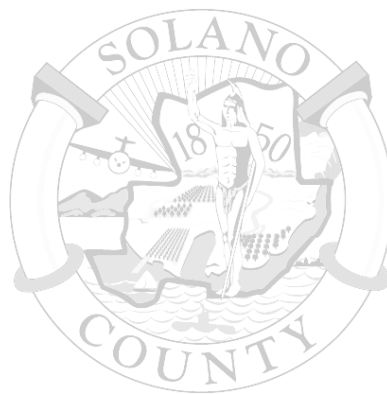


**County of Solano, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2006**



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

County of Solano, California



Comprehensive Annual Financial Report

For the fiscal year ended

June 30, 2006

Prepared by:

Office of the Auditor-Controller

Simona Padilla-Scholtens, CPA
Auditor-Controller

County of Solano, California
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2006

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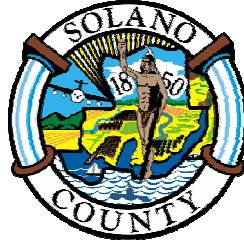
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INTRODUCTORY SECTION

SIMONA PADILLA-SCHOLTENS, CPA
AUDITOR-CONTROLLER

PHYLLIS TAYNTON, CPA
ASSISTANT AUDITOR-CONTROLLER



675 TEXAS STREET, SUITE 2800
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November 30, 2006

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

General-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants. We hereby issue the comprehensive annual financial report of the County of Solano for the fiscal year ended June 30, 2006.

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 government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by Macias Gini & 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, 2006, 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, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

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

Profile of the Government:

General Information

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

The County limits residential and commercial development outside of cities, thus preserving almost 85% of the land for open space or agricultural uses. Agriculture and military installations have historically been strong contributors to the County's economy. In recent years, the County has fostered economic growth and diversification by encouraging industrial, manufacturing and biotechnology development. The availability of land and the relatively low cost of housing, as well as job opportunities, continue to encourage economic development in the County.

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

County Government

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

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

County Services

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

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

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

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

Factors Affecting Financial Condition:

Budgetary Information

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

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

Population and Local Economy

The County's population as of January 2006 was approximately 422,848, an increase of approximately 0.3% over last year's estimate and 7.2% over the 2000 census. The County's population ranks 19th out of 58 California counties. Solano County is considered the fastest growing of the nine Bay Area counties in terms of size. A key element of the County's rapid growth has been migration into the County; immigration has accounted for most of the County's growth since 1980. The County population is increasing an average of 1.3% annually with the most notable changes occurring in the cities of Rio Vista with 98.9% increase, and Dixon with a 28.6% increase over the past 10 years. The other cities in the County also showed population increases over this ten-year period.

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

Long-term Financial Planning

On October 31, 2005, the Board reaffirmed its policy to maintain General Fund Reserves (reserves) equal to 5% of the County's total budget, excluding inter fund transfers, and to maintain Contingencies equal to 5% of the General Fund total budget. The reserve should be used (1) to phase into fiscal distress periods gradually, focusing on maintaining the Board's priorities, (2) as the last resort to balance the County Budget, and (3) to maintain, at all times, a minimum of \$10 million in the reserve and spending of the reserves should not exceed \$4 million a year. General Fund contingency is used to mitigate the impact of potential risks to the General Fund from funding problems that may occur in the General Fund and other funds.

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

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

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

In addition, the County issued Taxable Pension Obligation Bonds to reduce the County's obligations with the California Public Employee's Retirement System (CalPERS) for the Unfunded Accrued Actuarial Liability (UAAL) for retirement benefits. This strategy enhances future flexibility and the predictability of the pension contributions rates. It also saves tax payers dollars in the interest rate savings over the life of the bonds.

Cash Money Policies and Practices

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

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

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

Cash temporarily idle during the year was invested in certificates of deposit, money market mutual funds, Local Agency Investment Fund (LAIF), CalTRUST, CAMP, corporate notes, obligations of the U.S. Treasury, municipal notes, and the State Treasurer's investment pool. The maturities of the investments range from one day to six years, with an average maturity of 13 months. Interest rates on investments were between 1.000% and 6.250% for the government. Investment earnings includes appreciation in the fair value of its investments. Increases in fair value during the current year, however, do not necessarily represent trends that will continue; it is always possible to realize such amounts, especially in the case of temporary changes in the fair value of investments the government intends to hold to maturity.


Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Solano for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2005. This is the fourth consecutive year that the County has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff in the Auditor-Controller's Office. I want to express my appreciation to staff for their outstanding support in the preparation of this report. I would like to specifically acknowledge Phyllis Taynton, Sheila Turgo, Raymond Catapang, and Suganthi Krishnan for their hard work & dedication. Credit also must be given to the County Administrator and the Board of Supervisors for their support in maintaining the highest standards of professionalism in the management of the County's finances.

Respectfully submitted,



Simona Padilla-Scholtens, CPA
Auditor-Controller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

County of Solano
California

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005

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



President

Executive Director

ELECTORATE

BOARD OF SUPERVISORS



Michael D. Johnson
County Administrator



Dennis Bunting
County Counsel

ELECTED OFFICIALS



Gary Stanton
Sheriff



Charles Lomeli
Treasurer/
Tax Collector/



Marc Tonnesen
Assessor/Recorder



Simona Padilla-
Scholtens
Auditor-Controller



David W. Paulson
District Attorney

APPOINTED OFFICIALS



Jearl Howard
Agriculture/
Weights & Measures



Donald W. Turko
Human Resources



Ira Rosenthal
Info. Technology/
Registrar of Voters



Carole Paterson
Cooperative Extension



Patrick Duterte
Health &
Social Services



Ann Cousineau
Library Services



Pamela Posehn
Child Support
Services



John Taylor
General Services



Isabelle Voit
Probation



Jeffrey Thoma
Public Defender



Birgitta Corsello
Resource
Management



William Reardon
Veterans Services

Indicates Budgetary Control Only



SOLANO COUNTY DEPARTMENT HEAD LISTING

Ag Commissioner/Sealer of Weights & Measures	Jearl D. Howard	421-7465
Assessor/Recorder	Marc C. Tonnesen	784-6200
Auditor-Controller	Simona Padilla-Scholten	784-6280
Child Support Services	Pamela K. Posehn	784-7210
Cooperative Extension	Carole Paterson	421-6790
County Administrator	Michael D. Johnson	784-6100
County Counsel	Dennis Bunting	784-6140
District Attorney	David W. Paulson	784-6800
Fouts Springs Youth Facility	Isabelle Voit	784-7600
General Services	John E. Taylor	784-7900
Health & Social Services	Patrick Duterte	784-8400
Human Resources/Risk Management	Donald W. Turko	784-6170
Information Technology	Ira Rosenthal	784-6340
Library	Ann Cousineau	421-6510
Probation	Isabelle Voit	784-7600
Public Defender/Conflict Public Defender	Jeffrey E. Thoma	784-6700
Resource Management	Birgitta Corsello	784-6765
Sheriff/Coroner	Gary Stanton	784-7030
Treasurer-Tax Collector-County Clerk	Charles Lomeli	784-6295
Veteran Services	William Reardon	784-6590
Workforce Investment Board (WIB)	Robert L. Bloom	864-3370

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FINANCIAL SECTION



MACIAS GINI & O'CONNELL LLP
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the County of Solano, California (County), as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the basic financial statements of the Solano County Fair component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for that entity, is based solely on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the County of Solano, California, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note I to the financial statements, effective July 1, 2005, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 46, *Net Assets Restricted by Enabling Legislation – an amendment of GASB No. 34*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 20, 2006 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

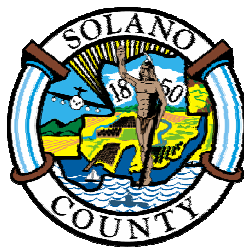
Macías Gini & O'Connell LLP

Certified Public Accountants

Sacramento, California
October 20, 2006

SIMONA PADILLA-SCHOLTENS, CPA
AUDITOR-CONTROLLER

PHYLLIS TAYNTON, CPA
ASSISTANT AUDITOR-CONTROLLER



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Management's Discussion and Analysis

As management of the County of Solano, California, (County) we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2006. 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, 2006 by \$567,830,115 (net assets). Of this amount, \$215,622,486 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$57,993,526 as a result of the current year's operations.
- At June 30, 2006, the County's governmental funds reported combined ending fund balances of \$274,777,623, an increase of \$36,545,835, as a result of the current year's operations. Approximately 86% of this total amount, or \$236,642,980, is available for spending at the government's discretion (unreserved fund balance) and 14% of this amount, or \$38,134,643, is reserved.
- At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$32,161,332 or 47% of total General Fund expenditures excluding a one-time expenditure of \$41,447,214 to CalPERS. This one-time expenditure represents the payment of a portion of the Unfunded Actuarial Accrued Liability (UAAL) to CalPERS.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the County's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, and earned but unused vacation leave). Both of these government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, public protection, public ways and facilities, health services, public assistance, and education and recreation. The business-type activities of the County include the Nut Tree Airport and the Fouts Springs Youth Facility.

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

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

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

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

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

The County maintains 21 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Health & Social Services Special Revenue Fund, Public Safety Special Revenue Fund, and Tobacco Settlement Special Revenue Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 30 - 34 of this report.

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

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

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

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

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 – 72 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budgetary comparison schedules for the General Fund and all major special revenue funds as well as the schedules of funding progress for the retirement programs. Required supplementary information can be found on pages 73 – 78 of this report.

The combining statements referred to earlier in connection with nonmajor governmental and internal service funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 79 – 123 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a County’s financial position. In the case of the County, assets exceeded liabilities by \$567,830,115 at June 30, 2006.

Statement of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets	\$ 504,974,278	\$ 416,302,042	\$ (2,234,403)	\$ (538,556)	\$ 502,739,875	\$ 415,763,486
Capital assets	432,878,502	434,219,322	12,057,440	10,593,631	444,935,942	444,812,953
Total assets	<u>\$ 937,852,780</u>	<u>\$ 850,521,364</u>	<u>\$ 9,823,037</u>	<u>\$ 10,055,075</u>	<u>\$ 947,675,817</u>	<u>\$ 860,576,439</u>
Long-term obligations	\$ 326,250,663	\$ 299,138,662	\$ 532,584	\$ 565,118	\$ 326,783,247	\$ 299,703,780
Other liabilities	52,733,966	50,802,274	328,489	233,796	53,062,455	51,036,070
Total liabilities	<u>378,984,629</u>	<u>349,940,936</u>	<u>861,073</u>	<u>798,914</u>	<u>379,845,702</u>	<u>350,739,850</u>
Net assets:						
Invested in capital assets, net of related debt	273,169,996	274,177,088	11,809,809	10,270,009	284,979,805	284,447,097
Restricted net assets	67,227,824	66,569,676	-	-	67,227,824	66,569,676
Unrestricted net assets	218,470,331	159,833,664	(2,847,845)	(1,013,848)	215,622,486	158,819,816
Total net assets	<u>558,868,151</u>	<u>500,580,428</u>	<u>8,961,964</u>	<u>9,256,161</u>	<u>567,830,115</u>	<u>509,836,589</u>
Total liabilities and net assets	<u>\$ 937,852,780</u>	<u>\$ 850,521,364</u>	<u>\$ 9,823,037</u>	<u>\$ 10,055,075</u>	<u>\$ 947,675,817</u>	<u>\$ 860,576,439</u>

By far the largest portion of the County’s net assets (50%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County’s net assets (12%) represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (38%) may be used to meet the County’s ongoing obligations to citizens and creditors.

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

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

Current and other assets: The increase of approximately \$87,000,000 is attributed to the increase in pension assets resulting from the payment of the Unfunded Actuarial Accrued Liability (UAAL) to CalPERS, increase in cash due to proceeds from second securitization of Tobacco Settlement revenue, increases in tax revenues, and unspent funds for capital projects which are in the early stages of planning and therefore minimal costs have been incurred.

Long-term obligations: The increase of approximately \$27,000,000 is primarily due to the issuance of the Series 2005 Pension Obligations Bonds (\$42,000,000). This was offset by principal payments on long-term debt during the year (\$15,000,000).

Unrestricted net assets: The increase of approximately \$56,800,000 is primarily related to increase in property tax revenues, receipt of proceeds from the second securitization of Tobacco Settlement revenue, and unspent funds for various projects which are in the early stages of planning and therefore minimal costs have been incurred.

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

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

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 79,774,941	\$ 79,409,006	\$ 3,342,391	\$ 3,445,533	\$ 83,117,332	\$ 82,854,539
Operating grants and contributions	278,885,706	264,093,871	748,146	689,649	279,633,852	264,783,520
Capital grants and contributions	-	1,809,000	280,415	1,079,079	280,415	2,888,079
General revenues:						
Property taxes	113,372,286	65,735,256	258,855	215,716	113,631,141	65,950,972
Other taxes	7,290,036	7,357,209	-	-	7,290,036	7,357,209
Tobacco settlement proceeds	17,397,252	-	-	-	17,397,252	-
Intergovernmental	17,112,250	49,225,813	40,679	37,072	17,152,929	49,262,885
Interest and investment earnings	8,998,933	6,107,084	(39,227)	20,345	8,959,706	6,127,429
Other	12,236,879	13,084,692	53,933	64,239	12,290,812	13,148,931
Gain on sale of capital assets	-	1,432	-	-	-	1,432
Total Revenues	535,068,283	486,823,363	4,685,192	5,551,633	539,753,475	492,374,996
Expenses:						
General government	56,558,886	50,668,082	-	-	56,558,886	50,668,082
Public protection	145,029,057	143,497,198	-	-	145,029,057	143,497,198
Public ways and facilities	14,258,190	13,111,022	-	-	14,258,190	13,111,022
Health services	98,074,826	103,089,445	-	-	98,074,826	103,089,445
Public assistance	130,957,165	122,936,114	-	-	130,957,165	122,936,114
Education and recreation	19,140,185	15,887,886	-	-	19,140,185	15,887,886
Interest on long-term debt	12,848,298	12,548,175	-	-	12,848,298	12,548,175
Nut Tree Airport	-	-	1,592,100	1,362,902	1,592,100	1,362,902
Fouts Springs Youth Facility	-	-	3,301,242	3,948,500	3,301,242	3,948,500
Total Expenses	476,866,607	461,737,922	4,893,342	5,311,402	481,759,949	467,049,324
Excess before transfers	58,201,676	25,085,441	(208,150)	240,231	57,993,526	25,325,672
Transfers	86,047	74,698	(86,047)	(74,698)	-	-
Change in net assets	58,287,723	25,160,139	(294,197)	165,533	57,993,526	25,325,672
Net assets – beginning	500,580,428	475,420,289	9,256,161	9,090,628	509,836,589	484,510,917
Net assets – ending	\$ 558,868,151	\$ 500,580,428	\$ 8,961,964	\$ 9,256,161	\$ 567,830,115	\$ 509,836,589

Governmental activities. Governmental activities increased the County's net assets by \$58,287,723 thereby accounting for 100% of the total growth in the net assets of the County. Total governmental revenues increased from the prior year by \$48,244,920. Total governmental expenses increased from the prior year by \$15,128,685.

The significant changes are as follows:

Revenues: Total revenues for the County’s governmental activities increased by 9.91% from prior year.

Operating grants and contribution:

Increase of \$14,791,835 over prior year is primarily due to the following:

- \$1,671,317 increase in revenue due to the receipt of SB90 reimbursement.
- \$3,446,848 increase attributable to federal grant received from the Department of Homeland Security for the radio interoperability program, increase in Proposition 172 sales tax revenue collected for public safety due to increased sales activity, and an increase in state grants related to other public safety programs.
- \$2,689,801 increase is attributable to the grant received for Proposition 42 (Traffic Congestion Relief), increase in federal grants for maintenance projects and for projects related to federally declared disaster area.
- Increase in state and federal grants of approximately \$6,633,436 by Health & Social Services Department due to increase in caseload for various health services and public assistance programs (Medi-Cal, In-Home Supportive Services) and reimbursements for expenses related to the implementation of the statewide CalWIN system.

General Revenues:

The \$34,896,150 net increase in general revenues over prior year is due to the following:

- Property taxes increased by \$47,637,030 over prior year. A significant portion of this increase is attributable to the reclassification of the Property Tax in lieu of Vehicle Licence Fee (VLF) revenue, previously classified as intergovernmental revenue. Also, there was an increase in the Property Tax in lieu of VLF revenue due to growth in property values and a one-time “true-up” adjustment determined by the State. Lastly, Solano County continued to experience strong real estate activity during the fiscal year causing an overall increase in assessed values of real property.
- \$17,397,252 represents the proceeds from the second securitization of Tobacco Settlement revenues.
- The interest and investment earnings increased by \$2,891,849 primarily from greater return on investments due to increasing interest rates, the healthy cash position of the General Fund, and a one-time receipt of interest from the VLF Gap Loan program.
- Other taxes, intergovernmental, and gain on sale of capital assets decreased by \$33,029,981 over prior year. A significant portion of this decrease is attributable to the reclassification of Motor Vehicle in Lieu revenue to Property Tax in Lieu of VLF revenue due to change in legislation. Also, the amount in prior year included proceeds from the sale of the VLF gap loan receivable.

Expenses:

General government:

Expenses for general government increased by \$5,890,804 over the prior year. The increase was due primarily to increases in salaries and benefits due to annual COLA, retirement costs, health insurance costs and worker’s compensation costs. In addition, depreciation expense increased by approximately \$2,100,000 due to a full year’s depreciation for the new government center.

Public protection:

Expenses for public protection (i.e. judicial services, police, detention and correction) increased by \$1,531,859. The increase was due to increases in salaries and benefits due to the annual COLA, overtime, retirement costs, health insurance and worker's compensation costs. In addition, services and supplies increased due to increases in liability insurance and other professional services.

Public ways and facilities:

Expenses for public ways and facilities increased by \$1,147,168. The increase was due primarily from increased other professional services costs resulting from a number of maintenance projects completed during the year.

Health services:

Expenses decreased by \$5,014,619 over the prior year. The decrease was primarily due to the decrease in costs for contracted direct services associated with the County Medical Services Program (CMSP) Managed Care pilot program. This program expired during this fiscal year.

Public assistance:

Expenses increased by \$8,021,051 over prior year. The increase was due primarily to increases in salaries and benefits due to annual COLA, retirement costs, health insurance and worker's compensation costs. In addition, services and supplies increased due to increases in other professional services and data processing services. Also, there was an increase in costs related to child welfare services, adult services and assistance programs resulting from increase in caseloads in food assistance, Medi-Cal and general relief programs.

Education and recreation:

Expenses increased by \$3,252,299 over prior year. The increase was due primarily to additional contributions to the City of Fairfield for the construction of the Cordelia Library. In addition, salaries and benefits increased due to COLA, retirement, and health insurance costs.

Business-type activities. Business-type activities decreased the County's net assets by \$294,197. The key element of this decrease is due to the strained fiscal condition of Fouts Spring Youth Facility resulting from declining ward placement and population.

Financial Analysis of the County's Funds

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

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

At June 30, 2006, the County governmental funds reported combined ending fund balances of \$274,777,623 an increase of \$36,545,835, as a result of current year operations. Of the \$274,777,623, 86% (or \$236,642,980) constitutes unreserved fund balance, which is available for spending at the County's discretion. The remainder of fund balance is reserved to indicate it is not available for spending because it has already been committed: a) to liquidate contracts and purchase orders of the prior period (\$19,087,620); b) to pay debt service (\$9,235,620); c) to reflect long-term receivables that do not represent available spendable resources (\$6,351,312); d) to pay for future capital projects of the County (\$263,914); and e) other reserves (\$3,196,177).

General Fund:

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, unreserved, undesignated fund balance of the General Fund was \$32,161,332, while total fund balance reached \$91,680,585. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved, undesignated fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 128% of the total General Fund expenditures excluding one-time expenditure to CalPERS for the payment of a portion of the County's UAAL, while total fund balance represents 133% of that same amount.

The fund balance of the General Fund increased by \$19.2 million during the current fiscal year. Total property taxes increased by 71.43% as compared to the prior year. A significant portion of this increase is attributable to the reclassification of the Property Tax in lieu of VLF revenue, previously classified as intergovernmental revenue. Also, there was an increase in Property Tax in lieu of VLF revenue due to growth in property values and a one-time "true-up" adjustment determined by the State. Solano County continued to experience strong real estate activity during the fiscal year causing an overall increase in assessed values of real property. Licenses, permits and franchise revenues increased by 28.82% primarily due to fee increases and increases in the number of solid waste and liquid permits, grading permits, food facility permits and hazardous material facility permits. Intergovernmental and other revenues decreased by 57.14% over prior year. A significant portion of this decrease is attributable to the reclassification of Motor Vehicle in Lieu revenue to Property Tax in Lieu of VLF revenue due to a change in legislation. Also, the amount in prior year included one-time revenue and proceeds from the sale of the VLF gap loan receivable. The interest income increased by 56.56% due to increasing interest rates in the marketplace, healthy cash position of the General Fund, and from one-time receipt of interest income from the VLF Gap Loan program.

Other Governmental Funds:

The fund balance of the Other Governmental Funds increased by \$18,263,647 in the current year. The increase is primarily due to the receipt of the proceeds from the second sale of tobacco settlement revenue (\$17,397,252).

Revenues by Source:

Revenues for governmental functions totaled \$529,300,602 in FY 05/06. This represents a 5.55% increase from FY 04/05.

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

**Revenues Classified by Source
Governmental Funds**

Revenues by Source	2006		2005		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 126,709,867	23.94%	\$ 78,793,277	15.71%	\$ 47,916,590	60.81%
Licenses, permits and franchises	7,260,201	1.37%	5,658,034	1.13%	1,602,167	28.32%
Fines, forfeitures and penalties	7,389,580	1.40%	6,038,097	1.20%	1,351,483	22.38%
Use of money and property	9,038,296	1.70%	6,415,122	1.28%	2,623,174	40.48%
Intergovernmental	289,299,129	54.66%	315,166,573	62.85%	(25,867,444)	(8.21)%
Charges for services	79,239,520	14.97%	77,819,413	15.52%	1,420,107	1.82%
Miscellaneous	10,364,009	1.96%	11,532,508	2.31%	(1,168,499)	(10.13)%
Total	\$ 529,300,602	100.00%	\$ 501,423,024	100.00%	\$ 27,877,578	5.55%

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

- Taxes: The increase of \$47,916,590 is attributable to the reclassification of the Property Tax in lieu of VLF revenue, previously classified as intergovernmental revenue. Also, there was an increase in Property Tax in lieu of VLF revenue due to growth in property values and a one-time “true-up” adjustment determined by the State. Lastly, Solano County continued to experience strong real estate activity during the fiscal year causing an overall increase in assessed values of real property.
- Licenses, permits and franchise: The increase of \$1,602,167 is due primarily from fee increases and an increase in the number of permits issued during the year.
- Fines, forfeitures and penalties: The increase of \$1,351,483 is due primarily from a one-time settlement received from Kinder Morgan.
- Use of money and property: The increase of \$2,623,174 is due to increasing interest rates in the marketplace, healthy cash position of the General Fund, and from a one-time receipt of interest income from the VLF Gap Loan program.
- Intergovernmental: The net decrease of \$25,867,444 is attributable to the reclassification of Motor Vehicle in Lieu revenue to Property Tax in Lieu of VLF revenue due to change in legislation. Also, the amount in prior year included proceeds from the sale of the VLF gap loan receivable. The decrease is offset by increases in funding to Health & Social Services from the State & Federal governments for various health services and public assistance programs; increases in funding to Public Safety Fund for various State and Federal public safety programs and increased Proposition 172 sales tax revenue.
- Charges for services: The net increase of \$1,420,107 primarily consists of increases in administrative overhead charges and Building Use charges to the departments housed in the new County Administration Center and the Probation buildings; and increases in Library collection from the Vacaville Library District. The increase is offset by a decrease in Public Facilities Fees collection due to fewer building permits issued during the year.

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

**Expenditures by Function
Governmental Funds**

Expenditures by Function	2006		2005		Increase (Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 58,726,098	10.63%	\$ 55,536,885	11.20%	\$ 3,189,213	5.74%
Public protection	169,226,372	30.62%	138,939,757	28.00%	30,286,615	21.80%
Public ways and facilities	11,838,586	2.14%	9,706,357	1.96%	2,132,229	21.97%
Health services	106,548,470	19.28%	103,458,326	20.86%	3,090,144	2.99%
Public assistance	142,105,049	25.72%	123,248,736	24.85%	18,856,313	15.30%
Education and recreation	21,363,419	3.87%	15,670,356	3.16%	5,693,063	36.33%
Debt service – principal retirement	16,689,194	3.02%	8,043,797	1.62%	8,645,397	107.48%
Debt service – interest charges	12,321,580	2.23%	10,561,243	2.13%	1,760,337	16.67%
Debt service – issuance cost	646,905	0.12%	-	0.00%	646,905	100.00%
Capital outlay	13,068,467	2.37%	30,852,017	6.22%	(17,783,550)	(57.64)%
Total	\$ 552,534,140	100.00%	\$ 496,017,474	100.00%	\$ 56,516,666	11.39%

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

- An increase in expenditures of \$56,516,666 for all functions is primarily attributed to the payment of a portion of the Unfunded Actuarial Accrued Liability (UAAL) to CalPERS. This is a one-time expenditure allocated by function.
- Public protection: The increase of \$30,286,615 resulted from the department's share of \$18,473,899 in the UAAL and \$11,812,716 increases in salaries and benefits due to the annual COLA, overtime, retirement costs due to enhanced benefits, and compensation insurance. Services and supplies increased due to increases in liability insurance due to rate increases, maintenance costs, data processing charges and contracted services. In addition, other charges increased primarily from Countywide Administration Overhead and building use charges resulting from the use of the new County Administration Center.
- Public ways and facilities: The increase in \$2,132,229 resulted from the department's share of \$954,481 in the UAAL and \$1,177,748 increases in other professional services costs resulting from a number of maintenance projects completed during the year
- Health services: The net increase of \$3,090,144 resulted from the department's share of \$6,675,049 in the UAAL and \$3,584,905 decrease in the costs of contracted services associated with the County Medical Services Program (CMSP) Managed Health Care Pilot Program. This program ended during the first quarter of the current fiscal year.
- Public assistance: The increase of \$18,856,313 resulted from the department's share of \$8,811,700 in the UAAL and \$10,044,613 increases in costs related to child welfare services, adult services and assistance programs from providing more services to the public particularly in Medi-cal and food assistance.
- Education and recreation: The increase of \$5,693,063 resulted from the department's share of \$1,693,041 in the UAAL and \$4,000,022 increase in contribution to the City of Fairfield for the construction of the Cordelia Library and increases in salaries and employee benefits due to COLA, increases in retirement costs, insurance costs and leave payoffs due to retirement.

- Debt service – Principal retirement: An increase of \$8,645,397 in principal retirement is primarily due to the additional principal payment for the Series 2004-B1 (\$5,000,000) and Series 2005 (\$855,000) Pension Obligation Bonds; and the remaining increase is attributed to increase in principal payments for the 2001 and 2002 Certificates of Participation (COP).
- Debt service – Interest charges: The net increase of \$1,760,337 in interest charges was primarily due to the interest payment for the Series 2004 and 2005 Pension Obligation Bonds.
- Capital outlay: The decrease of \$17,783,550 was attributable to less capital projects activity during the current fiscal year due to the completion of the County Administrative Center, Probation Building and the Cogeneration Plant Expansion project.

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

Unrestricted net assets of the Nut Tree Airport at the end of the year was a negative \$910,157 and the unrestricted net assets for the Fouts Springs Youth Facility was a negative \$1,937,688. Net assets for the Nut Tree Airport increased by \$418,350 and net assets for Fouts Springs Youth Facility decreased by \$712,547. The decrease in net assets for Fouts Springs was due to decreases in revenues from service charges to other counties and a decline in Ranch & Camp funds from State governments due to the decline in ward population.

General Fund Budgetary Highlights

The General Fund Budget (Original and Final versions) is reflected in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, as presented on page 74 in the Required Supplementary Information (RSI) section of this report.

The County’s final budget differs from the original budget as a result of supplemental appropriations approved during the year. Total budgeted revenues increased by \$2,238,665 or 1.33 percent, from the original budget. Actual revenues were more than the final budgeted revenues by \$16,038,034 or 9.37 percent. Total appropriations increased by \$44,874,995 or 61.04 percent, from the original budget. Actual expenditures were less than the final appropriations by \$7,915,856, or 6.69 percent. Significant factors affecting these changes were as follows:

Original Budget vs. Final Budget

Appropriations Variances:

- An increase of \$41,389,654 in appropriations to the General Expenditures represents a one-time expenditure for payment of a portion of the County’s UAAL to CalPERS. The remaining increase represents General Services increase in utilities and Environmental Management’s increases in contracted and other professional services.

Other Financing Sources (Uses) Variances:

Increase in Debt issued – Increase in budgeted revenues of \$42,177,853 to provide for the receipt of proceeds from the issuance of pension obligation bonds to pay for a portion of the County’s UAAL with CalPERS.

Final Budget vs. Actual Amounts

During the year, revenues recognized exceeded budgetary revenue estimates by \$16.04 million and expenditures were less than appropriations by \$7.9 million, thus eliminating the need to draw upon existing fund balance.

Revenue Variances:

- Property tax revenue was higher than budgeted by \$13,678,842 due to increases in assessed property values, increase in home sales due to growth, strong real estate market in Solano County, and increase in Property Tax in Lieu of VLF revenue due to a one-time “true-up” adjustment determined by the State.
- Revenue from use of money and property was higher than budgeted due to the one-time receipt of interest income from the VLF Gap Loan program and higher interest rates. In addition, the General Fund’s cash balance was healthy throughout the year and as a result, interest earnings were higher than anticipated.
- Miscellaneous revenues were higher than budgeted due to additional transfer from the tax loss reserve fund.

Expenditure Variances:

- The Final Budget for Registrar of Voters – The department anticipated increases in expenditures in various categories in anticipation of conducting two elections. However, expenditures didn’t materialize due to legislative actions that required modifications to the implementation of the new voting system.
- The Final Budget for General Expenditures - Included appropriations for other professional services which did not materialize in the current year and lower Maintenance of Effort (MOE) paid to the County Courts during the year.

Capital Asset and Debt Administration

Capital assets. The County’s capital assets for its governmental and business-type activities as of June 30, 2006, amount to \$444,935,942 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, roads, and bridges. The total increase in the County’s capital assets for the current fiscal year was \$122,989 or .03%.

	Governmental Activities		Business-type Activities		Total		Increase (Decrease)
	2006	2005	2006	2005	2006	2005	Percent of change
Land	\$ 151,506,419	\$ 149,689,048	\$ 4,440,940	\$ 2,652,986	\$ 155,947,359	\$ 152,342,034	2.37%
Infrastructure	92,713,026	88,311,584	-	-	92,713,026	88,311,584	4.98%
Construction in progress	6,679,525	5,343,007	25,627	1,358,129	6,705,152	6,701,136	0.06%
Buildings	291,007,768	289,110,381	11,262,909	9,811,783	302,270,677	298,922,164	1.12%
Machinery and equipment	38,956,031	38,057,766	473,251	480,429	39,429,282	38,538,195	2.31%
Less: accumulated depreciation	(147,984,267)	(136,292,464)	(4,145,287)	(3,709,696)	(152,129,554)	(140,002,160)	8.66%
Total	<u>\$ 432,878,502</u>	<u>\$ 434,219,322</u>	<u>\$ 12,057,440</u>	<u>\$ 10,593,631</u>	<u>\$ 444,935,942</u>	<u>\$ 444,812,953</u>	0.03%

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

Long-term obligations. At the end of the fiscal year, the County had total debt outstanding for its governmental and business-type activities of \$326,783,247, which is entirely backed by the full faith and credit of the County.

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Capital leases	\$ 88,080	\$ 191,329	\$ -	\$ 5,106	\$ 88,080	\$ 196,435
Certificates of participation	146,692,575	155,954,388	-	-	146,692,575	155,954,388
Notes payable	13,356,468	14,897,413	247,631	318,517	13,604,099	15,215,930
Pension obligation bonds	133,195,000	96,665,000	-	-	133,195,000	96,665,000
Self-insurance liability	10,836,817	10,263,612	-	-	10,836,817	10,263,612
Compensated absences	22,081,723	21,166,920	284,953	241,495	22,366,676	21,408,415
Total	<u>\$ 326,250,663</u>	<u>\$ 299,138,662</u>	<u>\$ 532,584</u>	<u>\$ 565,118</u>	<u>\$ 326,783,247</u>	<u>\$ 299,703,780</u>

The County’s total debt increased by \$27,079,467 during the current fiscal year primarily due to: a) the issuance of the \$42,385,000 Series 2005 Pension Obligation Bonds (POB) in November 2005, of which the proceeds were used to reduce the County’s UAAL to CalPERS; b) an increase of \$573,205 in the County’s liability for the workers’ compensation self-insurance program; c) an increase of \$958,261 in compensated absences; and d) a net decrease of \$16,836,999 due to principal payments on long-term debt.

The County maintains an “Aa3” rating from Moody’s and an “AA-” rating from Standard & Poor’s for general obligation debt.

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

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

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for the County is currently 5.1%. This compares unfavorably to the state’s average unemployment rate of 4.9% (as of June 2006).
- The growth in property tax revenues is projected to increase by 8% for FY 06/07.
- Gross Domestic Product (GDP) growth averaged nearly 4% annually since the middle of 2003.
- The Board of Supervisor’s (Board) policy for General Fund Contingency and Reserve allows the County to normalize the County’s budget during the periods of fiscal distress. During the FY 05/06, the Board increased the total unreserved designated fund balance by \$17.7 million.
- The Board adopted a Pension Obligation Bond Strategy to enhance the predictability and stability of the pension contribution rates.
- All collective bargaining agreements are current.

These factors were considered in preparing the County’s budget for FY 06/07.

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, 2006

	<u>Primary Government</u>			<u>Component Units</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Solano County Fair</u>	<u>Workforce Investment Board</u>
ASSETS					
Current assets					
Cash and investments	\$ 297,003,159	\$ 1,063,451	\$ 298,066,610	\$ 1,147,200	\$ 224,960
Accounts receivable	8,652,834	104,669	8,757,503	89,456	98,147
Due from other agencies	48,467,154	288,386	48,755,540	117,271	253,562
Internal balances	3,757,260	(3,757,260)	-	-	-
Other assets	2,459,872	66,351	2,526,223	4,504	80,592
Total current assets	<u>360,340,279</u>	<u>(2,234,403)</u>	<u>358,105,876</u>	<u>1,358,431</u>	<u>657,261</u>
Noncurrent assets					
Long-term assets	8,360,645	-	8,360,645	-	-
Pension asset	136,273,354	-	136,273,354	819,878	-
Capital assets:					
Capital assets, not being depreciated	158,185,944	4,466,567	162,652,511	805,397	-
Capital assets, being depreciated, net	274,692,558	7,590,873	282,283,431	2,485,549	3,628
Total noncurrent assets	<u>577,512,501</u>	<u>12,057,440</u>	<u>589,569,941</u>	<u>4,110,824</u>	<u>3,628</u>
Total assets	<u>\$ 937,852,780</u>	<u>\$ 9,823,037</u>	<u>\$ 947,675,817</u>	<u>\$ 5,469,255</u>	<u>\$ 660,889</u>
LIABILITIES					
Current liabilities					
Outstanding warrants	\$ 5,893,881	\$ 9,839	\$ 5,903,720	\$ -	\$ 186,616
Payables	29,229,583	281,661	29,511,244	104,572	218,410
Unearned revenue	9,672,291	-	9,672,291	7,568	-
Other liabilities	1,228,338	36,931	1,265,269	19,518	-
Due to other agencies	6,709,873	58	6,709,931	-	932
Current portion of long-term obligations	17,294,864	147,192	17,442,056	-	26,000
Total current liabilities	<u>70,028,830</u>	<u>475,681</u>	<u>70,504,511</u>	<u>131,658</u>	<u>431,958</u>
Noncurrent liabilities					
Noncurrent portion of long-term obligations	308,955,799	385,392	309,341,191	864,261	97,970
Total liabilities	<u>378,984,629</u>	<u>861,073</u>	<u>379,845,702</u>	<u>995,919</u>	<u>529,928</u>
NET ASSETS					
Invested in capital assets, net of related debt	273,169,996	11,809,809	284,979,805	3,290,946	3,628
Restricted for:					
Capital projects	-	-	-	357,520	-
Debt service	5,560,482	-	5,560,482	-	-
Health services	19,829,032	-	19,829,032	-	-
Library services	15,669,629	-	15,669,629	-	-
Public facilities fees	21,461,450	-	21,461,450	-	-
Transportation services	4,707,231	-	4,707,231	-	-
Unrestricted	218,470,331	(2,847,845)	215,622,486	824,870	127,333
Total net assets	<u>558,868,151</u>	<u>8,961,964</u>	<u>567,830,115</u>	<u>4,473,336</u>	<u>130,961</u>
Total liabilities and net assets	<u>\$ 937,852,780</u>	<u>\$ 9,823,037</u>	<u>\$ 947,675,817</u>	<u>\$ 5,469,255</u>	<u>\$ 660,889</u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Activities
For the fiscal year ended June 30, 2006

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 56,558,886	\$ 32,187,356	\$ 5,795,143	\$ -
Public protection	145,029,057	23,935,472	60,879,990	-
Public ways and facilities	14,258,190	2,059,559	11,476,511	-
Health services	98,074,826	14,788,760	67,747,698	-
Public assistance	130,957,165	813,877	127,123,173	-
Education and recreation	19,140,185	5,989,917	5,863,191	-
Interest on long-term debt	12,848,298	-	-	-
Total Governmental Activities	<u>476,866,607</u>	<u>79,774,941</u>	<u>278,885,706</u>	<u>-</u>
Business-type Activities:				
Nut Tree Airport	1,592,100	995,659	411,000	280,415
Fouts Springs Youth Facility	3,301,242	2,346,732	337,146	-
Total Business-type Activities	<u>4,893,342</u>	<u>3,342,391</u>	<u>748,146</u>	<u>280,415</u>
Total Primary Government	<u>\$ 481,759,949</u>	<u>\$ 83,117,332</u>	<u>\$ 279,633,852</u>	<u>\$ 280,415</u>
Component Units:				
Solano County Fair	\$ 4,707,722	\$ 4,435,177	\$ 121,902	\$ -
Workforce Investment Board	4,276,436	-	4,212,590	-
Total Component Units	<u>\$ 8,984,158</u>	<u>\$ 4,435,177</u>	<u>\$ 4,334,492</u>	<u>\$ -</u>

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

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Activities
For the fiscal year ended June 30, 2006

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Solano County Fair	Workforce Investment Board
\$ (18,576,387)	\$ -	\$ (18,576,387)	\$ -	\$ -
(60,213,595)	-	(60,213,595)	-	-
(722,120)	-	(722,120)	-	-
(15,538,368)	-	(15,538,368)	-	-
(3,020,115)	-	(3,020,115)	-	-
(7,287,077)	-	(7,287,077)	-	-
(12,848,298)	-	(12,848,298)	-	-
<u>(118,205,960)</u>	<u>-</u>	<u>(118,205,960)</u>	<u>-</u>	<u>-</u>
-	94,974	94,974	-	-
-	(617,364)	(617,364)	-	-
<u>-</u>	<u>(522,390)</u>	<u>(522,390)</u>	<u>-</u>	<u>-</u>
<u>(118,205,960)</u>	<u>(522,390)</u>	<u>(118,728,350)</u>	<u>-</u>	<u>-</u>
-	-	-	(150,643)	-
-	-	-	-	(63,846)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,643)</u>	<u>(63,846)</u>
113,372,286	258,855	113,631,141	-	-
2,439,283	-	2,439,283	-	-
4,850,753	-	4,850,753	-	-
17,112,250	40,679	17,152,929	-	-
8,998,933	(39,227)	8,959,706	10,193	3,694
17,397,252	-	17,397,252	-	-
12,236,879	53,933	12,290,812	30,410	7,460
86,047	(86,047)	-	-	-
<u>176,493,683</u>	<u>228,193</u>	<u>176,721,876</u>	<u>40,603</u>	<u>11,154</u>
58,287,723	(294,197)	57,993,526	(110,040)	(52,692)
500,580,428	9,256,161	509,836,589	4,583,376	183,653
<u>\$ 558,868,151</u>	<u>\$ 8,961,964</u>	<u>\$ 567,830,115</u>	<u>\$ 4,473,336</u>	<u>\$ 130,961</u>

Primary Government:

Governmental Activities:

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

Total Governmental Activities

Business-type Activities:

- Nut Tree Airport
- Fouts Springs Youth Facility

Total Business-type Activities

Total Primary Government

Component Units:

- Solano County Fair
- Workforce Investment Board

Total Component Units

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2006

	<u>General</u>	<u>Health & Social Services</u>	<u>Public Safety</u>
ASSETS			
Cash and investments	\$ 76,602,302	\$ 16,776,275	\$ 8,151,200
Accounts receivable	1,921,822	4,647,796	482,776
Due from other agencies	14,601,295	19,776,935	9,582,772
Due from other funds	12,031,348	2,551,803	391,473
Advance to other funds	1,851,200	-	-
Other assets	100,077	151,507	41,713
Total assets	<u>\$ 107,108,044</u>	<u>\$ 43,904,316</u>	<u>\$ 18,649,934</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Outstanding warrants	\$ 439,044	\$ 2,339,248	\$ 978,517
Payables	4,427,173	12,805,048	4,401,991
Deferred revenue	9,183,768	14,670,791	841,794
Due to other funds	779,332	5,805,411	3,427,536
Other liabilities	11,883	278,380	-
Due to other agencies	586,259	5,862,702	61,417
Total liabilities	<u>15,427,459</u>	<u>41,761,580</u>	<u>9,711,255</u>
Fund balances:			
Reserved:			
Long-term assets	1,851,200	110,000	-
Debt service	-	-	-
Capital projects	-	-	-
Encumbrances	1,717,195	395,580	1,306,503
Other purposes	7,381	8,320	233,683
Unreserved:			
Designated, reported in:			
General fund	55,943,477	-	-
Capital projects funds	-	-	-
Special revenue funds	-	-	-
Undesignated, reported in:			
General fund	32,161,332	-	-
Special revenue funds	-	1,628,836	7,398,493
Total fund balances	<u>91,680,585</u>	<u>2,142,736</u>	<u>8,938,679</u>
Total liabilities and fund balances	<u>\$ 107,108,044</u>	<u>\$ 43,904,316</u>	<u>\$ 18,649,934</u>

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

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2006

<u>Tobacco Settlement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>	
\$ 58,777,333	\$ 110,975,558	\$ 271,282,668	ASSETS
-	1,413,532	8,465,926	Cash and investments
-	4,311,700	48,272,702	Accounts receivable
-	1,021,809	15,996,433	Due from other agencies
-	-	1,851,200	Due from other funds
-	5,472,724	5,766,021	Advance to other funds
<u>\$ 58,777,333</u>	<u>\$ 123,195,323</u>	<u>\$ 351,634,950</u>	Other assets
			Total assets
			LIABILITIES AND FUND BALANCES
			Liabilities:
\$ -	\$ 1,117,426	\$ 4,874,235	Outstanding warrants
-	2,842,000	24,476,212	Payables
-	739,371	25,435,724	Deferred revenue
1,480,110	2,645,658	14,138,047	Due to other funds
-	938,075	1,228,338	Other liabilities
-	194,393	6,704,771	Due to other agencies
<u>1,480,110</u>	<u>8,476,923</u>	<u>76,857,327</u>	Total liabilities
			Fund balances:
			Reserved:
-	4,390,112	6,351,312	Long-term assets
-	9,235,620	9,235,620	Debt service
-	263,914	263,914	Capital projects
-	15,668,342	19,087,620	Encumbrances
-	2,946,793	3,196,177	Other purposes
			Unreserved:
			Designated, reported in:
-	-	55,943,477	General fund
-	15,255,723	15,255,723	Capital projects funds
57,297,223	66,957,896	124,255,119	Special revenue funds
			Undesignated, reported in:
-	-	32,161,332	General fund
<u>-</u>	<u>-</u>	<u>9,027,329</u>	Special revenue funds
<u>57,297,223</u>	<u>114,718,400</u>	<u>274,777,623</u>	Total fund balances
<u>\$ 58,777,333</u>	<u>\$ 123,195,323</u>		Total liabilities and fund balances

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

Capital assets used in government activities are not financial resources and, therefore, are not reported in the funds.	427,072,785
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	15,763,433
Deferred costs of issuance for debt used in government activities are not financial resources and, therefore, are not reported in the funds.	4,665,455
Internal service funds are used by management to charge the costs of communications, fleet services, management information systems, Solano County Integrated Property System, reprographics and risk management. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.	18,975,187
Pension asset of the governmental activities is not a financial resource and, therefore, is not reported in the funds.	136,273,354
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(3,857,923)
Long-term obligations	(314,801,763)
Net assets of governmental activities	<u>\$ 558,868,151</u>

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the fiscal year ended June 30, 2006

	<u>General</u>	<u>Health & Social Services</u>	<u>Public Safety</u>
REVENUES			
Taxes	\$ 111,214,271	\$ -	\$ -
Licenses, permits and franchises	6,518,667	375,455	134,508
Fines, forfeitures and penalties	2,948,905	1,153,757	2,305,601
Use of money and property	3,118,100	87,029	-
Intergovernmental	21,014,825	188,970,713	57,351,572
Charges for services	36,239,918	14,046,956	10,306,073
Miscellaneous	6,153,276	1,349,889	1,779,150
Total revenues	<u>187,207,962</u>	<u>205,983,799</u>	<u>71,876,904</u>
EXPENDITURES			
Current:			
General government	55,476,080	-	-
Public protection	33,377,058	-	133,041,541
Public ways and facilities	954,481	-	-
Health services	6,675,049	94,580,143	-
Public assistance	9,756,885	132,348,164	-
Education and recreation	2,050,870	-	-
Debt service:			
Principal	144,528	93,299	851,495
Debt issuance cost	646,905	-	-
Interest and other charges	20,460	5,044	63,960
Capital outlay	1,369,215	47,108	2,847,283
Total expenditures	<u>110,471,531</u>	<u>227,073,758</u>	<u>136,804,279</u>
Excess (deficiency) of revenues over (under) expenditures	<u>76,736,431</u>	<u>(21,089,959)</u>	<u>(64,927,375)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the sale of tobacco settlement revenues	-	-	-
Debt issued	42,143,231	-	-
Transfers in	706,659	26,087,637	69,486,798
Transfers out	(100,414,668)	(5,816,095)	(4,611,669)
Sale of capital assets	41,362	-	8,050
Total other financing sources (uses)	<u>(57,523,416)</u>	<u>20,271,542</u>	<u>64,883,179</u>
Net change in fund balances	19,213,015	(818,417)	(44,196)
Fund balances - beginning	72,467,570	2,961,153	8,982,875
Fund balances - ending	<u>\$ 91,680,585</u>	<u>\$ 2,142,736</u>	<u>\$ 8,938,679</u>

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, 2006

Net change in fund balances - total governmental funds \$ 36,545,835

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital outlay	13,068,467	
Depreciation expense	<u>(14,003,953)</u>	(935,486)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. (122,626)

Revenues deferred in the governmental funds because they were not collected within the County's availability period, were recognized in the statement of activities. 1,516,678

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

Debt issued	(42,385,000)	
Bond issuance costs	646,905	
Debt principal payments	<u>16,689,194</u>	(25,048,901)

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

Excess retirement contributions		41,447,214
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued interest payable	(526,718)	
Amortization expense	(491,314)	
Compensated absences	<u>(848,211)</u>	(1,866,243)

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

6,751,252

Change in net assets of governmental activities \$ 58,287,723

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, 2006

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Nut Tree Airport	Fouts Springs Youth Facility	Total	
ASSETS				
Current assets				
Cash and investments	\$ 1,062,951	\$ 500	\$ 1,063,451	\$ 25,720,491
Accounts receivable	63,725	40,944	104,669	186,908
Due from other agencies	637	287,749	288,386	194,452
Due from other funds	-	-	-	177,661
Other assets	42,537	23,814	66,351	389,041
Total current assets	<u>1,169,850</u>	<u>353,007</u>	<u>1,522,857</u>	<u>26,668,553</u>
Noncurrent assets				
Capital assets:				
Land	4,420,940	20,000	4,440,940	-
Construction in progress	-	25,627	25,627	-
Buildings and improvements	6,866,681	4,396,228	11,262,909	114,471
Equipment	88,646	384,605	473,251	16,686,978
Less: accumulated depreciation	(2,858,226)	(1,287,061)	(4,145,287)	(10,995,732)
Total capital assets	<u>8,518,041</u>	<u>3,539,399</u>	<u>12,057,440</u>	<u>5,805,717</u>
Total assets	<u>\$ 9,687,891</u>	<u>\$ 3,892,406</u>	<u>\$ 13,580,297</u>	<u>\$ 32,474,270</u>
LIABILITIES				
Current liabilities				
Outstanding warrants	\$ 265	\$ 9,574	\$ 9,839	\$ 1,019,646
Payables	163,867	117,794	281,661	895,448
Due to other funds	2,799	1,903,261	1,906,060	129,987
Other liabilities	36,931	-	36,931	-
Due to other agencies	-	58	58	5,102
Current portion of long-term obligations	48,763	98,429	147,192	2,018,607
Total current liabilities	<u>252,625</u>	<u>2,129,116</u>	<u>2,381,741</u>	<u>4,068,790</u>
Noncurrent liabilities				
Advances from other funds	1,851,200	-	1,851,200	-
Noncurrent portion of long-term obligations	223,813	161,579	385,392	9,430,293
Total noncurrent liabilities	<u>2,075,013</u>	<u>161,579</u>	<u>2,236,592</u>	<u>9,430,293</u>
Total liabilities	<u>2,327,638</u>	<u>2,290,695</u>	<u>4,618,333</u>	<u>13,499,083</u>
NET ASSETS				
Invested in capital assets, net of related debt	8,270,410	3,539,399	11,809,809	5,805,717
Unrestricted	(910,157)	(1,937,688)	(2,847,845)	13,169,470
Total net assets	<u>7,360,253</u>	<u>1,601,711</u>	<u>8,961,964</u>	<u>18,975,187</u>
Total liabilities and net assets	<u>\$ 9,687,891</u>	<u>\$ 3,892,406</u>	<u>\$ 13,580,297</u>	<u>\$ 32,474,270</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, 2006

	<u>Business-type Activities - Enterprise Funds</u>			Governmental Activities - Internal Service Funds
	<u>Nut Tree Airport</u>	<u>Fouts Springs Youth Facility</u>	<u>Total</u>	
OPERATING REVENUES				
Charges for sales and services	\$ 995,659	\$ 2,346,732	\$ 3,342,391	\$ 37,170,426
Total operating revenues	<u>995,659</u>	<u>2,346,732</u>	<u>3,342,391</u>	<u>37,170,426</u>
OPERATING EXPENSES				
Personnel services	277,317	2,448,778	2,726,095	5,912,502
Maintenance	59,650	39,348	98,998	1,319,326
Materials and supplies	489,808	182,661	672,469	918,512
Depreciation	266,187	175,301	441,488	1,581,663
Insurance	20,013	50,509	70,522	9,201,082
Rent, utilities and others	416,776	404,530	821,306	13,032,991
Total operating expenses	<u>1,529,751</u>	<u>3,301,127</u>	<u>4,830,878</u>	<u>31,966,076</u>
Operating income (loss)	<u>(534,092)</u>	<u>(954,395)</u>	<u>(1,488,487)</u>	<u>5,204,350</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	451,679	337,146	788,825	50,000
Investment earnings	21,424	(60,651)	(39,227)	543,534
Interest expense	(61,067)	(115)	(61,182)	-
Property taxes	258,855	-	258,855	-
Other revenue	10,833	43,099	53,932	782,442
Gain (loss) on sale of capital assets	(1,281)	-	(1,281)	18,759
Total nonoperating revenues (expenses)	<u>680,443</u>	<u>319,479</u>	<u>999,922</u>	<u>1,394,735</u>
Income (loss) before capital contributions and transfers	146,351	(634,916)	(488,565)	6,599,085
Capital contributions	280,415	-	280,415	-
Transfers in	-	-	-	353,944
Transfers out	(8,416)	(77,631)	(86,047)	(201,777)
Change in net assets	418,350	(712,547)	(294,197)	6,751,252
Total net assets - beginning	6,941,903	2,314,258	9,256,161	12,223,935
Total net assets - ending	<u>\$ 7,360,253</u>	<u>\$ 1,601,711</u>	<u>\$ 8,961,964</u>	<u>\$ 18,975,187</u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Cash Flows
Proprietary Funds
For the fiscal year ended June 30, 2006

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Nut Tree Airport	Fouts Springs Youth Facility	Total	
Cash flows from operating activities:				
Receipts from customers and users	\$ 1,297,512	\$ 2,274,958	\$ 3,572,470	\$ 732,193
Receipts from interfund services provided	-	612,738	612,738	37,199,017
Payments to suppliers	(928,330)	(651,074)	(1,579,404)	(23,178,697)
Payments to employees	(252,372)	(2,430,265)	(2,682,637)	(5,845,910)
Payments for interfund services used	(68,141)	-	(68,141)	(50,240)
Net cash provided (used) by operating activities	<u>48,669</u>	<u>(193,643)</u>	<u>(144,974)</u>	<u>8,856,363</u>
Cash flows from noncapital financing activities:				
Transfers in	-	-	-	353,944
Transfers out	(8,416)	(77,631)	(86,047)	(201,777)
Advances from other funds	1,851,200	-	1,851,200	-
Subsidy from federal/state grant	451,679	337,146	788,825	50,000
Net cash provided by noncapital financing activities	<u>2,294,463</u>	<u>259,515</u>	<u>2,553,978</u>	<u>202,167</u>
Cash flows from capital and related financing activities:				
Capital contributions	280,415	-	280,415	-
Interest paid	(61,067)	(115)	(61,182)	-
Debt principal paid	(70,886)	(5,106)	(75,992)	-
Acquisition of capital assets	(1,906,578)	-	(1,906,578)	(1,355,781)
Proceeds from sale of capital assets	-	-	-	75,585
Net cash used by capital and related financing activities	<u>(1,758,116)</u>	<u>(5,221)</u>	<u>(1,763,337)</u>	<u>(1,280,196)</u>
Cash flows from investing activities:				
Investment income	21,424	(60,651)	(39,227)	543,534
Net cash provided (used) by investing activities	<u>21,424</u>	<u>(60,651)</u>	<u>(39,227)</u>	<u>543,534</u>
Net increase in cash and cash equivalents	606,440	-	606,440	8,321,868
Cash and cash equivalents - beginning	456,511	500	457,011	17,398,623
Cash and cash equivalents - ending	<u>\$ 1,062,951</u>	<u>\$ 500</u>	<u>\$ 1,063,451</u>	<u>\$ 25,720,491</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (534,092)	\$ (954,395)	\$ (1,488,487)	\$ 5,204,350
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	266,187	175,301	441,488	1,581,663
Property taxes	258,855	-	258,855	-
Other nonoperating revenue	10,833	43,099	53,932	782,442
Changes in assets and liabilities:				
(Increase) decrease in receivables, net	32,176	(34,300)	(2,124)	(7,582)
(Increase) decrease in due from other funds	-	127	127	(27,964)
(Increase) in due from other agencies	(11)	(80,573)	(80,584)	(184,670)
(Increase) decrease in other assets	(17,665)	6,863	(10,802)	(21,697)
Increase (decrease) in outstanding warrants	(51,862)	5,375	(46,487)	711,403
Increase in payables	124,670	13,723	138,393	167,204
Increase (decrease) in due to other funds	(68,141)	612,611	544,470	6,315
Increase in due to other agencies	-	58	58	5,102
Increase in accrued compensated absences	24,945	18,513	43,458	66,592
Increase in self-insurance liability	-	-	-	573,205
Increase (decrease) in other liabilities	2,774	(45)	2,729	-
Total adjustments	<u>582,761</u>	<u>760,752</u>	<u>1,343,513</u>	<u>3,652,013</u>
Net cash provided (used) by operating activities	<u>\$ 48,669</u>	<u>\$ (193,643)</u>	<u>\$ (144,974)</u>	<u>\$ 8,856,363</u>
Noncash investing, capital and financing activities:				
Book value of disposed capital assets	1,281	-	1,281	56,826

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, 2006

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and investments	\$ 404,294,384	\$ 5,396,162	\$ 18,194,628
Property tax receivable	-	-	42,792,633
Property of estates	-	711,309	-
Total assets	<u>\$ 404,294,384</u>	<u>\$ 6,107,471</u>	<u>\$ 60,987,261</u>
LIABILITIES			
Due to others	\$ -	\$ -	\$ 60,987,261
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 60,987,261</u>
NET ASSETS			
Net assets held in trust for:			
Individuals	-	6,107,471	
Pool participants	404,294,384	-	
Total net assets	<u>\$ 404,294,384</u>	<u>\$ 6,107,471</u>	
Total liabilities and net assets	<u>\$ 404,294,384</u>	<u>\$ 6,107,471</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, 2006

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>
ADDITIONS		
Contributions on pooled investments	\$ 589,787,412	\$ 513,043
Other contributions/additions	459,167	-
Interest and investment income	26,660,969	15,829
Total additions	<u>616,907,548</u>	<u>528,872</u>
DEDUCTIONS		
Distributions from pooled investments	639,305,574	616,981
Other distributions/deductions	-	126,170
Total deductions	<u>639,305,574</u>	<u>743,151</u>
Change in net assets	(22,398,026)	(214,279)
Net assets - beginning	<u>426,692,410</u>	<u>6,321,750</u>
Net assets - ending	<u>\$ 404,294,384</u>	<u>\$ 6,107,471</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, 2006**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. *Reporting Entity*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

B. *GASB pronouncement implemented*

Statement No. 46 – Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement No. 34

Effective July 1, 2005 the County implemented GASB Statement No. 46, *Net Assets Restricted by Enabling Legislation – an amendment of GASB No. 34*. This statement clarifies that a legally enforceable legislation restriction is one that a party external to the County can compel the County to honor. This statement also specifies the accounting and financial reporting requirements if new enabling legislation replaces existing enabling legislation or if legal enforceability is reevaluated.

C. *Government-wide and Fund Financial Statements*

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

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

The County reports the following enterprise funds:

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

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

Additionally, the government reports the following fund types:

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

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

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

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

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

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

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

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

E. Assets, Liabilities, and Net Assets or Equity

1. Cash and Investments

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

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

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

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

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

The school districts within the County of Solano's jurisdiction are required by the California Education Code to participate in the Pool. In addition, the Solano County Mosquito Abatement District is required by the Health and Safety Code to participate in the Pool. Deposits held on an involuntary participation basis for these districts and other agencies in the amount of \$404,294,384 are included in the External Investment Trust Fund at June 30, 2006.

The County's cash and investments include \$5,396,162 at June 30, 2006 for Private Purpose Trust Funds. The County provides personal and financial services to individuals who are not able to manage their own affairs. The Public Administrator and Public Guardian administer the funds for individuals who are either deceased or incapacitated. The County also administers funds to provide services for adults and juveniles who are incarcerated.

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2006, to support the value of shares in the Pool.

2. *Interfund Receivables and Payables*

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

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

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

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

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

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

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

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

4. Other Assets

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

5. Long-term Assets

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

6. Capital Assets

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

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

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

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

7. *Federal, State and Local Grants*

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

8. *Outstanding Warrants*

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

9. *Internal Balances*

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

10. *Due To/Due From Other Agencies*

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

11. *Deferred/Unearned Revenue*

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

12. *Compensated Absences*

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

13. *Long-term Obligations*

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

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

14. *Net Assets/Fund Balances*

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

- *Invested in capital assets, net of related debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted for: Capital projects* – This category represents external restrictions imposed by outside third-parties specifically for capital projects.
- *Restricted for: Debt service* – This category represents external restrictions imposed by the trust agent as stated in the bond indenture agreements for the issuance and repayment of long-term debt.
- *Restricted for: Health services* – This category represents external restrictions imposed by grantors, contributors and restrictions imposed by law through constitutional provisions for the implementation of various health and social services programs.
- *Restricted for: Library services* – This category represents external restrictions imposed by grantors, contributors and restrictions imposed by law through constitutional provisions for increased library services to the public.
- *Restricted for: Public facilities fees* – This category represents enabling legislation restriction imposed by County code to collect fees due to the increase needs in County public facilities.
- *Restricted for: Transportation services* – This category represents external restrictions imposed by creditors, grantors, and laws or regulations of other governments to provide transportation facilities and services for the traveling public.

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

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

As of June 30, 2006, reservations of fund balance are described below:

- *Long-term assets* – to reflect the amounts due from others that are long-term in nature. Such amounts do not represent available spendable resources.
- *Debt service* – to reflect the funds held by trustees or fiscal agents for future payment of principal and interest indicated in the indenture agreement. These funds are not available for general operations.
- *Capital projects* – to reflect the funds held by the County earmarked for capital projects. These funds are not available for general operations.
- *Encumbrances* – to reflect the outstanding contractual obligations for which goods and services have not been received as of June 30, 2006.
- *Other purposes* - to reflect the portion of assets that do not represent available spendable resources.

As of June 30, 2006, the portion of fund balance classified as unreserved is described below:

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

15. Use of Estimates

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

16. Net assets, restated

The Solano County Fair had a restatement of net assets at June 30, 2005 in the amount of \$15,241 due to a change in the method used to calculate amortization expense from the straight-line method to the effective interest method.

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 \$427,072,785 difference are as follows:

Land & infrastructure, not being depreciated	\$ 151,506,419
Construction in progress	6,679,525
Infrastructure, net of \$33,602,694 accumulated depreciation	59,110,332
Buildings, net of \$90,548,202 accumulated depreciation	200,345,095
Machinery and equipment, net of \$12,837,639 accumulated depreciation	<u>9,431,414</u>
Net adjustment to increase <i>fund balances-total governmental funds</i> to arrive at <i>net assets-governmental activities</i>	<u>\$ 427,072,785</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 \$314,801,763 difference are as follows:

Notes payable	\$ 13,356,468
Certificates of Participation:	142,905,000
Less: Deferred charge on refunding (to be amortized as interest expense)	(224,717)
Add: Issuance premium (to be amortized over life of debt)	4,012,292
Pension obligation bonds	133,195,000
Capital leases	88,080
Compensated absences	<u>21,469,640</u>
Net adjustment to reduce <i>fund balances – total governmental funds</i> to arrive at <i>net assets – governmental activities</i>	<u>\$ 314,801,763</u>

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The County had the following cash and investments at June 30, 2006:

	<u>Fair Value</u>
County Deposits	
Cash on hand	\$ 1,171,091
Deposits	27,675,840
Total County Deposits	<u>28,846,931</u>
County Investments	
Money Market Mutual Funds	10,220,818
LAIF	364,392
CalTRUST	9,768,858
CAMP	2,581
Corporate Notes	75,374,878
U.S. Federal Agency Notes	
Aid Loan – Honduras	183,261
Aid Loan – Jamaica	108,331
Federal Farm Credit Bank	9,881,646
Federal Home Loan Bank	273,755,790
Federal Home Loan	
Mortgage Corporation	210,220,865
U.S. Treasury Notes	19,700,000
Municipal Notes	57,885,056
Total County Investments	<u>667,466,476</u>
Total County Treasury	<u>696,313,407</u>
Cash and Investments with Fiscal Agents	
Imprest cash	24,948
Cash in bank	5,445,820
Held with others	
Money Market Mutual Funds	22,236,102
Federal Home Loan Bank	3,268,023
LAIF	35,644
Total Cash and Investments with Fiscal Agents	<u>31,010,537</u>
Total Cash and Investments	<u>\$ 727,323,944</u>

Reconciliation to financial statements:

Government-wide Statement of Net Assets	\$	298,066,610
Statement of Fiduciary Net Assets:		
External Investment Trust		404,294,384
Private Purpose Trust		5,396,162
Agency Funds		18,194,628
Component Units:		
Solano County Fair		1,147,200
Workforce Investment Board		224,960
		<hr/>
Total	\$	<u><u>727,323,944</u></u>

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

The County is a voluntary participant in the State of California Local Agency Investment Fund (LAIF). The total amount invested by all public agencies in LAIF as of June 30, 2006 was \$16.4 billion. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which, as of June 30, 2006 had a balance of \$63.3 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 152 days as of June 30, 2006. The Local Agency Advisory Board (LAIB) has oversight responsibility for LAIF. The LAIB consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the County Treasurer's portion of the pool. Included in PMIA's investment portfolio are certain derivative securities or similar products in the form of structured notes totaling \$225,000,000, and asset-backed securities totaling \$1,400,919,000.

I. Authorized Investments

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

2. Interest Rate Risk

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

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

As of June 30, 2006, the weighted average to maturity of the Treasurer's Pool was 380 days.

	Fair Value	Investment Maturities Fair Value (in Years)		
		Less than 1	1 to 5	More than 5
County Investments				
Money Markey Mutual Funds	\$ 10,220,818	\$ 10,220,818	\$ -	\$ -
LAIF	364,392	364,392	-	-
CalTRUST	9,768,858	9,768,858	-	-
CAMP	2,581	2,581	-	-
Corporate Notes	75,374,878	44,019,118	31,355,760	-
U.S. Federal Agency Notes				
Aid Loan – Honduras	183,261	-	-	183,261
Aid Loan – Jamaica	108,331	-	-	108,331
Federal Farm Credit Bank	9,881,646	9,881,646	-	-
Federal Home Loan Bank	273,755,790	158,697,441	115,058,349	-
Federal Home Loan Mortgage Corporation	210,220,865	93,123,198	117,097,667	-
U.S. Treasury Notes	19,700,000	9,970,300	9,729,700	-
Municipal Notes	57,885,056	17,406,890	15,455,472	25,022,694
<i>Total County Investments</i>	<u>667,466,476</u>	<u>353,455,242</u>	<u>288,696,948</u>	<u>25,314,286</u>
Investments with Fiscal Agents				
Money Market Mutual Funds	22,236,102	22,236,102	-	-
Federal Home Loan Bank	3,268,023	3,268,023	-	-
LAIF	35,644	35,644	-	-
<i>Total Investments with Fiscal Agents</i>	<u>25,539,769</u>	<u>25,539,769</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 693,006,245</u>	<u>\$ 378,995,011</u>	<u>\$ 288,696,948</u>	<u>\$ 25,314,286</u>

3. Credit Risk

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

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

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

At June 30, 2006, the County's credit risks, expressed as a percentage of total investments, are as follows:

Investment Type	Credit Rating S&P's	% of Investments
County Investments		
Money Market Mutual Funds	Aaa	1.47%
LAIF	Not Rated	0.05%
CalTRUST	AA	1.41%
CAMP	Aaa	0.00%
Corporate Notes	A	2.55%
Corporate Notes	A-1	1.44%
Corporate Notes	A+	0.68%
Corporate Notes	AA-	2.20%
Corporate Notes	AA+	0.69%
Corporate Notes	AAA	3.32%
U.S. Federal Agency Notes		
Aid Loan – Honduras	Aaa	0.03%
Aid Loan – Jamaica	Aaa	0.02%
Federal Farm Credit Bank	Aaa	1.43%
Federal Home Loan Bank	Aaa	39.50%
Federal Home Loan Mortgage Corporation	Aaa	30.33%
U.S. Treasury Notes	Aaa	2.84%
Municipal Notes	A+	0.87%
Municipal Notes	AA	1.08%
Municipal Notes	AAA	6.40%
Investments with Fiscal Agents		
Money Market Mutual Funds	Aaa	3.21%
Federal Home Loan Bank	Aaa	0.47%
LAIF	Not Rated	0.01%
Total		100.00%

4. Concentration of Credit Risk

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

<u>Investment Type</u>	<u>Fair Value</u>
Federal Home Loan Bank	\$ 273,755,790
Federal Home Loan Mortgage Corporation	210,220,865
Total	<u>\$ 483,976,655</u>

5. Custodial Credit Risk

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

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

<u>Investment</u>	<u>Fair Value</u>	<u>Principal</u>	<u>Interest Rate</u> <u>Range</u>	<u>Maturity Range</u>
Money Markey Mutual Funds	\$ 10,220,818	\$ 10,220,818	3.000%	07/06
LAIF	364,392	364,392	2.090	07/06
CalTRUST	9,768,858	9,768,858	4.580 – 4.840	07/06
CAMP	2,581	2,581	4.950	07/06
Corporate Notes	75,374,878	75,938,124	2.625 – 6.250	08/06 – 05/09
U.S. Federal Agency Notes	494,149,893	499,021,669	1.000 – 6.000	07/06 – 10/12
U.S Treasury Notes	19,700,000	19,902,006	2.375 – 2.750	08/06 – 08/07
Municipal Notes	57,885,056	58,107,742	3.280 – 4.950	08/06 – 12/27
	<u>\$ 667,466,476</u>	<u>\$ 673,326,190</u>		

The following represents a condensed statement of net assets and changes in net assets for the Treasurer's Pool as of June 30, 2006:

Statement of net assets	
Net assets held in trust for all pool participants	\$ 690,223,071
Equity of internal pool participants	\$ 285,928,687
Equity of external pool participants	404,294,384
Total equity	\$ 690,223,071
Statement of changes in net assets	
Net assets as of July 1, 2005	\$ 675,398,483
Net change in investments by pool participants	14,824,588
Net assets as of June 30, 2006	\$ 690,223,071
Reconciliation to financial statements	
Held by County Treasurer:	
Primary government	\$ 695,477,479
Component units:	
Solano County Fair	591,300
Workforce Investment Board	244,628
	696,313,407
Less outstanding warrants:	
Primary government	5,903,720
Component unit-Workforce Investment Board	186,616
Total	\$ 690,223,071

B. Receivables/Deferred Revenue

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

At the end of June 30, 2006, the various components of deferred revenue were as follows:

Fund	Unavailable	Unearned	Total
General	\$ 7,303,076	\$ 1,880,692	\$ 9,183,768
Health and Social Services	7,864,951	6,805,840	14,670,791
Public Safety	79,946	761,848	841,794
Other Governmental Funds	515,460	223,911	739,371
Total deferred revenue	\$ 15,763,433	\$ 9,672,291	\$ 25,435,724

C. Due To/Due From Other Funds

		Due To					Total
		General	Health & Social Services	Public Safety	Other Governmental	Internal Service	
Due From	General	\$ -	\$ 302,252	\$ 172,178	\$ 135,234	\$ 169,668	\$ 779,332
	Health & Social Services	5,409,018	-	219,295	172,430	4,668	5,805,411
	Public Safety	3,035,249	134,244	-	255,097	2,946	3,427,536
	Tobacco Settlement	-	1,480,110	-	-	-	1,480,110
	Other Governmental	1,680,431	522,980	-	442,002	245	2,645,658
	Nut Tree Airport	1,807	-	-	892	100	2,799
	Fouts Springs Youth Facility	1,898,545	-	-	4,716	-	1,903,261
	Internal Service	6,298	112,217	-	11,438	34	129,987
	Total	\$ 12,031,348	\$ 2,551,803	\$ 391,473	\$ 1,021,809	\$ 177,661	\$ 16,174,094

General Fund

The Health & Social Services Fund owed the General Fund \$5,042,034 for the return of excess County contribution, \$224,632 for legal and legislative services, and \$142,352 for various small projects, postage and other miscellaneous services provided by General Services.

The Public Safety Fund owed the General Fund \$2,997,539 for the return of excess County contribution, and \$34,281 for small projects and postage charges provided by General Services.

The Micrographics & Modernization Fund (Other governmental funds) owed \$467,360 to the Recorder's Operating Budget (General Fund) to cover costs related to the online imaging automation project. The Solano County Housing Authority – Other Special Revenue Fund (Other governmental funds) [\$180,098] and the Pension Debt Service Fund (Other governmental funds) [\$786,844] temporarily borrowed a total of \$966,942 to offset a negative cash balance as of June 30, 2006. In addition, the Pension Debt Service Fund (Other governmental funds) owed the General Fund \$181,576 for the balance of the prepayment made to PERS.

Fouts Springs Youth Facility Fund temporarily borrowed \$1,898,545 to offset a negative cash balance as of June 30, 2006.

Health & Social Services (H&SS) Fund

The H&SS Fund provides services to other County departments and also shares some of the same revenue sources. The General Fund owed \$21,622 to H&SS Fund to offset Family Violence program costs. The Public Safety Fund owed \$132,829 to H&SS Fund at fiscal year end for services rendered to Probation for foster care placement and to offset program costs under the Substance Abuse Crime Prevention grant.

The Tobacco Settlement Fund owed \$1,480,110 to H&SS Fund to offset costs of various County programs supported by the Master Settlement Agreement.

The First 5 Solano Children & Families Commission (Other governmental funds) owed \$521,610 at year end to H&SS Fund to offset the cost of Prop 10 prenatal programs.

The Risk Management Internal Service Fund owed \$112,107 to H&SS Fund for countywide training on workplace protection, other occupational health training, and to cover the costs of clinical services provided by H&SS.

Public Safety

The H&SS Fund shares various revenue sources with the Public Safety Fund and collects these revenues on their behalf. At June 30, 2006, the H&SS Fund owed \$219,295 to the Public Safety Fund for services provided to family centered crisis intervention program and substance abuse programs.

The Public Safety Fund provides services to other County departments and as such must allocate and collect its share of costs from those departments. The General Fund allocated \$79,741 to cover the Government Center security services rendered by the Sheriff's Department.

Other Governmental Funds

Various funds owed a total of \$455,351 to the Pension Debt Service Fund (Other governmental funds) for their share of the County's payment of the pension obligation bonds for the pay period ending 6/30/2006.

The Law Library (Public Safety Fund) owed \$79,640 to the County Library (Other governmental funds) to cover the cost of providing services to the Law Library department.

The Southeast Vallejo Redevelopment Settlement Fund – Other Special Revenue Fund (Other governmental funds) owed \$376,866 to the Transportation Fund (Other governmental funds) for the final payment to cover the cost of Homeacres improvement projects.

Various funds owed a total of \$108,351 to the Transportation Fund (Other governmental funds) for various services provided.

Internal Service Funds

Risk Management (Internal Service Fund) charged \$167,457 to Employee Development & Recognition (General Fund) to cover the costs of the Employee Benefits division. The balance of \$10,204 represents charges to the departments for services provided but not collected as of June 30, 2006.

D. Advances To/From Other Funds

The General Fund loaned \$1,851,200 to the Nut Tree Airport Fund to cover cost of acquiring real property for the purposes of airport expansion.

E. Capital Assets

Capital assets activity for the fiscal year ended June 30, 2006, was as follows:

Governmental activities	Beginning Balance	Additions & Transfers-in	Retirements & Transfers-out	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 149,689,048	\$ 1,817,371	\$ -	\$ 151,506,419
Construction in progress	5,343,007	1,560,032	(223,514)	6,679,525
Total capital assets, not being depreciated	<u>155,032,055</u>	<u>3,377,403</u>	<u>(223,514)</u>	<u>158,185,944</u>
Capital assets, being depreciated				
Buildings	289,110,381	1,897,387	-	291,007,768
Machinery and equipment	38,057,766	5,093,642	(4,195,377)	38,956,031
Infrastructure	88,311,584	4,401,442	-	92,713,026
Total capital assets, being depreciated	<u>415,479,731</u>	<u>11,392,471</u>	<u>(4,195,377)</u>	<u>422,676,825</u>
Less accumulated depreciation for:				
Buildings	(81,731,222)	(8,869,446)	-	(90,600,668)
Machinery and equipment	(24,114,448)	(3,481,104)	3,814,647	(23,780,905)
Infrastructure	(30,446,794)	(3,235,066)	79,166	(33,602,694)
Total accumulated depreciation	<u>(136,292,464)</u>	<u>(15,585,616)</u>	<u>3,893,813</u>	<u>(147,984,267)</u>
Total capital assets, being depreciated, net	<u>279,187,267</u>	<u>(4,193,145)</u>	<u>(301,564)</u>	<u>274,692,558</u>
Governmental activities capital assets, net	<u>\$ 434,219,322</u>	<u>\$ (815,742)</u>	<u>\$ (525,078)</u>	<u>\$ 432,878,502</u>
Business-type activities	Beginning Balance	Additions & Transfers-in	Retirements & Transfers-out	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 2,652,986	\$ 1,787,954	\$ -	\$ 4,440,940
Construction in progress	1,358,129	-	(1,332,502)	25,627
Total capital assets, not being depreciated	<u>4,011,115</u>	<u>1,787,954</u>	<u>(1,332,502)</u>	<u>4,466,567</u>
Capital assets, being depreciated				
Buildings	9,811,783	1,451,126	-	11,262,909
Machinery and equipment	480,429	-	(7,178)	473,251
Total capital assets, being depreciated	<u>10,292,212</u>	<u>1,451,126</u>	<u>(7,178)</u>	<u>11,736,160</u>
Less accumulated depreciation for:				
Buildings	(3,407,609)	(399,770)	-	(3,807,379)
Machinery and equipment	(302,087)	(41,718)	5,897	(337,908)
Total accumulated depreciation	<u>(3,709,696)</u>	<u>(441,488)</u>	<u>5,897</u>	<u>(4,145,287)</u>
Total capital assets, being depreciated, net	<u>6,582,516</u>	<u>1,009,638</u>	<u>(1,281)</u>	<u>7,590,873</u>
Business-type activities capital assets, net	<u>\$ 10,593,631</u>	<u>\$ 2,797,592</u>	<u>\$ (1,333,783)</u>	<u>\$ 12,057,440</u>

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

Governmental activities:	
General government	\$ 4,458,052
Public protection	4,172,104
Public ways and facilities	3,517,260
Health and sanitation	537,373
Public assistance	896,132
Education	360,881
Recreation	62,151
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>1,581,663</u>
Total depreciation expense-governmental activities	<u>\$ 15,585,616</u>
Business-type activities:	
Nut Tree Airport	\$ 266,187
Fouts Springs Youth Facility	<u>175,301</u>
Total depreciation expense-business-type activities	<u>\$ 441,488</u>

Capital assets activity for component units for the fiscal year ended, June 30, 2006, was as follows:

<u>Component Units</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Solano County Fair				
Capital assets, not being depreciated:				
Land	\$ 167,085	\$ -	\$ -	\$ 167,085
Construction in progress	<u>562,327</u>	<u>75,985</u>	<u>-</u>	<u>638,312</u>
Total capital assets, not being depreciated	<u>729,412</u>	<u>75,985</u>	<u>-</u>	<u>805,397</u>
Capital assets, being depreciated:				
Buildings	9,204,872	3,500	(21,638)	9,186,734
Machinery and equipment	<u>716,486</u>	<u>6,105</u>	<u>(176,694)</u>	<u>545,897</u>
Total capital assets, being depreciated	<u>9,921,358</u>	<u>9,605</u>	<u>(198,332)</u>	<u>9,732,631</u>
Less accumulated depreciation for:				
Buildings	(6,513,581)	(311,668)	21,638	(6,803,611)
Machinery and equipment	<u>(578,593)</u>	<u>(41,572)</u>	<u>176,694</u>	<u>(443,471)</u>
Total accumulated depreciation, net	<u>(7,092,174)</u>	<u>(353,240)</u>	<u>198,332</u>	<u>(7,247,082)</u>
Total capital assets, being depreciated, net	<u>2,829,184</u>	<u>(343,635)</u>	<u>-</u>	<u>2,485,549</u>
Total Solano County Fair capital assets, net	<u>\$ 3,558,596</u>	<u>\$ (267,650)</u>	<u>\$ -</u>	<u>\$ 3,290,946</u>
WIB				
Capital assets:				
Machinery and equipment	\$ 28,344	\$ -	\$ -	\$ 28,344
Less accumulated depreciation	<u>(23,397)</u>	<u>(1,319)</u>	<u>-</u>	<u>(24,716)</u>
Total WIB capital assets, being depreciated, net	<u>\$ 4,947</u>	<u>\$ (1,319)</u>	<u>\$ -</u>	<u>\$ 3,628</u>

Depreciation expense was charged to component units as follows:

Component units:	
Solano County Fair	\$ 353,240
Workforce Investment Board	1,319
Total depreciation expense-component units	<u>\$ 354,559</u>

F. Interfund Transfers

The composition of interfund transfers for the year ended June 30, 2006, was as follows:

		Transfers Out								
		General	Health & Social Services	Public Safety	Tobacco Settlement	Other Governmental	Nut Tree Airport	Fouts Springs Youth Facility	Internal Service Funds	Total
Transfer In	General	\$ -	\$ -	\$ -	\$ -	\$ 706,659	\$ -	\$ -	\$ -	\$ 706,659
	Health & Social Services	23,154,198	-	387,348	2,546,091	-	-	-	-	26,087,637
	Public Safety	68,911,893	473,878	-	-	101,027	-	-	-	69,486,798
	Other Governmental	8,330,051	5,342,217	3,898,166	-	17,836,618	8,416	77,631	192,514	35,685,613
	Internal Service	18,526	-	326,155	-	-	-	-	9,263	353,944
	Total	<u>\$ 100,414,668</u>	<u>\$ 5,816,095</u>	<u>\$ 4,611,669</u>	<u>\$ 2,546,091</u>	<u>\$ 18,644,304</u>	<u>\$ 8,416</u>	<u>\$ 77,631</u>	<u>\$ 201,777</u>	<u>\$ 132,320,651</u>

General Fund:

The General Fund made contributions of \$100,414,668 to other funds to offset operating costs of those programs and to meet the maintenance of effort requirements for many grant-funded programs. Of the amount transferred, the Public Safety Fund received a transfer of \$68,911,893; the Health & Social Services Fund received a transfer of \$23,154,198. Other Governmental Funds received a total of \$8,330,051. Of the amount transferred, the debt service funds received \$3,086,657 for repayment of long term debt including the Pension Debt Service Fund. The Accumulated Capital Outlay Fund (Other governmental fund) received \$3,887,005 to fund the acquisition and modification of the Vallejo Veterans building and the Post Office Building in Fairfield, for major repairs of the Fairfield Law & Justice Center Building and to fund for some other capital project activities. In addition, the Fairfield Downtown Project Fund (Other governmental fund) received \$725,000. The Library Fund and Parks & Recreation Fund – Other Special Revenue Funds (Other governmental funds) received the General Fund contribution of \$527,154.

Health & Social Services Fund (H&SS):

The H&SS Fund made a transfer of \$2,452,992 to the 1999 Certificate of Participation Debt Service Fund (Other governmental funds) to pay for the debt on the new administration building; \$2,889,225 to the Pension Debt Service Fund (Other governmental funds) and \$473,878 to the Public Safety Fund for the services provided by the District Attorney and Probation departments.

Public Safety Fund:

The Public Safety Fund transferred \$387,348 to Health & Social Services Fund for services provided by the Health Department; \$940,000 to the 2001 and 2002 Certificates of Participation Debt Service Funds (Other governmental funds) for its share of the principal and interest payments; \$2,927,166 to the Pension Debt Service Fund (Other governmental fund); \$31,000 to the Accumulated Capital Outlay Fund (Other governmental fund) for its share of the cost of proposed shooting range site of the Sheriff's Office; and \$326,155 to Fleet Management Fund (Internal service fund) for the purchase of Sheriff's patrol vehicle, inmate transport bus and inmate ADA compliance transport van.

Tobacco Settlement Fund:

The Tobacco Settlement Fund transferred \$2,546,091 to the H&SS Fund to offset various program costs.

Other Governmental Funds:

The Other Governmental Funds transfer include transferred \$467,360 from the Modernization and Micrographics Fund (Other governmental fund) to the General Fund to offset Recorder's Department's costs related to the online imaging automation project and \$239,299 from Transportation Fund (Other governmental fund) for its share of cost to Resource Management Department (General Fund).

The Southeast Vallejo Redevelopment Settlement Fund – Other Special Revenue Fund (Other governmental fund) transferred \$1,797,157 to the Transportation Fund (Other governmental fund) to cover the cost of improvement projects in Homeacres.

The Public Facility Fees Fund (Other governmental fund) transferred \$5,250,667 to the Accumulated Capital Outlay Fund (Other governmental fund) for various County projects; \$4,500,000 to the Library Fund (Other governmental fund) for the construction of the new Fairfield-Cordelia Library and purchase of an opening-day collection of books and materials.

There was also a transfer of \$5,768,998 from various county funds to the debt service funds for repayment of long term debt principal and interest and \$509,000 to the Pension Debt Service Fund (Other governmental fund).

Internal Service Funds:

The Communications Fund transferred \$9,263 to the Information Technology Fund for its share of administrative expenses. In addition the Internal Service Funds transferred \$192,514 to the Pension Debt Service Fund (Other governmental fund).

Enterprise Funds:

The amounts represent the Nut Tree Airport's and Fouts Springs Youth Facility's shares for the Pension Debt Service Fund (Other governmental fund).

G. Payables

The composition of payables as of June 30, 2006, was as follows:

	<u>Accounts Payable</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 4,427,173	\$ -	\$ 4,427,173
Health & Social Services	12,805,048	-	12,805,048
Public Safety	4,401,991	-	4,401,991
Other Governmental Funds	2,842,000	-	2,842,000
Internal Service Funds	895,448	-	895,448
Reconciliation of balances in fund financial statements to government-wide financial statements	-	3,857,923	3,857,923
Total governmental activities	<u>\$ 25,371,660</u>	<u>\$ 3,857,923</u>	<u>\$ 29,229,583</u>
Business-type activities:			
Nut Tree Airport	\$ 159,176	\$ 4,691	\$ 163,867
Fouts Springs Youth Facility	117,794	-	117,794
Total business-type activities	<u>\$ 276,970</u>	<u>\$ 4,691</u>	<u>\$ 281,661</u>

H. Operating Leases

The County leases office space and equipment under operating leases. Total rental expenditures for such leases were \$3,866,730 for the year ended June 30, 2006. Future minimum rental payments under all noncancelable operating leases with initial or remaining terms in excess of one year as of June 30, 2006 are summarized as follows:

<u>Year Ending June 30,</u>	<u>Primary Government</u>	<u>WIB</u>	<u>Total</u>
2007	\$ 1,863,205	\$ 468,128	\$ 2,331,333
2008	1,213,458	-	1,213,458
2009	1,190,251	-	1,190,251
2010	1,129,313	-	1,129,313
2011	665,997	-	665,997
2012	131,083	-	131,083
	<u>\$ 6,193,307</u>	<u>\$ 468,128</u>	<u>\$ 6,661,435</u>

I. Long-term Obligations

Capital Leases:

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

The assets acquired through capital leases are as follows:

	Governmental activities
Buildings and improvements	\$ 688,979
Machinery and equipment	1,137,315
Less: Accumulated depreciation	(972,701)
Total	<u>\$ 853,593</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006, were as follows:

Year ending June 30,	Governmental activities
2007	\$ 63,687
2008	14,516
2009	14,515
2010	3,628
Total minimum lease payments	96,346
Less: amount representing interest	(8,266)
Present value of minimum lease payments	<u>\$ 88,080</u>

Notes Payable:

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

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

Year ending June 30,	Governmental activities		Business-type activities	
	Principal	Interest	Principal	Interest
2007	\$ 1,491,751	\$ 373,017	\$ 46,667	\$ 11,598
2008	726,803	332,575	51,111	9,412
2009	747,904	311,474	55,000	7,018
2010	617,286	291,617	55,556	4,442
2011	634,514	274,390	39,297	1,841
2012-2016	3,448,146	1,096,369	-	-
2017-2021	3,957,193	587,322	-	-
2022-2023	1,732,871	76,042	-	-
	<u>\$ 13,356,468</u>	<u>\$ 3,342,806</u>	<u>\$ 247,631</u>	<u>\$ 34,311</u>

Certificates of Participation:

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

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

Year ending June 30,	Principal	Interest
2007	\$ 4,140,000	\$ 6,874,587
2008	4,295,000	6,732,375
2009	4,435,000	6,576,119
2010	4,600,000	6,399,202
2011	4,790,000	6,191,878
2012 – 2016	26,850,000	27,220,279
2017 – 2021	26,635,000	20,194,803
2022 – 2026	23,295,000	14,004,088
2027 – 2031	29,770,000	7,390,250
2032 – 2033	14,095,000	713,375
	<u>\$ 142,905,000</u>	<u>\$ 102,296,956</u>

Pension Obligation Bonds:

On June 16, 2004, the County issued \$96,665,000 of Taxable Pension Obligation Bonds to prepay its obligations under its contract with CalPERS for the County's current Unfunded Accrued Actuarial Liability (UAAL). These bonds were issued in four series: Series A in the amount of \$36,665,000 which are fixed rate Current Interest Bonds; Series B-1, B-2 and B-3 in the amount of \$20,000,000 each, which carry a variable rate and are Auction Rate Securities.

On November 1, 2005 the County issued \$42,385,000 of Taxable Pension Obligation Bonds.

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

Year ending June 30,	Principal	Interest
2007	\$ 390,000	\$ 6,567,342
2008	1,785,000	6,780,267
2009	2,190,000	6,962,066
2010	2,725,000	7,024,706
2011	3,300,000	6,891,431
2012 – 2016	26,995,000	31,161,034
2017 – 2021	45,445,000	21,461,677
2022 - 2025	50,365,000	5,861,597
	<u>\$ 133,195,000</u>	<u>\$ 92,710,120</u>

The composition of the long-term debt obligations for the governmental activities as of June 30, 2006, was as follows:

<u>Type and description</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Notes payable:				
Pitney Bowes Credit Corporation	May 24, 2007	4.94	\$ 7,182,298	\$ 784,745
California Energy Commission	June 22, 2009	3.00	924,379	428,617
Department of Water Resources	July 1, 2002	2.80	5,000,000	4,427,286
Department of Health Services	July 1, 2002	2.80	8,984,099	7,715,820
Total notes payable				<u>13,356,468</u>
Capital leases:				
Ameritech Credit Corporation	December 30, 2006	4.10	448,030	48,145
Pitney Bowes Credit Corporation	September 30, 2009	10.36	27,776	19,621
Pitney Bowes Credit Corporation	September 30, 2009	9.41	28,960	20,314
Total capital leases				<u>88,080</u>
Certificates of participation:				
1998 Court Expansion Improvements				
Serial	November 5, 1998 - November 15, 2013	2.95 - 4.68	6,455,000	1,775,000
Term	November 15, 2018	4.93	1,480,000	1,480,000
Issuance Premium			1,185	711
1999 Health and Social Services Capital Improvements				
Serial	November 5, 1999 - November 15, 2014	3.20 - 5.13	23,515,000	16,105,000
Term	November 15, 2019	5.23	8,195,000	8,195,000
Issuance Discount			(345,718)	(224,717)
2002 Certificates of Participation				
Serial	November 1, 2003 - November 1, 2025	4.98	74,460,000	71,485,000
Term	November 1, 2026 - November 1, 2032	5.00	43,865,000	43,865,000
Issuance Premium			4,628,748	4,011,581
Total certificates of participation				<u>146,692,575</u>
Pension Obligation Bonds				
Series 2004A	January 15, 2018	5.80	36,665,000	36,665,000
Series 2004B-1	January 15, 2021	4.50*	20,000,000	15,000,000
Series 2004B-2	January 15, 2023	6.00*	20,000,000	20,000,000
Series 2004B-3	January 15, 2024	4.16*	20,000,000	20,000,000
Series 2005	January 15, 2025	5.36	42,385,000	41,530,000
Total pension obligation bonds				<u>133,195,000</u>
Self-insurance liability				10,836,817
Compensated absences				22,081,723
Total governmental obligations				<u>\$ 326,250,663</u>

* Variable rate bonds

The composition of the long-term debt obligations for the business-type activities as of June 30, 2006, was as follows:

<u>Type and description</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Nut Tree Airport				
Notes Payable:				
CalTrans/Dept. of Transportation	January 3, 2018	5.22	1,300,000	\$ 247,631
Compensated absences				24,945
Total Nut Tree Airport				<u>272,576</u>
Fouts Springs Youth Facility				
Compensated absences				<u>260,008</u>
Total business-type activities				<u>\$ 532,584</u>

The composition of the long-term obligations of the County's component units activities as of June 30, 2006, was as follows:

<u>Type and description</u>	<u>Outstanding</u>
Solano County Fair	
County pension liability	\$ 788,544
Compensated absences	75,717
Total Solano County Fair	<u>\$ 864,261</u>
Workforce Investment Board (WIB)	
Compensated absences	<u>\$ 123,970</u>

Long-term liability activity for the fiscal year ended June 30, 2006, was as follows:

Governmental activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital leases	\$ 191,329	\$ -	\$ (103,249)	\$ 88,080	\$ 59,114
Certificates of participation	152,095,000	-	(9,190,000)	142,905,000	4,140,000
Deferred amounts:					
For issuance discounts	(242,003)	-	17,286	(224,717)	(17,286)
For issuance premiums	4,232,878	-	(220,586)	4,012,292	89,057
Deferred amount on refunding	(131,487)	-	131,487	-	-
Pension obligation bonds	96,665,000	42,385,000	(5,855,000)	133,195,000	390,000
Notes payable	14,897,413	-	(1,540,945)	13,356,468	1,491,751
Self-insurance liability	10,263,612	582,796	(9,591)	10,836,817	1,750,000
Compensated absences	21,166,920	11,162,601	(10,247,798)	22,081,723	9,392,228
Governmental activities long-term liabilities	<u>\$ 299,138,662</u>	<u>\$ 54,130,397</u>	<u>\$ (27,018,396)</u>	<u>\$ 326,250,663</u>	<u>\$ 17,294,864</u>

Business-type activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Capital leases	\$ 5,106	\$ -	\$ (5,106)	\$ -	\$ -
Notes payable	318,517	-	(70,886)	247,631	46,667
Compensated absences	241,495	124,514	(81,056)	284,953	100,525
Business-type activities long-term liabilities	<u>\$ 565,118</u>	<u>\$ 124,514</u>	<u>\$ (157,048)</u>	<u>\$ 532,584</u>	<u>\$ 147,192</u>

Component units activities:	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Solano County Fair:					
County pension liability	\$ 593,426	\$ 195,118	\$ -	\$ 788,544	\$ -
Compensated absences	79,515	56,465	(60,263)	75,717	-
Total Solano County Fair	<u>\$ 672,941</u>	<u>\$ 251,583</u>	<u>\$ (60,263)</u>	<u>\$ 864,261</u>	<u>\$ -</u>
WIB:					
Compensated absences	<u>\$ 109,717</u>	<u>\$ 14,253</u>	<u>\$ -</u>	<u>\$ 123,970</u>	<u>\$ 26,000</u>

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities are included as part of the above totals for governmental activities. At year end, \$11,448,900 of internal service funds long-term liabilities is included in the above amounts.

J. Net Assets

The government-wide statement of net assets reports \$67,227,824 of restricted net assets, of which \$21,461,450 is restricted by enabling legislation.

K. Excess of expenditures over appropriations

As of June 30, 2006, the expenditures exceeded appropriations at the legal level of budgetary control for the following:

Special Revenue Funds:	
Public Safety Fund	
CMF Cases	\$ 53,635
Other Special Revenue Funds	
Housing Authority of Solano County	13,081
East Vallejo Fire District	113
Fish/Wildlife Propagation	76

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

IV. OTHER INFORMATION

A. Employee Retirement Plan

1. Plan Description

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

2. Funding Policy

Active plan members in the Fund are required to contribute between 2% to 5% of their annual covered salary. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by CalPERS Board of Administration. The required employer contribution rate for fiscal year 2005/2006 was 13.584% for miscellaneous and 14.839% for public safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

3. Annual Pension Cost

For fiscal year 2005/2006, the County’s annual pension cost was \$31,690,137. The required contribution for fiscal year 2005/2006 was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that range from 3.25% to 10.05% (13.15% for the safety plan) depending on age, service, and type of employment; (c) inflation of 3.00%; and (d) payroll growth of 3.25%. The actuarial value of the Fund’s assets was determined using a technique that smoothes the effect of short-term volatility of the market value of investments over a three-year period. The Fund’s excess assets are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period as of June 30, 2005 was 15 years for the miscellaneous and safety plans.

The County’s annual pension cost and pension asset for the year ended June 30, 2006 were as follows:

Annual required contribution (ARC)	\$	31,434,634
Interest on pension asset		(10,549,606)
Adjustment to the annual required contribution		10,805,109
Annual pension cost (APC)		<u>31,690,137</u>
Contributions made		<u>72,881,848</u>
Increase in pension asset		41,191,711
Pension asset, beginning of year		<u>95,081,643</u>
Pension asset, end of year	\$	<u><u>136,273,354</u></u>

Three-year trend information for the Plan

Fiscal Year Ending	APC	Contribution	Percentage of APC contributed	Net pension asset
6/30/04	\$ 16,328,505	\$ 104,504,545	640%	\$ 88,176,040
6/30/05	27,035,268	33,940,871	124	95,081,643
6/30/06	31,690,137	72,881,848	230	136,273,354

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

B. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance. Premiums are paid through the Risk Management Internal Service Fund. The County participates in property and general liability insurance programs organized by the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), a joint powers authority created to provide self-insurance programs for its 53 member counties. Each county has a representative on the Joint Powers Board, which governs management, financing and budgeting of CSAC-EIA activities. The County also participates in various other insurance programs, in which the premiums paid are considered insignificant to the total paid during the year. The County paid premiums totaling \$6,086,519 during the fiscal year ended June 30, 2006.

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

Effective July 1, 2003, the County elected to self-insure for the County's workers' compensation program. The County has primary coverage up to \$125,000 per occurrence, and will continue to participate in excess coverage subject to statutory limits. Based on the current trends of the claims filed, the County is expecting a payout of \$1,750,000 in the next fiscal year. The governmental and proprietary funds contribute amounts to the Risk Management Internal Service Fund base on actuarially determined estimates of the ultimate settlements. Such estimates are generally based upon a 90% confidence level.

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

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

As of June 30, 2006, the accrued loss contingency for the general liability program was \$311,817, and is reported as a liability in the Risk Management Internal Service Fund. In County management's opinion, the liability reported is adequate to cover any potential claims not covered by insurance.

Changes in the Risk Management Internal Service Fund's accrued loss contingency amount for the years ended June 30, 2006 and 2005 were:

<u>Year Ended</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
June 30, 2005	\$ 5,762,464	\$ 4,572,849	\$ (71,701)	\$ 10,263,612
June 30, 2006	10,263,612	582,796	(9,591)	10,836,817

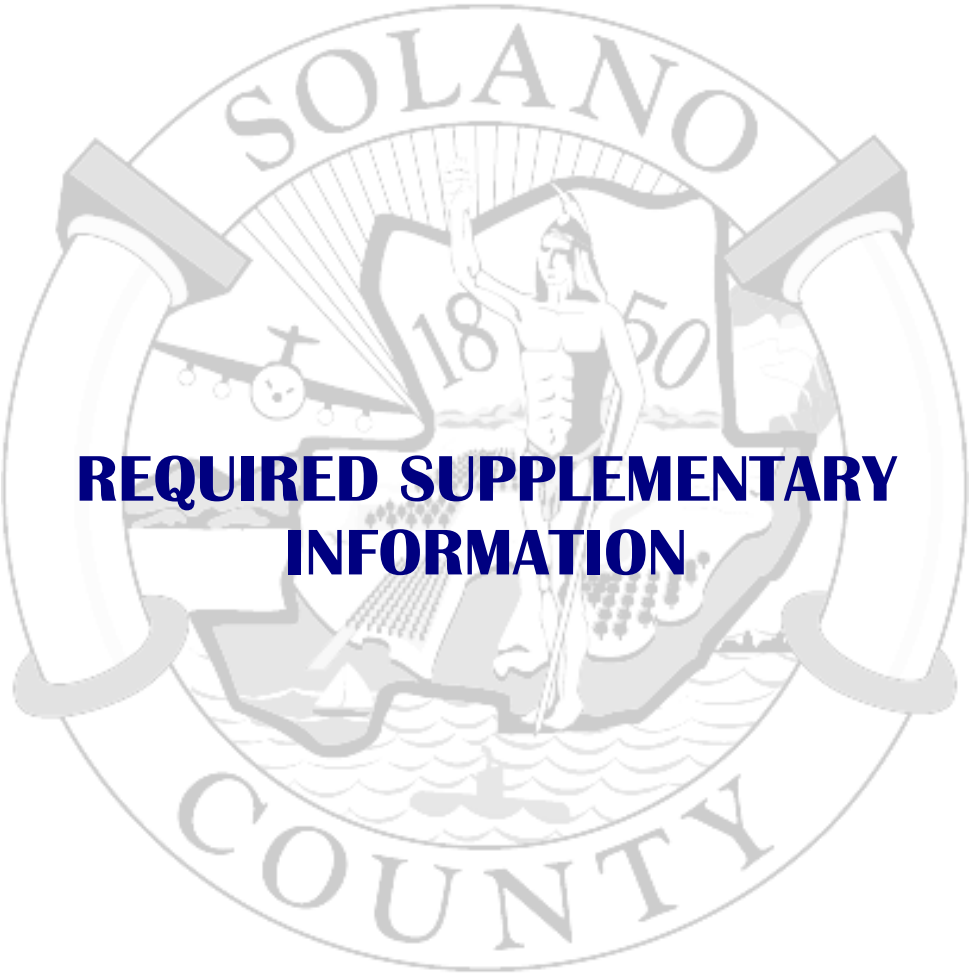
C. Commitments and Contingencies

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

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

D. Subsequent Event

On September 6, 2006, Solano County (County) and Valero Refining Corporation (Valero) reached an agreement whereby the County will refund Valero some of the property taxes paid during fiscal years 2001/02 through 2005/06. The refund resulted from Valero's appeal of the assessed values assigned to the property they acquired. The amount to be refunded is approximately \$8,848,240 of which an estimated \$1,495,441 will come from the County's General Fund. The balance will be refunded by other taxing agencies within the County who benefited from the distribution of paid property taxes.



**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF SOLANO, CALIFORNIA
Schedules of Funding Progress
For the fiscal year ended June 30, 2006
Unaudited

**Safety Plan
Retirement Program**

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Payroll
6/30/03	\$ 155,167,989	\$ 133,254,142	\$ 21,913,847	85.9%	\$ 30,940,152	70.8%
6/30/04	174,151,068	158,822,616	15,328,452	91.2%	33,376,960	45.9%
6/30/05	194,045,928	173,601,306	20,444,622	89.5%	33,246,575	61.5%

**Miscellaneous Plan
Retirement Program**

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Payroll
6/30/03	\$ 533,338,786	\$ 420,445,948	\$ 112,892,838	78.8%	\$ 135,215,061	83.5%
6/30/04	588,308,868	542,591,874	45,716,994	92.2%	135,207,449	33.8%
6/30/05	647,322,805	594,320,985	53,001,820	91.8%	137,816,885	38.5%

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, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 68,020,429	\$ 97,535,429	\$ 111,214,271	\$ 13,678,842
Licenses, permits and franchises	5,295,222	5,925,822	6,518,667	592,845
Fines, forfeitures and penalties	2,983,250	2,983,250	2,948,905	(34,345)
Revenue from use of money and property	1,485,393	1,485,393	3,118,100	1,632,707
Intergovernmental revenues	50,633,981	21,667,796	21,014,825	(652,971)
Charges for services	35,536,508	36,501,169	36,239,918	(261,251)
Miscellaneous revenues	4,976,480	5,071,069	6,153,276	1,082,207
Total revenues	168,931,263	171,169,928	187,207,962	16,038,034
EXPENDITURES				
Current:				
General government				
Board of Supervisors	1,478,685	1,491,931	1,482,704	9,227
Administration	3,102,494	3,036,728	2,790,727	246,001
General Revenue	4,012,251	3,921,303	3,901,519	19,784
Employee Development & Recognition	284,455	311,955	269,361	42,594
General Services	14,060,873	15,052,910	14,177,690	875,220
Assessor	5,020,180	5,270,422	5,144,944	125,478
Auditor-Controller	3,700,240	3,697,576	3,564,266	133,310
Tax Collector/County Clerk	1,544,619	1,567,108	1,471,832	95,276
Treasurer	874,378	869,608	716,566	153,042
County Counsel	2,737,745	2,752,668	2,752,653	15
Human Resources	1,772,617	1,831,179	1,831,166	13
Registrar of Voters	4,069,781	4,466,705	3,285,810	1,180,895
Property Management	239,744	253,454	247,473	5,981
Promotion	200,064	203,935	145,146	58,789
General Expenditures	10,232,274	51,621,928	50,314,725	1,307,203
Surveyor/Engineer	94,284	120,503	108,460	12,043
Total general government	53,424,684	96,469,913	92,205,042	4,264,871
Public protection				
Grand Jury	155,964	155,964	152,920	3,044
Agricultural Commissioner	2,747,582	2,734,103	2,349,643	384,460
Animal Care Services	2,060,075	2,161,894	2,059,005	102,889
Recorder	2,860,076	2,727,382	2,162,758	564,624
Environmental Management	7,917,508	9,574,221	7,744,856	1,829,365
LAFCO	438,418	461,762	433,977	27,785
Total public protection	16,179,623	17,815,326	14,903,159	2,912,167
Public assistance				
Ind Burial Vets Cem Care	9,750	11,307	11,306	1
Office of Family Violence Prevention	360,567	496,200	406,517	89,683
Veterans Services	520,651	527,363	527,362	1
Total public assistance	890,968	1,034,870	945,185	89,685
Education and recreation				
Cooperative Extension Service	309,963	312,380	263,014	49,366
Vallejo Veterans Building	85,797	94,815	94,815	-
Total education and recreation	395,760	407,195	357,829	49,366
Debt service:				
Principal	149,178	149,178	144,531	4,647
Debt issuance cost	646,905	646,905	646,905	-
Interest and other charges	15,987	15,987	20,460	(4,473)
Total debt service	812,070	812,070	811,896	174
Capital outlay:				
Buildings and improvements	25,000	25,000	-	25,000
Equipment	1,784,287	1,823,013	1,248,420	574,593
Total capital outlay	1,809,287	1,848,013	1,248,420	599,593
Total expenditures	73,512,392	118,387,387	110,471,531	7,915,856
Excess of revenues over expenditures	95,418,871	52,782,541	76,736,431	23,953,890
OTHER FINANCING SOURCES (USES)				
Debt issued	-	42,177,853	42,143,231	(34,622)
Transfers in	1,040,972	1,040,972	706,659	(334,313)
Transfers out	(105,683,563)	(108,321,348)	(100,414,668)	7,906,680
Sale of capital assets	15,000	15,000	41,362	26,362
Total other financing sources (uses)	(104,627,591)	(65,087,523)	(57,523,416)	7,564,107
Net change in fund balance	(9,208,720)	(12,304,982)	19,213,015	31,517,997
Fund balance - beginning	72,467,570	72,467,570	72,467,570	-
Fund balance - ending	\$ 63,258,850	\$ 60,162,588	\$ 91,680,585	\$ 31,517,997

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

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Health and Social Services - Special Revenue Fund
For the fiscal year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses, permits and franchises	\$ 386,313	\$ 386,313	\$ 375,455	\$ (10,858)
Fines, forfeitures and penalties	900,589	1,196,526	1,153,757	(42,769)
Revenue from use of money and property	47,000	47,000	87,029	40,029
Intergovernmental revenues	207,833,427	193,779,513	188,970,713	(4,808,800)
Charges for services	13,780,506	15,156,170	14,046,956	(1,109,214)
Miscellaneous revenues	2,449,656	2,944,246	1,349,889	(1,594,357)
Total revenues	<u>225,397,491</u>	<u>213,509,768</u>	<u>205,983,799</u>	<u>(7,525,969)</u>
EXPENDITURES				
Current:				
Health services	98,147,635	102,866,717	94,580,143	8,286,574
Public assistance	154,137,315	138,830,965	132,348,164	6,482,801
Debt service:				
Principal	93,299	93,299	93,299	-
Interest and other charges	5,044	5,044	5,044	-
Total debt service	<u>98,343</u>	<u>98,343</u>	<u>98,343</u>	<u>-</u>
Capital outlay:				
Buildings and improvements	-	17,319	-	17,319
Equipment	9,000	154,165	47,108	107,057
Total capital outlay	<u>9,000</u>	<u>171,484</u>	<u>47,108</u>	<u>124,376</u>
Total expenditures	<u>252,392,293</u>	<u>241,967,509</u>	<u>227,073,758</u>	<u>14,893,751</u>
Deficiency of revenues under expenditures	<u>(26,994,802)</u>	<u>(28,457,741)</u>	<u>(21,089,959)</u>	<u>7,367,782</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	31,400,955	33,057,618	26,087,637	(6,969,981)
Transfers out	(6,252,563)	(6,509,742)	(5,816,095)	693,647
Total other financing sources (uses)	<u>25,148,392</u>	<u>26,547,876</u>	<u>20,271,542</u>	<u>(6,276,334)</u>
Net change in fund balance	(1,846,410)	(1,909,865)	(818,417)	1,091,448
Fund balance - beginning	2,961,153	2,961,153	2,961,153	-
Fund balance - ending	<u>\$ 1,114,743</u>	<u>\$ 1,051,288</u>	<u>\$ 2,142,736</u>	<u>\$ 1,091,448</u>

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

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Safety - Special Revenue Fund
For the fiscal year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Licenses, permits and franchises	\$ 176,351	\$ 176,351	\$ 134,508	\$ (41,843)
Fines, forfeitures and penalties	1,693,861	1,793,862	2,305,601	511,739
Intergovernmental revenues	54,952,354	58,141,143	57,351,572	(789,571)
Charges for services	8,721,051	8,821,951	10,306,073	1,484,122
Miscellaneous revenues	1,470,840	1,470,840	1,779,150	308,310
Total revenues	<u>67,014,457</u>	<u>70,404,147</u>	<u>71,876,904</u>	<u>1,472,757</u>
EXPENDITURES				
Current:				
Public protection				
Law Library	369,043	369,043	348,591	20,452
Department of Child Support Services	12,127,868	12,399,973	11,841,800	558,173
Sheriff OES	284,771	376,185	200,299	175,886
Cal-MMET	32,984	284,281	284,281	-
LLEBG	235,454	235,454	124,005	111,449
Sheriff Special Revenue Fund	141,150	232,106	91,683	140,423
DA Special Revenue	68,047	58,885	46,614	12,271
Sheriff Asset Forfeiture	475	499	499	-
CJ Fac Temp Const Fund	7,894	8,943	8,943	-
Courthouse Temp Const Fund	4,609	5,551	5,551	-
District Attorney	15,168,889	15,502,075	15,482,008	20,067
Public Defender	7,957,407	8,176,773	8,176,772	1
Conflict Public Defender	2,717,359	2,686,776	2,672,271	14,505
Sheriff	65,153,201	65,307,551	65,079,809	227,742
Probation	30,639,586	30,575,612	26,470,417	4,105,195
Other Public Defense	2,043,086	2,036,237	1,913,656	122,581
CMF Cases	219,812	240,707	294,342	(53,635)
Total public protection	<u>137,171,635</u>	<u>138,496,651</u>	<u>133,041,541</u>	<u>5,455,110</u>
Debt service:				
Principal	851,496	851,496	851,495	1
Interest and other charges	63,967	63,967	63,960	7
Total debt service	<u>915,463</u>	<u>915,463</u>	<u>915,455</u>	<u>8</u>
Capital outlay:				
Construction in progress	-	2,493,322	1,500,000	993,322
Equipment	1,423,416	1,452,164	1,347,283	104,881
Total capital outlay	<u>1,423,416</u>	<u>3,945,486</u>	<u>2,847,283</u>	<u>1,098,203</u>
Total expenditures	<u>139,510,514</u>	<u>143,357,600</u>	<u>136,804,279</u>	<u>6,553,321</u>
Deficiency of revenues under expenditures	<u>(72,496,057)</u>	<u>(72,953,453)</u>	<u>(64,927,375)</u>	<u>8,026,078</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	73,473,609	73,935,445	69,486,798	(4,448,647)
Transfers out	(5,070,125)	(7,381,523)	(4,611,669)	2,769,854
Sale of capital assets	-	-	8,050	8,050
Total other financing sources (uses)	<u>68,403,484</u>	<u>66,553,922</u>	<u>64,883,179</u>	<u>(1,670,743)</u>
Net change in fund balance	<u>(4,092,573)</u>	<u>(6,399,531)</u>	<u>(44,196)</u>	<u>6,355,335</u>
Fund balance - beginning	8,982,875	8,982,875	8,982,875	-
Fund balance - ending	<u>\$ 4,890,302</u>	<u>\$ 2,583,344</u>	<u>\$ 8,938,679</u>	<u>\$ 6,355,335</u>

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

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Tobacco Settlement - Special Revenue Fund
For the fiscal year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 1,926,721	\$ 1,926,721	2,520,378	\$ 593,657
EXPENDITURES				
Health services				
Tobacco Settlement Securitization	41,501	41,501	41,501	-
Tobacco Settlement	66,647	66,647	1,000	65,647
Total health services	108,148	108,148	42,501	65,647
Excess of revenues over expenditures	1,818,573	1,818,573	2,477,877	659,304
OTHER FINANCING SOURCES (USES)				
Transfers out	(6,575,953)	(6,575,953)	(2,546,091)	4,029,862
Total other financing sources (uses)	(6,575,953)	(6,575,953)	(2,546,091)	4,029,862
Net change in fund balance	(4,757,380)	(4,757,380)	(68,214)	4,689,166
Fund balance - beginning	57,365,437	57,365,437	57,365,437	-
Fund balance - ending	\$ 52,608,057	\$ 52,608,057	\$ 57,297,223	\$ 4,689,166

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

**COUNTY OF SOLANO, CALIFORNIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Budgetary Information

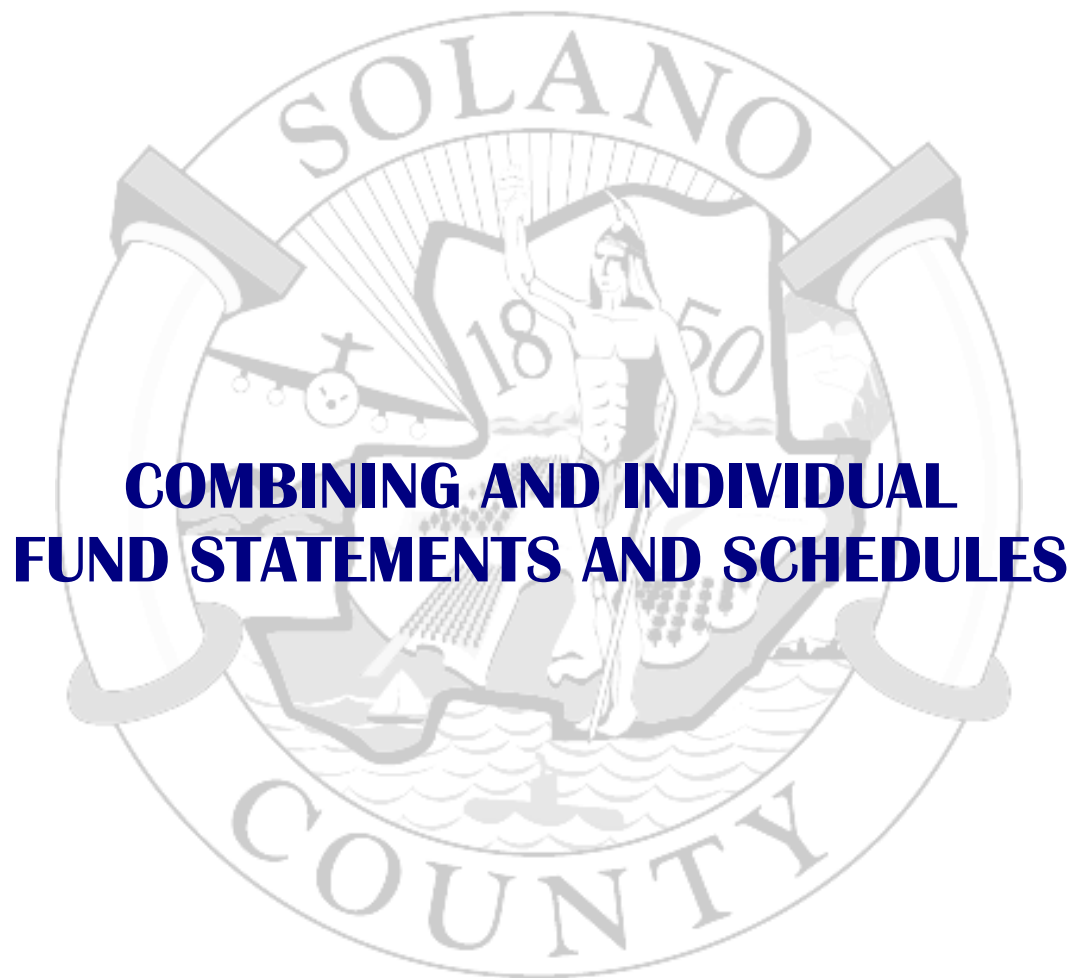
In accordance with provisions of Sections 29000 through 29144 of the California Governmental Code and other statutory provisions, commonly known as the County Budget Act, the County prepares and legally adopts a final balanced budget each fiscal year. Until the adoption of this final balanced budget,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

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

Expenditures are controlled at the object level for all departments within the County except for capital outlay expenditures, which are controlled at the sub object level. The legal level of control is at the department level. This is the level at which expenditures may not legally exceed appropriations. The Board must approve supplemental appropriations normally financed by unanticipated revenues during the year, and any other amendments or transfers. The prepayment of Unfunded Accrued Actuarial Liability (UAAL) was allocated by function on the Statement of Revenues, Expenditures, and Changes to Fund Balances – Governmental Funds for the General Fund; whereas, the prepayment is presented as budgeted on the General Fund's Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual under General Expenditures.

Pursuant to the Board of Supervisors' Budget Policy, amendments or transfers of appropriations between object levels within a department may be authorized by the County Administrator's Office provided the total appropriation of the department is not changed. Therefore, final budgeted amounts in the accompanying required supplementary information are reported as amended. Individual amendments during the fiscal year ended June 30, 2005, were not material in relation to the original appropriations.

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



**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

Other Governmental Funds

Special Revenue Funds

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

Capital Projects Funds

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

Debt Service Funds

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

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Other Governmental Funds
June 30, 2006

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
ASSETS				
Cash and investments	\$ 71,528,823	\$ 30,504,515	\$ 8,942,220	\$ 110,975,558
Accounts receivable	1,179,276	232,498	1,758	1,413,532
Due from other agencies	4,289,760	21,894	46	4,311,700
Due from other funds	564,627	1,831	455,351	1,021,809
Other assets	3,370,444	-	2,102,280	5,472,724
Total assets	<u>\$ 80,932,930</u>	<u>\$ 30,760,738</u>	<u>\$ 11,501,655</u>	<u>\$ 123,195,323</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Outstanding warrants	\$ 1,061,220	\$ 51,929	\$ 4,277	\$ 1,117,426
Payables	2,346,320	495,680	-	2,842,000
Deferred revenue	721,796	17,575	-	739,371
Due to other funds	1,635,871	41,337	968,450	2,645,658
Other liabilities	323,781	614,294	-	938,075
Due to other agencies	194,393	-	-	194,393
Total liabilities	<u>6,283,381</u>	<u>1,220,815</u>	<u>972,727</u>	<u>8,476,923</u>
Fund balances:				
Reserved:				
Long-term assets	2,846,804	-	1,543,308	4,390,112
Debt service	250,000	-	8,985,620	9,235,620
Capital projects	-	263,914	-	263,914
Encumbrances	1,648,056	14,020,286	-	15,668,342
Other purposes	2,946,793	-	-	2,946,793
Unreserved:				
Designated, reported in:				
Capital project funds	-	15,255,723	-	15,255,723
Special revenue funds	66,957,896	-	-	66,957,896
Total fund balances	<u>74,649,549</u>	<u>29,539,923</u>	<u>10,528,928</u>	<u>114,718,400</u>
Total liabilities and fund balances	<u>\$ 80,932,930</u>	<u>\$ 30,760,738</u>	<u>\$ 11,501,655</u>	<u>\$ 123,195,323</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, 2006

	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
REVENUES				
Taxes	\$ 12,916,394	\$ 1,680,053	\$ 899,149	\$ 15,495,596
Licenses, permits and franchises	231,571	-	-	231,571
Fines, forfeitures and penalties	981,317	-	-	981,317
Revenue from use of money and property	2,379,119	580,129	353,541	3,312,789
Intergovernmental revenues	20,101,893	1,860,126	-	21,962,019
Charges for services	16,877,496	36,552	1,732,525	18,646,573
Miscellaneous revenues	401,429	64,235	616,030	1,081,694
Total revenues	<u>53,889,219</u>	<u>4,221,095</u>	<u>3,601,245</u>	<u>61,711,559</u>
EXPENDITURES				
Current:				
General government	410,787	2,728,287	110,944	3,250,018
Public protection	2,746,284	61,489	-	2,807,773
Public ways and facilities	10,884,105	-	-	10,884,105
Health services	5,250,777	-	-	5,250,777
Education and recreation	19,312,549	-	-	19,312,549
Debt service:				
Principal	-	-	15,599,872	15,599,872
Interest and other charges	-	-	12,232,116	12,232,116
Capital outlay	4,398,833	4,406,028	-	8,804,861
Total expenditures	<u>43,003,335</u>	<u>7,195,804</u>	<u>27,942,932</u>	<u>78,142,071</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,885,884</u>	<u>(2,974,709)</u>	<u>(24,341,687)</u>	<u>(16,430,512)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of tobacco settlement revenues	-	17,397,252	-	17,397,252
Debt issued	-	-	241,769	241,769
Transfers in	7,064,040	9,915,967	18,705,606	35,685,613
Transfers out	(15,562,577)	(3,028,430)	(53,297)	(18,644,304)
Sale of capital assets	13,829	-	-	13,829
Total other financing sources (uses)	<u>(8,484,708)</u>	<u>24,284,789</u>	<u>18,894,078</u>	<u>34,694,159</u>
Net change in fund balances	2,401,176	21,310,080	(5,447,609)	18,263,647
Fund balances - beginning	72,248,373	8,229,843	15,976,537	96,454,753
Fund balances - ending	<u>\$ 74,649,549</u>	<u>\$ 29,539,923</u>	<u>\$ 10,528,928</u>	<u>\$ 114,718,400</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 government’s library services. Solano County Library offers professional innovative, cost-effective service by providing library materials, resources, information, entertainment and life long learning opportunities to enrich the lives of the people of Solano County. This fund is primarily funded through taxes and charges for services.

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

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

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

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

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

Other Special Revenue Funds:

- *East Vallejo Fire District Fund* – This fund is used to provide fire protection services to an area of East Vallejo. The funding for this district is through property taxes.
- *Fish/Wildlife Propagation Fund* – This fund is used to provide for the improvement of wildlife habitat and propagation, conservation and education in programs in Solano County. The funding for this program is fines, forfeitures and penalties.
- *Housing Authority Fund* – This fund is used to provide housing assistance through the Section 8 Housing Assistance program for the unincorporated areas of Solano County. The funding for this program is through federal pass-through grants.
- *Lighting Districts and Service Areas Funds* - These funds are used to account for the provision of overhead street lighting for specific services areas within the County. The funding for these areas is through property taxes allocated to each area.
- *Parks and Recreation Fund* – This fund is used to account for the provision of clean and safe park areas and facilities in Solano County. The funding for this fund comes from state grants, charges for services and property taxes.
- *Southeast Vallejo Redevelopment Settlement Fund* – This fund is used to track revenues from the City of Vallejo to the General Fund, resulting from the fiscal year 2000/2001 Southeast Vallejo Redevelopment Agreement between the County and the City of Vallejo.

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

	Public Facilities			
	Fees	Library	Transportation	First 5 Solano
ASSETS				
Cash and investments	\$ 19,511,687	\$ 15,314,811	\$ 4,185,314	\$ 20,007,182
Accounts receivable	155,134	19,692	435,761	551,958
Due from other agencies	1,926,338	472,862	1,412,820	416,413
Due from other funds	-	79,640	484,987	-
Other assets	-	998,397	144,594	13,442
Total assets	<u>\$ 21,593,159</u>	<u>\$ 16,885,402</u>	<u>\$ 6,663,476</u>	<u>\$ 20,988,995</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Outstanding warrants	\$ -	\$ 669,664	\$ 231,937	\$ 147,887
Payables	-	511,578	887,589	416,360
Deferred revenue	-	-	494,812	-
Due to other funds	-	34,531	18,126	533,332
Other liabilities	-	-	323,781	-
Due to other agencies	131,709	-	-	62,384
Total liabilities	<u>131,709</u>	<u>1,215,773</u>	<u>1,956,245</u>	<u>1,159,963</u>
Fund balances:				
Reserved:				
Long-term assets	-	992,989	-	-
Debt service	-	250,000	-	-
Encumbrances	5,850	1,082,243	337,181	204,742
Other purposes	2,299,927	3,028	232,517	-
Unreserved:				
Designated, reported in				
Special revenue funds	19,155,673	13,341,369	4,137,533	19,624,290
Total fund balances	<u>21,461,450</u>	<u>15,669,629</u>	<u>4,707,231</u>	<u>19,829,032</u>
Total liabilities and fund balances	<u>\$ 21,593,159</u>	<u>\$ 16,885,402</u>	<u>\$ 6,663,476</u>	<u>\$ 20,988,995</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2006

Homeacres Loan Program	Rural North Vacaville Water District	Micrographics & Modernization	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds
\$ 702,412	\$ 239,401	\$ 6,628,545	\$ 4,939,471	\$ 71,528,823
-	-	9,448	7,283	1,179,276
-	44,270	-	17,057	4,289,760
-	-	-	-	564,627
1,853,815	-	-	360,196	3,370,444
<u>\$ 2,556,227</u>	<u>\$ 283,671</u>	<u>\$ 6,637,993</u>	<u>\$ 5,324,007</u>	<u>\$ 80,932,930</u>
\$ -	\$ -	\$ -	\$ 11,732	\$ 1,061,220
-	372	-	530,421	2,346,320
-	46,886	-	180,098	721,796
-	2,239	467,360	580,283	1,635,871
-	-	-	-	323,781
-	-	-	300	194,393
<u>-</u>	<u>49,497</u>	<u>467,360</u>	<u>1,302,834</u>	<u>6,283,381</u>
1,853,815	-	-	-	2,846,804
-	-	-	-	250,000
10,802	-	-	7,238	1,648,056
-	234,174	171,637	5,510	2,946,793
691,610	-	5,998,996	4,008,425	66,957,896
<u>2,556,227</u>	<u>234,174</u>	<u>6,170,633</u>	<u>4,021,173</u>	<u>74,649,549</u>
<u>\$ 2,556,227</u>	<u>\$ 283,671</u>	<u>\$ 6,637,993</u>	<u>\$ 5,324,007</u>	<u>\$ 80,932,930</u>

ASSETS

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

LIABILITIES AND FUND BALANCES

Liabilities:

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

Fund balances:

Reserved:

Long-term assets
Debt service
Encumbrances
Other purposes

Unreserved:

Designated, reported in
Special revenue funds
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, 2006

	Public Facilities				Homeacres
	Fees	Library	Transportation	First 5 Solano	Loan Program
REVENUES					
Taxes	\$ -	\$ 10,610,871	\$ 1,331,366	\$ -	\$ -
Licenses, permits and franchises	-	-	230,596	-	-
Fines, forfeitures and penalties	-	-	-	-	-
Revenue from use of money and property	684,212	488,592	180,948	628,395	31,538
Intergovernmental revenues	-	2,209,310	10,247,805	5,298,605	-
Charges for services	7,659,288	5,623,365	1,698,770	-	-
Miscellaneous revenues	-	98,835	104,012	90,984	20,786
Total revenues	<u>8,343,500</u>	<u>19,030,973</u>	<u>13,793,497</u>	<u>6,017,984</u>	<u>52,324</u>
EXPENDITURES					
Current:					
General government	391,929	-	18,858	-	-
Public protection	-	-	-	-	10,131
Public ways and facilities	-	-	10,664,079	-	-
Health services	-	-	-	5,250,777	-
Education and recreation	-	18,120,341	-	-	-
Capital outlay	-	16,628	4,366,835	-	-
Total expenditures	<u>391,929</u>	<u>18,136,969</u>	<u>15,049,772</u>	<u>5,250,777</u>	<u>10,131</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,951,571</u>	<u>894,004</u>	<u>(1,256,275)</u>	<u>767,207</u>	<u>42,193</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	4,734,586	2,020,787	-	-
Transfers out	(11,785,356)	(883,827)	(594,305)	(19,756)	-
Sale of capital assets	-	-	13,829	-	-
Total other financing sources (uses)	<u>(11,785,356)</u>	<u>3,850,759</u>	<u>1,440,311</u>	<u>(19,756)</u>	<u>-</u>
Net change in fund balances	(3,833,785)	4,744,763	184,036	747,451	42,193
Fund balances - beginning	25,295,235	10,924,866	4,523,195	19,081,581	2,514,034
Fund balances - ending	<u>\$ 21,461,450</u>	<u>\$ 15,669,629</u>	<u>\$ 4,707,231</u>	<u>\$ 19,829,032</u>	<u>\$ 2,556,227</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, 2006

Rural North Vacaville Water District	Micrographics & Modernization	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds	
				REVENUES
\$ 16,250	\$ -	\$ 957,907	\$ 12,916,394	Taxes
-	-	975	231,571	Licenses, permits and franchises
-	-	981,317	981,317	Fines, forfeitures and penalties
-	178,630	186,804	2,379,119	Revenue from use of money and property
-	-	2,346,173	20,101,893	Intergovernmental revenues
142,782	1,391,039	362,252	16,877,496	Charges for services
71,326	-	15,486	401,429	Miscellaneous revenues
<u>230,358</u>	<u>1,569,669</u>	<u>4,850,914</u>	<u>53,889,219</u>	Total revenues
				EXPENDITURES
				Current:
-	-	-	410,787	General government
-	-	2,736,153	2,746,284	Public protection
186,930	-	33,096	10,884,105	Public ways and facilities
-	-	-	5,250,777	Health and sanitation
-	-	1,192,208	19,312,549	Education and recreation
-	-	15,370	4,398,833	Capital outlay
<u>186,930</u>	<u>-</u>	<u>3,976,827</u>	<u>43,003,335</u>	Total expenditures
				Excess (deficiency) of revenues over (under) expenditures
<u>43,428</u>	<u>1,569,669</u>	<u>874,087</u>	<u>10,885,884</u>	
				OTHER FINANCING SOURCES (USES)
-	-	308,667	7,064,040	Transfers in
-	(467,360)	(1,811,973)	(15,562,577)	Transfers out
-	-	-	13,829	Sale of capital assets
<u>-</u>	<u>(467,360)</u>	<u>(1,503,306)</u>	<u>(8,484,708)</u>	Total other financing sources (uses)
43,428	1,102,309	(629,219)	2,401,176	Net change in fund balances
190,746	5,068,324	4,650,392	72,248,373	Fund balances - beginning
<u>\$ 234,174</u>	<u>\$ 6,170,633</u>	<u>\$ 4,021,173</u>	<u>\$ 74,649,549</u>	Fund balances - ending

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Public Facilities Fees - Special Revenue Fund
For the fiscal year ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Revenue from use of money and property	\$ 260,336	\$ 260,336	\$ 684,212	\$ 423,876
Charges for services	13,919,070	13,919,070	7,659,288	(6,259,782)
Total revenues	14,179,406	14,179,406	8,343,500	(5,835,906)
EXPENDITURES				
Current:				
General government				
Public Facilities Fees	464,476	469,835	391,929	77,906
Excess of revenues over expenditures	13,714,930	13,709,571	7,951,571	(5,758,000)
OTHER FINANCING USES				
Transfers out	(12,670,356)	(12,785,356)	(11,785,356)	1,000,000
Net change in fund balance	1,044,574	924,215	(3,833,785)	(4,758,000)
Fund balance - beginning	25,295,235	25,295,235	25,295,235	-
Fund balance - ending	\$ 26,339,809	\$ 26,219,450	\$ 21,461,450	\$ (4,758,000)

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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 9,840,934	\$ 9,840,934	\$ 10,610,871	\$ 769,937
Revenue from use of money and property	156,862	156,862	488,592	331,730
Intergovernmental revenues	2,054,240	2,207,848	2,209,310	1,462
Charges for services	4,346,116	4,346,116	5,623,365	1,277,249
Miscellaneous revenues	96,000	96,000	98,835	2,835
Total revenues	<u>16,494,152</u>	<u>16,647,760</u>	<u>19,030,973</u>	<u>2,383,213</u>
EXPENDITURES				
Current:				
Education and recreation				
Library Special Revenue	72,000	81,000	80,965	35
Library Zone 1	10,471	10,471	9,579	892
Library Zone 6	478	478	412	66
Library Zone 7	6,911	6,911	5,727	1,184
Library Zone 2	422	422	405	17
Library	21,428,234	21,743,008	18,023,253	3,719,755
Total education and recreation	<u>21,518,516</u>	<u>21,842,290</u>	<u>18,120,341</u>	<u>3,721,949</u>
Capital outlay:				
Equipment	72,350	160,063	16,628	143,435
Total expenditures	<u>21,590,866</u>	<u>22,002,353</u>	<u>18,136,969</u>	<u>3,865,384</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,096,714)</u>	<u>(5,354,593)</u>	<u>894,004</u>	<u>6,248,597</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	6,197,034	6,197,034	4,734,586	(1,462,448)
Transfers out	<u>(2,292,639)</u>	<u>(2,346,275)</u>	<u>(883,827)</u>	<u>1,462,448</u>
Total other financing sources (uses)	<u>3,904,395</u>	<u>3,850,759</u>	<u>3,850,759</u>	<u>-</u>
Net change in fund balance	(1,192,319)	(1,503,834)	4,744,763	6,248,597
Fund balance - beginning	10,924,866	10,924,866	10,924,866	-
Fund balance - ending	<u>\$ 9,732,547</u>	<u>\$ 9,421,032</u>	<u>\$ 15,669,629</u>	<u>\$ 6,248,597</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Transportation - Special Revenue Fund
For the fiscal year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,287,542	\$ 1,287,542	\$ 1,331,366	\$ 43,824
Licenses, permits and franchises	203,605	203,605	230,596	26,991
Revenue from use of money and property	116,610	116,610	180,948	64,338
Intergovernmental revenues	9,728,839	9,728,839	10,247,805	518,966
Charges for services	1,252,219	1,252,219	1,698,770	446,551
Miscellaneous revenues	144,387	144,387	104,012	(40,375)
Total revenues	<u>12,733,202</u>	<u>12,733,202</u>	<u>13,793,497</u>	<u>1,060,295</u>
EXPENDITURES				
Current:				
General government				
Survey Monument	30,000	40,000	18,858	21,142
Public ways and facilities				
Transportation Department	15,453,793	13,490,868	10,664,079	2,826,789
Capital outlay:				
Land	-	710,615	710,615	-
Construction in progress	-	465,385	465,383	2
Infrastructure	-	2,812,826	2,812,824	2
Equipment	67,969	399,547	378,013	21,534
Total capital outlay	<u>67,969</u>	<u>4,388,373</u>	<u>4,366,835</u>	<u>21,538</u>
Total expenditures	<u>15,551,762</u>	<u>17,919,241</u>	<u>15,049,772</u>	<u>2,869,469</u>
Deficiency of revenues under expenditures	<u>(2,818,560)</u>	<u>(5,186,039)</u>	<u>(1,256,275)</u>	<u>3,929,764</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,765,970	2,153,315	2,020,787	(132,528)
Transfers out	(371,439)	(594,305)	(594,305)	-
Sale of capital assets	12,000	12,000	13,829	1,829
Total other financing sources (uses)	<u>1,406,531</u>	<u>1,571,010</u>	<u>1,440,311</u>	<u>(130,699)</u>
Net change in fund balance	<u>(1,412,029)</u>	<u>(3,615,029)</u>	<u>184,036</u>	<u>3,799,065</u>
Fund balance - beginning	4,523,195	4,523,195	4,523,195	-
Fund balance - ending	<u>\$ 3,111,166</u>	<u>\$ 908,166</u>	<u>\$ 4,707,231</u>	<u>\$ 3,799,065</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
First 5 Solano - Special Revenue Fund
For the fiscal year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 437,000	\$ 437,000	\$ 628,395	\$ 191,395
Intergovernmental revenues	4,811,789	4,811,789	5,298,605	486,816
Miscellaneous revenues	-	-	90,984	90,984
Total revenues	<u>5,248,789</u>	<u>5,248,789</u>	<u>6,017,984</u>	<u>769,195</u>
EXPENDITURES				
Current:				
Health services				
First 5 Solano	<u>6,620,692</u>	<u>6,849,285</u>	<u>5,250,777</u>	<u>1,598,508</u>
Excess (deficiency) of revenues over (under) expenditures	(1,371,903)	(1,600,496)	767,207	2,367,703
OTHER FINANCING USES				
Transfers out	(16,875)	(19,756)	(19,756)	-
Net change in fund balance	<u>(1,388,778)</u>	<u>(1,620,252)</u>	<u>747,451</u>	<u>2,367,703</u>
Fund balance - beginning	19,081,581	19,081,581	19,081,581	-
Fund balance - ending	<u><u>\$ 17,692,803</u></u>	<u><u>\$ 17,461,329</u></u>	<u><u>\$ 19,829,032</u></u>	<u><u>\$ 2,367,703</u></u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Homeacres Loan Program - Special Revenue Fund
For the fiscal year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 25,000	\$ 25,000	\$ 31,538	\$ 6,538
Miscellaneous revenues	-	-	20,786	20,786
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>52,324</u>	<u>27,324</u>
EXPENDITURES				
Current:				
Public protection				
Homeacres Loan Program	2,560	24,575	10,131	14,444
Net change in fund balance	<u>22,440</u>	<u>425</u>	<u>42,193</u>	<u>41,768</u>
Fund balance - beginning	2,514,034	2,514,034	2,514,034	-
Fund balance - ending	<u>\$ 2,536,474</u>	<u>\$ 2,514,459</u>	<u>\$ 2,556,227</u>	<u>\$ 41,768</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Rural North Vacaville Water District - Special Revenue Fund
For the fiscal year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ -	\$ -	\$ 16,250	\$ 16,250
Charges for services	176,157	176,157	142,782	(33,375)
Miscellaneous revenues	-	-	71,326	71,326
Total revenues	176,157	176,157	230,358	54,201
EXPENDITURES				
Current:				
Public ways and facilities				
Rural North Vacaville Water District	280,670	265,043	186,930	78,113
Net change in fund balance	(104,513)	(88,886)	43,428	132,314
Fund balance - beginning	190,746	190,746	190,746	-
Fund balance - ending	<u>\$ 86,233</u>	<u>\$ 101,860</u>	<u>\$ 234,174</u>	<u>\$ 132,314</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 110,000	\$ 110,000	\$ 178,630	\$ 68,630
Charges for services	1,159,900	1,159,900	1,391,039	231,139
Total revenues	<u>1,269,900</u>	<u>1,269,900</u>	<u>1,569,669</u>	<u>299,769</u>
OTHER FINANCING USES				
Transfers out	(820,628)	(820,628)	(467,360)	353,268
Net change in fund balance	449,272	449,272	1,102,309	653,037
Fund balance - beginning	5,068,324	5,068,324	5,068,324	-
Fund balance - ending	<u>\$ 5,517,596</u>	<u>\$ 5,517,596</u>	<u>\$ 6,170,633</u>	<u>\$ 653,037</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 888,285	\$ 916,329	\$ 957,907	\$ 41,578
Licenses, permits and franchises	-	-	975	975
Fines, forfeitures and penalties	7,775	7,775	981,317	973,542
Revenue from use of money and property	105,730	107,611	186,804	79,193
Intergovernmental revenues	2,316,613	2,320,931	2,346,173	25,242
Charges for services	422,147	422,147	362,252	(59,895)
Miscellaneous revenues	40,000	40,000	15,486	(24,514)
Total revenues	<u>3,780,550</u>	<u>3,814,793</u>	<u>4,850,914</u>	<u>1,036,121</u>
EXPENDITURES				
Current:				
Public protection				
SE Vallejo Redevelopment	15,001	15,001	-	15,001
Housing Authority of Solano County	2,246,142	2,246,142	2,259,223	(13,081)
East Vallejo Fire District	434,660	464,703	464,816	(113)
Fish/Wildlife Propagation	12,037	12,038	12,114	(76)
Total public protection	<u>2,707,840</u>	<u>2,737,884</u>	<u>2,736,153</u>	<u>1,731</u>
Public ways and facilities				
County Consolidated Service Area	257,068	178,515	33,096	145,419
Education and recreation				
Parks & Recreation	1,192,842	1,199,364	1,192,208	7,156
Capital outlay:				
Equipment	-	15,613	15,370	243
Total expenditures	<u>4,157,750</u>	<u>4,131,376</u>	<u>3,976,827</u>	<u>154,549</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(377,200)</u>	<u>(316,583)</u>	<u>874,087</u>	<u>1,190,670</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	292,568	308,668	308,667	(1)
Transfers out	<u>(1,574,085)</u>	<u>(1,963,540)</u>	<u>(1,811,973)</u>	<u>151,567</u>
Total other financing sources (uses)	<u>(1,281,517)</u>	<u>(1,654,872)</u>	<u>(1,503,306)</u>	<u>151,566</u>
Net change in fund balance	<u>(1,658,717)</u>	<u>(1,971,455)</u>	<u>(629,219)</u>	<u>1,342,236</u>
Fund balance - beginning	4,650,392	4,650,392	4,650,392	-
Fund balance - ending	<u>\$ 2,991,675</u>	<u>\$ 2,678,937</u>	<u>\$ 4,021,173</u>	<u>\$ 1,342,236</u>

Nonmajor Capital Projects Funds

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

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

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

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Capital Projects Funds
June 30, 2006

	<u>Fairfield Downtown Project</u>	<u>Accumulated Capital Outlay</u>	<u>Juvenile Hall Project</u>	<u>Total Nonmajor Capital Projects Funds</u>
ASSETS				
Cash and investments	\$ 3,548,023	\$ 26,610,790	\$ 345,702	\$ 30,504,515
Accounts receivable	-	232,498	-	232,498
Due from other agencies	-	21,894	-	21,894
Due from other funds	-	1,831	-	1,831
Total assets	<u>\$ 3,548,023</u>	<u>\$ 26,867,013</u>	<u>\$ 345,702</u>	<u>\$ 30,760,738</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Outstanding warrants	\$ -	\$ 51,929	\$ -	\$ 51,929
Payables	50,280	445,400	-	495,680
Deferred revenue	-	17,575	-	17,575
Due to other funds	1,611	37,647	2,079	41,337
Other liabilities	511,858	102,436	-	614,294
Total liabilities	<u>563,749</u>	<u>654,987</u>	<u>2,079</u>	<u>1,220,815</u>
Fund balance:				
Reserved:				
Capital projects	263,914	-	-	263,914
Encumbrances	493,755	13,480,531	46,000	14,020,286
Unreserved:				
Designated, reported in:				
Capital projects funds	2,226,605	12,731,495	297,623	15,255,723
Total fund balance	<u>2,984,274</u>	<u>26,212,026</u>	<u>343,623</u>	<u>29,539,923</u>
Total liabilities and fund balance	<u>\$ 3,548,023</u>	<u>\$ 26,867,013</u>	<u>\$ 345,702</u>	<u>\$ 30,760,738</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
Nonmajor Capital Projects Funds
For the fiscal year ended June 30, 2006

	<u>Fairfield Downtown Project</u>	<u>Accumulated Capital Outlay</u>	<u>Juvenile Hall Project</u>	<u>Total Nonmajor Capital Projects Funds</u>
REVENUES				
Taxes	\$ -	\$ 1,680,053	\$ -	\$ 1,680,053
Revenue from use of money and property	226,189	338,294	15,646	580,129
Intergovernmental revenues	1,017,000	843,126	-	1,860,126
Charges for services	-	16,486	20,066	36,552
Miscellaneous revenues	13,203	-	51,032	64,235
Total revenues	<u>1,256,392</u>	<u>2,877,959</u>	<u>86,744</u>	<u>4,221,095</u>
EXPENDITURES				
Current:				
General government	703,055	2,025,232	-	2,728,287
Public protection	-	-	61,489	61,489
Capital outlay	191,031	4,214,997	-	4,406,028
Total expenditures	<u>894,086</u>	<u>6,240,229</u>	<u>61,489</u>	<u>7,195,804</u>
Excess of revenues over expenditures	<u>362,306</u>	<u>(3,362,270)</u>	<u>25,255</u>	<u>(2,974,709)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of tobacco settlement revenues	-	17,397,252	-	17,397,252
Transfers in	725,003	9,190,964	-	9,915,967
Transfers out	(2,000,000)	(1,028,430)	-	(3,028,430)
Total other financing sources (uses)	<u>(1,274,997)</u>	<u>25,559,786</u>	<u>-</u>	<u>24,284,789</u>
Net change in fund balances	(912,691)	22,197,516	25,255	21,310,080
Fund balances - beginning	3,896,965	4,014,510	318,368	8,229,843
Fund balances - ending	<u>\$ 2,984,274</u>	<u>\$ 26,212,026</u>	<u>\$ 343,623</u>	<u>\$ 29,539,923</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Fairfield Downtown Project - Capital Projects Fund
For the fiscal year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 226,189	\$ 226,189
Intergovernmental revenues	951,000	951,000	1,017,000	66,000
Miscellaneous revenues	-	-	13,203	13,203
Total revenues	<u>951,000</u>	<u>951,000</u>	<u>1,256,392</u>	<u>305,392</u>
EXPENDITURES				
Current:				
General government				
Government Center Complex Project	321,344	1,053,785	703,055	350,730
Capital outlay:				
Construction in progress	725,000	1,891,237	158,982	1,732,255
Buildings and improvements	-	32,049	32,049	-
Total capital outlay	<u>725,000</u>	<u>1,923,286</u>	<u>191,031</u>	<u>1,732,255</u>
Total expenditures	<u>1,046,344</u>	<u>2,977,071</u>	<u>894,086</u>	<u>2,082,985</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(95,344)</u>	<u>(2,026,071)</u>	<u>362,306</u>	<u>2,388,377</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	725,000	725,000	725,003	3
Transfers out	(2,000,000)	(2,000,000)	(2,000,000)	-
Total other financing sources (uses)	<u>(1,275,000)</u>	<u>(1,275,000)</u>	<u>(1,274,997)</u>	<u>3</u>
Net change in fund balance	(1,370,344)	(3,301,071)	(912,691)	2,388,380
Fund balance - beginning	3,896,965	3,896,965	3,896,965	-
Fund balance - ending	<u>\$ 2,526,621</u>	<u>\$ 595,894</u>	<u>\$ 2,984,274</u>	<u>\$ 2,388,380</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Accumulated Capital Outlay - Capital Projects Fund
For the fiscal year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,574,679	\$ 1,596,179	\$ 1,680,053	\$ 83,874
Revenue from use of money and property	50,000	170,000	338,294	168,294
Intergovernmental revenues	3,023,331	3,223,331	843,126	(2,380,205)
Charges for services	37,000	37,000	16,486	(20,514)
Miscellaneous revenues	275,000	244,300	-	(244,300)
Total revenues	<u>4,960,010</u>	<u>5,270,810</u>	<u>2,877,959</u>	<u>(2,392,851)</u>
EXPENDITURES				
Current:				
General government				
Capital Projects	<u>1,387,940</u>	<u>5,170,143</u>	<u>2,025,232</u>	<u>3,144,911</u>
Capital outlay:				
Land	1,800,000	2,861,806	1,237,901	1,623,905
Construction in progress	12,771,730	17,824,856	1,010,905	16,813,951
Buildings and improvements	3,250,000	3,140,000	1,862,126	1,277,874
Equipment	-	117,084	104,065	13,019
Total capital outlay	<u>17,821,730</u>	<u>23,943,746</u>	<u>4,214,997</u>	<u>19,728,749</u>
Total expenditures	<u>19,209,670</u>	<u>29,113,889</u>	<u>6,240,229</u>	<u>22,873,660</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,249,660)</u>	<u>(23,843,079)</u>	<u>(3,362,270)</u>	<u>20,480,809</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from the sale of tobacco settlement revenues	-	17,397,252	17,397,252	-
Debt issued	4,548,113	4,548,113	-	(4,548,113)
Transfers in	10,260,667	10,836,436	9,190,964	(1,645,472)
Transfers out	<u>(1,023,876)</u>	<u>(1,455,199)</u>	<u>(1,028,430)</u>	<u>426,769</u>
Total other financing sources (uses)	<u>13,784,904</u>	<u>31,326,602</u>	<u>25,559,786</u>	<u>(5,766,816)</u>
Net change in fund balance	(464,756)	7,483,523	22,197,516	14,713,993
Fund balance - beginning	4,014,510	4,014,510	4,014,510	-
Fund balance - ending	<u>\$ 3,549,754</u>	<u>\$ 11,498,033</u>	<u>\$ 26,212,026</u>	<u>\$ 14,713,993</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Juvenile Hall Project - Capital Projects Fund
For the fiscal year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ -	\$ -	\$ 15,646	\$ 15,646
Charges for services	24,101	24,101	20,066	(4,035)
Miscellaneous revenues	-	-	51,032	51,032
Total revenues	<u>24,101</u>	<u>24,101</u>	<u>86,744</u>	<u>62,643</u>
EXPENDITURES				
Current:				
Public protection				
Juvenile Hall Project	-	63,063	61,489	1,574
Capital outlay:				
Construction in progress	24,101	204,839	-	204,839
Total expenditures	<u>24,101</u>	<u>267,902</u>	<u>61,489</u>	<u>206,413</u>
Net change in fund balance	-	(243,801)	25,255	269,056
Fund balance - beginning	318,368	318,368	318,368	-
Fund balance - ending	<u>\$ 318,368</u>	<u>\$ 74,567</u>	<u>\$ 343,623</u>	<u>\$ 269,056</u>

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Debt Service Funds

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

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

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

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

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

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

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2006

	Rural North Vacaville Water District	1998 Certificates of Participation	1999 Certificates of Participation	2001 Refunding Certificates of Participation
ASSETS				
Cash and investments	\$ 1,622,302	\$ 798,700	\$ 3,016,836	\$ 45,006
Accounts receivable	-	-		-
Due from other agencies	-	-	-	-
Due from other funds	-	-	-	-
Other assets	-	-	-	-
Total assets	<u>\$ 1,622,302</u>	<u>\$ 798,700</u>	<u>\$ 3,016,836</u>	<u>\$ 45,006</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Outstanding warrants	108	-	-	-
Due to other funds	-	-	30	-
Total liabilities	<u>108</u>	<u>-</u>	<u>30</u>	<u>-</u>
Fund balances:				
Reserved:				
Long-term assets	-	-	-	-
Debt service	1,622,194	798,700	3,016,806	45,006
Total fund balances	<u>1,622,194</u>	<u>798,700</u>	<u>3,016,806</u>	<u>45,006</u>
Total liabilities and fund balances	<u>\$ 1,622,302</u>	<u>\$ 798,700</u>	<u>\$ 3,016,836</u>	<u>\$ 45,006</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2006

2002	Certificates of	Pension Debt	Total Nonmajor	
Participaton	Service Fund	Debt Service Funds	Debt Service Funds	
\$ 77,776	\$ 3,381,600	\$ 8,942,220		ASSETS
	1,758	1,758		Cash and investments
-	46	46		Accounts receivable
-	455,351	455,351		Due from other agencies
	2,102,280	2,102,280		Due from other funds
<u>\$ 77,776</u>	<u>\$ 5,941,035</u>	<u>\$ 11,501,655</u>		Other assets
				Total assets
				 LIABILITIES AND FUND BALANCES
				Liabilities:
-	4,169	\$ 4,277		Outstanding warrants
<u>-</u>	<u>968,420</u>	<u>968,450</u>		Due to other funds
<u>-</u>	<u>972,589</u>	<u>972,727</u>		Total liabilities
				 Fund balances:
				Reserved:
-	1,543,308	1,543,308		Long-term assets
77,776	3,425,138	8,985,620		Debt service
<u>77,776</u>	<u>4,968,446</u>	<u>10,528,928</u>		Total fund balances
<u>\$ 77,776</u>	<u>\$ 5,941,035</u>	<u>\$ 11,501,655</u>		Total liabilities and fund balances

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the fiscal year ended June 30, 2006

	Rural North Vacaville Water District	1998 Certificates of Participation	1999 Certificates of Participation	2001 Refunding Certificates of Participation
REVENUES				
Taxes	\$ 899,149	\$ -	\$ -	\$ -
Revenue from use of money and property	59,736	26,801	90,094	7,610
Charges for services	-	-	-	-
Miscellaneous revenues	-	-	-	-
Total revenues	<u>958,885</u>	<u>26,801</u>	<u>90,094</u>	<u>7,610</u>
EXPENDITURES				
Current:				
General government	11,488	2,038	4,845	14,470
Debt service:				
Principal	554,872	185,000	1,420,000	5,170,000
Interest and other charges	353,990	150,234	1,202,861	103,400
Total expenditures	<u>920,350</u>	<u>337,272</u>	<u>2,627,706</u>	<u>5,287,870</u>
Excess (deficiency) of revenues over (under) expenditures	<u>38,535</u>	<u>(310,471)</u>	<u>(2,537,612)</u>	<u>(5,280,260)</u>
OTHER FINANCING SOURCES (USES)				
Debt issued	-	-	-	-
Transfers in	-	199,338	2,604,688	3,188,252
Transfers out	-	-	(53,293)	-
Total other financing sources (uses)	<u>-</u>	<u>199,338</u>	<u>2,551,395</u>	<u>3,188,252</u>
Net change in fund balances	38,535	(111,133)	13,783	(2,092,008)
Fund balances - beginning	1,583,659	909,833	3,003,023	2,137,014
Fund balances - ending	<u>\$ 1,622,194</u>	<u>\$ 798,700</u>	<u>\$ 3,016,806</u>	<u>\$ 45,006</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, 2006

2002	Pension Debt	Total Nonmajor	
Certificates of	Service Fund	Debt Service Funds	
Participation	Service Fund	Debt Service Funds	
\$ -	\$ -	\$ 899,149	REVENUES
60,128	109,172	353,541	Taxes
1,732,525	-	1,732,525	Revenue from use of money and property
-	616,030	616,030	Charges for services
<u>1,792,653</u>	<u>725,202</u>	<u>3,601,245</u>	Miscellaneous revenues
			Total revenues
			EXPENDITURES
			Current:
9,671	68,432	110,944	General government
			Debt service:
2,415,000	5,855,000	15,599,872	Principal
5,657,500	4,764,131	12,232,116	Interest and other charges
<u>8,082,171</u>	<u>10,687,563</u>	<u>27,942,932</u>	Total expenditures
			Excess (deficiency) of revenues over
<u>(6,289,518)</u>	<u>(9,962,361)</u>	<u>(24,341,687)</u>	(under) expenditures
			OTHER FINANCING SOURCES (USES)
-	241,769	241,769	Debt issued
5,085,287	7,628,041	18,705,606	Transfers in
(4)	-	(53,297)	Transfers out
<u>5,085,283</u>	<u>7,869,810</u>	<u>18,894,078</u>	Total other financing sources (uses)
(1,204,235)	(2,092,551)	(5,447,609)	Net change in fund balances
1,282,011	7,060,997	15,976,537	Fund balances - beginning
<u>\$ 77,776</u>	<u>\$ 4,968,446</u>	<u>\$ 10,528,928</u>	Fund balances - ending

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Rural North Vacaville Water District - Debt Service Fund
For the fiscal year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 915,223	\$ 915,223	\$ 899,149	\$ (16,074)
Revenue from use of money and property	45,000	45,000	59,736	14,736
Total revenues	<u>960,223</u>	<u>960,223</u>	<u>958,885</u>	<u>(1,338)</u>
EXPENDITURES				
Current:				
General government				
RNVWD Debt Service Fund	45,066	15,000	11,488	3,512
Debt service:				
Principal	550,341	550,341	554,872	(4,531)
Interest and other charges	358,525	358,525	353,990	4,535
Total debt service	<u>908,866</u>	<u>908,866</u>	<u>908,862</u>	<u>4</u>
Total expenditures	<u>953,932</u>	<u>923,866</u>	<u>920,350</u>	<u>3,516</u>
Net change in fund balance	6,291	36,357	38,535	2,178
Fund balance - beginning	1,583,659	1,583,659	1,583,659	-
Fund balance - ending	<u>\$ 1,589,950</u>	<u>\$ 1,620,016</u>	<u>\$ 1,622,194</u>	<u>\$ 2,178</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
1998 Certificates of Participation - Debt Service Fund
For the fiscal year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 27,000	\$ 22,446	\$ 26,801	\$ 4,355
EXPENDITURES				
Current:				
Courts Expansion	3,000	3,000	2,038	962
Debt service:				
Principal	185,000	185,000	185,000	-
Interest and other charges	150,235	150,235	150,234	1
Total debt service	335,235	335,235	335,234	1
Total expenditures	338,235	338,235	337,272	963
Deficiency of revenues under expenditures	(311,235)	(315,789)	(310,471)	5,318
OTHER FINANCING SOURCES				
Transfers in	198,784	203,338	199,338	(4,000)
Net change in fund balance	(112,451)	(112,451)	(111,133)	1,318
Fund balance - beginning	909,833	909,833	909,833	-
Fund balance - ending	<u>\$ 797,382</u>	<u>\$ 797,382</u>	<u>\$ 798,700</u>	<u>\$ 1,318</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
1999 Certificates of Participation - Debt Service Fund
For the fiscal year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 91,960	\$ 91,960	\$ 90,094	\$ (1,866)
EXPENDITURES				
Current:				
General government				
HSS Admin Refinance	7,073	7,073	4,845	2,228
Debt service:				
Principal	1,420,000	1,420,000	1,420,000	-
Interest and other charges	1,345,205	1,291,912	1,202,861	89,051
Total debt service	2,765,205	2,711,912	2,622,861	89,051
Total expenditures	2,772,278	2,718,985	2,627,706	91,279
Deficiency of revenues under expenditures	(2,680,318)	(2,627,025)	(2,537,612)	89,413
OTHER FINANCING SOURCES (USES)				
Transfers in	2,602,992	2,602,992	2,604,688	1,696
Transfers out	-	(53,293)	(53,293)	-
Total other financing sources (uses)	2,602,992	2,549,699	2,551,395	1,696
Net change in fund balance	(77,326)	(77,326)	13,783	91,109
Fund balance - beginning	3,003,023	3,003,023	3,003,023	-
Fund balance - ending	\$ 2,925,697	\$ 2,925,697	\$ 3,016,806	\$ 91,109

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
2001 Refunding Certificates of Participation - Debt Service Fund
For the fiscal year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 75	\$ 75	\$ 7,610	\$ 7,535
EXPENDITURES				
Current:				
General government				
2001 Refunding COP	14,852	14,852	14,470	382
Debt service:				
Principal	5,170,000	5,170,000	5,170,000	-
Interest and other charges	103,400	103,400	103,400	-
Total debt service	5,273,400	5,273,400	5,273,400	-
Total expenditures	5,288,252	5,288,252	5,287,870	382
Deficiency of revenues under expenditures	(5,288,177)	(5,288,177)	(5,280,260)	7,917
OTHER FINANCING SOURCES				
Transfers in	3,188,252	3,188,252	3,188,252	-
Net change in fund balance	(2,099,925)	(2,099,925)	(2,092,008)	7,917
Fund balance - beginning	2,137,014	2,137,014	2,137,014	-
Fund balance - ending	<u>\$ 37,089</u>	<u>\$ 37,089</u>	<u>\$ 45,006</u>	<u>\$ 7,917</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
2002 Certificates of Participation - Debt Service Fund
For the fiscal year ended June 30, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 15,000	\$ 15,000	\$ 60,128	\$ 45,128
Charges for services	2,052,458	1,678,577	1,732,525	53,948
Total revenues	<u>2,067,458</u>	<u>1,693,577</u>	<u>1,792,653</u>	<u>99,076</u>
EXPENDITURES				
Current:				
General government				
2002 Certificates of Participation	11,326	11,322	9,671	1,651
Debt service:				
Principal	2,415,000	2,415,000	2,415,000	-
Interest and other charges	5,657,500	5,657,500	5,657,500	-
Total debt service	<u>8,072,500</u>	<u>8,072,500</u>	<u>8,072,500</u>	<u>-</u>
Total expenditures	<u>8,083,826</u>	<u>8,083,822</u>	<u>8,082,171</u>	<u>1,651</u>
Deficiency of revenues under expenditures	<u>(6,016,368)</u>	<u>(6,390,245)</u>	<u>(6,289,518)</u>	<u>100,727</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,816,368	5,190,249	5,085,287	104,962
Transfers out	-	(4)	(4)	-
Total other financing sources (uses)	<u>4,816,368</u>	<u>5,190,245</u>	<u>5,085,283</u>	<u>104,962</u>
Net change in fund balance	<u>(1,200,000)</u>	<u>(1,200,000)</u>	<u>(1,204,235)</u>	<u>(4,235)</u>
Fund balance - beginning	1,282,011	1,282,011	1,282,011	-
Fund balance - ending	<u>\$ 82,011</u>	<u>\$ 82,011</u>	<u>\$ 77,776</u>	<u>\$ (4,235)</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, 2006

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Revenue from use of money and property	\$ 97,773	\$ 97,773	\$ 109,172	\$ 11,399
Miscellaneous revenues	-	165,148	616,030	450,882
Total revenues	<u>97,773</u>	<u>262,921</u>	<u>725,202</u>	<u>462,281</u>
EXPENDITURES				
Current:				
General government				
2004 Pension Obligation Bonds	75,000	75,000	68,432	6,568
Debt service:				
Principal	5,000,000	5,855,000	5,855,000	-
Interest and other charges	4,608,004	4,928,907	4,764,131	164,776
Total debt service	<u>9,608,004</u>	<u>10,783,907</u>	<u>10,619,131</u>	<u>164,776</u>
Total expenditures	<u>9,683,004</u>	<u>10,858,907</u>	<u>10,687,563</u>	<u>171,344</u>
Deficiency of revenues under expenditures	<u>(9,585,231)</u>	<u>(10,595,986)</u>	<u>(9,962,361)</u>	<u>633,625</u>
OTHER FINANCING SOURCES				
Debt issued	-	207,147	241,769	34,622
Transfers in	6,220,975	7,024,583	7,628,041	603,458
Total other financing sources	<u>6,220,975</u>	<u>7,231,730</u>	<u>7,869,810</u>	<u>638,080</u>
Net change in fund balance	<u>(3,364,256)</u>	<u>(3,364,256)</u>	<u>(2,092,551)</u>	<u>1,271,705</u>
Fund balance - beginning	7,060,997	7,060,997	7,060,997	-
Fund balance - ending	<u>\$ 3,696,741</u>	<u>\$ 3,696,741</u>	<u>\$ 4,968,446</u>	<u>\$ 1,271,705</u>

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Internal Service Funds

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

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

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

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

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

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

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

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2006

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
ASSETS				
Current assets				
Cash and investments	\$ 332,536	\$ 1,599,967	\$ 19,883,825	\$ 3,119,571
Accounts receivable	120,064	54,648	-	-
Due from other agencies	7,321	50,230	-	136,901
Due from other funds	10,134	-	167,457	70
Other assets	47,375	186,817	150,000	4,849
Total current assets	<u>517,430</u>	<u>1,891,662</u>	<u>20,201,282</u>	<u>3,261,391</u>
Noncurrent assets				
Capital assets:				
Buildings and improvements	-	114,471	-	-
Equipment	1,171,812	10,406,935	-	4,676,573
Accumulated depreciation	(482,898)	(6,399,011)	-	(3,740,661)
Total capital assets	<u>688,914</u>	<u>4,122,395</u>	<u>-</u>	<u>935,912</u>
Total assets	<u>\$ 1,206,344</u>	<u>\$ 6,014,057</u>	<u>\$ 20,201,282</u>	<u>\$ 4,197,303</u>
LIABILITIES				
Current liabilities				
Outstanding warrants	\$ 16,717	\$ 60,104	\$ 67,245	\$ 866,666
Payables	124,353	263,881	186,954	260,241
Due to other funds	3,068	5,934	113,337	5,794
Due to other agencies	5,102	-	-	-
Current portion of long-term obligations	42,252	34,217	1,772,741	124,473
Total current liabilities	<u>191,492</u>	<u>364,136</u>	<u>2,140,277</u>	<u>1,257,174</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	82,994	141,131	9,109,778	67,165
Total liabilities	<u>274,486</u>	<u>505,267</u>	<u>11,250,055</u>	<u>1,324,339</u>
NET ASSETS				
Invested in capital assets, net of related debt	688,914	4,122,395	-	935,912
Unrestricted	242,944	1,386,395	8,951,227	1,937,052
Total net assets	<u>931,858</u>	<u>5,508,790</u>	<u>8,951,227</u>	<u>2,872,964</u>
Total liabilities and net assets	<u>\$ 1,206,344</u>	<u>\$ 6,014,057</u>	<u>\$ 20,201,282</u>	<u>\$ 4,197,303</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Net Assets
Internal Service Funds
June 30, 2006

<u>Solano County Integrated Property System</u>	<u>Reprographics</u>	<u>Total Internal Service Funds</u>	
			ASSETS
			Current assets
\$ 601,277	\$ 183,315	\$ 25,720,491	Cash and investments
-	12,196	186,908	Accounts receivable
-	-	194,452	Due from other agencies
-	-	177,661	Due from other funds
-	-	389,041	Other assets
<u>601,277</u>	<u>195,511</u>	<u>26,668,553</u>	Total current assets
			Noncurrent assets
			Capital assets:
-	-	114,471	Buildings and improvements
242,819	188,839	16,686,978	Equipment
(232,376)	(140,786)	(10,995,732)	Accumulated depreciation
<u>10,443</u>	<u>48,053</u>	<u>5,805,717</u>	Total capital assets
<u>\$ 611,720</u>	<u>\$ 243,564</u>	<u>\$ 32,474,270</u>	Total assets
			LIABILITIES
			Current liabilities
\$ 8,091	\$ 823	\$ 1,019,646	Outstanding warrants
24,782	35,237	895,448	Payables
1,317	537	129,987	Due to other funds
-	-	5,102	Due to other agencies
29,121	15,803	2,018,607	Current portion of long-term obligations
<u>63,311</u>	<u>52,400</u>	<u>4,068,790</u>	Total current liabilities
			Noncurrent liabilities
18,573	10,652	9,430,293	Noncurrent portion of long-term obligations
<u>81,884</u>	<u>63,052</u>	<u>13,499,083</u>	Total liabilities
			NET ASSETS
10,443	48,053	5,805,717	Invested in capital assets, net of related debt
<u>519,393</u>	<u>132,459</u>	<u>13,169,470</u>	Unrestricted
<u>529,836</u>	<u>180,512</u>	<u>18,975,187</u>	Total net assets
<u>\$ 611,720</u>	<u>\$ 243,564</u>	<u>\$ 32,474,270</u>	Total liabilities and net assets

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the fiscal year ended June 30, 2006

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
OPERATING REVENUES				
Charges for sales and services:				
Internal services	\$ 2,311,379	\$ 3,860,275	\$ 16,542,166	\$ 13,067,983
OPERATING EXPENSES				
Personnel services	815,981	940,938	579,291	2,628,948
Maintenance	156,786	787,112	216	338,369
Materials and supplies	197,736	21,533	29,888	557,271
Depreciation	65,487	1,109,752	-	388,018
Insurance	10,112	14,436	9,132,994	34,536
Rent, utilities and others	1,149,800	1,201,170	1,140,280	9,247,380
Total operating expenses	<u>2,395,902</u>	<u>4,074,941</u>	<u>10,882,669</u>	<u>13,194,522</u>
Operating income (loss)	<u>(84,523)</u>	<u>(214,666)</u>	<u>5,659,497</u>	<u>(126,539)</u>
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	50,000	-	-
Investment earnings	908	34,098	438,704	48,242
Other revenue	228,905	99,544	428,792	8
Gain (loss) on sale of capital assets	-	29,151	-	(4,753)
Total nonoperating revenues (expenses)	<u>229,813</u>	<u>212,793</u>	<u>867,496</u>	<u>43,497</u>
Income (loss) before transfers	<u>145,290</u>	<u>(1,873)</u>	<u>6,526,993</u>	<u>(83,042)</u>
Transfers in	-	326,155	-	27,789
Transfers out	<u>(33,665)</u>	<u>(29,340)</u>	<u>(18,143)</u>	<u>(89,198)</u>
Change in net assets	<u>111,625</u>	<u>294,942</u>	<u>6,508,850</u>	<u>(144,451)</u>
Total net assets - beginning	<u>820,233</u>	<u>5,213,848</u>	<u>2,442,377</u>	<u>3,017,415</u>
Total net assets - ending	<u>\$ 931,858</u>	<u>\$ 5,508,790</u>	<u>\$ 8,951,227</u>	<u>\$ 2,872,964</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, 2006

Solano County Integrated Property System	Reprographics	Total Internal Service Funds	
<u>\$ 887,763</u>	<u>\$ 500,860</u>	<u>\$ 37,170,426</u>	OPERATING REVENUES
			Charges for sales and services:
			Internal services
658,443	288,901	5,912,502	OPERATING EXPENSES
24,925	11,918	1,319,326	Personnel services
9,310	102,774	918,512	Maintenance
4,858	13,548	1,581,663	Materials and supplies
5,370	3,634	9,201,082	Depreciation
119,256	175,105	13,032,991	Insurance
<u>822,162</u>	<u>595,880</u>	<u>31,966,076</u>	Rent, utilities and others
65,601	(95,020)	5,204,350	Total operating expenses
			Operating income (loss)
			NONOPERATING REVENUES (EXPENSES)
-	-	50,000	Intergovernmental
15,198	6,384	543,534	Investment earnings
-	25,193	782,442	Other revenue
-	(5,639)	18,759	Gain (loss) on sale of capital assets
<u>15,198</u>	<u>25,938</u>	<u>1,394,735</u>	Total nonoperating revenues (expenses)
80,799	(69,082)	6,599,085	Income (loss) before transfers
-	-	353,944	Transfers in
<u>(22,345)</u>	<u>(9,086)</u>	<u>(201,777)</u>	Transfers out
58,454	(78,168)	6,751,252	Change in net assets
471,382	258,680	12,223,935	Total net assets - beginning
<u>\$ 529,836</u>	<u>\$ 180,512</u>	<u>\$ 18,975,187</u>	Total net assets - ending

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2006

	<u>Communications</u>	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>
Cash flows from operating activities:				
Receipts from customers and users	\$ 218,668	\$ 61,943	\$ 438,477	\$ 108
Receipts from interfund services provided	2,332,926	3,864,974	16,542,166	13,069,318
Payments to suppliers	(1,543,620)	(2,081,382)	(9,663,934)	(9,442,476)
Payments to employees	(813,592)	(915,495)	(574,877)	(2,605,698)
Payments for interfund services used	-	-	(50,240)	-
Net cash provided (used) by operating activities	<u>194,382</u>	<u>930,040</u>	<u>6,691,592</u>	<u>1,021,252</u>
Cash flows from noncapital financing activities:				
Transfers in	-	326,155	-	27,789
Transfers out	(33,665)	(29,340)	(18,143)	(89,198)
Subsidy from federal/state grant	-	50,000	-	-
Net cash provided (used) by noncapital financing activities	<u>(33,665)</u>	<u>346,815</u>	<u>(18,143)</u>	<u>(61,409)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(48,438)	(975,176)	-	(295,286)
Proceeds from sale of capital assets	-	75,585	-	-
Net cash used by capital and related financing activities	<u>(48,438)</u>	<u>(899,591)</u>	<u>-</u>	<u>(295,286)</u>
Cash flows from investing activities:				
Investment income	908	34,098	438,704	48,242
Net cash provided by investing activities	<u>908</u>	<u>34,098</u>	<u>438,704</u>	<u>48,242</u>
Net increase (decrease) in cash and cash equivalents	113,187	411,362	7,112,153	712,799
Cash and cash equivalents - beginning	219,349	1,188,605	12,771,672	2,406,772
Cash and cash equivalents - ending	<u>\$ 332,536</u>	<u>\$ 1,599,967</u>	<u>\$ 19,883,825</u>	<u>\$ 3,119,571</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (84,523)	\$ (214,666)	\$ 5,659,497	\$ (126,539)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	65,487	1,109,752	-	388,018
Other nonoperating revenue	228,905	99,544	428,792	8
Changes in assets and liabilities:				
(Increase) decrease in receivables, net	(8,529)	12,529	514	100
(Increase) decrease in due from other funds	20,177	-	(48,085)	(56)
(Increase) decrease in due from other agencies	(6,810)	(50,130)	9,171	(136,901)
(Increase) decrease in other assets	759	(17,607)	-	(4,849)
Increase (decrease) in outstanding warrants	(93,690)	(82,123)	52,422	837,252
Increase in payables	63,745	42,599	13,817	39,578
Increase (decrease) in due to other funds	1,370	4,699	(2,155)	1,391
Increase in due to other agencies	5,102	-	-	-
Increase in accrued compensated absences	2,389	25,443	4,414	23,250
Increase in self-insurance liability	-	-	573,205	-
Total adjustments	<u>278,905</u>	<u>1,144,706</u>	<u>1,032,095</u>	<u>1,147,791</u>
Net cash provided (used) by operating activities	<u>\$ 194,382</u>	<u>\$ 930,040</u>	<u>\$ 6,691,592</u>	<u>\$ 1,021,252</u>
Noncash investing, capital, and financing activities				
Book value of disposed capital assets	-	46,434	-	4,753

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the fiscal year ended June 30, 2006

Solano County Integrated Property System	Reprographics	Total Internal Service Funds	
\$ -	\$ 12,997	\$ 732,193	Cash flows from operating activities:
888,483	501,150	37,199,017	Receipts from customers and users
(156,666)	(290,619)	(23,178,697)	Receipts from interfund services provided
(647,615)	(288,633)	(5,845,910)	Payments to suppliers
-	-	(50,240)	Payments to employees
84,202	(65,105)	8,856,363	Payments for interfund services used
			Net cash provided (used) by operating activities
			Cash flows from noncapital financing activities:
-	-	353,944	Transfers in
(22,345)	(9,086)	(201,777)	Transfers out
-	-	50,000	Subsidy from federal/state grant
(22,345)	(9,086)	202,167	Net cash provided (used) by noncapital financing activities
			Cash flows from capital and related financing activities:
(7,286)	(29,595)	(1,355,781)	Acquisition of capital assets
-	-	75,585	Proceeds from sale of capital assets
(7,286)	(29,595)	(1,280,196)	Net cash used by capital and related financing activities
			Cash flows from investing activities:
15,198	6,384	543,534	Investment income
15,198	6,384	543,534	Net cash provided by investing activities
			Net increase (decrease) in cash and cash equivalents
69,769	(97,402)	8,321,868	
531,508	280,717	17,398,623	Cash and cash equivalents - beginning
\$ 601,277	\$ 183,315	\$ 25,720,491	Cash and cash equivalents - ending
			Reconciliation of operating income (loss) to net cash provided (used) by operating activities:
\$ 65,601	\$ (95,020)	\$ 5,204,350	Operating income (loss)
			Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:
4,858	13,548	1,581,663	Depreciation
-	25,193	782,442	Other nonoperating revenue
-	(12,196)	(7,582)	Changes in assets and liabilities:
-	-	(27,964)	(Increase) decrease in receivables, net
-	-	(184,670)	(Increase) decrease in due from other funds
-	-	(21,697)	(Increase) decrease in due from other agencies
(436)	(2,022)	711,403	(Increase) decrease in other assets
2,631	4,834	167,204	Increase (decrease) in outstanding warrants
720	290	6,315	Increase in payables
-	-	5,102	Increase (decrease) in due to other funds
10,828	268	66,592	Increase in due to other agencies
-	-	573,205	Increase in accrued compensated absences
18,601	29,915	3,652,013	Increase in self-insurance liability
\$ 84,202	\$ (65,105)	\$ 8,856,363	Total adjustments
			Net cash provided (used) by operating activities
			Noncash investing, capital, and financing activities
-	5,639	56,826	Book value of disposed capital assets

Agency Funds

Agency Funds are custodial in nature and do not involve measurement of results of operations. Such funds have no equity account since all assets are due to individuals or entities at some future time.

Property Tax Collection Fund – This fund is used to account for property tax collections awaiting apportionment to governmental agencies.

Local Transportation Fund – This fund is used to account for the quarter of one percent sales tax collected by the State Board of Equalization and deposited with the county of origin for local transportation support. The Metropolitan Transportation Commission, the regional agency responsible for administration of these monies, directs their use and distribution.

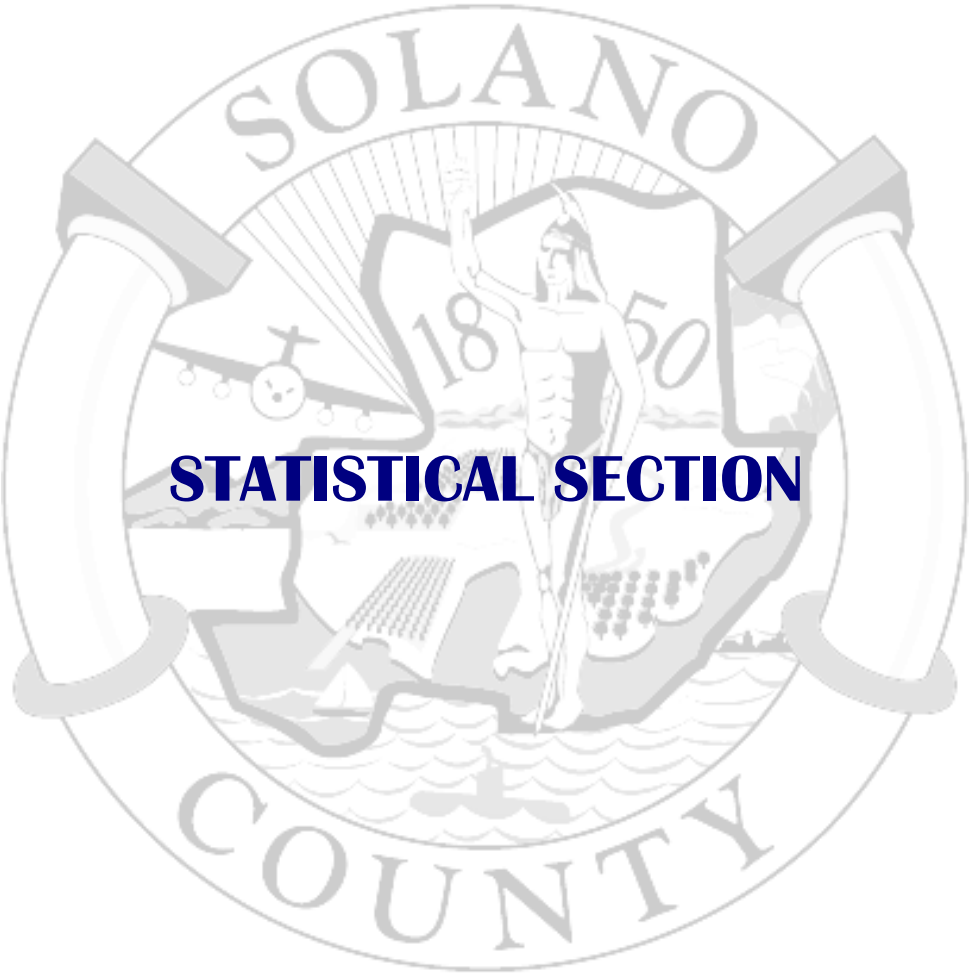
Child Support Services Fund – This fund is used to account for all child support collections pending disbursement.

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

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the fiscal year ended June 30, 2006

PROPERTY TAX COLLECTION	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
Assets				
Cash and investments	\$ -	\$ 513,313,881	\$ 513,313,881	\$ -
Property taxes receivable	35,976,075	519,949,745	513,133,187	42,792,633
Total assets	<u>\$ 35,976,075</u>	<u>\$ 1,033,263,626</u>	<u>\$ 1,026,447,068</u>	<u>\$ 42,792,633</u>
Liabilities				
Due to others	\$ 35,976,075	\$ 1,033,263,626	\$ 1,026,447,068	\$ 42,792,633
	<u>\$ 35,976,075</u>	<u>\$ 1,033,263,626</u>	<u>\$ 1,026,447,068</u>	<u>\$ 42,792,633</u>
LOCAL TRANSPORTATION	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
Assets				
Cash and investments	\$ 12,424,305	\$ 16,003,382	\$ 15,510,948	\$ 12,916,739
Liabilities				
Due to others	\$ 12,424,305	\$ 16,003,382	\$ 15,510,948	\$ 12,916,739
	<u>\$ 12,424,305</u>	<u>\$ 16,003,382</u>	<u>\$ 15,510,948</u>	<u>\$ 12,916,739</u>
CHILD SUPPORT SERVICES	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
Assets				
Cash and investments	\$ 2,343,126	\$ 24,679,407	\$ 26,317,709	\$ 704,824
Liabilities				
Due to others	\$ 2,343,126	\$ 24,679,407	\$ 26,317,709	\$ 704,824
	<u>\$ 2,343,126</u>	<u>\$ 24,679,407</u>	<u>\$ 26,317,709</u>	<u>\$ 704,824</u>
ALL OTHER AGENCY FUNDS	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
Assets				
Cash and investments	\$ 2,051,544	\$ 51,164,261	\$ 48,642,740	\$ 4,573,065
Liabilities				
Due to others	2,051,544	51,164,261	48,642,740	\$ 4,573,065
	<u>2,051,544</u>	<u>51,164,261</u>	<u>48,642,740</u>	<u>\$ 4,573,065</u>
TOTAL - ALL AGENCY FUNDS	Balance July 1, 2005	Additions	Deductions	Balance June 30, 2006
Assets				
Cash and investments	\$ 16,818,975	\$ 605,160,931	\$ 603,785,278	\$ 18,194,628
Property taxes receivable	35,976,075	519,949,745	513,133,187	42,792,633
Total assets	<u>\$ 52,795,050</u>	<u>\$ 1,125,110,676</u>	<u>\$ 1,116,918,465</u>	<u>\$ 60,987,261</u>
Liabilities				
Due to others	\$ 52,795,050	\$ 1,125,110,676	\$ 1,116,918,465	\$ 60,987,261
	<u>\$ 52,795,050</u>	<u>\$ 1,125,110,676</u>	<u>\$ 1,116,918,465</u>	<u>\$ 60,987,261</u>

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STATISTICAL SECTION

COUNTY OF SOLANO, CALIFORNIA
Net Assets by Component
Last Six Fiscal Years¹
(accrual basis of accounting)

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

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

Source: Audited Financial Statements

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

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

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

	Fiscal Year					
	2006	2005	2004	2003	2002	2001
General Revenues and Other Changes in Net Assets						
Governmental activities:						
Property taxes ³	\$ 113,372,286	\$ 65,735,256	\$ 56,309,939	\$ 49,265,614	\$ 48,969,454	\$ 42,048,625
Sales and use tax	2,439,283	2,410,695	1,545,460	1,829,179	1,704,534	1,695,467
Property transfer tax	4,850,753	4,946,514	3,603,308	2,763,374	2,208,778	2,145,026
Intergovernmental not restricted for specific programs ³	17,112,250	49,225,813	50,590,802	39,605,008	37,851,097	33,316,315
Interest & investment earnings	8,998,933	6,107,084	6,725,817	3,554,065	8,461,200	12,405,225
Proceeds from sale of tobacco settlement revenues	17,397,252	-	-	55,088,473	4,771,547	-
Other	12,236,879	13,084,692	11,939,541	8,341,841	5,328,913	12,022,778
Gain on sale of capital assets	-	1,432	1,384,309	-	-	89,878
Transfers	86,047	74,698	2,533	(176,324)	-	782,538
Total governmental activities	176,493,683	141,586,184	132,101,709	160,271,230	109,295,523	104,505,852
Business-type activities:						
Property taxes	258,855	215,716	190,885	167,562	153,882	141,847
Intergovernmental not restricted for specific programs	40,679	37,072	855,988	1,024,104	918,061	19,211
Interest & investment earnings	(39,227)	20,345	4,788	28,494	89,495	89,457
Other	53,933	64,239	17,909	7,914	32,381	29,532
Gain on sale of capital assets	-	-	-	10,500	-	-
Transfers	(86,047)	(74,698)	(2,533)	176,324	-	(782,538)
Total business-type activities	228,193	262,674	1,067,037	1,414,898	1,193,819	(502,491)
Total primary government	\$ 176,721,876	\$ 141,848,858	\$ 133,168,746	\$ 161,686,128	\$ 110,489,342	\$ 104,003,361
Change in net assets						
Governmental activities	\$ 58,287,723	\$ 25,160,139	\$ 36,889,314	\$ 70,021,067	\$ 33,418,349	\$ 35,750,132
Business-type activities	(294,197)	165,533	(694,445)	(146,757)	1,129,712	1,949,835
Total primary government	\$ 57,993,526	\$ 25,325,672	\$ 36,194,869	\$ 69,874,310	\$ 34,548,061	\$ 37,699,967

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

² During fiscal year 2003, the County evaluated its proprietary funds and reclassified the Solano County Fair because it is more appropriately classified as a discretely-presented component unit.

³ 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 now 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)

	Fiscal Year				
	2006	2005	2004	2003	2002
General Fund					
Reserved	\$ 3,575,776	\$ 2,650,417	\$ 1,158,613	\$ 3,415,066	\$ 1,541,441
Unreserved	88,104,809	69,817,153	54,064,235	45,491,994	43,685,285
Total General Fund	<u>91,680,585</u>	<u>72,467,570</u>	<u>55,222,848</u>	<u>48,907,060</u>	<u>45,226,726</u>
All Other Governmental Funds					
Reserved	\$ 34,558,867	\$ 31,951,339	\$ 41,474,664	\$ 57,585,083	\$ 22,895,362
Unreserved, reported in:					
Capital projects funds	15,255,723	2,585,051	17,041,854	68,841,392	10,036,848
Special revenue funds	133,282,448	131,227,828	118,657,450	102,116,827	49,268,396
Total all other governmental funds	<u>183,097,038</u>	<u>165,764,218</u>	<u>177,173,968</u>	<u>228,543,302</u>	<u>82,200,606</u>
	<u>\$274,777,623</u>	<u>\$238,231,788</u>	<u>\$232,396,816</u>	<u>\$277,450,362</u>	<u>\$127,427,332</u>

Source: Audited Financial Statements

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

Fiscal Year					
2001	2000	1999	1998	1997	
					General Fund
\$ 597,750	\$ 737,116	\$ 329,467	\$ 297,268	\$ 285,169	Reserved
31,425,492	17,409,138	10,822,622	6,882,560	6,948,824	Unreserved
<u>32,023,242</u>	<u>18,146,254</u>	<u>11,152,089</u>	<u>7,179,828</u>	<u>7,233,993</u>	Total General Fund
					All Other Governmental Funds
\$ 52,690,983	\$40,868,193	\$ 28,506,382	\$ 9,338,500	\$ 6,831,786	Reserved
7,511,288	10,450,497	23,031,412	4,765,946	4,036,681	Unreserved, reported in:
33,256,421	14,580,123	13,160,043	17,646,637	9,331,413	Capital projects funds
<u>93,458,692</u>	<u>65,898,813</u>	<u>64,697,837</u>	<u>31,751,083</u>	<u>20,199,880</u>	Special revenue funds
					Total all other governmental funds
<u>\$ 125,481,934</u>	<u>\$84,045,067</u>	<u>\$ 75,849,926</u>	<u>\$ 38,930,911</u>	<u>\$ 27,433,873</u>	

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

	Fiscal Year				
	2006	2005	2004	2003	2002
Revenues					
Taxes ¹	\$ 126,709,867	\$ 78,793,277	\$ 66,961,051	\$ 59,246,973	\$ 55,027,729
Licenses, permits and franchises	7,260,201	5,658,034	5,094,159	4,998,512	4,425,099
Fines, forfeitures and penalties	7,389,580	6,038,097	4,220,235	4,729,387	4,586,822
Use of money and property	9,038,296	6,415,122	6,981,278	3,980,609	8,707,718
Intergovernmental ¹	289,299,129	315,166,573	308,978,705	277,130,397	273,809,145
Charges for services	79,239,520	77,819,413	69,730,559	59,721,371	53,404,452
Miscellaneous	10,364,009	11,532,508	10,377,470	7,693,931	14,065,157
Total revenues	529,300,602	501,423,024	472,343,457	417,501,180	414,026,122
Expenditures					
General government	58,726,098	55,536,885	49,188,749	40,861,290	39,392,941
Public protection	169,226,372	138,939,757	172,365,652	128,691,041	117,626,458
Public ways and facilities	11,838,586	9,706,357	10,112,629	8,152,377	5,883,609
Health services	106,548,470	103,458,326	111,715,224	84,249,844	77,897,875
Public assistance	142,105,049	123,248,736	150,785,051	121,296,428	118,637,287
Education and recreation	21,363,419	15,670,356	18,172,806	12,713,005	11,728,628
Debt service:					
Principal	16,689,194	8,043,797	8,394,452	7,193,245	7,081,861
Interest and other charges	12,321,580	10,561,243	8,069,620	5,157,325	4,930,092
Debt issuance cost	646,905	-	1,466,120	-	-
Advance refunding escrow	-	-	-	-	4,116,500
Capital outlay	13,068,467	30,852,017	86,478,021	42,466,841	35,290,048
Total expenditures	552,534,140	496,017,474	616,748,324	450,781,396	422,585,299
Excess of revenues over (under) expenditures	(23,233,538)	5,405,550	(144,404,867)	(33,280,216)	(8,559,177)
Other Financing Sources (Uses)					
Capital lease financing	-	56,736	-	-	-
Payment to refund bond	-	-	-	-	(19,090,934)
Proceeds of refunding bonds	-	-	-	-	21,285,000
Proceeds from sale of tobacco settlement revenues	17,397,252	-	-	55,088,473	-
Debt proceeds	42,385,000	-	96,665,000	123,862,438	10,507,356
Premium on debt	-	-	-	4,628,748	331,173
Transfers in	131,966,707	120,245,003	99,408,010	92,684,021	87,617,423
Transfers out	(132,032,827)	(120,065,726)	(99,674,693)	(93,047,766)	(88,274,757)
Sale of capital assets	63,241	193,409	2,953,004	87,332	40,095
Total other financing sources (uses)	59,779,373	429,422	99,351,321	183,303,246	12,415,356
Net change in fund balances	\$ 36,545,835	\$ 5,834,972	\$ (45,053,546)	\$ 150,023,030	\$ 3,856,179
Debt service as a percentage of noncapital expenditures	5.50%	4.00%	3.38%	3.02%	4.16%

¹ 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 now recorded as Property Taxes.

Source: Audited Financial Statements

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

		Fiscal Year					
2001	2000	1999	1998	1997			
					Revenues		
\$ 49,503,902	\$ 47,008,652	\$ 41,724,749	\$ 40,758,626	\$ 39,562,515	Taxes ¹		
3,705,314	3,316,382	3,151,701	3,073,006	2,611,666	Licenses, permits and franchises		
4,236,423	3,645,577	4,125,065	2,099,014	3,244,468	Fines, forfeitures and penalties		
14,298,160	7,535,374	6,186,024	5,535,132	4,157,170	Use of money and property		
259,590,608	224,698,307	212,724,221	201,189,378	203,193,717	Intergovernmental ¹		
50,374,834	46,073,991	46,340,313	45,330,179	38,644,420	Charges for services		
9,431,653	4,396,998	5,874,815	6,980,308	8,027,918	Miscellaneous		
<u>391,140,894</u>	<u>336,675,281</u>	<u>320,126,888</u>	<u>304,965,643</u>	<u>299,441,874</u>	Total revenues		
					Expenditures		
34,412,532	31,057,335	31,276,622	26,589,969	18,452,876	General government		
104,858,511	95,158,216	88,968,414	94,133,021	93,367,176	Public protection		
12,107,010	9,815,424	12,240,113	9,728,337	10,214,195	Public ways and facilities		
64,297,492	58,778,916	52,830,271	49,894,073	47,073,226	Health services		
109,732,636	107,609,032	108,025,825	103,978,165	116,318,535	Public assistance		
10,746,213	10,118,268	9,622,427	7,333,739	7,178,560	Education and recreation		
					Debt service:		
5,452,183	5,499,298	3,937,131	3,358,895	2,900,000	Principal		
5,712,387	4,271,782	3,879,600	2,701,895	2,648,895	Interest and other charges		
-	-	-	-	-	Debt issuance cost		
-	-	-	-	-	Advance refunding escrow		
10,033,031	6,714,180	8,064,738	918,517	2,029,634	Capital outlay		
<u>357,351,995</u>	<u>329,022,451</u>	<u>318,845,141</u>	<u>298,636,611</u>	<u>300,183,097</u>	Total expenditures		
33,788,899	7,652,830	1,281,747	6,329,032	(741,223)	Excess of revenues over (under) expenditures		
					Other Financing Sources (Uses)		
-	307,653	63,712	-	190,000	Capital lease financing		
-	-	-	-	-	Payment to refund bond		
-	-	-	-	-	Proceeds of refunding bonds		
-	-	-	-	-	Proceeds from sale of tobacco settlement revenues		
-	-	39,581,288	-	-	Debt proceeds		
-	-	-	-	-	Premium on debt		
75,312,142	62,107,737	64,179,671	60,480,508	63,969,224	Transfers in		
(74,541,218)	(61,940,417)	(64,475,911)	(60,446,177)	(63,652,262)	Transfers out		
89,878	67,308	23,480	30,357	11,143	Sale of capital assets		
<u>860,802</u>	<u>542,281</u>	<u>39,372,240</u>	<u>64,688</u>	<u>518,105</u>	Total other financing sources (uses)		
<u>\$ 34,649,701</u>	<u>\$ 8,195,111</u>	<u>\$ 40,653,987</u>	<u>\$ 6,393,720</u>	<u>\$ (223,118)</u>	Net change in fund balances		
3.21%	3.03%	2.52%	2.04%	1.86%	Debt service as a percentage of noncapital expenditures		

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

Fiscal Year	Real Property [^]				Personal Property	Exemptions	Total	Total Direct Tax Rate
	Residential Property	Commercial Property	Manufacturing Property	Other				
2006	\$ 31,908,618,677	\$ 3,658,979,117	\$ 4,058,927,403	\$ 1,756,602,406	\$ 1,776,148,772	\$ (1,614,923,088)	\$ 41,544,353,287	1.000000
2005	27,646,850,121	3,346,190,948	3,755,064,101	1,578,129,310	1,560,714,346	(1,500,576,703)	36,386,372,123	1.000000
2004	23,918,105,041	3,136,567,889	3,658,065,965	1,480,141,832	1,538,561,960	(1,451,287,952)	32,280,154,735	1.000000
2003	21,383,381,995	2,982,448,323	3,567,983,071	1,341,406,615	1,267,778,516	(1,189,231,896)	29,353,766,624	1.000000
2002	19,292,221,465	2,778,751,393	3,294,895,577	1,294,066,360	1,138,301,019	(1,237,780,608)	26,560,455,206	1.000000
2001	17,560,703,004	2,628,348,739	2,958,749,963	1,334,075,873	1,047,792,400	(1,189,645,915)	24,340,024,064	1.000000
2000	15,878,172,910	2,443,059,844	2,660,132,857	1,194,174,257	966,680,913	(1,122,110,110)	22,020,110,671	1.000000
1999	14,386,789,046	2,235,853,229	2,436,874,095	1,159,350,607	869,732,148	(1,120,439,365)	19,968,159,760	1.000000
1998	13,399,866,953	2,120,107,570	2,403,670,359	1,168,276,814	825,378,412	(953,820,971)	18,963,479,137	1.002323
1997	12,941,525,480	1,990,976,015	2,217,989,458	1,096,708,263	793,513,708	(911,088,229)	18,129,624,695	1.002382

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

Source: County of Solano - Assessor's Office

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

Fiscal Year	Countywide Tax	Local Special Districts	Schools	Cities	Total
2006	1.000000	1.670438	0.450651	0.051243	3.172332
2005	1.000000	1.669975	0.409660	0.055807	3.135442
2004	1.000000	1.674536	0.450608	0.061253	3.186397
2003	1.000000	1.668724	0.423867	0.065584	3.158175
2002	1.000000	1.664550	0.230886	0.067263	2.962699
2001	1.000000	1.580959	0.306871	0.073958	2.961788
2000	1.000000	1.582688	0.298638	0.077761	2.959087
1999	1.000000	1.592200	0.356061	0.083774	3.032035
1998	1.002323	1.526100	0.284365	0.093766	2.906554
1997	1.002382	1.512000	0.146153	0.098633	2.759168

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

COUNTY OF SOLANO, CALIFORNIA
Principal Property Tax Payers
June 30, 2006 and June 30, 1997

Taxpayer	Fiscal Year 2006			Fiscal Year 1997		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Valero Refining Company - Calif	\$ 965,527,119	1	2.32%	\$ -		
Pacific Gas & Electric Company	352,080,731	2	0.85%	360,815,669	2	1.99%
Genentech Inc	344,496,548	3	0.83%	-		
Anheuser-Busch, Inc.	299,713,814	4	0.72%	206,324,687	4	1.14%
High Winds LLC	168,425,559	5	0.41%	-		
Pacific Bell	157,201,089	6	0.38%	225,120,006	3	1.24%
Alza Corporation	132,087,412	7	0.32%	84,221,493	6	0.47%
California Northern Railroad	129,455,026	8	0.31%	118,438,552	5	0.65%
Solano Mall LLC	92,553,418	9	0.22%	62,996,038	9	0.35%
Calwest Industrial Holdings	80,734,856	10	0.19%	-		
Exxon Corporation	-			587,397,800	1	3.24%
FSA Properties, Inc.	-			78,759,900	7	0.43%
Kaiser Foundation Hospital	-			64,082,345	8	0.35%
Spieker Properties LP (Benicia)	-			58,077,564	10	0.32%
Totals	\$ 2,722,275,572		6.55%	\$ 1,846,234,054		10.18%

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

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

Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy		Amount	% of Levy
2006	\$ 429,891,175	\$ 413,880,171	96.28%	\$ -	\$ 413,880,171	96.28%
2005	377,639,034	368,064,913	97.46%	2,454,922	370,519,835	98.11%
2004	338,754,419	332,042,337	98.02%	5,910,202	337,952,539	99.76%
2003	304,563,538	295,257,014	96.94%	8,898,898	304,155,912	99.87%
2002	253,305,116	248,780,029	98.21%	4,333,126	253,113,155	99.92%
2001	233,021,257	229,022,341	98.28%	3,925,769	232,948,110	99.97%
2000	214,752,491	211,270,305	98.38%	3,456,412	214,726,717	99.99%
1999	205,054,382	201,112,484	98.08%	3,927,312	205,039,796	99.99%
1998	195,920,241	191,364,527	97.67%	4,551,669	195,916,196	100.00%
1997	186,357,309	181,523,346	97.41%	4,829,654	186,353,000	100.00%

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

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

	Fiscal Year				
	2006	2005	2004	2003	2002
General Government					
Notes payable	\$ 13,356,468	\$ 14,897,413	\$ 16,637,923	\$ 18,022,764	\$ 15,222,425
Capital leases	88,080	191,329	377,880	937,955	681,824
Certificates of participation	146,692,575	155,954,388	162,086,201	168,748,015	51,921,079
Pension obligation bonds	133,195,000	96,665,000	96,665,000	-	-
Revenue bonds	-	-	-	-	-
General obligation bonds	-	-	-	-	-
Term note	-	-	-	-	-
Special assessment debt	-	-	-	-	-
Business-Type Activities					
Notes payable	247,631	318,517	1,420,051	1,608,192	437,665
Capital leases	-	5,106	12,394	30,088	36,877
Total primary government	\$ 293,579,754	\$ 268,031,753	\$ 277,199,449	\$ 189,347,014	\$ 68,299,870
Percentage of Personal Income ¹	1.98%	1.92%	2.11%	1.53%	0.57%
Percentage of Actual Value of Taxable Property ²	0.71%	0.74%	0.86%	0.65%	0.26%
Per Capita ¹	\$ 694.29	\$ 635.66	\$ 664.04	\$ 457.70	\$ 166.97

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

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

Source: Audited Financial Statements

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

		Fiscal Year					
2001	2000	1999	1998	1997			
General Government							
\$ 7,034,007	\$ 8,838,423	\$ 4,504,241	\$ 6,130,000	\$ -	Notes payable		
537,871	806,743	6,722,495	6,765,135	1,079,402	Capital leases		
59,765,000	72,065,000	76,630,000	40,105,000	42,655,000	Certificates of participation		
-	-	-	-	-	Pension obligation bonds		
170,000	330,000	480,000	620,000	750,000	Revenue bonds		
-	-	-	-	350,000	General obligation bonds		
-	-	102,159	138,526	169,189	Term note		
-	-	30,000	60,000	90,000	Special assessment debt		
Business-Type Activities							
560,012	675,234	783,331	821,512	913,168	Notes payable		
35,657	-	-	-	-	Capital leases		
\$ 68,102,547	\$ 82,715,400	\$ 89,252,226	\$ 54,640,173	\$ 46,006,759	Total primary government		
0.59%	0.76%	0.91%	0.60%	0.54%	Percentage of Personal Income	¹	
0.28%	0.38%	0.45%	0.29%	0.25%	Percentage of Actual Value of Taxable Property	²	
\$ 169.53	\$ 211.17	\$ 232.43	\$ 145.01	\$ 123.97	Per Capita	¹	

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

Fiscal Year	(1) Assessed Value of Property	(2) Debt Limit, 5% of Assessed Value	(3) Debt Applicable to the Limit	(4) Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2005-06	\$ 41,544,353,287	\$ 2,077,217,664	\$ -	\$ 2,077,217,664	0.00%
2004-05	36,386,372,123	1,819,318,606	-	1,819,318,606	0.00%
2003-04	32,280,154,735	1,614,007,737	-	1,614,007,737	0.00%
2002-03	29,353,766,624	1,467,688,331	-	1,467,688,331	0.00%
2001-02	26,560,455,206	1,328,022,760	5,100	1,328,017,660	0.00%
2000-01	24,340,024,064	1,217,001,203	185,000	1,216,816,203	0.02%
1999-00	22,020,110,671	1,101,005,534	354,300	1,100,651,234	0.03%
1998-99	19,968,159,760	998,407,988	513,000	997,894,988	0.05%
1997-98	18,963,479,137	948,173,957	676,785	947,497,172	0.07%
1996-97	18,129,624,695	906,481,235	1,164,307	905,316,928	0.13%

Notes:

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

Source: Audited Financial Statements

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

<u>Year</u> ¹	<u>Population</u> ²	<u>Personal Income</u> ³	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u> ⁵
2006	422,848	14,794,633,336 ⁴	34,988	5.1% ⁶
2005	421,657	13,957,201,260 ⁴	33,101	5.4%
2004	417,447	13,167,171,000	31,542	5.9%
2003	413,694	12,409,334,000	29,996	6.4%
2002	409,060	12,028,734,000	29,406	5.9%
2001	401,720	11,622,966,000	28,933	4.6%
2000	391,700	10,953,322,000	27,964	4.5%
1999	384,000	9,824,035,000	25,583	4.6%
1998	376,800	9,162,655,000	24,317	5.6%
1997	371,100	8,554,840,000	23,053	6.6%

Detail of estimated population, as of January 1, 2006:

Incorporated Cities

Benicia	27,319
Dixon	17,574
Fairfield	105,601
Rio Vista	7,376
Suisun City	27,748
Vacaville	96,395
Vallejo	121,099
Total of Incorporated	<u>403,112</u>
Total of Unincorporated Areas	<u>19,736</u>
Total Population	<u><u>422,848</u></u>

Notes:

¹ Calendar year

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

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

⁴ Estimated amounts

⁵ Obtained from State of California Employment Development Department

⁶ For June 2006

COUNTY OF SOLANO, CALIFORNIA
Principal Employers
June 30, 2006 and June 30, 2000¹

Employer	2006			2000		
	Employees	Rank	Percentage of Total County Employment²	Employees	Rank	Percentage of Total County Employment²
Kaiser Permanente	2,735	1	1.38%	3,120	1	1.88%
NorthBay Medical Center	1,301	2	0.65%	1,200	2	0.72%
Six Flags Marine World	1,200	3	0.60%	1,200	3	0.72%
Alza Corporation	700	4	0.35%	625	5	0.38%
Sutter Solano Medical Center	674	5	0.34%	542	6	0.33%
Westamerica Bancorporation	542	6	0.27%	500	7	0.30%
Wal-Mart	523	7	0.26%			
Genentech Inc.	500	8	0.25%			
Anheuser-Busch Brewery	465	9	0.23%	489	9	0.29%
Albertson's Distribution Center	450	10	0.23%	640	4	0.39%
Providian Financial				500	8	0.30%
Exxon Company USA				400	10	0.24%
Totals	9,090		4.57%	9,216		5.55%

¹ Information unavailable prior to FY2000

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

Sources: Solano Economic Development Corporation - November 2005 and Solano County Final Budget

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

	2006	2005	2004	2003	2002
Function/Program					
General government	263.00	250.00	245.00	247.00	236.00
Public protection	1,191.50	1,180.50	1,241.50	1,279.50	1,235.50
Public ways and facilities	73.00	73.00	74.00	74.00	73.00
Health services	483.05	498.08	491.16	511.66	498.66
Public assistance	738.60	718.00	750.50	786.55	767.30
Education and recreation	140.23	137.23	131.13	130.13	130.63
Nut Tree Airport	3.00	3.00	3.00	3.00	3.00
Fouts Springs Youth Facility	30.00	41.00	55.50	55.50	54.00
Internal service	73.50	72.50	71.50	73.50	53.50
Total	<u>2,995.88</u>	<u>2,973.31</u>	<u>3,063.29</u>	<u>3,160.84</u>	<u>3,051.59</u>

Source: Annual Budget Document

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>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>	<u>1997</u>	
					Function/Program
223.00	218.60	211.60	201.75	191.25	General government
1,447.25	1,412.85	1,357.10	1,297.60	1,231.10	Public protection
73.00	78.00	80.00	77.00	77.00	Public ways and facilities
475.51	474.69	450.74	419.40	409.80	Health services
753.80	729.20	674.60	631.10	599.00	Public assistance
125.63	119.75	115.50	86.75	85.75	Education and recreation
3.00	3.75	3.00	3.00	3.00	Nut Tree Airport
46.00	46.00	42.50	41.50	41.00	Fouts Springs Youth Facility
49.50	47.00	48.00	40.00	39.00	Internal service
<u>3,196.69</u>	<u>3,129.84</u>	<u>2,983.04</u>	<u>2,798.10</u>	<u>2,676.90</u>	Total

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

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

⁺ 10 year data not readily available

^{n/a} Information not available

[#] Information based on calendar year

Source: Various County departments

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

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

⁺ 10 Year data not readily available

^{n/a} Information not available

Source: Various County departments