

**County of Solano, California**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2011**



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





County of Solano, California



## Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2011

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, 2011

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OFFICE OF THE AUDITOR-CONTROLLER

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Auditor-Controller

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**Phyllis Taynton, CPA**  
Assistant Auditor-Controller

December 22, 2011

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, 2011. 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, 2011, 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, 2011, 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 30<sup>th</sup> 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 84.

### *Population and Local Economy*

The County's population as of January 2011 was approximately 414,509. The County's population ranks 21<sup>st</sup> 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 1% annually. The fastest growing Solano County city is Rio Vista, growing 124% over the last two decades or an average of approximately 5.9% annually. Dixon came in second at 77% or an average annual growth rate of about 3.7%. With average annual growth rates less than 1%, Benicia and Vallejo were the slowest growing communities. The bulk of the County's overall growth occurred in Fairfield (37%) and Vacaville (29%). The two largest cities within the county are Vallejo and Fairfield with population of 116,508 and 104,815 respectively.

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 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 General 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 General 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 various funding problems and threats that may occur within the General Fund or threats to other Board priorities.

On June 14, 2011, the Board adopted the new Fund Balance Policy which included the changes to conform to Government Accounting Standards Board (GASB) Statement No. 54. The new Fund Balance Policy included the following changes: (1) updated the General Fund General Reserve Policy, (2) updated the General Fund Balance for Accrued Leave Payoff, (3) defined the General Fund Loans as Nonspendable Fund Balance, (4) established a Spending Priority Policy, (5) included definitions of the new fund balance categories, and (6) included Other Fund's fund balance policy.

The Strategic Plan Goals of the Board of Supervisors 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 Program, 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. On February 22, 2011, the Board authorized the issuance of the Notice to Proceed to Turner Construction Company for Design/Build services for the project. 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 programs 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. The project is financed with tobacco settlement securitization proceeds.

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 will allow the existing Claybank facility to be used as a local re-entry facility housing minimum security inmates. The anticipated completion date is August 2014.

In March 2011, the County offered the Public Agency Retirement System (PARS) Supplementary Retirement Plan (SRP) to eligible miscellaneous and safety retirement plan members employed by the County as of January 11, 2011. This action is consistent with the County's efforts to reduce the imbalance between ongoing revenues to ongoing expenditures by reducing the county's workforce. Ninety-one employees participated in the program which is expected to save the County an estimated \$2.4 million annually over the next five years.

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

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 other 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 her designee, Superintendent of Schools or his designee, two members of the public and one representative 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 .75%. Apportioned earnings do not include appreciation on the fair value of the investments.

#### **Awards and Acknowledgements**

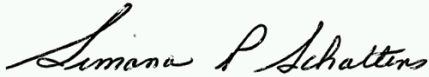
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Solano for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2010. This is the ninth consecutive 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, 2010

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.








*Linda C. Dandson*

President

*Jeffrey R. Emer*

Executive Director

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
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County Counsel  
Dennis Bunting



County Administrator  
Birgitta Corsello

Elected Officials



Auditor-Controller  
Simona Padilla-Scholten



District Attorney  
Don du Bain



Assessor-Recorder  
Marc Tonnesen



Sheriff/Coroner  
Gary Stanton



Tax Collector/County  
Clerk/Treasurer  
Charles Lomeli

Appointed Officials



Ag. Comm./Sealer  
Jim Allan



General Services  
Mike Lango



Human Resources\*  
Georgia Cochran



H&SS  
Patrick Duterte



Public Defender  
Lesli Caldwell



Library  
Bonnie Katz



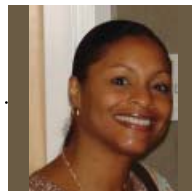
Resource Mgmt.  
Bill Emlen



Veterans Services  
Ted Puntillo



CIO/ROV  
Ira Rosenthal



Probation\*  
Donna Robinson



UC Cooperative Extension  
Morgan Duran



Child Support Services  
Pamela Posehn

.....Personnel/Budgetary Controls Only  
\* Interim Appointments  
Current as of Dec. 15, 2011



## County of Solano 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	Morgan Duran	784-1317
County Administrator	Birgitta E. Corsello	784-6100
County Counsel	Dennis Bunting	784-6140
Child Support Services	Pamela Posehn	784-3606
District Attorney	Don du Bain	784-6800
General Services	Mike Lango	784-7900
Health & Social Services	Patrick Duterte	784-8400
Human Resources/Risk Management (Interim)	Georgia Cochran	784-6170
Library	Bonnie Katz	784-1500
Probation (Interim)	Donna Robinson	784-7600
Public Defender/Conflict Public Defender	Lesli Caldwell	784-6700
Resource Management	Bill Emlen	784-6765
Sheriff/Coroner	Gary Stanton	784-7030
Treasurer-Tax Collector-County Clerk	Charles Lomeli	784-6295
Veteran Services	Ted Puntillo	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, 2011, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units and remaining fund information of the County of Solano, California, as of June 30, 2011, 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, 2010, the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2011 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.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements as a whole. 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 financial statements. The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide any assurance on them.

*Macie Meiri & O'Connell LLP*

Sacramento, California  
December 21, 2011



OFFICE OF THE 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, 2011. 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, 2011 by \$640.2 million (net assets). Of this amount, \$172.1 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$57 thousand as a result of the current year's operations.
- At June 30, 2011, the County's governmental funds reported combined ending fund balances of \$205.6 million a decrease of \$108 thousand as a result of the current year's operations. Approximately 38% or \$77.1 million of the total fund balance is restricted; 33% or \$67.7 million is assigned for spending at the Board's discretion; 13% or \$26.9 million is nonspendable; 13% or \$27 million is unassigned; and the remaining 3% or \$6.9 million is committed.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$36 million or 54% 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 16 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 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 Communication, 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 – 82 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 83 – 87 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 90 – 125 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 \$640.2 million at June 30, 2011.

### Solano County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 488,161,746	\$ 473,184,332	\$ (1,890,757)	\$ (3,228,674)	\$ 486,270,989	\$ 469,955,658
Capital assets	485,417,369	492,005,924	19,226,808	19,867,060	504,644,177	511,872,984
Total assets	<u>\$ 973,579,115</u>	<u>\$ 965,190,256</u>	<u>\$ 17,336,051</u>	<u>\$ 16,638,386</u>	<u>\$ 990,915,166</u>	<u>\$ 981,828,642</u>
Long-term obligations	\$ 241,396,917	\$ 247,235,644	\$ 513,225	\$ 567,246	\$ 241,910,142	\$ 247,802,890
Other liabilities	108,522,262	93,589,390	297,508	307,669	108,819,770	93,897,059
Total liabilities	<u>349,919,179</u>	<u>340,825,034</u>	<u>810,733</u>	<u>874,915</u>	<u>350,729,912</u>	<u>341,699,949</u>
Net assets:						
Invested in capital assets, net of related debt	364,775,065	366,707,988	19,226,808	19,827,763	384,001,873	386,535,751
Restricted net assets	84,063,560	49,100,180	-	-	84,063,560	49,100,180
Unrestricted net assets	174,821,311	208,557,054	(2,701,490)	(4,064,292)	172,119,821	204,492,762
Total net assets	<u>623,659,936</u>	<u>624,365,222</u>	<u>16,525,318</u>	<u>15,763,471</u>	<u>640,185,254</u>	<u>640,128,693</u>
Total liabilities and net assets	<u>\$ 973,579,115</u>	<u>\$ 965,190,256</u>	<u>\$ 17,336,051</u>	<u>\$ 16,638,386</u>	<u>\$ 990,915,166</u>	<u>\$ 981,828,642</u>

### Analysis of Change in Net Assets

At fiscal year end, the County's net assets increased by \$57 thousand.

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 decreased by \$2.5 million from the prior year due to the completion of various capital projects triggering the increase in the depreciation.

An additional portion of the County's net assets (13%) represents resources subject to restrictions on how they may be used. Due to the implementation of the Government Accounting Standard Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definition*, the County further evaluated and reclassified the fund balances thereby causing a significant increase in this category. This increase was approximately \$35 million from prior year.

Unrestricted net assets which represent 27% of the total net assets decreased by approximately \$32 million from prior year primarily due to the reason cited 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 \$705 thousand.

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, 2011 and June 30, 2010**

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 72,050,943	\$ 68,506,198	\$ 3,651,362	\$ 4,588,180	\$ 75,702,305	\$ 73,094,378
Operating grants and contributions	290,072,372	264,136,077	540,479	548,965	290,612,851	264,685,042
Capital grants and contributions	3,165,238	14,076,600	2,098,493	-	5,263,731	14,076,600
General revenues:						
Property taxes	109,322,638	112,720,861	239,913	246,828	109,562,551	112,967,689
Other taxes	2,694,278	5,454,356	-	-	2,694,278	5,454,356
Intergovernmental	23,601,639	20,607,668	48,430	50,857	23,650,069	20,658,525
Interest and investment earnings	1,926,203	2,744,934	453	1,168	1,926,656	2,746,102
Other	18,716,998	19,692,717	217,795	109,083	18,934,793	19,801,800
Gain on sale of capital assets	-	37,694	-	15,300	-	52,994
Total Revenues	\$ 521,550,309	\$ 507,977,105	\$ 6,796,925	\$ 5,560,381	\$ 528,347,234	\$ 513,537,486
Expenses:						
General government	62,456,530	62,720,766	-	-	62,456,530	62,720,766
Public protection	157,078,830	164,196,516	-	-	157,078,830	164,196,516
Public ways and facilities	12,760,561	12,148,729	-	-	12,760,561	12,148,729
Health services	108,700,791	104,435,728	-	-	108,700,791	104,435,728
Public assistance	144,667,818	140,870,819	-	-	144,667,818	140,870,819
Education and recreation	17,739,331	19,241,131	-	-	17,739,331	19,241,131
Interest on long-term debt	10,186,688	11,038,872	-	-	10,186,688	11,038,872
Nut Tree Airport	-	-	1,817,231	2,531,275	1,817,231	2,531,275
Fouts Springs Youth Facility	-	-	4,073,152	3,888,424	4,073,152	3,888,424
Total Expenses	\$ 513,590,549	\$ 514,652,561	\$ 5,890,383	\$ 6,419,699	\$ 519,480,932	\$ 521,072,260
Excess before extraordinary item and transfers	7,959,760	(6,675,456)	906,542	(859,318)	8,866,302	(7,534,774)
Extraordinary item	(8,809,741)	-	-	-	(8,809,741)	-
Transfers	144,695	93,446	(144,695)	(93,446)	-	-
Change in net assets	(705,286)	(6,582,010)	761,847	(952,764)	56,561	(7,534,774)
Net assets – beginning	624,365,222	630,947,232	15,763,471	16,716,235	640,128,693	647,663,467
Net assets – ending	\$ 623,659,936	\$ 624,365,222	\$ 16,525,318	\$ 15,763,471	\$ 640,185,254	\$ 640,128,693

**Revenues:** Total revenues for the County’s governmental activities increased by \$13.6 million from the prior year. The following factors contributed to the increase in revenues:

Charges for Services

Charges for services had a net increase of \$3.5 million or 5.17% from the prior year primarily due to the following:

- Increase of \$3.4 million for medical services and County Medical Services Program (CMSP) revenues triggered by full operation of the Twin Campus sites for the current year and increase in managed care services due to increase in number of enrolled managed care members.
- Increase of \$1.8 million due to increase in recording fees; contract services for court security services provided by the sheriff; institutional care related to state parolee hold

services; public and conflict defender's contract services with Administrative Office of the Court and professional services for various departments.

- Decrease of \$2.1 million in the general government attributable to the decrease in public facilities fees charges due to sluggish real estate market and decrease in construction activities resulting in fewer building permits issued. Additional decrease is attributable to the election charges due to only one countywide election in the current year.

#### Operating grants and contributions:

Operating grants and contributions had a net increase of \$25.9 million or 9.82% from the prior year primarily due to the following:

- Increase of \$2.2 million in the public safety half cent sales tax revenues (Prop 172) due to increase in sales during the current fiscal year.
- Increase of \$4 million in the Transportation Fund due to the Highway Users Tax Account (HUTA) revenue. In the current year, the Traffic Congestion Relief Program (Prop 42) revenue was swapped for additional HUTA revenue which can be used for the operations.
- Increase of \$5.5 million due to the recognition of the prior year MediCal Administrative Activities/Targeted Case Management (MAA/TCM) pass through revenues due to the timing of receipt of reimbursements from the state, increase of sales tax realignment due to increased sales, receipt of revenues related to the intergovernmental (IGT) agreement with the California Department of Health Care Services through the Partnership Health Plan which was implemented in the current fiscal year.
- Increase of \$14 million from CALWORKS revenues as a result of increased cost in the assistance program, increased federal administrative reimbursements related to Temporary Assistance to Needy Families (TANF) due to the receipt of prior year closeout monies, and increased revenues related to the food stamps administration.

#### Capital grants and contributions:

Capital grants and contributions had a decrease of \$10.9 million or 77.5% from the prior year due to the following:

- Decrease of \$4.9 million due to Transportation Bond Program (Prop1B) funding received in the prior fiscal year; no funding was received in the current fiscal year.
- Decrease of \$3.2 million due to revenues related to the Traffic Congestion Relief Program (Prop 42) received in the prior year. For FY 2010/11, Prop 42 revenues were swapped for additional HUTA revenues not restricted for capital expenditures.
- Decrease of \$1.6 million due to the completion of various projects in FY2009/10 related to American Recovery and Reinvestment Act (ARRA).
- Decrease of \$.9 million due to the delay in federal funding for highway planning and construction due to projects not completed in the current fiscal year.

#### General revenues:

General revenues had a net decrease of \$5 million or 3.1% primarily due to the following:

- Decrease of \$2 million in secured property taxes and a decrease of \$1.4 million in Property Tax in Lieu of VLF due to the decline in assessed values of real property from the troubled real estate market.
- Decrease of \$2.6 million attributable to the Sales and Use Tax in Lieu. There was a significantly higher allocation in the prior year which was corrected in the current fiscal year by the State California Department of Finance.

- Interest and investment earnings were considerably less than prior year due to less cash and lower interest yield due to the struggling economy.
- These decreases were offset by the increase in the intergovernmental revenues resulting from SB90 revenues.

Extraordinary Item:

The extraordinary item of \$8.8 million represents the accrual of First 5 Solano's 50% fund balance as of 06/30/10 required to be remitted by June 2012 to the State of California per Assembly Bill 99.

**Business-type activities.** Business-type activities increased the County's net assets by \$762 thousand as a result of current year operations. The net assets for the Nut Tree airport increased by \$1.3 million due to the receipt of a \$2 million capital grant from the Federal Aviation Administration (FAA) to finance the acquisition of real property. This increase is offset by the \$.5 million decrease in the net assets for the Fouts Springs Youth Facility due to continued increases to expenses and decreases to revenues.

**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. Fund balance categories have changed from prior year as a result of the implementation of GASB 54.

At June 30, 2011, the County's governmental funds reported combined ending fund balances of \$205.6 million, a decrease of \$108 thousand from prior year. The largest component of the fund balance, at 38% of the total, was restricted at \$77.1 million. Spending of these resources is constrained by externally imposed (creditors, grantors, contributors, laws) limitations on their use and by enabling legislation. The assigned fund balance representing 33% of the total fund balance was constrained by the Board to use for specific purposes but are neither legally restricted nor committed.

The *General Fund* is the chief operating fund of the County. The General Fund's total fund balance increased by \$9.4 million or 8.94%, from prior year. At the end of the current fiscal year the total fund balance was \$114.3 million. The assigned fund balance was \$44.8 or 39% which represents the amount constrained by the board for specific purposes. The unassigned fund balance was \$36 million or 32% which is available for financing future budgets. Nonspendable fund balance was \$27 million or 23% representing inventory and long term receivables. Committed fund balance was \$6.9 million or 6% representing reserves for deferred maintenance and employee accrued leave payoff.

As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance and the total fund balance to total fund expenditures. Unassigned fund balance represents 54% of the total General Fund expenditures while total fund balance represents 170% of that same amount.

The *Health and Social Services Fund*, a special revenue fund, had a net increase in fund balance of \$2.1 million due to the receipt of the prior year revenues in the current fiscal year.

The *Public Safety Fund*, a special revenue fund, had a net decrease in fund balance of \$1.4 million due to the transfer of funds to the Accumulated Capital Outlay Fund for its share of the Claybank Security Upgrade Project.

The *Accumulated Capital Outlay Fund*, a capital projects fund, had a net decrease in fund balance of \$4.2 million due to increases in expenditures for the completion of the Health and Social Services facilities in Vallejo and Fairfield, Dixon Vets Memorial Building and Old Library Renovation.

The *Pension Debt Service Fund*, had an increase in fund balance of \$5.4 million due to an increase in the Pension Obligation Bond rate from increased charges to County departments.

The fund balance of Other Governmental Funds decreased by approximately \$11.4 million primarily due to the \$8.8 million required remittance to the State of California from First 5 Solano per AB99.

For fiscal year ended June 30, 2011, the total revenues for governmental funds totaled \$545.9 million. This represents a 1.64% increase from FY 09/10.

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

**Revenues Classified by Source  
Governmental Funds**

	2011		2010		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
<b>Revenues by Source</b>						
Taxes	\$ 116,385,423	21.32%	\$ 121,801,475	22.68%	\$ (5,416,052)	(4.45)%
Licenses, permits and franchise	6,580,255	1.21%	5,763,943	1.07%	816,312	14.16%
Fines, forfeitures and penalties	4,146,885	0.76%	4,883,821	0.91%	(736,936)	(15.09)%
Revenue from use of money	2,542,856	0.47%	3,419,568	0.64%	(876,712)	(25.64)%
Intergovernmental revenues	309,499,470	56.70%	297,119,249	55.32%	12,380,221	4.17%
Charges for services	89,632,816	16.42%	86,456,048	16.10%	3,176,768	3.67%
Miscellaneous revenues	17,068,861	3.13%	17,617,361	3.28%	(548,500)	(3.11)%
<b>Total</b>	<b>\$ 545,856,566</b>	<b>100.00%</b>	<b>\$ 537,061,465</b>	<b>100.00%</b>	<b>\$ 8,795,101</b>	<b>1.64%</b>

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

- **Taxes:** The decrease of \$5.4 million is due to the decrease in secured taxes (\$2 million) due to the continued troubled real estate market. Also, Property Tax in Lieu of VLF decreased by \$1.4 million over prior year. This revenue is based on the growth in assessed values. Sales & Use Tax (SUT) and Sales & Use tax in Lieu received in FY2010/11 was significantly lower (\$2.6 million) than prior year due to the adjustment and one time transaction made by the State Department of Finance.
- **Intergovernmental:** The increase of \$12.4 million is attributable to the increase of various state and federal revenue sources for H&SS for health and public assistance programs. Public Safety Prop 172 revenues increased due to increased sales. These increases are offset by decreases in state and federal revenues for the Transportation Fund



related to Prop 1B, Prop 42 and ARRA monies due to the completion of projects in FY09/10.

- Charges for services: The net increase of \$3.2 million is attributable to the medical services and CMSP revenues due to the increase in caseloads. This increase is offset by a decrease in revenues for public facilities fees due to the sluggish real estate market and a decrease in construction activities.

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

**Expenditures by Function  
Governmental Funds**

Expenditures by Function	2011		2010		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 55,690,156	10.35%	\$ 57,522,204	9.98%	\$ (1,832,048)	(3.18)%
Public protection	162,891,649	30.28%	170,823,420	29.63%	(7,931,771)	(4.64)%
Public ways and facilities	9,619,806	1.79%	9,170,245	1.59%	449,561	4.90%
Health services	112,350,121	20.89%	108,637,073	18.84%	3,713,048	3.42%
Public assistance	146,596,884	27.25%	144,765,442	25.11%	1,831,442	1.27%
Education and recreation	18,828,034	3.50%	20,215,842	3.51%	(1,387,808)	(6.86)%
Debt service - principal retirement	8,663,794	1.61%	12,465,882	2.16%	(3,802,088)	(30.50)%
Debt service - interest charges	10,227,822	1.90%	11,266,372	1.95%	(1,038,550)	(9.22)%
Bond issuance cost	25,590	0.00%	254,727	0.04%	(229,137)	100.00%
Capital outlay	13,007,061	2.43%	41,366,813	7.18%	(28,359,752)	(68.56)%
<b>Total</b>	<b>537,900,917</b>	<b>100.00%</b>	<b>576,488,020</b>	<b>100.00%</b>	<b>(38,587,103)</b>	<b>(6.69)%</b>

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

- General government: The decrease of \$1.8 million is attributable to decreases in salaries and benefits due to staff vacancies, retirements and layoffs. Expenditures related to elections also decreased due to only one countywide election in the current year compared to three elections in the prior year.
- Public protection: The decrease of \$7.9 million is attributable to a decrease in salaries and benefits due to staff vacancies, retirements and layoffs. Other Public Defense legal and other professional services also decreased because of the Public Defender’s efforts to use county staff to try more complex and serious felony cases.
- Health services: The increase of \$3.7 million is due to the intergovernmental transfer to the State to drawdown more federal funding through the Partnership Health Plan. Expenditures related to the interfund services for First Five also increased. These are for programs related to Integrated Family Support initiative (IFSI), Baby First and Early Periodic Screening Diagnosis and Treatment (EPSDT), School Readiness Grants and Family Support Grants.
- Public assistance: The increase of \$1.8 million is due to increased charges for liability insurance for insurance claims filed, increased medical and dental supplies due to higher volume in public health care clinics, increased capital outlay and computer components due to the purchase and implementation of the electronic health records system, increased software maintenance and support due to the imaging project for social services. These increases were partially offset by a decrease in salaries and benefits mainly due to the staff vacancies, retirements and layoffs.

- Education and recreation: The decrease of \$1.4 million is attributable to the decrease in salaries and benefits due to retirements and layoffs. Services and supplies were also decreased primarily for library processing costs and materials, databases and security services as part of the department's cost reduction effort.
- Debt service principal retirement: The decrease of \$3.8 million is primarily due to the \$5 million redemption of the 2004 POB Series B3 in FY 2009/10.
- Debt service interest charges: The decrease of \$1 million is due to lower interest payments per debt schedule.
- Capital outlay: The net decrease of \$28.4 million is attributable to the completion of the Health and Social Services facilities in Vallejo and Fairfield, Dixon Vets Memorial Building and Old Library Renovation.

**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 \$2.2 million and the unrestricted net assets for the Fouts Springs Youth Facility was a negative \$464 thousand. The Nut Tree Airport's net asset deficit is expected to be resolved through federal reimbursement from Federal Aviation Administration in future years. Net assets for the Nut Tree Airport increased by \$1.3 million and net assets for Fouts Springs Youth Facility decreased by \$549 thousand. The increase in net assets for the Nut Tree Airport was due primarily from the capital grant received from the Federal Aviation Administration (FAA) to finance the purchase of the land adjacent to the airport. The decrease in net assets for Fouts Springs Youth Facility was the result of increases in operating expenses and decreases in charges for wards due to decrease in number of placements.

### **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 84 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 \$1.8 million or .98%, from the Original budget. Total appropriations increased by \$1.8 million or 2.49%, from the Original budget. Actual revenues were more than the final budgeted revenues by \$5.7 million or 3.15%. Actual expenditures were less than the final appropriations by \$6.9 million or 9.36%. Significant factors affecting these changes were as follows:

### **Original Budget vs. Final Budget**

#### Appropriations:

Increases of \$1.8 million in appropriations consist of various adjustments from individual departments within the General Fund. However, the most significant adjustment is due to the Department of Resource Management's appropriations increase of \$1.5 million due primarily to increases in contract and professional services for the wind energy and turbine project.

## Final Budget vs. Actual Amounts

During the year, revenues recognized were more than budgetary revenue estimates by \$5.7 million and expenditures were less than appropriations by \$6.9 million, thus reducing the need to draw upon fund balance.

### Revenue Variances:

- The favorable variance in taxes is primarily attributed to secured, supplemental tax collections and Property Tax in Lieu of VLF revenues coming in higher than budgeted. The County anticipated significant impact to property tax revenues as a result of assessment appeals and assessment roll corrections; however, the impact was less than anticipated.
- The favorable variance in miscellaneous revenue is due to more money transferred from the Tax Loss Reserve than anticipated.

### Expenditure Variances:

- General Revenue – \$.6 million favorable variance due to Refunds of Prior Year Charges. Based on prior years and the current real estate market, the County expected more property tax refunds; however, the volume and amount of refunds were less than anticipated.
- General Services - \$1.1 million favorable variance is primarily due to appropriations for salaries and benefits not spent due to retirements, vacancies and elimination of positions as part of the budget reduction strategy.
- General Expenditures - \$.7 million favorable variance is primarily due to appropriations for data processing costs. The County budgeted \$1 million for technology improvement projects but only \$.4 million was transferred to departments for various technology projects.
- Resource Management - \$1.3 million favorable variance is primarily due to contracted and professional services for the unfinished multi-year projects.

## Capital Asset and Debt Administration

**Capital assets.** The County's capital assets for its governmental and business-type activities as of June 30, 2011, amount to \$504 million (net of accumulated depreciation). This investment in capital assets includes land, artwork, intangibles, buildings, machinery and equipment, roads, and bridges. The total decrease in the County's capital assets for the current fiscal year was \$7.2 million or 1.41%.

	Governmental activities		Business-type activities		Total		Increase/ (decrease)
	2011	2010	2011	2010	2011	2010	Percent of change
Land	\$ 154,919,067	\$ 154,905,725	\$ 10,330,025	\$ 10,328,251	\$ 165,249,092	\$ 165,233,976	0.01%
Artwork	490,064	483,064	-	-	490,064	483,064	1.45%
Intangibles	7,538,065	7,213,654	-	-	7,538,065	7,213,654	4.50%
Infrastructure	96,303,617	94,529,624	-	-	96,303,617	94,529,624	1.88%
Construction in progress	30,382,936	81,862,566	133,442	154,356	30,516,378	82,016,922	(62.79)%
Buildings	360,572,211	302,587,550	15,217,083	15,191,455	375,789,294	317,779,005	18.25%
Machinery and equipment	50,242,744	49,321,093	570,472	570,472	50,813,216	49,891,565	1.85%
Less: accumulated depreciation	(215,031,335)	(198,897,352)	(7,024,214)	(6,377,474)	(222,055,549)	(205,274,826)	8.17%
Total	\$ 485,417,369	\$ 492,005,924	\$ 19,226,808	\$ 19,867,060	\$ 504,644,177	\$ 511,872,984	(1.41)%

In the governmental activities, the significant change is due to the completion in the current fiscal year of various capital projects which includes the Old Library Renovation, South County

Government Center and the Public Health Laboratory. The completion of various projects increased depreciation expense for the fiscal year.

Additional information on the County’s capital assets can be found in Note III-E on pages 65 – 67 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 \$242 million which is entirely backed by the full faith and credit of the County.

	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Notes Payable	\$ 1,023,890	\$ 1,023,890	\$ -	\$ 39,297	\$ 1,023,890	\$ 1,063,187
Capital Leases	513,792	1,122,586	-	-	513,792	1,122,586
Certificates of Participation	120,868,119	125,852,804 *	-	-	120,868,119	125,852,804
Pension Obligation Bond	77,805,000	81,105,000	-	-	77,805,000	81,105,000
Self-insurance liability	10,545,541	9,244,520	-	-	10,545,541	9,244,520
Pollution Remediation Obligation	261,534	261,615	-	-	261,534	261,615
Other Post Employment Benefits	3,864,310	1,765,782	45,998	21,248	3,910,308	1,787,030
Compensated Absences	26,514,731	26,859,447	467,227	506,701	26,981,958	27,366,148
Total	\$ 241,396,917	\$ 247,235,644	\$ 513,225	\$ 567,246	\$ 241,910,142	\$ 247,802,890

\* A total of \$937,804 was added to reflect the correct balance for FY09/10.

The County’s total debt decreased by \$5.9 million primarily due to the \$8.8 million scheduled principal payments on long-term debt. The total decrease was offset by increase of \$1.3 million in the self-insurance liability resulting from the change in the confidence level and increase of \$2 million in other post employment benefits since the County did not fully fund the Annual Required Contribution (ARC) in the current year.

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 70 – 74 of this report.

### Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for the County is currently 10.9%. This is comparable to the State’s average unemployment rate of 11.7% (unadjusted, as of October 2011).
- 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 FY11/12 the adopted budget included \$20 million in appropriations for contingencies and \$35.6 million in general reserves.
- To adequately reflect the impact of the real estate recession, the County’s adopted budget included a 3% decline in property tax revenues for FY11/12 over prior year actual.
- Due to the current economic climate, the County continues to proactively adjust its spending plan to align it to the ongoing revenue streams. The Board of Supervisors has directed appropriation reductions by eliminating vacant and filled positions, department reorganizations, and reductions in discretionary program and/or discretionary levels of

service.

- The County has achieved labor concessions including the reduction of the Employer Paid Member Contribution (EPMC), establishment of a lower retirement tier for new employees, reduction of the cafeteria plan for health-related benefits from 80 percent to 75 percent of Kaiser family rate and the elimination of two floating holidays starting January 2012.

### **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, 2011**

	<b>Primary Government</b>			<b>Component Units</b>	
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Solano County Fair</b>	<b>Workforce Investment Board</b>
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and investments	\$ 273,618,759	\$ 183,391	\$ 273,802,150	\$ 1,178,186	\$ 401,995
Accounts receivable	3,279,190	9,352	3,288,542	198,686	12,414
Due from other agencies	65,941,592	328,198	66,269,790	168,720	161,537
Internal balances	2,411,698	(2,411,698)	-	-	-
Other assets	2,079,216	-	2,079,216	16,494	117,949
Total current assets	<u>347,330,455</u>	<u>(1,890,757)</u>	<u>345,439,698</u>	<u>1,562,086</u>	<u>693,895</u>
<b>Noncurrent assets</b>					
Long-term assets	12,246,671	-	12,246,671	-	-
Pension asset	128,584,620	-	128,584,620	783,597	-
Capital assets:					
Capital assets, not being depreciated	186,824,097	10,463,467	197,287,564	167,085	-
Capital assets, being depreciated, net	298,593,272	8,763,341	307,356,613	1,714,601	8,934
Total noncurrent assets	<u>626,248,660</u>	<u>19,226,808</u>	<u>645,475,468</u>	<u>2,665,283</u>	<u>8,934</u>
Total assets	<u>\$ 973,579,115</u>	<u>\$ 17,336,051</u>	<u>\$ 990,915,166</u>	<u>\$ 4,227,369</u>	<u>\$ 702,829</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Outstanding warrants	\$ 5,359,298	\$ 18,174	\$ 5,377,472	\$ -	\$ 150,367
Payables	39,131,023	230,648	39,361,671	56,561	221,219
Unearned revenue	34,066,606	10,954	34,077,560	505,348	47,350
Other liabilities	11,603,994	37,732	11,641,726	75,104	-
Due to other agencies	18,361,341	-	18,361,341	-	109
Current portion of long-term obligations	25,914,919	142,486	26,057,405	108,996	185,569
Total current liabilities	<u>134,437,181</u>	<u>439,994</u>	<u>134,877,175</u>	<u>746,009</u>	<u>604,614</u>
<b>Noncurrent liabilities</b>					
Noncurrent portion of long-term obligations	215,481,998	370,739	215,852,737	1,063,479	8,248
Total liabilities	<u>349,919,179</u>	<u>810,733</u>	<u>350,729,912</u>	<u>1,809,488</u>	<u>612,862</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	364,775,065	19,226,808	384,001,873	1,504,884	8,934
Restricted for:					
Public safety	5,190,269	-	5,190,269	-	-
Capital projects	22,822,233	-	22,822,233	-	-
Public facilities fees	8,282,075	-	8,282,075	-	-
Library services	8,802,902	-	8,802,902	-	-
Transportation services	11,260,591	-	11,260,591	-	-
Health services	13,680,862	-	13,680,862	-	-
Home loan program	4,848,259	-	4,848,259	-	-
Micrographics & modernization projects	7,689,362	-	7,689,362	-	-
Other purpose	1,487,007	-	1,487,007	-	-
Unrestricted	174,821,311	(2,701,490)	172,119,821	912,997	81,033
Total net assets	<u>623,659,936</u>	<u>16,525,318</u>	<u>640,185,254</u>	<u>2,417,881</u>	<u>89,967</u>
Total liabilities and net assets	<u>\$ 973,579,115</u>	<u>\$ 17,336,051</u>	<u>\$ 990,915,166</u>	<u>\$ 4,227,369</u>	<u>\$ 702,829</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, 2011**

Functions/programs	Expenses	Program Revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary Government:				
Governmental Activities:				
General government	\$ 62,456,530	\$ 22,521,426	\$ 3,269,084	\$ 17,738
Public protection	157,078,830	20,203,371	59,697,997	-
Public ways and facilities	12,760,561	1,191,080	10,114,568	3,147,500
Health services	108,700,791	21,718,347	75,774,490	-
Public assistance	144,667,818	1,193,714	136,559,586	-
Education and recreation	17,739,331	5,223,005	4,656,647	-
Interest on long-term debt	10,186,688	-	-	-
Total Governmental Activities	513,590,549	72,050,943	290,072,372	3,165,238
Business-type Activities:				
Nut Tree Airport	1,817,231	525,217	150,441	2,098,493
Fouts Springs Youth Facility	4,073,152	3,126,145	390,038	-
Total Business-type Activities	5,890,383	3,651,362	540,479	2,098,493
Total Primary Government	\$ 519,480,932	\$ 75,702,305	\$ 290,612,851	\$ 5,263,731
Component Units:				
Solano County Fair	\$ 3,567,986	\$ 3,094,530	\$ 108,275	\$ -
Workforce Investment Board	6,324,447	-	6,286,055	-
Total Component Units	\$ 9,892,433	\$ 3,094,530	\$ 6,394,330	\$ -

General revenues:  
Property taxes  
Sales and use tax  
Property transfer tax  
Intergovernmental not restricted to specific programs  
Interest and investment earnings  
Other  
Extraordinary item  
Transfers  
Total general revenues, extraordinary item and transfers  
Change in net assets  
Net assets - beginning  
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, 2011**

**Net (Expense) Revenue and Changes in Net Assets**

<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Solano County Fair</b>	<b>Workforce Investment Board</b>
\$ (36,648,282)	\$ -	\$ (36,648,282)	\$ -	\$ -
(77,177,462)	-	(77,177,462)	-	-
1,692,587	-	1,692,587	-	-
(11,207,954)	-	(11,207,954)	-	-
(6,914,518)	-	(6,914,518)	-	-
(7,859,679)	-	(7,859,679)	-	-
(10,186,688)	-	(10,186,688)	-	-
<u>(148,301,996)</u>	<u>-</u>	<u>(148,301,996)</u>	<u>-</u>	<u>-</u>
-	956,920	956,920	-	-
-	(556,969)	(556,969)	-	-
-	399,951	399,951	-	-
<u>(148,301,996)</u>	<u>399,951</u>	<u>(147,902,045)</u>	<u>-</u>	<u>-</u>
-	-	-	(365,181)	-
-	-	-	-	(38,392)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(365,181)</u>	<u>(38,392)</u>
109,322,638	239,913	109,562,551	-	-
1,203,681	-	1,203,681	-	-
1,490,597	-	1,490,597	-	-
23,601,639	48,430	23,650,069	-	-
1,926,203	453	1,926,656	6,394	1,742
18,716,998	217,795	18,934,793	96,000	11,926
(8,809,741)	-	(8,809,741)	-	-
144,695	(144,695)	-	-	-
<u>147,596,710</u>	<u>361,896</u>	<u>147,958,606</u>	<u>102,394</u>	<u>13,668</u>
(705,286)	761,847	56,561	(262,787)	(24,724)
<u>624,365,222</u>	<u>15,763,471</u>	<u>640,128,693</u>	<u>2,680,668</u>	<u>114,691</u>
<u>\$ 623,659,936</u>	<u>\$ 16,525,318</u>	<u>\$ 640,185,254</u>	<u>\$ 2,417,881</u>	<u>\$ 89,967</u>

Primary Government:  
Governmental Activities:  
General government  
Public protection  
Public ways and facilities  
Health services  
Public assistance  
Education and recreation  
Interest on long-term debt  
Total Governmental Activities  
Business-type Activities:  
Nut Tree Airport  
Fouts Springs Youth Facility  
Total Business-type Activities  
Total Primary Government

Component Units:  
Solano County Fair  
Workforce Investment Board  
Total Component Units

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

**COUNTY OF SOLANO, CALIFORNIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2011**

	<u>General</u>	<u>Health &amp; Social Services</u>	<u>Public Safety</u>
<b>ASSETS</b>			
Cash and investments	\$ 80,240,210	\$ 45,552,887	\$ 10,746,405
Accounts receivable	1,293,133	96,240	300,053
Due from other agencies	24,732,287	27,292,764	8,993,905
Due from other funds	12,237,915	6,799,538	472,300
Advance to other funds	25,927,131	-	-
Other assets	1,246,302	165,414	649,563
Total assets	<u>\$ 145,676,978</u>	<u>\$ 79,906,843</u>	<u>\$ 21,162,226</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities:			
Outstanding warrants	\$ 274,902	\$ 2,683,663	\$ 664,704
Payables	3,395,508	18,303,336	6,844,648
Deferred revenue	17,619,639	37,814,450	1,771,824
Due to other funds	6,316,469	5,684,946	7,056,206
Advance from other funds	-	-	-
Other liabilities	1,501,166	320,036	260
Due to other agencies	2,222,715	15,191,184	215,631
Total liabilities	<u>31,330,399</u>	<u>79,997,615</u>	<u>16,553,273</u>
Fund balances (deficits):			
Nonspendable	\$ 26,693,402	\$ -	\$ -
Restricted	-	-	4,687,858
Committed	6,939,235	-	-
Assigned	44,755,155	-	-
Unassigned	35,958,787	(90,772)	(78,905)
Total fund balances (deficits)	<u>114,346,579</u>	<u>(90,772)</u>	<u>4,608,953</u>
Total liabilities and fund balances (deficits)	<u>\$ 145,676,978</u>	<u>\$ 79,906,843</u>	<u>\$ 21,162,226</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, 2011**

<u>Accumulated Capital Outlay</u>	<u>Pension Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
\$ 50,717,616	\$ 3,669,475	\$ 59,749,917	\$ 250,676,510	<b>ASSETS</b>
1,081,332	33,200	150,948	2,954,906	Cash and investments
797,227	4,220	4,070,330	65,890,733	Accounts receivable
-	590,240	220,451	20,320,444	Due from other agencies
-	-	-	25,927,131	Due from other funds
-	6,565,982	2,754,616	11,381,877	Advance to other funds
<u>\$ 52,596,175</u>	<u>\$ 10,863,117</u>	<u>\$ 66,946,262</u>	<u>\$ 377,151,601</u>	Other assets
				Total assets
				<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>
				Liabilities:
\$ 309,730	\$ -	\$ 513,124	\$ 4,446,123	Outstanding warrants
3,199,618	1,683	2,815,966	34,560,759	Payables
1,030,806	170,826	783,484	59,191,029	Deferred revenue
39,208	-	641,870	19,738,699	Due to other funds
1,813,506	19,500,000	2,312,439	23,625,945	Advance from other funds
441,659	-	9,340,873	11,603,994	Other liabilities
-	-	723,903	18,353,433	Due to other agencies
<u>6,834,527</u>	<u>19,672,509</u>	<u>17,131,659</u>	<u>171,519,982</u>	Total liabilities
				Fund balances (deficits):
\$ -	\$ -	\$ 210,939	\$ 26,904,341	Nonspendable
22,822,233	-	49,623,660	77,133,751	Restricted
-	-	-	6,939,235	Committed
22,939,415	-	-	67,694,570	Assigned
-	(8,809,392)	(19,996)	26,959,722	Unassigned
<u>45,761,648</u>	<u>(8,809,392)</u>	<u>49,814,603</u>	<u>205,631,619</u>	Total fund balances (deficits)
<u>\$ 52,596,175</u>	<u>\$ 10,863,117</u>	<u>\$ 66,946,262</u>	<u>\$ 377,151,601</u>	Total liabilities and fund balances (deficits)

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, 2011**

Total governmental funds, fund balance	\$	205,631,619
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.		474,240,247
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		25,539,819
Deferred costs of issuance for debt used in governmental activities are not financial resources and, therefore, are not reported in the funds.		2,443,749
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.		19,700,404
The pension asset of the governmental activities are not financial resources and, therefore, are not reported in the funds.		128,584,620
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(2,746,888)
Long-term obligations		(229,733,634)
Net assets of governmental activities	\$	623,659,936

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, 2011**

	<u>General</u>	<u>Health &amp; Social Services</u>	<u>Public Safety</u>
<b>REVENUES</b>			
Taxes	\$ 102,887,445	\$ -	\$ -
Licenses, permits and franchises	6,161,669	10,422	181,000
Fines, forfeitures and penalties	1,748,165	601,573	1,789,320
Use of money and property	1,692,224	(25,773)	79,585
Intergovernmental	24,844,046	207,741,455	53,064,543
Charges for services	41,898,791	24,472,473	9,707,283
Miscellaneous	9,214,106	2,499,428	1,746,995
Total revenues	<u>188,446,446</u>	<u>235,299,578</u>	<u>66,568,726</u>
<b>EXPENDITURES</b>			
Current:			
General government	49,625,150	-	-
Public protection	16,624,798	-	143,228,026
Public ways and facilities	-	-	-
Health services	-	104,656,980	-
Public assistance	563,015	146,033,869	-
Education and recreation	310,659	-	-
Debt service:			
Principal	-	-	608,794
Interest and other charges	-	-	41,363
Bond issuance cost	-	-	-
Capital outlay	6,935	1,364,642	798,988
Total expenditures	<u>67,130,557</u>	<u>252,055,491</u>	<u>144,677,171</u>
Excess (deficiency) of revenues over (under) expenditures	<u>121,315,889</u>	<u>(16,755,913)</u>	<u>(78,108,445)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Payment to refunded bond escrow agent	-	-	-
Refunding bonds issued	-	-	-
Transfers in	7,418,710	30,979,099	83,611,938
Transfers out	(119,423,182)	(12,099,512)	(6,937,614)
Sale of capital assets	71,076	3,750	5,750
Total other financing sources (uses)	<u>(111,933,396)</u>	<u>18,883,337</u>	<u>76,680,074</u>
<b>EXTRAORDINARY ITEM</b>			
Amount to be paid to State of California per AB99	-	-	-
Net change in fund balances	9,382,493	2,127,424	(1,428,371)
Fund balances (deficits) - beginning, as restated	104,964,086	(2,218,196)	6,037,324
Fund balances (deficits) - ending	<u>\$ 114,346,579</u>	<u>\$ (90,772)</u>	<u>\$ 4,608,953</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, 2011**

<u>Accumulated Capital Outlay</u>	<u>Pension Debt Service</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
\$ 1,627,330	\$ -	\$ 11,870,648	\$ 116,385,423	<b>REVENUES</b>
-	-	227,164	6,580,255	Taxes
-	-	7,827	4,146,885	Licenses, permits and franchises
304,680	(2,899)	495,039	2,542,856	Fines, forfeitures and penalties
1,166,321	-	22,683,105	309,499,470	Use of money and property
400,906	-	13,153,363	89,632,816	Intergovernmental
1,618,913	1,807,338	182,081	17,068,861	Charges for services
5,118,150	1,804,439	48,619,227	545,856,566	Miscellaneous
				Total revenues
				<b>EXPENDITURES</b>
				Current:
5,188,250	34,732	842,024	55,690,156	General government
-	-	3,038,825	162,891,649	Public protection
-	-	9,619,806	9,619,806	Public ways and facilities
-	-	7,693,141	112,350,121	Health services
-	-	-	146,596,884	Public assistance
-	-	18,517,375	18,828,034	Education and recreation
				Debt service:
-	3,300,000	4,755,000	8,663,794	Principal
-	4,479,773	5,706,686	10,227,822	Interest and other charges
-	25,590	-	25,590	Bond issuance cost
5,930,783	-	4,905,713	13,007,061	Capital outlay
11,119,033	7,840,095	55,078,570	537,900,917	Total expenditures
				Excess (deficiency) of revenues over (under) expenditures
(6,000,883)	(6,035,656)	(6,459,343)	7,955,649	
				<b>OTHER FINANCING SOURCES (USES)</b>
-	(10,000,000)	-	(10,000,000)	Payment to refunded bond escrow agent
-	10,000,000	-	10,000,000	Refunding bonds issued
5,432,942	11,426,228	9,276,574	148,145,491	Transfers in
(3,603,560)	-	(5,563,904)	(147,627,772)	Transfers out
-	-	147,380	227,956	Sale of capital assets
1,829,382	11,426,228	3,860,050	745,675	Total other financing sources (uses)
				<b>EXTRAORDINARY ITEM</b>
-	-	(8,809,741)	(8,809,741)	Amount to be paid to State of California per AB99
(4,171,501)	5,390,572	(11,409,034)	(108,417)	Net change in fund balances
49,933,149	(14,199,964)	61,223,637	205,740,036	Fund balances (deficits) - beginning, as restated
\$ 45,761,648	\$ (8,809,392)	\$ 49,814,603	\$ 205,631,619	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, 2011**

Net change in fund balances - total governmental funds \$ (108,417)

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 capital 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	13,007,061	
Depreciation	<u>(16,893,768)</u>	(3,886,707)

The net effect of various miscellaneous capital asset transactions (i.e., sales, trade-ins, and donations). (118,578)

Revenues deferred in the governmental funds because they were not collected within the County's availability period, were recognized in the statement of activities. 2,844,320

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	(10,000,000)	
Debt principal payments	8,663,794	
Payment to refunded bond escrow agent	10,000,000	
Bond issuance costs	<u>25,590</u>	8,689,384

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	(2,039,315)	
Pollution remediation obligations	81	
Change in accrued interest payable	66,722	
Amortization expense	(3,233,107)	
Change in compensated absences	<u>245,150</u>	(4,960,469)

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. (3,164,819)

Change in net assets of governmental activities \$ (705,286)

**COUNTY OF SOLANO, CALIFORNIA**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2011**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Nut Tree Airport</b>	<b>Fouts Springs Youth Facility</b>	<b>Total</b>	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and investments	\$ 182,891	\$ 500	\$ 183,391	\$ 22,942,249
Accounts receivable	-	9,352	9,352	324,284
Due from other agencies	976	327,222	328,198	50,859
Due from other funds	515	118,886	119,401	14,765
Other assets	-	-	-	500,261
Total current assets	<u>184,382</u>	<u>455,960</u>	<u>640,342</u>	<u>23,832,418</u>
<b>Noncurrent assets</b>				
Capital assets:				
Land	10,310,025	20,000	10,330,025	-
Construction in progress	133,442	-	133,442	-
Buildings and improvements	10,795,227	4,421,856	15,217,083	264,471
Equipment	168,984	401,488	570,472	19,446,012
Intangibles	-	-	-	5,262,440
Less: accumulated depreciation	(4,938,533)	(2,085,681)	(7,024,214)	(13,795,801)
Total capital assets	<u>16,469,145</u>	<u>2,757,663</u>	<u>19,226,808</u>	<u>11,177,122</u>
Total assets	<u>\$ 16,653,527</u>	<u>\$ 3,213,623</u>	<u>\$ 19,867,150</u>	<u>\$ 35,009,540</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Outstanding warrants	\$ 6,868	\$ 11,306	\$ 18,174	\$ 913,175
Payables	43,414	187,234	230,648	1,823,376
Unearned revenue	10,954	-	10,954	415,396
Due to other funds	952	228,961	229,913	485,998
Other liabilities	37,732	-	37,732	-
Due to other agencies	-	-	-	7,908
Current portion of long-term obligations	5,045	137,441	142,486	3,937,129
Total current liabilities	<u>104,965</u>	<u>564,942</u>	<u>669,907</u>	<u>7,582,982</u>
<b>Noncurrent liabilities</b>				
Advances from other funds	2,301,186	-	2,301,186	-
Noncurrent portion of long-term obligations	16,056	354,683	370,739	7,726,154
Total noncurrent liabilities	<u>2,317,242</u>	<u>354,683</u>	<u>2,671,925</u>	<u>7,726,154</u>
Total liabilities	<u>2,422,207</u>	<u>919,625</u>	<u>3,341,832</u>	<u>15,309,136</u>
<b>NET ASSETS</b>				
Invested in capital assets	16,469,145	2,757,663	19,226,808	11,177,122
Unrestricted	(2,237,825)	(463,665)	(2,701,490)	8,523,282
Total net assets	<u>14,231,320</u>	<u>2,293,998</u>	<u>16,525,318</u>	<u>19,700,404</u>
Total liabilities and net assets	<u>\$ 16,653,527</u>	<u>\$ 3,213,623</u>	<u>\$ 19,867,150</u>	<u>\$ 35,009,540</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, 2011**

	<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>	
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 525,217	\$ 3,126,145	\$ 3,651,362	\$ 33,361,533
<b>OPERATING EXPENSES</b>				
Personnel services	368,872	3,156,001	3,524,873	7,344,154
Maintenance	20,282	38,608	58,890	1,216,693
Materials and supplies	68,566	222,898	291,464	1,365,074
Depreciation	493,364	153,374	646,738	3,129,564
Insurance	51,068	49,814	100,882	11,142,601
Rent, utilities and others	750,084	450,486	1,200,570	12,009,024
Total operating expenses	<u>1,752,236</u>	<u>4,071,181</u>	<u>5,823,417</u>	<u>36,207,110</u>
Operating loss	<u>(1,227,019)</u>	<u>(945,036)</u>	<u>(2,172,055)</u>	<u>(2,845,577)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	198,871	390,040	588,911	-
Investment earnings (expense)	454	(1,972)	(1,518)	152,009
Interest expense	(64,997)	-	(64,997)	-
Property taxes	239,913	-	239,913	-
Other revenue	81,167	136,628	217,795	431,310
Other expenses	-	-	-	(66,888)
Loss on disposal of capital assets	-	-	-	(462,649)
Total nonoperating revenues, net	<u>455,408</u>	<u>524,696</u>	<u>980,104</u>	<u>53,782</u>
Loss before capital contributions and transfers	(771,611)	(420,340)	(1,191,951)	(2,791,795)
Capital contributions	2,098,493	-	2,098,493	-
Transfers in	-	-	-	27,664
Transfers out	(16,266)	(128,429)	(144,695)	(400,688)
Change in net assets	<u>1,310,616</u>	<u>(548,769)</u>	<u>761,847</u>	<u>(3,164,819)</u>
Total net assets - beginning	<u>12,920,704</u>	<u>2,842,767</u>	<u>15,763,471</u>	<u>22,865,223</u>
Total net assets - ending	<u>\$ 14,231,320</u>	<u>\$ 2,293,998</u>	<u>\$ 16,525,318</u>	<u>\$ 19,700,404</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, 2011**

	<u>Business-type Activities - Enterprise Funds</u>			<b>Governmental</b>
	<u>Nut Tree Airport</u>	<u>Fouts Springs Youth Facility</u>	<u>Total</u>	<u>Internal Service Funds</u>
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 686,486	\$ 3,235,844	\$ 3,922,330	\$ 33,474,252
Receipts from interfund services provided	-	-	-	702,017
Payments to suppliers	(904,068)	(766,701)	(1,670,769)	(24,208,063)
Payments to employees	(655,209)	(2,984,892)	(3,640,101)	(7,414,857)
Net cash provided (used) by operating activities	<u>(872,791)</u>	<u>(515,749)</u>	<u>(1,388,540)</u>	<u>2,553,349</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers in	-	-	-	27,664
Transfers out	(16,266)	(128,429)	(144,695)	(400,688)
Property taxes	239,913	-	239,913	-
Payment on advances from other funds	(2,098,493)	-	(2,098,493)	-
Borrowings on advances from other funds	720,512	-	720,512	-
Subsidy from federal grant	221,699	403,091	624,790	-
Net cash provided (used) by noncapital financing activities	<u>(932,635)</u>	<u>274,662</u>	<u>(657,973)</u>	<u>(373,024)</u>
<b>Cash flows from capital and related financing activities:</b>				
Capital contributions	2,098,493	-	2,098,493	-
Interest paid	(64,997)	-	(64,997)	-
Debt principal paid	(39,297)	-	(39,297)	-
Acquisition of capital assets	(6,486)	-	(6,486)	(1,115,443)
Proceeds from sale of capital assets	-	-	-	106,500
Net cash provided (used) by capital and related financing activities	<u>1,987,713</u>	<u>-</u>	<u>1,987,713</u>	<u>(1,008,943)</u>
<b>Cash flows from investing activities:</b>				
Investment income (expense) received (paid)	454	(1,972)	(1,518)	152,009
Net cash provided (used) by investing activities	<u>454</u>	<u>(1,972)</u>	<u>(1,518)</u>	<u>152,009</u>
Net increase (decrease) in cash and cash equivalents	182,741	(243,059)	(60,318)	1,323,391
Cash and cash equivalents - beginning	150	243,559	243,709	21,618,858
Cash and cash equivalents - ending	<u>\$ 182,891</u>	<u>\$ 500</u>	<u>\$ 183,391</u>	<u>\$ 22,942,249</u>
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>				
Operating loss	\$ (1,227,019)	\$ (945,036)	\$ (2,172,055)	\$ (2,845,577)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	493,364	153,374	646,738	3,129,564
Other nonoperating revenue	81,167	136,628	217,795	364,422
Changes in assets and liabilities:				
(Increase) decrease in receivables, net	71,218	(9,352)	61,866	(15,011)
(Increase) decrease in due from other funds	82	(44,784)	(44,702)	702,017
Decrease in due from other agencies	-	-	-	4,033
Decrease in other assets	-	27,207	27,207	26,215
Increase in outstanding warrants	2,857	4,873	7,730	739,084
Decrease in payables	(35,860)	(9,768)	(45,628)	(189,820)
Increase (decrease) in due to other funds	(278,398)	177,894	(100,504)	(739,618)
Increase in due to other agencies	-	-	-	7,025
Increase in unearned revenue	8,802	-	8,802	131,068
Decrease in accrued compensated absences	(11,017)	(28,457)	(39,474)	(99,566)
Increase (decrease) in other liabilities	18,935	-	18,935	(20,721)
Increase in other postemployment benefits	3,078	21,672	24,750	59,213
Increase in self-insurance liability	-	-	-	1,301,021
Total adjustments	<u>354,228</u>	<u>429,287</u>	<u>783,515</u>	<u>5,398,926</u>
Net cash provided (used) by operating activities	<u>\$ (872,791)</u>	<u>\$ (515,749)</u>	<u>\$ (1,388,540)</u>	<u>\$ 2,553,349</u>
<b>Noncash investing, capital and financing activities:</b>				
Change in fair value of investments	\$ 562	\$ -	\$ 562	\$ 70,525

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, 2011**

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 289,947,097	\$ 4,045,643	\$ 32,415,308
Property tax receivable	-	-	34,790,558
Property of estates	-	3,254,135	-
Total assets	<u>\$ 289,947,097</u>	<u>\$ 7,299,778</u>	<u>\$ 67,205,866</u>
<b>LIABILITIES</b>			
Due to others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 67,205,866</u>
<b>NET ASSETS</b>			
Net assets held in trust for:			
Individuals	-	7,299,778	
Pool participants	289,947,097	-	
Total net assets	<u>\$ 289,947,097</u>	<u>\$ 7,299,778</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, 2011**

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>		
Contributions on pooled investments	\$ 536,705,885	\$ 4,276,363
Other contributions/additions (deductions)	-	(678,055)
Interest and investment income (expense)	47,242,632	(7,850)
Total additions	<u>583,948,517</u>	<u>3,590,458</u>
<b>DEDUCTIONS</b>		
Distributions from pooled investments	586,364,327	7,594,636
Change in net assets	(2,415,810)	(4,004,178)
Net assets - beginning	292,362,907	11,303,956
Net assets - ending	<u>\$ 289,947,097</u>	<u>\$ 7,299,778</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, 2011**

**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. Please see disclosure in Note IV-F-1 regarding the closure of the Fouts Springs Youth Facility.

Additionally, the government reports the following fund types:

*Internal Service Funds* account for management information systems, fleet management services, 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 quarterly 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 Fund.

The County's cash and investments include \$4,045,643 at June 30, 2011 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, 2011, 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 nonspendable fund balance in the applicable governmental funds to indicate such amounts are not in spendable form.

**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.

**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 payables are processed, expenditures are recorded in the individual funds and a liability for accounts payable is created. When the warrant is issued, the liability for accounts payable is reduced 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: Public safety* – This category represents external restrictions imposed by grantors, contributors and laws or regulations of other governments for the implementation of various public safety programs.
- *Restricted for: Capital projects* – This category represents external restrictions imposed by grantors, contributors, laws or regulations of other governments and restrictions imposed by law through enabling legislation for the construction of various capital projects.
- *Restricted for: Public facilities fees* – This category represents restrictions imposed by law through enabling legislation to collect fees due to the increase needs in County public facilities.
- *Restricted for: Library services* – This category represents external restrictions imposed by grantors, contributors and laws or regulations of other governments for increased library services to the public.
- *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.
- *Restricted for: Health services* – This category represents external restrictions imposed by grantors, contributors and laws or regulations of other governments for the implementation of various health and social services programs.
- *Restricted for: Home loan program* – This category represents external restrictions imposed by creditors, grantors, and laws or regulations of other governments to provide housing rehabilitation and reconstruction loans for the public to maintain affordable housing.
- *Restricted for: Micrographics & modernization projects*– This category represents external restrictions imposed by creditors, grantors, and laws or regulations of other governments for micrographics, modernization and social security number truncation for the public reporting.
- *Restricted for: Other purpose* – This category represents external restrictions imposed by grantors, contributors and by laws or regulations of other governments for the implementation of various governmental programs including East Vallejo Fire District, fish & game, county service area and SE Vallejo redevelopment as well as external restrictions imposed by the trust agent as stated in the bond indenture agreements for the issuance and repayment of long-term debt for debt service.
- *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 \$84,063,560 of restricted net assets, of which \$27,981,267 is restricted by enabling legislation.

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

Fund balance classifications are described below:

- *Nonspendable Fund Balance:* Nonspendable Fund Balance refers to amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. It includes long-term loans and notes receivable, inventories and prepaid items.
- *Restricted Fund Balance:* Amounts restricted by constraints that are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance:* Amounts to be used for specific purposes pursuant to constraints imposed by formal action of the Board of Supervisors. These self-imposed constraints must be set in place prior to the end of the fiscal year.
- *Assigned Fund Balance:* Amounts constrained by the County’s intent to use for specific purposes, but are neither legally restricted nor committed. An assignment of fund balance is more easily

removed or modified than fund balance classified as committed and may be established after fiscal year-end.

- *Unassigned Fund Balance:* This classification represents fund balance not assigned to other funds and not restricted, committed or assigned to specific purposes within the General Fund and is available for financing future budgets. The General Fund is the only fund that reports a positive unassigned fund balance amount.

#### **14. Fund Balance Policy**

The Board originally adopted the General Fund Reserve & Other Designations Policy in February 2007. On June 14, 2011, the Board adopted the new Fund Balance Policy which included the changes to conform to Government Accounting Standards Board (GASB) Statement No. 54.

##### **General Fund - Fund Balance Policy**

This policy addresses the County's unrestricted fund balance (i.e. Committed, Assigned, and Unassigned).

##### **Committed Fund Balance**

During any Board meeting, the Board of Supervisors may establish a Committed Fund Balance through a resolution approved by a 4/5 vote. The commitment must be established by the end of the fiscal year for a specific purpose and requires the same action to be changed or lifted.

##### **Assigned Fund Balance**

During any Board meeting, the Board of Supervisors may establish or change an Assigned Fund Balance through a resolution approved by a 3/5 vote.

##### **General Fund General Reserve Policy**

The General Fund General Reserve is subject to constraints imposed by Government Code Section 29086, which limits the Board's access to the reserve during the annual budget process and requires 4/5 vote by the Board.

The Board's policy is to maintain General Fund General Reserves equal to 10% of the County's total budget excluding inter-fund transfers with a minimum \$20 million balance maintained at all times.

The General Fund General Reserve is maintained to provide the County with sufficient working capital to support one-time costs, subject to Board approved constraints, for the following purposes:

- When the County faces economic recession/depression and the County must take budget action.
- When the County is impacted by a natural disaster or any other emergency that could result from acts of terrorism, disease epidemic, pandemic flu, chemical spill, or nuclear contamination whether it is a natural occurring phenomenon or manmade.
- When the County experiences unexpected declines in revenues and/or when unpredicted large one-time expenditures arise.

Subject to Board of Supervisors' constraints, the following is how reserves should be used:

1. Use the General Fund General Reserve to phase into fiscal distress periods gradually, focusing on maintaining the Board's priorities.

2. To the extent possible, use the General Fund General Reserve as the last resort to balance the County Budget.
3. To the extent possible, the spending down of General Fund General Reserve should not exceed \$6 million a year.

In circumstances where the General Fund General Reserve has fallen below the established requirement, the County shall replenish the deficiency within five fiscal years or as soon as economic conditions allow from the following revenue sources: year-end surpluses, non-recurring revenues, budget surpluses, or if legally permissible and with a defensible rationale, from excess resources in other funds.

### **Deferred Capital/Maintenance Projects**

The Board established a committed fund balance for deferred capital/maintenance projects to fund deferred capital maintenance for the County's public facilities. This designation was established primarily as a mechanism to accumulate funding for the infrastructure rehabilitation program to repair or renovate existing buildings.

If the need arises to access these funds during the fiscal year, the request will be presented to the Board of Supervisors and will require a four-fifths vote. Otherwise, the request will be incorporated as part of the annual budgetary process.

### **General Fund Balance for Accrued Leave Payoff**

The Board committed **General Fund Balance for Accrued Leave Payoff**. The purpose of this designation is to minimize the fiscal impact on County Departments' budgets due to employee retirements. These funds are to be used for large employee payoffs upon retirement when the respective department has insufficient appropriations during the fiscal year to fund these payoffs. The following criteria and procedures were approved by the Board for managing the Fund Balance for Accrued Leave Payoff:

1. Minimum General Fund Balance for Accrued Leave Payoff. On an annual basis the Auditor-Controller shall calculate the projected leave payout requirements for the subsequent five years, net of Federal and State reimbursements and provide the information to the County Administrator's Office for inclusion in the following year's Recommended Budget. The Board's policy is to maintain General Fund Balance for Accrued Leave Payoff equal to 40% of the five year projected leave payout requirements net of federal and state reimbursements with a minimum of \$2 million balance maintained at all times.
2. Replenishing General Fund Balance for Accrued Leave Payoff. In circumstances where the General Fund Balance for Accrued Leave Payoff has fallen below the established requirement, the County shall replenish the deficiency within three fiscal years or as soon as economic conditions allow from the following revenue sources: year-end surpluses, non-recurring revenues, or if legally permissible and with a defensible rationale, from excess resources in other funds.
3. Anticipated Accrued Leave Payoffs. During the budget process, a General Fund Department or a Department that receives a General Fund contribution should determine the amount needed to cover anticipated accrued leave payoffs for the upcoming year and include the amount in the Requested Budget. The Departments will work with the CAO to determine the funding strategy.
  - a. If the Department has sufficient appropriations to fund the accrued leave payoff, the Department shall absorb the cost; or

- b. If the Department cannot absorb the cost, the Department must work with the CAO to determine the funding source(s) to offset the increased costs. Funding from the **General Fund Balance for Accrued Leave Payoff** may serve as a resource to provide the affected department with the General Fund share of the employee payoff.
  - c. The General Fund share of the estimated accrued leave payoff will be appropriated in the General Expenditures budget, during the budget process. This appropriation will be funded from the **General Fund Balance for Accrued Leave Payoff**.
  - d. The CAO is authorized to make necessary budget adjustments to the affected Department **without** Board approval limited to amount appropriated in 3(c) above.
4. Unanticipated Accrued Leave Payoffs. During the budget year, departments may have employees retire/terminate that were not factored in the accrued leave payoff calculation. Departments should consult with the CAO to determine the most appropriate funding strategy.
- a) General Fund Departments or Departments that receive a General Fund contribution should determine if sufficient appropriations are available within their budget to absorb the payoff, and, if not, work with the CAO to determine the appropriate level of funding from the **General Fund Balance for Accrued Leave Payoff** as indicated above in 3(c) or General Fund Contingency. These actions require 4/5 vote of the Board.
  - b) Non-General Fund Departments that do not receive General Fund contributions will need to determine if their respective program has sufficient appropriations or contingencies to support the accrued leave payoff and should adjust their budget accordingly at Mid Year or Third Quarter, as necessary.

### **General Fund Nonspendable Fund Balance**

The County's policy for the General Fund nonspendable fund balance is as follows:

- When the Board of Supervisors (BOS) has approved long-term loans, advances or notes receivable expected to have outstanding balances at the end of the fiscal year, the long-term amount approved by the BOS will be classified as nonspendable fund balance.
- In circumstances when the BOS has approved a loan, the BOS shall state where the nonspendable fund balance shall be obtained (i.e. General Fund General Reserves, Unassigned Fund Balance, etc.).
- Repayment of General Fund Loans will be put back into General Fund General Reserves.

### **Countywide Spending Priority Policy**

#### **Funding Flow Assumptions**

This policy considers restricted amounts to be spent before unrestricted fund balance when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed, assigned, and then unassigned amounts in that order will be spent when an expenditure is incurred for a purpose for which amounts in any of those unrestricted fund balance classifications could be used.

The County's Spending Priority policy applies to fund balance and revenue sources. In circumstances when expenditure is made for a purpose for which following amounts are available in multiple fund balance classification, the use of fund balance will be applied in the following order:

1. **Restricted**
2. **Committed**
3. **Assigned**
4. **Unassigned**

#### **Additional Fund Balance Assignments**

- On October 24, 2006 the Board approved a General Fund loan for \$3,000,000 to the Transportation Special Revenue Fund. As of June 30, 2011 the undisbursed balance of the approved loan was \$687,561.
- On September 30, 2008, the Board approved a General Fund loan for \$2,000,000 to the Accumulated Capital Outlay Capital Projects Fund for the purpose of the Visioning Project for the Solano County Fairgrounds Development. As part of the annual budget hearings for FY 2009/10, a second loan for \$2,400,000 was approved. As of June 30, 2011 the undisbursed balance of the approved loans was \$2,586,494.
- On December 14, 2010 the Board approved a General Fund loan for \$1,250,212 to the Airport Enterprise Fund. As of June 30, 2011 the undisbursed balance of the approved loan was \$529,700.
- On November 13, 2001 the Board approved the Solano County Tobacco Master Settlement Agreement (MSA) Strategic Plan. The 2001 Strategic Plan set forth priorities for Tobacco Settlement Revenue (TSR) spending with the goals of reducing rates of tobacco, alcohol and other drug use in Solano County and improving access to quality primary and preventive health care services for indigent clients and others without access to health care in Solano County. On January 8, 2008 the Board approved the use of the MSA TSR securitization proceeds and deallocated funds for financing all costs of the Twin Campus project and the use of General Fund monies to support the goals of reducing rates of tobacco, alcohol and other drug use and improving health care access. As of June 30, 2011, the balance of unexpended General Fund monies assigned to reducing rates and health access is \$618,163.

#### **15. 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. 54**

Effective July 1, 2010 the County implemented Government Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement is effective for the County for fiscal periods beginning after June 15, 2010.

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.

Implementation of GASB Statement No. 54 primarily impacted the classifications of fund balance for the governmental funds and the Governmental Fund Balance Note Disclosure (see Note III - K) for the year ended June 30, 2011. In addition, the Tobacco Settlement Fund no longer meets the criteria for a Special Revenue Fund as defined in GASB Statement No. 54 and has been reclassified as part of the General Fund (see Note IV E).

## 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 \$474,240,247 difference are as follows:

Land, not being depreciated	\$ 154,919,067
Construction in progress	30,382,936
Artwork	490,064
Intangibles, not being depreciated	787,899
Infrastructure, net of \$48,116,244 accumulated depreciation	48,187,373
Buildings, net of \$133,988,497 accumulated depreciation	226,319,243
Machinery and equipment, net of \$18,558,291 accumulated depreciation	12,238,441
Intangibles, net of \$572,502 accumulated depreciation	<u>915,224</u>
Net adjustment to increase <i>fund balances-total governmental funds to arrive at net assets-governmental activities</i>	<u><u>\$ 474,240,247</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 \$229,733,634 difference are as follows:

Notes payable	\$ 1,023,890
Capital leases	513,792
Certificates of participation	120,160,000
Less: Deferred charge on refunding	(2,238,573)
Add: Issuance premium	2,946,692
Pension obligation bonds	77,805,000
OPEB liability	3,746,005
Pollution remediation obligation	261,534
Compensated absences	<u>25,515,294</u>
Net adjustment to reduce <i>fund balances-total governmental funds to arrive at net assets-governmental activities</i>	<u><u>\$ 229,733,634</u></u>

### III. DETAILED NOTES ON ALL FUNDS

#### A. Cash and Investments

The County's cash and investments at June 30, 2011 were as follows:

	<u>Fair Value</u>
<b>County Deposits</b>	<u>\$ 6,097,414</u>
<b>County Investments</b>	
Money Market Mutual Funds	30,126,121
State of California Local Agency Investment Fund	39,819,496
Investment Trust of California Joint Powers Authority Pool	51,328,094
California Asset Management Program	1,075,633
Corporate Notes	59,605,870
Mortgage Pass-through	41,634
U.S. Federal Agency Notes	
Federal Farm Credit Bank	23,056,570
Federal Home Loan Bank	132,520,813
Federal Home Loan Mortgage Corporation	93,184,160
Federal National Mortgage Association	19,984,325
U.S. Treasury Notes	86,551,400
Municipal Notes	52,475,682
<b>Total County Investments</b>	<u>589,769,798</u>
<b>Total County Treasury</b>	<u>595,867,212</u>
<b>Cash and Investments with Fiscal Agents</b>	
Imprest cash	582,997
Deposits	128,278
Held with others	
Money Market Mutual Funds	5,211,892
<b>Total Cash and Investments with Fiscal Agents</b>	<u>5,923,167</u>
<b>Total Cash and Investments</b>	<u>\$ 601,790,379</u>

Reconciliation to financial statements:

Government-wide Statement of Net Assets	\$	273,802,150
Statement of Fiduciary Net Assets:		
External Investment Trust		289,947,097
Private Purpose Trust		4,045,643
Agency Funds		32,415,308
Component Units		
Solano County Fair		1,178,186
Workforce Investment Board		401,995
Total	<u>\$</u>	<u>601,790,379</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, 2011 was \$24.0 billion. At June 30, 2011, the County's investment to LAIF is \$39.8 million. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which, as of June 30, 2011 had a balance of \$66.4 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 237 days as of June 30, 2011. 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 \$1.1 billion, and asset-backed securities totaling \$2.2 billion.

The County is also a voluntary participant in the Investment Trust of California Joint Powers Authority Pool (CALTRUST). At June 30, 2011, the County's investment to CALTRUST is \$51 million. CALTRUST is an innovative partnership between the CSAC Finance Corporation and the League of California Cities to provide a convenient method for local agencies to pool their assets for investment. The weighted average to maturity of CALTRUST investments were as follows: CALTRUST Short Term, one year or less; CALTRUST Medium, 21 months and CALTRUST Heritage Money Market, 28 days. The Board of Trustees, which is made up of experienced local Treasurers and Investment Officers has oversight responsibility for CALTRUST. The value of the pool shares in CALTRUST, which may be withdrawn, is determined on a fair value basis, which may be different than the amortized cost of the County Treasurer's portion of the pool. The total amount invested in CALTRUST by California public agencies, as of June 30, 2011 was divided among the following asset classes: CALTRUST Medium Term was \$253 million; CALTRUST Short Term was \$408 million and CALTRUST Heritage Money Market was \$41 billion.

The County is also a voluntary participant in the California Asset Management Program (CAMP). The total amount invested by all public agencies in CAMP as of June 30, 2011 was \$1.9 billion. At June 30, 2011, the County's investment to CAMP is \$1 million. CAMP is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment. The weighted average to maturity of CAMP investments was 52 days as of June 30, 2011. The Board of



Trustees, which is made up of experienced local government directors and treasurers, has oversight responsibility for CAMP. The Board consists of seven members elected by the participants. The value of the pool shares in CAMP, 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. As noted above, the total amount invested in CAMP by California public agencies, as of June 30, 2011 was \$1.9 billion divided among the following asset classes: 30.4% in Negotiable Certificates of Deposit; 23.5% in commercial paper; 21.8% was invested in Federal Agency obligations; 18.0% was invested in repurchase agreements (collateralized by Treasury and Agency obligations); 5.3% was invested in US Treasuries; 1.0% was invested in US Government Supported Corporate Debt (insured by the federal government under the Temporary Liquidity Guaranteed Program - TLGP). CAMP's investment policy does not permit the purchase of asset-backed securities (Government Code 53601(n)), but does permit the purchase commercial paper 53601(h), which can include asset-backed commercial paper.

### ***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 such as Investment Trust of California (CALTRUST) and California Asset Management Program (CAMP).

### ***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, 2011, the weighted average to maturity of the Treasurer's Pool was 371 days.

The fair value of the County's investments as of June 30, 2011 are as follows:

	Fair Value	Investment Maturities Fair Value (in Years)		
		Less than 1	1 to 5	More than 5
<b>County Investments</b>				
Money Market Mutual Funds	\$ 30,126,121	\$ 30,126,121	\$ -	\$ -
State of California Local Agency	39,819,496	39,819,496	-	-
Investment Trust of California	51,328,094	51,328,094	-	-
California Asset Management Program	1,075,633	1,075,633	-	-
Corporate Notes	59,605,870	18,409,611	41,196,259	-
Mortgage Pass-through	41,634	16,634	25,000	-
U.S. Federal Agency Notes				
Federal Farm Credit Bank	23,056,570	10,049,150	13,007,420	-
Federal Home Loan Bank	132,520,813	102,500,313	30,020,500	-
Federal Home Loan Mortgage Corporation	93,184,160	43,130,830	50,053,330	-
Federal National Mortgage Association	19,984,325	4,999,480	14,984,845	-
U.S. Treasury Notes	86,551,400	30,007,235	56,544,165	-
Municipal Notes	52,475,682	22,224,153	28,366,089	1,885,440
<i>Total County Investments</i>	<u>589,769,798</u>	<u>353,686,750</u>	<u>234,197,608</u>	<u>1,885,440</u>
<b>Investments with Fiscal Agents</b>				
Money Market Mutual Funds	5,211,892	5,211,892	-	-
<b>Total Investments</b>	<u>\$ 594,981,690</u>	<u>\$ 358,898,642</u>	<u>\$ 234,197,608</u>	<u>\$ 1,885,440</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 San Luis Obispo County which matures September 2019.

### 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, 2011, the County's credit risks, expressed as a percentage of total investments, are as follows:

Investment Type	Credit Rating S&P	% of Investments
<b>County Investments</b>		
Money Market Mutual Funds	AAA	5.06%
LAIF	Not Rated	6.69%
CalTRUST Medium Term	Not Rated	1.20%
CalTRUST Money Market	AAAm	2.03%
CalTRUST Short Term	AAf	5.39%
CAMP	AAAm	0.18%
Corporate Notes	A	1.51%
Corporate Notes	AA	1.38%
Corporate Notes	AA-	1.94%
Corporate Notes	AA+	1.70%
Corporate Notes	AAA	2.63%
Corporate Notes	Aaa	0.86%
Mortgage Pass-through	AAA	0.01%
U.S. Federal Agency Notes		
Federal Farm Credit Bank	AAA	3.87%
Federal Home Loan Bank	AAA	22.25%
Federal Home Loan Mortgage Corporation	AAA	15.65%
Federal National Mortgage Assn.	AAA	3.36%
U.S. Treasury Notes	AAA	14.53%
Municipal Notes	A	0.16%
Municipal Notes	A-	3.68%
Municipal Notes	AA-	2.57%
Municipal Notes	AA+	0.99%
Municipal Notes	AAA	1.41%
<b>Investments with Fiscal Agents</b>		
Money Market Mutual Funds	AAA	0.88%
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	\$ 132,520,813
Federal Home Loan Mortgage Corporation	93,184,160

#### 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 110% 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, 2011 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	\$ 30,126,121	\$ 30,126,121	0.250%	07/11
State of California Local Agency Investment Fund	39,819,496	39,819,496	0.448	07/11
Investment Trust of California Joint Powers Authority Pool	51,328,094	51,057,650	0.200	07/11
California Asset Management Program	1,075,633	1,075,633	0.200	07/11
Corporate Notes	59,605,870	59,328,134	.575 - 3.226	03/12 - 09/15
Mortgage Pass-through	41,634	41,634	000 - 7.210	10/11 - 10/12
U.S. Federal Agency Notes	268,745,868	268,485,338	.020 - 2.039	07/11 - 09/14
U.S. Treasury Notes	86,551,400	86,384,456	.011 - 1.026	08/11 - 10/14
Municipal Notes	52,475,682	51,664,461	.683 - 7.447	07/11 - 09/19
	<u>\$ 589,769,798</u>	<u>\$ 587,982,923</u>		

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Pool as of June 30, 2011:

**Statement of net assets**

Net assets held in trust for all pool participants	\$ 590,339,373
Equity of internal pool participants	\$ 300,392,276
Equity of external pool participants	289,947,097
Total equity	<u>\$ 590,339,373</u>

**Statement of changes in net assets**

Net assets as of July 1, 2010	\$ 580,463,914
Net change in investments by pool participants	9,875,459
Net assets as of June 30, 2011	<u>\$ 590,339,373</u>

Reconciliation to financial statements

Held by County Treasurer:

Primary government	\$ 594,931,982
Component Units:	
Solano County Fair	662,133
Workforce Investment Board	273,097
	<u>595,867,212</u>

Less outstanding warrants:

Primary government	5,377,472
Component Units - Workforce Investment Board	150,367

<b>Total</b>	<u>\$ 590,339,373</u>
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**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, 2011, the various components of deferred revenue were as follows:

Fund	Unavailable	Unearned	Total
General Fund	\$ 16,026,646	\$ 1,592,993	\$ 17,619,639
Health & Social Services Fund	7,474,129	30,340,321	37,814,450
Public Safety Fund	502,411	1,269,413	1,771,824
Accumulated Capital Outlay Fund	1,030,806	-	1,030,806
Pension Debt Service Fund	-	170,826	170,826
Other Governmental Funds	505,827	277,657	783,484
Internal Service Funds	-	415,396	415,396
Total governmental activities	<u>\$ 25,539,819</u>	<u>34,066,606</u>	<u>\$ 59,606,425</u>
Nut Tree Airport Fund		10,954	\$ 10,954
Total business-type activities		<u>10,954</u>	<u>\$ 10,954</u>
Total primary government		<u>\$ 34,077,560</u>	

**C. Due To/Due From Other Funds**

The composition of the interfund balances as of June 30, 2011 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	\$ -	\$ 5,258,597	\$ 6,635,676	\$ 2,485	\$ 6,586	\$ -	\$ 222,640	\$ 111,931	\$ 12,237,915
Health & Social Services	5,892,416	-	82,118	-	585,360	-	-	239,644	6,799,538
Public Safety	249,342	81,705	-	36,723	6,162	-	-	98,368	472,300
Pension Debt Service	82,386	222,931	220,667	-	40,525	952	6,321	16,458	590,240
Other Governmental	92,325	109,000	-	-	3,237	-	-	15,889	220,451
Nut Tree Airport	-	-	-	-	-	-	-	515	515
Fouts Springs Youth Facility	-	-	117,745	-	-	-	-	1,141	118,886
Internal Service	-	12,713	-	-	-	-	-	2,052	14,765
<b>Total</b>	<b>\$ 6,316,469</b>	<b>\$ 5,684,946</b>	<b>\$ 7,056,206</b>	<b>\$ 39,208</b>	<b>\$ 641,870</b>	<b>\$ 952</b>	<b>\$ 228,961</b>	<b>\$ 485,998</b>	<b>\$ 20,454,610</b>

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, 2011 were as follows:

	Advances From				Total
	Accumulated Capital Outlay	Pension Debt Service Fund	Other Governmental	Nut Tree Airport	
Advances To General	\$ 1,813,506	\$ 19,500,000	\$ 2,312,439	\$ 2,301,186	\$ 25,927,131

The General Fund loaned \$1,813,506 to the Accumulated Capital Outlay Fund to cover the costs of Fairgrounds development; \$19,500,000 to Pension Debt Service Fund to pay off the balance of debt in the Pension Obligation Bonds Series B1 and B2; \$2,312,439 to the Transportation Fund (Other Governmental Funds) to cover costs of Regional Transportation Projects and \$2,301,186 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, 2011 is as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions &amp; Transfers-in</b>	<b>Retirements &amp; Transfers-out</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 154,905,725	\$ 13,342	\$ -	\$ 154,919,067
Construction in progress	81,862,566	9,637,396	(61,117,026)	30,382,936
Artwork	483,064	7,000	-	490,064
Intangibles	459,593	572,437	-	1,032,030
Total capital assets, not being depreciated	<u>237,710,948</u>	<u>10,230,175</u>	<u>(61,117,026)</u>	<u>186,824,097</u>
Capital assets, being depreciated:				
Buildings	302,587,550	57,984,661	-	360,572,211
Machinery and equipment	49,321,093	4,376,933	(3,455,282)	50,242,744
Infrastructure	94,529,624	1,773,993	-	96,303,617
Intangibles	6,754,061	873,768	(1,121,794)	6,506,035
Total capital assets being depreciated	<u>453,192,328</u>	<u>65,009,355</u>	<u>(4,577,076)</u>	<u>513,624,607</u>
Less accumulated depreciation for:				
Buildings	(123,117,495)	(10,985,879)	-	(134,103,374)
Machinery and equipment	(29,622,326)	(4,315,223)	3,175,130	(30,762,419)
Infrastructure	(44,822,852)	(3,293,392)	-	(48,116,244)
Intangibles	(1,334,679)	(1,428,838)	714,219	(2,049,298)
Total accumulated depreciation	<u>(198,897,352)</u>	<u>(20,023,332)</u>	<u>3,889,349</u>	<u>(215,031,335)</u>
Total capital assets, being depreciated, net	<u>254,294,976</u>	<u>44,986,023</u>	<u>(687,727)</u>	<u>298,593,272</u>
Governmental funds capital assets, net	<u>\$ 492,005,924</u>	<u>\$ 55,216,198</u>	<u>\$ (61,804,753)</u>	<u>\$ 485,417,369</u>

<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Additions &amp; Transfers-in</b>	<b>Retirements &amp; Transfers-out</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 10,328,251	\$ 1,774	\$ -	\$ 10,330,025
Construction in progress	154,356	4,712	(25,626)	133,442
Total capital assets, not being depreciated	<u>10,482,607</u>	<u>6,486</u>	<u>(25,626)</u>	<u>10,463,467</u>
Capital assets, being depreciated				
Buildings	15,191,455	25,626	-	15,217,081
Machinery and equipment	570,472	-	-	570,472
Total capital assets, being depreciated	<u>15,761,927</u>	<u>25,626</u>	<u>-</u>	<u>15,787,553</u>
Less accumulated depreciation for:				
Buildings	(5,931,174)	(630,990)	-	(6,562,164)
Machinery and equipment	(446,300)	(15,748)	-	(462,048)
Total accumulated depreciation	<u>(6,377,474)</u>	<u>(646,738)</u>	<u>-</u>	<u>(7,024,212)</u>
Total capital assets, being depreciated, net	<u>9,384,453</u>	<u>(621,112)</u>	<u>-</u>	<u>8,763,341</u>
Business-type activities capital assets, net	<u>\$ 19,867,060</u>	<u>\$ (614,626)</u>	<u>\$ (25,626)</u>	<u>\$ 19,226,808</u>

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

**Governmental activities:**

General government	\$ 4,789,902
Public safety	4,443,508
Public ways and facilities	3,623,233
Health and sanitation	1,603,673
Public assistance	1,755,899
Education	483,410
Recreation	194,143
Capital assets held by the government's internal service funds are charged to various functions based on their usage of the asset	3,129,564
Total depreciation expense - governmental activities	<u>\$ 20,023,332</u>

**Business-type activities**

Nut Tree Airport	\$ 493,364
Fouts Springs Youth Facility	153,374
Total depreciation expense - business type activities	<u>\$ 646,738</u>



Capital assets activity for component units for the fiscal year ended June 30, 2011 is as follows:

<b>Component Units</b>	<b>Beginning Balance</b>	<b>Additions &amp; Transfers-in</b>	<b>Retirements &amp; Transfers-out</b>	<b>Ending Balance</b>
<b>Solano County Fair</b>				
Capital assets, not being depreciated:				
Land	\$ 167,085	\$ -	\$ -	\$ 167,085
Capital assets, being depreciated:				
Buildings	9,799,881	150,333	(576,302)	9,373,912
Machinery & equipment	602,393	37,128	(232,356)	407,165
Total capital assets, being depreciated:	10,402,274	187,461	(808,658)	9,781,077
Less accumulated depreciation for:				
Buildings	(8,069,143)	(226,714)	576,302	(7,719,555)
Machinery & equipment	(553,776)	(25,501)	232,356	(346,921)
Total accumulated depreciation, net	(8,622,919)	(252,215)	808,658	(8,066,476)
Total capital assets, being depreciated, net	1,779,355	(64,754)	-	1,714,601
Total Solano County Fair capital assets, net	\$ 1,946,440	\$ (64,754)	\$ -	\$ 1,881,686
<b>Workforce Investment Board (WIB)</b>				
Capital assets, being depreciated:				
Machinery & equipment	\$ 15,497	\$ -	\$ -	\$ 15,497
Less: Accumulated depreciation	(3,463)	(3,100)	-	(6,563)
Total WIB capital assets, being depreciated, net	\$ 12,034	\$ (3,100)	\$ -	\$ 8,934

Depreciation expense was charged to component units as follows:

<b>Component units:</b>	
Solano County Fair	\$ 252,215
Workforce Investment Board	3,100
Total depreciation expense-component units	\$ 255,315

**F. Interfund Transfers**

The composition of interfund transfers for the fiscal year ended June 30, 2011 were as follows:

	Transfers Out								Total
	General Fund	Health & Social Services	Public Safety	Accumulated Capital Outlay	Other Governmental	Nut Tree Airport	Fouts Springs Youth Facility	Internal Service Funds	
General Fund	\$ -	\$ 4,708,975	\$ -	\$ 2,703,560	\$ 5,232	\$ -	\$ -	\$ 943	\$ 7,418,710
Health & Social Services	30,979,099	-	-	-	-	-	-	-	30,979,099
Public Safety	83,536,938	-	-	-	-	-	-	75,000	83,611,938
Accumulated Capital Outlay	-	719,004	2,293,938	-	2,420,000	-	-	-	5,432,942
Pension Debt Service	1,582,629	4,345,166	4,244,351	-	784,642	16,266	128,429	324,745	11,426,228
Other Governmental	3,296,852	2,326,367	399,325	900,000	2,354,030	-	-	-	9,276,574
Internal Service	27,664	-	-	-	-	-	-	-	27,664
<b>Total</b>	<b>\$ 119,423,182</b>	<b>\$ 12,099,512</b>	<b>\$ 6,937,614</b>	<b>\$ 3,603,560</b>	<b>\$ 5,563,904</b>	<b>\$ 16,266</b>	<b>\$ 128,429</b>	<b>\$ 400,688</b>	<b>\$ 148,173,155</b>

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.

### G. Payables

The composition of payables as of June 30, 2011 were as follows:

	<b>Accounts Payable</b>	<b>Accrued Payroll</b>	<b>Accrued Interest</b>	<b>Total</b>
Governmental activities:				
General Fund	\$ 1,409,434	\$ 1,986,074	\$ -	\$ 3,395,508
Health & Social Services	12,877,026	5,426,310	-	18,303,336
Public Safety	1,468,909	5,375,739	-	6,844,648
Accumulated Capital Outlay	3,199,618	-	-	3,199,618
Pension Debt Service	1,683	-	-	1,683
Other Governmental Funds	1,793,012	1,022,954	-	2,815,966
Internal Service Funds	1,449,279	374,097	-	1,823,376
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	2,746,888	2,746,888
Total governmental activities	<u>\$ 22,198,961</u>	<u>\$ 14,185,174</u>	<u>\$ 2,746,888</u>	<u>\$ 39,131,023</u>
Business-type activities:				
Nut Tree Airport	\$ 22,374	\$ 21,040	\$ -	\$ 43,414
Fouts Springs Youth Facility	30,701	156,533	-	187,234
Total business-type activities	<u>\$ 53,075</u>	<u>\$ 177,573</u>	<u>\$ -</u>	<u>\$ 230,648</u>

### H. Operating Leases

The County leases office space and equipment under operating leases. Total rental expenditures for such leases were \$2,848,264, for the fiscal year ended June 30, 2011. Future minimum rental payments under all noncancelable operating leases with initial or remaining terms in excess of one year as of June 30, 2011 are summarized as follows:

<b>Year Ending June 30</b>	<b>Primary Government</b>	<b>WIB</b>	<b>Total</b>
2012	\$ 1,948,852	\$ 458,504	\$ 2,407,356
2013	1,282,001	-	1,282,001
2014	1,245,960	-	1,245,960
2015	713,592	-	713,592
2016	224,550	-	224,550
	<u>\$ 5,414,955</u>	<u>\$ 458,504</u>	<u>\$ 5,873,459</u>

**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, 2011, were as follows:

	Year ending June 30	<u>Governmental activities</u>	
	2012	\$	230,156
	2013		230,157
	2014		82,668
Total minimum lease payments			<u>542,981</u>
Less: amount representing interest			<u>(29,189)</u>
Present value of minimum lease payments		\$	<u><u>513,792</u></u>

The assets acquired through capital leases are as follows:

	<u>Governmental activities</u>	
Machinery and equipment	\$	1,445,092
Less: Accumulated depreciation		(613,608)
Total	\$	<u><u>831,484</u></u>

**Notes Payable:**

The County has entered into a note payable agreement as borrower for financing arrangements.

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

	<u>Governmental activities</u>		
Year ending June 30	Principal		Interest
2012	\$ -	\$	30,717
2013	-		30,717
2014	-		30,717
2015	-		30,717
2016	-		30,717
	<u>\$ -</u>	\$	<u><u>153,585</u></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, 2011, 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
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	5,170,000	4,472,100
2017-2021	25,635,000	18,372,781
2022-2026	24,130,000	12,634,897
2027-2031	30,000,000	6,626,588
2032-2033	13,960,000	635,174
	<u>\$ 120,160,000</u>	<u>\$ 63,171,991</u>

**Debt Defeasance:**

The County partially refunded and defeased the 2002 COP with certificate payment dates from and including November 1, 2013 to 2032. Due to prepayment restrictions, the proceeds from the 2007 COP are held in an escrow account until the 2002 COP are refunded after the call date of November 1, 2012. The amount held in the escrow account and the liability for the defeased bonds are not included in the County's financial statements. As of June 30, 2011, the amount outstanding for the defeased bonds is \$96,215,000.

**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
2012	\$ 5,175,000	\$ 4,014,049
2013	5,845,000	3,780,860
2014	6,590,000	3,498,563
2015	7,385,000	3,165,769
2016	12,000,000	2,706,064
2017-2021	23,770,000	7,721,941
2022-2025	17,040,000	2,387,705
	<u>\$ 77,805,000</u>	<u>\$ 27,274,951</u>

**Pension Obligation Bonds Refunding:**

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. Therefore, the County refunded the outstanding bond obligation via private placement and refunded the Pension Obligation Bonds Series 2004 B-3, saving the County \$8,767,625 net of all costs and resulted in an economic gain of \$4,133,688. The Series 2010 Pension Obligation Bonds Refunding has certificate payment dates from and including January 15, 2011 to July 15, 2015.

The composition of the long-term debt obligations for the governmental activities as of June 30, 2011, was as follows:

<u>Type and description</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Capital lease:				
Motorola	December 1, 2015	4.28	\$ 1,385,806	\$ 513,792
Notes payable:				
Suisun City Redevelopment Agency		3.00	1,023,890	1,023,890
Certificates of participation:				
2002 Certificates of Participation				
Serial	November 1, 2003 - November 1, 2025	4.98	74,460,000	6,015,000
Issuance Premium			4,628,748	308,583
2007 Certificates of Participation				
Serial	November 1, 2003 - November 1, 2025	4.00 - 5.00	50,620,000	49,940,000
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	1,926,371
Deferred amount on refunding			(3,150,339)	(2,362,754)
2009 Refunding Certificates of Participation				
Serial	November 15, 2010 - November 15, 2019	3.00 - 5.00	16,745,000	14,965,000
Issuance Premium			889,673	711,738
Deferred amount on refunding			155,226	124,181
Total certificates of participation				120,868,119
Pension Obligation Bonds:				
Series 2004A	January 15, 2018	5.80	36,665,000	29,570,000
Series 2010	January 15, 2024	5.80	20,000,000	10,000,000
Series 2005	January 15, 2025	5.36	42,385,000	38,235,000
Total pension obligation bonds				77,805,000
Self-insurance liability				10,545,541
Compensated absences				26,514,731
Pollution remediation obligation				261,534
OPEB liability				3,864,310
Total governmental obligations				\$ 241,396,917

The composition of the long-term debt obligations for the business-type activities as of June 30, 2011, was as follows:

<u>Type and description</u>	<u>Outstanding</u>
Nut Tree Airport	
OPEB liability	6,037
Compensated absences	15,064
Total Nut Tree Airport	<u>21,101</u>
Fouts Springs Youth Facility	
OPEB liability	39,961
Compensated absences	452,163
Total Fouts Springs Youth Facility	<u>492,124</u>
 Total business-type activities	 <u><u>\$ 513,225</u></u>

The composition of the long-term obligations of the County's component units' activities as of June 30, 2011, was as follows:

<u>Type and description</u>	<u>Outstanding</u>
Solano County Fair	
County pension liability	\$ 735,480
Capital lease	376,802
Compensated absences	60,193
Total Solano County Fair	<u><u>\$ 1,172,475</u></u>
 Workforce Investment Board (WIB)	
Compensated absences	<u><u>\$ 193,817</u></u>

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Capital leases	\$ 1,122,586	\$ -	\$ (608,794)	\$ 513,792	\$ 211,531
Certificates of participation	124,915,000	-	(4,755,000)	120,160,000	4,970,000
Deferred amounts:					
For issuance premiums	3,318,372	-	(371,680)	2,946,692	371,683
Deferred amount on refunding	(2,380,568)	-	141,995	(2,238,573)	(141,994)
Pension obligation bonds	81,105,000	10,000,000	(13,300,000)	77,805,000	5,175,000
Notes payable	1,023,890	-	-	1,023,890	-
Self-insurance liability	9,244,520	4,582,656	(3,281,635)	10,545,541	3,600,000
Pollution remediation obligation	261,615	6,916	(6,997)	261,534	161,374
OPEB liability	1,765,782	2,098,528	-	3,864,310	-
Compensated absences	26,859,447	15,393,915	(15,738,631)	26,514,731	11,567,325
Governmental activity long-term liabilities	<u><u>\$ 247,235,644</u></u>	<u><u>\$ 32,082,015</u></u>	<u><u>\$ (37,920,742)</u></u>	<u><u>\$ 241,396,917</u></u>	<u><u>\$ 25,914,919</u></u>

<b>Business-type activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Notes payable	\$ 39,297	\$ -	\$ (39,297)	\$ -	\$ -
OPEB liability	21,248	24,750	-	45,998	-
Compensated absences	506,701	193,649	(233,123)	467,227	142,486
Business-type activity long-term liabilities	\$ 567,246	\$ 218,399	\$ (272,420)	\$ 513,225	\$ 142,486

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities are included as part of the above totals for governmental activities. \$11,663,283 of the internal service funds long-term liabilities was included in the above amounts.

<b>Component units activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Solano County Fair:</b>					
County pension liability	\$ 735,480	\$ -	\$ -	\$ 735,480	\$ 28,947
Capital lease	395,189	-	(18,387)	376,802	19,856
Compensated absences	65,245	42,316	(47,368)	60,193	60,193
Total Solano County Fair	\$ 1,195,914	\$ 42,316	\$ (65,755)	\$ 1,172,475	\$ 108,996

**WIB:**

Compensated absences	\$ 186,386	\$ 210,947	\$ (203,516)	\$ 193,817	\$ 185,569
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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 was required for soil and ground water contamination from petroleum hydrocarbons from the underground storage tanks on the site. On April 13, 2011, the Remedial Action Completion Certification and Case Closure Certification were issued. Therefore as of June 30, 2011, there was no liability for pollution remediation obligation. However, the County expects to recover an additional \$881 from the Underground Storage Tank Clean-up Fund for previously incurred outlays. The pollution remediation obligation for the site is (\$881).
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 \$262,415 which is a weighted average of estimates for the range of cleanup outlays.

The Former Hall of Records site is required to be remediated until eligible for closure by California Regional Water Quality Control Board.



**K. Fund Balances**

Fund balances for all major and nonmajor governmental funds as of June 30, 2011 were classified as follows:

	General Fund	Health & Social Services	Public Safety	Accumulated Capital Outlay	Pension Debt Service	Other Governmental	Total
<b>Nonspendable</b>							
Inventory	\$ 1,962	\$ -	\$ -	\$ -	\$ -	\$ 202,184	\$ 204,146
Long-term receivable	764,309	-	-	-	-	-	764,309
Advances	25,927,131	-	-	-	-	-	25,927,131
Prepaid expenses	-	-	-	-	-	8,755	8,755
Subtotal	<u>26,693,402</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>210,939</u>	<u>26,904,341</u>
<b>Restricted for:</b>							
Public safety	-	-	4,687,858	-	-	-	4,687,858
Capital projects	-	-	-	22,822,233	-	-	22,822,233
Public facilities fees	-	-	-	-	-	8,282,075	8,282,075
Library services	-	-	-	-	-	8,802,902	8,802,902
Transportation services	-	-	-	-	-	10,889,051	10,889,051
Health services	-	-	-	-	-	5,861,507	5,861,507
Home loan program	-	-	-	-	-	4,848,259	4,848,259
Micrographics & modernization	-	-	-	-	-	7,689,362	7,689,362
East Vallejo fire district	-	-	-	-	-	17,400	17,400
Fish & game	-	-	-	-	-	842,819	842,819
County service area	-	-	-	-	-	624,119	624,119
SE Vallejo Redevelopment	-	-	-	-	-	1,037	1,037
Debt service	-	-	-	-	-	1,765,129	1,765,129
Subtotal	<u>-</u>	<u>-</u>	<u>4,687,858</u>	<u>22,822,233</u>	<u>-</u>	<u>49,623,660</u>	<u>77,133,751</u>
<b>Committed for:</b>							
Deferred maintenance	3,133,680	-	-	-	-	-	3,133,680
Accrued leave payoff	3,805,555	-	-	-	-	-	3,805,555
Subtotal	<u>6,939,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,939,235</u>
<b>Assigned to:</b>							
<b>General fund:</b>							
Imprest cash	3,480	-	-	-	-	-	3,480
Encumbrances	491,636	-	-	-	-	-	491,636
Health services	618,163	-	-	-	-	-	618,163
Undisbursed approved loans	3,803,755	-	-	-	-	-	3,803,755
FY 2011/12 budgetary resource	39,838,121	-	-	-	-	-	39,838,121
Capital projects	-	-	-	22,939,415	-	-	22,939,415
Subtotal	<u>44,755,155</u>	<u>-</u>	<u>-</u>	<u>22,939,415</u>	<u>-</u>	<u>-</u>	<u>67,694,570</u>
<b>Unassigned</b>							
General fund	35,958,787	-	-	-	-	-	35,958,787
Health services	-	(90,772)	-	-	-	-	(90,772)
Public safety	-	-	(78,905)	-	-	-	(78,905)
Pension debt service	-	-	-	-	(8,809,392)	-	(8,809,392)
Parks & recreation	-	-	-	-	-	(19,996)	(19,996)
Subtotal	<u>35,958,787</u>	<u>(90,772)</u>	<u>(78,905)</u>	<u>-</u>	<u>(8,809,392)</u>	<u>(19,996)</u>	<u>26,959,722</u>
<b>Total</b>	<u>\$ 114,346,579</u>	<u>\$ (90,772)</u>	<u>\$ 4,608,953</u>	<u>\$ 45,761,648</u>	<u>\$ (8,809,392)</u>	<u>\$ 49,814,603</u>	<u>\$ 205,631,619</u>

***L. Extraordinary Items***

In March 2011, the California State Legislature approved and the Governor signed Assembly Bill 99 authorizing the shift of \$1 billion from First 5 Commissions in California, including \$8,809,741 from First 5 Solano. Solano County, in conjunction with other First 5 County commissions has initiated litigation to contest this State action. Please see disclosure in Note IV-F-3 regarding the status of the litigation.

***M. Deficit Fund Equity***

As of June 30, 2011, the Pension Debt Service Fund (Debt Service Fund) had a deficit fund balance of \$8,809,392 which is expected to be resolved through rate recovery from the county departments in future years.

As of June 30, 2011, Health & Social Service Fund (Special Revenue Fund) had a deficit fund balance of \$90,772 which is expected to be resolved through adjustments/transfers from primary operating funds or through current year operating revenues.

***N. Excess of expenditures over appropriations***

As of June 30, 2011, the expenditures exceeded appropriations at the legal level of budgetary control for the following:

Special Revenue Funds:	
Other Special Revenue Funds:	
Parks & Recreation	\$ 1,012

**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. The Solano County Fair is included as part of the County's Miscellaneous Plan. 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 8% and 9% 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, 2011 was 12.081% for miscellaneous and 14.775% 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 2010/2011, the County’s annual pension cost was \$37,558,354. The required contribution for fiscal year 2010/2011 was determined as part of the June 30, 2008 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 Plans’ unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period as of the June 30, 2011 actuarial valuation was 26 years for the Miscellaneous and Safety Plans.

The County’s and the Solano County Fair’s annual pension costs and pension assets for the fiscal year ended June 30, 2011 were as presented on the follows:

	<u>Solano County</u>	<u>Solano County Fair</u>
Annual required contribution	\$ 34,989,502	\$ 127,462
Interest on pension asset	(10,164,394)	(61,671)
Adjustment to the annual required contribution	12,733,246	73,832
Annual pension cost (APC)	37,558,354	139,623
Contributions made	34,989,502	127,462
Increase (decrease) in pension asset	(2,568,852)	(12,161)
Pension asset, beginning of year	131,153,472	795,758
Pension asset, end of year	<u>\$ 128,584,620</u>	<u>\$ 783,597</u>

**Three-year trend information for the Miscellaneous Plan**

Fiscal Year Ending	<u>Solano County</u>			
	APC	Actual Contributions	Percentage of APC Contributions	Net pension Asset
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
06/30/11	28,544,349	26,454,277	93%	99,041,724

**Solano County Fair**

<b>Fiscal Year</b>		<b>Actual</b>	<b>Percentage of</b>	<b>Net pension</b>
<b>Ending</b>	<b>APC</b>	<b>Contributions</b>	<b>APC</b>	<b>Asset</b>
			<b>Contributions</b>	
06/30/09	\$ 147,879	\$ 141,521	96%	\$ 804,869
06/30/10	108,108	98,997	92%	795,758
06/30/11	139,623	127,462	91%	783,597

**Three-year trend information for the Safety Plan**

<b>Fiscal Year</b>		<b>Actual</b>	<b>Percentage of</b>	<b>Net pension</b>
<b>Ending</b>	<b>APC</b>	<b>Contributions</b>	<b>APC</b>	<b>Asset</b>
			<b>Contributions</b>	
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
06/30/11	9,014,005	8,535,225	95%	29,542,896

The County and the Solano County Fair have made their ARC for each of the past three years.

**4. Funded Status and Funding Progress – Pension Plan**

As of June 30, 2010, the most recent actuarial valuation date, the Miscellaneous and Safety plans were funded as noted below:

<b>Plan</b>	<b>Entry Age</b>	<b>Actuarial</b>	<b>Unfunded</b>	<b>Funded</b>	<b>Annual</b>	<b>Unfunded</b>
	<b>Normal</b>	<b>Value of</b>	<b>Actuarial</b>	<b>Status</b>	<b>Covered</b>	<b>Actuarial</b>
	<b>Accrued</b>	<b>Assets</b>	<b>Liability</b>		<b>Payroll</b>	<b>Liability</b>
	<b>Liability</b>					<b>as a % of</b>
						<b>Payroll</b>
Miscellaneous	\$ 1,014,371,692	\$ 891,130,123	\$ 123,241,569	87.90%	\$ 163,205,096	75.50%
Safety	300,019,752	264,205,978	35,813,774	88.10%	41,881,151	85.50%

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 \$108 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 \$108 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, 2011, 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, 2011, the County contributed \$1,758,762 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 2010/2011, 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 liability:

Annual Required Contribution (ARC)	\$ 3,906,000
Interest on Net OPEB Liability	116,157
Amortization of Net OPEB Liability	(140,117)
Annual OPEB Cost (expense)	<u>3,882,040</u>
Contributions Made	<u>(1,758,762)</u>
Increase in Net OPEB Liability	2,123,278
Net OPEB Liability, July 1, 2010	<u>1,787,030</u>
Net OPEB Liability, June 30, 2011	<u>\$ 3,910,308</u>
% of annual OPEB cost contributed	<u>45%</u>

For fiscal year 2010/2011, the County's annual OPEB cost (expense) was \$3,882,040. The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB liability for June 30, 2011 and the two preceding years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset (Liability)</u>
6/30/2009	\$ 3,383,000	\$ 3,391,404	100%	\$ 168,205
6/30/2010	3,784,713	1,829,478	48%	(1,787,030)
6/30/2011	3,882,040	1,758,762	45%	(3,910,308)

**4. Funded Status and Funding Progress**

The funded status of the plan as of January 1, 2011, the most recent actuarial valuation date, was as follows:

Actuarially accrued liability (AAL)	\$	36,333,000
Actuarial value of plan assets		9,239,000
Unfunded actuarial accrued liability (UAAL)	\$	<u>27,094,000</u>
Funded ratio (actuarial value of plan assets/AAL)		25%
Covered payroll (active plan members)	\$	200,948,000
UAAL as a percentage of covered payroll		13%

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, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return (net of administrative expenses) between 5.2% - 6.5% and an annual healthcare cost trend rate between 9.5% – 10% initially, reduced by decrements to an ultimate rate of 5% after 10 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 June 30, 2011 was 26 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 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 \$4,801,396 during the fiscal year ended June 30, 2011 for the Primary General Liability, 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 a 75% confidence level. As of June 30, 2011, the accrued loss contingency for the County's workers' compensation program was \$10,294,000 and is reported as a liability in the Risk Management Internal Service Fund.

Effective November 1, 1998, the County elected to insure the County's general liability coverage under the CSAC-EIA Primary General Liability Program (PGL). The County self-insures for this risk and purchases the PGL coverage to buy down the Liability Self-Insured Retention of \$100,000 to the PGL deductible of \$10,000. The County continues to be liable for all claims incurred prior to November 1, 1998, with a \$100,000 self-insured retention per claim. As of June 30, 2011, the accrued loss contingency for the general liability claims incurred prior to November 1, 1998 was \$251,541 and is reported as a liability in the Risk Management Internal Service Fund. The County also participates in excess coverage up to \$25,000,000. 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, 2011 and 2010 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, 2010	\$ 9,719,080	\$ 2,788,528	\$ (3,263,088)	\$ 9,244,520
June 30, 2011	9,244,520	4,582,656	(3,281,635)	10,545,541

The claims liabilities above, reported in the Self Insurance Internal Service Fund at June 30, 2011, 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 a 75% confidence level.

***D. Encumbrances 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 encumbrances for this project as of June 30, 2011 were \$13.2 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 encumbrances for this project as of June 30, 2011 were \$19.7 million.

***E. Restatement of Beginning Fund Balance***

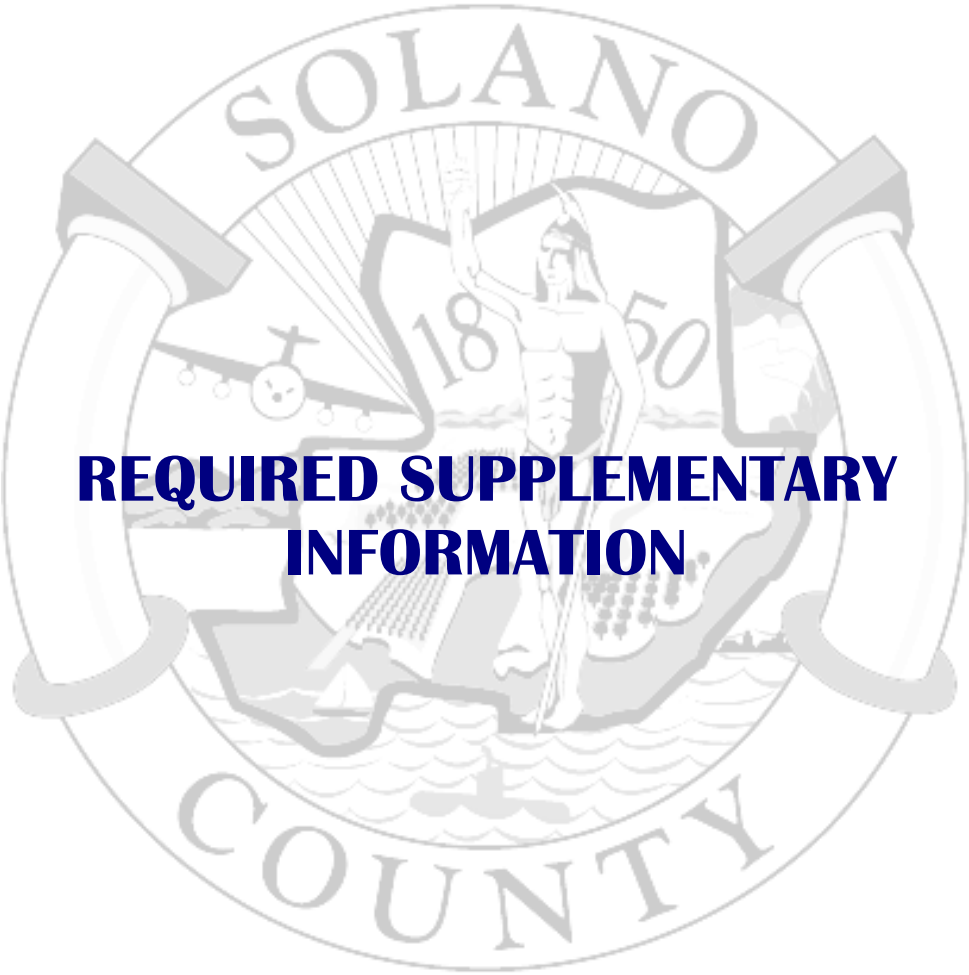
*Fund Reclassification*

*Tobacco Settlement Fund:* As part of the implementation of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the County reevaluated its existing funds and reclassified the Tobacco Settlement fund as part of the General Fund. As a result of the reclassification the beginning fund balances of the General Fund has been increased and Other Governmental Funds has been decreased by \$775,570.

***F. Subsequent Events***

1. On July 31, 2011, the Fouts Springs Youth Facility was closed due to being fiscally unsustainable and in response to the Grand Jury Report of March 21, 2011 finding that the high cost of operating Fouts Springs is an inefficient use of taxpayers' money.
2. In August 2011, Standard & Poor's lowered its long-term credit rating from AAA to AA+ on debt of the U.S. government, U.S. government- sponsored enterprises, and public debt issues that have credit enhancement guarantees by U.S. government sponsored enterprises. These credit downgrades relate to the credit risk associated with the County's investments in U.S. Treasury Notes.
3. On November 21, 2011, Fresno County Superior Court ruled that Assembly Bill 99 authorizing the shift of \$1 billion from First 5 Commissions in California, including \$8,809,741 from First 5 Solano was invalid and that State leaders acted illegally. However, management believes the State will appeal the ruling, therefore the ultimate outcome remains uncertain.





**REQUIRED SUPPLEMENTARY  
INFORMATION**



**COUNTY OF SOLANO, CALIFORNIA**  
Schedules of Funding Progress  
For the Fiscal Year Ended June 30, 2011  
Unaudited

**Miscellaneous Plan  
Defined Benefit Pension Plan**

<b>Valuation Date</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Actuarial Liability</b>	<b>Funded Status</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Actuarial Liability as a % of Payroll</b>
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%
6/30/10	1,014,371,692	891,130,123	123,241,569	87.9%	163,205,096	75.5%

**Safety Plan  
Defined Benefit Pension Plan**

<b>Valuation Date</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Actuarial Liability</b>	<b>Funded Status</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Actuarial Liability as a % of Payroll</b>
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%
6/30/10	300,019,752	264,205,978	35,813,774	88.1%	41,881,151	85.5%

**Other Postemployment Benefits (OPEB) Plan**

<b>Valuation Date</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Actuarial Liability</b>	<b>Funded Status</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Actuarial Liability as a % of Payroll</b>
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	17.8%	180,595,000	15.04%
1/01/11	36,333,000	9,239,000	27,094,000	25.4%	200,948,000	13.48%

**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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 99,396,349	\$ 99,396,349	\$ 102,887,445	\$ 3,491,096
Licenses, permits and franchises	5,845,631	5,876,872	6,161,669	284,797
Fines, forfeitures and penalties	1,868,500	1,858,500	1,748,165	(110,335)
Use of money and property	1,927,458	1,927,458	1,692,224	(235,234)
Intergovernmental	23,697,773	24,057,429	24,844,046	786,617
Charges for services	40,877,285	42,212,419	41,898,791	(313,628)
Miscellaneous	7,318,901	7,369,086	9,214,106	1,845,020
Total revenues	180,931,897	182,698,113	188,446,446	5,748,333
<b>EXPENDITURES</b>				
Current:				
General government				
BOS-District 1	358,262	357,573	336,164	21,409
BOS-District 2	347,917	347,293	337,860	9,433
BOS-District 3	341,341	340,679	331,138	9,541
BOS-District 4	350,048	349,248	337,679	11,569
BOS-District 5	312,306	311,667	300,750	10,917
BOS-Administration	133,077	137,943	137,943	-
Administration	3,455,555	3,453,908	3,143,587	310,321
General Revenue	1,000,000	1,000,000	429,814	570,186
Employee Development & Recognition	497,688	495,572	484,937	10,635
General Services	14,967,829	15,310,704	14,172,704	1,138,000
Assessor	6,389,741	6,101,476	5,682,550	418,926
Auditor-Controller	3,836,306	3,833,402	3,723,589	109,813
Tax Collector/County Clerk	2,270,090	2,270,090	2,058,940	211,150
Treasurer	1,122,671	1,122,281	919,929	202,352
County Counsel	3,047,496	3,040,090	2,991,714	48,376
Delta Water Activities	251,651	272,401	227,665	44,736
Human Resources	2,679,359	2,655,904	2,453,084	202,820
Registrar of Voters	3,183,439	3,181,628	2,748,618	433,010
Property Management	292,203	291,565	282,062	9,503
Promotion	451,175	451,175	304,089	147,086
General Expenditures	9,171,710	8,837,764	8,183,973	653,791
Surveyor/Engineer	55,508	55,508	32,421	23,087
General Svcs. Special Revenue	13,557	13,557	3,940	9,617
Total general government	54,528,929	54,231,428	49,625,150	4,606,278
Public protection				
Grand Jury	134,584	134,584	126,755	7,829
Agricultural Commissioner	2,668,457	2,665,833	2,577,644	88,189
Animal Care Services	2,405,629	2,402,932	2,348,038	54,894
Recorder	1,627,525	1,627,525	1,412,638	214,887
Resource Management	9,399,001	10,917,897	9,586,173	1,331,724
Office of Family Violence Prevention	523,174	761,970	573,550	188,420
Total public protection	16,758,370	18,510,741	16,624,798	1,885,943
Public assistance				
Indigent Burial General Relief	21,150	21,150	5,672	15,478
Veterans Services	556,169	567,918	557,343	10,575
Total public assistance	577,319	589,068	563,015	26,053
Education and recreation				
Cooperative Extension Service	314,097	312,834	310,659	2,175
Vallejo Veterans Building	4,275	4,275	-	4,275
Total education and recreation	318,372	317,109	310,659	6,450
Capital outlay:				
Equipment	80,757	103,697	6,935	96,762
Intangible - depreciable	-	307,515	-	307,515
Total capital outlay	80,757	411,212	6,935	404,277
Total expenditures	72,263,747	74,059,558	67,130,557	6,929,001
Excess of revenues over expenditures	108,668,150	108,638,555	121,315,889	12,677,334
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	15,173	2,714,025	7,418,710	4,704,685
Transfers out	(128,052,458)	(128,581,144)	(119,423,182)	9,157,962
Sale of capital assets	96,300	96,300	71,076	(25,224)
Total other financing sources (uses)	(127,940,985)	(125,770,819)	(111,933,396)	13,837,423
Net change in fund balance	(19,272,835)	(17,132,264)	9,382,493	26,514,757
Fund balance - beginning, as restated	104,188,516	104,188,516	104,964,086	(775,570)
Fund balance - ending	\$ 84,915,681	\$ 87,056,252	\$ 114,346,579	\$ 25,739,187

The note to the required supplementary information is 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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Licenses, permits and franchises	\$ 21,913	\$ 21,913	\$ 10,422	\$ (11,491)
Fines, forfeitures and penalties	625,552	625,552	601,573	(23,979)
Use of money and property	328,150	328,150	(25,773)	(353,923)
Intergovernmental	211,262,112	215,210,627	207,741,455	(7,469,172)
Charges for services	24,541,712	25,427,814	24,472,473	(955,341)
Miscellaneous	955,266	995,266	2,499,428	1,504,162
Total revenues	<u>237,734,705</u>	<u>242,609,322</u>	<u>235,299,578</u>	<u>(7,309,744)</u>
<b>EXPENDITURES</b>				
Current:				
Health services	110,765,366	113,729,983	104,656,980	9,073,003
Public assistance	151,244,028	146,476,079	146,033,869	442,210
Capital outlay:				
Equipment	44,000	508,072	333,656	174,416
Intangibles	-	1,156,755	1,030,986	125,769
Total capital outlay	<u>44,000</u>	<u>1,664,827</u>	<u>1,364,642</u>	<u>300,185</u>
Total expenditures	<u>262,053,394</u>	<u>261,870,889</u>	<u>252,055,491</u>	<u>9,815,398</u>
Deficiency of revenues under expenditures	<u>(24,318,689)</u>	<u>(19,261,567)</u>	<u>(16,755,913)</u>	<u>2,505,654</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	32,386,866	32,395,566	30,979,099	(1,416,467)
Transfers out	(7,122,165)	(12,370,244)	(12,099,512)	270,732
Sale of capital assets	-	-	3,750	3,750
Total other financing sources (uses)	<u>25,264,701</u>	<u>20,025,322</u>	<u>18,883,337</u>	<u>(1,141,985)</u>
Net change in fund balance	946,012	763,755	2,127,424	1,363,669
Fund balance (deficit) - beginning	(2,218,196)	(2,218,196)	(2,218,196)	-
Fund balance (deficit) - ending	<u>\$ (1,272,184)</u>	<u>\$ (1,454,441)</u>	<u>\$ (90,772)</u>	<u>\$ 1,363,669</u>

The note to the required supplementary information is 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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Licenses, permits and franchises	\$ 176,685	\$ 176,685	\$ 181,000	\$ 4,315
Fines, forfeitures and penalties	1,862,347	1,262,347	1,789,320	526,973
Use of money and property	64,361	64,361	79,585	15,224
Intergovernmental	51,897,375	53,532,515	53,064,543	(467,972)
Charges for services	9,966,908	9,943,516	9,707,283	(236,233)
Miscellaneous	1,786,654	1,786,654	1,746,995	(39,659)
Total revenues	<u>65,754,330</u>	<u>66,766,078</u>	<u>66,568,726</u>	<u>(197,352)</u>
<b>EXPENDITURES</b>				
Current:				
Public protection				
Department of Child Support Services	12,055,699	12,044,672	11,492,826	551,846
Homeland Security Grant	558,369	670,369	224,204	446,165
Sheriff's Office Grants	713,466	817,820	332,895	484,925
District Attorney	18,543,799	19,109,401	18,573,790	535,611
Public Defender	9,604,314	9,529,964	9,100,092	429,872
Conflict Public Defender	2,714,004	2,911,139	2,866,772	44,367
Sheriff	73,225,446	73,306,638	69,628,787	3,677,851
Probation	29,545,891	29,845,613	28,755,789	1,089,824
Other Public Defense	2,918,324	2,918,324	1,996,175	922,149
CMF Cases	216,180	216,180	215,749	431
Public Protection Other Special Revenue	99,548	99,548	40,947	58,601
Total public protection	<u>150,195,040</u>	<u>151,469,668</u>	<u>143,228,026</u>	<u>8,241,642</u>
Debt service:				
Principal	185,054	605,054	608,794	(3,740)
Interest and other charges	45,103	45,103	41,363	3,740
Total debt service	<u>230,157</u>	<u>650,157</u>	<u>650,157</u>	<u>-</u>
Capital outlay:				
Construction in progress	-	922,493	74,386	848,107
Equipment	1,019,308	1,468,609	724,602	744,007
Total capital outlay	<u>1,019,308</u>	<u>2,391,102</u>	<u>798,988</u>	<u>1,592,114</u>
Total expenditures	<u>151,444,505</u>	<u>154,510,927</u>	<u>144,677,171</u>	<u>9,833,756</u>
Deficiency of revenues under expenditures	<u>(85,690,175)</u>	<u>(87,744,849)</u>	<u>(78,108,445)</u>	<u>9,636,404</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	89,931,926	92,203,830	83,611,938	(8,591,892)
Transfers out	(5,993,499)	(7,512,025)	(6,937,614)	574,411
Sale of capital assets	-	-	5,750	5,750
Total other financing sources (uses)	<u>83,938,427</u>	<u>84,691,805</u>	<u>76,680,074</u>	<u>(8,011,731)</u>
Net change in fund balance	(1,751,748)	(3,053,044)	(1,428,371)	1,624,673
Fund balance - beginning	6,037,324	6,037,324	6,037,324	-
Fund balance - ending	<u>\$ 4,285,576</u>	<u>\$ 2,984,280</u>	<u>\$ 4,608,953</u>	<u>\$ 1,624,673</u>

The note to the required supplementary information is an integral part of this statement.

**COUNTY OF SOLANO, CALIFORNIA  
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

***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.

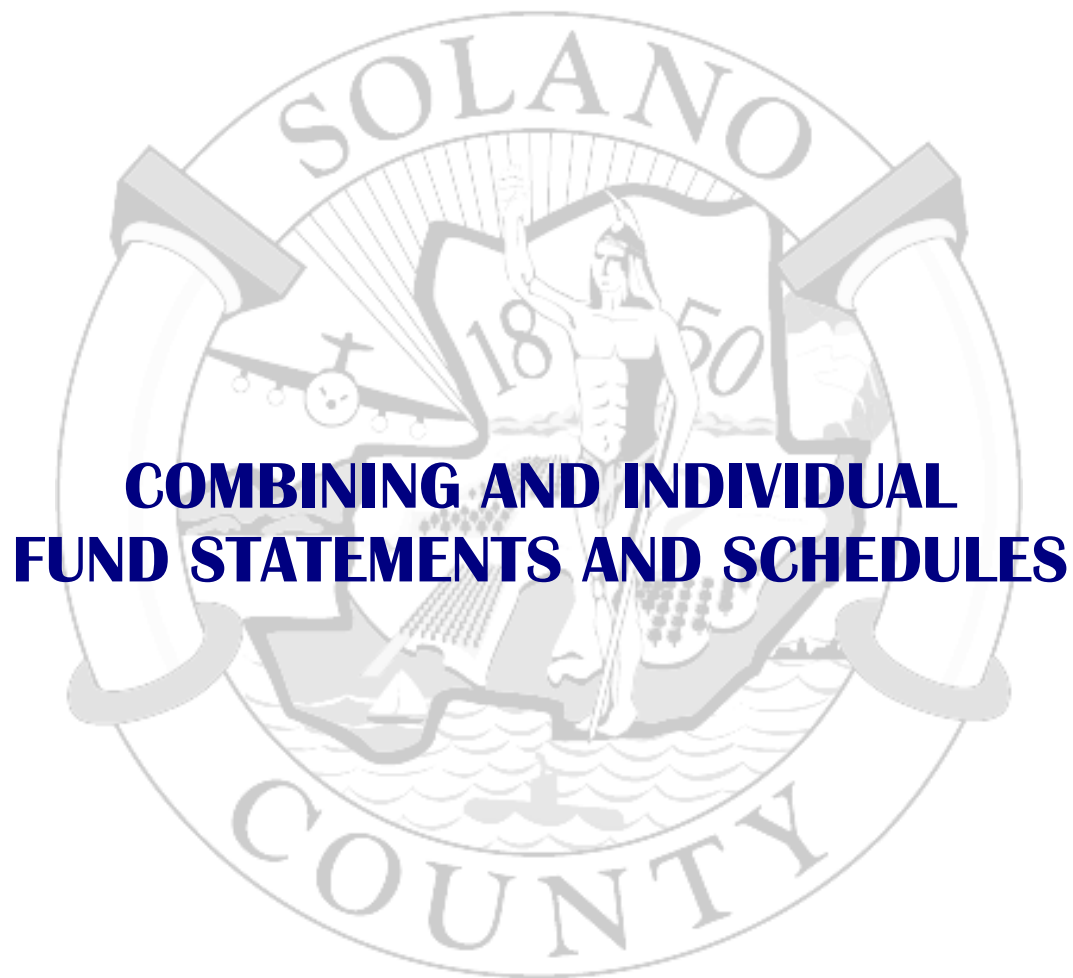
Expenditures are controlled at the object level for all departments within the County except for capital outlay expenditures, which are controlled at the sub object level. The legal level of control is at the department level. This is the level at which expenditures may not legally exceed appropriations. 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, 2011, 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. 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 and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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 and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

### **Debt Service Funds**

Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for 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, 2011**

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 57,984,788	\$ 1,765,129	\$ 59,749,917
Accounts receivable	150,948	-	150,948
Due from other agencies	4,070,330	-	4,070,330
Due from other funds	220,451	-	220,451
Other assets	2,754,616	-	2,754,616
Total assets	<u>\$ 65,181,133</u>	<u>\$ 1,765,129</u>	<u>\$ 66,946,262</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Outstanding warrants	\$ 513,124	\$ -	\$ 513,124
Payables	2,815,966	-	2,815,966
Deferred revenue	783,484	-	783,484
Due to other funds	641,870	-	641,870
Advance from other funds	2,312,439	-	2,312,439
Other liabilities	9,340,873	-	9,340,873
Due to other agencies	723,903	-	723,903
Total liabilities	<u>17,131,659</u>	<u>-</u>	<u>17,131,659</u>
Fund balances:			
Nonspendable	\$ 210,939	\$ -	\$ 210,939
Restricted	47,858,531	1,765,129	49,623,660
Unassigned	(19,996)	-	(19,996)
Total fund balances	<u>48,049,474</u>	<u>1,765,129</u>	<u>49,814,603</u>
Total liabilities and fund balances	<u>\$ 65,181,133</u>	<u>\$ 1,765,129</u>	<u>\$ 66,946,262</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, 2011**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 11,870,648	\$ -	\$ -	\$ 11,870,648
Licenses, permits and franchises	227,164	-	-	227,164
Fines, forfeitures and penalties	7,827	-	-	7,827
Use of money and property	492,814	(360)	2,585	495,039
Intergovernmental	22,573,105	-	110,000	22,683,105
Charges for services	11,403,432	-	1,749,931	13,153,363
Miscellaneous	182,081	-	-	182,081
Total revenues	<u>46,757,071</u>	<u>(360)</u>	<u>1,862,516</u>	<u>48,619,227</u>
<b>EXPENDITURES</b>				
Current:				
General government	821,510	-	20,514	842,024
Public protection	3,038,825	-	-	3,038,825
Public ways and facilities	9,619,806	-	-	9,619,806
Health services	7,693,141	-	-	7,693,141
Education and recreation	18,517,375	-	-	18,517,375
Debt service:				
Principal	-	-	4,755,000	4,755,000
Interest and other charges	31,692	-	5,674,994	5,706,686
Capital outlay	4,905,713	-	-	4,905,713
Total expenditures	<u>44,628,062</u>	<u>-</u>	<u>10,450,508</u>	<u>55,078,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,129,009</u>	<u>(360)</u>	<u>(8,587,992)</u>	<u>(6,459,343)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	772,984	-	8,503,590	9,276,574
Transfers out	(5,563,904)	-	-	(5,563,904)
Sale of capital assets	147,380	-	-	147,380
Total other financing sources (uses)	<u>(4,643,540)</u>	<u>-</u>	<u>8,503,590</u>	<u>3,860,050</u>
<b>EXTRAORDINARY ITEM</b>				
Amount to be paid to State of California per AB99	(8,809,741)	-	-	(8,809,741)
Net change in fund balances	(11,324,272)	(360)	(84,402)	(11,409,034)
Fund balances - beginning, as restated	59,373,746	360	1,849,531	61,223,637
Fund balances - ending	<u>\$ 48,049,474</u>	<u>\$ -</u>	<u>\$ 1,765,129</u>	<u>\$ 49,814,603</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 Program 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).

*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, 2011**

	<u>Public Facilities</u>			
	<u>Fees</u>	<u>Library</u>	<u>Transportation</u>	<u>First 5 Solano</u>
<b>ASSETS</b>				
Cash and investments	\$ 7,739,598	\$ 8,763,690	\$ 13,281,459	\$ 15,705,839
Accounts receivable	20,757	-	114,162	-
Due from other agencies	531,258	571,494	1,978,650	986,313
Due from other funds	-	6,692	100,945	109,879
Other assets	-	318,970	202,184	8,755
Total assets	<u>\$ 8,291,613</u>	<u>\$ 9,660,846</u>	<u>\$ 15,677,400</u>	<u>\$ 16,810,786</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Outstanding warrants	\$ -	\$ 86,660	\$ 62,879	\$ 349,613
Payables	-	742,982	1,406,777	602,804
Deferred revenue	-	-	259,337	336,471
Due to other funds	-	28,302	13,601	593,539
Advance from other funds	-	-	2,312,439	-
Other liabilities	-	-	531,132	8,809,741
Due to other agencies	9,538	-	-	248,356
Total liabilities	<u>9,538</u>	<u>857,944</u>	<u>4,586,165</u>	<u>10,940,524</u>
Fund balances:				
Nonspendable	-	-	202,184	8,755
Restricted	8,282,075	8,802,902	10,889,051	5,861,507
Unassigned	-	-	-	-
Total fund balances	<u>8,282,075</u>	<u>8,802,902</u>	<u>11,091,235</u>	<u>5,870,262</u>
Total liabilities and fund balances	<u>\$ 8,291,613</u>	<u>\$ 9,660,846</u>	<u>\$ 15,677,400</u>	<u>\$ 16,810,786</u>



**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2011**

<b>Home Loan Program</b>	<b>Micrographics &amp; Modernization</b>	<b>Other Special Revenue Funds</b>	<b>Total Nonmajor Special Revenue Funds</b>	
				<b>ASSETS</b>
\$ 3,269,493	\$ 7,680,565	\$ 1,544,144	\$ 57,984,788	Cash and investments
-	14,422	1,607	150,948	Accounts receivable
894	-	1,721	4,070,330	Due from other agencies
-	-	2,935	220,451	Due from other funds
2,037,029	-	187,678	2,754,616	Other assets
\$ 5,307,416	\$ 7,694,987	\$ 1,738,085	\$ 65,181,133	Total assets
				<b>LIABILITIES AND FUND BALANCES</b>
				Liabilities:
\$ -	\$ -	\$ 13,972	\$ 513,124	Outstanding warrants
6,576	5,625	51,202	2,815,966	Payables
-	-	187,676	783,484	Deferred revenue
-	-	6,428	641,870	Due to other funds
-	-	-	2,312,439	Advance from other funds
-	-	-	9,340,873	Other liabilities
452,581	-	13,428	723,903	Due to other agencies
459,157	5,625	272,706	17,131,659	Total liabilities
				Fund balances:
-	-	-	210,939	Nonspendable
4,848,259	7,689,362	1,485,375	47,858,531	Restricted
-	-	(19,996)	(19,996)	Unassigned
4,848,259	7,689,362	1,465,379	48,049,474	Total fund balances
\$ 5,307,416	\$ 7,694,987	\$ 1,738,085	\$ 65,181,133	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, 2011**

	<b>Public Facilities</b>			
	<b>Fees</b>	<b>Library</b>	<b>Transportation</b>	<b>First 5 Solano</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ 9,479,335	\$ 1,521,667	\$ -
Licenses, permits and franchises	-	-	227,164	-
Fines, forfeitures and penalties	-	-	-	-
Use of money and property	55,893	77,529	141,848	117,515
Intergovernmental	-	1,785,166	12,457,207	4,201,188
Charges for services	3,919,879	4,776,065	1,183,810	436,838
Miscellaneous	-	108,102	9,697	59,379
Total revenues	<u>3,975,772</u>	<u>16,226,197</u>	<u>15,541,393</u>	<u>4,814,920</u>
<b>EXPENDITURES</b>				
Current:				
General government	800,543	-	20,967	-
Public protection	-	-	-	-
Public ways and facilities	-	-	9,546,499	-
Health services	-	-	-	7,693,141
Education	-	17,020,558	-	-
Debt service:				
Interest and other charges	-	-	31,692	-
Capital outlay	-	20,820	4,884,893	-
Total expenditures	<u>800,543</u>	<u>17,041,378</u>	<u>14,484,051</u>	<u>7,693,141</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,175,229</u>	<u>(815,181)</u>	<u>1,057,342</u>	<u>(2,878,221)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	231,725	8,787	-
Transfers out	(3,884,087)	(962,562)	(433,167)	(41,679)
Sale of capital assets	-	-	147,380	-
Total other financing sources (uses)	<u>(3,884,087)</u>	<u>(730,837)</u>	<u>(277,000)</u>	<u>(41,679)</u>
<b>EXTRAORDINARY ITEM</b>				
Amount to be paid to State of California per AB99	-	-	-	(8,809,741)
Net change in fund balances	(708,858)	(1,546,018)	780,342	(11,729,641)
Fund balances - beginning, as restated	8,990,933	10,348,920	10,310,893	17,599,903
Fund balances - ending	<u>\$ 8,282,075</u>	<u>\$ 8,802,902</u>	<u>\$ 11,091,235</u>	<u>\$ 5,870,262</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, 2011**

<u>Home Loan Program</u>	<u>Micrographics &amp; Modernization</u>	<u>Other Special Revenue Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>	
\$ -	\$ -	\$ 869,646	\$ 11,870,648	<b>REVENUES</b>
-	-	-	227,164	Taxes
-	-	7,827	7,827	Licenses, permits and franchises
18,288	56,319	25,422	492,814	Fines, forfeitures and penalties
1,719,930	-	2,409,614	22,573,105	Use of money and property
-	633,483	453,357	11,403,432	Intergovernmental
-	-	4,903	182,081	Charges for services
<u>1,738,218</u>	<u>689,802</u>	<u>3,770,769</u>	<u>46,757,071</u>	Miscellaneous
				Total revenues
				<b>EXPENDITURES</b>
				Current:
-	-	-	821,510	General government
34,411	164,280	2,840,134	3,038,825	Public protection
-	-	73,307	9,619,806	Public ways and facilities
-	-	-	7,693,141	Health and sanitation
-	-	1,496,817	18,517,375	Education and recreation
-	-	-	31,692	Debt service:
-	-	-	4,905,713	Interest and other charges
<u>34,411</u>	<u>164,280</u>	<u>4,410,258</u>	<u>44,628,062</u>	Capital outlay
				Total expenditures
<u>1,703,807</u>	<u>525,522</u>	<u>(639,489)</u>	<u>2,129,009</u>	Excess (deficiency) of revenues over (under) expenditures
				<b>OTHER FINANCING SOURCES (USES)</b>
-	-	532,472	772,984	Transfers in
(5,232)	(203,881)	(33,296)	(5,563,904)	Transfers out
-	-	-	147,380	Sale of capital assets
<u>(5,232)</u>	<u>(203,881)</u>	<u>499,176</u>	<u>(4,643,540)</u>	Total other financing sources (uses)
				<b>EXTRAORDINARY ITEM</b>
-	-	-	(8,809,741)	Amount to be paid to State of California per AB99
1,698,575	321,641	(140,313)	(11,324,272)	Net change in fund balances
3,149,684	7,367,721	1,605,692	59,373,746	Fund balances - beginning, as restated
<u>\$ 4,848,259</u>	<u>\$ 7,689,362</u>	<u>\$ 1,465,379</u>	<u>\$ 48,049,474</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ 26,263	\$ 26,263	\$ 55,893	\$ 29,630
Charges for services	4,138,129	4,138,129	3,919,879	(218,250)
Total revenues	<u>4,164,392</u>	<u>4,164,392</u>	<u>3,975,772</u>	<u>(188,620)</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Public facilities fees	<u>703,091</u>	<u>848,604</u>	<u>800,543</u>	<u>48,061</u>
Excess of revenues over expenditures	<u>3,461,301</u>	<u>3,315,788</u>	<u>3,175,229</u>	<u>(140,559)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(4,263,377)</u>	<u>(4,683,377)</u>	<u>(3,884,087)</u>	<u>799,290</u>
Net change in fund balance	(802,076)	(1,367,589)	(708,858)	658,731
Fund balance - beginning	<u>8,990,933</u>	<u>8,990,933</u>	<u>8,990,933</u>	<u>-</u>
Fund balance - ending	<u>\$ 8,188,857</u>	<u>\$ 7,623,344</u>	<u>\$ 8,282,075</u>	<u>\$ 658,731</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 9,134,588	\$ 9,134,588	\$ 9,479,335	\$ 344,747
Use of money and property	117,920	117,920	77,529	(40,391)
Intergovernmental	1,932,426	1,932,426	1,785,166	(147,260)
Charges for services	4,880,592	4,880,592	4,776,065	(104,527)
Miscellaneous	198,800	198,800	108,102	(90,698)
Total revenues	<u>16,264,326</u>	<u>16,264,326</u>	<u>16,226,197</u>	<u>(38,129)</u>
<b>EXPENDITURES</b>				
Current:				
Education				
Library	20,319,171	20,820,249	16,885,700	3,934,549
Library - Friends & Foundation	174,100	174,100	103,874	70,226
Library Zone 1	16,768	17,365	17,365	-
Library Zone 2	592	1,127	1,127	-
Library Zone 6	512	642	642	-
Library Zone 7	7,771	11,850	11,850	-
Total education	<u>20,518,914</u>	<u>21,025,333</u>	<u>17,020,558</u>	<u>4,004,775</u>
Capital outlay:				
Leasehold improvements	-	15,000	11,115	3,885
Equipment	78,000	89,064	9,705	79,359
Total capital outlay	<u>78,000</u>	<u>104,064</u>	<u>20,820</u>	<u>83,244</u>
Total expenditures	<u>20,596,914</u>	<u>21,129,397</u>	<u>17,041,378</u>	<u>4,088,019</u>
Deficiency of revenues under expenditures	<u>(4,332,588)</u>	<u>(4,865,071)</u>	<u>(815,181)</u>	<u>4,049,890</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	270,997	270,997	231,725	(39,272)
Transfers out	(1,031,589)	(1,026,248)	(962,562)	63,686
Total other financing sources (uses)	<u>(760,592)</u>	<u>(755,251)</u>	<u>(730,837)</u>	<u>24,414</u>
Net change in fund balance	(5,093,180)	(5,620,322)	(1,546,018)	4,074,304
Fund balance - beginning	10,348,920	10,348,920	10,348,920	-
Fund balance - ending	<u>\$ 5,255,740</u>	<u>\$ 4,728,598</u>	<u>\$ 8,802,902</u>	<u>\$ 4,074,304</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 1,244,383	\$ 1,244,383	\$ 1,521,667	\$ 277,284
Licenses, permits and franchises	123,400	123,400	227,164	103,764
Use of money and property	104,896	104,896	141,848	36,952
Intergovernmental	13,445,321	13,445,321	12,457,207	(988,114)
Charges for services	1,202,151	1,202,151	1,183,810	(18,341)
Miscellaneous	50,400	50,401	9,697	(40,704)
Total revenues	<u>16,170,551</u>	<u>16,170,552</u>	<u>15,541,393</u>	<u>(629,159)</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Survey monument	26,395	26,395	20,967	5,428
Public ways and facilities				
Transportation department	11,429,644	11,589,184	9,489,366	2,099,818
Public works improvement	5,000	5,000	1,000	4,000
Regional transportation project	84,000	94,447	56,133	38,314
Total public ways and facilities	<u>11,518,644</u>	<u>11,688,631</u>	<u>9,546,499</u>	<u>2,142,132</u>
Debt service:				
Interest and other charges	54,425	54,425	31,692	22,733
Capital outlay:				
Land	-	23,792	13,342	10,450
Construction in progress	5,992,000	8,433,584	3,821,221	4,612,363
Equipment	450,000	1,110,405	1,050,330	60,075
Total capital outlay	<u>6,442,000</u>	<u>9,567,781</u>	<u>4,884,893</u>	<u>4,682,888</u>
Total expenditures	<u>18,041,464</u>	<u>21,337,232</u>	<u>14,484,051</u>	<u>6,853,181</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,870,913)</u>	<u>(5,166,680)</u>	<u>1,057,342</u>	<u>6,224,022</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds for long-term debt	138,425	138,425	-	(138,425)
Transfers in	-	8,787	8,787	-
Transfers out	(433,530)	(433,530)	(433,167)	363
Sale of capital assets	18,000	18,000	147,380	129,380
Total other financing sources (uses)	<u>(277,105)</u>	<u>(268,318)</u>	<u>(277,000)</u>	<u>(8,682)</u>
Net change in fund balance	(2,148,018)	(5,434,998)	780,342	6,215,340
Fund balance - beginning	10,310,893	10,310,893	10,310,893	-
Fund balance - ending	<u>\$ 8,162,875</u>	<u>\$ 4,875,895</u>	<u>\$ 11,091,235</u>	<u>\$ 6,215,340</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ 274,323	\$ 274,323	\$ 117,515	\$ (156,808)
Intergovernmental	4,546,153	4,546,153	4,201,188	(344,965)
Charges for services	456,000	456,000	436,838	(19,162)
Miscellaneous	20,000	20,000	59,379	39,379
Total revenues	<u>5,296,476</u>	<u>5,296,476</u>	<u>4,814,920</u>	<u>(481,556)</u>
<b>EXPENDITURES</b>				
Current:				
Health services				
First 5 Solano	9,335,509	9,354,639	7,693,141	1,661,498
Deficiency of revenues under expenditures	<u>(4,039,033)</u>	<u>(4,058,163)</u>	<u>(2,878,221)</u>	<u>1,179,942</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(41,764)</u>	<u>(41,764)</u>	<u>(41,679)</u>	<u>85</u>
<b>EXTRAORDINARY ITEM</b>				
Amount to be paid to State of California per AB99	-	-	(8,809,741)	(8,809,741)
Net change in fund balance	(4,080,797)	(4,099,927)	(11,729,641)	(7,629,714)
Fund balance - beginning	17,599,903	17,599,903	17,599,903	-
Fund balance - ending	<u>\$ 13,519,106</u>	<u>\$ 13,499,976</u>	<u>\$ 5,870,262</u>	<u>\$ (7,629,714)</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ 25,000	\$ 25,000	\$ 18,288	\$ (6,712)
Intergovernmental	2,169,392	2,219,392	1,719,930	(499,462)
Total revenues	<u>2,194,392</u>	<u>2,244,392</u>	<u>1,738,218</u>	<u>(506,174)</u>
<b>EXPENDITURES</b>				
Current:				
Public protection				
Homeacres Loan Program	73,768	129,868	34,411	95,457
Excess revenues over expenditures	<u>2,120,624</u>	<u>2,114,524</u>	<u>1,703,807</u>	<u>(410,717)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	127,372	127,372	-	(127,372)
Transfers out	(137,837)	(137,837)	(5,232)	132,605
Total other financing sources (uses)	<u>(10,465)</u>	<u>(10,465)</u>	<u>(5,232)</u>	<u>5,233</u>
Net change in fund balance	2,110,159	2,104,059	1,698,575	(405,484)
Fund balance - beginning	3,149,684	3,149,684	3,149,684	-
Fund balance - ending	<u>\$ 5,259,843</u>	<u>\$ 5,253,743</u>	<u>\$ 4,848,259</u>	<u>\$ (405,484)</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ 42,000	\$ 42,000	\$ 56,319	\$ 14,319
Charges for services	578,000	578,000	633,483	55,483
Total revenues	<u>620,000</u>	<u>620,000</u>	<u>689,802</u>	<u>69,802</u>
<b>EXPENDITURES</b>				
Current:				
Public protection				
Recorder Special Revenue	416,589	735,890	164,280	571,610
Total expenditures	<u>416,589</u>	<u>735,890</u>	<u>164,280</u>	<u>571,610</u>
Excess (deficiency) of revenues over (under) expenditures	<u>203,411</u>	<u>(115,890)</u>	<u>525,522</u>	<u>641,412</u>
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(203,881)</u>	<u>(203,881)</u>	<u>(203,881)</u>	<u>-</u>
Net change in fund balance	(470)	(319,771)	321,641	641,412
Fund balance - beginning	7,367,721	7,367,721	7,367,721	-
Fund balance - ending	<u>\$ 7,367,251</u>	<u>\$ 7,047,950</u>	<u>\$ 7,689,362</u>	<u>\$ 641,412</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 871,629	\$ 871,629	\$ 869,646	\$ (1,983)
Fines, forfeitures and penalties	5,500	5,500	7,827	2,327
Use of money and property	39,592	39,592	25,422	(14,170)
Intergovernmental	2,258,209	2,443,687	2,409,614	(34,073)
Charges for services	457,862	457,862	453,357	(4,505)
Miscellaneous	4,625	4,625	4,903	278
Total revenues	<u>3,637,417</u>	<u>3,822,895</u>	<u>3,770,769</u>	<u>(52,126)</u>
<b>EXPENDITURES</b>				
Current:				
Public protection				
Housing Authority of Solano County	2,169,602	2,319,602	2,313,943	5,659
East Vallejo Fire District	393,735	393,735	386,601	7,134
Fish/Wildlife Propagation	417,273	475,686	139,590	336,096
Total public protection	<u>2,980,610</u>	<u>3,189,023</u>	<u>2,840,134</u>	<u>348,889</u>
Public ways and facilities				
County Consolidated Service Area	108,645	100,988	73,307	27,681
Recreation				
Parks & Recreation	1,453,881	1,495,805	1,496,817	(1,012)
Total expenditures	<u>4,543,136</u>	<u>4,785,816</u>	<u>4,410,258</u>	<u>375,558</u>
Deficiency of revenues under expenditures	<u>(905,719)</u>	<u>(962,921)</u>	<u>(639,489)</u>	<u>323,432</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	523,226	532,472	532,472	-
Transfers out	(21,834)	(33,421)	(33,296)	125
Total other financing sources (uses)	<u>501,392</u>	<u>499,051</u>	<u>499,176</u>	<u>125</u>
Net change in fund balance	(404,327)	(463,870)	(140,313)	323,557
Fund balance - beginning	1,605,692	1,605,692	1,605,692	-
Fund balance - ending	<u>\$ 1,201,365</u>	<u>\$ 1,141,822</u>	<u>\$ 1,465,379</u>	<u>\$ 323,557</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 Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Capital Projects Funds**  
**For the Fiscal Year Ended June 30, 2011**

	<b>Fairfield Downtown Project</b>	<b>Juvenile Hall Project</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>REVENUES</b>			
Use of money and property	\$ (127)	\$ (233)	\$ (360)
Total revenues	(127)	(233)	(360)
Net change in fund balances	(127)	(233)	(360)
Fund balances - beginning	127	233	360
Fund balances - ending	\$ -	\$ -	\$ -

**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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 1,566,878	\$ 1,566,878	\$ 1,627,330	\$ 60,452
Use of money and property	417,300	417,300	304,680	(112,620)
Intergovernmental	3,928,998	4,107,998	1,166,321	(2,941,677)
Charges for services	401,646	401,646	400,906	(740)
Miscellaneous	-	2,338,124	1,618,913	(719,211)
Total revenues	<u>6,314,822</u>	<u>8,831,946</u>	<u>5,118,150</u>	<u>(3,713,796)</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Capital Projects	<u>7,678,350</u>	<u>11,918,780</u>	<u>5,188,250</u>	<u>6,730,530</u>
Capital outlay:				
Construction in progress	7,912,004	51,336,553	5,748,570	45,587,983
Building and improvement	-	9,758	-	9,758
Equipment	-	1,863,405	175,213	1,688,192
Artwork	-	7,736	7,000	736
Total capital outlay	<u>7,912,004</u>	<u>53,217,452</u>	<u>5,930,783</u>	<u>47,286,669</u>
Total expenditures	<u>15,590,354</u>	<u>65,136,232</u>	<u>11,119,033</u>	<u>54,017,199</u>
Deficiency of revenues under expenditures	<u>(9,275,532)</u>	<u>(56,304,286)</u>	<u>(6,000,883)</u>	<u>50,303,403</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds for long-term debt	3,251,914	3,251,914	-	(3,251,914)
Transfers in	5,309,710	6,741,732	5,432,942	(1,308,790)
Transfers out	(752,690)	(3,603,560)	(3,603,560)	-
Total other financing sources (uses)	<u>7,808,934</u>	<u>6,390,086</u>	<u>1,829,382</u>	<u>(4,560,704)</u>
Net change in fund balance	(1,466,598)	(49,914,200)	(4,171,501)	45,742,699
Fund balance - beginning	49,933,149	49,933,149	49,933,149	-
Fund balance - ending	<u>\$ 48,466,551</u>	<u>\$ 18,949</u>	<u>\$ 45,761,648</u>	<u>\$ 45,742,699</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ (127)	\$ (127)
Net change in fund balance	-	-	(127)	(127)
Fund balance - beginning	127	127	127	-
Fund balance - ending	<u>\$ 127</u>	<u>\$ 127</u>	<u>\$ -</u>	<u>\$ (127)</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ (233)	\$ (233)
Net change in fund balance	-	-	(233)	(233)
Fund balance - beginning	233	233	233	-
Fund balance - ending	<u>\$ 233</u>	<u>\$ 233</u>	<u>\$ -</u>	<u>\$ (233)</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, 2011**

	<u>2009 Certificates of Participation</u>	<u>Government Center Debt Service Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
<b>ASSETS</b>			
Cash and investments	<u>\$ 1,763,972</u>	<u>\$ 1,157</u>	<u>\$ 1,765,129</u>
<b>FUND BALANCES</b>			
Restricted	<u>\$ 1,763,972</u>	<u>\$ 1,157</u>	<u>\$ 1,765,129</u>
Total fund balances	<u>\$ 1,763,972</u>	<u>\$ 1,157</u>	<u>\$ 1,765,129</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, 2011**

	<b>2009</b>	<b>Government</b>	<b>Total Nonmajor</b>
	<b>Certificates of</b>	<b>Center Debt</b>	<b>Debt Service Funds</b>
	<b>Participation</b>	<b>Service Fund</b>	
<b>REVENUES</b>			
Use of money and property	\$ 447	\$ 2,138	\$ 2,585
Intergovernmental	-	110,000	110,000
Charges for services	-	1,749,931	1,749,931
Total revenues	<u>447</u>	<u>1,862,069</u>	<u>1,862,516</u>
<b>EXPENDITURES</b>			
Current:			
General government	9,841	10,673	20,514
Debt service:			
Principal	1,780,000	2,975,000	4,755,000
Interest and other charges	729,838	4,945,156	5,674,994
Total expenditures	<u>2,519,679</u>	<u>7,930,829</u>	<u>10,450,508</u>
Deficiency of revenues under expenditures	<u>(2,519,232)</u>	<u>(6,068,760)</u>	<u>(8,587,992)</u>
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>2,476,366</u>	<u>6,027,224</u>	<u>8,503,590</u>
Net change in fund balances	(42,866)	(41,536)	(84,402)
Fund balances - beginning	1,806,838	42,693	1,849,531
Fund balances - ending	<u>\$ 1,763,972</u>	<u>\$ 1,157</u>	<u>\$ 1,765,129</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ (66,267)	\$ (123,319)	\$ (2,899)	\$ 120,420
Miscellaneous	768,693	765,530	1,807,338	1,041,808
Total revenues	<u>702,426</u>	<u>642,211</u>	<u>1,804,439</u>	<u>1,162,228</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Pension Obligation Bonds Administration	55,000	55,000	34,732	20,268
Debt service:				
Principal	3,300,000	3,300,000	3,300,000	-
Interest and other charges	4,779,941	4,754,351	4,479,773	274,578
Bond issuance cost		25,590	25,590	-
Total debt service	<u>8,079,941</u>	<u>8,079,941</u>	<u>7,805,363</u>	<u>274,578</u>
Total expenditures	<u>8,134,941</u>	<u>8,134,941</u>	<u>7,840,095</u>	<u>294,846</u>
Deficiency of revenues under expenditures	<u>(7,432,515)</u>	<u>(7,492,730)</u>	<u>(6,035,656)</u>	<u>1,457,074</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Payment to refunded bond escrow agent	-	-	(10,000,000)	(10,000,000)
Proceeds from refunding bonds issued	10,604,015	30,604,015	10,000,000	(20,604,015)
Transfers in	11,778,173	11,838,388	11,426,228	(412,160)
Total other financing sources	<u>22,382,188</u>	<u>42,442,403</u>	<u>11,426,228</u>	<u>(31,016,175)</u>
Net change in fund balance	14,949,673	34,949,673	5,390,572	(29,559,101)
Fund balance - beginning	(14,199,964)	(14,199,964)	(14,199,964)	-
Fund balance - ending	<u>\$ 749,709</u>	<u>\$ 20,749,709</u>	<u>\$ (8,809,392)</u>	<u>\$ (29,559,101)</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ 50	\$ 50	\$ 447	\$ 397
<b>EXPENDITURES</b>				
Current:				
General government				
HSS Admin Refinance	9,756	10,506	9,841	665
Debt service:				
Principal	1,780,000	1,780,000	1,780,000	-
Interest and other charges	729,838	729,838	729,838	-
Total debt service	<u>2,509,838</u>	<u>2,509,838</u>	<u>2,509,838</u>	<u>-</u>
Total expenditures	<u>2,519,594</u>	<u>2,520,344</u>	<u>2,519,679</u>	<u>665</u>
Deficiency of revenues under expenditures	<u>(2,519,544)</u>	<u>(2,520,294)</u>	<u>(2,519,232)</u>	<u>1,062</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	2,519,544	2,519,544	2,476,366	(43,178)
Net change in fund balance	-	(750)	(42,866)	(42,116)
Fund balance - beginning	1,806,838	1,806,838	1,806,838	-
Fund balance - ending	<u>\$ 1,806,838</u>	<u>\$ 1,806,088</u>	<u>\$ 1,763,972</u>	<u>\$ (42,116)</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, 2011**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ 4,500	\$ 4,500	\$ 2,138	\$ (2,362)
Intergovernmental	104,000	104,000	110,000	6,000
Charges for services	1,749,930	1,749,930	1,749,931	1
Total revenues	<u>1,858,430</u>	<u>1,858,430</u>	<u>1,862,069</u>	<u>3,639</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Government Center	24,189	24,189	10,673	13,516
Debt service:				
Principal	2,975,000	2,975,000	2,975,000	-
Interest and other charges	4,945,156	4,945,156	4,945,156	-
Total debt service	<u>7,920,156</u>	<u>7,920,156</u>	<u>7,920,156</u>	<u>-</u>
Total expenditures	<u>7,944,345</u>	<u>7,944,345</u>	<u>7,930,829</u>	<u>13,516</u>
Deficiency of revenues under expenditures	<u>(6,085,915)</u>	<u>(6,085,915)</u>	<u>(6,068,760)</u>	<u>17,155</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	6,043,242	6,043,242	6,027,224	(16,018)
Net change in fund balance	(42,673)	(42,673)	(41,536)	1,137
Fund balance - beginning	42,693	42,693	42,693	-
Fund balance - ending	<u>\$ 20</u>	<u>\$ 20</u>	<u>\$ 1,157</u>	<u>\$ 1,137</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, 2011**

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and investments	\$ 3,320,352	\$ 17,270,102	\$ 2,346,872
Accounts receivable	54,853	104,783	159,415
Due from other agencies	7,604	-	43,255
Due from other funds	949	1,071	12,713
Other assets	250,261	250,000	-
Total current assets	<u>3,634,019</u>	<u>17,625,956</u>	<u>2,562,255</u>
<b>Noncurrent assets</b>			
Capital assets:			
Buildings and improvements	114,471	-	150,000
Equipment	10,340,065	-	9,105,947
Intangibles	-	-	5,262,440
Accumulated depreciation	(6,769,560)	-	(7,026,241)
Total capital assets	<u>3,684,976</u>	<u>-</u>	<u>7,492,146</u>
Total assets	<u>\$ 7,318,995</u>	<u>\$ 17,625,956</u>	<u>\$ 10,054,401</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Outstanding warrants	\$ 150,865	\$ 118,970	\$ 642,324
Payables	120,973	289,291	1,405,044
Unearned revenue	-	415,396	-
Due to other funds	3,836	113,351	367,707
Due to other agencies	-	7,601	307
Current portion of long-term obligations	48,711	3,623,722	264,696
Total current liabilities	<u>324,385</u>	<u>4,568,331</u>	<u>2,680,078</u>
<b>Noncurrent liabilities</b>			
Noncurrent portion of long-term obligations	161,042	6,999,787	565,325
Total liabilities	<u>485,427</u>	<u>11,568,118</u>	<u>3,245,403</u>
<b>NET ASSETS</b>			
Invested in capital assets	3,684,976	-	7,492,146
Unrestricted	3,148,592	6,057,838	(683,148)
Total net assets	<u>6,833,568</u>	<u>6,057,838</u>	<u>6,808,998</u>
Total liabilities and net assets	<u>\$ 7,318,995</u>	<u>\$ 17,625,956</u>	<u>\$ 10,054,401</u>



**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2011**

<b>Reprographics</b>	<b>Total Internal Service Funds</b>	
		<b>ASSETS</b>
		<b>Current assets</b>
\$ 4,923	\$ 22,942,249	Cash and investments
5,233	324,284	Accounts receivable
-	50,859	Due from other agencies
32	14,765	Due from other funds
-	500,261	Other assets
<u>10,188</u>	<u>23,832,418</u>	Total current assets
		<b>Noncurrent assets</b>
		Capital assets:
-	264,471	Buildings and improvements
-	19,446,012	Equipment
-	5,262,440	Intangibles
-	(13,795,801)	Accumulated depreciation
-	11,177,122	Total capital assets
<u>\$ 10,188</u>	<u>\$ 35,009,540</u>	Total assets
		<b>LIABILITIES</b>
		<b>Current liabilities</b>
\$ 1,016	\$ 913,175	Outstanding warrants
8,068	1,823,376	Payables
-	415,396	Unearned revenue
1,104	485,998	Due to other funds
-	7,908	Due to other agencies
-	3,937,129	Current portion of long-term obligations
<u>10,188</u>	<u>7,582,982</u>	Total current liabilities
		<b>Noncurrent liabilities</b>
-	7,726,154	Noncurrent portion of long-term obligations
<u>10,188</u>	<u>15,309,136</u>	Total liabilities
		<b>NET ASSETS</b>
-	11,177,122	Invested in capital assets
-	8,523,282	Unrestricted
<u>-</u>	<u>19,700,404</u>	Total net assets
<u>\$ 10,188</u>	<u>\$ 35,009,540</u>	Total liabilities and net assets

**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, 2011**

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
<b>OPERATING REVENUES</b>			
Charges for sales and services:			
Internal services	\$ 3,777,070	\$ 11,640,487	\$ 17,603,994
<b>OPERATING EXPENSES</b>			
Personnel services	948,037	762,918	5,534,284
Maintenance	563,167	1,003	639,974
Materials and supplies	911,763	9,834	361,098
Depreciation	1,041,439	-	2,080,090
Insurance	24,008	11,048,586	65,984
Rent, utilities and others	449,795	1,596,581	9,860,765
Total operating expenses	<u>3,938,209</u>	<u>13,418,922</u>	<u>18,542,195</u>
Operating loss	<u>(161,139)</u>	<u>(1,778,435)</u>	<u>(938,201)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings (expense)	22,706	122,662	7,086
Other revenue	59,683	240,205	128,600
Other expenses	-	(66,888)	-
Gain (loss) on disposal of capital assets	51,959	-	(504,285)
Total nonoperating revenues (expenses)	<u>134,348</u>	<u>295,979</u>	<u>(368,599)</u>
Income (loss) before transfers	<u>(26,791)</u>	<u>(1,482,456)</u>	<u>(1,306,800)</u>
Transfers in	-	27,664	-
Transfers out	(115,785)	(34,049)	(246,190)
Change in net assets	<u>(142,576)</u>	<u>(1,488,841)</u>	<u>(1,552,990)</u>
Total net assets - beginning	<u>6,976,144</u>	<u>7,546,679</u>	<u>8,361,988</u>
Total net assets - ending	<u>\$ 6,833,568</u>	<u>\$ 6,057,838</u>	<u>\$ 6,808,998</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, 2011**

<u>Reprographics</u>	<u>Total Internal Service Funds</u>	
		<b>OPERATING REVENUES</b>
		Charges for sales and services:
\$ 339,982	\$ 33,361,533	Internal services
		<b>OPERATING EXPENSES</b>
98,915	7,344,154	Personnel services
12,549	1,216,693	Maintenance
82,379	1,365,074	Materials and supplies
8,035	3,129,564	Depreciation
4,023	11,142,601	Insurance
101,883	12,009,024	Rent, utilities and others
<u>307,784</u>	<u>36,207,110</u>	Total operating expenses
<u>32,198</u>	<u>(2,845,577)</u>	Operating loss
		<b>NONOPERATING REVENUES (EXPENSES)</b>
(445)	152,009	Investment earnings (expense)
2,822	431,310	Other revenue
-	(66,888)	Other expenses
<u>(10,323)</u>	<u>(462,649)</u>	Gain (loss) on disposal of capital assets
(7,946)	53,782	Total nonoperating revenues (expenses)
24,252	(2,791,795)	Income (loss) before transfers
		Transfers in
-	27,664	Transfers in
<u>(4,664)</u>	<u>(400,688)</u>	Transfers out
19,588	(3,164,819)	Change in net assets
<u>(19,588)</u>	<u>22,865,223</u>	Total net assets - beginning
<u>\$ -</u>	<u>\$ 19,700,404</u>	Total net assets - ending

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2011**

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>
<b>Cash flows from operating activities:</b>			
Receipts from customers and users	\$ -	\$ 3,840,599	\$ 11,906,872
Receipts from interfund services provided	-	910	338,771
Payments to suppliers	(329,182)	(1,870,978)	(11,312,502)
Payments to employees	-	(960,284)	(792,576)
Net cash provided (used) by operating activities	<u>(329,182)</u>	<u>1,010,247</u>	<u>140,565</u>
<b>Cash flows from noncapital financing activities:</b>			
Transfers in	-	-	27,664
Transfers out	-	(115,785)	(34,049)
Net cash used by noncapital financing activities	<u>-</u>	<u>(115,785)</u>	<u>(6,385)</u>
<b>Cash flows from capital and related financing activities:</b>			
Acquisition of capital assets	-	(235,969)	-
Proceeds from sale of capital assets	-	106,500	-
Net cash used by capital and related financing activities	<u>-</u>	<u>(129,469)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>			
Investment income	-	22,706	122,662
Net cash provided (used) by investing activities	<u>-</u>	<u>22,706</u>	<u>122,662</u>
Net increase (decrease) in cash and cash equivalents	(329,182)	787,699	256,842
Cash and cash equivalents - beginning	329,182	2,532,653	17,013,260
Cash and cash equivalents - ending	<u>\$ -</u>	<u>\$ 3,320,352</u>	<u>\$ 17,270,102</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ -	\$ (161,139)	\$ (1,778,435)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	-	1,041,439	-
Other nonoperating revenue	-	59,683	173,317
Changes in assets and liabilities:			
(Increase) decrease in receivables, net	-	11,323	(38,000)
Decrease in due from other funds	-	910	338,771
(Increase) decrease in due from other agencies	-	(7,477)	-
(Increase) decrease in other assets	-	(21,161)	-
Increase (decrease) in outstanding warrants	-	133,238	43,041
Decrease in payables	-	(11,592)	(560)
Increase (decrease) in due to other funds	(329,182)	(2,009)	(24,761)
Increase (decrease) in due to other agencies	-	-	7,078
Increase in unearned revenue	-	-	131,068
Decrease in accrued compensated absences	-	(20,014)	(18,311)
Decrease in other liabilities	-	(20,721)	-
Increase (decrease) in other postemployment benefits	-	7,767	6,336
Increase in self-insurance liability	-	-	1,301,021
Total adjustments	<u>(329,182)</u>	<u>1,171,386</u>	<u>1,919,000</u>
Net cash provided (used) by operating activities	<u>\$ (329,182)</u>	<u>\$ 1,010,247</u>	<u>\$ 140,565</u>
<b>Noncash investing, capital, and financing activities</b>			
Change in fair value of investments		\$ 10,209	\$ 53,100

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2011**

<b>Information Technology</b>	<b>Reprographics</b>	<b>Total Internal Service Funds</b>	
\$ 17,388,863	\$ 337,918	\$ 33,474,252	<b>Cash flows from operating activities:</b>
361,679	657	702,017	Receipts from customers and users
(10,486,934)	(208,467)	(24,208,063)	Receipts from interfund services provided
(5,525,169)	(136,828)	(7,414,857)	Payments to suppliers
1,738,439	(6,720)	2,553,349	Payments to employees
			Net cash provided (used) by operating activities
			<b>Cash flows from noncapital financing activities:</b>
-	-	27,664	Transfers in
(246,190)	(4,664)	(400,688)	Transfers out
(246,190)	(4,664)	(373,024)	Net cash used by noncapital financing activities
			<b>Cash flows from capital and related financing activities:</b>
(879,474)	-	(1,115,443)	Acquisition of capital assets
-	-	106,500	Proceeds from sale of capital assets
(879,474)	-	(1,008,943)	Net cash used by capital and related financing activities
			<b>Cash flows from investing activities:</b>
7,086	(445)	152,009	Investment income
7,086	(445)	152,009	Net cash provided (used) by investing activities
619,861	(11,829)	1,323,391	Net increase (decrease) in cash and cash equivalents
1,727,011	16,752	21,618,858	Cash and cash equivalents - beginning
\$ 2,346,872	\$ 4,923	\$ 22,942,249	Cash and cash equivalents - ending
			<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>
\$ (938,201)	\$ 32,198	\$ (2,845,577)	Operating income (loss)
			Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:
2,080,090	8,035	3,129,564	Depreciation
128,600	2,822	364,422	Other nonoperating revenue
			Changes in assets and liabilities:
16,552	(4,886)	(15,011)	(Increase) decrease in receivables, net
361,679	657	702,017	Decrease in due from other funds
11,510	-	4,033	(Increase) decrease in due from other agencies
47,376	-	26,215	(Increase) decrease in other assets
567,033	(4,228)	739,084	Increase (decrease) in outstanding warrants
(173,469)	(4,199)	(189,820)	Decrease in payables
(384,460)	794	(739,618)	Increase (decrease) in due to other funds
(53)	-	7,025	Increase (decrease) in due to other agencies
-	-	131,068	Increase in unearned revenue
(25,145)	(36,096)	(99,566)	Decrease in accrued compensated absences
-	-	(20,721)	Decrease in other liabilities
46,927	(1,817)	59,213	Increase (decrease) in other postemployment benefits
-	-	1,301,021	Increase in self-insurance liability
2,676,640	(38,918)	5,398,926	Total adjustments
\$ 1,738,439	\$ (6,720)	\$ 2,553,349	Net cash provided (used) by operating activities
			<b>Noncash investing, capital, and financing activities</b>
\$ 7,216		\$ 70,525	Change in fair value of investments

## **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.

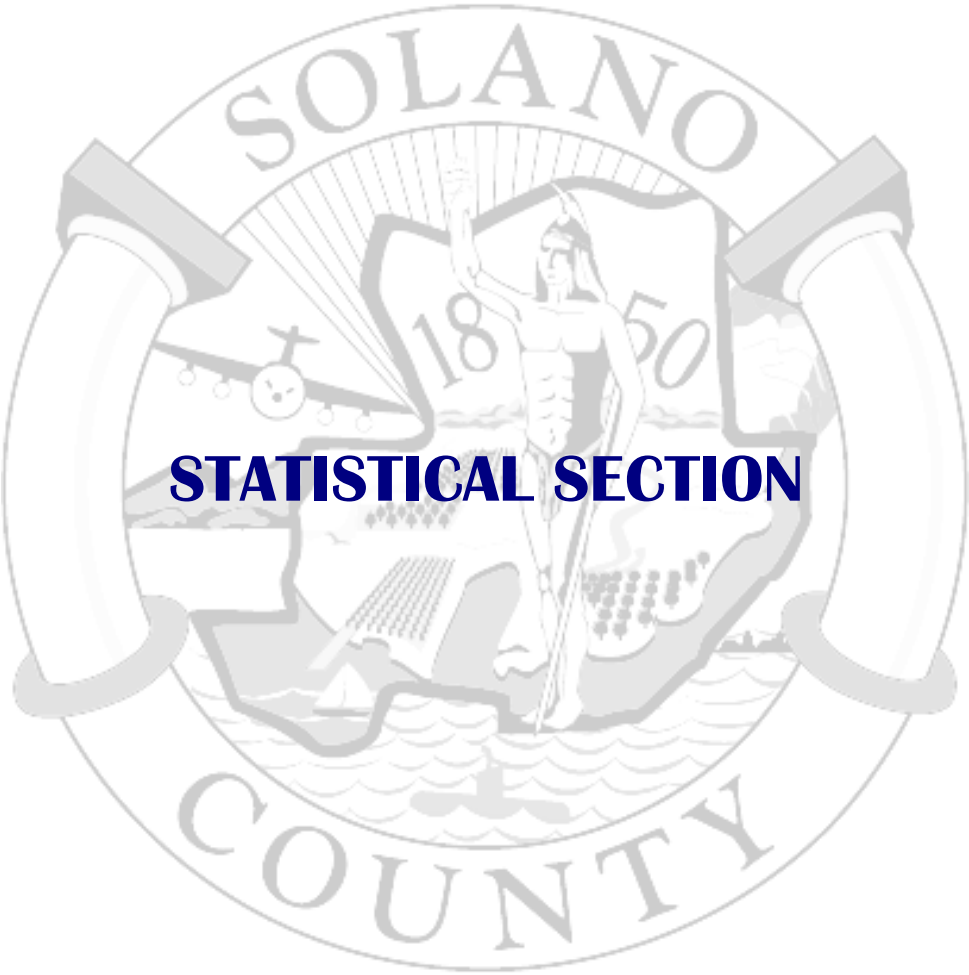
*All Other Agency Funds* – This fund is used to account for assets held for other governmental agencies by the County in a fiduciary capacity.

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2011**

<b>PROPERTY TAX COLLECTION</b>	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>Assets</b>				
Cash and investments	\$ -	\$ 515,525,921	\$ 515,525,921	\$ -
Property taxes receivable	41,492,790	540,908,622	547,610,854	34,790,558
Total assets	<u>\$ 41,492,790</u>	<u>\$ 1,056,434,543</u>	<u>\$ 1,063,136,775</u>	<u>\$ 34,790,558</u>
<b>Liabilities</b>				
Due to others	<u>\$ 41,492,790</u>	<u>\$ 1,056,434,543</u>	<u>\$ 1,063,136,775</u>	<u>\$ 34,790,558</u>
<b>LOCAL TRANSPORTATION</b>				
	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>Assets</b>				
Cash and investments	\$ 11,237,661	\$ 13,663,924	\$ 12,936,342	\$ 11,965,243
<b>Liabilities</b>				
Due to others	<u>\$ 11,237,661</u>	<u>\$ 13,663,924</u>	<u>\$ 12,936,342</u>	<u>\$ 11,965,243</u>
<b>ALL OTHER AGENCY FUNDS</b>				
	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>Assets</b>				
Cash and investments	\$ 15,110,881	\$ 21,530,353	\$ 16,191,169	\$ 20,450,065
<b>Liabilities</b>				
Due to others	<u>\$ 15,110,881</u>	<u>\$ 21,530,353</u>	<u>\$ 16,191,169</u>	<u>\$ 20,450,065</u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
	<b>Balance July 1, 2010</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2011</b>
<b>Assets</b>				
Cash and investments	\$ 26,348,542	\$ 550,720,198	\$ 544,653,432	\$ 32,415,308
Property taxes receivable	41,492,790	540,908,622	547,610,854	34,790,558
Total assets	<u>\$ 67,841,332</u>	<u>\$ 1,091,628,820</u>	<u>\$ 1,092,264,286</u>	<u>\$ 67,205,866</u>
<b>Liabilities</b>				
Due to others	<u>\$ 67,841,332</u>	<u>\$ 1,091,628,820</u>	<u>\$ 1,092,264,286</u>	<u>\$ 67,205,866</u>

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**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.

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends Information</b> <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>	<b>128</b>
<b>Revenue Capacity Information</b> <i>These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.</i>	<b>136</b>
<b>Debt Capacity Information</b> <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>	<b>140</b>
<b>Demographic and Economic Information</b> <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>	<b>143</b>
<b>Operating Information</b> <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>	<b>146</b>

**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. 54 in 2011; schedules presenting governmental fund balance information include GASB Statement No. 54 fund balance classifications beginning with that year.

**COUNTY OF SOLANO, CALIFORNIA**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	Fiscal Year				
	2011	2010	2009	2008	2007
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	\$ 364,775,065	\$ 366,707,988	\$ 338,045,459	\$ 306,156,899	\$ 290,318,976
Restricted	84,063,560	49,100,180	66,684,155	72,516,573	70,229,693
Unrestricted	174,821,311	208,557,054	223,968,696	257,528,047	251,684,500
Total governmental activities net assets	<u>\$ 623,659,936</u>	<u>\$ 624,365,222</u>	<u>\$ 628,698,310</u>	<u>\$ 636,201,519</u>	<u>\$ 612,233,169</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	\$ 19,226,808	\$ 19,827,763	\$ 20,389,570	\$ 20,790,532	\$ 14,896,619
Restricted	-	-	-	-	-
Unrestricted	(2,701,490)	(4,064,292)	(3,673,335)	(5,570,038)	(1,441,992)
Total business-type activities net assets	<u>\$ 16,525,318</u>	<u>\$ 15,763,471</u>	<u>\$ 16,716,235</u>	<u>\$ 15,220,494</u>	<u>\$ 13,454,627</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 384,001,873	\$ 386,535,751	\$ 358,435,029	\$ 326,947,431	\$ 305,215,595
Restricted	84,063,560	49,100,180	66,684,155	72,516,573	70,229,693
Unrestricted	172,119,821	204,492,762	220,295,361	251,958,009	250,242,508
Total primary government net assets	<u>\$ 640,185,254</u>	<u>\$ 640,128,693</u>	<u>\$ 645,414,545</u>	<u>\$ 651,422,013</u>	<u>\$ 625,687,796</u>

Source: Audited Financial Statements

**COUNTY OF SOLANO, CALIFORNIA**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

<b>Fiscal Year</b>					
<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	
					<b>Governmental activities</b>
\$273,169,996	\$274,177,088	\$270,350,715	\$256,654,269	\$250,850,720	Invested in capital assets, net of related debt
67,227,824	40,996,161	70,579,011	119,862,509	14,166,890	Restricted
218,470,331	185,407,179	134,490,563	62,014,197	103,492,298	Unrestricted
<u>\$558,868,151</u>	<u>\$500,580,428</u>	<u>\$475,420,289</u>	<u>\$438,530,975</u>	<u>\$368,509,908</u>	Total governmental activities net assets
					<b>Business-type activities</b>
\$11,809,809	\$10,270,009	\$9,621,167	\$8,509,364	\$13,436,909	Invested in capital assets, net of related debt
-	-	-	1,300,000	-	Restricted
(2,847,845)	(1,013,848)	(530,539)	(24,291)	1,932,973	Unrestricted
<u>\$8,961,964</u>	<u>\$9,256,161</u>	<u>\$9,090,628</u>	<u>\$9,785,073</u>	<u>\$15,369,882</u>	Total business-type activities net assets
					<b>Primary government</b>
\$284,979,805	\$284,447,097	\$279,971,882	\$265,163,633	\$264,287,629	Invested in capital assets, net of related debt
67,227,824	40,996,161	70,579,011	121,162,509	14,166,890	Restricted
215,622,486	184,393,331	133,960,024	61,989,906	105,425,271	Unrestricted
<u>\$567,830,115</u>	<u>\$509,836,589</u>	<u>\$484,510,917</u>	<u>\$448,316,048</u>	<u>\$383,879,790</u>	Total primary government net assets

Source: Audited Financial Statements

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

	Fiscal Year				
	2011	2010	2009	2008	2007
<b>Expenses</b>					
Governmental activities:					
General government	\$ 62,456,530	\$ 62,720,766	\$ 68,697,921	\$ 66,076,091	\$ 53,610,176
Public protection	157,078,830	164,196,516	175,498,575	167,025,179	152,135,516
Public ways and facilities	12,760,561	12,148,729	12,765,552	13,749,283	12,524,903
Health services	108,700,791	104,435,728	106,791,512	106,905,228	101,162,646
Public assistance	144,667,818	140,870,819	144,896,972	140,654,444	132,795,943
Education and recreation	17,739,331	19,241,131	21,109,579	21,958,611	21,241,168
Interest /Principal on long-term debt	10,186,688	11,038,872	12,124,643	13,010,423	12,781,989
Total governmental activities expenses	<u>513,590,549</u>	<u>514,652,561</u>	<u>541,884,754</u>	<u>529,379,259</u>	<u>486,252,341</u>
Business-type activities:					
Nut Tree Airport	1,817,231	2,531,275	2,241,236	2,022,955	1,639,976
Fouts Springs Youth Facility	4,073,152	3,888,424	3,713,188	3,649,876	3,398,461
Solano County Fair <sup>1</sup>	-	-	-	-	-
Total primary government expenses	<u>5,890,383</u>	<u>6,419,699</u>	<u>5,954,424</u>	<u>5,672,831</u>	<u>5,038,437</u>
	<u>\$ 519,480,932</u>	<u>\$ 521,072,260</u>	<u>\$ 547,839,178</u>	<u>\$ 535,052,090</u>	<u>\$ 491,290,778</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 22,521,426	\$ 24,664,412	\$ 28,899,543	\$ 26,780,958	\$ 31,241,019
Public protection	20,203,371	18,382,235	19,694,270	19,913,381	21,567,229
Public ways and facilities	1,191,080	1,081,929	1,223,163	1,507,009	1,595,475
Health services	21,718,347	18,236,407	16,130,208	17,499,502	12,367,246
Public assistance	1,193,714	987,213	839,430	810,422	736,622
Education and recreation	5,223,005	5,154,002	5,753,093	6,231,823	5,502,044
Operating grants and contributions	290,072,372	264,136,077	281,259,235	295,815,325	288,680,255
Capital grants and contributions	3,165,238	14,076,600	6,303,034	-	-
Total governmental activities program revenues	<u>365,288,553</u>	<u>346,718,875</u>	<u>360,101,976</u>	<u>368,558,420</u>	<u>361,689,890</u>
Business-type activities					
Charges for services:					
Nut Tree Airport	525,217	1,277,477	1,292,875	1,141,736	949,070
Fouts Springs Youth Facility	3,126,145	3,310,703	3,203,533	3,184,236	3,081,184
Solano County Fair <sup>1</sup>	-	-	-	-	-
Operating grants and contributions	540,479	548,965	528,000	540,360	648,139
Capital grants and contributions	2,098,493	-	2,189,182	2,296,465	2,918,130
Total business-type activities	<u>6,290,334</u>	<u>5,137,145</u>	<u>7,213,590</u>	<u>7,162,797</u>	<u>7,596,523</u>
Total primary government program revenues	<u>\$ 371,578,887</u>	<u>\$ 351,856,020</u>	<u>\$ 367,315,566</u>	<u>\$ 375,721,217</u>	<u>\$ 369,286,413</u>
<b>Net (Expenses)/Revenue</b>					
Governmental activities	\$ (148,301,996)	\$ (167,933,686)	\$ (181,782,778)	\$ (160,820,839)	\$ (124,562,451)
Business-type activities	399,951	(1,282,554)	1,259,166	1,489,966	2,558,086
Total primary government net expenses	<u>\$ (147,902,045)</u>	<u>\$ (169,216,240)</u>	<u>\$ (180,523,612)</u>	<u>\$ (159,330,873)</u>	<u>\$ (122,004,365)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Property taxes <sup>2</sup>	\$ 109,322,638	\$ 112,720,861	\$ 124,364,351	\$ 129,866,189	\$ 121,438,731
Sales and use tax	1,203,681	3,802,198	4,277,127	2,338,436	2,115,430
Property transfer tax	1,490,597	1,652,158	1,730,179	1,708,439	3,413,296
Intergovernmental not restricted					
for specific programs <sup>2</sup>	23,601,639	20,607,668	22,666,383	22,701,977	20,122,940
Interest & investment earnings	1,926,203	2,744,934	5,729,000	13,477,706	14,671,265
Proceeds from sale of tobacco settlement revenues	-	-	-	-	-
Other	18,716,998	19,692,717	16,497,109	14,487,535	17,339,503
Gain on sale of capital assets	-	37,694	229,676	-	233,932
Extraordinary item	(8,809,741)	-	-	-	-
Transfers	144,695	93,446	163,667	208,907	(1,407,628)
Total governmental activities	<u>147,596,710</u>	<u>161,351,676</u>	<u>175,657,492</u>	<u>184,789,189</u>	<u>177,927,469</u>
Business-type activities:					
Property taxes	239,913	246,828	273,693	287,733	270,370
Intergovernmental not restricted					
for specific programs	48,430	50,857	54,693	54,251	47,008
Interest & investment earnings	453	1,168	8,138	22,835	27,837
Other	217,795	109,083	63,418	119,989	181,734
Gain on sale of capital assets	-	15,300	300	-	-
Transfers	(144,695)	(93,446)	(163,667)	(208,907)	1,407,628
Total business-type activities	<u>361,896</u>	<u>329,790</u>	<u>236,575</u>	<u>275,901</u>	<u>1,934,577</u>
Total primary government	<u>\$ 147,958,606</u>	<u>\$ 161,681,466</u>	<u>\$ 175,894,067</u>	<u>\$ 185,065,090</u>	<u>\$ 179,862,046</u>
<b>Change in net assets</b>					
Governmental activities	\$ (705,286)	\$ (6,582,010)	\$ (6,125,286)	\$ 23,968,350	\$ 53,365,018
Business-type activities	761,847	(952,764)	1,495,741	1,765,867	4,492,663
Total primary government	<u>\$ 56,561</u>	<u>\$ (7,534,774)</u>	<u>\$ (4,629,545)</u>	<u>\$ 25,734,217</u>	<u>\$ 57,857,681</u>

<sup>1</sup>During 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

<sup>2</sup>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.

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

		Fiscal Year				
		2006	2005	2004	2003	2002
<b>Expenses</b>						
Governmental activities:						
	\$	56,558,886	50,668,082	43,489,603	45,032,722	41,910,911
		145,029,057	143,497,198	132,128,495	125,585,195	119,673,935
		14,258,190	13,111,022	11,175,121	10,911,632	7,076,867
		98,074,826	103,089,445	94,775,322	82,980,974	80,209,568
		130,957,165	122,936,114	129,712,495	120,898,958	118,808,521
		19,140,185	15,887,886	14,212,564	12,663,165	11,945,358
		12,848,298	12,548,175	8,233,665	6,176,532	4,994,361
		476,866,607	461,737,922	433,727,265	404,249,178	384,619,521
Business-type activities:						
		1,592,100	1,362,902	1,262,109	1,180,824	1,048,905
		3,301,242	3,948,500	4,389,289	4,531,095	4,400,648
		-	-	-	-	5,182,459
		4,893,342	5,311,402	5,651,398	5,711,919	10,632,012
	\$	481,759,949	467,049,324	439,378,663	409,961,097	395,251,533
<b>Program Revenues</b>						
Governmental activities:						
Charges for services:						
	\$	32,187,356	37,600,101	31,920,886	26,329,308	30,602,850
		23,935,472	20,665,232	18,014,578	17,424,843	14,529,453
		2,059,559	1,818,144	1,776,921	1,699,829	1,739,598
		14,788,760	14,952,284	12,834,358	12,156,224	14,063,712
		813,877	792,650	714,228	711,058	310,747
		5,989,917	3,580,595	3,896,130	4,120,252	3,663,808
		278,885,706	264,093,871	264,202,785	249,276,485	243,832,179
		-	1,809,000	5,154,984	2,281,016	-
		358,660,647	345,311,877	338,514,870	313,999,015	308,742,347
Business-type activities:						
Charges for services:						
		995,659	913,935	1,043,051	929,509	789,146
		2,346,732	2,531,598	2,846,865	3,220,755	3,743,659
		-	-	-	-	5,055,500
		748,146	689,649	-	-	-
		280,415	1,079,079	-	-	979,600
		4,370,952	5,214,261	3,889,916	4,150,264	10,567,905
	\$	363,031,599	350,526,138	342,404,786	318,149,279	319,310,252
Capital grants and contributions						
	\$	(118,205,960)	(116,426,045)	(95,212,395)	(90,250,163)	(75,877,174)
		(522,390)	(97,141)	(1,761,482)	(1,561,655)	(64,107)
	\$	(118,728,350)	(116,523,186)	(96,973,877)	(91,811,818)	(75,941,281)
<b>Net (Expenses)/Revenue</b>						
Governmental activities						
Business-type activities						
Total primary government net expenses						
<b>General Revenues and Other Changes in Net Assets</b>						
Governmental activities:						
	\$	113,372,286	65,735,256	56,309,939	49,265,614	48,969,454
		2,439,283	2,410,695	1,545,460	1,829,179	1,704,534
		4,850,753	4,946,514	3,603,308	2,763,374	2,208,778
Intergovernmental not restricted						
		17,112,250	49,225,813	50,590,802	39,605,008	37,851,097
		8,998,933	6,107,084	6,725,817	3,554,065	8,461,200
		17,397,252	-	-	55,088,473	4,771,547
		12,236,879	13,084,692	11,939,541	8,341,841	5,328,913
		-	1,432	1,384,309	-	-
		-	-	-	-	-
		86,047	74,698	2,533	(176,324)	-
		176,493,683	141,586,184	132,101,709	160,271,230	109,295,523
Business-type activities:						
		258,855	215,716	190,885	167,562	153,882
Intergovernmental not restricted						
		40,679	37,072	855,988	1,024,104	918,061
		(39,227)	20,345	4,788	28,494	89,495
		53,933	64,239	17,909	7,914	32,381
		-	-	-	10,500	-
		(86,047)	(74,698)	(2,533)	176,324	-
		228,193	262,674	1,067,037	1,414,898	1,193,819
	\$	176,721,876	141,848,858	133,168,746	161,686,128	110,489,342
Total primary government						
<b>Change in net assets</b>						
Governmental activities						
Business-type activities						
Total primary government						
	\$	58,287,723	25,160,139	36,889,314	70,021,067	33,418,349
		(294,197)	165,533	(694,445)	(146,757)	1,129,712
	\$	57,993,526	25,325,672	36,194,869	69,874,310	34,548,061

<sup>1</sup>During 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

<sup>2</sup>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.

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

	Fiscal Year				
	2011 <sup>1</sup>	2010	2009	2008	2007
<b>General Fund</b>					
Nonspendable	\$ 26,693,402	\$ -	\$ -	\$ -	\$ -
Restricted	-	-	-	-	-
Committed	6,939,235	-	-	-	-
Assigned	44,755,155	-	-	-	-
Unassigned	35,958,787	-	-	-	-
Reserved	-	32,155,440	6,909,142	9,591,064	4,150,844
Unreserved	-	72,033,076	101,068,378	111,054,606	117,465,640
<b>Total General Fund</b>	<b>114,346,579</b>	<b>104,188,516</b>	<b>107,977,520</b>	<b>120,645,670</b>	<b>121,616,484</b>
<b>All Other Governmental Funds</b>					
Nonspendable	210,939	-	-	-	-
Restricted	77,133,751	-	-	-	-
Committed	-	-	-	-	-
Assigned	22,939,415	-	-	-	-
Unassigned	(8,999,065)	-	-	-	-
Reserved	-	55,243,886	65,271,318	56,504,466	91,344,253
Unreserved, reported in:					
Special revenue funds	-	58,798,913	76,053,180	76,665,059	75,946,573
Capital projects funds	-	2,449,680	6,261,034	55,852,298	13,049,077
Debt service funds	-	(14,940,959)	(10,437,736)	-	-
<b>Total all other governmental funds</b>	<b>91,285,040</b>	<b>101,551,520</b>	<b>137,147,796</b>	<b>189,021,823</b>	<b>180,339,903</b>
	<b>\$ 205,631,619</b>	<b>\$ 205,740,036</b>	<b>\$ 245,125,316</b>	<b>\$ 309,667,493</b>	<b>\$ 301,956,387</b>

**Notes:**

<sup>1</sup> In Fiscal Year 2010-11 the County implemented GASB 54 under which governmental fund balances are reported as nonspendable, restricted, committed, assigned, and unassigned.

Source: Audited Financial Statements



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

		<b>Fiscal Year</b>					
		<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	
	<b>\$</b>	-	-	-	-	-	<b>General Fund</b>
		-	-	-	-	-	Nonspendable
		-	-	-	-	-	Restricted
		-	-	-	-	-	Committed
		-	-	-	-	-	Assigned
		-	-	-	-	-	Unassigned
		3,575,776	2,650,417	1,158,613	3,415,066	1,541,441	Reserved
		88,104,809	69,817,153	54,064,235	45,491,994	43,685,285	Unreserved
		<u>91,680,585</u>	<u>72,467,570</u>	<u>55,222,848</u>	<u>48,907,060</u>	<u>45,226,726</u>	<b>Total General Fund</b>
		-	-	-	-	-	<b>All Other Governmental Funds</b>
		-	-	-	-	-	Nonspendable
		-	-	-	-	-	Restricted
		-	-	-	-	-	Committed
		-	-	-	-	-	Assigned
		-	-	-	-	-	Unassigned
		34,558,867	31,951,339	41,474,664	57,585,083	22,895,362	Reserved
		133,282,448	131,227,828	118,657,450	102,116,827	49,268,396	Unreserved, reported in:
		15,255,723	2,585,051	17,041,854	68,841,392	10,036,848	Special revenue funds
		-	-	-	-	-	Capital projects funds
		-	-	-	-	-	Debt service funds
		<u>183,097,038</u>	<u>165,764,218</u>	<u>177,173,968</u>	<u>228,543,302</u>	<u>82,200,606</u>	<b>Total all other governmental funds</b>
	<b>\$</b>	<u>274,777,623</u>	<u>238,231,788</u>	<u>232,396,816</u>	<u>277,450,362</u>	<u>127,427,332</u>	

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

	Fiscal Year				
	2011	2010	2009	2008	2007
<b>Revenues</b>					
Taxes <sup>1</sup>	\$ 116,385,423	\$ 121,801,475	\$ 134,613,147	\$ 138,987,233	\$ 132,730,738
Licenses, permits and franchises	6,580,255	5,763,943	6,690,257	6,180,001	6,758,843
Fines, forfeitures and penalties	4,146,885	4,883,821	4,772,315	5,458,554	5,870,027
Use of money and property	2,542,856	3,419,568	5,917,139	13,022,335	14,115,648
Intergovernmental <sup>1</sup>	309,499,470	297,119,249	301,278,100	312,049,066	299,974,644
Charges for services	89,632,816	86,456,048	79,371,133	77,340,255	75,908,930
Miscellaneous	17,068,861	17,617,361	15,087,909	12,457,166	15,709,000
Total revenues	<u>545,856,566</u>	<u>537,061,465</u>	<u>547,730,000</u>	<u>565,494,610</u>	<u>551,067,830</u>
<b>Expenditures</b>					
General government	55,690,156	57,522,204	60,531,698	57,450,491	49,616,574
Public protection	162,891,649	170,823,420	178,454,399	170,321,250	162,742,367
Public ways and facilities	9,619,806	9,170,245	9,380,649	9,925,757	9,664,948
Health services	112,350,121	108,637,073	107,488,354	107,707,061	103,618,977
Public assistance	146,596,884	144,765,442	146,364,841	141,943,318	135,117,611
Education and recreation	18,828,034	20,215,842	21,482,110	22,292,796	22,087,999
Debt service:					
Principal	8,663,794	12,465,882	39,691,364	11,685,419	11,080,862
Interest and other charges	10,227,822	11,266,372	12,870,803	13,171,464	12,405,119
Debt issuance cost	25,590	254,727	-	-	1,650,505
Advance refunding escrow	-	-	-	-	-
Capital outlay	13,007,061	41,366,813	37,841,019	22,992,641	16,423,879
Total expenditures	<u>537,900,917</u>	<u>576,488,020</u>	<u>614,105,237</u>	<u>557,490,197</u>	<u>524,408,841</u>
Excess of revenues over (under) expenditures	<u>7,955,649</u>	<u>(39,426,555)</u>	<u>(66,375,237)</u>	<u>8,004,413</u>	<u>26,658,989</u>
<b>Other Financing Sources (Uses)</b>					
Capital lease financing	-	-	-	-	-
Payment to refunded bond escrow agent	(10,000,000)	(17,970,000)	-	-	(100,769,924)
Proceeds from refunding bonds issued	10,000,000	16,745,000	-	-	99,860,000
Proceeds from sale of tobacco settlement revenues	-	-	-	-	-
Debt proceeds	-	-	1,385,806	1,023,891	-
Premium on debt	-	889,673	-	-	2,568,489
Transfers in	148,145,491	165,741,868	223,869,357	169,578,877	140,741,691
Transfers out	(147,627,772)	(165,502,698)	(223,394,950)	(171,010,215)	(142,086,480)
Sale of capital assets	227,956	137,432	130,957	114,140	205,999
Total other financing sources (uses)	<u>745,675</u>	<u>41,275</u>	<u>1,991,170</u>	<u>(293,307)</u>	<u>519,775</u>
<b>Extraordinary Item</b>					
Amount to be paid to State of California per AB99	(8,809,741)	-	-	-	-
Net change in fund balances	<u>\$ (108,417)</u>	<u>\$ (39,385,280)</u>	<u>\$ (64,384,067)</u>	<u>\$ 7,711,106</u>	<u>\$ 27,178,764</u>
Debt service as a percentage of noncapital expenditures	3.60%	4.43%	9.12%	4.65%	4.62%

<sup>1</sup> 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)**

		<b>Fiscal Year</b>					
		<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	
							<b>Revenues</b>
\$	126,709,867	\$ 78,793,277	\$ 66,961,051	\$ 59,246,973	\$ 55,027,729		Taxes <sup>1</sup>
	7,260,201	5,658,034	5,094,159	4,998,512	4,425,099		Licenses, permits and franchises
	7,389,580	6,038,097	4,220,235	4,729,387	4,586,822		Fines, forfeitures and penalties
	9,038,296	6,415,122	6,981,278	3,980,609	8,707,718		Use of money and property
	289,299,129	315,166,573	308,978,705	277,130,397	273,809,145		Intergovernmental <sup>1</sup>
	79,239,520	77,819,413	69,730,559	59,721,371	53,404,452		Charges for services
	10,364,009	11,532,508	10,377,470	7,693,931	14,065,157		Miscellaneous
	<u>529,300,602</u>	<u>501,423,024</u>	<u>472,343,457</u>	<u>417,501,180</u>	<u>414,026,122</u>		Total revenues
							<b>Expenditures</b>
	58,726,098	55,536,885	49,188,749	40,861,290	39,392,941		General government
	169,226,372	138,939,757	172,365,652	128,691,041	117,626,458		Public protection
	11,838,586	9,706,357	10,112,629	8,152,377	5,883,609		Public ways and facilities
	106,548,470	103,458,326	111,715,224	84,249,844	77,897,875		Health services
	142,105,049	123,248,736	150,785,051	121,296,428	118,637,287		Public assistance
	21,363,419	15,670,356	18,172,806	12,713,005	11,728,628		Education and recreation
							Debt service:
	16,689,194	8,043,797	8,394,452	7,193,245	7,081,861		Principal
	12,321,580	10,561,243	8,069,620	5,157,325	4,930,092		Interest and other charges
	646,905	-	1,466,120	-	-		Debt issuance cost
	-	-	-	-	4,116,500		Advance refunding escrow
	13,068,467	30,852,017	86,478,021	42,466,841	35,290,048		Capital outlay
	<u>552,534,140</u>	<u>496,017,474</u>	<u>616,748,324</u>	<u>450,781,396</u>	<u>422,585,299</u>		Total expenditures
	(23,233,538)	5,405,550	(144,404,867)	(33,280,216)	(8,559,177)		Excess of revenues over (under) expenditures
							<b>Other Financing Sources (Uses)</b>
	-	56,736	-	-	-		Capital lease financing
	-	-	-	-	(19,090,934)		Payment to refunded bond escrow agent
	-	-	-	-	21,285,000		Proceeds from refunding bonds issued
	17,397,252	-	-	55,088,473	-		Proceeds from sale of tobacco settlement revenues
	42,385,000	-	96,665,000	123,862,438	10,507,356		Debt proceeds
	-	-	-	4,628,748	331,173		Premium on debt
	131,966,707	120,245,003	99,408,010	92,684,021	87,617,423		Transfers in
	(132,032,827)	(120,065,726)	(99,674,693)	(93,047,766)	(88,274,757)		Transfers out
	63,241	193,409	2,953,004	87,332	40,095		Sale of capital assets
	<u>59,779,373</u>	<u>429,422</u>	<u>99,351,321</u>	<u>183,303,246</u>	<u>12,415,356</u>		Total other financing sources (uses)
							<b>Extraordinary Item (Note 12)</b>
	-	-	-	-	-		AB99 funds transfer to State
\$	<u>36,545,835</u>	<u>\$ 5,834,972</u>	<u>\$ (45,053,546)</u>	<u>\$ 150,023,030</u>	<u>\$ 3,856,179</u>		Net change in fund balances
	5.38%	4.00%	3.10%	3.02%	3.10%		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 <sup>^</sup>				Personal Property	Exemptions	Total	Total Direct Tax Rate
	Residential Property	Commercial Property	Manufacturing Property	Other				
2011	\$ 26,431,821,835	\$ 4,437,102,001	\$ 5,436,513,066	\$ 2,816,813,953	\$ 2,357,649,133	\$ (2,835,879,182)	\$ 38,644,020,806	1.000000
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

**Notes:** <sup>^</sup> 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**

<b>Fiscal Year</b>	<b>Countywide Tax</b>	<b>Local Special Districts</b>	<b>Schools</b>	<b>Cities</b>	<b>Total</b>
2011	1.000000	1.730896	0.561446	0.053492	3.345834
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

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

**COUNTY OF SOLANO, CALIFORNIA**  
**Principal Property Tax Payers**  
**June 30, 2011 and June 30, 2002**

Taxpayer	June 30, 2011			June 30, 2002		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Genentech Inc	\$ 1,227,481,368	1	3.18%			
Valero Refining Company - Calif	864,222,718	2	2.24%	\$ 777,046,246	1	2.93%
Pacific Gas & Electric Company	518,464,164	3	1.34%	261,650,930	3	0.99%
Shiloh Wind Project II LLC	304,146,090	4	0.79%			
Anheuser-Busch, Inc.	261,350,442	5	0.68%	242,721,747	4	0.91%
Shiloh I Wind Project LLC	197,986,277	6	0.51%			
High Winds LLC	167,795,774	7	0.43%			
Alza Corporation	149,791,166	8	0.39%	93,769,140	7	0.35%
California Northern Railroad	117,444,474	9	0.30%	105,210,399	6	0.40%
Novartis Pharmaceuticals Corp	113,968,280	10	0.29%			
Vacaville Real Estate				326,590,840	2	1.23%
Pacific Bell Telephone Company				191,329,604	5	0.72%
Park Management Corp				91,849,562	8	0.35%
Solano Mall LLC				84,564,860	9	0.32%
CPG Finance II LLC				68,025,000	10	0.26%
Totals	<u>\$ 3,922,650,753</u>		<u>10.15%</u>	<u>\$ 2,242,758,328</u>		<u>8.46%</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**

<b>Fiscal Year</b>	<b>Taxes Levied for the Fiscal Year</b>	<b>Collected within the Fiscal Year of the Levy</b>		<b>Collections in Subsequent Years</b>	<b>Total Collections to Date</b>	
		<b>Amount</b>	<b>% of Levy</b>		<b>Amount</b>	<b>% of Levy</b>
2011	\$ 429,379,973	\$ 418,950,465	97.57%	\$ -	\$ 418,950,465	97.57%
2010	443,248,555	426,044,998	96.12%	7,979,717	434,024,715	97.92%
2009	494,946,065	466,126,504	94.18%	19,568,726	485,695,230	98.13%
2008	507,245,315	472,447,183	93.14%	31,824,994	504,272,177	99.41%
2007	477,498,909	449,992,917	94.24%	24,121,525	474,114,442	99.29%
2006	429,891,175	413,880,171	96.28%	13,569,454	427,449,625	99.43%
2005	377,639,034	368,064,913	97.46%	4,344,830	372,409,743	98.62%
2004	338,754,419	332,042,337	98.02%	6,505,303	338,547,640	99.94%
2003	304,563,538	295,257,014	96.94%	9,218,679	304,475,693	99.97%
2002	253,305,116	248,780,029	98.21%	4,485,363	253,265,392	99.98%

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				
	2011	2010	2009	2008	2007
<b>General Government</b>					
Notes payable	\$ 1,023,890	\$ 1,023,890	\$ 1,023,890	\$ 1,171,043 <sup>3</sup>	\$ 11,864,718
Capital leases	513,792	1,122,586	1,303,468	16,874	28,968
Certificates of participation	120,868,119	125,852,804	130,649,735	138,013,241	142,576,213
Pension obligation bonds	77,805,000	81,105,000	88,830,000	121,020,000	127,805,000
Revenue bonds	-	-	-	-	-
<b>Business-Type Activities</b>					
Notes payable	-	39,297	94,854	149,853	200,965
Capital leases	-	-	-	-	-
<b>Total primary government</b>	<u>\$ 200,210,801</u>	<u>\$ 209,143,577</u>	<u>\$ 221,901,947</u>	<u>\$ 260,371,011</u>	<u>\$ 282,475,864</u>
<b>Percentage of Personal Income <sup>1</sup></b>	1.19%	1.28%	1.40%	1.62%	1.81%
<b>Percentage of Actual Value of Taxable Property <sup>2</sup></b>	0.52%	0.53%	0.54%	0.57%	0.62%
<b>Per Capita <sup>1</sup></b>	\$ 484.03	\$ 506.13	\$ 537.96	\$ 630.18	\$ 684.56

<sup>1</sup> 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.

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

<sup>3</sup> 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**

		<b>Fiscal Year</b>					
		<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	
							<b>General Government</b>
\$		13,356,468	\$ 14,897,413	\$ 16,637,923	\$ 18,022,764	\$ 15,222,425	Notes payable
		88,080	191,329	377,880	937,955	681,824	Capital leases
		146,692,575	155,954,388	162,086,201	168,748,015	51,921,079	Certificates of participation
		133,195,000	96,665,000	96,665,000	-	-	Pension obligation bonds
		-	-	-	-	-	Revenue bonds
							<b>Business-Type Activities</b>
		247,631	318,517	1,420,051	1,608,192	437,665	Notes payable
		-	5,106	12,394	30,088	36,877	Capital leases
\$		<u>293,579,754</u>	<u>\$ 268,031,753</u>	<u>\$ 277,199,449</u>	<u>\$ 189,347,014</u>	<u>\$ 68,299,870</u>	<b>Total primary government</b>
		1.97%	1.90%	2.05%	1.46%	0.55%	<b>Percentage of Personal Income <sup>1</sup></b>
		0.71%	0.74%	0.86%	0.65%	0.26%	<b>Percentage of Actual Value of Taxable Property <sup>2</sup></b>
\$		713.70	\$ 652.83	\$ 673.81	\$ 463.03	\$ 167.89	<b>Per Capita <sup>1</sup></b>

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

<b>Fiscal Year</b>	<b>(1)</b> <b>Assessed Value of</b> <b>Property</b>	<b>(2)</b> <b>Debt Limit, 5% of</b> <b>Assessed Value</b>	<b>(3)</b> <b>Debt Applicable</b> <b>to the Limit</b>	<b>(4)</b> <b>Legal Debt Margin</b>	<b>Total net debt</b> <b>applicable to the</b> <b>limit as a percentage</b> <b>of debt limit</b>
2011	\$ 38,644,020,806	\$ 1,932,201,040	\$ -	\$ 1,932,201,040	0.00%
2010	39,256,945,402	1,962,847,270	-	1,962,847,270	0.00%
2009	40,873,042,919	2,043,652,146	-	2,043,652,146	0.00%
2008	45,318,102,865	2,265,905,143	-	2,265,905,143	0.00%
2007	45,688,693,224	2,284,434,661	-	2,284,434,661	0.00%
2006	41,544,353,287	2,077,217,664	-	2,077,217,664	0.00%
2005	36,386,372,123	1,819,318,606	-	1,819,318,606	0.00%
2004	32,280,154,735	1,614,007,737	-	1,614,007,737	0.00%
2003	29,353,766,624	1,467,688,331	-	1,467,688,331	0.00%
2002	26,560,455,206	1,328,022,760	5,100	1,328,017,660	0.00%

**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.

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

<u>Year</u> <sup>1</sup>	<u>Population</u> <sup>2</sup>	<u>Personal Income</u> <sup>3</sup>	<u>Per Capita Personal Income</u> <sup>3</sup>	<u>Unemployment Rate</u> <sup>5</sup>
2011	413,635	16,853,878,721 <sup>4</sup>	\$ 40,746 <sup>4</sup>	12.3%
2010	413,220	16,352,524,954 <sup>4</sup>	39,573 <sup>4</sup>	12.2%
2009	412,488	15,866,085,000	38,961	11.3%
2008	413,167	16,024,991,000	39,181	7.0%
2007	412,636	15,606,372,000	38,503	5.3%
2006	411,351	14,875,748,000	36,623	5.1%
2005	410,570	14,105,481,000	34,691	5.4%
2004	411,389	13,531,998,000	33,138	5.9%
2003	408,929	12,957,017,000	31,726	6.4%
2002	406,816	12,482,297,000	30,605	5.9%

**Detail of estimated population, as of January 1, 2011:**

Incorporated Cities	
Benicia	27,118
Dixon	18,435
Fairfield	104,815
Rio Vista	7,433
Suisun City	28,212
Vacaville	93,011
Vallejo	116,508
Total of Incorporated	395,532
Total of Unincorporated Areas	18,977
Total Population	414,509

**Notes:**

<sup>1</sup> Calendar year

<sup>2</sup> Obtained from State of California, Department of Finance, Demographics Research Unit

<sup>3</sup> Obtained from US Department of Commerce - Bureau of Economic Analysis, updated as of April 2010

<sup>4</sup> Estimated amounts

<sup>5</sup> Obtained from State of California Employment Development Department

**COUNTY OF SOLANO, CALIFORNIA**  
**Principal Employers**  
**June 30, 2011 and June 30, 2002**

Employer	June 30, 2011			June 30, 2002		
	Employees	Rank	Percentage of Total County Employment <sup>1</sup>	Employees	Rank	Percentage of Total County Employment <sup>1</sup>
Travis AFB	14,353 <sup>2,3</sup>	1	7.75%	n/a <sup>5</sup>		
Kaiser Permanente	5,131 <sup>3</sup>	2	2.77%	3,110	1	1.63%
County of Solano	2,391 <sup>4</sup>	3	1.29%	3,103	2	1.62%
Fairfield-Suisun Unified School District	2,000	4	1.08%	n/a <sup>5</sup>		
Vallejo City Unified School District	1,600	5	0.86%	n/a <sup>5</sup>		
Six Flags Marine World	1,600 <sup>3</sup>	6	0.86%	1,688	3	0.88%
NorthBay Healthcare System	1,115 <sup>3</sup>	7	0.60%	1,000	5	0.52%
Vacaville Unified School District	1,094	8	0.59%	n/a <sup>5</sup>		
Wal-Mart	932 <sup>3</sup>	9	0.50%			
Genentech Inc.	850 <sup>3</sup>	10	0.46%			
Providian Financial				1,200	4	0.63%
Valero Refining Company				995	6	0.52%
Albertson's Distribution Center				700	7	0.37%
Alza Corporation				700	8	0.37%
Sutter Solano Medical Center				581	9	0.30%
Westamerica Bancorporation				542	10	0.28%
<b>Totals</b>	<u>31,066</u>		<u>16.76%</u>	<u>13,619</u>		<u>7.12%</u>

<sup>1</sup> Total County employment figure-obtained from State of California Employment Development Department

<sup>2</sup> Travis AFB employment figure-consists of active USAF military personnel and civilians

<sup>3</sup> Employment figure from the Solano Economic Development Corporation

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

<sup>5</sup> Employment figure as of 6/30/02 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*

	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
<b>Function/Program</b>					
General government	250.25	271.50	288.00	280.00	272.00
Public protection	992.25	1,160.00	1,243.50	1,237.00	1,194.00
Public ways and facilities	63.50	73.50	75.50	76.50	74.50
Health services	460.10	477.10	520.08	520.83	532.63
Public assistance	639.00	674.50	711.50	713.50	720.50
Education and recreation	140.50	151.23	153.73	152.23	149.73
Nut Tree Airport	4.00	5.00	5.00	4.00	4.00
Fouts Springs Youth Facility	29.00	30.00	30.00	29.00	29.00
Internal service	64.00	79.50	88.50	86.50	82.50
Total	<u>2,642.60</u>	<u>2,922.33</u>	<u>3,115.81</u>	<u>3,099.56</u>	<u>3,058.86</u>

Source: County of Solano Adopted 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>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	
					<b>Function/Program</b>
263.00	250.00	245.00	247.00	236.00	General government
1,191.50	1,180.50	1,241.50	1,279.50	1,235.50	Public protection
73.00	73.00	74.00	74.00	73.00	Public ways and facilities
483.05	498.08	491.16	511.66	498.66	Health services
738.60	718.00	750.50	786.55	767.30	Public assistance
140.23	137.23	131.13	130.13	130.63	Education and recreation
3.00	3.00	3.00	3.00	3.00	Nut Tree Airport
30.00	41.00	55.50	55.50	54.00	Fouts Springs Youth Facility
73.50	72.50	71.50	73.50	53.50	Internal service
<u>2,995.88</u>	<u>2,973.31</u>	<u>3,063.29</u>	<u>3,160.84</u>	<u>3,051.59</u>	Total

**COUNTY OF SOLANO, CALIFORNIA**  
**Operating Indicators by Function**  
**Last Nine Fiscal Years<sup>†</sup>**

	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Function/Program</b>									
<b>General government</b>									
Clerk-Recorder-Assessor - documents recorded	131,249	122,646	110,104	119,333	172,494	213,267	227,032	240,195	231,751
<b>Public protection</b>									
<sup>#</sup> Number of felony cases filed-District Attorney	3,538	3,722	3,820	3,961	4,198	3,804	4,122	3,795	3,661
<sup>#</sup> Number of misdemeanor cases filed-District Attorney	9,281	8,211	10,056	11,382	9,404	7,680	8,085	9,819	9,853
<sup>#</sup> Number of juvenile petitions-District Attorney	876	1,191	1,496	1,746	1,964	1,516	1,470	1,367	1,273
Number of Bookings-Sheriff	14,767	16,323	18,485	19,629	25,415	17,780	17,901	17,939	19,174
Average Daily Population-Juvenile Hall	76	80	86	76	89	58	78	78	71
Average Daily Population-New Foundation	29	24	26	21	26	24	25	24	22
Average Intake-Juvenile Hall	133	141	175	173	180	111	175	153	130
<sup>#</sup> Number of building permits issued	614	545	699	760	990	829	923	890	940
<b>Public ways and facilities</b>									
Miles of roads maintained	586	586	587	587	587	589	595	595	600
<b>Health services &amp; public assistance</b>									
Average monthly medical clinic visits	3,886	3,641	3,348	3,259	2,757	2,331	2,547	2,561	2,565
Average monthly dental clinic visits	608	616	396	429	354	344	368	344	403
Average monthly food stamp recipients	37,051	33,102	27,662	22,590	20,599	18,271	16,096	13,878	12,202
Average monthly MediCal beneficiaries	67,867	65,850	62,197	59,706	57,487	57,373	54,651	52,466	49,694
Average monthly CalWorks cash assistance recipients	15,466	15,443	14,359	13,390	12,486	11,970	11,118	10,330	9,623
Average monthly General Relief recipients	1,128	1,141	973	792	685	651	456	371	306
<b>Education and recreation</b>									
Total circulation	3,961,868	4,101,677 *	3,794,831	3,283,812	2,951,709	2,686,203	2,753,787	2,646,019	2,418,093
Total circulation - SNAPweb	838,622	812,830 *	670,825	568,493	478,578	448,410	409,897	355,256	287,369
Number of library patrons	2,041,610	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	4	3	3	3	3
Number of park visitors	185,453	182,434	189,703	221,806	261,351	166,735	179,371	171,144	172,143
<b>Nut Tree Airport</b>									
Takeoffs and landings	100,500	104,000	102,500	102,500	105,000	101,500	n/a	n/a	n/a
<b>Fouts Springs Youth Facility</b>									
Average Daily Population	43	47	54	58	56	49	65	81	102
<b>Internal service</b>									
Number of Fleet Vehicles	482	480	514	502	502	507	500	498	462
Number of Annual Fleet Miles Driven	4,025,516	4,299,929	5,214,737	5,300,563	4,947,911	4,529,923	4,519,141	4,579,844	4,443,087

<sup>†</sup> 10 year data not readily available

<sup>n/a</sup> Information not available

<sup>#</sup> Information based on calendar year

<sup>\*</sup> Adjusted figures as of 6/30/11

Source: Various County departments



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

	Fiscal Year									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
<b>Function/Program</b>										
General government										
Buildings	17	16	16	15	13	13	12	11	11	11
Public protection										
Sheriff sub stations	0	1	2	3	3	3	3	3	3	3
Patrol units	21	20	23	20	20	22	22	22	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	586	587	587	587	589	595	595	600	600
Health services & public assistance										
Clinics & administration buildings	6	8	6	7	7	7	7	7	7	6
Education and recreation										
Branch libraries	8	8	8	8	8	7	6	6	6	6
Veterans buildings	6	6	6	5	5	5	5	5	5	5
Public parks acreage	1,259	1,259	1,259	1,259	1,259	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

<sup>n/a</sup> Information not available

<sup>#</sup> Information based on calendar year

Source: Various County departments

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