



County of Solano, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2004

Simona Padilla-Scholtens
Auditor-Controller

County of Solano, California



Comprehensive Annual Financial Report

For the fiscal year ended

June 30, 2004

Prepared by:

Office of the Auditor-Controller

Simona Padilla-Scholtens
Auditor-Controller

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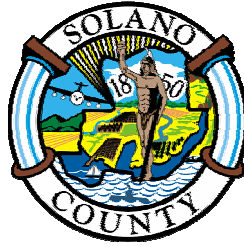
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SIMONA PADILLA-SCHOLTENS
AUDITOR-CONTROLLER

PHYLLIS TAYNTON
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December 16, 2004

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

General-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. We hereby issue the comprehensive annual financial report of the County of Solano for the fiscal year ended June 30, 2004.

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

The County's financial statements have been audited by Macias, Gini & Company 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, 2004, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the fiscal year ended June 30, 2004, 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 Single Audit engagement 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 and legal requirements 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 covers 823 square miles, a majority of which lies in the fertile Sacramento Valley. 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.

Though situated mid-way between San Francisco and Sacramento, the County has avoided many of the problems associated with these areas, such as high housing prices and urban sprawl. The County limits residential and commercial development outside of cities, thus preserving almost 85% of the land for open space or agricultural uses. Agriculture and military installations have historically been strong contributors to the County's economy. In recent years, the County has fostered economic growth and diversification by encouraging industrial, manufacturing and biotechnology development. The availability of land and the relatively low cost of housing, as well as job opportunities, have encouraged additional economic development in the County.

With its strategic location, natural and human resources, history of responsible land planning, and attractive quality of life, the County is entering the 21st Century with 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 jurisdictions: Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville and Vallejo in addition to the unincorporated areas. The City of Fairfield is the County seat. The County has a general law form of government. Its five-member Board of Supervisors (the "Board") is elected by district for four-year terms of office. The Supervisors' terms are staggered -- two Supervisors are elected in one general election, and three Supervisors in the next. District boundaries are adjusted after every federal census to equalize district population as closely as possible. Other elected officials include the Assessor-Recorder, Auditor-Controller, District Attorney, Sheriff-Coroner and Treasurer-Tax Collector-County Clerk. The County Administrator and County Counsel are appointed by the Board.

As the governing body for the County, the Board is responsible for the planning and providing of services related to public needs, as required by state and federal law including: adopting the annual budget, adopting county ordinances, setting policies, confirming appointments of most non-elected officials, and assisting citizens in solving problems and addressing local concerns.

County Services

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

Counties have dual responsibilities. We provide “unincorporated area” services (e.g., land use planning) in the areas of the County that are not in cities. We also provide certain “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).

The following is a list of countywide 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/Welfare to Work
- Vital Statistics and Document Recording
- Child Support Collection
- Tax Assessment and Collection
- Elections and Voter Registration
- Regional Parks
- Jails and Juvenile Facilities
- Probation Supervision
- Landfills and Solid Waste Disposal
- Public Defender/Alternative Defense
- Coroner and Forensic Services
- Grand Jury
- Criminal Prosecution (District Attorney)

Factors Affecting Financial Condition:

Budgetary Information

The annual budget serves as the foundation for the County’s financial planning and control. All agencies of the County are required to submit budget requests for appropriation to the County Administrator for review. The County Administrator recommends a proposed budget to the Board for consideration and approval. The Board is required to hold public hearings on the proposed budget and to adopt a final budget by September 30th of each year.

The budget is prepared by fund, function (e.g. public safety), and department (e.g., Sheriff). Department heads may transfer appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget was adopted. These schedules, which are part of the required supplementary information section of this report, start on page 70

Population and Local Economy

The County's population as of January 2004 was approximately 416,463. The County's population based on the 2000 census was 394,542, a 16% increase from the 1990 Census of 339,800. The rate of growth was higher than that of the State for the same period. A key element of the County's rapid growth has been migration into the County; immigration has accounted for most of the County's growth since 1980. About 72% of the County's population increase has occurred within its three largest cities: Vallejo, Fairfield and Vacaville. The other cities in the County also showed population increases over this ten-year period.

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

Long-term financial planning

Contained within the County's tax code area are numerous municipalities, school districts and special-purpose districts providing public services. These entities have outstanding bonds issued in the form of general obligation bonds. Direct debt constitutes debt directly issued by the County while overlapping debt constitutes that portion of the debt issued by different public entities within the same tax code area as the County's. The County is not responsible for the overlapping debt of the other local agencies. The County has \$158,155,000 in direct debt outstanding as of June 30, 2004.

The County's Government Center and adjacent parking structure is a project in progress consisting of a six-story administration facility of approximately 300,000 gross square feet with shell, core and interior improvements including the coordination of the installation of fixtures, furniture and equipment. The Government Center will consolidate administrative and office functions of approximately 18 County departments/divisions with shared common areas and building support spaces in a centralized facility. At occupancy the building will house more than 800 County employees.

The project also includes a new Probation Building of approximately 43,000 gross square feet south of Delaware Street, a parking structure for approximately 1,000 vehicles, demolition of small miscellaneous structures, a public plaza, all utilities, site work, and landscaping. The project is located between Texas and Delaware Streets, and Union and Jefferson Streets in downtown Fairfield, California, and is adjacent to the County Courthouse and County Justice Center Complex.

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 eighty units of local government including funds of the County school districts, special districts and other entities. Not included in the Investment Pool are some school district Tax and Revenue Anticipation Note proceeds, which are managed by the Treasurer-Tax Collector-County Clerk separately from the Investment Pool.

The County formed a Treasury Oversight Committee consisting of five members and two alternates. The committee reviews the Investment Policy, insures the Treasury activities are in compliance with the Investment Policy, insures an annual audit of the Investment Policy is conducted, and reviews the internal auditor's quarterly audits of the Investment Pool. The committee meets semiannually and is composed of the County's budget officer, superintendent of schools, director of business finance, two members of the public and one business director from a school district.

The objectives of the pool are to meet the cash 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 maintains a one-year countywide cash flow projection. This projection is reviewed and updated monthly in consultation with the pool participants and the County Auditor-Controller. Historically, the amounts and timing of each requirement have been predicted with high level of certainty. The pool is managed in a prudent manner by always 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, obligations of the U.S. Treasury, commercial paper, and the State Treasurer's investment pool. The maturities of the investments range from 30 days to 4 years, with an average maturity of 12 months. Interest rates on investments were between 0.50 and 6.750% for the government. Investment income includes appreciation in the fair value of its investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; it is always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments the government intends to hold to maturity.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for excellence in Financial Reporting to a county for its Comprehensive Annual Financial Report (CAFR). In order to be awarded a Certificate of Achievement, the County publishes an easily readable and efficiently organized CAFR.

The County of Solano was awarded a Certificate of Achievement for excellence in financial reporting for the County's CAFR for the fiscal year ended June 30, 2003.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff in the Auditor-Controller's Office. We would like to express our appreciation to the department for their outstanding support in the preparation of this report. We would like to specifically acknowledge the following individual contributions: Phyllis Taynton, Tony Manlicic and Sheila Turgo. 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,
Auditor-Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Solano,
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2003

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



Nancy L. Zjelke

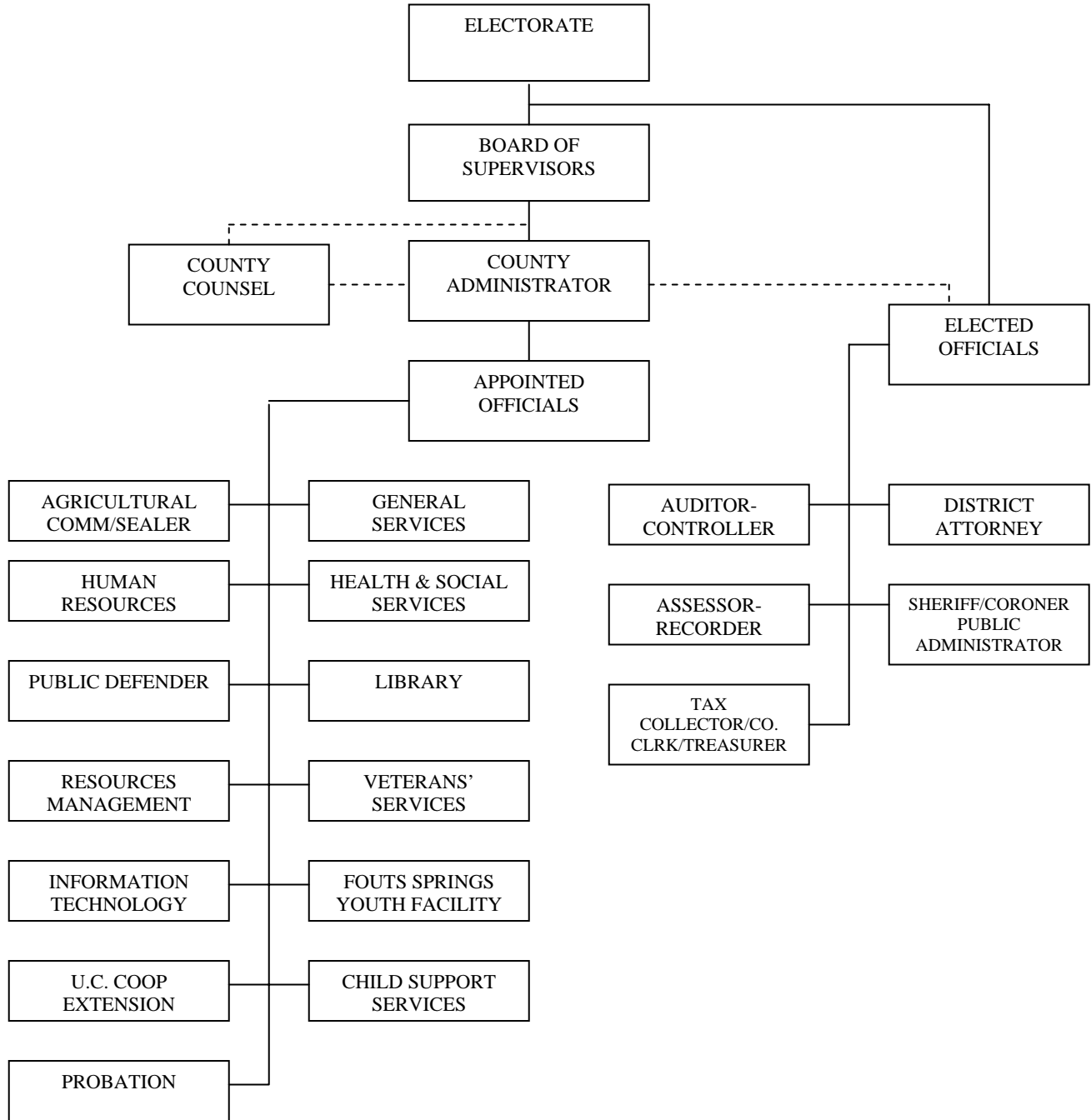
President

Jeffrey R. Emery

Executive Director

County of Solano, California

Organizational Chart



County of Solano, California
List of Elected and Appointed Officials

Elected Officials

Auditor-Controller	Simona Padilla-Scholtens *
Assessor-Recorder	Skip Thomson
Treasurer-Tax Collector-County Clerk	Charles Lomeli
District Attorney	David Paulson
Sheriff-Coroner	Gary Stanton

Appointed Officials

Agricultural Commissioner-Sealer of Weights & Measures	Susan Cohen
Child Support Services	Dennis Covell
Cooperative Extension	Lawrence Clement
County Administrator	Michael Johnson
County Counsel	Dennis Bunting
Resources Management	Birgitta Corsello
Fouts Springs Youth Facility	Brian L. Cooley
General Services	Veronica Ferguson
Health & Social Services	Patrick Duterte
Human Resources	Yolanda Irigon
Information Technology/Registrar of Voters	Ira Rosenthal
Library	Ann Cousineau
Probation	Gemma Grossi
Public Defender-Conflict Defender	Jeffrey Thoma
Veteran Services	William Reardon
Workforce Investment Board (WIB)	Robert L. Bloom

*Effective October 24, 2004, Simona Padilla-Scholtens was appointed as Auditor-Controller of Solano County upon William A. Eldridge's retirement.

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the County of Solano, California (County), as of and for the year ended June 30, 2004, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the basic financial statements of the Solano County Fair. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for that entity, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the County of Solano, California, as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2004 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 13 through 25, schedules of funding progress and budgetary comparison information on pages 69 through 74 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Macias, Meiri & Company LLP

Certified Public Accountants

Sacramento, California
November 19, 2004

Offices located throughout California

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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, 2004. We encourage readers to consider the information presented here in conjunction with additional information in our financial statements.

Financial Highlights

- The assets of the County exceeded its liabilities at June 30, 2004 by \$484,510,917 (net assets). Of this amount, \$133,960,024 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$36,194,869 as a result of the current year's operations.
- At June 30, 2004, the County's governmental funds reported combined ending fund balances of \$232,396,816, a decrease of \$45,053,546, as a result of the current year's operations. Approximately 82% of this total amount, \$189,763,539, is available for spending at the government's discretion (unreserved fund balance) and 18% of this amount \$42,633,277, is reserved.
- At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$28,064,235 or 51% of total General Fund expenditures excluding a one-time expenditure of \$88,176,040 to CalPERS. This one-time expenditure represents the payment of the Unfunded Actuarial Accrued Liability (UAAL) to CalPERS.

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.

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

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

The statement of activities presents information showing how the County's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying

event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused, vacation leave). Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health services, public assistance, and education and recreation. The business-type activities of the County include the Nut Tree Airport and the Fouts Springs Youth Facility.

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

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

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

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

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

The County maintains 79 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, Tobacco Settlement Special Revenue Fund, and Fairfield Downtown Project Capital Projects Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a

single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts annual appropriated budgets for all of its governmental funds. Therefore, budgetary comparison schedules have been provided for each fund presented in this report. These statements demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 30 - 34 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 its Communications, Fleet Management, Risk Management, Information Technology, Solano County Integrated Property System, and Reprographics. Because all of these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 35 – 37 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 38 - 39 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 - 68 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 retirement programs. Required supplementary information can be found on pages 69 – 74 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and enterprise funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 75 - 119 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$484,510,917 at June 30, 2004.

By far the largest portion of the County's net assets (58%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) 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.

Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Current and other assets	\$ 411,811,567	\$ 352,395,782	\$ 1,140,235	\$ 1,956,372	\$ 412,951,802	\$ 354,352,154
Capital assets	415,302,520	338,954,192	10,003,053	10,147,644	425,305,573	349,101,836
Total assets	<u>\$ 827,114,087</u>	<u>\$ 691,349,974</u>	<u>\$ 11,143,288</u>	<u>\$ 12,104,016</u>	<u>\$ 838,257,375</u>	<u>\$ 703,453,990</u>
Current liabilities	\$ 72,913,150	\$ 67,549,162	\$ 617,996	\$ 717,983	\$ 73,531,146	\$ 68,267,145
Noncurrent liabilities	278,780,648	185,269,837	1,434,664	1,600,960	280,215,312	186,870,797
Total liabilities	<u>351,693,798</u>	<u>252,818,999</u>	<u>2,052,660</u>	<u>2,318,943</u>	<u>353,746,458</u>	<u>255,137,942</u>
Net assets:						
Invested in capital assets, net of related debt	270,350,715	256,654,269	9,621,167	8,509,364	279,971,882	265,163,633
Restricted net assets	70,579,011	55,400,616	-	1,300,000	70,579,011	56,700,616
Unrestricted net assets	134,490,563	126,476,090	(530,539)	(24,291)	133,960,024	126,451,799
Total net assets	<u>475,420,289</u>	<u>438,530,975</u>	<u>9,090,628</u>	<u>9,785,073</u>	<u>484,510,917</u>	<u>448,316,048</u>
Total liabilities and net assets	<u>\$ 827,114,087</u>	<u>\$ 691,349,974</u>	<u>\$ 11,143,288</u>	<u>\$ 12,104,016</u>	<u>\$ 838,257,375</u>	<u>\$ 703,453,990</u>

An additional portion of the County's net assets (14%) represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (28%) may be used to meet the County's ongoing obligations to citizens and creditors.

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

The key elements in the significant changes in assets and liabilities are as follows:

Current and other assets: The increase of approximately \$60,000,000 is attributed to the payment of the Unfunded Actuarial Accrued Liability (UAAL) to CalPERS (\$88,000,000) and increased receivables from other agencies (\$31,000,000). It was offset by the decrease in cash (\$60,000,000) to pay for the construction of the Fairfield Downtown Government Center which is 75% complete as of June 30, 2004.

Capital assets: The increase of approximately \$76,000,000 is primarily due to the construction of the Fairfield Downtown Government Center.

Non-current liabilities: The increase of approximately \$93,000,000 is primarily due to the issuance of the 2004 Pension Obligations Bonds (\$96,000,000); increase in the County's liability due to self insuring the workers' compensation program (\$3,800,000). This was offset by principal payments on long-term debt during the year (\$8,300,000).

Restricted net assets: The increase of approximately \$15,000,000 is primarily due to Public Facilities Fees increase in net assets of roughly \$9,000,000 due to higher fees and an increase in construction permits issued; increase of \$7,000,000 in debt proceeds for the Court's and Solano County Fair's share of UAAL; increase in restricted net assets of the Library (\$1,300,000) which represents long-term receivables from Vacaville Library . The increase was offset by the decrease in Capital Projects Funds (\$4,000,000) due the construction of major capital projects.

Changes in program revenues and program expenses remain consistent with the prior year. Program revenues funded 78% of the program expenses which is consistent with the prior year. At the same time, general revenues continue to increase due to increases in property taxes and intergovernmental revenues. Ongoing program and general revenues continue to outpace similar increases in ongoing expenses.

The following table demonstrates the changes in net assets for governmental and business-type activities:

	Governmental Activities		Business-type Activities		Total	
	2004	2003	2004	2003	2004	2003
Revenues:						
Program revenues:						
Charges for services	\$ 69,157,101	\$ 62,441,514	\$ 3,889,916	\$ 4,150,264	\$ 73,047,017	\$ 66,591,778
Operating grants and contributions	264,202,785	249,276,485	-	-	264,202,785	249,276,485
Capital grants and contributions	5,154,984	2,281,016	-	-	5,154,984	2,281,016
General revenues:						
Property taxes	56,309,939	49,265,614	190,885	167,562	56,500,824	49,433,176
Other taxes	5,148,768	4,592,553	-	-	5,148,768	4,592,553
Intergovernmental	50,590,802	39,605,008	858,988	1,024,104	51,446,790	40,629,112
Interest and investment earnings	6,725,817	3,554,065	4,788	28,494	6,730,605	3,582,559
Other	11,939,541	63,430,314	17,909	7,914	11,957,450	63,438,228
Gain on sale of capital assets	1,384,309	-	-	10,500	1,384,309	10,500
Total Revenues	470,614,046	474,446,569	4,959,486	5,388,838	475,573,532	479,835,407
Expenses:						
General government	43,489,603	45,032,722	-	-	43,489,603	45,032,722
Public protection	132,128,495	125,585,195	-	-	132,128,495	125,585,195
Public ways and facilities	11,175,121	10,911,632	-	-	11,175,121	10,911,632
Health services	94,775,322	82,980,974	-	-	94,775,322	82,980,974
Public assistance	129,712,495	120,898,958	-	-	129,712,495	120,898,958
Education and recreation	14,212,564	12,663,165	-	-	14,212,564	12,663,165
Interest on long-term debt	8,233,665	6,176,532	-	-	8,233,665	6,176,532
Nut Tree Airport	-	-	1,262,109	1,180,824	1,262,109	1,180,824
Fouts Springs Youth Facility	-	-	4,389,289	4,531,095	4,389,289	4,531,095
Total Expenses	433,727,265	404,249,178	5,651,398	5,711,919	439,378,663	409,961,097
Excess before transfers	36,886,781	70,197,391	(691,912)	(323,081)	36,194,869	69,874,310
Transfers	2,533	(176,324)	(2,533)	176,324	-	-
Change in net assets	36,889,314	70,021,067	(694,445)	(146,757)	36,194,869	69,874,310
Net assets – beginning	438,530,975	368,509,908	9,785,073	9,931,830	448,316,048	378,441,738
Net assets – ending	\$ 475,420,289	\$ 438,530,975	\$ 9,090,628	\$ 9,785,073	\$ 484,510,917	\$ 448,316,048

Governmental activities. Governmental activities increased the County's net assets by \$36,889,314 thereby accounting for 100% of the total growth in the net assets of the County. Total governmental revenues decreased from the prior year by \$3,832,523. Total governmental expenses increased from the prior year by \$29,478,087.

The significant changes are as follows:

Revenues:

Charges for services:

Increase of \$6,715,587 over prior year is primarily due to increase in public facilities fees due to increased fees effective September 2003 and an increase in construction permits issued during the year, increase in traffic school fees, disposal fees and supplemental property tax administration fees resulting from increased property sales during the year.

Operating grants and contributions:

Increase of \$14,926,300 over prior year due to the following:

- Received a one-time funding of \$933,450 from State of California for the modernization of the county's voting system (Help America Vote Act Fund).
- Increase of \$1,329,019 in federal and state grants received by the Office of Emergency Services (OES) to fund various services related to Homeland Security.
- Proposition 172 sales tax revenues collected for public safety increased by \$3,390,701 due to increased sales activity.
- Increased state and federal grants of approximately \$10,000,000 by Health & Social Services Department due to increase caseload for various health services and public assistance programs (CMSP Managed Care Pilot Program, In-Home Support Services, Aid to Families with Dependent Children) resulting in increased services to the public.

Capital Grants & Contributions:

Increase of \$2,873,968 over prior year is primarily due to the funding from the State for the construction of the new juvenile detention facility which began in FY 02/03. The project is substantially complete as of June 30, 2004.

Interest & Investment Earnings:

The interest & investment earnings increased by \$3,171,752 from prior year. The increase is primarily due to a one-time distribution of interest earnings on redevelopment money held in escrow pending court settlement.

Other:

Other revenue decreased by \$51,490,773 from prior year. Prior year's other revenue included a one-time receipt of proceeds from sale of tobacco settlement revenues of \$55,088,473.

Expenses:

Public protection:

Expenses for public protection (i.e. judicial services, police, detention and correction) increased by approximately \$6,543,300. The increase was due to increases in salaries and benefits due to the annual COLA, retirement costs due to enhanced benefits and workers compensation costs.

Health services:

Expenses increased by approximately \$11,794,348 over the prior year. The increase was primarily due to increases in contracted services and other expenses related to health services (CMSP Managed Care Pilot Program and In-Home Support Services) programs as a result of providing more services to the public. In addition, increases in costs also include increases in salaries and benefits due to annual COLA, increased retirement costs and increases in workers compensation costs.

Public assistance:

Expenses increased by approximately \$8,813,537 over prior year. The increase was primarily due to increases in costs related to child welfare services, adult services and assistance programs resulting from increase in caseload in cash and food assistance. In addition, salaries & benefits costs increased due to increase in retirement costs.

Interest on long-term debt:

Interest on long-term debt increased by \$2,057,133 over prior year due to the interest payment made on the 2002 Certificates of Participation which were issued in the middle of FY 02/03.

Business-type activities. Business-type activities decreased the County's net assets by \$694,445. The key element of this decrease is due to the strained fiscal conditions in California counties that resulted in declining ward placement and population at the Fouts Springs Youth Facility.

Financial Analysis of the County's Funds

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

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

At June 30, 2004, the County governmental funds reported combined ending fund balances of \$232,396,816, a decrease of \$45,053,546, as a result of current year operations. Of the \$232,396,816, 82% of this (\$189,763,539) constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for spending because it has already been committed: a) to liquidate contracts and purchase orders of the prior period, \$14,284,949, b) to pay debt service, \$15,932,973, c) to reflect long-term receivables that do not represent available spendable resources, \$10,518,032, d) to pay for future capital projects of the County, \$1,120,285, and e) other reserves, \$777,038.

General Fund:

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$28,064,235, while total fund balance reached \$55,222,848. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 100% of the total General Fund expenditures excluding one-time expenditure to CalPERS for the payment of the County's UAAL, while total fund balance represents 103% of that same amount.

Total property taxes increased by 14.30% as compared to the prior year due to the growth in property values and home sales. In addition, charges for services increased by 14.73% primarily due to increase in administrative overhead revenues. Retirement costs increased significantly which contributed to increased administrative overhead charged to the departments.

The General Fund received debt proceeds of \$89,642,160 from the issuance of the 2004 Pension Obligation Bonds. This amount was used to pay for the County's UAAL to CalPERS which is included in the General Fund's total expenditures.

Health & Social Services:

The fund balance of the Health & Social Services Fund increased by \$4,909,267 in the current fiscal year. The increase primarily consists of net increases in funding from the State and Federal government for increased costs from providing more services to the public, recoupment of prior year's cost report settlement (Short-Doyle), and increases in realignment funding. In addition, the Health & Social Services Department reduced various expenditures which contributed to the overall increase of their fund balance.

Also, the General Fund and the Tobacco Settlement Fund increased the amount transferred into the Health and Social Services Fund to cover the increased costs to the Family Health Services, Mental Health, Public Health and the Mental Health Managed Care Services.

Tobacco Settlement:

The fund balance of the Tobacco Settlement Fund decreased by \$3,725,245 during the current year. This decrease was primarily due to the increase in the amount transferred into the Health and Social Services Fund to finance existing health programs.

Fairfield Downtown Project:

The fund balance of the Fairfield Downtown Project Fund decreased by \$67,564,569 in the current year. The decrease is primarily due to the increase in construction costs for the Fairfield Downtown Government Center which is 75% complete as of June 30, 2004.

Other Governmental Funds:

The fund balance of the Other Governmental Funds increased by \$15,699,374 in the current year. The increase is due to increase collections from Public Facility Fees, increase in interest earnings, and increase in redevelopment pass thru resulting from the settlement of Southeast Vallejo Redevelopment. Also, there were increases in various state and federal grants to fund various programs in First 5 Solano, roads projects, and construction of new Juvenile Hall Detention Center.

Revenues by Source:

Revenues for governmental functions totaled \$472,343,457 in fiscal year 2003-2004. This represents a 13.14% increase from fiscal year 2002-2003.

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

**Revenues Classified by Source
Governmental Funds**

Revenues by Source	FY 2004		FY 2003		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 66,961,051	14.18%	\$ 59,246,973	14.19%	\$ 7,714,078	13.02%
Licenses, permits and franchises	5,094,159	1.08%	4,998,512	1.20%	95,647	1.91%
Fines, forfeitures and penalties	4,220,235	.89%	4,729,387	1.13%	(509,152)	-10.77%
Revenue from use of money	6,981,278	1.48%	3,980,609	.95%	3,000,669	75.38%
Intergovernmental revenues	308,978,705	65.41%	277,130,397	66.38%	31,848,308	11.49%
Charges for services	69,730,559	14.76%	59,721,371	14.30%	10,009,188	16.76%
Miscellaneous revenues	10,377,470	2.20%	7,693,931	1.84%	2,683,539	34.88%
Total	<u>\$ 472,343,457</u>	<u>100.00%</u>	<u>\$ 417,501,180</u>	<u>100.00%</u>	<u>\$ 54,842,277</u>	<u>13.14%</u>

The following provides an explanation of revenues by source that changed significantly over the prior year.

- Taxes: The increase of \$7,714,078 was primarily due to increases in assessed property values.
- Revenue from use of money and property: The increase of \$3,000,669 was primarily from the interest earnings on redevelopment money (Southeast Vallejo Redevelopment) held in escrow pending court settlement.
- Intergovernmental revenues: The increase of \$31,848,308 primarily consists of increases in funding to Health & Social Services (\$20,000,000) from State and Federal government for providing more services to the public for various health services and public assistance programs; increase in Prop 172 money (\$3,900,000) for Public Safety departments; increases in various state and federal grants to fund programs (\$1,300,000) in First 5 Solano, roads projects, and increase in state grant (\$2,900,000) for the construction of the new Juvenile Hall Detention Center.
- Charges for services: The increase of \$10,009,188 was primarily caused by increased administrative overhead charges (\$2,916,000) resulting from increases in salaries and benefits; increased legal fees, traffic school fees, disposal fees and supplemental property tax administration fees (\$1,484,000) and increase in public facilities fees (\$4,428,000) due to increased fees effective September 2003 and from more construction permits issued during the year.
- Miscellaneous revenues: The increase of \$2,683,539 was primarily due from a one-time court settlement for Southeast Vallejo Redevelopment.

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

**Expenditures by Function
Governmental Funds**

Expenditures by Function	FY 2004		FY 2003		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 49,188,749	7.98%	\$ 40,861,290	9.06%	\$ 8,327,459	20.38%
Public protection	172,365,652	27.95%	128,691,041	28.55%	43,674,611	33.94%
Public ways and facilities	10,112,629	1.64%	8,152,377	1.81%	1,960,252	24.05%
Health services	111,715,224	18.11%	84,249,844	18.69%	27,465,380	32.60%
Public assistance	150,785,051	24.45%	121,296,428	26.91%	29,488,623	24.31%
Education and recreation	18,172,806	2.95%	12,713,005	2.82%	5,459,801	42.95%
Debt service – principal retirement	8,394,452	1.36%	7,193,245	1.60%	1,201,207	16.70%
Debt service – interest charges	8,069,620	1.31%	5,157,325	1.14%	2,912,295	56.47%
Debt service – issuance cost	1,466,120	0.24%	-	-	1,466,120	100.00%
Capital outlay	86,478,021	14.01%	42,466,841	9.42%	44,011,180	103.64%
Total	<u>\$ 616,748,324</u>	<u>100.00%</u>	<u>\$ 450,781,396</u>	<u>100.00%</u>	<u>\$ 165,966,928</u>	<u>36.82%</u>

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

- An increase in expenditures of \$88,176,040 for all functions due to the payment of the Unfunded Actuarial Accrued Liability (UAAL) to CalPERS. This one-time expenditure is allocated by function.
- Public protection: The increase of \$43,674,000 resulted from the department's share of \$38,352,000 in the UAAL and \$5,300,000 increases in salaries and benefits due to

significant increase in retirement cost, increase in salaries due to annual COLA, and increase in workers compensation cost.

- Health services: The increase of \$27,465,000 resulted from the department's share of \$15,807,000 in the UAAL and \$11,658,000 increases in contracted services and other expenses related to health services (CMSP Managed Care Pilot Program and In-Home Support Services) programs for providing more services to the public. In addition, increases in costs also include increases in salaries and benefits due to annual COLA, increased retirement costs and increase in worker compensation costs.
- Public assistance: The increase of \$29,488,000 resulted from the department's share of \$20,206,000 in the UAAL and \$9,282,000 increases in costs related to child welfare services, adult services and assistance programs resulting from providing more services to the public particularly in cash and food assistance. In addition, increases in costs also include increase in retirement costs and increase in worker compensation costs.
- Education and recreation: The increase of \$5,459,000 resulted from the department's share of \$3,689,000 in the UAAL and \$1,770,000 increases in salaries and benefits due to the annual COLA, higher retirement costs and increase in workers compensation costs. In addition, increases in costs include increases in services and supplies and in Countywide A-87 charges.
- Debt service – Interest charges: The net increase of \$2,912,295 in interest charges was primarily due to \$3,353,362 increase in interest payment for the 2002 Certificates of Participation. Interest payment started in the middle of FY 02/03 which covers only one payment; FY 03/04 includes two interest payments.
- Capital outlay: Increase was attributable to an increase in capital projects activity in the current year. There was an increase of \$41 million for the construction of the new Fairfield Downtown Government Center which is 75% complete as of June 30, 2004; increase of \$5.3 million for the construction of the new Juvenile Hall Detention Facility.

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

Unrestricted net assets of the Nut Tree Airport at the end of the year amounted to \$230,175, and the unrestricted net assets for the Fouts Springs Youth Facility was a negative \$760,714. The net assets for the Nut Tree Airport increased by \$68,584, and the Fouts Springs Youth Facility decreased by \$763,029. The decrease for Fouts Springs was due to decrease in revenues from service charges related to ward placement by other counties and a decrease in Ranch & Camp TANF funds from Federal and State governments due to the decline in ward population.

General Fund Budgetary Highlights

The General Fund Budget (Original and Final versions) is reflected in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, as presented on page 70 in the Required Supplementary Information (RSI) section of this report.

The County's final budget differs from the original budget as a result of supplemental appropriations approved during the year. Total budgeted revenues decreased by \$28,797,137 or 17.9 percent, from the original budget. Actual revenues were more than the final budgeted revenues by \$9,852,234 or 7.4 percent. Total appropriations increased by \$62,670,712 or 64.3 percent, from the original budget. Actual expenditures were less than the final appropriations by \$17,079,020, or 10.8 percent. Significant factors affecting these changes were as follows:

Original Budget vs. Final Budget

Revenue Variances:

- Budgeted miscellaneous revenues decreased by \$29,000,000 for a proposed health services plan that did not materialize.

Appropriations Variances:

- A total increase of \$89,642,160 in appropriations to the various functions represents a one-time expenditure for payment of the County's UAAL to CalPERS. This one-time expenditure was allocated by function. The increase was offset by the decrease of \$30 million appropriation in other general government from the proposed health services plan that did not materialize.
- \$2,772,531 increase in Elections. Outstanding encumbrances of \$1,767,779 from the prior year (FY 2002/03) were rolled forward to FY 2003/04 for commitments on the purchase of a new computer and electronic touch screen voting system. In addition, the original budget was increased to appropriate Federal HAVA (Help America Vote Act) funds to use toward the new voting system.

Other Financing Sources (Uses) Variances:

- Increase in Debt proceeds – Budgeted Revenues were increased to provide for the receipt of proceeds from the one-time issuance of pension obligation bonds to pay for the County's UAAL with CalPERS.
- Increase in Transfers Out - Increased appropriations by \$2 million to transfer the Public Guardian function to Health and Social Services. Also, funded additional requirements in Other Public Defense activities.

Final Budget vs. Actual Amounts

During the year, revenues recognized exceeded budgetary revenue estimates by \$9.8 million and expenditures were less than appropriations estimates by \$17.1 million, thus eliminating the need to draw upon existing fund balance.

Revenue Variances:

- Property tax revenue was higher than budgeted because of higher assessed values due to continued home sales and construction activities in the low interest rate environment.
- Intergovernmental revenues were higher than budgeted due to increase in redevelopment pass-thru monies received from the settlement of the litigation with the Southeast Vallejo Redevelopment Agency.
- Charges for services were higher than budgeted due to increases in election charges resulting from the March 2004 election, increased disposal fees, and increased recording fees and SB813 revenues due to continued home sales.
- Miscellaneous revenues were higher than budgeted due to a one-time settlement from the Southeast Vallejo Redevelopment Agency.

Expenditure Variances:

- The Final Budget for General Government – Elections included appropriations for the new touch screen voter machines that were not purchased due to the decertification from the State.
- The Final Budget for General Government - Other General included appropriations for contingencies which were not spent.

- The Final Budget for General Government – Public Protection included appropriations for the Recorder’s Office and Resources Management for cost of services and supplies that did not materialize.

Capital Asset and Debt Administration

Capital assets. The County’s capital assets for its governmental and business-type activities as of June 30, 2004, amount to \$425,305,573 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, roads, and bridges. The total increase in the County’s capital assets for the current fiscal year was \$76,203,737, or 21.83%.

Major capital asset projects during the current fiscal year included the following:

- Juvenile Detention Facility
- Fairfield Downtown Government Center

	Governmental activities		Business-type activities		Total		Increase (Decrease) Percent of change
	2004	2003	2004	2003	2004	2003	
Land	\$ 149,403,509	\$ 148,651,334	\$ 2,593,286	\$ 2,593,286	\$ 151,996,795	\$ 151,244,620	.50%
Infrastructure	89,823,715	74,106,405	-	-	89,823,715	74,106,405	21.21%
Construction in progress	115,995,425	49,307,846	413,604	175,208	116,409,029	49,483,054	135.25%
Buildings	150,134,928	150,325,754	9,811,783	9,811,783	159,946,711	160,137,537	-0.12%
Machinery and equipment	35,061,426	32,643,991	491,980	476,544	35,553,406	33,120,535	7.35%
Less: accumulated depreciation	(125,116,483)	(116,081,138)	(3,307,600)	(2,909,177)	(128,424,083)	(118,990,315)	7.93%
Total	\$ 415,302,520	\$ 338,954,192	\$ 10,003,053	\$ 10,147,644	\$ 425,305,573	\$ 349,101,836	21.83%

Additional information on the County’s capital assets can be found in Note D on pages 57 - 59 of this report.

Long-term debt. At the end of the current fiscal year, the County had total debt outstanding for its governmental and business-type activities as of June 30, 2004, of \$298,030,128, which is entirely backed by the full faith and credit of the County.

	Governmental activities		Business-type activities		Total	
	2004	2003	2004	2003	2004	2003
Capital leases	\$ 377,880	\$ 937,955	\$ 12,394	\$ 30,088	\$ 390,274	\$ 968,043
Certificates of participation	162,086,201	168,748,015	-	-	162,086,201	168,748,015
Notes payable	16,637,923	18,022,764	1,420,051	1,608,192	18,057,974	19,630,956
Pension obligation bonds	96,665,000	-	-	-	96,665,000	-
Self-insurance liability	5,762,464	202,737	-	-	5,762,464	202,737
Compensated absences	14,798,775	14,595,058	269,440	307,444	15,068,215	14,902,502
Total	\$ 296,328,243	\$ 202,506,529	\$ 1,701,885	\$ 1,945,724	\$ 298,030,128	\$ 204,452,253

The County’s total debt increased by \$93,577,875 during the current fiscal year due to the issuance of the \$96,665,000 Pension Obligation Bonds (POB) in June 2004, of which the proceeds were used to reduce the County’s UAAL to CalPERS; an increase of \$5,582,000 in the County’s liability due to self-insuring the workers’ compensation program effective July 1, 2003, and a decrease of \$8,606,000 due to principal payments on long-term debt.

The County maintains an “A1” rating from Moody’s and an “A” rating from Standard & Poor’s for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total assessed valuation.

Additional information on the County’s long-term debt can be found in Note H on pages 61 - 65 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for the County is currently 5.6%. This compares favorably to the state’s average unemployment rate of 6.1%.
- The growth in property tax revenues is projected to increase by 8% for fiscal year 2004-2005. The County continues to experience the pace of growth seen in other Bay Area Counties.
- Due to the uncertainties associated with the State’s Budget for fiscal year 2004-2005 the County’s budget does not include any additional funding beyond what is projected for growth in established revenue sources, i.e. realignment, vehicle license fees, Proposition 172, sales tax and vehicle in lieu.

All of these factors were considered in preparing the County’s budget for fiscal year 2004-2005.

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, 600 Texas Street, Fairfield, CA 94533.

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COUNTY OF SOLANO, CALIFORNIA
Statement of Net Assets
June 30, 2004

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Solano County Fair	Workforce Investment Board
ASSETS					
Current assets					
Cash and investments	\$ 233,641,769	\$ 1,459,054	\$ 235,100,823	\$ 1,122,886	\$ 221,288
Accounts receivable	16,447,435	169,174	16,616,609	198,846	-
Due from other agencies	55,293,214	451,135	55,744,349	105,360	276,076
Internal balances	1,008,028	(1,008,028)	-	-	-
Other assets	2,233,822	68,900	2,302,722	82,822	61,218
Total current assets	<u>308,624,268</u>	<u>1,140,235</u>	<u>309,764,503</u>	<u>1,509,914</u>	<u>558,582</u>
Noncurrent assets					
Long-term assets	15,011,259	-	15,011,259	-	-
Pension asset	88,176,040	-	88,176,040	-	-
Capital assets:					
Capital assets, not being depreciated	265,398,934	3,006,890	268,405,824	576,307	-
Capital assets, being depreciated, net	149,903,586	6,996,163	156,899,749	3,049,884	8,023
Total noncurrent assets	<u>518,489,819</u>	<u>10,003,053</u>	<u>528,492,872</u>	<u>3,626,191</u>	<u>8,023</u>
Total assets	<u>\$ 827,114,087</u>	<u>\$ 11,143,288</u>	<u>\$ 838,257,375</u>	<u>\$ 5,136,105</u>	<u>\$ 566,605</u>
LIABILITIES					
Current liabilities					
Payables	\$ 29,901,009	\$ 284,805	\$ 30,185,814	\$ 239,619	\$ 227,025
Outstanding warrants	4,504,301	29,821	4,534,122	-	123,507
Unearned revenue	11,739,930	1,573	11,741,503	1,319	-
Other liabilities	6,548,297	34,576	6,582,873	15,743	-
Due to other agencies	2,672,018	-	2,672,018	-	-
Current portion of long-term obligations	17,547,595	267,221	17,814,816	33,080	26,000
Total current liabilities	<u>72,913,150</u>	<u>617,996</u>	<u>73,531,146</u>	<u>289,761</u>	<u>376,532</u>
Noncurrent liabilities					
Noncurrent portion of long-term obligations	278,780,648	1,434,664	280,215,312	41,078	57,813
Total liabilities	<u>351,693,798</u>	<u>2,052,660</u>	<u>353,746,458</u>	<u>330,839</u>	<u>434,345</u>
NET ASSETS					
Invested in capital assets, net of related debt	270,350,715	9,621,167	279,971,882	3,626,191	8,023
Restricted for:					
Capital projects	7,868,786	-	7,868,786	-	-
Debt service	9,735,045	-	9,735,045	-	-
Health services	18,974,630	-	18,974,630	-	-
Library services	11,571,328	-	11,571,328	-	-
Other purposes	22,429,222	-	22,429,222	339,782	620
Unrestricted	134,490,563	(530,539)	133,960,024	839,293	123,617
Total net assets	<u>475,420,289</u>	<u>9,090,628</u>	<u>484,510,917</u>	<u>4,805,266</u>	<u>132,260</u>
Total liabilities and net assets	<u>\$ 827,114,087</u>	<u>\$ 11,143,288</u>	<u>\$ 838,257,375</u>	<u>\$ 5,136,105</u>	<u>\$ 566,605</u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Activities
For the fiscal year ended June 30, 2004

Functions/programs	Expenses	Program Revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary Government:				
Governmental Activities:				
General government	\$ 43,489,603	\$ 31,920,886	\$ 2,430,001	\$ -
Public protection	132,128,495	18,014,578	57,068,661	5,154,984
Public ways and facilities	11,175,121	1,776,921	10,210,934	-
Health services	94,775,322	12,834,358	72,968,123	-
Public assistance	129,712,495	714,228	116,287,483	-
Education and recreation	14,212,564	3,896,130	5,237,583	-
Interest on long-term debt	8,233,665	-	-	-
Total Governmental Activities	<u>433,727,265</u>	<u>69,157,101</u>	<u>264,202,785</u>	<u>5,154,984</u>
Business-type Activities:				
Nut Tree Airport	1,262,109	1,043,051	-	-
Fouts Springs Youth Facility	4,389,289	2,846,865	-	-
Total Business-type Activities	<u>5,651,398</u>	<u>3,889,916</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 439,378,663</u>	<u>\$ 73,047,017</u>	<u>\$ 264,202,785</u>	<u>\$ 5,154,984</u>
Component Units:				
Solano County Fair	\$ 5,646,214	\$ 4,897,403	\$ 142,842	\$ -
Workforce Investment Board	5,221,811	-	5,219,127	-
Total Component Units	<u>\$ 10,868,025</u>	<u>\$ 4,897,403</u>	<u>\$ 5,361,969</u>	<u>\$ -</u>

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

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Activities
For the fiscal year ended June 30, 2004

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Solano County Fair	Workforce Investment Board
\$ (9,138,716)	\$ -	\$ (9,138,716)	\$ -	\$ -
(51,890,272)	-	(51,890,272)	-	-
812,734	-	812,734	-	-
(8,972,841)	-	(8,972,841)	-	-
(12,710,784)	-	(12,710,784)	-	-
(5,078,851)	-	(5,078,851)	-	-
(8,233,665)	-	(8,233,665)	-	-
<u>(95,212,395)</u>	<u>-</u>	<u>(95,212,395)</u>	<u>-</u>	<u>-</u>
-	(219,058)	(219,058)	-	-
-	(1,542,424)	(1,542,424)	-	-
-	(1,761,482)	(1,761,482)	-	-
<u>(95,212,395)</u>	<u>(1,761,482)</u>	<u>(96,973,877)</u>	<u>-</u>	<u>-</u>
-	-	-	(605,969)	-
-	-	-	-	(2,684)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(605,969)</u>	<u>(2,684)</u>
56,309,939	190,885	56,500,824	-	-
1,545,460	-	1,545,460	-	-
3,603,308	-	3,603,308	-	-
50,590,802	855,988	51,446,790	-	-
6,725,817	4,788	6,730,605	23,202	801
11,939,541	17,909	11,957,450	39,497	27
1,384,309	-	1,384,309	-	-
2,533	(2,533)	-	-	-
<u>132,101,709</u>	<u>1,067,037</u>	<u>133,168,746</u>	<u>62,699</u>	<u>828</u>
36,889,314	(694,445)	36,194,869	(543,270)	(1,856)
438,530,975	9,785,073	448,316,048	5,348,536	134,116
<u>\$475,420,289</u>	<u>\$ 9,090,628</u>	<u>\$ 484,510,917</u>	<u>\$ 4,805,266</u>	<u>\$ 132,260</u>

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

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

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2004

	<u>General</u>	<u>Health & Social Services</u>	<u>Public Safety</u>	<u>Tobacco Settlement</u>
ASSETS				
Cash and investments	\$ 40,204,319	\$ 118,319	\$ 4,308,473	\$ 64,001,297
Accounts receivable	3,375,948	10,601,126	723,998	-
Due from other agencies	13,891,348	27,171,089	8,785,488	-
Due from other funds	11,509,077	3,800,697	567,767	-
Other assets	335,711	481,707	788,204	-
Total assets	<u>\$ 69,316,403</u>	<u>\$ 42,172,938</u>	<u>\$ 15,173,930</u>	<u>\$ 64,001,297</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 2,546,424	\$ 10,802,974	\$ 3,849,112	\$ -
Outstanding warrants	195,736	3,213,121	546,475	-
Deferred revenue	10,064,987	17,985,489	2,799,993	-
Due to other funds	398,945	7,671,894	3,685,064	3,264,649
Other liabilities	431,416	19,934	-	-
Due to other agencies	456,047	1,986,760	108,162	-
Total liabilities	<u>14,093,555</u>	<u>41,680,172</u>	<u>10,988,806</u>	<u>3,264,649</u>
Fund balances:				
Reserved:				
Long-term assets	-	110,000	-	-
Debt service	462,000	-	-	-
Capital projects	-	-	-	-
Encumbrances	628,601	155,674	1,309,525	-
Other purposes	68,012	8,320	105,043	-
Unreserved:				
Designated, reported in:				
General fund	26,000,000	-	-	-
Capital projects funds	-	-	-	-
Special revenue funds	-	-	2,770,556	60,736,648
Undesignated	28,064,235	218,772	-	-
Total fund balances	<u>55,222,848</u>	<u>492,766</u>	<u>4,185,124</u>	<u>60,736,648</u>
Total liabilities and fund balances	<u>\$ 69,316,403</u>	<u>\$ 42,172,938</u>	<u>\$ 15,173,930</u>	<u>\$ 64,001,297</u>

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

Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Deferred costs of issuance for debt used in government activities are not financial resources and, therefore, are not reported in the funds.

Internal service funds are used by management to charge the costs of communications, fleet services, management information systems, Solano County Integrated Property System, reprographics and risk management. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets. Pension asset of the governmental activities is not a financial resource and therefore is not reported in the funds.

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest payable

Long-term obligations

Net assets of governmental activities

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, 2004

	<u>General</u>	<u>Health & Social Services</u>	<u>Public Safety</u>	<u>Tobacco Settlement</u>
REVENUES				
Taxes	\$ 54,365,565	\$ -	\$ -	\$ -
Licenses, permits and franchises	4,445,047	355,981	218,412	-
Fines, forfeitures and penalties	2,601,106	638,810	973,230	-
Revenue from use of money and property	1,073,396	(214,375)	(65,166)	1,551,066
Intergovernmental revenues	42,948,365	185,755,175	53,580,154	-
Charges for services	31,574,343	12,386,882	8,201,361	-
Miscellaneous revenues	5,144,914	791,764	1,721,644	-
Total revenues	<u>142,152,736</u>	<u>199,714,237</u>	<u>64,629,635</u>	<u>1,551,066</u>
EXPENDITURES				
Current:				
General government	47,827,443	-	-	-
Public protection	50,558,699	-	118,916,752	-
Public ways and facilities	2,121,901	-	-	-
Health services	15,807,082	90,204,590	-	628,673
Public assistance	21,102,713	129,682,338	-	-
Education and recreation	3,969,583	-	-	-
Debt service:				
Principal	126,737	85,754	1,105,713	-
Interest and other charges	23,738	12,588	170,300	-
Debt issuance cost	1,466,120	-	-	-
Capital outlay	65,189	38,935	268,424	-
Total expenditures	<u>143,069,205</u>	<u>220,024,205</u>	<u>120,461,189</u>	<u>628,673</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(916,469)</u>	<u>(20,309,968)</u>	<u>(55,831,554)</u>	<u>922,393</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	89,642,160	-	-	-
Transfers in	352,380	28,415,474	56,848,931	-
Transfers out	(82,784,771)	(3,196,239)	(1,711,976)	(4,647,638)
Sale of capital assets	22,488	-	6,438	-
Total other financing sources (uses)	<u>7,232,257</u>	<u>25,219,235</u>	<u>55,143,393</u>	<u>(4,647,638)</u>
Net change in fund balances	6,315,788	4,909,267	(688,161)	(3,725,245)
Fund balances (deficit) - beginning	48,907,060	(4,416,501)	4,873,285	64,461,893
Fund balances - ending	<u>\$ 55,222,848</u>	<u>\$ 492,766</u>	<u>\$ 4,185,124</u>	<u>\$ 60,736,648</u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2004

<u>Fairfield Downtown Project</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
\$ -	\$ 12,595,486	\$ 66,961,051	REVENUES
-	74,719	5,094,159	Taxes
-	7,089	4,220,235	Licenses, permits and franchises
1,606,752	3,029,605	6,981,278	Fines, forfeitures and penalties
602,000	26,093,011	308,978,705	Revenue from use of money and property
-	17,567,973	69,730,559	Intergovernmental revenues
64	2,719,084	10,377,470	Charges for services
<u>2,208,816</u>	<u>62,086,967</u>	<u>472,343,457</u>	Miscellaneous revenues
			Total revenues
			EXPENDITURES
			Current:
91,668	1,269,638	49,188,749	General government
-	2,890,201	172,365,652	Public protection
-	7,990,728	10,112,629	Public ways and facilities
-	5,074,879	111,715,224	Health services
-	-	150,785,051	Public assistance
-	14,203,223	18,172,806	Education and recreation
-	7,076,248	8,394,452	Debt service:
-	7,862,994	8,069,620	Principal
-	-	1,466,120	Interest and other charges
66,076,702	20,028,771	86,478,021	Debt issuance cost
<u>66,168,370</u>	<u>66,396,682</u>	<u>616,748,324</u>	Capital outlay
			Total expenditures
			Excess (deficiency) of revenues over (under) expenditures
<u>(63,959,554)</u>	<u>(4,309,715)</u>	<u>(144,404,867)</u>	
			OTHER FINANCING SOURCES (USES)
-	7,022,840	96,665,000	Debt proceeds
970,000	12,821,225	99,408,010	Transfers in
(4,575,015)	(2,759,054)	(99,674,693)	Transfers out
-	2,924,078	2,953,004	Sale of capital assets
<u>(3,605,015)</u>	<u>20,009,089</u>	<u>99,351,321</u>	Total other financing sources (uses)
(67,564,569)	15,699,374	(45,053,546)	Net change in fund balances
90,940,497	72,684,128	277,450,362	Fund balances (deficit) - beginning
<u>\$ 23,375,928</u>	<u>\$ 88,383,502</u>	<u>\$ 232,396,816</u>	Fund balances - ending

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, 2004

Net change in fund balances - total governmental funds \$ (45,053,546)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital outlay	\$ 86,478,021	
Depreciation expense	<u>(9,623,203)</u>	76,854,818

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (382,281)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 6,018,796

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt proceeds	\$ (96,665,000)	
Bond issuance costs	1,466,120	
Debt principal payments	<u>8,394,452</u>	(86,804,428)

Some expenses reported in governmental funds require the use of current financial resources but are not reported as expenditures in the statement of activities.

Retirement contributions 88,176,040

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.

Accrued interest payable	\$ (10,228)	
Amortization expense	(132,964)	
Compensated absences	<u>(139,964)</u>	(283,156)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with governmental activities. (1,636,929)

Change in net assets of governmental activities \$ 36,889,314

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Net Assets
Proprietary Funds
June 30, 2004

	Business-type Activities - Enterprise Funds			Governmental
	Nut Tree Airport	Fouts Springs Youth Facility	Total	Activities - Internal Service Funds
ASSETS				
Current assets				
Cash and investments	\$ 1,458,554	\$ 500	\$ 1,459,054	\$ 13,655,693
Accounts receivables	43,532	125,642	169,174	208,595
Due from other agencies	656	450,479	451,135	13,722
Due from other funds	-	99,657	99,657	330,101
Other assets	19,681	49,219	68,900	333,882
Total current assets	<u>1,522,423</u>	<u>725,497</u>	<u>2,247,920</u>	<u>14,541,993</u>
Noncurrent assets				
Capital assets:				
Land	2,573,286	20,000	2,593,286	-
Construction in progress	387,976	25,628	413,604	-
Buildings and improvements	5,415,555	4,396,228	9,811,783	114,471
Equipment	95,824	396,156	491,980	15,725,605
Less: accumulated depreciation	(2,361,708)	(945,892)	(3,307,600)	(9,913,355)
Total capital assets	<u>6,110,933</u>	<u>3,892,120</u>	<u>10,003,053</u>	<u>5,926,721</u>
Total assets	<u>\$ 7,633,356</u>	<u>\$ 4,617,617</u>	<u>\$ 12,250,973</u>	<u>\$ 20,468,714</u>
LIABILITIES				
Current liabilities				
Payables	\$ 152,609	\$ 132,196	\$ 284,805	\$ 1,023,635
Outstanding warrants	16,119	13,702	29,821	52,969
Unearned revenue	-	1,573	1,573	-
Due to other funds	31,277	1,076,408	1,107,685	125,250
Other liabilities	34,576	-	34,576	-
Current portion of long-term obligations	153,108	114,113	267,221	1,959,422
Total current liabilities	<u>387,689</u>	<u>1,337,992</u>	<u>1,725,681</u>	<u>3,161,276</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	1,274,051	160,613	1,434,664	4,162,713
Total liabilities	<u>1,661,740</u>	<u>1,498,605</u>	<u>3,160,345</u>	<u>7,323,989</u>
NET ASSETS				
Invested in capital assets, net of related debt	5,741,441	3,879,726	9,621,167	5,926,721
Unrestricted	230,175	(760,714)	(530,539)	7,218,004
Total net assets	<u>5,971,616</u>	<u>3,119,012</u>	<u>9,090,628</u>	<u>13,144,725</u>
Total liabilities and net assets	<u>\$ 7,633,356</u>	<u>\$ 4,617,617</u>	<u>\$ 12,250,973</u>	<u>\$ 20,468,714</u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the fiscal year ended June 30, 2004

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service
	<u>Nut Tree Airport</u>	<u>Fouts Springs Youth Facility</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for sales and services	\$ 1,043,051	\$ 2,846,865	\$ 3,889,916	\$ 29,047,425
OPERATING EXPENSES				
Personnel services	108,209	3,289,637	3,397,846	5,359,289
Maintenance	79,652	83,065	162,717	1,039,308
Materials and supplies	508,706	287,236	795,942	1,004,864
Depreciation	235,705	181,366	417,071	1,684,620
Insurance	12,006	29,870	41,876	11,956,836
Rent, utilities and others	245,072	516,838	761,910	10,312,368
Total operating expenses	<u>1,189,350</u>	<u>4,388,012</u>	<u>5,577,362</u>	<u>31,357,285</u>
Operating loss	<u>(146,299)</u>	<u>(1,541,147)</u>	<u>(1,687,446)</u>	<u>(2,309,860)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	63,782	792,206	855,988	-
Investment earnings	18,979	(14,191)	4,788	49,882
Interest expense	(72,759)	(1,277)	(74,036)	(7,557)
Property taxes	190,885	-	190,885	-
Other revenue	14,115	3,794	17,909	404,151
Loss on sale of capital assets	-	-	-	(42,761)
Total nonoperating revenues (expenses)	<u>215,002</u>	<u>780,532</u>	<u>995,534</u>	<u>403,715</u>
Income (loss) before transfers	68,703	(760,615)	(691,912)	(1,906,145)
Transfers in	-	-	-	286,141
Transfers out	(119)	(2,414)	(2,533)	(16,925)
Change in net assets	68,584	(763,029)	(694,445)	(1,636,929)
Total net assets - beginning	5,903,032	3,882,041	9,785,073	14,781,654
Total net assets - ending	<u>\$ 5,971,616</u>	<u>\$ 3,119,012</u>	<u>\$ 9,090,628</u>	<u>\$ 13,144,725</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, 2004

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Nut Tree Airport	Fouts Springs Youth Facility	Total	
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,297,091	\$ 2,916,288	\$ 4,213,379	\$ 30,067,015
Receipts from interfund services provided	15,407	650,216	665,623	45,177
Payments to suppliers	(845,446)	(961,944)	(1,807,390)	(19,061,965)
Payments to employees	(152,338)	(3,283,512)	(3,435,850)	(5,295,440)
Payments for interfund services used	-	(62,432)	(62,432)	(288,339)
Net cash provided (used) by operating activities	<u>314,714</u>	<u>(741,384)</u>	<u>(426,670)</u>	<u>5,466,448</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	-	286,141
Transfers out	(119)	(2,414)	(2,533)	(16,925)
Subsidy from federal/state grant	63,782	792,206	855,988	-
Net cash provided by noncapital financing activities	<u>63,663</u>	<u>789,792</u>	<u>853,455</u>	<u>269,216</u>
Cash flows from capital and related financing activities:				
Interest paid	(72,759)	(1,277)	(74,036)	(7,557)
Debt principal paid	(188,142)	(17,694)	(205,836)	(140,464)
Acquisition of capital assets	(257,232)	(15,246)	(272,478)	(1,556,641)
Net cash provided (used) by capital and related financing activities	<u>(518,133)</u>	<u>(34,217)</u>	<u>(552,350)</u>	<u>(1,704,662)</u>
Cash flows from investing activities:				
Investment income (loss)	18,979	(14,191)	4,788	49,882
Net increase (decrease) in cash and cash equivalents	(120,777)	-	(120,777)	4,080,884
Cash and cash equivalents, beginning	1,579,331	500	1,579,831	9,574,809
Cash and cash equivalents, ending	<u>\$ 1,458,554</u>	<u>\$ 500</u>	<u>\$ 1,459,054</u>	<u>\$ 13,655,693</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	\$ (146,299)	\$ (1,541,147)	\$ (1,687,446)	\$ (2,309,860)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	235,705	181,366	417,071	1,684,620
Other nonoperating revenue	205,000	3,794	208,794	357,619
Changes in assets and liabilities:				
Decrease in receivables, net	26,829	13,497	40,326	71,515
Increase in due from other funds	-	(62,432)	(62,432)	(186,207)
(Increase) decrease in due from other agencies	(10)	52,131	52,121	17,067
Increase in other assets	-	(280)	(280)	(183,963)
Increase (decrease) in payables	19,217	(370)	18,847	453,828
Increase (decrease) in due to other funds	15,407	650,216	665,623	(56,955)
Decrease in due to other agencies	-	(28)	(28)	(4,792)
Increase (decrease) in accrued compensated absences	(44,129)	6,125	(38,004)	63,849
Decrease in unearned revenue	-	(44,256)	(44,256)	-
Increase in self-insurance liability	-	-	-	5,582,000
Increase (decrease) in other liabilities	2,994	-	2,994	(22,273)
Total adjustments	<u>461,013</u>	<u>799,763</u>	<u>1,260,776</u>	<u>7,776,308</u>
Net cash provided (used) by operating activities	<u>\$ 314,714</u>	<u>\$ (741,384)</u>	<u>\$ (426,670)</u>	<u>\$ 5,466,448</u>
Noncash investing, capital and financing activities:				
Decrease in fair value of investments	\$ (8,261)	\$ -	\$ (8,261)	\$ (77,348)
Loss on sale of capital assets	-	-	-	(46,532)

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2004

	<u>External Investment</u>		
	<u>Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and investments	\$ 474,960,764	\$ 4,013,454	\$ 15,927,276
Property tax receivable	-	-	32,762,268
Property of estates	-	1,527,910	-
Total assets	<u>\$ 474,960,764</u>	<u>\$ 5,541,364</u>	<u>\$ 48,689,544</u>
LIABILITIES			
Due to others	\$ -	\$ -	\$ 48,689,544
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 48,689,544</u>
NET ASSETS			
Net assets held in trust for:			
Individuals	-	5,541,364	
Pool participants	474,960,764	-	
Total net assets	<u>474,960,764</u>	<u>5,541,364</u>	
Total liabilities and net assets	<u>\$ 474,960,764</u>	<u>\$ 5,541,364</u>	

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the fiscal year ended June 30, 2004

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>
ADDITIONS		
Contributions on pooled investments	\$ 762,629,811	\$ 759,752
Other contributions/additions	6,194,563	136,775
Interest and investment income	10,613,886	7,246
Total additions	<u>779,438,260</u>	<u>903,773</u>
DEDUCTIONS		
Distribution from pooled investments	<u>743,186,128</u>	<u>726,540</u>
Change in net assets	36,252,132	177,233
Net assets - beginning	<u>438,708,632</u>	<u>5,364,131</u>
Net assets - ending	<u>\$ 474,960,764</u>	<u>\$ 5,541,364</u>

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

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**COUNTY OF SOLANO, CALIFORNIA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

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

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

Component units blended in the County's financial statements include the East Vallejo Fire Protection District, Rural North Vacaville Water District, Solano County Building Corporation, and the Solano County Facilities Corporation.

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 Rural North Vacaville Water District provides domestic water, and water for fire protection, through a public distribution system, owned and operated by the District. The District's board consists exclusively of all five members of the County's Board of Supervisors.

The Solano County Building Corporation (SCBC) was established for the purpose of financing the construction of the Solano County Justice Facility and Public Building Improvement Project. The SCBC's board consists exclusively of all five members of the County's Board of Supervisors.

The Solano County Facilities Corporation (SCFC) was established for the purpose of providing financing for the acquisition and construction of property known as the Solano Park Hospital. The SCFC's board consists exclusively of all five members of the County's Board of Supervisors.

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.

The Solano County Fair (Fair) 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.

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, Ryer Fire Protection District, Suisun Fire Protection District and Vacaville Fire Protection District are fire protection 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 fire protection district, except for the Cordelia Fire Protection District, which has a board that is elected by the general public.
- The Rio Vista-Montezuma Cemetery District, Rockville Cemetery District, Silveyville Cemetery District, Suisun-Fairfield Cemetery District and Vacaville-Elmira Cemetery District. 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 enterprise funds, the County has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (the FASB), the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

B. Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on 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 fund 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. They do, 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 government 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 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 and claims and judgments, are recorded only when payment is due.

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 government receives cash.

The government reports the following major governmental funds:

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

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

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

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

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

The government reports the following major enterprise funds:

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

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

Additionally, the government reports the following fund types:

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

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

The *Private Purpose Trust Funds* are used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments.

The *Agency Funds* are used to account for assets held by the County as a trustee or as an agent for individuals, private organizations, related organizations and/or other governmental units.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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 revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Airport and Fouts Springs are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses

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

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

The County pools cash and investments with the County Treasurer except for investments managed by paying agents under bonded debt agreements. Interest from bank accounts and investments are allocated to the various funds based on the average daily cash balances of the funds entitled to receive interest. It is the County's policy to charge interest to funds which have 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 published market prices and quotations from major investment brokers. 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 and pooled amounts in the County Treasury to be cash equivalents.

The Pool values participants' shares on an amortized cost basis. Specifically, the Pool distributes income to participants based on their relative participation during the period. Income is calculated based on (1) realized investment gains and losses calculated on an amortized cost basis, (2) interest income based on stated rates (both paid and accrued), (3) amortization of discounts and premiums on a straight-line basis, and (4) investment and administrative expenses. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair 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 monthly basis to the Board of Supervisors manages the Pool. In addition, the function of the County Treasurer Oversight Committee is to review and monitor the County's investment policy and to monitor compliance with the investment policy and reporting provisions of the law.

The Pool is comprised of two components: a) pooled deposits and investments and b) dedicated investment funds. The dedicated investment funds represent restricted funds and relate to the

General Fund's cash reserve requirement. In addition to the Pool, the County has other funds which are held by trustees. These funds are related to the issuance of bonds and certain loan programs of the County. In addition, the investments of the WIB are held by trustees.

The school districts within the County of Solano's jurisdiction are required by the California Education Code to participate in the Pool. In addition, the Solano County Mosquito Abatement District is required by the Health and Safety Code to participate in the Pool. Deposits held on an involuntary participation basis for these districts and other agencies in the amount of \$474,960,764 are included in the External Investment Trust Fund.

The County's cash and investments include \$4,013,454 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 to provide services 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, 2004, 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 non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

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

3. *Property Tax Levy, Collection and Maximum Rates*

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

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

	Secured	Unsecured
Valuation/lien dates	January 1	January 1
Levy dates	October 1	July 1
Due dates	50% on November 1, 50% on March 1	August 1

Delinquent dates	December 11 (for November) April 11 (for March)	August 31
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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 as provided in 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 inventories in the other asset category. The County values inventories at cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenditures when purchased rather than when consumed. Also, included in the other assets are prepaid expenses.

5. Long-term assets

The County reports receivables greater than one year in the long-term asset. Also, long-term receivables arising from loan subsidy programs are included in this category.

6. Capital Assets

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

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

Property, plant, equipment, 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
Specialty equipment and vehicles	2-20
Construction equipment	10-20
Buildings and improvements	10-40
Roads (surface only)	10-20

7. Federal, State and Local Grants

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

8. Outstanding Warrants

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

9. Internal Balances

Included in the "Internal balances" are amounts owed to/by funds within the County.

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. Deferred Revenue

Deferred revenue represents financial resources received before qualifying expenditures are made. Primarily, these resources are advances from the State of California and the federal government for costs of various programs administered by the County's Health & Social Services Department. Deferred revenue also represents receivables recorded before the availability criterion has been met as disclosed in Note III - B.

12. Compensated Absences

Vested unused vacation pay may be accumulated and, if not taken, is paid at the date of termination from County employment. All compensated pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Upon retirement, unused sick leave is paid up to a maximum of 500 hours per employee. In prior years, compensated absences have been liquidated primarily by the general fund and special revenue funds.

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 debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types 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 Assets/Fund Balances

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

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

In the fund financial statements, reservations and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by GAAP, bond indenture agreements and by actions of the Board and/or management.

As of June 30, 2004, reservations of fund balance are described below:

- *Long-term assets* – to reflect the amounts due from others that are long-term in nature. Such amounts do not represent available spendable resources.
- *Debt service* – to reflect the funds held by trustees or fiscal agents for future payment of principal and interest indicated in the indenture agreement. These funds are not available for general operations.
- *Capital projects* – to reflect the funds held by the County earmarked for capital projects. These funds are not available for general operations.

- *Encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received as of June 30, 2004.
- *Other purposes* - to reflect the portion of assets that do not represent available spendable resources.

As of June 30, 2004, the portion of fund balance classified as unreserved is described below:

- *Designated, reported in: General fund* – to reflect the portion of funds set aside for general purposes approved by the Board.
- *Designated, reported in: Capital project funds* – to reflect the fund balances reported by the County in capital project funds.
- *Designated, reported in: Special revenue funds* – to reflect the fund balances reported by the County in special revenue funds.
- *Undesignated* – to reflect the fund balance reported that is undesignated in the funds.

15. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental funds balance sheet includes a reconciliation between *fund balances-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$409,375,799 difference are as follows:

Land & infrastructure, not being depreciated	\$ 149,403,509
Construction in progress	115,995,425
Infrastructure, net of \$27,245,827 accumulated depreciation	62,577,888
Buildings, net of \$75,535,154 accumulated depreciation	74,485,303
Machinery and equipment, net of \$12,422,147 accumulated depreciation	<u>6,913,674</u>
Net adjustment to increase <i>fund balances-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$409,375,799</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 \$290,206,108 difference are as follows:

Notes payable	\$ 16,637,923
Certificates of Participation:	158,155,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(262,974)
Less: Issuance discounts (to be amortized over life of debt)	(259,289)
Add: Issuance premium (to be amortized over life of debt)	4,453,464
Pension obligation bonds	96,665,000
Capital leases	377,880
Compensated absences	<u>14,439,104</u>
Net adjustment to reduce <i>fund balances – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$290,206,108</u>

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments of the County, excluding WIB and Solano County Fair, at June 30, 2004 were as follows:

	<u>Cash on Hand</u>	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Held by County Treasurer	\$ 763,537	\$ 52,288,008	\$ 580,954,307	\$ 634,005,852
Held by third-party fiscal agents	<u>22,926</u>	<u>3,166,465</u>	<u>92,807,074</u>	<u>95,996,465</u>
Total cash and investments	<u>\$ 786,463</u>	<u>\$ 55,454,473</u>	<u>\$ 673,761,381</u>	<u>\$ 730,002,317</u>

Reconciliation to financial statements:

Government-wide Statement of Net Assets	\$ 235,100,823
Statement of Fiduciary Net Assets:	
External Investment Trust	474,960,764
Private Purpose Trust	4,013,454
Agency Funds	<u>15,927,276</u>
Total	<u>\$ 730,002,317</u>

Cash and investments of component units at June 30, 2004 were as follows:

	<u>Cash on Hand</u>	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Solano County Fair				
Held by County Treasurer	\$ -	\$ -	\$ 961,581	\$ 961,581
Held by third-party fiscal agents	<u>1,900</u>	<u>159,405</u>	<u>-</u>	<u>161,305</u>
Total cash and investments	<u>\$ 1,900</u>	<u>\$ 159,405</u>	<u>\$ 961,581</u>	<u>\$ 1,122,886</u>

WIB

Held by County Treasurer	\$ -	\$ -	\$ 188,347	\$ 188,347
Held by third-party fiscal agents	<u>620</u>	<u>32,321</u>	<u>-</u>	<u>32,941</u>
Total cash and investments	<u>\$ 620</u>	<u>\$ 32,321</u>	<u>\$ 188,347</u>	<u>\$ 221,288</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 for tax revenue anticipation notes and other obligations.

1. Cash

As of June 30, 2004, the carrying amount of cash and deposits held by the County Treasurer was as follows:

Deposits in banks	\$ 49,388,008
Nonnegotiable certificates of deposit	2,900,000
Cash on hand	<u>763,537</u>
	<u>\$ 53,051,545</u>

As of June 30, 2004, the carrying amount and combined bank balances of the County Treasurer’s deposits in banks were \$52,288,008. Of the bank balances, \$500,000 was covered by federal depository insurance, and the remaining \$51,788,008 was collateralized as required by Section 53652 of the California Government Code by securities held by the pledging financial institution in the County’s name.

As of June 30, 2004, the carrying amount of cash and deposits held by third-party fiscal agents was as follows:

Deposits in banks	\$ 3,166,465
Cash on hand	<u>22,926</u>
	<u>\$ 3,189,391</u>

As of June 30, 2004, the carrying amount and combined bank balances of cash held by third-party fiscal agents was \$3,166,465. Of the bank balances, \$1,205,723 was covered by federal depository insurance, and the remaining \$1,960,742 was collateralized as required by Section 53652 of the California Government Code by securities held by the pledging financial institution in the County’s name.

As of June 30, 2004, the carrying amount of cash and deposits held by component units was as follows:

Deposits in banks	\$ 191,726
Cash on hand	<u>2,520</u>
	<u>\$ 194,246</u>

As of June 30, 2004, the carrying amount and the combined bank balances of the component units not maintained with the County Treasurer was \$191,726 of which is covered by federal depository insurance up to \$200,000.

2. Investments

Statutes authorize the County to invest in obligations of the U.S. Government securities, U.S. Government agencies and instrumentalities, certificates of deposit of nationally or state-

charted 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, repurchase agreements, reverse repurchase agreements, municipal bonds, mutual funds as permitted by the California Government Code, and the California State Treasurer's investment pool (Local Agency Investment Fund or LAIF).

The County also participates in the Investment Trust of California (CalTRUST) and the California Asset Management Program (CAMP) pursuant to the Joint Exercise of Powers Act (California Government Code Section 6502).

The County's investments are categorized to give an indication of the level of custodial credit risk assumed by the County as of June 30, 2004. This categorization includes the Fair and the WIB as component unit investments that are not separately identifiable.

Investments are categorized into these three categories of custodial credit risk:

1. Insured or registered, or securities held by the government or its agent in the government's name.
2. Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
3. Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent, but not in the government's name.

Investments in LAIF, CAMP, CalTRUST, Guaranteed Investment Contract, and mutual funds are not required to be categorized.

Investments			
	<u>Category 1</u>	<u>Category 2</u>	<u>Carrying value</u>
Investments held by County Treasurer:			
Categorized:			
U. S. Government agencies	\$ 412,601,544		\$ 412,601,544
U. S. Government securities	44,623,552		44,623,552
Medium-term notes	74,465,828		74,465,828
Municipal Bonds	7,838,230		7,838,230
	<u>\$ 539,529,154</u>		<u>539,529,154</u>
Non-categorized:			
CalTRUST			33,108,778
CAMP			2,437
Investment in LAIF			9,463,866
Total investments held by County Treasurer			<u>582,104,235</u>
Investments held by third-party fiscal agents:			
Categorized:			
U.S. Government agencies		\$ 5,476,063	5,476,063
U.S. Government securities		3,674,115	3,674,115
Municipal Bonds		39,088,233	39,088,233
		<u>\$ 48,238,411</u>	<u>48,238,411</u>
Non-categorized:			
Guaranteed Investment Contract			10,948,779
Investment in LAIF			13,717,320
Dreyfuss Mutual Fund			1,844,633
Blackrock Provident Mutual Fund			18,057,931
Total investments held by third-party fiscal agents:			<u>92,807,074</u>
Total Investments			<u>\$ 674,911,309</u>

Fair values fluctuate with interest rates, and increasing rates could cause fair values to decline below original cost. County management believes the liquidity in the portfolio is more than adequate to meet cash flow requirements and to preclude the County from having to sell investments below original cost.

At June 30, 2004, the County's investment position in the State of California Local Agency Investment Fund (LAIF) is \$23,181,186. 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's portion in the pool. The total amount invested by all public agencies in LAIF on June 30, 2004, is \$57,600,699,158. LAIF is managed by the State Treasurer. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of asset-backed securities totaling \$923,459,000, or 1.603% of total LAIF investments. The Local Investment Advisory Board (LIAB) has oversight responsibility for LAIF. The LIAB consists of five members as designated by State Statute.

The earned yield, which includes net gains on investments sold, on all investments held by the County Treasurer for the fiscal year ended June 30, 2004 was 2.01%.

A summary of the investments held by the Treasurer's Pool is as follows:

<u>Investment</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>
U.S. Government securities	\$ 44,623,552	\$ 44,824,146	1.625 – 2.375%	09/04 – 08/06
U.S. Government agencies	412,601,544	417,294,938	1.085 – 6.25	07/04 – 10/12
Medium-term notes	74,465,828	76,101,847	2.070 – 6.750	07/04 – 04/09
CalTRUST	33,108,778	33,108,778	1.30 – 1.50	07/04
CAMP	2,437	2,437	0.50 – 0.75	07/04
Investment in LAIF	9,463,866	9,463,866	1.00 – 1.30	07/04
Municipal Bonds	7,838,230	7,815,000	3.28 – 4.58	08/06 – 01/09
	<u>\$ 582,104,235</u>	<u>\$ 588,611,012</u>		

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Pool as of June 30, 2004:

Statement of net assets	
Net assets held in trust for all pool participants	<u>\$ 630,498,151</u>
Equity of internal pool participants	\$ 155,537,387
Equity of external pool participants	<u>474,960,764</u>
Total equity	<u>\$ 630,498,151</u>
Statement of changes in net assets	
Net assets as of July 1, 2003	\$ 596,709,408
Net change in investments by pool participants	<u>33,788,743</u>
Net assets as of June 30, 2004	<u>\$ 630,498,151</u>
Reconciliation to financial statements	
Held by County Treasurer:	
Primary government	\$ 634,005,852
Component units:	
Solano County Fair	961,581
Workforce Investment Board	188,347
Less outstanding warrants:	
Primary government	4,534,122
Component unit-Workforce Investment Board	<u>123,507</u>
Total	<u>\$ 630,498,151</u>

B. Receivables/Deferred Revenue

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

At the end of June 30, 2004, the various components of deferred revenue were as follows:

Fund	Unavailable	Unearned	Total
General	\$ 9,687,184	\$ 377,803	\$ 10,064,987
Health and Social Services	9,467,383	8,518,106	17,985,489
Public Safety	124,071	2,675,922	2,799,993
Other Governmental Funds	-	168,099	168,099
Total deferred revenue	\$ 19,278,638	\$ 11,739,930	\$ 31,018,568

Prepayments received for services to be rendered:

Fund	Unearned
Fouts Springs Youth Facility	\$ 1,573

C. Due To/Due From Other Funds

	Due From						Total
	General	Health & Social Services	Public Safety	Other Governmental	Fouts Springs Youth Facility	Internal Service	
General	\$ -	\$ 1,095	\$ 202,551	60,826	\$ -	\$ 134,473	\$ 398,945
Health & Social Services	7,016,559	-	365,216	104,589	-	185,530	7,671,894
Public Safety	3,018,267	423,716	-	141,030	99,657	2,394	3,685,064
Tobacco Settlement	100,000	3,164,649	-	-	-	-	3,264,649
Fairfield Downtown Project	4,381	-	-	-	-	-	4,381
Other Governmental	272,747	115,967	-	390,527	-	-	779,241
Nut Tree Airport	149	-	-	23,424	-	7,704	31,277
Fouts Springs Youth Facility	1,073,994	-	-	2,414	-	-	1,076,408
Internal Service	22,980	95,270	-	7,000	-	-	125,250
Total	\$ 11,509,077	\$ 3,800,697	\$ 567,767	\$ 729,810	\$ 99,657	\$ 330,101	\$ 17,037,109

General Fund

The Health & Social Services Fund and Fouts Springs Youth Facility temporarily borrowed \$6,595,811 and \$1,073,994 respectively, to offset a negative cash balance as of June 30, 2004.

Health & Social Services owed the General Fund \$314,662 for the return of excess county contribution and \$93,144 for legal and legislative services.

The Public Safety Fund owed \$2,938,625 for the return of excess county contribution. Also, the Department of Child Support Services (Public Safety Fund) owed Architectural Services (General Fund) \$64,632 for the cost of providing design services for the new building on Courage Drive.

The Tobacco Settlement Fund owed the Office of the Family Violence Prevention (OFVP-General Fund) \$75,000 to fund for Court Appointed Special Advocate (CASA) coordinator position and \$25,000 of administrative fee to General Expenditures (General Fund) for countywide paramedic services with the cities and special districts.

The Recorder's Automation Micrographics & Modernization Special Revenue Fund (Other governmental funds) owed \$214,900 to the Recorder's Operating Budget (General Fund) for cost associated with the new online record imaging project. The Library owed General Services \$55,393 for additional custodial services following the remodeling of the Fairfield Library.

Health & Social Services Fund (HSS)

The Health Department provides services to other County departments and also shares some of the same revenue sources. The Public Safety Fund owed \$423,717 to HSSD at fiscal year end for services rendered to Probation at the Juvenile Hall; and to offset program costs under the Substance Abuse Crime Prevention grant.

The Tobacco Settlement Fund owed \$3,164,649 to the HSS to fund for the cost of various programs.

The First 5 Solano Fund (Other governmental funds) owed \$115,797 to the HSS Fund to offset the cost of Prop 10 programs.

The Risk Management Internal Service Fund owed \$95,270 to the HSS Occupational Health Program for countywide training on workplace protection and other occupational health training and services provided by HSS.

Public Safety

The Health Department shares various revenue sources with the Public Safety fund and collects these revenues on their behalf. At June 30, 2004, the HSS fund owed the general assistance revenues of \$273,708 to the Public Safety Fund. In addition, HSS owed the District Attorney's Office \$91,345 for welfare fraud prosecution costs.

The General Fund owed \$200,000 to other Public Defense to cover the costs related to a major capital death penalty case that was assigned to private attorneys.

Internal Service Funds

Amounts represent charges to the departments for services provided but not collected as of June 30, 2004.

Other Governmental Funds

An amount of \$241,256 is owed by various departments to the 2004 Pension Obligation Bond (POB) Debt Service Fund for their share of the County's debt service payment on the pension obligation bonds.

The Sheriff's Department (Public Safety Fund) owed \$66,365 to the County Library for the operating costs of the Law Library.

Transportation Department (Other governmental funds) owed \$87,726 for services provided to various departments at June 30, 2004.

An amount of \$132,863 was due to the Accumulated Capital Outlay Capital Projects Fund (Other governmental funds) from the 1999 Certificate of Participation Debt Service Fund (Other governmental funds) in compliance with the terms of the debt agreement.

An amount of \$99,242 was owed to the Consolidated County Service Areas Fund (Other governmental funds) from the Lighting Districts (Other governmental funds) and County Service Areas.

Enterprise Funds

Amount represents amounts owed to the County Probation Department for wards placed at Fouts Springs Youth Facility.

D. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2004, was as follows:

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 148,651,334	\$ 752,175	\$ -	\$ 149,403,509
Construction in progress	49,307,846	66,687,579	-	115,995,425
Total capital assets, not being depreciated	<u>197,959,180</u>	<u>67,439,754</u>	<u>-</u>	<u>265,398,934</u>
Capital assets, being depreciated				
Buildings	150,325,754	421,757	(612,583)	150,134,928
Machinery and equipment	32,643,991	4,304,524	(1,887,089)	35,061,426
Infrastructure	74,106,405	15,717,310	-	89,823,715
Total capital assets, being depreciated	<u>257,076,150</u>	<u>20,443,591</u>	<u>(2,499,672)</u>	<u>275,020,069</u>
Less accumulated depreciation for:				
Buildings	(71,372,064)	(4,372,146)	164,222	(75,579,988)
Machinery and equipment	(20,315,237)	(3,777,237)	1,801,806	(22,290,668)
Infrastructure	(24,393,837)	(3,158,440)	306,450	(27,245,827)
Total accumulated depreciation	<u>(116,081,138)</u>	<u>(11,307,823)</u>	<u>2,272,478</u>	<u>(125,116,483)</u>
Total capital assets, being depreciated, net	<u>140,995,012</u>	<u>9,135,768</u>	<u>(227,194)</u>	<u>149,903,586</u>
Governmental activities capital assets, net	<u>\$ 338,954,192</u>	<u>\$ 76,575,522</u>	<u>\$ (227,194)</u>	<u>\$ 415,302,520</u>
<u>Business-type activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,593,286	\$ -	\$ -	\$ 2,593,286
Construction in progress	175,208	238,396	-	413,604
Total capital assets, not being depreciated	<u>2,768,494</u>	<u>238,396</u>	<u>-</u>	<u>3,006,890</u>
Capital assets, being depreciated				
Buildings	9,811,783	-	-	9,811,783
Machinery and equipment	476,544	34,084	(18,648)	491,980
Total capital assets, being depreciated	<u>10,288,327</u>	<u>34,084</u>	<u>(18,648)</u>	<u>10,303,763</u>
Less accumulated depreciation for:				
Buildings	(2,658,055)	(360,913)	-	(3,018,968)
Machinery and equipment	(251,122)	(56,158)	18,648	(288,632)
Total accumulated depreciation	<u>(2,909,177)</u>	<u>(417,071)</u>	<u>18,648</u>	<u>(3,307,600)</u>
Total capital assets, being depreciated, net	<u>7,379,150</u>	<u>(382,987)</u>	<u>-</u>	<u>6,996,163</u>
Business-type activities capital assets, net	<u>\$ 10,147,644</u>	<u>\$ (144,591)</u>	<u>\$ -</u>	<u>\$ 10,003,053</u>

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

Governmental activities:	
General government	\$ 310,582
Public protection	4,096,934
Public ways and facilities	3,402,064
Health and sanitation	503,164
Public assistance	1,002,863
Education	253,775
Recreation	53,821
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,684,620</u>
Total depreciation expense-governmental activities	<u>\$ 11,307,823</u>
Business-type activities:	
Nut Tree Airport	\$ 235,705
Fouts Springs Youth Facility	<u>181,366</u>
Total depreciation expense-business-type activities	<u>\$ 417,071</u>

Capital assets activity for component units for the fiscal year ended, June 30, 2004, was as follows:

<u>Component Units</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Solano County Fair				
Capital assets, not being depreciated:				
Land	\$ 167,085	\$ -	\$ -	\$ 167,085
Construction in progress	<u>117,579</u>	<u>291,643</u>	<u>-</u>	<u>409,222</u>
Total capital assets, not being depreciated	<u>284,664</u>	<u>291,643</u>	<u>-</u>	<u>576,307</u>
Capital assets, being depreciated:				
Buildings	9,059,615	65,925	-	9,125,540
Machinery and equipment	<u>605,983</u>	<u>53,499</u>	<u>-</u>	<u>659,482</u>
Total capital assets, being depreciated	<u>9,665,598</u>	<u>119,424</u>	<u>-</u>	<u>9,785,022</u>
Less accumulated depreciation for:				
Buildings	(5,905,440)	(306,073)	-	(6,211,513)
Machinery and equipment	<u>(468,288)</u>	<u>(55,337)</u>	<u>-</u>	<u>(523,625)</u>
Total accumulated depreciation, net	<u>(6,373,728)</u>	<u>(361,410)</u>	<u>-</u>	<u>(6,735,138)</u>
Total capital assets, being depreciated, net	<u>3,291,870</u>	<u>(241,986)</u>	<u>-</u>	<u>3,049,884</u>
Total Solano County Fair capital assets, net	<u>\$ 3,576,534</u>	<u>\$ 49,657</u>	<u>\$ -</u>	<u>\$ 3,626,191</u>
WIB				
Capital assets:				
Machinery and equipment	21,749	6,595	-	28,344
Less accumulated depreciation	<u>(17,372)</u>	<u>(2,949)</u>	<u>-</u>	<u>(20,321)</u>
Total WIB capital assets, being depreciated, net	<u>\$ 4,377</u>	<u>\$ 3,646</u>	<u>\$ -</u>	<u>8,023</u>

Depreciation expense was charged to component units as follows:

Component units:	
Solano County Fair	\$ 361,410
Workforce Investment Board	2,949
Total depreciation expense-component units	<u>\$ 364,359</u>

E. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2004, was as follows:

		Transfers Out								
		General	Health & Social Services	Public Safety	Tobacco Settlement	Fairfield Downtown Project	Other Governmental	Enterprise Funds	Internal Service Funds	Total
Transfers In	General	\$ -	\$ -	\$ -	\$ 75,000	\$ -	\$ 277,380	\$ -	\$ -	\$ 352,380
	Health & Social Services	23,328,711	-	514,125	4,572,638	-	-	-	-	28,415,474
	Public Safety	56,033,457	704,522	-	-	-	101,027	-	9,925	56,848,931
	Fairfield Downtown Project	-	-	-	-	-	970,000	-	-	970,000
	Other Governmental	3,422,603	2,491,717	911,710	-	4,575,015	1,410,647	2,533	7,000	12,821,225
	Internal Service	-	-	286,141	-	-	-	-	-	286,141
	Total	<u>\$ 82,784,771</u>	<u>\$ 3,196,239</u>	<u>\$ 1,711,976</u>	<u>\$ 4,647,638</u>	<u>\$ 4,575,015</u>	<u>\$ 2,759,054</u>	<u>\$ 2,533</u>	<u>\$ 16,925</u>	<u>\$ 99,694,151</u>

General Fund:

The General Fund made a net contribution of \$82,432,391 to other funds to offset operating costs of those programs and to meet the maintenance of effort requirements for many grant-funded programs. Of the amount transferred, the Public Safety Fund received a transfer of \$56,033,457, the Health & Social Services Fund received a transfer of \$23,328,711 and Other Governmental Funds received \$3,422,603, primarily to the debt service fund for repayment of long term debt.

Health & Social Services Fund:

The Health & Social Services Fund made a transfer of \$2,387,485 to the debt service fund to pay for the debt on the new administration building; and \$704,522 to the Public Safety Fund for the services provided by District Attorney, Probation and Sheriff’s departments.

Public Safety Fund:

The Public Safety Fund transferred \$514,125 to the Health & Social Services Fund for services provided by the Health Department; \$837,044 to the 2001 Certificates of Participation Debt Service Fund for its share of the principal and interest payments; and \$250,000 to Communications Department for the purchase of radio equipment for homeland security.

Tobacco Settlement Fund:

The Tobacco Settlement Fund transferred \$4,572,638 to the Health & Social Services Fund to offset various program costs and \$75,000 to the General Fund to help offset the cost of the Family Violence Prevention Program.

Fairfield Downtown Project Fund:

The Fairfield Downtown Project Fund transferred \$3,263,071 to the Library Fund primarily for the remodeling of the Fairfield library building, \$336,944 to the 2002 Certificates of Participation Debt Service Fund for its share of the principal and interest payments, and \$970,000 to Accumulated Capital Outlay for Court Improvement Project costs.

Other Governmental Funds:

Other governmental funds transfer includes \$214,900 from the Recorder's Modernization and Micrographics Fund to the General Fund to offset Recorder's Department's costs related to the online imaging automation project and \$48,995 from Solano County's Debt Service Fund.

The Public Facility Fees Special Revenue Fund transferred a total of \$631,000 to the capital projects funds for various county projects. The Accumulated Capital Outlay Fund transferred \$780,000 to Fairfield Downtown Project Fund for Cogeneration plant expansion costs.

There was also a transfer of \$1,053,505 from various county funds to the debt service funds for repayment of long term debt principal and interest.

In addition, the 2004 Pension Obligation Bond Debt Service Fund (Other governmental funds) received a transfer of \$241,256 from all county departments for their share of the county's debt service payment.

F. Payables

The composition of payables as of June 30, 2004, was as follows:

	<u>Accounts Payable</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 2,546,424	\$ -	\$ 2,546,424
Health and Social Services	10,802,974	-	10,802,974
Public Safety	3,849,112	-	3,849,112
Fairfield Downtown Project	6,409,115	-	6,409,115
Other Governmental Funds	3,925,478	-	3,925,478
Internal Service Funds	1,023,635	-	1,023,635
Reconciliation of balances in fund financial statements to government-wide financial statements	-	1,344,271	1,344,271
Total governmental activities	<u>\$ 28,556,738</u>	<u>\$ 1,344,271</u>	<u>\$ 29,901,009</u>
Business-type activities:			
Nut Tree Airport	\$ 116,445	\$ 36,164	\$ 152,609
Fouts Springs Youth Facility	132,190	6	132,196
Total business-type activities	<u>\$ 248,635</u>	<u>\$ 36,170</u>	<u>\$ 284,805</u>

G. Leases

The County leases office space and equipment under operating leases. Total cost for such leases was \$3,383,474 for the year ended June 30, 2004. Future minimum rental payments under all noncancelable operating leases with initial or remaining terms in excess of one year as of June 30, 2004 are summarized as follows:

Year Ending June 30,	Primary Government	WIB	Total
2005	\$ 2,003,065	\$ 451,657	\$ 2,454,722
2006	797,081	-	797,081
2007	598,414	-	598,414
2008	563,543	-	563,543
2009	574,894	-	574,894
2010 - 2012	1,021,492	-	1,021,492
	<u>\$ 5,558,489</u>	<u>\$ 451,657</u>	<u>\$ 6,010,146</u>

H. Long-term Obligations

Capital Leases:

The County has entered into lease agreements as lessee for financing the acquisition of buildings and improvements and machinery and equipment. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental activities	Business-type activities
Buildings and improvements	\$ 688,979	\$ -
Machinery and equipment	1,078,030	52,364
Less: Accumulated depreciation	(780,974)	(13,261)
Total	<u>\$ 986,035</u>	<u>\$ 39,103</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2004, were as follows:

Year Ended June 30,	Governmental activities	Business-type activities
2005	\$ 248,323	\$ 7,832
2006	98,342	5,222
2007	49,172	-
Total minimum lease payments	395,837	13,054
Less: amount representing interest	(17,957)	(660)
Present value of minimum lease payments	<u>\$ 377,880</u>	<u>\$ 12,394</u>

Notes Payable:

The government has entered into notes payable agreements as borrower for financing arrangements. These agreements qualify as notes payable for accounting purposes and therefore, have been recorded at their full amount as of the inception date of the loan.

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

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 1,478,342	\$ 496,450	\$ 150,940	\$ 68,340
2006	1,536,415	438,377	124,841	60,135
2007	1,489,226	375,500	78,270	53,690
2008	724,346	334,990	72,222	49,926
2009	745,521	313,815	78,000	46,544
2010-2014	3,252,987	1,291,320	476,667	172,508
2015-2019	3,737,422	806,886	439,111	49,521
2020-2024	3,673,664	252,581	-	-
	<u>\$ 16,637,923</u>	<u>\$ 4,309,919</u>	<u>\$ 1,420,051</u>	<u>\$ 500,664</u>

Certificates of Participation:

The government issues Certificates of Participation to provide funds for the acquisition and construction of major capital facilities. Certificates of Participation have been issued for governmental activities only. The original amount of Certificates of Participation issued in prior years was \$179,255,000, of which \$118,325,000 was issued to fund the County Administration Center project.

Year Ended June 30,	Principal	Interest
2005	\$ 6,060,000	\$ 7,399,353
2006	9,190,000	7,113,995
2007	4,140,000	6,874,587
2008	4,295,000	6,732,375
2009	4,435,000	6,576,119
2010 - 2014	25,180,000	29,732,420
2015 - 2019	28,120,000	23,047,341
2020 - 2024	22,830,000	16,358,344
2025 - 2029	27,025,000	10,205,769
2030 - 2033	26,880,000	2,770,000
	<u>\$ 158,155,000</u>	<u>\$ 116,810,303</u>

Pension Obligation Bonds:

On June 16, 2004, the County issued \$96,665,000 of Taxable Pension Obligation Bonds to provide funds to prepay for its obligations under its contract with CalPERS for the County's current Unfunded Accrued Actuarial Liability (UAAL). These bonds were issued with four series: Series A in the amount of \$36,665,000 which are fixed rate Current Interest Bonds; Series B-1, B-2 and B-3 in the amount of \$20 million each which carry a variable rate and are Auction Rate Securities.

Year Ended June 30,	Principal	Interest
2005	\$ -	\$ 2,076,449
2006	-	4,608,004
2007	-	4,728,426
2008	1,275,000	4,957,893
2009	1,540,000	4,994,980
2010 - 2014	14,225,000	23,384,036
2015 - 2019	29,100,000	17,943,102
2020 - 2024	50,525,000	8,187,972
	<u>\$ 96,665,000</u>	<u>\$ 70,880,862</u>

The composition of the long-term debt obligations for the governmental activities as of June 30, 2004, was as follows:

<u>Type and description</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Notes payable:				
Pitney Bowes Credit Corporation	May 24, 2007	4.94	7,182,298	\$ 2,446,939
California Energy Commission	June 22, 2009	3.00	924,379	693,825
Department of Water Resources	July 1, 2002	2.80	5,000,000	4,825,248
Department of Health Services	July 1, 2002	2.80	8,984,099	8,671,911
Total notes payable				<u>16,637,923</u>
Capital leases:				
Ameritech Credit Corporation	December 30, 2006	4.10	448,030	230,891
Williams Scotsman	November 25, 2004	9.04	688,979	146,989
Total capital leases				<u>377,880</u>
Certificates of participation:				
1998 Court Expansion Improvements				
Serial	November 5, 1998 - November 15, 2013	2.95 - 4.68	6,455,000	2,140,000
Term	November 15, 2018	4.93	1,480,000	1,480,000
Issuance Premium			1,185	830
1999 Health and Social Services Capital Improvements				
Serial	November 5, 1999 - November 15, 2014	3.20 - 5.13	23,515,000	18,885,000
Term	November 15, 2019	5.23	8,195,000	8,195,000
Issuance Discount			(345,718)	(259,289)
2001 Refunding Certificates of Participation (of 1993 Certificates)				
Serial	October 1, 2001 - October 1, 2005	4.00	21,285,000	9,395,000
Issuance Premium			331,173	132,469
On refunding			(657,434)	(262,974)
2002 Certificates of Participation				
Serial	November 1, 2003 - November 1, 2025	4.98	74,460,000	74,195,000
Term	November 1, 2026 - November 1, 2032	5.00	43,865,000	43,865,000
Issuance Premium			4,628,748	4,320,165
Total certificates of participation				<u>162,086,201</u>
2004 Pension Obligation Bonds:				
Series 2004A	January 15, 2018	5.80	36,665,000	36,665,000
Series 2004B-1	January 15, 2021	2.45	20,000,000	20,000,000
Series 2004B-2	January 15, 2023	3.56	20,000,000	20,000,000
Series 2004B-3	January 15, 2024	4.16	20,000,000	20,000,000
Total pension obligation bonds				<u>96,665,000</u>
Self-insurance liability				5,762,464
Compensated Absences				14,798,775
Total governmental obligations				<u>\$ 296,328,243</u>

Arbitrage calculations are performed annually by the California Asset Management Program, joint powers authority. The County has established a separate rebate fund with the Trustee to hold future arbitrage payments.

The composition of the long-term debt obligations for the business-type activities as of June 30, 2004, was as follows:

<u>Type and description</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Nut Tree Airport				
Notes Payable:				
State Division of Aeronautics	February 1, 2005	5.90	125,000	\$ 16,424
State Division of Aeronautics	April 10, 2005	6.79	125,000	16,424
State Division of Aeronautics	October 1, 2006	5.64	450,000	103,705
State Division of Aeronautics	July 1, 2006	5.51	90,000	35,498
CalTrans/Dept. of Transportation	January 3, 2018	5.22	1,300,000	1,248,000
Total notes payable				<u>1,420,051</u>
Compensated Absences				<u>7,108</u>
Total Nut Tree Airport				<u>1,427,159</u>
Fouts Springs Youth Facility				
Capital Leases:				
Ford Motor Credit Corp.	February 27, 2006	5.99	21,566	\$ 12,394
Compensated Absences				<u>262,332</u>
Total Fouts Springs Youth Facility				<u>274,726</u>
Total business-type activities				<u>\$ 1,701,885</u>

The composition of the long-term obligations of the County's component units activities as of June 30, 2004, was as follows:

<u>Type and description</u>	<u>Outstanding</u>
Solano County Fair	
Compensated Absences	\$ 74,158
Workforce Investment Board (WIB)	
Compensated Absences	\$ 83,813
Total component units activities	<u>\$ 157,971</u>

Long-term liability activity for the fiscal year ended June 30, 2004, was as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital leases	\$ 937,955	\$ -	\$ (560,075)	\$ 377,880	\$ 236,436
Certificates of participation	164,745,000	-	(6,590,000)	158,155,000	6,060,000
Deferred amounts:					
For issuance discounts	(276,574)	-	17,285	(259,289)	(17,285)
For issuance premiums	4,674,049	-	(220,585)	4,453,464	220,585
On refunding	(394,460)	-	131,486	(262,974)	(131,486)
Pension obligation bonds	-	96,665,000	-	96,665,000	-
Notes payable	18,022,764	-	(1,384,841)	16,637,923	1,478,342
Self-insurance liability	202,737	5,582,000	(22,273)	5,762,464	1,750,000
Compensated absences	14,595,058	10,045,194	(9,841,477)	14,798,775	7,951,003
Governmental activities long-term liabilities	<u>\$ 202,506,529</u>	<u>\$ 112,292,194</u>	<u>\$ (18,470,480)</u>	<u>\$ 296,328,243</u>	<u>\$ 17,547,595</u>

Business-type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 30,088	\$ -	\$ (17,694)	\$ 12,394	\$ 7,288
Notes payable	1,608,192	-	(188,141)	1,420,051	150,940
Compensated absences	307,444	140,651	(178,655)	269,440	108,993
Business-type activities long-term liabilities	<u>\$ 1,945,724</u>	<u>\$ 140,651</u>	<u>\$ (384,490)</u>	<u>\$ 1,701,885</u>	<u>\$ 267,221</u>
Component units activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Solano County Fair:					
Compensated absences	<u>\$ 68,475</u>	<u>\$ 56,473</u>	<u>\$ (50,790)</u>	<u>\$ 74,158</u>	<u>\$ 33,080</u>
WIB:					
Compensated absences	<u>\$ 82,989</u>	<u>\$ 123,723</u>	<u>\$ (122,900)</u>	<u>\$ 83,813</u>	<u>\$ 26,000</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$6,122,135 of internal service funds long-term liabilities is included in the above amounts.

I. Excess of expenditures over appropriations

As of June 30, 2004, the expenditures exceeded appropriations at the level of budgetary control for the following:

Special Revenue Funds:	
Public Safety Fund	
Other protection	\$ 433,349
Fairfield Downtown Project	
Other general	27,110
Other Special Revenue Funds	
Fire protection	327

The excess was funded by other available appropriations within the individual funds.

IV. OTHER INFORMATION

A. Employee Retirement Plan

1. Plan Description

The County's defined benefit pension plan, Public Employees' Retirement Fund (the Fund), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Fund is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The County selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through County ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

2. Funding Policy

Active plan members in the Fund are required to contribute between 2% to 5% 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 actuarial methods and assumptions used are those adopted by CalPERS Board of Administration. The required employer contribution rate for fiscal year 2003/2004 was 10.95% for miscellaneous and 3.149% for public 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 2003/2004, the County’s annual pension cost was equal to the County’s required contributions, which amounted to \$16,328,505. The required contribution for fiscal year 2003/2004 was determined as part of the June 30, 2001 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that range from 3.75% to 14.2% (11.59% for the safety plan) depending on age, service, and type of employment; (c) inflation of 3.5%; and (d) payroll growth of 3.75%. The actuarial value of the Fund’s assets was determined using a technique that smoothes the effect of short-term volatility of the market value of investments over a three-year period. The Fund’s excess assets are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period as of June 30, 2003 was 20 years for the miscellaneous and safety plans.

The County’s annual pension cost and pension asset for the year ended June 30, 2004 were as follows:

Contributions made	\$ 104,504,545
Less: Annual pension cost	(16,328,505)
Net pension asset, end of year	<u>\$ 88,176,040</u>

The County’s contribution to the miscellaneous and safety plan for the fiscal year ended June 30, 2004 included \$88,176,040 from the proceeds of the 2004 Pension Obligations Bonds.

Three-year trend information for the Plan

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Contribution</u>	<u>Percentage of</u> <u>APC</u> <u>contributed</u>	<u>Net pension</u> <u>asset</u>
6/30/02	-	-	100%	-
6/30/03	-	-	100	-
6/30/04	\$ 16,328,505	\$ 104,504,545	640	\$ 88,176,040

B. 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 property and general liability insurance programs organized by the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), a joint powers authority created to

provide self-insurance programs for its 53 member counties. Each county has a representative on the Joint Powers Board, which governs management, financing and budgeting of CSAC-EIA activities. The County also participates in various other insurance programs, in which the premiums paid are considered insignificant to the total paid during the year. The County paid premiums totaling \$4,579,160 during the fiscal year ended June 30, 2004.

The County participates in the CSAC-EIA Property Program. The County's deductible is \$5,000 per occurrence. The County has primary coverage up to \$10,000,000, and participates in excess coverage up to \$300,000,000.

Effective July 1, 2003, the County elected to self-insure for the County's workers' compensation program. The County has primary coverage up to \$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 \$1,750,000 in the next fiscal year.

Effective November 1, 1998, the County elected to fully insure the County's general liability coverage under the CSAC-EIA General Liability Program. The County no longer self-insures for this risk. The County continues to be liable for all claims incurred prior to November 1, 1998, with a \$300,000 retention level per claim with no deductible under the primary General Liability Program. The County also participates in excess coverage up to \$10,000,000.

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

As of June 30, 2004, the accrued loss contingency for the general liability program was \$180,464, and is reported as a liability in the Risk Management Internal Service fund. In County management's opinion, the contingency is adequate to cover any potential claims not covered by insurance.

Changes in the Risk Management Internal Service Fund's accrued loss contingency amount in years ended June 30, 2004 and 2003 were:

<u>Year Ended</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
June 30, 2003	\$ 235,196	\$ 77,426	\$ (109,885)	\$ 202,737
June 30, 2004	202,737	5,582,000	(22,273)	5,762,464

C. Commitments and Contingencies

The County is exposed to various types of claims and litigation arising from its normal operations. The ultimate outcome of these matters is not presently determinable. However, in

County management's opinion, these matters should not have a significant adverse effect on the County's financial position.

1. Grants

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.

2. Land Swap

On October 23, 2001, the Board approved an agreement between the County and the Fairfield Redevelopment Agency to acquire five acres of land for wetlands mitigation located north of Flannery Road and east of State Highway 113. The agreement was to swap that parcel for a future site purchased by the County within three years from the close of escrow or pay the sum of \$74,200. The County has established a contingent liability for the \$74,200 in the Accumulated Capital Outlay Capital Projects Fund.

3. Capital Projects

The Fairfield Downtown Project has a total budget of \$115,000,000. The project includes the construction of a six-story 300,000 square foot County Administration Center, a five-level parking structure, a two-story, 43,000 square foot Probation building and an expanded co-generation facility. The anticipated completion date is March 2005. The commitments outstanding as of June 30, 2004 total \$5,277,149.

The Juvenile Hall Project has a total budget of \$17,000,000. The project includes the construction of a new 90-bed juvenile detention facility. The administration started occupying the building in September 2004 and will be fully occupied by the end of December 2004. Because this project is funded in part by a grant administered by the State Board of Corrections, the County committed to having this project completed by November 30, 2004 and the final close-out in February 2005. The commitments outstanding as of June 30, 2004 total \$600,341.

D. Subsequent Event

1. Tax and Revenue Anticipation Notes

On July 1, 2004, the County issued \$19,155,000 of Tax and Revenue Anticipation Notes (TRANS) to pre-pay the annual CalPERS (normal) contribution. The principal and interest will be due on the maturity date of June 30, 2005. The TRANS carry a yield of 2.5% and are subject to scheduled set aside of funds.

2. Sick Leave Policy

Effective July 1, 2004, the Board of Supervisors approved a change in the County's sick leave policy. Eligible retiring employees can elect to cash out their leave balance (up to 500 hours maximum), and/or apply all or a portion of their sick leave balance towards retirement health savings, and/or convert to CalPERS service credit.

COUNTY OF SOLANO, CALIFORNIA
Schedules of Funding Progress
For the fiscal year ended June 30, 2004
Unaudited

**Safety Plan
Retirement Program**

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Excess Assets (Unfunded Actuarial Liability)	Funded Status	Annual Covered Payroll	Excess assets (Unfunded Actuarial Liability) as a % of Payroll
6/30/01	\$ 116,273,447	\$137,204,328	\$ 20,930,881	118.0%	\$ 26,405,516	79.3%
6/30/02	138,232,370	131,326,613	(6,905,757)	95.0%	29,271,694	(23.6%)
6/30/03	155,167,989	133,254,142	(21,913,847)	85.9%	30,940,152	(70.8%)

1959 Survivor Program

6/30/01	\$ -	\$ 256,457	\$ 256,457	-	\$ 26,405,516	1.0%
6/30/02	-	249,493	249,493	-	29,271,694	0.9%
6/30/03	-	258,670	258,670	-	30,940,152	0.8%

**Miscellaneous Plan
Retirement Program**

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Excess Assets (Unfunded Actuarial Liability)	Funded Status	Annual Covered Payroll	Excess assets (Unfunded Actuarial Liability) as a % of Payroll
6/30/01	\$ 412,350,432	\$ 429,107,829	\$ 16,757,397	104.1%	\$ 115,610,165	14.5%
6/30/02	465,100,294	405,538,372	(59,561,922)	87.2%	129,043,033	(46.2%)
6/30/03	533,338,786	420,445,948	(112,892,838)	78.8%	135,215,061	(83.5%)

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, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
REVENUES				
Taxes	\$ 53,151,566	\$ 53,151,566	\$ 54,365,565	\$ 1,213,999
Licenses, permits and franchises	3,968,275	3,982,806	4,445,047	462,241
Fines, forfeitures and penalties	2,513,750	2,513,750	2,601,106	87,356
Revenue from use of money and property	1,566,648	1,566,648	1,073,396	(493,252)
Intergovernmental revenues	36,453,550	37,239,841	42,948,365	5,708,524
Charges for services	29,572,006	29,710,809	31,574,343	1,863,534
Miscellaneous revenues	33,871,844	4,135,082	5,144,914	1,009,832
Total revenues	<u>161,097,639</u>	<u>132,300,502</u>	<u>142,152,736</u>	<u>9,852,234</u>
EXPENDITURES				
Current:				
General government				
Legislative and administrative	3,632,832	3,953,448	3,829,455	123,993
Finance	9,687,331	9,744,426	9,301,687	442,739
Counsel	2,037,218	2,127,331	2,096,754	30,577
Personnel	1,641,618	1,640,133	1,418,307	221,826
Elections	4,671,007	7,443,538	3,322,082	4,121,456
Property management	216,027	213,363	161,823	51,540
Promotion	166,264	192,413	130,353	62,060
Other general	61,288,364	37,945,336	27,566,982	10,378,354
Total general government	<u>83,340,661</u>	<u>63,259,988</u>	<u>47,827,443</u>	<u>15,432,545</u>
Public protection				
Judicial	116,982	134,982	119,238	15,744
Police protection	3,919,232	3,943,421	3,706,943	236,478
Other protection	8,704,218	47,857,574	46,732,518	1,125,056
Total public protection	<u>12,740,432</u>	<u>51,935,977</u>	<u>50,558,699</u>	<u>1,377,278</u>
Public ways and facilities				
Other general	-	2,121,901	2,121,901	-
Health services				
Other general	-	15,807,082	15,807,082	-
Public assistance				
Administration	460,855	654,238	450,898	203,340
Aid programs	14,637	14,637	5,112	9,525
Veterans' services	441,909	441,407	440,388	1,019
Other general	-	20,206,315	20,206,315	-
Total public assistance	<u>917,401</u>	<u>21,316,597</u>	<u>21,102,713</u>	<u>213,884</u>
Education and recreation				
Other education	242,275	243,705	243,181	524
Veterans memorial	42,936	42,936	36,883	6,053
Other general	-	3,689,519	3,689,519	-
Total education and recreation	<u>285,211</u>	<u>3,976,160</u>	<u>3,969,583</u>	<u>6,577</u>
Debt service:				
Principal	150,475	150,475	126,737	23,738
Interest and other charges	23,738	23,738	23,738	-
Debt issuance cost	-	1,466,120	1,466,120	-
Total debt service	<u>174,213</u>	<u>1,640,333</u>	<u>1,616,595</u>	<u>23,738</u>
Capital outlay:				
Equipment	19,595	90,187	65,189	24,998
Total expenditures	<u>97,477,513</u>	<u>160,148,225</u>	<u>143,069,205</u>	<u>17,079,020</u>
Excess (deficiency) of revenues over (under) expenditures	63,620,126	(27,847,723)	(916,469)	26,931,254
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	89,697,160	89,642,160	(55,000)
Transfers in	462,285	512,785	352,380	(160,405)
Transfers out	(84,134,860)	(86,135,740)	(82,784,771)	3,350,969
Sale of capital assets	3,000	3,000	22,488	19,488
Total other financing sources (uses)	<u>(83,669,575)</u>	<u>4,077,205</u>	<u>7,232,257</u>	<u>3,155,052</u>
Net change in fund balance	(20,049,449)	(23,770,518)	6,315,788	30,086,306
Fund balance - beginning	48,907,060	48,907,060	48,907,060	-
Fund balance - ending	<u>\$ 28,857,611</u>	<u>\$ 25,136,542</u>	<u>\$ 55,222,848</u>	<u>\$ 30,086,306</u>

The notes to required supplementary information are an integral part of this statement.

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Health and Social Services - Special Revenue Fund
For the fiscal year ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Final Budget
				Positive
				(Negative)
REVENUES				
Licenses, permits and franchises	\$ 383,361	\$ 383,361	\$ 355,981	\$ (27,380)
Fines, forfeitures and penalties	541,721	541,721	638,810	97,089
Revenue from use of money and property	(68,491)	(128,970)	(214,375)	(85,405)
Intergovernmental revenues	176,647,474	185,090,826	185,755,175	664,349
Charges for services	12,370,893	12,013,428	12,386,882	373,454
Miscellaneous revenues	1,353,662	3,067,756	791,764	(2,275,992)
Total revenues	<u>191,228,620</u>	<u>200,968,122</u>	<u>199,714,237</u>	<u>(1,253,885)</u>
EXPENDITURES				
Current:				
Health services				
Health services	90,412,200	92,270,171	89,970,133	2,300,038
Hospital care	254,007	253,885	234,457	19,428
Total health services	<u>90,666,207</u>	<u>92,524,056</u>	<u>90,204,590</u>	<u>2,319,466</u>
Public assistance				
Administration	122,960,591	131,527,098	129,682,338	1,844,760
Debt service:				
Principal	88,002	88,002	85,754	2,248
Interest and other charges	10,339	10,339	12,588	(2,249)
Total debt service	<u>98,341</u>	<u>98,341</u>	<u>98,342</u>	<u>(1)</u>
Capital outlay:				
Equipment	160,142	81,584	38,935	42,649
Total expenditures	<u>213,885,281</u>	<u>224,231,079</u>	<u>220,024,205</u>	<u>4,206,874</u>
Deficiency of revenues under expenditures	<u>(22,656,661)</u>	<u>(23,262,957)</u>	<u>(20,309,968)</u>	<u>2,952,989</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	28,842,722	30,551,293	28,415,474	(2,135,819)
Transfers out	(3,397,852)	(3,814,956)	(3,196,239)	618,717
Total other financing sources (uses)	<u>25,444,870</u>	<u>26,736,337</u>	<u>25,219,235</u>	<u>(1,517,102)</u>
Net change in fund balance	2,788,209	3,473,380	4,909,267	1,435,887
Fund balance (deficit) - beginning	(4,416,501)	(4,416,501)	(4,416,501)	-
Fund balance (deficit) - ending	<u>\$ (1,628,292)</u>	<u>\$ (943,121)</u>	<u>\$ 492,766</u>	<u>\$ 1,435,887</u>

The notes to required supplementary information are an integral part of this statement.

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Safety - Special Revenue Fund
For the fiscal year ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Positive (Negative)
REVENUES				
Licenses, permits and franchises	\$ 193,019	\$ 193,019	\$ 218,412	\$ 25,393
Fines, forfeitures and penalties	794,672	935,851	973,230	37,379
Revenue from use of money and property	179,984	160,744	(65,166)	(225,910)
Intergovernmental revenues	50,837,930	54,258,058	53,580,154	(677,904)
Charges for services	7,928,653	8,196,747	8,201,361	4,614
Miscellaneous revenues	1,204,329	1,204,329	1,721,644	517,315
Total revenues	<u>61,138,587</u>	<u>64,948,748</u>	<u>64,629,635</u>	<u>(319,113)</u>
EXPENDITURES				
Current:				
Public protection				
Judicial	38,327,272	39,658,811	38,701,951	956,860
Police protection	55,575,637	58,253,046	55,829,721	2,423,325
Detention & correction	26,441,564	27,459,969	23,951,731	3,508,238
Other protection	-	-	433,349	(433,349)
Total public protection	<u>120,344,473</u>	<u>125,371,826</u>	<u>118,916,752</u>	<u>6,455,074</u>
Debt service:				
Principal	954,457	1,135,167	1,105,713	29,454
Interest and other charges	143,661	143,661	170,300	(26,639)
Total debt service	<u>1,098,118</u>	<u>1,278,828</u>	<u>1,276,013</u>	<u>2,815</u>
Capital outlay:				
Equipment	411,562	1,170,347	268,424	901,923
Total expenditures	<u>121,854,153</u>	<u>127,821,001</u>	<u>120,461,189</u>	<u>7,359,812</u>
Deficiency of revenues under expenditures	<u>(60,715,566)</u>	<u>(62,872,253)</u>	<u>(55,831,554)</u>	<u>7,040,699</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	59,777,905	61,866,670	56,848,931	(5,017,739)
Transfers out	(3,570,189)	(3,948,607)	(1,711,976)	2,236,631
Sale of capital assets	-	-	6,438	6,438
Total other financing sources (uses)	<u>56,207,716</u>	<u>57,918,063</u>	<u>55,143,393</u>	<u>(2,774,670)</u>
Net change in fund balance	(4,507,850)	(4,954,190)	(688,161)	4,266,029
Fund balance - beginning	4,873,285	4,873,285	4,873,285	-
Fund balance (deficit) - ending	<u>\$ 365,435</u>	<u>\$ (80,905)</u>	<u>\$ 4,185,124</u>	<u>\$ 4,266,029</u>

The notes to required supplementary information are an integral part of this statement.

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Tobacco Settlement - Special Revenue Fund
For the fiscal year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 1,913,723	\$ 1,882,397	\$ 1,551,066	\$ (331,331)
Miscellaneous revenues	869,866	869,866	-	(869,866)
Total revenues	<u>2,783,589</u>	<u>2,752,263</u>	<u>1,551,066</u>	<u>(1,201,197)</u>
EXPENDITURES				
Current:				
Health services				
Health services	2,805,705	1,774,379	628,673	1,145,706
Excess (deficiency) of revenues over (under) expenditures	<u>(22,116)</u>	<u>977,884</u>	<u>922,393</u>	<u>(55,491)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,533,589	2,564,915	-	2,564,915
Transfers out	<u>(6,831,884)</u>	<u>(7,863,210)</u>	<u>(4,647,638)</u>	<u>3,215,572</u>
Total other financing sources (uses)	<u>(4,298,295)</u>	<u>(5,298,295)</u>	<u>(4,647,638)</u>	<u>5,780,487</u>
Net change in fund balance	(4,320,411)	(4,320,411)	(3,725,245)	595,166
Fund balance - beginning	64,461,893	64,461,893	64,461,893	-
Fund balance - ending	<u>\$ 60,141,482</u>	<u>\$ 60,141,482</u>	<u>\$ 60,736,648</u>	<u>\$ 595,166</u>

The notes to required supplementary information are an integral part of this statement.

**COUNTY OF SOLANO, CALIFORNIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2004**

Budgetary Information

In accordance with provisions of Sections 29000 through 29144 of the California Governmental Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget each fiscal year. Until the adoption of this final balanced budget, operations are governed by the adopted proposed budget approved by the Board.

An operating budget prepared on a 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 revise 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. This is the level at which expenditures may not legally exceed appropriations. Final budgeted amounts in the accompanying required supplementary information are reported as amended. Individual amendments during the fiscal year ended June 30, 2004, were not material in relation to the original appropriations.

Any amendments or transfers of appropriations between object levels within a department may be authorized by the County Administrator's Office. The Board must approve any other amendments or transfers. The Board must approve supplemental appropriations normally financed by unanticipated revenues during the year.

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

Other Governmental Funds

Special Revenue Funds

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

Capital Projects Funds

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

Debt Service Funds

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

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Other Governmental Funds
June 30, 2004

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
ASSETS				
Cash and investments	\$ 54,431,029	\$ 7,642,168	\$ 14,630,584	\$ 76,703,781
Accounts receivable	1,456,768	-	-	1,456,768
Due from other agencies	4,151,836	1,028,827	250,904	5,431,567
Due from other funds	291,059	64,632	374,119	729,810
Other assets	3,682,514	-	7,024,414	10,706,928
Total assets	<u>\$ 64,013,206</u>	<u>\$ 8,735,627</u>	<u>\$ 22,280,021</u>	<u>\$ 95,028,854</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 2,207,035	\$ 1,718,443	\$ -	\$ 3,925,478
Outstanding warrants	353,892	21,330	5,491	380,713
Deferred revenue	6	168,093	-	168,099
Due to other funds	568,946	179,578	30,717	779,241
Other liabilities	62,053	1,208,718	-	1,270,771
Due to other agencies	121,050	-	-	121,050
Total liabilities	<u>3,312,982</u>	<u>3,296,162</u>	<u>36,208</u>	<u>6,645,352</u>
Fund balances:				
Reserved:				
Long-term assets	3,385,192	-	7,022,840	10,408,032
Debt service	250,000	-	15,220,973	15,470,973
Encumbrances	1,537,895	5,376,105	-	6,914,000
Other purposes	595,663	-	-	595,663
Unreserved:				
Designated, reported in:				
Capital project funds	-	63,360	-	63,360
Special revenue funds	54,931,474	-	-	54,931,474
Total fund balances	<u>60,700,224</u>	<u>5,439,465</u>	<u>22,243,813</u>	<u>88,383,502</u>
Total liabilities and fund balances	<u>\$ 64,013,206</u>	<u>\$ 8,735,627</u>	<u>\$ 22,280,021</u>	<u>\$ 95,028,854</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, 2004

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
REVENUES				
Taxes	\$ 10,368,426	\$ 1,294,807	\$ 932,253	\$ 12,595,486
Licenses, permits and franchises	74,719	-	-	74,719
Fines, forfeitures and penalties	7,089	-	-	7,089
Revenue from use of money and property	2,489,471	67,568	472,566	3,029,605
Intergovernmental revenues	20,599,027	5,493,984	-	26,093,011
Charges for services	17,551,163	16,810	-	17,567,973
Miscellaneous revenues	2,219,574	46,509	453,001	2,719,084
Total revenues	<u>53,309,469</u>	<u>6,919,678</u>	<u>1,857,820</u>	<u>62,086,967</u>
EXPENDITURES				
Current:				
General government	422,116	785,850	61,672	1,269,638
Public protection	2,890,201	-	-	2,890,201
Public ways and facilities	7,990,728	-	-	7,990,728
Health services	5,074,879	-	-	5,074,879
Education and recreation	14,203,223	-	-	14,203,223
Debt service:				
Principal	-	-	7,076,248	7,076,248
Interest and other charges	-	-	7,862,994	7,862,994
Capital outlay	8,611,681	11,417,090	-	20,028,771
Total expenditures	<u>39,192,828</u>	<u>12,202,940</u>	<u>15,000,914</u>	<u>66,396,682</u>
Excess (deficiency) of revenues over (under) expenditures	<u>14,116,641</u>	<u>(5,283,262)</u>	<u>(13,143,094)</u>	<u>(4,309,715)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	7,022,840	7,022,840
Transfers in	3,642,918	1,421,000	7,757,307	12,821,225
Transfers out	(1,397,060)	(1,313,000)	(48,994)	(2,759,054)
Sale of capital assets	47,230	2,876,848	-	2,924,078
Total other financing sources (uses)	<u>2,293,088</u>	<u>2,984,848</u>	<u>14,731,153</u>	<u>20,009,089</u>
Net change in fund balances	16,409,729	(2,298,414)	1,588,059	15,699,374
Fund balances - beginning	44,290,495	7,737,879	20,655,754	72,684,128
Fund balances - ending	<u>\$ 60,700,224</u>	<u>\$ 5,439,465</u>	<u>\$ 22,243,813</u>	<u>\$ 88,383,502</u>

Nonmajor Special Revenue Funds

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

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

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

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

Rural North Vacaville Water District Fund – This fund is used to account for the construction and maintenance of a public water distribution system to serve properties within the District’s boundary with potable water for home and garden use. The fund is state funded through two low interest loans from the Department of Water Resources and the Department of Health Services.

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

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 Solano County.

Other Special Revenue Funds:

- *East Vallejo Fire District Fund* – This fund is used to provide fire protection services to an area of East Vallejo. The funding for this district is through property taxes.
- *Fish/Wildlife Propagation Fund* – This fund is used to provide for the improvement of wildlife habitat and propagation, conservation and education in programs in Solano County. The funding for this program is fines, forfeitures and penalties.
- *Housing Authority Fund* – This fund is used to provide housing assistance through the Section 8 Housing Assistance program for the unincorporated areas

of Solano County. The funding for this program is through federal pass-through grants.

- *Lighting Districts and Service Areas Funds* - These funds are used to account for the provision of overhead street lighting for specific services areas within the County. The funding for these areas is through property taxes allocated to each area.
- *Parks and Recreation Fund* – This fund is used to account for the provision of clean and safe park areas and facilities in Solano County. The funding for this fund comes from state grants, charges for services and property taxes.
- *Southeast Vallejo Redevelopment Settlement Fund* – This fund is used to track revenues from the City of Vallejo to the General Fund, resulting from the fiscal year 2000/2001 Southeast Vallejo Redevelopment Agreement between the County and the City of Vallejo.

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

	<u>Library</u>	<u>Transportation</u>	<u>First 5 Solano</u>	<u>Homeacres Loan Program</u>	<u>Rural North Vacaville Water District</u>
ASSETS					
Cash and investments	\$ 10,931,039	\$ 3,042,286	\$ 18,986,073	\$ 463,646	\$ 32,777
Accounts receivable	19,579	955,962	442,239	-	9,233
Due from other agencies	336,441	854,665	413,970	-	2,191
Due from other funds	66,875	117,415	-	-	-
Other assets	1,327,110	252,284	45,032	2,058,082	-
Total assets	<u>\$ 12,681,044</u>	<u>\$ 5,222,612</u>	<u>\$ 19,887,314</u>	<u>\$ 2,521,728</u>	<u>\$ 44,201</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables	\$ 900,023	\$ 604,317	\$ 658,325	\$ 1,400	\$ -
Outstanding warrants	114,183	165,648	65,954	1,395	-
Deferred revenue	-	-	-	-	-
Due to other funds	95,510	20,132	125,471	-	1,692
Other liabilities	-	62,053	-	-	-
Due to other agencies	-	-	62,934	-	-
Total liabilities	<u>1,109,716</u>	<u>852,150</u>	<u>912,684</u>	<u>2,795</u>	<u>1,692</u>
Fund balances:					
Reserved:					
Long-term assets	1,327,110	-	-	2,058,082	-
Debt service	250,000	-	-	-	-
Encumbrances	724,259	741,880	47,933	15,182	-
Other purposes	2,726	350,049	-	-	20,862
Unreserved:					
Designated	9,267,233	3,278,533	18,926,697	445,669	21,647
Total fund balances	<u>11,571,328</u>	<u>4,370,462</u>	<u>18,974,630</u>	<u>2,518,933</u>	<u>42,509</u>
Total liabilities and fund balances	<u>\$ 12,681,044</u>	<u>\$ 5,222,612</u>	<u>\$ 19,887,314</u>	<u>\$ 2,521,728</u>	<u>\$ 44,201</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2004

Micrographics & Modernization	Public Facilities Fees	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds
\$ 3,984,270	\$ 11,731,512	\$ 5,259,426	\$ 54,431,029
16,605	5,643	7,507	1,456,768
-	2,543,453	1,116	4,151,836
-	-	106,769	291,059
-	-	6	3,682,514
<u>\$ 4,000,875</u>	<u>\$ 14,280,608</u>	<u>\$ 5,374,824</u>	<u>\$ 64,013,206</u>
-	500	42,470	2,207,035
10	-	6,702	353,892
-	-	6	6
214,900	7,313	103,928	568,946
-	-	-	62,053
-	-	58,116	121,050
<u>214,910</u>	<u>7,813</u>	<u>211,222</u>	<u>3,312,982</u>
-	-	-	3,385,192
-	-	-	250,000
-	-	8,641	1,537,895
171,637	44,879	5,510	595,663
<u>3,614,328</u>	<u>14,227,916</u>	<u>5,149,451</u>	<u>54,931,474</u>
<u>3,785,965</u>	<u>14,272,795</u>	<u>5,163,602</u>	<u>60,700,224</u>
<u>\$ 4,000,875</u>	<u>\$ 14,280,608</u>	<u>\$ 5,374,824</u>	<u>\$ 64,013,206</u>

ASSETS

Cash and investments
Accounts receivable
Due from other agencies
Due from other funds
Other assets
Total assets

LIABILITIES AND FUND BALANCES

Liabilities:

Payables
Outstanding warrants
Deferred revenue
Due to other funds
Other liabilities
Due to other agencies
Total liabilities

Fund balances:

Reserved:

Long-term assets
Debt service
Encumbrances
Other purposes

Unreserved:

Designated
Total fund balances

Total liabilities and fund balances

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the fiscal year ended June 30, 2004

	<u>Library</u>	<u>Transportation</u>	<u>First 5 Solano</u>	<u>Homeacres Loan Program</u>	<u>Rural North Vacaville Water District</u>
REVENUES					
Taxes	\$ 8,583,628	\$ 1,130,589	\$ -	\$ -	\$ -
Licenses, permits and franchises	-	74,719	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Revenue from use of money and property	46,932	73,738	146,470	18,535	(186)
Intergovernmental revenues	2,364,462	9,569,318	5,623,888	384,374	-
Charges for services	3,508,029	1,601,851	-	-	126,009
Miscellaneous revenues	101,928	83,110	146,776	-	3,395
Total revenues	<u>14,604,979</u>	<u>12,533,325</u>	<u>5,917,134</u>	<u>402,909</u>	<u>129,218</u>
EXPENDITURES					
Current:					
General government	-	22,108	-	-	-
Public protection	-	-	-	86,354	-
Public ways and facilities	-	7,566,378	-	-	351,580
Health services	-	-	5,074,879	-	-
Education and recreation	13,168,552	-	-	-	-
Capital outlay	2,919,192	5,683,283	-	-	-
Total expenditures	<u>16,087,744</u>	<u>13,271,769</u>	<u>5,074,879</u>	<u>86,354</u>	<u>351,580</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,482,765)</u>	<u>(738,444)</u>	<u>842,255</u>	<u>316,555</u>	<u>(222,362)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	3,443,043	-	-	-	-
Transfers out	(77,544)	(20,067)	(490)	-	-
Sale of capital assets	-	47,230	-	-	-
Total other financing sources (uses)	<u>3,365,499</u>	<u>27,163</u>	<u>(490)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,882,734	(711,281)	841,765	316,555	(222,362)
Fund balances - beginning	9,688,594	5,081,743	18,132,865	2,202,378	264,871
Fund balances - ending	<u>\$ 11,571,328</u>	<u>\$ 4,370,462</u>	<u>\$ 18,974,630</u>	<u>\$ 2,518,933</u>	<u>\$ 42,509</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the fiscal year ended June 30, 2004

<u>Micrographics & Modernization</u>	<u>Public Facilities Fees</u>	<u>Other Special Revenue Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>	
\$ -	\$ -	\$ 654,209	\$ 10,368,426	REVENUES
-	-	-	74,719	Taxes
-	-	7,089	7,089	Licenses, permits and franchises
22,874	57,147	2,123,961	2,489,471	Fines, forfeitures and penalties
-	-	2,656,985	20,599,027	Revenue from use of money and property
1,471,083	10,454,509	389,682	17,551,163	Intergovernmental revenues
-	-	1,884,365	2,219,574	Charges for services
<u>1,493,957</u>	<u>10,511,656</u>	<u>7,716,291</u>	<u>53,309,469</u>	Miscellaneous revenues
				Total revenues
				EXPENDITURES
				Current:
-	400,008	-	422,116	General government
-	-	2,803,847	2,890,201	Public protection
-	-	72,770	7,990,728	Public ways and facilities
-	-	-	5,074,879	Health and sanitation
-	-	1,034,671	14,203,223	Education and recreation
-	-	9,206	8,611,681	Capital outlay
<u>-</u>	<u>400,008</u>	<u>3,920,494</u>	<u>39,192,828</u>	Total expenditures
				Excess (deficiency) of revenues over (under) expenditures
<u>1,493,957</u>	<u>10,111,648</u>	<u>3,795,797</u>	<u>14,116,641</u>	
				OTHER FINANCING SOURCES (USES)
-	-	199,875	3,642,918	Transfers in
(214,900)	(1,083,478)	(581)	(1,397,060)	Transfers out
-	-	-	47,230	Sale of capital assets
<u>(214,900)</u>	<u>(1,083,478)</u>	<u>199,294</u>	<u>2,293,088</u>	Total other financing sources (uses)
1,279,057	9,028,170	3,995,091	16,409,729	Net change in fund balances
2,506,908	5,244,625	1,168,511	44,290,495	Fund balances - beginning
<u>\$ 3,785,965</u>	<u>\$ 14,272,795</u>	<u>\$ 5,163,602</u>	<u>\$ 60,700,224</u>	Fund balances - ending

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, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 7,898,331	\$ 7,910,443	\$ 8,583,628	\$ 673,185
Revenue from use of money and property	98,956	98,956	46,932	(52,024)
Intergovernmental revenues	1,604,293	1,679,590	2,364,462	684,872
Charges for services	3,461,716	2,127,174	3,508,029	1,380,855
Miscellaneous revenues	66,000	71,000	101,928	30,928
Total revenues	<u>13,129,296</u>	<u>11,887,163</u>	<u>14,604,979</u>	<u>2,717,816</u>
EXPENDITURES				
Current:				
Education and recreation				
Library services	<u>19,725,727</u>	<u>20,813,788</u>	<u>13,168,552</u>	<u>7,645,236</u>
Capital outlay:				
Construction in progress	5,071,541	6,576,248	2,781,508	3,794,740
Equipment	<u>997,550</u>	<u>1,210,743</u>	<u>137,684</u>	<u>1,073,059</u>
Total capital outlay	<u>6,069,091</u>	<u>7,786,991</u>	<u>2,919,192</u>	<u>4,867,799</u>
Total expenditures	<u>25,794,818</u>	<u>28,600,779</u>	<u>16,087,744</u>	<u>12,513,035</u>
Deficiency of revenues under expenditures	<u>(12,665,522)</u>	<u>(16,713,616)</u>	<u>(1,482,765)</u>	<u>15,230,851</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	7,492,111	8,826,653	3,443,043	(5,383,610)
Transfers out	<u>(1,264,228)</u>	<u>(1,357,525)</u>	<u>(77,544)</u>	<u>1,279,981</u>
Total other financing sources (uses)	<u>6,227,883</u>	<u>7,469,128</u>	<u>3,365,499</u>	<u>(4,103,629)</u>
Net change in fund balance	(6,437,639)	(9,244,488)	1,882,734	11,127,222
Fund balance - beginning	9,688,594	9,688,594	9,688,594	-
Fund balance - ending	<u>\$ 3,250,955</u>	<u>\$ 444,106</u>	<u>\$ 11,571,328</u>	<u>\$ 11,127,222</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, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Positive (Negative)
REVENUES				
Taxes	\$ 1,231,043	\$ 1,231,043	\$ 1,130,589	\$ (100,454)
Licenses, permits and franchises	73,200	73,200	74,719	1,519
Revenue from use of money and property	155,502	155,502	73,738	(81,764)
Intergovernmental revenues	9,987,760	10,473,759	9,569,318	(904,441)
Charges for services	905,200	905,200	1,601,851	696,651
Miscellaneous revenues	40,000	40,000	83,110	43,110
Total revenues	<u>12,392,705</u>	<u>12,878,704</u>	<u>12,533,325</u>	<u>(345,379)</u>
EXPENDITURES				
Current:				
General government				
Other general	25,000	25,000	22,108	2,892
Public ways and facilities				
Public ways and facilities	11,581,135	12,520,519	7,566,378	4,954,141
Capital outlay:				
Land	1,069,844	1,069,844	1,069,844	-
Construction in progress	460,543	460,543	460,543	-
Infrastructure	3,470,953	3,470,953	3,470,953	-
Equipment	333,324	859,819	681,943	177,876
Total capital outlay	<u>5,334,664</u>	<u>5,861,159</u>	<u>5,683,283</u>	<u>177,876</u>
Total expenditures	<u>16,940,799</u>	<u>18,406,678</u>	<u>13,271,769</u>	<u>5,134,909</u>
Deficiency of revenues under expenditures	<u>(4,548,094)</u>	<u>(5,527,974)</u>	<u>(738,444)</u>	<u>4,789,530</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	780,015	780,015	-	(780,015)
Transfers out	-	(20,082)	(20,067)	15
Sale of capital assets	25,000	25,000	47,230	22,230
Total other financing sources (uses)	<u>805,015</u>	<u>784,933</u>	<u>27,163</u>	<u>(757,770)</u>
Net change in fund balance	<u>(3,743,079)</u>	<u>(4,743,041)</u>	<u>(711,281)</u>	<u>4,031,760</u>
Fund balance - beginning	5,081,743	5,081,743	5,081,743	-
Fund balance - ending	<u>\$ 1,338,664</u>	<u>\$ 338,702</u>	<u>\$ 4,370,462</u>	<u>\$ 4,031,760</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, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Revenue from use of money and property	\$ 470,000	\$ 356,484	\$ 146,470	\$ (210,014)
Intergovernmental revenues	6,106,021	6,219,537	5,623,888	(595,649)
Miscellaneous revenues	-	-	146,776	146,776
Total revenues	<u>6,576,021</u>	<u>6,576,021</u>	<u>5,917,134</u>	<u>(658,887)</u>
EXPENDITURES				
Current:				
Health services	<u>12,307,519</u>	<u>12,375,823</u>	<u>5,074,879</u>	<u>7,300,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,731,498)</u>	<u>(5,799,802)</u>	<u>842,255</u>	<u>6,642,057</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(491)	(490)	1
Net change in fund balance	(5,731,498)	(5,800,293)	841,765	6,642,058
Fund balance - beginning	18,132,865	18,132,865	18,132,865	-
Fund balance - ending	<u>\$ 12,401,367</u>	<u>\$ 12,332,572</u>	<u>\$ 18,974,630</u>	<u>\$ 6,642,058</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Homeacres Loan Program - Special Revenue Fund
For the fiscal year ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ 15,000	\$ 15,000	\$ 18,535	\$ 3,535
Intergovernmental revenues	-	-	384,374	384,374
Total revenues	15,000	15,000	402,909	387,909
EXPENDITURES				
Current:				
Public protection				
Other protection	920,901	932,108	86,354	845,754
Net change in fund balance	(905,901)	(917,108)	316,555	1,233,663
Fund balance - beginning	2,202,378	2,202,378	2,202,378	-
Fund balance - ending	\$ 1,296,477	\$ 1,285,270	\$ 2,518,933	\$ 1,233,663

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Rural North Vacaville Water District - Special Revenue Fund
For the fiscal year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
REVENUES				
Revenue from use of money and property	\$ (1,629)	\$ (1,629)	\$ (186)	\$ 1,443
Charges for services	129,361	129,361	126,009	(3,352)
Miscellaneous revenues	-	-	3,395	3,395
Total revenues	<u>127,732</u>	<u>127,732</u>	<u>129,218</u>	<u>1,486</u>
EXPENDITURES				
Current:				
Public ways and facilities	380,378	387,378	351,580	35,798
Net change in fund balance	(252,646)	(259,646)	(222,362)	37,284
Fund deficit - beginning	264,871	264,871	264,871	-
Fund deficit - ending	<u>\$ 12,225</u>	<u>\$ 5,225</u>	<u>\$ 42,509</u>	<u>\$ 37,284</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Micrographics and Modernization - Special Revenue Fund
For the fiscal year ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ 40,000	\$ 40,000	\$ 22,874	\$ (17,126)
Charges for services	940,000	940,000	1,471,083	531,083
Total revenues	<u>980,000</u>	<u>980,000</u>	<u>1,493,957</u>	<u>513,957</u>
EXPENDITURES				
Current:				
Public protection	2,920,560	2,920,560	-	2,920,560
Excess (deficiency) of revenues over (under) expenditures	<u>(1,940,560)</u>	<u>(1,940,560)</u>	<u>1,493,957</u>	<u>3,434,517</u>
OTHER FINANCING USES				
Transfers out	(378,516)	(378,516)	(214,900)	163,616
Net change in fund balance	(2,319,076)	(2,319,076)	1,279,057	3,598,133
Fund balance - beginning	2,506,908	2,506,908	2,506,908	-
Fund balance - ending	<u>\$ 187,832</u>	<u>\$ 187,832</u>	<u>\$ 3,785,965</u>	<u>\$ 3,598,133</u>

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, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Revenue from use of money and property	\$ 108,944	\$ 108,944	\$ 57,147	\$ (51,797)
Charges for services	9,012,555	10,602,026	10,454,509	(147,517)
Total revenues	<u>9,121,499</u>	<u>10,710,970</u>	<u>10,511,656</u>	<u>(199,314)</u>
EXPENDITURES				
Current:				
General government				
Plant acquisition	5,057,885	6,500,066	400,008	6,100,058
Excess of revenues over expenditures	<u>4,063,614</u>	<u>4,210,904</u>	<u>10,111,648</u>	<u>5,900,744</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(4,805,478)	(4,952,768)	(1,083,478)	3,869,290
Net change in fund balance	(741,864)	(741,864)	9,028,170	9,770,034
Fund balance - beginning	5,244,625	5,244,625	5,244,625	-
Fund balance - ending	<u>\$ 4,502,761</u>	<u>\$ 4,502,761</u>	<u>\$ 14,272,795</u>	<u>\$ 9,770,034</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, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 717,717	\$ 717,717	\$ 654,209	\$ (63,508)
Fines, forfeitures and penalties	9,000	9,000	7,089	(1,911)
Revenue from use of money and property	72,743	72,743	2,123,961	2,051,218
Intergovernmental revenues	2,376,340	2,578,978	2,656,985	78,007
Charges for services	407,700	407,700	389,682	(18,018)
Miscellaneous revenues	7,800	34,800	1,884,365	1,849,565
Total revenues	<u>3,591,300</u>	<u>3,820,938</u>	<u>7,716,291</u>	<u>3,895,353</u>
EXPENDITURES				
Current:				
Public protection				
Fire protection	327,837	455,465	455,792	(327)
Other protection	2,345,914	2,395,539	2,348,055	47,484
Total public protection	<u>2,673,751</u>	<u>2,851,004</u>	<u>2,803,847</u>	<u>47,157</u>
Public ways and facilities				
Public ways and facilities	453,478	431,840	72,770	359,070
Education and recreation				
Recreation facilities	1,023,253	1,050,000	1,034,671	15,329
Capital outlay:				
Equipment	-	9,208	9,206	2
Total expenditures	<u>4,150,482</u>	<u>4,342,052</u>	<u>3,920,494</u>	<u>421,558</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(559,182)</u>	<u>(521,114)</u>	<u>3,795,797</u>	<u>4,316,911</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	202,374	620,513	199,875	(420,638)
Transfers out	(782,515)	(1,200,732)	(581)	1,200,151
Total other financing sources (uses)	<u>(580,141)</u>	<u>(580,219)</u>	<u>199,294</u>	<u>779,513</u>
Net change in fund balance	(1,139,323)	(1,101,333)	3,995,091	5,096,424
Fund balance - beginning	1,168,511	1,168,511	1,168,511	-
Fund balance - ending	<u>\$ 29,188</u>	<u>\$ 67,178</u>	<u>\$ 5,163,602</u>	<u>\$ 5,096,424</u>

Nonmajor Capital Projects Funds

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

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

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2004

	<u>Accumulated Capital Outlay</u>	<u>Juvenile Hall Project</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS			
Cash and investments	\$ 5,393,336	\$ 2,248,832	\$ 7,642,168
Due from other agencies	172,540	856,287	1,028,827
Due from other funds	64,632	-	64,632
Total assets	<u>\$ 5,630,508</u>	<u>\$ 3,105,119</u>	<u>\$ 8,735,627</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payables	\$ 403,780	\$ 1,314,663	\$ 1,718,443
Outstanding warrants	2,407	18,923	21,330
Deferred revenue	168,093	-	168,093
Due to other funds	178,028	1,550	179,578
Other liabilities	102,436	1,106,282	1,208,718
Total liabilities	<u>854,744</u>	<u>2,441,418</u>	<u>3,296,162</u>
Fund balance:			
Reserved:			
Encumbrances	4,775,764	600,341	5,376,105
Unreserved:			
Designated	-	63,360	63,360
Total fund balance	<u>4,775,764</u>	<u>663,701</u>	<u>5,439,465</u>
Total liabilities and fund balance	<u>\$ 5,630,508</u>	<u>\$ 3,105,119</u>	<u>\$ 8,735,627</u>

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the fiscal year ended June 30, 2004

	<u>Accumulated Capital Outlay</u>	<u>Juvenile Hall Project</u>	<u>Total Nonmajor Capital Projects Funds</u>
REVENUES			
Taxes	\$ 1,294,807	\$ -	\$ 1,294,807
Revenue from use of money and property	47,313	20,255	67,568
Intergovernmental revenues	339,001	5,154,983	5,493,984
Charges for services	16,810	-	16,810
Miscellaneous revenues	46,500	9	46,509
Total revenues	<u>1,744,431</u>	<u>5,175,247</u>	<u>6,919,678</u>
EXPENDITURES			
Current:			
General government	654,691	131,159	785,850
Capital outlay	<u>2,074,812</u>	<u>9,342,278</u>	<u>11,417,090</u>
Total expenditures	<u>2,729,503</u>	<u>9,473,437</u>	<u>12,202,940</u>
Deficiency of revenues under expenditures	<u>(985,072)</u>	<u>(4,298,190)</u>	<u>(5,283,262)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,168,000	253,000	1,421,000
Transfers out	(1,313,000)	-	(1,313,000)
Sale of capital assets	<u>2,876,848</u>	<u>-</u>	<u>2,876,848</u>
Total other financing sources (uses)	<u>2,731,848</u>	<u>253,000</u>	<u>2,984,848</u>
Net change in fund balances	1,746,776	(4,045,190)	(2,298,414)
Fund balances - beginning	<u>3,028,988</u>	<u>4,708,891</u>	<u>7,737,879</u>
Fund balances - ending	<u>\$ 4,775,764</u>	<u>\$ 663,701</u>	<u>\$ 5,439,465</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Fairfield Downtown Project - Capital Projects Fund
For the fiscal year ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Revenue from use of money and property	\$ 1,041,490	\$ 1,041,490	\$ 1,606,752	\$ 565,262
Intergovernmental revenues	600,000	600,000	602,000	2,000
Miscellaneous revenues	-	-	64	64
Total revenues	<u>1,641,490</u>	<u>1,641,490</u>	<u>2,208,816</u>	<u>567,326</u>
EXPENDITURES				
Current:				
General government				
Other general	<u>5,617,567</u>	<u>64,558</u>	<u>91,668</u>	<u>(27,110)</u>
Capital outlay:				
Construction in progress	61,333,868	71,352,408	65,643,025	5,709,383
Equipment	-	1,442	433,677	(432,235)
Total capital outlay	<u>61,333,868</u>	<u>71,353,850</u>	<u>66,076,702</u>	<u>5,277,148</u>
Total expenditures	<u>66,951,435</u>	<u>71,418,408</u>	<u>66,168,370</u>	<u>5,250,038</u>
Deficiency of revenues under expenditures	<u>(65,309,945)</u>	<u>(69,776,918)</u>	<u>(63,959,554)</u>	<u>5,817,364</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	970,000	970,000	-
Transfers out	<u>(3,327,882)</u>	<u>(4,575,015)</u>	<u>(4,575,015)</u>	<u>-</u>
Total other financing sources (uses)	<u>(3,327,882)</u>	<u>(3,605,015)</u>	<u>(3,605,015)</u>	<u>-</u>
Net change in fund balance	<u>(68,637,827)</u>	<u>(73,381,933)</u>	<u>(67,564,569)</u>	<u>5,817,364</u>
Fund balance - beginning	90,940,497	90,940,497	90,940,497	-
Fund balance - ending	<u>\$ 22,302,670</u>	<u>\$ 17,558,564</u>	<u>\$ 23,375,928</u>	<u>\$ 5,817,364</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, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Positive (Negative)
REVENUES				
Taxes	\$ 1,285,172	\$ 1,285,172	\$ 1,294,807	\$ 9,635
Revenue from use of money and property	7,500	7,500	47,313	39,813
Intergovernmental revenues	1,645,867	1,645,867	339,001	(1,306,866)
Charges for services	37,000	37,000	16,810	(20,190)
Miscellaneous revenues	-	40,000	46,500	6,500
Total revenues	<u>2,975,539</u>	<u>3,015,539</u>	<u>1,744,431</u>	<u>(1,271,108)</u>
EXPENDITURES				
Current:				
General government				
Other general	20,253	3,453,661	654,691	2,798,970
Capital outlay:				
Land	-	1,120,000	528,947	591,053
Construction in progress	3,048,119	4,057,212	1,545,865	2,511,347
Total capital outlay	<u>3,048,119</u>	<u>5,177,212</u>	<u>2,074,812</u>	<u>3,102,400</u>
Total expenditures	<u>3,068,372</u>	<u>8,630,873</u>	<u>2,729,503</u>	<u>5,901,370</u>
Deficiency of revenues under expenditures	<u>(92,833)</u>	<u>(5,615,334)</u>	<u>(985,072)</u>	<u>4,630,262</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	970,000	1,168,000	1,168,000	-
Transfers out	(533,000)	(1,313,000)	(1,313,000)	-
Sale of capital assets	-	2,876,848	2,876,848	-
Total other financing sources (uses)	<u>437,000</u>	<u>2,731,848</u>	<u>2,731,848</u>	<u>-</u>
Net change in fund balance	344,167	(2,883,486)	1,746,776	4,630,262
Fund balance - beginning	3,028,988	3,028,988	3,028,988	-
Fund balance - ending	<u>\$ 3,373,155</u>	<u>\$ 145,502</u>	<u>\$ 4,775,764</u>	<u>\$ 4,630,262</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Juvenile Hall - Capital Projects Fund
For the fiscal year ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 20,255	\$ 20,255
Intergovernmental revenues	6,939,643	6,963,984	5,154,983	(1,809,001)
Miscellaneous revenues	-	-	9	9
Total revenues	<u>6,939,643</u>	<u>6,963,984</u>	<u>5,175,247</u>	<u>(1,788,737)</u>
EXPENDITURES				
Current:				
General government				
Other general	55,312	138,835	131,159	7,676
Capital outlay:				
Construction in progress	5,363,055	11,573,152	9,342,278	2,230,874
Equipment	-	111,100	-	111,100
Total capital outlay	<u>5,363,055</u>	<u>11,684,252</u>	<u>9,342,278</u>	<u>2,341,974</u>
Total expenditures	<u>5,418,367</u>	<u>11,823,087</u>	<u>9,473,437</u>	<u>2,349,650</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,521,276</u>	<u>(4,859,103)</u>	<u>(4,298,190)</u>	<u>560,913</u>
OTHER FINANCING SOURCES				
Transfers in	253,000	253,000	253,000	-
Net change in fund balance	1,774,276	(4,606,103)	(4,045,190)	560,913
Fund balance - beginning	4,708,891	4,708,891	4,708,891	-
Fund balance - ending	<u>\$ 6,483,167</u>	<u>\$ 102,788</u>	<u>\$ 663,701</u>	<u>\$ 560,913</u>

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Debt Service Funds

Rural North Vacaville Water District Fund – This fund was established for the payment of the debt used to construct the Rural North Vacaville water distribution system. This is funded through special tax assessments to the landowner. The debt payment began in fiscal year 2003/04.

1998 Certificates of Participation Fund – This fund was established for the payment of the debt used to remodel the court facilities and to purchase the new Court Automated Case Management System (ACMS). This payment is funded through Public Facilities Fees and the Courts.

1999 Certificates of Participation Fund – This fund was established for the payment of debt used to acquire a 4.89-acre parcel of undeveloped land and construction of the new Health and Social Services administration building, and defease the 1994 Certificates of Participation. This is funded through the Health and Social Services Department.

2001 Certificates of Participation Fund – This fund was established for the payment of the 1993 Certificates of Participation. This is funded primarily through the General Fund.

2002 Certificates of Participation Fund - This fund was established for the payment of debt used in the construction of the Solano County Government Center, Probation facility and improvement of the Cogeneration Plant and Fairfield library.

2004 Pension Obligation Bond – This fund was established for the payment of debt used to prepay the Unfunded Actuarial Accrued Liability as of June 30, 2002 with CalPERS at a lower rate.

Other Debt Service Funds:

- *Debt Service Fund* – This fund was established for the payment of the debt on the general obligation bonds sold in 1973 to construct the South Wing of the Hall of Justice and other County facilities. This debt obligation has been satisfied.

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2004

	Rural North Vacaville Water District	1998 Certificates of Participation	1999 Certificates of Participation	2001 Refunding Certificates of Participation
ASSETS				
Cash and investments	\$ 1,970,861	\$ 788,585	\$ 3,016,955	\$ 2,212,460
Due from other agencies	-	232,903	-	-
Due from other funds	-	-	132,863	-
Other assets	-	-	-	-
Total assets	<u>\$ 1,970,861</u>	<u>\$ 1,021,488</u>	<u>\$ 3,149,818</u>	<u>\$ 2,212,460</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Outstanding warrants	\$ 5,491	\$ -	\$ -	\$ -
Due to other funds	3,513	-	-	-
Total liabilities	<u>9,004</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved:				
Long-term assets	-	-	-	-
Debt service	1,961,857	1,021,488	3,149,818	2,212,460
Total fund balances	<u>1,961,857</u>	<u>1,021,488</u>	<u>3,149,818</u>	<u>2,212,460</u>
Total liabilities and fund balances	<u>\$ 1,970,861</u>	<u>\$ 1,021,488</u>	<u>\$ 3,149,818</u>	<u>\$ 2,212,460</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2004

<u>2002 Certificates of Participation</u>	<u>2004 Pension Obligation Bond</u>	<u>Total Nonmajor Debt Service Funds</u>	
\$ 6,641,723	\$ -	\$ 14,630,584	ASSETS
-	18,001	250,904	Cash and investments
-	241,256	374,119	Due from other agencies
1,574	7,022,840	7,024,414	Due from other funds
<u>\$ 6,643,297</u>	<u>\$ 7,282,097</u>	<u>\$ 22,280,021</u>	Other assets
			Total assets
			LIABILITIES AND FUND BALANCE
			Liabilities:
\$ -	\$ -	\$ 5,491	Outstanding warrants
-	27,204	30,717	Due to other funds
<u>-</u>	<u>27,204</u>	<u>36,208</u>	Total liabilities
			Fund balances:
			Reserved:
-	7,022,840	7,022,840	Long-term assets
6,643,297	232,053	15,220,973	Debt service
<u>6,643,297</u>	<u>7,254,893</u>	<u>22,243,813</u>	Total fund balances
<u>\$ 6,643,297</u>	<u>\$ 7,282,097</u>	<u>\$ 22,280,021</u>	Total liabilities and fund balances

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, 2004

	Rural North Vacaville Water District	1998 Certificates of Participation	1999 Certificates of Participation	2001 Refunding Certificates of Participation
REVENUES				
Taxes	\$ 932,253	\$ -	\$ -	\$ -
Revenue from use of money and property	(432)	40,354	91,504	72,822
Miscellaneous revenues	-	435,000	-	-
Total revenues	<u>931,821</u>	<u>475,354</u>	<u>91,504</u>	<u>72,822</u>
EXPENDITURES				
Current:				
General government	8,029	4,146	9,179	8,868
Debt service:				
Principal	486,248	945,000	1,315,000	4,065,000
Interest and other charges	216,241	180,034	1,313,381	457,100
Total expenditures	<u>710,518</u>	<u>1,129,180</u>	<u>2,637,560</u>	<u>4,530,968</u>
Excess (deficiency) of revenues over (under) expenditures	<u>221,303</u>	<u>(653,826)</u>	<u>(2,546,056)</u>	<u>(4,458,146)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	-	-
Transfers in	-	302,478	2,537,485	4,334,144
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>302,478</u>	<u>2,537,485</u>	<u>4,334,144</u>
Net change in fund balances	221,303	(351,348)	(8,571)	(124,002)
Fund balances - beginning	1,740,554	1,372,836	3,158,389	2,336,462
Fund balances - ending	<u>\$ 1,961,857</u>	<u>\$ 1,021,488</u>	<u>\$ 3,149,818</u>	<u>\$ 2,212,460</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, 2004

2002 Certificates of Participation	2004 Pension Obligation Bond	Other Debt Service Funds	Total Nonmajor Debt Service Funds	
\$ -	\$ -	\$ -	\$ 932,253	REVENUES
268,616	-	(298)	472,566	Taxes
-	18,001	-	453,001	Revenue from use of money and property
<u>268,616</u>	<u>18,001</u>	<u>(298)</u>	<u>1,857,820</u>	Miscellaneous revenues
				Total revenues
				EXPENDITURES
4,246	27,204	-	61,672	Current:
				General government
265,000	-	-	7,076,248	Debt service:
5,696,238	-	-	7,862,994	Principal
<u>5,965,484</u>	<u>27,204</u>	<u>-</u>	<u>15,000,914</u>	Interest and other charges
				Total expenditures
(5,696,868)	(9,203)	(298)	(13,143,094)	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES
-	7,022,840	-	7,022,840	Debt proceeds
341,944	241,256	-	7,757,307	Transfers in
-	-	(48,994)	(48,994)	Transfers out
<u>341,944</u>	<u>7,264,096</u>	<u>(48,994)</u>	<u>14,731,153</u>	Total other financing sources (uses)
(5,354,924)	7,254,893	(49,292)	1,588,059	Net change in fund balances
11,998,221	-	49,292	20,655,754	Fund balances - beginning
<u>\$ 6,643,297</u>	<u>\$ 7,254,893</u>	<u>\$ -</u>	<u>\$ 22,243,813</u>	Fund balances - ending

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Rural North Vacaville Water District - Debt Service Fund
For the fiscal year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		Positive (Negative)
REVENUES				
Taxes	\$ 937,531	\$ 937,531	\$ 932,253	\$ (5,278)
Revenue from use of money and property	(29,970)	(29,970)	(432)	29,538
Total revenues	<u>907,561</u>	<u>907,561</u>	<u>931,821</u>	<u>24,260</u>
EXPENDITURES				
Current:				
General government				
Other general	<u>706,798</u>	<u>15,000</u>	<u>8,029</u>	<u>6,971</u>
Debt service:				
Principal	530,280	530,280	486,248	44,032
Interest and other charges	<u>387,281</u>	<u>387,281</u>	<u>216,241</u>	<u>171,040</u>
Total expenditures	<u>1,624,359</u>	<u>932,561</u>	<u>710,518</u>	<u>222,043</u>
Net change in fund balance	(716,798)	(25,000)	221,303	246,303
Fund balance - beginning	<u>1,740,554</u>	<u>1,740,554</u>	<u>1,740,554</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,023,756</u>	<u>\$ 1,715,554</u>	<u>\$ 1,961,857</u>	<u>\$ 246,303</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
1998 Certificates of Participation - Debt Service Fund
For the fiscal year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 50,556	\$ 50,556	\$ 40,354	\$ (10,202)
Miscellaneous revenues	-	-	435,000	435,000
Total revenues	<u>50,556</u>	<u>50,556</u>	<u>475,354</u>	<u>424,798</u>
EXPENDITURES				
Current:				
General government				
Other general	3,000	4,800	4,146	654
Debt service:				
Principal	945,000	945,000	945,000	-
Interest and other charges	180,034	180,034	180,034	-
Total expenditures	<u>1,128,034</u>	<u>1,129,834</u>	<u>1,129,180</u>	<u>654</u>
Deficiency of revenues under expenditures	<u>(1,077,478)</u>	<u>(1,079,278)</u>	<u>(653,826)</u>	<u>425,452</u>
OTHER FINANCING SOURCES				
Transfers in	302,478	302,478	302,478	-
Net change in fund balance	<u>(775,000)</u>	<u>(776,800)</u>	<u>(351,348)</u>	<u>425,452</u>
Fund balance - beginning	1,372,836	1,372,836	1,372,836	-
Fund balance - ending	<u>\$ 597,836</u>	<u>\$ 596,036</u>	<u>\$ 1,021,488</u>	<u>\$ 425,452</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
1999 Certificates of Participation - Debt Service Fund
For the fiscal year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 60,000	\$ 60,000	\$ 91,504	\$ 31,504
EXPENDITURES				
Current:				
General government				
Other general	12,510	11,510	9,179	2,331
Debt service:				
Principal	1,315,000	1,315,000	1,315,000	-
Interest and other charges	1,313,381	1,313,381	1,313,381	-
Total expenditures	2,640,891	2,639,891	2,637,560	2,331
Deficiency of revenues under expenditures	(2,580,891)	(2,579,891)	(2,546,056)	33,835
OTHER FINANCING SOURCES				
Transfers in	2,575,881	2,575,881	2,537,485	(38,396)
Transfers out	-	(1,000)	-	1,000
Total other financing sources	2,575,881	2,574,881	2,537,485	(37,396)
Net change in fund balance	(5,010)	(5,010)	(8,571)	(3,561)
Fund balance - beginning	3,158,389	3,158,389	3,158,389	-
Fund balance - ending	<u>\$ 3,153,379</u>	<u>\$ 3,153,379</u>	<u>\$ 3,149,818</u>	<u>\$ (3,561)</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
2001 Refunding Certificates of Participation - Debt Service Fund
For the fiscal year ended June 30, 2004

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Revenue from use of money and property	\$ 32,000	\$ 34,000	\$ 72,822	\$ 38,822
EXPENDITURES				
Current:				
General government				
Other general	7,000	9,000	8,868	132
Debt service:				
Principal	4,065,000	4,065,000	4,065,000	-
Interest and other charges	457,100	457,100	457,100	-
Total expenditures	4,529,100	4,531,100	4,530,968	132
Deficiency of revenues under expenditures	(4,497,100)	(4,497,100)	(4,458,146)	38,954
OTHER FINANCING SOURCES				
Transfers in	4,397,100	4,397,100	4,334,144	(62,956)
Net change in fund balance	(100,000)	(100,000)	(124,002)	(24,002)
Fund balance - beginning	2,336,462	2,336,462	2,336,462	-
Fund balance - ending	<u>\$ 2,236,462</u>	<u>\$ 2,236,462</u>	<u>\$ 2,212,460</u>	<u>\$ (24,002)</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
2002 Certificates of Participation - Debt Service Fund
For the fiscal year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
REVENUES				
Revenue from use of money and property	\$ 169,091	\$ 169,091	\$ 268,616	\$ 99,525
EXPENDITURES				
Current:				
General government				
Other general	5,000	5,000	4,246	754
Debt service:				
Principal	265,000	265,000	265,000	-
Interest and other charges	5,696,238	5,696,238	5,696,238	-
Total expenditures	5,966,238	5,966,238	5,965,484	754
Deficiency of revenues under expenditures	(5,797,147)	(5,797,147)	(5,696,868)	100,279
OTHER FINANCING SOURCES (USES)				
Transfers in	341,944	341,944	341,944	-
Net change in fund balance	(5,455,203)	(5,455,203)	(5,354,924)	100,279
Fund balance - beginning	11,998,221	11,998,221	11,998,221	-
Fund balance - ending	<u>\$ 6,543,018</u>	<u>\$ 6,543,018</u>	<u>\$ 6,643,297</u>	<u>\$ 100,279</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
2004 Pension Obligation Bond - Debt Service Fund
For the fiscal year ended June 30, 2004

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Miscellaneous revenues	\$ -	-	\$ 18,001	\$ 18,001
EXPENDITURES				
Current:				
General government				
Other general	-	27,400	27,204	196
Deficiency of revenues under expenditures		(27,400)	(9,203)	18,197
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	7,022,840	7,022,840	-
Transfers in	-	-	241,256	241,256
Total other financing sources (uses)	-	7,022,840	7,264,096	241,256
Net change in fund balance	-	6,995,440	7,254,893	259,453
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ 6,995,440	\$ 7,254,893	\$ 259,453

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Other Debt Service Funds
For the fiscal year ended June 30, 2004

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
REVENUES				
Taxes	\$ 222	\$ 222	\$ -	\$ (222)
Revenue from use of money and property	1,283	1,283	(298)	(1,581)
Total revenues	<u>1,505</u>	<u>1,505</u>	<u>(298)</u>	<u>(1,803)</u>
EXPENDITURES				
Current:				
General government				
Other general	<u>50,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(48,995)</u>	<u>1,505</u>	<u>(298)</u>	<u>(1,803)</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(50,500)</u>	<u>(50,500)</u>	<u>(48,994)</u>	<u>1,506</u>
Net change in fund balance	<u>(99,495)</u>	<u>(48,995)</u>	<u>(49,292)</u>	<u>(297)</u>
Fund balance - beginning	49,292	49,292	49,292	-
Fund balance - ending	<u>\$ (50,203)</u>	<u>\$ 297</u>	<u>\$ -</u>	<u>\$ (297)</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 government units, on a cost reimbursement basis.

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

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

Risk Management Fund – This fund is used to account for the administration and management of the County’s insurance and safety plans as well as the programs to control losses and provide timely information and employee benefit services to employees of the County.

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

Solano County Integrated Property System Fund–This fund is used to account for the property tax system planning, design, analysis, project management, programming and computer operations support for specific County departments.

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

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2004

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
ASSETS				
Current assets				
Cash and investments	\$ 810,698	\$ 736,513	\$ 9,426,160	\$ 1,911,442
Accounts receivable	127,232	70,206	1,561	-
Due from other agencies	9,018	132	-	-
Due from other funds	4,554	-	142,017	183,530
Other assets	47,066	136,816	150,000	-
Total current assets	<u>998,568</u>	<u>943,667</u>	<u>9,719,738</u>	<u>2,094,972</u>
Noncurrent assets				
Capital assets:				
Buildings and improvements	-	114,471	-	-
Equipment	657,366	9,676,228	5,699	4,881,930
Accumulated depreciation	(547,515)	(5,242,486)	(5,699)	(3,679,371)
Total capital assets	<u>109,851</u>	<u>4,548,213</u>	<u>-</u>	<u>1,202,559</u>
Total assets	<u>\$ 1,108,419</u>	<u>\$ 5,491,880</u>	<u>\$ 9,719,738</u>	<u>\$ 3,297,531</u>
LIABILITIES				
Current liabilities				
Payables	\$ 137,861	\$ 129,676	\$ 208,051	\$ 505,373
Outstanding warrants	30,055	1,778	5,752	15,332
Due to other funds	10,453	944	109,706	2,996
Current portion of long-term obligations	<u>27,461</u>	<u>32,349</u>	<u>1,777,388</u>	<u>88,100</u>
Total current liabilities	<u>205,830</u>	<u>164,747</u>	<u>2,100,897</u>	<u>611,801</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	<u>26,954</u>	<u>53,595</u>	<u>4,014,744</u>	<u>48,550</u>
Total liabilities	<u>232,784</u>	<u>218,342</u>	<u>6,115,641</u>	<u>660,351</u>
NET ASSETS				
Invested in capital assets, net of related debt	109,851	4,548,213	-	1,202,559
Unrestricted	<u>765,784</u>	<u>725,325</u>	<u>3,604,097</u>	<u>1,434,621</u>
Total net assets	<u>875,635</u>	<u>5,273,538</u>	<u>3,604,097</u>	<u>2,637,180</u>
Total liabilities and net assets	<u>\$ 1,108,419</u>	<u>\$ 5,491,880</u>	<u>\$ 9,719,738</u>	<u>\$ 3,297,531</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2004

Solano County Integrated Property System	Reprographics	Total Internal Service Funds																																																																																																																		
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COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the fiscal year ended June 30, 2004

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
OPERATING REVENUES				
Charges for sales and services:				
Internal services	\$ 2,033,210	\$ 2,872,558	\$ 11,699,998	\$ 11,223,529
OPERATING EXPENSES				
Personnel services	728,442	786,966	684,404	2,275,500
Maintenance	42,851	648,918	255	304,723
Materials and supplies	146,323	536,283	17,056	228,397
Depreciation	26,255	1,123,160	-	509,154
Insurance	5,220	11,846	11,929,544	5,907
Rent, utilities and others	1,279,494	317,166	973,958	7,476,006
Total operating expenses	<u>2,228,585</u>	<u>3,424,339</u>	<u>13,605,217</u>	<u>10,799,687</u>
Operating income (loss)	<u>(195,375)</u>	<u>(551,781)</u>	<u>(1,905,219)</u>	<u>423,842</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings (expense)	(2,940)	5,596	47,218	(4,545)
Interest expense	-	-	-	(7,557)
Other revenue	126,767	116,176	159,853	846
Gain (loss) on sale of capital assets	-	(46,532)	-	3,771
Total nonoperating revenues (expenses)	<u>123,827</u>	<u>75,240</u>	<u>207,071</u>	<u>(7,485)</u>
Income (loss) before transfers	<u>(71,548)</u>	<u>(476,541)</u>	<u>(1,698,148)</u>	<u>416,357</u>
Transfers in	250,000	36,141	-	-
Transfers out	(1,028)	(10,869)	(890)	(2,989)
Change in net assets	<u>177,424</u>	<u>(451,269)</u>	<u>(1,699,038)</u>	<u>413,368</u>
Total net assets - beginning	<u>698,211</u>	<u>5,724,807</u>	<u>5,303,135</u>	<u>2,223,812</u>
Total net assets - ending	<u>\$ 875,635</u>	<u>\$ 5,273,538</u>	<u>\$ 3,604,097</u>	<u>\$ 2,637,180</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the fiscal year ended June 30, 2004

<u>Solano County Integrated Property System</u>	<u>Reprographics</u>	<u>Total Internal Service Funds</u>	
\$ 759,695	\$ 458,435	\$ 29,047,425	OPERATING REVENUES
			Charges for sales and services:
			Internal services
			OPERATING EXPENSES
634,178	249,799	5,359,289	Personnel services
23,215	19,346	1,039,308	Maintenance
7,585	69,220	1,004,864	Materials and supplies
11,373	14,678	1,684,620	Depreciation
2,376	1,943	11,956,836	Insurance
131,630	134,114	10,312,368	Rent, utilities and others
<u>810,357</u>	<u>489,100</u>	<u>31,357,285</u>	Total operating expenses
<u>(50,662)</u>	<u>(30,665)</u>	<u>(2,309,860)</u>	Operating income (loss)
			NONOPERATING REVENUES (EXPENSES)
2,845	1,708	49,882	Investment earnings (expense)
-	-	(7,557)	Interest expense
495	14	404,151	Other revenue
-	-	(42,761)	Gain (loss) on sale of capital assets
<u>3,340</u>	<u>1,722</u>	<u>403,715</u>	Total nonoperating revenues (expenses)
<u>(47,322)</u>	<u>(28,943)</u>	<u>(1,906,145)</u>	Income (loss) before transfers
			Transfers in
-	-	286,141	Transfers out
(838)	(311)	(16,925)	Change in net assets
<u>(48,160)</u>	<u>(29,254)</u>	<u>(1,636,929)</u>	Total net assets - beginning
494,934	336,755	14,781,654	Total net assets - ending
<u>\$ 446,774</u>	<u>\$ 307,501</u>	<u>\$ 13,144,725</u>	

Agency Funds

Agency Funds are custodial in nature and do not involve measurement of 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.

Child Support Services Fund – This fund is used to account for all child support collections pending disbursement.

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, 2004

PROPERTY TAX COLLECTION

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2004</u>
Assets				
Cash and investments	\$ 5,838,199	\$ 417,772,427	\$ 423,610,626	\$ -
Property taxes receivable	33,398,758	416,057,324	416,693,814	32,762,268
Total assets	<u>\$ 39,236,957</u>	<u>\$ 833,829,751</u>	<u>\$ 840,304,440</u>	<u>\$ 32,762,268</u>
Liabilities				
Due to others	<u>\$ 39,236,957</u>	<u>\$ 833,829,751</u>	<u>\$ 840,304,440</u>	<u>\$ 32,762,268</u>

LOCAL TRANSPORTATION

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2004</u>
Assets				
Cash and investments	\$ 11,055,415	\$ 13,533,420	\$ 12,956,260	\$ 11,632,575
Liabilities				
Due to others	<u>\$ 11,055,415</u>	<u>\$ 13,533,420</u>	<u>\$ 12,956,260</u>	<u>\$ 11,632,575</u>

CHILD SUPPORT SERVICES

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2004</u>
Assets				
Cash and investments	\$ 5,121,930	\$ 37,736,309	\$ 38,130,143	\$ 4,728,096
Liabilities				
Due to others	<u>\$ 5,121,930</u>	<u>\$ 37,736,309</u>	<u>\$ 38,130,143</u>	<u>\$ 4,728,096</u>

ALL OTHER AGENCY FUNDS

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2004</u>
Assets				
Cash and investments	\$ 4,632,412	\$ 32,964,673	\$ 38,030,480	\$ (433,395)
Liabilities				
Due to others	<u>4,632,412</u>	<u>32,964,673</u>	<u>38,030,480</u>	<u>\$ (433,395)</u>

TOTAL - ALL AGENCY FUNDS

	<u>Balance</u> <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2004</u>
Assets				
Cash and investments	\$ 26,647,956	\$ 502,006,829	\$ 512,727,509	\$ 15,927,276
Property taxes receivable	33,398,758	416,057,324	416,693,814	32,762,268
Total assets	<u>\$ 60,046,714</u>	<u>\$ 918,064,153</u>	<u>\$ 929,421,323</u>	<u>\$ 48,689,544</u>
Liabilities				
Due to others	<u>\$ 60,046,714</u>	<u>\$ 918,064,153</u>	<u>\$ 929,421,323</u>	<u>\$ 48,689,544</u>
Total liabilities	<u>\$ 60,046,714</u>	<u>\$ 918,064,153</u>	<u>\$ 929,421,323</u>	<u>\$ 48,689,544</u>

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COUNTY OF SOLANO, CALIFORNIA
Government-wide Expenses by Function
Last Ten Fiscal Years ¹

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Protection</u>	<u>Public Ways and Facilities</u>	<u>Health Services</u>	<u>Public Assistance</u>
2001	\$ 33,337,370	\$ 108,973,071	\$ 16,042,372	\$ 65,002,848	\$ 110,286,059
2002	41,910,911	119,673,935	7,076,867	80,209,568	118,808,521
2003	45,032,722	125,585,195	10,911,632	82,980,974	120,898,958
2004	43,489,603	132,128,495	11,175,121	94,775,322	129,712,495

Source: Audited Financial Statements

¹ Fiscal Years 1995 through 2000 were not restated under the GASB 34 full accrual basis of accounting

COUNTY OF SOLANO, CALIFORNIA
Government-wide Expenses by Function
Last Ten Fiscal Years ¹

	Education and recreation	Interest on long-term debt	Nut Tree Airport	Fouts Springs Youth Facility	Total	Fiscal Year
\$	10,770,670	\$ 5,712,387	\$ 918,442	\$ 3,860,998	\$ 354,904,217	2001
	11,945,358	4,994,361	1,048,905	4,400,648	390,069,074	2002
	12,663,165	6,176,532	1,180,824	4,531,095	409,961,097	2003
	14,212,564	8,233,665	1,262,109	4,389,289	439,378,663	2004

COUNTY OF SOLANO, CALIFORNIA
Government-wide Revenues
Last Ten Fiscal Years ¹

Program Revenues			
Fiscal Year	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
2001	\$ 66,267,595	\$ 218,721,776	\$ 3,195,923
2002	74,498,473	243,832,179	979,600
2003	66,591,778	249,276,485	2,281,016
2004	73,047,017	264,202,785	5,154,984

Source: Audited Financial Statements

¹ Fiscal Years 1995 through 2000 were not restated under the GASB 34 full accrual basis of accounting

COUNTY OF SOLANO, CALIFORNIA
Government-wide Revenues
Last Ten Fiscal Years ¹

General Revenues

<u>Taxes</u>	<u>Intergovernmental</u>	<u>Interest & Investment Earnings</u>	<u>Miscellaneous</u>	<u>Total</u>	<u>Fiscal Year</u>
\$ 49,602,672	\$ 34,520,133	\$ 12,494,682	\$ 12,142,188	\$ 396,944,969	2001
53,036,648	38,769,158	8,550,695	10,132,841	429,799,594	2002
54,025,729	40,629,112	3,582,559	63,448,728	479,835,407	2003
61,649,592	51,446,790	6,730,605	13,341,759	475,573,532	2004

COUNTY OF SOLANO, CALIFORNIA
General Government Expenditures by Function ¹
Last Ten Fiscal Years

Fiscal Year	General Government	Public Protection	Public Ways and Facilities	Health Services	Public Assistance	Education and Recreation	Debt Service	Capital Outlay	Total
1995	\$ 21,938,445	\$ 92,981,443	\$ 7,244,523	\$42,845,381	\$ 117,820,516	\$ 7,390,831	\$ 7,102,510	\$ 8,787,457	\$ 306,111,106
1996	17,067,105	93,307,491	9,516,750	44,530,166	120,408,996	7,454,992	29,510,023	6,380,784	328,176,307
1997	18,452,876	93,367,176	10,214,195	47,073,226	116,318,535	7,178,560	5,548,895	2,029,634	300,183,097
1998	26,589,969	94,133,021	9,728,337	49,894,073	103,978,165	7,333,739	6,060,790	918,517	298,636,611
1999	31,276,622	88,968,414	12,240,113	52,830,271	108,025,825	9,622,427	7,816,731	8,064,738	318,845,141
2000	31,057,335	95,158,216	9,815,424	58,778,916	107,609,032	10,118,268	9,771,080	6,714,180	329,022,451
2001	34,413,532	104,859,511	12,107,010	64,297,492	109,736,636	10,746,213	11,164,570	10,033,031	357,357,995
2002	39,392,941	117,626,458	5,883,609	77,897,875	118,637,287	11,728,628	16,128,453	35,290,048	422,585,299
2003	40,861,290	128,691,041	8,152,377	84,249,844	121,296,428	12,713,005	12,350,570	42,466,841	450,781,396
2004	49,188,749	172,365,652	10,112,629	111,715,224	150,785,051	18,172,806	17,930,192	86,478,021	616,748,324

Source: Audited Financial Statements

¹ Includes general, special revenue, capital projects and debt service funds.

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COUNTY OF SOLANO, CALIFORNIA
General Government Revenues by Source¹
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses, permits and franchises	Fines, forfeitures and penalties	Revenue from use of money and property
1995	\$ 37,414,894	\$ 2,536,807	\$ 2,102,961	\$ 6,658,082
1996	39,123,671	2,486,162	2,805,866	6,538,096
1997	39,562,515	2,611,666	3,244,468	4,157,170
1998	40,758,626	3,073,006	2,099,000	5,535,132
1999	41,724,749	3,151,701	4,125,065	6,186,024
2000	47,008,652	3,316,382	3,645,577	7,535,374
2001	49,503,902	3,705,314	4,236,423	14,298,160
2002	55,027,729	4,425,099	4,586,822	8,707,718
2003	59,246,973	4,998,512	4,729,387	3,980,609
2004	66,961,051	5,094,159	4,220,235	6,981,278

Source: Audited Financial Statements

¹Includes general, special revenue, capital projects, and debt service funds.

COUNTY OF SOLANO, CALIFORNIA
General Government Revenues by Source¹
Last Ten Fiscal Years

<u>Intergovernmental</u>	<u>Charges for services</u>	<u>Miscellaneous</u>	<u>Total</u>	<u>Fiscal Year</u>
\$ 194,669,655	\$ 36,842,912	\$ 6,452,905	\$ 286,678,216	1995
203,923,076	37,476,211	16,530,678	308,883,760	1996
203,193,717	38,644,420	8,027,918	299,441,874	1997
201,189,378	45,330,179	6,980,308	304,965,643	1998
212,724,221	46,340,313	5,878,697	320,126,888	1999
224,698,307	46,073,991	4,396,998	336,675,281	2000
259,590,608	50,374,834	9,431,653	391,140,894	2001
273,809,145	53,404,452	14,065,157	414,026,122	2002
277,130,397	59,721,371	7,693,931	417,501,180	2003
308,978,705	69,730,559	10,377,470	472,343,457	2004

COUNTY OF SOLANO, CALIFORNIA
General Governmental Tax Revenues by Source
Last Ten Fiscal Years ¹

Fiscal Year	Property Tax	Sales and Use Tax	Property Transfer Tax	Transportation Tax	Measure B Sales Tax	Taxes - Other	Total
1995	\$ 37,414,894	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,414,894
1996	37,030,060	917,856	778,755	397,000	-	-	39,123,671
1997	37,255,197	1,119,974	883,425	274,090	-	29,829	39,562,515
1998	37,888,612	1,349,120	1,027,403	464,893	-	28,598	40,758,626
1999	36,650,494	1,357,673	1,581,613	696,489	1,438,480	-	41,724,749
2000	39,731,881	1,464,244	2,308,042	496,940	3,007,545	-	47,008,652
2001	42,091,703	1,569,336	2,145,025	39,500	3,571,707	86,631	49,503,902
2002	45,296,442	1,704,534	2,208,778	1,013,953	3,683,674	1,120,348	55,027,729
2003	49,265,614	1,829,179	2,763,371	561,057	3,838,586	989,165	59,246,973
2004	56,309,939	1,545,460	3,603,308	645,000	3,925,091	932,253	66,961,051

Source: Audited financial statements

¹ The detail breakdown of tax revenues for fiscal year 1995 was not available.

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1995	\$ 178,148,430	\$ 173,011,331	97.1%	\$ 5,656,389	\$ 178,667,720	100.29%	\$ 8,231,563	4.62%
1996	181,827,617	177,145,183	97.4%	5,273,099	182,418,282	100.32%	8,292,945	4.56%
1997	186,357,309	181,523,346	97.4%	4,943,004	186,466,350	100.06%	8,075,801	4.33%
1998	195,920,241	191,364,527	97.7%	4,437,574	195,802,101	99.94%	8,353,025	4.26%
1999	205,054,382	201,112,484	98.1%	5,324,480	206,436,964	100.67%	6,798,190	3.32%
2000	214,752,491	211,270,305	98.4%	5,117,640	216,387,945	100.76%	7,776,998	3.62%
2001	233,021,257	229,022,341	98.3%	4,913,959	233,936,300	100.39%	5,747,855	2.47%
2002	265,131,228	265,383,165	100.0%	4,164,293	269,547,458	101.67%	6,219,082	2.35%
2003	304,563,538	295,257,014	96.9%	5,781,862	301,038,876	98.84%	5,686,003	1.87%
2004	338,754,419	332,042,337	98.0%	6,852,893	338,895,230	100.04%	5,771,030	1.70%

Source: Solano County Treasurer - Tax Collector - County Clerk

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

Fiscal Year	Assessed Value				Net Increase		
	Land	Improvements	Other Tangible	Exemptions	Total Assessed Value Less Exemptions	Amount	Percentage
1995	\$ 5,385,285,868	\$ 11,827,332,700	\$ 1,210,919,252	\$ 532,508,290	\$ 17,891,029,530	\$ 414,081,002	2.37
1996	5,467,952,134	12,067,628,655	1,236,031,320	545,843,397	18,225,768,712	334,739,182	1.87
1997	5,551,501,713	12,208,579,202	1,280,632,009	483,622,939	18,557,089,985	331,321,273	1.82
1998	5,743,050,644	12,795,068,367	1,379,181,097	527,691,891	19,389,608,217	832,518,232	4.49
1999	5,957,255,329	13,742,896,459	1,388,447,337	697,654,455	20,390,944,670	1,001,336,453	5.16
2000	6,383,594,281	15,108,844,973	1,649,781,527	700,220,447	22,442,000,334	2,051,055,664	10.06
2001	7,064,894,934	16,736,820,629	1,727,954,416	769,357,936	24,760,312,043	2,318,311,709	10.336
2002	7,498,986,428	18,738,192,795	1,561,056,591	791,346,053	27,006,889,761	2,246,577,718	9.07
2003	8,118,148,532	20,869,754,689	1,555,095,299	735,282,575	29,807,715,945	2,800,826,184	10.37
2004	8,893,837,518	23,037,121,569	1,800,483,600	997,496,394	32,733,946,293	2,926,230,348	9.82

Source: County of Solano - Assessor's Office

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

Fiscal Year	Countywide Tax	Local Special Districts	Schools	Cities	Total
1995	1.002826	1.531296	0.165145	0.104157	2.803424
1996	1.002651	1.526000	0.104515	0.105144	2.738310
1997	1.002382	1.512000	0.146153	0.098633	2.759168
1998	1.002323	1.526100	0.284365	0.093766	2.906554
1999	1.000000	1.592200	0.356061	0.083774	3.032035
2000	1.000000	1.582688	0.298638	0.077761	2.959087
2001	1.000000	1.580959	0.306871	0.073958	2.961788
2002	1.000000	1.664550	0.230886	0.067263	2.962699
2003	1.000000	1.668724	0.423867	0.065584	3.158175
2004	1.000000	1.674536	0.450608	0.061253	3.186397

Source: Auditor-Controller's Property Tax Division

County of Solano, California
Principal Taxpayers
June 30, 2004

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2004 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Valero Refining Company - Calif	Oil	\$ 988,886,060	3.02%
Genentech Inc.	Manufacturing	361,147,548	1.10%
Pacific Gas & Electric Company	Utility	294,065,725	0.90%
Anheuser-Busch, Inc.	Manufacturing	260,387,363	0.80%
Pacific Bell	Utility	142,780,849	0.44%
California Northern Railroad	Transportation	110,516,083	0.34%
Alza Corporation	Manufacturing/Warehousing	109,740,602	0.34%
Solano Mall LLC	Commercial Sales	88,908,436	0.27%
Gilroy Energy Center LLC	Manufacturing/Warehousing	83,000,000	0.25%
Calwest Industrial Holdings	Manufacturing/Warehousing	77,701,142	0.24%
Park Management Corporation	Theme Park	68,893,788	0.21%
CPG Finance	Commercial Sales & Services	50,466,474	0.15%
Totals		<u>\$ 2,636,494,070</u>	<u>8.06%</u>

Source: Annual Budget Document

COUNTY OF SOLANO, CALIFORNIA
Special Assessment Billings and Collections
Last Ten Fiscal Years

Fiscal Year	Special Assessment Billings	Special Assessment Collected ¹
1995	\$ 42,448,117	\$ 39,799,562
1996	44,342,338	41,720,744
1997	43,552,096	40,196,333
1998	45,859,819	42,784,817
1999	39,791,335	39,791,335
2000	44,544,878	44,544,878
2001	46,228,581	44,848,480
2002	48,279,261	46,645,427
2003	48,086,190	46,404,717
2004	47,864,526	46,398,690

Source: Solano County Treasurer - Tax Collector - County Clerk

¹ Includes prepayments for foreclosures

COUNTY OF SOLANO, CALIFORNIA
Computation of Legal Debt Margin
June 30, 2004

Assessed valuations:	
Assessed value	\$ 32,733,946,293
Add back: exempt real property	<u>997,496,394</u>
Total assessed value	<u><u>\$ 33,731,442,687</u></u>
Legal debt margin	
Debt limitation - 5 percent of total assessed value	<u><u>\$ 1,686,572,134</u></u>

County of Solano, California
Computation of Direct and Overlapping Bonded Debt
June 30, 2004

	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage applicable to Government</u>
Overlapping:		
Benicia USD 1997 B	\$ 11,835,000	0%
Benicia Debt Service 1993 Series B	5,391,409	0%
Benicia Debt Service 1994 Series C	1,614,224	0%
Benicia Debt Service 1997 Series A	11,384,844	0%
Benicia USD 1998 Refunding Series	4,835,000	0%
Benicia USD 1997 Series 2001C	3,705,386	0%
Benicia USD Bond Measure A, Series 2000B	6,160,155	0%
Vallejo USD Bond Measure A 2002 Refunding	59,115,000	0%
Vallejo USD Bond Measure A Series 2002	27,050,000	0%
Vacaville USD Series 2002	15,300,000	0%
Dixon USD Bond Series 2003	10,000,000	0%
Fairfield USD GOB Series 2002	42,535,000	0%
SCC GOB Series 2003 A	80,000,000	0%
Vacaville USD Series 2003	18,245,000	0%
	<u>\$ 297,171,018</u>	

County of Solano, California
Ratio of Annual Debt Service Expenditures
for General Obligation Bonded Debt
to Total General Governmental Expenditures
Last Ten Fiscal Years

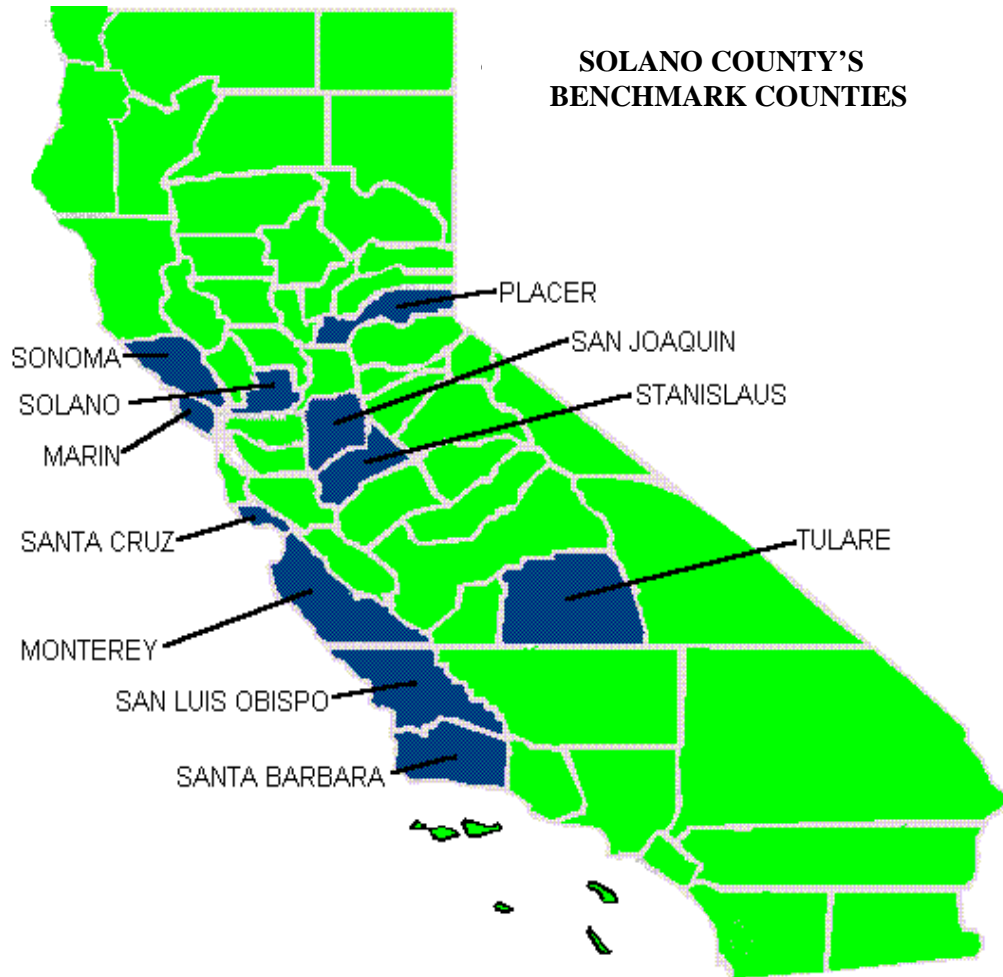
Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1995	\$ 2,040,000	\$ 109,355	\$ 2,149,355	\$ 306,111,106	0.70%
1996	1,575,000	87,079	1,662,079	328,176,307	0.51%
1997	1,100,000	64,307	1,164,307	300,183,097	0.39%
1998	620,000	56,785	676,785	298,636,611	0.23%
1999	480,000	33,000	513,000	318,845,141	0.16%
2000	330,000	24,300	354,300	329,022,451	0.11%
2001	170,000	15,000	185,000	357,357,995	0.05%
2002	-	5,100	5,100	422,585,299	0.00%
2003	-	-	-	450,781,396	0.00%
2004	-	-	-	616,748,324	0.00%

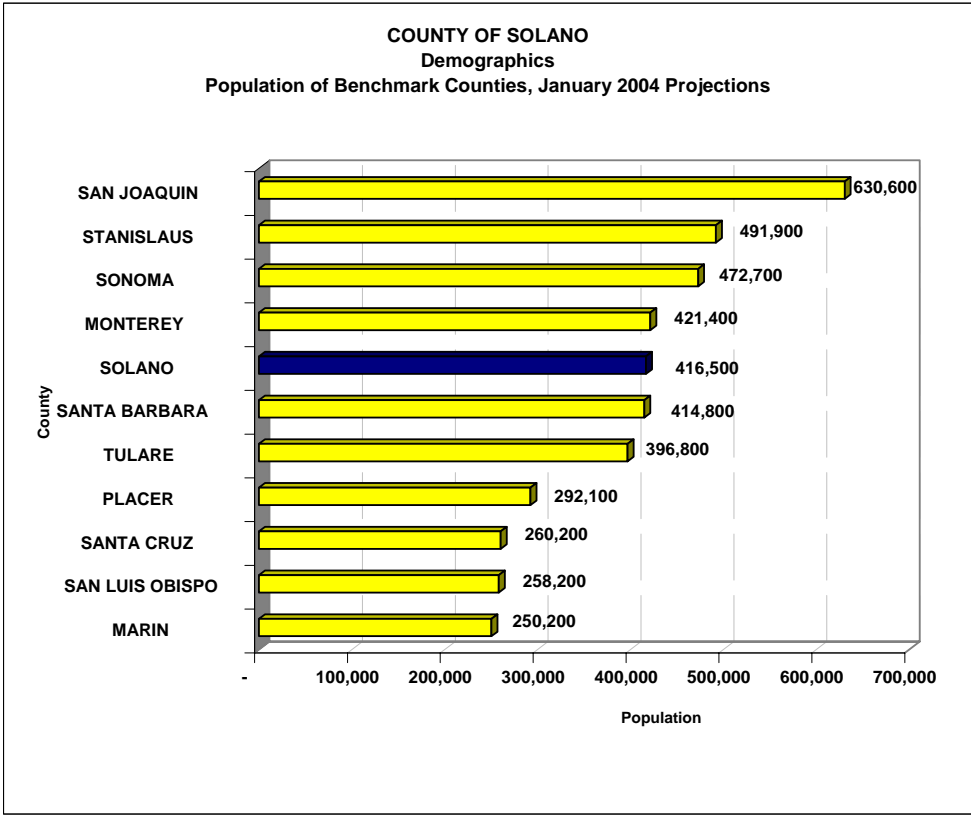
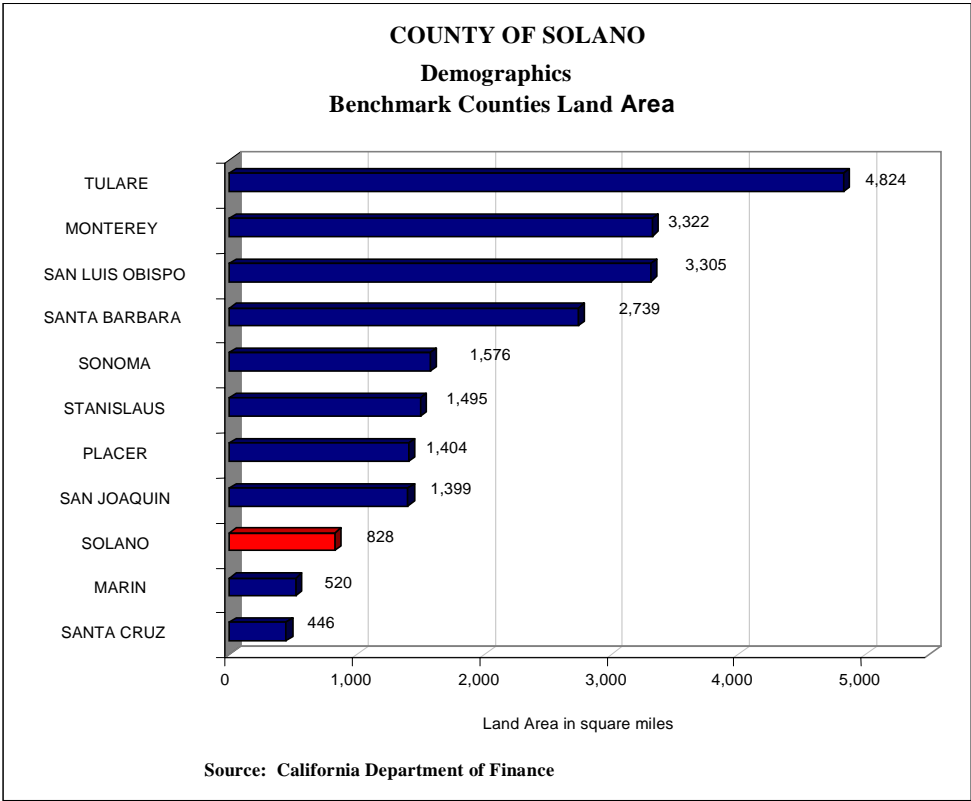
Demographic Statistics:

We have selected a group of ten counties that are used for comparisons in the following charts. The County of Solano has the following characteristics in common with each of these counties:

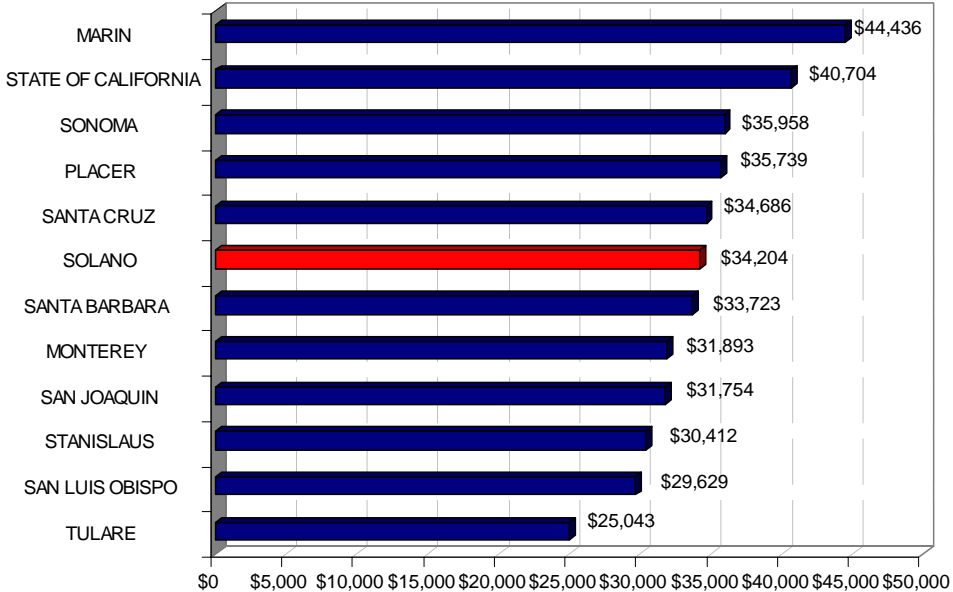
- They are the ten counties closest to Solano in population – four with higher population and six with lower population.
- A total population of more than 250,000 but less than 650,000.
- All include both suburban and rural environments.
- None contains a large metropolitan city.
- Seven are coastal or Bay Area counties.

Most have the same urban growth vs. rural preservation issues facing Solano County.

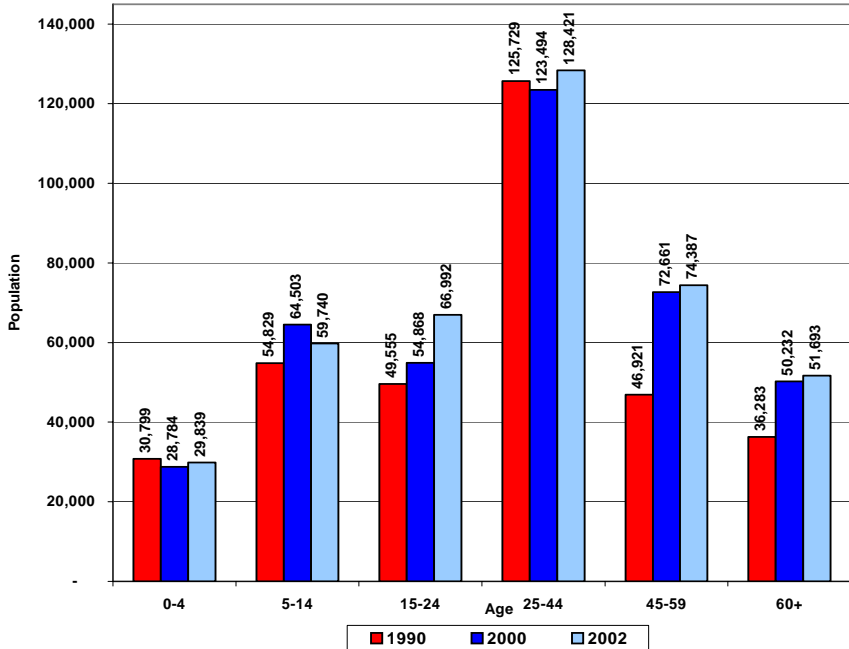


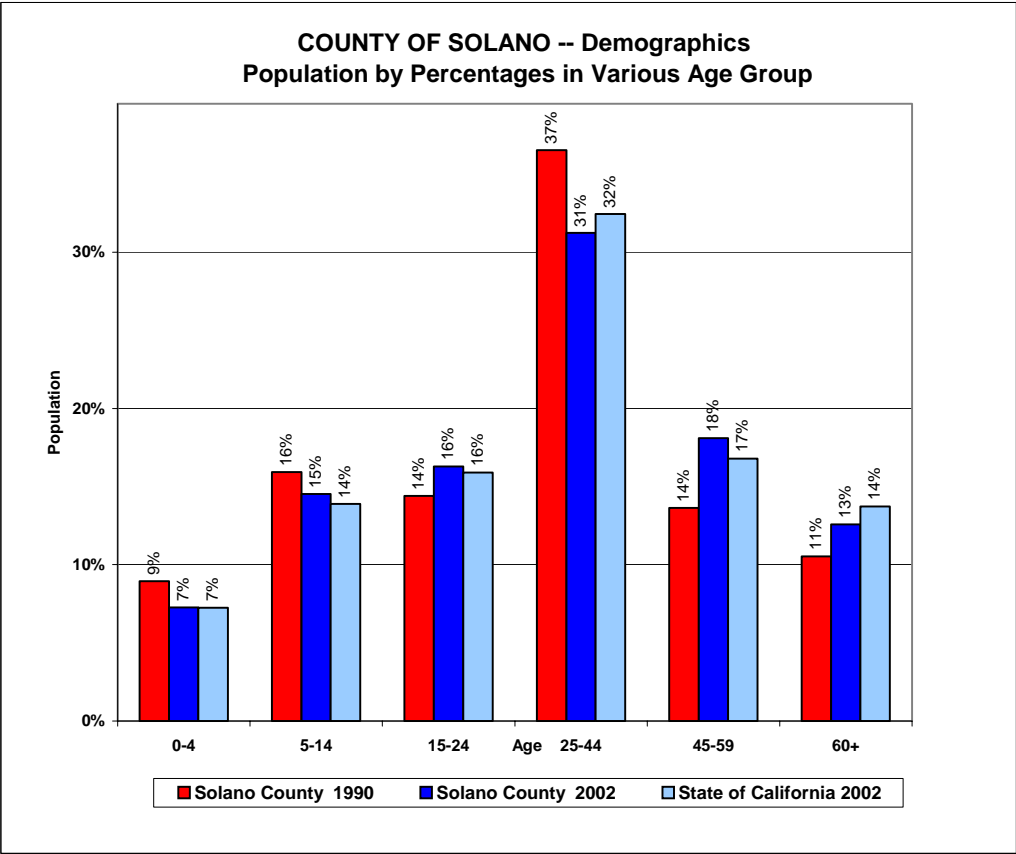
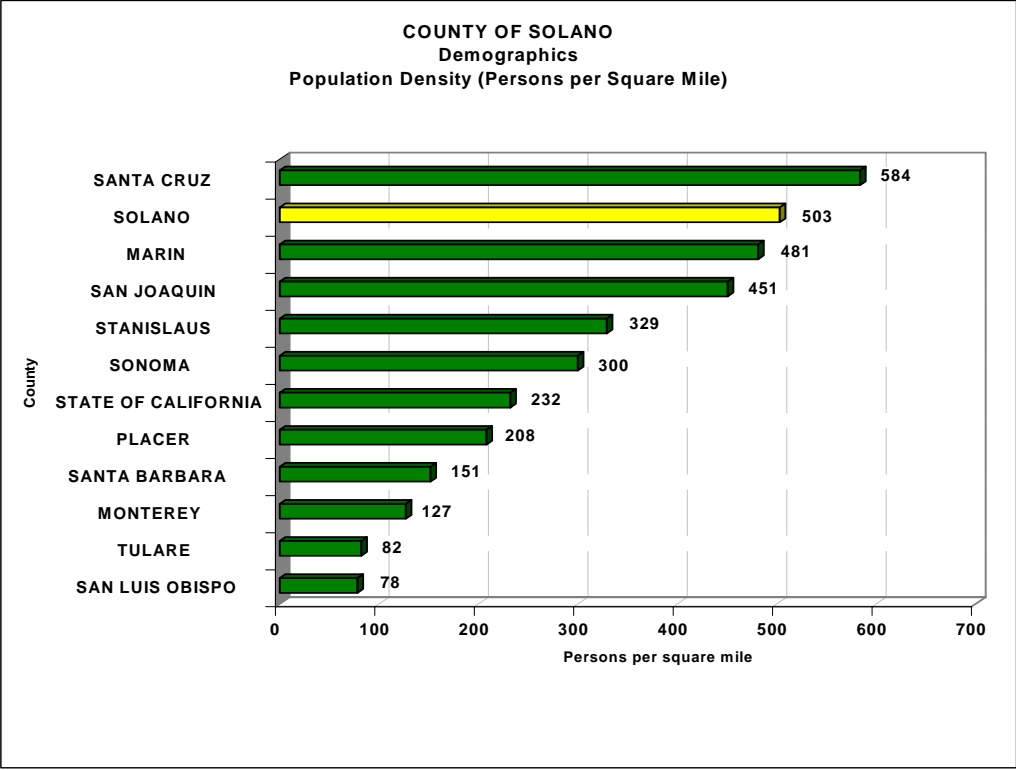


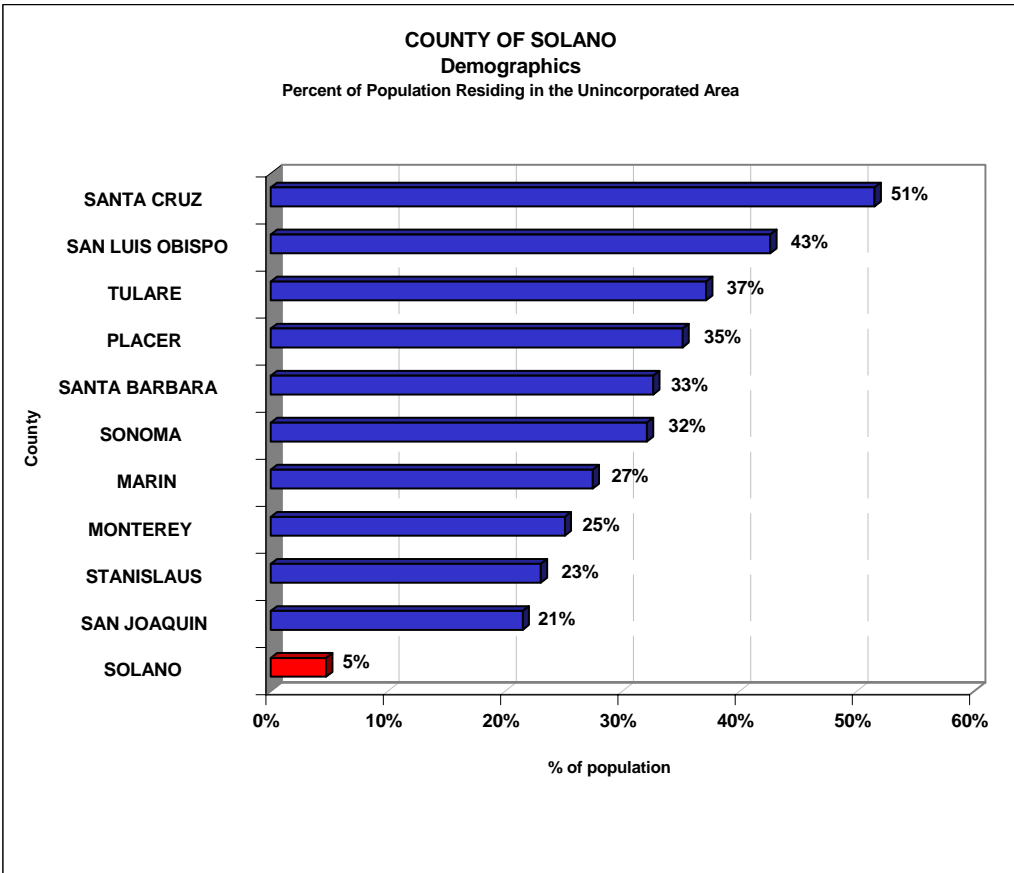
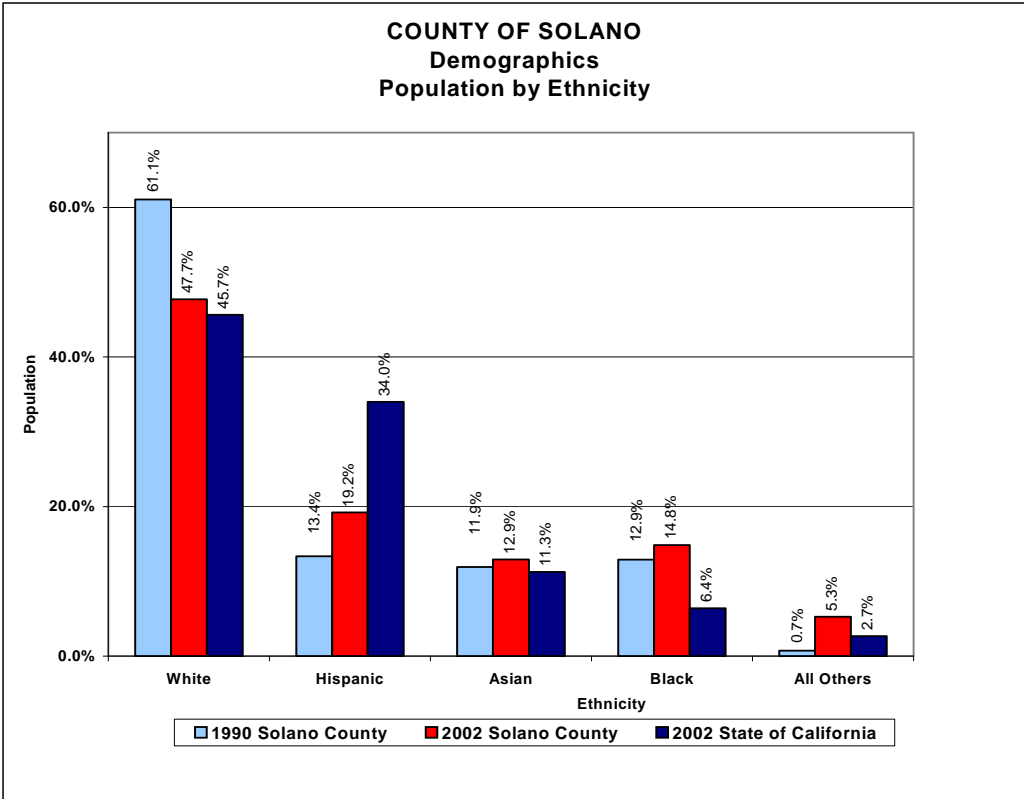
**COUNTY OF SOLANO
Demographics
Average Wage Per Job**



**COUNTY OF SOLANO
Demographics
Population by Age Group**







COUNTY OF SOLANO, CALIFORNIA
Miscellaneous Statistics
June 30, 2004

Date of Incorporation	1850
Form of Government	General Law County Five Member Board of Supervisors
County Seat:	Fairfield
Number of employees	
Regular	2,736
Extra Help	349
Area in square miles	828
Roads/Infrastructure:	
Miles of streets	600
Number of street lights	366
Bridges	96
Agriculture Crops (2003)	
Nursery Stock	\$ 42,373,400
Cattle and Calves	30,893,700
Tomatoes, Processing	20,216,600
Alfalfa Hay	19,670,600
Feeder Lambs	10,620,500
Grapes, Wine	10,006,700
Other	55,427,500
Culture and Recreation:	
Libraries	6
Museums	5
Parks	3
Park acreage	223
Protection Services:	
Number of Fire Districts	7
Number of Sheriff's Offices	2

The County remains the most affordable housing in the Bay Area during the period reflected:

Bay Area Home Sales						
County	Number of Houses Sold			Median Price		
	May '03	May '04	Change (%)	May '03 (\$000)	May '04 (\$000)	Change (%)
Alameda	2,264	2,466	8.9%	402	487	21.1%
Contra Costa	2,193	2,301	4.9%	376	451	19.9%
Marin	412	465	12.9%	595	642	7.9%
Napa	200	198	-1.0%	419	510	21.7%
San Francisco	590	779	32.0%	556	632	13.7%
San Mateo	869	906	4.3%	552	622	12.7%
Santa Clara	2,347	3,068	30.7%	462	544	17.7%
Solano	841	966	14.9%	301	349	15.9%
Sonoma	887	879	-.09%	365	445	21.9%
Bay Area	10,603	12,028	13.4%	427	506	18.5%

Source: DataQuick Information Systems, www.dqnews

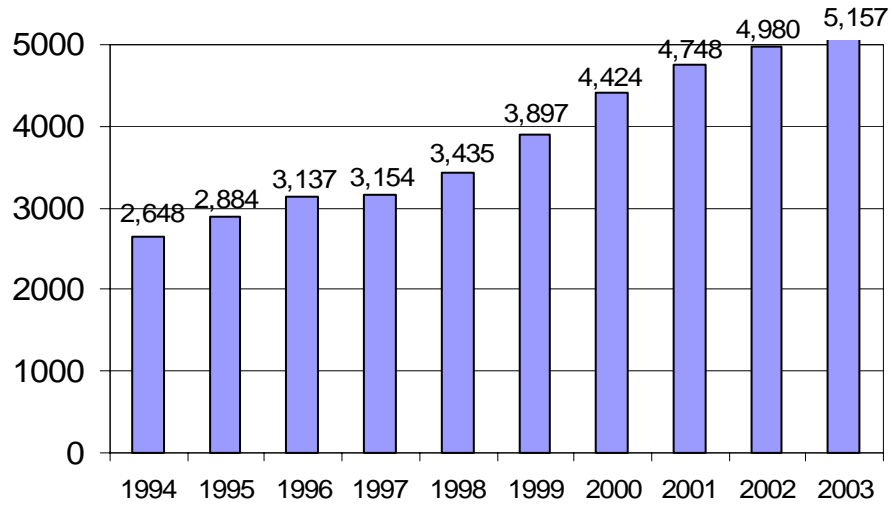
The County economy is stable and enjoying consistent and sustainable growth and diversification. The County has demonstrated consistent growth of Labor Force and Employment Base:

- Labor force has increased 11.8% since 1990
- The County's 2004 unemployment rate is 5.6% vs. State's rate of 6.1%

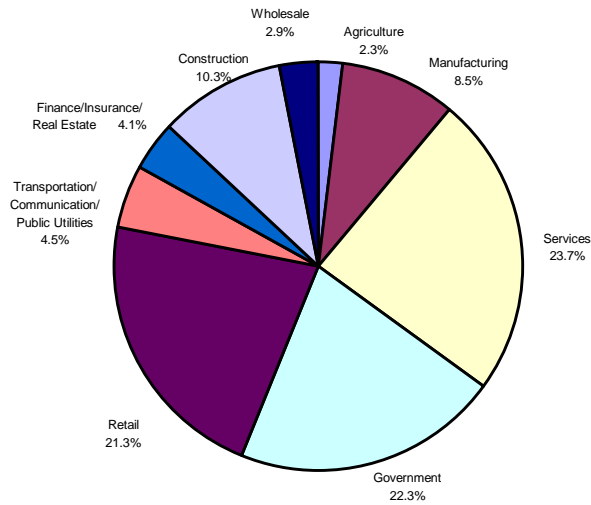
County of Solano Key Economic Indicators					
	2000	2001	2002	2003	2004
Population	394,542	398,600	405,800	412,000	416,500
Labor Force	191,000	194,800	200,300	210,700	215,000
Employment	181,600	186,500	189,000	199,112	203,000
Unemployment	9,400	8,400	11,300	11,589	12,100
Unemployment %	4.9	4.3	5.6	5.5	5.6

The County economy is stable and enjoying consistent and sustainable growth and the County has actively encouraged industrial, manufacturing and biotechnology development with strong cooperative efforts with cities to attract business.

Taxable Transactions (\$millions)



Employment by Sector 2003



Twenty Top Private Sector County Employers for 2004

Rank	Company	Location	Type of Business	Number of Employees
1	Kaiser Permanente	Vallejo/Vacaville/Fairfield	Health Services	3,110
2	Six Flags Marine Vallejo	Vallejo	Entertainment	1,750
3	NorthBay Medical Center	Fairfield	Health Services	1,000
4	ALZA Corporation	Vacaville	Biotech Manufacturing	700
5	Albertson's Distribution Center	Vacaville	Distribution	700
6	Sutter Solano Medical Center	Vallejo	Health Services	674
7	Westamerica Bancorporation	Fairfield	Finance	542
8	Anheuser-Busch Brewery	Fairfield	Manufacturing (Brewery)	515
9	Genentech	Vacaville	Biotech Manufacturing	500
10	Valero Refining Company-CA	Benicia	Oil (Refinery)	450
11	CSK Auto Incorporated	Dixon	Distribution	420
12	TIMEC Co.	Vallejo	Construction	400
13	Hines Wholesale Nursery	Vacaville	Agriculture	400
14	Jelly Belly Candy Company	Fairfield	Manufacturing	380
15	Travis Credit Union	Vacaville	Finance	350
16	Corey Delta Incorporated	Benicia	Construction	350
17	Simpson Dura-Vent	Vacaville	Manufacturing	275
18	MLO Products	Fairfield	Manufacturing	275
19	Superior Farms Packaging Co.	Dixon	Manufacturing	250
20	Copart	Fairfield	Auto Auction	250

Source: SEDCORP – January 2004