

**County of Solano, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2008**



*Sunflower Field
Dixon CA*



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

County of Solano, California



Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2008

Prepared by:

Office of the Auditor-Controller

Simona Padilla-Scholtens, CPA
Auditor-Controller



INTRODUCTORY SECTION

County of Solano, California
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2008

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SIMONA PADILLA-SCHOLTENS, CPA
AUDITOR-CONTROLLER



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December 20, 2008

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

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, 2008. In accordance with Sections 25250 and 25253 of the Government Code of the State of California, general-purpose local governments must publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants.

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

The County's financial statements have been audited by Macias Gini & O'Connell LLP, a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2008, 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, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

Profile of the Government

General Information

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

The County limits residential and commercial development outside of cities, thus preserving almost 85% of the land for open space and agricultural uses. Agriculture and military installations have historically been strong contributors to the County's economy. 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 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 (Unincorporated County Only)

Factors Affecting Financial Condition

Budgetary Information

The annual budget serves as the foundation for the County's financial planning and control. All agencies under the control of the Board of Supervisors are required to submit budget requests to the County Administrator for review. The County Administrator 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 Board generally holds its public hearing on the proposed budget and adopts a final budget before June 30 of each year.

The budget is prepared by fund, function (e.g. public safety), and department (e.g., Sheriff). Transfers of appropriations between divisions, bureaus and sections within a department, provided the total appropriation of the budget is not changed, may be authorized by the County Administrator. Transfers of appropriations between departments within a fund, however, require a majority vote of the Board. Transfers of appropriations between funds require a four-fifths vote of the Board of Supervisors. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an annual budget was adopted. These schedules, which are part of the required supplementary information section of this report, start on page 74.

Population and Local Economy

The County's population as of January 2008 was approximately 426,757, an increase of approximately 0.5% over last year's estimate and 8.2% over the 2000 census. The County's population ranks 21st out of 58 California counties in terms of population 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 has increased 9.5% since 1999, an average of 1% annually. The two largest cities within the county are Vallejo and Fairfield with populations of 121,097 and 106,753, respectively. The fastest growing Solano County city over the last ten years is Rio Vista with 85.8% growth, followed by Dixon with 16.4%. In contrast, Benicia's population has decreased by 2.4% since 1999.

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

Long-term Financial Planning

On February 13, 2007, the Board adopted a policy to maintain General Fund Reserves (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 (4) spending of the reserves should not exceed \$6 million a year. The General Fund contingency is used to mitigate the impact of potential risks to the General Fund from funding problems that may occur during the fiscal year.

In addition, on December 11, 2007, the Board approved the Pre-Funding of the County's Other Post Employment Benefits (OPEB) Annual Required Contribution to be effective for Fiscal Year 2007-2008. The OPEB liability includes retiree healthcare benefits for County employees and eligible retirees.

The County is in the pre-construction and construction stages of the South County Government Center Project which includes the construction of a 58,000 square foot, three-story Health & Social Services (H&SS) office building and clinic, and the renovation of the existing 68,000 square foot 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), as well as provide for future growth to serve the needs of South County residents. The project also includes off-site parking improvements to expand available parking to support the project.

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 that will house the Public Health Laboratory, the first phase of a Forensic Laboratory, an H&SS clinic and associated site improvements including parking, landscaping and hardscaping. The construction of the new Public Health Facility will meet the standards associated with the Federally Qualified Health Center (FQHC) requirements. This project will provide laboratory testing for public health, clinical and forensic needs. In addition, this will meet the County's immediate needs as well as the long-term projected growth in services to the public, since the site has been master-planned to support an additional 30,000 square foot building to be constructed in the future.

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

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.

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 flow requirements of the pool participants, invest the funds in a safe, legal and prudent manner and achieve a money market rate of return. To achieve this objective the Treasurer-Tax Collector-County Clerk 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, U.S. federal agency notes, and municipal notes. The maturities of the investments range from one day to five years, with an average maturity of 9 months. Interest rates on investments were between 1.000% and 6.875% for the government. Investment earnings include appreciation in the fair value of its investments.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Solano for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2007. This is the sixth 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 comprehensive report would not have been possible without the efficient and dedicated services of the entire staff in the Auditor-Controller's Office. I want to express my appreciation to staff for their outstanding support in the preparation of this report. I would like to specifically acknowledge Phyllis Taynton, 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, 2007

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.



Oliver S. Cox

President

Jeffrey R. Emer

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-Scholtens



District Attorney
David W. Paulson



Ag. Comm./Sealer
Jim Allan



General Services
Spencer C. Bole



Human Resources
Donald Turko



Assessor-Recorder
Marc Tonnesen



Sheriff/Coroner
Gary Stanton



H&SS
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

.....Personnel/Budgetary Controls Only



SOLANO COUNTY DEPARTMENT HEAD LISTING

Ag Commissioner/Sealer of Weights & Measures	Jim Allan	784-1310
Assessor/Recorder	Marc C. Tonnesen	784-6200
Auditor-Controller	Simona Padilla-Scholtens	784-6280
Chief Information Officer/Registrar of Voters	Ira Rosenthal	784-2703
Cooperative Extension	Carole Paterson	784-1317
County Administrator	Michael D. Johnson	784-6100
County Counsel	Dennis Bunting	784-6140
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	Spencer C. Bole	784-7900
Health & Social Services	Patrick Duterte	784-8400
Human Resources/Risk Management	Donald W. Turko	784-6170
Library	Ann Cousineau	784-6510
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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FINANCIAL SECTION



MACIAS GINI & O'CONNELL LLP
Certified Public Accountants & Management Consultants

SACRAMENTO
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Sacramento, CA 95816
916.928.4600

WALNUT CREEK

OAKLAND

LOS ANGELES

NEWPORT BEACH

SAN MARCOS

SAN DIEGO

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

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the County of Solano, California (County), as of and for the fiscal year ended June 30, 2008, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the basic financial statements of the Solano County Fair component unit, which statements reflect total assets and revenues constituting 1 percent and 5 percent, respectively, of the related totals for the aggregate discretely presented component units and remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for that entity, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate discretely presented component units and remaining fund information of the County of Solano, California, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note I to the financial statements, effective July 1, 2007, the County implemented Governmental Accounting Standards Board (GASB) Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* and No. 50, *Pension Disclosures*.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2008 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.

Macinn Meiri & O'Connell LLP

Certified Public Accountants

Sacramento, California
December 19, 2008

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, 2008. 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, 2008 by \$651,422,013 (net assets). Of this amount, \$251,958,009 (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 \$25,734,217 as a result of the current year's operations.
- At June 30, 2008, the County's governmental funds reported combined ending fund balances of \$309,667,493, an increase of \$7,711,106, as a result of the current year's operations. Approximately 79% of this total amount, or \$243,571,963, is available for spending at the County's discretion (unreserved fund balance) and 21% of this amount, or \$66,095,530, is reserved.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$46,821,807 or 65% 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. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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

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

The government-wide financial statements can be found on pages 25 – 27 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 20 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 and Tobacco Settlement Special

Revenue 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 28-32 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 33 – 35 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 36 – 37 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 39 – 71 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 73 – 78 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 79 – 121 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 \$651,422,013 at June 30, 2008.

Solano County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Current and other assets	\$ 563,610,272	\$ 548,430,282	\$ (4,737,802)	\$ (587,972)	\$ 558,872,470	\$ 547,842,310
Capital assets	438,515,549	437,072,443	20,940,385	15,097,584	459,455,934	452,170,027
Total assets	<u>\$ 1,002,125,821</u>	<u>\$ 985,502,725</u>	<u>\$ 16,202,583</u>	<u>\$ 14,509,612</u>	<u>\$ 1,018,328,404</u>	<u>\$ 1,000,012,337</u>
Long-term obligations	\$ 296,073,399	\$ 310,721,490	\$ 574,402	\$ 444,052	\$ 296,647,801	\$ 311,165,542
Other liabilities	69,850,903	62,548,066	407,687	610,933	70,258,590	63,158,999
Total liabilities	<u>365,924,302</u>	<u>373,269,556</u>	<u>982,089</u>	<u>1,054,985</u>	<u>366,906,391</u>	<u>374,324,541</u>
Net assets:						
Invested in capital assets, net of related debt	306,156,899	290,318,976	20,790,532	14,896,619	326,947,431	305,215,595
Restricted net assets	72,516,573	70,229,693	-	-	72,516,573	70,229,693
Unrestricted net assets	257,528,047	251,684,500	(5,570,038)	(1,441,992)	251,958,009	250,242,508
Total net assets	<u>636,201,519</u>	<u>612,233,169</u>	<u>15,220,494</u>	<u>13,454,627</u>	<u>651,422,013</u>	<u>625,687,796</u>
Total liabilities and net assets	<u>\$ 1,002,125,821</u>	<u>\$ 985,502,725</u>	<u>\$ 16,202,583</u>	<u>\$ 14,509,612</u>	<u>\$ 1,018,328,404</u>	<u>\$ 1,000,012,337</u>

By far the largest portion of the County's net assets (50%) 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 (39%) 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 its governmental activities, as well as for the County as a whole.

Analysis of Change in Net Assets

At fiscal year end, the County reported a 4.1% increase in total net assets. The increase is primarily due to an increase of \$21,731,835 or 7.1% in invested in capital assets, net of related debt. This increase represents the capital acquisitions and deletions, less current year depreciation, and the retirement of capital-related long-term debt. Restricted net assets increased by \$2,286,880 or 3.3% as a result of an increase in restricted assets for Library Services and Transportation as revenues exceeded expenses. Unrestricted net assets increased \$1,715,502 or less than 1%.

Governmental activities. Governmental activities increased the County's net assets by \$23,968,346 thereby accounting for 93% of the total growth in the net assets of the County. This increase was primarily due to the degree to which increases in ongoing revenues have outpaced similar increases in ongoing expenses.

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

**Solano County's Change in Net Assets
For the fiscal year ended June 30, 2008**

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 72,743,095	\$ 73,009,635	\$ 4,325,972	\$ 4,030,254	\$ 77,069,067	\$ 77,039,889
Operating grants and contributions	295,815,325	288,680,255	540,360	648,139	296,355,685	289,328,394
Capital grants and contributions	-	-	2,296,465	2,918,130	2,296,465	2,918,130
General revenues:						
Property taxes	129,866,189	121,438,731	287,733	270,370	130,153,922	121,709,101
Other taxes	4,046,875	5,528,726	-	-	4,046,875	5,528,726
Tobacco settlement proceeds	-	-	-	-	-	-
Intergovernmental	22,701,977	20,122,940	54,251	47,008	22,756,228	20,169,948
Interest and investment earnings	13,477,706	14,671,265	22,835	27,837	13,500,541	14,699,102
Other	14,487,535	17,339,503	119,989	181,734	14,607,524	17,521,237
Gain on sale of capital assets	-	233,932	-	-	-	233,932
Total Revenues	553,138,702	541,024,987	7,647,605	8,123,472	560,786,307	549,148,459
Expenses:						
General government	66,076,091	53,610,176	-	-	66,076,091	53,610,176
Public protection	167,025,179	152,135,516	-	-	167,025,179	152,135,516
Public ways and facilities	13,749,283	12,524,903	-	-	13,749,283	12,524,903
Health services	106,905,228	101,162,646	-	-	106,905,228	101,162,646
Public assistance	140,654,444	132,795,943	-	-	140,654,444	132,795,943
Education and recreation	21,958,611	21,241,168	-	-	21,958,611	21,241,168
Interest on long-term debt	13,010,423	12,781,989	-	-	13,010,423	12,781,989
Nut Tree Airport	-	-	2,022,955	1,639,976	2,022,955	1,639,976
Fouts Springs Youth Facility	-	-	3,649,876	3,398,461	3,649,876	3,398,461
Total Expenses	529,379,259	486,252,341	5,672,831	5,038,437	535,052,090	491,290,778
Excess before transfers	23,759,443	54,772,646	1,974,774	3,085,035	25,734,217	57,857,681
Transfers	208,907	(1,407,628)	(208,907)	1,407,628	-	-
Change in net assets	23,968,350	53,365,018	1,765,867	4,492,663	25,734,217	57,857,681
Net assets – beginning	612,233,169	558,868,151	13,454,627	8,961,964	625,687,796	567,830,115
Net assets – ending	\$ 636,201,519	\$ 612,233,169	\$ 15,220,494	\$ 13,454,627	\$ 651,422,013	\$ 625,687,796

Revenues: Total revenues for the County's governmental activities increased by 2.24% over the prior year. Several factors contributed to the increase:

- Operating grants and contributions serve multiple programs representing 53% of the County's funding for governmental activities. The funding is directly related to various mandated services to the public. These revenues increased by 2.47% over the prior year primarily due to state and federal grants for a) the Health & Social Services Department resulting from an increase in caseload for various health services and public assistance programs; and b) the Transportation Fund for the construction and repair of various roads and bridges and Proposition 1B grant funds received in FY07/08 (Highway Safety, Traffic Reduction, Air Quality, and Port Security Act).
- General revenues increased by 2.92% primarily from the increase in property taxes due to growth in assessed values of real property and intergovernmental revenues from higher redevelopment pass-through revenue.

Expenses: Total expenses for governmental activities increased by 8.87% from prior year. Total salaries and benefits expense increased across all functions by approximately \$9.5 million or 3.3% primarily due to salary adjustments, cost of living adjustments (COLA) and additional staffing. Total expenses in services and supplies increased by approximately \$14 million or

14.67% primarily from various maintenance projects, data processing charges, contractual and professional services charges. Other charges increased by approximately \$9.56 million or 7.74% primarily from expenses related to the support and care of persons and contracted direct program costs resulting from increased caseload in health services and public assistance.

Business-type activities. Business-type activities increased the County's net assets by \$1,765,867 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) for the Nut Tree Airport to finance the construction of the parking apron and access road.

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, 2008, the County's governmental funds reported combined ending fund balances of \$309,667,493, an increase of \$7,711,106 from prior year. Of the \$309,667,493, 79% (or \$243,571,963) constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate it is not available for spending because it has been committed: a) to reflect long-term assets that do not represent available spendable resources (\$11,783,681); b) for health programs (\$2,669,083); c) to pay debt service (\$17,023,929); d) to liquidate contracts and purchase orders of the prior period (\$34,547,518); and e) for imprest cash (\$71,319).

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 \$46,821,807, while total fund balance reached \$120,645,670. 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 65% of the total General Fund expenditures while total fund balance represents 168% of that same amount.

For fiscal year ended June 30, 2008, the total revenues for governmental functions totaled \$565,494,610. This represents a 2.62% increase from FY 06/07.

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	2008		2007		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 138,987,233	24.58%	\$ 132,730,738	24.09%	\$ 6,256,495	4.71%
Licenses, permits and franchises	6,180,001	1.09%	6,758,843	1.23%	(578,842)	(8.56)%
Fines, forfeitures and penalties	5,458,554	0.97%	5,870,027	1.07%	(411,473)	(7.01)%
Use of money and property	13,022,335	2.30%	14,115,648	2.56%	(1,093,313)	(7.75)%
Intergovernmental	312,049,066	55.18%	299,974,644	54.43%	12,074,422	4.03%
Charges for services	77,340,255	13.68%	75,908,930	13.77%	1,431,325	1.89%
Miscellaneous	12,457,166	2.20%	15,709,000	2.85%	(3,251,834)	(20.70)%
Total	\$ 565,494,610	100.00%	\$ 551,067,830	100.00%	\$ 14,426,780	2.62%

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

- Taxes: The increase of \$6,256,495 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 \$578,842 is due to a decrease in the number of permits issued during the year due to a decline in building/construction activity.
- Use of money and property: The decrease of \$1,093,313 is due to lower interest rates in the marketplace.
- Intergovernmental: The increase of \$12,074,422 is attributable to increases in funding to Health & Social Services for various health services and public assistance programs; an increase in redevelopment pass-through revenue from higher tax increment; increase in federal grants for road and bridge construction and repairs; and receipt of Proposition 1B (Highway Safety, Traffic Reduction, Air Quality, and Port Security Act) funds beginning in FY07/08.
- Charges for services: The net increase of \$1,431,325 is attributable to increases in billing for child health fees for Mental Health Early Periodic Screening Diagnosis and Treatment (EPSDT) revenues, and timely receipt of state reimbursements for claims submitted during the year; decrease in Public Facilities Fees collected due to fewer building permits issued due to the decline in construction activities during the year; and decrease in fees collected by the various departments associated with sluggish real estate activity (e.g., land use application fees, recording fees, etc.).
- Miscellaneous: The decrease of \$3,251,834 is attributable to one-time revenues received in the prior fiscal year.

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

**Expenditures by Function
Governmental Funds**

Expenditures by Function	2008		2007		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 57,450,491	10.31%	\$ 49,616,574	9.46%	\$ 7,833,917	15.79%
Public protection	170,321,250	30.55%	162,742,367	31.03%	7,578,883	4.66%
Public ways and facilities	9,925,757	1.78%	9,664,948	1.84%	260,809	2.70%
Health services	107,707,061	19.32%	103,618,977	19.76%	4,088,084	3.95%
Public assistance	141,943,318	25.46%	135,117,611	25.77%	6,825,707	5.05%
Education and recreation	22,292,796	4.00%	22,087,999	4.21%	204,797	0.93%
Debt service – principal retirement	11,685,419	2.10%	11,080,862	2.11%	604,557	5.46%
Debt service – interest charges	13,171,464	2.36%	12,405,119	2.37%	766,345	6.18%
Debt service – issuance cost	-	0.00%	1,650,505	0.32%	(1,650,505)	(100.00)%
Capital outlay	22,992,641	4.12%	16,423,879	3.13%	6,568,762	40.00%
Total	\$ 557,490,197	100.00%	\$ 524,408,841	100.00%	\$ 33,081,356	6.31%

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

- **General government:** The increase of \$7,833,917 is due primarily to salaries and benefits due to annual COLA, extra help, overtime pay and health insurance costs; the increased costs associated with holding three elections in the current year as opposed to two elections held in the prior year; an increase in various contributions to non-county agencies; and an increase in payments to the State for the Trial Court/County Facility payment.
- **Public protection:** The increase of \$7,578,883 is due primarily to increases in salaries and benefits due to annual COLA, extra help, overtime pay and health insurance costs. In addition, services and supplies expenditures increased significantly for contracted and professional services for hospitalization and catastrophic medical care, laboratory costs for alcohol and drug testing, maintenance costs, central data processing, county garage costs due to higher fuel prices, and county wide overhead charges.
- **Health services:** The increase of \$4,088,084 is due primarily to increases in salaries and benefits due to annual COLA, retirement costs and health insurance costs. In addition, other charges for services cost increased primarily for contracted direct services to meet expanded health services for the implementation of the Mental Health Services Act (MHSA).
- **Public assistance:** The increase of \$6,825,707 is due primarily from increased contracted direct services costs and support/care costs resulting from increased caseload, specifically in medical and dental care, Food Stamps, foster care and placement of Seriously Emotionally Disturbed Children.
- **Capital outlay:** The net increase of \$6,568,762 is due primarily for project costs related to the South County Government Center which is in the early stages of the project, the acquisition of land for future use and various road and bridge construction projects.

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 \$5,630,372 and the unrestricted net assets for the Fouts Springs Youth Facility was \$60,334. Net assets for the Nut Tree Airport increased by \$1,840,776 and net assets for Fouts Springs Youth Facility decreased by \$74,909. 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. The decrease in net assets for Fouts Springs Youth Facility was due primarily from increases in operating expenses due to increases in personnel costs.

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 74 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 \$482,857 or 24%, from the original budget. Actual revenues were more than the final budgeted revenues by \$2,315,254 or 1.14%. Total appropriations increased by \$3,579,775 or 4.53%, from the original budget. Actual expenditures were less than the final appropriations by \$10,769,802, or 13.05%. Significant factors affecting these changes were as follows:

Original Budget vs. Final Budget

Appropriations Variances:

- Increases of \$3,579,775 in appropriations consist of various adjustments from individual departments within the General Fund. \$1.1 million is due primarily to increases in maintenance & contracted services for encumbrances from the prior year by the General Services Department; \$892,000 increase primarily due to a contribution to Mission Solano; and \$981,000 primarily due to increases to contracted and professional services by Resource Management to cover the costs for the general plan update.

Final Budget vs. Actual Amounts

During the year, revenues recognized exceeded budgetary revenue estimates by \$2.3 million and expenditures were less than appropriations by \$10.7 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 the continued healthy cash balance and the conservative budget estimate.
- Intergovernmental revenues were higher than budgeted primarily due to increased redevelopment pass-through revenues resulting from higher tax increment from various redevelopment projects.

Expenditure Variances:

- General Services - \$1.69 million favorable variance primarily due to appropriations for salaries and benefits not spent due to vacant positions; contracted services did not

materialize during the current year, and utilities costs were lower than anticipated.

- General Expenditures - \$1.83 million favorable variance primarily due to appropriations for other professional services for new programs and contributions to non-county agencies which did not materialize in the current year.
- Recorder – \$1.9 million favorable variance primarily due to contracted services which did not materialize for the Records Preservation Project, which was postponed. In addition, the Recorder had salary savings due to a voluntary hiring freeze on two vacant positions.
- Environmental Management - \$1.4 million favorable variance primarily due to salaries and benefits savings from vacancies and contracted and professional services for various projects that did not materialize in the current fiscal year.

Capital Asset and Debt Administration

Capital assets. The County’s capital assets for its governmental and business-type activities as of June 30, 2008, amount to \$459,455,934 (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 \$7,285,907 or 1.61%.

	Governmental Activities		Business-type Activities		Total		Increase (Decrease)
	2008	2007	2008	2007	2008	2007	Percent of change
Land	\$ 156,043,196	\$ 152,915,345	\$ 10,302,382	\$ 4,440,940	\$ 166,345,578	\$ 157,356,285	5.71%
Infrastructure	90,639,816	97,026,102	-	-	90,639,816	97,026,102	(6.58)%
Construction in progress	27,731,794	15,242,177	3,907,501	3,542,539	31,639,295	18,784,716	68.43%
Buildings	292,180,764	292,408,580	11,262,909	11,262,909	303,443,673	303,671,489	(0.08)%
Machinery and equipment	44,873,868	41,951,527	552,155	465,687	45,426,023	42,417,214	7.09%
Less: accumulated depreciation	<u>(172,953,889)</u>	<u>(162,471,288)</u>	<u>(5,084,562)</u>	<u>(4,614,491)</u>	<u>(178,038,451)</u>	<u>(167,085,779)</u>	6.56%
Total	<u>\$ 438,515,549</u>	<u>\$ 437,072,443</u>	<u>\$ 20,940,385</u>	<u>\$ 15,097,584</u>	<u>\$ 459,455,934</u>	<u>\$ 452,170,027</u>	1.61%

In the governmental activities, the significant increase is due to the purchase of land; the increase in construction in progress primarily due to costs for various capital projects including the South County Government Center Project and the Public Health Laboratory Facility Project; and the increase to machinery and equipment primarily due to the purchase of equipment for the Sheriff, Health and Social Services, Central Data Processing and Fleet Management. The decrease in infrastructure is due to the separation of the Rural North Vacaville Water District as a separate legal entity. In the business-type activities, the significant increase is due to the purchase of land for the Nut Tree Airport.

Additional information on the County’s capital assets can be found in Note E on pages 57 – 59 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 \$296,647,801, which is entirely backed by the full faith and credit of the County.

	Governmental Activities		Business-type Activities		Total	
	2008	2007	2008	2007	2008	2007
Notes payable	\$ 1,171,043	\$ 11,864,718	\$ 149,853	\$ 200,965	\$ 1,320,896	\$ 12,065,683
Capital leases	16,874	28,968	-	-	16,874	28,968
Certificates of participation	138,013,241	142,576,213	-	-	138,013,241	142,576,213
Pension obligation bonds	121,020,000	127,805,000	-	-	121,020,000	127,805,000
Self-insurance liability	10,565,011	10,015,118	-	-	10,565,011	10,015,118
Compensated absences	25,287,230	18,431,473	424,549	243,087	25,711,779	18,674,560
Total	<u>\$ 296,073,399</u>	<u>\$ 310,721,490</u>	<u>\$ 574,402</u>	<u>\$ 444,052</u>	<u>\$ 296,647,801</u>	<u>\$ 311,165,542</u>

The County's total debt decreased by \$14,517,741 primarily due to scheduled principal payments on long-term debt, a \$5 million early redemption of Pension Obligation Bonds (POB) and the removal of \$11.2 million of Notes Payable for the Rural North Vacaville Water District during the current fiscal year. The total decrease was offset by an increase in compensated absences.

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 I on pages 61 – 66 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 6.9%. This is comparable to the state's average unemployment rate of 7.0% (unadjusted, as of June 2008).
- The growth in property tax revenues is projected to decrease by 2.5% for FY 08/09.
- The Board of Supervisors' (Board) policy for General Fund Contingency and Reserve allows the County to normalize the County's budget during periods of fiscal distress. During FY 07/08, the Board decreased the total unreserved designated fund balance by \$1.7 million. The decrease in designated fund balance was used for the maintenance of capital facilities.
- On November 25, 2008, the Board approved the redemption ahead of schedule of the County's Series B-2 POB in the amount of \$15 million, to be paid in January 2009.

These factors were considered in preparing the County's budget for FY 08/09 and during the First Quarter Budget update.

Requests for Information

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

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BASIC FINANCIAL STATEMENTS

COUNTY OF SOLANO, CALIFORNIA
Statement of Net Assets
June 30, 2008

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Solano County Fair	Workforce Investment Board
ASSETS					
Current assets					
Cash and investments	\$ 323,046,929	\$ 572,140	\$ 323,619,069	\$ 1,343,783	\$ 380,100
Accounts receivable	5,552,773	177,380	5,730,153	380,810	-
Due from other agencies	83,088,955	2,160,147	85,249,102	107,171	178,288
Internal balances	7,720,450	(7,720,450)	-	-	-
Other assets	2,245,865	72,981	2,318,846	12,988	105,065
Total current assets	<u>421,654,972</u>	<u>(4,737,802)</u>	<u>416,917,170</u>	<u>1,844,752</u>	<u>663,453</u>
Noncurrent assets					
Long-term assets	7,186,016	-	7,186,016	-	-
OPEB Asset	159,801	-	159,801	-	-
Pension asset	134,609,483	-	134,609,483	811,227	-
Capital assets:					
Capital assets, not being depreciated	183,774,990	14,209,883	197,984,873	167,085	-
Capital assets, being depreciated, net	254,740,559	6,730,502	261,471,061	1,882,754	989
Total noncurrent assets	<u>580,470,849</u>	<u>20,940,385</u>	<u>601,411,234</u>	<u>2,861,066</u>	<u>989</u>
Total assets	<u>\$ 1,002,125,821</u>	<u>\$ 16,202,583</u>	<u>\$ 1,018,328,404</u>	<u>\$ 4,705,818</u>	<u>\$ 664,442</u>
LIABILITIES					
Current liabilities					
Outstanding warrants	\$ 5,948,789	\$ 61,927	\$ 6,010,716	\$ -	\$ 155,555
Payables	40,352,323	230,898	40,583,221	315,272	290,803
Unearned revenue	14,678,173	-	14,678,173	2,061	-
Other liabilities	887,298	103,370	990,668	62,392	-
Due to other agencies	7,984,320	11,492	7,995,812	-	90
Current portion of long-term obligations	18,294,603	191,585	18,486,188	10,534	140,000
Total current liabilities	<u>88,145,506</u>	<u>599,272</u>	<u>88,744,778</u>	<u>390,259</u>	<u>586,448</u>
Noncurrent liabilities					
Noncurrent portion of long-term obligations	277,778,796	382,817	278,161,613	814,714	5,136
Total liabilities	<u>365,924,302</u>	<u>982,089</u>	<u>366,906,391</u>	<u>1,204,973</u>	<u>591,584</u>
NET ASSETS					
Invested in capital assets, net of related debt	306,156,899	20,790,532	326,947,431	2,049,839	989
Restricted for:					
Debt service	4,291,702	-	4,291,702	-	-
Health services	20,642,608	-	20,642,608	-	-
Library services	16,940,547	-	16,940,547	-	-
Public facilities fees	23,343,031	-	23,343,031	-	-
Transportation services	7,298,685	-	7,298,685	-	-
Unrestricted	257,528,047	(5,570,038)	251,958,009	1,451,006	71,869
Total net assets	<u>636,201,519</u>	<u>15,220,494</u>	<u>651,422,013</u>	<u>3,500,845</u>	<u>72,858</u>
Total liabilities and net assets	<u>\$ 1,002,125,821</u>	<u>\$ 16,202,583</u>	<u>\$ 1,018,328,404</u>	<u>\$ 4,705,818</u>	<u>\$ 664,442</u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Activities
For the Fiscal Year Ended June 30, 2008

<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	\$ 66,076,091	\$ 26,780,958	\$ 4,152,844	\$ -
Public protection	167,025,179	19,913,381	62,987,345	-
Public ways and facilities	13,749,283	1,507,009	17,879,374	-
Health services	106,905,228	17,499,502	73,610,024	-
Public assistance	140,654,444	810,422	131,122,935	-
Education and recreation	21,958,611	6,231,823	6,062,803	-
Interest on long-term debt	13,010,423	-	-	-
Total Governmental Activities	<u>529,379,259</u>	<u>72,743,095</u>	<u>295,815,325</u>	<u>-</u>
Business-type Activities:				
Nut Tree Airport	2,022,955	1,141,736	-	2,296,465
Fouts Springs Youth Facility	3,649,876	3,184,236	540,360	-
Total Business-type Activities	<u>5,672,831</u>	<u>4,325,972</u>	<u>540,360</u>	<u>2,296,465</u>
Total Primary Government	<u>\$ 535,052,090</u>	<u>\$ 77,069,067</u>	<u>\$ 296,355,685</u>	<u>\$ 2,296,465</u>
Component Units:				
Solano County Fair	\$ 5,296,075	\$ 4,983,643	\$ 103,985	\$ -
Workforce Investment Board	5,377,702	-	5,302,099	-
Total Component Units	<u>\$ 10,673,777</u>	<u>\$ 4,983,643</u>	<u>\$ 5,406,084</u>	<u>\$ -</u>

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

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Activities
For the Fiscal Year Ended June 30, 2008

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Solano County Fair	Workforce Investment Board
\$ (35,142,289)	\$ -	\$ (35,142,289)	\$ -	\$ -
(84,124,453)	-	(84,124,453)	-	-
5,637,100	-	5,637,100	-	-
(15,795,702)	-	(15,795,702)	-	-
(8,721,087)	-	(8,721,087)	-	-
(9,663,985)	-	(9,663,985)	-	-
(13,010,423)	-	(13,010,423)	-	-
<u>(160,820,839)</u>	<u>-</u>	<u>(160,820,839)</u>	<u>-</u>	<u>-</u>
-	1,415,246	1,415,246	-	-
-	74,720	74,720	-	-
<u>-</u>	<u>1,489,966</u>	<u>1,489,966</u>	<u>-</u>	<u>-</u>
<u>(160,820,839)</u>	<u>1,489,966</u>	<u>(159,330,873)</u>	<u>-</u>	<u>-</u>
-	-	-	(208,447)	-
-	-	-	-	(75,603)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(208,447)</u>	<u>(75,603)</u>
129,866,189	287,733	130,153,922	-	-
2,338,436	-	2,338,436	-	-
1,708,439	-	1,708,439	-	-
22,701,977	54,251	22,756,228	-	-
13,477,706	22,835	13,500,541	26,671	10,611
14,487,535	119,989	14,607,524	40,000	68,052
208,907	(208,907)	-	-	-
<u>184,789,189</u>	<u>275,901</u>	<u>185,065,090</u>	<u>66,671</u>	<u>78,663</u>
23,968,350	1,765,867	25,734,217	(141,776)	3,060
612,233,169	13,454,627	625,687,796	3,642,621	69,798
<u>\$ 636,201,519</u>	<u>\$ 15,220,494</u>	<u>\$ 651,422,013</u>	<u>\$ 3,500,845</u>	<u>\$ 72,858</u>

Primary Government:

Governmental Activities:

General government
Public protection
Public ways and facilities
Health services
Public assistance
Education and recreation
Interest on long-term debt

Total Governmental Activities

Business-type Activities:

Nut Tree Airport
Fouts Springs Youth Facility

Total Business-type Activities

Total Primary Government

Component Units:

Solano County Fair
Workforce Investment Board

Total Component Units

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

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2008

	General	Health & Social Services	Public Safety
ASSETS			
Cash and investments	\$ 79,652,694	\$ 15,973,218	\$ 11,465,913
Accounts receivable	1,691,307	2,136,843	470,436
Due from other agencies	47,153,435	23,309,240	8,281,894
Due from other funds	9,043,270	10,838,756	298,704
Advance to other funds	7,827,384	-	-
Other assets	516,338	243,242	326,885
Total assets	\$ 145,884,428	\$ 52,501,299	\$ 20,843,832
LIABILITIES AND FUND BALANCES			
Liabilities:			
Outstanding warrants	\$ 706,257	\$ 3,874,057	\$ 846,760
Payables	4,737,756	15,538,693	6,629,091
Deferred revenue	10,327,318	21,131,327	2,863,672
Due to other funds	8,619,493	5,743,918	3,938,965
Advance from other funds	-	-	-
Other liabilities	13,873	79,865	-
Due to other agencies	834,061	6,828,509	94,708
Total liabilities	25,238,758	53,196,369	14,373,196
Fund balances:			
Reserved:			
Long-term assets	8,325,668	-	-
Health programs	-	-	-
Debt service	-	-	-
Encumbrances	1,262,291	433,488	910,040
Imprest cash	3,105	52,494	12,033
Unreserved:			
Designated, reported in:			
General fund	64,232,799	-	-
Capital projects funds	-	-	-
Undesignated, reported in:			
General fund	46,821,807	-	-
Special revenue funds	-	(1,181,052)	5,548,563
Capital projects funds	-	-	-
Total fund balances	120,645,670	(695,070)	6,470,636
Total liabilities and fund balances	\$ 145,884,428	\$ 52,501,299	\$ 20,843,832

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

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet (Continued)
Governmental Funds
June 30, 2008

Tobacco Settlement	Other Governmental Funds	Total Governmental Funds	
\$ 56,515,906	\$ 128,112,957	\$ 291,720,688	ASSETS
-	907,349	5,205,935	Cash and investments
-	4,261,089	83,005,658	Accounts receivable
-	1,038,831	21,219,561	Due from other agencies
-	-	7,827,384	Due from other funds
-	3,698,638	4,785,103	Advance to other funds
\$ 56,515,906	\$ 138,018,864	\$ 413,764,329	Other assets
			Total assets
			LIABILITIES AND FUND BALANCES
			Liabilities:
\$ -	\$ 492,071	\$ 5,919,145	Outstanding warrants
-	6,459,075	33,364,615	Payables
-	205,602	34,527,919	Deferred revenue
1,738,290	1,258,131	21,298,797	Due to other funds
-	114,742	114,742	Advance from other funds
-	793,560	887,298	Other liabilities
-	227,042	7,984,320	Due to other agencies
1,738,290	9,550,223	104,096,836	Total liabilities
			Fund balances:
			Reserved:
-	3,458,013	11,783,681	Long-term assets
2,669,083	-	2,669,083	Health programs
-	17,023,929	17,023,929	Debt service
-	31,941,699	34,547,518	Encumbrances
-	3,687	71,319	Imprest cash
			Unreserved:
			Designated, reported in:
-	-	64,232,799	General fund
52,108,533	-	52,108,533	Capital projects funds
			Undesignated, reported in:
-	-	46,821,807	General fund
-	72,297,548	76,665,059	Special revenue funds
-	3,743,765	3,743,765	Capital projects funds
54,777,616	128,468,641	309,667,493	Total fund balances
\$ 56,515,906	\$ 138,018,864		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.	426,939,170
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	20,335,131
Deferred costs of issuance for debt used in governmental activities are not financial resources and, therefore, are not reported in the funds.	4,087,164
Internal service funds are used by management to charge the costs of Communications, Fleet Management, Risk Management, Information Technology and Reprographics. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	28,797,619
The OPEB asset and the Pension asset of the governmental activities are not financial resources and, therefore, are not reported in the funds.	134,769,284
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(3,789,810)
Long-term obligations	(284,604,532)
Net assets of governmental activities	\$ 636,201,519

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

	<u>General</u>	<u>Health & Social Services</u>	<u>Public Safety</u>
REVENUES			
Taxes	\$ 122,638,505	\$ -	\$ -
Licenses, permits and franchises	5,820,403	11,792	175,271
Fines, forfeitures and penalties	2,407,979	633,520	2,412,008
Use of money and property	5,049,647	290,258	609,081
Intergovernmental	25,051,335	200,400,104	57,645,888
Charges for services	36,662,865	17,675,097	9,480,597
Miscellaneous	7,227,623	2,383,297	1,662,366
Total revenues	<u>204,858,357</u>	<u>221,394,068</u>	<u>71,985,211</u>
EXPENDITURES			
Current:			
General government	52,711,728	-	-
Public protection	17,678,344	-	149,787,871
Public ways and facilities	-	-	-
Health services	-	101,878,735	-
Public assistance	577,860	141,365,458	-
Education and recreation	429,076	-	-
Debt service:			
Principal	155,477	-	-
Interest and other charges	9,513	-	-
Capital outlay	208,729	380,666	1,101,126
Total expenditures	<u>71,770,727</u>	<u>243,624,859</u>	<u>150,888,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>133,087,630</u>	<u>(22,230,791)</u>	<u>(78,903,786)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds of long-term capital-related debt	-	-	-
Transfers in	1,458,570	30,910,826	89,213,824
Transfers out	(135,623,904)	(10,010,441)	(8,729,218)
Sale of capital assets	106,890	-	-
Total other financing sources (uses)	<u>(134,058,444)</u>	<u>20,900,385</u>	<u>80,484,606</u>
Net change in fund balances	(970,814)	(1,330,406)	1,580,820
Fund balances - beginning	121,616,484	635,336	4,889,816
Fund balances - ending	<u>\$ 120,645,670</u>	<u>\$ (695,070)</u>	<u>\$ 6,470,636</u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2008

Tobacco Settlement	Other Governmental Funds	Total Governmental Funds	
			REVENUES
\$ -	\$ 16,348,728	\$ 138,987,233	Taxes
-	172,535	6,180,001	Licenses, permits and franchises
-	5,047	5,458,554	Fines, forfeitures and penalties
2,174,625	4,898,724	13,022,335	Use of money and property
-	28,951,739	312,049,066	Intergovernmental
-	13,521,696	77,340,255	Charges for services
-	1,183,880	12,457,166	Miscellaneous
2,174,625	65,082,349	565,494,610	Total revenues
			EXPENDITURES
			Current:
-	4,738,763	57,450,491	General government
-	2,855,035	170,321,250	Public protection
-	9,925,757	9,925,757	Public ways and facilities
64,500	5,763,826	107,707,061	Health services
-	-	141,943,318	Public assistance
-	21,863,720	22,292,796	Education and recreation
			Debt service:
-	11,529,942	11,685,419	Principal
-	13,161,951	13,171,464	Interest and other charges
-	21,302,120	22,992,641	Capital outlay
64,500	91,141,114	557,490,197	Total expenditures
			Excess (deficiency) of revenues over (under) expenditures
2,110,125	(26,058,765)	8,004,413	
			OTHER FINANCING SOURCES (USES)
-	1,023,891	1,023,891	Proceeds of long-term capital-related debt
-	47,995,657	169,578,877	Transfers in
(3,357,558)	(13,289,094)	(171,010,215)	Transfers out
-	7,250	114,140	Sale of capital assets
(3,357,558)	35,737,704	(293,307)	Total other financing sources (uses)
(1,247,433)	9,678,939	7,711,106	Net change in fund balances
56,025,049	118,789,702	301,956,387	Fund balances - beginning
\$ 54,777,616	\$ 128,468,641	\$ 309,667,493	Fund balances - ending

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

COUNTY OF SOLANO, CALIFORNIA
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2008

Net change in fund balances - total governmental funds \$ 7,711,106

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	22,992,641	
Depreciation expense	<u>(14,209,597)</u>	8,783,044

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net assets.		229,346
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Revenues deferred in the governmental funds because they were not collected within the County's availability period, were recognized in the statement of activities.		1,159,682
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The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued	(1,023,891)	
Debt principal payments	<u>11,685,419</u>	10,661,528

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

Excess postemployment benefit contributions		159,801
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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	161,608	
Amortization expense	(1,237,365)	
Compensated absences	<u>(6,570,803)</u>	(7,646,560)

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.

		<u>2,910,403</u>
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Change in net assets of governmental activities		<u><u>\$ 23,968,350</u></u>
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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, 2008

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Nut Tree Airport	Fouts Springs Youth Facility	Total	
ASSETS				
Current assets				
Cash and investments	\$ 251,250	\$ 320,890	\$ 572,140	\$ 31,326,241
Accounts receivable	161,639	15,741	177,380	346,838
Due from other agencies	1,855,915	304,232	2,160,147	83,297
Due from other funds	-	-	-	230,001
Other assets	45,774	27,207	72,981	559,614
Total current assets	<u>2,314,578</u>	<u>668,070</u>	<u>2,982,648</u>	<u>32,545,991</u>
Noncurrent assets				
Capital assets:				
Land	10,282,382	20,000	10,302,382	-
Construction in progress	3,881,874	25,627	3,907,501	3,001,372
Buildings and improvements	6,866,681	4,396,228	11,262,909	264,471
Equipment	144,232	407,923	552,155	20,066,348
Less: accumulated depreciation	(3,466,197)	(1,618,365)	(5,084,562)	(11,755,812)
Total capital assets	<u>17,708,972</u>	<u>3,231,413</u>	<u>20,940,385</u>	<u>11,576,379</u>
Total assets	<u>\$ 20,023,550</u>	<u>\$ 3,899,483</u>	<u>\$ 23,923,033</u>	<u>\$ 44,122,370</u>
LIABILITIES				
Current liabilities				
Outstanding warrants	\$ 57,482	\$ 4,445	\$ 61,927	\$ 29,644
Payables	46,871	184,027	230,898	3,197,898
Unearned revenue	-	-	-	485,385
Due to other funds	648	7,160	7,808	142,957
Other liabilities	103,370	-	103,370	-
Due to other agencies	11,397	95	11,492	-
Current portion of long-term obligations	64,154	127,431	191,585	2,010,460
Total current liabilities	<u>283,922</u>	<u>323,158</u>	<u>607,080</u>	<u>5,866,344</u>
Noncurrent liabilities				
Advances from other funds	7,712,642	-	7,712,642	-
Noncurrent portion of long-term obligations	98,239	284,578	382,817	9,458,407
Total noncurrent liabilities	<u>7,810,881</u>	<u>284,578</u>	<u>8,095,459</u>	<u>9,458,407</u>
Total liabilities	<u>8,094,803</u>	<u>607,736</u>	<u>8,702,539</u>	<u>15,324,751</u>
NET ASSETS				
Invested in capital assets, net of related debt	17,559,119	3,231,413	20,790,532	11,576,379
Unrestricted	(5,630,372)	60,334	(5,570,038)	17,221,240
Total net assets	<u>11,928,747</u>	<u>3,291,747</u>	<u>15,220,494</u>	<u>28,797,619</u>
Total liabilities and net assets	<u>\$ 20,023,550</u>	<u>\$ 3,899,483</u>	<u>\$ 23,923,033</u>	<u>\$ 44,122,370</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, 2008

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Nut Tree Airport</u>	<u>Fouts Springs Youth Facility</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for sales and services	\$ 1,141,736	\$ 3,184,236	\$ 4,325,972	\$ 34,669,874
OPERATING EXPENSES				
Personnel services	281,176	2,705,962	2,987,138	8,014,757
Maintenance	198,623	97,604	296,227	1,467,687
Materials and supplies	561,551	245,435	806,986	773,664
Depreciation	307,759	162,312	470,071	1,841,889
Insurance	52,227	67,296	119,523	8,177,437
Rent, utilities and others	610,395	371,267	981,662	13,696,482
Total operating expenses	<u>2,011,731</u>	<u>3,649,876</u>	<u>5,661,607</u>	<u>33,971,916</u>
Operating income (loss)	<u>(869,995)</u>	<u>(465,640)</u>	<u>(1,335,635)</u>	<u>697,958</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	54,251	540,360	594,611	125,832
Investment earnings	24,028	(1,193)	22,835	1,441,642
Interest expense	(11,223)	-	(11,223)	-
Property taxes	287,733	-	287,733	-
Other revenue	79,775	40,213	119,988	1,045,688
Loss on sale of capital assets	-	-	-	(9,273)
Total nonoperating revenues, net	<u>434,564</u>	<u>579,380</u>	<u>1,013,944</u>	<u>2,603,889</u>
Income (loss) before capital contributions and transfers	(435,431)	113,740	(321,691)	3,301,847
Capital contributions	2,296,465	-	2,296,465	-
Transfers in	-	-	-	967,943
Transfers out	(20,258)	(188,649)	(208,907)	(1,359,387)
Change in net assets	<u>1,840,776</u>	<u>(74,909)</u>	<u>1,765,867</u>	<u>2,910,403</u>
Total net assets - beginning	<u>10,087,971</u>	<u>3,366,656</u>	<u>13,454,627</u>	<u>25,887,216</u>
Total net assets - ending	<u>\$ 11,928,747</u>	<u>\$ 3,291,747</u>	<u>\$ 15,220,494</u>	<u>\$ 28,797,619</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, 2008

	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	\$ 1,480,850	\$ 3,227,334	\$ 4,708,184	\$ 1,394,462
Receipts from interfund services provided	1,753	12,708	14,461	34,728,798
Payments to suppliers	(1,678,322)	(747,213)	(2,425,535)	(23,724,427)
Payments to employees	(281,878)	(2,523,799)	(2,805,677)	(7,729,803)
Payments for interfund services used	(25,404)	-	(25,404)	(2,398,101)
Net cash provided (used) by operating activities	<u>(503,001)</u>	<u>(30,970)</u>	<u>(533,971)</u>	<u>2,270,929</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	-	967,943
Transfers out	(20,258)	(188,649)	(208,907)	(1,359,386)
Subsidy from federal/state grant	54,251	505,361	559,612	125,832
Net cash provided (used) by noncapital financing activities	<u>33,993</u>	<u>316,712</u>	<u>350,705</u>	<u>(265,611)</u>
Cash flows from capital and related financing activities:				
Capital contributions	441,407	-	441,407	-
Interest paid	(11,223)	-	(11,223)	-
Debt principal paid	(51,112)	-	(51,112)	-
Advances from other funds	5,861,442	-	5,861,442	(5,484,917)
Acquisition of capital assets	(6,289,554)	(23,318)	(6,312,872)	-
Proceeds from sale of capital assets	-	-	-	(81,203)
Net cash provided (used) by capital and related financing activities	<u>(49,040)</u>	<u>(23,318)</u>	<u>(72,358)</u>	<u>(5,566,120)</u>
Cash flows from investing activities:				
Investment income (expense)	<u>24,028</u>	<u>(1,193)</u>	<u>22,835</u>	<u>1,441,641</u>
Net increase (decrease) in cash and cash equivalents	(494,020)	261,231	(232,789)	(2,119,161)
Cash and cash equivalents - beginning	745,270	59,659	804,929	33,445,402
Cash and cash equivalents - ending	<u>\$ 251,250</u>	<u>\$ 320,890</u>	<u>\$ 572,140</u>	<u>\$ 31,326,241</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (869,995)	\$ (465,640)	\$ (1,335,635)	\$ 697,958
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	307,759	162,312	470,071	1,841,889
Property taxes	287,733	-	287,733	-
Other nonoperating revenue	79,775	40,213	119,988	1,045,688
Changes in assets and liabilities:				
(Increase) decrease in receivables, net	(28,394)	3,901	(24,493)	(61,062)
Decrease in due from other funds	1,753	10,493	12,246	57,986
(Increase) decrease in due from other agencies	-	-	-	(80,403)
Increase in other assets	(8,669)	(10,238)	(18,907)	(190,169)
Increase (decrease) in outstanding warrants	31,908	(8,175)	23,733	(86,540)
Increase (decrease) in payables	(44,021)	52,802	8,781	611,217
Increase (decrease) in due to other funds	(25,404)	2,215	(23,189)	(2,398,729)
Increase (decrease) in due to other agencies	11,397	(1,016)	10,381	(1,753)
Increase (decrease) in accrued compensated absences	(702)	182,163	181,461	-
Increase in unearned revenue	-	-	-	284,954
Increase in other liabilities	(246,141)	-	(246,141)	549,893
Total adjustments	<u>366,994</u>	<u>434,670</u>	<u>801,664</u>	<u>1,572,971</u>
Net cash provided (used) by operating activities	<u>\$ (503,001)</u>	<u>\$ (30,970)</u>	<u>\$ (533,971)</u>	<u>\$ 2,270,929</u>
Noncash investing, capital and financing activities:				
Book value of disposed capital assets	\$ -	\$ -	\$ -	\$ 89,823

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, 2008

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and investments	\$ 415,193,886	\$ 4,532,751	\$ 16,052,258
Property tax receivable	-	-	66,946,738
Property of estates	-	1,213,520	-
Total assets	<u>\$ 415,193,886</u>	<u>\$ 5,746,271</u>	<u>\$ 82,998,996</u>
LIABILITIES			
Due to others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,998,996</u>
NET ASSETS			
Net assets held in trust for:			
Individuals	-	5,746,271	
Pool participants	415,193,886	-	
Total net assets	<u>\$ 415,193,886</u>	<u>\$ 5,746,271</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, 2008

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>
ADDITIONS		
Contributions on pooled investments	\$ 628,684,607	\$ 5,619,384
Other contributions/additions/deductions	620,657	(3,756,664)
Interest and investment income	48,957,343	42,908
Total additions	<u>678,262,607</u>	<u>1,905,628</u>
DEDUCTIONS		
Distributions from pooled investments	<u>671,118,047</u>	<u>2,868,481</u>
Change in net assets	7,144,560	(962,853)
Net assets - beginning	<u>408,049,326</u>	<u>6,709,124</u>
Net assets - ending	<u>\$ 415,193,886</u>	<u>\$ 5,746,271</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, 2008**

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 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 the Section 8 Housing Assistance program for the unincorporated areas of Solano County and the cities of Dixon and Rio Vista. The County Board of Supervisors serves as the SCHA board.

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

The 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. On August 28, 2007, the residents of the District elected their board of directors which replaced the County's Board of Supervisors. Effective December 7, 2007, the District was no longer under the control of the County Board of Supervisors and therefore, is not considered as a blended component unit.

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

The Workforce Investment Board (WIB) is a discretely presented component unit in the County's basic financial statements. WIB's primary responsibility is to involve the business community in employing and training economically disadvantaged and unemployed persons and to increase private sector employment opportunities for such persons. The WIB is fiscally dependent on the County because the WIB's budget is approved by the County's Board of Supervisors and the County is the primary recipient of the Workforce Investment Act (WIA) grant which represents a significant portion of the WIB's revenues.

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

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

- The Cordelia Fire Protection District, Dixon Fire Protection District, Montezuma Fire Protection District, Suisun Fire Protection District and Vacaville Fire Protection District are 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, Silveyville Cemetery District, Suisun-Fairfield Rockville 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, pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County applies all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (the FASB), the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

B. Government-wide and Fund Financial Statements

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

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds report only assets and liabilities and, therefore, do not have a measurement focus. Agency funds, however, use the accrual basis of accounting to recognize receivables and payables.

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

Secured property taxes, franchise taxes, licenses, grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the County receives cash.

The County reports the following major governmental funds:

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

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

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

The *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 County reports the following enterprise funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

D. Fund Consolidation

Effective July 1, 2007, the County consolidated the 2001 Debt Service Fund with the Government Center Debt Service Fund and the Solano County Integrated Property System (SCIPS) Internal Service Fund with the Information Technology (IT) Internal Service Fund. The 2001 Debt Service Fund had a beginning fund balance of \$265 which is reflected in the beginning fund balance for the Government Center Debt Service Fund.

E. 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 monthly to the various funds based on the average daily cash balances of the funds entitled to receive interest. It is the County's policy 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. 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 programs of the County.

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

The County's cash and investments include \$4,532,751 at June 30, 2008 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, 2008, to support the value of shares in the Pool.

2. *Interfund Receivables and Payables*

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

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

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

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

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

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

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

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

4. Other Assets

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

5. Long-term Assets

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

6. Capital Assets

Capital assets, which include property, plant, equipment 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 availability period. Funds received that do not meet this criterion are recorded as deferred revenue in the governmental funds financial statements.

8. *Outstanding Warrants*

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

9. *Due To/Due From Other Agencies*

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

10. *Deferred/Unearned Revenue*

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

11. *Compensated Absences*

Vested unused vacation hours may be accumulated and, if not taken, is paid at the date of termination from County employment. All leave balances are accrued when 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 to CalPERS service credit, or apply all of their sick leave balance to a retirement health savings account. Payments for accrued compensated absences at termination or retirement are paid and liquidated by the General Fund or the respective Special Revenue Fund.

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

The government-wide statement of net assets reports \$72,516,573 of restricted net assets, of which \$23,343,031 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, 2008, 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 the 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 required by the indenture agreement. These funds are not available for general operations.
- *Encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received as of June 30, 2008.
- *Imprest cash* – to reflect the portion of assets that do not represent available spendable resources.

As of June 30, 2008, 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 (\$52,067,119) to be utilized during times of financial distress; Unfunded Employee Leave Payoffs (\$7,700,000) during the subsequent fiscal years and Deferred Maintenance (\$4,465,680) for upkeep and maintenance costs of capital assets.
- *Designated, reported in: Capital Project fund* – funds set aside for the South County Government Center Capital Project.
- *Undesignated* – to reflect the fund balance available in the funds.

14. Use of Estimates

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

F. Implementation of New Accounting Standards

GASB No. 45

Effective July 1, 2007, the County implemented GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension. This statement requires that governments account for, and report, the annual cost of other postemployment benefits (OPEB) and the outstanding obligation and commitments related to OPEB in the same manner as they do for pensions. The County offers postretirement medical benefits.

Annual OPEB costs for most employers are based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due. This Statement's provisions may be applied prospectively and does not require governmental entities to fund their OPEB plans. An employer may establish its OPEB liability at zero as of the beginning of the initial year of implementation; however, the unfunded actuarial liability, if any, is required to be amortized over future periods. The County has elected to implement the requirements of GASB Statement No. 45 on a prospective basis. This statement also established disclosure requirements for information about the plans in which an employer participates, the funding policy followed, the actuarial valuation process and assumptions, and, for certain employers, the extent to which the plan has been funded over time. As a result, the County has recorded its net OPEB asset and included the related financial statement disclosures regarding the County's OPEB plan in Note IV B.

GASB No. 50

For the fiscal year ended June 30, 2008, the County implemented GASB Statement No. 50, Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27.

GASB Statement No. 50, Pension Disclosures, more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements 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 requirements of Statements No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, and No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The County has included the related financial statement disclosures required by GASB Statement No. 50 in Note IV A.

G. Restatement of Net Assets

A prior period adjustment of \$21,803 was made to increase the beginning net assets of the Solano County Fair as a result of adjusting the Fair's share of the County's pension obligation bonds based on the incorrect amortization of payments made by the Fair.

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 \$426,939,170 difference are as follows:

Land, not being depreciated	\$ 156,043,196
Construction in progress	24,730,422
Infrastructure, net of \$38,353,508 accumulated depreciation	52,286,308
Buildings, net of \$106,709,471 accumulated depreciation	185,206,822
Machinery and equipment, net of \$16,135,098 accumulated depreciation	<u>8,672,422</u>
Net adjustment to increase <i>fund balances-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ 426,939,170</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 \$284,604,532 difference are as follows:

Notes payable	\$ 1,171,043
Capital leases	16,874
Certificates of Participation	137,955,000
Less: Deferred amount on refunding	(2,835,305)
Less: Issuance discount	(190,145)
Add: Issuance premium	3,083,691
Pension obligation bonds	121,020,000
Compensated absences	<u>24,383,374</u>
Net adjustment to reduce <i>fund balances – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 284,604,532</u>

III. DETAILED NOTES ON ALL FUNDS

A. *Cash and Investments*

The County had the following cash and investments at June 30, 2008:

	<u>Fair Value</u>
County Deposits	\$ 3,337,067
County Investments	
Money Market Mutual Funds	43,238,604
Negotiable Certificates of Deposits	5,002,775
Repurchase Agreement	3,915,113
LAIF	34,541,455
CalTRUST	19,926,340
CAMP	2,847
Corporate Notes	145,616,943
Mortgage Pass-through	209,059
U.S. Federal Agency Notes	
Federal Farm Credit Bank	36,340,990
Federal Home Loan Bank	218,717,325
Federal Home Loan Mortgage Corporation	80,393,577
Federal National Mortgage Association	82,741,902
U.S. Treasury Notes	50,245,800
Municipal Notes	12,523,648
Total County Investments	<u>733,416,378</u>
Total County Treasury	<u>736,753,445</u>
Cash and Investments with Fiscal Agents	
Imprest cash	75,190
Cash in bank	1,932,693
Held with others	
Money Market Mutual Funds	22,360,519
Total Cash and Investments with Fiscal Agents	<u>24,368,402</u>
Total Cash and Investments	<u>\$ 761,121,847</u>

Reconciliation to financial statements:

Government-wide Statement of Net Assets	\$	323,619,069
Statement of Fiduciary Net Assets:		
External Investment Trust		415,193,886
Private Purpose Trust		4,532,751
Agency Funds		16,052,258
Component Units:		
Solano County Fair		1,343,783
Workforce Investment Board		380,100
		<hr/>
Total	\$	<u>761,121,847</u>

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

The County is a voluntary participant in the State of California Local Agency Investment Fund (LAIF). The total amount invested by all public agencies in LAIF as of June 30, 2008 was \$25.2 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which, as of June 30, 2008 had a balance of \$69.9 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 212 days as of June 30, 2008. 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 \$6.1 billion, and asset-backed securities totaling \$4.2 billion.

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

As of June 30, 2008, the weighted average to maturity of the Treasurer's Pool was 455 days.

3. Credit Risk

	Fair Value	Investment Maturities Fair Value (in Years)		
		Less than 1	1 to 5	More than 5
County Investments				
Money Market Mutual Funds	\$ 43,238,604	\$ 43,238,604	\$ -	\$ -
Negotiable Certificates of				
Deposits	5,002,775		5,002,775	-
Repurchase Agreement	3,915,113	3,915,113	-	-
LAIF	34,541,455	34,541,455	-	-
CalTRUST	19,926,340	19,926,340	-	-
CAMP	2,847	2,847	-	-
Corporate Notes	145,616,943	77,602,328	68,014,615	-
Mortgage Pass-through	209,059	-	209,059	-
U.S. Federal Agency Notes				
Federal Farm Credit Bank	36,340,990	15,112,550	21,228,440	-
Federal Home Loan Bank	218,717,325	118,180,196	100,537,129	-
Federal Home Loan				
Mortgage Corporation	80,393,577	44,228,930	36,164,647	-
Federal National Mortgage				
Association	82,741,902	45,504,068	37,237,834	-
U.S. Treasury Notes	50,245,800	50,245,800	-	-
Municipal Notes	12,523,648	3,771,528	-	8,752,120
<i>Total County Investments</i>	<u>733,416,378</u>	<u>456,269,759</u>	<u>268,394,499</u>	<u>8,752,120</u>
Investments with Fiscal Agent				
Money Market Mutual Funds	22,360,519	22,360,519	-	-
Total Investments	<u>\$ 755,776,897</u>	<u>\$ 478,630,278</u>	<u>\$ 268,394,499</u>	<u>\$ 8,752,120</u>

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

- Limiting purchases to "investment grade securities".

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

At June 30, 2008, 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	5.72%
Negotiable Certificates of Deposits	AA	0.66%
Repurchase Agreement	AAA	0.52%
LAIF	Not Rated	4.57%
CalTRUST	AAA	2.64%
CAMP	AAA	0.00%
Corporate Notes	A	2.62%
Corporate Notes	A+	2.52%
Corporate Notes	A1P1	5.29%
Corporate Notes	AA	2.77%
Corporate Notes	AA-	4.21%
Corporate Notes	AAA	1.85%
Mortgage Pass-through	AAA	0.03%
U.S. Federal Agency Notes		
Federal Farm Credit Bank	AAA	4.81%
Federal Home Loan Bank	AAA	28.94%
Federal Home Loan		
Mortgage Corporation	AAA	10.64%
Federal National Mortgage		
Association	AAA	10.95%
U.S. Treasury Notes	AAA	6.65%
Municipal Notes	AA	0.23%
Municipal Notes	AA-	0.09%
Municipal Notes	AAA	1.34%
Investments with Fiscal Agents		
Money Market Mutual Funds	Aaa	2.95%
Total		100.00%

4. Concentration of Credit Risk

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

<u>Investment Type</u>	<u>Fair Value</u>
Federal Home Loan Bank	\$ 218,717,325
Federal Home Loan Mortgage Corporation	80,393,577
Federal National Mortgage Association	82,741,902

5. Custodial Credit Risk

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

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 Market Mutual Funds	\$ 43,238,604	\$ 43,224,032	3.000%	07/08
Negotiable Certificates of Deposits	5,002,775	4,984,000	5.445	04/10
Repurchase Agreement	3,915,113	3,915,113	3.000	07/08
LAIF	34,541,455	34,541,455	3.000	07/08
CalTRUST	19,926,340	19,926,340	3.000	07/08
CAMP	2,847	2,847	3.000	07/08
Corporate Notes	145,616,943	145,466,648	2.049 – 6.875	07/08 – 10/12
Mortgage Pass-through	209,059	209,059	2.576 – 2.590	10/11 – 10/12
U.S. Federal Agency Notes	418,193,794	417,094,087	2.069 – 6.700	07/08 – 05/13
U.S Treasury Notes	50,245,800	50,274,937	1.522 – 4.875	08/08 – 11/08
Municipal Notes	12,523,648	12,105,565	3.475 – 6.000	07/08 – 08/27
	<u>\$ 733,416,378</u>	<u>\$ 731,744,083</u>		

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Pool as of June 30, 2008:

Statement of net assets	
Net assets held in trust for all pool participants	\$ 730,587,174
Equity of internal pool participants	\$ 315,393,288
Equity of external pool participants	415,193,886
Total equity	\$ 730,587,174
Statement of changes in net assets	
Net assets as of July 1, 2007	\$ 717,096,754
Net change in investments by pool participants	13,490,420
Net assets as of June 30, 2008	\$ 730,587,174
Reconciliation to financial statements	
Held by County Treasurer:	
Primary government	\$ 735,589,516
Component units:	
Solano County Fair	755,450
Workforce Investment Board	408,479
	736,753,445
Less outstanding warrants:	
Primary government	6,010,716
Component unit-Workforce Investment Board	155,555
Total	\$ 730,587,174

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, 2008, the various components of deferred revenue were as follows:

Fund	Unavailable	Unearned	Total
General	\$ 9,307,755	\$ 1,019,563	\$ 10,327,318
Health and Social Services	10,593,426	10,537,901	21,131,327
Public Safety	433,950	2,429,722	2,863,672
Other Governmental Funds	-	205,602	205,602
Internal Service Fund	-	485,385	485,385
Total deferred revenue	\$ 20,335,131	\$ 14,678,173	\$ 35,013,304

C. Due To/Due From Other Funds

The composition of the interfund balances as of June 30,2008, is as follows:

	Due To								Total
	General	Health & Social Services	Public Safety	Tobacco Settlement	Other Governmental	Nut Tree Airport	Fouts Springs Youth Facility	Internal Service Funds	
General	\$ -	\$ 5,229,237	\$ 3,399,616	\$ -	\$ 414,304	\$ 80	\$ -	\$ 33	\$ 9,043,270
Health & Social Services	8,232,959	-	257,454	1,738,290	489,590	-	-	120,463	10,838,756
Public Safety	63,033	235,671	-	-	-	-	-	-	298,704
Other Governmental	106,201	270,869	278,457	-	353,119	568	7,160	22,457	1,038,831
Internal Service	217,300	8,141	3,438	-	1,118	-	-	4	230,001
Total	<u>\$ 8,619,493</u>	<u>\$ 5,743,918</u>	<u>\$ 3,938,965</u>	<u>\$ 1,738,290</u>	<u>\$ 1,258,131</u>	<u>\$ 648</u>	<u>\$ 7,160</u>	<u>\$ 142,957</u>	<u>\$ 21,449,562</u>

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

D. Advances To/From Other Funds

The General Fund loaned \$7,712,642 to the Nut Tree Airport Fund to cover the costs of acquiring real property for purposes of airport expansion and \$114,742 to the Transportation Fund to cover costs of Regional Transportation Projects. The General Fund expects to collect the loans in the subsequent years.

E. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2008, 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	\$ 152,915,345	\$ 3,127,851	\$ -	\$ 156,043,196
Construction in progress	15,242,177	12,489,617	-	27,731,794
Total capital assets, not being depreciated	<u>168,157,522</u>	<u>15,617,468</u>	<u>-</u>	<u>183,774,990</u>
Capital assets, being depreciated				
Buildings	292,408,580	994,833	(1,222,649)	292,180,764
Machinery and equipment	41,951,527	5,475,362	(2,553,021)	44,873,868
Infrastructure	97,026,102	6,440,568	(12,826,854)	90,639,816
Total capital assets, being depreciated	<u>431,386,209</u>	<u>12,910,763</u>	<u>(16,602,524)</u>	<u>427,694,448</u>
Less accumulated depreciation for:				
Buildings	(99,324,040)	(8,668,176)	1,222,648	(106,769,568)
Machinery and equipment	(26,148,079)	(4,054,467)	2,371,733	(27,830,813)
Infrastructure	(36,999,169)	(3,328,843)	1,974,504	(38,353,508)
Total accumulated depreciation	<u>(162,471,288)</u>	<u>(16,051,486)</u>	<u>5,568,885</u>	<u>(172,953,889)</u>
Total capital assets, being depreciated, net	<u>268,914,921</u>	<u>(3,140,723)</u>	<u>(11,033,639)</u>	<u>254,740,559</u>
Total governmental activities capital assets, net	<u>\$ 437,072,443</u>	<u>\$ 12,476,745</u>	<u>\$ (11,033,639)</u>	<u>\$ 438,515,549</u>

Business-type activities	Beginning Balance	Additions & Transfers-in	Retirements & Transfers-out	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 4,440,940	\$ 5,861,442	\$ -	\$ 10,302,382
Construction in progress	3,542,539	364,962	-	3,907,501
Total capital assets, not being depreciated	<u>7,983,479</u>	<u>6,226,404</u>	<u>-</u>	<u>14,209,883</u>
Capital assets, being depreciated				
Buildings	11,262,909	-	-	11,262,909
Machinery and equipment	465,687	86,468	-	552,155
Total capital assets, being depreciated	<u>11,728,596</u>	<u>86,468</u>	<u>-</u>	<u>11,815,064</u>
Less accumulated depreciation for:				
Buildings	(4,249,506)	(442,111)	-	(4,691,617)
Machinery and equipment	(364,985)	(27,960)	-	(392,945)
Total accumulated depreciation	<u>(4,614,491)</u>	<u>(470,071)</u>	<u>-</u>	<u>(5,084,562)</u>
Total capital assets, being depreciated, net	<u>7,114,105</u>	<u>(383,603)</u>	<u>-</u>	<u>6,730,502</u>
Business-type activities capital assets, net	<u>\$ 15,097,584</u>	<u>\$ 5,842,801</u>	<u>\$ -</u>	<u>\$ 20,940,385</u>

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

Governmental activities:

General government	\$ 4,769,039
Public protection	4,149,430
Public ways and facilities	3,584,396
Health and sanitation	516,026
Public assistance	773,458
Education	349,209
Recreation	68,039
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	1,841,889
Total depreciation expense-governmental activities	<u>\$ 16,051,486</u>

Business-type activities:

Nut Tree Airport	\$ 307,759
Fouts Springs Youth Facility	162,312
Total depreciation expense-business-type activities	<u>\$ 470,071</u>

Capital assets activity for component units for the fiscal year ended June 30, 2008 was as follows:

Component Units	Beginning Balance	Additions	Retirements	Ending Balance
Solano County Fair				
Capital assets, not being depreciated:				
Land	\$ 167,085	\$ -	\$ -	\$ 167,085
Capital assets, being depreciated:				
Buildings	9,186,734	3,817	-	9,190,551
Machinery and equipment	549,581	19,367	-	568,948
Total capital assets, being depreciated	9,736,315	23,184	-	9,759,499
Less accumulated depreciation for:				
Buildings	(7,089,391)	(277,080)	-	(7,366,471)
Machinery and equipment	(481,110)	(29,164)	-	(510,274)
Total accumulated depreciation, net	(7,570,501)	(306,244)	-	(7,876,745)
Total capital assets, being depreciated, net	2,165,814	(283,060)	-	1,882,754
Total Solano County Fair capital assets, net	\$ 2,332,899	\$ (283,060)	\$ -	\$ 2,049,839
Workforce Investment Board (WIB)				
Capital assets:				
Machinery and equipment	\$ 28,344	\$ -	\$ (21,749)	\$ 6,595
Less accumulated depreciation	(25,925)	(1,430)	21,749	(5,606)
Total WIB capital assets, being depreciated, net	\$ 2,419	\$ (1,430)	\$ -	\$ 989

Depreciation expense was charged to component units as follows:

Component units:	
Solano County Fair	\$ 306,244
Workforce Investment Board	1,430
Total depreciation expense-component units	\$ 307,674

F. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2008, is as follows:

		Transfers Out								
		General	Health & Social Services	Public Safety	Tobacco Settlement	Other Governmental	Nut Tree Airport	Fouts Springs Youth Facility	Internal Service Funds	Total
Transfers In	General	\$ -	\$ 576,319	\$ 220,671	\$ -	\$ 661,580	\$ -	\$ -	\$ -	\$ 1,458,570
	Health & Social Services	27,246,197	-	307,071	3,357,558	-	-	-	-	30,910,826
	Public Safety	88,991,109	222,715	-	-	-	-	-	-	89,213,824
	Other Governmental	19,348,208	9,146,579	8,093,142	-	10,595,825	20,258	188,649	602,996	47,995,657
	Internal Service	38,390	64,828	108,334	-	-	-	-	756,391	967,943
	Total	\$ 135,623,904	\$ 10,010,441	\$ 8,729,218	\$ 3,357,558	\$ 11,257,405	\$ 20,258	\$ 188,649	\$ 1,359,387	\$ 171,835,881

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

Other Governmental Funds included the residual equity transfer of \$2,031,689 to the External Investment Trust Fund, which is not included in the table above. The amount represents the transfer of the Rural North Vacaville Water District equity as a county department to the fiduciary funds.

G. Payables

The composition of payables as of June 30, 2008, was as follows:

	Accounts Payable	Accrued Payroll	Accrued Interest	Total
Governmental activities:				
General	\$ 3,062,484	\$ 1,675,272	\$ -	\$ 4,737,756
Health & Social Services	10,905,546	4,633,147	-	15,538,693
Public Safety	1,763,726	4,865,365	-	6,629,091
Other Governmental Funds	5,558,301	900,774	-	6,459,075
Internal Service Funds	2,841,382	356,516	-	3,197,898
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	3,789,810	3,789,810
Total governmental activities	\$ 24,131,439	\$ 12,431,074	\$ 3,789,810	\$ 40,352,323
Business-type activities:				
Nut Tree Airport	\$ 36,811	\$ 10,060	\$ -	\$ 46,871
Fouts Springs Youth Facility	58,766	125,261	-	184,027
Total business-type activities	\$ 95,577	\$ 135,321	\$ -	\$ 230,898

H. Operating Leases

The County leases office space and equipment under operating leases. Total rental expenditures for such leases were \$3,636,953, for the year ended June 30, 2008. Future minimum rental payments under all noncancelable operating leases with initial or remaining terms in excess of one year as of June 30, 2008 are summarized as follows:

Year Ending June 30	Primary Government	WIB	Total
2009	\$ 2,431,973	\$ 500,295	\$ 2,932,268
2010	2,132,991	-	2,132,991
2011	1,672,842	-	1,672,842
2012	739,083	-	739,083
2013	310,000	-	310,000
	<u>\$ 7,286,889</u>	<u>\$ 500,295</u>	<u>\$ 7,787,184</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:

	Governmental activities
Machinery and equipment	\$ 59,286
Less: Accumulated depreciation	(41,500)
Total	<u>\$ 17,786</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

Year ending June 30	Governmental activities
2009	\$ 14,516
2010	3,628
Total minimum lease payments	18,144
Less: amount representing interest	(1,270)
Present value of minimum lease payments	<u>\$ 16,874</u>

Notes Payable:

The County has entered into various note payable agreements as borrower for financing arrangements. These agreements qualify as notes payable for accounting purposes.

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

Year ending June 30	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2009	\$ 147,153	\$ 64,756	\$ 55,000	\$ 7,018
2010	-	61,433	94,853	6,283
2011	-	61,433	-	-
2012	-	61,433	-	-
2013	-	61,433	-	-
2014-2018	-	307,167	-	-
	<u>\$ 147,153</u>	<u>\$ 617,655</u>	<u>\$ 149,853</u>	<u>\$ 13,301</u>

During FY 07/08, the County entered into a new loan agreement with the Suisun Redevelopment Agency in the amount of \$1,023,890 for its share of construction costs of the Suisun City Library. The loan will be repaid using future public facilities fees collected by Suisun City plus interest at three (3%) percent per annum. As of June 30, 2008, there is no agreed upon maturity date set for the loan.

Certificates of Participation:

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

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

Year ending June 30	Principal	Interest
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	5,470,000	5,415,638
2014 – 2018	28,985,000	22,930,909
2019 – 2023	24,860,000	16,012,397
2024 – 2028	26,345,000	10,377,213
2029 – 2033	32,735,000	3,811,838
	<u>\$ 137,955,000</u>	<u>\$ 82,525,335</u>

Debt Defeasance:

The County partially refunded and defeased the 2002 COP with certificate payment dates from and including November 1, 2013 to 2032. Due to prepayment restrictions, the proceeds from the 2007 COP are held in an escrow account until the 2002 COP are refunded after the call date of November 1, 2012. The amount held in the escrow account and the liability for the defeased bonds are not included in the County's financial statements. As of June 30, 2008, the amount outstanding for the defeased bonds is \$96,215,000.

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
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	4,595,000	6,528,110
2014 – 2018	34,825,000	27,990,013
2019 – 2023	51,025,000	15,869,099
2024 - 2025	18,435,000	1,372,870
	\$ 121,020,000	\$ 78,866,234

The composition of the long-term debt obligations for the governmental activities as of June 30, 2008, 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	\$ 147,153
Suisun City Redevelopment Agency		3.00	1,023,890	1,023,890
Total notes payable				<u>1,171,043</u>
Capital leases:				
Pitney Bowes Credit Corporation	September 30, 2009	10.36	27,776	8,327
Pitney Bowes Credit Corporation	September 30, 2009	9.41	28,960	8,547
Total capital leases				<u>16,874</u>
Certificates of participation:				
1998 Court Expansion Improvements				
Serial	November 15, 2013	2.95 - 4.68	6,455,000	1,385,000
Term	November 15, 2018	4.93	1,480,000	1,480,000
Issuance Premium			1,185	593
1999 Health and Social Services Capital Improvements				
Serial	November 15, 2014	3.20 - 5.13	23,515,000	13,075,000
Term	November 15, 2019	5.23	8,195,000	8,195,000
Issuance Discount			(345,718)	(190,145)
2002 Certificates of Participation				
Serial	November 1, 2025	4.98	74,460,000	14,120,000
Issuance Premium			4,628,748	771,458
2007 Certificates of Participation				
Serial	November 1, 2007 – November 1, 2024	4.00 - 5.00	50,620,000	50,460,000
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	2,311,640
Deferred amount on refunding			(3,150,339)	(2,835,305)
Total certificates of participation				<u>138,013,241</u>
Pension obligation bonds				
Series 2004A	January 15, 2018	5.80	36,665,000	35,390,000
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	15,000,000
Series 2005	January 15, 2025	5.36	42,385,000	40,630,000
Total pension obligation bonds				<u>121,020,000</u>
Self-insurance liability				10,565,011
Compensated absences				25,287,230
Total governmental obligations				<u>\$ 296,073,399</u>

* Variable rate bonds

The composition of the long-term debt obligations for the business-type activities as of June 30, 2008, was as follows:

<u>Type and description</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Nut Tree Airport				
Notes Payable:				
CalTrans/Dept. of Transportation	January 3, 2018	5.22	1,300,000	\$ 149,853
Compensated absences				12,540
Total Nut Tree Airport				<u>162,393</u>
Fouts Springs Youth Facility				
Compensated absences				<u>412,009</u>
Total business-type activities				<u>\$ 574,402</u>

The composition of the long-term obligations of the County's component units activities as of June 30, 2008, was as follows:

<u>Type and description</u>	<u>Outstanding</u>
Solano County Fair	
County pension liability	\$ 746,773
Compensated absences	78,475
Total Solano County Fair	<u>\$ 825,248</u>
Workforce Investment Board (WIB)	
Compensated absences	<u>\$ 145,136</u>

Long-term liability activity for the fiscal year ended June 30, 2008, was as follows:

<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital leases	\$ 28,968	\$ -	\$ (12,094)	\$ 16,874	\$ 13,332
Certificates of participation	142,410,000		(4,455,000)	137,955,000	4,600,000
Deferred amounts:					
For issuance discounts	(207,431)	-	17,286	(190,145)	(17,286)
For issuance premiums	3,366,466		(282,775)	3,083,691	282,775
Deferred amount on refunding	(2,992,822)	-	157,517	(2,835,305)	(157,517)
Pension obligation bonds	127,805,000	-	(6,785,000)	121,020,000	2,190,000
Notes payable	11,864,718	1,023,890	(11,717,565)	1,171,043	147,153
Self-insurance liability	10,015,118	2,753,755	(2,203,862)	10,565,011	1,700,000
Compensated absences	18,431,473	16,007,365	(9,151,608)	25,287,230	9,536,146
Governmental activities long-term liabilities	<u>\$ 310,721,490</u>	<u>\$ 19,785,010</u>	<u>\$ (34,433,101)</u>	<u>\$ 296,073,399</u>	<u>\$ 18,294,603</u>
Business-type activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes payable	\$ 200,965	\$ -	\$ (51,112)	\$ 149,853	\$ 55,000
Compensated absences	243,087	335,263	(153,801)	424,549	136,585
Business-type activities long-term liabilities	<u>\$ 444,052</u>	<u>\$ 335,263</u>	<u>\$ (204,913)</u>	<u>\$ 574,402</u>	<u>\$ 191,585</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities are included as part of the above totals for governmental activities. \$11,468,867 of the 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	\$ 776,208	\$ -	\$ (29,435)	\$ 746,773	\$ 10,534
Compensated absences	70,274	22,749	(14,548)	78,475	-
Total Solano County Fair	<u>\$ 846,482</u>	<u>\$ 22,749</u>	<u>\$ (43,983)</u>	<u>\$ 825,248</u>	<u>\$ 10,534</u>
WIB:					
Compensated absences	<u>\$ 146,761</u>	<u>\$ 142,374</u>	<u>\$ 143,999</u>	<u>\$ 145,136</u>	<u>\$ 140,000</u>

IV. OTHER INFORMATION

A. Employee Retirement Plan

1. Plan Description

The County's defined benefit pension plan, the County's Safety and Miscellaneous Plans, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County's Safety and Miscellaneous Plans are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The County selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through County ordinance. CalPERS issues a separate comprehensive annual financial report; however, a separate report for the County's Safety and Miscellaneous Plans are not available. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, PO BOX 942701 Sacramento, CA 94229.

2. Funding Policy

Active plan members in the Fund are required to contribute 7.773% for miscellaneous and 8.966% 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 required employer contribution rate for the fiscal year ended June 30, 2008 was 11.766% for miscellaneous and 14.634% 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 2007/2008, the County's annual pension cost was \$41,738,331. The required contribution for fiscal year 2007/2008 was determined as part of the June 30, 2005 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percentage of covered payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that range from 3.25% to 14.45% (13.15% for the safety plan) depending on age, service, and type of employment; (c) inflation of 3.00%; and (d) payroll growth of 3.25%. The actuarial value of the 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, 2005 actuarial valuation was 30 years for the miscellaneous and safety plans.

The County's annual pension cost and pension asset for the year ended June 30, 2008 were as follows:

Annual required contribution (ARC)	\$ 40,700,539
Interest on pension asset	(10,481,283)
Adjustment to the annual required contribution	<u>11,519,075</u>
Annual pension cost (APC)	41,738,331
Contributions made	<u>40,700,539</u>
Decrease in pension asset	(1,037,792)
Pension asset, beginning of year	<u>135,647,275</u>
Pension asset, end of year	<u><u>\$ 134,609,483</u></u>

Three-year trend information for the Plan

Fiscal Year Ending	APC	Contribution	Percentage of APC Contributed	Net Pension Asset
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
6/30/08	41,738,331	40,700,539	97	134,609,483

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

4. Funded Status and Funding Progress – Pension Plan

As of June 30, 2008, the most recent actuarial valuation date, the Miscellaneous and Safety plans were funded as noted below:

Plan	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Payroll
Miscellaneous	\$ 781,646,464	\$ 744,049,108	\$ 37,597,356	95.20%	\$ 161,687,049	23.30%
Safety	235,129,140	221,423,489	13,705,651	94.20%	37,478,773	36.60%

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

B. Post Employment Health Care Benefits

1. Plan Description

The County participates in a single-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS). The plan provides postemployment healthcare benefits to eligible retirees by contributing a minimum of \$97 per month towards medical insurance benefits. This benefit is provided based on the Board of Supervisor's election to participate under the Public Employees' Medical and Hospital Care Act (PEMHCA) [Government Code Section 22750]. The County's Board may elect to pay more than the minimum contribution; however, the

County's Board has elected to pay the minimum contribution of \$97 per month per eligible retiree. The County has not executed a formal plan document that provides for these benefits and the plan does not have a name.

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

2. Funding Policy

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

A one-time employer contribution of \$1,808,824 was made on February 28, 2008. This contribution was not reflected in the January 1, 2007 actuarial valuation. During the fiscal year ended June 30, 2008, the County contributed \$3,279,801 to the plan, including pay-as-you-go premiums of \$175,730. The purpose of these contributions was to cover the Annual Required Contribution rate of 1.8% of covered payroll (annual payroll of active employees covered by the plan) and to prefund the postemployment medical benefits.

3. Annual OPEB Cost and Net OPEB Asset

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County's current ARC rate is 1.8% of annual covered payroll.

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

Annual Required Contribution (ARC)	\$	3,120,000
Adjustment to ARC		-
Annual OPEB Cost (expense)		<u>3,120,000</u>
Contributions Made		<u>(3,279,801)</u>
Increase in Net OPEB Asset		(159,801)
Net OPEB Asset, July 1, 2007		-
Net OPEB Asset, June 30, 2008	\$	<u>(159,801)</u>
% of annual OPEB cost contributed		<u>105%</u>

For fiscal year 2008, the County's annual OPEB cost (expense) of \$3,279,801 was equal to the ARC. Since this fiscal year is the transition year, information on the County's annual OPEB cost, percentage of Annual OPEB Cost Contributed, and Net OPEB Asset is only available for the current fiscal year, as presented on the following page:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Asset</u>
6/30/2008	\$3,279,801	105%	\$ 159,801

4. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2007, the most recent actuarial valuation date, was as follows:

Actuarially accrued liability (AAL)	\$	23,331,000
Actuarial value of plan assets		-
Unfunded actuarial accrued liability (UAAL)	\$	23,331,000
Funded ratio (actuarial value of plan assets/AAL)		0%
Covered payroll (active plan members)	\$	174,910,000
UAAL as a percentage of covered payroll		13.34%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress is presented as required supplementary information following the notes to the financial statements.

5. Actuarial Methods and Assumptions

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

In the County's January 1, 2007 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included a 7.75 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate between 10.4% - 11.7% initially, reduced by decrements to an ultimate rate of 4.5% after 10 years. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The amortization period was 30 years.

C. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance. Premiums are paid through the Risk Management Internal Service Fund. The County participates in 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 \$4,489,983 during the fiscal year ended June 30, 2008.

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 \$6,000,000.

Effective July 1, 2003, the County elected to self-insure for the County’s workers’ compensation program. The County has a self-insured retention level of \$125,000 per occurrence, and will continue to participate in excess coverage subject to statutory limits. Based on the current trends of the claims filed, the County is expecting a payout of \$1,700,000 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, 2008, the accrued loss contingency for the County’s workers’ compensation program was \$10,310,000 and is reported as a liability in the Risk Management Internal Service Fund.

Effective November 1, 1998, the County elected to fully insure the County’s general liability coverage under the CSAC-EIA Primary General Liability Program. The County no longer self-insures for this risk. The County continues to be liable for all claims incurred prior to November 1, 1998, with a \$10,000 deductible per claim. As of June 30, 2008, the accrued loss contingency for the general liability claims incurred prior to November 1, 1998 was \$255,011 and is reported as a liability in the Risk Management Internal Service Fund. The County also participates in excess coverage up to \$15,000,000 with an additional \$10,000,000 of coverage through the Optional, Excess Liability Program. In County management’s opinion, the liability reported is adequate to cover any potential claims not covered by insurance.

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

Changes in the Risk Management Internal Service Fund’s accrued loss contingency amount for general liability and worker’s compensation for the years ended June 30, 2008 and 2007 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, 2007	\$ 10,836,817	\$ 1,181,738	\$ (2,003,437)	\$ 10,015,118
June 30, 2008	10,015,118	2,735,024	(2,185,131)	10,565,011

D. Commitments and Contingencies

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

The County is a defendant in a collective action lawsuit for the alleged unpaid overtime wages under the Fair Labor Standards Act (FLSA) for Bargaining Unit 13 (Correctional Officers) for the period September 19, 2003 to September 19, 2006. Our attorneys are unable to reasonably estimate the amount of the contingency and are unable to determine the probability of an unfavorable outcome at this time. However, County Management believes that any potential payout has no significant impact to 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 South County Government Center Project has a total budget of \$37.7 million. The project includes the construction of a 58,000 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 October 2010. The commitments for this project as of June 30, 2008 were \$7.4 million.

The Public Health Laboratory Facility Project in Fairfield has a total budget of \$19.2 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 for this project as of June 30, 2008 were \$1.03 million.

E. New Accounting Pronouncements

The County will implement the following new accounting pronouncements issued by the 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.

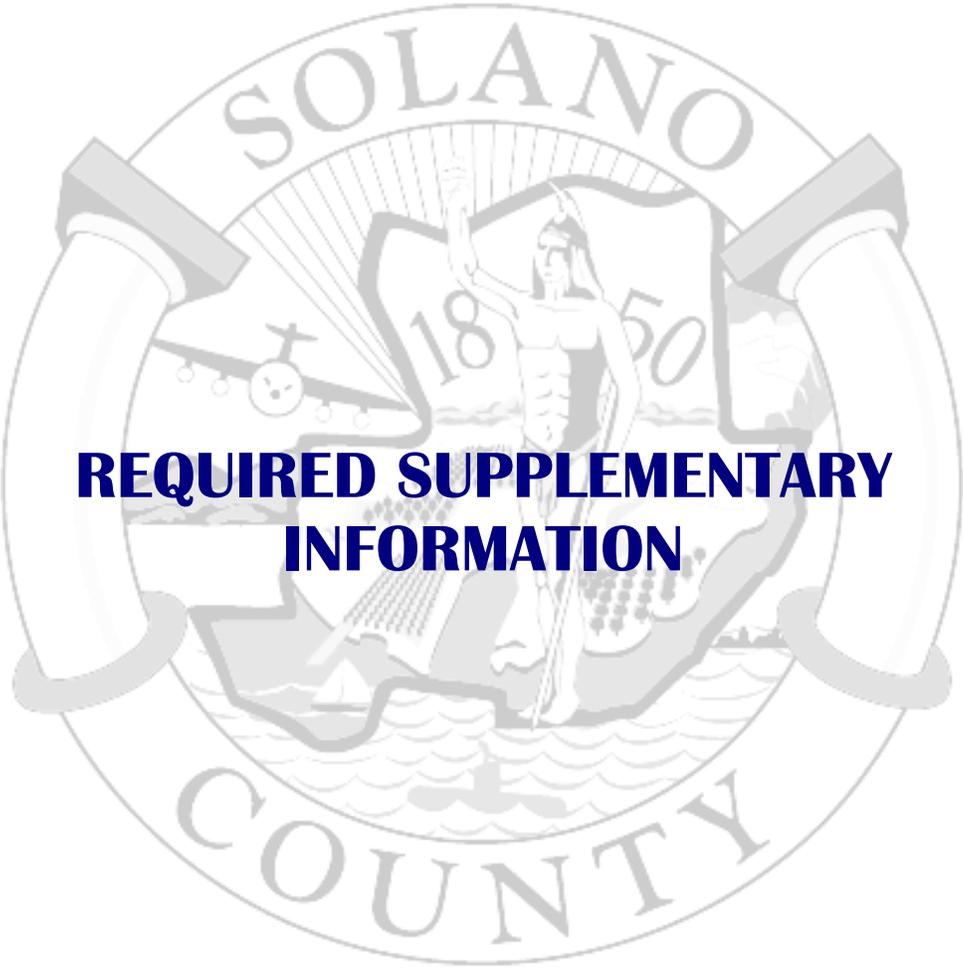
Statement No. 51 – Accounting and Financial Reporting for Intangible Assets

The objective of this Statement is to establish accounting and financial requirements for intangible assets to reduce inconsistencies in the accounting and financial reporting of such assets among state and local governments. This statement also provides authoritative guidance that specifically addresses the nature of the intangible assets including internally generated intangible assets. Statement No. 51 will be implemented by the County during FY 2009/10.

F. Subsequent Events

The County's Series B-1 Pension Obligation Bonds, in the amount of \$15 million, were paid off in July 2008, ahead of the schedule. By paying off the bonds ahead of schedule the County would realize savings of about \$300,000 annually over the remaining 13 years.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF SOLANO, CALIFORNIA
Schedules of Funding Progress
For the Fiscal Year Ended June 30, 2008
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
6/30/05	\$ 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%
6/30/07	781,646,464	744,049,108	37,597,356	95.2%	161,687,049	23.3%

**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
6/30/05	\$ 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%
6/30/07	235,129,140	221,423,489	13,705,651	94.2%	37,478,773	36.6%

Other Postemployment Benefits (OPEB) Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Payroll
1/01/07	\$ 23,331,000	\$ -	\$ 23,331,000	0%	\$ 174,910,000	13.34%

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, 2008

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes	\$ 123,336,000	\$ 123,336,000	\$ 122,638,505	\$ (697,495)
Licenses, permits and franchises	6,077,957	6,077,957	5,820,403	(257,554)
Fines, forfeitures and penalties	2,510,800	2,510,800	2,407,979	(102,821)
Use of money and property	4,071,400	4,110,900	5,049,647	938,747
Intergovernmental	22,054,393	22,374,083	25,051,335	2,677,252
Charges for services	37,205,917	37,329,584	36,662,865	(666,719)
Miscellaneous	6,803,779	6,803,779	7,227,623	423,844
Total revenues	<u>202,060,246</u>	<u>202,543,103</u>	<u>204,858,357</u>	<u>2,315,254</u>
EXPENDITURES				
Current:				
General government				
BOS-District 1	264,397	262,577	258,940	3,637
BOS-District 2	286,183	286,183	270,796	15,387
BOS-District 3	233,776	264,301	259,210	5,091
BOS-District 4	257,747	280,647	274,652	5,995
BOS-District 5	249,591	248,808	248,806	2
BOS-Administration	482,625	440,857	350,637	90,220
Administration	3,312,466	3,325,175	3,132,299	192,876
General Revenue	875,000	875,000	749,372	125,628
Employee Development & Recognition	680,674	934,044	555,186	378,858
General Services	16,240,610	17,365,472	15,667,488	1,697,984
Assessor	5,506,539	5,506,539	4,835,735	670,804
Auditor-Controller	4,192,844	4,193,095	3,724,342	468,753
Tax Collector/County Clerk	1,830,923	1,859,731	1,739,881	119,850
Treasurer	941,033	940,311	832,721	107,590
County Counsel	3,361,359	3,361,359	3,134,612	226,747
Delta Water Activities	-	85,750	76,750	9,000
Human Resources	2,772,847	2,772,623	2,569,246	203,377
Registrar of Voters	4,224,587	4,219,487	4,172,429	47,058
Property Management	400,511	466,591	433,114	33,477
Promotion	759,000	801,514	315,559	485,955
General Expenditures	9,963,467	10,855,512	9,022,539	1,832,973
Surveyor/Engineer	86,121	86,121	76,907	9,214
General Svcs. Special Revenue	5,268	26,525	10,507	16,018
Total general government	<u>56,927,568</u>	<u>59,458,222</u>	<u>52,711,728</u>	<u>6,746,494</u>
Public protection				
Grand Jury	162,788	166,788	157,284	9,504
Agricultural Commissioner	2,780,431	2,842,334	2,606,635	235,699
Animal Care Services	2,311,015	2,347,139	2,277,660	69,479
Recorder	3,867,401	3,941,730	1,997,847	1,943,883
Environmental Management	10,064,203	11,045,267	9,614,956	1,430,311
LAFCO	446,923	445,422	428,683	16,739
Office of Family Violence Prevention	670,904	670,904	595,279	75,625
Total public protection	<u>20,303,665</u>	<u>21,459,584</u>	<u>17,678,344</u>	<u>3,781,240</u>
Public assistance				
Indigent Burial General Relief	8,248	13,248	12,503	745
Veterans Services	576,429	575,447	565,357	10,090
Total public assistance	<u>584,677</u>	<u>588,695</u>	<u>577,860</u>	<u>10,835</u>
Education and recreation				
Cooperative Extension Service	385,696	390,436	387,793	2,643
Vallejo Veterans Building	43,257	43,257	41,283	1,974
Total education and recreation	<u>428,953</u>	<u>433,693</u>	<u>429,076</u>	<u>4,617</u>
Debt service:				
Principal	152,176	154,976	155,477	(501)
Interest and other charges	12,815	12,815	9,513	3,302
Total debt service	<u>164,991</u>	<u>167,791</u>	<u>164,990</u>	<u>2,801</u>
Capital outlay:				
Land	-	50,000	50,000	-
Construction in progress	350,000	170,000	-	170,000
Buildings and improvements	66,400	-	-	-
Equipment	134,500	212,544	158,729	53,815
Total capital outlay	<u>550,900</u>	<u>432,544</u>	<u>208,729</u>	<u>223,815</u>
Total expenditures	<u>78,960,754</u>	<u>82,540,529</u>	<u>71,770,727</u>	<u>10,769,802</u>
Excess of revenues over expenditures	<u>123,099,492</u>	<u>120,002,574</u>	<u>133,087,630</u>	<u>13,085,056</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,958,331	2,997,978	1,458,570	(1,539,408)
Transfers out	(142,953,061)	(144,018,035)	(135,623,904)	8,394,131
Sale of capital assets	60,000	60,000	106,890	46,890
Total other financing sources (uses)	<u>(139,934,730)</u>	<u>(140,960,057)</u>	<u>(134,058,444)</u>	<u>6,901,613</u>
Net change in fund balance	(16,835,238)	(20,957,483)	(970,814)	19,986,669
Fund balance - beginning	121,616,484	121,616,484	121,616,484	-
Fund balance - ending	<u>\$ 104,781,246</u>	<u>\$ 100,659,001</u>	<u>\$ 120,645,670</u>	<u>\$ 19,986,669</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, 2008

	<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	\$ 11,792	\$ (363,521)
Fines, forfeitures and penalties	807,319	807,319	633,520	(173,799)
Use of money and property	345,603	345,603	290,258	(55,345)
Intergovernmental	204,501,098	206,773,778	200,400,104	(6,373,674)
Charges for services	19,008,314	19,051,314	17,675,097	(1,376,217)
Miscellaneous	2,190,737	2,190,737	2,383,297	192,560
Total revenues	<u>227,228,384</u>	<u>229,544,064</u>	<u>221,394,068</u>	<u>(8,149,996)</u>
EXPENDITURES				
Current:				
Health services	107,704,634	108,762,863	101,878,735	6,884,128
Public assistance	145,639,340	146,873,707	141,365,458	5,508,249
Capital outlay:				
Equipment	25,000	469,044	380,666	88,378
Total expenditures	<u>253,688,974</u>	<u>256,105,614</u>	<u>243,624,859</u>	<u>12,480,755</u>
Deficiency of revenues under expenditures	<u>(26,460,590)</u>	<u>(26,561,550)</u>	<u>(22,230,791)</u>	<u>4,330,759</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	36,004,677	36,204,648	30,910,826	(5,293,822)
Transfers out	(9,757,579)	(10,005,839)	(10,010,441)	(4,602)
Total other financing sources (uses)	<u>26,247,098</u>	<u>26,198,809</u>	<u>20,900,385</u>	<u>(5,298,424)</u>
Net change in fund balance	(213,492)	(362,741)	(1,330,406)	(967,665)
Fund balance - beginning	635,336	635,336	635,336	-
Fund balance - ending	<u>\$ 421,844</u>	<u>\$ 272,595</u>	<u>\$ (695,070)</u>	<u>\$ (967,665)</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, 2008

	<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	\$ 176,565	\$ 176,565	\$ 175,271	\$ (1,294)
Fines, forfeitures and penalties	1,906,686	1,931,686	2,412,008	480,322
Use of money and property	110,168	110,168	609,081	498,913
Intergovernmental	60,738,869	62,885,165	57,645,888	(5,239,277)
Charges for services	8,858,784	8,895,871	9,480,597	584,726
Miscellaneous	1,500,982	1,497,606	1,662,366	164,760
Total revenues	<u>73,292,054</u>	<u>75,497,061</u>	<u>71,985,211</u>	<u>(3,511,850)</u>
EXPENDITURES				
Current:				
Public protection				
Law Library	364,043	365,258	341,690	23,568
Department of Child Support Services	12,209,603	12,209,603	11,508,842	700,761
Homeland Security Grant	199,733	877,673	305,071	572,602
LLEBG	54,660	187,394	132,049	55,345
Sheriff Special Revenue Fund	50,031	85,719	60,147	25,572
DA Special Revenue	191,996	177,473	92,872	84,601
Sheriff Asset Forfeiture	152	152	152	-
CJ Fac Temp Const Fund	8,334	8,334	8,334	-
Courthouse Temp Const Fund	8,900	8,900	8,900	-
District Attorney	18,978,916	19,291,495	18,718,292	573,203
Public Defender	9,351,919	9,662,793	9,662,791	2
Conflict Public Defender	2,910,551	2,755,514	2,751,317	4,197
Sheriff	76,485,017	76,823,327	72,485,194	4,338,133
Probation	32,807,817	33,726,432	30,650,357	3,076,075
Other Public Defense	2,309,642	2,812,358	2,812,358	-
CMF Cases	129,683	234,683	231,921	2,762
JH Rec Hall-Ward	43,400	43,400	17,584	25,816
Total public protection	<u>156,104,397</u>	<u>159,270,508</u>	<u>149,787,871</u>	<u>9,482,637</u>
Capital outlay:				
Land				-
Construction in progress	-	488,272	205,567	282,705
Buildings and improvements	120,000	76,370	-	76,370
Equipment	946,934	1,351,166	895,559	455,607
Total capital outlay	<u>1,066,934</u>	<u>1,915,808</u>	<u>1,101,126</u>	<u>814,682</u>
Total expenditures	<u>157,171,331</u>	<u>161,186,316</u>	<u>150,888,997</u>	<u>10,297,319</u>
Deficiency of revenues under expenditures	<u>(83,879,277)</u>	<u>(85,689,255)</u>	<u>(78,903,786)</u>	<u>6,785,469</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	93,073,810	83,307,121	89,213,824	5,906,703
Transfers out	(8,138,309)	(8,606,697)	(8,729,218)	(122,521)
Total other financing sources (uses)	<u>84,935,501</u>	<u>74,700,424</u>	<u>80,484,606</u>	<u>5,784,182</u>
Net change in fund balance	1,056,224	(10,988,831)	1,580,820	12,569,651
Fund balance - beginning	4,889,816	4,889,816	4,889,816	-
Fund balance - ending	<u>\$ 5,946,040</u>	<u>\$ (6,099,015)</u>	<u>\$ 6,470,636</u>	<u>\$ 12,569,651</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 2,907,970	\$ 2,907,970	\$ 2,174,625	\$ (733,345)
Miscellaneous	500,000	500,000	-	(500,000)
Total revenues	<u>3,407,970</u>	<u>3,407,970</u>	<u>2,174,625</u>	<u>(1,233,345)</u>
EXPENDITURES				
Current:				
Health services				
Tobacco Settlement	70,000	70,000	64,500	5,500
Excess of revenues over expenditures	<u>3,337,970</u>	<u>3,337,970</u>	<u>2,110,125</u>	<u>(1,227,845)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,452,620	1,452,620	-	(1,452,620)
Transfers out	<u>(5,347,620)</u>	<u>(5,347,620)</u>	<u>(3,357,558)</u>	<u>1,990,062</u>
Total other financing sources (uses)	<u>(3,895,000)</u>	<u>(3,895,000)</u>	<u>(3,357,558)</u>	<u>537,442</u>
Net change in fund balance	(557,030)	(557,030)	(1,247,433)	(690,403)
Fund balance - beginning	56,025,049	56,025,049	56,025,049	-
Fund balance - ending	<u>\$ 55,468,019</u>	<u>\$ 55,468,019</u>	<u>\$ 54,777,616</u>	<u>\$ (690,403)</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, 2008**

Budgetary Information

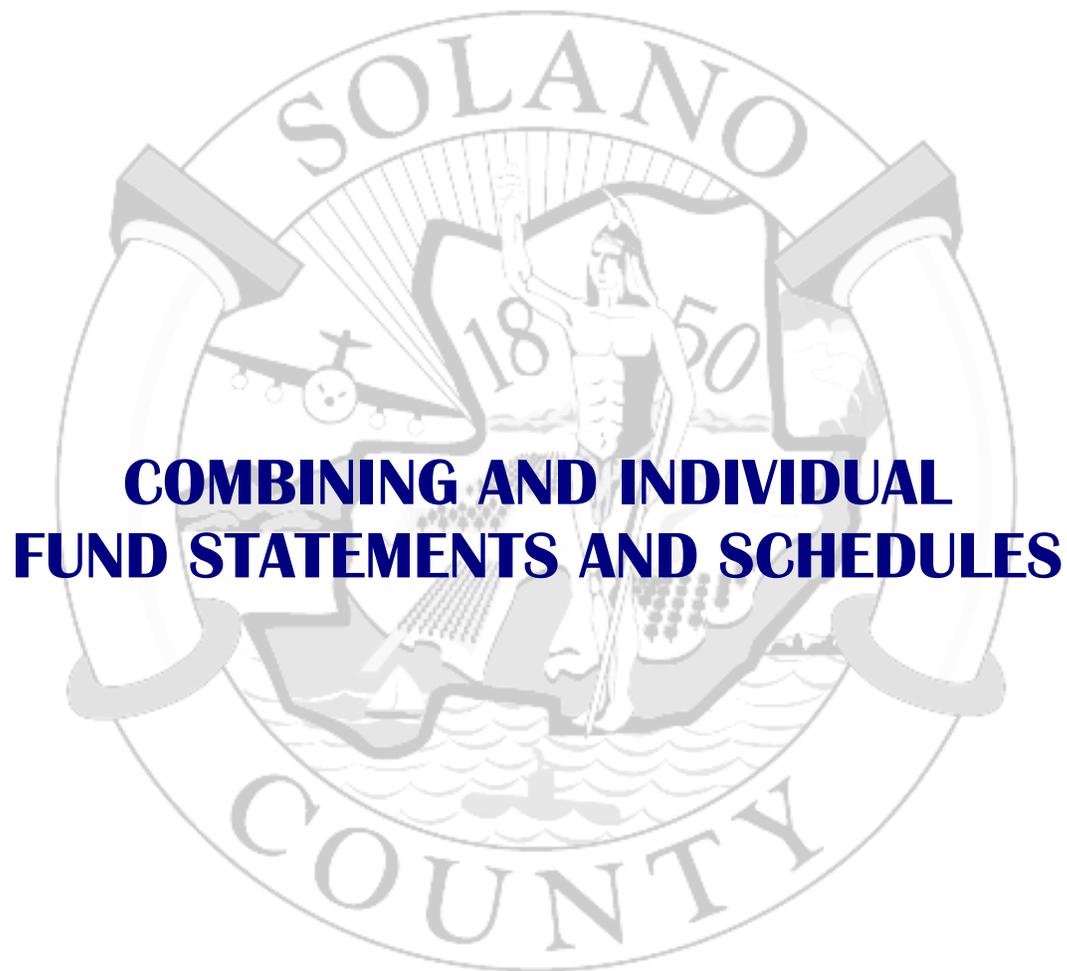
In accordance with provisions of Sections 29000 through 29144 of the California Governmental Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget each fiscal year by July 1.

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

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

Pursuant to the Board of Supervisors' Budget Policy, amendments or transfers of appropriations between object levels within a department may be authorized by the County Administrator's Office provided the total appropriation of the department is not changed. Therefore, final budget amounts in the accompanying required supplementary information are reported as amended. Individual budget amendments during the fiscal year ended June 30, 2008, were not material in relation to the original appropriations.

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



**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

Other Governmental Funds

Special Revenue Funds

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

Capital Projects Funds

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

Debt Service Funds

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

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Other Governmental Funds
June 30, 2008

	<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	\$ 78,332,637	\$ 33,188,882	\$ 16,591,438	\$ 128,112,957
Accounts receivable	901,383	-	5,966	907,349
Due from other agencies	4,177,135	83,729	225	4,261,089
Due from other funds	5,929	303,301	729,601	1,038,831
Other assets	2,685,480	-	1,013,158	3,698,638
Total assets	<u>\$ 86,102,564</u>	<u>\$ 33,575,912</u>	<u>\$ 18,340,388</u>	<u>\$ 138,018,864</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Outstanding warrants	\$ 458,801	\$ 33,270	\$ -	\$ 492,071
Payables	3,332,619	3,126,456	-	6,459,075
Deferred revenue	198,384	7,218	-	205,602
Due to other funds	951,584	3,246	303,301	1,258,131
Advance from other funds	114,742	-	-	114,742
Other liabilities	541,661	251,899	-	793,560
Due to other agencies	227,042	-	-	227,042
Total liabilities	<u>5,824,833</u>	<u>3,422,089</u>	<u>303,301</u>	<u>9,550,223</u>
Fund balances:				
Reserved:				
Long-term assets	2,444,855	-	1,013,158	3,458,013
Debt service	-	-	17,023,929	17,023,929
Encumbrances	5,531,641	26,410,058	-	31,941,699
Imprest cash	3,687	-	-	3,687
Unreserved, undesignated	72,297,548	3,743,765	-	76,041,313
Total fund balances	<u>80,277,731</u>	<u>30,153,823</u>	<u>18,037,087</u>	<u>128,468,641</u>
Total liabilities and fund balances	<u>\$ 86,102,564</u>	<u>\$ 33,575,912</u>	<u>\$ 18,340,388</u>	<u>\$ 138,018,864</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, 2008

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
REVENUES				
Taxes	\$ 13,938,859	\$ 1,951,850	\$ 458,019	\$ 16,348,728
Licenses, permits and franchises	172,535	-	-	172,535
Fines, forfeitures and penalties	5,047	-	-	5,047
Use of money and property	3,434,160	1,490,507	(25,943)	4,898,724
Intergovernmental	27,838,558	1,000,681	112,500	28,951,739
Charges for services	11,864,665	37,641	1,619,390	13,521,696
Miscellaneous	371,072	-	812,808	1,183,880
Total revenues	<u>57,624,896</u>	<u>4,480,679</u>	<u>2,976,774</u>	<u>65,082,349</u>
EXPENDITURES				
Current:				
General government	404,161	4,076,486	258,116	4,738,763
Public protection	2,853,411	1,624	-	2,855,035
Public ways and facilities	9,925,757	-	-	9,925,757
Health services	5,763,826	-	-	5,763,826
Education and recreation	21,863,720	-	-	21,863,720
Debt service:				
Principal	-	-	11,529,942	11,529,942
Interest and other charges	2,392	-	13,159,559	13,161,951
Capital outlay	9,853,211	11,448,909	-	21,302,120
Total expenditures	<u>50,666,478</u>	<u>15,527,019</u>	<u>24,947,617</u>	<u>91,141,114</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,958,418</u>	<u>(11,046,340)</u>	<u>(21,970,843)</u>	<u>(26,058,765)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of long-term capital-related debt	1,023,891	-	-	1,023,891
Transfers in	4,418,201	14,568,288	29,009,168	47,995,657
Transfers out	(8,559,711)	(2,882,242)	(1,847,141)	(13,289,094)
Sale of capital assets	7,250	-	-	7,250
Total other financing sources (uses)	<u>(3,110,369)</u>	<u>11,686,046</u>	<u>27,162,027</u>	<u>35,737,704</u>
Net change in fund balances	3,848,049	639,706	5,191,184	9,678,939
Fund balances - beginning	76,429,682	29,514,117	12,845,903	118,789,702
Fund balances - ending	<u>\$ 80,277,731</u>	<u>\$ 30,153,823</u>	<u>\$ 18,037,087</u>	<u>\$ 128,468,641</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 funded through user charges to property owners in the District.

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, 2008

	<u>Public Facilities</u>			
	<u>Fees</u>	<u>Library</u>	<u>Transportation</u>	<u>First 5 Solano</u>
ASSETS				
Cash and investments	\$ 22,614,845	\$ 17,002,995	\$ 6,933,035	\$ 20,794,313
Accounts receivable	475,490	115,408	3,057	293,259
Due from other agencies	300,000	462,345	2,525,883	854,781
Due from other funds	-	-	5,410	519
Other assets	-	742,194	117,153	52,726
Total assets	<u>\$ 23,390,335</u>	<u>\$ 18,322,942</u>	<u>\$ 9,584,538</u>	<u>\$ 21,995,598</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Outstanding warrants	\$ -	\$ 220,595	\$ 70,339	\$ 87,229
Payables	-	1,132,741	1,539,854	594,620
Deferred revenue	-	-	-	-
Due to other funds	-	29,059	17,534	493,126
Advance from other funds	-	-	114,742	-
Other liabilities	-	-	541,661	-
Due to other agencies	47,304	-	1,723	178,015
Total liabilities	<u>47,304</u>	<u>1,382,395</u>	<u>2,285,853</u>	<u>1,352,990</u>
Fund balances:				
Reserved:				
Long-term assets	-	742,194	117,153	-
Encumbrances	-	5,083,009	412,098	35,000
Imprest cash	-	3,187	500	-
Unreserved, undesignated	23,343,031	11,112,157	6,768,934	20,607,608
Total fund balances	<u>23,343,031</u>	<u>16,940,547</u>	<u>7,298,685</u>	<u>20,642,608</u>
Total liabilities and fund balances	<u>\$ 23,390,335</u>	<u>\$ 18,322,942</u>	<u>\$ 9,584,538</u>	<u>\$ 21,995,598</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2008

Homeacres Loan Program	Rural North Vacaville Water District	Micrographics & Modernization	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds
\$ 1,178,854	\$ -	\$ 7,584,461	\$ 2,224,134	\$ 78,332,637
-	-	3,450	10,719	901,383
11,645	-	-	22,481	4,177,135
-	-	-	-	5,929
1,585,508	-	-	187,899	2,685,480
<u>\$ 2,776,007</u>	<u>\$ -</u>	<u>\$ 7,587,911</u>	<u>\$ 2,445,233</u>	<u>\$ 86,102,564</u>
\$ 69,270	\$ -	\$ -	\$ 11,368	\$ 458,801
2,176	-	-	63,228	3,332,619
10,545	-	-	187,839	198,384
-	-	409,370	2,495	951,584
-	-	-	-	114,742
-	-	-	-	541,661
-	-	-	-	227,042
<u>81,991</u>	<u>-</u>	<u>409,370</u>	<u>264,930</u>	<u>5,824,833</u>
1,585,508	-	-	-	2,444,855
-	-	-	1,534	5,531,641
-	-	-	-	3,687
1,108,508	-	7,178,541	2,178,769	72,297,548
<u>2,694,016</u>	<u>-</u>	<u>7,178,541</u>	<u>2,180,303</u>	<u>80,277,731</u>
<u>\$ 2,776,007</u>	<u>\$ -</u>	<u>\$ 7,587,911</u>	<u>\$ 2,445,233</u>	<u>\$ 86,102,564</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, 2008

	<u>Public Facilities</u>				<u>Homeacres</u>
	<u>Fees</u>	<u>Library</u>	<u>Transportation</u>	<u>First 5 Solano</u>	<u>Loan Program</u>
REVENUES					
Taxes	\$ -	\$ 11,502,060	\$ 1,292,505	\$ -	\$ -
Licenses, permits and franchises	-	-	172,535	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Use of money and property	912,162	667,851	267,631	1,000,939	82,498
Intergovernmental	-	2,918,950	17,336,146	5,215,481	8,900
Charges for services	3,571,282	5,778,124	1,278,831	-	102
Miscellaneous	-	114,223	139,772	91,381	-
Total revenues	<u>4,483,444</u>	<u>20,981,208</u>	<u>20,487,420</u>	<u>6,307,801</u>	<u>91,500</u>
EXPENDITURES					
Current:					
General government	403,428	-	733	-	-
Public protection	-	-	-	-	25,214
Public ways and facilities	-	-	9,799,485	-	-
Health services	-	-	-	5,763,826	-
Education and recreation	-	20,431,907	-	-	-
Debt service:					
Interest and other charges	-	-	2,392	-	-
Capital outlay	-	573,726	9,262,002	-	-
Total expenditures	<u>403,428</u>	<u>21,005,633</u>	<u>19,064,612</u>	<u>5,763,826</u>	<u>25,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,080,016</u>	<u>(24,425)</u>	<u>1,422,808</u>	<u>543,975</u>	<u>66,286</u>
OTHER FINANCING SOURCES (USES)					
Proceeds of long-term capital-related debt	1,023,891	-	-	-	-
Transfers in	-	3,009,439	1,034,795	-	-
Transfers out	(4,864,263)	(1,337,863)	(894,423)	(57,323)	-
Sale of capital assets	-	-	7,250	-	-
Total other financing sources (uses)	<u>(3,840,372)</u>	<u>1,671,576</u>	<u>147,622</u>	<u>(57,323)</u>	<u>-</u>
Net change in fund balances	239,644	1,647,151	1,570,430	486,652	66,286
Fund balances - beginning	23,103,387	15,293,396	5,728,255	20,155,956	2,627,730
Fund balances - ending	<u>\$ 23,343,031</u>	<u>\$ 16,940,547</u>	<u>\$ 7,298,685</u>	<u>\$ 20,642,608</u>	<u>\$ 2,694,016</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, 2008

Rural North Vacaville Water District	Micrographics & Modernization	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds	
				REVENUES
\$ -	\$ -	\$ 1,144,294	\$ 13,938,859	Taxes
-	-	-	172,535	Licenses, permits and franchises
-	-	5,047	5,047	Fines, forfeitures and penalties
464	347,199	155,416	3,434,160	Use of money and property
-	-	2,359,081	27,838,558	Intergovernmental
72,101	627,284	536,941	11,864,665	Charges for services
-	-	25,696	371,072	Miscellaneous
<u>72,565</u>	<u>974,483</u>	<u>4,226,475</u>	<u>57,624,896</u>	Total revenues
				EXPENDITURES
				Current:
-	-	-	404,161	General government
-	-	2,828,197	2,853,411	Public protection
92,544	-	33,728	9,925,757	Public ways and facilities
-	-	-	5,763,826	Health and sanitation
-	-	1,431,813	21,863,720	Education and recreation
-	-	-	2,392	Debt service:
-	-	17,483	9,853,211	Interest and other charges
<u>92,544</u>	<u>-</u>	<u>4,311,221</u>	<u>50,666,478</u>	Capital outlay
				Total expenditures
				Excess (deficiency) of revenues over
<u>(19,979)</u>	<u>974,483</u>	<u>(84,746)</u>	<u>6,958,418</u>	(under) expenditures
				OTHER FINANCING SOURCES (USES)
-	-	-	1,023,891	Proceeds of long-term capital-related debt
15,268	-	358,699	4,418,201	Transfers in
(184,548)	(409,370)	(811,921)	(8,559,711)	Transfers out
-	-	-	7,250	Sale of capital assets
<u>(169,280)</u>	<u>(409,370)</u>	<u>(453,222)</u>	<u>(3,110,369)</u>	Total other financing sources (uses)
(189,259)	565,113	(537,968)	3,848,049	Net change in fund balances
189,259	6,613,428	2,718,271	76,429,682	Fund balances - beginning
<u>\$ -</u>	<u>\$ 7,178,541</u>	<u>\$ 2,180,303</u>	<u>\$ 80,277,731</u>	Fund balances - ending

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Facilities Fees Special Revenue Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 775,675	\$ 775,675	\$ 912,162	\$ 136,487
Charges for services	6,895,329	6,892,329	3,571,282	(3,321,047)
Total revenues	<u>7,671,004</u>	<u>7,668,004</u>	<u>4,483,444</u>	<u>(3,184,560)</u>
EXPENDITURES				
Current:				
General government				
Public facilities fees	442,088	482,088	403,428	78,660
Excess of revenues over expenditures	<u>7,228,916</u>	<u>7,185,916</u>	<u>4,080,016</u>	<u>(3,105,900)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of long-term capital-related debt	-	1,098,000	1,023,891	(74,109)
Transfers out	(18,586,231)	(21,844,231)	(4,864,263)	16,979,968
Total other financing sources (uses)	<u>(18,586,231)</u>	<u>(20,746,231)</u>	<u>(3,840,372)</u>	<u>16,905,859</u>
Net change in fund balance	(11,357,315)	(13,560,315)	239,644	13,799,959
Fund balance - beginning	23,103,387	23,103,387	23,103,387	-
Fund balance - ending	<u>\$ 11,746,072</u>	<u>\$ 9,543,072</u>	<u>\$ 23,343,031</u>	<u>\$ 13,799,959</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 11,966,037	\$ 11,973,021	\$ 11,502,060	\$ (470,961)
Use of money and property	364,635	364,635	667,851	303,216
Intergovernmental	2,234,156	2,942,725	2,918,950	(23,775)
Charges for services	4,187,083	4,187,083	5,778,124	1,591,041
Miscellaneous	112,700	112,700	114,223	1,523
Total revenues	<u>18,864,611</u>	<u>19,580,164</u>	<u>20,981,208</u>	<u>1,401,044</u>
EXPENDITURES				
Current:				
Education and recreation				
Library special revenue	169,400	189,514	126,661	62,853
Library Zone 1	10,612	17,504	17,504	-
Library Zone 6	517	517	397	120
Library Zone 7	6,957	6,957	5,447	1,510
Library Zone 2	576	668	540	128
Library	22,188,406	24,999,799	20,281,358	4,718,441
Total education and recreation	<u>22,376,468</u>	<u>25,214,959</u>	<u>20,431,907</u>	<u>4,783,052</u>
Capital outlay:				
Construction in progress	-	4,305,849	482,985	3,822,864
Equipment	750,000	696,630	90,741	605,889
Total capital outlay	<u>750,000</u>	<u>5,002,479</u>	<u>573,726</u>	<u>4,428,753</u>
Total expenditures	<u>23,126,468</u>	<u>30,217,438</u>	<u>21,005,633</u>	<u>9,211,805</u>
Deficiency of revenues under expenditures	<u>(4,261,857)</u>	<u>(10,637,274)</u>	<u>(24,425)</u>	<u>10,612,849</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	755,551	4,046,566	3,009,439	(1,037,127)
Transfers out	(1,292,744)	(1,345,759)	(1,337,863)	7,896
Total other financing sources (uses)	<u>(537,193)</u>	<u>2,700,807</u>	<u>1,671,576</u>	<u>(1,029,231)</u>
Net change in fund balance	(4,799,050)	(7,936,467)	1,647,151	9,583,618
Fund balance - beginning	15,293,396	15,293,396	15,293,396	-
Fund balance - ending	<u>\$ 10,494,346</u>	<u>\$ 7,356,929</u>	<u>\$ 16,940,547</u>	<u>\$ 9,583,618</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,320,869	\$ 1,320,869	\$ 1,292,505	\$ (28,364)
Licenses, permits and franchises	194,500	194,500	172,535	(21,965)
Use of money and property	266,015	266,015	267,631	1,616
Intergovernmental	13,236,779	17,200,779	17,336,146	135,367
Charges for services	1,289,366	1,289,366	1,278,831	(10,535)
Miscellaneous	93,500	93,500	139,772	46,272
Total revenues	<u>16,401,029</u>	<u>20,365,029</u>	<u>20,487,420</u>	<u>122,391</u>
EXPENDITURES				
Current:				
General government				
Survey monument	57,108	57,108	733	56,375
Public ways and facilities				
Transportation department	10,545,990	11,872,824	9,799,485	2,073,339
Debt service:				
Interest and other charges	-	-	2,392	(2,392)
Capital outlay:				
Construction in progress	10,934,000	13,382,266	8,754,271	4,627,995
Infrastructure	-	-	441,742	(441,742)
Equipment	195,600	1,315,600	65,989	1,249,611
Total capital outlay	<u>11,129,600</u>	<u>14,697,866</u>	<u>9,262,002</u>	<u>5,435,864</u>
Total expenditures	<u>21,732,698</u>	<u>26,627,798</u>	<u>19,064,612</u>	<u>7,565,578</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,331,669)</u>	<u>(6,262,769)</u>	<u>1,422,808</u>	<u>7,687,969</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,287,306	1,377,306	1,034,795	(342,511)
Transfers out	(958,845)	(1,064,113)	(894,423)	169,690
Sale of capital assets	-	-	7,250	7,250
Total other financing sources (uses)	<u>328,461</u>	<u>313,193</u>	<u>147,622</u>	<u>(165,571)</u>
Net change in fund balance	(5,003,208)	(5,949,576)	1,570,430	7,520,006
Fund balance - beginning	5,728,255	5,728,255	5,728,255	-
Fund balance - ending	<u>\$ 725,047</u>	<u>\$ (221,321)</u>	<u>\$ 7,298,685</u>	<u>\$ 7,520,006</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 855,000	\$ 850,000	\$ 1,000,939	\$ 150,939
Intergovernmental	4,765,587	4,814,587	5,215,481	400,894
Miscellaneous	44,000	74,430	91,381	16,951
Total revenues	<u>5,664,587</u>	<u>5,739,017</u>	<u>6,307,801</u>	<u>568,784</u>
EXPENDITURES				
Current:				
Health services				
First 5 Solano	<u>6,284,575</u>	<u>6,446,973</u>	<u>5,763,826</u>	<u>683,147</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(619,988)</u>	<u>(707,956)</u>	<u>543,975</u>	<u>1,251,931</u>
OTHER FINANCING USES				
Transfers out	<u>(44,557)</u>	<u>(51,557)</u>	<u>(57,323)</u>	<u>(5,766)</u>
Net change in fund balance	(664,545)	(759,513)	486,652	1,246,165
Fund balance - beginning	20,155,956	20,155,956	20,155,956	-
Fund balance - ending	<u>\$ 19,491,411</u>	<u>\$ 19,396,443</u>	<u>\$ 20,642,608</u>	<u>\$ 1,246,165</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 50,000	\$ 50,000	\$ 82,498	\$ 32,498
Intergovernmental	200,000	200,000	8,900	(191,100)
Charges for services	102	102	102	-
Total revenues	<u>250,102</u>	<u>250,102</u>	<u>91,500</u>	<u>(158,602)</u>
EXPENDITURES				
Current:				
Public protection				
Homeacres Loan Program	81,500	83,801	25,214	58,587
Net change in fund balance	168,602	166,301	66,286	(100,015)
Fund balance - beginning	2,627,730	2,627,730	2,627,730	-
Fund balance - ending	<u>\$ 2,796,332</u>	<u>\$ 2,794,031</u>	<u>\$ 2,694,016</u>	<u>\$ (100,015)</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	-	-	464	464
Charges for services	186,653	193,062	72,101	(120,961)
Total revenues	<u>186,653</u>	<u>193,062</u>	<u>72,565</u>	<u>(120,497)</u>
EXPENDITURES				
Current:				
Public ways and facilities				
Rural North Vacaville Water District	203,144	307,056	92,544	214,512
Deficiency of revenues under expenditures	<u>(16,491)</u>	<u>(113,994)</u>	<u>(19,979)</u>	<u>94,015</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	15,268	15,268	-
Transfers out	-	-	(184,548)	(184,548)
Total other financing sources (uses)	<u>-</u>	<u>15,268</u>	<u>(169,280)</u>	<u>(184,548)</u>
Net change in fund balance	(16,491)	(98,726)	(189,259)	(90,533)
Fund balance - beginning	189,259	189,259	189,259	-
Fund balance - ending	<u>\$ 172,768</u>	<u>\$ 90,533</u>	<u>\$ -</u>	<u>\$ (90,533)</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 300,000	\$ 300,000	\$ 347,199	\$ 47,199
Charges for services	1,152,000	1,152,000	627,284	(524,716)
Total revenues	<u>1,452,000</u>	<u>1,452,000</u>	<u>974,483</u>	<u>(477,517)</u>
 OTHER FINANCING USES				
Transfers out	<u>(2,059,242)</u>	<u>(2,059,242)</u>	<u>(409,370)</u>	<u>1,649,872</u>
Net change in fund balance	(607,242)	(607,242)	565,113	1,172,355
Fund balance - beginning	6,613,428	6,613,428	6,613,428	-
Fund balance - ending	<u>\$ 6,006,186</u>	<u>\$ 6,006,186</u>	<u>\$ 7,178,541</u>	<u>\$ 1,172,355</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,150,551	\$ 1,164,590	\$ 1,144,294	\$ (20,296)
Fines, forfeitures and penalties	8,000	8,000	5,047	(2,953)
Use of money and property	105,220	108,882	155,416	46,534
Intergovernmental	2,255,891	2,322,957	2,359,081	36,124
Charges for services	471,322	471,322	536,941	65,619
Miscellaneous	6,475	22,076	25,696	3,620
Total revenues	<u>3,997,459</u>	<u>4,097,827</u>	<u>4,226,475</u>	<u>128,648</u>
EXPENDITURES				
Current:				
Public protection				
Housing Authority of Solano County	2,169,602	2,236,668	2,236,668	-
East Vallejo Fire District	544,042	571,856	571,856	-
Fish/Wildlife Propagation	21,234	21,234	19,673	1,561
Total public protection	<u>2,734,878</u>	<u>2,829,758</u>	<u>2,828,197</u>	<u>1,561</u>
Public ways and facilities				
County Consolidated Service Area	345,508	345,508	33,728	311,780
Education and recreation				
Parks & Recreation	1,442,975	1,439,576	1,431,813	7,763
Capital outlay:				
Equipment	-	19,000	17,483	1,517
Total expenditures	<u>4,523,361</u>	<u>4,633,842</u>	<u>4,311,221</u>	<u>322,621</u>
Deficiency of revenues under expenditures	<u>(525,902)</u>	<u>(536,015)</u>	<u>(84,746)</u>	<u>451,269</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	358,699	358,699	358,699	-
Transfers out	(947,018)	(947,018)	(811,921)	135,097
Total other financing sources (uses)	<u>(588,319)</u>	<u>(588,319)</u>	<u>(453,222)</u>	<u>135,097</u>
Net change in fund balance	(1,114,221)	(1,124,334)	(537,968)	586,366
Fund balance - beginning	2,718,271	2,718,271	2,718,271	-
Fund balance - ending	<u>\$ 1,604,050</u>	<u>\$ 1,593,937</u>	<u>\$ 2,180,303</u>	<u>\$ 586,366</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, 2008

	Fairfield Downtown Project	Accumulated Capital Outlay	Juvenile Hall Project	Total Nonmajor Capital Projects Funds
ASSETS				
Cash and investments	\$ 517,909	\$ 32,393,411	\$ 277,562	\$ 33,188,882
Due from other agencies	-	83,729	-	83,729
Due from other funds	-	303,301	-	303,301
Total assets	<u>\$ 517,909</u>	<u>\$ 32,780,441</u>	<u>\$ 277,562</u>	<u>\$ 33,575,912</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Outstanding warrants	\$ -	\$ 33,270	\$ -	\$ 33,270
Payables	45,021	3,081,435	-	3,126,456
Deferred revenue	-	7,218	-	7,218
Due to other funds	-	3,246	-	3,246
Other liabilities	-	251,899	-	251,899
Total liabilities	<u>45,021</u>	<u>3,377,068</u>	<u>-</u>	<u>3,422,089</u>
Fund balance:				
Reserved:				
Encumbrances	-	26,410,058	-	26,410,058
Unreserved, undesignated	472,888	2,993,315	277,562	3,743,765
Total fund balances	<u>472,888</u>	<u>29,403,373</u>	<u>277,562</u>	<u>30,153,823</u>
Total liabilities and fund balances	<u>\$ 517,909</u>	<u>\$ 32,780,441</u>	<u>\$ 277,562</u>	<u>\$ 33,575,912</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, 2008

	<u>Fairfield Downtown Project</u>	<u>Accumulated Capital Outlay</u>	<u>Juvenile Hall Project</u>	<u>Total Nonmajor Capital Projects Funds</u>
REVENUES				
Taxes	\$ -	\$ 1,951,850	\$ -	\$ 1,951,850
Use of money and property	39,234	1,438,111	13,162	1,490,507
Intergovernmental	-	1,000,681	-	1,000,681
Charges for services	36,181	1,460	-	37,641
Total revenues	<u>75,415</u>	<u>4,392,102</u>	<u>13,162</u>	<u>4,480,679</u>
EXPENDITURES				
Current:				
General government	68,905	4,007,581	-	4,076,486
Public protection	-	-	1,624	1,624
Capital outlay	-	11,448,909	-	11,448,909
Total expenditures	<u>68,905</u>	<u>15,456,490</u>	<u>1,624</u>	<u>15,527,019</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,510</u>	<u>(11,064,388)</u>	<u>11,538</u>	<u>(11,046,340)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	14,568,288	-	14,568,288
Transfers out	(1,045,589)	(1,836,653)	-	(2,882,242)
Total other financing sources (uses)	<u>(1,045,589)</u>	<u>12,731,635</u>	<u>-</u>	<u>11,686,046</u>
Net change in fund balances	(1,039,079)	1,667,247	11,538	639,706
Fund balances - beginning	1,511,967	27,736,126	266,024	29,514,117
Fund balances - ending	<u>\$ 472,888</u>	<u>\$ 29,403,373</u>	<u>\$ 277,562</u>	<u>\$ 30,153,823</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 19,852	\$ 19,852	\$ 39,234	\$ 19,382
Charges for services	36,181	36,181	36,181	-
Total revenues	<u>56,033</u>	<u>56,033</u>	<u>75,415</u>	<u>19,382</u>
EXPENDITURES				
Current:				
General government				
Government Center Complex Project	-	70,260	68,905	1,355
Excess (deficiency) of revenues over (under) expenditures	<u>56,033</u>	<u>(14,227)</u>	<u>6,510</u>	<u>20,737</u>
OTHER FINANCING USES				
Transfers out	<u>(1,045,589)</u>	<u>(1,045,589)</u>	<u>(1,045,589)</u>	<u>-</u>
Net change in fund balance	(989,556)	(1,059,816)	(1,039,079)	20,737
Fund balance - beginning	1,511,967	1,511,967	1,511,967	-
Fund balance - ending	<u>\$ 522,411</u>	<u>\$ 452,151</u>	<u>\$ 472,888</u>	<u>\$ 20,737</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,839,893	\$ 1,907,372	\$ 1,951,850	\$ 44,478
Use of money and property	557,000	883,632	1,438,111	554,479
Intergovernmental	3,697,350	3,697,350	1,000,681	(2,696,669)
Charges for services	787	787	1,460	673
Total revenues	<u>6,095,030</u>	<u>6,489,141</u>	<u>4,392,102</u>	<u>(2,097,039)</u>
EXPENDITURES				
Current:				
General government				
Capital Projects	<u>2,170,303</u>	<u>10,885,929</u>	<u>4,007,581</u>	<u>6,878,348</u>
Capital outlay:				
Land	-	4,010,485	3,945,938	64,547
Construction in progress	140,692,652	146,773,559	7,478,301	139,295,258
Equipment	150,000	156,054	5,670	150,384
Artwork	-	138,900	19,000	119,900
Total capital outlay	<u>140,842,652</u>	<u>151,078,998</u>	<u>11,448,909</u>	<u>139,630,089</u>
Total expenditures	<u>143,012,955</u>	<u>161,964,927</u>	<u>15,456,490</u>	<u>146,508,437</u>
Deficiency of revenues under expenditures	<u>(136,917,925)</u>	<u>(155,475,786)</u>	<u>(11,064,388)</u>	<u>144,411,398</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	30,150,000	30,568,288	14,568,288	(16,000,000)
Transfers out	<u>(1,660,000)</u>	<u>(1,868,298)</u>	<u>(1,836,653)</u>	<u>31,645</u>
Total other financing sources (uses)	<u>28,490,000</u>	<u>28,699,990</u>	<u>12,731,635</u>	<u>(15,968,355)</u>
Net change in fund balance	(108,427,925)	(126,775,796)	1,667,247	128,443,043
Fund balance - beginning	27,736,126	27,736,126	27,736,126	-
Fund balance - ending	<u>\$ (80,691,799)</u>	<u>\$ (99,039,670)</u>	<u>\$ 29,403,373</u>	<u>\$ 128,443,043</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ -	\$ -	\$ 13,162	\$ 13,162
EXPENDITURES				
Current:				
Public protection				
Juvenile Hall Project	1,624	1,624	1,624	-
Net change in fund balance	(1,624)	(1,624)	11,538	13,162
Fund balance - beginning	266,024	266,024	266,024	-
Fund balance - ending	<u>\$ 264,400</u>	<u>\$ 264,400</u>	<u>\$ 277,562</u>	<u>\$ 13,162</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 payment is funded through the Health and Social Services Department.

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

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, 2008

	Rural North Vacaville Water District	1998 Certificates of Participation	1999 Certificates of Participation
ASSETS			
Cash and investments	\$ -	\$ 598,686	\$ 3,527,000
Accounts receivable	-	-	-
Due from other agencies	-	-	-
Due from other funds	-	-	-
Other assets	-	-	-
Total assets	<u>\$ -</u>	<u>\$ 598,686</u>	<u>\$ 3,527,000</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Due to other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,301</u>
Fund balances:			
Reserved:			
Long-term assets	-	-	-
Debt service	-	598,686	3,223,699
Total fund balances	<u>-</u>	<u>598,686</u>	<u>3,223,699</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 598,686</u>	<u>\$ 3,527,000</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2008

<u>Government Center Debt Service Fund</u>	<u>Pension Debt Service Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
\$ 469,317	\$ 11,996,435	\$ 16,591,438
-	5,966	5,966
-	225	225
-	729,601	729,601
-	1,013,158	1,013,158
<u>\$ 469,317</u>	<u>\$ 13,745,385</u>	<u>\$ 18,340,388</u>
-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 303,301</u>
-	1,013,158	1,013,158
469,317	12,732,227	17,023,929
<u>469,317</u>	<u>13,745,385</u>	<u>18,037,087</u>
<u>\$ 469,317</u>	<u>\$ 13,745,385</u>	<u>\$ 18,340,388</u>

ASSETS

Cash and investments	16,591,438
Accounts receivable	5,966
Due from other agencies	225
Due from other funds	729,601
Other assets	1,013,158
Total assets	18,340,388

LIABILITIES AND FUND BALANCES

Liabilities:

Due to other funds	303,301
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Fund balances:

Reserved:

Long-term assets	1,013,158
Debt service	17,023,929
Total fund balances	18,037,087

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, 2008

	Rural North Vacaville Water District	1998 Certificates of Participation	1999 Certificates of Participation
REVENUES			
Taxes	\$ 458,019	\$ -	\$ -
Use of money and property	26,726	23,072	106,959
Intergovernmental	-	-	-
Charges for services	-	-	35
Miscellaneous	-	-	-
Total revenues	<u>484,745</u>	<u>23,072</u>	<u>106,994</u>
EXPENDITURES			
Current:			
General government	3,232	73,687	17,971
Debt service:			
Principal	289,942	200,000	1,550,000
Interest and other charges	59,252	134,934	1,076,041
Total expenditures	<u>352,426</u>	<u>408,621</u>	<u>2,644,012</u>
Excess (deficiency) of revenues over (under) expenditures	<u>132,319</u>	<u>(385,549)</u>	<u>(2,537,018)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	269,468	2,734,215
Transfers out	(1,847,141)	-	-
Total other financing sources (uses)	<u>(1,847,141)</u>	<u>269,468</u>	<u>2,734,215</u>
Net change in fund balances	(1,714,822)	(116,081)	197,197
Fund balances - beginning	1,714,822	714,767	3,026,502
Fund balances - ending	<u>\$ -</u>	<u>\$ 598,686</u>	<u>\$ 3,223,699</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, 2008

Government Center Debt Service Fund	Pension Debt Service Fund	Total Nonmajor Debt Service Funds	
\$ -	\$ -	\$ 458,019	REVENUES
60,429	(243,129)	(25,943)	Taxes
112,500	-	112,500	Use of money and property
1,619,355	-	1,619,390	Intergovernmental
-	812,808	812,808	Charges for services
1,792,284	569,679	2,976,774	Miscellaneous
			Total revenues
			EXPENDITURES
15,636	147,590	258,116	Current:
			General government
2,705,000	6,785,000	11,529,942	Debt service:
5,253,094	6,636,238	13,159,559	Principal
7,973,730	13,568,828	24,947,617	Interest and other charges
			Total expenditures
(6,181,446)	(12,999,149)	(21,970,843)	Excess (deficiency) of revenues over (under) expenditures
			OTHER FINANCING SOURCES (USES)
6,158,154	19,847,331	29,009,168	Transfers in
-	-	(1,847,141)	Transfers out
6,158,154	19,847,331	27,162,027	Total other financing sources (uses)
(23,292)	6,848,182	5,191,184	Net change in fund balances
492,609	6,897,203	12,845,903	Fund balances - beginning
\$ 469,317	\$ 13,745,385	\$ 18,037,087	Fund balances - ending

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Rural North Vacaville Water District Debt Service Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 916,000	\$ 916,000	\$ 458,019	\$ (457,981)
Use of money and property	70,000	70,000	26,726	(43,274)
Total revenues	<u>986,000</u>	<u>986,000</u>	<u>484,745</u>	<u>(501,255)</u>
EXPENDITURES				
Current:				
General government				
RNVWD Debt Service Fund	115,819	16,000	3,232	12,768
Debt service:				
Principal	583,985	583,985	289,942	294,043
Interest and other charges	324,918	324,918	59,252	265,666
Total debt service	<u>908,903</u>	<u>908,903</u>	<u>349,194</u>	<u>559,709</u>
Total expenditures	<u>1,024,722</u>	<u>924,903</u>	<u>352,426</u>	<u>572,477</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(38,722)</u>	<u>61,097</u>	<u>132,319</u>	<u>71,222</u>
OTHER FINANCING USES				
Transfers out	-	-	(1,847,141)	(1,847,141)
Net change in fund balance	(38,722)	61,097	(1,714,822)	(1,775,919)
Fund balance - beginning	1,714,822	1,714,822	1,714,822	-
Fund balance - ending	<u>\$ 1,676,100</u>	<u>\$ 1,775,919</u>	<u>\$ -</u>	<u>\$ (1,775,919)</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 23,000	\$ 28,000	\$ 23,072	\$ (4,928)
EXPENDITURES				
Current:				
General government				
Courts Expansion	10,000	75,674	73,687	1,987
Debt service:				
Principal	200,000	200,000	200,000	-
Interest and other charges	134,934	134,934	134,934	-
Total debt service	334,934	334,934	334,934	-
Total expenditures	344,934	410,608	408,621	1,987
Deficiency of revenues under expenditures	(321,934)	(382,608)	(385,549)	(2,941)
OTHER FINANCING SOURCES				
Transfers in	321,934	321,934	269,468	(52,466)
Net change in fund balance	-	(60,674)	(116,081)	(55,407)
Fund balance - beginning	714,767	714,767	714,767	-
Fund balance - ending	<u>\$ 714,767</u>	<u>\$ 654,093</u>	<u>\$ 598,686</u>	<u>\$ (55,407)</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 90,000	\$ 135,159	\$ 106,959	\$ (28,200)
Charges for services	35	35	35	-
Total revenues	<u>90,035</u>	<u>135,194</u>	<u>106,994</u>	<u>(28,200)</u>
EXPENDITURES				
Current:				
General government				
HSS Admin Refinance	21,548	36,777	17,971	18,806
Debt service:				
Principal	1,550,000	1,550,000	1,550,000	-
Interest and other charges	1,076,041	1,076,041	1,076,041	-
Total debt service	<u>2,626,041</u>	<u>2,626,041</u>	<u>2,626,041</u>	<u>-</u>
Total expenditures	<u>2,647,589</u>	<u>2,662,818</u>	<u>2,644,012</u>	<u>18,806</u>
Deficiency of revenues under expenditures	<u>(2,557,554)</u>	<u>(2,527,624)</u>	<u>(2,537,018)</u>	<u>(9,394)</u>
OTHER FINANCING SOURCES				
Transfers in	2,557,562	2,572,791	2,734,215	161,424
Net change in fund balance	8	45,167	197,197	152,030
Fund balance - beginning	3,026,502	3,026,502	3,026,502	-
Fund balance - ending	<u>\$ 3,026,510</u>	<u>\$ 3,071,669</u>	<u>\$ 3,223,699</u>	<u>\$ 152,030</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Government Center Debt Service Fund
For the Fiscal Year Ended June 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 4,712,069	\$ 27,145	\$ 60,429	\$ 33,284
Intergovernmental	117,500	117,500	112,500	(5,000)
Charges for services	1,619,355	1,619,355	1,619,355	-
Total revenues	<u>6,448,924</u>	<u>1,764,000</u>	<u>1,792,284</u>	<u>28,284</u>
EXPENDITURES				
Current:				
General government				
Government Center DSF	24,000	24,000	15,636	8,364
Debt service:				
Principal	2,705,000	2,705,000	2,705,000	-
Interest and other charges	10,162,531	5,253,094	5,253,094	-
Total debt service	<u>12,867,531</u>	<u>7,958,094</u>	<u>7,958,094</u>	<u>-</u>
Total expenditures	<u>12,891,531</u>	<u>7,982,094</u>	<u>7,973,730</u>	<u>8,364</u>
Deficiency of revenues under expenditures	<u>(6,442,607)</u>	<u>(6,218,094)</u>	<u>(6,181,446)</u>	<u>36,648</u>
OTHER FINANCING SOURCES				
Transfers in	6,158,154	6,158,154	6,158,154	-
Net change in fund balance	(284,453)	(59,940)	(23,292)	36,648
Fund balance - beginning	492,609	492,609	492,609	-
Fund balance - ending	<u>\$ 208,156</u>	<u>\$ 432,669</u>	<u>\$ 469,317</u>	<u>\$ 36,648</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, 2008

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 247,321	\$ 247,321	\$ (243,129)	\$ (490,450)
Miscellaneous	981,975	981,975	812,808	(169,167)
Total revenues	<u>1,229,296</u>	<u>1,229,296</u>	<u>569,679</u>	<u>(659,617)</u>
EXPENDITURES				
Current:				
General government				
Pension Obligation Bonds Administration	175,000	175,000	147,590	27,410
Debt service:				
Principal	7,785,000	7,785,000	6,785,000	1,000,000
Interest and other charges	6,676,378	6,676,378	6,636,238	40,140
Total debt service	<u>14,461,378</u>	<u>14,461,378</u>	<u>13,421,238</u>	<u>1,040,140</u>
Total expenditures	<u>14,636,378</u>	<u>14,636,378</u>	<u>13,568,828</u>	<u>1,067,550</u>
Deficiency of revenues under expenditures	<u>(13,407,082)</u>	<u>(13,407,082)</u>	<u>(12,999,149)</u>	<u>407,933</u>
OTHER FINANCING SOURCES				
Transfers in	18,212,186	18,212,186	19,847,331	1,635,145
Net change in fund balance	4,805,104	4,805,104	6,848,182	2,043,078
Fund balance - beginning	6,897,203	6,897,203	6,897,203	-
Fund balance - ending	<u>\$ 11,702,307</u>	<u>\$ 11,702,307</u>	<u>\$ 13,745,385</u>	<u>\$ 2,043,078</u>

Internal Service Funds

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

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

Fleet Management Fund – This fund is used to account for the rental 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 County employees.

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

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

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2008

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
ASSETS				
Current assets				
Cash and investments	\$ 451,070	\$ 1,760,185	\$ 25,891,480	\$ 2,999,202
Accounts receivable	167,490	106,881	10,039	60,153
Due from other agencies	1,131	236	-	81,930
Due from other funds	6,152	1,242	222,205	402
Other assets	47,376	262,238	250,000	-
Total current assets	<u>673,219</u>	<u>2,130,782</u>	<u>26,373,724</u>	<u>3,141,687</u>
Noncurrent assets				
Capital assets:				
Construction in progress	-	-	-	3,001,372
Buildings and improvements	150,000	114,471	-	-
Equipment	1,215,062	11,476,776	-	7,219,229
Accumulated depreciation	(686,209)	(6,710,606)	-	(4,238,833)
Total capital assets	<u>678,853</u>	<u>4,880,641</u>	<u>-</u>	<u>5,981,768</u>
Total assets	<u>\$ 1,352,072</u>	<u>\$ 7,011,423</u>	<u>\$ 26,373,724</u>	<u>\$ 9,123,455</u>
LIABILITIES				
Current liabilities				
Outstanding warrants	\$ 867	\$ 15,450	\$ 2,096	\$ 10,030
Payables	178,527	403,508	433,123	2,162,197
Unearned revenue	-	-	-	485,385
Due to other funds	2,083	2,727	123,317	14,202
Current portion of long-term obligations	36,435	46,391	1,741,980	175,361
Total current liabilities	<u>217,912</u>	<u>468,076</u>	<u>2,300,516</u>	<u>2,847,175</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	107,420	165,921	8,913,291	251,781
Total liabilities	<u>325,332</u>	<u>633,997</u>	<u>11,213,807</u>	<u>3,098,956</u>
NET ASSETS				
Invested in capital assets, net of related debt	678,853	4,880,641	-	5,981,768
Unrestricted	347,887	1,496,785	15,159,917	42,731
Total net assets	<u>1,026,740</u>	<u>6,377,426</u>	<u>15,159,917</u>	<u>6,024,499</u>
Total liabilities and net assets	<u>\$ 1,352,072</u>	<u>\$ 7,011,423</u>	<u>\$ 26,373,724</u>	<u>\$ 9,123,455</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2008

Solano County Integrated Property System	Reprographics	Total Internal Service Funds	
			ASSETS
			Current assets
\$ -	\$ 224,304	\$ 31,326,241	Cash and investments
-	2,275	346,838	Accounts receivable
-	-	83,297	Due from other agencies
-	-	230,001	Due from other funds
-	-	559,614	Other assets
-	226,579	32,545,991	Total current assets
			Noncurrent assets
			Capital assets:
-	-	3,001,372	Construction in progress
-	-	264,471	Buildings and improvements
-	155,281	20,066,348	Equipment
-	(120,164)	(11,755,812)	Accumulated depreciation
-	35,117	11,576,379	Total capital assets
\$ -	\$ 261,696	\$ 44,122,370	Total assets
			LIABILITIES
			Current liabilities
\$ -	\$ 1,201	\$ 29,644	Outstanding warrants
-	20,543	3,197,898	Payables
-	-	485,385	Unearned revenue
-	628	142,957	Due to other funds
-	10,293	2,010,460	Current portion of long-term obligations
-	32,665	5,866,344	Total current liabilities
			Noncurrent liabilities
-	19,994	9,458,407	Noncurrent portion of long-term obligations
-	52,659	15,324,751	Total liabilities
			NET ASSETS
-	35,117	11,576,379	Invested in capital assets, net of related debt
-	173,920	17,221,240	Unrestricted
-	209,037	28,797,619	Total net assets
\$ -	\$ 261,696	\$ 44,122,370	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, 2008

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
OPERATING REVENUES				
Charges for sales and services:				
Internal services	\$ 2,175,758	\$ 4,778,881	\$ 8,469,563	\$ 18,730,716
OPERATING EXPENSES				
Personnel services	773,538	1,029,390	1,042,984	4,932,367
Maintenance	185,955	816,436	8,940	441,310
Materials and supplies	177,645	21,598	23,160	458,762
Depreciation	91,372	1,179,715	-	561,390
Insurance	15,080	23,578	8,048,412	85,391
Rent, utilities and others	1,263,375	1,461,482	1,589,591	9,233,775
Total operating expenses	<u>2,506,965</u>	<u>4,532,199</u>	<u>10,713,087</u>	<u>15,712,995</u>
Operating income (loss)	<u>(331,207)</u>	<u>246,682</u>	<u>(2,243,524)</u>	<u>3,017,721</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	94,645	-	31,187	-
Investment earnings	13,479	71,393	1,245,942	99,764
Other revenue	212,433	163,857	163,641	505,757
Loss on sale of capital assets	-	(1,993)	-	(7,280)
Total nonoperating revenues, net	<u>320,557</u>	<u>233,257</u>	<u>1,440,770</u>	<u>598,241</u>
Income (loss) before transfers	<u>(10,650)</u>	<u>479,939</u>	<u>(802,754)</u>	<u>3,615,962</u>
Transfers in	-	123,999	64,828	779,116
Transfers out	(65,923)	(74,795)	(79,040)	(379,522)
Change in net assets	<u>(76,573)</u>	<u>529,143</u>	<u>(816,966)</u>	<u>4,015,556</u>
Total net assets - beginning	<u>1,103,313</u>	<u>5,848,283</u>	<u>15,976,883</u>	<u>2,008,943</u>
Total net assets - ending	<u>\$ 1,026,740</u>	<u>\$ 6,377,426</u>	<u>\$ 15,159,917</u>	<u>\$ 6,024,499</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, 2008

Solano County Integrated Property System	Reprographics	Total Internal Service Funds	
\$ -	\$ 514,956	\$ 34,669,874	OPERATING REVENUES
			Charges for sales and services:
			Internal services
			OPERATING EXPENSES
-	236,478	8,014,757	Personnel services
-	15,046	1,467,687	Maintenance
-	92,499	773,664	Materials and supplies
-	9,412	1,841,889	Depreciation
-	4,976	8,177,437	Insurance
-	148,259	13,696,482	Rent, utilities and others
-	506,670	33,971,916	Total operating expenses
-	8,286	697,958	Operating income (loss)
			NONOPERATING REVENUES (EXPENSES)
-	-	125,832	Intergovernmental
1,809	9,255	1,441,642	Investment earnings
-	-	1,045,688	Other revenue
-	-	(9,273)	Loss on sale of capital assets
1,809	9,255	2,603,889	Total nonoperating revenues, net
1,809	17,541	3,301,847	Income (loss) before transfers
-	-	967,943	Transfers in
(742,628)	(17,479)	(1,359,387)	Transfers out
(740,819)	62	2,910,403	Change in net assets
740,819	208,975	25,887,216	Total net assets - beginning
\$ -	\$ 209,037	\$ 28,797,619	Total net assets - ending

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2008

	<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	\$ 177,541	\$ 124,429	\$ 159,652	\$ 919,368
Receipts from interfund services provided	2,222,785	4,803,398	8,427,227	18,751,473
Payments to suppliers	(1,718,021)	(2,181,385)	(9,105,174)	(9,789,585)
Payments to employees	(714,578)	(1,013,565)	(999,655)	(4,716,017)
Payments for interfund services used	(22,542)	-	(5,767)	(2,369,792)
Net cash provided (used) by operating activities	<u>(54,815)</u>	<u>1,732,877</u>	<u>(1,523,717)</u>	<u>2,795,447</u>
Cash flows from noncapital financing activities:				
Transfers in	-	123,999	64,828	779,116
Transfers out	(65,923)	(74,795)	(79,040)	(379,521)
Subsidy from federal/state grant	94,645	-	31,187	-
Net cash provided (used) by noncapital financing activities	<u>28,722</u>	<u>49,204</u>	<u>16,975</u>	<u>399,595</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(21,962)	(1,510,751)	-	(4,627,801)
Proceeds from sale of capital assets	-	(73,923)	-	(7,280)
Net cash used by capital and related financing activities	<u>(21,962)</u>	<u>(1,584,674)</u>	<u>-</u>	<u>(4,635,081)</u>
Cash flows from investing activities:				
Investment income	13,479	71,393	1,245,942	99,763
Net increase (decrease) in cash and cash equivalents	(34,576)	268,800	(260,800)	(1,340,276)
Cash and cash equivalents - beginning	485,646	1,491,385	26,152,280	4,339,478
Cash and cash equivalents - ending	<u>\$ 451,070</u>	<u>\$ 1,760,185</u>	<u>\$ 25,891,480</u>	<u>\$ 2,999,202</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (331,207)	\$ 246,682	\$ (2,243,524)	\$ 3,017,721
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	91,372	1,179,715	-	561,390
Other nonoperating revenue	212,433	163,857	163,641	505,757
Changes in assets and liabilities:				
(Increase) decrease in receivables, net	(36,419)	(39,433)	(3,989)	5,307
(Increase) decrease in due from other funds	47,027	23,773	(42,336)	20,757
(Increase) decrease in due from other agencies	1,527	-	-	(81,930)
(Increase) decrease in other assets	-	(95,018)	(100,000)	4,849
Increase (decrease) in outstanding warrants	407	(64,271)	(14,237)	(1,430)
Increase (decrease) in payables	(76,373)	300,998	129,273	432,836
Increase (decrease) in due to other funds	(22,542)	749	(5,767)	(2,369,792)
Decrease in due to other agencies	-	-	-	(1,753)
Increase (decrease) in deferred revenue	-	-	-	485,385
Increase in accrued compensated absences	58,960	15,825	43,329	216,350
Increase in self-insurance liability	-	-	549,893	-
Total adjustments	<u>276,392</u>	<u>1,486,195</u>	<u>719,807</u>	<u>(222,274)</u>
Net cash provided (used) by operating activities	<u>\$ (54,815)</u>	<u>\$ 1,732,877</u>	<u>\$ (1,523,717)</u>	<u>\$ 2,795,447</u>
Noncash investing, capital, and financing activities				
Book value of disposed capital assets	\$ -	\$ 82,543	\$ -	\$ 7,280

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Cash Flows (Continued)
Internal Service Funds
For the Fiscal Year Ended June 30, 2008

Solano County Integrated Property System	Reprographics	Total Internal Service Funds	
\$ 196	\$ 13,276	\$ 1,394,462	Cash flows from operating activities:
6,136	517,779	34,728,798	Receipts from customers and users
(663,971)	(266,291)	(23,724,427)	Receipts from interfund services provided
(53,526)	(232,462)	(7,729,803)	Payments to suppliers
-	-	(2,398,101)	Payments to employees
(711,165)	32,302	2,270,929	Payments for interfund services used
			Net cash provided (used) by operating activities
			Cash flows from noncapital financing activities:
-	-	967,943	Transfers in
(742,628)	(17,479)	(1,359,386)	Transfers out
-	-	125,832	Subsidy from federal/state grant
(742,628)	(17,479)	(265,611)	Net cash provided (used) by noncapital financing activities
			Cash flows from capital and related financing activities:
675,597	-	(5,484,917)	Acquisition of capital assets
-	-	(81,203)	Proceeds from sale of capital assets
675,597	-	(5,566,120)	Net cash used by capital and related financing activities
			Cash flows from investing activities:
1,809	9,255	1,441,641	Investment income
(776,387)	24,078	(2,119,161)	Net increase (decrease) in cash and cash equivalents
776,387	200,226	33,445,402	Cash and cash equivalents - beginning
\$ -	\$ 224,304	\$ 31,326,241	Cash and cash equivalents - ending
			Reconciliation of operating income (loss) to net cash provided (used) by operating activities:
\$ -	\$ 8,286	\$ 697,958	Operating income (loss)
			Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:
-	9,412	1,841,889	Depreciation
-	-	1,045,688	Other nonoperating revenue
			Changes in assets and liabilities:
196	13,276	(61,062)	(Increase) decrease in receivables, net
6,136	2,629	57,986	(Increase) decrease in due from other funds
-	-	(80,403)	(Increase) decrease in due from other agencies
-	-	(190,169)	(Increase) decrease in other assets
-	(7,009)	(86,540)	Increase (decrease) in outstanding warrants
(177,015)	1,498	611,217	Increase (decrease) in payables
(1,571)	194	(2,398,729)	Increase (decrease) in due to other funds
-	-	(1,753)	Decrease in due to other agencies
(485,385)	-	-	Increase (decrease) in deferred revenue
(53,526)	4,016	284,954	Increase in accrued compensated absences
-	-	549,893	Increase in self-insurance liability
(711,165)	24,016	1,572,971	Total adjustments
\$ (711,165)	\$ 32,302	\$ 2,270,929	Net cash provided (used) by operating activities
			Noncash investing, capital, and financing activities
\$ -	\$ -	\$ 89,823	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, 2008

PROPERTY TAX COLLECTION

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Assets				
Cash and investments	\$ -	\$ 578,971,780	\$ 578,971,780	\$ -
Property taxes receivable	50,269,924	622,856,167	606,179,353	66,946,738
Total assets	<u>\$ 50,269,924</u>	<u>\$ 1,201,827,947</u>	<u>\$ 1,185,151,133</u>	<u>\$ 66,946,738</u>
Liabilities				
Due to others	\$ 50,269,924	\$ 1,201,827,947	\$ 1,185,151,133	\$ 66,946,738

LOCAL TRANSPORTATION

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Assets				
Cash and investments	\$ 11,360,534	\$ 15,822,940	\$ 19,216,213	\$ 7,967,261
Liabilities				
Due to others	\$ 11,360,534	\$ 15,822,940	\$ 19,216,213	\$ 7,967,261

CHILD SUPPORT SERVICES

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Assets				
Cash and investments	\$ 124,533	\$ 337,754	\$ 335,551	\$ 126,736
Liabilities				
Due to others	\$ 124,533	\$ 337,754	\$ 335,551	\$ 126,736

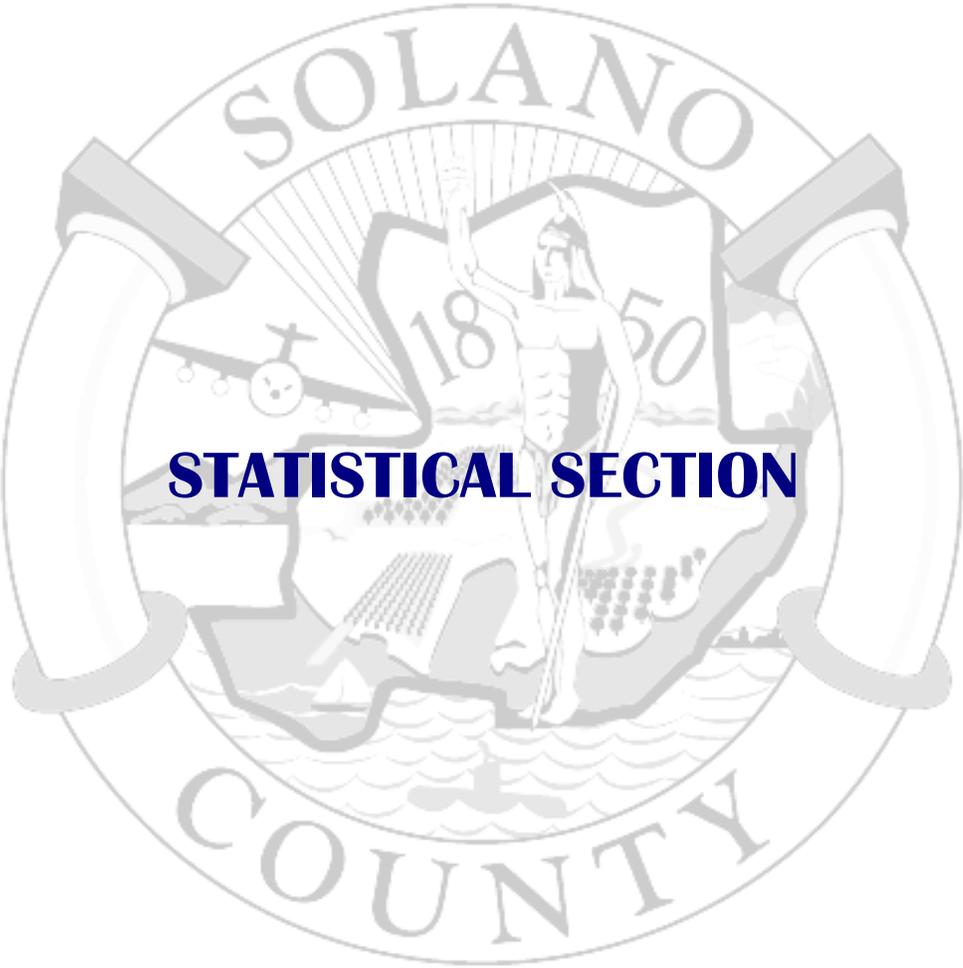
ALL OTHER AGENCY FUNDS

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Assets				
Cash and investments	\$ 3,616,814	\$ 45,108,200	\$ 40,766,753	\$ 7,958,261
Liabilities				
Due to others	3,616,814	45,108,200	40,766,753	\$ 7,958,261

TOTAL - ALL AGENCY FUNDS

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008
Assets				
Cash and investments	\$ 15,101,881	\$ 640,240,674	\$ 639,290,297	\$ 16,052,258
Property taxes receivable	50,269,924	622,856,167	606,179,353	66,946,738
Total assets	<u>\$ 65,371,805</u>	<u>\$ 1,263,096,841</u>	<u>\$ 1,245,469,650</u>	<u>\$ 82,998,996</u>
Liabilities				
Due to others	\$ 65,371,805	\$ 1,263,096,841	\$ 1,245,469,650	\$ 82,998,996

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STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends <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>	125
Revenue Capacity <i>These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.</i>	132
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.</i>	136
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.</i>	139
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.</i>	144

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

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COUNTY OF SOLANO, CALIFORNIA

Net Assets by Component

Last Eight Fiscal Years¹

(accrual basis of accounting)

	Fiscal Year							
	2008	2007	2006	2005	2004	2003	2002	2001
Governmental activities								
Invested in capital assets, net of related debt	\$ 306,156,899	\$ 290,318,976	\$ 273,169,996	\$ 274,177,088	\$ 270,350,715	\$ 256,654,269	\$ 250,850,720	\$ 214,606,249
Restricted	72,516,573	70,229,693	67,227,824	40,996,161	70,579,011	119,862,509	14,166,890	47,267,051
Unrestricted	257,528,047	251,684,500	218,470,331	185,407,179	134,490,563	62,014,197	103,492,298	75,566,880
Total governmental activities net assets	\$ 636,201,519	\$ 612,233,169	\$ 558,868,151	\$ 500,580,428	\$ 475,420,289	\$ 438,530,975	\$ 368,509,908	\$ 337,440,180
Business-type activities								
Invested in capital assets, net of related debt	\$ 20,790,532	\$ 14,896,619	\$ 11,809,809	\$ 10,270,009	\$ 9,621,167	\$ 8,509,364	\$ 13,436,909	\$ 11,723,477
Restricted	-	-	-	-	-	1,300,000	-	-
Unrestricted	(5,570,038)	(1,441,992)	(2,847,845)	(1,013,848)	(530,539)	(24,291)	1,932,973	2,421,801
Total business-type activities net assets	\$ 15,220,494	\$ 13,454,627	\$ 8,961,964	\$ 9,256,161	\$ 9,090,628	\$ 9,785,073	\$ 15,369,882	\$ 14,145,278
Primary government								
Invested in capital assets, net of related debt	\$ 326,947,431	\$ 305,215,595	\$ 284,979,805	\$ 284,447,097	\$ 279,971,882	\$ 265,163,633	\$ 264,287,629	\$ 226,329,726
Restricted	72,516,573	70,229,693	67,227,824	40,996,161	70,579,011	121,162,509	14,166,890	47,267,051
Unrestricted	251,958,009	250,242,508	215,622,486	184,393,331	133,960,024	61,989,906	105,425,271	77,988,681
Total primary government net assets	\$ 651,422,013	\$ 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 Eight Fiscal Years¹
(accrual basis of accounting)

	Fiscal Year							
	2008	2007	2006	2005	2004	2003	2002	2001
Expenses								
Governmental activities:								
General government	\$ 66,076,091	\$ 53,610,176	\$ 56,558,886	\$ 50,668,082	\$ 43,489,603	\$ 45,032,722	\$ 41,910,911	\$ 33,337,370
Public protection	167,025,179	152,135,516	145,029,057	143,497,198	132,128,495	125,585,195	119,673,935	108,973,071
Public ways and facilities	13,749,283	12,524,903	14,258,190	13,111,022	11,175,121	10,911,632	7,076,867	16,042,372
Health services	106,905,228	101,162,646	98,074,826	103,089,445	94,775,322	82,980,974	80,209,568	65,002,848
Public assistance	140,654,444	132,795,943	130,957,165	122,936,114	129,712,495	120,898,958	118,808,521	110,286,059
Education and recreation	21,958,611	21,241,168	19,140,185	15,887,886	14,212,564	12,663,165	11,945,358	10,770,670
Interest /Principal on long-term debt	13,010,423	12,781,989	12,848,298	12,548,175	8,233,665	6,176,532	4,994,361	5,712,387
Total governmental activities expenses	\$ 529,379,259	\$ 486,252,341	\$ 476,866,607	\$ 461,737,922	\$ 433,727,265	\$ 404,249,178	\$ 384,619,521	\$ 350,124,777
Business-type activities:								
Nut Tree Airport	2,022,955	1,639,976	1,592,100	1,362,902	1,262,109	1,180,824	1,048,905	918,442
Fouts Springs Youth Facility	3,649,876	3,398,461	3,301,242	3,948,500	4,389,289	4,531,095	4,400,648	3,860,998
Solano County Fair ²	-	-	-	-	-	-	5,182,459	4,340,785
Total primary government expenses	\$ 5,672,831	\$ 5,038,437	\$ 4,893,342	\$ 5,311,402	\$ 5,651,398	\$ 5,711,919	\$ 10,632,012	\$ 9,120,225
	\$ 535,052,090	\$ 491,290,778	\$ 481,759,949	\$ 467,049,324	\$ 439,378,663	\$ 409,961,097	\$ 395,251,533	\$ 359,245,002
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$ 26,780,958	\$ 31,241,019	\$ 32,187,356	\$ 37,600,101	\$ 31,920,886	\$ 26,329,308	\$ 30,602,850	\$ 30,308,913
Public protection	19,913,381	21,567,229	23,935,472	20,665,232	18,014,578	17,424,843	14,529,453	13,924,165
Public ways and facilities	1,507,009	1,595,475	2,059,559	1,818,144	1,776,921	1,699,829	1,739,598	1,638,198
Health services	17,499,502	12,367,246	14,788,760	14,952,284	12,834,358	12,156,224	14,063,712	6,799,765
Public assistance	810,422	736,622	813,877	792,650	714,228	711,058	310,747	1,136,448
Education and recreation	6,231,823	5,502,044	5,989,917	3,580,595	3,896,130	4,120,252	3,663,808	3,751,806
Operating grants and contributions	295,815,325	288,680,255	278,885,706	264,093,871	264,202,785	249,276,485	243,832,179	223,091,362
Capital grants and contributions	-	-	-	1,809,000	5,154,984	2,281,016	-	718,400
Total governmental activities program revenues	\$ 368,558,420	\$ 361,689,890	\$ 358,660,647	\$ 345,311,877	\$ 338,514,870	\$ 313,999,015	\$ 308,742,347	\$ 281,369,057
Business-type activities								
Charges for services:								
Nut Tree Airport	1,141,736	949,070	995,659	913,935	1,043,051	929,509	789,146	723,743
Fouts Springs Youth Facility	3,184,236	3,081,184	2,346,732	2,531,598	2,846,865	3,220,755	3,743,659	3,432,303
Solano County Fair ²	-	-	-	-	-	-	5,055,500	4,552,254
Operating grants and contributions	540,360	648,139	748,146	689,649	-	-	-	386,728
Capital grants and contributions	2,296,465	2,918,130	280,415	1,079,079	-	-	979,600	2,477,523
Total business-type activities	\$ 7,162,797	\$ 7,596,523	\$ 4,370,952	\$ 5,214,261	\$ 3,889,916	\$ 4,150,264	\$ 10,567,905	\$ 11,572,551
Total primary government program revenues	\$ 375,721,217	\$ 369,286,413	\$ 363,031,599	\$ 350,526,138	\$ 342,404,786	\$ 318,149,279	\$ 319,310,252	\$ 292,941,608
Net (Expenses)/Revenue								
Governmental activities	\$ (160,820,839)	\$ (124,562,451)	\$ (118,205,960)	\$ (116,426,045)	\$ (95,212,395)	\$ (90,250,163)	\$ (75,877,174)	\$ (68,755,720)
Business-type activities	1,489,966	2,558,086	(522,390)	(97,141)	(1,761,482)	(1,561,655)	(64,107)	2,452,326
Total primary government net expenses	\$ (159,330,873)	\$ (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				
	2008	2007	2006	2005	2004
General Fund					
Reserved	\$ 9,591,064	\$ 4,150,844	\$ 3,575,776	\$ 2,650,417	\$ 1,158,613
Unreserved	111,054,606	117,465,640	88,104,809	69,817,153	54,064,235
Total General Fund	<u>120,645,670</u>	<u>121,616,484</u>	<u>91,680,585</u>	<u>72,467,570</u>	<u>55,222,848</u>
All Other Governmental Funds					
Reserved	\$ 56,504,466	\$ 91,344,253	\$ 34,558,867	\$ 31,951,339	\$ 41,474,664
Unreserved, reported in:					
Special revenue funds	76,665,059	75,946,573	133,282,448	131,227,828	118,657,450
Capital projects funds	55,852,298	13,049,077	15,255,723	2,585,051	17,041,854
Total all other governmental funds	<u>189,021,823</u>	<u>180,339,903</u>	<u>183,097,038</u>	<u>165,764,218</u>	<u>177,173,968</u>
	<u>\$ 309,667,493</u>	<u>\$ 301,956,387</u>	<u>\$ 274,777,623</u>	<u>\$ 238,231,788</u>	<u>\$ 232,396,816</u>

Source: Audited Financial Statements

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

		Fiscal Year					
2003	2002	2001	2000	1999			
\$ 3,415,066	\$ 1,541,441	\$ 597,750	\$ 737,116	\$ 329,467	General Fund		
45,491,994	43,685,285	31,425,492	17,409,138	10,822,622	Reserved		
48,907,060	45,226,726	32,023,242	18,146,254	11,152,089	Unreserved		
					Total General Fund		
\$ 57,585,083	\$ 22,895,362	\$ 52,690,983	\$ 40,868,193	\$ 28,506,382	All Other Governmental Funds		
102,116,827	49,268,396	33,256,421	14,580,123	13,160,043	Reserved		
68,841,392	10,036,848	7,511,288	10,450,497	23,031,412	Unreserved, reported in:		
228,543,302	82,200,606	93,458,692	65,898,813	64,697,837	Special revenue funds		
					Capital projects funds		
					Total all other governmental funds		
<u>\$ 277,450,362</u>	<u>\$ 127,427,332</u>	<u>\$ 125,481,934</u>	<u>\$ 84,045,067</u>	<u>\$ 75,849,926</u>			

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

	Fiscal Year				
	2008	2007	2006	2005	2004
Revenues					
Taxes ¹	\$ 138,987,233	\$ 132,730,738	\$ 126,709,867	\$ 78,793,277	\$ 66,961,051
Licenses, permits and franchises	6,180,001	6,758,843	7,260,201	5,658,034	5,094,159
Fines, forfeitures and penalties	5,458,554	5,870,027	7,389,580	6,038,097	4,220,235
Use of money and property	13,022,335	14,115,648	9,038,296	6,415,122	6,981,278
Intergovernmental ¹	312,049,066	299,974,644	289,299,129	315,166,573	308,978,705
Charges for services	77,340,255	75,908,930	79,239,520	77,819,413	69,730,559
Miscellaneous	12,457,166	15,709,000	10,364,009	11,532,508	10,377,470
Total revenues	565,494,610	551,067,830	529,300,602	501,423,024	472,343,457
Expenditures					
General government	57,450,491	49,616,574	58,726,098	55,536,885	49,188,749
Public protection	170,321,250	162,742,367	169,226,372	138,939,757	172,365,652
Public ways and facilities	9,925,757	9,664,948	11,838,586	9,706,357	10,112,629
Health services	107,707,061	103,618,977	106,548,470	103,458,326	111,715,224
Public assistance	141,943,318	135,117,611	142,105,049	123,248,736	150,785,051
Education and recreation	22,292,796	22,087,999	21,363,419	15,670,356	18,172,806
Debt service:					
Principal	11,685,419	11,080,862	16,689,194	8,043,797	8,394,452
Interest and other charges	13,171,464	12,405,119	12,321,580	10,561,243	8,069,620
Debt issuance cost	-	1,650,505	646,905	-	1,466,120
Advance refunding escrow	-	-	-	-	-
Capital outlay	22,992,641	16,423,879	13,068,467	30,852,017	86,478,021
Total expenditures	557,490,197	524,408,841	552,534,140	496,017,474	616,748,324
Excess of revenues over (under) expenditures	8,004,413	26,658,989	(23,233,538)	5,405,550	(144,404,867)
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	-	-
Debt proceeds	1,023,891	-	42,385,000	-	96,665,000
Premium on debt	-	2,568,489	-	-	-
Transfers in	169,578,877	140,741,691	131,966,707	120,245,003	99,408,010
Transfers out	(171,010,215)	(142,086,480)	(132,032,827)	(120,065,726)	(99,674,693)
Sale of capital assets	114,140	205,999	63,241	193,409	2,953,004
Total other financing sources (uses)	(293,307)	519,775	59,779,373	429,422	99,351,321
Net change in fund balances	\$ 7,711,106	\$ 27,178,764	\$ 36,545,835	\$ 5,834,972	\$ (45,053,546)
Debt service as a percentage of noncapital expenditures	4.65%	4.95%	5.50%	4.00%	3.38%

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					
2003	2002	2001	2000	1999			
					Revenues		
\$ 59,246,973	\$ 55,027,729	\$ 49,503,902	\$ 47,008,652	\$ 41,724,749	Taxes ¹		
4,998,512	4,425,099	3,705,314	3,316,382	3,151,701	Licenses, permits and franchises		
4,729,387	4,586,822	4,236,423	3,645,577	4,125,065	Fines, forfeitures and penalties		
3,980,609	8,707,718	14,298,160	7,535,374	6,186,024	Use of money and property		
277,130,397	273,809,145	259,590,608	224,698,307	212,724,221	Intergovernmental ¹		
59,721,371	53,404,452	50,374,834	46,073,991	46,340,313	Charges for services		
7,693,931	14,065,157	9,431,653	4,396,998	5,874,815	Miscellaneous		
<u>417,501,180</u>	<u>414,026,122</u>	<u>391,140,894</u>	<u>336,675,281</u>	<u>320,126,888</u>	Total revenues		
					Expenditures		
40,861,290	39,392,941	34,412,532	31,057,335	31,276,622	General government		
128,691,041	117,626,458	104,858,511	95,158,216	88,968,414	Public protection		
8,152,377	5,883,609	12,107,010	9,815,424	12,240,113	Public ways and facilities		
84,249,844	77,897,875	64,297,492	58,778,916	52,830,271	Health services		
121,296,428	118,637,287	109,732,636	107,609,032	108,025,825	Public assistance		
12,713,005	11,728,628	10,746,213	10,118,268	9,622,427	Education and recreation		
					Debt service:		
7,193,245	7,081,861	5,452,183	5,499,298	3,937,131	Principal		
5,157,325	4,930,092	5,712,387	4,271,782	3,879,600	Interest and other charges		
-	-	-	-	-	Debt issuance cost		
-	4,116,500	-	-	-	Advance refunding escrow		
42,466,841	35,290,048	10,033,031	6,714,180	8,064,738	Capital outlay		
<u>450,781,396</u>	<u>422,585,299</u>	<u>357,351,995</u>	<u>329,022,451</u>	<u>318,845,141</u>	Total expenditures		
(33,280,216)	(8,559,177)	33,788,899	7,652,830	1,281,747	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		
55,088,473	-	-	-	-	Proceeds from sale of tobacco settlement revenues		
123,862,438	10,507,356	-	-	39,581,288	Debt proceeds		
4,628,748	331,173	-	-	-	Premium on debt		
92,684,021	87,617,423	75,312,142	62,107,737	64,179,671	Transfers in		
(93,047,766)	(88,274,757)	(74,541,218)	(61,940,417)	(64,475,911)	Transfers out		
87,332	40,095	89,878	67,308	23,480	Sale of capital assets		
<u>183,303,246</u>	<u>12,415,356</u>	<u>860,802</u>	<u>542,281</u>	<u>39,372,240</u>	Total other financing sources (uses)		
<u>\$ 150,023,030</u>	<u>\$ 3,856,179</u>	<u>\$ 34,649,701</u>	<u>\$ 8,195,111</u>	<u>\$ 40,653,987</u>	Net change in fund balances		
3.02%	4.16%	3.21%	3.03%	2.52%	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				
2008	\$ 33,516,047,975	\$ 4,458,259,827	\$ 5,137,584,301	\$ 2,515,019,359	\$ 1,948,949,721	\$ (2,257,758,318)	\$ 45,318,102,865	1.000000
2007	34,906,817,027	4,141,589,706	4,555,284,699	2,147,909,474	1,940,449,367	(2,003,357,049)	45,688,693,224	1.000000
2006	31,908,618,677	3,658,979,117	4,058,927,403	1,756,602,406	1,776,148,772	(1,614,923,088)	41,544,353,287	1.000000
2005	27,646,850,121	3,346,190,948	3,755,064,101	1,578,129,310	1,560,714,346	(1,500,576,703)	36,386,372,123	1.000000
2004	23,918,105,041	3,136,567,889	3,658,065,965	1,480,141,832	1,538,561,960	(1,451,287,952)	32,280,154,735	1.000000
2003	21,383,381,995	2,982,448,323	3,567,983,071	1,341,406,615	1,267,778,516	(1,189,231,896)	29,353,766,624	1.000000
2002	19,292,221,465	2,778,751,393	3,294,895,577	1,294,066,360	1,138,301,019	(1,237,780,608)	26,560,455,206	1.000000
2001	17,560,703,004	2,628,348,739	2,958,749,963	1,334,075,873	1,047,792,400	(1,189,645,915)	24,340,024,064	1.000000
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

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
2008	1.000000	2.074750	0.392148	0.049006	3.515904
2007	1.000000	1.676970	0.477510	0.051024	3.205504
2006	1.000000	1.670438	0.450651	0.051243	3.172332
2005	1.000000	1.669975	0.409660	0.055807	3.135442
2004	1.000000	1.674536	0.450608	0.061253	3.186397
2003	1.000000	1.668724	0.423867	0.065584	3.158175
2002	1.000000	1.664550	0.230886	0.067263	2.962699
2001	1.000000	1.580959	0.306871	0.073958	2.961788
2000	1.000000	1.582688	0.298638	0.077761	2.959087
1999	1.000000	1.592200	0.356061	0.083774	3.032035

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

COUNTY OF SOLANO, CALIFORNIA
Principal Property Tax Payers
June 30, 2008 and June 30, 1999

Taxpayer	Fiscal Year 2008			Fiscal Year 1999		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Genentech Inc	\$ 1,040,766,887	1	2.30%	-		-
Valero Refining Company - Calif	771,627,166	2	1.70%	\$ 592,425,065	1	2.97%
Pacific Gas & Electric Company	401,979,298	3	0.89%	374,663,384	2	1.88%
Anheuser-Busch, Inc.	266,863,523	4	0.59%	214,533,631	4	1.07%
Shiloh I Wind Project LLC	211,569,617	5	0.47%	-		
High Winds LLC	203,550,313	6	0.45%	-		
Alza Corporation	178,095,370	7	0.39%	88,274,508	7	0.44%
California Northern Railroad	157,637,286	8	0.35%	98,751,183	5	0.49%
Pacific Bell	141,550,430	9	0.31%	233,158,017	3	1.17%
Deutsche Bank National Trust Company	109,903,227	10	0.24%	-		
Park Management Corp	-		-	94,285,000	6	0.47%
Western Pacific Housing Inc.	-		-	-		
Kaiser Foundation Hospital	-		-	85,104,398	8	0.43%
CPG Finance II LLC	-		-	74,045,223	9	0.37%
Ball Metal Beverage Cont Corp	-		-	-		
Chiron Corporation	-		-	50,364,135	10	0.25%
Totals	<u>\$ 3,483,543,117</u>		<u>6.35%</u>	<u>\$ 1,905,604,544</u>		<u>9.54%</u>

Sources: Final 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
2008	\$ 507,245,315	\$ 472,447,183	93.14%	\$ -	\$ 472,447,183	93.14%
2007	477,498,909	449,992,917	94.24%	14,203,910	464,196,827	97.21%
2006	429,891,175	413,880,171	96.28%	11,346,176	425,226,347	98.91%
2005	377,639,034	368,064,913	97.46%	3,872,076	371,936,989	98.49%
2004	338,754,419	332,042,337	98.02%	6,319,708	338,362,045	99.88%
2003	304,563,538	295,257,014	96.94%	9,119,934	304,376,948	99.94%
2002	253,305,116	248,780,029	98.21%	4,461,219	253,241,248	99.97%
2001	233,021,257	229,022,341	98.28%	3,972,634	232,994,975	99.99%
2000	214,752,491	211,270,305	98.38%	3,473,848	214,744,153	100.00%
1999	205,054,382	201,112,484	98.08%	3,936,574	205,049,058	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				
	2008	2007	2006	2005	2004
General Government					
Notes payable	\$ 1,171,043 ³	\$ 11,864,718	\$ 13,356,468	\$ 14,897,413	\$ 16,637,923
Capital leases	16,874	28,968	88,080	191,329	377,880
Certificates of participation	138,013,241	142,576,213	146,692,575	155,954,388	162,086,201
Pension obligation bonds	121,020,000	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	149,853	200,965	247,631	318,517	1,420,051
Capital leases	-	-	-	5,106	12,394
Total primary government	<u>\$ 260,371,011</u>	<u>\$ 282,475,864</u>	<u>\$ 293,579,754</u>	<u>\$ 268,031,753</u>	<u>\$ 277,199,449</u>
Percentage of Personal Income ¹	1.63%	1.87%	2.05%	1.96%	2.12%
Percentage of Actual Value of Taxable Property ²	0.57%	0.62%	0.71%	0.74%	0.86%
Per Capita ¹	\$ 610.12	\$ 664.93	\$ 694.29	\$ 635.66	\$ 664.04

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

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

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

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

Source: Audited Financial Statements

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

		Fiscal Year								
		2003	2002	2001	2000	1999				
							General Government			
\$	18,022,764	\$	15,222,425	\$	7,034,007	\$	8,838,423	\$	4,504,241	Notes payable
	937,955		681,824		537,871		806,743		6,722,495	Capital leases
	168,748,015		51,921,079		59,765,000		72,065,000		76,630,000	Certificates of participation
	-		-		-		-		-	Pension obligation bonds
	-		-		170,000		330,000		480,000	Revenue bonds
	-		-		-		-		-	General obligation bonds
	-		-		-		-		102,159	Term note
	-		-		-		-		30,000	Special assessment debt
										Business-Type Activities
	1,608,192		437,665		560,012		675,234		783,331	Notes payable
	30,088		36,877		35,657		-		-	Capital leases
\$	189,347,014	\$	68,299,870	\$	68,102,547	\$	82,715,400	\$	89,252,226	Total primary government
	1.53%		0.57%		0.59%		0.76%		0.91%	Percentage of Personal Income ¹
	0.65%		0.26%		0.28%		0.38%		0.45%	Percentage of Actual Value of Taxable Property ²
\$	457.70	\$	166.97	\$	169.53	\$	211.17	\$	232.43	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
2007-08	\$ 45,318,102,865	\$ 2,265,905,143	\$ -	\$ 2,265,905,143	0.00%
2006-07	45,688,693,224	2,284,434,661	-	2,284,434,661	0.00%
2005-06	41,544,353,287	2,077,217,664	-	2,077,217,664	0.00%
2004-05	36,386,372,123	1,819,318,606	-	1,819,318,606	0.00%
2003-04	32,280,154,735	1,614,007,737	-	1,614,007,737	0.00%
2002-03	29,353,766,624	1,467,688,331	-	1,467,688,331	0.00%
2001-02	26,560,455,206	1,328,022,760	5,100	1,328,017,660	0.00%
2000-01	24,340,024,064	1,217,001,203	185,000	1,216,816,203	0.02%
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%

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
2008	426,757	\$ 15,946,469,000 ⁴	\$ 37,367	7.0% ⁶
2007	424,823	15,118,419,000 ⁴	35,588	5.3%
2006	422,848	14,321,591,000	33,869	5.1%
2005	421,657	13,653,624,000	32,381	5.4%
2004	417,447	13,091,216,000	31,360	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%

Detail of estimated population, as of January 1, 2008:

Incorporated Cities	
Benicia	27,978
Dixon	17,577
Fairfield	106,753
Rio Vista	8,071
Suisun City	28,193
Vacaville	96,905
Vallejo	121,097
Total of Incorporated	406,574
Total of Unincorporated Areas	20,183
Total Population	426,757

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 2008

COUNTY OF SOLANO, CALIFORNIA
Principal Employers
June 30, 2008 and June 30, 2000¹

Employer	2008			2000		
	Employees	Rank	Percentage of Total County Employment ²	Employees	Rank	Percentage of Total County Employment ²
Kaiser Permanente	3,262	1	1.64%	3,120	1	1.88%
County of Solano	2,903	2	1.46%	2,884	2	1.74%
Six Flags Marine World	1,500	3	0.75%	1,200	3	0.72%
NorthBay Medical Center	1,480	4	0.74%	1,200	3	0.72%
Alza Corporation	1,000	5	0.50%			
Genentech Inc.	950	6	0.48%	625	5	0.38%
Wal-Mart	872	7	0.44%			
Sutter Solano Medical Center	674	8	0.34%	542	6	0.33%
City of Fairfield	651	9	0.33%			
City of Vacaville	616	10	0.31%			
Westamerica Bancorporation				500	7	0.30%
Anheuser-Busch Brewery				489	8	0.29%
Albertson's Distribution Center				640	4	0.39%
Providian Financial				500	7	0.30%
Exxon Company USA				400	9	0.24%
Totals	<u>14,436</u>		<u>5.44%</u>	<u>12,100</u>		<u>7.28%</u>

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

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

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

2003	2002	2001	2000	1999	
					Function/Program
247.00	236.00	223.00	218.60	211.60	General government
1,279.50	1,235.50	1,447.25	1,412.85	1,357.10	Public protection
74.00	73.00	73.00	78.00	80.00	Public ways and facilities
511.66	498.66	475.51	474.69	450.74	Health services
786.55	767.30	753.80	729.20	674.60	Public assistance
130.13	130.63	125.63	119.75	115.50	Education and recreation
3.00	3.00	3.00	3.75	3.00	Nut Tree Airport
55.50	54.00	46.00	46.00	42.50	Fouts Springs Youth Facility
73.50	53.50	49.50	47.00	48.00	Internal service
3,160.84	3,051.59	3,196.69	3,129.84	2,983.04	Total

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

Function/Program	2008	2007	2006	2005	2004	2003
General government						
Clerk-Recorder-Assessor - documents recorded	119,333	172,494	213,267	227,032	240,195	231,751
Public protection						
# Number of felony cases filed-District Attorney	3,961	4,198	3,804	4,122	3,795	3,661
# Number of misdemeanor cases filed-District Attorney	11,382	9,404	7,680	8,085	9,819	9,853
# Number of juvenile petitions-District Attorney	1,746	1,964	1,516	1,470	1,367	1,273
Number of Bookings-Sheriff	19,629	25,415	17,780	17,901	17,939	19,174
Average Daily Population-Juvenile Hall	76	89	58	78	78	71
Average Intake-Juvenile Hall	173	180	111	175	153	130
# Number of building permits issued	760	990	829	923	890	940
Public ways and facilities						
Miles of roads maintained	587	587	589	595	595	600
Health services & public assistance						
Average monthly medical clinic visits	3,197	2,708	2,308	2,547	2,561	2,565
Average monthly dental clinic visits	429	354	344	368	344	403
Average monthly food stamp recipients	22,590	20,599	18,271	16,096	13,878	12,202
Average monthly MediCal enrollment	59,417	57,481	57,373	54,651	52,466	49,694
Average monthly CalWorks cash assistance recipients	13,390	12,486	10,792	11,118	10,330	9,623
Average monthly General Relief recipients	792	685	651	456	371	306
Education and recreation						
Total circulation	3,283,812	2,951,709	2,686,203	2,753,787	2,646,019	2,418,093
Total circulation - SNAPweb	568,493	478,578	448,410	409,897	355,256	287,369
Number of library patrons	2,063,232	1,928,345	1,497,667	1,549,998	1,529,006	1,435,064
Number of parks	4	4	3	3	3	3
Number of park visitors	221,806	261,351	166,735	179,371	171,144	172,143
Nut Tree Airport						
Takeoffs and landings	102,500	105,000	101,500	n/a	n/a	n/a
Fouts Springs Youth Facility						
Average Daily Population	58	56	49	65	81	102
Internal service						
Number of Fleet Vehicles	502	502	507	500	498	462
Number of Annual Fleet Miles Driven	5,300,563	4,947,911	4,529,923	4,519,141	4,579,844	4,443,087

⁺ 10 year data not readily available

^{n/a} Information not available

[#] Information based on calendar year

Source: Various County departments

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

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