

**County of Solano, California**  
**Comprehensive Annual Financial Report**  
**Fiscal Year Ended June 30, 2012**



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





County of Solano, California



Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2012

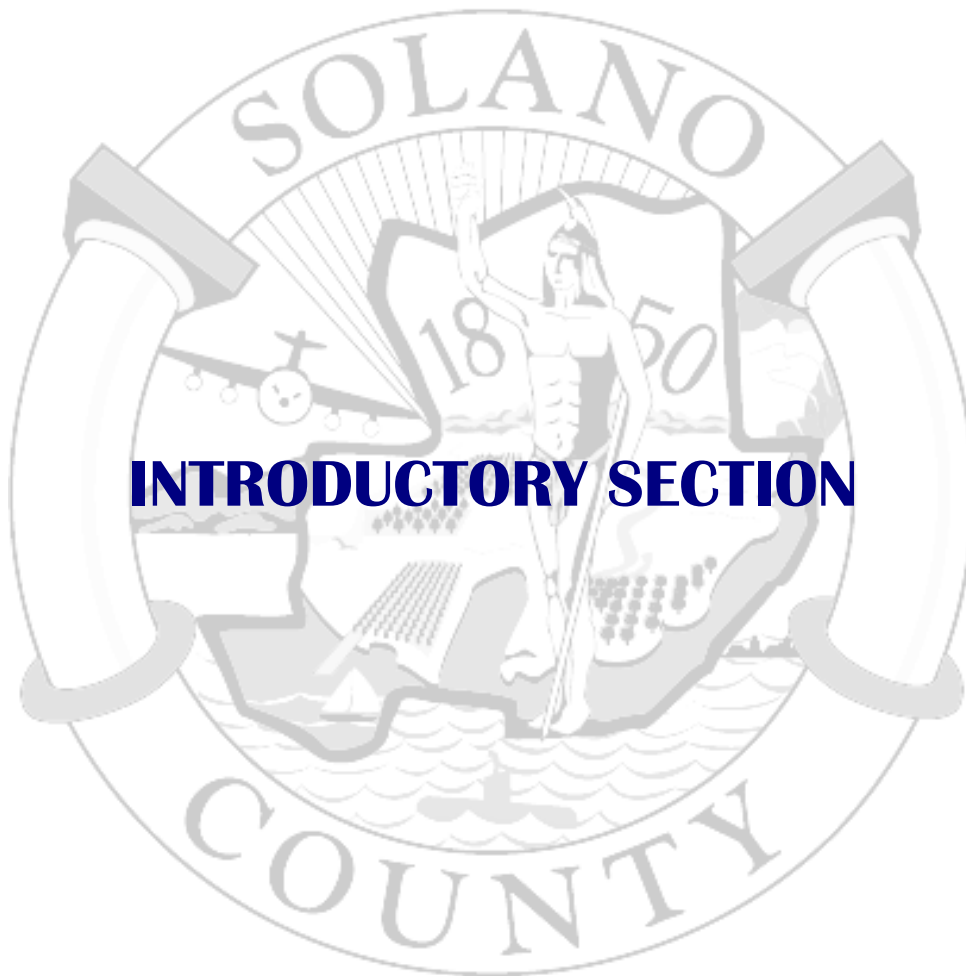
Prepared by:

Office of the Auditor-Controller

Simona Padilla-Scholtens, CPA  
Auditor-Controller







## **INTRODUCTORY SECTION**



County of Solano, California  
Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2012

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OFFICE OF THE AUDITOR-CONTROLLER

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Phyllis Taynton, CPA  
Assistant Auditor-Controller

December 28, 2012

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

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Solano (County) for the fiscal year ended June 30, 2012. In accordance with Sections 25250 and 25253 of the Government Code of the State of California, general-purpose local governments must publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants.

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

The County's financial statements have been audited by Macias Gini & O'Connell LLP, a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2012, 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, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standard governing the Single Audit requires the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls over compliance involving the administration of federal awards. These reports are available in the



County's separately issued Single Audit Report.

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

## **Profile of the Government**

### *General Information*

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

The County limits residential and commercial development outside of cities, thus preserving almost 85% of the land for open space and agricultural uses. Agriculture and military installations have historically been strong contributors to the County's economy. The County continues to foster economic growth and diversification by encouraging industrial, manufacturing and biotechnology development.

With its strategic location, natural and human resources, history of responsible land planning, and attractive quality of life, the County continues to offer a promising future as a place to live, learn, work and play.

### *County Government*

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

As the governing body for the County, the Board is responsible for the planning and providing of services related to public needs, as required by state and federal law including: adopting the annual budget, adopting County ordinances, setting policies, confirming appointments of most



non-elected officials, and assisting citizens in solving problems and addressing local concerns.

### *County Services*

As the only countywide general-purpose local government, we are in a unique position to facilitate and coordinate the work of cities, school districts, special districts and other organizations. In addition, the County is specifically charged by the State with providing services to those most at risk: children, the elderly, the poor, those with health problems and those 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 “countywide” services to County residents regardless of where they live. These services generally focus on the most disadvantaged members of the community (e.g., health clinics), or criminals after they have been arrested, or supporting other local governments (e.g., property tax collection & apportionment).

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

- Environmental Health
- Agricultural Commissioner
- Weights and Measures
- Airport
- Indigent Medical Services
- Public and Mental Health Services
- Child Protection and Social Services
- Emergency Medical Services
- Public Assistance
- Oversight and Permitting of Landfills and Solid Waste Disposal and Collection
- Family Support Collections
- Veterans Services
- Maintenance of County Roads and Bridges
- Law Enforcement (primarily Unincorporated County)
- U.C. Cooperative Extension Services
- Property Tax Assessment, Collection and Apportionment
- Elections and Voter Registration
- Parks
- Jails and Juvenile Facilities
- Probation Supervision
- Clerk-Recorder
- Public Defender and Alternative Defense
- Coroner and Forensic Services
- Grand Jury
- Criminal Prosecution (District Attorney)
- Libraries (as Contract Services for Cities)
- Animal Care Services
- Building and Safety (Unincorporated County Only)
- Land Use (Unincorporated County Only)

## **Factors Affecting Financial Condition**

### *Budgetary Information*

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

The budget is prepared by fund, function (e.g. public safety), and department (e.g., Sheriff). Transfers of appropriations between divisions, bureaus and sections within a department, provided the total appropriation of the budget is not changed, may be authorized by the County Administrator. Transfers of appropriations between departments within a fund, however, require a majority vote of the Board. Transfers of appropriations between funds and transfer of appropriations from contingencies require a four-fifths vote of the Board of Supervisors. Budget-to-actual comparisons are provided in this report for each governmental fund for which an annual budget was adopted. These schedules, which are part of the required supplementary information section of this report, start on page 85.

### *Population and Local Economy*

The County's population as of January 2012 was approximately 413,786. The County's population ranks 21<sup>st</sup> out of 58 California counties in terms of population size. Immigration has accounted for most of the County's growth since 1980. The County population has increased 4.9% since 2000. Fairfield and Rio Vista experienced growth between 2010 and 2012, increasing 1,058 and 58 respectively. Conversely, the population in the unincorporated area of Solano County has declined by 2,902, or 13.4% since 1990. Overall, the population for the entire county has grown by 73,365, or 21.6% since 1990 for an average annual growth rate of less than 1%.

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

### *Long-term Financial Planning*

On February 13, 2007, the Board adopted a policy to maintain General Fund General Reserves equal to 10% of the County's total budget, excluding interfund transfers, with a minimum \$20 million balance maintained at all times. Also, the Board adopted the General Fund Contingency policy to establish a level equal to 10% of the General Fund's total budget. The General Fund General Reserve should be used (1) to phase into fiscal distress periods gradually, focusing on maintaining the Board's priorities, (2) as the last resort to balance the County Budget, and (3) spending of the reserves should not exceed \$6 million a year. The General Fund contingency is used to mitigate the impact of potential risks to the General Fund from various funding problems and threats that may occur within the General Fund or threats to other Board priorities.

On June 14, 2011, the Board adopted the new Fund Balance Policy to conform to Government Accounting Standards Board (GASB) Statement No. 54. The new Fund Balance Policy included the following changes: (1) updated the General Fund General Reserve Policy, (2) updated the General Fund Balance for Accrued Leave Payoff, (3) defined the General Fund Loans as Nonspendable Fund Balance, (4) established a Spending Priority Policy, (5) included definitions of the new fund balance categories, and (6) included Other Fund's fund balance policy.

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

The County's Five-Year Capital Facilities Improvement Plan (CIP) identifies the needs for capital acquisition and development of facilities as well as funding sources and shortfalls.

In February 2008, the Board authorized the William J. Carroll Government Center Project in Vacaville. The project consists of a two-story 35,000 square foot clinic/office building at the corner of Brown Street and East Monte Vista Avenue in Vacaville. The building houses programs of Solano County's Health & Social Services Department and includes a dental clinic and adjacent parking. The project is substantially completed with the final completion expected in February 2013. When completed, the total project cost is estimated at \$19 million. The project is financed with tobacco settlement securitization proceeds.

In October 2009, the Board authorized the construction of the Claybank Adult Detention Facility Project with a total budget of \$89,301,385. The project includes the construction of a new 362-bed facility at the existing Claybank site in Fairfield. This new facility will significantly provide relief for the current overcrowding in the County Jail system as well as provide growth in the County Jail. This additional bed space will allow the existing Claybank facility to be used as a local re-entry facility housing minimum security inmates. The construction of the project began in 2011 and the anticipated completion date is August 2014.

The County maintains a Debt Advisory Committee and a Pension Advisory Committee to provide analyses and recommendations to the Board on debt issuance and management policies.

In addition, contained within the County's tax code areas are numerous municipalities, school districts and special-purpose districts providing public services. These entities have outstanding bonds issued in the form of general obligation bonds. Direct debt constitutes debt directly issued by the County while overlapping debt constitutes that portion of the debt issued by other 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.

#### *Redevelopment Dissolution:*

For decades, the Community Redevelopment Law (Health & Safety ("H&S") Code § 33000 *et seq.*) permitted the establishment of redevelopment agencies ("RDAs"). Six of the seven cities in Solano County established RDAs (the exception being the City of Benicia). The primary financing tool for RDAs was "tax increment financing," which generally allowed RDAs to receive the increased property tax revenue above a certain base year amount – revenue that would otherwise go to the underlying governmental entities, including the County and schools. The State of California had historically back-filled the tax increment lost to schools. In response to



budgetary difficulties at the state level, the state enacted AB 1x 26 (Stats.2011, c. 5), dissolving all RDAs and implementing an involved process to carry out such dissolution.

AB 1x 26, as upheld and modified by the California Supreme Court in *California Redevelopment Association v. Matosantos*, requires the dissolution of all redevelopment agencies as of February 1, 2012. The legislation sets out a complicated process of making enforceable obligation payments, returning tax increment revenue to other agencies, and disposing of assets. The Auditor-Controller plays a significant role in this process, including auditing redevelopment agencies, and allocating property taxes.

The Auditor-Controller created a Redevelopment Property Tax Trust Fund (RPTTF) for each dissolved RDA (H&S Code § 34170.5(b)) to accommodate the accounting requirements. The RPTTF is the depository of the tax increment amount formerly due each RDA and all proceeds from the sale of RDA assets. The Auditor-Controller allocates moneys from each successor agency's RPTTF in accordance with certain priorities.

#### *Cash Money Policies and Practices*

The County maintains an Investment Pool managed by the Treasurer-Tax Collector-County Clerk, which acts as a depository for over 80 units of local government including funds of the county school districts, special districts and other entities.

The County formed a Treasury Oversight Committee consisting of five members and two alternates. The committee reviews the Investment Policy, ensures the Treasury activities are in compliance with the Investment Policy, ensures an annual audit of the Investment Policy is conducted, and reviews the internal auditor's quarterly audits of the Investment Pool. On December 14, 2011, a Grand Jury report recommended the Committee be dis-established, stating "improved technology, engagement of an independent rating agency and adequate audit coverage has collectively provided a comprehensive system of internal controls sufficient to protect the County's financial assets." On January 10, 2012, acting on the County Treasurer's recommendation, the Board dissolved the Treasury Oversight Committee.

The objectives of the pool are to meet the cash flow requirements of the pool participants, invest the funds in a safe, legal and prudent manner and achieve a money market rate of return. To achieve this objective the Treasurer – Tax Collector – County Clerk, in consultation with the pool participants, maintains a liquidity target that is adjusted on an ongoing basis. The target liquidity level is adjusted based on relevant factors such as historical trends, known cash flow timings, and participant feedback regarding anticipated expenditures and or revenue changes. Historically, the amounts and timing of each requirement have been predicted with a high level of accuracy. The pool is managed in a prudent manner by 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 is invested in certificates of deposit, money market mutual funds, Local Agency Investment Fund (LAIF), CalTRUST, CAMP, corporate notes, obligations of the U.S. Treasury, U.S. federal agency notes, and municipal notes. The maturities of the investments range from one day to ten years, with an average maturity of 12 months. Interest yields on investments were between 0% and 7.4% for the County with an average yield on the pool of .75%. Apportioned earnings do not include appreciation on the fair value of the investments.

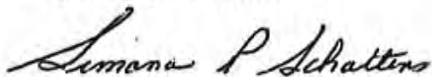
## **Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Solano for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2011. This is the tenth consecutive year the County has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfies both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this comprehensive report would not have been possible without the efficient and dedicated services of the entire staff in the Auditor-Controller's Office. I want to express my appreciation to staff for their outstanding support in the preparation of this report. I would like to specifically acknowledge the Financial Reporting and General Accounting Divisions for their hard work and dedication. Credit also must be given to the County Administrator and the Board of Supervisors for their support in maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,

A handwritten signature in cursive script, reading "Simona P. Scholtens".

Simona Padilla-Scholtens, CPA  
Auditor-Controller

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Solano  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2011

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.



*Christopher P. Moynell*

President

*Jeffrey R. Enen*

Executive Director



**Board of Supervisors**



Barbara R. Kondylis  
District 1



Linda J. Seifert  
District 2



James P. Spering  
District 3



John M. Vasquez  
District 4



Michael J. Reagan  
District 5



County Counsel  
Dennis Bunting



County Administrator  
Birgitta Corsello

**Elected Officials**



Auditor-Controller  
Simona Padilla-Scholtens



District Attorney  
Don du Bain



Assessor-Recorder  
Marc Tonnesen



Sheriff/Coroner  
Tom Ferrara



Tax Collector/County  
Clerk/Treasurer  
Charles Lomeli

**Appointed Officials**



Ag. Comm./Sealer  
Jim Allan



General Services  
Mike Lango



Human Resources  
Marc Fox



H&SS  
Patrick Duterte



Public Defender  
Lesli Caldwell



Library  
Bonnie Katz



Resource Mgmt.  
Bill Emlen



Veterans Services  
Ted Puntillo



CIO/ROV  
Ira Rosenthal



Probation  
Christopher Hansen



UC Coop Extension  
Morgan Doran



Child Support Services  
Pamela Posehn

.....Personnel/Budgetary Controls Only



Agricultural Commissioner-Sealer of Weights & Measures.....	Jim Allan.....	784-1310
Assessor-Recorder.....	Marc Tonnesen.....	784-6200
Auditor-Controller .....	Simona Padilla-Scholtens ....	784-6280
Chief Information Officer/Registrar of Voters .....	Ira Rosenthal.....	784-6675
Cooperative Extension .....	Morgan Doran .....	784-1317
County Administrator .....	Birgitta Corsello.....	784-6100
County Counsel.....	Dennis Bunting.....	784-6140
Child Support Services.....	Pamela Posehn.....	784-7210
District Attorney .....	Don du Bain .....	784-6800
General Services.....	Mike Lango .....	784-7900
Health & Social Services .....	Patrick Duterte .....	784-8400
Human Resources/Risk Management.....	Marc Fox .....	784-6170
Library.....	Bonnie Katz.....	784-1500
Probation .....	Christopher Hansen .....	784-7600
Public Defender-Conflict Public Defender .....	Lesli Caldwell .....	784-6700
Resource Management .....	Bill Emlen .....	784-6765
Sheriff-Coroner .....	Tom Ferrara .....	421-7030
Treasurer-Tax Collector-County Clerk .....	Charles Lomeli .....	784-6295
Veterans Services.....	Ted Puntillo .....	784-6590
Workforce Investment Board (WIB).....	Robert Bloom .....	864-3370





## **FINANCIAL SECTION**





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

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the County of Solano, California (County), as of and for the fiscal year ended June 30, 2012, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the basic financial statements of the Solano County Fair component unit, which financial statements reflect total assets, equity, and revenues constituting 1.0 percent, 0.7 percent, and 3.7 percent, respectively, of the related totals for the aggregate discretely presented component units and remaining fund information. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for that entity, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to previously 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 units and remaining fund information of the County of Solano, California, as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2012 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress, and budgetary comparison information for the General Fund and major special revenue funds, listed as required supplementary information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's financial statements. The accompanying 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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements 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 do not express an opinion or provide any assurance on them.

*Macie Mini & O'Connell LLP*

Sacramento, California  
December 28, 2012

## OFFICE OF THE AUDITOR-CONTROLLER

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Auditor-Controller

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Phyllis Taynton, CPA  
Assistant 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, 2012. 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, 2012 by \$684.3 million (net assets). Of this amount, \$167.6 million (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net assets increased by \$21.3 million as a result of the current year's operations.
- At June 30, 2012, the County's governmental funds reported combined ending fund balances of \$225.4 million, an increase of \$20 million as a result of the current year's operations and restatement of prior year fund balance resulting from the reclassification of Mental Health Services Act (MHSA) revenues. Approximately 47% or \$105.4 million of the total fund balance is restricted; 27% or \$61.1 million is assigned for spending at the Board's discretion; 13% or \$29.5 million is nonspendable; and 13% or \$29.4 million is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$39 million or 60% of the total General Fund expenditures.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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



event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave).

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

The government-wide financial statements include not only the County itself (known as the primary government), but also the legally separate Workforce Investment Board and the Solano County Fair, both 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 Housing Authority and the East Vallejo Fire Protection District, although also legally separate, function for all practical purposes as departments of the County, and therefore, are included as an integral part of the primary government.

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

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

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

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

The County maintains 14 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, Accumulated Capital Outlay Capital Projects Fund and Pension Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.



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

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

The basic governmental fund financial statements can be found on pages 30 – 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 Fleet Management, Risk Management, Reprographics, and Information Technology. 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 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 – 86 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 defined benefit pension plans and the other postemployment benefit plan. Required supplementary information can be found on pages 85 – 89 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 92 – 119 of this report.

## Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County's financial position. In the case of the County, assets exceeded liabilities by \$684.3 million at June 30, 2012.

### Solano County's Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011, as restated	2012	2011	2012	2011, as restated
Current and other assets	\$ 482,916,730	\$ 488,161,746	\$ (2,293,594)	\$ (1,890,757)	\$ 480,623,136	\$ 486,270,989
Capital assets	495,605,021	485,417,369	18,601,811	19,226,808	514,206,832	504,644,177
Total assets	\$ 978,521,751	\$ 973,579,115	\$ 16,308,217	\$ 17,336,051	\$ 994,829,968	\$ 990,915,166
Long-term obligations	\$ 230,395,180	\$ 241,396,917	\$ 82,811	\$ 513,225	\$ 230,477,991	\$ 241,910,142
Other liabilities	79,963,804	85,699,738	67,510	297,508	80,031,314	85,997,246
Total liabilities	310,358,984	327,096,655	150,321	810,733	310,509,305	327,907,388
Net assets:						
Invested in capital assets, net of related debt	380,366,107	364,775,065	18,601,811	19,226,808	398,967,918	384,001,873
Restricted net assets	117,783,378	106,886,084	-	-	117,783,378	106,886,084
Unrestricted net assets	170,013,282	174,821,311	(2,443,915)	(2,701,490)	167,569,367	172,119,821
Total net assets	668,162,767	646,482,460	16,157,896	16,525,318	684,320,663	663,007,778
Total liabilities and net assets	\$ 978,521,751	\$ 973,579,115	\$ 16,308,217	\$ 17,336,051	\$ 994,829,968	\$ 990,915,166

### Analysis of Change in Net Assets

At fiscal year end, the County's net assets increased by \$21.3 million.

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

Invested in capital assets, net of related debt increased by \$15 million from the prior year primarily due to the construction of the William J. Carroll Government Center in Vacaville, Veterans Building Improvement in Benicia and Suisun, and Claybank Security Upgrade. These projects are resulting from the Board's commitment to improve the health and well-being of Solano County residents.

An additional portion of the County's net assets (17%) represents resources subject to restrictions on how they may be used. Its increase was mostly due to the extinguishment of the 8.8 million AB99 liability resulting from the successful outcome of litigation by the First 5 County Commissions.

Unrestricted net assets represent 25% of the total net assets decreased by approximately \$5 million from prior year primarily due to various construction activities which increased the invested in capital assets.

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



**Governmental activities.** Governmental activities increased the County's net assets by \$22 million.

The following table shows the revenues, expenses, and changes in net assets for governmental and business-type activities:

**Solano County's Change in Net Assets  
For the fiscal years ended June 30, 2012 and June 30, 2011**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Revenues:						
Program revenues:						
Charges for services	\$ 71,834,590	\$ 72,050,943	\$ 878,270	\$ 3,651,362	\$ 72,712,860	\$ 75,702,305
Operating grants and contributions	287,589,862	290,072,372	165,321	540,479	287,755,183	290,612,851
Capital grants and contributions	4,286,121	3,165,238	-	2,098,493	4,286,121	5,263,731
General revenues:						
Property taxes	116,937,628	109,322,638	265,191	239,913	117,202,819	109,562,551
Other taxes	3,474,171	2,694,278	-	-	3,474,171	2,694,278
Intergovernmental	12,120,126	23,601,639	27,214	48,430	12,147,340	23,650,069
Interest and investment earnings	1,525,567	1,926,203	(1,778)	453	1,523,789	1,926,656
Other	16,125,278	18,716,998	107,233	217,795	16,232,511	18,934,793
Gain on sale of capital assets	115,259	-	4,300	-	119,559	-
Total Revenues	\$ 514,008,602	\$ 521,550,309	\$ 1,445,751	\$ 6,796,925	\$ 515,454,353	\$ 528,347,234
Expenses:						
General government	56,978,971	62,456,530	-	-	56,978,971	62,456,530
Public protection	158,553,975	157,078,830	-	-	158,553,975	157,078,830
Public ways and facilities	15,182,777	12,760,561	-	-	15,182,777	12,760,561
Health services	110,120,877	108,700,791	-	-	110,120,877	108,700,791
Public assistance	133,556,741	144,667,818	-	-	133,556,741	144,667,818
Education and recreation	16,783,519	17,739,331	-	-	16,783,519	17,739,331
Interest on long-term debt	9,528,897	10,186,688	-	-	9,528,897	10,186,688
Nut Tree Airport	-	-	1,609,696	1,817,231	1,609,696	1,817,231
Fouts Springs Youth Facility	-	-	635,756	4,073,152	635,756	4,073,152
Total Expenses	\$ 500,705,757	\$ 513,590,549	\$ 2,245,452	\$ 5,890,383	\$ 502,951,209	\$ 519,480,932
Excess before extraordinary item and transfers	13,302,845	7,959,760	(799,701)	906,542	12,503,144	8,866,302
Extraordinary item	8,809,741	(8,809,741)	-	-	8,809,741	(8,809,741)
Transfers	(432,279)	144,695	432,279	(144,695)	-	-
Change in net assets	21,680,307	(705,286)	(367,422)	761,847	21,312,885	56,561
Net assets – beginning, as restated	646,482,460	647,187,746	16,525,318	15,763,471	663,007,778	662,951,217
Net assets – ending	\$ 668,162,767	\$ 646,482,460	\$ 16,157,896	\$ 16,525,318	\$ 684,320,663	\$ 663,007,778

**Revenues:** Total revenues for the County's governmental activities decreased by \$7.5 million from the prior year. The following factors contributed to the decrease in revenues:

**Operating grants and contributions:**

Operating grants and contributions had a net decrease of \$2.5 million from the prior year primarily due to the following:

- Increase of \$2.2 million in the public protection due to additional revenue from the 2011 Realignment (Assembly Bill 118).
- Increase of \$9.3 million in health services is primarily due to increases in revenues related to the intergovernmental transfer (IGT) agreement with the California Department of Health Care Services through the Partnership Health Plan, increase in sales tax

realignment due to increased sales, increase in State Short Doyle revenues, and increase in federal administrative revenues due to the receipt of prior year MAA/TCM pass-through revenues.

- Decrease of \$15 million from CALWORKS revenues as a result of policy changes resulting in caseload reductions, decreased federal administrative reimbursements from Temporary Assistance to Needy Families (TANF), and decreased revenue from State administration for Medi-CAL. These decreases were primarily due to unfilled positions and overall under spending of allocations.

#### Capital grants and contributions:

Capital grants and contributions increased by \$1.1 million from the prior year due to increased reimbursable expenditures for federal construction projects.

#### General revenues:

General revenues had a net decrease of \$6 million or 3.8% primarily due to the following:

- Property taxes net increase of \$7.6 million attributable to \$8.9 million received from ABX1 26 revenues from the dissolution of the redevelopment agencies (RDA) by the state. Prior to the dissolution of the RDAs, pass-through revenues were recorded as intergovernmental revenue. The increase is offset by a decrease of \$1.3 million in property taxes due to the decline in assessed values of real property.
- Increase of \$800 thousand in other taxes from increased sales & use tax-in lieu and increased property transfer taxes due to slight upswing of recorded property sales.
- Decrease of \$11.5 million in intergovernmental revenues attributable to the change in the recording of redevelopment pass-through revenues (\$8.9 million) previously recorded as intergovernmental revenues, and decreases in SB90 revenues, Motor Vehicles In-Lieu revenue and other state revenues.
- Interest and investment earnings were less than prior year due to less cash and lower interest yield due to the struggling economy.
- Net decrease of \$2.6 million in other general revenues primarily due to the receipt of insurance proceeds for the fire damage incurred at the Vallejo Courthouse in fiscal year 2010/11 and other one-time revenues collected in the prior year.

#### Expenses:

Total expenses for governmental activities decreased by \$12.9 million or 2.51% from prior year. Salaries and benefits decreased due to staff vacancies, retirements and significant delays in the hiring process. Services and supplies decreased resulting from lower operating costs due to delays in hiring contracted services. A significant decrease in other charges primarily from contracted services for support and care of persons as result of CalWORKS program changes reducing caseload.

#### Extraordinary Item:

The extraordinary item of \$8.8 million is attributable to the Fresno County Superior Court ruling in favor of the First 5 Commissions in California. The Court ruled Assembly Bill 99 was invalid and State leaders acted illegally. As a result, FY2010/11 accrual was reversed.

**Business-type activities.** Business-type activities decreased the County's net assets by \$367 thousand as a result of current year operations. The net assets for the Nut Tree airport decreased by \$617 thousand primarily from the operating expenses exceeding operating revenues. This

decrease is offset by the \$250 thousand increase in the net assets for the Fouts Springs Youth Facility attributable to a transfer in from the General Fund for its share of the operating deficit for fiscal year 2011/12.

### **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.

At June 30, 2012, the County's governmental funds reported combined ending fund balances of \$225.4 million, an increase of \$20 million from prior year. The largest component of the fund balance, at 47% of the total, was restricted at \$105.4 million. Spending of these resources is constrained by externally imposed (creditors, grantors, contributors, laws) limitations on their use and by enabling legislation. The assigned fund balance at \$61.1 million representing 27% of the total fund balance was constrained by the Board to use for specific purposes but are not legally restricted nor committed.

The *General Fund* is the chief operating fund of the County. The General Fund's total fund balance increased by \$5.3 million or 4.61%, from prior year due to the various departments' efforts in reducing their costs as part of the Board's reduction strategy. The General Fund departments decreased the salaries and benefits due to elimination of positions, decreased services and supplies due to the departments' prudent spending. At the end of the current fiscal year the total fund balance was \$119.6 million. The assigned fund balance was \$52.6 million or 44% which represents the amount constrained by the board for specific purposes. The unassigned fund balance was \$39 million or 32.5% which is available for financing future budgets. Nonspendable fund balance was \$28 million or 23.5% representing inventory and long term receivables.

As a measure of the General Fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures excluding other financing uses. Unassigned fund balance represents 60% of the total General Fund expenditures while total fund balance represents 184% of that same amount.

The *Health and Social Services Fund*, a special revenue fund, had a net increase in fund balance of \$2.2 million which is attributable to the receipt of additional federal Medicaid funding through the County's managed care contract with the Partnership Health Plan.

The *Public Safety Fund*, a special revenue fund, had a net increase in fund balance of \$60 thousand due to increased revenues from court-ordered fines and forfeitures for the prosecution of consumer protection cases.

The *Accumulated Capital Outlay Fund*, a capital projects fund, had a net decrease in fund balance of \$16.7 million due to increases in expenditures for construction activities for the Health and Social Services facilities in Vacaville, Vallejo and Fairfield, modernization and improvement of the Veterans buildings in Benicia and Suisun cities, Claybank facility project and the Fairgrounds



Development project.

The *Pension Debt Service Fund*, had a decrease in fund balance of \$671 thousand due to lesser revenues received from county departments as a result of decrease in the wages subject to Pension Obligation Bonds (POB) rate due to vacancies in the County departments and principal redemption of the 2010 POB ahead of schedule.

The fund balance of Other Governmental Funds increased by approximately \$6.8 million primarily due to the \$8.8 million extraordinary item for First 5 Solano.

For fiscal year ended June 30, 2012, the total revenues for governmental funds totaled \$530.1 million. This represents a 2.88% increase from FY 10/11.

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

Revenues by Source	Revenues Classified by Source Governmental Funds					
	2012		2011		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 124,191,293	23.43%	\$ 116,385,423	21.32%	\$ 7,805,870	6.71%
Licenses, permits and franchise	6,761,316	1.28%	6,580,255	1.21%	181,061	2.75%
Fines, forfeitures and penalties	3,856,956	0.73%	4,146,885	0.76%	(289,929)	(6.99)%
Revenue from use of money	2,237,164	0.42%	2,542,856	0.47%	(305,692)	(12.02)%
Intergovernmental revenues	295,317,970	55.71%	309,499,470	56.70%	(14,181,500)	(4.58)%
Charges for services	82,663,958	15.59%	89,632,816	16.42%	(6,968,858)	(7.77)%
Miscellaneous revenues	15,087,609	2.85%	17,068,861	3.13%	(1,981,252)	(11.61)%
Total	<u>\$ 530,116,266</u>	<u>100.00%</u>	<u>\$ 545,856,566</u>	<u>100.00%</u>	<u>\$ (15,740,300)</u>	<u>(2.88)%</u>

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

- Taxes: The increase of \$7.8 million is primarily attributable to Assembly Bill (AB)1X 26 previously recorded as redevelopment pass-through and subsequently reclassified as tax revenues as a result of the dissolution of the redevelopment agencies by the State.
- Intergovernmental: The net decrease of \$14.2 million is attributable to the change in the recording of redevelopment pass-through revenues previously recorded as intergovernmental revenue; decrease of various state and federal revenue sources for health and public assistance programs. These decreases are partially offset by increases in revenue for Public Safety Prop 172 due to increased sales, and increased State 2011 realignment revenues for Public Safety.
- Charges for services: The net decrease of \$7 million is primarily attributable to a decrease in administrative overhead (A87) revenues due to the reduction of costs and roll forward adjustments by the central service departments.
- Miscellaneous revenues: The decrease of \$2 million from prior year is primarily due to one-time revenue received in FY10/11 for the partial receipt of insurance proceeds from the fire damage incurred at the Vallejo Courthouse and other one-time revenues collected in the prior year.

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

**Expenditures by Function  
Governmental Funds**

Expenditures by Function	2012		2011		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 51,734,638	9.54%	\$ 55,690,156	10.35%	\$ (3,955,518)	(7.10)%
Public protection	161,424,508	29.77%	162,891,649	30.28%	(1,467,141)	(0.90)%
Public ways and facilities	11,085,389	2.04%	9,619,806	1.79%	1,465,583	15.24%
Health services	113,838,461	20.99%	112,350,121	20.89%	1,488,340	1.32%
Public assistance	135,210,563	24.94%	146,596,884	27.25%	(11,386,321)	(7.77)%
Education and recreation	16,940,619	3.12%	18,828,034	3.50%	(1,887,415)	(10.02)%
Debt service - principal retirement	13,356,531	2.46%	8,663,794	1.61%	4,692,737	54.16%
Debt service - interest charges	9,724,218	1.79%	10,227,822	1.90%	(503,604)	(4.92)%
Bond issuance cost	-	0.00%	25,590	0.00%	(25,590)	(100.00)%
Capital outlay	28,929,685	5.35%	13,007,061	2.42%	15,922,624	122.42%
Total	542,244,612	100.00%	537,900,917	100.00%	4,343,695	0.81%

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

- **General government:** The decrease of \$4 million is attributable to decreases in salaries and benefits due to staff vacancies, retirements and layoffs. Expenditures for services and supplies decreased from prior year attributable to decreased costs for professional and contracted services, central data processing and software maintenance.
- **Public protection:** The net decrease of \$1.5 million is attributable to a decrease in the countywide administration overhead charges (A87) from the central services departments due to reduced costs and roll forward adjustments. The decrease was partially offset by increases in salaries and benefits costs from increased staffing in the Sheriff's Office and increases in administration supplies and services for the implementation of AB 109.
- **Public ways and facilities:** The increase of \$1.5 million is attributable to increase in other professional services for the Solano Transportation Program Overlay (STP Overlay) project and the Surface Rehabilitation Project 2011.
- **Health services:** The increase of \$1.5 million is attributable to increases in expenditures for narcotic replacement therapy as part of the State 2011 Realignment; increase in transfers for the Community Mental Health renovations and increase in sub-acute residential treatment for the mentally ill. These increases were partial offset by a decrease in contracted services for Master Settlement Agreement (MSA) Health Access Initiatives and decrease in salaries and benefits for First 5 Solano. First 5 Solano had additional decreases in services and supplies and other charges due to reduced major grant contracts due to the uncertainty of the AB99 litigation.
- **Public assistance:** The decrease of \$11.4 million is attributable to decrease in the charges for support and care of persons as a result of CalWORKS program changes that reduced the caseload; decreases in salaries and benefits due to delays in the hiring process; decreases in supplies and services as a result of lower operating costs due to delays in hiring and decreases in contracted services; decreases in childcare, countywide administration overhead and decreases in administrative services costs.
- **Education and recreation:** The decrease of \$1.9 million is attributable to the decrease in salaries and benefits due to elimination of full-time positions and deletion of vacant



positions. In addition, there were decreases in services and supplies due to decreased library processing costs, materials, and software maintenance and administration overhead charges from continued efforts to cut costs.

- Debt service principal retirement: The increase of \$4.7 million is primarily due to the first payment for the 2010 Pension Obligation Bonds (POB) and the additional redemption of \$3 million for the 2010 POB ahead of schedule.
- Debt service interest charges: The decrease of \$504 thousand is due to lower interest payments per debt schedule.
- Capital outlay: The net increase of \$16 million is attributable to the various ongoing constructions projects such as the Health & Social Services facilities in Vacaville, Vallejo and Fairfield, the improvement and modernization of the Veterans buildings in Suisun and Benicia, Claybank Security upgrade, Claybank Adult Detention Facility, and various road construction projects.

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

The unrestricted net assets of the Nut Tree Airport at the end of the year was a negative \$2.4 million. The Nut Tree Airport's net asset deficit is expected to be resolved through the sale of surplus properties, reducing operating costs, and finding other ways to generate revenues. The net assets for the Nut Tree Airport decreased by \$617 thousand; the decrease in net assets for the Nut Tree Airport was due from the decreased operating revenues and increased expenses for planning future capital projects. The Nut Tree Airport has been operating with a structural deficit over several years and is using loan proceeds from the General Fund as working capital. The Board authorized the Nut Tree Airport to operate with a deficit for five years to give management the time and opportunity to implement their proposed revenue enhancement and expenditure reduction plans.

The unrestricted net assets for the Fouts Springs Youth Facility was a negative \$71 thousand; the net assets increased by \$250 thousand. Effective August 2011, the Solano County Board of Supervisors approved the closure and termination of the operations at the Fouts Springs Youth Facility. The operational responsibilities of the facility and its operating permit have been transferred to the Department of General Services. The Department of General Services oversees the maintenance and safeguard of the grounds and facilities and serves as a lead in the property transfer negotiations with the U.S. Department of Forestry. With the closure of the facility, the General Fund contribution has become the alternative funding source. As such, the increase in net assets for Fouts Springs Youth Facility was due primarily to the General Fund contribution. In FY2012/13, efforts will continue to complete the closure and ultimately transfer the assets to the Forest Service to eliminate County costs in future years.

### **General Fund Budgetary Highlights**

The General Fund Budget (Adopted and Final versions) is reflected in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, as presented on page 88 in the Required Supplementary Information (RSI) section of this report.

The County's final budget differs from the adopted budget as a result of supplemental appropriations approved during the year. Total budgeted revenues increased by \$272 thousand or 0.16%, from the adopted budget. Total appropriations increased by \$3.4 million or 3.6%, from the adopted budget. Actual revenues were more than the final budgeted revenues by \$1.7 million or 0.99%. Actual expenditures were less than the final appropriations by \$31.3 million or

32.51%. Significant factors affecting these changes were as follows:

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

During the year, revenues recognized were more than budgetary revenue estimates by \$1.7 million and expenditures were less than appropriations by \$31.3 million, thus reducing the need to draw upon fund balance.

Revenue Variances: The favorable variance is primarily from taxes, and licenses, permits and franchises. The County anticipated significant impact to property tax revenues resulting from assessment appeals and assessment roll corrections; however, the impact was less than anticipated. In addition, revenues from permits and licenses increased due to increased permit activities in the building inspection for a new wind turbine project, land use and food program, and one-time revenue from PG&E.

### Expenditure Variances:

- General Services - \$1 million favorable variance as a result of the department's cost cutting efforts, and appropriations for salaries and benefits not spent due to retirements and elimination of positions as part of the budget reduction strategy.
- Assessor - \$0.7 million favorable variance is primarily due to appropriations for salaries and benefits not spent due to retirements and elimination of positions, and the delay in the full implementation of automated valuation software.
- Registrar of Voters - \$0.9 million favorable variance is primarily due to appropriations for special elections that did not materialize and unspent appropriations for elections supplies due to less ballots mailed.
- General Expenditures - \$1.8 million favorable variance is primarily due to appropriations for anticipated accrued leave pay off but did not materialize as the departments were able to absorb the costs. Also, the budget included technology improvement projects which were still in progress and not completed in the current fiscal year. In addition, due to fewer collections from court fines, the 50% Trial Court excess revenue split was not as much as anticipated.
- Resource Management - \$1.8 million favorable variance is primarily due to contracted and professional services for the unfinished multi-year projects not materialized.
- Contingency - the appropriations included \$22.6 million in contingencies for unforeseen emergencies that may arise during the fiscal year and to financially manage any State uncertainties. At the end of the fiscal year, due to the County's prudent spending, there was no need to draw from the contingency.

### **Capital Asset and Debt Administration**

**Capital assets.** The County's capital assets for its governmental and business-type activities as of June 30, 2012, were \$514 million (net of accumulated depreciation). This investment in capital assets includes land, artwork, intangibles, buildings, machinery and equipment, roads, and bridges. The total increase in the County's capital assets for the current fiscal year was \$9.6 million or 1.89%.



	Governmental activities		Business-type activities		Total		Increase/ (decrease) Percent of change
	2012	2011	2012	2011	2012	2011	
Land	\$ 154,621,673	\$ 154,919,067	\$ 10,339,365	\$ 10,330,025	\$ 164,961,038	\$ 165,249,092	(0.17)%
Artwork	543,751	490,064	-	-	543,751	490,064	10.96%
Intangibles	8,426,546	7,538,065	-	-	8,426,546	7,538,065	11.79%
Infrastructure	116,504,800	96,303,617	-	-	116,504,800	96,303,617	20.98%
Construction in progress	32,997,485	30,382,936	135,327	133,442	33,132,812	30,516,378	8.57%
Buildings	362,794,910	360,572,211	15,217,083	15,217,083	378,011,993	375,789,294	0.59%
Machinery and equipment	51,605,989	50,242,744	527,650	570,472	52,133,639	50,813,216	2.60%
Less: accumulated depreciation	(231,890,133)	(215,031,335)	(7,617,614)	(7,024,214)	(239,507,747)	(222,055,549)	7.86%
Total	\$ 495,605,021	\$ 485,417,369	\$ 18,601,811	\$ 19,226,808	\$ 514,206,832	\$ 504,644,177	1.89%

In the governmental activities, the significant change is due to the completion of various capital projects including various county roads and bridges, the remodeling of the Health & Social Services building in Vallejo, the Benicia Veterans building, and the improvement of the Animal Control building. The completion of these projects increased depreciation expense for the fiscal year. Also, the County started various on-going construction projects in the current fiscal year specifically the Claybank Adult Detention Facility as a result of the AB900 legislation.

Additional information on the County's capital assets can be found in Note III-E on pages 66 – 68 of this report.

**Long-term obligations.** At the end of the fiscal year, the County's total debt outstanding for its governmental and business-type activities was \$230 million which is entirely backed by the full faith and credit of the County.

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Notes Payable	\$ 1,055,622	\$ 1,023,890	\$ -	\$ -	\$ 1,055,622	\$ 1,023,890
Capital Leases	302,261	513,792	-	-	302,261	513,792
Certificates of Participation	115,668,426	120,868,119	-	-	115,668,426	120,868,119
Pension Obligation Bonds	69,630,000	77,805,000	-	-	69,630,000	77,805,000
Self-insurance liability	11,591,000	10,545,541	-	-	11,591,000	10,545,541
Pollution Remediation Obligation	285,433	261,534	-	-	285,433	261,534
Other Post Employment Benefits	3,798,452	3,864,310	45,783	45,998	3,844,235	3,910,308
Compensated Absences	28,063,986	26,514,731	37,028	467,227	28,101,014	26,981,958
Total	\$ 230,395,180	\$ 241,396,917	\$ 82,811	\$ 513,225	\$ 230,477,991	\$ 241,910,142

The County's total debt decreased by \$11.4 million primarily due to the \$10.5 million principal payments on long-term debt and \$3 million principal redemption of the 2010 POB ahead of schedule. The total decrease was offset by an increase of \$1 million in the self-insurance liability resulting from the change in the confidence level and increase of \$1.5 million in compensated absences as a result of more employees vested for retirement.

Moody's and Standard & Poor's rated Solano County general obligation certificate of participation debt at "A1" and "AA-" respectively. The same rating agencies rated Solano County's pension debt at "Aa3" and "AA-" respectively.

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

Additional information on the County's long-term obligations can be found in Note III-I on pages



70 – 74 of this report.

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

- The unemployment rate for the County is currently 9.3%. This is comparable to the State's average unemployment rate of 10.1% (unadjusted, as of October 2012).
- The Board of Supervisors' (Board) policy for General Fund Contingency and Reserve levels allows the County to normalize the County's budget during periods of fiscal distress. To address the impact of the current economic uncertainty of the State of California and any other unforeseen circumstances. In FY12/13 the adopted budget included \$18 million in appropriations for contingencies, \$39.3 million in general reserves, \$4.9 million in designation for unfunded employees leave payoff, and \$7.6 million in designation for deferred maintenance.
- To adequately reflect the impact of the real estate recession, the County's adopted budget included a 1% increase in secured property tax revenues and 8% decrease in unsecured property tax revenues for FY12/13 over prior year actual.
- Due to the current economic climate, the County continues to proactively adjust its spending plan to align it to the ongoing revenue streams.

### **Requests for Information**

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

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## **BASIC FINANCIAL STATEMENTS**





**COUNTY OF SOLANO, CALIFORNIA**  
**Statement of Net Assets**  
**June 30, 2012**

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Solano County Fair	Workforce Investment Board
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and investments	\$ 271,741,513	\$ 549,387	\$ 272,290,900	\$ 1,135,685	\$ 322,314
Accounts receivable	3,593,863	-	3,593,863	19,080	10,055
Due from other agencies	62,966,047	26,413	62,992,460	28,356	177,042
Internal balances	2,869,394	(2,869,394)	-	-	-
Other assets	4,084,558	-	4,084,558	140,932	88,317
Total current assets	345,255,375	(2,293,594)	342,961,781	1,324,053	597,728
<b>Noncurrent assets</b>					
Long-term assets	12,265,773	-	12,265,773	-	-
Pension asset	125,395,582	-	125,395,582	768,063	-
Capital assets:					
Capital assets, not being depreciated	189,305,451	10,474,692	199,780,143	167,085	-
Capital assets, being depreciated, net	306,299,570	8,127,119	314,426,689	1,477,663	13,838
Total noncurrent assets	633,266,376	18,601,811	651,868,187	2,412,811	13,838
Total assets	\$ 978,521,751	\$ 16,308,217	\$ 994,829,968	\$ 3,736,864	\$ 611,566
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Outstanding warrants	\$ 6,938,616	\$ 11,610	\$ 6,950,226	\$ 30,561	\$ 155,255
Payables	34,176,719	14,470	34,191,189	74,584	157,166
Unearned revenue	14,772,198	3,367	14,775,565	-	-
Other liabilities	3,575,333	32,540	3,607,873	34,140	-
Due to other agencies	20,500,938	5,523	20,506,461	-	145
Current portion of long-term obligations	29,517,939	12,060	29,529,999	100,560	177,906
Total current liabilities	109,481,743	79,570	109,561,313	239,845	490,472
<b>Noncurrent liabilities</b>					
Noncurrent portion of long-term obligations	200,877,241	70,751	200,947,992	1,053,638	10,713
Total liabilities	310,358,984	150,321	310,509,305	1,293,483	501,185
<b>NET ASSETS</b>					
Invested in capital assets, net of related debt	380,366,107	18,601,811	398,967,918	1,287,801	13,838
Restricted for:					
Public safety	5,102,631	-	5,102,631	-	-
Capital projects	20,867,017	-	20,867,017	-	-
Public facilities fees	8,361,861	-	8,361,861	-	-
Library services	9,407,553	-	9,407,553	-	-
Transportation services	11,477,543	-	11,477,543	-	-
Health services	48,410,260	-	48,410,260	-	-
Home loan program	4,906,580	-	4,906,580	-	-
Micrographics & modernization projects	8,036,098	-	8,036,098	-	-
Other purpose	1,213,835	-	1,213,835	190,941	-
Unrestricted	170,013,282	(2,443,915)	167,569,367	964,639	96,543
Total net assets	668,162,767	16,157,896	684,320,663	2,443,381	110,381
Total liabilities and net assets	\$ 978,521,751	\$ 16,308,217	\$ 994,829,968	\$ 3,736,864	\$ 611,566

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, 2012**

Functions/programs	Expenses	Program Revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary Government:				
Governmental Activities:				
General government	\$ 56,978,971	\$ 21,363,951	\$ 3,649,934	\$ -
Public protection	158,553,975	20,122,142	61,990,591	-
Public ways and facilities	15,182,777	1,769,591	11,058,320	4,286,121
Health services	110,120,877	22,441,636	85,043,281	-
Public assistance	133,556,741	860,217	121,512,388	-
Education and recreation	16,783,519	5,277,053	4,335,348	-
Interest on long-term debt	9,528,897	-	-	-
Total Governmental Activities	500,705,757	71,834,590	287,589,862	4,286,121
Business-type Activities:				
Nut Tree Airport	1,609,696	477,917	147,624	-
Fouts Springs Youth Facility	635,756	400,353	17,697	-
Total Business-type Activities	2,245,452	878,270	165,321	-
Total Primary Government	\$ 502,951,209	\$ 72,712,860	\$ 287,755,183	\$ 4,286,121
Component Units:				
Solano County Fair	\$ 3,498,979	\$ 3,179,306	\$ 302,852	\$ -
Workforce Investment Board	4,926,502	-	4,937,175	-
Total Component Units	\$ 8,425,481	\$ 3,179,306	\$ 5,240,027	\$ -

General revenues:

Property taxes  
Sales and use tax - shared revenue  
Property transfer tax  
Intergovernmental not restricted to specific programs  
Interest and investment earnings  
Other  
Gain on sale of capital assets

Extraordinary item

Transfers

Total general revenues, extraordinary item and transfers  
Change in net assets  
Net assets - beginning, as restated  
Net assets - ending

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

**COUNTY OF SOLANO, CALIFORNIA**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2012**

<b>Net (Expense) Revenue and Changes in Net Assets</b>					
<b>Primary Government</b>			<b>Component Units</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Solano County Fair</b>	<b>Workforce Investment Board</b>	
\$ (31,965,086)	\$ -	\$ (31,965,086)	\$ -	\$ -	Primary Government:
(76,441,242)	-	(76,441,242)	-	-	Governmental Activities:
1,931,255	-	1,931,255	-	-	General government
(2,635,960)	-	(2,635,960)	-	-	Public protection
(11,184,136)	-	(11,184,136)	-	-	Public ways and facilities
(7,171,118)	-	(7,171,118)	-	-	Health services
(9,528,897)	-	(9,528,897)	-	-	Public assistance
(136,995,184)	-	(136,995,184)	-	-	Education and recreation
					Interest on long-term debt
					Total Governmental Activities
-	(984,155)	(984,155)	-	-	Business-type Activities:
-	(217,706)	(217,706)	-	-	Nut Tree Airport
-	(1,201,861)	(1,201,861)	-	-	Fouts Springs Youth Facility
(136,995,184)	(1,201,861)	(138,197,045)	-	-	Total Business-type Activities
					Total Primary Government
-	-	-	(16,821)	-	Component Units:
-	-	-	-	10,673	Solano County Fair
-	-	-	(16,821)	10,673	Workforce Investment Board
					Total Component Units
116,937,628	265,191	117,202,819	-	-	
1,851,294	-	1,851,294	-	-	
1,622,877	-	1,622,877	-	-	
12,120,126	27,214	12,147,340	-	-	
1,525,567	(1,778)	1,523,789	6,221	1,736	
16,125,278	107,233	16,232,511	35,000	8,005	
115,259	4,300	119,559	1,100	-	
8,809,741	-	8,809,741	-	-	
(432,279)	432,279	-	-	-	
158,675,491	834,439	159,509,930	42,321	9,741	
21,680,307	(367,422)	21,312,885	25,500	20,414	
646,482,460	16,525,318	663,007,778	2,417,881	89,967	
\$ 668,162,767	\$ 16,157,896	\$ 684,320,663	\$ 2,443,381	\$ 110,381	

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

**COUNTY OF SOLANO, CALIFORNIA**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2012**

	<b>General</b>	<b>Health &amp; Social Services</b>	<b>Public Safety</b>
<b>ASSETS</b>			
Cash and investments	\$ 86,439,078	\$ 52,794,980	\$ 12,617,728
Accounts receivable	1,323,953	583,938	618,007
Due from other agencies	20,375,052	27,717,750	8,048,776
Due from other funds	8,097,367	1,460,453	445,392
Advance to other funds	26,797,860	-	-
Other assets	4,275,667	464,932	695,282
Total assets	<u>\$ 147,308,977</u>	<u>\$ 83,022,053</u>	<u>\$ 22,425,185</u>
<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>			
Liabilities:			
Outstanding warrants	\$ 422,843	\$ 3,174,907	\$ 1,257,367
Payables	2,295,931	18,215,354	3,895,792
Deferred revenue	20,268,079	14,953,720	6,450,443
Due to other funds	822,201	4,454,481	5,343,403
Advance from other funds	-	-	-
Other liabilities	2,299,382	107,628	530
Due to other agencies	1,581,455	17,161,651	808,259
Total liabilities	<u>27,689,891</u>	<u>58,067,741</u>	<u>17,755,794</u>
Fund balances (deficits):			
Nonspendable	28,132,718	416,489	694,782
Restricted	-	24,537,823	3,974,609
Committed	-	-	-
Assigned	52,648,041	-	-
Unassigned	38,838,327	-	-
Total fund balances (deficits)	<u>119,619,086</u>	<u>24,954,312</u>	<u>4,669,391</u>
Total liabilities and fund balances (deficits)	<u>\$ 147,308,977</u>	<u>\$ 83,022,053</u>	<u>\$ 22,425,185</u>

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



**COUNTY OF SOLANO, CALIFORNIA**  
**Balance Sheet (Continued)**  
**Governmental Funds**  
**June 30, 2012**

<b>Accumulated Capital Outlay</b>	<b>Pension Debt Service Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>	
\$ 35,691,963	\$ 3,773,703	\$ 56,441,653	\$ 247,759,105	<b>ASSETS</b>
273,015	32,277	255,060	3,086,250	Cash and investments
470,190	77	6,298,534	62,910,379	Accounts receivable
831,510	193,130	32,083	11,059,935	Due from other agencies
-	-	-	26,797,860	Due from other funds
-	5,365,415	2,615,862	13,417,158	Advance to other funds
\$ 37,266,678	\$ 9,364,602	\$ 65,643,192	\$ 365,030,687	Other assets
				Total assets
				<b>LIABILITIES AND FUND BALANCES (DEFICITS)</b>
				Liabilities:
\$ 589,932	\$ -	\$ 666,663	\$ 6,111,712	Outstanding warrants
3,097,487	-	2,253,636	29,758,200	Payables
410,912	345,330	1,901,929	44,330,413	Deferred revenue
215,571	-	571,537	11,407,193	Due to other funds
3,099,487	18,500,000	2,367,187	23,966,674	Advance from other funds
752,619	-	415,174	3,575,333	Other liabilities
-	-	894,412	20,445,777	Due to other agencies
8,166,008	18,845,330	9,070,538	139,595,302	Total liabilities
				Fund balances (deficits):
-	-	225,128	29,469,117	Nonspendable
20,582,401	-	56,277,223	105,372,056	Restricted
130,470	-	-	130,470	Committed
8,387,799	-	70,303	61,106,143	Assigned
-	(9,480,728)	-	29,357,599	Unassigned
29,100,670	(9,480,728)	56,572,654	225,435,385	Total fund balances (deficits)
\$ 37,266,678	\$ 9,364,602	\$ 65,643,192	\$ 365,030,687	Total liabilities and fund balances (deficits)

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

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**COUNTY OF SOLANO, CALIFORNIA**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2012**

Total governmental funds, fund balance	\$ 225,435,385
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	484,665,190
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	29,882,885
Deferred costs of issuance for debt used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,162,988
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	20,617,012
The pension asset of the governmental activities are not financial resources and, therefore, are not reported in the funds.	125,395,582
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(2,551,567)
Long-term obligations	(217,444,708)
Net assets of governmental activities	\$ 668,162,767

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, 2012**

	General	Health & Social Services	Public Safety
<b>REVENUES</b>			
Taxes	\$ 110,547,795	\$ -	\$ -
Licenses, permits and franchises	6,354,312	11,150	221,214
Fines, forfeitures and penalties	1,689,012	520,088	1,644,465
Use of money and property	1,431,363	220,261	73,724
Intergovernmental	14,790,907	199,331,500	55,752,071
Charges for services	33,820,673	24,837,202	9,556,196
Miscellaneous	8,837,431	2,605,295	2,164,761
Total revenues	<u>177,471,493</u>	<u>227,525,496</u>	<u>69,412,431</u>
<b>EXPENDITURES</b>			
Current:			
General government	47,564,284	-	-
Public protection	16,474,478	-	141,329,454
Public ways and facilities	-	-	-
Health services	-	106,864,659	-
Public assistance	578,764	134,631,799	-
Education and recreation	235,855	-	-
Debt service:			
Principal	-	-	211,531
Interest and other charges	-	-	18,625
Capital outlay	22,363	720,791	987,108
Total expenditures	<u>64,875,744</u>	<u>242,217,249</u>	<u>142,546,718</u>
Excess (deficiency) of revenues over (under) expenditures	<u>112,595,749</u>	<u>(14,691,753)</u>	<u>(73,134,287)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	6,766	24,504,972	78,050,800
Transfers out	(107,660,018)	(7,590,659)	(4,859,775)
Sale of capital assets	330,010	-	3,700
Total other financing sources (uses)	<u>(107,323,242)</u>	<u>16,914,313</u>	<u>73,194,725</u>
<b>EXTRAORDINARY ITEM</b>			
Extinguishment of AB99 Liability	-	-	-
Net change in fund balances	5,272,507	2,222,560	60,438
Fund balances (deficits) - beginning, as restated	114,346,579	22,731,752	4,608,953
Fund balances (deficits) - ending	<u>\$ 119,619,086</u>	<u>\$ 24,954,312</u>	<u>\$ 4,669,391</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, 2012**

<b>Accumulated Capital Outlay</b>	<b>Pension Debt Service</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>	
\$ 1,802,073	\$ -	\$ 11,841,425	\$ 124,191,293	<b>REVENUES</b>
-	-	174,640	6,761,316	Taxes
-	-	3,391	3,856,956	Licenses, permits and franchises
176,547	(18,976)	354,245	2,237,164	Fines, forfeitures and penalties
2,889,242	-	22,554,250	295,317,970	Use of money and property
547,529	-	13,902,358	82,663,958	Intergovernmental
425,258	892,387	162,477	15,087,609	Charges for services
5,840,649	873,411	48,992,786	530,116,266	Miscellaneous
				Total revenues
				<b>EXPENDITURES</b>
				Current:
3,564,055	8,545	597,754	51,734,638	General government
-	-	3,620,576	161,424,508	Public protection
-	-	11,085,389	11,085,389	Public ways and facilities
-	-	6,973,802	113,838,461	Health services
-	-	-	135,210,563	Public assistance
-	-	16,704,764	16,940,619	Education and recreation
-	8,175,000	4,970,000	13,356,531	Debt service:
-	4,216,128	5,489,465	9,724,218	Principal
20,431,615	-	6,767,808	28,929,685	Interest and other charges
23,995,670	12,399,673	56,209,558	542,244,612	Capital outlay
				Total expenditures
(18,155,021)	(11,526,262)	(7,216,772)	(12,128,346)	Excess (deficiency) of revenues over (under) expenditures
				<b>OTHER FINANCING SOURCES (USES)</b>
2,394,043	10,854,926	9,941,508	125,753,015	Transfers in
(900,000)	-	(4,876,016)	(125,886,468)	Transfers out
-	-	99,590	433,300	Sale of capital assets
1,494,043	10,854,926	5,165,082	299,847	Total other financing sources (uses)
				<b>EXTRAORDINARY ITEM</b>
-	-	8,809,741	8,809,741	Extinguishment of AB99 Liability
(16,660,978)	(671,336)	6,758,051	(3,018,758)	Net change in fund balances
45,761,648	(8,809,392)	49,814,603	228,454,143	Fund balances (deficits) - beginning, as restated
\$ 29,100,670	\$ (9,480,728)	\$ 56,572,654	\$ 225,435,385	Fund balances (deficits) - ending

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

**COUNTY OF SOLANO, CALIFORNIA**  
**Reconciliation of the Statement of Revenues,**  
**Expenditures, and Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2012**

Net change in fund balances - total governmental funds \$ (3,018,758)

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 capital 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	\$ 28,929,685	
Depreciation	<u>(18,029,894)</u>	10,899,791

The net effect of various miscellaneous capital asset transactions (i.e., sales, trade-ins, and donations).		(474,848)
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Revenues deferred in the governmental funds because they were not collected within the County's availability period, were recognized in the statement of activities.		4,343,066
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The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, this transaction has no effect on net assets.

Debt principal payments		13,356,531
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

OPEB liability	\$ 63,990	
Pollution remediation obligations	(23,899)	
Change in accrued interest payable	195,321	
Amortization expense	(3,240,106)	
Change in compensated absences	<u>(1,337,389)</u>	(4,342,083)

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

		<u>916,608</u>
Change in net assets of governmental activities	<u>\$ 21,680,307</u>	

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, 2012**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Nut Tree Airport</b>	<b>Fouts Springs Youth Facility</b>	<b>Total</b>	
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and investments	\$ 549,387	\$ -	\$ 549,387	\$ 23,982,408
Accounts receivable	-	-	-	507,613
Due from other agencies	7,977	18,436	26,413	55,668
Due from other funds	-	469,525	469,525	433,523
Other assets	-	-	-	770,185
Total current assets	<u>557,364</u>	<u>487,961</u>	<u>1,045,325</u>	<u>25,749,397</u>
<b>Noncurrent assets</b>				
<b>Capital assets:</b>				
Land	10,319,365	20,000	10,339,365	-
Construction in progress	135,327	-	135,327	32,923
Buildings and improvements	10,795,227	4,421,856	15,217,083	264,471
Equipment	151,951	375,699	527,650	20,792,397
Intangibles	-	-	-	5,509,834
Less: accumulated depreciation	(5,414,864)	(2,202,750)	(7,617,614)	(15,659,794)
Total capital assets	<u>15,987,006</u>	<u>2,614,805</u>	<u>18,601,811</u>	<u>10,939,831</u>
Total assets	<u>\$ 16,544,370</u>	<u>\$ 3,102,766</u>	<u>\$ 19,647,136</u>	<u>\$ 36,689,228</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Outstanding warrants	\$ 7,935	\$ 3,675	\$ 11,610	\$ 826,904
Payables	12,316	2,154	14,470	1,866,952
Unearned revenue	3,367	-	3,367	324,670
Due to other funds	270	507,463	507,733	48,057
Other liabilities	32,540	-	32,540	-
Due to other agencies	2,446	3,077	5,523	55,161
Current portion of long-term obligations	9,028	3,032	12,060	4,219,170
Total current liabilities	<u>67,902</u>	<u>519,401</u>	<u>587,303</u>	<u>7,340,914</u>
<b>Noncurrent liabilities</b>				
Advances from other funds	2,831,186	-	2,831,186	-
Noncurrent portion of long-term obligations	30,909	39,842	70,751	8,731,302
Total noncurrent liabilities	<u>2,862,095</u>	<u>39,842</u>	<u>2,901,937</u>	<u>8,731,302</u>
Total liabilities	<u>2,929,997</u>	<u>559,243</u>	<u>3,489,240</u>	<u>16,072,216</u>
<b>NET ASSETS</b>				
Invested in capital assets	15,987,006	2,614,805	18,601,811	10,939,831
Unrestricted	(2,372,633)	(71,282)	(2,443,915)	9,677,181
Total net assets	<u>13,614,373</u>	<u>2,543,523</u>	<u>16,157,896</u>	<u>20,617,012</u>
Total liabilities and net assets	<u>\$ 16,544,370</u>	<u>\$ 3,102,766</u>	<u>\$ 19,647,136</u>	<u>\$ 36,689,228</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, 2012**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Nut Tree Airport</b>	<b>Fouts Springs Youth Facility</b>	<b>Total</b>	
<b>OPERATING REVENUES</b>				
Charges for sales and services	\$ 477,917	\$ 400,353	\$ 878,270	\$ 35,916,148
<b>OPERATING EXPENSES</b>				
Personnel services	364,634	371,386	736,020	7,082,942
Maintenance	17,365	1,824	19,189	1,251,009
Materials and supplies	17,920	510	18,430	1,485,789
Depreciation	493,364	142,858	636,222	2,904,151
Insurance	76,158	62,492	138,650	11,487,340
Rent, utilities and others	622,195	56,686	678,881	11,147,339
Total operating expenses	1,591,636	635,756	2,227,392	35,358,570
Operating income (loss)	(1,113,719)	(235,403)	(1,349,122)	557,578
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Intergovernmental	174,838	17,697	192,535	-
Investment earnings (expense)	1,352	(3,130)	(1,778)	108,012
Interest expense	(18,060)	-	(18,060)	-
Property taxes	265,191	-	265,191	-
Other revenue	88,870	18,363	107,233	402,136
Other expenses	-	-	-	(14,259)
Gain on disposal of capital assets	-	4,300	4,300	161,967
Total nonoperating revenues, net	512,191	37,230	549,421	657,856
Income (loss) before transfers	(601,528)	(198,173)	(799,701)	1,215,434
Transfers in	-	469,525	469,525	-
Transfers out	(15,419)	(21,827)	(37,246)	(298,826)
Change in net assets	(616,947)	249,525	(367,422)	916,608
Total net assets - beginning	14,231,320	2,293,998	16,525,318	19,700,404
Total net assets - ending	\$ 13,614,373	\$ 2,543,523	\$ 16,157,896	\$ 20,617,012

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, 2012**

	<b>Business-type Activities - Enterprise Funds</b>			<b>Governmental Activities - Internal Service Funds</b>
	<b>Nut Tree Airport</b>	<b>Fouts Springs Youth Facility</b>	<b>Total</b>	
<b>Cash flows from operating activities:</b>				
Receipts from customers and users	\$ 552,714	\$ 386,216	\$ 938,930	\$ 36,019,675
Receipts from interfund services provided	-	-	-	32
Payments to suppliers	(766,415)	(311,147)	(1,077,562)	(25,372,575)
Payments to employees	(346,480)	(542,134)	(888,614)	(6,942,998)
Net cash provided (used) by operating activities	(560,181)	(467,065)	(1,027,246)	3,704,134
<b>Cash flows from noncapital financing activities:</b>				
Transfers in	-	469,525	469,525	-
Transfers out	(15,419)	(21,827)	(37,246)	(298,826)
Property taxes	265,191	-	265,191	-
Borrowings on advances from other funds	530,000	-	530,000	-
Subsidy from federal grant	174,838	17,697	192,535	-
Net cash provided (used) by noncapital financing activities	954,610	465,395	1,420,005	(298,826)
<b>Cash flows from capital and related financing activities:</b>				
Debt issued	-	-	-	39,663
Interest paid	(18,060)	-	(18,060)	-
Debt principal paid	-	-	-	(7,931)
Acquisition of capital assets	(11,225)	-	(11,225)	(2,708,543)
Proceeds from sale of capital assets	-	4,300	4,300	203,650
Net cash provided (used) by capital and related financing activities	(29,285)	4,300	(24,985)	(2,473,161)
<b>Cash flows from investing activities:</b>				
Investment income (expense) received (paid)	1,352	(3,130)	(1,778)	108,012
Net increase (decrease) in cash and cash equivalents	366,496	(500)	365,996	1,040,159
Cash and cash equivalents - beginning	182,891	500	183,391	22,942,249
Cash and cash equivalents - ending	\$ 549,387	\$ -	\$ 549,387	\$ 23,982,408
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (1,113,719)	\$ (235,403)	\$ (1,349,122)	\$ 557,578
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	493,364	142,858	636,222	2,904,151
Other nonoperating revenue	88,870	18,363	107,233	387,877
Changes in assets and liabilities:				
(Increase) decrease in receivables, net	-	9,352	9,352	(183,329)
(Increase) decrease in due from other funds	515	(350,639)	(350,124)	(437,354)
(Increase) decrease in due from other agencies	(7,001)	308,786	301,785	13,787
Increase in other assets	-	-	-	(269,924)
Increase (decrease) in outstanding warrants	1,067	(7,631)	(6,564)	(86,271)
Increase (decrease) in payables	(31,098)	(185,080)	(216,178)	43,576
Increase (decrease) in due to other funds	(682)	278,502	277,820	(437,941)
Increase in due to other agencies	2,446	3,077	5,523	47,253
Decrease in unearned revenue	(7,587)	-	(7,587)	(90,726)
Increase (decrease) in accrued compensated absences	18,932	(449,131)	(430,199)	211,866
Decrease in other liabilities	(5,192)	-	(5,192)	-
Decrease in other postemployment benefits	(96)	(119)	(215)	(1,868)
Increase in self-insurance liability	-	-	-	1,045,459
Total adjustments	553,538	(231,662)	321,876	3,146,556
Net cash provided (used) by operating activities	\$ (560,181)	\$ (467,065)	\$ (1,027,246)	\$ 3,704,134
<b>Noncash investing, capital and financing activities:</b>				
Change in fair value of investments	\$ 923	\$ -	\$ 923	\$ (5,674)

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, 2012**

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 245,512,307	\$ 4,284,443	\$ 38,592,297
Property tax receivable	-	-	31,832,782
Property of estates	-	4,275,172	-
Total assets	<u>245,512,307</u>	<u>8,559,615</u>	<u>\$ 70,425,079</u>
<b>LIABILITIES</b>			
Due to others	-	-	<u>\$ 70,425,079</u>
<b>NET ASSETS</b>			
Net assets held in trust for:			
Individuals	-	8,559,615	
Pool participants	245,512,307	-	
Total net assets	<u>\$ 245,512,307</u>	<u>\$ 8,559,615</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, 2012**

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>		
Contributions on pooled investments	\$ 514,413,178	\$ 3,561,503
Other contributions/additions	155,045	1,021,038
Interest and investment income	359,672	22,208
Total additions	<u>514,927,895</u>	<u>4,604,749</u>
<b>DEDUCTIONS</b>		
Distributions from pooled investments	<u>559,362,685</u>	<u>3,344,912</u>
Change in net assets	(44,434,790)	1,259,837
Net assets - beginning	<u>289,947,097</u>	<u>7,299,778</u>
Net assets - ending	<u><u>\$ 245,512,307</u></u>	<u><u>\$ 8,559,615</u></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, 2012**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***A. Reporting Entity***

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

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

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

The Solano County Facilities Corporation (SCFC) was established for the purpose of providing financing for the acquisition and construction of properties such as the Health & Social Services Administration Building and the Fairfield Downtown Project. The SCFC's board consists exclusively of all five members of the County's Board of Supervisors.

The Solano County Housing Authority (SCHA), under an agreement with the U.S. Department of Housing and Urban Development, provides housing assistance through the Section 8 Housing Assistance program for the unincorporated areas of Solano County and the cities of Dixon and Rio Vista. The County Board of Supervisors serves as the SCHA board.

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

The Solano County Fair (Fair), which is managed by the Solano County Fair Association (Fair Association), is a discretely presented component unit in the County's basic financial statements. The Fair is governed by a board of directors whose members are appointed by the County's Board of Supervisors. The Fair Association was formed solely to act as the County's agent in operating the county fair that provides services entirely to the general public. Also per GASB 14, the financial statements of the Potential Component Unit (PCU) are not material to the financial statements of the Primary Government, and therefore, should not be included in the financial reporting entity.

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

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

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

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

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

For its business-type activities and proprietary funds, pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the County applies all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board (the FASB), the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. Governments have the option of following private-sector guidance issued subsequent to November 30, 1989, as such the County has elected not to follow private-sector guidance subsequent to November 30, 1989.

#### ***B. Government-wide and Fund Financial Statements***

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



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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

The *Health and Social Services Fund* is used to account for services to County residents in the areas of health, mental health, substance abuse, social services, employment assistance and public assistance. Revenue sources are primarily state and federal grants, vehicle license fees, sales tax, charges for services and income tax revenues under the Mental Health Services Act (MHSA).

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. Revenue sources are primarily state and federal grants, and charges for services.

The *Accumulated Capital Outlay Fund* is used to account for all other countywide capital projects not accounted for in a specific capital projects fund. Funding is from various sources such as the property tax, Tobacco MSA settlement, public facilities fees or transfers in from other funds. Funding is restricted or committed to a particular project and any unspent balances at the completion of the project are returned to their original source.

The *Pension Debt Service Fund* is used to account for the payment of debt used to prepay a portion of the County's Unfunded Actuarial Accrued Liability. The primary source of funding is through regular bi-weekly contributions from all County departments, courts, and Solano County Fair.

The County reports the following enterprise funds:

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

The *Fouts Springs Youth Facility Fund* (Fouts Springs) accounts for the activities of the youth correctional facility that was operated under a Joint Powers Agreement between the counties of Colusa and Solano. Revenue sources were primarily charges for services. The Facility was closed as of July 31, 2011 due to being fiscally unsustainable. The County continues to maintain and safeguard the grounds and facilities in order to comply with the special use permit held by the Fouts Springs Joint Powers Authority until the closure is complete and the County has transferred the assets.

Additionally, the government reports the following fund types:

*Internal Service Funds* account for management information systems, fleet management services and risk management services provided to other departments or agencies of the County, or to other governments, on a cost reimbursement basis. Revenue sources are primarily charges for services to County departments.

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

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

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



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

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

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

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

#### ***D. Assets, Liabilities, and Net Assets or Equity***

##### ***1. Cash and Investments***

The County pools cash and investments with the County Treasurer except for investments held in trust agreements by bond paying agents under direction from the Treasurer. Interest from pooled cash and investments are allocated quarterly to the various funds based on the average daily cash balances of the funds entitled to receive interest. It is the County's policy and practice to charge interest to funds with 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 independent third party pricing models, published market prices or quotations from licensed broker/dealer firms. 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 including pooled amounts in the County Treasury to be cash equivalents.

The Pool values participants' shares on a par value. Specifically, the Pool distributes income to participants based on their relative participation during the period. Net income is calculated and apportioned to the funds based on (1) realized investment gains and losses, (2) accrual based interest income earned, (3) amortization of discounts and premiums on a level yield 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 quarterly basis to the Board of Supervisors manages the Pool. In addition, the function of the

County Treasury Oversight Committee is to review and monitor the County's investment policy and to monitor compliance with the investment policy and reporting provisions of the law.

The Pool is comprised of two components: a) pooled deposits and investments and b) dedicated investment funds. The dedicated investment funds represent funds that are held in trust under escrow agreements with County Bond Holders.

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

The County's cash and investments include \$4,284,443 at June 30, 2012 for Private Purpose Trust Funds. The County provides personal and financial services to individuals who are not able to manage their own affairs. The Public Administrator and Public Guardian administer the funds for individuals who are either deceased or incapacitated. The County also administers funds for adults and juveniles who are incarcerated.

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2012, to support the value of shares in the Pool.

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

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

Advances to other funds, as reported in the fund financial statements, are offset by a nonspendable fund balance in the applicable governmental funds to indicate such amounts are not in spendable form.

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

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

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

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



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

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

#### ***4. Other Assets***

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

#### ***5. Long-term Assets***

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

#### ***6. Capital Assets***

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

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

Property, plant, equipment, intangibles 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
Intangibles	3-7
Specialty equipment and vehicles	2-20
Construction equipment	10-20
Buildings and improvements	10-40
Roads (surface only)	10-20

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

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

## ***8. Outstanding Warrants***

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

## ***9. Due To/Due From Other Agencies***

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

## ***10. Deferred/Unearned Revenue***

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

## ***11. Compensated Absences***

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

## ***12. Long-term Obligations***

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



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

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

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

- *Invested in capital assets, net of related debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted for: Public safety* – This category represents external restrictions imposed by grantors, contributors and laws or regulations of other governments for the implementation of various public safety programs.
- *Restricted for: Capital projects* – This category represents external restrictions imposed by grantors, contributors, laws or regulations of other governments and restrictions imposed by law through enabling legislation for the construction of various capital projects.
- *Restricted for: Public facilities fees* – This category represents restrictions imposed by law through enabling legislation to collect fees due to the increase needs in County public facilities.
- *Restricted for: Library services* – This category represents external restrictions imposed by grantors, contributors and laws or regulations of other governments for increased library services to the public.
- *Restricted for: Transportation services* – This category represents external restrictions imposed by creditors, grantors, and laws or regulations of other governments to provide transportation facilities and services for the public.
- *Restricted for: Health services* – This category represents external restrictions imposed by grantors, contributors and laws or regulations of other governments for the implementation of various health and social services programs.
- *Restricted for: Home loan program* – This category represents external restrictions imposed by creditors, grantors, and laws or regulations of other governments to provide housing rehabilitation and reconstruction loans for the public to maintain affordable housing.
- *Restricted for: Micrographics & modernization projects*– This category represents external restrictions imposed by creditors, grantors, and laws or regulations of other governments for micrographics, modernization and social security number truncation for public reporting.
- *Restricted for: Other purpose* – This category represents external restrictions imposed by grantors, contributors and by laws or regulations of other governments for the implementation of various governmental programs including East Vallejo Fire District, fish & game, county service area and SE Vallejo redevelopment as well as external restrictions imposed by the trust agent as stated in the bond indenture agreements for the issuance and repayment of long-term debt for debt service.
- *Unrestricted* – This category represents net assets of the County, not restricted for any project or other purpose.

The government-wide statement of net assets reports \$117,783,378 of restricted net assets, of which \$26,680,441 is restricted by enabling legislation.

In the fund financial statements, governmental funds report fund balance as nonspendable, restricted, committed, assigned or unassigned based primarily on the extent to which the County is bound to honor constraints on how specific amounts can be spent.

Fund balance classifications are described as follows:

- *Nonspendable Fund Balance:* Nonspendable Fund Balance refers to amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. It includes long-term loans and notes receivable, inventories and prepaid items.
- *Restricted Fund Balance:* Amounts restricted by constraints that are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance:* Amounts to be used for specific purposes pursuant to constraints imposed by the Board of Supervisors via an ordinance. These self-imposed constraints must be set in place prior to the end of the fiscal year.
- *Assigned Fund Balance:* Amounts constrained by the County's intent to use for specific purposes, but are neither legally restricted nor committed. An assignment of fund balance is more easily removed or modified than fund balance classified as committed and may be established after fiscal year-end.
- *Unassigned Fund Balance:* This classification represents fund balance not assigned to other funds and not restricted, committed or assigned to specific purposes within the General Fund and is available for financing future budgets. The General Fund is the only fund that reports a positive unassigned fund balance amount.

#### **14. Fund Balance Policy**

The Board originally adopted the General Fund Reserve & Other Designations Policy in February 2007. On June 14, 2011, the Board adopted the new Fund Balance Policy which includes the changes to conform to Government Accounting Standards Board (GASB) Statement No. 54.

##### **General Fund - Fund Balance Policy**

This policy addresses the County's unrestricted fund balance (i.e. Committed, Assigned, and Unassigned).

##### **Committed Fund Balance**

During any Board meeting, the Board of Supervisors may establish a Committed Fund Balance through a resolution approved by a 4/5 vote. The commitment must be established by the end of the fiscal year for a specific purpose and requires the same action to be changed or lifted. However, for financial statement purposes, in accordance with GASB Statement No. 54, only those items committed via ordinance are reported as committed fund balance.

##### **Assigned Fund Balance**

During any Board meeting, the Board of Supervisors may establish or change an Assigned Fund Balance through a resolution approved by a 3/5 vote.

##### **General Fund General Reserve Policy**

The General Fund General Reserve is subject to constraints imposed by Government Code Section 29086, which limits the Board's access to the reserve during the annual budget process and requires 4/5 vote by the Board.



The Board's policy is to maintain General Fund General Reserves equal to 10% of the County's total budget excluding interfund transfers with a minimum \$20 million balance maintained at all times.

The General Fund General Reserve is maintained to provide the County with sufficient working capital to support one-time costs, subject to Board approved constraints, for the following purposes:

- When the County faces economic recession/depression and the County must take budget action.
- When the County is impacted by a natural disaster or any other emergency that could result from acts of terrorism, disease epidemic, pandemic flu, chemical spill, or nuclear contamination whether it is a natural occurring phenomenon or manmade.
- When the County experiences unexpected declines in revenues and/or when unpredicted large one-time expenditures arise.

Subject to Board of Supervisors' constraints, the following is how reserves should be used:

1. Use the General Fund General Reserve to phase into fiscal distress periods gradually, focusing on maintaining the Board's priorities.
2. To the extent possible, use the General Fund General Reserve as the last resort to balance the County Budget.
3. To the extent possible, the spending down of General Fund General Reserve should not exceed \$6 million a year.

In circumstances where the General Fund General Reserve has fallen below the established requirement, the County shall replenish the deficiency within five fiscal years or as soon as economic conditions allow from the following revenue sources: year-end surpluses, non-recurring revenues, budget surpluses, or if legally permissible and with a defensible rationale, from excess resources in other funds.

### **Deferred Capital/Maintenance Projects**

The Board established an assigned fund balance for deferred capital/maintenance projects to fund deferred capital maintenance for the County's public facilities. This assignment was established primarily as a mechanism to accumulate funding for the infrastructure rehabilitation program to repair or renovate existing buildings.

If the need arises to access these funds during the fiscal year, the request will be presented to the Board of Supervisors and will require a four-fifths vote. Otherwise, the request will be incorporated as part of the annual budgetary process.

### **General Fund Balance for Accrued Leave Payoff**

The Board assigned **General Fund Balance for Accrued Leave Payoff**. The purpose of this assignment is to minimize the fiscal impact on County Departments' budgets due to employee retirements. These funds are to be used for large employee payoffs upon retirement when the respective department has insufficient appropriations during the fiscal year to fund these payoffs. The following criteria and procedures were approved by the Board for managing the Fund Balance for Accrued Leave Payoff:

1. Minimum General Fund Balance for Accrued Leave Payoff. On an annual basis the Auditor-Controller shall calculate the projected leave payout requirements for the subsequent five years, net of Federal and State reimbursements and provide the information to the County Administrator's Office for inclusion in the following year's Recommended Budget. The Board's policy is to maintain General Fund

Balance for Accrued Leave Payoff equal to 40% of the five year projected leave payout requirements net of federal and state reimbursements with a minimum of \$2 million balance maintained at all times.

2. Replenishing General Fund Balance for Accrued Leave Payoff. In circumstances where the General Fund Balance for Accrued Leave Payoff has fallen below the established requirement, the County shall replenish the deficiency within three fiscal years or as soon as economic conditions allow from the following revenue sources: year-end surpluses, non-recurring revenues, or if legally permissible and with a defensible rationale, from excess resources in other funds.

3. Anticipated Accrued Leave Payoffs. During the budget process, a General Fund Department or a Department that receives a General Fund contribution should determine the amount needed to cover anticipated accrued leave payoffs for the upcoming year and include the amount in the Requested Budget. The Departments will work with the CAO to determine the funding strategy.

a. If the Department has sufficient appropriations to fund the accrued leave payoff, the Department shall absorb the cost; or

b. If the Department cannot absorb the cost, the Department must work with the CAO to determine the funding source(s) to offset the increased costs. Funding from the **General Fund Balance for Accrued Leave Payoff** may serve as a resource to provide the affected department with the General Fund share of the employee payoff.

c. The General Fund share of the estimated accrued leave payoff will be appropriated in the General Expenditures budget, during the budget process. This appropriation will be funded from the **General Fund Balance for Accrued Leave Payoff**.

d. The CAO is authorized to make necessary budget adjustments to the affected Department **without** Board approval limited to amount appropriated in 3(c) above.

4. Unanticipated Accrued Leave Payoffs. During the budget year, departments may have employees retire/terminate that were not factored in the accrued leave payoff calculation. Departments should consult with the CAO to determine the most appropriate funding strategy.

a) General Fund Departments or Departments that receive a General Fund contribution should determine if sufficient appropriations are available within their budget to absorb the payoff, and, if not, work with the CAO to determine the appropriate level of funding from the **General Fund Balance for Accrued Leave Payoff** as indicated above in 3(c) or General Fund Contingency. These actions require 4/5 vote of the Board.

b) Non-General Fund Departments that do not receive General Fund contributions will need to determine if their respective program has sufficient appropriations or contingencies to support the accrued leave payoff and should adjust their budget accordingly at Mid Year or Third Quarter, as necessary.

#### **General Fund Nonspendable Fund Balance**

The County's policy for the General Fund nonspendable fund balance is as follows:

- When the Board of Supervisors (BOS) has approved long-term loans, advances or notes receivable expected to have outstanding balances at the end of the fiscal year, the long-term amount approved by the BOS will be classified as nonspendable fund balance.
- In circumstances when the BOS has approved a loan, the BOS shall state where the nonspendable fund balance shall be obtained (i.e. General Fund General Reserves, Unassigned Fund Balance, etc.).



- Repayment of General Fund Loans will be put back into General Fund General Reserves.

## **Countywide Spending Priority Policy**

### **Funding Flow Assumptions**

This policy considers restricted amounts to be spent before unrestricted fund balance when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed, assigned, and then unassigned amounts in that order will be spent when an expenditure is incurred for a purpose for which amounts in any of those unrestricted fund balance classifications could be used.

The County's Spending Priority policy applies to fund balance and revenue sources. In circumstances when expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, the use of fund balance will be applied in the following order:

1. **Restricted**
2. **Committed**
3. **Assigned**
4. **Unassigned**

### **Additional Fund Balance Assignments**

- On October 24, 2006, the Board approved a General Fund loan for \$3,000,000 to the Transportation Special Revenue Fund. As of June 30, 2012, the undisbursed balance of the approved loan was \$632,813.
- On September 30, 2008, the Board approved a General Fund loan for \$2,000,000 to the Accumulated Capital Outlay Capital Projects Fund for the purpose of the Visioning Project for the Solano County Fairgrounds Development. As part of the annual budget hearings for FY 2009/10, a second loan for \$2,400,000 was approved. As of June 30, 2012, the undisbursed balance of the approved loans was \$1,300,513.
- On November 13, 2001, the Board approved the Solano County Tobacco Master Settlement Agreement (MSA) Strategic Plan. The 2001 Strategic Plan set forth priorities for Tobacco Settlement Revenue (TSR) spending with the goals of reducing rates of tobacco, alcohol and other drug use in Solano County and improving access to quality primary and preventive health care services for indigent clients and others without access to health care in Solano County. On January 8, 2008 the Board approved the use of the MSA TSR securitization proceeds and deallocated funds for financing all costs of the Twin Campus project and the use of General Fund monies to support the goals of reducing rates of tobacco, alcohol and other drug use and improving health care access. As of June 30, 2012, the balance of unexpended General Fund monies assigned to reducing rates and health access is \$125,271.

## **15. Use of Estimates**

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

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

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

The governmental funds balance sheet includes a reconciliation between fund balances-total governmental funds and net assets-governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this \$484,665,190 difference are as follows:

Land, not being depreciated	\$ 154,621,673
Construction in progress	32,964,562
Artwork	543,751
Intangibles, not being depreciated	651,017
Infrastructure, net of \$52,635,723 accumulated depreciation	63,869,077
Buildings, net of \$142,697,146 accumulated depreciation	219,833,293
Machinery and equipment, net of \$20,049,503 accumulated depreciation	10,764,089
Intangibles, net of \$847,967 accumulated depreciation	<u>1,417,728</u>
Net adjustment to increase <i>fund balances-total governmental funds to arrive at net assets-governmental activities</i>	<u><u>\$ 484,665,190</u></u>

Another element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this \$217,444,708 difference are as follows:

Notes payable	\$ 1,023,890
Capital leases	302,261
Certificates of participation	115,190,000
Less: Deferred charge on refunding	(2,096,579)
Add: Issuance premium	2,575,005
Pension obligation bonds	69,630,000
OPEB liability	3,682,015
Pollution remediation obligation	285,433
Compensated absences	<u>26,852,683</u>
Net adjustment to reduce <i>fund balances-total governmental funds to arrive at net assets-governmental activities</i>	<u><u>\$ 217,444,708</u></u>

### III. DETAILED NOTES ON ALL FUNDS

#### A. *Cash and Investments*

The County's cash and investments at June 30, 2012 were as follows:

	<u>Fair Value</u>
<b>County Deposits</b>	<u>\$ 16,760,692</u>
<b>County Investments</b>	
Money Market Mutual Funds	12,580,821
Certificates of Deposits	13,897,785
State of California Local Agency Investment Fund	46,391,446
Investment Trust of California Joint Powers Authority Pool	62,495,870
California Asset Management Program	293,120
Corporate Notes	98,531,580
Mortgage Pass-through	8,333
U.S. Federal Agency Notes	
Federal Farm Credit Bank	43,006,946
Federal Home Loan Bank	15,001,855
Federal Home Loan Mortgage Corporation	66,213,035
Federal National Mortgage Association	60,034,440
U.S. Treasury Notes	56,212,690
Municipal Notes	64,682,088
<b>Total County Investments</b>	<u>539,350,009</u>
<b>Total County Treasury</b>	<u>556,110,701</u>
<b>Cash and Investments with Fiscal Agents</b>	
Imprest cash	280,991
Deposits	49,991
Held with others	
Money Market Mutual Funds	5,696,263
<b>Total Cash and Investments with Fiscal Agents</b>	<u>6,027,245</u>
<b>Total Cash and Investments</b>	<u><u>\$ 562,137,946</u></u>

Reconciliation to financial statements:

Government-wide Statement of Net Assets	\$	272,290,900
Statement of Fiduciary Net Assets:		
External Investment Trust		245,512,307
Private Purpose Trust		4,284,443
Agency Funds		38,592,297
Component Units		
Solano County Fair		1,135,685
Workforce Investment Board		322,314
Total	\$	<u>562,137,946</u>

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

The County is a voluntary participant in the State of California Local Agency Investment Fund (LAIF). The total amount invested by all public agencies in LAIF as of June 30, 2012 was \$21.9 billion. At June 30, 2012, the County's investment to LAIF is \$46.4 million. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which, as of June 30, 2012 had a balance of \$60.5 billion. PMIA is not SEC registered, but is required to invest according to California State Government Code. The weighted average to maturity of PMIA investments was 270 days as of June 30, 2012. The Local Investment Advisory Board (LIAB) has oversight responsibility for LAIF. The LIAB consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the County Treasurer's portion of the pool.

The County is also a voluntary participant in the Investment Trust of California Joint Powers Authority Pool (CALTRUST). At June 30, 2012, the County's investment to CALTRUST is \$62 million. CALTRUST is an innovative partnership between the CSAC Finance Corporation and the League of California Cities to provide a convenient method for local agencies to pool their assets for investment. The weighted average to maturity of CALTRUST investments were as follows: CALTRUST Short Term, 14 months; CALTRUST Medium, 22 months and CALTRUST Heritage Money Market, 28 days. The Board of Trustees, which is made up of experienced local Treasurers and Investment Officers has oversight responsibility for CALTRUST. The value of the pool shares in CALTRUST, which may be withdrawn, is determined on a fair value basis, which may be different than the amortized cost of the County Treasurer's portion of the pool. The total amount invested in CALTRUST by California public agencies, as of June 30, 2012 was divided among the following asset classes: CALTRUST Medium Term was \$440 million; CALTRUST Short Term was \$625 million and CALTRUST Heritage Money Market was \$23.1 billion.

The County is also a voluntary participant in the California Asset Management Program (CAMP). The total amount invested by all public agencies in CAMP as of June 30, 2012 was \$2.0 billion. At June 30, 2012, the County's investment to CAMP is \$293,120. CAMP is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment. The weighted average to maturity of CAMP investments was 54 days as of June 30, 2012. The Board of Trustees, which is made up of experienced local government directors and treasurers, has oversight responsibility



for CAMP. The Board consists of seven members elected by the participants. The value of the pool shares in CAMP, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the County Treasurer's portion of the pool. As noted above, the total amount invested in CAMP by California public agencies, as of June 30, 2012 was \$2.0 billion divided among the following asset classes: 30.6% in Negotiable Certificates of Deposit; 25.2% in commercial paper; 12.8% was invested in Federal Agency obligations; 28.8% was invested in repurchase agreements (collateralized by Treasury and Agency obligations); 2.6% was invested in US Treasuries. CAMP's investment policy does not permit the purchase of asset-backed securities (Government Code 53601(n)), but does permit the purchase commercial paper 53601(h), which can include asset-backed commercial paper.

### ***1. Authorized Investments***

Statutes authorize the County to invest in obligations of U.S. Government securities, U.S. Government agencies and instrumentalities, certificates of deposit of nationally or state-chartered banks or savings institutions, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, medium term corporate notes, mortgage pass-through, repurchase agreements, reverse repurchase agreements, municipal bonds, mutual funds as permitted by the California Government Code, California State Treasurer's investment pool (LAIF), and shares of beneficial interest issued by Joint Power Authorities that invest in allowable securities such as Investment Trust of California (CALTRUST) and California Asset Management Program (CAMP).

### ***2. Interest Rate Risk***

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

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

At June 30, 2012, the weighted average to maturity of the Treasurer's Pool was 446 days.

The fair value of the County's investments as of June 30, 2012 are as follows:

		Investment Maturities Fair Value (in Years)			
	Fair Value	Less than 1	1 to 5	More than 5	
County Investments					
Money Market Mutual Funds	\$ 12,580,821	\$ 12,580,821	\$ -	\$ -	
Certificates of Deposits	13,897,785	13,897,785	-	-	
State of California Local Agency Investment Fund	46,391,446	46,391,446	-	-	
Investment Trust of California Joint Powers Authority Pool	62,495,870	62,495,870	-	-	
California Asset Management Program	293,120	293,120	-	-	
Corporate Notes	98,531,580	29,995,913	68,535,667	-	
Mortgage Pass-through	8,333	8,333	-	-	
U.S. Federal Agency Notes:					
Federal Farm Credit Bank	43,006,946	4,997,405	38,009,541	-	
Federal Home Loan Bank	15,001,855	9,999,850	5,002,005	-	
Federal Home Loan Mortgage Corporation	66,213,035	9,997,000	56,216,035	-	
Federal National Mortgage Association	60,034,440	29,998,670	30,035,770	-	
U.S. Treasury Notes	56,212,690	35,311,130	20,901,560	-	
Municipal Notes	64,682,088	18,002,283	44,669,460	2,010,345	
Total County Investments	539,350,009	273,969,626	263,370,038	2,010,345	
Investments with Fiscal Agents					
Money Market Mutual Funds	5,696,263	5,696,263	-	-	
Total Investments	\$ 545,046,272	\$ 279,665,889	\$ 263,370,038	\$ 2,010,345	

In accordance with California Government Code Section 53601, any investment with a maturity in excess of five years requires the express authorization of the County's Board of Supervisors. Pursuant to resolution by the Board of Supervisors on March 24, 2009, the County Treasury purchased local agency notes issued by San Luis Obispo County which matures September 2019.

### 3. Credit Risk

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

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

At June 30, 2012, the County's credit risks, expressed as a percentage of total investments, are as follows:

Investment Type	Credit Rating S&P	% of Investments
<b>County Investments</b>		
Money Market Mutual Funds	AAA	2.31%
Certificates of Deposits	A	0.92%
Certificates of Deposits	AA-	1.59%
Certificates of Deposits	AAA	0.04%
State of California Local Agency Investment Fund	Not Rated	8.51%
Investment Trust of California Joint Powers Authority Pool Medium Term	A	3.14%
Investment Trust of California Joint Powers Authority Pool Short Term	AA	4.96%
Investment Trust of California Joint Powers Authority Pool Money Market	AAA	3.37%
California Asset Management Program	AAA	0.05%
Corporate Notes	A	2.53%
Corporate Notes	A-	0.96%
Corporate Notes	A+	3.59%
Corporate Notes	AA	0.92%
Corporate Notes	AA-	5.16%
Corporate Notes	AA+	2.49%
Corporate Notes	Aaa	0.92%
Corporate Notes	AAA	1.50%
Mortgage Pass-through	AAA	0.00%
U.S. Federal Agency Notes:		
Federal Farm Credit Bank	AA+	7.89%
Federal Home Loan Bank	AA+	2.75%
Federal Home Loan Mortgage Corporation	AA+	12.15%
Federal National Mortgage Association	AA+	11.02%
U.S. Treasury Notes	AA+	10.31%
Municipal Notes	A	0.09%
Municipal Notes	A-	3.71%
Municipal Notes	A+	0.38%
Municipal Notes	AA	2.18%
Municipal Notes	AA-	3.93%
Municipal Notes	AA+	1.12%
Municipal Notes	AAA	0.46%
<b>Investments with Fiscal Agents</b>		
Money Market Mutual Funds	AAA	1.05%
Total:		<u>100.00%</u>

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

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

<u>Investment Type</u>	<u>Fair Value</u>
Federal Home Loan Mortgage Corporation	\$ 66,213,035
Federal National Mortgage Association	60,034,440
Federal Farm Credit Bank	43,006,946

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

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.



## 6. *Treasury Investment Pool*

A summary of the investments held by the Treasurer's Pool as of June 30, 2012 is as follows:

<b>Investment</b>	<b>Fair Value</b>	<b>Principal</b>	<b>Interest Rate Range</b>	<b>Maturity Range (Month/Year)</b>
Money Market Mutual Funds	\$ 12,580,821	\$ 12,580,821	0.000%	07/12
Certificates of Deposits	13,897,785	13,898,291	.119 - .449	07/12 - 02/13
State of California Local Agency Investment Fund	46,391,446	46,391,446	0.361	07/12
Investment Trust of California	62,495,870	62,306,540	.130 - 1.010	07/12
Joint Powers Authority Pool				
California Asset Management Program	293,120	293,120	0.239	07/12
Corporate Notes	98,531,580	98,557,453	.574 - 2.508	08/12 - 11/16
Mortgage Pass-through	8,333	8,333	0.828	10/12
U.S. Federal Agency Notes	184,256,276	184,157,933	.070 - 1.25	07/12 - 05/17
U.S. Treasury Notes	56,212,690	55,826,113	.580 - 1.029	08/12 - 10/14
Municipal Notes	64,682,088	63,832,578	.523 - 7.447	07/12 - 09/19
	<u>\$ 539,350,009</u>	<u>\$ 537,852,628</u>		

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Pool as of June 30, 2012:

**Statement of net assets**

Net assets held in trust for all pool participants	\$ 548,974,659
Equity of internal pool participants	\$ 303,462,352
Equity of external pool participants	245,512,307
Total equity	\$ 548,974,659

**Statement of changes in net assets**

Net assets as of July 1, 2011	\$ 590,339,373
Net change in investments by pool participants	(41,364,714)
Net assets as of June 30, 2012	\$ 548,974,659

**Reconciliation to financial statements**

Held by County Treasurer:

Primary government \$ 554,929,042

Component Units:

Solano County Fair 909,956

Workforce Investment Board 271,703

556,110,701

Less outstanding warrants:

Primary government 6,950,226

Component Units:

Solano County Fair 30,561

Workforce Investment Board 155,255

**Total** \$ 548,974,659

**B. Receivables/Deferred Revenue**

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

At June 30, 2012, the various components of deferred revenue were as follows:

Fund	Unavailable	Unearned	Total
General Fund	\$ 17,348,054	\$ 2,920,025	\$ 20,268,079
Health & Social Services Fund	10,124,226	4,829,494	14,953,720
Public Safety Fund	499,087	5,951,356	6,450,443
Accumulated Capital Outlay Fund	284,616	126,296	410,912
Pension Debt Service Fund	-	345,330	345,330
Other Governmental Funds	1,626,902	275,027	1,901,929
Internal Service Funds	-	324,670	324,670
Total governmental activities	\$ 29,882,885	14,772,198	\$ 44,655,083
Nut Tree Airport Fund		3,367	3,367
Total business-type activities		3,367	\$ 3,367
Total primary government		\$ 14,775,565	

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

The composition of the interfund balances as of June 30, 2012 were as follows:

	Due To								Total
	General Fund	Health & Social Services	Public Safety	Accumulated Capital Outlay	Other Governmental	Nut Tree Airport	Fouts Springs Youth Facility	Internal Service Funds	
General Fund	\$ -	\$ 3,151,133	\$ 4,349,278	\$ 13,822	\$ 74,932	\$ -	\$ 507,411	\$ 791	\$ 8,097,367
Health & Social Services	60,261	-	908,241	-	464,443	-	-	27,508	1,460,453
Public Safety	53,944	174,353	-	201,749	15,268	-	-	78	445,392
Accumulated Capital Outlay	-	831,510	-	-	-	-	-	-	831,510
Pension Debt Service	26,090	71,191	77,185	-	13,189	270	52	5,153	193,130
Other Governmental	28,123	-	230	-	3,629	-	-	101	32,083
Fouts Springs Youth Facility	469,525	-	-	-	-	-	-	-	469,525
Internal Service	184,258	226,294	8,469	-	76	-	-	14,426	433,523
Total	\$ 822,201	\$ 4,454,481	\$ 5,343,403	\$ 215,571	\$ 571,537	\$ 270	\$ 507,463	\$ 48,057	\$ 11,962,983

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

### D. Advances To/From Other Funds

The composition of the Advances to/from other funds as of June 30, 2012 were as follows:

	Advances From				Total
	Accumulated Capital Outlay	Pension Debt Service Fund	Other Governmental	Nut Tree Airport	
General	\$ 3,099,487	\$ 18,500,000	\$ 2,367,187	\$ 2,831,186	\$ 26,797,860

The General Fund loaned \$3,099,487 to the Accumulated Capital Outlay Fund to cover the costs of Fairgrounds development; \$18,500,000 to Pension Debt Service Fund to pay off the balance of the Pension Obligation Bonds Series B1 and B2; \$2,367,187 to the Transportation Fund (Other Governmental Funds) to cover costs of Regional Transportation Projects and \$2,831,186 to the Nut Tree Airport Enterprise Fund to cover the costs of acquiring real property for purposes of airport expansion.

### ***E. Capital Assets***

Capital asset activity for the fiscal year ended June 30, 2012 is as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions &amp; Transfers-in</b>	<b>Retirements &amp; Transfers-out</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 154,919,067	\$ 38,608	\$ (336,002)	\$ 154,621,673
Construction in progress	30,382,936	27,700,129	(25,085,580)	32,997,485
Artwork	490,064	53,687	-	543,751
Intangibles	1,032,030	888,482	(777,970)	1,142,542
Total capital assets, not being depreciated	<u>186,824,097</u>	<u>28,680,906</u>	<u>(26,199,552)</u>	<u>189,305,451</u>
Capital assets, being depreciated:				
Buildings	360,572,211	6,159,889	(3,937,190)	362,794,910
Machinery and equipment	50,242,744	4,219,362	(2,856,117)	51,605,989
Infrastructure	96,303,617	20,318,049	(116,866)	116,504,800
Intangibles	6,506,035	777,969	-	7,284,004
Total capital assets being depreciated	<u>513,624,607</u>	<u>31,475,269</u>	<u>(6,910,173)</u>	<u>538,189,703</u>
Less accumulated depreciation for:				
Buildings	(134,103,374)	(11,027,071)	2,304,606	(142,825,839)
Machinery and equipment	(30,762,419)	(4,085,460)	1,761,840	(33,086,039)
Infrastructure	(48,116,244)	(4,528,280)	8,801	(52,635,723)
Intangibles	(2,049,298)	(1,293,234)	-	(3,342,532)
Total accumulated depreciation	<u>(215,031,335)</u>	<u>(20,934,045)</u>	<u>4,075,247</u>	<u>(231,890,133)</u>
Total capital assets, being depreciated, net	<u>298,593,272</u>	<u>10,541,224</u>	<u>(2,834,926)</u>	<u>306,299,570</u>
Governmental funds capital assets, net	<u>\$ 485,417,369</u>	<u>\$ 39,222,130</u>	<u>\$ (29,034,478)</u>	<u>\$ 495,605,021</u>
<b>Business-type Activities</b>	<b>Beginning Balance</b>	<b>Additions &amp; Transfers-in</b>	<b>Retirements &amp; Transfers-out</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 10,330,025	\$ 9,340	\$ -	\$ 10,339,365
Construction in progress	133,442	1,885	-	135,327
Total capital assets, not being depreciated	<u>10,463,467</u>	<u>11,225</u>	<u>-</u>	<u>10,474,692</u>
Capital assets, being depreciated				
Buildings	15,217,081	-	-	15,217,081
Machinery and equipment	570,472	-	(42,820)	527,652
Total capital assets, being depreciated	<u>15,787,553</u>	<u>-</u>	<u>(42,820)</u>	<u>15,744,733</u>
Less accumulated depreciation for:				
Buildings	(6,562,164)	(622,824)	-	(7,184,988)
Machinery and equipment	(462,048)	(13,398)	42,820	(432,626)
Total accumulated depreciation	<u>(7,024,212)</u>	<u>(636,222)</u>	<u>42,820</u>	<u>(7,617,614)</u>
Total capital assets, being depreciated, net	<u>8,763,341</u>	<u>(636,222)</u>	<u>-</u>	<u>8,127,119</u>
Business-type activities capital assets, net	<u>\$ 19,226,808</u>	<u>\$ (624,997)</u>	<u>\$ -</u>	<u>\$ 18,601,811</u>



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

**Governmental activities:**

General government	\$	4,596,484
Public safety		4,420,514
Public ways and facilities		4,904,140
Health and sanitation		1,747,717
Public assistance		1,744,155
Education		447,714
Recreation		169,170

Capital assets held by the government's internal service funds are charged to various functions based on their usage of the asset

		2,904,151
Total depreciation expense - governmental activities	\$	<u>20,934,045</u>

**Business-type activities**

Nut Tree Airport	\$	493,364
Fouts Springs Youth Facility		142,858
Total depreciation expense - business type activities	\$	<u>636,222</u>

Capital assets activity for component units for the fiscal year ended June 30, 2012 is as follows:

<b>Component Units</b>	<b>Beginning Balance</b>	<b>Additions &amp; Transfers-in</b>	<b>Retirements &amp; Transfers-out</b>	<b>Ending Balance</b>
<b>Solano County Fair</b>				
Capital assets, not being depreciated:				
Land	\$ 167,085	\$ -	\$ -	\$ 167,085
Capital assets, being depreciated:				
Buildings	9,373,912	-	-	9,373,912
Machinery & equipment	407,165	17,228	-	424,393
Total capital assets, being depreciated:	<u>9,781,077</u>	<u>17,228</u>	<u>-</u>	<u>9,798,305</u>
Less accumulated depreciation for:				
Buildings	(7,719,555)	(227,812)	-	(7,947,367)
Machinery & equipment	(346,921)	(26,354)	-	(373,275)
Total accumulated depreciation, net	<u>(8,066,476)</u>	<u>(254,166)</u>	<u>-</u>	<u>(8,320,642)</u>
Total capital assets, being depreciated, net	<u>1,714,601</u>	<u>(236,938)</u>	<u>-</u>	<u>1,477,663</u>
Total Solano County Fair capital assets, net	<u>\$ 1,881,686</u>	<u>\$ (236,938)</u>	<u>\$ -</u>	<u>\$ 1,644,748</u>
<b>Workforce Investment Board (WIB)</b>				
Capital assets, being depreciated:				
Machinery & equipment	\$ 15,497	\$ 8,004	\$ -	\$ 23,501
Less: Accumulated depreciation	(6,563)	(3,100)	-	(9,663)
Total WIB capital assets, being depreciated, net	<u>\$ 8,934</u>	<u>\$ 4,904</u>	<u>\$ -</u>	<u>\$ 13,838</u>

Depreciation expense was charged to component units as follows:

<b>Component units:</b>	
Solano County Fair	\$ 254,166
Workforce Investment Board	3,100
Total depreciation expense-component units	<u>\$ 257,266</u>

#### ***F. Interfund Transfers***

The composition of interfund transfers for the fiscal year ended June 30, 2012 were as follows:

	Transfers Out								Total
	General Fund	Health & Social Services	Public Safety	Accumulated Capital Outlay	Other Governmental	Nut Tree Airport	Fouts Springs Youth Facility	Internal Service Funds	
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 6,766	\$ -	\$ -	\$ -	6,766
Health & Social Services	24,504,972	-	-	-	-	-	-	-	24,504,972
Public Safety	78,050,800	-	-	-	-	-	-	-	78,050,800
Accumulated Capital Outlay	-	1,130,000	220,000	-	1,044,043	-	-	-	2,394,043
Pension Debt Service	1,501,376	4,046,936	4,242,078	-	728,464	15,419	21,827	298,826	10,854,926
Other Governmental	3,133,345	2,413,723	397,697	900,000	3,096,743	-	-	-	9,941,508
Fouts Springs Youth Facility	469,525	-	-	-	-	-	-	-	469,525
<b>Total</b>	<u>\$ 107,660,018</u>	<u>\$ 7,590,659</u>	<u>\$ 4,859,775</u>	<u>\$ 900,000</u>	<u>\$ 4,876,016</u>	<u>\$ 15,419</u>	<u>\$ 21,827</u>	<u>\$ 298,826</u>	<u>\$ 126,222,540</u>

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

### ***G. Payables***

The composition of payables as of June 30, 2012 were as follows:

	<u>Accounts Payable</u>	<u>Accrued Payroll</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 1,636,231	\$ 659,700	\$ -	\$ 2,295,931
Health & Social Services	16,416,527	1,798,827	-	18,215,354
Public Safety	2,040,801	1,854,991	-	3,895,792
Accumulated Capital Outlay	3,097,487	-	-	3,097,487
Other Governmental Funds	1,899,291	354,345	-	2,253,636
Internal Service Funds	1,741,774	125,178	-	1,866,952
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	2,551,567	2,551,567
Total governmental activities	<u>\$ 26,832,111</u>	<u>\$ 4,793,041</u>	<u>\$ 2,551,567</u>	<u>\$ 34,176,719</u>
Business-type activities:				
Nut Tree Airport	\$ 5,845	\$ 6,471	\$ -	\$ 12,316
Fouts Springs Youth Facility	915	1,239	-	2,154
Total business-type activities	<u>\$ 6,760</u>	<u>\$ 7,710</u>	<u>\$ -</u>	<u>\$ 14,470</u>

### ***H. Operating Leases***

The County leases office space and equipment under operating leases. Total rental expenditures for such leases were \$2,699,827, for the fiscal year ended June 30, 2012. Future minimum rental payments under all noncancelable operating leases with initial or remaining terms in excess of one year as of June 30, 2012 are summarized as follows:

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>WIB</u>	<u>Total</u>
2013	\$ 1,192,209	\$ 373,889	\$ 1,566,098
2014	1,150,524	-	1,150,524
2015	999,192	-	999,192
2016	474,186	-	474,186
	<u>\$ 3,816,111</u>	<u>\$ 373,889</u>	<u>\$ 4,190,000</u>

## ***I. Long-term Obligations***

### **Capital Leases:**

The County has entered into a lease agreement as the lessee for financing the acquisition of machinery and equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2012, were as follows:

	Year ending June 30	Governmental activities
	2013	\$ 230,157
	2014	82,668
Total minimum lease payments		312,825
Less: amount representing interest		(10,564)
Present value of minimum lease payments		<u>\$ 302,261</u>

The assets acquired through capital leases are as follows:

	Governmental activities
Machinery and equipment	\$ 1,445,092
Less: Accumulated depreciation	(890,769)
Total	<u>\$ 554,323</u>

### **Notes Payable:**

The County has entered into a note payable agreement as borrower for financing arrangements.

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

	Governmental activities	
Year ending June 30	Principal	Interest
2013	\$ 7,931	\$ 30,717
2014	7,931	30,717
2015	7,931	30,717
2016	7,939	30,717
2017	-	30,717
2018-2022	1,023,890	153,585
	<u>\$ 1,055,622</u>	<u>\$ 307,170</u>

During FY 07/08, the County entered into a new loan agreement with the Suisun Redevelopment Agency in the amount of \$1,023,890 for its share of construction costs of the Suisun City Library. The loan will be repaid using future public facilities fees collected by Suisun City plus interest at three (3%) percent per annum. As of June 30, 2012, the term of the agreement is 15 years, therefore the principal payment is shown above in FY 21/22. Assembly Bill (AB) X1 26 dissolved all Redevelopment Agencies (RDA) in



the State of California effective February 1, 2012. Due to the dissolution of the RDA, the loan is now payable to the City of Suisun as the successor agency.

### **Certificates of Participation:**

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

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

Year ending June 30	Principal	Interest
2013	\$ 5,205,000	\$ 5,240,619
2014	5,415,000	4,999,194
2015	5,675,000	4,729,894
2016	5,170,000	4,472,100
2017	5,420,000	4,212,731
2018-2022	24,620,000	17,116,406
2023-2027	25,215,000	11,526,353
2028-2032	31,335,000	5,253,413
2033	7,135,000	160,537
	<u>\$ 115,190,000</u>	<u>\$ 57,711,247</u>

### **Debt Defeasance:**

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

### **Pension Obligation Bonds:**

The County issued Taxable Pension Obligation Bonds (POB) to prepay a partial obligation under its contract with CalPERS for the County's Unfunded Accrued Actuarial Liability (UAAL).

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

Year ending June 30	Principal	Interest
2013	\$ 5,845,000	\$ 3,660,860
2014	6,590,000	3,378,563
2015	7,385,000	3,045,769
2016	9,000,000	2,646,064
2017	7,930,000	2,216,907
2018-2022	19,520,000	6,417,696
2023-2025	13,360,000	1,475,042
	<u>\$ 69,630,000</u>	<u>\$ 22,840,902</u>

The composition of the long-term debt obligations for the governmental activities as of June 30, 2012, was as follows:

Type and description	Maturity	Interest Rates	Original Issue	Outstanding
Capital lease:				
Motorola	December 1, 2015	4.28	\$ 1,385,806	\$ 302,261
Notes payable:				
Key Government Finance Inc.		0.00	39,663	31,732
Suisun City Redevelopment Agency		3.00	1,023,890	1,023,890
Total notes payable				1,055,622
Certificates of participation:				
2002 Certificates of Participation				
Serial	November 1, 2003 - November 1, 2025	4.98	74,460,000	3,080,000
Issuance Premium			4,628,748	154,292
2007 Certificates of Participation				
Serial	November 1, 2003 - November 1, 2025	4.00 - 5.00	50,620,000	49,750,000
Term	November 1, 2026	4.25	10,770,000	10,770,000
Term	November 1, 2032	4.50	38,470,000	38,470,000
Issuance Premium			2,568,489	1,797,942
Deferred amount on refunding			(3,150,339)	(2,205,237)
2009 Refunding Certificates of Participation				
Serial	November 15, 2010 - November 15, 2019	3.00 - 5.00	16,745,000	13,120,000
Issuance Premium			889,673	622,771
Deferred amount on refunding			155,226	108,658
Total certificates of participation				115,668,426
Pension Obligation Bonds:				
Series 2004A	January 15, 2018	5.80	36,665,000	26,765,000
Series 2010	January 15, 2024	5.80	20,000,000	5,750,000
Series 2005	January 15, 2025	5.36	42,385,000	37,115,000
Total pension obligation bonds				69,630,000
Self-insurance liability				11,591,000
Compensated absences				28,063,986
Pollution remediation obligation				285,433
Net OPEB liability				3,798,452
Total governmental obligations				\$ 230,395,180

The composition of the long-term debt obligations for the business-type activities as of June 30, 2012, was as follows:

<u>Type and description</u>	<u>Outstanding</u>
Nut Tree Airport	
Net OPEB liability	\$ 5,941
Compensated absences	33,996
Total Nut Tree Airport	<u>39,937</u>
Fouts Springs Youth Facility	
Net OPEB liability	39,842
Compensated absences	3,032
Total Fouts Springs Youth Facility	<u>42,874</u>
Total business-type activities	<u>\$ 82,811</u>

The composition of the long-term obligations of the County's component units' activities as of June 30, 2012, was as follows:

<u>Type and description</u>	<u>Outstanding</u>
Solano County Fair	
County pension liability	\$ 735,480
Capital lease	356,946
Compensated absences	61,772
Total Solano County Fair	<u>\$ 1,154,198</u>
Workforce Investment Board (WIB)	
Compensated absences	<u>\$ 188,619</u>

Long-term liability activity for the fiscal year ended June 30, 2012, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
Capital leases	\$ 513,792	\$ -	\$ (211,531)	\$ 302,261	\$ 220,731
Certificates of participation	120,160,000	-	(4,970,000)	115,190,000	5,205,000
Deferred amounts:					
For issuance premiums	2,946,692	-	(371,687)	2,575,005	371,683
Deferred amount on refunding	(2,238,573)	-	141,994	(2,096,579)	(141,994)
Pension obligation bonds	77,805,000	-	(8,175,000)	69,630,000	5,845,000
Notes payable	1,023,890	39,663	(7,931)	1,055,622	7,931
Self-insurance liability	10,545,541	4,633,378	(3,587,919)	11,591,000	3,825,038
Pollution remediation obligation	261,534	23,899	-	285,433	270,788
Net OPEB liability	3,864,310	3,321,606	(3,387,464)	3,798,452	-
Compensated absences	26,514,731	15,192,313	(13,643,058)	28,063,986	13,913,762
Governmental activity long-term liabilities	<u>\$ 241,396,917</u>	<u>\$ 23,210,859</u>	<u>\$ (34,212,596)</u>	<u>\$ 230,395,180</u>	<u>\$ 29,517,939</u>

<b>Business-type activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Net OPEB liability	\$ 45,998	\$ 10,840	\$ (11,055)	\$ 45,783	\$ -
Compensated absences	467,227	35,696	(465,895)	37,028	12,060
Business-type activity long-term liabilities	<u>\$ 513,225</u>	<u>\$ 46,536</u>	<u>\$ (476,950)</u>	<u>\$ 82,811</u>	<u>\$ 12,060</u>

In governmental activities and proprietary fund, compensated absences and other post employment benefit obligations (OPEB) are paid by the fund the employee is accounted.

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities are included as part of the above totals for governmental activities. \$12,950,471 of the internal service funds long-term liabilities was included in the above amounts.

<b>Component units activities:</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
<b>Solano County Fair:</b>					
County pension liability	\$ 735,480	\$ -	\$ -	\$ 735,480	\$ 71,579
Capital lease	376,802	-	(19,856)	356,946	21,442
Compensated absences	60,193	37,161	(35,582)	61,772	7,539
Total Solano County Fair	<u>\$ 1,172,475</u>	<u>\$ 37,161</u>	<u>\$ (55,438)</u>	<u>\$ 1,154,198</u>	<u>\$ 100,560</u>

**WIB:**

Compensated absences	<u>\$ 193,817</u>	<u>\$ 161,631</u>	<u>\$ (166,829)</u>	<u>\$ 188,619</u>	<u>\$ 177,906</u>
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**J. Pollution Remediation Obligations**

The County has been named as the primary responsible party for pollution remediation for the Former Hall of Records located at 701 Texas Street, Fairfield, CA 94533. Remediation is required for sub-surface soil and groundwater contamination. The pollution remediation obligation for this site is expected to be \$285,433, which is a weighted average of estimates for the range of cleanup outlays. The Former Hall of Records site is required to be remediated until eligible for closure by California Regional Water Quality Control Board.



## K. Fund Balances

Fund balances for all major and nonmajor governmental funds as of June 30, 2012 were classified as follows:

	General Fund	Health & Social Services	Public Safety	Accumulated Capital Outlay	Pension Debt Service	Other Governmental	Total
<b>Nonspendable</b>							
Inventory	\$ 2,995	\$ -	\$ -	\$ -	\$ -	\$ 173,240	\$ 176,235
Long-term receivable	1,056,389	-	-	-	-	-	1,056,389
Advances	26,797,860	-	-	-	-	-	26,797,860
Prepaid expenses	275,474	416,489	694,782	-	-	51,888	1,438,633
Subtotal	28,132,718	416,489	694,782	-	-	225,128	29,469,117
<b>Restricted for:</b>							
Public safety	-	-	3,974,609	-	-	-	3,974,609
Capital projects	-	-	-	20,582,401	-	-	20,582,401
Public facilities fees	-	-	-	-	-	8,348,079	8,348,079
Library services	-	-	-	-	-	9,407,553	9,407,553
Transportation services	-	-	-	-	-	9,994,615	9,994,615
Health services	-	24,537,823	-	-	-	12,653,555	37,191,378
Home loan program	-	-	-	-	-	4,906,580	4,906,580
Micrographics & modernization	-	-	-	-	-	8,036,098	8,036,098
East Vallejo fire district	-	-	-	-	-	1,350	1,350
Fish & game	-	-	-	-	-	562,794	562,794
County service area	-	-	-	-	-	598,482	598,482
SE Vallejo Redevelopment	-	-	-	-	-	1,043	1,043
Debt service	-	-	-	-	-	1,767,074	1,767,074
Subtotal	-	24,537,823	3,974,609	20,582,401	-	56,277,223	105,372,056
<b>Committed for:</b>							
Capital Projects - Public Art	-	-	-	130,470	-	-	130,470
<b>Assigned to:</b>							
General fund:							
Imprest cash	3,655	-	-	-	-	-	3,655
Encumbrances	681,813	-	-	-	-	-	681,813
Health services	125,271	-	-	-	-	-	125,271
Undisbursed approved loans	1,933,326	-	-	-	-	-	1,933,326
FY 2012/13 budgetary resource	37,384,488	-	-	-	-	-	37,384,488
Historical records maintenance	4,037	-	-	-	-	-	4,037
Deferred maintenance	7,597,081	-	-	-	-	-	7,597,081
Accrued leave payoff	4,918,370	-	-	-	-	-	4,918,370
Capital projects	-	-	-	8,387,799	-	-	8,387,799
Parks & recreation	-	-	-	-	-	70,303	70,303
Subtotal	52,648,041	-	-	8,387,799	-	70,303	61,106,143
<b>Unassigned</b>							
General fund	38,838,327	-	-	-	-	-	38,838,327
Pension debt service	-	-	-	-	(9,480,728)	-	(9,480,728)
Subtotal	38,838,327	-	-	-	(9,480,728)	-	29,357,599
<b>Total</b>	<b>\$ 119,619,086</b>	<b>\$ 24,954,312</b>	<b>\$ 4,669,391</b>	<b>\$ 29,100,670</b>	<b>\$ (9,480,728)</b>	<b>\$ 56,572,654</b>	<b>\$ 225,435,385</b>

### ***L. Extraordinary Items***

On November 12, 2011, Fresno County Superior Court ruled that Assembly Bill 99 authorizing the shift of \$1 billion from First 5 Commissions in California, including \$8,809,741 from First 5 Solano was invalid and that State leaders acted illegally. On January 11, 2012, a judgment was entered and a writ of mandate issued in favor of First 5 Commissions in California. The state did not file a notice of appeal and the appeal window expired on March 14, 2012.

### ***M. Deficit Fund Equity***

As of June 30, 2012, the Pension Debt Service Fund (Debt Service Fund) had a deficit fund balance of \$9,480,728, which is expected to be resolved through rate recovery from the county departments over the next 5 years.

## **IV. OTHER INFORMATION**

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

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

The County's defined benefit pension plan, the County's Safety and Miscellaneous Plans, provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The County's Safety and Miscellaneous Plans (Plans) are part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. The Solano County Fair and the Solano County Superior Court are included as part of the County's Miscellaneous Plan. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The County selects optional benefit provisions from the benefit menu by contract with CalPERS and adopts those benefits through County ordinance. CalPERS issues a separate comprehensive annual financial report; however, a separate report for the County's Safety and Miscellaneous Plans are not available. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811.

#### ***2. Funding Policy***

Active plan members in the Miscellaneous and Safety Plans are required to contribute 8% and 9% respectively of their annual covered salary. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rate for the fiscal year ended June 30, 2012 was 14.333% for miscellaneous and 18.427% for 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 2011/2012, the County's annual pension cost was \$40,753,261. The required contribution for fiscal year 2011/2012 was determined as part of the June 30, 2009 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percentage of covered payroll. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that range from 3.55 % to 14.45% (13.15% for the safety plan) depending on age, service, and type of employment; (c) inflation of 3.0%; and (d) payroll growth of 3.25%. The

assumptions are the same as those reported for last year's annual pension cost with the exception of the projected salary increases which began at 3.25 %. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility of the market value of investments over a 15 year period. The Plans' unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period as of the June 30, 2011 actuarial valuation was 26 years for the Miscellaneous and Safety Plans.

The County's and the Solano County Fair's annual pension costs and pension assets for the fiscal year ended June 30, 2012 were as presented on the follows:

	<b>Solano County Miscellaneous Plan</b>	<b>Solano County Safety Plan</b>	<b>Solano County Fair</b>
Annual required contribution	\$ 27,797,525	\$ 9,766,698	\$ 120,193
Interest on pension asset	(7,374,328)	(2,590,980)	(60,729)
Adjustment to the annual required contribution	9,734,216	3,420,130	76,264
Annual pension cost (APC)	30,157,413	10,595,848	135,728
Contributions made	27,937,261	9,626,962	120,194
Decrease in pension asset	(2,220,152)	(968,886)	(15,534)
Pension asset, beginning of year	99,041,724	29,542,896	783,597
Pension asset, end of year	<u>\$ 96,821,572</u>	<u>\$ 28,574,010</u>	<u>\$ 768,063</u>

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

<b><u>Solano County</u></b>				
<b>Fiscal Year Ending</b>	<b>APC</b>	<b>Actual Contributions</b>	<b>Percentage of APC Contributions</b>	<b>Net pension Asset</b>
06/30/10	\$ 25,358,188	\$ 24,009,805	95%	\$ 101,131,796
06/30/11	28,544,349	26,454,277	93%	99,041,724
06/30/12	30,157,413	27,937,261	92%	96,821,572

<b><u>Solano County Fair</u></b>				
<b>Fiscal Year Ending</b>	<b>APC</b>	<b>Actual Contributions</b>	<b>Percentage of APC Contributions</b>	<b>Net pension Asset</b>
06/30/10	\$ 108,108	\$ 98,997	92%	\$ 795,758
06/30/11	139,623	127,462	91%	783,597
06/30/12	135,728	120,194	89%	768,063

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

<b>Fiscal Year Ending</b>	<b>APC</b>	<b>Actual Contributions</b>	<b>Percentage of APC Contributions</b>	<b>Net pension Asset</b>
06/30/10	\$ 8,909,634	\$ 8,296,439	93%	\$ 30,021,676
06/30/11	9,014,005	8,535,225	95%	29,542,896
06/30/12	10,595,848	9,626,962	90%	28,574,010

The County and the Solano County Fair have made their ARC for each of the past three years.

#### **4. Funded Status and Funding Progress – Pension Plan**

As of June 30, 2011, the most recent actuarial valuation date, the Miscellaneous and Safety plans were funded as noted below:

<b>Plan</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Actuarial Liability</b>	<b>Funded Status</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Actuarial Liability as a % of Payroll</b>
Miscellaneous	\$ 1,100,723,215	\$ 939,055,569	\$ 161,667,646	85.31%	\$ 156,165,183	103.52%
Safety	323,460,226	279,420,520	44,039,706	86.38%	39,946,278	110.25%

The actuarial assumptions used for the June 30, 2011 valuations changed from those disclosed previously for the June 30, 2009 valuations. The funding progress was determined using the entry age normal actuarial cost method with the contributions determined as a percentage of covered payroll. The actuarial assumptions included (a) 7.5% investment rate of return (net of administrative expenses); (b) projected salary increases that range from 3.30% to 14.2% depending on age, service, and type of employment; (c) inflation of 2.75%; and (d) payroll growth of 3.00%. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility of the market value of investments over a 15 year period. The Plans' unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payroll on a closed basis.

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

#### **B. Post Employment Health Care Benefits**

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

The County participates in a single-employer defined benefit healthcare plan administered by the California Public Employees' Retirement System (CalPERS). The plan provides postemployment healthcare benefits to eligible retirees by contributing a minimum of \$112 per month towards medical insurance benefits. This benefit is provided based on the Board of Supervisor's election to participate under the Public Employees' Medical and Hospital Care Act (PEMHCA) [Government Code Section 22750]. The County's Board may elect to pay more than the minimum contribution; however, the County's Board has elected to pay the minimum contribution of \$112 per month per eligible retiree. The County has not executed a formal plan document that provides for these benefits and the plan does not have a name.

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

##### **2. Funding Policy**

The County's minimum required contribution is set by Government Code Section 22892. Effective January 1, 2011, the CalPERS Board adjusted the rate to reflect any change in the medical care component of the Consumer Price Index. Contribution requirements in excess of the minimum for plan



members and the County are established and may be amended by the Board of Supervisors and the employee associations. Currently, plan members are required to pay the balance of the premiums.

During the fiscal year ended June 30, 2012, the County contributed \$3,398,519 to the OPEB plan. The purpose of these contributions was to cover the Annual Required Contribution rate of 1.87% of covered payroll (annual payroll of active employees covered by the plan) and to fund the postemployment medical benefits. However, for fiscal year 2011/2012, the County Board of Supervisors elected to fund at the rate of 2.0% of covered payroll.

### 3. *Annual OPEB Cost and Net OPEB Liability*

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County's current ARC rate is 1.87% of annual covered payroll.

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

Annual Required Contribution (ARC)	\$ 3,420,000
Interest on Net OPEB Liability	202,838
Amortization of Net OPEB Liability	(290,392)
Annual OPEB Cost (expense)	3,332,446
Contributions Made	(3,398,519)
Decrease in Net OPEB Liability	(66,073)
Net OPEB Liability, July 1, 2011	3,910,308
Net OPEB Liability, June 30, 2012	\$ 3,844,235
% of annual OPEB cost contributed	102%

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB liability for June 30, 2012 and the two preceding years is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Actual Contributions</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Liability</u>
6/30/2010	\$ 3,784,713	\$ 1,829,478	48%	\$ (1,787,030)
6/30/2011	3,882,040	1,758,762	45%	(3,910,308)
6/30/2012	3,332,446	3,398,519	102%	(3,844,235)

#### **4. Funded Status and Funding Progress**

The funded status of the plan as of January 1, 2011, the most recent actuarial valuation date, was as follows:

Actuarially accrued liability (AAL)	\$	36,333,000
Actuarial value of plan assets		9,239,000
Unfunded actuarial accrued liability (UAAL)	\$	27,094,000
Funded ratio (actuarial value of plan assets/AAL)		25%
Covered payroll (active plan members)	\$	183,013,000
UAAL as a percentage of covered payroll		15%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

#### **5. Actuarial Methods and Assumptions**

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

In the County's January 1, 2011 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions included an investment rate of return (net of administrative expenses) between 5.2% - 6.5% and an annual healthcare cost trend rate between 9.5% - 10% initially, reduced by decrements to an ultimate rate of 5% after 10 years. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2012 was 25 years.

#### **C. Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance. Premiums are paid through the Risk Management Internal Service Fund. The County participates in various programs organized by the California State Association of Counties - Excess Insurance Authority (CSAC-EIA), a joint powers authority created to provide 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 purpose of the pool is to spread the adverse effects of losses among the member agencies. The County pays an annual basic premium for excess coverage and is assessed an annual risk premium based on an actuarial review that estimates each of the program's participant's ultimate liabilities. Should actual losses among participants be greater than anticipated, the County will

be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its pro rata share of the excess. The County paid premiums totaling \$5,422,073 during the fiscal year ended June 30, 2012 for the Primary General Liability, Excess Liability, Special Liability, Pollution, Medical Malpractice, Excess Worker's Compensation, Property, Aviation and Watercraft Insurance Programs.

The County participates in the CSAC-EIA Property Program. The County's deductible is \$5,000 per occurrence. The County has primary, All Risk coverage up to \$610,000,000.

Effective July 1, 2003, the County elected to self-insure for the County's workers' compensation program. The County has a self-insured retention level of \$125,000 per occurrence, and will continue to participate in excess coverage subject to statutory limits. Based on the current trends of the claims filed, the County is expecting a payout of \$3,825,038 in the next fiscal year. The governmental and proprietary funds contribute amounts to the Risk Management Internal Service Fund based on actuarially determined estimates of the settlements. Such estimates are generally based upon a 75% confidence level. As of June 30, 2012, the accrued loss contingency for the County's workers' compensation program was \$11,591,000 and is reported as a liability in the Risk Management Internal Service Fund.

Effective November 1, 1998, the County elected to insure the County's general liability coverage under the CSAC-EIA Primary General Liability Program (PGL). The County self-insures for this risk and purchases the PGL coverage to buy down the Liability Self-Insured Retention of \$100,000 to the PGL deductible of \$10,000. The County also participates in excess coverage up to \$25,000,000.

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

Changes in the Risk Management Internal Service Fund's accrued loss contingency amount for worker's compensation for the years ended June 30, 2012 and 2011 were:

<b>Year Ended</b>	<b>Beginning Liability</b>	<b>Current Year Claims and Changes in Estimates</b>	<b>Claim Payments</b>	<b>Ending Liability</b>
June 30, 2011	\$ 9,244,520	\$ 4,582,656	\$ (3,281,635)	\$ 10,545,541
June 30, 2012	10,545,541	4,633,378	(3,587,919)	11,591,000

The claims liabilities above, reported in the Self Insurance Internal Service Fund at June 30, 2012, are based on requirements of *GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and *GASB Statement No. 30, Risk Financing Omnibus*, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. These accruals represent estimates of amounts to be paid for reported claims, and incurred but unreported claims based upon past experience, modified for current trends and information based upon a 75% confidence level.



#### ***D. Encumbrances and Contingencies***

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

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

The Claybank Adult Detention Facility Project has a total budget of \$89,301,385. The project includes the construction of a new 362-bed facility at the existing Claybank site in Fairfield. The anticipated completion date is August 2014. The encumbrances for this project as of June 30, 2012 were \$18.3 million.

#### ***E. Restatement of Beginning Fund Balance/Net Assets***

##### ***1. Prior Period Adjustment***

*The Health & Social Services Fund:* The Health and Social Services fund receives intergovernmental revenues restricted under the Mental Health Services Act (MHSA). Because of these restrictions, the County recognized the revenues as it was expended on programs related to MHSA. The unexpended amounts were classified as deferred revenues in the Health & Social Services fund. However, in fiscal year 2011-2012, the County determined that the mental health intergovernmental revenues qualify as a government-mandated nonexchange transfer and should have been recognized as revenue in the fiscal year that it was received. The impact of the prior period adjustment on beginning fund balances/net assets is presented below:

	<b>Governmental Funds</b>
	<b>Health &amp; Social Services</b>
Fund balance, June 30, 2011, as previously reported	\$ (90,772)
Prior period adjustment for intergovernmental revenues	22,822,524
Fund balance, July 1, 2011 as restated	<u>\$ 22,731,752</u>
	<b>Governmental Activities</b>
Net assets, June 30, 2011, as previously reported	\$ 623,659,936
Prior period adjustment for intergovernmental revenues	22,822,524
Net assets, July 1, 2011 as restated	<u>\$ 646,482,460</u>



#### ***F. New Governmental Accounting Standards***

The County is currently analyzing its accounting and financial reporting practices to determine the potential impact on the financial statements of the following GASB Statements:

##### ***Statement No. 60 – Accounting and Financial Reporting for Service Concession Arrangements***

The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2013.

##### ***Statement No. 61 – The Financial Reporting Entity: Omnibus – an amendment of GASB Statements No. 14 and No. 34.***

The objective of this Statement is to improve financial reporting for governmental financial reporting entity. This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2013.

##### ***Statement No. 62 – Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements***

The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in various "FASB and AICPA pronouncements" issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2013.

##### ***Statement No. 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position***

The objective of this Statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources and net position in a statement of financial position and related disclosures. GASB Statement No. 63 will be implemented for the County's fiscal year ending June 30, 2013.

##### ***Statement No. 65 – Items Previously Reported as Assets and Liabilities***

The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2014.

***Statement No. 66 – Technical Corrections – 2012 – an amendment of GASB Statements No.10 and No.62***

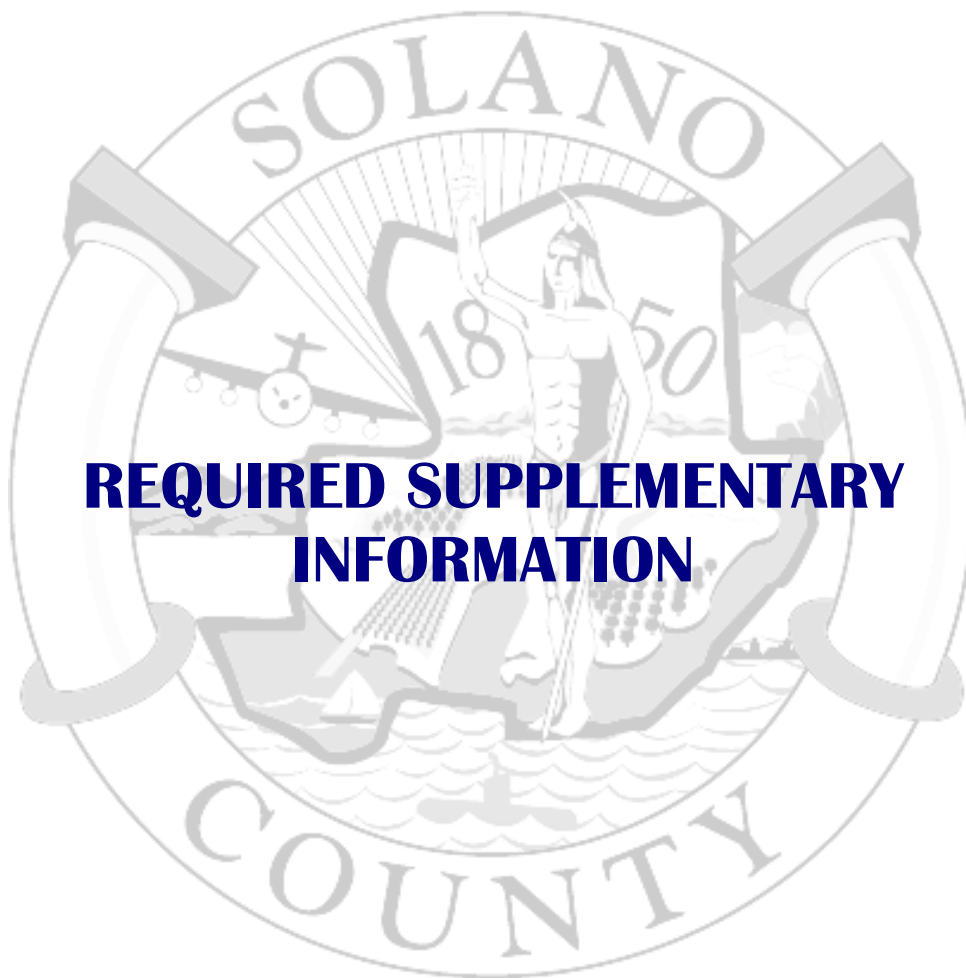
The objective of this statement is to improve accounting and financial reporting for governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No.54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No.62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2014.

***Statement No. 68 – Financial Reporting for Pensions – an amendment of GASB Statement No. 27***

The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2015.

***G. Subsequent Events***

The County had previously established a Refunding Escrow Account to hold securities for the prepayment of the 2002 Certificates of Participation obligations. On November 1, 2012, the County paid the regularly scheduled principal payment of \$3,080,000 and prepaid the remaining outstanding principal balance of \$96,215,000 plus all accrued interest.



**REQUIRED SUPPLEMENTARY  
INFORMATION**





**COUNTY OF SOLANO, CALIFORNIA**  
Schedules of Funding Progress  
For the Fiscal Year Ended June 30, 2012  
Unaudited

**Miscellaneous Plan  
Defined Benefit Pension Plan**

<b>Valuation Date</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Actuarial Liability</b>	<b>Funded Status</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Actuarial Liability as a % of Payroll</b>
6/30/09	\$ 949,807,903	\$ 843,875,739	\$ 105,932,164	88.8%	\$ 176,715,990	59.9%
6/30/10	1,014,371,692	891,130,123	123,241,569	87.9%	163,205,096	75.5%
6/30/11	1,100,723,215	939,055,569	161,667,646	85.3%	156,165,183	103.5%

**Safety Plan  
Defined Benefit Pension Plan**

<b>Valuation Date</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Actuarial Liability</b>	<b>Funded Status</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Actuarial Liability as a % of Payroll</b>
6/30/09	\$ 281,547,170	\$ 250,622,194	\$ 30,924,976	89.0%	\$ 44,235,900	69.9%
6/30/10	300,019,752	264,205,978	35,813,774	88.1%	41,881,151	85.5%
6/30/11	323,460,226	279,420,520	44,039,706	86.4%	39,946,278	110.2%

**Other Postemployment Benefits (OPEB) Plan**

<b>Valuation Date</b>	<b>Entry Age Normal Accrued Liability</b>	<b>Actuarial Value of Assets</b>	<b>Unfunded Actuarial Liability</b>	<b>Funded Status</b>	<b>Annual Covered Payroll</b>	<b>Unfunded Actuarial Liability as a % of Payroll</b>
1/01/07	\$ 24,224,000	\$ -	\$ 24,224,000	0%	\$ 174,910,000	13.85%
1/01/09	33,030,000	5,865,000	27,165,000	17.8%	194,623,000	13.96%
1/01/11	36,333,000	9,239,000	27,094,000	25.4%	183,013,000	14.80%

**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Adopted	Final		
<b>REVENUES</b>				
Taxes	\$ 101,287,571	\$ 101,287,571	\$ 110,547,795	\$ 9,260,224
Licenses, permits and franchises	5,868,489	5,868,489	6,354,312	485,823
Fines, forfeitures and penalties	1,614,500	1,614,500	1,689,012	74,512
Use of money and property	1,139,080	1,139,080	1,431,363	292,283
Intergovernmental	23,156,117	23,211,049	14,790,907	(8,420,142)
Charges for services	33,685,420	33,802,504	33,820,673	18,169
Miscellaneous	8,707,123	8,807,123	8,837,431	30,308
Total revenues	175,458,300	175,730,316	177,471,493	1,741,177
<b>EXPENDITURES</b>				
Current:				
General government				
BOS-District 1	330,440	330,440	322,877	7,563
BOS-District 2	328,226	328,226	311,869	16,357
BOS-District 3	324,128	324,128	316,726	7,402
BOS-District 4	328,125	328,125	316,535	11,590
BOS-District 5	296,542	296,542	287,525	9,017
BOS-Administration	131,887	131,887	118,053	13,834
Administration	3,171,240	3,212,566	2,861,679	350,887
General Revenue	435,000	456,919	456,918	1
Employee Development & Recognition	450,258	450,258	369,294	80,964
General Services	14,162,281	14,251,676	13,260,378	991,298
Assessor	6,132,717	6,143,229	5,398,600	744,629
Auditor-Controller	3,811,483	3,857,121	3,700,085	157,036
Tax Collector/County Clerk	2,033,018	2,032,640	1,871,036	161,604
Treasurer	1,096,174	1,096,174	908,652	187,522
County Counsel	3,129,324	3,189,324	3,129,990	59,334
Delta Water Activities	270,051	270,051	221,062	48,989
Human Resources	2,790,459	2,792,338	2,557,925	234,413
Registrar of Voters	4,194,044	4,184,082	3,328,584	855,498
Property Management	295,677	224,277	219,055	5,222
Promotion	200,100	200,100	105,584	94,516
General Expenditures	9,279,727	9,259,994	7,443,566	1,816,428
Surveyor/Engineer	32,211	52,211	52,211	-
General Svcs. Special Revenue	12,024	12,024	6,080	5,944
Total general government	53,235,136	53,424,332	47,564,284	5,860,048
Public protection				
Grand Jury	134,584	152,084	142,201	9,883
Agricultural Commissioner	2,580,749	2,600,749	2,475,856	124,893
Animal Care Services	2,474,487	2,474,966	2,276,913	198,053
Recorder	1,585,456	1,585,635	1,517,371	68,264
Resource Management	10,855,724	11,095,485	9,317,409	1,778,076
Office of Family Violence Prevention	886,683	930,199	744,728	185,471
Total public protection	18,517,683	18,839,118	16,474,478	2,364,640
Health services				
Tobacco Settlement	76,500	76,500	-	76,500
Public assistance				
Indigent Burial General Relief	20,986	20,986	20,510	476
Veterans Services	555,097	558,255	558,254	1
Total public assistance	576,083	579,241	578,764	477
Education and recreation				
Cooperative Extension Service	296,734	296,734	235,855	60,879
Non-departmental				
Contingencies	20,000,000	22,595,380	-	22,595,380
Capital outlay:				
Equipment	46,172	315,029	22,363	292,666
Total expenditures	92,748,308	96,126,334	64,875,744	31,250,590
Excess of revenues over expenditures	82,709,992	79,603,982	112,595,749	32,991,767
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	54,957	54,957	6,766	(48,191)
Transfers out	(123,281,186)	(120,666,812)	(107,660,018)	13,006,794
Sale of capital assets	53,500	53,500	330,010	276,510
Total other financing sources (uses)	(123,172,729)	(120,558,355)	(107,323,242)	13,235,113
Net change in fund balance	(40,462,737)	(40,954,373)	5,272,507	46,226,880
Fund balance - beginning	114,346,579	114,346,579	114,346,579	-
Fund balance - ending	\$ 73,883,842	\$ 73,392,206	\$ 119,619,086	\$ 46,226,880

The notes to the required supplementary information is 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, 2012**

	Budgeted Amounts			Variance with
	Adopted	Final	Actual Amounts	Final Budget
REVENUES				
Licenses, permits and franchises	\$ 10,000	\$ 10,000	\$ 11,150	\$ 1,150
Fines, forfeitures and penalties	636,028	636,028	520,088	(115,940)
Use of money and property	16,577	16,577	220,261	203,684
Intergovernmental	213,903,225	224,638,649	199,331,500	(25,307,149)
Charges for services	31,026,049	29,341,334	24,837,202	(4,504,132)
Miscellaneous	900,944	1,528,404	2,605,295	1,076,891
Total revenues	246,492,823	256,170,992	227,525,496	(28,645,496)
EXPENDITURES				
Current:				
Health services	108,070,924	116,629,537	106,864,659	9,764,878
Public assistance	155,912,060	156,170,119	134,631,799	21,538,320
Non-departmental				
Contingencies	65,357	65,357	-	65,357
Capital outlay:				
Buildings and improvements	500,000	-	-	-
Equipment	148,865	357,854	81,704	276,150
Intangibles	2,049,763	2,206,499	639,087	1,567,412
Total capital outlay	2,698,628	2,564,353	720,791	1,843,562
Total expenditures	266,746,969	275,429,366	242,217,249	33,212,117
Deficiency of revenues under expenditures	(20,254,146)	(19,258,374)	(14,691,753)	4,566,621
OTHER FINANCING SOURCES (USES)				
Transfers in	27,471,753	27,471,753	24,504,972	(2,966,781)
Transfers out	(7,282,964)	(8,375,739)	(7,590,659)	785,080
Total other financing sources (uses)	20,188,789	19,096,014	16,914,313	(2,181,701)
Net change in fund balance	(65,357)	(162,360)	2,222,560	2,384,920
Fund balance - beginning, as restated	22,731,752	22,731,752	22,731,752	-
Fund balance - ending	\$ 22,666,395	\$ 22,569,392	\$ 24,954,312	\$ 2,384,920

The notes to the required supplementary information is 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, 2012**

	Budgeted Amounts			Variance with
	Adopted	Final	Actual Amounts	Final Budget
REVENUES				
Licenses, permits and franchises	\$ 176,543	\$ 176,543	\$ 221,214	\$ 44,671
Fines, forfeitures and penalties	1,779,241	1,526,419	1,644,465	118,046
Use of money and property	33,427	33,427	73,724	40,297
Intergovernmental	48,460,848	63,096,190	55,752,071	(7,344,119)
Charges for services	9,448,751	4,353,531	9,556,196	5,202,665
Miscellaneous	1,890,938	1,890,938	2,164,761	273,823
Total revenues	61,789,748	71,077,048	69,412,431	(1,664,617)
EXPENDITURES				
Current:				
Public protection				
Department of Child Support Services	12,266,292	12,247,516	11,571,546	675,970
EMPG Grants	-	65,885	65,746	139
Sheriff OES	-	15,625	15,616	9
Vallejo Settlement -SCRIP	-	8,739	8,739	-
Homeland Security Grant	401,627	899,125	531,854	367,271
Sheriff's Office Grants	560,365	555,007	373,190	181,817
District Attorney	17,440,549	17,647,937	16,783,285	864,652
Public Defender	9,571,789	9,774,694	8,867,819	906,875
Conflict Public Defender	2,925,888	3,005,742	2,748,580	257,162
Sheriff	72,219,100	74,412,295	70,195,288	4,217,007
Probation	27,781,956	30,846,603	27,749,207	3,097,396
Other Public Defense	2,600,000	2,600,000	1,777,065	822,935
CMF Cases	249,503	250,547	250,546	1
Administration	-	323,826	250,273	73,553
Public Protection Other Special Revenue	241,219	255,042	140,700	114,342
Total public protection	146,258,288	152,908,583	141,329,454	11,579,129
Non-departmental				
Contingencies	3,571,852	3,296,468	-	3,296,468
Debt service:				
Principal	211,564	211,532	211,531	1
Interest and other charges	18,593	18,625	18,625	-
Total debt service	230,157	230,157	230,156	1
Capital outlay:				
Construction in progress	876,722	1,362,278	727,543	634,735
Equipment	547,817	907,278	259,565	647,713
Total capital outlay	1,424,539	2,269,556	987,108	1,282,448
Total expenditures	151,484,836	158,704,764	142,546,718	16,158,046
Deficiency of revenues under expenditures	(89,695,088)	(87,627,716)	(73,134,287)	14,493,429
OTHER FINANCING SOURCES (USES)				
Transfers in	90,893,714	88,280,834	78,050,800	(10,230,034)
Transfers out	(5,192,881)	(5,300,333)	(4,859,775)	440,558
Sale of capital assets	-	-	3,700	3,700
Total other financing sources (uses)	85,700,833	82,980,501	73,194,725	(9,785,776)
Net change in fund balance	(3,994,255)	(4,647,215)	60,438	4,707,653
Fund balance - beginning	4,608,953	4,608,953	4,608,953	-
Fund balance - ending	\$ 614,698	\$ (38,262)	\$ 4,669,391	\$ 4,707,653

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



**COUNTY OF SOLANO, CALIFORNIA**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

***Budgetary Information***

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

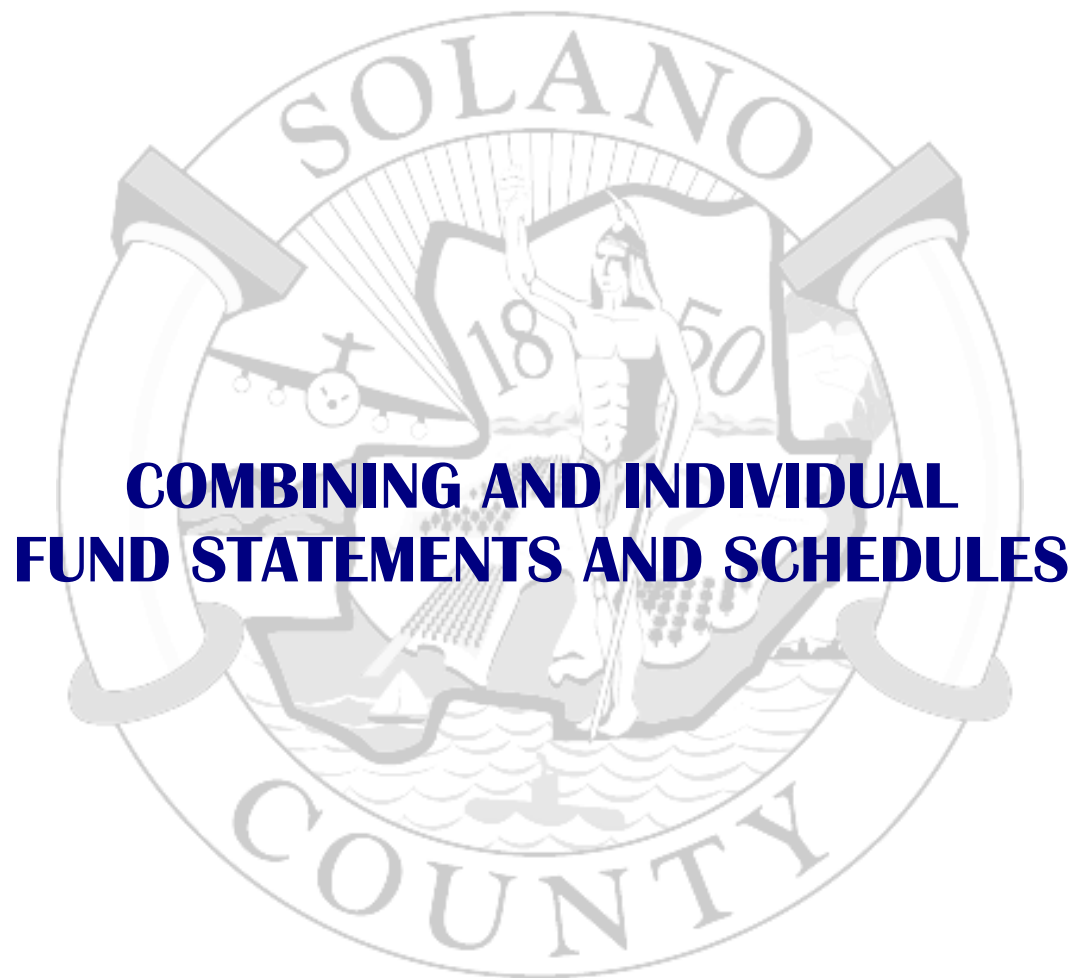
An operating budget prepared on the modified accrual basis is adopted each fiscal year for the general, special revenue, capital projects and debt service funds. Public hearings are conducted on the proposed budget to review all appropriations and sources of financing. Any shortfall in revenues requires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

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

Pursuant to the Board of Supervisors' Budget Policy, amendments or transfers of appropriations between object levels within a department may be authorized by the County Administrator's Office provided the total appropriation of the department is not changed. Therefore, final budget amounts in the accompanying required supplementary information are reported as amended. Individual budget amendments during the fiscal year ended June 30, 2012, were not material in relation to the original appropriations.

The County uses an encumbrance system as an extension of budgetary accounting for the general, special revenue and capital projects funds to assist in controlling appropriations. Under this system, purchase orders, contracts and other commitments are recorded in order to reserve that portion of applicable appropriations. Outstanding encumbrances at year-end are automatically reappropriated the following year. Unencumbered and unexpended appropriations lapse at year-end.

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**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**





## **Other Governmental Funds**

### **Special Revenue Funds**

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. 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 and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

### **Debt Service Funds**

Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for 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, 2012**

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
<b>ASSETS</b>			
Cash and investments	\$ 54,674,559	\$ 1,767,094	\$ 56,441,653
Accounts receivable	255,060	-	255,060
Due from other agencies	6,298,534	-	6,298,534
Due from other funds	32,083	-	32,083
Other assets	2,615,862	-	2,615,862
Total assets	<u>\$ 63,876,098</u>	<u>\$ 1,767,094</u>	<u>\$ 65,643,192</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Outstanding warrants	\$ 666,643	\$ 20	\$ 666,663
Payables	2,253,636	-	2,253,636
Deferred revenue	1,901,929	-	1,901,929
Due to other funds	571,537	-	571,537
Advance from other funds	2,367,187	-	2,367,187
Other liabilities	415,174	-	415,174
Due to other agencies	894,412	-	894,412
Total liabilities	<u>9,070,518</u>	<u>20</u>	<u>9,070,538</u>
Fund balances:			
Nonspendable	225,128	-	225,128
Restricted	54,510,149	1,767,074	56,277,223
Assigned	70,303	-	70,303
Total fund balances	<u>54,805,580</u>	<u>1,767,074</u>	<u>56,572,654</u>
Total liabilities and fund balances	<u>\$ 63,876,098</u>	<u>\$ 1,767,094</u>	<u>\$ 65,643,192</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, 2012**

	Special Revenue Funds	Debt Service Funds	Total Other Governmental Funds
<b>REVENUES</b>			
Taxes	\$ 11,841,425	\$ -	\$ 11,841,425
Licenses, permits and franchises	174,640	-	174,640
Fines, forfeitures and penalties	3,391	-	3,391
Use of money and property	352,055	2,190	354,245
Intergovernmental	22,449,250	105,000	22,554,250
Charges for services	12,186,146	1,716,212	13,902,358
Miscellaneous	162,477	-	162,477
Total revenues	<u>47,169,384</u>	<u>1,823,402</u>	<u>48,992,786</u>
<b>EXPENDITURES</b>			
Current:			
General government	491,068	106,686	597,754
Public protection	3,620,576	-	3,620,576
Public ways and facilities	11,085,389	-	11,085,389
Health services	6,973,802	-	6,973,802
Education and recreation	16,704,764	-	16,704,764
Debt service:			
Principal	-	4,970,000	4,970,000
Interest and other charges	28,721	5,460,744	5,489,465
Capital outlay	6,767,808	-	6,767,808
Total expenditures	<u>45,672,128</u>	<u>10,537,430</u>	<u>56,209,558</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,497,256</u>	<u>(8,714,028)</u>	<u>(7,216,772)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	1,225,535	8,715,973	9,941,508
Transfers out	(4,876,016)	-	(4,876,016)
Sale of capital assets	99,590	-	99,590
Total other financing sources (uses)	<u>(3,550,891)</u>	<u>8,715,973</u>	<u>5,165,082</u>
<b>EXTRAORDINARY ITEM</b>			
Extinguishment of AB99 Liability	8,809,741	-	8,809,741
Net change in fund balances	6,756,106	1,945	6,758,051
Fund balances - beginning	48,049,474	1,765,129	49,814,603
Fund balances - ending	<u>\$ 54,805,580</u>	<u>\$ 1,767,074</u>	<u>\$ 56,572,654</u>

## **Nonmajor Special Revenue Funds**

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

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

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

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

*Home 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 Redevelopment Settlement, a Home Loan Program and a Community Development Block Grant (CDBG).

*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 and recording fees.



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 Payments program for the unincorporated areas of Solano County. The funding for this program is through federal pass-through grants.
- *Consolidated County Service Area Fund* - This fund is used to account for the overhead street lighting in the unincorporated areas of Solano County. The funding is through property taxes.
- *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, 2012**

	<u>Public Facilities Fees</u>	<u>Library</u>	<u>Transportation</u>	<u>First 5 Solano</u>
<b>ASSETS</b>				
Cash and investments	\$ 7,100,012	\$ 8,924,544	\$ 12,245,762	\$ 13,603,137
Accounts receivable	-	5,271	240,299	-
Due from other agencies	1,382,509	1,045,981	2,847,987	1,005,037
Due from other funds	-	-	30,512	-
Other assets	13,872	163,852	173,239	5,299
Total assets	<u>\$ 8,496,393</u>	<u>\$ 10,139,648</u>	<u>\$ 15,537,799</u>	<u>\$ 14,613,473</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Outstanding warrants	\$ -	\$ 154,003	\$ 288,217	\$ 156,492
Payables	-	433,573	834,801	850,442
Deferred revenue	13,872	-	1,420,669	296,214
Due to other funds	9,165	77,851	4,668	465,130
Advance from other funds	-	-	2,367,187	-
Other liabilities	-	-	415,174	-
Due to other agencies	125,277	66,668	39,228	186,341
Total liabilities	<u>148,314</u>	<u>732,095</u>	<u>5,369,944</u>	<u>1,954,619</u>
Fund balances:				
Nonspendable	-	-	173,240	5,299
Restricted	8,348,079	9,407,553	9,994,615	12,653,555
Assigned	-	-	-	-
Total fund balances	<u>8,348,079</u>	<u>9,407,553</u>	<u>10,167,855</u>	<u>12,658,854</u>
Total liabilities and fund balances	<u>\$ 8,496,393</u>	<u>\$ 10,139,648</u>	<u>\$ 15,537,799</u>	<u>\$ 14,613,473</u>

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**June 30, 2012**

<u>Home Loan Program</u>	<u>Micrographics &amp; Modernization</u>	<u>Other Special Revenue Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>	
\$ 3,377,442	\$ 8,033,462	\$ 1,390,200	\$ 54,674,559	<b>ASSETS</b>
-	4,796	4,694	255,060	Cash and investments
-	-	17,020	6,298,534	Accounts receivable
-	-	1,571	32,083	Due from other agencies
2,041,376	-	218,224	2,615,862	Due from other funds
<u>\$ 5,418,818</u>	<u>\$ 8,038,258</u>	<u>\$ 1,631,709</u>	<u>\$ 63,876,098</u>	Other assets
				Total assets
				<b>LIABILITIES AND FUND BALANCES</b>
\$ -	\$ 2,160	\$ 65,771	\$ 666,643	Liabilities:
38,975	-	95,845	2,253,636	Outstanding warrants
-	-	171,174	1,901,929	Payables
-	-	14,723	571,537	Deferred revenue
-	-	-	2,367,187	Due to other funds
-	-	-	415,174	Advance from other funds
473,263	-	3,635	894,412	Other liabilities
<u>512,238</u>	<u>2,160</u>	<u>351,148</u>	<u>9,070,518</u>	Due to other agencies
				Total liabilities
-	-	46,589	225,128	Fund balances:
4,906,580	8,036,098	1,163,669	54,510,149	Nonspendable
-	-	70,303	70,303	Restricted
<u>4,906,580</u>	<u>8,036,098</u>	<u>1,280,561</u>	<u>54,805,580</u>	Assigned
<u>\$ 5,418,818</u>	<u>\$ 8,038,258</u>	<u>\$ 1,631,709</u>	<u>\$ 63,876,098</u>	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, 2012**

	<b>Public Facilities</b>			
	<b>Fees</b>	<b>Library</b>	<b>Transportation</b>	<b>First 5 Solano</b>
<b>REVENUES</b>				
Taxes	\$ -	\$ 10,133,789	\$ 810,571	\$ -
Licenses, permits and franchises	-	-	174,640	-
Fines, forfeitures and penalties	-	-	-	-
Use of money and property	38,189	53,196	100,116	73,762
Intergovernmental	-	1,007,135	14,108,329	4,469,175
Charges for services	3,775,958	4,839,820	1,908,947	446,264
Miscellaneous	-	112,962	24,730	2,500
Total revenues	<u>3,814,147</u>	<u>16,146,902</u>	<u>17,127,333</u>	<u>4,991,701</u>
<b>EXPENDITURES</b>				
Current:				
General government	490,513	-	555	-
Public protection	-	-	-	-
Public ways and facilities	-	-	11,022,560	-
Health services	-	-	-	6,973,802
Education	-	15,528,417	-	-
Debt service:				
Interest and other charges	-	-	28,721	-
Capital outlay	-	75,195	6,674,355	-
Total expenditures	<u>490,513</u>	<u>15,603,612</u>	<u>17,726,191</u>	<u>6,973,802</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,323,634</u>	<u>543,290</u>	<u>(598,858)</u>	<u>(1,982,101)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	991,694	-	-
Transfers out	(3,257,630)	(930,333)	(414,112)	(39,048)
Sale of capital assets	-	-	89,590	-
Total other financing sources (uses)	<u>(3,257,630)</u>	<u>61,361</u>	<u>(324,522)</u>	<u>(39,048)</u>
<b>EXTRAORDINARY ITEM</b>				
Extinguishment of AB99 Liability	-	-	-	8,809,741
Net change in fund balances	66,004	604,651	(923,380)	6,788,592
Fund balances - beginning	8,282,075	8,802,902	11,091,235	5,870,262
Fund balances - ending	<u>\$ 8,348,079</u>	<u>\$ 9,407,553</u>	<u>\$ 10,167,855</u>	<u>\$ 12,658,854</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, 2012**

<b>Home Loan Program</b>	<b>Micrographics &amp; Modernization</b>	<b>Other Special Revenue Funds</b>	<b>Total Nonmajor Special Revenue Funds</b>	
\$ -	\$ -	\$ 897,065	\$ 11,841,425	<b>REVENUES</b>
-	-	-	174,640	Taxes
-	-	3,391	3,391	Licenses, permits and franchises
22,153	43,185	21,454	352,055	Fines, forfeitures and penalties
150,207	-	2,714,404	22,449,250	Use of money and property
-	709,602	505,555	12,186,146	Intergovernmental
-	-	22,285	162,477	Charges for services
172,360	752,787	4,164,154	47,169,384	Miscellaneous
				Total revenues
				<b>EXPENDITURES</b>
				Current:
-	-	-	491,068	General government
107,273	202,170	3,311,133	3,620,576	Public protection
-	-	62,829	11,085,389	Public ways and facilities
-	-	-	6,973,802	Health and sanitation
-	-	1,176,347	16,704,764	Education and recreation
				Debt service:
-	-	-	28,721	Interest and other charges
-	-	18,258	6,767,808	Capital outlay
107,273	202,170	4,568,567	45,672,128	Total expenditures
65,087	550,617	(404,413)	1,497,256	Excess (deficiency) of revenues over (under) expenditures
				<b>OTHER FINANCING SOURCES (USES)</b>
-	-	233,841	1,225,535	Transfers in
(6,766)	(203,881)	(24,246)	(4,876,016)	Transfers out
-	-	10,000	99,590	Sale of capital assets
(6,766)	(203,881)	219,595	(3,550,891)	Total other financing sources (uses)
				<b>EXTRAORDINARY ITEM</b>
-	-	-	8,809,741	Extinguishment of AB99 Liability
58,321	346,736	(184,818)	6,756,106	Net change in fund balances
4,848,259	7,689,362	1,465,379	48,049,474	Fund balances - beginning
\$ 4,906,580	\$ 8,036,098	\$ 1,280,561	\$ 54,805,580	Fund balances - ending

**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Public Facilities Fees Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>			<u>Variance with</u>
	<u>Adopted</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Use of money and property	\$ 52,537	\$ 52,537	\$ 38,189	\$ (14,348)
Charges for services	3,060,879	3,060,879	3,775,958	715,079
Total revenues	<u>3,113,416</u>	<u>3,113,416</u>	<u>3,814,147</u>	<u>700,731</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Public facilities fees	871,787	3,378,095	490,513	2,887,582
Non-departmental				
Contingencies	<u>3,817,201</u>	<u>1,310,893</u>	<u>-</u>	<u>1,310,893</u>
Total expenditures	<u>4,688,988</u>	<u>4,688,988</u>	<u>490,513</u>	<u>4,198,475</u>
Excess (deficiency) of revenues over (under) expenditures	(1,575,572)	(1,575,572)	3,323,634	4,899,206
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(3,257,630)</u>	<u>(3,257,630)</u>	<u>(3,257,630)</u>	<u>-</u>
Net change in fund balance	(4,833,202)	(4,833,202)	66,004	4,899,206
Fund balance - beginning	<u>8,282,075</u>	<u>8,282,075</u>	<u>8,282,075</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,448,873</u>	<u>\$ 3,448,873</u>	<u>\$ 8,348,079</u>	<u>\$ 4,899,206</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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Adopted	Final		
<b>REVENUES</b>				
Taxes	\$ 8,831,056	\$ 8,831,056	\$ 10,133,789	\$ 1,302,733
Use of money and property	79,366	79,366	53,196	(26,170)
Intergovernmental	1,343,135	1,343,135	1,007,135	(336,000)
Charges for services	4,696,181	4,696,181	4,839,820	143,639
Miscellaneous	136,250	136,250	112,962	(23,288)
Total revenues	15,085,988	15,085,988	16,146,902	1,060,914
<b>EXPENDITURES</b>				
Current:				
Education				
Library	17,364,512	17,780,663	15,412,985	2,367,678
Library - Friends & Foundation	137,100	137,100	80,263	56,837
Library Zone 1	23,397	23,397	23,085	312
Library Zone 2	979	1,206	1,206	-
Library Zone 6	770	770	699	71
Library Zone 7	11,781	11,781	10,179	1,602
Total education	17,538,539	17,954,917	15,528,417	2,426,500
Non-departmental				
Contingencies	3,011,635	2,946,779	-	2,946,779
Capital outlay:				
Leasehold improvements	250,000	250,000	13,162	236,838
Equipment	350,000	368,700	62,033	306,667
Total capital outlay	600,000	618,700	75,195	543,505
Total expenditures	21,150,174	21,520,396	15,603,612	5,916,784
Excess (deficiency) of revenues over (under) expenditures	(6,064,186)	(6,434,408)	543,290	6,977,698
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	992,518	992,518	991,694	(824)
Transfers out	(973,098)	(972,871)	(930,333)	42,538
Total other financing sources (uses)	19,420	19,647	61,361	41,714
Net change in fund balance	(6,044,766)	(6,414,761)	604,651	7,019,412
Fund balance - beginning	8,802,902	8,802,902	8,802,902	-
Fund balance - ending	\$ 2,758,136	\$ 2,388,141	\$ 9,407,553	\$ 7,019,412

**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Adopted	Final		
<b>REVENUES</b>				
Taxes	\$ 1,215,453	\$ 1,215,453	\$ 810,571	\$ (404,882)
Licenses, permits and franchises	127,500	127,500	174,640	47,140
Use of money and property	116,200	116,200	100,116	(16,084)
Intergovernmental	15,366,892	15,366,892	14,108,329	(1,258,563)
Charges for services	1,157,135	1,157,135	1,908,947	751,812
Miscellaneous	5,500	5,500	24,730	19,230
Total revenues	17,988,680	17,988,680	17,127,333	(861,347)
<b>EXPENDITURES</b>				
Current:				
General government				
Survey monument	20,555	20,555	555	20,000
Public ways and facilities				
Transportation	11,383,976	13,370,201	10,971,612	2,398,589
Public works improvement	5,000	5,000	1,000	4,000
Regional transportation project	60,000	70,296	49,948	20,348
Total public ways and facilities	11,448,976	13,445,497	11,022,560	2,422,937
Non-departmental				
Contingencies	83,487	83,487	-	83,487
Debt service:				
Interest and other charges	40,000	40,000	28,721	11,279
Capital outlay:				
Land	85,000	140,000	38,608	101,392
Construction in progress	10,235,000	10,454,548	6,190,989	4,263,559
Equipment	530,000	561,000	442,758	118,242
Intangibles	100,000	60,000	2,000	58,000
Total capital outlay	10,950,000	11,215,548	6,674,355	4,541,193
Total expenditures	22,543,018	24,805,087	17,726,191	7,078,896
Deficiency of revenues under expenditures	(4,554,338)	(6,816,407)	(598,858)	6,217,549
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds for long-term debt	100,000	-	-	-
Transfers in	10,068	10,068	-	(10,068)
Transfers out	(454,723)	(454,723)	(414,112)	40,611
Sale of capital assets	50,000	50,000	89,590	39,590
Total other financing sources (uses)	(294,655)	(394,655)	(324,522)	70,133
Net change in fund balance	(4,848,993)	(7,211,062)	(923,380)	6,287,682
Fund balance - beginning	11,091,235	11,091,235	11,091,235	-
Fund balance - ending	\$ 6,242,242	\$ 3,880,173	\$ 10,167,855	\$ 6,287,682



**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**First 5 Solano Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Adopted</b>	<b>Final</b>		
<b>REVENUES</b>				
Use of money and property	\$ 65,635	\$ 65,635	\$ 73,762	\$ 8,127
Intergovernmental	4,320,217	4,320,217	4,469,175	148,958
Charges for services	456,000	456,000	446,264	(9,736)
Miscellaneous	-	-	2,500	2,500
Total revenues	<u>4,841,852</u>	<u>4,841,852</u>	<u>4,991,701</u>	<u>149,849</u>
<b>EXPENDITURES</b>				
Current:				
Health services				
First 5 Solano	7,614,855	7,737,201	6,973,802	763,399
Non-departmental				
Contingencies	9,000,000	9,000,000	-	9,000,000
Total expenditures	<u>16,614,855</u>	<u>16,737,201</u>	<u>6,973,802</u>	<u>9,763,399</u>
Deficiency of revenues under expenditures	(11,773,003)	(11,895,349)	(1,982,101)	9,913,248
<b>OTHER FINANCING USES</b>				
Transfers out	(42,357)	(42,357)	(39,048)	3,309
<b>EXTRAORDINARY ITEM</b>				
Extinguishment of AB99 Liability	-	-	8,809,741	8,809,741
Net change in fund balance	(11,815,360)	(11,937,706)	6,788,592	18,726,298
Fund balance - beginning	5,870,262	5,870,262	5,870,262	-
Fund balance - ending	<u>\$ (5,945,098)</u>	<u>\$ (6,067,444)</u>	<u>\$ 12,658,854</u>	<u>\$ 18,726,298</u>

**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Home Loan Program Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ 14,750	\$ 14,750	\$ 22,153	\$ 7,403
Intergovernmental	504,837	504,837	150,207	(354,630)
Total revenues	<u>519,587</u>	<u>519,587</u>	<u>172,360</u>	<u>(347,227)</u>
<b>EXPENDITURES</b>				
Current:				
Public protection				
Homeacres Loan Program	304,601	304,601	107,273	197,328
Non-departmental				
Contingencies	<u>1,305,699</u>	<u>1,305,699</u>	<u>-</u>	<u>1,305,699</u>
Total expenditures	<u>1,610,300</u>	<u>1,610,300</u>	<u>107,273</u>	<u>1,503,027</u>
Excess (deficiency) of revenues over (under) expenditures	(1,090,713)	(1,090,713)	65,087	1,155,800
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(10,465)</u>	<u>(10,465)</u>	<u>(6,766)</u>	<u>3,699</u>
Net change in fund balance	(1,101,178)	(1,101,178)	58,321	1,159,499
Fund balance - beginning	4,848,259	4,848,259	4,848,259	-
Fund balance - ending	<u>\$ 3,747,081</u>	<u>\$ 3,747,081</u>	<u>\$ 4,906,580</u>	<u>\$ 1,159,499</u>

**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Micrographics and Modernization Special Revenue Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ 47,636	\$ 47,636	\$ 43,185	\$ (4,451)
Charges for services	676,000	676,000	709,602	33,602
Total revenues	<u>723,636</u>	<u>723,636</u>	<u>752,787</u>	<u>29,151</u>
<b>EXPENDITURES</b>				
Current:				
Public protection				
Recorder Special Revenue	736,404	736,404	202,170	534,234
Non-departmental				
Contingencies	6,283,536	6,283,536	-	6,283,536
Total expenditures	<u>7,019,940</u>	<u>7,019,940</u>	<u>202,170</u>	<u>6,817,770</u>
Excess (deficiency) of revenues over (under) expenditures	(6,296,304)	(6,296,304)	550,617	6,846,921
<b>OTHER FINANCING USES</b>				
Transfers out	<u>(203,881)</u>	<u>(203,881)</u>	<u>(203,881)</u>	<u>-</u>
Net change in fund balance	(6,500,185)	(6,500,185)	346,736	6,846,921
Fund balance - beginning	7,689,362	7,689,362	7,689,362	-
Fund balance - ending	<u>\$ 1,189,177</u>	<u>\$ 1,189,177</u>	<u>\$ 8,036,098</u>	<u>\$ 6,846,921</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, 2012**

	Budgeted Amounts			Variance with
	Adopted	Final	Actual Amounts	Final Budget
REVENUES				
Taxes	\$ 849,547	\$ 849,547	\$ 897,065	\$ 47,518
Fines, forfeitures and penalties	3,000	3,000	3,391	391
Use of money and property	35,500	35,500	21,454	(14,046)
Intergovernmental	4,042,615	4,177,485	2,714,404	(1,463,081)
Charges for services	494,735	494,735	505,555	10,820
Miscellaneous	4,625	4,625	22,285	17,660
Total revenues	5,430,022	5,564,892	4,164,154	(1,400,738)
EXPENDITURES				
Current:				
Public protection				
Housing Authority of Solano County	3,922,757	3,922,757	2,640,706	1,282,051
East Vallejo Fire District	388,096	388,096	386,146	1,950
Fish/Wildlife Propagation	313,591	634,807	284,281	350,526
Total public protection	4,624,444	4,945,660	3,311,133	1,634,527
Public ways and facilities				
County Consolidated Service Area	212,751	212,751	62,829	149,922
Recreation				
Parks & Recreation	1,177,915	1,312,761	1,176,347	136,414
Non-departmental				
Contingencies	218,450	218,450	-	218,450
Capital outlay:				
Equipment	41,000	41,000	18,258	22,742
Total expenditures	6,274,560	6,730,622	4,568,567	2,162,055
Deficiency of revenues under expenditures	(844,538)	(1,165,730)	(404,413)	761,317
OTHER FINANCING SOURCES (USES)				
Transfers in	233,841	233,841	233,841	-
Transfers out	(24,222)	(24,246)	(24,246)	-
Sale of capital assets	-	-	10,000	10,000
Total other financing sources (uses)	209,619	209,595	219,595	10,000
Net change in fund balance	(634,919)	(956,135)	(184,818)	771,317
Fund balance - beginning	1,465,379	1,465,379	1,465,379	-
Fund balance - ending	\$ 830,460	\$ 509,244	\$ 1,280,561	\$ 771,317



**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, 2012**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Adopted	Final		
<b>REVENUES</b>				
Taxes	\$ 1,581,536	\$ 1,581,536	\$ 1,802,073	\$ 220,537
Use of money and property	183,500	183,500	176,547	(6,953)
Intergovernmental	934,668	2,950,078	2,889,242	(60,836)
Charges for services	547,529	547,529	547,529	-
Miscellaneous	76,688	157,018	425,258	268,240
Total revenues	<u>3,323,921</u>	<u>5,419,661</u>	<u>5,840,649</u>	<u>420,988</u>
<b>EXPENDITURES</b>				
Current:				
General government				
Capital Projects	4,055,203	9,034,709	3,564,055	5,470,654
Non-departmental				
Contingencies	1,092,582	792,582	-	792,582
Capital outlay:				
Construction in progress	2,511,656	46,643,360	20,359,874	26,283,486
Equipment	-	1,473,459	18,054	1,455,405
Intangibles	-	1,428	-	1,428
Artwork	175,500	133,654	53,687	79,967
Total capital outlay	<u>2,687,156</u>	<u>48,251,901</u>	<u>20,431,615</u>	<u>27,820,286</u>
Total expenditures	<u>7,834,941</u>	<u>58,079,192</u>	<u>23,995,670</u>	<u>34,083,522</u>
Deficiency of revenues under expenditures	<u>(4,511,020)</u>	<u>(52,659,531)</u>	<u>(18,155,021)</u>	<u>34,504,510</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds for long-term debt	4,509,369	4,509,369	-	(4,509,369)
Transfers in	1,267,043	2,397,043	2,394,043	(3,000)
Transfers out	(903,000)	(903,000)	(900,000)	3,000
Total other financing sources (uses)	<u>4,873,412</u>	<u>6,003,412</u>	<u>1,494,043</u>	<u>(4,509,369)</u>
Net change in fund balance	362,392	(46,656,119)	(16,660,978)	29,995,141
Fund balance - beginning	45,761,648	45,761,648	45,761,648	-
Fund balance - ending	<u>\$ 46,124,040</u>	<u>\$ (894,471)</u>	<u>\$ 29,100,670</u>	<u>\$ 29,995,141</u>

### **Nonmajor Debt Service Funds**

*2009 Certificates of Participation Fund* – This fund was established for the payment of debt used to defease the 1999 Certificates of Participation. This payment is funded through the Health and Social Services Department.

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

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Balance Sheet**  
**Nonmajor Debt Service Funds**  
**June 30, 2012**

	<b>2009 Certificates of Participation</b>	<b>Government Center Debt Service Fund</b>	<b>Total Nonmajor Debt Service Funds</b>
<b>ASSETS</b>			
Cash and investments	<u>\$ 1,763,478</u>	<u>\$ 3,616</u>	<u>\$ 1,767,094</u>
<b>FUND BALANCES</b>			
Liabilities:			
Outstanding warrants	\$ 20	\$ -	\$ 20
Fund balances:			
Restricted	<u>1,763,458</u>	<u>3,616</u>	<u>1,767,074</u>
Total liabilities and fund balances	<u>\$ 1,763,478</u>	<u>\$ 3,616</u>	<u>\$ 1,767,094</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, 2012**

	<u>2009 Certificates of Participation</u>	<u>Government Center Debt Service Fund</u>	<u>Total Nonmajor Debt Service Funds</u>
<b>REVENUES</b>			
Use of money and property	\$ 69	\$ 2,121	\$ 2,190
Intergovernmental	-	105,000	105,000
Charges for services	-	1,716,212	1,716,212
Total revenues	<u>69</u>	<u>1,823,333</u>	<u>1,823,402</u>
<b>EXPENDITURES</b>			
Current:			
General government	53,068	53,618	106,686
Debt service:			
Principal	1,845,000	3,125,000	4,970,000
Interest and other charges	666,238	4,794,506	5,460,744
Total expenditures	<u>2,564,306</u>	<u>7,973,124</u>	<u>10,537,430</u>
Deficiency of revenues under expenditures	(2,564,237)	(6,149,791)	(8,714,028)
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>2,563,723</u>	<u>6,152,250</u>	<u>8,715,973</u>
Net change in fund balances	(514)	2,459	1,945
Fund balances - beginning	1,763,972	1,157	1,765,129
Fund balances - ending	<u>\$ 1,763,458</u>	<u>\$ 3,616</u>	<u>\$ 1,767,074</u>



**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Pension Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
<b>REVENUES</b>				
Use of money and property	\$ 11,000	\$ 11,000	\$ (18,976)	\$ (29,976)
Miscellaneous	870,000	870,000	892,387	22,387
Total revenues	881,000	881,000	873,411	(7,589)
<b>EXPENDITURES</b>				
Current:				
General government				
Pension Obligation Bonds Administration	38,521	38,521	8,545	29,976
Debt service:				
Principal	5,175,000	8,175,000	8,175,000	-
Interest and other charges	4,276,549	4,276,549	4,216,128	60,421
Total debt service	9,451,549	12,451,549	12,391,128	60,421
Total expenditures	9,490,070	12,490,070	12,399,673	90,397
Deficiency of revenues under expenditures	(8,609,070)	(11,609,070)	(11,526,262)	82,808
<b>OTHER FINANCING SOURCES</b>				
Proceeds from refunding bonds issued	11,844,611	11,828,976	-	(11,828,976)
Transfers in	12,121,281	12,136,916	10,854,926	(1,281,990)
Total other financing sources	23,965,892	23,965,892	10,854,926	(13,110,966)
Net change in fund balance	15,356,822	12,356,822	(671,336)	(13,028,158)
Fund balance (deficit) - beginning	(8,809,392)	(8,809,392)	(8,809,392)	-
Fund balance (deficit) - ending	\$ 6,547,430	\$ 3,547,430	\$ (9,480,728)	\$ (13,028,158)

**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**2009 Certificates of Participation Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Adopted</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
<b>REVENUES</b>				
Use of money and property	\$ 402	\$ 402	\$ 69	\$ (333)
<b>EXPENDITURES</b>				
Current:				
General government				
HSS Admin Refinance	54,124	54,124	53,068	1,056
Debt service:				
Principal	1,845,000	1,845,000	1,845,000	-
Interest and other charges	666,238	666,238	666,238	-
Total debt service	2,511,238	2,511,238	2,511,238	-
Total expenditures	2,565,362	2,565,362	2,564,306	1,056
Deficiency of revenues under expenditures	(2,564,960)	(2,564,960)	(2,564,237)	723
<b>OTHER FINANCING SOURCES</b>				
Transfers in	2,564,960	2,564,960	2,563,723	(1,237)
Net change in fund balance	-	-	(514)	(514)
Fund balance - beginning	1,763,972	1,763,972	1,763,972	-
Fund balance - ending	<u>\$ 1,763,972</u>	<u>\$ 1,763,972</u>	<u>\$ 1,763,458</u>	<u>\$ (514)</u>

**COUNTY OF SOLANO, CALIFORNIA**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**Government Center Debt Service Fund**  
**For the Fiscal Year Ended June 30, 2012**

	Budgeted Amounts			Variance with
	Adopted	Final	Actual Amounts	Final Budget
REVENUES				
Use of money and property	\$ 1,300	\$ 1,300	\$ 2,121	\$ 821
Intergovernmental	104,000	104,000	105,000	1,000
Charges for services	1,716,212	1,716,212	1,716,212	-
Total revenues	1,821,512	1,821,512	1,823,333	1,821
EXPENDITURES				
Current:				
General government				
Government Center	55,409	55,409	53,618	1,791
Debt service:				
Principal	3,125,000	3,125,000	3,125,000	-
Interest and other charges	4,794,506	4,794,506	4,794,506	-
Total debt service	7,919,506	7,919,506	7,919,506	-
Total expenditures	7,974,915	7,974,915	7,973,124	1,791
Deficiency of revenues under expenditures	(6,153,403)	(6,153,403)	(6,149,791)	3,612
OTHER FINANCING SOURCES				
Transfers in	6,152,250	6,152,250	6,152,250	-
Net change in fund balance	(1,153)	(1,153)	2,459	3,612
Fund balance - beginning	1,157	1,157	1,157	-
Fund balance - ending	\$ 4	\$ 4	\$ 3,616	\$ 3,612

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### **Internal Service Funds**

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

*Fleet Management Fund* – This fund is used to account for the rental, purchase, and maintenance 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 and employee benefit services to County employees.

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

*Reprographics Fund* – This fund is used to account for reprographic services to County departments. This fund was closed as of July 1, 2011.



**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Net Assets**  
**Internal Service Funds**  
**June 30, 2012**

	<b>Fleet Management</b>	<b>Risk Management</b>	<b>Information Technology</b>	<b>Total Internal Service Funds</b>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and investments	\$ 2,538,132	\$ 19,238,415	\$ 2,205,861	\$ 23,982,408
Accounts receivable	64,453	289,870	153,290	507,613
Due from other agencies	264	18,596	36,808	55,668
Due from other funds	14,425	-	419,098	433,523
Other assets	270,185	500,000	-	770,185
Total current assets	<u>2,887,459</u>	<u>20,046,881</u>	<u>2,815,057</u>	<u>25,749,397</u>
<b>Noncurrent assets</b>				
<b>Capital assets:</b>				
Construction in progress	-	-	32,923	32,923
Buildings and improvements	114,471	-	150,000	264,471
Equipment	11,128,959	-	9,663,438	20,792,397
Intangibles	-	-	5,509,834	5,509,834
Accumulated depreciation	(6,740,063)	-	(8,919,731)	(15,659,794)
Total capital assets	<u>4,503,367</u>	<u>-</u>	<u>6,436,464</u>	<u>10,939,831</u>
Total assets	<u>\$ 7,390,826</u>	<u>\$ 20,046,881</u>	<u>\$ 9,251,521</u>	<u>\$ 36,689,228</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Outstanding warrants	\$ 31,826	\$ 373,997	\$ 421,081	\$ 826,904
Payables	149,748	238,937	1,478,267	1,866,952
Unearned revenue	-	324,670	-	324,670
Due to other funds	1,423	42,411	4,223	48,057
Due to other agencies	5,781	12,132	37,248	55,161
Current portion of long-term obligations	49,700	3,859,937	309,533	4,219,170
Total current liabilities	<u>238,478</u>	<u>4,852,084</u>	<u>2,250,352</u>	<u>7,340,914</u>
<b>Noncurrent liabilities</b>				
Noncurrent portion of long-term obligations	238,001	7,812,395	680,906	8,731,302
Total liabilities	<u>476,479</u>	<u>12,664,479</u>	<u>2,931,258</u>	<u>16,072,216</u>
<b>NET ASSETS</b>				
Invested in capital assets	4,503,367	-	6,436,464	10,939,831
Unrestricted	2,410,980	7,382,402	(116,201)	9,677,181
Total net assets	<u>6,914,347</u>	<u>7,382,402</u>	<u>6,320,263</u>	<u>20,617,012</u>
Total liabilities and net assets	<u>\$ 7,390,826</u>	<u>\$ 20,046,881</u>	<u>\$ 9,251,521</u>	<u>\$ 36,689,228</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, 2012**

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>	<u>Total Internal Service Funds</u>
<b>OPERATING REVENUES</b>				
Charges for sales and services:				
Internal services	\$ 3,951,627	\$ 14,757,053	\$ 17,207,468	\$ 35,916,148
<b>OPERATING EXPENSES</b>				
Personnel services	945,809	700,276	5,436,857	7,082,942
Maintenance	593,153	683	657,173	1,251,009
Materials and supplies	1,022,192	10,897	452,700	1,485,789
Depreciation	1,076,808	-	1,827,343	2,904,151
Insurance	24,131	11,375,403	87,806	11,487,340
Rent, utilities and others	450,155	1,534,833	9,162,351	11,147,339
Total operating expenses	<u>4,112,248</u>	<u>13,622,092</u>	<u>17,624,230</u>	<u>35,358,570</u>
Operating income (loss)	<u>(160,621)</u>	<u>1,134,961</u>	<u>(416,762)</u>	<u>557,578</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment earnings	12,578	88,894	6,540	108,012
Other revenue	102,852	144,157	155,127	402,136
Other expenses	-	(14,259)	-	(14,259)
Gain on disposal of capital assets	<u>161,809</u>	<u>-</u>	<u>158</u>	<u>161,967</u>
Total nonoperating revenues, net	<u>277,239</u>	<u>218,792</u>	<u>161,825</u>	<u>657,856</u>
Income (loss) before transfers	<u>116,618</u>	<u>1,353,753</u>	<u>(254,937)</u>	<u>1,215,434</u>
Transfers out	<u>(35,839)</u>	<u>(29,189)</u>	<u>(233,798)</u>	<u>(298,826)</u>
Change in net assets	<u>80,779</u>	<u>1,324,564</u>	<u>(488,735)</u>	<u>916,608</u>
Total net assets - beginning	<u>6,833,568</u>	<u>6,057,838</u>	<u>6,808,998</u>	<u>19,700,404</u>
Total net assets - ending	<u>\$ 6,914,347</u>	<u>\$ 7,382,402</u>	<u>\$ 6,320,263</u>	<u>\$ 20,617,012</u>

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2012**

	<u>Fleet Management</u>	<u>Risk Management</u>
<b>Cash flows from operating activities:</b>		
Receipts from customers and users	\$ 4,031,403	\$ 14,607,872
Receipts from interfund services provided	-	-
Payments to suppliers	(2,189,111)	(11,932,298)
Payments to employees	(867,861)	(766,966)
Payments for interfund services used		
Net cash provided (used) by operating activities	<u>974,431</u>	<u>1,908,608</u>
<b>Cash flows from noncapital financing activities:</b>		
Transfers out	<u>(35,839)</u>	<u>(29,189)</u>
<b>Cash flows from capital and related financing activities:</b>		
Debt issued	-	-
Debt principal paid	-	-
Acquisition of capital assets	(1,937,040)	-
Proceeds from sale of capital assets	203,650	-
Net cash used by capital and related financing activities	<u>(1,733,390)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>		
Investment income	<u>12,578</u>	<u>88,894</u>
Net increase (decrease) in cash and cash equivalents	(782,220)	1,968,313
Cash and cash equivalents - beginning	<u>3,320,352</u>	<u>17,270,102</u>
Cash and cash equivalents - ending	<u>\$ 2,538,132</u>	<u>\$ 19,238,415</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	<u>\$ (160,621)</u>	<u>\$ 1,134,961</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	1,076,808	-
Other nonoperating revenue	102,852	129,898
Changes in assets and liabilities:		
(Increase) decrease in receivables, net	(9,600)	(185,087)
(Increase) decrease in due from other funds	(13,476)	(17,525)
Decrease in due from other agencies	7,340	-
Increase in other assets	(19,924)	(250,000)
Increase (decrease) in outstanding warrants	(119,039)	255,027
Increase (decrease) in payables	28,775	(50,354)
Decrease in due to other funds	(2,413)	(70,940)
Increase in due to other agencies	5,781	4,531
Decrease in unearned revenue	-	(90,726)
Increase in accrued compensated absences	78,175	3,542
Decrease in other postemployment benefits	(227)	(178)
Increase in self-insurance liability	-	1,045,459
Total adjustments	<u>1,135,052</u>	<u>773,647</u>
Net cash provided (used) by operating activities	<u>\$ 974,431</u>	<u>\$ 1,908,608</u>
<b>Noncash investing, capital, and financing activities</b>		
Change in fair value of investments	\$ (3,346)	\$ (1,077)

**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Cash Flows (Continued)**  
**Internal Service Funds**  
**For the Fiscal Year Ended June 30, 2012**

<b>Information Technology</b>	<b>Reprographics</b>	<b>Total Internal Service Funds</b>	
\$ 17,375,167	\$ 5,233	\$ 36,019,675	<b>Cash flows from operating activities:</b>
-	32	32	Receipts from customers and users
(11,240,978)	(10,188)	(25,372,575)	Receipts from interfund services provided
(5,308,171)	-	(6,942,998)	Payments to suppliers
-	-	-	Payments to employees
826,018	(4,923)	3,704,134	Payments for interfund services used
			Net cash provided (used) by operating activities
(233,798)	-	(298,826)	<b>Cash flows from noncapital financing activities:</b>
			Transfers out
39,663	-	39,663	<b>Cash flows from capital and related financing activities:</b>
(7,931)	-	(7,931)	Debt issued
(771,503)	-	(2,708,543)	Debt principal paid
-	-	203,650	Acquisition of capital assets
(739,771)	-	(2,473,161)	Proceeds from sale of capital assets
			Net cash used by capital and related financing activities
6,540	-	108,012	<b>Cash flows from investing activities:</b>
(141,011)	(4,923)	1,040,159	Investment income
2,346,872	4,923	22,942,249	Net increase (decrease) in cash and cash equivalents
\$ 2,205,861	\$ -	\$ 23,982,408	Cash and cash equivalents - beginning
			Cash and cash equivalents - ending
\$ (416,762)	\$ -	\$ 557,578	<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>
			Operating income (loss)
1,827,343	-	2,904,151	Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:
155,127	-	387,877	Depreciation
			Other nonoperating revenue
6,125	5,233	(183,329)	Changes in assets and liabilities:
(406,385)	32	(437,354)	(Increase) decrease in receivables, net
6,447	-	13,787	(Increase) decrease in due from other funds
-	-	(269,924)	Decrease in due from other agencies
(221,243)	(1,016)	(86,271)	Increase in other assets
73,223	(8,068)	43,576	Increase (decrease) in outstanding warrants
(363,484)	(1,104)	(437,941)	Increase (decrease) in payables
36,941	-	47,253	Decrease in due to other funds
-	-	(90,726)	Increase in due to other agencies
130,149	-	211,866	Decrease in unearned revenue
(1,463)	-	(1,868)	Increase in accrued compensated absences
-	-	1,045,459	Decrease in other postemployment benefits
1,242,780	(4,923)	3,146,556	Increase in self-insurance liability
\$ 826,018	\$ (4,923)	\$ 3,704,134	Total adjustments
			Net cash provided (used) by operating activities
			<b>Noncash investing, capital, and financing activities</b>
\$ (1,251)	\$ -	\$ (5,674)	Change in fair value of investments

## **Agency Funds**

Agency Funds are custodial in nature and do not measure the 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.

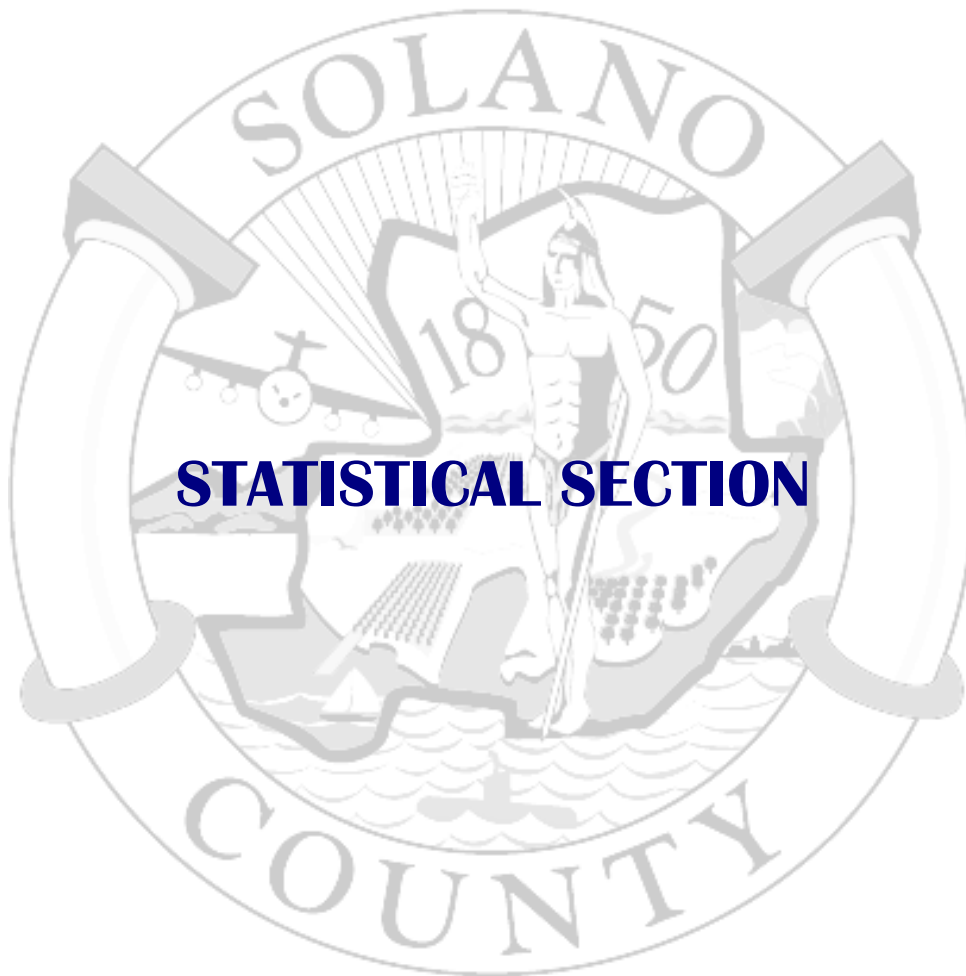
*All Other Agency Funds* – This fund is used to account for assets held for other governmental agencies by the County in a fiduciary capacity.



**COUNTY OF SOLANO, CALIFORNIA**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Fiscal Year Ended June 30, 2012**

<b>PROPERTY TAX COLLECTION</b>	<b>Balance July 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2012</b>
<b>Assets</b>				
Cash and investments	\$ -	\$ 438,753,655	\$ 437,651,651	\$ 1,102,004
Property taxes receivable	34,790,558	522,267,380	525,225,156	31,832,782
Total assets	<u>\$ 34,790,558</u>	<u>\$ 961,021,035</u>	<u>\$ 962,876,807</u>	<u>\$ 32,934,786</u>
<b>Liabilities</b>				
Due to others	<u>\$ 34,790,558</u>	<u>\$ 961,021,035</u>	<u>\$ 962,876,807</u>	<u>\$ 32,934,786</u>
<b>LOCAL TRANSPORTATION</b>	<b>Balance July 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2012</b>
<b>Assets</b>				
Cash and investments	<u>\$ 11,965,243</u>	<u>\$ 14,952,951</u>	<u>\$ 16,763,217</u>	<u>\$ 10,154,977</u>
<b>Liabilities</b>				
Due to others	<u>\$ 11,965,243</u>	<u>\$ 14,952,951</u>	<u>\$ 16,763,217</u>	<u>\$ 10,154,977</u>
<b>ALL OTHER AGENCY FUNDS</b>	<b>Balance July 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2012</b>
<b>Assets</b>				
Cash and investments	<u>\$ 20,450,065</u>	<u>\$ 19,324,545</u>	<u>\$ 12,439,294</u>	<u>\$ 27,335,316</u>
<b>Liabilities</b>				
Due to others	<u>\$ 20,450,065</u>	<u>\$ 19,324,545</u>	<u>\$ 12,439,294</u>	<u>\$ 27,335,316</u>
<b>TOTAL - ALL AGENCY FUNDS</b>	<b>Balance July 1, 2011</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2012</b>
<b>Assets</b>				
Cash and investments	\$ 32,415,308	\$ 473,031,151	\$ 466,854,162	\$ 38,592,297
Property taxes receivable	34,790,558	522,267,380	525,225,156	31,832,782
Total assets	<u>\$ 67,205,866</u>	<u>\$ 995,298,531</u>	<u>\$ 992,079,318</u>	<u>\$ 70,425,079</u>
<b>Liabilities</b>				
Due to others	<u>\$ 67,205,866</u>	<u>\$ 995,298,531</u>	<u>\$ 992,079,318</u>	<u>\$ 70,425,079</u>

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**STATISTICAL SECTION**



# STATISTICAL SECTION

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

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends Information</b> <i>These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.</i>	<b>124</b>
<b>Revenue Capacity Information</b> <i>These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.</i>	<b>132</b>
<b>Debt Capacity Information</b> <i>These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.</i>	<b>136</b>
<b>Demographic and Economic Information</b> <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.</i>	<b>139</b>
<b>Operating Information</b> <i>These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.</i>	<b>142</b>



**COUNTY OF SOLANO, CALIFORNIA**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

	Fiscal Year				
	2012	2011	2010	2009	2008
<b>Governmental activities</b>					
Invested in capital assets, net of related debt	380,366,107	\$ 364,775,065	\$ 366,707,988	\$338,045,459	\$306,156,899
Restricted	117,783,378	84,063,560	49,100,180	66,684,155	72,516,573
Unrestricted	170,013,282	174,821,311	208,557,054	223,968,696	257,528,047
Total governmental activities net assets	<u>\$ 668,162,767</u>	<u>\$ 623,659,936</u>	<u>\$ 624,365,222</u>	<u>\$628,698,310</u>	<u>\$636,201,519</u>
<b>Business-type activities</b>					
Invested in capital assets, net of related debt	18,601,811	\$ 19,226,808	\$ 19,827,763	\$ 20,389,570	\$ 20,790,532
Restricted	-	-	-	-	-
Unrestricted	(2,443,915)	(2,701,490)	(4,064,292)	(3,673,335)	(5,570,038)
Total business-type activities net assets	<u>\$ 16,157,896</u>	<u>\$ 16,525,318</u>	<u>\$ 15,763,471</u>	<u>\$ 16,716,235</u>	<u>\$ 15,220,494</u>
<b>Primary government</b>					
Invested in capital assets, net of related debt	\$ 398,967,918	\$384,001,873	\$386,535,751	\$358,435,029	\$326,947,431
Restricted	117,783,378 <sup>1</sup>	84,063,560	49,100,180	66,684,155	72,516,573
Unrestricted	167,569,367	172,119,821	204,492,762	220,295,361	251,958,009
Total primary government net assets	<u>\$ 684,320,663</u>	<u>\$ 640,185,254</u>	<u>\$ 640,128,693</u>	<u>\$645,414,545</u>	<u>\$651,422,013</u>

<sup>1</sup> Includes restriction of governmental activities net assets for the restatement of \$22.7M of MHSA (Mental Health Services Act) funds. See Note E.1 - Prior Period Adjustment for more specific details.

Source: Audited Financial Statements

**COUNTY OF SOLANO, CALIFORNIA**  
**Net Assets by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**

Fiscal Year					
2007	2006	2005	2004	2003	
					<b>Governmental activities</b>
\$ 290,318,976	\$ 273,169,996	\$ 274,177,088	\$ 270,350,715	\$ 256,654,269	Invested in capital assets, net of related debt
70,229,693	67,227,824	40,996,161	70,579,011	119,862,509	Restricted
251,684,500	218,470,331	185,407,179	134,490,563	62,014,197	Unrestricted
<u>\$ 612,233,169</u>	<u>\$ 558,868,151</u>	<u>\$ 500,580,428</u>	<u>\$ 475,420,289</u>	<u>\$ 438,530,975</u>	Total governmental activities net assets
					<b>Business-type activities</b>
\$ 14,896,619	\$ 11,809,809	\$ 10,270,009	\$ 9,621,167	\$ 8,509,364	Invested in capital assets, net of related debt
-	-	-	-	1,300,000	Restricted
(1,441,992)	(2,847,845)	(1,013,848)	(530,539)	(24,291)	Unrestricted
<u>\$ 13,454,627</u>	<u>\$ 8,961,964</u>	<u>\$ 9,256,161</u>	<u>\$ 9,090,628</u>	<u>\$ 9,785,073</u>	Total business-type activities net assets
					<b>Primary government</b>
\$ 305,215,595	\$ 284,979,805	\$ 284,447,097	\$ 279,971,882	\$ 265,163,633	Invested in capital assets, net of related debt
70,229,693	67,227,824	40,996,161	70,579,011	121,162,509	Restricted
250,242,508	215,622,486	184,393,331	133,960,024	61,989,906	Unrestricted
<u>\$ 625,687,796</u>	<u>\$ 567,830,115</u>	<u>\$ 509,836,589</u>	<u>\$ 484,510,917</u>	<u>\$ 448,316,048</u>	Total primary government net assets

Source: Audited Financial Statements

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

	Fiscal Year				
	2012	2011	2010	2009	2008
<b>Expenses</b>					
Governmental activities:					
General government	\$ 56,978,971	\$ 62,456,530	\$ 62,720,766	\$ 68,697,921	\$ 66,076,091
Public protection	158,553,975	157,078,830	164,196,516	175,498,575	167,025,179
Public ways and facilities	15,182,777	12,760,561	12,148,729	12,765,552	13,749,283
Health services	110,120,877	108,700,791	104,435,728	106,791,512	106,905,228
Public assistance	133,556,741	144,667,818	140,870,819	144,896,972	140,654,444
Education and recreation	16,783,519	17,739,331	19,241,131	21,109,579	21,958,611
Interest /Principal on long-term debt	9,528,897	10,186,688	11,038,872	12,124,643	13,010,423
Total governmental activities expenses	<u>500,705,757</u>	<u>513,590,549</u>	<u>514,652,561</u>	<u>541,884,754</u>	<u>529,379,259</u>
Business-type activities:					
Nut Tree Airport	1,609,696	1,817,231	2,531,275	2,241,236	2,022,955
Fouts Springs Youth Facility	635,756	4,073,152	3,888,424	3,713,188	3,649,876
Total business-type activities expenses	<u>2,245,452</u>	<u>5,890,383</u>	<u>6,419,699</u>	<u>5,954,424</u>	<u>5,672,831</u>
Total primary government expenses	<u>\$ 502,951,209</u>	<u>\$ 519,480,932</u>	<u>\$ 521,072,260</u>	<u>\$ 547,839,178</u>	<u>\$ 535,052,090</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 21,363,951	\$ 22,521,426	\$ 24,664,412	\$ 28,899,543	\$ 26,780,958
Public protection	20,122,142	20,203,371	18,382,235	19,694,270	19,913,381
Public ways and facilities	1,769,591	1,191,080	1,081,929	1,223,163	1,507,009
Health services	22,441,636	21,718,347	18,236,407	16,130,208	17,499,502
Public assistance	860,217	1,193,714	987,213	839,430	810,422
Education and recreation	5,277,053	5,223,005	5,154,002	5,753,093	6,231,823
Operating grants and contributions	287,589,862	290,072,372	264,136,077	281,259,235	295,815,325
Capital grants and contributions	4,286,121	3,165,238	14,076,600	6,303,034	-
Total governmental activities program revenues	<u>363,710,573</u>	<u>365,288,553</u>	<u>346,718,875</u>	<u>360,101,976</u>	<u>368,558,420</u>
Business-type activities:					
Charges for services:					
Nut Tree Airport	477,917	525,217	1,277,477	1,292,875	1,141,736
Fouts Springs Youth Facility	400,353	3,126,145	3,310,703	3,203,533	3,184,236
Operating grants and contributions	165,321	540,479	548,965	528,000	540,360
Capital grants and contributions	-	2,098,493	-	2,189,182	2,296,465
Total business-type activities	<u>1,043,591</u>	<u>6,290,334</u>	<u>5,137,145</u>	<u>7,213,590</u>	<u>7,162,797</u>
Total primary government program revenues	<u>\$ 364,754,164</u>	<u>\$ 371,578,887</u>	<u>\$ 351,856,020</u>	<u>\$ 367,315,566</u>	<u>\$ 375,721,217</u>
<b>Net (Expenses)/Revenue</b>					
Governmental activities	\$ (136,995,184)	\$ (148,301,996)	\$ (167,933,686)	\$ (181,782,778)	\$ (160,820,839)
Business-type activities	(1,201,861)	399,951	(1,282,554)	1,259,166	1,489,966
Total primary government net expenses	<u>\$ (138,197,045)</u>	<u>\$ (147,902,045)</u>	<u>\$ (169,216,240)</u>	<u>\$ (180,523,612)</u>	<u>\$ (159,330,873)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Property taxes <sup>1,2</sup>	\$ 116,937,628	\$ 109,322,638	\$ 112,720,861	\$ 124,364,351	\$ 129,866,189
Sales and use tax	1,851,294	1,203,681	3,802,198	4,277,127	2,338,436
Property transfer tax	1,622,877	1,490,597	1,652,158	1,730,179	1,708,439
Intergovernmental not restricted					
for specific programs <sup>1,2</sup>	12,120,126	23,601,639	20,607,668	22,666,383	22,701,977
Interest & investment earnings	1,525,567	1,926,203	2,744,934	5,729,000	13,477,706
Proceeds from sale of tobacco settlement revenues	-	-	-	-	-
Other	16,125,278	18,716,998	19,692,717	16,497,109	14,487,535
Gain on sale of capital assets	115,259	-	37,694	229,676	-
Extraordinary item	8,809,741	(8,809,741)	-	-	-
Transfers	(432,279)	144,695	93,446	163,667	208,907
Total governmental activities	<u>158,675,491</u>	<u>147,596,710</u>	<u>161,351,676</u>	<u>175,657,492</u>	<u>184,789,189</u>
Business-type activities:					
Property taxes	265,191	239,913	246,828	273,693	287,733
Intergovernmental not restricted					
to specific programs	27,214	48,430	50,857	54,693	54,251
Interest & investment earnings	(1,778)	453	1,168	8,138	22,835
Other	107,233	217,795	109,083	63,418	119,989
Gain on sale of capital assets	4,300	-	15,300	300	-
Transfers	432,279	(144,695)	(93,446)	(163,667)	(208,907)
Total business-type activities	<u>834,439</u>	<u>361,896</u>	<u>329,790</u>	<u>236,575</u>	<u>275,901</u>
Total primary government	<u>\$ 159,509,930</u>	<u>\$ 147,958,606</u>	<u>\$ 161,681,466</u>	<u>\$ 175,894,067</u>	<u>\$ 185,065,090</u>
<b>Change in net assets</b>					
Governmental activities	\$ 21,680,307	\$ (705,286)	\$ (6,582,010)	\$ (6,125,286)	\$ 23,968,350
Business-type activities	(367,422)	761,847	(952,764)	1,495,741	1,765,867
Total primary government	<u>\$ 21,312,885</u>	<u>\$ 56,561</u>	<u>\$ (7,534,774)</u>	<u>\$ (4,629,545)</u>	<u>\$ 25,734,217</u>

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

<sup>2</sup> Beginning in February 2012, as a result of the dissolution of redevelopment agencies by the State, amounts previously recorded as Intergovernmental revenues are recorded as Property Taxes.

Source: Audited Financial Statements

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

Fiscal Year					
2007	2006	2005	2004	2003	
					<b>Expenses</b>
					Governmental activities:
\$ 53,610,176	\$ 56,558,886	\$ 50,668,082	\$ 43,489,603	\$ 45,032,722	General government
152,135,516	145,029,057	143,497,198	132,128,495	125,585,195	Public protection
12,524,903	14,258,190	13,111,022	11,175,121	10,911,632	Public ways and facilities
101,162,646	98,074,826	103,089,445	94,775,322	82,980,974	Health services
132,795,943	130,957,165	122,936,114	129,712,495	120,898,958	Public assistance
21,241,168	19,140,185	15,887,886	14,212,564	12,663,165	Education and recreation
12,781,989	12,848,298	12,548,175	8,233,665	6,176,532	Interest /Principal on long-term debt
486,252,341	476,866,607	461,737,922	433,727,265	404,249,178	Total governmental activities expenses
					Business-type activities:
1,639,976	1,592,100	1,362,902	1,262,109	1,180,824	Nut Tree Airport
3,398,461	3,301,242	3,948,500	4,389,289	4,531,095	Fouts Springs Youth Facility
5,038,437	4,893,342	5,311,402	5,651,398	5,711,919	Total primary government expenses
\$ 491,290,778	\$ 481,759,949	\$ 467,049,324	\$ 439,378,663	\$ 409,961,097	
					<b>Program Revenues</b>
					Governmental activities:
					Charges for services:
\$ 31,241,019	\$ 32,187,356	\$ 37,600,101	\$ 31,920,886	\$ 26,329,308	General government
21,567,229	23,935,472	20,665,232	18,014,578	17,424,843	Public protection
1,595,475	2,059,559	1,818,144	1,776,921	1,699,829	Public ways and facilities
12,367,246	14,788,760	14,952,284	12,834,358	12,156,224	Health services
736,622	813,877	792,650	714,228	711,058	Public assistance
5,502,044	5,989,917	3,580,595	3,896,130	4,120,252	Education and recreation
288,680,255	278,885,706	264,093,871	264,202,785	249,276,485	Operating grants and contributions
-	-	1,809,000	5,154,984	2,281,016	Capital grants and contributions
361,689,890	358,660,647	345,311,877	338,514,870	313,999,015	Total governmental activities program revenues
					Business-type activities
					Charges for services:
949,070	995,659	913,935	1,043,051	929,509	Nut Tree Airport
3,081,184	2,346,732	2,531,598	2,846,865	3,220,755	Fouts Springs Youth Facility
648,139	748,146	689,649	-	-	Operating grants and contributions
2,918,130	280,415	1,079,079	-	-	Capital grants and contributions
7,596,523	4,370,952	5,214,261	3,889,916	4,150,264	Total business-type activities
\$ 369,286,413	\$ 363,031,599	\$ 350,526,138	\$ 342,404,786	\$ 318,149,279	Total primary government program revenues
					<b>Net (Expenses)/Revenue</b>
\$ (124,562,451)	\$ (118,205,960)	\$ (116,426,045)	\$ (95,212,395)	\$ (90,250,163)	Governmental activities
2,558,086	(522,390)	(97,141)	(1,761,482)	(1,561,655)	Business-type activities
\$ (122,004,365)	\$ (118,728,350)	\$ (116,523,186)	\$ (96,973,877)	\$ (91,811,818)	Total primary government net expenses
					<b>General Revenues and Other Changes in Net Assets</b>
					Governmental activities:
\$ 121,438,731	\$ 113,372,286	\$ 65,735,256	\$ 56,309,939	\$ 49,265,614	Property taxes <sup>1,2</sup>
2,115,430	2,439,283	2,410,695	1,545,460	1,829,179	Sales and use tax
3,413,296	4,850,753	4,946,514	3,603,308	2,763,374	Property transfer tax
20,122,940	17,112,250	49,225,813	50,590,802	39,605,008	Intergovernmental not restricted
14,671,265	8,998,933	6,107,084	6,725,817	3,554,065	for specific programs <sup>1,2</sup>
-	17,397,252	-	-	55,088,473	Interest & investment earnings
17,339,503	12,236,879	13,084,692	11,939,541	8,341,841	Proceeds from sale of tobacco settlement revenues
233,932	-	1,432	1,384,309	-	Other
-	-	-	-	-	Gain on sale of capital assets
(1,407,628)	86,047	74,698	2,533	(176,324)	Extraordinary item
177,927,469	176,493,683	141,586,184	132,101,709	160,271,230	Transfers
					Total governmental activities
270,370	258,855	215,716	190,885	167,562	Business-type activities:
47,008	40,679	37,072	855,988	1,024,104	Property taxes
27,837	(39,227)	20,345	4,788	28,494	Intergovernmental not restricted
181,734	53,933	64,239	17,909	7,914	for specific programs
-	-	-	-	10,500	Interest & investment earnings
1,407,628	(86,047)	(74,698)	(2,533)	176,324	Other
1,934,577	228,193	262,674	1,067,037	1,414,898	Gain on sale of capital assets
\$ 179,862,046	\$ 176,721,876	\$ 141,848,858	\$ 133,168,746	\$ 161,686,128	Transfers
					Total business-type activities
					Total primary government
\$ 53,365,018	\$ 58,287,723	\$ 25,160,139	\$ 36,889,314	\$ 70,021,067	Change in net assets
4,492,663	(294,197)	165,533	(694,445)	(146,757)	Governmental activities
\$ 57,857,681	\$ 57,993,526	\$ 25,325,672	\$ 36,194,869	\$ 69,874,310	Business-type activities
					Total primary government

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

<sup>2</sup> Beginning in February 2012, as a result of the dissolution of redevelopment agencies by the State, amounts previously recorded as Intergovernmental revenues are recorded as Property Taxes.

Source: Audited Financial Statements

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

	2012	Fiscal Year 2011 <sup>1</sup>	2010	2009	2008
<b>General Fund</b>					
Nondisposable	\$ 28,132,718	\$ 26,693,402	\$ -	\$ -	\$ -
Committed	-	6,939,235	-	-	-
Assigned	52,648,041	44,755,155	-	-	-
Unassigned	38,838,327	35,958,787	-	-	-
Reserved	-	-	32,155,440	6,909,142	9,591,064
Unreserved	-	-	72,033,076	101,068,378	111,054,606
Total General Fund	<u>119,619,086</u>	<u>114,346,579</u>	<u>104,188,516</u>	<u>107,977,520</u>	<u>120,645,670</u>
<b>All Other Governmental Funds</b>					
Nondisposable	1,336,399	210,939	-	-	-
Restricted	105,372,056 <sup>2</sup>	77,133,751	-	-	-
Committed	130,470	-	-	-	-
Assigned	8,458,102	22,939,415	-	-	-
Unassigned	(9,480,728)	(8,999,065)	-	-	-
Reserved	-	-	55,243,886	65,271,318	56,504,466
Unreserved, reported in:					
Special revenue funds	-	-	58,798,913	76,053,180	76,665,059
Capital projects funds	-	-	2,449,680	6,261,034	55,852,298
Debt service funds	-	-	(14,940,959)	(10,437,736)	-
Total all other governmental funds	<u>105,816,299</u>	<u>91,285,040</u>	<u>101,551,520</u>	<u>137,147,796</u>	<u>189,021,823</u>
	<u>\$ 225,435,385</u>	<u>\$ 205,631,619</u>	<u>\$ 205,740,036</u>	<u>\$ 245,125,316</u>	<u>\$ 309,667,493</u>

<sup>1</sup> In Fiscal Year 2010-11 the County implemented GASB 54 under which governmental fund balances are reported as nondisposable, restricted, committed, assigned, and unassigned.

<sup>2</sup> Includes restriction of governmental funds for the restatement of \$22.7M of MHSA (Mental Health Services Act) funds.  
See Note E.1 - Prior Period Adjustment for more specific details.

Source: Audited Financial Statements



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

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

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

	Fiscal Year				
	2012	2011	2010	2009	2008
<b>Revenues</b>					
Taxes <sup>1,2</sup>	\$ 124,191,293	\$ 116,385,423	\$ 121,801,475	\$ 134,613,147	\$ 138,987,233
Licenses, permits and franchises	6,761,316	6,580,255	5,763,943	6,690,257	6,180,001
Fines, forfeitures and penalties	3,856,956	4,146,885	4,883,821	4,772,315	5,458,554
Use of money and property	2,237,164	2,542,856	3,419,568	5,917,139	13,022,335
Intergovernmental <sup>1,2</sup>	295,317,970	309,499,470	297,119,249	301,278,100	312,049,066
Charges for services	82,663,958	89,632,816	86,456,048	79,371,133	77,340,255
Miscellaneous	15,087,609	17,068,861	17,617,361	15,087,909	12,457,166
<b>Total revenues</b>	<b>530,116,266</b>	<b>545,856,566</b>	<b>537,061,465</b>	<b>547,730,000</b>	<b>565,494,610</b>
<b>Expenditures</b>					
General government	51,734,638	55,690,156	57,522,204	60,531,698	57,450,491
Public protection	161,424,508	162,891,649	170,823,420	178,454,399	170,321,250
Public ways and facilities	11,085,389	9,619,806	9,170,245	9,380,649	9,925,757
Health services	113,838,461	112,350,121	108,637,073	107,488,354	107,707,061
Public assistance	135,210,563	146,596,884	144,765,442	146,364,841	141,943,318
Education and recreation	16,940,619	18,828,034	20,215,842	21,482,110	22,292,796
Debt service:					
Principal	13,356,531	8,663,794	12,465,882	39,691,364	11,685,419
Interest and other charges	9,724,218	10,227,822	11,266,372	12,870,803	13,171,464
Debt issuance cost	-	25,590	254,727	-	-
Capital outlay	28,929,685	13,007,061	41,366,813	37,841,019	22,992,641
<b>Total expenditures</b>	<b>542,244,612</b>	<b>537,900,917</b>	<b>576,488,020</b>	<b>614,105,237</b>	<b>557,490,197</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(12,128,346)</b>	<b>7,955,649</b>	<b>(39,426,555)</b>	<b>(66,375,237)</b>	<b>8,004,413</b>
<b>Other Financing Sources (Uses)</b>					
Capital lease financing	-	-	-	-	-
Payment to refunded bond escrow agent	-	(10,000,000)	(17,970,000)	-	-
Proceeds from refunding bonds issued	-	10,000,000	16,745,000	-	-
Proceeds from sale of tobacco settlement revenues	-	-	-	-	-
Debt proceeds	-	-	-	1,385,806	1,023,891
Premium on debt	-	-	889,673	-	-
Transfers in	125,753,015	148,145,491	165,741,868	223,869,357	169,578,877
Transfers out	(125,886,468)	(147,627,772)	(165,502,698)	(223,394,950)	(171,010,215)
Sale of capital assets	433,300	227,956	137,432	130,957	114,140
<b>Total other financing sources (uses)</b>	<b>299,847</b>	<b>745,675</b>	<b>41,275</b>	<b>1,991,170</b>	<b>(293,307)</b>
<b>Extraordinary Item</b>					
Amount to be paid to State of California per AB99	8,809,741	(8,809,741)	-	-	-
<b>Net change in fund balances</b>	<b>\$ (3,018,758)</b>	<b>\$ (108,417)</b>	<b>\$ (39,385,280)</b>	<b>\$ (64,384,067)</b>	<b>\$ 7,711,106</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>4.50%</b>	<b>3.60%</b>	<b>4.43%</b>	<b>9.12%</b>	<b>4.65%</b>

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

<sup>2</sup> Beginning in February 2012, as a result of the dissolution of redevelopment agencies by the State, amounts previously recorded as Intergovernmental revenues are recorded as Property Taxes.

Source: Audited Financial Statements

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

Fiscal Year					
2007	2006	2005	2004	2003	
					<b>Revenues</b>
\$ 132,730,738	\$ 126,709,867	\$ 78,793,277	\$ 66,961,051	\$ 59,246,973	Taxes <sup>1, 2</sup>
6,758,843	7,260,201	5,658,034	5,094,159	4,998,512	Licenses, permits and franchises
5,870,027	7,389,580	6,038,097	4,220,235	4,729,387	Fines, forfeitures and penalties
14,115,648	9,038,296	6,415,122	6,981,278	3,980,609	Use of money and property
299,974,644	289,299,129	315,166,573	308,978,705	277,130,397	Intergovernmental <sup>1, 2</sup>
75,908,930	79,239,520	77,819,413	69,730,559	59,721,371	Charges for services
15,709,000	10,364,009	11,532,508	10,377,470	7,693,931	Miscellaneous
551,067,830	529,300,602	501,423,024	472,343,457	417,501,180	Total revenues
					<b>Expenditures</b>
49,616,574	58,726,098	55,536,885	49,188,749	40,861,290	General government
162,742,367	169,226,372	138,939,757	172,365,652	128,691,041	Public protection
9,664,948	11,838,586	9,706,357	10,112,629	8,152,377	Public ways and facilities
103,618,977	106,548,470	103,458,326	111,715,224	84,249,844	Health services
135,117,611	142,105,049	123,248,736	150,785,051	121,296,428	Public assistance
22,087,999	21,363,419	15,670,356	18,172,806	12,713,005	Education and recreation
					Debt service:
11,080,862	16,689,194	8,043,797	8,394,452	7,193,245	Principal
12,405,119	12,321,580	10,561,243	8,069,620	5,157,325	Interest and other charges
1,650,505	646,905	-	1,466,120	-	Debt issuance cost
16,423,879	13,068,467	30,852,017	86,478,021	42,466,841	Capital outlay
524,408,841	552,534,140	496,017,474	616,748,324	450,781,396	Total expenditures
26,658,989	(23,233,538)	5,405,550	(144,404,867)	(33,280,216)	Excess of revenues over (under) expenditures
					<b>Other Financing Sources (Uses)</b>
-	-	56,736	-	-	Capital lease financing
(100,769,924)	-	-	-	-	Payment to refunded bond escrow agent
99,860,000	-	-	-	-	Proceeds from refunding bonds issued
-	17,397,252	-	-	55,088,473	Proceeds from sale of tobacco settlement revenues
-	42,385,000	-	96,665,000	123,862,438	Debt proceeds
2,568,489	-	-	-	4,628,748	Premium on debt
140,741,691	131,966,707	120,245,003	99,408,010	92,684,021	Transfers in
(142,086,480)	(132,032,827)	(120,065,726)	(99,674,693)	(93,047,766)	Transfers out
205,999	63,241	193,409	2,953,004	87,332	Sale of capital assets
519,775	59,779,373	429,422	99,351,321	183,303,246	Total other financing sources (uses)
					<b>Extraordinary Item</b>
-	-	-	-	-	AB99 funds transfer to State
\$ 27,178,764	\$ 36,545,835	\$ 5,834,972	\$ (45,053,546)	\$ 150,023,030	Net change in fund balances
4.62%	5.38%	4.00%	3.10%	3.02%	Debt service as a percentage of noncapital expenditures

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

<sup>2</sup> Beginning in February 2012, as a result of the dissolution of redevelopment agencies by the State, amounts previously recorded as Intergovernmental revenues are recorded as Property Taxes.

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

Fiscal Year	Real Property <sup>^</sup>				Personal Property	Exemptions	Total	Total Direct Tax Rate
	Residential Property	Commercial Property	Manufacturing Property	Other				
2012	\$ 25,406,736,940	\$ 4,391,896,802	\$ 5,221,209,453	\$ 2,882,813,020	\$ 2,602,009,561	\$ (1,705,033,678)	\$ 38,799,632,098	1.000000
2011	26,431,821,835	4,437,102,001	5,436,513,066	2,816,813,953	2,357,649,133	(2,835,879,182)	38,644,020,806	1.000000
2010	27,075,951,692	4,508,746,880	5,168,402,363	2,843,365,829	2,327,189,005	(2,666,710,367)	39,256,945,402	1.000000
2009	28,395,282,085	4,580,407,775	5,288,088,227	2,820,224,711	2,393,310,544	(2,604,270,423)	40,873,042,919	1.000000
2008	33,516,047,975	4,458,259,827	5,137,584,301	2,515,019,359	1,948,949,721	(2,257,758,318)	45,318,102,865	1.000000
2007	34,906,817,027	4,141,589,706	4,555,284,699	2,147,909,474	1,940,449,367	(2,003,357,049)	45,688,693,224	1.000000
2006	31,908,618,677	3,658,979,117	4,058,927,403	1,756,602,406	1,776,148,772	(1,614,923,088)	41,544,353,287	1.000000
2005	27,646,850,121	3,346,190,948	3,755,064,101	1,578,129,310	1,560,714,346	(1,500,576,703)	36,386,372,123	1.000000
2004	23,918,105,041	3,136,567,889	3,658,065,965	1,480,141,832	1,538,561,960	(1,451,287,952)	32,280,154,735	1.000000
2003	21,383,381,995	2,982,448,323	3,567,983,071	1,341,406,615	1,267,778,516	(1,189,231,896)	29,353,766,624	1.000000

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

Source: County of Solano - Assessor's Office

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

<b>Fiscal Year</b>	<b>County Direct Rates (1)</b>	<b>Overlapping Rates (1)</b>			<b>Total</b>
	<b>Countywide Tax</b>	<b>Local Special Districts</b>	<b>Schools</b>	<b>Cities</b>	
2012	1.000000	1.731065	0.618556	0.054277	3.403898
2011	1.000000	1.730896	0.561446	0.053492	3.345834
2010	1.000000	2.405334	0.501169	0.052144	3.958647
2009	1.000000	2.074797	0.461648	0.047902	3.584347
2008	1.000000	2.074750	0.392148	0.049006	3.515904
2007	1.000000	1.676970	0.477510	0.051024	3.205504
2006	1.000000	1.670438	0.450651	0.051243	3.172332
2005	1.000000	1.669975	0.409660	0.055807	3.135442
2004	1.000000	1.674536	0.450608	0.061253	3.186397
2003	1.000000	1.668724	0.423867	0.065584	3.158175

Note:

<sup>1</sup> County Direct Rates are ad valorem taxes levied by the County and authorized by Article 13A of the Constitution of the State of California. Overlapping rates are taxes levied to service voter-approved debt of overlapping jurisdictions such as local special districts, schools or cities.

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



**COUNTY OF SOLANO, CALIFORNIA**  
**Principal Property Tax Payers**  
**June 30, 2012 and June 30, 2003**

Taxpayer	June 30, 2012			June 30, 2003		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Genentech Inc	\$ 1,249,161,110	1	3.22%	\$ 353,599,474	2	1.20%
Valero Refining Company - Calif	1,006,340,380	2	2.59%	986,258,604	1	3.36%
Pacific Gas & Electric Company	539,314,459	3	1.39%	292,841,555	3	1.00%
Shiloh Wind Project II, LLC	294,739,509	4	0.76%			
Anheuser-Busch, Inc.	287,746,084	5	0.74%	246,218,746	4	0.84%
Shiloh I Wind Project, LLC	167,576,164	6	0.43%			
High Winds LLC	136,675,226	7	0.35%			
Alza Corporation	135,841,098	8	0.35%	105,501,633	8	0.36%
Pacific Bell Telephone Company	130,109,786	9	0.34%	170,893,385	6	0.58%
California Northern Railroad	118,363,358	10	0.31%	106,808,481	7	0.36%
BNP Leasing				221,336,854	5	0.75%
Park Management Corp				98,024,319	9	0.33%
Solano Mall LLC				86,965,547	10	0.30%
Totals	<u>\$ 4,065,867,174</u>		<u>10.48%</u>	<u>\$ 2,668,448,598</u>		<u>9.08%</u>

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

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

Fiscal Year	(1) Taxes Levied for the Fiscal Year	(2) Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2012	\$ 422,207,151	\$ 412,665,682	97.74%	\$ -	\$ 412,665,682	97.74%
2011	429,379,973	418,950,465	97.57%	5,145,803	424,096,268	98.77%
2010	443,248,555	426,044,998	96.12%	9,957,064	436,002,062	98.37%
2009	494,946,065	466,126,504	94.18%	21,032,498	487,159,002	98.43%
2008	507,245,315	472,447,183	93.14%	32,837,134	505,284,317	99.61%
2007	477,498,909	449,992,917	94.24%	24,529,447	474,522,364	99.38%
2006	429,891,175	413,880,171	96.28%	13,783,713	427,663,884	99.48%
2005	377,639,034	368,064,913	97.46%	4,390,154	372,455,067	98.63%
2004	338,754,419	332,042,337	98.02%	6,520,854	338,563,191	99.94%
2003	304,563,538	295,257,014	96.94%	9,226,875	304,483,889	99.97%

**Notes:**

- (1) Secured and Unitary tax levy for the County itself, school districts, cities, and special districts under the supervision of their own governing boards.
- (2) Included are amounts collected by the County for itself, school districts, cities, and special districts under the supervision of their own governing boards.

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

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

	<b>Fiscal Year</b>						
	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>		
<b>General Government</b>							
Notes payable	1,055,622	\$ 1,023,890	\$ 1,023,890	\$ 1,023,890	\$ 1,171,043	<sup>3</sup>	
Capital leases	302,261	513,792	1,122,586	1,303,468	16,874		
Certificates of participation	115,668,426	120,868,119	125,852,804	130,649,735	138,013,241		
Pension obligation bonds	69,630,000	77,805,000	81,105,000	88,830,000	121,020,000		
<b>Business-Type Activities</b>							
Notes payable	-	-	39,297	94,854	149,853		
Capital leases	-	-	-	-	-		
<b>Total primary government</b>	<b>\$ 186,656,309</b>	<b>\$ 200,210,801</b>	<b>\$ 209,143,577</b>	<b>\$ 221,901,947</b>	<b>\$ 260,371,011</b>		
<b>Percentage of Personal Income <sup>1</sup></b>	1.13%	1.24%	1.33%	1.40%	1.62%		
<b>Percentage of Actual Value of Taxable Property <sup>2</sup></b>	0.48%	0.52%	0.53%	0.54%	0.57%		
<b>Per Capita <sup>1</sup></b>	<b>\$ 451.09</b>	<b>\$ 484.03</b>	<b>\$ 506.13</b>	<b>\$ 537.96</b>	<b>\$ 630.18</b>		

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

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

<sup>3</sup> Please note that Rural North Vacaville Water District has become a Special District in FY 2007/08 and therefore is not part of the General Government. The decrease of \$11 million in 'Notes Payable' from FY 2006/07 to FY 2007/08 was due to that reason.

Source: Audited Financial Statements

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

				<b>Fiscal Year</b>		
	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	
						<b>General Government</b>
\$	11,864,718	\$ 13,356,468	\$ 14,897,413	\$ 16,637,923	\$ 18,022,764	Notes payable
	28,968	88,080	191,329	377,880	937,955	Capital leases
	142,576,213	146,692,575	155,954,388	162,086,201	168,748,015	Certificates of participation
	127,805,000	133,195,000	96,665,000	96,665,000	-	Pension obligation bonds
						<b>Business-Type Activities</b>
	200,965	247,631	318,517	1,420,051	1,608,192	Notes payable
	-	-	5,106	12,394	30,088	Capital leases
\$	<u>282,475,864</u>	<u>\$ 293,579,754</u>	<u>\$ 268,031,753</u>	<u>\$ 277,199,449</u>	<u>\$ 189,347,014</u>	<b>Total primary government</b>
	1.81%	1.97%	1.90%	2.05%	1.46%	<b>Percentage of Personal Income <sup>1</sup></b>
	0.62%	0.71%	0.74%	0.86%	0.65%	<b>Percentage of Actual Value of Taxable Property <sup>1</sup></b>
\$	684.56	\$ 713.70	\$ 652.83	\$ 673.81	\$ 463.03	<b>Per Capita <sup>1</sup></b>

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

<b>Fiscal Year</b>	<b>(1) Assessed Value of Property</b>	<b>(2) Debt Limit, 5% of Assessed Value</b>	<b>(3) Debt Applicable to the Limit</b>	<b>(4) Legal Debt Margin</b>	<b>Total net debt applicable to the limit as a percentage of debt limit</b>
2012	\$ 38,799,632,098	\$ 1,939,981,605	\$ -	\$ 1,939,981,605	0.00%
2011	38,644,020,806	1,932,201,040	-	1,932,201,040	0.00%
2010	39,256,945,402	1,962,847,270	-	1,962,847,270	0.00%
2009	40,873,042,919	2,043,652,146	-	2,043,652,146	0.00%
2008	45,318,102,865	2,265,905,143	-	2,265,905,143	0.00%
2007	45,688,693,224	2,284,434,661	-	2,284,434,661	0.00%
2006	41,544,353,287	2,077,217,664	-	2,077,217,664	0.00%
2005	36,386,372,123	1,819,318,606	-	1,819,318,606	0.00%
2004	32,280,154,735	1,614,007,737	-	1,614,007,737	0.00%
2003	29,353,766,624	1,467,688,331	-	1,467,688,331	0.00%

**Notes:**

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



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

<b>Year <sup>1</sup></b>	<b>Population <sup>2</sup></b>	<b>Personal Income <sup>3</sup></b>	<b>Per Capita Personal Income <sup>3</sup></b>	<b>Unemployment Rate <sup>5</sup></b>
2012	413,786	16,542,329,347 <sup>4</sup>	\$ 39,978 <sup>4</sup>	11.1%
2011	413,635	16,120,652,744 <sup>4</sup>	38,973 <sup>4</sup>	12.3%
2010	413,220	15,709,725,000	37,935	12.2%
2009	412,488	15,866,085,000	38,961	11.3%
2008	413,167	16,024,991,000	39,181	7.0%
2007	412,636	15,606,372,000	38,503	5.3%
2006	411,351	14,875,748,000	36,623	5.1%
2005	410,570	14,105,481,000	34,691	5.4%
2004	411,389	13,531,998,000	33,138	5.9%
2003	408,929	12,957,017,000	31,726	6.4%

**Detail of estimated population, as of January 1, 2012:**

**Incorporated Cities**

Benicia	26,919
Dixon	18,282
Fairfield	106,379
Rio Vista	7,418
Suisun City	27,978
Vacaville	92,092
Vallejo	115,928
Total of Incorporated	394,996
Total of Unincorporated Areas	18,790
Total Population	413,786

<sup>1</sup> Calendar year

<sup>2</sup> Obtained from State of California, Department of Finance, Demographics Research Unit

<sup>3</sup> Obtained from US Department of Commerce - Bureau of Economic Analysis, updated as of April 2012

<sup>4</sup> Estimated amounts

<sup>5</sup> Obtained from State of California Employment Development Department

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**COUNTY OF SOLANO, CALIFORNIA**  
**Principal Employers**  
**June 30, 2012 and June 30, 2003**

Employer	June 30, 2012			June 30, 2003		
	Employees	Rank	Percentage of Total County Employment <sup>1</sup>	Employees	Rank	Percentage of Total County Employment <sup>1</sup>
Travis AFB	14,353 <sup>2,3</sup>	1	7.38%	n/a <sup>5</sup>		
Kaiser Permanente	5,131 <sup>3</sup>	2	2.64%	3,110	1	1.60%
County of Solano	2,401 <sup>4</sup>	3	1.24%	3,103	2	1.60%
California Medical Facility	2,200 <sup>3</sup>	4	1.13%	n/a <sup>5</sup>		
Fairfield-Suisun Unified School District	2,000 <sup>3</sup>	5	1.03%	n/a <sup>5</sup>		
Vallejo City Unified School District	1,600	6	0.82%	n/a <sup>5</sup>		
Six Flags Marine World	1,600 <sup>3</sup>	7	0.82%	1,688	3	0.87%
California State Prison Solano	1,400 <sup>4</sup>	8	0.72%	n/a <sup>5</sup>		
NorthBay Healthcare System	1,115 <sup>3</sup>	9	0.57%	1,000	4	0.52%
Vacaville Unified School District	1,100 <sup>3</sup>	10	0.57%	n/a <sup>5</sup>		
Valero Refining Company				995	5	0.51%
Albertson's Distribution Center				700	6	0.36%
Alza Corporation				700	7	0.36%
Sutter Solano Medical Center				581	8	0.30%
Westamerica Bancorporation				542	9	0.28%
Anheuser-Busch				500	10	0.26%
Totals	<u>32,900</u>		<u>16.92%</u>	<u>12,919</u>		<u>6.66%</u>

<sup>1</sup> Total County employment figure-obtained from State of California Employment Development Department

<sup>2</sup> Travis AFB employment figure-consists of active USAF military personnel and civilians

<sup>3</sup> Employment figure from the Solano Economic Development Corporation

<sup>4</sup> County of Solano employment figure-actual from Human Resources Department, not from Recommended Budget

<sup>5</sup> Employment figure as of 6/30/03 not available

Sources: County of Solano, Travis AFB Website, School Districts staff

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

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
<b>Function/Program</b>					
General government	227.05	250.25	271.50	288.00	280.00
Public protection	951.50	992.25	1,160.00	1,243.50	1,237.00
Public ways and facilities	61.50	63.50	73.50	75.50	76.50
Health services	421.70	460.10	477.10	520.08	520.83
Public assistance	623.30	639.00	674.50	711.50	713.50
Education and recreation	124.23	140.50	151.23	153.73	152.23
Nut Tree Airport	3.00	4.00	5.00	5.00	4.00
Fouts Springs Youth Facility	-	29.00	30.00	30.00	29.00
Internal service	57.00	64.00	79.50	88.50	86.50
Total	<u>2,469.28</u>	<u>2,642.60</u>	<u>2,922.33</u>	<u>3,115.81</u>	<u>3,099.56</u>

Source: County of Solano Adopted Budget

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

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



**COUNTY OF SOLANO, CALIFORNIA**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Function/Program</b>										
General government										
Clerk-Recorder-Assessor - documents recorded	133,970	131,249	122,646	110,104	119,333	172,494	213,267	227,032	240,195	231,751
Public protection										
Number of felony cases filed-District Attorney <sup>#</sup>	3,030	3,538	3,722	3,820	3,961	4,198	3,804	4,122	3,795	3,661
Number of misdemeanor cases filed-District Attorney <sup>#</sup>	5,676	9,281	8,211	10,056	11,382	9,404	7,680	8,085	9,819	9,853
Number of juvenile petitions-District Attorney <sup>#</sup>	534	876	1,191	1,496	1,746	1,964	1,516	1,470	1,367	1,273
Number of Bookings-Sheriff	14,628	14,767	16,323	18,485	19,629	25,415	17,780	17,901	17,939	19,174
Average Daily Population-Juvenile Hall	73	76	80	86	76	89	58	78	78	71
Average Daily Population-New Foundation	23	29	24	26	21	26	24	25	24	22
Average Intake-Juvenile Hall	106	133	141	175	173	180	111	175	153	130
Number of building permits issued	729	614	545	699	760	990	829	923	890	940
Public ways and facilities										
Miles of roads maintained	585	586	586	587	587	587	589	595	595	600
Health services & public assistance										
Average monthly medical clinic visits	3,700	3,886	3,641	3,348	3,259	2,757	2,331	2,547	2,561	2,565
Average monthly dental clinic visits	514	608	616	396	429	354	344	368	344	403
Average monthly food stamp recipients	39,539	37,051	33,102	27,662	22,590	20,599	18,271	16,096	13,878	12,202
Average monthly MediCal beneficiaries	68,652	67,867	65,850	62,197	59,706	57,487	57,373	54,651	52,466	49,694
Average monthly CalWorks cash assistance recipients	14,215	15,466	15,443	14,359	13,390	12,486	11,970	11,118	10,330	9,623
Average monthly General Relief recipients	1,018	1,128	1,141	973	792	685	651	456	371	306
Education and recreation										
Total circulation	3,700,433	3,961,868	4,101,677	3,794,831	3,283,812	2,951,709	2,686,203	2,753,787	2,646,019	2,418,093
Total circulation - SNAPweb	808,163	838,622	812,830	670,825	568,493	478,578	448,410	409,897	355,256	287,369
Number of library patrons	1,875,945	2,041,610	2,206,518	2,248,937	2,063,232	1,928,345	1,497,667	1,549,998	1,529,006	1,435,064
Number of parks	4	4	4	4	4	4	3	3	3	3
Number of park visitors	180,495	185,453	182,434	189,703	221,806	261,351	166,735	179,371	171,144	172,143
Nut Tree Airport										
Takeoffs and landings	101,500	100,500	104,000	102,500	102,500	105,000	101,500	n/a	n/a	n/a
Fouts Springs Youth Facility										
Average Daily Population	- ^	43	47	54	58	56	49	65	81	102
Internal service										
Number of Fleet Vehicles	468	482	480	514	502	502	507	500	498	462
Number of Annual Fleet Miles Driven	4,133,096	4,025,516	4,299,929	5,214,737	5,300,563	4,947,911	4,529,923	4,519,141	4,579,844	4,443,087

<sup>\*\*</sup> Information not available

<sup>#</sup> Information based on calendar year

<sup>\*</sup> Adjusted figures as of 6/30/11

<sup>^</sup> No figure since FSYF closed in July 2011

Source: Various County departments

**COUNTY OF SOLANO, CALIFORNIA**  
**Capital Asset Statistics by Function**  
**Last Ten Fiscal Years**

	Fiscal Year									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
<b>Function/Program</b>										
General government										
Buildings	17	17	16	16	15	13	13	12	11	11
Public protection										
Sheriff sub stations	-	-	1	2	3	3	3	3	3	3
Patrol units	21	21	20	23	20	20	22	22	22	n/a
Jail and detention facilities	3	3	3	3	3	3	3	3	3	3
Public ways and facilities										
Miles of roads <sup>#</sup>	585	586	586	587	587	587	589	595	595	600
Health services & public assistance										
Clinics & administration buildings	6	6	8	6	7	7	7	7	7	7
Education and recreation										
Branch libraries	8	8	8	8	8	8	7	6	6	6
Veterans buildings	6	6	6	6	5	5	5	5	5	5
Public parks acreage	1,259	1,259	1,259	1,259	1,259	1,259	225	225	225	225
Nut Tree Airport										
Number of runways	1	1	1	1	1	1	1	1	1	1
Fouts Springs Youth Facility										
Detention facilities	1	1	1	1	1	1	1	1	1	1

<sup>n/a</sup> Information not available

<sup>#</sup>Information based on calendar year

Source: Various County departments

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