

County of Solano, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013



Simona Padilla-Scholten, CPA
Auditor-Controller



ON THE COVER: From top to bottom - Canoers on Putah Creek; view of the Suisun Marsh from Rockville Trails; the waterfall at Green Valley Falls; tule elk in the Suisun Marsh; and boating along the Sacramento River .

County of Solano, California



Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2013

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, 2013

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Phyllis Taynton, CPA
Assistant Auditor-Controller

December 30, 2013

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, 2013. 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, 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, 2013, 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 unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2013, 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 in the criminal justice system.

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

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

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

Factors Affecting Financial Condition

Budgetary Information

The annual budget serves as the foundation for the County's financial planning and control. All agencies under the control of the Board of Supervisors are required to submit budget requests to the County Administrator for review. The County Administrator presents a recommended budget to the Board for consideration and approval. The Board is required to hold public hearings on the recommended budget and to adopt a budget by September 30th of each year. The Board generally holds its public hearings 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 governmental fund for which an annual budget was adopted. These schedules, which are part of the supplementary information section of this report, start on page 88.

Population and Local Economy

The County's population as of January 2013 was approximately 418,387. The County's population ranks 21st out of 58 California counties in terms of population size. Immigration has accounted for most of the County's growth since 1980. The County population increased 4.8% between 2000 and 2010. Between 2010 and 2013, the County grew by 5,043 residents, or 1.2%. Fairfield and Rio Vista experienced growth between 2010 and 2013, increasing 2,886 and 239 respectively. Conversely, the population in the unincorporated area of Solano County has declined by 2,746, or 12.8% since 1990. Overall, the population for the entire county has grown by 77,966, or 21.9% since 1990 for an average annual growth rate of less than 1%.

The County's seven cities are long-established communities. Relatively moderate costs for land and housing, proximity to major population and recreation centers, and job opportunities continue to make the County an attractive place to live. The County is home to a significant number of biotech companies. The County believes 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

The Fund Balance Policy requires a General Fund General Reserve equal to 10% of the County's total budget, excluding interfund transfers, with a minimum \$20 million balance maintained at all times. Also, there is a General Fund Contingency policy to establish a level equal to 10% of the General Fund's total budget. The County's Fund Balance Policy establishes the following criteria for when the 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.

As of June 30, 2013, the Board adopted \$46 million in the General Fund General Reserve. This amount is above the minimum established per the policy, but less than the target of \$68 million. For the FY2013/14, the Board adopted a General Fund Contingency in the amount of \$8.9 million, which is below the 10% level. The Board approved a reduced contingency amount to increase Committed Fund Balance for Future CalPERS Rate Increases.

On June 14, 2011, the Board adopted the new Fund Balance Policy to conform to Governmental 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 Governmental 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 December 2012, the County completed the \$19 million William J. Carroll Government Center Project in Vacaville. The project consisted 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 houses programs of Solano County's Health & Social Services Department and includes a dental clinic and adjacent parking. The project was 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 construction of the project began in 2011 and the anticipated completion date is April 2014. The project is being financed with AB900 funds and public facilities fees.

In February 2013, the Board authorized the Sheriff's Office to submit a proposal to the Board of State and Community Corrections for \$25.6 million in construction improvements at the existing Claybank facility in response to the State's Request for Proposals under the SB1022 financing program for Adult Local Criminal Justice Facilities. The County's proposal consists of two additional buildings and site improvements to the existing Claybank Adult Detention Facility. Upon completion, the Project will provide training facilities to be used by the Solano County Sheriff to support and provide a more complete array of rehabilitation/reentry programs to adult offenders.

In April 2013, the County issued \$5.4 million of Certificates of Participation for the Animal Care Expansion Project at 2510 Claybank Road in Fairfield. The Animal Care Expansion Project includes the installation of a new pre-fabricated kennel (12,500 square feet) and the renovation of the 2,600 square foot portion of the existing 13,000 square-foot Animal Shelter building. The project is expected to be completed by September 2014.

The County maintains a Debt Advisory Committee and a Pension Advisory Committee to provide analyses and recommendations through the County Administrator in the implementation for policy implementation and oversight.

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.

Redevelopment Dissolution:

For decades, the Community Redevelopment Law (Health & Safety ("H&S") Code § 33000 et seq.) permitted the establishment of redevelopment agencies ("RDAs"). Six of the seven cities in Solano County established RDAs (the exception being the City of Benicia). The primary financing tool for RDAs was "tax increment financing," which generally allowed RDAs to receive the increased property tax revenue above a certain base year amount – revenue that would otherwise go to the underlying governmental entities, including the County and schools. The State of California had historically back-filled the tax increment lost to schools. In response to budgetary difficulties at the state level, the state enacted AB X1 26 (Stats.2011, c. 5), dissolving all RDAs and implementing an involved process to carry out such dissolution.

AB X1 26, as upheld and modified by the California Supreme Court in *California Redevelopment Association v. Matosantos*, required the dissolution of all redevelopment agencies as of February 1, 2012. The legislation sets out a complicated process of making enforceable obligation payments, returning tax increment revenue to other agencies, and disposing of assets. The Auditor-Controller continues to play a significant role in this process, including auditing redevelopment agencies, and allocating property taxes.

The Auditor-Controller created a Redevelopment Property Tax Trust Fund (RPTTF) for each dissolved RDA (H&S Code § 34170.5(b)) to accommodate the accounting requirements. The RPTTF is the depository of the tax increment amount formerly due each RDA and all proceeds from the sale of RDA assets. The Auditor-Controller allocates moneys from each successor agency's RPTTF in accordance with certain priorities.

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 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 was 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 fourteen years, with an average maturity of 13 months. Interest yields on investments were between 0.000% and 7.447% for the County with an average yield on the pool of .50%. 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, 2012. This is the eleventh 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,



Simona Padilla-Scholtens, CPA
Auditor-Controller



Government Finance Officers Association

**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, 2012

Executive Director/CEO

Electorate

County of Solano
Organizational Chart

Board of Supervisors



Erin Hannigan
District 1



Linda J. Seifert
District 2



James P. Spering
District 3



John M. Vasquez
District 4



Skip Thomson
District 5



County Counsel
Dennis Bunting



County Administrator
Birgitta Corsello

Elected Officials



Auditor-Controller
Simona Padilla-Scholtens



District Attorney
Don du Bain



Assessor-Recorder
Marc Tonnesen



Sheriff/Coroner
Tom Ferrara



Tax Collector/County
Clerk/Treasurer
Charles Lomeli

Appointed Officials



Ag. Comm./Sealer
Jim Allan



General Services
Mike Lango



Human Resources
Marc Fox



H&SS
Ann Edwards



Public Defender
Lesli Caldwell



Library
Bonnie Katz



Resource Mgmt.
Bill Emlen



Veterans Services
Ted Puntillo



CIO/ROV
Ira Rosenthal



Probation
Christopher Hansen



UC Coop Extension
Morgan Doran



Child Support Services
Pamela Posehn

.....Personnel/Budgetary Controls Only



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-Scholten	784-6280
Chief Information Officer-Registrar of Voters	Ira Rosenthal	784-6675
Cooperative Extension	Morgan Doran	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	Ann Edwards	784-8400
Human Resources/Risk Management	Marc Fox	784-6170
Library	Bonnie Katz	784-1500
Probation	Christopher Hansen	784-7600
Public Defender-Conflict Public Defender	Leslie Caldwell	784-6700
Resource Management	Bill Emlen	784-6765
Sheriff-Coroner	Tom Ferrara	784-7030
Treasurer-Tax Collector-County Clerk	Charles Lomeli	784-6295
Veteran Services	Ted Puntillo	784-6590
Workforce Investment Board (WIB)	Robert L. Bloom	864-3370



FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the County of Solano, California, as of June 30, 2013, 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.

Emphasis of Matter

Change in Accounting Principles

As described in Note I.E. to the financial statements, during the fiscal year ended June 30, 2013 the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus*; GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*; GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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 statements, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedule are fairly stated in all material respects in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2013 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* in considering the County's internal control over financial reporting and compliance.

Macie Mini & O'Connell LLP

Sacramento, California

December 30, 2013

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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, 2013. We encourage readers to consider the information presented here in conjunction with additional information in our financial statements.

Financial Highlights

- The County's net position at June 30, 2013 was \$741.9 million. Of this amount, \$183.7 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$59.8 million as a result of the current year's operations.
- At June 30, 2013, the County's governmental funds reported combined ending fund balances of \$254.7 million, an increase of \$29.3 million as a result of the current year's operations. Approximately 48% or \$121.6 million of the total fund balance is restricted; 26% or \$67.5 million is assigned for spending at the Board's discretion; 12% or \$29.5 million is nonspendable; and 14% or \$36.1 million is unassigned.
- At June 30, 2013, unassigned fund balance for the General Fund was \$47 million or 73% 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.

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 position presents information on all of the County's assets, deferred outflows, liabilities and deferred inflows, with the remaining balance reported as net position. Over time, increases or decreases in net position 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 position changed during the recent fiscal year. All changes in net position 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 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, are included as an integral part of the primary government.

The government-wide financial statements can be found on pages 29 – 31 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 14 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 32 – 38 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 Fleet Management, Risk Management, and Information Technology. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds 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 39 – 42 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 43 – 44 of this report.

Notes to the financial statements. The notes provide additional information 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 45 – 85 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 87 – 91 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 94 – 121 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. At June 30, 2013 the County reported a net position of \$741.9 million at June 30, 2013.

Solano County's Net Position

	Governmental Activities		Business-type Activities		Total	
	2013	2012, as restated	2013	2012	2013	2012, as restated
Current and other assets	\$ 508,787,366	\$ 480,753,742	\$ (2,353,094)	\$ (2,293,594)	\$ 506,434,272	\$ 478,460,148
Capital assets	523,980,520	495,605,021	15,397,568	18,601,811	539,378,088	514,206,832
Total assets	1,032,767,886	976,358,763	13,044,474	16,308,217	1,045,812,360	992,666,980
Deferred outflow of resources	2,047,720	2,205,237	-	-	2,047,720	2,205,237
Long-term obligations	225,129,079	232,491,759	21,197	82,811	225,150,276	232,574,570
Other liabilities	80,574,682	79,963,804	111,317	67,510	80,685,999	80,031,314
Total liabilities	305,703,761	312,455,563	132,514	150,321	305,836,275	312,605,884
Deferred inflow of resources	93,136	108,658	-	-	93,136	108,658
Net position:						
Net investment in capital assets	408,961,062	380,366,107	15,397,568	18,601,811	424,358,630	398,967,918
Restricted net position	133,820,602	117,783,378	-	-	133,820,602	117,783,378
Unrestricted net position	186,237,045	167,850,294	(2,485,608)	(2,443,915)	183,751,437	165,406,379
Total net position	\$ 729,018,709	\$ 665,999,779	\$ 12,911,960	\$ 16,157,896	\$ 741,930,669	\$ 682,157,675

The County implemented two new Governmental Accounting Standards Boards (GASB) Statements in the current fiscal year and required a restatement in the 2012 numbers.

- GASB Statement No. 63 – *The Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, provides financial reporting guidance for two new financial statement elements – deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are defined as a consumption of net assets that is applicable to a future reporting period. Deferred inflows or resources are defined as an acquisition of net assets that is applicable to a future reporting period. This Statement incorporates deferred outflows of resources and deferred inflows of resources into the residual measure as net position rather than net assets.
- GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities* establishes accounting and financial reporting standards that reclassify certain items as deferred outflows of resources or deferred inflows of resources, and to recognize certain items as outflows of resources or inflows of resources. As a result the County restated beginning net position by \$2,162,991 to write off the unamortized bond issuance costs previously reported as assets. In addition, unamortized losses on the refunding of debts of \$2,047,720 were reclassified to deferred outflow of resources and unamortized gains on refunding of debts of \$93,136 were reclassified to deferred inflow of resources.

Analysis of Change in Net Position

At June 30, 2013, the County's net position increased by \$59.8 million.

The largest portion of the County's net position (57.2%) 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.

Net investment in capital assets increased by \$25.4 million from the prior year primarily due to the construction of the William J. Carroll Government Center in Vacaville, the Claybank Adult Detention Center, Veterans Building Improvement in Suisun, and Claybank Security Upgrade. These projects are resulting from the Board's commitment to improve the health and well-being of Solano County residents.

Net position subject to restricted by enabling legislation is 18% of the County's total net position and increased by \$16 million from the prior year primarily of operations for health services, public facilities fees, library services, public safety and the government center debt service.

Unrestricted net position represent 24.8% of the total net position increased by approximately \$18.4 million from prior year primarily as a result of operations.

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

Governmental activities. Governmental activities increased the County's net position by \$63 million.

The table on the next page shows the revenues, expenses, and changes in net position for governmental and business-type activities:

Solano County's Change in Net Position
For the fiscal years ended June 30, 2013 and June 30, 2012

	Governmental Activities		Business-type Activities		Total	
	2013	2012, as restated	2013	2012	2013	2012, as restated
Revenues:						
Program revenues:						
Charges for services	\$ 70,007,419	\$ 71,834,590	\$ 1,141,484	\$ 878,270	\$ 71,148,903	\$ 72,712,860
Operating grants and contributions	303,110,940	287,589,862	10,000	165,321	303,120,940	287,755,183
Capital grants and contributions	31,331,388	4,286,121	-	-	31,331,388	4,286,121
General revenues:						
Property taxes	124,547,765	116,937,628	292,366	265,191	124,840,131	117,202,819
Other taxes	3,928,980	3,474,171	-	-	3,928,980	3,474,171
Intergovernmental	13,291,297	12,120,126	42,879	27,214	13,334,176	12,147,340
Interest and investment earnings	692,890	1,525,567	1,131	(1,778)	694,021	1,523,789
Other	15,805,088	16,125,278	101,770	107,233	15,906,858	16,232,511
Gain on sale of capital assets	506,147	115,259	-	4,300	506,147	119,559
Total Revenues	\$ 563,221,914	\$ 514,008,602	\$ 1,589,630	\$ 1,445,751	\$ 564,811,544	\$ 515,454,353
Expenses:						
General government	58,013,267	56,978,971	-	-	58,013,267	56,978,971
Public protection	161,558,477	158,553,975	-	-	161,558,477	158,553,975
Public ways and facilities	13,024,689	15,182,777	-	-	13,024,689	15,182,777
Health services	111,863,567	110,120,877	-	-	111,863,567	110,120,877
Public assistance	133,282,542	133,556,741	-	-	133,282,542	133,556,741
Education and recreation	15,932,037	16,783,519	-	-	15,932,037	16,783,519
Interest on long-term debt	9,071,006	9,528,897	-	-	9,071,006	9,528,897
Nut Tree Airport	-	-	2,292,965	1,609,696	2,292,965	1,609,696
Fouts Springs Youth Facility	-	-	-	635,756	-	635,756
Total Expenses	\$ 502,745,585	\$ 500,705,757	\$ 2,292,965	\$ 2,245,452	\$ 505,038,550	\$ 502,951,209
Excess before extraordinary item and transfers	60,476,329	13,302,845	(703,335)	(799,701)	59,772,994	12,503,144
Extraordinary item	-	8,809,741	-	-	-	8,809,741
Transfers	2,542,601	(432,279)	(2,542,601)	432,279	-	-
Change in net position	63,018,930	21,680,307	(3,245,936)	(367,422)	59,772,994	21,312,885
Net position– beginning, as restated	665,999,779	646,482,460	16,157,896	16,525,318	682,157,675	663,007,778
Net position– ending	\$ 729,018,709	\$ 665,999,779	\$ 12,911,960	\$ 16,157,896	\$ 741,930,669	\$ 682,157,675

Revenues: Total revenues for the County's governmental activities and business activities increased by \$49.4 million from the prior year. The following factors contributed to the increase in revenues:

Operating grants and contributions:

Operating grants and contributions increased by \$15.4 million from the prior year primarily due to the following:

- Increase of \$3.7 million in the public protection is primarily due to increased revenue from the Public Safety Half Cent State Tax (Prop 172), additional revenue from the 2011 Realignment (Assembly Bill 118) due to increased number of positions and reimbursable expenditures, and the implementation of the Probation department's Post Release Community Supervision Program and Center for Positive Change Program.
- Increase of \$15.1 million in Health services due to increases in revenues related to the intergovernmental transfer (IGT) agreement with the California Department of Health Care Services through the Partnership Health Plan, increase in State Short Doyle revenues, and an increase in 2011 Realignment revenues.
- Decrease of \$2.7 million in Public ways and facilities primarily attributable to the decrease in Highway users tax revenue due to a decrease in the excise tax rate on gasoline consumption.

Capital grants and contributions:

Capital grants and contributions increased by \$27 million from the prior year due to the following:

- Increase of \$25.3 million for General government is due to AB900 State Funds – Local Jail Construction Financing Program for reimbursement of the Claybank Adult Detention Facility.
- Increase of \$1.7 million for Public ways and facilities due to increase of reimbursable expenditures for federal construction projects.

General revenues:

General revenues had a net increase of \$8.5 million primarily due to the following:

- Property taxes net increase of \$7.6 million attributable to \$8.7 million received from ABX1 26 Residual Taxes and Pass through reclassified from intergovernmental revenues to tax. The increase is offset by a decrease of \$1 million in secured property taxes due to the decline in assessed values of real property partially offset by supplemental secured property tax from the slight upswing in the housing market.
- Increase of \$1.2 million in intergovernmental revenues attributable to increase in redevelopment pass-through revenues (\$2 million) partially offset by a decrease in SB90 revenues.

Expenses:

Total expenses for governmental activities increased by \$2 million from prior year. General government increased primarily as a result of contribution of Public Facilities Fees to the Judicial Council Administrative Office of the Courts; increased Public protection expenditures from the Claybank jail expansion and AB 109 Realignment; and increased Other charges for IGT projects. These increases were partially offset by decreased salaries and benefits due to staff vacancies and decreased service and supplies due to delays in project implementations and fewer projects for Public ways and facilities.

Business-type activities. Business-type activities for the current fiscal year decreased the Business-type activities net position by \$3.2 million as a result of current year operations. The net position for the Nut Tree airport decreased by \$702 thousand primarily from the operating expenses exceeding operating revenues. The closure of Fouts Springs Youth Facility decreased its net position by \$2.5 million as a result of transferring to the Governmental activities its capital assets and long term obligations. This decrease in Business-type activities was offset by a transfer in to Governmental activities and therefore had no effect on the County's net position.

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.

At June 30, 2013, the County's governmental funds reported combined ending fund balances of \$254.7 million, an increase of \$29.3 million from prior year. The largest component of the fund balance, at 48% of the total, was restricted at \$121.6 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 of \$67.5 million represents 26% of the total fund balance was constrained by the Board to use for specific purposes but are not legally restricted nor committed.

The *General Fund* is the chief operating fund of the County. The General Fund's total fund balance increased by \$12.8 million from prior year due to staff vacancies in various departments, delays in project and program implementation and departmental efforts in reducing costs as part of the Board's cost reduction strategy. In addition, the General Fund received one-time intergovernmental revenues from the dissolution. At the end of the current fiscal year the total General fund balance was \$132.4 million. The assigned fund balance was \$56.7 million or 42.9% of the total fund balance. This is the amount constrained by the board for specific purposes. The unassigned fund balance was \$47 million or 35.5% which is available for the Board's discretion. Nonspendable fund balance was \$28.7 million or 21.6% representing inventory and long term receivables.

As a measure of the General Fund's liquidity, it may be useful to compare the total General fund balance to total General fund expenditures excluding other financing uses. Unassigned fund balance represents 73.2% of the total General Fund expenditures, (excluding intra-fund transfers) while total fund balance represents 206.5% of that same amount.

The *Health and Social Services Fund*, a special revenue fund, had a net increase in fund balance of \$10.4 million which is attributable to the receipt of additional federal Medicaid funding through the County's managed care contract with the Partnership Health Plan.

The *Public Safety Fund*, a special revenue fund, had a net increase in fund balance of \$1.26 million due to increased revenues from Public Safety Half Cent State Tax (Prop 172).

The *Accumulated Capital Outlay Fund*, a capital projects fund, had a net decrease in fund balance of \$518 thousand due to increases in expenditures for construction activities for the Health and Social Services facilities in Vacaville and the Fairgrounds Development project.

The *Pension Debt Service Fund*, had a decrease in fund balance of \$1.4 million due to lesser revenues received from county departments as a result of decrease in the wages subject to Pension Obligation Bonds (POB) rate due to vacancies in the County departments and principal redemption of the 2010 POB ahead of schedule.

The fund balance of Other Governmental Funds increased by \$6.7 million primarily as a result of increased fund balance for the Public Facilities Fees, Library, Transportation and Government Center Debt Service funds.

For fiscal year ended June 30, 2013, the total revenues for governmental funds totaled \$582 million. This represents a 9.79% increase from FY 11/12.

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

**Revenues Classified by Source
Governmental Funds**

Revenues by Source	2013		2012		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 132,951,338	22.84%	\$ 124,191,293	23.43%	\$ 8,760,045	7.05%
Licenses, permits and franchise	6,614,052	1.14%	6,761,316	1.28%	(147,264)	(2.18)%
Fines, forfeitures and penalties	4,345,235	0.75%	3,856,956	0.73%	488,279	12.66%
Revenue from use of money	1,447,711	0.25%	2,237,164	0.42%	(789,453)	(35.29)%
Intergovernmental revenues	342,485,211	58.85%	295,317,970	55.71%	47,167,241	15.97%
Charges for services	80,035,651	13.75%	82,663,958	15.59%	(2,628,307)	(3.18)%
Miscellaneous revenues	14,113,078	2.42%	15,087,609	2.84%	(974,531)	(6.46)%
Total	\$ 581,992,276	100.00%	\$ 530,116,266	100.00%	\$ 51,876,010	9.79%

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

- **Taxes:** The net increase of \$8.8 million is primarily attributable to Assembly Bill (AB)X1 26 Redevelopment Dissolution Act Residual taxes and Pass through previously recorded as redevelopment pass-through in intergovernmental revenues and subsequently reclassified as tax revenues; increase in Road fund transportation tax due to prior year recorded as deferred revenue because it was unavailable and increases in property tax, sales tax, unsecured and supplemental taxes due to slight upswing in the economy. These increases were partially offset by a decrease in secured tax due to an increase in homeowner's exemption.
- **Intergovernmental:** The net increase of \$47.2 million is attributable to the increase of AB 900 State funds for reimbursements for the Claybank Adult Detention Facility construction costs; Federal Construction revenue in the Transportation Fund; 2011 realignment revenue as a result of the program implementation for the full year; Public Safety Prop 172 revenue; one-time revenue from distribution of the dissolved RDA's Low/Moderate Income housing funds and other assets as reported in the Due Diligence Reviews; Increase in Health & Social Service Intergovernmental Transfer revenues for the anticipated increases in eligible client costs and one time close out revenues for Social Services programs. These increases were partially offset by the change in the recording of redevelopment pass-through revenues previously recorded as intergovernmental revenue and now reported as taxes and decrease in state revenue from the Mental Health Services Act.
- **Charges for services:** The net decrease of \$2.6 million is primarily attributable to a decrease in Health & Social Services Contract services for Child Health Fees due to being fully realigned under the 2011 Realignment and administrative overhead (A87) revenues due to billing recalculations. These decreases were partially offset by increase in Public Facilities Fee due to increased construction activities in City of Vacaville.

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

**Expenditures by Function
Governmental Funds**

Expenditures by Function	2013		2012		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 52,761,722	9.44%	\$ 51,734,638	9.54%	\$ 1,027,084	1.99%
Public protection	163,116,516	29.19%	161,424,508	29.78%	1,692,008	1.05%
Public ways and facilities	8,910,754	1.59%	11,085,389	2.04%	(2,174,635)	(19.62)%
Health services	114,501,766	20.49%	113,838,461	20.99%	663,305	0.58%
Public assistance	134,536,688	24.08%	135,210,563	24.94%	(673,875)	(0.50)%
Education and recreation	16,052,937	2.87%	16,940,619	3.12%	(887,682)	(5.24)%
Debt service - principal retirement	13,770,731	2.46%	13,356,531	2.46%	414,200	3.10%
Debt service - interest charges	9,107,362	1.63%	9,724,218	1.79%	(616,856)	(6.34)%
Capital outlay	46,057,154	8.25%	28,929,685	5.34%	17,127,469	59.20%
Total	558,815,630	100.00%	542,244,612	100.00%	16,571,018	3.06%

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

- **General government:** The net increase of \$1 million is attributable to the contribution to the Judicial Council Administrative Office of the Courts of Public Facilities Fees which is partially offset by decrease in salaries and benefits due to staff vacancies and decrease in expenditures in the Accumulated Capital Outlay fund for maintenance on building and improvements.
- **Public protection:** The net increase of \$1.7 million is primarily attributable to an increase in staffing for the Sheriff’s office which increase salaries and benefits and an increase in services and supplies for the Sheriff’s Office as a direct result of AB 109 Realignment. These increases were partially offset by decreases in salaries and benefits and services and supplies for Animal Care and Resource Management.
- **Public ways and facilities:** The net decrease of \$2.2 million is primarily attributable to fewer projects in Transportation resulting in decreases in salaries and benefits and supplies and services in particular road maintenance materials.
- **Education and recreation:** The decrease of \$888 thousand is attributable to the decrease in salaries and benefits due to vacant positions at the Library, decrease in services and supplies as a result of the Library streamlining services and programs, decrease in Countywide Administrative overhead.
- **Capital outlay:** The net increase of \$17 million is primarily attributable to the various constructions projects during the fiscal year such as the Claybank Adult Detention Facility, renovations for the John F Kennedy library, increase in Federal Road and Bridges projects, increase in Road fund construction equipment, public safety equipment and medical and dental equipment for the new Health & Social Services facility in Vacaville.

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

The unrestricted net position of the Nut Tree Airport at June 30, 2013 was a negative \$2.5 million. The Nut Tree Airport's net position deficit is expected to be resolved through the sale of surplus properties, reducing operating costs, and finding other ways to generate revenues. The net position for the Nut Tree Airport decreased by \$702 thousand; the decrease in net position for the Nut Tree Airport was primarily due to the decrease in Federal grant revenues and increased maintenance expenses. The Nut Tree Airport reported an increase in Charges for sales and services as a result of the termination of their contract with the Fixed Base Operator resulting in an increase in sales for fuel and oil delivery. This increase in revenue was partially offset by the increase in materials and supplies from resuming fuel dispensing operations. The Nut Tree Airport has been operating with a structural deficit over several years and is using loan proceeds from the General Fund as working capital. In May 2012, the Board authorized the Nut Tree Airport to operate with a deficit for five years to give management the time and opportunity to implement their proposed revenue enhancement and expenditure reduction plans.

The Fouts Springs Youth Facility Fund was used to account for the youth correctional facility that was operated under a Joint Powers Agreement between the counties of Colusa and Solano. Effective August 2011, the Solano County Board of Supervisors approved the closure and termination of the operations at the Fouts Springs Youth Facility. With the closure of the facility, the Fouts Springs Youth Facility Fund no longer has revenues from fees charged to external users. The operational responsibilities of the facility have been transferred to the Department of General Services. The Department of General Services oversees the maintenance and safeguard of the grounds and facilities and serves as a lead in the property transfer negotiations with the U.S. Department of Forestry. The property management activities for the Fouts Springs Youth Facility is now reported as part of the General Fund. As such, the Fouts Springs Youth Facility fund was closed in FY2012/13. The General Fund will continue to maintain and safeguard the grounds and facilities until the County has transferred the assets or the site has been decommissioned.

General Fund Budgetary Highlights

The General Fund Budget (Adopted and Final versions) is reflected in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, as presented on page 88 in the Required Supplementary Information (RSI) section of this report.

The County's final budget differs from the adopted budget as a result of supplemental appropriations approved during the fiscal year. Total budgeted revenues increased by \$613 thousand or 0.35%, from the adopted budget. Total appropriations increased by \$1.2 million or 1.29%, from the adopted budget. Actual revenues were more than the final budgeted revenues by \$10.5 million or 6.05%. Actual expenditures were less than the final appropriations by \$27.5 million or 30.00%. Significant factors affecting these changes were as follows:

Final Budget vs. Actual Amounts

During the year, revenues recognized were more than budgetary revenue estimates by \$10.5 million and expenditures were less than appropriations by \$27.5 million, thus reducing the need to draw upon fund balance.

Revenue Variances: The favorable variance is primarily due to intergovernmental revenues attributable to one-time revenue from the distribution of the dissolved RDA's Low/Moderate Income Housing Funds.

Expenditure Variances:

- General Services - \$1.2 million favorable variance as a result of appropriations for salaries and benefits not spent due to vacant position and lower than anticipated expenditures for contracted services for Phase II of the Records Information Management Initiatives, lower election mail costs, reduced equipment maintenance costs, lower liability insurance and savings in utilities costs due to alternative energy sources.
- Assessor - \$750 thousand favorable variance primarily as a result of a delay in several large assessment appeal proceedings and the use of contracted services.
- Fouts Property Management - \$1.5 million favorable variance primarily due to appropriations not spent for the decommissioning costs of the Fouts Springs Youth Facility. Also, included in the budget were the cost of maintenance and security of the facility. The amount is rebudgeted in FY13/14.
- General Expenditures - \$1.7 million favorable variance primarily due to appropriations for accrued leave pay off's that did not materialize as the departments were able to absorb the costs. Also, the budget included technology improvement projects which were rebudgeted for FY2013/14.
- Resource Management - \$1.2 million favorable variance is primarily as a result of appropriations for salaries and benefits not spent due to staff vacancies and less contracted and professional services for the unfinished multi-year projects.
- Contingency - the appropriations included \$18.2 million in contingencies for unforeseen emergencies that may arise during the fiscal year and to financially manage any State uncertainties. At the end of the fiscal year, due to the County's prudent spending, there was no need to draw from the contingency.

Other Financing Sources (Uses):

- Transfers out - \$15.4 million favorable variance of the appropriates for transfers out to the Public Safety and Health and Social Services governmental funds not materializing as anticipated.

Capital Asset and Debt Administration

Capital assets. The County's capital assets for its governmental and business-type activities as of June 30, 2013, were \$539 million (net of accumulated depreciation). This investment in capital assets includes land, artwork, intangibles, buildings, machinery and equipment, roads, and bridges. The total increase in the County's capital assets for the current fiscal year was \$25.2 million or 4.9%.

	Governmental activities		Business-type activities		Total		Increase/ (decrease)
	2013	2012	2013	2012	2013	2012	Percent of change
Land	\$ 154,622,397	\$ 154,621,673	\$ 10,319,365	\$ 10,339,365	\$ 164,941,762	\$ 164,961,038	(0.01)%
Artwork	668,386	543,751	-	-	668,386	543,751	22.92%
Intangibles	9,660,398	8,426,546	-	-	9,660,398	8,426,546	14.64%
Infrastructure	118,962,792	116,504,800	-	-	118,962,792	116,504,800	2.11%
Construction in progress	52,560,893	32,997,485	-	135,327	52,560,893	33,132,812	58.64%
Buildings	387,239,794	362,794,910	10,795,225	15,217,081	398,035,019	378,011,991	5.30%
Machinery and equipment	52,927,610	51,605,989	159,351	527,652	53,086,961	52,133,641	1.83%
Less: accumulated depreciation	(252,661,750)	(231,890,133)	(5,876,373)	(7,617,614)	(258,538,123)	(239,507,747)	7.95%
Total	\$ 523,980,520	\$ 495,605,021	\$ 15,397,568	\$ 18,601,811	\$ 539,378,088	\$ 514,206,832	4.90%

In the governmental activities, the significant change is due to the completion of various capital projects including county roads and bridges, the Health & Social Services William Carroll Center building in Vacaville, the Suisun Veterans building, and equipment for the Sheriff, District Attorney and the new William Carroll Center in Vacaville. In addition, capital assets for the Fouts

Springs Youth Facility were transferred from business-type activities to governmental activities. The completion of these projects increased depreciation expense for the fiscal year. Also, the County started and the construction project for the Claybank Adult Detention Facility as a result of the AB900 legislation.

In business-type activities, the significant change is due to the transfer of Fouts Spring Youth Facility’s capital assets for \$2.6 million (net of depreciation) to Governmental Activities.

Additional information on the County’s capital assets can be found in Note III-D on pages 68 – 69 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 \$225 million which is entirely backed by the full faith and credit of the County.

	Governmental activities		Business-type activities		Total	
	2013	2012, as restated	2013	2012	2013	2012, as restated
Notes Payable	\$ 1,047,689	\$ 1,055,622	\$ -	\$ -	\$ 1,047,689	\$ 1,055,622
Capital Leases	81,530	302,261	-	-	81,530	302,261
Certificates of Participation	117,608,322	117,765,005	-	-	117,608,322	117,765,005
Pension Obligation Bonds	61,285,000	69,630,000	-	-	61,285,000	69,630,000
Self-insurance liability	12,186,000	11,591,000	-	-	12,186,000	11,591,000
Pollution Remediation Obligation	628,926	285,433	-	-	628,926	285,433
Other Post Employment Benefits	4,029,667	3,798,452	6,192	45,783	4,035,859	3,844,235
Compensated Absences	28,261,945	28,063,986	15,005	37,028	28,276,950	28,101,014
Total	\$ 225,129,079	\$ 232,491,759	\$ 21,197	\$ 82,811	\$ 225,150,276	\$ 232,574,570

The County’s total debt decreased by \$7.4 million primarily due to the \$13.6 million principal payments on the Certificates of Participation (COP) and Pension Obligation Bonds. This decrease was partially offset by the issuance of 2013 COP for \$5.4 million for the Animal Care Expansion Project and an increase of \$600 thousand in the self-insurance liability resulting from the increase in the estimated Worker’s Compensation outstanding claim liabilities.

Moody’s and Standard & Poor’s rated Solano County general obligation certificate of participation debt at “A1” and “AA-” respectively. The same rating agencies rated Solano County’s pension debt at “Aa3” and “AA-” respectively.

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 obligations can be found in Note III-H on pages 71 – 76 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for the County is currently 7.7%. This is comparable to the State’s average unemployment rate of 8.7% (unadjusted, as of October 2013).
- 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 and to address the impact of any other unforeseen circumstances. In FY13/14 the adopted budget included \$9 million in appropriations for contingencies, \$46 million in general reserves, \$6.6 million in designation for unfunded employees leave payoff, \$13 million reserved for future

employer PERS rate increases, \$2 million for housing/SB375 and \$8 million in designation for deferred maintenance.

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.



BASIC FINANCIAL STATEMENTS

COUNTY OF SOLANO, CALIFORNIA
Statement of Net Position
June 30, 2013

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Solano County Fair	Workforce Investment Board
ASSETS					
Current assets					
Cash and investments	\$ 285,402,747	\$ 360,385	\$ 285,763,132	\$ 841,090	\$ 258,008
Accounts receivable	3,107,304	62,425	3,169,729	67,006	9,188
Due from other agencies	81,935,860	-	81,935,860	83,983	116,595
Internal balances	2,834,247	(2,834,247)	-	-	-
Other assets	5,109,725	58,343	5,168,068	14,439	56,579
Total current assets	378,389,883	(2,353,094)	376,036,789	1,006,518	440,370
Noncurrent assets					
Long-term assets	8,875,526	-	8,875,526	-	-
Pension asset	121,521,957	-	121,521,957	748,802	-
Capital assets:					
Capital assets, not being depreciated	210,084,010	10,319,365	220,403,375	167,085	-
Capital assets, being depreciated, net	313,896,510	5,078,203	318,974,713	1,259,527	9,138
Total noncurrent assets	654,378,003	15,397,568	669,775,571	2,175,414	9,138
Total assets	1,032,767,886	13,044,474	1,045,812,360	3,181,932	449,508
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	2,047,720	-	2,047,720	-	-
Total deferred outflows of resources	2,047,720	-	2,047,720	-	-
LIABILITIES					
Current liabilities					
Outstanding warrants	6,331,645	47,939	6,379,584	-	82,375
Payables	34,053,904	38,773	34,092,677	74,601	92,452
Unearned revenue	21,982,381	-	21,982,381	22,129	-
Other liabilities	2,440,184	24,605	2,464,789	38,559	-
Due to other agencies	15,766,568	-	15,766,568	-	12,923
Current portion of long-term obligations	31,530,564	9,587	31,540,151	64,490	165,275
Total current liabilities	112,105,246	120,904	112,226,150	199,779	353,025
Noncurrent liabilities					
Noncurrent portion of long-term obligations	193,598,515	11,610	193,610,125	1,074,922	-
Total liabilities	305,703,761	132,514	305,836,275	1,274,701	353,025
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refunding	93,136	-	93,136	-	-
Total deferred inflows of resources	93,136	-	93,136	-	-
NET POSITION					
Net investment in capital assets	408,961,062	15,397,568	424,358,630	1,091,110	9,138
Restricted for:					
Public safety	6,793,004	-	6,793,004	-	-
Capital projects	20,666,400	-	20,666,400	-	-
Public facilities fees	10,244,393	-	10,244,393	-	-
Library services	11,379,929	-	11,379,929	-	-
Transportation services	11,736,916	-	11,736,916	-	-
Health services	58,647,558	-	58,647,558	-	-
Home loan program	4,984,306	-	4,984,306	-	-
Micrographics & modernization projects	8,417,995	-	8,417,995	-	-
Other purpose	950,101	-	950,101	197,911	-
Unrestricted	186,237,045	(2,485,608)	183,751,437	618,210	87,345
Total net position	\$ 729,018,709	\$ 12,911,960	\$ 741,930,669	\$ 1,907,231	\$ 96,483

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, 2013

Functions/programs	Expenses	Program Revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary Government:				
Governmental Activities:				
General government	\$ 58,013,267	\$ 22,872,816	\$ 1,399,988	\$ 25,315,315
Public protection	161,558,477	20,884,186	65,709,659	-
Public ways and facilities	13,024,689	2,129,249	8,357,186	6,016,073
Health services	111,863,567	18,245,926	100,178,440	-
Public assistance	133,282,542	990,625	122,855,692	-
Education and recreation	15,932,037	4,884,617	4,609,975	-
Interest on long-term debt	9,071,006	-	-	-
Total Governmental Activities	502,745,585	70,007,419	303,110,940	31,331,388
Business-type Activities:				
Nut Tree Airport	2,292,965	1,141,484	10,000	-
Total Business-type Activities	2,292,965	1,141,484	10,000	-
Total Primary Government	\$ 505,038,550	\$ 71,148,903	\$ 303,120,940	\$ 31,331,388
Component Units:				
Solano County Fair	\$ 3,377,360	\$ 2,800,259	\$ 37,107	\$ -
Workforce Investment Board	4,474,048	-	4,453,433	-
Total Component Units	\$ 7,851,408	\$ 2,800,259	\$ 4,490,540	\$ -

General revenues:

- Property taxes
- Sales and use tax - shared revenue
- Property transfer tax
- Intergovernmental not restricted to specific programs
- Interest and investment earnings
- Other
- Gain on sale of capital assets

Transfers

- Total general revenues and transfers
- Change in net position
- Net position - beginning, as restated
- Net position - 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, 2013

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Solano County Fair	Workforce Investment Board
\$ (8,425,148)	\$ -	\$ (8,425,148)	\$ -	\$ -
(74,964,632)	-	(74,964,632)	-	-
3,477,819	-	3,477,819	-	-
6,560,799	-	6,560,799	-	-
(9,436,225)	-	(9,436,225)	-	-
(6,437,445)	-	(6,437,445)	-	-
(9,071,006)	-	(9,071,006)	-	-
<u>(98,295,838)</u>	<u>-</u>	<u>(98,295,838)</u>	<u>-</u>	<u>-</u>
-	(1,141,481)	(1,141,481)	-	-
<u>-</u>	<u>(1,141,481)</u>	<u>(1,141,481)</u>	<u>-</u>	<u>-</u>
<u>(98,295,838)</u>	<u>(1,141,481)</u>	<u>(99,437,319)</u>	<u>-</u>	<u>-</u>
-	-	-	(539,994)	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,615)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(539,994)</u>	<u>(20,615)</u>
124,547,765	292,366	124,840,131	-	-
2,136,820	-	2,136,820	-	-
1,792,160	-	1,792,160	-	-
13,291,297	42,879	13,334,176	-	-
692,890	1,131	694,021	3,844	1,008
15,805,088	101,770	15,906,858	-	5,709
506,147	-	506,147	-	-
2,542,601	(2,542,601)	-	-	-
<u>161,314,768</u>	<u>(2,104,455)</u>	<u>159,210,313</u>	<u>3,844</u>	<u>6,717</u>
63,018,930	(3,245,936)	59,772,994	(536,150)	(13,898)
<u>665,999,779</u>	<u>16,157,896</u>	<u>682,157,675</u>	<u>2,443,381</u>	<u>110,381</u>
<u>\$ 729,018,709</u>	<u>\$ 12,911,960</u>	<u>\$ 741,930,669</u>	<u>\$ 1,907,231</u>	<u>\$ 96,483</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
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, 2013

	<u>General</u>	<u>Health & Social Services</u>	<u>Public Safety</u>
ASSETS			
Cash and investments	\$ 96,089,071	\$ 46,089,755	\$ 23,799,567
Accounts receivable	1,259,991	859,342	473,315
Due from other agencies	18,529,499	34,405,221	8,274,742
Due from other funds	8,729,115	6,014,751	656,276
Advance to other funds	27,453,820	-	-
Other assets	6,196,194	179,086	504,796
Total assets	<u>\$ 158,257,690</u>	<u>\$ 87,548,155</u>	<u>\$ 33,708,696</u>
LIABILITIES			
Outstanding warrants	\$ 1,138,144	\$ 3,864,979	\$ 688,725
Payables	1,948,481	12,966,013	4,424,185
Due to other funds	1,360,299	4,957,155	8,832,576
Advance from other funds	-	-	-
Other liabilities	17,071	54,562	530
Due to other agencies	1,414,383	13,428,840	250,635
Unearned revenue	2,968,757	5,493,152	12,719,041
Total liabilities	<u>8,847,135</u>	<u>40,764,701</u>	<u>26,915,692</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>16,964,661</u>	<u>11,408,268</u>	<u>868,223</u>
FUND BALANCES (DEFICITS):			
Nonspendable	28,688,741	128,607	504,796
Restricted	-	35,246,579	5,419,985
Committed	-	-	-
Assigned	56,772,645	-	-
Unassigned	46,984,508	-	-
Total fund balances (deficits)	<u>132,445,894</u>	<u>35,375,186</u>	<u>5,924,781</u>
Total liabilities, deferred inflows of resources and fund balances (deficits)	<u>\$ 158,257,690</u>	<u>\$ 87,548,155</u>	<u>\$ 33,708,696</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, 2013

<u>Accumulated Capital Outlay</u>	<u>Pension Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
\$ 27,054,979	\$ 3,349,025	\$ 62,434,429	\$ 258,816,826	ASSETS
-	-	192,528	2,785,176	Cash and investments
15,095,527	29,015	5,537,180	81,871,184	Accounts receivable
-	205,510	197,038	15,802,690	Due from other agencies
-	-	-	27,453,820	Due from other funds
-	4,224,131	2,404,437	13,508,644	Advance to other funds
<u>\$ 42,150,506</u>	<u>\$ 7,807,681</u>	<u>\$ 70,765,612</u>	<u>\$ 400,238,340</u>	Other assets
				Total assets
\$ 170,031	\$ -	\$ 371,468	\$ 6,233,347	LIABILITIES
7,742,160	-	1,730,291	28,811,130	Outstanding warrants
97,425	-	520,718	15,768,173	Payables
3,741,939	18,500,000	2,380,695	24,622,634	Due to other funds
1,816,358	-	551,663	2,440,184	Advance from other funds
-	-	672,710	15,766,568	Other liabilities
-	159,422	301,431	21,641,803	Due to other agencies
<u>13,567,913</u>	<u>18,659,422</u>	<u>6,528,976</u>	<u>115,283,839</u>	Unearned revenue
				Total liabilities
-	-	970,084	30,211,236	DEFERRED INFLOWS OF RESOURCES
				Unavailable revenue
-	-	148,679	29,470,823	FUND BALANCES (DEFICITS):
20,666,400	-	60,222,459	121,555,423	Nonspendable
55,668	-	-	55,668	Restricted
7,860,525	-	2,895,414	67,528,584	Committed
-	(10,851,741)	-	36,132,767	Assigned
<u>28,582,593</u>	<u>(10,851,741)</u>	<u>63,266,552</u>	<u>254,743,265</u>	Unassigned
				Total fund balances (deficits)
\$ 42,150,506	\$ 7,807,681	\$ 70,765,612	\$ 400,238,340	Total liabilities, deferred inflows of resources and fund balances (deficits)

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

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COUNTY OF SOLANO, CALIFORNIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2013

Total governmental funds, fund balance	\$	254,743,265
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		514,943,034
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in governmental funds.		30,211,236
Deferred amounts on refundings for debt used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,954,584
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 position		19,642,455
The pension asset of the governmental activities are not financial resources and, therefore, are not reported in the funds.		121,521,957
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(2,514,442)
Long-term obligations		(211,483,380)
Net position of governmental activities	\$	729,018,709

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, 2013

	<u>General</u>	<u>Health & Social Services</u>	<u>Public Safety</u>
REVENUES			
Taxes	\$ 117,875,805	\$ -	\$ -
Licenses, permits and franchises	6,160,518	12,593	201,245
Fines, forfeitures and penalties	1,422,970	504,032	2,415,013
Use of money and property	1,251,000	(105,446)	45,564
Intergovernmental	16,502,901	217,834,242	59,528,183
Charges for services	33,038,501	20,203,304	9,676,943
Miscellaneous	8,090,432	2,591,083	2,153,356
Total revenues	<u>184,342,127</u>	<u>241,039,808</u>	<u>74,020,304</u>
EXPENDITURES			
Current:			
General government	47,324,048	-	-
Public protection	16,043,780	-	143,769,604
Public ways and facilities	-	-	-
Health services	-	109,025,081	-
Public assistance	444,754	133,928,590	-
Education and recreation	197,735	-	-
Debt service:			
Principal	-	-	220,731
Interest and other charges	-	-	9,425
Capital outlay	132,656	982,999	1,204,067
Total expenditures	<u>64,142,973</u>	<u>243,936,670</u>	<u>145,203,827</u>
Excess (deficiency) of revenues over (under) expenditures	<u>120,199,154</u>	<u>(2,896,862)</u>	<u>(71,183,523)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from issuance of long-term debt	-	-	-
Transfers in	151,619	19,614,669	77,295,397
Transfers out	(107,915,233)	(6,296,933)	(4,860,684)
Proceeds from sale of capital assets	391,268	-	4,200
Total other financing sources (uses)	<u>(107,372,346)</u>	<u>13,317,736</u>	<u>72,438,913</u>
Net change in fund balances	12,826,808	10,420,874	1,255,390
Fund balances (deficits) - beginning	119,619,086	24,954,312	4,669,391
Fund balances (deficits) - ending	<u>\$ 132,445,894</u>	<u>\$ 35,375,186</u>	<u>\$ 5,924,781</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 (Continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2013

<u>Accumulated Capital Outlay</u>	<u>Pension Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
\$ 1,985,691	\$ -	\$ 13,089,842	\$ 132,951,338	REVENUES
-	-	239,696	6,614,052	Taxes
-	-	3,220	4,345,235	Licenses, permits and franchises
56,728	(25,749)	225,614	1,447,711	Fines, forfeitures and penalties
26,279,437	-	22,340,448	342,485,211	Use of money and property
20,319	-	17,096,584	80,035,651	Intergovernmental
226,296	760,932	290,979	14,113,078	Charges for services
28,568,471	735,183	53,286,383	581,992,276	Miscellaneous
				Total revenues
				EXPENDITURES
				Current:
2,587,584	25,510	2,824,580	52,761,722	General government
-	-	3,303,132	163,116,516	Public protection
-	-	8,910,754	8,910,754	Public ways and facilities
-	-	5,476,685	114,501,766	Health services
-	-	163,344	134,536,688	Public assistance
-	-	15,855,202	16,052,937	Education and recreation
				Debt service:
-	8,345,000	5,205,000	13,770,731	Principal
-	3,828,892	5,269,045	9,107,362	Interest and other charges
34,902,604	-	8,834,828	46,057,154	Capital outlay
37,490,188	12,199,402	55,842,570	558,815,630	Total expenditures
				Excess (deficiency) of revenues over (under) expenditures
(8,921,717)	(11,464,219)	(2,556,187)	23,176,646	
				OTHER FINANCING SOURCES (USES)
5,420,000	-	-	5,420,000	Proceeds from issuance of long-term debt
3,883,640	10,093,206	12,925,694	123,964,225	Transfers in
(900,000)	-	(3,774,209)	(123,747,059)	Transfers out
-	-	98,600	494,068	Proceeds from sale of capital assets
8,403,640	10,093,206	9,250,085	6,131,234	Total other financing sources (uses)
(518,077)	(1,371,013)	6,693,898	29,307,880	Net change in fund balances
29,100,670	(9,480,728)	56,572,654	225,435,385	Fund balances (deficits) - beginning
\$ 28,582,593	\$ (10,851,741)	\$ 63,266,552	\$ 254,743,265	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, 2013

Net change in fund balances - total governmental funds		\$ 29,307,880
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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.</p>		
Capital outlay	\$ 46,057,154	
Depreciation	<u>(18,281,193)</u>	27,775,961
The net effect of various miscellaneous capital asset transactions (i.e., sales, trade-ins, and donations).		(112,922)
Capital asset transfer from Fouts Springs Youth Facilities		2,614,805
Revenues deferred in the governmental funds because they were not collected within the County's availability period, were recognized in the statement of activities.		328,351
<p>The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, this transaction has no effect on net position.</p>		
Proceeds from issuance of long-term debt	\$ (5,420,000)	
Debt principal payments	<u>13,770,731</u>	8,350,731
<p>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.</p>		
OPEB liability	\$ (225,877)	
Pollution remediation obligations	(343,493)	
Change in accrued interest payable	37,125	
Amortization expense	(3,643,937)	
Change in compensated absences	<u>(95,137)</u>	(4,271,319)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is reported with governmental activities.		<u>(974,557)</u>
Change in net position of governmental activities		<u><u>\$ 63,018,930</u></u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities - Enterprise Fund		Governmental Activities - Internal Service Funds
	Nut Tree Airport		
ASSETS			
Current assets			
Cash and investments	\$ 360,385		\$ 26,585,921
Accounts receivable	62,425		322,128
Due from other agencies	-		64,676
Due from other funds	-		93,145
Other assets	58,343		476,607
Total current assets	<u>481,153</u>		<u>27,542,477</u>
Noncurrent assets			
Capital assets:			
Land	10,319,365		-
Buildings and improvements	10,795,227		298,031
Equipment	159,349		20,327,983
Intangibles	-		5,699,429
Less: accumulated depreciation	(5,876,373)		(17,287,957)
Total capital assets	<u>15,397,568</u>		<u>9,037,486</u>
Total assets	<u>15,878,721</u>		<u>36,579,963</u>
LIABILITIES			
Current liabilities			
Outstanding warrants	47,939		98,298
Payables	38,773		2,728,332
Unearned revenue	-		340,578
Due to other funds	3,061		124,601
Other liabilities	24,605		-
Current portion of long-term obligations	9,587		4,417,060
Total current liabilities	<u>123,965</u>		<u>7,708,869</u>
Noncurrent liabilities			
Advances from other funds	2,831,186		-
Noncurrent portion of long-term obligations	11,610		9,228,639
Total noncurrent liabilities	<u>2,842,796</u>		<u>9,228,639</u>
Total liabilities	<u>2,966,761</u>		<u>16,937,508</u>
NET POSITION			
Net investment in capital assets	15,397,568		9,037,486
Unrestricted	(2,485,608)		10,604,969
Total net position	<u>\$ 12,911,960</u>		<u>\$ 19,642,455</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 Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Nut Tree Airport</u>	<u>Fouts Springs Youth Facility</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for sales and services	\$ 1,141,484	\$ -	\$ 1,141,484	\$ 32,947,216
OPERATING EXPENSES				
Personnel services	322,280	-	322,280	6,721,978
Maintenance	55,058	-	55,058	1,362,691
Materials and supplies	570,029	-	570,029	1,668,998
Depreciation and amortization	454,111	-	454,111	2,825,735
Insurance	68,982	-	68,982	11,379,016
Rent, utilities and others	667,750	-	667,750	10,924,556
Total operating expenses	<u>2,138,210</u>	<u>-</u>	<u>2,138,210</u>	<u>34,882,974</u>
Operating loss	<u>(996,726)</u>	<u>-</u>	<u>(996,726)</u>	<u>(1,935,758)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	52,879	-	52,879	-
Investment earnings	1,131	-	1,131	70,079
Interest expense	(19,428)	-	(19,428)	-
Property taxes	292,366	-	292,366	-
Other revenue	101,770	42,874	144,644	1,012,617
Gain (loss) on disposal of capital assets	(135,327)	(2,614,805)	(2,750,132)	125,001
Total nonoperating revenues, net	<u>293,391</u>	<u>(2,571,931)</u>	<u>(2,278,540)</u>	<u>1,207,697</u>
Loss before transfers	<u>(703,335)</u>	<u>(2,571,931)</u>	<u>(3,275,266)</u>	<u>(728,061)</u>
Transfers in	13,712	28,408	42,120	24,896
Transfers out	(12,790)	-	(12,790)	(271,392)
Change in net position	<u>(702,413)</u>	<u>(2,543,523)</u>	<u>(3,245,936)</u>	<u>(974,557)</u>
Total net position - beginning	<u>13,614,373</u>	<u>2,543,523</u>	<u>16,157,896</u>	<u>20,617,012</u>
Total net position - ending	<u>\$ 12,911,960</u>	<u>\$ -</u>	<u>\$ 12,911,960</u>	<u>\$ 19,642,455</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, 2013

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	Nut Tree Airport	Fouts Springs Youth Facility	Total	
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,185,440	\$ -	\$ 1,185,440	\$ 34,096,368
Receipts from interfund services provided	-	-	-	396,156
Payments to suppliers	(1,361,292)	-	(1,361,292)	(24,292,356)
Payments to employees	(341,020)	-	(341,020)	(6,613,916)
Net cash provided (used) by operating activities	<u>(516,872)</u>	<u>-</u>	<u>(516,872)</u>	<u>3,586,252</u>
Cash flows from noncapital financing activities:				
Transfers in	13,712	-	13,712	24,896
Transfers out	(12,790)	-	(12,790)	(271,392)
Property taxes	292,366	-	292,366	-
Subsidy from federal grant	52,879	-	52,879	-
Net cash provided (used) by noncapital financing activities	<u>346,167</u>	<u>-</u>	<u>346,167</u>	<u>(246,496)</u>
Cash flows from capital and related financing activities:				
Interest paid	(19,428)	-	(19,428)	-
Debt principal paid	-	-	-	(7,933)
Acquisition of capital assets	-	-	-	(953,689)
Proceeds from sale of capital assets	-	-	-	155,300
Net cash used by capital and related financing activities	<u>(19,428)</u>	<u>-</u>	<u>(19,428)</u>	<u>(806,322)</u>
Cash flows from investing activities:				
Investment income received	1,131	-	1,131	70,079
Net increase (decrease) in cash and cash equivalents	(189,002)	-	(189,002)	2,603,513
Cash and cash equivalents - beginning	549,387	-	549,387	23,982,408
Cash and cash equivalents - ending	<u>\$ 360,385</u>	<u>\$ -</u>	<u>\$ 360,385</u>	<u>\$ 26,585,921</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	\$ (996,726)	\$ -	\$ (996,726)	\$ (1,935,758)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation and amortization	454,111	-	454,111	2,825,735
Other nonoperating revenue	101,770	-	101,770	1,012,617
Changes in assets and liabilities:				
(Increase) decrease in receivables, net	(62,425)	-	(62,425)	185,485
Decrease in due from other funds	-	-	-	340,378
(Increase) decrease in due from other agencies	7,977	-	7,977	(9,008)
(Increase) decrease in other assets	(58,343)	-	(58,343)	293,578
Increase (decrease) in outstanding warrants	40,004	-	40,004	(728,606)
Increase in payables	26,457	-	26,457	861,380
Increase in due to other funds	2,791	-	2,791	76,544
Decrease in due to other agencies	(2,446)	-	(2,446)	(55,161)
Increase (decrease) in unearned revenue	(3,367)	-	(3,367)	15,908
Increase (decrease) in accrued compensated absences	(18,991)	-	(18,991)	102,822
Decrease in other liabilities	(7,935)	-	(7,935)	-
Increase in other postemployment benefits	251	-	251	5,338
Increase in self-insurance liability	-	-	-	595,000
Total adjustments	<u>479,854</u>	<u>-</u>	<u>479,854</u>	<u>5,522,010</u>
Net cash provided (used) by operating activities	<u>\$ (516,872)</u>	<u>\$ -</u>	<u>\$ (516,872)</u>	<u>\$ 3,586,252</u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Cash Flows (Continued)
Proprietary Funds
For the Fiscal Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Nut Tree Airport	Fouts Springs Youth Facility	Total	
Noncash investing, capital and financing activities:				
Change in fair value of investments	\$ (1,352)	\$ -	\$ (1,352)	\$ (61,583)
Book value of disposed capital asset	135,327	-	135,327	-
Transfer of capital assets to governmental activities	-	(2,614,805)	(2,614,805)	-
Transfer of net OPEB liability to governmental activities	-	39,842	39,842	-
Transfer of compensated absences to governmental activities	-	3,032	3,032	-
Transfer to the General Fund:				
Due from other agencies	-	(18,436)	(18,436)	-
Due from other funds	-	(469,525)	(469,525)	-
Outstanding warrants	-	3,675	3,675	-
Payables	-	2,154	2,154	-
Due to other funds	-	507,463	507,463	-
Due to other agencies	-	3,077	3,077	-

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and investments	\$ 417,137,588	\$ 4,893,973	\$ 42,275,200
Property tax receivable	-	-	28,609,613
Property of estates	-	3,708,549	-
Total assets	<u>417,137,588</u>	<u>8,602,522</u>	<u>70,884,813</u>
LIABILITIES			
Due to others	-	-	<u>70,884,813</u>
NET POSITION			
Net position held in trust for:			
Individuals	-	8,602,522	-
Pool participants	417,137,588	-	-
Total net position	<u>\$ 417,137,588</u>	<u>\$ 8,602,522</u>	<u>\$ -</u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2013

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>
ADDITIONS		
Contributions on pooled investments	\$ 662,882,070	\$ 3,946,891
Other contributions/additions	-	59,780
Interest and investment income	338,422	(49,931)
Total additions	<u>663,220,492</u>	<u>3,956,740</u>
DEDUCTIONS		
Distributions from pooled investments	491,595,211	3,287,429
Other distributions/deductions	<u> </u>	<u>626,404</u>
Total deductions	<u>491,595,211</u>	<u>3,913,833</u>
Change in net position	171,625,281	42,907
Net position - beginning	<u>245,512,307</u>	<u>8,559,615</u>
Net position - ending	<u>\$ 417,137,588</u>	<u>\$ 8,602,522</u>

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

**COUNTY OF SOLANO, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

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, fiduciary 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 30th fiscal year-end except for the Solano County Fair, which has a December 31st 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, the Fairfield Downtown Project and the Animal Care Renovation/Expansion 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 Choice Vouchers 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. The County is financially accountable for the Fair because the County's Board of Supervisors appoints the Fair's board of directors and is therefore able to impose its will on the Fair.

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. 62, *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the County applies all applicable GASB pronouncements as prescribed.

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 position 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. Revenue sources are primarily state and federal grants, vehicle license fees, sales tax, charges for services and income tax revenues under the Mental Health Services Act (MHSA).

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. Revenue sources are primarily state and federal grants, and charges for 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. Funding is from various sources such as property taxes, capital grants, public facilities fees or transfers in from other funds. Funding is restricted or committed to a particular project and any unspent balances at the completion of the project are returned to their original source.

The *Pension Debt Service Fund* is used to account for the payment of debt issued to prepay a portion of the County's Unfunded Actuarial Accrued Liability. The primary source of funding is through regular bi-weekly contributions from all County departments, courts, and the Solano County Fair.

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. Revenue sources are primarily charges for services.

The *Fouts Springs Youth Facility Fund* (Fouts Springs) was used to account for the activities of the youth correctional facility that was operated under a Joint Powers Agreement between the counties of Colusa and Solano. The Fouts Springs Youth Facility was closed as of July 31, 2011 due to being fiscally unsustainable and therefore did not have any revenues in FY2012/13 resulting from fees charged to external users. The County continues to maintain and safeguard the grounds and facilities in order to comply with the special use permit held by the Fouts Springs Joint Powers Authority until the closure is complete and the County has transferred the assets or has been decommissioned. For FY2012/13, Fouts Springs Youth Facility operations are all related to property management and therefore as presented in the General Fund.

Additionally, the government reports the following fund types:

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

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 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 Position 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.

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 \$4,893,973 at June 30, 2013 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, 2013, 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:

	<u>Secured</u>	<u>Unsecured</u>
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 and in proprietary funds. 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 three 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. In accordance with GASB Statement No. 34, 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. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of June 30, 2013, the County has deferred outflows of resources related to the unamortized losses on refunding of debt reported in the government-wide financial statements. The losses on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt.

In addition to liabilities, the statement of net position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources related to the unamortized gains on refunding of debt reported in the government-wide financial statements. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt. The County also has deferred inflows of resources related to unavailable revenues reported under the modified accrual basis of accounting in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, advances from the federal and State, and other sources as appropriate. These amounts are deferred and recognized as revenues in the period the amounts become available.

8. 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 unavailable revenue in the governmental funds financial statements under Deferred Inflows of Resources.

9. 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.

10. 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.

11. Unearned Revenue

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.

12. Compensated Absences

Vested unused vacation hours may be accumulated and, if not taken, is paid at the date of termination from County employment at the employees' current pay rate. 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. County policy states that unused sick leave shall not be cashed out at the time of separation from the County; however upon retirement eligible employees convert all unused sick leave 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 the employee is accounted.

13. 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 position. Bond premiums/discounts are amortized over the life of the bonds using the straight-line method.

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.

14. Net Position/Fund Balances

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net investment in capital assets* – This category groups all capital assets, including infrastructure, into one component of net position. 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 of 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 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 areas and Southeast 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 position resources of the County, not restricted for any project or other purpose.

The government-wide statement of net position reports a restricted component of \$133,820,602, of which \$24,731,365 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 as follows:

- *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 the Board of Supervisors via an ordinance. 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.

15. Fund Balance Policy

The Board originally adopted the General Fund Reserve and Other Designations Policy in February 2007. On June 14, 2011, the Board adopted the new Fund Balance Policy which includes the changes to conform to Governmental 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. However, for financial statement purposes, in accordance with GASB Statement No. 54, only those items committed via ordinance are reported as committed fund balance.

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 interfund 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.

Capital/Maintenance Projects

The Board established an assigned fund balance for capital/maintenance projects to fund capital maintenance for the County's public facilities. This assignment 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 assigned **General Fund Balance for Accrued Leave Payoff**. The purpose of this assignment 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 as follows:

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 amounts are available in multiple fund balance classifications, 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, 2013, the undisbursed balance of the approved loan was \$619,305. In August 2013, the Board approved a transfer of \$1,500,000 from Public Facilities Fees (Program Compliance) towards reducing the General Fund loan used to fund the North Connector and Vanden Road transportation projects.
- 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 and for FY 2013/14 an additional \$500,000 was approved. As of June 30, 2013, the undisbursed balance of the approved loans was \$658,061.

16. 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 Governmental Accounting Standards

Effective July 1, 2012, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

1. GASB Statement No. 61 – *The Financial Reporting Entity: Omnibus.*

This Statement modified existing requirements for the assessment of potential component units (as stated in GASB Statement No. 14 – *The Financial Reporting Entity* and Statement No. 34 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*) in determining what should be included in the financial reporting entity and financial reporting disclosure requirements. The implementation of this Statement did not have a significant impact on the County’s financial statements.

2. GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.*

This Statement incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the American Institute of Certified Public Accountants (AICPA) Committee on Accounting Procedures which does not conflict with or contradict other GASB pronouncements. The County incorporated this Statement in its financial statements for the fiscal year ended June 30, 2013. The implementation of this Statement did not have a significant impact on the County’s financial statements.

3. GASB Statement No. 63 – *The Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*

This Statement provides financial reporting guidance for two new financial statement elements introduced in Concepts Statement No. 4, *Elements of Financial Statements* – deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are defined as a consumption of net assets that is applicable to a future reporting period. Deferred inflows or resources are defined as an acquisition of net assets that is applicable to a future reporting period. Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. Accordingly, this Statement also amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows of resources and deferred inflows of resources into the residual measure as net position, rather than net assets. This Statement did not have a significant impact on the County’s financial statements.

4. GASB Statement No. 65 – *Items Previously Reported as Assets and Liabilities.*

This Statement establishes accounting and financial reporting standards that reclassify certain items (that were previously reported as assets and liabilities) as deferred outflows of resources or deferred inflows of resources, and to recognize certain items (that were previously reported as assets and liabilities) as outflows of resources or inflows of resources. The implementation of this statement required the restatement of beginning net position by \$2,162,988 to write off the unamortized bond issuance costs that were previously reported as assets. Furthermore, unamortized losses on refunding of debts of \$2,047,720 were reclassified from contra liabilities to deferred outflows of resources and unamortized gains on refunding of debts of \$93,136 were reclassified from contra liabilities to deferred inflows of resources.

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 position

The governmental funds balance sheet includes a reconciliation between total governmental funds-fund balances and net position of governmental activities as reported in the government-wide statement of net position. 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 \$514,943,034 difference are as follows:

Land, not being depreciated	\$ 154,622,397
Construction in progress	52,560,893
Artwork	668,386
Intangibles, not being depreciated	1,551,214
Infrastructure, net of \$56,652,589 accumulated depreciation	62,310,204
Buildings, net of \$155,675,477 accumulated depreciation	231,266,286
Machinery and equipment, net of \$21,814,514 accumulated depreciation	10,785,113
Intangibles, net of \$1,231,214 accumulated depreciation	<u>1,178,541</u>
Net adjustment to increase total <i>governmental funds-fund balance to arrive at net position of governmental activities</i>	<u><u>\$ 514,943,034</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 \$211,483,380 difference are as follows:

Notes payable	\$ 1,023,890
Capital leases	81,530
Certificates of participation	115,405,000
Issuance premium	2,203,322
Pension obligation bonds	61,285,000
OPEB liability	3,907,892
Pollution remediation obligation	628,926
Compensated absences	<u>26,947,820</u>
Net adjustment to reduce <i>total governmental funds-fund balance to arrive at net position of governmental activities</i>	<u><u>\$ 211,483,380</u></u>

III. DETAILED NOTES ON ALL FUNDS

A. *Cash and Investments*

The County's cash and investments at June 30, 2013 were as follows:

	<u>Fair Value</u>
County Deposits	<u>\$ 15,495,273</u>
County Investments	
Money Market Mutual Funds	4,752,326
Certificates of Deposits	19,001,257
State of California Local Agency Investment Fund	48,837,797
Investment Trust of California Joint Powers Authority Pool	55,613,535
California Asset Management Program	99,485
Corporate Notes	126,363,406
U.S. Federal Agency Notes	
Federal Farm Credit Bank	29,936,205
Federal Home Loan Bank	198,873,620
Federal Home Loan Mortgage Corporation	55,849,725
Federal National Mortgage Association	50,014,100
U.S. Treasury Notes	40,545,710
Municipal Notes	93,926,102
Total County Investments	<u>723,813,268</u>
Total County Treasury	<u>739,308,541</u>
Cash and Investments with Fiscal Agents	
Imprest cash	299,579
Deposits	27,238
Held with others	
Money Market Mutual Funds	11,533,633
Total Cash and Investments with Fiscal Agents	<u>11,860,450</u>
Total Cash and Investments	<u>\$ 751,168,991</u>

Reconciliation to the financial statements:

Government-wide Statement of Net Position	\$ 285,763,132
Statement of Fiduciary Net Position:	
External Investment Trust	417,137,588
Private Purpose Trust	4,893,973
Agency Funds	42,275,200
Component Units	
Solano County Fair	841,090
Workforce Investment Board	258,008
Total	<u>\$ 751,168,991</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, 2013 was \$21.2 billion. At June 30, 2013, the County's investment to LAIF is \$48.8 million. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which, as of June 30, 2013 had a balance of \$58.8 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 278 days as of June 30, 2013. 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.

The County is also a voluntary participant in the Investment Trust of California Joint Powers Authority Pool (CALTRUST). At June 30, 2013, the County's investment to CALTRUST is \$55.6 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, 15 months; CALTRUST Medium, 24 months and CALTRUST Heritage Money Market, 31 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, 2013 was divided among the following asset classes: CALTRUST Short Term was \$657 million; CALTRUST Medium Term was \$657 million and CALTRUST Heritage Money Market was \$36.0 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, 2013 was \$2.2 billion. At June 30, 2013, the County's investment to CAMP is \$99,485. 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 37 days as of June 30, 2013. 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, 2013 was \$2.2 billion divided among the following asset classes: 34.0% in repurchase agreements; 27.9% in Negotiable Certificates of Deposit; 23.8% in commercial paper; 9.3% was invested in Federal Agency obligations; 4.6% was invested in US Treasuries; .3% in bankers' acceptances. 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, money market 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, 2013, the weighted average to maturity of the Treasurer's Pool was 384 days.

The fair value of the County's investments as of June 30, 2013 are as follows:

	Fair Value	Investment Maturities Fair Value (in Years)		
		Less than 1	1 to 5	More than 5
County Investments				
Money Market Mutual Funds	\$ 4,752,326	\$ 4,752,326	\$ -	\$ -
Certificates of Deposits	19,001,257	240,000	18,761,257	-
State of California Local Agency Investment Fund	48,837,797	48,837,797	-	-
Investment Trust of California Joint Powers Authority Pool	55,613,535	23,572,544	32,040,991	-
California Asset Management Program	99,485	99,485	-	-
Corporate Notes	126,363,406	51,448,598	74,914,808	-
U.S. Federal Agency Notes:				
Federal Farm Credit Bank	29,936,205	10,008,780	19,927,425	-
Federal Home Loan Bank	198,873,620	168,881,268	29,992,352	-
Federal Home Loan Mortgage Corporation	55,849,725	15,013,170	40,836,555	-
Federal National Mortgage Association	50,014,100	10,090,380	39,923,720	-
U.S. Treasury Notes	40,545,710	10,050,390	30,495,320	-
Municipal Notes	93,926,102	26,247,556	61,652,211	6,026,335
<i>Total County Investments</i>	<u>723,813,268</u>	<u>369,242,294</u>	<u>348,544,639</u>	<u>6,026,335</u>
Investments with Fiscal Agents				
Money Market Mutual Funds	11,533,633	11,533,633	-	-
Total Investments	<u>\$ 735,346,901</u>	<u>\$ 380,775,927</u>	<u>\$ 348,544,639</u>	<u>\$ 6,026,335</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. Based on the findings, the County Treasurer may elect to retain the securities in question or sell them.

At June 30, 2013, the County's credit risks, expressed as a percentage of total investments, are as follows:

Investment Type	Credit Rating S&P	% of Investments
County Investments		
Money Market Mutual Funds	AAA	0.65%
Certificates of Deposits	A+	0.70%
Certificates of Deposits	AA-	1.65%
Certificates of Deposits	AA+	0.20%
Certificates of Deposits	AAA	0.03%
State of California Local Agency Investment Fund	Not Rated	6.64%
Investment Trust of California Joint Powers Authority Pool Medium Term	A	2.31%
Investment Trust of California Joint Powers Authority Pool Short Term	AA	2.04%
Investment Trust of California Joint Powers Authority Pool Money Market	AAA	3.21%
California Asset Management Program	AAA	0.01%
Corporate Notes	A	2.36%
Corporate Notes	A-	1.38%
Corporate Notes	A+	2.79%
Corporate Notes	AA	0.68%
Corporate Notes	AA-	4.43%
Corporate Notes	AA+	1.87%
Corporate Notes	AAA	3.69%
U.S. Federal Agency Notes:		
Federal Farm Credit Bank	AA+	4.07%
Federal Home Loan Bank	AA-	14.23%
Federal Home Loan Bank	AA+	12.81%
Federal Home Loan Mortgage Corporation	AA+	7.60%
Federal National Mortgage Association	AA+	6.80%
U.S. Treasury Notes	N/A	5.51%
Municipal Notes	A	2.21%
Municipal Notes	A-	1.16%
Municipal Notes	A+	1.43%
Municipal Notes	AA	1.64%
Municipal Notes	AA-	2.05%
Municipal Notes	AA+	2.63%
Municipal Notes	AAA	1.65%
Investments with Fiscal Agents		
Money Market Mutual Funds	AAA	1.57%
		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	\$ 198,873,620
Federal Home Loan Mortgage Corporation	55,849,725
Federal National Mortgage Association	50,014,100

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, 2013 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	\$ 4,752,326	\$ 4,752,326	0.000	07/13
Certificates of Deposits	19,001,257	19,047,203	.500 - 1.348	02/14 - 10/16
State of California Local Agency Investment Fund	48,837,797	48,837,797	0.244	4/14
Investment Trust of California	55,613,535	55,656,472	.080 - .620	6/15
Joint Powers Authority Pool				
California Asset Management Program	99,485	99,485	0.080	8/13
Corporate Notes	126,363,406	126,295,732	.034 - 2.521	09/13 - 11/16
U.S. Federal Agency Notes	334,673,650	334,830,695	.020 - .710	07/13 - 09/16
U.S. Treasury Notes	40,545,710	40,366,945	.235 - 1.038	08/13 - 09/15
Municipal Notes	93,926,102	93,835,858	0.000 - 7.447	07/13 - 11/27
	<u>\$ 723,813,268</u>	<u>\$ 723,722,513</u>		

The following represents a condensed statement of net position and changes in net position for the Treasurer's Pool as of June 30, 2013:

Statement of net position

Net position held in trust for all pool participants	\$ 732,846,582
Equity of internal pool participants	\$ 315,708,994
Equity of external pool participants	417,137,588
Total equity	<u>\$ 732,846,582</u>

Statement of changes in net position

Net position as of July 1, 2012	\$ 548,974,659
Net change in investments by pool participants	183,871,923
Net position as of June 30, 2013	<u>\$ 732,846,582</u>

Reconciliation to financial statements

Held by County Treasurer:

Primary government	\$ 738,486,929
Component Units:	
Solano County Fair	591,462
Workforce Investment Board	230,150
	<u>739,308,541</u>

Less outstanding warrants:

Primary government	6,379,584
Component Unit	
Workforce Investment Board	82,375
	<u>82,375</u>

Total	<u>\$ 732,846,582</u>
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B. Due To/Due From Other Funds

The composition of the interfund balances as of June 30, 2013 were as follows:

		Due To							
		General Fund	Health & Social Services	Public Safety	Accumulated Capital Outlay	Other Governmental	Nut Tree Airport	Internal Service Funds	Total
Due From	General Fund	\$ -	\$ 4,620,568	\$ 4,069,108	\$ 18,604	\$ 20,835	\$ -	\$ -	\$ 8,729,115
	Health & Social Services	810,640	-	4,640,909	-	444,600	-	118,602	6,014,751
	Public Safety	373,626	183,902	-	78,821	19,927	-	-	656,276
	Pension Debt Service	25,861	73,840	87,864	-	12,373	249	5,323	205,510
	Other Governmental	123,188	66,283	1,052	-	5,462	377	676	197,038
	Internal Service Funds	26,984	12,562	33,643	-	17,521	2,435	-	93,145
	Total	\$ 1,360,299	\$ 4,957,155	\$ 8,832,576	\$ 97,425	\$ 520,718	\$ 3,061	\$ 124,601	\$ 15,895,835

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.

C. Advances To/From Other Funds

The composition of the Advances to/from other funds as of June 30, 2013 were as follows:

		Advances To				Total
		Accumulated Capital Outlay	Pension Debt Service Fund	Other Governmental	Nut Tree Airport	
Advances From	General Fund	\$ 3,741,939	\$ 18,500,000	\$ 2,380,695	\$ 2,831,186	\$ 27,453,820

As of June 30, 2013, the outstanding amounts owed to the General Fund by other funds are as follows: the Accumulated Capital Outlay Fund owes \$3,741,939 to cover the costs of Fairgrounds development; the Pension Debt Service Fund owes \$18,500,000 to pay off the balance of debt for the Pension Obligation Bonds Series B1 and B2; the Transportation Fund (Other Governmental Funds) owes \$2,380,695 to cover costs of Regional Transportation Projects and the Nut Tree Airport Enterprise Fund owes \$2,831,186 to cover the costs of acquiring real property for purposes of airport expansion.

On August 13, 2013 the Board authorized the transfer of \$1.5 million from the Public Facilities Fees to the Transportation Fund (Other Governmental) to repay a portion of the General Fund advance.

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2013 is as follows:

Governmental Activities	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 154,621,673	\$ 62,524	\$ (81,800)	\$ 20,000	\$ 154,622,397
Construction in progress	32,997,485	42,309,584	-	(22,746,176)	52,560,893
Artwork	543,751	124,635	-	-	668,386
Intangibles	1,142,542	1,089,792	-	-	2,232,334
Total capital assets, not being depreciated	<u>189,305,451</u>	<u>43,586,535</u>	<u>(81,800)</u>	<u>(22,726,176)</u>	<u>210,084,010</u>
Capital assets, being depreciated:					
Buildings	362,794,910	226,231	(491,387)	24,710,040	387,239,794
Machinery and equipment	51,605,989	3,054,017	(2,100,697)	368,301	52,927,610
Infrastructure	116,504,800	-	-	2,457,992	118,962,792
Intangibles	7,284,004	144,060	-	-	7,428,064
Total capital assets being depreciated	<u>538,189,703</u>	<u>3,424,308</u>	<u>(2,592,084)</u>	<u>27,536,333</u>	<u>566,558,260</u>
Less accumulated depreciation for:					
Buildings	(142,825,839)	(11,645,281)	491,387	(1,839,789)	(155,819,522)
Machinery and equipment	(33,086,039)	(4,084,601)	2,039,276	(355,563)	(35,486,927)
Infrastructure	(52,635,723)	(4,016,866)	-	-	(56,652,589)
Intangibles	(3,342,532)	(1,360,180)	-	-	(4,702,712)
Total accumulated depreciation	<u>(231,890,133)</u>	<u>(21,106,928)</u>	<u>2,530,663</u>	<u>(2,195,352)</u>	<u>(252,661,750)</u>
Total capital assets, being depreciated, net	<u>306,299,570</u>	<u>(17,682,620)</u>	<u>(61,421)</u>	<u>25,340,981</u>	<u>313,896,510</u>
Governmental activities capital assets, net	<u>\$ 495,605,021</u>	<u>\$ 25,903,915</u>	<u>\$ (143,221)</u>	<u>\$ 2,614,805</u>	<u>\$ 523,980,520</u>
Business-type Activities	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 10,339,365	\$ -	\$ -	\$ (20,000)	\$ 10,319,365
Construction in progress	135,327	-	(135,327)	-	-
Total capital assets, not being depreciated	<u>10,474,692</u>	<u>-</u>	<u>(135,327)</u>	<u>(20,000)</u>	<u>10,319,365</u>
Capital assets, being depreciated					
Buildings	15,217,081	-	-	(4,421,854)	10,795,227
Machinery and equipment	527,652	-	-	(368,303)	159,349
Total capital assets, being depreciated	<u>15,744,733</u>	<u>-</u>	<u>-</u>	<u>(4,790,157)</u>	<u>10,954,576</u>
Less accumulated depreciation for:					
Buildings	(7,184,988)	(448,326)	-	1,839,789	(5,793,525)
Machinery and equipment	(432,626)	(5,785)	-	355,563	(82,848)
Total accumulated depreciation	<u>(7,617,614)</u>	<u>(454,111)</u>	<u>-</u>	<u>2,195,352</u>	<u>(5,876,373)</u>
Total capital assets, being depreciated, net	<u>8,127,119</u>	<u>(454,111)</u>	<u>-</u>	<u>(2,594,805)</u>	<u>5,078,203</u>
Business-type activities capital assets, net	<u>\$ 18,601,811</u>	<u>\$ (454,111)</u>	<u>\$ (135,327)</u>	<u>\$ (2,614,805)</u>	<u>\$ 15,397,568</u>

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

Governmental activities:

General government	\$	4,837,334
Public safety		4,456,233
Public ways and facilities		4,427,134
Health and sanitation		2,242,374
Public assistance		1,721,323
Education		427,416
Recreation		169,379

Capital assets held by the County's internal service funds are charged to various functions based on their usage of the asset

2,825,735
<u>\$ 21,106,928</u>

Business-type activities:

Nut Tree Airport	\$	<u>454,111</u>
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Capital assets activity for component units for the fiscal year ended June 30, 2013 is as follows:

<u>Component Units</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Ending Balance</u>
Solano County Fair					
Capital assets, not being depreciated:					
Land	\$ 167,085	\$ -	\$ -	\$ -	\$ 167,085
Capital assets, being depreciated:					
Buildings	9,373,912	-	-	-	9,373,912
Machinery and equipment	424,393	30,322	-	-	454,715
Total capital assets, being depreciated:	<u>9,798,305</u>	<u>30,322</u>	<u>-</u>	<u>-</u>	<u>9,828,627</u>
Less accumulated depreciation for:					
Buildings	(7,947,367)	(220,141)	-	-	(8,167,508)
Machinery and equipment	(373,275)	(28,317)	-	-	(401,592)
Total accumulated depreciation	<u>(8,320,642)</u>	<u>(248,458)</u>	<u>-</u>	<u>-</u>	<u>(8,569,100)</u>
Total capital assets, being depreciated, net	<u>1,477,663</u>	<u>(218,136)</u>	<u>-</u>	<u>-</u>	<u>1,259,527</u>
Total Solano County Fair capital assets, net	<u>\$ 1,644,748</u>	<u>\$ (218,136)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,426,612</u>
Workforce Investment Board (WIB)					
Capital assets, being depreciated:					
Machinery and equipment	\$ 23,501	\$ -	\$ -	\$ -	\$ 23,501
Less: Accumulated depreciation	(9,663)	(4,700)	-	-	(14,363)
Total WIB capital assets, being depreciated, net	<u>\$ 13,838</u>	<u>\$ (4,700)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,138</u>

Depreciation expense was charged to component units as follows:

Component units:

Solano County Fair	\$	248,458
Workforce Investment Board		4,700
Total depreciation expense-component units	\$	<u>253,158</u>

E. Interfund Transfers

The composition of interfund transfers for the fiscal year ended June 30, 2013 were as follows:

	Transfers Out							Total
	General Fund	Health & Social Services	Public Safety	Accumulated Capital Outlay	Other Governmental	Nut Tree Airport	Internal Service Funds	
General Fund	\$ -	\$ 151,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 151,619
Health & Social Services	19,614,669	-	-	-	-	-	-	19,614,669
Public Safety	77,295,397	-	-	-	-	-	-	77,295,397
Accumulated Capital Outlay	3,463,640	-	400,000	-	20,000	-	-	3,883,640
Pension Debt Service Fund	1,340,188	3,777,789	4,036,457	-	654,590	12,790	271,392	10,093,206
Other Governmental	6,159,219	2,367,525	399,331	900,000	3,099,619	-	-	12,925,694
Nut Tree Airport	13,712	-	-	-	-	-	-	13,712
Fouts Springs Youth Facility	28,408	-	-	-	-	-	-	28,408
Internal Service Funds	-	-	24,896	-	-	-	-	24,896
Total	\$ 107,915,233	\$ 6,296,933	\$ 4,860,684	\$ 900,000	\$ 3,774,209	\$ 12,790	\$ 271,392	\$ 124,031,241

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.

F. Payables

The composition of payables as of June 30, 2013 were as follows:

	<u>Accounts Payable</u>	<u>Accrued Payroll</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 1,279,557	\$ 668,924	\$ -	\$ 1,948,481
Health & Social Services	11,040,001	1,926,012	-	12,966,013
Public Safety	2,398,073	2,026,112	-	4,424,185
Accumulated Capital Outlay	7,742,160	-	-	7,742,160
Other Governmental Funds	1,395,942	334,349	-	1,730,291
Internal Service Funds	2,596,762	131,570	-	2,728,332
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	2,514,442	2,514,442
Total governmental activities	<u>\$ 26,452,495</u>	<u>\$ 5,086,967</u>	<u>\$ 2,514,442</u>	<u>\$ 34,053,904</u>
Business-type activities:				
Nut Tree Airport	<u>\$ 32,426</u>	<u>\$ 6,347</u>	<u>\$ -</u>	<u>\$ 38,773</u>

G. Operating Leases

The County leases office space and equipment under operating leases. Total rental expenditures for such leases were \$2,310,755, for the fiscal year ended June 30, 2013. Future minimum rental payments under all noncancelable operating leases with initial or remaining terms in excess of one year as of June 30, 2013 are summarized as follows:

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>WIB</u>	<u>Total</u>
2014	\$ 1,150,797	\$ 415,759	\$ 1,566,556
2015	1,002,692	-	1,002,692
2016	476,611	-	476,611
	<u>\$ 2,630,100</u>	<u>\$ 415,759</u>	<u>\$ 3,045,859</u>

H. Long-term Obligations

Capital Leases:

The County has entered into a lease agreement as the 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, 2013, were as follows:

	Year ending June 30	<u>Governmental activities</u>
	2014	\$ 82,668
Total minimum lease payments		<u>82,668</u>
Less: amount representing interest		(1,138)
Present value of minimum lease payments		<u><u>\$ 81,530</u></u>

The assets acquired through capital leases are as follows:

	<u>Governmental activities</u>
Machinery and equipment	\$ 1,445,092
Less: Accumulated depreciation	(1,167,931)
Total	<u><u>\$ 277,161</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	<u>Principal</u>	<u>Interest</u>
2014	\$ 7,931	\$ 30,717
2015	7,931	30,717
2016	7,937	30,717
2017	-	30,717
2018	-	30,717
2019-2022	1,023,890	122,868
	<u><u>\$ 1,047,689</u></u>	<u><u>\$ 276,453</u></u>

During FY 07/08, the County entered into a 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 the City of Suisun plus interest at three (3%) percent per annum. As of June 30, 2013, the term of the agreement is 14 years. The principal balance payment is due in FY 21/22. Assembly Bill (AB) X1 26 dissolved all Redevelopment Agencies (RDA) in the State of California effective February 1, 2012. Due to the dissolution of the RDA, the loan is now payable to the City of Suisun as the successor agency.

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	Governmental activities	
	Principal	Interest
2014	\$ 5,585,000	\$ 5,191,463
2015	5,975,000	4,900,234
2016	5,480,000	4,632,253
2017	5,740,000	4,362,363
2018	6,020,000	4,073,758
2019-2023	25,370,000	16,449,627
2024-2028	28,500,000	10,561,831
2029-2033	32,735,000	3,811,838
	<u>\$ 115,405,000</u>	<u>\$ 53,983,367</u>

In April 2013, the County issued 2013 COP for \$5,420,000 for the Animal Care Expansion project at a fixed interest rate of 3.34%. The annual debt service requirements are included in the above schedule.

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	Governmental activities	
	Principal	Interest
2014	\$ 6,590,000	\$ 3,281,063
2015	6,885,000	2,957,019
2016	7,000,000	2,606,064
2017	7,930,000	2,216,907
2018	6,795,000	1,772,433
2019-2023	16,775,000	5,360,825
2024-2025	9,310,000	759,480
	<u>\$ 61,285,000</u>	<u>\$ 18,953,791</u>

The composition of the long-term debt obligations for the governmental activities as of June 30, 2013, 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	\$ 81,530
Notes payable:				
Key Government Finance Inc.	June 24, 2016	0.00	39,663	23,799
City of Suisun	June 30, 2022	3.00	1,023,890	1,023,890
Total notes payable				<u>1,047,689</u>
Certificates of participation:				
2007 Certificates of Participation				
Serial	November 1, 2003 - November 1, 2025	4.00 - 5.00	50,620,000	49,555,000
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	1,669,518
2009 Refunding Certificates of Participation				
Serial	November 15, 2010 - November 15, 2019	3.00 - 5.00	16,745,000	11,190,000
Issuance Premium			889,673	533,804
2013 Certificates of Participation				
Serial	November 15, 2013- November 15, 2027	3.34	5,420,000	5,420,000
Total certificates of participation				<u>117,608,322</u>
Pension Obligation Bonds:				
Series 2004A	January 15, 2018	5.80	36,665,000	23,470,000
Series 2010	January 15, 2024	5.80	20,000,000	2,000,000
Series 2005	January 15, 2025	5.36	42,385,000	35,815,000
Total pension obligation bonds				<u>61,285,000</u>
Self-insurance liability				12,186,000
Compensated absences				28,261,945
Pollution remediation obligation				628,926
Net OPEB liability				4,029,667
Total governmental obligations				<u>\$ 225,129,079</u>

The composition of the long-term debt obligations for the business-type activities as of June 30, 2013, was as follows:

<u>Type and description</u>	<u>Outstanding</u>
Nut Tree Airport	
Net OPEB liability	\$ 6,192
Compensated absences	15,005
Total Nut Tree Airport	<u>21,197</u>
Total business-type obligations	<u>\$ 21,197</u>

The composition of the long-term obligations of the County's component units' activities as of June 30, 2013, was as follows:

<u>Type and description</u>	<u>Outstanding</u>
Solano County Fair	
County pension liability	\$ 735,480
Capital lease	335,502
Compensated absences	68,430
Total Solano County Fair	<u>\$ 1,139,412</u>
Workforce Investment Board (WIB)	
Compensated absences	<u>\$ 165,275</u>

Long-term liability activity for the fiscal year ended June 30, 2013, was as follows:

	<u>Beginning Balance, as restated</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Capital leases	\$ 302,261	\$ -	\$ (220,731)	\$ 81,530	\$ 81,530
Certificates of participation	115,190,000	5,420,000	(5,205,000)	115,405,000	5,585,000
Deferred amounts:					
For issuance premiums	2,575,005	-	(371,683)	2,203,322	217,391
Pension obligation bonds	69,630,000	-	(8,345,000)	61,285,000	6,590,000
Notes payable	1,055,622	-	(7,933)	1,047,689	7,931
Self-insurance liability	11,591,000	4,328,713	(3,733,713)	12,186,000	4,002,406
Pollution remediation obligation	285,433	343,493	-	628,926	583,290
Net OPEB liability	3,798,452	3,481,194	(3,249,979)	4,029,667	-
Compensated absences	<u>28,063,986</u>	<u>14,728,761</u>	<u>(14,530,802)</u>	<u>28,261,945</u>	<u>14,463,016</u>
Governmental activity long-term liabilities	<u>\$ 232,491,759</u>	<u>\$ 28,302,161</u>	<u>\$ (35,664,841)</u>	<u>\$ 225,129,079</u>	<u>\$ 31,530,564</u>

The beginning balance has been restated for the elimination of the deferred amount on refunding of (\$2,096,579) that is now reported as deferred outflows of resources and deferred inflows of resources in accordance with GASB Statement No. 65, which was implemented this year.

Business-type activities:	Beginning Balance	Additions	Reductions & Transfers	Ending Balance	Due Within One Year
Net OPEB liability	\$ 45,783	\$ 4,510	\$ (44,101)	\$ 6,192	\$ -
Compensated absences	37,028	14,066	(36,089)	15,005	9,587
Business-type activity long-term liabilities	\$ 82,811	\$ 18,576	\$ (80,190)	\$ 21,197	\$ 9,587

In governmental activities and proprietary fund, compensated absences and other post employment benefit obligations (OPEB) are paid by the fund where the employee is accounted. In the Governmental Activities, 40% of the reductions for compensated absences and 39% of the reductions for OPEB were paid by the Health & Social Services Fund, 36% of the reductions for compensated absences and 42% of the reductions for OPEB were paid by the Public Safety Fund, and 14% of the reductions for compensated absences and 10% of the reductions for OPEB were paid by the General Fund.

In the business-type activities, the beginning balance for Fouts Springs Youth Facility for Net OPEB liability and Compensated absences for \$39,842 and \$3,032, respectively are included in the above table in reductions and transfers. These amounts were transferred to the Governmental activities and are included in the additions and transfers in the Governmental activities.

Internal service funds predominantly serve the governmental funds. Accordingly, \$13,645,699 of the internal service funds' long-term liabilities are included as part of the above totals for governmental activities.

Component units activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Solano County Fair:					
County pension liability	\$ 735,480	\$ -	\$ -	\$ 735,480	\$ 27,135
Capital lease	356,946	-	(21,444)	335,502	23,158
Compensated absences	61,772	23,065	(16,407)	68,430	14,197
Total Solano County Fair	\$ 1,154,198	\$ 23,065	\$ (37,851)	\$ 1,139,412	\$ 64,490
WIB:					
Compensated absences	\$ 188,619	\$ 178,452	\$ (201,796)	\$ 165,275	\$ 165,275

I. Pollution Remediation Obligations

The County has been named as the primary responsible party for pollution remediation for the 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 \$628,926, 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.

J. Fund Balances

Fund balances for all major and nonmajor governmental funds as of June 30, 2013 were classified as follows:

	General Fund	Health & Social Services	Public Safety	Accumulated Capital Outlay	Pension Debt Service	Other Governmental	Total
Nonspendable:							
Inventory	\$ 2,673	\$ -	\$ -	\$ -	\$ -	\$ 142,821	\$ 145,494
Long-term receivable	903,224	-	-	-	-	-	903,224
Advances	27,453,820	-	-	-	-	-	27,453,820
Prepaid expenses	329,024	128,607	504,796	-	-	5,858	968,285
Subtotal	<u>28,688,741</u>	<u>128,607</u>	<u>504,796</u>	<u>-</u>	<u>-</u>	<u>148,679</u>	<u>29,470,823</u>
Restricted for:							
Public safety	-	-	5,419,985	-	-	-	5,419,985
Capital projects	-	-	-	20,666,400	-	-	20,666,400
Public facilities fees	-	-	-	-	-	10,244,393	10,244,393
Library services	-	-	-	-	-	11,123,574	11,123,574
Transportation services	-	-	-	-	-	11,081,639	11,081,639
Health services	-	35,246,579	-	-	-	11,737,860	46,984,439
Home loan program	-	-	-	-	-	4,903,419	4,903,419
Micrographics & modernization	-	-	-	-	-	8,417,995	8,417,995
East Vallejo fire district	-	-	-	-	-	2,773	2,773
Fish & game	-	-	-	-	-	387,491	387,491
County service area	-	-	-	-	-	554,586	554,586
Southeast Vallejo Redevelopment	-	-	-	-	-	1,044	1,044
Debt service	-	-	-	-	-	1,767,685	1,767,685
Subtotal	<u>-</u>	<u>35,246,579</u>	<u>5,419,985</u>	<u>20,666,400</u>	<u>-</u>	<u>60,222,459</u>	<u>121,555,423</u>
Committed for:							
Capital Projects - Public Art	-	-	-	55,668	-	-	55,668
Assigned to:							
General fund:							
Imprest cash	3,460	-	-	-	-	-	3,460
Encumbrances	977,557	-	-	-	-	-	977,557
Undisbursed approved loans	1,777,367	-	-	-	-	-	1,777,367
FY 2013/14 budgetary resource	24,185,575	-	-	-	-	-	24,185,575
Historical records maintenance	4,471	-	-	-	-	-	4,471
Employers PERS rate increase	13,000,000	-	-	-	-	-	13,000,000
Housing Senate Bill 375	2,000,000	-	-	-	-	-	2,000,000
Maintenance	8,271,110	-	-	-	-	-	8,271,110
Accrued leave payoff	6,553,105	-	-	-	-	-	6,553,105
Capital projects	-	-	-	7,860,525	-	-	7,860,525
Parks & recreation	-	-	-	-	-	95,414	95,414
Debt service	-	-	-	-	-	2,800,000	2,800,000
Subtotal	<u>56,772,645</u>	<u>-</u>	<u>-</u>	<u>7,860,525</u>	<u>-</u>	<u>2,895,414</u>	<u>67,528,584</u>
Unassigned:							
General fund	46,984,508	-	-	-	-	-	46,984,508
Pension debt service	-	-	-	-	(10,851,741)	-	(10,851,741)
Subtotal	<u>46,984,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,851,741)</u>	<u>-</u>	<u>36,132,767</u>
Total	<u>\$ 132,445,894</u>	<u>\$ 35,375,186</u>	<u>\$ 5,924,781</u>	<u>\$ 28,582,593</u>	<u>\$ (10,851,741)</u>	<u>\$ 63,266,552</u>	<u>\$ 254,743,265</u>

K. Deficit Fund Equity

As of June 30, 2013, the Pension Debt Service Fund had a deficit fund balance of \$10,851,741 which is expected to be resolved through rate recovery from the county departments over the next 5 years. The Debt Service Committee is continuously evaluating fund deficit.

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 and the Solano County Superior Court are 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, 2013 was 15.186% for miscellaneous and 19.344% 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 2012/2013, the County's annual pension cost was \$41,838,096. The required contribution for fiscal year 2012/2013 was determined as part of the June 30, 2010 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 3.55 % to 14.45% (13.15% for the safety plan) depending on age, service, and type of employment; (c) inflation of 3.0%; and (d) payroll growth of 3.25%. The assumptions are the same as those reported for last year's annual pension cost. 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 periods as of June 30, 2012 were 25 years for the Miscellaneous Plan and 26 years for the Safety Plan.

The County's and the Solano County Fair's annual pension costs and pension assets for the fiscal year ended June 30, 2013 were as presented on the follows:

	Solano County Miscellaneous Plan	Solano County Safety Plan	Solano County Fair
Annual required contribution	\$ 28,093,708	\$ 9,870,763	\$ 129,787
Interest on pension asset	(7,191,437)	(2,526,721)	(59,524)
Adjustment to the annual required contribution	10,057,920	3,533,863	78,785
Annual pension cost (APC)	30,960,191	10,877,905	149,048
Contributions made	28,107,411	9,857,060	129,787
Decrease in pension asset	(2,852,780)	(1,020,845)	(19,261)
Pension asset, beginning of year	96,821,572	28,574,010	768,063
Pension asset, end of year	\$ 93,968,792	\$ 27,553,165	\$ 748,802

Three-year trend information for the Miscellaneous Plan

Solano County

Fiscal Year Ending	APC	Actual Contributions	Percentage of	
			APC Contributions	Net pension Asset
06/30/11	\$ 28,544,349	\$ 26,454,277	93%	\$ 99,041,724
06/30/12	30,157,413	27,937,261	93%	96,821,572
06/30/13	30,960,191	28,107,411	91%	93,968,792

Solano County Fair

Fiscal Year Ending	APC	Actual Contributions	Percentage of	
			APC Contributions	Net pension Asset
06/30/11	\$ 139,623	\$ 127,462	91%	\$ 783,597
06/30/12	135,728	120,194	89%	768,063
06/30/13	149,048	129,787	87%	748,802

Three-year trend information for the Safety Plan

Fiscal Year Ending	APC	Actual Contributions	Percentage of	
			APC Contributions	Net pension Asset
06/30/11	\$ 9,014,005	\$ 8,535,225	95%	\$ 29,542,896
06/30/12	10,595,848	9,626,962	91%	28,574,010
06/30/13	10,877,905	9,857,060	91%	27,553,165

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, 2012, the most recent actuarial valuation date, the Miscellaneous and Safety plans were funded as noted below:

<u>Plan</u>	<u>Entry Age Normal Accrued Liability</u>	<u>Actuarial Value of Assets</u>	<u>Unfunded Actuarial Liability</u>	<u>Funded Status</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Actuarial Liability as a % of Payroll</u>
Miscellaneous	\$ 1,139,178,255	\$ 978,539,225	\$ 160,639,030	85.90%	\$ 151,364,743	106.13%
Safety	338,402,136	292,539,225	45,862,911	86.45%	38,812,715	118.16%

The actuarial assumptions used for the June 30, 2012 valuations changed from those disclosed previously for the June 30, 2010 valuations. The funding progress was determined using the entry age normal actuarial cost method with the contributions determined as a percentage of covered payroll. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses); (b) projected salary increases that range from 3.30% to 14.2% depending on age, service, and type of employment; (c) inflation of 2.75%; and (d) payroll growth of 3.00%. 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 schedules 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 \$112 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 \$115 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, 2013, the County contributed \$3,294,080 to the OPEB plan of which \$39,842 was transferred from the Fouts Spring Youth Facility enterprise fund. The purpose of these contributions was to cover the Annual Required Contribution rate of 1.87% of covered payroll (annual payroll of active employees covered by the plan) and to fund the postemployment medical benefits. However, for fiscal year 2012/2013, the County Board of Supervisors elected to fund at the rate of 2.0% of covered payroll.

3. Annual OPEB Cost and Net OPEB Liability

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 1.87% 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)	\$ 3,537,000
Interest on Net OPEB Liability	267,137
Amortization of Net OPEB Liability	(318,433)
Annual OPEB Cost (expense)	<u>3,485,704</u>
Contributions Made	<u>(3,294,080)</u>
Increase in Net OPEB Liability	191,624
Net OPEB Liability, July 1, 2012	3,844,235
Net OPEB Liability, June 30, 2013	<u>\$ 4,035,859</u>
% of annual OPEB cost contributed	<u>95%</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB liability as of June 30, 2013 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 Liability</u>
6/30/2011	\$ 3,882,040	\$ 1,758,762	45%	\$ (3,910,308)
6/30/2012	3,332,446	3,398,519	102%	(3,844,235)
6/30/2013	3,485,704	3,294,080	95%	(4,035,859)

4. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2013, the most recent actuarial valuation date, was as follows:

Actuarially accrued liability (AAL)	\$	34,377,000
Actuarial value of plan assets		14,217,000
Unfunded actuarial accrued liability (UAAL)	\$	<u>20,160,000</u>
Funded ratio (actuarial value of plan assets/AAL)		41%
Covered payroll (active plan members)	\$	168,884,000
UAAL as a percentage of covered payroll		12%

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, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions for asset valuation included an investment rate of return (net of administrative expenses) of 6.5% and gains and losses are recognized over 5 years. The actuarial assumptions for the annual healthcare cost trend rate between 8.5% – 8.9% initially, reduced by decrements to an ultimate rate of 5% after 7 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, 2013 was 22 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 \$5,421,590 during the fiscal year ended June 30, 2013 for the Primary General Liability, Excess Liability, Special Liability, Cyber Liability, Pollution, Medical Malpractice, Excess Worker's Compensation, Property, Master Crime, 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, All Risk coverage up to \$600,000,000.

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 \$4,002,406 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, 2013, the accrued loss contingency for the County's workers' compensation program was \$12,186,000 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 also participates in excess coverage up to \$25,000,000.

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 workers' compensation claims, as well as premiums paid to CSAC-EIA for the property, primary general liability, excess liability and excess workers' compensation programs. 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 worker's compensation for the years ended June 30, 2013 and 2012 were:

Year Ended	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2012	\$ 10,545,541	\$ 4,633,378	\$ (3,587,919)	\$ 11,591,000
June 30, 2013	11,591,000	4,328,713	(3,733,713)	12,186,000

The claims liabilities above, reported in the Self Insurance Internal Service Fund at June 30, 2013, 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 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, 2013 were \$14.5 million.

E. Restatement of Beginning Net Position

1. Implementation of New Accounting Standards

Implementation of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities: During the current year, the County implemented GASB Statement No. 65 which required the restatement of beginning net position by \$2,162,988 to write off the unamortized bond issuance costs that were previously reported as assets.

The impact of the restatement on beginning net position of the governmental activities is as follows:

	Governmental Activities
Net position, June 30, 2012, as previously reported	\$ 668,162,767
Restatement	(2,162,988)
Net position, July 1, 2012 as restated	<u>\$ 665,999,779</u>

F. Future Implementation of New Governmental Accounting Standards

The County is currently analyzing its accounting and financial reporting practices to determine the potential impact on the financial statements of the following GASB Statements:

Statement No. 66 – Technical Corrections – 2012 – an amendment of GASB Statements No.10 and No.62

The objective of this statement is to improve accounting and financial reporting for governmental financial reporting entities by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No.62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2014.

Statement No. 68 – Financial Reporting for Pensions – an amendment of GASB Statement No. 27

The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2015.

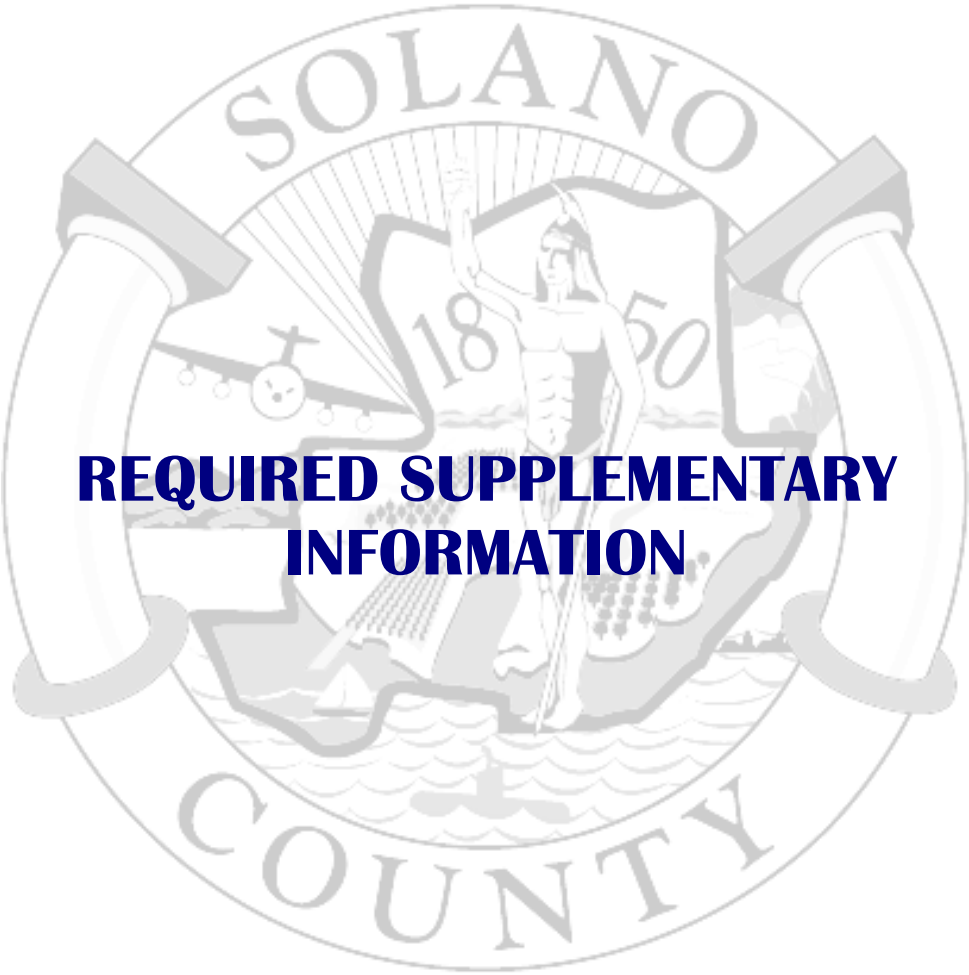
Statement No. 69 – Government Combinations and Disposals of Government Operations

The objective of this Statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2015.

Statement No. 70 – Accounting and Financial Reporting for Nonexchange Financial Guarantees

This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee. The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2014.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF SOLANO, CALIFORNIA
Schedules of Funding Progress
For the Fiscal Year Ended June 30, 2013
Unaudited

**Miscellaneous Plan
Defined Benefit Pension Plan**

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Payroll
6/30/10	\$ 1,014,371,692	\$ 891,130,123	\$ 123,241,569	87.9%	\$ 163,205,096	75.5%
6/30/11	1,100,723,215	939,055,569	161,667,646	85.3%	156,165,183	103.5%
6/30/12	1,139,178,255	978,539,225	160,639,030	85.9%	151,364,743	106.1%

**Safety Plan
Defined Benefit Pension Plan**

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Payroll
6/30/10	\$ 300,019,752	\$ 264,205,978	\$ 35,813,774	88.1%	\$ 41,881,151	85.5%
6/30/11	323,460,226	279,420,520	44,039,706	86.4%	39,946,278	110.2%
6/30/12	338,402,136	292,539,225	45,862,911	86.4%	38,812,715	118.2%

Other Postemployment Benefits (OPEB) Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Payroll
1/01/09	\$ 33,030,000	\$ 5,865,000	\$ 27,165,000	17.8%	\$ 194,623,000	13.96%
1/01/11	36,333,000	9,239,000	27,094,000	25.4%	183,013,000	14.80%
1/01/13	34,377,000	14,217,000	20,160,000	41.4%	168,884,000	11.94%

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, 2013

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Adopted	Final		
REVENUES				
Taxes	\$ 102,250,000	\$ 117,650,000	\$ 117,875,805	\$ 225,805
Licenses, permits and franchises	5,719,448	5,719,448	6,160,518	441,070
Fines, forfeitures and penalties	1,599,500	1,599,500	1,422,970	(176,530)
Use of money and property	1,212,773	1,214,623	1,251,000	36,377
Intergovernmental	21,305,446	6,295,229	16,502,901	10,207,672
Charges for services	32,151,063	32,369,693	33,038,501	668,808
Miscellaneous	8,974,997	8,977,397	8,090,432	(886,965)
Total revenues	173,213,227	173,825,890	184,342,127	10,516,237
EXPENDITURES				
Current:				
General government				
BOS-District 1	313,510	330,010	329,052	958
BOS-District 2	303,331	303,331	293,641	9,690
BOS-District 3	306,325	309,115	303,989	5,126
BOS-District 4	320,903	321,827	314,692	7,135
BOS-District 5	283,049	307,049	293,897	13,152
BOS-Administration	135,038	133,538	123,561	9,977
Administration	3,040,030	3,056,172	2,803,242	252,930
General Revenue	410,000	610,000	470,852	139,148
Employee Development & Recognition	433,515	438,859	338,036	100,823
General Services	13,732,723	13,874,102	12,675,258	1,198,844
Assessor	6,203,008	6,203,008	5,453,349	749,659
Auditor-Controller	3,915,976	3,918,058	3,689,116	228,942
Tax Collector/County Clerk	1,888,818	1,994,514	1,774,004	220,510
Treasurer	989,098	989,098	892,918	96,180
County Counsel	3,158,732	3,186,598	3,176,052	10,546
Delta Water Activities	300,543	433,748	275,196	158,552
Human Resources	2,727,371	2,727,371	2,467,376	259,995
Registrar of Voters	3,538,231	3,585,402	3,173,380	412,022
Property Management	216,275	216,169	203,476	12,693
Fouts Property Management	1,662,719	1,662,719	164,540	1,498,179
Promotion	165,521	216,771	181,366	35,405
General Expenditures	9,875,685	9,594,920	7,855,330	1,739,590
Surveyor/Engineer	38,000	71,000	70,270	730
General Svcs. Special Revenue	4,297	4,297	1,455	2,842
Total general government	53,962,698	54,487,676	47,324,048	7,163,628
Public protection				
Grand Jury	99,169	99,169	86,480	12,689
Agricultural Commissioner	2,583,214	2,583,214	2,456,502	126,712
Animal Care Services	2,858,310	2,862,648	2,645,887	216,761
Recorder	1,541,882	1,541,882	1,536,486	5,396
Resource Management	9,604,070	9,916,459	8,686,991	1,229,468
Office of Family Violence Prevention	839,664	934,628	631,434	303,194
Total public protection	17,526,309	17,938,000	16,043,780	1,894,220
Public assistance				
Indigent Burial General Relief	22,500	22,500	11,540	10,960
Veterans Services	449,358	449,358	433,214	16,144
Total public assistance	471,858	471,858	444,754	27,104
Education and recreation				
Cooperative Extension Service	220,943	220,943	197,735	23,208
Non-departmental				
Contingencies	18,225,000	18,168,967	-	18,168,967
Capital outlay:				
Equipment	63,540	62,211	50,156	12,055
Intangible - depreciable	-	285,000	82,500	202,500
Total capital outlay	63,540	347,211	132,656	214,555
Total expenditures	90,470,348	91,634,655	64,142,973	27,491,682
Excess of revenues over expenditures	82,742,879	82,191,235	120,199,154	38,007,919
OTHER FINANCING SOURCES (USES)				
Transfers in	151,619	151,619	151,619	-
Transfers out	(122,025,906)	(123,348,585)	(107,915,233)	15,433,352
Proceeds from sale of capital assets	80,250	80,250	391,268	311,018
Total other financing sources (uses)	(121,794,037)	(123,116,716)	(107,372,346)	15,744,370
Net change in fund balance	(39,051,158)	(40,925,481)	12,826,808	53,752,289
Fund balance - beginning	119,619,086	119,619,086	119,619,086	-
Fund balance - ending	\$ 80,567,928	\$ 78,693,605	\$ 132,445,894	\$ 53,752,289

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Licenses, permits and franchises	\$ 10,120	\$ 10,120	\$ 12,593	\$ 2,473
Fines, forfeitures and penalties	654,655	654,655	504,032	(150,623)
Use of money and property	(14,007)	(14,007)	(105,446)	(91,439)
Intergovernmental	208,302,083	225,551,756	217,834,242	(7,717,514)
Charges for services	38,089,154	29,140,461	20,203,304	(8,937,157)
Miscellaneous	1,436,691	1,436,691	2,591,083	1,154,392
Total revenues	<u>248,478,696</u>	<u>256,779,676</u>	<u>241,039,808</u>	<u>(15,739,868)</u>
EXPENDITURES				
Current:				
Health services	118,662,920	125,451,386	109,025,081	16,426,305
Public assistance	145,862,218	146,122,073	133,928,590	12,193,483
Non-departmental				
Contingencies	66,943	66,943	-	66,943
Capital outlay:				
Buildings and improvements	500,000	500,000	-	500,000
Equipment	488,567	488,567	21,242	467,325
Intangibles	92,673	1,417,039	961,757	455,282
Total capital outlay	<u>1,081,240</u>	<u>2,405,606</u>	<u>982,999</u>	<u>1,422,607</u>
Total expenditures	<u>265,673,321</u>	<u>274,046,008</u>	<u>243,936,670</u>	<u>30,109,338</u>
Deficiency of revenues under expenditures	<u>(17,194,625)</u>	<u>(17,266,332)</u>	<u>(2,896,862)</u>	<u>14,369,470</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	23,860,989	27,037,690	19,614,669	(7,423,021)
Transfers out	(6,885,227)	(10,072,012)	(6,296,933)	3,775,079
Total other financing sources (uses)	<u>16,975,762</u>	<u>16,965,678</u>	<u>13,317,736</u>	<u>(3,647,942)</u>
Net change in fund balance	(218,863)	(300,654)	10,420,874	10,721,528
Fund balance - beginning	24,954,312	24,954,312	24,954,312	-
Fund balance - ending	<u>\$ 24,735,449</u>	<u>\$ 24,653,658</u>	<u>\$ 35,375,186</u>	<u>\$ 10,721,528</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Licenses, permits and franchises	\$ 183,856	\$ 183,856	\$ 201,245	\$ 17,389
Fines, forfeitures and penalties	1,604,929	1,604,929	2,415,013	810,084
Use of money and property	25,667	25,667	45,564	19,897
Intergovernmental	65,109,872	70,332,389	59,528,183	(10,804,206)
Charges for services	4,096,754	4,268,980	9,676,943	5,407,963
Miscellaneous	2,281,007	2,311,929	2,153,356	(158,573)
Total revenues	<u>73,302,085</u>	<u>78,727,750</u>	<u>74,020,304</u>	<u>(4,707,446)</u>
EXPENDITURES				
Current:				
Public protection				
Department of Child Support Services	12,061,742	12,055,953	11,451,581	604,372
EMPG Grants	-	135,316	125,193	10,123
Sheriff OES	-	58,000	-	58,000
Homeland Security Grant	367,374	747,757	331,171	416,586
Sheriff's Office Grants	145,321	141,240	114,594	26,646
LLEBG	192	192	-	192
District Attorney	17,474,203	17,856,571	17,196,040	660,531
Public Defender	9,576,929	9,660,708	9,309,879	350,829
Conflict Public Defender	2,886,689	2,971,107	2,843,890	127,217
Sheriff	78,059,036	78,666,613	72,532,069	6,134,544
Probation	30,764,098	32,348,516	27,697,646	4,650,870
Other Public Defense	2,600,000	2,600,000	1,732,764	867,236
CMF Cases	248,939	248,939	212,913	36,026
Administration	317,684	317,684	93,770	223,914
Public Protection Other Special Revenue	258,479	259,444	128,094	131,350
Total public protection	<u>154,760,686</u>	<u>158,068,040</u>	<u>143,769,604</u>	<u>14,298,436</u>
Non-departmental				
Contingencies	3,998,228	3,543,228	-	3,543,228
Debt service:				
Principal	220,735	220,735	220,731	4
Interest and other charges	9,426	9,426	9,425	1
Total debt service	<u>230,161</u>	<u>230,161</u>	<u>230,156</u>	<u>5</u>
Capital outlay:				
Construction in progress	450,194	1,348,323	644,982	703,341
Equipment	68,100	1,483,860	559,085	924,775
Total capital outlay	<u>518,294</u>	<u>2,832,183</u>	<u>1,204,067</u>	<u>1,628,116</u>
Total expenditures	<u>159,507,369</u>	<u>164,673,612</u>	<u>145,203,827</u>	<u>19,469,785</u>
Deficiency of revenues under expenditures	<u>(86,205,284)</u>	<u>(85,945,862)</u>	<u>(71,183,523)</u>	<u>14,762,339</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	86,653,720	86,928,093	77,295,397	(9,632,696)
Transfers out	(4,779,199)	(5,549,569)	(4,860,684)	688,885
Proceeds from sale of capital assets	-	-	4,200	4,200
Total other financing sources (uses)	<u>81,874,521</u>	<u>81,378,524</u>	<u>72,438,913</u>	<u>(8,939,611)</u>
Net change in fund balance	(4,330,763)	(4,567,338)	1,255,390	5,822,728
Fund balance - beginning	4,669,391	4,669,391	4,669,391	-
Fund balance - ending	<u>\$ 338,628</u>	<u>\$ 102,053</u>	<u>\$ 5,924,781</u>	<u>\$ 5,822,728</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, 2013**

Budgetary Information

In accordance with the 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.

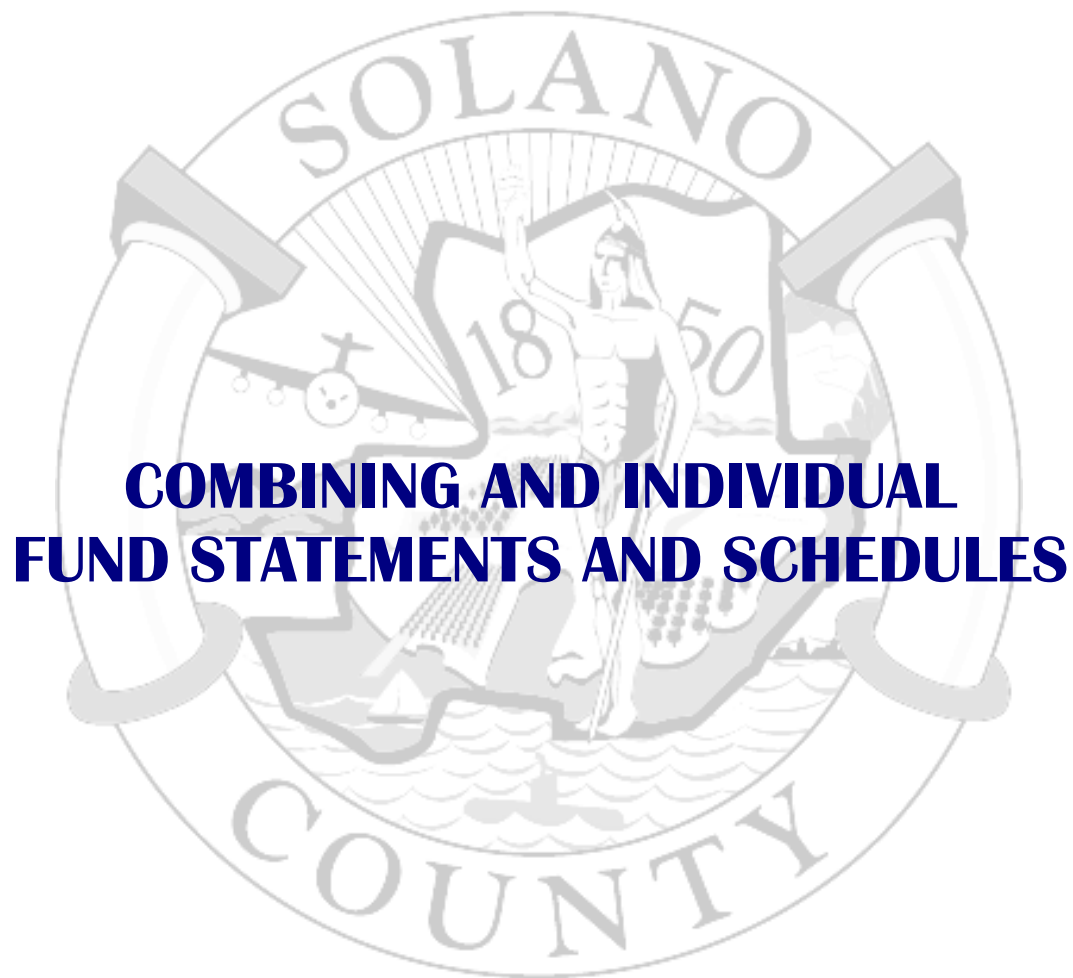
An operating budget prepared on the modified accrual basis is adopted each fiscal year for the general, special revenue, capital projects and debt service funds. Public hearings are conducted on the proposed budget to review all appropriations and sources of financing. Any shortfall in revenues requires 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 budgetary 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, 2013, 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, 2013

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
ASSETS			
Cash and investments	\$ 57,866,744	\$ 4,567,685	\$ 62,434,429
Accounts receivable	192,528	-	192,528
Due from other agencies	5,537,180	-	5,537,180
Due from other funds	197,038	-	197,038
Other assets	2,404,437	-	2,404,437
Total assets	<u>\$ 66,197,927</u>	<u>\$ 4,567,685</u>	<u>\$ 70,765,612</u>
LIABILITIES			
Outstanding warrants	\$ 371,468	\$ -	\$ 371,468
Payables	1,730,291	-	1,730,291
Due to other funds	520,718	-	520,718
Advance from other funds	2,380,695	-	2,380,695
Other liabilities	551,663	-	551,663
Due to other agencies	672,710	-	672,710
Unearned revenue	301,431	-	301,431
Total liabilities	<u>6,528,976</u>	<u>-</u>	<u>6,528,976</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>970,084</u>	<u>-</u>	<u>970,084</u>
FUND BALANCES			
Nonspendable	148,679	-	148,679
Restricted	58,454,774	1,767,685	60,222,459
Assigned	95,414	2,800,000	2,895,414
Total fund balances	<u>58,698,867</u>	<u>4,567,685</u>	<u>63,266,552</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 66,197,927</u>	<u>\$ 4,567,685</u>	<u>\$ 70,765,612</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, 2013

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
REVENUES			
Taxes	\$ 13,089,842	\$ -	\$ 13,089,842
Licenses, permits and franchises	239,696	-	239,696
Fines, forfeitures and penalties	3,220	-	3,220
Use of money and property	218,426	7,188	225,614
Intergovernmental	22,340,448	-	22,340,448
Charges for services	15,473,079	1,623,505	17,096,584
Miscellaneous	290,979	-	290,979
Total revenues	<u>51,655,690</u>	<u>1,630,693</u>	<u>53,286,383</u>
EXPENDITURES			
Current:			
General government	2,802,457	22,123	2,824,580
Public protection	3,303,132	-	3,303,132
Public ways and facilities	8,910,754	-	8,910,754
Health services	5,476,685	-	5,476,685
Public assistance	163,344	-	163,344
Education and recreation	15,855,202	-	15,855,202
Debt service:			
Principal	-	5,205,000	5,205,000
Interest and other charges	28,426	5,240,619	5,269,045
Capital outlay	8,834,828	-	8,834,828
Total expenditures	<u>45,374,828</u>	<u>10,467,742</u>	<u>55,842,570</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,280,862</u>	<u>(8,837,049)</u>	<u>(2,556,187)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,288,034	11,637,660	12,925,694
Transfers out	(3,774,209)	-	(3,774,209)
Proceeds from sale of capital assets	98,600	-	98,600
Total other financing sources (uses)	<u>(2,387,575)</u>	<u>11,637,660</u>	<u>9,250,085</u>
Net change in fund balances	3,893,287	2,800,611	6,693,898
Fund balances - beginning	54,805,580	1,767,074	56,572,654
Fund balances - ending	<u>\$ 58,698,867</u>	<u>\$ 4,567,685</u>	<u>\$ 63,266,552</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, 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 federal and state funded through a Redevelopment Settlement, a Home Loan Program and a Community Development Block Grant (CDBG).

Micrographics & 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 Protection 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 Payments 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 County, 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, 2013

	Public Facilities			
	Fees	Library	Transportation	First 5 Solano
ASSETS				
Cash and investments	\$ 9,381,948	\$ 11,096,530	\$ 12,468,902	\$ 12,018,262
Accounts receivable	-	30,344	144,701	-
Due from other agencies	1,007,955	978,014	2,655,288	814,879
Due from other funds	-	-	68,759	128,226
Other assets	12,138	881	142,821	5,858
Total assets	<u>\$ 10,402,041</u>	<u>\$ 12,105,769</u>	<u>\$ 15,480,471</u>	<u>\$ 12,967,225</u>
LIABILITIES				
Outstanding warrants	\$ -	\$ 127,395	\$ 150,651	\$ 49,140
Payables	4,498	565,752	530,223	536,344
Due to other funds	5,670	16,407	32,078	448,473
Advance from other funds	-	-	2,380,695	-
Other liabilities	-	16,171	535,492	-
Due to other agencies	129,742	115	425	69,164
Unearned revenue	17,738	-	113,991	-
Total liabilities	<u>157,648</u>	<u>725,840</u>	<u>3,743,555</u>	<u>1,103,121</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	256,355	512,456	120,386
FUND BALANCES				
Nonspendable	-	-	142,821	5,858
Restricted	10,244,393	11,123,574	11,081,639	11,737,860
Assigned	-	-	-	-
Total fund balances	<u>10,244,393</u>	<u>11,123,574</u>	<u>11,224,460</u>	<u>11,743,718</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,402,041</u>	<u>\$ 12,105,769</u>	<u>\$ 15,480,471</u>	<u>\$ 12,967,225</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2013

Home Loan Program	Micrographics & Modernization	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds	
\$ 3,309,252	\$ 8,411,352	\$ 1,180,498	\$ 57,866,744	ASSETS
-	7,617	9,866	192,528	Cash and investments
80,887	-	157	5,537,180	Accounts receivable
-	-	53	197,038	Due from other agencies
2,072,428	-	170,311	2,404,437	Due from other funds
<u>\$ 5,462,567</u>	<u>\$ 8,418,969</u>	<u>\$ 1,360,885</u>	<u>\$ 66,197,927</u>	Other assets
				Total assets
				LIABILITIES
\$ -	\$ 552	\$ 43,730	\$ 371,468	Outstanding warrants
4,997	-	88,477	1,730,291	Payables
-	422	17,668	520,718	Due to other funds
-	-	-	2,380,695	Advance from other funds
-	-	-	551,663	Other liabilities
473,264	-	-	672,710	Due to other agencies
-	-	169,702	301,431	Unearned revenue
<u>478,261</u>	<u>974</u>	<u>319,577</u>	<u>6,528,976</u>	Total liabilities
				DEFERRED INFLOWS OF RESOURCES
80,887	-	-	970,084	Unavailable revenue
				FUND BALANCES
-	-	-	148,679	Nonspendable
4,903,419	8,417,995	945,894	58,454,774	Restricted
-	-	95,414	95,414	Assigned
<u>4,903,419</u>	<u>8,417,995</u>	<u>1,041,308</u>	<u>58,698,867</u>	Total fund balances
<u>\$ 5,462,567</u>	<u>\$ 8,418,969</u>	<u>\$ 1,360,885</u>	<u>\$ 66,197,927</u>	Total liabilities, deferred inflows of resources 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, 2013

	Public Facilities			
	Fees	Library	Transportation	First 5 Solano
REVENUES				
Taxes	\$ -	\$ 10,772,572	\$ 1,412,718	\$ -
Licenses, permits and franchises	-	-	239,696	-
Fines, forfeitures and penalties	-	141	-	-
Use of money and property	19,499	34,619	79,615	37,519
Intergovernmental	-	1,246,409	14,556,803	3,949,119
Charges for services	6,897,281	4,395,147	2,247,255	486,524
Miscellaneous	-	112,563	51,401	106,420
Total revenues	<u>6,916,780</u>	<u>16,561,451</u>	<u>18,587,488</u>	<u>4,579,582</u>
EXPENDITURES				
Current:				
General government	2,783,016	-	19,441	-
Public protection	-	-	-	-
Public ways and facilities	-	-	8,743,810	-
Health services	-	-	-	5,476,685
Public assistance	-	-	-	163,344
Education and recreation	-	14,569,082	-	-
Debt service:				
Interest and other charges	-	-	28,426	-
Capital outlay	-	385,911	8,433,787	-
Total expenditures	<u>2,783,016</u>	<u>14,954,993</u>	<u>17,225,464</u>	<u>5,640,029</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,133,764</u>	<u>1,606,458</u>	<u>1,362,024</u>	<u>(1,060,447)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	981,980	-	180,103
Transfers out	(2,237,450)	(872,417)	(404,019)	(34,792)
Proceeds from sale of capital assets	-	-	98,600	-
Total other financing sources (uses)	<u>(2,237,450)</u>	<u>109,563</u>	<u>(305,419)</u>	<u>145,311</u>
Net change in fund balances	1,896,314	1,716,021	1,056,605	(915,136)
Fund balances - beginning	<u>8,348,079</u>	<u>9,407,553</u>	<u>10,167,855</u>	<u>12,658,854</u>
Fund balances - ending	<u>\$ 10,244,393</u>	<u>\$ 11,123,574</u>	<u>\$ 11,224,460</u>	<u>\$ 11,743,718</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2013

Home Loan Program	Micrographics & Modernization	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds	
\$ -	\$ -	\$ 904,552	\$ 13,089,842	REVENUES
-	-	-	239,696	Taxes
-	-	3,079	3,220	Licenses, permits and franchises
1,636	26,705	18,833	218,426	Fines, forfeitures and penalties
-	-	2,588,117	22,340,448	Use of money and property
875	824,126	621,871	15,473,079	Intergovernmental
-	-	20,595	290,979	Charges for services
2,511	850,831	4,157,047	51,655,690	Miscellaneous
				Total revenues
				EXPENDITURES
				Current:
-	-	-	2,802,457	General government
5,672	265,053	3,032,407	3,303,132	Public protection
-	-	166,944	8,910,754	Public ways and facilities
-	-	-	5,476,685	Health and sanitation
-	-	-	163,344	Public assistance
-	-	1,286,120	15,855,202	Education and recreation
-	-	-	28,426	Debt service:
-	-	15,130	8,834,828	Interest and other charges
5,672	265,053	4,500,601	45,374,828	Capital outlay
				Total expenditures
(3,161)	585,778	(343,554)	6,280,862	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES)
-	-	125,951	1,288,034	Transfers in
-	(203,881)	(21,650)	(3,774,209)	Transfers out
-	-	-	98,600	Proceeds from sale of capital assets
-	(203,881)	104,301	(2,387,575)	Total other financing sources (uses)
(3,161)	381,897	(239,253)	3,893,287	Net change in fund balances
4,906,580	8,036,098	1,280,561	54,805,580	Fund balances - beginning
\$ 4,903,419	\$ 8,417,995	\$ 1,041,308	\$ 58,698,867	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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 29,203	\$ 29,203	\$ 19,499	\$ (9,704)
Charges for services	2,045,049	2,045,049	6,897,281	4,852,232
Total revenues	<u>2,074,252</u>	<u>2,074,252</u>	<u>6,916,780</u>	<u>4,842,528</u>
EXPENDITURES				
Current:				
General government				
Public facilities fees	274,945	2,822,446	2,783,016	39,430
Non-departmental				
Contingencies	2,111,856	2,070,663	-	2,070,663
Total expenditures	<u>2,386,801</u>	<u>4,893,109</u>	<u>2,783,016</u>	<u>2,110,093</u>
Excess (deficiency) of revenues over (under) expenditures	(312,549)	(2,818,857)	4,133,764	6,952,621
OTHER FINANCING USES				
Transfers out	<u>(2,237,450)</u>	<u>(2,237,450)</u>	<u>(2,237,450)</u>	<u>-</u>
Net change in fund balance	(2,549,999)	(5,056,307)	1,896,314	6,952,621
Fund balance - beginning	8,348,079	8,348,079	8,348,079	-
Fund balance - ending	<u>\$ 5,798,080</u>	<u>\$ 3,291,772</u>	<u>\$ 10,244,393</u>	<u>\$ 6,952,621</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 8,894,283	\$ 9,471,716	\$ 10,772,572	\$ 1,300,856
Fines, forfeitures and penalties	-	-	141	141
Use of money and property	33,896	33,896	34,619	723
Intergovernmental	1,153,262	825,829	1,246,409	420,580
Charges for services	4,521,826	4,521,826	4,395,147	(126,679)
Miscellaneous	121,412	121,412	112,563	(8,849)
Total revenues	<u>14,724,679</u>	<u>14,974,679</u>	<u>16,561,451</u>	<u>1,586,772</u>
EXPENDITURES				
Current:				
Education				
Library	16,257,088	16,539,669	14,461,645	2,078,024
Library - Friends & Foundation	122,100	122,100	80,109	41,991
Library Zone 1	28,396	28,396	16,897	11,499
Library Zone 2	969	969	930	39
Library Zone 6	501	501	397	104
Library Zone 7	12,808	12,808	9,104	3,704
Total education	<u>16,421,862</u>	<u>16,704,443</u>	<u>14,569,082</u>	<u>2,135,361</u>
Non-departmental				
Contingencies	<u>5,245,949</u>	<u>5,245,949</u>	<u>-</u>	<u>5,245,949</u>
Capital outlay:				
Leasehold improvements	480,000	730,000	380,071	349,929
Equipment	125,000	125,000	5,840	119,160
Total capital outlay	<u>605,000</u>	<u>855,000</u>	<u>385,911</u>	<u>469,089</u>
Total expenditures	<u>22,272,811</u>	<u>22,805,392</u>	<u>14,954,993</u>	<u>7,850,399</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,548,132)</u>	<u>(7,830,713)</u>	<u>1,606,458</u>	<u>9,437,171</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	982,603	982,603	981,980	(623)
Transfers out	(894,494)	(894,494)	(872,417)	22,077
Total other financing sources (uses)	<u>88,109</u>	<u>88,109</u>	<u>109,563</u>	<u>21,454</u>
Net change in fund balance	(7,460,023)	(7,742,604)	1,716,021	9,458,625
Fund balance - beginning	9,407,553	9,407,553	9,407,553	-
Fund balance - ending	<u>\$ 1,947,530</u>	<u>\$ 1,664,949</u>	<u>\$ 11,123,574</u>	<u>\$ 9,458,625</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,240,230	\$ 1,240,230	\$ 1,412,718	\$ 172,488
Licenses, permits and franchises	177,700	177,700	239,696	61,996
Use of money and property	102,650	102,650	79,615	(23,035)
Intergovernmental	19,108,000	19,108,000	14,556,803	(4,551,197)
Charges for services	1,131,546	1,131,546	2,247,255	1,115,709
Miscellaneous	14,700	14,700	51,401	36,701
Total revenues	<u>21,774,826</u>	<u>21,774,826</u>	<u>18,587,488</u>	<u>(3,187,338)</u>
EXPENDITURES				
Current:				
General government				
Survey monument	20,000	20,000	19,441	559
Public ways and facilities				
Transportation	11,074,919	11,625,222	8,731,285	2,893,937
Public works improvement	1,000	1,000	1,000	-
Regional transportation project	100,000	100,000	11,525	88,475
Total public ways and facilities	<u>11,175,919</u>	<u>11,726,222</u>	<u>8,743,810</u>	<u>2,982,412</u>
Non-departmental				
Contingencies	71,331	71,331	-	71,331
Debt service:				
Interest and other charges	40,000	40,000	28,426	11,574
Capital outlay:				
Land	113,000	113,000	62,524	50,476
Construction in progress	10,413,000	10,384,876	7,518,774	2,866,102
Equipment	640,000	872,553	852,489	20,064
Intangibles	35,000	35,000	-	35,000
Total capital outlay	<u>11,201,000</u>	<u>11,405,429</u>	<u>8,433,787</u>	<u>2,971,642</u>
Total expenditures	<u>22,508,250</u>	<u>23,262,982</u>	<u>17,225,464</u>	<u>6,037,518</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(733,424)</u>	<u>(1,488,156)</u>	<u>1,362,024</u>	<u>2,850,180</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of long-term debt	140,000	140,000	-	(140,000)
Transfers in	58,640	58,640	-	(58,640)
Transfers out	(467,308)	(467,308)	(404,019)	63,289
Proceeds from sale of capital assets	30,000	30,000	98,600	68,600
Total other financing sources (uses)	<u>(238,668)</u>	<u>(238,668)</u>	<u>(305,419)</u>	<u>(66,751)</u>
Net change in fund balance	(972,092)	(1,726,824)	1,056,605	2,783,429
Fund balance - beginning	10,167,855	10,167,855	10,167,855	-
Fund balance - ending	<u>\$ 9,195,763</u>	<u>\$ 8,441,031</u>	<u>\$ 11,224,460</u>	<u>\$ 2,783,429</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 35,751	\$ 35,751	\$ 37,519	\$ 1,768
Intergovernmental	3,696,710	3,801,701	3,949,119	147,418
Charges for services	497,972	497,972	486,524	(11,448)
Miscellaneous	180,103	180,103	106,420	(73,683)
Total revenues	<u>4,410,536</u>	<u>4,515,527</u>	<u>4,579,582</u>	<u>64,055</u>
EXPENDITURES				
Current:				
Health services				
First 5 Solano	6,012,301	6,292,354	5,476,685	815,669
Public assistance				
Grants/programs administration	222,075	222,075	163,344	58,731
Non-departmental				
Contingencies	1,000,000	915,115	-	915,115
Total expenditures	<u>7,234,376</u>	<u>7,429,544</u>	<u>5,640,029</u>	<u>1,789,515</u>
Deficiency of revenues under expenditures	(2,823,840)	(2,914,017)	(1,060,447)	1,853,570
OTHER FINANCING (USES) SOURCES				
Transfers in	180,103	180,103	180,103	-
Transfers out	(34,893)	(34,893)	(34,792)	101
Total other financing sources (uses)	<u>145,210</u>	<u>145,210</u>	<u>145,311</u>	<u>101</u>
Net change in fund balance	(2,678,630)	(2,768,807)	(915,136)	1,853,671
Fund balance - beginning	12,658,854	12,658,854	12,658,854	-
Fund balance - ending	<u>\$ 9,980,224</u>	<u>\$ 9,890,047</u>	<u>\$ 11,743,718</u>	<u>\$ 1,853,671</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 14,427	\$ 14,427	\$ 1,636	\$ (12,791)
Intergovernmental	300,000	400,000	-	(400,000)
Charges for services	875	875	875	-
Total revenues	<u>315,302</u>	<u>415,302</u>	<u>2,511</u>	<u>(412,791)</u>
EXPENDITURES				
Current:				
Public protection				
Micro-enterprise business account	-	100,000	122	99,878
Homeacres Loan Program	70,132	70,132	5,550	64,582
Total public protection	<u>70,132</u>	<u>170,132</u>	<u>5,672</u>	<u>164,460</u>
Non-departmental				
Contingencies	1,403,105	1,403,105	-	1,403,105
Total expenditures	<u>1,473,237</u>	<u>1,573,237</u>	<u>5,672</u>	<u>1,567,565</u>
Deficiency of revenues under expenditures	<u>(1,157,935)</u>	<u>(1,157,935)</u>	<u>(3,161)</u>	<u>1,154,774</u>
Net change in fund balance	(1,157,935)	(1,157,935)	(3,161)	1,154,774
Fund balance - beginning	4,906,580	4,906,580	4,906,580	-
Fund balance - ending	<u>\$ 3,748,645</u>	<u>\$ 3,748,645</u>	<u>\$ 4,903,419</u>	<u>\$ 1,154,774</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Micrographics & Modernization Special Revenue Fund
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 28,500	\$ 28,500	\$ 26,705	\$ (1,795)
Charges for services	738,000	738,000	824,126	86,126
Total revenues	<u>766,500</u>	<u>766,500</u>	<u>850,831</u>	<u>84,331</u>
EXPENDITURES				
Current:				
Public protection				
Recorder Special Revenue	725,447	725,447	265,053	460,394
Non-departmental				
Contingencies	6,649,984	6,649,984	-	6,649,984
Capital outlay:				
Intangibles	36,000	36,000	-	36,000
Total expenditures	<u>7,411,431</u>	<u>7,411,431</u>	<u>265,053</u>	<u>7,146,378</u>
Excess (deficiency) of revenues over (under) expenditures	(6,644,931)	(6,644,931)	585,778	7,230,709
OTHER FINANCING USES				
Transfers out	(203,881)	(203,881)	(203,881)	-
Net change in fund balance	(6,848,812)	(6,848,812)	381,897	7,230,709
Fund balance - beginning	8,036,098	8,036,098	8,036,098	-
Fund balance - ending	<u>\$ 1,187,286</u>	<u>\$ 1,187,286</u>	<u>\$ 8,417,995</u>	<u>\$ 7,230,709</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 845,689	\$ 914,898	\$ 904,552	\$ (10,346)
Fines, forfeitures and penalties	2,800	2,800	3,079	279
Use of money and property	25,845	25,845	18,833	(7,012)
Intergovernmental	4,001,951	3,932,742	2,588,117	(1,344,625)
Charges for services	575,561	575,561	621,871	46,310
Miscellaneous	5,575	5,575	20,595	15,020
Total revenues	<u>5,457,421</u>	<u>5,457,421</u>	<u>4,157,047</u>	<u>(1,300,374)</u>
EXPENDITURES				
Current:				
Public protection				
Housing Authority of Solano County	3,770,967	3,770,967	2,502,371	1,268,596
East Vallejo Fire Protection District	369,635	369,635	336,161	33,474
Fish/Wildlife Propagation	234,327	553,478	193,875	359,603
Total public protection	<u>4,374,929</u>	<u>4,694,080</u>	<u>3,032,407</u>	<u>1,661,673</u>
Public ways and facilities				
County Consolidated Service Area	182,678	212,751	166,944	45,807
Education and recreation				
Parks & Recreation	1,350,453	1,470,064	1,286,120	183,944
Non-departmental				
Contingencies	26,336	26,336	-	26,336
Capital outlay:				
Equipment	19,000	19,000	15,130	3,870
Total expenditures	<u>5,953,396</u>	<u>6,422,231</u>	<u>4,500,601</u>	<u>1,921,630</u>
Deficiency of revenues under expenditures	<u>(495,975)</u>	<u>(964,810)</u>	<u>(343,554)</u>	<u>621,256</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	125,951	231,951	125,951	(106,000)
Transfers out	(22,931)	(22,931)	(21,650)	1,281
Total other financing sources (uses)	<u>103,020</u>	<u>209,020</u>	<u>104,301</u>	<u>(104,719)</u>
Net change in fund balance	(392,955)	(755,790)	(239,253)	516,537
Fund balance - beginning	1,280,561	1,280,561	1,280,561	-
Fund balance - ending	<u>\$ 887,606</u>	<u>\$ 524,771</u>	<u>\$ 1,041,308</u>	<u>\$ 516,537</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Accumulated Capital Outlay Capital Projects Fund
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,602,036	\$ 1,874,766	\$ 1,985,691	\$ 110,925
Use of money and property	95,620	95,620	56,728	(38,892)
Intergovernmental	62,044,320	62,040,294	26,279,437	(35,760,857)
Charges for services	20,319	20,319	20,319	-
Miscellaneous	-	-	226,296	226,296
Total revenues	<u>63,762,295</u>	<u>64,030,999</u>	<u>28,568,471</u>	<u>(35,462,528)</u>
EXPENDITURES				
Current:				
General government				
Capital Projects	<u>3,570,351</u>	<u>8,003,493</u>	<u>2,587,584</u>	<u>5,415,909</u>
Non-departmental				
Contingencies	<u>1,321,214</u>	<u>971,895</u>	<u>-</u>	<u>971,895</u>
Capital outlay:				
Construction in progress	62,873,640	88,433,185	34,009,862	54,423,323
Equipment	20,000	3,540,645	768,107	2,772,538
Artwork	-	127,160	124,635	2,525
Total capital outlay	<u>62,893,640</u>	<u>92,100,990</u>	<u>34,902,604</u>	<u>57,198,386</u>
Total expenditures	<u>67,785,205</u>	<u>101,076,378</u>	<u>37,490,188</u>	<u>63,586,190</u>
Deficiency of revenues under expenditures	<u>(4,022,910)</u>	<u>(37,045,379)</u>	<u>(8,921,717)</u>	<u>28,123,662</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from issuance of long-term debt	4,391,120	4,391,120	5,420,000	1,028,880
Transfers in	2,303,640	3,883,640	3,883,640	-
Transfers out	(900,000)	(900,000)	(900,000)	-
Total other financing sources (uses)	<u>5,794,760</u>	<u>7,374,760</u>	<u>8,403,640</u>	<u>1,028,880</u>
Net change in fund balance	1,771,850	(29,670,619)	(518,077)	29,152,542
Fund balance - beginning	29,100,670	29,670,619	29,100,670	(569,949)
Fund balance - ending	<u>\$ 30,872,520</u>	<u>\$ -</u>	<u>\$ 28,582,593</u>	<u>\$ 28,582,593</u>

Nonmajor Debt Service Funds

2009 Certificates of Participation Fund – This fund was established for the payment of debt issued 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 for 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, 2013

	<u>2009 Certificates of Participation</u>	<u>Government Center Debt Service Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
ASSETS			
Cash and investments	\$ 1,763,537	\$ 2,804,148	\$ 4,567,685
FUND BALANCES			
Restricted	\$ 1,763,537	\$ 4,148	\$ 1,767,685
Assigned	-	2,800,000	2,800,000
Total fund balances	<u>\$ 1,763,537</u>	<u>\$ 2,804,148</u>	<u>\$ 4,567,685</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, 2013

	2009 Certificates of Participation	Government Center Debt Service Fund	Total Nonmajor Debt Service Funds
REVENUES			
Use of money and property	\$ 95	\$ 7,093	\$ 7,188
Charges for services	-	1,623,505	1,623,505
Total revenues	95	1,630,598	1,630,693
EXPENDITURES			
Current:			
General government	6,453	15,670	22,123
Debt service:			
Principal	1,930,000	3,275,000	5,205,000
Interest and other charges	581,088	4,659,531	5,240,619
Total expenditures	2,517,541	7,950,201	10,467,742
Deficiency of revenues under expenditures	(2,517,446)	(6,319,603)	(8,837,049)
OTHER FINANCING SOURCES			
Transfers in	2,517,525	9,120,135	11,637,660
Net change in fund balances	79	2,800,532	2,800,611
Fund balances - beginning	1,763,458	3,616	1,767,074
Fund balances - ending	\$ 1,763,537	\$ 2,804,148	\$ 4,567,685

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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ (8,916)	\$ (8,916)	\$ (25,749)	\$ (16,833)
Miscellaneous	813,772	813,772	760,932	(52,840)
Total revenues	<u>804,856</u>	<u>804,856</u>	<u>735,183</u>	<u>(69,673)</u>
EXPENDITURES				
Current:				
General government				
Pension Obligation Bonds Administration	26,308	26,308	25,510	798
Debt service:				
Principal	5,845,000	8,345,000	8,345,000	-
Interest and other charges	3,949,860	3,949,860	3,828,892	120,968
Total debt service	<u>9,794,860</u>	<u>12,294,860</u>	<u>12,173,892</u>	<u>120,968</u>
Total expenditures	<u>9,821,168</u>	<u>12,321,168</u>	<u>12,199,402</u>	<u>121,766</u>
Deficiency of revenues under expenditures	<u>(9,016,312)</u>	<u>(11,516,312)</u>	<u>(11,464,219)</u>	<u>52,093</u>
OTHER FINANCING SOURCES				
Proceeds from refunding bonds issued	12,747,685	12,647,885	-	(12,647,885)
Transfers in	11,116,604	11,216,404	10,093,206	(1,123,198)
Total other financing sources	<u>23,864,289</u>	<u>23,864,289</u>	<u>10,093,206</u>	<u>(13,771,083)</u>
Net change in fund balance	14,847,977	12,347,977	(1,371,013)	(13,718,990)
Fund balance (deficit) - beginning	(9,480,728)	(9,480,728)	(9,480,728)	-
Fund balance (deficit) - ending	<u>\$ 5,367,249</u>	<u>\$ 2,867,249</u>	<u>\$ (10,851,741)</u>	<u>\$ (13,718,990)</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 200	\$ 200	\$ 95	\$ (105)
EXPENDITURES				
Current:				
General government				
HSS Admin Refinance	7,080	7,080	6,453	627
Debt service:				
Principal	1,930,000	1,930,000	1,930,000	-
Interest and other charges	581,088	581,088	581,088	-
Total debt service	<u>2,511,088</u>	<u>2,511,088</u>	<u>2,511,088</u>	<u>-</u>
Total expenditures	<u>2,518,168</u>	<u>2,518,168</u>	<u>2,517,541</u>	<u>627</u>
Deficiency of revenues under expenditures	(2,517,968)	(2,517,968)	(2,517,446)	522
OTHER FINANCING SOURCES				
Transfers in	2,517,988	2,517,988	2,517,525	(463)
Net change in fund balance	20	20	79	59
Fund balance - beginning	1,763,458	1,763,458	1,763,458	-
Fund balance - ending	<u>\$ 1,763,478</u>	<u>\$ 1,763,478</u>	<u>\$ 1,763,537</u>	<u>\$ 59</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, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 1,000	\$ 1,000	\$ 7,093	\$ 6,093
Charges for services	1,636,121	1,636,121	1,623,505	(12,616)
Total revenues	<u>1,637,121</u>	<u>1,637,121</u>	<u>1,630,598</u>	<u>(6,523)</u>
EXPENDITURES				
Current:				
General government				
Government Center	26,331	26,331	15,670	10,661
Debt service:				
Principal	3,275,000	3,275,000	3,275,000	-
Interest and other charges	4,659,531	4,659,531	4,659,531	-
Total debt service	<u>7,934,531</u>	<u>7,934,531</u>	<u>7,934,531</u>	<u>-</u>
Total expenditures	<u>7,960,862</u>	<u>7,960,862</u>	<u>7,950,201</u>	<u>10,661</u>
Deficiency of revenues under expenditures	(6,323,741)	(6,323,741)	(6,319,603)	4,138
OTHER FINANCING SOURCES				
Transfers in	9,120,135	9,120,135	9,120,135	-
Net change in fund balance	2,796,394	2,796,394	2,800,532	4,138
Fund balance - beginning	3,616	3,616	3,616	-
Fund balance - ending	<u>\$ 2,800,010</u>	<u>\$ 2,800,010</u>	<u>\$ 2,804,148</u>	<u>\$ 4,138</u>

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.

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

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

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2013

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>	<u>Total Internal Service Funds</u>
ASSETS				
Current assets				
Cash and investments	\$ 3,509,021	\$ 18,374,942	\$ 4,701,958	\$ 26,585,921
Accounts receivable	50,224	121,726	150,178	322,128
Due from other agencies	3,959	24,054	36,663	64,676
Due from other funds	51,678	-	41,467	93,145
Other assets	226,607	250,000	-	476,607
Total current assets	<u>3,841,489</u>	<u>18,770,722</u>	<u>4,930,266</u>	<u>27,542,477</u>
Noncurrent assets				
Capital assets:				
Buildings and improvements	114,471	-	183,560	298,031
Equipment	10,488,020	-	9,839,963	20,327,983
Intangibles	-	-	5,699,429	5,699,429
Accumulated depreciation and amortization	(6,842,503)	-	(10,445,454)	(17,287,957)
Total capital assets	<u>3,759,988</u>	<u>-</u>	<u>5,277,498</u>	<u>9,037,486</u>
Total assets	<u>7,601,477</u>	<u>18,770,722</u>	<u>10,207,764</u>	<u>36,579,963</u>
LIABILITIES				
Current liabilities				
Outstanding warrants	37,339	12,748	48,211	98,298
Payables	104,036	251,126	2,373,170	2,728,332
Unearned revenue	-	340,578	-	340,578
Due to other funds	1,325	119,124	4,152	124,601
Current portion of long-term obligations	55,381	4,030,259	331,420	4,417,060
Total current liabilities	<u>198,081</u>	<u>4,753,835</u>	<u>2,756,953</u>	<u>7,708,869</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	248,590	8,248,289	731,760	9,228,639
Total liabilities	<u>446,671</u>	<u>13,002,124</u>	<u>3,488,713</u>	<u>16,937,508</u>
NET POSITION				
Net investment in capital assets	3,759,988	-	5,277,498	9,037,486
Unrestricted	3,394,818	5,768,598	1,441,553	10,604,969
Total net position	<u>\$ 7,154,806</u>	<u>\$ 5,768,598</u>	<u>\$ 6,719,051</u>	<u>\$ 19,642,455</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2013

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES				
Charges for sales and services:				
Internal services	\$ 4,066,585	\$ 11,004,086	\$ 17,876,545	\$ 32,947,216
OPERATING EXPENSES				
Personnel services	876,249	685,713	5,160,016	6,721,978
Maintenance	667,186	806	694,699	1,362,691
Materials and supplies	1,055,701	9,923	603,374	1,668,998
Depreciation and amortization	1,153,541	-	1,672,194	2,825,735
Insurance	21,899	11,282,883	74,234	11,379,016
Rent, utilities and others	277,348	1,443,986	9,203,222	10,924,556
Total operating expenses	<u>4,051,924</u>	<u>13,423,311</u>	<u>17,407,739</u>	<u>34,882,974</u>
Operating income (loss)	<u>14,661</u>	<u>(2,419,225)</u>	<u>468,806</u>	<u>(1,935,758)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	10,630	52,499	6,950	70,079
Other revenue	97,163	779,843	135,611	1,012,617
Gain (loss) on disposal of capital assets	126,501	-	(1,500)	125,001
Total nonoperating revenues, net	<u>234,294</u>	<u>832,342</u>	<u>141,061</u>	<u>1,207,697</u>
Income (loss) before transfers	248,955	(1,586,883)	609,867	(728,061)
Transfers in	24,896	-	-	24,896
Transfers out	(33,392)	(26,921)	(211,079)	(271,392)
Change in net position	240,459	(1,613,804)	398,788	(974,557)
Total net position - beginning	6,914,347	7,382,402	6,320,263	20,617,012
Total net position - ending	<u>\$ 7,154,806</u>	<u>\$ 5,768,598</u>	<u>\$ 6,719,051</u>	<u>\$ 19,642,455</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2013

	Fleet Management	Risk Management	Information Technology	Total Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 4,137,028	\$ 11,943,927	\$ 18,015,413	\$ 34,096,368
Receipts from interfund services provided	-	18,596	377,560	396,156
Payments to suppliers	(2,024,535)	(12,177,077)	(10,090,744)	(24,292,356)
Payments to employees	(860,077)	(674,497)	(5,079,342)	(6,613,916)
Net cash provided (used) by operating activities	<u>1,252,416</u>	<u>(889,051)</u>	<u>3,222,887</u>	<u>3,586,252</u>
Cash flows from noncapital financing activities:				
Transfers in	24,896	-	-	24,896
Transfers out	(33,392)	(26,921)	(211,079)	(271,392)
Net cash used by noncapital financing activities	<u>(8,496)</u>	<u>(26,921)</u>	<u>(211,079)</u>	<u>(246,496)</u>
Cash flows from capital and related financing activities:				
Debt principal paid	-	-	(7,933)	(7,933)
Acquisition of capital assets	(438,961)	-	(514,728)	(953,689)
Proceeds from sale of capital assets	155,300	-	-	155,300
Net cash used by capital and related financing activities	<u>(283,661)</u>	<u>-</u>	<u>(522,661)</u>	<u>(806,322)</u>
Cash flows from investing activities:				
Investment income	10,630	52,499	6,950	70,079
Net increase (decrease) in cash and cash equivalents	<u>970,889</u>	<u>(863,473)</u>	<u>2,496,097</u>	<u>2,603,513</u>
Cash and cash equivalents - beginning	2,538,132	19,238,415	2,205,861	23,982,408
Cash and cash equivalents - ending	<u>\$ 3,509,021</u>	<u>\$ 18,374,942</u>	<u>\$ 4,701,958</u>	<u>\$ 26,585,921</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 14,661	\$ (2,419,225)	\$ 468,806	\$ (1,935,758)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,153,541	-	1,672,194	2,825,735
Other nonoperating revenue	97,163	779,843	135,611	1,012,617
Changes in assets and liabilities:				
Decrease in receivables, net	14,229	168,144	3,112	185,485
(Increase) decrease in due from other funds	(37,253)	-	377,631	340,378
(Increase) decrease in due from other agencies	(3,695)	(5,458)	145	(9,008)
Decrease in other assets	43,578	250,000	-	293,578
Increase (decrease) in outstanding warrants	5,513	(361,249)	(372,870)	(728,606)
Increase (decrease) in payables	(45,712)	12,189	894,903	861,380
Increase (decrease) in due to other funds	(98)	76,713	(71)	76,544
Decrease in due to other agencies	(5,781)	(12,132)	(37,248)	(55,161)
Increase in unearned revenue	-	15,908	-	15,908
Increase in accrued compensated absences	15,612	10,700	76,510	102,822
Increase in other postemployment benefits	658	516	4,164	5,338
Increase in self-insurance liability	-	595,000	-	595,000
Total adjustments	<u>1,237,755</u>	<u>1,530,174</u>	<u>2,754,081</u>	<u>5,522,010</u>
Net cash provided (used) by operating activities	<u>\$ 1,252,416</u>	<u>\$ (889,051)</u>	<u>\$ 3,222,887</u>	<u>\$ 3,586,252</u>
Noncash investing, capital, and financing activities				
Change in fair value of investments	\$ (6,432)	\$ (49,764)	\$ (5,387)	\$ (61,583)

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.

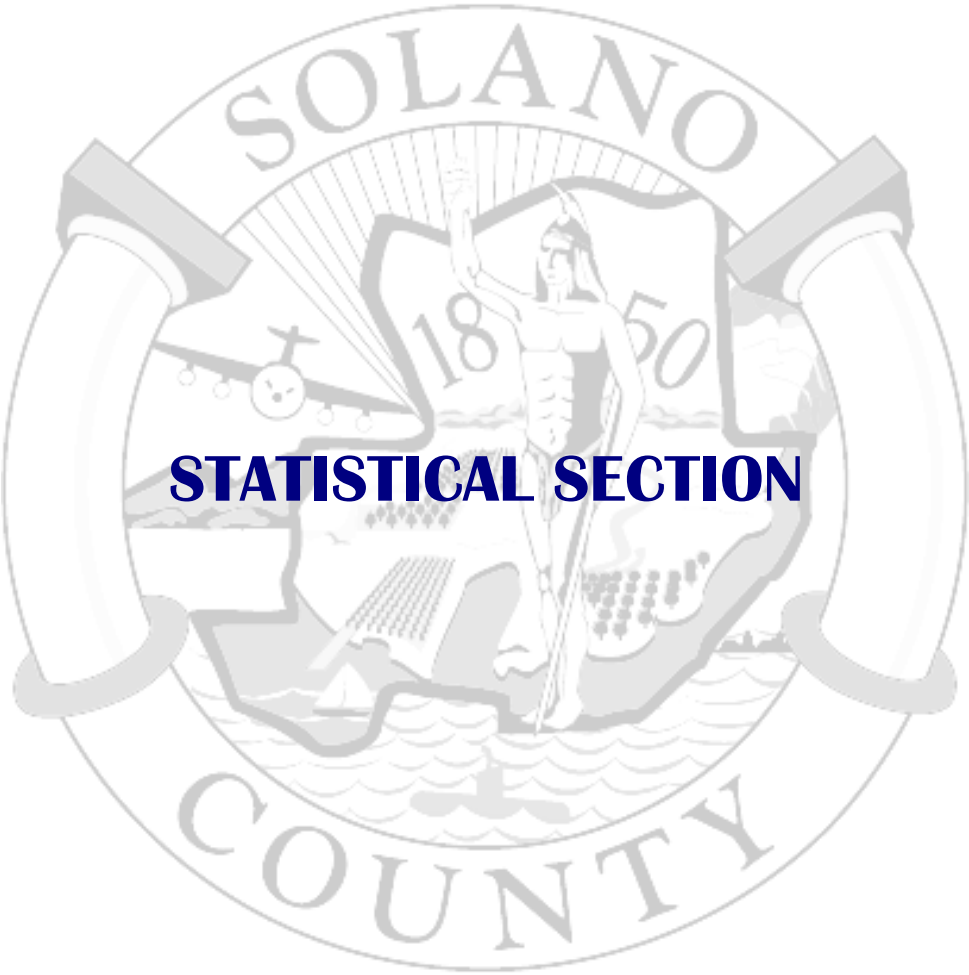
Local Transportation Fund – This fund is used to account for the quarter of one percent sales tax collected by the State Board of Equalization and deposited with the county of origin for local transportation support. The Metropolitan Transportation Commission, the regional agency responsible for administration 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, 2013

PROPERTY TAX COLLECTION	Balance			Balance
	July 1, 2012	Additions	Deductions	June 30, 2013
Assets				
Cash and investments	\$ 1,102,004	\$ 542,033,088	\$ 542,989,012	\$ 146,080
Property taxes receivable	31,832,782	511,816,471	515,039,640	28,609,613
Total assets	<u>\$ 32,934,786</u>	<u>\$ 1,053,849,559</u>	<u>\$ 1,058,028,652</u>	<u>\$ 28,755,693</u>
Liabilities				
Due to others	<u>\$ 32,934,786</u>	<u>\$ 1,053,849,559</u>	<u>\$ 1,058,028,652</u>	<u>\$ 28,755,693</u>
 LOCAL TRANSPORTATION				
	Balance			Balance
	July 1, 2012	Additions	Deductions	June 30, 2013
Assets				
Cash and investments	\$ 10,154,977	\$ 16,765,069	\$ 15,663,914	\$ 11,256,132
Liabilities				
Due to others	<u>\$ 10,154,977</u>	<u>\$ 16,765,069</u>	<u>\$ 15,663,914</u>	<u>\$ 11,256,132</u>
 ALL OTHER AGENCY FUNDS				
	Balance			Balance
	July 1, 2012	Additions	Deductions	June 30, 2013
Assets				
Cash and investments	\$ 27,335,316	\$ 20,194,368	\$ 16,656,696	\$ 30,872,988
Liabilities				
Due to others	<u>\$ 27,335,316</u>	<u>\$ 20,194,368</u>	<u>\$ 16,656,696</u>	<u>\$ 30,872,988</u>
 TOTAL - ALL AGENCY FUNDS				
	Balance			Balance
	July 1, 2012	Additions	Deductions	June 30, 2013
Assets				
Cash and investments	\$ 38,592,297	\$ 578,992,525	\$ 575,309,622	\$ 42,275,200
Property taxes receivable	31,832,782	511,816,471	515,039,640	28,609,613
Total assets	<u>\$ 70,425,079</u>	<u>\$ 1,090,808,996</u>	<u>\$ 1,090,349,262</u>	<u>\$ 70,884,813</u>
Liabilities				
Due to others	<u>\$ 70,425,079</u>	<u>\$ 1,090,808,996</u>	<u>\$ 1,090,349,262</u>	<u>\$ 70,884,813</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.

<u>Contents</u>	<u>Page</u>
Financial Trends Information <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>	124
Revenue Capacity Information <i>These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.</i>	132
Debt Capacity Information <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>	136
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.</i>	140
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.</i>	142

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

	Fiscal Year				
	2013	2012	2011	2010	2009
Governmental activities					
Net investment in capital assets	\$ 408,961,062	\$ 380,366,107	\$ 364,775,065	\$ 366,707,988	\$338,045,459
Restricted	133,820,602	117,783,378	84,063,560	49,100,180	66,684,155
Unrestricted	186,237,045	170,013,282	174,821,311	208,557,054	223,968,696
Total governmental activities net position	<u>\$ 729,018,709</u>	<u>\$ 668,162,767</u>	<u>\$ 623,659,936</u>	<u>\$ 624,365,222</u>	<u>\$628,698,310</u>
Business-type activities					
Net investment in capital assets	15,397,568	18,601,811	\$ 19,226,808	\$ 19,827,763	\$ 20,389,570
Unrestricted	(2,485,608)	(2,443,915)	(2,701,490)	(4,064,292)	(3,673,335)
Total business-type activities net position	<u>\$ 12,911,960</u>	<u>\$ 16,157,896</u>	<u>\$ 16,525,318</u>	<u>\$ 15,763,471</u>	<u>\$ 16,716,235</u>
Primary government					
Net investment in capital assets	\$ 424,358,630	\$ 398,967,918	\$ 384,001,873	\$ 386,535,751	\$358,435,029
Restricted	133,820,602	117,783,378 ¹	84,063,560	49,100,180	66,684,155
Unrestricted	183,751,437	167,569,367	172,119,821	204,492,762	220,295,361
Total primary government net position	<u>\$ 741,930,669</u>	<u>\$ 684,320,663</u>	<u>\$ 640,185,254</u>	<u>\$ 640,128,693</u>	<u>\$645,414,545</u>

¹ Includes restriction of governmental activities net position for the restatement of \$22.7 million of MHSA (Mental Health Services Act) funds.

Source: Audited Financial Statements

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

Fiscal Year					
2008	2007	2006	2005	2004	
					Governmental activities
\$306,156,899	\$ 290,318,976	\$273,169,996	\$274,177,088	\$ 270,350,715	Net investment in capital assets
72,516,573	70,229,693	67,227,824	40,996,161	70,579,011	Restricted
257,528,047	251,684,500	218,470,331	185,407,179	134,490,563	Unrestricted
<u>\$636,201,519</u>	<u>\$ 612,233,169</u>	<u>\$558,868,151</u>	<u>\$500,580,428</u>	<u>\$475,420,289</u>	Total governmental activities net position
					Business-type activities
\$ 20,790,532	\$ 14,896,619	\$ 11,809,809	\$ 10,270,009	\$ 9,621,167	Net investment in capital assets
(5,570,038)	(1,441,992)	(2,847,845)	(1,013,848)	(530,539)	Unrestricted
<u>\$ 15,220,494</u>	<u>\$ 13,454,627</u>	<u>\$ 8,961,964</u>	<u>\$ 9,256,161</u>	<u>\$ 9,090,628</u>	Total business-type activities net position
					Primary government
\$326,947,431	\$ 305,215,595	\$284,979,805	\$284,447,097	\$ 279,971,882	Net investment in capital assets
72,516,573	70,229,693	67,227,824	40,996,161	70,579,011	Restricted
251,958,009	250,242,508	215,622,486	184,393,331	133,960,024	Unrestricted
<u>\$651,422,013</u>	<u>\$ 625,687,796</u>	<u>\$567,830,115</u>	<u>\$509,836,589</u>	<u>\$484,510,917</u>	Total primary government net position

Source: Audited Financial Statements

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

	Fiscal Year				
	2013	2012	2011	2010	2009
Expenses					
Governmental activities:					
General government	\$ 58,013,267	\$ 56,978,971	\$ 62,456,530	\$ 62,720,766	\$ 68,697,921
Public protection	161,558,477	158,553,975	157,078,830	164,196,516	175,498,575
Public ways and facilities	13,024,689	15,182,777	12,760,561	12,148,729	12,765,552
Health services	111,863,567	110,120,877	108,700,791	104,435,728	106,791,512
Public assistance	133,282,542	133,556,741	144,667,818	140,870,819	144,896,972
Education and recreation	15,932,037	16,783,519	17,739,331	19,241,131	21,109,579
Interest /Principal on long-term debt	9,071,006	9,528,897	10,186,688	11,038,872	12,124,643
Total governmental activities expenses	<u>502,745,585</u>	<u>500,705,757</u>	<u>513,590,549</u>	<u>514,652,561</u>	<u>541,884,754</u>
Business-type activities:					
Nut Tree Airport	2,292,965	1,609,696	1,817,231	2,531,275	2,241,236
Fouts Springs Youth Facility	-	635,756	4,073,152	3,888,424	3,713,188
Total business-type activities expenses	<u>2,292,965</u>	<u>2,245,452</u>	<u>5,890,383</u>	<u>6,419,699</u>	<u>5,954,424</u>
Total primary government expenses	<u>\$ 505,038,550</u>	<u>\$ 502,951,209</u>	<u>\$ 519,480,932</u>	<u>\$ 521,072,260</u>	<u>\$ 547,839,178</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 22,872,816	\$ 21,363,951	\$ 22,521,426	\$ 24,664,412	\$ 28,899,543
Public protection	20,884,186	20,122,142	20,203,371	18,382,235	19,694,270
Public ways and facilities	2,129,249	1,769,591	1,191,080	1,081,929	1,223,163
Health services	18,245,926	22,441,636	21,718,347	18,236,407	16,130,208
Public assistance	990,625	860,217	1,193,714	987,213	839,430
Education and recreation	4,884,617	5,277,053	5,223,005	5,154,002	5,753,093
Operating grants and contributions	303,110,940	287,589,862	290,072,372	264,136,077	281,259,235
Capital grants and contributions	31,331,388	4,286,121	3,165,238	14,076,600	6,303,034
Total governmental activities program revenues	<u>404,449,747</u>	<u>363,710,573</u>	<u>365,288,553</u>	<u>346,718,875</u>	<u>360,101,976</u>
Business-type activities					
Charges for services:					
Nut Tree Airport	1,141,484	477,917	525,217	1,277,477	1,292,875
Fouts Springs Youth Facility	-	400,353	3,126,145	3,310,703	3,203,533
Operating grants and contributions	10,000	165,321	540,479	548,965	528,000
Capital grants and contributions	-	-	2,098,493	-	2,189,182
Total business-type activities	<u>1,151,484</u>	<u>1,043,591</u>	<u>6,290,334</u>	<u>5,137,145</u>	<u>7,213,590</u>
Total primary government program revenues	<u>\$ 405,601,231</u>	<u>\$ 364,754,164</u>	<u>\$ 371,578,887</u>	<u>\$ 351,856,020</u>	<u>\$ 367,315,566</u>
Net (Expenses)/Revenue					
Governmental activities	\$ (98,295,838)	\$ (136,995,184)	\$ (148,301,996)	\$ (167,933,686)	\$ (181,782,778)
Business-type activities	(1,141,481)	(1,201,861)	399,951	(1,282,554)	1,259,166
Total primary government net expenses	<u>\$ (99,437,319)</u>	<u>\$ (138,197,045)</u>	<u>\$ (147,902,045)</u>	<u>\$ (169,216,240)</u>	<u>\$ (180,523,612)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes ^{1,2}	\$ 124,547,765	\$ 116,937,628	\$ 109,322,638	\$ 112,720,861	\$ 124,364,351
Sales and use tax	2,136,820	1,851,294	1,203,681	3,802,198	4,277,127
Property transfer tax	1,792,160	1,622,877	1,490,597	1,652,158	1,730,179
Intergovernmental not restricted for specific programs ^{1,2}	13,291,297	12,120,126	23,601,639	20,607,668	22,666,383
Interest & investment earnings	692,890	1,525,567	1,926,203	2,744,934	5,729,000
Proceeds from sale of tobacco settlement revenues	-	-	-	-	-
Other	15,805,088	16,125,278	18,716,998	19,692,717	16,497,109
Gain on sale of capital assets	506,147	115,259	-	37,694	229,676
Extraordinary item	-	8,809,741	(8,809,741)	-	-
Transfers	2,542,601	(432,279)	144,695	93,446	163,667
Total governmental activities	<u>161,314,768</u>	<u>158,675,491</u>	<u>147,596,710</u>	<u>161,351,676</u>	<u>175,657,492</u>
Business-type activities:					
Property taxes	292,366	265,191	239,913	246,828	273,693
Intergovernmental not restricted to specific programs	42,879	27,214	48,430	50,857	54,693
Interest & investment earnings	1,131	(1,778)	453	1,168	8,138
Other	101,770	107,233	217,795	109,083	63,418
Gain on sale of capital assets	-	4,300	-	15,300	300
Transfers	(2,542,601)	432,279	(144,695)	(93,446)	(163,667)
Total business-type activities	<u>(2,104,455)</u>	<u>834,439</u>	<u>361,896</u>	<u>329,790</u>	<u>236,575</u>
Total primary government	<u>\$ 159,210,313</u>	<u>\$ 159,509,930</u>	<u>\$ 147,958,606</u>	<u>\$ 161,681,466</u>	<u>\$ 175,894,067</u>
Change in net position					
Governmental activities	\$ 63,018,930	\$ 21,680,307	\$ (705,286)	\$ (6,582,010)	\$ (6,125,286)
Business-type activities	(3,245,936)	(367,422)	761,847	(952,764)	1,495,741
Total primary government	<u>\$ 59,772,994</u>	<u>\$ 21,312,885</u>	<u>\$ 56,561</u>	<u>\$ (7,534,774)</u>	<u>\$ (4,629,545)</u>

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

² Beginning in February 2012, as a result of the dissolution of redevelopment agencies by the State, amounts previously recorded as Intergovernmental revenues are recorded as Property Taxes.

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

		Fiscal Year					
2008	2007	2006	2005	2004			
					Expenses		
					Governmental activities:		
\$ 66,076,091	\$ 53,610,176	\$ 56,558,886	\$ 50,668,082	\$ 43,489,603	General government		
167,025,179	152,135,516	145,029,057	143,497,198	132,128,495	Public protection		
13,749,283	12,524,903	14,258,190	13,111,022	11,175,121	Public ways and facilities		
106,905,228	101,162,646	98,074,826	103,089,445	94,775,322	Health services		
140,654,444	132,795,943	130,957,165	122,936,114	129,712,495	Public assistance		
21,958,611	21,241,168	19,140,185	15,887,886	14,212,564	Education and recreation		
13,010,423	12,781,989	12,848,298	12,548,175	8,233,665	Interest /Principal on long-term debt		
<u>529,379,259</u>	<u>486,252,341</u>	<u>476,866,607</u>	<u>461,737,922</u>	<u>433,727,265</u>	Total governmental activities expenses		
					Business-type activities:		
2,022,955	1,639,976	1,592,100	1,362,902	1,262,109	Nut Tree Airport		
3,649,876	3,398,461	3,301,242	3,948,500	4,389,289	Fouts Springs Youth Facility		
<u>5,672,831</u>	<u>5,038,437</u>	<u>4,893,342</u>	<u>5,311,402</u>	<u>5,651,398</u>	Total business-type activities expenses		
<u>\$ 535,052,090</u>	<u>\$ 491,290,778</u>	<u>\$ 481,759,949</u>	<u>\$ 467,049,324</u>	<u>\$ 439,378,663</u>	Total primary government expenses		
					Program Revenues		
					Governmental activities:		
					Charges for services:		
\$ 26,780,958	\$ 31,241,019	\$ 32,187,356	\$ 37,600,101	\$ 31,920,886	General government		
19,913,381	21,567,229	23,935,472	20,665,232	18,014,578	Public protection		
1,507,009	1,595,475	2,059,559	1,818,144	1,776,921	Public ways and facilities		
17,499,502	12,367,246	14,788,760	14,952,284	12,834,358	Health services		
810,422	736,622	813,877	792,650	714,228	Public assistance		
6,231,823	5,502,044	5,989,917	3,580,595	3,896,130	Education and recreation		
295,815,325	288,680,255	278,885,706	264,093,871	264,202,785	Operating grants and contributions		
-	-	-	1,809,000	5,154,984	Capital grants and contributions		
<u>368,558,420</u>	<u>361,689,890</u>	<u>358,660,647</u>	<u>345,311,877</u>	<u>338,514,870</u>	Total governmental activities program revenues		
					Business-type activities		
					Charges for services:		
1,141,736	949,070	995,659	913,935	1,043,051	Nut Tree Airport		
3,184,236	3,081,184	2,346,732	2,531,598	2,846,865	Fouts Springs Youth Facility		
540,360	648,139	748,146	689,649	-	Operating grants and contributions		
2,296,465	2,918,130	280,415	1,079,079	-	Capital grants and contributions		
<u>7,162,797</u>	<u>7,596,523</u>	<u>4,370,952</u>	<u>5,214,261</u>	<u>3,889,916</u>	Total business-type activities		
<u>\$ 375,721,217</u>	<u>\$ 369,286,413</u>	<u>\$ 363,031,599</u>	<u>\$ 350,526,138</u>	<u>\$ 342,404,786</u>	Total primary government program revenues		
					Net (Expenses)/Revenue		
					Governmental activities		
\$ (160,820,839)	\$ (124,562,451)	\$ (118,205,960)	\$ (116,426,045)	\$ (95,212,395)	Business-type activities		
1,489,966	2,558,086	(522,390)	(97,141)	(1,761,482)	Total primary government net expenses		
<u>\$ (159,330,873)</u>	<u>\$ (122,004,365)</u>	<u>\$ (118,728,350)</u>	<u>\$ (116,523,186)</u>	<u>\$ (96,973,877)</u>			
					General Revenues and Other Changes in Net Position		
					Governmental activities:		
\$ 129,866,189	\$ 121,438,731	\$ 113,372,286	\$ 65,735,256	\$ 56,309,939	Property taxes ^{1,2}		
2,338,436	2,115,430	2,439,283	2,410,695	1,545,460	Sales and use tax		
1,708,439	3,413,296	4,850,753	4,946,514	3,603,308	Property transfer tax		
					Intergovernmental not restricted		
22,701,977	20,122,940	17,112,250	49,225,813	50,590,802	for specific programs ^{1,2}		
13,477,706	14,671,265	8,998,933	6,107,084	6,725,817	Interest & investment earnings		
-	-	17,397,252	-	-	Proceeds from sale of tobacco settlement revenues		
14,487,535	17,339,503	12,236,879	13,084,692	11,939,541	Other		
-	233,932	-	1,432	1,384,309	Gain on sale of capital assets		
-	-	-	-	-	Extraordinary item		
208,907	(1,407,628)	86,047	74,698	2,533	Transfers		
<u>184,789,189</u>	<u>177,927,469</u>	<u>176,493,683</u>	<u>141,586,184</u>	<u>132,101,709</u>	Total governmental activities		
					Business-type activities:		
287,733	270,370	258,855	215,716	190,885	Property taxes		
					Intergovernmental not restricted		
54,251	47,008	40,679	37,072	855,988	for specific programs		
22,835	27,837	(39,227)	20,345	4,788	Interest & investment earnings		
119,989	181,734	53,933	64,239	17,909	Other		
-	-	-	-	-	Gain on sale of capital assets		
(208,907)	1,407,628	(86,047)	(74,698)	(2,533)	Transfers		
<u>275,901</u>	<u>1,934,577</u>	<u>228,193</u>	<u>262,674</u>	<u>1,067,037</u>	Total business-type activities		
<u>\$ 185,065,090</u>	<u>\$ 179,862,046</u>	<u>\$ 176,721,876</u>	<u>\$ 141,848,858</u>	<u>\$ 133,168,746</u>	Total primary government		
					Change in net position		
					Governmental activities		
\$ 23,968,350	\$ 53,365,018	\$ 58,287,723	\$ 25,160,139	\$ 36,889,314	Business-type activities		
1,765,867	4,492,663	(294,197)	165,533	(694,445)	Total primary government		
<u>\$ 25,734,217</u>	<u>\$ 57,857,681</u>	<u>\$ 57,993,526</u>	<u>\$ 25,325,672</u>	<u>\$ 36,194,869</u>			

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

² Beginning in February 2012, as a result of the dissolution of redevelopment agencies by the State, amounts previously recorded as Intergovernmental 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				
	2013	2012	2011 ¹	2010	2009
General Fund					
Nonspendable	\$ 28,688,741	\$ 28,132,718	\$ 26,693,402	\$ -	\$ -
Committed	-	-	6,939,235	-	-
Assigned	56,772,645	52,648,041	44,755,155	-	-
Unassigned	46,984,508	38,838,327	35,958,787	-	-
Reserved	-	-	-	32,155,440	6,909,142
Unreserved	-	-	-	72,033,076	101,068,378
Total General Fund	<u>132,445,894</u>	<u>119,619,086</u>	<u>114,346,579</u>	<u>104,188,516</u>	<u>107,977,520</u>
All Other Governmental Funds					
Nonspendable	782,082	1,336,399	210,939	-	-
Restricted	121,555,423	105,372,056 ²	77,133,751	-	-
Committed	55,668	130,470	-	-	-
Assigned	10,755,939	8,458,102	22,939,415	-	-
Unassigned	(10,851,741)	(9,480,728)	(8,999,065)	-	-
Reserved	-	-	-	55,243,886	65,271,318
Unreserved, reported in:					
Special revenue funds	-	-	-	58,798,913	76,053,180
Capital projects funds	-	-	-	2,449,680	6,261,034
Debt service funds	-	-	-	(14,940,959)	(10,437,736)
Total all other governmental funds	<u>122,297,371</u>	<u>105,816,299</u>	<u>91,285,040</u>	<u>101,551,520</u>	<u>137,147,796</u>
	<u>\$ 254,743,265</u>	<u>\$ 225,435,385</u>	<u>\$ 205,631,619</u>	<u>\$ 205,740,036</u>	<u>\$ 245,125,316</u>

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

² Includes restriction of governmental funds for the restatement of \$22.7 million of MHSA (Mental Health Services Act) funds.

Source: Audited Financial Statements

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

Fiscal Year					
2008	2007	2006	2005	2004	
\$ -	\$ -	\$ -	\$ -	\$ -	General Fund
-	-	-	-	-	Nonspendable
-	-	-	-	-	Committed
-	-	-	-	-	Assigned
-	-	-	-	-	Unassigned
9,591,064	4,150,844	3,575,776	2,650,417	1,158,613	Reserved
111,054,606	117,465,640	88,104,809	69,817,153	54,064,235	Unreserved
<u>120,645,670</u>	<u>121,616,484</u>	<u>91,680,585</u>	<u>72,467,570</u>	<u>55,222,848</u>	Total General Fund
					All Other Governmental Funds
-	-	-	-	-	Nonspendable
-	-	-	-	-	Restricted
-	-	-	-	-	Committed
-	-	-	-	-	Assigned
-	-	-	-	-	Unassigned
56,504,466	91,344,253	34,558,867	31,951,339	41,474,664	Reserved
					Unreserved, reported in:
76,665,059	75,946,573	133,282,448	131,227,828	118,657,450	Special revenue funds
55,852,298	13,049,077	15,255,723	2,585,051	17,041,854	Capital projects funds
-	-	-	-	-	Debt service funds
<u>189,021,823</u>	<u>180,339,903</u>	<u>183,097,038</u>	<u>165,764,218</u>	<u>177,173,968</u>	Total all other governmental funds
<u>\$ 309,667,493</u>	<u>\$ 301,956,387</u>	<u>\$ 274,777,623</u>	<u>\$ 238,231,788</u>	<u>\$ 232,396,816</u>	

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

² Includes restriction of governmental funds for the restatement of \$22.7 million of MHSA (Mental Health Services Act) funds.

Source: Audited Financial Statements

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

	Fiscal Year				
	2013	2012	2011	2010	2009
Revenues					
Taxes ^{1,2}	\$ 132,951,338	\$ 124,191,293	\$ 116,385,423	\$ 121,801,475	\$ 134,613,147
Licenses, permits and franchises	6,614,052	6,761,316	6,580,255	5,763,943	6,690,257
Fines, forfeitures and penalties	4,345,235	3,856,956	4,146,885	4,883,821	4,772,315
Use of money and property	1,447,711	2,237,164	2,542,856	3,419,568	5,917,139
Intergovernmental ^{1,2}	342,485,211	295,317,970	309,499,470	297,119,249	301,278,100
Charges for services	80,035,651	82,663,958	89,632,816	86,456,048	79,371,133
Miscellaneous	14,113,078	15,087,609	17,068,861	17,617,361	15,087,909
Total revenues	<u>581,992,276</u>	<u>530,116,266</u>	<u>545,856,566</u>	<u>537,061,465</u>	<u>547,730,000</u>
Expenditures					
General government	52,761,722	51,734,638	55,690,156	57,522,204	60,531,698
Public protection	163,116,516	161,424,508	162,891,649	170,823,420	178,454,399
Public ways and facilities	8,910,754	11,085,389	9,619,806	9,170,245	9,380,649
Health services	114,501,766	113,838,461	112,350,121	108,637,073	107,488,354
Public assistance	134,536,688	135,210,563	146,596,884	144,765,442	146,364,841
Education and recreation	16,052,937	16,940,619	18,828,034	20,215,842	21,482,110
Debt service:					
Principal	13,770,731	13,356,531	8,663,794	12,465,882	39,691,364
Interest and other charges	9,107,362	9,724,218	10,227,822	11,266,372	12,870,803
Debt issuance cost	-	-	25,590	254,727	-
Capital outlay	46,057,154	28,929,685	13,007,061	41,366,813	37,841,019
Total expenditures	<u>558,815,630</u>	<u>542,244,612</u>	<u>537,900,917</u>	<u>576,488,020</u>	<u>614,105,237</u>
Excess of revenues over (under) expenditures	<u>23,176,646</u>	<u>(12,128,346)</u>	<u>7,955,649</u>	<u>(39,426,555)</u>	<u>(66,375,237)</u>
Other Financing Sources (Uses)					
Capital lease financing	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	(10,000,000)	(17,970,000)	-
Proceeds from refunding bonds issued	-	-	10,000,000	16,745,000	-
Proceeds from sale of tobacco settlement revenues	-	-	-	-	-
Debt proceeds	5,420,000	-	-	-	1,385,806
Premium on debt	-	-	-	889,673	-
Transfers in	123,964,225	125,753,015	148,145,491	165,741,868	223,869,357
Transfers out	(123,747,059)	(125,886,468)	(147,627,772)	(165,502,698)	(223,394,950)
Sale of capital assets	494,068	433,300	227,956	137,432	130,957
Total other financing sources (uses)	<u>6,131,234</u>	<u>299,847</u>	<u>745,675</u>	<u>41,275</u>	<u>1,991,170</u>
Extraordinary Item					
Amount to be paid to State of California per AB99	-	8,809,741	(8,809,741)	-	-
Net change in fund balances	<u>\$ 29,307,880</u>	<u>\$ (3,018,758)</u>	<u>\$ (108,417)</u>	<u>\$ (39,385,280)</u>	<u>\$ (64,384,067)</u>
Debt service as a percentage of noncapital expenditures	4.46%	4.50%	3.60%	4.43%	9.12%

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

² Beginning in February 2012, as a result of the dissolution of redevelopment agencies by the State, amounts previously recorded as Intergovernmental revenues are recorded as Property Taxes.

Source: Audited Financial Statements

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

		Fiscal Year								
		2008	2007	2006	2005	2004				
							Revenues			
\$	138,987,233	\$	132,730,738	\$	126,709,867	\$	78,793,277	\$	66,961,051	Taxes ^{1,2}
	6,180,001		6,758,843		7,260,201		5,658,034		5,094,159	Licenses, permits and franchises
	5,458,554		5,870,027		7,389,580		6,038,097		4,220,235	Fines, forfeitures and penalties
	13,022,335		14,115,648		9,038,296		6,415,122		6,981,278	Use of money and property
	312,049,066		299,974,644		289,299,129		315,166,573		308,978,705	Intergovernmental ^{1,2}
	77,340,255		75,908,930		79,239,520		77,819,413		69,730,559	Charges for services
	12,457,166		15,709,000		10,364,009		11,532,508		10,377,470	Miscellaneous
	<u>565,494,610</u>		<u>551,067,830</u>		<u>529,300,602</u>		<u>501,423,024</u>		<u>472,343,457</u>	Total revenues
							Expenditures			
	57,450,491		49,616,574		58,726,098		55,536,885		49,188,749	General government
	170,321,250		162,742,367		169,226,372		138,939,757		172,365,652	Public protection
	9,925,757		9,664,948		11,838,586		9,706,357		10,112,629	Public ways and facilities
	107,707,061		103,618,977		106,548,470		103,458,326		111,715,224	Health services
	141,943,318		135,117,611		142,105,049		123,248,736		150,785,051	Public assistance
	22,292,796		22,087,999		21,363,419		15,670,356		18,172,806	Education and recreation
										Debt service:
	11,685,419		11,080,862		16,689,194		8,043,797		8,394,452	Principal
	13,171,464		12,405,119		12,321,580		10,561,243		8,069,620	Interest and other charges
	-		1,650,505		646,905		-		1,466,120	Debt issuance cost
	22,992,641		16,423,879		13,068,467		30,852,017		86,478,021	Capital outlay
	<u>557,490,197</u>		<u>524,408,841</u>		<u>552,534,140</u>		<u>496,017,474</u>		<u>616,748,324</u>	Total expenditures
	<u>8,004,413</u>		<u>26,658,989</u>		<u>(23,233,538)</u>		<u>5,405,550</u>		<u>(144,404,867)</u>	Excess of revenues over (under) expenditures
							Other Financing Sources (Uses)			
	-		-		-		56,736		-	Capital lease financing
	-		(100,769,924)		-		-		-	Payment to refunded bond escrow agent
	-		99,860,000		-		-		-	Proceeds from refunding bonds issued
	-		-		17,397,252		-		-	Proceeds from sale of tobacco settlement revenues
	1,023,891		-		42,385,000		-		96,665,000	Debt proceeds
	-		2,568,489		-		-		-	Premium on debt
	169,578,877		140,741,691		131,966,707		120,245,003		99,408,010	Transfers in
	(171,010,215)		(142,086,480)		(132,032,827)		(120,065,726)		(99,674,693)	Transfers out
	114,140		205,999		63,241		193,409		2,953,004	Sale of capital assets
	<u>(293,307)</u>		<u>519,775</u>		<u>59,779,373</u>		<u>429,422</u>		<u>99,351,321</u>	Total other financing sources (uses)
							Extraordinary Item			
	-		-		-		-		-	Amount to be paid to State of California per AB99
\$	<u>7,711,106</u>	\$	<u>27,178,764</u>	\$	<u>36,545,835</u>	\$	<u>5,834,972</u>	\$	<u>(45,053,546)</u>	Net change in fund balances
	4.65%		4.62%		5.38%		4.00%		3.10%	Debt service as a percentage of noncapital expenditures

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

² Beginning in February 2012, as a result of the dissolution of redevelopment agencies by the State, amounts previously recorded as Intergovernmental revenues are recorded as Property Taxes.

Source: Audited Financial Statements

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

Fiscal Year	Real Property [^]				Personal Property	Exemptions	Total	Total Direct Tax Rate
	Residential Property	Commercial Property	Manufacturing Property	Other				
2013	\$ 27,924,160,679	\$ 4,454,559,076	\$ 5,238,663,904	\$ 2,851,420,457	\$ 3,034,034,729	\$ (2,909,789,364)	\$ 40,593,049,481	1.000000
2012	25,406,736,940	4,391,896,802	5,221,209,453	2,882,813,020	2,602,009,561	(1,705,033,678)	38,799,632,098	1.000000
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

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

Source: County of Solano - Assessor's Office

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

Fiscal Year	County Direct Rates (1)	Overlapping Rates (1)			Total
	Countywide Tax	Local Special Districts	Schools	Cities	
2013	1.000000	1.755450	0.480833	0.041346	3.277629
2012	1.000000	1.731065	0.618556	0.054277	3.403898
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

Note:

¹ County Direct Rates are ad valorem taxes levied by the County and authorized by Article 13A of the Constitution of the State of California. Overlapping rates are taxes levied to service voter-approved debt of overlapping jurisdictions such as local special districts, schools or cities.

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

COUNTY OF SOLANO, CALIFORNIA
Principal Property Tax Payers
June 30, 2013 and June 30, 2004

Taxpayer	June 30, 2013			June 30, 2004		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Genentech Inc	\$ 1,065,189,342	1	2.75%	\$ 361,147,548	2	1.12%
Valero Refining Company - Calif	954,680,069	2	2.46%	988,886,060	1	3.06%
Pacific Gas & Electric Company	542,488,967	3	1.40%	294,065,725	3	0.91%
Anheuser-Busch, Inc.	317,074,803	4	0.82%	260,387,363	4	0.81%
Solano 3 Wind, LLC	271,727,580	5	0.70%			
Shiloh Wind Project II, LLC	270,985,881	6	0.70%			
Shiloh III Wind Project	211,744,619	7	0.55%			
Star-West Solano, LLC	172,729,455	8	0.45%			
Shiloh IV Wind Project, LLC	156,261,401	9	0.40%			
Shiloh I Wind Project, LLC	147,871,934	10	0.38%			
Pacific Bell				142,780,849	5	0.44%
California Northern Railroad				110,516,083	6	0.34%
Alza Corporation				109,740,602	7	0.34%
Solano Mall, LLC				88,908,436	8	0.28%
Gilroy Energy Center, LLC				83,000,000	9	0.26%
Calwest Industrial Holdings				77,011,742	10	0.24%
Totals	<u>\$ 4,110,754,051</u>		<u>10.61%</u>	<u>\$ 2,516,444,408</u>		<u>7.80%</u>

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

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

Fiscal Year	(1) Taxes Levied for the Fiscal Year	(2) Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2013	\$ 410,157,511	\$ 400,877,231	97.74%	\$ -	\$ 400,877,231	97.74%
2012	422,207,151	412,665,682	97.74%	4,282,974	416,948,656	98.75%
2011	429,379,973	418,950,465	97.57%	6,777,554	425,728,019	99.15%
2010	443,248,555	426,044,998	96.12%	11,120,232	437,165,230	98.63%
2009	494,946,065	466,126,504	94.18%	21,957,118	488,083,622	98.61%
2008	507,245,315	472,447,183	93.14%	33,339,619	505,786,802	99.71%
2007	477,498,909	449,992,917	94.24%	24,870,814	474,863,731	99.45%
2006	429,891,175	413,880,171	96.28%	13,876,700	427,756,871	99.50%
2005	377,639,034	368,064,913	97.46%	4,401,472	372,466,385	98.63%
2004	338,754,419	332,042,337	98.02%	6,530,836	338,573,173	99.95%

Notes:

- (1) Secured and Unitary tax levy for the County itself, school districts, cities, and special districts under the supervision of their own governing boards.
- (2) Included are amounts collected by the County for itself, school districts, cities, and special districts under the supervision of their own governing boards.

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				
	2013	2012	2011	2010	2009
Governmental Activities					
Notes payable	\$ 1,047,689	\$ 1,055,622	\$ 1,023,890	\$ 1,023,890	\$ 1,023,890
Capital leases	81,530	302,261	513,792	1,122,586	1,303,468
Certificates of participation	117,608,322	117,765,005	120,868,119	125,852,804	130,649,735
Pension obligation bonds	61,285,000	69,630,000	77,805,000	81,105,000	88,830,000
Business-Type Activities					
Notes payable	-	-	-	39,297	94,854
Capital leases	-	-	-	-	-
Total primary government	\$ 180,022,541	\$ 188,752,888	\$ 200,210,801	\$ 209,143,577	\$ 221,901,947
Percentage of Personal Income ¹	1.06%	1.14%	1.24%	1.33%	1.40%
Percentage of Actual Value of Taxable Property ²	0.44%	0.49%	0.52%	0.53%	0.54%
Per Capita ¹	\$ 430.28	\$ 456.16	\$ 484.03	\$ 506.13	\$ 537.96

¹ See the 'Demographic and Economic Statistics' table for the population and personal income figures.

Note that these ratios are calculated using data from January 1.

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

³ Please note that Rural North Vacaville Water District has become a Special District in FY 2007/08 and therefore is not part of the governmental activities. 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 (Continued)
Last Ten Fiscal Years

		Fiscal Year								
		2008	2007	2006	2005	2004				
							Governmental Activities			
\$	1,171,043 ³	\$	11,864,718	\$	13,356,468	\$	14,897,413	\$	16,637,923	Notes payable
	16,874		28,968		88,080		191,329		377,880	Capital leases
	138,013,241		142,576,213		146,692,575		155,954,388		162,086,201	Certificates of participation
	121,020,000		127,805,000		133,195,000		96,665,000		96,665,000	Pension obligation bonds
	149,853		200,965		247,631		318,517		1,420,051	Business-Type Activities
	-		-		-		5,106		12,394	Notes payable
	-		-		-		-		-	Capital leases
\$	260,371,011	\$	282,475,864	\$	293,579,754	\$	268,031,753	\$	277,199,449	Total primary government
	1.62%		1.81%		1.97%		1.90%		2.05%	Percentage of Personal Income ¹
	0.57%		0.62%		0.71%		0.74%		0.86%	Percentage of Actual Value of Taxable Property ²
\$	630.18	\$	684.56	\$	713.70	\$	652.83	\$	673.81	Per Capita ¹

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

Fiscal Year	(1) Assessed Value of Property	(2) Debt Limit, 5% of Assessed Value	(3) Debt Applicable to the Limit	(4) Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2013	\$ 40,593,049,481	\$ 2,029,652,474	\$ 61,285,000	\$ 1,968,367,474	3.02%
2012	38,799,632,098	1,939,981,605	69,630,000	1,870,351,605	3.59%
2011	38,644,020,806	1,932,201,040	77,805,000	1,854,396,040	4.03%
2010	39,256,945,402	1,962,847,270	81,105,000	1,881,742,270	4.13%
2009	40,873,042,919	2,043,652,146	88,830,000	1,954,822,146	4.35%
2008	45,318,102,865	2,265,905,143	121,020,000	2,144,885,143	5.34%
2007	45,688,693,224	2,284,434,661	127,805,000	2,156,629,661	5.59%
2006	41,544,353,287	2,077,217,664	133,195,000	1,944,022,664	6.41%
2005	36,386,372,123	1,819,318,606	96,665,000	1,722,653,606	5.31%
2004	32,280,154,735	1,614,007,737	96,665,000	1,517,342,737	5.99%

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 financed with general governmental resources which include Pension Obligation Bond.
- (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.

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

<u>Year</u> ¹	<u>Population</u> ²	<u>Personal Income</u> ³	<u>Per Capita Personal Income</u> ³	<u>Unemployment Rate</u> ⁵
2013	418,387	\$ 17,018,306,634 ⁴	\$ 40,676 ⁴	8.9%
2012	413,786	16,542,329,347 ⁴	39,978 ⁴	11.1%
2011	413,635	16,120,652,744 ⁴	38,078	12.3%
2010	413,220	15,709,725,000	37,935	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%

Detail of estimated population, as of January 1, 2013:

Incorporated Cities

Benicia	27,163
Dixon	18,449
Fairfield	108,207
Rio Vista	7,599
Suisun City	28,234
Vacaville	92,677
Vallejo	<u>117,112</u>
Total of Incorporated	399,441
Total of Unincorporated Areas	<u>18,946</u>
Total Population	<u><u>418,387</u></u>

¹ Calendar year

² Obtained from State of California, Department of Finance, Demographics Research Unit

³ Obtained from US Department of Commerce - Bureau of Economic Analysis, updated as of April 2012

⁴ Estimated amounts

⁵ Obtained from State of California Employment Development Department

COUNTY OF SOLANO, CALIFORNIA
Principal Employers
June 30, 2013 and June 30, 2004

Employer	June 30, 2013			June 30, 2004		
	Employees	Rank	Percentage of Total County Employment ¹	Employees	Rank	Percentage of Total County Employment ¹
Travis AFB	14,353	^{2,3}	1	7.14%	n/a	⁶
Kaiser Permanente - Vallejo	2,937	³	2	1.46%	3,110	⁵ 1 1.59%
Fairfield-Suisun Unified School District	2,707	³	3	1.35%	n/a	⁶
County of Solano	2,445	⁴	4	1.22%	3,085	2 1.58%
NorthBay Healthcare System	1,982	³	5	0.99%	1,000	4 0.51%
California Medical Facility	1,953	³	6	0.97%	n/a	⁶
Vallejo City Unified School District	1,600	³	7	0.80%	1,750	3 0.90%
Six Flags Discovery Kingdom	1,591	³	8	0.79%	n/a	⁶
California State Prison Solano	1,300	³	9	0.65%	n/a	⁶
Kaiser Permanente - Vacaville	1,218	³	10	0.61%	n/a	⁶
Albertson's Distribution Center					700	5 0.36%
Alza Corporation					700	6 0.36%
Sutter Solano Medical Center					674	7 0.35%
Westamerica Bancorporation					542	8 0.28%
Anheuser-Busch					515	9 0.26%
Genentech Inc.					500	10 0.26%
Totals	<u>32,086</u>			<u>15.98%</u>	<u>12,576</u>	<u>6.45%</u>

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

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

³ Employment figure from the Solano Economic Development Corporation

⁴ County of Solano employment figure-actual from Human Resources Department.

⁵ Total for locations at Fairfield, Vacaville, and Vallejo

⁶ Employment figure as of 6/30/04 not available

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

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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Function/Program					
General government	230.55	227.05	250.25	271.50	288.00
Public protection	1,006.50	951.50	992.25	1,160.00	1,243.50
Public ways and facilities	60.50	61.50	63.50	73.50	75.50
Health services	455.30	421.70	460.10	477.10	520.08
Public assistance	641.55	623.30	639.00	674.50	711.50
Education and recreation	118.50	124.23	140.50	151.23	153.73
Nut Tree Airport	3.00	3.00	4.00	5.00	5.00
Fouts Springs Youth Facility	-	-	29.00	30.00	30.00
Internal service	57.60	57.00	64.00	79.50	88.50
Total	<u>2,573.50</u>	<u>2,469.28</u>	<u>2,642.60</u>	<u>2,922.33</u>	<u>3,115.81</u>

Source: County of Solano Adopted Budget

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

<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	
					Function/Program
280.00	272.00	263.00	250.00	245.00	General government
1,237.00	1,194.00	1,191.50	1,180.50	1,241.50	Public protection
76.50	74.50	73.00	73.00	74.00	Public ways and facilities
520.83	532.63	483.05	498.08	491.16	Health services
713.50	720.50	738.60	718.00	750.50	Public assistance
152.23	149.73	140.23	137.23	131.13	Education and recreation
4.00	4.00	3.00	3.00	3.00	Nut Tree Airport
29.00	29.00	30.00	41.00	55.50	Fouts Springs Youth Facility
86.50	82.50	73.50	72.50	71.50	Internal service
<u>3,099.56</u>	<u>3,058.86</u>	<u>2,995.88</u>	<u>2,973.31</u>	<u>3,063.29</u>	Total

COUNTY OF SOLANO, CALIFORNIA
Operating Indicators by Function
Last Ten Fiscal Years

	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Function/Program										
General government										
Clerk-Recorder-Assessor - documents recorded	147,244	133,970	131,249	122,646	110,104	119,333	172,494	213,267	227,032	240,195
Public protection										
Number of felony cases filed-District Attorney [#]	3,491	3,030	3,538	3,722	3,820	3,961	4,198	3,804	4,122	3,795
Number of misdemeanor cases filed-District Attorney [#]	4,594	5,676	9,281	8,211	10,056	11,382	9,404	7,680	8,085	9,819
Number of juvenile petitions-District Attorney [#]	383	534	876	1,191	1,496	1,746	1,964	1,516	1,470	1,367
Number of Bookings-Sheriff	14,578	14,628	14,767	16,323	18,485	19,629	25,415	17,780	17,901	17,939
Average Daily Population-Juvenile Hall	67	73	76	80	86	76	89	58	78	78
Average Daily Population-New Foundation	22	23	29	24	26	21	26	24	25	24
Average Intake-Juvenile Hall	100	106	133	141	175	173	180	111	175	153
Number of building permits issued	728	729	614	545	699	760	990	829	923	890
Public ways and facilities										
Miles of roads maintained	579	585	586	586	587	587	587	589	595	595
Health services & public assistance										
Average monthly medical clinic visits	4,492	3,700	3,886	3,641	3,348	3,259	2,757	2,331	2,547	2,561
Average monthly dental clinic visits	758	514	608	616	396	429	354	344	368	344
Average monthly food stamp recipients	41,034	39,539	37,051	33,102	27,662	22,590	20,599	18,271	16,096	13,878
Average monthly MediCal beneficiaries	74,476	68,652	67,867	65,850	62,197	59,706	57,487	57,373	54,651	52,466
Average monthly CalWorks cash assistance recipients	13,293	14,215	15,466	15,443	14,359	13,390	12,486	11,970	11,118	10,330
Average monthly General Relief recipients	899	1,018	1,128	1,141	973	792	685	651	456	371
Education and recreation										
Total circulation	3,425,895	3,700,433	3,961,868	4,101,677	* 3,794,831	3,283,812	2,951,709	2,686,203	2,753,787	2,646,019
Total circulation - SNAPweb	740,574	808,163	838,622	812,830	* 670,825	568,493	478,578	448,410	409,897	355,256
Number of library patrons	1,778,246	1,875,945	2,041,610	2,206,518	2,248,937	2,063,232	1,928,345	1,497,667	1,549,998	1,529,006
Number of parks	4	4	4	4	4	4	4	3	3	3
Number of park visitors	181,090	180,495	185,453	182,434	189,703	221,806	261,351	166,735	179,371	171,144
Nut Tree Airport										
Takeoffs and landings	101,500	101,500	100,500	104,000	102,500	102,500	105,000	101,500	n/a	n/a
Fouts Springs Youth Facility (FSYF)										
Average Daily Population	-	- ^	43	47	54	58	56	49	65	81
Internal service										
Number of Fleet Vehicles	464	468	482	480	514	502	502	507	500	498
Number of Annual Fleet Miles Driven	5,100,000	4,133,096	4,025,516	4,299,929	5,214,737	5,300,563	4,947,911	4,529,923	4,519,141	4,579,844

^{n/a} Information not available

[#] Information based on calendar year

^{*} Adjusted figures as of 6/30/11

[^] No figure since FSYF closed in July 2011

Source: Various County departments

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

	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
Function/Program										
General government										
Buildings	17	17	17	16	16	15	13	13	12	11
Public protection										
Sheriff sub stations	-	-	-	1	2	3	3	3	3	3
Patrol units	22	21	21	20	23	20	20	22	22	22
Jail and detention facilities	3	3	3	3	3	3	3	3	3	3
Public ways and facilities										
Miles of roads #	579	585	586	586	587	587	587	589	595	595
Health services & public assistance										
Clinics & administration buildings	7	6	6	8	6	7	7	7	7	7
Education and recreation										
Branch libraries	8	8	8	8	8	8	8	7	6	6
Veterans buildings	6	6	6	6	6	5	5	5	5	5
Public parks acreage	1,259	1,259	1,259	1,259	1,259	1,259	1,259	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

^{n/a} Information not available

Information based on calendar year

* Fouts asset transferred to General government in 2013.

Source: Various County departments

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