



County of Solano, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2003

William A. Eldridge
Auditor-Controller

County of Solano, California



Comprehensive Annual Financial Report

For the fiscal year ended

June 30, 2003

Prepared by:

Office of the Auditor-Controller

William A. Eldridge
Auditor-Controller

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INTRODUCTORY SECTION

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SIMONA PADILLA-SCHOLTENS
ASSISTANT AUDITOR-CONTROLLER

PHYLLIS TAYNTON
CHIEF DEPUTY AUDITOR-CONTROLLER

December 4, 2003

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, 2003.

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, 2003, 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, 2003, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standard governing Single Audit engagement requires the independent auditor to report not only

on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

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

Profile of the Government:

General Information

The County lies in the northeast section of the nine-county San Francisco Bay Area. It is located approximately 45 miles northeast of San Francisco and 45 miles southwest of Sacramento. The County covers 823 square miles, a majority of which lies in the fertile Sacramento Valley. It is bordered by Napa County to the northwest, Yolo County to the northeast, Sacramento County to the east and Contra Costa County to the south. Between Solano and Contra Costa Counties lies Suisun Bay, which is an extension of the San Francisco Bay, and the confluence of the Sacramento and San Joaquin Rivers, which empty into San Pablo Bay through the Carquinez Straits. The western edge of Solano County consists of low mountains, which are part of the Coast Range.

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

With its strategic location, natural and human resources, history of responsible land planning, and attractive quality of life, Solano County is entering the 21st Century with a promising future as a place to live, learn, work and play.

County Government

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

Board of Supervisors.

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 of the annual budget, adopting county ordinances, setting policies, confirming appointments of most non-elected officials, and assisting citizens in solving problems and addressing local concerns.

County Services

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

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

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

- Environmental Health
- Agricultural Commissioner
- Weights and Measures
- Airport
- Indigent Medical Services
- Public and Mental Health Services
- Child Protection and Social Services
- Emergency Medical Services
- Public Assistance/Welfare to Work
- Vital Statistics and Document Recording
- Child Support Collection
- Tax Assessment and Collection
- Elections and Voter Registration
- Regional Parks
- Jails and Juvenile Facilities
- Probation Supervision
- Landfills and Solid Waste Disposal
- Public Defender/Alternative Defense
- Coroner and Forensic Services
- Grand Jury
- Criminal Prosecution (District Attorney)

Factors Affecting Financial Condition:

Budgetary Information

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

The budget is prepared by fund, function (e.g. public safety), and department (e.g., Sheriff). Department heads may transfer appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the Board. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an

appropriated annual budget was adopted. These schedules, which are part of the required supplementary information section of this report, start on page 73.

Population and Local Economy

The County's population as of January 2003 was approximately 412,000. The County's population based on the 2000 census was 394,542, a 16% increase from the 1990 Census of 339,800. The rate of growth was higher than that of the State for the same period. A key element of Solano County's rapid growth has been migration into the County; immigration has accounted for most of the County's growth since 1980. About 72% of the County's population increase has occurred within its three largest cities: Vallejo, Fairfield and Vacaville. The other cities in the County also showed population increases over this ten-year period.

The County's seven cities are long-established communities. Relatively low costs for land and housing, proximity to major population and recreation centers, and job opportunities continue to make Solano 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 had \$164,745,000 in direct debt outstanding as of June 30, 2003.

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

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

During the year, the County issued \$118,325,000 of Certificates of Participation to finance the projects.

Cash money policies and practices

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

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

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

Cash temporarily idle during the year was invested in certificates of deposit, obligations of the U.S. Treasury, commercial paper, and the State Treasurer's investment pool. The maturities of the investments range from 30 days to 4 years, with an average maturity of 12 months. Interest rates on investments were between 0.75 and 6.201% for the government. Investment income includes appreciation in the fair value of its investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; it is always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments the government intends to hold to maturity.

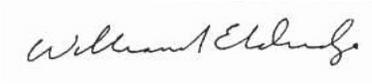
Awards and Acknowledgements

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

The County of Solano was awarded a Certificate of Achievement for excelling in financial reporting for the County's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2002.

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: Simona Padilla-Scholtens, Phyllis Taynton, Tony Manlicic and Sheila Turgo. Credit also must be given to the County Administrator and the Board of Supervisors for their support in maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,

A handwritten signature in cursive script, reading "William A. Eldridge". The signature is written in black ink on a light-colored background.

William A. Eldridge,
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, 2002

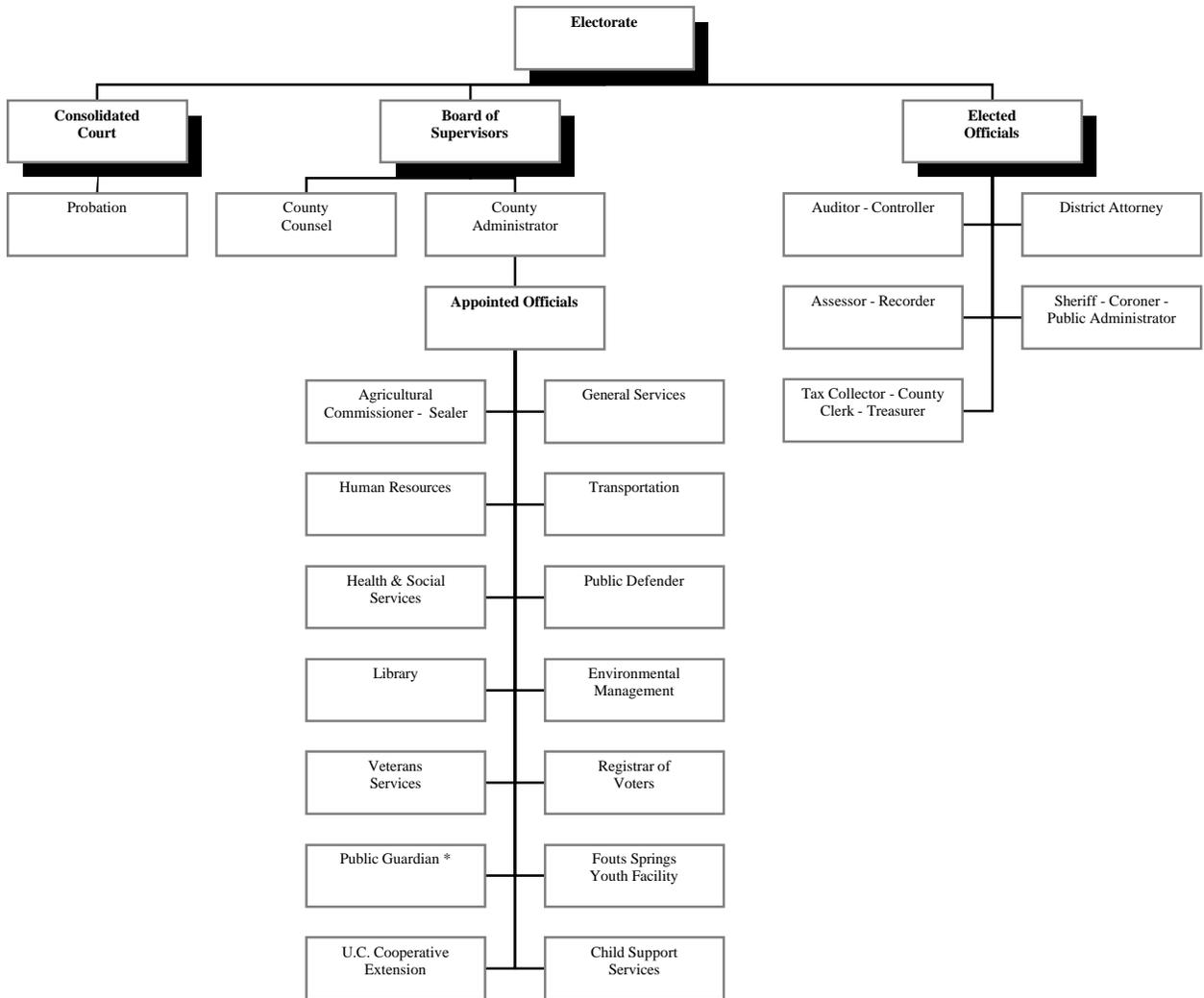
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

County of Solano, California Organizational Chart



*Effective July 1, 2003, the Public Guardian department was merged with the Health & Social Services Department

Solano County, California
List of Elected and Appointed Officials

Elected Officials

Auditor-Controller	William A. Eldridge
Assessor-Recorder	Skip Thomson
Treasurer-Tax Collector-County Clerk	Charles Lomeli
District Attorney	David Paulson
Sheriff-Coroner	Gary Stanton

Appointed Officials

Ag Commissioner-Sealer of Weights & Measures	Susan Cohen
Child Support Services	Dennis Covell
Consolidated Courts, Executive Officer	Charles Ramey
Cooperative Extension	Lawrence Clement
County Administrator	Michael Johnson
County Counsel	Dennis Bunting
Environmental Management	Birgitta Corsello
Fouts Springs Youth Facility	Brian L. Cooley
General Services	Veronica Ferguson
Health & Social Services	Patrick Duterte
Human Resources-Risk Management	Yolanda Irigon
Information Services	Ira Rosenthal
Library	Ann Cousineau
Probation	Gemma Grossi
Public Defender-Conflict Defender	Marvin Brookner
Registrar of Voters	Laura Winslow
Transportation	Charlie A. Jones, Jr.
Veteran Services	William Reardon
Workforce Investment Board (WIB)	Robert L. Bloom

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FINANCIAL SECTION



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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, 2003, 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.

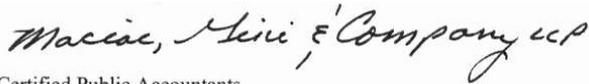
We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component unit and remaining fund information of the County of Solano, California, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2003 on our consideration of the County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 15 through 26, and schedules of funding progress and budgetary comparison information on pages 75 through 80 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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.



Certified Public Accountants

Sacramento, California
December 5, 2003

Offices located throughout California

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ASSISTANT AUDITOR-CONTROLLER

PHYLLIS TAYNTON
CHIEF DEPUTY AUDITOR-CONTROLLER

Management's Discussion and Analysis

As management of the County of Solano, California, (County) we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2003. 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, 2003 by \$448,316,048 (net assets). Of this amount, \$61,989,906 (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 \$69,874,310 as a result of the current year's operations.
- At June 30, 2003, the County's governmental funds reported combined ending fund balances of \$277,450,362, an increase of \$150,023,030, as a result of the current year's operations. Approximately 43% of this total amount, \$119,469,296, is available for spending at the government's discretion (unreserved fund balance) and 57% of this amount \$157,981,066, is reserved.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$20,991,994 or 40% 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 most 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 and sanitation, public assistance, education and recreation. The business-type activities of the County include the Nut Tree Airport and the Fouts Springs Youth Facility.

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

The government-wide financial statements can be found on pages 29-31 of this report.

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

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

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

The County maintains 78 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, Fairfield Downtown Project-Capital Projects Fund, and Tobacco Settlement-Special Revenue Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

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

The basic governmental fund financial statements can be found on pages 32-36 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 Fleet Management, Communications, Risk Management, Solano County Integrated Property System, Reprographics, and Management Information Systems. 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 37-39 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 40-41 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 43-71 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 75-80 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 \$ 448,316,048 at June 30, 2003.

By far the largest portion of the County's net assets (59%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources

needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2003	2002, as restated	2003	2002, as restated	2003	2002, as restated
Current and other assets	\$ 352,395,782	\$ 187,319,476	\$ 1,956,372	\$ 884,375	\$ 354,352,154	\$ 188,203,851
Capital assets	338,954,192	307,101,795	10,147,644	10,317,517	349,101,836	317,419,312
Total assets	\$ 691,349,974	\$ 494,421,271	\$ 12,104,016	\$ 11,201,892	\$ 703,453,990	\$ 505,623,163
Current liabilities	\$ 67,549,162	\$ 61,789,606	\$ 717,983	\$ 820,966	\$ 68,267,145	\$ 62,610,572
Non-current liabilities	185,269,837	64,121,757	1,600,960	449,096	186,870,797	64,570,853
Total liabilities	252,818,999	125,911,363	2,318,943	1,270,062	255,137,942	127,181,425
Net assets:						
Invested in capital assets, net of related debt	256,654,269	250,850,720	8,509,364	9,842,975	265,163,633	260,693,695
Restricted net assets	119,862,509	61,390,542	1,300,000	-	121,162,509	61,390,542
Unrestricted net assets	62,014,197	56,268,646	(24,291)	88,855	61,989,906	56,357,501
Total net assets	438,530,975	368,509,908	9,785,073	9,931,830	448,316,048	378,441,738
Total liabilities and net assets	\$ 691,349,974	\$ 494,421,271	\$ 12,104,016	\$ 11,201,892	\$ 703,453,990	\$ 505,623,163

An additional portion of the County's net assets (27%) represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (14%) 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 two categories of net assets, both for the County as a whole, as well as for its separate governmental and business-type activities.

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

Current & other assets: The increase of approximately \$165,000,000 is primarily due to the receipt of debt proceeds from the issuance of the 2002 Certificates of Participation (\$120,000,000) and proceeds from the securitization of tobacco settlement revenue (\$55,088,473).

Current liabilities: The increase of approximately \$6,000,000 over prior year represents the current portion of 2002 Certificates of Participation for the Fairfield Downtown Project due within one year.

Non-current liabilities: The increase of approximately \$121,000,000 is primarily due to the issuance of the 2002 Certificates of Participation for the Fairfield Downtown Project.

Restricted net assets: The increase of approximately \$58,000,000 is primarily due to the receipt of proceeds from sale of tobacco settlement revenues (\$55,088,473).

Changes in program revenues and program expenses remain consistent with the prior year. Program revenues funded 78% of the program expenses consistent with the prior year 81%. At the same time, general revenues such as property taxes and intergovernmental revenues continue to increase due to increasing property values, additional special assessments, and vehicle license fees. 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, 2003						
	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002, as restated	2003	2002, as restated
Revenues:						
Program revenues:						
Charges for services	\$ 62,441,514	\$ 64,910,168	\$ 4,150,264	\$ 4,532,805	\$ 66,591,778	\$ 69,442,973
Operating grants and contributions	249,276,485	243,832,179	-	-	249,276,485	243,832,179
Capital grants and contributions	2,281,016	-	-	979,600	2,281,016	979,600
General revenues:						
Property taxes	49,265,614	48,969,454	167,562	153,882	49,433,176	49,123,336
Other taxes	4,592,553	3,913,312	-	-	4,592,553	3,913,312
Tobacco settlement proceeds	-	4,771,547	-	-	-	4,771,547
Intergovernmental	39,605,008	37,851,097	1,024,104	758,091	40,629,112	38,609,188
Interest and investment earnings	3,554,065	8,461,200	28,494	6,682	3,582,559	8,467,882
Other	63,430,314	5,328,913	7,914	32,381	63,438,228	5,361,294
Gain on sale of capital assets	-	-	10,500	-	10,500	-
Total Revenues	474,446,569	418,037,870	5,388,838	6,463,441	479,835,407	424,501,311
Expenses:						
General government	45,032,722	41,910,911	-	-	45,032,722	41,910,911
Public protection	125,585,195	119,673,935	-	-	125,585,195	119,673,935
Public ways and facilities	10,911,632	7,076,867	-	-	10,911,632	7,076,867
Health and sanitation	82,980,974	80,209,568	-	-	82,980,974	80,209,568
Public assistance	120,898,958	118,808,521	-	-	120,898,958	118,808,521
Education and recreation	12,663,165	11,945,358	-	-	12,663,165	11,945,358
Interest on long-term debt	6,176,532	4,994,361	-	-	6,176,532	4,994,361
Nut Tree Airport	-	-	1,180,824	1,048,905	1,180,824	1,048,905
Fouts Springs Youth Facility	-	-	4,531,095	4,400,648	4,531,095	4,400,648
Total Expenses	404,249,178	384,619,521	5,711,919	5,449,553	409,961,097	390,069,074
Excess before transfers	70,197,391	33,418,349	(323,081)	1,013,888	69,874,310	34,432,237
Transfers	(176,324)	-	176,324	-	-	-
Change in net assets	70,021,067	33,418,349	(146,757)	1,013,888	69,874,310	34,432,237
Net assets – beginning, as restated	368,509,908	335,091,559	9,931,830	8,917,942	378,441,738	344,009,501
Net assets – ending	\$ 438,530,975	\$ 368,509,908	\$ 9,785,073	\$ 9,931,830	\$ 448,316,048	\$ 378,441,738

Governmental activities. Governmental activities increased the County's net assets by \$70,197,391 thereby accounting for 100% of the total growth in the net assets of the County. Total governmental revenues increased from the prior year by \$56,408,699. Total governmental expenses increased from the prior year by \$19,629,657.

The key elements of the significant changes are as follows:

Revenues:

Operating grants and contributions increased by \$5,444,306 due to the following:

- Proposition 172 sales tax revenues collected for public safety increased by \$2,213,243 due to increased sales activity.
- Increase of \$2,101,581 in operating grants as a result of providing more public safety services in the current year.

Capital Grants & Contributions:

Increase over prior year is primarily due to the funding from the State for the construction of the new juvenile detention facility in the amount of \$2,081,016.

Tobacco Settlement Proceeds:

Decrease in the amount of \$4,771,547 is due to the sale of tobacco settlement revenues during FY 2002-2003.

Interest & Investment Earnings:

The interest & investment earnings decreased by \$4,907,135 from prior year. The decrease is primarily caused by lower interest rates and lower average daily cash balance due to greater usage of cash in providing services. In addition, the County issued \$3.7 million in TRANS in the current year compared to \$20 million issued in the prior year.

Other:

The other revenue increased by \$58,101,401 over prior year. The increase is primarily due to the \$55,088,473 received during FY 02-03 from the sale of tobacco settlement revenues.

Expenses:

General Government:

Expenses for General Government increased by \$3,121,811 over prior year. The increase was due to increases in salaries and benefits due to the annual cost of living allowance (COLA) and worker's compensation costs.

Public Protection:

Expenses for public protection (i.e. Judicial services, police, detention and correction) increased by approximately \$5,911,260. The increase was due to the increase in the level of services, increase in workloads and increases in salaries and benefits due to the annual COLA's and workers compensation costs.

Public ways and facilities:

Expenses increased by approximately \$3,834,765 over the prior year. The increase was due to the increase in maintenance projects completed over the prior year.

Health & Sanitation:

Expenses increased by approximately \$2,771,406 over the prior year. The increase was due to increases in salaries and benefits due to the annual COLA's and workers compensation costs and the hiring of additional employees in Family Health Services, Public Health and Mental Health. In addition, increases in costs also include increases in contracted services and other expenses related to public assistance programs as a result of providing more services to the public.

Public Assistance:

Expenses increased by approximately \$2,090,437 over prior year. The increase was primarily due to increases in salaries and benefits due to the annual COLA's and workers compensation costs and increase in retirement cost due to employees' retirement in the current year.

Business-type activities. Business-type activities decreased the County's net assets by \$146,757. The key element of this decrease was due to the termination of the contract from the California Youth Authority (CYA) with the Fouts Springs Youth Facility.

Financial Analysis of the County's Funds

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

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

At June 30, 2003, the County governmental funds reported combined ending fund balances of \$277,450,362, an increase of \$150,023,030, as a result of current year operations. Of the \$277,450,362, 43% of this (\$119,469,296) 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, \$17,589,352, b) to pay debt service, \$21,367,754, c) to reflect long-term receivables that do not represent available spendable resources, \$1,770,453, d) to pay for future capital projects for the County, \$19,598,619, e) general reserves, \$96,980,917, and f) other reserves, \$673,971.

General Fund:

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$20,991,994, while total fund balance reached \$48,907,060. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 40% of the total General Fund expenditures, while total fund balance represents 93% of that same amount.

The fund balance of the County's General Fund increased by \$3,680,334 during the current fiscal year. The increase primarily consists of increases in revenues.

The secured taxes increased by 8.3% as compared to the prior year. This was due to the growth in the assessed value. In addition, the charges for services increased by 13.2%. The charges for

services increased in recording fees, disposal fees, administrative overhead revenues, and planning services.

Health & Social Services:

The fund balance of the Health & Social Services Fund decreased by \$2,730,114 in the current fiscal year. The decrease primarily consists of increases in Health and Sanitation costs due to increases in salaries and benefits and hiring of additional employees.

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

Tobacco Settlement:

The fund balance of the Tobacco Settlement Fund increased by \$52,401,883 during the current year. This increase was primarily due to the receipt of \$55,088,473 for the sale of the future tobacco settlement stream of revenues.

In addition, the County transferred \$2,053,132 to the Health & Social Services Fund to provide additional health related services.

Fairfield Downtown Project:

The fund balance of the Fairfield Downtown Project Fund increased by \$80,082,201 in the current year. This increase was primarily due to the receipt of the proceeds (\$106,135,100) for the issuance of the 2002 Certificates of Participation for the Fairfield Downtown Project.

The increase in expenditures (\$22,628,066) is due to the increase in construction costs for the Fairfield Downtown Government Center.

Other:

Revenues for governmental functions totaled \$417,501,180 in fiscal year 2002-2003. This represents a .84% increase from fiscal year 2001-2002.

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

**Revenues Classified by Source
Governmental Funds**

Revenues by Source	FY 2003		FY 2002, as restated		Increase(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 59,246,973	14.19%	\$ 55,027,729	13.29%	\$ 4,219,244	7.67%
Licenses, permits and franchises	4,998,512	1.20%	4,425,099	1.07%	573,413	12.96%
Fines, forfeitures and penalties	4,729,387	1.13%	4,586,822	1.11%	142,565	3.11%
Revenue from use of money	3,980,609	.95%	8,707,718	2.10%	(4,727,109)	-54.29%
Intergovernmental revenues	277,130,397	66.38%	275,448,283	66.53%	1,682,114	.61%
Charges for services	59,721,371	14.30%	53,404,452	12.90%	6,316,919	11.83%
Miscellaneous revenues	7,693,931	1.84%	12,426,019	3.00%	(4,732,088)	-38.08%
Total	<u>\$ 417,501,180</u>	<u>100.00%</u>	<u>\$ 414,026,122</u>	<u>100.00%</u>	<u>\$ 3,475,058</u>	<u>.84%</u>

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

- Taxes: The increase of \$4,219,244 was primarily due to increases in assessed property values.
- Revenue from use of money and property: The decrease of \$4,727,109 was primarily caused by lower interest rates due to a weaker economy and lower average daily cash balance due to greater usage of cash in providing services. In addition, the County issued \$3.7 million in TRANS in the current year compared to \$20 million issued in the prior year.
- Licenses, permits and franchises: The increase of \$573,413 was primarily due to Building permits and food permits. Due to the lower interest rates, the number of building permits increased from the prior year.
- Charges for services: The increase of \$6,316,919 was primarily caused by a \$3,200,040 increase in the General Fund over prior year for across the board increases in recording fees, assessment and tax collection fees, disposal fees, countywide administrative overhead charges, and an increase in the services provided by the General Services Dept.
- Miscellaneous revenues: The decrease of \$4,732,088 was primarily due to sale of tobacco settlement revenues. The sale proceeds are recorded as Other Financing Source.

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

Expenditures by Function Governmental Funds

Expenditures by Function	FY 2003		FY 2002		Increase(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 40,861,290	9.06%	\$ 39,392,941	9.32%	\$ 1,468,349	3.73%
Public protection	128,691,041	28.55%	117,626,458	27.83%	11,064,583	9.41%
Public ways and facilities	8,152,377	1.81%	5,883,609	1.39%	2,268,768	38.56%
Health and sanitation	84,249,844	18.69%	77,897,875	18.43%	6,351,969	8.15%
Public assistance	121,296,428	26.91%	118,637,287	28.07%	2,659,141	2.24%
Education and recreation	12,713,005	2.82%	11,728,628	2.78%	984,377	8.39%
Advance refunding escrow			4,116,500	.97%	(4,116,500)	-100.00%
Debt service – principal retirement	7,193,245	1.60%	7,081,861	1.68%	111,384	1.57%
Debt service – interest charges	5,157,325	1.14%	4,930,092	1.17%	227,233	4.61%
Capital outlay	42,466,841	9.42%	35,290,048	8.35%	7,176,793	20.34%
Total	<u>\$ 450,781,396</u>	<u>100.00%</u>	<u>\$ 422,585,299</u>	<u>100.00%</u>	<u>\$ 28,196,097</u>	<u>6.67%</u>

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

- Public protection: The increase was primarily due to the increase in the level of services, additional positions allocated, increase in workloads and increases in salaries and benefits due to the annual COLA's and workers compensation costs. In addition, the

increase in costs reflects increased service levels provided by State funding (i.e. Solano Mentally Ill Offender Crime Reduction Program, Mental Health Court Project and Victim Notification System).

- Public ways and facilities: The increase was primarily due to the increase in maintenance projects completed in the current year.
- Health and sanitation: The increase was due to increases in salaries and benefits due to the annual COLA's and workers compensation costs and the hiring of additional employees in Family Health Services, Public Health and Mental Health. In addition, the increase in costs also reflects increases in contracted services for Mental Health and Public Health.
- Public assistance: The increase was primarily due to increases in salaries and benefits due to the annual COLA's, workers compensation costs and retirement costs due to employees' retirement in the current year.
- Education and recreation: The increase was due to increases in salaries and benefits due to the annual COLA's and the increase in workers compensation costs. In addition, the Library increased costs for library materials.
- Advance refunding escrow: The decrease represents the current portion of the payoff of the 1993 Certificates of Participation refunded by the issuance of the 2001 Certificates of Participation in the prior year. There was no refunding in the current year.
- Debt service – Interest charges: The net increase in interest charges was primarily due to 1) \$2,342,876 increase in interest for the 2002 Certificates of Participation, this debt did not exist in the prior year; and 2) \$1,820,202 decrease due to decrease in TRANS in the current year. The County issued \$3.7 million in TRANS in the current year as compared to \$20.657 million in the prior year.
- Capital outlay: Increase is attributable to an increase in capital projects activity in the current year. There was an increase of \$22.3 million for the construction of the new Fairfield Downtown Government Center; increase of \$3.9 million for the construction of the Juvenile Detention Facility; decrease of \$14.0 million for the completion of the H&SS Admin Building; decrease of \$1.5 million for the completion of the Belden Landing project; and decrease of \$2.2 million in transportation projects.

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

Unrestricted net assets of the Nut Tree Airport at the end of the year amounted to \$121,819, and the unrestricted net assets for the Fouts Springs Youth Facility was a negative \$146,110. The net assets for the Nut Tree Airport increased by \$71,998, and the Fouts Springs Youth Facility decreased by \$218,755. The decrease for Fouts was due to the loss of the contract with California Youth Authority. In addition, the Solano County Fair is presented as a component unit in the current fiscal year. The Solano County Fair was included as a business-type activity in the prior year.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget of the General Fund, including transfers, represents an increase in appropriations of \$5,351,653 and can be briefly summarized as follows:

- \$2,047,484 in decreases to general government activities
- \$2,014,406 in increases to public protection activities
- \$4,981,892 in increases in transfers out
- \$396,830 in increases to capital outlay

During the year, revenues recognized exceeded budgetary estimates by \$13.8 million and expenditures were less than budgetary estimates by \$15.2 million, thus eliminating the need to draw upon existing fund balance.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of June 30, 2003, amounts to \$349,101,836 (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 investment in capital assets for the current fiscal year was 9.98%.

Major capital asset events during the current fiscal year included the following construction and construction in progress increases for both governmental and business-type activities for the following projects:

- Juvenile Detention Facility
- Fairfield Downtown Government Center

	Governmental activities		Business-type activities		Total		Increase (Decrease)
	2003	2002	2003	2002, as restated	2003	2002, as restated	Percent of change
Land	\$ 148,651,334	\$ 148,197,477	\$ 2,593,286	\$ 2,593,286	\$ 151,244,620	\$ 150,790,763	.30%
Infrastructure	74,106,405	72,958,149	-	-	74,106,405	72,958,149	1.57%
Construction in progress	49,307,846	32,731,820	175,208	3,709,545	49,483,054	36,441,365	35.79%
Buildings	150,325,754	130,210,725	9,811,783	6,035,945	160,137,537	136,246,670	17.54%
Machinery and equipment	32,643,991	31,042,830	476,544	442,442	33,120,535	31,485,272	5.19%
Less: accumulated depreciation	(116,081,138)	(108,039,206)	(2,909,177)	(2,463,699)	(118,990,315)	(110,502,905)	7.68%
Total	<u>\$ 338,954,192</u>	<u>\$ 307,101,795</u>	<u>\$ 10,147,644</u>	<u>\$ 10,317,519</u>	<u>\$ 349,101,836</u>	<u>\$ 317,419,314</u>	9.98%

Additional information on the County's capital assets can be found in Note D on pages 59-61 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, 2003, of \$204,249,516, which is entirely backed by the full faith and credit of the County.

	Governmental activities		Business-type activities		Total	
	2003	2002	2003	2002, as restated	2003	2002, as restated
Capital leases	\$ 937,955	\$ 681,824	\$ 30,088	\$ 36,877	\$ 968,043	\$ 718,701
Certificates of participation	168,748,015	51,921,079	-	-	168,748,015	51,921,079
Notes payable	18,022,764	15,222,425	1,608,192	437,665	19,630,956	15,660,090
Compensated absences	14,595,058	12,914,202	307,444	294,982	14,902,502	13,209,184
Total	<u>\$ 202,303,792</u>	<u>\$ 80,739,530</u>	<u>\$ 1,945,724</u>	<u>\$ 769,524</u>	<u>\$ 204,249,516</u>	<u>\$ 81,509,054</u>

The County's total debt increased by \$122,740,462 during the current fiscal year.

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

State statutes limit the amount of general obligation debt a governmental entity may issue to 10% of its total assessed valuation.

Additional information on the County's long-term debt can be found in Note I on pages 63-67 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 5.4%. This compares favorably to the state's average unemployment rate of 6.1%.
- The growth in property tax revenues is projected to increase by 8% for fiscal year 2003-2004. Solano County continues to experience the pace of growth seen in other Bay Area Counties.
- Due to the uncertainties associated with the State's Budget for fiscal year 2003-2004 the County's budget does not include any additional funding beyond what is projected for growth in established revenue sources, i.e. realignment, vehicle license fees, Proposition 172, sales tax and vehicle in lieu.

All of these factors were considered in preparing the County's budget for fiscal year 2003-2004.

During the current fiscal year, unreserved fund balance in the General Fund decreased to \$20,991,994. The County increased its general reserve by \$2,500,000; bringing the total to \$24,500,000.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Auditor-Controller's Office, 600 Texas Street, Fairfield, CA 94533.



BASIC FINANCIAL STATEMENTS

COUNTY OF SOLANO, CALIFORNIA
Statement of Net Assets
June 30, 2003

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Solano County Fair	Workforce Investment Board
ASSETS					
Current assets					
Cash and investments	\$ 295,142,310	\$ 1,579,831	\$ 296,722,141	\$ 1,699,785	\$ 339,793
Accounts receivable	7,063,807	209,500	7,273,307	238,181	-
Due from other agencies	42,376,892	503,256	42,880,148	77,908	315,030
Internal balances	404,836	(404,836)	-	-	-
Other assets	7,407,937	68,621	7,476,558	6,777	47,395
Total current assets	<u>352,395,782</u>	<u>1,956,372</u>	<u>354,352,154</u>	<u>2,022,651</u>	<u>702,218</u>
Non-current assets					
Capital assets					
Capital assets, not being depreciated	197,959,180	2,768,494	200,727,674	284,664	-
Capital assets, being depreciated, net	140,995,012	7,379,150	148,374,162	3,291,870	4,377
Total capital assets	<u>338,954,192</u>	<u>10,147,644</u>	<u>349,101,836</u>	<u>3,576,534</u>	<u>4,377</u>
Total assets	<u>\$ 691,349,974</u>	<u>\$ 12,104,016</u>	<u>\$ 703,453,990</u>	<u>\$ 5,599,185</u>	<u>\$ 706,595</u>
LIABILITIES					
Current liabilities					
Payables	\$ 28,862,175	\$ 267,548	\$ 29,129,723	\$ 121,003	\$ 259,269
Outstanding warrants	5,590,428	28,232	5,618,660	-	209,847
Deferred revenue	11,773,463	45,829	11,819,292	-	-
Other liabilities	1,824,516	31,582	1,856,098	55,032	-
Due to other agencies	2,464,625	28	2,464,653	6,139	20,374
Current portion of long-term obligations	17,033,955	344,764	17,378,719	12,000	26,000
Total current liabilities	<u>67,549,162</u>	<u>717,983</u>	<u>68,267,145</u>	<u>194,174</u>	<u>515,490</u>
Noncurrent liabilities					
Noncurrent portion of long-term obligations	185,269,837	1,600,960	186,870,797	56,475	56,989
Total liabilities	<u>252,818,999</u>	<u>2,318,943</u>	<u>255,137,942</u>	<u>250,649</u>	<u>572,479</u>
NET ASSETS					
Invested in capital assets, net of related debt	256,654,269	8,509,364	265,163,633	3,216,154	4,377
Restricted for:					
Capital projects	12,086,231	1,300,000	13,386,231	-	-
Debt service	2,659,650	-	2,659,650	-	-
Health services	82,594,758	-	82,594,758	-	-
Library services	9,688,594	-	9,688,594	-	-
Other purposes	12,833,276	-	12,833,276	-	-
Unrestricted	62,014,197	(24,291)	61,989,906	2,132,382	129,739
Total net assets	<u>438,530,975</u>	<u>9,785,073</u>	<u>448,316,048</u>	<u>5,348,536</u>	<u>134,116</u>
Total liabilities and net assets	<u>\$ 691,349,974</u>	<u>\$ 12,104,016</u>	<u>\$ 703,453,990</u>	<u>\$ 5,599,185</u>	<u>\$ 706,595</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, 2003

<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	\$ 45,032,722	\$ 26,329,308	\$ 1,866,996	\$ 200,000
Public protection	125,585,195	17,424,843	53,957,758	2,081,016
Public ways and facilities	10,911,632	1,699,829	9,460,794	-
Health and sanitation	82,980,974	12,156,224	59,349,743	-
Public assistance	120,898,958	711,058	119,356,418	-
Education and recreation	12,663,165	4,120,252	5,284,776	-
Interest on long-term debt	6,176,532	-	-	-
Total Governmental Activities	<u>404,249,178</u>	<u>62,441,514</u>	<u>249,276,485</u>	<u>2,281,016</u>
Business-type Activities:				
Nut Tree Airport	1,180,824	929,509	-	-
Fouts Springs Youth Facility	4,531,095	3,220,755	-	-
Total Business-type Activities	<u>5,711,919</u>	<u>4,150,264</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 409,961,097</u>	<u>\$ 66,591,778</u>	<u>\$ 249,276,485</u>	<u>\$ 2,281,016</u>
Component Units:				
Solano County Fair	\$ 5,410,356	\$ 5,043,405	\$ 99,409	\$ -
Workforce Investment Board	4,102,154	-	4,100,328	-
Total Component Units	<u>\$ 9,512,510</u>	<u>\$ 5,043,405</u>	<u>\$ 4,199,737</u>	<u>\$ -</u>

General revenues:

- Property taxes
- Sales and use tax
- Property transfer tax
- Intergovernmental not restricted to specific programs
- Interest & investment earnings
- Proceeds from sale of tobacco settlement revenues
- Other
- Gain on sale of capital assets

Transfers

- Total general revenue
- Change in net assets
- Net assets - beginning, restated
- Net assets - ending

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Activities
For the fiscal year ended June 30, 2003

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Solano County Fair	Workforce Investment Board
\$(16,636,418)	\$ -	\$ (16,636,418)	\$ -	\$ -
(52,121,578)	-	(52,121,578)	-	-
248,991	-	248,991	-	-
(11,475,007)	-	(11,475,007)	-	-
(831,482)	-	(831,482)	-	-
(3,258,137)	-	(3,258,137)	-	-
(6,176,532)	-	(6,176,532)	-	-
<u>(90,250,163)</u>	<u>-</u>	<u>(90,250,163)</u>	<u>-</u>	<u>-</u>
-	(251,315)	(251,315)	-	-
-	(1,310,340)	(1,310,340)	-	-
<u>-</u>	<u>(1,561,655)</u>	<u>(1,561,655)</u>	<u>-</u>	<u>-</u>
<u>(90,250,163)</u>	<u>(1,561,655)</u>	<u>(91,811,818)</u>	<u>-</u>	<u>-</u>
-	-	-	(267,542)	-
-	-	-	-	(1,826)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(267,542)</u>	<u>(1,826)</u>
49,265,614	167,562	49,433,176	-	-
1,829,179	-	1,829,179	-	-
2,763,374	-	2,763,374	-	-
39,605,008	1,024,104	40,629,112	-	-
3,554,065	28,494	3,582,559	40,397	4,325
55,088,473	-	55,088,473	-	-
8,341,841	7,914	8,349,755	137,629	3,828
-	10,500	10,500	-	-
(176,324)	176,324	-	-	-
<u>160,271,230</u>	<u>1,414,898</u>	<u>161,686,128</u>	<u>178,026</u>	<u>8,153</u>
70,021,067	(146,757)	69,874,310	(89,516)	6,327
368,509,908	9,931,830	378,441,738	5,438,052	127,789
<u>\$438,530,975</u>	<u>\$ 9,785,073</u>	<u>\$ 448,316,048</u>	<u>\$ 5,348,536</u>	<u>\$ 134,116</u>

Primary Government:
Governmental Activities:
General government
Public protection
Public ways and facilities
Health and sanitation
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, 2003

	<u>General</u>	<u>Health & Social Services</u>	<u>Public Safety</u>	<u>Tobacco Settlement</u>
ASSETS				
Cash and investments	\$ 41,928,490	\$ 118,440	\$ 6,473,643	\$ 66,775,020
Accounts receivable	3,441,602	1,215,245	428,913	-
Due from other agencies	1,472,337	27,315,181	7,605,943	-
Due from other funds	5,798,365	3,339,259	460,830	-
Other assets	74,652	1,851,432	23,477	-
Total assets	<u>\$ 52,715,446</u>	<u>\$ 33,839,557</u>	<u>\$ 14,992,806</u>	<u>\$ 66,775,020</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 2,084,975	\$ 10,698,523	\$ 3,638,645	\$ 5,501
Outstanding warrants	282,275	3,595,756	622,672	-
Deferred revenue	336,577	19,753,148	4,111,945	-
Due to other funds	135,280	3,263,641	1,674,652	2,307,626
Other liabilities	28,803	-	-	-
Due to other agencies	940,476	944,990	71,607	-
Total liabilities	<u>3,808,386</u>	<u>38,256,058</u>	<u>10,119,521</u>	<u>2,313,127</u>
Fund balances (deficit):				
Reserved:				
Long-term assets	-	110,000	-	-
Debt service	462,000	-	-	-
Capital projects	-	-	-	-
Encumbrances	2,878,998	156,904	446,339	-
General	24,500,000	-	-	60,077,955
Other purposes	74,068	8,420	36,840	-
Unreserved:				
Designated, reported in:				
Capital project funds	-	-	-	-
Special revenue funds	-	-	4,390,106	4,383,938
Undesignated	20,991,994	(4,691,825)	-	-
Total fund balances (deficit)	<u>48,907,060</u>	<u>(4,416,501)</u>	<u>4,873,285</u>	<u>64,461,893</u>
Total liabilities and fund balances (deficit)	<u>\$ 52,715,446</u>	<u>\$ 33,839,557</u>	<u>\$ 14,992,806</u>	<u>\$ 66,775,020</u>

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

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

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

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

Internal service funds are used by management to charge the costs of communications, fleet services, management information systems, Solano County Integrated Property-tax 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.

Long-term liabilities, including certificates of participation, are not due and payable in the current period and therefore are not reported in the funds.

Accrued interest payable

Long-term obligations

Net assets of governmental activities

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

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2003

Fairfield Downtown Project	Other Governmental Funds	Total Governmental Funds																																																																																																																																	
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	21,367,754																																																																																																																																		
	19,598,619																																																																																																																																		
	17,589,352																																																																																																																																		
	96,980,917																																																																																																																																		
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	34,327,735																																																																																																																																		
	16,300,169																																																																																																																																		
	277,450,362																																																																																																																																		

∴

332,903,262

13,259,842

3,337,307

14,781,654

(1,333,946)

(201,867,506)

\$ 438,530,975

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2003

	<u>General</u>	<u>Health & Social Services</u>	<u>Public Safety</u>	<u>Tobacco Settlement</u>
REVENUES				
Taxes	\$ 47,807,457	\$ -	\$ -	\$ -
Licenses, permits and franchises	4,429,798	315,266	171,404	-
Fines, forfeitures and penalties	3,396,608	557,679	764,533	-
Revenue from use of money and property	1,400,748	(427,886)	234,539	941,781
Intergovernmental revenues	41,091,925	164,962,988	49,679,594	-
Charges for services	27,520,579	11,926,063	7,244,440	-
Miscellaneous revenues	5,291,655	887,651	1,217,444	-
Total revenues	<u>130,938,770</u>	<u>178,221,761</u>	<u>59,311,954</u>	<u>941,781</u>
EXPENDITURES				
Current:				
General government	37,219,541	-	-	-
Public protection	14,261,925	-	111,825,951	-
Public ways and facilities	-	-	-	-
Health and sanitation	-	79,810,625	-	732,310
Public assistance	424,702	120,871,726	-	-
Education and recreation	250,230	-	-	-
Debt service:				
Principal	106,457	89,845	941,943	-
Interest and other charges	160,042	8,498	180,580	-
Capital outlay	428,520	352,057	1,137,170	-
Total expenditures	<u>52,851,417</u>	<u>201,132,751</u>	<u>114,085,644</u>	<u>732,310</u>
Excess (deficiency) of revenues over (under) expenditures	<u>78,087,353</u>	<u>(22,910,990)</u>	<u>(54,773,690)</u>	<u>209,471</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of tobacco settlement revenues	-	-	-	55,088,473
Debt proceeds	-	-	688,979	-
Premium on debt	-	-	-	-
Transfers in	1,216,313	22,984,084	52,897,772	-
Transfers out	(75,654,685)	(2,803,208)	(2,448,230)	(2,896,061)
Sale of capital assets	31,353	-	-	-
Total other financing sources (uses)	<u>(74,407,019)</u>	<u>20,180,876</u>	<u>51,138,521</u>	<u>52,192,412</u>
Net change in fund balances	3,680,334	(2,730,114)	(3,635,169)	52,401,883
Fund balances (deficit) - beginning	45,226,726	(1,686,387)	8,508,454	12,060,010
Fund balances (deficit) - ending	<u>\$ 48,907,060</u>	<u>\$ (4,416,501)</u>	<u>\$ 4,873,285</u>	<u>\$ 64,461,893</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, 2003

Fairfield Downtown Project	Other Governmental Funds	Total Governmental Funds	
\$ - - - 592,867 600,000 - - <hr style="border: 0.5px solid black;"/> 1,192,867	\$ 11,439,516 82,044 10,567 1,238,560 20,795,890 13,030,289 297,181 <hr style="border: 0.5px solid black;"/> 46,894,047	\$ 59,246,973 4,998,512 4,729,387 3,980,609 277,130,397 59,721,371 7,693,931 <hr style="border: 0.5px solid black;"/> 417,501,180	REVENUES Taxes Licenses, permits and franchises Fines, forfeitures and penalties Revenue from use of money and property Intergovernmental revenues Charges for services Miscellaneous revenues Total revenues
375,804 - - - - - - - - - 24,977,312 25,353,116 <hr style="border: 0.5px solid black;"/> (24,160,249)	3,265,945 2,603,165 8,152,377 3,706,909 - 12,462,775 6,055,000 4,808,205 15,571,782 56,626,158 <hr style="border: 0.5px solid black;"/> (9,732,111)	40,861,290 128,691,041 8,152,377 84,249,844 121,296,428 12,713,005 7,193,245 5,157,325 42,466,841 450,781,396 <hr style="border: 0.5px solid black;"/> (33,280,216)	EXPENDITURES Current: General government Public protection Public ways and facilities Health and sanitation Public assistance Education and recreation Debt service: Principal Interest and other charges Capital outlay Total expenditures Excess (deficiency) of revenues over (under) expenditures
- 106,135,100 - 18,475 (1,911,125) - 104,242,450 <hr style="border: 0.5px solid black;"/> 80,082,201 10,858,296 <hr style="border: 0.5px solid black;"/> \$ 90,940,497	- 17,038,359 4,628,748 15,567,377 (7,334,457) 55,979 29,956,006 <hr style="border: 0.5px solid black;"/> 20,223,895 52,460,233 <hr style="border: 0.5px solid black;"/> \$ 72,684,128	55,088,473 123,862,438 4,628,748 92,684,021 (93,047,766) 87,332 183,303,246 <hr style="border: 0.5px solid black;"/> 150,023,030 127,427,332 <hr style="border: 0.5px solid black;"/> \$ 277,450,362	OTHER FINANCING SOURCES (USES) Proceeds from sale of tobacco settlement revenues Debt proceeds Premium on debt Transfers in Transfers out Sale of capital assets Total other financing sources (uses) Net change in fund balances Fund balances (deficit) - beginning Fund balances (deficit) - 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, 2003

Net change in fund balances - total governmental funds \$ 150,023,030

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	\$ 42,466,841	
Depreciation expense	<u>(8,833,612)</u>	33,633,229

The county had an interest in a joint venture. This investment is not a current financial resource and therefore is not reported in the funds. However, the joint venture was dissolved and funds were returned to the county net of expenses incurred.

Expenses incurred in the joint venture	\$ (88,004)	
Return of investment recorded as revenue in the fund statement	<u>(561,996)</u>	(650,000)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase (decrease) net assets. (2,135,907)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 9,687,166

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

Debt proceeds	\$ (123,862,438)	
Premium on debt	(4,628,748)	
Bond issuance costs	2,509,780	
Debt principal payments	<u>7,193,245</u>	(118,788,161)

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	\$ (983,794)	
Amortization expense	(130,161)	
Compensated absences	<u>(1,645,520)</u>	(2,759,475)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net assets of the internal service funds is reported with governmental activities. 1,011,185

Change in net assets of governmental activities \$ 70,021,067

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, 2003

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Nut Tree Airport</u>	<u>Fouts Springs Youth Facility</u>	<u>Total</u>	<u>Activities - Internal Service Funds</u>
ASSETS				
Current assets				
Cash and investments	\$ 1,579,331	\$ 500	\$ 1,579,831	\$ 9,574,809
Accounts receivables	70,361	139,139	209,500	280,110
Due from other agencies	646	502,610	503,256	30,788
Due from other funds	-	37,225	37,225	143,894
Other assets	19,682	48,939	68,621	149,919
Total current assets	<u>1,670,020</u>	<u>728,413</u>	<u>2,398,433</u>	<u>10,179,520</u>
Noncurrent assets				
Capital assets:				
Land	2,573,286	20,000	2,593,286	-
Construction in progress	149,580	25,628	175,208	-
Buildings and improvements	5,415,555	4,396,228	9,811,783	114,471
Equipment	87,587	388,957	476,544	15,285,315
Less: accumulated depreciation	(2,136,603)	(772,574)	(2,909,177)	(9,348,856)
Total capital assets	<u>6,089,405</u>	<u>4,058,239</u>	<u>10,147,644</u>	<u>6,050,930</u>
Total assets	<u>\$ 7,759,425</u>	<u>\$ 4,786,652</u>	<u>\$ 12,546,077</u>	<u>\$ 16,230,450</u>
LIABILITIES				
Current liabilities				
Payables	\$ 129,990	\$ 137,558	\$ 267,548	\$ 464,250
Outstanding warrants	19,522	8,710	28,232	158,526
Deferred revenue	-	45,829	45,829	-
Due to other funds	15,870	426,191	442,061	182,205
Other liabilities	31,582	-	31,582	202,737
Due to other agencies	-	28	28	4,792
Current portion of long-term obligations	180,423	164,341	344,764	310,354
Total current liabilities	<u>377,387</u>	<u>782,657</u>	<u>1,160,044</u>	<u>1,322,864</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	1,479,006	121,954	1,600,960	125,932
Total liabilities	<u>1,856,393</u>	<u>904,611</u>	<u>2,761,004</u>	<u>1,448,796</u>
NET ASSETS				
Invested in capital assets, net of related debt	4,481,213	4,028,151	8,509,364	5,910,466
Restricted for:				
Capital projects	1,300,000	-	1,300,000	-
Unrestricted	121,819	(146,110)	(24,291)	8,871,188
Total net assets	<u>5,903,032</u>	<u>3,882,041</u>	<u>9,785,073</u>	<u>14,781,654</u>
Total liabilities and net assets	<u>\$ 7,759,425</u>	<u>\$ 4,786,652</u>	<u>\$ 12,546,077</u>	<u>\$ 16,230,450</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, 2003

	<u>Business-type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service</u>
	<u>Nut Tree Airport</u>	<u>Fouts Springs Youth Facility</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for sales and services	\$ 929,509	\$ 3,220,755	\$ 4,150,264	\$ 26,912,858
Total operating revenues	<u>929,509</u>	<u>3,220,755</u>	<u>4,150,264</u>	<u>26,912,858</u>
OPERATING EXPENSES				
Personnel services	202,328	3,237,515	3,439,843	3,713,508
Maintenance	57,506	7,272	64,778	1,180,944
Materials and supplies	453,678	437,406	891,084	1,190,058
Depreciation	233,740	254,990	488,730	1,604,202
Insurance	12,145	19,314	31,459	9,075,148
Rent, utilities and others	169,720	573,071	742,791	10,097,105
Total operating expenses	<u>1,129,117</u>	<u>4,529,568</u>	<u>5,658,685</u>	<u>26,860,965</u>
Operating income (loss)	<u>(199,608)</u>	<u>(1,308,813)</u>	<u>(1,508,421)</u>	<u>51,893</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	119,208	904,896	1,024,104	-
Investment earnings	25,434	3,060	28,494	50,366
Interest expense	(51,707)	(1,527)	(53,234)	(35,413)
Property taxes	167,562	-	167,562	-
Other revenue	609	7,305	7,914	738,677
Sale of capital assets	10,500	-	10,500	18,241
(expenses)	<u>271,606</u>	<u>913,734</u>	<u>1,185,340</u>	<u>771,871</u>
Income (loss) before transfers	71,998	(395,079)	(323,081)	823,764
Transfers in	-	176,324	176,324	187,421
Change in net assets	71,998	(218,755)	(146,757)	1,011,185
Total net assets - beginning, restated	5,831,034	4,100,796	9,931,830	13,770,469
Total net assets - ending	<u>\$ 5,903,032</u>	<u>\$ 3,882,041</u>	<u>\$ 9,785,073</u>	<u>\$ 14,781,654</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, 2003

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	Nut Tree Airport	Fouts Springs Youth Facility	Total	
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,183,586	\$ 3,296,650	\$ 4,480,236	\$ 27,829,392
Receipts from interfund services provided	6,698	288,295	294,993	156,712
Payments to suppliers	(726,448)	(1,303,431)	(2,029,879)	(23,196,908)
Payments to employees	(194,638)	(3,232,739)	(3,427,377)	(3,678,174)
Payments for interfund services used	-	-	-	(114,712)
Net cash provided (used) by operating activities	<u>269,198</u>	<u>(951,225)</u>	<u>(682,027)</u>	<u>996,310</u>
Cash flows from noncapital financing activities:				
Transfers in	-	176,324	176,324	187,421
Subsidy from federal/state grant	119,208	904,896	1,024,104	-
Net cash provided by noncapital financing activities	<u>119,208</u>	<u>1,081,220</u>	<u>1,200,428</u>	<u>187,421</u>
Cash flows from capital and related financing activities:				
Debt proceeds	1,300,000	-	1,300,000	-
Interest paid	(51,707)	(1,527)	(53,234)	(35,413)
Debt principal paid	(138,307)	(19,520)	(157,827)	(1,342,721)
Acquisition of capital assets	(185,284)	(112,008)	(297,292)	(1,959,276)
Proceeds from sale of capital assets	10,500	-	10,500	18,241
Net cash provided (used) by capital and related financing activities	<u>935,202</u>	<u>(133,055)</u>	<u>802,147</u>	<u>(3,319,169)</u>
Cash flows from investing activities:				
Investment income	16,396	3,060	19,456	50,366
Net increase (decrease) in cash and cash equivalents	1,340,004	-	1,340,004	(2,085,072)
Cash and cash equivalents, beginning, restated	239,327	500	239,827	11,659,881
Cash and cash equivalents, ending	<u>\$ 1,579,331</u>	<u>\$ 500</u>	<u>\$ 1,579,831</u>	<u>\$ 9,574,809</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (199,608)	\$ (1,308,813)	\$ (1,508,421)	\$ 51,893
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	233,740	254,990	488,730	1,604,202
Other nonoperating revenue	177,209	7,305	184,514	738,677
Changes in assets and liabilities:				
(Increase) in receivables, net	(33,137)	(18,956)	(52,093)	(137,949)
Decrease in due from other funds	-	14,938	14,938	61,049
(Increase) decrease in due from other agencies	(190)	68,580	68,390	98,329
(Increase) decrease in other assets	5,656	(48,939)	(43,283)	22,706
Increase (decrease) in payables	71,212	(15)	71,197	(1,413,644)
Increase (decrease) in due to other funds	6,698	273,357	280,055	(19,049)
Increase (decrease) in due to other agencies	-	10	10	(12,779)
Increase in accrued compensated absences	7,690	4,776	12,466	35,334
(Decrease) in deferred revenue	-	(198,458)	(198,458)	-
(Decrease) in other liabilities	(72)	-	(72)	(32,459)
Total adjustments	<u>468,806</u>	<u>357,588</u>	<u>826,394</u>	<u>944,417</u>
Net cash provided (used) by operating activities	<u>\$ 269,198</u>	<u>\$ (951,225)</u>	<u>\$ (682,027)</u>	<u>\$ 996,310</u>
Noncash investing, capital and financing activities:				
Borrowing under capital lease	\$ -	\$ 21,565	\$ 21,565	\$ -
Increase in fair value of investments	9,038	-	9,038	54,791

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, 2003

	External Investment Trust	Private Purpose Trust	Agency Funds
ASSETS			
Cash and investments	\$ 438,708,632	\$ 3,609,799	\$ 26,647,956
Property tax receivable	-	-	33,398,758
Property of estates	-	1,754,332	-
Total assets	<u>\$ 438,708,632</u>	<u>\$ 5,364,131</u>	<u>\$ 60,046,714</u>
LIABILITIES			
Due to others	\$ -	\$ -	\$ 60,046,714
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 60,046,714</u>
NET ASSETS			
Net assets held in trust for:			
Individuals	-	5,364,131	
Pool participants	438,708,632	-	
Total net assets	<u>438,708,632</u>	<u>5,364,131</u>	
Total liabilities and net assets	<u>\$ 438,708,632</u>	<u>\$ 5,364,131</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, 2003

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>
ADDITIONS		
Contributions on pooled investments	\$ 830,251,049	\$ 599,727
Other contributions/additions	7,509,214	685,972
Interest and investment income	5,315,765	25,764
Total additions	<u>843,076,028</u>	<u>1,311,463</u>
DEDUCTIONS		
Distribution from pooled investments	<u>680,951,185</u>	<u>674,332</u>
Change in net assets	162,124,843	637,131
Net assets - beginning	<u>276,583,789</u>	<u>4,727,000</u>
Net assets - ending	<u>\$ 438,708,632</u>	<u>\$ 5,364,131</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, 2003**

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 has defined its reporting entity in accordance with accounting principles generally accepted in the United States of America (GAAP), which provides guidance for determining which governmental activities, organizations, and functions should be included in the reporting entity. The accompanying financial statements present information on the activities of the reporting entity, including all fund types of the County (the primary government) and its component units.

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

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

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

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

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

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

The Solano County Library Authority (SCLA) was established under a joint powers agreement between the County and the cities of Fairfield and Suisun City. A five-member board of directors governs the SCLA. The members of the board are appointed by the councils of the cities and the County Board of Supervisors. The SCLA was formed solely to finance the construction of the Fairfield-Suisun Community Library and the Solano County Library Headquarters building.

Lease payments made by the County are the SCLA's only source of revenue. As the related debt was a liability of the County, SCLA exclusively benefits the County.

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

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

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

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

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

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

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

updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The government reports the following major governmental funds:

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

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

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

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

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

The government reports the following major enterprise funds:

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

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

Additionally, the government reports the following fund types:

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

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

The *private purpose trust funds* are used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Airport and Fouts are charges to customers for sales and services.

D. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

The County pools cash and investments with the County Treasurer except for investments managed by paying agents under bonded debt agreements. Interest from bank accounts and investments are allocated to the various funds based on the average daily cash balances of the funds entitled to receive interest. It is the County's policy to charge interest to funds, which have a negative cash balance. Income from non-pooled investments is recorded based on the specific investments held by the fund. The interest income is recorded in the fund that earns the interest.

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

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

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

the County's investment policy and to monitor compliance with the investment policy and reporting provisions of the law.

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

The school districts within the County of Solano's jurisdiction are required by the California Education Code to participate in the Pool. In addition, the Solano County Mosquito Abatement District is required by the Health and Safety Code to participate in the Pool. Deposits held on an involuntary participation basis for these districts and other agencies in the amount of \$438,708,632 are included in the External Investment Trust Fund.

The County's cash and investments include \$3,609,799 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, 2003, to support the value of shares in the Pool.

2. *Interfund Receivables and Payables*

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

Advances between 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 State Revenue and Taxation Code Section 4701-4717. Under this method, anticipated secured property tax monies are advanced to the various County funds and governmental agencies prior to the collection of such monies from the taxpayers.

4. Other Assets

The County reports inventories in the other asset category. The County values inventories at cost using the first-in/first-out (FIFO) method. Inventories are recorded as expenditures when purchased rather than when consumed.

5. 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 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

6. 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. Monies received that do not meet these criteria are recorded as deferred revenue.

7. 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.

8. Internal Balances

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

9. Due To/Due From Other Agencies

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

10. Deferred Revenue

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

11. Compensated Absences

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

12. Long-term Obligations

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

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

13. Net Assets/Fund Balances

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

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

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

As of June 30, 2003, 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 (GAAP).
- *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, 2003 (GAAP).
- *General* – to reflect the portion of funds reserved for general purposes approved by the Board.
- *Other purposes* - to reflect the portion of assets that do not represent available spendable resources.

As of June 30, 2003, the portion of fund balance classified as unreserved is described below:

- *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.

14. Use of Estimates

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental funds balance sheet includes a reconciliation between *fund balances-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that “Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.” The details of this \$332,903,262 difference are as follows:

Land & infrastructure, not being depreciated	\$ 148,651,334
Construction in progress	49,307,846
Infrastructure, net of \$24,393,837 accumulated depreciation	49,712,568
Buildings, net of \$71,331,046 accumulated depreciation	78,880,237
Machinery and equipment, net of \$11,007,399 accumulated depreciation	<u>6,351,277</u>
Net adjustment to increase <i>fund balances-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$332,903,262</u>

Another element of that reconciliation explains that “long-term liabilities, including certificates of participation, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$201,867,506 difference are as follows:

Notes payable	\$ 18,022,764
Certificates of Participation:	164,745,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(394,460)
Less: Issuance discounts (to be amortized over life of debt)	(276,574)
Add: Issuance premium (to be amortized over life of debt)	4,674,049
Capital leases	797,490
Compensated absences	<u>14,299,237</u>
Net adjustment to reduce <i>fund balances – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$201,867,506</u>

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

Cash and investments of the County, excluding WIB and Solano County Fair, at June 30, 2003 were as follows:

	<u>Cash on Hand</u>	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Held by County Treasurer	\$ 5,254,743	\$ 50,247,501	\$ 545,583,315	\$ 601,085,559
Held by third-party fiscal agents	41,345	2,804,308	161,757,316	164,602,969
Total cash and investments	<u>\$ 5,296,088</u>	<u>\$ 53,051,809</u>	<u>\$ 707,340,631</u>	<u>\$ 765,688,528</u>

Reconciliation to financial statements:

Government-wide Statement of Net Assets	\$ 296,722,141
Statement of Fiduciary Net Assets:	
External Investment Trust	438,708,632
Private Purpose Trust	3,609,799
Agency Funds	<u>26,647,956</u>
Total	<u>\$ 765,688,528</u>

Cash and investments of component units at June 30, 2003 were as follows:

	<u>Cash on Hand</u>	<u>Deposits</u>	<u>Investments</u>	<u>Total</u>
Solano County Fair				
Held by County Treasurer	\$ -	\$ -	\$ 1,236,902	\$ 1,236,902
Held by third-party fiscal agents	12,822	450,061	-	462,883
Total cash and investments	<u>\$ 12,822</u>	<u>\$ 450,061</u>	<u>\$ 1,236,902</u>	<u>\$ 1,699,785</u>

WIB

Held by County Treasurer	\$ -	\$ -	\$ 215,454	\$ 215,454
Held by third-party fiscal agents	670	123,669	-	124,339
Total cash and investments	<u>\$ 670</u>	<u>\$ 123,669</u>	<u>\$ 215,454</u>	<u>\$ 339,793</u>

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

1. Cash

As of June 30, 2003, the carrying amount of cash and deposits held by the County Treasurer was as follows:

Deposits in banks	\$	47,347,501
Nonnegotiable certificates of deposit		2,900,000
Cash on hand		5,254,743
	\$	<u>55,502,244</u>

As of June 30, 2003, the carrying amount and combined bank balances of the County Treasurer's deposits in banks were \$50,247,501. Of the bank balances, \$500,000 was covered by federal depository insurance, and the remaining \$49,747,501 was collateralized as required by Section 53652 of the California Government Code by securities held by the pledging financial institution in the County's name.

As of June 30, 2003, the carrying amount of cash and deposits held by third-party fiscal agents was as follows:

Deposits in banks	\$	554,984
Nonnegotiable certificates of deposit		2,249,324
Cash on hand		41,345
	\$	<u>2,845,653</u>

As of June 30, 2003, the carrying amount of cash held by third-party fiscal agents was \$2,804,308 and the combined bank balances were \$2,803,269. Of the bank balances, \$195,879 was covered by federal depository insurance, and the remaining \$2,607,390 was collateralized as required by Section 53652 of the California Government Code by securities held by the pledging financial institution in the County's name.

As of June 30, 2003, the carrying amount of cash and deposits held by component units was as follows:

Deposits in banks	\$	573,730
Cash on hand		13,492
	\$	<u>587,222</u>

As of June 30, 2003, the carrying amount of the component units' deposits in bank not maintained with the County Treasurer was \$573,730 and the combined bank balances were \$492,219. Of the bank balances, \$200,000 was covered by federal depository insurance, and the remaining \$292,219 was collateralized as required by Section 53652 of the California Government Code by securities held by the pledging financial institution in the County's name.

2. Investments

Statutes authorize the County to invest in obligations of the U.S. Treasury, U.S. 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 and the California State Treasurer’s investment pool (Local Agency Investment Fund or LAIF).

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

The County’s investments are categorized to give an indication of the level of custodial credit risk assumed by the County as of June 30, 2003. This categorization includes the Fair and the WIB as component unit investments that are not separately identifiable.

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

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

Investments in LAIF and money market funds are not required to be categorized.

Investments			
	Category 1	Category 2	Carrying value
Investments held by County Treasurer:			
Categorized:			
U. S. Government agencies	\$ 375,333,217		\$ 375,333,217
U. S. Treasuries	20,453,500		20,453,500
Medium-term notes	58,339,138		58,339,138
Negotiable certificates of deposit	10,000,000		10,000,000
	\$ 464,125,855		464,125,855
Non-categorized:			
Cal Trust			30,323,341
CAMP			46,382,449
Investment in LAIF			6,204,026
Total investments held by County Treasurer			547,035,671
Investments held by third-party fiscal agents:			
Categorized:			
U.S. government agencies		\$ 7,544,470	7,544,470
U.S. government securities		1,054,293	1,054,293
Municipal Bonds		33,119,576	33,119,576
		\$ 41,718,339	41,718,339
Non-categorized:			
Guaranteed Investment Contract			25,294,616
Investment in LAIF			62,657,000
Blackrock Provident Mutual Fund			32,087,361
Total investments held by third-party fiscal agents:			161,757,316
Total Investments			\$ 708,792,987

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

At June 30, 2003, the County's investment position in the State of California Local Agency Investment Fund (LAIF) is \$68,861,026. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis which is different than the fair value of the County's portion in the pool. The total amount invested by all public agencies in LAIF on June 30, 2003, is \$55,422,506,000. LAIF is managed by the State Treasurer. Included in LAIF's investment portfolio are certain derivative securities or similar products in the form of structured notes, totaling \$304,000,000, and asset-backed securities totaling \$985,676,000. The Local Investment Advisory Board (LIAB) has oversight responsibility for LAIF. The LIAB consists of five members as designated by State Statute.

The earned yield, which includes net gains on investments sold, on all investments held by the County Treasurer for the fiscal year ended June 30, 2003 was 2.50%.

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

<u>Investment</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate Range</u>	<u>Maturity Range</u>
U.S. treasuries	\$ 20,453,500	\$ 20,239,752	1.39 – 3.10%	05/04 – 09/04
U.S. government agencies	375,333,217	372,598,070	3.875 – 5.250	07/03 – 10/12
Medium-term notes	58,339,138	57,891,743	1.80 – 6.20	07/03 – 06/08
Cal Trust	30,323,341	30,323,341	0.50 – 1.25	07/03
CAMP	46,382,449	46,382,449	0.50 – 1.25	07/03
Investment in LAIF	6,204,026	6,204,026	1.00 – 1.50	07/03
Negotiable CDs	10,000,000	10,000,000	0.50 – 1.25	07/03
	<u>\$ 547,035,671</u>	<u>\$ 543,639,381</u>		

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Pool as of June 30, 2003:

Statement of net assets	
Net assets held in trust for all pool participants	<u>\$ 596,709,408</u>
Equity of internal pool participants	\$ 158,000,776
Equity of external pool participants	<u>438,708,632</u>
Total equity	<u>\$ 596,709,408</u>
Statement of changes in net assets	
Net assets as of July 1, 2002	\$ 424,390,624
Net change in investments by pool participants	<u>172,318,784</u>
Net assets as of June 30, 2003	<u>\$ 596,709,408</u>
Reconciliation to financial statements	
Held by County Treasurer:	
Primary government	\$ 601,085,559
Component units:	
Solano County Fair	1,236,902
Workforce Investment Board	215,454
Less outstanding warrants:	
Primary government	5,618,660
Component unit-Workforce Investment Board	<u>209,847</u>
Total	<u>\$ 596,709,408</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.

Grant advances and drawdowns prior to meeting all eligibility requirements:

Fund	Unavailable	Unearned	Total
General	\$ 274,482	\$ 62,095	\$ 336,577
Health and Social Services	11,890,302	7,862,846	19,753,148
Public Safety	655,293	3,456,652	4,111,945
Other Governmental Funds	439,765	391,870	831,635
Total deferred revenue	\$ 13,259,842	\$ 11,773,463	\$ 25,033,305

Prepayments received for services to be rendered:

Fund	Unearned
Fouts Springs Youth Facility	\$ 45,829

C. Due To/Due From Other Funds

		Due To						
		General	Health & Social Services	Public Safety	Other Governmental	Fouts Springs Youth Facility	Internal Service	Total
Due From	General	\$ -	\$ 930	\$ 1,170	\$ 28,064	\$ -	\$ 105,116	\$ 135,280
	Health & Social Services	2,981,347	-	281,306	-	-	988	3,263,641
	Public Safety	625,235	901,073	-	74,722	37,122	36,500	1,674,652
	Tobacco Settlement	-	2,307,626	-	-	-	-	2,307,626
	Fairfield Downtown Project	62,367	-	-	713	-	754	63,834
	Other Governmental	1,680,479	95	162,573	72,536	-	-	1,915,683
	Nut Tree Airport	2,788	-	-	13,082	-	-	15,870
	Fouts Springs Youth Facility	426,191	-	-	-	-	-	426,191
	Internal Service	19,958	129,535	15,781	16,292	103	536	182,205
	Total	\$ 5,798,365	\$ 3,339,259	\$ 460,830	\$ 205,409	\$ 37,225	\$ 143,894	\$ 9,984,982

General Fund

The Health & Social Services Fund, Fouts Springs Youth Facility Fund, and the Rural North Vacaville Water District Special Revenue Fund (other governmental funds) temporarily borrowed \$2,824,480, \$426,191, and \$1,205,748 respectively, to offset a negative cash balance as of June 30, 2003.

The Recorder’s Automation Micrographics & Modernization Special Revenue Fund (other governmental funds) owed \$337,417 to the Recorder’s Operating Budget (General Fund) for costs associated with the purchase and installation of the new online records imaging project.

The Department of Child Support Services (Public Safety Fund) owed \$625,000 to the General Fund in anticipation of a potential payment to the Federal government.

In addition Health & Social Services Fund owed the General Fund \$119,200 for services rendered by County Counsel.

Health & Social Services Fund (HSS)

The Health Department provides services to other County departments and shares some of the same revenue sources. The Public Safety Fund owed \$901,073 to HSS at fiscal year end for services rendered to Probation at the Juvenile Hall; and to offset program costs under the Substance Abuse Crime Prevention grant.

The Tobacco Settlement Fund owed \$2,307,626 at fiscal year end to the HSS to offset the cost of various programs.

The Risk Management Internal Service Fund owed \$107,802 to the HSS Occupational Health Program for countywide training on workplace protection and other occupational health training and services provided by HSS.

Public Safety

The Health Department shares various revenue sources with the Public Safety Fund and collects these revenues on their behalf. At June 30, 2003, the HSS fund owed Realignment Revenues, Vehicle License Fees, Proposition 36 revenues and General Assistance revenues to the Public Safety Fund.

The Accumulated Capital Outlay Capital Projects Fund (other governmental funds) returned monies back to the Public Safety Fund (\$162,573) as funding was already provided for the Adult Detention Needs Assessment.

Other Governmental Funds

The General Fund (Surveyor/Engineer) owed \$28,064 to the Transportation Department and Accumulated Capital Outlay Capital Projects Fund (other governmental funds) for services provided from May and June 2003.

The Sheriff's Department (Public Safety Fund) owed \$74,722 to the County Library for operating costs of the Law Library.

An adjustment of \$66,405 was due to the Accumulated Capital Outlay Capital Projects Fund (other governmental funds) from the 1999 Certificate of Participation Debt Service Fund (other governmental funds) to remain in compliance with the terms of the debt agreement.

Fouts Springs Youth Facility

Amount represents charges to the County Probation Department (Public Safety Fund) for wards placed at Fouts Springs Detention Facility.

Internal Service Funds

Amounts represent charges to the departments for services provided but not collected as of June 30, 2003.

D. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2003, was as follows:

<u>Governmental activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$ 148,197,477	\$ 1,739,788	\$ (1,285,931)	\$ 148,651,334
Construction in progress	32,731,820	36,265,560	(19,689,534)	49,307,846
Total capital assets, not being depreciated	<u>180,929,297</u>	<u>38,005,348</u>	<u>(20,975,465)</u>	<u>197,959,180</u>
Capital assets, being depreciated				
Buildings	130,210,725	20,759,286	(644,257)	150,325,754
Machinery and equipment	31,042,830	4,442,640	(2,841,479)	32,643,991
Infrastructure	72,958,149	1,649,943	(501,687)	74,106,405
Total capital assets, being depreciated	<u>234,211,704</u>	<u>26,851,869</u>	<u>(3,987,423)</u>	<u>257,076,150</u>
Less accumulated depreciation for:				
Buildings	(67,294,509)	(4,486,927)	409,372	(71,372,064)
Machinery and equipment	(18,671,000)	(3,268,631)	1,624,394	(20,315,237)
Infrastructure	(22,073,697)	(2,682,256)	362,116	(24,393,837)
Total accumulated depreciation	<u>(108,039,206)</u>	<u>(10,437,814)</u>	<u>2,395,882</u>	<u>(116,081,138)</u>
Total capital assets, being depreciated, net	<u>126,172,498</u>	<u>16,414,055</u>	<u>(1,591,541)</u>	<u>140,995,012</u>
Governmental activities capital assets, net	<u>\$ 307,101,795</u>	<u>\$ 54,419,403</u>	<u>\$ (22,567,006)</u>	<u>\$ 338,954,192</u>
	<u>Beginning Balance,</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
	<u>as restated *</u>			
<u>Business-type activities</u>				
Capital assets, not being depreciated:				
Land	\$ 2,593,286	\$ -	\$ -	\$ 2,593,286
Construction in progress	3,709,545	161,805	(3,696,142)	175,208
Total capital assets, not being depreciated	<u>6,302,831</u>	<u>161,805</u>	<u>(3,696,142)</u>	<u>2,768,494</u>
Capital assets, being depreciated				
Buildings	6,035,945	3,775,838	-	9,811,783
Machinery and equipment	442,442	77,354	(43,252)	476,544
Total capital assets, being depreciated	<u>6,478,387</u>	<u>3,853,192</u>	<u>(43,252)</u>	<u>10,288,327</u>
Less accumulated depreciation for:				
Buildings	(2,226,050)	(434,657)	2,652	(2,658,055)
Machinery and equipment	(237,649)	(54,073)	40,600	(251,122)
Total accumulated depreciation	<u>(2,463,699)</u>	<u>(488,730)</u>	<u>43,252</u>	<u>(2,909,177)</u>
Total capital assets, being depreciated, net	<u>4,014,688</u>	<u>3,364,462</u>	<u>-</u>	<u>7,379,150</u>
Business-type activities capital assets, net	<u>\$ 10,317,519</u>	<u>\$ 3,526,267</u>	<u>\$ (3,696,142)</u>	<u>\$ 10,147,644</u>

* Restated for reclassification of Solano County Fair as component unit.

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

Governmental activities:	
General government	\$ 285,482
Public protection	3,803,337
Public ways and facilities	2,896,345
Health and sanitation	804,284
Public assistance	748,952
Education	246,178
Recreation	49,034
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,604,202</u>
Total depreciation expense-governmental activities	<u>\$ 10,437,814</u>
Business-type activities:	
Nut Tree Airport	\$ 233,740
Fouts Springs Youth Facility	254,990
Total depreciation expense-business-type activities	<u>\$ 488,730</u>

Capital assets activity for component units for the fiscal year ended, June 30, 2003, was as follows:

<u>Component Units</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Solano County Fair				
Capital assets, not being depreciated:				
Land	\$ 167,085	\$ -	\$ -	\$ 167,085
Construction in progress	<u>-</u>	<u>117,579</u>	<u>-</u>	<u>117,579</u>
Total capital assets, not being depreciated	<u>167,085</u>	<u>117,579</u>	<u>-</u>	<u>284,664</u>
Capital assets, being depreciated:				
Buildings	8,934,931	124,684	-	9,059,615
Machinery and equipment	<u>527,483</u>	<u>78,500</u>	<u>-</u>	<u>605,983</u>
Total capital assets, being depreciated	<u>9,462,414</u>	<u>203,184</u>	<u>-</u>	<u>9,665,598</u>
Less accumulated depreciation for:				
Buildings	(6,013,347)	(314,542)	422,449	(5,905,440)
Machinery and equipment	<u>-</u>	<u>(45,839)</u>	<u>(422,449)</u>	<u>(468,288)</u>
Total accumulated depreciation, net	<u>(6,013,347)</u>	<u>(360,381)</u>	<u>-</u>	<u>(6,373,728)</u>
Total capital assets, being depreciated, net	<u>3,449,067</u>	<u>(157,197)</u>	<u>-</u>	<u>3,291,870</u>
Total Solano County Fair capital assets, net	<u>3,616,152</u>	<u>(39,618)</u>	<u>-</u>	<u>3,576,534</u>
WIB				
Capital assets, being depreciated:				
Machinery and equipment	<u>21,749</u>	<u>-</u>	<u>-</u>	<u>21,749</u>
Total capital assets, being depreciated	<u>21,749</u>	<u>-</u>	<u>-</u>	<u>21,749</u>
Less accumulated depreciation for:				
Machinery and equipment	<u>(14,250)</u>	<u>(3,122)</u>	<u>-</u>	<u>(17,372)</u>
Total accumulated depreciation, net	<u>(14,250)</u>	<u>(3,122)</u>	<u>-</u>	<u>(17,372)</u>
Total WIB capital assets, being depreciated, net	<u>7,499</u>	<u>(3,122)</u>	<u>-</u>	<u>4,377</u>
Component units capital assets, net	<u>\$ 3,623,651</u>	<u>\$ (42,740)</u>	<u>\$ -</u>	<u>\$ 3,580,911</u>

Depreciation expense was charged to component units as follows:

Component units:		
Solano County Fair	\$	360,381
Workforce Investment Board		3,122
Total depreciation expense-component units	\$	<u>363,503</u>

E. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2003, was as follows:

		Transfers Out						
		General	Health & Social Services	Public Safety	Tobacco Settlement	Fairfield Downtown Project	Other Governmental	Total
Transfers In	General	\$ -	\$ -	\$ 768,187	\$ 75,000	\$ -	\$ 373,126	\$ 1,216,313
	Health & Social Services	19,628,164	-	534,859	2,821,061	-	-	22,984,084
	Public Safety	52,430,210	372,018	-	-	-	95,544	52,897,772
	Fairfield Downtown Project	-	-	-	-	-	18,475	18,475
	Other Governmental	3,541,369	2,431,190	1,045,375	-	1,911,125	6,638,318	15,567,377
	Fouts Springs Youth Facility	12,189					164,135	176,324
	Internal Service	42,753		99,809			44,859	187,421
	Total	<u>\$ 75,654,685</u>	<u>\$ 2,803,208</u>	<u>\$ 2,448,230</u>	<u>\$ 2,896,061</u>	<u>\$ 1,911,125</u>	<u>\$ 7,334,457</u>	<u>\$ 93,047,766</u>

General Fund:

The General Fund made a net contribution of \$74,438,372 to other funds to offset operating costs of those programs and to meet the maintenance of effort requirements for many grant-funded programs. Of the amount transferred, the Public Safety Fund received a net transfer of \$51,662,023, Health & Social Services Fund received a net transfer of \$19,628,164 and other governmental funds received a net \$3,168,243, primarily to the debt service funds for repayment of long term debt.

Health & Social Services Fund:

The Health & Social Services Fund made a transfer of \$2,431,190 to debt service funds (other governmental funds) to pay for the debt on the new administration building; and a transfer of \$372,018 to the Public Safety Fund for the services provided by Probation and Sheriff's departments.

Public Safety Fund:

The Public Safety Fund transferred \$768,187 to the General Fund in payment for penalties assessed by the Federal government and reimbursement of prior year's Supplemental Law Enforcement Services Fund; \$534,859 to Health & Social Services Fund for services provided by the Health Department; \$1,045,375 to the 2001 Refunding Certificates of Participation Debt Service Fund (other governmental funds) for their share of the 2001 Certificates of Participation debt; and \$99,809 to Fleet Operations (Internal Service Fund) for the purchase of vehicles.

Tobacco Settlement Fund:

The Tobacco Settlement Fund transferred \$2,821,061 to the Health & Social Services Fund to offset program costs and \$75,000 to the General Fund to help offset the cost of the Family Violence Prevention Program.

Fairfield Downtown Project Fund:

Fairfield Downtown Project Fund transferred \$1,911,125 to the Library Special Revenue Fund (other governmental funds) primarily for the remodeling of the Fairfield library building.

Other Governmental Funds:

Other fund transfers include transfers of \$337,417 from the Recorder's Modernization and Micrographics Special Revenue Fund to the General Fund to offset costs of the Recorder's Department related to the online imaging automation project and \$20,000 from Parks and Recreation Special Revenue Fund for Environmental Management's recreation project.

The Public Facilities Fees (PFF) Special Revenue Fund transferred \$4,500,000 to the Juvenile Hall Project Capital Projects Fund for the construction of the new Juvenile Hall Detention Facility; \$727,198 to the Accumulated Capital Outlay Capital Projects Fund for various capital projects; \$400,000 to the Library Special Revenue Fund for construction costs on the Fairfield-Suisun Library/Headquarters remodeling project.

In addition, there was also \$1,104,153 transferred from various county funds to the debt service funds for repayment of long term debt principal and interest; a transfer of \$44,859 to the Fleet Management Internal Service Fund for the purchase of new vehicles and other transfers between funds totaling over \$200,830.

F. Payables

The composition of payables as of June 30, 2003, was as follows:

	<u>Accounts</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 2,084,975	\$ -	\$ 2,084,975
Health and Social Services	10,698,523	-	10,698,523
Public Safety	3,638,645	-	3,638,645
Tobacco Settlement	5,501	-	5,501
Fairfield Downtown Project	8,114,160	-	8,114,160
Other Governmental Funds	2,522,175	-	2,522,175
Internal Service Funds	463,494	756	464,250
Reconciliation of balances in fund financial statements to government-wide financial statements	-	1,333,946	1,333,946
Total governmental activities	<u>\$ 27,527,473</u>	<u>\$ 1,334,702</u>	<u>\$ 28,862,175</u>
Business-type activities:			
Nut Tree Airport	\$ 88,477	\$ 41,513	\$ 129,990
Fouts Springs Youth Facility	137,509	49	137,558
Total business-type activities	<u>\$ 225,986</u>	<u>\$ 41,562</u>	<u>\$ 267,548</u>

G. Leases

The County leases office space and equipment under operating leases. Future minimum rental payments under all noncancelable operating leases with initial or remaining terms in excess of one year as of June 30, 2003 are summarized as follows:

Year Ending June 30,	Primary Government	WIB	Total
2004	\$ 2,554,387	\$ 515,422	\$ 3,069,809
2005	1,968,324	506,908	2,475,232
2006	1,178,052	-	1,178,052
2007	445,504	-	445,504
	<u>\$ 6,146,267</u>	<u>\$ 1,022,330</u>	<u>\$ 7,168,597</u>

H. Short-term Obligations

Cash shortfalls arise due to the timing differential of monthly cash receipts and disbursements throughout the fiscal year. The purpose of the temporary borrowing is to increase available cash balances to provide operating funds to cover cash shortfalls. In the fiscal year 2002/2003, the County issued \$3,790,000 in short-term tax and revenue anticipation notes (TRANS) to fund this cash shortfall. TRANS are issued through the California Statewide Communities Development Authority. The TRANS obligation was paid off on April 30, 2003.

I. Long-term Obligations

Capital Leases:

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

The assets acquired through capital leases are as follows:

	Governmental activities	Business-type activities
Buildings and improvements	\$ 688,979	\$ -
Machinery and equipment	1,078,030	52,364
Less: Accumulated depreciation	(578,504)	(7,443)
Total	<u>\$ 1,188,505</u>	<u>\$ 44,921</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2003, were as follows:

Year Ended June 30,	Governmental activities	Business-type activities
2004	\$ 606,814	\$ 19,012
2005	248,606	7,832
2006	98,342	5,222
2007	49,172	-
Total minimum lease payments	1,002,934	32,066
Less: amount representing interest	(64,979)	(1,978)
Present value of minimum lease payments	<u>\$ 937,955</u>	<u>\$ 30,088</u>

Notes Payable:

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

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

Year Ended June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2004	\$ 1,428,873	\$ 554,618	\$ 151,096	\$ 78,488
2005	1,486,536	496,955	157,331	70,063
2006	1,546,631	436,860	131,832	61,683
2007	1,499,729	373,993	85,861	54,885
2008	735,383	332,653	80,413	50,738
2009-2022	11,325,612	2,587,279	1,001,659	268,971
	<u>\$ 18,022,764</u>	<u>\$ 4,782,358</u>	<u>\$ 1,608,192</u>	<u>\$ 584,828</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 \$60,930,000. During the year, certificates of participation totaling \$118,325,000 were issued to fund the County Administration Center project.

Year Ended June 30,	Principal	Interest
2004	\$ 6,590,000	\$ 7,646,753
2005	6,060,000	7,399,353
2006	9,190,000	7,113,995
2007	4,140,000	6,874,587
2008	4,295,000	6,732,375
2009 - 2013	24,125,000	30,838,011
2014 - 2018	27,965,000	24,490,427
2019 - 2023	23,830,000	17,575,695
2024 - 2028	25,730,000	11,523,361
2029 - 2033	32,820,000	4,262,500
	<u>\$ 164,745,000</u>	<u>\$ 124,457,057</u>

The composition of the long-term debt obligations for the governmental activities as of June 30, 2003, 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	May 24, 2007	4.94	\$ 7,182,298	\$ 3,218,796
California Energy Commission	June 22, 2009	3.00	924,380	820,562
Department of Water Resources	July 1, 2022 (*)	2.80	5,000,000	5,000,000
Department of Health Services	July 1, 2022 (*)	2.80	8,984,099	8,983,406
Total notes payable				18,022,764
Capital Leases:				
Ameritech Credit Corporation	December 30, 2006	4.10	448,030	316,645
Calease Public Funding Corp	July 23, 2003	5.38	630,000	140,465
Williams Scotsman	November 25, 2004	9.04	688,979	480,845
Total capital leases				937,955
Certificates of Participation:				
1998 Court Expansion/ Improvements (**):				
Serial	November 5, 1998- November 15, 2013	2.95 - 4.68	6,455,000	3,085,000
Term	November 15, 2018	4.93	1,480,000	1,480,000
Deferred Amount for Issuance Premium			1,185	889
1999 Health & Social Services Capital Improvements (**)				
Serial	November 5, 1999- November 15, 2014	3.20 - 5.13	23,515,000	20,200,000
Term	November 15, 2019	5.23	8,195,000	8,195,000
Deferred Amount for Issuance Discount			(345,718)	(276,574)
2001 Refunding (of 1993 Certificates) (**)				
Serial	October 1, 2002 – October 1, 2005	4.00	21,285,000	13,460,000
Deferred Amount for Issuance Premium			331,173	198,704
Deferred Amount on Refunding			(657,434)	(394,460)
2002 County Administration Center (**)				
Serial	November 1, 2003 – November 1, 2025	4.98	74,460,000	74,460,000
Term	November 1, 2026 – November 1, 2032	5.00	43,865,000	43,865,000
Deferred Amount for Issuance Premium			4,628,748	4,474,456
Total certificates of participation				168,748,015
Compensated Absences				14,595,058
Total governmental obligations				\$ 202,303,792

(*) Estimate based on final contract amount

(**) Subject to arbitrage

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

The composition of the long-term debt obligations for the business-type activities as of June 30, 2003, 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	July 7, 2009	5.05%	\$ 60,000	\$ 42,835
State Division of Aeronautics	February 1, 2005	6.85	450,000	33,488
State Division of Aeronautics	April 10, 2005	5.90	125,000	33,488
State Division of Aeronautics	October 1, 2006	6.79	125,000	152,397
State Division of Aeronautics	July 1, 2006	5.64	450,000	45,984
CalTrans/Dept. of Transportation	January 3, 2018	5.51	90,000	1,300,000
Total notes payable				1,608,192
Compensated Absences				51,237
Total Nut Tree Airport				1,659,429
Fouts Springs Youth Facility				
Capital Leases:				
Ford Motor Credit Corp.	June 11, 2004	5.95	30,798	\$ 10,828
Ford Motor Credit Corp.	February 27, 2006	5.99	21,566	19,260
Total capital leases				30,088
Compensated Absences				256,207
Total Fouts Springs Youth Facility				286,295
Total business-type activities				\$ 1,945,724

The composition of the long-term obligations for the component units activities as of June 30, 2003, was as follows:

<u>Type and description</u>	<u>Outstanding</u>
Solano County Fair	
Compensated Absences	\$ 68,475
Total Solano County Fair	68,475
Workforce Investment Board (WIB)	
Compensated Absences	\$ 82,989
Total WIB	82,989
Total component units activities	\$ 151,464

Changes in long-term liabilities:

Long-term liability activity for the fiscal year ended June 30, 2003, was as follows:

Governmental activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 681,824	\$ 688,979	\$ (432,848)	\$ 937,955	\$ 588,861
Certificates of participation	52,475,000	118,325,000	(6,055,000)	164,745,000	6,590,000
Deferred amounts:					
For issuance discounts	(293,860)	-	17,286	(276,574)	(17,286)
For issuance premiums	265,886	4,628,748	(220,585)	4,674,049	220,586
On refunding	(525,947)	-	131,487	(394,460)	(131,487)
Notes payable	15,222,425	4,848,459	(2,048,120)	18,022,764	1,428,873
Compensated absences	12,914,202	10,538,526	(8,857,670)	14,595,058	8,354,408
Governmental activities long-term liabilities	\$ 80,739,530	\$ 139,029,712	\$ (17,465,450)	\$ 202,303,792	\$ 17,033,955
Business-type activities:	Beginning Balance *	Additions	Reductions	Ending Balance	Due Within One Year
Capital leases	\$ 36,877	\$ 21,566	\$ (28,355)	\$ 30,088	\$ 17,693
Notes payable	437,665	1,300,000	(129,473)	1,608,192	151,096
Compensated absences	294,982	208,132	(195,670)	307,444	175,975
Business-type activities long-term liabilities	\$ 769,524	\$ 1,529,698	\$ (353,498)	\$ 1,945,724	\$ 344,764
Component units activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Solano County Fair:					
Capital leases	\$ 22,220	\$ -	\$ (22,220)	\$ -	\$ -
Compensated absences	86,114	123,422	(141,061)	68,475	12,000
Total Solano County Fair	\$ 108,334	\$ 123,422	\$ (163,281)	\$ 68,475	\$ 12,000
WIB:					
Compensated absences	\$ 77,311	\$ 31,923	\$ (26,245)	\$ 82,989	\$ 26,000
Total WIB	\$ 77,311	\$ 31,923	\$ (26,245)	\$ 82,989	\$ 26,000

* Restated for reclassification of Solano County Fair as component unit.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, \$436,286 of internal service funds long-term liabilities are included in the above amounts.

J. Excess of expenditures over appropriations

As of June 30,2003, the expenditures exceeded appropriations in individual funds at the level of budgetary control :

Special Revenue Funds:	
Public Safety Fund	
Buildings & Improvements	\$ 688,979
Transportation Fund	
Land	1,083,514
Construction in progress	1,649,943
Accumulated Capital Outlay Capital Projects Fund	
Equipment	15,782

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

K. *Deficit fund equity*

As of June 30, 2003, Health and Social Services Fund (Special Revenue Fund) had a deficit fund balance of \$4,416,501 which is expected to be resolved through adjustment/transfers from the primary operating funds or through current year operating revenues.

IV. OTHER INFORMATION

A. *Employee Retirement Plan*

1. *Plan Description*

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

2. *Funding Policy*

Active plan members in the Fund are required to contribute between 2% to 5% of their annual covered salary. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by CalPERS Board of Administration. The required employer contribution rate for fiscal year 2002/2003 was 0.0% for both miscellaneous and 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 2002/2003, the County's annual pension cost was \$0 and the County's contribution was \$0. The required contribution for fiscal year 2002/2003 was determined as part of the June 30, 2000 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, 2002 was 20 years for the miscellaneous and safety plans.

Three-year trend information for the Fund

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC contributed	Net pension obligation
6/30/01	-	100%	-
6/30/02	-	100	-
6/30/03	-	100	-

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, workers' compensation, 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 \$8,401,688 during the fiscal year ended June 30, 2003.

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, 1997, the County elected to fully insure the County's workers' compensation coverage under the CSAC-EIA Primary Workers' Compensation Program. The County no longer self-insures for this risk. During the fiscal year ended June 30, 1998, the County paid CSAC-EIA approximately \$6,400,000 to transfer its risk of all workers' compensation claims, including incurred-but-not-reported claims as of June 30, 1997. The County has primary coverage up to \$125,000 per occurrence, and participates in excess coverage subject to statutory limits.

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 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, 2003, the accrued loss contingency was \$202,737, and is reported as a liability in the Risk Management Internal Service fund. In County management's opinion, the contingency

is adequate to cover any potential claims not covered by insurance.

Changes in the Risk Management Internal Service Fund's accrued loss contingency amount in years ended June 30, 2003 and 2002 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, 2002	\$ 206,901	\$ 481,778	\$ (453,483)	\$ 235,196
June 30, 2003	235,196	77,426	(109,885)	202,737

C. Commitments and Contingencies

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

1. Grants

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

2. Land Swap

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

3. Capital Projects

The Fairfield Downtown Project has a total budget of \$115,000,000. The project includes the construction of a six-story 300,000 square foot County Administration Center, a five-level parking structure, a two-story, 43,000 square foot Probation building and an expanded co-generation facility. The anticipated completion date is October 2004. The commitments outstanding as of June 30, 2003 total \$2,596,973.

The Juvenile Hall Project has a total budget of \$17,000,000. The project includes the construction of a new 90-bed juvenile detention facility. The anticipated occupancy date is scheduled for April 2004. Because this project is funded in part by a grant administered by the State Board of Corrections, the County committed to having this project completed by September 30, 2004. The commitments outstanding as of June 30, 2003 total \$4,606,105.

D. Restatement of Beginning Fund Balance/Equity

1. Fund Reclassification

Proprietary Funds: During the current year, the County evaluated its proprietary funds and reclassified a fund that is more appropriately classified as a component unit. Previously the County had included the Solano County Fair as a proprietary fund. The Solano County Fair does not meet the (GAAP) requirements of providing services entirely to the County, therefore, is considered a component unit, discretely presented in the County's financial statement.

The impact of the restatement on the fund balances/net assets is presented below:

	Business-type Activities				Component Unit Solano County Fair
	Nut Tree Airport	Solano County Fair	Fouts Springs Youth Facility	Total	
Net assets, June 30, 2002, as previously reported	\$ 5,831,034	\$ 5,438,052	\$ 4,100,796	\$ 15,369,882	\$ -
Fund reclassification:					
Component Unit	-	(5,438,052)	-	(5,438,052)	5,438,052
Net assets, July 1, 2002, as restated	<u>\$ 5,831,034</u>	<u>\$ -</u>	<u>\$ 4,100,796</u>	<u>\$ 9,931,830</u>	<u>\$ 5,438,052</u>

E. Subsequent Event

1. On March 25, 2003, the Board of Supervisors approved the withdrawal of the County from the CSAC Excess Insurance Authority Primary Workers' Compensation Program and to self-insure the County for workers' compensation effective July 1, 2003. The County will self insure for the first \$125,000 of each workers' compensation claim. The County will continue to participate in excess coverage subject to statutory limits.

2. Vehicle license fee revenue of approximately \$30 million annually funds a wide range of County programs and services. Recent actions at the state level may place approximately two-thirds of this revenue at risk in FY 03-04 and beyond. Due to the constitutional guarantee of this revenue, management believes the Governor and Legislature will eventually agree upon a plan to provide replacement revenue. However, it is uncertain when this might happen, or what level of replacement revenue might be provided. Management is monitoring the situation closely.

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REQUIRED
SUPPLEMENTARY
INFORMATION

COUNTY OF SOLANO, CALIFORNIA
Schedules of Funding Progress
For the fiscal year ended June 30, 2003
Unaudited

**Safety Plan
Retirement Program**

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Excess Assets	Funded Status	Annual Covered Payroll	Excess assets as a % of Payroll
6/30/00	\$ 96,821,598	\$131,714,691	\$ 34,893,093	136.0%	\$ 24,311,440	143.5%
6/30/01	116,273,447	137,204,328	20,930,881	118.0%	26,405,516	79.3%
6/30/02	138,232,370	131,326,613	(6,905,757)	95.0%	29,271,694	(23.6%)

1959 Survivor Program

6/30/00	\$ -	\$ 43,080	\$ 43,080	-	\$ 24,311,440	1.0%
6/30/01	-	256,457	256,457	-	26,405,516	1.0%
6/30/02	-	249,493	249,493	-	29,271,694	0.9%

**Miscellaneous Plan
Retirement Program**

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Excess Assets	Funded Status	Annual Covered Payroll	Excess assets as a % of Payroll
6/30/00	\$ 323,239,852	\$ 415,171,322	\$ 91,931,470	128.4%	\$ 104,676,655	87.8%
6/30/01	412,350,432	429,107,829	16,757,397	104.1%	115,610,165	14.5%
6/30/02	465,100,294	405,538,372	(59,561,922)	87.2%	129,043,033	(46.2%)

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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Positive (Negative)
REVENUES				
Taxes	\$ 46,467,863	\$ 46,467,863	\$ 47,807,457	\$ 1,339,594
Licenses, permits and franchises	3,543,047	3,867,570	4,429,798	562,228
Fines, forfeitures and penalties	3,009,500	3,009,500	3,396,608	387,108
Revenue from use of money and property	1,668,937	1,682,022	1,400,748	(281,274)
Intergovernmental revenues	30,024,625	32,582,310	41,091,925	8,509,615
Charges for services	24,580,972	25,280,256	27,520,579	2,240,323
Miscellaneous revenues	4,186,646	4,259,702	5,291,655	1,031,953
Total revenues	<u>113,481,590</u>	<u>117,149,223</u>	<u>130,938,770</u>	<u>13,789,547</u>
EXPENDITURES				
Current:				
General government				
Legislative and administrative	4,348,808	4,436,860	3,736,001	700,859
Finance	8,875,824	8,926,131	8,573,163	352,968
Counsel	1,900,456	1,946,789	1,946,769	20
Personnel	1,618,022	1,615,522	1,427,301	188,221
Elections	1,507,762	5,749,447	1,588,515	4,160,932
Property management	225,594	238,679	208,586	30,093
Promotion	178,966	167,022	137,234	29,788
Other general	34,164,866	27,692,364	19,601,972	8,090,392
Total general government	<u>52,820,298</u>	<u>50,772,814</u>	<u>37,219,541</u>	<u>13,553,273</u>
Public protection				
Judicial	108,701	122,295	101,339	20,956
Protection and inspection	3,549,656	3,649,330	3,452,489	196,841
Other protection	10,048,677	11,949,815	10,708,097	1,241,718
Total public protection	<u>13,707,034</u>	<u>15,721,440</u>	<u>14,261,925</u>	<u>1,459,515</u>
Public assistance				
General relief	14,984	14,984	9,185	5,799
Veterans' services	416,845	416,845	415,517	1,328
Total public assistance	<u>431,829</u>	<u>431,829</u>	<u>424,702</u>	<u>7,127</u>
Education and recreation				
Other education	222,222	222,222	216,117	6,105
Veterans memorial	39,431	39,431	34,113	5,318
Total education and recreation	<u>261,653</u>	<u>261,653</u>	<u>250,230</u>	<u>11,423</u>
Debt service:				
Principal	118,301	124,310	106,457	17,853
Interest and other charges	264,406	264,406	160,042	104,364
Total debt service	<u>382,707</u>	<u>388,716</u>	<u>266,499</u>	<u>122,217</u>
Capital outlay:				
Equipment	62,422	459,252	428,520	30,732
Total capital outlay	<u>62,422</u>	<u>459,252</u>	<u>428,520</u>	<u>30,732</u>
Total expenditures	<u>67,665,943</u>	<u>68,035,704</u>	<u>52,851,417</u>	<u>15,184,287</u>
Excess of revenues over expenditures	<u>45,815,647</u>	<u>49,113,519</u>	<u>78,087,353</u>	<u>28,973,834</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	512,230	659,136	1,216,313	557,177
Transfers out	(70,889,554)	(75,871,446)	(75,654,685)	216,761
Sale of capital assets	5,000	27,657	31,353	3,696
Total other financing sources (uses)	<u>(70,372,324)</u>	<u>(75,184,653)</u>	<u>(74,407,019)</u>	<u>777,634</u>
Net change in fund balance	(24,556,677)	(26,071,134)	3,680,334	29,751,468
Fund balance - beginning	45,226,726	45,226,726	45,226,726	-
Fund balance - ending	<u>\$ 20,670,049</u>	<u>\$ 19,155,592</u>	<u>\$ 48,907,060</u>	<u>\$ 29,751,468</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, 2003

	<u>Budgeted Amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Final Budget
				Positive
				(Negative)
REVENUES				
Licenses, permits and franchises	\$ 383,361	\$ 383,361	\$ 315,266	(68,095)
Fines, forfeitures and penalties	430,000	430,000	557,679	127,679
Revenue from use of money and property	159,354	159,354	(427,886)	(587,240)
Intergovernmental revenues	174,308,485	178,662,466	164,962,988	(13,699,478)
Charges for services	12,467,364	11,427,301	11,926,063	498,762
Miscellaneous revenues	3,052,862	3,083,862	887,651	(2,196,211)
Total revenues	<u>190,801,426</u>	<u>194,146,344</u>	<u>178,221,761</u>	<u>(15,924,583)</u>
EXPENDITURES				
Current:				
Health and sanitation				
Health and sanitation	81,921,016	86,051,930	79,618,515	6,433,415
Hospital care	236,879	236,879	192,110	44,769
Total health and sanitation	<u>82,157,895</u>	<u>86,288,809</u>	<u>79,810,625</u>	<u>6,478,184</u>
Public assistance				
Administration	124,413,613	127,343,643	120,871,726	6,471,917
Total public assistance	<u>124,413,613</u>	<u>127,343,643</u>	<u>120,871,726</u>	<u>6,471,917</u>
Debt service:				
Principal	-	100,000	89,845	10,155
Interest and other charges	186,148	186,148	8,498	177,650
Total debt service	<u>186,148</u>	<u>286,148</u>	<u>98,343</u>	<u>187,805</u>
Capital outlay:				
Buildings and improvements	40,000	-	-	-
Equipment	155,100	376,772	352,057	24,715
Total capital outlay	<u>195,100</u>	<u>376,772</u>	<u>352,057</u>	<u>24,715</u>
Total expenditures	<u>206,952,756</u>	<u>214,295,372</u>	<u>201,132,751</u>	<u>13,162,621</u>
Deficiency of revenues under expenditures	<u>(16,151,330)</u>	<u>(20,149,028)</u>	<u>(22,910,990)</u>	<u>(2,761,962)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	21,024,931	25,379,503	22,984,084	(2,395,419)
Transfers out	(2,589,913)	(3,469,885)	(2,803,208)	666,677
Total other financing sources (uses)	<u>18,435,018</u>	<u>21,909,618</u>	<u>20,180,876</u>	<u>(1,728,742)</u>
Net change in fund balance	2,283,688	1,760,590	(2,730,114)	(4,490,704)
Fund balance - beginning	(1,686,387)	(1,686,387)	(1,686,387)	-
Fund balance - ending	<u>\$ 597,301</u>	<u>\$ 74,203</u>	<u>\$ (4,416,501)</u>	<u>\$ (4,490,704)</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Positive (Negative)
REVENUES				
Licenses, permits and franchises	\$ 195,391	\$ 195,391	\$ 171,404	\$ (23,987)
Fines, forfeitures and penalties	414,845	414,845	764,533	349,688
Revenue from use of money and property	301,965	301,965	234,539	(67,426)
Intergovernmental revenues	51,584,580	52,589,801	49,679,594	(2,910,207)
Charges for services	7,485,633	7,526,408	7,244,440	(281,968)
Miscellaneous revenues	845,263	988,450	1,217,444	228,994
Total revenues	<u>60,827,677</u>	<u>62,016,860</u>	<u>59,311,954</u>	<u>(2,704,906)</u>
EXPENDITURES				
Current:				
Public protection				
Judicial	37,568,057	37,613,364	35,879,416	1,733,948
Police protection	52,617,485	53,572,769	51,245,351	2,327,418
Detention & correction	26,202,858	26,576,021	24,701,184	1,874,837
Other protection	-	-	-	-
Total public protection	<u>116,388,400</u>	<u>117,762,154</u>	<u>111,825,951</u>	<u>5,936,203</u>
Debt service:				
Principal	739,916	1,096,916	941,943	154,973
Interest and other charges	233,190	238,590	180,580	58,010
Total debt service	<u>973,106</u>	<u>1,335,506</u>	<u>1,122,523</u>	<u>212,983</u>
Capital outlay:				
Buildings and improvements	-	-	688,979	(688,979)
Equipment	345,913	731,170	448,191	282,979
Total capital outlay	<u>345,913</u>	<u>731,170</u>	<u>1,137,170</u>	<u>(406,000)</u>
Total expenditures	<u>117,707,419</u>	<u>119,828,830</u>	<u>114,085,644</u>	<u>5,743,186</u>
Deficiency of revenues under expenditures	<u>(56,879,742)</u>	<u>(57,811,970)</u>	<u>(54,773,690)</u>	<u>3,038,280</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	688,979	688,979
Transfers in	54,694,484	55,609,289	52,897,772	(2,711,517)
Transfers out	<u>(4,387,327)</u>	<u>(5,664,452)</u>	<u>(2,448,230)</u>	<u>3,216,222</u>
Total other financing sources (uses)	<u>50,307,157</u>	<u>49,944,837</u>	<u>51,138,521</u>	<u>1,193,684</u>
Net change in fund balance	<u>(6,572,585)</u>	<u>(7,867,133)</u>	<u>(3,635,169)</u>	<u>4,231,964</u>
Fund balance - beginning	8,508,454	8,508,454	8,508,454	-
Fund balance - ending	<u>\$ 1,935,869</u>	<u>\$ 641,321</u>	<u>\$ 4,873,285</u>	<u>\$ 4,231,964</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 425,000	\$ 1,250,211	\$ 941,781	\$ (308,430)
Total revenues	<u>425,000</u>	<u>1,250,211</u>	<u>941,781</u>	<u>(308,430)</u>
EXPENDITURES				
Current:				
Health and sanitation				
Health and sanitation	600,000	800,000	732,310	67,690
Total health and sanitation	<u>600,000</u>	<u>800,000</u>	<u>732,310</u>	<u>67,690</u>
Total expenditures	<u>600,000</u>	<u>800,000</u>	<u>732,310</u>	<u>67,690</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(175,000)</u>	<u>450,211</u>	<u>209,471</u>	<u>(240,740)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of tobacco settlement revenue	-	55,088,473	55,088,473	-
Transfers out	<u>(3,960,265)</u>	<u>(3,960,265)</u>	<u>(2,896,061)</u>	<u>1,064,204</u>
Total other financing sources (uses)	<u>(3,960,265)</u>	<u>51,128,208</u>	<u>52,192,412</u>	<u>1,064,204</u>
Net change in fund balance	<u>(4,135,265)</u>	<u>51,578,419</u>	<u>52,401,883</u>	<u>823,464</u>
Fund balance - beginning	12,060,010	12,060,010	12,060,010	-
Fund balance - ending	<u>\$ 7,924,745</u>	<u>\$ 63,638,429</u>	<u>\$ 64,461,893</u>	<u>\$ 823,464</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, 2003**

Budgetary Information

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

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

Expenditures are controlled at the object level for all departments within the County except for capital outlay expenditures, which are controlled at the sub object level. This is the level at which expenditures may not legally exceed appropriations. Final budgeted amounts in the accompanying required supplementary information are reported as amended. Individual amendments during the fiscal year ended June 30, 2003, were not material in relation to the original appropriations.

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

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



COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Other Governmental Funds

Special Revenue Funds

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

Capital Projects Funds

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those 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, 2003

	<u>Nonmajor Special Revenue Funds</u>	<u>Nonmajor Capital Projects Funds</u>	<u>Nonmajor Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
ASSETS				
Cash and investments	\$ 41,812,979	\$ 7,819,436	\$ 20,676,684	\$ 70,309,099
Accounts receivable	1,448,259	23,187	-	1,471,446
Due from other agencies	4,163,730	1,438,532	350,381	5,952,643
Due from other funds	130,996	8,008	66,405	205,409
Other assets	1,944,040	-	-	1,944,040
Total assets	<u>\$ 49,500,004</u>	<u>\$ 9,289,163</u>	<u>\$ 21,093,470</u>	<u>\$ 79,882,637</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Payables	\$ 1,846,644	\$ 675,531	\$ -	\$ 2,522,175
Outstanding warrants	877,501	29,358	2,716	909,575
Deferred revenue	262,904	133,731	435,000	831,635
Due to other funds	1,624,037	291,646	-	1,915,683
Other liabilities	95,663	421,018	-	516,681
Due to other agencies	502,760	-	-	502,760
Total liabilities	<u>5,209,509</u>	<u>1,551,284</u>	<u>437,716</u>	<u>7,198,509</u>
Fund balances:				
Reserved:				
Long-term assets	1,633,343	-	-	1,633,343
Debt service	250,000	-	20,655,754	20,905,754
Encumbrances	3,895,856	7,614,282	-	11,510,138
General	12,402,962	-	-	12,402,962
Other purposes	554,643	-	-	554,643
Unreserved:				
Designated	25,553,691	123,597	-	25,677,288
Total fund balances	<u>44,290,495</u>	<u>7,737,879</u>	<u>20,655,754</u>	<u>72,684,128</u>
Total liabilities and fund balances	<u>\$ 49,500,004</u>	<u>\$ 9,289,163</u>	<u>\$ 21,093,470</u>	<u>\$ 79,882,637</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, 2003

	Nonmajor Special Revenue Funds	Nonmajor Capital Projects Funds	Nonmajor Debt Service Funds	Total Other Governmental Funds
REVENUES				
Taxes	\$ 9,313,528	\$ 1,136,578	\$ 989,410	\$ 11,439,516
Licenses, permits and franchises	82,044	-	-	82,044
Fines, forfeitures and penalties	10,567	-	-	10,567
Revenue from use of money and property	807,458	196,443	234,659	1,238,560
Intergovernmental revenues	18,284,194	2,511,696	-	20,795,890
Charges for services	12,949,332	80,957	-	13,030,289
Miscellaneous revenues	230,184	38,788	28,209	297,181
Total revenues	<u>41,677,307</u>	<u>3,964,462</u>	<u>1,252,278</u>	<u>46,894,047</u>
EXPENDITURES				
Current:				
General government	121,597	658,898	2,485,450	3,265,945
Public protection	2,603,165	-	-	2,603,165
Public ways and facilities	8,152,377	-	-	8,152,377
Health and sanitation	3,706,909	-	-	3,706,909
Education and recreation	12,462,775	-	-	12,462,775
Debt service:				
Principal	-	-	6,055,000	6,055,000
Interest and other charges	-	-	4,808,205	4,808,205
Capital outlay	9,575,217	5,996,565	-	15,571,782
Total expenditures	<u>36,622,040</u>	<u>6,655,463</u>	<u>13,348,655</u>	<u>56,626,158</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,055,267</u>	<u>(2,691,001)</u>	<u>(12,096,377)</u>	<u>(9,732,111)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	4,848,459	-	12,189,900	17,038,359
Premium on debt	-	-	4,628,748	4,628,748
Transfers in	2,511,379	5,657,573	7,398,425	15,567,377
Transfers out	(6,602,635)	(713,347)	(18,475)	(7,334,457)
Sale of capital assets	55,979	-	-	55,979
Total other financing sources (uses)	<u>813,182</u>	<u>4,944,226</u>	<u>24,198,598</u>	<u>29,956,006</u>
Net change in fund balances	5,868,449	2,253,225	12,102,221	20,223,895
Fund balances - beginning	38,422,046	5,484,654	8,553,533	52,460,233
Fund balances - ending	<u>\$ 44,290,495</u>	<u>\$ 7,737,879</u>	<u>\$ 20,655,754</u>	<u>\$ 72,684,128</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 account for the transportation facilities and services of the County traveling public. The fund is primarily funded through state and federal grants.

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

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

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

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

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

Other Special Revenue Funds:

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

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

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

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2003

	<u>Library</u>	<u>Transportation</u>	<u>Children and Families First Commission</u>	<u>Homeacres Loan Program</u>	<u>Rural North Vacaville Water District</u>
ASSETS					
Cash and investments	\$ 10,371,981	\$ 3,797,956	\$ 18,214,705	\$ 573,994	\$ -
Accounts receivable	15,943	323,401	522,699	-	10,526
Due from other agencies	338,319	1,590,653	431,834	-	1,578,709
Due from other funds	74,945	55,957	34	-	-
Other assets	-	252,557	-	1,633,343	-
Total assets	<u>\$ 10,801,188</u>	<u>\$ 6,020,524</u>	<u>\$ 19,169,272</u>	<u>\$ 2,207,337</u>	<u>\$ 1,589,235</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables	\$ 713,426	\$ 528,074	\$ 260,272	\$ 2,084	\$ 115,254
Outstanding warrants	376,539	314,993	175,703	2,875	1,361
Deferred revenue	4,764	-	200,000	-	-
Due to other funds	17,865	51	5,788	-	1,207,749
Other liabilities	-	95,663	-	-	-
Due to other agencies	-	-	394,644	-	-
Total liabilities	<u>1,112,594</u>	<u>938,781</u>	<u>1,036,407</u>	<u>4,959</u>	<u>1,324,364</u>
Fund balances:					
Reserved:					
Long-term assets	-	-	-	1,633,343	-
Debt service	250,000	-	-	-	-
Encumbrances	2,806,849	999,962	68,304	11,207	7,000
General	132,508	1,481	12,268,973	-	-
Other purposes	2,250	315,487	300	-	5,225
Unreserved:					
Designated	6,496,987	3,764,813	5,795,288	557,828	252,646
Total fund balances	<u>9,688,594</u>	<u>5,081,743</u>	<u>18,132,865</u>	<u>2,202,378</u>	<u>264,871</u>
Total liabilities and fund balances	<u>\$ 10,801,188</u>	<u>\$ 6,020,524</u>	<u>\$ 19,169,272</u>	<u>\$ 2,207,337</u>	<u>\$ 1,589,235</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2002

Micrographics & Modernization	Public Facilities Fees	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds
\$ 2,829,617	\$ 4,544,106	\$ 1,480,620	\$ 41,812,979
14,728	532,457	28,505	1,448,259
-	223,102	1,113	4,163,730
-	-	60	130,996
-	-	58,140	1,944,040
<u>\$ 2,844,345</u>	<u>\$ 5,299,665</u>	<u>\$ 1,568,438</u>	<u>\$ 49,500,004</u>
-	-	-	1,633,343
20	-	6,010	250,000
-	-	58,140	3,895,856
337,417	5,040	50,127	12,402,962
-	-	-	554,643
-	50,000	58,116	25,553,691
<u>337,437</u>	<u>55,040</u>	<u>399,927</u>	<u>44,290,495</u>
-	-	-	-
171,637	44,879	14,865	-
2,335,271	5,199,746	1,151,112	-
<u>2,506,908</u>	<u>5,244,625</u>	<u>1,168,511</u>	<u>44,290,495</u>
<u>\$ 2,844,345</u>	<u>\$ 5,299,665</u>	<u>\$ 1,568,438</u>	<u>\$ 49,500,004</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
General
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, 2003

	<u>Library</u>	<u>Transportation</u>	<u>Children and Families First Commission</u>	<u>Homeacres Loan Program</u>	<u>Rural North Vacaville Water District</u>
REVENUES					
Taxes	\$ 7,825,614	\$ 974,349	\$ -	\$ -	\$ -
Licenses, permits and franchises	-	82,044	-	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Revenue from use of money and property	149,710	125,108	363,914	32,649	750
Intergovernmental revenues	1,980,496	8,905,957	4,947,600	113,714	-
Charges for services	3,770,222	1,357,231	-	-	37,713
Miscellaneous revenues	50,307	172,817	357	-	-
Total revenues	<u>13,776,349</u>	<u>11,617,506</u>	<u>5,311,871</u>	<u>146,363</u>	<u>38,463</u>
EXPENDITURES					
Current:					
General government	-	23,546	-	-	-
Public protection	-	-	-	108,157	-
Public ways and facilities	-	8,019,765	-	-	70,784
Health and sanitation	-	-	3,706,909	-	-
Education and recreation	11,581,661	-	-	-	-
Capital outlay	2,104,311	3,224,682	-	-	4,246,224
Total expenditures	<u>13,685,972</u>	<u>11,267,993</u>	<u>3,706,909</u>	<u>108,157</u>	<u>4,317,008</u>
Excess (deficiency) of revenues over (under) expenditures	<u>90,377</u>	<u>349,513</u>	<u>1,604,962</u>	<u>38,206</u>	<u>(4,278,545)</u>
OTHER FINANCING SOURCES (USES)					
Debt proceeds	-	-	-	-	4,848,459
Transfers in	2,466,616	-	-	-	-
Transfers out	(68,027)	(44,859)	-	-	-
Sale of capital assets	-	55,979	-	-	-
Total other financing sources (uses)	<u>2,398,589</u>	<u>11,120</u>	<u>-</u>	<u>-</u>	<u>4,848,459</u>
Net change in fund balances	2,488,966	360,633	1,604,962	38,206	569,914
Fund balances (deficit) - beginning	7,199,628	4,721,110	16,527,903	2,164,172	(305,043)
Fund balances - ending	<u>\$ 9,688,594</u>	<u>\$ 5,081,743</u>	<u>\$ 18,132,865</u>	<u>\$ 2,202,378</u>	<u>\$ 264,871</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, 2003

<u>Micrographics & Modernization</u>	<u>Public Facilities Fees</u>	<u>Other Special Revenue Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>	
\$ -	\$ -	\$ 513,565	\$ 9,313,528	REVENUES
-	-	-	82,044	Taxes
-	-	10,567	10,567	Licenses, permits and franchises
39,160	99,720	(3,553)	807,458	Fines, forfeitures and penalties
-	-	2,336,427	18,284,194	Revenue from use of money and property
1,414,769	6,026,681	342,716	12,949,332	Intergovernmental revenues
-	-	6,703	230,184	Charges for services
<u>1,453,929</u>	<u>6,126,401</u>	<u>3,206,425</u>	<u>41,677,307</u>	Miscellaneous revenues
				Total revenues
				EXPENDITURES
				Current:
-	98,051	-	121,597	General government
-	-	2,495,008	2,603,165	Public protection
-	-	61,828	8,152,377	Public ways and facilities
-	-	-	3,706,909	Health and sanitation
-	-	881,114	12,462,775	Education and recreation
-	-	-	9,575,217	Capital outlay
<u>-</u>	<u>98,051</u>	<u>3,437,950</u>	<u>36,622,040</u>	Total expenditures
				Excess (deficiency) of revenues over (under)
<u>1,453,929</u>	<u>6,028,350</u>	<u>(231,525)</u>	<u>5,055,267</u>	expenditures
				OTHER FINANCING SOURCES (USES)
-	-	-	4,848,459	Proceeds from debt issuance
-	15,502	29,261	2,511,379	Transfers in
(337,417)	(6,123,832)	(28,500)	(6,602,635)	Transfers out
-	-	-	55,979	Sale of capital assets
<u>(337,417)</u>	<u>(6,108,330)</u>	<u>761</u>	<u>813,182</u>	Total other financing sources (uses)
				Net change in fund balances
1,116,512	(79,980)	(230,764)	5,868,449	Fund balances (deficit) - beginning
1,390,396	5,324,605	1,399,275	38,422,046	Fund balances - ending
<u>\$ 2,506,908</u>	<u>\$ 5,244,625</u>	<u>\$ 1,168,511</u>	<u>\$ 44,290,495</u>	

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Library - Special Revenue Fund
For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Taxes	\$ 7,417,653	\$ 7,417,653	\$ 7,825,614	\$ 407,961
Revenue from use of money and property	81,291	81,291	149,710	68,419
Intergovernmental revenues	1,755,591	1,807,223	1,980,496	173,273
Charges for services	3,415,580	3,415,580	3,770,222	354,642
Miscellaneous revenues	66,000	76,352	50,307	(26,045)
Total revenues	12,736,115	12,798,099	13,776,349	978,250
EXPENDITURES				
Current:				
Education and recreation				
Library services	15,992,308	16,551,950	11,581,661	4,970,289
Total education and recreation	15,992,308	16,551,950	11,581,661	4,970,289
Debt service:				
Interest and other charges	7,500	7,500	-	7,500
Total debt service	7,500	7,500	-	7,500
Capital outlay:				
Construction in progress	2,709,634	4,699,399	2,034,174	2,665,225
Buildings and improvements	-	28,790	-	28,790
Equipment	607,410	651,101	70,137	580,964
Total capital outlay	3,317,044	5,379,290	2,104,311	3,274,979
Total expenditures	19,316,852	21,938,740	13,685,972	8,252,768
Deficiency of revenues under expenditures	(6,580,737)	(9,140,641)	90,377	9,231,018
OTHER FINANCING SOURCES (USES)				
Transfers in	1,458,737	3,458,737	2,466,616	(992,121)
Transfers out	(971,273)	(970,473)	(68,027)	902,446
Total other financing sources (uses)	487,464	2,488,264	2,398,589	(89,675)
Net change in fund balance	(6,093,273)	(6,652,377)	2,488,966	9,141,343
Fund balance - beginning	7,199,628	7,199,628	7,199,628	-
Fund balance - ending	\$ 1,106,355	\$ 547,251	\$ 9,688,594	\$ 9,141,343

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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes	\$ 853,758	\$ 853,758	\$ 974,349	\$ 120,591
Licenses, permits and franchises	50,000	50,000	82,044	32,044
Revenue from use of money and property	207,000	207,000	125,108	(81,892)
Intergovernmental revenues	11,087,526	11,087,526	8,905,957	(2,181,569)
Charges for services	758,500	758,500	1,357,231	598,731
Miscellaneous revenues	9,800	9,800	172,817	163,017
Total revenues	<u>12,966,584</u>	<u>12,966,584</u>	<u>11,617,506</u>	<u>(1,349,078)</u>
EXPENDITURES				
Current:				
General government				
Other general	74,298	74,298	23,546	50,752
Total general government	<u>74,298</u>	<u>74,298</u>	<u>23,546</u>	<u>50,752</u>
Public ways and facilities				
Public ways and facilities	16,754,465	17,041,079	8,019,765	9,021,314
Total public ways and facilities	<u>16,754,465</u>	<u>17,041,079</u>	<u>8,019,765</u>	<u>9,021,314</u>
Capital outlay:				
Land	-	-	1,083,514	(1,083,514)
Construction in progress	-	-	1,649,943	(1,649,943)
Equipment	570,000	1,057,360	491,225	566,135
Total capital outlay	<u>570,000</u>	<u>1,057,360</u>	<u>3,224,682</u>	<u>(2,167,322)</u>
Total expenditures	<u>17,398,763</u>	<u>18,172,737</u>	<u>11,267,993</u>	<u>6,904,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,432,179)</u>	<u>(5,206,153)</u>	<u>349,513</u>	<u>5,555,666</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	800,000	800,000	-	(800,000)
Transfers out	(53,000)	(53,000)	(44,859)	8,141
Sale of capital assets	32,800	32,800	55,979	23,179
Total other financing sources (uses)	<u>779,800</u>	<u>779,800</u>	<u>11,120</u>	<u>(768,680)</u>
Net change in fund balance	(3,652,379)	(4,426,353)	360,633	4,786,986
Fund balance - beginning	4,721,110	4,721,110	4,721,110	-
Fund balance - ending	<u>\$ 1,068,731</u>	<u>\$ 294,757</u>	<u>\$ 5,081,743</u>	<u>\$ 4,786,986</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Children and Families First Commission - Special Revenue Fund
For the fiscal year ended June 30, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 363,914	\$ 363,914
Intergovernmental revenues	5,029,778	5,029,778	4,947,600	(82,178)
Miscellaneous revenues	-	-	357	357
Total revenues	<u>5,029,778</u>	<u>5,029,778</u>	<u>5,311,871</u>	<u>282,093</u>
EXPENDITURES				
Current:				
Health and sanitation				
Health and sanitation	<u>9,553,466</u>	<u>9,553,466</u>	<u>3,706,909</u>	<u>5,846,557</u>
Total health and sanitation	<u>9,553,466</u>	<u>9,553,466</u>	<u>3,706,909</u>	<u>5,846,557</u>
Total expenditures	<u>9,553,466</u>	<u>9,553,466</u>	<u>3,706,909</u>	<u>5,846,557</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,523,688)</u>	<u>(4,523,688)</u>	<u>1,604,962</u>	<u>6,128,650</u>
Net change in fund balance	(4,523,688)	(4,523,688)	1,604,962	6,128,650
Fund balance - beginning	<u>16,527,903</u>	<u>16,527,903</u>	<u>16,527,903</u>	-
Fund balance - ending	<u>\$ 12,004,215</u>	<u>\$ 12,004,215</u>	<u>\$ 18,132,865</u>	<u>\$ 6,128,650</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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ 20,000	\$ 20,000	\$ 32,649	\$ 12,649
Intergovernmental revenues	658,482	658,482	113,714	(544,768)
Total revenues	678,482	678,482	146,363	(532,119)
EXPENDITURES				
Current:				
Public protection				
Other protection	1,036,418	1,039,418	108,157	931,261
Total public protection	1,036,418	1,039,418	108,157	931,261
Total expenditures	1,036,418	1,039,418	108,157	931,261
Excess (deficiency) of revenues over (under) expenditures	(357,936)	(360,936)	38,206	399,142
Net change in fund balance	(357,936)	(360,936)	38,206	399,142
Fund balance - beginning	2,164,172	2,164,172	2,164,172	-
Fund balance - ending	\$ 1,806,236	\$ 1,803,236	\$ 2,202,378	\$ 399,142

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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 750	\$ 750
Charges for services	-	64,629	37,713	(26,916)
Total revenues	-	64,629	38,463	(26,166)
EXPENDITURES				
Current:				
Public ways and facilities				
Public ways and facilities	23,599	108,428	70,784	37,644
Total public ways and facilities	23,599	108,428	70,784	37,644
Debt service:				
Interest and other charges	-	2,733	-	2,733
Total debt service	-	2,733	-	2,733
Capital outlay:				
Construction in progress	1,999,235	4,572,555	4,246,224	326,331
Total capital outlay	1,999,235	4,572,555	4,246,224	326,331
Total expenditures	2,022,834	4,683,716	4,317,008	366,708
Deficiency of revenues under expenditures	(2,022,834)	(4,619,087)	(4,278,545)	340,542
OTHER FINANCING SOURCES				
Debt proceeds	4,992,530	6,244,530	4,848,459	(1,396,071)
Total other financing sources	4,992,530	6,244,530	4,848,459	(1,396,071)
Net change in fund balance	2,969,696	1,625,443	569,914	(1,055,529)
Fund deficit - beginning	(305,043)	(305,043)	(305,043)	-
Fund deficit - ending	\$ 2,664,653	\$ 1,320,400	\$ 264,871	\$ (1,055,529)

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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Revenue from use of money and property	\$ 37,810	\$ 37,810	\$ 39,160	\$ 1,350
Charges for services	579,384	583,103	1,414,769	831,666
Total revenues	<u>617,194</u>	<u>620,913</u>	<u>1,453,929</u>	<u>833,016</u>
EXPENDITURES				
Current:				
Public protection				
Other protection	1,392,343	1,392,343	-	1,392,343
Total public protection	<u>1,392,343</u>	<u>1,392,343</u>	<u>-</u>	<u>1,392,343</u>
Total expenditures	<u>1,392,343</u>	<u>1,392,343</u>	<u>-</u>	<u>1,392,343</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(775,149)</u>	<u>(771,430)</u>	<u>1,453,929</u>	<u>2,225,359</u>
OTHER FINANCING USES				
Transfers out	(414,399)	(418,118)	(337,417)	80,701
Total other financing uses	<u>(414,399)</u>	<u>(418,118)</u>	<u>(337,417)</u>	<u>80,701</u>
Net change in fund balance	(1,189,548)	(1,189,548)	1,116,512	2,306,060
Fund balance - beginning	1,390,396	1,390,396	1,390,396	-
Fund balance - ending	<u>\$ 200,848</u>	<u>\$ 200,848</u>	<u>\$ 2,506,908</u>	<u>\$ 2,306,060</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Facilities Fees - Special Revenue Fund
For the fiscal year ended June 30, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Revenue from use of money and property	\$ 65,152	\$ 65,152	\$ 99,720	\$ 34,568
Charges for services	6,084,377	6,119,377	6,026,681	(92,696)
Total revenues	<u>6,149,529</u>	<u>6,184,529</u>	<u>6,126,401</u>	<u>(58,128)</u>
EXPENDITURES				
Current:				
General government				
Plant acquisition	6,231,176	5,595,660	98,051	5,497,609
Total general government	<u>6,231,176</u>	<u>5,595,660</u>	<u>98,051</u>	<u>5,497,609</u>
Total expenditures	<u>6,231,176</u>	<u>5,595,660</u>	<u>98,051</u>	<u>5,497,609</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(81,647)</u>	<u>588,869</u>	<u>6,028,350</u>	<u>5,439,481</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	15,502	15,502	-
Transfers out	(5,435,134)	(6,123,832)	(6,123,832)	-
Total other financing sources (uses)	<u>(5,435,134)</u>	<u>(6,108,330)</u>	<u>(6,108,330)</u>	<u>-</u>
Net change in fund balance	(5,516,781)	(5,519,461)	(79,980)	5,439,481
Fund balance - beginning	5,324,605	5,324,605	5,324,605	-
Fund balance - ending	<u>\$ (192,176)</u>	<u>\$ (194,856)</u>	<u>\$ 5,244,625</u>	<u>\$ 5,439,481</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
REVENUES				
Taxes	\$ 667,508	\$ 667,508	\$ 513,565	\$ (153,943)
Fines, forfeitures and penalties	7,600	7,600	10,567	2,967
Revenue from use of money and property	55,187	55,187	(3,553)	(58,740)
Intergovernmental revenues	3,545,037	3,677,642	2,336,427	(1,341,215)
Charges for services	340,800	340,800	342,716	1,916
Miscellaneous revenues	263,577	263,577	6,703	(256,874)
Total revenues	<u>4,879,709</u>	<u>5,012,314</u>	<u>3,206,425</u>	<u>(1,805,889)</u>
EXPENDITURES				
Current:				
Public protection				
Fire protection	312,133	312,133	194,467	117,666
Other protection	2,304,719	2,578,470	2,300,541	277,929
Total public protection	<u>2,616,852</u>	<u>2,890,603</u>	<u>2,495,008</u>	<u>395,595</u>
Public ways and facilities				
Public ways and facilities	461,433	461,433	61,828	399,605
Total public ways and facilities	<u>461,433</u>	<u>461,433</u>	<u>61,828</u>	<u>399,605</u>
Education and recreation				
Recreation facilities	848,862	929,929	881,114	48,815
Total education and recreation	<u>848,862</u>	<u>929,929</u>	<u>881,114</u>	<u>48,815</u>
Debt service:				
Interest and other charges	1,000	1,000	-	1,000
Total debt service	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Capital outlay:				
Buildings and improvements	1,448,214	1,237,713	-	1,237,713
Total capital outlay	<u>1,448,214</u>	<u>1,237,713</u>	<u>-</u>	<u>1,237,713</u>
Total expenditures	<u>5,376,361</u>	<u>5,520,678</u>	<u>3,437,950</u>	<u>2,082,728</u>
Deficiency of revenues under expenditures	<u>(496,652)</u>	<u>(508,364)</u>	<u>(231,525)</u>	<u>276,839</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	29,261	29,261	-
Transfers out	(808,500)	(828,500)	(28,500)	800,000
Total other financing sources (uses)	<u>(808,500)</u>	<u>(799,239)</u>	<u>761</u>	<u>800,000</u>
Net change in fund balance	(1,305,152)	(1,307,603)	(230,764)	1,076,839
Fund balance - beginning	1,399,275	1,399,275	1,399,275	-
Fund balance - ending	<u>\$ 94,123</u>	<u>\$ 91,672</u>	<u>\$ 1,168,511</u>	<u>\$ 1,076,839</u>

Nonmajor Capital Projects Funds

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

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

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2003

	<u>Accumulated Capital Outlay</u>	<u>Juvenile Hall Project</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS			
Cash and investments	\$ 3,421,916	\$ 4,397,520	\$ 7,819,436
Accounts receivable	23,187	-	23,187
Due from other agencies	338,246	1,100,286	1,438,532
Due from other funds	8,008	-	8,008
Total assets	<u>\$ 3,791,357</u>	<u>\$ 5,497,806</u>	<u>\$ 9,289,163</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payables	\$ 248,560	\$ 426,971	\$ 675,531
Outstanding warrants	8,485	20,873	29,358
Deferred revenue	133,731	-	133,731
Due to other funds	269,157	22,489	291,646
Other liabilities	102,436	318,582	421,018
Total liabilities	<u>762,369</u>	<u>788,915</u>	<u>1,551,284</u>
Fund balance:			
Reserved:			
Encumbrances	3,008,177	4,606,105	7,614,282
Unreserved:			
Designated	20,811	102,786	123,597
Total fund balance	<u>3,028,988</u>	<u>4,708,891</u>	<u>7,737,879</u>
Total liabilities and fund balance	<u>\$ 3,791,357</u>	<u>\$ 5,497,806</u>	<u>\$ 9,289,163</u>

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the fiscal year ended June 30, 2003

	<u>Accumulated Capital Outlay</u>	<u>Juvenile Hall Project</u>	<u>Total Nonmajor Capital Projects Funds</u>
REVENUES			
Taxes	\$ 1,136,578	\$ -	\$ 1,136,578
Revenue from use of money and property	61,315	135,128	196,443
Intergovernmental revenues	430,680	2,081,016	2,511,696
Charges for services	58,457	22,500	80,957
Miscellaneous revenues	38,788	-	38,788
Total revenues	<u>1,725,818</u>	<u>2,238,644</u>	<u>3,964,462</u>
EXPENDITURES			
Current:			
General government	658,898	-	658,898
Capital outlay	1,977,686	4,018,879	5,996,565
Total expenditures	<u>2,636,584</u>	<u>4,018,879</u>	<u>6,655,463</u>
Deficiency of revenues under expenditures	<u>(910,766)</u>	<u>(1,780,235)</u>	<u>(2,691,001)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	1,157,573	4,500,000	5,657,573
Transfers out	(713,347)	-	(713,347)
Total other financing sources (uses)	<u>444,226</u>	<u>4,500,000</u>	<u>4,944,226</u>
Net change in fund balances	(466,540)	2,719,765	2,253,225
Fund balances - beginning	3,495,528	1,989,126	5,484,654
Fund balances - ending	<u>\$ 3,028,988</u>	<u>\$ 4,708,891</u>	<u>\$ 7,737,879</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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ 380,000	\$ 380,000	\$ 592,867	\$ 212,867
Intergovernmental revenues	500,000	500,000	600,000	100,000
Total revenues	880,000	880,000	1,192,867	312,867
EXPENDITURES				
Current:				
General government				
Other general	3,768,097	4,143,901	375,804	3,768,097
Total general government	3,768,097	4,143,901	375,804	3,768,097
Capital outlay:				
Construction in progress	14,000,000	27,208,596	24,644,871	2,563,725
Buildings and improvements	-	365,687	332,441	33,246
Total capital outlay	14,000,000	27,574,283	24,977,312	2,596,971
Total expenditures	17,768,097	31,718,184	25,353,116	6,365,068
Deficiency of revenues under expenditures	(16,888,097)	(30,838,184)	(24,160,249)	6,677,935
OTHER FINANCING SOURCES (USES)				
Debt proceeds	14,000,000	32,039,765	106,135,100	74,095,335
Transfers in	-	18,475	18,475	-
Transfers out	-	(1,911,126)	(1,911,125)	1
Sale of capital assets	3,000,000	-	-	-
Total other financing sources (uses)	17,000,000	30,147,114	104,242,450	74,095,336
Net change in fund balance	111,903	(691,070)	80,082,201	80,773,271
Fund balance - beginning	10,858,296	10,858,296	10,858,296	-
Fund balance - ending	\$ 10,970,199	\$ 10,167,226	\$ 90,940,497	\$ 80,773,271

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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes	\$ 1,180,430	\$ 1,180,430	\$ 1,136,578	\$ (43,852)
Revenue from use of money and property	15,000	15,000	61,315	46,315
Intergovernmental revenues	573,132	717,927	430,680	(287,247)
Charges for services	37,000	37,000	58,457	21,457
Miscellaneous revenues	-	33,500	38,788	5,288
Total revenues	<u>1,805,562</u>	<u>1,983,857</u>	<u>1,725,818</u>	<u>(258,039)</u>
EXPENDITURES				
Current:				
General government				
Other general	409,813	1,519,460	658,898	860,562
Total general government	<u>409,813</u>	<u>1,519,460</u>	<u>658,898</u>	<u>860,562</u>
Debt Service:				
Interest and other charges	7,500	7,500	-	7,500
Total debt service	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
Capital outlay:				
Land	-	757,263	656,274	100,989
Construction in progress	1,518,004	6,625,694	1,289,055	5,336,639
Equipment	-	16,575	32,357	(15,782)
Total capital outlay	<u>1,518,004</u>	<u>7,399,532</u>	<u>1,977,686</u>	<u>5,421,846</u>
Total expenditures	<u>1,935,317</u>	<u>8,926,492</u>	<u>2,636,584</u>	<u>6,289,908</u>
Deficiency of revenues under expenditures	<u>(129,755)</u>	<u>(6,942,635)</u>	<u>(910,766)</u>	<u>6,031,869</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	233,500	1,167,573	1,157,573	(10,000)
Transfers out	(540,831)	(576,111)	(713,347)	(137,236)
Sale of capital assets	-	3,000,000	-	(3,000,000)
Total other financing sources (uses)	<u>(307,331)</u>	<u>3,591,462</u>	<u>444,226</u>	<u>(3,147,236)</u>
Net change in fund balance	(437,086)	(3,351,173)	(466,540)	2,884,633
Fund balance - beginning	3,495,528	3,495,528	3,495,528	-
Fund balance - ending	<u>\$ 3,058,442</u>	<u>\$ 144,355</u>	<u>\$ 3,028,988</u>	<u>\$ 2,884,633</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Juvenile Hall - Capital Projects Fund
For the fiscal year ended June 30, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Revenue from use of money and property	\$ 60,124	\$ 60,124	\$ 135,128	\$ 75,004
Intergovernmental revenues	3,955,034	3,955,034	2,081,016	(1,874,018)
Charges for services	-	-	22,500	22,500
Total revenues	<u>4,015,158</u>	<u>4,015,158</u>	<u>2,238,644</u>	<u>(1,776,514)</u>
EXPENDITURES				
Capital outlay:				
Construction in progress	9,955,034	10,399,260	4,018,879	6,380,381
Total capital outlay	<u>9,955,034</u>	<u>10,399,260</u>	<u>4,018,879</u>	<u>6,380,381</u>
Total expenditures	<u>9,955,034</u>	<u>10,399,260</u>	<u>4,018,879</u>	<u>6,380,381</u>
Deficiency of revenues under expenditures	<u>(5,939,876)</u>	<u>(6,384,102)</u>	<u>(1,780,235)</u>	<u>4,603,867</u>
OTHER FINANCING SOURCES				
Transfers in	4,500,000	4,500,000	4,500,000	-
Total other financing sources	<u>4,500,000</u>	<u>4,500,000</u>	<u>4,500,000</u>	<u>-</u>
Net change in fund balance	(1,439,876)	(1,884,102)	2,719,765	4,603,867
Fund balance - beginning	1,989,126	1,989,126	1,989,126	-
Fund balance - ending	<u>\$ 549,250</u>	<u>\$ 105,024</u>	<u>\$ 4,708,891</u>	<u>\$ 4,603,867</u>

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Debt Service Funds

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

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

1999 Certificates of Participation Fund – This fund was established for the repayment 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 to defease the 1994 Certificates of Participation. This repayment is funded through the Health and Social Services Department.

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

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

Other Debt Service Funds:

- *Special Assessment Fund* – This fund was established for the repayment of the debt for the North Rio Vista Sewer Assessment District. This debt obligation has been satisfied and the remaining balance will be refunded to the District's taxpayers.
- *Debt Service Fund* – This fund was established for the repayment of the debt on the general obligation bonds sold in 1973 to construct the South Wing of the Hall of Justice and other County facilities. This debt obligation has been satisfied and the remaining balance will be refunded to the taxpayers.

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2003

	Rural North Vacaville Water District	1998 Certificates of Participation	1999 Certificates of Participation	2001 Refunding Certificates of Participation
ASSETS				
Cash and investments	\$ 1,739,528	\$ 1,458,481	\$ 3,091,984	\$ 2,336,462
Due from other agencies	1,026	349,355	-	-
Due from other funds	-	-	66,405	-
Total assets	<u>\$ 1,740,554</u>	<u>\$ 1,807,836</u>	<u>\$ 3,158,389</u>	<u>\$ 2,336,462</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Outstanding warrants	\$ -	\$ -	\$ -	\$ -
Deferred revenue	-	435,000	-	-
Total liabilities	<u>-</u>	<u>435,000</u>	<u>-</u>	<u>-</u>
Fund balances:				
Reserved:				
Debt service	1,740,554	1,372,836	3,158,389	2,336,462
Total fund balances	<u>1,740,554</u>	<u>1,372,836</u>	<u>3,158,389</u>	<u>2,336,462</u>
Total liabilities and fund balances	<u>\$ 1,740,554</u>	<u>\$ 1,807,836</u>	<u>\$ 3,158,389</u>	<u>\$ 2,336,462</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2003

2002 Certificates of Participaton	Other Debt Service Funds	Total Nonmajor Debt Service Funds	
\$ 11,998,221	\$ 52,008	\$ 20,676,684	ASSETS
-	-	350,381	Cash and investments
-	-	66,405	Due from other agencies
\$ 11,998,221	\$ 52,008	\$ 21,093,470	Due from other funds
			Total assets
			LIABILITIES AND FUND BALAN
			Liabilities:
\$ -	\$ 2,716	\$ 2,716	Outstanding warrants
-	-	435,000	Deferred revenue
-	2,716	437,716	Total liabilities
			Fund balances:
			Reserved:
11,998,221	49,292	20,655,754	Debt service
11,998,221	49,292	20,655,754	Total fund balances
\$ 11,998,221	\$ 52,008	\$ 21,093,470	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, 2003

	Rural North Vacaville Water District	1998 Certificates of Participation	1999 Certificates of Participation	2001 Refunding Certificates of Participation
REVENUES				
Taxes	\$ 989,164	\$ -	\$ -	\$ -
Revenue from use of money and property	(10,990)	61,615	101,692	74,554
Miscellaneous revenues	-	-	28,209	-
Total revenues	<u>978,174</u>	<u>61,615</u>	<u>129,901</u>	<u>74,554</u>
EXPENDITURES				
Current:				
General government	2,464	2,881	6,804	7,395
Debt service:				
Principal	-	910,000	1,260,000	3,885,000
Interest and other charges	267,214	217,134	1,364,881	616,100
Total expenditures	<u>269,678</u>	<u>1,130,015</u>	<u>2,631,685</u>	<u>4,508,495</u>
Excess (deficiency) of revenues over (under) expenditures	<u>708,496</u>	<u>(1,068,400)</u>	<u>(2,501,784)</u>	<u>(4,433,941)</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	-	-	-
Premium on debt	-	-	-	-
Transfers in	-	340,134	2,581,191	4,477,100
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>340,134</u>	<u>2,581,191</u>	<u>4,477,100</u>
Net change in fund balances	708,496	(728,266)	79,407	43,159
Fund balances - beginning	1,032,058	2,101,102	3,078,982	2,293,303
Fund balances - ending	<u>\$ 1,740,554</u>	<u>\$ 1,372,836</u>	<u>\$ 3,158,389</u>	<u>\$ 2,336,462</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, 2003

2002	Certificates of Participation	Other Debt Service Funds	Total Nonmajor Debt Service Funds	
	\$ -	\$ 246	\$ 989,410	REVENUES
	6,822	966	234,659	Taxes
	-	-	28,209	Revenue from use of money and property
	<u>6,822</u>	<u>1,212</u>	<u>1,252,278</u>	Miscellaneous revenues
				Total revenues
				EXPENDITURES
	2,465,898	8	2,485,450	Current:
	-	-	6,055,000	General government
	<u>2,342,876</u>	<u>-</u>	<u>4,808,205</u>	Debt service:
	<u>4,808,774</u>	<u>8</u>	<u>13,348,655</u>	Principal
				Interest and other charges
				Total expenditures
	(4,801,952)	1,204	(12,096,377)	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES)
	12,189,900	-	12,189,900	Debt proceeds
	4,628,748	-	4,628,748	Premium on debt
	-	-	7,398,425	Transfers in
	<u>(18,475)</u>	<u>-</u>	<u>(18,475)</u>	Transfers out
	<u>16,800,173</u>	<u>-</u>	<u>24,198,598</u>	Total other financing sources (uses)
	11,998,221	1,204	12,102,221	Net change in fund balances
	-	48,088	8,553,533	Fund balances - beginning
	<u>\$ 11,998,221</u>	<u>\$ 49,292</u>	<u>\$ 20,655,754</u>	Fund balances - ending

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Rural North Vacaville Water District - Debt Service Fund
For the fiscal year ended June 30, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Positive (Negative)
REVENUES				
Taxes	\$ 1,015,408	\$ 1,015,408	\$ 989,164	\$ (26,244)
Revenue from use of money and property	10,000	10,000	(10,990)	(20,990)
Total revenues	<u>1,025,408</u>	<u>1,025,408</u>	<u>978,174</u>	<u>(47,234)</u>
EXPENDITURES				
Current:				
General government				
Other general	1,031,646	17,847	2,464	15,383
Total general government	<u>1,031,646</u>	<u>17,847</u>	<u>2,464</u>	<u>15,383</u>
Debt service:				
Principal	-	530,279	-	530,279
Interest and other charges	-	477,282	267,214	210,068
Total debt service	<u>-</u>	<u>1,007,561</u>	<u>267,214</u>	<u>740,347</u>
Total expenditures	<u>1,031,646</u>	<u>1,025,408</u>	<u>269,678</u>	<u>755,730</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,238)</u>	<u>-</u>	<u>708,496</u>	<u>708,496</u>
Net change in fund balance	(6,238)	-	708,496	708,496
Fund balance - beginning	1,032,058	1,032,058	1,032,058	-
Fund balance - ending	<u>\$ 1,025,820</u>	<u>\$ 1,032,058</u>	<u>\$ 1,740,554</u>	<u>\$ 708,496</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, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ 46,000	\$ 46,000	\$ 61,615	\$ 15,615
Total revenues	46,000	46,000	61,615	15,615
EXPENDITURES				
Current:				
General government				
Other general	4,000	4,000	2,881	1,119
Total general government	4,000	4,000	2,881	1,119
Debt service:				
Principal	910,000	910,000	910,000	-
Interest and other charges	217,134	217,134	217,134	-
Total debt service	1,127,134	1,127,134	1,127,134	-
Total expenditures	1,131,134	1,131,134	1,130,015	1,119
Deficiency of revenues under expenditures	(1,085,134)	(1,085,134)	(1,068,400)	16,734
OTHER FINANCING SOURCES				
Transfers in	340,134	340,134	340,134	-
Total other financing sources	340,134	340,134	340,134	-
Net change in fund balance	(745,000)	(745,000)	(728,266)	16,734
Fund balance - beginning	2,101,102	2,101,102	2,101,102	-
Fund balance - ending	\$ 1,356,102	\$ 1,356,102	\$ 1,372,836	\$ 16,734

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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Revenue from use of money and property	\$ 56,500	\$ 56,500	\$ 101,692	\$ 45,192
Miscellaneous revenues	-	-	28,209	28,209
Total revenues	<u>56,500</u>	<u>56,500</u>	<u>129,901</u>	<u>73,401</u>
EXPENDITURES				
Current:				
General government				
Other general	12,809	12,809	6,804	6,005
Total general government	<u>12,809</u>	<u>12,809</u>	<u>6,804</u>	<u>6,005</u>
Debt service:				
Principal	1,260,000	1,260,000	1,260,000	-
Interest and other charges	1,364,882	1,364,882	1,364,881	1
Total debt service	<u>2,624,882</u>	<u>2,624,882</u>	<u>2,624,881</u>	<u>1</u>
Total expenditures	<u>2,637,691</u>	<u>2,637,691</u>	<u>2,631,685</u>	<u>6,006</u>
Deficiency of revenues under expenditures	<u>(2,581,191)</u>	<u>(2,581,191)</u>	<u>(2,501,784)</u>	<u>79,407</u>
OTHER FINANCING SOURCES				
Transfers in	2,581,191	2,609,400	2,581,191	(28,209)
Total other financing sources	<u>2,581,191</u>	<u>2,609,400</u>	<u>2,581,191</u>	<u>(28,209)</u>
Net change in fund balance	-	28,209	79,407	51,198
Fund balance - beginning	3,078,982	3,078,982	3,078,982	-
Fund balance - ending	<u>\$ 3,078,982</u>	<u>\$ 3,107,191</u>	<u>\$ 3,158,389</u>	<u>\$ 51,198</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, 2003

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	Positive (Negative)
REVENUES				
Revenue from use of money and property	\$ 32,000	\$ 32,000	\$ 74,554	\$ 42,554
Total revenues	<u>32,000</u>	<u>32,000</u>	<u>74,554</u>	<u>42,554</u>
EXPENDITURES				
Current:				
General government				
Other general	8,000	8,000	7,395	605
Total general government	<u>8,000</u>	<u>8,000</u>	<u>7,395</u>	<u>605</u>
Debt service:				
Principal	3,885,000	3,885,000	3,885,000	-
Interest and other charges	616,100	616,100	616,100	-
Total debt service	<u>4,501,100</u>	<u>4,501,100</u>	<u>4,501,100</u>	<u>-</u>
Total expenditures	<u>4,509,100</u>	<u>4,509,100</u>	<u>4,508,495</u>	<u>605</u>
Deficiency of revenues under expenditures	<u>(4,477,100)</u>	<u>(4,477,100)</u>	<u>(4,433,941)</u>	<u>43,159</u>
OTHER FINANCING SOURCES				
Transfers in	4,477,100	4,477,100	4,477,100	-
Total other financing sources	<u>4,477,100</u>	<u>4,477,100</u>	<u>4,477,100</u>	<u>-</u>
Net change in fund balance	-	-	43,159	43,159
Fund balance - beginning	2,293,303	2,293,303	2,293,303	-
Fund balance - ending	<u>\$ 2,293,303</u>	<u>\$ 2,293,303</u>	<u>\$ 2,336,462</u>	<u>\$ 43,159</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, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				Positive
				(Negative)
REVENUES				
Taxes				\$ -
Revenue from use of money and property	\$ -	\$ 4,723,047	\$ 6,822	\$ (4,716,225)
Total revenues	-	4,723,047	6,822	(4,716,225)
EXPENDITURES				
Current:				
General government				
Other general	-	2,509,780	2,465,898	43,882
Total general government	-	2,509,780	2,465,898	43,882
Debt service:				
Interest and other charges	-	2,342,876	2,342,876	-
Total debt service		2,342,876	2,342,876	-
Total expenditures		4,852,656	4,808,774	43,882
Deficiency of revenues under expenditures		(129,609)	(4,801,952)	(4,672,343)
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	12,217,010	12,189,900	(27,110)
Premium on debt	-	-	4,628,748	(4,628,748)
Transfers out	-	(18,475)	(18,475)	-
Total other financing sources (uses)	-	12,198,535	16,800,173	(4,655,858)
Net change in fund balance		12,068,926	11,998,221	(70,705)
Fund balance - beginning	-	-	-	-
Fund balance - ending	\$ -	\$ 12,068,926	\$ 11,998,221	\$ (70,705)

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Other Debt Service Funds
For the fiscal year ended June 30, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Taxes	\$ -	\$ -	\$ 246	\$ 246
Revenue from use of money and property	933	-	966	966
Total revenues	933	-	1,212	1,212
EXPENDITURES				
Current:				
General government				
Other general	48,451	48,451	8	48,443
Total general government	48,451	48,451	8	48,443
Total expenditures	48,451	48,451	8	48,443
Excess (deficiency) of revenues over (under) expenditures	(47,518)	(48,451)	1,204	49,655
Net change in fund balance	(47,518)	(48,451)	1,204	49,655
Fund balance - beginning	48,088	48,088	48,088	-
Fund balance - ending	\$ 570	\$ (363)	\$ 49,292	\$ 49,655

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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.

Management Information Systems 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, 2003

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Management Information Systems</u>
ASSETS				
Current assets				
Cash and investments	\$ 577,481	\$ 1,107,032	\$ 5,534,770	\$ 1,522,756
Accounts receivable	123,706	73,173	80,282	-
Due from other agencies	26,310	642	521	595
Due from other funds	4,521	33,612	105,202	525
Other assets	41,196	108,723	-	-
Total current assets	<u>773,214</u>	<u>1,323,182</u>	<u>5,720,775</u>	<u>1,523,876</u>
Noncurrent assets				
Capital Assets:				
Buildings and improvements	-	114,471	-	-
Equipment	584,118	9,550,167	5,699	4,648,698
Accumulated depreciation	(506,824)	(4,954,475)	(5,699)	(3,477,375)
Total capital assets	<u>77,294</u>	<u>4,710,163</u>	<u>-</u>	<u>1,171,323</u>
Total assets	<u>\$ 850,508</u>	<u>\$ 6,033,345</u>	<u>\$ 5,720,775</u>	<u>\$ 2,695,199</u>
LIABILITIES				
Current liabilities				
Payables	\$ 98,157	\$ 166,159	\$ 54,129	\$ 107,541
Outstanding warrants	2,897	19,435	13,147	114,741
Due to other funds	73	15,503	122,871	43,758
Other liabilities	-	-	202,737	-
Due to other agencies	-	-	-	4,792
Current portion of long-term obligations	29,289	61,496	14,170	174,859
Total current liabilities	<u>130,416</u>	<u>262,593</u>	<u>407,054</u>	<u>445,691</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	21,881	45,945	10,586	25,696
Total liabilities	<u>152,297</u>	<u>308,538</u>	<u>417,640</u>	<u>471,387</u>
NET ASSETS				
Invested in capital assets, net of related debt	77,295	4,710,163		1,030,859
Unrestricted	620,916	1,014,644	5,303,135	1,192,953
Total net assets	<u>698,211</u>	<u>5,724,807</u>	<u>5,303,135</u>	<u>2,223,812</u>
Total liabilities and net assets	<u>\$ 850,508</u>	<u>\$ 6,033,345</u>	<u>\$ 5,720,775</u>	<u>\$ 2,695,199</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2003

Solano County Integrated Property System	Reprographics	Total Internal Service Funds	
			ASSETS
			Current assets
\$ 521,983	\$ 310,787	\$ 9,574,809	Cash and investments
2,949	-	280,110	Accounts receivable
994	1,726	30,788	Due from other agencies
17	17	143,894	Due from other funds
-	-	149,919	Other assets
525,943	312,530	10,179,520	Total current assets
			Noncurrent assets
			Capital Assets:
-	-	114,471	Buildings and improvements
281,431	215,202	15,285,315	Equipment
(253,834)	(150,649)	(9,348,856)	Accumulated depreciation
27,597	64,553	6,050,930	Total capital assets
\$ 553,540	\$ 377,083	\$ 16,230,450	Total assets
			LIABILITIES
			Current liabilities
\$ 17,528	\$ 20,736	\$ 464,250	Payables
1,665	6,641	158,526	Outstanding warrants
-	-	182,205	Due to other funds
-	-	202,737	Other liabilities
-	-	4,792	Due to other agencies
22,559	7,981	310,354	Current portion of long-term obligations
41,752	35,358	1,322,864	Total current liabilities
			Noncurrent liabilities
16,854	4,970	125,932	Noncurrent portion of long-term obligations
58,606	40,328	1,448,796	Total liabilities
			NET ASSETS
27,597	64,552	5,910,466	Invested in capital assets, net of related debt
467,337	272,203	8,871,188	Unrestricted
494,934	336,755	14,781,654	Total net assets
\$ 553,540	\$ 377,083	\$ 16,230,450	Total liabilities and net assets

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the fiscal year ended June 30, 2003

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Management Information Systems</u>
OPERATING REVENUES				
Charges for sales and services:				
Internal services	\$ 2,074,701	\$ 3,353,737	\$ 9,887,591	\$ 10,150,432
Total operating revenues	<u>2,074,701</u>	<u>3,353,737</u>	<u>9,887,591</u>	<u>10,150,432</u>
OPERATING EXPENSES				
Personnel services	705,961	757,365	597,172	706,066
Maintenance	57,002	771,682	507	309,192
Materials and supplies	183,481	545,866	22,173	321,885
Depreciation	26,843	963,268	-	584,731
Insurance	6,139	16,028	9,045,233	3,897
Rent, utilities and others	1,518,665	280,921	904,728	7,135,230
Total operating expenses	<u>2,498,091</u>	<u>3,335,130</u>	<u>10,569,813</u>	<u>9,061,001</u>
Operating income (loss)	<u>(423,390)</u>	<u>18,607</u>	<u>(682,222)</u>	<u>1,089,431</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	(1,964)	8,873	36,118	(4,158)
Interest expense	-	-	-	(35,413)
Other revenue	191,758	142,242	287,626	105,482
Sale of capital assets	-	14,018	-	4,223
Total nonoperating revenue (expenses)	<u>189,794</u>	<u>165,133</u>	<u>323,744</u>	<u>70,134</u>
Income (loss) before transfers	<u>(233,596)</u>	<u>183,740</u>	<u>(358,478)</u>	<u>1,159,565</u>
Transfers in	-	181,659	-	5,762
Change in net assets	<u>(233,596)</u>	<u>365,399</u>	<u>(358,478)</u>	<u>1,165,327</u>
Total net assets - beginning	931,807	5,359,408	5,661,613	1,058,485
Total net assets - ending	<u>\$ 698,211</u>	<u>\$ 5,724,807</u>	<u>\$ 5,303,135</u>	<u>\$ 2,223,812</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, 2003

Solano County Integrated Property System	Reprographics	Total Internal Service Funds	
\$ 902,639	\$ 543,758	\$ 26,912,858	OPERATING REVENUES
<u>902,639</u>	<u>543,758</u>	<u>26,912,858</u>	Charges for sales and services:
			Internal services
			Total operating revenues
			OPERATING EXPENSES
729,626	217,318	3,713,508	Personnel services
23,969	18,592	1,180,944	Maintenance
17,531	99,122	1,190,058	Materials and supplies
12,044	17,316	1,604,202	Depreciation
2,215	1,636	9,075,148	Insurance
123,533	134,028	10,097,105	Rent, utilities and others
<u>908,918</u>	<u>488,012</u>	<u>26,860,965</u>	Total operating expenses
<u>(6,279)</u>	<u>55,746</u>	<u>51,893</u>	Operating income (loss)
			NONOPERATING REVENUES (EXPENSES)
7,612	3,885	50,366	Investment earnings
-	-	(35,413)	Interest expense
8,266	3,303	738,677	Other revenue
-	-	18,241	Sale of capital assets
<u>15,878</u>	<u>7,188</u>	<u>771,871</u>	Total nonoperating revenue (expenses)
9,599	62,934	823,764	Income (loss) before transfers
-	-	187,421	Transfers in
<u>9,599</u>	<u>62,934</u>	<u>1,011,185</u>	Change in net assets
485,335	273,821	13,770,469	Total net assets - beginning
<u>\$ 494,934</u>	<u>\$ 336,755</u>	<u>\$ 14,781,654</u>	Total net assets - ending

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2003

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Management Information Systems</u>
Cash flows from operating activities:				
Receipts from customers and users	\$ 2,266,942	\$ 3,518,201	\$ 10,196,303	\$ 10,378,424
Receipts from interfund services provided	-	13,592	-	139,762
Payments to suppliers	(1,938,564)	(1,725,632)	(10,081,728)	(9,021,557)
Payments to employees	(698,275)	(761,652)	(587,117)	(684,699)
Payments for interfund services used	(4,561)	(33,612)	(76,481)	-
Net cash provided (used) by operating activities	<u>(374,458)</u>	<u>1,010,897</u>	<u>(549,023)</u>	<u>811,930</u>
Cash flows from noncapital financing activities:				
Transfers in	-	181,659	-	5,762
Cash flows from capital and related financing activities:				
Interest paid	-	-	-	(35,413)
Debt principal paid	-	-	-	(1,342,721)
Acquisition of capital assets	(7,060)	(1,477,887)	-	(446,349)
Proceeds from sale of capital assets	-	14,018	-	4,223
Net cash used by capital and related financing activities	<u>(7,060)</u>	<u>(1,463,869)</u>	<u>-</u>	<u>(1,820,260)</u>
Cash flows from investing activities:				
Investment income	(1,964)	8,873	36,118	(4,158)
Net increase (decrease) in cash and cash equivalents	(383,482)	(262,440)	(512,905)	(1,006,726)
Cash and cash equivalents, beginning	960,963	1,369,472	6,047,675	2,529,482
Cash and cash equivalents, ending	<u>\$ 577,481</u>	<u>\$ 1,107,032</u>	<u>\$ 5,534,770</u>	<u>\$ 1,522,756</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (423,390)	\$ 18,607	\$ (682,222)	\$ 1,089,431
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	26,843	963,268	-	584,731
Other nonoperating revenue (expense)	191,758	142,242	287,626	105,482
Changes in assets and liabilities:				
(Increase) decrease in receivables, net	(49,954)	(14,505)	(76,628)	572
(Increase) decrease in due from other funds	(4,521)	(33,612)	(2,787)	98,628
(Increase) decrease in due from other agencies	(23,938)	(188)	1,482	121,938
Decrease in other assets	483	22,223	-	-
Increase (decrease) in payables	(99,385)	(96,443)	19,604	(1,238,574)
Increase (decrease) in due to other funds	(40)	13,592	(73,694)	41,134
(Decrease) in due to other agencies	-	-	-	(12,779)
Increase (decrease) in accrued compensated absences	7,686	(4,287)	10,055	21,367
(Decrease) in other liabilities	-	-	(32,459)	-
Total adjustments	<u>48,932</u>	<u>992,290</u>	<u>133,199</u>	<u>(277,501)</u>
Net cash provided (used) by operating activities	<u>\$ (374,458)</u>	<u>\$ 1,010,897</u>	<u>\$ (549,023)</u>	<u>\$ 811,930</u>
Noncash investing, capital, and financing activities				
Increase in fair value of investments	\$ 3,305	\$ 6,335	\$ 31,676	\$ 8,709

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the year ended June 30, 2003

Solano County Integrated Property System	Reprographics	Total Internal Service Funds	
\$ 913,471	\$ 556,051	\$ 27,829,392	Cash flows from operating activities:
-	3,358	156,712	Receipts from customers and users
(175,868)	(253,559)	(23,196,908)	Receipts from interfund services provided
(729,947)	(216,484)	(3,678,174)	Payments to suppliers
(58)	-	(114,712)	Payments to employees
<u>7,598</u>	<u>89,366</u>	<u>996,310</u>	Payments for interfund services used
			Net cash provided (used) by operating activities
<u>-</u>	<u>-</u>	<u>187,421</u>	Cash flows from noncapital financing activities:
			Transfers in
-	-	(35,413)	Cash flows from capital and related financing activities:
-	-	(1,342,721)	Interest paid
-	(27,980)	(1,959,276)	Debt principal paid
-	-	18,241	Acquisition of capital assets
<u>-</u>	<u>(27,980)</u>	<u>(3,319,169)</u>	Proceeds from sale of capital assets
			Net cash used by capital and related financing activities
<u>7,612</u>	<u>3,885</u>	<u>50,366</u>	Cash flows from investing activities:
			Investment income
15,210	65,271	(2,085,072)	Net increase (decrease) in cash and cash equivalents
506,773	245,516	11,659,881	Cash and cash equivalents, beginning
<u>\$ 521,983</u>	<u>\$ 310,787</u>	<u>\$ 9,574,809</u>	Cash and cash equivalents, ending
			Reconciliation of operating income to net cash provided (used) by operating activities:
\$ (6,279)	\$ 55,746	\$ 51,893	Operating income (loss)
			Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:
12,044	17,316	1,604,202	Depreciation
8,266	3,303	738,677	Other nonoperating revenue (expense)
			Changes in assets and liabilities:
2,566	-	(137,949)	(Increase) decrease in receivables, net
(17)	3,358	61,049	(Increase) decrease in due from other funds
(784)	(181)	98,329	(Increase) decrease in due from other agencies
-	-	22,706	Decrease in other assets
(7,836)	8,990	(1,413,644)	Increase (decrease) in payables
(41)	-	(19,049)	Increase (decrease) in due to other funds
-	-	(12,779)	(Decrease) in due to other agencies
(321)	834	35,334	Increase (decrease) in accrued compensated absences
-	-	(32,459)	(Decrease) in other liabilities
<u>13,877</u>	<u>33,620</u>	<u>944,417</u>	Total adjustments
<u>\$ 7,598</u>	<u>\$ 89,366</u>	<u>\$ 996,310</u>	Net cash provided (used) by operating activities
			Noncash investing, capital, and financing activities
\$ 2,988	\$ 1,778	54,791	Increase 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, 2003

PROPERTY TAX COLLECTION	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
Assets				
Cash and investments	\$ -	\$ 373,388,439	\$ 367,550,240	\$ 5,838,199
Property taxes receivable	27,441,708	83,609,369	77,652,319	33,398,758
Total assets	<u>\$ 27,441,708</u>	<u>\$ 456,997,808</u>	<u>\$ 445,202,559</u>	<u>\$ 39,236,957</u>
Liabilities				
Due to others	\$ 27,441,708	\$ 456,997,808	\$ 445,202,559	\$ 39,236,957
Total liabilities	<u>\$ 27,441,708</u>	<u>\$ 456,997,808</u>	<u>\$ 445,202,559</u>	<u>\$ 39,236,957</u>
LOCAL TRANSPORTATION				
	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
Assets				
Cash and investments	\$ 11,111,635	\$ 13,504,619	\$ 13,560,839	\$ 11,055,415
Total assets	<u>\$ 11,111,635</u>	<u>\$ 13,504,619</u>	<u>\$ 13,560,839</u>	<u>\$ 11,055,415</u>
Liabilities				
Due to others	\$ 11,111,635	\$ 13,504,619	\$ 13,560,839	\$ 11,055,415
Total liabilities	<u>\$ 11,111,635</u>	<u>\$ 13,504,619</u>	<u>\$ 13,560,839</u>	<u>\$ 11,055,415</u>
CHILD SUPPORT SERVICES				
	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
Assets				
Cash and investments	\$ 4,442,238	\$ 36,579,314	\$ 35,899,622	\$ 5,121,930
Total assets	<u>\$ 4,442,238</u>	<u>\$ 36,579,314</u>	<u>\$ 35,899,622</u>	<u>\$ 5,121,930</u>
Liabilities				
Due to others	\$ 4,442,238	\$ 36,579,314	\$ 35,899,622	\$ 5,121,930
Total liabilities	<u>\$ 4,442,238</u>	<u>\$ 36,579,314</u>	<u>\$ 35,899,622</u>	<u>\$ 5,121,930</u>

(Continued)

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the fiscal year ended June 30, 2003

ALL OTHER AGENCY FUNDS	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
Assets				
Cash and investments	\$ 3,396,519	\$ 36,671,037	\$ 35,435,144	\$ 4,632,412
Total assets	<u>\$ 3,396,519</u>	<u>\$ 36,671,037</u>	<u>\$ 35,435,144</u>	<u>\$ 4,632,412</u>
Liabilities				
Due to others	3,396,519	36,671,037	35,435,144	\$ 4,632,412
Total liabilities	<u>\$ 3,396,519</u>	<u>\$ 36,671,037</u>	<u>\$ 35,435,144</u>	<u>\$ 4,632,412</u>
 TOTAL - ALL AGENCY FUNDS				
	Balance July 1, 2002	Additions	Deductions	Balance June 30, 2003
Assets				
Cash and investments	\$ 18,950,392	\$ 460,143,409	\$ 452,445,845	\$ 26,647,956
Property taxes receivable	27,441,708	83,609,369	77,652,319	33,398,758
Total assets	<u>\$ 46,392,100</u>	<u>\$ 543,752,778</u>	<u>\$ 530,098,164</u>	<u>\$ 60,046,714</u>
Liabilities				
Due to others	\$ 46,392,100	\$ 543,752,778	\$ 530,098,164	\$ 60,046,714
Total liabilities	<u>\$ 46,392,100</u>	<u>\$ 543,752,778</u>	<u>\$ 530,098,164</u>	<u>\$ 60,046,714</u>



STATISTICAL SECTION

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

<u>Fiscal Year</u>	<u>General Government</u>	<u>Public Protection</u>	<u>Public Ways and Facilities</u>	<u>Health and Sanitation</u>	<u>Public Assistance</u>
2001	\$ 33,337,370	\$ 108,973,071	\$ 16,042,372	\$ 65,002,848	\$ 110,286,059
2002	41,910,911	119,673,935	7,076,867	80,209,568	118,808,521
2003	45,032,722	125,585,195	10,911,632	82,980,974	120,898,958

Source: Audited Financial Statements

¹ Fiscal Years 1993 through 2000 were not restated under the GASB 34 full accrual basis of accounting

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

<u>Education and 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>
\$ 10,770,670	\$ 5,712,387	\$ 918,442	\$ 3,860,998	\$ 354,904,217	2001
11,945,358	4,994,361	1,048,905	4,400,648	390,069,074	2002
12,663,165	6,176,532	1,180,824	4,531,095	409,961,097	2003

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

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

Source: Audited Financial Statements

¹ Fiscal Years 1993 through 2000 were not restated under the GASB 34 full accrual basis of accounting

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

General Revenues

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

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

Fiscal Year	General Government	Public Protection	Public Ways and Facilities	Health and Sanitation	Public Assistance	Education and Recreation	Debt Service	Capital Outlay	Total
1994	\$10,155,402	\$80,741,734	\$8,438,670	\$36,085,591	\$112,048,128	\$ 6,677,205	\$ 7,016,432	\$ 684,249	\$261,847,411
1995	21,938,445	92,981,443	7,244,523	42,845,381	117,820,516	7,390,831	7,102,510	8,787,457	306,111,106
1996	17,067,105	93,307,491	9,516,750	44,530,166	120,408,996	7,454,992	29,510,023	6,380,784	328,176,307
1997	18,452,876	93,367,176	10,214,195	47,073,226	116,318,535	7,178,560	5,548,895	2,029,634	300,183,097
1998	26,589,969	94,133,021	9,728,337	49,894,073	103,978,165	7,333,739	6,060,790	918,517	298,636,611
1999	31,276,622	88,968,414	12,240,113	52,830,271	108,025,825	9,622,427	7,816,731	8,064,738	318,845,141
2000	31,057,335	95,158,216	9,815,424	58,778,916	107,609,032	10,118,268	9,771,080	6,714,180	329,022,451
2001	34,413,532	104,859,511	12,107,010	64,297,492	109,736,636	10,746,213	11,164,570	10,033,031	357,357,995
2002	39,392,941	117,626,458	5,883,609	77,897,875	118,637,287	11,728,628	16,128,453	35,290,048	422,585,299
2003	40,861,290	128,691,041	8,152,377	84,249,844	121,296,428	12,713,005	12,350,570	42,466,841	450,781,396

Source: Audited Financial Statements

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

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

Fiscal Year	Taxes	Licenses, permits and franchises	Fines, forfeitures and penalties	Revenue from use of money and property
1994	\$ 39,904,193	\$ 2,293,678	\$ 3,498,738	\$ 8,834,717
1995	37,414,894	2,536,807	2,102,961	6,658,082
1996	39,123,671	2,486,162	2,805,866	6,538,096
1997	39,562,515	2,611,666	3,244,468	4,157,170
1998	40,758,626	3,073,006	2,099,000	5,535,132
1999	41,724,749	3,151,701	4,125,065	6,186,024
2000	47,008,652	3,316,382	3,645,577	7,535,374
2001	49,503,902	3,705,314	4,236,423	14,298,160
2002	55,027,729	4,425,099	4,586,822	8,707,718
2003	59,246,973	4,998,512	4,729,387	3,980,609

Source: Audited Financial Statements

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

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

<u>Intergovernmental</u>	<u>Charges for services</u>	<u>Miscellaneous</u>	<u>Total</u>	<u>Fiscal Year</u>
\$ 174,810,318	\$ 23,977,072	\$ 9,640,536	\$ 262,959,252	1994
194,669,655	36,842,912	6,452,905	286,678,216	1995
203,923,076	37,476,211	16,530,678	308,883,760	1996
203,193,717	38,644,420	8,027,918	299,441,874	1997
201,189,378	45,330,179	6,980,308	304,965,643	1998
212,724,221	46,340,313	5,878,697	320,126,888	1999
224,698,307	46,073,991	4,396,998	336,675,281	2000
259,590,608	50,374,834	9,431,653	391,140,894	2001
273,809,145	53,404,452	14,065,157	414,026,122	2002
277,130,397	59,721,371	7,693,931	417,501,180	2003

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

Fiscal Year	Property Tax	Sales and Use Tax	Property Transfer Tax	Transportation Tax	Taxes - Other	Total
1994	\$ 39,904,193	\$ -	\$ -	\$ -	\$ -	\$ 39,904,193
1995	37,414,894	-	-	-	-	37,414,894
1996	37,030,060	917,856	778,755	397,000	-	39,123,671
1997	37,255,197	1,119,974	883,425	274,090	29,829	39,562,515
1998	37,888,612	1,349,120	1,027,403	464,893	28,598	40,758,626
1999	36,650,494	2,796,153	1,581,613	696,489	-	41,724,749
2000	39,731,881	4,471,789	2,308,042	496,940	-	47,008,652
2001	42,091,703	5,141,043	2,145,025	39,500	86,631	49,503,902
2002	48,980,116	1,704,534	2,208,778	1,013,953	1,120,348	55,027,729
2003	53,104,201	1,829,179	2,763,374	561,057	989,165	59,246,973

Source: Audited financial statements

¹ The detail breakdown of tax revenues for fiscal years 1994 through 1995 were not available.

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

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1994	175,256,709	168,767,246	96.3%	5,365,323	174,132,569	99.36%	9,400,739	5.36%
1995	178,148,430	173,011,331	97.1%	5,656,389	178,667,720	100.29%	8,231,563	4.62%
1996	181,827,617	177,145,183	97.4%	5,273,099	182,418,282	100.32%	8,292,945	4.56%
1997	186,357,309	181,523,346	97.4%	4,943,004	186,466,350	100.06%	8,075,801	4.33%
1998	195,920,241	191,364,527	97.7%	4,437,574	195,802,101	99.94%	8,353,025	4.26%
1999	205,054,382	201,112,484	98.1%	5,324,480	206,436,964	100.67%	6,798,190	3.32%
2000	214,752,491	211,270,305	98.4%	5,117,640	216,387,945	100.76%	7,776,998	3.62%
2001	233,021,257	229,022,341	98.3%	4,913,959	233,936,300	100.39%	5,747,855	2.47%
2002	265,131,228	265,383,165	100.0%	4,164,293	269,547,458	101.67%	6,219,082	2.35%
2003	304,563,538	295,257,014	96.94%	5,781,862	301,038,876	98.84%	5,686,003	1.87%

Source: Solano County Treasurer - Tax Collector - County Clerk

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

Fiscal Year	Assessed Value				Net Increase		
	Land	Improvements	Other Tangible	Exemptions	Total Assessed Value Less Exemptions	Amount	Percentage
1994	\$ 5,324,399,634	\$ 11,401,282,311	\$ 1,207,274,576	\$ 456,007,993	\$ 17,476,948,528	\$ 396,036,747	2.32
1995	5,385,285,868	11,827,332,700	1,210,919,252	532,508,290	17,891,029,530	414,081,002	2.37
1996	5,467,952,134	12,067,628,655	1,236,031,320	545,843,397	18,225,768,712	334,739,182	1.87
1997	5,551,501,713	12,208,579,202	1,280,632,009	483,622,939	18,557,089,985	331,321,273	1.82
1998	5,743,050,644	12,795,068,367	1,379,181,097	527,691,891	19,389,608,217	832,518,232	4.49
1999	5,957,255,329	13,742,896,459	1,388,447,337	697,654,455	20,390,944,670	1,001,336,453	5.16
2000	6,383,594,281	15,108,844,973	1,649,781,527	700,220,447	22,442,000,334	2,051,055,664	10.06
2001	7,064,894,934	16,736,820,629	1,727,954,416	769,357,936	24,760,312,043	2,318,311,709	10.33
2002	7,498,986,428	18,738,192,795	1,561,056,591	791,346,053	27,006,889,761	2,246,577,718	9.10
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

Source: County of Solano - Assessor's Office

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

Fiscal Year	Countywide Tax	Local Special Districts	Schools	Cities	Total
1994	1.003162	1.506054	0.206618	0.225879	2.941713
1995	1.002826	1.531296	0.165145	0.104157	2.803424
1996	1.002651	1.526000	0.104515	0.105144	2.738310
1997	1.002382	1.512000	0.146153	0.098633	2.759168
1998	1.002323	1.526100	0.284365	0.093766	2.906554
1999	1.000000	1.592200	0.356061	0.083774	3.032035
2000	1.000000	1.582688	0.298638	0.077761	2.959087
2001	1.000000	1.580959	0.306871	0.073958	2.961788
2002	1.000000	1.664550	0.230886	0.067263	2.962699
2003	1.000000	1.668724	0.423867	0.065584	3.158175

Source: Auditor-Controller's Property Tax Division

County of Solano, California
Principal Taxpayers
June 30, 2003

<u>Taxpayer</u>	<u>Type of Business</u>	<u>2003 Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Valero Refining Company	Oil	\$ 986,258,604	3.65%
Genentech Inc.	Manufacturing	353,599,474	1.31%
Pacific Gas & Electric Company	Utility	292,841,555	1.08%
Anheuser-Busch, Inc.	Manufacturing	246,218,746	0.91%
BNP Leasing	Manufacturing	221,336,854	0.82%
Pacific Bell & Subsidiaries	Utility	170,893,385	0.63%
California Northern Railroad	Transportation	106,808,481	0.40%
Alza Corporation	Manufacturing/Warehousing	105,501,633	0.39%
Park Management Corporation	Theme Park	98,024,319	0.36%
Solano Mall LLC	Commercial Sales	86,965,547	0.32%
Calwest Industrial Holdings	Manufacturing/Warehousing	76,030,924	0.28%
Totals		<u>\$ 2,744,479,522</u>	<u>10.15%</u>

Source: Annual Budget Document

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

Fiscal Year	Special Assessment Billings	Special Assessment Collected ¹
1994	\$ 43,035,960	\$ 39,793,862
1995	42,448,117	39,799,562
1996	44,342,338	41,720,744
1997	43,552,096	40,196,333
1998	45,859,819	42,784,817
1999	39,791,335	39,791,335
2000	44,544,878	44,544,878
2001	46,228,581	44,848,480
2002	48,279,261	46,645,427
2003	48,086,190	46,404,717

Source: Solano County Treasurer - Tax Collector - County Clerk

¹ Includes prepayments for foreclosures

COUNTY OF SOLANO, CALIFORNIA
Computation of Legal Debt Margin
June 30, 2003

Assessed valuations:		
Assessed value	\$	29,807,715,945
Add back: exempt real property		735,282,575
Total assessed value	\$	30,542,998,520
Legal debt margin		
Debt limitation - 10 percent of total assessed value	\$	3,054,299,852
Debt applicable to limitation:		
Total bonded debt	\$	-
Less:		
Amount available for repayment of general obligation bonds		-
Total debt applicable to limitation		-
Legal debt margin	\$	3,054,299,852

County of Solano, California
Computation of Direct and Overlapping Bonded Debt
June 30, 2003

	Net General Obligation Bonded Debt Outstanding	Percentage applicable to Government	Amount Applicable to Government
Direct:			
General Obligation Debt	\$ -	100%	\$ -
Overlapping:			
Benicia USD 1997 B	\$ 12,415,000	0%	\$ -
Benicia Debt Service 1993 Series B	5,673,843	0%	-
Benicia Debt Service 1994 Series C	1,810,063	0%	-
Benicia Debt Service 1997 Series A	11,654,844	0%	-
Benicia USD 1998 Refunding Series	4,865,000	0%	-
Benicia USD 1997 Series 2001C	3,744,994	0%	-
Benicia USD Bond Measure A, Series 2000B	6,200,155	0%	-
Vallejo USD Bond Measure A 2002 Refunding	60,010,000	0%	-
Vallejo USD Bond Measure A Series 2002	30,000,000	0%	-
Vacaville USD Series 2002	17,575,000	0%	-
Dixon USD Bond Series 2003	10,000,000	0%	-
Fairfield USD GOB Series 2002	45,000,000	0%	-
	<u>\$ 208,948,899</u>		<u>\$ -</u>

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Governmental Expenditures
1994	\$ 2,500,000	\$ 131,288	\$ 2,631,288	\$ 261,847,411	1.00%
1995	2,040,000	109,355	2,149,355	306,111,106	0.70%
1996	1,575,000	87,079	1,662,079	328,176,307	0.51%
1997	1,100,000	64,307	1,164,307	300,183,097	0.39%
1998	620,000	56,785	676,785	298,636,611	0.23%
1999	480,000	33,000	513,000	318,845,141	0.16%
2000	330,000	24,300	354,300	329,022,451	0.11%
2001	170,000	15,000	185,000	357,357,995	0.05%
2002	-	5,100	5,100	422,585,299	0.00%
2003	-	-	-	450,781,396	0.00%

Demographic Statistics:

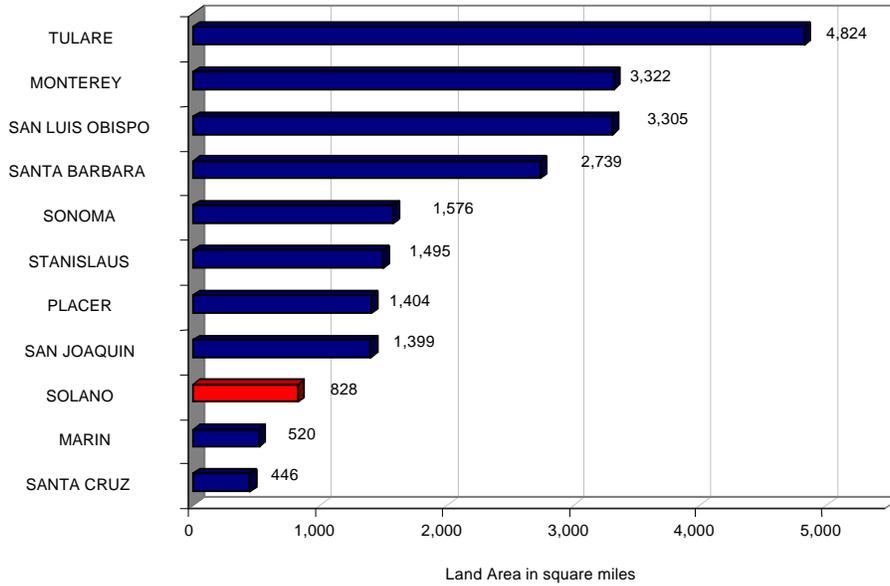
We have selected a group of ten counties that are used for comparisons in the following charts. The County of Solano has the following characteristics in common with each of these counties:

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

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

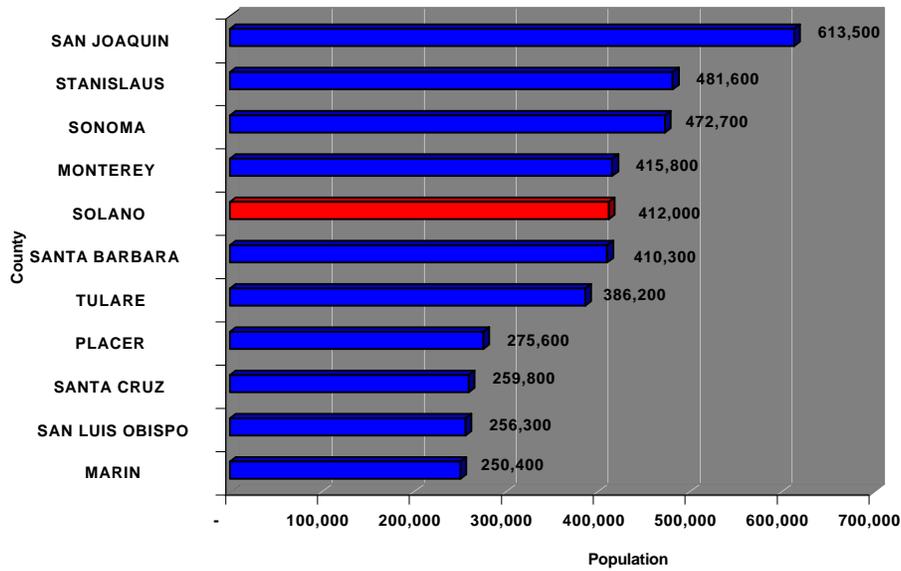


**COUNTY OF SOLANO
Demographics
Benchmark Counties Land Area**

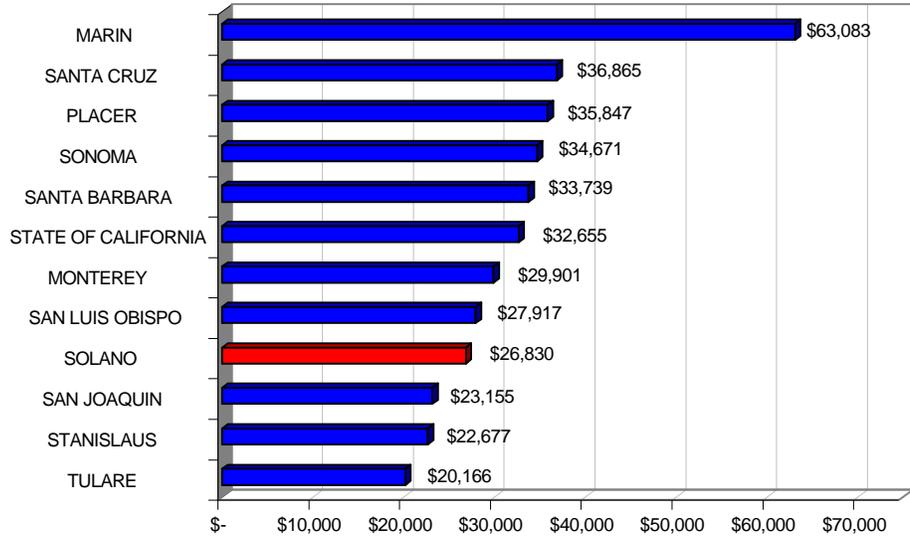


Source: California Department of Finance

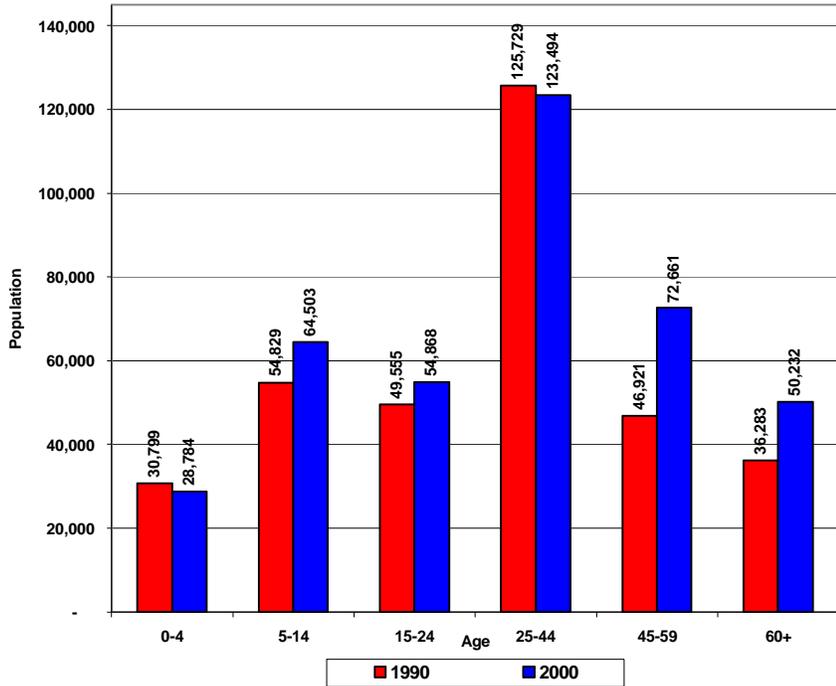
**COUNTY OF SOLANO
Demographics
Population of Benchmark Counties, January 2003 Projections**

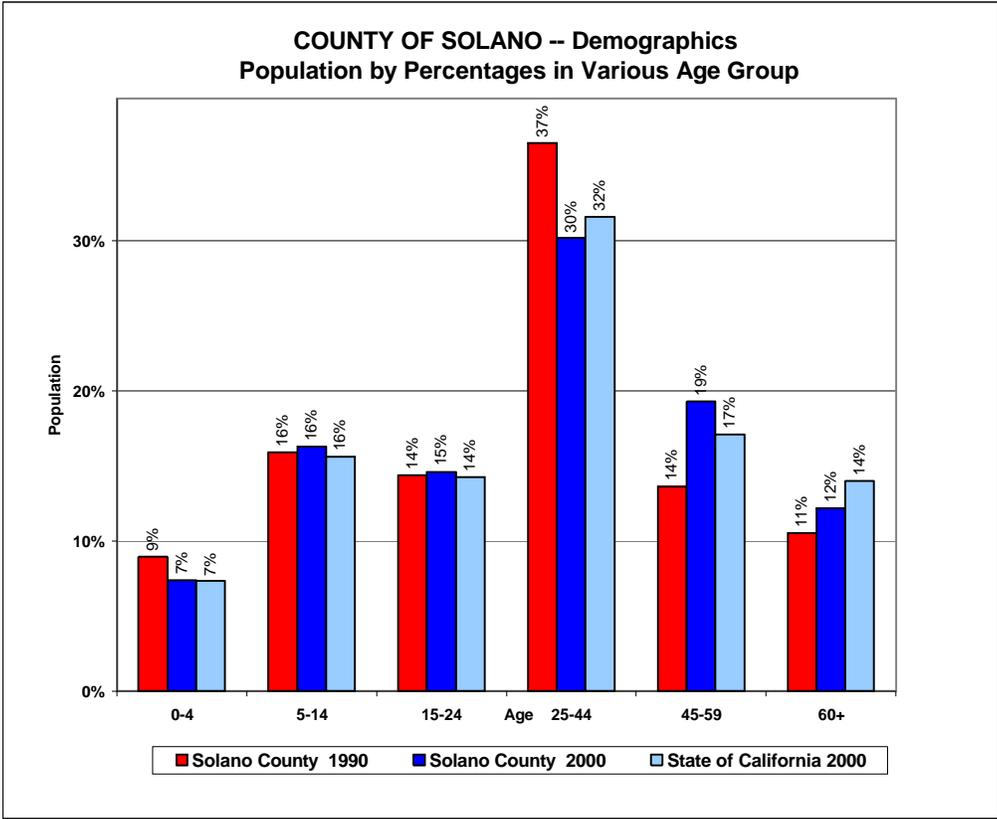
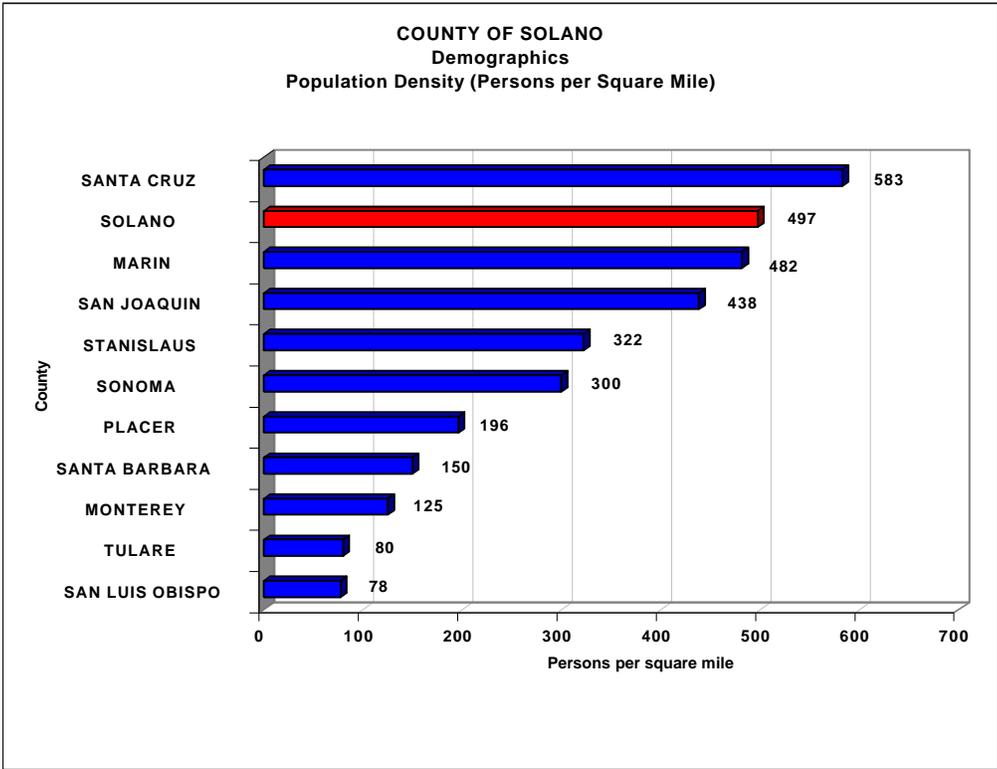


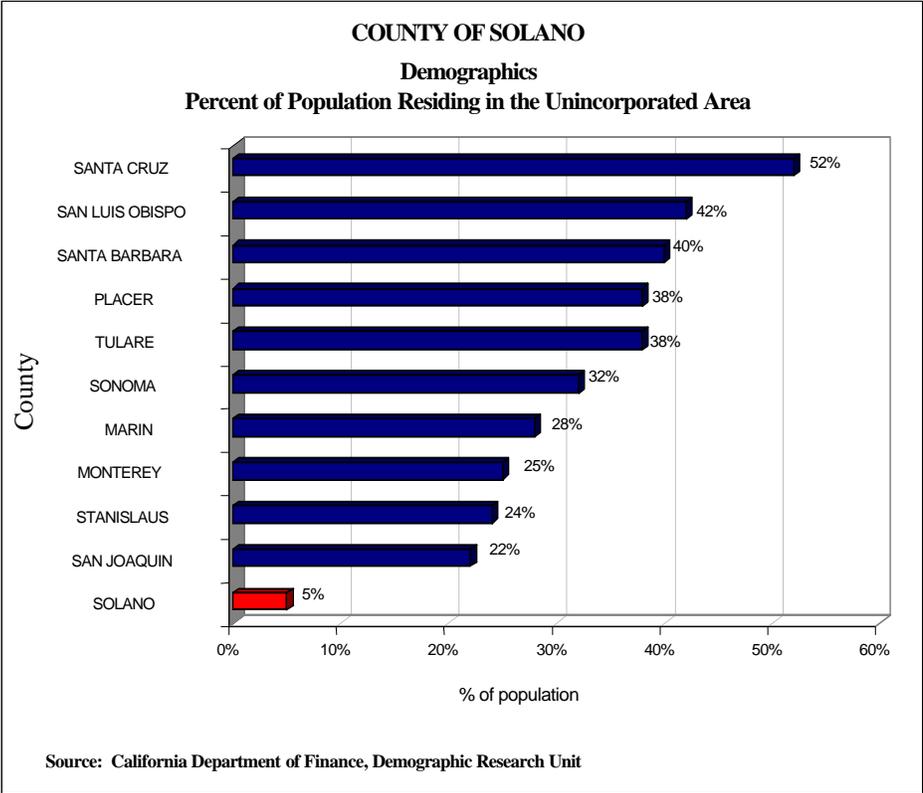
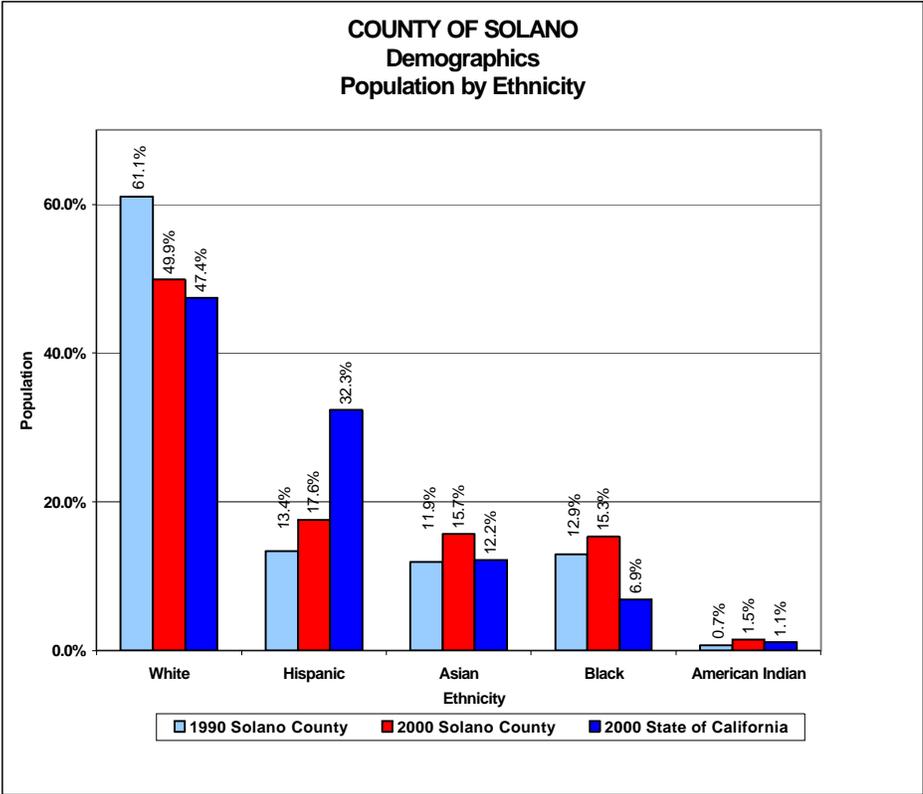
**COUNTY OF SOLANO
Demographics
2001 Per Capita Income**



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







COUNTY OF SOLANO, CALIFORNIA
Miscellaneous Statistics
June 30, 2003

Date of Incorporation	1850
Form of Government	General Law County Five Member Board of Supervisors
County Seat:	Fairfield
Number of employees	
Classified	3,262
Exempt	147
Area in square miles	828
Roads/Infrastructure:	
Miles of streets	600
Number of street lights	328
Bridges	116
Agriculture Crops (2002)	
Nursery Stock	\$ 38,781,200
Tomatoes, Processing	25,975,800
Cattle and Calves	25,266,700
Alfalfa Hay	19,606,400
Grapes, Wine	13,221,100
Other	76,634,300
Culture and Recreation:	
Libraries	6
Museums	5
Parks	3
Park acreage	223
Protection Services:	
Number of Fire Districts	7
Number of Sheriff's Offices	2

The County remains the most affordable housing in the Bay Area despite a decline in the region building industry during the period reflected:

Bay Area Home Sales						
County	Number of Houses Sold			Median Price		
	Mar '02	Mar '03	Change (%)	Mar '02 (\$000)	Mar '03 (\$000)	Change (%)
Alameda	2,188	1,879	-14.1%	363	398	9.6%
Contra Costa	2,107	1,808	-14.2%	303	367	21.1%
Marin	396	366	-7.6%	538	590	9.7%
Napa	232	156	-32.8%	323	403	24.8%
San Francisco	566	572	1.1%	515	530	2.9%
San Mateo	929	678	-27.0%	503	537	6.8%
Santa Clara	2,304	1,956	-15.1%	441	448	1.6%
Solano	856	715	-16.5%	240	295	22.9%
Sonoma	838	688	-17.9%	316	358	13.3%
Bay Area	10,416	8,818	-15.3%	381	419	10.0%

Source: DataQuick Information Systems, www.dqnews

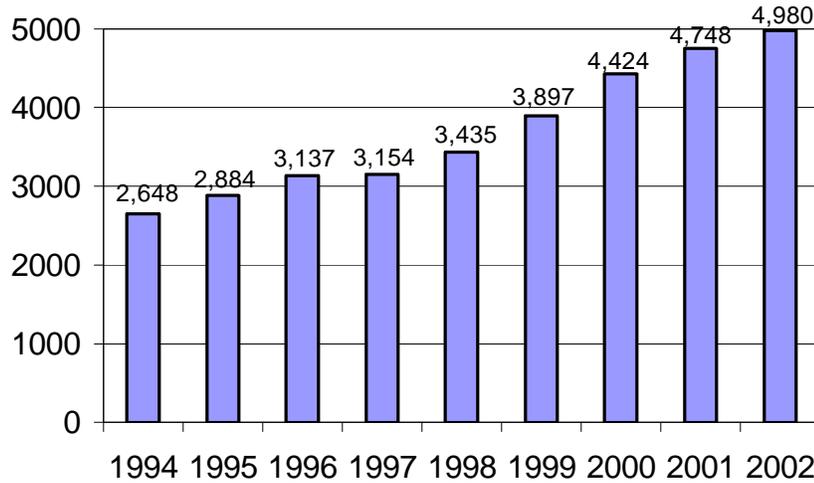
The County economy is stable and enjoying consistent and sustainable growth and diversification. The County has demonstrated consistent growth of Labor Force and Employment Base:

- Labor force has increased 9.6% since 1990
- The County's 2003 unemployment rate is 5.5% vs. State's rate of 6.7%

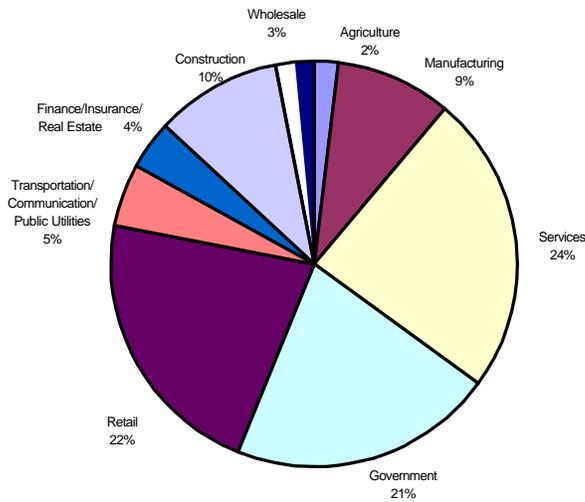
County of Solano Key Economic Indicators					
	1999	2000	2001	2002	2003
Population	390,100	394,542	398,600	405,800	412,000
Labor Force	190,100	191,000	194,800	200,300	210,700
Employment	181,400	181,600	186,500	189,000	199,112
Unemployment	8,700	9,400	8,400	11,300	11,589
Unemployment %	4.6	4.9	4.3	5.6	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.

Taxable Transactions \$000s



Employment by Sector 2002



Twenty Top Private Sector County Employers

Rank	Company	Location	Type of Business	Number of Employees
1	Kaiser Permanente	Vallejo/Vacaville/Fairfield	Health Services	3,110
2	Six Flags Marine Vallejo	Vallejo	Entertainment	1,688
3	NorthBay Medical Center	Fairfield	Health Services	1,000
4	Valero Refining Company-CA	Benicia	Oil (Refinery)	995
5	ALZA Corporation	Vacaville	Biotech Manufacturing	700
6	Albertson's Distribution Center	Vacaville	Distribution	700
7	Sutter Solano Medical Center	Vallejo	Health Services	581
8	Westamerica Bancorporation	Fairfield	Finance	542
9	Genentech	Vacaville	Biotech Manufacturing	500
10	Anheuser-Busch Brewery	Fairfield	Manufacturing (Brewery)	500
11	CSK Auto Incorporated	Dixon	Distribution	450
12	Jelly Belly Candy Company	Fairfield	Manufacturing	419
13	TIMEC Co.	Vallejo	Construction	400
14	Hines Wholesale Nursery	Vacaville	Agriculture	390
15	Travis Credit Union	Vacaville	Finance	370
16	Corey Delta Incorporated	Benicia	Construction	350
17	Simpson Dura-Vent	Vacaville	Manufacturing	275
18	Superior Farms Packaging Co.	Dixon	Manufacturing	250
19	Goodrich Corp.	Suisun	Manufacturing	240
20	BOC Coating	Fairfield	Manufacturing	225