



County of Solano, California  
Comprehensive Annual Financial Report  
Fiscal Year Ended June 30, 2005

Simona Padilla-Scholten, CPA  
Auditor-Controller



County of Solano, California



## Comprehensive Annual Financial Report

For the fiscal year ended

June 30, 2005

Prepared by:

Office of the Auditor-Controller

Simona Padilla-Scholtens, CPA  
Auditor-Controller



County of Solano, California  
 Comprehensive Annual Financial Report  
 For the Fiscal Year Ended June 30, 2005

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December 18, 2005

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

General-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. We hereby issue the comprehensive annual financial report of the County of Solano for the fiscal year ended June 30, 2005.

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

The County’s financial statements have been audited by Macias Gini & Company LLP, a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2005, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the County’s financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

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

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

## **Profile of the Government:**

### *General Information*

The County lies in the northeast section of the nine-county San Francisco Bay Area. It is located approximately 45 miles northeast of San Francisco and 45 miles southwest of Sacramento. The County covers 823 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.

Though situated mid-way between San Francisco and Sacramento, the County has avoided many of the problems associated with these areas, such as high housing prices and urban sprawl. The County limits residential and commercial development outside of cities, thus preserving almost 85% of the land for open space or agricultural uses. Agriculture and military installations have historically been strong contributors to the County's economy. In recent years, the County has fostered economic growth and diversification by encouraging industrial, manufacturing and biotechnology development. The availability of land and the relatively low cost of housing, as well as job opportunities, 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 is entering the 21<sup>st</sup> Century with a promising future as a place to live, learn, work and play.

### *County Government*

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

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

### *County Services*

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

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

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

- Environmental Health
- Agricultural Commissioner
- Weights and Measures
- Airport
- Indigent Medical Services
- Public and Mental Health Services
- Child Protection and Social Services
- Emergency Medical Services
- Public Assistance/Welfare to Work
- 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)
- Local Agency Formation Commission
- Tax Assessment, Collection and Apportionment
- Elections and Voter Registration
- Parks
- Jails and Juvenile Facilities
- Probation Supervision
- Clerk-Recorder
- Public Defender/Alternative Defense
- Coroner and Forensic Services
- Grand Jury
- Criminal Prosecution (District Attorney)
- Libraries (as Contract Services for Cities)
- Animal Care Services
- Building and Safety (Unincorporated County Only)
- Land Use Issues in the Unincorporated County

## **Factors Affecting Financial Condition:**

### *Budgetary Information*

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

The budget is prepared by fund, function (e.g. public safety), and department (e.g., Sheriff). Transfers 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's Office. Transfers of appropriations between departments within a fund, however, require a majority vote of the Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget was adopted. These schedules, which are part of the required supplementary information section of this report, start on page 74.

### *Population and Local Economy*

The County's population as of January 2005 was approximately 421,657, an increase of approximately 1.2% over last year's estimate and 6.9% over the 2000 census. The County's population ranks 19<sup>th</sup> out of 58 California counties. Solano County is considered the fastest growing of the nine Bay Area counties. A key element of the County's rapid growth has been migration into the County; immigration has accounted for most of the County's growth since 1980. The County population is increasing an average of 1.3% annually with the most notable changes occurring in the cities of Rio Vista with 87.5% increase, and Dixon with a 31.9% increase over the past 10 years. The other cities in the County also showed population increases over this ten-year period.

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

### *Long-term Financial Planning*

Contained within the County's tax code area are numerous municipalities, school districts and special-purpose districts providing public services. These entities have outstanding bonds issued in the form of general obligation bonds. Direct debt constitutes debt directly issued by the County while overlapping debt constitutes that portion of the debt issued by different public entities within the same tax code area as the County's. The County is not responsible for the overlapping debt of the other local agencies. The County has \$248,760,000 in direct debt outstanding as of June 30, 2005.

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

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

The County issued Taxable Pension Obligation Bonds to reduce the County's obligations with the California Public Employee's Retirement System (CalPERS) for the Unfunded Accrued Actuarial Liability (UAAL) for retirement benefits.

#### *Cash Money Policies and Practices*

The County maintains an Investment Pool managed by the Treasurer-Tax Collector-County Clerk, which acts as a depository for over 80 units of local government including funds of the County school districts, special districts and other entities. Not included in the Investment Pool are some school district Tax and Revenue Anticipation Note proceeds, which are managed by the Treasurer-Tax Collector-County Clerk separately from the Investment Pool.

The County formed a Treasury Oversight Committee consisting of five members and two alternates. The committee reviews the Investment Policy, ensures the Treasury activities are in compliance with the Investment Policy, ensures an annual audit of the Investment Policy is conducted, and reviews the internal auditor's quarterly audits of the Investment Pool. The committee meets semiannually and is composed of the County's Budget Officer, Superintendent of Schools - Director of Business Finance, two members of the public and one business director from a school district.

The objectives of the pool are to meet the cash requirements of the pool participants, invest the funds in a safe, legal and prudent manner and achieve a money market rate of return. To achieve this objective the Treasurer-Tax Collector-County Clerk maintains a one-year countywide cash flow projection. This projection is reviewed and updated monthly in consultation with the pool participants and the County Auditor-Controller. Historically, the amounts and timing of each requirement have been predicted with a high level of certainty. The pool is managed in a prudent manner by always maintaining a high level of liquidity. The pooled funds are invested in accordance with the County's Investment Policy and the State of California Government Code.

Cash temporarily idle during the year was invested in certificates of deposit, money market mutual funds, Local Agency Investment Fund (LAIF), CalTRUST, CAMP, corporate notes, obligations of the U.S. Treasury, municipal notes, and the State Treasurer's investment pool. The maturities of the investments range from one day to five years, with an average maturity of 14 months. Interest rates on investments were between 1.310% and 4.580% for the government.

Investment earnings includes appreciation in the fair value of its investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; it is always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments the government intends to hold to maturity.

### **Awards and Acknowledgements**

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

The County of Solano was awarded a Certificate of Achievement for Excellence in Financial Reporting for the County's CAFR for the fiscal year ended June 30, 2004.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff in the Auditor-Controller's Office. We would like to express our appreciation to the department for their outstanding support in the preparation of this report. We would like to specifically acknowledge the following individual contributions: Phyllis Taynton, Sheila Turgo, and Raymond Catapang. Credit also must be given to the County Administrator and the Board of Supervisors for their support in maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,

A handwritten signature in cursive script that reads "Simona P. Scholtens". The signature is written in black ink on a light-colored background.

Simona Padilla-Scholtens, CPA  
Auditor-Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Solano,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

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.



*Carla E. Perry*

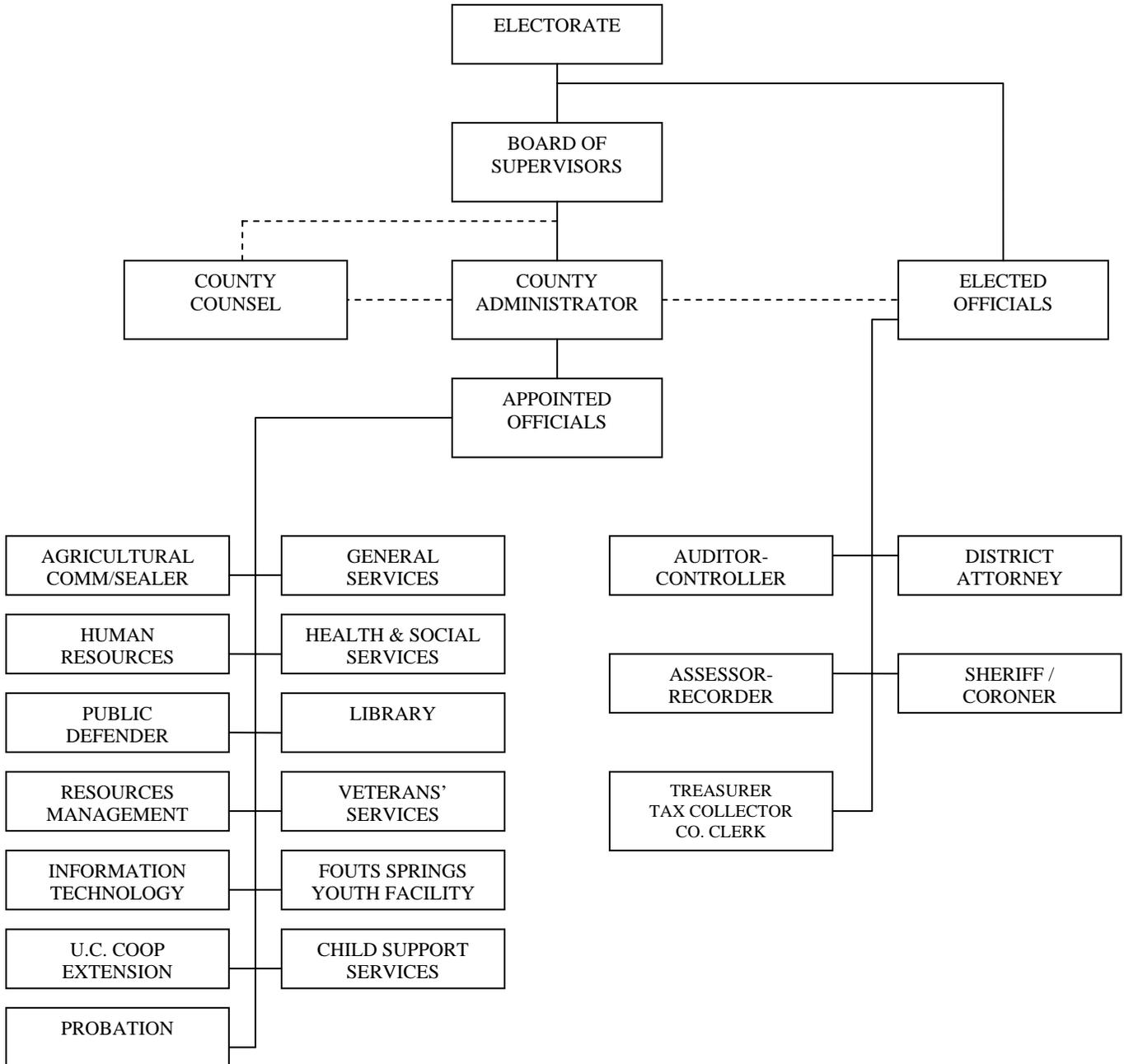
President

*Jeffrey R. Egan*

Executive Director

# County of Solano, California

## Organizational Chart



**County of Solano, California  
List of Elected and Appointed Officials**

Elected Officials

Auditor-Controller  
Assessor-Recorder  
District Attorney  
Sheriff-Coroner  
Treasurer-Tax Collector-County Clerk

Simona Padilla-Scholtens, CPA  
Skip Thomson\*  
David Paulson  
Gary Stanton  
Charles Lomeli

*\* Retired on December 2005*

Appointed Officials

Agricultural Commissioner-Sealer of Weights & Measures  
Child Support Services  
Cooperative Extension  
County Administrator  
County Counsel  
Fouts Springs Youth Facility  
General Services  
Health & Social Services  
Human Resources  
Information Technology/Registrar of Voters  
Library  
Probation  
Public Defender-Conflict Defender  
Resources Management  
Veteran Services  
Workforce Investment Board (WIB)

Jearl D. Howard  
Dennis Covell  
Carole Paterson  
Michael D. Johnson  
Dennis Bunting  
Gemma Grossi  
Veronica Ferguson  
Patrick Duterte  
Yolanda Irigon  
Ira Rosenthal  
Ann Cousineau  
Gemma Grossi  
Jeffrey Thoma  
Birgitta Corsello  
William Reardon  
Robert L. Bloom

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

### INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the County of Solano, California (County), as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the basic financial statements of the Solano County Fair. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for that entity, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the County of Solano, California, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note I to the financial statements, effective July 1, 2004, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 40, *Deposit and Investment Risk Disclosure*, an amendment of GASB Statement No. 3.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2005 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 on pages 73 through 79 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.

*Macias Gini & Company CP*

Certified Public Accountants

Sacramento, California  
November 18, 2005

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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, 2005. 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, 2005 by \$509,836,589 (net assets). Of this amount, \$184,393,331 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$25,325,672 as a result of the current year's operations.
- At June 30, 2005, the County's governmental funds reported combined ending fund balances of \$238,231,788, an increase of \$5,834,972, as a result of the current year's operations. Approximately 85% of this total amount, or \$203,630,032, is available for spending at the government's discretion (unreserved fund balance) and 15% of this amount, or \$34,601,756, is reserved.
- At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$31,680,507 or 45% of total General Fund expenditures.

## Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

The County maintains 21 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Health & Social Services Special Revenue Fund, Public Safety Special Revenue Fund, Tobacco Settlement Special Revenue Fund, and Public Facilities Fees 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 30 - 34 of this report.

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

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

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

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 38 - 39 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 - 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 – 79 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 81 – 123 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 \$509,836,589 at June 30, 2005.

## Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and other assets	\$ 416,302,042	\$ 411,811,567	\$ (538,557)	\$ 1,140,235	\$ 415,763,485	\$ 412,951,802
Capital assets	434,219,322	415,302,520	10,593,632	10,003,053	444,812,954	425,305,573
Total assets	\$ 850,521,364	\$ 827,114,087	\$ 10,055,075	\$ 11,143,288	\$ 860,576,439	\$ 838,257,375
Current liabilities	\$ 71,846,569	\$ 72,913,150	\$ 424,369	\$ 617,996	\$ 72,270,938	\$ 73,531,146
Noncurrent liabilities	278,094,367	278,780,648	374,545	1,434,664	278,468,912	280,215,312
Total liabilities	349,940,936	351,693,798	798,914	2,052,660	350,739,850	353,746,458
Net assets:						
Invested in capital assets,						
net of related debt	274,177,088	270,350,715	10,270,009	9,621,167	284,447,097	279,971,882
Restricted net assets	40,996,161	44,651,465	-	-	40,996,161	44,651,465
Unrestricted net assets	185,407,179	160,418,109	(1,013,848)	(530,539)	184,393,331	159,887,570
Total net assets	500,580,428	475,420,289	9,256,161	9,090,628	509,836,589	484,510,917
Total liabilities and net assets	\$ 850,521,364	\$ 827,114,087	\$ 10,055,075	\$ 11,143,288	\$ 860,576,439	\$ 838,257,375

By far the largest portion of the County's net assets (56%) 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 (14%) represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (30%) may be used to meet the County's ongoing obligations to citizens and creditors.

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

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

Current and other assets: The increase of approximately \$4,490,000 is primarily due to an increase in cash from the sale of Vehicle License Fee (VLF) gap loan receivable (\$8,400,000) offset by decrease in receivables (\$5,000,000).

Capital assets: The increase of approximately \$18,916,000 is primarily due to the completion of the Fairfield Downtown Government Center and the new Juvenile Hall Detention Center.

Restricted net assets: The decrease of approximately (\$3,600,000) is primarily due to the interest payment on the 2002 Certificates of Participation which was funded by the reserve account.

Changes in program revenues and program expenses remain consistent with the prior year. Program revenues funded 75% of the program expenses which is consistent with the prior year. At the same time, general revenues continue to increase due to increases in property and other taxes. Ongoing program and general revenues continue to outpace similar increases in ongoing expenses.

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

**Statement of Activities**  
**For the fiscal year ended June 30, 2005**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Revenues:						
Program revenues:						
Charges for services	\$ 79,409,006	\$ 69,157,101	\$ 3,445,533	\$ 3,889,916	\$ 82,854,539	\$ 73,047,017
Operating grants and contributions	264,093,871	250,451,119	689,649	-	264,783,520	250,451,119
Capital grants and contributions	1,809,000	5,154,984	1,079,079	-	2,888,079	5,154,984
General revenues:						
Property taxes	65,735,256	56,309,939	215,716	190,885	65,950,972	56,500,824
Other taxes	7,357,209	5,148,768	-	-	7,357,209	5,148,768
Intergovernmental	49,225,813	50,590,802	37,072	855,988	49,262,885	51,446,790
Interest and investment earnings	6,107,084	6,725,817	20,345	4,788	6,127,429	6,730,605
Other	13,084,692	11,939,541	64,239	17,909	13,148,931	11,957,450
Gain on sale of capital assets	1,432	1,384,309	-	-	1,432	1,384,309
<b>Total Revenues</b>	<b>486,823,363</b>	<b>456,862,380</b>	<b>5,551,633</b>	<b>4,959,486</b>	<b>492,374,996</b>	<b>461,821,866</b>
Expenses:						
General government	50,668,082	43,489,603	-	-	50,668,082	43,489,603
Public protection	143,497,198	132,128,495	-	-	143,497,198	132,128,495
Public ways and facilities	13,111,022	11,175,121	-	-	13,111,022	11,175,121
Health services	103,089,445	94,775,322	-	-	103,089,445	94,775,322
Public assistance	122,936,114	115,960,829	-	-	122,936,114	115,960,829
Education and recreation	15,887,886	14,212,564	-	-	15,887,886	14,212,564
Interest on long-term debt	12,548,175	8,233,665	-	-	12,548,175	8,233,665
Nut Tree Airport	-	-	1,362,902	1,262,109	1,362,902	1,262,109
Fouts Springs Youth Facility	-	-	3,948,500	4,389,289	3,948,500	4,389,289
<b>Total Expenses</b>	<b>461,737,922</b>	<b>419,975,599</b>	<b>5,311,402</b>	<b>5,651,398</b>	<b>467,049,324</b>	<b>425,626,997</b>
Excess before transfers	25,085,441	36,886,781	240,231	(691,912)	25,325,672	36,194,869
Transfers	74,698	2,533	(74,698)	(2,533)	-	-
Change in net assets	25,160,139	36,889,314	165,533	(694,445)	25,325,672	36,194,869
Net assets – beginning	475,420,289	438,530,975	9,090,628	9,785,073	484,510,917	448,316,048
<b>Net assets – ending</b>	<b>\$ 500,580,428</b>	<b>\$ 475,420,289</b>	<b>\$ 9,256,161</b>	<b>\$ 9,090,628</b>	<b>\$ 509,836,589</b>	<b>\$ 484,510,917</b>

**Governmental activities.** Governmental activities increased the County's net assets by \$25,160,139 thereby accounting for 99% of the total growth in the net assets of the County. Total governmental revenues increased from the prior year by \$29,960,983. Total governmental expenses increased from the prior year by \$41,762,323.

The significant changes are as follows:

**Revenues:**

**Charges for services:**

Increase of \$10,251,905 over prior year is primarily due to the following:

- \$3,226,765 increase in public facilities fees due to higher rates and increased construction permits issued during the year resulting from continued construction activities in Solano County.
- \$1,554,273 increase in fines, forfeitures and penalties resulting from an increase in collections.
- \$652,418 increase in traffic school fees due to increase in traffic school attendees.
- \$650,000 increase in disposal fees due to midyear rate increase and increase in tonnage.
- \$504,955 increase in legal fees from providing more legal services, prosecuting more fraud cases, handling more juvenile dependency proceedings and an increase in rates.

- \$512,315 increase in revenues from incarceration services and medical care reimbursements for expenses incurred for outpatient hospitalization services provided to inmates.
- \$707,205 increase in revenues from contracted services as a result of increased Court security and for incarcerations services provided to other local agencies in the county.
- \$1,435,451 increase in reimbursements from the State as a result of providing more services to mental health clients.
- \$401,349 increase in supplemental property tax administration fees resulting from increased property sales during the year due to the growth and robust real estate market.

Operating grants and contribution:

Increase of \$13,642,752 over prior year due to the following:

- \$1,693,825 increase in revenue for Prop 12 Per Capita Grant Program & Prop 40 Per Capita Program for Parks projects, and from Prop 41 Voter Modernization Program.
- Increased state and federal grants of approximately \$13,000,000 by Health & Social Services Department due to increase in caseload for various health services and public assistance programs (CalWORKS cash assistance, Medi-Cal, In-Home Supportive Services) and to reimburse the County for expenses related to the implementation of the statewide CalWIN system which was implemented in July 2005.

Capital Grants & Contributions:

The amount of \$1,809,000 represents the final payment from the State for the construction of the new juvenile detention facility. The project was completed December 1, 2004.

Property Taxes:

The increase of \$9,425,317 over prior year is attributable to the robust real estate market in Solano County. Secured tax revenues increased by \$5,643,814. Supplemental secured taxes resulting from new and used homes sales increased by \$3,291,016.

**Expenses:**

General government:

Expenses for general government increased by \$7,178,479 over the prior year. The increase was primarily due to the payment of ERAF III (Education Revenue Augmentation Fund) to schools (\$3,798,751). ERAF III will be in place for two fiscal years, beginning in 04/05. Also, the County incurred one-time costs of \$700,000 related to the sale of the VLF gap receivable, compensated absences increased by \$650,000 due to the change in the County's sick leave policy, and the County incurred approximately \$900,000 for additional office equipment for the new government center and other moving expenses. In addition, depreciation expense increased approximately \$2,000,000 for the new government center.

Public protection:

Expenses for public protection (i.e. judicial services, police, detention and correction) increased by approximately \$11,368,703. The increase was due to increases in salaries and benefits due to the annual COLA and retirement costs due to enhanced benefits for safety employees (\$3.2 million). In addition, services and supplies increased significantly due to increases in liability insurance from an overall rate increase, and contracted services (\$3.2 million). Due to the inability to fill nursing positions in the Sheriff's department, they contracted out medical services to provide medical care to the inmates of Solano County Jail. Also, due to the change in the County's sick leave policy, compensated absences increased by approximately \$2.8 million.

Health services:

Expenses increased by approximately \$8,314,123 over the prior year. The increase was primarily due to increases in contracted services and other expenses related to health services programs (CMSP Managed Care Pilot Program and Youth Services Program) as a result of providing more services to the public. In addition, new programs were introduced this year that contributed to increases in costs (School Readiness Program & Pre-natal Program).

Public assistance:

Expenses increased by approximately \$6,975,285 over prior year. The increase was primarily due to increases in costs related to child welfare services, adult services and assistance programs resulting from increase in caseloads in cash assistance, food assistance, Medi-Cal and general relief programs.

Interest on long-term debt:

Interest on long-term debt increased by \$4,314,510 over prior year due to the 2004 Pension Obligation Bonds.

**Business-type activities.** Business-type activities increased the County's net assets by \$165,533. The key element of this increase is due to the receipt of a capital grant from the Federal Aviation Administration for the widening and realignment of the Airport's taxiway to comply with Federal Aviation Administration (FAA) standards.

**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, 2005, the County governmental funds reported combined ending fund balances of \$238,231,788 an increase of \$5,834,972, as a result of current year operations. Of the \$238,231,788, 85% (or \$203,630,032) constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate that it is not available for spending because it has already been committed: a) to liquidate contracts and purchase orders of the prior period (\$9,919,344); b) to pay debt service (\$16,149,625); c) to reflect long-term receivables that do not represent available spendable resources (\$3,771,864); d) to pay for future capital projects of the County (\$263,914); and e) other reserves (\$4,497,009).

General Fund:

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$31,680,507, while total fund balance reached \$72,467,570. 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 97% of the total General Fund expenditures, while total fund balance represents 103% of that same amount.

Total property taxes increased by 19.33% as compared to the prior year due to the strong real estate market increases to property values and home sales. In addition, intergovernmental revenues increased by 30.84% primarily due to one-time receipt of proceeds from the sale of the VLF gap loan receivable and an increase in VLF revenues due to the State's Triple-Flip taking effect this year. The increase in expenditures is mainly attributed to the payment of ERAF III to schools and one-time costs related to the sale of the VLF gap loan receivable.

Health & Social Services:

The fund balance of the Health & Social Services Fund increased by \$2,468,387 in the current fiscal year. The increase primarily consists of net increases in funding from the State and Federal governments to cover the increased costs of providing more services to the public. In addition, the Health & Social Services Department is continuously evaluating the department's cost reduction alternatives which contributed to the overall increase in their fund balance.

Tobacco Settlement:

The fund balance of the Tobacco Settlement Fund decreased by \$3,371,211 during the current year. This decrease was primarily due to the transfer of funds to the Health & Social Services Fund to finance the cost of existing health programs.

Public Facilities Fees:

The fund balance of the Public Facilities Fees Fund increased by \$11,022,440 in the current year. The increase is primarily due to the increase in construction fees resulting from higher fees and increased construction activities throughout the county. Also, the budgeted transfers out to the County Library (\$4.1 million) for the construction of Cordelia Library and Springstown Library did not materialize this year and will be re-budgeted in FY 05/06.

Other Governmental Funds:

The fund balance of the Other Governmental Funds decreased by \$26,327,117 in the current year. The decrease is primarily due to the construction costs for the Fairfield Downtown Government Center which was completed this year.

Revenues by Source:

Revenues for governmental functions totaled \$501,423,024 in FY 04/05. This represents a 6.16% increase from FY 03/04.

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	2005		2004		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 78,793,277	15.71%	\$ 66,961,051	14.60%	\$ 11,832,226	17.67%
Licenses, permits and franchises	5,658,034	1.13%	5,094,159	1.11%	563,875	11.07%
Fines, forfeitures and penalties	6,038,097	1.20%	4,220,235	0.92%	1,817,862	43.07%
Revenue from use of money	6,415,122	1.28%	6,981,278	1.52%	(566,156)	(8.11%)
Intergovernmental revenues	315,166,573	62.85%	295,227,039	64.38%	19,939,534	6.75%
Charges for services	77,819,413	15.52%	69,730,559	15.21%	8,088,854	11.60%
Miscellaneous revenues	11,532,508	2.31%	10,377,470	2.26%	1,155,038	11.13%
<b>Total</b>	<b>\$ 501,423,024</b>	<b>100.00%</b>	<b>\$ 458,591,791</b>	<b>100.00%</b>	<b>\$ 42,831,233</b>	<b>6.16%</b>

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

- Taxes: The increase of \$11,832,226 was due to an increase in property taxes due to increases in assessed property values, increase in home sales due to growth and the robust real estate market, and an increase in sales and use tax.
- Intergovernmental revenues: The increase of \$19,939,534 primarily consists of increases in funding to Health & Social Services (\$11,000,000) from the State & Federal governments for providing more services to the public for various health services and public assistance programs; and an increase in the General Fund due to the receipt of proceeds from sale of VLF gap loan receivable.
- Charges for services: The increase of \$8,088,854 was primarily caused by an increase in public facilities fees (\$3,229,000) due to higher rates and from more construction permits issued during the year resulting from continued construction activities in Solano County; increased legal fees due to higher rates; increased traffic school fees resulting from increased number of traffic school attendees; increased disposal fees due to higher rates, more disposal (tonnage); an increase in supplemental property tax administration fees resulting from increased sales of new and used homes in Solano County; other revenues from providing more services to other agencies in the county (\$3,135,000) and increased reimbursement from the State (\$1,900,000) resulting from providing more services to mental health clients.
- Miscellaneous revenues: The increase of \$1,155,039 was primarily due to the transfer from the tax loss reserve.

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

### Expenditures by Function Governmental Funds

Expenditures by Function	2005		2004		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 55,536,885	11.20%	\$ 49,188,749	8.16%	\$ 6,348,136	12.91%
Public protection	138,939,757	28.00%	172,365,652	28.58%	(33,425,895)	(19.39%)
Public ways and facilities	9,706,357	1.96%	10,112,629	1.68%	(406,272)	(4.02%)
Health services	103,458,326	20.86%	111,715,224	18.53%	(8,256,898)	(7.39%)
Public assistance	123,248,736	24.85%	137,033,385	22.73%	(13,784,649)	(10.06%)
Education and recreation	15,670,356	3.16%	18,172,806	3.01%	(2,502,450)	(13.77%)
Debt service – principal retirement	8,043,797	1.62%	8,394,452	1.39%	(350,655)	(4.18%)
Debt service – interest charges	10,561,243	2.13%	8,069,620	1.34%	2,491,623	30.88%
Debt service – issuance cost	-	0.00%	1,466,120	0.24%	(1,466,120)	(100.00%)
Capital outlay	30,852,017	6.22%	86,478,021	14.34%	(55,626,004)	(64.32%)
<b>Total</b>	<b>\$ 496,017,474</b>	<b>100.00%</b>	<b>\$ 602,996,658</b>	<b>100.00%</b>	<b>\$ (106,979,184)</b>	<b>(17.74%)</b>

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

- FY 03/04 expenditures included a payment of \$88,176,040 to CalPERS for the County's Unfunded Actuarial Accrued Liability (UAAL). This one-time expenditure was allocated by function.
- General Government: The increase of \$6,348,136 consists primarily of the following: a decrease in retirement expenditures of \$7,998,837 over prior year; payment of ERAF III

to schools (\$3,798,751); one-time costs incurred related to the sale of the VLF gap receivable (\$700,000); additional retirement contribution (\$6,462,310); increase in maintenance costs of various capital project activities (\$569,838), increased expenditures related to the move to the new government center (\$201,638), increased utilities cost (\$668,739) and other equipment purchases under the capital asset threshold (\$694,053). Remaining increase is due to increases in salaries and benefits and services and supplies for various General Fund departments.

- Public protection: The decrease of \$33,425,895 is due to a decrease in the department's share in the UAAL of \$38,352,000 and increases in salaries and benefits due to the annual COLA and retirement costs due to enhanced benefits for safety employees (\$1,755,000). In addition, services and supplies increased significantly due to increases in liability insurance due to overall rate increase, and contracted services (\$2.9 million). Due to the inability to fill nursing positions in the Sheriff's department, they contracted out medical services to provide medical care to the inmates of Solano County Jail. This was implemented in the later part of FY 03/04 and fully implemented in FY 04/05.
- Health services: The decrease of \$8,256,898 represents a decrease in the department's share in the UAAL of \$15,807,000 and an increase of \$7,550,184 in contracted services and other expenses related to health services (CMSP Managed Care Pilot Program and In-Home Support Services, Medical Services) programs for providing more services to the public.
- Public assistance: The decrease of \$13,784,649 resulted from the decrease in the department's share of \$20,206,000 in the UAAL and \$6,421,666 in increased costs related to child welfare services, adult services and assistance programs resulting from providing more services to the public particularly in cash and food assistance.
- Education and recreation: The decrease of \$2,502,450 is due to the department's share of \$3,689,000 in the UAAL and an increase of \$1,187,070 in salaries and benefits due to the annual COLA, and contributions to non-county agencies for planning services of the proposed Cordelia Library.
- Debt service – Interest charges: The net increase of \$2,491,623 in interest charges was primarily due to interest payment for the 2004 Pension Obligation Bonds. This is the first year of interest payments for the 2004 POB.
- Capital outlay: Decrease was attributable to decrease in capital projects activity in the current year due to the completion of the Fairfield Downtown Government Center and the new Juvenile Hall Detention Facility.

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

Unrestricted net assets of the Nut Tree Airport at the end of the year amounted to \$381,489 and the unrestricted net assets for the Fouts Springs Youth Facility was a negative \$1,395,337. Net assets for the Nut Tree Airport increased by \$970,287 and net assets for Fouts Springs Youth Facility decreased by \$804,754. The decrease in net assets for Fouts Springs was due to decreases in revenues from service charges related to ward placement by other counties and a decline in Ranch & Camp TANF funds from Federal and State governments due to the decline in ward population.

## **General Fund Budgetary Highlights**

The General Fund Budget (Original and Final versions) is reflected in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, as presented on page 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 \$2,573,920 or 1.71 percent, from the original budget. Actual revenues were more than the final budgeted revenues by \$18,665,793 or 12.19 percent. Total appropriations increased by \$12,975,024 or 20.35 percent, from the original budget. Actual expenditures were less than the final appropriations by \$6,950,411, or 9.06 percent. Significant factors affecting these changes were as follows:

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

#### Appropriations Variances:

- \$4,685,811 increase in General Revenue due to the payment of ERAF III (Education Revenue Augmentation Fund) to schools and \$6,462,310 increase in General Expenditures for additional retirement contribution. Also, the Registrar of Voters transferred appropriations from general government activity to capital outlay for the purchase of optical voting equipment.

#### Other Financing Sources (Uses) Variances:

- Increase in Transfers In – Increased budgeted revenues by \$6,989,098 due to the transfer from Debt Service Fund to fund the additional retirement contribution.

### **Final Budget vs. Actual Amounts**

During the year, revenues recognized exceeded budgetary revenue estimates by \$18.6 million and expenditures were less than appropriations by \$6.9 million, thus eliminating the need to draw upon existing fund balance.

#### Revenue Variances:

- Property tax revenue was higher than budgeted by \$4,088,580 due to increases in assessed property values, continued home sales and construction activities due to growth and the robust real estate market in Solano County.
- Intergovernmental revenues were higher than budgeted by \$9,347,072 primarily due to the one-time receipt of proceeds from the sale of the VLF gap loan receivable (\$8,450,619); \$829,512 more revenue than budgeted from the VLF Triple Flip; \$256,664 in SB90 reimbursement for animal care costs which was not budgeted due to the uncertainty of receiving it at the State level.
- Charges for services were higher than budgeted by \$2,064,250 due to the following: \$872,000 more collected in disposal fees than anticipated due to a rate increase at mid year and an increase in disposal (tonnage); \$885,000 more traffic school fees collected than budgeted due to increase in traffic school attendees; and \$281,000 more in charges for election services than budgeted which is based on the number of initiatives on the ballot.

Expenditure Variances:

- The Final Budget for Registrar of Voters – Elections included appropriations for the Automark voting system which did not materialize in the current year.
- The Final Budget for General Expenditures - Other General included appropriations for other professional services which did not materialize in the current year.

**Capital Asset and Debt Administration**

**Capital assets.** The County’s capital assets for its governmental and business-type activities as of June 30, 2005, amount to \$444,812,954 (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 \$19,507,381, or 4.59%.

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

- Juvenile Detention Facility
- Fairfield Downtown Government Center

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>		<u>Increase (Decrease)</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>Percent of change</u>
Land	\$ 149,689,048	\$ 149,403,509	\$ 2,652,986	\$ 2,593,286	\$ 152,342,034	\$ 151,996,795	0.23%
Infrastructure	88,311,584	89,823,715	-	-	88,311,584	89,823,715	(1.68%)
Construction in progress	5,343,007	115,995,425	1,358,130	413,604	6,701,137	116,409,029	(94.24%)
Buildings	289,110,381	150,134,928	9,811,783	9,811,783	298,922,164	159,946,711	(86.89%)
Machinery and equipment	38,057,766	35,061,426	480,429	491,980	38,538,195	35,553,406	8.40%
Less: accumulated depreciation	<u>(136,292,464)</u>	<u>(125,116,483)</u>	<u>(3,709,696)</u>	<u>(3,307,600)</u>	<u>(140,002,160)</u>	<u>(128,424,083)</u>	9.02%
Total	<u>\$ 434,219,322</u>	<u>\$ 415,302,520</u>	<u>\$ 10,593,632</u>	<u>\$ 10,003,053</u>	<u>\$ 444,812,954</u>	<u>\$ 425,305,573</u>	4.59%

Additional information on the County’s capital assets can be found in Note D on pages 58 – 60 of this report.

**Long-term debt.** At the end of the current fiscal year, the County had total debt outstanding for its governmental and business-type activities as of June 30, 2005, of \$299,703,780, which is entirely backed by the full faith and credit of the County.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Capital leases	\$ 191,329	\$ 377,880	\$ 5,106	\$ 12,394	\$ 196,435	\$ 390,274
Certificates of participation	155,954,388	162,086,201	-	-	155,954,388	162,086,201
Notes payable	14,897,413	16,637,923	318,517	1,420,051	15,215,930	18,057,974
Pension obligation bonds	96,665,000	96,665,000	-	-	96,665,000	96,665,000
Self-insurance liability	10,263,612	5,762,464	-	-	10,263,612	5,762,464
Compensated absences	21,166,920	14,798,775	241,495	269,440	21,408,415	15,068,215
Total	<u>\$ 299,138,662</u>	<u>\$ 296,328,243</u>	<u>\$ 565,118</u>	<u>\$ 1,701,885</u>	<u>\$ 299,703,780</u>	<u>\$ 298,030,128</u>

The County’s total debt increased by \$1,673,652 during the current fiscal year primarily due to an increase of \$4,501,148 in the County’s liability for the workers’ compensation self-insurance program, an increase of \$6,340,200 in compensated absences due to a change in the County’s sick leave policy, and a net decrease of \$9,167,696 due to principal payments on long-term debt.

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

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

Additional information on the County’s long-term debt can be found in Note H on pages 62 – 67 of this report.

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

- The unemployment rate for the County is currently 5.5%. This compares unfavorably to the state’s average unemployment rate of 5.4% (as of June 2005).
- The growth in property tax revenues is projected to increase by 8% for FY 05/06. The County continues to experience the pace of growth seen in other Bay Area Counties.
- Due to the uncertainties associated with the State’s Budget for FY 05/06 the County’s budget does not include any additional funding beyond what is projected for growth in established revenue sources, i.e. realignment, property tax in lieu of VLF, Proposition 172 and sales tax.

All of these factors were considered in preparing the County’s budget for FY 05/06.

### **Requests for Information**

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

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**COUNTY OF SOLANO, CALIFORNIA**  
**Statement of Net Assets**  
**June 30, 2005**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Solano County Fair	Workforce Investment Board
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and investments	\$ 248,220,024	\$ 457,011	\$ 248,677,035	\$ 957,587	\$ 105,313
Accounts receivable	6,583,817	102,545	6,686,362	134,076	-
Due from other agencies	53,270,663	207,802	53,478,465	97,998	311,219
Internal balances	1,361,463	(1,361,463)	-	-	-
Other assets	3,791,818	55,549	3,847,367	26,185	71,533
Total current assets	<u>313,227,785</u>	<u>(538,556)</u>	<u>312,689,229</u>	<u>1,215,846</u>	<u>488,065</u>
<b>Noncurrent assets</b>					
Long-term assets	7,992,614	-	7,992,614	-	-
Pension asset	95,081,643	-	95,081,643	594,425	-
Capital assets:					
Capital assets, not being depreciated	155,032,055	4,011,115	159,043,170	729,412	-
Capital assets, being depreciated, net	279,187,267	6,582,516	285,769,783	2,829,184	4,947
Total noncurrent assets	<u>537,293,579</u>	<u>10,593,631</u>	<u>547,887,210</u>	<u>4,153,021</u>	<u>4,947</u>
Total assets	<u>\$ 850,521,364</u>	<u>\$ 10,055,075</u>	<u>\$ 860,576,439</u>	<u>\$ 5,368,867</u>	<u>\$ 493,012</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Outstanding warrants	\$ 6,916,482	\$ 56,326	\$ 6,972,808	\$ -	\$ 67,737
Payables	26,534,694	143,268	26,677,962	100,493	131,905
Unearned revenue	7,461,819	-	7,461,819	10,000	-
Other liabilities	4,896,716	34,202	4,930,918	17,298	-
Due to other agencies	4,992,563	-	4,992,563	-	-
Current portion of long-term obligations	21,044,295	190,573	21,234,868	-	26,000
Total current liabilities	<u>71,846,569</u>	<u>424,369</u>	<u>72,270,938</u>	<u>127,791</u>	<u>225,642</u>
<b>Noncurrent liabilities</b>					
Noncurrent portion of long-term obligations	278,094,367	374,545	278,468,912	672,941	83,717
Total liabilities	<u>349,940,936</u>	<u>798,914</u>	<u>350,739,850</u>	<u>800,732</u>	<u>309,359</u>
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	274,177,088	10,270,009	284,447,097	3,558,596	4,947
Restricted for:					
Debt service	6,466,519	-	6,466,519	-	-
Health services	19,081,581	-	19,081,581	-	-
Library services	10,924,866	-	10,924,866	-	-
Transportation services	4,523,195	-	4,523,195	-	-
Unrestricted	185,407,179	(1,013,848)	184,393,331	1,009,539	178,706
Total net assets	<u>500,580,428</u>	<u>9,256,161</u>	<u>509,836,589</u>	<u>4,568,135</u>	<u>183,653</u>
Total liabilities and net assets	<u>\$ 850,521,364</u>	<u>\$ 10,055,075</u>	<u>\$ 860,576,439</u>	<u>\$ 5,368,867</u>	<u>\$ 493,012</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, 2005**

<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	\$ 50,668,082	\$ 37,600,101	\$ 4,123,826	\$ 1,809,000
Public protection	143,497,198	20,665,232	57,433,145	-
Public ways and facilities	13,111,022	1,818,144	8,786,710	-
Health services	103,089,445	14,952,284	72,229,900	-
Public assistance	122,936,114	792,650	116,007,535	-
Education and recreation	15,887,886	3,580,595	5,512,755	-
Interest on long-term debt	12,548,175	-	-	-
Total Governmental Activities	<u>461,737,922</u>	<u>79,409,006</u>	<u>264,093,871</u>	<u>1,809,000</u>
Business-type Activities:				
Nut Tree Airport	1,362,902	913,935	41,457	1,079,079
Fouts Springs Youth Facility	3,948,500	2,531,598	648,192	-
Total Business-type Activities	<u>5,311,402</u>	<u>3,445,533</u>	<u>689,649</u>	<u>1,079,079</u>
Total Primary Government	<u>\$ 467,049,324</u>	<u>\$ 82,854,539</u>	<u>\$ 264,783,520</u>	<u>\$ 2,888,079</u>
Component Units:				
Solano County Fair	\$ 5,462,036	\$ 5,016,168	\$ 138,001	\$ -
Workforce Investment Board	3,621,542	-	3,669,058	-
Total Component Units	<u>\$ 9,083,578</u>	<u>\$ 5,016,168</u>	<u>\$ 3,807,059</u>	<u>\$ -</u>

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

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

**COUNTY OF SOLANO, CALIFORNIA**  
**Statement of Activities**  
**For the fiscal year ended June 30, 2005**

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

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Solano County Fair	Workforce Investment Board
\$ (7,135,155)	\$ -	\$ (7,135,155)	\$ -	\$ -
(65,398,821)	-	(65,398,821)	-	-
(2,506,168)	-	(2,506,168)	-	-
(15,907,261)	-	(15,907,261)	-	-
(6,135,929)	-	(6,135,929)	-	-
(6,794,536)	-	(6,794,536)	-	-
(12,548,175)	-	(12,548,175)	-	-
(116,426,045)	-	(116,426,045)	-	-
-	671,569	671,569	-	-
-	(768,710)	(768,710)	-	-
-	(97,141)	(97,141)	-	-
(116,426,045)	(97,141)	(116,523,186)	-	-
-	-	-	(307,867)	-
-	-	-	-	47,516
-	-	-	(307,867)	47,516
65,735,256	215,716	65,950,972	-	-
2,410,695	-	2,410,695	-	-
4,946,514	-	4,946,514	-	-
49,225,813	37,072	49,262,885	-	-
6,107,084	20,345	6,127,429	(3,238)	3,877
13,084,692	64,239	13,148,931	73,974	-
1,432	-	1,432	-	-
74,698	(74,698)	-	-	-
141,586,184	262,674	141,848,858	70,736	3,877
25,160,139	165,533	25,325,672	(237,131)	51,393
475,420,289	9,090,628	484,510,917	4,805,266	132,260
\$ 500,580,428	\$ 9,256,161	\$ 509,836,589	\$ 4,568,135	\$ 183,653

Primary Government:

Governmental Activities:

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

Total Governmental Activities

Business-type Activities:

- Nut Tree Airport
- Fouts Springs Youth Facility

Total Business-type Activities

Total Primary Government

Component Units:

- Solano County Fair
- Workforce Investment Board

Total Component Units

**COUNTY OF SOLANO, CALIFORNIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**

	<u>General</u>	<u>Health &amp; Social Services</u>	<u>Public Safety</u>
<b>ASSETS</b>			
Cash and investments	\$ 63,488,452	\$ 6,527,380	\$ 8,868,893
Accounts receivable	647,015	4,627,088	227,163
Due from other agencies	13,467,223	25,573,420	9,132,036
Due from other funds	7,906,797	898,749	293,252
Other assets	162,935	167,521	484,990
Total assets	<u>\$ 85,672,422</u>	<u>\$ 37,794,158</u>	<u>\$ 19,006,334</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Payables	\$ 3,123,998	\$ 11,850,835	\$ 3,971,705
Outstanding warrants	753,326	3,529,422	836,610
Deferred revenue	8,306,011	10,842,258	2,352,811
Due to other funds	238,781	4,615,801	2,822,575
Other liabilities	12,032	215,079	-
Due to other agencies	770,704	3,779,610	39,758
Total liabilities	<u>13,204,852</u>	<u>34,833,005</u>	<u>10,023,459</u>
Fund balances:			
Reserved:			
Long-term assets	-	110,000	-
Debt service	462,000	-	-
Capital projects	-	-	-
Encumbrances	780,578	58,953	1,384,373
Other purposes	1,407,839	10,820	248,185
Unreserved:			
Designated, reported in:			
General fund	38,136,646	-	-
Capital projects funds	-	-	-
Special revenue funds	-	-	-
Undesignated	31,680,507	2,781,380	7,350,317
Total fund balances	<u>72,467,570</u>	<u>2,961,153</u>	<u>8,982,875</u>
Total liabilities and fund balances	<u>\$ 85,672,422</u>	<u>\$ 37,794,158</u>	<u>\$ 19,006,334</u>

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

**COUNTY OF SOLANO, CALIFORNIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2005**

<u>Tobacco Settlement</u>	<u>Public Facilities Fees</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 56,921,798	\$ 22,257,679	\$ 72,757,199	\$ 230,821,401
-	11,400	891,828	6,404,494
-	3,304,436	1,783,765	53,260,880
443,639	-	314,158	9,856,595
-	-	6,275,465	7,090,911
<u>\$ 57,365,437</u>	<u>\$ 25,573,515</u>	<u>\$ 82,022,415</u>	<u>\$ 307,434,281</u>
-	-	3,528,707	\$ 22,475,245
-	-	1,488,881	6,608,239
-	-	207,494	21,708,574
-	-	844,000	8,521,157
-	-	4,669,604	4,896,715
-	278,280	124,211	4,992,563
<u>-</u>	<u>278,280</u>	<u>10,862,897</u>	<u>69,202,493</u>
-	-	3,661,864	3,771,864
-	-	15,687,625	16,149,625
-	-	263,914	263,914
-	-	7,695,440	9,919,344
-	2,299,927	530,238	4,497,009
-	-	-	38,136,646
-	-	2,585,051	2,585,051
57,365,437	-	40,735,386	98,100,823
-	22,995,308	-	64,807,512
<u>57,365,437</u>	<u>25,295,235</u>	<u>71,159,518</u>	<u>238,231,788</u>
<u>\$ 57,365,437</u>	<u>\$ 25,573,515</u>	<u>\$ 82,022,415</u>	

**ASSETS**

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

**LIABILITIES AND FUND BALANCES**

Liabilities:

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

Fund balances:

Reserved:

Long-term assets  
Debt service  
Capital projects  
Encumbrances  
Other purposes

Unreserved:

Designated, reported in:  
General fund  
Capital projects funds  
Special revenue funds  
Undesignated  
Total fund balances

Total liabilities and fund balances

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

Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.	428,130,897
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	14,246,755
Deferred costs of issuance for debt used in government activities are not financial resources and, therefore, are not reported in the funds.	4,326,174
Internal service funds are used by management to charge the costs of communications, fleet services, management information systems, Solano County Integrated Property System, reprographics and risk management. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	12,223,935
Pension asset of the governmental activities is not a financial resource and, therefore, is not reported in the funds.	95,081,643
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(3,331,205)
Long-term obligations	(288,329,559)
Net assets of governmental activities	<u>\$ 500,580,428</u>

**COUNTY OF SOLANO, CALIFORNIA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the fiscal year ended June 30, 2005**

	<u>General</u>	<u>Health &amp; Social Services</u>	<u>Public Safety</u>	<u>Tobacco Settlement</u>
<b>REVENUES</b>				
Taxes	\$ 64,874,580	\$ -	\$ -	\$ -
Licenses, permits and franchises	5,060,448	374,349	129,934	-
Fines, forfeitures and penalties	3,196,405	1,136,998	1,692,983	-
Revenue from use of money and property	1,991,616	(54,693)	5,166	2,052,538
Intergovernmental revenues	56,195,193	183,722,485	53,189,988	-
Charges for services	33,321,552	14,377,418	9,590,020	-
Miscellaneous revenues	7,189,067	1,461,428	1,862,794	-
Total revenues	<u>171,828,861</u>	<u>201,017,985</u>	<u>66,470,885</u>	<u>2,052,538</u>
<b>EXPENDITURES</b>				
Current:				
General government	52,475,159	-	-	-
Public protection	13,768,229	-	122,300,075	-
Public ways and facilities	-	-	-	-
Health services	-	96,446,686	-	667,300
Public assistance	1,053,422	122,195,314	-	-
Education and recreation	276,706	-	-	-
Debt service:				
Principal	137,480	89,447	957,688	-
Interest and other charges	596,935	8,896	107,761	-
Capital outlay	1,477,258	62,821	905,988	-
Total expenditures	<u>69,785,189</u>	<u>218,803,164</u>	<u>124,271,512</u>	<u>667,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>102,043,672</u>	<u>(17,785,179)</u>	<u>(57,800,627)</u>	<u>1,385,238</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Capital lease financing	56,736	-	-	-
Transfers in	6,929,599	26,582,089	66,417,775	-
Transfers out	(91,815,348)	(6,328,819)	(3,819,997)	(4,756,449)
Sale of capital assets	30,063	296	600	-
Total other financing sources (uses)	<u>(84,798,950)</u>	<u>20,253,566</u>	<u>62,598,378</u>	<u>(4,756,449)</u>
Net change in fund balances	17,244,722	2,468,387	4,797,751	(3,371,211)
Fund balances - beginning	55,222,848	492,766	4,185,124	60,736,648
Fund balances - ending	<u>\$ 72,467,570</u>	<u>\$ 2,961,153</u>	<u>\$ 8,982,875</u>	<u>\$ 57,365,437</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, 2005**

<b>Public Facilities Fees</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>	
\$ -	\$ 13,918,697	\$ 78,793,277	<b>REVENUES</b>
-	93,303	5,658,034	Taxes
-	11,711	6,038,097	Licenses, permits and franchises
368,046	2,052,449	6,415,122	Fines, forfeitures and penalties
-	22,058,907	315,166,573	Revenue from use of money and property
13,683,568	6,846,855	77,819,413	Intergovernmental revenues
-	1,019,219	11,532,508	Charges for services
<u>14,051,614</u>	<u>46,001,141</u>	<u>501,423,024</u>	Miscellaneous revenues
			Total revenues
			<b>EXPENDITURES</b>
			Current:
613,591	2,448,135	55,536,885	General government
-	2,871,453	138,939,757	Public protection
-	9,706,357	9,706,357	Public ways and facilities
-	6,344,340	103,458,326	Health services
-	-	123,248,736	Public assistance
-	15,393,650	15,670,356	Education and recreation
-	6,859,182	8,043,797	Debt service:
-	9,847,651	10,561,243	Principal
-	28,405,950	30,852,017	Interest and other charges
<u>613,591</u>	<u>81,876,718</u>	<u>496,017,474</u>	Capital outlay
			Total expenditures
<u>13,438,023</u>	<u>(35,875,577)</u>	<u>5,405,550</u>	Excess (deficiency) of revenues over (under) expenditures
			<b>OTHER FINANCING SOURCES (USES)</b>
-	-	56,736	Capital lease financing
-	20,315,540	120,245,003	Transfers in
(2,415,583)	(10,929,530)	(120,065,726)	Transfers out
-	162,450	193,409	Sale of capital assets
<u>(2,415,583)</u>	<u>9,548,460</u>	<u>429,422</u>	Total other financing sources (uses)
11,022,440	(26,327,117)	5,834,972	Net change in fund balances
14,272,795	97,486,635	232,396,816	Fund balances - beginning
<u>\$ 25,295,235</u>	<u>\$ 71,159,518</u>	<u>\$ 238,231,788</u>	Fund balances - ending

**COUNTY OF SOLANO, CALIFORNIA**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the fiscal year ended June 30, 2005**

Net change in fund balances - total governmental funds \$ 5,834,972

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	30,852,017	
Depreciation expense	<u>(11,879,403)</u>	18,972,614

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (217,517)

Revenues previously deferred in the governmental funds because they were not collected within the County's availability period, were recognized in the statement of activities. However, in the current year those revenues represent a current financial resource for the governmental funds and were recognized as revenue. (5,031,883)

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 proceeds	(56,736)	
Debt principal payments	<u>8,043,797</u>	7,987,061

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

Excess retirement contributions		6,462,310
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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	(1,986,934)	
Amortization expense	242,631	
Compensated absences	<u>(6,182,325)</u>	(7,926,628)

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. (920,790)

Change in net assets of governmental activities \$ 25,160,139

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, 2005**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Nut Tree Airport</b>	<b>Fouts Springs Youth Facility</b>	<b>Total</b>	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and investments	\$ 456,511	\$ 500	\$ 457,011	\$ 17,398,623
Accounts receivable	95,901	6,644	102,545	179,326
Due from other agencies	626	207,176	207,802	9,782
Due from other funds	-	127	127	149,697
Other assets	24,872	30,677	55,549	367,344
Total current assets	<u>577,910</u>	<u>245,124</u>	<u>823,034</u>	<u>18,104,772</u>
<b>Noncurrent assets</b>				
Capital assets:				
Land	2,632,986	20,000	2,652,986	-
Construction in progress	1,332,502	25,627	1,358,129	-
Buildings and improvements	5,415,555	4,396,228	9,811,783	114,471
Equipment	95,824	384,605	480,429	16,496,883
Less: accumulated depreciation	(2,597,936)	(1,111,760)	(3,709,696)	(10,522,929)
Total capital assets	<u>6,878,931</u>	<u>3,714,700</u>	<u>10,593,631</u>	<u>6,088,425</u>
Total assets	<u>\$ 7,456,841</u>	<u>\$ 3,959,824</u>	<u>\$ 11,416,665</u>	<u>\$ 24,193,197</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Outstanding warrants	\$ 52,127	\$ 4,199	\$ 56,326	\$ 308,243
Payables	39,197	104,071	143,268	728,244
Due to other funds	70,940	1,290,650	1,361,590	123,672
Other liabilities	34,157	45	34,202	-
Current portion of long-term obligations	106,396	84,177	190,573	1,963,252
Total current liabilities	<u>302,817</u>	<u>1,483,142</u>	<u>1,785,959</u>	<u>3,123,411</u>
<b>Noncurrent liabilities</b>				
Noncurrent portion of long-term obligations	212,121	162,424	374,545	8,845,851
Total liabilities	<u>514,938</u>	<u>1,645,566</u>	<u>2,160,504</u>	<u>11,969,262</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	6,560,414	3,709,595	10,270,009	6,088,425
Unrestricted	381,489	(1,395,337)	(1,013,848)	6,135,510
Total net assets	<u>6,941,903</u>	<u>2,314,258</u>	<u>9,256,161</u>	<u>12,223,935</u>
Total liabilities and net assets	<u>\$ 7,456,841</u>	<u>\$ 3,959,824</u>	<u>\$ 11,416,665</u>	<u>\$ 24,193,197</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, 2005**

	<u>Business-type Activities - Enterprise Funds</u>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Nut Tree Airport</b>	<b>Fouts Springs Youth Facility</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 913,935	\$ 2,531,598	\$ 3,445,533	\$ 30,583,076
<b>OPERATING EXPENSES</b>				
Personnel services	176,921	2,782,575	2,959,496	5,608,217
Maintenance	61,837	55,347	117,184	1,170,321
Materials and supplies	426,220	237,609	663,829	578,298
Depreciation	236,228	177,419	413,647	1,505,329
Insurance	17,738	32,368	50,106	12,408,130
Rent, utilities and others	443,958	635,210	1,079,168	10,978,092
Total operating expenses	<u>1,362,902</u>	<u>3,920,528</u>	<u>5,283,430</u>	<u>32,248,387</u>
Operating loss	<u>(448,967)</u>	<u>(1,388,930)</u>	<u>(1,837,897)</u>	<u>(1,665,311)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	78,529	648,192	726,721	-
Investment earnings	20,345	-	20,345	219,502
Interest expense	-	(27,972)	(27,972)	-
Property taxes	215,716	-	215,716	-
Other revenue	32,217	32,022	64,239	604,059
Gain on sale of capital assets	-	-	-	25,539
Total nonoperating revenues (expenses)	<u>346,807</u>	<u>652,242</u>	<u>999,049</u>	<u>849,100</u>
Loss before capital contributions and transfers	(102,160)	(736,688)	(838,848)	(816,211)
Capital contributions	1,079,079	-	1,079,079	-
Transfers in	-	-	-	134,781
Transfers out	(6,632)	(68,066)	(74,698)	(239,360)
Change in net assets	<u>970,287</u>	<u>(804,754)</u>	<u>165,533</u>	<u>(920,790)</u>
Total net assets - beginning	<u>5,971,616</u>	<u>3,119,012</u>	<u>9,090,628</u>	<u>13,144,725</u>
Total net assets - ending	<u>\$ 6,941,903</u>	<u>\$ 2,314,258</u>	<u>\$ 9,256,161</u>	<u>\$ 12,223,935</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, 2005**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Nut Tree Airport</b>	<b>Fouts Springs Youth Facility</b>	<b>Total</b>	
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 1,109,529	\$ 3,025,452	\$ 4,134,981	\$ 31,220,344
Receipts from interfund services provided	39,663	214,243	253,906	213,645
Payments to suppliers	(1,032,767)	(981,149)	(2,013,916)	(20,707,274)
Payments to employees	(184,029)	(2,803,412)	(2,987,441)	(5,422,396)
Payments for interfund services used	-	-	-	(34,819)
Net cash provided (used) by operating activities	<u>(67,604)</u>	<u>(544,866)</u>	<u>(612,470)</u>	<u>5,269,500</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers in	-	-	-	134,781
Transfers out	(6,632)	(68,066)	(74,698)	(239,360)
Subsidy from federal/state grant	78,529	648,192	726,721	-
Net cash provided (used) by noncapital financing activities	<u>71,897</u>	<u>580,126</u>	<u>652,023</u>	<u>(104,579)</u>
<b>Cash flows from capital and related financing activities:</b>				
Capital contributions	1,079,079	-	1,079,079	-
Debt principal paid	(1,101,534)	(7,288)	(1,108,822)	-
Acquisition of capital assets	(1,004,226)	-	(1,004,226)	(1,667,032)
Proceeds from sale of capital assets	-	-	-	25,539
Net cash provided (used) by capital and related financing activities	<u>(1,026,681)</u>	<u>(7,288)</u>	<u>(1,033,969)</u>	<u>(1,641,493)</u>
<b>Cash flows from investing activities:</b>				
Investment income (loss)	<u>20,345</u>	<u>(27,972)</u>	<u>(7,627)</u>	<u>219,502</u>
Net increase (decrease) in cash and cash equivalents	(1,002,043)	-	(1,002,043)	3,742,930
Cash and cash equivalents - beginning	1,458,554	500	1,459,054	13,655,693
Cash and cash equivalents - ending	<u>\$ 456,511</u>	<u>\$ 500</u>	<u>\$ 457,011</u>	<u>\$ 17,398,623</u>
<b>Reconciliation of operating loss to net cash provided (used) by operating activities:</b>				
Operating loss	\$ (448,967)	\$ (1,388,930)	\$ (1,837,897)	\$ (1,665,311)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	236,228	177,419	413,647	1,505,329
Other nonoperating revenue	247,933	32,022	279,955	604,059
Changes in assets and liabilities:				
(Increase) decrease in receivables, net	(52,369)	118,998	66,629	29,269
Decrease in due from other funds	-	99,531	99,531	180,404
Decrease in due from other agencies	30	243,303	243,333	3,940
(Increase) decrease in other assets	(5,191)	18,542	13,351	(33,462)
Decrease in payables	(77,404)	(37,630)	(115,034)	(40,118)
Increase (decrease) in due to other funds	39,663	214,243	253,906	(1,578)
Increase (decrease) in accrued compensated absences	(7,108)	(20,837)	(27,945)	185,821
Decrease in unearned revenue	-	(1,573)	(1,573)	-
Increase in self-insurance liability	-	-	-	4,308,001
Increase (decrease) in other liabilities	(419)	46	(373)	193,146
Total adjustments	<u>381,363</u>	<u>844,064</u>	<u>1,225,427</u>	<u>6,934,811</u>
Net cash provided (used) by operating activities	<u>\$ (67,604)</u>	<u>\$ (544,866)</u>	<u>\$ (612,470)</u>	<u>\$ 5,269,500</u>
<b>Noncash investing, capital and financing activities:</b>				
Decrease in fair value of investments	\$ 2,951	\$ -	\$ 2,951	\$ (112,520)

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, 2005**

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 426,692,411	\$ 4,596,816	\$ 16,818,975
Property tax receivable	-	-	35,976,075
Property of estates	-	1,724,934	-
Total assets	<u>\$ 426,692,411</u>	<u>\$ 6,321,750</u>	<u>\$ 52,795,050</u>
<b>LIABILITIES</b>			
Due to others	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 52,795,050</u>
<b>NET ASSETS</b>			
Net assets held in trust for:			
Individuals	-	6,321,750	
Pool participants	426,692,411	-	
Total net assets	<u>\$ 426,692,411</u>	<u>\$ 6,321,750</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, 2005**

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>		
Contributions on pooled investments	\$ 586,605,625	\$ 577,019
Other contributions/additions	7,024,018	968,524
Interest and investment income	17,359,514	-
Total additions	<u>610,989,157</u>	<u>1,545,543</u>
<b>DEDUCTIONS</b>		
Distributions from pooled investments	<u>659,257,511</u>	<u>765,157</u>
Change in net assets	(48,268,354)	780,386
Net assets - beginning	<u>474,960,764</u>	<u>5,541,364</u>
Net assets - ending	<u>\$ 426,692,410</u>	<u>\$ 6,321,750</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, 2005**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. *Reporting Entity***

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

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

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

The Solano County Facilities Corporation (SCFC) was established for the purpose of providing financing for the acquisition and construction of property known as the Solano Park Hospital. 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, under an agreement with the U.S. Department of Housing and Urban Development, provides housing assistance through section 8 Housing Assistance program for the unincorporated areas of Solano County and the cities of Dixon and Rio Vista.

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

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

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

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

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

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

- The Cordelia Fire Protection District, Dixon Fire Protection District, Montezuma Fire Protection District, Ryer Fire Protection District, Suisun Fire Protection District and Vacaville Fire Protection District are fire protection districts that provide fire protection services to the citizens of the County. A five-member board appointed by the County Board of Supervisors governs each fire protection district, except for the Cordelia Fire Protection District, which has a board that is elected by the general public.
- The Rio Vista-Montezuma Cemetery District, Rockville Cemetery District, Silveyville Cemetery District, Suisun-Fairfield Cemetery District and Vacaville-Elmira Cemetery District are cemetery districts that provide burial services for all qualifying district residents and their families. A five-member board appointed by the County Board of Supervisors governs each cemetery district.
- The Dixon Resource Conservation District, Suisun Resource Conservation District and Solano Resource Conservation District develop and administer various resource conservation programs within the County. The County Board of Supervisors appoints the governing board for each of these districts.

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

For its business-type activities and proprietary funds, the County has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (the FASB), the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting

Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

**B. *GASB Statement No. 40***

Effective July 1, 2004 the County implemented GASB Statement No. 40, *Deposits and Investment Risk Disclosures, an amendment of GASB Statement No. 3*. This statement establishes and modifies disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk), interest rate risk and foreign currency risk. This statement also establishes and modifies disclosure requirements for deposit risks: custodial credit risk and foreign currency risk.

**C. *Government-wide and Fund Financial Statements***

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

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

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

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

**D. *Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

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

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

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

The County reports the following major governmental funds:

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

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

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

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

The *Public Facilities Fees 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.

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 with the counties of Colusa and Solano.

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

## ***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 to the various funds based on the average daily cash balances of the funds entitled to receive interest. It is the County's policy to charge interest to funds which have a negative cash balance. Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earns the interest.

The County has stated required investments at fair value in the accompanying financial statements. The fair value of investments is based on published market prices and quotations from major investment brokers. The investments are marked to market and the net asset value is calculated for the County Treasurer's Investment Pool ("Pool") annually. For purposes of the statement of cash flows, proprietary funds consider all highly liquid investments with a remaining maturity of three months or less at the time of acquisition and pooled amounts in the County Treasury to be cash equivalents.

The Pool values participants' shares on an amortized cost basis. Specifically, the Pool distributes income to participants based on their relative participation during the period. Income is calculated based on (1) realized investment gains and losses calculated on an amortized cost basis, (2) interest income based on stated rates (both paid and accrued), (3) amortization of discounts and premiums on a straight-line basis, and (4) investment and administrative expenses. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the Pool's investments.

The Treasurer invests on behalf of most funds of the County and external participants in accordance with the County's investment policy and the California State Government Code. The County Treasurer who reports on a monthly basis to the Board of Supervisors manages the Pool. In addition, the function of the County Treasurer Oversight Committee is to review and monitor the County's investment policy and to monitor compliance with the investment policy and reporting provisions of the law.

The Pool is comprised of two components: a) pooled deposits and investments and b) dedicated investment funds. The dedicated investment funds represent restricted funds and relate to the General Fund's cash reserve requirement. In addition to the Pool, the County has other funds which are held by trustees. These funds are related to the issuance of bonds and certain loan programs of the County. In addition, the investments of the WIB are held by trustees.

The school districts within the County of Solano's jurisdiction are required by the California Education Code to participate in the Pool. In addition, the Solano County Mosquito Abatement District is required by the Health and Safety Code to participate in the Pool. Deposits held on an involuntary participation basis for these districts and other agencies in the amount of \$426,692,411 are included in the External Investment Trust Fund.

The County's cash and investments include \$4,596,816 for Private Purpose Trust Funds. The County provides personal and financial services to individuals who are not able to manage their own affairs. The Public Administrator and Public Guardian administer the funds for individuals who are either deceased or incapacitated. The County also administers funds to provide services for adults and juveniles who are incarcerated.

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2005, to support the value of shares in the Pool.

## **2. *Interfund Receivables and Payables***

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

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

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

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

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

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

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

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

**4. Other Assets**

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

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

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

Property, plant, equipment, and depreciable infrastructure assets of the primary government and its component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Bridges	99
Computer equipment	3-7
Office equipment	3-7
Specialty equipment and vehicles	2-20
Construction equipment	10-20
Buildings and improvements	10-40
Roads (surface only)	10-20

**7. *Federal, State and Local Grants***

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

**8. *Outstanding Warrants***

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

**9. *Internal Balances***

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

**10. *Due To/Due From Other Agencies***

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

**11. *Deferred Revenue***

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

## **12. *Compensated Absences***

Vested unused vacation pay may be accumulated and, if not taken, is paid at the date of termination from County employment. All unused 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. Upon retirement, eligible employees can elect to cash out their unused sick leave balance (up to a maximum of 500 hours), and/or apply all or a portion of their sick leave balance in a retirement health savings account, and/or convert to CalPERS service credit. Payments for accrued compensated absences at termination or retirement are paid primarily by the General Fund or the respective special revenue funds.

## **13. *Long-term Obligations***

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term debt obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as 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.

## **14. *Net Assets/Fund Balances***

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

- *Invested in capital assets, net of related debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted for: 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: Transportation services* – This category represents external restrictions imposed by creditors, grantors, and laws or regulations of other governments to provide transportation facilities and services for the traveling public.

- *Unrestricted* – This category represents net assets of the County, not restricted for any project or other purpose.

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, 2005, reservations of fund balance are described below:

- *Long-term assets* – to reflect the amounts due from others that are long-term in nature. Such amounts do not represent available spendable resources.
- *Debt service* – to reflect the funds held by trustees or fiscal agents for future payment of principal and interest indicated in the indenture agreement. These funds are not available for general operations.
- *Capital projects* – to reflect the funds held by the County earmarked for capital projects. These funds are not available for general operations.
- *Encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received as of June 30, 2005.
- *Other purposes* - to reflect the portion of assets that do not represent available spendable resources.

As of June 30, 2005, the portion of fund balance classified as unreserved is described below:

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

#### **15. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

## II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

### 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 \$428,130,897 difference are as follows:

Land & infrastructure, not being depreciated	\$ 149,689,048
Construction in progress	5,343,007
Infrastructure, net of \$30,446,794 accumulated depreciation	57,864,790
Buildings, net of \$81,682,572 accumulated depreciation	207,313,338
Machinery and equipment, net of \$6,022,607 accumulated depreciation	<u>7,920,714</u>
Net adjustment to increase <i>fund balances-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ 428,130,897</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 \$288,329,559 difference are as follows:

Notes payable	\$ 14,897,413
Certificates of Participation:	152,095,000
Less: Issuance discounts (to be amortized over life of debt)	(242,003)
Less: Deferred charge on refunding (to be amortized as interest expense)	(131,487)
Add: Issuance premium (to be amortized over life of debt)	4,232,878
Pension obligation bonds	96,665,000
Capital leases	191,329
Compensated absences	<u>20,621,429</u>
Net adjustment to reduce <i>fund balances – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 288,329,559</u>

### III. DETAILED NOTES ON ALL FUNDS

#### A. Cash and Investments

The County had the following cash and investments at June 30, 2005:

	<u>Fair Value</u>
<b>County Deposits</b>	
Cash on hand	\$ 1,259,733
Deposits	9,702,081
<b>Total County Deposits</b>	<u>10,961,814</u>
<b>County Investments</b>	
Money Market Mutual Funds	15,100,617
LAIF	2,593,243
CalTRUST	18,108,778
CAMP	2,483
Corporate Notes	60,089,851
U.S. Federal Agency Notes	
Aid Loan - Jamaica	124,994
Aid Loan - Honduras	216,522
Federal Farm Credit Bank	9,793,431
Federal Home Loan Bank	345,959,247
Federal Home Loan	
Mortgage Corporation	134,693,446
U.S. Treasury Notes	34,594,650
Municipal Notes	50,199,952
<b>Total County Investments</b>	<u>671,477,214</u>
<b>Total County Treasury</b>	<u>682,439,028</u>
<b>Cash and Investments with Fiscal Agents</b>	
Imprest cash	24,547
Cash in bank	4,345,502
Deposits with others	11,039,060
<b>Total Cash and Investments with Fiscal Agents</b>	<u>15,409,109</u>
<b>Total Cash and Investments</b>	<u>\$ 697,848,137</u>

Reconciliation to financial statements:

Government-wide Statement of Net Assets	\$	248,677,035
Statement of Fiduciary Net Assets:		
External Investment Trust		426,692,411
Private Purpose Trust		4,596,816
Agency Funds		16,818,975
Component Units:		
Solano County Fair		957,587
Workforce Investment Board		105,313
		<hr/>
Total	\$	<u>697,848,137</u>

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

The County is a voluntary participant in the State of California Local Agency Investment Fund (LAIF). The total amount invested by all public agencies in LAIF as of June 30, 2005 was \$18.6 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which, as of June 30, 2005 had a balance of \$60.5 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 165 days as of June 30, 2005. The Local Agency Advisory Board (LAIB) 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 \$184,320,000, and asset-backed securities totaling \$1,271,413,000.

**1. Authorized Investments**

Statutes authorize the County to invest in obligations of the U.S. Government securities, U.S. Government agencies and instrumentalities, certificates of deposit of nationally or state-chartered banks or savings institutions, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, medium term corporate notes, 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 requires the investment portfolio mitigates its exposure by:

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

As of June 30, 2005, the weighted average to maturity of the Treasurer’s Pool was 422 days.

	Fair Value	Investment Maturities Fair Value (in Years)		
		Less than 1	1 to 5	More than 5
Money Markey Mutual Funds	\$ 15,100,617	\$ 15,100,617	\$ -	\$ -
LAIF	2,593,243	2,593,243	-	-
CalTRUST	18,108,778	18,108,778	-	-
CAMP	2,483	2,483	-	-
Corporate Notes	60,089,851	37,389,737	22,700,114	-
U.S. Federal Agency Notes				
Aid Loan – Jamaica	124,994	-	-	124,994
Aid Loan - Honduras	216,522	-	-	216,522
Federal Farm Credit Bank	9,793,431	-	9,793,431	-
Federal Home Loan Bank	345,959,247	125,972,192	219,987,055	-
Federal Home Loan Mortgage Corporation	134,693,446	67,571,504	67,121,942	-
U.S. Treasury Notes	34,594,650	14,908,650	19,686,000	-
Municipal Notes	50,199,952	4,500,145	12,974,073	32,725,734
<b>Total</b>	<b>\$ 671,477,214</b>	<b>\$ 286,147,349</b>	<b>\$ 352,262,615</b>	<b>\$ 33,067,250</b>

### 3. Credit Risk

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

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

At June 30, 2005, the County's credit risks, expressed as a percentage of total investments, are as follows:

Investment Type	Credit Rating S&P's	% of Investments
Money Market Mutual Funds	Aaa	2.25%
LAIF	Not Rated	0.39%
CalTRUST	Aaa	2.70%
CAMP	Aaa	0.00%
Corporate Notes	Aaa/Aa/A	8.95%
U.S. Federal Agency Notes		
Aid Loan - Jamaica	Aaa	0.02%
Aid Loan - Honduras	Aaa	0.03%
Federal Farm Credit Bank	Aaa	1.46%
Federal Home Loan Bank	Aaa	51.52%
Federal Home Loan Mortgage Corporation	Aaa	20.06%
U.S. Treasury Notes	Aaa	5.15%
Municipal Notes	Aaa	7.48%
Total:		100.00%

#### **4. Concentration of Credit Risk**

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

Investment Type	Fair Value
Federal Home Loan Bank	\$ 345,959,247
Federal Home Loan Mortgage Corporation	134,693,446
Total	\$ 480,652,693

#### **5. Custodial Credit Risk**

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

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

<u>Investment</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>
Money Markey Mutual Funds	\$ 15,100,617	\$ 15,100,617	0.001 – 1.470%	07/05
LAIF	2,593,243	2,593,243	2.600	07/05
CalTRUST	18,108,778	18,108,778	2.890 – 3.990	07/05
CAMP	2,483	2,483	2.750	07/05
Corporate Notes	60,089,851	60,745,127	2.070 – 6.750	07/05 – 04/09
U.S. Federal Agency Notes	490,787,640	493,949,937	1.000 – 5.375	07/05 – 10/12
U.S Treasury Notes	34,594,650	34,759,247	1.625 – 2.750	10/05 – 08/07
Municipal Notes	50,199,952	50,253,637	2.250 – 5.750	08/05 – 12/27
	<u>\$ 671,477,214</u>	<u>\$ 675,513,069</u>		

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Pool as of June 30, 2005:

**Statement of net assets**

Net assets held in trust for all pool participants	<u>\$ 675,398,483</u>
Equity of internal pool participants	\$ 248,706,072
Equity of external pool participants	426,692,411
Total equity	<u>\$ 675,398,483</u>

**Statement of changes in net assets**

Net assets as of July 1, 2004	\$ 630,498,151
Net change in investments by pool participants	<u>44,900,332</u>
Net assets as of June 30, 2005	<u>\$ 675,398,483</u>

**Reconciliation to financial statements**

Held by County Treasurer:	
Primary government	\$ 681,786,883
Component units:	
Solano County Fair	563,758
Workforce Investment Board	88,387
Less outstanding warrants:	
Primary government	6,972,808
Component unit-Workforce Investment Board	<u>67,737</u>
Total	<u>\$ 675,398,483</u>

**B. Receivables/Deferred Revenue**

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

At the end of June 30, 2005, the various components of deferred revenue were as follows:

<u>Fund</u>	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General	\$ 6,244,256	\$ 2,061,755	\$ 8,306,011
Health and Social Services	7,538,898	3,303,360	10,842,258
Public Safety	463,601	1,889,210	2,352,811
Other Governmental Funds	-	207,494	207,494
Total deferred revenue	<u>\$ 14,246,755</u>	<u>\$ 7,461,819</u>	<u>\$ 21,708,574</u>

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

		Due From						
Due To								Total
	General	Health & Social Services	Public Safety	Tobacco Settlement	Other Governmental	Fouts Springs Youth Facility	Internal Service	
General	\$ -	\$ 24,287	\$ 46,775	\$ -	\$ 47,834	\$ -	\$ 119,885	\$ 238,781
Health & Social Services	3,822,676	-	246,477	443,639	78,632	-	24,377	4,615,801
Public Safety	2,429,551	318,140	-	-	71,324	127	3,433	2,822,575
Other Governmental	359,201	441,929	-	-	42,870	-	-	844,000
Nut Tree Airport	5,104	15	-	-	65,821	-	-	70,940
Fouts Springs Youth Facility	1,288,836	-	-	-	1,814	-	-	1,290,650
Internal Service	1,429	114,378	-	-	5,863	-	2,002	123,672
<b>Total</b>	<b>\$ 7,906,797</b>	<b>\$ 898,749</b>	<b>\$ 293,252</b>	<b>\$ 443,639</b>	<b>\$ 314,158</b>	<b>\$ 127</b>	<b>\$ 149,697</b>	<b>\$ 10,006,419</b>

**General Fund**

Health & Social Services owed the General Fund \$3,481,195 for the return of excess county contribution, \$272,735 for legal and legislative services, and \$68,746 for the exterior painting of Solano Park Hospital at Courage Drive and for other miscellaneous services provided.

The Public Safety Departments owed \$2,423,245 for the return of excess county contribution.

The Recorder's Automation Micrographics & Modernization Special Revenue Fund (Other governmental funds) owed \$287,299 to the Recorder's Operating Budget (General Fund) to cover costs related to the online imaging automation project. In addition, \$37,315 was charged to Transportation Department (Other governmental funds) for costs originally charged to Resource Management Department (General Fund).

Fouts Springs Youth Facility temporarily borrowed \$1,288,836 to offset a negative cash balance as of June 30, 2005.

**Health & Social Services Fund (H&SS)**

The Health Department provides services to other county departments and also shares some of the same revenue sources. The General Fund owed \$24,287 to Health Department to offset Child Welfare Services program costs. In similar fashion, the Public Safety Fund owed \$318,140 to H&SS for services rendered to Probation at the Juvenile Hall and to offset program costs under the Substance Abuse Crime Prevention grant.

The First 5 Solano Children & Families Commission (Other governmental funds) owed \$441,264 to H&SS to fund the cost of Prop 10 prenatal programs.

The Risk Management Internal Service Fund owed \$108,202 to the H&SS Occupational Health Program for countywide training on workplace protection and other occupational health training and services provided by H&SS.

**Public Safety**

The Health Department shares various revenue sources with the Public Safety Fund and collects these revenues on their behalf. At June 30, 2005, the H&SS fund owed General Assistance revenues of \$246,477 to the Public Safety Fund.

The Public Safety departments provide services to other county departments and as such must allocate and collect its share of costs from those departments. The General Fund owed \$46,775 to cover administrative services rendered by Public Safety departments.

**Tobacco Settlement**

Health & Social Services fund owed \$443,639 for the return of excess county contribution.

**Internal Service Funds**

Amounts represent charges to the departments for services provided but not collected as of June 30, 2005.

**Other Governmental Funds**

Various departments owed a total of \$197,582 to the 2004 Pension Obligation Bond (POB) fund for their share of the county's repayment of the pension obligation bonds for the pay period ending 6/30/2005.

Nut Tree Airport owed \$59,700 to Capital Outlay (Other governmental funds) for expanding the airport property.

Transportation Department (Other governmental fund) owed \$31,235 for services provided to various departments.

***D. Capital Assets***

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Additions &amp; Transfers-in</u>	<u>Retirements &amp; Transfers-out</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 149,403,509	\$ 285,539	\$ -	\$ 149,689,048
Construction in progress	115,995,425	-	(110,652,418)	5,343,007
Total capital assets, not being depreciated	<u>265,398,934</u>	<u>285,539</u>	<u>(110,652,418)</u>	<u>155,032,055</u>
Capital assets, being depreciated				
Buildings	150,134,928	139,307,894	(332,441)	289,110,381
Machinery and equipment	35,061,426	5,101,142	(2,104,802)	38,057,766
Infrastructure	89,823,715	-	(1,512,131)	88,311,584
Total capital assets, being depreciated	<u>275,020,069</u>	<u>144,409,036</u>	<u>(3,949,374)</u>	<u>415,479,731</u>
Less accumulated depreciation for:				
Buildings	(75,575,341)	(6,458,721)	302,840	(81,731,222)
Machinery and equipment	(22,295,315)	(3,725,046)	1,905,913	(24,114,448)
Infrastructure	(27,245,827)	(3,200,967)	-	(30,446,794)
Total accumulated depreciation	<u>(125,116,483)</u>	<u>(13,384,734)</u>	<u>2,208,753</u>	<u>(136,292,464)</u>
Total capital assets, being depreciated, net	<u>149,903,586</u>	<u>131,024,302</u>	<u>(1,740,621)</u>	<u>279,187,267</u>
Governmental activities capital assets, net	<u>\$ 415,302,520</u>	<u>\$ 131,309,841</u>	<u>\$ (112,393,039)</u>	<u>\$ 434,219,322</u>

<u>Business-type activities</u>	<u>Beginning Balance</u>	<u>Additions &amp; Transfers-in</u>	<u>Retirements &amp; Transfers-out</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 2,593,286	\$ 59,700	\$ -	\$ 2,652,986
Construction in progress	413,604	944,525	-	1,358,129
Total capital assets, not being depreciated	<u>3,006,890</u>	<u>1,004,225</u>	<u>-</u>	<u>4,011,115</u>
Capital assets, being depreciated				
Buildings	9,811,783	-	-	9,811,783
Machinery and equipment	491,980	-	(11,551)	480,429
Total capital assets, being depreciated	<u>10,303,763</u>	<u>-</u>	<u>(11,551)</u>	<u>10,292,212</u>
Less accumulated depreciation for:				
Buildings	(3,038,055)	(369,554)	-	(3,407,609)
Machinery and equipment	(269,545)	(44,093)	11,551	(302,087)
Total accumulated depreciation	<u>(3,307,600)</u>	<u>(413,647)</u>	<u>11,551</u>	<u>(3,709,696)</u>
Total capital assets, being depreciated, net	<u>6,996,163</u>	<u>(413,647)</u>	<u>-</u>	<u>6,582,516</u>
Business-type activities capital assets, net	<u>\$ 10,003,053</u>	<u>\$ 590,578</u>	<u>\$ -</u>	<u>\$ 10,593,631</u>

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

**Governmental activities:**

General government	\$ 2,315,102
Public protection	4,288,983
Public ways and facilities	3,454,021
Health and sanitation	522,502
Public assistance	928,864
Education	315,126
Recreation	54,807
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,505,329</u>
Total depreciation expense-governmental activities	<u>\$ 13,384,734</u>

**Business-type activities:**

Nut Tree Airport	\$ 236,228
Fouts Springs Youth Facility	<u>177,419</u>
Total depreciation expense-business-type activities	<u>\$ 413,647</u>

Capital assets activity for component units for the fiscal year ended, June 30, 2005, was as follows:

<b>Component Units</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Ending Balance</b>
<b>Solano County Fair</b>				
Capital assets, not being depreciated:				
Land	\$ 167,085	\$ -	\$ -	\$ 167,085
Construction in progress	<u>409,222</u>	<u>153,105</u>	<u>-</u>	<u>562,327</u>
Total capital assets, not being depreciated	<u>576,307</u>	<u>153,105</u>	<u>-</u>	<u>729,412</u>
Capital assets, being depreciated:				
Buildings	9,125,540	79,332	-	9,204,872
Machinery and equipment	<u>659,482</u>	<u>57,004</u>	<u>-</u>	<u>716,486</u>
Total capital assets, being depreciated	<u>9,785,022</u>	<u>136,336</u>	<u>-</u>	<u>9,921,358</u>
Less accumulated depreciation for:				
Buildings	(6,211,513)	(302,068)	-	(6,513,581)
Machinery and equipment	<u>(523,625)</u>	<u>(54,968)</u>	<u>-</u>	<u>(578,593)</u>
Total accumulated depreciation, net	<u>(6,735,138)</u>	<u>(357,036)</u>	<u>-</u>	<u>(7,092,174)</u>
Total capital assets, being depreciated, net	<u>3,049,884</u>	<u>(220,700)</u>	<u>-</u>	<u>2,829,184</u>
Total Solano County Fair capital assets, net	\$ <u>3,626,191</u>	\$ <u>(67,595)</u>	\$ <u>-</u>	\$ <u>3,558,596</u>
<b>WIB</b>				
Capital assets:				
Machinery and equipment	\$ 28,344	\$ -	\$ -	\$ 28,344
Less accumulated depreciation	<u>(20,321)</u>	<u>(3,076)</u>	<u>-</u>	<u>(23,397)</u>
Total WIB capital assets, being depreciated, net	\$ <u>8,023</u>	\$ <u>(3,076)</u>	\$ <u>-</u>	\$ <u>4,947</u>

Depreciation expense was charged to component units as follows:

Component units:	
Solano County Fair	\$ 357,036
Workforce Investment Board	<u>3,076</u>
Total depreciation expense-component units	\$ <u>360,112</u>

**E. Interfund Transfers**

The composition of interfund transfers for the year ended June 30, 2005, was as follows:

	Transfers Out								Total
	General	Health & Social Services	Public Safety	Tobacco Settlement	Public Facilities Fees	Other Governmental	Enterprise Funds	Internal Service Funds	
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,929,599	\$ -	\$ -	\$ 6,929,599
Health & Social Services	21,448,861	-	376,779	4,756,449	-	-	-	-	26,582,089
Public Safety	65,771,407	545,341	-	-	-	101,027	-	-	66,417,775
Other Governmental	4,505,893	5,783,478	3,415,218	-	2,415,583	3,898,904	74,698	221,766	20,315,540
Internal Service	89,187	-	28,000	-	-	-	-	17,594	134,781
Total	<u>\$ 91,815,348</u>	<u>\$ 6,328,819</u>	<u>\$ 3,819,997</u>	<u>\$ 4,756,449</u>	<u>\$ 2,415,583</u>	<u>\$ 10,929,530</u>	<u>\$ 74,698</u>	<u>\$ 239,360</u>	<u>\$ 120,379,784</u>

**General Fund:**

The General Fund made a net transfer of \$84,885,750 to other County funds to offset operating costs of those programs and to meet the maintenance of effort requirements for many grant-funded programs. Of the amount transferred, the Public Safety Fund received \$65,771,407, the Health & Social Services Fund received \$21,448,861 and Other Governmental Funds received \$4,470,893.

**Health & Social Services Fund:**

The Health & Social Services Fund transferred of \$2,424,447 to other governmental funds to pay for the debt on the new administration building; \$3,359,031 to the 2004 POB Debt Service Fund; and \$545,341 to the Public Safety Fund for the services provided by District Attorney and Probation departments.

**Public Safety Fund:**

The Public Safety Fund transferred \$376,779 to the Health & Social Services Fund for services provided by the Health Department; \$880,000 to the 2001 Certificates of Participation Debt Service Fund for its share of the principal and interest payments; \$2,457,576 to the 2004 POB Debt Service Fund; \$77,642 to the Accumulated Capital Outlay Fund for its share of the card reader system; and \$28,000 to Fleet Operations Department for the purchase of the CAL ID vehicle.

**Tobacco Settlement Fund:**

The Tobacco Settlement Fund transferred \$4,756,450 to the Health & Social Services fund to fund various program costs.

**Public Facility Fees:**

Public Facility Fees transferred \$800,000 to the Fairfield Downtown Project Fund to cover the additional government center project costs; \$339,083 to the debt service funds for its share of the principal and interest payments; \$1,265,000 to the Accumulated Capital Outlay Fund for various County projects, and \$11,500 to the Juvenile Hall Project Fund to finance the construction of a covered walkway.

**Other Governmental Funds:**

Other Governmental Funds transferred \$6,462,310 from the 2004 POB Debt Service Fund to the General Fund; \$287,299 from the Recorder's Modernization and Micrographics fund to the General Fund to offset the Recorder's Department costs related to the online imaging automation project and \$179,990 from Transportation Department.

The Southeast Vallejo Redevelopment Settlement Fund (Other special revenue funds) transferred \$709,270 to the Transportation Fund to cover the cost of improvement projects in the Homeacres subdivision. Rural North Vacaville Debt Service Fund transferred \$139,720 to Rural North Vacaville Special Revenue Fund for one-time reserve service connection.

The Accumulated Capital Outlay Fund transferred \$620,000 to the Juvenile Hall Project Fund to cover final construction costs and \$560,000 to Fairfield Downtown Project Fund for additional government center project costs.

There was also a transfer of \$1,113,377 from various county funds to the debt service funds for repayment of long term debt principal and interest; \$224,062 from 1999 Certificates of Participation Debt Service Fund to the Accumulated Capital Outlay Fund; and \$591,676 to the 2004 POB Debt Service Fund.

In addition, the 2004 POB Debt Service Fund (Other governmental funds) received a transfer of \$7,862,757 from all county departments for their share of the pension obligation bonds debt service requirements for the current year.

**Internal Service Funds:**

The Communications Department transferred \$17,594 to MIS Department for its share of administrative expenses and \$221,766 to the 2004 POB Debt Service Fund.

**Enterprise Funds:**

The amount represents the department's share for the 2004 POB Debt Service Fund.

**F. Payables**

The composition of payables as of June 30, 2005, was as follows:

	<u>Accounts Payable</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 3,123,998	\$ -	\$ 3,123,998
Health & Social Services	11,850,835	-	11,850,835
Public Safety	3,971,705	-	3,971,705
Other Governmental Funds	3,528,707	-	3,528,707
Internal Service Funds	728,244	-	728,244
Reconciliation of balances in fund financial statements to government-wide financial statements	-	3,331,205	3,331,205
Total governmental activities	<u>\$ 23,203,489</u>	<u>\$ 3,331,205</u>	<u>\$ 26,534,694</u>
Business-type activities:			
Nut Tree Airport	\$ 31,972	\$ 7,225	\$ 39,197
Fouts Springs Youth Facility	104,071	-	104,071
Total business-type activities	<u>\$ 136,043</u>	<u>\$ 7,225</u>	<u>\$ 143,268</u>

**G. Operating Leases**

The County leases office space and equipment under operating leases. Total rental expenditures for such leases were \$4,228,667 for the year ended June 30, 2005. Future minimum rental payments under all noncancelable operating leases with initial or remaining terms in excess of one year as of June 30, 2005 are summarized as follows:

<u>Year Ending June 30,</u>	<u>Primary Government</u>	<u>WIB</u>	<u>Total</u>
2006	\$ 1,743,093	\$ 366,181	\$ 2,109,274
2007	1,365,026	-	1,365,026
2008	1,199,624	-	1,199,624
2009	1,192,375	-	1,192,375
2010	523,521	-	523,521
2011- 2012	574,819	-	574,819
	<u>\$ 6,598,458</u>	<u>\$ 366,181</u>	<u>\$ 6,964,639</u>

**H. Long-term Obligations**

Capital Leases:

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

The assets acquired through capital leases are as follows:

	<b>Governmental activities</b>	<b>Business-type activities</b>
Buildings and improvements	\$ 688,979	\$ -
Machinery and equipment	1,137,315	52,364
Less: Accumulated depreciation	(874,728)	(19,080)
Total	<u>\$ 951,566</u>	<u>\$ 33,284</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

Year ending June 30,	<b>Governmental activities</b>	<b>Business-type activities</b>
2006	\$ 112,858	\$ 5,221
2007	63,687	-
2008	14,516	-
2009	14,515	-
2010	3,628	-
Total minimum lease payments	209,204	5,221
Less: amount representing interest	(17,875)	(115)
Present value of minimum lease payments	<u>\$ 191,329</u>	<u>\$ 5,106</u>

Notes Payable:

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

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

Year ending June 30,	<b>Governmental activities</b>		<b>Business-type activities</b>	
	Principal	Interest	Principal	Interest
2006	\$ 1,536,415	\$ 438,377	\$ 106,396	\$ 15,614
2007	1,489,226	375,500	58,493	10,033
2008	724,346	334,990	51,111	7,195
2009	745,521	313,815	55,556	4,801
2010	614,983	293,878	46,961	2,200
2011-2015	3,344,570	1,199,737	-	-
2016-2020	3,842,580	701,727	-	-
2021-2024	2,599,772	155,446	-	-
	<u>\$ 14,897,413</u>	<u>\$ 3,813,470</u>	<u>\$ 318,517</u>	<u>\$ 39,843</u>

Certificates of Participation:

The government issues Certificates of Participation to provide funds for the acquisition and construction of major capital facilities. Certificates of Participation have been issued for governmental activities only. The original amount of Certificates of Participation issued in prior years was \$179,255,000, of which \$118,325,000 was issued to fund the County Administration Center project, which was completed in February 2005.

Year ending June 30,	Principal	Interest
2006	\$ 9,190,000	\$ 7,113,995
2007	4,140,000	6,874,587
2008	4,295,000	6,732,375
2009	4,435,000	6,576,119
2010	4,600,000	6,399,202
2011 - 2015	26,350,000	28,514,894
2016 - 2020	27,940,000	21,603,410
2021 - 2025	22,130,000	15,180,400
2026 - 2030	28,370,000	8,834,094
2031 - 2033	20,645,000	1,581,875
	<u>\$ 152,095,000</u>	<u>\$ 109,410,951</u>

Pension Obligation Bonds:

On June 16, 2004, the County issued \$96,665,000 of Taxable Pension Obligation Bonds to prepay its obligations under its contract with CalPERS for the County's current Unfunded Accrued Actuarial Liability (UAAL). 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.

Year ending June 30,	Principal	Interest
2006	\$ -	\$ 4,608,004
2007	-	4,728,426
2008	1,275,000	4,957,893
2009	1,540,000	4,994,980
2010	1,930,000	4,916,114
2011 - 2015	16,725,000	22,632,799
2016 - 2020	32,820,000	16,340,690
2021 - 2024	42,375,000	5,625,502
	<u>\$ 96,665,000</u>	<u>\$ 68,804,408</u>

The composition of the long-term debt obligations for the governmental activities as of June 30, 2005, was as follows:

<u>Type and description</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Notes payable:				
Pitney Bowes Credit Corporation	May 24, 2007	4.94	\$ 7,182,298	\$ 1,636,240
California Energy Commission	June 22, 2009	3.00	924,379	563,195
Department of Water Resources	July 1, 2002	2.80	5,000,000	4,628,150
Department of Health Services	July 1, 2002	2.80	8,984,099	8,069,828
Total notes payable				<u>14,897,413</u>
Capital leases:				
Ameritech Credit Corporation	December 30, 2006	4.10	448,030	141,444
Pitney Bowes Credit Corporation	July 31, 2004	10.36	27,776	24,459
Pitney Bowes Credit Corporation	July 31, 2004	9.41	28,960	25,426
Total capital leases				<u>191,329</u>
Certificates of participation:				
1998 Court Expansion Improvements				
Serial	November 5, 1998 - November 15, 2013	2.95 - 4.68	6,455,000	1,960,000
Term	November 15, 2018	4.93	1,480,000	1,480,000
Issuance Premium			1,185	770
1999 Health and Social Services Capital Improvements				
Serial	November 5, 1999 - November 15, 2014	3.20 - 5.13	23,515,000	17,525,000
Term	November 15, 2019	5.23	8,195,000	8,195,000
Issuance Discount			(345,718)	(242,003)
2001 Refunding Certificates of Participation (of 1993 Certificates)				
Serial	October 1, 2001 - October 1, 2005	4.00	21,285,000	5,170,000
Issuance Premium			331,173	66,235
Deferred amount on refunding			(657,434)	(131,487)
2002 Certificates of Participation				
Serial	November 1, 2003 - November 1, 2025	4.98	74,460,000	73,900,000
Term	November 1, 2026 - November 1, 2032	5.00	43,865,000	43,865,000
Issuance Premium			4,628,748	4,165,873
Total certificates of participation				<u>155,954,388</u>
2004 Pension Obligation Bonds				
Series 2004A	January 15, 2018	5.80	36,665,000	36,665,000
Series 2004B-1	January 15, 2021	2.45	20,000,000	20,000,000
Series 2004B-2	January 15, 2023	3.56	20,000,000	20,000,000
Series 2004B-3	January 15, 2024	4.16	20,000,000	20,000,000
Total pension obligation bonds				<u>96,665,000</u>
Self-insurance liability				10,263,612
Compensated absences				<u>21,166,920</u>
Total governmental obligations				<u>\$ 299,138,662</u>

Arbitrage calculations are performed annually by the California Asset Management Program Joint Powers Authority. The County has established a separate rebate fund with the Trustee to hold future for arbitrage payments.

The composition of the long-term debt obligations for the business-type activities as of June 30, 2005, was as follows:

<u>Type and description</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Nut Tree Airport				
Notes Payable:				
State Division of Aeronautics	October 1, 2006	5.64	450,000	\$ 51,888
State Division of Aeronautics	July 1, 2006	5.51	90,000	24,112
CalTrans/Dept. of Transportation	January 3, 2018	5.22	1,300,000	242,517
Total notes payable				<u>318,517</u>
Fouts Springs Youth Facility				
Capital Leases:				
Ford Motor Credit Corporation	February 27, 2006	5.99	21,566	5,106
Compensated absences				241,495
Total Fouts Springs Youth Facility				<u>246,601</u>
Total business-type activities				<u>\$ 565,118</u>

The composition of the long-term obligations of the County's component units activities as of June 30, 2005, was as follows:

<u>Type and description</u>	<u>Outstanding</u>
Solano County Fair	
County pension liability	\$ 593,426
Compensated absences	79,515
Total Solano County Fair	<u>\$ 672,941</u>
Workforce Investment Board (WIB)	
Compensated absences	<u>\$ 109,717</u>

Long-term liability activity for the fiscal year ended June 30, 2005, 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	\$ 377,880	\$ 56,736	\$ (243,287)	\$ 191,329	\$ 103,249
Certificates of participation	158,155,000	-	(6,060,000)	152,095,000	9,190,000
Deferred amounts:					
For issuance discounts	(259,289)	-	17,286	(242,003)	(17,286)
For issuance premiums	4,453,464	-	(220,586)	4,232,878	220,586
Deferred amount on refunding	(262,974)	-	131,487	(131,487)	(131,487)
Pension obligation bonds	96,665,000	-	-	96,665,000	-
Notes payable	16,637,923	-	(1,740,510)	14,897,413	1,536,415
Self-insurance liability	5,762,464	4,572,849	(71,701)	10,263,612	1,750,000
Compensated absences	14,798,775	10,500,897	(4,132,752)	21,166,920	8,392,818
Governmental activities long-term liabilities	<u>\$ 296,328,243</u>	<u>\$ 15,130,482</u>	<u>\$ (12,320,063)</u>	<u>\$ 299,138,662</u>	<u>\$ 21,044,295</u>

<b>Business-type activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Capital leases	\$ 12,394	\$ -	\$ (7,288)	\$ 5,106	\$ 5,106
Notes payable	1,420,051	-	(1,101,534)	318,517	106,396
Compensated absences	269,440	87,507	(115,452)	241,495	79,071
Business-type activities long-term liabilities	<u>\$ 1,701,885</u>	<u>\$ 87,507</u>	<u>\$ (1,224,274)</u>	<u>\$ 565,118</u>	<u>\$ 190,573</u>
<b>Component units activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Solano County Fair:</b>					
County pension liability	\$ -	\$ 609,666	\$ (16,240)	\$ 593,426	\$ -
Compensated absences	74,158	54,904	(49,547)	79,515	-
Total Solano County Fair	<u>\$ 74,158</u>	<u>\$ 664,570</u>	<u>\$ (65,787)</u>	<u>\$ 672,941</u>	<u>\$ -</u>
<b>WIB:</b>					
Compensated absences	<u>\$ 83,813</u>	<u>\$ 141,774</u>	<u>\$ (115,870)</u>	<u>\$ 109,717</u>	<u>\$ 26,000</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities are included as part of the above totals for governmental activities. At year end, \$10,809,103 of internal service funds long-term liabilities is included in the above amounts.

#### **IV. OTHER INFORMATION**

##### **A. Employee Retirement Plan**

###### **1. Plan Description**

The County's defined benefit pension plan, Public Employees' Retirement Fund (the Fund), provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Fund is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The County selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through County ordinance. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 Q Street, PO BOX 942701 Sacramento, CA 94229.

**2. Funding Policy**

Active plan members in the Fund are required to contribute between 2% to 5% of their annual covered salary. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by CalPERS Board of Administration. The required employer contribution rate for fiscal year 2004/2005 was 16.442% for miscellaneous and 16.813% 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 2004/2005, the County’s annual pension cost was \$27,035,268. The required contribution for fiscal year 2004/2005 was determined as part of the June 30, 2002 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses); (b) projected salary increases that range from 3.75% to 14.2% (11.59% for the safety plan) depending on age, service, and type of employment; (c) inflation of 3.5%; and (d) payroll growth of 3.75%. The actuarial value of the Fund’s assets was determined using a technique that smoothes the effect of short-term volatility of the market value of investments over a three-year period. The Fund’s excess assets are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period as of June 30, 2004 was 30 years for the miscellaneous and safety plans.

The County’s annual pension cost and pension asset for the year ended June 30, 2005 were as follows:

Annual required contribution (ARC)	\$	27,478,561
Interest on pension asset		(7,274,523)
Adjustment to the annual required contribution		6,831,230
Annual pension cost (APC)		27,035,268
Contributions made		33,940,871
Increase in pension asset		6,905,603
Pension asset, beginning of year		88,176,040
Pension asset, end of year	\$	95,081,643

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

<b>Fiscal Year Ending</b>	<b>APC</b>	<b>Contribution</b>	<b>Percentage of APC contributed</b>	<b>Net pension asset</b>
6/30/03	\$ -	\$ -	100%	\$ -
6/30/04	16,328,505	104,504,545	640	88,176,040
6/30/05	27,035,268	33,940,871	124	95,081,643

The County has made its ARC for each of the past two years. The difference between the ARC and APC is due to the amortization.

**B. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance. Premiums are paid through the Risk Management Internal Service Fund. The County participates in property and general liability insurance programs organized by the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), a joint powers authority created to provide self-insurance programs for its 53 member counties. Each county has a representative on the Joint Powers Board, which governs management, financing and budgeting of CSAC-EIA activities. The County also participates in various other insurance programs, in which the premiums paid are considered insignificant to the total paid during the year. The County paid premiums totaling \$5,451,519 during the fiscal year ended June 30, 2005.

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

Effective July 1, 2003, the County elected to self-insure for the County's workers' compensation program. The County has primary coverage up to \$125,000 per occurrence, and will continue to participate in excess coverage subject to statutory limits. Based on the current trends of the claims filed, the County is expecting a payout of \$1,750,000 in the next fiscal year. The governmental and proprietary funds contribute amounts to the Risk Management Internal Service Fund base on actuarially determined estimates of the ultimate settlements. Such estimates are generally based upon a 75% confidence level.

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

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

As of June 30, 2005, the accrued loss contingency for the general liability program was \$373,610, and is reported as a liability in the Risk Management Internal Service fund. In County management's opinion, the liability reported is adequate to cover any potential claims not covered by insurance.

Changes in the Risk Management Internal Service Fund's accrued loss contingency amount for the years ended June 30, 2005 and 2004 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, 2004	\$ 202,737	\$ 5,582,000	\$ (22,273)	\$ 5,762,464
June 30, 2005	5,762,464	4,572,849	(71,701)	10,263,612

**C. Commitments and Contingencies**

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

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

**D. Subsequent Event**

On November 23, 2005, the County issued \$42,385,000 of Taxable Pension Obligation Bonds; Series 2005 under a First Supplemental Indenture dated November 1, 2005 which supplements an indenture dated June 1, 2004. The proceeds from Series 2005 will be used to reduce the County's obligation with the California Public Employee's Retirement System (CalPERS) for the Unfunded Accrued Actuarial Liability (UAAL). The source of funding is through regular bi-weekly deductions from the County and the Solano County Fair.

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**COUNTY OF SOLANO, CALIFORNIA**  
Schedules of Funding Progress  
For the fiscal year ended June 30, 2005  
Unaudited

**Safety Plan  
Retirement Program**

<b>Valuation Date</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Actuarial Liability</b>	<b>Funded Status</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Actuarial Liability as a % of Payroll</b>
6/30/02	\$ 138,232,370	\$ 131,326,613	\$ (6,905,757)	95.0%	\$ 29,271,694	(23.6%)
6/30/03	155,167,989	133,254,142	(21,913,847)	85.9%	30,940,152	(70.8%)
6/30/04	174,151,068	158,822,616	(15,328,452)	91.2%	33,376,960	(45.9%)

**Miscellaneous Plan  
Retirement Program**

<b>Valuation Date</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Actuarial Liability</b>	<b>Funded Status</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Actuarial Liability as a % of Payroll</b>
6/30/02	\$ 465,100,294	\$ 405,538,372	\$ (59,561,922)	87.2%	\$ 129,043,033	(46.2%)
6/30/03	533,338,786	420,445,948	(112,892,838)	78.8%	135,215,061	(83.5%)
6/30/04	588,308,868	542,591,874	(45,716,994)	92.2%	135,207,449	(33.8%)

**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the fiscal year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 60,786,000	\$ 60,786,000	\$ 64,874,580	\$ 4,088,580
Licenses, permits and franchises	4,440,199	4,505,199	5,060,448	555,249
Fines, forfeitures and penalties	2,360,463	2,360,463	3,196,405	835,942
Revenue from use of money and property	1,366,523	1,450,231	1,991,616	541,385
Intergovernmental revenues	45,935,800	46,848,121	56,195,193	9,347,072
Charges for services	30,389,499	31,257,302	33,321,552	2,064,250
Miscellaneous revenues	5,310,664	5,955,752	7,189,067	1,233,315
Total revenues	<u>150,589,148</u>	<u>153,163,068</u>	<u>171,828,861</u>	<u>18,665,793</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Board of Supervisors	1,239,627	1,232,116	1,166,693	65,423
Administration	2,660,937	2,739,888	2,690,570	49,318
General Revenue	86,000	4,774,811	4,737,858	36,953
Employee Development & Recognition	258,495	258,495	191,238	67,257
General Services	12,028,864	11,839,045	11,697,498	141,547
Assessor	4,552,362	4,661,056	4,321,870	339,186
Auditor-Controller	3,320,442	3,208,561	3,073,250	135,311
Tax Collector/County Clerk	1,462,209	1,426,443	1,374,919	51,524
Treasurer	909,262	886,932	615,588	271,344
County Counsel	2,364,137	2,384,689	2,383,583	1,106
Human Resources	1,701,009	1,643,814	1,394,602	249,212
Registrar of Voters	5,175,153	3,697,306	2,387,296	1,310,010
Property Management	222,026	216,896	206,423	10,473
Promotion	173,764	243,821	232,952	10,869
General Expenditures	12,298,542	18,760,852	15,907,739	2,853,113
Surveyor/Engineer	90,184	93,080	93,080	-
Total general government	<u>48,543,013</u>	<u>58,067,805</u>	<u>52,475,159</u>	<u>5,592,646</u>
Public protection				
Grand Jury	144,315	197,883	183,219	14,664
Agricultural Commissioner	2,257,653	2,686,250	2,383,398	302,852
Animal Care Services	1,863,487	1,885,096	1,832,668	52,428
Recorder	2,511,837	2,574,624	2,148,293	426,331
Environmental Management	6,570,194	7,280,426	6,894,346	386,080
LAFCO	313,552	330,397	326,305	4,092
Total public protection	<u>13,661,038</u>	<u>14,954,676</u>	<u>13,768,229</u>	<u>1,186,447</u>
Public assistance				
Ind Burial Vets Cem Care	10,701	10,701	5,292	5,409
Office of the Family Violence Prevention	594,731	657,178	575,946	81,232
Veterans Services	481,734	479,453	472,184	7,269
Total public assistance	<u>1,087,166</u>	<u>1,147,332</u>	<u>1,053,422</u>	<u>93,910</u>
Education and recreation				
Cooperative Extension Service	268,833	261,142	252,912	8,230
Vallejo Veterans Building	35,450	35,450	23,794	11,656
Total education and recreation	<u>304,283</u>	<u>296,592</u>	<u>276,706</u>	<u>19,886</u>
Debt service:				
Principal	145,230	145,230	137,480	7,750
Interest and other charges	19,846	594,846	596,935	(2,089)
Total debt service	<u>165,076</u>	<u>740,076</u>	<u>734,415</u>	<u>5,661</u>
Capital outlay:				
Equipment	-	1,529,119	1,477,258	51,861
Total expenditures	<u>63,760,576</u>	<u>76,735,600</u>	<u>69,785,189</u>	<u>6,950,411</u>
Excess of revenues over expenditures	<u>86,828,572</u>	<u>76,427,468</u>	<u>102,043,672</u>	<u>25,616,204</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Debt proceeds	-	-	56,736	56,736
Transfers in	724,348	7,713,446	6,929,599	(783,847)
Transfers out	(96,565,370)	(97,944,955)	(91,815,348)	6,129,607
Sale of capital assets	15,000	15,000	30,063	15,063
Total other financing sources (uses)	<u>(95,826,022)</u>	<u>(90,216,509)</u>	<u>(84,798,950)</u>	<u>5,417,559</u>
Net change in fund balance	(8,997,450)	(13,789,041)	17,244,722	31,033,763
Fund balance - beginning	55,222,848	55,222,848	55,222,848	-
Fund balance - ending	<u>\$ 46,225,398</u>	<u>\$ 41,433,807</u>	<u>\$ 72,467,570</u>	<u>\$ 31,033,763</u>

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

**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Health and Social Services - Special Revenue Fund**  
**For the fiscal year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Licenses, permits and franchises	\$ 385,218	\$ 385,218	\$ 374,349	\$ (10,869)
Fines, forfeitures and penalties	874,989	874,989	1,136,998	262,009
Revenue from use of money and property	49,500	49,000	(54,693)	(103,693)
Intergovernmental revenues	178,323,395	186,953,603	183,722,485	(3,231,118)
Charges for services	11,056,114	11,176,499	14,377,418	3,200,919
Miscellaneous revenues	3,468,918	4,440,426	1,461,428	(2,978,998)
Total revenues	<u>194,158,134</u>	<u>203,879,735</u>	<u>201,017,985</u>	<u>(2,861,750)</u>
<b>EXPENDITURES</b>				
Current:				
Health services	98,016,935	102,310,588	96,446,686	5,863,902
Public assistance	123,943,596	125,399,320	122,195,314	3,204,006
Debt service:				
Principal	89,447	89,447	89,447	-
Interest and other charges	8,896	8,896	8,896	-
Total debt service	<u>98,343</u>	<u>98,343</u>	<u>98,343</u>	<u>-</u>
Capital outlay:				
Equipment	147,000	155,408	62,821	92,587
Total expenditures	<u>222,205,874</u>	<u>227,963,659</u>	<u>218,803,164</u>	<u>9,160,495</u>
Deficiency of revenues under expenditures	<u>(28,047,740)</u>	<u>(24,083,924)</u>	<u>(17,785,179)</u>	<u>6,298,745</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	31,568,796	31,567,796	26,582,089	(4,985,707)
Transfers out	(3,167,758)	(7,286,248)	(6,328,819)	957,429
Sale of capital assets	-	-	296	296
Total other financing sources (uses)	<u>28,401,038</u>	<u>24,281,548</u>	<u>20,253,566</u>	<u>(4,027,982)</u>
Net change in fund balance	353,298	197,624	2,468,387	2,270,763
Fund balance - beginning	492,766	492,766	492,766	-
Fund balance - ending	<u>\$ 846,064</u>	<u>\$ 690,390</u>	<u>\$ 2,961,153</u>	<u>\$ 2,270,763</u>

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

**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Public Safety - Special Revenue Fund**  
**For the fiscal year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Licenses, permits and franchises	\$ 171,101	\$ 171,101	\$ 129,934	\$ (41,167)
Fines, forfeitures and penalties	1,682,134	1,685,934	1,692,983	7,049
Revenue from use of money and property	21,753	21,753	5,166	(16,587)
Intergovernmental revenues	51,133,644	53,350,466	53,189,988	(160,478)
Charges for services	8,877,705	8,938,484	9,590,020	651,536
Miscellaneous revenues	1,302,388	1,354,530	1,862,794	508,264
Total revenues	<u>63,188,725</u>	<u>65,522,268</u>	<u>66,470,885</u>	<u>948,617</u>
<b>EXPENDITURES</b>				
Current:				
Public protection				
Law Library	382,523	382,523	345,836	36,687
Department of Child Support Services	12,478,516	12,114,526	11,842,206	272,320
Sheriff OES	129,500	733,031	382,741	350,290
Cal-MMET	82,076	394,397	384,523	9,874
LLEBG	113,667	115,601	4,545	111,056
Sheriff Special Revenue Fund	2,781	128,781	47,054	81,727
DA Special Revenue	11,932	138,689	103,164	35,525
Sheriff Asset Forfeiture	674	2,163	2,162	1
CJ Fac Temp Const Fund	8,722	8,772	8,772	-
Courthouse Temp Const Fund	16,373	16,373	16,373	-
District Attorney	14,421,595	14,044,801	13,908,331	136,470
Public Defender	7,400,514	7,051,715	7,051,713	2
Conflict Public Defender	2,424,059	2,344,204	2,227,951	116,253
Sheriff	60,129,867	59,354,311	59,081,018	273,293
Probation	30,294,641	30,102,541	24,589,435	5,513,106
Other Public Defense	2,059,578	2,153,568	2,153,568	-
CMF Cases	55,468	150,706	150,683	23
Total public protection	<u>130,012,486</u>	<u>129,236,702</u>	<u>122,300,075</u>	<u>6,936,627</u>
Debt service:				
Principal	1,011,611	991,954	957,688	34,266
Interest and other charges	104,805	107,809	107,761	48
Total debt service	<u>1,116,416</u>	<u>1,099,763</u>	<u>1,065,449</u>	<u>34,314</u>
Capital outlay:				
Buildings and improvements	-	12,817	-	12,817
Equipment	1,119,940	3,100,977	905,988	2,194,989
Total capital outlay	<u>1,119,940</u>	<u>3,113,794</u>	<u>905,988</u>	<u>2,207,806</u>
Total expenditures	<u>132,248,842</u>	<u>133,450,259</u>	<u>124,271,512</u>	<u>9,178,747</u>
Deficiency of revenues under expenditures	<u>(69,060,117)</u>	<u>(67,927,991)</u>	<u>(57,800,627)</u>	<u>10,127,364</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	71,305,220	71,451,048	66,417,775	(5,033,273)
Transfers out	(3,830,514)	(6,708,020)	(3,819,997)	2,888,023
Sale of capital assets	-	-	600	600
Total other financing sources (uses)	<u>67,474,706</u>	<u>64,743,028</u>	<u>62,598,378</u>	<u>(2,144,650)</u>
Net change in fund balance	(1,585,411)	(3,184,963)	4,797,751	7,982,714
Fund balance - beginning	4,185,124	4,185,124	4,185,124	-
Fund balance - ending	<u>\$ 2,599,713</u>	<u>\$ 1,000,161</u>	<u>\$ 8,982,875</u>	<u>\$ 7,982,714</u>

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

**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Tobacco Settlement - Special Revenue Fund**  
**For the fiscal year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from use of money and property	\$ 1,795,677	\$ 1,795,677	2,052,538	\$ 256,861
<b>EXPENDITURES</b>				
Current:				
Health services				
Tobacco Settlement Securitization	41,277	66,301	66,300	1
Tobacco Settlement	647,690	647,690	601,000	46,690
Total health services	688,967	713,991	667,300	46,691
Excess of revenues over expenditures	1,106,710	1,081,686	1,385,238	303,552
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,621,648	2,621,648	-	(2,621,648)
Transfers out	(8,218,141)	(8,193,117)	(4,756,449)	3,436,668
Total other financing sources (uses)	(5,596,493)	(5,571,469)	(4,756,449)	815,020
Net change in fund balance	(4,489,783)	(4,489,783)	(3,371,211)	1,118,572
Fund balance - beginning	60,736,648	60,736,648	60,736,648	-
Fund balance - ending	\$ 56,246,865	\$ 56,246,865	\$ 57,365,437	\$ 1,118,572

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

**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Public Facilities Fees - Special Revenue Fund**  
**For the fiscal year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from use of money and property	\$ 198,221	\$ 198,221	\$ 368,046	\$ 169,825
Charges for services	11,287,893	11,299,393	13,683,568	2,384,175
Total revenues	<u>11,486,114</u>	<u>11,497,614</u>	<u>14,051,614</u>	<u>2,554,000</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Public Facilities Fees	<u>395,000</u>	<u>613,591</u>	<u>613,591</u>	<u>-</u>
Excess of revenues over expenditures	<u>11,091,114</u>	<u>10,884,023</u>	<u>13,438,023</u>	<u>2,554,000</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(5,804,083)</u>	<u>(6,296,992)</u>	<u>(2,415,583)</u>	<u>3,881,409</u>
Net change in fund balance	5,287,031	4,587,031	11,022,440	6,435,409
Fund balance - beginning	14,272,795	14,272,795	14,272,795	-
Fund balance - ending	<u>\$ 19,559,826</u>	<u>\$ 18,859,826</u>	<u>\$ 25,295,235</u>	<u>\$ 6,435,409</u>

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

**COUNTY OF SOLANO, CALIFORNIA  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

***Budgetary Information***

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

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

Expenditures are controlled at the object level for all departments within the County except for capital outlay expenditures, which are controlled at the sub object level. The legal level of control is at the department level. This is the level at which expenditures may not legally exceed appropriations. The Board must approve supplemental appropriations normally financed by unanticipated revenues during the year, and any other amendments or transfers. The actual and budgeted amounts of the food stamps program have been excluded from the Health and Social Services Schedule of Revenues, Expenditures, and Changes to Fund Balance for financial statement reporting purposes to comply with GAAP.

Pursuant to the Board of Supervisors' Budget Policy, amendments or transfers of appropriations between object levels within a department may be authorized by the County Administrator's Office provided the total appropriation of the department is not changed. Therefore, final budgeted amounts in the accompanying required supplementary information are reported as amended. Individual amendments during the fiscal year ended June 30, 2005, 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, capital projects and debt service funds to assist in controlling expenditures. Under this system, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of applicable appropriations. Encumbrances outstanding at year-end are recorded as reservations of fund balance since they do not constitute expenditures or liabilities. Outstanding encumbrances at year-end are automatically reappropriated the following year. Unencumbered and unexpended appropriations lapse at year-end.

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## **Other Governmental Funds**

### **Special Revenue Funds**

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

### **Capital Projects Funds**

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

### **Debt Service Funds**

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

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Balance Sheet**  
**Other Governmental Funds**  
**June 30, 2005**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 45,750,012	\$ 11,845,045	\$ 15,162,142	\$ 72,757,199
Accounts receivable	849,469	42,359	-	891,828
Due from other agencies	1,120,154	547,160	116,451	1,783,765
Due from other funds	56,859	59,700	197,599	314,158
Other assets	3,735,628	2,000,925	538,912	6,275,465
Total assets	<u>\$ 51,512,122</u>	<u>\$ 14,495,189</u>	<u>\$ 16,015,104</u>	<u>\$ 82,022,415</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Payables	\$ 1,715,594	\$ 1,813,113	\$ -	\$ 3,528,707
Outstanding warrants	1,445,898	42,483	500	1,488,881
Deferred revenue	194,635	12,859	-	207,494
Due to other funds	795,910	10,023	38,067	844,000
Other liabilities	282,736	4,386,868	-	4,669,604
Due to other agencies	124,211	-	-	124,211
Total liabilities	<u>4,558,984</u>	<u>6,265,346</u>	<u>38,567</u>	<u>10,862,897</u>
Fund balances:				
Reserved:				
Long-term assets	3,122,952	-	538,912	3,661,864
Debt service	250,000	-	15,437,625	15,687,625
Capital projects	-	263,914	-	263,914
Encumbrances	2,314,562	5,380,878	-	7,695,440
Other purposes	530,238	-	-	530,238
Unreserved:				
Designated, reported in:				
Capital project funds	-	2,585,051	-	2,585,051
Special revenue funds	40,735,386	-	-	40,735,386
Total fund balances	<u>46,953,138</u>	<u>8,229,843</u>	<u>15,976,537</u>	<u>71,159,518</u>
Total liabilities and fund balances	<u>\$ 51,512,122</u>	<u>\$ 14,495,189</u>	<u>\$ 16,015,104</u>	<u>\$ 82,022,415</u>

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Other Governmental Funds**  
**For the fiscal year ended June 30,2005**

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
<b>REVENUES</b>				
Taxes	\$ 11,561,337	\$ 1,463,239	\$ 894,121	\$ 13,918,697
Licenses, permits and franchises	93,303	-	-	93,303
Fines, forfeitures and penalties	11,711	-	-	11,711
Revenue from use of money and property	1,123,971	396,696	531,782	2,052,449
Intergovernmental revenues	18,383,463	3,675,444	-	22,058,907
Charges for services	6,814,183	31,602	1,070	6,846,855
Miscellaneous revenues	477,434	153,703	388,082	1,019,219
Total revenues	<u>38,465,402</u>	<u>5,720,684</u>	<u>1,815,055</u>	<u>46,001,141</u>
<b>EXPENDITURES</b>				
Current:				
General government	11,276	2,379,996	56,863	2,448,135
Public protection	2,696,116	175,337	-	2,871,453
Public ways and facilities	9,706,357	-	-	9,706,357
Health services	6,344,340	-	-	6,344,340
Education and recreation	15,393,650	-	-	15,393,650
Debt service:				
Principal	-	-	6,859,182	6,859,182
Interest and other charges	-	-	9,847,651	9,847,651
Capital outlay	2,786,870	25,619,080	-	28,405,950
Total expenditures	<u>36,938,609</u>	<u>28,174,413</u>	<u>16,763,696</u>	<u>81,876,718</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,526,793</u>	<u>(22,453,729)</u>	<u>(14,948,641)</u>	<u>(35,875,577)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,192,779	3,615,294	15,507,467	20,315,540
Transfers out	(2,356,313)	(1,747,115)	(6,826,102)	(10,929,530)
Sale of capital assets	162,450	-	-	162,450
Total other financing sources (uses)	<u>(1,001,084)</u>	<u>1,868,179</u>	<u>8,681,365</u>	<u>9,548,460</u>
Net change in fund balances	525,709	(20,585,550)	(6,267,276)	(26,327,117)
Fund balances - beginning	46,427,429	28,815,393	22,243,813	97,486,635
Fund balances - ending	<u>\$ 46,953,138</u>	<u>\$ 8,229,843</u>	<u>\$ 15,976,537</u>	<u>\$ 71,159,518</u>

## Nonmajor Special Revenue Funds

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

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

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

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

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

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

### Other Special Revenue Funds:

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

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

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2005**

	<u>Library</u>	<u>Transportation</u>	<u>First 5 Solano</u>	<u>Homeacres Loan Program</u>
<b>ASSETS</b>				
Cash and investments	\$ 9,964,896	\$ 5,305,396	\$ 19,345,966	\$ 558,908
Accounts receivable	28,290	305,805	464,999	466
Due from other agencies	322,664	376,425	420,000	-
Due from other funds	1,185	37,084	-	-
Other assets	1,168,292	138,932	299,964	1,954,660
Total assets	<u>\$ 11,485,327</u>	<u>\$ 6,163,642</u>	<u>\$ 20,530,929</u>	<u>\$ 2,514,034</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Payables	\$ 451,638	\$ 477,435	\$ 741,204	\$ -
Outstanding warrants	99,194	822,420	141,988	-
Deferred revenue	-	14,677	-	-
Due to other funds	9,629	43,179	441,945	-
Other liabilities	-	282,736	-	-
Due to other agencies	-	-	124,211	-
Total liabilities	<u>560,461</u>	<u>1,640,447</u>	<u>1,449,348</u>	<u>-</u>
Fund balances:				
Reserved:				
Long-term assets	1,168,292	-	-	1,954,660
Debt service	250,000	-	-	-
Encumbrances	311,516	1,759,198	231,474	-
Other purposes	3,028	236,697	-	-
Unreserved:				
Designated	9,192,030	2,527,300	18,850,107	559,374
Total fund balances	<u>10,924,866</u>	<u>4,523,195</u>	<u>19,081,581</u>	<u>2,514,034</u>
Total liabilities and fund balances	<u>\$ 11,485,327</u>	<u>\$ 6,163,642</u>	<u>\$ 20,530,929</u>	<u>\$ 2,514,034</u>

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2005**

<u>Rural North Vacaville Water District</u>	<u>Micrographics &amp; Modernization</u>	<u>Other Special Revenue Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>
\$ 190,443	\$ 5,342,070	\$ 5,042,333	\$ 45,750,012
7,461	13,563	28,885	849,469
-	-	1,065	1,120,154
18,590	-	-	56,859
-	-	173,780	3,735,628
<u>\$ 216,494</u>	<u>\$ 5,355,633</u>	<u>\$ 5,246,063</u>	<u>\$ 51,512,122</u>
-	-	-	3,122,952
-	-	-	250,000
8,843	-	3,531	2,314,562
113,366	171,637	5,510	530,238
68,537	4,896,687	4,641,351	40,735,386
<u>190,746</u>	<u>5,068,324</u>	<u>4,650,392</u>	<u>46,953,138</u>
<u>\$ 216,494</u>	<u>\$ 5,355,633</u>	<u>\$ 5,246,063</u>	<u>\$ 51,512,122</u>

**ASSETS**

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

**LIABILITIES AND FUND BALANCES**

Liabilities:

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

Fund balances:

Reserved:

Long-term assets  
Debt service  
Encumbrances  
Other purposes

Unreserved:

Designated  
Total fund balances

Total liabilities and fund balances

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the fiscal year ended June 30, 2005**

	<u>Library</u>	<u>Transportation</u>	<u>First 5 Solano</u>	<u>Homeacres Loan Program</u>
<b>REVENUES</b>				
Taxes	\$ 9,561,398	\$ 1,153,754	\$ -	\$ -
Licenses, permits and franchises	-	93,303	-	-
Fines, forfeitures and penalties	-	1,746	-	-
Revenue from use of money and property	224,246	120,059	444,788	33,401
Intergovernmental revenues	1,987,861	8,221,503	5,815,304	-
Charges for services	3,205,136	1,542,952	40,154	-
Miscellaneous revenues	79,377	321,541	20,518	-
Total revenues	<u>15,058,018</u>	<u>11,454,858</u>	<u>6,320,764</u>	<u>33,401</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	11,276	-	-
Public protection	-	-	-	38,300
Public ways and facilities	-	9,477,885	-	-
Health services	-	-	6,344,340	-
Education and recreation	14,349,649	-	-	-
Capital outlay	635,171	2,151,699	-	-
Total expenditures	<u>14,984,820</u>	<u>11,640,860</u>	<u>6,344,340</u>	<u>38,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>73,198</u>	<u>(186,002)</u>	<u>(23,576)</u>	<u>(4,899)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	195,867	723,902	-	-
Transfers out	(915,527)	(396,617)	(20,473)	-
Sale of capital assets	-	11,450	151,000	-
Total other financing sources (uses)	<u>(719,660)</u>	<u>338,735</u>	<u>130,527</u>	<u>-</u>
Net change in fund balances	(646,462)	152,733	106,951	(4,899)
Fund balances - beginning	11,571,328	4,370,462	18,974,630	2,518,933
Fund balances - ending	<u>\$ 10,924,866</u>	<u>\$ 4,523,195</u>	<u>\$ 19,081,581</u>	<u>\$ 2,514,034</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, 2005**

<b>Rural North Vacaville Water District</b>	<b>Micrographics &amp; Modernization</b>	<b>Other Special Revenue Funds</b>	<b>Total Nonmajor Special Revenue Funds</b>	
\$ 18,590	\$ -	\$ 827,595	\$ 11,561,337	<b>REVENUES</b>
-	-	-	93,303	Taxes
-	-	9,965	11,711	Licenses, permits and franchises
(1,046)	99,186	203,337	1,123,971	Fines, forfeitures and penalties
-	-	2,358,795	18,383,463	Revenue from use of money and property
185,133	1,470,472	370,336	6,814,183	Intergovernmental revenues
7,595	-	48,403	477,434	Charges for services
<u>210,272</u>	<u>1,569,658</u>	<u>3,818,431</u>	<u>38,465,402</u>	Miscellaneous revenues
				Total revenues
				<b>EXPENDITURES</b>
				Current:
-	-	-	11,276	General government
-	-	2,657,816	2,696,116	Public protection
201,755	-	26,717	9,706,357	Public ways and facilities
-	-	-	6,344,340	Health and sanitation
-	-	1,044,001	15,393,650	Education and recreation
-	-	-	2,786,870	Capital outlay
<u>201,755</u>	<u>-</u>	<u>3,728,534</u>	<u>36,938,609</u>	Total expenditures
<u>8,517</u>	<u>1,569,658</u>	<u>89,897</u>	<u>1,526,793</u>	Excess (deficiency) of revenues over (under) expenditures
				<b>OTHER FINANCING SOURCES (USES)</b>
139,720	-	133,290	1,192,779	Transfers in
-	(287,299)	(736,397)	(2,356,313)	Transfers out
-	-	-	162,450	Sale of capital assets
<u>139,720</u>	<u>(287,299)</u>	<u>(603,107)</u>	<u>(1,001,084)</u>	Total other financing sources (uses)
148,237	1,282,359	(513,210)	525,709	Net change in fund balances
42,509	3,785,965	5,163,602	46,427,429	Fund balances - beginning
<u>\$ 190,746</u>	<u>\$ 5,068,324</u>	<u>\$ 4,650,392</u>	<u>\$ 46,953,138</u>	Fund balances - ending

**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Library - Special Revenue Fund**  
**For the fiscal year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 8,907,814	\$ 8,907,814	\$ 9,561,398	\$ 653,584
Revenue from use of money and property	159,706	159,706	224,246	64,540
Intergovernmental revenues	1,761,921	1,761,921	1,987,861	225,940
Charges for services	3,552,053	3,720,869	3,205,136	(515,733)
Miscellaneous revenues	66,000	173,515	79,377	(94,138)
Total revenues	<u>14,447,494</u>	<u>14,723,825</u>	<u>15,058,018</u>	<u>334,193</u>
<b>EXPENDITURES</b>				
Current:				
Education and recreation				
Library Special Revenue	42,000	78,690	76,416	2,274
Library Zone I	8,912	10,406	10,404	2
Library Zone 6	206	240	240	-
Library Zone 7	5,031	5,307	5,235	72
Library Zone 2	121	194	194	-
Library	15,232,271	18,243,420	14,257,160	3,986,260
Total education and recreation	<u>15,288,541</u>	<u>18,338,257</u>	<u>14,349,649</u>	<u>3,988,608</u>
Capital outlay:				
Construction in progress	3,600,000	1,915,100	319,635	1,595,465
Equipment	474,662	544,662	315,536	229,126
Total capital outlay	<u>4,074,662</u>	<u>2,459,762</u>	<u>635,171</u>	<u>1,824,591</u>
Total expenditures	<u>19,363,203</u>	<u>20,798,019</u>	<u>14,984,820</u>	<u>5,813,199</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,915,709)</u>	<u>(6,074,194)</u>	<u>73,198</u>	<u>6,147,392</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	5,436,728	5,365,903	195,867	(5,170,036)
Transfers out	(1,723,462)	(2,075,601)	(915,527)	1,160,074
Total other financing sources (uses)	<u>3,713,266</u>	<u>3,290,302</u>	<u>(719,660)</u>	<u>(4,009,962)</u>
Net change in fund balance	(1,202,443)	(2,783,892)	(646,462)	2,137,430
Fund balance - beginning	11,571,328	11,571,328	11,571,328	-
Fund balance - ending	<u>\$ 10,368,885</u>	<u>\$ 8,787,436</u>	<u>\$ 10,924,866</u>	<u>\$ 2,137,430</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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 1,024,566	\$ 1,024,566	\$ 1,153,754	\$ 129,188
Licenses, permits and franchises	83,224	83,224	93,303	10,079
Fines, forfeitures and penalties	-	-	1,746	1,746
Revenue from use of money and property	112,219	112,219	120,059	7,840
Intergovernmental revenues	10,132,386	10,132,386	8,221,503	(1,910,883)
Charges for services	1,723,900	1,723,900	1,542,952	(180,948)
Miscellaneous revenues	83,664	83,664	321,541	237,877
Total revenues	<u>13,159,959</u>	<u>13,159,959</u>	<u>11,454,858</u>	<u>(1,705,101)</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Survey Monument	32,035	32,035	11,276	20,759
Public ways and facilities				
Transportation Department	15,761,987	14,473,551	9,477,885	4,995,666
Capital outlay:				
Construction in progress	-	1,447,801	1,794,498	(346,697)
Infrastructure	-	246,855	266,487	(19,632)
Equipment	321,000	425,201	90,714	334,487
Total capital outlay	<u>321,000</u>	<u>2,119,857</u>	<u>2,151,699</u>	<u>(31,842)</u>
Total expenditures	<u>16,115,022</u>	<u>16,625,443</u>	<u>11,640,860</u>	<u>4,984,583</u>
Deficiency of revenues under expenditures	<u>(2,955,063)</u>	<u>(3,465,484)</u>	<u>(186,002)</u>	<u>3,279,482</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,841,000	1,841,000	723,902	(1,117,098)
Transfers out	(173,424)	(396,635)	(396,617)	18
Sale of capital assets	40,000	40,000	11,450	(28,550)
Total other financing sources (uses)	<u>1,707,576</u>	<u>1,484,365</u>	<u>338,735</u>	<u>(1,145,630)</u>
Net change in fund balance	<u>(1,247,487)</u>	<u>(1,981,119)</u>	<u>152,733</u>	<u>2,133,852</u>
Fund balance - beginning	4,370,462	4,370,462	4,370,462	-
Fund balance - ending	<u>\$ 3,122,975</u>	<u>\$ 2,389,343</u>	<u>\$ 4,523,195</u>	<u>\$ 2,133,852</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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from use of money and property	\$ 371,852	\$ 371,852	\$ 444,788	\$ 72,936
Intergovernmental revenues	5,910,776	5,910,776	5,815,304	(95,472)
Charges for services	40,454	40,454	40,154	(300)
Miscellaneous revenues	-	-	20,518	20,518
Total revenues	<u>6,323,082</u>	<u>6,323,082</u>	<u>6,320,764</u>	<u>(2,318)</u>
<b>EXPENDITURES</b>				
Current:				
Health services				-
First 5 Solano	8,138,181	8,161,927	6,344,340	1,817,587
Deficiency of revenues under expenditures	<u>(1,815,099)</u>	<u>(1,838,845)</u>	<u>(23,576)</u>	<u>1,815,269</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	(24,187)	(20,473)	3,714
Sale of capital assets	-	-	151,000	151,000
Total other financing sources (uses)	<u>-</u>	<u>(24,187)</u>	<u>130,527</u>	<u>154,714</u>
Net change in fund balance	(1,815,099)	(1,863,032)	106,951	1,969,983
Fund balance - beginning	18,974,630	18,974,630	18,974,630	-
Fund balance - ending	<u>\$ 17,159,531</u>	<u>\$ 17,111,598</u>	<u>\$ 19,081,581</u>	<u>\$ 1,969,983</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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from use of money and property	\$ 24,331	\$ 24,331	\$ 33,401	\$ 9,070
<b>EXPENDITURES</b>				
Current:				
Public protection				
Homeacres Loan Program	24,331	67,513	38,300	29,213
Net change in fund balance	-	(43,182)	(4,899)	38,283
Fund balance - beginning	2,518,933	2,518,933	2,518,933	-
Fund balance - ending	<u>\$ 2,518,933</u>	<u>\$ 2,475,751</u>	<u>\$ 2,514,034</u>	<u>\$ 38,283</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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ -	\$ -	\$ 18,590	\$ 18,590
Revenue from use of money and property	-	-	(1,046)	(1,046)
Charges for services	158,382	158,382	185,133	26,751
Miscellaneous revenues	-	-	7,595	7,595
Total revenues	<u>158,382</u>	<u>158,382</u>	<u>210,272</u>	<u>51,890</u>
<b>EXPENDITURES</b>				
Current:				
Public ways and facilities				
Rural North Vacaville Water District	209,485	277,686	201,755	75,931
Excess (deficiency) of revenues over (under) expenditures	<u>(51,103)</u>	<u>(119,304)</u>	<u>8,517</u>	<u>127,821</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	29,270	139,720	139,720	-
Net change in fund balance	(21,833)	20,416	148,237	127,821
Fund balance - beginning	42,509	42,509	42,509	-
Fund balance - ending	<u>\$ 20,676</u>	<u>\$ 62,925</u>	<u>\$ 190,746</u>	<u>\$ 127,821</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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from use of money and property	\$ 64,000	\$ 64,000	\$ 99,186	\$ 35,186
Charges for services	1,191,500	1,191,500	1,470,472	278,972
Total revenues	<u>1,255,500</u>	<u>1,255,500</u>	<u>1,569,658</u>	<u>314,158</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(550,924)	(550,924)	(287,299)	263,625
Net change in fund balance	704,576	704,576	1,282,359	577,783
Fund balance - beginning	3,785,965	3,785,965	3,785,965	-
Fund balance - ending	<u>\$ 4,490,541</u>	<u>\$ 4,490,541</u>	<u>\$ 5,068,324</u>	<u>\$ 577,783</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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 789,935	\$ 789,935	\$ 827,595	\$ 37,660
Fines, forfeitures and penalties	5,600	5,600	9,965	4,365
Revenue from use of money and property	96,115	96,115	203,337	107,222
Intergovernmental revenues	2,402,890	2,402,890	2,358,795	(44,095)
Charges for services	423,147	423,147	370,336	(52,811)
Miscellaneous revenues	28,300	68,167	48,403	(19,764)
Total revenues	<u>3,745,987</u>	<u>3,785,854</u>	<u>3,818,431</u>	<u>32,577</u>
<b>EXPENDITURES</b>				
Current:				
Public protection				
SE Vallejo Redevelopment	18,000	18,000	-	18,000
Housing Authority of Solano County	2,321,785	2,321,785	2,290,169	31,616
East Vallejo Fire District	363,673	353,560	353,560	-
Fish/Wildlife Propagation	15,066	15,066	14,087	979
Total public protection	<u>2,718,524</u>	<u>2,708,411</u>	<u>2,657,816</u>	<u>50,595</u>
Public ways and facilities				
County Consolidated Service Area	510,254	179,406	26,717	152,689
Education and recreation				
Parks & Recreation	1,067,904	1,096,628	1,044,001	52,627
Total expenditures	<u>4,296,682</u>	<u>3,984,445</u>	<u>3,728,534</u>	<u>255,911</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(550,695)</u>	<u>(198,591)</u>	<u>89,897</u>	<u>288,488</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	133,290	133,290	133,290	-
Transfers out	(1,841,000)	(1,860,784)	(736,397)	1,124,387
Total other financing sources (uses)	<u>(1,707,710)</u>	<u>(1,727,494)</u>	<u>(603,107)</u>	<u>1,124,387</u>
Net change in fund balance	(2,258,405)	(1,926,085)	(513,210)	1,412,875
Fund balance - beginning	5,163,602	5,163,602	5,163,602	-
Fund balance - ending	<u>\$ 2,905,197</u>	<u>\$ 3,237,517</u>	<u>\$ 4,650,392</u>	<u>\$ 1,412,875</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, 2005**

	<u>Fairfield Downtown Project</u>	<u>Accumulated Capital Outlay</u>	<u>Juvenile Hall Project</u>	<u>Total Nonmajor Capital Projects Funds</u>
<b>ASSETS</b>				
Cash and investments	\$ 6,805,486	\$ 3,677,540	\$ 1,362,019	\$ 11,845,045
Accounts receivable	-	42,359	-	42,359
Due from other agencies	-	547,160	-	547,160
Due from other funds	-	59,700	-	59,700
Other assets	2,000,925	-	-	2,000,925
Total assets	<u>\$ 8,806,411</u>	<u>\$ 4,326,759</u>	<u>\$ 1,362,019</u>	<u>\$ 14,495,189</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Payables	\$ 1,287,006	\$ 154,105	\$ 372,002	\$ 1,813,113
Outstanding warrants	9,657	32,826	-	42,483
Deferred revenue	-	12,859	-	12,859
Due to other funds	-	10,023	-	10,023
Other liabilities	3,612,783	102,436	671,649	4,386,868
Total liabilities	<u>4,909,446</u>	<u>312,249</u>	<u>1,043,651</u>	<u>6,265,346</u>
Fund balance:				
Reserved:				
Capital projects	263,914	-	-	263,914
Encumbrances	1,930,728	3,206,347	243,803	5,380,878
Unreserved:				
Designated	1,702,323	808,163	74,565	2,585,051
Total fund balance	<u>3,896,965</u>	<u>4,014,510</u>	<u>318,368</u>	<u>8,229,843</u>
Total liabilities and fund balance	<u>\$ 8,806,411</u>	<u>\$ 4,326,759</u>	<u>\$ 1,362,019</u>	<u>\$ 14,495,189</u>

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Nonmajor Capital Projects Funds**  
**For the fiscal year ended June 30, 2005**

	<b>Fairfield Downtown Project</b>	<b>Accumulated Capital Outlay</b>	<b>Juvenile Hall Project</b>	<b>Total Nonmajor Capital Projects Funds</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ 1,463,239	\$ -	\$ 1,463,239
Revenue from use of money and property	293,152	94,024	9,520	396,696
Intergovernmental revenues	632,000	1,234,444	1,809,000	3,675,444
Charges for services	-	31,602	-	31,602
Miscellaneous revenues	85,452	62,921	5,330	153,703
Total revenues	<u>1,010,604</u>	<u>2,886,230</u>	<u>1,823,850</u>	<u>5,720,684</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,211,806	1,168,190	-	2,379,996
Public protection	-	-	175,337	175,337
Capital outlay	20,682,826	2,322,408	2,613,846	25,619,080
Total expenditures	<u>21,894,632</u>	<u>3,490,598</u>	<u>2,789,183</u>	<u>28,174,413</u>
Deficiency of revenues under expenditures	<u>(20,884,028)</u>	<u>(604,368)</u>	<u>(965,333)</u>	<u>(22,453,729)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,417,090	1,578,204	620,000	3,615,294
Transfers out	(12,025)	(1,735,090)	-	(1,747,115)
Total other financing sources (uses)	<u>1,405,065</u>	<u>(156,886)</u>	<u>620,000</u>	<u>1,868,179</u>
Net change in fund balances	(19,478,963)	(761,254)	(345,333)	(20,585,550)
Fund balances - beginning	23,375,928	4,775,764	663,701	28,815,393
Fund balances - ending	<u>\$ 3,896,965</u>	<u>\$ 4,014,510</u>	<u>\$ 318,368</u>	<u>\$ 8,229,843</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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from use of money and property	\$ 178,345	\$ 178,345	\$ 293,152	\$ 114,807
Intergovernmental revenues	610,000	1,427,000	632,000	(795,000)
Miscellaneous revenues	-	-	85,452	85,452
Total revenues	<u>788,345</u>	<u>1,605,345</u>	<u>1,010,604</u>	<u>(594,741)</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Government Center Complex Project	176,632	1,244,467	1,211,806	32,661
Capital outlay:				
Construction in progress	16,822,247	22,012,440	20,128,852	1,883,588
Equipment	-	480,321	553,974	(73,653)
Total capital outlay	<u>16,822,247</u>	<u>22,492,761</u>	<u>20,682,826</u>	<u>1,809,935</u>
Total expenditures	<u>16,998,879</u>	<u>23,737,228</u>	<u>21,894,632</u>	<u>1,842,596</u>
Deficiency of revenues under expenditures	<u>(16,210,534)</u>	<u>(22,131,883)</u>	<u>(20,884,028)</u>	<u>1,247,855</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,360,000	1,417,090	1,417,090	-
Transfers out	(12,025)	(12,025)	(12,025)	-
Total other financing sources (uses)	<u>1,347,975</u>	<u>1,405,065</u>	<u>1,405,065</u>	<u>-</u>
Net change in fund balance	<u>(14,862,559)</u>	<u>(20,726,818)</u>	<u>(19,478,963)</u>	<u>1,247,855</u>
Fund balance - beginning	23,375,928	23,375,928	23,375,928	-
Fund balance - ending	<u>\$ 8,513,369</u>	<u>\$ 2,649,110</u>	<u>\$ 3,896,965</u>	<u>\$ 1,247,855</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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 1,402,937	\$ 1,402,937	\$ 1,463,239	\$ 60,302
Revenue from use of money and property	23,957	23,957	94,024	70,067
Intergovernmental revenues	3,450,827	3,450,827	1,234,444	(2,216,383)
Charges for services	97,000	97,000	31,602	(65,398)
Miscellaneous revenues	-	-	62,921	62,921
Total revenues	<u>4,974,721</u>	<u>4,974,721</u>	<u>2,886,230</u>	<u>(2,088,491)</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Capital Projects	<u>398,000</u>	<u>3,560,566</u>	<u>1,168,190</u>	<u>2,392,376</u>
Capital outlay:				
Land	-	346,328	285,540	60,788
Construction in progress	3,406,004	5,041,047	2,036,868	3,004,179
Buildings and improvements	-	449,714	-	449,714
Total capital outlay	<u>3,406,004</u>	<u>5,837,089</u>	<u>2,322,408</u>	<u>3,514,681</u>
Total expenditures	<u>3,804,004</u>	<u>9,397,655</u>	<u>3,490,598</u>	<u>5,907,057</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,170,717</u>	<u>(4,422,934)</u>	<u>(604,368)</u>	<u>3,818,566</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	765,000	1,554,142	1,578,204	24,062
Transfers out	(1,093,000)	(1,735,090)	(1,735,090)	-
Total other financing sources (uses)	<u>(328,000)</u>	<u>(180,948)</u>	<u>(156,886)</u>	<u>24,062</u>
Net change in fund balance	842,717	(4,603,882)	(761,254)	3,842,628
Fund balance - beginning	4,775,764	4,775,764	4,775,764	-
Fund balance - ending	<u>\$ 5,618,481</u>	<u>\$ 171,882</u>	<u>\$ 4,014,510</u>	<u>\$ 3,842,628</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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 9,520	\$ 9,520
Intergovernmental revenues	1,809,000	1,809,000	1,809,000	-
Miscellaneous revenues	-	-	5,330	5,330
Total revenues	<u>1,809,000</u>	<u>1,809,000</u>	<u>1,823,850</u>	<u>14,850</u>
<b>EXPENDITURES</b>				
Current:				
Public protection				
Juvenile Hall Project	66,163	189,243	175,337	13,906
Capital outlay:				
Construction in progress	-	2,830,187	2,597,004	233,183
Equipment	-	13,556	16,842	(3,286)
Total capital outlay	<u>-</u>	<u>2,843,743</u>	<u>2,613,846</u>	<u>229,897</u>
Total expenditures	<u>66,163</u>	<u>3,032,986</u>	<u>2,789,183</u>	<u>243,803</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,742,837</u>	<u>(1,223,986)</u>	<u>(965,333)</u>	<u>258,653</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	-	620,000	620,000	-
Net change in fund balance	1,742,837	(603,986)	(345,333)	258,653
Fund balance - beginning	663,701	663,701	663,701	-
Fund balance - ending	<u>\$ 2,406,538</u>	<u>\$ 59,715</u>	<u>\$ 318,368</u>	<u>\$ 258,653</u>

## **Debt Service Funds**

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

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

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

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

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

*2004 Pension Obligation Bond* – This fund was established for the payment of debt used to prepay the Unfunded Actuarial Accrued Liability.

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**June 30, 2005**

	<b>Rural North Vacaville Water District</b>	<b>1998 Certificates of Participation</b>	<b>1999 Certificates of Participation</b>	<b>2001 Refunding Certificates of Participation</b>
<b>ASSETS</b>				
Cash and investments	\$ 1,603,653	\$ 793,382	\$ 3,005,177	\$ 2,152,933
Due from other agencies	-	116,451	-	-
Due from other funds	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 1,603,653</u>	<u>\$ 909,833</u>	<u>\$ 3,005,177</u>	<u>\$ 2,152,933</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Outstanding warrants	-	-	-	-
Due to other funds	19,994	-	2,154	15,919
Total liabilities	<u>19,994</u>	<u>-</u>	<u>2,154</u>	<u>15,919</u>
Fund balances:				
Reserved:				
Long-term assets	-	-	-	-
Debt service	1,583,659	909,833	3,003,023	2,137,014
Total fund balances	<u>1,583,659</u>	<u>909,833</u>	<u>3,003,023</u>	<u>2,137,014</u>
Total liabilities and fund balances	<u>\$ 1,603,653</u>	<u>\$ 909,833</u>	<u>\$ 3,005,177</u>	<u>\$ 2,152,933</u>

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**June 30, 2005**

<b>2002 Certificates of Participaton</b>	<b>2004 Pension Obligation Bond</b>	<b>Total Nonmajor Debt Service Funds</b>	
\$ 1,282,011	\$ 6,324,986	\$ 15,162,142	<b>ASSETS</b>
-	-	116,451	Cash and investments
-	197,599	197,599	Due from other agencies
	538,912	538,912	Due from other funds
<u>\$ 1,282,011</u>	<u>\$ 7,061,497</u>	<u>\$ 16,015,104</u>	Other assets
			Total assets
			 <b>LIABILITIES AND FUND BALANCES</b>
			Liabilities:
-	500	\$ 500	Outstanding warrants
-	-	38,067	Due to other funds
<u>-</u>	<u>500</u>	<u>38,567</u>	Total liabilities
			 Fund balances:
			Reserved:
-	538,912	538,912	Long-term assets
1,282,011	6,522,085	15,437,625	Debt service
<u>1,282,011</u>	<u>7,060,997</u>	<u>15,976,537</u>	Total fund balances
<u>\$ 1,282,011</u>	<u>\$ 7,061,497</u>	<u>\$ 16,015,104</u>	Total liabilities and fund balances

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Debt Service Funds**  
**For the fiscal year ended June 30, 2005**

	<b>Rural North Vacaville Water District</b>	<b>1998 Certificates of Participation</b>	<b>1999 Certificates of Participation</b>	<b>2001 Refunding Certificates of Participation</b>
<b>REVENUES</b>				
Taxes	\$ 894,121	\$ -	\$ -	\$ -
Revenue from use of money and property	48,821	38,812	126,779	93,949
Charges for services	-	-	1,070	-
Miscellaneous revenues	-	-	-	-
Total revenues	<u>942,942</u>	<u>38,812</u>	<u>127,849</u>	<u>93,949</u>
<b>EXPENDITURES</b>				
Current:				
General government	10,390	2,016	5,147	9,890
Debt service:				
Principal	799,182	180,000	1,360,000	4,225,000
Interest and other charges	371,848	157,534	1,259,882	291,300
Total expenditures	<u>1,181,420</u>	<u>339,550</u>	<u>2,625,029</u>	<u>4,526,190</u>
Deficiency of revenues under expenditures	<u>(238,478)</u>	<u>(300,738)</u>	<u>(2,497,180)</u>	<u>(4,432,241)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	189,083	2,574,457	4,356,795
Transfers out	<u>(139,720)</u>	<u>-</u>	<u>(224,072)</u>	<u>-</u>
Total other financing sources (uses)	<u>(139,720)</u>	<u>189,083</u>	<u>2,350,385</u>	<u>4,356,795</u>
Net change in fund balances	(378,198)	(111,655)	(146,795)	(75,446)
Fund balances - beginning	<u>1,961,857</u>	<u>1,021,488</u>	<u>3,149,818</u>	<u>2,212,460</u>
Fund balances - ending	<u>\$ 1,583,659</u>	<u>\$ 909,833</u>	<u>\$ 3,003,023</u>	<u>\$ 2,137,014</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, 2005**

<b>2002 Certificates of Participation</b>	<b>2004 Pension Obligation Bond</b>	<b>Total Nonmajor Debt Service Funds</b>	
\$ - 110,819 - - <u>110,819</u>	\$ - 112,602 - 388,082 <u>500,684</u>	\$ 894,121 531,782 1,070 388,082 <u>1,815,055</u>	<b>REVENUES</b> Taxes Revenue from use of money and property Charges for services Miscellaneous revenues Total revenues
10,842 295,000 <u>5,690,638</u> <u>5,996,480</u>	18,578 - <u>2,076,449</u> <u>2,095,027</u>	56,863 6,859,182 <u>9,847,651</u> <u>16,763,696</u>	<b>EXPENDITURES</b> Current: General government Debt service: Principal Interest and other charges Total expenditures Deficiency of revenues under expenditures
(5,885,661)	(1,594,343)	(14,948,641)	
524,375 - <u>524,375</u>	7,862,757 (6,462,310) <u>1,400,447</u>	15,507,467 (6,826,102) <u>8,681,365</u>	<b>OTHER FINANCING SOURCES (USES)</b> Transfers in Transfers out Total other financing sources (uses)
(5,361,286) 6,643,297	(193,896) 7,254,893	(6,267,276) 22,243,813	Net change in fund balances Fund balances - beginning Fund balances - ending
<u>\$ 1,282,011</u>	<u>\$ 7,060,997</u>	<u>\$ 15,976,537</u>	

**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**Rural North Vacaville Water District - Debt Service Fund**  
**For the fiscal year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Taxes	\$ 930,561	\$ 930,561	\$ 894,121	\$ (36,440)
Revenue from use of money and property	22,000	22,000	48,821	26,821
Total revenues	<u>952,561</u>	<u>952,561</u>	<u>942,942</u>	<u>(9,619)</u>
<b>EXPENDITURES</b>				
Current:				
General government				
RNVWD Debt Service Fund	15,000	14,000	10,390	3,610
Debt service:				
Principal	876,357	786,907	799,182	(12,275)
Interest and other charges	384,628	384,628	371,848	12,780
Total debt service	<u>1,260,985</u>	<u>1,171,535</u>	<u>1,171,030</u>	<u>505</u>
Total expenditures	<u>1,275,985</u>	<u>1,185,535</u>	<u>1,181,420</u>	<u>4,115</u>
Deficiency of revenues under expenditures	<u>(323,424)</u>	<u>(232,974)</u>	<u>(238,478)</u>	<u>(5,504)</u>
<b>OTHER FINANCING USES</b>				
Transfers out	(29,270)	(139,720)	(139,720)	-
Net change in fund balance	(352,694)	(372,694)	(378,198)	(5,504)
Fund balance - beginning	1,961,857	1,961,857	1,961,857	-
Fund balance - ending	<u>\$ 1,609,163</u>	<u>\$ 1,589,163</u>	<u>\$ 1,583,659</u>	<u>\$ (5,504)</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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from use of money and property	\$ 35,000	\$ 35,000	\$ 38,812	\$ 3,812
<b>EXPENDITURES</b>				
Current:				
General government				
Courts Expansion	3,000	3,000	2,016	984
Debt service:				
Principal	180,000	180,000	180,000	-
Interest and other charges	157,534	157,534	157,534	-
Total debt service	337,534	337,534	337,534	-
Total expenditures	340,534	340,534	339,550	984
Deficiency of revenues under expenditures	(305,534)	(305,534)	(300,738)	4,796
<b>OTHER FINANCING SOURCES</b>				
Transfers in	189,083	189,083	189,083	-
Net change in fund balance	(116,451)	(116,451)	(111,655)	4,796
Fund balance - beginning	1,021,488	1,021,488	1,021,488	-
Fund balance - ending	<u>\$ 905,037</u>	<u>\$ 905,037</u>	<u>\$ 909,833</u>	<u>\$ 4,796</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, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from use of money and property	\$ 86,930	\$ 86,930	\$ 126,779	\$ 39,849
Charges for services	1,070	1,070	1,070	-
Total revenues	<u>88,000</u>	<u>88,000</u>	<u>127,849</u>	<u>39,849</u>
<b>EXPENDITURES</b>				
Current:				
General government				
HSS Admin Refinance	8,535	8,535	5,147	3,388
Debt service:				
Principal	1,360,000	1,360,000	1,360,000	-
Interest and other charges	1,259,882	1,259,882	1,259,882	-
Total debt service	<u>2,619,882</u>	<u>2,619,882</u>	<u>2,619,882</u>	<u>-</u>
Total expenditures	<u>2,628,417</u>	<u>2,628,417</u>	<u>2,625,029</u>	<u>3,388</u>
Deficiency of revenues under expenditures	<u>(2,540,417)</u>	<u>(2,540,417)</u>	<u>(2,497,180)</u>	<u>43,237</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	2,463,091	2,534,201	2,574,457	40,256
Transfers out	(200,000)	(271,110)	(224,072)	47,038
Total other financing sources (uses)	<u>2,263,091</u>	<u>2,263,091</u>	<u>2,350,385</u>	<u>87,294</u>
Net change in fund balance	<u>(277,326)</u>	<u>(277,326)</u>	<u>(146,795)</u>	<u>130,531</u>
Fund balance - beginning	3,149,818	3,149,818	3,149,818	-
Fund balance - ending	<u>\$ 2,872,492</u>	<u>\$ 2,872,492</u>	<u>\$ 3,003,023</u>	<u>\$ 130,531</u>

**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**2001 Refunding Certificates of Participation - Debt Service Fund**  
**For the fiscal year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from use of money and property	\$ 71,993	\$ 71,993	\$ 93,949	\$ 21,956
<b>EXPENDITURES</b>				
Current:				
General government				
2001 Refunding COP	12,488	12,488	9,890	2,598
Debt service:				
Principal	4,225,000	4,225,000	4,225,000	-
Interest and other charges	291,300	291,300	291,300	-
Total debt service	<u>4,516,300</u>	<u>4,516,300</u>	<u>4,516,300</u>	<u>-</u>
Total expenditures	<u>4,528,788</u>	<u>4,528,788</u>	<u>4,526,190</u>	<u>2,598</u>
Deficiency of revenues under expenditures	<u>(4,456,795)</u>	<u>(4,456,795)</u>	<u>(4,432,241)</u>	<u>24,554</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	4,356,795	4,356,795	4,356,795	-
Net change in fund balance	(100,000)	(100,000)	(75,446)	24,554
Fund balance - beginning	2,212,460	2,212,460	2,212,460	-
Fund balance - ending	<u>\$ 2,112,460</u>	<u>\$ 2,112,460</u>	<u>\$ 2,137,014</u>	<u>\$ 24,554</u>

**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**2002 Certificates of Participation - Debt Service Fund**  
**For the fiscal year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from use of money and property	\$ 150,000	\$ 150,000	\$ 110,819	\$ (39,181)
<b>EXPENDITURES</b>				
Current:				
General government				
2002 Certificates of Participation	12,012	12,012	10,842	1,170
Debt service:				
Principal	295,000	295,000	295,000	-
Interest and other charges	5,690,638	5,690,638	5,690,638	-
Total debt service	5,985,638	5,985,638	5,985,638	-
Total expenditures	5,997,650	5,997,650	5,996,480	1,170
Deficiency of revenues under expenditures	(5,847,650)	(5,847,650)	(5,885,661)	(38,011)
<b>OTHER FINANCING SOURCES</b>				
Transfers in	524,375	524,375	524,375	-
Net change in fund balance	(5,323,275)	(5,323,275)	(5,361,286)	(38,011)
Fund balance - beginning	6,643,297	6,643,297	6,643,297	-
Fund balance - ending	<u>\$ 1,320,022</u>	<u>\$ 1,320,022</u>	<u>\$ 1,282,011</u>	<u>\$ (38,011)</u>

**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**2004 Pension Obligation Bond - Debt Service Fund**  
**For the fiscal year ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 112,602	\$ 112,602
Miscellaneous revenues	-	-	388,082	388,082
Total revenues	-	-	500,684	500,684
<b>EXPENDITURES</b>				
Current:				
General government				
2004 Pension Obligation Bonds	-	22,000	18,578	3,422
Debt service:				
Principal	232,054	6,547,049	-	6,547,049
Interest and other charges	-	2,076,449	2,076,449	-
Total debt service	232,054	8,623,498	2,076,449	6,547,049
Total expenditures	232,054	8,645,498	2,095,027	6,550,471
Deficiency of revenues under expenditures	(232,054)	(8,645,498)	(1,594,343)	7,051,155
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	8,413,444	7,862,757	(550,687)
Transfers out	-	(6,462,310)	(6,462,310)	-
Total other financing sources (uses)	-	1,951,134	1,400,447	(550,687)
Net change in fund balance	(232,054)	(6,694,364)	(193,896)	6,500,468
Fund balance - beginning	7,254,893	7,254,893	7,254,893	-
Fund balance - ending	\$ 7,022,839	\$ 560,529	\$ 7,060,997	\$ 6,500,468

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## **Internal Service Funds**

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

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

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

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

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

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

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

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2005**

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and investments	\$ 219,349	\$ 1,188,605	\$ 12,771,672	\$ 2,406,772
Accounts receivable	111,535	67,177	514	100
Due from other agencies	511	100	9,171	-
Due from other funds	30,311	-	119,372	14
Other assets	48,134	169,210	150,000	-
Total current assets	<u>409,840</u>	<u>1,425,092</u>	<u>13,050,729</u>	<u>2,406,886</u>
<b>Noncurrent assets</b>				
Capital assets:				
Buildings and improvements	-	114,471	-	-
Equipment	1,274,632	10,162,792	-	4,555,077
Accumulated depreciation	(568,669)	(5,973,858)	-	(3,521,680)
Total capital assets	<u>705,963</u>	<u>4,303,405</u>	<u>-</u>	<u>1,033,397</u>
Total assets	<u>\$ 1,115,803</u>	<u>\$ 5,728,497</u>	<u>\$ 13,050,729</u>	<u>\$ 3,440,283</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Payables	\$ 60,608	\$ 221,282	\$ 173,137	\$ 220,663
Outstanding warrants	110,407	142,227	14,823	29,414
Due to other funds	1,698	1,235	115,492	4,403
Current portion of long-term obligations	31,929	33,412	1,772,108	91,411
Total current liabilities	<u>204,642</u>	<u>398,156</u>	<u>2,075,560</u>	<u>345,891</u>
<b>Noncurrent liabilities</b>				
Noncurrent portion of long-term obligations	90,928	116,493	8,532,792	76,977
Total liabilities	<u>295,570</u>	<u>514,649</u>	<u>10,608,352</u>	<u>422,868</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	705,963	4,303,405	-	1,033,398
Unrestricted	114,270	910,443	2,442,377	1,984,017
Total net assets	<u>820,233</u>	<u>5,213,848</u>	<u>2,442,377</u>	<u>3,017,415</u>
Total liabilities and net assets	<u>\$ 1,115,803</u>	<u>\$ 5,728,497</u>	<u>\$ 13,050,729</u>	<u>\$ 3,440,283</u>

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2005**

<b>Solano County Integrated Property System</b>	<b>Reprographics</b>	<b>Total Internal Service Funds</b>	
			<b>ASSETS</b>
			<b>Current assets</b>
\$ 531,508	\$ 280,717	\$ 17,398,623	Cash and investments
-	-	179,326	Accounts receivable
-	-	9,782	Due from other agencies
-	-	149,697	Due from other funds
-	-	367,344	Other assets
<u>531,508</u>	<u>280,717</u>	<u>18,104,772</u>	Total current assets
			<b>Noncurrent assets</b>
			Capital assets:
-	-	114,471	Buildings and improvements
289,180	215,202	16,496,883	Equipment
(281,165)	(177,557)	(10,522,929)	Accumulated depreciation
<u>8,015</u>	<u>37,645</u>	<u>6,088,425</u>	Total capital assets
<u>\$ 539,523</u>	<u>\$ 318,362</u>	<u>\$ 24,193,197</u>	Total assets
			<b>LIABILITIES</b>
			<b>Current liabilities</b>
\$ 22,151	\$ 30,403	\$ 728,244	Payables
8,527	2,845	308,243	Outstanding warrants
597	247	123,672	Due to other funds
			Current portion of long-term obligations
<u>22,650</u>	<u>11,742</u>	<u>1,963,252</u>	Total current liabilities
<u>53,925</u>	<u>45,237</u>	<u>3,123,411</u>	
			<b>Noncurrent liabilities</b>
			Noncurrent portion of long-term obligations
<u>14,216</u>	<u>14,445</u>	<u>8,845,851</u>	Total liabilities
<u>68,141</u>	<u>59,682</u>	<u>11,969,262</u>	
			<b>NET ASSETS</b>
			Invested in capital assets, net of related debt
8,015	37,644	6,088,425	Unrestricted
<u>463,367</u>	<u>221,036</u>	<u>6,135,510</u>	Total net assets
<u>471,382</u>	<u>258,680</u>	<u>12,223,935</u>	Total liabilities and net assets
<u>\$ 539,523</u>	<u>\$ 318,362</u>	<u>\$ 24,193,197</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, 2005**

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
<b>OPERATING REVENUES</b>				
Charges for sales and services:				
Internal services	\$ 2,295,859	\$ 3,341,359	\$ 12,715,025	\$ 10,860,888
<b>OPERATING EXPENSES</b>				
Personnel services	775,964	842,839	714,754	2,374,951
Maintenance	82,636	675,560	48,210	319,735
Materials and supplies	131,581	11,180	24,807	260,071
Depreciation	21,154	1,084,312	-	379,424
Insurance	8,274	10,084	12,377,958	6,681
Rent, utilities and others	1,490,717	1,017,267	1,070,248	7,135,912
Total operating expenses	<u>2,510,326</u>	<u>3,641,242</u>	<u>14,235,977</u>	<u>10,476,774</u>
Operating income (loss)	<u>(214,467)</u>	<u>(299,883)</u>	<u>(1,520,952)</u>	<u>384,114</u>
<b>NONOPERATING REVENUES</b>				
Investment earnings	6,329	17,426	151,786	22,436
Other revenue	196,332	148,833	236,611	17,917
Gain on sale of capital assets	-	23,416	-	2,123
Total nonoperating revenues (expenses)	<u>202,661</u>	<u>189,675</u>	<u>388,397</u>	<u>42,476</u>
Income (loss) before transfers	<u>(11,806)</u>	<u>(110,208)</u>	<u>(1,132,555)</u>	<u>426,590</u>
Transfers in	-	82,000	-	52,781
Transfers out	<u>(43,596)</u>	<u>(31,482)</u>	<u>(29,165)</u>	<u>(99,136)</u>
Change in net assets	<u>(55,402)</u>	<u>(59,690)</u>	<u>(1,161,720)</u>	<u>380,235</u>
Total net assets - beginning	<u>875,635</u>	<u>5,273,538</u>	<u>3,604,097</u>	<u>2,637,180</u>
Total net assets - ending	<u>\$ 820,233</u>	<u>\$ 5,213,848</u>	<u>\$ 2,442,377</u>	<u>\$ 3,017,415</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, 2005**

<b>Solano County Integrated Property System</b>	<b>Reprographics</b>	<b>Total Internal Service Funds</b>	
\$ 827,426	\$ 542,519	\$ 30,583,076	<b>OPERATING REVENUES</b>
			Charges for sales and services:
			Internal services
			<b>OPERATING EXPENSES</b>
624,742	274,967	5,608,217	Personnel services
23,374	20,806	1,170,321	Maintenance
26,782	123,877	578,298	Materials and supplies
8,209	12,230	1,505,329	Depreciation
2,900	2,233	12,408,130	Insurance
111,359	152,589	10,978,092	Rent, utilities and others
<u>797,366</u>	<u>586,702</u>	<u>32,248,387</u>	Total operating expenses
<u>30,060</u>	<u>(44,183)</u>	<u>(1,665,311)</u>	Operating income (loss)
			<b>NONOPERATING REVENUES</b>
17,319	4,206	219,502	Investment earnings
2,721	1,645	604,059	Other revenue
-	-	25,539	Sale of capital assets
<u>20,040</u>	<u>5,851</u>	<u>849,100</u>	Total nonoperating revenues (expenses)
50,100	(38,332)	(816,211)	Income (loss) before transfers
			Transfers in
-	-	134,781	Transfers out
<u>(25,492)</u>	<u>(10,489)</u>	<u>(239,360)</u>	Change in net assets
24,608	(48,821)	(920,790)	Total net assets - beginning
446,774	307,501	13,144,725	Total net assets - ending
<u>\$ 471,382</u>	<u>\$ 258,680</u>	<u>\$ 12,223,935</u>	

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the fiscal year ended June 30, 2005**

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 2,516,395	\$ 3,493,253	\$ 12,943,512	\$ 10,878,705
Receipts from interfund services provided	-	291	28,431	184,923
Payments to suppliers	(1,711,177)	(1,514,430)	(9,045,919)	(7,993,027)
Payments to employees	(707,522)	(778,878)	(703,133)	(2,343,213)
Payments for interfund services used	(34,512)	-	-	-
Net cash provided (used) by operating activities	<u>63,184</u>	<u>1,200,236</u>	<u>3,222,891</u>	<u>727,388</u>
<b>Cash flows from noncapital financing activities:</b>				
Transfers in	-	82,000	-	52,781
Transfers out	(43,596)	(31,482)	(29,165)	(99,136)
Net cash provided (used) by noncapital financing activities	<u>(43,596)</u>	<u>50,518</u>	<u>(29,165)</u>	<u>(46,355)</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets	(617,266)	(839,504)	-	(210,262)
Proceeds from sale of capital assets	-	23,416	-	2,123
Net cash used by capital and related financing activities	<u>(617,266)</u>	<u>(816,088)</u>	<u>-</u>	<u>(208,139)</u>
<b>Cash flows from investing activities:</b>				
Investment income	6,329	17,426	151,786	22,436
Net increase (decrease) in cash and cash equivalents	(591,349)	452,092	3,345,512	495,330
Cash and cash equivalents - beginning	810,698	736,513	9,426,160	1,911,442
Cash and cash equivalents - ending	<u>\$ 219,349</u>	<u>\$ 1,188,605</u>	<u>\$ 12,771,672</u>	<u>\$ 2,406,772</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (214,467)	\$ (299,883)	\$ (1,520,952)	\$ 384,114
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	21,154	1,084,312	-	379,424
Other nonoperating revenue	196,332	148,833	236,611	17,917
Changes in assets and liabilities:				
(Increase) decrease in receivables, net	15,697	3,029	1,047	(100)
(Increase) decrease in due from other funds	(25,757)	-	22,645	183,516
(Increase) decrease in due from other agencies	8,507	32	(9,171)	-
Decrease in other assets	(1,068)	(32,394)	-	-
Increase (decrease) in payables	3,099	232,055	(25,844)	(270,628)
Increase (decrease) in due to other funds	(8,755)	291	5,787	1,407
Increase (decrease) in accrued compensated absences	68,442	63,961	11,621	31,738
Increase in self-insurance liability	-	-	4,308,001	-
Increase in other liabilities	-	-	193,146	-
Total adjustments	<u>277,651</u>	<u>1,500,119</u>	<u>4,743,843</u>	<u>343,274</u>
Net cash provided (used) by operating activities	<u>\$ 63,184</u>	<u>\$ 1,200,236</u>	<u>\$ 3,222,891</u>	<u>\$ 727,388</u>
<b>Noncash investing, capital, and financing activities</b>				
Decrease in fair value of investments	\$ (1,419)	\$ (7,687)	\$ (82,597)	\$ (15,565)

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the year fiscal ended June 30, 2005**

<b>Solano County Integrated Property System</b>	<b>Reprographics</b>	<b>Total Internal Service Funds</b>	
\$ 840,063	\$ 548,416	\$ 31,220,344	<b>Cash flows from operating activities:</b>
-	-	213,645	Receipts from customers and users
(155,277)	(287,444)	(20,707,274)	Receipts from interfund services provided
(625,266)	(264,384)	(5,422,396)	Payments to suppliers
(241)	(66)	(34,819)	Payments to employees
59,279	(3,478)	5,269,500	Payments for interfund services used
			Net cash provided (used) by operating activities
			<b>Cash flows from noncapital financing activities:</b>
-	-	134,781	Transfers in
(25,492)	(10,489)	(239,360)	Transfers out
(25,492)	(10,489)	(104,579)	Net cash provided (used) by noncapital financing activities
			<b>Cash flows from capital and related financing activities:</b>
-	-	(1,667,032)	Acquisition of capital assets
-	-	25,539	Proceeds from sale of capital assets
-	-	(1,641,493)	Net cash used by capital and related financing activities
			<b>Cash flows from investing activities:</b>
17,319	4,206	219,502	Investment income
51,106	(9,761)	3,742,930	Net increase (decrease) in cash and cash equivalents
480,402	290,478	13,655,693	Cash and cash equivalents - beginning
\$ 531,508	\$ 280,717	\$ 17,398,623	Cash and cash equivalents - ending
			<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>
\$ 30,060	\$ (44,183)	\$ (1,665,311)	Operating income (loss)
			Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:
8,209	12,230	1,505,329	Depreciation
2,721	1,645	604,059	Other nonoperating revenue
			Changes in assets and liabilities:
9,596	-	29,269	(Increase) decrease in receivables, net
-	-	180,404	(Increase) decrease in due from other funds
320	4,252	3,940	(Increase) decrease in due from other agencies
-	-	(33,462)	Decrease in other assets
9,138	12,062	(40,118)	Increase (decrease) in payables
(241)	(67)	(1,578)	Increase (decrease) in due to other funds
(524)	10,583	185,821	Increase (decrease) in accrued compensated absences
-	-	4,308,001	Increase in self-insurance liability
-	-	193,146	Increase in other liabilities
29,219	40,705	6,934,811	Total adjustments
\$ 59,279	\$ (3,478)	\$ 5,269,500	Net cash provided (used) by operating activities
			<b>Noncash investing, capital, and financing activities</b>
\$ (3,437)	\$ (1,815)	\$ (112,520)	Decrease in fair value of investments

## **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, 2005**

**PROPERTY TAX COLLECTION**

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
<b>Assets</b>				
Cash and investments	\$ -	\$ 460,064,165	\$ 460,064,165	\$ -
Property taxes receivable	32,762,268	462,749,895	459,536,088	35,976,075
Total assets	<u>\$ 32,762,268</u>	<u>\$ 922,814,060</u>	<u>\$ 919,600,253</u>	<u>\$ 35,976,075</u>
<b>Liabilities</b>				
Due to others	\$ 32,762,268	\$ 922,814,060	\$ 919,600,253	\$ 35,976,075

**LOCAL TRANSPORTATION**

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
<b>Assets</b>				
Cash and investments	\$ 11,632,575	\$ 14,460,393	\$ 13,668,663	\$ 12,424,305
<b>Liabilities</b>				
Due to others	\$ 11,632,575	\$ 14,460,393	\$ 13,668,663	\$ 12,424,305

**CHILD SUPPORT SERVICES**

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
<b>Assets</b>				
Cash and investments	\$ 4,728,096	\$ 37,993,601	\$ 40,378,571	\$ 2,343,126
<b>Liabilities</b>				
Due to others	\$ 4,728,096	\$ 37,993,601	\$ 40,378,571	\$ 2,343,126

**ALL OTHER AGENCY FUNDS**

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
<b>Assets</b>				
Cash and investments	\$ (433,395)	\$ 40,005,400	\$ 37,520,461	\$ 2,051,544
<b>Liabilities</b>				
Due to others	(433,395)	40,005,400	37,520,461	\$ 2,051,544

**TOTAL - ALL AGENCY FUNDS**

	<u>Balance July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2005</u>
<b>Assets</b>				
Cash and investments	\$ 15,927,276	\$ 552,523,559	\$ 551,631,860	\$ 16,818,975
Property taxes receivable	32,762,268	462,749,895	459,536,088	35,976,075
Total assets	<u>\$ 48,689,544</u>	<u>\$ 1,015,273,454</u>	<u>\$ 1,011,167,948</u>	<u>\$ 52,795,050</u>
<b>Liabilities</b>				
Due to others	\$ 48,689,544	\$ 1,015,273,454	\$ 1,011,167,948	\$ 52,795,050

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**COUNTY OF SOLANO, CALIFORNIA**  
**Government-wide Expenses by Function**  
**Last Ten Fiscal Years<sup>1</sup>**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Protection</b>	<b>Public Ways &amp; Facilities</b>	<b>Health Services</b>	<b>Public Assistance</b>
2005	\$ 50,668,082	\$ 143,497,198	\$ 13,111,022	\$ 103,089,445	\$ 122,936,114
2004	43,489,603	132,128,495	11,175,121	94,775,322	129,712,495
2003	45,032,722	125,585,195	10,911,632	82,980,974	120,898,958
2002	41,910,911	119,673,935	7,076,867	80,209,568	118,808,521
2001	33,337,370	108,973,071	16,042,372	65,002,848	110,286,059

Source: Audited Financial Statements

<sup>1</sup> Fiscal Years 1996 through 2000 were not restated under GASB 34 full accrual basis of accounting

**COUNTY OF SOLANO, CALIFORNIA**  
**Government-wide Expenses by Function**  
**Last Ten Fiscal Years<sup>1</sup>**

<u>Education &amp; Recreation</u>	<u>Interest on long-term debt</u>	<u>Nut Tree Airport</u>	<u>Fouts Springs Youth Facility</u>	<u>Total</u>	<u>Fiscal Year</u>
\$ 15,887,886	\$ 12,548,175	\$ 1,362,902	\$ 3,948,500	\$467,049,324	2005
14,212,564	8,233,665	1,262,109	4,389,289	439,378,663	2004
12,663,165	6,176,532	1,180,824	4,531,095	409,961,097	2003
11,945,358	4,994,361	1,048,905	4,400,648	390,069,074	2002
10,770,670	5,712,387	918,442	3,860,998	354,904,217	2001

**COUNTY OF SOLANO, CALIFORNIA**  
**Government-wide Revenues**  
**Last Ten Fiscal Years<sup>1</sup>**

<b>Program Revenues</b>						
<b>Fiscal Year</b>	<b>Charges for Services</b>		<b>Operating Grants &amp; Contributions</b>		<b>Capital Grants &amp; Contributions</b>	
2005	\$	82,854,539	\$	264,783,520	\$	2,888,079
2004		73,047,017		264,202,785		5,154,984
2003		66,591,778		249,276,485		2,281,016
2002		74,498,473		243,832,179		979,600
2001		66,267,595		218,721,776		3,195,923

Source: Audited Financial Statements

<sup>1</sup> Fiscal Years 1996 through 2000 were not restated under GASB 34 full accrual basis of accounting

**COUNTY OF SOLANO, CALIFORNIA**  
**Government-wide Revenues**  
**Last Ten Fiscal Years<sup>1</sup>**

<b>General Revenues</b>					
<b>Taxes</b>	<b>Intergovernmental</b>	<b>Interest &amp; Investment Earnings</b>	<b>Miscellaneous</b>	<b>Total</b>	<b>Fiscal Year</b>
\$ 73,308,181	\$ 49,262,885	\$ 6,127,429	\$ 13,150,363	\$ 492,374,996	2005
61,649,592	51,446,790	6,730,605	13,341,759	475,573,532	2004
54,025,729	40,629,112	3,582,559	63,448,728	479,835,407	2003
53,036,648	38,769,158	8,550,695	10,132,841	429,799,594	2002
49,602,672	34,520,133	12,494,682	12,142,188	396,944,969	2001

**COUNTY OF SOLANO, CALIFORNIA**  
**General Government Expenditures by Function<sup>1</sup>**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>General Government</b>	<b>Public Protection</b>	<b>Public Ways &amp; Facilities</b>	<b>Health Services</b>	<b>Public Assistance</b>	<b>Education &amp; Recreation</b>	<b>Debt Service</b>	<b>Capital Outlay</b>	<b>Total</b>
2005	\$ 55,536,885	\$ 138,939,757	\$ 9,706,357	\$ 103,458,326	\$ 123,248,736	\$ 15,670,356	\$ 18,605,040	\$ 30,852,017	\$ 496,017,474
2004	49,188,749	172,365,652	10,112,629	111,715,224	150,785,051	18,172,806	17,930,192	86,478,021	616,748,324
2003	40,861,290	128,691,041	8,152,377	84,249,844	121,296,428	12,713,005	12,350,570	42,466,841	450,781,396
2002	39,392,941	117,626,458	5,883,609	77,897,875	118,637,287	11,728,628	16,128,453	35,290,048	422,585,299
2001	34,413,532	104,859,511	12,107,010	64,297,492	109,736,636	10,746,213	11,164,570	10,033,031	357,357,995
2000	31,057,335	95,158,216	9,815,424	58,778,916	107,609,032	10,118,268	9,771,080	6,714,180	329,022,451
1999	31,276,622	88,968,414	12,240,113	52,830,271	108,025,825	9,622,427	7,816,731	8,064,738	318,845,141
1998	26,589,969	94,133,021	9,728,337	49,894,073	103,978,165	7,333,739	6,060,790	918,517	298,636,611
1997	18,452,876	93,367,176	10,214,195	47,073,226	116,318,535	7,178,560	5,548,895	2,029,634	300,183,097
1996	17,067,105	93,307,491	9,516,750	44,530,166	120,408,996	7,454,992	29,510,023	6,380,784	328,176,307

Source: Audited Financial Statements

<sup>1</sup> Includes general, special revenue, capital projects, and debt service funds

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**COUNTY OF SOLANO, CALIFORNIA**  
**General Government Revenues by Source<sup>1</sup>**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Taxes</b>	<b>Licenses, permits, &amp; franchises</b>	<b>Fines, forfeitures, &amp; penalties</b>	<b>Revenue from use of money &amp; property</b>
2005	\$ 78,793,277	\$ 5,658,034	\$ 6,038,097	\$ 6,415,122
2004	66,961,051	5,094,159	4,220,235	6,981,278
2003	59,246,973	4,998,512	4,729,387	3,980,609
2002	55,027,729	4,425,099	4,586,822	8,707,718
2001	49,503,902	3,705,314	4,236,423	14,298,160
2000	47,008,652	3,316,382	3,645,577	7,535,374
1999	41,724,749	3,151,701	4,125,065	6,186,024
1998	40,758,626	3,073,006	2,099,000	5,535,132
1997	39,562,515	2,611,666	3,244,468	4,157,170
1996	39,123,671	2,486,162	2,805,866	6,538,096

Source: Audited Financial Statements

<sup>1</sup> Includes general, special revenue, capital projects, and debt service funds.

**COUNTY OF SOLANO, CALIFORNIA**  
**General Government Revenues by Source<sup>1</sup>**  
**Last Ten Fiscal Years**

<u>Intergovernmental</u>	<u>Charges for services</u>	<u>Miscellaneous</u>	<u>Total</u>	<u>Fiscal Year</u>
\$ 315,166,573	\$ 77,819,413	\$ 11,532,509	\$ 501,423,025	2005
308,978,705	69,730,559	10,377,470	472,343,457	2004
277,130,397	59,721,371	7,693,931	417,501,180	2003
273,809,145	53,404,452	14,065,157	414,026,122	2002
259,590,608	50,374,834	9,431,653	391,140,894	2001
224,698,307	46,073,991	4,396,998	336,675,281	2000
212,724,221	46,340,313	5,878,697	320,130,770	1999
201,189,378	45,330,179	6,980,308	304,965,629	1998
203,193,717	38,644,420	8,027,918	299,441,874	1997
203,923,076	37,476,211	16,530,678	308,883,760	1996

**COUNTY OF SOLANO, CALIFORNIA**  
**General Government Tax Revenues by Source**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales and Use Tax</b>	<b>Property Transfer Tax</b>	<b>Transportation Tax</b>	<b>Measure B Sales Tax</b>	<b>Taxes - Other</b>	<b>Total</b>
2005	\$ 65,735,257	\$ 1,989,273	\$ 4,946,514	\$ 591,000	\$ 4,197,101	\$ 1,334,132	\$ 78,793,277
2004	56,309,939	1,545,460	3,603,308	645,000	3,925,091	932,253	66,961,051
2003	49,265,614	1,829,179	2,763,371	561,057	3,838,586	989,165	59,246,972
2002	45,296,442	1,704,534	2,208,778	1,013,953	3,683,674	1,120,348	55,027,729
2001	42,091,703	1,569,336	2,145,025	39,500	3,571,707	86,631	49,503,902
2000	39,731,881	1,464,244	2,308,042	496,940	3,007,545	-	47,008,652
1999	36,650,494	1,357,673	1,581,613	696,489	1,438,480	-	41,724,749
1998	37,888,612	1,349,120	1,027,403	464,893	-	28,598	40,758,626
1997	37,255,197	1,119,974	883,425	274,090	-	29,829	39,562,515
1996	37,030,060	917,856	778,755	397,000	-	-	39,123,671

Source: Audited Financial Statements

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

<b>Fiscal Year</b>	<b>Total Tax Levy</b>	<b>Current Tax Collections</b>	<b>Percent of Current Taxes Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Tax Collections</b>	<b>Ratio of Total Tax Collections to Total Tax Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Ratio of Delinquent Taxes to Total Tax Levy</b>
2005	\$ 377,639,034	\$ 368,064,913	97.5%	\$ 8,857,274	\$ 376,922,187	99.8%	\$ 3,941,710	1.0%
2004	338,754,419	332,042,337	98.0%	6,852,893	338,895,230	100.0%	5,771,030	1.7%
2003	304,563,538	295,257,014	96.9%	5,781,862	301,038,876	98.8%	5,686,003	1.9%
2002	265,131,228	265,383,165	100.0%	4,164,293	269,547,458	101.7%	6,219,082	2.3%
2001	233,021,257	229,022,341	98.3%	4,913,959	233,936,300	100.4%	5,747,855	2.5%
2000	214,752,491	211,270,305	98.4%	5,117,640	216,387,945	100.8%	7,776,998	3.6%
1999	205,054,382	201,112,484	98.1%	5,324,480	206,436,964	100.7%	6,798,190	3.3%
1998	195,920,241	191,364,527	97.7%	4,437,574	195,802,101	99.9%	8,353,025	4.3%
1997	186,357,309	181,523,346	97.4%	4,943,004	186,466,350	100.1%	8,075,801	4.3%
1996	181,827,617	177,145,183	97.4%	\$ 5,273,099	182,418,282	100.3%	8,292,945	4.6%

Source: Solano County Treasurer - Tax Collector - County Clerk

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

Fiscal Year	Assessed Value				Total Assessed Value Less Exemptions	Net Increase	
	Land	Improvements	Other Tangible	Exemptions		Amount	Percentage
2005	\$ 9,938,363,092	\$ 26,092,509,754	\$ 1,856,075,980	\$ 1,047,265,447	\$ 36,839,683,379	4,105,737,086	12.54
2004	8,893,837,518	23,037,121,569	1,800,483,600	997,496,394	32,733,946,293	2,926,230,348	9.82
2003	8,118,148,532	20,869,754,689	1,555,095,299	735,282,575	29,807,715,945	2,800,826,184	10.37
2002	7,498,986,428	18,738,192,795	1,561,056,591	791,346,053	27,006,889,761	2,246,577,718	9.07
2001	7,064,894,934	16,736,820,629	1,727,954,416	769,357,936	24,760,312,043	2,318,311,709	10.33
2000	6,383,594,281	15,108,844,973	1,649,781,527	700,220,447	22,442,000,334	2,051,055,664	10.06
1999	5,957,255,329	13,742,896,459	1,388,447,337	697,654,455	20,390,944,670	1,001,336,453	5.16
1998	5,743,050,644	12,795,068,367	1,379,181,097	527,691,891	19,389,608,217	832,518,232	4.49
1997	5,551,501,713	12,208,579,202	1,280,632,009	483,622,939	18,557,089,985	331,321,273	1.82
1996	5,467,952,134	12,067,628,655	1,236,031,320	545,843,397	18,225,768,712	334,739,182	1.87

Source: County of Solano - Assessor's Office

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

<b>Fiscal Year</b>	<b>Countywide Tax</b>	<b>Local Special Districts</b>	<b>Schools</b>	<b>Cities</b>	<b>Total</b>
2005	1.000000	1.669975	0.409660	0.055807	3.135442
2004	1.000000	1.674536	0.450608	0.061253	3.186397
2003	1.000000	1.668724	0.423867	0.065584	3.158175
2002	1.000000	1.664550	0.230886	0.067263	2.962699
2001	1.000000	1.580959	0.306871	0.073958	2.961788
2000	1.000000	1.582688	0.298638	0.077761	2.959087
1999	1.000000	1.592200	0.356061	0.083774	3.032035
1998	1.002323	1.526100	0.284365	0.093766	2.906554
1997	1.002382	1.512000	0.146153	0.098633	2.759168
1996	1.002651	1.526000	0.104515	0.105144	2.738310

Source: Auditor-Controller's Property Tax Division

**COUNTY OF SOLANO, CALIFORNIA**  
**Principal Taxpayers**  
**June 30, 2005**

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2005 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Valero Refining Company - Calif	Oil	\$ 996,503,026	2.70%
Genentech Inc	Manufacturing	354,546,869	0.96%
Pacific Gas & Electric Company	Utility	324,594,352	0.88%
Anheuser-Busch, Inc.	Manufacturing	264,518,702	0.72%
High Winds LLC	Energy	174,476,464	0.47%
Alza Corporation	Manufacturing/Warehousing	121,112,342	0.33%
California Northern Railroad	Transportation	116,403,771	0.32%
Pacific Bell	Utility	101,215,491	0.27%
Solano Mall LLC	Commercial Sales	90,727,136	0.25%
Calwest Industrial Holdings	Manufacturing/Warehousing	79,151,820	0.21%
Centro Watt Property Owner II	Commercial Sales & Services	65,672,800	0.18%
Park Management Corporation	Theme Park	62,173,503	0.17%
Gilroy Energy Center LLC	Manufacturing/Warehousing	55,937,634	0.15%
CPG Finance	Commercial Sales & Services	51,530,593	0.14%
Totals		<u>\$ 2,858,564,503</u>	<u>7.76%</u>

Source: Annual Budget Document

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

<b>Fiscal Year</b>	<b>Special Assessment Billings</b>	<b>Special Assessment Collected <sup>1</sup></b>
2005	\$ 48,664,269	\$ 48,952,940
2004	47,864,526	46,398,690
2003	48,086,190	46,404,717
2002	48,279,261	46,645,427
2001	46,228,581	44,848,480
2000	44,544,878	44,544,878
1999	39,791,335	39,791,335
1998	45,859,819	42,784,817
1997	43,552,096	40,196,333
1996	44,342,338	41,720,744

Source: Solano County Treasurer - Tax Collector - County Clerk

<sup>1</sup> Includes prepayments for foreclosures

**COUNTY OF SOLANO, CALIFORNIA**  
**Computation of Legal Debt Margin**  
**June 30, 2005**

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Assessed valuations:	
Assessed value	\$ 36,839,683,379
Add back: exempt real property	1,047,265,447
Total assessed value	<u>\$ 37,886,948,826</u>
Legal debt margin	
Debt limitation - 5 percent of total assessed value	\$ 1,894,347,441

**COUNTY OF SOLANO, CALIFORNIA**  
**Computation of Direct and Overlapping Bonded Debt**  
**June 30, 2005**

	<u>Net General Obligation Bonded Debt Outstanding</u>	<u>Percentage applicable to Government</u>
<b>Overlapping:</b>		
Benicia USD 1997 B	\$11,170,000	0%
Benicia Debt Service 1993 Series B	5,084,603	0%
Benicia Debt Service 1994 Series C	1,423,270	0%
Benicia Debt Service 1997 Series A	11,079,844	0%
Benicia USD 1998 Refunding Series	4,805,000	0%
Benicia USD 1997 Series 2001C	3,654,244	0%
Benicia USD Bond Measure A, Series 2000B	6,160,155	0%
Vallejo USD Bond Measure A 2002 Refunding	58,520,000	0%
Vallejo USD Bond Measure A Series 2002	24,200,000	0%
Vacaville USD Series 2002	14,285,000	0%
Dixon USD Bond Series 2003	9,840,000	0%
Fairfield USD GOB Series 2002	39,640,000	0%
SCC GOB Series 2003 A	77,045,000	0%
Vacaville USD Series 2003	17,305,000	0%
Fairfield USD GOB Series 2004	55,000,000	0%
Vallejo USD Measure A Series 2004	15,000,000	0%
	<u>\$354,212,116</u>	

**COUNTY OF SOLANO, CALIFORNIA**  
**Ratio of Annual Debt Service Expenditures**  
**for General Obligation Bonded Debt**  
**to Total General Governmental Expenditures**  
**Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Governmental Expenditures</b>	<b>Ratio of Debt Service to General Governmental Expenditures</b>
2005	\$ -	\$ -	\$ -	\$ 496,017,474	0.00%
2004	-	-	-	616,748,324	0.00%
2003	-	-	-	450,781,396	0.00%
2002	-	5,100	5,100	422,585,299	0.00%
2001	170,000	15,000	185,000	357,357,995	0.05%
2000	330,000	24,300	354,300	329,022,451	0.11%
1999	480,000	33,000	513,000	318,845,141	0.16%
1998	620,000	56,785	676,785	298,636,611	0.23%
1997	1,100,000	64,307	1,164,307	300,183,097	0.39%
1996	1,575,000	87,079	1,662,079	328,176,307	0.51%

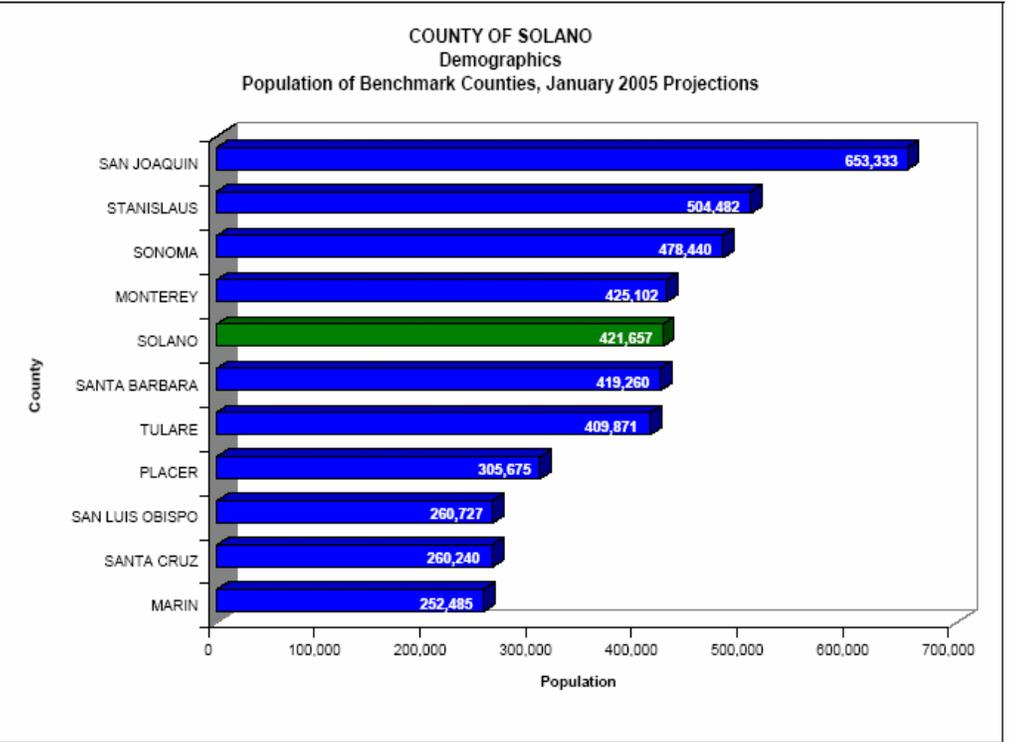
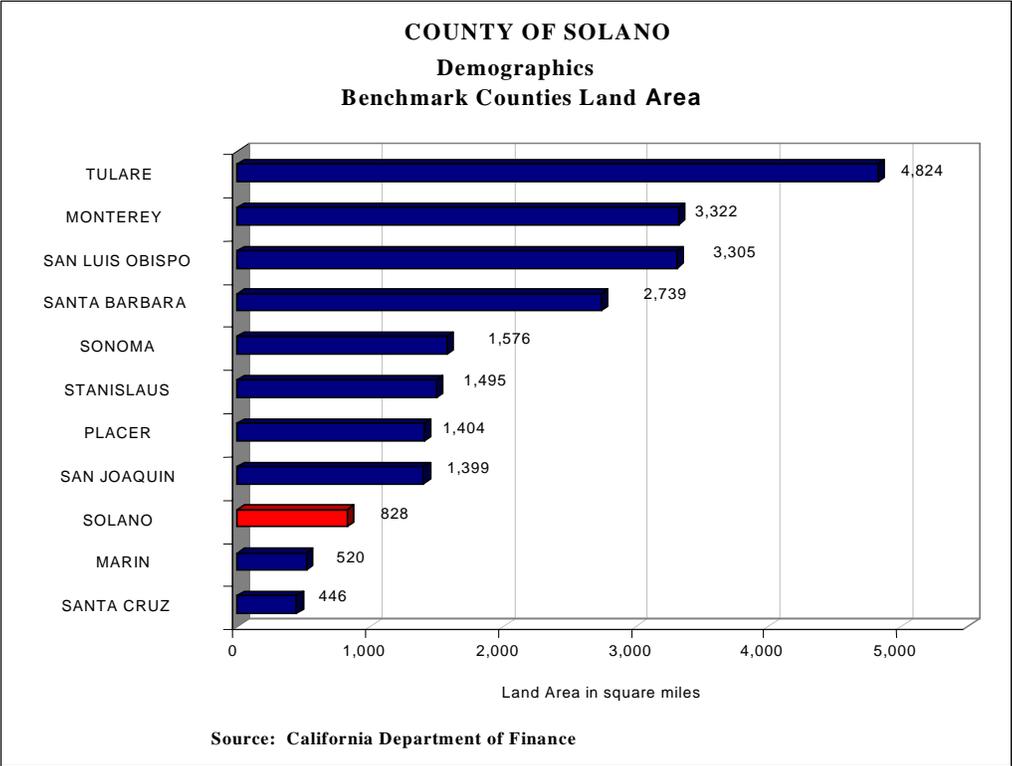
### Demographic Statistics:

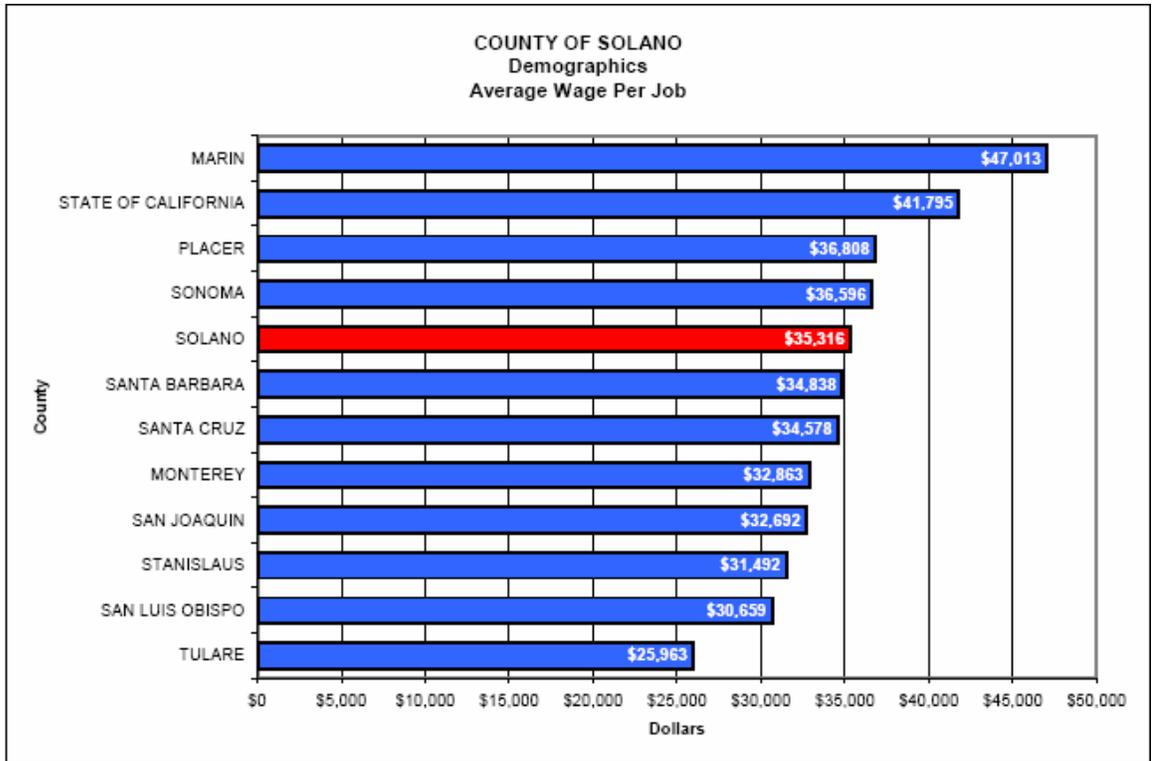
We have selected a group of ten counties that are used for comparisons in the following charts. The County of Solano has the following characteristics in common with each of these counties:

- They are the ten counties closest to Solano in population – four with higher population and six with lower population.
- A total population of more than 250,000 but less than 660,000.
- All include both suburban and rural environments.
- None contains a large metropolitan city.
- Seven are coastal or Bay Area counties.

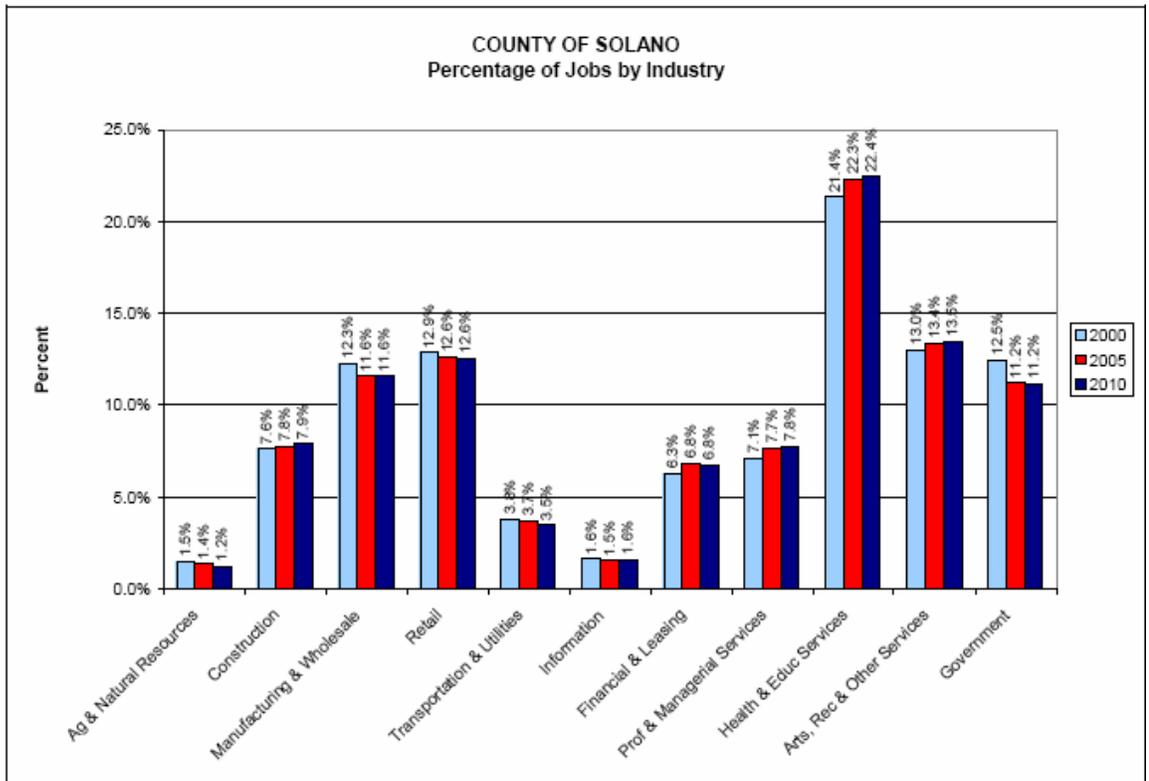
Most have the same urban growth vs. rural preservation issues facing Solano County.



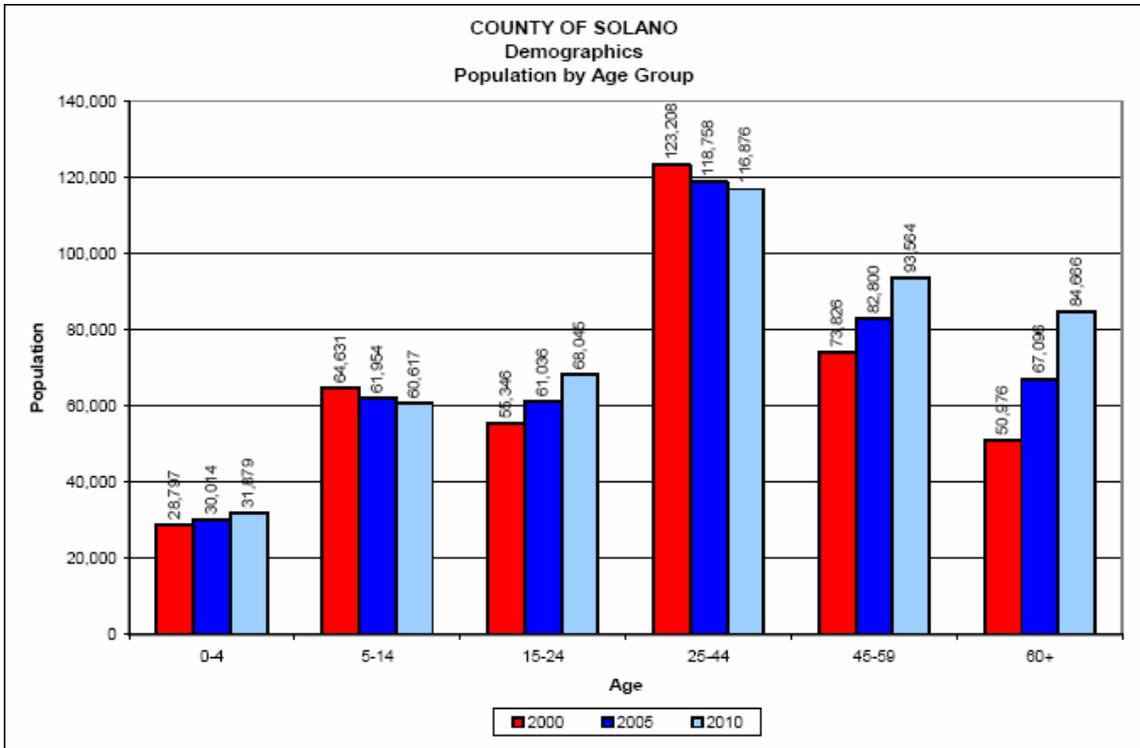




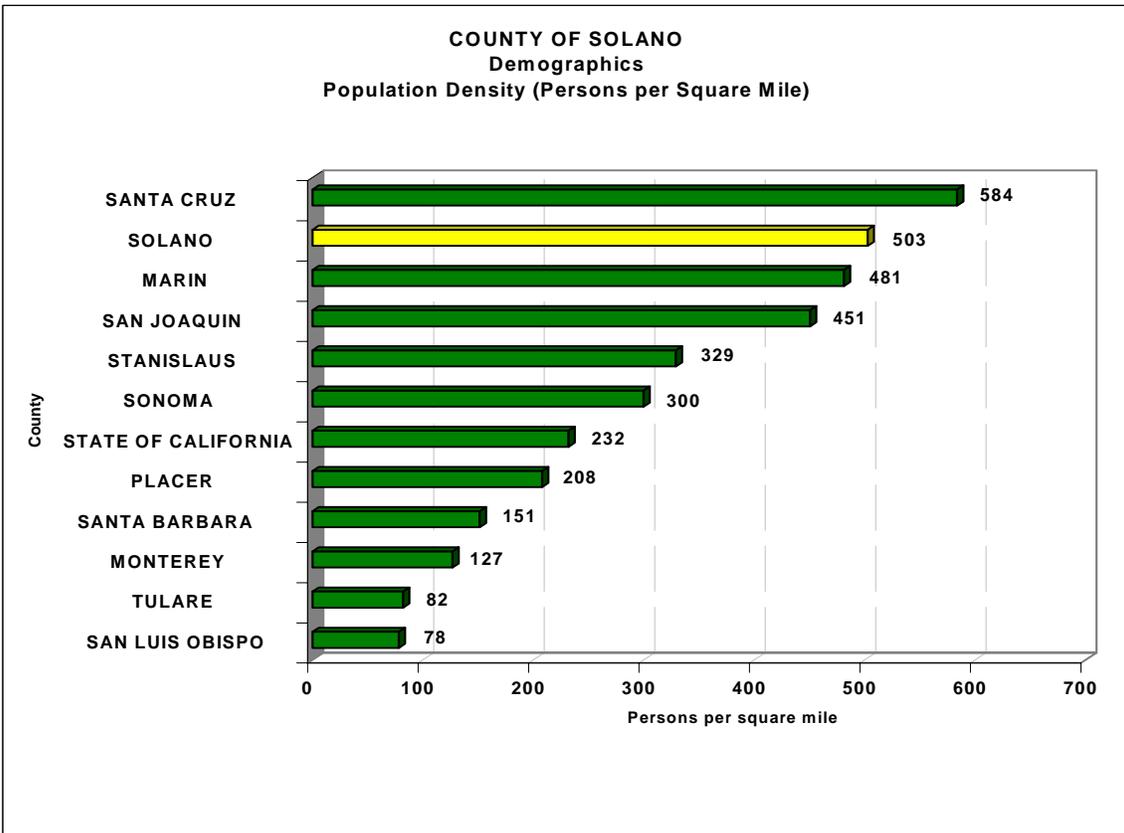
Source: Bureau of Economic Analysis, U.S. Department of Commerce



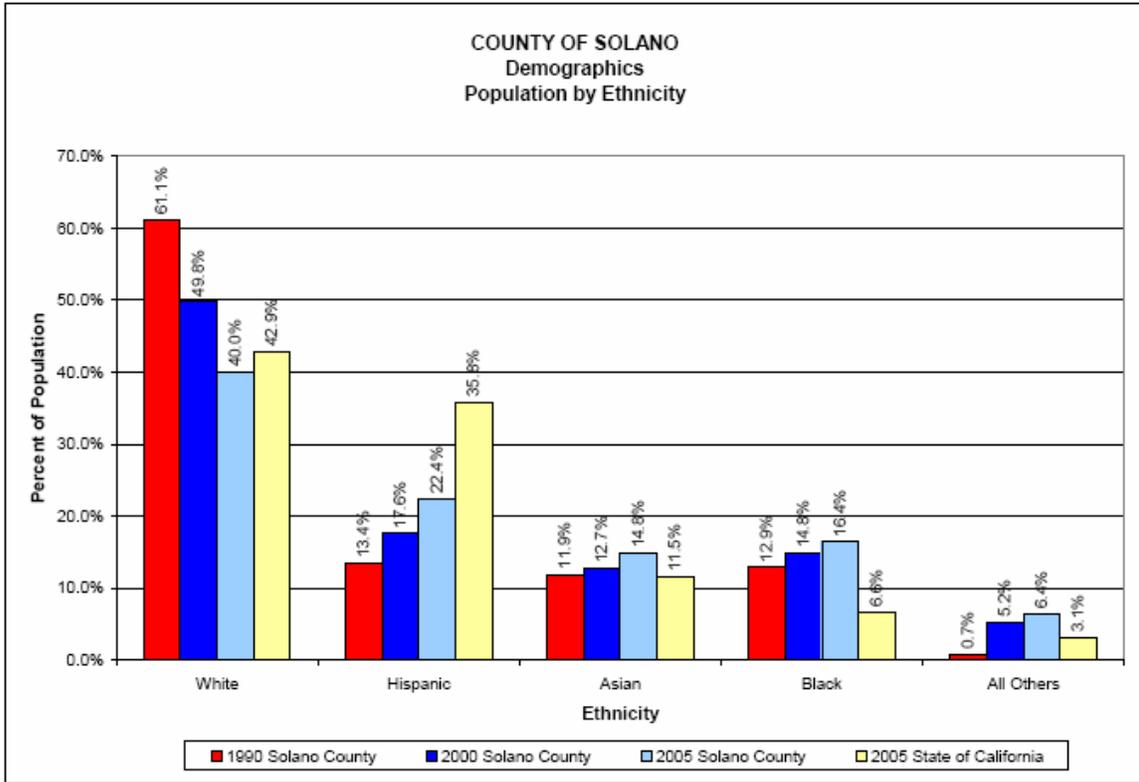
Source: Association of Bay Area Governments – Projections 2005



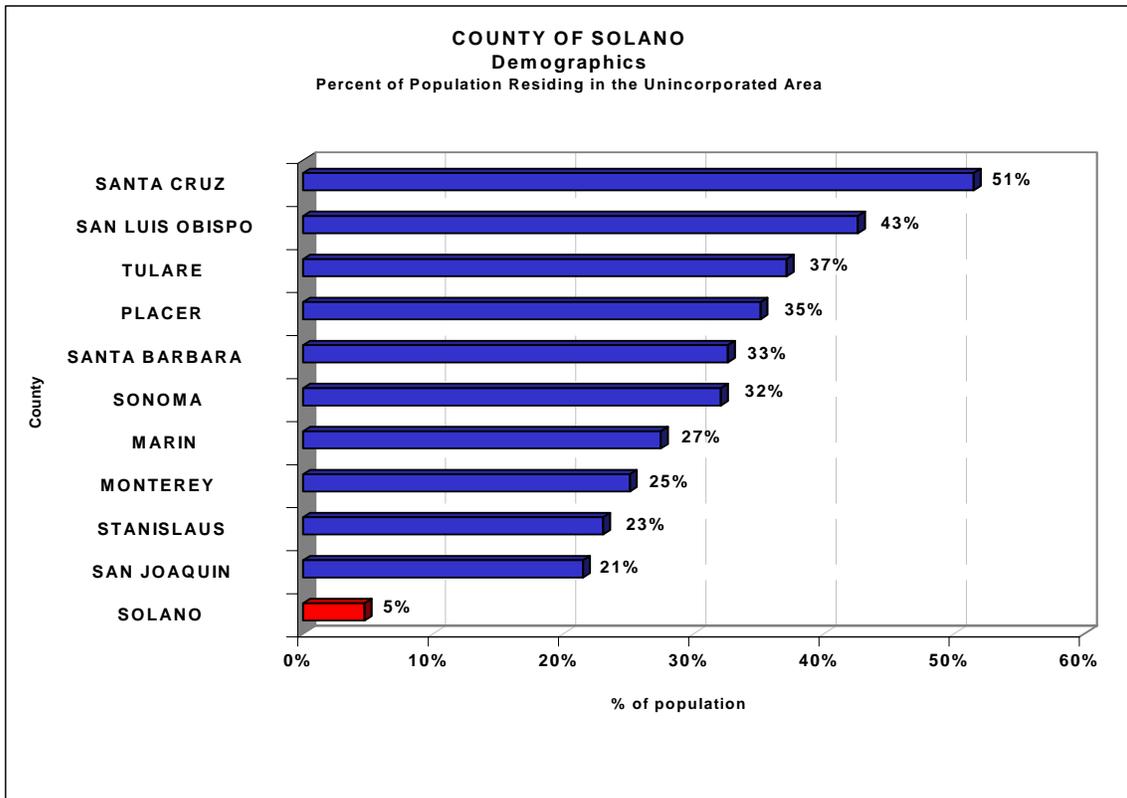
Source: California Department of Finance, Demographic Research Unit



Source: California Department of Finance, Demographics Research Unit



Source: California Department of Finance, Demographics Research Unit



Source: California Department of Finance, Demographics Research Unit

**COUNTY OF SOLANO, CALIFORNIA**  
**Miscellaneous Statistics**  
**June 30, 2005**

Date of Incorporation	1850
Form of Government	General Law County Five Member Board of Supervisors
County Seat:	Fairfield
Number of employees	
Regular	2,659
Extra Help	354
Area in square miles	828
Roads/Infrastructure:	
Miles of streets	595
Number of street lights	366
Bridges	96
Agriculture Crops (2003)	
Nursery Stock	\$ 43,645,000
Cattle and Calves	26,185,400
Alfalfa Hay	22,590,700
Tomatoes, Processing	18,867,500
Milk, Market	12,979,400
Grapes, Wine	10,231,100
Other	43,401,100
Culture and Recreation:	
Libraries	7
Museums	5
Parks	3
Park acreage	223
Protection Services:	
Number of Fire Districts	7
Number of Sheriff's Offices	2

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

<b>Bay Area Home Sales</b>						
<b>County</b>	<b>Number of Houses Sold</b>			<b>Number of Houses Sold</b>		
	<b>May-04</b>	<b>May-05</b>	<b>Change (%)</b>	<b>May-04 (\$000)</b>	<b>May-05 (\$000)</b>	<b>Change (%)</b>
Alameda	2,466	2,155	-12.6%	487	573	17.7%
Contra Costa	2,301	2,229	-3.1%	451	539	19.5%
Marin	465	429	-7.7%	642	820	27.7%
Napa	198	182	-8.1%	510	552	8.2%
San Francisco	779	698	-10.4%	632	765	21.0%
San Mateo	906	805	-11.1%	622	726	16.7%
Santa Clara	3,068	2,838	-7.5%	544	628	15.4%
<b>Solano</b>	<b>966</b>	<b>1,098</b>	<b>-13.7%</b>	<b>349</b>	<b>429</b>	<b>22.9%</b>
Sonoma	879	874	-0.6%	445	533	19.8%
<b>Bay Area</b>	<b>12,028</b>	<b>11,308</b>	<b>-6.0%</b>	<b>506</b>	<b>595</b>	<b>17.6%</b>

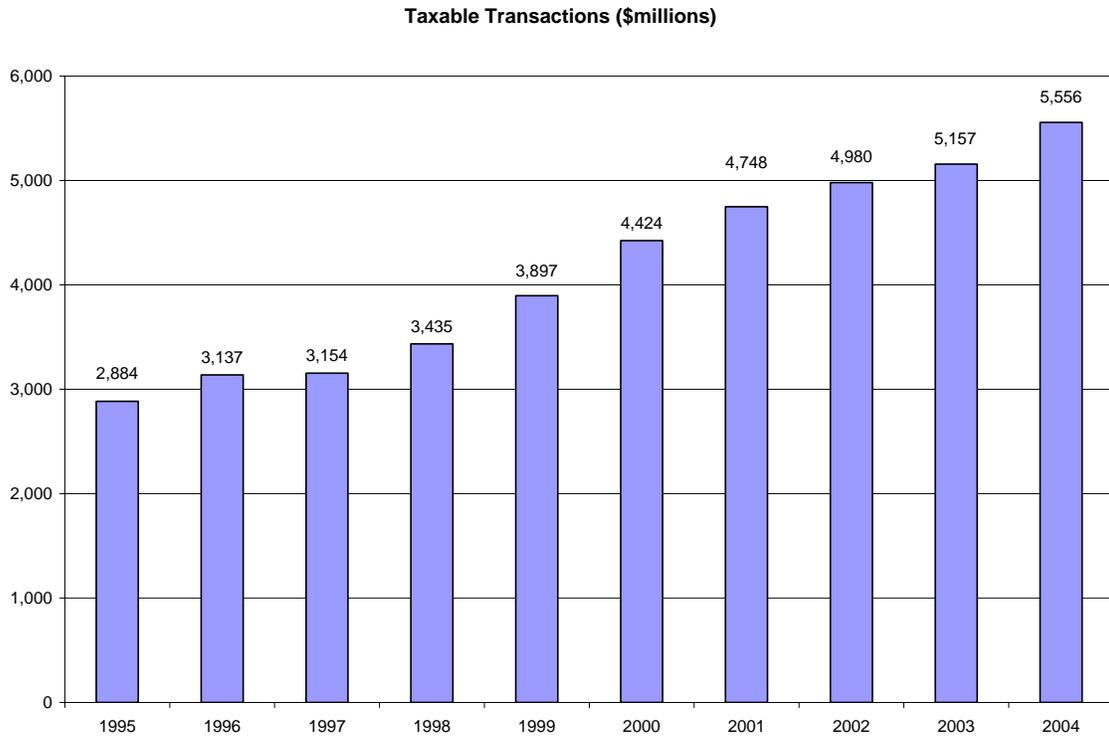
Source: DataQuick Information Systems, www.dqnews

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

- Labor force has increased 8.7% since 1990
- The County's 2005 unemployment rate is 5.5% vs. State's rate of 5.7%

<b>County of Solano Key Economic Indicators</b>					
	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Population	398,600	405,800	412,000	416,500	421,657
Labor Force	194,800	200,300	210,700	215,000	209,000
Employment	186,500	189,000	199,112	203,000	197,505
Unemployment	8,400	11,300	11,589	12,100	11,495
Unemployment %	4.3	5.6	5.5	5.6	5.5

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



Source: [www.boe.ca.gov](http://www.boe.ca.gov)

**Twenty Top Private Sector County Employers for 2004**

<b>Rank</b>	<b>Company</b>	<b>Location</b>	<b>Type of Business</b>	<b>Number of Employees</b>
1	Kaiser Permanente	Vallejo/Vacaville/Fairfield	Health Services	2,735
2	NorthBay Medical Center	Fairfield	Health Services	1,301
3	Six Flags Marine Vallejo	Vallejo	Entertainment	1,200
4	ALZA Corporation	Vacaville	Biotech Manufacturing	700
5	Albertson's Distribution Center	Vacaville	Distribution	700
6	Sutter Solano Medical Center	Vallejo	Health Services	674
7	Westamerica Bancorporation	Fairfield	Finance	542
8	Genentech	Vacaville	Biotech Manufacturing	500
9	Valero Refining Company-CA	Benicia	Oil (Refinery)	480
10	Anheuser-Busch Brewery	Fairfield	Manufacturing (Brewery)	465
11	CSK Auto Incorporated	Dixon	Distribution	420
12	TIMEC Co.	Vallejo	Construction	400
13	Hines Wholesale Nursery	Vacaville	Agriculture	400
14	Jelly Belly Candy Company	Fairfield	Manufacturing	400
15	Travis Credit Union	Vacaville	Finance	350
16	Corey Delta Incorporated	Benicia	Construction	350
17	Simpson Dura-Vent	Vacaville	Manufacturing	275
18	West Coast Beauty Systems	Benicia	Distribution	258
19	Pepsi-Cola Bottling Group	Benicia	Distribution	250
20	Copart	Fairfield	Auto Auction	250

Source: SEDCORP – October 2004