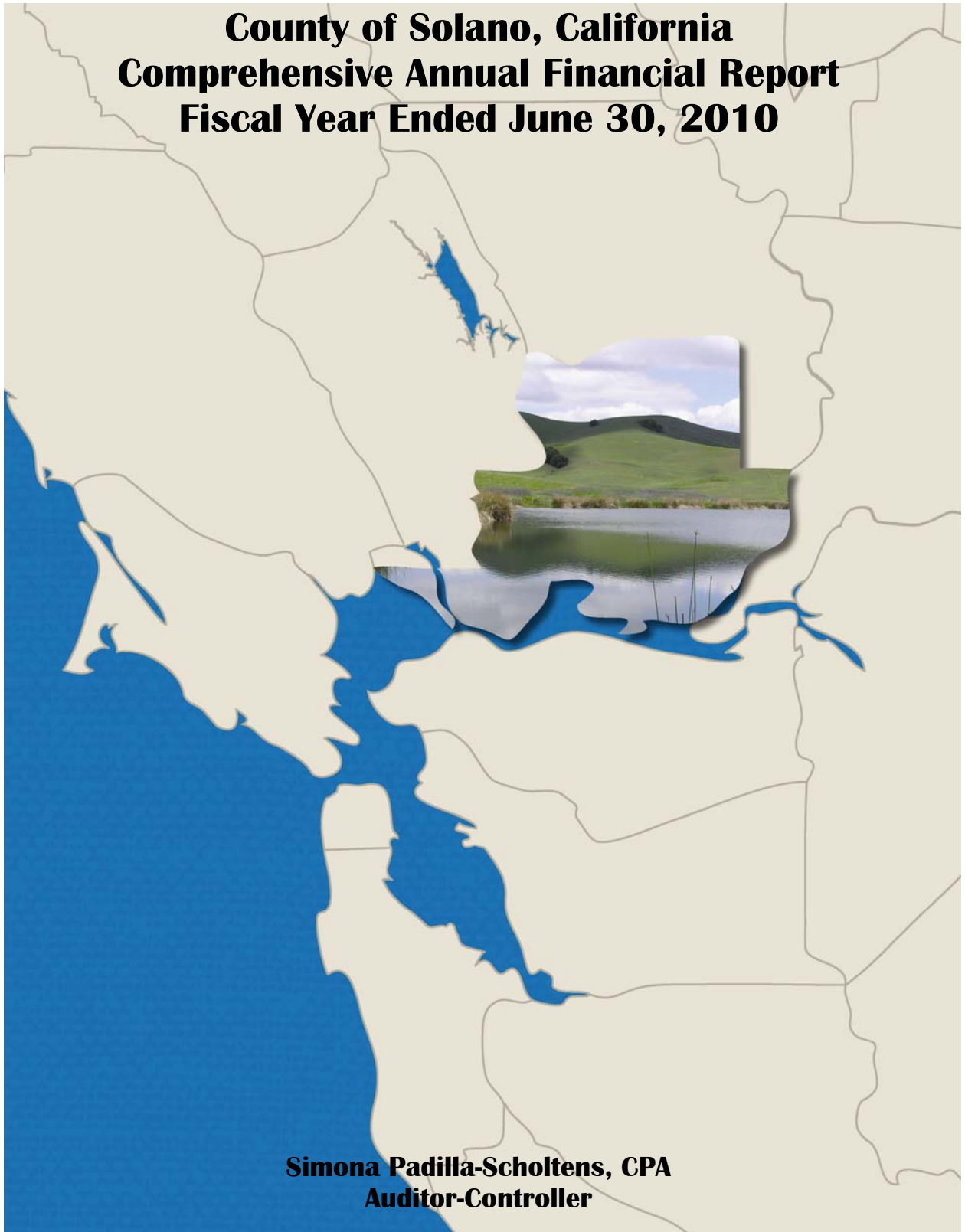


**County of Solano, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2010**



**Simona Padilla-Scholtens, CPA
Auditor-Controller**

County of Solano, California



Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2010

Prepared by:

Office of the Auditor-Controller

Simona Padilla-Scholtens, CPA
Auditor-Controller



INTRODUCTORY SECTION

County of Solano, California
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2010

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Phyllis Taynton, CPA
Assistant Auditor-Controller

December 29, 2010

To the Honorable Board of Supervisors, Grand Jury and the citizens of Solano County, California:

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Solano (County) for the fiscal year ended June 30, 2010. In accordance with Sections 25250 and 25253 of the Government Code of the State of California, general-purpose local governments must publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the County. Therefore, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework designed both to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Macias Gini & O'Connell LLP, a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2010, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the year ended June 30, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standard governing the Single Audit requires the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls over compliance involving the administration of federal awards. These reports are available in the

County's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

General Information

The County lies in the northeast section of the nine-county San Francisco Bay Area. It is located approximately 45 miles northeast of San Francisco and 45 miles southwest of Sacramento. The County consists of a total area of 907 square miles. Land area is represented by 829 square miles and water area by 78 square miles. It is bordered by Napa County to the northwest, Yolo County to the northeast, Sacramento County to the east and Contra Costa County to the south. Between Solano and Contra Costa Counties lies Suisun Bay, which is an extension of the San Francisco Bay, and the confluence of the Sacramento and San Joaquin Rivers, which empty into San Pablo Bay through the Carquinez Straits. The western edge of the County consists of low mountains, which are part of the Coast Range.

The County limits residential and commercial development outside of cities, thus preserving almost 85% of the land for open space and agricultural uses. Agriculture and military installations have historically been strong contributors to the County's economy. The County continues to foster economic growth and diversification by encouraging industrial, manufacturing and biotechnology development.

With its strategic location, natural and human resources, history of responsible land planning, and attractive quality of life, the County continues to offer a promising future as a place to live, learn, work and play.

County Government

The County was incorporated in 1850 as one of California's original 27 counties in the State of California (the "State"). Two of the County's seven cities, Benicia and Vallejo, served as the State's Capital in the early 1850's. The County serves seven city jurisdictions: Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville and Vallejo in addition to the unincorporated areas. The City of Fairfield is the County seat. The County has a general law form of government. Its five-member Board of Supervisors (the "Board") is elected by district for four-year terms of office. The Supervisors' terms are staggered -- two Supervisors are elected in one general election, and three Supervisors in the next. District boundaries are adjusted after every federal census to equalize district population as closely as possible. Other elected officials include the Assessor-Recorder, Auditor-Controller, District Attorney, Sheriff-Coroner and Treasurer-Tax Collector-County Clerk. The County Administrator and County Counsel are appointed by the Board.

As the governing body for the County, the Board is responsible for the planning and providing of services related to public needs, as required by state and federal law including: adopting the annual budget, adopting County ordinances, setting policies, confirming appointments of most

non-elected officials, and assisting citizens in solving problems and addressing local concerns.

County Services

As the only countywide general-purpose local government, we are in a unique position to facilitate and coordinate the work of cities, school districts, special districts and other organizations. In addition, the County is specifically charged by the State with providing services to those most at risk: children, the elderly, the poor, those with health problems and those involved in the criminal justice system.

Counties have dual responsibilities. We provide “unincorporated area” services (e.g., land use planning) in the areas of the County that are not in cities. We also provide “countywide” services to County residents regardless of where they live. These services generally focus on the most disadvantaged members of the community (e.g., health clinics), or criminals after they have been arrested or supporting other local governments (e.g., property tax collection & apportionment).

The following is a list of services provided by the County:

- Environmental Health
- Agricultural Commissioner
- Weights and Measures
- Airport
- Indigent Medical Services
- Public and Mental Health Services
- Child Protection and Social Services
- Emergency Medical Services
- Public Assistance
- Oversight and Permitting of Landfills and Solid Waste Disposal and Collection
- Family Support Collections
- Veterans Services
- Maintenance of County Roads and Bridges
- Law Enforcement (Primarily Unincorporated County)
- U.C. Cooperative Extension Services
- Property Tax Assessment, Collection and Apportionment
- Elections and Voter Registration
- Parks
- Jails and Juvenile Facilities
- Probation Supervision
- Clerk-Recorder
- Public Defender and Alternative Defense
- Coroner and Forensic Services
- Grand Jury
- Criminal Prosecution (District Attorney)
- Libraries (as Contract Services for Cities)
- Animal Care Services
- Building and Safety (Unincorporated County Only)
- Land Use (Unincorporated County Only)

Factors Affecting Financial Condition

Budgetary Information

The annual budget serves as the foundation for the County's financial planning and control. All agencies under the control of the Board of Supervisors are required to submit budget requests to the County Administrator for review. The County Administrator presents a recommended budget to the Board for consideration and approval. The Board is required to hold public hearings on the recommended budget and to adopt a budget by September 30th of each year. The Board generally holds its public hearing on the recommended budget and adopts a budget before June 30 of each year.

The budget is prepared by fund, function (e.g. public safety), and department (e.g., Sheriff). Transfers of appropriations between divisions, bureaus and sections within a department, provided the total appropriation of the budget is not changed, may be authorized by the County Administrator. Transfers of appropriations between departments within a fund, however, require a majority vote of the Board. Transfers of appropriations between funds and transfer of appropriations from contingencies require a four-fifths vote of the Board of Supervisors. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget was adopted. These schedules, which are part of the required supplementary information section of this report, start on page 80.

Population and Local Economy

The County's population as of January 2010 was approximately 427,837. The County's population ranks 21st out of 58 California counties in terms of population size. Immigration has accounted for most of the County's growth since 1980. The County population has increased 8.4% since 2000, an average of 0.7% annually. The two largest cities within the county are Vallejo and Fairfield with populations of 121,435 and 105,955, respectively. The fastest growing Solano County city over the last ten years is Rio Vista with 81.4% growth, followed by Vacaville with 10.1%.

The County's seven cities are long-established communities. Relatively moderate costs for land and housing, proximity to major population and recreation centers, and job opportunities continue to make the County an attractive place to live. The County is home to a significant number of biotech companies. The County believes that it is well suited to attract this type of business because of its proximity to UC Davis, UC Berkeley and major research and medical centers, and Solano Community College's Biotechnology Production Technician Training Program.

Long-term Financial Planning

On February 13, 2007, the Board adopted a policy to maintain General Fund Reserves equal to 10% of the County's total budget, excluding interfund transfers, with a minimum \$20 million balance maintained at all times. Also, the Board adopted the General Fund Contingency policy to establish a level equal to 10% of the General Fund's total budget. The General Fund reserve should be used (1) to phase into fiscal distress periods gradually, focusing on maintaining the Board's priorities, (2) as the last resort to balance the County Budget, and (3) spending of the reserves should not exceed \$6 million a year. The General Fund contingency is used to mitigate the impact of potential risks to the General Fund from funding problems that may occur during the fiscal year.

The Board of Supervisors strategic plan goals include Health and Well-Being, Responsible and Sustainable Land Use, Safe Communities, and Invest In and For the Future. The catalytic projects identified to achieve Solano County's goals are a Healthy Communities Initiative, Intergovernmental Planning Collaborative, a Comprehensive Crime Prevention, Intervention and Re-entry System and Optimal Service Design and Delivery.

The County's Five-Year Capital Facilities Improvement Plan (CIP) identifies the needs for capital acquisition and development of facilities as well as funding sources and shortfalls.

In February 2008, the Board authorized the William J. Carroll Government Center Project in Vacaville. The project, however, has been in various stages of planning since that time. In August 2010 the Board finalized the project scope. The project consists of a two-story 35,000 square foot clinic/office building at the corner of Brown Street and East Monte Vista Avenue in Vacaville. The building will house program of Solano County's Health & Social Services Department and includes a dental clinic and adjacent parking. The total project cost is estimated at \$19,071,635 and is expected to be completed in February 2013.

In October 2009, the Board authorized the construction of the Claybank Adult Detention Facility Project with a total budget of \$89,301,385. The project includes the construction of a new 362-bed facility at the existing Claybank site in Fairfield. This new facility will significantly provide relief for the current overcrowding in the County Jail system as well as provide growth in the County Jail. This additional bed space would then allow the existing Claybank facility to be used as a local re-entry facility housing minimum security inmates which is consistent with the facility's original design. The anticipated completion date is August 2014.

The County maintains a Debt Advisory Committee (DAC) to provide analyses and recommendations to the Board on debt issuance and management policies.

In July 2010, the County issued the \$10 million Series 2010 Taxable Pension Refunding bonds to redeem the Series 2004B-3 which was due for re-auction in July. Due to the financial meltdown, the re-auction market was severely impaired and re-auctioning the Series B-3 would cost the County substantial borrowing cost penalty higher than the interest rate. Therefore, the Debt Advisory Committee recommended a means of refunding the outstanding bond obligation via a private placement agreement with the County Treasurer's Pool. The agreement resulted in lower obligation cost to the County and a beneficial rate of return on investment to the Treasury.

In addition, contained within the County's tax code areas are numerous municipalities, school districts and special-purpose districts providing public services. These entities have outstanding bonds issued in the form of general obligation bonds. Direct debt constitutes debt directly issued by the County while overlapping debt constitutes that portion of the debt issued by different public entities within the same tax code area as the County's. The County is not responsible for the overlapping debt of the other local agencies.

Cash Money Policies and Practices

The County maintains an Investment Pool managed by the Treasurer-Tax Collector-County Clerk, which acts as a depository for over 80 units of local government including funds of the county school districts, special districts and other entities.

The County formed a Treasury Oversight Committee consisting of five members and two alternates. The committee reviews the Investment Policy, ensures the Treasury activities are in

compliance with the Investment Policy, ensures an annual audit of the Investment Policy is conducted, and reviews the internal auditor's quarterly audits of the Investment Pool. The committee meets semiannually and is composed of the County Administrator or his/her designee, Superintendent of Schools - Director of Business Finance, two members of the public and one business director from a school district.

The objectives of the pool are to meet the cash flow requirements of the pool participants, invest the funds in a safe, legal and prudent manner and achieve a money market rate of return. To achieve this objective the Treasurer – Tax Collector – County Clerk, in consultation with the pool participants, maintains a liquidity target that is adjusted on an ongoing basis. The target liquidity level is adjusted based on relevant factors such as historical trends, known cash flow timings, and participant feedback regarding anticipated expenditures and or revenue changes. Historically, the amounts and timing of each requirement have been predicted with a high level of accuracy. The pool is managed in a prudent manner by maintaining a high level of liquidity. The pooled funds are invested in accordance with the County's Investment Policy and the State of California Government Code.

Cash temporarily idle during the year is invested in certificates of deposit, money market mutual funds, Local Agency Investment Fund (LAIF), CalTRUST, CAMP, corporate notes, obligations of the U.S. Treasury, U.S. federal agency notes, and municipal notes. The maturities of the investments range from one day to ten years, with an average maturity of 12 months. Interest yields on investments were between 0% and 7.4% for the County with an average yield on the pool of 1.1%. Apportioned earnings do not include appreciation on the fair value of the investments.

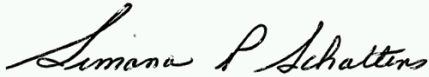
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Solano for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2009. This is the eighth consecutive year the County has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfies 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 CAFR continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate for excellence in financial reporting.

The preparation of this comprehensive report would not have been possible without the efficient and dedicated services of the entire staff in the Auditor-Controller's Office. I want to express my appreciation to staff for their outstanding support in the preparation of this report. I would like to specifically acknowledge the Financial Reporting and General Accounting Divisions for their hard work and dedication. Credit also must be given to the County Administrator and the Board of Supervisors for their support in maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,

A handwritten signature in black ink, reading "Simona P. Scholtens", is displayed on a light green rectangular background.

Simona Padilla-Scholtens, CPA
Auditor-Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Solano
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2009

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



President

Executive Director

Electorate

Board of Supervisors



Barbara R. Kondylis
District 1



Linda J. Seifert
District 2



James P. Spering
District 3



John M. Vasquez
District 4



Michael J. Reagan
District 5



County Counsel
Dennis Bunting



County Administrator
Michael D. Johnson

Elected Officials



Auditor-Controller
Simona Padilla-Scholten



District Attorney
David W. Paulson



Assessor-Recorder
Marc Tonnesen



Sheriff/Coroner
Gary Stanton



Tax Collector/County
Clerk/Treasurer
Charles Lomeli

Appointed Officials



Ag. Comm./Sealer
Jim Allan



General Services
Kevin O'Rourke



Human Resources
Donald Turko



H&SS
Patrick Duterte



Public Defender
Lesli Caldwell



Library
Bonnie Katz



Resource Mgmt.
Bill Emlen



Veterans Services
William Reardon



CIO/ROV
Ira Rosenthal



Probation
Isabelle Voit



UC Coop Extension
Carole Paterson



Child Support Services
Pamela Posehn

.....Personnel/Budgetary Controls Only



SOLANO COUNTY DEPARTMENT HEAD LISTING

Ag Commissioner/Sealer of Weights & Measures	Jim Allan	784-1310
Assessor/Recorder	Marc C. Tonnesen	784-6200
Auditor-Controller	Simona Padilla-Scholtens	784-6280
Chief Information Officer/Registrar of Voters	Ira Rosenthal	784-2703
Cooperative Extension	Carole Paterson	784-1317
County Administrator	Michael D. Johnson	784-6100
County Counsel	Dennis Bunting	784-6140
Child Support Services	Pamela Posehn	784-3606
District Attorney	David W. Paulson	784-6800
General Services	Kevin O'Rourke	784-7900
Health & Social Services	Patrick Duterte	784-8400
Human Resources/Risk Management	Donald W. Turko	784-6170
Library	Bonnie Katz	421-1500
Probation	Isabelle Voit	784-7600
Public Defender/Conflict Public Defender	Lesli Caldwell	784-6700
Resource Management	Bill Emlen	784-6765
Sheriff/Coroner	Gary Stanton	421-7030
Treasurer-Tax Collector-County Clerk	Charles Lomeli	784-6295
Veteran Services	William Reardon	784-6584
Workforce Investment Board (WIB)	Robert L. Bloom	864-3370



FINANCIAL SECTION

The Honorable Board of Supervisors and the
Grand Jury of the County of Solano, California

INDEPENDENT AUDITOR’S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the County of Solano, California (County), as of and for the fiscal year ended June 30, 2010, which collectively comprise the County’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County’s management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the basic financial statements of the Solano County Fair component unit, which statements reflect total assets and revenues constituting 0.9 percent and 5.5 percent, respectively, of the related totals for the aggregate discretely presented component units and remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for that entity, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units and remaining fund information of the County of Solano, California, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I(E) to the financial statements, effective July 1, 2009, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2010 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis, schedules of funding progress and budgetary comparison information for the General Fund and major special revenue funds, listed as required supplementary information in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Macie Mini & O'Connell LLP

Certified Public Accountants

Sacramento, California
December 28, 2010

OFFICE OF THE AUDITOR-CONTROLLER

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Auditor-Controller

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Phyllis Taynton, CPA
Assistant Auditor-Controller

Management's Discussion and Analysis

As management of the County of Solano, California, (County) we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information in our financial statements.

Financial Highlights

- The assets of the County exceeded its liabilities at June 30, 2010 by \$640,128,693 (net assets). Of this amount, \$204,492,762 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets decreased by \$7,534,774 as a result of the current year's operations.
- At June 30, 2010, the County's governmental funds reported combined ending fund balances of \$205,740,036 a decrease of \$39,385,280 as a result of the current year's operations. Approximately 58% of this total amount, or \$118,340,710, is available for spending at the County's discretion (unreserved fund balance) and 42% of this amount, or \$87,399,326 is reserved.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$40,822,338 or 59% of the total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the County's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash

flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave).

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

The government-wide financial statements include not only the County itself (known as the primary government), but also the legally separate Workforce Investment Board and the Solano County Fair, both known as component units for which the County is financially accountable. Financial information for these component units are reported separately from the financial information presented for the primary government itself. Solano County Facilities Corporation, Solano County Housing Authority and the East Vallejo Fire Protection District, although also legally separate, function for all practical purposes as departments of the County, and therefore, have been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 27 – 29 of this report.

Fund financial statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The County maintains 17 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Health & Social Services Special Revenue Fund, Public Safety Special Revenue Fund, Accumulated Capital Outlay Capital Projects Fund and Pension Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts annual appropriated budgets for all of its governmental funds. Therefore,

budgetary comparison schedules have been provided for each fund presented in this report. These statements demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 30 – 36 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Nut Tree Airport and the Fouts Springs Youth Facility. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for Communications, Fleet Management, Risk Management, Information Technology, and Reprographics. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Nut Tree Airport and the Fouts Springs Youth Facility. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements.

The basic proprietary fund financial statements can be found on pages 37 – 39 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 40 – 41 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 the financial statements can be found on pages 43 – 78 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 County's budgetary comparison schedules for the General Fund and all major special revenue funds as well as the schedules of funding progress for the defined benefit pension plans and the other postemployment benefit plan. Required supplementary information can be found on pages 79 – 83 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 85 – 124 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$640,128,693 at June 30, 2010.

Solano County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 473,184,332	\$ 502,421,697	\$ (3,228,674)	\$ (2,879,835)	\$ 469,955,658	\$ 499,541,862
Capital assets	492,005,924	464,602,053	19,867,060	20,484,424	511,872,984	485,086,477
Total assets	<u>\$ 965,190,256</u>	<u>\$ 967,023,750</u>	<u>\$ 16,638,386</u>	<u>\$ 17,604,589</u>	<u>\$ 981,828,642</u>	<u>\$ 984,628,339</u>
Long-term obligations	\$ 247,235,644	\$ 261,301,410	\$ 567,246	\$ 514,282	\$ 247,802,890	\$ 261,815,692
Other liabilities	93,589,390	77,024,030	307,669	374,072	93,897,059	77,398,102
Total liabilities	<u>340,825,034</u>	<u>338,325,440</u>	<u>874,915</u>	<u>888,354</u>	<u>341,699,949</u>	<u>339,213,794</u>
Net assets:						
Invested in capital assets, net of related debt	366,707,988	338,045,459	19,827,763	20,389,570	386,535,751	358,435,029
Restricted net assets	49,100,180	66,684,155	-	-	49,100,180	66,684,155
Unrestricted net assets	208,557,054	223,968,696	(4,064,292)	(3,673,335)	204,492,762	220,295,361
Total net assets	<u>624,365,222</u>	<u>628,698,310</u>	<u>15,763,471</u>	<u>16,716,235</u>	<u>640,128,693</u>	<u>645,414,545</u>
Total liabilities and net assets	<u>\$ 965,190,256</u>	<u>\$ 967,023,750</u>	<u>\$ 16,638,386</u>	<u>\$ 17,604,589</u>	<u>\$ 981,828,642</u>	<u>\$ 984,628,339</u>

Analysis of Change in Net Assets

At fiscal year end, the County's total net assets decreased by \$5,285,852 (which includes the current year restatements totaling \$2,248,922 as described in Note IV-E1), or .82% from prior year. The County experienced an increase in one category and decreases in the other two categories of net assets.

By far the largest portion of the County's net assets (60%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, infrastructure and intangibles) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Invested in capital assets, net of related debt increased approximately by \$28 million from the prior year primarily due to the construction of the South County Government Center in Vallejo and the Public Health Laboratory in Fairfield resulting from the Board's commitment to improve the health and well-being of Solano County residents.

In addition, GASB 51, *Accounting and Financial Reporting for Intangible Assets*, was first implemented in the current year contributing to the increase of the capital assets.

An additional portion of the County's net assets (8%) represents resources subject to external restrictions on how they may be used. Restricted net assets decreased by approximately \$17 million from prior year primarily due to the following:

- Restricted for debt service decreased by approximately \$804,097 due to the use of reserves to redeem the 1999 Certificates of Participation.
- Restricted for health services decreased by approximately \$2 million due to declining tobacco tax revenues and increasing expenses.

- Restricted for library services decreased by approximately \$3 million due to declining property tax and sales tax revenues.
- Restricted for Public Facilities Fees decreased by approximately \$15 million due to the transfer of \$18 million to the Accumulated Capital Outlay fund for the County's share of the cost for AB900 Construction Jail Financing program.
- Restricted for Transportation increased by approximately \$3.2 million primarily due to an increase in revenues as a result of the receipt of American Recovery and Reinvestment Act (ARRA) and Prop1B revenues.

Unrestricted net assets which represent 32% decreased by approximately \$16 million from prior year due to the use of net assets for the various construction activities which resulted in the increase in invested in capital asset as indicated above.

At the end of the current fiscal year, the County is able to report positive balances in all categories of total net assets for its governmental activities, as well as for the County as a whole.

Governmental activities. Governmental activities decreased the County's net assets by \$6,582,010 thereby accounting for 87% of the total decline in the net assets of the County. This decrease was primarily due to the decrease of ongoing revenues while ongoing expenses continue to increase. Please see the discussion below for specific details.

The following table shows the revenues, expenses, and changes in net assets for governmental and business-type activities:

Solano County's Change in Net Assets
For the fiscal years ended June 30, 2010 and June 30, 2009

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 68,506,198	\$ 72,539,707	\$ 4,588,180	\$ 4,496,408	\$ 73,094,378	\$ 77,036,115
Operating grants and contributions	264,136,077	281,259,235 +	548,965	528,000	264,685,042	281,787,235
Capital grants and contributions	14,076,600	6,303,034 +	-	2,189,182	14,076,600	8,492,216
General revenues:						
Property taxes	112,720,861	124,364,351	246,828	273,693	112,967,689	124,638,044
Other taxes	5,454,356	6,007,306	-	-	5,454,356	6,007,306
Intergovernmental	20,607,668	22,666,383	50,857	54,693	20,658,525	22,721,076
Interest and investment earnings	2,744,934	5,729,000	1,168	8,138	2,746,102	5,737,138
Other	19,692,717	16,497,109	109,083	63,418	19,801,800	16,560,527
Gain on sale of capital assets	37,694	229,676	15,300	300	52,994	229,976
Total Revenues	\$ 507,977,105	\$ 535,595,801	\$ 5,560,381	\$ 7,613,832	\$ 513,537,486	\$ 543,209,633
Expenses:						
General government	62,720,766	68,697,921	-	-	62,720,766	68,697,921
Public protection	164,196,516	175,498,575	-	-	164,196,516	175,498,575
Public ways and facilities	12,148,729	12,765,552	-	-	12,148,729	12,765,552
Health services	104,435,728	104,900,420 *	-	-	104,435,728	104,900,420
Public assistance	140,870,819	146,788,064 *	-	-	140,870,819	146,788,064
Education and recreation	19,241,131	21,109,579	-	-	19,241,131	21,109,579
Interest on long-term debt	11,038,872	12,124,643	-	-	11,038,872	12,124,643
Nut Tree Airport	-	-	2,531,275	2,241,236	2,531,275	2,241,236
Fouts Springs Youth Facility	-	-	3,888,424	3,713,188	3,888,424	3,713,188
Total Expenses	514,652,561	541,884,754	6,419,699	5,954,424	521,072,260	547,839,178
Excess before transfers	(6,675,456)	(6,288,953)	(859,318)	1,659,408	(7,534,774)	(4,629,545)
Transfers	93,446	163,667	(93,446)	(163,667)	-	-
Change in net assets	(6,582,010)	(6,125,286)	(952,764)	1,495,741	(7,534,774)	(4,629,545)
Net assets – beginning, as restated	630,947,232	634,823,596	16,716,235	13,454,627	647,663,467	648,278,223
Net assets – ending	\$ 624,365,222	\$ 628,698,310	\$ 15,763,471	\$ 14,950,368	\$ 640,128,693	\$ 643,648,678

+ A total of \$6,303,034 was deducted from FY08/09 Operating grants and contributions and added to Capital grants and contributions as a result of the reclassification to reflect the correct balances.

* A total of \$1,891,092 was deducted from FY08/09 Health service expenses and added to Public assistance expenses as a result of the department's reorganization.

Revenues: Total revenues for the County's governmental activities decreased by \$27,618,696 or 5.16% from the prior year. The following factors contributed to the decrease to revenues:

Operating grants and contributions:

These revenues had a net decrease of \$17 million or 6.09% from the prior year primarily due to the following:

- Decrease of \$6.3 million in public assistance Federal CALworks funding for temporary assistance for needy families (TANF).
- Decrease of \$2.2 million in public assistance revenue for Federal funding of administration of supplemental nutrition assistance program.
- Decrease of \$2.1 million in health services as a result of the State's deferral of AB3632 for FY0910.
- Decrease of \$1.6 million in sales tax realignment revenues for health services due to decrease in sales due to economic downturn.
- Decrease of \$1.4 million in general government State recreation grants due to the completion of the Nature Center at Lake Solano Park.
- Decrease of \$1.2 million in Federal child support due to decrease in reimbursable expenditures.
- Decrease of \$1.1 million in the public safety ½ cent sales tax revenues (referred to as Prop 172) due to decrease in sales because of the economic downturn.

Capital grants and contributions:

Capital grants and contributions had an increase of \$7.8 million or 123% from the prior year primarily due to the increase in Prop 1B money, increased reimbursable projects and bridges and American Recovery and Reinvestment Act.

General revenues:

General revenues had a net decrease of \$14 million or 8.11% primarily due to the following:

- Decrease of \$11.6 million in property taxes and a decrease of \$1.4 million in redevelopment pass through revenues due to the decline in assessed values of real property resulting from the troubled real estate market.
- Suspension of the Williamson Act Tax Relief revenues resulting from the State budget cuts.
- Interest and investment earnings were considerably less than prior year due to less cash and lower interest yield due to the struggling economy.
- The decreases were offset by an increase in the transfer from the Tax Loss Reserve by \$2.5 million to the General Fund due to increase in penalties and interest from delinquent accounts.

Expenses: Total expenses for governmental activities decreased by \$27.3 million or 5.05% from prior year. As a service delivery entity, the County's major cost component is salaries and benefits amounting to 52% of the total governmental expenses. Salaries and benefits as well as services and supplies decreased across all functions primarily due to the budget reduction strategies. In addition, there was a decrease in interest on long-term debt primarily due to the principal redemption of the 2004 POB Series B1 and B2 in FY08/09.

Business-type activities. Business-type activities decreased the County's net assets by \$952,764 as a result of current year operations. The key element of this decrease is attributable to the operations of the Nut Tree Airport primarily due to the decrease in revenues and the continuing increase in expenses.

Financial Analysis of the County's Funds

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

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

At June 30, 2010, the County's governmental funds reported combined ending fund balances of \$205,740,036, a decrease of \$39,385,280 from prior year. Of the \$205,740,036, 58% (or \$118,340,710) constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate it is not available for spending because it has been committed: a) to reflect long-term assets that do not represent available spendable resources (\$35,258,141); b) to pay debt service fund (\$1,849,531); c) to liquidate contracts and purchase orders of the prior period (\$50,231,053); and d) for imprest cash (\$60,601).

The *General Fund* is the chief operating fund of the County. The General Fund's total fund balance decreased by \$3,789,004, or 3.5%, from prior year. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$72,033,076, while total fund balance was \$104,188,516. Of the General Fund unreserved fund balance, \$31,210,738, or 43.3% was designated. The most significant designation is the general reserve of approximately \$26 million earmarked for future fiscal distress and emergencies.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 59% of the total General Fund expenditures while total fund balance represents 151% of that same amount.

The *Health and Social Services Fund*, a special revenue fund, had a net decrease in fund balance of \$1.9 million in the current fiscal year due to non receipt of the funds during the revenue availability period.

The *Public Safety Fund*, a special revenue fund, had a minimal change in the fund balance in the current fiscal year.

The *Accumulated Capital Outlay Fund*, a capital projects fund, had a net decrease in fund balance of \$10.6 million in the current fiscal year due to increased expenditures for the completion of the South County Government Center and Public Health Laboratory and the Fairgrounds Visioning Development Project.

The *Pension Debt Service Fund*, had a decrease in fund balance of \$4.5 million due to a decrease

in the Pension Obligation Bond rate in the current year which resulted in less charges to County departments.

The fund balance of Other Governmental Funds decreased by approximately \$19.4 million, primarily due to the \$18 million transfer of Public Facilities Fees to the Accumulated Capital Outlay Fund for the county's share of the cost of the Claybank Adult Detention Facility.

For fiscal year ended June 30, 2010, the total revenues for governmental funds totaled \$537,061,465. This only represents a 1.95% decrease from FY 08/09.

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

**Revenues Classified by Source
Governmental Funds**

Revenues by Source	2010		2009		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 121,801,475	22.68%	\$ 134,613,147	24.58%	\$ (12,811,672)	(9.52)%
Licenses, permits and franchise	5,763,943	1.07%	6,690,257	1.22%	(926,314)	(13.85)%
Fines, forfeitures and penalties	4,883,821	0.91%	4,772,315	0.87%	111,506	2.34%
Revenue from use of money	3,419,568	0.64%	5,917,139	1.08%	(2,497,571)	(42.21)%
Intergovernmental revenues	297,119,249	55.32%	301,278,100	55.00%	(4,158,851)	(1.38)%
Charges for services	86,456,048	16.10%	79,371,133	14.49%	7,084,915	8.93%
Miscellaneous revenues	17,617,361	3.28%	15,087,909	2.75%	2,529,452	16.76%
Total	\$ 537,061,465	100.00%	\$ 547,730,000	100.00%	\$ (10,668,535)	(1.95)%

Significant changes in the governmental funds' revenues were as follows:

- Taxes: The decrease of \$12,811,672 is attributable to a decrease in secured, supplemental taxes and Property Tax in Lieu of VLF due to the decline in assessed values of real property resulting from the troubled real estate market. Also, sales tax revenue decreased due to the decreased taxable sales transactions.
- Use of money and property: The decrease of \$2,497,571 is due to lower interest yields due to the struggling economy as well as lower average cash balance throughout the year.
- Intergovernmental: The decrease of \$4,158,851 is attributable to decreases in Prop 172 revenues resulting from decreased sales due to the economic downturn; decrease in the redevelopment pass-through revenues; decrease in state sales tax realignment due to lower sales resulting from the struggling economy. These decreases were offset by an increase in Prop 1B money, increased reimbursable projects and bridges and American Recovery and Reinvestment Act revenues.
- Charges for services: The increase of \$7,084,915 is attributable to an increase in administrative overhead revenue to all central service departments resulting from increased department costs and roll forward adjustment from prior year; increase due to the collection of Early Periodic Screening Diagnosis and Treatment (EPSDT) revenue and increase of various charges by H&SS such as Federally Qualified Health Center revenue, Baby First, Occupational Health and medic ambulance.
- Miscellaneous: The increase of \$2,529,452 is attributable to an increase in the amount transferred from the Tax Losses Reserve fund to the General Fund due to increased collections in penalties from delinquent accounts.

The following table presents expenditures by function compared to prior year amounts.

**Expenditures by Function
Governmental Funds**

Expenditures by Function	2010		2009		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 57,522,204	9.98%	\$ 60,531,698	9.86%	\$ (3,009,494)	(4.97)%
Public protection	170,823,420	29.63%	178,454,399	29.06%	(7,630,979)	(4.28)%
Public ways and facilities	9,170,245	1.59%	9,380,649	1.53%	(210,404)	(2.24)%
Health services	108,637,073	18.84%	105,597,262 *	17.20%	3,039,811	2.88%
Public assistance	144,765,442	25.11%	148,255,933 *	24.14%	(3,490,491)	(2.35)%
Education and recreation	20,215,842	3.51%	21,482,110	3.50%	(1,266,268)	(5.89)%
Debt service - principal retirement	12,465,882	2.16%	39,691,364	6.46%	(27,225,482)	(68.59)%
Debt service - interest charges	11,266,372	1.95%	12,870,803	2.10%	(1,604,431)	(12.47)%
Bond issuance cost	254,727	0.04%	-	0.00%	254,727	100.00%
Capital outlay	41,366,813	7.19%	37,841,019	6.16%	3,525,794	9.32%
Total	576,488,020	100.00%	614,105,237	100.00%	(37,617,217)	(6.13)%

* A total of \$1,891,092 was deducted from FY08/09 Health service expenditures and added to Public assistance expenditures as a result of the department's re-organization.

The following provides an explanation of the expenditures by function that changed significantly over the prior year.

- **General government:** The decrease of \$3,009,494 is attributable to decreases in salaries and benefits due to staff vacancies, early retirements and layoffs. Services and supplies were also decreased due to decreased data processing charges and consulting charges.
- **Public protection:** The decrease of \$7,630,979 is attributable to decrease in salaries and benefits due to staff vacancies, early retirements and layoffs. Services and supplies were also decreased due to decreased data processing charges, consulting charges and county garage charges.
- **Health services:** The increase of \$3,039,811 is due to an increase of salaries and benefits and administrative overhead. First 5 had an increase in expenditures due to the implementation of the new program (joint MHSA Prevention and Early Intervention project with H&SS), expanded EPSDT services and expanded funding to the Family Support Service grantees.
- **Public assistance:** The decrease of \$3,490,491 is due primarily from staff reductions, reduced share in the administrative overhead and decreased services to clients most notably the child care contract.
- **Education and recreation:** The decrease of \$1,266,268 is attributable to the decrease in salaries and benefits due to early retirements and layoff.
- **Debt service principal retirement:** The decrease of \$27,225,482 is due to the redemption of the \$25 million 2004 POB Series B1 and B2 and the \$2.6 million full redemption of the 1998 COP in FY 08/09.
- **Debt service interest charges:** The decrease of \$1,604,431 is primarily due to the redemption of the 2004 POB Series B1 & B2 in FY 08/09.
- **Capital outlay:** The net increase of \$3,525,794 is attributable to the completion of the South County Government Center and Public Health Laboratory and increase in expenditures related to the visioning project for the Solano County Fairgrounds.

Proprietary funds. The County’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Nut Tree Airport at the end of the year was a negative \$3,996,022 and the unrestricted net assets for the Fouts Springs Youth Facility was a negative \$68,270. The Nut Tree Airport’s deficit net assets is expected to be resolved through federal reimbursement from Federal Aviation Administration in future years. Net assets for the Nut Tree Airport decreased by \$705,951 and net assets for Fouts Springs Youth Facility decreased by \$246,813. The decrease in net assets for the Nut Tree Airport was the result of increases in salaries and benefit costs and other professional services. The decrease in net assets for Fouts Springs Youth Facility was the result of increases in salaries and benefits costs and decreases in state and federal revenues.

General Fund Budgetary Highlights

The General Fund Budget (Original and Final versions) is reflected in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, as presented on page 80 in the Required Supplementary Information (RSI) section of this report.

The County’s final budget differs from the original budget as a result of supplemental appropriations approved during the year. Total budgeted revenues increased by \$652,079 or .33%, from the original budget. Total appropriations increased by \$2,024,130 or 2.65%, from the original budget. Actual revenues were less than the final budgeted revenues by \$1,184,229 or .60%. Actual expenditures were less than the final appropriations by \$9,464,606, or 12.08%. Significant factors affecting these changes were as follows:

Original Budget vs. Final Budget

Appropriations:

Increases of \$2,024,130 in appropriations consist of various adjustments from individual departments within the General Fund.

- Resource Managements’ appropriations were increased by \$1.1 million due primarily to increases in contract and professional services for the general plan update and encumbrances from the prior year carried over to the current year.
- General Services’ appropriations were increased by \$880,594 due primarily to increases in maintenance contracts from the prior year carried over to the current year and accrued leave payoff for retirements and layoffs.

Final Budget vs. Actual Amounts

During the year, revenues recognized were less than budgetary revenue estimates by \$1.2 million and expenditures were less than appropriations by \$9.5 million, thus reducing the need to draw upon fund balance.

Revenue Variances:

- The favorable variance in taxes is primarily attributed to increased unsecured tax collections due to wind farm expansion.
- The unfavorable variance in intergovernmental revenue is primarily due to less Redevelopment Pass-Through revenues than anticipated. Due to the current state of the economy and the real estate market, there is minor growth in property values.
- The unfavorable variance in charges for services revenue is primarily due to less disposal

fees revenue than anticipated in garbage tonnage. The tonnage was less than anticipated due to the effects of the economy.

Expenditure Variances:

- General Services - \$2.1 million favorable variance is primarily due to appropriations for salaries and benefits not spent due to retirement and elimination of positions as part of the budget reduction strategy; fewer resale purchases than anticipated; less maintenance for equipment and buildings due to overall cost saving strategies and utilities costs were lower than anticipated.
- Assessor - \$1.47 million favorable variance is primarily due to appropriations for salaries and benefits not spent due to elimination of positions as part of the budget reduction strategy and less services and supplies due to the discontinuance of the 311 Call Center and the delay in the completion of the SCIPS project.
- Registrar of Voters - \$1.58 million favorable variance primarily due to appropriations for salaries and benefits not spent due to less extra help and overtime and less services and supplies. In addition, the department anticipated costs for a special election in the current year; however, this election was consolidated with the November 2009 election.
- Resource Management - \$1.08 million favorable variance is primarily due to salaries and benefits not spent due to retirement and elimination of positions as part of the budget reduction strategy; less supplies and services primarily in contracted and professional services due to the unfinished multi-year projects and encumbered contracts.

Capital Asset and Debt Administration

Capital assets. The County’s capital assets for its governmental and business-type activities as of June 30, 2010, amount to \$511,872,984 (net of accumulated depreciation). This investment in capital assets includes land, intangibles, buildings, machinery and equipment, roads, and bridges. The total increase in the County’s capital assets for the current fiscal year was \$26,786,507 or 5.52%.

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total</u>		<u>Increase/</u>
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>	<u>(decrease)</u>
							<u>Percent of</u>
							<u>change</u>
Land	\$ 154,905,725	\$ 154,884,275	\$ 10,328,251	\$ 10,328,251	\$ 165,233,976	\$ 165,212,526	0.01%
Artwork	483,064	-	-	-	483,064	-	-
Intangibles	7,213,654	-	-	-	7,213,654	-	-
Infrastructure	94,529,624	94,529,624	-	-	94,529,624	94,529,624	0.00%
Construction in progress	81,862,566	56,874,945	154,356	96,351	82,016,922	56,971,296	43.96%
Buildings	302,587,550	296,466,753	15,191,455	15,191,455	317,779,005	311,658,208	1.96%
Machinery and equipment	49,321,093	47,656,274	570,472	569,187	49,891,565	48,225,461	3.45%
Less: accumulated depreciation	(198,897,352)	(185,809,818)	(6,377,474)	(5,700,820)	(205,274,826)	(191,510,638)	7.19%
Total	<u>\$ 492,005,924</u>	<u>\$ 464,602,053</u>	<u>\$ 19,867,060</u>	<u>\$ 20,484,424</u>	<u>\$ 511,872,984</u>	<u>\$ 485,086,477</u>	5.52%

In the governmental activities, the significant increase is due to the following:

- Capitalization of intangibles is due to the implementation of GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*.
- Construction in progress of various capital projects includes the Old Library Renovations, South County Government Center and the Public Health Laboratory which are completed in FY10/11.
- Buildings due to the new Lake Solano Nature Center, the Dixon Veterans Tenant Improvements and the Library Services building in Fairfield.

- Machinery and equipment due to the purchase of equipment for the South County Government Center and the Public Health Laboratory.

In the business-type activities, the increase in construction in progress is due to the southeast apron and helicopter pad at the Nut Tree Airport.

Additional information on the County’s capital assets can be found in Note III-E on pages 61 – 63 of this report.

Long-term obligations. At the end of the fiscal year, the County’s total debt outstanding for its governmental and business-type activities was \$246,865,086, which is entirely backed by the full faith and credit of the County.

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Notes Payable	\$ 1,023,890	\$ 1,023,890	\$ 39,297	\$ 94,854	\$ 1,063,187	\$ 1,118,744
Capital Leases	1,122,586	1,303,468	-	-	1,122,586	1,303,468
Certificates of Participation	124,915,000	130,700,000	-	-	124,915,000	130,700,000
Pension Obligation Bond	81,105,000	88,830,000	-	-	81,105,000	88,830,000
Self-insurance liability	9,244,520	9,719,080	-	-	9,244,520	9,719,080
Pollution Remediation Obligation	261,615	1,074,260	-	-	261,615	1,074,260
Other Post Employment Benefits	1,765,782	-	21,248	-	1,787,030	-
Compensated Absences	26,859,447	28,700,977	506,701	419,428	27,366,148	29,120,405
Total	\$ 246,297,840	\$ 261,351,675	\$ 567,246	\$ 514,282	\$ 246,865,086	\$ 261,865,957

The County’s total debt decreased by \$15,000,871 primarily due to the scheduled principal payments on long-term debt, a \$5 million early redemption of the POB Series B3 and the \$1.8 million decreased compensated absences resulting from lay-offs and early retirement incentive.

The County maintains an “A2” rating from Moody’s and an “AA-” rating from Standard & Poor’s for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total assessed valuation. The County does not have any general obligation debt outstanding.

Additional information on the County’s long-term obligation can be found in Note III-I on pages 66 – 70 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for the County is currently 12%. This is comparable to the state’s average unemployment rate of 11.7% (unadjusted, as of October 2010).
- The Board of Supervisors’ (Board) policy for General Fund Contingency and Reserve levels allows the County to normalize the County’s budget during periods of fiscal distress. To address the impact of the current economic uncertainty of the state of California and any other unforeseen circumstances, in FY10/11 the board adopted \$21.8 million in contingencies and \$26.2 million in general reserves.
- To adequately reflect the impacts of the real estate recession, the County budgeted for a 7% decline in property tax revenues for FY10/11 over prior year actual.
- Due to the current economic climate, the County continues to proactively adjust its spending plan to align it to the prevailing ongoing revenue streams. The Board of Supervisors has directed appropriation reductions by eliminating vacant and filled positions, department reorganizations, reductions in discretionary program and/or discretionary levels of service

and has made tough decisions to ensure the County maintains its financial condition going forward.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor-Controller's Office, 675 Texas Street, Suite 2800, Fairfield, CA 94533.

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BASIC FINANCIAL STATEMENTS

COUNTY OF SOLANO, CALIFORNIA
Statement of Net Assets
June 30, 2010

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Solano County Fair	Workforce Investment Board
ASSETS					
Current assets					
Cash and investments	\$ 264,802,388	\$ 243,709	\$ 265,046,097	\$ 939,287	\$ 473,201
Accounts receivable	3,152,245	71,218	3,223,463	187,555	12,443
Due from other agencies	60,897,622	364,077	61,261,699	137,303	176,608
Internal balances	3,934,885	(3,934,885)	-	-	-
Other assets	1,969,438	27,207	1,996,645	12,757	109,091
Total current assets	<u>334,756,578</u>	<u>(3,228,674)</u>	<u>331,527,904</u>	<u>1,276,902</u>	<u>771,343</u>
Noncurrent assets					
Long-term assets	7,274,282	-	7,274,282	-	-
Pension asset	131,153,472	-	131,153,472	795,758	-
Capital assets:					
Capital assets, not being depreciated	237,710,948	10,482,607	248,193,555	167,085	-
Capital assets, being depreciated, net	254,294,976	9,384,453	263,679,429	1,779,355	12,034
Total noncurrent assets	<u>630,433,678</u>	<u>19,867,060</u>	<u>650,300,738</u>	<u>2,742,198</u>	<u>12,034</u>
Total assets	<u>\$ 965,190,256</u>	<u>\$ 16,638,386</u>	<u>\$ 981,828,642</u>	<u>\$ 4,019,100</u>	<u>\$ 783,377</u>
LIABILITIES					
Current liabilities					
Outstanding warrants	\$ 4,721,540	\$ 10,444	\$ 4,731,984	\$ -	\$ 301,749
Payables	36,878,794	276,276	37,155,070	79,960	180,116
Unearned revenue	30,382,882	2,152	30,385,034	19,750	-
Other liabilities	3,428,720	18,797	3,447,517	42,808	-
Due to other agencies	18,177,454	-	18,177,454	-	435
Current portion of long-term obligations	24,024,259	198,126	24,222,385	57,817	158,686
Total current liabilities	<u>117,613,649</u>	<u>505,795</u>	<u>118,119,444</u>	<u>200,335</u>	<u>640,986</u>
Noncurrent liabilities					
Noncurrent portion of long-term obligations	223,211,385	369,120	223,580,505	1,138,097	27,700
Total liabilities	<u>340,825,034</u>	<u>874,915</u>	<u>341,699,949</u>	<u>1,338,432</u>	<u>668,686</u>
NET ASSETS					
Invested in capital assets, net of related debt	366,707,988	19,827,763	386,535,751	1,551,251	12,034
Restricted for:					
Debt service	1,849,531	-	1,849,531	-	-
Health services	17,599,903	-	17,599,903	-	-
Library services	10,348,920	-	10,348,920	-	-
Public facilities fees	8,990,933	-	8,990,933	-	-
Transportation services	10,310,893	-	10,310,893	-	-
Unrestricted	208,557,054	(4,064,292)	204,492,762	1,129,417	102,657
Total net assets	<u>624,365,222</u>	<u>15,763,471</u>	<u>640,128,693</u>	<u>2,680,668</u>	<u>114,691</u>
Total liabilities and net assets	<u>\$ 965,190,256</u>	<u>\$ 16,638,386</u>	<u>\$ 981,828,642</u>	<u>\$ 4,019,100</u>	<u>\$ 783,377</u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Activities
For the Fiscal Year Ended June 30, 2010

Functions/programs	Expenses	Program Revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary Government:				
Governmental Activities:				
General government	\$ 62,720,766	\$ 24,664,412	\$ 4,113,116	\$ 304,785
Public protection	164,196,516	18,382,235	56,739,248	-
Public ways and facilities	12,148,729	1,081,929	6,105,359	13,771,815
Health services	104,435,728	18,236,407	70,209,003	-
Public assistance	140,870,819	987,213	122,561,020	-
Education and recreation	19,241,131	5,154,002	4,408,331	-
Interest on long-term debt	11,038,872	-	-	-
Total Governmental Activities	514,652,561	68,506,198	264,136,077	14,076,600
Business-type Activities:				
Nut Tree Airport	2,531,275	1,277,477	211,614	-
Fouts Springs Youth Facility	3,888,424	3,310,703	337,351	-
Total Business-type Activities	6,419,699	4,588,180	548,965	-
Total Primary Government	\$ 521,072,260	\$ 73,094,378	\$ 264,685,042	\$ 14,076,600
Component Units:				
Solano County Fair	\$ 4,307,505	\$ 3,618,805	\$ 87,851	\$ -
Workforce Investment Board	7,518,647	-	7,515,199	-
Total Component Units	\$ 11,826,152	\$ 3,618,805	\$ 7,603,050	\$ -

General revenues:
 Property taxes
 Sales and use tax
 Property transfer tax
 Intergovernmental not restricted to specific programs
 Interest and investment earnings
 Other
 Gain on sale of capital assets
Transfers
 Total general revenues and transfers
Change in net assets
Net assets - beginning, as restated
Net assets - ending

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Activities
For the Fiscal Year Ended June 30, 2010

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Solano County Fair	Workforce Investment Board	
\$ (33,638,453)	\$ -	\$ (33,638,453)	\$ -	\$ -	Primary Government:
(89,075,033)	-	(89,075,033)	-	-	Governmental Activities:
8,810,374	-	8,810,374	-	-	General government
(15,990,318)	-	(15,990,318)	-	-	Public protection
(17,322,586)	-	(17,322,586)	-	-	Public ways and facilities
(9,678,798)	-	(9,678,798)	-	-	Health services
(11,038,872)	-	(11,038,872)	-	-	Public assistance
(167,933,686)	-	(167,933,686)	-	-	Education and recreation
					Interest on long-term debt
					Total Governmental Activities
-	(1,042,184)	(1,042,184)	-	-	Business-type Activities:
-	(240,370)	(240,370)	-	-	Nut Tree Airport
-	(1,282,554)	(1,282,554)	-	-	Fouts Springs Youth Facility
(167,933,686)	(1,282,554)	(169,216,240)	-	-	Total Business-type Activities
					Total Primary Government
					Component Units:
			(600,849)	-	Solano County Fair
			-	(3,448)	Workforce Investment Board
			(600,849)	(3,448)	Total Component Units
112,720,861	246,828	112,967,689	-	-	
3,802,198	-	3,802,198	-	-	
1,652,158	-	1,652,158	-	-	
20,607,668	50,857	20,658,525	-	-	
2,744,934	1,168	2,746,102	9,687	3,430	
19,692,717	109,083	19,801,800	-	7,294	
37,694	15,300	52,994	-	-	
93,446	(93,446)	-	-	-	
161,351,676	329,790	161,681,466	9,687	10,724	
(6,582,010)	(952,764)	(7,534,774)	(591,162)	7,276	
630,947,232	16,716,235	647,663,467	3,271,830	107,415	
<u>\$ 624,365,222</u>	<u>\$ 15,763,471</u>	<u>\$ 640,128,693</u>	<u>\$ 2,680,668</u>	<u>\$ 114,691</u>	

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

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2010

	<u>General</u>	<u>Health & Social Services</u>	<u>Public Safety</u>
ASSETS			
Cash and investments	\$ 68,506,645	\$ 44,265,049	\$ 7,631,972
Accounts receivable	1,735,042	130,845	641,990
Due from other agencies	21,471,860	24,341,835	8,964,271
Due from other funds	5,099,850	2,710,312	523,246
Advance to other funds	27,235,473	-	-
Other assets	1,102,332	169,115	524,609
Total assets	<u>\$ 125,151,202</u>	<u>\$ 71,617,156</u>	<u>\$ 18,286,088</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Outstanding warrants	\$ 280,858	\$ 2,920,096	\$ 768,887
Payables	3,782,852	14,611,473	6,529,133
Deferred revenue	14,421,100	35,009,859	2,529,244
Due to other funds	547,054	5,776,351	1,835,896
Advance from other funds	-	-	-
Other liabilities	14,430	174,309	-
Due to other agencies	1,916,392	15,343,264	585,604
Total liabilities	<u>20,962,686</u>	<u>73,835,352</u>	<u>12,248,764</u>
Fund balances:			
Reserved:			
Long-term assets	31,847,137	-	-
Debt service	-	-	-
Encumbrances	304,923	182,252	140,296
Imprest cash	3,380	46,159	7,325
Unreserved:			
Designated, reported in:			
General fund	31,210,738	-	-
Special revenue funds	-	-	-
Undesignated, reported in:			
General fund	40,822,338	-	-
Special revenue funds	-	(2,446,607)	5,889,703
Capital projects funds	-	-	-
Debt services funds	-	-	-
Total fund balances	<u>104,188,516</u>	<u>(2,218,196)</u>	<u>6,037,324</u>
Total liabilities and fund balances	<u>\$ 125,151,202</u>	<u>\$ 71,617,156</u>	<u>\$ 18,286,088</u>

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

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet (Continued)
Governmental Funds
June 30, 2010

<u>Accumulated Capital Outlay</u>	<u>Pension Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
\$ 57,588,261	\$ 4,761,180	\$ 60,430,423	\$ 243,183,530	ASSETS
-	101,185	233,910	2,842,972	Cash and investments
445,586	150	5,619,028	60,842,730	Accounts receivable
57,228	409,198	2,873,622	11,673,456	Due from other agencies
-	-	-	27,235,473	Due from other funds
-	740,995	2,868,094	5,405,145	Advance to other funds
<u>\$ 58,091,075</u>	<u>\$ 6,012,708</u>	<u>\$ 72,025,077</u>	<u>\$ 351,183,306</u>	Other assets
				Total assets
				LIABILITIES AND FUND BALANCE:
				Liabilities:
\$ 121,740	\$ -	\$ 455,868	\$ 4,547,449	Outstanding warrants
3,802,685	-	3,325,845	32,051,988	Payables
192,622	212,672	428,556	52,794,053	Deferred revenue
68,544	-	2,681,059	10,908,904	Due to other funds
1,300,000	20,000,000	2,256,306	23,556,306	Advance from other funds
2,672,335	-	546,925	3,407,999	Other liabilities
-	-	331,311	18,176,571	Due to other agencies
<u>8,157,926</u>	<u>20,212,672</u>	<u>10,025,870</u>	<u>145,443,270</u>	Total liabilities
				Fund balances:
				Reserved:
-	740,995	2,670,009	35,258,141	Long-term assets
-	-	1,849,531	1,849,531	Debt service
47,483,829	-	2,119,753	50,231,053	Encumbrances
-	-	3,737	60,601	Imprest cash
				Unreserved:
				Designated, reported in:
-	-	-	31,210,738	General fund
-	-	2,952,917	2,952,917	Special revenue funds
				Undesignated, reported in:
-	-	-	40,822,338	General fund
-	-	52,402,900	55,845,996	Special revenue funds
2,449,320	-	360	2,449,680	Capital projects funds
-	(14,940,959)	-	(14,940,959)	Debt services funds
<u>49,933,149</u>	<u>(14,199,964)</u>	<u>61,999,207</u>	<u>205,740,036</u>	Total fund balances
<u>\$ 58,091,075</u>	<u>\$ 6,012,708</u>	<u>\$ 72,025,077</u>	<u>\$ 351,183,306</u>	Total liabilities and fund balances

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

COUNTY OF SOLANO, CALIFORNIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2010

Total governmental funds, fund balance	\$	205,740,036
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		478,245,532
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		22,695,499
Deferred costs of issuance for debt used in governmental activities are not financial resources and, therefore, are not reported in the funds.		3,312,099
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.		22,865,223
The pension asset of the governmental activities are not financial resources and, therefore, are not reported in the funds.		131,153,472
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(2,813,610)
Long-term obligations		(236,833,029)
Net assets of governmental activities	\$	624,365,222

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

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COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	<u>General</u>	<u>Health & Social Services</u>	<u>Public Safety</u>
REVENUES			
Taxes	\$ 108,656,933	\$ -	\$ -
Licenses, permits and franchises	5,425,212	20,706	175,488
Fines, forfeitures and penalties	1,942,707	739,113	2,198,520
Use of money and property	1,864,050	323,149	77,907
Intergovernmental	24,369,115	191,879,221	51,177,783
Charges for services	41,655,480	20,529,910	9,727,705
Miscellaneous	11,599,266	3,206,473	1,788,030
Total revenues	<u>195,512,763</u>	<u>216,698,572</u>	<u>65,145,433</u>
EXPENDITURES			
Current:			
General government	50,782,208	-	-
Public protection	17,077,737	-	150,292,305
Public ways and facilities	-	-	-
Health services	-	101,412,058	-
Public assistance	614,863	144,150,579	-
Education and recreation	307,813	-	-
Debt service:			
Principal	3541	-	177,341
Interest and other charges	87	-	52,816
Bond issuance cost	-	-	-
Capital outlay	105,732	70,024	1,377,990
Total expenditures	<u>68,891,981</u>	<u>245,632,661</u>	<u>151,900,452</u>
Excess (deficiency) of revenues over (under) expenditures	<u>126,620,782</u>	<u>(28,934,089)</u>	<u>(86,755,019)</u>
OTHER FINANCING SOURCES (USES)			
Payment to refunded bond escrow agent	-	-	-
Proceeds from refunding bonds issued	-	-	-
Premium on refunding bonds	-	-	-
Transfers in	-	32,125,367	91,545,214
Transfers out	(130,507,118)	(5,126,042)	(3,905,838)
Sale of capital assets	97,332	-	-
Total other financing sources (uses)	<u>(130,409,786)</u>	<u>26,999,325</u>	<u>87,639,376</u>
Net change in fund balances	(3,789,004)	(1,934,764)	884,357
Fund balances (deficits) - beginning	107,977,520	(283,432)	5,152,967
Fund balances (deficits) - ending	<u>\$ 104,188,516</u>	<u>\$ (2,218,196)</u>	<u>\$ 6,037,324</u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010

<u>Accumulated Capital Outlay</u>	<u>Pension Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
\$ 1,674,264	\$ -	\$ 11,470,278	\$ 121,801,475	REVENUES
-	-	142,537	5,763,943	Taxes
-	-	3,481	4,883,821	Licenses, permits and franchises
400,433	(96,178)	850,207	3,419,568	Fines, forfeitures and penalties
1,287,863	-	28,405,267	297,119,249	Use of money and property
-	-	14,542,953	86,456,048	Intergovernmental
-	832,651	190,941	17,617,361	Charges for services
3,362,560	736,473	55,605,664	537,061,465	Miscellaneous
				Total revenues
				EXPENDITURES
				Current:
5,895,615	32,945	811,436	57,522,204	General government
-	-	3,453,378	170,823,420	Public protection
-	-	9,170,245	9,170,245	Public ways and facilities
-	-	7,225,015	108,637,073	Health services
-	-	-	144,765,442	Public assistance
-	-	19,908,029	20,215,842	Education and recreation
				Debt service:
-	7,725,000	4,560,000	12,465,882	Principal
-	5,085,338	6,128,131	11,266,372	Interest and other charges
-	-	254,727	254,727	Bond issuance cost
29,248,484	-	10,564,583	41,366,813	Capital outlay
35,144,099	12,843,283	62,075,544	576,488,020	Total expenditures
				Excess (deficiency) of revenues over (under) expenditures
(31,781,539)	(12,106,810)	(6,469,880)	(39,426,555)	
				OTHER FINANCING SOURCES (USES)
-	-	(17,970,000)	(17,970,000)	Payment to refunded bond escrow agent
-	-	16,745,000	16,745,000	Proceeds from refunding bonds issued
-	-	889,673	889,673	Premium on refunding bonds
22,029,919	7,603,587	12,437,781	165,741,868	Transfers in
(900,000)	-	(25,063,700)	(165,502,698)	Transfers out
-	-	40,100	137,432	Sale of capital assets
21,129,919	7,603,587	(12,921,146)	41,275	Total other financing sources (uses)
(10,651,620)	(4,503,223)	(19,391,026)	(39,385,280)	Net change in fund balances
60,584,769	(9,696,741)	81,390,233	245,125,316	Fund balances (deficits) - beginning
\$ 49,933,149	\$ (14,199,964)	\$ 61,999,207	\$ 205,740,036	Fund balances (deficits) - ending

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

COUNTY OF SOLANO, CALIFORNIA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2010

Net change in fund balances - total governmental funds \$ (39,385,280)

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

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. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	41,366,813	
Depreciation expense	<u>(14,858,384)</u>	26,508,429

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. 299,054

Revenues deferred in the governmental funds because they were not collected within the County's availability period, were recognized in the statement of activities. (2,903,492)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of the differences in the treatment of long-term debt and related items.

Refunding bonds issued	(16,745,000)	
Debt principal payments	12,465,882	
Payment to refunded bond escrow agent	17,970,000	
Bond issuance costs	254,727	
Deferred amount on refunding	(139,703)	
Premium on refunding bonds	<u>(889,673)</u>	12,916,233

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.

OPEB liability	(1,874,895)	
Pollution remediation obligations	812,645	
Change in accrued interest payable	230,040	
Amortization expense	(2,527,862)	
Change in compensated absences	<u>1,939,111</u>	(1,420,961)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with governmental activities. (2,595,993)

Change in net assets of governmental activities \$ (6,582,010)

COUNTY OF SOLANO, CALIFORNIA
Statement of Net Assets
Proprietary Funds
June 30, 2010

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Nut Tree Airport	Fouts Springs Youth Facility	Total	
ASSETS				
Current assets				
Cash and investments	\$ 150	\$ 243,559	\$ 243,709	\$ 21,618,858
Accounts receivable	71,218	-	71,218	309,273
Due from other agencies	23,804	340,273	364,077	54,892
Due from other funds	597	74,102	74,699	716,782
Other assets	-	27,207	27,207	526,476
Total current assets	<u>95,769</u>	<u>685,141</u>	<u>780,910</u>	<u>23,226,281</u>
Noncurrent assets				
Capital assets:				
Land	10,308,251	20,000	10,328,251	-
Construction in progress	128,729	25,627	154,356	6,781
Buildings and improvements	10,795,227	4,396,228	15,191,455	264,471
Equipment	168,984	401,488	570,472	20,133,681
Intangibles	-	-	-	5,432,806
Less: accumulated depreciation	(4,445,168)	(1,932,306)	(6,377,474)	(12,077,347)
Total capital assets	<u>16,956,023</u>	<u>2,911,037</u>	<u>19,867,060</u>	<u>13,760,392</u>
Total assets	<u>\$ 17,051,792</u>	<u>\$ 3,596,178</u>	<u>\$ 20,647,970</u>	<u>\$ 36,986,673</u>
LIABILITIES				
Current liabilities				
Outstanding warrants	\$ 4,011	\$ 6,433	\$ 10,444	\$ 174,091
Payables	79,274	197,002	276,276	2,013,196
Unearned revenue	2,152	-	2,152	284,328
Due to other funds	279,350	51,067	330,417	1,225,616
Other liabilities	18,797	-	18,797	20,721
Due to other agencies	-	-	-	883
Current portion of long-term obligations	53,450	144,676	198,126	3,969,153
Total current liabilities	<u>437,034</u>	<u>399,178</u>	<u>836,212</u>	<u>7,687,988</u>
Noncurrent liabilities				
Advances from other funds	3,679,167	-	3,679,167	-
Noncurrent portion of long-term obligations	14,887	354,233	369,120	6,433,462
Total noncurrent liabilities	<u>3,694,054</u>	<u>354,233</u>	<u>4,048,287</u>	<u>6,433,462</u>
Total liabilities	<u>4,131,088</u>	<u>753,411</u>	<u>4,884,499</u>	<u>14,121,450</u>
NET ASSETS				
Invested in capital assets, net of related debt	16,916,726	2,911,037	19,827,763	13,760,392
Unrestricted	(3,996,022)	(68,270)	(4,064,292)	9,104,831
Total net assets	<u>12,920,704</u>	<u>2,842,767</u>	<u>15,763,471</u>	<u>22,865,223</u>
Total liabilities and net assets	<u>\$ 17,051,792</u>	<u>\$ 3,596,178</u>	<u>\$ 20,647,970</u>	<u>\$ 36,986,673</u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Nut Tree Airport</u>	<u>Fouts Springs Youth Facility</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for sales and services	\$ 1,277,479	\$ 3,310,703	\$ 4,588,182	\$ 31,818,065
OPERATING EXPENSES				
Personnel services	409,409	2,970,303	3,379,712	7,882,358
Maintenance	158,792	62,642	221,434	1,286,303
Materials and supplies	653,648	220,524	874,172	1,150,403
Depreciation	533,181	157,388	690,569	2,580,212
Insurance	38,691	46,509	85,200	9,571,559
Rent, utilities and others	605,426	431,057	1,036,483	12,913,520
Total operating expenses	<u>2,399,147</u>	<u>3,888,423</u>	<u>6,287,570</u>	<u>35,384,355</u>
Operating loss	<u>(1,121,668)</u>	<u>(577,720)</u>	<u>(1,699,388)</u>	<u>(3,566,290)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	262,471	337,351	599,822	-
Investment earnings	(165)	1,331	1,166	275,941
Interest expense	(132,129)	-	(132,129)	(2,539)
Property taxes	246,828	-	246,828	-
Other revenue	34,569	74,514	109,083	1,241,413
Gain (loss) on sale of capital assets	15,200	100	15,300	(398,793)
Total nonoperating revenues, net	<u>426,774</u>	<u>413,296</u>	<u>840,070</u>	<u>1,116,022</u>
Loss before transfers	<u>(694,894)</u>	<u>(164,424)</u>	<u>(859,318)</u>	<u>(2,450,268)</u>
Transfers in	-	-	-	891,324
Transfers out	(11,057)	(82,389)	(93,446)	(1,037,049)
Change in net assets	<u>(705,951)</u>	<u>(246,813)</u>	<u>(952,764)</u>	<u>(2,595,993)</u>
Total net assets - beginning, as restated	<u>13,626,655</u>	<u>3,089,580</u>	<u>16,716,235</u>	<u>25,461,216</u>
Total net assets - ending	<u>\$ 12,920,704</u>	<u>\$ 2,842,767</u>	<u>\$ 15,763,471</u>	<u>\$ 22,865,223</u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2010

	Business-type Activities - Enterprise Funds			Governmental
	Nut Tree Airport	Fouts Springs Youth Facility	Total	Activities - Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,298,387	\$ 3,358,434	\$ 4,656,821	\$ 33,668,012
Receipts from interfund services provided	-	38,131	38,131	93,256
Payments to suppliers	(1,220,997)	(699,828)	(1,920,825)	(26,688,928)
Payments to employees	(400,106)	(2,871,083)	(3,271,189)	(7,725,685)
Payments for interfund services used	-	-	-	(82)
Net cash used by operating activities	<u>(322,716)</u>	<u>(174,346)</u>	<u>(497,062)</u>	<u>(653,427)</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	-	371,678
Transfers out	(11,057)	(82,389)	(93,446)	(517,403)
Property taxes	246,828	-	246,828	-
Payment on advances from other funds	-	-	-	(987,770)
Subsidy from federal grant	242,645	337,351	579,996	-
Net cash provided (used) by noncapital financing activities	<u>478,416</u>	<u>254,962</u>	<u>733,378</u>	<u>(1,133,495)</u>
Cash flows from capital and related financing activities:				
Interest paid	(132,131)	-	(132,131)	-
Debt principal paid	(55,557)	-	(55,557)	-
Acquisition of capital assets	(58,005)	-	(58,005)	(1,476,921)
Proceeds from sale of capital assets	-	100	100	150,450
Net cash provided (used) by capital and related financing activities	<u>(245,693)</u>	<u>100</u>	<u>(245,593)</u>	<u>(1,326,471)</u>
Cash flows from investing activities:				
Investment income (expense)	(165)	1,331	1,166	275,941
Net increase (decrease) in cash and cash equivalents	(90,158)	82,047	(8,111)	(2,837,452)
Cash and cash equivalents - beginning	90,308	161,512	251,820	24,456,310
Cash and cash equivalents - ending	<u>\$ 150</u>	<u>\$ 243,559</u>	<u>\$ 243,709</u>	<u>\$ 21,618,858</u>
Reconciliation of operating loss to net cash used by operating activities:				
Operating loss	\$ (1,121,668)	\$ (577,720)	\$ (1,699,388)	\$ (3,566,290)
Adjustments to reconcile operating loss to net cash used by operating activities:				
Depreciation	533,181	157,388	690,569	2,580,212
Other nonoperating revenue	54,395	74,514	128,909	1,238,874
Changes in assets and liabilities:				
(Increase) decrease in receivables, net	(17,783)	7,423	(10,360)	98,528
(Increase) decrease in due from other funds	4,122	38,131	42,253	(278,989)
(Increase) in due from other agencies	(19,826)	(34,206)	(54,032)	(54,776)
(Increase) decrease in other assets	48,032	-	48,032	(35,147)
Increase (decrease) in outstanding warrants	(11,543)	282	(11,261)	(1,178,963)
Increase (decrease) in payables	(49,894)	14,787	(35,107)	53,271
Increase in due to other funds	268,896	45,939	314,835	987,193
Increase (decrease) in due to other agencies	-	(104)	(104)	883
Increase (decrease) in unearned revenue	2,152	-	2,152	(201,057)
Increase in accrued compensated absences	6,344	80,931	87,275	97,581
Increase (decrease) in other liabilities	(22,083)	-	(22,083)	20,721
Increase in other postemployment benefits	2,959	18,289	21,248	59,092
(Decrease) in self-insurance liability	-	-	-	(474,560)
Total adjustments	<u>798,952</u>	<u>403,374</u>	<u>1,202,326</u>	<u>2,912,863</u>
Net cash used by operating activities	<u>\$ (322,716)</u>	<u>\$ (174,346)</u>	<u>\$ (497,062)</u>	<u>\$ (653,427)</u>
Noncash investing, capital and financing activities:				
Change in fair value of investments	\$ -	\$ 837	\$ 837	\$ 74,413

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and investments	\$ 292,362,907	\$ 7,371,766	\$ 26,348,542
Property tax receivable	-	-	41,492,790
Property of estates	-	3,932,190	
Total assets	<u>\$ 292,362,907</u>	<u>\$ 11,303,956</u>	<u>\$ 67,841,332</u>
LIABILITIES			
Due to others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,841,332</u>
NET ASSETS			
Net assets held in trust for:			
Individuals	-	11,303,956	
Pool participants	292,362,907	-	
Total net assets	<u>\$ 292,362,907</u>	<u>\$ 11,303,956</u>	

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>
ADDITIONS		
Contributions on pooled investments	\$ 513,727,411	\$ 8,012,235
Other contributions/additions/deductions	-	(909,067)
Interest and investment income (expense)	<u>52,415,875</u>	<u>(18,042)</u>
Total additions	<u>566,143,286</u>	<u>7,085,126</u>
DEDUCTIONS		
Distributions from pooled investments	<u>627,620,905</u>	<u>6,267,135</u>
Change in net assets	(61,477,619)	817,991
Net assets - beginning	<u>353,840,526</u>	<u>10,485,965</u>
Net assets - ending	<u>\$ 292,362,907</u>	<u>\$ 11,303,956</u>

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

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**COUNTY OF SOLANO, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Solano County (the County) is a political subdivision of the State of California (the State). An elected, five-member Board of Supervisors (the Board) governs the County. The County defines its reporting entity in accordance with accounting principles generally accepted in the United States of America (GAAP), which provides guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The accompanying financial statements present information on the activities of the reporting entity, including all fund types of the County (the primary government) and its component units.

GAAP requires that the component units be separated into blended or discretely presented units for reporting purposes. Although legally separate entities, blended component units are, in substance, part of the County's operations. Therefore, they are reported as part of the primary government. The primary government is financially accountable for these component units. Discretely presented component units are reported in a separate column in the financial statements to emphasize that they are legally separate from the County. Each blended and discretely presented component unit has a June 30 fiscal year-end except for the Solano County Fair, which has a December 31 year-end.

Component units blended in the County's financial statements include the Solano County Facilities Corporation, Solano County Housing Authority and the East Vallejo Fire Protection District.

The Solano County Facilities Corporation (SCFC) was established for the purpose of providing financing for the acquisition and construction of properties such as the Health & Social Services Administration Building and the Fairfield Downtown Project. The SCFC's board consists exclusively of all five members of the County's Board of Supervisors.

The Solano County Housing Authority (SCHA), under an agreement with the U.S. Department of Housing and Urban Development, provides housing assistance through the Section 8 Housing Assistance program for the unincorporated areas of Solano County and the cities of Dixon and Rio Vista. The County Board of Supervisors serves as the SCHA board.

The East Vallejo Fire Protection District provides fire protection services to the citizens of the unincorporated area in Vallejo. The County's Board of Supervisors governs the fire protection district.

The Solano County Fair (Fair), which is managed by the Solano County Fair Association (Fair Association), is a discretely presented component unit in the County's basic financial statements. The Fair is governed by a board of directors whose members are appointed by the County's Board of Supervisors. The Fair Association was formed solely to act as the County's agent in operating the county fair that provides services entirely to the general public. Also per GASB 14, the financial statements of the Potential Component Unit (PCU) are not material to the financial statements of the Primary Government, and therefore, should not be included in the financial reporting entity.

The Workforce Investment Board (WIB) is a discretely presented component unit in the County's basic financial statements. WIB's primary responsibility is to involve the business community in employing

and training economically disadvantaged and unemployed persons and to increase private sector employment opportunities for such persons. The WIB is fiscally dependent on the County because the WIB's budget is approved by the County's Board of Supervisors and the County is the primary recipient of the Workforce Investment Act (WIA) grant which represents a significant portion of the WIB's revenues.

Financial information for individual component units may be obtained at the County Auditor-Controller's Office.

The County Board of Supervisors is responsible for appointing the members of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. These organizations related to the County consist of the following special districts:

- The Cordelia Fire Protection District, Dixon Fire Protection District, Montezuma Fire Protection District, Suisun Fire Protection District and Vacaville Fire Protection District are districts that provide fire protection services to the citizens of the County. A five-member board appointed by the County Board of Supervisors governs each district, except for the Cordelia Fire Protection District, which is governed by an elected board.
- The Rio Vista-Montezuma Cemetery District, Silveyville Cemetery District, Suisun-Fairfield Rockville Cemetery District and Vacaville-Elmira Cemetery District are districts that provide burial services for all qualifying district residents and their families. A five-member board appointed by the County Board of Supervisors governs each cemetery district.
- The Dixon Resource Conservation District, Suisun Resource Conservation District and Solano Resource Conservation District develop and administer various resource conservation programs within the County. The County Board of Supervisors appoints the governing board for each of these districts.

These special districts related to the County are accounted for as an External Investment Trust Fund for reporting purposes (see Fiduciary Funds Statements).

For its business-type activities and proprietary funds, pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County applies all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (the FASB), the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. Governments have the option of following private-sector guidance issued subsequent to November 30, 1989, as such the County has elected not to follow private-sector guidance subsequent to November 30, 1989.

B. Government-wide and Fund Financial Statements

The County's financial accounts are maintained in accordance with GAAP and the uniform accounting system for counties prescribed by the State Controller in compliance with the Government Code of the State of California.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component

units. 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 user fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The primary government includes certain indirect costs as part of the program expenses reported for the various functional 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 as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter 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.

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 and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a 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. Agency funds report only assets and liabilities and, therefore, do not have a measurement focus. Agency funds, however, use the accrual basis of accounting to recognize receivables and payables.

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 to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes, which the County considers 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, as well as expenditures related to compensated absences, claims and judgments and pollution remediation are recorded only when payment is due.

Secured property taxes, franchise taxes, licenses, grants 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 County receives cash.

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *Health and Social Services Fund* is used to account for services to County residents in the areas of health, mental health, substance abuse, social services, employment assistance and public assistance.

The *Public Safety Fund* is used to account for services to County residents in the areas of legal representation, substance abuse, crime prevention, public protection and probation services.

The *Accumulated Capital Outlay Fund* is used to account for all other countywide capital projects not accounted for in a specific capital projects fund.

The *Pension Debt Service Fund* is used to account for the payment of debt used to prepay a portion of the County's Unfunded Actuarial Accrued Liability.

The County reports the following enterprise funds:

The *Nut Tree Airport Fund* (Airport) accounts for the operating activities and aviation services for commercial and recreational uses.

The *Fouts Springs Youth Facility Fund* (Fouts Springs) accounts for the activities of the youth correctional facility operated under a Joint Powers Agreement between the counties of Colusa and Solano.

Additionally, the government reports the following fund types:

Internal Service Funds account for management information systems, fleet management services, communications, reprographics and risk management services provided to other departments or agencies of the County, or to other governments, on a cost reimbursement basis.

The *External Investment Trust Fund* is used to account for the pooling of resources in an investment portfolio for external county agencies and legally separate participants.

The *Private Purpose Trust Funds* are used to account for escheat property under the responsibilities of Guardian/Conservator and Administrator.

The *Agency Funds* are used to account for assets held by the County in an agency capacity for other local government units.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements; however, such interfund services provided/used are not eliminated in the process of consolidation.

The amounts reported as program revenues in the statement of activities include (1) charges to customers or applicants for goods, services, or privileges provided, including special assessments, (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 from nonoperating revenues and expenses. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Airport and Fouts Springs are charges to customers for sales and services. Operating expenses include the cost of

sales and services, administrative expenses, and depreciation on capital 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 County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

The County pools cash and investments with the County Treasurer except for investments held in trust agreements by bond paying agents under direction from the Treasurer. Interest from pooled cash and investments are allocated monthly to the various funds based on the average daily cash balances of the funds entitled to receive interest. It is the County's policy and practice to charge interest to funds with a negative cash balance. Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earns the interest.

The County has stated required investments at fair value in the accompanying financial statements. The fair value of investments is based on independent third party pricing models, published market prices or quotations from licensed broker/dealer firms. The investments are marked to market and the net asset value is calculated for the County Treasurer's Investment Pool ("Pool") annually. For purposes of the statement of cash flows, proprietary funds consider all highly liquid investments with a remaining maturity of three months or less at the time of acquisition including pooled amounts in the County Treasury to be cash equivalents.

The Pool values participants' shares on a par value. Specifically, the Pool distributes income to participants based on their relative participation during the period. Net income is calculated and apportioned to the funds based on (1) realized investment gains and losses, (2) accrual based interest income earned, (3) amortization of discounts and premiums on a level yield basis, and (4) investment and administrative expenses. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the Pool's investments.

The Treasurer invests on behalf of most funds of the County and external participants in accordance with the County's investment policy and the California State Government Code. The County Treasurer who reports on a quarterly basis to the Board of Supervisors manages the Pool. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County's investment policy and to monitor compliance with the investment policy and reporting provisions of the law.

The Pool is comprised of two components: a) pooled deposits and investments and b) dedicated investment funds. The dedicated investment funds represent funds that are held in trust under escrow agreements with County Bond Holders.

The public school districts as well as fire, cemetery districts, pest control districts, park and recreation reclamation, and other special districts within the County are allowed and in most cases required by legal provisions to participate in the County's investment pool. The deposits held for these districts are included in the External Investment Trust.

The County's cash and investments include \$7,371,766 at June 30, 2010 for Private Purpose Trust Funds. The County provides personal and financial services to individuals who are not able to manage their own affairs. The Public Administrator and Public Guardian administer the funds for individuals who are either

deceased or incapacitated. The County also administers funds for adults and juveniles who are incarcerated.

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2010, to support the value of shares in the Pool.

2. Interfund Receivables and Payables

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

Advances to other funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate such amounts are not available for appropriation and are not expendable available financial resources.

3. Property Tax Levy, Collection and Maximum Rates

The County is responsible for assessing, collecting and apportioning property taxes. Article XIII A of the California Constitution (Proposition 13) provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless an additional amount for general obligation debt has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be adjusted upward by no more than two percent per year unless the property is sold or transferred. The State Legislature has determined the method of distribution of receipts from the tax levy among the counties, cities, school districts and other districts.

The County assesses properties and bills for and collects property taxes as follows:

	Secured	Unsecured
Valuation/lien dates	January 1	January 1
Levy dates	October 1	July 1
Due dates	50% on November 1, 50% on February 1	August 1
Delinquent dates	December 11 (for November) April 11 (for February)	August 31

The term "unsecured" refers to taxes on personal property other than land and buildings. These taxes are enforced by liens on the property being taxed.

The County uses the advance apportionment method of accounting for apportioning property taxes, commonly referred to as the Teeter Plan, as provided in the State Revenue and Taxation Code Section 4701-4717. Under this method, anticipated secured property tax monies are advanced to the various county funds and governmental agencies prior to the collection of such monies from the taxpayers.

Under the provisions of Proposition 1A and as part of the 2009-10 budget package passed by the California state legislature on July 28, 2009, the State of California borrowed 8% of the amount of property tax revenue, including those property taxes associated with the in lieu motor vehicle license fee, the triple flip in lieu sales tax, and supplemental property tax, apportioned to cities, counties and special districts (excluding redevelopment agencies). The state is required to repay this borrowing plus interest by June 30, 2013. After repayment of this initial borrowing, the California legislature may consider only one

additional borrowing within a ten-year period. The amount of this borrowing pertaining to the County was \$9,042,311.

Authorized with the 2009-10 State budget package, the Proposition 1A Securitization Program was instituted by the California Statewide Communities Development Authority (“California Communities”), a joint powers authority sponsored by the California State Association of Counties and the League of California Cities, to enable local governments to sell their Proposition 1A receivables. Under the Securitization Program, California Communities, acting solely as a conduit for the State of California, simultaneously purchased the Proposition 1A receivables and issued bonds (“Prop 1A Bonds”) to provide local agencies with cash proceeds in two equal installments, on January 15, 2010 and May 3, 2010. The purchase price paid to the local agencies equaled 100% of the amount of the property tax reduction. All transaction costs of issuance and interest were paid by the State of California. Participating local agencies have no obligation on the bonds and no credit exposure to the State. The County participated in the securitization program and accordingly property taxes have been recorded in the same manner as if the State had not exercised its rights under Proposition 1A. The receivable sale proceeds were equal to the book value and, as a result, no gain or loss was recorded.

4. *Other Assets*

The County reports inventory in the other asset category. The County values inventory at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased rather than when consumed. Also, included in the other assets are prepaid costs which are payments made to vendors for costs that benefit future periods.

5. *Long-term Assets*

The County reports receivables greater than one year as long-term assets, including receivables arising from loan subsidy programs.

6. *Capital Assets*

Capital assets, which include property, plant, equipment, intangibles and infrastructure (e.g., roads, bridges and easements), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their fair value on the date of donation. The County has not reported infrastructure assets acquired prior to fiscal year ended June 30, 1980.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, equipment, intangibles and depreciable infrastructure assets of the primary government and its component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Bridges	99
Computer equipment	3-7
Office equipment	3-7
Intangibles	3-7
Specialty equipment and vehicles	2-20
Construction equipment	10-20
Buildings and improvements	10-40
Roads (surface only)	10-20

7. *Federal, State and Local Grants*

Proprietary fund grants received for operating assistance are recorded as nonoperating revenues in the year in which the grants are expended and the related grant conditions are met. Governmental fund grants are recorded as revenues in the year they become both measurable and available and when all eligibility requirements imposed by the provider have been met. The County uses a 90-day availability period. Funds received that do not meet this criterion are recorded as deferred revenue in the governmental funds financial statements.

8. *Outstanding Warrants*

Outstanding warrants represent the amount of warrants issued but not yet presented to the County for payment. Such amounts are recorded in the individual funds. When warrants are mailed, expenditures are recorded in the individual funds and an outstanding warrant liability is created, pending payment of the warrant.

9. *Due To/Due From Other Agencies*

Included in "Due to/due from other agencies" are amounts owed to/by governmental entities outside the reporting entity.

10. *Deferred/Unearned Revenue*

Deferred/unearned revenue represents financial resources received before qualifying expenditures are made. These resources are advances from the State of California and the federal government for costs of various programs administered by the County. Deferred/unearned revenue also represents receivables recorded before the revenue availability criterion has been met as disclosed in Note III-B.

11. *Compensated Absences*

Vested unused vacation hours may be accumulated and, if not taken, is paid at the date of termination from County employment. All leave balances are accrued when earned in the government-wide and proprietary fund financial statements. Expenditures for these amounts are reported in the governmental funds as employees terminate. In addition, upon retirement, eligible employees can elect to cash out their unused sick leave balance (up to a maximum of 500 hours) and/or apply all or a portion of their sick leave balance to CalPERS service credit, or apply all of their sick leave balance to a retirement health savings

account. Payments for accrued compensated absences at termination or retirement are paid and liquidated by the governmental funds and proprietary funds.

12. 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 funds statement of net assets. Bond premiums/discounts, issuance costs and the deferred amount on the refunding (i.e., the difference between the carrying amount of defeased debt and its reacquisition price) are deferred and amortized over the life of the bonds using the straight-line method. The deferred amount on refunding is reported as a direct reduction or increase to the carrying amount of the refunding debt, similar to bond premiums/discounts. Bond issuance costs are reported as a component of long-term assets and amortized over the term of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. Net Assets/Fund Balances

The government-wide and proprietary fund financial statements utilize a net assets presentation. Net assets are categorized as invested in capital assets - net of related debt, restricted and unrestricted.

- *Invested in capital assets, net of related debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted for: Debt service* – This category represents external restrictions imposed by the trust agent as stated in the bond indenture agreements for the issuance and repayment of long-term debt.
- *Restricted for: Health services* – This category represents external restrictions imposed by grantors, contributors and restrictions imposed by law through constitutional provisions for the implementation of various health and social services programs.
- *Restricted for: Library services* – This category represents external restrictions imposed by grantors, contributors and restrictions imposed by law through constitutional provisions for increased library services to the public.
- *Restricted for: Public facilities fees* – This category represents restrictions imposed by county code to collect fees due to the increase needs in County public facilities.
- *Restricted for: Transportation services* – This category represents external restrictions imposed by creditors, grantors, and laws or regulations of other governments to provide transportation facilities and services for the public.
- *Unrestricted* – This category represents net assets of the County, not restricted for any project or other purpose.

The government-wide statement of net assets reports \$49,100,180 of restricted net assets, of which \$8,990,933 is restricted by enabling legislation.

In the fund financial statements, reservations and designations segregate portions of fund balance that are either not available for appropriation or have been earmarked for specific purposes. The various reserves

and designations are established by GAAP, bond indenture agreements and by actions of the Board and/or management.

As of June 30, 2010, reservations of fund balance are described below:

- *Long-term assets* – to reflect the amounts due from others that are long-term in nature. Such amounts do not represent available spendable resources.
- *Debt service* – to reflect the funds held by trustees or fiscal agents for future payment of principal and interest required by the indenture agreement. These funds are not available for general operations.
- *Encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received as of June 30, 2010.
- *Imprest cash* – to reflect the portion of assets set aside for imprest funds.

As of June 30, 2010, the portion of fund balance classified as unreserved is described below:

- *Designated, reported in: General fund* – funds set aside by the Board for general purposes consists of General Reserves (\$26,277,291) to be used during times of financial distress; Employee Leave Payoffs (\$4,933,283).
- *Designated, reported in: Special Revenue funds* – funds set aside by the Board for health programs (\$775,570), for library equipment (\$927,347) and library debt service (\$1,250,000).
- *Undesignated* – to reflect the fund balance available in the respective funds.

14. Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

E. Implementation of New Accounting Standards

GASB Statement No. 51

Effective July 1, 2009, the County implemented Government Accounting Standards Board (GASB) Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*. This statement is effective for the County for fiscal periods beginning after June 15, 2009.

This statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets, and that existing guidance related to accounting and financial reporting for capital assets should be applied to these intangible assets as applicable.

Implementation of GASB Statement No. 51 primarily impacted the County's government-wide and proprietary funds financial statements and the Capital Asset Note disclosure (see Note III-E) for the year ended June 30, 2010.

A prior period adjustment of \$2,248,922 was made to increase the beginning net assets of governmental activities as a result of the implementation of GASB Statement No. 51.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental funds balance sheet and the government-wide statement of net assets

The governmental funds balance sheet includes a reconciliation between fund balances-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$478,245,532 difference are as follows:

Land, not being depreciated	\$ 154,905,725
Construction in progress	81,855,785
Artwork	483,064
Intangibles, not being depreciated	459,593
Infrastructure, net of \$44,822,852 accumulated depreciation	49,706,772
Buildings, net of \$123,016,435 accumulated depreciation	179,306,644
Machinery and equipment, net of \$18,265,807 accumulated depreciation	10,921,605
Intangibles, net of \$714,911 accumulated depreciation	<u>606,344</u>
Net adjustment to increase <i>fund balances-total governmental funds to arrive at net assets-governmental activities</i>	<u><u>\$ 478,245,532</u></u>

Another element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.” The details of this \$236,833,029 difference are as follows:

Notes payable	\$ 1,023,890
Capital leases	1,122,586
Certificates of participation	124,915,000
Less: Deferred charge on refunding	(2,380,568)
Add: Issuance premium	3,318,372
Pension obligation bonds	81,105,000
OPEB liability	1,706,690
Pollution remediation obligation	261,615
Compensated absences	<u>25,760,444</u>
Net adjustment to reduce <i>fund balances-total governmental funds to arrive at net assets-governmental activities</i>	<u><u>\$ 236,833,029</u></u>

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The County's cash and investments at June 30, 2010 were as follows:

	<u>Fair Value</u>
County Deposits	<u>\$ 5,549,585</u>
County Investments	
Money Market Mutual Funds	30,542,416
LAIF	22,673,560
CalTRUST	66,175,562
CAMP	368,778
Corporate Notes	35,869,623
Mortgage Pass-through	91,568
U.S. Federal Agency Notes	
Federal Farm Credit Bank	19,120,000
Federal Home Loan Bank	230,169,927
Federal Home Loan Mortgage Corporation	47,341,728
Federal National Mortgage Association	55,648,132
U.S. Treasury Notes	39,197,807
Municipal Notes	32,748,962
Total County Investments	<u>579,948,063</u>
Total County Treasury	<u>585,497,648</u>
Cash and Investments with Fiscal Agents	
Imprest cash	64,056
Deposits	287,153
Held with others	
Money Market Mutual Funds	6,692,943
Total Cash and Investments with Fiscal Agents	<u>7,044,152</u>
Total Cash and Investments	<u>\$ 592,541,800</u>

Reconciliation to financial statements:

Government-wide Statement of Net Assets	\$	265,046,097
Statement of Fiduciary Net Assets:		
External Investment Trust		292,362,907
Private Purpose Trust		7,371,766
Agency Funds		26,348,542
Component Units		
Solano County Fair		939,287
Workforce Investment Board		473,201
Total	<u>\$</u>	<u>592,541,800</u>

The County Treasurer manages cash and investments of the County. The County Treasurer maintains an investment pool used for substantially all funds held by the County except for specified funds, which by law must be segregated. Cash and investments held by third party fiscal agents are legally or contractually restricted for specific purposes and consist primarily of debt reserve requirements.

The County is a voluntary participant in the State of California Local Agency Investment Fund (LAIF). The total amount invested by all public agencies in LAIF as of June 30, 2010 was \$23.3 billion. At June 30, 2010, the County’s investment to LAIF is \$22.7 million. LAIF is part of the State of California’s Pooled Money Investment Account (PMIA), which, as of June 30, 2010 had a balance of \$69.4 billion. PMIA is not SEC registered, but is required to invest according to California State Government Code. The weighted average to maturity of PMIA investments was 203 days as of June 30, 2010. The Local Investment Advisory Board (LIAB) has oversight responsibility for LAIF. The LIAB consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the County Treasurer’s portion of the pool. Included in PMIA’s investment portfolio are certain derivative securities or similar products in the form of structured notes totaling \$625 million, and asset-backed securities totaling \$3.1 billion.

1. Authorized Investments

Statutes authorize the County to invest in obligations of U.S. Government securities, U.S. Government agencies and instrumentalities, certificates of deposit of nationally or state-chartered banks or savings institutions, commercial paper rated A-1 by Standard and Poor’s Corporation or P-1 by Moody’s Commercial Paper Record, bankers’ acceptances, medium term corporate notes, mortgage pass-through, repurchase agreements, reverse repurchase agreements, municipal bonds, mutual funds as permitted by the California Government Code, California State Treasurer’s investment pool (LAIF), and shares of beneficial interest issued by Joint Power Authorities that invest in allowable securities.

2. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment or a deposit. As a means of limiting its exposure to fair value losses arising from rising interest rates, the County’s investment policy mitigates its exposure to interest rate risk by:

- Structuring the portfolio so securities mature to meet the cash requirements of the pool participants and laddering call dates and maturities.

- Maintaining a portion of the County’s investment portfolio in short-term investments (1 year or less to maturity), which have a minimum interest rate risk.

At June 30, 2010, the weighted average to maturity of the Treasurer’s Pool was 295 days.

The fair value of the County’s investments as of June 30, 2010 are as follows:

	Investment Maturities Fair Value (in Years)			
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>More than 5</u>
County Investments				
Money Market Mutual Funds	\$ 30,542,416	\$ 30,542,416	\$ -	\$ -
LAIF	22,673,560	22,673,560	-	-
CalTRUST	66,175,562	66,175,562	-	-
CAMP	368,778	368,778	-	-
Corporate Notes	35,869,623	22,140,571	13,729,052	-
Mortgage Pass-through	91,568	-	91,568	-
U.S. Federal Agency Notes				
Federal Farm Credit Bank	19,120,000	4,107,500	15,012,500	-
Federal Home Loan Bank	230,169,927	154,938,325	75,231,602	-
Federal Home Loan Mortgage Corporation	47,341,728	37,339,708	10,002,020	-
Federal National Mortgage Association	55,648,132	10,028,125	45,620,007	-
U.S. Treasury Notes	39,197,807	29,049,370	10,148,437	-
Municipal Notes	32,748,962	1,138,961	29,755,836	1,854,165
<i>Total County Investments</i>	<u>579,948,063</u>	<u>378,502,876</u>	<u>199,591,022</u>	<u>1,854,165</u>
Investments with Fiscal Agents				
Money Market Mutual Funds	6,692,943	6,692,943	-	-
Total Investments	<u>\$ 586,641,006</u>	<u>\$ 385,195,819</u>	<u>\$ 199,591,022</u>	<u>\$ 1,854,165</u>

In accordance with California Government Code Section 53601, any investment with a maturity in excess of five years requires the express authorization of the County’s Board of Supervisors. Pursuant to resolution by the Board of Supervisors on March 24, 2009, the County Treasury purchased local agency notes issued by California State Private Placement which mature in April 2029.

3. *Credit Risk*

Credit risk is the risk of loss due to the failure or credit downgrade of an issuer or backer. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The County’s investment policy mitigates its exposure to credit risk by:

- Limiting purchases to “investment grade securities”.
- Diversifying the portfolio so the failure or downgrade of an individual security will have a minimal impact on the portfolio as a whole.

- Performing ongoing reviews of economic or financial conditions that may impact the credit of a single issuer or a market segment of issuers.
- When the County Treasurer deems necessary, an in-depth analysis on the credit quality of an individual issuer within the portfolio will be conducted, and based on the findings, the County Treasurer may elect to retain the securities in question or sell them.

At June 30, 2010, the County's credit risks, expressed as a percentage of total investments, are as follows:

Investment Type	Credit Rating S&P	% of Investments
County Investments		
Money Market Mutual Funds	AAA	5.21%
LAIF	AAA	3.86%
CalTRUST	AA	11.28%
CAMP	AAA	0.06%
Corporate Notes	A	1.74%
Corporate Notes	AA	0.88%
Corporate Notes	AA-	2.61%
Corporate Notes	AA+	0.88%
Mortgage Pass-through	AAA	0.02%
U.S. Federal Agency Notes		
Federal Farm Credit Bank	AAA	3.26%
Federal Home Loan Bank	AAA	39.24%
Federal Home Loan Mortgage Corporation	AAA	8.07%
Federal National Mortgage Association	AAA	9.49%
U.S. Treasury Notes	AAA	6.68%
Municipal Notes	A-	3.75%
Municipal Notes	AA-	0.59%
Municipal Notes	AAA	1.25%
Investments with Fiscal Agents		
Money Market Mutual Funds	AAA	1.14%
Total		100.00%

4. Concentration of Credit Risk

The County's investment policy has no limitation on the amount that can be invested in any one issuer beyond what is stipulated by the California Government Code. Investments in any one issuer (other than Money Market Mutual Funds, U.S. Treasury Securities, or external investment pools) that represent 5% or more of the total investments of the County are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Federal Home Loan Bank	\$ 230,169,927
Federal Home Loan Mortgage Corporation	47,341,728
Federal National Mortgage Association	55,648,132

5. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 102% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

6. Treasury Investment Pool

A summary of the investments held by the Treasurer's Pool as of June 30, 2010 is as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate Range</u>	<u>Maturity Range (Month/Year)</u>
Money Market Mutual Funds	\$ 30,542,416	\$ 30,542,416	0.215%	07/10
LAIF	22,673,560	22,673,560	0.528	07/10
CalTRUST	66,175,562	65,966,596	0.245	07/10
CAMP	368,778	368,778	0.245	07/10
Corporate Notes	35,869,623	35,566,804	1.261 - 4.245	08/10 - 01/13
Mortgage Pass-through	91,568	91,568	0.199 - 0.677	10/11 - 10/12
U.S. Federal Agency Notes	352,279,787	351,574,015	0.020 - 3.235	07/10 - 06/15
U.S. Treasury Notes	39,197,807	39,137,710	0.101 - 1.105	07/10 - 08/12
Municipal Notes	32,748,962	32,073,839	1.303 - 7.419	06/11 - 09/19
	<u>\$579,948,063</u>	<u>\$577,995,286</u>		

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Pool as of June 30, 2010:

Statement of net assets

Net assets held in trust for all pool participants	\$ 580,463,914
Equity of internal pool participants	\$ 288,101,007
Equity of external pool participants	292,362,907
Total equity	<u>\$ 580,463,914</u>

Statement of changes in net assets

Net assets as of July 1, 2009	\$ 642,901,011
Net change in investments by pool participants	(62,437,097)
Net assets as of June 30, 2010	<u>\$ 580,463,914</u>

Reconciliation to financial statements

Held by County Treasurer:

Primary government	\$ 584,375,118
Component Units:	
Solano County Fair	723,142
Workforce Investment Board	399,387
	<u>585,497,647</u>

Less outstanding warrants:

Primary government	4,731,984
Component Units - Workforce Investment Board	301,749

Total \$ 580,463,914

B. Receivables/Deferred Revenue

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

At June 30, 2010, the various components of deferred revenue were as follows:

Fund	Unavailable	Unearned	Total
General Fund	\$ 13,629,844	\$ 791,256	\$ 14,421,100
Health & Social Services	7,528,230	27,481,629	35,009,859
Public Safety	1,242,792	1,286,452	2,529,244
Accumulated Capital Outlay	192,622	-	192,622
Pension Debt Service Fund	-	212,672	212,672
Other Governmental Funds	102,011	326,545	428,556
Internal Service Funds	-	284,328	284,328
Total deferred revenue	<u>\$ 22,695,499</u>	<u>\$ 30,382,882</u>	<u>\$ 53,078,381</u>

C. Due To/Due From Other Funds

The composition of the interfund balances as of June 30, 2010 were as follows:

	Due To								Total
	General Fund	Health and Social Services	Public Safety	Accumulated Capital Outlay	Other Governmental	Nut Tree Airport	Fouts Springs Youth Facility	Internal Service Funds	
General Fund	\$ -	\$ 2,709,181	\$ 1,513,822	\$ 46,548	\$ 281,924	\$ 278,636	\$ 25,000	\$ 244,739	\$ 5,099,850
Health & Social Services	47,947	-	94,170	4,815	2,200,448	-	-	362,932	2,710,312
Public Safety	44,865	201,835	-	905	4,499	-	21,535	249,607	523,246
Accumulated Capital Outlay	57,228	-	-	-	-	-	-	-	57,228
Pension Debt Service	55,739	152,031	156,224	-	27,987	714	4,532	11,971	409,198
Other Governmental	4,303	2,682,348	-	2,022	166,201	-	-	18,748	2,873,622
Nut Tree Airport	-	-	-	-	-	-	-	597	597
Fouts Springs Youth Facility	-	-	71,680	-	-	-	-	2,422	74,102
Internal Service	336,972	30,956	-	14,254	-	-	-	334,600	716,782
Total	\$ 547,054	\$ 5,776,351	\$ 1,835,896	\$ 68,544	\$ 2,681,059	\$ 279,350	\$ 51,067	\$ 1,225,616	\$ 12,464,937

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

D. Advances To/From Other Funds

The composition of the Advances to/from other funds as of June 30, 2010 were as follows:

	Advances From				Total
	Accumulated Capital Outlay	Pension Debt Service Fund	Other Governmental	Nut Tree Airport	
General	\$ 1,300,000	\$ 20,000,000	\$ 2,256,306	\$ 3,679,167	\$ 27,235,473

The General Fund loaned \$1,300,000 to the Accumulated Capital Outlay Fund to cover the costs of Fairgrounds development; \$20,000,000 to Pension Debt Service Fund to pay off the balance of debt in the Pension Obligation Bonds Series B1 and B2; \$2,256,306 to the Transportation Fund (Other Governmental Funds) to cover costs of Regional Transportation Projects and \$3,679,167 to the Nut Tree Airport Enterprise Fund to cover the costs of acquiring real property for purposes of airport expansion.

E. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2010 is as follows:

Governmental Activities	Beginning Balance, as restated	Additions & Transfers-in	Retirements & Transfers-out	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 154,884,275	\$ 21,450	\$ -	\$ 154,905,725
Construction in progress	56,874,945	36,600,443	(11,612,822)	81,862,566
Artwork	270,654	212,410	-	483,064
Intangibles	459,593	-	-	459,593
Total capital assets, not being depreciated	<u>212,489,467</u>	<u>36,834,303</u>	<u>(11,612,822)</u>	<u>237,710,948</u>
Capital assets, being depreciated:				
Buildings	296,466,753	8,635,628	(2,514,831)	302,587,550
Machinery and equipment	47,385,620	8,035,780	(6,100,307)	49,321,093
Infrastructure	94,529,624	-	-	94,529,624
Intangibles	2,172,720	4,581,341	-	6,754,061
Total capital assets being depreciated	<u>440,554,717</u>	<u>21,252,749</u>	<u>(8,615,138)</u>	<u>453,192,328</u>
Less accumulated depreciation for:				
Buildings	(115,625,816)	(9,379,764)	1,888,085	(123,117,495)
Machinery and equipment	(28,627,800)	(5,822,329)	4,827,803	(29,622,326)
Infrastructure	(41,556,202)	(3,266,650)	-	(44,822,852)
Intangibles	(383,391)	(951,288)	-	(1,334,679)
Total accumulated depreciation	<u>(186,193,209)</u>	<u>(19,420,031)</u>	<u>6,715,888</u>	<u>(198,897,352)</u>
Total capital assets, being depreciated, net	<u>254,361,508</u>	<u>1,832,718</u>	<u>(1,899,250)</u>	<u>254,294,976</u>
Governmental funds capital assets, net	<u>\$ 466,850,975</u>	<u>\$ 38,667,021</u>	<u>\$ (13,512,072)</u>	<u>\$ 492,005,924</u>

Restatement due to *implementation of GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets*: During the current year, the County implemented GASB Statement No. 51 which requires retroactive reporting for intangible assets except for those considered to have an indefinite useful life. As a result of the implementation, beginning capital assets of governmental activities and internal service funds were restated by \$2,248,922 and \$1,175,156 respectively.

Business-type Activities	Beginning Balance	Additions & Transfers-in	Retirements & Transfers-out	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 10,328,251	\$ -	\$ -	\$ 10,328,251
Construction in progress	96,351	58,005	-	154,356
Total capital assets, not being depreciated	<u>10,424,602</u>	<u>58,005</u>	<u>-</u>	<u>10,482,607</u>
Capital assets, being depreciated				
Buildings	15,191,455	-	-	15,191,455
Machinery and equipment	569,187	53,099	(51,814)	570,472
Total capital assets, being depreciated	<u>15,760,642</u>	<u>53,099</u>	<u>(51,814)</u>	<u>15,761,927</u>
Less accumulated depreciation for:				
Buildings	(5,262,207)	(668,967)	-	(5,931,174)
Machinery and equipment	(438,613)	(54,094)	46,407	(446,300)
Total accumulated depreciation	<u>(5,700,820)</u>	<u>(723,061)</u>	<u>46,407</u>	<u>(6,377,474)</u>
Total capital assets, being depreciated, net	<u>10,059,822</u>	<u>(669,962)</u>	<u>(5,407)</u>	<u>9,384,453</u>
Business-type activities capital assets, net	<u>\$ 20,484,424</u>	<u>\$ (611,957)</u>	<u>\$ (5,407)</u>	<u>\$ 19,867,060</u>

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

Governmental activities:

General government	\$ 4,598,440
Public safety	4,681,612
Public ways and facilities	3,556,936
Health and sanitation	540,636
Public assistance	799,464
Education	486,621
Recreation	194,675
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the asset	2,580,212
Total depreciation expense - governmental activities	<u>\$ 17,438,596</u>

Business-type activities

Nut Tree Airport	\$ 533,181
Fouts Springs Youth Facility	157,388
Total depreciation expense - business type activities	<u>\$ 690,569</u>

Capital assets activity for component units for the fiscal year ended June 30, 2010 is as follows:

Component Units	Beginning Balance	Additions & Transfers-in	Retirements & Transfers-out	Ending Balance
Solano County Fair				
Capital assets, not being depreciated:				
Land	\$ 167,085	\$ -	\$ -	\$ 167,085
Capital assets, being depreciated:				
Buildings	9,248,457	551,424	-	9,799,881
Machinery & equipment	571,850	30,543	-	602,393
Total capital assets, being depreciated:	9,820,307	581,967	-	10,402,274
Less accumulated depreciation for:				
Buildings	(7,633,050)	(436,093)	-	(8,069,143)
Machinery & equipment	(533,283)	(20,493)	-	(553,776)
Total accumulated depreciation, net	(8,166,333)	(456,586)	-	(8,622,919)
Total capital assets, being depreciated, net	1,653,974	125,381	-	1,779,355
Total Solano County Fair capital assets, net	\$ 1,821,059	\$ 125,381	\$ -	\$ 1,946,440
Workforce Investment Board (WIB)				
Capital assets, being depreciated:				
Machinery & equipment	\$ 16,620	\$ 5,473	\$ (6,596)	\$ 15,497
Less: Accumulated depreciation	(7,598)	(2,461)	6,596	(3,463)
Total WIB capital assets, being depreciated, net	\$ 9,022	\$ 3,012	\$ -	\$ 12,034

Depreciation expense was charged to component units as follows:

Component units:	
Solano County Fair	\$ 297,532
Workforce Investment Board	2,461
Total depreciation expense-component units	\$ 299,993

F. Interfund Transfers

The composition of interfund transfers for the fiscal year ended June 30, 2010 were as follows:

		Transfers Out								
		General	Health & Social Services	Public Safety	Accumulated Capital Outlay	Other Governmental	Nut Tree Airport	Fouts Springs Youth Facility	Internal Service Funds	Total
Transfers In	Health & Social Services	\$ 29,072,731	\$ -	\$ 70,371	\$ -	\$ 2,982,265	\$ -	\$ -	\$ -	\$ 32,125,367
	Public Safety	91,545,214	-	-	-	-	-	-	-	91,545,214
	Accumulated Capital Outlay	3,389,916	-	400,000	-	18,240,003	-	-	-	22,029,919
	Pension Debt Service	1,028,013	2,761,764	2,986,048	-	514,432	11,057	82,389	219,885	7,603,587
	Other Governmental	5,446,739	2,364,278	399,764	900,000	3,327,000	-	-	-	12,437,781
	Internal Service	24,505	-	49,655	-	-	-	-	817,164	891,324
	Total	\$ 130,507,118	\$ 5,126,042	\$ 3,905,838	\$ 900,000	\$ 25,063,700	\$ 11,057	\$ 82,389	\$ 1,037,049	\$ 166,633,192

Transfers were used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments became due, and 2) to move unrestricted revenues to finance various programs the County must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

The Public Facilities Fees transferred \$18,240,003 to the Accumulated Capital Outlay for its share of the cost for construction of the Claybank Adult Detention Facility.

G. Payables

The composition of payables as of June 30, 2010 were as follows:

	Accounts Payable	Accrued Payroll	Accrued Interest	Total
Governmental activities:				
General Fund	\$ 1,777,219	\$ 2,005,633	\$ -	\$ 3,782,852
Health & Social Services	9,411,430	5,200,043	-	14,611,473
Public Safety	1,381,753	5,147,380	-	6,529,133
Accumulated Capital Outlay	3,802,685	-	-	3,802,685
Other Governmental Funds	2,330,317	995,528	-	3,325,845
Internal Service Funds	1,620,321	392,875	-	2,013,196
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	2,813,610	2,813,610
Total governmental activities	\$ 20,323,725	\$ 13,741,459	\$ 2,813,610	\$ 36,878,794
Business-type activities:				
Nut Tree Airport	\$ 56,849	\$ 22,425	\$ -	\$ 79,274
Fouts Springs Youth Facility	42,259	154,743	-	197,002
Total business-type activities	\$ 99,108	\$ 177,168	\$ -	\$ 276,276

H. Operating Leases

The County leases office space and equipment under operating leases. Total rental expenditures for such leases were \$3,402,676, for the fiscal year ended June 30, 2010. Future minimum rental payments under all noncancelable operating leases with initial or remaining terms in excess of one year as of June 30, 2010 are summarized as follows:

Year Ending June 30	Primary Government	WIB	Total
2011	\$ 1,885,227	\$ 430,219	\$ 2,315,446
2012	1,306,533	-	1,306,533
2013	1,114,562	-	1,114,562
2014	1,074,062	-	1,074,062
2015	674,464	-	674,464
	\$ 6,054,848	\$ 430,219	\$ 6,485,067

I. Long-term Obligations

Capital Leases:

The County has entered into a lease agreement as lessee for financing the acquisition of machinery and equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2010, were as follows:

	Year ending June 30	Governmental activities
	2011	\$ 230,157
	2012	230,157
	2013	230,157
	2014	230,156
	2015	230,156
	2016	115,078
Total minimum lease payments		1,265,861
Less: amount representing interest		(143,275)
Present value of minimum lease payments		<u>\$ 1,122,586</u>

The assets acquired through capital leases are as follows:

	Governmental activities
Machinery and equipment	\$ 1,445,092
Less: Accumulated depreciation	(336,447)
Total	<u>\$ 1,108,645</u>

Notes Payable:

The County has entered into various note payable agreements as borrower for financing arrangements.

The annual debt service requirements to maturity for notes payable are as follows:

Year ending June 30	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2011	\$ -	\$ 30,717	\$ 39,297	\$ 1,841
2012	-	30,717	-	-
2013	-	30,717	-	-
2014	-	30,717	-	-
2015	-	30,717	-	-
	<u>\$ -</u>	<u>\$ 153,585</u>	<u>\$ 39,297</u>	<u>\$ 1,841</u>

During FY 07/08, the County entered into a new loan agreement with the Suisun Redevelopment Agency in the amount of \$1,023,890 for its share of construction costs of the Suisun City Library. The loan will be repaid using future public facilities fees collected by Suisun City plus interest at three (3%) percent per

annum. As of June 30, 2010, there was no agreed upon maturity date set for the loan, therefore no principal payments are shown per the above table.

Certificates of Participation:

The County issued Certificates of Participation (COP) to provide funds for the acquisition and construction of major capital facilities. Certificates of Participation were issued for governmental activities only.

Annual debt service requirements to maturity for the Certificates of Participation are as follows:

Year ending June 30	Principal	Interest
2011	\$ 4,755,000	\$ 5,674,994
2012	4,970,000	5,460,744
2013	5,205,000	5,240,619
2014	5,415,000	4,999,194
2015	5,675,000	4,729,894
2016-2020	26,610,000	19,673,525
2021-2025	23,045,000	13,729,578
2026-2030	28,745,000	7,928,025
2031-2033	20,495,000	1,410,413
	<u>\$ 124,915,000</u>	<u>\$ 68,846,986</u>

Current Refunding:

The County refunded and defeased the 1999 COP with certificate payment dates from and including November 15, 2010 to 2019. The reacquisition price was less than the net carrying amount of the old debt by \$155,226. This current refunding reduced the total debt service payment over the next 10 years by \$990,855 and resulted in an economic gain of \$831,202.

Pension Obligation Bonds:

The County issued Taxable Pension Obligation Bonds (POB) to prepay a partial obligation under its contract with CalPERS for the County’s Unfunded Accrued Actuarial Liability (UAAL).

Annual debt service requirements to maturity for Pension Obligation Bonds are as follows:

Year ending June 30	Principal	Interest
2011	\$ 3,300,000	\$ 4,437,820
2012	3,925,000	4,270,605
2013	4,595,000	4,066,166
2014	5,340,000	3,821,806
2015	6,135,000	3,531,950
2016-2020	27,435,000	12,176,998
2021-2025	30,375,000	5,312,778
	<u>\$ 81,105,000</u>	<u>\$ 37,618,123</u>

The composition of the long-term debt obligations for the governmental activities as of June 30, 2010, was as follows:

<u>Type and description</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Notes payable:				
Suisun City Redevelopment Agency		3.00	\$ 1,023,890	\$ 1,023,890
Capital lease:				
Motorola	December 1, 2015	4.28	1,385,806	1,122,586
Certificates of participation:				
2002 Certificates of Participation				
Serial	November 1, 2003 - November 1, 2025	4.98	74,460,000	8,810,000
Issuance Premium			4,628,748	462,875
2007 Certificates of Participation				
Serial	November 1, 2003 - November 1, 2025	4.00 - 5.00	50,620,000	50,120,000
Term	November 1, 2026	4.25	10,770,000	10,770,000
Term	November 1, 2032	4.50	38,470,000	38,470,000
Issuance Premium			2,568,489	2,054,791
Deferred amount on refunding			(3,150,339)	(2,520,271)
2009 Refunding Certificates of Participation				
Serial	November 15, 2010 - November 15, 2019	3.00 - 5.00	16,745,000	16,745,000
Issuance Premium			889,673	800,706
Deferred amount on refunding			155,226	139,703
Total certificates of participation				125,852,804
Pension Obligation Bonds:				
Series 2004A	January 15, 2018	5.80	36,665,000	31,920,000
Series 2004B-3	January 15, 2024	5.80	20,000,000	10,000,000
Series 2005	January 15, 2025	5.36	42,385,000	39,185,000
Total pension obligation bonds				81,105,000
Self-insurance liability				9,244,520
Compensated absences				26,859,447
Pollution remediation obligation				261,615
OPEB liability				1,765,782
Total governmental obligations				\$ 247,235,644

The composition of the long-term debt obligations for the business-type activities as of June 30, 2010, was as follows:

<u>Type and description</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Nut Tree Airport				
Notes payable:				
Caltrans/Dept. of Transportation	January 3, 2018	5.22	1,300,000	\$ 39,297
OPEB liability				2,959
Compensated absences				26,081
Total Nut Tree Airport				<u>68,337</u>
Fouts Springs Youth Facility				
OPEB liability				18,289
Compensated absences				480,620
Total Fouts Springs Youth Facility				<u>498,909</u>
Total business-type activities				<u>\$ 567,246</u>

The composition of the long-term obligations of the County's component units' activities as of June 30, 2010, was as follows:

<u>Type and description</u>	<u>Outstanding</u>
Solano County Fair	
County pension liability	\$ 735,480
Capital lease	395,189
Compensated absences	65,245
Total Solano County Fair	<u>\$ 1,195,914</u>
Workforce Investment Board (WIB)	
Compensated absences	<u>\$ 186,386</u>

Long-term liability activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital leases	\$ 1,303,468	\$ -	\$ (180,882)	\$ 1,122,586	\$ 185,053
Certificates of participation	130,700,000	16,745,000	(22,530,000)	124,915,000	4,755,000
Deferred amounts:					
For issuance discounts	(172,859)	-	172,859	-	-
For issuance premiums	2,800,382	889,673	(371,683)	3,318,372	371,683
Deferred amount on refunding	(2,677,788)	155,226	141,994	(2,380,568)	(141,994)
Pension obligation bonds	88,830,000	-	(7,725,000)	81,105,000	3,300,000
Notes payable	1,023,890	-	-	1,023,890	-
Self-insurance liability	9,719,080	2,788,528	(3,263,088)	9,244,520	3,600,000
Pollution remediation obligation	1,074,260	-	(812,645)	261,615	116,115
OPEB liability	-	1,765,782	-	1,765,782	-
Compensated absences	28,700,977	14,896,215	(16,737,745)	26,859,447	11,838,402
Governmental activity long-term liabilities	<u>\$ 261,301,410</u>	<u>\$ 37,240,424</u>	<u>\$ (51,306,190)</u>	<u>\$ 247,235,644</u>	<u>\$ 24,024,259</u>

Business-type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	\$ 94,854	\$ -	\$ (55,557)	\$ 39,297	\$ 39,297
OPEB liability	-	21,248	-	21,248	-
Compensated absences	419,428	177,949	(90,676)	506,701	158,829
Business-type activity long-term liabilities	\$ 514,282	\$ 199,197	\$ (146,233)	\$ 567,246	\$ 198,126

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities are included as part of the above totals for governmental activities. \$10,402,615 of the internal service funds long-term liabilities was included in the above amounts.

Component units activities:	Beginning Balance , as restated	Additions	Reductions	Ending Balance	Due Within One Year
Solano County Fair:					
County pension liability	\$ 735,480	\$ -	\$ -	\$ 735,480	\$ 28,947
Capital lease	-	530,180	(134,991)	395,189	18,385
Compensated absences	63,249	40,804	(38,808)	65,245	10,485
Total Solano County Fair	\$ 798,729	\$ 570,984	\$ (173,799)	\$ 1,195,914	\$ 57,817

WIB:

Compensated absences	\$ 158,461	\$ 196,354	\$ (168,429)	\$ 186,386	\$ 158,686
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J. Pollution Remediation Obligations

The County has been named as the primary responsible party for pollution remediation for two sites:

1. The Solano County Corporation Yard Site located at 3255 Texas Street, Fairfield, CA 94533. Remediation is required for soil and ground water contamination from petroleum hydrocarbons from the underground storage tanks on the site. As of June 30, 2010, the pollution remediation obligation is expected to be \$61,150 which is a weighted average of estimates for the range of cleanup outlays. The County expects to recover an additional \$55,035 from the Underground Storage Tank Clean-up Fund for the remaining outlays. The net pollution remediation obligation for the site is \$6,115.
2. Former Hall of Records located at 701 Texas Street, Fairfield, CA 94533. Remediation is required for sub-surface soil and groundwater contamination. The pollution remediation obligation for this site is expected to be \$255,500 which is a weighted average of estimates for the range of cleanup outlays.

Both sites are required to be remediated until eligible for closure by California Regional Water Quality Control Board.

K. Deficit Fund Equity

As of June 30, 2010, the Pension Debt Service Fund (Debt Service Fund) had a deficit fund balance of \$14,199,964 which is expected to be resolved through rate recovery in future years.

IV. OTHER INFORMATION

A. *Employee Retirement Plan*

1. *Plan Description*

The County's defined benefit pension plan, the County's Safety and Miscellaneous Plans, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County's Safety and Miscellaneous Plans (Plans) are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The County selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through County ordinance. CalPERS issues a separate comprehensive annual financial report; however, a separate report for the County's Safety and Miscellaneous Plans are not available. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811.

2. *Funding Policy*

Active plan members in the Miscellaneous and Safety Plans are required to contribute 7.783% and 8.981% respectively of their annual covered salary. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rate for the fiscal year ended June 30, 2010 was 12.003% for miscellaneous and 15.144% 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.

3. *Annual Pension Cost*

For fiscal year 2009/2010, the County's annual pension cost was \$34,267,822. The required contribution for fiscal year 2009/2010 was determined as part of the June 30, 2007 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percentage of covered payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that range from 3.25% to 14.45% (13.15% for the safety plan) depending on age, service, and type of employment; (c) inflation of 3.00%; and (d) payroll growth of 3.25%. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility of the market value of investments over a 15 year period. The Plan's excess assets are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period as of the June 30, 2007 actuarial valuation was 30 years for the miscellaneous and safety plans.

The County's annual pension cost and pension asset for the fiscal year ended June 30, 2010 were as presented on the following page:

Annual required contribution	\$	32,260,301
Interest on pension asset		(10,319,977)
Adjustment to the annual required contribution		12,327,498
Annual pension cost		34,267,822
Contributions made		32,306,244
Increase (decrease) in pension asset		(1,961,578)
Pension Asset, beginning of year		133,115,050
Pension asset, end of year	\$	131,153,472

Three-year trend information for the Miscellaneous Plan

Fiscal Year		Actual	Percentage of	Net pension
Ending	APC	Contributions	APC	Asset
			Contributions	
06/30/08	\$ 32,138,514	\$ 31,176,911	97%	\$ 103,649,302
06/30/09	29,050,506	27,881,383	96%	102,480,179
06/30/10	25,358,188	24,009,805	95%	101,131,796

Three-year trend information for the Safety Plan

Fiscal Year		Actual	Percentage of	Net pension
Ending	APC	Contributions	APC	Asset
			Contributions	
06/30/08	\$ 9,599,816	\$ 9,523,627	99%	\$ 30,960,181
06/30/09	9,683,502	9,358,192	97%	30,634,871
06/30/10	8,909,634	8,296,439	93%	30,021,676

The County has made its ARC for each of the past three years.

4. Funded Status and Funding Progress – Pension Plan

As of June 30, 2009, the most recent actuarial valuation date, the Miscellaneous and Safety plans were funded as noted below:

Plan	Entry Age	Actuarial	Unfunded	Funded	Annual	Unfunded
	Normal	Value of	Actuarial	Status	Covered	Actuarial
	Accrued	Assets	Liability		Payroll	Liability
	Liability					as a % of
						Payroll
Miscellaneous	\$ 949,807,903	\$ 843,875,739	\$ 105,932,164	88.80%	\$ 176,715,990	59.90%
Safety	281,547,170	250,622,194	30,924,976	89.00%	44,235,900	69.90%

The schedule of funding progress, presented as Required Supplementary Information (RSI) following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

B. *Post Employment Health Care Benefits*

1. *Plan Description*

The County participates in a single-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS). The plan provides postemployment healthcare benefits to eligible retirees by contributing a minimum of \$105 per month towards medical insurance benefits. This benefit is provided based on the Board of Supervisor's election to participate under the Public Employees' Medical and Hospital Care Act (PEMHCA) [Government Code Section 22750]. The County's Board may elect to pay more than the minimum contribution; however, the County's Board has elected to pay the minimum contribution of \$105 per month per eligible retiree. The County has not executed a formal plan document that provides for these benefits and the plan does not have a name.

In addition, the County established an irrevocable trust to pre-fund the other postemployment Annual Required Contribution benefits with the Public Agency Retirement Services (PARS).

2. *Funding Policy*

The County's minimum required contribution is set by Government Code Section 22892. Effective January 1, 2009, the CalPERS Board adjusted the rate to reflect any change in the medical care component of the Consumer Price Index. Contribution requirements in excess of the minimum for plan members and the County are established and may be amended by the Board of Supervisors and the employee associations. Currently, plan members are required to pay the balance of the premiums.

During the fiscal year ended June 30, 2010, the County contributed \$1,829,478 to the OPEB plan. The purpose of these contributions was to cover the Annual Required Contribution rate of 1.95% of covered payroll (annual payroll of active employees covered by the plan) and to fund the postemployment medical benefits. However, for fiscal year 2009/2010, the County Board of Supervisors elected to fund at the rate of 1.0% of covered payroll.

3. *Annual OPEB Cost and Net OPEB Asset*

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County's current ARC rate is 1.95% of annual covered payroll.

The following table shows the components of the County's annual OPEB cost for the year, the amount contributed to the plan, and changes in the County's net OPEB asset:

Annual Required Contribution (ARC)	\$ 3,783,000
Interest on net OPEB Obligation	(10,933)
Amortization of Net OPEB Obligation	12,646
Annual OPEB Cost (expense)	<u>3,784,713</u>
Contributions Made	<u>(1,829,478)</u>
Increase in Net OPEB Liability	1,955,235
Net OPEB Asset, July 1, 2009	(168,205)
Net OPEB Liability, June 30, 2010	<u>\$ 1,787,030</u>
% of annual OPEB cost contributed	<u>48%</u>

For fiscal year 2009/2010, the County's annual OPEB cost (expense) was \$3,784,713. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB asset for June 30, 2010 and the two preceding years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset (Liability)
6/30/2008	\$ 3,279,801	100%	\$ 159,801
6/30/2009	3,391,404	100%	168,205
6/30/2010	1,829,478	48%	(1,787,030)

4. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2009, the most recent actuarial valuation date, was as follows:

Actuarially accrued liability (AAL)	\$ 33,030,000
Actuarial value of plan assets	<u>5,865,000</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 27,165,000</u>
Funded ratio (actuarial value of plan assets/AAL)	18%
Covered payroll (active plan members)	\$ 194,623,000
UAAL as a percentage of covered payroll	14%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

5. Actuarial Methods and Assumptions

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

In the County's January 1, 2009 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 6.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate between 8.4% – 9.3% initially, reduced by decrements to an ultimate rate of 4.5% after 8 years. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at January 1, 2009 was 28 years.

C. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance. Premiums are paid through the Risk Management Internal Service Fund. The County participates in various programs organized by the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), a joint powers authority created to provide self-insurance programs for its 53 member counties. Each county has a representative on the Joint Powers Board, which governs management, financing and budgeting of CSAC-EIA activities. The purpose of the pool is to spread the adverse effects of losses among the member agencies. The County pays an annual basic premium for excess coverage and is assessed an annual risk premium based on an actuarial review that estimates each of the program's participant's ultimate liabilities. Should actual losses among participants be greater than anticipated, the County will be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its pro rata share of the excess. The County paid premiums totaling \$4,870,205 during the fiscal year ended June 30, 2010 for the Primary General Liability, Excess Liability, Optional Excess Liability, Special Liability, Pollution, Medical Malpractice, Excess Worker's Compensation, Property, Aviation and Watercraft Insurance Programs

The County participates in the CSAC-EIA Property Program. The County's deductible is \$5,000 per occurrence. The County has primary coverage up to \$602,500,000.

Effective July 1, 2003, the County elected to self-insure for the County's workers' compensation program. The County has a self-insured retention level of \$125,000 per occurrence, and will continue to participate in excess coverage subject to statutory limits. Based on the current trends of the claims filed, the County is expecting a payout of \$3,600,000 in the next fiscal year. The governmental and proprietary funds contribute amounts to the Risk Management Internal Service Fund based on actuarially determined estimates of the settlements. Such estimates are generally based upon an 80% confidence level. As of June 30, 2010, the accrued loss contingency for the County's workers' compensation program was \$9,021,000 and is reported as a liability in the Risk Management Internal Service Fund.

Effective November 1, 1998, the County elected to fully insure the County's general liability coverage under the CSAC-EIA Primary General Liability Program. The County no longer self-insures for this risk. The County continues to be liable for all claims incurred prior to November 1, 1998, with a \$10,000 deductible per claim. As of June 30, 2010, the accrued loss contingency for the general liability claims

incurred prior to November 1, 1998 was \$223,520 and is reported as a liability in the Risk Management Internal Service Fund. The County also participates in excess coverage up to \$15,000,000 with an additional \$10,000,000 of coverage through the Optional, Excess Liability Program. In County management's opinion, the liability reported is adequate to cover any potential claims not covered by insurance.

Insurance and claims expenses are recorded in the Risk Management Internal Service Fund. Insurance expenses represent changes in the estimate of the amounts needed to pay general liability claims incurred prior to November 1, 1998, workers' compensation claims, as well as premiums paid to CSAC-EIA for the property, primary general liability, excess liability and excess workers' compensation programs. The County does not believe that any unreported general liability claims incurred prior to November 1, 1998 will have a material effect on the financial statements. Revenues for the Risk Management Internal Service Fund are represented by charges to other County funds based on each fund's allocated share of the insurance expenses. Settled claims have not exceeded coverage since the effective dates.

Changes in the Risk Management Internal Service Fund's accrued loss contingency amount for general liability and worker's compensation for the years ended June 30, 2010 and 2009 were:

<u>Year Ended</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
June 30, 2009	\$ 10,565,011	\$ 1,331,823	\$ (2,177,754)	\$ 9,719,080
June 30, 2010	9,719,080	2,788,528	(3,263,088)	9,244,520

The claims liabilities above, reported in the Self Insurance Internal Service Fund at June 30, 2010, are based on requirements of *GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and *GASB Statement No. 30, Risk Financing Omnibus*, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. These accruals represent estimates of amounts to be paid for reported claims, and incurred but unreported claims based upon past experience, modified for current trends and information based upon an 80% confidence level.

D. Commitments and Contingencies

The County is exposed to various types of claims and litigation arising from its normal operations. The ultimate outcome of these matters is not presently determinable. However, in County management's opinion, these matters should not have a significant adverse effect on the County's financial position.

Amounts received or receivable under grants 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 County's management expects such amounts, if any, to be immaterial.

The William J. Carroll Government Center Project has a total budget of \$19,071,635. The project includes the construction of a 35,000 square foot building including a dental clinic and adjacent parking. The anticipated completion date is February 2013. The commitments for this project as of June 30, 2010 were \$14.1 million.

The Claybank Adult Detention Facility Project has a total budget of \$89,301,385. The project includes the construction of a new 362-bed facility at the existing Claybank site in Fairfield. The anticipated completion date is August 2014. The commitments for this project as of June 30, 2010 were \$20.1 million.

E. Restatement of Beginning Fund Balance/Equity

1. Implementation of New Governmental Accounting Standards

Implementation of GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets: During the current year, the County implemented GASB Statement No. 51 which requires retroactive reporting for intangible assets except for those considered to have an indefinite useful life. As a result of the implementation, beginning net assets of governmental activities and internal service funds were restated by \$2,248,922 and \$1,175,156 respectively.

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

	<u>Governmental Activities</u>	
Net assets, June 30, 2009, as previously reported	\$	628,698,310
<i>GASB 51, Accounting and Financial Reporting for Intangible Assets</i>		<u>2,248,922</u>
Net assets, July 1, 2009, as restated	\$	<u>630,947,232</u>

	<u>Internal Service Funds Information Technology</u>	
Net assets, June 30, 2009, as previously reported	\$	6,056,969
<i>GASB 51, Accounting and Financial Reporting for Intangible Assets</i>		<u>1,175,156</u>
Net assets, July 1, 2009, as restated	\$	<u>7,232,125</u>

2. Prior Period Adjustments

Solano County Fair: On October 1, 2008 the Fair received title and ownership of an electronic sign board from Viacom Outdoor, Inc. as part of its lease agreement for use of premises and construction of an electronic message center. The Fair received the electronic sign board as compensation in lieu of ground lease revenue over the twenty-year and five month lease period (from May 15, 2003 through October 1, 2023). For accounting purposes, the ground lease revenue is pledged towards payment of the electronic signboard over the life of the lease. The capital asset and related lease adjustments are accounted for prospectively, affecting current and future accounting periods, however, the adjustments have no impact on the Fair's unrestricted net assets. As a result of the prior period adjustments, beginning net assets of the Solano County Fair was restated by \$41,086.

F. *New Governmental Accounting Standards*

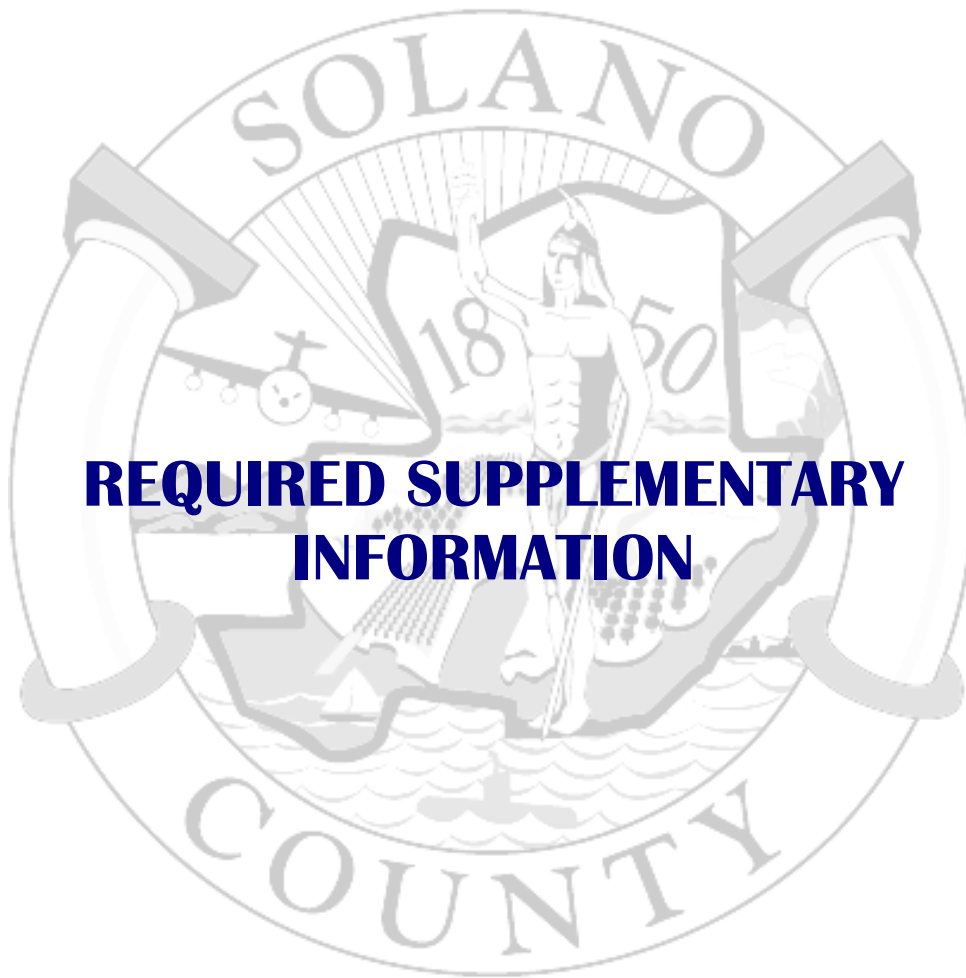
The County will implement the following new governmental accounting standard issued by the GASB.

Statement No. 54 – Fund Balance Reporting and Governmental Fund Type Definitions

The objective of this Statement is to improve the usefulness, including understandability, of fund balance information. This Statement provides more clearly defined categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent and clarifies the existing governmental fund type definitions. GASB Statement No. 54 will be implemented by the County during fiscal year 2010/2011.

G. *Subsequent Events*

On July 14, 2010, the County’s Pension Obligation Bonds Series 2004 B-3 auction period expired. Due to the 2008 financial meltdown, the re-auction market has become severely impaired and the County Debt Advisory Committee recommended to the Board the refunding of the outstanding bond obligation via private placement and refunded the County’s Pension Obligation Bonds Series 2004 B-3, saving the County \$6,030,109 net of all costs. The Series 2010 Pension Obligation Bonds Refunding has certificate payment dates from and including January 15, 2011 to July 15, 2015.



**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF SOLANO, CALIFORNIA
Schedules of Funding Progress
For the Fiscal Year Ended June 30, 2010
Unaudited

**Miscellaneous Plan
Defined Benefit Pension Plan**

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Payroll
6/30/07	\$ 781,646,464	\$ 744,049,108	\$ 37,597,356	95.2%	\$ 161,687,049	23.3%
6/30/08	843,004,478	800,949,617	42,054,861	95.0%	166,859,642	25.2%
6/30/09	949,807,903	843,875,739	105,932,164	88.8%	176,715,990	59.9%

**Safety Plan
Defined Benefit Pension Plan**

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Payroll
6/30/07	\$ 235,129,140	\$ 221,423,489	\$ 13,705,651	94.2%	\$ 37,478,773	36.6%
6/30/08	250,578,127	237,754,936	12,823,191	94.9%	40,398,819	31.7%
6/30/09	281,547,170	250,622,194	30,924,976	89.0%	44,235,900	69.9%

Other Postemployment Benefits (OPEB) Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Payroll
1/01/07	\$ 23,331,000	\$ -	\$ 23,331,000	0%	\$ 174,910,000	13.34%
1/01/09	33,030,000	5,865,000	27,165,000	18.0%	180,595,000	15.00%

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 107,076,831	\$ 107,076,831	\$ 108,656,933	\$ 1,580,102
Licenses, permits and franchises	5,662,893	5,662,893	5,425,212	(237,681)
Fines, forfeitures and penalties	2,308,660	2,308,660	1,942,707	(365,953)
Use of money and property	1,977,916	1,977,916	1,864,050	(113,866)
Intergovernmental	25,566,644	25,633,472	24,369,115	(1,264,357)
Charges for services	41,920,127	42,425,820	41,655,480	(770,340)
Miscellaneous	11,531,842	11,611,400	11,599,266	(12,134)
Total revenues	<u>196,044,913</u>	<u>196,696,992</u>	<u>195,512,763</u>	<u>(1,184,229)</u>
EXPENDITURES				
Current:				
General government				
BOS-District 1	361,022	358,473	347,878	10,595
BOS-District 2	348,734	346,184	342,488	3,696
BOS-District 3	351,536	348,986	331,568	17,418
BOS-District 4	347,920	345,370	332,770	12,600
BOS-District 5	326,173	323,623	315,160	8,463
BOS-Administration	121,822	121,822	108,413	13,409
Administration	3,271,421	3,468,452	3,186,837	281,615
General Revenue	1,000,000	1,000,000	855,246	144,754
Employee Development & Recognition	961,857	995,981	819,063	176,918
General Services	16,142,531	17,023,125	14,895,610	2,127,515
Assessor	7,044,518	7,023,344	5,548,888	1,474,456
Auditor-Controller	4,048,929	4,024,615	3,629,415	395,200
Tax Collector/County Clerk	2,613,290	2,606,143	2,079,904	526,239
Treasurer	1,173,767	1,167,731	984,028	183,703
County Counsel	3,398,772	3,329,493	3,152,572	176,921
Delta Water Activities	212,000	215,277	187,214	28,063
Human Resources	2,580,694	2,514,710	2,138,544	376,166
Registrar of Voters	4,931,413	4,926,701	3,347,578	1,579,123
Property Management	301,531	310,216	288,902	21,314
Promotion	548,310	550,138	464,767	85,371
General Expenditures	7,638,241	7,303,517	7,366,546	(63,029)
Surveyor/Engineer	58,610	58,610	55,132	3,478
General Svcs. Special Revenue	12,147	12,147	3,685	8,462
Total general government	<u>57,795,238</u>	<u>58,374,658</u>	<u>50,782,208</u>	<u>7,592,450</u>
Public protection				
Grand Jury	134,509	134,509	100,813	33,696
Agricultural Commissioner	2,788,176	2,863,744	2,659,858	203,886
Animal Care Services	2,364,789	2,355,133	2,220,381	134,752
Recorder	1,521,553	1,563,365	1,562,212	1,153
Resource Management	9,774,192	10,911,753	9,832,049	1,079,704
LAFCO	468,538	468,538	195,201	273,337
Office of Family Violence Prevention	479,695	596,360	507,223	89,137
Total public protection	<u>17,531,452</u>	<u>18,893,402</u>	<u>17,077,737</u>	<u>1,815,665</u>
Public assistance				
Indigent Burial General Relief	21,058	21,058	12,832	8,226
Veterans Services	643,269	636,429	602,031	34,398
Total public assistance	<u>664,327</u>	<u>657,487</u>	<u>614,863</u>	<u>42,624</u>
Education and recreation				
Cooperative Extension Service	320,810	320,810	307,813	12,997
Debt service:				
Principal	3,542	3,542	3,541	1
Interest and other charges	88	88	87	1
Total debt service	<u>3,630</u>	<u>3,630</u>	<u>3,628</u>	<u>2</u>
Capital outlay:				
Equipment	17,000	106,600	105,732	868
Total expenditures	<u>76,332,457</u>	<u>78,356,587</u>	<u>68,891,981</u>	<u>9,464,606</u>
Excess of revenues over expenditures	<u>119,712,456</u>	<u>118,340,405</u>	<u>126,620,782</u>	<u>8,280,377</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(137,629,230)	(139,126,526)	(130,507,118)	8,619,408
Sale of capital assets	100,000	100,000	97,332	(2,668)
Total other financing sources (uses)	<u>(137,529,230)</u>	<u>(139,026,526)</u>	<u>(130,409,786)</u>	<u>8,616,740</u>
Net change in fund balance	(17,816,774)	(20,686,121)	(3,789,004)	16,897,117
Fund balance - beginning	107,977,520	107,977,520	107,977,520	-
Fund balance - ending	<u>\$ 90,160,746</u>	<u>\$ 87,291,399</u>	<u>\$ 104,188,516</u>	<u>\$ 16,897,117</u>

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

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Health and Social Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses, permits and franchises	\$ 375,313	\$ 15,303	\$ 20,706	\$ 5,403
Fines, forfeitures and penalties	615,425	615,425	739,113	123,688
Use of money and property	342,251	342,251	323,149	(19,102)
Intergovernmental	212,596,177	214,085,841	191,879,221	(22,206,620)
Charges for services	23,883,988	24,263,988	20,529,910	(3,734,078)
Miscellaneous	239,625	239,625	3,206,473	2,966,848
Total revenues	<u>238,052,779</u>	<u>239,562,433</u>	<u>216,698,572</u>	<u>(22,863,861)</u>
EXPENDITURES				
Current:				
Health services	109,062,444	110,611,386	101,412,058	9,199,328
Public assistance	155,448,524	155,411,869	144,150,579	11,261,290
Capital outlay:				
Equipment	22,000	80,847	44,794	36,053
Intangibles	-	25,230	25,230	-
Total capital outlay	<u>22,000</u>	<u>106,077</u>	<u>70,024</u>	<u>36,053</u>
Total expenditures	<u>264,532,968</u>	<u>266,129,332</u>	<u>245,632,661</u>	<u>20,496,671</u>
Deficiency of revenues under expenditures	<u>(26,480,189)</u>	<u>(26,566,899)</u>	<u>(28,934,089)</u>	<u>(2,367,190)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	36,331,591	36,260,649	32,125,367	(4,135,282)
Transfers out	(6,244,139)	(6,195,735)	(5,126,042)	1,069,693
Total other financing sources (uses)	<u>30,087,452</u>	<u>30,064,914</u>	<u>26,999,325</u>	<u>(3,065,589)</u>
Net change in fund balance	3,607,263	3,498,015	(1,934,764)	(5,432,779)
Fund balance (deficit) - beginning	(283,432)	(283,432)	(283,432)	-
Fund balance (deficit) - ending	<u>\$ 3,323,831</u>	<u>\$ 3,214,583</u>	<u>\$ (2,218,196)</u>	<u>\$ (5,432,779)</u>

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

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Safety Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses, permits and franchises	\$ 183,106	\$ 183,106	\$ 175,488	\$ (7,618)
Fines, forfeitures and penalties	2,454,802	1,252,518	2,198,520	946,002
Use of money and property	164,629	164,629	77,907	(86,722)
Intergovernmental	58,616,424	59,361,758	51,177,783	(8,183,975)
Charges for services	10,749,200	10,852,216	9,727,705	(1,124,511)
Miscellaneous	1,409,250	1,421,250	1,788,030	366,780
Total revenues	<u>73,577,411</u>	<u>73,235,477</u>	<u>65,145,433</u>	<u>(8,090,044)</u>
EXPENDITURES				
Current:				
Public protection				
Department of Child Support Services	11,963,096	11,945,171	11,479,666	465,505
Homeland Security Grant	661,731	1,023,242	433,314	589,928
Sheriff's Office Grants	498,809	722,296	347,248	375,048
District Attorney	20,569,666	21,081,738	19,499,779	1,581,959
Public Defender	11,088,497	11,521,234	10,497,270	1,023,964
Conflict Public Defender	2,503,968	2,550,923	2,516,458	34,465
Sheriff	79,204,572	79,271,855	71,601,973	7,669,882
Probation	33,612,470	33,822,932	30,700,646	3,122,286
Other Public Defense	2,800,537	2,877,168	2,877,167	1
CMF Cases	288,085	290,801	290,800	1
Public Protection Other Special Revenue	193,348	179,312	47,984	131,328
Total public protection	<u>163,384,779</u>	<u>165,286,672</u>	<u>150,292,305</u>	<u>14,994,367</u>
Debt service:				
Principal	171,758	177,341	177,341	-
Interest and other charges	58,400	52,817	52,816	1
Total debt service	<u>230,158</u>	<u>230,158</u>	<u>230,157</u>	<u>1</u>
Capital outlay:				
Equipment	547,318	1,576,456	1,133,335	443,121
Intangibles	-	244,655	244,655	-
Total capital outlay	<u>547,318</u>	<u>1,821,111</u>	<u>1,377,990</u>	<u>443,121</u>
Total expenditures	<u>164,162,255</u>	<u>167,337,941</u>	<u>151,900,452</u>	<u>15,437,489</u>
Deficiency of revenues under expenditures	<u>(90,584,844)</u>	<u>(94,102,464)</u>	<u>(86,755,019)</u>	<u>7,347,445</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	95,332,917	98,040,930	91,545,214	(6,495,716)
Transfers out	(3,939,669)	(5,355,093)	(3,905,838)	1,449,255
Total other financing sources (uses)	<u>91,393,248</u>	<u>92,685,837</u>	<u>87,639,376</u>	<u>(5,046,461)</u>
Net change in fund balance	808,404	(1,416,627)	884,357	2,300,984
Fund balance - beginning	5,152,967	5,152,967	5,152,967	-
Fund balance - ending	<u>\$ 5,961,371</u>	<u>\$ 3,736,340</u>	<u>\$ 6,037,324</u>	<u>\$ 2,300,984</u>

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

**COUNTY OF SOLANO, CALIFORNIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Budgetary Information

In accordance with provisions of Sections 29000 through 29144 of the California Governmental Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget each fiscal year by July 1.

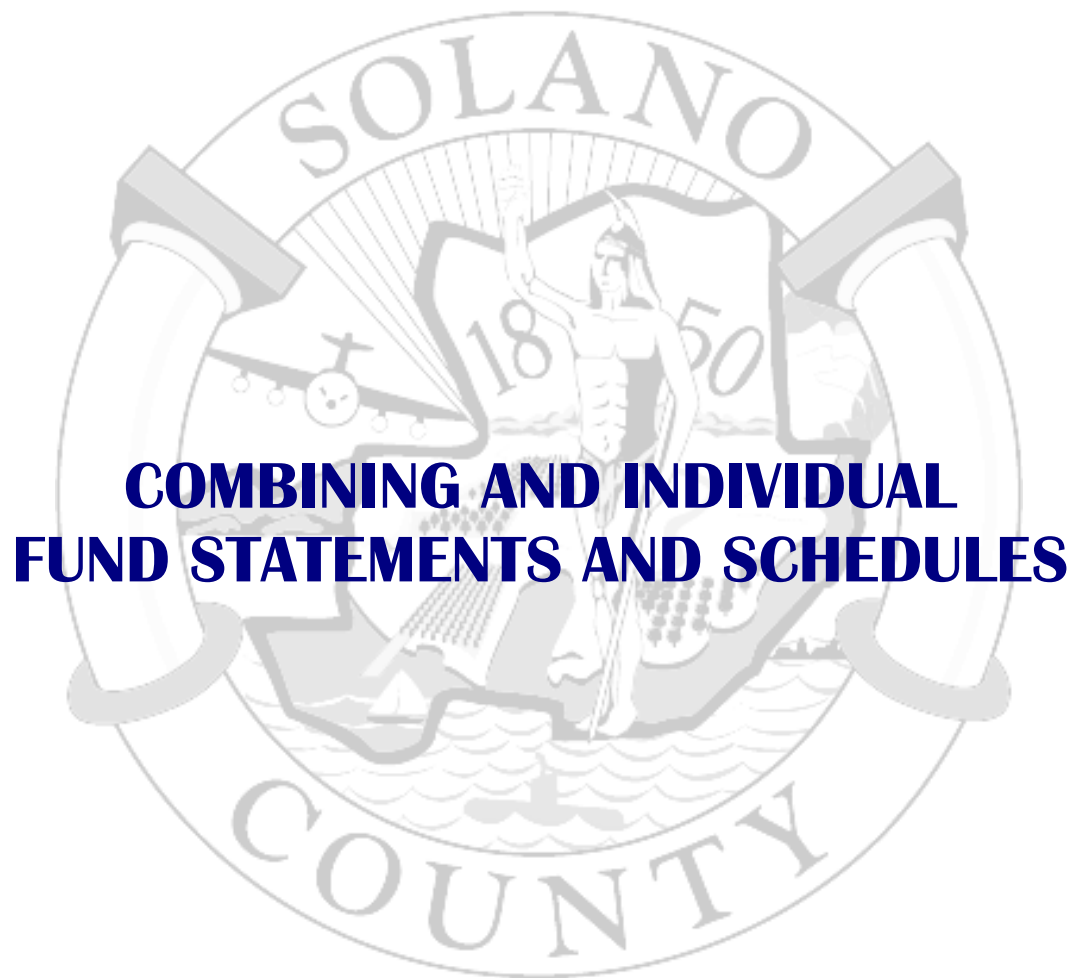
An operating budget prepared on the modified accrual basis is adopted each fiscal year for the general, special revenue, capital projects and debt service funds. Public hearings are conducted on the proposed budget to review all appropriations and sources of financing. Any shortfall in revenues requires an equal reduction in appropriations.

Expenditures are controlled at the object level for all departments within the County except for capital outlay expenditures, which are controlled at the sub object level. The legal level of control is at the department level. This is the level at which expenditures may not legally exceed appropriations. The Board must approve supplemental appropriations generally financed by unanticipated revenues during the year, and any other amendments or transfers.

Pursuant to the Board of Supervisors' Budget Policy, amendments or transfers of appropriations between object levels within a department may be authorized by the County Administrator's Office provided the total appropriation of the department is not changed. Therefore, final budget amounts in the accompanying required supplementary information are reported as amended. Individual budget amendments during the fiscal year ended June 30, 2010, were not material in relation to the original appropriations.

The County uses an encumbrance system as an extension of budgetary accounting for the general, special revenue and capital projects funds to assist in controlling appropriations. Under this system, purchase orders, contracts and other commitments are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated the following year. Unencumbered and unexpended appropriations lapse at year-end.

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

Other Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes. This encompasses legal restrictions imposed by parties outside the government as well as those imposed by the governing body.

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest. Debt service payments that do not involve the advance accumulation of resources, such as capital leases, are accounted for in the general fund or a special revenue fund.

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Other Governmental Funds
June 30, 2010

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
ASSETS				
Cash and investments	\$ 58,513,245	\$ 104,419	\$ 1,812,759	\$ 60,430,423
Accounts receivable	233,910	-	-	233,910
Due from other agencies	5,619,028	-	-	5,619,028
Due from other funds	2,836,830	-	36,792	2,873,622
Other assets	2,868,094	-	-	2,868,094
Total assets	<u>\$ 70,071,107</u>	<u>\$ 104,419</u>	<u>\$ 1,849,551</u>	<u>\$ 72,025,077</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Outstanding warrants	\$ 455,868	\$ -	\$ -	\$ 455,868
Payables	3,325,825	-	20	3,325,845
Deferred revenue	428,556	-	-	428,556
Due to other funds	2,577,000	104,059	-	2,681,059
Advance from other funds	2,256,306	-	-	2,256,306
Other liabilities	546,925	-	-	546,925
Due to other agencies	331,311	-	-	331,311
Total liabilities	<u>9,921,791</u>	<u>104,059</u>	<u>20</u>	<u>10,025,870</u>
Fund balances:				
Reserved:				
Long-term assets	2,670,009	-	-	2,670,009
Debt service	-	-	1,849,531	1,849,531
Encumbrances	2,119,753	-	-	2,119,753
Imprest cash	3,737	-	-	3,737
Designated:				
Special revenue funds	2,952,917	-	-	2,952,917
Unreserved, undesignated	52,402,900	360	-	52,403,260
Total fund balances	<u>60,149,316</u>	<u>360</u>	<u>1,849,531</u>	<u>61,999,207</u>
Total liabilities and fund balances	<u>\$ 70,071,107</u>	<u>\$ 104,419</u>	<u>\$ 1,849,551</u>	<u>\$ 72,025,077</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Fiscal Year Ended June 30, 2010

	Special Revenue Funds	Capital Projects Funds	Debt Service Funds	Total Other Governmental Funds
REVENUES				
Taxes	\$ 11,470,278	\$ -	\$ -	\$ 11,470,278
Licenses, permits and franchises	142,537	-	-	142,537
Fines, forfeitures and penalties	3,481	-	-	3,481
Use of money and property	845,397	(977)	5,787	850,207
Intergovernmental	28,294,767	-	110,500	28,405,267
Charges for services	12,766,224	72,644	1,704,085	14,542,953
Miscellaneous	190,941	-	-	190,941
Total revenues	<u>53,713,625</u>	<u>71,667</u>	<u>1,820,372</u>	<u>55,605,664</u>
EXPENDITURES				
Current:				
General government	791,349	-	20,087	811,436
Public protection	3,453,378	-	-	3,453,378
Public ways and facilities	9,170,245	-	-	9,170,245
Health services	7,225,015	-	-	7,225,015
Education and recreation	19,908,029	-	-	19,908,029
Debt service:				
Principal	-	-	4,560,000	4,560,000
Interest and other charges	10,138	-	6,117,993	6,128,131
Bond issuance cost	-	-	254,727	254,727
Capital outlay	10,564,583	-	-	10,564,583
Total expenditures	<u>51,122,737</u>	<u>-</u>	<u>10,952,807</u>	<u>62,075,544</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,590,888</u>	<u>71,667</u>	<u>(9,132,435)</u>	<u>(6,469,880)</u>
OTHER FINANCING SOURCES (USES)				
Payment to refunded bond escrow agent	-	-	(17,970,000)	(17,970,000)
Proceeds from refunding bonds issued	-	-	16,745,000	16,745,000
Premium on refunding bonds	-	-	889,673	889,673
Transfers in	3,774,136	-	8,663,645	12,437,781
Transfers out	(24,451,310)	(612,390)	-	(25,063,700)
Sale of capital assets	40,100	-	-	40,100
Total other financing sources (uses)	<u>(20,637,074)</u>	<u>(612,390)</u>	<u>8,328,318</u>	<u>(12,921,146)</u>
Net change in fund balances	(18,046,186)	(540,723)	(804,117)	(19,391,026)
Fund balances - beginning	78,195,502	541,083	2,653,648	81,390,233
Fund balances - ending	<u>\$ 60,149,316</u>	<u>\$ 360</u>	<u>\$ 1,849,531</u>	<u>\$ 61,999,207</u>

Nonmajor Special Revenue Funds

Public Facilities Fees Fund – This fund is used to account for the collection of impact fees imposed on all new construction within all incorporated and unincorporated areas of the County.

Library Fund – This fund is used to account for the County’s library services. Solano County Library offers professional innovative, cost-effective service by providing library materials, resources, information, entertainment and life long learning opportunities to enrich the lives of the people of Solano County. This fund is primarily funded through taxes and charges for services.

Transportation Fund – This fund is used to provide transportation facilities and services for the benefit and convenience of the traveling public by providing a roadway system that is safe, well maintained, and efficient and without congestion. The fund is primarily funded through state and federal grants.

First 5 Solano Fund – This fund is used to promote, support and improve early childhood development by fostering and partnering with community resources and programs that support healthy and safe children, families and community. The fund is state funded through Proposition 10, the California Children and Families First Act passed by voters in 1998.

Home Loan Programs Fund – This fund is used to provide low interest loans and grants designed to correct health and safety hazards in deteriorated housing and extend the useful life of affordable housing units. The fund is state funded through a Redevelopment Settlement, a Home Loan Program and a Community Development Block Grant (CDBG).

Tobacco Settlement Fund – This fund is used to account for revenues received from the Nationwide Tobacco Master Settlement Agreement (MSA) to address health related issues in the county.

Micrographics and Modernization Fund – This fund is used to account for the modernization, maintenance and continual improvements to provide modern and efficient records management systems at the County Recorder’s office. The fund is funded through the collection of charges for services and recording fees.

Other Special Revenue Funds:

- *East Vallejo Fire District Fund* – This fund is used to provide fire protection services to an area of East Vallejo. The funding for this district is through property taxes.
- *Fish/Wildlife Propagation Fund* – This fund is used to provide for the improvement of wildlife habitat and propagation, conservation and education in programs in Solano County. The funding for this program is fines, forfeitures and penalties.
- *Housing Authority Fund* – This fund is used to provide housing assistance through the Section 8 Housing Assistance program for the unincorporated areas of Solano County. The funding for this program is through federal pass-through grants.
- *Consolidated County Service Area Fund* - This fund is used to account for the overhead street lighting in the unincorporated areas of Solano County. The funding is through property taxes.
- *Parks and Recreation Fund* – This fund is used to account for the provision of clean and safe park areas and facilities in Solano County. The funding for this fund comes from state grants, charges for services and property taxes.
- *Southeast Vallejo Redevelopment Settlement Fund* – This fund is used to track revenues from the City of Vallejo to the General Fund, resulting from the fiscal year 2000/2001 Southeast Vallejo Redevelopment Agreement between the County and the City of Vallejo.

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

	<u>Public Facilities</u>				<u>Home Loan</u>
	<u>Fees</u>	<u>Library</u>	<u>Transportation</u>	<u>First 5 Solano</u>	<u>Program</u>
ASSETS					
Cash and investments	\$ 8,325,045	\$ 8,414,801	\$ 12,983,317	\$ 18,390,820	\$ 1,170,595
Accounts receivable	36	65,828	158,981	25	-
Due from other agencies	613,906	2,296,612	1,715,986	991,322	-
Due from other funds	67,267	3,101	79,198	3,547	-
Other assets	-	467,492	223,428	-	1,979,089
Total assets	<u>\$ 9,006,254</u>	<u>\$ 11,247,834</u>	<u>\$ 15,160,910</u>	<u>\$ 19,385,714</u>	<u>\$ 3,149,684</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Outstanding warrants	\$ -	\$ 157,131	\$ 43,855	\$ 243,745	\$ -
Payables	-	720,875	1,863,618	641,994	-
Deferred revenue	-	-	129,594	102,011	-
Due to other funds	2,022	20,908	9,719	480,108	-
Advance from other funds	-	-	2,256,306	-	-
Other liabilities	-	-	546,925	-	-
Due to other agencies	13,299	-	-	317,953	-
Total liabilities	<u>15,321</u>	<u>898,914</u>	<u>4,850,017</u>	<u>1,785,811</u>	<u>-</u>
Fund balances:					
Reserved:					
Long-term assets	-	467,492	223,428	-	1,979,089
Encumbrances	-	527,141	1,195,768	19,130	-
Imprest cash	-	3,237	500	-	-
Designated:					
Health program	-	-	-	-	-
Library	-	2,177,347	-	-	-
Unreserved, undesignated	8,990,933	7,173,703	8,891,197	17,580,773	1,170,595
Total fund balances	<u>8,990,933</u>	<u>10,348,920</u>	<u>10,310,893</u>	<u>17,599,903</u>	<u>3,149,684</u>
Total liabilities and fund balances	<u>\$ 9,006,254</u>	<u>\$ 11,247,834</u>	<u>\$ 15,160,910</u>	<u>\$ 19,385,714</u>	<u>\$ 3,149,684</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2010

<u>Tobacco Settlement</u>	<u>Micrographics & Modernization</u>	<u>Other Special Revenue Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>	
\$ 95,310	\$ 7,390,169	\$ 1,743,188	\$ 58,513,245	ASSETS
-	3,901	5,139	233,910	Cash and investments
-	-	1,202	5,619,028	Accounts receivable
2,681,502	-	2,215	2,836,830	Due from other agencies
-	-	198,085	2,868,094	Due from other funds
<u>\$ 2,776,812</u>	<u>\$ 7,394,070</u>	<u>\$ 1,949,829</u>	<u>\$ 70,071,107</u>	Other assets
				Total assets
				LIABILITIES AND FUND BALANCES
				Liabilities:
\$ -	\$ 2,550	\$ 8,587	\$ 455,868	Outstanding warrants
-	23,652	75,686	3,325,825	Payables
-	-	196,951	428,556	Deferred revenue
2,001,242	88	62,913	2,577,000	Due to other funds
-	-	-	2,256,306	Advance from other funds
-	-	-	546,925	Other liabilities
-	59	-	331,311	Due to other agencies
<u>2,001,242</u>	<u>26,349</u>	<u>344,137</u>	<u>9,921,791</u>	Total liabilities
				Fund balances:
				Reserved:
-	-	-	2,670,009	Long-term assets
-	319,301	58,413	2,119,753	Encumbrances
-	-	-	3,737	Imprest cash
				Designated:
775,570	-	-	775,570	Health program
-	-	-	2,177,347	Library
-	7,048,420	1,547,279	52,402,900	Unreserved, undesignated
<u>775,570</u>	<u>7,367,721</u>	<u>1,605,692</u>	<u>60,149,316</u>	Total fund balances
<u>\$ 2,776,812</u>	<u>\$ 7,394,070</u>	<u>\$ 1,949,829</u>	<u>\$ 70,071,107</u>	Total liabilities and fund balances

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2010

	<u>Public Facilities</u>				<u>Home Loan</u>
	<u>Fees</u>	<u>Library</u>	<u>Transportation</u>	<u>First 5 Solano</u>	<u>Program</u>
REVENUES					
Taxes	\$ -	\$ 9,273,495	\$ 1,249,717	\$ -	\$ -
Licenses, permits and franchises	-	-	142,537	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Use of money and property	192,278	120,282	140,219	220,482	15,889
Intergovernmental	-	1,967,767	19,461,431	4,549,194	-
Charges for services	5,154,599	4,722,305	1,290,678	567,322	-
Miscellaneous	-	128,499	35,096	22,542	-
Total revenues	<u>5,346,877</u>	<u>16,212,348</u>	<u>22,319,678</u>	<u>5,359,540</u>	<u>15,889</u>
EXPENDITURES					
Current:					
General government	775,709	-	15,640	-	-
Public protection	-	-	-	-	15,803
Public ways and facilities	-	-	9,111,730	-	-
Health services	-	-	-	7,225,015	-
Education	-	18,485,996	-	-	-
Debt service:					
Interest and other charges	-	-	10,138	-	-
Capital outlay	-	289,720	10,027,990	-	-
Total expenditures	<u>775,709</u>	<u>18,775,716</u>	<u>19,165,498</u>	<u>7,225,015</u>	<u>15,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,571,168</u>	<u>(2,563,368)</u>	<u>3,154,180</u>	<u>(1,865,475)</u>	<u>86</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	67,267	343,840	360,529	-	-
Transfers out	(19,628,228)	(812,301)	(341,033)	(106,537)	-
Sale of capital assets	-	-	40,100	-	-
Total other financing sources (uses)	<u>(19,560,961)</u>	<u>(468,461)</u>	<u>59,596</u>	<u>(106,537)</u>	<u>-</u>
Net change in fund balances	(14,989,793)	(3,031,829)	3,213,776	(1,972,012)	86
Fund balances - beginning	23,980,726	13,380,749	7,097,117	19,571,915	3,149,598
Fund balances - ending	<u>\$ 8,990,933</u>	<u>\$ 10,348,920</u>	<u>\$ 10,310,893</u>	<u>\$ 17,599,903</u>	<u>\$ 3,149,684</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2010

<u>Tobacco Settlement</u>	<u>Micrographics & Modernization</u>	<u>Other Special Revenue Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>	
\$ -	\$ -	\$ 947,066	\$ 11,470,278	REVENUES
-	-	-	142,537	Taxes
-	-	3,481	3,481	Licenses, permits and franchises
2,440	122,021	31,786	845,397	Fines, forfeitures and penalties
-	-	2,316,375	28,294,767	Use of money and property
-	581,280	450,040	12,766,224	Intergovernmental
-	-	4,804	190,941	Charges for services
<u>2,440</u>	<u>703,301</u>	<u>3,753,552</u>	<u>53,713,625</u>	Miscellaneous
				Total revenues
				EXPENDITURES
				Current:
-	-	-	791,349	General government
-	665,977	2,771,598	3,453,378	Public protection
-	-	58,515	9,170,245	Public ways and facilities
-	-	-	7,225,015	Health and sanitation
-	-	1,422,033	19,908,029	Education and recreation
-	-	-	10,138	Debt service:
-	246,873	-	10,564,583	Interest and other charges
<u>-</u>	<u>912,850</u>	<u>4,252,146</u>	<u>51,122,737</u>	Capital outlay
				Total expenditures
2,440	(209,549)	(498,594)	2,590,888	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES)
1,952,938	485,385	564,177	3,774,136	Transfers in
(2,982,265)	(203,881)	(377,065)	(24,451,310)	Transfers out
-	-	-	40,100	Sale of capital assets
<u>(1,029,327)</u>	<u>281,504</u>	<u>187,112</u>	<u>(20,637,074)</u>	Total other financing sources (uses)
(1,026,887)	71,955	(311,482)	(18,046,186)	Net change in fund balances
1,802,457	7,295,766	1,917,174	78,195,502	Fund balances - beginning
<u>\$ 775,570</u>	<u>\$ 7,367,721</u>	<u>\$ 1,605,692</u>	<u>\$ 60,149,316</u>	Fund balances - ending

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Facilities Fees Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 538,277	\$ 538,277	\$ 192,278	\$ (345,999)
Charges for services	5,426,030	5,426,030	5,154,599	(271,431)
Total revenues	<u>5,964,307</u>	<u>5,964,307</u>	<u>5,346,877</u>	<u>(617,430)</u>
EXPENDITURES				
Current:				
General government				
Public facilities fees	<u>655,430</u>	<u>824,006</u>	<u>775,709</u>	<u>48,297</u>
Excess of revenues over expenditures	<u>5,308,877</u>	<u>5,140,301</u>	<u>4,571,168</u>	<u>(569,133)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	57,728	57,728	67,267	9,539
Transfers out	<u>(1,468,225)</u>	<u>(19,628,228)</u>	<u>(19,628,228)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,410,497)</u>	<u>(19,570,500)</u>	<u>(19,560,961)</u>	<u>9,539</u>
Net change in fund balance	3,898,380	(14,430,199)	(14,989,793)	(559,594)
Fund balance - beginning	<u>23,980,726</u>	<u>23,980,726</u>	<u>23,980,726</u>	<u>-</u>
Fund balance - ending	<u>\$ 27,879,106</u>	<u>\$ 9,550,527</u>	<u>\$ 8,990,933</u>	<u>\$ (559,594)</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Library Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 9,855,999	\$ 9,366,472	\$ 9,273,495	\$ (92,977)
Use of money and property	362,085	362,085	120,282	(241,803)
Intergovernmental	2,038,045	2,032,271	1,967,767	(64,504)
Charges for services	5,858,588	5,777,431	4,722,305	(1,055,126)
Miscellaneous	126,000	126,000	128,499	2,499
Total revenues	<u>18,240,717</u>	<u>17,664,259</u>	<u>16,212,348</u>	<u>(1,451,911)</u>
EXPENDITURES				
Current:				
Education and recreation				
Library	22,380,622	22,346,785	18,334,522	4,012,263
Library - Friends & Foundation	173,550	173,550	115,841	57,709
Library Zone 1	15,782	24,908	24,908	-
Library Zone 2	512	913	913	-
Library Zone 6	473	532	532	-
Library Zone 7	6,918	9,280	9,280	-
Total education	<u>22,577,857</u>	<u>22,555,968</u>	<u>18,485,996</u>	<u>4,069,972</u>
Capital outlay:				
Construction in progress	-	1,565,940	278,881	1,287,059
Equipment	100,000	110,837	10,839	99,998
Total capital outlay	<u>100,000</u>	<u>1,676,777</u>	<u>289,720</u>	<u>1,387,057</u>
Total expenditures	<u>22,677,857</u>	<u>24,232,745</u>	<u>18,775,716</u>	<u>5,457,029</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,437,140)</u>	<u>(6,568,486)</u>	<u>(2,563,368)</u>	<u>4,005,118</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	(3,147,884)	624,372	343,840	(280,532)
Transfers out	(1,144,799)	(1,132,881)	(812,301)	320,580
Total other financing sources (uses)	<u>(4,292,683)</u>	<u>(508,509)</u>	<u>(468,461)</u>	<u>40,048</u>
Net change in fund balance	(8,729,823)	(7,076,995)	(3,031,829)	4,045,166
Fund balance - beginning	13,380,749	13,380,749	13,380,749	-
Fund balance - ending	<u>\$ 4,650,926</u>	<u>\$ 6,303,754</u>	<u>\$ 10,348,920</u>	<u>\$ 4,045,166</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Transportation Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,264,193	\$ 1,264,193	\$ 1,249,717	\$ (14,476)
Licenses, permits and franchises	161,600	161,600	142,537	(19,063)
Use of money and property	181,296	181,296	140,219	(41,077)
Intergovernmental	17,001,692	17,001,692	19,461,431	2,459,739
Charges for services	1,163,412	1,163,412	1,290,678	127,266
Miscellaneous	50,700	50,700	35,096	(15,604)
Total revenues	<u>19,822,893</u>	<u>19,822,893</u>	<u>22,319,678</u>	<u>2,496,785</u>
EXPENDITURES				
Current:				
General government				
Survey monument	26,305	26,305	15,640	10,665
Public ways and facilities				
Transportation department	11,485,244	11,466,035	9,109,389	2,356,646
Public works improvement	5,000	5,000	1,000	4,000
Regional transportation project	50,000	50,000	1,341	48,659
Total public ways and facilities	<u>11,540,244</u>	<u>11,521,035</u>	<u>9,111,730</u>	<u>2,409,305</u>
Debt service:				
Interest and other charges	-	10,138	10,138	-
Capital outlay:				
Land	-	12,700	12,700	-
Construction in progress	11,526,000	11,863,300	9,327,699	2,535,601
Equipment	1,583,000	1,583,000	687,591	895,409
Total capital outlay	<u>13,109,000</u>	<u>13,459,000</u>	<u>10,027,990</u>	<u>3,431,010</u>
Total expenditures	<u>24,675,549</u>	<u>25,016,478</u>	<u>19,165,498</u>	<u>5,850,980</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,852,656)</u>	<u>(5,193,585)</u>	<u>3,154,180</u>	<u>8,347,765</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	465,225	441,421	360,529	(80,892)
Transfers out	(470,547)	(446,743)	(341,033)	105,710
Sale of capital assets	35,000	35,000	40,100	5,100
Total other financing sources (uses)	<u>29,678</u>	<u>29,678</u>	<u>59,596</u>	<u>29,918</u>
Net change in fund balance	(4,822,978)	(5,163,907)	3,213,776	8,377,683
Fund balance - beginning	7,097,117	7,097,117	7,097,117	-
Fund balance - ending	<u>\$ 2,274,139</u>	<u>\$ 1,933,210</u>	<u>\$ 10,310,893</u>	<u>\$ 8,377,683</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
First 5 Solano Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 593,314	\$ 593,314	\$ 220,482	\$ (372,832)
Intergovernmental	4,732,595	4,732,595	4,549,194	(183,401)
Charges for services	456,000	456,000	567,322	111,322
Miscellaneous	38,727	38,727	22,542	(16,185)
Total revenues	<u>5,820,636</u>	<u>5,820,636</u>	<u>5,359,540</u>	<u>(461,096)</u>
EXPENDITURES				
Current:				
Health services				
First 5 Solano	8,850,559	8,765,102	7,225,015	1,540,087
Deficiency of revenues under expenditures	<u>(3,029,923)</u>	<u>(2,944,466)</u>	<u>(1,865,475)</u>	<u>1,078,991</u>
OTHER FINANCING USES				
Transfers out	<u>(26,960)</u>	<u>(106,960)</u>	<u>(106,537)</u>	<u>423</u>
Net change in fund balance	(3,056,883)	(3,051,426)	(1,972,012)	1,079,414
Fund balance - beginning	19,571,915	19,571,915	19,571,915	-
Fund balance - ending	<u>\$ 16,515,032</u>	<u>\$ 16,520,489</u>	<u>\$ 17,599,903</u>	<u>\$ 1,079,414</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Home Loan Program Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 30,000	\$ 34,161	\$ 15,889	\$ (18,272)
Intergovernmental	-	150,000	-	(150,000)
Total revenues	<u>30,000</u>	<u>184,161</u>	<u>15,889</u>	<u>(168,272)</u>
EXPENDITURES				
Current:				
Public protection				
Homeacres Loan Program	<u>40,784</u>	<u>111,258</u>	<u>15,803</u>	<u>95,455</u>
Net change in fund balance	(10,784)	72,903	86	(72,817)
Fund balance - beginning	<u>3,149,598</u>	<u>3,149,598</u>	<u>3,149,598</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 3,138,814</u></u>	<u><u>\$ 3,222,501</u></u>	<u><u>\$ 3,149,684</u></u>	<u><u>\$ (72,817)</u></u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Tobacco Settlement Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 65,000	\$ 65,000	\$ 2,440	\$ (62,560)
 OTHER FINANCING SOURCES (USES)				
Transfers in	2,016,502	2,016,502	1,952,938	(63,564)
Transfers out	(3,210,000)	(3,210,000)	(2,982,265)	227,735
Total other financing sources (uses)	(1,193,498)	(1,193,498)	(1,029,327)	164,171
Net change in fund balance	(1,128,498)	(1,128,498)	(1,026,887)	101,611
Fund balance - beginning	1,802,457	1,802,457	1,802,457	-
Fund balance - ending	<u>\$ 673,959</u>	<u>\$ 673,959</u>	<u>\$ 775,570</u>	<u>\$ 101,611</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Micrographics and Modernization Special Revenue Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 44,275	\$ 44,275	\$ 122,021	\$ 77,746
Charges for services	479,744	479,744	581,280	101,536
Total revenues	<u>524,019</u>	<u>524,019</u>	<u>703,301</u>	<u>179,282</u>
EXPENDITURES				
Current:				
Public protection				
Recorder Special Revenue	557,987	1,260,904	665,977	594,927
Capital outlay:				
Equipment	405,000	294,356	135,131	159,225
Intangibles	-	111,742	111,742	-
Total capital outlay	<u>405,000</u>	<u>406,098</u>	<u>246,873</u>	<u>159,225</u>
Total expenditures	<u>962,987</u>	<u>1,667,002</u>	<u>912,850</u>	<u>754,152</u>
Deficiency of revenues under expenditures	<u>(438,968)</u>	<u>(1,142,983)</u>	<u>(209,549)</u>	<u>933,434</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	485,385	(485,385)
Transfers out	(203,881)	(203,881)	(203,881)	-
Total other financing uses	<u>(203,881)</u>	<u>(203,881)</u>	<u>281,504</u>	<u>(485,385)</u>
Net change in fund balance	(642,849)	(1,346,864)	71,955	1,418,819
Fund balance - beginning	7,295,766	7,295,766	7,295,766	-
Fund balance - ending	<u>\$ 6,652,917</u>	<u>\$ 5,948,902</u>	<u>\$ 7,367,721</u>	<u>\$ 1,418,819</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Other Special Revenue Funds
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 970,879	\$ 970,879	\$ 947,066	\$ (23,813)
Fines, forfeitures and penalties	5,000	5,000	3,481	(1,519)
Use of money and property	64,352	64,352	31,786	(32,566)
Intergovernmental	2,265,270	2,317,861	2,316,375	(1,486)
Charges for services	432,429	432,429	450,040	17,611
Miscellaneous	10,525	10,525	4,804	(5,721)
Total revenues	<u>3,748,455</u>	<u>3,801,046</u>	<u>3,753,552</u>	<u>(47,494)</u>
EXPENDITURES				
Current:				
Public protection				
Housing Authority of Solano County	2,169,602	2,222,193	2,222,193	-
East Vallejo Fire District	465,663	448,969	442,959	6,010
Fish/Wildlife Propagation	578,248	589,445	106,446	482,999
Total public protection	<u>3,213,513</u>	<u>3,260,607</u>	<u>2,771,598</u>	<u>489,009</u>
Public ways and facilities				
County Consolidated Service Area	<u>228,478</u>	<u>93,522</u>	<u>58,515</u>	<u>35,007</u>
Recreation				
Parks & Recreation	<u>1,328,446</u>	<u>1,431,646</u>	<u>1,422,033</u>	<u>9,613</u>
Total expenditures	<u>4,770,437</u>	<u>4,785,775</u>	<u>4,252,146</u>	<u>533,629</u>
Deficiency of revenues under expenditures	<u>(1,021,982)</u>	<u>(984,729)</u>	<u>(498,594)</u>	<u>486,135</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	456,840	570,996	564,177	(6,819)
Transfers out	<u>(381,396)</u>	<u>(381,396)</u>	<u>(377,065)</u>	<u>4,331</u>
Total other financing sources (uses)	<u>75,444</u>	<u>189,600</u>	<u>187,112</u>	<u>(2,488)</u>
Net change in fund balance	(946,538)	(795,129)	(311,482)	483,647
Fund balance - beginning	1,917,174	1,917,174	1,917,174	-
Fund balance - ending	<u>\$ 970,636</u>	<u>\$ 1,122,045</u>	<u>\$ 1,605,692</u>	<u>\$ 483,647</u>

Nonmajor Capital Projects Funds

Fairfield Downtown Project Fund – This fund is used to account for the funding and construction activity for the new County administration complex in downtown Fairfield.

Juvenile Hall Project Fund – This fund is used to account for the construction of the new Juvenile Hall Facility. This building is to accommodate the increasing number of wards and to provide safe and secure housing for detained youngsters.

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2010

	<u>Fairfield Downtown Project</u>	<u>Juvenile Hall Project</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS			
Cash and investments	<u>\$ 36,919</u>	<u>\$ 67,500</u>	<u>\$ 104,419</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	<u>\$ 36,792</u>	<u>\$ 67,267</u>	<u>\$ 104,059</u>
Fund Balances:			
Unreserved, undesignated	<u>127</u>	<u>233</u>	<u>360</u>
Total liabilities and fund balances	<u>\$ 36,919</u>	<u>\$ 67,500</u>	<u>\$ 104,419</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2010

	Fairfield Downtown Project	Juvenile Hall Project	Total Nonmajor Capital Projects Funds
REVENUES			
Use of money and property	\$ (991)	\$ 14	\$ (977)
Charges for services	63,104	9,540	72,644
Total revenues	<u>62,113</u>	<u>9,554</u>	<u>71,667</u>
OTHER FINANCING USES			
Transfers out	<u>(545,123)</u>	<u>(67,267)</u>	<u>(612,390)</u>
Net change in fund balances	(483,010)	(57,713)	(540,723)
Fund balances - beginning	483,137	57,946	541,083
Fund balances - ending	<u>\$ 127</u>	<u>\$ 233</u>	<u>\$ 360</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Accumulated Capital Outlay Capital Projects Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,703,128	\$ 1,703,128	\$ 1,674,264	\$ (28,864)
Use of money and property	1,230,000	1,230,000	400,433	(829,567)
Intergovernmental	1,896,886	4,222,882	1,287,863	(2,935,019)
Total revenues	<u>4,830,014</u>	<u>7,156,010</u>	<u>3,362,560</u>	<u>(3,793,450)</u>
EXPENDITURES				
Current:				
General government				
Capital Projects	<u>5,257,581</u>	<u>12,819,872</u>	<u>5,895,615</u>	<u>6,924,257</u>
Capital outlay:				
Land	-	8,750	8,750	-
Construction in progress	8,111,875	71,400,409	26,964,675	44,435,734
Leasehold improvement	38,000	38,000	-	38,000
Building and improvement	-	575,735	-	575,735
Equipment	-	3,094,111	2,062,649	1,031,462
Artwork	-	384,622	212,410	172,212
Total capital outlay	<u>8,149,875</u>	<u>75,501,627</u>	<u>29,248,484</u>	<u>46,253,143</u>
Total expenditures	<u>13,407,456</u>	<u>88,321,499</u>	<u>35,144,099</u>	<u>53,177,400</u>
Deficiency of revenues under expenditures	<u>(8,577,442)</u>	<u>(81,165,489)</u>	<u>(31,781,539)</u>	<u>49,383,950</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,396,868	22,029,919	22,029,919	-
Transfers out	(506,952)	(900,000)	(900,000)	-
Total other financing sources (uses)	<u>2,889,916</u>	<u>21,129,919</u>	<u>21,129,919</u>	<u>-</u>
Net change in fund balance	(5,687,526)	(60,035,570)	(10,651,620)	49,383,950
Fund balance - beginning	60,584,769	60,584,769	60,584,769	-
Fund balance - ending	<u>\$ 54,897,243</u>	<u>\$ 549,199</u>	<u>\$ 49,933,149</u>	<u>\$ 49,383,950</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Fairfield Downtown Project Capital Projects Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ -	\$ -	\$ (991)	\$ (991)
Charges for services	26,312	63,104	63,104	-
Total revenues	<u>26,312</u>	<u>63,104</u>	<u>62,113</u>	<u>(991)</u>
OTHER FINANCING USES				
Transfers out	(508,331)	(545,123)	(545,123)	-
Net change in fund balance	(482,019)	(482,019)	(483,010)	(991)
Fund balance - beginning	483,137	483,137	483,137	-
Fund balance - ending	<u>\$ 1,118</u>	<u>\$ 1,118</u>	<u>\$ 127</u>	<u>\$ (991)</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Juvenile Hall Project Capital Projects Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 14	\$ 14
Charges for services	9,539	9,539	9,540	1
Total revenues	<u>9,539</u>	<u>9,539</u>	<u>9,554</u>	<u>15</u>
OTHER FINANCING USES				
Transfers out	(67,267)	(67,267)	(67,267)	-
Net change in fund balance	(57,728)	(57,728)	(57,713)	15
Fund balance - beginning	57,946	57,946	57,946	-
Fund balance - ending	<u>\$ 218</u>	<u>\$ 218</u>	<u>\$ 233</u>	<u>\$ 15</u>

Nonmajor Debt Service Funds

2009 Certificates of Participation Fund – This fund was established for the payment of debt used to defease the 1999 Certificates of Participation. This payment is funded through the Health and Social Services Department.

Government Center Debt Service Fund – This fund was established for the payment of the debt used in the construction of the Solano County Government Center, Probation facility and improvement of the Cogeneration Plant and Fairfield library.

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2010

	<u>2009</u> <u>Certificates of</u> <u>Participation</u>	<u>Government</u> <u>Center Debt</u> <u>Service Fund</u>	<u>Total Nonmajor</u> <u>Debt Service Funds</u>
ASSETS			
Cash and investments	\$ 1,806,858	\$ 5,901	\$ 1,812,759
Due from other funds	-	36,792	36,792
Total assets	<u>\$ 1,806,858</u>	<u>\$ 42,693</u>	<u>\$ 1,849,551</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payables	<u>\$ 20</u>	<u>\$ -</u>	<u>\$ 20</u>
Fund balances:			
Reserved:			
Debt service	1,806,838	42,693	1,849,531
Total liabilities and fund balances	<u>\$ 1,806,858</u>	<u>\$ 42,693</u>	<u>\$ 1,849,551</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Fiscal Year Ended June 30, 2010

	2009	Government	Total Nonmajor
	Certificates of	Center Debt	Debt Service Funds
	Participation	Service Fund	
REVENUES			
Use of money and property	\$ 440	\$ 5,347	\$ 5,787
Intergovernmental	-	110,500	110,500
Charges for services	-	1,704,085	1,704,085
Total revenues	<u>440</u>	<u>1,819,932</u>	<u>1,820,372</u>
EXPENDITURES			
Current:			
General government	12,249	7,838	20,087
Debt service:			
Principal	1,685,000	2,875,000	4,560,000
Interest and other charges	1,048,612	5,069,381	6,117,993
Bond issuance cost	254,727	-	254,727
Total expenditures	<u>3,000,588</u>	<u>7,952,219</u>	<u>10,952,807</u>
Deficiency of revenues under expenditures	<u>(3,000,148)</u>	<u>(6,132,287)</u>	<u>(9,132,435)</u>
OTHER FINANCING SOURCES (USES)			
Payment to refunded bond escrow agent	(17,970,000)	-	(17,970,000)
Proceeds from refunding bonds issued	16,745,000	-	16,745,000
Premium on refunding bonds	889,673	-	889,673
Transfers in	2,514,278	6,149,367	8,663,645
Total other financing sources (uses)	<u>2,178,951</u>	<u>6,149,367</u>	<u>8,328,318</u>
Net change in fund balances	(821,197)	17,080	(804,117)
Fund balances - beginning	2,628,035	25,613	2,653,648
Fund balances - ending	<u>\$ 1,806,838</u>	<u>\$ 42,693</u>	<u>\$ 1,849,531</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Pension Debt Service Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 134,656	\$ 134,656	\$ (96,178)	\$ (230,834)
Miscellaneous	1,723,048	1,717,892	832,651	(885,241)
Total revenues	<u>1,857,704</u>	<u>1,852,548</u>	<u>736,473</u>	<u>(1,116,075)</u>
EXPENDITURES				
Current:				
General government				
Pension Obligation Bonds Administration	100,000	100,000	32,945	67,055
Debt service:				
Principal	7,725,000	7,725,000	7,725,000	-
Interest and other charges	5,294,968	5,294,968	5,085,338	209,630
Total debt service	<u>13,019,968</u>	<u>13,019,968</u>	<u>12,810,338</u>	<u>209,630</u>
Total expenditures	<u>13,119,968</u>	<u>13,119,968</u>	<u>12,843,283</u>	<u>276,685</u>
Deficiency of revenues under expenditures	<u>(11,262,264)</u>	<u>(11,267,420)</u>	<u>(12,106,810)</u>	<u>(839,390)</u>
OTHER FINANCING SOURCES				
Transfers in	8,715,264	8,720,420	7,603,587	(1,116,833)
Net change in fund balance	(2,547,000)	(2,547,000)	(4,503,223)	(1,956,223)
Fund balance - beginning	(9,696,741)	(9,696,741)	(9,696,741)	-
Fund balance - ending	<u>\$ (12,243,741)</u>	<u>\$ (12,243,741)</u>	<u>\$ (14,199,964)</u>	<u>\$ (1,956,223)</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
2009 Certificates of Participation Debt Service Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 5,242	\$ 5,242	\$ 440	\$ (4,802)
EXPENDITURES				
Current:				
General government				
HSS Admin Refinance	16,892	16,892	12,249	4,643
Debt service:				
Principal	1,685,000	1,685,000	1,685,000	-
Interest and other charges	930,511	930,511	1,048,612	(118,101)
Bond issuance cost	-	341,225	254,727	86,498
Total debt service	<u>2,615,511</u>	<u>2,956,736</u>	<u>2,988,339</u>	<u>(31,603)</u>
Total expenditures	<u>2,632,403</u>	<u>2,973,628</u>	<u>3,000,588</u>	<u>(26,960)</u>
Deficiency of revenues under expenditures	<u>(2,627,161)</u>	<u>(2,968,386)</u>	<u>(3,000,148)</u>	<u>(31,762)</u>
OTHER FINANCING SOURCES (USES)				
Payment to refunded bond escrow agent	-	(17,970,000)	(17,970,000)	-
Proceeds from refunding bonds issued	-	16,745,000	16,745,000	-
Premium on refunding bonds	-	709,973	889,673	179,700
Transfers in	<u>2,618,862</u>	<u>2,618,862</u>	<u>2,514,278</u>	<u>(104,584)</u>
Total other financing sources (uses)	<u>2,618,862</u>	<u>2,103,835</u>	<u>2,178,951</u>	<u>75,116</u>
Net change in fund balance	(8,299)	(864,551)	(821,197)	43,354
Fund balance - beginning	<u>2,628,035</u>	<u>2,628,035</u>	<u>2,628,035</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,619,736</u>	<u>\$ 1,763,484</u>	<u>\$ 1,806,838</u>	<u>\$ 43,354</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Government Center Debt Service Fund
For the Fiscal Year Ended June 30, 2010

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 4,251	\$ 4,251	\$ 5,347	\$ 1,096
Intergovernmental	105,000	105,000	110,500	5,500
Charges for services	1,653,418	1,653,418	1,704,085	50,667
Total revenues	<u>1,762,669</u>	<u>1,762,669</u>	<u>1,819,932</u>	<u>57,263</u>
EXPENDITURES				
Current:				
General government				
Government Center DSF	13,729	13,561	7,838	5,723
Debt service:				
Principal	2,875,000	2,875,000	2,875,000	-
Interest and other charges	5,069,381	5,069,381	5,069,381	-
Total debt service	<u>7,944,381</u>	<u>7,944,381</u>	<u>7,944,381</u>	<u>-</u>
Total expenditures	<u>7,958,110</u>	<u>7,957,942</u>	<u>7,952,219</u>	<u>5,723</u>
Deficiency of revenues under expenditures	<u>(6,195,441)</u>	<u>(6,195,273)</u>	<u>(6,132,287)</u>	<u>62,986</u>
OTHER FINANCING SOURCES				
Transfers in	6,169,926	6,169,926	6,149,367	(20,559)
Net change in fund balance	(25,515)	(25,347)	17,080	42,427
Fund balance - beginning	25,613	25,613	25,613	-
Fund balance - ending	<u>\$ 98</u>	<u>\$ 266</u>	<u>\$ 42,693</u>	<u>\$ 42,427</u>

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Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Communications Fund – This fund is used to account for the communications solutions for County employees.

Fleet Management Fund – This fund is used to account for the rental, purchase, and maintenance of motor vehicles for other departments and their related maintenance cost.

Risk Management Fund – This fund is used to account for the administration and management of the County's insurance and safety plans and employee benefit services to County employees.

Information Technology Fund – This fund is used to account for the development, implementation and ongoing support costs for the electronic data processing services to County departments.

Reprographics Fund – This fund is used to account for reprographic services to County departments.

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2010

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>
ASSETS			
Current assets			
Cash and investments	\$ 329,182	\$ 2,532,653	\$ 17,013,260
Accounts receivable	-	66,176	66,783
Due from other agencies	-	127	-
Due from other funds	-	1,859	339,842
Other assets	-	229,100	250,000
Total current assets	<u>329,182</u>	<u>2,829,915</u>	<u>17,669,885</u>
Noncurrent assets			
Capital assets:			
Construction in progress	-	-	-
Buildings and improvements	-	114,471	-
Equipment	-	10,819,702	-
Intangibles	-	-	-
Accumulated depreciation	-	(6,389,186)	-
Total capital assets	<u>-</u>	<u>4,544,987</u>	<u>-</u>
Total assets	<u>\$ 329,182</u>	<u>\$ 7,374,902</u>	<u>\$ 17,669,885</u>
LIABILITIES			
Current liabilities			
Outstanding warrants	\$ -	\$ 17,627	\$ 75,929
Payables	-	132,565	289,851
Unearned revenue	-	-	284,328
Due to other funds	329,182	5,845	138,112
Other liabilities	-	20,721	-
Due to other agencies	-	-	523
Current portion of long-term obligations	-	51,436	3,642,592
Total current liabilities	<u>329,182</u>	<u>228,194</u>	<u>4,431,335</u>
Noncurrent liabilities			
Noncurrent portion of long-term obligations	-	170,564	5,691,871
Total liabilities	<u>329,182</u>	<u>398,758</u>	<u>10,123,206</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	4,544,987	-
Unrestricted	-	2,431,157	7,546,679
Total net assets (deficits)	<u>-</u>	<u>6,976,144</u>	<u>7,546,679</u>
Total liabilities and net assets (deficits)	<u>\$ 329,182</u>	<u>\$ 7,374,902</u>	<u>\$ 17,669,885</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2010

Information Technology	Reprographics	Total Internal Service Funds	
			ASSETS
			Current assets
\$ 1,727,011	\$ 16,752	\$ 21,618,858	Cash and investments
175,967	347	309,273	Accounts receivable
54,765	-	54,892	Due from other agencies
374,392	689	716,782	Due from other funds
47,376	-	526,476	Other assets
<u>2,379,511</u>	<u>17,788</u>	<u>23,226,281</u>	Total current assets
			Noncurrent assets
			Capital assets:
6,781	-	6,781	Construction in progress
150,000	-	264,471	Buildings and improvements
9,158,698	155,281	20,133,681	Equipment
5,432,806	-	5,432,806	Intangibles
(5,551,238)	(136,923)	(12,077,347)	Accumulated depreciation
<u>9,197,047</u>	<u>18,358</u>	<u>13,760,392</u>	Total capital assets
<u>\$ 11,576,558</u>	<u>\$ 36,146</u>	<u>\$ 36,986,673</u>	Total assets
			LIABILITIES
			Current liabilities
\$ 75,291	\$ 5,244	\$ 174,091	Outstanding warrants
1,578,513	12,267	2,013,196	Payables
-	-	284,328	Unearned revenue
752,167	310	1,225,616	Due to other funds
-	-	20,721	Other liabilities
360	-	883	Due to other agencies
<u>259,096</u>	<u>16,029</u>	<u>3,969,153</u>	Current portion of long-term obligations
<u>2,665,427</u>	<u>33,850</u>	<u>7,687,988</u>	Total current liabilities
			Noncurrent liabilities
			Noncurrent portion of long-term obligations
549,143	21,884	6,433,462	
<u>3,214,570</u>	<u>55,734</u>	<u>14,121,450</u>	Total liabilities
			NET ASSETS
			Invested in capital assets, net of related debt
9,197,047	18,358	13,760,392	
(835,059)	(37,946)	9,104,831	Unrestricted
<u>8,361,988</u>	<u>(19,588)</u>	<u>22,865,223</u>	Total net assets (deficits)
<u>\$ 11,576,558</u>	<u>\$ 36,146</u>	<u>\$ 36,986,673</u>	Total liabilities and net assets (deficits)

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2010

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>
OPERATING REVENUES			
Charges for sales and services:			
Internal services	\$ 1,715,641	\$ 3,840,925	\$ 9,131,241
OPERATING EXPENSES			
Personnel services	693,443	1,016,959	948,950
Maintenance	102,733	583,706	513
Materials and supplies	104,772	780,016	14,776
Depreciation	78,245	1,203,171	-
Insurance	20,394	26,394	9,453,991
Rent, utilities and others	1,079,058	466,800	1,512,803
Total operating expenses	<u>2,078,645</u>	<u>4,077,046</u>	<u>11,931,033</u>
Operating loss	<u>(363,004)</u>	<u>(236,121)</u>	<u>(2,799,792)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	599	26,232	185,417
Interest expense	-	-	-
Other revenue	86,003	109,126	171,525
Gain (loss) on sale of capital assets	-	70,872	-
Total nonoperating revenues, net	<u>86,602</u>	<u>206,230</u>	<u>356,942</u>
Income (loss) before transfers	<u>(276,402)</u>	<u>(29,891)</u>	<u>(2,442,850)</u>
Transfers in	-	49,655	-
Transfers out	(833,364)	(27,584)	(26,020)
Change in net assets	<u>(1,109,766)</u>	<u>(7,820)</u>	<u>(2,468,870)</u>
Total net assets - beginning, as restated	<u>1,109,766</u>	<u>6,983,964</u>	<u>10,015,549</u>
Total net assets - ending	<u>\$ -</u>	<u>\$ 6,976,144</u>	<u>\$ 7,546,679</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2010

<u>Information Technology</u>	<u>Reprographics</u>	<u>Total Internal Service Funds</u>	
			OPERATING REVENUES
			Charges for sales and services:
\$ 16,751,903	\$ 378,355	\$ 31,818,065	Internal services
			OPERATING EXPENSES
4,965,725	257,281	7,882,358	Personnel services
581,855	17,496	1,286,303	Maintenance
180,657	70,182	1,150,403	Materials and supplies
1,290,761	8,035	2,580,212	Depreciation
66,887	3,893	9,571,559	Insurance
9,700,615	154,244	12,913,520	Rent, utilities and others
<u>16,786,500</u>	<u>511,131</u>	<u>35,384,355</u>	Total operating expenses
<u>(34,597)</u>	<u>(132,776)</u>	<u>(3,566,290)</u>	Operating loss
			NONOPERATING REVENUES (EXPENSES)
63,581	112	275,941	Investment earnings
(2,539)	-	(2,539)	Interest expense
874,759	-	1,241,413	Other revenue
<u>(469,665)</u>	<u>-</u>	<u>(398,793)</u>	Gain (loss) on sale of capital assets
466,136	112	1,116,022	Total nonoperating revenues, net
<u>431,539</u>	<u>(132,664)</u>	<u>(2,450,268)</u>	Income (loss) before transfers
841,669	-	891,324	Transfers in
<u>(143,345)</u>	<u>(6,736)</u>	<u>(1,037,049)</u>	Transfers out
1,129,863	(139,400)	(2,595,993)	Change in net assets
7,232,125	119,812	25,461,216	Total net assets - beginning, as restated
<u>\$ 8,361,988</u>	<u>\$ (19,588)</u>	<u>\$ 22,865,223</u>	Total net assets - ending

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2010

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>
Cash flows from operating activities:			
Receipts from customers and users	\$ 1,995,794	\$ 4,000,007	\$ 9,551,812
Receipts from interfund services provided	4,690	56,005	32,561
Payments to suppliers	(1,216,918)	(1,929,406)	(12,380,658)
Payments to employees	(847,009)	(1,022,927)	(933,710)
Payments for interfund services used	-	-	-
Net cash provided (used) by operating activities	<u>(63,443)</u>	<u>1,103,679</u>	<u>(3,729,995)</u>
Cash flows from noncapital financing activities:			
Transfers in	-	49,655	-
Transfers out	(313,718)	(27,584)	(26,020)
Payment on advances from other funds	-	-	-
Net cash provided (used) by noncapital financing activities	<u>(313,718)</u>	<u>22,071</u>	<u>(26,020)</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	-	(520,145)	-
Proceeds from sale of capital assets	-	150,450	-
Net cash used by capital and related financing activities	<u>-</u>	<u>(369,695)</u>	<u>-</u>
Cash flows from investing activities:			
Investment income	599	26,232	185,417
Net increase (decrease) in cash and cash equivalents	(376,562)	782,287	(3,570,598)
Cash and cash equivalents - beginning	705,744	1,750,366	20,583,858
Cash and cash equivalents - ending	<u>\$ 329,182</u>	<u>\$ 2,532,653</u>	<u>\$ 17,013,260</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:			
Operating loss	\$ (363,004)	\$ (236,121)	\$ (2,799,792)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:			
Depreciation	78,245	1,203,171	-
Other nonoperating revenue	86,003	109,126	171,525
Changes in assets and liabilities:			
(Increase) decrease in receivables, net	194,150	49,956	(35,282)
(Increase) decrease in due from other funds	4,690	56,005	32,561
(Increase) in due from other agencies	-	(11)	-
(Increase) decrease in other assets	47,376	(35,147)	-
(Decrease) in outstanding warrants	(136,054)	(61,849)	(959,071)
Increase (decrease) in payables	(149,160)	105	(20,712)
Increase (decrease) in due to other funds	327,877	3,691	55,245
Increase in due to other agencies	-	-	523
Increase in unearned revenue	-	-	284,328
Increase (decrease) in accrued compensated absences	(153,566)	(13,379)	8,273
Increase in other liabilities	-	20,721	-
Increase in other postemployment benefits	-	7,411	6,967
(Decrease) in self-insurance liability	-	-	(474,560)
Total adjustments	<u>299,561</u>	<u>1,339,800</u>	<u>(930,203)</u>
Net cash provided (used) by operating activities	<u>\$ (63,443)</u>	<u>\$ 1,103,679</u>	<u>\$ (3,729,995)</u>
Noncash investing, capital, and financing activities			
Transfers in (out) of capital assets	\$ (519,646)	\$ -	\$ -
Change in fair value of investments	1,137	8,717	58,560

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Fiscal Year Ended June 30, 2010

Information Technology	Reprographics	Total Internal Service Funds	
			Cash flows from operating activities:
\$ 17,741,132	\$ 379,267	\$ 33,668,012	Receipts from customers and users
-	-	93,256	Receipts from interfund services provided
(10,906,454)	(255,492)	(26,688,928)	Payments to suppliers
(4,668,602)	(253,437)	(7,725,685)	Payments to employees
-	(82)	(82)	Payments for interfund services used
<u>2,166,076</u>	<u>(129,744)</u>	<u>(653,427)</u>	Net cash provided (used) by operating activities
			Cash flows from noncapital financing activities:
322,023	-	371,678	Transfers in
(143,345)	(6,736)	(517,403)	Transfers out
(987,770)	-	(987,770)	Payment on advances from other funds
<u>(809,092)</u>	<u>(6,736)</u>	<u>(1,133,495)</u>	Net cash provided (used) by noncapital financing activities
			Cash flows from capital and related financing activities:
(956,776)	-	(1,476,921)	Acquisition of capital assets
-	-	150,450	Proceeds from sale of capital assets
<u>(956,776)</u>	<u>-</u>	<u>(1,326,471)</u>	Net cash used by capital and related financing activities
			Cash flows from investing activities:
<u>63,581</u>	<u>112</u>	<u>275,941</u>	Investment income
463,789	(136,368)	(2,837,452)	Net increase (decrease) in cash and cash equivalents
1,263,222	153,120	24,456,310	Cash and cash equivalents - beginning
<u>\$ 1,727,011</u>	<u>\$ 16,752</u>	<u>\$ 21,618,858</u>	Cash and cash equivalents - ending
			Reconciliation of operating loss to net cash provided (used) by operating activities:
\$ (34,597)	\$ (132,776)	\$ (3,566,290)	Operating loss
			Adjustments to reconcile operating loss to net cash provided (used) by operating activities:
1,290,761	8,035	2,580,212	Depreciation
872,220	-	1,238,874	Other nonoperating revenue
			Changes in assets and liabilities:
(111,897)	1,601	98,528	(Increase) decrease in receivables, net
(371,556)	(689)	(278,989)	(Increase) decrease in due from other funds
(54,765)	-	(54,776)	(Increase) in due from other agencies
(47,376)	-	(35,147)	(Increase) decrease in other assets
(18,541)	(3,448)	(1,178,963)	(Decrease) in outstanding warrants
229,267	(6,229)	53,271	Increase (decrease) in payables
600,462	(82)	987,193	Increase (decrease) in due to other funds
360	-	883	Increase in due to other agencies
(485,385)	-	(201,057)	Increase in unearned revenue
254,226	2,027	97,581	Increase (decrease) in accrued compensated absences
-	-	20,721	Increase in other liabilities
42,897	1,817	59,092	Increase in other postemployment benefits
-	-	(474,560)	(Decrease) in self-insurance liability
<u>2,200,673</u>	<u>3,032</u>	<u>2,912,863</u>	Total adjustments
<u>\$ 2,166,076</u>	<u>\$ (129,744)</u>	<u>\$ (653,427)</u>	Net cash provided (used) by operating activities
			Noncash investing, capital, and financing activities
\$ 519,646	\$ -	\$ -	Transfers in (out) of capital assets
5,941	58	74,413	Change in fair value of investments

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Agency Funds

Agency Funds are custodial in nature and do not measure the results of operations. Such funds have no equity account since all assets are due to individuals or entities at some future time.

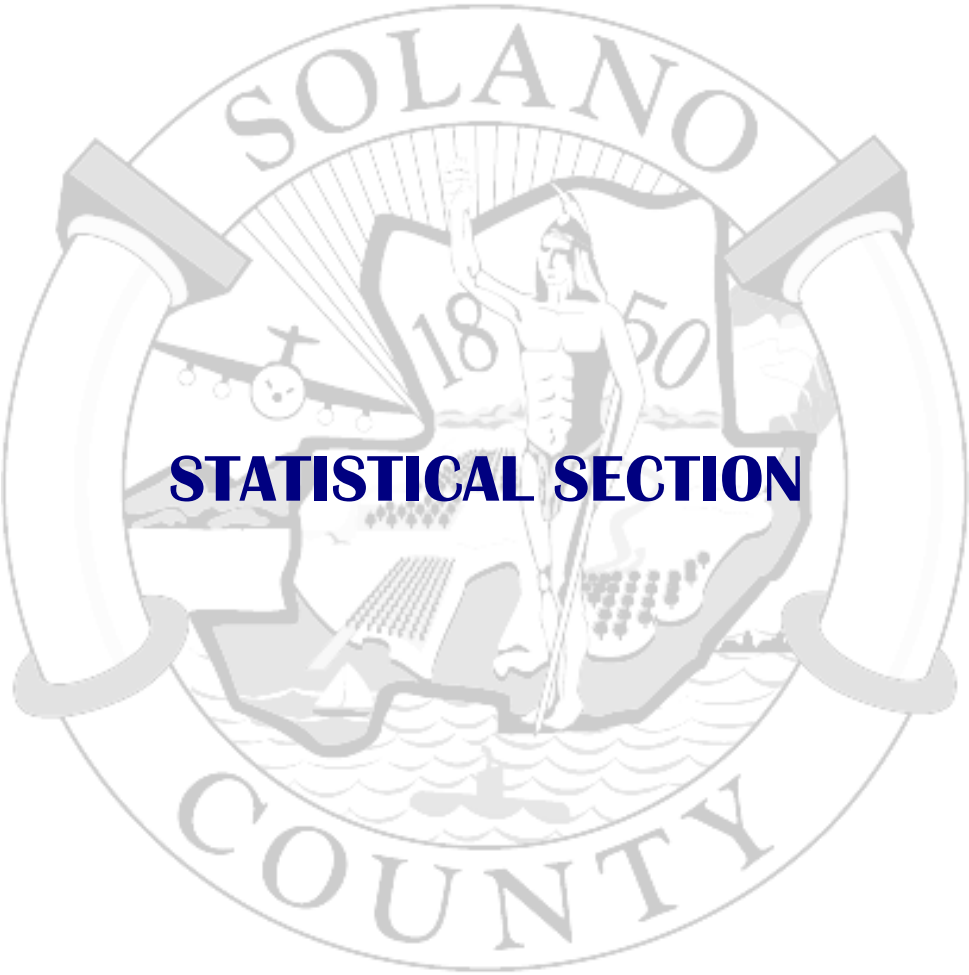
Property Tax Collection Fund – This fund is used to account for property tax collections awaiting apportionment to governmental agencies.

Local Transportation Fund – This fund is used to account for the quarter of one percent sales tax collected by the State Board of Equalization and deposited with the county of origin for local transportation support. The Metropolitan Transportation Commission, the regional agency responsible for administration of these monies, directs their use and distribution.

All Other Agency Funds – This fund is used to account for assets held for other governmental agencies by the County in a fiduciary capacity.

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2010

PROPERTY TAX COLLECTION	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Assets				
Cash and investments	\$ -	\$ 563,435,198	\$ 563,435,198	\$ -
Property taxes receivable	58,777,377	564,823,875	582,108,462	41,492,790
Total assets	<u>\$ 58,777,377</u>	<u>\$ 1,128,259,073</u>	<u>\$ 1,145,543,660</u>	<u>\$ 41,492,790</u>
Liabilities				
Due to others	<u>\$ 58,777,377</u>	<u>\$ 1,128,259,073</u>	<u>\$ 1,145,543,660</u>	<u>\$ 41,492,790</u>
 LOCAL TRANSPORTATION				
	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Assets				
Cash and investments	\$ 11,621,879	\$ 13,728,186	\$ 14,112,404	\$ 11,237,661
Liabilities				
Due to others	<u>\$ 11,621,879</u>	<u>\$ 13,728,186</u>	<u>\$ 14,112,404</u>	<u>\$ 11,237,661</u>
 ALL OTHER AGENCY FUNDS				
	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Assets				
Cash and investments	\$ 11,600,779	\$ 21,673,610	\$ 18,163,508	\$ 15,110,881
Liabilities				
Due to others	<u>\$ 11,600,779</u>	<u>\$ 21,673,610</u>	<u>\$ 18,163,508</u>	<u>\$ 15,110,881</u>
 TOTAL - ALL AGENCY FUNDS				
	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
Assets				
Cash and investments	\$ 23,222,658	\$ 598,836,994	\$ 595,711,111	\$ 26,348,542
Property taxes receivable	58,777,377	564,823,875	582,108,462	41,492,790
Total assets	<u>\$ 82,000,035</u>	<u>\$ 1,163,660,869</u>	<u>\$ 1,177,819,573</u>	<u>\$ 67,841,332</u>
Liabilities				
Due to others	<u>\$ 82,000,035</u>	<u>\$ 1,163,660,869</u>	<u>\$ 1,177,819,573</u>	<u>\$ 67,841,332</u>



STATISTICAL SECTION

STATISTICAL SECTION

This part of the County of Solano’s comprehensive annual financial report provides supplemental information for the benefit of the readers. This section presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County’s overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.</i>	127
Revenue Capacity <i>These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.</i>	134
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.</i>	138
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.</i>	141
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.</i>	144

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The County implemented GASB Statement No. 34 in 2001; schedules presenting government-wide information include information beginning with that year.

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COUNTY OF SOLANO, CALIFORNIA

**Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)**

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Governmental activities										
Invested in capital assets,										
net of related debt	\$ 366,707,988	\$ 338,045,459	\$ 306,156,899	\$ 290,318,976	\$ 273,169,996	\$ 274,177,088	\$ 270,350,715	\$ 256,654,269	\$ 250,850,720	\$ 214,606,249
Restricted	49,100,180	66,684,155	72,516,573	70,229,693	67,227,824	40,996,161	70,579,011	119,862,509	14,166,890	47,267,051
Unrestricted	208,557,054	223,968,696	257,528,047	251,684,500	218,470,331	185,407,179	134,490,563	62,014,197	103,492,298	75,566,880
Total governmental activities net assets	\$ 624,365,222	\$ 628,698,310	\$ 636,201,519	\$ 612,233,169	\$ 558,868,151	\$ 500,580,428	\$ 475,420,289	\$ 438,530,975	\$ 368,509,908	\$ 337,440,180
Business-type activities										
Invested in capital assets,										
net of related debt	\$ 19,827,763	\$ 20,389,570	\$ 20,790,532	\$ 14,896,619	\$ 11,809,809	\$ 10,270,009	\$ 9,621,167	\$ 8,509,364	\$ 13,436,909	\$ 11,723,477
Restricted								1,300,000		
Unrestricted	(4,064,292)	(3,673,335)	(5,570,038)	(1,441,992)	(2,847,845)	(1,013,848)	(530,539)	(24,291)	1,932,973	2,421,801
Total business-type activities net assets	\$ 15,763,471	\$ 16,716,235	\$ 15,220,494	\$ 13,454,627	\$ 8,961,964	\$ 9,256,161	\$ 9,090,628	\$ 9,785,073	\$ 15,369,882	\$ 14,145,278
Primary government										
Invested in capital assets,										
net of related debt	\$ 386,535,751	\$ 358,435,029	\$ 326,947,431	\$ 305,215,595	\$ 284,979,805	\$ 284,447,097	\$ 279,971,882	\$ 265,163,633	\$ 264,287,629	\$ 226,329,726
Restricted	49,100,180	66,684,155	72,516,573	70,229,693	67,227,824	40,996,161	70,579,011	121,162,509	14,166,890	47,267,051
Unrestricted	204,492,762	220,295,361	251,958,009	250,242,508	215,622,486	184,393,331	133,960,024	61,989,906	105,425,271	77,988,681
Total primary government net assets	\$ 640,128,693	\$ 645,414,545	\$ 651,422,013	\$ 625,687,796	\$ 567,830,115	\$ 509,836,589	\$ 484,510,917	\$ 448,316,048	\$ 383,879,790	\$ 351,585,458

Source: Audited Financial Statements

COUNTY OF SOLANO, CALIFORNIA
Changes in Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Expenses										
Governmental activities:										
General government	\$ 62,720,766	\$ 68,697,921	\$ 66,076,091	\$ 53,610,176	\$ 56,558,886	\$ 50,668,082	\$ 43,489,603	\$ 45,032,722	\$ 41,910,911	\$ 33,337,370
Public protection	164,196,516	175,498,575	167,025,179	152,135,516	145,029,057	143,497,198	132,128,495	125,585,195	119,673,935	108,973,071
Public ways and facilities	12,148,729	12,765,552	13,749,283	12,524,903	14,258,190	13,111,022	11,175,121	10,911,632	7,076,867	16,042,372
Health services	104,435,728	106,791,512	106,905,228	101,162,646	98,074,826	103,089,445	94,775,322	82,980,974	80,209,568	65,002,848
Public assistance	140,870,819	144,896,972	140,654,444	132,795,943	130,957,165	122,936,114	129,712,495	120,898,958	118,808,521	110,286,059
Education and recreation	19,241,131	21,109,579	21,958,611	21,241,168	19,140,185	15,887,886	14,212,564	12,663,165	11,945,358	10,770,670
Interest /Principal on long-term debt	11,038,872	12,124,643	13,010,423	12,781,989	12,848,298	12,548,175	8,233,665	6,176,532	4,994,361	5,712,387
Total governmental activities expenses	514,652,561	541,884,754	529,379,259	486,252,341	476,866,607	461,737,922	433,727,265	404,249,178	384,619,521	350,124,777
Business-type activities:										
Nut Tree Airport	2,531,275	2,241,236	2,022,955	1,639,976	1,592,100	1,362,902	1,262,109	1,180,824	1,048,905	918,442
Fouts Springs Youth Facility	3,888,424	3,713,188	3,649,876	3,398,461	3,301,242	3,948,500	4,389,289	4,531,095	4,400,648	3,860,998
Solano County Fair	-	-	-	-	-	-	-	-	5,182,459	4,340,785
Total primary government expenses	6,419,699	5,954,424	5,672,831	5,038,437	4,893,342	5,311,402	5,651,398	5,711,919	10,632,012	9,120,225
	\$ 521,072,260	\$ 547,839,178	\$ 535,052,090	\$ 491,290,778	\$ 481,759,949	\$ 467,049,324	\$ 439,378,663	\$ 409,961,097	\$ 395,251,533	\$ 359,245,002
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 24,664,412	\$ 28,899,543	\$ 26,780,958	\$ 31,241,019	\$ 32,187,356	\$ 37,600,101	\$ 31,920,886	\$ 26,329,308	\$ 30,602,850	\$ 30,308,913
Public protection	18,382,235	19,694,270	19,913,381	21,567,229	23,935,472	20,665,232	18,014,578	17,424,843	14,529,453	13,924,165
Public ways and facilities	1,081,929	1,223,163	1,507,009	1,595,475	2,059,559	1,818,144	1,776,921	1,699,829	1,739,598	1,638,198
Health services	18,236,407	16,130,208	17,499,502	12,367,246	14,788,760	14,952,224	12,834,358	12,156,224	14,063,712	6,799,765
Public assistance	987,213	839,430	810,422	736,622	813,877	792,650	714,228	711,058	310,747	1,136,448
Education and recreation	5,154,002	5,753,093	6,231,823	5,502,044	5,989,917	3,580,595	3,896,130	4,120,252	3,663,808	3,751,806
Operating grants and contributions	264,136,077	281,259,235	295,815,325	288,680,255	278,885,706	264,093,871	264,202,785	249,276,485	243,832,179	223,091,362
Capital grants and contributions	14,076,600	6,303,034	-	-	-	1,809,000	5,154,984	2,281,016	-	718,400
Total governmental activities program revenues	346,718,875	360,101,976	368,558,420	361,689,890	358,660,647	345,311,877	338,514,870	313,999,015	308,742,347	281,369,057
Business-type activities:										
Charges for services:										
Nut Tree Airport	1,277,477	1,292,875	1,141,736	949,070	995,659	913,935	1,043,051	929,509	789,146	723,743
Fouts Springs Youth Facility	3,310,703	3,203,533	3,184,236	3,081,184	2,346,732	2,531,598	2,846,865	3,220,755	3,743,659	3,432,303
Solano County Fair	-	-	-	-	-	-	-	-	5,055,500	4,552,254
Operating grants and contributions	548,965	528,000	540,360	648,139	748,146	689,649	-	-	-	386,728
Capital grants and contributions	-	2,189,182	2,296,465	2,918,130	280,415	1,079,079	-	-	979,600	2,477,523
Total business-type activities	5,137,145	7,213,590	7,162,797	7,596,523	4,370,952	5,214,261	3,889,916	4,150,264	10,567,905	11,572,551
Total primary government program revenues	\$ 351,856,020	\$ 367,315,566	\$ 375,721,217	\$ 369,286,413	\$ 363,031,599	\$ 350,526,138	\$ 342,404,786	\$ 318,149,279	\$ 319,310,252	\$ 292,941,608
Net (Expenses)/Revenue										
Governmental activities	\$ (167,933,686)	\$ (181,782,778)	\$ (160,820,839)	\$ (124,562,451)	\$ (118,205,960)	\$ (116,426,045)	\$ (95,212,395)	\$ (90,250,163)	\$ (75,877,174)	\$ (68,755,720)
Business-type activities	(1,282,554)	1,259,166	1,489,966	2,558,086	(522,390)	(97,141)	(1,761,482)	(1,561,655)	(64,107)	2,452,326
Total primary government net expenses	\$ (169,216,240)	\$ (180,523,612)	\$ (159,330,873)	\$ (122,004,365)	\$ (118,728,350)	\$ (116,523,186)	\$ (96,973,877)	\$ (91,811,818)	\$ (75,941,281)	\$ (66,303,394)

General Revenues and Other Changes in Net Assets

Governmental activities:																						
Property taxes ²	\$ 112,720,861	\$ 124,364,351	\$ 129,866,189	\$ 121,438,731	\$ 113,372,286	\$ 65,735,256	\$ 56,309,939	\$ 49,265,614	\$ 48,969,454	\$ 42,048,625												
Sales and use tax	3,802,198	4,277,127	2,338,436	2,115,430	2,439,283	2,410,695	1,545,460	1,829,179	1,704,534	1,695,467												
Property transfer tax	1,652,158	1,730,179	1,708,439	3,413,296	4,850,753	4,946,514	3,603,308	2,763,374	2,208,778	2,145,026												
Intergovernmental not restricted																						
for specific programs ²	20,607,668	22,666,383	22,701,977	20,122,940	17,112,250	49,225,813	50,590,802	39,605,008	37,851,097	33,316,315												
Interest & investment earnings	2,744,934	5,729,000	13,477,706	14,671,265	8,998,933	6,107,084	6,725,817	3,554,065	8,461,200	12,405,225												
Proceeds from sale of tobacco settlement revenues	-	-	-	-	17,397,252	13,084,692	11,939,541	8,341,841	5,328,913	12,022,778												
Other	19,692,717	16,497,109	14,487,535	17,339,503	12,236,879	-	1,384,309	-	-	89,878												
Gain on sale of capital assets	37,694	229,676	-	233,932	-	1,432	1,384,309	-	-	89,878												
Transfers	93,446	163,667	208,907	(1,407,628)	86,047	74,698	2,533	(176,324)	-	782,538												
Total governmental activities	<u>161,351,676</u>	<u>175,657,492</u>	<u>184,789,189</u>	<u>177,927,469</u>	<u>176,493,683</u>	<u>141,586,184</u>	<u>132,101,709</u>	<u>160,271,230</u>	<u>109,295,523</u>	<u>104,505,852</u>												
Business-type activities:																						
Property taxes	246,828	273,693	287,733	270,370	258,855	215,716	190,885	167,562	153,882	141,847												
Intergovernmental not restricted																						
for specific programs	50,857	54,693	54,251	47,008	40,679	37,072	855,988	1,024,104	918,061	19,211												
Interest & investment earnings	1,168	8,138	22,835	27,837	(39,227)	20,345	4,788	28,494	89,495	89,457												
Other	109,083	63,418	119,989	181,734	53,933	64,239	17,909	7,914	32,381	29,532												
Gain on sale of capital assets	15,300	300	-	-	-	-	-	10,500	-	-												
Transfers	(93,446)	(163,667)	(208,907)	1,407,628	(86,047)	(74,698)	(2,533)	176,324	-	(782,538)												
Total business-type activities	<u>329,790</u>	<u>236,575</u>	<u>275,901</u>	<u>1,934,577</u>	<u>228,193</u>	<u>262,674</u>	<u>1,067,037</u>	<u>1,414,898</u>	<u>1,193,819</u>	<u>(502,491)</u>												
Total primary government	<u>\$ 161,681,466</u>	<u>\$ 175,894,067</u>	<u>\$ 185,065,090</u>	<u>\$ 179,862,046</u>	<u>\$ 176,721,876</u>	<u>\$ 141,848,858</u>	<u>\$ 133,168,746</u>	<u>\$ 161,686,128</u>	<u>\$ 110,489,342</u>	<u>\$ 104,003,361</u>												

Change in net assets

Governmental activities	\$ (6,582,010)	\$ (6,125,286)	\$ 23,968,350	\$ 53,365,018	\$ 58,287,723	\$ 25,160,139	\$ 36,889,314	\$ 70,021,067	\$ 33,418,349	\$ 35,750,132
Business-type activities	(952,764)	1,495,741	1,765,867	4,492,663	(294,197)	165,533	(694,445)	(146,757)	1,129,712	1,949,835
Total primary government	<u>\$ (7,534,774)</u>	<u>\$ (4,629,545)</u>	<u>\$ 25,734,217</u>	<u>\$ 57,857,681</u>	<u>\$ 57,993,526</u>	<u>\$ 25,325,672</u>	<u>\$ 36,194,869</u>	<u>\$ 69,874,310</u>	<u>\$ 34,548,061</u>	<u>\$ 37,699,967</u>

¹During fiscal year 2003, the County evaluated its proprietary funds and reclassified the Solano County Fair because it is more appropriately classified as a discretely-presented component unit.

²Beginning in fiscal year 2006, as a result of legislation and as prescribed by the State, amounts previously recorded as Motor Vehicle In Lieu revenues are recorded as Property Taxes

Source: Audited Financial Statements

COUNTY OF SOLANO, CALIFORNIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2010	2009	2008	2007	2006
General Fund					
Reserved	\$ 32,155,440	\$ 6,909,142	\$ 9,591,064	\$ 4,150,844	\$ 3,575,776
Unreserved	72,033,076	101,068,378	111,054,606	117,465,640	88,104,809
Total General Fund	104,188,516	107,977,520	120,645,670	121,616,484	91,680,585
All Other Governmental Funds					
Reserved	\$ 55,243,886	\$ 65,271,318	\$ 56,504,466	\$ 91,344,253	\$ 34,558,867
Unreserved, reported in:					
Special revenue funds	58,798,913	76,053,180	76,665,059	75,946,573	133,282,448
Capital projects funds	2,449,680	6,261,034	55,852,298	13,049,077	15,255,723
Debt service funds	(14,940,959)	(10,437,736)	-	-	-
Total all other governmental funds	101,551,520	137,147,796	189,021,823	180,339,903	183,097,038
	\$ 205,740,036	\$ 245,125,316	\$ 309,667,493	\$ 301,956,387	\$ 274,777,623

Source: Audited Financial Statements

COUNTY OF SOLANO, CALIFORNIA
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

Fiscal Year					
2005	2004	2003	2002	2001	
					General Fund
\$ 2,650,417	\$ 1,158,613	\$ 3,415,066	\$ 1,541,441	\$ 597,750	Reserved
69,817,153	54,064,235	45,491,994	43,685,285	31,425,492	Unreserved
<u>72,467,570</u>	<u>55,222,848</u>	<u>48,907,060</u>	<u>45,226,726</u>	<u>32,023,242</u>	Total General Fund
					All Other Governmental Funds
\$ 31,951,339	\$ 41,474,664	\$ 57,585,083	\$ 22,895,362	\$ 52,690,983	Reserved
131,227,828	118,657,450	102,116,827	49,268,396	33,256,421	Unreserved, reported in:
2,585,051	17,041,854	68,841,392	10,036,848	7,511,288	Special revenue funds
-	-	-	-	-	Capital projects funds
-	-	-	-	-	Debt service funds
<u>165,764,218</u>	<u>177,173,968</u>	<u>228,543,302</u>	<u>82,200,606</u>	<u>93,458,692</u>	Total all other governmental funds
<u>\$ 238,231,788</u>	<u>\$ 232,396,816</u>	<u>\$ 277,450,362</u>	<u>\$ 127,427,332</u>	<u>\$ 125,481,934</u>	

COUNTY OF SOLANO, CALIFORNIA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year				
	2010	2009	2008	2007	2006
Revenues					
Taxes ¹	\$ 121,801,475	\$ 134,613,147	\$ 138,987,233	\$ 132,730,738	\$ 126,709,867
Licenses, permits and franchises	5,763,943	6,690,257	6,180,001	6,758,843	7,260,201
Fines, forfeitures and penalties	4,883,821	4,772,315	5,458,554	5,870,027	7,389,580
Use of money and property	3,419,568	5,917,139	13,022,335	14,115,648	9,038,296
Intergovernmental ¹	297,119,249	301,278,100	312,049,066	299,974,644	289,299,129
Charges for services	86,456,048	79,371,133	77,340,255	75,908,930	79,239,520
Miscellaneous	17,617,361	15,087,909	12,457,166	15,709,000	10,364,009
Total revenues	<u>537,061,465</u>	<u>547,730,000</u>	<u>565,494,610</u>	<u>551,067,830</u>	<u>529,300,602</u>
Expenditures					
General government	57,522,204	60,531,698	57,450,491	49,616,574	58,726,098
Public protection	170,823,420	178,454,399	170,321,250	162,742,367	169,226,372
Public ways and facilities	9,170,245	9,380,649	9,925,757	9,664,948	11,838,586
Health services	108,637,073	107,488,354	107,707,061	103,618,977	106,548,470
Public assistance	144,765,442	146,364,841	141,943,318	135,117,611	142,105,049
Education and recreation	20,215,842	21,482,110	22,292,796	22,087,999	21,363,419
Debt service:					
Principal	12,465,882	39,691,364	11,685,419	11,080,862	16,689,194
Interest and other charges	11,266,372	12,870,803	13,171,464	12,405,119	12,321,580
Debt issuance cost	254,727	-	-	1,650,505	646,905
Advance refunding escrow	-	-	-	-	-
Capital outlay	41,366,813	37,841,019	22,992,641	16,423,879	13,068,467
Total expenditures	<u>576,488,020</u>	<u>614,105,237</u>	<u>557,490,197</u>	<u>524,408,841</u>	<u>552,534,140</u>
Excess of revenues over (under) expenditures	<u>(39,426,555)</u>	<u>(66,375,237)</u>	<u>8,004,413</u>	<u>26,658,989</u>	<u>(23,233,538)</u>
Other Financing Sources (Uses)					
Capital lease financing	-	-	-	-	-
Payment to refunded bond escrow agent	(17,970,000)	-	-	(100,769,924)	-
Proceeds from refunding bonds issued	16,745,000	-	-	99,860,000	-
Proceeds from sale of tobacco settlement revenues	-	-	-	-	17,397,252
Debt proceeds	-	1,385,806	1,023,891	-	42,385,000
Premium on debt	889,673	-	-	2,568,489	-
Transfers in	165,741,868	223,869,357	169,578,877	140,741,691	131,966,707
Transfers out	(165,502,698)	(223,394,950)	(171,010,215)	(142,086,480)	(132,032,827)
Sale of capital assets	137,432	130,957	114,140	205,999	63,241
Total other financing sources (uses)	<u>41,275</u>	<u>1,991,170</u>	<u>(293,307)</u>	<u>519,775</u>	<u>59,779,373</u>
Net change in fund balances	<u>\$ (39,385,280)</u>	<u>\$ (64,384,067)</u>	<u>\$ 7,711,106</u>	<u>\$ 27,178,764</u>	<u>\$ 36,545,835</u>
Debt service as a percentage of noncapital expenditures	4.48%	9.12%	4.65%	4.95%	5.50%

¹ Beginning in fiscal year 2006, as a result of legislation and as prescribed by the State, amounts previously recorded as Motor Vehicle In Lieu revenues are recorded as Property Taxes.

Source: Audited Financial Statements

COUNTY OF SOLANO, CALIFORNIA
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

		Fiscal Year					
2005	2004	2003	2002	2001			
						Revenues	
\$ 78,793,277	\$ 66,961,051	\$ 59,246,973	\$ 55,027,729	\$ 49,503,902		Taxes ¹	
5,658,034	5,094,159	4,998,512	4,425,099	3,705,314		Licenses, permits and franchises	
6,038,097	4,220,235	4,729,387	4,586,822	4,236,423		Fines, forfeitures and penalties	
6,415,122	6,981,278	3,980,609	8,707,718	14,298,160		Use of money and property	
315,166,573	308,978,705	277,130,397	273,809,145	259,590,608		Intergovernmental ¹	
77,819,413	69,730,559	59,721,371	53,404,452	50,374,834		Charges for services	
11,532,508	10,377,470	7,693,931	14,065,157	9,431,653		Miscellaneous	
<u>501,423,024</u>	<u>472,343,457</u>	<u>417,501,180</u>	<u>414,026,122</u>	<u>391,140,894</u>		Total revenues	
						Expenditures	
55,536,885	49,188,749	40,861,290	39,392,941	34,412,532		General government	
138,939,757	172,365,652	128,691,041	117,626,458	104,858,511		Public protection	
9,706,357	10,112,629	8,152,377	5,883,609	12,107,010		Public ways and facilities	
103,458,326	111,715,224	84,249,844	77,897,875	64,297,492		Health services	
123,248,736	150,785,051	121,296,428	118,637,287	109,732,636		Public assistance	
15,670,356	18,172,806	12,713,005	11,728,628	10,746,213		Education and recreation	
						Debt service:	
8,043,797	8,394,452	7,193,245	7,081,861	5,452,183		Principal	
10,561,243	8,069,620	5,157,325	4,930,092	5,712,387		Interest and other charges	
-	1,466,120	-	-	-		Debt issuance cost	
-	-	-	4,116,500	-		Advance refunding escrow	
30,852,017	86,478,021	42,466,841	35,290,048	10,033,031		Capital outlay	
<u>496,017,474</u>	<u>616,748,324</u>	<u>450,781,396</u>	<u>422,585,299</u>	<u>357,351,995</u>		Total expenditures	
5,405,550	(144,404,867)	(33,280,216)	(8,559,177)	33,788,899		Excess of revenues over (under) expenditures	
						Other Financing Sources (Uses)	
56,736	-	-	-	-		Capital lease financing	
-	-	-	(19,090,934)	-		Payment to refunded bond escrow agent	
-	-	-	21,285,000	-		Proceeds from refunding bonds issued	
-	-	55,088,473	-	-		Proceeds from sale of tobacco settlement revenues	
-	96,665,000	123,862,438	10,507,356	-		Debt proceeds	
-	-	4,628,748	331,173	-		Premium on debt	
120,245,003	99,408,010	92,684,021	87,617,423	75,312,142		Transfers in	
(120,065,726)	(99,674,693)	(93,047,766)	(88,274,757)	(74,541,218)		Transfers out	
193,409	2,953,004	87,332	40,095	89,878		Sale of capital assets	
<u>429,422</u>	<u>99,351,321</u>	<u>183,303,246</u>	<u>12,415,356</u>	<u>860,802</u>		Total other financing sources (uses)	
\$ 5,834,972	\$ (45,053,546)	\$ 150,023,030	\$ 3,856,179	\$ 34,649,701		Net change in fund balances	
4.00%	3.38%	3.02%	4.16%	3.21%		Debt service as a percentage of noncapital expenditures	

COUNTY OF SOLANO, CALIFORNIA
Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property [^]				Personal Property	Exemptions	Total	Total Direct Tax Rate
	Residential Property	Commercial Property	Manufacturing Property	Other				
2010	\$ 27,075,951,692	\$ 4,508,746,880	\$ 5,168,402,363	\$ 2,843,365,829	\$ 2,327,189,005	\$ (2,666,710,367)	\$ 39,256,945,402	1.000000
2009	28,395,282,085	4,580,407,775	5,288,088,227	2,820,224,711	2,393,310,544	(2,604,270,423)	40,873,042,919	1.000000
2008	33,516,047,975	4,458,259,827	5,137,584,301	2,515,019,359	1,948,949,721	(2,257,758,318)	45,318,102,865	1.000000
2007	34,906,817,027	4,141,589,706	4,555,284,699	2,147,909,474	1,940,449,367	(2,003,357,049)	45,688,693,224	1.000000
2006	31,908,618,677	3,658,979,117	4,058,927,403	1,756,602,406	1,776,148,772	(1,614,923,088)	41,544,353,287	1.000000
2005	27,646,850,121	3,346,190,948	3,755,064,101	1,578,129,310	1,560,714,346	(1,500,576,703)	36,386,372,123	1.000000
2004	23,918,105,041	3,136,567,889	3,658,065,965	1,480,141,832	1,538,561,960	(1,451,287,952)	32,280,154,735	1.000000
2003	21,383,381,995	2,982,448,323	3,567,983,071	1,341,406,615	1,267,778,516	(1,189,231,896)	29,353,766,624	1.000000
2002	19,292,221,465	2,778,751,393	3,294,895,577	1,294,066,360	1,138,301,019	(1,237,780,608)	26,560,455,206	1.000000
2001	17,560,703,004	2,628,348,739	2,958,749,963	1,334,075,873	1,047,792,400	(1,189,645,915)	24,340,024,064	1.000000

Notes: ^ Due to passage of the Proposition 13 (Prop 13) property tax initiative in 1978, the County does not track the estimated value of all properties in the County. Under Prop 13 property is assessed at the 1975 market value with an annual increase limited to 2% on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop 13 limits the property tax rate to 1% of assessed value, plus the rate necessary to fund local voter-approved bonds and special assessments.

Source: County of Solano - Assessor's Office

COUNTY OF SOLANO, CALIFORNIA
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years

Fiscal Year	Countywide Tax	Local Special Districts	Schools	Cities	Total
2010	1.000000	2.405334	0.501169	0.052144	3.958647
2009	1.000000	2.074797	0.461648	0.047902	3.584347
2008	1.000000	2.074750	0.392148	0.049006	3.515904
2007	1.000000	1.676970	0.477510	0.051024	3.205504
2006	1.000000	1.670438	0.450651	0.051243	3.172332
2005	1.000000	1.669975	0.409660	0.055807	3.135442
2004	1.000000	1.674536	0.450608	0.061253	3.186397
2003	1.000000	1.668724	0.423867	0.065584	3.158175
2002	1.000000	1.664550	0.230886	0.067263	2.962699
2001	1.000000	1.580959	0.306871	0.073958	2.961788

Source: County of Solano Auditor-Controller's Property Tax Division

COUNTY OF SOLANO, CALIFORNIA
Principal Property Tax Payers
June 30, 2010 and June 30, 2001

Taxpayer	Fiscal Year 2010			Fiscal Year 2001		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Genentech Inc	\$ 1,297,322,248	1	3.30%			
Valero Refining Company - Calif	866,393,232	2	2.21%	\$ 603,918,898	1	2.48%
Pacific Gas & Electric Company	475,392,503	3	1.21%	325,431,459	2	1.34%
Shiloh Wind Project II LLC	358,983,403	4	0.91%			
Anheuser-Busch, Inc.	268,849,460	5	0.68%	236,986,379	3	0.97%
Shiloh I Wind Project LLC	205,691,143	6	0.52%			
Alza Corporation	191,594,471	7	0.49%	85,042,504	6	0.35%
High Winds LLC	175,681,999	8	0.45%			
California Northern Railroad	149,317,486	9	0.38%	101,491,443	5	0.42%
Pacific Bell Telephone Company	127,792,113	10	0.33%	182,607,595	4	0.75%
Park Management Corp				81,342,175	7	0.33%
Solano Mall LLC				81,243,000	8	0.33%
CPG Finance II LLC				68,025,000	9	0.28%
Totals	<u>\$ 4,117,018,058</u>		<u>10.49%</u>	<u>\$ 1,766,088,453</u>		<u>7.26%</u>

Sources: Adopted Budget Document and County of Solano Assessor-Recorder's Office

COUNTY OF SOLANO, CALIFORNIA
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2010	\$ 443,248,555	\$ 426,044,998	96.12%	\$ -	\$ 426,044,998	96.12%
2009	494,946,065	466,126,504	94.18%	15,845,372	481,971,876	97.38%
2008	507,245,315	472,447,183	93.14%	29,515,514	501,962,697	98.96%
2007	477,498,909	449,992,917	94.24%	23,157,911	473,150,828	99.09%
2006	429,891,175	413,880,171	96.28%	13,299,234	427,179,405	99.37%
2005	377,639,034	368,064,913	97.46%	4,264,066	372,328,979	98.59%
2004	338,754,419	332,042,337	98.02%	6,473,410	338,515,747	99.93%
2003	304,563,538	295,257,014	96.94%	9,210,845	304,467,859	99.97%
2002	253,305,116	248,780,029	98.21%	4,485,330	253,265,359	99.98%
2001	233,021,257	229,022,341	98.28%	3,984,197	233,006,538	99.99%

Source: County of Solano Treasurer - Tax Collector - County Clerk

COUNTY OF SOLANO, CALIFORNIA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	Fiscal Year				
	2010	2009	2008	2007	2006
General Government					
Notes payable	\$ 1,023,890	\$ 1,023,890	\$ 1,171,043 ³	\$ 11,864,718	\$ 13,356,468
Capital leases	1,122,586	1,303,468	16,874	28,968	88,080
Certificates of participation	125,852,804	130,649,735	138,013,241	142,576,213	146,692,575
Pension obligation bonds	81,105,000	88,830,000	121,020,000	127,805,000	133,195,000
Revenue bonds	-	-	-	-	-
Business-Type Activities					
Notes payable	39,297	94,854	149,853	200,965	247,631
Capital leases	-	-	-	-	-
Total primary government	<u>\$ 209,143,577</u>	<u>\$ 221,901,947</u>	<u>\$ 260,371,011</u>	<u>\$ 282,475,864</u>	<u>\$ 293,579,754</u>
Percentage of Personal Income ¹	1.20%	1.33%	1.62%	1.81%	1.97%
Percentage of Actual Value of Taxable Property ²	0.53%	0.54%	0.57%	0.62%	0.71%
Per Capita ¹	\$ 488.84	\$ 521.21	\$ 613.24	\$ 668.35	\$ 697.81

¹ See the 'Demographic and Economic Statistics' table for the population and personal income figures. Note that these ratios are calculated using data from January 1.

² See the 'Assessed Value and Actual Value of Taxable Property' table for total taxable assessed value.

³ Please note that Rural North Vacaville Water District has become a Special District in FY 2007/08 and therefore is not part of the General Government. The decrease of \$11 million in 'Notes Payable' from FY 2006/07 to FY 2007/08 was due to that reason.

Source: Audited Financial Statements

COUNTY OF SOLANO, CALIFORNIA
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

		Fiscal Year								
		2005	2004	2003	2002	2001				
							General Government			
\$	14,897,413	\$	16,637,923	\$	18,022,764	\$	15,222,425	\$	7,034,007	Notes payable
	191,329		377,880		937,955		681,824		537,871	Capital leases
	155,954,388		162,086,201		168,748,015		51,921,079		59,765,000	Certificates of participation
	96,665,000		96,665,000		-		-		-	Pension obligation bonds
	-		-		-		-		170,000	Revenue bonds
							Business-Type Activities			
	318,517		1,420,051		1,608,192		437,665		560,012	Notes payable
	5,106		12,394		30,088		36,877		35,657	Capital leases
\$	268,031,753	\$	277,199,449	\$	189,347,014	\$	68,299,870	\$	68,102,547	Total primary government
	1.90%		2.05%		1.46%		0.55%		0.57%	Percentage of Personal Income ¹
	0.74%		0.86%		0.65%		0.26%		0.28%	Percentage of Actual Value of Taxable Property ²
\$	639.69	\$	665.68	\$	458.53	\$	167.19	\$	169.66	Per Capita ¹

COUNTY OF SOLANO, CALIFORNIA
Legal Debt Margin Information
Last Ten Fiscal Years

Fiscal Year	(1) Assessed Value of Property	(2) Debt Limit, 5% of Assessed Value	(3) Debt Applicable to the Limit	(4) Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2009-10	\$ 39,256,945,402	\$ 1,962,847,270	\$ -	\$ 1,962,847,270	0.00%
2008-09	40,873,042,919	2,043,652,146	-	2,043,652,146	0.00%
2007-08	45,318,102,865	2,265,905,143	-	2,265,905,143	0.00%
2006-07	45,688,693,224	2,284,434,661	-	2,284,434,661	0.00%
2005-06	41,544,353,287	2,077,217,664	-	2,077,217,664	0.00%
2004-05	36,386,372,123	1,819,318,606	-	1,819,318,606	0.00%
2003-04	32,280,154,735	1,614,007,737	-	1,614,007,737	0.00%
2002-03	29,353,766,624	1,467,688,331	-	1,467,688,331	0.00%
2001-02	26,560,455,206	1,328,022,760	5,100	1,328,017,660	0.00%
2000-01	24,340,024,064	1,217,001,203	185,000	1,216,816,203	0.02%

Notes:

- (1) Assessed property value data can be found in Schedule "Assessed Value of Taxable Property and Actual Value of Property".
- (2) California Government Code, Section 29909, states the total amount of bonded indebtedness shall not at any time exceed 5 percent of the taxable property of the county as shown by the last equalized assessment roll.
- (3) Bonded debt applicable to the limit only includes general obligation bonds.
- (4) The legal debt margin is the County's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

Source: Audited Financial Statements

COUNTY OF SOLANO, CALIFORNIA
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Year</u> ¹	<u>Population</u> ²	<u>Personal Income</u> ³	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u> ⁵
2010	427,837	\$ 17,393,142,855 ⁴	\$ 40,654	12.2%
2009	425,740	16,695,057,883 ⁴	39,214	11.3%
2008	424,585	16,024,991,000	37,743	7.0%
2007	422,646	15,606,372,000	36,925	5.3%
2006	420,715	14,875,748,000	35,358	5.1%
2005	419,004	14,105,481,000	33,664	5.4%
2004	416,417	13,531,998,000	32,496	5.9%
2003	412,948	12,957,017,000	31,377	6.4%
2002	408,513	12,482,297,000	30,555	5.9%
2001	401,408	12,032,713,000	29,976	4.6%

Detail of estimated population, as of January 1, 2010:

Incorporated Cities	
Benicia	28,086
Dixon	17,605
Fairfield	105,955
Rio Vista	8,324
Suisun City	28,962
Vacaville	97,305
Vallejo	121,435
Total of Incorporated	<u>407,672</u>
Total of Unincorporated Areas	<u>20,165</u>
Total Population	<u><u>427,837</u></u>

Notes:

¹ Calendar year

² Obtained from State of California, Department of Finance Demographics Research Unit, Calendar Years 2001-2009 are adjusted figures

³ Obtained from US Department of Commerce - Bureau of Economic Analysis, Calendar Years 2001-2008 are adjusted figures

⁴ Estimated amounts

⁵ Obtained from State of California Employment Development Department

⁶ For June 2010 Solano County

COUNTY OF SOLANO, CALIFORNIA
Principal Employers
June 30, 2010 and June 30, 2001

Employer	2010			2001		
	Employees	Rank	Percentage of Total County Employment¹	Employees	Rank	Percentage of Total County Employment¹
Travis AFB	11,030 ²	1	5.84%	n/a ⁵		
Kaiser Permanente	3,262 ³	2	1.73%	2,950	2	1.56%
County of Solano	2,559 ⁴	3	1.35%	3,009	1	1.60%
Fairfield-Suisun Unifed School District	1,767	4	0.94%	n/a ⁵		
Vallejo Unifed School District	1,684	5	0.89%	n/a ⁵		
Six Flags Marine World	1,500 ³	6	0.79%	1,688	3	0.90%
NorthBay Medical Center	1,480 ³	7	0.78%	1,200	4	0.64%
Vacaville Unifed School District	1,067	8	0.56%	n/a ⁵		
Genentech Inc.	950 ³	9	0.50%	550	9	0.29%
Wal-Mart	890 ³	10	0.47%			
Providian Financial				850	5	0.45%
Alza Corporation				680	6	0.36%
Westamerica Bancorporation				572	7	0.30%
Sutter Solano Medical Center				565	8	0.30%
Anheuser-Busch Brewery				530	10	0.28%
Totals	26,189		13.86%	12,594		6.68%

¹ Total County employment figure-obtained from State of California Employment Development Department

² Travis AFB employment figure-consists of active USAF military personnel and civilians

³ Employment figure-from 2009 County of Solano CAFR, no recent employment figure is available

⁴ County of Solano employment figure-actual from Human Resources Department, not from Recommended Budget

⁵ Employment figure as of 6/30/01-not available

Sources: County of Solano, Travis AFB Website, School Districts staff

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COUNTY OF SOLANO, CALIFORNIA
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years
Full-time Equivalent Employees as of June 30

	2010	2009	2008	2007	2006
Function/Program					
General government	271.50	288.00	280.00	272.00	263.00
Public protection	1,160.00	1,243.50	1,237.00	1,194.00	1,191.50
Public ways and facilities	73.50	75.50	76.50	74.50	73.00
Health services	477.10	520.08	520.83	532.63	483.05
Public assistance	674.50	711.50	713.50	720.50	738.60
Education and recreation	151.23	153.73	152.23	149.73	140.23
Nut Tree Airport	5.00	5.00	4.00	4.00	3.00
Fouts Springs Youth Facility	30.00	30.00	29.00	29.00	30.00
Internal service	79.50	88.50	86.50	82.50	73.50
Total	2,922.33	3,115.81	3,099.56	3,058.86	2,995.88

Source: County of Solano Recommended Budget

COUNTY OF SOLANO, CALIFORNIA
Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years
Full-time Equivalent Employees as of June 30

<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	
					Function/Program
250.00	245.00	247.00	236.00	223.00	General government
1,180.50	1,241.50	1,279.50	1,235.50	1,447.25	Public protection
73.00	74.00	74.00	73.00	73.00	Public ways and facilities
498.08	491.16	511.66	498.66	475.51	Health services
718.00	750.50	786.55	767.30	753.80	Public assistance
137.23	131.13	130.13	130.63	125.63	Education and recreation
3.00	3.00	3.00	3.00	3.00	Nut Tree Airport
41.00	55.50	55.50	54.00	46.00	Fouts Springs Youth Facility
72.50	71.50	73.50	53.50	49.50	Internal service
<u>2,973.31</u>	<u>3,063.29</u>	<u>3,160.84</u>	<u>3,051.59</u>	<u>3,196.69</u>	Total

COUNTY OF SOLANO, CALIFORNIA
Operating Indicators by Function
Last Eight Fiscal Years[†]

	2010	2009	2008	2007	2006	2005	2004	2003
Function/Program								
General government								
Clerk-Recorder-Assessor - documents recorded	122,646	110,104	119,333	172,494	213,267	227,032	240,195	231,751
Public protection								
[#] Number of felony cases filed-District Attorney	3,722	3,820	3,961	4,198	3,804	4,122	3,795	3,661
[#] Number of misdemeanor cases filed-District Attorney	8,211	10,056	11,382	9,404	7,680	8,085	9,819	9,853
[#] Number of juvenile petitions-District Attorney	1,191	1,496	1,746	1,964	1,516	1,470	1,367	1,273
Number of Bookings-Sheriff	16,323	18,485	19,629	25,415	17,780	17,901	17,939	19,174
Average Daily Population-Juvenile Hall	80	86	76	89	58	78	78	71
Average Daily Population-New Foundation	24	26	21	26	24	25	24	22
Average Intake-Juvenile Hall	141	175	173	180	111	175	153	130
[#] Number of building permits issued	545	699	760	990	829	923	890	940
Public ways and facilities								
Miles of roads maintained	586	587	587	587	589	595	595	600
Health services & public assistance								
Average monthly medical clinic visits	3,641	3,348 *	3,259 *	2,757 *	2,331 *	2,547	2,561	2,565
Average monthly dental clinic visits	616	396	429	354	344	368	344	403
Average monthly food stamp recipients	33,102	27,662	22,590	20,599	18,271	16,096	13,878	12,202
Average monthly MediCal beneficiaries	65,850	62,197 *	59,706 *	57,487 *	57,373	54,651	52,466	49,694
Average monthly CalWorks cash assistance recipients	15,443	14,359	13,390	12,486	11,970 *	11,118	10,330	9,623
Average monthly General Relief recipients	1,141	973	792	685	651	456	371	306
Education and recreation								
Total circulation	4,084,977	3,794,831	3,283,812	2,951,709	2,686,203	2,753,787	2,646,019	2,418,093
Total circulation - SNAPweb	804,304	670,825	568,493	478,578	448,410	409,897	355,256	287,369
Number of library patrons	2,206,518	2,248,937	2,063,232	1,928,345	1,497,667	1,549,998	1,529,006	1,435,064
Number of parks	4	4	4	4	3	3	3	3
Number of park visitors	182,434	189,703	221,806	261,351	166,735	179,371	171,144	172,143
Nut Tree Airport								
Takeoffs and landings	104,000	102,500	102,500	105,000	101,500	n/a	n/a	n/a
Fouts Springs Youth Facility								
Average Daily Population	47	54	58	56	49	65	81	102
Internal service								
Number of Fleet Vehicles	480	514	502	502	507	500	498	462
Number of Annual Fleet Miles Driven	4,299,929	5,214,737	5,300,563	4,947,911	4,529,923	4,519,141	4,579,844	4,443,087

[†] 10 year data not readily available

^{n/a} Information not available

[#] Information based on calendar year

* Adjusted figures as of 6/30/10

Source: Various County departments

COUNTY OF SOLANO, CALIFORNIA
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal Year									
	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Function/Program										
General government										
Buildings	16	16	15	13	13	12	11	11	11	11
Public protection										
Sheriff sub stations	1	2	3	3	3	3	3	3	3	3
Patrol units	20	23	20	20	22	22	22	n/a	n/a	n/a
Jail and detention facilities	3	3	3	3	3	3	3	3	3	3
Public ways and facilities										
# Miles of roads	586	587	587	587	589	595	595	600	600	n/a
Health services & public assistance										
Clinics & administration buildings	8	6	7	7	7	7	7	7	6	6
Education and recreation										
Branch libraries	8	8	8	8	7	6	6	6	6	6
Veterans buildings	6	6	5	5	5	5	5	5	5	5
Public parks acreage	1,925	1,925	1,925	1,925	225	225	225	225	225	225
Nut Tree Airport										
Number of runways	1	1	1	1	1	1	1	1	1	1
Fouts Springs Youth Facility										
Detention facilities	1	1	1	1	1	1	1	1	1	1

^{n/a} Information not available

[#] Information based on calendar year

Source: Various County departments

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