

County of Solano, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2015



Simona Padilla-Scholten, CPA
Auditor-Controller

ON THE COVER: Pictured on the cover, from top to bottom, are some of the major milestones, program implementations and policy discussions that will continue to shape County operations in FY2014/15.

- **Library's 100th Anniversary:** April 5, 2014 kicked off a yearlong celebration of 100 years of free public libraries in Solano County. Events to celebrate this milestone are planned throughout the year and can be found at www.solanolibrary.com.
- **Affordable Care Act:** A variety of outreach efforts were used to educate the public on their options for health care coverage. With the initial wave of enrollments complete, Health and Social Services will be focusing on complying with the electronic health care records and other aspects of health care delivery required under the Affordable Care Act.
- **Travis Air Force Base:** Federal budget decisions are constraining the Department of Defense resources, which in turn may impact operations at Travis AFB. The County, in conjunction with the Travis Community Consortium, are working to keep the strategic importance of the base at the forefront of discussions about realignment of missions and aircraft in the Air Force. *(U.S. Air Force photo by A1C A1C Madelyn Ottem)*
- **Bay Delta Conservation Plan:** This far-reaching plan designed to address environmental demands of the Delta and provide stability for water exporters would alter land uses and farming operations in Solano County along the Sacramento River as well as put water reliability at risk for local users of Delta water. The County, in conjunction with the Delta Counties Coalition, are working to ensure the plan mitigates the potential negative impacts to Delta region. *(Courtesy California Department of Water Resources)*
- **Public Safety Realignment:** The County's Public Safety departments — Probation, Sheriff, District Attorney and Public Defender — in partnership with other law enforcement agencies and the Courts, will continue adapting to the evolving offender population as a result of the shift in responsibilities for various types of offenders to the local level. To address the expanded need, the Courts are renovating the historic courthouse in downtown Fairfield to add three civil courtrooms, a civil court office, jury assembly rooms, office space and an alternate dispute resolution/mediation center that will free up space for criminal courts across the street.

County of Solano, California



Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2015

Prepared by:

Office of the Auditor-Controller

Simona Padilla-Scholtens, CPA
Auditor-Controller



INTRODUCTORY SECTION

County of Solano, California
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2015

Table of Contents

	Page
INTRODUCTORY SECTION (Unaudited):	
Letter of Transmittal	1
GFOA Certificate of Achievement	9
Organizational Chart.....	10
Department Head Listing.....	11
 FINANCIAL SECTION:	
Independent Auditor’s Report.....	13
Management’s Discussion and Analysis (Required Supplementary Information)	17
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position.....	31
Statement of Activities	32
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	34
Reconciliation of the Balance Sheet of Governmental Funds to the Statement to Net Position	35
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	36
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
Statement of Net Position – Proprietary Funds	38
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	39
Statement of Cash Flows – Proprietary Funds	40
Statement of Fiduciary Net Position – Fiduciary Funds.....	41
Statement of Changes in Fiduciary Net Position – Fiduciary Funds.....	42
Notes to the Basic Financial Statements	43
Required Supplementary Information:	
Schedule of Net Pension Liability and Related Ratios During the Measurement Period – Miscellaneous Plan	89
Schedule of Net Pension Liability and Related Ratios During the Measurement Period – Safety Plan	90
Schedules of Funding Progress – Other Post Employment Benefits	91
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund.....	92
Schedules of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – Major Special Revenue Funds:	
Health and Social Services	93

	Page
Public Safety.....	94
Note to Required Supplementary Information	95
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Other Governmental Funds.....	98
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances – Other Governmental Funds.....	99
Combining Balance Sheet – Nonmajor Special Revenue Funds.....	102
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances – Nonmajor Special Revenue Funds.....	104
Schedules of Revenues, Expenditures and	
Changes in Fund Balance – Budget and Actual –	
Nonmajor Special Revenue Funds:	
Public Facilities Fees.....	106
Library	107
Transportation	108
First 5 Solano.....	109
Home Loan Program	110
Micrographics & Modernization	111
Other Special Revenue Funds	112
Schedules of Revenues, Expenditures and	
Changes in Fund Balance – Budget and Actual –	
Capital Projects Funds:	
Accumulated Capital Outlay	113
Combining Balance Sheet – Nonmajor Debt Service Funds.....	115
Combining Statement of Revenues, Expenditures and	
Changes in Fund Balances – Nonmajor Debt Service Funds.....	116
Schedules of Revenues, Expenditures and Changes in Fund Balance –	
Budget and Actual – Debt Service Funds:	
Pension	117
2013 Certificates of Participation.....	118
2009 Certificates of Participation.....	119
Government Center	120
Combining Statement of Net Position – Internal Service Funds.....	122
Combining Statement of Revenues, Expenses and	
Changes in Fund Net Position – Internal Service Funds.....	123
Combining Statement of Cash Flows – Internal Service Funds.....	124
Combining Statement of Changes in Assets and Liabilities – Agency Funds	126

	Page
STATISTICAL SECTION (Unaudited):	
Financial Trends Information	
Net Position by Component, Last Ten Fiscal Years.....	128
Changes in Net Position, Last Ten Fiscal Years	130
Fund Balances of Governmental Funds, Last Ten Fiscal Years.....	132
Changes in Fund Balances of Governmental Funds, Last Ten Fiscal Years..	134
Revenue Capacity Information	
Assessed Value of Taxable Property, Last Ten Fiscal Years	136
Direct and Overlapping Property Tax Rates, Last Ten Fiscal	137
Principal Property Tax Payers, June 30, 2015 and June 30, 2006.....	138
Property Tax Levies and Collections, Last Ten Fiscal Years.....	139
Debt Capacity Information	
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	140
Ratios of Net General Bonded Debt Outstanding.....	142
Legal Debt Margin Information, Last Ten Fiscal Years.....	143
Demographic and Economic Information	
Demographic and Economic Statistics, Last Ten Calendar Years	144
Principal Employers, June 30, 2015 and June 30, 2006	145
Operating Information	
Full-time Equivalent County Government Employees by Function, Last Ten Fiscal Years	146
Operating Indicators by Function, Last Ten Fiscal Years	148
Capital Asset Statistics by Function, Last Ten Fiscal Years	149

(This page intentionally left blank)

OFFICE OF THE AUDITOR-CONTROLLER

SIMONA PADILLA-SCHOLTENS, CPA
Auditor-Controller

PHYLLIS TAYNTON, CPA
Assistant Auditor-Controller



SOLANO
COUNTY

675 Texas Street, Suite 2800
Fairfield, CA 94533-6338
(707) 784-6280
Fax (707) 784-3553

www.solanocounty.com

December 19, 2015

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

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the County of Solano (County) for the fiscal year ended June 30, 2015. In accordance with Sections 25250 and 25253 of the Government Code of the State of California, general-purpose local governments must publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants.

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

The County's financial statements have been audited by Vavrinek, Trine, Day & Co., 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, 2015, 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 unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2015, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

General Information

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

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

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

County Government

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

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

County Services

As the only countywide general-purpose local government, we are in a unique position to facilitate and coordinate the work of cities, school districts, special districts and other organizations. In addition, the

County is specifically charged by the State with providing services to those most at risk: children, the elderly, the poor, those with health problems and those in the criminal justice system.

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

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

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

Factors Affecting Financial Condition

Budgetary Information

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

The budget is prepared by fund, function (e.g. public safety), and department (e.g., Sheriff). Transfers of appropriations between divisions, bureaus and sections within a department, provided the total appropriation of the budget is not changed, may be authorized by the County Administrator. Transfers of appropriations between departments within a fund, however, require a majority vote of the Board. Transfers of appropriations between funds and transfer of appropriations from contingencies require a four-fifths vote of the Board of Supervisors. Budget-to-actual comparisons are provided in this report for each governmental fund for which an annual budget was adopted. These schedules, which are part of the supplementary information section of this report, start on page 89.

Population and Local Economy

The County's population as of January 2015 was 429,552, increasing by 4,383 residents or 1% over 2014. The County's population ranks 39th out of 58 California counties in terms of population size. The County population increased 4.8% between 2000 and 2010. Between 2010 and 2015, the County grew by 16,208 residents, or 3.9%. Two cities grew faster than the overall county growth rate between 2014 and 2015: Rio Vista at 3.1% and Fairfield at 1.5%.

The population of Solano County is projected to grow to 620,659 or 33.3% by 2060, according to projections by the California Department of Finance. The age composition is expected to shift over the decades, with the median age increasing from 37.1 in 2010 to 43.2 in 2060. The aging of the population will affect the types of service demands that will be placed on the County.

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

County Assessed Values and Growth

Property taxes are a major source of local governmental revenues and are determined by assessed values. The property tax rate throughout California is 1% of assessed values. The 2015 Property Assessment Roll (net of exemptions) of \$46 billion increased by 5.2 from the prior year's roll value and represents property ownership in Solano County as of January 1, 2015.

Long-term Financial Planning

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

As of June 30, 2015, the Board adopted \$56.4 million in the General Fund General Reserve. This amount is above the minimum established per the policy, but less than the target of \$78 million. For the FY 2015/16, the Board adopted a General Fund Contingency in the amount of \$12.7 million, which is below

the 10% level (\$24.6 million). The Board approved a reduced contingency amount to increase the General Fund Assigned Fund Balance for future CalPERS rate increases. As of June 30, 2015 the balance was \$22.5 million.

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

SB1022 Vocational/Educational Facility Project - In May 2014, the Board accepted a conditional award of \$23,037,000 in bond financing from the State and Community Corrections' SB1022 Adult Local Criminal Justice Facilities Construction Financing Program for a \$25.6 million Educational/Vocational Training Center Project to rehabilitate adult offenders at the County's Claybank Campus in Fairfield. The Project consists of two buildings; a 10,000 square foot Classroom Training Center and a 29,400 square foot Vocational Training Center with vehicle repair bays, an area for building trade programs, office and support space. The Construction Documents phase began in November 2015 and is scheduled to be completed in January 2018. Upon completion, the Project will provide training facilities to be used by the Solano County Sheriff to support and provide a more complete array of rehabilitation/reentry programs to adult offenders.

Animal Care Facility Renovation/Expansion – Two of three phases of this project have been completed. Phase I included relocation of a leased modular facility to prepare the site and place utilities and construct a slab on grade for Phase 2. Phase 2 consisted of installation of a new 16,600 square foot (including mechanical mezzanine) pre-engineered kennel facility. Phase 3 consists of renovating approximately 2,600 square feet of an existing one story Animal Shelter Building to house administrative functions and remove the leased modular facility that was placed during Phase 1. In April 2013, the County issued \$5.4 million of Certificates of Participation for the Project at 2510 Claybank Road in Fairfield. The project is expected to be completed by September 2016.

Three Campus Master Plan Updates in Fairfield - In November 2014 the Board authorized the General Services Department to solicit consultant services to conduct a comprehensive master planning process for three main County campuses: Downtown Fairfield Government Center Campus, Claybank County Campus, and Beck Avenue County Campus to plan for the next stage of County development at these locations. In May 2015, the Board awarded the master planning services consultant services agreement. The County will receive the benefit of a strategic land use framework for the three campuses in Fairfield to guide future development and adaptive use based upon the needs of the County with input from potential partners and stakeholders. This approach will also provide an opportunity to: a) document future county program and space needs; b) evaluate existing facilities, functions, space utilization, and adjacencies; c) define development options to optimize land use and cohesive campus identities; d) centralize county services (if appropriate) to improve service delivery; e) strengthen multi-departmental interrelationships and interdepartmental efficiencies; f) relocate ongoing programs to county-owned facilities; g) leverage public/private partnerships; and h) coordinate with local agencies to identify economic opportunities. The master plan is expected to be completed by March 2016.

The County maintains a Debt Advisory Committee and a Pension Advisory Committee to provide analyses and recommendations through the County Administrator in the implementation of pension policy, strategies and oversight.

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

Cash Money Policies and Practices

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

The objectives of the pool are to meet the cash flow requirements of the pool participants, invest the funds in a safe, legal and prudent manner and achieve a rate of return commensurate with the level of risk taken. To achieve this objective the Treasurer – Tax Collector – County Clerk, in consultation with the pool participants, maintains a liquidity target that is adjusted on an ongoing basis. The target liquidity level is adjusted based on relevant factors such as historical trends, known cash flow timings, and participant feedback regarding anticipated expenditures and or revenue changes. Historically, the amounts and timing of each requirement have been predicted with a high level of accuracy. The pool is managed in a prudent manner and maintains an appropriate level of liquidity for known cash needs and contingencies. 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), Investment Trust of California Joint Powers Authority (CalTRUST), California Asset Management Program (CAMP), corporate notes, obligations of the U.S. Treasury, U.S. federal agency notes, and municipal notes. The maturities of the investments range from one day to fourteen years, with an average maturity of 13 months. Interest yields on investments were between 0.000% and 7.446% for the County with an average yield on the pool of 0.50%.

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, 2014. This is the thirteenth consecutive year the County has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfies both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Simona P. Scholtens".

Simona Padilla-Scholtens, CPA
Auditor-Controller

(This page intentionally left blank)



Government Finance Officers Association

**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, 2014

Executive Director/CEO

Board of Supervisors



Erin Hannigan
District 1



Linda J. Seifert
District 2



James P. Spering
District 3



John M. Vasquez
District 4



Skip Thomson
District 5



County Counsel
Dennis Bunting



County Administrator
Birgitta Corsello

Elected Officials



Auditor-Controller
Simona Padilla-Scholtens



District Attorney
Krishna Abrams



Assessor-Recorder
Marc Tonnesen



Sheriff/Coroner
Tom Ferrara



Tax Collector/County
Clerk/Treasurer
Charles Lomeli

Appointed Officials



Ag. Comm./Sealer
Jim Allan



General Services
Mike Lango



Human Resources
Marc Fox



H&SS
Gerald Huber



Public Defender
Lesli Caldwell



Library
Bonnie Katz



Resource Mgmt.
Bill Emlen



Veterans Services
Ted Puntillo



CIO/ROV
Ira Rosenthal



Probation
Christopher Hansen



Child Support Services
Pamela Posehn



County of Solano Department Head Listing

Ag Commissioner-Sealer of Weights & Measures	Jim Allan	784-1310
Assessor-Recorder	Marc C. Tonnesen	784-6200
Auditor-Controller	Simona Padilla-Scholten	784-6280
Chief Information Officer-Registrar of Voters	Ira Rosenthal	784-6675
Cooperative Extension	Morgan Doran	784-1317
County Administrator	Birgitta E. Corsello	784-6100
County Counsel	Dennis Bunting	784-6140
Child Support Services	Pamela Posehn	784-3606
District Attorney	Krishna A. Abrams	784-6800
General Services	Mike Lango	784-7900
Health & Social Services	Gerald Huber	784-8400
Human Resources/Risk Management	Marc Fox	784-6170
Library	Bonnie Katz	784-1500
Probation	Christopher Hansen	784-7600
Public Defender-Conflict Public Defender	Lesli Caldwell	784-6700
Resource Management	Bill Emlen	784-6765
Sheriff-Coroner	Tom Ferrara	784-7030
Treasurer-Tax Collector-County Clerk	Charles Lomeli	784-6295
Veteran Services	Ted Puntillo	784-6590
Workforce Investment Board (WIB)	Robert L. Bloom	864-3370

(This page intentionally left blank)



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Board of Supervisors
County of Solano, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Solano, California (the County), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Solano, California, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Implementation of New Accounting Standards

As described in Note IV-G to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statements No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 2014. Our opinions are not modified with respect to this matter.

Fiscal Uncertainty - Solano County Fair

As described in Note IV-F to the financial statements, the Solano County (Fair) is experiencing significant financial uncertainty of the Fair. The Fair's net position decreased from \$1,868,393 as of December 31, 2012 to \$1,461,398 as of December 31, 2013 and to \$887,686 as of December 31, 2014. The total change in net position was negative \$550,682, negative \$406,995 and negative \$573,712 for the years ended December 31, 2012, 2013 and 2014, respectively. The Fair's working capital (current assets minus current liabilities) was \$802,741, \$588,280 and \$101,978 for the years ended December 31, 2012, 2013 and 2014, respectively. Management's plans regarding the financial uncertainty of the Fair are described in Note IV-F to the financial statements. Our opinions are not modified with respect to that matter.

Other Matters

Required Supplementary Information

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

Other Information

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 nonmajor fund financial statements and schedules, and statistical section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 18, 2015, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Vavrinik, Trine, Day & Co. LLP

Sacramento, California
December 18, 2015

(This page intentionally left blank)

SIMONA PADILLA-SCHOLTENS, CPA
Auditor-Controller

PHYLLIS TAYNTON, CPA
Assistant Auditor-Controller

OFFICE OF THE AUDITOR-CONTROLLER



SOLANO COUNTY

675 Texas Street, Suite 2800
Fairfield, CA 94533-6338
(707) 784-6280
Fax (707) 784-3553

www.solanocounty.com

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, 2015. We encourage readers to consider the information presented here in conjunction with additional information in our financial statements.

Financial Highlights

- In fiscal year (FY), 2014-15, the County adopted two new statements of financial accounting standards issued by the Government Accounting Standard Boards (GASB) relating to pension activity:
 - Statement No. 68, *Accounting and Financial Reporting for Pension – an amendment of GASB Statement No. 27*. This statement establishes standards of accounting and financial reporting for the County's defined benefit pension plans. The significant impact of this statement is the reporting of the County's unfunded pension liability on the County's government wide financial statements. Also, the statement requires new note disclosures and supplementary schedules.
 - Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. The statement addresses the contribution amounts, if any, after the measurement date of the County's beginning net pension liability. The County's contributions during FY2014-15 are reported as deferred outflows of resources in accordance with this statement.
- The County's net position at June 30, 2015 was \$314.6 million, a net decrease of \$465.7 million from the prior year. The decrease is due primarily from a prior period adjustment of \$505 million due to the implementation of GASB Statements No. 68 and 71 related to pension activity. The decrease was partially offset by \$39.3 million increase in net position as a result of the current year's operations.
- At June 30, 2015, the County's governmental funds reported combined ending fund balances of \$263.6 million, an increase of \$13.7 million as a result of the current year's operations. Approximately 42% or \$109.3 million of the total fund balance is restricted; 31% or \$82.4 million is assigned for spending at the Board's discretion; 9% or \$23.4 million is nonspendable; and 18% or \$48.5 million is unassigned.
- At June 30, 2015, unassigned fund balance for the General Fund was \$56.4 million or 82% of the total General Fund expenditures.

Overview of the Financial Statements

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

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 position presents information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the remaining balance reported as net position. Over time, increases or decreases in net position 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 position changed during the recent fiscal year. All changes in net position 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 activity of the County is the Nut Tree Airport.

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

The government-wide financial statements can be found on pages 31-33 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 15 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, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in this report.

The County adopts annual appropriated budgets for all of its governmental funds. Therefore, budgetary comparison schedules are 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 34 – 37 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 an enterprise fund to account for the Nut Tree Airport. 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 for Fleet Management, Risk Management, and Information Technology. Because 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. 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 38 – 40 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 41 – 42 of this report.

Notes to the financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43 – 87 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budgetary comparison schedules for the general fund and all major special revenue funds as well as the schedules of funding progress for the defined benefit pension plans and the other postemployment benefit plan. Required supplementary information can be found on pages 89 – 95 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 97 – 126 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the County's financial position. At June 30, 2015 the County reported a net position of \$314.6 million.

Solano County's Net Position

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 408,317,457	\$ 500,215,196	\$ 505,129	\$ (1,902,541)	\$ 408,822,586	\$ 498,312,655
Capital assets	567,773,885	562,830,581	13,786,608	14,944,288	581,560,493	577,774,869
Total assets	976,091,342	1,063,045,777	14,291,737	13,041,747	990,383,079	1,076,087,524
Deferred loss on refunding	1,732,686	1,890,203	-	-	1,732,686	1,890,203
Deferred outflows-pension	35,030,754	-	32,348	-	35,063,102	-
Total deferred outflows of resources	36,763,440	1,890,203	32,348	-	36,795,788	1,890,203
Long-term obligations	534,430,250	213,151,851	345,981	34,447	534,776,231	213,186,298
Other liabilities	90,788,639	84,175,137	234,915	196,435	91,023,554	84,371,572
Total liabilities	625,218,889	297,326,988	580,896	230,882	625,799,785	297,557,870
Deferred gain on refunding	62,090	77,613	-	-	62,090	77,613
Deferred inflows-pension	86,631,395	-	82,503	-	86,713,898	-
Total deferred inflows of resources	86,693,485	77,613	82,503	-	86,775,988	77,613
Net position:						
Net investments in capital assets	462,894,048	451,748,610	13,786,608	14,944,288	476,680,656	466,692,898
Restricted net position	122,151,480	120,830,163	-	0	122,151,480	120,830,163
Unrestricted net position	(284,103,120)	194,952,606	(125,922)	(2,133,423)	(284,229,042)	192,819,183
Total net position	\$ 300,942,408	\$ 767,531,379	\$ 13,660,686	\$ 12,810,865	\$ 314,603,094	\$ 780,342,244

Analysis of Change in Net Position

The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2015 by \$314.6 million.

The largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, infrastructure and intangibles) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens;

consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net investment in capital assets increased by \$10.0 million from the prior year primarily due to the completion of the Claybank Adult Detention Facility and the ongoing construction of the Animal Care replacement project.

Net position subject to external restrictions increased by \$1.3 million from the prior year; primarily due to increase in operational revenues from public safety, public facilities fees, library, and health services. The increase was offset by a decrease in capital projects for various construction activities.

Unrestricted net position decreased by \$477.0 million primarily as a result of the implementation of GASB 68 in the reporting of the County's net pension liability.

Governmental activities. Governmental activities increased the County's net position by \$38.1 million.

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

**Solano County's Change in Net Position
For the fiscal years ended June 30, 2015 and June 30, 2014**

	Governmental Activities		Business-type Activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues:						
Charges for services	73,827,947	65,925,379	1,155,025	1,779,109	\$ 74,982,972	\$ 67,704,488
Operating grants and contributions	327,406,268	300,219,598	26,641	-	327,432,909	300,219,598
Capital grants and contributions	10,087,170	40,408,651	873,344	-	10,960,514	40,408,651
General revenues:						
Property taxes	144,946,469	132,737,838	344,987	313,311	145,291,456	133,051,149
Other taxes	5,523,165	4,003,412	5,125	-	5,528,290	4,003,412
Intergovernmental	1,877,564	1,923,733	3,667	77,445	1,881,231	2,001,178
Interest and investment earnings	1,514,552	1,580,598	69,818	(12,510)	1,584,370	1,568,088
Other	13,032,983	15,388,819	463,606	-	13,496,589	15,388,819
Gain on sale of capital assets	173,424	532,534	84,986	-	258,410	532,534
Total Revenues	\$ 578,389,542	\$ 562,720,562	\$ 3,027,199	\$ 2,157,355	\$ 581,416,741	\$ 564,877,917
Expenses:						
General government	59,188,293	60,861,259	-	-	59,188,293	60,861,259
Public protection	181,113,757	175,087,740	-	-	181,113,757	175,087,740
Public ways and facilities	12,830,930	13,212,138	-	-	12,830,930	13,212,138
Health services	119,305,842	111,915,241	-	-	119,305,842	111,915,241
Public assistance	143,509,809	138,041,533	-	-	143,509,809	138,041,533
Education and recreation	16,465,853	16,863,034	-	-	16,465,853	16,863,034
Interest on long-term debt	7,903,533	8,240,086	-	-	7,903,533	8,240,086
Nut Tree Airport	-	-	1,795,347	2,245,311	1,795,347	2,245,311
Total Expenses	\$ 540,318,017	\$ 524,221,031	\$ 1,795,347	\$ 2,245,311	\$ 542,113,364	\$ 526,466,342
Excess before transfers	38,071,525	38,499,531	1,231,852	(87,956)	39,303,377	38,411,575
Transfers	13,504	13,139	(13,504)	(13,139)	-	-
Change in net position	38,085,029	38,512,670	1,218,348	(101,095)	39,303,377	38,411,575
Net position— beginning (as restated)	262,857,379	729,018,709	12,442,338	12,911,960	275,299,717	741,930,669
Net position— ending	\$ 300,942,408	\$ 767,531,379	\$ 13,660,686	\$ 12,810,865	\$ 314,603,094	\$ 780,342,244

Revenues:

Total revenues for the County's governmental activities increased by \$15.7 million from the prior year. The following are the significant changes from the prior year:

Charges for Services:

Charges for services increased by \$7.9 million from the prior year primarily due to the following:

- Increase of \$2.2 million is attributed to more capital facilities fees collected in the current year due to more construction activities and building permits issued throughout the County.
- Increase of \$2.1 million in the public protection is primarily attributed to more services provided by the Sheriff's Department, specifically, the Sheriff housed inmates from Napa County as part of disaster relief from the Napa earthquake in August 2014.
- Increase of \$3.1 million in health services attributed to expanded benefits and changes to the Managed Care and realignment programs from ongoing healthcare reform.

Operating grants and contributions:

Operating grants and contributions increased by \$27.2 million from the prior year primarily due to the following:

- Increase of \$4.0 million in public protection primarily due to increased revenue from 2011 Realignment (Assembly Bill 118), particularly, public safety departments increased staff and incurred more expenses for miscellaneous projects related to AB109 and the support of rehabilitation facilities for adult and juvenile offenders authorized under SB 1022.
- Increase of \$13.6 million in health services primarily attributed to federal and state funding for expanded mental health benefits and implementation of the federal Affordable Care Act (ACA) utilizing the Short Doyle reimbursement funding model.
- Increase of \$10.1 million in public assistance primarily attributed to increased federal funding for CalWORKs & CalFresh programs and increases in state realignment revenues.

Capital grants and contributions:

Capital grants and contributions decreased by \$30.3 million from the prior year due to the following:

- Decrease of \$29.2 million due to the completion of Claybank Adult Detention Facility. The construction was funded by AB900 State Funds – Local Jail Construction Financing Program.
- Decrease of \$1.1 million for public ways and facilities due to decrease in federal construction projects undertaken and completed in the current year.

General revenues:

General revenues increased by \$10.9 million primarily due to the following:

- Property taxes increased by \$12.2 million primarily in secured property taxes and Property Tax-In Lieu of Vehicle Licenses as a result of continued increases to assessed values as more properties were taken off from Proposition 8 status due to improvement of the housing market. Other taxes increased by \$1.5 million attributable to the distribution of proceeds from the sale of properties by the successor agencies from the dissolution of redevelopment agencies.

- Decrease of \$2.4 million in other revenues primarily from a decrease in transfers from Tax Loss Reserves due to decrease in collections.

Expenses:

Total expenses for governmental activities increased by \$16.1 million from prior year. General government decreased by \$1.7 million primarily due to various maintenance projects not completed during the year and the final contribution for the Old Solano Courthouse renovation project; public protection increased by \$6.0 million as a direct result of AB 109 Realignment, operations at the Claybank Adult Detention Facility, and support and care of inmates; health services increased \$7.4 million primarily due to expanded mental health benefits and increased services provided in the Mental Health Integrated Care Clinics (ICCs) resulting in more staff and salaries and benefits; public assistance increased \$5.5 million due to increased caseloads resulting in more staff and salaries and benefits.

Business-type activities. The net position of the business-type activity for the current fiscal year increased by \$1.2 million primarily due to operating and capital grants received from the Federal Aviation Agency for the construction of the Runway Threshold Shift Project and Taxiway K.

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 Fund. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements.

At June 30, 2015, the County's governmental funds reported combined ending fund balances of \$263.6 million, an increase of \$13.7 million from prior year. The largest component of the fund balance, at 42% of the total, was restricted at \$109.3 million. Spending of these resources is constrained by externally imposed (creditors, grantors, contributors, laws) limitations on their use and by enabling legislation. The assigned fund balance of \$82.4 million, representing 31% of the total fund balance, was constrained by the Board to use for specific purposes but are not legally restricted nor committed.

The *General Fund* is the chief operating fund of the County. The General Fund's total fund balance increased by \$16.6 million from prior year primarily due to an increase in property tax revenues attributed to increases to assessed property values; increases to intergovernmental revenues from the State's reimbursements of prior years' SB90 costs. At June 30, 2015, the total General Fund fund balance was \$150.7 million. The assigned fund balance was \$71.4 million or 47.4% of the total fund balance. This amount is constrained by the Board for specific purposes. The unassigned fund balance was \$56.4 million, or 37.4%, which is available for the Board's discretion. Nonspendable fund balance was \$22.9 million, or 15.2% of total fund balance, representing inventory and long term receivables.

As a measure of the General Fund's liquidity, it may be useful to compare the total General Fund fund balance to total General Fund expenditures excluding other financing uses. Unassigned fund balance represents 82% of the total General Fund expenditures.

The *Health and Social Services Fund*, a special revenue fund, had a net decrease in fund balance of \$1.4 million due to increased expenditures in Social Services for medical eligibility determination awaiting reimbursement from the State during FY2015/16.

The *Public Safety Fund*, a special revenue fund, had a net increase in fund balance of \$2 million due to increased revenues from the District Attorney (DA) Consumer Protection Fund from civil penalties received from multi-jurisdictional consumer and environmental cases.

The fund balance of Other Governmental Funds had a net decrease of \$3.6 million primarily due to the classifications of the Accumulated Capital Outlay Fund (\$9.6 million decrease) and Pension Debt Service fund (\$2.4 million increase) presented as major funds in the prior year while in the current year they were presented as non-major funds. In addition, the Public Facilities Fees Fund collected more revenues resulting from increased construction activities in the City of Fairfield, City of Dixon, and City of Vacaville.

For fiscal year ended June 30, 2015, the total revenues for the County’s governmental funds totaled \$598.4 million. This represents a 2.22% increase from FY 13/14.

The table below presents revenues by source as well as increases or decreases from the prior year.

**Revenues Classified by Source
Governmental Funds**

Revenues by Source	2015		2014		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 154,803,301	25.87%	\$ 141,480,199	24.17%	\$ 13,323,102	9.42%
Licenses, permits and franchise	6,918,658	1.15%	6,645,857	1.14%	272,801	4.10%
Fines, forfeitures and penalties	4,657,052	0.78%	4,544,687	0.78%	112,365	2.47%
Revenue from use of money	2,245,536	0.37%	2,317,618	0.40%	(72,082)	(3.11)%
Intergovernmental revenues	332,852,098	55.62%	341,824,163	58.39%	(8,972,065)	(2.62)%
Charges for services	85,590,180	14.30%	74,868,262	12.79%	10,721,918	14.32%
Miscellaneous revenues	11,334,290	1.89%	13,743,165	2.35%	(2,408,875)	(17.53)%
Total	\$ 598,401,115	100.00%	\$ 585,423,951	100.00%	\$ 12,977,164	2.22%

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

- **Taxes:** The net increase of \$13.3 million is primarily due to increased secured property tax revenues and Property Tax-In Lieu of Vehicle License Fees from increases to assessed values as more properties came off of Proposition 8 status as the housing market improved. In addition, revenues related to the RDA dissolution increased in more residual and ABX1 26 revenues.
- **Intergovernmental revenues:** The net decrease of \$8.9 million is primarily due to \$34 million decrease in revenues by the Accumulated Capital Outlay Fund due to the completion of the Claybank Adult Detention Facility and \$2.1 million decrease in federal construction revenues for reimbursable projects not completed in the current year. The decrease was offset by increases in the General Fund from the \$6.8 million State reimbursement of pre-2004 SB90 mandated costs; \$15.9 million health services revenues attributed to federal and state funding for expanded mental health benefits, and implementation of a new claiming process from ongoing healthcare reform; \$5.6 million

in public assistance primarily attributed to expanded federal funding of assistance programs.

- Charges for services: The net increase of \$10.7 million is attributable to increase in Public Facilities Fees due to increased construction activities in City of Fairfield, City of Dixon and City of Vacaville; health services attributed to expanded benefits and resulting changes to the Managed Care and realignment programs from ongoing healthcare reform; increases in the revenues from higher contracted services, fees and administration overhead; increase in the Public Safety Fund’s revenues as a result of additional services provided to the increased inmate population (from the transfer of inmates from Napa County from the South Napa earthquake disaster in August 2014).
- Miscellaneous revenues: The decrease of \$2.4 million from prior year is primarily due to decrease in transfer from the tax loss reserve due to fewer collections as the delinquency rate decreased due to the improving economy in the housing market.

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

**Expenditures by Function
Governmental Funds**

Expenditures by Function	2015		2014		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 55,248,628	9.45%	\$ 56,452,888	9.55%	\$ (1,204,260)	(2.13)%
Public protection	186,219,711	31.84%	176,068,476	29.79%	10,151,235	5.77%
Public ways and facilities	9,537,130	1.63%	9,576,875	1.62%	(39,745)	(0.42)%
Health services	123,563,230	21.13%	113,485,686	19.19%	10,077,544	8.88%
Public assistance	147,077,648	25.15%	138,779,333	23.47%	8,298,315	5.98%
Education and recreation	17,539,688	3.00%	17,026,116	2.88%	513,572	3.02%
Debt service - principal retirement	12,110,000	2.07%	13,006,530	2.20%	(896,530)	(6.89)%
Debt service - interest charges	7,941,874	1.36%	8,590,661	1.45%	(648,787)	(7.55)%
Capital outlay	25,673,405	4.39%	58,333,218	9.86%	(32,659,813)	(55.99)%
Total	584,911,314	100.00%	591,319,783	100.00%	(6,408,469)	(1.08)%

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

- General government: The net decrease of \$1.2 million is attributable to decreases in the contribution to non-county agency by the Public Facility Fees due to the completion of the projects.
- Public protection: The net increase of \$10.2 million is primarily attributable to increases to salaries and benefits, and services and supplies as a direct result of AB 109 Realignment, more activities and services at the Claybank Adult Detention Facility.
- Health services: The net increase of \$10.1 million is primarily attributable to increases to salaries and benefits for existing and newly filled positions, and contracted services for the support and care of persons. In addition, the number of staff increased to support the increased caseload resulting from expanded mental health benefits and implementation of the new claiming process for the ongoing healthcare reform, Affordable Care Act (ACA).
- Public assistance: The net increase of \$8.3 million is primarily attributable to increased direct client support, salaries and benefits for existing and newly filled positions from increased caseloads in CalWORKS, Child Welfare Services, and In-home Support Services.

- Capital outlay: The net decrease of \$32.7 million is primarily attributable to the completion of the Claybank Adult Detention Facility.

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

The unrestricted net position of the Nut Tree Airport at June 30, 2015 was a negative \$126 thousand, significantly lower than the deficit in the prior fiscal year. The net position for the Nut Tree Airport increased by \$1.2 million due primarily from the capital and operating grants for the construction of various airport projects and reduced operating costs. Also, the Nut Tree Airport reported an increase in other revenues of the interest (only) payment from ICON Aircraft for the sale of the land. The Nut Tree Airport is continuously seeking ways to generate revenues to resolve the deficit fund balance by actively leasing temporary vacant space and working with various education agencies for development of a joint use aviation campus.

General Fund Budgetary Highlights

The General Fund Budget (Adopted and Final versions) is reflected in the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual, as presented on page 92 in the Required Supplementary Information (RSI) section of this report.

The County’s Final Budget differs from the Adopted Budget as a result of supplemental appropriations approved during the fiscal year. Total budgeted revenues increased by \$1.4 million or 0.75%, from the adopted budget. Total appropriations increased by \$1.1 million or 1.24%, from the adopted budget. Actual revenues were more than the final budgeted revenues by \$15.8 million or 8.49%. Actual expenditures were less than the final appropriations by \$17.5 million or 20.30%. Significant factors affecting these changes were as follows:

Final Budget vs. Actual Amounts

During the year, revenues recognized were more than budgetary revenue estimates by \$15.8 million and expenditures were less than appropriations by \$17.5 million, thus reducing the need to draw upon fund balance.

Revenue Variances: The favorable variance is primarily due to increased secured property tax revenues and Property Tax-In Lieu of Vehicle License Fees as a result of increases in assessed values as more properties came off of Proposition 8 status, and the State’s reimbursement of prior years’ pre-2004 SB90 mandated costs.

Expenditure Variances:

- General Services - \$1.2 million favorable variance as a result of appropriations for salaries and benefits not spent due to vacant positions, lower than anticipated expenditures for equipment maintenance, and the deferred purchase of an uninterruptible power system.
- Assessor - \$840 thousand favorable variance as a result of unspent appropriations in salaries and benefits due to unfilled positions, and contracted services for legal and consulting services related to the assessment appeals process, which did not materialize.
- Fouts Property Management - \$1.3 million favorable variance primarily due to appropriations not spent for the decommissioning of the Fouts Springs Youth Facility. Also, included in the budget were the cost of maintenance and security of the facility. The unspent amount was included in the subsequent years’ budget until the

- decommissioning process is completed.
- General Expenditures - \$895 thousand favorable variance primarily due to expenditures for accrued leave pay off did not materialize as the departments were able to absorb the costs. Also, the budget included technology improvement projects which were rebudgeted for FY2015/16.
- Resource Management - \$1.5 million favorable variance in contracted and other professional services due to unfinished multi-year projects.
- Contingency - the appropriations included \$8.9 million for unforeseen emergencies that may arise during the fiscal year and to financially manage any State uncertainties. At the end of the fiscal year, there was no need to draw from the contingency.

Other Financing Sources (Uses):

- Transfers out - \$8.7 million favorable variance of the appropriations for transfers to the Public Safety and Health and Social Services governmental funds not materializing.

Capital Asset and Debt Administration

Capital assets. The County’s capital assets for its governmental and business-type activities at June 30, 2015, were \$582 million (net of accumulated depreciation). This investment in capital assets includes land, artwork, intangibles, buildings, machinery and equipment, roads, and bridges. The total increase in the County’s capital assets for the current fiscal year was \$3.8 million or 0.66%.

	Governmental activities		Business-type activities		Total		Increase/ (decrease)
	2015	2014	2015	2014	2015	2014	Percent of change
Land	\$ 155,458,287	\$ 155,458,287	\$ 8,304,351	\$ 10,319,365	\$ 163,762,638	\$ 165,777,652	(1.22)%
Artwork	857,261	857,261	-	-	857,261	857,261	0.00%
Intangibles	11,660,636	11,476,303	-	-	11,660,636	11,476,303	1.61%
Infrastructure	127,419,731	122,756,485	-	-	127,419,731	122,756,485	3.80%
Construction in progress	26,352,277	97,012,299	1,295,165	-	27,647,442	97,012,299	(71.50)%
Buildings	480,043,518	390,918,104	10,795,227	10,795,227	490,838,745	401,713,331	22.19%
Machinery and equipment	59,179,778	57,418,799	166,074	151,950	59,345,852	57,570,749	3.08%
Less: accumulated depreciation	(293,197,603)	(273,066,957)	(6,774,209)	(6,322,254)	(299,971,812)	(279,389,211)	7.37%
Total	\$ 567,773,885	\$ 562,830,581	\$ 13,786,608	\$ 14,944,288	\$ 581,560,493	\$ 577,774,869	0.66%

In the governmental activities, significant changes are noticeable in the decrease of construction in progress due to the completion of Clay Bank Adult Detention Facility, resulting to an increase in buildings. Also, the completion of various projects increased depreciation expense for the fiscal year.

Additional information on the County’s capital assets can be found in Note III-D on pages 64 – 66 of this report.

Long-term obligations. At the end of the fiscal year, the County’s total debt outstanding for its governmental and business-type activities was \$535 million which is entirely backed by the full faith and credit of the County.

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Notes Payable	\$ 1,031,823	\$ 1,039,756	\$ -	\$ -	\$ 1,031,823	\$ 1,039,756
Certificates of Participation	105,613,538	111,805,931	-	-	105,613,538	111,805,931
Pension Obligation Bonds	47,810,000	53,945,000	-	-	47,810,000	53,945,000
Self-insurance liability	13,610,000	12,993,000	-	-	13,610,000	12,993,000
Pollution Remediation Obligation	752,617	703,780	-	-	752,617	703,780
Net Pension Liability	332,128,944	-	314,526	-	332,443,470	-
Other Post Employment Benefits	2,207,952	3,206,289	3,873	5,139	2,211,825	3,211,428
Compensated Absences	31,275,376	29,458,095	27,581	29,308	31,302,957	29,487,403
Total	\$ 534,430,250	\$ 213,151,851	\$ 345,980	\$ 34,447	\$ 534,776,230	\$ 213,186,298

The County's total debt increased by \$322 million primarily due to the \$332.4 million net pension liability from the implementation of GASB 68; \$1.8 million increase to compensated absences and \$617 thousand increase to self-insurance liability. The increases were partially offset by \$13.3 million principal payments on the Certificates of Participation, Pension Obligation Bonds and a decrease in other post-employment benefits liability.

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

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

Additional information on the County's long-term obligations can be found in Note III-H on pages 68 - 72 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 5.3%. This is comparable to the State's average unemployment rate of 5.5% (unadjusted, as of October 2015).
- The Board of Supervisors' (BOS) policy for General Fund Contingency and Reserve levels allows the County to normalize the County's budget during periods of fiscal distress and to address the impact of any other unforeseen circumstances. In FY15/16 the adopted budget included \$12.7 million in appropriations for contingencies, \$56.8 million in general reserves, \$6.3 million in designation for unfunded employees leave payoff, \$22.5 million for future employer PERS rate increases, \$2 million for housing/SB375 and \$6.3 million in designation for deferred maintenance.
- The CALPERS Board approved actuarial changes to both State and local agency pension plans which will be implemented in FY15/16 through FY19/20 and will increase the employer rates by as much as 50%. The General Fund's estimated share of costs for rate increases is projected to increase from \$9.4 million in FY14/15 to an estimated \$18.5 million in FY20/21. The BOS has already approved a CALPERS Reserve to help mitigate the significant future cost of the County. In August 2015, the Board of Supervisors adopted a resolution approving the Public Agency Retirement Services (PARS) 115 Pension Trust (the Trust) fund investment policy. Subsequent upon adoption of the policy, the County Treasury deposited \$20 million to the Trust from the County's designated fund balance for future employer PERS rate increases.
- The Assessor reported the FY15/16 secured property roll increased by 5.5%, or \$2.26 billion Countywide over the FY14/15 lien date values resulting in a secured roll totaling over \$43.09 billion, which includes residential and commercial parcels.

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.

(This page intentionally left blank)



BASIC FINANCIAL STATEMENTS

COUNTY OF SOLANO, CALIFORNIA
Statement of Net Position
June 30, 2015

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Solano County Fair	Workforce Investment Board
ASSETS					
Current assets					
Cash and investments	\$ 330,276,044	\$ 1,280,665	\$ 331,556,709	\$ 88,564	\$ 317,507
Accounts receivable	1,189,542	60,598	1,250,140	154,986	-
Due from other agencies	64,518,543	-	64,518,543	95,647	153,850
Internal balances	2,768,328	(2,768,328)	-	-	-
Other assets	1,041,964	42,194	1,084,158	9,948	82,699
Total current assets	<u>399,794,421</u>	<u>(1,384,871)</u>	<u>398,409,550</u>	<u>349,145</u>	<u>554,056</u>
Noncurrent assets					
Long-term receivables	8,523,036	1,890,000	10,413,036	-	-
Pension asset	-	-	-	697,516	-
Capital assets:					
Land & infrastructure	155,458,287	8,304,351	163,762,638	167,085	-
Artwork	857,261	-	857,261	-	-
Intangibles: non-depreciable	645,925	-	645,925	-	-
Construction in progress	26,352,277	1,295,165	27,647,442	-	-
Capital assets, not being depreciated	<u>183,313,750</u>	<u>9,599,516</u>	<u>192,913,266</u>	<u>167,085</u>	<u>-</u>
Infrastructure	127,419,731	-	127,419,731	-	-
Buildings and improvements	480,043,518	10,795,227	490,838,745	9,402,214	-
Machinery and equipment	59,179,778	166,074	59,345,852	456,969	18,478
Intangibles: depreciable	11,014,711	-	11,014,711	-	-
Less: Accumulated depreciation	<u>(293,197,603)</u>	<u>(6,774,209)</u>	<u>(299,971,812)</u>	<u>(8,932,510)</u>	<u>(15,276)</u>
Capital assets, being depreciated, net	<u>384,460,135</u>	<u>4,187,092</u>	<u>388,647,227</u>	<u>926,673</u>	<u>3,202</u>
Total noncurrent assets	<u>576,296,921</u>	<u>15,676,608</u>	<u>591,973,529</u>	<u>1,791,274</u>	<u>3,202</u>
Total assets	<u>976,091,342</u>	<u>14,291,737</u>	<u>990,383,079</u>	<u>2,140,419</u>	<u>557,258</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	1,732,686	-	1,732,686	-	-
Deferred outflows related to pensions	35,030,754	32,348	35,063,102	-	-
Total deferred outflows of resources	<u>36,763,440</u>	<u>32,348</u>	<u>36,795,788</u>	<u>-</u>	<u>-</u>
LIABILITIES					
Current liabilities					
Outstanding warrants	7,481,909	9,202	7,491,111	-	128,276
Payables	32,215,140	153,233	32,368,373	64,995	146,586
Unearned revenue	33,957,699	-	33,957,699	6,522	-
Other liabilities	2,160,412	72,409	2,232,821	42,725	-
Due to other agencies	14,973,479	71	14,973,550	-	63,004
Current portion of long-term obligations	30,969,371	19,694	30,989,065	132,925	-
Total current liabilities	<u>121,758,010</u>	<u>254,609</u>	<u>122,012,619</u>	<u>247,167</u>	<u>337,866</u>
Noncurrent liabilities					
Net Pension Liability	332,128,944	314,526	332,443,470	-	-
Other long-term obligations	171,331,935	11,761	171,343,696	1,005,566	139,399
Total liabilities	<u>625,218,889</u>	<u>580,896</u>	<u>625,799,785</u>	<u>1,252,733</u>	<u>477,265</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refunding	62,090	-	62,090	-	-
Deferred inflows related to pensions	86,631,395	82,503	86,713,898	-	-
Total deferred inflows of resources	<u>86,693,485</u>	<u>82,503</u>	<u>86,775,988</u>	<u>-</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	462,894,048	13,786,608	476,680,656	365,959	3,202
Restricted for:					
Public safety	9,670,002	-	9,670,002	-	-
Capital projects	3,633,316	-	3,633,316	-	-
Public facilities fees	11,327,456	-	11,327,456	-	-
Library services	13,389,118	-	13,389,118	-	-
Transportation services	16,662,693	-	16,662,693	-	-
Health services	52,839,897	-	52,839,897	-	-
Home loan program	5,042,353	-	5,042,353	-	-
Micrographics & modernization projects	8,966,661	-	8,966,661	-	-
Other purposes	619,984	-	619,984	132,459	-
Unrestricted	<u>(284,103,120)</u>	<u>(125,922)</u>	<u>(284,229,042)</u>	<u>389,268</u>	<u>76,791</u>
Total net position	<u>\$ 300,942,408</u>	<u>\$ 13,660,686</u>	<u>\$ 314,603,094</u>	<u>\$ 887,686</u>	<u>\$ 79,993</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, 2015

Functions/programs	Expenses	Program Revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary Government:				
Governmental Activities:				
General government	\$ 59,188,293	\$ 23,573,785	\$ 3,324,486	\$ 3,501,550
Public protection	181,113,757	23,718,639	75,898,250	6,585,620
Public ways and facilities	12,830,930	1,047,009	10,683,888	-
Health services	119,305,842	19,982,063	98,119,037	-
Public assistance	143,509,809	777,973	134,399,041	-
Education and recreation	16,465,853	4,728,478	4,981,566	-
Interest on long-term debt	7,903,533	-	-	-
Total Governmental Activities	<u>540,318,017</u>	<u>73,827,947</u>	<u>327,406,268</u>	<u>10,087,170</u>
Business-type Activities:				
Nut Tree Airport	1,795,347	1,155,025	26,641	873,344
Total Primary Government	<u>\$ 542,113,364</u>	<u>\$ 74,982,972</u>	<u>\$ 327,432,909</u>	<u>\$ 10,960,514</u>
Component Units:				
Solano County Fair	\$ 3,407,471	\$ 2,822,578	\$ 9,946	\$ -
Workforce Investment Board	3,867,733	-	3,880,849	-
Total Component Units	<u>\$ 7,275,204</u>	<u>\$ 2,822,578</u>	<u>\$ 3,890,795</u>	<u>\$ -</u>

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Activities
For the Fiscal Year Ended June 30, 2015

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Solano County Fair	Workforce Investment Board
\$ (28,788,472)	\$ -	\$ (28,788,472)	\$ -	\$ -
(74,911,248)	-	(74,911,248)	-	-
(1,100,033)	-	(1,100,033)	-	-
(1,204,742)	-	(1,204,742)	-	-
(8,332,795)	-	(8,332,795)	-	-
(6,755,809)	-	(6,755,809)	-	-
(7,903,533)	-	(7,903,533)	-	-
<u>(128,996,632)</u>	<u>-</u>	<u>(128,996,632)</u>	<u>-</u>	<u>-</u>
-	259,663	259,663	-	-
<u>(128,996,632)</u>	<u>259,663</u>	<u>(128,736,969)</u>	<u>-</u>	<u>-</u>
-	-	-	(574,947)	-
-	-	-	-	13,116
<u>-</u>	<u>-</u>	<u>-</u>	<u>(574,947)</u>	<u>13,116</u>
144,946,469	344,987	145,291,456	-	-
1,874,065	5,125	1,879,190	-	-
3,649,100	-	3,649,100	-	-
1,877,564	3,667	1,881,231	-	-
1,514,552	69,818	1,584,370	1,235	1,734
13,032,983	463,606	13,496,589	-	6,872
173,424	84,986	258,410	-	-
13,504	(13,504)	-	-	-
<u>167,081,661</u>	<u>958,685</u>	<u>168,040,346</u>	<u>1,235</u>	<u>8,606</u>
38,085,029	1,218,348	39,303,377	(573,712)	21,722
262,857,379	12,442,338	275,299,717	1,461,398	58,271
<u>\$ 300,942,408</u>	<u>\$ 13,660,686</u>	<u>\$ 314,603,094</u>	<u>\$ 887,686</u>	<u>\$ 79,993</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
Total Primary Government

Component Units:
Solano County Fair
Workforce Investment Board
Total Component Units

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2015

	<u>General</u>	<u>Health & Social Services</u>	<u>Public Safety</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and investments	\$ 124,878,193	\$ 58,790,535	\$ 29,102,525	\$ 88,579,213	\$ 301,350,466
Accounts receivable	716,247	-	107,161	123,969	947,377
Due from other agencies	13,708,013	30,895,976	9,021,494	10,794,961	64,420,444
Due from other funds	6,094,456	4,646,257	238,923	498,431	11,478,067
Advance to other funds	22,141,402	-	-	-	22,141,402
Other assets	3,026,517	291,553	76,984	5,664,116	9,059,170
Total assets	<u>\$ 170,564,828</u>	<u>\$ 94,624,321</u>	<u>\$ 38,547,087</u>	<u>\$ 105,660,690</u>	<u>\$ 409,396,926</u>
LIABILITIES					
Outstanding warrants	\$ 316,551	\$ 4,450,047	\$ 593,449	\$ 1,522,622	\$ 6,882,669
Payables	2,793,185	14,563,748	5,906,207	4,528,958	27,792,098
Due to other funds	210,525	3,250,950	7,150,414	946,231	11,558,120
Advance from other funds	-	367,848	-	19,005,377	19,373,225
Other liabilities	617,466	60,470	-	1,482,476	2,160,412
Due to other agencies	1,618,527	11,452,681	421,212	1,294,770	14,787,190
Unearned revenue	1,766,955	16,536,952	14,805,803	205,578	33,315,288
Total liabilities	<u>7,323,209</u>	<u>50,682,696</u>	<u>28,877,085</u>	<u>28,986,012</u>	<u>115,869,002</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	12,505,904	12,561,296	368,924	4,444,158	29,880,282
Total deferred inflows of resources	<u>12,505,904</u>	<u>12,561,296</u>	<u>368,924</u>	<u>4,444,158</u>	<u>29,880,282</u>
FUND BALANCES (DEFICIT):					
Nonspendable	22,924,625	253,666	83,636	162,893	23,424,820
Restricted	-	31,126,663	9,217,442	68,996,253	109,340,358
Committed	-	-	-	50,366	50,366
Assigned	71,430,601	-	-	10,932,739	82,363,340
Unassigned	56,380,489	-	-	(7,911,731)	48,468,758
Total fund balances	<u>150,735,715</u>	<u>31,380,329</u>	<u>9,301,078</u>	<u>72,230,520</u>	<u>263,647,642</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 170,564,828</u>	<u>\$ 94,624,321</u>	<u>\$ 38,547,087</u>	<u>\$ 105,660,690</u>	<u>\$ 409,396,926</u>

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

COUNTY OF SOLANO, CALIFORNIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2015

Total governmental funds, fund balance	\$ 263,647,642
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	561,304,458
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in governmental funds.	29,237,867
Deferred inflows and outflows of resources related to the net pension liability and refundings for debt are not due and payable in the current period and, therefore, are not reported in the Funds:	
Deferred outflows	36,045,084
Deferred inflows	(84,861,315)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.	9,935,280
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(1,966,889)
Long-term obligations	(512,399,719)
Net position of governmental activities	<u><u>\$ 300,942,408</u></u>

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Health & Social Services	Public Safety	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 137,514,871	\$ -	\$ -	\$ 17,288,430	\$ 154,803,301
Licenses, permits and franchises	6,502,178	17,748	220,829	177,903	6,918,658
Fines, forfeitures and penalties	1,146,399	302,528	3,206,147	1,978	4,657,052
Use of money and property	1,589,846	194,746	42,011	418,933	2,245,536
Intergovernmental	13,948,769	224,135,017	71,160,593	23,607,719	332,852,098
Charges for services	35,032,644	21,610,388	12,615,452	16,331,696	85,590,180
Miscellaneous	5,937,395	1,895,255	2,171,923	1,329,717	11,334,290
Total revenues	<u>201,672,102</u>	<u>248,155,682</u>	<u>89,416,955</u>	<u>59,156,376</u>	<u>598,401,115</u>
EXPENDITURES					
Current:					
General government	51,743,940	-	-	3,504,688	55,248,628
Public protection	16,109,715	-	167,298,397	2,811,599	186,219,711
Public ways and facilities	-	-	-	9,537,130	9,537,130
Health services	-	117,573,255	-	5,989,975	123,563,230
Public assistance	523,569	145,792,274	-	761,805	147,077,648
Education and recreation	253,534	-	-	17,286,154	17,539,688
Debt service:					
Principal	-	-	-	12,110,000	12,110,000
Interest and other charges	-	-	-	7,941,874	7,941,874
Capital outlay	193,138	364,992	964,350	24,150,925	25,673,405
Total expenditures	<u>68,823,896</u>	<u>263,730,521</u>	<u>168,262,747</u>	<u>84,094,150</u>	<u>584,911,314</u>
Excess (deficiency) of revenues over (under) expenditures	<u>132,848,206</u>	<u>(15,574,839)</u>	<u>(78,845,792)</u>	<u>(24,937,774)</u>	<u>13,489,801</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	85,139	20,718,958	85,901,465	26,386,986	133,092,548
Transfers out	(116,389,970)	(6,590,610)	(4,990,738)	(5,135,986)	(133,107,304)
Proceeds from sale of capital assets	93,514	-	-	123,600	217,114
Total other financing sources (uses)	<u>(116,211,317)</u>	<u>14,128,348</u>	<u>80,910,727</u>	<u>21,374,600</u>	<u>202,358</u>
Changes in fund balances	16,636,889	(1,446,491)	2,064,935	(3,563,174)	13,692,159
Fund balances - beginning	134,098,826	32,826,820	7,236,143	75,793,694	249,955,483
Fund balances - ending	<u>\$ 150,735,715</u>	<u>\$ 31,380,329</u>	<u>\$ 9,301,078</u>	<u>\$ 72,230,520</u>	<u>\$ 263,647,642</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, 2015

Changes in fund balances - total governmental funds \$ 13,692,159

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

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

Capital outlay	\$ 25,673,405	
Depreciation	<u>(19,385,614)</u>	6,287,791

The net effect of various miscellaneous capital asset transactions (i.e., sales, trades-ins, and donations). 8,367

Revenues not recognized in the governmental funds because they were not collected within the County's availability period, were recognized in the statement of activities. 2,075,660

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, this transaction has no effect on net position.
 Debt principal payments 12,110,000

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.

Change in OPEB liability	\$ 971,020	
Change in pension expense	4,278,174	
Change in Pollution remediation obligations	(48,838)	
Change in accrued interest payable	196,979	
Change in Amortization expense	75,399	
Change in compensated absences	<u>(1,734,981)</u>	3,737,753

Internal service funds are used by management to charge the costs of certain activities to individual funds. The change in net position of the internal service funds is reported with governmental activities. 173,299

Changes in net position of governmental activities \$ 38,085,029

COUNTY OF SOLANO, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2015

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Nut Tree Airport	
ASSETS		
Current assets		
Cash and investments	\$ 1,280,665	\$ 28,925,578
Accounts receivable	60,598	242,165
Due from other agencies	-	98,099
Due from other funds	196	163,518
Other assets	42,194	505,832
Total current assets	1,383,653	29,935,192
Noncurrent assets		
Long-term receivables	1,890,000	-
Capital assets:		
Land	8,304,351	-
Construction in progress	1,295,165	5,563
Buildings	10,795,227	298,031
Machinery and equipment	166,074	22,151,058
Intangibles	-	5,882,504
Less: accumulated depreciation	(6,774,209)	(21,867,729)
Total capital assets	13,786,608	6,469,427
Total noncurrent assets	15,676,608	6,469,427
Total assets	17,060,261	36,404,619
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	32,348	718,356
LIABILITIES		
Current liabilities		
Outstanding warrants	9,202	599,240
Payables	153,233	2,456,153
Due to other funds	347	83,314
Other liabilities	72,409	-
Due to other agencies	71	186,289
Current portion of long-term obligations	19,694	4,880,326
Total current liabilities	254,956	8,205,322
Noncurrent liabilities		
Advances from other funds	2,768,177	-
Noncurrent portion of long-term obligations	326,287	17,150,203
Total noncurrent liabilities	3,094,464	17,150,203
Total liabilities	3,349,420	25,355,525
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	82,503	1,832,170
NET POSITION		
Investment in capital assets	13,786,608	6,469,427
Unrestricted	(125,922)	3,465,853
Total net position	\$ 13,660,686	\$ 9,935,280

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 Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2015

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Nut Tree Airport	
OPERATING REVENUES		
Charges for sales and services	\$ 1,301,554	\$ 38,539,923
OPERATING EXPENSES		
Personnel services	348,537	7,488,993
Maintenance	45,388	1,637,151
Materials and supplies	649,151	1,965,814
Depreciation	451,955	2,975,072
Insurance	39,150	11,766,754
Rent, utilities and others	244,661	12,949,339
Total operating expenses	<u>1,778,842</u>	<u>38,783,123</u>
Operating loss	<u>(477,288)</u>	<u>(243,200)</u>
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	30,308	-
Investment earnings	69,818	118,152
Interest expense	(16,506)	-
Property taxes	350,112	-
Other revenue	317,078	322,147
Gain (Loss) on disposal of capital assets	84,986	(52,060)
Total nonoperating revenues, net	<u>835,796</u>	<u>388,239</u>
Income before contributions and transfers	358,508	145,039
Capital contributions	873,344	-
Transfers in	-	319,695
Transfers out	(13,504)	(291,435)
Changes in net position	<u>1,218,348</u>	<u>173,299</u>
Total net position - beginning, restated	<u>12,442,338</u>	<u>9,761,981</u>
Total net position - ending	<u>\$ 13,660,686</u>	<u>\$ 9,935,280</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, 2015

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
	Nut Tree Airport	
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,657,044	\$ 38,786,269
Receipts from interfund services provided	-	1,051
Payments to suppliers	(940,447)	(28,051,037)
Payments to employees	(355,375)	(6,910,261)
Net cash provided by operating activities	361,222	3,826,022
Cash flows from noncapital financing activities:		
Transfers out	(13,504)	(291,435)
Property taxes	350,112	-
Payment on advances from other funds	(63,009)	-
Subsidy from federal grant	30,308	-
Net cash provided (used) by noncapital financing activities	303,907	(291,435)
Cash flows from capital and related financing activities:		
Capital contributions	873,344	-
Interest paid	(16,506)	-
(Acquisition) disposition of capital assets	(1,184,274)	(1,622,216)
Gain (loss) on disposition of capital assets	84,986	(52,060)
Transfers in	-	319,695
Net cash used by capital and related financing activities	(242,450)	(1,354,581)
Cash flows from investing activities:		
Investment income received	69,818	118,152
Net cash provided by investing activities	69,818	118,152
Net increase in cash and cash equivalents	492,497	2,298,158
Cash and cash equivalents - beginning	788,168	26,627,420
Cash and cash equivalents - ending	\$ 1,280,665	\$ 28,925,578
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	\$ (477,288)	\$ (243,200)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	451,955	2,975,072
Other nonoperating revenue	317,078	322,147
Changes in assets and liabilities:		
Decrease in receivables, net	38,191	179,725
(Increase) decrease in due from other funds	221	(43,865)
(Increase) in due from other agencies	-	(54,217)
Decrease in other assets	128	-
Increase (decrease) in outstanding warrants	(33,722)	381,975
Increase (decrease) in payables	25,212	(113,954)
(Decrease) in due to other funds	(705)	(341,270)
Increase in due to other agencies	71	184,960
Increase (decrease) in accrued compensated absences	(1,726)	82,298
Increase in other liabilities	46,919	-
Increase (decrease) in other postemployment benefits	(1,266)	(27,317)
Increase in self-insurance liability	-	616,999
Increase in deferred outflows	(2,229)	(49,495)
Increase in deferred inflows	82,503	1,832,171
Decrease in net pension liability	(84,120)	(1,876,007)
Total adjustments	838,510	4,069,222
Net cash provided by operating activities	\$ 361,222	\$ 3,826,022
Noncash investing, capital and financing activities:		
Long-term receivable from sale of capital asset	\$ (1,890,000)	\$ -

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and investments	\$ 470,602,796	\$ 4,812,508	\$ 62,283,764
Property tax receivable	-	-	23,981,425
Property of estates	-	5,940,242	-
Total assets	<u>470,602,796</u>	<u>10,752,750</u>	<u>\$ 86,265,189</u>
LIABILITIES			
Due to others	-	-	86,265,189
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 86,265,189</u>
NET POSITION			
Net position held in trust for:			
Individuals	-	10,752,750	
Pool participants	470,602,796	-	
Total net position	<u>\$ 470,602,796</u>	<u>\$ 10,752,750</u>	

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2015

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>
ADDITIONS		
Contributions on pooled investments	\$ 622,141,387	\$ 4,805,629
Other contributions/additions	-	1,117,064
Interest and investment income	606,675	(8,134)
Total additions	<u>622,748,062</u>	<u>5,914,559</u>
DEDUCTIONS		
Distributions from pooled investments	<u>557,912,107</u>	<u>4,222,980</u>
Changes in net position	64,835,955	1,691,579
Net position - beginning	<u>405,766,841</u>	<u>9,061,171</u>
Net position - ending	<u>\$ 470,602,796</u>	<u>\$ 10,752,750</u>

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

**COUNTY OF SOLANO, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

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

The Solano County Facilities Corporation (SCFC) was established for the purpose of providing financing for the acquisition and construction of properties such as the Health & Social Services Administration Building, the Fairfield Downtown Project and the Animal Care Renovation/Expansion Project. The SCFC acts as an accommodation party in certain tax-exempt financings for the sole (exclusive) benefit of the County. The SCFC's board consists exclusively of all five members of the County's Board of Supervisors. The County has operational responsibility for the SCFC.

The Solano County Housing Authority (SCHA), under an agreement with the U.S. Department of Housing and Urban Development, provides housing assistance through the Section 8 Housing Choice Vouchers 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 County has operational responsibility for the SCHA.

The East Vallejo Fire Protection District (EVFPD) 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 County has operational responsibility of the EVFPD.

The Solano County Fair (Fair) is a discretely presented component unit in the County's basic financial statements. The Fair is governed by the Solano County Fair Association (Fair Association) whose members are appointed by the County's Board of Supervisors (the Board). The Board can remove any of the Fair Association members at will (i.e., without reason). The Fair Association is a 501(c) (3) non-profit organization established to conduct the annual County Fair and oversee the day-to-day operations

of the County's fairgrounds property. However, the function and activities of the Fair are not an integral part of the County. The Fair operates under a contract with the County as a self-supporting enterprise fund. The Fair's financial statements are reported as of December 31, 2014.

The Workforce Investment Board (WIB) is a discretely presented component unit in the County's basic financial statements. The WIB is a private, non-profit 501(c) (3) organization serving as the administrator/operator of primarily federally-funded workforce development grants and programs, and links employers with employees to improve the quality, competitiveness, and productivity of the local workforce. The County Board of Supervisors appoints the WIB Board of Directors to oversee the U.S. Department of Labor Workforce Investment Act (WIA) grants and programs.

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

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

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

B. Government-wide and Fund Financial Statements

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

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The primary government includes certain indirect costs as part of the

program expenses reported for the various functional activities. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

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

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

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

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

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

The County reports the following major governmental funds:

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

The *Health & 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. Restricted revenue sources are primarily state and federal grants, vehicle license fees, sales tax, charges for services and income tax revenues under the Mental Health Services Act (MHSA).

The *Public Safety Fund* is used to account for services to County residents in the areas of legal representation, crime prevention, public protection and probation services. Restricted revenue sources are primarily state and federal grants, and charges for services.

The County reports one enterprise fund:

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

Additionally, the government reports the following fund types:

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

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

The *Private Purpose Trust Funds* are used to account for escheat property under the responsibilities of Guardian/Conservator, Administrator, and prisoners' property under the Prisoners Welfare Fund.

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

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

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

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

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

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Investments

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

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

The Pool values participants' shares on a par value. Specifically, the Pool distributes income to participants based on their average balance during the relative period. Gross income is calculated and apportioned to the funds based on (1) realized investment gains and losses, (2) accrual based interest income earned, (3) amortization of discounts and premiums on a level yield basis. Administrative expenses are apportioned separately based on the absolute average balance of funds on deposit to account for any funds with a negative average balance. This method differs from the fair value method used to value investments in these financial statements because the amortized cost method is not designed to distribute to participants all unrealized gains and losses in the fair values of the Pool's investments.

The Treasurer invests on behalf of most funds of the County and external participants in accordance with the County's investment policy and the California State Government Code. The County Treasurer, who reports on a quarterly basis to the Board of Supervisors, manages the Pool.

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

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

The County's cash and investments include \$4,812,508 at June 30, 2015 for Private Purpose Trust Funds. The County provides personal and financial services to individuals who are not able to manage their own affairs. The Public Administrator and Public Guardian administer the funds for individuals who are either deceased or incapacitated. The County also administers funds for adults and juveniles who are incarcerated.

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 “advance 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.”

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

3. Property Tax Levy, Collection and Maximum Rates

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

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

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

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

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

4. Other Assets

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

5. Long-term Receivables

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

6. Capital Assets

Capital assets, which include property, plant, equipment, intangibles and infrastructure (e.g., roads, bridges and easements), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in proprietary funds. 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 three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their fair value on the date of donation. In accordance with GASB Statement No. 34, the County has not reported infrastructure assets acquired prior to fiscal year ended June 30, 1980.

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

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

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

7. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. As of June 30, 2015, the County has two items reportable on the Statement of Net Position: the first item relates to the unamortized losses on refunding of debt and the second item relates to outflows of resources related to pensions. The losses on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt.

In addition to liabilities, the statement of net position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has two items reportable on the Statement of Net Position: the first item relates to the unamortized gains on refunding of debt and the second item relates to

inflows of resources related to pensions. The County also has deferred inflows of resources related to unavailable revenues reported under the modified accrual basis of accounting in the governmental funds balance sheet. These amounts are deferred and recognized as revenues in the period the amounts become available.

8. Federal, State and Local Grants

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

9. Outstanding Warrants

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

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. Unearned Revenue

Unearned revenue represents financial resources received before eligibility requirements are met. These resources are advances from the State of California and the federal government for costs of various programs administered by the County.

12. Compensated Absences

Vested unused vacation hours may be accumulated and, if not taken, is paid at the date of termination from County employment at the employees' current pay rate. All leave balances are accrued when earned in the government-wide and proprietary fund financial statements. Expenditures for these amounts are reported in the governmental funds as employees terminate. County policy states that unused sick leave shall not be cashed out at the time of separation from the County; however, upon retirement eligible employees convert all unused sick leave to a Retirement Health Savings Account. Payments for accrued compensated absences at termination or retirement are paid and liquidated by the governmental funds and proprietary funds.

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 obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums/discounts are amortized over the life of the bonds using the straight-line method.

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. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County of Solano's California Public Employees Retirement System (CalPERS) Plans and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

15. Net Position/Fund Balances

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- *Net investment in capital assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt attributable to the acquisition, construction or improvement of these assets, including related deferred inflows/outflows of resources, reduce the balance in this category.
- *Restricted Net Position:* – This category represents external restrictions imposed by grantors, creditors, contributors and laws or regulations of other governments, and the restrictions imposed by law through enabling legislation for the implementation of various programs.
- *Unrestricted* – This category represents net position resources of the County, not restricted for any project or other purpose.

The government-wide statement of net position reports a restricted component of \$122,151,480, of which \$11,327,456 is restricted by enabling legislation.

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

Fund balance classifications are described as follows:

- *Nonspendable Fund Balance:* Nonspendable Fund Balance refers to amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. It includes long-term loans and notes receivable, inventories and prepaid items.

- *Restricted Fund Balance:* Amounts restricted by constraints that are either (a) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance:* Amounts to be used for specific purposes pursuant to constraints imposed by the Board of Supervisors via an ordinance. These self-imposed constraints must be set in place prior to the end of the fiscal year, and can only be changed via ordinance.
- *Assigned Fund Balance:* Amounts constrained by the County's intent to use for specific purposes, but are neither legally restricted nor committed. An assignment of fund balance is more easily removed or modified than fund balance classified as committed and may be established after fiscal year-end. Assigned Fund Balance also represents the residual Fund Balance of the other government funds.
- *Unassigned Fund Balance:* This classification represents fund balance not assigned to other funds and not restricted, committed or assigned to specific purposes within the General Fund, and is available for financing future budgets. The General Fund is the only fund that reports a positive unassigned fund balance amount.

16. Fund Balance Policy

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

General Fund - Fund Balance Policy

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

Committed Fund Balance

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

Assigned Fund Balance

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

General Fund General Reserve Policy

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

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

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

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

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

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

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

Countywide Spending Priority Policy

Funding Flow Assumptions

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

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

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

17. Use of Estimates

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The governmental funds balance sheet includes reconciliation between total governmental funds-fund balances and net position of governmental activities as reported in the government-wide statement of net position. 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 \$561,304,458 difference are as follows:

Land, not being depreciated	\$ 155,458,287
Construction in progress	26,346,714
Artwork	857,261
Intangibles, not being depreciated	645,925
Infrastructure, net of \$63,602,582 accumulated depreciation	63,817,149
Buildings, net of \$180,739,367 accumulated depreciation	299,006,120
Machinery and equipment, net of \$24,489,323 accumulated depreciation	12,539,397
Intangibles, net of \$2,498,602 accumulated depreciation	<u>2,633,605</u>
Net adjustment to increase total <i>governmental funds-fund balance to arrive at net position of governmental activities</i>	<u>\$ 561,304,458</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 \$512,399,719 difference are as follows:

Notes payable	\$ 1,023,890
Certificates of participation	103,845,000
Issuance premium	1,768,538
Pension obligation bonds	47,810,000
OPEB liability	2,136,360
Pollution remediation obligation	752,617
Net Pension Liability	325,144,222
Compensated absences	<u>29,919,092</u>
Net adjustment to reduce <i>total governmental funds-fund balance to arrive at net position of governmental activities</i>	<u>\$ 512,399,719</u>

III. DETAILED NOTES ON ALL FUNDS

A. *Cash and Investments*

The County's cash and investments at June 30, 2015 were as follows:

	<u>Fair Value</u>
County Deposits	<u>\$ 22,607,485</u>
County Investments	
Money Market Mutual Funds	8,915,424
Certificates of Deposits	983,638
State of California Local Agency Investment Fund	47,054,304
Investment Trust of California Joint Powers Authority Pool (CALTRUST)	68,101,056
California Asset Management Program (CAMP)	25,008,597
Corporate Notes	104,487,469
Supranational	4,987,650
U.S. Federal Agency Notes:	
Federal Farm Credit Bank	49,036,826
Federal Home Loan Bank	156,168,060
Federal Home Loan Mortgage Corporation	68,226,492
Federal National Mortgage Association	45,078,075
U.S. Treasury Notes	203,845,632
Municipal Notes	59,205,475
Total County Investments	<u>841,098,698</u>
Total County Treasury	<u>863,706,183</u>
Cash and Investments with Fiscal Agents	
Imprest cash	84,461
Deposits	28,845
Held with others:	
Money Market Mutual Funds	5,842,359
Total Cash and Investments with Fiscal Agents	<u>5,955,665</u>
Total Cash and Investments	<u>\$ 869,661,848</u>
Reconciliation to the financial statements:	
Government-wide Statement of Net Position	\$ 331,556,709
Statement of Fiduciary Net Position:	
External Investment Trust	470,602,796
Private Purpose Trust	4,812,508
Agency Funds	62,283,764
Component Units:	
Solano County Fair	88,564
Workforce Investment Board	317,507
Total	<u>\$ 869,661,848</u>

The Investment Policy of the Solano County Treasurer is to manage the Treasury Pool in accordance with applicable State codes and for the benefit of the pool participants. The Treasurer will make every reasonable effort to maintain the composition of the Treasury Pool within an acceptable risk-return policy. To achieve and maintain this profile, the Treasurer may direct investment purchases or sales to adjust credit risk, interest rate risk, liquidity risk, or other risks inherent in investment pools. The Solano County Treasurer's Pool shall be governed by the tenets of Government Code 53600 et seq. In addition to these tenets the portfolio is further restricted to percentages based on book value at the time of purchase.

The County Treasurer manages funds on behalf of the County, Local School Districts, and various other Special Districts located within Solano County. The County Treasurer maintains an investment pool for substantially all funds under his direction. Other funds, which by law or contract must be segregated, are maintained in various other investments under his direction. Cash and investments held by third party fiscal agents are legally or contractually restricted for specific purposes and consist primarily of debt reserve requirements.

The County is a voluntary participant in the State of California Local Agency Investment Fund (LAIF). The total amount invested by all public agencies in LAIF as of June 30, 2015 was \$21.5 billion. At June 30, 2015, the County's investment to LAIF is \$47.1 million. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which, as of June 30, 2015 had a balance of \$69.6 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 239 days as of June 30, 2015. The Local Investment Advisory Board (LIAB) has oversight responsibility for LAIF. The LIAB consists of five members as designated by state statute. The value of the pool shares in LAIF, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the County Treasurer's portion of the pool.

The County is also a voluntary participant in the Investment Trust of California Joint Powers Authority Pool (CALTRUST). At June 30, 2015, the County's investment to CALTRUST is \$68.1 million. The weighted average to maturity of CALTRUST investments were as follows: CALTRUST Short Term, 16 months; CALTRUST Medium, 24 months and CALTRUST Heritage Money Market, 21 days. The Board of Trustees, which is made up of experienced local Treasurers and Investment Officers has oversight responsibility for CALTRUST. The value of the pool shares in CALTRUST, which may be withdrawn, is determined on a fair value basis, which may be different than the amortized cost of the County Treasurer's portion of the pool. The total amount invested in CALTRUST by California public agencies, as of June 30, 2015 was divided among the following asset classes: CALTRUST Short Term was \$991 million; CALTRUST Medium Term was \$792 million and CALTRUST Heritage Money Market was \$38.7 billion.

The County is also a voluntary participant in the California Asset Management Program (CAMP). The total amount invested by all public agencies in CAMP as of June 30, 2015 was \$1.6 billion. At June 30, 2015, the County's investment to CAMP is \$25.0 million. The weighted average to maturity of CAMP investments was 32 days as of June 30, 2015. The Board of Trustees, which is made up of experienced local government directors and treasurers, has oversight responsibility for CAMP. The Board consists of seven members elected by the participants. The value of the pool shares in CAMP, which may be withdrawn, is determined on an amortized cost basis, which is different than the fair value of the County Treasurer's portion of the pool. As noted above, the total amount invested in CAMP by California public agencies, as of June 30, 2015 was \$1.6 billion divided among the following asset classes: 28.7% in Negotiable Certificates of Deposit; 24.3% in commercial paper; 23.8% in repurchase agreements; 12.3%

was invested in Federal Agency obligations; 9.0% was invested in US Treasuries; 2.0% in bankers' acceptances. CAMP's investment policy does not permit the purchase of asset-backed securities (Government Code 53601(n)), but does permit the purchase commercial paper 53601(h), which can include asset-backed commercial paper.

1. Authorized Investments

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

2. Interest Rate Risk

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

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

At June 30, 2015, the weighted average to maturity of the Treasurer's Pool was 387 days.

The fair value of the County's investments as of June 30, 2015 are as follows:

	Investment Maturities Fair Value (in Years)			
	<u>Fair Value</u>	<u>Less than 1</u>	<u>1 to 5</u>	<u>More than 5</u>
County Investments				
Money Market Mutual Funds	\$ 8,915,424	\$ 8,915,424	\$ -	\$ -
Certificates of Deposits	983,638	736,195	247,443	-
State of California Local Agency Investment Fund	47,054,304	47,054,304	-	-
Investment Trust of California Joint Powers Authority Pool	68,101,056	68,101,056	-	-
California Asset Management Program (CAMP)	25,008,597	25,008,597	-	-
Corporate Notes	104,487,469	52,745,667	51,741,802	-
Supranational	4,987,650	-	4,987,650	-
U.S. Federal Agency Notes:				
Federal Farm Credit Bank	49,036,826	32,007,955	17,028,871	-
Federal Home Loan Bank	156,168,060	30,248,400	125,919,660	-
Federal Home Loan Mortgage Corporation	68,226,492	28,074,167	40,152,325	-
Federal National Mortgage Association	45,078,075	15,027,095	30,050,980	-
U.S. Treasury Notes	203,845,632	80,316,410	123,529,222	-
Municipal Notes	59,205,475	17,507,790	38,407,685	3,290,000
<i>Total County Investments</i>	<u>841,098,698</u>	<u>405,743,060</u>	<u>432,065,638</u>	<u>3,290,000</u>
Investments with Fiscal Agents				
Money Market Mutual Funds	5,842,359	5,842,359	-	-
Total Investments	<u>\$ 846,941,057</u>	<u>\$ 411,585,419</u>	<u>\$ 432,065,638</u>	<u>\$ 3,290,000</u>

In accordance with California Government Code Section 53601, any investment with a maturity in excess of five years requires the express authorization of the County's Board of Supervisors. Pursuant to resolution by the Board of Supervisors on March 24, 2009, the County Treasury has purchased and continues to hold municipal investments with final maturities in excess of five years.

3. Credit Risk

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

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

elect to retain the securities in question or sell them. At June 30, 2015, the County's credit risks, expressed as a percentage of total investments, are as follows:

Investment Type	Credit Rating S&P	% of Investments
County Investments		
Money Market Mutual Funds	AAA	0.58%
Money Market Mutual Funds	AAA	0.48%
Certificates of Deposits	AA+	0.12%
State of California Local Agency Investment Fund	AAA	5.56%
Investment Trust of California Joint Powers Authority Pool Medium Term	A	1.19%
Investment Trust of California Joint Powers Authority Pool Short Term	AA	3.43%
Investment Trust of California Joint Powers Authority Pool Money Market	AAA	3.43%
California Asset Management Program	AAA	2.95%
Corporate Notes	A	2.23%
Corporate Notes	A	1.18%
Corporate Notes	A+	2.38%
Corporate Notes	AA	1.93%
Corporate Notes	AA-	1.18%
Corporate Notes	AA+	2.13%
Corporate Notes	AAA	1.30%
Supranational	AAA	0.59%
U.S. Federal Agency Notes:		
Federal Farm Credit Bank	AA-	0.59%
Federal Farm Credit Bank	AA+	5.20%
Federal Home Loan Bank	AA+	18.44%
Federal Home Loan Mortgage Corporation	AA+	8.06%
Federal National Mortgage Association	AA+	5.32%
U.S. Treasury Notes	A+	1.19%
U.S. Treasury Notes	AA-	1.18%
U.S. Treasury Notes	AA+	21.70%
Municipal Notes	A	0.59%
Municipal Notes	A+	1.91%
Municipal Notes	AA	0.86%
Municipal Notes	AA-	1.45%
Municipal Notes	AA+	1.51%
Municipal Notes	AAA	0.67%
Investments with Fiscal Agents		
Money Market Mutual Funds	AAA	0.69%
		100.00%

4. Concentration of Credit Risk

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

<u>Investment Type</u>	<u>Fair Value</u>
Federal Home Loan Bank	\$ 156,168,060
Federal Home Loan Mortgage Corporation	68,226,492
Federal National Mortgage Association	45,078,075
Federal Farm Credit Bank	44,036,151

5. Custodial Credit Risk

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

6. Treasury Investment Pool

A summary of the investments held by the Treasurer's Pool as of June 30, 2015 is as follows:

Investment	Fair Value	Principal	Interest Rate Range (%)	Maturity Range (Month/Year)
Money Market Mutual Funds	\$ 8,915,424	\$ 8,915,424	0.000	07/15
Certificates of Deposits	983,638	980,000	0.600-1.350	08/15 - 10/16
State of California Local Agency Investment Fund	47,054,304	47,054,304	0.299	07/15
Investment Trust of California Joint Powers Authority Pool (CALTRUST)	68,101,056	68,098,842	0.110-0.830	07/15
California Asset Management Program (CAMP)	25,008,597	25,008,597	0.080	07/15
Corporate Notes	104,487,469	104,408,665	0.484-1.840	07/15 - 06/18
Supranational	4,987,650	5,000,000	0.476	05/17
U.S. Federal Agency Notes:	318,509,453	318,316,295	0.264-1.100	07/15 - 09/17
U.S. Treasury Notes	203,845,632	203,429,122	0.115-1.019	07/15 - 08/17
Municipal Notes	59,205,475	58,897,939	0.491-7.446	07/15 - 11/27
	<u>\$ 841,098,698</u>	<u>\$ 840,109,188</u>		

The following represents a condensed statement of net position and changes in net position for the Treasurer's Pool as of June 30, 2015:

Statement of net position

Net position held in trust for all pool participants	\$ <u>856,086,797</u>
Equity of internal pool participants	\$ 385,484,001
Equity of external pool participants	<u>470,602,796</u>
Total equity	<u>\$ 856,086,797</u>

Statement of changes in net position

Net position as of July 1, 2014	\$ 740,366,498
Net change in investments by pool participants	<u>115,720,299</u>
Net assets as of June 30, 2015	<u>\$ 856,086,797</u>

Reconciliation to financial statements

Held by County Treasurer:

Governmentwide	\$ 325,665,693
Trust/Agency	537,699,068

Component Units:

Solano County Fair	53,380
Workforce Investment Board	<u>288,043</u>
	<u>863,706,184</u>

Less outstanding warrants:

Primary government	7,491,111
Component Unit	
Workforce Investment Board	<u>128,276</u>

Total	<u>\$ 856,086,797</u>
--------------	-----------------------

B. Due To/Due From Other Funds

The composition of the interfund balances as of June 30, 2015 is as follows:

		Due To Other Funds						
		General Fund	Health & Social Services	Public Safety	Other Govern- mental	Nut Tree Airport	Internal Service Funds	Total
Due From Other Funds	General Fund	\$ -	\$ 2,893,224	\$ 3,044,939	\$ 156,195	\$ -	\$ 98	\$ 6,094,456
	Health & Social Services	75	-	3,952,179	618,518	-	75,485	4,646,257
	Public Safety	78,587	133,262	-	27,074	-	-	238,923
	Other Governmental	61,039	172,122	114,281	142,911	347	7,731	498,431
	Nut Tree Airport	196	-	-	-	-	-	196
	Internal Service Funds	70,628	52,342	39,015	1,533	-	-	163,518
	Total	\$ 210,525	\$ 3,250,950	\$ 7,150,414	\$ 946,231	\$ 347	\$ 83,314	\$ 11,641,781

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

C. Advance To/From Other Funds

The composition of the Advance to/from other funds as of June 30, 2015 is as follows:

		Advance To			
		Health & Social Services	Other Governmental	Nut Tree Airport	Total
Advance From	General Fund	\$ 367,848	\$ 19,005,377	\$ 2,768,177	\$ 22,141,402

As of June 30, 2015, the outstanding amounts owed to the General Fund by other funds are as follows: the Accumulated Capital Outlay Fund (Other Governmental Funds) owes \$4,124,682 to cover the costs of Fairgrounds development; the Pension Debt Service Fund (Other Governmental Funds) owes \$14,000,000 to pay off the balance of debt for the Pension Obligation Bonds Series B1 and B2; the Transportation Fund (Other Governmental Funds) owes \$880,695 to cover costs of Regional Transportation Projects; the Nut Tree Airport Enterprise Fund owes \$2,768,177 to cover the costs of acquiring real property for purposes of airport expansion; and, the County Disaster Fund (Health & Social Services) owes \$367,848 for advances to pay for the damages resulting from the South Napa earthquake on August 24, 2014. The repayments of these advances are not expected until future events occur and/or sufficient resources accumulate to repay the advance.

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2015 is as follows:

Governmental Activities	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 155,458,287	\$ -	\$ -	\$ -	\$ 155,458,287
Construction in progress	97,012,299	23,260,636	-	(93,920,658)	26,352,277
Artwork	857,261	-	-	-	857,261
Intangibles	1,850,016	184,334	-	(1,388,425)	645,925
Total capital assets, not being depreciated	<u>255,177,863</u>	<u>23,444,970</u>	<u>-</u>	<u>(95,309,083)</u>	<u>183,313,750</u>
Capital assets, being depreciated:					
Buildings	390,918,104	-	-	89,125,414	480,043,518
Machinery and equipment	57,418,799	3,989,754	(2,360,774)	131,999	59,179,778
Infrastructure	122,756,485	-	-	4,663,246	127,419,731
Intangibles	9,626,287	-	-	1,388,424	11,014,711
Total capital assets being depreciated	<u>580,719,675</u>	<u>3,989,754</u>	<u>(2,360,774)</u>	<u>95,309,083</u>	<u>677,657,738</u>
Less accumulated depreciation for:					
Buildings	(167,765,687)	(13,060,487)	-	-	(180,826,174)
Machinery and equipment	(39,007,368)	(4,098,317)	2,230,041	-	(40,875,644)
Infrastructure	(60,225,038)	(3,465,771)	-	-	(63,690,809)
Intangibles	(6,068,864)	(1,736,112)	-	-	(7,804,976)
Total accumulated depreciation	<u>(273,066,957)</u>	<u>(22,360,687)</u>	<u>2,230,041</u>	<u>-</u>	<u>(293,197,603)</u>
Total capital assets, being depreciated, net	<u>307,652,718</u>	<u>(18,370,933)</u>	<u>(130,733)</u>	<u>95,309,083</u>	<u>384,460,135</u>
Governmental activities capital assets, net	<u>\$ 562,830,581</u>	<u>\$ 5,074,037</u>	<u>\$ (130,733)</u>	<u>\$ -</u>	<u>\$ 567,773,885</u>
Business-type Activities	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 10,319,365	\$ -	\$ (2,015,014)	\$ -	\$ 8,304,351
Construction in progress	-	1,295,165	-	-	1,295,165
Total capital assets, not being depreciated	<u>10,319,365</u>	<u>1,295,165</u>	<u>(2,015,014)</u>	<u>-</u>	<u>9,599,516</u>
Capital assets, being depreciated					
Buildings	10,795,227	-	-	-	10,795,227
Machinery and equipment	151,950	14,124	-	-	166,074
Total capital assets, being depreciated	<u>10,947,177</u>	<u>14,124</u>	<u>-</u>	<u>-</u>	<u>10,961,301</u>
Less accumulated depreciation for:					
Buildings	(6,241,849)	(448,324)	-	-	(6,690,173)
Machinery and equipment	(80,405)	(3,631)	-	-	(84,036)
Total accumulated depreciation	<u>(6,322,254)</u>	<u>(451,955)</u>	<u>-</u>	<u>-</u>	<u>(6,774,209)</u>
Total capital assets, being depreciated, net	<u>4,624,923</u>	<u>(437,831)</u>	<u>-</u>	<u>-</u>	<u>4,187,092</u>
Business-type activities capital assets, net	<u>\$ 14,944,288</u>	<u>\$ 857,334</u>	<u>\$ (2,015,014)</u>	<u>\$ -</u>	<u>\$ 13,786,608</u>

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

Governmental activities:

General government	\$	5,007,564
Public safety		5,218,208
Public ways and facilities		3,951,830
Health and sanitation		2,916,451
Public assistance		1,682,599
Education		439,278
Recreation		169,685

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

		<u>2,975,072</u>
Total depreciation expense - governmental activities	\$	<u><u>22,360,687</u></u>

Business-type activities:

Nut Tree Airport	\$	<u><u>451,955</u></u>
------------------	----	-----------------------

Capital assets activity for the discretely presented component units for the fiscal year ended June 30, 2015 is 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
Capital assets, being depreciated:				
Buildings	9,394,184	64,118	(56,088)	9,402,214
Machinery and equipment	433,744	23,225	-	456,969
Total capital assets, being depreciated:	<u>9,827,928</u>	<u>87,343</u>	<u>(56,088)</u>	<u>9,859,183</u>
Less accumulated depreciation for:				
Buildings	(8,378,185)	(190,473)	56,088	(8,512,570)
Machinery and equipment	(402,327)	(17,613)	-	(419,940)
Total accumulated depreciation	<u>(8,780,512)</u>	<u>(208,086)</u>	<u>56,088</u>	<u>(8,932,510)</u>
Total capital assets, being depreciated, net	<u>1,047,416</u>	<u>(120,743)</u>	<u>-</u>	<u>926,673</u>
Total Solano County Fair capital assets, net	<u>\$ 1,214,501</u>	<u>\$ (120,743)</u>	<u>\$ -</u>	<u>\$ 1,093,758</u>
Workforce Investment Board (WIB)				
Capital assets, being depreciated:				
Machinery and equipment	\$ 23,501	\$ -	\$ (5,023)	\$ 18,478
Less: Accumulated depreciation	(18,061)	(2,238)	5,023	(15,276)
Total WIB capital assets, being depreciated, net	<u>\$ 5,440</u>	<u>\$ (2,238)</u>	<u>\$ -</u>	<u>\$ 3,202</u>

Depreciation expense was charged to component units as follows:

Component units:	
Solano County Fair	\$ 208,086
Workforce Investment Board	2,238
Total depreciation expense-component units	<u>\$ 210,324</u>

E. Interfund Transfers

The composition of interfund transfers for the fiscal year ended June 30, 2015 is as follows:

		Transfers Out						
		General Fund	Health & Social Services	Public Safety	Other Governmental	Nut Tree Airport	Internal Service Funds	Total
Transfers In	General Fund	\$ -	\$ -	\$ 85,139	\$ -	\$ -	\$ -	\$ 85,139
	Health & Social Services	20,718,958	-	-	-	-	-	20,718,958
	Public Safety	85,901,465	-	-	-	-	-	85,901,465
	Other Governmental	9,719,547	6,570,610	4,655,904	5,135,986	13,504	291,435	26,386,986
	Internal Service Funds	50,000	20,000	249,695	-	-	-	319,695
	Total	<u>\$ 116,389,970</u>	<u>\$ 6,590,610</u>	<u>\$ 4,990,738</u>	<u>\$ 5,135,986</u>	<u>\$ 13,504</u>	<u>\$ 291,435</u>	<u>\$ 133,412,243</u>

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

F. Payables

The composition of payables as of June 30, 2015 is as follows:

	<u>Accounts Payable</u>	<u>Accrued Payroll</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 1,737,642	\$ 1,055,543	\$ -	\$ 2,793,185
Health & Social Services	11,473,260	3,090,488	-	14,563,748
Public Safety	2,706,821	3,199,386	-	5,906,207
Other Governmental Funds	4,039,251	489,707	-	4,528,958
Internal Service Funds	2,245,775	210,378	-	2,456,153
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	1,966,889	1,966,889
Total governmental activities	<u>\$ 22,202,749</u>	<u>\$ 8,045,502</u>	<u>\$ 1,966,889</u>	<u>\$ 32,215,140</u>
Business-type activities:				
Nut Tree Airport	<u>\$ 142,910</u>	<u>\$ 10,323</u>	<u>\$ -</u>	<u>\$ 153,233</u>

G. Operating Leases

The County leases office space and equipment under operating leases. Total rental expenditures for such leases were \$1,906,688, for the fiscal year ended June 30, 2015. Future minimum rental payments under all noncancelable operating leases with initial or remaining terms in excess of one year as of June 30, 2015 are summarized as follows:

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>WIB</u>	<u>Total</u>
2016	\$ 1,110,571	\$ 329,213	\$ 1,439,784
2017	1,106,184	324,191	1,430,375
2018	1,042,069	-	1,042,069
2019	763,940	-	763,940
2020	250,499	-	250,499
	<u>\$ 4,273,263</u>	<u>\$ 653,404</u>	<u>\$ 4,926,667</u>

H. Long-term Obligations

Notes Payable:

The County has entered into notes payable agreements as borrower for financing arrangements.

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

Year ending June 30	Governmental activities	
	Principal	Interest
2016	\$ 7,933	\$ 30,717
2017	-	30,717
2018	-	30,717
2019	-	30,717
2020	-	30,717
2021-2022	1,023,890	276,450
	<u>\$ 1,031,823</u>	<u>\$ 430,035</u>

During FY 07/08, the County entered into a loan agreement with the Suisun Redevelopment Agency in the amount of \$1,023,890 for its share of construction costs of the Suisun City Library. The loan will be repaid using future public facilities fees collected by the City of Suisun on behalf of the County, plus interest at three (3%) percent per annum. As of June 30, 2015, the term of the agreement is 13 years. The principal balance payment is due in FY 21/22. Assembly Bill (AB) X1 26 dissolved all Redevelopment Agencies (RDA) in the State of California effective February 1, 2012. Due to the dissolution of the RDA, the loan is now payable to the City of Suisun Successor Agency.

Certificates of Participation:

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

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

Year ending June 30	Governmental activities	
	Principal	Interest
2016	5,480,000	4,632,253
2017	5,740,000	4,362,363
2018	6,020,000	4,073,758
2019	5,815,000	3,783,486
2020	5,215,000	3,513,546
2021-2025	25,000,000	14,119,941
2026-2030	30,080,000	7,995,911
2031-2033	20,495,000	1,410,413
	<u>\$ 103,845,000</u>	<u>\$ 43,891,670</u>

Pension Obligation Bonds:

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

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

Year ending June 30	Governmental activities	
	Principal	Interest
2016	\$ 7,000,000	2,606,064
2017	7,930,000	2,216,907
2018	6,795,000	1,772,433
2019	2,710,000	1,391,931
2020	3,000,000	1,249,385
2021-2025	20,375,000	3,478,990
	<u>\$ 47,810,000</u>	<u>\$ 12,715,710</u>

The composition of the long-term debt obligations for the governmental activities as of June 30, 2015 is as follows:

<u>Type and description</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Notes payable:				
Key Government Finance Inc.	June 24, 2016	0.00	39,663	\$ 7,933
City of Suisun Successor Agency	June 30, 2022	3.00	1,023,890	<u>1,023,890</u>
Total notes payable				<u>1,031,823</u>
Certificates of participation:				
2007 Certificates of Participation				
Serial	November 1, 2007 - November 1, 2024	4.00 - 5.00	50,620,000	42,615,000
Term	November 1, 2026	4.25	10,770,000	10,770,000
Term	November 1, 2032	4.50	38,470,000	38,470,000
Issuance Premium			2,568,489	1,412,669
2009 Refunding Certificates of Participation				
Serial	November 15, 2010 - November 15, 2019	3.00 - 5.00	16,745,000	7,040,000
Issuance Premium			889,673	355,869
2013 Certificates of Participation				
Serial	November 15, 2013- November 15, 2027	3.34	5,420,000	4,950,000
Total certificates of participation				<u>105,613,538</u>
Pension Obligation Bonds:				
Series 2004A	January 15, 2018	5.80	36,665,000	15,195,000
Series 2005	January 15, 2025	5.36	42,385,000	<u>32,615,000</u>
Total pension obligation bonds				<u>47,810,000</u>
Self-insurance liability				13,610,000
Compensated absences				31,275,376
Pollution remediation obligation				752,617
Net pension liability				332,128,944
Net OPEB liability				<u>2,207,952</u>
Total governmental obligations				<u>\$ 534,430,250</u>

The composition of the long-term debt obligations for the business-type activities as of June 30, 2015, is as follows:

<u>Type and description</u>	<u>Outstanding</u>
Nut Tree Airport	
Net pension liability	\$ 314,526
Net OPEB liability	3,873
Compensated absences	27,581
Total Nut Tree Airport	<u>\$ 345,980</u>

The composition of the long-term obligations of the County's discretely presented component units as of June 30, 2015, is as follows:

<u>Type and description</u>	<u>Outstanding</u>
Solano County Fair	
Pension obligation bonds	\$ 734,955
Capital lease	287,330
Compensated absences	51,344
Net OPEB liability	64,862
Total Solano County Fair	<u>\$ 1,138,491</u>
Workforce Investment Board (WIB)	
Compensated absences	<u>\$ 139,399</u>

Long-term liability activity for the fiscal year ended June 30, 2015, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Certificates of participation	\$ 109,820,000	\$ -	\$ (5,975,000)	\$ 103,845,000	\$ 5,480,000
Deferred amounts:					
For issuance premiums	1,985,931	-	(217,393)	1,768,538	217,391
Pension obligation bonds	53,945,000	-	(6,135,000)	47,810,000	7,000,000
Notes payable	1,039,756	-	(7,933)	1,031,823	7,933
Self-insurance liability	12,993,000	4,828,066	(4,211,066)	13,610,000	4,485,917
Pollution remediation obligation	703,780	48,837	-	752,617	592,620
Net pension liability	420,321,910	149,561,000	(237,753,966)	332,128,944	-
Net OPEB liability	3,206,289	-	(998,337)	2,207,952	-
Compensated absences	29,458,095	14,519,477	(12,702,196)	31,275,376	13,185,510
Governmental activities long-term liabilities	<u>\$ 633,473,761</u>	<u>\$ 168,957,380</u>	<u>\$ (268,000,891)</u>	<u>\$ 534,430,250</u>	<u>\$ 30,969,371</u>

Business-type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net pension liability	\$ 398,646	\$ 123,430	\$ (207,550)	\$ 314,526	\$ -
Net OPEB liability	5,139	-	(1,266)	3,873	-
Compensated absences	29,308	17,100	(18,826)	27,582	19,694
Business-type activities long-term liabilities	<u>\$ 433,093</u>	<u>\$ 140,530</u>	<u>\$ (227,642)</u>	<u>\$ 345,981</u>	<u>\$ 19,694</u>

In governmental activities and proprietary fund, compensated absences and other post employment benefit obligations (OPEB) are paid by the fund where the employee is accounted. In the Governmental Activities, the majority of increase for compensated absences were paid by the Public Safety Fund (79%) and the General Fund (20%). The majority of reductions for OPEB were paid by Public Safety Fund (43%) and the Health & Social Services fund (40%).

Internal service funds predominantly serve the governmental funds. Accordingly, \$22,030,529 of the internal service funds' long-term liabilities is included as part of the above totals for governmental activities.

Notes Payable	\$ 7,933
OPEB	71,592
Net Pension Liability	6,984,723
Compensated Absences	1,356,281
Workers' Compensation	13,610,000
Total Liabilities	<u>\$ 22,030,529</u>

Component units activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Solano County Fair:					
Pension obligation bonds	\$ 735,482	\$ -	\$ (527)	\$ 734,955	\$ 101,301
Capital lease	312,342	-	(25,012)	287,330	27,013
Compensated absences	61,748	42,400	(52,804)	51,344	4,611
Net OPEB liability	53,283	11,865	(286)	64,862	-
Total Solano County Fair	<u>\$ 1,162,855</u>	<u>\$ 54,265</u>	<u>\$ (78,629)</u>	<u>\$ 1,138,491</u>	<u>\$ 132,925</u>

WIB:

Compensated absences	<u>\$ 147,484</u>	<u>\$ 146,103</u>	<u>\$ (154,188)</u>	<u>\$ 139,399</u>	<u>\$ 139,399</u>
----------------------	-------------------	-------------------	---------------------	-------------------	-------------------

I. Pollution Remediation Obligations

The County has been named as the primary responsible party for pollution remediation for the Former Hall of Records located at 701 Texas Street, Fairfield, CA 94533. Remediation is required for sub-surface soil and groundwater contamination. The pollution remediation obligation for this site is expected to be \$752,617, which is a weighted average of estimates for the range of cleanup outlays. The Former Hall of Records site is required to be remediated until eligible for closure by California Regional Water Quality Control Board.

J. Fund Balances

Fund balances for all major and nonmajor governmental funds as of June 30, 2015 are classified as follows:

	General Fund	Health & Social Services	Public Safety	Other Governmental	Total
Nonspendable:					
Inventory	\$ 954	\$ -	\$ -	\$ 162,893	\$ 163,847
Long-term receivable	778,521	-	-	-	778,521
Advances	22,141,401	-	-	-	22,141,401
Prepaid items	3,749	253,666	83,636	-	341,051
Subtotal	<u>22,924,625</u>	<u>253,666</u>	<u>83,636</u>	<u>162,893</u>	<u>23,424,820</u>
Restricted for:					
Public safety	-	-	9,217,442	-	9,217,442
Capital projects	-	-	-	3,633,315	3,633,315
Public facilities fees	-	-	-	11,318,785	11,318,785
Library services	-	-	-	13,374,978	13,374,978
Transportation services	-	-	-	15,437,158	15,437,158
Health services	-	31,126,663	-	8,744,265	39,870,928
Home loan program	-	-	-	5,042,353	5,042,353
Micrographics & modernization	-	-	-	8,966,660	8,966,660
East Vallejo fire district	-	-	-	10,057	10,057
Fish & game	-	-	-	40,751	40,751
County service area	-	-	-	568,122	568,122
Southeast Vallejo Redevelopment	-	-	-	1,057	1,057
Debt service	-	-	-	1,858,752	1,858,752
Subtotal	<u>-</u>	<u>31,126,663</u>	<u>9,217,442</u>	<u>68,996,253</u>	<u>109,340,358</u>
Committed for:					
Capital Projects - Public Art	-	-	-	50,366	50,366
Assigned to:					
General fund:					
Imprest cash	6,130	-	-	-	6,130
Encumbrances	1,010,648	-	-	-	1,010,648
Undisbursed approved loans	2,924,429	-	-	-	2,924,429
FY 2015/16 budgetary resource	30,407,067	-	-	-	30,407,067
Historical records maintenance	20	-	-	-	20
Fouts decommissioning	1,568,871	-	-	-	1,568,871
Employers PERS rate increase	22,475,035	-	-	-	22,475,035
Housing Senate Bill 375	2,000,000	-	-	-	2,000,000
Maintenance	4,724,197	-	-	-	4,724,197
Accrued leave payoff	6,314,204	-	-	-	6,314,204
Capital projects	-	-	-	8,090,904	8,090,904
Parks & recreation	-	-	-	41,835	41,835
Debt service	-	-	-	2,800,000	2,800,000
Subtotal	<u>71,430,601</u>	<u>-</u>	<u>-</u>	<u>10,932,739</u>	<u>82,363,340</u>
Unassigned:					
General fund	56,380,489	-	-	-	56,380,489
Pension debt service	-	-	-	(7,911,731)	(7,911,731)
Subtotal	<u>56,380,489</u>	<u>-</u>	<u>-</u>	<u>(7,911,731)</u>	<u>48,468,758</u>
Total	<u>\$ 150,735,715</u>	<u>\$ 31,380,329</u>	<u>\$ 9,301,078</u>	<u>\$ 72,230,520</u>	<u>\$ 263,647,642</u>

Fund Balance Assignments – Undisbursed Approved Loans

- On October 24, 2006, the Board approved a General Fund loan for \$3,000,000 to the Transportation Special Revenue Fund. As of June 30, 2015, the undisbursed balance of the approved loan was \$619,305.

- On September 30, 2008, the Board approved a General Fund loan for \$2,000,000 to the Accumulated Capital Outlay Capital Projects Fund for the purpose of the Visioning Project for the Solano County Fairgrounds Development. As part of the annual budget hearings for FY 2009/10, a second loan for \$2,400,000 was approved, and for FY 2013/14 an additional \$500,000 was approved. As of June 30, 2015, the undisbursed balance of the approved loans was \$775,318.
- On September 23, 2014, the Board approved a General Fund loan for \$1,875,000 to the County Disaster Fund for the purpose of providing payment advances from damages resulting from the South Napa earthquake on August 24, 2014. As of June 30, 2015, the undisbursed balance of the approved loan was \$1,507,152.
- On April 14, 2015, the Board approved a General Fund loan for \$50,000 to the Collinsville Levee District to provide funding advances to the District for expected reimbursable levee maintenance costs. As of June 30, 2015, the undisbursed balance of the approved loan was of \$22,654.

K. Deficit Fund Equity

As of June 30, 2015, the Pension Debt Service Fund had a deficit fund balance of \$7,911,731 which is expected to be resolved through rate recovery from the county departments over the next 9 years. The Debt Service Committee continuously evaluates the fund equity deficit.

IV. OTHER INFORMATION

A. General Information about the Pension Plans

1. Plan Descriptions

The County's defined benefit pension plans, the County's Safety and Miscellaneous Plans, provide retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. The County's Safety and Miscellaneous Plans (Plans) are part of the Public Agency portion of the California Public Employees' Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. The Solano County Fair and the Solano County Superior Court are included as part of the County's Miscellaneous Plan. However, for financial reporting purpose, the liabilities and related pension amounts have been excluded from the County's amounts. 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 publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website at: <http://www.calpers.ca.gov/index.jsp?bc=/about/forms-pubs/calpers-reports/actuarial-reports/home.xml>.

2. Benefits Provided

CalPERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death

benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plans' provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous		
	Prior to	On or after	On or after
Hire Date	May 4, 2012	May 4, 2012	Jan. 1, 2013
Benefit Formula	2.7% @ 55	2.0% @ 60	2.0% @ 62
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50-55	50-63	52-67
Monthly Benefits, as % of eligible compensation	2.00% - 2.70%	1.092% - 2.418%	1.00% - 2.50%
Required Employee Contribution Rates	8.00%	7.00%	6.25%
Required Employer Contribution Rates	17.43%	17.43%	17.43%
Status	Closed	Closed	Open

	Safety - Sheriff		
	Prior to	On or after	On or after
Hire Date	Jan. 17, 2011	Jan. 17, 2011	Jan. 1, 2013
Benefit Formula	3.0% @ 50	3.0% @ 55	2.7% @ 57
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50	50-55	50-57
Monthly Benefits, as % of Eligible Compensation	3.00%	2.40% - 3.00%	2.00% - 2.70%
Required Employee Contribution Rates	9.00%	9.00%	12.00%
Required Employer Contribution Rates	21.84%	21.84%	21.84%
Status	Closed	Closed	Open

	Safety - County Peace Officer		
	Prior to	On or after	On or after
Hire Date	May 4, 2012	May 4, 2012	Jan. 1, 2013
Benefit Formula	2.0% @ 50	2.0% @ 55	2.0% @ 57
Benefit Vesting Schedule	5 years of service	5 years of service	5 years of service
Benefit Payments	monthly for life	monthly for life	monthly for life
Retirement Age	50-55	50-55	50-57
Monthly Benefits, as % of Eligible Compensation	2.00% - 2.70%	1.426% - 2.00%	1.426% - 2.00%
Required Employee Contribution Rates	9.00%	7.00%	8.00%
Required Employer Contribution Rates	21.84%	21.84%	21.84%
Status	Closed	Closed	Open

3. *Employees Covered*

At June 30, 2015, the following employees were covered by the benefit terms for the Miscellaneous and Safety Plans. Under the Miscellaneous Plan, the data includes Court and Fair employees. Currently, there are no reports available to exclude Court and Fair employees from the data.

	<u>Miscellaneous</u>	<u>Safety</u>
Inactive employees or beneficiaries currently receiving benefits	2,561	481
Inactive employees entitled to but not yet receiving benefits	1,448	249
Active employees	<u>2,194</u>	<u>509</u>
Total	<u><u>6,203</u></u>	<u><u>1,239</u></u>

4. *Contributions*

Section 20814 of the California Public Employees' Retirement Law requires the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Active plan members in the Miscellaneous and Safety Plans are required to contribute 8% and 9% respectively of their annual covered salary. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rate for the fiscal year ended June 30, 2014 (the measurement date) was 16.72% for miscellaneous and 20.70% for safety employees. The required employer contribution rate for the fiscal year ended June 30, 2015 (after the measurement date) was 17.43% for miscellaneous and 21.84% for safety employees. The required employer contribution amounts for the fiscal year ended June 30, 2015 were \$25,573,456 and \$9,489,646 under the miscellaneous and safety plans, respectively.

5. *Net Pension Liability*

The County's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2014, using an annual actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liabilities in the June 30, 2013 actuarial valuations were determined using the following actuarial assumptions:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2013	June 30, 2013
Measurement Date	June 30, 2014	June 30, 2014
Actuarial Cost Method	Entry-Age Normal	
Actuarial Assumptions:		
Discount Rate	7.50%	7.50%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	Varies by Entry Age and Service	
Investment Rate of Return	7.50% ⁽¹⁾	7.50% ⁽¹⁾
Mortality	Derived using CalPERS' Membership Data for All Funds	

(1) Net of pension plan investment expenses, including inflation.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50% investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65%. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension investment expense and inflation) are developed for each major asset class.

The long-term expected rate of return includes both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	Target Allocation	Real Return Years 1-10 ⁽¹⁾	Real Return Years 11-60 ⁽²⁾
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	12.0	6.83	6.95
Real Estate	11.0	4.50	5.13
Infrastructure and Foresrland	3.0	4.50	5.09
Liquidity	2.0	(0.55)	(1.05)
TOTAL	100.0%		

⁽¹⁾ An expected inflation rate of 2.5% used for this period

⁽²⁾ An expected inflation rate of 3.0% used for this period

Changes in the Net Pension Liability

The changes in the Net Pension Liability for each Plan (excluding Courts and Fair) for the measurement date of June 30, 2014 are as follows:

	Miscellaneous		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	<u>\$ 1,146,621,872</u>	<u>\$ 831,472,370</u>	<u>\$ 315,149,502</u>
Changes in the year:			
Service cost	26,543,827		26,543,827
Interest on total pension liability	84,956,858		84,956,858
Contributions from the employer		23,810,683	(23,810,683)
Contributions from employees		11,281,036	(11,281,036)
Projected Earnings on Investments		61,381,252	(61,381,252)
Differences between Projected and Actual Earnings on Plan Investments		81,528,947	(81,528,947)
Benefit payments, including refunds of employee contributions	<u>(54,271,372)</u>	<u>(54,271,372)</u>	<u>-</u>
Net Changes	<u>57,229,313</u>	<u>123,730,546</u>	<u>(66,501,233)</u>
Balance at June 30, 2015	<u>\$ 1,203,851,185</u>	<u>\$ 955,202,916</u>	<u>\$ 248,648,269</u>
	Safety		
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2014	<u>\$ 376,125,590</u>	<u>\$ 270,554,538</u>	<u>\$ 105,571,052</u>
Changes in the year:			
Service cost	10,196,391		10,196,391
Interest on total pension liability	27,987,355		27,987,355
Contributions from the employer		8,448,188	(8,448,188)
Contributions from employees		4,529,358	(4,529,358)
Projected Earnings on Investments		20,118,626	(20,118,626)
Differences between Projected and Actual Earnings on Plan Investments		26,863,425	(26,863,425)
Benefit payments, including refunds of employee contributions	<u>(16,118,095)</u>	<u>(16,118,095)</u>	<u>-</u>
Net Changes	<u>22,065,651</u>	<u>43,841,502</u>	<u>(21,775,851)</u>
Balance at June 30, 2015	<u>\$ 398,191,241</u>	<u>\$ 314,396,040</u>	<u>\$ 83,795,201</u>
Total of Miscellaneous and Safety	<u>\$ 1,602,042,426</u>	<u>\$ 1,269,598,956</u>	<u>\$ 332,443,470</u>

Sensitivity of the Net Pension Liability to Change in the Discount Rate

The following presents the net pension liability of the County for each Plan, calculated using the discount rate for each Plan, as well as what the County’s net pension liability would be if it were calculated using a discount rate that is 1-percentage points lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	6.50%	6.50%	6.50%
Net Pension Liability	\$ 400,892,273	\$ 136,872,875	\$ 537,765,148
Current Discount Rate	7.50%	7.50%	7.50%
Net Pension Liability	\$ 248,648,269	\$ 83,795,201	\$ 332,443,470
1% Increase	8.50%	8.50%	8.50%
Net Pension Liability	\$ 121,628,192	\$ 39,803,813	\$ 161,432,005

Pension Plan Fiduciary Net Position

Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

6. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2015, the County recognized pension expense of \$30,695,684. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method, and plan benefits. At June 30, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 35,063,102	\$ -
Net differences between projected and actual earnings on plan investments		(86,713,898)
Total	<u>\$ 35,063,102</u>	<u>\$ (86,713,898)</u>

The amount of \$35,063,102 reported as deferred outflows of resources related to pensions will be recognized as a reduction of the pension liability in the year ended June 30, 2016. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Year Ending June 30,	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources	Deferred Outflows/(Inflows) of Resources
2015	\$ (16,305,790)	\$ (5,372,685)	\$ (21,678,475)
2016	(16,305,790)	(5,372,685)	(21,678,475)
2017	(16,305,789)	(5,372,685)	(21,678,474)
2018	(16,305,789)	(5,372,685)	(21,678,474)
Total	<u>\$ (65,223,158)</u>	<u>\$ (21,490,740)</u>	<u>\$ (86,713,898)</u>

B. Post Employment Health Care Benefits

1. Plan Description

The County participates in a multi-employer defined benefit healthcare plan administered by the CalPERS. The plan provides postemployment healthcare benefits to eligible retirees by contributing a minimum of \$122 per month towards medical insurance benefits. This benefit is provided based on the Board of Supervisor's election to participate under the Public Employees' Medical and Hospital Care Act (PEMHCA) [Government Code Section 22750]. The County's Board may elect to pay more than the minimum contribution; however, the County's Board has elected to pay the minimum contribution of \$122 per month per eligible retiree. The County has not executed a formal plan document that provides for these benefits and the plan does not have a name.

In addition, the County established an irrevocable trust to pre-fund the other postemployment Annual Required Contribution benefits with the Public Agency Retirement Services (PARS). The PARS financial statements and additional reports can be obtained from the PARS website at <http://www.PARS.org>.

2. Funding Policy

The County's minimum required contribution is set by Government Code Section 22892. Effective January 1, 2011, the CalPERS Board of Administration adjusted the rate to reflect any change in the medical care component of the Consumer Price Index. Contribution requirements in excess of the minimum for plan members and the County are established and may be amended by the Board of Supervisors and the employee associations. Currently, plan members are required to pay the balance of the premiums.

During the fiscal year ended June 30, 2015, the County contributed \$3,821,638. The purpose of these contributions was to cover the Annual Required Contribution rate of 1.68% of covered payroll (annual payroll of active employees covered by the plan) and to fund the postemployment medical benefits.

However, for fiscal year 2014/2015, the County Board of Supervisors elected to fund at the rate of 2.0% of covered payroll.

3. Annual OPEB Cost and Net OPEB Liability

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County's current ARC rate is 1.68% of annual covered payroll.

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

Annual Required Contribution (ARC)	\$ 2,923,000
Interest on Net OPEB Liability	208,743
Less: Amortization of Net OPEB Liability	<u>(309,708)</u>
Annual OPEB Cost (expense)	2,822,035
Less: Contributions Made	<u>(3,821,638)</u>
Increase/(Decrease) in Net OPEB Liability	(999,603)
Net OPEB Liability, July 1, 2014	<u>3,211,428</u>
Net OPEB Liability, June 30, 2015	<u>\$ 2,211,825</u>
% of annual OPEB cost contributed	<u>135%</u>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB liability as of June 30, 2015 and the two preceding years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
6/30/2013	\$ 3,485,704	\$ 3,294,080	95%	\$ 4,035,859
6/30/2014	2,759,287	3,583,718	130%	3,211,428
6/30/2015	2,822,035	3,821,638	135%	2,211,825

4. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2015, the most recent actuarial valuation date, was as follows:

Actuarially accrued liability (AAL)	\$ 56,929,000
Actuarial value of plan assets	<u>22,382,000</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 34,547,000</u>
Funded ratio (actuarial value of plan assets/AAL)	39%
Covered payroll (active plan members)	\$ 193,829,000
UAAL as a percentage of covered payroll	18%

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

5. Actuarial Methods and Assumptions

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

In the County's January 1, 2015 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions for asset valuation included an investment rate of return (net of administrative expenses) of 6.5% and gains and losses are recognized over 5 years. The actuarial assumptions for the annual healthcare cost trend rate are actual 2015 premiums initially, reduced by decrements to an ultimate rate of 5% after 7 years. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2015 was 21 years.

C. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance. Premiums are paid through the Risk Management Internal Service Fund. The County participates in various programs organized by the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), a joint powers authority created to provide insurance programs for its 53 member counties. Each county has a representative on the Joint Powers Board, which governs management, financing and budgeting of CSAC-EIA activities. The purpose of the pool is to spread the adverse effects of losses among the member agencies. The County pays an annual basic premium for excess coverage and is assessed an annual risk premium based on an actuarial review that estimates each of the program's participant's ultimate liabilities. Should actual losses among participants be greater than anticipated, the County will be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its pro rata share of the excess. The County paid premiums totaling \$6,087,570 during the fiscal year ended June 30, 2015 for the Primary General Liability, Excess Liability, Special Liability, Cyber Liability, Medical Malpractice, Excess Worker's Compensation, Property, Master Crime, Aviation and Watercraft Insurance Programs.

The County participates in the CSAC-EIA Property Program. The County's deductible is \$5,000 per occurrence. The County has primary, All Risk coverage up to \$600,000,000.

Since July 1, 2003, the County has elected to self-insure the County's workers' compensation program.

The County has a self-insured retention level of \$125,000 per occurrence, and will continue to participate in excess coverage subject to statutory limits. Based on the current trends of the claims filed, the County is expecting a payout of \$4,485,917 in the next fiscal year. The governmental and proprietary funds contribute amounts to the Risk Management Internal Service Fund based on actuarially determined estimates of the settlements. Such estimates are generally based upon a 75% confidence level. As of June 30, 2015, the accrued loss contingency for the County's workers' compensation program was \$13,610,000 and is reported as a liability in the Risk Management Internal Service Fund.

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

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

Changes in the Risk Management Internal Service Fund's accrued loss contingency amount for worker's compensation for the years ended June 30, 2015 and 2014 were:

Year Ended	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2014	\$ 12,186,000	\$ 4,952,176	\$ (4,145,176)	\$ 12,993,000
June 30, 2015	12,993,000	4,828,066	(4,211,066)	13,610,000

The claims liabilities above, reported in the Self Insurance Internal Service Fund at June 30, 2015, are based on requirements of *GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues* and *GASB Statement No. 30, Risk Financing Omnibus*, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. These accruals represent estimates of amounts to be paid for reported claims, and incurred but unreported claims based upon past experience, modified for current trends and information based upon a 75% confidence level. Workers' compensation is carried at present value using a discount rate of 3%.

D. Contingencies and Commitments

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.

E. Restatement of Net Position

As a result of implementing GASB 68 and GASB 71 for the accounting and reporting of pension information beginning with FY 2014/15, the County restated its beginning net position at July 1, 2014 for both government-wide and business-type activities. The restatement is summarized as follows:

	Governmental Activities	Business-Type Activities	Total
Net position, July 1, 2014	\$ 767,531,379	\$ 12,810,865	\$ 780,342,244
Restatement:			
Net pension liability	(420,321,910)	(398,646)	(420,720,556)
Net pension asset	(116,580,843)	-	(116,580,843)
Deferred outflow of resources	32,228,753	30,119	32,258,872
Net position, July 1, 2014 restated	<u>\$ 262,857,379</u>	<u>\$ 12,442,338</u>	<u>\$ 275,299,717</u>

F. Commitment and Contingency in relation to the Fair

The Solano County Fair continues to experience significant losses as a result of annual operating activities. The combination of ongoing losses and the significant decline in the Net Position is an indication of financial uncertainty of the Fair. The Fair Board continues to review and reduce operating costs to the extent possible while finding additional sources of revenues. In addition, the Solano County Board of Supervisors, has entered into negotiations with a private developer for possible near-term site redevelopment. Fair management is participating this redevelopment process, which includes developing a Fair of the Future and reshaping the financial position of the Fair going forward.

G. New Effective Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) releases new accounting and financial reporting standards which may have a significant impact on the County's financial reporting process. The County implemented the following standards in June 30, 2015:

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements No. 27 and No. 50 remain applicable for pensions that are not covered by the scope of this Statement.

GASB Statement No. 69 – In January 2013, GASB issued Statement No. 69, *Government Combinations and Disposals of Government Operations*. The objective of this Statement is to improve accounting and financial reporting by State and local governments for government combinations and disposals of

government operations. The Statement provides authoritative guidance on a variety of government combinations including mergers, acquisitions, and transfers of operations. This statement did not have a material impact on the County's financial statements.

GASB Statement No. 71 – In November 2013, GASB issued Statement No. 71, *Pension Transition For Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. This Statement was applied simultaneously with the provisions of Statement No. 68.

H. Future Implementation of New Governmental Accounting Standards

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

Statement No. 72 – Fair Value Measurement and Application

The objective of this Statement is to address accounting and financial reporting issues related to fair value measurements. The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2016.

Statement No. 73 – Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68

The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2016, with some provisions for 2017.

Statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other than Pension Plans

The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2017.

Statement No. 75 – Accounting and Financial Reporting for Postemployment Benefits Other than Pensions

The objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County’s fiscal year ending June 30, 2018.

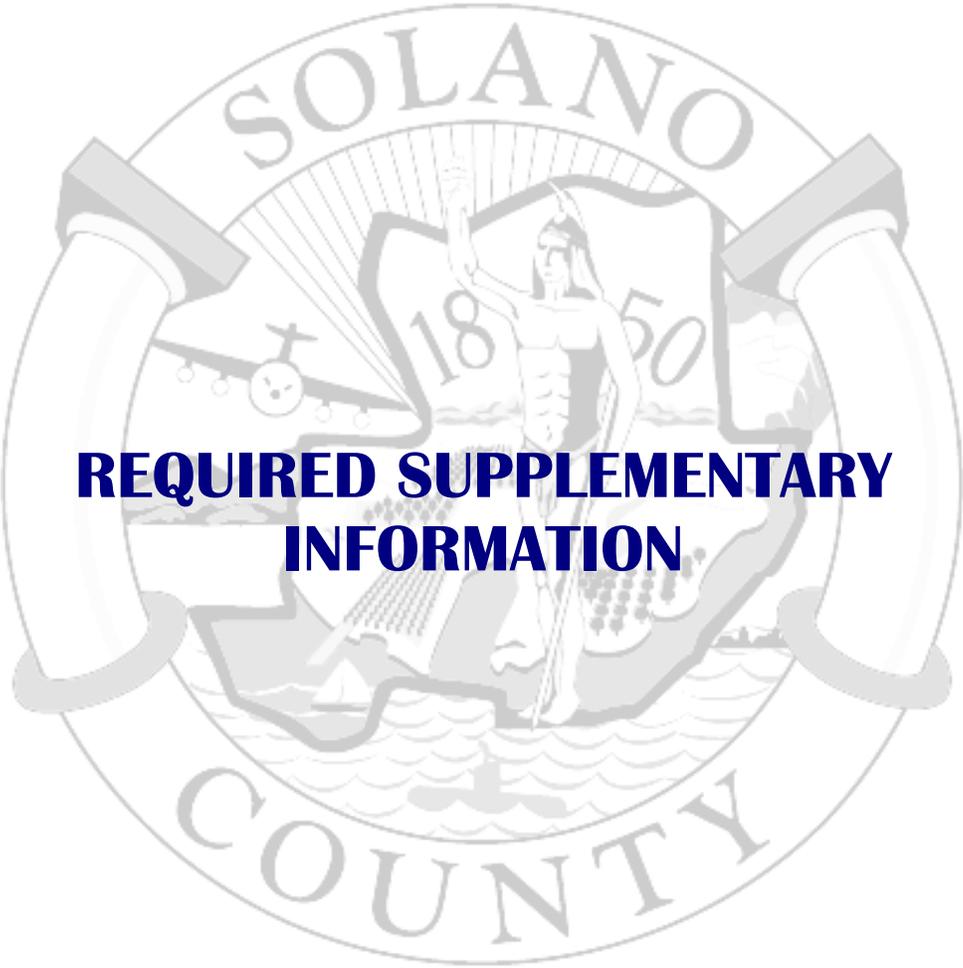
Statement No. 76 – The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

The objective of this Statement is to identify -in the context of the current governmental financial reporting environment- the hierarchy of generally accepted accounting principles (GAAP). The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County’s fiscal year ending June 30, 2016.

Statement No. 77 – Tax Abatement Disclosures

The requirements of this Statement improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government’s future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government’s financial position and economic condition. The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County’s fiscal year ending June 30, 2017.

(This page intentionally left blank)



**REQUIRED SUPPLEMENTARY
INFORMATION**

COUNTY OF SOLANO, CALIFORNIA
Schedule of Changes in Net Pension Liability and Related Ratios
During the Measurement Period - Miscellaneous Plan
Last 10 Years

	2015
Measurement Period	June 30, 2014
TOTAL PENSION LIABILITY	
Service Cost	\$ 26,543,827
Interest	84,956,858
Benefit Payments, Including Refunds of Employee Contributions	(54,271,372)
Net Change in Total Pension Liability	57,229,313
Total Pension Liability - Beginning	1,146,621,873
Total Pension Liability - Ending (a)	\$ 1,203,851,186
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 23,810,683
Contributions - Employee	11,281,036
Net Investment Income ²	142,910,199
Benefit Payments, Including Refunds of Employee Contributions	(54,271,372)
Net Change in Fiduciary Net Position	123,730,546
Plan Fiduciary Net Position - Beginning	831,472,371
Plan Fiduciary Net Position - Ending (b)	\$ 955,202,917
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 248,648,269
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.35%
Covered-Employee Payroll	\$ 141,877,315
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	175.26%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Net of administrative expenses.

	Fiscal Year 2014-15
Schedule of Plan Contributions - Miscellaneous Plan	
Actuarially Determined Contribution	\$ 26,572,848
Contributions in Relation to the Actuarially Determined Contribution	(25,573,456)
Contribution Deficiency (Excess)	999,392
Covered-Employee Payroll	152,478,808
Contributions as a Percentage of Covered-Employee Payroll	16.78%

COUNTY OF SOLANO, CALIFORNIA
Schedule of Changes in Net Pension Liability and Related Ratios
During the Measurement Period - Safety Plan
Last 10 Years

	2015
Measurement Period	June 30, 2014
TOTAL PENSION LIABILITY	
Service Cost	\$ 10,196,391
Interest	27,987,355
Benefit Payments, Including Refunds of Employee Contributions	(16,118,095)
Net Change in Total Pension Liability	22,065,651
Total Pension Liability - Beginning	376,125,590
Total Pension Liability - Ending (a)	\$ 398,191,241
PLAN FIDUCIARY NET POSITION	
Contributions - Employer	\$ 8,448,188
Contributions - Employee	4,529,358
Net Investment Income ²	46,982,051
Benefit Payments, Including Refunds of Employee Contributions	(16,118,095)
Net Change in Fiduciary Net Position	43,841,502
Plan Fiduciary Net Position - Beginning	270,554,538
Plan Fiduciary Net Position - Ending (b)	\$ 314,396,040
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 83,795,201
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.96%
Covered-Employee Payroll	\$ 40,585,880
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	206.46%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Net of administrative expenses.

Schedule of Plan Contributions - Safety Plan	Fiscal Year 2014-15
Actuarially Determined Contribution	\$ 9,261,956
Contributions in Relation to the Actuarially Determined Contribution	(9,489,646)
Contribution Deficiency (Excess)	(227,690)
Covered-Employee Payroll	42,411,702
Contributions as a Percentage of Covered-Employee Payroll	20.82%

COUNTY OF SOLANO, CALIFORNIA
Schedules of Funding Progress
For the Fiscal Year Ended June 30, 2015
Unaudited

Other Postemployment Benefits (OPEB) Plan

Valuation Date	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Payroll
1/01/11	\$ 36,333,000	\$ 9,239,000	\$ 27,094,000	25%	\$ 183,013,000	15%
1/01/13	34,377,000	142,177,000	20,160,000	41%	168,884,000	12%
1/01/15	56,929,000	22,382,000	34,547,000	39%	193,829,000	12%

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, 2015

	<u>Budgeted Amounts</u>			Variance with Final Budget
	<u>Adopted</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes	\$ 128,348,287	\$ 128,853,000	\$ 137,514,871	\$ 8,661,871
Licenses, permits and franchises	5,775,192	5,775,192	6,502,178	726,986
Fines, forfeitures and penalties	1,301,000	1,301,000	1,146,399	(154,601)
Use of money and property	1,244,629	1,244,629	1,589,846	345,217
Intergovernmental	6,086,847	6,558,872	13,948,769	7,389,897
Charges for services	34,864,190	35,230,362	35,032,644	(197,718)
Miscellaneous	6,885,007	6,926,757	5,937,395	(989,362)
Total revenues	<u>184,505,152</u>	<u>185,889,812</u>	<u>201,672,102</u>	<u>15,782,290</u>
EXPENDITURES				
Current:				
General government				
BOS-District 1	371,752	376,108	373,224	2,884
BOS-District 2	371,897	371,897	352,012	19,885
BOS-District 3	343,723	343,723	340,482	3,241
BOS-District 4	394,752	399,362	398,183	1,179
BOS-District 5	317,563	330,848	327,086	3,762
BOS-Administration	217,297	217,297	178,493	38,804
Administration	3,320,301	3,320,301	2,857,884	462,417
General Revenue	485,000	535,000	473,207	61,793
Employee Development & Recognition	404,514	421,342	390,744	30,598
General Services	16,006,731	16,075,910	14,911,968	1,163,942
Assessor	6,524,513	6,525,776	5,685,290	840,486
Auditor-Controller	4,330,885	4,331,105	4,047,335	283,770
Tax Collector/County Clerk	2,171,542	2,171,542	2,094,522	77,020
Treasurer	983,187	983,028	851,292	131,736
County Counsel	3,427,497	3,457,497	3,419,022	38,475
Delta Water Activities	494,656	512,791	280,517	232,274
Human Resources	2,876,586	3,029,041	2,747,251	281,790
Registrar of Voters	3,458,867	3,461,598	3,143,195	318,403
Fouts Property Management	1,735,926	1,753,719	467,791	1,285,928
Real Estate Services	598,653	625,795	487,773	138,022
Promotion	176,185	223,710	125,454	98,256
General Expenditures	8,650,345	8,633,652	7,738,440	895,212
Surveyor/Engineer	50,728	50,728	50,728	-
General Svcs. Special Revenue	2,052	2,052	2,047	5
Total general government	<u>57,715,152</u>	<u>58,153,822</u>	<u>51,743,940</u>	<u>6,409,882</u>
Public protection				
Grand Jury	132,338	132,338	115,724	16,614
Agricultural Commissioner	2,798,296	2,735,423	2,607,794	127,629
Animal Care Services	2,708,706	2,867,204	2,616,774	250,430
Recorder	1,595,261	1,595,261	1,500,821	94,440
Resource Management	9,674,449	9,859,829	8,365,830	1,493,999
Office of Family Violence Prevention	836,647	1,119,712	902,772	216,940
Total public protection	<u>17,745,697</u>	<u>18,309,767</u>	<u>16,109,715</u>	<u>2,200,052</u>
Public assistance				
Indigent Burial General Relief	23,093	23,093	15,510	7,583
Veterans Services	427,089	538,001	508,059	29,942
Total public assistance	<u>450,182</u>	<u>561,094</u>	<u>523,569</u>	<u>37,525</u>
Education and recreation				
Cooperative Extension Service	258,109	258,109	253,534	4,575
Non-departmental				
Contingencies	9,000,000	8,875,000	-	8,875,000
Capital outlay:				
Equipment	127,901	197,765	193,138	4,627
Total expenditures	<u>85,297,041</u>	<u>86,355,557</u>	<u>68,823,896</u>	<u>17,531,661</u>
Excess of revenues over expenditures	<u>99,208,111</u>	<u>99,534,255</u>	<u>132,848,206</u>	<u>33,313,951</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	187,500	84,795	85,139	344
Transfers out	(123,340,335)	(125,063,164)	(116,389,970)	8,673,194
Proceeds from sale of capital assets	85,600	85,600	93,514	7,914
Total other financing sources (uses)	<u>(123,067,235)</u>	<u>(124,892,769)</u>	<u>(116,211,317)</u>	<u>8,681,452</u>
Changes in fund balance	(23,859,124)	(25,358,514)	16,636,889	41,995,403
Fund balance - beginning	134,098,826	134,098,826	134,098,826	-
Fund balance - ending	<u>\$ 110,239,702</u>	<u>\$ 108,740,312</u>	<u>\$ 150,735,715</u>	<u>\$ 41,995,403</u>

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

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Health and Social Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Licenses, permits and franchises	\$ 14,740	\$ 14,740	\$ 17,748	\$ 3,008
Fines, forfeitures and penalties	501,488	501,488	302,528	(198,960)
Use of money and property	67,987	67,987	194,746	126,759
Intergovernmental	234,272,570	247,230,878	224,135,017	(23,095,861)
Charges for services	27,428,042	27,428,042	21,610,388	(5,817,654)
Miscellaneous	1,130,115	1,130,115	1,895,255	765,140
Total revenues	<u>263,414,942</u>	<u>276,373,250</u>	<u>248,155,682</u>	<u>(28,217,568)</u>
EXPENDITURES				
Current:				
Health services	131,073,491	144,660,915	117,573,255	27,087,660
Public assistance	154,616,144	157,850,038	145,792,274	12,057,764
Non-departmental				
Contingencies	56,227	56,227	-	56,227
Capital outlay:				
Equipment	144,794	613,815	364,992	248,823
Total expenditures	<u>285,890,656</u>	<u>303,180,995</u>	<u>263,730,521</u>	<u>39,450,474</u>
Deficiency of revenues under expenditures	<u>(22,475,714)</u>	<u>(26,807,745)</u>	<u>(15,574,839)</u>	<u>11,232,906</u>
OTHER FINANCING SOURCES (USES)				
Debt proceeds	-	1,875,000	-	(1,875,000)
Transfers in	41,025,897	29,509,120	20,718,958	(8,790,162)
Transfers out	(25,344,962)	(13,812,679)	(6,590,610)	7,222,069
Total other financing sources (uses)	<u>15,680,935</u>	<u>17,571,441</u>	<u>14,128,348</u>	<u>(3,443,093)</u>
Changes in fund balance	(6,794,779)	(9,236,304)	(1,446,491)	7,789,813
Fund balance - beginning	32,826,820	32,826,820	32,826,820	-
Fund balance - ending	<u>\$ 26,032,041</u>	<u>\$ 23,590,516</u>	<u>\$ 31,380,329</u>	<u>\$ 7,789,813</u>

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

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Safety Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Licenses, permits and franchises	\$ 352,529	\$ 352,529	\$ 220,829	\$ (131,700)
Fines, forfeitures and penalties	1,048,227	1,048,227	3,206,147	2,157,920
Use of money and property	16,877	16,877	42,011	25,134
Intergovernmental	70,135,262	71,916,591	71,160,593	(755,998)
Charges for services	12,248,483	13,950,480	12,615,452	(1,335,028)
Miscellaneous	1,914,886	1,969,479	2,171,923	202,444
Total revenues	<u>85,716,264</u>	<u>89,254,183</u>	<u>89,416,955</u>	<u>162,772</u>
EXPENDITURES				
Current:				
Public protection				
Department of Child Support Services	12,423,741	12,423,741	11,754,210	669,531
EMPG Grants	-	74,551	70,100	4,451
Sheriff OES	-	451,195	9,117	442,078
Vallejo Settlement -SCRIP	-	-	-	-
Homeland Security Grant	130,705	603,027	405,302	197,725
Sheriff's Office Grants	-	-	(344)	344
District Attorney	19,268,596	19,167,422	18,978,731	188,691
Public Defender	10,122,674	10,160,233	10,073,668	86,565
Conflict Public Defender	3,237,710	3,322,260	3,259,405	62,855
Sheriff	88,735,235	90,401,036	86,169,397	4,231,639
Probation	35,890,421	36,168,521	33,137,013	3,031,508
Other Public Defense	2,046,938	2,508,132	2,508,132	-
CMF Cases	218,392	218,392	195,420	22,972
Administration	188,701	213,201	113,168	100,033
Public Protection Other Special Revenue	784,789	762,153	625,078	137,075
Total public protection	<u>173,047,902</u>	<u>176,473,864</u>	<u>167,298,397</u>	<u>9,175,467</u>
Non-departmental				
Contingencies	4,941,166	4,889,902	-	4,889,902
Capital outlay:				
Construction in progress	90,120	239,044	239,044	-
Equipment	404,974	903,689	540,972	362,717
Intangibles	161,834	312,510	184,334	128,176
Total capital outlay	<u>656,928</u>	<u>1,455,243</u>	<u>964,350</u>	<u>490,893</u>
Total expenditures	<u>178,645,996</u>	<u>182,819,009</u>	<u>168,262,747</u>	<u>14,556,262</u>
Deficiency of revenues under expenditures	<u>(92,929,732)</u>	<u>(93,564,826)</u>	<u>(78,845,792)</u>	<u>14,719,034</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	93,563,026	92,047,458	85,901,465	(6,145,993)
Transfers out	(7,061,196)	(5,432,413)	(4,990,738)	441,675
Total other financing sources (uses)	<u>86,501,830</u>	<u>86,615,045</u>	<u>80,910,727</u>	<u>(5,704,318)</u>
Changes in fund balance	(6,427,902)	(6,949,781)	2,064,935	9,014,716
Fund balance - beginning	7,236,143	7,236,143	7,236,143	-
Fund balance - ending	<u>\$ 808,241</u>	<u>\$ 286,362</u>	<u>\$ 9,301,078</u>	<u>\$ 9,014,716</u>

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

**COUNTY OF SOLANO, CALIFORNIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Budgetary Information

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

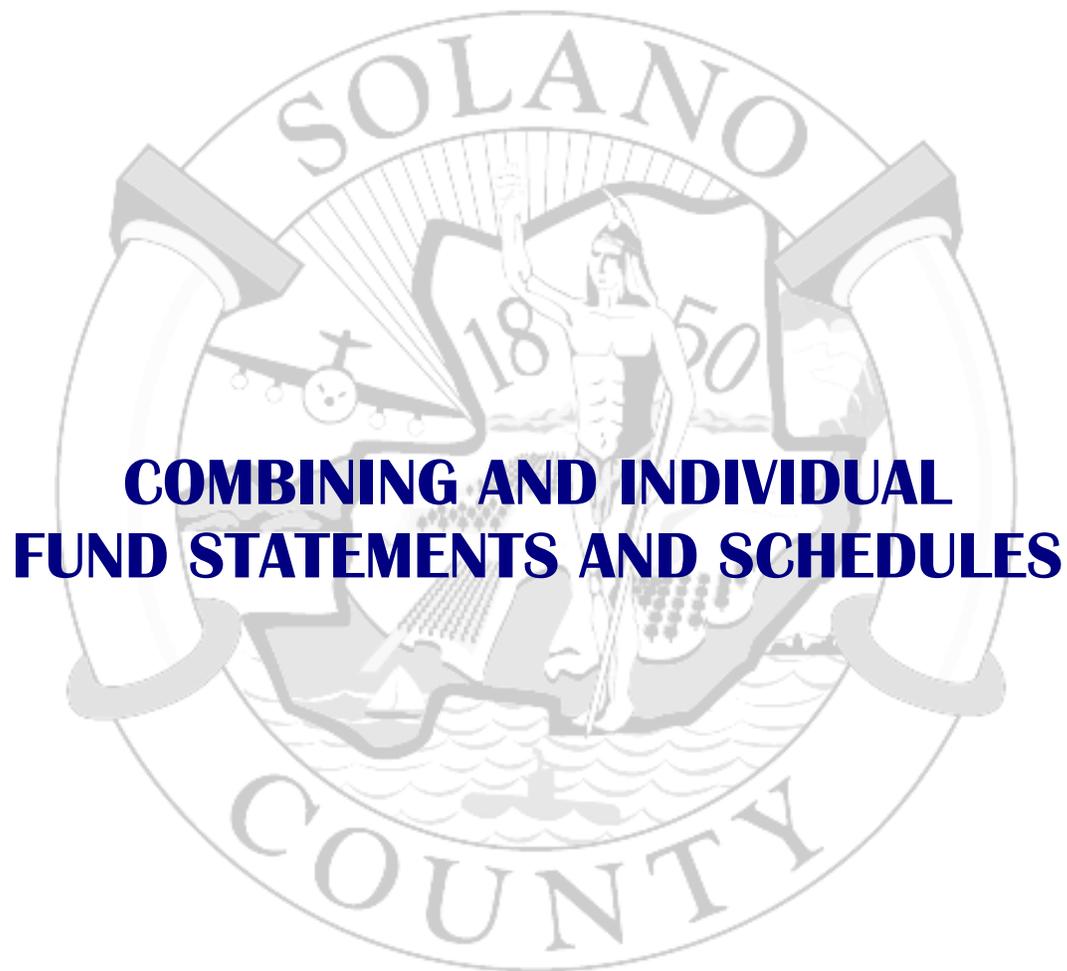
An operating budget prepared on the modified accrual basis is adopted each fiscal year for the general, special revenue, capital projects and debt service funds. Public hearings are conducted on the proposed budget to review all appropriations and sources of financing. Any shortfall in revenues requires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

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

Pursuant to the Board of Supervisors' Budget Policy, amendments or transfers of appropriations between object levels within a department may be authorized by the County Administrator's Office provided the total appropriation of the department is not changed. Therefore, final budget amounts in the accompanying required supplementary information are reported as amended. Individual budget amendments during the fiscal year ended June 30, 2015, were not material in relation to the original appropriations.

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

(This page intentionally left blank)



**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

Other Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. This encompasses legal restrictions imposed by parties outside the government as well as those imposed by the governing body.

Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Debt Service Funds

Debt service funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest. Debt service payments that do not involve the advance accumulation of resources, such as capital leases, are accounted for in the general fund or a special revenue fund.

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Other Governmental Funds
June 30, 2015

	<u>Special Revenue Funds</u>	<u>Accumulated Capital Outlay Fund</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
ASSETS				
Cash and investments	\$ 61,488,177	\$ 18,521,158	\$ 8,569,878	\$ 88,579,213
Accounts receivable	123,969	-	-	123,969
Due from other agencies	7,521,371	3,244,700	28,890	10,794,961
Due from other funds	155,568	59,548	283,315	498,431
Other assets	3,783,878	-	1,880,238	5,664,116
Total assets	<u>\$ 73,072,963</u>	<u>\$ 21,825,406</u>	<u>\$ 10,762,321</u>	<u>\$ 105,660,690</u>
LIABILITIES				
Outstanding warrants	\$ 821,541	\$ 701,081	\$ -	\$ 1,522,622
Payables	3,272,498	1,256,460	-	4,528,958
Due to other funds	828,725	102,205	15,301	946,231
Advance from other funds	880,695	4,124,682	14,000,000	19,005,377
Other liabilities	867,242	615,234	-	1,482,476
Due to other agencies	1,288,311	6,459	-	1,294,770
Unearned revenue	105,578	100,000	-	205,578
Total liabilities	<u>8,064,590</u>	<u>6,906,121</u>	<u>14,015,301</u>	<u>28,986,012</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	1,299,458	3,144,700	-	4,444,158
Total deferred inflows of resources	<u>1,299,458</u>	<u>3,144,700</u>	<u>-</u>	<u>4,444,158</u>
FUND BALANCES				
Nonspendable	162,893	-	-	162,893
Restricted	63,504,186	3,633,316	1,858,751	68,996,253
Committed	-	50,366	-	50,366
Assigned	41,836	8,090,903	2,800,000	10,932,739
Unassigned	-	-	(7,911,731)	(7,911,731)
Total fund balances	<u>63,708,915</u>	<u>11,774,585</u>	<u>(3,252,980)</u>	<u>72,230,520</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 73,072,963</u>	<u>\$ 21,825,406</u>	<u>\$ 10,762,321</u>	<u>\$ 105,660,690</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, 2015

	<u>Special Revenue Funds</u>	<u>Accumulated Capital Outlay Fund</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
REVENUES				
Taxes	\$ 14,910,907	\$ 2,377,523	\$ -	\$ 17,288,430
Licenses, permits and franchises	177,903	-	-	177,903
Fines, forfeitures and penalties	1,978	-	-	1,978
Use of money and property	321,981	82,791	14,161	418,933
Intergovernmental	22,808,792	381,716	417,211	23,607,719
Charges for services	14,629,627	29,690	1,672,379	16,331,696
Miscellaneous	234,683	309,961	785,073	1,329,717
Total revenues	<u>53,085,871</u>	<u>3,181,681</u>	<u>2,888,824</u>	<u>59,156,376</u>
EXPENDITURES				
Current:				
General government	568,750	2,904,174	31,764	3,504,688
Public protection	2,811,599	-	-	2,811,599
Public ways and facilities	9,537,130	-	-	9,537,130
Health services	5,989,975	-	-	5,989,975
Public assistance	761,805	-	-	761,805
Education and recreation	17,286,154	-	-	17,286,154
Debt service:				
Principal	-	-	12,110,000	12,110,000
Interest and other charges	-	-	7,941,874	7,941,874
Capital outlay	9,332,179	14,818,746	-	24,150,925
Total expenditures	<u>46,287,592</u>	<u>17,722,920</u>	<u>20,083,638</u>	<u>84,094,150</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,798,279</u>	<u>(14,541,239)</u>	<u>(17,194,814)</u>	<u>(24,937,774)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	980,392	5,807,754	19,598,840	26,386,986
Transfers out	(4,235,986)	(900,000)	-	(5,135,986)
Proceeds from sale of capital assets	123,600	-	-	123,600
Total other financing sources (uses)	<u>(3,131,994)</u>	<u>4,907,754</u>	<u>19,598,840</u>	<u>21,374,600</u>
Changes in fund balances	3,666,285	(9,633,485)	2,404,026	(3,563,174)
Fund balances - beginning	60,042,630	21,408,070	(5,657,006)	75,793,694
Fund balances - ending	<u>\$ 63,708,915</u>	<u>\$ 11,774,585</u>	<u>\$ (3,252,980)</u>	<u>\$ 72,230,520</u>

Nonmajor Special Revenue Funds

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

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

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

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

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

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

Other Special Revenue Funds – These funds are classified together and account for various services and programs throughout Solano County as detailed on the following page.

Other Special Revenue Funds:

- *East Vallejo Fire Protection 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 Choice Voucher program for the unincorporated areas of Solano County. The funding for this program is through federal pass-through grants.
- *Consolidated County Service Area Fund* - This fund is used to account for the overhead street lighting in the unincorporated areas of Solano County. The funding is through property taxes.
- *Parks and Recreation Fund* – This fund is used to account for the provision of clean and safe park areas and facilities in Solano County. The funding for this fund comes from state grants, charges for services and property taxes.
- *Southeast Vallejo Redevelopment Settlement Fund* – This fund is used to track revenues from the City of Vallejo to the County, 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, 2015

	<u>Public Facilities</u>			
	<u>Fees</u>	<u>Library</u>	<u>Transportation</u>	<u>First 5 Solano</u>
ASSETS				
Cash and investments	\$ 10,372,514	\$ 13,311,753	\$ 15,930,980	\$ 9,566,239
Accounts receivable	-	18,213	101,245	-
Due from other agencies	1,714,945	674,535	4,334,033	726,765
Due from other funds	-	-	87,094	64,225
Other assets	8,670	-	162,893	-
Total assets	<u>\$ 12,096,129</u>	<u>\$ 14,004,501</u>	<u>\$ 20,616,245</u>	<u>\$ 10,357,229</u>
LIABILITIES				
Outstanding warrants	\$ -	\$ 85,875	\$ 50,298	\$ 59,757
Payables	-	441,055	2,046,640	710,044
Due to other funds	29,735	88,453	7,432	628,289
Advance from other funds	-	-	880,695	-
Other liabilities	-	-	867,242	-
Due to other agencies	738,938	-	-	60,867
Unearned revenue	-	-	101,245	-
Total liabilities	<u>768,673</u>	<u>615,383</u>	<u>3,953,552</u>	<u>1,458,957</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>8,670</u>	<u>14,139</u>	<u>1,062,642</u>	<u>154,007</u>
FUND BALANCES				
Nonspendable	-	-	162,893	-
Restricted	11,318,786	13,374,979	15,437,158	8,744,265
Assigned	-	-	-	-
Total fund balances	<u>11,318,786</u>	<u>13,374,979</u>	<u>15,600,051</u>	<u>8,744,265</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 12,096,129</u>	<u>\$ 14,004,501</u>	<u>\$ 20,616,245</u>	<u>\$ 10,357,229</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2015

<u>Home Loan Program</u>	<u>Micrographics & Modernization</u>	<u>Other Special Revenue Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>	
\$ 1,903,302	\$ 9,165,434	\$ 1,237,955	\$ 61,488,177	ASSETS
-	-	4,511	123,969	Cash and investments
-	9,307	61,786	7,521,371	Accounts receivable
-	-	4,249	155,568	Due from other agencies
3,612,315	-	-	3,783,878	Due from other funds
<u>\$ 5,515,617</u>	<u>\$ 9,174,741</u>	<u>\$ 1,308,501</u>	<u>\$ 73,072,963</u>	Other assets
				Total assets
				LIABILITIES
\$ -	\$ 185,672	\$ 439,939	\$ 821,541	Outstanding warrants
-	13,524	61,235	3,272,498	Payables
-	514	74,302	828,725	Due to other funds
-	-	-	880,695	Advance from other funds
-	-	-	867,242	Other liabilities
473,264	8,370	6,872	1,288,311	Due to other agencies
-	-	4,333	105,578	Unearned revenue
<u>473,264</u>	<u>208,080</u>	<u>586,681</u>	<u>8,064,590</u>	Total liabilities
				DEFERRED INFLOWS OF RESOURCES
-	-	60,000	1,299,458	Unavailable revenue
				FUND BALANCES
-	-	-	162,893	Nonspendable
5,042,353	8,966,661	619,984	63,504,186	Restricted
-	-	41,836	41,836	Assigned
<u>5,042,353</u>	<u>8,966,661</u>	<u>661,820</u>	<u>63,708,915</u>	Total fund balances
<u>\$ 5,515,617</u>	<u>\$ 9,174,741</u>	<u>\$ 1,308,501</u>	<u>\$ 73,072,963</u>	Total liabilities, deferred inflows of resources 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, 2015

	Public Facilities			First 5 Solano
	Fees	Library	Transportation	
REVENUES				
Taxes	\$ -	\$ 12,796,908	\$ 993,754	\$ -
Licenses, permits and franchises	-	-	177,903	-
Fines, forfeitures and penalties	-	-	-	-
Use of money and property	40,801	57,756	105,130	46,240
Intergovernmental	-	659,899	16,508,610	3,602,800
Charges for services	7,116,219	4,244,470	1,171,273	772,054
Miscellaneous	-	75,591	71,439	69,903
Total revenues	<u>7,157,020</u>	<u>17,834,624</u>	<u>19,028,109</u>	<u>4,490,997</u>
EXPENDITURES				
Current:				
General government	567,807	-	943	-
Public protection	-	-	-	-
Public ways and facilities	-	-	9,442,243	-
Health services	-	-	-	5,989,975
Public assistance	-	-	-	761,805
Education and recreation	-	15,992,449	-	-
Capital outlay	-	-	9,332,179	-
Total expenditures	<u>567,807</u>	<u>15,992,449</u>	<u>18,775,365</u>	<u>6,751,780</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,589,213</u>	<u>1,842,175</u>	<u>252,744</u>	<u>(2,260,783)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	251,629	-	645,657
Transfers out	(2,647,432)	(864,886)	(410,396)	(32,218)
Proceeds from sale of capital assets	-	-	123,600	-
Total other financing sources (uses)	<u>(2,647,432)</u>	<u>(613,257)</u>	<u>(286,796)</u>	<u>613,439</u>
Changes in fund balances	3,941,781	1,228,918	(34,052)	(1,647,344)
Fund balances - beginning	7,377,005	12,146,061	15,634,103	10,391,609
Fund balances - ending	<u>\$ 11,318,786</u>	<u>\$ 13,374,979</u>	<u>\$ 15,600,051</u>	<u>\$ 8,744,265</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2015

<u>Home Loan Program</u>	<u>Micrographics & Modernization</u>	<u>Other Special Revenue Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>	
				REVENUES
\$ -	\$ -	\$ 1,120,245	\$ 14,910,907	Taxes
-	-	-	177,903	Licenses, permits and franchises
-	-	1,978	1,978	Fines, forfeitures and penalties
9,614	42,696	19,744	321,981	Use of money and property
-	-	2,037,483	22,808,792	Intergovernmental
-	774,327	551,284	14,629,627	Charges for services
-	-	17,750	234,683	Miscellaneous
9,614	817,023	3,748,484	53,085,871	Total revenues
				EXPENDITURES
				Current:
-	-	-	568,750	General government
1,030	356,166	2,454,403	2,811,599	Public protection
-	-	94,887	9,537,130	Public ways and facilities
-	-	-	5,989,975	Health and sanitation
-	-	-	761,805	Public assistance
-	-	1,293,705	17,286,154	Education and recreation
-	-	-	9,332,179	Capital outlay
1,030	356,166	3,842,995	46,287,592	Total expenditures
8,584	460,857	(94,511)	6,798,279	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES)
-	-	83,106	980,392	Transfers in
-	(203,098)	(77,956)	(4,235,986)	Transfers out
-	-	-	123,600	Proceeds from sale of capital assets
-	(203,098)	5,150	(3,131,994)	Total other financing sources (uses)
8,584	257,759	(89,361)	3,666,285	Changes in fund balances
5,033,769	8,708,902	751,181	60,042,630	Fund balances - beginning
\$ 5,042,353	\$ 8,966,661	\$ 661,820	\$ 63,708,915	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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 21,900	\$ 22,067	\$ 40,801	\$ 18,734
Charges for services	3,194,997	3,194,997	7,116,219	3,921,222
Total revenues	<u>3,216,897</u>	<u>3,217,064</u>	<u>7,157,020</u>	<u>3,939,956</u>
EXPENDITURES				
Current:				
General government				
Public facilities fees	905,082	960,590	567,807	392,783
Non-departmental				
Contingencies	<u>4,818,555</u>	<u>3,426,452</u>	-	3,426,452
Total expenditures	<u>5,723,637</u>	<u>4,387,042</u>	<u>567,807</u>	<u>3,819,235</u>
Excess (deficiency) of revenues over (under) expenditures	(2,506,740)	(1,169,978)	6,589,213	7,759,191
OTHER FINANCING USES				
Transfers out	<u>(1,468,609)</u>	<u>(2,656,510)</u>	<u>(2,647,432)</u>	<u>9,078</u>
Changes in fund balance	(3,975,349)	(3,826,488)	3,941,781	7,768,269
Fund balance - beginning	<u>7,377,005</u>	<u>7,377,005</u>	<u>7,377,005</u>	-
Fund balance - ending	<u>\$ 3,401,656</u>	<u>\$ 3,550,517</u>	<u>\$ 11,318,786</u>	<u>\$ 7,768,269</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Library Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 11,077,289	\$ 11,384,289	\$ 12,796,908	\$ 1,412,619
Use of money and property	41,854	41,854	57,756	15,902
Intergovernmental	688,126	688,126	659,899	(28,227)
Charges for services	3,981,625	3,981,625	4,244,470	262,845
Miscellaneous	120,661	120,661	75,591	(45,070)
Total revenues	<u>15,909,555</u>	<u>16,216,555</u>	<u>17,834,624</u>	<u>1,618,069</u>
EXPENDITURES				
Current:				
Education				
Library	17,078,524	17,590,184	15,844,719	1,745,465
Library - Friends & Foundation	121,400	121,400	115,102	6,298
Library Zone 1	27,806	27,806	16,475	11,331
Library Zone 2	1,633	1,633	1,588	45
Library Zone 6	742	742	613	129
Library Zone 7	9,317	14,914	13,952	962
Total education	<u>17,239,422</u>	<u>17,756,679</u>	<u>15,992,449</u>	<u>1,764,230</u>
Non-departmental				
Contingencies	9,529,075	9,529,075	-	9,529,075
Total expenditures	<u>26,768,497</u>	<u>27,285,754</u>	<u>15,992,449</u>	<u>11,293,305</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(10,858,942)</u>	<u>(11,069,199)</u>	<u>1,842,175</u>	<u>12,911,374</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,814,397	251,629	251,629	-
Transfers out	(2,460,479)	(897,711)	(864,886)	32,825
Total other financing sources (uses)	<u>(646,082)</u>	<u>(646,082)</u>	<u>(613,257)</u>	<u>32,825</u>
Changes in fund balance	(11,505,024)	(11,715,281)	1,228,918	12,944,199
Fund balance - beginning	12,146,061	12,146,061	12,146,061	-
Fund balance - ending	<u>\$ 641,037</u>	<u>\$ 430,780</u>	<u>\$ 13,374,979</u>	<u>\$ 12,944,199</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,440,000	\$ 1,440,000	\$ 993,754	\$ (446,246)
Licenses, permits and franchises	179,300	179,300	177,903	(1,397)
Use of money and property	63,112	63,112	105,130	42,018
Intergovernmental	23,697,941	23,697,941	16,508,610	(7,189,331)
Charges for services	862,218	862,218	1,171,273	309,055
Miscellaneous	46,900	46,900	71,439	24,539
Total revenues	<u>26,289,471</u>	<u>26,289,471</u>	<u>19,028,109</u>	<u>(7,261,362)</u>
EXPENDITURES				
Current:				
General government				
Survey monument	10,943	10,943	943	10,000
Public ways and facilities				
Transportation	11,987,530	12,157,482	9,441,064	2,716,418
Public works improvement	1,000	1,000	1,000	-
Regional transportation project	5,000	5,000	179	4,821
Total public ways and facilities	<u>11,993,530</u>	<u>12,163,482</u>	<u>9,442,243</u>	<u>2,721,239</u>
Non-departmental				
Contingencies	5,222,547	5,222,547	-	5,222,547
Capital outlay:				
Construction in progress	15,147,000	16,564,249	8,447,617	8,116,632
Equipment	761,000	995,158	884,562	110,596
Total capital outlay	<u>15,908,000</u>	<u>17,559,407</u>	<u>9,332,179</u>	<u>8,227,228</u>
Total expenditures	<u>33,135,020</u>	<u>34,956,379</u>	<u>18,775,365</u>	<u>16,181,014</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,845,549)</u>	<u>(8,666,908)</u>	<u>252,744</u>	<u>8,919,652</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(424,632)	(424,632)	(410,396)	14,236
Proceeds from sale of capital assets	89,078	89,078	123,600	34,522
Total other financing sources (uses)	<u>(335,554)</u>	<u>(335,554)</u>	<u>(286,796)</u>	<u>48,758</u>
Changes in fund balance	(7,181,103)	(9,002,462)	(34,052)	8,968,410
Fund balance - beginning	15,634,103	15,634,103	15,634,103	-
Fund balance - ending	<u>\$ 8,453,000</u>	<u>\$ 6,631,641</u>	<u>\$ 15,600,051</u>	<u>\$ 8,968,410</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 24,849	\$ 24,849	\$ 46,240	\$ 21,391
Intergovernmental	3,487,398	3,487,398	3,602,800	115,402
Charges for services	732,490	732,490	772,054	39,564
Miscellaneous	25,000	25,000	69,903	44,903
Total revenues	<u>4,269,737</u>	<u>4,269,737</u>	<u>4,490,997</u>	<u>221,260</u>
EXPENDITURES				
Current:				
Health services				
First 5 Solano	6,749,787	6,749,787	5,989,975	759,812
Public assistance				
Grants/programs administration	797,289	797,289	761,805	35,484
Non-departmental				
Contingencies	1,202,188	1,202,188	-	1,202,188
Total expenditures	<u>8,749,264</u>	<u>8,749,264</u>	<u>6,751,780</u>	<u>1,997,484</u>
Deficiency of revenues under expenditures	<u>(4,479,527)</u>	<u>(4,479,527)</u>	<u>(2,260,783)</u>	<u>2,218,744</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	645,657	645,657	645,657	-
Transfers out	(35,795)	(35,795)	(32,218)	3,577
Total other financing sources (uses)	<u>609,862</u>	<u>609,862</u>	<u>613,439</u>	<u>3,577</u>
Changes in fund balance	(3,869,665)	(3,869,665)	(1,647,344)	2,222,321
Fund balance - beginning	10,391,609	10,391,609	10,391,609	-
Fund balance - ending	<u>\$ 6,521,944</u>	<u>\$ 6,521,944</u>	<u>\$ 8,744,265</u>	<u>\$ 2,222,321</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Home Loan Program Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 10,250	\$ 10,250	\$ 9,614	\$ (636)
Intergovernmental	277,404	277,404	-	(277,404)
Total revenues	<u>287,654</u>	<u>287,654</u>	<u>9,614</u>	<u>(278,040)</u>
EXPENDITURES				
Current:				
Public protection				
Homeacres Loan Program	278,616	278,616	1,030	277,586
Non-departmental				
Contingencies	1,425,333	1,425,333	-	1,425,333
Total expenditures	<u>1,703,949</u>	<u>1,703,949</u>	<u>1,030</u>	<u>1,702,919</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,416,295)</u>	<u>(1,416,295)</u>	<u>8,584</u>	<u>1,424,879</u>
Changes in fund balance	(1,416,295)	(1,416,295)	8,584	1,424,879
Fund balance - beginning	5,033,769	5,033,769	5,033,769	-
Fund balance - ending	<u>\$ 3,617,474</u>	<u>\$ 3,617,474</u>	<u>\$ 5,042,353</u>	<u>\$ 1,424,879</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Micrographics & Modernization Special Revenue Fund
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 34,000	\$ 34,000	\$ 42,696	\$ 8,696
Charges for services	746,000	746,000	774,327	28,327
Total revenues	<u>780,000</u>	<u>780,000</u>	<u>817,023</u>	<u>37,023</u>
EXPENDITURES				
Current:				
Public protection				
Recorder Special Revenue	409,466	595,935	356,166	239,769
Non-departmental				
Contingencies	7,511,150	7,511,150	-	7,511,150
Total expenditures	<u>7,920,616</u>	<u>8,107,085</u>	<u>356,166</u>	<u>7,750,919</u>
Excess (deficiency) of revenues over (under) expenditures	(7,140,616)	(7,327,085)	460,857	7,787,942
OTHER FINANCING USES				
Transfers out	(203,098)	(203,098)	(203,098)	-
Changes in fund balance	(7,343,714)	(7,530,183)	257,759	7,787,942
Fund balance - beginning	8,708,902	8,708,902	8,708,902	-
Fund balance - ending	<u>\$ 1,365,188</u>	<u>\$ 1,178,719</u>	<u>\$ 8,966,661</u>	<u>\$ 7,787,942</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 981,287	\$ 1,061,137	\$ 1,120,245	\$ 59,108
Fines, forfeitures and penalties	800	800	1,978	1,178
Use of money and property	15,150	15,150	19,744	4,594
Intergovernmental	2,519,837	2,519,837	2,037,483	(482,354)
Charges for services	519,316	519,316	551,284	31,968
Miscellaneous	5,675	5,675	17,750	12,075
Total revenues	<u>4,042,065</u>	<u>4,121,915</u>	<u>3,748,484</u>	<u>(373,431)</u>
EXPENDITURES				
Current:				
Public protection				
Housing Authority of Solano County	2,300,000	2,300,000	2,015,549	284,451
East Vallejo Fire Protection District	392,697	434,573	428,155	6,418
Fish/Wildlife Propagation	17,360	24,434	10,699	13,735
Total public protection	<u>2,710,057</u>	<u>2,759,007</u>	<u>2,454,403</u>	<u>304,604</u>
Public ways and facilities				
County Consolidated Service Area	127,044	127,044	94,887	32,157
Education and recreation				
Parks & Recreation	1,402,629	1,388,979	1,293,705	95,274
Non-departmental				
Contingencies	148,500	148,500	-	148,500
Total expenditures	<u>4,388,230</u>	<u>4,423,530</u>	<u>3,842,995</u>	<u>580,535</u>
Deficiency of revenues under expenditures	<u>(346,165)</u>	<u>(301,615)</u>	<u>(94,511)</u>	<u>207,104</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	166,212	166,212	83,106	(83,106)
Transfers out	(23,294)	(83,294)	(77,956)	5,338
Total other financing sources (uses)	<u>142,918</u>	<u>82,918</u>	<u>5,150</u>	<u>(77,768)</u>
Changes in fund balance	(203,247)	(218,697)	(89,361)	129,336
Fund balance - beginning	751,181	751,181	751,181	-
Fund balance - ending	<u>\$ 547,934</u>	<u>\$ 532,484</u>	<u>\$ 661,820</u>	<u>\$ 129,336</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,121,172	\$ 2,121,172	\$ 2,377,523	\$ 256,351
Use of money and property	51,150	51,150	82,791	31,641
Intergovernmental	24,812,160	26,563,710	381,716	(26,181,994)
Charges for services	28,098	28,098	29,690	1,592
Miscellaneous	-	-	309,961	309,961
Total revenues	<u>27,012,580</u>	<u>28,764,130</u>	<u>3,181,681</u>	<u>(25,582,449)</u>
EXPENDITURES				
Current:				
General government				
Capital Projects	<u>2,154,381</u>	<u>8,219,509</u>	<u>2,904,174</u>	<u>5,315,335</u>
Non-departmental				
Contingencies	<u>1,651,440</u>	<u>966,107</u>	<u>-</u>	<u>966,107</u>
Capital outlay:				
Construction in progress	27,487,000	48,466,243	14,567,908	33,898,335
Equipment	<u>565,000</u>	<u>2,185,197</u>	<u>250,838</u>	<u>1,934,359</u>
Total capital outlay	<u>28,052,000</u>	<u>50,651,440</u>	<u>14,818,746</u>	<u>35,832,694</u>
Total expenditures	<u>31,857,821</u>	<u>59,837,056</u>	<u>17,722,920</u>	<u>42,114,136</u>
Deficiency of revenues under expenditures	<u>(4,845,241)</u>	<u>(31,072,926)</u>	<u>(14,541,239)</u>	<u>16,531,687</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,265,000	5,809,404	5,807,754	(1,650)
Transfers out	<u>(900,000)</u>	<u>(900,000)</u>	<u>(900,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,365,000</u>	<u>4,909,404</u>	<u>4,907,754</u>	<u>(1,650)</u>
Changes in fund balance	(2,480,241)	(26,163,522)	(9,633,485)	16,530,037
Fund balance - beginning	21,408,070	21,408,070	21,408,070	-
Fund balance - ending	<u>\$ 18,927,829</u>	<u>\$ (4,755,452)</u>	<u>\$ 11,774,585</u>	<u>\$ 16,530,037</u>

Nonmajor Debt Service Funds

2013 Certificates of Participation Fund - This fund was established for the payment of debt issued for the Animal Care Expansion Project. This payment is funded through the General Fund and from the seven cities within the County

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

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

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

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2015

	2013		Government		Total Nonmajor
	Certificates of	2009 Certificates	Center Debt	Pension Debt	Debt Service Funds
	Participation	of Participation	Service Fund	Service Fund	
ASSETS					
Cash and investments	\$ 88,262	\$ 1,767,244	\$ 2,818,531	\$ 3,895,841	\$ 8,569,878
Due from other agencies	-	15	-	28,875	28,890
Due from other funds	-	-	-	283,315	283,315
Other assets	-	-	-	1,880,238	1,880,238
Total assets	<u>\$ 88,262</u>	<u>\$ 1,767,259</u>	<u>\$ 2,818,531</u>	<u>\$ 6,088,269</u>	<u>\$ 10,762,321</u>
FUND BALANCES					
Liabilities:					
Due to other funds	-	-	15,301	-	15,301
Advances from other funds	-	-	-	14,000,000	14,000,000
Total liabilities	<u>-</u>	<u>-</u>	<u>15,301</u>	<u>14,000,000</u>	<u>14,015,301</u>
Fund balances:					
Restricted	\$ 88,262	\$ 1,767,259	\$ 3,230	\$ -	\$ 1,858,751
Assigned	-	-	2,800,000	-	2,800,000
Unassigned	-	-	-	(7,911,731)	(7,911,731)
Total fund balances (deficit)	<u>\$ 88,262</u>	<u>\$ 1,767,259</u>	<u>\$ 2,803,230</u>	<u>\$ (7,911,731)</u>	<u>\$ (3,252,980)</u>
Total liabilities and fund balances	<u>\$ 88,262</u>	<u>\$ 1,767,259</u>	<u>\$ 2,818,531</u>	<u>\$ 6,088,269</u>	<u>\$ 10,762,321</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, 2015

	2013	2009	Government	Pension Debt	Total Nonmajor
	Certificates of	Certificates of	Center Debt	Service Fund	Debt Service Funds
	Participation	Participation	Service Fund	Service Fund	Debt Service Funds
REVENUES					
Use of money and property	\$ 612	\$ 371	\$ 18,718	\$ (5,540)	\$ 14,161
Intergovernmental	417,211	-	-	-	417,211
Charges for services	-	-	1,672,379	-	1,672,379
Miscellaneous	-	-	-	785,073	785,073
Total revenues	<u>417,823</u>	<u>371</u>	<u>1,691,097</u>	<u>779,533</u>	<u>2,888,824</u>
EXPENDITURES					
Current:					
General government	2,325	9,620	9,636	10,183	31,764
Debt service:					
Principal	300,000	2,120,000	3,555,000	6,135,000	12,110,000
Interest and other charges	170,340	386,288	4,343,606	3,041,640	7,941,874
Total expenditures	<u>472,665</u>	<u>2,515,908</u>	<u>7,908,242</u>	<u>9,186,823</u>	<u>20,083,638</u>
Deficiency of revenues under expenditures	(54,842)	(2,515,537)	(6,217,145)	(8,407,290)	(17,194,814)
OTHER FINANCING SOURCES					
Transfers in	<u>44,970</u>	<u>2,517,941</u>	<u>6,212,900</u>	<u>10,823,029</u>	<u>19,598,840</u>
Changes in fund balances	(9,872)	2,404	(4,245)	2,415,739	2,404,026
Fund balances (deficit) - beginning	98,134	1,764,855	2,807,475	(10,327,470)	(5,657,006)
Fund balances (deficit) - ending	<u>\$ 88,262</u>	<u>\$ 1,767,259</u>	<u>\$ 2,803,230</u>	<u>\$ (7,911,731)</u>	<u>\$ (3,252,980)</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, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ (19,200)	\$ (19,200)	\$ (5,540)	\$ 13,660
Miscellaneous	665,593	662,593	785,073	122,480
Total revenues	<u>646,393</u>	<u>643,393</u>	<u>779,533</u>	<u>136,140</u>
EXPENDITURES				
Current:				
General government				
Pension Obligation Bonds Administration	12,132	12,132	10,183	1,949
Debt service:				
Principal	6,135,000	6,135,000	6,135,000	-
Interest and other charges	3,107,349	3,107,349	3,041,640	65,709
Total debt service	<u>9,242,349</u>	<u>9,242,349</u>	<u>9,176,640</u>	<u>65,709</u>
Total expenditures	<u>9,254,481</u>	<u>9,254,481</u>	<u>9,186,823</u>	<u>67,658</u>
Deficiency of revenues under expenditures	<u>(8,608,088)</u>	<u>(8,611,088)</u>	<u>(8,407,290)</u>	<u>203,798</u>
OTHER FINANCING SOURCES				
Transfers in	12,082,436	12,188,808	10,823,029	(1,365,779)
Changes in fund balance	3,474,348	3,577,720	2,415,739	(1,161,981)
Fund balance (deficit) - beginning	<u>(10,327,470)</u>	<u>(10,327,470)</u>	<u>(10,327,470)</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ (6,853,122)</u>	<u>\$ (6,749,750)</u>	<u>\$ (7,911,731)</u>	<u>\$ (1,161,981)</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
2013 Certificates of Participation Debt Service Fund
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 70	\$ 70	\$ 612	\$ 542
Intergovernmental revenues	417,213	417,213	417,211	(2)
Total revenues	<u>417,283</u>	<u>417,283</u>	<u>417,823</u>	<u>540</u>
EXPENDITURES				
Current:				
General government				
Animal Care Project	4,000	4,000	2,325	1,675
Debt service:				
Principal	300,000	300,000	300,000	-
Interest and other charges	170,340	170,340	170,340	-
Total debt service	<u>470,340</u>	<u>470,340</u>	<u>470,340</u>	<u>-</u>
Total expenditures	<u>474,340</u>	<u>474,340</u>	<u>472,665</u>	<u>1,675</u>
Deficiency of revenues under expenditures	(57,057)	(57,057)	(54,842)	2,215
OTHER FINANCING SOURCES				
Transfers in	44,970	44,970	44,970	-
Changes in fund balance	(12,087)	(12,087)	(9,872)	2,215
Fund balance - beginning	98,134	98,134	98,134	-
Fund balance - ending	<u>\$ 86,047</u>	<u>\$ 86,047</u>	<u>\$ 88,262</u>	<u>\$ 2,215</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
2009 Certificates of Participation Debt Service Fund
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 170	\$ 170	\$ 371	\$ 201
EXPENDITURES				
Current:				
General government				
HSS Admin Refinance	13,198	13,198	9,620	3,578
Debt service:				
Principal	2,120,000	2,120,000	2,120,000	-
Interest and other charges	386,288	386,288	386,288	-
Total debt service	<u>2,506,288</u>	<u>2,506,288</u>	<u>2,506,288</u>	<u>-</u>
Total expenditures	<u>2,519,486</u>	<u>2,519,486</u>	<u>2,515,908</u>	<u>3,578</u>
Deficiency of revenues under expenditures	(2,519,316)	(2,519,316)	(2,515,537)	3,779
OTHER FINANCING SOURCES				
Transfers in	2,517,941	2,517,941	2,517,941	-
Changes in fund balance	(1,375)	(1,375)	2,404	3,779
Fund balance - beginning	1,764,855	1,764,855	1,764,855	-
Fund balance - ending	<u>\$ 1,763,480</u>	<u>\$ 1,763,480</u>	<u>\$ 1,767,259</u>	<u>\$ 3,779</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Government Center Debt Service Fund
For the Fiscal Year Ended June 30, 2015

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Use of money and property	\$ 5,740	\$ 5,740	\$ 18,718	\$ 12,978
Charges for services	1,672,379	1,672,379	1,672,379	-
Total revenues	<u>1,678,119</u>	<u>1,678,119</u>	<u>1,691,097</u>	<u>12,978</u>
EXPENDITURES				
Current:				
General government				
Government Center	10,974	10,974	9,636	1,338
Debt service:				
Principal	3,555,000	3,555,000	3,555,000	-
Interest and other charges	4,343,606	4,343,606	4,343,606	-
Total debt service	<u>7,898,606</u>	<u>7,898,606</u>	<u>7,898,606</u>	<u>-</u>
Total expenditures	<u>7,909,580</u>	<u>7,909,580</u>	<u>7,908,242</u>	<u>1,338</u>
Deficiency of revenues under expenditures	(6,231,461)	(6,231,461)	(6,217,145)	14,316
OTHER FINANCING SOURCES				
Transfers in	6,228,201	6,228,201	6,212,900	(15,301)
Changes in fund balance	(3,260)	(3,260)	(4,245)	(985)
Fund balance - beginning	2,807,475	2,807,475	2,807,475	-
Fund balance - ending	<u>\$ 2,804,215</u>	<u>\$ 2,804,215</u>	<u>\$ 2,803,230</u>	<u>\$ (985)</u>

Internal Service Funds

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

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

Risk Management Fund – This fund is used to account for the administration and management of the County's insurance and safety plans.

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

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Net Position
Internal Service Funds
June 30, 2015

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>	<u>Total Internal Service Funds</u>
ASSETS				
Current assets				
Cash and investments	\$ 3,466,849	\$ 18,955,536	\$ 6,503,193	\$ 28,925,578
Accounts receivable	44,103	26,391	171,671	242,165
Due from other agencies	24,302	29,630	44,167	98,099
Due from other funds	-	-	163,518	163,518
Other assets	255,832	250,000	-	505,832
Total current assets	<u>3,791,086</u>	<u>19,261,557</u>	<u>6,882,549</u>	<u>29,935,192</u>
Noncurrent assets				
Capital assets:				
Construction in progress	-	-	5,563	5,563
Buildings and improvements	114,471	-	183,560	298,031
Equipment	11,472,941	-	10,678,117	22,151,058
Intangibles	-	-	5,882,504	5,882,504
Accumulated depreciation and amortization	(7,609,483)	-	(14,258,246)	(21,867,729)
Total capital assets	<u>3,977,929</u>	<u>-</u>	<u>2,491,498</u>	<u>6,469,427</u>
Total assets	<u>7,769,015</u>	<u>19,261,557</u>	<u>9,374,047</u>	<u>36,404,619</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow of resources related to pensions	<u>75,860</u>	<u>75,408</u>	<u>567,088</u>	<u>718,356</u>
LIABILITIES				
Current liabilities				
Outstanding warrants	20,955	2,259	576,026	599,240
Payables	297,440	84,343	2,074,370	2,456,153
Due to other funds	944	76,304	6,066	83,314
Due to other agencies	-	186,286	3	186,289
Current portion of long-term obligations	35,023	4,514,462	330,841	4,880,326
Total current liabilities	<u>354,362</u>	<u>4,863,654</u>	<u>2,987,306</u>	<u>8,205,322</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	868,211	9,910,849	6,371,143	17,150,203
Total liabilities	<u>1,222,573</u>	<u>14,774,503</u>	<u>9,358,449</u>	<u>25,355,525</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow of resources related to pensions	<u>193,482</u>	<u>192,329</u>	<u>1,446,359</u>	<u>1,832,170</u>
NET POSITION				
Net investment in capital assets	3,977,929	-	2,491,498	6,469,427
Unrestricted	2,450,891	4,370,133	(3,355,171)	3,465,853
Total net position	<u>\$ 6,428,820</u>	<u>\$ 4,370,133</u>	<u>\$ (863,673)</u>	<u>\$ 9,935,280</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2015

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>	<u>Total Internal Service Funds</u>
OPERATING REVENUES				
Charges for sales and services:				
Internal services	\$ 4,206,375	\$ 13,938,721	\$ 20,394,827	\$ 38,539,923
Total operating revenues	<u>4,206,375</u>	<u>13,938,721</u>	<u>20,394,827</u>	<u>38,539,923</u>
OPERATING EXPENSES				
Personnel services	818,509	848,551	5,821,933	7,488,993
Maintenance	728,651	48	908,452	1,637,151
Materials and supplies	902,018	5,444	1,058,352	1,965,814
Depreciation	1,157,929	-	1,817,143	2,975,072
Insurance	26,567	11,641,140	99,047	11,766,754
Rent, utilities and others	456,639	1,621,827	10,870,873	12,949,339
Total operating expenses	<u>4,090,313</u>	<u>14,117,010</u>	<u>20,575,800</u>	<u>38,783,123</u>
Operating income (loss)	<u>116,062</u>	<u>(178,289)</u>	<u>(180,973)</u>	<u>(243,200)</u>
NONOPERATING REVENUES				
Investment earnings	14,770	81,196	22,186	118,152
Other revenue	102,579	161,325	58,243	322,147
Loss on disposal of capital assets	<u>(26,969)</u>	<u>-</u>	<u>(25,091)</u>	<u>(52,060)</u>
Total nonoperating revenues	<u>90,380</u>	<u>242,521</u>	<u>55,338</u>	<u>388,239</u>
Income (loss) before transfers	<u>206,442</u>	<u>64,232</u>	<u>(125,635)</u>	<u>145,039</u>
Transfers in	319,695	-	-	319,695
Transfers out	<u>(30,773)</u>	<u>(30,617)</u>	<u>(230,045)</u>	<u>(291,435)</u>
Changes in net position	495,364	33,615	(355,680)	173,299
Total net position - beginning, restated	<u>5,933,456</u>	<u>4,336,518</u>	<u>(507,993)</u>	<u>9,761,981</u>
Total net position - ending	<u>\$ 6,428,820</u>	<u>\$ 4,370,133</u>	<u>\$ (863,673)</u>	<u>\$ 9,935,280</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2015

	Fleet Management	Risk Management	Information Technology	Total Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 4,340,204	\$ 14,380,172	\$ 20,065,893	\$ 38,786,269
Receipts from interfund services provided	1,051	-	-	1,051
Payments to suppliers	(1,947,885)	(13,445,298)	(12,657,854)	(28,051,037)
Payments to employees	(882,612)	(218,123)	(5,809,526)	(6,910,261)
Net cash provided (used) by operating activities	<u>1,510,758</u>	<u>716,751</u>	<u>1,598,513</u>	<u>3,826,022</u>
Cash flows from noncapital financing activities:				
Transfers out	(30,773)	(30,617)	(230,045)	(291,435)
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(949,451)	-	(672,765)	(1,622,216)
Loss on disposal of capital assets	(26,969)	-	(25,091)	(52,060)
Transfers In	319,695	-	-	319,695
Net cash used by capital and related financing activities	<u>(656,725)</u>	<u>-</u>	<u>(697,856)</u>	<u>(1,354,581)</u>
Cash flows from investing activities:				
Investment income	14,770	81,196	22,186	118,152
Net increase (decrease) in cash and cash equivalents	838,030	767,330	692,798	2,298,158
Cash and cash equivalents - beginning	2,628,819	18,188,206	5,810,395	26,627,420
Cash and cash equivalents - ending	<u>\$ 3,466,849</u>	<u>\$ 18,955,536</u>	<u>\$ 6,503,193</u>	<u>\$ 28,925,578</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	\$ 116,062	\$ (178,289)	\$ (180,973)	\$ (243,200)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	1,157,929	-	1,817,143	2,975,072
Other nonoperating revenue	102,579	161,325	58,243	322,147
Changes in assets and liabilities:				
(Increase) decrease in receivables, net	54,973	149,869	(25,117)	179,725
(Increase) decrease in due from other funds	1,051	941	(45,857)	(43,865)
(Increase) decrease in due from other agencies	(23,866)	(29,569)	(782)	(54,217)
Increase (decrease) in outstanding warrants	(55,126)	(75,297)	512,398	381,975
Increase (decrease) in payables	221,116	(101,542)	(233,528)	(113,954)
Increase (decrease) in due to other funds	-	(25,856)	(315,414)	(341,270)
Increase (decrease) in due to other agencies	226	184,740	(6)	184,960
Increase (decrease) in accrued compensated absences	(52,283)	25,262	109,319	82,298
Decrease in other postemployment benefits	(2,885)	(2,868)	(21,564)	(27,317)
Increase in self-insurance liability	-	616,999	-	616,999
Increase in deferred outflows	(5,227)	(5,195)	(39,073)	(49,495)
Increase in deferred inflows	193,482	192,329	1,446,360	1,832,171
Decrease in net pension liability	(197,273)	(196,098)	(1,482,636)	(1,876,007)
Total adjustments	<u>1,394,696</u>	<u>895,040</u>	<u>1,779,486</u>	<u>4,069,222</u>
Net cash provided (used) by operating activities	<u>\$ 1,510,758</u>	<u>\$ 716,751</u>	<u>\$ 1,598,513</u>	<u>\$ 3,826,022</u>

Agency Funds

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

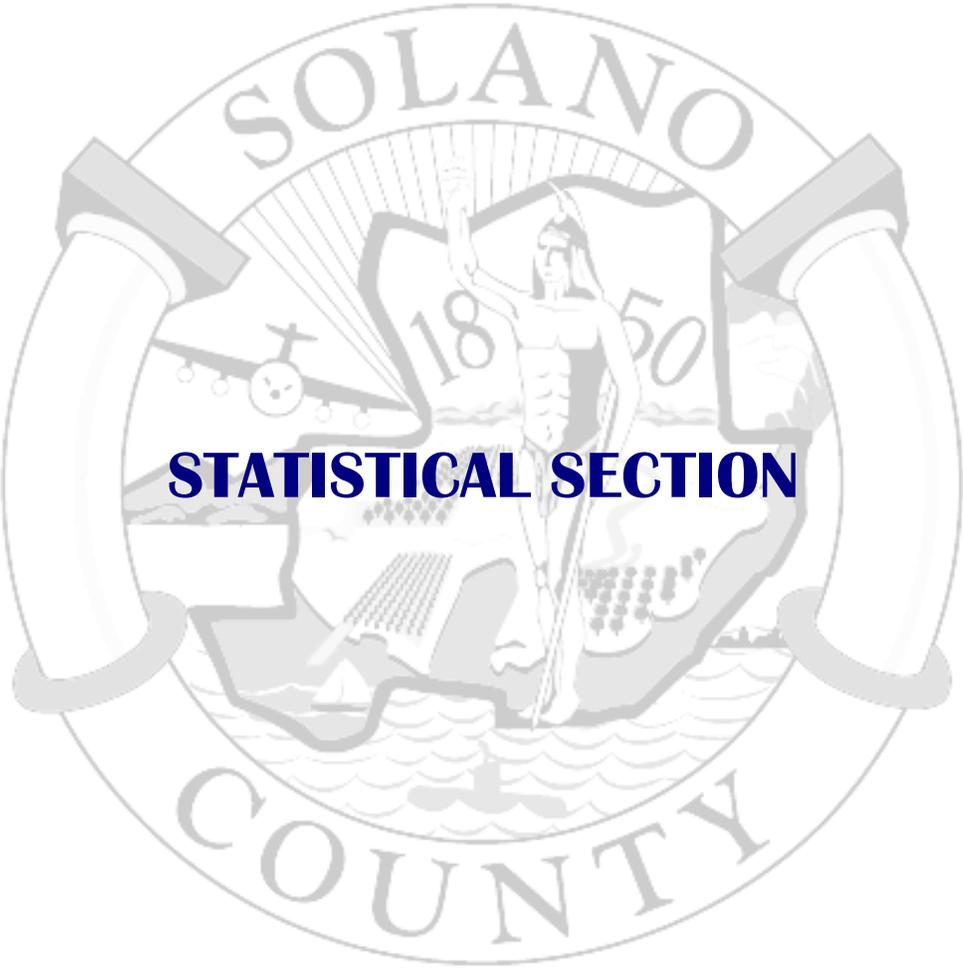
Property Tax Collection Fund – This fund is used to account for property tax collections awaiting apportionment to governmental agencies.

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

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

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2015

PROPERTY TAX COLLECTION	Balance			Balance
	July 1, 2014	Additions	Deductions	June 30, 2015
Assets				
Cash and investments	\$ -	\$ 548,266,648	\$ 547,382,733	\$ 883,915
Property taxes receivable	25,251,566	588,008,237	589,278,378	23,981,425
Total assets	<u>\$ 25,251,566</u>	<u>\$ 1,136,274,885</u>	<u>\$ 1,136,661,111</u>	<u>\$ 24,865,340</u>
Liabilities				
Due to others	\$ 25,251,566	\$ 1,136,274,885	\$ 1,136,661,111	\$ 24,865,340
Total liabilities	<u>\$ 25,251,566</u>	<u>\$ 1,136,274,885</u>	<u>\$ 1,136,661,111</u>	<u>\$ 24,865,340</u>
LOCAL TRANSPORTATION				
	Balance	Additions	Deductions	Balance
	July 1, 2014			June 30, 2015
Assets				
Cash and investments	\$ 11,710,390	\$ 18,788,310	\$ 14,656,985	\$ 15,841,715
Total assets	<u>\$ 11,710,390</u>	<u>\$ 18,788,310</u>	<u>\$ 14,656,985</u>	<u>\$ 15,841,715</u>
Liabilities				
Due to others	\$ 11,710,390	\$ 18,788,310	\$ 14,656,985	\$ 15,841,715
Total liabilities	<u>\$ 11,710,390</u>	<u>\$ 18,788,310</u>	<u>\$ 14,656,985</u>	<u>\$ 15,841,715</u>
ALL OTHER AGENCY FUNDS				
	Balance	Additions	Deductions	Balance
	July 1, 2014			June 30, 2015
Assets				
Cash and investments	\$ 34,889,041	\$ 19,849,330	\$ 9,180,237	\$ 45,558,134
Total assets	<u>\$ 34,889,041</u>	<u>\$ 19,849,330</u>	<u>\$ 9,180,237</u>	<u>\$ 45,558,134</u>
Liabilities				
Due to others	\$ 34,889,041	\$ 19,849,330	\$ 9,180,237	\$ 45,558,134
Total liabilities	<u>\$ 34,889,041</u>	<u>\$ 19,849,330</u>	<u>\$ 9,180,237</u>	<u>\$ 45,558,134</u>
TOTAL - ALL AGENCY FUNDS				
	Balance	Additions	Deductions	Balance
	July 1, 2014			June 30, 2015
Assets				
Cash and investments	\$ 46,599,431	\$ 586,904,288	\$ 571,219,955	\$ 62,283,764
Property taxes receivable	25,251,566	588,008,237	589,278,378	23,981,425
Total assets	<u>\$ 71,850,997</u>	<u>\$ 1,174,912,525</u>	<u>\$ 1,160,498,333</u>	<u>\$ 86,265,189</u>
Liabilities				
Due to others	\$ 71,850,997	\$ 1,174,912,525	\$ 1,160,498,333	\$ 86,265,189
Total liabilities	<u>\$ 71,850,997</u>	<u>\$ 1,174,912,525</u>	<u>\$ 1,160,498,333</u>	<u>\$ 86,265,189</u>



STATISTICAL SECTION

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends Information <i>These schedules contain trend information to help the reader understand how the County’s financial performance and well-being have changed over time.</i>	128
Revenue Capacity Information <i>These schedules contain information to help the reader assess the County’s most significant local revenue source, the property tax.</i>	136
Debt Capacity Information <i>These schedules present information to help the reader assess the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future.</i>	140
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the County’s financial activities take place.</i>	144
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the County’s financial report relates to the services the County provides and the activities it performs.</i>	146

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

	Fiscal Year				
	2015	2014	2013	2012	2011
Governmental activities					
Net investment in capital assets	\$ 462,894,048	\$ 451,748,610	\$ 408,961,062	\$ 380,366,107	\$ 364,775,065
Restricted	122,151,480	120,830,163	133,820,602	117,783,378	84,063,560
Unrestricted	(284,103,120)	194,952,606	186,237,045	170,013,282	174,821,311
Total governmental activities net position	<u>\$ 300,942,408</u>	<u>\$ 767,531,379</u>	<u>\$ 729,018,709</u>	<u>\$ 668,162,767</u>	<u>\$ 623,659,936</u>
Business-type activities					
Net investment in capital assets	13,786,608	14,944,288	15,397,568	18,601,811	\$ 19,226,808
Unrestricted	(125,922)	(2,133,423)	(2,485,608)	(2,443,915)	(2,701,490)
Total business-type activities net position	<u>\$ 13,660,686</u>	<u>\$ 12,810,865</u>	<u>\$ 12,911,960</u>	<u>\$ 16,157,896</u>	<u>\$ 16,525,318</u>
Primary government					
Net investment in capital assets	\$ 476,680,656	\$ 466,692,898	\$ 424,358,630	\$ 398,967,918	\$ 384,001,873
Restricted	122,151,480	120,830,163	133,820,602	117,783,378 ¹	84,063,560
Unrestricted	(284,229,042) ²	192,819,183	183,751,437	167,569,367	172,119,821
Total primary government net position	<u>\$ 314,603,094</u>	<u>\$ 780,342,244</u>	<u>\$ 741,930,669</u>	<u>\$ 684,320,663</u>	<u>\$ 640,185,254</u>

¹ Includes restriction of governmental activities net position for the restatement of \$22.7 million of MHSA (Mental Health Services Act) funds.

² Includes the restatement of \$505 million (reduction) as a result of GASB 68 implementation.

Source: Audited Financial Statements

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

Fiscal Year					
2010	2009	2008	2007	2006	
					Governmental activities
\$ 366,707,988	\$ 338,045,459	\$ 306,156,899	\$ 290,318,976	\$ 273,169,996	Net investment in capital assets
49,100,180	66,684,155	72,516,573	70,229,693	67,227,824	Restricted
208,557,054	223,968,696	257,528,047	251,684,500	218,470,331	Unrestricted
<u>\$ 624,365,222</u>	<u>\$ 628,698,310</u>	<u>\$ 636,201,519</u>	<u>\$ 612,233,169</u>	<u>\$ 558,868,151</u>	Total governmental activities net position
					Business-type activities
\$ 19,827,763	\$ 20,389,570	\$ 20,790,532	\$ 14,896,619	\$ 11,809,809	Net investment in capital assets
(4,064,292)	(3,673,335)	(5,570,038)	(1,441,992)	(2,847,845)	Unrestricted
<u>\$ 15,763,471</u>	<u>\$ 16,716,235</u>	<u>\$ 15,220,494</u>	<u>\$ 13,454,627</u>	<u>\$ 8,961,964</u>	Total business-type activities net position
					Primary government
\$ 386,535,751	\$ 358,435,029	\$ 326,947,431	\$ 305,215,595	\$ 284,979,805	Net investment in capital assets
49,100,180	66,684,155	72,516,573	70,229,693	67,227,824	Restricted
204,492,762	220,295,361	251,958,009	250,242,508	215,622,486	Unrestricted
<u>\$ 640,128,693</u>	<u>\$ 645,414,545</u>	<u>\$ 651,422,013</u>	<u>\$ 625,687,796</u>	<u>\$ 567,830,115</u>	Total primary government net position

Source: Audited Financial Statements

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

	Fiscal Year				
	2015	2014	2013	2012	2011
Expenses					
Governmental activities:					
General government	\$ 59,188,293	\$ 60,861,259	\$ 58,013,267	\$ 56,978,971	\$ 62,456,530
Public protection	181,113,757	175,087,740	161,558,477	158,553,975	157,078,830
Public ways and facilities	12,830,930	13,212,138	13,024,689	15,182,777	12,760,561
Health services	119,305,842	111,915,241	111,863,567	110,120,877	108,700,791
Public assistance	143,509,809	138,041,533	133,282,542	133,556,741	144,667,818
Education and recreation	16,465,853	16,863,034	15,932,037	16,783,519	17,739,331
Interest /Principal on long-term debt	7,903,533	8,240,086	9,071,006	9,528,897	10,186,688
Total governmental activities expenses	<u>540,318,017</u>	<u>524,221,031</u>	<u>502,745,585</u>	<u>500,705,757</u>	<u>513,590,549</u>
Business-type activities:					
Nut Tree Airport	1,795,347	2,245,311	2,292,965	1,609,696	1,817,231
Fouts Springs Youth Facility	-	-	-	635,756	4,073,152
Total business-type activities expenses	<u>1,795,347</u>	<u>2,245,311</u>	<u>2,292,965</u>	<u>2,245,452</u>	<u>5,890,383</u>
Total primary government expenses	<u>\$ 542,113,364</u>	<u>\$ 526,466,342</u>	<u>\$ 505,038,550</u>	<u>\$ 502,951,209</u>	<u>\$ 519,480,932</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 23,573,785	\$ 21,330,435	\$ 22,872,816	\$ 21,363,951	\$ 22,521,426
Public protection	23,718,639	21,607,698	20,884,186	20,122,142	20,203,371
Public ways and facilities	1,047,009	893,177	2,129,249	1,769,591	1,191,080
Health services	19,982,063	16,916,414	18,245,926	22,441,636	21,718,347
Public assistance	777,973	823,854	990,625	860,217	1,193,714
Education and recreation	4,728,478	4,353,801	4,884,617	5,277,053	5,223,005
Operating grants and contributions	327,406,268	300,219,598	303,110,940	287,589,862	290,072,372
Capital grants and contributions	10,087,170	40,408,651	31,331,388	4,286,121	3,165,238
Total governmental activities program revenues	<u>411,321,385</u>	<u>406,553,628</u>	<u>404,449,747</u>	<u>363,710,573</u>	<u>365,288,553</u>
Business-type activities:					
Charges for services:					
Nut Tree Airport	1,155,025	1,779,109	1,141,484	477,917	525,217
Fouts Springs Youth Facility	-	-	-	400,353	3,126,145
Operating grants and contributions	26,641	-	10,000	165,321	540,479
Capital grants and contributions	873,344	-	-	-	2,098,493
Total business-type activities	<u>2,055,010</u>	<u>1,779,109</u>	<u>1,151,484</u>	<u>1,043,591</u>	<u>6,290,334</u>
Total primary government program revenues	<u>\$ 413,376,395</u>	<u>\$ 408,332,737</u>	<u>\$ 405,601,231</u>	<u>\$ 364,754,164</u>	<u>\$ 371,578,887</u>
Net (Expenses)/Revenue					
Governmental activities	\$ (128,996,632)	\$ (117,667,403)	\$ (98,295,838)	\$ (136,995,184)	\$ (148,301,996)
Business-type activities	259,663	(466,202)	(1,141,481)	(1,201,861)	399,951
Total primary government net expenses	<u>\$ (128,736,969)</u>	<u>\$ (118,133,605)</u>	<u>\$ (99,437,319)</u>	<u>\$ (138,197,045)</u>	<u>\$ (147,902,045)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes ^{1,2}	144,946,469	\$ 132,737,838	\$ 124,547,765	\$ 116,937,628	\$ 109,322,638
Sales and use tax	1,874,065	2,072,728	2,136,820	1,851,294	1,203,681
Property transfer tax	3,649,100	1,930,684	1,792,160	1,622,877	1,490,597
Intergovernmental not restricted for specific programs ^{1,2}	1,877,564	1,923,733	13,291,297	12,120,126	23,601,639
Interest & investment earnings	1,514,552	1,580,598	692,890	1,525,567	1,926,203
Proceeds from sale of tobacco settlement revenues	-	-	-	-	-
Other	13,032,983	15,388,819	15,805,088	16,125,278	18,716,998
Gain on sale of capital assets	173,424	532,534	506,147	115,259	-
Extraordinary item	-	-	-	8,809,741	(8,809,741)
Transfers	13,504	13,139	2,542,601	(432,279)	144,695
Total governmental activities	<u>167,081,661</u>	<u>156,180,073</u>	<u>161,314,768</u>	<u>158,675,491</u>	<u>147,596,710</u>
Business-type activities:					
Property taxes	344,987	313,311	292,366	265,191	239,913
Sales and use tax	5,125	-	-	-	-
Intergovernmental not restricted to specific programs	3,667	77,445	42,879	27,214	48,430
Interest & investment earnings	69,818	(12,510)	1,131	(1,778)	453
Other	463,606	-	101,770	107,233	217,795
Gain on sale of capital assets	84,986	-	-	4,300	-
Transfers	(13,504)	(13,139)	(2,542,601)	432,279	(144,695)
Total business-type activities	<u>958,685</u>	<u>365,107</u>	<u>(2,104,455)</u>	<u>834,439</u>	<u>361,896</u>
Total primary government	<u>\$ 168,040,346</u>	<u>\$ 156,545,180</u>	<u>\$ 159,210,313</u>	<u>\$ 159,509,930</u>	<u>\$ 147,958,606</u>
Change in net position					
Governmental activities	\$ 38,085,029	\$ 38,512,670	\$ 63,018,930	\$ 21,680,307	\$ (705,286)
Business-type activities	1,218,348	(101,095)	(3,245,936)	(367,422)	761,847
Total primary government	<u>\$ 39,303,377</u>	<u>\$ 38,411,575</u>	<u>\$ 59,772,994</u>	<u>\$ 21,312,885</u>	<u>\$ 56,561</u>

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

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

Source: Audited Financial Statements

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

		Fiscal Year					
2010	2009	2008	2007	2006			
\$ 62,720,766	\$ 68,697,921	\$ 66,076,091	\$ 53,610,176	\$ 56,558,886	Expenses		
164,196,516	175,498,575	167,025,179	152,135,516	145,029,057	Governmental activities:		
12,148,729	12,765,552	13,749,283	12,524,903	14,258,190	General government		
104,435,728	106,791,512	106,905,228	101,162,646	98,074,826	Public protection		
140,870,819	144,896,972	140,654,444	132,795,943	130,957,165	Public ways and facilities		
19,241,131	21,109,579	21,958,611	21,241,168	19,140,185	Health services		
11,038,872	12,124,643	13,010,423	12,781,989	12,848,298	Public assistance		
514,652,561	541,884,754	529,379,259	486,252,341	476,866,607	Education and recreation		
					Interest /Principal on long-term debt		
					Total governmental activities expenses		
2,531,275	2,241,236	2,022,955	1,639,976	1,592,100	Business-type activities:		
3,888,424	3,713,188	3,649,876	3,398,461	3,301,242	Nut Tree Airport		
6,419,699	5,954,424	5,672,831	5,038,437	4,893,342	Fouts Springs Youth Facility		
\$ 521,072,260	\$ 547,839,178	\$ 535,052,090	\$ 491,290,778	\$ 481,759,949	Total business-type activities expenses		
					Total primary government expenses		
					Program Revenues		
					Governmental activities:		
\$ 24,664,412	\$ 28,899,543	\$ 26,780,958	\$ 31,241,019	\$ 32,187,356	Charges for services:		
18,382,235	19,694,270	19,913,381	21,567,229	23,935,472	General government		
1,081,929	1,223,163	1,507,009	1,595,475	2,059,559	Public protection		
18,236,407	16,130,208	17,499,502	12,367,246	14,788,760	Public ways and facilities		
987,213	839,430	810,422	736,622	813,877	Health services		
5,154,002	5,753,093	6,231,823	5,502,044	5,989,917	Public assistance		
264,136,077	281,259,235	295,815,325	288,680,255	278,885,706	Education and recreation		
14,076,600	6,303,034	-	-	-	Operating grants and contributions		
346,718,875	360,101,976	368,558,420	361,689,890	358,660,647	Capital grants and contributions		
					Total governmental activities program revenues		
					Business-type activities		
1,277,477	1,292,875	1,141,736	949,070	995,659	Charges for services:		
3,310,703	3,203,533	3,184,236	3,081,184	2,346,732	Nut Tree Airport		
548,965	528,000	540,360	648,139	748,146	Fouts Springs Youth Facility		
-	2,189,182	2,296,465	2,918,130	280,415	Operating grants and contributions		
5,137,145	7,213,590	7,162,797	7,596,523	4,370,952	Capital grants and contributions		
\$ 351,856,020	\$ 367,315,566	\$ 375,721,217	\$ 369,286,413	\$ 363,031,599	Total business-type activities		
					Total primary government program revenues		
\$ (167,933,686)	\$ (181,782,778)	\$ (160,820,839)	\$ (124,562,451)	\$ (118,205,960)	Net (Expenses)/Revenue		
(1,282,554)	1,259,166	1,489,966	2,558,086	(522,390)	Governmental activities		
\$ (169,216,240)	\$ (180,523,612)	\$ (159,330,873)	\$ (122,004,365)	\$ (118,728,350)	Business-type activities		
					Total primary government net expenses		
					General Revenues and Other Changes in Net Position		
					Governmental activities:		
\$ 112,720,861	\$ 124,364,351	\$ 129,866,189	\$ 121,438,731	\$ 113,372,286	Property taxes ^{1,2}		
3,802,198	4,277,127	2,338,436	2,115,430	2,439,283	Sales and use tax		
1,652,158	1,730,179	1,708,439	3,413,296	4,850,753	Property transfer tax		
					Intergovernmental not restricted		
20,607,668	22,666,383	22,701,977	20,122,940	17,112,250	for specific programs ^{1,2}		
2,744,934	5,729,000	13,477,706	14,671,265	8,998,933	Interest & investment earnings		
-	-	-	-	17,397,252	Proceeds from sale of tobacco settlement revenues		
19,692,717	16,497,109	14,487,535	17,339,503	12,236,879	Other		
37,694	229,676	-	233,932	-	Gain on sale of capital assets		
-	-	-	-	-	Extraordinary item		
93,446	163,667	208,907	(1,407,628)	86,047	Transfers		
161,351,676	175,657,492	184,789,189	177,927,469	176,493,683	Total governmental activities		
246,828	273,693	287,733	270,370	258,855	Business-type activities:		
-	-	-	-	-	Property taxes		
					Sales and use tax		
50,857	54,693	54,251	47,008	40,679	Intergovernmental not restricted		
1,168	8,138	22,835	27,837	(39,227)	for specific programs		
109,083	63,418	119,989	181,734	53,933	Interest & investment earnings		
15,300	300	-	-	-	Other		
(93,446)	(163,667)	(208,907)	1,407,628	(86,047)	Gain on sale of capital assets		
329,790	236,575	275,901	1,934,577	228,193	Transfers		
\$ 161,681,466	\$ 175,894,067	\$ 185,065,090	\$ 179,862,046	\$ 176,721,876	Total business-type activities		
					Total primary government		
\$ (6,582,010)	\$ (6,125,286)	\$ 23,968,350	\$ 53,365,018	\$ 58,287,723	Change in net position		
(952,764)	1,495,741	1,765,867	4,492,663	(294,197)	Governmental activities		
\$ (7,534,774)	\$ (4,629,545)	\$ 25,734,217	\$ 57,857,681	\$ 57,993,526	Business-type activities		
					Total primary government		

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

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

Source: Audited Financial Statements

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

	Fiscal Year				
	2015	2014	2013	2012	2011 ¹
General Fund					
Nonspendable	\$ 22,924,625	\$ 25,120,243	\$ 28,688,741	\$ 28,132,718	\$ 26,693,402
Committed	-	-	-	-	6,939,235
Assigned	71,430,601	60,823,273	56,772,645	52,648,041	44,755,155
Unassigned	56,380,489	48,155,310	46,984,508	38,838,327	35,958,787
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total General Fund	<u>150,735,715</u>	<u>134,098,826</u>	<u>132,445,894</u>	<u>119,619,086</u>	<u>114,346,579</u>
All Other Governmental Funds					
Nonspendable	500,195	291,228	782,082	1,336,399	210,939
Restricted	109,340,358	114,002,959	121,555,423	105,372,056 ²	77,133,751
Committed	50,366	55,605	55,668	130,470	-
Assigned	10,932,739	11,834,335	10,755,939	8,458,102	22,939,415
Unassigned	(7,911,731)	(10,327,470)	(10,851,741)	(9,480,728)	(8,999,065)
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total all other governmental funds	<u>112,911,927</u>	<u>115,856,657</u>	<u>122,297,371</u>	<u>105,816,299</u>	<u>91,285,040</u>
Total Governmental Funds	<u>\$ 263,647,642</u>	<u>\$ 249,955,483</u>	<u>\$ 254,743,265</u>	<u>\$ 225,435,385</u>	<u>\$ 205,631,619</u>

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

² Includes restriction of governmental funds for the restatement of \$22.7 million of MHSA (Mental Health Services Act) funds.

Source: Audited Financial Statements

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

		Fiscal Year					
2010	2009	2008	2007	2006			
\$ -	\$ -	\$ -	\$ -	\$ -	-	General Fund	
-	-	-	-	-	-	Nonspendable	
-	-	-	-	-	-	Committed	
-	-	-	-	-	-	Assigned	
-	-	-	-	-	-	Unassigned	
32,155,440	6,909,142	9,591,064	4,150,844	3,575,776	-	Reserved	
72,033,076	101,068,378	111,054,606	117,465,640	88,104,809	-	Unreserved	
<u>104,188,516</u>	<u>107,977,520</u>	<u>120,645,670</u>	<u>121,616,484</u>	<u>91,680,585</u>	-	Total General Fund	
All Other Governmental Funds							
-	-	-	-	-	-	Nonspendable	
-	-	-	-	-	-	Restricted	
-	-	-	-	-	-	Committed	
-	-	-	-	-	-	Assigned	
-	-	-	-	-	-	Unassigned	
55,243,886	65,271,318	56,504,466	91,344,253	34,558,867	-	Reserved	
Unreserved, reported in:							
58,798,913	76,053,180	76,665,059	75,946,573	133,282,448	-	Special revenue funds	
2,449,680	6,261,034	55,852,298	13,049,077	15,255,723	-	Capital projects funds	
(14,940,959)	(10,437,736)	-	-	-	-	Debt service funds	
<u>101,551,520</u>	<u>137,147,796</u>	<u>189,021,823</u>	<u>180,339,903</u>	<u>183,097,038</u>	-	Total all other governmental funds	
<u>\$ 205,740,036</u>	<u>\$ 245,125,316</u>	<u>\$ 309,667,493</u>	<u>\$ 301,956,387</u>	<u>\$ 274,777,623</u>	-	Total Governmental Funds	

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

² Includes restriction of governmental funds for the restatement of \$22.7 million of MHSA (Mental Health Services Act) funds.

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				
	2015	2014	2013	2012	2011
Revenues					
Taxes ^{1,2}	\$ 154,803,301	\$ 141,480,199	\$ 132,951,338	\$ 124,191,293	\$ 116,385,423
Licenses, permits and franchises	6,918,658	6,645,857	6,614,052	6,761,316	6,580,255
Fines, forfeitures and penalties	4,657,052	4,544,687	4,345,235	3,856,956	4,146,885
Use of money and property	2,245,536	2,317,618	1,447,711	2,237,164	2,542,856
Intergovernmental ^{1,2}	332,852,098	341,824,163	342,485,211	295,317,970	309,499,470
Charges for services	85,590,180	74,868,262	80,035,651	82,663,958	89,632,816
Miscellaneous	11,334,290	13,743,165	14,113,078	15,087,609	17,068,861
Total revenues	<u>598,401,115</u>	<u>585,423,951</u>	<u>581,992,276</u>	<u>530,116,266</u>	<u>545,856,566</u>
Expenditures					
General government	55,248,628	56,452,888	52,761,722	51,734,638	55,690,156
Public protection	186,219,711	176,068,476	163,116,516	161,424,508	162,891,649
Public ways and facilities	9,537,130	9,576,875	8,910,754	11,085,389	9,619,806
Health services	123,563,230	113,485,686	114,501,766	113,838,461	112,350,121
Public assistance	147,077,648	138,779,333	134,536,688	135,210,563	146,596,884
Education and recreation	17,539,688	17,026,116	16,052,937	16,940,619	18,828,034
Debt service:					
Principal	12,110,000	13,006,530	13,770,731	13,356,531	8,663,794
Interest and other charges	7,941,874	8,590,661	9,107,362	9,724,218	10,227,822
Debt issuance cost	-	-	-	-	25,590
Capital outlay	25,673,405	58,333,218	46,057,154	28,929,685	13,007,061
Total expenditures	<u>584,911,314</u>	<u>591,319,783</u>	<u>558,815,630</u>	<u>542,244,612</u>	<u>537,900,917</u>
Excess of revenues over (under) expenditures	<u>13,489,801</u>	<u>(5,895,832)</u>	<u>23,176,646</u>	<u>(12,128,346)</u>	<u>7,955,649</u>
Other Financing Sources (Uses)					
Payment to refunded bond escrow agent	-	-	-	-	(10,000,000)
Proceeds from refunding bonds issued	-	-	-	-	10,000,000
Proceeds from sale of tobacco settlement revenues	-	-	-	-	-
Debt proceeds	-	-	5,420,000	-	-
Premium on debt	-	-	-	-	-
Transfers in	133,092,548	133,504,312	123,964,225	125,753,015	148,145,491
Transfers out	(133,107,304)	(132,857,615)	(123,747,059)	(125,886,468)	(147,627,772)
Sale of capital assets	217,114	461,353	494,068	433,300	227,956
Total other financing sources (uses)	<u>202,358</u>	<u>1,108,050</u>	<u>6,131,234</u>	<u>299,847</u>	<u>745,675</u>
Extraordinary Item					
Amount to be paid to State of California per AB99	-	-	-	8,809,741	(8,809,741)
Net change in fund balances	<u>\$ 13,692,159</u>	<u>\$ (4,787,782)</u>	<u>\$ 29,307,880</u>	<u>\$ (3,018,758)</u>	<u>\$ (108,417)</u>
Debt service as a percentage of noncapital expenditures	3.59%	4.05%	4.46%	4.50%	3.60%

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

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

Source: Audited Financial Statements

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

		Fiscal Year					
2010	2009	2008	2007	2006			
						Revenues	
\$ 121,801,475	\$ 134,613,147	\$ 138,987,233	\$ 132,730,738	\$ 126,709,867	Taxes ^{1,2}		
5,763,943	6,690,257	6,180,001	6,758,843	7,260,201	Licenses, permits and franchises		
4,883,821	4,772,315	5,458,554	5,870,027	7,389,580	Fines, forfeitures and penalties		
3,419,568	5,917,139	13,022,335	14,115,648	9,038,296	Use of money and property		
297,119,249	301,278,100	312,049,066	299,974,644	289,299,129	Intergovernmental ^{1,2}		
86,456,048	79,371,133	77,340,255	75,908,930	79,239,520	Charges for services		
17,617,361	15,087,909	12,457,166	15,709,000	10,364,009	Miscellaneous		
<u>537,061,465</u>	<u>547,730,000</u>	<u>565,494,610</u>	<u>551,067,830</u>	<u>529,300,602</u>	Total revenues		
						Expenditures	
57,522,204	60,531,698	57,450,491	49,616,574	58,726,098	General government		
170,823,420	178,454,399	170,321,250	162,742,367	169,226,372	Public protection		
9,170,245	9,380,649	9,925,757	9,664,948	11,838,586	Public ways and facilities		
108,637,073	107,488,354	107,707,061	103,618,977	106,548,470	Health services		
144,765,442	146,364,841	141,943,318	135,117,611	142,105,049	Public assistance		
20,215,842	21,482,110	22,292,796	22,087,999	21,363,419	Education and recreation		
						Debt service:	
12,465,882	39,691,364	11,685,419	11,080,862	16,689,194	Principal		
11,266,372	12,870,803	13,171,464	12,405,119	12,321,580	Interest and other charges		
254,727	-	-	1,650,505	646,905	Debt issuance cost		
41,366,813	37,841,019	22,992,641	16,423,879	13,068,467	Capital outlay		
<u>576,488,020</u>	<u>614,105,237</u>	<u>557,490,197</u>	<u>524,408,841</u>	<u>552,534,140</u>	Total expenditures		
<u>(39,426,555)</u>	<u>(66,375,237)</u>	<u>8,004,413</u>	<u>26,658,989</u>	<u>(23,233,538)</u>	Excess of revenues over (under) expenditures		
						Other Financing Sources (Uses)	
(17,970,000)	-	-	(100,769,924)	-	Payment to refunded bond escrow agent		
16,745,000	-	-	99,860,000	-	Proceeds from refunding bonds issued		
-	-	-	-	17,397,252	Proceeds from sale of tobacco settlement revenues		
-	1,385,806	1,023,891	-	42,385,000	Debt proceeds		
889,673	-	-	2,568,489	-	Premium on debt		
165,741,868	223,869,357	169,578,877	140,741,691	131,966,707	Transfers in		
(165,502,698)	(223,394,950)	(171,010,215)	(142,086,480)	(132,032,827)	Transfers out		
137,432	130,957	114,140	205,999	63,241	Sale of capital assets		
<u>41,275</u>	<u>1,991,170</u>	<u>(293,307)</u>	<u>519,775</u>	<u>59,779,373</u>	Total other financing sources (uses)		
						Extraordinary Item	
-	-	-	-	-	Amount to be paid to State of California per AB99		
<u>\$ (39,385,280)</u>	<u>\$ (64,384,067)</u>	<u>\$ 7,711,106</u>	<u>\$ 27,178,764</u>	<u>\$ 36,545,835</u>	Net change in fund balances		
4.43%	9.12%	4.65%	4.62%	5.38%	Debt service as a percentage of noncapital expenditures		

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

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

Source: Audited Financial Statements

COUNTY OF SOLANO, CALIFORNIA
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				
2015	\$ 33,240,963,785	\$ 4,705,824,430	\$ 5,147,972,000	\$ 3,081,166,864	\$ 2,895,054,631	\$ (3,047,691,368)	46,023,290,342	1.000000
2014	31,105,277,632	4,513,574,970	5,211,536,512	2,904,002,639	2,949,568,640	(2,961,001,719)	43,722,958,674	1.000000
2013	27,924,160,679	4,454,559,076	5,238,663,904	2,851,420,457	3,034,034,729	(2,909,789,364)	40,593,049,481	1.000000
2012	25,406,736,940	4,391,896,802	5,221,209,453	2,882,813,020	2,602,009,561	(1,705,033,678)	38,799,632,098	1.000000
2011	26,431,821,835	4,437,102,001	5,436,513,066	2,816,813,953	2,357,649,133	(2,835,879,182)	38,644,020,806	1.000000
2010	27,075,951,692	4,508,746,880	5,168,402,363	2,843,365,829	2,327,189,005	(2,666,710,367)	39,256,945,402	1.000000
2009	28,395,282,085	4,580,407,775	5,288,088,227	2,820,224,711	2,393,310,544	(2,604,270,423)	40,873,042,919	1.000000
2008	33,516,047,975	4,458,259,827	5,137,584,301	2,515,019,359	1,948,949,721	(2,257,758,318)	45,318,102,865	1.000000
2007	34,906,817,027	4,141,589,706	4,555,284,699	2,147,909,474	1,940,449,367	(2,003,357,049)	45,688,693,224	1.000000
2006	31,908,618,677	3,658,979,117	4,058,927,403	1,756,602,406	1,776,148,772	(1,614,923,088)	41,544,353,287	1.000000

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

Source: County of Solano - Assessor's Office

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

Fiscal Year	County Direct Rates (1)	Overlapping Rates (1)			Total
	Countywide Tax	Local Special Districts	Schools	Cities	
2015	1.000000	1.806519	0.634907	0.042645	3.484071
2014	1.000000	1.809495	0.608805	0.044218	3.462518
2013	1.000000	1.755450	0.480833	0.041346	3.277629
2012	1.000000	1.731065	0.618556	0.054277	3.403898
2011	1.000000	1.730896	0.561446	0.053492	3.345834
2010	1.000000	2.405334	0.501169	0.052144	3.958647
2009	1.000000	2.074797	0.461648	0.047902	3.584347
2008	1.000000	2.074750	0.392148	0.049006	3.515904
2007	1.000000	1.676970	0.477510	0.051024	3.205504
2006	1.000000	1.670438	0.450651	0.051243	3.172332

Note:

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

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

COUNTY OF SOLANO, CALIFORNIA
Principal Property Tax Payers
June 30, 2015 and June 30, 2006

Taxpayer	June 30, 2015			June 30, 2006		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Valero Refining Company - Calif	\$ 964,850,981	1	2.10%	\$ 965,527,119	1	2.32%
Genentech Inc	961,395,370	2	2.09%	344,496,548	3	0.83%
Pacific Gas & Electric Company	636,056,531	3	1.38%	352,080,731	2	0.85%
Anheuser-Busch, Inc.	263,688,726	4	0.57%	299,713,814	4	0.72%
Shiloh Wind Project II, LLC	243,172,182	5	0.53%	-		
Solano 3 Wind, LLC	231,511,097	6	0.50%	-		
Shiloh III Wind Project	190,900,074	7	0.41%	-		
Star-West Solano, LLC	177,391,956	8	0.39%	-		
Shiloh IV Wind Project, LLC	140,873,326	9	0.31%	-		
California Northern Railroad	134,851,382	10	0.29%	129,455,026	8	0.31%
Alza Corporation	-			132,087,412	7	0.32%
Calwest Industrial Holdings	-			80,734,856	10	0.19%
High Winds LLC	-			168,425,559	5	0.41%
Pacific Bell	-			157,201,089	6	0.38%
Solano Mall, LLC	-			92,553,418	9	0.22%
Totals	\$ 3,944,691,625		8.58%	\$ 2,722,275,572		6.55%

Sources: County of Solano Assessor-Recorder's Office and County CAFR 2006

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

Fiscal Year	Original Levy	Adjustments	Adjusted Levy ¹	Collected in First Period		Collections in Subsequent Periods	Total Collections	
				Amount	% of Original Levy		Amount	% of Adjusted Levy
2015	\$ 487,553,003	\$ (1,438,301)	\$ 486,114,702	\$ 480,455,988	98.5%	\$ -	\$ 480,455,988	98.8%
2014	441,007,173	(2,078,099)	438,929,074	433,568,088	98.3%	2,830,574	436,398,662	99.4%
2013	410,157,511	(2,667,716)	407,489,795	400,877,231	97.7%	4,285,467	405,162,698	99.4%
2012	422,207,151	(2,300,013)	419,907,138	412,665,682	97.7%	6,311,186	418,976,868	99.8%
2011	429,379,973	(796,607)	428,583,366	418,950,465	97.6%	8,670,100	427,620,565	99.8%
2010	443,248,555	(4,373,461)	438,875,094	426,044,998	96.1%	12,300,230	438,345,228	99.9%
2009	494,946,065	(4,657,605)	490,288,460	466,126,504	94.2%	22,913,036	489,039,540	99.7%
2008	507,245,315	(1,724,398)	505,520,917	472,447,183	93.1%	33,761,541	506,208,724	100.1%
2007	477,498,909	(3,571,496)	473,927,413	449,992,917	94.2%	25,013,746	475,006,663	100.2%
2006	429,891,175	(799,515)	429,091,660	413,880,171	96.3%	13,927,211	427,807,382	99.7%

* Reporting documentation not available.

¹ Adjusted Levy data does not reflect adjustments for subsequent years; report detailing subsequent adjustments to levy is not available.

As a result, % of collection to the Adjusted Levy will go beyond 100% in some years as County receives additional collections.

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				
	2015	2014	2013	2012	2011
Governmental Activities					
Notes payable	\$ 1,031,823	\$ 1,039,756	\$ 1,047,689	\$ 1,055,622	\$ 1,023,890
Capital leases	-	-	81,530	302,261	513,792
Certificates of participation	105,613,538	111,805,931	117,608,322	117,765,005	120,868,119
Pension obligation bonds	47,810,000	53,945,000	61,285,000	69,630,000	77,805,000
Business-Type Activities					
Notes payable	-	-	-	-	-
Total primary government	<u>\$ 154,455,361</u>	<u>\$ 166,790,687</u>	<u>\$ 180,022,541</u>	<u>\$ 188,752,888</u>	<u>\$ 200,210,801</u>
Percentage of Personal Income ¹	0.80%	0.90%	1.00%	1.06%	1.21%
Percentage of Actual Value of Taxable Property ²	0.34%	0.38%	0.44%	0.49%	0.52%
Per Capita ¹	\$ 359.57	\$ 392.29	\$ 430.28	\$ 456.16	\$ 484.03

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

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

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

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

Source: Audited Financial Statements

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

Fiscal Year						
2010	2009	2008	2007	2006		
						Governmental Activities
\$ 1,023,890	\$ 1,023,890	\$ 1,171,043 ³	\$ 11,864,718	\$ 13,356,468		Notes payable
1,122,586	1,303,468	16,874	28,968	88,080		Capital leases
125,852,804	130,649,735	138,013,241	142,576,213	146,692,575		Certificates of participation
81,105,000	88,830,000	121,020,000	127,805,000	133,195,000		Pension obligation bonds
						Business-Type Activities
39,297	94,854	149,853	200,965	247,631		Notes payable
<u>\$ 209,143,577</u>	<u>\$ 221,901,947</u>	<u>\$ 260,371,011</u>	<u>\$ 282,475,864</u>	<u>\$ 293,579,754</u>		Total primary government
1.33%	1.40%	1.62%	1.81%	1.97%		Percentage of Personal Income ¹
0.53%	0.54%	0.57%	0.62%	0.71%		Percentage of Actual Value of Taxable Property ²
\$ 506.13	\$ 537.96	\$ 630.18	\$ 684.56	\$ 713.70		Per Capita ¹

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

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

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

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

Source: Audited Financial Statements

COUNTY OF SOLANO, CALIFORNIA
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	(1) Total Gross General Obligation Bonds	Amounts Restricted for Principal Payments	Total Net General Obligation Bonds	(2) Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	(3) Population	Net Bonded Debt per Capita
2015	\$ 47,810,000	\$ 3,895,841	\$ 43,914,159	\$ 46,023,290,342	0.10%	429,552	\$ 102.23
2014	53,945,000	2,839,781	51,105,219	43,722,958,674	0.12%	425,169	120.20
2013	61,285,000	3,349,025	57,935,975	40,593,049,481	0.14%	418,387	138.47
2012	69,630,000	3,773,703	65,856,297	38,799,632,098	0.17%	413,786	159.16
2011	77,805,000	3,669,475	74,135,525	38,644,020,806	0.19%	413,635	179.23
2010	81,105,000	4,761,180	76,343,820	39,256,945,402	0.19%	413,220	184.75
2009	88,830,000	2,513,628	86,316,372	40,873,042,919	0.21%	412,488	209.26
2008	121,020,000	11,996,435	109,023,565	45,318,102,865	0.24%	413,167	263.87
2007	127,805,000	4,969,403	122,835,597	45,688,693,224	0.27%	412,636	297.69
2006	133,195,000	3,381,600	129,813,400	41,544,353,287	0.31%	411,351	315.58

¹ Pension Obligation Bonds

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

³ See the 'Demographic and Economic Statistics' table for the population figures.

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

Source: Audited Financial Statements

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

<u>Fiscal Year</u>	<u>(1)</u> <u>Assessed Value of</u> <u>Property</u>	<u>(2)</u> <u>Debt Limit, 5% of</u> <u>Assessed Value</u>	<u>(3)</u> <u>Debt Applicable</u> <u>to the Limit</u>	<u>(4)</u> <u>Legal Debt Margin</u>	<u>Total net debt</u> <u>applicable to the</u> <u>limit as a percentage</u> <u>of debt limit</u>
2015	\$ 46,023,290,342	\$ 2,301,164,517	\$ 47,810,000	\$ 2,253,354,517	2.08%
2014	43,722,958,674	2,186,147,934	53,945,000	2,132,202,934	2.47%
2013	40,593,049,481	2,029,652,474	61,285,000	1,968,367,474	3.02%
2012	38,799,632,098	1,939,981,605	69,630,000	1,870,351,605	3.59%
2011	38,644,020,806	1,932,201,040	77,805,000	1,854,396,040	4.03%
2010	39,256,945,402	1,962,847,270	81,105,000	1,881,742,270	4.13%
2009	40,873,042,919	2,043,652,146	88,830,000	1,954,822,146	4.35%
2008	45,318,102,865	2,265,905,143	121,020,000	2,144,885,143	5.34%
2007	45,688,693,224	2,284,434,661	127,805,000	2,156,629,661	5.59%
2006	41,544,353,287	2,077,217,664	133,195,000	1,944,022,664	6.41%

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 financed with general governmental resources which include POB.
- (4) The legal debt margin is the County's available borrowing authority under state finance statutes and is calculated by subtracting the debt applicable to the legal debt limit from the legal debt limit.

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

<u>Year</u> ¹	<u>Population</u> ²	<u>Personal Income</u> ³	<u>Per Capita Personal Income</u> ³	<u>Unemployment Rate</u> ⁵
2015	429,552	\$ 19,223,389,084 ⁴	\$ 44,752 ⁴	5.9%
2014	425,169	18,631,142,897 ⁴	43,821 ⁴	8.1%
2013	418,387	18,057,143,000	42,509	8.9%
2012	413,786	17,820,859,000	43,068	11.1%
2011	413,635	16,560,042,000	40,035	12.3%
2010	413,220	15,709,725,000	38,018	12.2%
2009	412,488	15,866,085,000	38,464	11.3%
2008	413,167	16,024,991,000	38,786	7.0%
2007	412,636	15,606,372,000	37,821	5.3%
2006	411,351	14,875,748,000	36,163	5.1%

Detail of estimated population, as of January 1, 2015:

Incorporated Cities

Benicia	27,689
Dixon	19,158
Fairfield	111,891
Rio Vista	8,193
Suisun City	28,888
Vacaville	94,702
Vallejo	<u>119,683</u>
Total of Incorporated	410,204
Total of Unincorporated Areas	<u>19,348</u>
Total Population	<u><u>429,552</u></u>

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, updated as of March 2014

⁴ Estimated amounts

⁵ Obtained from State of California Employment Development Department

COUNTY OF SOLANO, CALIFORNIA
Principal Employers
June 30, 2015 and June 30, 2006

Employer	June 30, 2015			June 30, 2006		
	Employees	Rank	Percentage of Total County Employment ¹	Employees	Rank	Percentage of Total County Employment ¹
Travis AFB	14,353	^{2,3} 1	7.41%	n/a	⁶	
Kaiser Permanente - Vallejo	2,937	³ 2	1.52%	2,735	⁵ 1	1.38%
Fairfield-Suisun Unified School District	2,707	³ 3	1.40%	n/a	⁶	
County of Solano	2,993	⁴ 4	1.54%	3,087	⁴	1.56%
NorthBay Healthcare System	1,982	³ 5	1.02%	1,301	2	0.66%
California Medical Facility	1,953	³ 6	1.01%	n/a	⁶	
Vallejo City Unified School District	1,600	³ 7	0.83%	n/a	⁶	
Six Flags Discovery Kingdom	1,591	³ 8	0.82%	1,200	3	0.61%
California State Prison Solano	1,300	³ 9	0.67%	n/a	⁶	
Kaiser Permanente - Vacaville	1,218	³ 10	0.63%	n/a	⁶	
Alza Corporation				700	4	0.35%
Sutter Solano Medical Center				674	5	0.34%
Westamerica Bancorporation				542	6	0.27%
Wal-Mart				523	7	0.26%
Genentech Incorporated				500	8	0.25%
Anheuser-Busch Brewery				465	9	0.23%
Albertson's Distribution Center				450	10	0.23%
Totals	<u>32,634</u>		<u>16.85%</u>	<u>12,177</u>		<u>6.14%</u>

¹ Total County employment figure-obtained from State of California Employment Development Department

² Travis AFB employment figure-consists of active USAF military personnel and civilians as of 2013

³ Employment figure from the Solano Economic Development Corporation for 2013

⁴ County of Solano employment figure-actual from Human Resources Department.

⁵ Total for locations at Fairfield, Vacaville, and Vallejo

⁶ Employment figure as of 6/30/06 not available

Sources: County of Solano, Travis AFB Website

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

	Fiscal Year				
	2015	2014	2013	2012	2011
Function/Program					
General government	239.30	235.55	230.55	227.05	250.25
Public protection	1,092.50	1,071.00	1,006.50	951.50	992.25
Public ways and facilities	64.00	61.00	60.50	61.50	63.50
Health services	492.70	486.90	455.30	421.70	460.10
Public assistance	735.65	698.75	641.55	623.30	639.00
Education and recreation	116.00	116.10	118.50	124.23	140.50
Nut Tree Airport	3.00	3.00	3.00	3.00	4.00
Fouts Springs Youth Facility	-	-	-	-	29.00
Internal service	61.60	60.60	57.60	57.00	64.00
Total	2,804.75	2,732.90	2,573.50	2,469.28	2,642.60

Source: County of Solano Adopted Budget

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

Fiscal Year					
2010	2009	2008	2007	2006	
					Function/Program
271.50	288.00	280.00	272.00	263.00	General government
1,160.00	1,243.50	1,237.00	1,194.00	1,191.50	Public protection
73.50	75.50	76.50	74.50	73.00	Public ways and facilities
477.10	520.08	520.83	532.63	483.05	Health services
674.50	711.50	713.50	720.50	738.60	Public assistance
151.23	153.73	152.23	149.73	140.23	Education and recreation
5.00	5.00	4.00	4.00	3.00	Nut Tree Airport
30.00	30.00	29.00	29.00	30.00	Fouts Springs Youth Facility
79.50	88.50	86.50	82.50	73.50	Internal service
<u>2,922.33</u>	<u>3,115.81</u>	<u>3,099.56</u>	<u>3,058.86</u>	<u>2,995.88</u>	Total

Source: County of Solano Adopted Budget

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

Function/Program	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
General government										
Clerk-Recorder-Assessor - documents recorded	121,225	110,113	147,244	133,970	131,249	122,646	110,104	119,333	172,494	213,267
Public protection										
Number of felony cases filed-District Attorney #	4,971	3,706	3,491	3,030	3,538	3,722	3,820	3,961	4,198	3,804
Number of misdemeanor cases filed-District Attorney #	5,302	4,469	4,594	5,676	9,281	8,211	10,056	11,382	9,404	7,680
Number of juvenile petitions-District Attorney #	360	396	383	534	876	1,191	1,496	1,746	1,964	1,516
Number of Bookings-Sheriff	16,143	15,410	14,578	14,628	14,767	16,323	18,485	19,629	25,415	17,780
Average Daily Population-Juvenile Hall	57	65	67	73	76	80	86	76	89	58
Average Daily Population-New Foundation	12	19	22	23	29	24	26	21	26	24
Average Intake-Juvenile Hall	53	73	100	106	133	141	175	173	180	111
Number of building permits issued	1,016	834	728	729	614	545	699	760	990	829
Public ways and facilities										
Miles of roads maintained	577	578	579	585	586	586	587	587	587	589
Health services & public assistance										
Average monthly medical clinic visits	5,419	4,897	4,492	3,700	3,886	3,641	3,348	3,259	2,757	2,331
Average monthly dental clinic visits	1,326	1,116	758	514	608	616	396	429	354	344
Average monthly food stamp recipients	43,668	42,583	41,034	39,539	37,051	33,102	27,662	22,590	20,599	18,271
Average monthly MediCal beneficiaries	111,560	85,847	74,476	68,652	67,867	65,850	62,197	59,706	57,487	57,373
Average monthly CalWorks cash assistance recipients	13,058	12,976	13,293	14,215	15,466	15,443	14,359	13,390	12,486	11,970
Average monthly General Relief recipients	722	747	899	1,018	1,128	1,141	973	792	685	651
Education and recreation										
Total circulation	2,874,919	3,132,066	3,425,895	3,700,433	3,961,868	4,101,677 *	3,794,831	3,283,812	2,951,709	2,686,203
Total circulation - SNAPweb	574,920	646,576	740,574	808,163	838,622	812,830 *	670,825	568,493	478,578	448,410
Number of library patrons	1,556,383	1,606,769	1,778,246	1,875,945	2,041,610	2,206,518	2,248,937	2,063,232	1,928,345	1,497,667
Number of parks	4	4	4	4	4	4	4	4	4	3
Number of park visitors	194,793	190,916	181,090	180,495	185,453	182,434	189,703	221,806	261,351	166,735
Nut Tree Airport										
Takeoffs and landings	104,886	102,515	101,500	101,500	100,500	104,000	102,500	102,500	105,000	101,500
Fouts Springs Youth Facility (FSYF)										
Average Daily Population	-	-	-	- ^	43	47	54	58	56	49
Internal service										
Number of Fleet Vehicles	472	458	464	468	482	480	514	502	502	507
Number of Annual Fleet Miles Driven	4,285,254	4,184,781	5,100,000	4,133,096	4,025,516	4,299,929	5,214,737	5,300,563	4,947,911	4,529,923

^{na} Information not available

Information based on calendar year

* Adjusted figures as of 6/30/11

^ No figure since FSYF closed in July 2011

Source: Various County departments

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

	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Function/Program										
General government										
Buildings	17	17	17	17	17	16	16	15	13	13
Public protection										
Sheriff sub stations	-	-	-	-	-	1	2	3	3	3
Patrol units	24	24	22	21	21	20	23	20	20	22
Jail and detention facilities	4	3	3	3	3	3	3	3	3	3
Public ways and facilities										
Miles of roads #	577	578	579	585	586	586	587	587	587	589
Health services & public assistance										
Clinics & administration buildings	6	6	7	6	6	8	6	7	7	7
Education and recreation										
Branch libraries	8	8	8	8	8	8	8	8	8	7
Veterans buildings	6	6	6	6	6	6	6	5	5	5
Public parks acreage	1,254	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259	225
Nut Tree Airport										
Number of runways	1	1	1	1	1	1	1	1	1	1
Fouts Springs Youth Facility										
Detention facilities*	-	-	-	1	1	1	1	1	1	1

^{n/a} Information not available

[#] Information based on calendar year

^{*} Fouts assets transferred to General government in 2013.

Source: Various County departments

(This page intentionally left blank)



SOLANO COUNTY

Simona Padilla-Scholtens, CPA
Auditor-Controller
675 Texas Street, Suite 2800
Fairfield, CA 94533
www.solanocounty.com