June 30, 2007:

	<u>Acquisition Value</u>	<u>Accumulated Depreciation</u>
Governmental Activities:		
Chico Memorial Halls	1,254,300	8,600
Vehicles	98,421	62,212
Business-Type Activities:		
Caterpillar Equipment	2,526,539	1,035,931
Tarpomatic	76,237	1,525

Bonds Payable

At June 30, 2007, 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 were issued in three series (A,B, and C). Series A has an interest rate of 6.03%, while Series B and C have rates that are variable, based on the one month LIBOR plus a margin of .30%. For fiscal year 2006/2007, the average rate was 5.63%. The next payment of interest for Series A is due December 1, 2007, at a rate of 6.03%. The first payment of interest for Series B is due December 1, 2007, at a rate of 5.62%. The next payment of interest for Series C is due December 1, 2007, at a rate of 5.62%. Principal payments for both Series A and B are due beginning in fiscal year 2014 and ending in fiscal year 2034. Principal payments for the Series C started June 1, 2005 and are scheduled to end in fiscal year 2014. On September 1, 2007, the County elected to exercise its option to prepay Series C. The bonds were issued to save future interest costs associated with the County's pension obligations.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

7. Long-Term Obligations (continued)

Bonds Payable (continued)

As of June 30, 2007, annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2008	\$ 823,576	\$ 3,281,174	\$ 4,104,750
2009	853,755	3,235,406	4,089,161
2010	883,943	3,187,946	4,071,889
2011	914,140	3,138,819	4,052,959
2012	949,347	3,088,029	4,037,376
2013-2017	4,254,155	14,630,786	18,884,941
2018-2022	6,145,000	13,368,294	19,513,294
2023-2027	11,595,000	10,988,699	22,583,699
2028-2032	19,385,000	6,745,829	26,130,829
2033-2034	10,620,000	949,452	11,569,452
Total	<u>\$ 56,423,916</u>	<u>\$ 62,614,434</u>	<u>\$ 119,038,350</u>

Notes Payable

At June 30, 2007, notes outstanding consist of the following:

The County has in operation solar panels to generate power for certain county buildings. This solar project was funded, in part, through notes from the California Energy Commission of \$3,167,000. Principal and interest, at a fixed rate of 3.95%, are due semi-annually beginning in fiscal year 2007. Additionally, \$1,200,000 was borrowed from the County Treasury Pooled investment portfolio as gap financing for the solar project. Principal and interest, at a variable rate matching the Pool's quarterly yields, were due semi-annually, beginning in December of 2006. The gap financing was paid in full on November 1, 2006.

As of June 30, 2007, annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2008	\$ 199,963	\$ 113,005	\$ 312,968
2009	208,242	104,725	312,967
2010	216,549	96,419	312,968
2011	225,187	87,780	312,967
2012	233,962	79,006	312,968
2013-2017	1,318,494	246,343	1,564,837
2018-2020	500,168	20,272	520,440
Total	<u>\$ 2,902,565</u>	<u>\$ 747,550</u>	<u>\$ 3,650,115</u>

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

7. Long-Term Obligations (continued)

Compensated Absences

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

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

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

Certificates of Participation

Governmental Activities

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

Fiscal Year Ending June 30,	Principal	Interest	Total
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	375,000	44,235	419,235
2013-2015	1,205,000	60,325	1,265,325
Total	\$ 3,290,000	\$ 380,845	\$ 3,670,845

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

7. Long-Term Obligations (continued)

Certificates of Participation (continued)

Business-Type Activities

Certificates of Participation in the amount of \$12,025,000, dated November 1, 2006, were issued to finance certain capital improvements for the expansion of the County's solid waste facility at Neal Road Landfill. The improvements include module closures and improvements related to environmental mitigation. Interest ranging from 3.4% to 4.5% on the Series 2006 Certificates is payable semiannually on January 1 and July 1 of each year, commencing July 1, 2007. The average rate of interest for the certificates is 3.995%. Principal is payable annually, commencing on July 1, 2009.

Fiscal Year Ending June 30,	Principal	Interest	Total
2008	\$ -	\$ 549,397	\$ 549,397
2009		487,150	487,150
2010	725,000	474,825	1,199,825
2011	750,000	447,500	1,197,500
2012	780,000	416,900	1,196,900
2013-2017	4,400,000	1,580,500	5,980,500
2018-2022	5,370,000	576,325	5,946,325
Total	<u>\$ 12,025,000</u>	<u>\$ 4,532,597</u>	<u>\$ 16,557,597</u>

Loan Payable

At June 30, 2007, 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, 2007, annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2008	\$ 50,000		\$ 50,000
2009	50,000		50,000
2010	50,000		50,000
2011	50,000		50,000
2012	50,000		50,000
2013-2016	200,000		200,000
Total	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ 450,000</u>

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

7. Long-Term Obligations (continued)

Landfill Closure and Post-closure Costs

State and federal laws and regulations require the County to place a final cover on its Neal Road landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The \$719,948 reported as landfill closure and post-closure care liability at June 30, 2007, represents the cumulative amount reported to date based on the use of 15.14 percent of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$4,036,189 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 2007. The County expects to close the landfill in the fiscal year 2031. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County is required by state and federal laws and regulations to make annual contributions to a separate fund to finance closure and post-closure care. The County is in compliance with these requirements, and at June 30, 2007, investments of \$4,083,228 are held for these purposes. The County expects the future inflation costs will be paid from interest earnings on these annual contributions. However, if interest earnings are inadequate or additional post-closure care requirements are determined, these costs may need to be covered by charges to future landfill users or from future tax revenue.

Annually, the Landfill adjusts the estimated closure and post-closure costs due to changes in inflation and capacity. At June 30, 2007, total estimated costs for closure and post-closure decreased from \$11,359,945 at June 30, 2006 to \$4,036,189 and the remaining capacity of the landfill decreased from 85.93 percent to 15.14 percent at June 30, 2006 and 2007, respectively. The capacity percentage decreased due to expansion of the landfill. These changes resulted in a decrease to the landfill closure and post-closure care liability and caused a decrease in expense of \$878,249 at June 30, 2007.

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

Supplemental Retirement Benefits Payable

The County of Butte has adopted a tax qualified governmental defined benefit plan for the benefit of its eligible employees to provide supplemental retirement benefits to eligible employees in addition to the benefits employees will receive from the California Public Employees' Retirement System (CalPERS). At the time this incentive was offered, the eligibility requirements were: the employee must be a current Butte County employee with at least 5 years of service and at least 50 years of age as of January 1, 2006, with the condition that they agreed to terminate employment with the County on or before January 1, 2005, with the benefits beginning the first day after separation. The County will have 5 disbursements of approximately \$1,518,509, spanning over the next 5 years with the first remitted August 10, 2004. On September 8, 2004, the County of Butte requested a "Letter of Determination" from the IRS to ensure the plan's compliance. At June 30, 2007, the total supplemental retirement benefits payable balance was \$3,037,018.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

7. Long-Term Obligations (continued)

Limitations and Restrictions

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

Deferred Debt Issuance Costs

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

Rebatable Arbitrage Earnings

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years. During the current year, the County performed calculations of excess investment earnings on various bonds and financings and at June 30, 2007 does not expect to incur a liability.

8. Restricted Net Assets/Reserved and Designated Fund Balances

Fund Balances

Fund balances that are not available for appropriation or are not considered "expendable available financial resources" are reserved. Unreserved fund balances that have been earmarked by the Board for a specified purpose are considered designated. Such reserved and designated fund balances at June 30, 2007 are as follows:

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

	<u>Major Funds</u>						<u>Total Governmental Funds</u>
	<u>General</u>	<u>Welfare</u>	<u>Public Health</u>	<u>Behavioral Health</u>	<u>Road</u>	<u>Other Governmental</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	
Reserved for:							
Encumbrances	\$ 2,829,192	\$ 853,980	\$ 1,196,892	\$ 2,633,092	\$ 2,827,595	\$ 3,052,415	\$ 13,393,166
Imprest cash	45,595		500		50	1,265	47,410
Prepaid items	1,138			1,766			2,904
Deposits with others	2,500					297	2,797
General restrictions	5,586,824	10,005	328,616	463,912	723,713	435,509	7,548,579
Debt service	808,994					8,970,613	9,779,607
Inventory					231,586		231,586
Total reserved fund balances	<u>9,274,243</u>	<u>863,985</u>	<u>1,526,008</u>	<u>3,098,770</u>	<u>3,782,944</u>	<u>12,460,099</u>	<u>31,006,049</u>
Designated for:							
Indian Gaming	328,502					408,807	737,309
Public Health			15,818,018				15,818,018
Food Stamps		430,833					430,833
Social Services		459,523					459,523
Rural County Supplemental	362,034						362,034
Rural Health- Education							
Recording System	1,825,047						1,825,047
Recorder Micrographic	232,228						232,228
Recorder-Vital Health Stats	94,757						94,757
Sheriff Development Fees	251,550						251,550
Road Projects					2,511,199		2,511,199
Water Tender						314,507	314,507
Fish and Game							
Child Support						29,464	29,464
County Service Areas						3,881,568	3,881,568
Various	800,376					77,945	878,321
Total designated fund balances	<u>3,894,494</u>	<u>890,356</u>	<u>15,818,018</u>		<u>2,511,199</u>	<u>4,712,291</u>	<u>27,826,358</u>
Unreserved-Undesignated Fund Balances	<u>16,857,031</u>			<u>(3,275,869)</u>	<u>4,536,924</u>	<u>7,398,825</u>	<u>25,516,911</u>
Total Fund Balances	<u>\$ 30,025,768</u>	<u>\$ 1,754,341</u>	<u>\$ 17,344,026</u>	<u>\$ (177,099)</u>	<u>\$ 10,831,067</u>	<u>\$ 24,571,215</u>	<u>\$ 84,349,318</u>

Net Assets

The government-wide statement of net assets reports \$17.3 million of restricted net assets, of which \$7.5 million is restricted by enabling legislation.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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 of annual covered payroll; the current rate is 8.811% for non-safety employees and 14.0% for safety employees. The contribution requirements of plan members and the County are established and may be amended annually by CalPERS.

Annual Pension Cost

For the fiscal year ended June 30, 2007, the County's annual pension cost of \$9,782,823 for CalPERS was equal to the County's required and actual contributions. The required contribution was determined as part of the June 30, 2006 actuarial valuation using the entry age actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses), (b) projected annual merit or seniority salary increases that vary by length of service, and (c) no post retirement benefit increases. Both (a) and (b) included an inflation component of 3.0%. The actuarial value of the County's CalPERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a thirty-year period (smoothed market value). The County's CalPERS unfunded actuarial accrued liability is being amortized as a level of percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2006 was 32 years for the Miscellaneous Plan and 30 years for the Safety Plan.

The County's annual pension cost and pension asset for the fiscal year ended June 30, 2007 were as follows:

Annual required contribution	\$ 9,500,174
Interest on beginning net pension asset	(3,844,662)
Adjustment to the annual required contribution	<u>3,019,527</u>
Annual pension cost	8,675,039
Contributions made	<u>9,782,823</u>
Increase in net pension asset	1,107,784
Net pension asset, beginning of year	<u>50,907,352</u>
Net pension asset, beginning of year	<u>\$ 52,015,136</u>

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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

Annual Pension Cost (continued)

Three-Year Trend Information for PERS

Fiscal Year Ending	Annual Pension Cost (APC)	Contribution	Percentage of APC Contributed	Net Pension Asset
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
06/30/07	\$8,675,039	\$9,782,823	112%	\$52,015,136

10. Post-Retirement Health Benefits

In addition to the pension benefits described in Note 9 the County provides post-retirement health insurance benefits, in accordance with County ordinance, to employees who retire from the County before attaining age 65 with at least 10 years of continuous service who have accrued sick leave in excess of 240 hours and elect the post-retirement insurance benefits rather than the sick leave payout option. Refer to Note 7, compensated absences, for specific details. The County pays the full premium for health and dental coverage incurred by retirees under 65 years of age or not covered by another governmental or employer-paid health plan. Expenditures for post-retirement health care benefits are recognized as retirees report premiums paid for reimbursement. During the fiscal year, expenditures of \$1,001,548 were recognized for post-retirement health care covering 343 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, 2007

11. Risk Management (continued)

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

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

It is the County's policy to 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.

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, 2007. The claims liability includes all allocated loss adjustment expenses. Changes in the insurance funds' claims liability amount during the fiscal years ended June 30, 2006 and 2007 were as follows:

Fiscal Year	Claims Liability July 1	Current Year Claims and Changes in Estimates	Current Year Claim	Claims Liability June 30
2005-2006	\$ 1,238,000	\$ (117,471)	\$ 2,888,471	\$ 4,009,000
2006-2007	\$ 4,009,000	\$ (427,361)	\$ 1,480,361	\$ 5,062,000

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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, 2007, 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, 2007 financial statements.

13. Prior Period Adjustments

A prior year adjustment was made in the Housing and Community Development fund for \$2,074,395 due to understatement of deferred revenue related to loans receivable that are not available for current expenditures.

14. Subsequent Events

Tax and Revenue Anticipation Notes

In July 2007, the County issued \$17,200,000 in notes in anticipation of operation expenditures during the 2007-2008 fiscal year. The notes will be redeemed June 30, 2008.

Pension Obligation Bonds – Series C

On September 1, 2007, the County called the Pension Obligation Bond – Series C in the amount of \$5,765,000.

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.

COUNTY OF BUTTE, CALIFORNIA

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

15. Stewardship, Compliance, and Accountability (continued)

Budgetary Data (continued)

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

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

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

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

Excess of Expenditures Over Appropriations

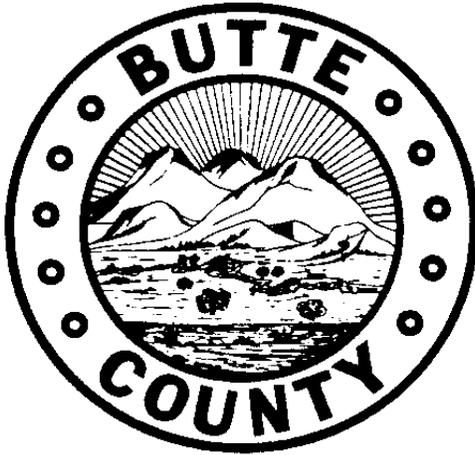
Library Fund had expenditures in excess of appropriations of \$12,146 related to services and supplies that were unbudgeted. These expenditures were funded by the related "other financing sources".

Deficit Fund Balance

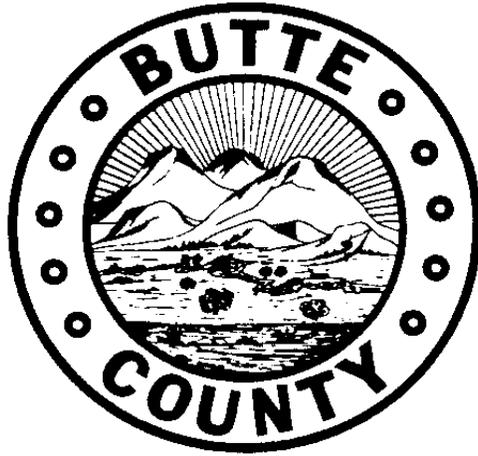
The following funds had deficit fund balances at June 30, 2007:

	<u>Deficit Fund Balance</u>
Behavioral Health Fund	\$ 177,099

Behavioral Health Fund had deficit net assets of \$177,099 at June 30, 2007. The deficit fund balance for Behavioral Health Fund primarily resulted from a decrease in funding from the State of California. The County has implemented expenditure reductions to eliminate the deficit net assets.



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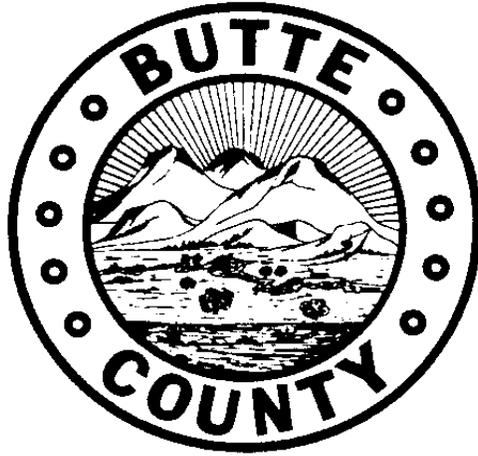
Required Supplementary Information

COUNTY OF BUTTE, CALIFORNIA

County Employee's Retirement Plan (Defined Benefit Pension Plan) Schedule of Funding Progress For the Fiscal Year Ended June 30, 2007

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

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded Actuarial Accrued Liability (B-A)	Funded (UAAL) Ratio (A/B)	Covered Payroll (C)	UAAL as Percentage of Covered Payroll (B-A)/C
6/30/2004:						
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>
6/30/2005:						
Misc.	\$ 289,731,107	\$ 305,981,838	\$ 16,250,731	94.7%	\$ 74,650,612	21.8%
Safety	72,647,313	70,897,375	(1,749,938)	102.5%	12,442,942	(14.1%)
Total	<u>\$ 362,378,420</u>	<u>\$ 376,879,213</u>	<u>\$ 14,500,793</u>	<u>96.2%</u>	<u>\$ 87,093,554</u>	<u>16.6%</u>
6/30/2006:						
Misc.	\$ 314,637,165	\$ 338,623,312	\$ 23,986,147	92.9%	\$ 83,528,481	28.7%
Safety	78,272,745	81,150,894	2,878,149	96.5%	14,895,548	19.3%
Total	<u>\$ 392,909,910</u>	<u>\$ 419,774,206</u>	<u>\$ 26,864,296</u>	<u>93.6%</u>	<u>\$ 98,424,029</u>	<u>27.3%</u>



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COUNTY OF BUTTE

General Fund

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

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE-GENERAL FUND- BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 47,027,402	\$ 47,027,402	\$ 47,027,402	\$ -
RESOURCES (inflows):				
Taxes	47,876,000	48,058,939	51,550,393	3,491,454
Licenses and permits	4,813,570	4,425,570	3,801,772	(623,798)
Fines, forfeitures, and penalties	1,842,844	1,573,806	2,310,760	736,954
Revenues from uses of money and property	1,875,498	1,875,498	3,525,113	1,649,615
Aid from other governments	91,422,656	30,373,085	31,493,500	1,120,415
Charges for services	21,017,915	16,303,255	17,508,932	1,205,677
Other	3,684,016	4,256,208	4,634,505	378,297
Other financing sources	600,000		23,525	23,525
Amounts available for appropriation	<u>173,132,499</u>	<u>106,866,361</u>	<u>114,848,500</u>	<u>7,982,139</u>
CHANGES TO APPROPRIATIONS (outflows):				
General Government:				
Board of Supervisors - District 1:				
Salaries and employee benefits	133,965	140,374	140,374	
Services and supplies	28,131	30,208	30,208	
Total Board of Supervisors - District 1	<u>162,096</u>	<u>170,582</u>	<u>170,582</u>	
Board of Supervisors - District 2:				
Salaries and employee benefits	108,733	108,733	106,022	2,711
Services and supplies	21,124	21,124	17,070	4,054
Total Board of Supervisors - District 2	<u>129,857</u>	<u>129,857</u>	<u>123,092</u>	<u>6,765</u>
Board of Supervisors - District 3:				
Salaries and employee benefits	122,352	122,352	109,940	12,412
Services and supplies	21,136	21,136	17,490	3,646
Total Board of Supervisors - District 3	<u>143,488</u>	<u>143,488</u>	<u>127,430</u>	<u>16,058</u>
Board of Supervisors - District 4:				
Salaries and employee benefits	134,584	138,075	138,074	1
Services and supplies	21,129	20,638	19,747	891
Total Board of Supervisors - District 4	<u>155,713</u>	<u>158,713</u>	<u>157,821</u>	<u>892</u>
Board of Supervisors - District 5:				
Salaries and employee benefits	124,145	128,181	128,181	
Services and supplies	21,095	18,759	17,972	787
Total Board of Supervisors - District 5	<u>145,240</u>	<u>146,940</u>	<u>146,153</u>	<u>787</u>
Board of Supervisors - Shared Costs:				
Salaries and employee benefits	37,779	35,804	35,803	1
Services and supplies	97,611	79,299	77,524	1,775
Other financing uses	1,072,689	1,135,767	1,135,767	
Total Board of Supervisors - Shared costs	<u>1,208,079</u>	<u>1,250,870</u>	<u>1,249,094</u>	<u>1,776</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2007

General Government (continued):				
Administrative Office:				
Salaries and employee benefits	\$ 1,665,281	\$ 1,665,281	\$ 1,654,941	\$ 10,340
Services and supplies	1,000,905	1,171,179	820,628	350,551
Other charges	300,000			
Other financing uses	(327,736)	(84,551)	(84,551)	
Total Administrative Office	<u>2,638,450</u>	<u>2,751,909</u>	<u>2,391,018</u>	<u>360,891</u>
Clerk of the Board:				
Salaries and employee benefits	148,589	148,589	121,815	26,774
Services and supplies	89,393	104,958	53,994	50,964
Other financing uses	6,293	6,293	3,854	2,439
Total Clerk of the Board	<u>244,275</u>	<u>259,840</u>	<u>179,663</u>	<u>80,177</u>
General Service Administration:				
Salaries and employee benefits	475,404	468,298	468,298	
Services and supplies	53,440	72,218	71,799	419
Other charges	1,000	2,175	2,174	1
Other financing uses	(7,489)	32,619	32,619	
Total General Service Administration	<u>522,355</u>	<u>575,310</u>	<u>574,890</u>	<u>420</u>
Auditor-Controller:				
Salaries and employee benefits	2,610,988	2,236,711	2,236,711	
Services and supplies	315,365	413,892	366,557	47,335
Capital assets		148,256	114,292	33,964
Other financing uses	(1,116,652)	(678,037)	(678,038)	1
Total Auditor-Controller	<u>1,809,701</u>	<u>2,120,822</u>	<u>2,039,522</u>	<u>81,300</u>
Purchasing:				
Salaries and employee benefits	349,724	244,745	244,744	1
Services and supplies	50,015	44,022	44,021	1
Other financing uses	(189,965)	(99,713)	(99,713)	
Total Purchasing	<u>209,774</u>	<u>189,054</u>	<u>189,052</u>	<u>2</u>
Treasurer-Tax Collector:				
Salaries and employee benefits	1,695,275	1,695,275	1,640,042	55,233
Services and supplies	934,967	1,133,036	901,703	231,333
Other charges		480	479	1
Capital assets		74,220		74,220
Other financing uses	26,272	26,272	25,591	681
Total Treasurer-Tax Collector	<u>2,656,514</u>	<u>2,929,283</u>	<u>2,567,815</u>	<u>361,468</u>
Assessor:				
Salaries and employee benefits	3,285,636	3,275,636	3,032,947	242,689
Services and supplies	477,675	481,108	442,511	38,597
Other charges	2,400	9,003	9,002	1
Capital assets		7,500		7,500
Other financing uses	58,887	58,887	56,326	2,561
Total Assessor	<u>3,824,598</u>	<u>3,832,134</u>	<u>3,540,786</u>	<u>291,348</u>
Human Resources:				
Salaries and employee benefits	1,083,725	955,499	955,499	
Services and supplies	261,483	263,862	224,398	39,464
Capital assets		11,587		11,587
Other financing uses	(794,063)	(394,286)	(394,286)	
Total Human Resources	<u>551,145</u>	<u>836,662</u>	<u>785,611</u>	<u>51,051</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

General Government (continued):

County Counsel:				
Salaries and employee benefits	\$ 1,344,077	\$ 1,370,813	\$ 1,370,812	\$ 1
Services and supplies	896,601	998,685	946,903	51,782
Other financing uses	(1,763,457)	(1,638,466)	(1,638,467)	1
Total County Counsel	<u>477,221</u>	<u>731,032</u>	<u>679,248</u>	<u>51,784</u>
Elections:				
Salaries and employee benefits	751,906	772,300	772,299	1
Services and supplies	642,774	638,211	541,543	96,668
Other charges		209	209	
Capital assets	193,451	1,685,466	1,178,467	506,999
Other financing uses	46,127	46,127	34,977	11,150
Total Elections	<u>1,634,258</u>	<u>3,142,313</u>	<u>2,527,495</u>	<u>614,818</u>
Public Works General Services:				
Services and supplies	10,000	7,760	7,760	
Other charges	112,044	218,753	218,752	1
Other financing uses	541	430	429	1
Total Public Works General Services	<u>122,585</u>	<u>226,943</u>	<u>226,941</u>	<u>2</u>
SPCL Grant Requirement:				
Services and supplies	22,476	22,476	18,403	4,073
Other financing uses	95	95	78	17
Total SPCL Grant Requirement	<u>22,571</u>	<u>22,571</u>	<u>18,481</u>	<u>4,090</u>
Tax and Revenue Anticipation Notes:				
Other charges	525,000	566,666	566,665	1
Total Tax and Revenue Anticipation Notes	<u>525,000</u>	<u>566,666</u>	<u>566,665</u>	<u>1</u>
Retired Employee Benefits:				
Salaries and employee benefits	100,000	100,000	74,197	25,803
Total Retired Employee Benefits	<u>100,000</u>	<u>100,000</u>	<u>74,197</u>	<u>25,803</u>
Unallocated A-87:				
Services and supplies	226,392	283,416	125,129	158,287
Capital assets		196,948	324,436	(127,488)
Other financing uses	95,593	95,593	61,189	34,404
Total Unallocated A-87	<u>321,985</u>	<u>575,957</u>	<u>510,754</u>	<u>65,203</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	16,863,129	20,006,267	19,292,698	713,569
Total General Revenue and Transfers	<u>16,863,129</u>	<u>20,006,267</u>	<u>19,292,698</u>	<u>713,569</u>
Total General Government	<u>34,822,047</u>	<u>41,221,226</u>	<u>38,493,020</u>	<u>2,728,206</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Public Protection:

Emergency Services:

Salaries and employee benefits	\$ 145,896	\$ 145,896	\$ 144,647	\$ 1,249
Services and supplies	86,846	280,930	176,323	104,607
Other charges	3,000	1,061,822	120,021	941,801
Capital assets		360,184	141,262	218,922
Other financing uses	47,965	47,965	23,236	24,729
Total Emergency Services	<u>283,707</u>	<u>1,896,797</u>	<u>605,489</u>	<u>1,291,308</u>

Grand Jury:

Services and supplies	55,408	105,408	87,686	17,722
Other financing uses	31,565	31,565	12,234	19,331
Total Grand Jury	<u>86,973</u>	<u>136,973</u>	<u>99,920</u>	<u>37,053</u>

New Court Capital Lease:

Services and supplies	4,500	4,500	1,595	2,905
Other charges	430,000	430,000	422,673	7,327
Total New Court Capital Lease	<u>434,500</u>	<u>434,500</u>	<u>424,268</u>	<u>10,232</u>

County Share Trial Courts:

Services and supplies	869,682	875,412	518,790	356,622
Other charges	1,487,052	1,504,552	1,429,745	74,807
Other financing uses	26,227	29,997	29,996	1
Total County Share Trial Courts	<u>2,382,961</u>	<u>2,409,961</u>	<u>1,978,531</u>	<u>431,430</u>

District Attorney - Criminal:

Salaries and employee benefits	7,847,778	8,070,434	7,931,519	138,915
Services and supplies	1,183,500	1,327,800	1,158,033	169,767
Other charges	29,700	24,650	24,650	
Capital assets		197,421	85,405	112,016
Other financing uses	(191,611)	(113,866)	(113,866)	
Total District Attorney - Criminal	<u>8,869,367</u>	<u>9,506,439</u>	<u>9,085,741</u>	<u>420,698</u>

District Attorney - Child Abduction Unit:

Salaries and employee benefits	225,393	225,393	184,094	41,299
Services and supplies	18,513	17,975	8,896	9,079
Other charges	1,060	1,499	1,499	
Other financing uses	45,581	45,862	36,133	9,729
Total District Attorney - Child Abduction Unit	<u>290,547</u>	<u>290,729</u>	<u>230,622</u>	<u>60,107</u>

District Attorney - Welfare Fraud Investigation:

Salaries and employee benefits	1,048,868	1,048,868	1,006,624	42,244
Services and supplies	86,287	79,265	58,699	20,566
Other charges	11,738	18,498	18,497	1
Other financing uses	209,435	210,648	190,256	20,392
Total District Attorney - Welfare Fraud Investigation	<u>1,356,328</u>	<u>1,357,279</u>	<u>1,274,076</u>	<u>83,203</u>

District Attorney - IHSS Fraud:

Salaries and employee benefits	125,000	124,887	63,181	61,706
Other financing uses		113	112	1
Total District Attorney - IHSS Fraud	<u>125,000</u>	<u>125,000</u>	<u>63,293</u>	<u>61,707</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

**BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Public Protection (continued):

Public Defender:

Services and supplies	\$ 2,372,000	\$ 2,444,323	\$ 2,340,266	\$ 104,057
Other financing uses	20,113	27,670	27,669	1
Total Public Defender	2,392,113	2,471,993	2,367,935	104,058

Sheriff - Coroner Administration:

Salaries and employee benefits	4,264,312	4,601,414	4,601,414	
Services and supplies	512,578	618,565	475,824	142,741
Other charges		4,321	4,320	1
Capital assets	75,000	160,571	160,476	95
Other financing uses	257,985	204,509	204,508	1
Total Sheriff - Coroner Administration	5,109,875	5,589,380	5,446,542	142,838

Sheriff - Coroner Operation:

Salaries and employee benefits	8,205,595	8,172,423	7,939,102	233,321
Services and supplies	1,670,468	1,852,175	1,773,926	78,249
Other charges	212,877	338,255	338,254	1
Capital assets	414,000	495,973	417,409	78,564
Other financing uses	104,214	110,698	102,276	8,422
Total Sheriff - Coroner Operation	10,607,154	10,969,524	10,570,967	398,557

Sheriff - Coroner Incarc.:

Salaries and employee benefits	9,305,013	9,237,952	8,305,636	932,316
Services and supplies	5,564,356	5,803,141	5,532,051	271,090
Other charges	10,350	43,345	43,345	
Capital assets	232,422	280,097	24,088	256,009
Other financing uses	165,059	180,187	180,186	1
Total Sheriff - Coroner Incarc.	15,277,200	15,544,722	14,085,306	1,459,416

Sheriff - MIOCR Grant

Services and supplies		561		561
Other financing uses		47,361		47,361
Total Sheriff - MIOCR Grant		47,922		47,922

Sheriff - Rural County Supplement:

Salaries and employee benefits	594,678	594,678	180,950	413,728
Services and supplies	270,990	258,035	91,657	166,378
Other charges		6,955	6,955	
Capital assets		6,000	5,960	40
Other financing uses	34,332	34,332	31,892	2,440
Total Sheriff - Rural County Supplement	900,000	900,000	317,414	582,586

Sheriff - Special Enforcement:

Salaries and employee benefits	621,926	720,564	715,726	4,838
Services and supplies	292,830	366,631	265,207	101,424
Other charges	10,000	19,629	19,629	
Capital assets		231,387	77,952	153,435
Other financing uses	149,577	149,577	71,033	78,544
Total Sheriff - Special Enforcement	1,074,333	1,487,788	1,149,547	338,241

(continued)

COUNTY OF BUTTE, CALIFORNIA

**BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Public Protection (continued):

Sheriff - Narcotics Task Force:

Salaries and employee benefits	\$ 201,107	\$ 250,111	\$ 250,110	\$ 1
Services and supplies	4,620	11,422	11,422	
Other charges	15,500	15,500	15,485	15
Other financing uses	3,898	(3,879)	(3,881)	2
Total Sheriff - Narcotics Task Force	225,125	273,154	273,136	18

Jail - Consent Decree:

Salaries and employee benefits	124,163	123,163	89,551	33,612
Services and supplies	104,539	105,539	71,350	34,189
Other financing uses	4,194	4,194	2,727	1,467
Total Jail - Consent Decree	232,896	232,896	163,628	69,268

Juvenile Hall General:

Salaries and employee benefits	3,287,499	3,330,732	3,330,732	
Services and supplies	1,353,020	1,328,017	1,115,189	212,828
Other charges	3,000	3,033	3,032	1
Other financing uses	71,707	71,707	65,394	6,313
Total Juvenile Hall General	4,715,226	4,733,489	4,514,347	219,142

Probation Victim Witness:

Salaries and employee benefits	221,889	221,889	190,106	31,783
Services and supplies	35,629	35,629	25,251	10,378
Other financing uses	2,768	6,345	5,024	1,321
Total Probation Victim Witness	260,286	263,863	220,381	43,482

Probation General Services:

Salaries and employee benefits	7,201,702	6,886,372	6,886,372	
Services and supplies	1,773,258	1,798,306	1,641,604	156,702
Other charges	50,075	86,847	86,847	
Capital assets		64,844	62,815	2,029
Other financing uses	15,000	207,394	206,355	1,039
Total Probation General Services	9,040,035	9,043,763	8,883,993	159,770

Probation BD/CON:

Salaries and employee benefits	140,536	140,536	136,698	3,838
Services and supplies	109,445	109,445	92,139	17,306
Other financing uses	3,702	3,702	3,493	209
Total Probation BD/CON	253,683	253,683	232,330	21,353

Development Services:

Salaries and employee benefits	3,716,855	3,714,063	3,515,963	198,100
Services and supplies	1,286,782	2,254,492	1,578,895	675,597
Other charges	16,000	17,992	17,991	1
Capital assets	30,000	71,644	66,996	4,648
Other financing uses	289,224	355,963	355,962	1
Total Development Services	5,338,861	6,414,154	5,535,807	878,347

Subdivision Inspection:

Salaries and employee benefits	757,521	620,554	574,252	46,302
Services and supplies	83,432	107,842	63,169	44,673
Other charges	142,451	273,418	273,417	1
Other financing uses	11,834	11,834	9,842	1,992
Total Subdivision Inspection	995,238	1,013,648	920,680	92,968

(continued)

COUNTY OF BUTTE, CALIFORNIA

**BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Public Protection (continued):

Agriculture General Services:

Salaries and employee benefits	\$ 1,649,524	\$ 1,684,518	\$ 1,657,828	\$ 26,690
Services and supplies	343,459	381,588	316,082	65,506
Other charges	25,000	31,942	31,941	1
Other financing uses	34,140	36,072	36,070	2
Total Agriculture General Services	<u>2,052,123</u>	<u>2,134,120</u>	<u>2,041,921</u>	<u>92,199</u>

Recorder:

Salaries and employee benefits	1,057,530	1,056,762	983,119	73,643
Services and supplies	437,022	465,076	318,127	146,949
Other charges	500	1,268	1,268	
Capital assets	5,600	28,332	26,178	2,154
Other financing uses	43,147	43,147	35,486	7,661
Total Recorder	<u>1,543,799</u>	<u>1,594,585</u>	<u>1,364,178</u>	<u>230,407</u>

Planning Comm. Loc. Ag. Formation:

Other charges	199,342	202,069	202,068	1
Total Planning Comm. Loc. Ag. Formation	<u>199,342</u>	<u>202,069</u>	<u>202,068</u>	<u>1</u>

Total Public Protection	<u>74,046,672</u>	<u>79,328,431</u>	<u>72,052,120</u>	<u>7,276,311</u>
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Health and Sanitation:

Public Health General Services:

Salaries and employee benefits	12,015,396			
Services and supplies	3,522,508			
Other charges	125,000			
Capital assets	943,000			
Other financing uses	235,412			
Total Public Health General Services	<u>16,841,316</u>			

Public Health County Medical Services:

Services and supplies	6,637,205			
Other charges	225,000			
Other financing uses	12,800			
Total Public Health County Medical Services	<u>6,875,005</u>			

Public Health Environmental Health:

Salaries and employee benefits	2,230,097			
Services and supplies	353,375			
Other charges	16,000			
Capital assets	320,000			
Other financing uses	75,293			
Total Public Health Environmental Health	<u>2,994,765</u>			

(continued)

COUNTY OF BUTTE, CALIFORNIA

BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Health and Sanitation (continued):

Mental Health General Services:				
Salaries and employee benefits	\$ 25,699,024	\$ -	\$ -	\$ -
Services and supplies	14,565,643			
Other charges	696,274			
Capital assets	1,082,949			
Total Mental Health General Services	42,043,890			
Mental Health Substance Abuse:				
Salaries and employee benefits	1,756,184			
Services and supplies	1,088,721			
Other charges	34,130			
Other financing uses	175,262			
Total Mental Health Substance Abuse	3,054,297			
Behavioral Health Proposition 36:				
Salaries and employee benefits	441,020			
Services and supplies	207,551			
Other charges	750			
Other financing uses	363,476			
Total Behavioral Health Proposition 36	1,012,797			
Total Health and Sanitation	72,822,070			

Public Assistance:

Children's' Trust Fund - AB2994:				
Services and supplies	30,000	30,000	30,000	
Total Children's' Trust Fund - AB2994	30,000	30,000	30,000	
Welfare Domestic Violence:				
Services and supplies	28,000	30,000	30,000	
Total Welfare Domestic Violence	28,000	30,000	30,000	
Institutional/ Correction:				
Other charges	228,855	236,355	201,287	35,068
Other financing uses	1,364	1,364	889	475
Total Institutional/ Correction	230,219	237,719	202,176	35,543
Juvenile Court Wards:				
Other charges	1,497	1,497		1,497
Other financing uses	3	3	1	2
Total Juvenile Court Wards	1,500	1,500	1	1,499
Veteran's Service Officer:				
Salaries and employee benefits	166,703	155,549	122,146	33,403
Services and supplies	56,098	57,548	52,934	4,614
Other charges	1,000	1,000	33	967
Other financing uses	5,458	15,412	15,412	
Total Veteran's Service Officer	229,259	229,509	190,525	38,984
Total Public Assistance	518,978	528,728	452,702	76,026

(continued)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Education:				
Farm, Home, and 4H Department:				
Salaries and employee benefits	\$ 149,431	\$ 149,431	\$ 148,333	\$ 1,098
Services and supplies	115,108	111,393	98,896	12,497
Other charges	6,000	9,715	9,101	614
Other financing uses	4,891	4,891	4,124	767
Total Farm, Home, and 4H Department	<u>275,430</u>	<u>275,430</u>	<u>260,454</u>	<u>14,976</u>
 Total Education	 <u>275,430</u>	 <u>275,430</u>	 <u>260,454</u>	 <u>14,976</u>
Recreation and cultural services:				
Butte Meadows Recreation Grant:				
Services and supplies	40,000	57,280	28,626	28,654
Other financing uses	7,800	7,800	432	7,368
Total Butte Meadows Recreation Grant	<u>47,800</u>	<u>65,080</u>	<u>29,058</u>	<u>36,022</u>
 Veteran's Memorial Halls:				
Services and supplies	318,866	338,489	290,527	47,962
Other charges	123,432	123,432	123,431	1
Capital assets		7,127		7,127
Other financing uses	7,668	7,668	2,300	5,368
Total Veteran's Memorial Halls	<u>449,966</u>	<u>476,716</u>	<u>416,258</u>	<u>60,458</u>
 Total Recreation and Cultural Services	 <u>497,766</u>	 <u>541,796</u>	 <u>445,316</u>	 <u>96,480</u>
Provisions for Contingencies:				
Appropriation Contingencies	<u>8,036,522</u>	<u>4,748,845</u>		<u>4,748,845</u>
Total Charges to appropriations	<u>191,019,485</u>	<u>126,644,456</u>	<u>111,703,612</u>	<u>14,940,844</u>
Total Equity transfer			<u>(20,170,546)</u>	<u>(20,170,546)</u>
Budgetary Fund balances, ending	<u>\$ 29,140,416</u>	<u>\$ 27,249,307</u>	<u>\$ 30,001,744</u>	<u>\$ 2,752,437</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE-GENERAL FUND - BUDGETARY BASIS (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

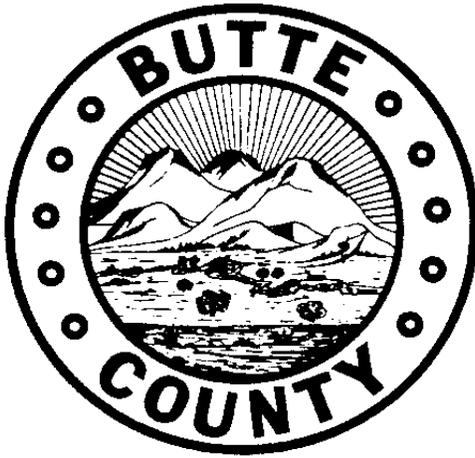
Explanation of Differences between Budgetary Inflows and Outflows and USGAAP Revenues and Expenditures:

Sources/inflows of resources:

Actual amounts (budgetary basis) "total resources" from the budgetary comparison schedule	\$ 114,848,500
Differences - budget to USGAAP:	
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(23,525)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - general fund	<u><u>\$ 114,824,975</u></u>

Uses/outflows of resources:

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 111,703,612
Differences - budget to USGAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	<u>(19,292,699)</u>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balance - general fund	<u><u>\$ 92,410,913</u></u>



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COUNTY OF BUTTE

Welfare Fund

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

COUNTY OF BUTTE, CALIFORNIA

BUDGET COMPARISON SCHEDULE-WELFARE FUND-BUDGETARY BASIS FOR THE FISCAL YEAR ENDED JUNE 30, 2007

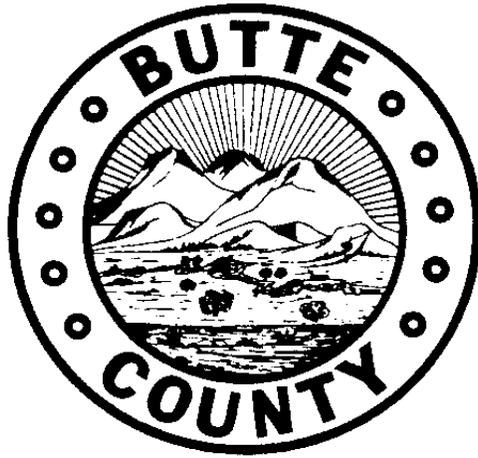
	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 1,074,806	\$ 1,074,806	\$ 1,074,806	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			107,020	107,020
Aid from other governments	135,772,039	135,808,790	128,850,845	(6,957,945)
Charges for services	645,929	645,929	676,677	30,748
Other	240,624	397,469	742,490	345,021
Amounts available for appropriation	136,658,592	136,852,188	130,377,032	(6,475,156)
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
Welfare - Public Guardian:				
Salaries and employee benefits	405,922	404,852	350,591	54,261
Services and supplies	783	783	425	358
Other charges	59,500	60,570	60,570	
Other financing uses	362,366	362,366	349,773	12,593
Total Welfare - Public Guardian	828,571	828,571	761,359	67,212
Total Public Protection	828,571	828,571	761,359	67,212
Public Assistance:				
Welfare Administration:				
Salaries and employee benefits	12,029,739	11,990,932	11,990,932	
Services and supplies	5,460,015	5,166,860	5,117,738	49,122
Other charges	1,483,545	1,259,343	1,259,342	1
Capital assets	106,250	69,869	89,897	(20,028)
Other financing uses	(19,032,852)	(18,370,677)	(18,370,678)	1
Total Welfare Administration	46,697	116,327	87,231	29,096
Welfare - Eligibility:				
Salaries and employee benefits	10,290,182	10,290,182	9,925,145	365,037
Services and supplies	52,078	52,078	51,439	639
Other charges	360,092	360,092	322,861	37,231
Other financing uses	3,031,025	3,031,025	2,925,573	105,452
Total Welfare - Eligibility	13,733,377	13,733,377	13,225,018	508,359
Welfare Protective Services:				
Salaries and employee benefits	8,574,268	8,563,771	8,451,020	112,751
Services and supplies	2,148,286	2,200,112	1,796,916	403,196
Other charges	1,400,088	1,567,075	1,318,023	249,052
Other financing uses	6,578,704	6,578,704	6,349,823	228,881
Total Welfare Protective Services	18,701,346	18,909,662	17,915,782	993,880

(continued)

COUNTY OF BUTTE, CALIFORNIA

BUDGET COMPARISON SCHEDULE-WELFARE FUND-BUDGETARY BASIS (continued) FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Welfare CALWORKS Program:				
Salaries and employee benefits	\$ 4,249,702	\$ 4,249,702	\$ 4,216,445	\$ 33,257
Services and supplies	3,023,369	3,181,394	2,916,497	264,897
Other charges	2,187,780	2,316,316	1,956,610	359,706
Other financing uses	9,060,757	9,060,757	8,745,523	315,234
Total Welfare CALWORKS Program	<u>18,521,608</u>	<u>18,808,169</u>	<u>17,835,075</u>	<u>973,094</u>
Welfare Aids:				
Other charges	<u>83,314,574</u>	<u>84,005,883</u>	<u>78,650,987</u>	<u>5,354,896</u>
Total Welfare Aids	<u>83,314,574</u>	<u>84,005,883</u>	<u>78,650,987</u>	<u>5,354,896</u>
Welfare Sed-Foster Care:				
Other charges	<u>594,999</u>	<u>594,999</u>	<u>495,566</u>	<u>99,433</u>
Total Welfare Sed-Foster Care	<u>594,999</u>	<u>594,999</u>	<u>495,566</u>	<u>99,433</u>
Welfare General Relief:				
Services and supplies	69,600	75,393	2,493	72,900
Other charges	<u>847,820</u>	<u>847,820</u>	<u>723,986</u>	<u>123,834</u>
Total Welfare General Relief	<u>917,420</u>	<u>923,213</u>	<u>726,479</u>	<u>196,734</u>
Total Public Assistance	<u>135,830,021</u>	<u>137,091,630</u>	<u>128,936,138</u>	<u>8,155,492</u>
Total Charges to appropriations	<u>136,658,592</u>	<u>137,920,201</u>	<u>129,697,497</u>	<u>8,222,704</u>
Budgetary Fund balances, ending	<u>\$ 1,074,806</u>	<u>\$ 6,793</u>	<u>\$ 1,754,341</u>	<u>\$ 1,747,548</u>



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COUNTY OF BUTTE

Public Health Fund

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

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE-PUBLIC HEALTH FUND-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ -	\$ -	\$ -	\$ -
RESOURCES (inflows):				
Licenses and permits		390,000	426,240	36,240
Fines, forfeitures, and penalties		296,000	231,789	(64,211)
Revenues from uses of money and property			(172,005)	(172,005)
Aid from other governments		21,939,716	19,916,939	(2,022,777)
Charges for services		3,413,345	3,115,557	(297,788)
Other		250,244	62,914	(187,330)
Interfund transfers		911,867	774,308	(137,559)
Amounts available for appropriation		<u>27,201,172</u>	<u>24,355,742</u>	<u>(2,845,430)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Health and Sanitation:				
Public Health General Services:				
Salaries and employee benefits		11,704,455	10,408,161	1,296,294
Services and supplies		4,638,618	3,318,877	1,319,741
Other charges		582,411	386,057	196,354
Capital assets		1,606,120	679,783	926,337
Total Public Health General Services		<u>18,531,604</u>	<u>14,792,878</u>	<u>3,738,726</u>
Public Health County Medical Services:				
Services and supplies		6,630,535	6,503,833	126,702
Other charges		244,470	239,419	5,051
Other financing uses				
Total Public Health County Medical Services		<u>6,875,005</u>	<u>6,743,252</u>	<u>131,753</u>
Public Health Environmental Health:				
Salaries and employee benefits		2,195,022	2,042,403	152,619
Services and supplies		373,129	308,104	65,025
Other charges		102,368	102,368	
Capital assets		320,000	24,331	295,669
Other financing uses		24,000		24,000
Total Public Health Environmental Health		<u>3,014,519</u>	<u>2,477,206</u>	<u>537,313</u>
Total Health and Sanitation		<u>28,421,128</u>	<u>24,013,336</u>	<u>4,407,792</u>
Total Charges to appropriations		<u>28,421,128</u>	<u>24,013,336</u>	<u>4,407,792</u>
Budgetary Fund balances, ending	<u>\$ -</u>	<u>\$ (1,219,956)</u>	<u>\$ 342,406</u>	<u>\$ 1,562,362</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	\$ 24,355,742
Differences - budget to USGAAP:	
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(774,308)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - public health fund	<u>\$ 23,581,434</u>

COUNTY OF BUTTE

Behavioral Health Fund

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

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BEHAVIORAL HEALTH FUND-BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ -	\$ -	\$ -	\$ -
RESOURCES (inflows):				
Fines, forfeitures, and penalties			83,699	83,699
Revenues from uses of money and property			(71,660)	(71,660)
Aid from other governments		47,826,673	33,775,263	(14,051,410)
Charges for services		2,196,649	2,054,115	(142,534)
Other		666	8,239	7,573
Interfund transfers		439,492	425,648	(13,844)
Amounts available for appropriation		<u>50,463,480</u>	<u>36,275,304</u>	<u>(14,188,176)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Health and Sanitation:				
Behavioral Health General Services:				
Salaries and employee benefits		\$ 25,574,288	\$ 22,827,490	2,746,798
Services and supplies		18,285,384	10,559,646	7,725,738
Other charges		1,963,237	1,515,058	448,179
Capital assets		1,212,537	240,301	972,236
Total Mental Health General Services		<u>47,035,446</u>	<u>35,142,495</u>	<u>11,892,951</u>
Mental Health Substance Abuse:				
Salaries and employee benefits		1,781,480	1,541,384	240,096
Services and supplies		2,017,528	1,524,738	492,790
Other charges		217,667	194,238	23,429
Capital assets		34,000		34,000
Total Mental Health Substance Abuse		<u>4,050,675</u>	<u>3,260,360</u>	<u>790,315</u>
Behavioral Health Proposition 36:				
Salaries and employee benefits		561,275	561,272	3
Services and supplies		325,975	267,063	58,912
Other charges		420,964	390,139	30,825
Total Behavioral Health Proposition 36		<u>1,308,214</u>	<u>1,218,474</u>	<u>89,740</u>
Total Health and Sanitation		<u>52,394,335</u>	<u>39,621,329</u>	<u>12,773,006</u>
Total Charges to appropriations		<u>52,394,335</u>	<u>39,621,329</u>	<u>12,773,006</u>
Budgetary Fund balances, ending	\$ -	\$ (1,930,855)	\$ (3,346,025)	\$ (1,415,170)

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	\$ 36,275,304
Differences - budget to USGAAP:	
Proceeds from sale of capital assets are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(425,648)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - public health fund	<u>\$ 35,849,656</u>

COUNTY OF BUTTE

Road Fund

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

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - ROAD FUND - BUDGETARY BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 10,961,494	\$ 10,961,494	\$10,961,494	\$ -
RESOURCES (inflows):				
Licenses and permits	72,000	72,000	200,133	128,133
Revenues from uses of money and property	160,000	160,000	564,572	404,572
Aid from other governments	12,747,813	13,781,922	12,466,629	(1,315,293)
Charges for services	3,436,710	3,436,710	2,449,205	(987,505)
Other	232,600	232,600	184,770	(47,830)
Amounts available for appropriation	<u>16,649,123</u>	<u>17,683,232</u>	<u>15,865,309</u>	<u>(1,817,923)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Ways and Facilities:				
Road Operations:				
Salaries and employee benefits	7,553,604	7,706,604	7,243,829	462,775
Services and supplies	8,659,682	12,973,870	8,093,434	4,880,436
Other charges	759,210	850,106	474,469	375,637
Capital assets	349,500	946,566	184,004	762,562
Total Road Operations	<u>17,321,996</u>	<u>22,477,146</u>	<u>15,995,736</u>	<u>6,481,410</u>
Total Public Assistance	<u>17,321,996</u>	<u>22,477,146</u>	<u>15,995,736</u>	<u>6,481,410</u>
Provisions for Contingencies:				
Appropriation Contingencies	<u>1,000,000</u>	<u>1,000,000</u>	<u></u>	<u>1,000,000</u>
Total Charges to appropriations	<u>18,321,996</u>	<u>23,477,146</u>	<u>15,995,736</u>	<u>7,481,410</u>
Budgetary Fund balances, ending	<u>\$ 9,288,621</u>	<u>\$ 5,167,580</u>	<u>\$ 10,831,067</u>	<u>\$ 5,663,487</u>

COUNTY OF BUTTE, CALIFORNIA

Note to Required Supplementary Information For the Fiscal Year Ended June 30, 2007

BUDGETARY BASIS OF ACCOUNTING

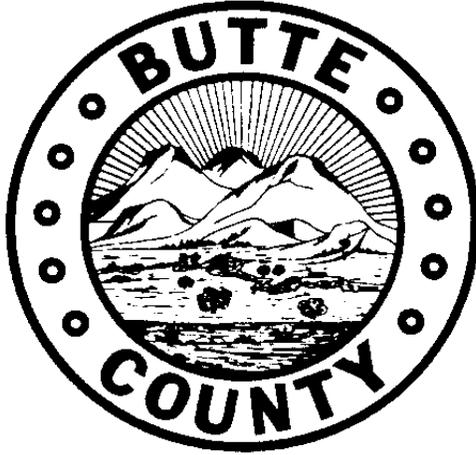
In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County prepares a budget for each fiscal year on or before August 30. Budgeted expenditures are enacted into law through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

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

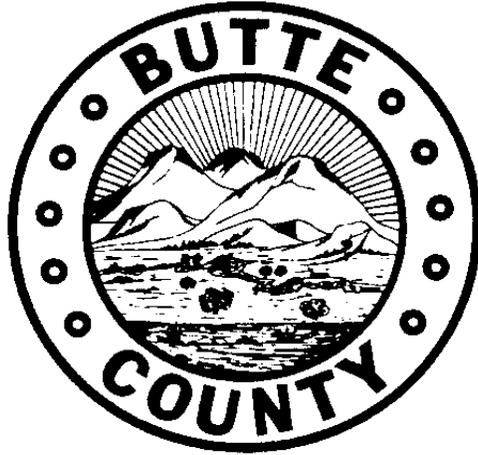
The County uses an encumbrances system as an extension of normal budgetary accounting for the general, special revenue, and other debt service funds and to assist in controlling expenditures of the capital projects funds. Under this system, purchase orders, contracts, and other commitments for the expenditure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

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

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



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**Combining Nonmajor
Governmental Funds Statements**

COUNTY OF BUTTE

Nonmajor Governmental Funds

CAPITAL PROJECTS FUND

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

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

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

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

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

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

COUNTY OF BUTTE

Nonmajor Governmental Funds (Continued)

SPECIAL REVENUE FUNDS (Continued)

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

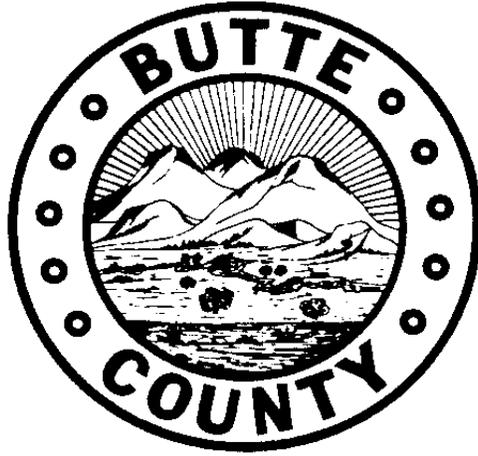
The *County Service Areas Fund* accounts for special district funds that provide sewer, drainage, fire, and street lighting and maintenance to specific areas in the County and are financed by property taxes and user charges.

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

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

DEBT SERVICE FUND

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



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COUNTY OF BUTTE, CALIFORNIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2007

	Capital Projects Fund	Special Revenue Funds	
		Equipment Replacement	Equipment
ASSETS			
Cash and investments	\$ 531,891	\$ 2,168,497	\$ 1,229,684
Cash and investments with fiscal agent		434,086	
Imprest cash			
Due from other funds	16	167	151,331
Interest receivable	6,982	25,756	14,869
Accounts receivable			
Due from other governments			
Deposits from others			
Loans receivable			
Total assets	\$ 538,889	\$ 2,628,506	\$ 1,395,884
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ 69,818	\$ 68	\$ 2,696
Accounts payable	8,318	79	
Salaries and benefits payable			
Deposits payable	3,392		
Deferred revenue			
Total liabilities	81,528	147	2,696
Fund balances:			
Reserved for:			
Encumbrances	237,330	379,672	310,226
Imprest cash			
Deposits with others			
General restrictions			
Debt service		434,086	
Unreserved:			
Designated			
Undesignated, reported in:			
Special revenue funds		1,814,601	1,082,962
Capital project funds	220,031		
Total fund balances	457,361	2,628,359	1,393,188
Total liabilities and fund balances	\$ 538,889	\$ 2,628,506	\$ 1,395,884

Special Revenue Funds

<u>State COPS</u>	<u>Water Resources</u>	<u>Fire Protection</u>	<u>Library</u>	<u>Transit</u>
\$ 371,213	\$ -	\$ 609,281	\$ 138,164	\$ 519,393
675	74,010	2,510,944	115	183,854
8,768	(77)	18,175	96,721	4,494
	5,408		404	
		177,110	263	
			297	
<u>\$ 380,656</u>	<u>\$ 79,341</u>	<u>\$ 3,315,510</u>	<u>\$ 235,964</u>	<u>\$ 707,741</u>
\$ 901	\$ 4,727	\$ 6,179	\$ 7,646	\$ 330
13,881	41,479	972,862	9,297	420
	17,101	763	64,093	
<u>14,782</u>	<u>63,307</u>	<u>979,804</u>	<u>81,036</u>	<u>750</u>
	16,034	1,250,256	5,584	
			115	
			297	
		284,191	150,889	
		801,259		
365,874			(1,957)	706,991
<u>365,874</u>	<u>16,034</u>	<u>2,335,706</u>	<u>154,928</u>	<u>706,991</u>
<u>\$ 380,656</u>	<u>\$ 79,341</u>	<u>\$ 3,315,510</u>	<u>\$ 235,964</u>	<u>\$ 707,741</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS JUNE 30, 2007

	Special Revenue Funds		
	Housing and Community Development	Fish and Game	Child Support Services
ASSETS			
Cash and investments	\$ 757,878	\$ 220,606	\$ 1,193,870
Cash and investments with fiscal agent			
Imprest cash			1,000
Due from other funds	3,725	164	32,179
Interest receivable	8,441	2,291	17,069
Accounts receivable			
Due from other governments			
Deposits from others			
Loans receivable	2,102,156		
Total assets	\$ 2,872,200	\$ 223,061	\$ 1,244,118
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	\$ 3,225	\$ 267	\$ 26,334
Accounts payable	22,782		2,640
Salaries and benefits payable			206,803
Deposits payable			
Deferred revenue	2,102,156		
Total liabilities	2,128,163	267	235,777
Fund balances:			
Reserved for:			
Encumbrances	236,075	30,579	
Imprest cash			1,000
Deposits with others			
General restrictions		429	
Debt service			
Unreserved:			
Designated			29,464
Undesignated, reported in:			
Special revenue funds	507,962	191,786	977,877
Capital project funds			
Total fund balances	744,037	222,794	1,008,341
Total liabilities and fund balances	\$ 2,872,200	\$ 223,061	\$ 1,244,118

County Service Areas	IHSS Public Authority	Air Quality Management District	Debt Service Fund	TOTAL Nonmajor Governmental Funds
\$ 5,185,022	\$ -	\$ 523,315	\$ 929,689	\$ 14,378,503
			7,599,988	8,034,074
		150		1,265
137	1,594			3,055,517
56,501	13		9,609	173,295
				5,408
3,510	20,680	265,938		467,501
				297
				2,102,156
<u>\$ 5,245,170</u>	<u>\$ 22,287</u>	<u>\$ 789,403</u>	<u>\$ 8,539,286</u>	<u>\$ 28,218,016</u>
\$ 7,950	\$ 11,385	\$ -	\$ 9	\$ 141,535
18,927	151		2,750	1,093,586
	9,880	7,492		306,132
				3,392
				2,102,156
<u>26,877</u>	<u>21,416</u>	<u>7,492</u>	<u>2,759</u>	<u>3,646,801</u>
295,153		291,506		3,052,415
		150		1,265
				297
				435,509
			8,536,527	8,970,613
3,881,568				4,712,291
1,041,572	871	490,255		7,178,794
				220,031
<u>5,218,293</u>	<u>871</u>	<u>781,911</u>	<u>8,536,527</u>	<u>24,571,215</u>
<u>\$ 5,245,170</u>	<u>\$ 22,287</u>	<u>\$ 789,403</u>	<u>\$ 8,539,286</u>	<u>\$ 28,218,016</u>

COUNTY OF BUTTE, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Capital Projects Fund	Special Revenue Funds	
		Equipment Replacement	Equipment
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits			
Fines, forfeitures, and penalties			
Revenues from uses of money and property	2,986	144,364	70,654
Aid from other governments	7,527		
Charges for services	188,683		
Other	100,000		
Total revenues	<u>299,196</u>	<u>144,364</u>	<u>70,654</u>
EXPENDITURES:			
Current:			
General government	512,404		345,970
Public protection	7,735	3,980	
Public ways and facilities			
Health and sanitation			
Public assistance			
Education			
Recreation and cultural services			
Debt Service:			
Principal	804,745	295,000	
Interest	1,402	8,950	
Total expenditures	<u>1,326,286</u>	<u>307,930</u>	<u>345,970</u>
Excess (deficiency) of revenues over expenditures	<u>(1,027,090)</u>	<u>(163,566)</u>	<u>(275,316)</u>
OTHER FINANCING SOURCES (USES):			
Transfers in	1,259,478		456,900
Total other financing sources (uses)	<u>1,259,478</u>		<u>456,900</u>
Net change in fund balances	<u>232,388</u>	<u>(163,566)</u>	<u>181,584</u>
Fund balances, beginning	224,973	2,791,925	1,211,604
Prior year adjustment			
Fund balances, beginning, restated	<u>224,973</u>	<u>2,791,925</u>	<u>1,211,604</u>
Fund balances, ending	<u>\$ 457,361</u>	<u>\$ 2,628,359</u>	<u>\$ 1,393,188</u>

Special Revenue Funds

<u>State COPS</u>	<u>Water Resources</u>	<u>Fire Protection</u>	<u>Library</u>	<u>Transit</u>
\$ -	\$ -	\$ -	\$ -	\$ -
50,208	(59)	59,576	2,704	26,044
1,012,797	216,633	947,694	420,746	1,286,686
	8,236	116,255	109,225	
		205,736	127,767	
<u>1,063,005</u>	<u>224,810</u>	<u>1,329,261</u>	<u>660,442</u>	<u>1,312,730</u>
1,032,869	837,291	14,574,645		1,041,374
			2,795,711	
<u>1,032,869</u>	<u>837,291</u>	<u>14,574,645</u>	<u>2,795,711</u>	<u>1,041,374</u>
30,136	(612,481)	(13,245,384)	(2,135,269)	271,356
	408,158	13,976,970	2,144,941	
	408,158	13,976,970	2,144,941	
30,136	(204,323)	731,586	9,672	271,356
335,738	220,357	1,604,120	145,256	435,635
335,738	220,357	1,604,120	145,256	435,635
<u>\$ 365,874</u>	<u>\$ 16,034</u>	<u>\$ 2,335,706</u>	<u>\$ 154,928</u>	<u>\$ 706,991</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Special Revenue Funds		
	Housing and Community Development	Fish and Game	Child Support Services
REVENUES			
Taxes	\$ -	\$ -	\$ -
Licenses and permits			
Fines, forfeitures, and penalties		35,006	
Revenues from uses of money and property	51,063	11,835	80,625
Aid from other governments	712,104		7,774,465
Charges for services			31,422
Other	491,078	6	346
Total revenues	<u>1,254,245</u>	<u>46,847</u>	<u>7,886,858</u>
EXPENDITURES:			
Current:			
General government	1,285,661		
Public protection		27,301	
Public ways and facilities			
Health and sanitation			
Public assistance			7,761,676
Education			
Recreation and cultural services			
Debt Service:			
Principal			
Interest			
Total expenditures	<u>1,285,661</u>	<u>27,301</u>	<u>7,761,676</u>
Excess (deficiency) of revenues over expenditures	<u>(31,416)</u>	<u>19,546</u>	<u>125,182</u>
OTHER FINANCING SOURCES (USES):			
Transfers in			
Total other financing sources (uses)			
Net change in fund balances	<u>(31,416)</u>	<u>19,546</u>	<u>125,182</u>
Fund balances, beginning	2,849,848	203,248	883,159
Prior year adjustment	<u>(2,074,395)</u>		
Fund balances, beginning, restated	<u>775,453</u>	<u>203,248</u>	<u>883,159</u>
Fund balances, ending	<u>\$ 744,037</u>	<u>\$ 222,794</u>	<u>\$ 1,008,341</u>

County Service Areas	IHSS Public Authority	Air Quality Management District	Debt Service Fund	TOTAL Nonmajor Governmental Funds
\$ 833,813	\$ -	\$ -	\$ -	\$ 833,813
		433,331		433,331
		67,676		102,682
296,031	7,063	1,475	527,680	1,332,249
207,871	337,100	1,102,755		14,026,378
395,134				840,719
5,129	10,520	60,281	4,788,342	5,797,441
<u>1,737,978</u>	<u>354,683</u>	<u>1,665,518</u>	<u>5,316,022</u>	<u>23,366,613</u>
			16,963	2,160,998
518,845				17,002,666
				1,041,374
504,725		1,492,810		1,997,535
	350,689			8,112,365
				2,795,711
153,907				153,907
73,406			940,917	2,114,068
40,035			3,435,755	3,486,142
<u>1,290,918</u>	<u>350,689</u>	<u>1,492,810</u>	<u>4,393,635</u>	<u>38,864,766</u>
<u>447,060</u>	<u>3,994</u>	<u>172,708</u>	<u>922,387</u>	<u>(15,498,153)</u>
			356,538	18,602,985
			356,538	18,602,985
<u>447,060</u>	<u>3,994</u>	<u>172,708</u>	<u>1,278,925</u>	<u>3,104,832</u>
4,771,233	(3,123)	609,203	7,257,602	23,540,778
				(2,074,395)
<u>4,771,233</u>	<u>(3,123)</u>	<u>609,203</u>	<u>7,257,602</u>	<u>21,466,383</u>
<u>\$ 5,218,293</u>	<u>\$ 871</u>	<u>\$ 781,911</u>	<u>\$ 8,536,527</u>	<u>\$ 24,571,215</u>

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL PROJECTS FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 224,973	\$ 224,973	\$ 224,973	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			2,986	2,986
Aid from other governments	2,205	26,805	7,527	(19,278)
Charges for services		208,180	188,683	(19,497)
Other		100,000	100,000	
Other financing sources		1,259,478	1,259,478	
Amounts available for appropriation	<u>2,205</u>	<u>1,594,463</u>	<u>1,558,674</u>	<u>(35,789)</u>
CHANGES TO APPROPRIATIONS (outflows):				
General Government:				
Solar Project Phase II:				
Services and supplies		32,709		32,709
Other charges		4,000		4,000
Capital assets		6,000		6,000
Total Solar Project Phase II		<u>42,709</u>		<u>42,709</u>
Solar Energy Project:				
Services and supplies		190	190	
Other charges		20	18	2
Debt payment		851,281	807,549	43,732
Total Solar Energy Project		<u>851,491</u>	<u>807,757</u>	<u>43,734</u>
Chico Veterans Hall:				
Other charges	1,002	23,171	23,171	
Capital assets		484,924	361,898	123,026
Total Chico Veterans Hall	<u>1,002</u>	<u>508,095</u>	<u>385,069</u>	<u>123,026</u>
Total General Government	<u>1,002</u>	<u>1,402,295</u>	<u>1,192,826</u>	<u>209,469</u>
Public Protection:				
New Juvenile Hall:				
Other charges	652	652	1	651
Total County I-net	<u>652</u>	<u>652</u>	<u>1</u>	<u>651</u>
Fire Station 42 Relocation:				
Other charges		153	152	1
Capital assets		15,756	10,550	5,206
Total Fire Station 42 Relocation		<u>15,909</u>	<u>10,702</u>	<u>5,207</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
CAPITAL PROJECTS FUND (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Protection (continued):				
Court House Expansion:				
Services and supplies	\$ -	\$ 10	\$ 9	\$ 1
Other charges	2,205	8,695	1,686	7,009
Capital assets		40,952	6,040	34,912
Total Court House Expansion	<u>2,205</u>	<u>49,657</u>	<u>7,735</u>	<u>41,922</u>
Bangor Fire Station #55:				
Other charges		10	9	1
Capital assets		49,990	15,205	34,785
Total Bangor Fire Station #55		<u>50,000</u>	<u>15,214</u>	<u>34,786</u>
So. Chico Station #44:				
Other charges		71	71	
Capital assets		109,929	64,067	45,862
Total So. Chico Fire Station #44		<u>110,000</u>	<u>64,138</u>	<u>45,862</u>
Total Public Protection	<u>2,857</u>	<u>226,218</u>	<u>97,790</u>	<u>128,428</u>
Health and Sanitation:				
Public Health Services Building				
Other charges		231	231	
Capital assets		100,000	35,439	64,561
Total Public Health Services Building		<u>100,231</u>	<u>35,670</u>	<u>64,561</u>
Total Health and Sanitation		<u>100,231</u>	<u>35,670</u>	<u>64,561</u>
Total Charges to appropriations	<u>3,859</u>	<u>1,728,744</u>	<u>1,326,286</u>	<u>402,458</u>
Budgetary Fund balances, ending	<u>\$ 223,319</u>	<u>\$ 90,692</u>	<u>\$ 457,361</u>	<u>\$ 366,669</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 \$ 1,558,674

Differences - budget to USGAAP:
Transfers from other funds are inflows of budgetary resources
but are not revenues for financial reporting purposes (1,259,478)

Total revenues as reported on the statement of revenues, expenditures, and
changes in fund balance - capital projects fund \$ 299,196

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
EQUIPMENT REPLACEMENT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning of year	\$ 2,791,925	\$ 2,791,925	\$ 2,791,925	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property		25,797	144,364	118,567
Amounts available for appropriation		25,797	144,364	118,567
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
Sheriff Equipment Replacement:				
Other charges	91	91		91
Total Sheriff Equipment Replacement	91	91		91
Fire Equipment Replacement:				
Services and supplies		3,840	1,155	2,685
Other charges	305,936	306,775	306,775	
Capital assets	385,000	380,321		380,321
Total Fire Equipment Replacement	690,936	690,936	307,930	383,006
Total Public Protection	691,027	691,027	307,930	383,097
Total Charges to appropriations	691,027	691,027	307,930	383,097
Budgetary Fund balances, ending	\$ 2,100,898	\$ 2,126,695	\$ 2,628,359	\$ (264,530)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
EQUIPMENT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning of year	\$ 1,211,604	\$ 1,211,604	\$ 1,211,604	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			70,654	70,654
Interfund transfers	155,548	361,937	456,900	94,963
Amounts available for appropriation	<u>155,548</u>	<u>361,937</u>	<u>527,554</u>	<u>165,617</u>
CHANGES TO APPROPRIATIONS (outflows):				
General Government:				
ISF Equipment Replacement:				
Other charges	412,573	814,776	345,970	468,806
Total ISF Equipment Replacement	<u>412,573</u>	<u>814,776</u>	<u>345,970</u>	<u>468,806</u>
Total General Government	<u>412,573</u>	<u>814,776</u>	<u>345,970</u>	<u>468,806</u>
Total Charges to appropriations	<u>412,573</u>	<u>814,776</u>	<u>345,970</u>	<u>468,806</u>
Budgetary Fund balances, ending	<u>\$ 954,579</u>	<u>\$ 758,765</u>	<u>\$ 1,393,188</u>	<u>\$ 634,423</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

\$ 527,554

Differences - budget to USGAAP:

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

(456,900)

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

\$ 70,654

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
STATE COPS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 335,738	\$ 335,738	\$ 335,738	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			50,208	50,208
Aid from other governments	903,913	1,004,957	1,012,797	7,840
Amounts available for appropriation	903,913	1,004,957	1,063,005	58,048
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
District Attorney - State COPS:				
Services and supplies	57,901	100,564	87,137	13,427
Other charges	2,012	3,732	2,250	1,482
Total District Attorney - State COPS	59,913	104,296	89,387	14,909
Sheriff - State COPS - Enforcement:				
Services and supplies	57,000	57,000	38,378	18,622
Other charges		100,000	100,000	
Capital assets	100,000	64,000	57,471	6,529
Total Sheriff - State COPS - Enforcement	157,000	221,000	195,849	25,151
Sheriff - State COPS - Jail:				
Services and supplies	37,000	37,000	20,194	16,806
Other financing uses	50,000	50,000	50,000	
Total Sheriff - State COPS - Jail	87,000	87,000	70,194	16,806
Juvenile Justice Plan:				
Services and supplies		15,793	15,792	1
Other financing uses	600,000	725,925	661,647	64,278
Total Juvenile Justice Plan	600,000	741,718	677,439	64,279
Total Public Protection	903,913	1,154,014	1,032,869	121,145
Total Charges to appropriations	903,913	1,154,014	1,032,869	121,145
Budgetary Fund balances, ending	\$ 335,738	\$ 186,681	\$ 365,874	\$ 179,193

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
WATER RESOURCES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Budgetary fund balance, beginning of year	\$ 220,357	\$ 220,357	\$ 220,357	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			(59)	(59)
Aid from other governments	259,971	531,971	216,633	(315,338)
Other	35,000	35,000	8,236	(26,764)
Interfund transfers	417,854	419,854	408,158	(11,696)
Amounts available for appropriation	<u>712,825</u>	<u>986,825</u>	<u>632,968</u>	<u>(353,857)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
Water Services:				
Salaries and employee benefits	432,485	445,715	445,714	1
Services and supplies	248,878	602,655	290,976	311,679
Other charges	31,462	33,864	33,864	
Capital assets		66,949	66,737	212
Total Water Services	<u>712,825</u>	<u>1,149,183</u>	<u>837,291</u>	<u>311,892</u>
Total Public Protection	<u>712,825</u>	<u>1,149,183</u>	<u>837,291</u>	<u>311,892</u>
Total Charges to appropriations	<u>712,825</u>	<u>1,149,183</u>	<u>837,291</u>	<u>311,892</u>
Budgetary Fund balances, ending	<u>\$ 220,357</u>	<u>\$ 57,999</u>	<u>\$ 16,034</u>	<u>\$ (41,965)</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

\$ 632,968

Differences - budget to USGAAP:

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

(408,158)

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

\$ 224,810

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
FIRE PROTECTION SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning of year	\$ 1,604,120	\$ 1,604,120	\$ 1,604,120	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			59,576	59,576
Aid from other governments	471,359	726,486	947,694	221,208
Charges for services	85,576	88,176	116,255	28,079
Other	42,079	52,229	205,736	153,507
Interfund transfers	14,199,961	14,199,961	13,976,970	(222,991)
Amounts available for appropriation	<u>14,798,975</u>	<u>15,066,852</u>	<u>15,306,231</u>	<u>239,379</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
Fire Protection - Regular Service:				
Services and supplies	14,318,278	14,587,126	13,435,134	1,151,992
Other charges	134,204	134,204	104,107	30,097
Capital assets		268,793	257,733	11,060
Total Fire Protection - Regular Service	<u>14,452,482</u>	<u>14,990,123</u>	<u>13,796,974</u>	<u>1,193,149</u>
Fire Protection - Voluntary Program:				
Salaries and employee benefits	55,354	61,021	61,021	
Services and supplies	427,334	431,272	378,198	53,074
Other charges	22,716	19,115	9,568	9,547
Capital assets		173,669	170,543	3,126
Total Fire Protection - Voluntary Program	<u>505,404</u>	<u>685,077</u>	<u>619,330</u>	<u>65,747</u>
Fire Protection - Ancillary Services:				
Services and supplies	196,443	315,977	158,135	157,842
Total Fire Protection - Ancillary Services	<u>196,443</u>	<u>315,977</u>	<u>158,135</u>	<u>157,842</u>
Power Line Inspection Program:				
Services and supplies	209	209	204	5
Other charges	77	77	2	75
Total Power Line Inspection Program	<u>286</u>	<u>286</u>	<u>206</u>	<u>80</u>
Total Public Protection	<u>15,154,615</u>	<u>15,991,463</u>	<u>14,574,645</u>	<u>1,416,818</u>
Total Charges to appropriations	<u>15,154,615</u>	<u>15,991,463</u>	<u>14,574,645</u>	<u>1,416,818</u>
Budgetary Fund balances, ending	<u>\$ 1,248,480</u>	<u>\$ 679,509</u>	<u>\$ 2,335,706</u>	<u>\$ 1,656,197</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
FIRE PROTECTION SPECIAL REVENUE FUND (continued)
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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 \$ 15,306,231

Differences - budget to USGAAP:

Transfers from other funds are inflows of budgetary resources
but are not revenues for financial reporting purposes (13,976,970)

Total revenues as reported on the statement of revenues, expenditures, and
changes in fund balance - fire fund \$ 1,329,261

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
LIBRARY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 145,256	\$ 145,256	\$ 145,256	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			2,704	2,704
Aid from other governments	321,525	374,397	420,746	46,349
Charges for services	129,000	145,220	109,225	(35,995)
Other	42,000	107,000	127,767	20,767
Interfund transfers	2,089,766	2,128,266	2,144,941	16,675
Amounts available for appropriation	<u>2,582,291</u>	<u>2,754,883</u>	<u>2,805,383</u>	<u>50,500</u>
CHANGES TO APPROPRIATIONS (outflows):				
Education:				
Libraries - Literacy Grant:				
Salaries and employee benefits	218,457	218,457	214,057	4,400
Services and supplies	32,062	35,105	34,384	721
Other charges	8,914	8,914	8,107	807
Total Libraries - Literacy Grant	<u>259,433</u>	<u>262,476</u>	<u>256,548</u>	<u>5,928</u>
Libraries				
Salaries and employee benefits	1,675,974	1,784,830	1,784,829	1
Services and supplies	593,733	686,095	704,170	(18,075)
Other charges	53,151	50,164	50,164	
Total Libraries	<u>2,322,858</u>	<u>2,521,089</u>	<u>2,539,163</u>	<u>(18,074)</u>
Total Education	<u>2,582,291</u>	<u>2,783,565</u>	<u>2,795,711</u>	<u>(12,146)</u>
Total Charges to appropriations	<u>2,582,291</u>	<u>2,783,565</u>	<u>2,795,711</u>	<u>(12,146)</u>
Budgetary Fund balances, ending	<u>\$ 145,256</u>	<u>\$ 116,574</u>	<u>\$ 154,928</u>	<u>\$ 38,354</u>

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

Sources/inflows of resources:

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

\$ 2,805,383

Differences - budget to USGAAP:

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

(2,144,941)

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

\$ 660,442

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
TRANSIT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 435,635	\$ 435,635	\$ 435,635	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			26,044	26,044
Aid from other governments	1,322,520	1,322,520	1,286,686	(35,834)
Amounts available for appropriation	<u>1,322,520</u>	<u>1,322,520</u>	<u>1,312,730</u>	<u>(9,790)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Ways and Facilities:				
Transit - System Operations				
Other charges	1,322,520	1,322,520	1,041,374	281,146
Total Transit - System Operations	<u>1,322,520</u>	<u>1,322,520</u>	<u>1,041,374</u>	<u>281,146</u>
Total Public Ways and Facilities	<u>1,322,520</u>	<u>1,322,520</u>	<u>1,041,374</u>	<u>281,146</u>
Total Charges to appropriations	<u>1,322,520</u>	<u>1,322,520</u>	<u>1,041,374</u>	<u>281,146</u>
Budgetary Fund balances, ending	<u>\$ 435,635</u>	<u>\$ 435,635</u>	<u>\$ 706,991</u>	<u>\$ 271,356</u>

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
HOUSING AND COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 775,453	\$ 775,453	\$ 775,453	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property	5,000		51,063	51,063
Aid from other governments	398,650		712,104	712,104
Other	137,678		491,078	491,078
Amounts available for appropriation	<u>541,328</u>		<u>1,254,245</u>	<u>1,254,245</u>
CHANGES TO APPROPRIATIONS (outflows):				
General Government:				
04-EDBG-1027:				
Services and supplies	170,000	323,053	192,766	130,287
Other charges	3,750	7,922	7,921	1
Total 04-EDBG-1027	<u>173,750</u>	<u>330,975</u>	<u>200,687</u>	<u>130,288</u>
05-STBG-1621:				
Services and supplies		501,987	66,840	435,147
Other charges		295,513	206,421	89,092
Total 05-STBG-1621		<u>797,500</u>	<u>273,261</u>	<u>524,239</u>
04-PTAA-0303:				
Services and supplies	412,612	449,301	449,290	11
Other charges	11,500	18,560	12,702	5,858
Total 04-PTAA-0303	<u>424,112</u>	<u>467,861</u>	<u>461,992</u>	<u>5,869</u>
05-PTAA-1432:				
Services and supplies	30,000	110,700	38,494	72,206
Other charges	62,100	70,585	13,072	57,513
Total 05-PTAA-1432	<u>92,100</u>	<u>181,285</u>	<u>51,566</u>	<u>129,719</u>
04-EDBG-0632:				
Services and supplies	93,000	104,033	104,033	
Other charges	2,250	9,558	9,557	1
Total 04-EDBG-0632	<u>95,250</u>	<u>113,591</u>	<u>113,590</u>	<u>1</u>
02-EDBG-874:				
Other charges		1		1
Total 02-EDBG-874		<u>1</u>		<u>1</u>
HCD - Revolving Loan:				
Services and supplies	245,663	252,664	163,566	89,098
Other charges	18,002	21,001	20,999	2
Total HCD - Revolving Loan	<u>263,665</u>	<u>273,665</u>	<u>184,565</u>	<u>89,100</u>
Total General Government	<u>1,048,877</u>	<u>2,164,878</u>	<u>1,285,661</u>	<u>879,217</u>
Total Charges to appropriations	<u>1,048,877</u>	<u>2,164,878</u>	<u>1,285,661</u>	<u>879,217</u>
Budgetary Fund balances, ending	<u>\$ 267,904</u>	<u>\$ (1,389,425)</u>	<u>\$ 744,037</u>	<u>\$ 2,133,462</u>

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
FISH AND GAME SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 203,248	\$ 203,248	\$ 203,248	\$ -
RESOURCES (inflows):				
Fines, forfeitures, and penalties	28,000	27,901	35,006	7,105
Revenues from uses of money and property	6,174	4,500	11,835	7,335
Other			6	6
Amounts available for appropriation	34,174	32,401	46,847	14,446
CHANGES TO APPROPRIATIONS (outflows):				
Public Protection:				
Fish and Game:				
Services and supplies	33,199	61,219	25,179	36,040
Other charges	2,481	2,481	2,122	359
Total Libraries - Fish and Game	35,680	63,700	27,301	36,399
Total Public Protection	35,680	63,700	27,301	36,399
Total Charges to appropriations	35,680	63,700	27,301	36,399
Budgetary Fund balances, ending	\$ 201,742	\$ 171,949	\$ 222,794	\$ 50,845

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
CHILD SUPPORT SERVICES SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 883,159	\$ 883,159	\$ 883,159	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property	40,000	40,000	80,625	40,625
Aid from other governments	9,272,856	9,473,674	7,774,465	(1,699,209)
Charges for services	10,000	36,000	31,422	(4,578)
Other	100	100	346	246
Amounts available for appropriation	<u>9,322,956</u>	<u>9,549,774</u>	<u>7,886,858</u>	<u>(1,662,916)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Assistance:				
Fish and Game:				
Salaries and employee benefits	7,767,938	7,819,365	6,615,382	1,203,983
Services and supplies	1,167,555	1,344,146	868,616	475,530
Other charges	387,462	387,462	277,678	109,784
Total Libraries - Fish and Game	<u>9,322,955</u>	<u>9,550,973</u>	<u>7,761,676</u>	<u>1,789,297</u>
Total Public Assistance	<u>9,322,955</u>	<u>9,550,973</u>	<u>7,761,676</u>	<u>1,789,297</u>
Total Charges to appropriations	<u>9,322,955</u>	<u>9,550,973</u>	<u>7,761,676</u>	<u>1,789,297</u>
Budgetary Fund balances, ending	<u>\$ 883,160</u>	<u>\$ 881,960</u>	<u>\$ 1,008,341</u>	<u>\$ 126,381</u>

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
COUNTY SERVICE AREAS SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning of year	\$ 4,771,233	\$ 4,771,233	\$ 4,771,233	\$ -
RESOURCES (inflows):				
Taxes	688,458	708,199	833,813	125,614
Revenues from uses of money and property	103,755	108,816	296,031	187,215
Aid from other governments	202,793	202,796	207,871	5,075
Charges for services	508,281	401,785	395,134	(6,651)
Other			5,129	5,129
Amounts available for appropriation	<u>1,503,287</u>	<u>1,421,596</u>	<u>1,737,978</u>	<u>316,382</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public protection	657,239	1,080,753	518,845	561,908
Health and sanitation	863,551	1,180,469	618,166	562,303
Recreation and cultural services	131,455	191,679	153,907	37,772
Total Charges to appropriations	<u>1,652,245</u>	<u>2,452,901</u>	<u>1,290,918</u>	<u>1,161,983</u>
Budgetary Fund balances, ending	<u>\$ 4,622,275</u>	<u>\$ 3,739,928</u>	<u>\$ 5,218,293</u>	<u>\$ 1,478,365</u>

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
IHSS PUBLIC AUTHORITY SPECIAL REVENUE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balance, beginning of year	\$ (3,123)	\$ (3,123)	\$ (3,123)	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property			7,063	7,063
Aid from other governments	421,441	421,441	337,100	(84,341)
Other			10,520	10,520
Amounts available for appropriation	<u>421,441</u>	<u>421,441</u>	<u>354,683</u>	<u>(66,758)</u>
CHANGES TO APPROPRIATIONS (outflows):				
Public Assistance:				
IHSS Public Authority:				
Salaries and employee benefits	327,184	327,184	265,054	62,130
Services and supplies	78,042	78,042	73,038	5,004
Other charges	16,840	16,840	12,597	4,243
Total IHSS Public Authority	<u>422,066</u>	<u>422,066</u>	<u>350,689</u>	<u>71,377</u>
Total Public Assistance	<u>422,066</u>	<u>422,066</u>	<u>350,689</u>	<u>71,377</u>
Total Charges to appropriations	<u>422,066</u>	<u>422,066</u>	<u>350,689</u>	<u>71,377</u>
Budgetary Fund balances, ending	<u>\$ (625)</u>	<u>\$ (625)</u>	<u>\$ 3,994</u>	<u>\$ 4,619</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

\$ 350,689

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

\$ 350,064

COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 7,257,602	\$ 7,257,602	\$ 7,257,602	\$ -
RESOURCES (inflows):				
Revenues from uses of money and property	309,340		527,680	527,680
Other			4,788,342	4,788,342
Interfund transfers	3,066,393		356,538	356,538
Amounts available for appropriation	<u>3,375,733</u>		<u>5,672,560</u>	<u>5,672,560</u>
CHANGES TO APPROPRIATIONS (outflows):				
General Government:				
POB Series A:				
Services and supplies		9,203	9,203	
Other charges	1,690,991	1,690,992	1,690,992	
Total POB Series A	<u>1,690,991</u>	<u>1,700,195</u>	<u>1,700,195</u>	
POB Series B:				
Services and supplies		2,500	2,500	
Other charges	748,124	1,245,261	1,245,261	
Total POB Series B	<u>748,124</u>	<u>1,247,761</u>	<u>1,247,761</u>	
POB Series C:				
Services and supplies		2,500	2,500	
Other charges	936,618	1,083,883	1,083,881	2
Total POB Series C	<u>936,618</u>	<u>1,086,383</u>	<u>1,086,381</u>	<u>2</u>
Workers' Compensation - Series A				
Other financing uses			356,538	
Total POB Series A			<u>356,538</u>	
Total General Government	<u>3,375,733</u>	<u>4,034,339</u>	<u>4,390,875</u>	<u>2</u>
Public Protection:				
Justice Facility				
Services and supplies		2,750	2,750	
Other charges		11	10	1
Total POB Series A		<u>2,761</u>	<u>2,760</u>	<u>1</u>
Total Public Protection		<u>2,761</u>	<u>2,760</u>	<u>1</u>
Total Charges to appropriations	<u>3,375,733</u>	<u>4,037,100</u>	<u>4,393,635</u>	<u>3</u>
Budgetary Fund balances, ending	<u>\$ 7,257,602</u>	<u>\$ 3,220,502</u>	<u>\$ 8,536,527</u>	<u>\$ 5,672,563</u>

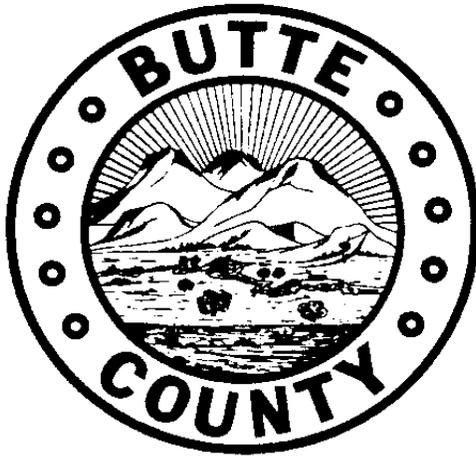
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COUNTY OF BUTTE, CALIFORNIA
BUDGET COMPARISON SCHEDULE - BUDGETARY BASIS (continued)
DEBT SERVICE FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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	\$ 5,672,560
Differences - budget to USGAAP: Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	<u>(356,538)</u>
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balance - library fund	<u><u>\$ 5,316,022</u></u>



Internal Service Funds

COUNTY OF BUTTE

Internal Service Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2007

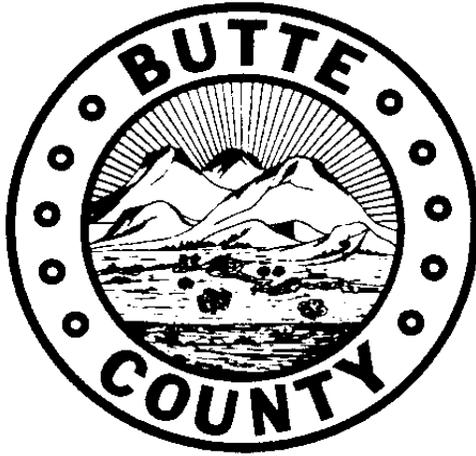
	Data Processing	Self Insurance	Worker's Compensation	Unemployment Insurance
ASSETS				
Current assets:				
Cash and investments	\$ 234,920	\$ 1,611,582	\$ 63,773	\$ 556,710
Cash and investments with fiscal agent			5,350,425	
Imprest cash	2,279			
Due from other funds	221,398	4,927	1,159	84
Interest receivable		16,083	1,040	6,058
Accounts receivable				
Due from external parties				
Inventory				
Deposits with others			50,000	
Prepaid items	2,499	22,260		
Total current assets	<u>461,096</u>	<u>1,654,852</u>	<u>5,466,397</u>	<u>562,852</u>
Noncurrent assets:				
Capital assets:				
Depreciable:				
Equipment	2,607,899	10,671	8,911	
Less: Accumulated depreciation	<u>(1,148,381)</u>	<u>(178)</u>	<u>(2,673)</u>	
Total capital assets, net	<u>1,459,518</u>	<u>10,493</u>	<u>6,238</u>	
Total noncurrent assets	<u>1,459,518</u>	<u>10,493</u>	<u>6,238</u>	
Total assets	<u>1,920,614</u>	<u>1,665,345</u>	<u>5,472,635</u>	<u>562,852</u>
LIABILITIES				
Current liabilities:				
Due to other funds	5,821	2,562	4,502	
Accounts payable	14,039	74,595	60,572	
Accrued salaries and benefits	63,664	11,362	181	
Claims and judgments, current portion		300,000	1,200,000	
Total current liabilities	<u>83,524</u>	<u>388,519</u>	<u>1,265,255</u>	
Noncurrent liabilities:				
Compensated absences	321,284	66,724		
Claims and judgments, less current portion		994,000	2,568,000	
Total noncurrent liabilities	<u>321,284</u>	<u>1,060,724</u>	<u>2,568,000</u>	
Total liabilities	<u>404,808</u>	<u>1,449,243</u>	<u>3,833,255</u>	
NET ASSETS				
Invested in capital assets, net of related debt	1,459,518	10,493	6,238	
Unrestricted	56,288	205,609	1,633,142	562,852
Total net assets	<u>\$ 1,515,806</u>	<u>\$ 216,102</u>	<u>\$ 1,639,380</u>	<u>\$ 562,852</u>

Medical Liability	Self Insurance- Transit	Miscellaneous Insurance	Facilities Services	Utilities Clearing
\$ 461	\$ -	\$ 329	\$ 593,004	\$ 284,051
21		53	96,741	893
7		4	2,174	4,440
<u>489</u>		<u>386</u>	<u>691,919</u>	<u>289,384</u>
			739,915	
			(613,882)	
			126,033	
			126,033	
<u>489</u>		<u>386</u>	<u>817,952</u>	<u>289,384</u>
15		10	243,425	132
			71,329	156,342
			59,168	
<u>15</u>		<u>10</u>	<u>373,922</u>	<u>156,474</u>
			142,471	
			142,471	
<u>15</u>		<u>10</u>	<u>516,393</u>	<u>156,474</u>
474		376	126,033	132,910
<u>\$ 474</u>	<u>\$ -</u>	<u>\$ 376</u>	<u>\$ 301,559</u>	<u>\$ 132,910</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF FUND NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2007

	Duplicating	Stores	Communications	Total
ASSETS				
Current assets:				
Cash and investments	\$ 59,206	\$ -	\$ 59,317	\$ 3,463,353
Cash and investments with fiscal agent				5,350,425
Imprest cash		40,000		42,279
Due from other funds	47,635	116,116	146,819	635,846
Interest receivable	163	(329)	1,011	30,651
Accounts receivable	37,962	5,992	146,396	190,350
Due from external parties			662	662
Inventory	21,290	182,522	1,513	205,325
Deposits with others				50,000
Prepaid items				24,759
Total current assets	166,256	344,301	355,718	9,993,650
Noncurrent assets:				
Capital assets:				
Depreciable:				
Equipment	71,887	61,880	1,075,785	4,576,948
Less: Accumulated depreciation	(58,561)	(45,331)	(668,335)	(2,537,341)
Total capital assets, net	13,326	16,549	407,450	2,039,607
Total noncurrent assets	13,326	16,549	407,450	2,039,607
Total assets	179,582	360,850	763,168	12,033,257
LIABILITIES				
Current liabilities:				
Due to other funds	4,079	158,965	26,199	445,710
Accounts payable	75,116	4,928	148,745	605,666
Accrued salaries and benefits	5,335	4,271	13,720	157,701
Claims and judgments, current portion				1,500,000
Total current liabilities	84,530	168,164	188,664	2,709,077
Noncurrent liabilities:				
Compensated absences	18,314	5,198	37,500	591,491
Claims and judgments, less current portion				3,562,000
Total noncurrent liabilities	18,314	5,198	37,500	4,153,491
Total liabilities	102,844	173,362	226,164	6,862,568
NET ASSETS				
Invested in capital assets, net of related debt	13,326	16,549	407,450	2,039,607
Unrestricted	63,412	170,939	129,554	3,131,082
Total net assets	\$ 76,738	\$ 187,488	\$ 537,004	\$ 5,170,689



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COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

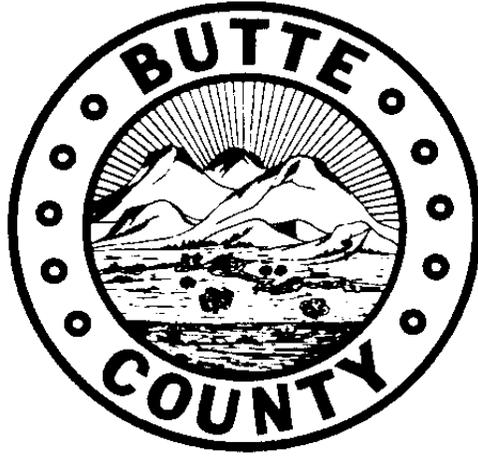
	Data Processing	Self Insurance	Worker's Compensation	Unemployment Insurance
OPERATING REVENUES				
Charges for services	\$ 2,863,729	\$ 1,486,904	\$ 5,583,791	\$ -
Other revenue	1,652	44	1,100,013	
Total operating revenue	<u>2,865,381</u>	<u>1,486,948</u>	<u>6,683,804</u>	
OPERATING EXPENSES				
Salaries and employee benefits	1,733,733	353,964		244,248
Service and supplies	843,954	1,107,841	1,449,751	1,705
Claims and judgments		284,361	1,196,000	
Depreciation	340,800	178	594	
Other expenses	39,030	128,356	1,829,106	1,002
Total operating expenses	<u>2,957,517</u>	<u>1,874,700</u>	<u>4,475,451</u>	<u>246,955</u>
Operating income (loss)	<u>(92,136)</u>	<u>(387,752)</u>	<u>2,208,353</u>	<u>(246,955)</u>
NONOPERATING REVENUE (EXPENSE)				
Intergovernmental				
Loss on disposal of capital assets	(19,666)			
Interest income	15,957	94,820	92,774	42,705
Total nonoperating revenue (expense)	<u>(3,709)</u>	<u>94,820</u>	<u>92,774</u>	<u>42,705</u>
Net income (loss) before contributions and transfers	(95,845)	(292,932)	2,301,127	(204,250)
Capital contributions	320,466	10,671		
Transfers in				
Transfers out	<u>(265,667)</u>	<u>(178)</u>	<u>(594)</u>	
Change in net assets	(41,046)	(282,439)	2,300,533	(204,250)
Total net assets, beginning	1,556,852	498,541	(661,153)	767,102
Equity transfer				
Total net assets, ending	<u>\$ 1,515,806</u>	<u>\$ 216,102</u>	<u>\$ 1,639,380</u>	<u>\$ 562,852</u>

Medical Liability	Self Insurance- Transit	Miscellaneous Insurance	Facilities Services	Utilities Clearing
\$ 103,984	\$ -	\$ 110,317	\$ 3,614,640	\$ 2,699,792
			5,681	
<u>103,984</u>		<u>110,317</u>	<u>3,620,321</u>	<u>2,699,792</u>
			2,014,276	
103,464		109,501	1,555,480	2,308,932
			35,652	
<u>473</u>		<u>426</u>		
<u>103,937</u>		<u>109,927</u>	<u>3,605,408</u>	<u>2,308,932</u>
<u>47</u>		<u>390</u>	<u>14,913</u>	<u>390,860</u>
(53)	321	145	528	18,997
<u>(53)</u>	<u>321</u>	<u>145</u>	<u>528</u>	<u>18,997</u>
(6)	321	535	15,441	409,857
			9,561	
			108,195	
			<u>(35,652)</u>	<u>(356,538)</u>
(6)	321	535	97,545	53,319
480	8,449	(159)	204,014	79,591
	(8,770)			
<u>\$ 474</u>	<u>\$ -</u>	<u>\$ 376</u>	<u>\$ 301,559</u>	<u>\$ 132,910</u>

(continued)

COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Duplicating</u>	<u>Stores</u>	<u>Communications</u>	<u>Total</u>
OPERATING REVENUES				
Charges for services	\$ 698,519	\$ 964,823	\$ 2,175,794	\$ 20,302,293
Other revenue	4		41	1,107,435
Total operating revenue	<u>698,523</u>	<u>964,823</u>	<u>2,175,835</u>	<u>21,409,728</u>
OPERATING EXPENSES				
Salaries and employee benefits	168,023	118,171	415,042	5,047,457
Service and supplies	535,285	826,441	1,804,342	10,646,696
Claims and judgments				1,480,361
Depreciation	3,870	4,618	51,319	437,031
Other expenses				1,998,393
Total operating expenses	<u>707,178</u>	<u>949,230</u>	<u>2,270,703</u>	<u>19,609,938</u>
Operating income (loss)	<u>(8,655)</u>	<u>15,593</u>	<u>(94,868)</u>	<u>1,799,790</u>
NONOPERATING REVENUE (EXPENSE)				
Intergovernmental			19,427	19,427
Loss on disposal of capital assets				(19,666)
Interest income	1,447	11	6,014	273,666
Total nonoperating revenue (expense)	<u>1,447</u>	<u>11</u>	<u>25,441</u>	<u>273,427</u>
Net income (loss) before contributions and transfers	(7,208)	15,604	(69,427)	2,073,217
Capital contributions				340,698
Transfers in			100,000	208,195
Transfers out	<u>(3,870)</u>	<u>(4,618)</u>	<u>(51,320)</u>	<u>(718,437)</u>
Change in net assets	(11,078)	10,986	(20,747)	1,903,673
Total net assets, beginning	87,816	176,502	557,751	3,275,786
Equity transfer				(8,770)
Total net assets, ending	<u>\$ 76,738</u>	<u>\$ 187,488</u>	<u>\$ 537,004</u>	<u>\$ 5,170,689</u>



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**COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

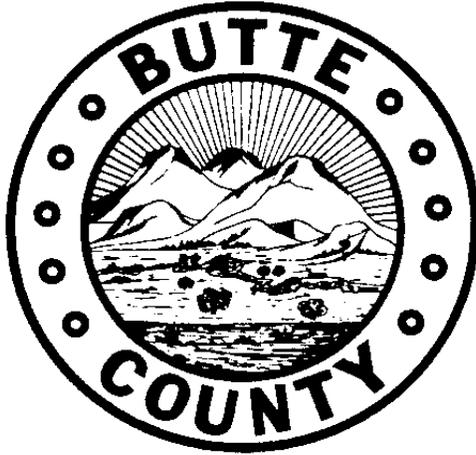
	Data Processing	Self Insurance	Worker's Compensation	Unemployment Insurance
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipt from customers	\$ 2,865,381	\$ 1,607,600	\$ 6,683,804	\$ -
Cash paid to suppliers for goods and services	(931,200)	(1,653,522)	(3,238,977)	(2,707)
Cash paid to employees for services	(1,620,571)	(323,732)	(1,459)	(244,248)
Internal activities - payments from (to) other funds	(105,482)	26,478	12,372	3,323
Net cash provided (used) by operating activities	<u>208,128</u>	<u>(343,176)</u>	<u>3,455,740</u>	<u>(243,632)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Aid from other governmental agencies				
Equity transfer				
Transfers in				
Transfers out	(265,667)	(178)	(594)	
Net cash provided (used) by noncapital financing activities	<u>(265,667)</u>	<u>(178)</u>	<u>(594)</u>	
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	15,957	78,737	91,734	36,647
Net cash provided by investing activities	<u>15,957</u>	<u>78,737</u>	<u>91,734</u>	<u>36,647</u>
Net increase (decrease) in cash and cash equivalents	(41,582)	(264,617)	3,546,880	(206,985)
Cash and cash equivalents, beginning	<u>278,781</u>	<u>1,876,199</u>	<u>1,867,318</u>	<u>763,695</u>
Cash and cash equivalents, ending	<u>\$ 237,199</u>	<u>\$ 1,611,582</u>	<u>\$ 5,414,198</u>	<u>\$ 556,710</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:				
Cash and investments	\$ 234,920	\$ 1,611,582	\$ 63,773	\$ 556,710
Cash and investments with fiscal agent			5,350,425	
Imprest cash	2,279			
Total cash and investments	<u>\$ 237,199</u>	<u>\$ 1,611,582</u>	<u>\$ 5,414,198</u>	<u>\$ 556,710</u>

<u>Medical Liability</u>	<u>Self Insurance- Transit</u>	<u>Miscellaneous Insurance</u>	<u>Facilities Services</u>	<u>Utilities Clearing</u>
\$ 103,984 (103,937)	\$ -	\$ 110,317 (112,559)	\$ 3,620,321 (1,647,337) (2,014,720)	\$ 2,699,792 (2,320,482)
<u>(26)</u>	<u>142</u>	<u>(130)</u>	<u>434,967</u>	<u>519</u>
<u>21</u>	<u>142</u>	<u>(2,372)</u>	<u>393,231</u>	<u>379,829</u>
	(8,770)		108,195 (35,652)	(356,538)
	<u>(8,770)</u>		<u>72,543</u>	<u>(356,538)</u>
<u>(60)</u>	<u>321</u>	<u>141</u>	<u>(1,646)</u>	<u>14,557</u>
<u>(60)</u>	<u>321</u>	<u>141</u>	<u>(1,646)</u>	<u>14,557</u>
(39)	(8,307)	(2,231)	464,128	37,848
<u>500</u>	<u>8,307</u>	<u>2,560</u>	<u>128,876</u>	<u>246,203</u>
<u>\$ 461</u>	<u>\$ -</u>	<u>\$ 329</u>	<u>\$ 593,004</u>	<u>\$ 284,051</u>
\$ 461	\$ -	\$ 329	\$ 593,004	\$ 284,051
<u>\$ 461</u>	<u>\$ -</u>	<u>\$ 329</u>	<u>\$ 593,004</u>	<u>\$ 284,051</u>

(continued)

**COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	<u>Duplicating</u>	<u>Stores</u>	<u>Communications</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash receipt from customers	\$ 691,403	\$ 964,460	\$ 2,145,167	\$ 21,492,229
Cash paid to suppliers for goods and services	(475,919)	(832,964)	(1,787,256)	(13,106,860)
Cash paid to employees for services	(164,742)	(116,663)	(406,949)	(4,893,084)
Internal activities - payments from (to) other funds	(27,411)	(10,555)	(35,498)	298,699
Net cash provided (used) by operating activities	<u>23,331</u>	<u>4,278</u>	<u>(84,536)</u>	<u>3,790,984</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Aid from other governmental agencies			19,427	19,427
Equity transfer				(8,770)
Transfers in			100,000	208,195
Transfers out	(3,870)	(4,618)	(51,320)	(718,437)
Net cash provided (used) by noncapital financing activities	<u>(3,870)</u>	<u>(4,618)</u>	<u>68,107</u>	<u>(499,585)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest received	1,284	340	5,003	243,015
Net cash provided by investing activities	<u>1,284</u>	<u>340</u>	<u>5,003</u>	<u>243,015</u>
Net increase (decrease) in cash and cash equivalents	20,745		(11,426)	3,534,414
Cash and cash equivalents, beginning	<u>38,461</u>	<u>40,000</u>	<u>70,743</u>	<u>5,321,643</u>
Cash and cash equivalents, ending	<u>\$ 59,206</u>	<u>\$ 40,000</u>	<u>\$ 59,317</u>	<u>\$ 8,856,057</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO STATEMENT OF NET ASSETS:				
Cash and investments	\$ 59,206	\$ -	\$ 59,317	\$ 3,463,353
Cash and investments with fiscal agent				5,350,425
Imprest cash		40,000		42,279
Total cash and investments	<u>\$ 59,206</u>	<u>\$ 40,000</u>	<u>\$ 59,317</u>	<u>\$ 8,856,057</u>



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**COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

	Data Processing	Self Insurance	Worker's Compensation	Unemployment Insurance
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (92,136)	\$ (387,752)	\$ 2,208,353	\$ (246,955)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	340,800	178	594	
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable		120,652		
Due from other funds	(14,815)	24,624	13,826	3,370
Inventory				
Prepaid items	(2,499)	(22,260)		
Increase (decrease) in:				
Accounts payable	(45,717)	32,296	39,880	
Due to other funds	(90,667)	1,854	(1,454)	(47)
Accrued salaries and benefits	15,956	4,592	(1,459)	
Compensated absences	97,206	25,640		
Claims and judgments		(143,000)	1,196,000	
Net cash provided (used) by operating activities	<u>\$ 208,128</u>	<u>\$ (343,176)</u>	<u>\$ 3,455,740</u>	<u>\$ (243,632)</u>

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

Contributions of capital assets from government	\$ 320,466	\$ 10,671	\$ -	\$ -
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<u>Medical Liability</u>	<u>Self Insurance- Transit</u>	<u>Miscellaneous Insurance</u>	<u>Facilities Services</u>	<u>Utilities Clearing</u>
\$ 47	\$ -	\$ 390	\$ 14,913	\$ 390,860
			35,652	
(15)	142	(53)	219,613	3,264
(11)		(2,632) (77)	(91,857) 215,354 32 (476)	(11,550) (2,745)
<u>\$ 21</u>	<u>\$ 142</u>	<u>\$ (2,372)</u>	<u>\$ 393,231</u>	<u>\$ 379,829</u>

\$ - \$ - \$ - \$ 9,561 \$ -

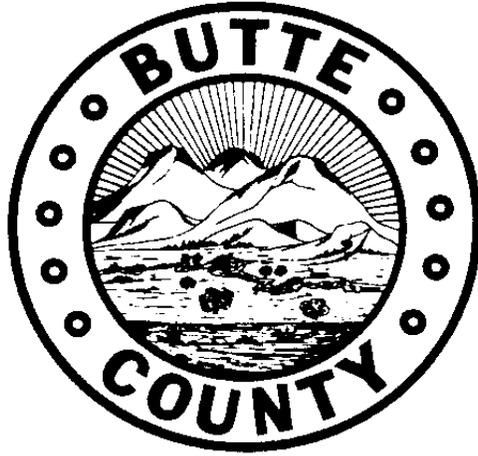
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COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	<u>Duplicating</u>	<u>Stores</u>	<u>Communications</u>	<u>Total</u>
Reconciliation of Operating Income (Loss)				
to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ (8,655)	\$ 15,593	\$ (94,868)	\$ 1,799,790
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	3,870	4,618	51,319	437,031
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(7,120)	(363)	(30,006)	83,163
Due from external parties			(662)	(662)
Due from other funds	(30,290)	(88,785)	(45,170)	85,711
Inventory	8,386	(10,474)	(26)	(2,114)
Prepaid items				(24,759)
Increase (decrease) in:				
Accounts payable	50,980	3,951	17,112	(7,537)
Due to other funds	2,879	78,230	9,672	212,988
Accrued salaries and benefits	539	1,007	2,893	23,560
Compensated absences	2,742	501	5,200	130,813
Claims and judgments				1,053,000
Net cash provided (used) by operating activities	<u>\$ 23,331</u>	<u>\$ 4,278</u>	<u>\$ (84,536)</u>	<u>\$ 3,790,984</u>

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

Contributions of capital assets from government	\$ -	\$ -	\$ -	\$ 340,698
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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, 2007

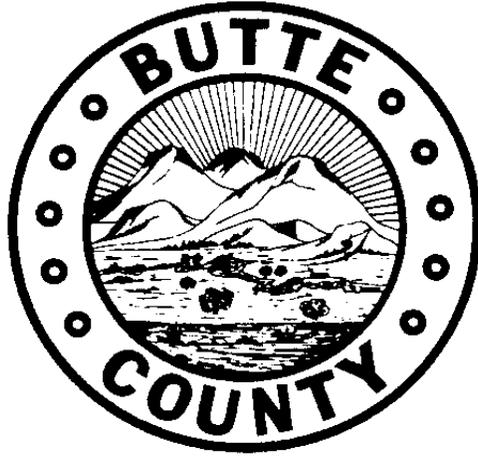
	Other	Tax Resources	Butte County SB-325	Butte County SB-620	Total
ASSETS					
Cash and investments	\$21,880,353	\$ 7,331,195	\$ 5,222	\$ 10	\$ 29,216,780
Due from other governments			16,805	12,910	29,715
Interest receivable		162,980	257		163,237
Property tax receivable		8,972,777			8,972,777
Total assets	\$21,880,353	\$ 16,466,952	\$ 22,284	\$ 12,920	\$ 38,382,509
LIABILITIES					
Due to other governments	\$ 872,724	\$ -	\$ -	\$ -	\$ 872,724
Accounts payable	19,033				19,033
Interest payable	3,391,366				3,391,366
Agency funds held for others	17,597,230	16,466,952	22,284	12,920	34,099,386
Total liabilities	\$21,880,353	\$ 16,466,952	\$ 22,284	\$ 12,920	\$ 38,382,509

COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Other	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
ASSETS				
Cash and investments	\$ 13,625,720	\$ 14,128,619	\$ 5,873,986	\$ 21,880,353
Total assets	<u>\$ 13,625,720</u>	<u>\$ 14,128,619</u>	<u>\$ 5,873,986</u>	<u>\$ 21,880,353</u>
LIABILITIES				
Due to other governments	\$ 3,265,971	\$ 872,724	\$ 3,265,971	\$ 872,724
Accounts payable	986	19,033	986	19,033
Interest payable		3,391,366		3,391,366
Agency funds held for others	10,358,763	9,845,496	2,607,029	17,597,230
Total liabilities	<u>\$ 13,625,720</u>	<u>\$ 14,128,619</u>	<u>\$ 5,873,986</u>	<u>\$ 21,880,353</u>
Tax Resources				
ASSETS				
Cash and investments	\$ 9,626,947	\$ 9,105,544	\$ 11,401,296	\$ 7,331,195
Due from other governments	132,767		132,767	
Interest receivable		162,980		162,980
Property tax receivable	6,272,732	8,972,777	6,272,732	8,972,777
Total assets	<u>\$ 16,032,446</u>	<u>\$ 18,241,301</u>	<u>\$ 17,806,795</u>	<u>\$ 16,466,952</u>
LIABILITIES				
Agency funds held for others	\$ 16,032,446	\$ 18,241,301	\$ 17,806,795	\$ 16,466,952
Total liabilities	<u>\$ 16,032,446</u>	<u>\$ 18,241,301</u>	<u>\$ 17,806,795</u>	<u>\$ 16,466,952</u>
Butte County SB-325				
ASSETS				
Cash and investments	\$ 96,784	\$ 212,304	\$ 303,866	\$ 5,222
Due from other governments	212,304	16,805	212,304	16,805
Interest receivable		257		257
Total assets	<u>\$ 309,088</u>	<u>\$ 229,366</u>	<u>\$ 516,170</u>	<u>\$ 22,284</u>
LIABILITIES				
Agency funds held for others	\$ 309,088	\$ 229,366	\$ 516,170	\$ 22,284
Total liabilities	<u>\$ 309,088</u>	<u>\$ 229,366</u>	<u>\$ 516,170</u>	<u>\$ 22,284</u>

COUNTY OF BUTTE, CALIFORNIA
COMBINING STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<hr/>				
<u>Butte County SB-620</u>				
ASSETS				
Cash and investments	\$ -	\$ 182,365	\$ 182,355	\$ 10
Due from other governments	8,245	12,910	8,245	12,910
Total assets	<u>\$ 8,245</u>	<u>\$ 195,275</u>	<u>\$ 190,600</u>	<u>\$ 12,920</u>
LIABILITIES				
Agency funds held for others	\$ 8,245	\$ 195,275	\$ 190,600	\$ 12,920
Total liabilities	<u>\$ 8,245</u>	<u>\$ 195,275</u>	<u>\$ 190,600</u>	<u>\$ 12,920</u>
<hr/>				
<u>Total Agency Funds</u>				
ASSETS				
Cash and investments	\$ 23,349,451	\$ 23,628,832	\$ 17,761,503	\$ 29,216,780
Due from other governments	353,316	29,715	353,316	29,715
Interest receivable		163,237		163,237
Property tax receivable	6,272,732	8,972,777	6,272,732	8,972,777
Total assets	<u>\$ 29,975,499</u>	<u>\$ 32,794,561</u>	<u>\$ 24,387,551</u>	<u>\$ 38,382,509</u>
LIABILITIES				
Due to other governments	\$ 3,265,971	\$ 872,724	\$ 3,265,971	\$ 872,724
Accounts payable	986	19,033	986	19,033
Interest payable		3,391,366		3,391,366
Agency funds held for others	26,708,542	28,511,438	21,120,594	34,099,386
Total liabilities	<u>\$ 29,975,499</u>	<u>\$ 32,794,561</u>	<u>\$ 24,387,551</u>	<u>\$ 38,382,509</u>



Statistical Section

Statistical Section

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

CONTENTS

FINANCIAL TRENDS

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

REVENUE CAPACITY

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

DEBT CAPACITY

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

ECONOMIC AND DEMOGRAPHIC INFORMATION

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

OPERATING INFORMATION

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

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

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

	For the Fiscal Year Ended June 30,					
	2002	2003	2004	2005	2006	2007
<u>Governmental activities:</u>						
Invested in capital assets, net of related debt	\$ 361,051,836	\$ 346,872,973	\$ 287,229,222	\$ 328,573,058	\$ 313,955,354	\$ 299,087,057
Restricted	50,627,806	43,991,120	29,106,697	14,971,692	16,696,959	26,321,708
Unrestricted	14,396,314	23,109,853	28,188,079	39,547,523	45,147,228	44,293,530
Total governmental activities net assets	<u>\$ 426,075,956</u>	<u>\$ 413,973,946</u>	<u>\$ 344,523,998</u>	<u>\$ 383,092,273</u>	<u>\$ 375,799,541</u>	<u>\$ 369,702,295</u>
 <u>Business-type activities:</u>						
Invested in capital assets, net of related debt	\$ 3,715,815	\$ 4,389,868	\$ 6,799,310	\$ 8,402,774	\$ 8,748,541	\$ 1,792,507
Restricted			6,196,080	6,434,145	6,691,502	4,083,228
Unrestricted	5,987,239	9,311,498	520,516	(313,620)	(753,677)	11,463,088
Total business-type activities net assets	<u>\$ 9,703,054</u>	<u>\$ 13,701,366</u>	<u>\$ 13,515,906</u>	<u>\$ 14,523,299</u>	<u>\$ 14,686,366</u>	<u>\$ 17,338,823</u>
 <u>Primary government:</u>						
Invested in capital assets, net of related debt	\$ 364,767,651	\$ 351,262,841	\$ 294,028,532	\$ 336,975,832	\$ 322,703,895	\$ 300,879,564
Restricted	50,627,806	43,991,120	35,302,777	21,405,837	23,388,461	30,404,936
Unrestricted	20,383,553	32,421,351	28,708,595	39,233,903	44,393,551	55,756,618
Total primary government net assets	<u>\$ 435,779,010</u>	<u>\$ 427,675,312</u>	<u>\$ 358,039,904</u>	<u>\$ 397,615,572</u>	<u>\$ 390,485,907</u>	<u>\$ 387,041,118</u>

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 six years of data available to report.

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

	For the Fiscal Year Ended June 30,					
	2002	2003	2004	2005	2006	2007
Governmental activities:						
Expenses						
General government	\$ 12,073,217	\$ 13,403,744	\$ 19,988,028	\$ 28,108,571	\$ 16,617,793	\$ 19,086,836
Public protection	61,195,775	67,875,626	69,137,314	82,634,178	81,999,331	87,500,747
Public ways and facilities	27,590,645	28,463,533	28,079,018	17,520,672	31,531,708	34,623,721
Health and sanitation	49,121,198	55,095,207	55,942,561	56,395,525	58,593,884	64,268,283
Public assistance	123,118,708	127,500,579	126,530,857	130,935,568	130,966,814	135,871,668
Education	2,453,904	2,522,005	2,749,824	2,723,315	2,905,270	3,117,432
Culture and recreation services	430,377	533,602	393,637	499,967	658,741	604,386
Interest on long-term debt				3,608,601	4,183,940	4,315,186
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>	<u>349,388,258</u>
Program Revenues						
Charges for services	27,357,973	30,154,091	23,758,763	30,478,270	29,761,189	34,211,094
Operating grants and contributions	197,761,213	205,178,971	207,564,618	184,501,125	194,629,899	206,381,946
Capital grants and contributions	11,051,195	2,643,929	3,151,868	14,939,327	11,982,196	13,136,901
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>236,373,284</u>	<u>253,729,941</u>
Net Expense¹	<u>(39,813,443)</u>	<u>(57,417,305)</u>	<u>(68,345,990)</u>	<u>(92,507,675)</u>	<u>(91,084,197)</u>	<u>(95,658,317)</u>
General Revenues and Transfers						
Taxes:						
Property taxes	14,269,289	17,798,624	18,770,212	34,260,317	41,656,548	45,641,947
Sales taxes	3,278,612	3,517,481	3,846,573	4,952,509	3,371,227	4,551,967
Other taxes and related revenues	3,689,600	2,353,498	2,715,949	1,935,715	1,624,332	1,356,479
Grants and contributions not restricted to specific programs	16,632,649	15,056,401	12,405,825	18,526,669	25,122,030	21,030,134
Unrestricted investment earnings	2,470,163	1,587,619	1,936,913	3,291,173	1,474,933	5,558,955
Gain (Loss) on Sale/Disposal of Capital Assets	23,321		(5,569)	(66,147)	19,610	
Miscellaneous	3,505,351	5,008,578	8,326,140	19,507,815	8,327,670	11,430,359
Transfers (and Equity)		(6,906)				(8,770)
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>	<u>89,561,071</u>
Change in net assets-						
-governmental activities	<u>\$ 4,055,542</u>	<u>\$ (12,102,010)</u>	<u>\$ (20,349,947)</u>	<u>\$ (10,099,624)</u>	<u>\$ (9,487,847)</u>	<u>\$ (6,097,246)</u>

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

(continued)

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

	For the Fiscal Year Ended June 30,					
	2002	2003	2004	2005	2006	2007
Business-Type activities:						
Expenses						
Sanitation	\$ 4,780,855	\$ 1,425,942	\$ 5,129,527	\$ 4,664,895	\$ 4,680,195	\$ 4,403,172
Transit	1,796,178	2,192,068	2,243,837	2,528,381	23,907	388,537
Total business-type activities	<u>6,577,033</u>	<u>3,618,010</u>	<u>7,373,364</u>	<u>7,193,276</u>	<u>4,704,102</u>	<u>4,791,709</u>
Program Revenues						
Charges for services	4,398,795	4,867,606	4,573,423	6,058,236	6,570,521	6,662,729
Operating grants and contributions	1,600,402	2,097,391	2,103,588	1,605,044	465,263	70,717
Total business-type activities program revenues	<u>5,999,197</u>	<u>6,964,997</u>	<u>6,677,011</u>	<u>7,663,280</u>	<u>7,035,784</u>	<u>6,733,446</u>
Net Expense¹	<u>(577,836)</u>	<u>3,346,987</u>	<u>(696,353)</u>	<u>470,004</u>	<u>2,331,682</u>	<u>1,941,737</u>
General revenues						
Unrestricted investment earnings	700,798	632,463	522,399	384,442	89,643	701,950
Gain (Loss) on Sale/Disposal of Capital Assets	(22,132)				(2,528,082)	
Miscellaneous	209,152	18,862	(11,506)	152,947	186,366	
Transfers (and Equity)						8,770
Total general revenues	<u>887,818</u>	<u>651,325</u>	<u>510,893</u>	<u>537,389</u>	<u>(2,252,073)</u>	<u>710,720</u>
Change in net assets -business-type activities	<u>\$ 309,982</u>	<u>\$ 3,998,312</u>	<u>\$ (185,460)</u>	<u>\$ 1,007,393</u>	<u>\$ 79,609</u>	<u>\$ 2,652,457</u>
Primary Government						
Expenses						
Governmental activities	\$ 275,983,824	\$ 295,394,296	\$ 302,821,239	\$ 322,426,397	\$ 327,457,481	\$ 349,388,258
Business-type activities	6,577,033	3,618,010	7,373,364	7,193,276	4,704,102	4,791,709
Total primary government expenses	<u>282,560,857</u>	<u>299,012,306</u>	<u>310,194,603</u>	<u>329,619,673</u>	<u>332,161,583</u>	<u>354,179,967</u>
Program Revenues						
Governmental activities	236,170,381	237,976,991	234,475,249	229,918,722	236,373,284	253,729,941
Business-type activities	5,999,197	6,964,997	6,677,011	7,663,280	7,035,784	6,733,446
Total primary government program revenues	<u>242,169,578</u>	<u>244,941,988</u>	<u>241,152,260</u>	<u>237,582,002</u>	<u>243,409,068</u>	<u>260,463,387</u>
Net Expense¹	<u>(39,813,443)</u>	<u>(57,417,305)</u>	<u>(68,345,990)</u>	<u>(92,507,675)</u>	<u>(91,084,197)</u>	<u>(95,658,317)</u>
Governmental activities	(39,813,443)	(57,417,305)	(68,345,990)	(92,507,675)	(91,084,197)	(95,658,317)
Business-type activities	(577,836)	3,346,987	(696,353)	470,004	2,331,682	1,941,737
Total primary government net expense	<u>(40,391,279)</u>	<u>(54,070,318)</u>	<u>(69,042,343)</u>	<u>(92,037,671)</u>	<u>(88,752,515)</u>	<u>(93,716,580)</u>
General revenues						
Governmental activities	43,868,985	45,315,295	47,996,043	82,408,051	81,596,350	89,561,071
Business-type activities	887,818	651,325	510,893	537,389	(2,252,073)	710,720
Total primary government general revenues	<u>44,756,803</u>	<u>45,966,620</u>	<u>48,506,936</u>	<u>82,945,440</u>	<u>79,344,277</u>	<u>90,271,791</u>
Change in net assets						
Governmental activities	4,055,542	(12,102,010)	(20,349,947)	(10,099,624)	(9,487,847)	(6,097,246)
Business-type activities	309,982	3,998,312	(185,460)	1,007,393	79,609	2,652,457
Total primary government change in net assets	<u>\$ 4,365,524</u>	<u>\$ (8,103,698)</u>	<u>\$ (20,535,407)</u>	<u>\$ (9,092,231)</u>	<u>\$ (9,408,238)</u>	<u>\$ (3,444,789)</u>

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 six years of data available to report.

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

	For the Fiscal Year Ended June 30,					
	2002	2003	2004	2005	2006	2007
General Fund:						
Reserved for:						
Encumbrances	\$ 7,069,736	\$ 7,257,572	\$ 6,409,889	\$ 5,130,723	\$ 5,535,099	\$ 2,829,192
Imprest cash	49,695	44,270	44,270	45,145	45,095	45,595
Prepaid items			1,100	4,140	15,503	1,138
Deposits with others	2,500	2,500	2,500	2,500	2,500	2,500
General restrictions	15,695,241	18,132,280	21,069,956	3,165,083	5,196,551	5,586,824
Debt service	1,091,371	4,656,265	787,644	787,482	792,978	808,994
Unreserved:						
Designated	2,388,433	2,502,727	2,830,188	24,366,630	19,626,639	3,894,494
Undesignated	16,192,849	16,078,711	8,768,646	10,776,705	15,813,037	16,857,031
Total general fund balance	<u>\$ 42,489,825</u>	<u>\$ 48,674,325</u>	<u>\$ 39,914,193</u>	<u>\$ 44,278,408</u>	<u>\$ 47,027,402</u>	<u>\$ 30,025,768</u>
All other Governmental Funds:						
Reserved for:						
Encumbrances	\$ 10,347,610	\$ 7,304,377	\$ 5,412,910	\$ 4,389,886	\$ 2,988,183	\$ 10,563,974
Imprest cash	2,940	5,365	5,215	1,215	1,165	1,815
Prepaid items			2,190	297	945	1,766
Deposits with others			297	500	297	297
Long-term loans receivable ¹	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	1,961,755
Debt service		1,150,916	417,810	8,061,829	7,684,891	8,970,613
Inventories	95,668	119,333	280,034	267,580	310,556	231,586
Unreserved:						
Designated	5,937,454	5,594,935	5,356,679	6,053,130	7,102,915	23,931,864
Undesignated						
Special revenue funds	9,327,658	7,339,842	8,004,013	10,816,972	14,336,025	8,439,849
Capital projects funds	(2,402,568)	(1,331,347)	501,318	90,015	129,562	220,031
Total other governmental fund balances	<u>\$ 30,919,759</u>	<u>\$ 27,324,310</u>	<u>\$ 26,525,614</u>	<u>\$ 32,638,722</u>	<u>\$ 35,577,078</u>	<u>\$ 54,323,550</u>

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

Source: Auditor-Controller, County of Butte

Note 1: The Government-wide reporting requirements related to the implementation of GASB 34 were initiated during fiscal year 2001-02. We therefore only have six 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 SIX FISCAL YEARS
(modified accrual basis of accounting)

	For the Fiscal Year Ended June 30,					
	2002	2003	2004	2005	2006	2007
REVENUES						
Taxes	\$ 21,237,501	\$ 22,753,793	\$ 23,874,775	\$ 41,845,457	\$ 47,395,136	\$ 52,384,206
Licenses and permits	3,398,347	3,988,539	4,360,823	5,143,170	4,322,084	4,861,476
Fines, forfeitures, and penalties	2,115,318	2,255,129	2,741,657	1,829,081	2,446,572	2,728,930
Revenues from uses of money and property	3,533,053	3,053,170	2,240,655	3,081,942	1,337,150	5,285,289
Aid from other governments	224,680,201	223,632,528	221,567,801	217,938,378	231,688,344	240,529,554
Charges for services	20,091,942	22,705,240	22,558,577	23,166,702	22,885,477	26,645,205
Other	5,637,472	3,912,473	6,852,202	19,506,239	8,327,670	11,430,359
Total revenues	<u>280,693,834</u>	<u>282,300,872</u>	<u>284,196,490</u>	<u>312,510,969</u>	<u>318,402,433</u>	<u>343,865,019</u>
EXPENDITURES:						
Current:						
General government	13,295,361	13,564,592	23,530,072	28,041,583	18,353,948	20,440,643
Public protection	68,903,950	72,318,779	73,266,989	80,974,652	80,525,118	89,379,218
Public ways and facilities	14,798,252	13,942,349	15,811,238	10,943,957	14,332,609	17,037,110
Health and sanitation	48,966,706	54,706,422	55,626,131	55,683,804	59,429,613	65,632,200
Public assistance	122,398,997	127,320,047	126,018,804	128,551,888	131,916,991	137,501,206
Education	2,323,995	2,595,937	2,618,241	2,604,840	2,819,417	3,056,164
Recreation and cultural services	4,065,679	629,744	455,878	356,178	540,284	475,794
Debt Service: (1)						
Principal				4,160,315	5,562,451	2,854,718
Interest				3,259,717	4,218,911	4,226,524
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>	<u>340,603,577</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>683,791</u>	<u>3,261,442</u>
OTHER FINANCING SOURCES (USES):						
Sales of capital asset	26,488	55,949	16,283	184,210	22,973	24,014
Transfers in	6,675,214	6,628,970	11,545,776	20,333,417	23,387,710	19,802,941
Transfer out	(6,675,214)	(6,358,889)	(11,277,305)	(22,854,312)	(19,446,663)	(19,292,699)
Proceeds from issuance of debt	1,428,917	5,040,019	52,387,282	15,474,418	1,254,300	23,535
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>	<u>557,791</u>
SPECIAL ITEM:						
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>\$ 5,902,111</u>	<u>\$ 3,819,233</u>

Debt service as a percentage of noncapital expenditures

n/a n/a n/a 2.5% 3.1% 2.1%

Source: Auditor-Controller, County of Butte

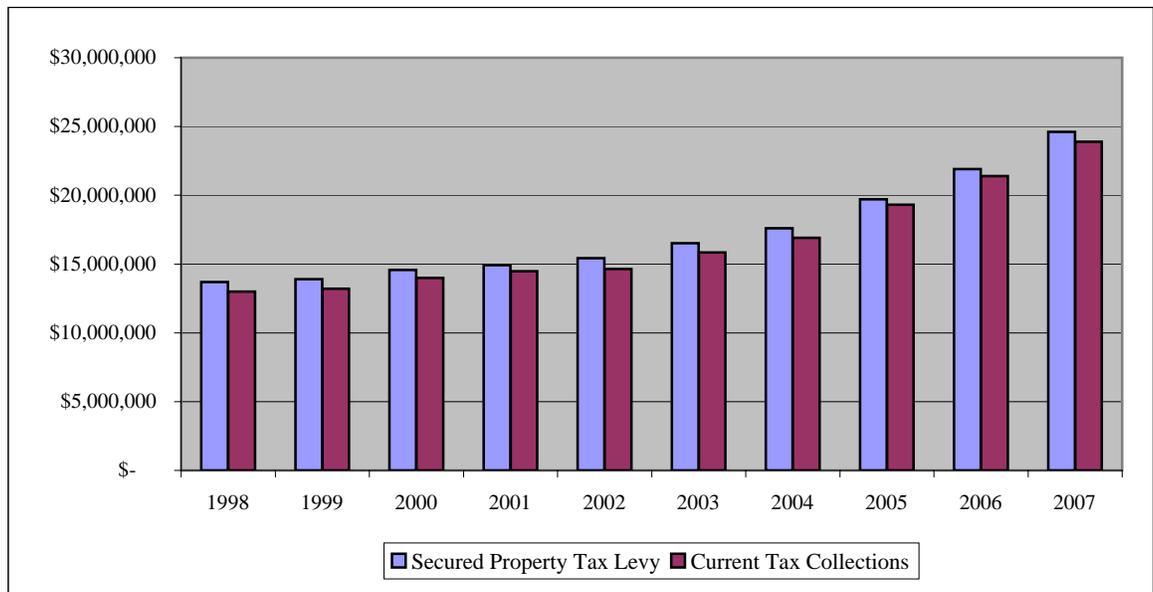
Note 1: Debt service was shown as a separate function during fiscal year 2004-05.

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 six years of data available to report.

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

Fiscal Year	Total Secured Property Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections June 30 (1)	Percent of Total Tax Collections to Tax Levy
1998	\$ 13,685,273	\$ 13,001,009	95.00%	\$ 2,795,114	\$ 15,796,123	115.42%
1999	13,902,009	13,206,909	95.00%	2,686,153	15,893,062	114.32%
2000	14,568,472	13,985,733	96.00%	2,796,837	16,782,570	115.20%
2001	14,917,329	14,469,809	97.00%	2,662,593	17,132,402	114.85%
2002	15,421,306	14,650,240	95.00%	2,908,736	17,558,976	113.86%
2003	16,513,410	15,852,874	96.00%	2,990,234	18,843,108	114.11%
2004	17,611,617	16,907,152	96.00%	2,687,282	19,594,434	111.26%
2005	19,717,336	19,313,601	97.95%	2,449,265	21,762,866	110.37%
2006	21,909,684	21,399,946	97.67%	2,901,198	24,301,144	110.92%
2007	24,617,283	23,886,338	97.03%	4,710,806	28,597,144	116.17%

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



Source: Auditor-Controller, County of Butte

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

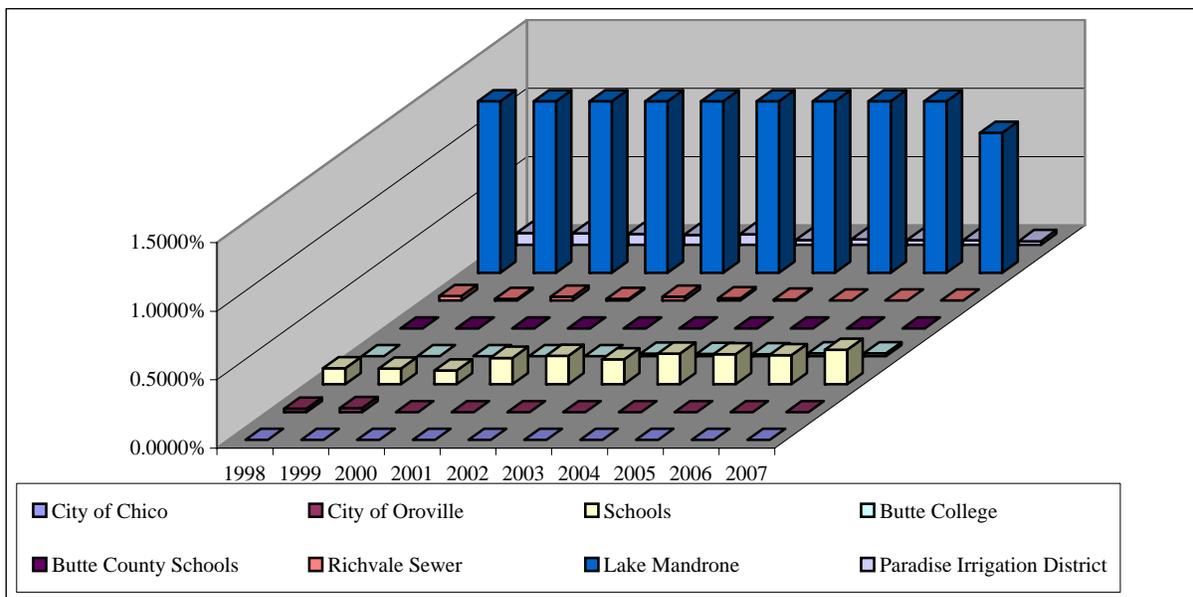
Fiscal Year	Secured Roll	Utility Roll	Unsecured Roll	Assessed Value
1998	\$ 8,772,659,369	\$ 21,836,956	\$ 459,736,643	\$ 9,254,232,968
1999	9,041,466,552	24,659,031	497,793,006	9,563,918,589
2000	9,414,996,955	20,077,633	523,173,513	9,958,248,101
2001	9,809,069,349	19,591,858	572,029,882	10,400,691,089
2002	10,210,901,077	20,289,420	596,527,153	10,827,717,650
2003	10,940,529,305	18,939,397	622,967,322	11,582,436,024
2004	11,624,793,072	18,939,909	635,629,383	12,279,362,364
2005	12,720,999,330	21,586,369	628,596,023	13,371,181,722
2006	14,047,057,479	21,878,301	671,570,735	14,740,506,515
2007	15,705,066,165	19,279,234	728,715,203	16,453,060,602

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	
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%
2007	1.000%	0.0000%	0.0000%	0.2518%	0.0209%	0.0000%	0.0000%	1.0200%	0.0270%	2.3197%

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	2007			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, 2007 and should also be presented for June 30, 1998. However, June 30, 1998 information is not available and June 30, 2005 information will be presented until there is a nine year separation.

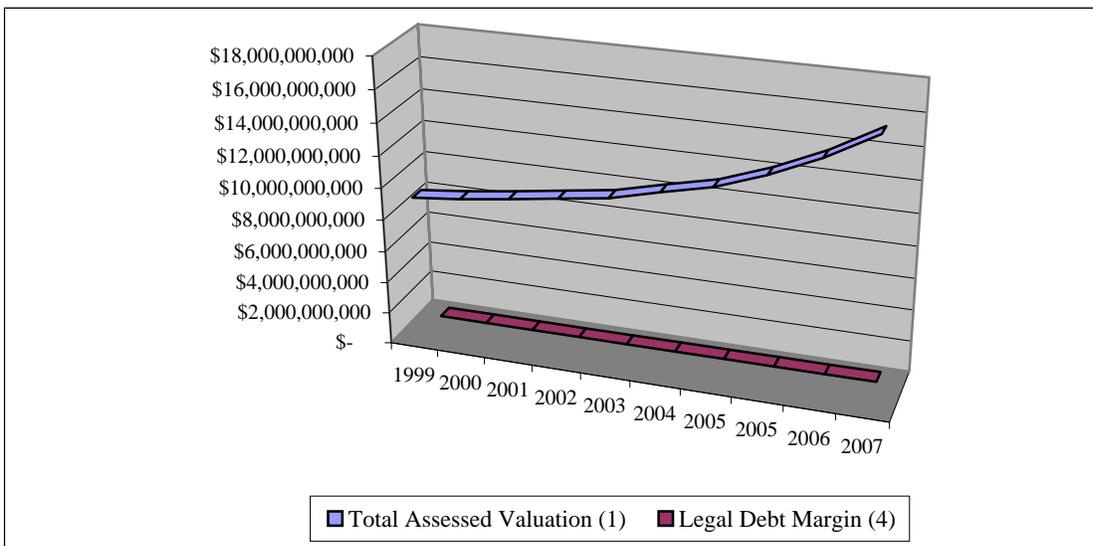
Source: Auditor-Controller, County of Butte

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

Fiscal Year	Total Assessed Valuation (1)	Legal Debt Limit (2)	Total Net Debt Applicable to Limit	Legal Debt Margin (4)	Legal Debt Margin/Debt Limit
1999	\$ 9,254,232,968	\$ 115,677,912	\$ -	\$ 115,677,912	100%
2000	9,563,918,589	119,548,982		119,548,982	100%
2001	9,958,248,101	124,478,101		124,478,101	100%
2002	10,400,691,089	130,008,639		130,008,639	100%
2003	10,827,717,650	135,346,471		135,346,471	100%
2004	11,582,436,024	144,780,450		144,780,450	100%
2005	12,279,362,364	153,492,030		153,492,030	100%
2005	13,371,181,722	167,139,772		167,139,772	100%
2006	14,740,506,515	184,256,331		184,256,331	100%
2007	16,453,060,602	205,663,258		205,663,258	100%

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
1998	200,015	\$ 9,254,232,968	\$ -	\$ -	\$ -	0.000%	\$ -
1999	201,020	9,563,918,589				0.000%	
2000	203,064	9,958,248,101				0.000%	
2001	205,400	10,400,691,089				0.000%	
2002	207,300	10,827,717,650				0.000%	
2003	210,800	11,582,436,024				0.000%	
2004	212,237	12,279,362,364				0.000%	
2005	214,119	13,371,181,722				0.000%	
2006	217,209	14,740,506,515				0.000%	
2007	218,069	16,453,060,602				0.000%	

Source:

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

Source: Auditor-Controller, County of Butte

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

Fiscal Year	Governmental Activities				Business-type Activities			Total Primary Government	Percentage of Assessed Value	Per Capita
	Certificates				Certificates					
	Bonds	of Participation	Loans/ Notes	Capital Leases	Loans	of Participation	Capital Leases			
1998	\$ 1,329	\$ 5,320	\$ 5,666	\$ 2,678	\$ -	\$ -	\$ -	\$ 14,993	0.1620%	\$ 75
1999	1,277	5,115		2,311				8,703	0.0910%	43
2000	1,225	4,900		2,042				8,167	0.0820%	40
2001	1,167	4,675	5,077	1,809				12,728	0.1224%	62
2002	1,109	4,440		2,998				8,547	0.0789%	41
2003	1,052	9,345		2,366			2,258	15,021	0.1297%	71
2004	50,879	5,150	2,492	1,019			1,780	61,320	0.4994%	289
2005	61,515	4,540	4,111	688			1,289	72,143	0.5395%	337
2006	57,212	3,920	3,935	1,479	500		784	67,830	0.4602%	312
2007	56,424	3,290	2,903	1,097	450	12,025	303	76,491	0.4649%	351

Source: Auditor-Controller, County of Butte

COUNTY OF BUTTE, CALIFORNIA
OVERLAPPING BONDED DEBT
JUNE 30, 2007

2006-07 Assessed Valuation: \$16,746,914,094 (includes unitary utility valuation)
 Redevelopment Incremental Valuation: 3,371,762,730
 Adjusted Assessed Valuation: \$13,375,151,364

<u>OVERLAPPING TAX AND ASSESSMENT DEBT:</u>	Total Debt 6/30/07	% Applicable (1)	County's Share of Debt 6/30/07
Butte-Glenn Community College District	\$63,303,079	87.252%	\$ 55,233,202
Yuba Joint Community College District	94,996,325	0.177	162,444
Chico Unified School District	27,380,000	100.	27,380,000
Marysville Joint Unified School District	18,000,000	1.124	202,320
Paradise Unified School District Lease Tax Obligations	4,205,000	100.	4,205,000
Oroville Union High School District	9,686,421	100.	9,686,421
Manzanita School District	830,000	100.	830,000
Oroville School District	5,611,411	100.	5,611,411
Thermalito Union School District	2,049,974	100.	2,049,974
City 1915 Act Bonds	5,075,000	100.	<u>5,075,000</u>
TOTAL OVERLAPPING TAX AND ASSESSMENT DEBT			\$110,435,772
 <u>DIRECT AND OVERLAPPING GENERAL FUND DEBT:</u>			
Butte County Certificates of Participation	\$21,531,400	100. %	\$ 21,531,400
Butte County Pension Obligations	55,660,000	100.	55,660,000
Butte-Glenn Community College District General Fund Obligations	3,620,000	87.252	3,158,522
Chico Unified School District Certificates of Participation	5,090,000	100.	5,090,000
City of Oroville Pension Obligations	7,260,000	100.	7,260,000
Paradise Unified School District Certificates of Participation	1,705,000	100.	1,705,000
City of Paradise Certificates of Participation	58,975	100.	58,975
City of Paradise Pension Obligations	10,918,154	100.	<u>10,918,154</u>
TOTAL DIRECT AND OVERLAPPING GENERAL FUND DEBT			\$105,382,051
 COMBINED TOTAL DEBT			 \$215,817,823 (2)

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

Ratios to 2006-07 Assessed Valuation:
 Total Overlapping Tax and Assessment Debt.....0.66%

Ratios to Adjusted Assessed Valuation:
Combined Direct Debt (\$77,191,400).....0.58%
 Combined Total Debt.....1.61%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/07: \$0

Source: California Municipal Statistics, Inc.

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less:										
Amounts Available in Debt Service Fund	_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Total Net Obligation Bonds Outstanding	<u><u>\$ -</u></u>									
Percentage of Estimated										
Actual Taxable Value of Property	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.00%
Per Capita	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

Source: Auditor-Controller, County of Butte

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

Fiscal Year	Population (1)	Per Capita		School Enrollment (3)	Unemployment Rate (1)
		Personal Income (2)	Personal Income		
1998	200,015	\$ 4,099,860,000	\$ 20,498	35,304	8.4%
1999	201,020	4,275,291,000	21,268	35,290	6.8%
2000	203,064	4,570,617,000	22,508	35,083	6.1%
2001	205,400	4,798,095,000	23,360	34,433	6.5%
2002	207,300	4,879,434,000	23,538	34,454	7.3%
2003	210,800	5,025,193,000	23,839	34,260	7.4%
2004	212,237	5,393,454,000	25,412	33,768	7.2%
2005	214,119	5,811,000,000	27,139	33,385	6.7%
2006	217,209	n/a	n/a	33,192	4.9%
2007	218,069	n/a	n/a	32,827	6.1%

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	97,209
Total Population	218,069

Sources:

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

COUNTY OF BUTTE, CALIFORNIA
PRINCIPAL EMPLOYERS
JUNE 30, 2007 and Nine Years Ago

Major County Employers

Company	2007			1998		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Butte County	2092	1	2.17%	n/a	n/a	n/a
Chico Csu Research Foundation	2000	2	2.07%	n/a	n/a	n/a
Enloe Medical Center, Inc.	1800	3	1.86%	n/a	n/a	n/a
Oroville Hospital	920	4	0.95%	n/a	n/a	n/a
Feather River Hospital	620	5	0.64%	n/a	n/a	n/a
Associated Students California	600	6	0.62%	n/a	n/a	n/a
Feather Falls Casino	450	7	0.47%	n/a	n/a	n/a
Butte Community College	410	8	0.42%	n/a	n/a	n/a
Butte County Office of Education	400	9	0.41%	n/a	n/a	n/a
Fleetwood Motor Homes of California	310	10	0.32%	n/a	n/a	n/a
National Heritage Insurance Co.	300	11	0.31%	n/a	n/a	n/a
California State University	300	12	0.31%	n/a	n/a	n/a
Wal-Mart Stores, Inc	280	13	0.29%	n/a	n/a	n/a
Tyme Maidu Tribe of Berry	270	14	0.28%	n/a	n/a	n/a
Raley's	245	15	0.25%	n/a	n/a	n/a
City of Chico	225	16	0.23%	n/a	n/a	n/a
Costco Wholesale Corp.	220	17	0.23%	n/a	n/a	n/a
Addus Healthcare Inc.	200	18	0.21%	n/a	n/a	n/a
ARC	200	19	0.21%	n/a	n/a	n/a
Pacific Coast Producers	200	20	0.21%	n/a	n/a	n/a
Total	<u>12,042</u>		<u>12.47%</u>			

Source: Northeastern California Small Business Development Center (NECSBDC)

COUNTY OF BUTTE, CALIFORNIA
MISCELLANEOUS STATISTICAL INFORMATION
JUNE 30, 2007

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

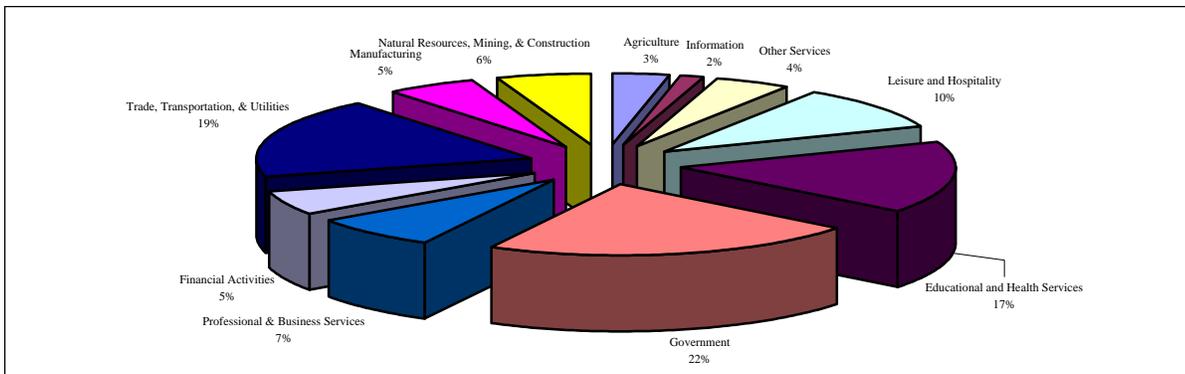
Form of Government: General Law County, governed by a five-member Board of Supervisors

Fiscal Year Begins: July 1

County Employees: as of June 30, 2007: 2,092

Employment Distribution (2006 Annual Average)(1):

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



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

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

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

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

Source: Auditor-Controller, County of Butte

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

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

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

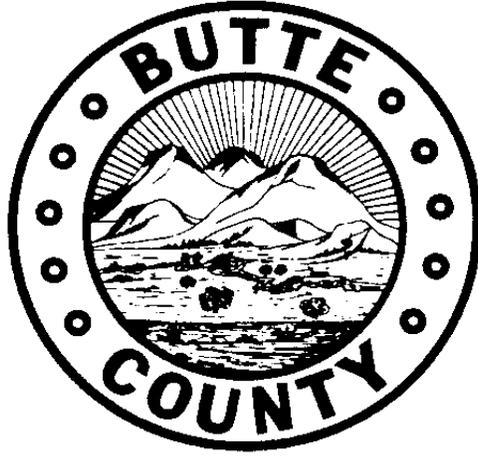
Source: Auditor-Controller, County of Butte

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

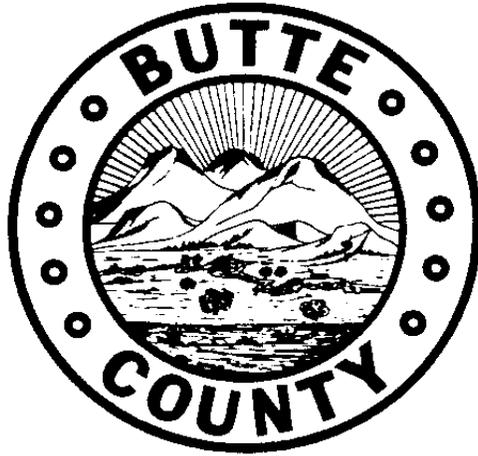
Function/Program	Full-time Equivalent Employees	
	2006	2007
General government:		
Legislative and Administrative	28	22
Finance	30	29
Purchasing	3	3
Treasurer	28	21
Assessor	44	42
Human Resources	12	14
County Counsel	12	7
Elections	14	7
Development Services	44	47
Recorder	17	14
Other General	11	8
Public Protection:		
Judicial	97	87
Police Protection	167	155
Detention and Correction	167	154
Fire Protection	3	3
Probation	92	101
Water Services	5	4
Other Protection	7	6
Public ways and Facilities:		
Public ways	106	108
Health and Sanitation:		
Health	571	476
Agriculture	22	18
Public Assistance:		
Aid Programs	555	534
Veterans Services	1	2
Other Assistance	111	102
Education:		
Library Services	54	32
Farm Advisor	3	3
County Business-type Functions		
Landfill	25	23
Internal Service Funds		
	66	70
	2,295	2,092

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

Source: Auditor-Controller, County of Butte



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Glossary

COUNTY OF BUTTE

Glossary for the Comprehensive Annual Financial Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COUNTY OF BUTTE

Glossary for the Comprehensive Annual Financial Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COUNTY OF BUTTE

Glossary for the Comprehensive Annual Financial Report

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

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

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

ECONOMIC RESOURCES MEASUREMENT FOCUS.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COUNTY OF BUTTE

Glossary for the Comprehensive Annual Financial Report

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COUNTY OF BUTTE

Glossary for the Comprehensive Annual Financial Report

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

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

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

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

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

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

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

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

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

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

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

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

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.

COUNTY OF BUTTE

Glossary for the Comprehensive Annual Financial Report

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

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

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

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

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

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

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

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

TAX AND REVENUE ANTICIPATION NOTES (TRANS). Notes issued in anticipation of the collection of taxes and revenues, usually retireable only from tax collections, and frequently only from the proceeds of the tax and revenues levy whose collection they anticipate.

TRUST FUNDS. Funds used to account for assets held by a government in a trustee capacity for individuals, private organizations, other governments and/or other funds.

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

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

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

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

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