

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF OROVILLE
California

FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Submitted by:

Department of Finance

Diane MacMillan
Director of Finance

**CITY OF OROVILLE
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007
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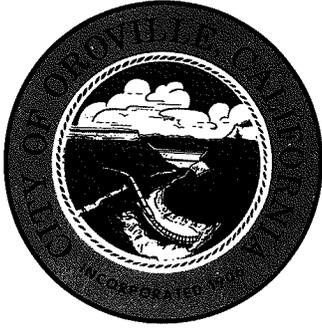
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1735 MONTGOMERY STREET • OROVILLE, CALIFORNIA 95965-4897

OFFICE OF THE
FINANCE DEPARTMENT
(530) 538-2410

January 29, 2008

Honorable Mayor and Members of the City Council
City of Oroville
1735 Montgomery Street
Oroville, CA 95965

With this letter staff submits the comprehensive annual financial report of the City of Oroville for the fiscal year ended June 30, 2007. The City's Department of Finance has prepared this report using the new reporting requirements prescribed by GASB Statement No. 34. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures rests with the City.

We believe that the data, as presented, is accurate in all material aspects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the City as measured by the financial activity of its various fund types; and, that all disclosures necessary to enable the reader to gain the maximum understanding of the City's financial affairs have been included.

THE REPORTING ENTITY

This report includes all of the funds of the City of Oroville and entities with all their funds related to the City of Oroville. Under criteria established by the Governmental Accounting Standards Board, the financial statements of the Redevelopment Agency and the Oroville Public Financing Authority of the City of Oroville are combined in this report, to constitute a single reporting entity. The basis for including the Redevelopment Agency and the Oroville Public Financing Authority of the City of Oroville is because of the significance of their operational and financial relationships with the City. The City Council sits as the governing body of the Agency and the Authority. In addition, the City provides loans and management assistance to both the Agency and the Authority.

The City provides those municipal services required by statute or charter. These municipal services include fire, police, planning, building inspections (development services), community services and parks, public works including street maintenance, sewer maintenance, street light, community development and general administrative services.

OTHER INFORMATION

LONG TERM FINANCIAL PLANNING

The City of Oroville has annually prepared and adopted a five year forecast in the annual fiscal year budget for the general fund, redevelopment agency, redevelopment agency low and moderate housing fund and the sewer fund.

Some studies have started and some are being proposed for this upcoming year to give the City a guideline for future needs and further financial planning.

SINGLE AUDIT AND COMPLIANCE

As a recipient of federal and state financial assistance, the City is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subjected to periodic evaluations by management.

As a part of the City's single audit, described earlier, tests are made to determine the adequacy of the internal controls applied to the assistance programs, as well as to determine the adequacy of the internal control structure, including the portion related to federal financial assistance programs, and to determine that the government has complied with applicable laws and regulations.

RISK MANAGEMENT

During fiscal year 2006-07 the City continued its self insurance program for workers' compensation and liability insurance. The City is a member of the Northern California Cities Self Insurance Fund. Property and airport insurance are obtained from the open market, through an insurance broker.

SPENDING LIMITATION

The City believes that there will be no problems in complying with the spending limitations of Proposition 4, the Gann Initiative, passed by the voters in 1979. The City's auditor has attested to the accuracy of the spending limitations for the current period. The City's limit for the current fiscal year is \$29,038,792. Expenditures are expected to continue to remain well under the current limit in 2007-08.

BUDGETARY CONTROLS

A two-year budget and financial plan approved by the City Council is established for all funds except as noted for Trust and Agency Funds. Certain modifications to the Adopted Budget must be approved by the City Council and/or the City Administrator. The City adopted the Expenditure Control Budget (ECB) effective with the 1994-95 fiscal year.

The City's charter requires that a budget be approved each year. The Annual Budget for fiscal year 2005-06 and the Financial Plan for fiscal year 2006-07 were approved by the City Council in July of 2005. The second year of each two-year budget which is identified as a "financial plan," was formally adopted at the beginning of fiscal year 2006-07.

INDEPENDENT AUDIT

An annual audit of the financial records and transactions of the City by an independent certified public accountant is required by the Charter of the City of Oroville Article XIV, Section 1. The accounting firm of Davis Hammon & Company was selected to perform this service for the fiscal year ended June 30, 2007. The auditors' reports on the general purpose financial statements and combining individual fund statements and schedules are included in the financial section of this report. The auditors' report relating specifically to the single audit is included in the single audit and compliance section.

ACKNOWLEDGMENTS

We would like to thank all of the staff of the Department of Finance, including Irene Shaw, Lezlie Wendland, Diane Howard, Sherral Skinner and Arthur Forbes, and the staff of Davis Hammon & Company particularly, Steve Herr, CPA, Kerry Webber, CPA, Jim Duckett, CPA, Candis Parkison and Abby Scheurer for their efforts in publishing this report.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Oroville for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. This was the twelfth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

Respectfully submitted,

Sharon Atteberry,
City Administrator

Diane MacMillan,
Director of Finance

CITY OF OROVILLE
Comprehensive Annual Financial Report
For the Year Ended June 30, 2007

Prepared by Finance Department

City Officials

CITY COUNCIL
(and acting Board of
Commissioners of Oroville
Redevelopment Agency and
Oroville Public Financing
Authority)

Steven D. Jernigan - MAYOR

Jim Prouty
Mike Howard
Art Hatley

Sue Corkin - RDA Chair
Jack Berry – RDA Vice Chair
Jamie Johannson – Vice Mayor

ADMINISTRATION

Sharon L. Atteberry
City Administrator

Dwight L. Moore
City Attorney

Diane MacMillan
Director of Finance

Charles L. Miller
Director of Parks and Trees

Mitchel J. Brown
Chief of Police

Eric Teitelman
Director of Community
Development & Public Works

David W. Pittman
Fire Chief

Karolyn J. Fairbanks
City Treasurer (Elected)

PLANNING COMMISSION

Thil Wilcox
Damon Robison
Rochelle Frazier – Chair

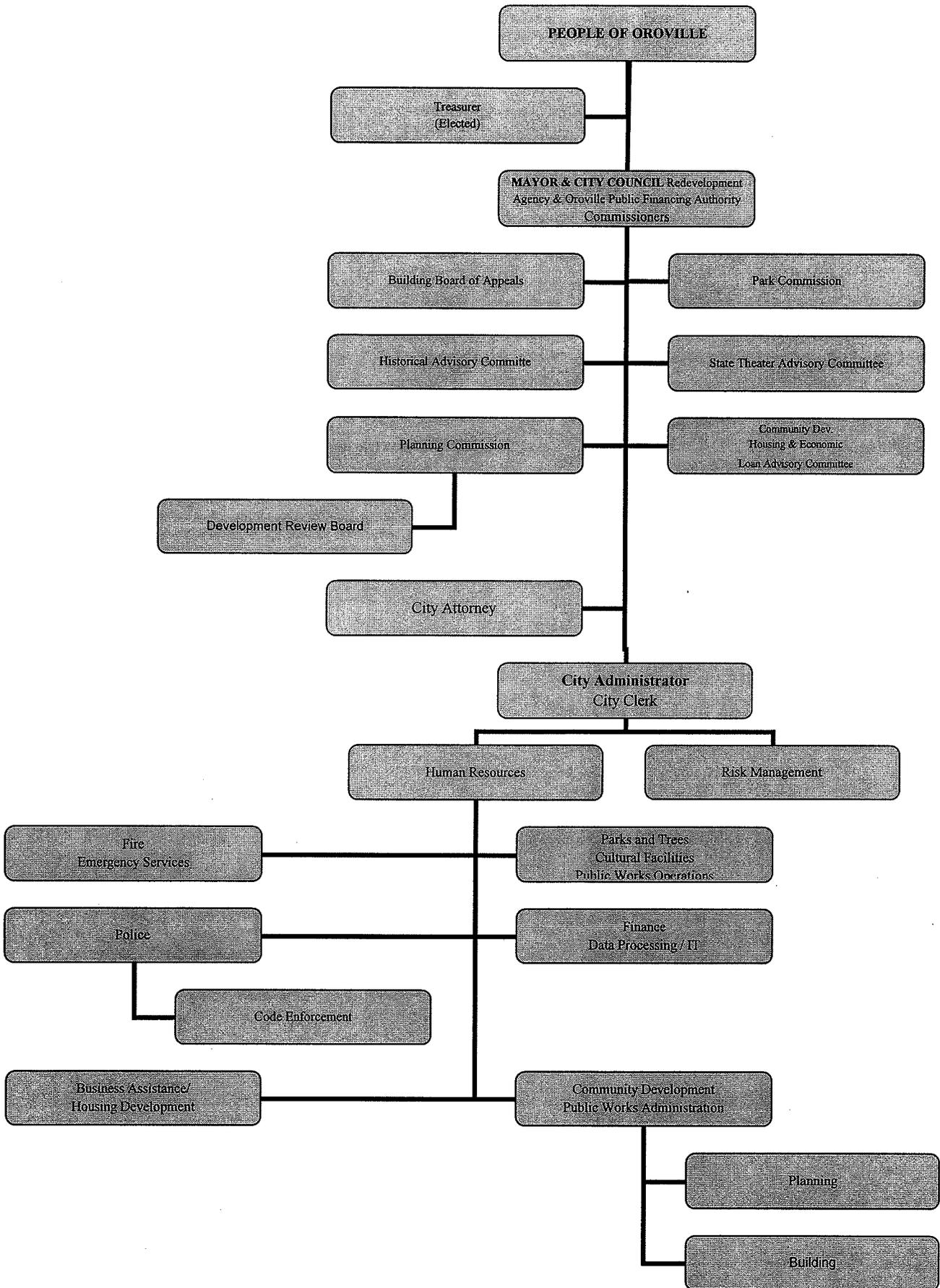
Janel Tarzy
Rhonda Brunson
Dr. Daniel Gordon – Vice Chair

PARK COMMISSION

Jim Carpenter - Vice Chair
Lani Fridrich
Allen Young

Freda Flint
Carolyn Norton - Chair

CITY OF OROVILLE ORGANIZATIONAL CHART



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Oroville
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.



Oliver S. Cox

President

Jeffrey R. Emer

Executive Director



DAVIS HAMMON & CO.
Certified Public Accountants

Davis W. Hammon, Jr., CPA
(1924-1989)

Stephen B. Norman, CPA • PFS
Stephen J. Herr, CPA
Kerry A. Webber, CPA
James L. Duckett, CPA

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and City Council
Members of the City of Oroville
Oroville, California 95965

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the City of Oroville, California, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of City of Oroville management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the City of Oroville as of June 30, 2007, and the respective change in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2008, on our consideration of the City of Oroville's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and other required supplementary information on pages 5 through 16 and 49 through 55, respectively, are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Oroville's basic financial statements. The accompanying information identified in the table of contents as combining and individual fund financial statements and schedules on pages 57 through 132, which is presented for the purpose of additional analysis, and the schedule of expenditures of federal and awards, which is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are not a required part of the basic financial statements. Such information has 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.

Davis Hammon & Co.

January 15, 2008



MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2007

This discussion and analysis of the City of Oroville's financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the accompanying transmittal letter, the basic financial statements and the accompanying notes to those financial statements.

FINANCIAL HIGHLIGHTS

- The governmental assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$38,632,062. Of this amount, \$22,413,007 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's governmental net assets increased by \$3,354,756, primarily due to increased general revenues.
- As of the close of the current fiscal year the City's total net assets reported were \$39,371,294, an increase of \$3,649,058 from the prior year. This increase was also primarily due to increased general revenues.
- \$23,152,239 of the City's total net assets of \$39,371,294 is considered unrestricted.
- At the end of the current fiscal year, the General Fund's unreserved-undesignated fund balance for the general fund was \$771,696. This is 7.2% of total general fund expenditures.
- In addition to the unreserved-undesignated fund balance, the City Council has designated a General Fund Reserve of \$700,000 which, when added to the unreserved-undesignated fund balance, totals \$1,471,696. This is 13% of total General Fund expenditures. In the 2007/08 budget process a new reserve has been designated at \$800,000 beginning July 1, 2007.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements presented herein include all of the activities of the City of Oroville and its component units using the integrated approach as prescribed by GASB Statement No. 34.

Government-Wide Financial Statements

The Government-Wide Financial Statements present the financial picture of the City from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities and business type activities separately. These statements include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables and receivables.

The Statement of Net Assets and the Statement of Activities and Changes in Net Assets report information about the City as a whole and about its activities. These statements include all assets and liabilities of the City using the accrual basis of accounting, which is similar to the accounting

used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net assets and changes in them. Net assets are the difference between assets and liabilities, which is one way to measure the City's financial health, or financial position. Over time, increases or decreases in the City's net assets are one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the City's property tax base and the condition of the City's roads.

In the Statement of Net Assets and the Statement of Activities and Changes in Net Assets, we distinguish the City's functions that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business type activities). The activities of these two distinctions are as follows:

Governmental activities - Most of the City's basic services are reported in this category, including the General Government, Fire, Police, Community Development, Public Works, Redevelopment, Housing and Parks and Trees. Property and sales taxes, utility user taxes, transient occupancy taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

Business Type activities - The City charges a fee to riders of the transit system to cover a portion of the operating costs of the system.

The government-wide financial statements can be found on pages 19-20 of this report.

Fund Financial Statements - The Fund Financial Statements include statements for each of the three categories of activities, government, business type and fiduciary. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The City's fiduciary activities are limited to agency funds, which only report a balance sheet and do not have a measurement focus. Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The Fund Financial Statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Governmental funds - Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. The difference in results of the governmental fund financial statements to those in the Government-Wide Financial Statements are explained in a reconciliation schedule following each governmental fund financial statement.

The basic governmental fund financial statements can be found on pages 21-24 of this report.

Proprietary funds – When the City charges customers for the services it provides, whether to outside customers or to other units of the City, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Assets and the Statement of Revenues, Expenses and Changes in Fund Net Assets. In fact, the City's enterprise fund is the same as the business type activities reported in the government-wide statements. Proprietary funds provide the same type of information as government-wide statements but only in more detail, with additional information, such as cash flows. We use internal service funds (the other component of proprietary funds) to report activities that provide supplies and services for the City's other programs and activities such as the City's self-insurance, stores and vehicle maintenance funds. The internal services funds are reported with governmental activities in the Government-Wide Financial Statements.

The basic proprietary fund financial statements can be found on pages 25-27 of this report.

Fiduciary funds – The City is the trustee of fiduciary funds held in trust. Other activities reported in this category include the Lake Oroville Joint Powers Authority, for which the City has no direct liability. The City's fiduciary activities are reported in a separate Statement of Fiduciary Net Assets. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The basic fiduciary fund financial statement can be found on page 28 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial statements. The notes to financial statements can be found on pages 29-48 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees, budgetary comparison schedules for the general fund and each major special revenue fund. Required supplementary information can be found on pages 50-56 of this report. Combining and individual fund statements and schedules can be found on pages 58-129 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, the net assets for the City as a whole increased 10.2% from \$35,722,236 at June 30, 2006 to \$39,371,294 at June 30, 2007. A large portion of the City's net assets, \$9,433,101, (24.0%) reflects the investment in capital assets such as land, buildings, machinery and equipment, less depreciation and any related debt used to acquire those assets that is still outstanding. These fixed assets are used to provide services to the citizens of the City of Oroville; therefore, they are not available for future spending. Although the City's investment in 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.

An additional portion of the City's net assets, \$6,785,954, (17.2%) represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$23,152,239, (58.8%) may be used to meet the City's ongoing obligations to citizens and creditors.

Consistent with the prior fiscal year, as of the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, for both the government as a whole, as well as for its separate governmental and business type activities.

CITY OF OROVILLE'S NET ASSETS

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$68,120,004	\$54,467,553	\$740,824	\$447,805	\$68,860,828	\$54,915,358
Capital assets	33,084,255	32,202,402	0	0	33,084,255	32,202,402
Total Assets	101,204,259	86,669,955	740,824	447,805	101,945,083	87,117,760
Vouchers payable and other current liabilities	1,600,611	1,020,559	1,592	2,875	1,602,203	1,023,434
Other liabilities	22,887,907	19,201,133	0	0	22,887,907	19,201,133
Non-current liabilities	38,083,679	31,170,957	0	0	38,083,679	31,170,957
Total Liabilities	62,572,197	51,392,649	1,592	2,875	62,573,789	51,395,524
Net Assets:						
Invested in capital assets, net of related Debt	9,433,101	9,496,652	0	0	9,433,101	9,496,652
Restricted	6,785,954	4,327,621	0	0	6,785,954	4,327,621
Unrestricted	22,413,007	21,453,033	739,232	444,930	23,152,239	21,897,963
Total Net Assets	\$38,632,062	\$35,277,306	\$739,232	\$444,930	\$39,371,294	\$35,722,236

CITY OF OROVILLE CHANGES IN NET ASSETS

	Governmental Activities		Business Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for services	\$8,358,367	\$9,526,554	\$17,989	\$18,011	\$9,544,565	\$9,544,565
Operating grants and Contributions	3,900,722	3,176,966	627,198	504,195	3,681,161	3,681,161
Capital grants and Contributions	1,995,122	192,709	0	0	192,709	192,709
General Revenues:						
Taxes:						
Property taxes	6,020,342	5,352,094	0	0	5,352,094	5,352,094
Sales and Use taxes	2,737,202	2,765,394	0	0	2,765,394	2,765,394
Other taxes	4,364,410	3,849,786	0	0	3,849,786	3,849,786
Intergovernmental revenue not restricted to specific programs	232,279	504,741	0	0	504,741	504,741
Unrestricted Investment Earnings	302,126	219,413	26,022	12,513	231,926	231,926
Total Revenues	27,910,570	25,287,657	671,209	534,719	26,122,376	26,122,376
Expenses:						
General Government	2,250,497	1,955,466	0	0	1,955,466	1,955,466
Public Safety	6,588,449	6,039,555	0	0	6,039,555	6,039,555
Public Works	1,454,510	1,264,877	0	0	1,264,877	1,264,877
Streets and Storm Drains	1,172,901	794,733	0	0	794,733	794,733
Transportation	455,305	360,690	376,907	450,989	811,679	811,679
Business Assistance and Housing	8,556,595	7,604,125	0	0	7,604,125	7,604,125
Parks and Leisure	1,038,579	973,716	0	0	973,716	973,716
Health and Sanitation	1,287,714	1,120,658	0	0	1,120,658	1,120,658
Interest and Fiscal Charges	1,751,264	2,020,781	0	0	2,020,787	2,020,787
Total Expenses	24,555,814	22,134,601	376,907	450,989	22,585,590	22,585,590
Increase (decrease) in Net Assets	3,354,756	3,453,056	294,302	83,730	3,649,058	3,536,786
Net Assets - July 1, Prior period adjustments	35,277,306	31,736,674 87,576	444,930	84,167 277,033	35,722,236	31,820,841 364,609
Net Assets, June 30	\$38,632,062	\$35,277,306	\$739,232	\$444,930	\$39,371,294	\$35,722,236

GOVERNMENTAL ACTIVITIES

Total resources available during the year to finance governmental operations were \$63,187,876, consisting of net assets at July 1, 2006 of \$35,277,306, program revenues of \$14,254,211 and general revenues of \$13,656,359. Total expenditures for governmental activities during the year were \$24,555,814; thus, net assets were increased by \$3,354,756 to \$38,632,062.

The cost of all governmental activities this year was \$24,555,814. However, as shown in the Statement of Activities, the amount that the taxpayer ultimately financed for these activities was \$10,301,603 because some of the cost was paid by those who directly benefited from these programs, \$8,358,367, or by other governments and organizations that subsidized certain programs with operating grants and contributions, \$3,900,722 and capital grants and contributions, \$1,995,122. The City paid the "public benefit" portion of governmental activities from various taxes such as property, sales, transient occupancy, utility user, motor vehicle in-lieu-of, gas taxes, etc. (some of which could only be used for certain programs) and with other revenues, such as interest on general entitlements.

BUSINESS TYPE ACTIVITIES

The City's net assets from business type activities increased by \$294,302. This accounts for just over 8% of the total increase in the City of Oroville's net assets. There were no investments in capital assets attributable to business type activities of the City as of June 30, 2007.

The cost of all Proprietary (business type) activities this year was \$376,907. As shown in the Statement of Activities and Changes in Net Assets, the amounts paid by users of the systems were \$17,989. Operating grants and contributions were \$627,198. Capital grants and contributions were \$0. Investment earnings were \$26,022.

Total resources available during the year to finance Proprietary fund (business type) activities were \$1,116,139 consisting of net assets as of July 1, 2006 of \$444,930, program revenues of \$645,187 and general revenues of \$26,022. The total cost of proprietary fund (business type) activities during the year were \$376,907; thus, net assets were increased from \$444,930 to \$739,232. All of this increase is attributable to the City's transit system operations.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

The total fund balance at year-end for the City's General fund of \$4,623,226 is an overall increase of \$439,518 over the prior year-end. Tax revenues increased by \$658,584 while current services only increased by \$176,480.

Among the special revenue funds, the First Time Homebuyers Grant Fund experienced a modest fund balance change, increasing by \$93,677 from \$517,155 on June 30, 2006 to \$610,832 on June 30, 2007. This increase was due to loan payoffs. The First Time Homebuyers Grant Fund will expend these funds for qualifying low and moderate income housing purposes.

In addition other significant fund balance changes occurred in the HOME Housing Revolving Loan Fund which decreased by \$531,186 or 105.2%, Low & Moderate Income Housing Fund decreased by \$1,225,220 or 51.1%, and Community Development Block Grant Fund increased by \$500,727 or 54.8%.

DEBT ADMINISTRATION

Debt from governmental activities increased by \$6,912,722 from \$31,170,957 at year-end in fiscal year 2005-06 to \$38,083,679 at year-end in fiscal year 2006-07, primarily due to regular debt service payments and a new taxable pension obligation bond issuance. As of June 30, 2007, only the \$502,291 in compensated absences and \$7,260,000 of the taxable pension obligation bonds are considered general City obligations subject to the City's debt limit which is \$38,557,634. There was no debt attributable to business type activities as of June 30, 2007.

Taxable Pension Obligation Bonds – These bonds are an unconditional obligation of the City of Oroville payable from any legally available funds. The bonds are not voter-approved debt backed by the taxing power of the City of Oroville and the full faith and credit of the City has not been pledged to the repayment of the bonds. Due the increasing public employee retirement system obligations for the unfunded liability portion which triggers higher rates, the City of Oroville along with other Cities and Counties chose to issue bonds for the unfunded liability to stabilize the rates going forward for retirement. The City of Oroville's portion of the bond issuance equaled \$7,260,000.

Limited Obligation debt funded by special assessments paid by property owners – Assessment District No. 1993-1 Limited Obligation Improvement Bonds of \$3,280,000 are within three subdivisions. As of June 30, 2007, \$1,397,505 was outstanding on these bonds. They were issued to acquire public improvements and are payable solely from assessments levied upon the properties within the district. The City's credit rating is not impacted by these bonds and the City's only obligations are to: 1) turn over special assessment taxes paid by the property owners to the Trustee; and, 2) in the event of non-payment, pursue judicial foreclosure against the non-paying property owners so that the property can be sold to repay the bondholders. These bonds were purchased by the Oroville Public Financing Authority (OPFA).

Oroville Public Financing Authority debt – The OPFA had five outstanding revenue bond issues. The City's credit is not impacted by OPFA revenue bond issues. There are two types of revenues which fund the debt service on these issues.

OPFA obligations paid from special assessment revenues – The debt service payments on these assessment bonds and the interest from the reserve funds of each bond issue are the only sources of revenues to pay the debt service on the OPFA Revenue Bonds. The only security for the bonds is the debt service payments and the reserve funds of each bond issue.

There are two outstanding issues, OPFA Series 1992 (\$2,500,000) and OPFA Series 1992B (\$1,140,000) which were issued to purchase the City's \$3,280,000 of Assessment District No. 1993-1 Limited Obligation Improvement Bonds. As of June 30, 2007, \$1,460,000 was outstanding on these bond issues.

The only sources of payment of the debt service are the revenues from the assessment district bonds which consist of the special assessment taxes paid by the property owners and the interest on the reserve funds. The City originally had six (6) assessment districts. Assessment District No. 1993-1 refunded all of the prior assessment bonds and consolidated all six districts into one.

OPFA obligations paid from OPFA/RDA loan payment revenues – The loan payments made to the OPFA by the Redevelopment Agency on the loans between the OPFA and the Redevelopment Agency are the sole source of revenues to pay the debt service on these bonds.

The loan payments and the reserve funds of each bond issue are the only security for these revenue bonds.

In October 2002, the OPFA issued \$18,255,000 of 2002 Tax Allocation Revenue Bonds. The proceeds were loaned to the Redevelopment Agency to defease prior bond issues and to provide an additional \$5,250,000 in money for new Redevelopment Agency Projects.

In August 2004, two additional tax allocation revenue bond series were issued on parity with the 2002 bonds by the OPFA. The two series included the 2004 Tax Allocation Revenue Bonds, Series A in the amount of \$8,480,000 and the 2004 Taxable Tax Allocation Revenue Bonds, Series B in the amount of \$2,145,000. The proceeds of both series were loaned to the Redevelopment Agency to defease an issue, and to provide an additional \$5,375,000 in money for new RDA Projects.

	Balance July 1, 2006	Incurred or Issued	Satisfied or Matured	Balance June 30, 2007
Government Activities:				
Compensated Absences	\$502,291	\$513,068	\$437,761	\$577,598
Oroville Public Financing Authority				
Revenue Bonds Payable	29,385,000	0	525,000	28,860,000
Special Assessment District Bonds	1,440,838	0	43,333	1,397,505
Pension Obligation Bonds	0	7,260,000		7,260,000
Total Governmental Activities	<u>\$31,328,129</u>	<u>\$7,773,068</u>	<u>\$1,006,094</u>	<u>\$38,095,103</u>
Business Type Activities:				
Total Business Type Activities	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The above table excludes unamortized issue discounts, premiums and refunding losses.

Additional detail and information on capital asset activity and long-term debt activity is described in the notes to the financial statements on pages 42 thru 44.

CASH MANAGEMENT

The City continues to maintain a conservative investment program. Idle cash is invested in certain eligible investments as constrained by the adopted investment policy. The City's policy is to minimize credit and market risk, while maintaining a competitive yield on its deposits. Currently all idle cash is invested in the Local Agency Investment Fund (LAIF) of the State of California. Bond proceeds are invested as authorized by the bond documents, under the direction of the trustees. The Investment Policy was last revised in January of 2006.

CAPITAL ASSETS

The capital assets of the City are those assets which are used in the performance of the City's functions including infrastructure assets. At June 30, 2007, net capital assets of the governmental activities totaled \$33,084,255 and the net capital assets of the business type activities totaled \$0. Depreciation on capital assets is recognized in the Government-Wide Financial Statements. The City has elected to use straight line depreciation as defined by GASB Statement No. 34 for calculation of depreciation.

	Original Cost	Accumulated Depreciation	Book Value
Government Activities:			
Land	\$6,737,237	\$0	\$6,737,237
Buildings and Improvements	11,512,687	3,871,034	7,641,653
Underground Collection System	3,993,666	2,531,633	1,462,033
Equipment, Vehicles, Machinery	6,375,756	4,074,477	2,301,279
Infrastructure	33,006,965	23,833,318	9,173,647
Construction in Progress	5,768,406	0	5,768,406
Total Governmental Activities	<u><u>\$64,394,717</u></u>	<u><u>\$34,310,462</u></u>	<u><u>\$33,084,255</u></u>
Business Type Activities:			
Total Business Type Activities	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>

GENERAL FUND BUDGETARY HIGHLIGHTS

Comparing the fiscal year 2006/07 original (or adopted) General Fund budgeted expenditures in the amount of \$10,875,852 to the final budget amount of \$11,624,192 shows a net increase of \$748,340 to the final budget allocation. The increase consists of an approved carryover of \$676,465 into fiscal year 2006-07 under the Expenditure Control Budget as well as \$71,875 in supplemental changes to the budget approved during the fiscal year, a large portion of the changes were due to transfers to other funds to provide fiscal stabilization and salary/benefit increases.

NEXT YEAR'S BUDGET AND RATES

Current Year's Revenue Assumptions

The key assumptions in the City budget's revenue forecast for fiscal year 2007-08 were:

1. A 4% per year increase in property taxes was estimated due to current new housing development and ownership changes. Most of the City is in the Redevelopment Project Area No.1, and the majority of growth goes to the Redevelopment Agency.
2. Sales taxes were estimated using a revised base determined by the City's sales tax consultant, MRC/MBIA.
3. The base year amounts for Documentary Transfer Stamp, Transient Occupancy, Utility User, Franchise and Motor Vehicle In-Lieu of Taxes were adjusted based upon actual receipts. A 4% growth rate was assumed.
4. Investment earnings were expected to remain low in 2007-08, and the base year was adjusted downward accordingly with a 1% growth.
5. Sewer service charges were expected to increase by 4% in accordance with the City's long term plan for funding the sewer operations.

6. The Redevelopment Agency fund tax increment was estimated to grow by 4% over the previous year, based on the latest trends.
7. The Airport (Special Aviation) fund revenues from airplane fuel sales, hangar rentals and the golf course were estimated based upon historical trends.
8. In estimating all other funds, a fiscally conservative approach was taken to ensure an accurate representation of the fund's financial position. Revenue projections were estimated using historical data and other data provided by the State, League of California Cities and consultants. When combined with trends and other indicators this normally produces a reasonably good picture of the near future.

Personnel

Due to the current economic situation 1.33 new positions were estimated for the general operations of the City and 1 part-time position was approved for the Redevelopment Agency.

Capital Expenditures

Equipment

A small amount of equipment purchases were authorized in the 2007-08 equipment fund budgets, mostly to meet public safety needs. For the time being, with the present fiscal situation, the City will have to rely on carry-overs and other one-time revenues to fund much of the City's future equipment needs.

Facility Improvements

The budget for the Building/Facilities Capital Improvement fund contained a carryover of \$1,118,018 and \$249,209 appropriations for capital improvements to City buildings. The City Hall expansion project will be funded by a \$700,000 USDA loan.

Parks and Cultural Facilities

The Redevelopment Agency budget and the Parks Development fund contain appropriations which have been carried over into fiscal year 2007-08 for improvements to the State Theater, renovation of Hewitt Park and ADA (Americans with Disabilities Act) access improvements to City parks and cultural facilities.

Improvements to Streets and Infrastructure

The Redevelopment Agency has appropriated a significant amount of funds to improve City streets and infrastructure during the 2007-08 fiscal year. Projects include slurry seals and sidewalks.

Improvements to the Airport

An Airport layout plan is currently in progress with grant funding. No new improvements were budgeted for the Airport in 2007-08, ongoing grant appropriation efforts will continue. If awarded any grants during 2007-08 matching funds will be approved by City Council action.

Economic Development Capital Projects

Funds were carried over from the 2006-07 to 2007-08 Redevelopment Agency budget in the amount of \$1,048,842 for land purchase and \$2,979,088 in public improvements to the riverfront area. These funds, combined with a \$3 million State grant, Phase I of the Riverfront improvements to be completed by December 31, 2007. Design work was also completed for the entire Riverfront and continued efforts to acquire additional grant funding for the remaining phases are in progress. Other grants which are expected to be received as part of the re-licensing settlement agreement for renewal of the FREC (Federal Regulatory Energy Commission) license on the Oroville Dam, will have a significant impact on tourism which is a major industry in Oroville.

ECONOMIC FACTORS AND OUTLOOK

The City of Oroville is located in Northern California, 155 miles northeast of San Francisco and 77 miles north of Sacramento. Unemployment has continued to be high in the State of California and throughout the nation. Two other indicators, declines in both income and sales taxes, continue to impact the State of California and the nation.

As a result of a declining economy the State is showing a huge shortfall which will and has necessitated major cut-backs in spending. The State's fiscal problems are of concern to the City of Oroville because they have resulted in decreased State payments to cities in fiscal years 2005-06 and 2006-07 as the State struggles to balance its budget.

Motor Vehicle In-Lieu-of-Tax revenues continue to be an area of serious concern. During the current fiscal year the State continued to reimburse the cities for the loss due to the reduced Motor Vehicle In-Lieu-of-Tax. The reimbursement is funded by a continuous State general fund appropriation. The State has shifted the Motor Vehicle In-Lieu of Tax revenues to property tax allocations.

A decline in the stock market in the past years is still having an impact on the State and City budgets because there has been a decrease in the rates of return for the PERS (Public Employees Retirement System) which serves most of the public employees in the State of California. The decrease in the rate of return on PERS investments has resulted in considerable rate increases for the PERS pension plan which must be funded by the City.

The local economy showed some signs of a decline. Oroville's unemployment rates, which have consistently been higher than the rest of the State and the nation, in fiscal year 2006-07, unemployment increased from 7.9% to 8.7%. Although there was a year-to-year increase in 2006-07, the 8.7% unemployment rate still represents a 41% decrease from 2003/04 levels.

Another economic indicator, a decline in sales taxes, which was not as high in comparison with the rest of the State and Nation. Oroville sales tax receipts were \$2,737,202. This is \$28,192 less than the \$2,765,394 which was received in fiscal year 2005-06. There are indications that the decline of sales tax will continue and at this time a decline is being predicted for the 2007-08 fiscal year.

In fiscal year 2006-07, building activity continued to be strong with 74 building permits issued for new construction. This is a decrease from fiscal year 2005-06 when 100 building permits for new construction were issued.

A total of 42 of these permits were issued for construction of single family homes within existing and new subdivisions as well as various other areas throughout the City.

In addition, 30 low and moderate income families received first time home buyer loans funded through federal grants.

A total of 235 first time home buyer loans have been processed since 1997, when the program was created by the City. This in turn has enabled some of the homeowners, who have sold to first time home buyers, to purchase "move-up" properties, thus stimulating the housing market.

A total of 27 commercial building permits for new construction were issued. This included small to medium size commercial projects being constructed. The largest being a mini storage facility \$122,987 and a convenience store \$15,668.

The total valuation of all building permits issued in fiscal year 2006-07 was \$20,891,253. This was \$401,654 more than the \$20,489,599 issued in fiscal year 2005-06.

The City and the Oroville Redevelopment Agency started an aggressive retail marketing effort in fiscal year 2001-02, the results of which are expected to take several years for fruition. Home Depot opened in January 2005 and this has added additional interest in Oroville by other developers, such as Appleby's Restaurant who will open in early 2008.

The City and its Redevelopment Agency are committed to an aggressive economic development effort which seeks to diversify the overall commercial/industrial economic base of the area. As evidence, the City has been designated as an Enterprise Zone and a Recycling Market Zone, two strong economic development tools.

The City has been able to assist businesses to create and retain jobs, in a variety of ways, through a combination of grants, Redevelopment Agency funds and the sale and lease of land held for industrial development purposes. The City is also a member of a statewide industrial development bond JPA (Joint Powers Authority).

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, separate reports of the City's component units or need any additional financial information, contact the Department of Finance at 1735 Montgomery Street, Oroville, CA 95965, phone (530) 538-2410 or email the Director of Finance, (Diane MacMillan) at macmillandd@cityoforoville.org.

CITY OF OROVILLE
STATEMENT OF NET ASSETS
JUNE 30, 2007

ASSETS	Governmental Activities	Business- Type Activities	Total
Cash and Investments			
Cash With Fiscal Agent:			
Restricted	\$28,575,605	\$712,479	\$29,288,084
Receivables	4,809,247		4,809,247
Loans Receivable	5,300,289	28,345	5,328,634
Special Assessments Receivable	19,823,150		19,823,150
Inventory	202,829		202,829
Noncurrent Assets:	33,730		33,730
Deferred Charges	857,004		857,004
Net Pension Asset	6,964,330		6,964,330
Real Property Primarily Held for Resale	1,553,820		1,553,820
Capital Assets (net of accumulated depreciation):			
Nondepreciable	12,505,643		12,505,643
Depreciable (net of accumulated depreciation)	20,578,612		20,578,612
Total Assets	101,204,259	740,824	101,945,083
LIABILITIES			
Liabilities:			
Vouchers Payable And Other Current Liabilities	1,600,611	1,592	1,602,203
Payable From Restricted Assets:			
Accrued Interest Payable	517,696		517,696
Matured Bond Interest	8,175		8,175
Due To Other Related Agency	179,144		179,144
Deferred Loans	20,321,045		20,321,045
Deferred Revenues - Unearned	1,585,663		1,585,663
Unpaid Claims	276,184		276,184
Noncurrent Liabilities:			
Due Within One Year	920,342		920,342
Due In More Than One Year	37,163,337		37,163,337
Total Liabilities	62,572,197	1,592	62,573,789
NET ASSETS			
Invested In Capital Assets (net of related debt)			
Restricted For:			
Public Safety	9,433,101		9,433,101
Streets and Storm Drains	253,516		253,516
Parks and Leisure	2,168,558		2,168,558
Debt Service	80,504		80,504
Unrestricted	4,283,376	739,232	4,283,376
Total Net Assets	\$38,632,062	\$739,232	\$39,371,294

The notes to financial statements are an integral part of this statement.

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

	Program Revenues			Net (Expense) Revenue And Change in Net Assets		
	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS						
Governmental Activities:						
General Government	\$2,250,497	\$516,860	\$15,000	(\$1,718,637)		(\$1,718,637)
Public Safety	6,588,449	588,707	495,503	(5,504,239)		(5,504,239)
Public Works	1,454,510	518,926		(935,584)		(935,584)
Streets and Storm Drains	1,172,901	515,088	266,562	1,603,871		1,603,871
Transportation	455,305	475,224		19,919		19,919
Parks and Leisure	1,038,579	121,011	45,000	(872,568)		(872,568)
Health and Sanitation	1,287,714	1,683,329		395,615		395,615
Housing and Community Development	8,556,595	3,939,222	3,078,657	(1,538,716)		(1,538,716)
Interest and Fiscal Charges	1,751,264			(1,751,264)		(1,751,264)
Total Governmental Activities	24,555,814	8,358,367	3,900,722	(10,301,603)	\$0	(10,301,603)
Business-Type Activities:						
Local Transportation	376,907	17,989	627,198		268,280	268,280
Total Business-Type Activities	376,907	17,989	627,198	0	268,280	268,280
Total	\$24,932,721	\$8,376,356	\$4,527,920	(10,301,603)	268,280	(10,033,323)
General Revenues:						
Taxes:						
Property Taxes				6,020,342		6,020,342
Sales and Use Taxes				2,737,202		2,737,202
Sales and Use Taxes In-Lieu				2,161,518		2,161,518
Documentary Stamp				82,967		82,967
Transient Occupancy				323,713		323,713
Utility Users				1,384,802		1,384,802
Franchise				411,410		411,410
Unrestricted Investment Earnings				302,126	26,022	328,148
Intergovernmental Revenues Not Restricted To Specific Programs				232,279		232,279
Total General Revenues And Transfers				13,656,359	26,022	13,682,381
Change in Net Assets				3,354,756	294,302	3,649,058
Net Assets, July 1,				35,277,306	444,930	35,722,236
Net Assets, June 30,				\$38,632,062	\$739,232	\$39,371,294

The notes to financial statements are an integral part of this statement.

**CITY OF OROVILLE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007**

	ASSETS							Total Governmental Funds		
	General Fund	First Time Home Buyer Grant Fund	Community Development Block Grant Fund	Oroville Public Financing Authority Fund	Oroville Redevelopment Agency Fund	Oroville Redevelopment Agency Low & Moderate Income Housing Fund	HOME Housing Revolving Loan Fund		Other Governmental Funds	
Cash	\$1,860,087		\$518,815	\$44,625	\$4,385,164	\$1,152,542		\$19,370,852	\$27,332,085	4,809,247
Cash With Fiscal Agent				1,575,040				3,234,207		
Receivables:										
Taxes	335,284					18,254		20,887		414,326
Accounts	259,902					8,360		43,462		311,862
Sewer Service Charges					39,891			93,472		93,472
Grants		\$730,931	1,001,701					1,209,826		2,942,456
Interest	281,047			1,790		13,092		1,231,824		1,537,753
Loans Receivable	12,816	5,808,530	4,171,259			3,560,394	\$3,085,496	3,174,655		19,823,150
Special Assessments Receivable	567,985							1,551,950		1,551,950
Due From Other Funds	1,800,000			550,000				222,728		1,340,713
Advances Due From Other Funds				26,850,000				112,672		28,762,672
Real Property Primarily Held for Resale		43,833				1,509,987				1,553,820
Total Assets	\$5,127,131	\$6,539,461	\$5,735,608	\$29,021,455	\$4,425,193	\$6,262,629	\$3,095,496	\$30,266,535	\$90,473,508	
LIABILITIES AND FUND BALANCE										
Liabilities:										
Vouchers Payable	\$254,199		\$35,520		\$70,843	\$25,054		\$734,616		\$1,120,332
Accrued Salaries and Benefits	238,703		12,815		10,374	3,239		28,967		294,098
Contract Retentions Payable			58,036			17,587		56,137		133,760
Deposits Payable						1,183		5,273		6,456
Payable From Restricted Assets:										
Matured Bond Interest										
Due To Other Funds		\$120,099			550,000		\$26,393	8,175		8,175
Due To Other Related Agency								644,221		1,340,713
Advances Payable to Other Funds					28,650,000			179,144		179,144
Deferred Loans		5,808,530	4,171,259			3,531,484	3,085,496	112,672		28,762,672
Deferred Revenues - Unearned	11,003		43,833			1,509,987		3,714,276		20,321,045
Deferred Revenues - Special Assessments								20,840		1,585,663
Total Liabilities	503,905	5,928,629	4,321,463	\$0	29,281,317	5,088,534	3,121,899	6,855,442	1,349,121	55,101,179
Fund Balance:										
Reserved For Encumbrances	511,965	6,600	223,679		166,365	74,227		1,085,414		2,068,250
Reserved For Petty Cash	1,300									1,300
Reserved For Chinese Temple	23,455									23,455
Reserved For Public Safety								347,624		347,624
Reserved For Park Improvements								80,504		80,504
Reserved For Street Improvements								1,662,901		1,662,901
Reserved For Drainage/Sewer Improvements								1,869,421		1,869,421
Reserved For Long-Term Receivables	1,800,000			26,850,000				112,672		28,762,672
Reserved For Debt Service				1,575,040				3,311,885		4,886,935
Unreserved, Designated:										
Designated For General Reserve	700,000									700,000
Designated For Budgetary Carryovers	814,810									814,810
Unreserved, Undesignated - Reported In:										
General Fund	771,686	604,232	1,190,466	586,415	(25,022,489)	1,099,868	(26,393)	7,283,907		771,686
Special Revenue Funds								790,851		(14,273,984)
Debt Service Funds								6,865,904		790,851
Capital Projects Funds										6,865,904
Total Fund Balance	4,623,226	610,832	1,414,145	29,021,455	(24,856,124)	1,174,095	(26,393)	23,411,093	35,372,329	
Total Liabilities and Fund Balance	\$5,127,131	\$6,539,461	\$5,735,608	\$29,021,455	\$4,425,193	\$6,262,629	\$3,095,496	\$30,266,535	\$90,473,508	

The notes to financial statements are an integral part of this statement.

CITY OF OROVILLE
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
JUNE 30, 2007

Amounts reported for governmental activities in the statement of net assets are different because:	
Total Fund Balances	\$35,372,329
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Capital assets	\$67,394,717
Less: Accumulated depreciation	<u>(34,310,462)</u>
	33,084,255
Internal service funds are used by management to charge the costs of stores, vehicle maintenance and various insurance costs to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities statement of net assets.	955,519
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds Payable	(\$37,769,006)
Deferred charge of issuance costs (will be amortized)	7,821,334
Bond discounts (will be amortized)	117,797
Bond premium (will be amortized)	(174,701)
Deferred refunding loss (will be amortized)	274,117
Accrued interest payable	(517,696)
Compensated absences	<u>(531,886)</u>
	(30,780,041)
Net Assets Of Governmental Activities	<u><u>\$38,632,062</u></u>

The notes to financial statements are an integral part of this statement.

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

	General Fund	First Time Home Buyer Grant Fund	Community Development Block Grant Fund	Oroville Public Financing Authority Fund	Oroville Redevelopment Agency Fund	Oroville Redevelopment Agency Low & Moderate Income Housing Fund	HOME Housing Revolving Loan Fund	Other Governmental Funds	Total Governmental Funds
REVENUES									
Taxes:									
Property Taxes	\$541,608					\$1,294,528		\$54,867	\$6,020,342
Sales and Use Taxes	2,737,202								2,737,202
Sales and Use Taxes In-Lieu	2,161,518								2,161,518
Documentary Stamp	82,967								82,967
Transient Occupancy	323,713								323,713
Utility Users	1,384,802								1,384,802
Franchise	411,410								411,410
Special Assessments	403,914							177,149	177,149
Licenses and Permits	91,652							267,074	670,988
Fines and Forfeitures	302,126							1,429,957	91,652
Interest, Rents, and Concessions	219,192	\$2,212	\$71,390	\$1,427,797	217,537	150,129	\$153,631	3,155,361	3,754,779
Intergovernmental Revenues	711,608	1,377,116	1,167,718		353,411	61,768		1,513,375	6,334,566
Current Service Charges	184,219	3,295	326,175		336	520,721		1,313,041	2,225,163
Other Revenues									2,869,356
Total Revenues	9,556,131	1,382,623	1,565,283	1,427,797	4,700,623	2,027,146	675,200	7,910,824	29,245,627
EXPENDITURES									
Current:									
General Government	2,176,437								2,176,437
Public Safety	6,431,073							12,121	2,188,558
Public Works	358,093							135,884	6,566,957
Streets and Storm Drains	741,950							246,742	988,692
Transportation								366,683	366,683
Parks and Leisure	851,211							64,073	915,284
Health and Sanitation								1,238,363	1,238,363
Housing and Community Development		1,322,787	1,264,318		775,216	1,869,493	1,654,530	1,639,538	8,545,882
Debt Service:									
Principal Retirement								568,333	568,333
Interest and Fiscal Charges	120,659				1,366,272			1,533,360	2,899,632
Bond Issuance Costs	71,241								120,659
Capital Outlay			340,399		47,552	113,842		2,456,693	3,029,727
Total Expenditures	10,760,664	1,322,787	1,604,717	0	2,189,040	2,003,335	1,654,530	8,261,790	27,786,863
Excess (Deficiency) of Revenues Over Expenditure	(1,194,533)	59,836	(39,434)	1,427,797	2,511,583	23,811	(979,330)	(350,966)	1,458,764
OTHER FINANCING SOURCES (USES)									
Taxable Pension Bonds Issued									
Capital Lease	7,260,000								7,260,000
Discount on Taxable Pension Bonds	(72,594)							251,501	(72,594)
Payment to CalPERS - Unfunded Pension Expense	2,221,617								(7,066,747)
Transfers In	(708,225)	197,800	1,147,543	(2,276,848)	(739,363)	207,132	719,865	5,417,696	9,911,653
Transfers Out		(163,959)	(607,382)			(1,456,163)	(271,721)	(3,447,483)	(9,671,144)
Total Other Financing Sources (Uses)	1,634,051	33,841	540,161	(2,276,848)	(739,363)	(1,249,031)	448,144	2,221,714	612,869
Net Change in Fund Balances	439,518	93,677	500,727	(849,051)	1,772,220	(1,225,220)	(531,186)	1,870,748	2,071,433
Fund Balance, July 1	4,183,708	517,155	913,418	29,870,506	(26,628,344)	2,999,315	504,793	21,540,345	33,300,896
Fund Balance, June 30	\$4,623,226	\$610,832	\$1,414,145	\$29,021,455	(\$24,856,124)	\$1,174,095	(\$26,383)	\$23,411,093	\$35,372,329

The notes to financial statements are an integral part of this statement.

CITY OF OROVILLE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2007

Amounts reported for governmental activities in the statement of activities are different because:	
Net Change in Fund Balances - Total Governmental Funds	\$2,071,433
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	\$2,812,707
Depreciation expense	<u>(1,830,030)</u>
	982,677
The net effect of various miscellaneous transactions involving capital assets (i.e., sales trade-ins, and donations) is to increase net assets.	(100,824)
The issuance of long-term debt provides current financial resources to governmental funds, while payment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities:	
Debt Issued:	
Capital lease financing	(251,501)
Issuance of taxable pension obligation bonds	(7,260,000)
Less: Discounts	72,584
Less: Cost of issuance	<u>120,659</u>
Principal repayments:	(7,318,248)
Bonds	568,333
Payment for unfunded pension obligation	<u>7,635,080</u>
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated absences	(\$29,595)
Accrued interest	(81,475)
Amortization of bond issuance costs	(35,235)
Amortization of bond discount	(2,902)
Amortization of bond premium	7,483
Amortization of bond refunding loss	(17,133)
Amortization of prepaid pension obligation	<u>(102,417)</u>
	(261,274)
Internal service funds are used by management to charge the costs of stores, vehicle maintenance and various insurance costs to individual funds.	345,912
Change in Net Assets Of Governmental Activities	<u><u>\$3,354,756</u></u>

The notes to financial statements are an integral part of this statement.

CITY OF OROVILLE
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
JUNE 30, 2007

	Business-Type Activity Enterprise Fund	Local Transportation Fund	Governmental Activities Internal Service Funds
ASSETS			
Current Assets:			
Cash	\$712,479		\$1,243,520
Accounts Receivable	28,345		418
Inventory			33,730
Total Assets	740,824		1,277,668
LIABILITIES			
Current Liabilities:			
Vouchers Payable	1,592		12,114
Accrued Salaries and Benefits			23,021
Accrued Employee Compensated Leave			10,830
Unpaid Claims Liability			276,184
Total Liabilities	1,592		322,149
NET ASSETS			
Unrestricted	739,232		955,519
Total Net Assets	\$739,232		\$955,519

The notes to financial statements are an integral part of this statement.

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

	Business-Type Activity Enterprise Fund	Local Transportation Fund	Governmental Activities Internal Service Funds
<u>OPERATING REVENUES</u>			
Passenger Fares - Oro Express	\$17,989		\$990,502
Incoming Provisions			371,205
Reimbursements			
Total Operating Revenues	<u>17,989</u>		<u>1,361,707</u>
<u>OPERATING EXPENSES</u>			
Salaries and Benefits			155,826
Supplies			292,492
Other Services and Charges	376,907		42,768
Claims			327,597
Total Operating Expenses	<u>376,907</u>		<u>818,683</u>
Net Operating Income	<u>(358,918)</u>		<u>543,024</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Local Transportation Tax	627,198		
Investment Earnings	26,022		43,397
Total Nonoperating Revenues (Expenses)	<u>653,220</u>		<u>43,397</u>
Income (Loss) Before Operating Transfers	294,302		586,421
Transfers In			4,491
Transfers Out			(245,000)
Change in Net Assets	<u>294,302</u>		<u>345,912</u>
Net Assets, July 1	444,930		609,607
Net Assets, June 30	<u>\$739,232</u>		<u>\$955,519</u>

The notes to financial statements are an integral part of this statement.

CITY OF OROVILLE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Business-Type Activity Enterprise Fund	Governmental Activities Internal Service Funds
	Local Transportation Fund	
<u>Cash Flows From Operating Activities</u>		
Receipts From Customers and Users	\$17,989	\$311,792
Receipts From Interfund Services Provided		1,052,965
Payments to Employees	(378,191)	(156,544)
Payments to Suppliers		(705,003)
Net Cash Provided (Used) By Operating Activities	<u>(360,202)</u>	<u>503,210</u>
<u>Cash Flows From Noncapital Financing Activities</u>		
Local Transportation Tax	662,036	
Transfers In		4,491
Transfers Out		(245,000)
Net Cash Provided (Used) By Noncapital Financing Activities	<u>662,036</u>	<u>(240,509)</u>
<u>Cash Flows From Investing Activities</u>		
Interest on Investments	26,022	43,397
Net Cash Provided (Used) By Investing Activities	<u>26,022</u>	<u>43,397</u>
Net Increase (Decrease) In Cash	327,856	306,098
Cash Balance, July 1	384,623	937,422
Cash Balance, June 30	\$712,479	\$1,243,520
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:		
Operating Income (Loss)	(\$358,918)	\$543,024
Adjustments to Reconcile Operating Income to Net Cash Provided (Used):		
Decrease (Increase) in Accounts Receivable		3,050
Decrease (Increase) in Inventory		(653)
Increase (Decrease) in Vouchers Payable	(1,284)	(2,824)
Increase (Decrease) in Accrued Salaries and Benefits		3,023
Increase (Decrease) in Other Liabilities		(42,410)
Total Adjustments	<u>(1,284)</u>	<u>(39,814)</u>
Net Cash Provided (Used) By Operating Activities	<u>(360,202)</u>	<u>\$503,210</u>

The notes to financial statements are an integral part of this statement.

**CITY OF OROVILLE
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2007**

	Agency Funds
<u>ASSETS</u>	
Cash	\$403,648
Receivables:	
Taxes	13,642
Total Assets	\$417,290
<u>LIABILITIES</u>	
Vouchers Payable	\$10,582
Deposits Payable	283,351
Due to Other Agencies	123,357
Total Liabilities	\$417,290

The notes to financial statements are an integral part of this statement.

**CITY OF OROVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

1) Summary of Significant Accounting Policies

A) Reporting Entity

The City of Oroville was incorporated January 3, 1906 under the applicable laws and regulations of the State of California. The City operates under a Council-Administrator form of government and provides the following services as authorized by its charter: public safety (police, fire and code enforcement), streets and highways, sanitation, health and social services, cultural-recreation, public improvements planning and zoning, and general administrative services.

Blended Component Units. The Oroville Redevelopment Agency (Agency), established October 6, 1980, is a community redevelopment agency formed, organized and existing pursuant to the provisions of Part I of Division 24 (commencing with Section 33000) of the State of California Health and Safety Code. The Agency has established one Redevelopment Project Area known as Oroville Redevelopment Project No. 1, encompassing approximately 6,080 acres, wholly within the City limits. Although the City and Agency are legally separate entities, the seven (7) members of the Oroville City Council also act as the governing body of the Agency. For financial reporting purposes, the Agency is reported as if part of the City's operation because of the common governing body members and the Agency's redevelopment activities are for the benefit of the citizens of the City.

Oroville Public Financing Authority

The Oroville Public Financing Authority (Authority), established January 21, 1992, is a joint powers authority created by the City of Oroville and the Oroville Redevelopment Agency. The Authority was formed, organized and is existing pursuant to the provisions of Articles 1 through 4 (commencing with Section 6500) of Chapter 5, Division 7, Title 1 of the California Government Code (Mark-Roos Local Bond Pooling Act of 1985). Again the City and Authority are legally separate entities. For financial reporting purposes, the Authority is reported as if a part of the City's operations because the seven (7) members of the Oroville City Council also act as the governing body of the Authority and the purpose of the Authority is to assist in the financing of public capital improvements.

Complete financial statements of the Oroville Redevelopment Agency component unit can be obtained directly from the City of Oroville, 1735 Montgomery Street, Oroville, CA 95965. The Oroville Public Financing Authority does not prepare financial statements as a separate component unit.

B) Government-Wide And Fund Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information of all the nonfiduciary activities of the City and its component units. For the most part, the effect of Interfund activity has been removed from these statements. *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 and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those clearly identifiable with a specific function or segment. In conformity with the City indirect cost allocation plan, certain indirect costs are included in the program expense reported for individual functions and activities. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**CITY OF OROVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

C) Measurement Focus, Basis Of Accounting, And Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds and fiduciary fund financial statements (except for agency funds, which have no measurement focus). Revenues are recognized when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, sales and use taxes, other taxes, rents, current service charges and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the City receives cash.

The City reports the following major governmental funds:

General Fund - the City's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund.

Special Revenue Funds - account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to expenditure for specific purposes. Major special revenue funds include the following:

First Time Home Buyer Grant Fund – to account for the loan and administrative activity of the City's Home Investment Partnerships Program.

Community Development Block Grant Fund – to account for the loan and administrative activity of the City's Community Development Block Grant Program.

Oroville Public Financing Authority Fund – to account for the activities related to financing public capital improvements to be owned by any of its members or other governmental entities.

Oroville Redevelopment Agency Fund – to account for the tax increment revenues used for the general operations of the Oroville Redevelopment Agency.

Oroville Redevelopment Agency Low & Moderate Income Housing Fund – to account for the 20% housing set-a-side tax increment revenues used for the housing operations of the Oroville Redevelopment Agency.

HOME Housing Revolving Loan Fund – to account for activities relative to the City's housing revolving loan program funded by the State HOME grants.

The City has only one enterprise fund. This fund has been reported as a major proprietary fund:

Local Transportation Fund – to account for the operations of the Oro Express subsidized taxi service and the City's share of revenues and expenses for the Butte County Transit and Oroville Area Transit in accordance with the Transportation Development Act of the State of California.

Additionally, the City reports the following fund types:

Debt Service Funds - account for the accumulation of resources for, and payment on, long-term obligation debt principal and interest (other than that serviced primarily by a governmental enterprise).

**CITY OF OROVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

Internal Service Funds - account for payroll revolving activity, stores (purchasing), vehicle maintenance, workers' compensation, unemployment insurance and vision insurance services provided to other departments or agencies of the City, or to other governments, on a cost reimbursement basis.

Fiduciary Funds - agency funds are used by the City to report resources held by the City in a custodial capacity for the Feather River Bluffs assessment district, special deposits trust, Honor Grove, and the Lake Oroville JPA. These funds are used to record receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations or other governments.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's proprietary fund functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Principal operating revenues of the City's local transportation fund and the City's internal service funds are charges to customers for sales and services. Operating expenses for the enterprise fund and internal service funds include cost of transit operations, salaries and benefits, supplies and other services, and insurance premiums and deductibles. None of the City's proprietary funds own depreciable assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed.

Change in Financial Statement Presentation

During the year the City established one (1) new non-major special revenues fund - Housing Rehabilitation Revolving Loan Fund. A prior year fund with the same name was renamed the City Housing Rehabilitation Revolving Loan Fund. The new fund was created account for the activities of the City's housing rehabilitation revolving loan program.

The Oroville Public Financing Authority Redemption Fund (formally reported as a major fund) has been reported as a non-major debt service fund in the accompanying financial statements. The HOME Housing Revolving Loan Fund (formally titled the HOME Revolving Loan Fund) has been classified and reported as a major special revenue fund in the current fiscal year.

D) Assets, Liabilities, And Net Assets Or Equity

1) Deposits And Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**CITY OF OROVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

2) Inventories

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Stores Revolving Fund consists of expendable supplies held for consumption. The cost is charged to the individual departments and funds as inventories are disbursed. The stores inventory is reconciled, and expenditures are distributed, on a quarterly basis. Inventory in the Vehicle Maintenance Fund consists of expendable supplies for vehicle repair and maintenance.

3) Restricted Net Assets

The government-wide statement of net assets reports \$6,785,954 of restricted net assets, of which \$2,502,578 is restricted by enabling legislation. Certain proceeds of the Oroville Public Financing Authority revenues bonds (as well as certain resources set aside for their repayment) are reported as restricted assets on the balance sheet because their use is limited by applicable bond or other covenants.

4) Receivables And Payables

For the government-wide financial statements, the individual components comprising *receivables* and *vouchers payable and other current liabilities* include the following:

	Governmental Activities	Business- Type Activities	Total Government
Receivables:			
Taxes	\$414,326		\$414,326
Accounts	312,280	\$28,345	340,625
Sewer Service Charges	93,472		93,472
Grants	2,942,458		2,942,458
Interest	1,537,753		1,537,753
Total Receivables	<u><u>\$5,300,289</u></u>	<u><u>\$28,345</u></u>	<u><u>\$5,328,634</u></u>
Vouchers Payable And Other Current Liabilities:			
Vouchers Payable	\$1,132,446	\$1,592	\$1,134,038
Accrued Salaries and Benefits	327,949		327,949
Contract Retentions Payable	133,760		133,760
Deposits	6,456		6,456
Total Vouchers Payable And Other Current Liabilities	<u><u>\$1,600,611</u></u>	<u><u>\$1,592</u></u>	<u><u>\$1,602,203</u></u>

All trade and tax receivables are shown in total. No allowance for uncollectible accounts receivable has been provided as management has determined that uncollectible accounts have historically been immaterial and the direct write-off method does not result in a material difference from the allowance method.

Property taxes for the current year were attached as an enforceable lien as of January 1, 2006, and were levied on July 1, 2006. Taxes are due in two equal installments on December 10 and April 10. The City relies on the competency of the County of Butte Assessor's office to properly assess, collect and distribute property taxes.

For the government-wide financial statements, the individual components comprising *special assessments* receivable include the following:

	Special Assessments
Current	\$194,654
Delinquent	8,175
Total Special Assessments	<u><u>\$202,829</u></u>

At June 30, 2007, the City had no unbilled receivables.

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

Under the Community Development Block Grant (CDBG) Loan Program and Home Investment Partnerships (HOME) Program, which are funded by the Department of Housing and Urban Development through the State Department of Housing and Community Development (HCD), and the City's Revolving Loan Program (RLF) loans are made to qualified individuals and businesses within prescribed project areas for the purpose of housing acquisition, housing rehabilitation and/or economic development. The majority of these loans are on a deferred payback program for 15 years or upon transfer of title. In accordance with accounting procedures prescribed by HCD, repayments of the outstanding loans are classified as a revenue source in the Community Development Block Grant Fund, First Time Home Buyers Fund and the City's various revolving loan funds. The long-term portion of all CDBG/RLF loans receivable has been presented as *deferred loans* on the accompanying financial statements.

As required by the State Health and Safety Code, twenty percent (20%) of Redevelopment Agency (RDA) tax increment revenues are set aside in a special fund for the purposes of providing housing to low and moderate income citizens. Accounting procedures applied are consistent with the Community Development Block Grant Program. The long-term portion of all RDA loans receivable has been presented as deferred loans on the accompanying financial statements.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to either "due to/from other funds" (i.e. the current portion of Interfund loans) or "advances to/from other funds" (i.e. the non-current portion of Interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activity are reported in the government-wide financial statements as "internal balances."

5) Real Property Primarily Held for Resale

Under the terms of the loans granted by the City and Oroville Redevelopment Agency low and moderate income housing programs discussed in Note 1(D)(4) above, several properties have been acquired through foreclosure proceedings. In addition, the City has acquired and constructed homes for the purpose of infilling the supply of low and moderate housing. These properties will be subsequently sold and the proceeds placed back into the low and moderate income housing programs. Therefore, these properties have been recorded as an asset on the accompanying financial statements at the lower of cost (the amount of the unpaid loan plus costs for foreclosure properties) or market and fully offset by recognizing a liability for deferred revenue - unearned. At June 30, 2007, the carrying value of these properties was \$1,553,820.

6) Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items) are reported in the governmental column in the governmental-wide financial statements. The City's business-type activity has no capital assets. The City defines capital assets as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Interest is capitalized on construction of major assets acquired with debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the year ended June 30, 2007.

The City's museums contain collections of historical artifacts including antique tools, Chinese artifacts and artwork, and relics from the region's past. These collections are protected, cared for and preserved by the

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City for the purpose of public exhibition; and proceeds from the sale of any item, if any, are used to acquire additional items for the collection. Therefore, the City has elected not capitalize these collections.

Property, plant and equipment of the City are depreciated using the straight-line method using the following useful lives:

	<u>Years</u>
Improvements other than buildings	15 - 50 years
Buildings	20 - 50 years
Infrastructure	30 - 60 years
Underground collector system	50 years
Machinery and equipment	5 - 20 years
Infrastructure	15 - 50 years

7) Compensated Absences

As required by GASB-16, the liability for compensated absences has been recorded. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. However, management of the City of Oroville does not expect to liquidate the liability for compensated absences of governmental activities with expendable available resources at June 30, 2007, but rather from resources received in future periods. Therefore, no liability for compensated absences applicable to governmental activities has been reported in the governmental fund financial statements.

Unused vacation benefits (up to a maximum of 2 years earned benefits) are paid to employees upon termination. Unused sick leave benefits do not vest with the employee and, except as explained below, are lost upon termination. Therefore, unused sick leave benefits have not been accrued. Under the Fair Labor Standards Act (FLSA), safety employees (Police and Fire) may accrue up to 480 hours of compensatory time and general employees may accrue a maximum of 240 hours of compensatory time. Unused compensatory time is compensated for upon termination. Note: Appointed officials and "administrative" employees are exempt from coverage under FLSA.

Postemployment Benefits - Under the terms of the City's current memorandum of understanding with its various employee bargaining units, regularly retiring employees can convert accumulated sick leave benefits to purchase continued medical insurance coverage based upon the leave dollar value at the time of retirement. Retiring management employees are permitted one month's medical premium for each three days of accumulated sick leave. The City uses a pay-as-you-go basis to fund the cost of continued medical coverage. During the year ended June 30, 2007, the City incurred expenditures of \$109,247 under this program for sixteen (16) former employees.

The City does not provide any additional postemployment benefits for its employees, except for the Public Employees Retirement System administered by the State of California.

8) Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of assets. Bond discounts and premiums are deferred and amortized over the life of the bonds using the straight-line method, which is not materially different from the effective interest method. Bonds payable are reported net of the unamortized discounts and premiums. Debt issue costs are reported as deferred charges and are being amortized using the straight-line method over the term of the related debt.

**CITY OF OROVILLE
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9) Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose. Designated fund balances represent tentative management plans for future use of financial resources and are subject to change.

2) Stewardship, Compliance And Accountability

A) Budgetary Information

Bi-annually, the City legally adopts a budget for the general, special revenue, and capital projects funds. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) Bi-annually, in June, the City Administrator submits to the City Council a proposed operating budget for the subsequent two (2) fiscal years commencing the following July 1. The operating budgets include proposed expenditures and the means of financing them.
- 2) Public hearings are conducted at City Hall to obtain taxpayer comments.
- 3) By the first Council meeting in July, and after adjustment as appropriate by the City Council, the budgets are legally enacted through Council motion. The City's charter requires adoption of an annual budget, therefore, the second year of each two-year budget is formally adopted again at the beginning of the second fiscal year.
- 4) Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds and capital projects funds as well as the Local Transportation, Stores Revolving, Vehicle Maintenance, Workers' Compensation, Unemployment and Vision Insurance funds. Formal budgetary integration is not employed for Debt Service Funds because effective budgetary control is alternatively achieved through various bond indenture provisions. These budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP), accordingly, actual revenues and expenditures can be compared with related budgeted amounts without any significant reconciling items.

Budgeted amounts are as originally adopted on July 5, 2006, and as subsequently modified, by the City Council. Council approval is required for transfers between funds, or for an increase in total appropriations. As per the City's budget policy, the total amounts appropriated from each fund may not be legally exceeded. The City Administrator is responsible for administering the budget to the various departments within the City. For the operating budget, department heads may authorize minor expenditure transfers between activities within a fund's operating budget appropriation total. For the capital budget, department heads may not authorize expenditures that exceed individual line item budgetary appropriations. Supplemental appropriations for the year ended June 30, 2007, totaled \$14,446,141. The City's policy is to allow appropriations to lapse at year-end.

Encumbrances - Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Funds, and Capital Projects Funds. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year. Encumbered amounts lapse at year-end. However, encumbrances generally are reappropriated as a part of the following year's budget.

B) Excess Of Expenditures Over Appropriations

For the year ended June 30, none of the City's funds had expenditures that exceeded appropriations.

**CITY OF OROVILLE
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C) Deficit Fund Equity

The following special revenue funds and capital projects fund had deficit fund equity as of June 30, 2007:

Oroville Redevelopment Agency	(\$24,856,124)
HOME Housing Revolving Loan	(26,393)
Housing Administration	(19,010)
Capital Projects	(50,249)
Building Facilities Capital Improvement	(40,501)

The Oroville Redevelopment Agency Fund (RDA) deficit is due to reporting long-term advances due to the OPFA as a liability in the RDA fund as required by GASB pronouncements. These long-term advances will be repaid through the collection of future tax increment revenues allocated to the RDA through the year 2031. The HOME Housing Revolving Loan Fund and Housing Administration Fund deficit was caused by interfund transfers into the fund being less than the operating expenditures of the funds. The deficits will be eliminated by additional operating transfers in future periods. The Capital Projects Fund and Building Facilities Capital Improvement Fund deficits are expected to be eliminated through future grant revenues and or transfers from other funds.

Management will continue to monitor these activities to ensure improved financial position. The deficits do not represent a significant financial burden.

3) Detailed Notes On All Funds

A) Deposits And Investments

Cash and investments are reported in the accompanying financial statements as follows:

Statement of Net Assets:	
Cash and investments	\$29,288,084
Restricted cash with fiscal agent	4,809,247
Statement of Fiduciary Net Assets:	
Cash and investments	403,648
Total Cash and Investments	<u>\$34,500,979</u>

Cash and investments consist of the following:

Cash on hand	\$1,450
Deposits with financial institutions	756,387
Investments	33,743,142
Total Cash and Investments	<u>\$34,500,979</u>

Authorized Investments – City Investment Policy - The table below identifies the types of investments that are authorized by the City's investment policy:

Authorized Investment Type	Maximum Maturity (1)	Maximum Total of Portfolio	Maximum Investment On One Issuer
Obligations of the U.S. Government	3 years	No limit	None
Obligations of U.S. Government Agencies and Instrumentalities	3 years	50%	50%
Time certificates of deposit	1 year	50%	\$1,000,000
Local Agency Investment Fund	N/A	\$40 million	None
Repurchase agreements	10 days	20%	50%
Passbook savings account demand deposits	N/A	50%	\$1,000,000
Money Market/Mutual Funds	3 years	15%	50%
Bankers Acceptance	180 days	30%	50%

(1) = Investments with longer maturity periods can be authorized by Oroville City Council.

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Authorized Investments – Debt Trustee Agreements - Investments held by bond fiscal agents (trustees) are governed by the provisions of the underlying indenture agreements rather than the general provisions of the City's investment policy or California Government Code. The indenture agreements do not specifically identify maximum maturity and maximum investment provisions. The indenture agreements do identify the following permitted investments:

- U.S. Government Obligations
- U.S. Agency Obligations
- Money Market Funds (rated AAAM-G or AAAM)
- Demand or Time Deposits (FDIC insured or fully secured)
- Bonds or Notes (must have one of two highest ratings)
- Bankers Acceptances (rated P1, A1, or A-1+)
- Commercial Paper (rated P1 and A1)
- Repurchase Agreements
- Pre-refunded municipal obligations (highest rating category)
- Local Agency Investment Fund

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. The City's investment policy requires that investments have an original maturity date of less than three (3) years, unless the City Council specifically authorizes a longer term. It is the City's practice to manage its exposure to interest rate risk is by purchasing a combination of shorter 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 City's operations

As of June 30, 2007, the City's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (years)			
		Under 1	1-5	6-10	Over 10
State Investment Pool - LAIF	\$28,933,893	\$28,933,893			
Held By Bond Trustee:					
Money Market Funds	1,431,532	1,431,532			
Investment agreement	1,936,879				\$1,936,879
1993-1 LTD Obligation Bonds	1,440,838	48,384	\$249,000	\$501,000	642,454
Total Fair Value	\$33,743,142	\$30,413,809	\$249,000	\$501,000	\$2,579,333

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 an investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's investment policy requires time certificates of deposit and passbook savings accounts to be insured or collateralized as described under "Custodial Credit Risk" below. Repurchase agreements must be fully collateralized, and will only be with a primary dealer of the Federal Reserve Bank having a long-term debt rating of "AAA" by Moody's or Standard & Poors. The policy does not establish minimum ratings for other authorized investments.

As of June 30, 2007, the City's investments were in compliance with the ratings required by the City's investment policy and indenture agreements. Under the terms of the investment repurchase agreement permitted securities must equal 103% of the amount deposited and be comprised of direct obligations or unconditionally guaranteed by the U.S. Government; obligations, debentures, or notes issued by the Federal Home Loan Mortgage Corporation and Federal National Mortgage Association; or cash (100% security ratio).

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Investment Type	Fair Value	Exempt From Disclosure	Year End	Not
			Rating	Rated
			AAA/AAAm	
State Investment Pool - LAIF	\$28,933,893			\$28,933,893
Held By Bond Trustee:				
Money Market Funds	1,431,532		\$1,431,532	
Investment agreement	1,936,879		1,936,879	
1993-1 LTD Obligation Bonds	1,440,838			1,440,838
Total Fair Value	\$33,743,142	\$0	\$3,368,411	\$30,374,731

Concentrations of Credit Risk

With the exception of securities of the U.S. Government and LAIF, the investment policy of the City limits the amount that can be invested in any one issuer to no more than 50% of the total portfolio, or \$1,000,000 for time certificates of deposit and passbook savings accounts. At June 30, 2007 the City had no investments in any one issuer (other than U.S. Treasury securities, mutual funds and external investment pools) that represented 5% or more of the total City investments are as follows:

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that in the event of bank failure, the City's deposits may not be returned to the City or the City 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 failure of the counterparty (e.g. broker-dealer) to a transaction, the City 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 City'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 provisions for deposits: The California Government Code requires that a financial institution secure deposits made by state and local governmental units by pledging securities in an undivided collateral pool held by the 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 110% of the total deposits by public agencies. California law also allows financial institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

At year-end, the City's deposits with financial institutions totaled \$806,953, of which \$100,000 was covered by federal depository insurance. The \$706,753 uninsured amount was exposed to custodial credit risk and was collateralized by securities, as described above.

As of June 30, 2007, City investments in the following investment types were held by the same institution that was used by the City to buy the securities:

Investment Type	Reported Amount
Money Market Funds	\$1,431,532
Investment agreement	1,936,879
1993-1 LTD Obligation Bonds	1,440,838

Investment in State Investment Pool

The Local Agency Investment Pool (LAIF) is a special fund of the California State Treasury through which local governments may pool investments. The City may invest up to \$40,000,000 in the fund. Investments in LAIF are highly liquid, as deposits can be converted to cash within 24 hours without loss of interest. Funds deposited in LAIF are invested in accordance with Government Code Sections 16430 and 16480. Oversight of LAIF is provided by the Pooled Money Investment Board whose members are the California State Treasurer, California Director of Finance and the California State Controller. For the purpose of these financial statements, the fair value of amounts in LAIF is equivalent to the dollars held.

**CITY OF OROVILLE
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B) Net Pension Asset

The City is a member of the California Public Employees' Retirement System (PERS). In fiscal year 2006/07, the City issued \$7,260,000 in Pension Obligation Bonds in order to pay the City's unfunded actuarial accrued liability with PERS. The payment to PERS resulted in the City recording a "Net Pension Asset" in the government-wide financial statements in the original amount of \$7,066,747. This amount is being amortized on a straight-line basis over the 17 year life of the bonds. The unamortized balance of the asset was \$6,964,330 as of June 30, 2007.

C) Capital Assets

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

	Balance July 1, 2006	Additions	Deletions and Adjustments	Balance June 30, 2007
Government Activities:				
Nondepreciable Capital Assets:				
Land	\$6,737,237			\$6,737,237
Construction in progress	3,375,035	\$2,393,371		5,768,406
Total Nondepreciable Capital Assets	<u>10,112,272</u>	<u>2,393,371</u>	<u>\$0</u>	<u>12,505,643</u>
Depreciable Capital Assets:				
Improvements other than buildings	3,318,215			3,318,215
Buildings	8,194,065	407		8,194,472
Underground collection system	3,993,666			3,993,666
Machinery and equipment	6,118,561	418,929	161,734	6,375,756
Infrastructure	33,006,965			33,006,965
Total Depreciable Capital Assets	<u>54,631,472</u>	<u>419,336</u>	<u>161,734</u>	<u>54,889,074</u>
Less: Accumulated Depreciation:				
Land improvements	(1,574,880)	(149,176)		(1,724,056)
Buildings	(1,952,239)	(194,739)		(2,146,978)
Underground collection system	(2,458,904)	(72,729)		(2,531,633)
Machinery and equipment	(3,686,114)	(449,273)	(60,910)	(4,074,477)
Infrastructure	(22,869,205)	(964,113)		(23,833,318)
Total Accumulated Depreciation	<u>(32,541,342)</u>	<u>(1,830,030)</u>	<u>(60,910)</u>	<u>(34,310,462)</u>
Depreciable Capital Assets, net	<u>22,090,130</u>	<u>(1,410,694)</u>	<u>100,824</u>	<u>20,578,612</u>
Governmental Activities Capital Assets, net	<u><u>\$32,202,402</u></u>	<u><u>\$982,677</u></u>	<u><u>\$100,824</u></u>	<u><u>\$33,084,255</u></u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities:	
General government	\$33,425
Public safety	316,257
Public works	1,103,897
Transportation	89,850
Parks and leisure	172,825
Health and sanitation	72,729
Housing and community development	41,047
Total Depreciation Expense - Governmental Activities	<u><u>\$1,830,030</u></u>

**CITY OF OROVILLE
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Construction And Other Commitments

The City had several major active construction projects as of June 30, 2007. At year-end the City's commitments with contractors are as follows:

	<u>Expended To-Date</u>	<u>Remaining Commitment</u>
Riverfront Improvement - Phase I	\$671,607	\$2,328,393
Montgomery Street Roundabout	123,879	704,875
City Gateway Project	-	1,000,000
Safe Routes to Schools	198,977	74,458
Montgomery Street/Highway 70 Landscaping	199,280	281,451
City Hall Expansion/Remodel	283,659	484,876

D) Interfund Receivables, Payables And Transfers

The composition of Interfund balances and advances within the City's fund financial statements as of June 30, 2007 is as follows:

Due To(From) Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Capital Projects	\$551,816
General	Building Facilities Capital Improvement	16,169
Oroville Public Financing Authority Fund	Oroville Redevelopment Agency	550,000
Economic Development Revolving Loan	EDBG	58,249
Housing Rehabilitation Revolving Loan	First Time Home Buyer Grant	120,099
Housing Rehabilitation Revolving Loan	HOME Revolving Loan	26,393
Equipment Replacement	Special Aviation	17,987
		<u>\$1,340,713</u>

Long-Term Advances Due To(From) Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Oroville Redevelopment Agency	\$1,800,000
	Total General Fund	<u>1,800,000</u>
Oroville Public Financing Authority Fund	Oroville Redevelopment Agency Fund	26,850,000
	Total Special Revenue Funds	<u>26,850,000</u>
Equipment Replacement	Special Aviation	112,672
	Total Capital Project Funds	<u>112,672</u>
		<u>\$28,762,672</u>

The General Fund reports a receivable from the Capital Projects and Building Facilities Capital Improvement Funds due to a negative pooled cash balances at June 30, 2007. The deficit cash balances will be are expected to eliminated through future operating transfers.

The Oroville Public Financing Authority (OPFA) has made several loans to the Oroville Redevelopment Agency totaling \$27,400,000, of which \$550,000 has been classified as a current liability. As explained in Note 3(E), Long-Term Debt, the OPFA issued several series of revenue bonds, the proceeds of which were loaned to the RDA. The loan agreement between the OPFA and the RDA contain the same debt service repayment provisions as the OPFA series bonds as explained in Note 3(E). Total interest and principal paid to the OPFA during the year ended June 30, 2007 was \$1,270,630 and \$485,000, respectively.

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The Housing Rehabilitation Revolving Loan Fund and the Economic Development Revolving Loan Fund report a receivable from the Housing Administration Fund and EDBG Fund, respectively, due to a negative pooled cash balance at June 30, 2007. The deficit cash balances will be eliminated when sufficient loan payments are collected by the Housing and EDBG Funds.

The Equipment Replacement Fund has advanced the Special Aviation Fund \$130,659, of which \$17,987 has been reported as a current liability. The loan is to be repaid over the next 7 years at an interest rate of 5.00%. Total interest and principal paid to the Equipment Replacement Fund during the year ended June 30, 2007 was \$7,000 and \$17,112, respectively.

The General Fund has advanced the Oroville Redevelopment Agency (RDA) \$1,800,000. The loan shall be repaid at such time funds become available to the RDA for repayment; therefore, there is no established repayment schedule. The interest rate is 5.00% and is paid annually. Total interest paid to the General Fund for the year ended June 30, 2007 was \$90,000.

The General Fund, OPFA Fund and Equipment Replacement Fund have each established a reserve of fund balance for the long-term advances receivable.

The following operating transfers were made during the year ended June 30, 2007:

Transfers	Transfers In	Transfers Out
General Fund	\$2,221,617	\$708,225
Special Revenue Funds:		
First Time Home Buyer Grant	197,800	163,959
Community Development Block Grant	1,147,543	607,382
Oroville Public Financing Authority		2,276,848
Oroville Redevelopment Agency		739,363
Oroville Redevelopment Agency Low & Moderate Income Housing Fund	207,132	1,456,163
HOME Housing Revolving Loan Fund	719,865	271,721
Nonmajor Special Revenue Funds	2,720,631	3,184,137
Debt Service Funds:		
Nonmajor Debt Service Funds	2,373,857	3,696
Capital Projects Funds:		
Nonmajor Capital Projects Funds	323,208	259,650
Internal Service Funds	4,491	245,000
	<u>\$9,916,144</u>	<u>\$9,916,144</u>

The City makes routine transfers between funds to 1) allocate costs in conformity with its indirect cost allocation plan, 2) move revenues from the fund with collection authorization to the debt service fund, 3) transfer resources for administration of its housing grants program, and 4) move housing/economic development grant program income into revolving loan funds.

**CITY OF OROVILLE
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E) Long-Term Debt

Long-term liability activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007	Due Within One Year
<u>Government Activities</u>					
Bonds Payable:					
Taxable Pension Obligation Bonds	\$0	\$7,260,000	\$0	\$7,260,000	\$85,000
Less: Unamortized discount	0	(72,594)	(1,052)	(71,542)	
Total pension obligation bonds	0	7,187,406	(1,052)	7,188,458	85,000
Oroville Public Financing Authority:					
Revenue bonds payable	29,385,000		525,000	28,860,000	605,000
Less: Unamortized discount	(48,105)		(1,851)	(46,254)	
Unamortized refunding loss	(291,250)		(17,133)	(274,117)	
Add: Unamortized premium	182,183		7,483	174,700	
Total revenue bonds payable	29,227,828	\$0	513,499	28,714,329	605,000
Special Assessment Debt:					
Limited obligation bonds	1,440,838		43,333	1,397,505	48,384
Total Bonds Payable	30,668,666	7,187,406	555,780	37,300,292	738,384
Capital lease obligation	0	251,501		251,501	48,986
Compensated absences	502,291	531,886	502,291	531,886	132,972
Total Long-Term Liabilities	\$31,170,957	\$7,970,793	\$1,058,071	\$38,083,679	\$920,342

Compensated absences are generally liquidated by the general fund. Other individual debt issues comprising the City's long-term debt are as follows:

Taxable Pension Obligation Bonds

\$7,260,000 Taxable Pension Obligation Bonds – 2007 Series A-1 are comprised of \$7,260,000 in serial bonds. The bonds are an unconditional obligation of the City of Oroville payable from legally available funds. However, the bonds are not voter-approved debt backed by the taxing power of the City and the full faith and credit of the City has not been pledged to the repayment of the bonds. The proceeds of the bonds were used to pay the City's unfunded accrued actuarial liability to the California Public Employees' Retirement System. The bonds are due in annual installments ranging from \$85,000 to \$820,000 through June 1, 2024; interest ranging from 5.06 to 5.37 percent.

\$7,260,000

Oroville Public Financing Authority (OPFA) Revenue Bonds

\$2,500,000 Oroville Public Financing Authority Revenue Bonds Series 1992 are comprised of \$600,000 in serial bonds and \$1,900,000 of term bonds. The bonds are a special obligation of the Authority payable solely from proceeds of the sale of the bonds and investment revenues from local obligations and purchase contracts. The serial bonds are due in annual installments ranging from \$20,000 to \$65,000 through September 15, 2009; interest ranging from 5.00 to 7.90 percent. The term bonds are due on September 15, 2022; interest rate at 8.00 percent.

\$1,035,000

\$1,140,000 Oroville Public Financing Authority Revenue Bonds Series 1992B are comprised of \$355,000 in serial bonds and \$785,000 of term bonds. The bonds are a special obligation of the Authority payable solely from proceeds of the sale of the bonds and investment revenues from local obligations and purchase contracts. The serial bonds are due in annual installments ranging from \$10,000 to \$35,000 through September 15, 2011; interest ranging from 4.75 to 7.60 percent. The term bonds are due on September 15, 2022; interest rate at 7.75 percent.

425,000

**CITY OF OROVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

The proceeds of the 1992 and 1992B Series bonds were used to acquire the City of Oroville Assessment District (OAD) No. 1993-1 Limited Obligation Improvement Bonds (described later) that were issued to acquire public improvements. The OAD has defaulted on certain payments requiring the OPFA to utilize bond reserve funds to make payments on the 1992 and 1992B Series bonds. On September 16, 1997, the bond Trustee declared an "Event of Default" with respect to these bond issues. At June 30, 2007, \$- of bond principal and \$8,175 of interest had matured, but remained unpaid and, therefore, have been reported as a liability of the City's debt service funds.

The proceeds of the following three OPFA bond series were loaned to the Oroville Redevelopment Agency (RDA) and used by the RDA to finance past and future capital projects of the RDA. Loan payments made by the RDA to the OPFA are used to make debt service payments on these OPFA bonds.

\$18,255,000 Oroville Public Financing Authority 2002 Tax Allocation Revenue Bonds are comprised of \$8,300,000 of serial bonds and \$9,955,000 of term bonds. The serial bonds mature annually on September 15th in installments ranging from \$100,000 to \$690,000 through September 15, 2018, and have interest rates ranging from 2.50 percent to 4.25 percent. \$3,745,000 of the term bonds are due on September 15, 2025 and have an interest rate of 4.70 percent. \$6,210,000 of the term bonds are due on September 15, 2030 and have an interest rate of 4.78 percent. The bonds are an obligation of the Authority payable solely from proceeds of the sale of the bonds and investment revenues from local obligations and purchase contracts. 16,800,000

\$8,480,000 Oroville Public Financing Authority 2004 Tax Allocation Revenue Bonds, Series A are comprised of \$1,165,000 of serial bonds and \$7,315,000 of term bonds. The serial bonds mature annually beginning September 15, 2017 in installments ranging from \$275,000 to \$310,000 through September 15, 2020, and have interest rates ranging from 4.25% to 4.55%. The term bonds are due as follows:
 \$3,335,000 with an interest rate of 4.85% matures September 15, 2023.
 \$1,185,000 with an interest rate of 5.05% matures September 15, 2027.
 \$2,795,000 with an interest rate of 5.00% matures September 15, 2031.
 These bonds are a special obligation of the OPFA payable solely from a pledge of revenues primarily consisting of certain tax increment revenues received by the RDA. 8,480,000

\$2,145,000 Oroville Public Financing Authority 2004 Taxable Tax Allocation Revenue Bonds, Series B are comprised of \$1,280,000 of serial bonds and \$865,000 of term bonds. The serial bonds mature annually beginning September 15, 2012 in installments ranging from \$235,000 to \$285,000 through September 15, 2016, and have interest rates ranging from 5.00% to 5.55%. The term bonds are due as follows:
 \$435,000 with an interest rate of 4.25% matures September 15, 2009.
 \$430,000 with an interest rate of 4.85% matures September 15, 2011.
 These bonds are a special obligation of the OPFA payable solely from a pledge of revenues primarily consisting of certain tax increment revenues received by the RDA. 2,120,000

Total Oroville Public Financing Authority Revenue Bonds \$28,860,000

Limited Obligation Bonds

\$3,280,000 City of Oroville Assessment District No. 1993-1 Limited Obligation Improvement Bonds were issued under the Improvement Bond Act of 1915 to acquire public improvements and are payable from assessments levied upon the properties within the district. The City is administering the issue and is committed to initiate court action if assessments become delinquent. The Oroville Public Financing Authority purchased the entire bond issue. The bonds are due in annual installments ranging from \$30,000 to \$280,000 through September 2, 2022; interest rate at 8.375 percent. \$1,397,505

**CITY OF OROVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

The annual debt service requirement to amortize bonds outstanding as of June 30, 2007 is as follows:

Governmental Activities		
Year Ended June 30,	Taxable Pension Obligation Bonds	
	Principal	Interest
2008	\$85,000	\$435,528
2009	160,000	383,666
2010	190,000	375,570
2011	220,000	365,937
2012	250,000	354,739
2013-2017	1,840,000	1,539,616
2018-2022	3,110,000	922,471
2023-2027	1,405,000	109,131
	<u>\$7,260,000</u>	<u>\$4,486,658</u>

Governmental Activities				
Year Ended June 30,	OPFA Bonds		Limited Obligation	
	Principal	Interest	Principal	Interest
2008	\$605,000	\$1,370,180	\$48,384	\$115,015
2009	655,000	1,349,743	51,000	110,583
2010	735,000	1,325,987	57,000	106,331
2011	755,000	1,298,457	62,000	101,348
2012	770,000	1,269,392	79,000	95,444
2013-2017	4,250,000	5,852,094	501,000	361,640
2018-2022	5,110,000	4,823,597	599,121	111,560
2023-2027	7,780,000	2,949,432		
2028-2032	8,200,000	1,059,078		
	<u>\$28,860,000</u>	<u>\$21,297,960</u>	<u>\$1,397,505</u>	<u>\$1,001,921</u>

Feather River Bluffs Assessment District Improvement Bonds - These assessment district improvement bonds were issued in June, 1980, in accordance with the provisions of the Improvement Act of 1911, under the procedures provided for in the Municipal Improvement Act of 1913. These bonds are not obligations of the City of Oroville, the County of Butte, or the State of California. The bonds are in default and judicial foreclosure proceedings are being finalized. Bonds outstanding at the time of default totaled \$891,170. It is the City's opinion that the City has no obligation for payment of the bonds. For the year ended June 30, 2007, cash on hand \$16,778 and the offsetting liability have been included in the accompanying financial statements and are reported in an agency fund.

Disclosure of Conduit (No-Commitment) Debt - On September 25, 1997, the City issued \$27,670,000 of City of Oroville Insured Hospital Revenue Bonds (Oroville Hospital) 1997 Series A. The proceeds from the sale of these bonds were loaned to Oroville Hospital for the renovation and construction Hospital improvements and to refund certain older bonds from a former issue. These bonds will be repaid solely from the loan payments made by Oroville Hospital to the City and are fully insured. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for the repayment of these bonds. Accordingly, the bonds are not reported as a liability in the accompanying financial statements. At June 30, 2007, the outstanding principal of these bonds was \$18,925,000.

Capital Lease - The City of Oroville has entered into a leasing agreement comprised of several individual equipment leases to finance the acquisition of a forklift, several vehicles, a truck with a dump bed, commercial mower and police cars with safety equipment. These leases qualify as a capital leases for accounting purposes and, therefore, has been recorded at the present value for its future minimum lease payments.

**CITY OF OROVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

The assets acquired through capital leases are as follows:

	Governmental Activities		
	Original Cost	Accumulated Depreciation	Net
Forklift	\$23,059	(\$941)	\$24,000
Vehicles	66,818	(3,410)	63,408
Truck with dump bed	35,051	(1,789)	33,262
Mower	17,700	(481)	17,219
Police cars with safety equipment	86,575	(860)	85,715
	<u>\$229,203</u>	<u>(\$7,481)</u>	<u>\$223,604</u>

The City's future minimum lease payments and the net present value of future minimum lease payments at June 30, 2007 were as follows:

Year Ended June 30,	Annual Payment
2008	\$56,409
2009	56,409
2010	56,409
2011	56,409
2012	56,516
Total Minimum Lease payments	282,153
Less: Amount representing interest	(30,652)
Present Value Of Minimum Lease Payments	<u>\$251,501</u>

Subsequent Lease – In connection with the above leasing agreement and subsequent to June 30, 2007, the City entered into one additional capital lease for the acquisition of a street sweeper. The total obligation under this new lease is \$169,347.

F) Reserves And Designations Of Fund Equity

The City has established "Reserves" of fund equity to segregate fund balances which are not appropriate for expenditure in future periods, or which are legally set aside for specific future use. Fund "Designations" also may be established to indicate tentative plans for financial resource utilization in a future period.

Reserves

- Reserved for Encumbrances - Amounts reserved for encumbrances are commitments for materials and services on purchase orders and contracts that are unperformed.
- Reserved for Petty Cash - Amount reserved for cash held in the City's various petty cash funds.
- Reserved for Chinese Temple - to reserve donations made to the City for specific improvements to the City-owned Chinese Temple.
- Reserved for Public Safety – to reserve amounts limited for public safety related cost including amounts received from asset seizures, Proposition 172 public safety funds, Local Law Enforcement Block Grants, law enforcement and fire suppression impact fees.
- Reserved for Park Improvements - to reserve amounts collected from park development fees to be used for the acquisition, improvement or expansion of public parks and playground facilities in the City.
- Reserved for Street Improvements - to reserve amounts limited improving streets and traffic circulation including amounts received from traffic impact fees, transportation development and regional surface transportation program funds, and gas taxes.

**CITY OF OROVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

- Reserved for Drainage/Sewer Improvements – to reserve amounts dedicated to the City's drainage and sewer systems. The reserve represents amounts collected for sewer connection fees and drainage impact fees.
- Reserved For Long-Term Receivables - Reserves have been established for the noncurrent portion of receivables held in specific funds including long-term advances from other funds.
- Reserved For Debt Service - Reserves established in accordance with bond resolutions and indentures.

Designations

- Designated For General Reserve - Designated by City Council as a minimum reserve to be retained in the General Fund for unforeseen contingencies.
- Designated For Budgetary Carryovers - This designation was established for 2006/07 appropriations that are anticipated to be carried over to 2007/08 as supplemental appropriations.

4) Other Information

A) Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City provides property, liability, and worker's compensation insurance through the Northern California Cities Joint Powers Authority (Authority), a public entity risk pool currently operating as a common risk management and insurance program for several Northern California Cities. The City pays quarterly and annual premiums to the Authority for liability and worker's compensation insurance.

The City's deductible is \$100,000 for worker's compensation and \$25,000 for liability. The coverages from \$100,000 to \$300,000 in worker's compensation and \$25,000 to \$475,000 in liability are covered by a risk-sharing plan where all members participate in the loss. Claims that exceed the \$300,000 level (\$475,000 liability) are covered by excess insurance. The City continues to carry commercial insurance for all other risks of loss, such as employee health and accident. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Based on the requirements of GASB-10 and GASB-30, an estimated liability has been accrued for unpaid claims, including the effects of specific, incremental claim adjustments expenditures/expenses; salvage or subrogation; and allocated claim adjustment expenditures/expenses. A reconciliation of unpaid claims liabilities is shown below:

Year Ended June 30	Balance July 1,	Current Year Claims And Changes In Estimates	Claim Payments	Balance June 30,
2006	\$480,017	\$309,744	(\$471,167)	\$318,594
2007	318,594	326,713	(369,123)	276,184

B) Related Organizations

The City has entered into various joint powers agreements. Under the criteria established by GASB, the City does not have sufficient authority, influence or accountability over these entities to incorporate it in this annual report as a component unit of the reporting entity.

Northern California Cities Joint Powers Authority (Authority) - As explained in Note 4(A), the City is a member of this public entity risk pool for liability and workers' compensation purposes. The Authority consists of seventeen Northern California Member Cities. The purpose of the Authority is to arrange and administer programs of insurance for the pooling of self-insured losses and to purchase excess liability coverage. All member cities share administrative costs of the Authority equally (5.882 percent) and have

**CITY OF OROVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007**

equal control over budgeting and financing activities. Each member city has a representative on the Board of Directors. The City paid \$611,956 in quarterly and annual premiums and assessments to the Authority for liability and worker's compensation insurance.

Lake Oroville Joint Powers Authority (LOJPA) - LOJPA is organized to facilitate cooperation relating to the development and management of recreational facilities at Lake Oroville and related recreational areas. LOJPA consists of five (5) local public entities including the Oroville Redevelopment Agency, the County of Butte, the Feather River Recreation and Park District, the Town of Paradise, and City of Gridley. The governing board is comprised of seven (7) members of whom three (3) are appointed by the City of Oroville. No participating member entity has access to LOJPA's resources or surpluses. Neither City of Oroville nor the Oroville Redevelopment Agency has any equity interest in the LOJPA.

Sewage Commission - Oroville Region (SC-OR) - SC-OR was organized under a joint powers agreement between the City of Oroville, Thermalito Irrigation District, and Lake Oroville Area Public Utility District. SC-OR's primary purpose is to provide sewage treatment services to the local government member entities. Each member sends two representatives (one voting, one nonvoting) to SC-OR's Board of Directors that constitutes the entire governing board. No participating member entity has access to SC-OR's resources or surpluses, nor is any participant liable for SC-OR's debts or deficits. Further, the City of Oroville does not have any equity interest in SC-OR.

Each member entity is required to collect and remit SC-OR's sewer treatment and system regional facility charges. For the year ended June 30, 2007, the amount remitted to SC-OR by the City of Oroville totaled \$707,308. At June 30, 2007, the City owed SC-OR \$179,144 for amounts collected but not yet remitted.

Noted below is condensed financial information derived from the audited financial statements of SC-OR as of June 30, 2007:

Cash	\$5,661,043
Other Assets	12,336,385
Total Assets	\$18,172,758
Liabilities	\$277,695
Net Assets	17,895,063
Total Liabilities And Equity	\$18,172,758
Total Revenues	\$2,169,965
Total Expenses	(2,014,097)
Net Increase In Net Assets	\$155,868

Complete financial statements for SC-OR can be obtained from its administrative office at P.O. Box 1350, Oroville, CA 95965.

C) Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

There are several pending lawsuits in which the City is involved. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City attorney the resolution of these matters will not have a material adverse effect on the financial condition of the City.

CITY OF OROVILLE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

D) Employee Retirement Systems

Plan Description:

The City of Oroville's two (2) defined benefit pension plans, Miscellaneous Plan Of The City Of Oroville and Safety Plan Of The City Of Oroville (Plans), provide retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS) and are cost-sharing, multiple-employer plans administered by CalPERS, which acts as a common investment and administrative agent for participating public employees within the State of California. State statutes within the Public Employees' Retirement Law establish a menu of benefit provisions as well as other requirements. The City of Oroville selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through local ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office - 400 P Street - Sacramento, CA 95814.

Funding Policy:

Active plan members in the Plans are required to contribute 7.0% (9% for safety employees) of their annual covered salary. The City of Oroville is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by CalPERS Board of Administration. The required employer contribution rate for fiscal 2006/07 was 16.784% (30.106% for safety employees). The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

Annual Pension Cost:

For fiscal year 2006/07 the City of Oroville's annual pension cost was \$1,260,342 (\$496,810 for miscellaneous and \$763,532 for safety employees) and the City actually contributed \$1,260,342. In addition, the City paid \$435,454 representing substantially all of the employees' required contributions under the terms of the City's various employee bargaining unit agreements. The required contribution for fiscal year 2006/07 was determined as part of the June 30, 2004, actuarial valuation.

Three-Year Trend Information				
Year Ending June 30,	Annual Pension Cost		Percentage Contributed	Net Pension Obligation
	Miscellaneous	Safety		
2005	\$291,750	\$493,734	100%	0
2006	443,530	707,017	100%	0
2007	496,810	763,532	100%	0

E) Deferred Compensation

The City of Oroville offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457. The plans, available to all City employees, permit employees to defer a portion of their salary until future years. Participation in the plans is optional. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The City has adopted the provisions of GASB Statement 32 and, therefore, the assets and liabilities of these plans have been excluded from the accompanying financial statements.

CITY OF OROVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>			Actual Amounts	Variance With Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Final</u>		
REVENUES					
Taxes:					
Property Taxes	\$494,437	\$494,437	\$541,608	\$47,171	
Sales and Use Taxes	2,673,808	2,673,808	2,737,202	63,394	
Sales and Use Taxes In-Lieu	1,735,690	1,735,690	2,161,518	425,828	
Documentary Stamp	103,874	103,874	82,967	(20,907)	
Transient Occupancy	365,235	365,235	323,713	(41,522)	
Utility Users	1,356,716	1,356,716	1,384,802	28,086	
Franchise	327,474	327,474	411,410	83,936	
Licenses and Permits	379,615	379,615	403,914	24,299	
Fines and Forfeitures	102,953	102,953	91,652	(11,301)	
Interest, Rents, and Concessions	153,820	153,820	302,126	148,306	
Intergovernmental Revenues	243,163	289,163	219,192	(69,971)	
Current Service Charges	740,399	740,399	711,808	(28,591)	
Other Revenues	150,534	225,534	184,219	(41,315)	
Total Revenues	8,827,718	8,948,718	9,556,131	607,413	
EXPENDITURES					
Current:					
General Government	2,487,566	2,868,921	2,176,437	692,484	
Public Safety	6,414,583	6,534,876	6,431,073	103,803	
Public Works	341,219	430,533	358,093	72,440	
Streets and Storm Drains	713,050	781,793	741,950	39,843	
Parks and Leisure	782,630	919,883	851,211	68,672	
Debt Service:					
Bond Issuance Costs	136,804	88,186	120,659	(120,659)	
Capital Outlay			71,241	16,945	
Total Expenditures	10,875,852	11,624,192	10,750,664	873,528	
Excess (Deficiency) of Revenues Over Expenditures	(2,048,134)	(2,675,474)	(1,194,533)	1,480,941	
OTHER FINANCING SOURCES (USES)					
Taxable Pension Bonds Issued			7,260,000	7,260,000	
Discount on Taxable Pension Bonds			(72,594)	(72,594)	
Payment to CalPERS - Unfunded Pension Expense			(7,066,747)	(7,066,747)	
Transfers In	2,161,484	2,161,484	2,221,617	60,133	
Transfers Out	(23,286)	(714,106)	(708,225)	5,881	
Total Other Financing Sources (Uses)	2,138,198	1,447,378	1,634,051	186,673	
Net Change in Fund Balances	90,064	(1,228,096)	439,518	1,667,614	
Fund Balance, July 1	4,183,708	4,183,708	4,183,708	0	
Fund Balance, June 30	\$4,273,772	\$2,955,612	\$4,623,226	\$1,667,614	

CITY OF OROVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FIRST TIME HOME BUYER GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Interest, Rents, and Concessions:			
Investment Earnings		\$2,212	\$2,212
Intergovernmental Revenues:			
Grants		1,377,116	372,116
Other Revenues:			
Loan Collections	\$864	864	2,431
Total Revenues	<u>864</u>	<u>1,005,864</u>	<u>376,759</u>
EXPENDITURES			
Current:			
Other Services and Supplies		7,630	65,054
Loans Made		1,315,157	6,058
Capital Outlay:			
Housing and Community Development		13,989	13,989
Total Expenditures	<u>0</u>	<u>1,407,888</u>	<u>85,101</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>864</u>	<u>(402,024)</u>	<u>461,860</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	250,000	400,000	(202,200)
Transfers Out	(61,923)	(183,959)	321,335
Total Other Financing Sources (Uses)	<u>188,077</u>	<u>(85,294)</u>	<u>119,135</u>
Net Change in Fund Balances	<u>188,941</u>	<u>(487,318)</u>	<u>580,995</u>
Fund Balance, July 1	<u>517,155</u>	<u>517,155</u>	<u>0</u>
Fund Balance, June 30	<u>\$706,096</u>	<u>\$29,837</u>	<u>\$580,995</u>

CITY OF OROVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
COMMUNITY DEVELOPMENT BLOCK GRANT FUND
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	
<u>REVENUES</u>			
Interest, Rents, and Concessions:			
Investment Earnings		\$71,390	\$71,390
Intergovernmental Revenues:			
Grants		\$544,900	622,818
Other Revenues:			
Loan Collections	\$31,368	31,368	294,807
Total Revenues	31,368	576,268	989,015
<u>EXPENDITURES</u>			
Current:			
Salaries and Benefits		129,195	(129,195)
Other Services and Supplies		1,135,123	1,548,796
Loans Made		35,100	35,100
Capital Outlay:			
Housing and Community Development		267,694	(72,705)
Total Expenditures	0	2,986,713	1,381,996
Excess (Deficiency) of Revenues Over Expenditures	31,368	(2,410,445)	2,371,011
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	117,700	1,265,243	(117,700)
Transfers Out	(31,368)	(507,255)	(100,127)
Total Other Financing Sources (Uses)	86,332	757,988	(217,827)
Net Change in Fund Balances	117,700	(1,652,457)	2,153,184
Fund Balance, July 1	913,418	913,418	0
Fund Balance, June 30	\$1,031,118	(\$739,039)	\$2,153,184

CITY OF OROVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
OROVILLE PUBLIC FINANCING AUTHORITY FUND
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	
<u>REVENUES</u>			
Interest, Rents, and Concessions:			
Investment Earnings	\$1,755,630	\$1,755,630	(\$327,833)
Total Revenues	<u>1,755,630</u>	<u>1,755,630</u>	<u>(327,833)</u>
<u>EXPENDITURES</u>			
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,755,630</u>	<u>1,755,630</u>	<u>(327,833)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	(1,755,630)	(1,755,630)	(521,218)
Total Other Financing Sources (Uses)	<u>(1,755,630)</u>	<u>(1,755,630)</u>	<u>(521,218)</u>
Net Change in Fund Balances	0	0	(849,051)
Fund Balance, July 1	29,870,506	29,870,506	0
Fund Balance, June 30	<u>\$29,870,506</u>	<u>\$29,870,506</u>	<u>(\$849,051)</u>

CITY OF OROVILLE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
OROVILLE REDEVELOPMENT AGENCY SPECIAL REVENUE FUND
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	
<u>REVENUES</u>			
Taxes:			
Property Taxes	\$3,537,296	\$3,537,296	\$592,043
Interest, Rents, and Concessions:			
Investment Earnings	169,908	169,908	47,629
Intergovernmental Revenues:			
HOPTR	167,941	167,941	17,882
Mandated Cost Reimbursement	191,583	191,583	(28,995)
Grants		5,000	5,000
Other Revenues:			
Refunds/Reimbursements		336	336
Total Revenues	4,066,728	4,066,728	633,895
<u>EXPENDITURES</u>			
Current:			
Salaries and Benefits	498,312	498,312	113,166
Other Services and Supplies	943,500	1,614,936	1,224,866
Debt Service:			
Principal Retirement	485,000	485,000	485,000
Interest and Fiscal Charges	1,366,630	1,366,630	358
Capital Outlay:			
Housing and Community Development	652,000	1,407,643	1,360,091
Total Expenditures	3,945,442	5,372,521	3,183,481
Excess (Deficiency) of Revenues Over Expenditures	121,286	(1,305,793)	3,817,376
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	(235,000)	(750,027)	10,664
Total Other Financing Sources (Uses)	(235,000)	(750,027)	10,664
Net Change in Fund Balances	(113,714)	(2,055,820)	3,828,040
Fund Balance, July 1	(26,628,344)	(26,628,344)	0
Fund Balance, June 30	(\$26,742,058)	(\$28,684,164)	\$3,828,040

CITY OF OROVILLE
OROVILLE REDEVELOPMENT AGENCY
LOW & MODERATE INCOME HOUSING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes:				
Property	\$1,186,496	\$1,501,495	\$1,294,528	(\$206,967)
Interest, Rents, and Concessions:				
Investment Earnings	66,000	169,585	115,246	(54,339)
Rents and Concessions		15,561	34,883	19,322
Intergovernmental Revenues:				
HOPTR		51,447	46,456	(4,991)
Grants		6,669	15,312	8,643
Other Revenues:				
Loan Collections	294,433	340,758	141,095	(199,663)
Sale of Property	528,675	1,085,471	366,750	(718,721)
Refunds/Reimbursements	5,800	4,764	12,876	8,112
Total Revenues	2,081,404	3,175,750	2,027,146	(1,148,604)
EXPENDITURES				
Current:				
Salaries and Benefits	94,325	113,229	102,262	10,967
Other Services and Supplies	799,216	357,924	228,147	129,777
Loans and Housing Construction		1,932,039	1,559,084	372,955
Capital Outlay:				
Housing and Community Development		143,696	113,842	29,854
Total Expenditures	893,541	2,546,888	2,003,335	543,553
Excess (Deficiency) of Revenues Over Expenditures	1,187,863	628,862	23,811	(605,051)
OTHER FINANCING SOURCES (USES)				
Transfers In				
Transfers Out	(1,260,948)	162,977	207,132	44,155
Total Other Financing Sources (Uses)	(1,260,948)	(2,076,092)	(1,249,031)	827,061
Net Change In Fund Balances	(73,085)	(1,447,230)	(1,225,220)	222,010
Fund Balance, July 1	2,399,315	2,399,315	2,399,315	0
Fund Balance, June 30	\$2,326,230	\$952,085	\$1,174,095	\$222,010

CITY OF OROVILLE
HOME HOUSING REVOLVING LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest, Rents, and Concessions:				
Investment Earnings	\$40	\$9,731	\$153,631	\$143,900
Other Revenues:				
Loan Payments	51,500	648,334	521,569	(126,765)
Total Revenues	<u>51,540</u>	<u>658,065</u>	<u>675,200</u>	<u>17,135</u>
EXPENDITURES				
Current:				
Other Services and Supplies	30,000	1,688,721	1,654,513	(17)
Loans Made				14,208
Total Expenditures	<u>30,000</u>	<u>1,688,721</u>	<u>1,654,530</u>	<u>14,191</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>21,540</u>	<u>(1,010,656)</u>	<u>(979,330)</u>	<u>31,326</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	864	741,145	719,865	(21,280)
Transfers Out	(20,000)	(333,677)	(271,721)	61,956
Total Other Financing Sources (Uses)	<u>(19,136)</u>	<u>407,468</u>	<u>448,144</u>	<u>40,676</u>
Net Change in Fund Balances	2,404	(603,188)	(531,186)	72,002
Fund Balance, July 1	504,793	504,793	504,793	0
Fund Balance, June 30	<u>\$507,197</u>	<u>(\$98,395)</u>	<u>(\$26,393)</u>	<u>\$72,002</u>

**CITY OF OROVILLE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

ASSETS

	Total Special Revenue Funds	Total Debt Service Funds	Total Capital Projects Funds	Total Nonmajor Governmental Funds
Cash and Investments	\$11,498,082	\$642,560	\$7,230,210	\$19,370,852
Cash With Fiscal Agent		\$3,234,207		3,234,207
Receivables:				
Taxes	20,887			20,887
Accounts	43,462			43,462
Sewer Service Charges	93,472			93,472
Grants	118,902		1,090,924	1,209,826
Interest	1,126,050	31,528	74,246	1,231,824
Loans	3,153,815		20,840	3,174,655
Special Assessments Receivable		1,551,950		1,551,950
Due From Other Funds	204,741		17,987	222,728
Advances Due From Other Funds			112,672	112,672
Total Assets	\$16,259,411	\$5,460,245	\$8,546,879	\$30,266,535

LIABILITIES AND FUND BALANCES

Liabilities:				
Vouchers Payable	\$160,917	\$203	\$573,496	\$734,616
Accrued Salaries and Benefits	28,967			28,967
Contract Retentions Payable	6,733		51,404	58,137
Deposits Payable	5,273			5,273
Payable From Restricted Assets:				
Matured Bond Interest		8,175		8,175
Due To Other Funds	76,236		567,985	644,221
Due To Other Agencies	179,144			179,144
Advances Payable to Other Funds	112,672			112,672
Deferred Loans	3,714,276			3,714,276
Deferred Revenue - Unearned		1,349,121	20,840	20,840
Deferred Revenue - Special Assessments				1,349,121
Total Liabilities	4,284,218	1,357,499	1,213,725	6,855,442
Fund Balances:				
Reserved:				
Encumbrances	730,836			1,085,414
Public Safety	347,624		354,578	347,624
Park Improvements	80,504			80,504
Street Improvements	1,662,901			1,662,901
Drainage/Sewer Improvements	1,869,421			1,869,421
Long Term Receivables			112,672	112,672
Debt Service		3,311,895		3,311,895
Unreserved:				
Undesignated	7,283,907	790,851	6,865,904	14,940,662
Total Fund Balances	11,975,193	4,102,746	7,333,154	23,411,083
Total Liabilities and Fund Balances	\$16,259,411	\$5,460,245	\$8,546,879	\$30,266,535

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

	<u>Total Special Revenue Funds</u>	<u>Total Debt Service Funds</u>	<u>Total Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
REVENUES				
Taxes	\$54,867			\$54,867
Special Assessments		\$177,149		177,149
Licenses and Permits	267,074			267,074
Interest, Rents, and Concessions	1,030,894		\$339,686	1,429,957
Intergovernmental Revenues	1,550,770		1,604,591	3,155,361
Current Service Charges	1,513,375			1,513,375
Other	1,267,525	17,633	27,883	1,313,041
Total Revenues	<u>5,684,505</u>	<u>254,159</u>	<u>1,972,160</u>	<u>7,910,824</u>
EXPENDITURES				
Current:				
General Government			12,121	12,121
Public Safety	135,884			135,884
Streets and Storm Drains	246,742			246,742
Transportation	366,683			366,683
Parks and Leisure	64,073			64,073
Health and Sanitation	1,238,363			1,238,363
Housing and Community Development	1,639,538			1,639,538
Debt Service:				
Principal Retirement		568,333		568,333
Interest and Fiscal Charges	7,000	1,526,360		1,533,360
Capital Outlay	73,627		2,383,066	2,456,693
Total Expenditures	<u>3,771,910</u>	<u>2,094,693</u>	<u>2,395,187</u>	<u>8,261,790</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,912,595</u>	<u>(1,840,534)</u>	<u>(423,027)</u>	<u>(350,966)</u>
OTHER FINANCING SOURCES (USES)				
Capital Lease				
Transfers In	2,720,631		251,501	2,972,132
Transfers Out	(3,184,137)	2,373,857	323,208	5,417,696
		(3,696)	(259,650)	(3,447,483)
Total Other Financing Sources (Uses)	<u>(463,506)</u>	<u>2,370,161</u>	<u>315,059</u>	<u>2,221,714</u>
Net Change in Fund Balances	<u>1,449,089</u>	<u>529,627</u>	<u>(107,968)</u>	<u>1,870,748</u>
Fund Balances, July 1	10,526,104	3,573,119	7,441,122	21,540,345
Fund Balances, June 30	<u>\$11,975,193</u>	<u>\$4,102,746</u>	<u>\$7,333,154</u>	<u>\$23,411,093</u>

**CITY OF OROVILLE
COMBINING BALANCE SHEET
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	Community Promotions Fund	Sewer Fund	Sewer Connection Fees Fund	Drainage Impact Fees Fund	Park Development Fees Fund	Thermalito Traffic Impact Fees Fund	Traffic Impact Fees Fund	Drainage Citywide Fund
ASSETS								
Cash and Investments	\$16,235	\$3,005,027	\$552,951	\$459,788	\$80,504	\$143,422	\$350,753	\$191,864
Receivables:								
Taxes								
Accounts	156	4,735	1,392					
Sewer Service Charges		93,472						
Grants								
Interest								
Loans								
Due From Other Funds								
Total Assets	\$16,391	\$3,103,234	\$554,343	\$459,788	\$80,504	\$143,422	\$350,753	\$191,864
LIABILITIES AND FUND BALANCES								
Liabilities:								
Vouchers Payable	\$5,746	\$44,136						
Accrued Salaries and Benefits		7,650						
Contract Retentions Payable								
Deposits Payable								
Due To Other Funds		179,144						
Due To Other Related Agency								
Advances Payable to Other Funds								
Deferred Loans								
Total Liabilities	5,746	230,930	\$0	\$0	\$0	\$0	\$0	\$0
Fund Balances:								
Reserved:								
Encumbrances		451,167						
Public Safety					80,504			
Park Improvements								
Street Improvements		663,426	554,343	459,788		143,422	350,753	191,864
Drainage/Sewer Improvements		1,757,711						
Unreserved:								
Undesignated	10,645	2,872,304	554,343	459,788	80,504	143,422	350,753	191,864
Total Fund Balances	10,645	2,872,304	554,343	459,788	80,504	143,422	350,753	191,864
Total Liabilities and Fund Balances	\$16,391	\$3,103,234	\$554,343	\$459,788	\$80,504	\$143,422	\$350,753	\$191,864

Continued

**CITY OF OROVILLE
COMBINING BALANCE SHEET
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	Local Transportation Fund	Regional Surface Transportation Program Fund	Special Gas Tax 2107.5 Fund	Special Gas Tax 186.1 & 2106 Fund	Special Gas Tax 2105 Fund	Special Aviation Fund	Housing Administration Fund	EDBG Fund
Cash and Investments	\$215,771	\$650,630	\$51,668	\$30,006	\$49,355	\$600,162		
Receivables:								
Taxes								
Accounts								
Sewer Service Charges			13,473	6,173	7,665	9,849		
Grants	77,273							\$41,629
Interest								40,198
Loans								1,520,870
Due From Other Funds								
Total Assets	\$293,044	\$650,630	\$65,141	\$36,179	\$57,020	\$610,011	\$0	\$1,602,697

LIABILITIES AND FUND BALANCES

Liabilities:								
Vouchers Payable								
Accrued Salaries and Benefits	\$20,259					\$38,731	\$19,010	\$14,502
Contract Retentions Payable						1,493		
Deposits Payable								
Due To Other Funds						17,987		58,249
Due To Other Agencies						112,672		1,373,878
Advances Payable to Other Funds								
Deferred Loans								
Total Liabilities	20,259	\$0	\$0	\$0	\$0	170,883	19,010	1,446,629
Fund Balances:								
Reserved:								
Encumbrances	59,024					103,456		10,073
Public Safety								
Park Improvements								
Street Improvements	213,761	650,630	65,141	36,179	57,020			145,995
Drainage/Sewer Improvements								
Unreserved:								
Undesignated						335,672	(19,010)	
Total Fund Balances	272,785	650,630	65,141	36,179	57,020	439,128	(19,010)	156,068
Total Liabilities and Fund Balances	\$293,044	\$650,630	\$65,141	\$36,179	\$57,020	\$610,011	\$0	\$1,602,697

Continued

CITY OF OROVILLE
 COMBINING BALANCE SHEET
 SPECIAL REVENUE
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

	Asset Seizure Fund	Public Safety Augmentation Fund	Police Supplemental Law Enforcement Fund	Law Enforcement Block Grant Fund	Law Enforcement Impact Fee Fund	Fire Suppression Impact Fee Fund	Contingency Fund	Fire Grant Fund
Cash and Investments	\$16,905	\$46,464	\$1,127	\$132,514	\$33,807	\$15,816	\$937,523	\$94,311
Receivables:								
Taxes		8,116						
Accounts								
Sewer Service Charges	19							
Grants								
Interest								
Loans								
Due From Other Funds								
Total Assets	\$16,924	\$54,580	\$1,127	\$132,514	\$33,807	\$15,816	\$937,523	\$94,311

LIABILITIES AND FUND BALANCES

Liabilities:								
Vouchers Payable								
Accrued Salaries and Benefits				\$125			\$11,120	\$1,330
Contract Retentions Payable								
Deposits Payable								
Due To Other Funds								
Due To Other Agencies								
Advances Payable to Other Funds								
Deferred Loans								
Total Liabilities	\$0	\$0	\$0	125	\$0	\$0	11,120	1,330

Fund Balances:								
Reserved:								
Encumbrances								
Public Safety		54,580	1,127	132,389	33,807	15,816		92,981
Park Improvements	16,924							
Street Improvements								
Drainage/Sewer Improvements								
Unreserved:								
Undesignated							926,403	
Total Fund Balances	16,924	54,580	1,127	132,389	33,807	15,816	926,403	92,981
Total Liabilities and Fund Balances	\$16,924	\$54,580	\$1,127	\$132,514	\$33,807	\$15,816	\$937,523	\$94,311

Continued

**CITY OF OROVILLE
COMBINING BALANCE SHEET
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	General Government Development Impact Fee Fund	Lighting & Landscape Maintenance Districts Fund	Benefit Assessment Districts Fund	State Theater Fund	Pioneer Museum Fund	Public Works Manufacturing Development Center Fund	City Housing Rehabilitation Loan Fund	Economic Development Revolving Loan Fund
Cash and Investments	\$37,023	\$64,050	\$36,608	\$19,737	\$100,999	\$220,915	\$787,003	\$1,576,481
Receivables:								
Taxes		7,697	5,074					
Accounts								
Sewer Service Charges								
Grants								
Interest								
Loans								1,083,920
Due From Other Funds								20,800
								58,249
Total Assets	\$37,023	\$71,747	\$41,682	\$19,737	\$100,999	\$220,915	\$1,979,184	\$2,739,450
LIABILITIES AND FUND BALANCES								
Liabilities:								
Vouchers Payable								
Accrued Salaries and Benefits		\$957		\$13,366		\$262		\$3,000
Contract Retentions Payable		184		460		45		
Deposits Payable								
Due To Other Funds				5,273				
Due To Other Agencies								
Advances Payable to Other Funds								
Deferred Loans								898,495
Total Liabilities	\$0	1,141	\$0	19,099	\$0	307	1,067,045	901,495
Fund Balances:								
Reserved:								
Encumbrances								
Public Safety								
Park Improvements						18,670	596	3,000
Street Improvements								
Drainage/Sewer Improvements								
Unreserved:								
Undesignated	37,023	70,606	41,682	638	100,999	201,938	911,543	1,834,955
Total Fund Balances	37,023	70,606	41,682	638	100,999	220,608	912,139	1,837,955
Total Liabilities and Fund Balances	\$37,023	\$71,747	\$41,682	\$19,737	\$100,999	\$220,915	\$1,979,184	\$2,739,450

ASSETS

LIABILITIES AND FUND BALANCES

Continued

**CITY OF OROVILLE
COMBINING BALANCE SHEET
SPECIAL REVENUE
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	DBG Housing Revolving Loan Fund	Micro- Enterprise Revolving Loan Fund	Housing Rehabilitation Revolving Loan Fund	City Revolving Loan Fund	Annexation Fund	Plan Retention Fund	Totals 2007
ASSETS							
Cash and Investments	\$351,719	\$170,751	\$118,963	\$203,116	\$124,423	\$9,691	\$11,498,082
Receivables:							
Taxes							20,887
Accounts							43,462
Sewer Service Charges							93,472
Grants							118,902
Interest				600			1,126,050
Loans	239,628		146,492	181,668			3,153,815
Due From Other Funds							204,741
Total Assets	\$591,347	\$170,751	\$265,455	\$385,384	\$124,423	\$9,691	\$16,259,411
LIABILITIES AND FUND BALANCES							
Liabilities:							
Vouchers Payable			\$6,637	\$871			\$160,917
Accrued Salaries and Benefits							28,967
Contract Retentions Payable							6,733
Deposits Payable			6,733				5,273
Due To Other Funds							76,236
Due To Other Agencies							179,144
Advances Payable to Other Funds							112,672
Deferred Loans	\$239,628			135,230			3,714,276
Total Liabilities	\$239,628	\$0	\$13,370	\$136,101	\$0	\$0	\$4,284,218
Fund Balances:							
Reserved:							
Encumbrances			150	25,609	59,091		730,836
Public Safety							347,624
Park Improvements							80,504
Street Improvements							1,862,901
Drainage/Sewer Improvements							1,869,421
Unreserved:							
Undesignated	351,719	170,751	251,935	223,674	65,332	9,691	7,283,907
Total Fund Balances	351,719	170,751	252,085	249,283	124,423	9,691	11,975,193
Total Liabilities and Fund Balances	\$591,347	\$170,751	\$265,455	\$385,384	\$124,423	\$9,691	\$16,259,411

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

	Community Promotions Fund	Sewer Fund	Sewer Connection Fees Fund	Drainage Impact Fees Fund	Park Development Fees Fund	Thermalito Traffic Impact Fees Fund	Traffic Impact Fees Fund	Drainage Citywide Fund
REVENUES								
Taxes								
Licenses and Permits		\$141,344	\$25,344	\$50,284	\$30,873	\$6,968	\$69,117	\$93,396
Interest, Rents, and Concessions				21,957	4,835		15,315	6,898
Intergovernmental Revenues								
Current Service Charges	\$48	1,462,343	50,154					
Other		2,197						
Total Revenues	48	1,605,884	75,498	72,241	35,708	6,968	84,432	100,294
EXPENDITURES								
Current:								
Public Safety								
Streets and Storm Drains				49,658			13,753	
Transportation								
Parks and Leisure								
Health and Sanitation		1,238,863						
Housing and Community Development	44,832							
Debt Service:								
Interest Charges								
Capital Outlay		4,102			44,081			
Total Expenditures	44,832	1,242,465	0	49,658	44,081	0	13,753	0
Excess (Deficiency) of Revenues Over Expenditures	(44,784)	363,419	75,498	22,583	(8,373)	6,968	70,679	100,294
OTHER FINANCING SOURCES (USES)								
Transfers In	40,000	11,622						
Transfers Out		(259,499)						
Total Other Financing Sources (Uses)	40,000	(247,877)	0	0	(895)	0	0	0
Net Change in Fund Balances	(4,784)	115,542	75,498	22,583	(9,266)	6,968	70,679	100,294
Fund Balances, July 1	15,429	2,756,762	478,845	437,205	89,772	136,454	280,074	91,570
Fund Balances, June 30	\$10,645	\$2,872,304	\$554,343	\$459,788	\$80,504	\$143,422	\$350,753	\$191,864

Continued

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

	Local Transportation Fund	Regional Surface Transportation Program Fund	Special Gas Tax 2107 & 2107.5 Fund	Special Gas Tax 186.1 & 2106 Fund	Special Gas Tax 2105 Fund	Special Aviation Fund	Housing Administration Fund	EDBG Fund
REVENUES								
Taxes								
Licenses and Permits	\$10,976	\$25,381	\$2,574	\$1,508	\$2,454	\$218,545		\$92,788
Interest, Rents, and Concessions	241,212	139,319	113,513	70,386	82,663			513,511
Intergovernmental Revenues								
Current Service Charges			129			263,679		\$33,166
Other								
Total Revenues	252,188	164,700	116,216	71,894	85,117	482,224	\$0	1,139,465
EXPENDITURES								
Current:								
Public Safety								
Streets and Storm Drains	160,216		800	475	475	366,683		
Transportation								
Parks and Leisure								
Health and Sanitation								
Housing and Community Development							619,011	365,501
Debt Service:								
Interest Charges								1,300
Capital Outlay								
Total Expenditures	160,216	0	800	475	475	373,683	619,011	366,801
Excess (Deficiency) of Revenues Over Expenditures	91,972	164,700	115,416	71,419	84,642	108,541	(619,011)	772,664
OTHER FINANCING SOURCES (USES)								
Transfers In								
Transfers Out							648,711	(645,477)
Total Other Financing Sources (Uses)	0	0	(112,917)	(70,102)	(82,240)	(82,055)	648,711	(645,477)
Net Change In Fund Balances	91,972	164,700	2,499	1,317	2,402	26,486	29,700	127,187
Fund Balances, July 1	180,813	485,930	62,642	34,862	54,618	412,642	(48,710)	28,881
Fund Balances, June 30	\$272,785	\$650,630	\$65,141	\$36,179	\$57,020	\$439,128	(\$19,010)	\$456,068

Continued

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

	Asset Seizure Fund	Public Safety Augmentation Fund	Police Supplemental Law Enforcement Fund	Law Enforcement Block Grant Fund	Law Enforcement Impact Fee Fund	Fire Suppression Impact Fee Fund	Contingency Fund	Fire Grant Fund
REVENUES								
Taxes								
Licenses and Permits	\$759		\$1,127		\$10,506	\$3,230		
Interest, Rents, and Concessions		\$102,646	100,000	\$127,571	1,387	686		\$59,949
Intergovernmental Revenues								
Current Service Charges	2,311							
Other								
Total Revenues	3,070	102,646	101,127	127,571	11,893	3,916	\$0	59,949
EXPENDITURES								
Current:								
Public Safety								
Streets and Storm Drains				24,770			63,864	47,250
Transportation								
Parks and Leisure								
Health and Sanitation								
Housing and Community Development								
Debt Service:								
Interest Charges	352			17,500				2,656
Capital Outlay								
Total Expenditures	352	0	0	42,270	0	0	63,864	49,906
Excess (Deficiency) of Revenues Over Expenditures	2,718	102,646	101,127	85,301	11,893	3,916	(63,864)	10,043
OTHER FINANCING SOURCES (USES)								
Transfers In								
Transfers Out		(90,000)	(100,000)	(483)				
Total Other Financing Sources (Uses)	0	(90,000)	(100,000)	(483)	0	0	355,554	0
Net Change in Fund Balances	2,718	12,646	1,127	84,818	11,893	3,916	291,690	10,043
Fund Balances, July 1	14,206	41,934	0	47,571	21,914	11,900	634,713	82,938
Fund Balances, June 30	\$16,924	\$54,580	\$1,127	\$132,389	\$33,807	\$15,816	\$926,403	\$92,981

Continued

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

	General Government Development Impact Fee Fund	Lighting & Landscape Maintenance Districts Fund	Benefit Assessment Districts Fund	State Theater Fund	Pioneer Museum Fund	Public Works Manufacturing Development Center Fund	City Housing Rehabilitation Revolving Loan Fund	Economic Development Revolving Loan Fund
REVENUES								
Taxes	\$9,668	\$30,643	\$24,224					
Licenses and Permits	1,559	2,826	1,221	\$54,213		\$71,542	\$79,228	\$150,279
Interest, Rents, and Concessions								
Intergovernmental Revenues								
Current Service Charges				1,390			129,199	185,523
Other								
Total Revenues	11,227	33,469	25,445	55,603	\$0	71,542	208,427	335,802
EXPENDITURES								
Current:								
Public Safety								
Streets and Storm Drains								
Transportation		21,365						
Parks and Leisure				64,073				
Health and Sanitation								
Housing and Community Development			3,238			14,549	3,680	117,910
Debt Service:								
Interest Charges								
Capital Outlay								
Total Expenditures	0	21,365	3,238	64,073	0	14,549	3,680	117,910
Excess (Deficiency) of Revenues Over Expenditures	11,227	12,104	22,207	(8,470)	0	56,993	204,747	217,892
OTHER FINANCING SOURCES (USES)								
Transfers In								
Transfers Out								
Total Other Financing Sources (Uses)	0	0	0	0	0	0	(40,077)	(455,546)
Net Change in Fund Balances	11,227	12,104	22,207	(8,470)	0	56,993	164,670	(237,654)
Fund Balances, July 1	25,796	58,502	19,475	9,108	100,999	163,615	747,469	2,075,609
Fund Balances, June 30	\$37,023	\$70,606	\$41,682	\$638	\$100,999	\$220,608	\$912,139	\$1,837,955

Continued

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

	CDBG Housing Revolving Loan Fund	Micro- Enterprise Revolving Loan Fund	Housing Rehabilitation Revolving Loan Fund	City Revolving Loan Fund	Annexation Fund	Plan Retention Fund	Totals 2007
REVENUES							
Taxes							\$54,867
Licenses and Permits							267,074
Interest, Rents, and Concessions	\$33,771	\$10,206	\$15,456	\$22,230	\$7,067	\$450	1,030,894
Intergovernmental Revenues							1,550,770
Current Service Charges	94,500			55,383		878	1,513,375
Other							1,267,525
Total Revenues	128,271	10,206	15,456	77,613	7,067	1,328	5,684,505
EXPENDITURES							
Current:							
Public Safety							135,884
Streets and Storm Drains							246,742
Transportation							366,683
Parks and Leisure							64,073
Health and Sanitation							1,238,363
Housing and Community Development	161,767	3,000	253,765	8,321	43,964		1,639,538
Debt Service:							
Interest Charges							7,000
Capital Outlay				3,636			73,627
Total Expenditures	161,767	3,000	253,765	11,957	43,964	0	3,771,910
Excess (Deficiency) of Revenues Over Expenditures	(33,496)	7,206	(238,309)	65,656	(36,897)	1,328	1,912,595
OTHER FINANCING SOURCES (USES)							
Transfers In	35,279		500,000				2,720,631
Transfers Out	(40,775)	(45,000)	(9,606)	(20,000)			(3,184,137)
Total Other Financing Sources (Uses)	(5,496)	(45,000)	490,394	(20,000)	0	0	(463,506)
Net Change in Fund Balances	(38,992)	(37,794)	252,085	45,656	(36,897)	1,328	1,449,089
Fund Balances, July 1	390,711	208,545	0	203,627	161,320	8,363	10,526,104
Fund Balances, June 30	\$351,719	\$170,751	\$252,085	\$249,283	\$124,423	\$9,691	\$11,975,193

**CITY OF OROVILLE
COMMUNITY PROMOTIONS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Other Revenues:				
Miscellaneous	\$25	\$25	\$48	\$23
Total Revenues	<u>25</u>	<u>25</u>	<u>48</u>	<u>23</u>
EXPENDITURES				
Current:				
Other Services and Charges	40,000	57,221	44,832	12,389
Total Expenditures	<u>40,000</u>	<u>57,221</u>	<u>44,832</u>	<u>12,389</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(39,975)</u>	<u>(57,196)</u>	<u>(44,784)</u>	<u>12,412</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	40,000	40,000	40,000	0
Total Other Financing Sources (Uses)	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>	<u>0</u>
Net Change In Fund Balances	25	(17,196)	(4,784)	12,412
Fund Balance, July 1	15,429	15,429	15,429	0
Fund Balance, June 30	<u>\$15,454</u>	<u>(\$1,767)</u>	<u>\$10,645</u>	<u>\$12,412</u>

**CITY OF OROVILLE
SEWER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Interest, Rents, and Concessions:			
Investment Earnings	\$28,075	\$77,164	\$58,933
Rents and Concessions		5,247	5,247
Current Service Charges:			
Sewer Service Charges	1,350,801	1,471,537	(9,194)
Other Revenues:			
Refunds and Reimbursements		775	1,422
Total Revenues	<u>1,378,876</u>	<u>1,549,476</u>	<u>56,408</u>
EXPENDITURES			
Current:			
Salaries and Benefits	306,798	305,655	47,141
Other Services and Supplies	91,515	815,400	542,859
SC-OR Treatment Charges	625,220	707,308	0
Capital Outlay	400,000	47,089	42,987
Total Expenditures	<u>1,423,533</u>	<u>1,875,452</u>	<u>632,987</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(44,657)</u>	<u>(325,976)</u>	<u>689,395</u>
OTHER FINANCING SOURCES (USES)			
Transfers In			
Transfers Out	11,218	11,622	0
	(250,461)	(259,499)	0
Total Other Financing Sources (Uses)	<u>(239,263)</u>	<u>(247,877)</u>	<u>0</u>
Net Change in Fund Balances	<u>(283,920)</u>	<u>(573,853)</u>	<u>689,395</u>
Fund Balance, July 1	2,756,762	2,756,762	0
Fund Balance, June 30	<u>\$2,472,842</u>	<u>\$2,182,909</u>	<u>\$689,395</u>

CITY OF OROVILLE
SEWER CONNECTION FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Interest, Rents, and Concessions:			
Investment Earnings	\$17,112	\$17,112	\$8,232
Current Service Charges:			
Sewer Connection Fees	49,818	49,818	(4,615)
Sewer Tapping Charges	7,050	7,050	(2,099)
Total Revenues	73,980	73,980	1,518
EXPENDITURES			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	73,980	73,980	1,518
OTHER FINANCING SOURCES (USES)			
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balances	73,980	73,980	1,518
Fund Balance, July 1	478,845	478,845	0
Fund Balance, June 30	\$552,825	\$552,825	\$1,518

**CITY OF OROVILLE
DRAINAGE IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Licenses and Permits:				
Drainage Impact Fees	\$30,679	\$30,679	\$50,284	\$19,605
Interest, Rents, and Concessions:				
Investment Earnings	18,987	18,987	21,957	2,970
Total Revenues	<u>49,666</u>	<u>49,666</u>	<u>72,241</u>	<u>22,575</u>
<u>EXPENDITURES</u>				
Current:				
Other Services and Supplies		69,703	49,658	20,045
Total Expenditures	<u>0</u>	<u>69,703</u>	<u>49,658</u>	<u>20,045</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>49,666</u>	<u>(20,037)</u>	<u>22,583</u>	<u>42,620</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	<u>49,666</u>	<u>(20,037)</u>	<u>22,583</u>	<u>42,620</u>
Fund Balance, July 1	<u>437,205</u>	<u>437,205</u>	<u>437,205</u>	<u>0</u>
Fund Balance, June 30	<u>\$486,871</u>	<u>\$417,168</u>	<u>\$459,788</u>	<u>\$42,620</u>

**CITY OF OROVILLE
PARK DEVELOPMENT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	
<u>REVENUES</u>			
Licenses and Permits:			
Park Impact Fees	\$37,792	\$37,792	(\$6,919)
Interest, Rents, and Concessions:			
Investment Earnings	10,375	10,375	(5,540)
Total Revenues	<u>48,167</u>	<u>48,167</u>	<u>(12,459)</u>
<u>EXPENDITURES</u>			
Capital Outlay:			
Parks and Leisure		44,976	895
Total Expenditures	<u>0</u>	<u>44,976</u>	<u>895</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>48,167</u>	<u>3,191</u>	<u>(11,564)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out		(895)	(895)
Total Other Financing Sources (Uses)	<u>0</u>	<u>(895)</u>	<u>(895)</u>
Net Change in Fund Balances	48,167	3,191	(12,459)
Fund Balance, July 1	89,772	89,772	0
Fund Balance, June 30	<u>\$137,939</u>	<u>\$92,963</u>	<u>(\$12,459)</u>

CITY OF OROVILLE
 THERMALITO TRAFFIC IMPACT FEES FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Interest, Rents, and Concessions: Investment Earnings	\$3,000	\$3,000	\$6,968	\$3,968
Total Revenues	<u>3,000</u>	<u>3,000</u>	<u>6,968</u>	<u>3,968</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,000</u>	<u>3,000</u>	<u>6,968</u>	<u>3,968</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balances	3,000	3,000	6,968	3,968
Fund Balance, July 1	136,454	136,454	136,454	0
Fund Balance, June 30	<u>\$139,454</u>	<u>\$139,454</u>	<u>\$143,422</u>	<u>\$3,968</u>

CITY OF OROVILLE
TRAFFIC IMPACT FEES FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses and Permits:				
Traffic Impact Fees	\$34,082	\$34,082	\$69,117	\$35,035
Interest, Rents, and Concessions:				
Investment Earnings	6,750	6,750	15,315	8,565
Total Revenues	40,832	40,832	84,432	43,600
EXPENDITURES				
Current:				
Other Services and Supplies		15,239	13,753	1,486
Total Expenditures	0	15,239	13,753	1,486
Excess (Deficiency) of Revenues Over Expenditures	40,832	25,593	70,679	45,086
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	40,832	25,593	70,679	45,086
Fund Balance, July 1	280,074	280,074	280,074	0
Fund Balance, June 30	\$320,906	\$305,667	\$350,753	\$45,086

CITY OF OROVILLE
DRAINAGE CITYWIDE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Licenses and Permits:				
Drainage Impact Fees	\$43,219	\$43,219	\$93,396	\$50,177
Interest, Rents, and Concessions:				
Investment Earnings	2,337	2,337	6,898	4,561
Total Revenues	<u>45,556</u>	<u>45,556</u>	<u>100,294</u>	<u>54,738</u>
EXPENDITURES				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>45,556</u>	<u>45,556</u>	<u>100,294</u>	<u>54,738</u>
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	45,556	45,556	100,294	54,738
Fund Balance, July 1	91,570	91,570	91,570	0
Fund Balance, June 30	<u><u>\$137,126</u></u>	<u><u>\$137,126</u></u>	<u><u>\$191,864</u></u>	<u><u>\$54,738</u></u>

CITY OF OROVILLE
 LOCAL TRANSPORTATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents, and Concessions:				
Investment Earnings	\$2,459	\$2,459	\$10,976	\$8,517
Intergovernmental Revenues:				
Grants		174,000	142,693	(31,307)
Other Subventions			98,519	98,519
Total Revenues	2,459	176,459	252,188	75,729
EXPENDITURES				
Current:				
Other Services and Supplies		201,350	160,216	41,134
Total Expenditures	0	201,350	160,216	41,134
Excess (Deficiency) of Revenues Over Expenditures	2,459	(24,891)	91,972	116,863
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	2,459	(24,891)	91,972	116,863
Fund Balance, July 1	180,813	180,813	180,813	0
Fund Balance, June 30	\$183,272	\$155,922	\$272,785	\$116,863

**CITY OF OROVILLE
REGIONAL SURFACE TRANSPORTATION PROGRAM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Interest, Rents, and Concessions:			
Investment Earnings	\$16,363	\$16,363	\$9,018
Intergovernmental Revenues:			
State Grants	126,047	126,047	13,272
Total Revenues	<u>142,410</u>	<u>142,410</u>	<u>22,290</u>
EXPENDITURES			
Capital Outlay:			
Other Services and Supplies		10,000	10,000
Streets and Storm Drains		9,966	9,966
Total Expenditures	<u>0</u>	<u>19,966</u>	<u>19,966</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>142,410</u>	<u>122,444</u>	<u>42,256</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out		(16,530)	16,530
Total Other Financing Sources (Uses)	<u>0</u>	<u>(16,530)</u>	<u>16,530</u>
Net Change in Fund Balances	142,410	105,914	58,786
Fund Balance, July 1	485,930	485,930	0
Fund Balance, June 30	<u>\$628,340</u>	<u>\$591,844</u>	<u>\$58,786</u>

CITY OF OROVILLE
 SPECIAL GAS TAX 2107 & 2107.5 FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents, and Concessions:				
Investment Earnings	\$1,480	\$1,480	\$2,574	\$1,094
Intergovernmental Revenues:				
State Gas Tax 2107 & 2107.2	118,870	118,870	113,513	(5,357)
Current Service Charges:				
Mitigation Fee			129	129
Total Revenues	<u>120,350</u>	<u>120,350</u>	<u>116,216</u>	<u>(4,134)</u>
EXPENDITURES				
Current:				
Other Services and Supplies	800	800	800	0
Total Expenditures	<u>800</u>	<u>800</u>	<u>800</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	119,550	119,550	115,416	(4,134)
OTHER FINANCING SOURCES (USES)				
Transfers Out	(118,200)	(118,200)	(112,917)	5,283
Total Other Financing Sources (Uses)	<u>(118,200)</u>	<u>(118,200)</u>	<u>(112,917)</u>	<u>5,283</u>
Net Change In Fund Balances	1,350	1,350	2,499	1,149
Fund Balance, July 1	62,642	62,642	62,642	0
Fund Balance, June 30	<u>\$63,992</u>	<u>\$63,992</u>	<u>\$65,141</u>	<u>\$1,149</u>

CITY OF OROVILLE
SPECIAL GAS TAX 186.1 & 2106 FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Interest, Rents, and Concessions:				
Investment Earnings	\$773	\$773	\$1,508	\$735
Intergovernmental Revenues:				
State Gas Tax 186.1 & 2106	67,028	67,028	70,386	3,358
Total Revenues	67,801	67,801	71,894	4,093
<u>EXPENDITURES</u>				
Current:				
Other Services and Supplies	475	475	475	0
Total Expenditures	475	475	475	0
Excess (Deficiency) of Revenues Over Expenditures	67,326	67,326	71,419	4,093
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(67,500)	(67,500)	(70,102)	(2,602)
Total Other Financing Sources (Uses)	(67,500)	(67,500)	(70,102)	(2,602)
Net Change in Fund Balances	(174)	(174)	1,317	1,491
Fund Balance, July 1	34,862	34,862	34,862	0
Fund Balance, June 30	\$34,688	\$34,688	\$36,179	\$1,491

CITY OF OROVILLE
 SPECIAL GAS TAX 2105 FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Interest, Rents, and Concessions:				
Investment Earnings	\$1,243	\$1,243	\$2,454	\$1,211
Intergovernmental Revenues:				
State Gas Tax 2105	78,932	78,932	82,663	3,731
Total Revenues	<u>80,175</u>	<u>80,175</u>	<u>85,117</u>	<u>4,942</u>
<u>EXPENDITURES</u>				
Current:				
Other Services and Supplies	475	475	475	0
Total Expenditures	<u>475</u>	<u>475</u>	<u>475</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>79,700</u>	<u>79,700</u>	<u>84,642</u>	<u>4,942</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(80,500)	(80,500)	(82,240)	(1,740)
Total Other Financing Sources (Uses)	<u>(80,500)</u>	<u>(80,500)</u>	<u>(82,240)</u>	<u>(1,740)</u>
Net Change in Fund Balances	(800)	(800)	2,402	3,202
Fund Balance, July 1	54,618	54,618	54,618	0
Fund Balance, June 30	<u>\$53,818</u>	<u>\$53,818</u>	<u>\$57,020</u>	<u>\$3,202</u>

**CITY OF OROVILLE
SPECIAL AVIATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Interest, Rents, and Concessions:				
Investment Earnings	\$16,276	\$16,276	\$30,393	\$14,117
Rents and Concessions	148,460	148,460	188,152	39,692
Intergovernmental Revenues:				
Grants		141,375		(141,375)
Current Service Charges:				
Other Fees			263,679	263,679
Total Revenues	164,736	306,111	482,224	176,113
<u>EXPENDITURES</u>				
Current:				
Salaries and Benefits	33,902	35,080	35,355	(275)
Other Services and Supplies	99,392	584,832	331,328	253,504
Debt Service:				
Interest Charges	7,000	7,000	7,000	0
Capital Outlay				
Transportation		109,634		109,634
Total Expenditures	140,294	736,546	373,683	362,863
Excess (Deficiency) of Revenues Over Expenditures	24,442	(430,435)	108,541	538,976
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(79,203)	(82,055)	(82,055)	0
Total Other Financing Sources (Uses)	(79,203)	(82,055)	(82,055)	0
Net Change in Fund Balances	(54,761)	(512,490)	26,486	538,976
Fund Balance, July 1	412,642	412,642	412,642	0
Fund Balance, June 30	\$357,881	(\$99,848)	\$439,128	\$538,976

CITY OF OROVILLE
HOUSING ADMINISTRATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Total Revenues	\$0	\$0	\$0	\$0
<u>EXPENDITURES</u>				
Current:				
Salaries and Benefits	611,196	710,424	619,011	91,413
Total Expenditures	611,196	710,424	619,011	91,413
Excess (Deficiency) of Revenues Over Expenditures	(611,196)	(710,424)	(619,011)	91,413
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	611,196	623,491	648,711	25,220
Total Other Financing Sources (Uses)	611,196	623,491	648,711	25,220
Net Change In Fund Balances	0	(86,933)	29,700	116,633
Fund Balance, July 1	(48,710)	(48,710)	(48,710)	0
Fund Balance, June 30	(\$48,710)	(\$135,643)	(\$19,010)	\$116,633

CITY OF OROVILLE
EDBG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Interest, Rents, and Concessions:			\$92,788	\$92,788
Investment Earnings				
Intergovernmental Revenues:		\$300,000	513,511	213,511
Grants				
Other Revenues:	\$222,864	222,864	533,166	310,302
Loan Payments				
Total Revenues	222,864	522,864	1,139,465	616,601
<u>EXPENDITURES</u>				
Current:				
Other Services and Supplies		139,246	84,180	55,066
Loans Made		600,000	281,321	318,679
Capital Outlay:				
Housing and Community Development		1,850	1,300	550
Total Expenditures	0	741,096	366,801	374,295
Excess (Deficiency) of Revenues Over Expenditures	222,864	(218,232)	772,664	990,896
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	182,300	182,300		(182,300)
Transfers Out	(262,161)	(325,422)	(645,477)	(320,055)
Total Other Financing Sources (Uses)	(79,861)	(143,122)	(645,477)	(502,355)
Net Change in Fund Balances	143,003	(361,354)	127,187	488,541
Fund Balance, July 1	28,881	28,881	28,881	0
Fund Balance, June 30	\$171,884	(\$32,473)	\$156,068	\$488,541

CITY OF OROVILLE
 ASSET SEIZURE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Interest, Rents, and Concessions:				
Investment Earnings	\$50	\$51	\$759	\$708
Other Revenues:				
Miscellaneous Revenues	2,154	2,154	2,311	157
Total Revenues	<u>2,204</u>	<u>2,205</u>	<u>3,070</u>	<u>865</u>
<u>EXPENDITURES</u>				
Current:				
Other Services and Supplies		2,751		2,751
Capital Outlay:				
Public Safety		10,000	352	9,648
Total Expenditures	<u>0</u>	<u>12,751</u>	<u>352</u>	<u>12,399</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,204</u>	<u>(10,546)</u>	<u>2,718</u>	<u>13,264</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balances	2,204	(10,546)	2,718	13,264
Fund Balance, July 1	14,206	14,206	14,206	0
Fund Balance, June 30	<u>\$16,410</u>	<u>\$3,660</u>	<u>\$16,924</u>	<u>\$13,264</u>

CITY OF OROVILLE
 PUBLIC SAFETY AUGMENTATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Interest, Rents, and Concessions:				
Investment Earnings	\$468	\$468		(\$468)
Intergovernmental Revenues:				
Other Subventions	82,000	82,000	\$102,646	20,646
Total Revenues	<u>82,468</u>	<u>82,468</u>	<u>102,646</u>	<u>20,178</u>
<u>EXPENDITURES</u>				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	82,468	82,468	102,646	20,178
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(90,000)	(90,000)	(90,000)	0
Total Other Financing Sources (Uses)	<u>(90,000)</u>	<u>(90,000)</u>	<u>(90,000)</u>	<u>0</u>
Net Change In Fund Balances	(7,532)	(7,532)	12,646	20,178
Fund Balance, July 1	41,934	41,934	41,934	0
Fund Balance, June 30	<u>\$34,402</u>	<u>\$34,402</u>	<u>\$54,580</u>	<u>\$20,178</u>

CITY OF OROVILLE
 POLICE SUPPLEMENTAL LAW ENFORCEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Interest, Rents, and Concessions:				
Investment Earnings	\$600	\$600	\$1,127	\$527
Intergovernmental Revenues:				
State Grants	100,000	100,000	100,000	0
Total Revenues	<u>100,600</u>	<u>100,600</u>	<u>101,127</u>	<u>527</u>
<u>EXPENDITURES</u>				
Capital Outlay:				
Public Safety	11,000	11,000		11,000
Total Expenditures	<u>11,000</u>	<u>11,000</u>	<u>0</u>	<u>11,000</u>
Excess (Deficiency) of Revenues Over Expenditures	89,600	89,600	101,127	11,527
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(90,000)	(90,000)	(100,000)	(10,000)
Total Other Financing Sources (Uses)	<u>(90,000)</u>	<u>(90,000)</u>	<u>(100,000)</u>	<u>(10,000)</u>
Net Change In Fund Balances	(400)	(400)	1,127	1,527
Fund Balance, July 1	0	0	0	0
Fund Balance, June 30	<u>(\$400)</u>	<u>(\$400)</u>	<u>\$1,127</u>	<u>\$1,527</u>

CITY OF OROVILLE
 LAW ENFORCEMENT BLOCK GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental Revenues:				
Federal and State Grants		\$134,000	\$127,571	(\$6,429)
Total Revenues	\$0	<u>134,000</u>	<u>127,571</u>	<u>(6,429)</u>
EXPENDITURES				
Current:				
Salaries and Benefits		73,466	19,698	53,768
Other Services and Supplies		102,764	5,072	97,692
Capital Outlay:				
Public Safety			17,500	(17,500)
Total Expenditures	0	<u>176,230</u>	<u>42,270</u>	<u>133,960</u>
Excess (Deficiency) of Revenues Over Expenditures	0	(42,230)	85,301	127,531
OTHER FINANCING SOURCES (USES)				
Transfers Out			(483)	(483)
Total Other Financing Sources (Uses)	0	<u>0</u>	<u>(483)</u>	<u>(483)</u>
Net Change in Fund Balances	0	(42,230)	84,818	127,048
Fund Balance, July 1	47,571	47,571	47,571	0
Fund Balance, June 30	<u>\$47,571</u>	<u>\$5,341</u>	<u>\$132,389</u>	<u>\$127,048</u>

CITY OF OROVILLE
LAW ENFORCEMENT IMPACT FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Licenses and Permits:				
Police Service Impact Fees	\$3,523	\$3,523	\$10,506	\$6,983
Interest, Rents, and Concessions:				
Investment Earnings	737	737	1,387	650
Total Revenues	<u>4,260</u>	<u>4,260</u>	<u>11,893</u>	<u>7,633</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,260</u>	<u>4,260</u>	<u>11,893</u>	<u>7,633</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	4,260	4,260	11,893	7,633
Fund Balance, July 1	21,914	21,914	21,914	0
Fund Balance, June 30	<u>\$26,174</u>	<u>\$26,174</u>	<u>\$33,807</u>	<u>\$7,633</u>

CITY OF OROVILLE
 FIRE SUPPRESSION IMPACT FEE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Licenses and Permits:				
Fire Service Impact Fees	\$5,397	\$5,397	\$3,230	(\$2,167)
Interest, Rents, and Concessions:				
Investment Earnings	387	387	686	299
Total Revenues	<u>5,784</u>	<u>5,784</u>	<u>3,916</u>	<u>(1,868)</u>
<u>EXPENDITURES</u>				
Total Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues Over Expenditures	5,784	5,784	3,916	(1,868)
<u>OTHER FINANCING SOURCES (USES)</u>				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	5,784	5,784	3,916	(1,868)
Fund Balance, July 1	11,900	11,900	11,900	0
Fund Balance, June 30	<u>\$17,684</u>	<u>\$17,684</u>	<u>\$15,816</u>	<u>(\$1,868)</u>

CITY OF OROVILLE
CONTINGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Total Revenues	\$0	\$0	\$0	\$0
EXPENDITURES				
Current:				
Other Services and Supplies	53,596	217,023	63,864	153,159
Capital Outlay:				
General Government		14,916		14,916
Total Expenditures	53,596	231,939	63,864	168,075
Excess (Deficiency) of Revenues Over Expenditures	(53,596)	(231,939)	(63,864)	168,075
OTHER FINANCING SOURCES (USES)				
Transfers In	83,781	562,739	562,739	0
Transfers Out	(30,185)	(207,185)	(207,185)	0
Total Other Financing Sources (Uses)	53,596	355,554	355,554	0
Net Change In Fund Balances	0	123,615	291,690	168,075
Fund Balance, July 1	634,713	634,713	634,713	0
Fund Balance, June 30	\$634,713	\$758,328	\$926,403	\$168,075

CITY OF OROVILLE
 FIRE GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental Revenues:				
State Grants		\$64,152	\$59,949	(\$4,203)
Total Revenues	\$0	\$64,152	59,949	(4,203)
<u>EXPENDITURES</u>				
Current:				
Salaries and Benefits		113,355	33,403	79,952
Other Services and Supplies		26,635	13,847	12,788
Capital Outlay:				
Public Safety		3,000	2,656	344
Total Expenditures	0	142,990	49,906	93,084
Excess (Deficiency) of Revenues Over Expenditures	0	(78,838)	10,043	88,881
<u>OTHER FINANCING SOURCES (USES)</u>				
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	(78,838)	10,043	88,881
Fund Balance, July 1	82,938	82,938	82,938	0
Fund Balance, June 30	\$82,938	\$4,100	\$92,981	\$88,881

CITY OF OROVILLE
 GENERAL GOVERNMENT DEVELOPMENT IMPACT FEE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Licenses and Permits:				
General Services Impact Fees	\$9,396	\$9,396	\$9,668	\$272
Interest, Rents, and Concessions:				
Investment Earnings	654	654	1,559	905
Total Revenues	<u>10,050</u>	<u>10,050</u>	<u>11,227</u>	<u>1,177</u>
<u>EXPENDITURES</u>				
Current:				
Other Services and Supplies	18,000	18,000		18,000
Total Expenditures	<u>18,000</u>	<u>18,000</u>	<u>0</u>	<u>18,000</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(7,950)</u>	<u>(7,950)</u>	<u>11,227</u>	<u>19,177</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balances	<u>(7,950)</u>	<u>(7,950)</u>	<u>11,227</u>	<u>19,177</u>
Fund Balance, July 1	<u>25,796</u>	<u>25,796</u>	<u>25,796</u>	<u>0</u>
Fund Balance, June 30	<u>\$17,846</u>	<u>\$17,846</u>	<u>\$37,023</u>	<u>\$19,177</u>

CITY OF OROVILLE
 LIGHTING & LANDSCAPE MAINTENANCE DISTRICTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes:				
Special Maintenance Assessments	\$23,965	\$73,846	\$30,643	(\$43,203)
Interest, Rents, and Concessions:				
Investment Earnings	299	6,956	2,826	(4,130)
Total Revenues	<u>24,264</u>	<u>80,802</u>	<u>33,469</u>	<u>(47,333)</u>
<u>EXPENDITURES</u>				
Current:				
Salaries and Benefits	4,898	12,767	7,082	5,685
Other Services and Supplies	25,977	55,229	14,283	40,946
Total Expenditures	<u>30,875</u>	<u>67,996</u>	<u>21,365</u>	<u>46,631</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,611)</u>	<u>12,806</u>	<u>12,104</u>	<u>(702)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out		(12,806)		12,806
Total Other Financing Sources (Uses)	<u>0</u>	<u>(12,806)</u>	<u>0</u>	<u>12,806</u>
Net Change in Fund Balances	<u>(6,611)</u>	<u>0</u>	<u>12,104</u>	<u>12,104</u>
Fund Balance, July 1	58,502	58,502	58,502	0
Fund Balance, June 30	<u>\$51,891</u>	<u>\$58,502</u>	<u>\$70,606</u>	<u>\$12,104</u>

CITY OF OROVILLE
BENEFIT ASSESSMENT DISTRICTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Taxes:				
Special Benefit Assessments		\$25,099	\$24,224	(\$875)
Interest, Rents, and Concessions:				
Investment Earnings		382	1,221	839
Total Revenues	\$0	\$25,481	25,445	(36)
<u>EXPENDITURES</u>				
Current:				
Other Services and Supplies		21,229	3,238	17,991
Total Expenditures	0	21,229	3,238	17,991
Excess (Deficiency) of Revenues Over Expenditures	0	4,252	22,207	17,955
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out		(4,252)		4,252
Total Other Financing Sources (Uses)	0	(4,252)	0	4,252
Net Change In Fund Balances	0	0	22,207	22,207
Fund Balance, July 1	19,475	19,475	19,475	0
Fund Balance, June 30	\$19,475	\$19,475	\$41,682	\$22,207

CITY OF OROVILLE
STATE THEATER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	
<u>REVENUES</u>			
Interest, Rents, and Concessions:			
Investment Earnings	\$320	\$590	\$344
Rents and Concessions	66,705	66,435	(13,156)
Other Revenues:			
Donations		1,390	1,390
Total Revenues	67,025	67,025	(11,422)
<u>EXPENDITURES</u>			
Current:			
Salaries and Benefits	17,757	13,256	7,111
Other Services and Supplies	48,496	59,884	1,956
Total Expenditures	66,253	73,140	9,067
Excess (Deficiency) of Revenues Over Expenditures	772	(6,115)	(2,355)
<u>OTHER FINANCING SOURCES (USES)</u>			
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balances	772	(6,115)	(2,355)
Fund Balance, July 1	9,108	9,108	0
Fund Balance, June 30	\$9,880	\$2,993	(\$2,355)

CITY OF OROVILLE
PIONEER MUSEUM FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Total Revenues	\$0	\$0	\$0	\$0
<u>EXPENDITURES</u>				
Total Expenditures	0	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	0	0	0	0
<u>OTHER FINANCING SOURCES (USES)</u>				
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	0	0	0	0
Fund Balance, July 1	100,999	100,999	100,999	0
Fund Balance, June 30	\$100,999	\$100,999	\$100,999	\$0

CITY OF OROVILLE
PUBLIC WORKS MANUFACTURING DEVELOPMENT CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Interest, Rents, and Concessions:				
Investment Earnings	\$1,300	\$1,300	\$9,542	\$8,242
Rents and Concessions	60,000	60,000	62,000	2,000
Total Revenues	61,300	61,300	71,542	10,242
<u>EXPENDITURES</u>				
Current:				
Salaries and Benefits		1,453	552	901
Other Services and Supplies	18,000	48,910	13,997	34,913
Capital Outlay:				
General Government		72,227		72,227
Total Expenditures	18,000	122,590	14,549	108,041
Excess (Deficiency) of Revenues Over Expenditures	43,300	(61,290)	56,993	118,283
<u>OTHER FINANCING SOURCES (USES)</u>				
Total Other Financing Sources (Uses)	0	0	0	0
Net Change in Fund Balances	43,300	(61,290)	56,993	118,283
Fund Balance, July 1	163,615	163,615	163,615	0
Fund Balance, June 30	\$206,915	\$102,325	\$220,608	\$118,283

CITY OF OROVILLE
 CITY HOUSING REHABILITATION REVOLVING LOAN FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Interest, Rents, and Concessions:				
Investment Earnings	\$53,698	\$53,698	\$79,228	\$25,530
Other Revenues:				
Loan Payments	118,137	118,137	129,199	11,062
Total Revenues	<u>171,835</u>	<u>171,835</u>	<u>208,427</u>	<u>36,592</u>
<u>EXPENDITURES</u>				
Current:				
Other Services and Supplies	10,000	85,000	3,680	81,320
Loans Made		300,000		300,000
Total Expenditures	<u>10,000</u>	<u>385,000</u>	<u>3,680</u>	<u>381,320</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>161,835</u>	<u>(213,165)</u>	<u>204,747</u>	<u>417,912</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(4,977)	(40,077)	(40,077)	0
Total Other Financing Sources (Uses)	<u>(4,977)</u>	<u>(40,077)</u>	<u>(40,077)</u>	<u>0</u>
Net Change in Fund Balances	156,858	(253,242)	164,670	417,912
Fund Balance, July 1	747,469	747,469	747,469	0
Fund Balance, June 30	<u>\$904,327</u>	<u>\$494,227</u>	<u>\$912,139</u>	<u>\$417,912</u>

CITY OF OROVILLE
ECONOMIC DEVELOPMENT REVOLVING LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Interest, Rents, and Concessions:				
Investment Earnings		\$90,693	\$150,279	\$59,586
Other Revenues:				
Loan Payments	\$222,864	222,420	185,523	(36,897)
Total Revenues	<u>222,864</u>	<u>313,113</u>	<u>335,802</u>	<u>22,689</u>
<u>EXPENDITURES</u>				
Current:				
Other Services and Supplies		34,000	21,843	12,157
Loans Made		600,000	95,250	504,750
Capital Outlay:				
Housing and Community Development			817	(817)
Total Expenditures	<u>0</u>	<u>634,000</u>	<u>117,910</u>	<u>516,090</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>222,864</u>	<u>(320,887)</u>	<u>217,892</u>	<u>538,779</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In				
Transfers Out	182,300	251,095	923,175	672,080
	(262,161)	(1,376,668)	(1,378,721)	(2,053)
Total Other Financing Sources (Uses)	<u>(79,861)</u>	<u>(1,125,573)</u>	<u>(455,546)</u>	<u>670,027</u>
Net Change in Fund Balances	<u>143,003</u>	<u>(1,446,460)</u>	<u>(237,654)</u>	<u>1,208,806</u>
Fund Balance, July 1	2,075,609	2,075,609	2,075,609	0
Fund Balance, June 30	<u>\$2,218,612</u>	<u>\$629,149</u>	<u>\$1,837,955</u>	<u>\$1,208,806</u>

**CITY OF OROVILLE
CDBG HOUSING REVOLVING LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Interest, Rents, and Concessions:				
Investment Earnings	\$307	\$307	\$33,771	\$33,464
Other Revenues:				
Sale of Property			94,500	94,500
Total Revenues	<u>307</u>	<u>307</u>	<u>128,271</u>	<u>127,964</u>
<u>EXPENDITURES</u>				
Current:				
Other Services and Supplies			99	(99)
Loans Made		205,645	161,668	43,977
Total Expenditures	<u>0</u>	<u>205,645</u>	<u>161,767</u>	<u>43,878</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>307</u>	<u>(205,338)</u>	<u>(33,496)</u>	<u>171,842</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In				
Transfers Out	3,137	3,137	35,279	32,142
Total Other Financing Sources (Uses)	<u>3,137</u>	<u>(87,218)</u>	<u>(5,496)</u>	<u>81,722</u>
Net Change in Fund Balances	<u>3,444</u>	<u>(292,556)</u>	<u>(38,992)</u>	<u>253,564</u>
Fund Balance, July 1	390,711	390,711	390,711	0
Fund Balance, June 30	<u>\$394,155</u>	<u>\$98,155</u>	<u>\$351,719</u>	<u>\$253,564</u>

CITY OF OROVILLE
 MICRO-ENTERPRISE REVOLVING LOAN FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents, and Concessions:				
Investment Earnings	\$15	\$15	\$10,206	\$10,191
Total Revenues	15	15	10,206	10,191
EXPENDITURES				
Current:				
Loans Made		166,500	3,000	163,500
Total Expenditures	0	166,500	3,000	163,500
Excess (Deficiency) of Revenues Over Expenditures	15	(166,485)	7,206	173,691
OTHER FINANCING SOURCES (USES)				
Transfers Out		(45,000)	(45,000)	0
Total Other Financing Sources (Uses)	0	(45,000)	(45,000)	0
Net Change in Fund Balances	15	(211,485)	(37,794)	173,691
Fund Balance, July 1	208,545	208,545	208,545	0
Fund Balance, June 30	\$208,560	(\$2,940)	\$170,751	\$173,691

CITY OF OROVILLE
HOUSING REHABILITATION REVOLVING LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents, and Concessions:				
Investment Earnings	\$0	\$0	\$15,456	\$15,456
Total Revenues	\$0	\$0	\$15,456	\$15,456
EXPENDITURES				
Current:				
Other Services and Supplies		405,000	253,765	151,235
Total Expenditures	0	405,000	253,765	151,235
Excess (Deficiency) of Revenues Over Expenditures	0	(405,000)	(238,309)	166,691
OTHER FINANCING SOURCES (USES)				
Transfers In		500,000	500,000	0
Transfers Out		(95,000)	(9,606)	85,394
Total Other Financing Sources (Uses)	0	405,000	490,394	85,394
Net Change In Fund Balances	0	0	252,085	252,085
Fund Balance, July 1	0	0	0	0
Fund Balance, June 30	\$0	\$0	\$252,085	\$252,085

**CITY OF OROVILLE
CITY REVOLVING LOAN FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	
<u>REVENUES</u>			
Interest, Rents, and Concessions:			
Investment Earnings	\$2,367	\$7,421	\$14,809
Other Revenues:			
Loan Payments	38,496	33,442	15,266
Miscellaneous		6,675	6,675
Total Revenues	40,863	40,863	36,750
<u>EXPENDITURES</u>			
Current:			
Other Services and Supplies	10,000	31,000	22,679
Capital Outlay:			
Housing and Community Development		19,994	16,358
Total Expenditures	10,000	50,994	39,037
Excess (Deficiency) of Revenues Over Expenditures	30,863	(10,131)	75,787
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	(20,000)	(20,000)	0
Total Other Financing Sources (Uses)	(20,000)	(20,000)	0
Net Change in Fund Balances	10,863	(30,131)	75,787
Fund Balance, July 1	203,627	203,627	0
Fund Balance, June 30	\$214,490	\$173,496	\$75,787

CITY OF OROVILLE
ANNEXATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
<u>REVENUES</u>				
Interest, Rents, and Concessions:				
Investment Earnings	\$397	\$397	\$7,067	\$6,670
Other Revenues:				
Refunds/Reimbursements				0
Total Revenues	<u>397</u>	<u>397</u>	<u>7,067</u>	<u>6,670</u>
<u>EXPENDITURES</u>				
Current:				
Other Services and Supplies		137,981	43,964	94,017
Total Expenditures	<u>0</u>	<u>137,981</u>	<u>43,964</u>	<u>94,017</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>397</u>	<u>(137,584)</u>	<u>(36,897)</u>	<u>100,687</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change in Fund Balances	397	(137,584)	(36,897)	100,687
Fund Balance, July 1	161,320	161,320	161,320	0
Fund Balance, June 30	<u>\$161,717</u>	<u>\$23,736</u>	<u>\$124,423</u>	<u>\$100,687</u>

CITY OF OROVILLE
 PLAN RETENTION FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	
<u>REVENUES</u>			
Interest, Rents, and Concessions:			
Investment Earnings		\$293	\$157
Current Service Charges:			
Other Charges		679	199
Total Revenues	\$0	972	356
<u>EXPENDITURES</u>			
Total Expenditures	0	0	0
Excess (Deficiency) of Revenues Over Expenditures	0	972	356
<u>OTHER FINANCING SOURCES (USES)</u>			
Total Other Financing Sources (Uses)	0	0	0
Net Change in Fund Balances	0	972	356
Fund Balance, July 1	8,363	8,363	0
Fund Balance, June 30	\$8,363	\$9,335	\$356

CITY OF OROVILLE
 COMBINING BALANCE SHEET
 DEBT SERVICE FUNDS
 NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2007

ASSETS	1974 Sewer Bond Fund	City Debt Service Fund	Assessment District 1993-1 Redemption Fund	Oroville Public Financing Authority Redemption Fund	Totals 2007
Cash	\$40,756	\$160,365	\$395,279	\$46,160	\$642,560
Receivables:				3,234,207	3,234,207
Interest					
Special Assessments			1,551,950	31,528	1,583,478
Total Assets	\$40,756	\$160,365	\$1,947,229	\$3,311,895	\$5,460,245
LIABILITIES AND FUND BALANCES					
Liabilities:					
Vouchers Payable			\$203		\$203
Payable From Restricted Assets:					
Matured Bond Interest			8,175		8,175
Deferred Revenues-Special Assessments			1,349,121		1,349,121
Total Liabilities	\$0	\$0	1,357,499	\$0	1,357,499
Fund Balances:					
Reserved For Debt Service	40,756	160,365	589,730	3,311,895	3,311,895
Unreserved - Undesignated	40,756	160,365	589,730	3,311,895	790,851
Total Fund Balances	\$40,756	\$160,365	\$1,947,229	\$3,311,895	4,102,746
Total Liabilities and Fund Balances					\$5,460,245

CITY OF OROVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
DEBT SERVICE FUNDS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	1974 Sewer Bond Fund	City Debt Service Fund	Assessment District 1993-1 Redemption Fund	Oroville Public Financing Authority Redemption Fund	Totals 2007
REVENUES					
Special Assessments			\$177,149		\$177,149
Interest, Rents, and Concessions	\$1,947		369	\$57,061	59,377
Other Revenues - Fees			17,633		17,633
Total Revenues	<u>1,947</u>	<u>\$0</u>	<u>195,151</u>	<u>57,061</u>	<u>254,159</u>
EXPENDITURES					
Debt Service:					
Principal Retirement			43,333	525,000	568,333
Interest and Fiscal Charges			122,641	1,403,719	1,526,360
Total Expenditures	<u>0</u>	<u>0</u>	<u>165,974</u>	<u>1,928,719</u>	<u>2,094,693</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,947</u>	<u>0</u>	<u>29,177</u>	<u>(1,871,658)</u>	<u>(1,840,534)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In		97,009		2,276,848	2,373,857
Transfers Out			(3,696)	(3,696)	(3,696)
Total Other Financing Sources (Uses)	<u>0</u>	<u>97,009</u>	<u>(3,696)</u>	<u>2,276,848</u>	<u>2,370,161</u>
Net Change In Fund Balances	<u>1,947</u>	<u>97,009</u>	<u>25,481</u>	<u>405,190</u>	<u>529,627</u>
Fund Balances, July 1	<u>38,809</u>	<u>63,356</u>	<u>564,249</u>	<u>2,906,705</u>	<u>3,573,119</u>
Fund Balances, June 30	<u>\$40,756</u>	<u>\$160,365</u>	<u>\$589,730</u>	<u>\$3,311,895</u>	<u>\$4,102,746</u>

**CITY OF OROVILLE
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUNDS
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2007**

	Equipment Replacement Fund	New Capital Equipment Fund	Capital Projects Fund	Building Facilities Capital Improvement Fund	Oroville Redevelopment Agency 2001 Bond Fund	Oroville Redevelopment Agency 1995 Bond Fund	Oroville Redevelopment Agency 2004 Bond Fund	Totals 2007
ASSETS								
Cash and Investments	\$820,338	\$64,822			\$1,763,725	\$418,812	\$4,162,513	\$7,230,210
Receivables:			\$1,090,924					1,090,924
Grants								74,246
Interest							51,973	20,840
Loans	20,840			22,273				17,987
Due From Other Funds	17,987							112,672
Advances Due From Other Funds	112,672							
Total Assets	\$971,837	\$64,822	\$1,090,924	\$0	\$1,785,998	\$418,812	\$4,214,486	\$8,546,879
LIABILITIES AND FUND BALANCES								
Liabilities:								
Vouchers Payable			\$557,773	\$4,512	\$8,686	\$2,525		\$573,496
Contract Retentions Payable			31,584	19,820				51,404
Due To Other Funds			551,816	16,169				567,985
Deferred Revenues - Unearned	\$20,840							20,840
Total Liabilities	20,840	\$0	1,141,173	40,501	8,686	2,525	\$0	1,213,725
Fund Balances:								
Reserved:								
Encumbrances					19,770		334,808	354,578
Long Term Receivables	112,672							112,672
Unreserved:								
Undesignated	838,325	64,822	(50,249)	(40,501)	1,757,542	416,287	3,879,678	6,865,904
Total Fund Balances	950,997	64,822	(50,249)	(40,501)	1,777,312	416,287	4,214,486	7,333,154
Total Liabilities and Fund Balances	\$971,837	\$64,822	\$1,090,924	\$0	\$1,785,998	\$418,812	\$4,214,486	\$8,546,879

CITY OF OROVILLE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS FUNDS
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Equipment Replacement Fund	New Capital Equipment Fund	Capital Projects Fund	Building Facilities Capital Improvement Fund	Oroville Redevelopment Agency 2001 Bond Fund	Oroville Redevelopment Agency 1995 Bond Fund	Oroville Redevelopment Agency 2004 Bond Fund	Totals 2007
REVENUES								
Interest, Rents, and Concessions Intergovernmental Revenues	\$45,341	\$3,413	\$1,604,591	\$6,204	\$104,300	\$6,924	\$173,504	\$339,686
Other Revenues	17,883		10,000					1,604,591
Total Revenues	63,224	3,413	1,614,591	6,204	104,300	6,924	173,504	1,972,160
EXPENDITURES								
Current:								
Loans Made	12,121							12,121
Capital Outlay:								
General Government		2,147		310,607	78,527	3,972	39,432	434,685
Public Safety	12,682	170,248						182,930
Public Works		93,729						93,729
Streets and Storm Drains		18,635	1,168,700		217,200	103,631	42,722	1,532,253
Parks and Leisure					1,293	79,159	40,382	139,469
Total Expenditures	24,803	284,759	1,168,700	310,607	297,020	186,762	122,536	2,395,187
Excess (Deficiency) of Revenues Over Expenditures	38,421	(281,346)	445,891	(304,403)	(192,720)	(179,838)	50,968	(423,027)
OTHER FINANCING SOURCES (USES)								
Capital Lease Transfers In	29,000	251,501	122,023	27,000		125,000		251,501
Transfers Out		20,185	(149,443)	(2,238)	(5,237)	(102,732)		323,208
Total Other Financing Sources (Uses)	29,000	271,686	(27,420)	24,762	(5,237)	22,268	0	(259,650)
Net Change in Fund Balances	67,421	(9,660)	418,471	(279,641)	(197,957)	(157,570)	50,968	(107,968)
Fund Balances, July 1	883,576	74,482	(468,720)	239,140	1,975,269	573,857	4,163,518	7,441,122
Fund Balances, June 30	\$950,997	\$64,822	(\$50,249)	(\$40,501)	\$1,777,312	\$416,287	\$4,214,486	\$7,333,154

**CITY OF OROVILLE
EQUIPMENT REPLACEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Actual Amounts</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Interest, Rents, and Concessions:				
Investment Earnings	\$21,000	\$21,000	\$45,341	\$24,341
Other Revenues:				
Refunds/Reimbursements	700	700	17,883	17,183
Total Revenues	21,700	21,700	63,224	41,524
<u>EXPENDITURES</u>				
Current:				
Loans Made	25,000	25,000	12,121	12,879
Capital Outlay:				
General Governmental		7,179		7,179
Public Safety		46,593	12,682	33,911
Total Expenditures	25,000	78,772	24,803	53,969
Excess (Deficiency) of Revenues Over Expenditures	(3,300)	(57,072)	38,421	95,493
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	29,000	29,000	29,000	0
Total Other Financing Sources (Uses)	29,000	29,000	29,000	0
Net Change In Fund Balances	25,700	(28,072)	67,421	95,493
Fund Balance, July 1	883,576	883,576	883,576	0
Fund Balance, June 30	\$909,276	\$855,504	\$950,997	\$95,493

**CITY OF OROVILLE
NEW CAPITAL EQUIPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	
<u>REVENUES</u>			
Interest, Rents, and Concessions:			
Investment Earnings	\$500	\$500	\$2,913
Total Revenues	<u>500</u>	<u>500</u>	<u>2,913</u>
<u>EXPENDITURES</u>			
Current:			
Other Services and Supplies		1,047	1,047
Capital Outlay:			
General Governmental		2,147	2,147
Public Safety		140,254	170,248
Public Works		283,078	93,729
Parks and Leisure		33,290	18,635
Total Expenditures	<u>0</u>	<u>439,816</u>	<u>284,759</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>500</u>	<u>(439,316)</u>	<u>157,970</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Capital Lease Transfers In	20,185	20,185	251,501
Total Other Financing Sources (Uses)	<u>20,185</u>	<u>20,185</u>	<u>251,501</u>
Net Change in Fund Balances	<u>20,685</u>	<u>(419,131)</u>	<u>409,471</u>
Fund Balance, July 1	74,482	74,482	0
Fund Balance, June 30	<u>\$95,167</u>	<u>(\$344,649)</u>	<u>\$409,471</u>

**CITY OF OROVILLE
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	
<u>REVENUES</u>			
Intergovernmental Revenues:			
Federal and State Grants		\$4,803,015	\$1,604,591 (\$3,198,424)
Other Revenue:			
Donations		10,000	0
Total Revenues	\$0	4,813,015	1,614,591 (3,198,424)
<u>EXPENDITURES</u>			
Capital Outlay:			
Streets and Storm Drains		4,563,340	3,394,640
Parks and Leisure		50,081	50,081
Total Expenditures	0	4,613,421	1,168,700 3,444,721
Excess (Deficiency) of Revenues Over Expenditures	0	199,594	445,891 246,297
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In			
Transfers Out		24,443	122,023 97,580 (149,443)
Total Other Financing Sources (Uses)	0	24,443	(27,420) (51,863)
Net Change In Fund Balances	0	224,037	418,471 194,434
Fund Balance, July 1	(468,720)	(468,720)	(468,720) 0
Fund Balance, June 30	(\$468,720)	(\$244,683)	(\$50,249) \$194,434

**CITY OF OROVILLE
BUILDING FACILITIES CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	
<u>REVENUES</u>			
Interest, Rents, and Concessions: Investment Earnings	\$1,986	\$145	\$6,059
Total Revenues	<u>1,986</u>	<u>145</u>	<u>6,059</u>
<u>EXPENDITURES</u>			
Capital Outlay: General Government		968,357	657,750
Total Expenditures	<u>0</u>	<u>968,357</u>	<u>657,750</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,986</u>	<u>(968,212)</u>	<u>663,809</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Loan Transfers In		700,000	(700,000)
Transfers Out		27,000	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>727,000</u>	<u>(702,238)</u>
Net Change in Fund Balances	1,986	(241,212)	(38,429)
Fund Balance, July 1	239,140	239,140	0
Fund Balance, June 30	<u>\$241,126</u>	<u>(\$2,072)</u>	<u>(\$38,429)</u>

**CITY OF OROVILLE
 OROVILLE REDEVELOPMENT AGENCY 2001 BOND FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007**

	<u>Budget Amounts</u>		<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	
<u>REVENUES</u>			
Interest, Rents, and Concessions:			
Investment Earnings	\$7,421	\$39,600	\$58,325
Rents		6,375	6,375
Intergovernmental Revenues:		222,000	(222,000)
State Grants			
Total Revenues	7,421	261,600	(157,300)
<u>EXPENDITURES</u>			
Capital Outlay:			
General Government		330,767	252,240
Streets and Storm Drains		1,075,881	858,681
Parks and Leisure		350,000	348,707
Total Expenditures	0	1,756,648	1,459,628
Excess (Deficiency) of Revenues Over Expenditures	7,421	(1,495,048)	1,302,328
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out		(5,237)	(5,237)
Total Other Financing Sources (Uses)	0	0	(5,237)
Net Change in Fund Balances	7,421	(1,495,048)	1,297,091
Fund Balance, July 1	1,975,269	1,975,269	0
Fund Balance, June 30	\$1,982,690	\$480,221	\$1,297,091

CITY OF OROVILLE
OROVILLE REDEVELOPMENT AGENCY 1995 BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET (GAAP BASIS) AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2007

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents, and Concessions:				
Investment Earnings	\$11,000	\$15,750	\$6,924	(\$8,826)
Intergovernmental Revenues:				
State Grants		125,000		(125,000)
Total Revenues	11,000	140,750	6,924	(133,826)
EXPENDITURES				
Capital Outlay:				
General Government		287,001	3,972	283,029
Streets and Storm Drains		156,409	103,631	52,778
Parks and Leisure		286,564	79,159	207,405
Total Expenditures	0	729,974	186,762	543,212
Excess (Deficiency) of Revenues Over Expenditures	11,000	(589,224)	(179,838)	409,386
OTHER FINANCING SOURCES (USES)				
Transfers In			125,000	125,000
Transfers Out			(102,732)	(102,732)
Total Other Financing Sources (Uses)	0	0	22,268	22,268
Net Change In Fund Balances	11,000	(589,224)	(157,570)	431,654
Fund Balance, July 1	573,857	573,857	573,857	0
Fund Balance, June 30	\$564,857	(\$15,367)	\$416,287	\$431,654

**CITY OF OROVILLE
 OROVILLE REDEVELOPMENT AGENCY 2004 BOND FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET (GAAP BASIS) AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2007**

	Budget Amounts		Actual Amounts	Variance With Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest, Rents, and Concessions: Investment Earnings	\$77,535	\$135,000	\$173,504	\$38,504
Total Revenues	<u>77,535</u>	<u>135,000</u>	<u>173,504</u>	<u>38,504</u>
EXPENDITURES				
Capital Outlay:				
General Government		1,242,683	39,432	1,203,251
Streets and Storm Drains		827,851	42,722	785,129
Parks and Leisure		40,382	40,382	0
Total Expenditures	<u>0</u>	<u>2,110,916</u>	<u>122,536</u>	<u>1,988,380</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>77,535</u>	<u>(1,975,916)</u>	<u>50,968</u>	<u>2,026,884</u>
OTHER FINANCING SOURCES (USES)				
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Change In Fund Balances	77,535	(1,975,916)	50,968	2,026,884
Fund Balance, July 1	4,163,518	4,163,518	4,163,518	0
Fund Balance, June 30	<u>\$4,241,053</u>	<u>\$2,187,602</u>	<u>\$4,214,486</u>	<u>\$2,026,884</u>

CITY OF OROVILLE
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
JUNE 30, 2007

	Payroll Revolving Fund	Stores Revolving Fund	Vehicle Maintenance Fund	Workers' Compensation Revolving Fund	Unemployment Insurance Fund	Vision Insurance Fund	Totals 2007
ASSETS							
Current Assets:							
Cash	\$18,272	\$67,804	\$5,807	\$1,061,190	\$29,334	\$61,113	\$1,243,520
Receivables:		418					418
Accounts		8,414	25,316				33,730
Inventory							
Total Assets	<u>18,272</u>	<u>76,636</u>	<u>31,123</u>	<u>1,061,190</u>	<u>29,334</u>	<u>61,113</u>	<u>1,277,668</u>
Current Liabilities:							
Vouchers Payable/Claims Payable			11,090			1,024	12,114
Accrued Salaries and Benefits	18,272		4,749				23,021
Accrued Employee Compensated Leave			10,830				10,830
Unpaid Claims Liability				276,184			276,184
Total Liabilities	<u>18,272</u>	<u>0</u>	<u>26,669</u>	<u>276,184</u>	<u>0</u>	<u>1,024</u>	<u>322,149</u>
Unrestricted	0	76,636	4,454	785,006	29,334	60,089	955,519
Total Net Assets	<u>\$0</u>	<u>\$76,636</u>	<u>\$4,454</u>	<u>\$785,006</u>	<u>\$29,334</u>	<u>\$60,089</u>	<u>\$955,519</u>

NET ASSETS

CITY OF OROVILLE
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Payroll Revolving Fund	Stores Revolving Fund	Vehicle Maintenance Fund	Workers' Compensation Revolving Fund	Unemployment Insurance Fund	Vision Insurance Fund	Totals 2007
<u>OPERATING REVENUES</u>							
Incoming Provisions				\$503,921	\$16,320	\$40,497	\$990,502
Reimbursements		\$59,413	\$429,764 4,063	307,729			371,205
Total Operating Revenues	\$0	59,413	433,827	811,650	16,320	40,497	1,361,707
<u>OPERATING EXPENSES</u>							
Salaries and Benefits			155,826				155,826
Supplies		25,901	266,591				292,492
Other Services and Charges		13,085	27,739	1,944			42,768
Claims				284,128	15,946	27,523	327,597
Total Operating Expenses	0	38,986	450,156	286,072	15,946	27,523	818,683
Net Operating Income	0	20,427	(16,329)	525,578	374	12,974	543,024
<u>NONOPERATING REVENUES (EXPENSES)</u>							
Investment Earnings				39,114	1,549	2,734	43,397
Total Nonoperating Revenues (Expenses)	0	0	0	39,114	1,549	2,734	43,397
Income (Loss) Before Operating Transfers	0	20,427	(16,329)	564,692	1,923	15,708	566,421
Transfers In			4,491				4,491
Transfers Out				(245,000)			(245,000)
Change in Net Assets	0	20,427	(11,838)	319,692	1,923	15,708	345,912
Net Assets, July 1	0	56,209	16,292	465,314	27,411	44,381	609,607
Net Assets, June 30	\$0	\$76,636	\$4,454	\$785,006	\$29,334	\$60,089	\$965,519

CITY OF OROVILLE
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2007

	Payroll Revolving Fund	Stores Revolving Fund	Vehicle Maintenance Fund	Workers' Compensation Revolving Fund	Unemployment Insurance Fund	Vision Insurance Fund	Totals 2007
Cash Flows From Operating Activities							
Receipts From Customers and Users			\$4,063	\$307,729			\$311,792
Receipts From Interfund Services Provided		\$59,413	432,814	503,921	\$16,320	\$40,497	1,052,965
Payments to Employees		(36,151)	(156,544)	(329,443)	(15,946)	(27,825)	(166,544)
Payments to Suppliers	\$3,741		(299,379)				(705,003)
	<u>3,741</u>	<u>23,262</u>	<u>(19,046)</u>	<u>482,207</u>	<u>374</u>	<u>12,672</u>	<u>503,210</u>
Net Cash Provided (Used) By Operating Activities							
Cash Flows From Noncapital Financing Activities							
Transfers In			4,491	(245,000)			4,491
Transfers Out							(245,000)
	<u>0</u>	<u>0</u>	<u>4,491</u>	<u>(245,000)</u>	<u>0</u>	<u>0</u>	<u>(240,509)</u>
Net Cash Provided (Used) By Noncapital Financing Activities							
Cash Flows From Investing Activities							
Interest on Investments				39,114	1,549	2,734	43,397
	<u>0</u>	<u>0</u>	<u>0</u>	<u>39,114</u>	<u>1,549</u>	<u>2,734</u>	<u>43,397</u>
Net Cash Provided (Used) By Investing Activities							
Net Increase (Decrease) In Cash	3,741	23,262	(14,555)	276,321	1,923	15,406	306,098
Cash Balance, July 1	14,531	44,542	20,362	784,869	27,411	45,707	937,422
	<u>\$18,272</u>	<u>\$67,804</u>	<u>\$5,807</u>	<u>\$1,061,190</u>	<u>\$29,334</u>	<u>\$61,113</u>	<u>\$1,243,520</u>
Cash Balance, June 30							
	\$0	\$20,427	(\$16,329)	\$525,578	\$374	\$12,974	\$543,024
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:							
Operating Income (Loss)							
Adjustments to Reconcile Operating Income to Net Cash Provided (Used):							
Decrease (Increase) in Accounts Receivable			3,050				3,050
Decrease (Increase) in Inventory		2,835	(3,488)				(653)
Increase (Decrease) in Vouchers Payable			(1,561)	(961)		(302)	(2,824)
Increase (Decrease) in Accrued Salaries and Benefits	3,741		(718)	(42,410)			3,023
Increase (Decrease) in Other Liabilities							(42,410)
	<u>3,741</u>	<u>2,835</u>	<u>(2,717)</u>	<u>(43,371)</u>	<u>0</u>	<u>(302)</u>	<u>(39,814)</u>
Total Adjustments							
	<u>\$3,741</u>	<u>\$23,262</u>	<u>(\$19,046)</u>	<u>\$482,207</u>	<u>\$374</u>	<u>\$12,672</u>	<u>\$503,210</u>
Net Cash Provided (Used) By Operating Activities							

**CITY OF OROVILLE
COMBINING BALANCE SHEET
AGENCY FUNDS
JUNE 30, 2007**

	Feather River Bluffs Fund	Special Deposit Trust Fund	Honor Grove Fund	Lake Oroville JPA Fund	Totals 2007
ASSETS					
Current Assets:					
Cash	\$16,778	\$386,676	\$194		\$403,648
Receivables:					
Taxes		13,642			13,642
Total Assets	\$16,778	\$400,318	\$194	\$0	\$417,290
LIABILITIES					
Vouchers Payable		\$10,582			\$10,582
Deposits Payable	\$16,778	283,351			283,351
Due to Other Agencies		106,385	\$194		123,357
Total Liabilities	\$16,778	\$400,318	\$194	\$0	\$417,290

**CITY OF OROVILLE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Feather River Bluffs Fund</u>	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
ASSETS				
Cash	\$15,963	\$815		\$16,778
Total Assets	\$15,963	\$815	\$0	\$16,778
LIABILITIES				
Due to Other Agencies	\$15,963	\$815		\$16,778
Total Liabilities	\$15,963	\$815	\$0	\$16,778
Special Deposit Trust Fund				
ASSETS				
Cash	\$298,368	\$386,676	\$298,368	\$386,676
Receivables:				
Taxes	15,196	13,642	15,196	13,642
Accounts	2,636		2,636	0
Total Assets	\$316,200	\$400,318	\$316,200	\$400,318
LIABILITIES				
Vouchers Payable	\$895	\$10,582	\$895	\$10,582
Deposits Payable	249,405	283,351	249,405	283,351
Due to Other Agencies	65,900	106,385	65,900	106,385
Total Liabilities	\$316,200	\$400,318	\$316,200	\$400,318
Honor Grove Fund				
ASSETS				
Cash	\$194			\$194
Total Assets	\$194	\$0	\$0	\$194
LIABILITIES				
Due to Other Agencies	\$194			\$194
Total Liabilities	\$194	\$0	\$0	\$194

Continued

**CITY OF OROVILLE
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2007**

<u>Lake Oroville JPA</u>	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
ASSETS				
Cash	\$4,170	\$213	\$4,383	\$0
Total Assets	\$4,170	\$213	\$4,383	\$0
LIABILITIES				
Due to Other Agencies	\$4,170	\$213	\$4,383	\$0
Total Liabilities	\$4,170	\$213	\$4,383	\$0
Total Agency Funds				
ASSETS				
Cash	\$318,695	\$387,704	\$302,751	\$403,648
Receivables:				
Taxes	15,196	13,642	15,196	13,642
Accounts	2,636		2,636	0
Total Assets	\$336,527	\$401,346	\$320,583	\$417,290
LIABILITIES				
Vouchers Payable	\$895	\$10,582	\$895	\$10,582
Deposits Payable	249,405	283,351	249,405	283,351
Due to Other Agencies	86,227	107,413	70,283	123,357
Total Liabilities	\$336,527	\$401,346	\$320,583	\$417,290

CITY OF OROVILLE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
COMPARATIVE SCHEDULE BY SOURCE
JUNE 30, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
Governmental Funds Capital Assets:		
Land	\$6,737,237	\$6,737,237
Improvements Other Than Buildings	3,318,215	3,318,215
Buildings	8,194,472	8,194,065
Underground Collector System	3,993,666	3,993,666
Machinery and Equipment	6,375,756	6,118,561
Infrastructure	33,006,965	33,006,965
Construction in Progress	5,768,406	3,375,035
Total Governmental Funds Capital Assets	<u>\$67,394,717</u>	<u>\$64,743,744</u>

Investments in Governmental Funds Capital Assets by Source:

City Governmental Funds:		
General Fund	\$1,342,304	\$1,133,908
Special Revenue Funds	5,214,142	5,144,513
Capital Projects Funds	16,474,916	14,101,968
Assets Acquired in Prior Years	44,173,534	44,173,534
Donations	189,821	189,821
Total Governmental Funds Capital Assets	<u>\$67,394,717</u>	<u>\$64,743,744</u>

All of the City's capital assets are used in the operations of governmental funds. Capital assets that did not readily identify the funding source have been reported as "Assets Acquired in Prior Years."

CITY OF OROVILLE
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
JUNE 30, 2007

	Land	Improvements Other Than Buildings	Buildings	Underground Collection System	Machinery And Equipment	Infrastructure	Construction In Progress	Total
General Government	\$63,455		\$769,991		\$244,173			\$1,077,619
Public Safety	52,500	\$189,840	1,254,358		3,771,040			5,267,738
Public Works and Streets	3,032,869	953,675	1,266,630		1,666,238	\$31,824,711	\$145,081	38,889,204
Parks and Community Relations	599,841	877,524	3,071,752		552,931		1,483,748	6,585,796
Transportation	2,255,711	1,297,176	1,310,049		7,000	1,182,254		6,052,190
Health and Sanitation				\$3,993,666				3,993,666
Housing and Community Development	732,861		521,692		134,374		4,139,577	5,528,504
Total Governmental Fund Capital Assets	\$6,737,237	\$3,318,215	\$8,194,472	\$3,993,666	\$6,375,766	\$33,006,966	\$5,768,406	\$67,394,717

**CITY OF OROVILLE
 CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
 SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
 FOR THE YEAR ENDED JUNE 30, 2007**

	Balance July 1, 2006	Additions	Deletions	Reclassifications	Balance June 30, 2007
General Government	\$1,072,511	\$22,185	\$17,077		\$1,077,619
Public Safety	5,064,450	223,564	20,276		5,267,738
Public Works and Streets	38,819,575	93,730	24,101		38,889,204
Parks and Community Relations	6,473,066	213,010	100,280		6,585,796
Transportation	6,052,190				6,052,190
Health and Sanitation	3,993,666				3,993,666
Housing and Community Development	3,268,286	2,260,218			5,528,504
Total General Fixed Assets	\$64,743,744	\$2,812,707	\$161,734	\$0	\$67,394,717

Table 1

CITY OF OROVILLE
NET ASSETS BY COMPONENT
LAST FIVE FISCAL YEARS
 (only years available)
 (accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Governmental activities:					
Invested in capital assets, net of related debt	\$16,463,031	\$18,539,335	\$19,602,707	\$9,496,652	\$9,433,101
Restricted	2,552,981	2,331,036	2,117,771	4,327,621	6,785,954
Unrestricted	6,150,482	7,878,229	10,016,196	21,453,033	22,370,597
Total Governmental Activities Net Assets	\$25,166,494	\$28,746,600	\$31,736,674	\$35,277,306	\$38,589,652
Business-type activities:					
Invested in capital assets, net of related debt	-	-	-	-	-
Restricted	-	-	-	-	-
Unrestricted	\$69,656	\$91,759	\$84,167	\$444,930	\$739,232
Total Business-Type Activities Net Assets	\$69,656	\$91,759	\$84,167	\$444,930	\$739,232
Primary government:					
Invested in capital assets, net of related debt	\$16,463,031	\$18,539,335	\$19,602,707	\$9,496,652	\$9,433,101
Restricted	2,552,981	2,331,036	2,117,771	4,327,621	6,785,954
Unrestricted	6,220,138	7,969,988	10,100,363	21,897,963	23,109,829
Total Primary Government Net Assets	\$25,236,150	\$28,840,359	\$31,820,841	\$35,722,236	\$39,328,884

The City of Oroville implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to implementation is not available.

Table 2
Page 1 of 2

CITY OF OROVILLE
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
(only years available)
(accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Expenses					
Governmental Activities:					
General Government	\$1,905,765	\$2,168,097	\$2,059,019	\$1,955,466	\$2,252,529
Public Safety	4,596,067	5,027,715	5,573,955	6,039,555	6,617,813
Public Works	1,123,315	1,221,645	1,271,814	1,264,877	1,454,997
Streets and Storm Drains	707,519	668,491	684,273	794,733	1,175,864
Transportation	206,029	135,496	194,411	360,690	455,403
Parks and Leisure	825,479	984,715	1,016,945	973,716	1,042,576
Health and Sanitation	1,079,628	1,056,899	1,064,965	1,120,658	1,289,553
Housing and Community Development	4,391,819	5,076,656	4,966,380	7,604,125	8,558,225
Interest and Fiscal Charges	2,643,566	1,520,866	1,569,160	2,020,781	1,751,264
Total Governmental Activities Expenses	17,479,187	17,860,580	18,400,922	22,134,601	24,598,224
Business-Type Activities:					
Local Transportation	284,103	335,562	368,189	450,989	376,907
Total Business-Type Activities Expenses	284,103	335,562	368,189	450,989	376,907
Total Primary Government Expenses	\$17,763,290	\$18,196,142	\$18,769,111	\$22,585,590	\$24,975,131
Program Revenues					
Governmental Activities:					
Charges For Services:					
General Government	\$113,329	\$759,018	\$626,967	\$474,839	\$516,860
Public Safety	408,274	415,672	544,773	524,241	588,707
Public Works	49,554	344,229	75,777	203,488	518,926
Streets and Storm Drains	95,957	334,030	253,481	897,961	515,088
Transportation	136,703	135,700	216,123	317,589	475,224
Parks and Leisure	29,958	199,173	175,143	110,888	121,011
Health and Sanitation	1,360,221	1,488,139	1,403,067	1,511,202	1,683,329
Housing and Community Development	3,192,976	3,881,730	2,879,717	5,486,346	3,939,222
Operating Grants and Contributions	1,530,135	2,345,202	1,089,440	3,176,966	3,900,722
Capital Grants and Contributions	797,598	480,203	1,074,987	192,709	1,995,122
Total Governmental Activities Program Revenues	7,714,705	10,363,096	8,339,475	12,896,229	14,254,211
Business-Type Activities:					
Charges For Services:					
Local Transportation	19,705	15,003	18,386	18,011	17,989
Operating Grants and Contributions	283,129	338,313	334,796	504,195	627,198
Capital Grants and Contributions	-	-	-	-	-
Total Business-Type Activities Program Revenues	302,834	353,316	353,182	522,206	645,187
Total Primary Government Program Revenues	\$8,017,539	\$10,716,412	\$8,692,657	\$13,418,435	\$14,899,398
Net Expense/(Revenue)					
Governmental activities	\$9,764,482	\$7,497,484	\$10,061,447	\$9,238,372	\$10,344,013
Business-Type activities	(18,731)	(17,754)	15,007	(71,217)	(268,280)
Total Primary Government Net Expense	\$9,745,751	\$7,479,730	\$10,076,454	\$9,167,155	\$10,075,733

continued

CITY OF OROVILLE
CHANGES IN NET ASSETS
LAST FIVE FISCAL YEARS
 (only years available)
 (accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
General Revenues And Other Changes In Net Assets					
Governmental Activities:					
Taxes:					
Property Taxes	\$4,159,404	\$4,417,233	\$4,660,741	\$5,352,094	\$6,020,342
Sales and Use Taxes	2,769,044	2,897,290	3,018,263	2,765,394	2,737,202
Sales and Use Taxes In-Lieu	-	-	-	1,791,244	2,161,518
Documentary Stamp Tax	51,233	61,963	52,301	91,389	82,937
Transient Occupancy Tax	316,714	331,803	352,354	336,453	323,713
Utility Users Tax	1,125,580	1,147,103	1,197,309	1,328,099	1,384,802
Franchise Tax	307,456	301,911	311,702	302,601	411,410
Investment Earnings	639,396	156,887	2,607,477	219,413	302,126
Unrestricted Grants and Contributions	885,266	599,948	849,374	504,741	232,279
Miscellaneous	-	930,852	-	-	-
Total Governmental Activities	10,254,093	10,844,990	13,049,521	12,691,428	13,656,329
Business-Type Activities:					
Investment Earnings	4,251	4,349	7,415	12,513	26,022
Total Business-Type Activities	4,251	4,349	7,415	12,513	26,022
Total Primary Government	\$10,258,344	\$10,849,339	\$13,056,936	\$12,703,941	\$13,682,351
Change in Net Assets					
Governmental activities	\$489,611	\$3,347,506	\$2,988,074	\$3,453,056	\$3,312,316
Business-Type activities	22,982	22,103	(7,592)	83,730	294,302
Total Primary Government	\$512,593	\$3,369,609	\$2,980,482	\$3,536,786	\$3,606,618

The City of Oroville implemented GASB 34 for the fiscal year ended June 30, 2003. Information prior to implementation is not available.

Table 3

CITY OF OROVILLE
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
General Fund:				
Reserved	\$1,865,456	\$1,864,323	\$1,859,197	\$2,090,721
Unreserved	1,250,971	1,578,368	1,797,917	2,092,987
Total General Fund	<u>\$3,116,427</u>	<u>\$3,442,691</u>	<u>\$3,657,114</u>	<u>\$4,183,708</u>
All Other Governmental Funds:				
Reserved	\$27,609,228	\$27,483,113	\$32,480,719	\$36,477,244
Unreserved, Reported In:				
Special Revenue Funds	14,151,999	14,703,341	(13,411,583) ¹	(15,048,282)
Debt Service Funds	152,226	98,560	492,162	666,414
Capital Projects Funds	6,782,871	5,261,117	8,390,602	7,021,812
Total All Other Governmental Funds	<u>\$48,696,324</u>	<u>\$47,546,151</u>	<u>\$27,951,900</u>	<u>\$29,117,188</u>
				<u>\$37,366,342</u>

The City of Oroville has elected to show only five years of data for this schedule.

¹ Decrease in unreserved due to reporting Oroville Redevelopment Agency advances payable to other funds.

Table 4

CITY OF OROVILLE
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST FIVE FISCAL YEARS
(modified accrual basis of accounting)

	Fiscal Year				
	2003	2004	2005	2006	2007
Revenues					
Taxes	\$8,728,930	\$9,173,415	\$9,592,670	\$11,967,574	\$13,121,954
Special Assessments	351,036	352,070	496,876	200,246	177,149
Licenses and Permits	287,251	667,826	617,506	461,411	670,988
Fines and Forfeitures	92,514	87,496	65,102	72,607	91,652
Interest, Rents, and Concessions	3,029,080	2,404,481	2,959,726	5,054,138	3,754,779
Intergovernmental Revenues	3,311,438	3,441,916	3,943,311	3,964,804	6,334,566
Current Service Charges	1,429,641	1,757,667	1,680,247	1,924,401	2,225,183
Other Revenues	2,326,129	4,425,141	3,299,714	3,235,400	2,869,356
Total Revenues	19,556,019	22,310,012	22,655,152	26,880,581	29,245,627
Expenditures					
General Government	1,808,024	2,087,760	1,963,497	1,962,238	2,188,558
Public Safety	4,398,812	4,870,513	5,402,885	5,980,420	6,586,957
Public Works	246,939	244,516	250,969	251,611	358,093
Streets and Storm Drains	704,024	677,864	695,956	813,115	988,692
Transportation	127,102	53,685	112,766	270,892	366,683
Parks and Leisure	730,415	842,668	872,758	832,592	915,284
Health and Sanitation	997,915	1,062,503	1,072,167	1,135,167	1,238,363
Housing and Community Development	4,395,832	5,441,172	4,871,635	6,493,459	8,545,882
Capital Outlay	4,014,148	2,882,147	3,423,900	3,522,838	3,029,727
Debt Service:					
Principal Retirement	886,547	2,705,090	1,000,000	714,162	588,333
Interest and Fiscal Charges	3,307,601	2,685,443	2,752,469	3,286,531	2,899,632
Other Charges	888,183	-	321,250	-	120,659
Total Expenditures	22,505,542	23,553,361	22,740,252	25,263,025	27,766,863
Excess of Revenues Over(Under) Expenditures	(2,949,523)	(1,243,349)	(85,100)	1,617,556	1,458,764
Other Financing Sources(Uses)					
Transfers In	20,445,975	7,686,202	18,318,484	10,157,834	9,911,653
Transfers Out	(20,451,232)	(7,690,802)	(18,106,854)	(10,170,784)	(9,671,144)
Bonds Issued	36,510,000	-	10,625,000	-	7,260,000
Premium on Bonds Issued	208,436	-	499	-	-
Discount on Bonds Issued	-	-	(51,806)	-	(72,594)
Payment to Bond Refunding Escrow Agent	(23,164,657)	-	(5,135,514)	-	(7,066,747)
Payment to CalPERS-Unfunded Pension Expense	-	-	-	-	251,501
Other Long-Term Debt Proceeds	-	189,440	-	-	612,669
Total Other Financing Sources(Uses)	13,548,522	184,840	5,649,809	(12,950)	612,669
Net Change in Fund Balances	\$10,598,999	(\$1,068,509)	\$5,564,709	\$1,604,606	\$2,071,433
Debt Service as Percentage of Noncapital Expenditures	37.9%	35.3%	26.7%	22.6%	17.0%

The City of Oroville has elected to show only five years of data for this schedule.

Table 5

CITY OF OROVILLE
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST FIVE FISCAL YEARS
(in thousands of dollars)

Fiscal Year	City of Oroville				Oroville Redevelopment Agency				Total Direct Tax Rate
	Secured	Unsecured	Utility	Taxable Assessed Value	Secured	Unsecured	Utility	Taxable Assessed Value	
2003	\$33,013	\$1,814	\$285	\$35,112	\$506,781	\$101,761	\$3,079	\$611,621	0.643%
2004	34,466	1,357	323	36,146	532,859	102,594	3,331	638,784	0.654%
2005	41,738	1,276	398	43,412	581,061	94,548	3,834	679,443	0.645%
2006	44,622	985	373	45,980	652,036	102,325	3,620	757,981	0.666%
2007	48,552	3,037	1,804	53,393	751,208	107,491	1,706	860,405	0.659%

The City of Oroville has elected to show only five years of data for this schedule.

Note: In 1978 the voters of the State of California passed Proposition 13 which limited property taxes to a total maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property may be increased by an "inflation factor" (limited to a maximum of 2%). With few exceptions, property is the only reassessed at the time it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data available with respect to the actual market value of taxable property and is subject to the limitations described above.

Source: Butte County Auditor/Controller's Office
Department of Finance, City of Oroville

Table 6

**CITY OF OROVILLE
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST FIVE FISCAL YEARS
(Rate per \$100 of assessed valuation)**

	2004	2005	2006	2007
City Direct Rates:				
City of Oroville/Oroville Redevelopment Agency	\$1.000000	\$1.000000	\$1.000000	\$1.000000
Total City Direct Rate	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>	<u>1.000000</u>
Overlapping Rates:				
Butte College	0.017110	0.016003	0.020880	0.020880
Oroville Elementary School	0.022224	0.025149	0.019335	0.018679
Oroville High School District	0.027247	0.017321	0.016897	0.017241
	<u>1.066581</u>	<u>1.058473</u>	<u>\$1.057112</u>	<u>\$1.056800</u>

The City of Oroville has elected to show only five years of data for this schedule.

Note:

In 1978 the voters of the State of California passed Proposition 13 which limited property tax rate to a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of various school district bonds.

Source: Butte County Auditor/Controller's Office
Department of Finance, City of Oroville

Table 7

CITY OF OROVILLE
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
(amounts expressed in thousands)

Taxpayer	2007			1998		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Pacific Coast Producers	\$24,030	1	2.88%	\$18,663	1	3.92%
Roplast Industries, Inc	12,400	2	1.48%	7,315	5	1.54%
Currier Square Spe LLC	11,500	3	1.38%	-	-	-
Sierra Pacific Industries	10,611	4	1.27%	-	-	-
Home Depot USA	10,587	5	1.27%	-	-	-
Oroville Medical Complex	9,441	6	1.13%	-	-	-
Pacific Oroville Power	7,506	7	0.90%	-	-	-
Oroville Plaza Shopping	7,313	8	0.88%	-	-	-
Ammunition Accessories	6,467	9	0.77%	-	-	-
Wal Mart Stores Inc.	6,299	10	0.75%	6,017	7	1.26%
Pension Fund For Operating Engineers Trust	-	-	-	7,653	4	1.61%
Western Investment Real Estate Trust	-	-	-	8,632	3	1.81%
Blount, Inc	-	-	-	9,534	2	2.00%
Oroville Cogeneration Ltd. Partnership	-	-	-	6,592	6	1.38%
Northwind Properties Ltd.	-	-	-	3,108	9	0.65%
Golden Calle Vista Investors LP	-	-	-	856	10	0.18%
Lynn Family Partnership	-	-	-	3,805	8	0.80%
Totals	\$106,154		12.70%	\$72,175		15.15%

Note: Amounts shown above include assessed value data for both the City of Oroville and the Oroville Redevelopment Agency

Source: Butte County Auditor/Controller's Office
Department of Finance, City of Oroville

Table 8

CITY OF OROVILLE
PROPERTY TAX LEVIES AND COLLECTIONS
LAST FIVE FISCAL YEARS
 (only years available)

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
	Fiscal Year	Amount	Percent of Levy		Amount	As Percent Of Tax Levy
2003	\$5,397,934	\$4,693,740	86.95%	\$103,221	\$4,796,961	88.87%
2004	5,673,252	5,089,263	89.71%	79,191	5,168,454	91.10%
2005	6,227,986	5,465,571	87.76%	130,107	5,595,678	89.85%
2006	6,966,579	6,041,818	86.73%	194,134	6,235,952	89.51%
2007	7,997,605	6,770,078	84.65%	211,439	6,981,517	87.30%

Note: The amounts presented include City of Oroville and Oroville Redevelopment Agency property taxes. This schedule also includes amounts collected by the City and Redevelopment Agency that were passed-through to other agencies.

Source: Department of Finance, City of Oroville

**CITY OF OROVILLE
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST FIVE FISCAL YEARS**

Fiscal Year	Governmental Activities									
	OPFA ¹					Total				
	Revenue Bonds	Allocation Bonds	Tax Bonds	Pension Obligation Bonds	Limited Obligation Bonds	Capital Leases	Governmental Activities	Total Primary Government	Percentage of Personal Income	Debt Per Capita
2003	\$3,275,000	\$23,095,000		\$2,915,000	\$5,187	\$29,290,187	29,290,187	9.55%	\$2,236	
2004	1,880,000	22,965,000		1,880,000	-	26,725,000	26,725,000	8.26%	2,014	
2005	1,600,000	28,340,000 ²		1,600,000	-	31,540,002	31,540,002	9.32%	2,364	
2006	1,500,000	27,885,000		1,440,838	-	30,825,838	30,825,838	8.95%	2,306	
2007	1,460,000	27,400,000		\$7,260,000 ³	1,397,505	37,769,009	37,769,009	10.06%	2,797	

The City of Oroville has elected to show only five years of data for this schedule.

¹ The Oroville Public Financing Authority (OPFA) is a joint powers authority created by the City of Oroville and the Oroville Redevelopment Agency. The Oroville City Council acts as the governing body of the OPFA and is treated as a blended component unit of the City of Oroville.

² The OPFA issued \$10,625,000 of new tax allocation bonds in fiscal year 2005.

³ The City issued \$7,260,000 in pension obligation bonds in fiscal year 2007

Note: The "Percentage of Personal Income" and "Debt Per Capita" ratios are calculated using personal income and population for the prior calendar year.

Source: State Department of Finance
Bureau of Economic Analysis
Department of Finance, City of Oroville

CITY OF OROVILLE
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST FIVE FISCAL YEARS
 (only years available)

Fiscal Year	Governmental Activities					Percentage of Assessed Value ¹	Per Capita
	OPFA		Tax Allocation Bonds	Pension Obligation Bonds	Total		
	Revenue Bonds						
2003	\$3,275,000		\$23,095,000		\$26,370,000	4.08%	\$2,013
2004	1,880,000		22,965,000		24,845,000	3.68%	1,872
2005	1,600,000		28,340,000		29,940,000	4.14%	2,244
2006	1,500,000		27,885,000		29,385,000	3.66%	2,198
2007	1,460,000		27,400,000	\$7,260,000	36,120,000	3.95%	2,675

¹ Assessed value has been used because the actual value of taxable property is not readily available in the State of California.

Note: General bonded debt is debt payable with governmental fund resources and general obligation bonds recorded in enterprise funds (of which, the City has none).

Source: Department of Finance, City of Oroville

**CITY OF OROVILLE
DIRECT AND OVERLAPPING DEBT
JUNE 30, 2007**

City of Oroville Assessed Valuation			\$53,393,005	
Oroville Redevelopment Agency Assessed Valuation			860,405,248	
Total Assessed Valuation			<u>\$913,798,253</u>	
Overlapping Debt Repaid With Property Taxes:				Estimated Share of Overlapping Debt
Oroville Unified Elementary District General Obligation Bonds	3.006%	\$5,861,411		\$176,194
Oroville Unified High School District General Obligation Bonds	6.292%	9,686,421		609,470
Butte Community College District	6.116%	63,303,079		3,871,616
Total Overlapping Debt Repaid With Property Taxes		<u>78,850,911</u>		<u>4,657,280</u>
Overlapping Other Debt:				
Total Other Overlapping Debt		<u>0</u>		<u>0</u>
Total Overlapping Debt		<u>\$78,850,911</u>		<u>4,657,280</u>
Direct Debt				37,769,009
Total Direct And Overlapping Debt				<u><u>\$42,426,289</u></u>

¹ For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

Source: Butte County Auditor/Controller's Office
Department of Finance, City of Oroville

Table 12

**CITY OF OROVILLE
LEGAL AND DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Assessed Valuation	\$506,421,304	\$521,444,000	\$563,613,000	\$575,241,238	\$610,363,093	\$658,485,885	\$686,687,607	\$734,588,128	\$815,869,239	\$1,028,203,577
Conversion percentage	25%	25%	25%	25%	25%	25%	25%	25%	25%	25%
Adjusted assessed valuation	\$126,605,326	\$130,361,000	\$140,903,250	\$143,810,310	\$152,595,773	\$164,621,471	\$171,671,902	\$183,647,032	\$203,967,310	\$257,050,894
Charter debt limit percentage	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%	3.75%
Debt limit	\$18,990,799	\$19,554,150	\$21,135,488	\$21,571,546	\$22,889,366	\$24,693,221	\$25,750,785	\$27,547,055	\$30,595,096	\$38,557,634
Total net debt applicable to limit: General obligation bonds	\$95,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,260,000
Legal debt margin	\$18,895,799	\$19,554,150	\$21,135,488	\$21,571,546	\$22,889,366	\$24,693,221	\$25,750,785	\$27,547,055	\$30,595,096	\$31,297,634
Total debt applicable to the limit as a percentage of debt limit	0.5%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	18.8%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation, but the City of Oroville's Charter provides for a debt limit of 3.75% of gross assessed valuation. However, California's provision was enacted when assessed valuation was based upon 25% of market value. Effective with the 1981-82 fiscal year, each parcel is now assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: Butte County Auditor-Controller's Office
Department of Finance, City of Oroville

Table 13

**CITY OF OROVILLE
PLEDGE-REVENUE COVERAGE
LAST FIVE FISCAL YEARS
(only years available)**

Fiscal Year	Tax Allocation Bonds				Coverage
	Tax Increment	Principal	Debt Service Interest		
2003	\$3,684,050	\$390,000	\$1,266,764		2.22
2004	3,963,244	130,000	1,164,892		3.06
2005	4,208,624	470,000	1,061,634		2.75
2006	4,912,480	485,000	1,048,779		3.20
2007	5,423,867	485,000	1,270,630		3.09

The City of Oroville has elected to show only five years of data for this schedule.

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

Source: Department of Finance, City of Oroville

Table 14

**CITY OF OROVILLE
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST EIGHT FISCAL YEARS
 (only years available)**

Calendar Year	Population ¹	Personal Income ² (In thousands)	Per Capita Personal Income	Unemployment Rate ³
2000	12,645	\$273,470	\$21,627	10.3%
2001	13,004	292,648	22,504	10.6%
2002	13,100	306,772	23,418	10.9%
2003	13,271	323,389	24,368	9.5%
2004	13,344	338,364	25,357	12.2%
2005	13,369	344,292	25,753	9.3%
2006	13,468	360,368	26,757	7.9%
2007	13,505	375,453	27,801	8.7%

Note: The "Per Capita Personal Income" is based on the 1994-2004 average annual growth rate of PCPI at 3.9%.

Source: ¹ State Department of Finance
² Bureau of Economic Statistics
³ State of California Employment Development Department
 (data shown is for Butte County)

Table 15

**CITY OF OROVILLE
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO**

Employer	2007		1998	
	Number of Employees	Percent of Total Employment	Number of Employees	Percent of Total Employment
County of Butte	2,250	23.38%	1,933	41.55%
Oroville Medical Complex	950	9.87%	816	17.54%
Pacific Coast Producers	560	5.82%	481	10.34%
Wal Mart Stores, Inc.	284	2.95%	244	5.24%
Home Depot USA	107	1.11%	-	0.00%
City of Oroville	116	1.21%	100	2.14%
Currier Square Spe LLC	100	1.04%	86	1.85%
Roplast Industries, Inc.	105	1.09%	90	1.94%
Ammunition Accessories	90	0.94%	77	1.66%
Sierra Pacific Industries	108	1.12%	93	1.99%

"Total Employment" as used above represents the total employment of all employers located within City limits. The "Nine Years Ago"; "Number of Employees" is based on the quotient percentage between 1997 and 2006 Total Employment of 85.90%. The estimate assumes constant change between known years.

Source: Butte County Auditor-Controller's Office

Table 16

**CITY OF OROVILLE
FULL-TIME AND PART-TIME CITY EMPLOYEES
BY FUNCTION
LAST TEN FISCAL YEARS**

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Government	15	15	15	17	18	21	20	20	19	22
Public Safety	55	55	56	59	59	59	56	56	57	60
Public Works	11	11	11	10	10	10	13	13	13	13
Community Development	7	7	7	8	8	8	12	12	12	11
Parks and Trees	7	9	9	9	11	11	10	10	10	10
	<u>95</u>	<u>97</u>	<u>98</u>	<u>103</u>	<u>106</u>	<u>109</u>	<u>111</u>	<u>111</u>	<u>111</u>	<u>116</u>

Source: City of Oroville Budget

CITY OF OROVILLE
OPERATING INDICATORS BY FUNCTION
LAST FOUR FISCAL YEARS
 (only years available)

Function	2004	2005	2006
Police:			
Arrests	1,625	2,831	2,439
Parking Citations Issued	159	355	283
Fire:			
Number of Emergency Calls	3,027	3,301	3,697
Inspections	3,455	4,140	3,638
Public Works:			
Street Resurfacing (miles)	0.0	9.5	0.0
Parks and Recreation:			
Number of Facility Rentals	153	281	332
Wastewater:			
New Connections ¹	16	9	14
Average Daily Flows (thousands of gallons)	115.96	114.19	124.65

¹ New wastewater connections are provided by the City, but administered by Sewerage Commission - Oroville Regi

Source: City of Oroville
 Sewerage Commission - Oroville Region

**CITY OF OROVILLE
CAPITAL ASSET STATISTICS
LAST TEN FISCAL YEARS**

Function	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire Stations	1	1	1	1	1	1	1	1	1	1
Public Works:										
Streets (miles)	124.25	124.25	124.25	124.25	124.25	124.25	124.25	124.25	131.59	132.63
Streetlights	1,223	1,223	1,223	1,223	1,223	1,223	1,223	1,229	1,234	1,256
Traffic Signals	18	18	18	18	18	18	18	18	18	18
Parks and Recreation:										
Parks	6	6	6	6	6	6	6	6	6	6
Community Centers	3	3	3	3	3	3	3	3	3	3
Wastewater:										
Sewer Lines (miles)	73	73	73	73	73	73	73	73	73	73
Sewer Storm Drains	73	73	73	73	73	73	73	73	73	73
Maximum Daily Capacity (thousands of gallons)	118.91	107.46	108.58	104.25	113.93	118.11	115.96	114.19	124.65	124.65

1 Wastewater treatment services are provided through the Sewerage Commission - Oroville Region (SCOR). Wastewater and stormdrain pipelines are installed by the City, but administered by SCOR.

Source: City of Oroville
Sewerage Commission - Oroville Region

CITY OF OROVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2007

Federal Grantor/Pass Through Program Title	Federal CFDA Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>		
Passed Through State Department of Housing and Community Development:		
Community Development Block Grants:		
CDBG No. 03-EDBG-928	14.228	\$225,256
CDBG No. 04-EDBG-627	14.228	273,688
CDBG No. 05-EDBG-1977	14.228	14,588
CDBG No. 04-STBG-1921	14.228	26,221
CDBG No. 04-STBG-1965	14.228	323,299
04-PTAA-0331	14.228	32,247
05-PTAA-1977	14.228	30,990
Subtotal		<u>926,269</u>
Home Investment Partnerships Program:		
HOME No. 04-HOME-0750	14.239	446,497
HOME No. 05-HOME-1702	14.239	930,619
Subtotal		<u>1,377,116</u>
Total U.S. Department of Housing and Urban Development		
		2,303,385
<u>U.S. Department of Transportation</u>		
Passed Through State Office of Traffic Safety:		
State And Community Highway Safety DUJ And Occupant Safety Project: Project No. AL0593	20.600	26,758
Passed Through State Department of Transportation:		
Highway Planning And Contruction (Federal-Aid Highway Program) Project No. CML-5142(028)	20.205	171,360
Total U.S. Department of Transportation		
		<u>198,118</u>
TOTALS		<u>\$2,501,503</u>

See accompanying notes to schedule of expenditures of federal awards.

CITY OF OROVILLE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2007

1) Summary of Significant Accounting Policies

The schedule of expenditures of federal awards is a summary of the activity of the City of Oroville's federal award programs and has been prepared using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.



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**INDEPENDENT AUDITORS' REPORT ON CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF THE
FINANCIAL STATEMENTS IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and City Council
Members of the City of Oroville
Oroville, CA 95965

We have audited the basic financial statements of the of the governmental activities, the business-type activities, each major fund, and the aggregated remaining fund information of the City of Oroville, California, as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated January 15, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Oroville's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements, but not to provide assurance on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Oroville's internal control over financial reporting.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.



We noted certain other matters that we reported to management of the City of Oroville in a separate letter dated January 18, 2008.

This report is intended solely for the information and use of the City Council, management, and the Office of the Controller of the State of California and is not intended to be and should not be used by anyone other than these specified parties.

Davis Hammon & Co.

January 15, 2008



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and City Council
Members of the City of Oroville
Oroville, CA 95965

Compliance

We have audited the compliance of the City of Oroville, California, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2007. The City of Oroville's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the City of Oroville's management. Our responsibility is to express an opinion on the City of Oroville's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City of Oroville complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2007.

Internal Control Over Compliance

The management of City of Oroville is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Oroville's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Oroville's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.



Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the City Council, management, and the Office of the Controller of the State of California and is not intended to be and should not be used by anyone other than these specified parties.

Davis Hammon & Co.

January 15, 2008

**CITY OF OROVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2007**

A) Summary of Audit Results

- 1) The auditors' report expresses an unqualified opinion on the basic financial statements.
- 2) No control deficiencies were disclosed related to the audit of the basic financial statements of the City of Oroville.
- 3) No instances of noncompliance material to the basic financial statements of the City of Oroville were disclosed during the audit.
- 4) No control deficiencies were disclosed during the audit of major federal award programs.
- 5) The auditors' report on compliance for major federal award programs for the City of Oroville expresses an unqualified opinion.
- 6) No instances of noncompliance material to major federal award programs of the City of Oroville were disclosed during the audit.
- 7) The programs tested as major programs included:
 - a. Department of Housing and Urban Development
Community Development Block Grants
CFDA: 14.228
 - b. Department of Housing and Urban Development
Home Investment Partnership Program
CFDA: 14.239
- 8) The threshold for distinguishing Types A and B programs was \$300,000.
- 9) The City of Oroville was determined to be a low-risk auditee.

B) Findings – Financial Statement Audit

No control deficiencies were noted during the current audit period. There were no findings outstanding from prior year audits.

C) Findings and Questioned Costs – Major Federal Award Programs

No findings or questioned costs noted. There were no findings or questioned costs outstanding from prior year audits.

**CITY OF OROVILLE
STATUS OF PRIOR YEAR FINDINGS
JUNE 30, 2007**

No findings or questioned costs noted during prior year audit.



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**INDEPENDENT ACCOUNTANTS' REPORT
ON AGREED-UPON PROCEDURES APPLIED
TO APPROPRIATIONS LIMIT WORKSHEETS**

Honorable Mayor and City Council
Members of the City of Oroville
Oroville, California 95965

We have applied the procedures enumerated below to the Appropriations Limit calculations of the City of Oroville for the year ended June 30, 2007. These procedures, which were agreed to by the City of Oroville and the League of California Cities (as presented in the League publication entitled *Article XIII B Appropriations Limitation Uniform Guidelines*) were performed solely to assist the City in meeting the requirements of Section 1.5 of Article XIII B of the California Constitution.

This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures performed and our findings were as follows:

- 1) We obtained the City's completed alternate computation Appropriations Limit worksheets, and compared the limit and annual adjustment factors included in those worksheets to the limit and annual adjustment factors that were adopted by resolution of the City Council. We also compared the population and inflation options included in the aforementioned worksheets to those that were selected by a recorded vote of the City Council.

Finding: No exceptions were noted as a result of our procedures.

- 2) Using the City's alternate computational worksheet, we added last year's limit to the total current year limit adjustments, as computed, for this year, and compared the results to this year's limit.

Finding: No exceptions were noted as a result of our procedures.

- 3) We compared the prior year appropriations limit presented in the alternate computational worksheets to the prior year appropriations limit adopted by the City Council for the prior year.

Finding: No exceptions were noted as a result of our procedures.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the Appropriations Limit alternate computational worksheets. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. No procedures have been performed with respect to the determination of the appropriation limit for the base year, as defined by the League publication *Article XIII B Appropriations Limitation Uniform Guidelines*.

This report is intended solely for the use of the City of Oroville and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

Davis Hammon & Co.

January 15, 2008



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**AUDITORS' REPORT ON COMPLIANCE RELATING TO THE
SEWERAGE COMMISSION - OROVILLE REGION**

Honorable Mayor and City Council
Members of the City of Oroville
Oroville, California 95965

We have audited the basic financial statements of City of Oroville, as of and for the year ended June 30, 2007, and have issued our report thereon dated January 15, 2008. 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.

Compliance

The management of the City of Oroville is responsible for the City's compliance with various resolutions and policies of the Sewerage Commission - Oroville Region (SC-OR) pertaining to the sewer regional facility charges and monthly sewer service charges. In connection with our audit referred to above, we selected and tested transactions and records applicable to new sewer connections and monthly sewer service charges to determine the City's compliance with SC-OR's resolutions and policies.

The results of our tests indicate that, with respect to the items tested, the City of Oroville, complied, in all material respects, with the provisions referred to in the preceding paragraph. However, the results of our procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the following paragraph.

SC-OR resolutions require the City to remit regional facility charges within 45 days of collection. Our tests found occasions when the City exceeded the 45-day time limit.

In our opinion, except for exceeding the 45-day remittance requirement for regional facility charges, the City of Oroville complied with, in all material respects, the resolutions and policies of the Sewerage Commission - Oroville Region pertaining to the sewer regional facility charges and monthly service charges for the year ended June 30, 2007.

This report is intended solely for the information and use of the City Council, management, and the Board of Directors of the Sewerage Commission - Oroville Region and is not intended to be and should not be used by anyone other than these specified parties.

Davis Hammon & Co.

January 15, 2008