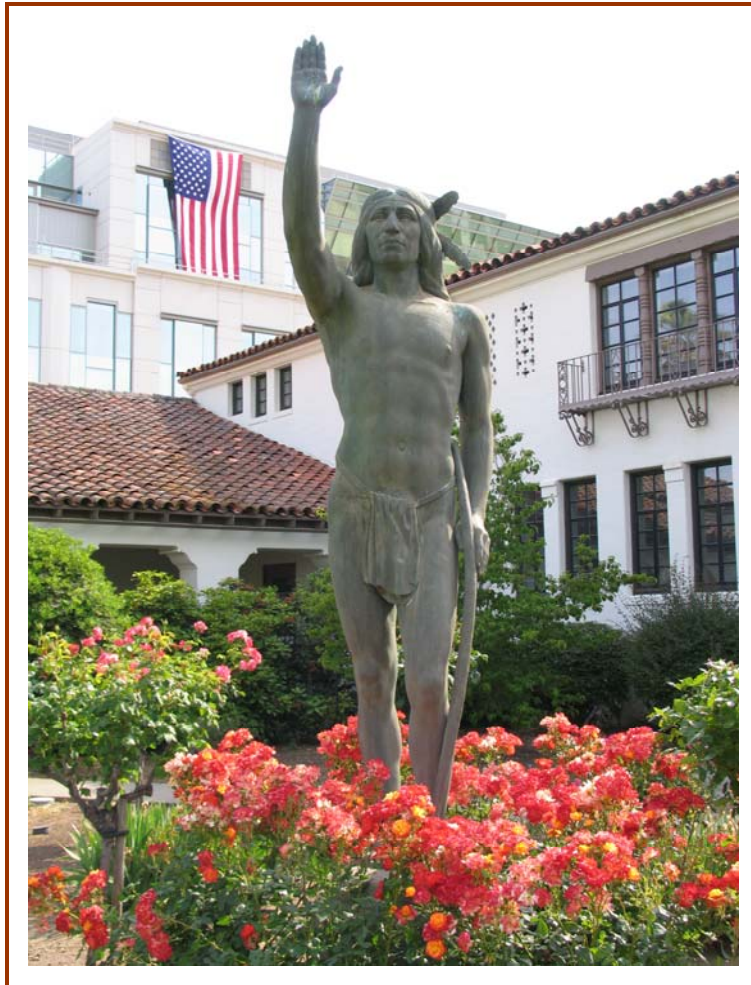
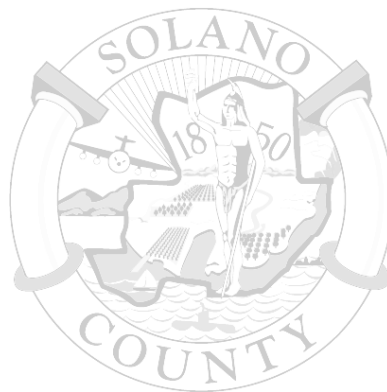


**County of Solano, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2007**



Chief Solano (Sem-Yeto)



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

County of Solano, California



Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2007

Prepared by:

Office of the Auditor-Controller

Simona Padilla-Scholtens, CPA
Auditor-Controller

County of Solano, California
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2007

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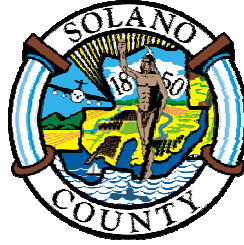
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AUDITOR-CONTROLLER

PHYLLIS TAYNTON, CPA
ASSISTANT AUDITOR-CONTROLLER



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December 20, 2007

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

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Solano (County) for the fiscal year ended June 30, 2007. In accordance with Sections 25250 and 25253 of the Government Code of the State of California, general-purpose local governments must publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted accounting standards (GAAS) by a firm of licensed certified public accountants.

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

The County's financial statements have been audited by Macias Gini & O'Connell LLP, a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the year ended June 30, 2007, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County's financial statements for the year ended June 30, 2007, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standard governing the Single Audit requires the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls

and compliance with legal requirements, with special emphasis on internal controls over compliance involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

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

Profile of the Government

General Information

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

The County limits residential and commercial development outside of cities, thus preserving almost 85% of the land for open space 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, continue to encourage 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 continues to offer a promising future as a place to live, learn, work and play.

County Government

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

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

County Services

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

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

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
- Oversight and Permitting of Landfills and Solid Waste Disposal and Collection
- Family Support Collections
- Veterans Services
- Maintenance of County Roads and Bridges
- Law Enforcement (Primarily Unincorporated County)
- U.C. Cooperative Extension Services
- Tax Assessment, Collection and Apportionment
- Elections and Voter Registration
- Parks
- Jails and Juvenile Facilities
- Probation Supervision
- Clerk-Recorder
- Public Defender/Alternative Defense
- Coroner and Forensic Services
- Grand Jury
- Criminal Prosecution (District Attorney)
- Libraries (as Contract Services for Cities)
- Animal Care Services
- Building and Safety (Unincorporated County Only)
- Land Use Issues in the Unincorporated County

Factors Affecting Financial Condition

Budgetary Information

The annual budget serves as the foundation for the County's financial planning and control. All agencies under the control of the Board of Supervisors are required to submit budget requests to the County Administrator for review. The County Administrator 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). Transfers of appropriations between divisions, bureaus and sections within a department, provided the total appropriation of the budget is not changed, may be authorized by the County Administrator. Transfers of appropriations between departments within a fund, however, require a majority vote of the Board. Transfers of appropriations between funds require a four-fifths vote of the Board of Supervisors. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget was adopted. These schedules, which are part of the required supplementary information section of this report, start on page 76.

Population and Local Economy

The County's population as of January 2007 was approximately 424,823, an increase of approximately 0.5% over last year's estimate and 7.7% over the 2000 census. The County's population ranks 20th out of 58 California counties. Solano County is considered the fastest growing of the nine Bay Area counties in terms of size. 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. The County population is increasing an average of 1.3% annually with the most notable changes occurring in the cities of Rio Vista with 100.2% increase, and Dixon with a 22.7% increase over the past 10 years. 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 moderate costs for land and housing, proximity to major population and recreation centers, and job opportunities continue to make the County an attractive place to live. The County is home to a significant number of biotech companies. The County believes that it is well suited to attract this type of business because of its proximity to UC Davis, UC Berkeley and major research and medical centers, and Solano Community College's Biotechnology Production Technician Training Program.

Long-term Financial Planning

On February 13, 2007, the Board adopted policy to maintain General Fund Reserves (reserves) equal to 10% of the County's total budget, excluding inter fund transfers, and to maintain General Fund Contingencies equal to 10% of the General Fund's total budget. The General Fund reserve should be used (1) to phase into fiscal distress periods gradually, focusing on maintaining the Board's priorities, (2) as the last resort to balance the County Budget, and (3) to maintain, at all times, a minimum of 5% of the total budget in the General Fund reserves and spending of the reserves should not exceed \$6 million a year. General Fund contingency is used to mitigate the impact of potential risks to the General Fund from funding problems that may occur in the General Fund and other funds.

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

The County is in the pre-construction stages of the Claybank Adult Detention Facility Expansion Project in Fairfield. This project will add three housing units totaling 65,150 square feet to the existing detention facility (additional 512 beds and program services space).

The County is in the pre-construction stages of the South County Government Center Project which includes the construction of a 70,000 square foot, three-story Health & Social Services (H&SS) office building and clinic, and the renovation of the existing H&SS building at 355 Tuolumne Street in Vallejo. The new County building, along with the renovated H&SS building, will be designed to accommodate H&SS functions, relocated Court Support agencies (Probation, Public Defender and District Attorney), Board of Supervisors, Veteran Services, as well as provide for future growth to serve the needs of South County residents.

The project also includes the modernization and construction of a larger, state-of-the-art Public Health Laboratory facility at a centralized location on the existing County-owned land in Fairfield. This project consists of a two-story, 30,000 gross square foot building and the purchase of additional land for parking. The construction of the new Public Health Facility will meet the standards associated with the Federally Qualified Health Center (FQHC) requirements. In addition, this will meet the County's immediate needs as well as the long-term projected growth in services to the public. This project will provide laboratory testing for public health, clinical and forensic needs.

In addition, the County issued refunding Certificates of Participation (COP) to partially defease the 2002 COP. The refunding COP's were issued at a lower rate of interest, thus reducing the County's interest expense over the life of the bonds. This strategy saves tax payers' \$2,963,252 in the interest rate savings over the life of the bonds.

Cash Money Policies and Practices

The County maintains an Investment Pool managed by the Treasurer-Tax Collector-County Clerk, which acts as a depository for over 80 units of local government including funds of the County school districts, special districts and other entities. 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, ensures the Treasury activities are in compliance with the Investment Policy, ensures an annual audit of the Investment Policy is conducted, and reviews the internal auditor's quarterly audits of the Investment Pool. The committee meets semiannually and is composed of the County'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 a 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, money market mutual funds, Local Agency Investment Fund (LAIF), CalTRUST, CAMP, corporate notes, obligations of the U.S. Treasury, municipal notes, and the State Treasurer's investment pool. The maturities of the investments range from one day to six years, with an average maturity of 13 months. Interest rates on investments were between 1.000% and 6.250% for the government. Investment earnings 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 of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Solano for its Comprehensive Annual Financial Report (CAFR) for the year ended June 30, 2006. This is the fifth consecutive year that the County has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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. I want to express my appreciation to staff for their outstanding support in the preparation of this report. I would like to specifically acknowledge Sheila Turgo, Raymond Catapang, Magen Yambao and Suganthi Krishnan for their hard work and dedication. Credit also must be given to the County Administrator and the Board of Supervisors for their support in maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,



Simona Padilla-Scholtens, CPA
Auditor-Controller

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, 2006

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



President

Executive Director

County of Solano Organizational Chart

Electorate

Board of Supervisors



Barbara R. Kondylis
District 1



John F. Silva
District 2



James P. Spering
District 3



John M. Vasquez
District 4



Michael J. Reagan
District 5



County Counsel
Dennis Bunting



County Administrator
Michael D. Johnson

Elected
Officials

Appointed
Officials



Auditor-Controller
Simona Padilla-Scholten



District Attorney
David W. Paulson



Ag. Comm./Sealer
Jearl Howard



General Services
Pamela Ogle



Human Resources
Donald Turko



Assessor-Recorder
Marc Tonnesen



Sheriff/Coroner
Gary Stanton



HSS
Patrick Duterte



Public Defender
Jeffery Thoma



Library
Ann Cousineau



Tax Collector/County
Clerk/Treasurer
Charles Lomeli



Resource Mgmt.
Birgitta Corsello



Veterans Services
William Reardon



CIO/ROV
Ira Rosenthal



Probation
Isabelle Voit



UC Coop Extension
Carole Paterson



Child Support Services
Pamela Posehn



SOLANO COUNTY DEPARTMENT HEAD LISTING

Ag Commissioner/Sealer of Weights & Measures	Jearl D. Howard	784-1310
Assessor/Recorder	Marc C. Tonnesen	784-6200
Auditor-Controller	Simona Padilla-Scholtens	784-6280
Chief Information Officer/Registrar of Voters	Ira Rosenthal	784-2703
Cooperative Extension	Carole Paterson	784-1317
County Administrator	Michael D. Johnson	784-6100
County Counsel	Dennis Bunting	784-6140
Department of Child Support Services	Pamela Posehn	784-3606
District Attorney	David W. Paulson	784-6800
Fouts Springs Youth Facility	Isabelle Voit	(530) 963-3101
General Services	Pamela Ogle (Acting)	784-7900
Health & Social Services	Patrick Duterte	784-8400
Human Resources/Risk Management	Donald W. Turko	784-6170
Library	Ann Cousineau	421-6510
Probation	Isabelle Voit	784-7600
Public Defender/Conflict Public Defender	Jeffrey E. Thoma	784-6700
Resource Management	Birgitta Corsello	784-6765
Sheriff/Coroner	Gary Stanton	421-7030
Treasurer-Tax Collector-County Clerk	Charles Lomeli	784-6295
Veteran Services	William Reardon	784-6584
Workforce Investment Board (WIB)	Robert L. Bloom	864-3370

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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 units and remaining fund information of the County of Solano, California (County), as of and for the year ended June 30, 2007, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the basic financial statements of the Solano County Fair component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for that entity, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units and remaining fund information of the County of Solano, California, as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows 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 December 19, 2007 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Maclean Meiri & O'Connell LLP

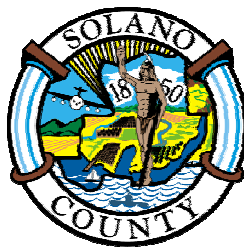
Certified Public Accountants

Sacramento, California

December 19, 2007

SIMONA PADILLA-SCHOLTENS, CPA
AUDITOR-CONTROLLER

PHYLLIS TAYNTON, CPA
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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, 2007. 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, 2007 by \$625,687,796 (net assets). Of this amount, \$250,242,508 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$57,857,681 as a result of the current year's operations.
- At June 30, 2007, the County's governmental funds reported combined ending fund balances of \$301,956,387, an increase of \$27,178,764, as a result of the current year's operations. Approximately 68% of this total amount, or \$206,461,290, is available for spending at the County's discretion (unreserved fund balance) and 32% of this amount, or \$95,495,097, is reserved.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$51,541,277 or 79% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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, Solano County Housing Authority, 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 21 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 Government Center Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 30 - 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 – 73 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 75 – 80 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 81 – 125 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County’s financial position. In the case of the County, assets exceeded liabilities by \$625,687,796 at June 30, 2007.

Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 548,430,282	\$ 504,974,278	\$ (587,972)	\$ (2,234,403)	\$ 547,842,310	\$ 502,739,875
Capital assets	437,072,443	432,878,502	15,097,584	12,057,440	452,170,027	444,935,942
Total assets	<u>\$ 985,502,725</u>	<u>\$ 937,852,780</u>	<u>\$ 14,509,612</u>	<u>\$ 9,823,037</u>	<u>\$ 1,000,012,337</u>	<u>\$ 947,675,817</u>
Long-term obligations	\$ 310,721,490	\$ 326,250,663	\$ 444,052	\$ 532,584	\$ 311,165,542	\$ 326,783,247
Other liabilities	62,548,066	52,733,966	610,933	328,489	63,158,999	53,062,455
Total liabilities	<u>373,269,556</u>	<u>378,984,629</u>	<u>1,054,985</u>	<u>861,073</u>	<u>374,324,541</u>	<u>379,845,702</u>
Net assets:						
Invested in capital assets, net of related debt	290,318,976	273,169,996	14,896,619	11,809,809	305,215,595	284,979,805
Restricted net assets	70,229,693	67,227,824	-	-	70,229,693	67,227,824
Unrestricted net assets	251,684,500	218,470,331	(1,441,992)	(2,847,845)	250,242,508	215,622,486
Total net assets	<u>612,233,169</u>	<u>558,868,151</u>	<u>13,454,627</u>	<u>8,961,964</u>	<u>625,687,796</u>	<u>567,830,115</u>
Total liabilities and net assets	<u>\$ 985,502,725</u>	<u>\$ 937,852,780</u>	<u>\$ 14,509,612</u>	<u>\$ 9,823,037</u>	<u>\$ 1,000,012,337</u>	<u>\$ 947,675,817</u>

By far the largest portion of the County’s net assets (49%) 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.

An additional portion of the County’s net assets (11%) represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (40%) 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 for governmental activities are as follows:

Current and other assets: The increase of approximately \$43 million is attributed to increases in tax revenues, interest income from the County pool, and unspent funds for various projects which are in the early stages of planning and therefore minimal costs have been incurred. In addition, there is a significant increase in receivables from other governmental agencies due to the delay in receiving revenues from the State.

Capital Assets: The increase of approximately \$4 million is from various construction projects throughout the county and acquisition of land for the H&SS North County capital project.

Long-term obligations: The decrease of approximately \$15 million is from scheduled principal payments on long-term debt during the year. Also, \$5 million of callable Pension Bonds were redeemed.

Unrestricted net assets: The increase of approximately \$33.2 million is primarily related to the General Fund's increase to fund balance of \$30 million.

Changes in program revenues and program expenses remain consistent with the prior year. Program revenues funded 74% 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, intergovernmental revenues, interest earnings and other revenues.

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

	Governmental Activities		Business-type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program revenues:						
Charges for services	\$ 73,009,635	\$ 79,774,941	\$ 4,030,254	\$ 3,342,391	\$ 77,039,889	\$ 83,117,332
Operating grants and contributions	288,680,255	278,885,706	648,139	748,146	289,328,394	279,633,852
Capital grants and contributions	-	-	2,918,130	280,415	2,918,130	280,415
General revenues:						
Property taxes	121,438,731	113,372,286	270,370	258,855	121,709,101	113,631,141
Other taxes	5,528,726	7,290,036	-	-	5,528,726	7,290,036
Tobacco settlement proceeds	-	17,397,252	-	-	-	17,397,252
Intergovernmental	20,122,940	17,112,250	47,008	40,679	20,169,948	17,152,929
Interest and investment earnings	14,671,265	8,998,933	27,837	(39,227)	14,699,102	8,959,706
Other	17,339,503	12,236,879	181,734	53,933	17,521,237	12,290,812
Gain on sale of capital assets	233,932	-	-	-	233,932	-
Total Revenues	541,024,987	535,068,283	8,123,472	4,685,192	549,148,459	539,753,475
Expenses:						
General government	53,610,176	56,558,886	-	-	53,610,176	56,558,886
Public protection	152,135,516	145,029,057	-	-	152,135,516	145,029,057
Public ways and facilities	12,524,903	14,258,190	-	-	12,524,903	14,258,190
Health services	101,162,646	98,074,826	-	-	101,162,646	98,074,826
Public assistance	132,795,943	130,957,165	-	-	132,795,943	130,957,165
Education and recreation	21,241,168	19,140,185	-	-	21,241,168	19,140,185
Interest on long-term debt	12,781,989	12,848,298	-	-	12,781,989	12,848,298
Nut Tree Airport	-	-	1,639,976	1,592,100	1,639,976	1,592,100
Fouts Springs Youth Facility	-	-	3,398,461	3,301,242	3,398,461	3,301,242
Total Expenses	486,252,341	476,866,607	5,038,437	4,893,342	491,290,778	481,759,949
Excess before transfers	54,772,646	58,201,676	3,085,035	(208,150)	57,857,681	57,993,526
Transfers	(1,407,628)	86,047	1,407,628	(86,047)	-	-
Change in net assets	53,365,018	58,287,723	4,492,663	(294,197)	57,857,681	57,993,526
Net assets – beginning	558,868,151	500,580,428	8,961,964	9,256,161	567,830,115	509,836,589
Net assets – ending	\$ 612,233,169	\$ 558,868,151	\$ 13,454,627	\$ 8,961,964	\$ 625,687,796	\$ 567,830,115

Governmental activities. Governmental activities increased the County's net assets by \$53,365,018 thereby accounting for 92% of the total growth in the net assets of the County. Total governmental revenues increased from the prior year by \$5,956,704. Total governmental expenses increased from the prior year by \$9,385,734.

The significant changes are as follows:

Revenues:

Operating grants and contribution:

Increase of \$9,794,549 over prior year is primarily due to the following:

- \$2,259,707 increase is attributable to public protection funding from the restoration of the CA Standard and Training for Corrections (STC) from the State; revenues from a new state law increasing the license fee from the boating enforcement; increase in animal care services from the increase in the cities' share of operational cost of the animal care facility; and a one-time revenue to offset the cost of the time-study for the Title IVE grant.
- \$1,708,112 increase from federal grant for the construction and repairs of various roads and bridges for storm damages suffered from December 2005 storms; and a grant received for Proposition 42 (Traffic Congestion Relief Act).
- \$5,353,898 increase from state and federal grants for the Health & Social Services Department due to increase in caseload for various health services and public assistance programs.

General Revenues:

The \$2,927,461 net increase in general revenues over prior year is due to the following:

- Property taxes net increase of \$8,066,445 due to growth in assessed values of real property offset by decreases in supplemental taxes resulting from slower real estate activity during the year.
- Decrease of \$1,761,310 primarily from property transfer taxes resulting from decreased property sales during the year due to a sluggish real estate market.
- Intergovernmental revenues increased by \$3,010,690 primarily from higher redevelopment pass-through revenue resulting from increase in secured property taxes.
- The interest and investment earnings increased by \$5,672,332 primarily from increasing interest rates and the high cash balances of the various funds.
- Decrease from the securitization of Tobacco Settlement revenues (\$17,397,252).
- Other revenues and gain on sale of capital assets increased by \$5,336,556 due to the transfer from the tax loss reserve account, one-time revenue from unclaimed tax proceeds on tax-defaulted properties, and final receipt of insurance proceeds for the damage to county properties and facilities from the December 2005 storm.

Expenses:

General government:

Expenses for general government decreased by \$2,948,710 from the prior year. The decrease was due primarily to the last payment in FY 05/06 of ERAF III (Educational Revenue Augmentation Fund) to the schools.

Public protection:

Expenses for public protection (i.e. judicial services, police, detention and correction) increased by \$7,106,459. The increase was due to increases in salaries and benefits due to the annual COLA, overtime pay, extra help, and health insurance costs. In addition, services and supplies increased due to professional and contracted services, acquisition of computer equipment and maintenance charges, and other operating costs.

Health services:

Expenses for health services increased by \$3,087,820 primarily due to increases in salaries and benefits due to annual COLA, additional staffing and increased health insurance costs.

Public assistance:

Expenses for public assistance increased by \$1,838,778 primarily due to increases in salaries and benefits due to annual COLA and health insurance costs.

Education and recreation:

Expenses for education and recreation increased by \$2,100,983 due to increases in salaries and benefits due to annual COLA and increased health insurance costs, increase in services and supplies for library materials, computers and software costs due to the opening of the new Fairfield-Cordelia Library in December 2006, and due to costs for the installation of the activity-tracking software of the Library's redesigned website.

Business-type activities. Business-type activities increased the County's net assets by \$4,492,663 as a result of current year operations. The key element of this increase is the receipt of a capital grant from the Federal Aviation Administration (FAA) by the Nut Tree Airport to finance the construction of the parking apron and access road. Also, the Fouts Springs Youth Facility received a one-time contribution from the General Fund to eliminate the accumulated fund deficit.

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, 2007, the County's governmental funds reported combined ending fund balances of \$301,956,387, an increase of \$27,178,764, as a result of current year operations. Of the \$301,956,387, 68% (or \$206,461,290) constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate it is not available for spending because it has already been committed: a) to reflect long-term assets that do not represent available spendable resources (\$6,401,330); b) for health programs (\$56,025,049); c) to pay debt service (\$11,411,832); d) to liquidate contracts and purchase orders of the prior period (\$21,592,377); and e) imprest cash (\$64,509).

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 \$51,541,277, while total fund balance reached \$121,616,484. 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 180% of the total General Fund expenditures while total fund balance represents 187% of that same amount.

The fund balance of the General Fund increased by \$29.9 million during the current fiscal year. Total property taxes increased by \$5.2 million as compared to the prior year due to growth in property tax values and Property Tax-In Lieu revenues. The increase was offset by decreases in supplemental taxes due to sluggish real estate activity during the year. Interest income increased by \$3.1 million due to higher interest rates in the marketplace, the healthy cash position of the General Fund and one-time interest earnings received during the year. Intergovernmental and other revenues increased by \$5.7 million over prior year due to the reimbursement of prior year's SB90 mandated costs and an increase in redevelopment pass-through revenues. Miscellaneous revenues and charges for services increased by \$2.9 million primarily from an increase in administrative overhead charges to other departments and an increase in the tax loss reserve transfer to the General Fund.

Revenues by Source:

Revenues for governmental functions totaled \$551,067,830 in FY 06/07. This represents a 4.11% increase from FY 05/06.

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

**Revenues Classified by Source
Governmental Funds**

Revenues by Source	2007		2006		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 132,730,738	24.09%	\$ 126,709,867	23.94%	\$ 6,020,871	4.75%
Licenses, permits and franchises	6,758,843	1.23%	7,260,201	1.37%	(501,358)	(6.91)%
Fines, forfeitures and penalties	5,870,027	1.07%	7,389,580	1.40%	(1,519,553)	(20.56)%
Use of money and property	14,115,648	2.56%	9,038,296	1.70%	5,077,352	56.18%
Intergovernmental	299,974,644	54.43%	289,299,129	54.66%	10,675,515	3.69%
Charges for services	75,908,930	13.77%	79,239,520	14.97%	(3,330,590)	(4.20)%
Miscellaneous	15,709,000	2.85%	10,364,009	1.96%	5,344,991	51.57%
Total	\$ 551,067,830	100.00%	\$ 529,300,602	100.00%	\$ 21,767,228	4.11%

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

- Taxes: The increase of \$6,020,871 is attributable to secured taxes and property tax-in lieu revenues due to an increase in assessed values of real property.
- Licenses, permits and franchises: The decrease of \$501,358 is due to a decrease in the number of permits issued during the year.
- Fines, forfeitures and penalties: The decrease of \$1,519,553 is due primarily from a one-time settlement received from Kinder Morgan in FY 05/06.
- Use of money and property: The increase of \$5,077,352 is due to increasing interest rates in the marketplace, the healthy cash position of the General Fund as well as other governmental funds.

- Intergovernmental: The increase of \$10,675,515 is attributable to the reimbursement of prior year's SB90 mandated costs; increase in redevelopment pass-through revenue from higher tax increment; increase in funding to Health & Social Services for various health services and public assistance programs; restoration of the CA Standard and Training for Corrections (STC) funding from the State; increase in federal grants for road and bridges constructions and repairs resulting from storm damage; increase in state grant for Prop 42-Traffic Congestion Relief Act; and increase in funding from the State Library for interlibrary loan program.
- Charges for services: The net decrease of \$3,330,590 is attributable to significant delays in receiving state reimbursements for claims submitted pertaining to Early Periodic Screening, Diagnosis, and Treatment (EPSDT) revenue; decrease in Public Facilities Fees collected due to fewer building permits issued due to decline in construction activities during the year; and decrease in cost reimbursements incurred by the various departments (e.g., road services, library services) for claimed costs.
- Miscellaneous: The increase of \$5,354,991 is attributable to one-time revenues received during the year; increase in the amount transferred from the tax loss reserve.

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

Expenditures by Function Governmental Funds

Expenditures by Function	2007		2006		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 49,616,574	9.46%	\$ 58,726,098	10.63%	\$ (9,109,524)	(15.51)%
Public protection	162,742,367	31.03%	169,226,372	30.62%	(6,484,005)	(3.83)%
Public ways and facilities	9,664,948	1.84%	11,838,586	2.14%	(2,173,638)	(18.36)%
Health services	103,618,977	19.76%	106,548,470	19.28%	(2,929,493)	(2.75)%
Public assistance	135,117,611	25.77%	142,105,049	25.72%	(6,987,438)	(4.92)%
Education and recreation	22,087,999	4.21%	21,363,419	3.87%	724,580	3.39%
Debt service – principal retirement	11,080,862	2.11%	16,689,194	3.02%	(5,608,332)	(33.60)%
Debt service – interest charges	12,405,119	2.37%	12,321,580	2.23%	83,539	0.68%
Debt service – issuance cost	1,650,505	0.32%	646,905	0.12%	1,003,600	155.14%
Capital outlay	16,423,879	3.13%	13,068,467	2.37%	3,355,412	25.68%
Total	<u>\$ 524,408,841</u>	<u>100.00%</u>	<u>\$ 552,534,140</u>	<u>100.00%</u>	<u>\$ (28,125,299)</u>	<u>(5.09)%</u>

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

In fiscal year 05/06 expenditures included a payment of \$42,094,119 to CalPERS for the County's Unfunded Actuarial Accrued Liability (UAAL). This one-time expenditure was allocated by function.

- General government: The decrease of \$9,109,524 is due primarily to a decrease in this function's share for the UAAL of \$4,839,044 and the end of Educational Revenue Augmentation Fund (ERAF) III shifts to the schools.

- Public protection: The net decrease of \$6,484,005 is due to a decrease in this function's share for the UAAL of \$18,473,899 and increases in salaries and benefits due to annual COLA, extra help, overtime pay and health insurance costs. In addition, services and supplies increased significantly due to building maintenance, food, computer equipment, software maintenance, central data processing, legal and other professional fees, and county wide overhead charges.
- Public ways and facilities: The decrease of \$2,173,638 resulted from the decrease in this function's share in the UAAL of \$954,481 and the decrease in maintenance project expenditures.
- Health services: The net decrease of \$2,929,493 is due to the function's share of the UAAL of \$6,675,049 and an increase of \$3,447,308 in salaries and benefits due to annual COLA, retirement costs and health insurance costs.
- Public assistance: The net decrease of \$6,987,438 is due to a decrease in the function's share in the UAAL of \$8,811,700 offset by an increase of \$2,122,510 in salaries and benefits due to annual COLA, retirement costs and health insurance costs. Also, increased costs in child welfare services from providing more services to the public.
- Debt service – Principal retirement: A decrease of \$5,608,332 primarily due to the pay off of the 2001 COP in FY 05/06.
- Capital outlay: The increase of \$3,355,412 includes final construction costs of the Cogen plant, South County Health Center which are on their early stages of the project, various construction of roads and bridges started this fiscal year.

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

Unrestricted net assets of the Nut Tree Airport at the end of the year was a negative \$1,438,241 and the unrestricted net assets for the Fouts Springs Youth Facility was a negative \$3,751. Net assets for the Nut Tree Airport increased by \$2,727,718 and net assets for Fouts Springs Youth Facility increased by \$1,764,945. The increase in net assets for the Nut Tree Airport was due primarily from the capital grant received from the Federal Aviation Administration (FAA) to finance the construction of the parking apron and access road. Also, the increase in net assets for Fouts Springs Youth Facility was due primarily from the one-time transfer of funds from the General Fund to eliminate its accumulated fund deficit.

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 76 in the Required Supplementary Information (RSI) section of this report.

The County's final budget differs from the original budget as a result of supplemental appropriations approved during the year. Total budgeted revenues increased by \$1,613,205 or .85 percent, from the original budget. Actual revenues were more than the final budgeted revenues by \$12,931,351 or 6.79 percent. Total appropriations increased by \$4,398,448 or 6.05 percent, from the original budget. Actual expenditures were less than the final appropriations by \$11,974,808, or 15.52 percent. Significant factors affecting these changes were as follows:

Original Budget vs. Final Budget

Appropriations Variances:

- Increases of \$4,398,448 in appropriations consist of various adjustments from individual departments within the General Fund. The significant increase of \$1.7 million is attributed to outstanding encumbrances from prior year carried over to the current year. The remaining increase is due to contracted and professional services by Resource Management and data processing costs associated with the SCIPS migration.

Final Budget vs. Actual Amounts

During the year, revenues recognized exceeded budgetary revenue estimates by \$12.9 million and expenditures were less than appropriations by \$11.9 million, thus eliminating the need to draw upon existing fund balance.

Revenue Variances:

- Revenue from use of money and property was higher than budgeted due to higher interest rates. In addition, the General Fund's cash balance was healthy throughout the year and as a result, interest earnings were higher than anticipated.
- Intergovernmental revenues were higher than budgeted due to increased redevelopment pass through revenues resulting from higher tax increment, receipt of SB90 reimbursements for prior years' claims, and from one-time revenues received during the year.
- Charges for services were higher than budgeted due to an increase in the property tax administration fee due to the inclusion of the property tax-in lieu revenues in the calculation. Also, disposal fees increased resulting from increase tonnage and rates.

Expenditure Variances:

- The Final Budget for General Services – Appropriations for salaries and benefits were not spent due to vacant positions. Various maintenance projects and contracted services did not materialize during the current year, and utilities costs were lower than anticipated.
- The Final Budget for General Expenditures - Included appropriations for other professional services for new programs and contributions to non-county agencies which did not materialize in the current year.
- The Final Budget for Recorder – Included appropriations for contracted services for the preservation of historical records and for data processing costs for the SCIPS migration project. The projects were not completed as of the fiscal year-end.
- The Final Budget for Environmental Management included appropriations for salaries and benefits not spent due to unfilled vacant positions and contracted and professional services for various projects that did not materialize in the current year.

Capital Asset and Debt Administration

Capital assets. The County's capital assets for its governmental and business-type activities as of June 30, 2007, amount to \$452,170,027 (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 \$7,234,085 or 1.63%.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Increase (Decrease) Percent of change</u>
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	
Land	\$ 152,915,345	\$ 151,506,419	\$ 4,440,940	\$ 4,440,940	\$ 157,356,285	\$ 155,947,359	0.90%
Infrastructure	97,026,102	92,713,026	-	-	97,026,102	92,713,026	4.65%
Construction in progress	15,242,177	6,679,525	3,542,539	25,627	18,784,716	6,705,152	180.15%
Buildings	292,408,580	291,007,768	11,262,909	11,262,909	303,671,489	302,270,677	0.46%
Machinery and equipment	41,951,527	38,956,031	465,687	473,251	42,417,214	39,429,282	7.58%
Less: accumulated depreciation	<u>(162,471,288)</u>	<u>(147,984,267)</u>	<u>(4,614,491)</u>	<u>(4,145,287)</u>	<u>(167,085,779)</u>	<u>(152,129,554)</u>	9.83%
Total	<u>\$ 437,072,443</u>	<u>\$ 432,878,502</u>	<u>\$ 15,097,584</u>	<u>\$ 12,057,440</u>	<u>\$ 452,170,027</u>	<u>\$ 444,935,942</u>	1.63%

In the governmental activities, the significant increase in the construction in progress is due to the initial construction costs of various capital projects which include the Claybank Adult Detention Facility Expansion Project, South County Government Center Project and the Public Health Laboratory Facility Project. In the business-type activities, the significant increase is due to the construction of the parking apron and access road in the Nut Tree Airport.

Additional information on the County's capital assets can be found in Note E on pages 60 – 62 of this report.

Long-term obligations. At the end of the fiscal year, the County had total debt outstanding for its governmental and business-type activities of \$311,165,542, which is entirely backed by the full faith and credit of the County.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Notes payable	\$ 11,864,718	\$ 13,356,468	\$ 200,965	\$ 247,631	\$ 12,065,683	\$ 13,604,099
Capital leases	28,968	88,080	-	-	28,968	88,080
Certificates of participation	142,576,213	146,692,575	-	-	142,576,213	146,692,575
Pension obligation bonds	127,805,000	133,195,000	-	-	127,805,000	133,195,000
Self-insurance liability	10,015,118	10,836,817	-	-	10,015,118	10,836,817
Compensated absences	18,431,473	22,081,723	243,087	284,953	18,674,560	22,366,676
Total	<u>\$ 310,721,490</u>	<u>\$ 326,250,663</u>	<u>\$ 444,052</u>	<u>\$ 532,584</u>	<u>\$ 311,165,542</u>	<u>\$ 326,783,247</u>

The County's total debt decreased by \$15,617,705 during the current fiscal year due to principal payments on long-term debt.

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

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

Additional information on the County's long-term debt can be found in Note III on pages 64 – 69 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 5.1%. This compares favorably to the state's average unemployment rate of 5.2% (as of June 2007).
- The growth in property tax revenues is projected to increase by 7% for FY 07/08.
- The Board of Supervisor's (Board) policy for General Fund Contingency and Reserve allows the County to normalize the County's budget during the periods of fiscal distress. During the FY 06/07, the Board increased the total unreserved designated fund balance by \$9.9 million.

These factors were considered in preparing the County's budget for FY 07/08.

Requests for Information

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

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COUNTY OF SOLANO, CALIFORNIA
Statement of Net Assets
June 30, 2007

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Solano County Fair	Workforce Investment Board
ASSETS					
Current assets					
Cash and investments	\$ 323,506,530	\$ 804,929	\$ 324,311,459	\$ 1,041,132	\$ 239,171
Accounts receivable	4,488,601	152,887	4,641,488	350,321	9,395
Due from other agencies	72,802,995	270,090	73,073,085	130,059	278,599
Internal balances	1,869,951	(1,869,951)	-	-	-
Other assets	2,390,894	54,073	2,444,967	10,118	89,389
Total current assets	405,058,971	(587,972)	404,470,999	1,531,630	616,554
Noncurrent assets					
Long-term assets	7,724,036	-	7,724,036	-	-
Pension asset	135,647,275	-	135,647,275	815,100	-
Capital assets:					
Capital assets, not being depreciated	168,157,522	7,983,479	176,141,001	167,085	-
Capital assets, being depreciated, net	268,914,921	7,114,105	276,029,026	2,165,814	2,419
Total noncurrent assets	580,443,754	15,097,584	595,541,338	3,147,999	2,419
Total assets	\$ 985,502,725	\$ 14,509,612	\$ 1,000,012,337	\$ 4,679,629	\$ 618,973
LIABILITIES					
Current liabilities					
Outstanding warrants	\$ 6,707,188	\$ 38,194	\$ 6,745,382	\$ -	\$ 183,928
Payables	31,546,611	222,117	31,768,728	163,765	217,771
Unearned revenue	13,658,737	-	13,658,737	1,838	-
Other liabilities	715,191	349,511	1,064,702	46,726	-
Due to other agencies	9,920,339	1,111	9,921,450	-	715
Current portion of long-term obligations	17,028,188	161,689	17,189,877	-	140,000
Total current liabilities	79,576,254	772,622	80,348,876	212,329	542,414
Noncurrent liabilities					
Noncurrent portion of long-term obligations	293,693,302	282,363	293,975,665	846,482	6,761
Total liabilities	373,269,556	1,054,985	374,324,541	1,058,811	549,175
NET ASSETS					
Invested in capital assets, net of related debt	290,318,976	14,896,619	305,215,595	2,332,899	2,419
Restricted for:					
Debt service	5,948,700	-	5,948,700	-	-
Health services	20,155,955	-	20,155,955	-	-
Library services	15,293,396	-	15,293,396	-	-
Public facilities fees	23,103,388	-	23,103,388	-	-
Transportation services	5,728,254	-	5,728,254	-	-
Unrestricted	251,684,500	(1,441,992)	250,242,508	1,287,919	67,379
Total net assets	612,233,169	13,454,627	625,687,796	3,620,818	69,798
Total liabilities and net assets	\$ 985,502,725	\$ 14,509,612	\$ 1,000,012,337	\$ 4,679,629	\$ 618,973

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, 2007

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 53,610,176	\$ 31,241,019	\$ 6,272,754	\$ -
Public protection	152,135,516	21,567,229	63,139,697	-
Public ways and facilities	12,524,903	1,595,475	13,184,623	-
Health services	101,162,646	12,367,246	66,917,958	-
Public assistance	132,795,943	736,622	133,306,811	-
Education and recreation	21,241,168	5,502,044	5,858,412	-
Interest on long-term debt	12,781,989	-	-	-
Total Governmental Activities	<u>486,252,341</u>	<u>73,009,635</u>	<u>288,680,255</u>	<u>-</u>
Business-type Activities:				
Nut Tree Airport	1,639,976	949,070	27,864	2,918,130
Fouts Springs Youth Facility	3,398,461	3,081,184	620,275	-
Total Business-type Activities	<u>5,038,437</u>	<u>4,030,254</u>	<u>648,139</u>	<u>2,918,130</u>
Total Primary Government	<u>\$ 491,290,778</u>	<u>\$ 77,039,889</u>	<u>\$ 289,328,394</u>	<u>\$ 2,918,130</u>
Component Units:				
Solano County Fair	\$ 5,702,059	\$ 4,587,530	\$ 135,209	\$ -
Workforce Investment Board	5,547,994	-	5,467,702	-
Total Component Units	<u>\$ 11,250,053</u>	<u>\$ 4,587,530</u>	<u>\$ 5,602,911</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 revenues and transfers				
Change in net assets				
Net assets - beginning				
Net assets - ending				

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Activities
For the fiscal year ended June 30, 2007

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Solano County Fair	Workforce Investment Board
\$ (16,096,403)	\$ -	\$ (16,096,403)	\$ -	\$ -
(67,428,590)	-	(67,428,590)	-	-
2,255,195	-	2,255,195	-	-
(21,877,442)	-	(21,877,442)	-	-
1,247,490	-	1,247,490	-	-
(9,880,712)	-	(9,880,712)	-	-
(12,781,989)	-	(12,781,989)	-	-
(124,562,451)	-	(124,562,451)	-	-
-	2,255,088	2,255,088	-	-
-	302,998	302,998	-	-
-	2,558,086	2,558,086	-	-
(124,562,451)	2,558,086	(122,004,365)	-	-
-	-	-	(979,320)	-
-	-	-	-	(80,292)
-	-	-	(979,320)	(80,292)
121,438,731	270,370	121,709,101	-	-
2,115,430	-	2,115,430	-	-
3,413,296	-	3,413,296	-	-
20,122,940	47,008	20,169,948	-	-
14,671,265	27,837	14,699,102	20,574	12,578
17,339,503	181,734	17,521,237	106,228	6,551
233,932	-	233,932	-	-
(1,407,628)	1,407,628	-	-	-
177,927,469	1,934,577	179,862,046	126,802	19,129
53,365,018	4,492,663	57,857,681	(852,518)	(61,163)
558,868,151	8,961,964	567,830,115	4,473,336	130,961
\$ 612,233,169	\$ 13,454,627	\$ 625,687,796	\$ 3,620,818	\$ 69,798

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, 2007

	<u>General</u>	<u>Health & Social Services</u>	<u>Public Safety</u>
ASSETS			
Cash and investments	\$ 95,591,043	\$ 10,975,940	\$ 8,915,202
Accounts receivable	1,613,143	1,205,220	432,489
Due from other agencies	27,347,512	31,847,075	9,060,568
Due from other funds	9,370,095	3,771,453	1,180,044
Advance to other funds	1,897,629	-	-
Other assets	524,068	399,110	37,842
Total assets	<u>\$ 136,343,490</u>	<u>\$ 48,198,798</u>	<u>\$ 19,626,145</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Outstanding warrants	\$ 1,277,167	\$ 3,428,126	\$ 846,138
Payables	3,663,513	11,711,862	5,430,777
Deferred revenue	8,610,237	21,659,613	1,210,844
Due to other funds	348,475	1,852,980	7,099,273
Advance from other funds	-	-	-
Other liabilities	4,191	166,248	370
Due to other agencies	823,423	8,744,633	148,927
Total liabilities	<u>14,727,006</u>	<u>47,563,462</u>	<u>14,736,329</u>
Fund balances:			
Reserved:			
Long-term assets	2,383,014	-	-
Health programs	-	-	-
Debt service	-	-	-
Encumbrances	1,764,725	37,818	1,360,625
Imprest cash	3,105	48,065	9,725
Unreserved:			
Designated, reported in:			
General fund	65,924,363	-	-
Undesignated, reported in:			
General fund	51,541,277	-	-
Special revenue funds	-	549,453	3,519,466
Capital projects funds	-	-	-
Total fund balances	<u>121,616,484</u>	<u>635,336</u>	<u>4,889,816</u>
Total liabilities and fund balances	<u>\$ 136,343,490</u>	<u>\$ 48,198,798</u>	<u>\$ 19,626,145</u>

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

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet (Continued)
Governmental Funds
June 30, 2007

Tobacco Settlement	Government Center Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
\$ 57,469,614	\$ 492,344	\$ 116,616,985	\$ 290,061,128	ASSETS
172,293	-	779,680	4,202,825	Cash and investments
-	-	4,543,200	72,798,355	Accounts receivable
-	-	1,445,062	15,766,654	Due from other agencies
-	-	-	1,897,629	Due from other funds
-	-	4,391,497	5,352,517	Advance to other funds
\$ 57,641,907	\$ 492,344	\$ 127,776,424	\$ 390,079,108	Other assets
				Total assets
				LIABILITIES AND FUND BALANCES
				Liabilities:
\$ -	\$ -	\$ 1,039,572	\$ 6,591,003	Outstanding warrants
-	-	4,202,360	25,008,512	Payables
-	-	868,108	32,348,802	Deferred revenue
1,616,858	-	2,576,612	13,494,198	Due to other funds
-	-	46,429	46,429	Advance from other funds
-	-	544,382	715,191	Other liabilities
-	-	201,603	9,918,586	Due to other agencies
1,616,858	-	9,479,066	88,122,721	Total liabilities
				Fund balances:
				Reserved:
-	-	4,018,316	6,401,330	Long-term assets
56,025,049	-	-	56,025,049	Health programs
-	492,344	10,919,488	11,411,832	Debt service
-	-	18,429,209	21,592,377	Encumbrances
-	-	3,614	64,509	Imprest cash
				Unreserved:
-	-	-	65,924,363	Designated, reported in:
				General fund
-	-	-	51,541,277	Undesignated, reported in:
-	-	71,877,654	75,946,573	General fund
-	-	13,049,077	13,049,077	Special revenue funds
56,025,049	492,344	118,297,358	301,956,387	Capital projects funds
\$ 57,641,907	\$ 492,344	\$ 127,776,424		Total fund balances
				Total liabilities and fund balances

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	429,211,021
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	19,175,449
Deferred costs of issuance for debt used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,394,709
Internal service funds are used by management to charge the costs of Communications, Fleet Management, Risk Management, Information Technology, Solano County Integrated Property System and Reprographics. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	25,887,216
Pension asset of the governmental activities is not a financial resource and, therefore, is not reported in the funds.	135,647,275
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(3,951,418)
Long-term obligations	(300,087,470)
Net assets of governmental activities	\$ 612,233,169

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2007

	<u>General</u>	<u>Health & Social Services</u>	<u>Public Safety</u>	<u>Tobacco Settlement</u>
REVENUES				
Taxes	\$ 116,431,497	\$ -	\$ -	\$ -
Licenses, permits and franchises	6,070,150	374,614	132,285	-
Fines, forfeitures and penalties	2,543,313	817,038	2,501,101	-
Use of money and property	6,183,436	448,082	-	2,062,357
Intergovernmental	26,674,789	191,329,928	58,203,994	-
Charges for services	37,795,095	11,919,398	9,850,588	-
Miscellaneous	7,488,191	4,044,878	1,783,142	-
Total revenues	<u>203,186,471</u>	<u>208,933,938</u>	<u>72,471,110</u>	<u>2,062,357</u>
EXPENDITURES				
Current:				
General government	47,187,003	-	-	-
Public protection	15,916,544	-	144,042,192	-
Public ways and facilities	-	-	-	-
Health services	-	97,701,920	-	85,749
Public assistance	1,053,490	134,064,121	-	-
Education and recreation	294,832	-	-	-
Debt service:				
Principal	149,611	48,146	784,745	-
Interest and other charges	15,380	1,026	20,644	-
Bond issuance cost	-	-	-	-
Capital outlay	544,749	106,819	1,420,749	-
Total expenditures	<u>65,161,609</u>	<u>231,922,032</u>	<u>146,268,330</u>	<u>85,749</u>
Excess (deficiency) of revenues over (under) expenditures	<u>138,024,862</u>	<u>(22,988,094)</u>	<u>(73,797,220)</u>	<u>1,976,608</u>
OTHER FINANCING SOURCES (USES)				
Payment to refunded bond escrow agent	-	-	-	-
Proceeds from refunding bonds	-	-	-	-
Premium on debt	-	-	-	-
Transfers in	2,908,634	30,962,332	76,990,293	-
Transfers out	(111,063,063)	(9,481,638)	(7,242,764)	(3,248,782)
Sale of capital assets	65,466	-	828	-
Total other financing sources (uses)	<u>(108,088,963)</u>	<u>21,480,694</u>	<u>69,748,357</u>	<u>(3,248,782)</u>
Net change in fund balances	29,935,899	(1,507,400)	(4,048,863)	(1,272,174)
Fund balances - beginning	91,680,585	2,142,736	8,938,679	57,297,223
Fund balances - ending	<u>\$ 121,616,484</u>	<u>\$ 635,336</u>	<u>\$ 4,889,816</u>	<u>\$ 56,025,049</u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the fiscal year ended June 30, 2007

Government Center Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
			REVENUES
\$ -	\$ 16,299,241	\$ 132,730,738	Taxes
-	181,794	6,758,843	Licenses, permits and franchises
-	8,575	5,870,027	Fines, forfeitures and penalties
47,268	5,374,505	14,115,648	Use of money and property
117,500	23,648,433	299,974,644	Intergovernmental
1,618,161	14,725,688	75,908,930	Charges for services
-	2,392,789	15,709,000	Miscellaneous
<u>1,782,929</u>	<u>62,631,025</u>	<u>551,067,830</u>	Total revenues
			EXPENDITURES
			Current:
4,354	2,425,217	49,616,574	General government
-	2,783,631	162,742,367	Public protection
-	9,664,948	9,664,948	Public ways and facilities
-	5,831,308	103,618,977	Health services
-	-	135,117,611	Public assistance
-	21,793,167	22,087,999	Education and recreation
			Debt service:
2,470,000	7,628,360	11,080,862	Principal
4,219,221	8,148,848	12,405,119	Interest and other charges
1,650,505	-	1,650,505	Bond issuance cost
-	14,351,562	16,423,879	Capital outlay
<u>8,344,080</u>	<u>72,627,041</u>	<u>524,408,841</u>	Total expenditures
			Excess (deficiency) of revenues over (under)
<u>(6,561,151)</u>	<u>(9,996,016)</u>	<u>26,658,989</u>	expenditures
			OTHER FINANCING SOURCES (USES)
(100,769,924)	-	(100,769,924)	Payment to refunded bond escrow agent
99,860,000	-	99,860,000	Proceeds from refunding bonds
2,568,489	-	2,568,489	Premium on debt
5,317,154	24,563,278	140,741,691	Transfers in
-	(11,050,233)	(142,086,480)	Transfers out
-	139,705	205,999	Sale of capital assets
<u>6,975,719</u>	<u>13,652,750</u>	<u>519,775</u>	Total other financing sources (uses)
414,568	3,656,734	27,178,764	Net change in fund balances
77,776	114,640,624	274,777,623	Fund balances - beginning
<u>\$ 492,344</u>	<u>\$ 118,297,358</u>	<u>\$ 301,956,387</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, 2007

Net change in fund balances - total governmental funds \$ 27,178,764

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	16,423,879	
Depreciation expense	<u>(14,546,894)</u>	1,876,985

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets. 261,250

Revenues deferred in the governmental funds because they were not collected within the County's availability period, were recognized in the statement of activities. 3,412,016

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 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 issued	(99,860,000)	
Debt principal payments	11,080,862	
Defeased debt	96,215,000	
Bond issuance costs	1,650,505	
Deferred amount on refunding	3,150,339	
Premium on debt	<u>(2,568,489)</u>	9,668,217

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	(93,495)	
Amortization expense	492,181	
Compensated absences	<u>3,657,071</u>	4,055,757

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. 6,912,029

Change in net assets of governmental activities \$ 53,365,018

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, 2007

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Nut Tree Airport	Fouts Springs Youth Facility	Total	
ASSETS				
Current assets				
Cash and investments	\$ 745,270	\$ 59,659	\$ 804,929	\$ 33,445,402
Accounts receivable	133,245	19,642	152,887	285,776
Due from other agencies	857	269,233	270,090	2,899
Due from other funds	1,753	10,493	12,246	287,981
Other assets	37,105	16,968	54,073	369,445
Total current assets	<u>918,230</u>	<u>375,995</u>	<u>1,294,225</u>	<u>34,391,503</u>
Noncurrent assets				
Capital assets:				
Land	4,420,940	20,000	4,440,940	-
Construction in progress	3,516,912	25,627	3,542,539	648,948
Buildings and improvements	6,866,681	4,396,228	11,262,909	264,471
Equipment	81,082	384,605	465,687	18,023,610
Less: accumulated depreciation	(3,158,438)	(1,456,053)	(4,614,491)	(11,075,607)
Total capital assets	<u>11,727,177</u>	<u>3,370,407</u>	<u>15,097,584</u>	<u>7,861,422</u>
Total assets	<u>\$ 12,645,407</u>	<u>\$ 3,746,402</u>	<u>\$ 16,391,809</u>	<u>\$ 42,252,925</u>
LIABILITIES				
Current liabilities				
Outstanding warrants	\$ 25,574	\$ 12,620	\$ 38,194	\$ 116,185
Payables	90,892	131,225	222,117	2,586,681
Unearned revenue	-	-	-	485,384
Due to other funds	26,052	4,945	30,997	2,541,686
Other liabilities	349,511	-	349,511	-
Due to other agencies	-	1,111	1,111	1,753
Current portion of long-term obligations	55,811	105,878	161,689	1,092,099
Total current liabilities	<u>547,840</u>	<u>255,779</u>	<u>803,619</u>	<u>6,823,788</u>
Noncurrent liabilities				
Advances from other funds	1,851,200	-	1,851,200	-
Noncurrent portion of long-term obligations	158,396	123,967	282,363	9,541,921
Total noncurrent liabilities	<u>2,009,596</u>	<u>123,967</u>	<u>2,133,563</u>	<u>9,541,921</u>
Total liabilities	<u>2,557,436</u>	<u>379,746</u>	<u>2,937,182</u>	<u>16,365,709</u>
NET ASSETS				
Invested in capital assets, net of related debt	11,526,212	3,370,407	14,896,619	7,861,422
Unrestricted	(1,438,241)	(3,751)	(1,441,992)	18,025,794
Total net assets	<u>10,087,971</u>	<u>3,366,656</u>	<u>13,454,627</u>	<u>25,887,216</u>
Total liabilities and net assets	<u>\$ 12,645,407</u>	<u>\$ 3,746,402</u>	<u>\$ 16,391,809</u>	<u>\$ 42,252,925</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, 2007

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	Nut Tree Airport	Fouts Springs Youth Facility	Total	
OPERATING REVENUES				
Charges for sales and services	\$ 949,070	\$ 3,081,184	\$ 4,030,254	\$ 37,112,819
OPERATING EXPENSES				
Personnel services	244,299	2,427,026	2,671,325	6,285,979
Maintenance	132,422	80,725	213,147	1,547,695
Materials and supplies	488,402	229,220	717,622	671,839
Depreciation	307,776	168,992	476,768	1,787,044
Insurance	18,893	61,049	79,942	7,711,819
Rent, utilities and others	437,355	431,449	868,804	14,219,849
Total operating expenses	<u>1,629,147</u>	<u>3,398,461</u>	<u>5,027,608</u>	<u>32,224,225</u>
Operating income (loss)	<u>(680,077)</u>	<u>(317,277)</u>	<u>(997,354)</u>	<u>4,888,594</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	74,872	620,275	695,147	135,000
Investment earnings	53,450	(25,613)	27,837	1,430,362
Interest expense	(10,829)	-	(10,829)	-
Property taxes	270,370	-	270,370	-
Other revenue	114,163	67,571	181,734	544,629
Gain (loss) on sale of capital assets	-	-	-	(23,717)
Total nonoperating revenues	<u>502,026</u>	<u>662,233</u>	<u>1,164,259</u>	<u>2,086,274</u>
Income (loss) before capital contributions and transfers	(178,051)	344,956	166,905	6,974,868
Capital contributions	2,918,130	-	2,918,130	-
Transfers in	-	1,546,159	1,546,159	287,125
Transfers out	(12,361)	(126,170)	(138,531)	(349,964)
Change in net assets	2,727,718	1,764,945	4,492,663	6,912,029
Total net assets - beginning	<u>7,360,253</u>	<u>1,601,711</u>	<u>8,961,964</u>	<u>18,975,187</u>
Total net assets - ending	<u>\$ 10,087,971</u>	<u>\$ 3,366,656</u>	<u>\$ 13,454,627</u>	<u>\$ 25,887,216</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, 2007

	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	\$ 1,263,863	\$ 3,189,626	\$ 4,453,489	\$ 1,122,698
Receipts from interfund services provided	21,500	-	21,500	39,414,198
Payments to suppliers	(806,726)	(779,120)	(1,585,846)	(24,166,132)
Payments to employees	(256,002)	(2,457,189)	(2,713,191)	(6,278,560)
Payments for interfund services used	-	(1,908,809)	(1,908,809)	(3,349)
Net cash provided (used) by operating activities	<u>222,635</u>	<u>(1,955,492)</u>	<u>(1,732,857)</u>	<u>10,088,855</u>
Cash flows from noncapital financing activities:				
Transfers in	-	1,546,159	1,546,159	287,125
Transfers out	(12,361)	(126,170)	(138,531)	(349,964)
Subsidy from federal/state grant	74,872	620,275	695,147	135,000
Net cash provided by noncapital financing activities	<u>62,511</u>	<u>2,040,264</u>	<u>2,102,775</u>	<u>72,161</u>
Cash flows from capital and related financing activities:				
Capital contributions	2,918,130	-	2,918,130	-
Interest paid	(10,829)	(25,613)	(36,442)	-
Debt principal paid	(46,666)	-	(46,666)	-
Acquisition of capital assets	(3,516,912)	-	(3,516,912)	(4,033,639)
Proceeds from sale of capital assets	-	-	-	167,172
Net cash used by capital and related financing activities	<u>(656,277)</u>	<u>(25,613)</u>	<u>(681,890)</u>	<u>(3,866,467)</u>
Cash flows from investing activities:				
Investment income	53,450	-	53,450	1,430,362
Net increase (decrease) in cash and cash equivalents	(317,681)	59,159	(258,522)	7,724,911
Cash and cash equivalents - beginning	1,062,951	500	1,063,451	25,720,491
Cash and cash equivalents - ending	<u>\$ 745,270</u>	<u>\$ 59,659</u>	<u>\$ 804,929</u>	<u>\$ 33,445,402</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (680,077)	\$ (317,277)	\$ (997,354)	\$ 4,888,594
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	307,776	168,992	476,768	1,787,044
Property taxes	270,370	-	270,370	-
Other nonoperating revenue	114,163	67,571	181,734	544,629
Changes in assets and liabilities:				
(Increase) decrease in receivables, net	(69,520)	21,302	(48,218)	(98,868)
Increase in due from other funds	(1,753)	(10,493)	(12,246)	(110,320)
(Increase) decrease in due from other agencies	(220)	18,516	18,296	191,553
Decrease in other assets	5,432	6,846	12,278	19,597
Increase (decrease) in outstanding warrants	25,309	3,046	28,355	(903,461)
Increase (decrease) in payables	(72,975)	13,431	(59,544)	1,691,233
Increase (decrease) in due to other funds	23,253	(1,898,316)	(1,875,063)	2,411,699
Increase (decrease) in due to other agencies	-	1,053	1,053	(3,349)
Increase (decrease) in accrued compensated absences	(11,703)	(30,163)	(41,866)	7,419
Increase in unearned revenue	-	-	-	485,384
Decrease in self-insurance liability	-	-	-	(822,299)
Increase in other liabilities	312,580	-	312,580	-
Total adjustments	<u>902,712</u>	<u>(1,638,215)</u>	<u>(735,503)</u>	<u>5,200,261</u>
Net cash provided (used) by operating activities	<u>\$ 222,635</u>	<u>\$ (1,955,492)</u>	<u>\$ (1,732,857)</u>	<u>\$ 10,088,855</u>
Noncash investing, capital and financing activities:				
Book value of disposed capital assets	\$ -	\$ -	\$ -	\$ 190,889

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, 2007

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and investments	\$ 408,049,326	\$ 5,083,038	\$ 15,101,880
Property tax receivable	-	-	50,269,925
Property of estates	-	1,626,086	-
Total assets	<u>\$ 408,049,326</u>	<u>\$ 6,709,124</u>	<u>\$ 65,371,805</u>
LIABILITIES			
Due to others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,371,805</u>
NET ASSETS			
Net assets held in trust for:			
Individuals	-	6,709,124	
Pool participants	408,049,326	-	
Total net assets	<u>\$ 408,049,326</u>	<u>\$ 6,709,124</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, 2007

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>
ADDITIONS		
Contributions on pooled investments	\$ 703,632,457	\$ 534,740
Other contributions/additions	-	573,092
Interest and investment income	36,371,738	25,493
Total additions	<u>740,004,195</u>	<u>1,133,325</u>
DEDUCTIONS		
Distributions from pooled investments	<u>736,249,253</u>	<u>531,672</u>
Change in net assets	3,754,942	601,653
Net assets - beginning	<u>404,294,384</u>	<u>6,107,471</u>
Net assets - ending	<u>\$ 408,049,326</u>	<u>\$ 6,709,124</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, 2007**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

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

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

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

The Solano County Facilities Corporation (SCFC) was established for the purpose of providing financing for the acquisition and construction of property known as the Health & Social Services Administration Building. The SCFC'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 Housing Authority (SCHA), under an agreement with the U.S. Department of Housing and Urban Development, provides housing assistance through Section 8 Housing Assistance program for the unincorporated areas of Solano County and the cities of Dixon and Rio Vista. The County Board of Supervisors serves as the SCHA board.

The Rural North Vacaville Water District (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 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 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), which is managed by the Solano County Fair Association (Fair Association), is a discretely presented component unit in the County's basic financial statements. The Fair is governed by a board of directors whose members are appointed by the County's Board of Supervisors. The Fair Association was formed solely to act as the County's agent in operating the county fair that provides services entirely to the general public.

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 are cemetery districts that provide burial services for all qualifying district residents and their families. A five-member board appointed by the County Board of Supervisors governs each cemetery district.
- The Dixon Resource Conservation District, Suisun Resource Conservation District and Solano Resource Conservation District develop and administer various resource conservation programs within the County. The County Board of Supervisors appoints the governing board for each of these districts.

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

For its business-type activities and proprietary funds, 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 user fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The primary government includes certain indirect costs as part of the program expenses reported for the various functional activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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. Agency funds, however, use the accrual basis of accounting to recognize receivables and payables.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 90 days of the end of the current fiscal period, except for property taxes, which the County considers available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences 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 County receives cash.

The County reports the following major governmental funds:

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

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

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

The *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 *Government Center Debt Service Fund* is used to account 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.

The County reports the following enterprise funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

The *Agency Funds* are used to account for taxes collected by the County on behalf of other local governments.

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

The amounts reported as program revenues in the statement of activities include (1) charges to customers or applicants for goods, services, or privileges provided, including special assessments, (2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating 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 County's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

The County pools cash and investments with the County Treasurer except for investments 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 Treasury Oversight Committee is to review and monitor the County's investment policy and to monitor compliance with the investment policy and reporting provisions of the law.

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

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 \$408,049,326 are included in the External Investment Trust Fund at June 30, 2007.

The County's cash and investments include \$5,083,038 at June 30, 2007 for Private Purpose Trust Funds. The County provides personal and financial services to individuals who are not able to manage their own affairs. The Public Administrator and Public Guardian administer the funds for individuals who are either deceased or incapacitated. The County also administers funds for adults and juveniles who are incarcerated.

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2007, to support the value of shares in the Pool.

2. *Interfund Receivables and Payables*

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

Advances to other funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate 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:

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

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

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

4. Other Assets

The County reports inventory in the other asset category. The County values inventory at cost using the first-in/first-out (FIFO) method. Inventory are recorded as expenditures when purchased rather than when consumed. Also, included in the other assets are prepaid costs.

5. Long-term Assets

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

6. Capital Assets

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

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

Property, plant, equipment, 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 imposed by the provider 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 in the governmental funds financial statements.

8. *Outstanding Warrants*

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

9. *Due To/Due From Other Agencies*

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

10. *Deferred/Unearned Revenue*

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

11. *Compensated Absences*

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

12. *Long-term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net assets. Bond premiums/discounts, issuance costs and the deferred amount on the refunding (i.e., the difference between the carrying amount of defeased debt and its reacquisition price) are deferred and amortized over the life of the bonds using the straight-line method. The deferred amount on refunding is reported as a direct reduction or increase to the carrying amount of the refunding debt, similar to bond premiums/discounts. Bond issuance costs are reported as a component of long term assets and amortized over the term of the related debt.

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

13. Net Assets/Fund Balances

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

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

The government-wide statement of net assets reports \$70,229,693 of restricted net assets, of which \$23,103,388 is restricted by enabling legislation.

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

As of June 30, 2007, 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.
- *Health programs* – to reflect funds held by trustee in accordance with tobacco securitization program and designated by the Board to address health issues in the County. These funds are not available for spending.
- *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.
- *Encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received as of June 30, 2007.

- *Imprest cash* – to reflect the portion of assets that do not represent available spendable resources.

As of June 30, 2007, the portion of fund balance classified as unreserved is described below:

- *Designated, reported in: General fund* – funds set aside for general purposes designated by the Board consists of General Reserves (\$46,698,441) to be utilized during times of financial distress; Unfunded Employee Leave Payoffs (\$8,500,000) for employees eligible for retirement during the subsequent fiscal year and Deferred Maintenance (\$10,725,922) for upkeep and maintenance costs of capital assets.
- *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 GAAP requires management to make estimates and assumptions. These estimates and assumptions affect certain reported amounts of assets, liabilities, revenues and expenses/expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental funds balance sheet includes a reconciliation between *fund balances-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$429,211,021 difference are as follows:

Land & infrastructure, not being depreciated	\$ 152,915,345
Construction in progress	14,593,229
Infrastructure, net of \$36,999,169 accumulated depreciation	60,026,934
Buildings, net of \$99,267,758 accumulated depreciation	192,876,350
Machinery and equipment, net of \$15,128,754 accumulated depreciation	<u>8,799,163</u>
Net adjustment to increase <i>fund balances-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ 429,211,021</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 \$300,087,470 difference are as follows:

Notes payable	\$ 11,864,718
Capital leases	28,968
Certificates of Participation	142,410,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(2,992,822)
Less: Issuance discount (to be amortized over life of debt)	(207,431)
Add: Issuance premium (to be amortized over life of debt)	3,366,466
Pension obligation bonds	127,805,000
Compensated absences	<u>17,812,571</u>
Net adjustment to reduce <i>fund balances – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 300,087,470</u>

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The County had the following cash and investments at June 30, 2007:

	<u>Fair Value</u>
County Deposits	<u>\$ 343,528</u>
County Investments	
Money Market Mutual Funds	8,464,148
Negotiable Certificates of Deposits	8,250,000
Repurchase Agreement	4,552,821
LAIF	30,413,712
CalTRUST	52,829,097
CAMP	2,730
Corporate Notes	57,026,497
Mortgage Pass-through	242,242
U.S. Federal Agency Notes	
Federal National Mortgage Association	117,559,470
Federal Farm Credit Bank	9,930,569
Federal Home Loan Bank	198,169,404
Federal Home Loan	
Mortgage Corporation	101,293,308
U.S. Treasury Notes	86,878,700
Municipal Notes	48,069,838
Total County Investments	<u>723,682,536</u>
Total County Treasury	<u>724,026,064</u>
Cash and Investments with Fiscal Agents	
Imprest cash	73,102
Cash in bank	5,057,325
Held with others	
Money Market Mutual Funds	24,669,515
Total Cash and Investments with Fiscal Agents	<u>29,799,942</u>
Total Cash and Investments	<u>\$ 753,826,006</u>

Reconciliation to financial statements:

Government-wide Statement of Net Assets	\$	324,311,459
Statement of Fiduciary Net Assets:		
External Investment Trust		408,049,326
Private Purpose Trust		5,083,038
Agency Funds		15,101,880
Component Units:		
Solano County Fair		1,041,132
Workforce Investment Board		239,171
		<hr/>
Total	\$	<u><u>753,826,006</u></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.

The County is a voluntary participant in the State of California Local Agency Investment Fund (LAIF). The total amount invested by all public agencies in LAIF as of June 30, 2007 was \$19.7 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which, as of June 30, 2007 had a balance of \$65.6 billion. PMIA is not SEC registered, but is required to invest according to California State Government Code. The weighted average to maturity of PMIA investments was 176 days as of June 30, 2007. The Local Investment Advisory Board (LIAB) has oversight responsibility for LAIF. The LAIB consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the County Treasurer's portion of the pool. Included in PMIA's investment portfolio are certain derivative securities or similar products in the form of structured notes totaling \$774,000,000, and asset-backed securities totaling \$1,501,103,000.

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

2. Interest Rate Risk

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

- Structuring the portfolio so that securities mature to meet the cash requirements of the pool participants and laddering call dates and maturities.
- Maintaining a portion of the County's investment portfolio in short-term investments (1 year or less to maturity), which have a minimum of interest rate risk.

As of June 30, 2007, the weighted average to maturity of the Treasurer's Pool was 263 days.

	Fair Value	Investment Maturities Fair Value (in Years)		
		Less than 1	1 to 5	More than 5
County Investments				
Money Markey Mutual Funds	\$ 8,464,148	\$ 8,464,148	\$ -	\$ -
Negotiable Certificates of Deposits	8,250,000	8,250,000	-	-
Repurchase Agreement	4,552,821	4,552,821	-	-
LAIF	30,413,712	30,413,712	-	-
CalTRUST	52,829,097	52,829,097	-	-
CAMP	2,730	2,730	-	-
Corporate Notes	57,026,497	20,622,977	36,403,520	-
Mortgage Pass-through	242,242	-	150,620	91,622
U.S. Federal Agency Notes				
Federal National Mortgage Association	117,559,470	75,375,682	37,200,612	4,983,176
Federal Farm Credit Bank	9,930,569	-	9,930,569	-
Federal Home Loan Bank	198,169,404	138,434,111	59,735,293	-
Federal Home Loan Mortgage Corporation	101,293,308	101,293,308	-	-
U.S. Treasury Notes	86,878,700	61,880,300	24,998,400	-
Municipal Notes	48,069,838	6,077,510	17,328,768	24,663,560
<i>Total County Investments</i>	<u>723,682,536</u>	<u>508,196,396</u>	<u>185,747,782</u>	<u>29,738,358</u>
Investments with Fiscal Agents				
Money Market Mutual Funds	24,669,515	24,669,515	-	-
Total Investments	<u>\$ 748,352,051</u>	<u>\$ 532,865,911</u>	<u>\$ 185,747,782</u>	<u>\$ 29,738,358</u>

3. Credit Risk

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

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

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

At June 30, 2007, the County's credit risks, expressed as a percentage of total investments, are as follows:

Investment Type	Credit Rating Moody's	% of Investments
County Investments		
Money Market Mutual Funds	AAA	1.13%
Negotiable Certificates of Deposits	AA	1.10%
Repurchase Agreement	AAA	0.61%
LAIF	Not Rated	4.06%
CalTRUST	AAA	7.06%
CAMP	AAAm	0.00%
Corporate Notes	A1	0.65%
Corporate Notes	A2	0.13%
Corporate Notes	Aa	0.67%
Corporate Notes	Aa1	0.80%
Corporate Notes	Aa2	1.08%
Corporate Notes	AA2	0.66%
Corporate Notes	Aa3	2.35%
Corporate Notes	AAA	1.29%
Mortgage Pass-through	AAA	0.03%
U.S. Federal Agency Notes		
Federal National Mortgage Association	AAA	15.71%
Federal Farm Credit Bank	AAA	1.33%
Federal Home Loan Bank	AAA	26.48%
Federal Home Loan Mortgage Corporation	AAA	13.54%
U.S. Treasury Notes	AAA	11.61%
Municipal Notes	AA1	0.44%
Municipal Notes	AAA	5.97%
Investments with Fiscal Agents		
Money Market Mutual Funds	Aaa	3.30%
Total		100.00%

4. Concentration of Credit Risk

Investments in any one issuer (other than U.S. Treasury Securities, Money Market Mutual Funds, or external investment pools) that represent 5% or more of the total investments of the County are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Federal National Mortgage Association	\$ 117,559,470
Federal Home Loan Bank	198,169,404
Federal Home Loan Mortgage Corporation	101,293,308

5. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies.

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>
Money Markey Mutual Funds	\$ 8,464,148	\$ 8,464,148	3.903 – 4.260%	07/07
Negotiable Certificates of Deposits	8,250,000	8,249,677	4.020	07/07
Repurchase Agreement	4,552,821	4,552,821	3.903	07/07
LAIF	30,413,712	30,413,712	5.230	07/07
CalTRUST	52,829,097	52,829,097	3.480 – 4.520	07/07
CAMP	2,730	2,730	5.330	07/07
Corporate Notes	57,026,497	57,493,275	2.625 – 6.250	07/07 – 04/09
Mortgage Pass-through	242,242	242,237	4.706 – 5.793	10/11 – 10/12
U.S. Federal Agency Notes	426,952,751	428,410,070	2.350 – 5.793	07/07 – 10/12
U.S Treasury Notes	86,878,700	86,939,729	2.750 – 5.125	08/07 – 08/08
Municipal Notes	48,069,838	48,009,240	3.250 – 6.500	10/07 – 12/27
	<u>\$ 723,682,536</u>	<u>\$ 725,606,736</u>		

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Pool as of June 30, 2007:

Statement of net assets	
Net assets held in trust for all pool participants	\$ 717,096,754
Equity of internal pool participants	\$ 309,047,428
Equity of external pool participants	408,049,326
Total equity	\$ 717,096,754
Statement of changes in net assets	
Net assets as of July 1, 2006	\$ 690,223,071
Net change in investments by pool participants	26,873,683
Net assets as of June 30, 2007	\$ 717,096,754
Reconciliation to financial statements	
Held by County Treasurer:	
Primary government	\$ 723,184,785
Component units:	
Solano County Fair	562,889
Workforce Investment Board	278,390
	724,026,064
Less outstanding warrants:	
Primary government	6,745,382
Component unit-Workforce Investment Board	183,928
Total	\$ 717,096,754

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, 2007, the various components of deferred revenue were as follows:

Fund	Unavailable	Unearned	Total
General	\$ 7,341,070	\$ 1,269,167	\$ 8,610,237
Health and Social Services	11,600,010	10,059,603	21,659,613
Public Safety	232,839	978,005	1,210,844
Other Governmental Funds	1,530	866,578	868,108
Internal Service Fund –			
Solano County Integrated Property System	-	485,384	485,384
Total deferred revenue	\$ 19,175,449	\$ 13,658,737	\$ 32,834,186

C. Due To/Due From Other Funds

		Due To							
		General	Health & Social Services	Public Safety	Tobacco Settlement	Other Governmental	Enterprise	Internal Service	Total
Due From	General	\$ -	\$ 1,413,543	\$ 6,340,277	\$ -	\$ 1,293,005	\$ 25,600	\$ 297,670	\$ 9,370,095
	Health & Social Services	40,366	-	313,894	1,616,858	623,587	-	1,176,748	3,771,453
	Public Safety	48,945	185,324	-	-	-	-	945,775	1,180,044
	Other Governmental	79,680	194,963	436,583	-	659,128	5,397	69,311	1,445,062
	Enterprise	-	-	2,604	-	-	-	9,642	12,246
	Internal Service	179,484	59,150	5,915	-	892	-	42,540	287,981
	Total	\$ 348,475	\$ 1,852,980	\$ 7,099,273	\$ 1,616,858	\$ 2,576,612	\$ 30,997	\$ 2,541,686	\$ 16,066,881

General Fund

The Health & Social Services Fund owed the General Fund \$654,225 for the return of excess county contribution, \$484,533 for small projects, postage and miscellaneous services provided by General Services, \$211,785 for legal and legislative services, and \$63,000 for audit services provided by the Auditor-Controller’s Office.

The Public Safety Fund owed the General Fund \$6,304,911 for the return of excess county contribution, \$33,043 for the office card readers installation project at the Sheriff’s Department, and \$2,323 for various building maintenance and improvement projects, postage and other miscellaneous services provided by General Services.

The Micrographics & Modernization Fund (Other Governmental Funds) owed \$974,960 to the Recorder’s Operating Budget (General Fund) to cover costs related to the migration of the Solano County Integrated Property System. The Accumulated Capital Outlay Fund (Other Governmental Funds) owed the General Fund \$88,206 for architectural services on various capital projects. The Housing Authority Fund (Other Governmental Funds) temporarily borrowed \$178,043 to offset a negative cash balance as of June 30, 2007. The Public Facilities Fees Fund (Other Governmental Funds) owed the General Fund \$45,453 for administrative services performed, First 5 Solano Fund (Other Governmental Funds) owed \$6,012 for legal services and \$331 was owed for postage and miscellaneous expenditures incurred by Other Governmental Funds.

The Information Technology Internal Service Fund owed \$289,270 to the General Fund for revenues collected during the fiscal year on proposed projects that did not materialize. The Risk Management Internal Service Fund owed \$8,400 to General Services (General Fund) for mold abatement project.

Health & Social Services (H&SS) Fund

The H&SS Fund provides services to other County departments and also shares some of the same revenue sources. The Public Safety Fund owed \$313,894 to the H&SS Fund for services rendered to the Probation Department for foster care placement and to offset program costs under the Substance Abuse Crime Prevention grant.

The Tobacco Settlement Fund owed \$1,616,858 to the H&SS Fund for costs of various County programs supported by the Master Settlement Agreement.

The First 5 Solano Fund (Other Governmental Funds) owed \$623,587 to H&SS Fund for the cost of Prop 10 prenatal programs provided.

The Risk Management Internal Service Fund owed \$119,215 to the H&SS Fund for occupational health program training costs. The Information Technology Internal Service Fund owed \$1,025,501 for charges on proposed projects that did not materialize and another \$29,919 for support and miscellaneous charges. The Communications Internal Service Fund owed \$2,113 to the H&SS Fund for unused lines.

Public Safety Fund

The Public Safety Fund provides services to other County departments and as such allocates and collects its share of costs from those departments. The General Fund owed \$41,128 to the Sheriff's Department for the security services provided at the Government Center and for inmate supervision services provided at the Animal Care Center and other General Services department locations.

H&SS Fund shares various revenue sources with the Public Safety Fund and collects these revenues on their behalf. H&SS Fund owed \$135,202 to the Public Safety Fund for services provided to Public Health for drug testing and \$50,122 for Foster Care Placement Program and Welfare Fraud Prosecution costs.

Information Technology Internal Service Fund owed \$945,775 to Public Safety Fund for proposed projects that did not materialize.

Other Governmental Funds

Various funds owed a total of \$493,516 to the Pension Debt Service Fund (Other Governmental Funds) for their share of the County's repayment of the pension obligation bonds for the pay period ending 6/30/2007.

The Public Safety Fund owed \$139,200 to the Accumulated Capital Outlay Fund (Other Governmental Funds) for the purchase of modular furniture for the expansion project of the District Attorney's department. In addition, the Law Library (Public Safety Fund) owed \$110,841 to the County Library (Other Governmental Funds) to cover the cost of providing services to the Law Library department.

The Southeast Vallejo Redevelopment Settlement Fund – Other Special Revenue Fund (Other Governmental Funds) owed \$615,883 to the Transportation Fund (Other Governmental Funds) to cover the cost of the Homeacres improvement projects.

Information Technology Internal Service Fund owed \$55,219 to various departments for revenues collected during the fiscal year on proposed projects that did not materialize.

Internal Service Funds

Risk Management Internal Service Fund charged \$178,116 to Employee Development & Recognition (General Fund) to cover the cost of the Employee Benefits division. The Information Technology Internal Service Fund owed \$24,555 to various departments for revenues collected during the fiscal year on proposed projects that did not materialize. The balance of \$85,310 represents charges to the departments for services provided but not collected as of June 30, 2007.

D. Advances To/From Other Funds

The General Fund loaned \$1,851,200 to the Nut Tree Airport Fund to cover the costs of acquiring real property for the purposes of airport expansion and \$46,429 to the Transportation Fund to cover costs of Regional Transportation Projects.

E. Capital Assets

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

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Additions & Transfers-in</u>	<u>Retirements & Transfers-out</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 151,506,419	\$ 1,408,926	\$ -	\$ 152,915,345
Construction in progress	6,679,525	8,562,652	-	15,242,177
Total capital assets, not being depreciated	<u>158,185,944</u>	<u>9,971,578</u>	<u>-</u>	<u>168,157,522</u>
Capital assets, being depreciated				
Buildings	291,007,768	1,400,812	-	292,408,580
Machinery and equipment	38,956,031	5,033,302	(2,037,806)	41,951,527
Infrastructure	92,713,026	4,313,076	-	97,026,102
Total capital assets, being depreciated	<u>422,676,825</u>	<u>10,747,190</u>	<u>(2,037,806)</u>	<u>431,386,209</u>
Less accumulated depreciation for:				
Buildings	(90,600,668)	(8,723,372)	-	(99,324,040)
Machinery and equipment	(23,780,905)	(4,214,091)	1,846,917	(26,148,079)
Infrastructure	(33,602,694)	(3,396,475)	-	(36,999,169)
Total accumulated depreciation	<u>(147,984,267)</u>	<u>(16,333,938)</u>	<u>1,846,917</u>	<u>(162,471,288)</u>
Total capital assets, being depreciated, net	<u>274,692,558</u>	<u>(5,586,748)</u>	<u>(190,889)</u>	<u>268,914,921</u>
Governmental activities capital assets, net	<u>\$ 432,878,502</u>	<u>\$ 4,384,830</u>	<u>\$ (190,889)</u>	<u>\$ 437,072,443</u>
<u>Business-type activities</u>	<u>Beginning Balance</u>	<u>Additions & Transfers-in</u>	<u>Retirements & Transfers-out</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 4,440,940	\$ -	\$ -	\$ 4,440,940
Construction in progress	25,627	3,516,912	-	3,542,539
Total capital assets, not being depreciated	<u>4,466,567</u>	<u>3,516,912</u>	<u>-</u>	<u>7,983,479</u>
Capital assets, being depreciated				
Buildings	11,262,909	-	-	11,262,909
Machinery and equipment	473,251	-	(7,564)	465,687
Total capital assets, being depreciated	<u>11,736,160</u>	<u>-</u>	<u>(7,564)</u>	<u>11,728,596</u>
Less accumulated depreciation for:				
Buildings	(3,807,379)	(442,127)	-	(4,249,506)
Machinery and equipment	(337,908)	(34,641)	7,564	(364,985)
Total accumulated depreciation	<u>(4,145,287)</u>	<u>(476,768)</u>	<u>7,564</u>	<u>(4,614,491)</u>
Total capital assets, being depreciated, net	<u>7,590,873</u>	<u>(476,768)</u>	<u>-</u>	<u>7,114,105</u>
Business-type activities capital assets, net	<u>\$ 12,057,440</u>	<u>\$ 3,040,144</u>	<u>\$ -</u>	<u>\$ 15,097,584</u>

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

Governmental activities:	
General government	\$ 4,791,735
Public protection	4,286,720
Public ways and facilities	3,680,017
Health and sanitation	526,786
Public assistance	841,924
Education	355,625
Recreation	64,087
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	<u>1,787,044</u>
Total depreciation expense-governmental activities	<u>\$ 16,333,938</u>
 Business-type activities:	
Nut Tree Airport	\$ 307,776
Fouts Springs Youth Facility	<u>168,992</u>
Total depreciation expense-business-type activities	<u>\$ 476,768</u>

Capital assets activity for component units for the fiscal year ended June 30, 2007 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>638,312</u>	<u>-</u>	<u>(638,312)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>805,397</u>	<u>-</u>	<u>(638,312)</u>	<u>167,085</u>
Capital assets, being depreciated:				
Buildings	9,186,734	-	-	9,186,734
Machinery and equipment	<u>545,897</u>	<u>3,684</u>	<u>-</u>	<u>549,581</u>
Total capital assets, being depreciated	<u>9,732,631</u>	<u>3,684</u>	<u>-</u>	<u>9,736,315</u>
Less accumulated depreciation for:				
Buildings	(6,803,611)	(285,780)	-	(7,089,391)
Machinery and equipment	<u>(443,471)</u>	<u>(37,639)</u>	<u>-</u>	<u>(481,110)</u>
Total accumulated depreciation, net	<u>(7,247,082)</u>	<u>(323,419)</u>	<u>-</u>	<u>(7,570,501)</u>
Total capital assets, being depreciated, net	<u>2,485,549</u>	<u>(319,735)</u>	<u>-</u>	<u>2,165,814</u>
Total Solano County Fair capital assets, net	<u>\$ 3,290,946</u>	<u>\$ (319,735)</u>	<u>\$ (638,312)</u>	<u>\$ 2,332,899</u>
WIB				
Capital assets:				
Machinery and equipment	\$ 28,344	\$ -	\$ -	\$ 28,344
Less accumulated depreciation	<u>(24,716)</u>	<u>(1,209)</u>	<u>-</u>	<u>(25,925)</u>
Total WIB capital assets, being depreciated, net	<u>\$ 3,628</u>	<u>\$ (1,209)</u>	<u>\$ -</u>	<u>\$ 2,419</u>

Depreciation expense was charged to component units as follows:

Component units:		
Solano County Fair	\$	323,419
Workforce Investment Board		1,209
Total depreciation expense-component units	\$	<u>324,628</u>

F. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2007, was as follows:

	Transfers Out								Total
	General	Health & Social Services	Public Safety	Tobacco Settlement	Other Governmental	Nut Tree Airport	Fouts Springs Youth Facility	Internal Service Funds	
General	\$ -	\$ 1,690,164	\$ 14,729	\$ -	\$ 1,203,741	\$ -	\$ -	\$ -	\$ 2,908,634
Health & Social Services	27,340,465	-	373,085	3,248,782	-	-	-	-	30,962,332
Public Safety	76,447,506	453,907	-	-	88,880	-	-	-	76,990,293
Government Center Debt Service Fund	1,689,905	-	329,847	-	3,297,402	-	-	-	5,317,154
Other Governmental	3,973,914	7,199,416	6,507,303	-	6,425,321	12,361	126,170	318,793	24,563,278
Fouts Springs Youth Facility	1,546,159	-	-	-	-	-	-	-	1,546,159
Internal Service	65,114	138,151	17,800	-	34,889	-	-	31,171	287,125
Total	<u>\$ 111,063,063</u>	<u>\$ 9,481,638</u>	<u>\$ 7,242,764</u>	<u>\$ 3,248,782</u>	<u>\$ 11,050,233</u>	<u>\$ 12,361</u>	<u>\$ 126,170</u>	<u>\$ 349,964</u>	<u>\$ 142,574,975</u>

General Fund

The General Fund made a net contribution of \$108,154,429 to other funds for operating costs of programs and to meet the maintenance of effort requirements for many grant-funded programs. Of the amount transferred, Health & Social Services Fund received a net transfer of \$25,650,301; the Public Safety Fund received a net transfer of \$76,432,777; Other Governmental Funds received a net transfer of \$2,770,173. The Government Center Debt Service Fund received a transfer of \$1,689,905. The Fouts Springs Youth Facility Fund received \$1,546,159 to eliminate its accumulated fund deficit. The Information Technology Internal Service Fund received \$19,614 to partially cover the salaries and benefits costs of the County Information Officer. The Fleet Management Internal Service Fund received \$45,500 for the purchase of County vehicles.

Health & Social Services (H&SS) Fund

The Health & Social Services Fund made a total transfer of \$1,690,164 to the General Fund of which \$1,228,541 was for repayment of funds advanced for flood repairs during December 2005 and another \$461,623 for services provided by the Central Services Department. In addition, \$4,744,132 was transferred to the Pension Debt Service Fund (Other Governmental Funds) to pay for the pension liability incurred by the County; \$2,455,284 transferred to the 1999 Certificate of Participation Debt Service Fund (Other Governmental Funds) to pay for the debt on the H&SS administration building. Another \$453,907

was transferred to the Public Safety Fund for the services provided by District Attorney and Probation departments.

Public Safety Fund

The Public Safety Fund transferred \$373,085 to Health & Social Services Fund for services provided by the Health Department; \$329,847 transferred to the Government Center Debt Service Fund for its share of the principal and interest payments; \$4,793,691 transferred to the Pension Debt Service Fund (Other Governmental Funds) to pay for the pension liability incurred by the County; and \$1,713,612 to the Accumulated Capital Outlay Fund (Other Governmental Funds) for its share of the cost of the proposed shooting range and other miscellaneous repair expenses of the Sheriff's Office \$707,505; for miscellaneous courthouse repairs \$745,170; for the New Foundations capital project of the Probation Department \$121,737; and for the expansion project of the District Attorney's Office \$139,200.

Tobacco Settlement Fund

The Tobacco Settlement Fund transferred \$3,248,782 to the Health & Social Services Fund for various health program costs.

Other Governmental Funds

Other Governmental Funds transferred \$974,960 from the Recorder's Modernization and Micrographics Fund (Other Governmental Funds) to the General Fund to offset the Recorder's Department costs related to the online imaging automation project and \$228,781 from the Transportation Fund (Other Governmental Funds) for its share of the administrative costs of the Resource Management Department (General Fund).

Other Governmental Funds transferred \$88,880 from various County funds to the Public Safety Fund for repayment of long term debt and interest on capital assets of the Sheriff and Library departments.

Other Governmental Funds transferred \$3,297,402 to the Government Center Debt Service Fund for repayment of long-term debt.

The Southeast Vallejo Redevelopment Settlement Fund (Other Special Revenue Funds) transferred \$1,601,560 to the Transportation Fund to cover the cost of improvement projects in Homeacres. The Public Facilities Fees Fund and the Transportation Fund transferred \$1,837,298 and \$35,500, respectively, to the Accumulated Capital Outlay Fund (Other Governmental Funds) for various County projects; \$1,650,000 to the Library Fund (Other Governmental Funds) for the construction of the new Fairfield-Cordelia Library and Suisun City Library. There was also a transfer of \$465,210 from various County Funds to the debt service funds for repayment of long-term debt principal and interest and \$835,753 to the Pension Debt Service Fund (Other Governmental Funds) to pay for the pension liability incurred by the County.

Internal Service Funds

The Communications Fund transferred \$318,793 to the Pension Debt Service Fund (Other Governmental Funds).

Enterprise Funds

The amounts transferred represents the Nut Tree Airport and Fouts Springs Youth Facility Fund's share for the Pension Debt Service Fund (Other Governmental Funds).

G. Payables

The composition of payables as of June 30, 2007, was as follows:

	<u>Accounts Payable</u>	<u>Accrued Payroll</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities:				
General	\$ 2,372,730	\$ 1,290,783	\$ -	\$ 3,663,513
Health & Social Services	8,023,614	3,688,248	-	11,711,862
Public Safety	1,734,918	3,695,859	-	5,430,777
Other Governmental Funds	3,491,971	710,389	-	4,202,360
Internal Service Funds	2,316,985	269,696	-	2,586,681
Reconciliation of balances in fund financial statements to government- wide financial statements	-	-	3,951,418	3,951,418
Total governmental activities	<u>\$ 17,940,218</u>	<u>\$ 9,654,975</u>	<u>\$ 3,951,418</u>	<u>\$ 31,546,611</u>
Business-type activities:				
Nut Tree Airport	\$ 78,253	\$ 8,717	\$ 3,922	\$ 90,892
Fouts Springs Youth Facility	39,187	92,038	-	131,225
Total business-type activities	<u>\$ 117,440</u>	<u>\$ 100,755</u>	<u>\$ 3,922</u>	<u>\$ 222,117</u>

H. Operating Leases

The County leases office space and equipment under operating leases. Total rental expenditures for such leases were \$3,702,920, for the year ended June 30, 2007. Future minimum rental payments under all noncancelable operating leases with initial or remaining terms in excess of one year as of June 30, 2007 are summarized as follows:

<u>Year Ending June 30,</u>	<u>Primary Government</u>	<u>WIB</u>	<u>Total</u>
2008	\$ 1,213,456	\$ 481,820	\$ 1,695,276
2009	1,190,251	-	1,190,251
2010	1,129,313	-	1,129,313
2011	665,997	-	665,997
2012	131,083	-	131,083
	<u>\$ 4,330,100</u>	<u>\$ 481,820</u>	<u>\$ 4,811,920</u>

I. Long-term Obligations

Capital Leases:

The County has entered into lease agreements as lessee for financing the acquisition of 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:

	<u>Governmental activities</u>
Machinery and equipment	\$ 59,286
Less: Accumulated depreciation	(29,643)
Total	<u>\$ 29,643</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

Year ending June 30,	<u>Governmental activities</u>
2008	\$ 14,516
2009	14,515
2010	3,628
Total minimum lease payments	32,659
Less: amount representing interest	(3,691)
Present value of minimum lease payments	<u>\$ 28,968</u>

Notes Payable:

The County 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 ending June 30,	<u>Governmental activities</u>		<u>Business-type activities</u>	
	Principal	Interest	Principal	Interest
2008	\$ 726,803	\$ 332,575	\$ 51,111	\$ 9,412
2009	747,904	311,474	55,000	7,018
2010	617,286	291,617	55,556	4,442
2011	634,514	274,390	39,298	1,841
2012	652,037	256,867	-	-
2013-2017	3,544,683	999,832	-	-
2018-2022	4,067,516	477,000	-	-
2023	873,975	26,036	-	-
	<u>\$ 11,864,718</u>	<u>\$ 2,969,791</u>	<u>\$ 200,965</u>	<u>\$ 22,713</u>

Certificates of Participation:

The County issued 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.

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

Year ending June 30,	Principal	Interest
2008	\$ 4,455,000	\$ 6,464,069
2009	4,600,000	6,301,313
2010	4,775,000	6,117,595
2011	4,970,000	5,903,171
2012	5,215,000	5,655,261
2013 – 2017	28,400,000	24,337,391
2018 – 2022	26,310,000	17,270,300
2023 – 2027	25,215,000	11,526,353
2028 – 2032	31,335,000	5,253,413
2033	7,135,000	160,538
	\$ 142,410,000	\$ 88,989,404

Advance Refunding:

The County issued \$99,860,000 of refunding Certificates of Participation (COP) to partially refund and defease the 2002 COP with certificate payment dates from and including November 1, 2013 to 2032. The original issue amount of the 2002 COP was \$118,325,000 of which \$5,445,000 was repaid prior to the defeasance of \$96,215,000 leaving a balance of \$16,665,000. Due to prepayment restrictions, the proceeds from the 2007 COP are held in an escrow account until the 2002 COP are refunded after the call date of November 1, 2012. The reacquisition price exceeded the net carrying amount of the old debt by \$3,150,339. This advance refunding reduced the total debt service payments over the next 26 years by \$4,159,000 and resulted in an economic gain of \$2,963,252.

Pension Obligation Bonds:

On June 16, 2004, the County issued \$96,665,000 of Taxable Pension Obligation Bonds to prepay a partial obligation under its contract with CalPERS. These bonds were issued in 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 \$20,000,000 each, which carry a variable rate and are Auction Rate Securities.

On November 1, 2005 the County issued an additional \$42,385,000 of Taxable Pension Obligation Bonds to prepay a partial obligation under its contract with CalPERS for the County's Unfunded Accrued Actuarial Liability (UAAL).

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

Year ending June 30,	Principal	Interest
2008	\$ 1,785,000	\$ 6,532,600
2009	2,190,000	6,728,233
2010	2,725,000	6,827,623
2011	3,300,000	6,826,070
2012	3,925,000	6,724,216
2013 – 2017	31,000,000	29,703,725
2018 – 2022	47,045,000	18,792,637
2023 - 2025	35,835,000	3,263,730
	\$ 127,805,000	\$ 85,398,834

The composition of the long-term debt obligations for the governmental activities as of June 30, 2007, was as follows:

<u>Type and description</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Notes payable:				
California Energy Commission	June 22, 2009	3.00	\$ 924,379	\$ 289,972
Department of Water Resources	April 1, 2023	2.80	5,000,000	4,220,717
Department of Health Services	July 1, 2023	2.80	8,984,099	7,354,029
Total notes payable				<u>11,864,718</u>
Capital leases:				
Pitney Bowes Credit Corporation	September 30, 2009	10.36	27,776	14,264
Pitney Bowes Credit Corporation	September 30, 2009	9.41	28,960	14,704
Total capital leases				<u>28,968</u>
Certificates of participation:				
1998 Court Expansion Improvements				
Serial	November 15, 2013	2.95 - 4.68	6,455,000	1,585,000
Term	November 15, 2018	4.93	1,480,000	1,480,000
Issuance Premium			1,185	652
1999 Health and Social Services Capital Improvements				
Serial	November 15, 2014	3.20 - 5.13	23,515,000	14,625,000
Term	November 15, 2019	5.23	8,195,000	8,195,000
Issuance Discount			(345,718)	(207,431)
2002 Certificates of Participation				
Serial	November 1, 2025	4.98	74,460,000	16,665,000
Issuance Premium			4,628,748	925,750
2007 Certificates of Participation				
Serial	November 1, 2007 – November 1, 2024	4.00 - 5.00	50,620,000	50,620,000
Term	November 1, 2026	4.25	10,770,000	10,770,000
Term	November 1, 2032	4.50	38,470,000	38,470,000
Issuance Premium			2,568,489	2,440,064
Deferred amount on refunding			(3,150,339)	(2,992,822)
Total certificates of participation				<u>142,576,213</u>
Pension obligation bonds				
Series 2004A	January 15, 2018	5.80	36,665,000	36,665,000
Series 2004B-1	January 15, 2021	4.50*	20,000,000	15,000,000
Series 2004B-2	January 15, 2023	6.00*	20,000,000	15,000,000
Series 2004B-3	January 15, 2024	4.16*	20,000,000	20,000,000
Series 2005	January 15, 2025	5.36	42,385,000	41,140,000
Total pension obligation bonds				<u>127,805,000</u>
Self-insurance liability				10,015,118
Compensated absences				18,431,473
Total governmental obligations				<u>\$ 310,721,490</u>

* Variable rate bonds

The composition of the long-term debt obligations for the business-type activities as of June 30, 2007, was as follows:

Type and description	Maturity	Interest Rates	Original Issue	Outstanding
Nut Tree Airport				
Notes Payable:				
CalTrans/Dept. of Transportation	January 3, 2018	5.22	1,300,000	\$ 200,965
Compensated absences				13,242
Total Nut Tree Airport				<u>214,207</u>
Fouts Springs Youth Facility				
Compensated absences				<u>229,845</u>
Total business-type activities				<u>\$ 444,052</u>

The composition of the long-term obligations of the County's component units activities as of June 30, 2007, was as follows:

Type and description	Outstanding
Solano County Fair	
County pension liability	\$ 776,208
Compensated absences	70,274
Total Solano County Fair	<u>\$ 846,482</u>
Workforce Investment Board (WIB)	
Compensated absences	<u>\$ 146,761</u>

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

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 88,080	\$ -	\$ (59,112)	\$ 28,968	\$ 12,093
Certificates of participation	142,905,000	99,860,000	(100,355,000)	142,410,000	4,455,000
Deferred amounts:					
For issuance discounts	(224,717)	-	17,286	(207,431)	(17,286)
For issuance premiums	4,012,292	2,568,489	(3,214,315)	3,366,466	282,775
Deferred amount on refunding	-	(3,150,339)	157,517	(2,992,822)	(157,517)
Pension obligation bonds	133,195,000	-	(5,390,000)	127,805,000	1,785,000
Notes payable	13,356,468	-	(1,491,750)	11,864,718	726,803
Self-insurance liability	10,836,817	1,181,738	(2,003,437)	10,015,118	850,000
Compensated absences	22,081,723	10,690,066	(14,340,316)	18,431,473	9,091,320
Governmental activities long-term liabilities	<u>\$ 326,250,663</u>	<u>\$ 111,149,954</u>	<u>\$ (126,679,127)</u>	<u>\$ 310,721,490</u>	<u>\$ 17,028,188</u>

Business-type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Notes payable	\$ 247,631	\$ -	\$ (46,666)	\$ 200,965	\$ 51,111
Compensated absences	284,953	115,105	(156,971)	243,087	110,578
Business-type activities long-term liabilities	<u>\$ 532,584</u>	<u>\$ 115,105</u>	<u>\$ (203,637)</u>	<u>\$ 444,052</u>	<u>\$ 161,689</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities are included as part of the above totals for governmental activities. At fiscal year end, \$10,634,020 of internal service funds long-term liabilities was included in the above amounts.

Component units activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Solano County Fair:					
County pension liability	\$ 788,544	\$ -	\$ (12,336)	\$ 776,208	\$ 28,549
Compensated absences	75,717	2,211	(7,654)	70,274	-
Total Solano County Fair	<u>\$ 864,261</u>	<u>\$ 2,211</u>	<u>\$ (19,990)</u>	<u>\$ 846,482</u>	<u>\$ 28,549</u>
WIB:					
Compensated absences	<u>\$ 123,970</u>	<u>\$ 22,791</u>	<u>\$ -</u>	<u>\$ 146,761</u>	<u>\$ 140,000</u>

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 Q Street, PO BOX 942701 Sacramento, CA 94229.

2. Funding Policy

Active plan members in the Fund are required to contribute 7.769% for miscellaneous and 8.960% for safety 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 2006/2007 was 11.698% for miscellaneous and 13.147% 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 2006/2007, the County’s annual pension cost was \$34,178,742. The required contribution for fiscal year 2006/2007 was determined as part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that range from 3.25% to 14.45% (13.15% for the safety plan) depending on age, service, and type of employment; (c) inflation of 3.00%; and (d) payroll growth of 3.25%. The actuarial value of the Fund’s assets was determined using a technique that smoothes the effect of short-term volatility of the market value of investments over a 15 year period. The Fund’s excess assets are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period as of the June 30, 2004 actuarial valuation was 32 years for the miscellaneous and safety plans.

The County’s annual pension cost and pension asset for the year ended June 30, 2007 were as follows:

Annual required contribution (ARC)	\$	33,552,663
Interest on pension asset		(10,529,805)
Adjustment to the annual required contribution		11,155,884
Annual pension cost (APC)		<u>34,178,742</u>
Contributions made		<u>33,552,663</u>
Decrease in pension asset		(626,079)
Pension asset, beginning of year		<u>136,273,354</u>
Pension asset, end of year	\$	<u><u>135,647,275</u></u>

Three-year trend information for the Plan

<u>Fiscal Year Ending</u>	<u>APC</u>	<u>Contribution</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Asset</u>
6/30/05	\$ 27,035,268	\$ 33,940,871	124%	\$ 95,081,643
6/30/06	31,690,137	72,881,848	230	136,273,354
6/30/07	34,178,742	33,552,663	98	135,647,275

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

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 paid premiums totaling \$5,676,671 during the fiscal year ended June 30, 2007.

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 \$850,000 in the next fiscal year. The governmental and proprietary funds contribute amounts to the Risk Management Internal Service Fund based on actuarially determined estimates of the settlements. Such estimates are generally based upon a 90% confidence level. As of June 30, 2007, the accrued loss contingency for the County’s workers’ compensation program was \$9,779,000, and is reported as a liability in the Risk Management Internal Service Fund.

Effective November 1, 1998, the County elected to fully insure the County’s general liability coverage under the CSAC-EIA 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 self-insured retention level per claim. The County also participates in excess coverage up to \$10,000,000. As of June 30, 2007, the accrued loss contingency for the general liability program was \$236,118 and is reported as a liability in the Risk Management Internal Service Fund. In County management’s opinion, the liability reported is adequate to cover any potential claims not covered by insurance.

Insurance and claims expenses are recorded in the Risk Management Internal Service Fund. Insurance expenses represent changes in the estimate of the amounts needed to pay general liability claims incurred prior to November 1, 1998, workers’ compensation claims, as well as premiums paid to CSAC-EIA for the property, primary general liability, excess liability and excess workers’ compensation programs. 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 charges to other County funds based on each fund’s allocated share of the insurance expenses. Settled claims have not exceeded coverage since the effective dates.

Changes in the Risk Management Internal Service Fund’s accrued loss contingency amount for the years ended June 30, 2007 and 2006 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, 2006	\$ 10,263,612	\$ 2,878,934	\$ (2,305,729)	\$ 10,836,817
June 30, 2007	10,836,817	1,181,738	(2,003,437)	10,015,118

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.

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

The Claybank Adult Detention Facility Expansion Project in Fairfield has a total budget of \$89.7 million. The project will add three housing units totaling 65,150 square feet to the existing detention facility. The anticipated occupancy date is July 2010. The commitments outstanding as of June 30, 2007 total \$4.6 million.

The South County Government Center Project in Vallejo has a total budget of \$38.6 million. The project includes the construction of a 70,000 square foot, three-story Health & Social Services (H&SS) office building and clinic along with the renovation of the existing H&SS building. The anticipated completion date is September 2010. The commitments outstanding as of June 30, 2007 total \$2.1 million.

The Public Health Laboratory Facility Project in Fairfield has a total budget of \$19.6 million. The project consists of a two-story, 30,000 gross square foot building and the purchase of additional land for parking. The anticipated completion date is September 2009. The commitments outstanding as of June 30, 2007 total \$1.7 million.

D. *Other Post Employment Benefits*

In addition to the pension benefits described in Note IV, Section A, the County contracts with CalPERS to provide health insurance to eligible employees and retirees. The County provides post-retirement health care benefits to eligible retirees by contributing the minimum employer contribution required under the Public Employees' Medical and Hospital Care Act (Government Code Section 22825). As of June 30, 2007, 305 retirees received this benefit. Expenditures for post-retirement healthcare benefits are recognized as monthly premiums are paid and financed on a pay-as-you-go basis. During the 2006/07 fiscal year, expenditures of \$257,747 were recognized for post-retirement healthcare benefits.

GASB issued Statement 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension*. This statement addresses how state and local governments should account and report their cost and obligations related to postemployment healthcare and other non-pension benefits. These benefits are collectively referred to as other postemployment benefits (OPEB). Although the County's OPEB expenditure is recorded on a pay-as-you-go basis in the accompanying basic financial statements, the present value of future post-retirement medical benefit liability to the County is not required to be included until fiscal year 2007/08. In anticipation of the new accounting standard (GASB 45) requiring this liability to be recorded, the County contracted for an actuarial analysis to determine this liability. The County will implement the provisions of GASB 45 in accordance with the required timeline.

E. *New Accounting Pronouncements*

The County will implement the following new accounting pronouncements issued by the *Governmental Accounting Standards Board (GASB)*.

Statement No. 49 – Accounting and Financial Reporting for Pollution Remediation Obligations

The objective of this Statement will enhance the usefulness and comparability of pollution remediation obligation information reported by State and other local governments by setting uniform standards requiring more timely and complete reporting of those obligations and by requiring all governments to account for pollution remediation obligations in the same manner, including required reporting of pollution remediation obligations that previously may not have been reported. Statement No. 49 will be implemented by the County during FY 2008/09.

Statement No. 50 – Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27

The County's implementation of this Statement will amend note disclosure and required supplementary information (RSI) standards of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 27, *Accounting for Pensions by State and Local Governmental Employers*, to conform with applicable changes adopted in Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pensions Plans*, and No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. With the County's implementation of Statement No. 50, it will improve the transparency and decision usefulness of reported information about the County's pension plan. Statement No. 50 will be implemented by the County during FY 2007/08.

F. *Subsequent Event*

On August 28, 2007, the residents of Rural North Vacaville Water District (District) elected their first board of directors which will replace the County Board of Supervisors as of December 7, 2007. Therefore, as of December 7, 2007, the District will no longer be considered a blended component unit and will cease to be reported as part of the primary government.

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COUNTY OF SOLANO, CALIFORNIA
Schedules of Funding Progress
For the fiscal year ended June 30, 2007
Unaudited

**Miscellaneous Plan
Retirement Program**

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Payroll
6/30/04	\$ 588,308,868	\$ 542,591,874	\$ 45,716,994	92.2%	\$ 135,207,449	33.8%
6/30/05	647,322,805	594,320,985	53,001,820	91.8%	137,816,885	38.5%
6/30/06	712,653,528	678,791,077	33,862,451	95.2%	145,880,582	23.2%

**Safety Plan
Retirement Program**

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Payroll
6/30/04	\$ 174,151,068	\$ 158,822,616	\$ 15,328,452	91.2%	\$ 33,376,960	45.9%
6/30/05	194,045,928	173,601,306	20,444,622	89.5%	33,246,575	61.5%
6/30/06	215,339,825	203,675,580	11,664,245	94.6%	34,553,886	33.8%

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, 2007

	<u>Budgeted Amounts</u>			Variance with Final Budget
	Original	Final	Actual Amounts	
REVENUES				
Taxes	\$ 115,291,359	\$ 116,054,906	\$ 116,431,497	\$ 376,591
Licenses, permits and franchises	5,616,399	5,918,195	6,070,150	151,955
Fines, forfeitures and penalties	2,755,500	2,481,000	2,543,313	62,313
Revenue from use of money and property	2,257,900	2,269,400	6,183,436	3,914,036
Intergovernmental	19,236,079	20,123,878	26,674,789	6,550,911
Charges for services	36,870,809	36,793,872	37,795,095	1,001,223
Miscellaneous	6,613,869	6,613,869	7,488,191	874,322
Total revenues	<u>188,641,915</u>	<u>190,255,120</u>	<u>203,186,471</u>	<u>12,931,351</u>
EXPENDITURES				
Current:				
General government				
Board of Supervisors	1,741,986	1,759,634	1,756,786	2,848
Administration	3,084,428	3,084,428	2,809,304	275,124
General Revenue	225,000	988,547	895,147	93,400
Employee Development & Recognition	504,162	504,162	348,006	156,156
General Services	15,585,420	15,799,081	14,352,983	1,446,098
Assessor	5,325,246	5,256,645	4,985,427	271,218
Auditor-Controller	3,876,199	3,890,744	3,718,440	172,304
Tax Collector/County Clerk	1,729,405	1,759,759	1,730,722	29,037
Treasurer	961,122	986,767	805,520	181,247
County Counsel	3,020,161	3,070,161	2,852,798	217,363
Human Resources	2,191,883	2,340,543	2,278,134	62,409
Registrar of Voters	2,688,880	2,871,696	2,668,999	202,697
Property Management	286,397	297,897	293,248	4,649
Promotion	377,374	371,662	293,204	78,458
General Expenditures	11,694,861	11,714,417	7,316,539	4,397,878
Surveyor/Engineer	97,944	97,944	81,746	16,198
Total general government	<u>53,390,468</u>	<u>54,794,087</u>	<u>47,187,003</u>	<u>7,607,084</u>
Public protection				
Grand Jury	176,941	176,941	141,894	35,047
Agricultural Commissioner	3,050,644	3,046,007	2,471,805	574,202
Animal Care Services	1,967,897	2,137,197	2,010,989	126,208
Recorder	3,058,183	3,605,163	2,240,708	1,364,455
Environmental Management	9,208,231	10,570,413	8,692,219	1,878,194
LAFCO	395,609	395,247	358,929	36,318
Total public protection	<u>17,857,505</u>	<u>19,930,968</u>	<u>15,916,544</u>	<u>4,014,424</u>
Public assistance				
Ind Burial Vets Cem Care	8,250	8,250	7,425	825
Office of Family Violence Prevention	390,946	559,563	474,961	84,602
Veterans Services	571,216	575,034	571,104	3,930
Total public assistance	<u>970,412</u>	<u>1,142,847</u>	<u>1,053,490</u>	<u>89,357</u>
Education and recreation				
Cooperative Extension Service	286,483	286,483	274,903	11,580
Vallejo Veterans Building	19,929	19,929	19,929	-
Total education and recreation	<u>306,412</u>	<u>306,412</u>	<u>294,832</u>	<u>11,580</u>
Debt service:				
Principal	153,246	153,246	149,611	3,635
Interest and other charges	14,230	14,230	15,380	(1,150)
Total debt service	<u>167,476</u>	<u>167,476</u>	<u>164,991</u>	<u>2,485</u>
Capital outlay:				
Construction in progress	-	70,500	70,500	-
Buildings and improvements	45,696	724,127	474,249	249,878
Total capital outlay	<u>45,696</u>	<u>794,627</u>	<u>544,749</u>	<u>249,878</u>
Total expenditures	<u>72,737,969</u>	<u>77,136,417</u>	<u>65,161,609</u>	<u>11,974,808</u>
Excess of revenues over expenditures	<u>115,903,946</u>	<u>113,118,703</u>	<u>138,024,862</u>	<u>24,906,159</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,921,174	3,664,649	2,908,634	(756,015)
Transfers out	(117,233,130)	(119,019,978)	(111,063,063)	7,956,915
Sale of capital assets	40,000	40,000	65,466	25,466
Total other financing sources (uses)	<u>(115,271,956)</u>	<u>(115,315,329)</u>	<u>(108,088,963)</u>	<u>7,226,366</u>
Net change in fund balance	631,990	(2,196,626)	29,935,899	32,132,525
Fund balance - beginning	91,680,585	91,680,585	91,680,585	-
Fund balance - ending	<u>\$ 92,312,575</u>	<u>\$ 89,483,959</u>	<u>\$ 121,616,484</u>	<u>\$ 32,132,525</u>

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

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses, permits and franchises	\$ 375,313	\$ 375,313	\$ 374,614	\$ (699)
Fines, forfeitures and penalties	994,000	994,000	817,038	(176,962)
Revenue from use of money and property	315,990	315,990	448,082	132,092
Intergovernmental	193,903,306	198,460,438	191,329,928	(7,130,510)
Charges for services	15,989,592	16,155,192	11,919,398	(4,235,794)
Miscellaneous	4,657,706	4,810,239	4,044,878	(765,361)
Total revenues	<u>216,235,907</u>	<u>221,111,172</u>	<u>208,933,938</u>	<u>(12,177,234)</u>
EXPENDITURES				
Current:				
Health services	102,695,112	105,374,499	97,701,920	7,672,579
Public assistance	138,651,247	139,844,164	134,064,121	5,780,043
Debt service:				
Principal	48,150	48,150	48,146	4
Interest and other charges	1,026	1,026	1,026	-
Total debt service	<u>49,176</u>	<u>49,176</u>	<u>49,172</u>	<u>4</u>
Capital outlay:				
Equipment	50,000	120,000	106,819	13,181
Total expenditures	<u>241,445,535</u>	<u>245,387,839</u>	<u>231,922,032</u>	<u>13,465,807</u>
Deficiency of revenues under expenditures	<u>(25,209,628)</u>	<u>(24,276,667)</u>	<u>(22,988,094)</u>	<u>1,288,573</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	32,978,143	32,240,843	30,962,332	(1,278,511)
Transfers out	(9,269,658)	(9,859,671)	(9,481,638)	378,033
Total other financing sources (uses)	<u>23,708,485</u>	<u>22,381,172</u>	<u>21,480,694</u>	<u>(900,478)</u>
Net change in fund balance	(1,501,143)	(1,895,495)	(1,507,400)	388,095
Fund balance - beginning	2,142,736	2,142,736	2,142,736	-
Fund balance - ending	<u>\$ 641,593</u>	<u>\$ 247,241</u>	<u>\$ 635,336</u>	<u>\$ 388,095</u>

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

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses, permits and franchises	\$ 176,200	\$ 180,719	\$ 132,285	\$ (48,434)
Fines, forfeitures and penalties	2,249,691	2,249,691	2,501,101	251,410
Intergovernmental	57,457,453	59,972,419	58,203,994	(1,768,425)
Charges for services	8,604,675	8,576,075	9,850,588	1,274,513
Miscellaneous	1,364,229	1,435,375	1,783,142	347,767
Total revenues	<u>69,852,248</u>	<u>72,414,279</u>	<u>72,471,110</u>	<u>56,831</u>
EXPENDITURES				
Current:				
Public protection				
Law Library	401,909	401,909	382,934	18,975
Department of Child Support Services	12,253,278	12,253,278	11,689,253	564,025
Sheriff OES	125,427	172,464	139,735	32,729
Homeland Security Grant	-	211,097	25,962	185,135
LLEBG	75,855	75,855	24,731	51,124
Sheriff Special Revenue Fund	86,254	90,773	4,521	86,252
DA Special Revenue	358,015	366,308	254,785	111,523
Sheriff Asset Forfeiture	90	90	90	-
CJ Fac Temp Const Fund	5,208	5,208	5,208	-
Courthouse Temp Const Fund	2,065	2,065	2,065	-
District Attorney	17,499,392	17,629,191	17,594,134	35,057
Public Defender	8,813,663	8,809,717	8,809,655	62
Conflict Public Defender	2,908,578	2,918,578	2,887,706	30,872
Sheriff	71,108,142	72,161,685	70,324,209	1,837,476
Probation	32,869,682	32,727,481	29,171,028	3,556,453
Other Public Defense	2,127,902	2,464,950	2,464,950	-
CMF Cases	264,253	261,228	261,226	2
Total public protection	<u>148,899,713</u>	<u>150,551,877</u>	<u>144,042,192</u>	<u>6,509,685</u>
Debt service:				
Principal	784,745	784,745	784,745	-
Interest and other charges	20,651	20,651	20,644	7
Total debt service	<u>805,396</u>	<u>805,396</u>	<u>805,389</u>	<u>7</u>
Capital outlay:				
Construction in progress	-	1,235,822	747,550	488,272
Equipment	982,041	1,301,856	673,199	628,657
Total capital outlay	<u>982,041</u>	<u>2,537,678</u>	<u>1,420,749</u>	<u>1,116,929</u>
Total expenditures	<u>150,687,150</u>	<u>153,894,951</u>	<u>146,268,330</u>	<u>7,626,621</u>
Deficiency of revenues under expenditures	<u>(80,834,902)</u>	<u>(81,480,672)</u>	<u>(73,797,220)</u>	<u>7,683,452</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	85,068,065	83,593,465	76,990,293	(6,603,172)
Transfers out	(8,790,841)	(7,673,966)	(7,242,764)	431,202
Sale of capital assets	-	-	828	828
Total other financing sources (uses)	<u>76,277,224</u>	<u>75,919,499</u>	<u>69,748,357</u>	<u>(6,171,142)</u>
Net change in fund balance	(4,557,678)	(5,561,173)	(4,048,863)	1,512,310
Fund balance - beginning	8,938,679	8,938,679	8,938,679	-
Fund balance - ending	<u>\$ 4,381,001</u>	<u>\$ 3,377,506</u>	<u>\$ 4,889,816</u>	<u>\$ 1,512,310</u>

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

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 1,932,709	\$ 1,932,709	2,062,357	\$ 129,648
EXPENDITURES				
Current:				
Health services				
Tobacco Settlement	66,231	107,144	85,749	21,395
Excess of revenues over expenditures	1,866,478	1,825,565	1,976,608	151,043
OTHER FINANCING SOURCES (USES)				
Transfers in	2,216,557	-	-	-
Transfers out	(6,111,557)	(3,854,087)	(3,248,782)	605,305
Total other financing sources (uses)	(3,895,000)	(3,854,087)	(3,248,782)	605,305
Net change in fund balance	(2,028,522)	(2,028,522)	(1,272,174)	756,348
Fund balance - beginning	57,297,223	57,297,223	57,297,223	-
Fund balance - ending	<u>\$ 55,268,701</u>	<u>\$ 55,268,701</u>	<u>\$ 56,025,049</u>	<u>\$ 756,348</u>

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

**COUNTY OF SOLANO, CALIFORNIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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

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

Pursuant to the Board of Supervisors' Budget Policy, amendments or transfers of appropriations between object levels within a department may be authorized by the County Administrator's Office provided the total appropriation of the department is not changed. Therefore, final budgeted amounts in the accompanying required supplementary information are reported as amended. Individual amendments during the fiscal year ended June 30, 2007, were not material in relation to the original appropriations.

The County uses an encumbrance system as an extension of budgetary accounting for the general, special revenue and capital projects funds to assist in controlling 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 financed by proprietary funds and trust funds.

Debt Service Funds

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

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Other Governmental Funds
June 30, 2007

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
ASSETS				
Cash and investments	\$ 76,085,939	\$ 30,099,427	\$ 10,431,619	\$ 116,616,985
Accounts receivable	778,409	1,271	-	779,680
Due from other agencies	4,220,614	322,373	213	4,543,200
Due from other funds	811,756	139,200	494,106	1,445,062
Other assets	2,957,426	-	1,434,071	4,391,497
Total assets	<u>\$ 84,854,144</u>	<u>\$ 30,562,271</u>	<u>\$ 12,360,009</u>	<u>\$ 127,776,424</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Outstanding warrants	\$ 944,688	\$ 94,884	\$ -	\$ 1,039,572
Payables	3,390,470	811,890	-	4,202,360
Deferred revenue	821,029	47,079	-	868,108
Due to other funds	2,484,111	92,501	-	2,576,612
Advance from other funds	46,429	-	-	46,429
Other liabilities	542,582	1,800	-	544,382
Due to other agencies	195,153	-	6,450	201,603
Total liabilities	<u>8,424,462</u>	<u>1,048,154</u>	<u>6,450</u>	<u>9,479,066</u>
Fund balances:				
Reserved:				
Long-term assets	2,584,245	-	1,434,071	4,018,316
Debt service	-	-	10,919,488	10,919,488
Encumbrances	1,964,169	16,465,040	-	18,429,209
Imprest cash	3,614	-	-	3,614
Unreserved, undesignated	71,877,654	13,049,077	-	84,926,731
Total fund balances	<u>76,429,682</u>	<u>29,514,117</u>	<u>12,353,559</u>	<u>118,297,358</u>
Total liabilities and fund balances	<u>\$ 84,854,144</u>	<u>\$ 30,562,271</u>	<u>\$ 12,360,009</u>	<u>\$ 127,776,424</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, 2007

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
REVENUES				
Taxes	\$ 13,546,430	\$ 1,834,041	\$ 918,770	\$ 16,299,241
Licenses, permits and franchises	181,794	-	-	181,794
Fines, forfeitures and penalties	8,575	-	-	8,575
Revenue from use of money and property	3,941,533	1,536,712	(103,740)	5,374,505
Intergovernmental	22,892,907	755,526	-	23,648,433
Charges for services	14,724,026	1,662	-	14,725,688
Miscellaneous	325,507	233,537	1,833,745	2,392,789
Total revenues	<u>55,620,772</u>	<u>4,361,478</u>	<u>2,648,775</u>	<u>62,631,025</u>
EXPENDITURES				
Current:				
General government	687,248	1,579,748	158,221	2,425,217
Public protection	2,689,919	93,712	-	2,783,631
Public ways and facilities	9,664,948	-	-	9,664,948
Health services	5,831,308	-	-	5,831,308
Education and recreation	21,793,167	-	-	21,793,167
Debt service:				
Principal	-	-	7,628,360	7,628,360
Interest and other charges	249	-	8,148,599	8,148,848
Capital outlay	7,398,171	6,953,391	-	14,351,562
Total expenditures	<u>48,065,010</u>	<u>8,626,851</u>	<u>15,935,180</u>	<u>72,627,041</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,555,762</u>	<u>(4,265,373)</u>	<u>(13,286,405)</u>	<u>(9,996,016)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,200,986	5,045,506	15,316,786	24,563,278
Transfers out	(9,976,615)	(945,644)	(127,974)	(11,050,233)
Sale of capital assets	-	139,705	-	139,705
Total other financing sources (uses)	<u>(5,775,629)</u>	<u>4,239,567</u>	<u>15,188,812</u>	<u>13,652,750</u>
Net change in fund balances	1,780,133	(25,806)	1,902,407	3,656,734
Fund balances - beginning	74,649,549	29,539,923	10,451,152	114,640,624
Fund balances - ending	<u>\$ 76,429,682</u>	<u>\$ 29,514,117</u>	<u>\$ 12,353,559</u>	<u>\$ 118,297,358</u>

Nonmajor Special Revenue Funds

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

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

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

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

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.

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 service 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, 2007

	Public Facilities			
	Fees	Library	Transportation	First 5 Solano
ASSETS				
Cash and investments	\$ 21,413,680	\$ 15,164,455	\$ 6,177,450	\$ 20,695,136
Accounts receivable	10,147	14,058	381,887	363,506
Due from other agencies	1,777,629	459,508	1,433,402	532,642
Due from other funds	-	123,835	673,034	7,888
Other assets	-	870,577	69,829	17,092
Total assets	<u>\$ 23,201,456</u>	<u>\$ 16,632,433</u>	<u>\$ 8,735,602</u>	<u>\$ 21,616,264</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Outstanding warrants	\$ -	\$ 127,500	\$ 160,204	\$ 136,698
Payables	-	1,191,722	1,603,494	548,690
Deferred revenue	-	-	641,453	-
Due to other funds	47,066	19,815	13,185	631,070
Advance from other funds	-	-	46,429	-
Other liabilities	-	-	542,582	-
Due to other agencies	51,003	-	-	143,850
Total liabilities	<u>98,069</u>	<u>1,339,037</u>	<u>3,007,347</u>	<u>1,460,308</u>
Fund balances:				
Reserved:				
Long-term assets	-	870,577	69,829	-
Encumbrances	-	1,015,305	856,369	89,968
Imprest cash	-	3,114	500	-
Unreserved, undesignated	23,103,387	13,404,400	4,801,557	20,065,988
Total fund balances	<u>23,103,387</u>	<u>15,293,396</u>	<u>5,728,255</u>	<u>20,155,956</u>
Total liabilities and fund balances	<u>\$ 23,201,456</u>	<u>\$ 16,632,433</u>	<u>\$ 8,735,602</u>	<u>\$ 21,616,264</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2007

Homeacres Loan Program	Rural North Vacaville Water District	Micrographics & Modernization	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds
\$ 983,891	\$ 199,372	\$ 7,582,844	\$ 3,869,111	\$ 76,085,939
-	-	5,544	3,267	778,409
-	-	-	17,433	4,220,614
-	1,740	-	5,259	811,756
1,643,839	-	-	356,089	2,957,426
<u>\$ 2,627,730</u>	<u>\$ 201,112</u>	<u>\$ 7,588,388</u>	<u>\$ 4,251,159</u>	<u>\$ 84,854,144</u>
\$ -	\$ -	\$ -	\$ 520,286	\$ 944,688
-	10,323	-	36,241	3,390,470
-	1,530	-	178,046	821,029
-	-	974,960	798,015	2,484,111
-	-	-	-	46,429
-	-	-	-	542,582
-	-	-	300	195,153
<u>-</u>	<u>11,853</u>	<u>974,960</u>	<u>1,532,888</u>	<u>8,424,462</u>
1,643,839	-	-	-	2,584,245
2,527	-	-	-	1,964,169
-	-	-	-	3,614
981,364	189,259	6,613,428	2,718,271	71,877,654
<u>2,627,730</u>	<u>189,259</u>	<u>6,613,428</u>	<u>2,718,271</u>	<u>76,429,682</u>
<u>\$ 2,627,730</u>	<u>\$ 201,112</u>	<u>\$ 7,588,388</u>	<u>\$ 4,251,159</u>	<u>\$ 84,854,144</u>

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities:

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

Fund balances:

Reserved:

Long-term assets
Encumbrances
Imprest cash
Unreserved, undesignated
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, 2007

	Public Facilities				Homeacres
	Fees	Library	Transportation	First 5 Solano	Loan Program
REVENUES					
Taxes	\$ -	\$ 11,195,830	\$ 1,266,518	\$ -	\$ -
Licenses, permits and franchises	-	-	181,794	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Revenue from use of money and property	1,080,698	694,897	429,866	1,062,052	79,875
Intergovernmental	-	2,482,971	13,108,241	5,038,453	-
Charges for services	6,744,423	5,101,260	1,259,122	-	572
Miscellaneous	-	105,898	122,601	88,483	-
Total revenues	<u>7,825,121</u>	<u>19,580,856</u>	<u>16,368,142</u>	<u>6,188,988</u>	<u>80,447</u>
EXPENDITURES					
Current:					
General government	635,248	-	52,000	-	-
Public protection	-	-	-	-	8,944
Public ways and facilities	-	-	9,326,424	-	-
Health services	-	-	-	5,831,308	-
Education and recreation	-	20,526,919	-	-	-
Debt service:					
Interest and other charges	-	-	249	-	-
Capital outlay	-	287,890	7,058,655	-	-
Total expenditures	<u>635,248</u>	<u>20,814,809</u>	<u>16,437,328</u>	<u>5,831,308</u>	<u>8,944</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,189,873</u>	<u>(1,233,953)</u>	<u>(69,186)</u>	<u>357,680</u>	<u>71,503</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	1,894,779	1,815,683	-	-
Transfers out	<u>(5,547,936)</u>	<u>(1,037,059)</u>	<u>(725,473)</u>	<u>(30,756)</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,547,936)</u>	<u>857,720</u>	<u>1,090,210</u>	<u>(30,756)</u>	<u>-</u>
Net change in fund balances	1,641,937	(376,233)	1,021,024	326,924	71,503
Fund balances - beginning	21,461,450	15,669,629	4,707,231	19,829,032	2,556,227
Fund balances - ending	<u>\$ 23,103,387</u>	<u>\$ 15,293,396</u>	<u>\$ 5,728,255</u>	<u>\$ 20,155,956</u>	<u>\$ 2,627,730</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, 2007

Rural North Vacaville Water District	Micrographics & Modernization	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds	
				REVENUES
\$ 15,860	\$ -	\$ 1,068,222	\$ 13,546,430	Taxes
-	-	-	181,794	Licenses, permits and franchises
-	-	8,575	8,575	Fines, forfeitures and penalties
1,638	354,419	238,088	3,941,533	Revenue from use of money and property
21,562	-	2,241,680	22,892,907	Intergovernmental
157,004	1,063,336	398,309	14,724,026	Charges for services
-	-	8,525	325,507	Miscellaneous
<u>196,064</u>	<u>1,417,755</u>	<u>3,963,399</u>	<u>55,620,772</u>	Total revenues
				EXPENDITURES
				Current:
-	-	-	687,248	General government
-	-	2,680,975	2,689,919	Public protection
240,979	-	97,545	9,664,948	Public ways and facilities
-	-	-	5,831,308	Health and sanitation
-	-	1,266,248	21,793,167	Education and recreation
-	-	-	249	Debt service:
-	-	51,626	7,398,171	Interest and other charges
<u>240,979</u>	<u>-</u>	<u>4,096,394</u>	<u>48,065,010</u>	Capital outlay
				Total expenditures
				Excess (deficiency) of revenues over
<u>(44,915)</u>	<u>1,417,755</u>	<u>(132,995)</u>	<u>7,555,762</u>	(under) expenditures
				OTHER FINANCING SOURCES (USES)
-	-	490,524	4,200,986	Transfers in
-	(974,960)	(1,660,431)	(9,976,615)	Transfers out
<u>-</u>	<u>(974,960)</u>	<u>(1,169,907)</u>	<u>(5,775,629)</u>	Total other financing sources (uses)
				Net change in fund balances
(44,915)	442,795	(1,302,902)	1,780,133	Fund balances - beginning
234,174	6,170,633	4,021,173	74,649,549	Fund balances - ending
<u>\$ 189,259</u>	<u>\$ 6,613,428</u>	<u>\$ 2,718,271</u>	<u>\$ 76,429,682</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 785,046	\$ 785,046	\$ 1,080,698	\$ 295,652
Charges for services	7,338,449	7,338,449	6,744,423	(594,026)
Total revenues	<u>8,123,495</u>	<u>8,123,495</u>	<u>7,825,121</u>	<u>(298,374)</u>
EXPENDITURES				
Current:				
General government				
Public facilities fees	433,000	635,248	635,248	-
Excess of revenues over expenditures	<u>7,690,495</u>	<u>7,488,247</u>	<u>7,189,873</u>	<u>(298,374)</u>
OTHER FINANCING USES				
Transfers out	<u>(4,710,639)</u>	<u>(6,508,014)</u>	<u>(5,547,936)</u>	<u>960,078</u>
Net change in fund balance	2,979,856	980,233	1,641,937	661,704
Fund balance - beginning	21,461,450	21,461,450	21,461,450	-
Fund balance - ending	<u>\$ 24,441,306</u>	<u>\$ 22,441,683</u>	<u>\$ 23,103,387</u>	<u>\$ 661,704</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Library Special Revenue Fund
For the fiscal year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 10,872,456	\$ 10,872,456	\$ 11,195,830	\$ 323,374
Revenue from use of money and property	235,870	235,870	694,897	459,027
Intergovernmental	2,257,157	2,257,157	2,482,971	225,814
Charges for services	4,181,500	4,181,500	5,101,260	919,760
Miscellaneous	96,000	113,100	105,898	(7,202)
Total revenues	<u>17,642,983</u>	<u>17,660,083</u>	<u>19,580,856</u>	<u>1,920,773</u>
EXPENDITURES				
Current:				
Education and recreation				
Library special revenue	8,200	99,100	97,762	1,338
Library Zone 1	10,410	15,915	15,915	-
Library Zone 6	408	408	264	144
Library Zone 7	6,839	6,839	4,921	1,918
Library Zone 2	438	547	407	140
Library	24,375,044	25,362,790	20,407,650	4,955,140
Total education and recreation	<u>24,401,339</u>	<u>25,485,599</u>	<u>20,526,919</u>	<u>4,958,680</u>
Capital outlay:				
Construction in progress	-	180,000	63,133	116,867
Equipment	535,000	629,496	224,757	404,739
Total capital outlay	<u>535,000</u>	<u>809,496</u>	<u>287,890</u>	<u>521,606</u>
Total expenditures	<u>24,936,339</u>	<u>26,295,095</u>	<u>20,814,809</u>	<u>5,480,286</u>
Deficiency of revenues under expenditures	<u>(7,293,356)</u>	<u>(8,635,012)</u>	<u>(1,233,953)</u>	<u>7,401,059</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,505,151	2,000,849	1,894,779	(106,070)
Transfers out	(2,679,731)	(1,169,815)	(1,037,059)	132,756
Total other financing sources (uses)	<u>825,420</u>	<u>831,034</u>	<u>857,720</u>	<u>26,686</u>
Net change in fund balance	(6,467,936)	(7,803,978)	(376,233)	7,427,745
Fund balance - beginning	15,669,629	15,669,629	15,669,629	-
Fund balance - ending	<u>\$ 9,201,693</u>	<u>\$ 7,865,651</u>	<u>\$ 15,293,396</u>	<u>\$ 7,427,745</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,190,875	\$ 1,258,604	\$ 1,266,518	\$ 7,914
Licenses, permits and franchises	252,900	252,900	181,794	(71,106)
Revenue from use of money and property	105,835	245,357	429,866	184,509
Intergovernmental	12,610,567	14,354,067	13,108,241	(1,245,826)
Charges for services	1,327,375	1,397,375	1,259,122	(138,253)
Miscellaneous	70,000	70,000	122,601	52,601
Total revenues	<u>15,557,552</u>	<u>17,578,303</u>	<u>16,368,142</u>	<u>(1,210,161)</u>
EXPENDITURES				
Current:				
General government				
Survey monument	40,000	52,000	52,000	-
Public ways and facilities				
Transportation department	17,646,353	12,639,836	9,326,424	3,313,412
Debt service:				
Interest and other charges	-	249	249	-
Capital outlay:				
Construction in progress	-	6,088,188	5,276,586	811,602
Infrastructure	-	1,775,359	1,775,357	2
Equipment	-	6,750	6,712	38
Total capital outlay	-	7,870,297	7,058,655	811,642
Total expenditures	<u>17,686,353</u>	<u>20,562,382</u>	<u>16,437,328</u>	<u>4,125,054</u>
Deficiency of revenues under expenditures	<u>(2,128,801)</u>	<u>(2,984,079)</u>	<u>(69,186)</u>	<u>2,914,893</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,613,685	2,224,991	1,815,683	(409,308)
Transfers out	(729,687)	(927,993)	(725,473)	202,520
Total other financing sources (uses)	<u>883,998</u>	<u>1,296,998</u>	<u>1,090,210</u>	<u>(206,788)</u>
Net change in fund balance	(1,244,803)	(1,687,081)	1,021,024	2,708,105
Fund balance - beginning	4,707,231	4,707,231	4,707,231	-
Fund balance - ending	<u>\$ 3,462,428</u>	<u>\$ 3,020,150</u>	<u>\$ 5,728,255</u>	<u>\$ 2,708,105</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 475,000	\$ 475,000	\$ 1,062,052	\$ 587,052
Intergovernmental	5,123,825	5,123,825	5,038,453	(85,372)
Miscellaneous	29,000	29,000	88,483	59,483
Total revenues	<u>5,627,825</u>	<u>5,627,825</u>	<u>6,188,988</u>	<u>561,163</u>
EXPENDITURES				
Current:				
Health services				
First 5 Solano	6,486,353	6,691,094	5,831,308	859,786
Excess (deficiency) of revenues over (under) expenditures	<u>(858,528)</u>	<u>(1,063,269)</u>	<u>357,680</u>	<u>1,420,949</u>
OTHER FINANCING USES				
Transfers out	<u>(34,013)</u>	<u>(34,013)</u>	<u>(30,756)</u>	<u>3,257</u>
Net change in fund balance	(892,541)	(1,097,282)	326,924	1,424,206
Fund balance - beginning	19,829,032	19,829,032	19,829,032	-
Fund balance - ending	<u>\$ 18,936,491</u>	<u>\$ 18,731,750</u>	<u>\$ 20,155,956</u>	<u>\$ 1,424,206</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 25,000	\$ 25,000	\$ 79,875	\$ 54,875
Charges for services	572	572	572	-
Total revenues	<u>25,572</u>	<u>25,572</u>	<u>80,447</u>	<u>54,875</u>
EXPENDITURES				
Current:				
Public protection				
Homeacres Loan Program	23,938	34,740	8,944	25,796
Net change in fund balance	1,634	(9,168)	71,503	80,671
Fund balance - beginning	2,556,227	2,556,227	2,556,227	-
Fund balance - ending	<u>\$ 2,557,861</u>	<u>\$ 2,547,059</u>	<u>\$ 2,627,730</u>	<u>\$ 80,671</u>

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ -	\$ -	\$ 15,860	\$ 15,860
Revenue from use of money and property	-	-	1,638	1,638
Intergovernmental	-	-	21,562	21,562
Charges for services	195,823	197,906	157,004	(40,902)
Total revenues	<u>195,823</u>	<u>197,906</u>	<u>196,064</u>	<u>(1,842)</u>
EXPENDITURES				
Current:				
Public ways and facilities				
Rural North Vacaville Water District	195,823	240,986	240,979	7
Net change in fund balance	-	(43,080)	(44,915)	(1,835)
Fund balance - beginning	234,174	234,174	234,174	-
Fund balance - ending	<u>\$ 234,174</u>	<u>\$ 191,094</u>	<u>\$ 189,259</u>	<u>\$ (1,835)</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 202,500	\$ 202,500	\$ 354,419	\$ 151,919
Charges for services	1,428,000	1,428,000	1,063,336	(364,664)
Total revenues	<u>1,630,500</u>	<u>1,630,500</u>	<u>1,417,755</u>	<u>(212,745)</u>
OTHER FINANCING USES				
Transfers out	<u>(1,178,995)</u>	<u>(1,664,380)</u>	<u>(974,960)</u>	<u>689,420</u>
Net change in fund balance	451,505	(33,880)	442,795	476,675
Fund balance - beginning	6,170,633	6,170,633	6,170,633	-
Fund balance - ending	<u>\$ 6,622,138</u>	<u>\$ 6,136,753</u>	<u>\$ 6,613,428</u>	<u>\$ 476,675</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,033,281	\$ 1,057,990	\$ 1,068,222	\$ 10,232
Fines, forfeitures and penalties	8,000	8,000	8,575	575
Revenue from use of money and property	166,430	166,430	238,088	71,658
Intergovernmental	2,328,173	2,336,973	2,241,680	(95,293)
Charges for services	414,457	414,457	398,309	(16,148)
Miscellaneous	6,900	6,900	8,525	1,625
Total revenues	<u>3,957,241</u>	<u>3,990,750</u>	<u>3,963,399</u>	<u>(27,351)</u>
EXPENDITURES				
Current:				
Public protection				
Housing Authority of Solano County	2,246,142	2,246,142	2,156,112	90,030
East Vallejo Fire District	480,103	504,812	504,606	206
Fish/Wildlife Propagation	20,275	20,275	20,257	18
Total public protection	<u>2,746,520</u>	<u>2,771,229</u>	<u>2,680,975</u>	<u>90,254</u>
Public ways and facilities				
County Consolidated Service Area	284,050	284,050	97,545	186,505
Education and recreation				
Parks & Recreation	1,354,149	1,324,159	1,266,248	57,911
Capital outlay:				
Equipment	13,000	55,639	51,626	4,013
Total expenditures	<u>4,397,719</u>	<u>4,435,077</u>	<u>4,096,394</u>	<u>338,683</u>
Deficiency of revenues under expenditures	<u>(440,478)</u>	<u>(444,327)</u>	<u>(132,995)</u>	<u>311,332</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	490,523	490,523	490,524	1
Transfers out	(1,440,069)	(1,856,458)	(1,660,431)	196,027
Total other financing sources (uses)	<u>(949,546)</u>	<u>(1,365,935)</u>	<u>(1,169,907)</u>	<u>196,028</u>
Net change in fund balance	(1,390,024)	(1,810,262)	(1,302,902)	507,360
Fund balance - beginning	4,021,173	4,021,173	4,021,173	-
Fund balance - ending	<u>\$ 2,631,149</u>	<u>\$ 2,210,911</u>	<u>\$ 2,718,271</u>	<u>\$ 507,360</u>

Nonmajor Capital Projects Funds

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

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
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2007

	<u>Fairfield Downtown Project</u>	<u>Accumulated Capital Outlay</u>	<u>Juvenile Hall Project</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS				
Cash and investments	\$ 1,544,703	\$ 28,288,700	\$ 266,024	\$ 30,099,427
Accounts receivable	-	1,271	-	1,271
Due from other agencies	-	322,373	-	322,373
Due from other funds	-	139,200	-	139,200
Total assets	<u>\$ 1,544,703</u>	<u>\$ 28,751,544</u>	<u>\$ 266,024</u>	<u>\$ 30,562,271</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Outstanding warrants	\$ -	\$ 94,884	\$ -	\$ 94,884
Payables	32,736	779,154	-	811,890
Deferred revenue	-	47,079	-	47,079
Due to other funds	-	92,501	-	92,501
Other liabilities	-	1,800	-	1,800
Total liabilities	<u>32,736</u>	<u>1,015,418</u>	<u>-</u>	<u>1,048,154</u>
Fund balance:				
Reserved:				
Encumbrances	12,584	16,452,456	-	16,465,040
Unreserved, undesignated	1,499,383	11,283,670	266,024	13,049,077
Total fund balances	<u>1,511,967</u>	<u>27,736,126</u>	<u>266,024</u>	<u>29,514,117</u>
Total liabilities and fund balances	<u>\$ 1,544,703</u>	<u>\$ 28,751,544</u>	<u>\$ 266,024</u>	<u>\$ 30,562,271</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the fiscal year ended June 30, 2007

	<u>Fairfield Downtown Project</u>	<u>Accumulated Capital Outlay</u>	<u>Juvenile Hall Project</u>	<u>Total Nonmajor Capital Projects Funds</u>
REVENUES				
Taxes	\$ -	\$ 1,834,041	\$ -	\$ 1,834,041
Revenue from use of money and property	139,449	1,381,150	16,113	1,536,712
Intergovernmental	75,481	680,045	-	755,526
Charges for services	-	1,662	-	1,662
Miscellaneous	115,953	117,584	-	233,537
Total revenues	<u>330,883</u>	<u>4,014,482</u>	<u>16,113</u>	<u>4,361,478</u>
EXPENDITURES				
Current:				
General government	536,344	1,043,404	-	1,579,748
Public protection	-	-	93,712	93,712
Capital outlay	1,250,234	5,703,157	-	6,953,391
Total expenditures	<u>1,786,578</u>	<u>6,746,561</u>	<u>93,712</u>	<u>8,626,851</u>
Deficiency of revenues under expenditures	<u>(1,455,695)</u>	<u>(2,732,079)</u>	<u>(77,599)</u>	<u>(4,265,373)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	5,045,506	-	5,045,506
Transfers out	(16,612)	(929,032)	-	(945,644)
Sale of capital assets	-	139,705	-	139,705
Total other financing sources (uses)	<u>(16,612)</u>	<u>4,256,179</u>	<u>-</u>	<u>4,239,567</u>
Net change in fund balances	(1,472,307)	1,524,100	(77,599)	(25,806)
Fund balances - beginning	2,984,274	26,212,026	343,623	29,539,923
Fund balances - ending	<u>\$ 1,511,967</u>	<u>\$ 27,736,126</u>	<u>\$ 266,024</u>	<u>\$ 29,514,117</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 94,800	\$ 94,800	\$ 139,449	\$ 44,649
Intergovernmental	-	38,000	75,481	37,481
Miscellaneous	-	-	115,953	115,953
Total revenues	<u>94,800</u>	<u>132,800</u>	<u>330,883</u>	<u>198,083</u>
EXPENDITURES				
Current:				
General government				
Government Center Complex Project	342,785	781,970	536,344	245,626
Capital outlay:				
Construction in progress	-	16,755	-	16,755
Buildings and improvements	-	1,285,813	1,250,234	35,579
Total capital outlay	<u>-</u>	<u>1,302,568</u>	<u>1,250,234</u>	<u>52,334</u>
Total expenditures	<u>342,785</u>	<u>2,084,538</u>	<u>1,786,578</u>	<u>297,960</u>
Deficiency of revenues under expenditures	<u>(247,985)</u>	<u>(1,951,738)</u>	<u>(1,455,695)</u>	<u>496,043</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(16,612)</u>	<u>(16,612)</u>	<u>(16,612)</u>	<u>-</u>
Net change in fund balance	(264,597)	(1,968,350)	(1,472,307)	496,043
Fund balance - beginning	2,984,274	2,984,274	2,984,274	-
Fund balance - ending	<u>\$ 2,719,677</u>	<u>\$ 1,015,924</u>	<u>\$ 1,511,967</u>	<u>\$ 496,043</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,788,735	\$ 1,788,735	\$ 1,834,041	\$ 45,306
Revenue from use of money and property	368,000	368,000	1,381,150	1,013,150
Intergovernmental	3,992,845	4,215,660	680,045	(3,535,615)
Charges for services	37,000	37,000	1,662	(35,338)
Miscellaneous	-	60,000	117,584	57,584
Total revenues	<u>6,186,580</u>	<u>6,469,395</u>	<u>4,014,482</u>	<u>(2,454,913)</u>
EXPENDITURES				
Current:				
General government				
Capital Projects	<u>1,567,457</u>	<u>4,735,709</u>	<u>1,043,404</u>	<u>3,692,305</u>
Capital outlay:				
Land	2,536,000	2,623,100	1,408,926	1,214,174
Construction in progress	62,890,215	75,773,348	4,293,653	71,479,695
Buildings and improvements	1,300,000	1,300,000	578	1,299,422
Equipment	<u>236,500</u>	<u>236,500</u>	<u>-</u>	<u>236,500</u>
Total capital outlay	<u>66,962,715</u>	<u>79,932,948</u>	<u>5,703,157</u>	<u>74,229,791</u>
Total expenditures	<u>68,530,172</u>	<u>84,668,657</u>	<u>6,746,561</u>	<u>77,922,096</u>
Deficiency of revenues under expenditures	<u>(62,343,592)</u>	<u>(78,199,262)</u>	<u>(2,732,079)</u>	<u>75,467,183</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	47,502,448	47,502,448	-	(47,502,448)
Transfers in	3,712,875	6,049,030	5,045,506	(1,003,524)
Transfers out	(929,033)	(929,033)	(929,032)	1
Sale of capital assets	-	60,000	139,705	79,705
Total other financing sources (uses)	<u>50,286,290</u>	<u>52,682,445</u>	<u>4,256,179</u>	<u>(48,426,266)</u>
Net change in fund balance	(12,057,302)	(25,516,817)	1,524,100	27,040,917
Fund balance - beginning	26,212,026	26,212,026	26,212,026	-
Fund balance - ending	<u>\$ 14,154,724</u>	<u>\$ 695,209</u>	<u>\$ 27,736,126</u>	<u>\$ 27,040,917</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Juvenile Hall Project Capital Projects Fund
For the fiscal year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 16,113	\$ 16,113
EXPENDITURES				
Current:				
Public protection				
Juvenile Hall Project	52,910	98,910	93,712	5,198
Net change in fund balance	(52,910)	(98,910)	(77,599)	21,311
Fund balance - beginning	343,623	343,623	343,623	-
Fund balance - ending	<u>\$ 290,713</u>	<u>\$ 244,713</u>	<u>\$ 266,024</u>	<u>\$ 21,311</u>

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Nonmajor 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 landowners.

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.

Pension Debt Service Fund – This fund was established for the payment of debt used to prepay the County's Unfunded Actuarial Accrued Liability.

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2007

	<u>Rural North Vacaville Water District</u>	<u>1998 Certificates of Participation</u>	<u>1999 Certificates of Participation</u>
ASSETS			
Cash and investments	\$ 1,714,232	\$ 719,717	\$ 3,028,002
Due from other agencies	-	-	-
Due from other funds	590	-	-
Other assets	-	-	-
Total assets	<u>\$ 1,714,822</u>	<u>\$ 719,717</u>	<u>\$ 3,028,002</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other agencies	<u>\$ -</u>	<u>\$ 4,950</u>	<u>\$ 1,500</u>
Fund balances:			
Reserved:			
Long-term assets	-	-	-
Debt service	<u>1,714,822</u>	<u>714,767</u>	<u>3,026,502</u>
Total fund balances	<u>1,714,822</u>	<u>714,767</u>	<u>3,026,502</u>
Total liabilities and fund balances	<u>\$ 1,714,822</u>	<u>\$ 719,717</u>	<u>\$ 3,028,002</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2007

<u>2001 Refunding Certificates of Participation</u>	<u>Pension Debt Service Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
\$ 265	\$ 4,969,403	\$ 10,431,619
-	213	213
-	493,516	494,106
-	1,434,071	1,434,071
<u>\$ 265</u>	<u>\$ 6,897,203</u>	<u>\$ 12,360,009</u>
-	-	6,450
-	1,434,071	1,434,071
265	5,463,132	10,919,488
<u>265</u>	<u>6,897,203</u>	<u>12,353,559</u>
<u>\$ 265</u>	<u>\$ 6,897,203</u>	<u>\$ 12,360,009</u>

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities:

Due to other agencies

Fund balances:

Reserved:

Long-term assets
Debt service
Total fund balances

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, 2007

	Rural North Vacaville Water District	1998 Certificates of Participation	1999 Certificates of Participation
REVENUES			
Taxes	\$ 918,770	\$ -	\$ -
Revenue from use of money and property	97,724	35,030	137,728
Miscellaneous	-	-	-
Total revenues	<u>1,016,494</u>	<u>35,030</u>	<u>137,728</u>
EXPENDITURES			
Current:			
General government	14,963	6,963	17,249
Debt service:			
Principal	568,360	190,000	1,480,000
Interest and other charges	340,543	142,734	1,141,591
Total expenditures	<u>923,866</u>	<u>339,697</u>	<u>2,638,840</u>
Excess (deficiency) of revenues over (under) expenditures	<u>92,628</u>	<u>(304,667)</u>	<u>(2,501,112)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	220,734	2,605,284
Transfers out	-	-	(94,476)
Total other financing sources (uses)	<u>-</u>	<u>220,734</u>	<u>2,510,808</u>
Net change in fund balances	92,628	(83,933)	9,696
Fund balances - beginning	1,622,194	798,700	3,016,806
Fund balances - ending	<u>\$ 1,714,822</u>	<u>\$ 714,767</u>	<u>\$ 3,026,502</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, 2007

2001 Refunding Certificates of Participation	Pension Debt Service Fund	Total Nonmajor Debt Service Funds	
\$ -	\$ -	\$ 918,770	REVENUES
1,985	(376,207)	(103,740)	Taxes
-	1,833,745	1,833,745	Revenue from use of money and property
1,985	1,457,538	2,648,775	Miscellaneous
			Total revenues
			EXPENDITURES
			Current:
13,228	105,818	158,221	General government
			Debt service:
-	5,390,000	7,628,360	Principal
-	6,523,731	8,148,599	Interest and other charges
13,228	12,019,549	15,935,180	Total expenditures
			Excess (deficiency) of revenues over (under) expenditures
(11,243)	(10,562,011)	(13,286,405)	
			OTHER FINANCING SOURCES (USES)
-	12,490,768	15,316,786	Transfers in
(33,498)	-	(127,974)	Transfers out
(33,498)	12,490,768	15,188,812	Total other financing sources (uses)
			Net change in fund balances
(44,741)	1,928,757	1,902,407	Fund balances - beginning
45,006	4,968,446	10,451,152	Fund balances - ending
\$ 265	\$ 6,897,203	\$ 12,353,559	

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Government Center Debt Service Fund
For the fiscal year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 20,000	\$ 1,661,535	\$ 47,268	\$ (1,614,267)
Intergovernmental	100,000	100,000	117,500	17,500
Charges for services	1,614,628	1,614,628	1,618,161	3,533
Total revenues	<u>1,734,628</u>	<u>3,376,163</u>	<u>1,782,929</u>	<u>(1,593,234)</u>
EXPENDITURES				
Current:				
General government				
2002 Certificates of Participation	7,000	6,852	4,207	2,645
2007 Certificates of Participation	-	147	147	-
Total general government	<u>7,000</u>	<u>6,999</u>	<u>4,354</u>	<u>2,645</u>
Debt service:				
Principal	2,470,000	2,470,000	2,470,000	-
Interest and other charges	5,590,263	6,673,941	4,219,221	2,454,720
Bond issuance cost	-	1,658,566	1,650,505	8,061
Total debt service	<u>8,060,263</u>	<u>10,802,507</u>	<u>8,339,726</u>	<u>2,462,781</u>
Total expenditures	<u>8,067,263</u>	<u>10,809,506</u>	<u>8,344,080</u>	<u>2,465,426</u>
Deficiency of revenues under expenditures	<u>(6,332,635)</u>	<u>(7,433,343)</u>	<u>(6,561,151)</u>	<u>872,192</u>
OTHER FINANCING SOURCES (USES)				
Payment to refunded bond escrow agent	-	(96,215,000)	(100,769,924)	(4,554,924)
Proceeds from refunding bonds	-	99,860,000	99,860,000	-
Premium on debt	-	2,568,489	2,568,489	-
Transfers in	6,297,147	6,297,147	5,317,154	979,993
Total other financing sources (uses)	<u>6,297,147</u>	<u>12,510,636</u>	<u>6,975,719</u>	<u>(3,574,931)</u>
Net change in fund balance	<u>(35,488)</u>	<u>5,077,293</u>	<u>414,568</u>	<u>(4,662,725)</u>
Fund balance - beginning	77,776	77,776	77,776	-
Fund balance - ending	<u>\$ 42,288</u>	<u>\$ 5,155,069</u>	<u>\$ 492,344</u>	<u>\$ (4,662,725)</u>

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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 915,518	\$ 915,518	\$ 918,770	\$ 3,252
Revenue from use of money and property	52,000	52,000	97,724	45,724
Total revenues	<u>967,518</u>	<u>967,518</u>	<u>1,016,494</u>	<u>48,976</u>
EXPENDITURES				
Current:				
General government				
RNVWD Debt Service Fund	64,702	15,000	14,963	37
Debt service:				
Principal	568,318	568,318	568,360	(42)
Interest and other charges	340,548	340,548	340,543	5
Total debt service	<u>908,866</u>	<u>908,866</u>	<u>908,903</u>	<u>(37)</u>
Total expenditures	<u>973,568</u>	<u>923,866</u>	<u>923,866</u>	<u>-</u>
Net change in fund balance	(6,050)	43,652	92,628	48,976
Fund balance - beginning	1,622,194	1,622,194	1,622,194	-
Fund balance - ending	<u>\$ 1,616,144</u>	<u>\$ 1,665,846</u>	<u>\$ 1,714,822</u>	<u>\$ 48,976</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 25,000	\$ 32,000	\$ 35,030	\$ 3,030
EXPENDITURES				
Current:				
General government				
Courts Expansion	3,000	10,000	6,963	3,037
Debt service:				
Principal	190,000	190,000	190,000	-
Interest and other charges	142,734	142,734	142,734	-
Total debt service	332,734	332,734	332,734	-
Total expenditures	335,734	342,734	339,697	3,037
Deficiency of revenues under expenditures	(310,734)	(310,734)	(304,667)	6,067
OTHER FINANCING SOURCES				
Transfers in	220,734	220,734	220,734	-
Net change in fund balance	(90,000)	(90,000)	(83,933)	6,067
Fund balance - beginning	798,700	798,700	798,700	-
Fund balance - ending	<u>\$ 708,700</u>	<u>\$ 708,700</u>	<u>\$ 714,767</u>	<u>\$ 6,067</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 80,000	\$ 130,000	\$ 137,728	\$ 7,728
EXPENDITURES				
Current:				
General government				
HSS Admin Refinance	21,009	22,009	17,249	4,760
Debt service:				
Principal	1,480,000	1,480,000	1,480,000	-
Interest and other charges	1,140,592	1,141,592	1,141,591	1
Total debt service	2,620,592	2,621,592	2,621,591	1
Total expenditures	2,641,601	2,643,601	2,638,840	4,761
Deficiency of revenues under expenditures	(2,561,601)	(2,513,601)	(2,501,112)	12,489
OTHER FINANCING SOURCES (USES)				
Transfers in	2,608,765	2,608,765	2,605,284	(3,481)
Transfers out	(50,000)	(98,000)	(94,476)	3,524
Total other financing sources (uses)	2,558,765	2,510,765	2,510,808	43
Net change in fund balance	(2,836)	(2,836)	9,696	12,532
Fund balance - beginning	3,016,806	3,016,806	3,016,806	-
Fund balance - ending	<u>\$ 3,013,970</u>	<u>\$ 3,013,970</u>	<u>\$ 3,026,502</u>	<u>\$ 12,532</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, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 900	\$ 1,362	\$ 1,985	\$ 623
EXPENDITURES				
Current:				
2001 Refunding COP	9,706	13,228	13,228	-
Deficiency of revenues under expenditures	(8,806)	(11,866)	(11,243)	623
OTHER FINANCING SOURCES				
Transfers out	(36,596)	(33,536)	(33,498)	38
Net change in fund balance	(45,402)	(45,402)	(44,741)	661
Fund balance - beginning	45,006	45,006	45,006	-
Fund balance - ending	<u>\$ (396)</u>	<u>\$ (396)</u>	<u>\$ 265</u>	<u>\$ 661</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Pension Debt Service Fund
For the fiscal year ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 36,000	\$ 36,000	\$ (376,207)	\$ (412,207)
Miscellaneous	590,000	590,000	1,833,745	1,243,745
Total revenues	<u>626,000</u>	<u>626,000</u>	<u>1,457,538</u>	<u>831,538</u>
EXPENDITURES				
Current:				
General government				
2004 Pension Obligation Bonds	82,539	110,500	105,818	4,682
Debt service:				
Principal	6,914,653	6,886,692	5,390,000	1,496,692
Interest and other charges	6,567,343	6,567,343	6,523,731	43,612
Total debt service	<u>13,481,996</u>	<u>13,454,035</u>	<u>11,913,731</u>	<u>1,540,304</u>
Total expenditures	<u>13,564,535</u>	<u>13,564,535</u>	<u>12,019,549</u>	<u>1,544,986</u>
Deficiency of revenues under expenditures	<u>(12,938,535)</u>	<u>(12,938,535)</u>	<u>(10,562,011)</u>	<u>2,376,524</u>
OTHER FINANCING SOURCES				
Transfers in	12,894,997	12,894,997	12,490,768	(404,229)
Net change in fund balance	(43,538)	(43,538)	1,928,757	1,972,295
Fund balance - beginning	4,968,446	4,968,446	4,968,446	-
Fund balance - ending	<u>\$ 4,924,908</u>	<u>\$ 4,924,908</u>	<u>\$ 6,897,203</u>	<u>\$ 1,972,295</u>

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Internal Service Funds

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

Communications Fund – This fund is used to account for the communications solutions for 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, 2007

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
ASSETS				
Current assets				
Cash and investments	\$ 485,646	\$ 1,491,385	\$ 26,152,280	\$ 4,339,478
Accounts receivable	131,071	67,448	6,050	65,460
Due from other agencies	2,658	241	-	-
Due from other funds	53,179	25,010	179,869	21,159
Other assets	47,376	167,220	150,000	4,849
Total current assets	<u>719,930</u>	<u>1,751,304</u>	<u>26,488,199</u>	<u>4,430,946</u>
Noncurrent assets				
Capital assets:				
Construction in progress	-	-	-	-
Buildings and improvements	150,000	114,471	-	-
Equipment	1,193,100	10,489,807	-	5,881,570
Accumulated depreciation	(594,836)	(6,126,603)	-	(3,966,213)
Total capital assets	<u>748,264</u>	<u>4,477,675</u>	<u>-</u>	<u>1,915,357</u>
Total assets	<u>\$ 1,468,194</u>	<u>\$ 6,228,979</u>	<u>\$ 26,488,199</u>	<u>\$ 6,346,303</u>
LIABILITIES				
Current liabilities				
Outstanding warrants	\$ 461	\$ 79,721	\$ 16,333	\$ 11,460
Payables	254,900	102,510	303,850	1,729,361
Unearned revenue	-	-	-	-
Due to other funds	24,625	1,978	129,084	2,383,994
Due to other agencies	-	-	-	1,753
Current portion of long-term obligations	39,924	41,981	867,671	104,747
Total current liabilities	<u>319,910</u>	<u>226,190</u>	<u>1,316,938</u>	<u>4,231,315</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	44,971	154,506	9,194,378	106,045
Total liabilities	<u>364,881</u>	<u>380,696</u>	<u>10,511,316</u>	<u>4,337,360</u>
NET ASSETS				
Invested in capital assets, net of related debt	748,264	4,477,675	-	1,915,357
Unrestricted	355,049	1,370,608	15,976,883	93,586
Total net assets	<u>1,103,313</u>	<u>5,848,283</u>	<u>15,976,883</u>	<u>2,008,943</u>
Total liabilities and net assets	<u>\$ 1,468,194</u>	<u>\$ 6,228,979</u>	<u>\$ 26,488,199</u>	<u>\$ 6,346,303</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2007

Solano County Integrated Property System	Reprographics	Total Internal Service Funds	
			ASSETS
			Current assets
\$ 776,387	\$ 200,226	\$ 33,445,402	Cash and investments
196	15,551	285,776	Accounts receivable
-	-	2,899	Due from other agencies
6,135	2,629	287,981	Due from other funds
-	-	369,445	Other assets
<u>782,718</u>	<u>218,406</u>	<u>34,391,503</u>	Total current assets
			Noncurrent assets
			Capital assets:
648,948	-	648,948	Construction in progress
-	-	264,471	Buildings and improvements
265,247	193,886	18,023,610	Equipment
(238,598)	(149,357)	(11,075,607)	Accumulated depreciation
<u>675,597</u>	<u>44,529</u>	<u>7,861,422</u>	Total capital assets
<u>\$ 1,458,315</u>	<u>\$ 262,935</u>	<u>\$ 42,252,925</u>	Total assets
			LIABILITIES
			Current liabilities
\$ -	\$ 8,210	\$ 116,185	Outstanding warrants
177,015	19,045	2,586,681	Payables
485,384	-	485,384	Unearned revenue
1,571	434	2,541,686	Due to other funds
-	-	1,753	Due to other agencies
27,279	10,497	1,092,099	Current portion of long-term obligations
<u>691,249</u>	<u>38,186</u>	<u>6,823,788</u>	Total current liabilities
			Noncurrent liabilities
26,247	15,774	9,541,921	Noncurrent portion of long-term obligations
<u>717,496</u>	<u>53,960</u>	<u>16,365,709</u>	Total liabilities
			NET ASSETS
675,597	44,529	7,861,422	Invested in capital assets, net of related debt
65,222	164,446	18,025,794	Unrestricted
<u>740,819</u>	<u>208,975</u>	<u>25,887,216</u>	Total net assets
<u>\$ 1,458,315</u>	<u>\$ 262,935</u>	<u>\$ 42,252,925</u>	Total liabilities and net assets

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Fund Net Assets
Internal Service Funds
For the fiscal year ended June 30, 2007

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
OPERATING REVENUES				
Charges for sales and services:				
Internal services	\$ 2,319,447	\$ 4,172,300	\$ 15,535,824	\$ 13,276,906
OPERATING EXPENSES				
Personnel services	752,823	966,425	704,296	2,909,749
Maintenance	185,006	864,099	992	451,397
Materials and supplies	126,344	19,671	21,393	380,749
Depreciation	90,649	1,172,829	-	508,773
Insurance	13,357	19,960	7,633,748	37,350
Rent, utilities and others	1,209,482	1,217,389	1,504,879	9,875,451
Total operating expenses	<u>2,377,661</u>	<u>4,260,373</u>	<u>9,865,308</u>	<u>14,163,469</u>
Operating income (loss)	<u>(58,214)</u>	<u>(88,073)</u>	<u>5,670,516</u>	<u>(886,563)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	135,000	-	-	-
Investment earnings	11,763	58,699	1,145,432	177,095
Other revenue	150,933	126,567	245,284	21,839
Gain (loss) on sale of capital assets	-	34,062	-	(57,779)
Total nonoperating revenues	<u>297,696</u>	<u>219,328</u>	<u>1,390,716</u>	<u>141,155</u>
Income (loss) before transfers	<u>239,482</u>	<u>131,255</u>	<u>7,061,232</u>	<u>(745,408)</u>
Transfers in	-	255,215	-	31,910
Transfers out	(68,027)	(46,977)	(35,576)	(150,523)
Change in net assets	<u>171,455</u>	<u>339,493</u>	<u>7,025,656</u>	<u>(864,021)</u>
Total net assets - beginning	<u>931,858</u>	<u>5,508,790</u>	<u>8,951,227</u>	<u>2,872,964</u>
Total net assets - ending	<u>\$ 1,103,313</u>	<u>\$ 5,848,283</u>	<u>\$ 15,976,883</u>	<u>\$ 2,008,943</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, 2007

Solano County Integrated Property System	Reprographics	Total Internal Service Funds	
\$ 1,206,476	\$ 601,866	\$ 37,112,819	OPERATING REVENUES
			Charges for sales and services:
			Internal services
			OPERATING EXPENSES
697,306	255,380	6,285,979	Personnel services
32,018	14,183	1,547,695	Maintenance
10,296	113,386	671,839	Materials and supplies
6,222	8,571	1,787,044	Depreciation
2,932	4,472	7,711,819	Insurance
239,140	173,508	14,219,849	Rent, utilities and others
<u>987,914</u>	<u>569,500</u>	<u>32,224,225</u>	Total operating expenses
<u>218,562</u>	<u>32,366</u>	<u>4,888,594</u>	Operating income (loss)
			NONOPERATING REVENUES (EXPENSES)
-	-	135,000	Intergovernmental
29,198	8,175	1,430,362	Investment earnings
-	6	544,629	Other revenue
-	-	(23,717)	Gain (loss) on sale of capital assets
<u>29,198</u>	<u>8,181</u>	<u>2,086,274</u>	Total nonoperating revenues
247,760	40,547	6,974,868	Income (loss) before transfers
			Transfers in
-	-	287,125	Transfers out
(36,777)	(12,084)	(349,964)	Change in net assets
210,983	28,463	6,912,029	Total net assets - beginning
529,836	180,512	18,975,187	Total net assets - ending
<u>\$ 740,819</u>	<u>\$ 208,975</u>	<u>\$ 25,887,216</u>	

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2007

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Cash flows from operating activities:				
Receipts from customers and users	\$ 139,487	\$ 163,756	\$ 239,234	\$ 95,033
Receipts from interfund services provided	2,297,959	4,143,334	15,539,159	15,634,017
Payments to suppliers	(1,419,898)	(2,243,276)	(9,917,327)	(10,131,033)
Payments to employees	(793,174)	(945,286)	(702,467)	(2,890,595)
Payments for interfund services used	-	-	-	-
Net cash provided by operating activities	<u>224,374</u>	<u>1,118,528</u>	<u>5,158,599</u>	<u>2,707,422</u>
Cash flows from noncapital financing activities:				
Transfers in	-	255,215	-	31,910
Transfers out	(68,027)	(46,977)	(35,576)	(150,523)
Subsidy from federal/state grant	135,000	-	-	-
Net cash provided (used) by noncapital financing activities	<u>66,973</u>	<u>208,238</u>	<u>(35,576)</u>	<u>(118,613)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(150,000)	(1,661,219)	-	(1,545,997)
Proceeds from sale of capital assets	-	167,172	-	-
Net cash used by capital and related financing activities	<u>(150,000)</u>	<u>(1,494,047)</u>	<u>-</u>	<u>(1,545,997)</u>
Cash flows from investing activities:				
Investment income	11,763	58,699	1,145,432	177,095
Net increase (decrease) in cash and cash equivalents	153,110	(108,582)	6,268,455	1,219,907
Cash and cash equivalents - beginning	332,536	1,599,967	19,883,825	3,119,571
Cash and cash equivalents - ending	<u>\$ 485,646</u>	<u>\$ 1,491,385</u>	<u>\$ 26,152,280</u>	<u>\$ 4,339,478</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (58,214)	\$ (88,073)	\$ 5,670,516	\$ (886,563)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	90,649	1,172,829	-	508,773
Other nonoperating revenue	150,933	126,567	245,284	21,839
Changes in assets and liabilities:				
Increase in receivables, net	(11,007)	(12,800)	(6,050)	(65,460)
Increase in due from other funds	(43,045)	(25,010)	(12,412)	(21,089)
Decrease in due from other agencies	4,663	49,989	-	136,901
Decrease in other assets	-	19,597	-	-
Increase (decrease) in outstanding warrants	(16,256)	19,617	(50,912)	(855,206)
Increase (decrease) in payables	130,547	(161,371)	116,896	1,469,120
Increase (decrease) in due to other funds	21,557	(3,956)	15,747	2,378,200
Increase (decrease) in due to other agencies	(5,102)	-	-	1,753
Increase (decrease) in accrued compensated absences	(40,351)	21,139	1,829	19,154
Increase in unearned revenue	-	-	-	-
Decrease in self-insurance liability	-	-	(822,299)	-
Total adjustments	<u>282,588</u>	<u>1,206,601</u>	<u>(511,917)</u>	<u>3,593,985</u>
Net cash provided by operating activities	<u>\$ 224,374</u>	<u>\$ 1,118,528</u>	<u>\$ 5,158,599</u>	<u>\$ 2,707,422</u>
Noncash investing, capital, and financing activities				
Book value of disposed capital assets	\$ -	\$ 133,110	\$ -	\$ 57,779

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the fiscal year ended June 30, 2007

Solano County Integrated Property System	Reprographics	Total Internal Service Funds	
\$ 485,188	\$ -	\$ 1,122,698	Cash flows from operating activities:
1,200,595	599,134	39,414,198	Receipts from customers and users
(140,244)	(314,354)	(24,166,132)	Receipts from interfund services provided
(691,474)	(255,564)	(6,278,560)	Payments to suppliers
-	(3,349)	(3,349)	Payments to employees
854,065	25,867	10,088,855	Payments for interfund services used
			Net cash provided by operating activities
			Cash flows from noncapital financing activities:
-	-	287,125	Transfers in
(36,777)	(12,084)	(349,964)	Transfers out
-	-	135,000	Subsidy from federal/state grant
(36,777)	(12,084)	72,161	Net cash provided (used) by noncapital financing activities
			Cash flows from capital and related financing activities:
(671,376)	(5,047)	(4,033,639)	Acquisition of capital assets
-	-	167,172	Proceeds from sale of capital assets
(671,376)	(5,047)	(3,866,467)	Net cash used by capital and related financing activities
			Cash flows from investing activities:
29,198	8,175	1,430,362	Investment income
175,110	16,911	7,724,911	Net increase (decrease) in cash and cash equivalents
601,277	183,315	25,720,491	Cash and cash equivalents - beginning
\$ 776,387	\$ 200,226	\$ 33,445,402	Cash and cash equivalents - ending
			Reconciliation of operating income (loss) to net cash provided by operating activities:
\$ 218,562	\$ 32,366	\$ 4,888,594	Operating income (loss)
			Adjustments to reconcile operating income (loss) to net cash provided by operating activities:
6,222	8,571	1,787,044	Depreciation
-	6	544,629	Other nonoperating revenue
(196)	(3,355)	(98,868)	Changes in assets and liabilities:
(6,135)	(2,629)	(110,320)	Increase in receivables, net
-	-	191,553	Increase in due from other funds
-	-	19,597	Decrease in due from other agencies
(8,091)	7,387	(903,461)	Decrease in other assets
152,233	(16,192)	1,691,233	Increase (decrease) in outstanding warrants
254	(103)	2,411,699	Increase (decrease) in payables
-	-	(3,349)	Increase (decrease) in due to other funds
5,832	(184)	7,419	Increase (decrease) in due to other agencies
485,384	-	485,384	Increase (decrease) in accrued compensated absences
-	-	(822,299)	Increase in unearned revenue
635,503	(6,499)	5,200,261	Decrease in self-insurance liability
\$ 854,065	\$ 25,867	\$ 10,088,855	Total adjustments
			Net cash provided by operating activities
			Noncash investing, capital, and financing activities
\$ -	\$ -	\$ 190,889	Book value of disposed capital assets

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, 2007

PROPERTY TAX COLLECTION

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Assets				
Cash and investments	\$ -	\$ 547,892,880	\$ 547,892,880	\$ -
Property taxes receivable	42,792,633	577,118,877	569,641,586	50,269,924
Total assets	<u>\$ 42,792,633</u>	<u>\$ 1,125,011,757</u>	<u>\$ 1,117,534,466</u>	<u>\$ 50,269,924</u>
Liabilities				
Due to others	\$ 42,792,633	\$ 1,125,011,757	\$ 1,117,534,466	\$ 50,269,924

LOCAL TRANSPORTATION

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Assets				
Cash and investments	\$ 12,916,739	\$ 15,940,022	\$ 17,496,227	\$ 11,360,534
Liabilities				
Due to others	\$ 12,916,739	\$ 15,940,022	\$ 17,496,227	\$ 11,360,534

CHILD SUPPORT SERVICES

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Assets				
Cash and investments	\$ 704,824	\$ 417,884	\$ 998,175	\$ 124,533
Liabilities				
Due to others	\$ 704,824	\$ 417,884	\$ 998,175	\$ 124,533

ALL OTHER AGENCY FUNDS

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Assets				
Cash and investments	\$ 4,573,065	\$ 50,511,302	\$ 51,467,553	\$ 3,616,814
Liabilities				
Due to others	4,573,065	50,511,302	51,467,553	\$ 3,616,814

TOTAL - ALL AGENCY FUNDS

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
Assets				
Cash and investments	\$ 18,194,628	\$ 614,762,087	\$ 617,854,835	\$ 15,101,880
Property taxes receivable	42,792,633	577,118,878	569,641,586	50,269,925
Total assets	<u>\$ 60,987,261</u>	<u>\$ 1,191,880,965</u>	<u>\$ 1,187,496,421</u>	<u>\$ 65,371,805</u>
Liabilities				
Due to others	\$ 60,987,261	\$ 1,191,880,965	\$ 1,187,496,421	\$ 65,371,805

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STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.</i>	129
Revenue Capacity <i>These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.</i>	136
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.</i>	140
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.</i>	143
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.</i>	146

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

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COUNTY OF SOLANO, CALIFORNIA

Net Assets by Component

Last Seven Fiscal Years¹

(accrual basis of accounting)

	Fiscal Year						
	2007	2006	2005	2004	2003	2002	2001
Governmental activities							
Invested in capital assets, net of related debt	\$ 290,318,976	\$ 273,169,996	\$ 274,177,088	\$ 270,350,715	\$ 256,654,269	\$ 250,850,720	\$ 214,606,249
Restricted	70,229,693	67,227,824	40,996,161	70,579,011	119,862,509	14,166,890	47,267,051
Unrestricted	251,684,500	218,470,331	185,407,179	134,490,563	62,014,197	103,492,298	75,566,880
Total governmental activities net assets	\$ 612,233,169	\$ 558,868,151	\$ 500,580,428	\$ 475,420,289	\$ 438,530,975	\$ 368,509,908	\$ 337,440,180
Business-type activities							
Invested in capital assets, net of related debt	\$ 14,896,619	\$ 11,809,809	\$ 10,270,009	\$ 9,621,167	\$ 8,509,364	\$ 13,436,909	\$ 11,723,477
Restricted	-	-	-	-	1,300,000	-	-
Unrestricted	(1,441,992)	(2,847,845)	(1,013,848)	(530,539)	(24,291)	1,932,973	2,421,801
Total business-type activities net assets	\$ 13,454,627	\$ 8,961,964	\$ 9,256,161	\$ 9,090,628	\$ 9,785,073	\$ 15,369,882	\$ 14,145,278
Primary government							
Invested in capital assets, net of related debt	\$ 305,215,595	\$ 284,979,805	\$ 284,447,097	\$ 279,971,882	\$ 265,163,633	\$ 264,287,629	\$ 226,329,726
Restricted	70,229,693	67,227,824	40,996,161	70,579,011	121,162,509	14,166,890	47,267,051
Unrestricted	250,242,508	215,622,486	184,393,331	133,960,024	61,989,906	105,425,271	77,988,681
Total primary government net assets	\$ 625,687,796	\$ 567,830,115	\$ 509,836,589	\$ 484,510,917	\$ 448,316,048	\$ 383,879,790	\$ 351,585,458

¹ Accrual-basis financial information for the County government as a whole is available back to 2001 only, the year GASB Statement 34 was implemented.

Source: Audited Financial Statements

COUNTY OF SOLANO, CALIFORNIA
Changes in Net Assets
Last Seven Fiscal Years ¹
(accrual basis of accounting)

	Fiscal Year						
	2007	2006	2005	2004	2003	2002	2001
Expenses							
Governmental activities:							
General government	\$ 53,610,176	\$ 56,558,886	\$ 50,668,082	\$ 43,489,603	\$ 45,032,722	\$ 41,910,911	\$ 33,337,370
Public protection	152,135,516	145,029,057	143,497,198	132,128,495	125,585,195	119,673,935	108,973,071
Public ways and facilities	12,524,903	14,258,190	13,111,022	11,175,121	10,911,632	7,076,867	16,042,372
Health services	101,162,646	98,074,826	103,089,445	94,775,322	82,980,974	80,209,568	65,002,848
Public assistance	132,795,943	130,957,165	122,936,114	129,712,495	120,898,958	118,808,521	110,286,059
Education and recreation	21,241,168	19,140,185	15,887,886	14,212,564	12,663,165	11,945,358	10,770,670
Interest on long-term debt	12,781,989	12,848,298	12,548,175	8,233,665	6,176,532	4,994,361	5,712,387
Total governmental activities expenses	486,252,341	476,866,607	461,737,922	433,727,265	404,249,178	384,619,521	350,124,777
Business-type activities:							
Nut Tree Airport	1,639,976	1,592,100	1,362,902	1,262,109	1,180,824	1,048,905	918,442
Fouts Springs Youth Facility	3,398,461	3,301,242	3,948,500	4,389,289	4,531,095	4,400,648	3,860,998
Solano County Fair ²	-	-	-	-	-	5,182,459	4,340,785
Total primary government expenses	5,038,437	4,893,342	5,311,402	5,651,398	5,711,919	10,632,012	9,120,225
	\$ 491,290,778	\$ 481,759,949	\$ 467,049,324	\$ 439,378,663	\$ 409,961,097	\$ 395,251,533	\$ 359,245,002
Program Revenues							
Governmental activities:							
Charges for services:							
General government	\$ 31,241,019	\$ 32,187,356	\$ 37,600,101	\$ 31,920,886	\$ 26,329,308	\$ 30,602,850	\$ 30,308,913
Public protection	21,567,229	23,935,472	20,665,232	18,014,578	17,424,843	14,529,453	13,924,165
Public ways and facilities	1,595,475	2,059,559	1,818,144	1,776,921	1,699,829	1,739,598	1,638,198
Health services	12,367,246	14,788,760	14,952,284	12,834,358	12,156,224	14,063,712	6,799,765
Public assistance	736,622	813,877	792,650	714,228	711,058	310,747	1,136,448
Education and recreation	5,502,044	5,989,917	3,580,595	3,896,130	4,120,252	3,663,808	3,751,806
Operating grants and contributions	288,680,255	278,885,706	264,093,871	264,202,785	249,276,485	243,832,179	223,091,362
Capital grants and contributions	-	-	1,809,000	5,154,984	2,281,016	-	718,400
Total governmental activities program revenues	361,689,890	358,660,647	345,311,877	338,514,870	313,999,015	308,742,347	281,369,057
Business-type activities							
Charges for services:							
Nut Tree Airport	949,070	995,659	913,935	1,043,051	929,509	789,146	723,743
Fouts Springs Youth Facility	3,081,184	2,346,732	2,531,598	2,846,865	3,220,755	3,743,659	3,432,303
Solano County Fair ²	-	-	-	-	-	5,055,500	4,552,254
Operating grants and contributions	648,139	748,146	689,649	-	-	-	386,728
Capital grants and contributions	2,918,130	280,415	1,079,079	-	-	979,600	2,477,523
Total business-type activities	7,596,523	4,370,952	5,214,261	3,889,916	4,150,264	10,567,905	11,572,551
Total primary government program revenues	\$ 369,286,413	\$ 363,031,599	\$ 350,526,138	\$ 342,404,786	\$ 318,149,279	\$ 319,310,252	\$ 292,941,608
Net (Expenses)/Revenue							
Governmental activities	\$(124,562,451)	\$(118,205,960)	\$(116,426,045)	\$(95,212,395)	\$(90,250,163)	\$(75,877,174)	\$(68,755,720)
Business-type activities	2,558,086	(522,390)	(97,141)	(1,761,482)	(1,561,655)	(64,107)	2,452,326
Total primary government net expenses	\$(122,004,365)	\$(118,728,350)	\$(116,523,186)	\$(96,973,877)	\$(91,811,818)	\$(75,941,281)	\$(66,303,394)

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

	Fiscal Year				
	2007	2006	2005	2004	2003
General Fund					
Reserved	\$ 4,150,844	\$ 3,575,776	\$ 2,650,417	\$ 1,158,613	\$ 3,415,066
Unreserved	117,465,640	88,104,809	69,817,153	54,064,235	45,491,994
Total General Fund	<u>121,616,484</u>	<u>91,680,585</u>	<u>72,467,570</u>	<u>55,222,848</u>	<u>48,907,060</u>
All Other Governmental Funds					
Reserved	\$ 91,344,253	\$ 34,558,867	\$ 31,951,339	\$ 41,474,664	\$ 57,585,083
Unreserved, reported in:					
Special revenue funds	75,946,573	133,282,448	131,227,828	118,657,450	102,116,827
Capital projects funds	13,049,077	15,255,723	2,585,051	17,041,854	68,841,392
Total all other governmental funds	<u>180,339,903</u>	<u>183,097,038</u>	<u>165,764,218</u>	<u>177,173,968</u>	<u>228,543,302</u>
	<u>\$ 301,956,387</u>	<u>\$274,777,623</u>	<u>\$238,231,788</u>	<u>\$ 232,396,816</u>	<u>\$ 277,450,362</u>

Source: Audited Financial Statements

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

Fiscal Year					
2002	2001	2000	1999	1998	
					General Fund
\$ 1,541,441	\$ 597,750	\$ 737,116	\$ 329,467	\$ 297,268	Reserved
43,685,285	31,425,492	17,409,138	10,822,622	6,882,560	Unreserved
<u>45,226,726</u>	<u>32,023,242</u>	<u>18,146,254</u>	<u>11,152,089</u>	<u>7,179,828</u>	Total General Fund
					All Other Governmental Funds
\$ 22,895,362	\$ 52,690,983	\$40,868,193	\$ 28,506,382	\$ 9,338,500	Reserved
					Unreserved, reported in:
49,268,396	33,256,421	14,580,123	13,160,043	17,646,637	Special revenue funds
10,036,848	7,511,288	10,450,497	23,031,412	4,765,946	Capital projects funds
<u>82,200,606</u>	<u>93,458,692</u>	<u>65,898,813</u>	<u>64,697,837</u>	<u>31,751,083</u>	Total all other governmental funds
<u>\$ 127,427,332</u>	<u>\$ 125,481,934</u>	<u>\$84,045,067</u>	<u>\$ 75,849,926</u>	<u>\$38,930,911</u>	

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

	Fiscal Year				
	2007	2006	2005	2004	2003
Revenues					
Taxes ¹	\$ 132,730,738	\$ 126,709,867	\$ 78,793,277	\$ 66,961,051	\$ 59,246,973
Licenses, permits and franchises	6,758,843	7,260,201	5,658,034	5,094,159	4,998,512
Fines, forfeitures and penalties	5,870,027	7,389,580	6,038,097	4,220,235	4,729,387
Use of money and property	14,115,648	9,038,296	6,415,122	6,981,278	3,980,609
Intergovernmental ¹	299,974,644	289,299,129	315,166,573	308,978,705	277,130,397
Charges for services	75,908,930	79,239,520	77,819,413	69,730,559	59,721,371
Miscellaneous	15,709,000	10,364,009	11,532,508	10,377,470	7,693,931
Total revenues	551,067,830	529,300,602	501,423,024	472,343,457	417,501,180
Expenditures					
General government	49,616,574	58,726,098	55,536,885	49,188,749	40,861,290
Public protection	162,742,367	169,226,372	138,939,757	172,365,652	128,691,041
Public ways and facilities	9,664,948	11,838,586	9,706,357	10,112,629	8,152,377
Health services	103,618,977	106,548,470	103,458,326	111,715,224	84,249,844
Public assistance	135,117,611	142,105,049	123,248,736	150,785,051	121,296,428
Education and recreation	22,087,999	21,363,419	15,670,356	18,172,806	12,713,005
Debt service:					
Principal	11,080,862	16,689,194	8,043,797	8,394,452	7,193,245
Interest and other charges	12,405,119	12,321,580	10,561,243	8,069,620	5,157,325
Debt issuance cost	1,650,505	646,905	-	1,466,120	-
Advance refunding escrow	-	-	-	-	-
Capital outlay	16,423,879	13,068,467	30,852,017	86,478,021	42,466,841
Total expenditures	524,408,841	552,534,140	496,017,474	616,748,324	450,781,396
Excess of revenues over (under) expenditures	26,658,989	(23,233,538)	5,405,550	(144,404,867)	(33,280,216)
Other Financing Sources (Uses)					
Capital lease financing	-	-	56,736	-	-
Payment to refunded bond escrow agent	(100,769,924)	-	-	-	-
Proceeds of refunding bonds	99,860,000	-	-	-	-
Proceeds from sale of tobacco settlement revenues	-	17,397,252	-	-	55,088,473
Debt proceeds	-	42,385,000	-	96,665,000	123,862,438
Premium on debt	2,568,489	-	-	-	4,628,748
Transfers in	140,741,691	131,966,707	120,245,003	99,408,010	92,684,021
Transfers out	(142,086,480)	(132,032,827)	(120,065,726)	(99,674,693)	(93,047,766)
Sale of capital assets	205,999	63,241	193,409	2,953,004	87,332
Total other financing sources (uses)	519,775	59,779,373	429,422	99,351,321	183,303,246
Net change in fund balances	\$ 27,178,764	\$ 36,545,835	\$ 5,834,972	\$ (45,053,546)	\$ 150,023,030
Debt service as a percentage of noncapital expenditures	4.95%	5.50%	4.00%	3.38%	3.02%

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

Source: Audited Financial Statements

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

		Fiscal Year					
2002	2001	2000	1999	1998			
Revenues							
\$ 55,027,729	\$ 49,503,902	\$ 47,008,652	\$ 41,724,749	\$ 40,758,626	Taxes ¹		
4,425,099	3,705,314	3,316,382	3,151,701	3,073,006	Licenses, permits and franchises		
4,586,822	4,236,423	3,645,577	4,125,065	2,099,014	Fines, forfeitures and penalties		
8,707,718	14,298,160	7,535,374	6,186,024	5,535,132	Use of money and property		
273,809,145	259,590,608	224,698,307	212,724,221	201,189,378	Intergovernmental ¹		
53,404,452	50,374,834	46,073,991	46,340,313	45,330,179	Charges for services		
14,065,157	9,431,653	4,396,998	5,874,815	6,980,308	Miscellaneous		
<u>414,026,122</u>	<u>391,140,894</u>	<u>336,675,281</u>	<u>320,126,888</u>	<u>304,965,643</u>	Total revenues		
Expenditures							
39,392,941	34,412,532	31,057,335	31,276,622	26,589,969	General government		
117,626,458	104,858,511	95,158,216	88,968,414	94,133,021	Public protection		
5,883,609	12,107,010	9,815,424	12,240,113	9,728,337	Public ways and facilities		
77,897,875	64,297,492	58,778,916	52,830,271	49,894,073	Health services		
118,637,287	109,732,636	107,609,032	108,025,825	103,978,165	Public assistance		
11,728,628	10,746,213	10,118,268	9,622,427	7,333,739	Education and recreation		
Debt service:							
7,081,861	5,452,183	5,499,298	3,937,131	3,358,895	Principal		
4,930,092	5,712,387	4,271,782	3,879,600	2,701,895	Interest and other charges		
-	-	-	-	-	Debt issuance cost		
4,116,500	-	-	-	-	Advance refunding escrow		
<u>35,290,048</u>	<u>10,033,031</u>	<u>6,714,180</u>	<u>8,064,738</u>	<u>918,517</u>	Capital outlay		
<u>422,585,299</u>	<u>357,351,995</u>	<u>329,022,451</u>	<u>318,845,141</u>	<u>298,636,611</u>	Total expenditures		
(8,559,177)	33,788,899	7,652,830	1,281,747	6,329,032	Excess of revenues over (under) expenditures		
Other Financing Sources (Uses)							
-	-	307,653	63,712	-	Capital lease financing		
(19,090,934)	-	-	-	-	Payment to refunded bond escrow agent		
21,285,000	-	-	-	-	Proceeds of refunding bonds		
-	-	-	-	-	Proceeds from sale of tobacco settlement revenues		
10,507,356	-	-	39,581,288	-	Debt proceeds		
331,173	-	-	-	-	Premium on debt		
87,617,423	75,312,142	62,107,737	64,179,671	60,480,508	Transfers in		
(88,274,757)	(74,541,218)	(61,940,417)	(64,475,911)	(60,446,177)	Transfers out		
40,095	89,878	67,308	23,480	30,357	Sale of capital assets		
<u>12,415,356</u>	<u>860,802</u>	<u>542,281</u>	<u>39,372,240</u>	<u>64,688</u>	Total other financing sources (uses)		
<u>\$ 3,856,179</u>	<u>\$ 34,649,701</u>	<u>\$ 8,195,111</u>	<u>\$ 40,653,987</u>	<u>\$ 6,393,720</u>	Net change in fund balances		
4.16%	3.21%	3.03%	2.52%	2.04%	Debt service as a percentage of noncapital expenditures		

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

Fiscal Year	Real Property [^]				Personal Property	Exemptions	Total	Total Direct Tax Rate
	Residential Property	Commercial Property	Manufacturing Property	Other				
2007	\$ 34,906,817,027	\$ 4,141,589,706	\$ 4,555,284,699	\$ 2,147,909,474	\$ 1,940,449,367	\$ (2,003,357,049)	\$ 45,688,693,224	1.000000
2006	31,908,618,677	3,658,979,117	4,058,927,403	1,756,602,406	1,776,148,772	(1,614,923,088)	41,544,353,287	1.000000
2005	27,646,850,121	3,346,190,948	3,755,064,101	1,578,129,310	1,560,714,346	(1,500,576,703)	36,386,372,123	1.000000
2004	23,918,105,041	3,136,567,889	3,658,065,965	1,480,141,832	1,538,561,960	(1,451,287,952)	32,280,154,735	1.000000
2003	21,383,381,995	2,982,448,323	3,567,983,071	1,341,406,615	1,267,778,516	(1,189,231,896)	29,353,766,624	1.000000
2002	19,292,221,465	2,778,751,393	3,294,895,577	1,294,066,360	1,138,301,019	(1,237,780,608)	26,560,455,206	1.000000
2001	17,560,703,004	2,628,348,739	2,958,749,963	1,334,075,873	1,047,792,400	(1,189,645,915)	24,340,024,064	1.000000
2000	15,878,172,910	2,443,059,844	2,660,132,857	1,194,174,257	966,680,913	(1,122,110,110)	22,020,110,671	1.000000
1999	14,386,789,046	2,235,853,229	2,436,874,095	1,159,350,607	869,732,148	(1,120,439,365)	19,968,159,760	1.000000
1998	13,399,866,953	2,120,107,570	2,403,670,359	1,168,276,814	825,378,412	(953,820,971)	18,963,479,137	1.002323

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

Source: County of Solano - Assessor's Office

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

Fiscal Year	Countywide Tax	Local Special Districts	Schools	Cities	Total
2007	1.000000	1.676970	0.477510	0.051024	3.205504
2006	1.000000	1.670438	0.450651	0.051243	3.172332
2005	1.000000	1.669975	0.409660	0.055807	3.135442
2004	1.000000	1.674536	0.450608	0.061253	3.186397
2003	1.000000	1.668724	0.423867	0.065584	3.158175
2002	1.000000	1.664550	0.230886	0.067263	2.962699
2001	1.000000	1.580959	0.306871	0.073958	2.961788
2000	1.000000	1.582688	0.298638	0.077761	2.959087
1999	1.000000	1.592200	0.356061	0.083774	3.032035
1998	1.002323	1.526100	0.284365	0.093766	2.906554

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

COUNTY OF SOLANO, CALIFORNIA
Principal Property Tax Payers
June 30, 2007 and June 30, 1998

Taxpayer	Fiscal Year 2007			Fiscal Year 1998*		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Valero Refining Company - Calif	\$ 820,531,924	1	1.80%	\$ 597,115,156	1	3.15%
Genentech Inc	582,015,253	2	1.27%	-		-
Pacific Gas & Electric Company	364,728,097	3	0.80%	-		-
Anheuser-Busch, Inc.	332,166,171	4	0.73%	209,278,776	2	1.10%
Alza Corporation	160,841,541	5	0.35%	93,509,514	3	0.49%
California Northern Railroad	153,095,401	6	0.34%	-		-
High Winds LLC	126,914,536	7	0.28%	-		-
Pacific Bell	126,423,511	8	0.28%	-		-
Shiloh I Wind Project LLC	124,504,101	9	0.27%	-		-
Western Pacific Housing Inc.	106,049,010	10	0.23%	-		-
Kaiser Foundation Hospital	-		-	80,608,637	4	0.43%
CPG Finance II LLC	-		-	80,334,398	5	0.42%
Ball Metal Beverage Cont Corp	-		-	54,254,895	6	0.29%
Chiron Corporation	-		-	51,098,012	7	0.27%
Totals	\$ 2,897,269,545		6.35%	\$ 1,166,199,388		6.15%

*Data for largest tax payers is limited only to seven.

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

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2007	\$ 477,498,909	\$ 449,992,917	94.24%	\$ -	\$ 449,992,917	94.24%
2006	429,891,175	413,880,171	96.28%	9,023,472	\$ 422,903,643	98.37%
2005	377,639,034	368,064,913	97.46%	3,515,926	371,580,839	98.40%
2004	338,754,419	332,042,337	98.02%	6,168,687	338,211,024	99.84%
2003	304,563,538	295,257,014	96.94%	9,042,761	304,299,775	99.91%
2002	253,305,116	248,780,029	98.21%	4,424,609	253,204,638	99.96%
2001	233,021,257	229,022,341	98.28%	3,963,152	232,985,493	99.98%
2000	214,752,491	211,270,305	98.38%	3,467,651	214,737,956	99.99%
1999	205,054,382	201,112,484	98.08%	3,934,416	205,046,900	100.00%
1998	195,920,241	191,364,527	97.67%	4,552,830	195,917,357	100.00%

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

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

	Fiscal Year				
	2007	2006	2005	2004	2003
General Government					
Notes payable	\$ 11,864,718	\$ 13,356,468	\$ 14,897,413	\$ 16,637,923	\$ 18,022,764
Capital leases	28,968	88,080	191,329	377,880	937,955
Certificates of participation	142,576,213	146,692,575	155,954,388	162,086,201	168,748,015
Pension obligation bonds	127,805,000	133,195,000	96,665,000	96,665,000	-
Revenue bonds	-	-	-	-	-
General obligation bonds	-	-	-	-	-
Term note	-	-	-	-	-
Special assessment debt	-	-	-	-	-
Business-Type Activities					
Notes payable	200,965	247,631	318,517	1,420,051	1,608,192
Capital leases	-	-	5,106	12,394	30,088
Total primary government	<u>\$ 282,475,864</u>	<u>\$ 293,579,754</u>	<u>\$ 268,031,753</u>	<u>\$ 277,199,449</u>	<u>\$ 189,347,014</u>
Percentage of Personal Income ¹	1.82%	2.01%	1.95%	2.12%	1.53%
Percentage of Actual Value of Taxable Property ²	0.62%	0.71%	0.74%	0.86%	0.65%
Per Capita ¹	\$ 664.93	\$ 694.29	\$ 635.66	\$ 664.04	\$ 457.70

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

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

Source: Audited Financial Statements

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

		Fiscal Year					
2002	2001	2000	1999	1998			
						General Government	
\$ 15,222,425	\$ 7,034,007	\$ 8,838,423	\$ 4,504,241	\$ 6,130,000		Notes payable	
681,824	537,871	806,743	6,722,495	6,765,135		Capital leases	
51,921,079	59,765,000	72,065,000	76,630,000	40,105,000		Certificates of participation	
-	-	-	-	-		Pension obligation bonds	
-	170,000	330,000	480,000	620,000		Revenue bonds	
-	-	-	-	-		General obligation bonds	
-	-	-	102,159	138,526		Term note	
-	-	-	30,000	60,000		Special assessment debt	
						Business-Type Activities	
437,665	560,012	675,234	783,331	821,512		Notes payable	
36,877	35,657	-	-	-		Capital leases	
<u>\$ 68,299,870</u>	<u>\$ 68,102,547</u>	<u>\$ 82,715,400</u>	<u>\$ 89,252,226</u>	<u>\$ 54,640,173</u>		Total primary government	
0.57%	0.59%	0.76%	0.91%	0.60%		Percentage of Personal Income ¹	
0.26%	0.28%	0.38%	0.45%	0.29%		Percentage of Actual Value of Taxable Property ²	
\$ 166.97	\$ 169.53	\$ 211.17	\$ 232.43	\$ 145.01		Per Capita ¹	

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

Fiscal Year	(1) Assessed Value of Property	(2) Debt Limit, 5% of Assessed Value	(3) Debt Applicable to the Limit	(4) Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2006-07	\$ 45,688,693,224	\$ 2,284,434,661	\$ -	\$ 2,284,434,661	0.00%
2005-06	41,544,353,287	2,077,217,664	-	2,077,217,664	0.00%
2004-05	36,386,372,123	1,819,318,606	-	1,819,318,606	0.00%
2003-04	32,280,154,735	1,614,007,737	-	1,614,007,737	0.00%
2002-03	29,353,766,624	1,467,688,331	-	1,467,688,331	0.00%
2001-02	26,560,455,206	1,328,022,760	5,100	1,328,017,660	0.00%
2000-01	24,340,024,064	1,217,001,203	185,000	1,216,816,203	0.02%
1999-00	22,020,110,671	1,101,005,534	354,300	1,100,651,234	0.03%
1998-99	19,968,159,760	998,407,988	513,000	997,894,988	0.05%
1997-98	18,963,479,137	948,173,957	676,785	947,497,172	0.07%

Notes:

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

Source: Audited Financial Statements

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

<u>Year</u> ¹	<u>Population</u> ²	<u>Personal Income</u> ³	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u> ⁵
2007	424,823	\$ 15,502,305,000 ⁴	\$ 36,491	5.1% ⁶
2006	422,848	14,604,493,000 ⁴	34,538	5.1%
2005	421,657	13,758,678,000	32,630	5.4%
2004	417,447	13,048,305,000	31,257	5.9%
2003	413,694	12,411,414,000	30,001	6.4%
2002	409,060	12,028,734,000	29,406	5.9%
2001	401,720	11,622,966,000	28,933	4.6%
2000	391,700	10,953,322,000	27,964	4.5%
1999	384,000	9,824,035,000	25,583	4.6%
1998	376,800	9,162,655,000	24,317	5.6%

Detail of estimated population, as of January 1, 2007:

Incorporated Cities	
Benicia	27,916
Dixon	17,644
Fairfield	105,421
Rio Vista	7,823
Suisun City	27,980
Vacaville	96,489
Vallejo	121,425
Total of Incorporated	404,698
Total of Unincorporated Areas	20,125
Total Population	424,823

Notes:

¹ Calendar year

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

³ Obtained from US Department of Commerce - Bureau of Economic Analysis

⁴ Estimated amounts

⁵ Obtained from State of California Employment Development Department

⁶ For June 2007

COUNTY OF SOLANO, CALIFORNIA
Principal Employers
June 30, 2007 and June 30, 2000¹

Employer	2007			2000		
	Employees	Rank	Percentage of Total County Employment²	Employees	Rank	Percentage of Total County Employment²
Kaiser Permanente	3,385	1	1.66%	3,120	1	1.88%
NorthBay Medical Center	1,480	2	0.72%	1,200	2	0.72%
Six Flags Marine World	1,200	3	0.59%	1,200	3	0.72%
Alza Corporation	1,000	4	0.49%	625	5	0.38%
Wal-Mart	773	5	0.38%			
Genentech Inc.	750	6	0.37%			
Sutter Solano Medical Center	674	7	0.33%	542	6	0.33%
City of Fairfield	647	8	0.32%			
City of Vacaville	613	9	0.30%			
City of Vallejo	574	10	0.28%			
Westamerica Bancorporation				500	7	0.30%
Anheuser-Busch Brewery				489	9	0.29%
Albertson's Distribution Center				640	4	0.39%
Providian Financial				500	8	0.30%
Exxon Company USA				400	10	0.24%
Totals	11,096		5.44%	9,216		5.55%

¹ Information unavailable prior to FY2000

² Total County employment figure obtained from State of California Employment Development Department

Sources: County of Solano, City of Fairfield, City of Vacaville, City of Vallejo Budgets

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

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Function/Program					
General government	272.00	263.00	250.00	245.00	247.00
Public protection	1,194.00	1,191.50	1,180.50	1,241.50	1,279.50
Public ways and facilities	74.50	73.00	73.00	74.00	74.00
Health services	532.63	483.05	498.08	491.16	511.66
Public assistance	720.50	738.60	718.00	750.50	786.55
Education and recreation	149.73	140.23	137.23	131.13	130.13
Nut Tree Airport	4.00	3.00	3.00	3.00	3.00
Fouts Springs Youth Facility	29.00	30.00	41.00	55.50	55.50
Internal service	82.50	73.50	72.50	71.50	73.50
Total	<u>3,058.86</u>	<u>2,995.88</u>	<u>2,973.31</u>	<u>3,063.29</u>	<u>3,160.84</u>

Source: County of Solano Proposed Budget

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

2002	2001	2000	1999	1998	
					Function/Program
236.00	223.00	218.60	211.60	201.75	General government
1,235.50	1,447.25	1,412.85	1,357.10	1,297.60	Public protection
73.00	73.00	78.00	80.00	77.00	Public ways and facilities
498.66	475.51	474.69	450.74	419.40	Health services
767.30	753.80	729.20	674.60	631.10	Public assistance
130.63	125.63	119.75	115.50	86.75	Education and recreation
3.00	3.00	3.75	3.00	3.00	Nut Tree Airport
54.00	46.00	46.00	42.50	41.50	Fouts Springs Youth Facility
53.50	49.50	47.00	48.00	40.00	Internal service
3,051.59	3,196.69	3,129.84	2,983.04	2,798.10	Total

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

Function/Program	2007	2006	2005	2004	2003
General government					
Clerk-Recorder-Assessor - documents recorded	172,494	213,267	227,032	240,195	231,751
Public protection					
# Number of felony cases filed-District Attorney	4,198	3,804	4,122	3,795	3,661
# Number of misdemeanor cases filed-District Attorney	9,404	7,680	8,085	9,819	9,853
# Number of juvenile petitions-District Attorney	1,964	1,516	1,470	1,367	1,273
Number of Bookings-Sheriff	25,415	17,780	17,901	17,939	19,174
Average Daily Population-Juvenile Hall	89	58	78	78	71
Average Intake-Juvenile Hall	180	111	175	153	130
# Number of building permits issued	990	829	923	890	940
Public ways and facilities					
Miles of roads maintained	587	589	595	595	600
Health services & public assistance					
Average monthly medical clinic visits	2,708	2,308	2,547	2,561	2,565
Average monthly dental clinic visits	354	344	368	344	403
Average monthly food stamp recipients	20,599	18,271	16,096	13,878	12,202
Average monthly MediCal enrollment	19,026	19,041	18,191	15,772	14,616
Average monthly CalWorks cash assistance recipients	12,486	10,792	11,118	10,330	9,623
Average monthly General Relief recipients	685	651	456	371	306
Education and recreation					
Total circulation	2,951,709	2,686,203	2,753,787	2,646,019	2,418,093
Total circulation - SNAPweb	478,578	448,410	409,897	355,256	287,369
Number of library patrons	1,928,345	1,497,667	1,549,998	1,529,006	1,435,064
Number of parks	4	3	3	3	3
Number of park visitors	261,351	166,735	179,371	171,144	172,143
Nut Tree Airport					
Takeoffs and landings	105,000	101,500	n/a	n/a	n/a
Fouts Springs Youth Facility					
Average Daily Population	56	49	65	81	102
Internal service					
Number of Fleet Vehicles	502	507	500	498	462
Number of Annual Fleet Miles Driven	4,947,911	4,529,923	4,519,141	4,579,844	4,443,087

⁺ 10 year data not readily available

^{n/a} Information not available

[#] Information based on calendar year

Source: Various County departments

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

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

⁺ 10 Year data not readily available

^{n/a} Information not available

Source: Various County departments

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