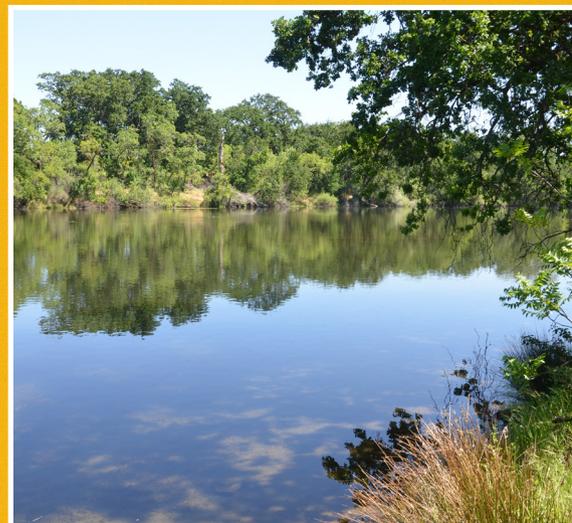


County of Solano, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016



Simona Padilla-Scholtens, CPA
Auditor-Controller



ON THE COVER: Pictured on the cover, from top to bottom:

- **Marina Boat Slips:** Located at the north end of the Downtown Marina Waterfront, close to the Mare Island Causeway are the Vallejo Marina boat slips. Residents and visitors use the slips to house watercraft for both recreation and business use. This is one of several marinas throughout the County.
- **Youth Ag Day:** More than 3,000 third graders from all over Solano County descend on to the Solano County Fairgrounds in March each year to learn about the role agriculture plays in our community. This was the 13th year of the event. A group of children gather at the Sheriff's booth to learn about horses and the Sheriff's POSSE.
- **Local Crops:** Walnuts continue to be the top crop for Solano County with a value at more than \$55 million in 2013.
- **Lake Solano:** Located at the base of the coastal foothills west of the town of Winters along the Putah Creek is Lake Solano, which offers outdoor enthusiasts a variety of recreation options, including camping, picnicking, kayaking, canoeing and much more.

County of Solano, California



Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2016

Prepared by:

Office of the Auditor-Controller

Simona Padilla-Scholtens, CPA
Auditor-Controller

County of Solano, California
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2016

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**INTRODUCTORY
SECTION**

OFFICE OF THE AUDITOR-CONTROLLER

SIMONA PADILLA-SCHOLTENS, CPA
Auditor-Controller

PHYLLIS TAYNTON, CPA
Assistant Auditor-Controller



SOLANO COUNTY

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December 27, 2016

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, 2016. 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, 2016, 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, 2016, 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 is comprised of 907 square miles, including 675 square miles of rural and farm lands, 150 square miles urban land area, including cities and unincorporated areas, and 84 square miles of delta and waterfront. 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 102.

Population and Local Economy

The County's population estimate as of May 2, 2016 was 431,498 increasing by 4,794 residents or 1.1% over 2015. The County's population ranks number 20 out of 58 California counties in terms of population size. The County population increased 4.8% between 2000 and 2010. Between 2010 and 2016, the County grew by 18,164 residents, or 4.2%. All seven cities saw growth between 2015 and 2016, with the highest growth rate in Rio Vista at 4.2%.

The population of Solano County is projected to grow to 620,659 or 49.8% 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 37.2 in 2010 to 43.1 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 2016 Property Assessment Roll (net of exemptions) of \$49.229 billion increased by 6.02 from the prior year's roll value and represents property ownership in Solano County as of January 1, 2016.

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, 2016, the Board adopted \$57.0 million in the General Fund General Reserve. This amount is above the minimum established per the policy, but less than the target of \$81.5 million. For the FY

2016/17, the Board adopted a General Fund Contingency in the amount of \$12.9 million, which is below the 10% level (\$25.3 million).

In addition, the Board established a General Fund Assigned Fund Balance for future CalPERS rate increases. As of June 30, 2016, the balance was \$6.3 million. In February 2015, the Board of Supervisors authorized the establishment of an Internal Revenue Code (IRC) Section 115 Trust to pre-fund its CalPERS future contributions. The Trust is an irrevocable trust, administered by the Public Agency Retirement Services (PARS), and is protected from creditors of the County. In July 2015, the Board of Supervisors authorized the deposit of \$20 million from the Assigned Fund Balance for future CalPERS rate increase to PARS Post-Employment Benefits Trust-Pension Account. The \$20 million is presented as General Fund Restricted Fund Balance.

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. Construction Documents were submitted to the State Fire Marshal for review in July 2016, with approval expected in December 2016. Construction is scheduled to start in late spring of 2017 and be substantially complete in late summer 2018. Upon final completion, the Project will provide training facilities to be used by the Solano County Sheriff to support and provide a comprehensive array of rehabilitation/reentry programs to adult offenders.

Three Campus Master Plan Updates in Fairfield - In May 2015, the Board of Supervisors approved a contract to provide comprehensive master planning for three County campuses in Fairfield: Downtown Government Center Campus, Claybank Campus, and the Solano Business Park Campus. The master plan process will result in 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 planning process was completed in May 2016. Preliminary financial and funding analyses are underway with a presentation to the Board of Supervisors scheduled in February 2017.

Rio Vista Veterans Memorial Hall Improvement Project - In June 2015, the Board approved funding for improvements to the Rio Vista Veterans Memorial Building in the amount of \$1,000,000. The scope of the project includes significant upgrades to the existing site and building. When completed in 2018, the project will provide a modern, functional facility for the Veterans of Rio Vista.

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 eleven years, with an average maturity of 329 days. Interest yields on investments were between 0.000% and 7.444% 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, 2015. This is the fourteenth 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". The signature is written in black ink and is positioned above the printed name and title.

Simona Padilla-Scholtens, CPA
Auditor-Controller



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of Solano
California**

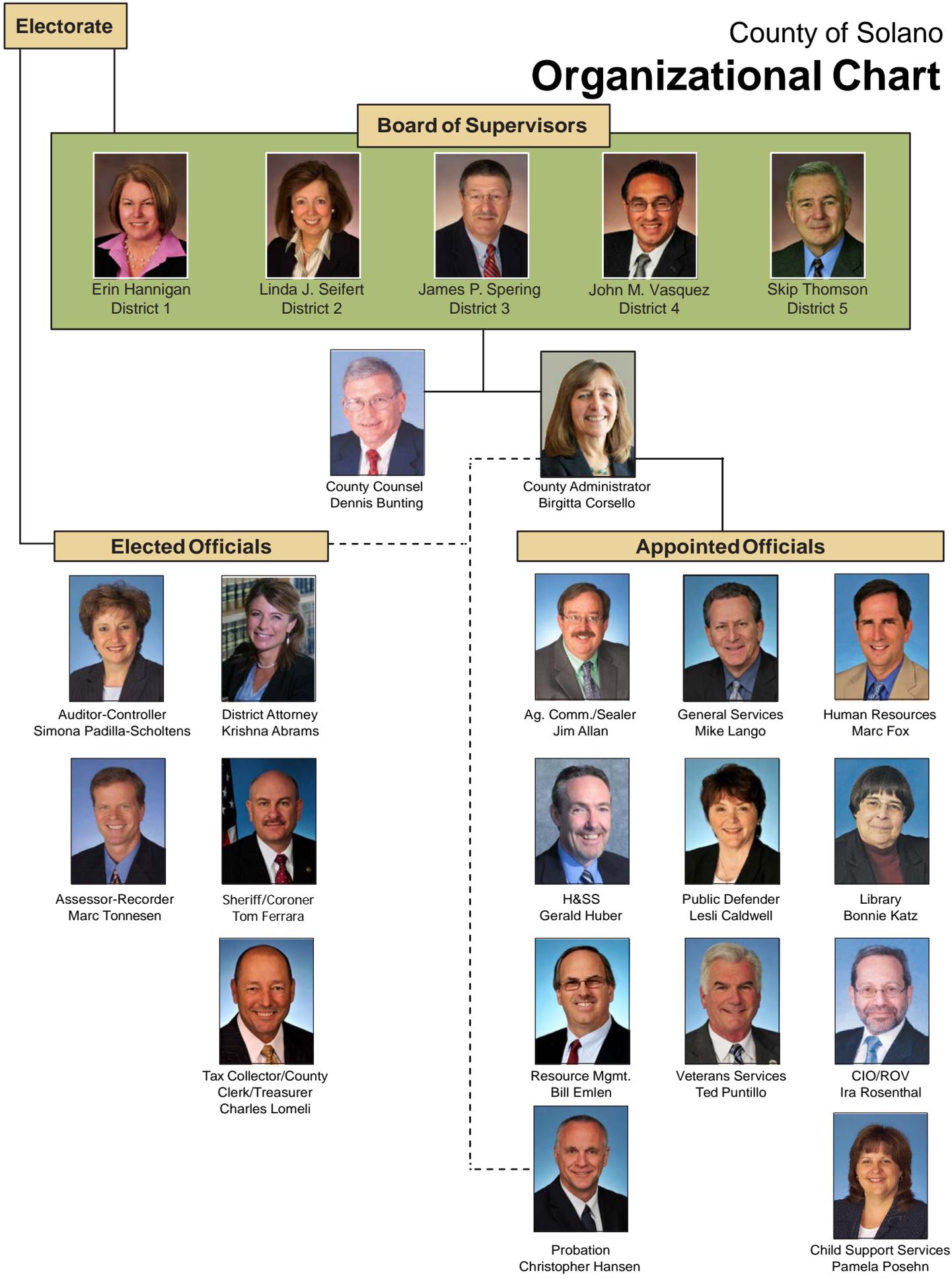
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO



County of Solano Organizational Chart



County of Solano

Department Head Listings



Department Head Listing

Agricultural Commissioner-Sealer of Weights & Measures.....	Jim Allan	784-1310
Assessor-Recorder.....	Marc Tonnesen	784-6200
Auditor-Controller	Simona Padilla-Scholtens.....	784-6280
Chief Information Officer/Registrar of Voters	Ira Rosenthal	784-6675
County Administrator	Birgitta Corsello	784-6100
County Counsel.....	Dennis Bunting	784-6140
Child Support Services.....	Pamela Posehn	784-3606
District Attorney	Krishna 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
Veterans Services.....	Ted Puntillo	784-6590
Workforce Development Board (WDB).....	Robert Bloom.....	864-3370



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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, 2016, 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, as of June 30, 2016, 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 Matters

As described in Notes I-E and III-F to the financial statements, the County adopted Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, effective July 1, 2015. Our opinion is not modified with respect to this 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 postemployment benefits schedules of funding progress, schedules of changes in net pension liability and related ratios, schedules of contributions, and budgetary comparison information, as listed 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 fund statements and schedules, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. 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 fund statements and schedules 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 23, 2016, 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 23, 2016

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SIMONA PADILLA-SCHOLTENS, CPA
Auditor-Controller

PHYLLIS TAYNTON, CPA
Assistant Auditor-Controller

OFFICE OF THE AUDITOR-CONTROLLER



SOLANO COUNTY

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Management's Discussion and Analysis

As management of the County of Solano, California, (County) we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information in our financial statements.

Financial Highlights

- In fiscal year (FY), 2015-16, the County adopted one new statement of financial accounting standards issued by the Government Accounting Standard Boards (GASB):
 - GASB Statement No. 72 – In February 2015, GASB issued 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. This Statement provides guidance in determining a fair value measurement for financial reporting purposes. This Statement also provides guidance in applying fair value to certain investments and disclosures related to all fair value measurements.
- The County's net position at June 30, 2016 was \$382.1 million. Of this amount, \$200.3 million (restricted net position) is restricted for the use of specific government programs providing ongoing services to citizens.
- The County's total net position increased \$67.5 million as a result of the current year's operations.
- At June 30, 2016, the County's governmental funds reported combined ending fund balances of \$305.0 million, an increase of \$41.4 million as a result of the current year's operations. Approximately 51.5% or \$157.1 million of the total fund balance is restricted; 0.0% or \$50 thousand of the total is committed; 24.0% or \$73.3 million is assigned for spending at the discretion of the Board of Supervisors (the Board); 7.0% or \$21.3 million is nonspendable; and 17.5% or \$53.3 million is unassigned.
- At June 30, 2016, unassigned fund balance for the General Fund was \$56.6 million or 76.6% 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 Development 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 33-35 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, and 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 36 – 39 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 40 – 42 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 43 – 44 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 45 – 95 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this

report also presents certain required supplementary information on the schedules of Changes in Net Pension Liability and Related Ratios and Funding Progress for the defined benefit pension plans and the other postemployment benefit plan. Required supplementary information can be found on pages 99 – 105 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 109 – 138 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, 2016 the County reported a net position of \$382.1 million.

Solano County’s Net Position

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 438,607,877	\$ 408,317,457	\$ 794,553	\$ 505,129	\$ 439,402,430	\$ 408,822,586
Capital assets	561,919,011	567,773,885	13,830,857	13,786,608	575,749,868	581,560,493
Total assets	1,000,526,888	976,091,342	14,625,410	14,291,737	1,015,152,298	990,383,079
Deferred loss on refunding	1,575,169	1,732,686	-	-	1,575,169	1,732,686
Deferred outflows related to pensions	39,616,219	35,030,754	91,281	32,348	39,707,500	35,063,102
Total deferred outflows of resources	41,191,388	36,763,440	91,281	32,348	41,282,669	36,795,788
Long-term obligations	563,210,294	534,430,250	400,726	345,981	563,611,020	534,776,231
Other liabilities	72,769,501	90,788,639	279,725	234,915	73,049,226	91,023,554
Total liabilities	635,979,795	625,218,889	680,451	580,896	636,660,246	625,799,785
Deferred gain on refunding	46,567	62,090	-	-	46,567	62,090
Deferred inflows related to pensions	37,503,476	86,631,395	85,010	82,503	37,588,486	86,713,898
Total deferred inflows of resources	37,550,043	86,693,485	85,010	82,503	37,635,053	86,775,988
Net position:						
Net investments in capital assets	463,522,036	462,894,048	13,830,857	13,786,608	477,352,893	476,680,656
Restricted net position	200,295,296	122,151,480	-	-	200,295,296	122,151,480
Unrestricted net position	(295,628,894)	(284,103,120)	120,373	(125,922)	(295,508,521)	(284,229,042)
Total net position	\$ 368,188,438	\$ 300,942,408	\$ 13,951,230	\$ 13,660,686	\$ 382,139,668	\$ 314,603,094

Analysis of Change in Net Position

The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2016 by \$382.1 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 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. No significant changes in net investment in capital assets from the prior year.

Additional portions of the County’s net position represent resources subject to restrictions on how they may be used. Restricted net position increased \$78.1 million from prior year due to increases in health services at \$20.2 million and public safety of \$12.5 million, driven by

increased operation revenues, including the \$25.8 million recognition of State Realignment monies received in prior years; \$12.6 million in capital projects due to capital renewal projects under way but not completed by year end; and \$3.3 million in public facilities fees due in part to new disposal contract; and \$20.2 million resulting from the contribution to a Section 115 Trust for future pension contributions.

Unrestricted net position decreased by \$11.3 million due to increases in pension expense.

Governmental activities. Governmental activities increased the County's net position by \$67.2 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, 2016 and June 30, 2015

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	78,859,152	73,827,947	1,337,907	1,155,025	\$ 80,197,059	\$ 74,982,972
Operating grants and contributions	374,303,152	327,406,268	78,090	26,641	374,381,242	327,432,909
Capital grants and contributions	6,479,698	10,087,170	471,980	873,344	6,951,678	10,960,514
General revenues:						
Property taxes	151,646,535	144,946,469	362,009	344,987	152,008,544	145,291,456
Other taxes	5,881,026	5,523,165	3,482	5,125	5,884,508	5,528,290
Intergovernmental	1,914,486	1,877,564	3,654	3,667	1,918,140	1,881,231
Interest and investment earnings	4,090,078	1,514,552	104,310	69,818	4,194,388	1,584,370
Other	13,902,540	13,032,983	106,783	463,606	14,009,323	13,496,589
Gain on sale of capital assets	364,285	173,424	5,750	84,986	370,035	258,410
Total Revenues	\$ 637,440,952	\$ 578,389,542	\$ 2,473,965	\$ 3,027,199	\$ 639,914,917	\$ 581,416,741
Expenses:						
General government	59,995,941	59,188,293	-	-	59,995,941	59,188,293
Public protection	192,709,201	181,113,757	-	-	192,709,201	181,113,757
Public ways and facilities	12,263,841	12,830,930	-	-	12,263,841	12,830,930
Health services	139,577,649	119,305,842	-	-	139,577,649	119,305,842
Public assistance	140,560,811	143,509,809	-	-	140,560,811	143,509,809
Education and recreation	15,799,451	16,465,853	-	-	15,799,451	16,465,853
Interest on long-term debt	7,131,271	7,903,533	-	-	7,131,271	7,903,533
Nut Tree Airport	-	-	2,170,007	1,795,347	2,170,007	1,795,347
Total Expenses	\$ 568,038,165	\$ 540,318,017	\$ 2,170,007	\$ 1,795,347	\$ 570,208,172	\$ 542,113,364
Excess before transfers and special item	69,402,787	38,071,525	303,958	1,231,852	69,706,745	39,303,377
Special Item: Fouts Springs Impairment	(2,170,171)	-	-	-	(2,170,171)	-
Transfers	13,414	13,504	(13,414)	(13,504)	-	-
Change in net position	67,246,030	38,085,029	290,544	1,218,348	67,536,574	39,303,377
Net position- beginning	300,942,408	262,857,379	13,660,686	12,442,338	314,603,094	275,299,717
Net position- ending	\$ 368,188,438	\$ 300,942,408	\$ 13,951,230	\$ 13,660,686	\$ 382,139,668	\$ 314,603,094

Revenues:

Total revenues for the County's governmental activities increased by \$59.1 million from the prior year. The following are the significant changes:

Charges for Services:

Charges for services increased by \$5.0 million from the prior year due to the following:

- \$1.7 million increase in general government due to increase in disposal fees resulting from a new contract at Hay Road facility and \$0.5 million due to the annexation agreement with the City of Fairfield.
- Increase of \$0.9 million in the public protection is attributed to more services provided by the Sheriff's Department for other agency security services and housed inmates from Napa County as part of disaster relief from the Napa earthquake in August 2014, offset by a decrease in Medical Care Other due to fewer services rendered.

- \$1.9 million increase in health services due to increased MediCal and Managed Care benefit services rendered.

Operating grants and contributions:

Operating grants and contributions increased by \$46.9 million from the prior year due to the following:

- Increase of \$14.3 million in public protection due to 2011 Realignment (Assembly Bill 118) monies of \$12.6 million recognized as revenue; and \$1.7 million increase from the use of monies for new and existing programs including the implementation of the Post-Release Community Supervision program, Center for Positive Change program, and the Mentally Ill Offender Crime Reduction grant.
- Increase of \$19.9 million due to collection of \$10.7 million of IGT revenues, and \$9.2 million due to revenue recognition of Public Health 1991 Realignment monies reclassified from unearned income.
- Net increase of \$9.4 million in public assistance due to \$11.8 million revenue recognized from unearned income for public assistance programs including \$6.0 million in various County Expense Claim (CEC) programs, \$4.0 million Social Services 1991 Realignment and \$1.8 million FY14/15 MediCal offset by \$2.4 million decrease due to a change in CalWorks MOE methodology.

Capital grants and contributions:

Capital grants and contributions decreased by \$3.6 million from the prior year due to the completion of Claybank Adult Detention Facility construction funded by AB900 State Funds – Local Jail Construction Financing Program.

General revenues:

General revenues increased by \$10.7 million due to the following:

- Property taxes increased by \$6.7 million due to increase in secured property taxes and Property Tax-In Lieu of Vehicle Licenses from continued increases to assessed values as more properties were taken off from Proposition 8. Also other taxes increased due to the distribution of proceeds from the sale of properties by the successor agencies from the dissolution of redevelopment agencies.
- Increase in Interest & Investment Earnings of \$2.6 million due to \$1.6 million one-time receipt of interest on the SB90 claim from pre-2004 paid by the State Controller’s Office and other interest earnings as the investment market improves.

Expenses:

Total expenses for governmental activities increased by \$27.7 million from prior year. Public protection increased by \$11.6 million as a direct result of the full operation of the Stanton Correctional Facility and implementation of various public safety programs; health services increased \$20.3 million due to increased public & mental health services provided due to expanded MediCal managed care benefits, a \$7.9 million In Home Support Services (IHSS) MOE expenditures historically classified as Assistance costs. Public assistance decreased \$2.9 million due to the above reclassification of IHSS MOE expenditures offset by \$5.2 million increase in social services driven by increased caseload in eligibility & older and disabled adult services.

Business-type activities. The net position of the business-type activity for the current fiscal year increased by \$0.3 million due to grants received from the Federal Aviation Agency for the Runway Shift taxiway construction project. Charges for services increased \$183 thousand;

capital grants decreased \$401 thousand; other revenues decreased \$357 thousand.

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, 2016, the County's governmental funds reported combined ending fund balances of \$305.0 million, an increase of \$41.4 million from prior year. The largest component of the fund balance, at 51.5% of the total, was restricted at \$157.1 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 \$73.3 million, representing 24.0% 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 \$3.0 million from prior year due to increase in revenues from taxes and charges for services. At June 30, 2016, the total General Fund fund balance was \$153.7 million. The assigned fund balance was \$56.1 million or 36.5% of the total fund balance. This represents amounts the Board intends to use for specific purposes. The unassigned fund balance was \$56.6 million, or 36.8%, which is available for the Board's discretion. Nonspendable fund balance was \$20.8 million, or 13.5% of total fund balance, representing inventory and long term receivables. Restricted fund balance was \$20.2 million, or 13.1% of total fund balance. This balance represents funds deposited to the Public Agencies Retirement System (PARS) Section 115 Pension Trust for the County's participation in the Pension Rate Stabilization Program (PRSP) Administered by PARS. The PRSP is an Internal Revenue Code Section 115 irrevocable trust.

As a measure of the General Fund's liquidity, it is useful to compare the total General Fund fund balance to total General Fund expenditures excluding other financing uses. Unassigned fund balance represents 76.6% of this amount.

The *Health and Social Services Fund*, a special revenue fund, had a net increase in fund balance of \$17.2 million due to the \$13.2 million revenue recognition of 1991 Realignment funding received in prior years and receipt of IGT funds.

The *Public Safety Fund*, a special revenue fund, had a net increase in fund balance of \$12.0 million due to the \$12.6 million revenue recognition of 2011 Realignment funding received in prior years.

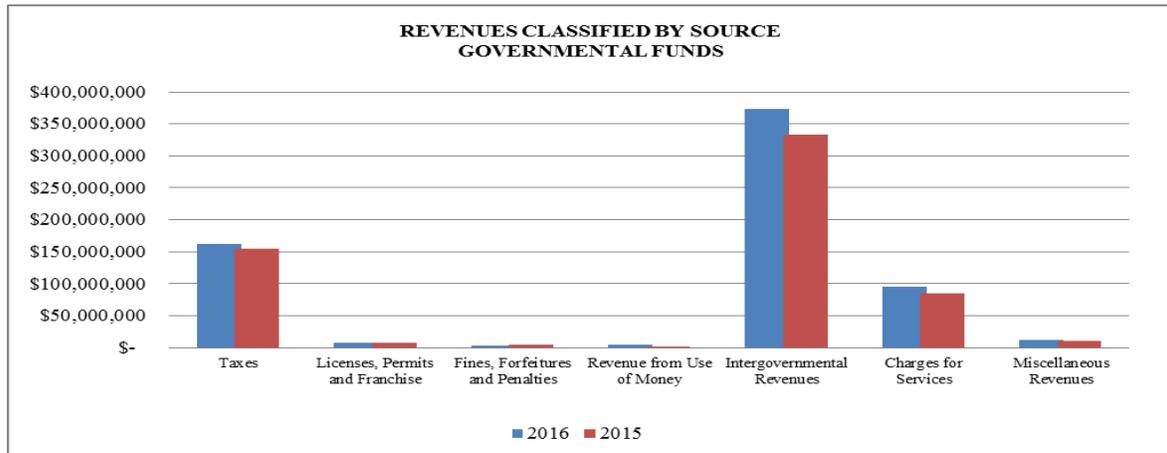
The fund balance of Other Governmental Funds had a net increase of \$9.3 million due to \$4.6 million in pension debt service due to savings from FY15/16 employer contribution prepayment to CalPERS, \$4.1 million in accumulated capital outlay resulting from capital renewal projects, \$3.3 million in public facilities fees due to disposal fees resulting from a new contract and increased tonnage, \$3.0 million increase in library resulting from increased property tax revenues and decreased salary & benefits resulting from unfilled vacancies, offset by a \$5.4 million decrease in transportation resulting from increased expenditures and fewer revenues received due

to timing of federal projects in progress & not completed by fiscal year end.

For fiscal year ended June 30, 2016, the total revenues for the County’s governmental funds totaled \$659.0 million. This represents a 10.1% increase from FY 14/15.

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

Revenues by Source	2016		2015		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
	Taxes	\$ 162,324,754	24.63%	\$ 154,803,301	25.87%	\$ 7,521,453
Licenses, permits and franchise	7,484,494	1.13%	6,918,658	1.16%	565,836	8.18%
Fines, forfeitures and penalties	2,900,149	0.44%	4,657,052	0.78%	(1,756,903)	(37.73)%
Revenue from use of money	4,806,418	0.72%	2,245,536	0.38%	2,560,882	114.04%
Intergovernmental revenues	373,048,915	56.61%	332,852,098	55.62%	40,196,817	12.08%
Charges for services	95,824,088	14.54%	85,590,180	14.30%	10,233,908	11.96%
Miscellaneous revenues	12,612,098	1.91%	11,334,290	1.89%	1,277,808	11.27%
Total	\$ 659,000,916	100.00%	\$ 598,401,115	100.00%	\$ 60,599,801	10.13%



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

- **Taxes:** The net increase of \$7.5 million is 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. In addition, revenues related to the RDA dissolution increased in residual and ABX1 26 revenues.
- **Revenue from use of money and property:** The net increase of \$2.6 million is attributed to the \$1.6 million one-time receipt of interest on the SB90 claim from pre-2004 which was paid by the State Controller’s Office and increase in interest earnings as the investment market improves.
- **Intergovernmental revenues:** The net increase of \$40.2 million is due to \$23.9 million in health services due to collection of \$10.7 million of IGT revenues and \$13.2 million due to revenue recognition of 1991 Realignment monies reclassified from unearned income, and \$12.6 million in public safety due to revenue recognition of 2011 Realignment monies reclassified from unearned income.
- **Charges for services:** The net increase of \$10.2 million is attributable to \$6.9 million increase the general fund driven by \$4.6 million in countywide cost plan charges to user departments and \$1.5 million in disposal fee revenues due to a new contract at the Hay

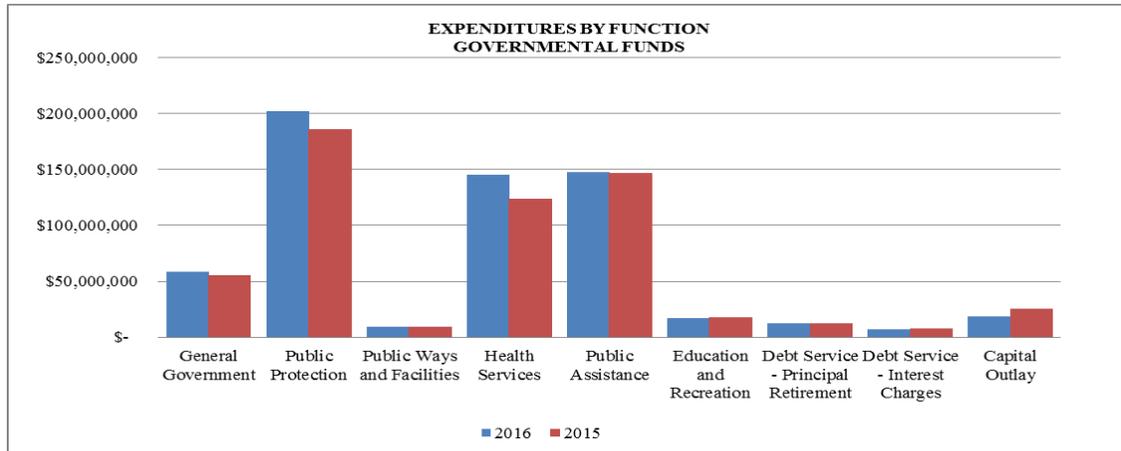
Road facility; \$2.2 million increase in public safety due to law enforcement & security contract services and professional services agreement with Napa County as part of disaster relief from the 2014 earthquake; and \$1.9 million in health services resulting from higher MediCal and Managed care services.

- Miscellaneous revenues: The increase of \$1.3 million from prior year is due to savings from the FY15/16 employer contribution prepayment to CalPERS and increased collections from the courts due to higher wages/rates.

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

Expenditures by Function Governmental Funds

Expenditures by Function	2016		2015		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 58,206,807	9.42%	\$ 55,248,628	9.45%	\$ 2,958,179	5.35%
Public protection	201,999,957	32.69%	186,219,711	31.85%	15,780,246	8.47%
Public ways and facilities	9,533,830	1.54%	9,537,130	1.63%	(3,300)	(0.03)%
Health services	145,056,247	23.48%	123,563,230	21.13%	21,493,017	17.39%
Public assistance	147,897,111	23.94%	147,077,648	25.15%	819,463	0.56%
Education and recreation	16,980,865	2.75%	17,539,688	3.00%	(558,823)	(3.19)%
Debt service - principal retirement	12,480,000	2.02%	12,110,000	2.07%	370,000	3.06%
Debt service - interest charges	7,349,677	1.19%	7,941,874	1.36%	(592,197)	(7.46)%
Capital outlay	18,392,297	2.98%	25,673,405	4.39%	(7,281,108)	(28.36)%
Total	617,896,791	100.00%	584,911,314	100.00%	32,985,477	5.64%



Expenditures by function increased \$33.0 million over prior year. The following provides an explanation of the significant changes:

- General Government: The net increase of \$3.0 million is driven by increased staffing in general services and human resources.
- Public protection: The net increase of \$15.8 million is attributable to increased services due to the full operation of the Stanton Correctional Facility, implementation of various public safety programs within sheriff & probation and new positions in district attorney.
- Health services: The net increase of \$21.5 million is due to increased public & mental health services provided due to expanded MediCal managed care benefits and increase in social services driven by increased caseload in eligibility & older and disabled adult services.
- Capital outlay: The net decrease of \$7.3 million is attributable to the completion of the Stanton Correctional 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, 2016 was a positive \$120 thousand, a \$246 thousand increase from the prior fiscal year as a result of intergovernmental revenues for various airport projects.

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 102 in the Required Supplementary Information (RSI) section of this report.

The County's General Fund Final Budget differs from the Adopted Budget as a result of supplemental appropriations approved during the fiscal year. Total budgeted revenues increased by \$0.4 million or 0.21%, from the adopted budget. Actual revenues were more than the final budgeted revenues by \$5.1 million or 2.49%. Actual expenditures were less than the final appropriations by \$27.1 million or 26.83%. Significant factors affecting these changes were as follows:

Final Budget vs. Actual Amounts

During the year, revenues recognized were more than budgeted revenue estimates by \$5.1 million and expenditures were less than appropriations by \$27.1 million, thus reducing the need to draw upon fund balance.

Revenue Variances: The favorable variance is 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, more disposal fee revenues from increased tonnage received in FY2015/16 and the one-time receipt of interest on prior years' State's reimbursement of pre-2004 SB90 mandated costs.

Expenditure Variances:

- General Services - \$1.0 million favorable variance as a result of appropriations for salaries and benefits not spent due to vacant positions.
- Fouts Property Management - \$1.7 million favorable variance 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 FY16/17 budget until the decommissioning process is completed.
- General Expenditures - \$6.4 million favorable variance due to \$6.5 million unspent appropriations in other professional services.
- Resource Management - \$1.5 million favorable variance resulting from unspent appropriations in contracted & other professional services relating to land use & integrated waste projects not completed by fiscal year end.
- Contingency - the appropriations included \$12.7 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 - \$4.0 million favorable variance of the appropriations for transfers to the public safety and health and social services governmental funds not needed by mental health due to lower than anticipated MHSA expenditures in contracted direct services

which are fully revenue offset; and probation due to savings in supplies & services resulting from costs not following service level trends and salaries & benefits due to unfilled approved positions.

Capital Asset and Debt Administration

Capital assets. The County's capital assets for its governmental and business-type activities at June 30, 2016, were \$575.7 million (net of accumulated depreciation). This investment in capital assets includes land, artwork, intangibles, buildings, machinery and equipment, roads, and bridges. The total decrease in the County's capital assets for the current fiscal year was \$5.8 million or 1.00%. In the governmental activities, slight increases in Buildings & Construction in Progress were offset by retirements & depreciation expense for the fiscal year.

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2016	2015	2016	2015	2016	2015	Percent of change
Land	\$ 155,458,287	\$ 155,458,287	\$ 8,304,351	\$ 8,304,351	\$ 163,762,638	\$ 163,762,638	0.00%
Artwork	857,261	857,261	-	-	857,261	857,261	0.00%
Intangibles	11,881,737	11,660,636	-	-	11,881,737	11,660,636	1.90%
Infrastructure	127,425,859	127,419,731	-	-	127,425,859	127,419,731	0.00%
Construction in progress	30,383,962	26,352,277	-	1,295,165	30,383,962	27,647,442	9.90%
Buildings	486,564,354	480,043,518	12,613,897	10,795,227	499,178,251	490,838,745	1.70%
Machinery and equipment	61,533,479	59,179,778	136,154	166,074	61,669,633	59,345,852	3.92%
Less: accumulated depreciation	(312,185,928)	(293,197,603)	(7,223,545)	(6,774,209)	(319,409,473)	(299,971,812)	6.48%
Total	\$ 561,919,011	\$ 567,773,885	\$ 13,830,857	\$ 13,786,608	\$ 575,749,868	\$ 581,560,493	(1.00)%

Additional information on the County's capital assets can be found in Note III-D on pages 69 – 71 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 \$563.6 million which is entirely backed by the full faith and credit of the County.

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Notes Payable	\$ 1,023,890	\$ 1,031,823	\$ -	\$ -	\$ 1,023,890	\$ 1,031,823
Certificates of Participation	99,916,146	105,613,538	-	-	99,916,146	105,613,538
Pension Obligation Bonds	40,810,000	47,810,000	-	-	40,810,000	47,810,000
Self-insurance liability	14,522,000	13,610,000	-	-	14,522,000	13,610,000
Pollution Remediation Obligation	66,500	752,617	-	-	66,500	752,617
Net Pension Liability	371,128,347	332,128,944	353,671	314,526	371,482,018	332,443,470
Other Post Employment Benefits	3,180,970	2,207,952	5,119	3,873	3,186,089	2,211,825
Compensated Absences	32,562,442	31,275,376	41,936	27,581	32,604,378	31,302,957
Total	\$ 563,210,295	\$ 534,430,250	\$ 400,726	\$ 345,980	\$ 563,611,021	\$ 534,776,230

The County's total debt increased by \$28.8 million due primarily to the \$39.0 million increase in the net pension liability; \$1.3 million increase to compensated absences, \$1.0 million increase in other post-employment benefits liability, and \$0.9 million increase in self-insurance liability. The increases were partially offset by \$12.7 million principal payments on the Certificates of Participation, Pension Obligation Bonds and a decrease in pollution remediation obligation.

Current Moody's and Standard & Poor's ratings of Solano County general obligation certificate of participation debt and pension debt are as follows:

Certificates of Participation
 Moody's Aa3 (upgrade effective 09/20/16)
 S&P AA- (unchanged since 06/05/09)

Pension Obligation Bonds

Moody's A1 (unchanged since 03/29/13)
S&P AA- (unchanged since 11/18/08)

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total assessed valuation. See page 157 in the statistical section of this report.

Additional information on the County's long-term obligations can be found in Note III-H on pages 75 - 79 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 6.0%. This is comparable to the State's average unemployment rate of 5.9% (unadjusted, as of August 2016).
- The Board's 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 FY16/17 the adopted budget included \$12.9 million in appropriations for contingencies, \$57.0 million in general reserves, \$6.1 million in designation for unfunded employees leave payoff, \$26.5 million for future employer PERS rate increases (of which \$20.2 million was legally restricted in the Public Agencies Retirement System (PARS) Section 115 Pension Trust at June 30, 2016), \$1.7 million for housing/SB375 and \$14.4 million in designation for capital renewal.
- The Assessor reported the FY16/17 secured property roll increased by 6.0%, or \$2.8 billion Countywide over the FY15/16 lien date values resulting in a secured roll totaling over \$49.2 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.



**BASIC FINANCIAL
STATEMENTS**

COUNTY OF SOLANO, CALIFORNIA
Statement of Net Position
June 30, 2016

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Solano County Fair	Workforce Development Board
ASSETS					
Current assets					
Cash and investments	\$ 340,291,279	\$ 1,338,523	\$ 341,629,802	\$ 241,290	\$ 425,960
Cash and investments - restricted	20,169,578	-	20,169,578	-	-
Accounts receivable	1,670,238	64,306	1,734,544	32,266	-
Due from other agencies	66,829,609	138,005	66,967,614	94,658	20
Other assets	1,157,468	37,131	1,194,599	11,355	88,297
Total current assets	<u>430,118,172</u>	<u>1,577,965</u>	<u>431,696,137</u>	<u>379,569</u>	<u>514,277</u>
Noncurrent assets					
Internal balances	2,673,412	(2,673,412)	-	-	-
Long-term receivables	5,816,293	1,890,000	7,706,293	-	-
Capital assets:					
Capital assets, not being depreciated	187,566,536	8,304,351	195,870,887	167,085	-
Capital assets, being depreciated, net	374,352,475	5,526,506	379,878,981	1,151,517	1,601
Total noncurrent assets	<u>570,408,716</u>	<u>13,047,445</u>	<u>583,456,161</u>	<u>1,318,602</u>	<u>1,601</u>
Total assets	<u>1,000,526,888</u>	<u>14,625,410</u>	<u>1,015,152,298</u>	<u>1,698,171</u>	<u>515,878</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	1,575,169	-	1,575,169	-	-
Deferred outflows related to pensions	39,616,219	91,281	39,707,500	109,036	-
Total deferred outflows of resources	<u>41,191,388</u>	<u>91,281</u>	<u>41,282,669</u>	<u>109,036</u>	<u>-</u>
LIABILITIES					
Current liabilities					
Outstanding warrants	11,187,029	70,693	11,257,722	-	134,767
Payables	34,398,751	153,841	34,552,592	92,141	147,928
Unearned revenue	8,581,535	30,410	8,611,945	8,863	-
Other liabilities	1,555,928	24,685	1,580,613	42,769	-
Due to other agencies	17,046,258	96	17,046,354	-	3,080
Current portion of long-term obligations	31,782,572	26,773	31,809,345	202,824	138,526
Total current liabilities	<u>104,552,073</u>	<u>306,498</u>	<u>104,858,571</u>	<u>346,597</u>	<u>424,301</u>
Noncurrent liabilities					
Net pension liability	371,128,347	353,671	371,482,018	1,060,154	-
Other long-term obligations	160,299,375	20,282	160,319,657	1,244,701	-
Total liabilities	<u>635,979,795</u>	<u>680,451</u>	<u>636,660,246</u>	<u>2,651,452</u>	<u>424,301</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refunding	46,567	-	46,567	-	-
Deferred inflows related to pensions	37,503,476	85,010	37,588,486	278,120	-
Total deferred inflows of resources	<u>37,550,043</u>	<u>85,010</u>	<u>37,635,053</u>	<u>278,120</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	463,522,036	13,830,857	477,352,893	738,285	1,601
Restricted for:					
Debt service	8,440,310	-	8,440,310	-	-
General fund - PARS 115 Pension Trust	20,169,578	-	20,169,578	-	-
Public safety	22,122,014	-	22,122,014	-	-
Capital projects	16,236,474	-	16,236,474	-	-
Public facilities fees	14,660,368	-	14,660,368	-	-
Library services	16,360,712	-	16,360,712	-	-
Transportation services	14,143,951	-	14,143,951	-	-
Health services	73,038,984	-	73,038,984	-	-
Home loan program	5,030,601	-	5,030,601	-	-
Micrographics & modernization projects	9,218,089	-	9,218,089	-	-
Other purposes	874,215	-	874,215	-	-
Unrestricted	(295,628,894)	120,373	(295,508,521)	(1,860,650)	89,976
Total net position (deficit)	<u>\$ 368,188,438</u>	<u>\$ 13,951,230</u>	<u>\$ 382,139,668</u>	<u>\$ (1,122,365)</u>	<u>\$ 91,577</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, 2016

Functions/programs	Expenses	Program Revenues		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary Government:				
Governmental Activities:				
General government	\$ 59,995,941	\$ 25,791,827	\$ 2,718,930	\$ -
Public protection	192,709,201	24,663,484	91,330,120	-
Public ways and facilities	12,263,841	692,620	8,203,684	6,479,698
Health services	139,577,649	21,909,984	121,876,082	-
Public assistance	140,560,811	815,729	144,983,743	-
Education and recreation	15,799,451	4,985,508	5,190,593	-
Interest on long-term debt	7,131,271	-	-	-
Total Governmental Activities	<u>568,038,165</u>	<u>78,859,152</u>	<u>374,303,152</u>	<u>6,479,698</u>
Business-type Activities:				
Nut Tree Airport	2,170,007	1,337,907	78,090	471,980
Total Primary Government	<u>\$ 570,208,172</u>	<u>\$ 80,197,059</u>	<u>\$ 374,381,242</u>	<u>\$ 6,951,678</u>
Component Units:				
Solano County Fair	\$ 3,097,196	\$ 2,904,508	\$ 121,176	\$ -
Workforce Development Board	4,227,296	-	4,228,114	-
Total Component Units	<u>\$ 7,324,492</u>	<u>\$ 2,904,508</u>	<u>\$ 4,349,290</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
 Special item - Fouts Springs Asset Impairment
 Transfers
 Total general revenues, transfers and special item
 Changes in net position
 Net position (deficit) - beginning
 Net position (deficit) - ending

COUNTY OF SOLANO, CALIFORNIA
Statement of Activities
For the Fiscal Year Ended June 30, 2016

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Solano County Fair	Workforce Development Board
\$ (31,485,184)	\$ -	\$ (31,485,184)	\$ -	\$ -
(76,715,597)	-	(76,715,597)	-	-
3,112,161	-	3,112,161	-	-
4,208,417	-	4,208,417	-	-
5,238,661	-	5,238,661	-	-
(5,623,350)	-	(5,623,350)	-	-
(7,131,271)	-	(7,131,271)	-	-
(108,396,163)	-	(108,396,163)	-	-
-	(282,030)	(282,030)	-	-
\$ (108,396,163)	\$ (282,030)	\$ (108,678,193)	\$ -	\$ -
-	-	-	(71,512)	-
-	-	-	-	818
\$ -	\$ -	\$ -	\$ (71,512)	\$ 818

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

151,646,535	362,009	152,008,544	-	-
2,205,404	3,482	2,208,886	-	-
3,675,622	-	3,675,622	-	-
1,914,486	3,654	1,918,140	-	-
4,090,078	104,310	4,194,388	1,169	2,566
13,902,540	106,783	14,009,323	-	8,200
364,285	5,750	370,035	-	-
(2,170,171)	-	(2,170,171)	-	-
13,414	(13,414)	-	-	-
175,642,193	572,574	176,214,767	1,169	10,766
67,246,030	290,544	67,536,574	(70,343)	11,584
300,942,408	13,660,686	314,603,094	(1,052,022)	79,993
\$ 368,188,438	\$ 13,951,230	\$ 382,139,668	\$ (1,122,365)	\$ 91,577

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

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2016

	<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	\$ 113,213,092	\$ 72,359,910	\$ 29,246,610	\$ 94,490,098	\$ 309,309,710
Cash and investments - restricted	20,169,578	-	-	-	20,169,578
Accounts receivable	1,140,277	1,472	65,483	139,309	1,346,541
Due from other agencies	14,436,254	32,251,437	10,637,691	9,490,924	66,816,306
Due from other funds	3,473,559	7,475,143	275,168	384,717	11,608,587
Other assets	1,919,285	193,022	98,964	4,268,630	6,479,901
Advance to other funds	19,966,201	-	-	-	19,966,201
Total assets	<u>\$ 174,318,246</u>	<u>\$ 112,280,984</u>	<u>\$ 40,323,916</u>	<u>\$ 108,773,678</u>	<u>\$ 435,696,824</u>
LIABILITIES					
Outstanding warrants	\$ 302,718	\$ 5,910,408	\$ 2,679,110	\$ 1,179,081	\$ 10,071,317
Payables	4,054,140	17,522,961	6,450,335	2,317,375	30,344,811
Due to other funds	419,291	1,920,085	8,442,672	818,872	11,600,920
Other liabilities	616,141	91,747	-	848,040	1,555,928
Due to other agencies	1,531,099	13,408,945	532,756	1,397,488	16,870,288
Unearned revenue	1,017,410	7,466,757	97,029	339	8,581,535
Advance from other funds	-	1,077,122	-	16,215,413	17,292,535
Total liabilities	<u>7,940,799</u>	<u>47,398,025</u>	<u>18,201,902</u>	<u>22,776,608</u>	<u>96,317,334</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>12,669,304</u>	<u>16,351,689</u>	<u>863,262</u>	<u>4,462,231</u>	<u>34,346,486</u>
FUND BALANCES:					
Nonspendable	20,793,326	193,022	105,615	164,969	21,256,932
Restricted	20,169,578	48,038,248	21,153,137	67,785,317	157,146,280
Committed	-	-	-	49,887	49,887
Assigned	56,125,895	300,000	-	16,895,001	73,320,896
Unassigned	56,619,344	-	-	(3,360,335)	53,259,009
Total fund balances	<u>153,708,143</u>	<u>48,531,270</u>	<u>21,258,752</u>	<u>81,534,839</u>	<u>305,033,004</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 174,318,246</u>	<u>\$ 112,280,984</u>	<u>\$ 40,323,916</u>	<u>\$ 108,773,678</u>	<u>\$ 435,696,824</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, 2016

Total governmental funds, fund balance	\$ 305,033,004
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.	555,535,039
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.	34,346,486
Deferred inflows and outflows of resources related to pension and refundings for debt are not due and payable in the current period and, therefore, are not reported in the Funds:	
Deferred outflows	39,123,189
Deferred inflows	(35,651,767)
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.	10,794,442
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(1,748,483)
Long-term obligations	(539,243,472)
Net position of governmental activities	<u><u>\$ 368,188,438</u></u>

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General	Health & Social Services	Public Safety	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 143,716,809	\$ -	\$ -	\$ 18,607,945	\$ 162,324,754
Licenses, permits and franchises	6,663,374	21,004	599,448	200,668	7,484,494
Fines, forfeitures and penalties	1,102,647	311,477	1,480,717	5,308	2,900,149
Use of money and property	3,800,889	376,271	8,014	621,244	4,806,418
Intergovernmental	6,170,893	259,282,749	85,261,806	22,333,467	373,048,915
Charges for services	41,907,979	23,519,812	14,788,647	15,607,650	95,824,088
Miscellaneous	4,839,194	1,416,672	2,249,959	4,106,273	12,612,098
Total revenues	<u>208,201,785</u>	<u>284,927,985</u>	<u>104,388,591</u>	<u>61,482,555</u>	<u>659,000,916</u>
EXPENDITURES					
Current:					
General government	54,897,646	-	-	3,309,161	58,206,807
Public protection	17,761,457	-	181,282,662	2,955,838	201,999,957
Public ways and facilities	-	-	-	9,533,830	9,533,830
Health services	-	139,965,470	-	5,090,777	145,056,247
Public assistance	604,794	146,580,772	-	711,545	147,897,111
Education and recreation	263,858	-	-	16,717,007	16,980,865
Debt service:					
Principal	-	-	-	12,480,000	12,480,000
Interest and other charges	-	-	-	7,349,677	7,349,677
Capital outlay	386,662	1,070,429	849,301	16,085,905	18,392,297
Total expenditures	<u>73,914,417</u>	<u>287,616,671</u>	<u>182,131,963</u>	<u>74,233,740</u>	<u>617,896,791</u>
Excess (deficiency) of revenues over (under) expenditures	<u>134,287,368</u>	<u>(2,688,686)</u>	<u>(77,743,372)</u>	<u>(12,751,185)</u>	<u>41,104,125</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	289,811	25,964,848	95,140,685	27,556,759	148,952,103
Transfers out	(131,715,431)	(6,126,693)	(5,449,189)	(5,600,255)	(148,891,568)
Sale of capital assets	110,680	1,472	9,550	99,000	220,702
Total other financing sources (uses)	<u>(131,314,940)</u>	<u>19,839,627</u>	<u>89,701,046</u>	<u>22,055,504</u>	<u>281,237</u>
Changes in fund balances	2,972,428	17,150,941	11,957,674	9,304,319	41,385,362
Fund balances - beginning	150,735,715	31,380,329	9,301,078	72,230,520	263,647,642
Fund balances - ending	<u>\$ 153,708,143</u>	<u>\$ 48,531,270</u>	<u>\$ 21,258,752</u>	<u>\$ 81,534,839</u>	<u>\$ 305,033,004</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, 2016

Changes in fund balances - total governmental funds \$ 41,385,362

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.

Capital outlay	\$ 18,392,297	
Depreciation	<u>(21,950,007)</u>	(3,557,710)

The net effect of various miscellaneous capital asset transactions (i.e., sales, trades-ins, and donations).		(2,211,709)
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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.		5,108,619
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The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. However, this transaction has no effect on net position.		
Debt principal payments		12,480,000

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	\$ (945,761)	
Change in net pension liability	14,331,715	
Change in pollution remediation obligations	686,118	
Change in accrued interest payable	218,406	
Change in deferred amounts on refunding	75,397	
Change in compensated absences	<u>(1,183,569)</u>	13,182,306

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.		<u>859,162</u>
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Changes in net position of governmental activities		<u><u>\$ 67,246,030</u></u>
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COUNTY OF SOLANO, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2016

	Nut Tree Airport	Governmental Activities - Internal Service Funds
ASSETS		
Current assets		
Cash and investments	\$ 1,338,523	\$ 30,981,566
Accounts receivable	64,306	323,697
Due from other agencies	138,005	13,304
Due from other funds	670	32,088
Other assets	37,131	493,861
Total current assets	1,578,635	31,844,516
Noncurrent assets		
Long-term receivables	1,890,000	-
Capital assets:		
Land	8,304,351	-
Buildings	12,613,897	298,031
Machinery and equipment	136,154	22,380,365
Intangibles	-	6,053,592
Less: accumulated depreciation	(7,223,545)	(22,348,016)
Total capital assets	13,830,857	6,383,972
Total noncurrent assets	15,720,857	6,383,972
Total assets	17,299,492	38,228,488
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	91,281	2,068,199
 LIABILITIES		
Current liabilities		
Outstanding warrants	70,693	1,115,712
Payables	153,841	2,305,457
Due to other funds	416	40,009
Unearned revenue	30,410	-
Other liabilities	24,685	-
Due to other agencies	96	175,969
Current portion of long-term obligations	26,773	4,941,045
Total current liabilities	306,914	8,578,192
Noncurrent liabilities		
Noncurrent portion of long-term obligations	373,953	19,025,777
Advances from other funds	2,673,666	-
Total noncurrent liabilities	3,047,619	19,025,777
Total liabilities	3,354,533	27,603,969
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	85,010	1,898,276
 NET POSITION		
Net investment in capital assets	13,830,857	6,383,972
Unrestricted	120,373	4,410,470
Total net position	\$ 13,951,230	\$ 10,794,442

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, 2016

	<u>Nut Tree Airport</u>	<u>Governmental Activities - Internal Service Funds</u>
OPERATING REVENUES		
Charges for sales and services	\$ 1,337,906	\$ 39,711,907
OPERATING EXPENSES		
Personnel services	377,944	7,876,912
Maintenance	77,059	1,542,196
Materials and supplies	560,846	2,493,002
Depreciation	479,256	2,150,786
Insurance	21,029	12,920,822
Rent, utilities and others	634,301	12,581,128
Total operating expenses	<u>2,150,435</u>	<u>39,564,846</u>
Operating income (loss)	<u>(812,529)</u>	<u>147,061</u>
NONOPERATING REVENUES(EXPENSES)		
Intergovernmental	81,744	-
Investment earnings	104,310	214,797
Interest expense	(19,571)	-
Property taxes	365,491	-
Other revenue	106,783	359,304
Gain on disposal of capital assets	5,750	185,121
Total nonoperating revenues	<u>644,507</u>	<u>759,222</u>
Income (loss) before contributions and transfers	(168,022)	906,283
Capital contributions	471,980	-
Transfers in	-	262,388
Transfers out	(13,414)	(309,509)
Changes in net position	<u>290,544</u>	<u>859,162</u>
Total net position - beginning	<u>13,660,686</u>	<u>9,935,280</u>
Total net position - ending	<u>\$ 13,951,230</u>	<u>\$ 10,794,442</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, 2016

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
	Nut Tree Airport	
Cash flows from operating activities:		
Receipts from customers and users	\$ 1,302,502	\$ 40,199,150
Payments to suppliers	(1,243,293)	(29,206,533)
Payments to employees	(379,625)	(7,224,096)
Net cash provided (used) by operating activities	<u>(320,416)</u>	<u>3,768,521</u>
Cash flows from noncapital financing activities:		
Transfers out	(13,414)	(309,509)
Property taxes	365,491	-
Payment on advances from other funds	(94,511)	-
Subsidy from federal grant	81,744	-
Transfers in	-	262,388
Net cash provided (used) by noncapital financing activities	<u>339,310</u>	<u>(47,121)</u>
Cash flows from capital and related financing activities:		
Capital contributions	471,980	-
Interest paid	(19,571)	-
Acquisition of capital assets	(523,505)	(2,065,329)
Proceeds from sale of capital assets	5,750	185,121
Net cash used by capital and related financing activities	<u>(65,346)</u>	<u>(1,880,208)</u>
Cash flows from investing activities:		
Investment income received	104,310	214,797
Net cash provided by investing activities	<u>104,310</u>	<u>214,797</u>
Net increase in cash and cash equivalents	57,858	2,055,988
Cash and cash equivalents - beginning	<u>1,280,665</u>	<u>28,925,578</u>
Cash and cash equivalents - ending	<u>\$ 1,338,523</u>	<u>\$ 30,981,566</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (812,529)	\$ 147,061
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	479,256	2,150,786
Pension expense	(17,281)	521,799
Other nonoperating revenue	106,783	359,304
Changes in assets and liabilities:		
Increase in receivables, net	(3,708)	(81,532)
(Increase) decrease in due from other funds	(474)	131,430
(Increase) decrease in due from other agencies	(138,005)	84,795
Decrease in other assets	5,063	11,971
Increase in outstanding warrants	61,491	516,472
Increase (decrease) in payables	608	(150,696)
Increase (decrease) in due to other funds	69	(43,305)
Increase in unearned revenue	30,410	-
Increase (decrease) in due to other agencies	25	(10,320)
Increase in accrued compensated absences	14,354	103,499
Decrease in other liabilities	(47,724)	-
Increase in other postemployment benefits	1,246	27,257
Total adjustments	<u>492,113</u>	<u>3,621,460</u>
Net cash provided (used) by operating activities	<u>\$ (320,416)</u>	<u>\$ 3,768,521</u>

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, 2016

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and investments	\$ 517,901,968	\$ 5,718,386	\$ 73,887,057
Property tax receivable	-	-	24,836,364
Property of estates	-	5,703,900	-
Total assets	<u>517,901,968</u>	<u>11,422,286</u>	<u>\$ 98,723,421</u>
LIABILITIES			
Due to others	-	-	\$ 98,723,421
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 98,723,421</u>
NET POSITION			
Net position held in trust for:			
Individuals	-	11,422,286	
Pool participants	517,901,968	-	
Total net position	<u>\$ 517,901,968</u>	<u>\$ 11,422,286</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, 2016

	External Investment Trust	Private Purpose Trust
ADDITIONS		
Contributions on pooled investments	\$ 683,775,741	\$ 4,613,834
Other contributions/additions	-	905,878
Interest and investment income	1,570,607	16,088
Total additions	<u>685,346,348</u>	<u>5,535,800</u>
DEDUCTIONS		
Distributions from pooled investments	<u>638,047,176</u>	<u>4,866,264</u>
Changes in net position	47,299,172	669,536
Net position - beginning	<u>470,602,796</u>	<u>10,752,750</u>
Net position - ending	<u><u>\$ 517,901,968</u></u>	<u><u>\$ 11,422,286</u></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, 2016**

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 30 fiscal year-end except for the Solano County Fair, which has a December 31 year-end.

Blended component units

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.

Discretely presented component units

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, 2015.

The Workforce Development Board (WDB) is a discretely presented component unit in the County's basic financial statements. The WDB 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 WDB 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. Basis of Presentation - Government-wide 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.

While separate government-wide and fund financial statements are presented, they are interrelated.

The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has two discretely presented component units. While neither the Solano County Fair nor Workforce Development Board is considered to be a major component unit, they are nevertheless shown in separate columns in the government-wide financial statements.

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. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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.

C. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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.

D. Measurement Focus and Basis of Accounting

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.

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.

E. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position/Fund Balance

1. Cash and Investments

The County pools cash and investments with the County Treasurer except for investments held in trust agreements under direction from the Treasurer. Interest from pooled cash and investments are allocated quarterly to the various funds based on the periodic average daily cash balances of the funds. 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 assigned 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. 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.

As of July 1, 2015, the County retrospectively applied Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements. The County categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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 County Treasurer invests all pooled funds of the County and external participants in accordance with the County's investment policy and the California State Government Code. The County Treasurer reports on a quarterly basis to the Board of Supervisors.

The public school districts as well as fire, cemetery, pest control, parks and recreation, reclamation, and other special districts within the County are allowed and depending upon a variety of factors may be legally required to deposit funds in the Treasurer’s investment pool. The deposits held for these districts are included in the External Investment Fund.

The County’s cash and investments include \$5,718,386 at June 30, 2016 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. Building and improvements and intangibles have a capital threshold of \$100,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition 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, 2016, 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 (or fund balance) 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 \$200,295,296, of which \$14,660,368 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 \$555,535,039 difference are as follows:

Land, not being depreciated	\$ 155,458,287
Construction in progress	30,375,705
Artwork	857,261
Intangibles, not being depreciated	867,026
Infrastructure, net of \$67,025,939 accumulated depreciation	60,399,920
Buildings, net of \$194,092,107 accumulated depreciation	292,174,215
Machinery and equipment, net of \$25,534,630 accumulated depreciation	13,626,742
Intangibles, net of \$3,185,236 accumulated depreciation	<u>1,775,883</u>
Net adjustment to increase total <i>governmental funds-fund balance to arrive at net position of governmental activities</i>	<u><u>\$ 555,535,039</u></u>

Another element of reconciliation explains long-term liabilities not due and payable in the current period and, therefore are not reported in the funds. The details of this \$539,243,472 difference are as follows:

Notes payable	\$ 1,023,890
Certificates of participation	98,365,000
Issuance premium	1,551,146
Pension obligation bonds	40,810,000
OPEB liability	3,082,121
Pollution remediation obligation	66,500
Net Pension Liability	363,242,155
Compensated absences	<u>31,102,660</u>
Net adjustment to reduce <i>total governmental funds-fund balance to arrive at net position of governmental activities</i>	<u><u>\$ 539,243,472</u></u>

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The County's cash and investments at June 30, 2016 were as follows:

	<u>Amount</u>
Cash & Cash Equivalents	<u>\$ 15,750,879</u>
County Investments	
Money Market Mutual Funds	18,130,620
Certificates of Deposits	245,579
State of California Local Agency Investment Fund (LAIF)	46,206,841
Investment Trust of California Joint Powers Authority Pool (CALTRUST)	67,085,063
California Asset Management Program (CAMP)	5,539,220
Corporate Notes	74,042,054
Supranational	4,997,500
U.S. Federal Agency Notes:	
Federal Farm Credit Bank	23,889,894
Federal Home Loan Bank	224,189,294
Federal Home Loan Mortgage Corporation	158,845,948
Federal National Mortgage Association	40,466,150
Tennessee Valley Authority	5,252,635
U.S. Treasury Notes	183,549,509
Municipal Notes	67,497,172
Total County Investments	<u>919,937,479</u>
Total County Treasury	<u>935,688,358</u>
Cash and Investments with Fiscal Agents	
Cash & Cash Equivalents	358,909
Money Market	10,069,919
Mutual Funds - Fixed Income	3,247,000
U.S. Federal Agency Notes:	
Federal Farm Credit Bank	3,001,590
Federal National Mortgage Association	7,608,265
Total Cash and Investments with Fiscal Agents	<u>24,285,683</u>
Total Cash and Investments	<u>\$ 959,974,041</u>

Reconciliation to the financial statements:

Government-wide Statement of Net Position	\$ 361,799,380
Statement of Fiduciary Net Position:	
External Investment Trust	517,901,968
Private Purpose Trust	5,718,386
Agency Funds	73,887,057
Component Units:	
Solano County Fair	241,290
Workforce Investment Board	425,960
Total	<u>\$ 959,974,041</u>

The Investment Policy states 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.

The County is a voluntary participant in the State of California Local Agency Investment Fund (LAIF). At June 30, 2016, the County's investment to LAIF is \$46.2 million. LAIF is part of the State of California's Pooled Money Investment Account (PMIA). 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 167 days as of June 30, 2016. 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, 2016, the County's investment to CALTRUST is \$67.1 million. 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 County is also a voluntary participant in the California Asset Management Program (CAMP). At June 30, 2016, the County's investment to CAMP is \$5.5 million. The weighted average to maturity of CAMP investments was 45 days as of June 30, 2016. 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. 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, 2016, the weighted average to maturity of the Treasurer's Pool was 329 days.

The fair value of the County's investments as of June 30, 2016 is as follows:

	Investment Maturities Fair Value (in Years)			
	Amount	Less than 1	1 to 5	More than 5
County Investments				
Money Market Mutual Funds	\$ 18,130,620	\$ 18,130,620	-	\$ -
Certificates of Deposits	245,579	245,579	-	-
State of California Local Agency Investment Fund (LAIF)	46,206,841	46,206,841	-	-
Investment Trust of California Joint Powers Authority Pool	67,085,063	67,085,063	-	-
California Asset Management Program (CAMP)	5,539,220	5,539,220	-	-
Corporate Notes	74,042,054	42,285,724	31,756,330	-
Supranational	4,997,500	4,997,500	-	-
U.S. Federal Agency Notes:				
Federal Farm Credit Bank	23,889,894	5,000,000	18,889,894	-
Federal Home Loan Bank	224,189,294	140,605,980	83,583,314	-
Federal Home Loan Mortgage Corporation	158,845,948	56,150,650	102,695,298	-
Federal National Mortgage Association	40,466,150	30,419,010	10,047,140	-
Tennessee Valley Authority	5,252,635	-	5,252,635	-
U.S. Treasury Notes	183,549,509	103,101,094	80,448,415	-
Municipal Notes	67,497,172	13,555,990	51,016,182	2,925,000
<i>Total County Investments</i>	<u>919,937,479</u>	<u>533,323,271</u>	<u>383,689,208</u>	<u>2,925,000</u>
Investments with Fiscal Agents				
Money Market	10,069,919	10,069,919	-	-
Mutual Funds - Fixed Income	3,247,000	3,247,000	-	-
U.S. Federal Agency Notes:				
Federal Farm Credit Bank	3,001,590	-	3,001,590	-
Federal National Mortgage Association	7,608,265	-	7,608,265	-
<i>Total Investments with Fiscal Agents</i>	<u>23,926,774</u>	<u>13,316,919</u>	<u>10,609,855</u>	<u>-</u>
Total Investments	<u>\$ 943,864,253</u>	<u>\$ 546,640,190</u>	<u>\$ 394,299,063</u>	<u>\$ 2,925,000</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, 2016, 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	0.04%
Money Market Mutual Funds	AAA	1.88%
Certificates of Deposits	AA+	0.03%
State of California Local Agency Investment Fund (LAIF)	Not Rated	4.90%
Investment Trust of California Joint Powers Authority Pool Medium Term	A	1.60%
Investment Trust of California Joint Powers Authority Pool Short Term	AA	2.34%
Investment Trust of California Joint Powers Authority Pool Money Market	AAA	3.17%
California Asset Management Program	AAA	0.59%
Corporate Notes	A	2.14%
Corporate Notes	A	0.53%
Corporate Notes	AA	1.07%
Corporate Notes	AA-	1.21%
Corporate Notes	AA+	1.83%
Corporate Notes	AAA	1.07%
Supranational	AAA	0.53%
U.S. Federal Agency Notes:		
Federal Farm Credit Bank	AA+	2.53%
Federal Home Loan Bank	AA+	23.74%
Federal Home Loan Mortgage Corporation	AA+	16.82%
Federal National Mortgage Association	AA+	4.29%
Tennessee Valley Authority	AA+	0.56%
U.S. Treasury Notes	A+	1.06%
U.S. Treasury Notes	AA+	18.38%
Municipal Notes	A+	1.60%
Municipal Notes	AA	1.96%
Municipal Notes	AA-	2.61%
Municipal Notes	AA+	0.98%
Investments with Fiscal Agents		
Money Market	AAA	1.07%
Mutual Funds - Fixed Income	Not Rated	0.34%
U.S. Federal Agency Notes:		
Federal Farm Credit Bank	AA+	0.32%
Federal National Mortgage Association	AA+	0.81%
		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	\$ 224,189,294
Federal Home Loan Mortgage Corporation	158,845,948

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, 2016 is as follows:

Investment	Fair Value	Principal	Interest Rate Range (%)	Maturity Range (Month/Year)
Money Market Mutual Funds	\$ 18,130,620	\$ 18,130,620	0.000	07/16
Certificates of Deposits	245,579	245,000	1.346	10/16
State of California Local Agency Investment Fund (LAIF)	46,206,841	46,206,841	0.576	07/16
Investment Trust of California Joint Powers Authority Pool (CALTRUST)	67,085,063	66,972,492	0.420-1.010	07/16
California Asset Management Program (CAMP)	5,539,220	5,539,220	0.510	07/16
Corporate Notes	74,042,054	73,861,409	0.459-1.583	07/16 - 03/19
Supranational	4,997,500	5,000,000	0.650	05/17
U.S. Federal Agency Notes	452,643,921	451,854,299	0.460-1.182	07/16 - 04/19
U.S. Treasury Notes	183,549,509	183,287,115	0.314-1.015	07/16 - 07/18
Municipal Notes	67,497,172	66,356,925	0.752-7.444	07/16 - 11/27
	<u>\$ 919,937,479</u>	<u>\$ 917,453,921</u>		

7. Fair Value Measurements

The County's investment pool categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting policies. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

Deposits and withdrawals in governmental investment pools, such as LAIF, CAMP and CALTRUST, are reported on an amortized cost basis of \$1 per share and not fair value. Accordingly, the County's proportionate share in these types of investments is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

When available, quoted prices are used to determine fair value. When quoted prices in active markets are available, investments are classified within Level 1 of the fair value hierarchy.

For investments classified within Level 2 of the fair value hierarchy, the County's custodians generally use asset market prices derived from closing bid prices as of the last business day of the month as supplied by Interactive Data Services.

The County has the following recurring fair value measurements as of June 30, 2016:

	Fair Value Measurements Using			
	Balance at June 30, 2016	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
County Investments by Fair Value Level				
Money Market Mutual Funds	\$ 18,130,620	\$ 18,130,620	\$ -	\$ -
Certificates of Deposits	245,579	-	245,579	-
Corporate Notes	74,042,054	-	74,042,054	-
Supranational	4,997,500	-	4,997,500	-
U.S. Federal Agency Notes:				
Federal Farm Credit Bank	23,889,894	-	23,889,894	-
Federal Home Loan Bank	224,189,294	-	224,189,294	-
Federal Home Loan Mortgage Corporation	158,845,948	-	158,845,948	-
Federal National Mortgage Association	40,466,150	-	40,466,150	-
Tennessee Valley Authority	5,252,635	-	5,252,635	-
U.S. Treasury Notes	183,549,509	183,549,509	-	-
Municipal Notes	67,497,172	-	67,497,172	-
Total Investments Measured at Fair Value	\$ 801,106,355	\$ 201,680,129	\$ 599,426,226	\$ -
County Investments not subject to Fair Value Hierarchy				
State of California Local Agency Investment	46,206,841			
California Asset Management Program (CAMP)	5,539,220			
Investment Trust of California Joint Powers Authority Pool (CALTRUST)	67,085,063			
Total Investments not measured at amortized cost or subject to Fair Value Hierarchy	118,831,124			
Total County Pooled Investments	\$ 919,937,479			
Value Level				
Money Market	10,069,919	3,774,316	6,295,603	-
Mutual Funds - Fixed Income	3,247,000	3,247,000	-	-
U.S. Federal Agency Notes:				
Federal Farm Credit Bank	3,001,590	-	3,001,590	-
Federal National Mortgage Association	7,608,265	-	7,608,265	-
Total Investments with Fiscal Agents measured at Fair Value	\$ 23,926,774	\$ 7,021,316	\$ 16,905,458	\$ -
Total Investments	\$ 943,864,253			

The following represents a condensed statement of net position and changes in net position for the Treasurer's Pool as of June 30, 2016:

Statement of net position

Net position held in trust for all pool participants	\$ 924,295,869
Equity of internal pool participants	\$ 406,393,901
Equity of external pool participants	517,901,968
Total equity	<u>\$ 924,295,869</u>

Statement of changes in net position

Net position as of July 1, 2015	\$ 856,086,797
Net change in investments by pool participants	68,209,072
Net assets as of June 30, 2016	<u>\$ 924,295,869</u>

Reconciliation to financial statements

Held by County Treasurer:

Governmentwide	\$ 337,749,237
Trust/Agency	597,507,411
Component Units:	
Solano County Fair	120,720
Workforce Investment Board	310,990
	<u>935,688,358</u>

Less outstanding warrants:

Primary government	11,257,722
Component Unit	
Workforce Investment Board	134,767
	<u>134,767</u>

Total	<u>\$ 924,295,869</u>
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B. Due To/Due From Other Funds

The composition of the interfund balances as of June 30, 2016 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	\$ -	\$ 1,662,736	\$ 1,479,366	\$ 328,915	\$ -	\$ 2,542	\$ 3,473,559
	Health & Social Services	300,332	-	6,824,425	322,331	-	28,055	7,475,143
	Public Safety	61,759	66,513	-	146,896	-	-	275,168
	Other Governmental	56,468	173,775	123,916	20,730	416	9,412	384,717
	Nut Tree Airport	670	-	-	-	-	-	670
	Internal Service Funds	62	17,061	14,965	-	-	-	32,088
	Total	\$ 419,291	\$ 1,920,085	\$ 8,442,672	\$ 818,872	\$ 416	\$ 40,009	\$ 11,641,345

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, 2016 is as follows:

		Advance To			
		Health & Social Services	Other Governmental	Nut Tree Airport	Total
Advance From	General Fund	\$ 1,077,122	\$ 16,215,413	\$ 2,673,666	\$ 19,966,201

As of June 30, 2016, the outstanding amounts owed to the General Fund by other funds are as follows: the County Disaster Fund (Health & Social Services) owes \$1,077,122 for advances to pay for the damages resulting from the South Napa earthquake on August 24, 2014; the Accumulated Capital Outlay Fund (Other Governmental Funds) owes \$4,334,718 to cover the costs of Fairgrounds development; the Pension Debt Service Fund (Other Governmental Funds) owes \$11,000,000 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; and, the Nut Tree Airport Enterprise Fund owes \$2,673,666 to cover the costs of acquiring real property for purposes of airport expansion. 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, 2016 is as follows:

Governmental Activities	Beginning Balance	Additions	Retirements and Adjustments	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 155,458,287	\$ -	\$ -	\$ -	\$ 155,458,287
Construction in progress	26,352,277	15,365,411	-	(11,333,725)	30,383,963
Artwork	857,261	-	-	-	857,261
Intangibles	645,925	221,100	-	-	867,025
Total capital assets, not being depreciated	<u>183,313,750</u>	<u>15,586,511</u>	<u>-</u>	<u>(11,333,725)</u>	<u>187,566,536</u>
Capital assets, being depreciated:					
Buildings	480,043,518	(2,919)	(4,421,854)	10,945,609	486,564,354
Machinery and equipment	59,179,778	4,901,846	(2,930,133)	381,988	61,533,479
Infrastructure	127,419,731	-	-	6,128	127,425,859
Intangibles	11,014,711	-	-	-	11,014,711
Total capital assets being depreciated	<u>677,657,738</u>	<u>4,898,927</u>	<u>(7,351,987)</u>	<u>11,333,725</u>	<u>686,538,403</u>
Less accumulated depreciation for:					
Buildings	(180,826,174)	(15,708,146)	2,251,685	-	(194,282,635)
Machinery and equipment	(40,875,644)	(3,911,731)	2,860,783	-	(41,926,592)
Infrastructure	(63,690,809)	(3,335,130)	-	-	(67,025,939)
Intangibles	(7,804,976)	(1,145,786)	-	-	(8,950,762)
Total accumulated depreciation	<u>(293,197,603)</u>	<u>(24,100,793)</u>	<u>5,112,468</u>	<u>-</u>	<u>(312,185,928)</u>
Total capital assets, being depreciated, net	<u>384,460,135</u>	<u>(19,201,866)</u>	<u>(2,239,519)</u>	<u>11,333,725</u>	<u>374,352,475</u>
Governmental activities capital assets, net	<u>\$ 567,773,885</u>	<u>\$ (3,615,355)</u>	<u>\$ (2,239,519)</u>	<u>\$ -</u>	<u>\$ 561,919,011</u>
Business-type Activities	Beginning Balance	Additions	Retirements and Adjustments	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 8,304,351	\$ -	\$ -	\$ -	\$ 8,304,351
Construction in progress	1,295,165	-	-	(1,295,165)	-
Total capital assets, not being depreciated	<u>9,599,516</u>	<u>-</u>	<u>-</u>	<u>(1,295,165)</u>	<u>8,304,351</u>
Capital assets, being depreciated					
Buildings	10,795,227	523,505	-	1,295,165	12,613,897
Machinery and equipment	166,074	-	(29,920)	-	136,154
Total capital assets, being depreciated	<u>10,961,301</u>	<u>523,505</u>	<u>(29,920)</u>	<u>1,295,165</u>	<u>12,750,051</u>
Less accumulated depreciation for:					
Buildings	(6,690,173)	(475,307)	-	-	(7,165,480)
Machinery and equipment	(84,036)	(3,949)	29,920	-	(58,065)
Total accumulated depreciation	<u>(6,774,209)</u>	<u>(479,256)</u>	<u>29,920</u>	<u>-</u>	<u>(7,223,545)</u>
Total capital assets, being depreciated, net	<u>4,187,092</u>	<u>44,249</u>	<u>-</u>	<u>1,295,165</u>	<u>5,526,506</u>
Business-type activities capital assets, net	<u>\$ 13,786,608</u>	<u>\$ 44,249</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,830,857</u>

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

Governmental activities:	
General government	\$ 4,915,893
Public safety	8,035,213
Public ways and facilities	3,796,934
Health and sanitation	2,938,062
Public assistance	1,644,618
Education	450,587
Recreation	168,700
Capital assets held by the County's internal service funds are charged to various functions based on their usage of the asset	2,150,786
Total depreciation expense - governmental activities	<u>\$ 24,100,793</u>
 Business-type activities:	
Nut Tree Airport	<u>\$ 479,256</u>

Capital assets activity for the discretely presented component units for the fiscal year ended June 30, 2016 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	9,402,214	457,323	-	9,859,537
Machinery and equipment	456,969	-	(18,966)	438,003
Total capital assets, being depreciated:	<u>9,859,183</u>	<u>457,323</u>	<u>(18,966)</u>	<u>10,297,540</u>
Less accumulated depreciation for:				
Buildings	(8,512,570)	(216,879)	-	(8,729,449)
Machinery and equipment	(419,940)	(15,600)	18,966	(416,574)
Total accumulated depreciation	<u>(8,932,510)</u>	<u>(232,479)</u>	<u>18,966</u>	<u>(9,146,023)</u>
Total capital assets, being depreciated, net	<u>926,673</u>	<u>224,844</u>	<u>-</u>	<u>1,151,517</u>
Total Solano County Fair capital assets, net	<u>\$ 1,093,758</u>	<u>\$ 224,844</u>	<u>\$ -</u>	<u>\$ 1,318,602</u>
Workforce Investment Board (WIB)				
Capital assets, being depreciated:				
Machinery and equipment	\$ 18,478	\$ -	\$ -	\$ 18,478
Less: Accumulated depreciation	(15,276)	(1,601)	-	(16,877)
Total WIB capital assets, being depreciated, net	<u>\$ 3,202</u>	<u>\$ (1,601)</u>	<u>\$ -</u>	<u>\$ 1,601</u>

Depreciation expense was charged to component units as follows:

Component units:	
Solano County Fair	\$ 232,479
Workforce Investment Board	1,601
Total depreciation expense-component units	<u>\$ 234,080</u>

E. Interfund Transfers

The composition of interfund transfers for the fiscal year ended June 30, 2016 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	\$ -	\$ -	\$ 84,795	\$ 205,016	\$ -	\$ -	\$ 289,811
	Health & Social Services	25,807,286	-	565	156,997	-	-	25,964,848
	Public Safety	95,101,917	-	-	38,768	-	-	95,140,685
	Other Governmental	10,767,928	6,026,693	5,239,741	5,199,474	13,414	309,509	27,556,759
	Internal Service Funds	38,300	100,000	124,088	-	-	-	262,388
	Total	<u>\$ 131,715,431</u>	<u>\$ 6,126,693</u>	<u>\$ 5,449,189</u>	<u>\$ 5,600,255</u>	<u>\$ 13,414</u>	<u>\$ 309,509</u>	<u>\$ 149,214,491</u>

General Fund

The General Fund made a net contribution of \$131,715,431 as of June 30, 2016 to offset operating costs of various programs and to meet the maintenance of effort requirements for many grant-funded programs.

Of the amount transferred, Health & Social Services Fund received a net transfer of \$25,807,286 including a transfer of \$507,601 for In Home Support Services Public Authority; and the Public Safety Fund received a net transfer of \$95,101,917.

Other Governmental Funds received a total of \$10,767,928. Of this amount, \$5,066,986 was transferred to the Accumulated Capital Outlay Fund (Other Governmental Funds) to finance various capital projects. Pension Debt Service (Other Governmental Funds) received \$1,424,394 for the departments' share of the principal and interest payment of the Pension Obligation Bonds (POB). The Government Center Debt Service Fund (Other Governmental Funds) received \$2,988,456 for General Fund's share of principal and interest for the 2007 Certificates of Participation (COP); and \$1,288,092 was transferred to other county departments (Other Governmental Funds).

The Fleet Management (Internal Service Fund) received \$38,300 for the purchase of an Animal Control vehicle.

Health & Social Services (H&SS) Fund

The Health & Social Services Fund transferred \$4,072,992 to the Pension Debt Service Fund (Other Governmental Funds) for the department's share of the principal and interest payment of the POB and \$1,608,892 for its share of the 2009 COP Debt Service principal and interest payments.

The Health & Social Services Fund transferred \$344,809 to Accumulated Capital Outlay fund (Other Governmental Funds) for hoteling (Storage Space Conversion and Office Space & Desk Sharing) projects at 275 Beck Ave.

The Fleet Management (Internal Service Fund) received \$100,000 for the purchase of vehicles for program and outreach services.

Public Safety Fund

The Public Safety Fund transferred \$4,343,055 to the Pension Debt Service Fund for the department's share of the principal and interest payment of the POB and \$396,686 to the Government Center Debt Service Fund for its share of the principal and interest payments of the 2007 COP.

The Public Safety Fund transferred \$500,000 to Capital Projects Outlay fund (Other Governmental Funds) for Claybank Detention Facility.

The Fleet Management (Internal Service Fund) received \$124,088 for the purchase of vehicles for program services.

Other Governmental Funds

The Micrographics and Modernization Fund (Other Governmental Funds) transferred \$175,016 to the Assessor-Recorder (General Fund) for administrative costs associated with collection and management of DA fraud fees received during FY2015/16.

The Accumulated Capital Outlay Fund transferred \$900,000 to Government Center Debt Service Fund (Other Governmental Funds) for its share of the principal and interest payments of the 2007 COP. Also, \$30,000 was transferred to the General Fund for the reimbursement of capital project cost; \$156,997 was transferred to Health & Social Services Fund for the county's share of the disaster costs; \$38,768 was transferred to the Public Safety Fund for the return of contribution to the security upgrade project.

The Public Facilities Fees (Other Governmental Funds) transferred \$1,300,000 to the Accumulated Capital Outlay for Animal Care Replacement project; transferred \$150,000 to the Debt Service Fund (Other Governmental Funds) for its share of the principal and interest for the 2009 COP; and transferred \$1,309,225 to the Government Center Debt Service Fund (Other Governmental Fund) for its share of the principal and interest payment of the 2007 COP.

The Transportation Fund (Other Governmental Funds) transferred \$170,000 to the Debt Service Fund for its share of the 2007 COP principal and interest payment.

The Library (Other Governmental Funds) transferred \$506,819 for to the Debt Service Fund for its share of the 2007 COP principal and interest payment.

The Micrographics & Modernization Fund (Other Governmental Funds) transferred \$220,000 to Accumulated Capital Outlay for the Assessor Lobby Improvement.

There was also a transfer of \$643,430 from various County Funds to the Pension Debt Service Fund (Other Governmental Funds) for their share of the principal and interest payment of the POB.

Internal Service Funds

The Internal Service Funds transferred \$293,509 to the Pension Debt Service Fund (Other Governmental Funds) for its share of principal and interest payment of the POB, and \$16,000 to the Accumulated Capital Outlay (Other Governmental Funds) for the Rio Vista Fuel Tank Replacement project.

Airport

For its share of principal and interest payment of the POB, the Airport transferred \$13,414 to the Pension Debt Service Fund.

F. Payable

The composition of payables as of June 30, 2016 is as follows:

	<u>Accounts Payable</u>	<u>Accrued Payroll</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 2,555,336	\$ 1,498,804	\$ -	\$ 4,054,140
Health & Social Services	13,186,102	4,336,859	-	17,522,961
Public Safety	2,056,630	4,393,705	-	6,450,335
Other Governmental Funds	1,662,394	654,981	-	2,317,375
Internal Service Funds	2,019,155	286,302	-	2,305,457
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	1,748,483	1,748,483
Total governmental activities	<u>\$ 21,479,617</u>	<u>\$ 11,170,651</u>	<u>\$ 1,748,483</u>	<u>\$ 34,398,751</u>
Business-type activities:				
Nut Tree Airport	<u>\$ 139,888</u>	<u>\$ 13,953</u>	<u>\$ -</u>	<u>\$ 153,841</u>

G. Operating Leases

The County leases office space and equipment under operating leases. Total rental expenditures for such leases were \$1,772,062, for the fiscal year ended June 30, 2016. Future minimum rental payments under all noncancelable operating leases with initial or remaining terms in excess of one year as of June 30, 2016 are summarized as follows:

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>Component Units WIB</u>	<u>Total</u>
2017	\$ 1,521,819	\$ 375,125	\$ 1,896,944
2018	1,451,272	-	1,451,272
2019	799,400	-	799,400
2020	286,843	-	286,843
2021	24,723	-	24,723
	<u>\$ 4,084,057</u>	<u>\$ 375,125</u>	<u>\$ 4,459,182</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
2017	\$ -	\$ 30,717
2018	-	30,717
2019	-	30,717
2020	-	30,717
2021	-	30,717
2022	1,023,890	276,450
	<u>\$ 1,023,890</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, 2016, the term of the agreement is 12 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
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	4,560,000	3,275,147
2022-2026	26,150,000	12,958,877
2027-2031	30,905,000	6,657,065
2032-2033	13,960,000	635,175
	<u>\$ 98,365,000</u>	<u>\$ 39,259,417</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
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	3,335,000	1,091,285
2022-2025	17,040,000	2,387,705
	<u>\$ 40,810,000</u>	<u>\$ 10,109,646</u>

The composition of the long-term debt obligations for the governmental activities as of June 30, 2016 is as follows:

<u>Type and description</u>	<u>Maturity</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Notes payable:				
City of Suisun Successor Agency	June 30, 2022	3.00	1,023,890	1,023,890
Total notes payable				<u>1,023,890</u>
Certificates of participation:				
2007 Certificates of Participation				
Serial	November 1, 2007 - November 1, 2024	4.00 - 5.00	50,620,000	38,880,000
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	1,284,244
2009 Refunding Certificates of Participation				
Serial	November 15, 2010 - November 15, 2019	3.00 - 5.00	16,745,000	5,605,000
Issuance Premium			889,673	266,902
2013 Certificates of Participation				
Serial	November 15, 2013- November 15, 2027	3.34	5,420,000	4,640,000
Total certificates of participation				<u>99,916,146</u>
Pension Obligation Bonds:				
Series 2004A	January 15, 2018	5.80	36,665,000	10,125,000
Series 2005	January 15, 2025	5.36	42,385,000	30,685,000
Total pension obligation bonds				<u>40,810,000</u>
Self-insurance liability				14,522,000
Compensated absences				32,562,442
Pollution remediation obligation				66,500
Net pension liability				371,128,347
Net OPEB liability				3,180,970
Total governmental obligations				<u>\$ 563,210,295</u>

The composition of the long-term debt obligations for the business-type activities as of June 30, 2016, is as follows:

<u>Type and description</u>	<u>Outstanding</u>
Nut Tree Airport	
Net pension liability	\$ 353,671
Net OPEB liability	5,119
Compensated absences	41,936
Total Nut Tree Airport	<u>\$ 400,726</u>

The composition of the long-term obligations of the County's discretely presented component units as of June 30, 2016, is as follows:

<u>Type and description</u>	<u>Outstanding</u>
Solano County Fair	
Pension obligation bonds	\$ 734,955
Capital lease	260,317
Compensated absences	55,081
Net OPEB liability	77,172
Net Pension liability	1,060,154
Parking lease-Six Flags	320,000
Total Solano County Fair	<u>\$ 2,507,679</u>

Workforce Investment Board (WIB)
 Compensated absences

\$ 138,526

Long-term liability activity for the fiscal year ended June 30, 2016, 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	\$ 103,845,000	\$ -	\$ (5,480,000)	\$ 98,365,000	\$ 5,740,000
Add:					
For issuance premiums	1,768,538	-	(217,392)	1,551,146	217,392
Pension obligation bonds	47,810,000	-	(7,000,000)	40,810,000	7,930,000
Notes payable	1,031,823	-	(7,933)	1,023,890	-
Self-insurance liability	13,610,000	4,002,049	(3,090,049)	14,522,000	4,485,917
Pollution remediation obligation	752,617	-	(686,117)	66,500	66,500
Net pension liability	332,128,944	111,499,164	(72,499,761)	371,128,347	-
Net OPEB liability	2,207,952	973,018	-	3,180,970	-
Compensated absences	31,275,376	13,800,246	(12,513,180)	32,562,442	13,342,764
Governmental activities long-term liabilities	<u>\$ 534,430,250</u>	<u>\$ 130,274,477</u>	<u>\$ (101,494,432)</u>	<u>\$ 563,210,295</u>	<u>\$ 31,782,573</u>

Business-type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net pension liability	\$ 314,526	\$ 108,608	\$ (69,463)	\$ 353,671	\$ -
Net OPEB liability	3,873	1,246	-	5,119	-
Compensated absences	<u>27,582</u>	<u>23,116</u>	<u>(8,762)</u>	<u>41,936</u>	<u>26,773</u>
Business-type activities long-term liabilities	<u>\$ 345,981</u>	<u>\$ 132,970</u>	<u>\$ (78,225)</u>	<u>\$ 400,726</u>	<u>\$ 26,773</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 (56%) and the Health & Social Services Fund (30%). The majority of increases 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, \$23,966,822 of the internal service funds' long-term liabilities is included as part of the above totals for governmental activities.

OPEB	\$ 98,849
Net Pension Liability	7,886,191
Compensated Absences	1,459,782
Workers' Compensation	<u>14,522,000</u>
Total Liabilities	<u>\$ 23,966,822</u>

Component units activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Solano County Fair:					
Pension obligation bonds	\$ 734,955	\$ -	\$ -	\$ 734,955	\$ 101,300
Capital lease	287,330	-	(27,013)	260,317	29,176
Compensated absences	51,344	39,386	(35,649)	55,081	8,348
Net OPEB liability	64,862	12,699	(389)	77,172	-
Net pension liability	-	1,343,724	(283,570)	1,060,154	-
Parking lease	<u>-</u>	<u>320,000</u>	<u>-</u>	<u>320,000</u>	<u>64,000</u>
Total Solano County Fair	<u>\$ 1,138,491</u>	<u>\$ 1,715,809</u>	<u>\$ (346,621)</u>	<u>\$ 2,507,679</u>	<u>\$ 202,824</u>

WIB:

Compensated absences	<u>\$ 139,399</u>	<u>\$ 157,921</u>	<u>\$ (158,794)</u>	<u>\$ 138,526</u>	<u>\$ 138,526</u>
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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 \$66,500, 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, 2016 are classified as follows:

	General Fund	Health & Social Services	Public Safety	Other Governmental	Total
Nonspendable:					
Inventory	\$ 1,077	\$ -	\$ -	\$ 164,969	\$ 166,046
Long-term receivable	811,119	-	-	-	811,119
Advances	19,966,200	-	-	-	19,966,200
Prepaid expenses	14,930	193,022	105,615	-	313,567
Subtotal	<u>20,793,326</u>	<u>193,022</u>	<u>105,615</u>	<u>164,969</u>	<u>21,256,932</u>
Restricted for:					
Future pension contribution	20,169,578	-	-	-	20,169,578
District Attorney programs	-	-	4,886,413	-	4,886,413
Civil Process operation	-	-	1,015,399	-	1,015,399
Asset Seizure	-	-	485,895	-	485,895
Criminal justice & court facilities	-	-	808,069	-	808,069
Courts and justice system	-	-	305,524	-	305,524
Livescan	-	-	620,637	-	620,637
Law Enforcement Programs	-	-	440,061	-	440,061
2011 Realignment	-	-	12,591,140	-	12,591,140
Capital projects	-	-	-	1,882,451	1,882,451
Public facilities fees	-	-	-	14,653,431	14,653,431
Library services	-	-	-	16,360,710	16,360,710
Public works operations and services	-	-	-	10,034,978	10,034,978
Health services-MHSA programs	-	28,775,956	-	-	28,775,956
First 5 Solano	-	-	-	8,089,519	8,089,519
Mental & Public Health - IGT	-	6,036,232	-	-	6,036,232
1991 Realignment	-	13,226,060	-	-	13,226,060
Home loan program	-	-	-	5,030,626	5,030,626
Micrographics & modernization	-	-	-	9,218,089	9,218,089
East Vallejo Fire District	-	-	-	15,702	15,702
Fish & Game	-	-	-	38,685	38,685
County service area	-	-	-	584,156	584,156
Debt Service	-	-	-	1,876,970	1,876,970
Subtotal	<u>20,169,578</u>	<u>48,038,248</u>	<u>21,153,137</u>	<u>67,785,317</u>	<u>157,146,280</u>
Committed for:					
Capital projects - Public Art	-	-	-	49,887	49,887
Assigned to:					
Imprest Cash	6,130	-	-	-	6,130
Professional and contracted services	694,606	-	-	-	694,606
Undisbursed approved loans	1,982,465	-	-	-	1,982,465
FY 2016/17 budgetary resource	23,828,686	-	-	-	23,828,686
Fouts decommissioning	1,075,246	-	-	-	1,075,246
Employers PERS rate increase	6,305,455	-	-	-	6,305,455
Low/moderate income housing project:	1,700,000	-	-	-	1,700,000
Maintenance	14,423,688	-	-	-	14,423,688
Accrued leave payoff	6,109,619	-	-	-	6,109,619
Mission Solano Rescue Mission	-	300,000	-	-	300,000
Capital projects	-	-	-	13,913,387	13,913,387
Parks & recreation	-	-	-	181,614	181,614
Debt Service	-	-	-	2,800,000	2,800,000
Subtotal	<u>56,125,895</u>	<u>300,000</u>	<u>-</u>	<u>16,895,001</u>	<u>73,320,896</u>
Unassigned:					
General fund	56,619,344	-	-	-	56,619,344
Pension debt service	-	-	-	(3,360,335)	(3,360,335)
Subtotal	<u>56,619,344</u>	<u>-</u>	<u>-</u>	<u>(3,360,335)</u>	<u>53,259,009</u>
Total	<u>\$ 153,708,143</u>	<u>\$ 48,531,270</u>	<u>\$ 21,258,752</u>	<u>\$ 81,534,839</u>	<u>\$ 305,033,004</u>

Fund Balance Assignments – Undisbursed Approved Loans

- On September 24, 2006, the Board approved a General Fund loan for \$3,000,000 for the Transportation Special Revenue Fund. As of June 30, 2016, 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, 2016, the undisbursed balance of the approved loans was \$565,282.
- 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, 2016, the undisbursed balance of the approved loan was \$797,878.

K. Deficit Fund Equity

As of June 30, 2016, the Pension Debt Service Fund reported a deficit fund balance of \$3,360,335 which is expected to be resolved through rate recovery from the county departments over the next 3 years. The Debt Service Committee continuously evaluates the fund equity deficit.

L. Special Item

A special item is a significant transaction or event that is within the control of management and is either unusual in nature or infrequent in occurrence.

The County has reported the Fouts Springs Asset Impairment of \$2,170,171 as a Special Item in the Governmental Activities financial statements as of June 30, 2016.

The Fouts Springs Asset Impairment represents the net book value of the capital assets which were removed from the County's financial statements due to the permanent closure of the Fouts Springs Youth Facility (Fouts). In 2011, the Board of Supervisors authorized the closure of Fouts. After several years of planning, the decommissioning of the facility began in FY15/16. As a result of the closure of Fouts, the County has retired capital assets totaling \$4.5 million, net of accumulated depreciation of \$2.3 million.

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, 2016, are summarized as follows:

	Miscellaneous		
	Prior to May 4, 2012	On or after May 4, 2012	On or after Jan. 1, 2013
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	18.93%	18.93%	18.93%
Status	Closed	Closed	Open

	Safety - Sheriff		
	Prior to Jan. 17, 2011	On or after Jan. 17, 2011	On or after Jan. 1, 2013
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	23.55%	23.55%	23.55%
Status	Closed	Closed	Open

	Safety - County Peace Officer		
	Prior to May 4, 2012	On or after May 4, 2012	On or after Jan. 1, 2013
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	23.55%	23.55%	23.55%
Status	Closed	Closed	Open

3. Employees Covered

At June 30, 2016, 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	2,647	520
Inactive employees entitled to but not yet receiving benefits	1,506	254
Active employees	<u>2,270</u>	<u>536</u>
Total	<u><u>6,423</u></u>	<u><u>1,310</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, 2015 (the measurement date) was 17.43% for miscellaneous and 21.84% for safety employees. The required employer contribution rate for the fiscal year ended June 30, 2016 (after the measurement date) was 18.93% for miscellaneous and 23.55% for safety employees. The required employer contribution amounts for the fiscal year ended June 30, 2016 were \$28,845,565 and \$10,861,935 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, 2015, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions

The total pension liability in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	<u>Miscellaneous</u>	<u>Safety</u>
Valuation Date	June 30, 2014	June 30, 2014
Measurement Date	June 30, 2015	June 30, 2015
Actuarial Cost Method	Entry-Age Normal	
Actuarial Assumptions:		
Discount Rate	7.65%	7.65%
Inflation	2.75%	2.75%
Payroll Growth	3.00%	3.00%
Projected Salary Increase	Varies by Entry Age and Service	
Investment Rate of Return	7.65% ⁽¹⁾	7.65% ⁽¹⁾
Mortality	Derived using CalPERS' Membership Data for All Funds	

(1) Net of Pension Plan Investment expenses, including inflation.

¹The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in January 30, 2014 valuation were based on the results of an actuarial experience study for the period from 1997 to 2011, including updates to salary increase, mortality and retirement rates. The Experience Study report can be obtained at CalPERS' website under Forms and Publications.

Change of Assumptions

GASB 68, paragraph 68 states that the long-term expected rate of return should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.635 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Expected Rate of Return

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

In determining the long-term expected rate of return, staff took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement 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 location. These geometric rates of return are net of administrative expenses.

Asset Class	Target Allocation	Real Return Years 1-10 ⁽¹⁾	Real Return Years 11+ ⁽²⁾
Global Equity	51.0%	5.25%	5.71%
Global Fixed Income	19.0	0.99	2.43
Inflation Sensitive	6.0	0.45	3.36
Private Equity	10.0	6.83	6.95
Real Estate	10.0	4.50	5.13
Infrastructure and Foresrland	2.0	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

Discount Rate

The discount rate used to measure the total pension liability was 7.65% 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 7.65% 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.

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, 2015 are as follows:

	Miscellaneous		
	Total Pension	Increase (Decrease)	Net Pension
	Liability	Plan Fiduciary Net Position	Liability/(Asset)
Balance at June 30, 2015	\$ 1,203,851,185	\$ 955,202,916	\$ 248,648,269
Changes in the year:			
Service cost	25,949,824	-	25,949,824
Interest on total pension liability	88,521,350	-	88,521,350
Differences between expected and actual experience	(7,306,473)	-	(7,306,473)
Changes in assumptions	(20,933,833)	-	(20,933,833)
Contributions from the employer	-	25,507,454	(25,507,454)
Contributions from employees	-	11,837,309	(11,837,309)
Plan to Plan Resource Movement	-	(13,435)	13,435
Projected Earnings on Investments	-	71,843,529	(71,843,529)
Differences between Projected and Actual Earnings on Plan Investments	-	(50,761,083)	50,761,083
Benefit payments, including refunds of employee contributions	(57,335,586)	(57,335,586)	-
Administrative Expense	-	(1,072,603)	1,072,603
Net Changes	28,895,282	5,585	28,889,697
Balance at June 30, 2016	<u>\$ 1,232,746,467</u>	<u>\$ 955,208,501</u>	<u>\$ 277,537,966</u>
	Safety		
	Total Pension	Increase (Decrease)	Net Pension
	Liability	Plan Fiduciary Net Position	Liability/(Asset)
Balance at June 30, 2015	\$ 398,191,241	\$ 314,396,040	\$ 83,795,201
Changes in the year:			
Service cost	10,094,060	-	10,094,060
Interest on total pension liability	29,459,459	-	29,459,459
Differences between expected and actual experience	(1,931,477)	-	(1,931,477)
Changes in assumptions	(7,334,339)	-	(7,334,339)
Contributions from the employer	-	9,478,293	(9,478,293)
Contributions from employees	-	4,127,101	(4,127,101)
Projected Earnings on Investments	-	23,824,413	(23,824,413)
Differences between Projected and Actual Earnings on Plan Investments	-	(16,934,560)	16,934,560
Benefit payments, including refunds of employee contributions	(17,762,970)	(17,762,970)	-
Administrative Expense	-	(356,395)	356,395
Net Changes	12,524,733	2,375,882	10,148,851
Balance at June 30, 2016	<u>\$ 410,715,974</u>	<u>\$ 316,771,922</u>	<u>\$ 93,944,052</u>
Total for Miscellaneous & Safety	<u>\$ 1,643,462,441</u>	<u>\$ 1,271,980,423</u>	<u>\$ 371,482,018</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:

	Miscellaneous	Safety	Total
1% Decrease	6.65%	6.65%	6.65%
Net Pension Liability	\$ 435,753,453	\$ 150,175,607	\$ 585,929,060
Current Discount Rate	7.65%	7.65%	7.65%
Net Pension Liability	\$ 277,537,966	\$ 93,944,052	\$ 371,482,018
1% Increase	8.65%	8.65%	8.65%
Net Pension Liability	\$ 145,036,610	\$ 47,594,233	\$ 192,630,843

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, 2016, the County recognized pension expense of \$25,057,089. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$ -	(20,165,851)
Differences between Expected and Actual Experiences	-	(6,543,725)
Pension contributions subsequent to measurement date	39,707,500	-
Net differences between Projected and Actual Earnings on Pension Plan Investments	-	(10,878,910)
Total	<u>\$ 39,707,500</u>	<u>\$ (37,588,486)</u>

The amount of \$39,707,500 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, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Miscellaneous	Safety	TOTAL
2016	\$ (25,130,883)	\$ (7,344,136)	\$ (32,475,019)
2017	(25,130,883)	(7,344,136)	(32,475,019)
2018	(18,070,815)	(7,344,136)	(25,414,951)
2019	40,608,866	12,167,637	52,776,503
2020	-	-	-
Total	\$ (27,723,715)	\$ (9,864,771)	\$ (37,588,486)

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 \$128 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 \$128 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, 2016, the County contributed \$4,001,988. The purpose of these contributions was to cover the Annual Required Contribution rate of 2.61% of covered payroll (annual payroll of active employees covered by the plan) and to fund the postemployment medical benefits. However, for fiscal year 2015/2016, 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 2.61% 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)	\$ 5,060,000
Interest on Net OPEB Liability	143,769
Less: Amortization of Net OPEB Liability	<u>(227,517)</u>
Annual OPEB Cost (expense)	4,976,251
Less: Contributions Made	<u>(4,001,988)</u>
Increase/(Decrease) in Net OPEB Liability	974,263
Net OPEB Liability, July 1, 2015	<u>2,211,825</u>
Net OPEB Liability, June 30, 2016	<u>\$ 3,186,088</u>
% of annual OPEB cost contributed	<u>80%</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, 2016 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
6/30/2014	\$ 2,759,287	\$ 3,583,718	130%	\$ 3,211,428
6/30/2015	\$ 2,822,035	\$ 3,821,638	135%	\$ 2,211,825
6/30/2016	\$ 4,976,251	\$ 4,001,988	80%	\$ 3,186,088

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 2016 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, 2016 was 20 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 \$7,726,192 during the fiscal year ended June 30, 2016 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, 2016, the accrued loss contingency for the County's workers' compensation program was \$14,522,000 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, 2016 and 2015 were:

Year Ended	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2015	\$ 12,993,000	\$ 4,828,066	\$ (4,211,066)	\$ 13,610,000
June 30, 2016	13,610,000	4,002,049	(3,090,049)	14,522,000

The claims liabilities above, reported in the Self Insurance Internal Service Fund at June 30, 2016, 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. Commitment and Contingency in relation to Fouts Springs Youth Facility

In August 2011, the Board of Supervisors authorized the closure of the Fouts Springs Youth Facility (Fouts) due to unanticipated program changes and the loss of state-funded programs. The facility was operated by the County through a Special Use Permit established in 1959 between the County and the United States Department of Agriculture – Forest Service (USFS). Under the terms of the Special Use Permit, the County must remove 36 buildings and return the site to its natural state. Since 2011, the County has been working with USFS on the Fouts decommissioning studies and site restoration plan. The USFS has approved the demolition and site restoration plan and the decommissioning project will occur in phases over the next several years at an estimated cost of \$4.9 million.

Phase I will include the demolition and site restoration work including the removal of approximately 15 of the 36 structures at an estimated cost of \$1.5 million, which is included in the FY2016/17 budget. The Phase 1 work is expected to be completed in December 2016, with Phase 2 proceeding in FY2017-18, subject to available funding. Phase 1 of 4 phases of the project is funded, and an additional funding requirement of approximately \$3.4 million will be required for completion. The General Services Department will update the Board after Phase 1 is completed and will work with the County Administrator's Office to develop a financing plan to fund the project's remaining balance in subsequent years.

F. 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 during the fiscal year ended June 30, 2016:

GASB Statement No. 72 – In February 2015, GASB issued 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. This Statement provides guidance in determining a fair value measurement for financial reporting purposes. This Statement also provides guidance in applying fair value to certain investments and disclosures related to all fair value measurements.

GASB Statement No. 76 – In June 2015, GASB issued 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).

GASB Statement No. 79 – In December 2015, GASB issued Statement No. 79, *Certain External Investments Pools and Pool Participants*. The objective of this Statement is to address for certain external investment pools and their participants the accounting and financial reporting implications that result from changes in the regulatory provisions referenced by previous accounting and financial reporting standards. Those provisions were based on the Investment Company Act of 1940, and were significantly amended in 2014. This Statement established accounting and financial reporting standards for qualifying external investments pools that elect to measure for financial reporting purposes all of their investments at amortized costs. GASB Statement No. 79 has no financial impact on the County's financial statements.

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, *Pension Issues-An Amendment of GASB Statements No. 67, and No. 73*. The objective of this Statement is to address

certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and 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 No. 67 and No. 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice or financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. The County has early implemented this Statement.

G. 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. 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. 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.

Statement No. 78 – Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans

The objective of this Statement establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit plan (cost sharing pension plan). During the implementation of Statement No. 68, Accounting and Financial Reporting for Pensions, an issue arose regarding the ability of state and local governmental employers to obtain necessary information related to pensions that are provided through certain multiple-employer defined benefit pension plans. The objective of this Statement is to address that issue. 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. 80 – Blending Requirements for Certain Component Units

The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement establishes an additional requirement of component units. 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. 81 – Irrevocable Split-Interest Agreements

The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. 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.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

COUNTY OF SOLANO, CALIFORNIA
Schedule of Changes in Net Pension Liability and Related Ratios
Miscellaneous Plan
Last 10 Years*

	2016	2015
	June 30, 2015	June 30, 2014
Measurement Period		
TOTAL PENSION LIABILITY		
Service Cost	\$ 25,949,824	\$ 26,543,827
Interest	88,521,350	84,956,858
Difference Between Expected and Actual Experience	(7,306,473)	-
Changes of Assumptions	(20,933,833)	-
Benefit Payments, Including Refunds of Employee Contributions	(57,335,586)	(54,271,372)
Net Change in Total Pension Liability	28,895,282	57,229,313
Total Pension Liability - Beginning	1,203,851,185	1,146,621,873
Total Pension Liability - Ending (a)	\$ 1,232,746,467	\$ 1,203,851,185
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 25,507,454	\$ 23,810,683
Contributions - Employee	11,837,309	11,281,036
Net Investment Income	21,082,446	142,910,199
Benefit Payments, Including Refunds of Employee Contributions	(57,335,586)	(54,271,372)
Plan to Plan Resource Movement	(13,435)	-
Administrative Expense	(1,072,603)	-
Net Change in Fiduciary Net Position	5,585	123,730,546
Plan Fiduciary Net Position - Beginning	955,202,916	831,472,371
Plan Fiduciary Net Position - Ending (b)	\$ 955,208,501	\$ 955,202,916
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 277,537,966	\$ 248,648,269
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.49%	79.35%
Covered-Employee Payroll ¹	\$ 147,542,730	\$ 141,877,315
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	188.11%	175.26%

¹ Covered-Employee Payroll presented above is based on implementation of GASB 82 earnings provided by the employer.

Notes to Schedule:

Changes of Assumptions: The discount rate was changed from 7.5% (net of administrative expense) to 7.65%.

Schedule of Plan Contributions - Miscellaneous Plan
Miscellaneous Plan
Last 10 Years*

	2016	2015
Actuarially Determined Contribution	\$ 28,428,408	\$ 26,572,848
Contributions in Relation to the Actuarially Determined Contribution	(28,845,565)	(25,573,456)
Contribution Deficiency (Excess)	(\$417,157)	\$ 999,392
Covered-Employee Payroll	\$152,372,109	\$147,542,730
Contributions as a Percentage of Covered-Employee Payroll	18.93%	17.34%

* Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

COUNTY OF SOLANO, CALIFORNIA
Schedule of Changes in Net Pension Liability and Related Ratios
Safety Plan
Last 10 Years*

	2016	2015
	June 30, 2015	June 30, 2014
Measurement Period		
TOTAL PENSION LIABILITY		
Service Cost	\$ 10,094,060	\$ 10,196,391
Interest on Total Pension Liability	29,459,459	27,987,355
Changes of Assumptions ³	(7,334,339)	-
Difference Between Expected and Actual Experience	(1,931,477)	-
Benefit Payments, Including Refunds of Employee Contributions	(17,762,970)	(16,118,095)
Net Change in Total Pension Liability	12,524,733	22,065,651
Total Pension Liability - Beginning	398,191,241	376,125,590
Total Pension Liability - Ending (a)	\$ 410,715,974	\$ 398,191,241
PLAN FIDUCIARY NET POSITION		
Contributions - Employer	\$ 9,478,293	\$ 8,448,188
Contributions - Employee	4,127,101	4,529,358
Net Investment Income	6,889,853	46,982,051
Benefit Payments, Including Refunds of Employee Contributions	(17,762,970)	(16,118,095)
Administrative Expense	(356,395)	-
Net Change in Fiduciary Net Position	2,375,882	43,841,502
Plan Fiduciary Net Position - Beginning	314,396,040	270,554,538
Plan Fiduciary Net Position - Ending (b)	\$ 316,771,922	\$ 314,396,040
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 93,944,052	\$ 83,795,201
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.13%	78.96%
Covered-Employee Payroll	\$ 42,326,654	\$ 40,585,880
Plan Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll	221.95%	206.46%

¹ Covered-Employee Payroll presented above is based on pensionable earnings provided by the employer.

Notes to Schedule:

Changes of Assumptions: The discount rate was changed from 7.5% (net of administrative expense) to 7.65%.

Schedule of Plan Contributions - Safety Plan
Safety Plan
Last 10 Years*

	2016	2015
Actuarially Determined Contribution	\$ 10,139,588	\$ 9,261,956
Contributions in Relation to the Actuarially Determined Contribution	(10,861,935)	(9,489,646)
Contribution Deficiency (Excess)	\$ (722,347)	\$ (227,690)
Covered-Employee Payroll	\$ 46,124,828	\$ 42,326,654
Contributions as a Percentage of Covered-Employee Payroll	23.55%	22.42%

* Amounts presented above were determined as of 6/30. Additional years will be presented as they become available.

COUNTY OF SOLANO, CALIFORNIA
Schedules of Funding Progress
For the Fiscal Year Ended June 30, 2016
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	14,217,000	20,160,000	41%	168,884,000	12%
1/01/15	56,929,000	22,382,000	34,547,000	39%	193,829,000	18%

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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Adopted</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes	\$ 141,051,400	\$ 141,051,400	\$ 143,716,809	\$ 2,665,409
Licenses, permits and franchises	6,227,025	6,227,025	6,663,374	436,349
Fines, forfeitures and penalties	1,225,800	1,225,800	1,102,647	(123,153)
Use of money and property	1,499,560	1,499,560	3,800,889	2,301,329
Intergovernmental	7,100,477	7,472,901	6,170,893	(1,302,008)
Charges for services	39,384,645	39,411,372	41,907,979	2,496,607
Miscellaneous	6,231,144	6,262,044	4,839,194	(1,422,850)
Total revenues	<u>202,720,051</u>	<u>203,150,102</u>	<u>208,201,785</u>	<u>5,051,683</u>
EXPENDITURES				
Current:				
General government				
BOS-District 1	448,893	458,942	458,642	300
BOS-District 2	448,377	473,565	462,758	10,807
BOS-District 3	395,527	429,969	413,156	16,813
BOS-District 4	476,739	483,372	483,273	99
BOS-District 5	327,381	331,588	325,031	6,557
BOS-Administration	237,188	237,188	200,976	36,212
Administration	3,391,871	3,544,339	3,292,149	252,190
General Revenue	485,000	485,000	92,310	392,690
Employee Development & Recognition	705,101	705,101	500,978	204,123
General Services	16,733,768	16,874,132	15,860,702	1,013,430
Assessor	6,529,327	6,522,827	6,163,305	359,522
Auditor-Controller	4,349,383	4,349,383	4,220,411	128,972
Tax Collector/County Clerk	2,053,628	2,075,688	2,048,483	27,205
Treasurer	978,214	977,906	884,883	93,023
County Counsel	3,927,673	3,927,673	3,844,218	83,455
Delta Water Activities	682,696	786,404	555,306	231,098
Human Resources	3,440,361	3,614,394	3,240,025	374,369
Registrar of Voters	3,576,818	3,674,169	3,669,924	4,245
Fouts Property Management	1,760,603	2,086,764	399,510	1,687,254
Real Estate Services	639,713	639,584	611,709	27,875
Promotion	777,285	834,856	423,196	411,660
General Expenditures	16,800,603	13,036,862	6,642,940	6,393,922
Surveyor/Engineer	65,871	78,871	103,575	(24,704)
General Svcs. Special Revenue	375	375	186	189
Total general government	<u>69,232,395</u>	<u>66,628,952</u>	<u>54,897,646</u>	<u>11,731,306</u>
Public protection				
Grand Jury	138,342	138,342	132,499	5,843
Agricultural Commissioner	3,007,674	3,007,674	2,727,570	280,104
Animal Care Services	3,668,070	3,730,337	3,311,845	418,492
Recorder	1,601,985	1,601,985	1,581,132	20,853
Resource Management	10,158,668	10,800,339	9,278,012	1,522,327
Office of Family Violence Prevention	1,034,775	1,064,775	730,399	334,376
Total public protection	<u>19,609,514</u>	<u>20,343,452</u>	<u>17,761,457</u>	<u>2,581,995</u>
Public assistance				
Indigent Burial General Relief	23,605	32,105	26,407	5,698
Veterans Services	564,813	587,313	578,387	8,926
Total public assistance	<u>588,418</u>	<u>619,418</u>	<u>604,794</u>	<u>14,624</u>
Education and recreation				
Cooperative Extension Service	262,005	265,283	263,858	1,425
Non-departmental				
Contingencies	12,700,000	12,738,899	-	12,738,899
Capital outlay:				
Equipment	499,821	424,824	386,662	38,162
Total expenditures	<u>102,892,153</u>	<u>101,020,828</u>	<u>73,914,417</u>	<u>27,106,411</u>
Excess of revenues over expenditures	<u>99,827,898</u>	<u>102,129,274</u>	<u>134,287,368</u>	<u>32,158,094</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	279,183	298,381	289,811	(8,570)
Transfers out	(132,171,866)	(135,715,888)	(131,715,431)	4,000,457
Sale of capital assets	89,827	89,827	110,680	20,853
Total other financing sources (uses)	<u>(131,802,856)</u>	<u>(135,327,680)</u>	<u>(131,314,940)</u>	<u>4,012,740</u>
Changes in fund balance	(31,974,958)	(33,198,406)	2,972,428	36,170,834
Fund balance - beginning	150,735,715	150,735,715	150,735,715	-
Fund balance - ending	<u>\$ 118,760,757</u>	<u>\$ 117,537,309</u>	<u>\$ 153,708,143</u>	<u>\$ 36,170,834</u>

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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Licenses, permits and franchises	\$ 17,750	\$ 17,750	\$ 21,004	\$ 3,254
Fines, forfeitures and penalties	330,771	330,771	311,477	(19,294)
Use of money and property	105,796	105,796	376,271	270,475
Intergovernmental	267,062,379	278,493,629	259,282,749	(19,210,880)
Charges for services	26,988,530	27,418,720	23,519,812	(3,898,908)
Miscellaneous	1,480,000	1,480,000	1,416,672	(63,328)
Total revenues	<u>295,985,226</u>	<u>307,846,666</u>	<u>284,927,985</u>	<u>(22,918,681)</u>
EXPENDITURES				
Current:				
Health services	162,658,486	171,707,426	139,965,470	31,741,956
Public assistance	163,104,927	163,062,423	146,580,772	16,481,651
Non-departmental				
Contingencies	82,530	82,530	-	82,530
Capital outlay:				
Equipment	435,406	1,265,884	1,070,429	195,455
Total capital outlay	<u>435,406</u>	<u>1,265,884</u>	<u>1,070,429</u>	<u>195,455</u>
Total expenditures	<u>326,281,349</u>	<u>336,118,263</u>	<u>287,616,671</u>	<u>48,501,592</u>
Deficiency of revenues under expenditures	<u>(30,296,123)</u>	<u>(28,271,597)</u>	<u>(2,688,686)</u>	<u>25,582,911</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	5,392,784	5,392,784	-	(5,392,784)
Transfers in	48,166,369	33,851,026	25,964,848	(7,886,178)
Transfers out	(28,017,602)	(13,847,068)	(6,126,693)	7,720,375
Sale of capital assets	-	-	1,472	1,472
Total other financing sources (uses)	<u>25,541,551</u>	<u>25,396,742</u>	<u>19,839,627</u>	<u>(5,557,115)</u>
Changes in fund balance	(4,754,572)	(2,874,855)	17,150,941	20,025,796
Fund balance - beginning	31,380,329	31,380,329	31,380,329	-
Fund balance - ending	<u>\$ 26,625,757</u>	<u>\$ 28,505,474</u>	<u>\$ 48,531,270</u>	<u>\$ 20,025,796</u>

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, 2016

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Adopted</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Licenses, permits and franchises	\$ 472,710	\$ 514,337	\$ 599,448	\$ 85,111
Fines, forfeitures and penalties	945,114	1,394,794	1,480,717	85,923
Use of money and property	16,293	(79,488)	8,014	87,502
Intergovernmental	72,427,850	75,215,050	85,261,806	10,046,756
Charges for services	14,458,378	15,182,618	14,788,647	(393,971)
Miscellaneous	1,669,125	1,669,125	2,249,959	580,834
Total revenues	<u>89,989,470</u>	<u>93,896,436</u>	<u>104,388,591</u>	<u>10,492,155</u>
EXPENDITURES				
Current:				
Public protection				
Department of Child Support Services	12,342,146	12,342,146	11,722,618	619,528
EMPG Grants	-	115,698	89,182	26,516
Flood Emergency Response Grant	450,000	479,824	213,777	266,047
Urban Areas Sec Initiative	-	116,893	22,291	94,602
Mentally Ill Offender Grant	-	316,666	76,845	239,821
Homeland Security Grant	169,737	655,415	189,046	466,369
District Attorney	20,316,387	20,711,179	20,554,438	156,741
Public Defender	10,922,919	11,254,201	10,851,647	402,554
Conflict Public Defender	3,569,468	3,661,316	3,570,220	91,096
Sheriff	93,469,255	95,534,601	94,671,602	862,999
Probation	37,525,668	38,537,313	35,883,476	2,653,837
Other Public Defense	2,481,975	2,615,553	2,615,553	-
CMF Cases	192,924	249,211	249,210	1
Administration	213,201	213,201	109,922	103,279
Public Protection Other Special Revenue	479,301	520,928	462,835	58,093
Total public protection	<u>182,132,981</u>	<u>187,324,145</u>	<u>181,282,662</u>	<u>6,041,483</u>
Non-departmental				
Contingencies	6,555,141	6,568,811	-	6,568,811
Capital outlay:				
Construction in progress	146,120	56,927	56,927	-
Equipment	203,408	920,147	571,274	348,873
Intangibles	486,101	283,761	221,100	62,661
Total capital outlay	<u>835,629</u>	<u>1,260,835</u>	<u>849,301</u>	<u>411,534</u>
Total expenditures	<u>189,523,751</u>	<u>195,153,791</u>	<u>182,131,963</u>	<u>13,021,828</u>
Deficiency of revenues under expenditures	<u>(99,534,281)</u>	<u>(101,257,355)</u>	<u>(77,743,372)</u>	<u>23,513,983</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	98,762,866	98,202,672	95,140,685	(3,061,987)
Transfers out	(7,043,085)	(5,808,997)	(5,449,189)	359,808
Sale of capital assets	-	-	9,550	9,550
Total other financing sources (uses)	<u>91,719,781</u>	<u>92,393,675</u>	<u>89,701,046</u>	<u>(2,692,629)</u>
Changes in fund balance	(7,814,500)	(8,863,680)	11,957,674	20,821,354
Fund balance - beginning	9,301,078	9,301,078	9,301,078	-
Fund balance - ending	<u>\$ 1,486,578</u>	<u>\$ 437,398</u>	<u>\$ 21,258,752</u>	<u>\$ 20,821,354</u>

**COUNTY OF SOLANO, CALIFORNIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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.

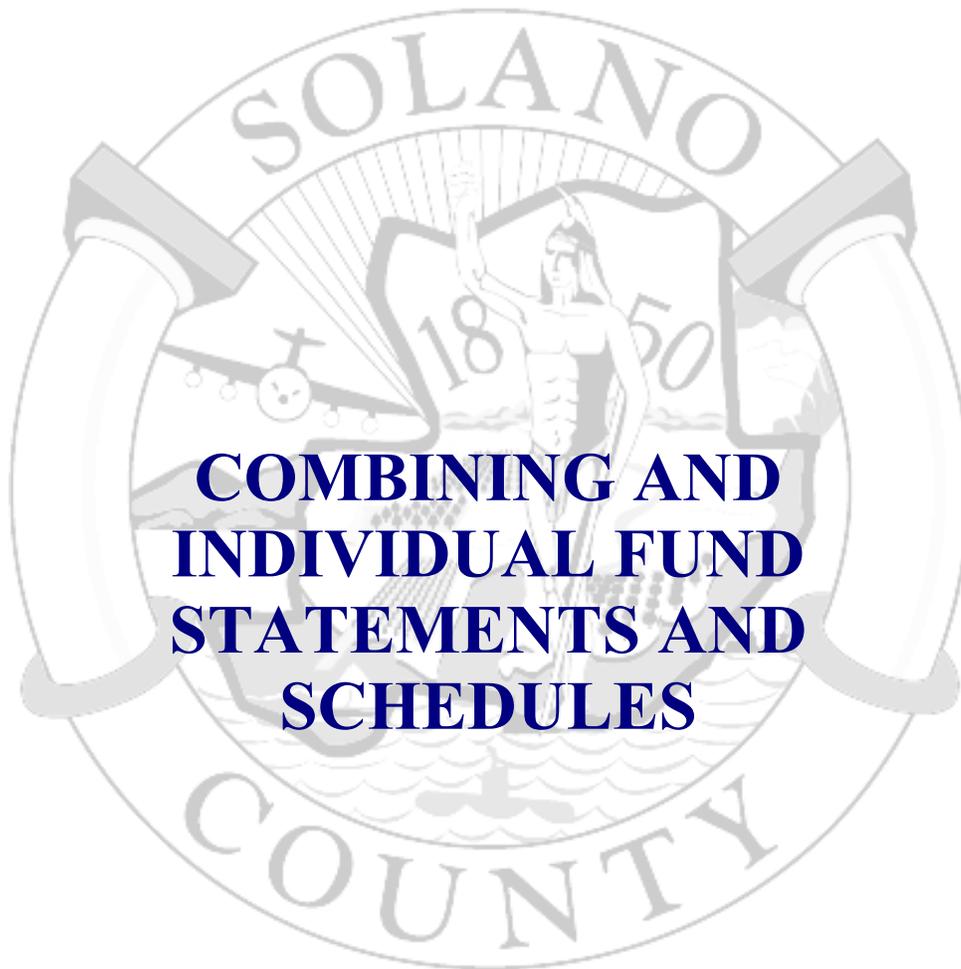
An operating budget prepared on the modified accrual basis is adopted each fiscal year for the general, special revenue, capital projects and debt service funds. Public hearings are conducted on the proposed budget to review all appropriations and sources of financing. Any shortfall in revenues requires 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, 2016, were not material in relation to the original appropriations.

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

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**COMBINING AND
INDIVIDUAL FUND
STATEMENTS AND
SCHEDULES**

Other Governmental Funds

Special Revenue Funds

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

Capital Projects Funds

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

Debt Service Funds

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

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Other Governmental Funds
June 30, 2016

	<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	\$ 61,236,532	\$ 22,013,256	\$ 11,240,310	\$ 94,490,098
Accounts receivable	133,451	-	5,858	139,309
Due from other agencies	9,100,062	390,749	113	9,490,924
Due from other funds	46,883	8,475	329,359	384,717
Other assets	3,527,635	-	740,995	4,268,630
Total assets	<u>\$ 74,044,563</u>	<u>\$ 22,412,480</u>	<u>\$ 12,316,635</u>	<u>\$ 108,773,678</u>
LIABILITIES				
Outstanding warrants	\$ 432,610	\$ 746,471	\$ -	\$ 1,179,081
Payables	1,583,173	734,202	-	2,317,375
Due to other funds	777,122	41,750	-	818,872
Other liabilities	529,175	318,865	-	848,040
Due to other agencies	1,397,488	-	-	1,397,488
Unearned revenue	339	-	-	339
Advance from other funds	880,695	4,334,718	11,000,000	16,215,413
Total liabilities	<u>5,600,602</u>	<u>6,176,006</u>	<u>11,000,000</u>	<u>22,776,608</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>4,071,482</u>	<u>390,749</u>	<u>-</u>	<u>4,462,231</u>
FUND BALANCES				
Nonspendable	164,969	-	-	164,969
Restricted	64,025,896	1,882,451	1,876,970	67,785,317
Committed	-	49,887	-	49,887
Assigned	181,614	13,913,387	2,800,000	16,895,001
Unassigned	<u>-</u>	<u>-</u>	<u>(3,360,335)</u>	<u>(3,360,335)</u>
Total fund balances	<u>64,372,479</u>	<u>15,845,725</u>	<u>1,316,635</u>	<u>81,534,839</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 74,044,563</u>	<u>\$ 22,412,480</u>	<u>\$ 12,316,635</u>	<u>\$ 108,773,678</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, 2016

	<u>Special Revenue Funds</u>	<u>Accumulated Capital Outlay Fund</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
REVENUES				
Taxes	\$ 16,126,238	\$ 2,481,707	\$ -	\$ 18,607,945
Licenses, permits and franchises	200,668	-	-	200,668
Fines, forfeitures and penalties	5,308	-	-	5,308
Use of money and property	591,890	125,308	(95,954)	621,244
Intergovernmental	18,531,779	3,384,477	417,211	22,333,467
Charges for services	13,831,274	138,578	1,637,798	15,607,650
Miscellaneous	265,151	176,414	3,664,708	4,106,273
Total revenues	<u>49,552,308</u>	<u>6,306,484</u>	<u>5,623,763</u>	<u>61,482,555</u>
EXPENDITURES				
Current:				
General government	473,912	2,762,570	72,679	3,309,161
Public protection	2,955,838	-	-	2,955,838
Public ways and facilities	9,533,830	-	-	9,533,830
Health services	5,090,777	-	-	5,090,777
Public assistance	711,545	-	-	711,545
Education and recreation	16,717,007	-	-	16,717,007
Debt service:				
Principal	-	-	12,480,000	12,480,000
Interest and other charges	10,000	-	7,339,677	7,349,677
Capital outlay	10,161,014	5,924,891	-	16,085,905
Total expenditures	<u>45,653,923</u>	<u>8,687,461</u>	<u>19,892,356</u>	<u>74,233,740</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,898,385</u>	<u>(2,380,977)</u>	<u>(14,268,593)</u>	<u>(12,751,185)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,140,756	7,577,795	18,838,208	27,556,759
Transfers out	(4,474,577)	(1,125,678)	-	(5,600,255)
Proceeds from sale of capital assets	99,000	-	-	99,000
Total other financing sources (uses)	<u>(3,234,821)</u>	<u>6,452,117</u>	<u>18,838,208</u>	<u>22,055,504</u>
Changes in fund balances	663,564	4,071,140	4,569,615	9,304,319
Fund balances (deficit) - beginning	63,708,915	11,774,585	(3,252,980)	72,230,520
Fund balances - ending	<u>\$ 64,372,479</u>	<u>\$ 15,845,725</u>	<u>\$ 1,316,635</u>	<u>\$ 81,534,839</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, 2016

	<u>Public Facilities</u>			
	<u>Fees</u>	<u>Library</u>	<u>Transportation</u>	<u>First 5 Solano</u>
ASSETS				
Cash and investments	\$ 13,923,989	\$ 16,411,242	\$ 9,402,426	\$ 8,544,242
Accounts receivable	-	26,937	101,245	-
Due from other agencies	1,146,133	696,236	6,398,972	747,165
Due from other funds	872	-	2,344	42,605
Other assets	6,936	1,627	164,969	-
Total assets	<u>\$ 15,077,930</u>	<u>\$ 17,136,042</u>	<u>\$ 16,069,956</u>	<u>\$ 9,334,012</u>
LIABILITIES				
Outstanding warrants	\$ -	\$ 91,591	\$ 74,436	\$ 227,717
Payables	-	484,821	434,563	567,124
Due to other funds	-	198,918	7,136	371,553
Other liabilities	-	-	529,175	-
Due to other agencies	417,562	-	-	11,593
Unearned revenue	-	-	-	-
Advance from other funds	-	-	880,695	-
Total liabilities	<u>417,562</u>	<u>775,330</u>	<u>1,926,005</u>	<u>1,177,987</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>6,936</u>	<u>-</u>	<u>3,944,006</u>	<u>66,505</u>
FUND BALANCES				
Nonspendable	-	-	164,969	-
Restricted	14,653,432	16,360,712	10,034,976	8,089,520
Assigned	-	-	-	-
Total fund balances	<u>14,653,432</u>	<u>16,360,712</u>	<u>10,199,945</u>	<u>8,089,520</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 15,077,930</u>	<u>\$ 17,136,042</u>	<u>\$ 16,069,956</u>	<u>\$ 9,334,012</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2016

<u>Home Loan Program</u>	<u>Micrographics & Modernization</u>	<u>Other Special Revenue Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>	
				ASSETS
\$ 2,151,110	\$ 9,424,681	\$ 1,378,842	\$ 61,236,532	Cash and investments
-	-	5,269	133,451	Accounts receivable
-	7,012	104,544	9,100,062	Due from other agencies
1,062	-	-	46,883	Due from other funds
3,351,693	-	2,410	3,527,635	Other assets
<u>\$ 5,503,865</u>	<u>\$ 9,431,693</u>	<u>\$ 1,491,065</u>	<u>\$ 74,044,563</u>	Total assets
				LIABILITIES
\$ -	\$ 10,598	\$ 28,268	\$ 432,610	Outstanding warrants
-	19,620	77,045	1,583,173	Payables
-	175,016	24,499	777,122	Due to other funds
-	-	-	529,175	Other liabilities
473,264	8,370	486,699	1,397,488	Due to other agencies
-	-	339	339	Unearned revenue
-	-	-	880,695	Advance from other funds
<u>473,264</u>	<u>213,604</u>	<u>616,850</u>	<u>5,600,602</u>	Total liabilities
				DEFERRED INFLOWS OF RESOURCES
-	-	54,035	4,071,482	Unavailable revenue
				FUND BALANCES
-	-	-	164,969	Nonspendable
5,030,601	9,218,089	638,566	64,025,896	Restricted
-	-	181,614	181,614	Assigned
<u>5,030,601</u>	<u>9,218,089</u>	<u>820,180</u>	<u>64,372,479</u>	Total fund balances
<u>\$ 5,503,865</u>	<u>\$ 9,431,693</u>	<u>\$ 1,491,065</u>	<u>\$ 74,044,563</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, 2016

	Public Facilities			First 5 Solano
	Fees	Library	Transportation	
REVENUES				
Taxes	\$ -	\$ 13,737,997	\$ 1,178,306	\$ -
Licenses, permits and franchises	-	-	200,668	-
Fines, forfeitures and penalties	-	-	-	-
Use of money and property	103,890	113,207	124,626	66,305
Intergovernmental	-	603,128	11,960,449	3,796,565
Charges for services	6,463,003	4,431,903	828,162	702,772
Miscellaneous	-	148,940	93,013	15,524
Total revenues	<u>6,566,893</u>	<u>19,035,175</u>	<u>14,385,224</u>	<u>4,581,166</u>
EXPENDITURES				
Current:				
General government	473,022	-	890	-
Public protection	-	-	-	-
Public ways and facilities	-	-	9,439,171	-
Health services	-	-	-	5,090,777
Public assistance	-	-	-	711,545
Education and recreation	-	15,340,968	-	-
Debt service:				
Interest and other charges	-	-	10,000	-
Capital outlay	-	120,612	10,040,402	-
Total expenditures	<u>473,022</u>	<u>15,461,580</u>	<u>19,490,463</u>	<u>5,802,322</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,093,871</u>	<u>3,573,595</u>	<u>(5,105,239)</u>	<u>(1,221,156)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	253,039	-	632,499
Transfers out	(2,759,225)	(840,901)	(393,867)	(66,088)
Sale of capital assets	-	-	99,000	-
Total other financing sources (uses)	<u>(2,759,225)</u>	<u>(587,862)</u>	<u>(294,867)</u>	<u>566,411</u>
Changes in fund balances	3,334,646	2,985,733	(5,400,106)	(654,745)
Fund balances - beginning	11,318,786	13,374,979	15,600,051	8,744,265
Fund balances - ending	<u>\$ 14,653,432</u>	<u>\$ 16,360,712</u>	<u>\$ 10,199,945</u>	<u>\$ 8,089,520</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, 2016

<u>Home Loan Program</u>	<u>Micrographics & Modernization</u>	<u>Other Special Revenue Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>	
\$ -	\$ -	\$ 1,209,935	\$ 16,126,238	REVENUES
-	-	-	200,668	Taxes
-	-	5,308	5,308	Licenses, permits and franchises
86,301	72,753	24,808	591,890	Fines, forfeitures and penalties
-	-	2,171,637	18,531,779	Use of money and property
1,467	840,429	563,538	13,831,274	Intergovernmental
-	-	7,674	265,151	Charges for services
<u>87,768</u>	<u>913,182</u>	<u>3,982,900</u>	<u>49,552,308</u>	Miscellaneous
				Total revenues
				EXPENDITURES
				Current:
-	-	-	473,912	General government
100,582	266,738	2,588,518	2,955,838	Public protection
-	-	94,659	9,533,830	Public ways and facilities
-	-	-	5,090,777	Health and sanitation
-	-	-	711,545	Public assistance
-	-	1,376,039	16,717,007	Education and recreation
-	-	-	10,000	Debt service:
-	-	-	10,161,014	Interest and other charges
<u>100,582</u>	<u>266,738</u>	<u>4,059,216</u>	<u>45,653,923</u>	Capital outlay
				Total expenditures
(12,814)	646,444	(76,316)	3,898,385	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES)
1,062	-	254,156	1,140,756	Transfers in
-	(395,016)	(19,480)	(4,474,577)	Transfers out
-	-	-	99,000	Sale of capital assets
<u>1,062</u>	<u>(395,016)</u>	<u>234,676</u>	<u>(3,234,821)</u>	Total other financing sources (uses)
(11,752)	251,428	158,360	663,564	Changes in fund balances
5,042,353	8,966,661	661,820	63,708,915	Fund balances - beginning
<u>\$ 5,030,601</u>	<u>\$ 9,218,089</u>	<u>\$ 820,180</u>	<u>\$ 64,372,479</u>	Fund balances - ending

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Facilities Fees Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	<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	\$ 15,800	\$ 15,800	\$ 103,890	\$ 88,090
Charges for services	2,749,994	2,749,994	6,463,003	3,713,009
Total revenues	<u>2,765,794</u>	<u>2,765,794</u>	<u>6,566,893</u>	<u>3,801,099</u>
EXPENDITURES				
Current:				
General government				
Public facilities fees	229,239	473,022	473,022	-
Non-departmental				
Contingencies	8,992,154	7,448,370	-	7,448,370
Total expenditures	<u>9,221,393</u>	<u>7,921,392</u>	<u>473,022</u>	<u>7,448,370</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,455,599)</u>	<u>(5,155,598)</u>	<u>6,093,871</u>	<u>11,249,469</u>
OTHER FINANCING USES				
Transfers out	<u>(1,459,224)</u>	<u>(2,759,225)</u>	<u>(2,759,225)</u>	<u>-</u>
Changes in fund balance	(7,914,823)	(7,914,823)	3,334,646	11,249,469
Fund balance - beginning	11,318,786	11,318,786	11,318,786	-
Fund balance - ending	<u>\$ 3,403,963</u>	<u>\$ 3,403,963</u>	<u>\$ 14,653,432</u>	<u>\$ 11,249,469</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 12,422,851	\$ 12,422,851	\$ 13,737,997	\$ 1,315,146
Use of money and property	53,304	53,304	113,207	59,903
Intergovernmental	655,511	655,511	603,128	(52,383)
Charges for services	4,488,012	4,488,012	4,431,903	(56,109)
Miscellaneous	116,637	116,637	148,940	32,303
Total revenues	<u>17,736,315</u>	<u>17,736,315</u>	<u>19,035,175</u>	<u>1,298,860</u>
EXPENDITURES				
Current:				
Education				
Library	18,095,620	18,470,232	15,215,955	3,254,277
Library - Friends & Foundation	171,400	171,400	102,495	68,905
Library Zone 1	18,739	18,739	13,806	4,933
Library Zone 2	1,483	1,483	907	576
Library Zone 6	674	674	573	101
Library Zone 7	9,655	9,655	7,232	2,423
Total education	<u>18,297,571</u>	<u>18,672,183</u>	<u>15,340,968</u>	<u>3,331,215</u>
Non-departmental				
Contingencies	10,846,866	10,846,866	-	10,846,866
Capital outlay:				
Equipment	80,000	212,806	120,612	92,194
Total expenditures	<u>29,224,437</u>	<u>29,731,855</u>	<u>15,461,580</u>	<u>14,270,275</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(11,488,122)</u>	<u>(11,995,540)</u>	<u>3,573,595</u>	<u>15,569,135</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,090,521	287,653	253,039	(34,614)
Transfers out	(2,734,271)	(931,403)	(840,901)	90,502
Total other financing sources (uses)	<u>(643,750)</u>	<u>(643,750)</u>	<u>(587,862)</u>	<u>55,888</u>
Changes in fund balance	(12,131,872)	(12,639,290)	2,985,733	15,625,023
Fund balance - beginning	13,374,979	13,374,979	13,374,979	-
Fund balance - ending	<u>\$ 1,243,107</u>	<u>\$ 735,689</u>	<u>\$ 16,360,712</u>	<u>\$ 15,625,023</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,132,530	\$ 1,310,530	\$ 1,178,306	\$ (132,224)
Licenses, permits and franchises	164,000	164,000	200,668	36,668
Use of money and property	118,640	118,640	124,626	5,986
Intergovernmental	19,110,371	19,461,631	11,960,449	(7,501,182)
Charges for services	707,269	803,669	828,162	24,493
Miscellaneous	119,443	108,043	93,013	(15,030)
Total revenues	<u>21,352,253</u>	<u>21,966,513</u>	<u>14,385,224</u>	<u>(7,581,289)</u>
EXPENDITURES				
Current:				
General government				
Survey monument	15,890	15,890	890	15,000
Public ways and facilities				
Transportation	13,067,992	13,489,687	9,439,171	4,050,516
Public works improvement	1,000	1,000	-	1,000
Total public ways and facilities	<u>13,068,992</u>	<u>13,490,687</u>	<u>9,439,171</u>	<u>4,051,516</u>
Non-departmental				
Contingencies	1,675,406	1,352,706	-	1,352,706
Debt service:				
Interest and other charges	10,000	10,000	10,000	-
Capital outlay:				
Construction in progress	10,692,100	14,272,280	9,628,350	4,643,930
Equipment	731,000	828,056	412,052	416,004
Total capital outlay	<u>11,423,100</u>	<u>15,100,336</u>	<u>10,040,402</u>	<u>5,059,934</u>
Total expenditures	<u>26,193,388</u>	<u>29,969,619</u>	<u>19,490,463</u>	<u>10,479,156</u>
Deficiency of revenues under expenditures	<u>(4,841,135)</u>	<u>(8,003,106)</u>	<u>(5,105,239)</u>	<u>2,897,867</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,700	-	(50,700)
Transfers out	(410,430)	(411,130)	(393,867)	17,263
Proceeds from sale of capital assets	50,000	50,000	99,000	49,000
Total other financing sources (uses)	<u>(310,430)</u>	<u>(310,430)</u>	<u>(294,867)</u>	<u>15,563</u>
Changes in fund balance	(5,151,565)	(8,313,536)	(5,400,106)	2,913,430
Fund balance - beginning	15,600,051	15,600,051	15,600,051	-
Fund balance - ending	<u>\$ 10,448,486</u>	<u>\$ 7,286,515</u>	<u>\$ 10,199,945</u>	<u>\$ 2,913,430</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, 2016

	<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	\$ 32,060	\$ 32,060	\$ 66,305	\$ 34,245
Intergovernmental	3,552,486	3,552,486	3,796,565	244,079
Charges for services	768,299	768,299	702,772	(65,527)
Miscellaneous	45,000	45,000	15,524	(29,476)
Total revenues	<u>4,397,845</u>	<u>4,397,845</u>	<u>4,581,166</u>	<u>183,321</u>
EXPENDITURES				
Current:				
Health services				
First 5 Solano	6,794,371	6,794,371	5,090,777	1,703,594
Public assistance				
Grants/programs administration	785,366	785,366	711,545	73,821
Non-departmental				
Contingencies	252,583	252,583	-	252,583
Total expenditures	<u>7,832,320</u>	<u>7,832,320</u>	<u>5,802,322</u>	<u>2,029,998</u>
Deficiency of revenues under expenditures	<u>(3,434,475)</u>	<u>(3,434,475)</u>	<u>(1,221,156)</u>	<u>2,213,319</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	665,657	665,657	632,499	(33,158)
Transfers out	(67,796)	(67,796)	(66,088)	1,708
Total other financing sources (uses)	<u>597,861</u>	<u>597,861</u>	<u>566,411</u>	<u>(31,450)</u>
Changes in fund balance	(2,836,614)	(2,836,614)	(654,745)	2,181,869
Fund balance - beginning	8,744,265	8,744,265	8,744,265	-
Fund balance - ending	<u>\$ 5,907,651</u>	<u>\$ 5,907,651</u>	<u>\$ 8,089,520</u>	<u>\$ 2,181,869</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, 2016

	<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	\$ 10,444	\$ 86,301	\$ 75,857
Intergovernmental	98,675	178,675	-	(178,675)
Charges for services	1,467	1,467	1,467	-
Total revenues	<u>110,392</u>	<u>190,586</u>	<u>87,768</u>	<u>(102,818)</u>
EXPENDITURES				
Current:				
Public protection				
Micro-enterprise business account	100,120	179,926	99,516	80,410
Homeacres Loan Program	918	1,978	1,066	912
Total public protection	<u>101,038</u>	<u>181,904</u>	<u>100,582</u>	<u>81,322</u>
Non-departmental				
Contingencies	1,437,210	1,437,210	-	1,437,210
Total expenditures	<u>1,538,248</u>	<u>1,619,114</u>	<u>100,582</u>	<u>1,518,532</u>
Deficiency of revenues under expenditures	<u>(1,427,856)</u>	<u>(1,428,528)</u>	<u>(12,814)</u>	<u>1,415,714</u>
OTHER FINANCING SOURCES				
Transfers in	-	1,060	1,062	2
Changes in fund balance	(1,427,856)	(1,427,468)	(11,752)	1,415,716
Fund balance - beginning	5,042,353	5,042,353	5,042,353	-
Fund balance - ending	<u>\$ 3,614,497</u>	<u>\$ 3,614,885</u>	<u>\$ 5,030,601</u>	<u>\$ 1,415,716</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, 2016

	<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	\$ 38,000	\$ 38,000	\$ 72,753	\$ 34,753
Charges for services	722,000	722,000	840,429	118,429
Total revenues	<u>760,000</u>	<u>760,000</u>	<u>913,182</u>	<u>153,182</u>
EXPENDITURES				
Current:				
Public protection				
Recorder Special Revenue	790,666	721,756	266,738	455,018
Non-departmental				
Contingencies	7,686,837	7,433,821	-	7,433,821
Total expenditures	<u>8,477,503</u>	<u>8,155,577</u>	<u>266,738</u>	<u>7,888,839</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,717,503)</u>	<u>(7,395,577)</u>	<u>646,444</u>	<u>8,042,021</u>
OTHER FINANCING USES				
Transfers out	-	(395,016)	(395,016)	-
Changes in fund balance	(7,717,503)	(7,790,593)	251,428	8,042,021
Fund balance - beginning	8,966,661	8,966,661	8,966,661	-
Fund balance - ending	<u>\$ 1,249,158</u>	<u>\$ 1,176,068</u>	<u>\$ 9,218,089</u>	<u>\$ 8,042,021</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,172,907	\$ 1,172,907	\$ 1,209,935	\$ 37,028
Fines, forfeitures and penalties	1,600	1,600	5,308	3,708
Use of money and property	14,960	14,965	24,808	9,843
Intergovernmental	2,434,577	2,434,577	2,171,637	(262,940)
Charges for services	509,184	509,184	563,538	54,354
Miscellaneous	5,675	5,675	7,674	1,999
Total revenues	<u>4,138,903</u>	<u>4,138,908</u>	<u>3,982,900</u>	<u>(156,008)</u>
EXPENDITURES				
Current:				
Public protection				
Housing Authority of Solano County	2,300,000	2,300,000	2,098,129	201,871
East Vallejo Fire Protection District	483,035	483,035	483,035	-
Fish/Wildlife Propagation	17,360	26,592	7,354	19,238
Total public protection	<u>2,800,395</u>	<u>2,809,627</u>	<u>2,588,518</u>	<u>221,109</u>
Public ways and facilities				
County Consolidated Service Area	158,256	158,256	94,659	63,597
Education and recreation				
Parks & Recreation	1,542,945	1,554,426	1,376,039	178,387
Non-departmental				
Contingencies	83,603	82,548	-	82,548
Total expenditures	<u>4,585,199</u>	<u>4,604,857</u>	<u>4,059,216</u>	<u>545,641</u>
Deficiency of revenues under expenditures	<u>(446,296)</u>	<u>(465,949)</u>	<u>(76,316)</u>	<u>389,633</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	285,789	285,789	254,156	(31,633)
Transfers out	(25,209)	(26,269)	(19,480)	6,789
Total other financing sources (uses)	<u>260,580</u>	<u>259,520</u>	<u>234,676</u>	<u>(24,844)</u>
Changes in fund balance	(185,716)	(206,429)	158,360	364,789
Fund balance - beginning	661,820	661,820	661,820	-
Fund balance - ending	<u>\$ 476,104</u>	<u>\$ 455,391</u>	<u>\$ 820,180</u>	<u>\$ 364,789</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, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,457,002	\$ 2,457,002	\$ 2,481,707	\$ 24,705
Use of money and property	77,318	77,318	125,308	47,990
Intergovernmental	23,401,645	23,401,645	3,384,477	(20,017,168)
Charges for services	113,578	113,578	138,578	25,000
Miscellaneous	-	169,592	176,414	6,822
Total revenues	<u>26,049,543</u>	<u>26,219,135</u>	<u>6,306,484</u>	<u>(19,912,651)</u>
EXPENDITURES				
Current:				
General government				
Capital Projects	<u>5,635,043</u>	<u>10,508,979</u>	<u>2,762,570</u>	<u>7,746,409</u>
Non-departmental				
Contingencies	<u>1,689,407</u>	<u>1,680,407</u>	<u>-</u>	<u>1,680,407</u>
Capital outlay:				
Construction in progress	24,428,000	39,724,183	5,677,438	34,046,745
Equipment	<u>-</u>	<u>2,125,061</u>	<u>247,453</u>	<u>1,877,608</u>
Total capital outlay	<u>24,428,000</u>	<u>41,849,244</u>	<u>5,924,891</u>	<u>35,924,353</u>
Total expenditures	<u>31,752,450</u>	<u>54,038,630</u>	<u>8,687,461</u>	<u>45,351,169</u>
Deficiency of revenues under expenditures	<u>(5,702,907)</u>	<u>(27,819,495)</u>	<u>(2,380,977)</u>	<u>25,438,518</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,933,406	7,577,795	7,577,795	-
Transfers out	<u>(1,147,576)</u>	<u>(1,210,238)</u>	<u>(1,125,678)</u>	<u>84,560</u>
Total other financing sources (uses)	<u>1,785,830</u>	<u>6,367,557</u>	<u>6,452,117</u>	<u>84,560</u>
Changes in fund balance	(3,917,077)	(21,451,938)	4,071,140	25,523,078
Fund balance - beginning	<u>11,774,585</u>	<u>11,774,585</u>	<u>11,774,585</u>	<u>-</u>
Fund balance - ending	<u>\$ 7,857,508</u>	<u>\$ (9,677,353)</u>	<u>\$ 15,845,725</u>	<u>\$ 25,523,078</u>

Nonmajor Debt Service Funds

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.

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.

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2016

	2013	2009	Government	Pension	Total Nonmajor
	Certificates of	Certificates of	Center		Debt Service Funds
	Participation	Participation			
ASSETS					
Cash and investments	\$ 78,256	\$ 1,768,373	\$ 2,830,341	\$ 6,563,340	\$ 11,240,310
Accounts receivable				5,858	5,858
Due from other agencies	-	-	-	113	113
Due from other funds	-	-	-	329,359	329,359
Other assets	-	-	-	740,995	740,995
Total assets	<u>\$ 78,256</u>	<u>\$ 1,768,373</u>	<u>\$ 2,830,341</u>	<u>\$ 7,639,665</u>	<u>\$ 12,316,635</u>
FUND BALANCES					
Liabilities:					
Advances from other funds	\$ -	\$ -	\$ -	\$ 11,000,000	\$ 11,000,000
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,000,000</u>	<u>11,000,000</u>
Fund balances:					
Restricted	78,256	1,768,373	30,341	-	1,876,970
Assigned	-	-	2,800,000	-	2,800,000
Unassigned	-	-	-	(3,360,335)	(3,360,335)
Total fund balances (deficit)	<u>78,256</u>	<u>1,768,373</u>	<u>2,830,341</u>	<u>(3,360,335)</u>	<u>1,316,635</u>
Total liabilities and fund balances	<u>\$ 78,256</u>	<u>\$ 1,768,373</u>	<u>\$ 2,830,341</u>	<u>\$ 7,639,665</u>	<u>\$ 12,316,635</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, 2016

	2013	2009	Government	Pension	Total Nonmajor
	Certificates of	Certificates of	Center		Debt Service Funds
	Participation	Participation			
REVENUES					
Use of money and property	\$ 662	\$ 1,484	\$ 39,544	\$ (137,644)	\$ (95,954)
Intergovernmental	417,211	-	-	-	417,211
Charges for services	-	-	1,637,798	-	1,637,798
Miscellaneous	-	-	-	3,664,708	3,664,708
Total revenues	<u>417,873</u>	<u>1,484</u>	<u>1,677,342</u>	<u>3,527,064</u>	<u>5,623,763</u>
EXPENDITURES					
Current:					
General government	2,696	13,518	25,061	31,404	72,679
Debt service:					
Principal	310,000	1,435,000	3,735,000	7,000,000	12,480,000
Interest and other charges	160,153	310,744	4,161,356	2,707,424	7,339,677
Total expenditures	<u>472,849</u>	<u>1,759,262</u>	<u>7,921,417</u>	<u>9,738,828</u>	<u>19,892,356</u>
Deficiency of revenues under expenditures	<u>(54,976)</u>	<u>(1,757,778)</u>	<u>(6,244,075)</u>	<u>(6,211,764)</u>	<u>(14,268,593)</u>
OTHER FINANCING SOURCES					
Transfers in	<u>44,970</u>	<u>1,758,892</u>	<u>6,271,186</u>	<u>10,763,160</u>	<u>18,838,208</u>
Changes in fund balances	(10,006)	1,114	27,111	4,551,396	4,569,615
Fund balances (deficit) - beginning	88,262	1,767,259	2,803,230	(7,911,731)	(3,252,980)
Fund balances (deficit) - ending	<u>\$ 78,256</u>	<u>\$ 1,768,373</u>	<u>\$ 2,830,341</u>	<u>\$ (3,360,335)</u>	<u>\$ 1,316,635</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, 2016

	<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	\$ 204	\$ 204	\$ 1,484	\$ 1,280
EXPENDITURES				
Current:				
General government				
HSS Admin Refinance	17,129	15,903	13,518	2,385
Debt service:				
Principal	1,435,000	1,435,000	1,435,000	-
Interest and other charges	310,744	310,744	310,744	-
Total debt service	1,745,744	1,745,744	1,745,744	-
Total expenditures	1,762,873	1,761,647	1,759,262	2,385
Deficiency of revenues under expenditures	(1,762,669)	(1,761,443)	(1,757,778)	3,665
OTHER FINANCING SOURCES				
Transfers in	1,758,892	1,758,892	1,758,892	-
Changes in fund balance	(3,777)	(2,551)	1,114	3,665
Fund balance - beginning	1,767,259	1,767,259	1,767,259	-
Fund balance - ending	<u>\$ 1,763,482</u>	<u>\$ 1,764,708</u>	<u>\$ 1,768,373</u>	<u>\$ 3,665</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, 2016

	<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	\$ 11,208	\$ 11,208	\$ 39,544	\$ 28,336
Charges for services	1,637,798	1,637,798	1,637,798	-
Total revenues	<u>1,649,006</u>	<u>1,649,006</u>	<u>1,677,342</u>	<u>28,336</u>
EXPENDITURES				
Current:				
General government				
Government Center	23,835	25,061	25,061	-
Debt service:				
Principal	3,735,000	3,735,000	3,735,000	-
Interest and other charges	4,161,357	4,161,357	4,161,356	1
Total debt service	<u>7,896,357</u>	<u>7,896,357</u>	<u>7,896,356</u>	<u>1</u>
Total expenditures	<u>7,920,192</u>	<u>7,921,418</u>	<u>7,921,417</u>	<u>1</u>
Deficiency of revenues under expenditures	<u>(6,271,186)</u>	<u>(6,272,412)</u>	<u>(6,244,075)</u>	<u>28,337</u>
OTHER FINANCING SOURCES				
Transfers in	6,271,186	6,271,186	6,271,186	-
Changes in fund balance	-	(1,226)	27,111	28,337
Fund balance - beginning	2,803,230	2,803,230	2,803,230	-
Fund balance - ending	<u>\$ 2,803,230</u>	<u>\$ 2,802,004</u>	<u>\$ 2,830,341</u>	<u>\$ 28,337</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, 2016

	<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	\$ (22,500)	\$ (157,500)	\$ (137,644)	\$ 19,856
Miscellaneous	746,651	881,651	3,664,708	2,783,057
Total revenues	<u>724,151</u>	<u>724,151</u>	<u>3,527,064</u>	<u>2,802,913</u>
EXPENDITURES				
Current:				
General government				
Pension Obligation Bonds Administration	32,489	32,489	31,404	1,085
Total general government	<u>32,489</u>	<u>32,489</u>	<u>31,404</u>	<u>1,085</u>
Debt service:				
Principal	7,000,000	7,000,000	7,000,000	-
Interest and other charges	2,756,064	2,756,064	2,707,424	48,640
Total debt service	<u>9,756,064</u>	<u>9,756,064</u>	<u>9,707,424</u>	<u>48,640</u>
Total expenditures	<u>9,788,553</u>	<u>9,788,553</u>	<u>9,738,828</u>	<u>49,725</u>
Deficiency of revenues under expenditures	<u>(9,064,402)</u>	<u>(9,064,402)</u>	<u>(6,211,764)</u>	<u>2,852,638</u>
OTHER FINANCING SOURCES				
Issuance of long-term debt	6,895,654	6,877,027	-	(6,877,027)
Transfers in	11,963,686	11,982,313	10,763,160	(1,219,153)
Total other financing sources	<u>18,859,340</u>	<u>18,859,340</u>	<u>10,763,160</u>	<u>(8,096,180)</u>
Changes in fund balance	9,794,938	9,794,938	4,551,396	(5,243,542)
Fund balance (deficit) - beginning	<u>(7,911,731)</u>	<u>(7,911,731)</u>	<u>(7,911,731)</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ 1,883,207</u>	<u>\$ 1,883,207</u>	<u>\$ (3,360,335)</u>	<u>\$ (5,243,542)</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, 2016

	<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	\$ 300	\$ 300	\$ 662	\$ 362
Intergovernmental revenues	417,211	417,211	417,211	-
Total revenues	<u>417,511</u>	<u>417,511</u>	<u>417,873</u>	<u>362</u>
EXPENDITURES				
Current:				
General government				
Animal Care Project	4,116	4,116	2,696	1,420
Debt service:				
Principal	310,000	310,000	310,000	-
Interest and other charges	160,153	160,153	160,153	-
Total debt service	<u>470,153</u>	<u>470,153</u>	<u>470,153</u>	<u>-</u>
Total expenditures	<u>474,269</u>	<u>474,269</u>	<u>472,849</u>	<u>1,420</u>
Deficiency of revenues under expenditures	<u>(56,758)</u>	<u>(56,758)</u>	<u>(54,976)</u>	<u>1,782</u>
OTHER FINANCING SOURCES				
Transfers in	44,970	44,970	44,970	-
Changes in fund balance	(11,788)	(11,788)	(10,006)	1,782
Fund balance - beginning	88,262	88,262	88,262	-
Fund balance - ending	<u>\$ 76,474</u>	<u>\$ 76,474</u>	<u>\$ 78,256</u>	<u>\$ 1,782</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, 2016

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>	<u>Total Internal Service Funds</u>
ASSETS				
Current assets				
Cash and investments	\$ 3,296,566	\$ 20,524,558	\$ 7,160,442	\$ 30,981,566
Accounts receivable	82,240	52,862	188,595	323,697
Due from other agencies	-	658	12,646	13,304
Due from other funds	-	-	32,088	32,088
Other assets	240,283	250,000	3,578	493,861
Total current assets	<u>3,619,089</u>	<u>20,828,078</u>	<u>7,397,349</u>	<u>31,844,516</u>
Noncurrent assets				
Capital assets:				
Buildings and improvements	114,471	-	183,560	298,031
Equipment	12,078,427	-	10,301,938	22,380,365
Intangibles	-	-	6,053,592	6,053,592
Accumulated depreciation	(7,620,222)	-	(14,727,794)	(22,348,016)
Total capital assets	<u>4,572,676</u>	<u>-</u>	<u>1,811,296</u>	<u>6,383,972</u>
Total assets	<u>8,191,765</u>	<u>20,828,078</u>	<u>9,208,645</u>	<u>38,228,488</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow of resources related to pensions	<u>237,506</u>	<u>226,260</u>	<u>1,604,433</u>	<u>2,068,199</u>
LIABILITIES				
Current liabilities				
Outstanding warrants	118,889	21,494	975,329	1,115,712
Payables	152,703	150,047	2,002,707	2,305,457
Due to other funds	1,251	29,172	9,586	40,009
Due to other agencies	-	175,969	-	175,969
Current portion of long-term obligations	41,292	4,514,152	385,601	4,941,045
Total current liabilities	<u>314,135</u>	<u>4,890,834</u>	<u>3,373,223</u>	<u>8,578,192</u>
Noncurrent liabilities				
Noncurrent portion of long-term obligations	<u>997,716</u>	<u>10,931,779</u>	<u>7,096,282</u>	<u>19,025,777</u>
Total liabilities	<u>1,311,851</u>	<u>15,822,613</u>	<u>10,469,505</u>	<u>27,603,969</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow of resources related to pensions	<u>201,073</u>	<u>199,561</u>	<u>1,497,642</u>	<u>1,898,276</u>
NET POSITION				
Net investment in capital assets	4,572,676	-	1,811,296	6,383,972
Unrestricted	2,343,671	5,032,164	(2,965,365)	4,410,470
Total net position (deficit)	<u>\$ 6,916,347</u>	<u>\$ 5,032,164</u>	<u>\$ (1,154,069)</u>	<u>\$ 10,794,442</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, 2016

	<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	\$ 4,256,564	\$ 15,401,962	\$ 20,053,381	\$ 39,711,907
Total operating revenues	<u>4,256,564</u>	<u>15,401,962</u>	<u>20,053,381</u>	<u>39,711,907</u>
OPERATING EXPENSES				
Personnel services	994,720	900,750	5,981,442	7,876,912
Maintenance	824,169	27,241	690,786	1,542,196
Materials and supplies	776,072	17,111	1,699,819	2,493,002
Depreciation	1,155,867	-	994,919	2,150,786
Insurance	32,464	12,768,053	120,305	12,920,822
Rent, utilities and others	489,029	1,303,809	10,788,290	12,581,128
Total operating expenses	<u>4,272,321</u>	<u>15,016,964</u>	<u>20,275,561</u>	<u>39,564,846</u>
Operating income (loss)	<u>(15,757)</u>	<u>384,998</u>	<u>(222,180)</u>	<u>147,061</u>
NONOPERATING REVENUES				
Investment earnings	23,976	144,389	46,432	214,797
Other revenue	81,009	164,733	113,562	359,304
Gain (loss) on disposal of capital assets	185,619	-	(498)	185,121
Total nonoperating revenues	<u>290,604</u>	<u>309,122</u>	<u>159,496</u>	<u>759,222</u>
Income (loss) before transfers	<u>274,847</u>	<u>694,120</u>	<u>(62,684)</u>	<u>906,283</u>
Transfers in	262,388	-	-	262,388
Transfers out	(49,708)	(32,089)	(227,712)	(309,509)
Changes in net position	<u>487,527</u>	<u>662,031</u>	<u>(290,396)</u>	<u>859,162</u>
Total net position (deficit) - beginning	<u>6,428,820</u>	<u>4,370,133</u>	<u>(863,673)</u>	<u>9,935,280</u>
Total net position (deficit) - ending	<u>\$ 6,916,347</u>	<u>\$ 5,032,164</u>	<u>\$ (1,154,069)</u>	<u>\$ 10,794,442</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2016

	Fleet Management	Risk Management	Information Technology	Total Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	\$ 4,323,786	\$ 15,558,877	\$ 20,316,487	\$ 40,199,150
Payments to suppliers	(2,152,988)	(14,078,407)	(12,975,138)	(29,206,533)
Payments to employees	(1,012,742)	(23,748)	(6,187,606)	(7,224,096)
Net cash provided by operating activities	<u>1,158,056</u>	<u>1,456,722</u>	<u>1,153,743</u>	<u>3,768,521</u>
Cash flows from noncapital financing activities:				
Transfers out	(49,708)	(32,089)	(227,712)	(309,509)
Transfers In	262,388	-	-	262,388
Net cash provided (used) by noncapital financing activities	<u>212,680</u>	<u>(32,089)</u>	<u>(227,712)</u>	<u>(47,121)</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(1,750,613)	-	(314,716)	(2,065,329)
Gain (loss) on disposal of capital assets	185,619	-	(498)	185,121
Net cash used by capital and related financing activities	<u>(1,564,994)</u>	<u>-</u>	<u>(315,214)</u>	<u>(1,880,208)</u>
Cash flows from investing activities:				
Investment income	23,976	144,389	46,432	214,797
Net increase (decrease) in cash and cash equivalents	(170,283)	1,569,022	657,249	2,055,988
Cash and cash equivalents - beginning	3,466,849	18,955,536	6,503,193	28,925,578
Cash and cash equivalents - ending	<u>\$ 3,296,566</u>	<u>\$ 20,524,558</u>	<u>\$ 7,160,442</u>	<u>\$ 30,981,566</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (15,757)	\$ 384,998	\$ (222,180)	\$ 147,061
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,155,867	-	994,919	2,150,786
Pension expense	(43,899)	870,181	(304,483)	521,799
Other nonoperating revenue	81,009	164,733	113,562	359,304
Changes in assets and liabilities:				
Increase in receivables, net	(38,137)	(26,471)	(16,924)	(81,532)
Decrease in due from other funds	-	-	131,430	131,430
Decrease in due from other agencies	24,302	28,972	31,521	84,795
Increase (decrease) in other assets	15,549	-	(3,578)	11,971
Increase in outstanding warrants	97,934	19,235	399,303	516,472
Increase (decrease) in payables	(144,737)	65,704	(71,663)	(150,696)
Increase (decrease) in due to other funds	307	(47,132)	3,520	(43,305)
Decrease in due to other agencies	-	(10,317)	(3)	(10,320)
Increase in accrued compensated absences	22,488	3,837	77,174	103,499
Increase in other postemployment benefits	3,130	2,982	21,145	27,257
Total adjustments	<u>1,173,813</u>	<u>1,071,724</u>	<u>1,375,923</u>	<u>3,621,460</u>
Net cash provided by operating activities	<u>\$ 1,158,056</u>	<u>\$ 1,456,722</u>	<u>\$ 1,153,743</u>	<u>\$ 3,768,521</u>

Fiduciary Funds

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.

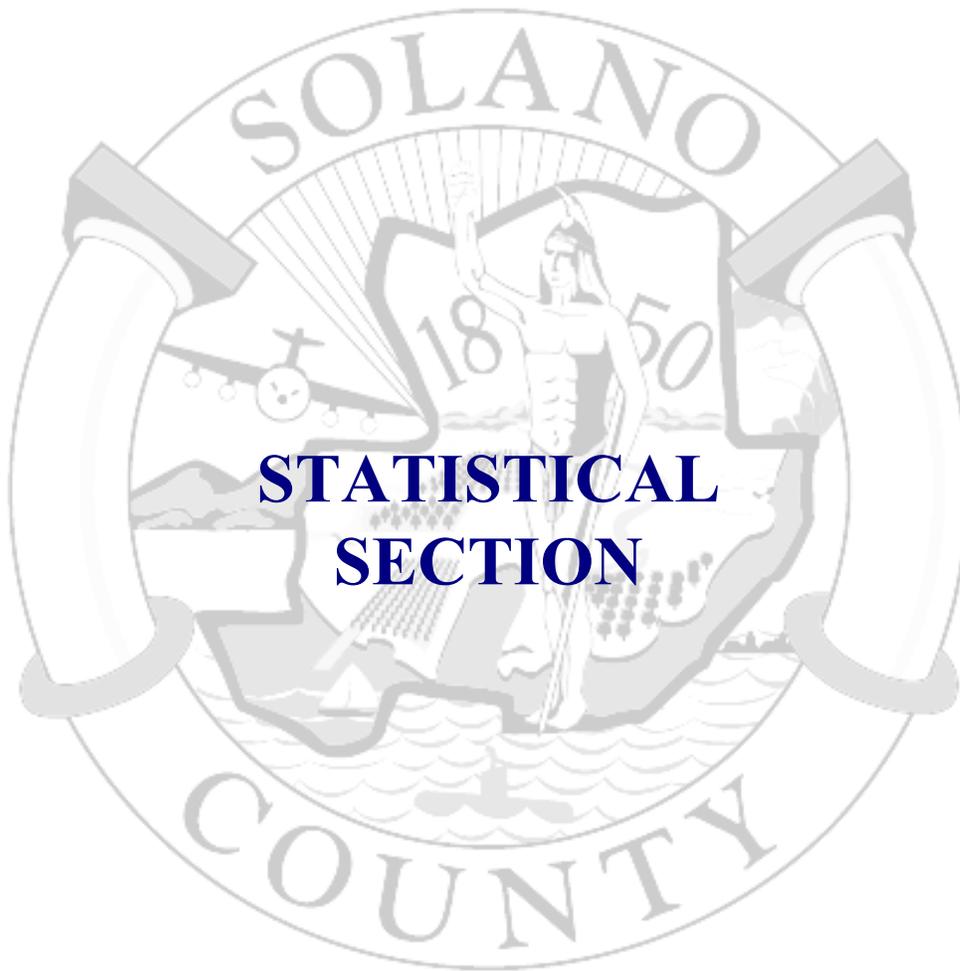
Property Tax Collection Fund – This fund is used to account for property tax collections awaiting apportionment to governmental agencies.

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, 2016

PROPERTY TAX COLLECTION	Balance			Balance
	July 1, 2015	Additions	Deductions	June 30, 2016
Assets				
Cash and investments	\$ 883,915	\$ 554,935,658	\$ 555,492,997	\$ 326,576
Property taxes receivable	23,981,425	622,863,479	622,008,540	24,836,364
Total assets	\$ 24,865,340	\$ 1,177,799,138	\$ 1,177,501,538	\$ 25,162,940
Liabilities				
Due to others	\$ 24,865,340	\$ 1,177,799,138	\$ 1,177,501,538	\$ 25,162,940
Total liabilities	\$ 24,865,340	\$ 1,177,799,138	\$ 1,177,501,538	\$ 25,162,940
 LOCAL TRANSPORTATION	 Balance	 Additions	 Deductions	 Balance
	July 1, 2015			June 30, 2016
Assets				
Cash and investments	\$ 15,841,715	\$ 22,753,531	\$ 15,592,357	\$ 23,002,889
Total assets	\$ 15,841,715	\$ 22,753,531	\$ 15,592,357	\$ 23,002,889
Liabilities				
Due to others	\$ 15,841,715	\$ 22,753,531	\$ 15,592,357	\$ 23,002,889
Total liabilities	\$ 15,841,715	\$ 22,753,531	\$ 15,592,357	\$ 23,002,889
 ALL OTHER AGENCY FUNDS	 Balance	 Additions	 Deductions	 Balance
	July 1, 2015			June 30, 2016
Assets				
Cash and investments	\$ 45,558,134	\$ 21,744,261	\$ 16,744,803	\$ 50,557,592
Total assets	\$ 45,558,134	\$ 21,744,261	\$ 16,744,803	\$ 50,557,592
Liabilities				
Due to others	\$ 45,558,134	\$ 21,744,261	\$ 16,744,803	\$ 50,557,592
Total liabilities	\$ 45,558,134	\$ 21,744,261	\$ 16,744,803	\$ 50,557,592
 TOTAL - ALL AGENCY FUNDS	 Balance	 Additions	 Deductions	 Balance
	July 1, 2015			June 30, 2016
Assets				
Cash and investments	\$ 62,283,764	\$ 599,433,450	\$ 587,830,157	\$ 73,887,057
Property taxes receivable	23,981,425	622,863,479	622,008,540	24,836,364
Total assets	\$ 86,265,189	\$ 1,222,296,930	\$ 1,209,838,698	\$ 98,723,421
Liabilities				
Due to others	\$ 86,265,189	\$ 1,222,296,930	\$ 1,209,838,698	\$ 98,723,421
Total liabilities	\$ 86,265,189	\$ 1,222,296,930	\$ 1,209,838,698	\$ 98,723,421



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>	142
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>	150
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>	154
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>	158
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>	160

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

	Fiscal Year				
	2016	2015	2014	2013	2012
Governmental activities					
Net investment in capital assets	\$ 463,522,036	\$ 462,894,048	\$ 451,748,610	\$ 408,961,062	\$ 380,366,107
Restricted	200,295,296	122,151,480	120,830,163	133,820,602	117,783,378
Unrestricted	(295,628,894)	(284,103,120)	194,952,606	186,237,045	170,013,282
Total governmental activities net position	<u>\$ 368,188,438</u>	<u>\$ 300,942,408</u>	<u>\$ 767,531,379</u>	<u>\$ 729,018,709</u>	<u>\$ 668,162,767</u>
Business-type activities					
Net investment in capital assets	13,830,857	13,786,608	14,944,288	15,397,568	18,601,811
Unrestricted	120,373	(125,922)	(2,133,423)	(2,485,608)	(2,443,915)
Total business-type activities net position	<u>\$ 13,951,230</u>	<u>\$ 13,660,686</u>	<u>\$ 12,810,865</u>	<u>\$ 12,911,960</u>	<u>\$ 16,157,896</u>
Primary government					
Net investment in capital assets	\$ 477,352,893	\$ 476,680,656	\$ 466,692,898	\$ 424,358,630	\$ 398,967,918
Restricted	200,295,296	122,151,480	120,830,163	133,820,602	117,783,378 ¹
Unrestricted	(295,508,521)	(284,229,042) ²	192,819,183	183,751,437	167,569,367
Total primary government net position	<u>\$ 382,139,668</u>	<u>\$ 314,603,094</u>	<u>\$ 780,342,244</u>	<u>\$ 741,930,669</u>	<u>\$ 684,320,663</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					
2011	2010	2009	2008	2007	
\$ 364,775,065	\$ 366,707,988	\$ 338,045,459	\$ 306,156,899	\$ 290,318,976	Governmental activities
84,063,560	49,100,180	66,684,155	72,516,573	70,229,693	Net investment in capital assets
174,821,311	208,557,054	223,968,696	257,528,047	251,684,500	Restricted
<u>\$ 623,659,936</u>	<u>\$ 624,365,222</u>	<u>\$ 628,698,310</u>	<u>\$ 636,201,519</u>	<u>\$ 612,233,169</u>	Unrestricted
					Total governmental activities net position
\$ 19,226,808	\$ 19,827,763	\$ 20,389,570	\$ 20,790,532	\$ 14,896,619	Business-type activities
(2,701,490)	(4,064,292)	(3,673,335)	(5,570,038)	(1,441,992)	Net investment in capital assets
<u>\$ 16,525,318</u>	<u>\$ 15,763,471</u>	<u>\$ 16,716,235</u>	<u>\$ 15,220,494</u>	<u>\$ 13,454,627</u>	Unrestricted
					Total business-type activities net position
\$ 384,001,873	\$ 386,535,751	\$ 358,435,029	\$ 326,947,431	\$ 305,215,595	Primary government
84,063,560	49,100,180	66,684,155	72,516,573	70,229,693	Net investment in capital assets
172,119,821	204,492,762	220,295,361	251,958,009	250,242,508	Restricted
<u>\$ 640,185,254</u>	<u>\$ 640,128,693</u>	<u>\$ 645,414,545</u>	<u>\$ 651,422,013</u>	<u>\$ 625,687,796</u>	Unrestricted
					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				
	2016	2015	2014	2013	2012
Expenses					
Governmental activities:					
General government	\$ 59,995,941	\$ 59,188,293	\$ 60,861,259	\$ 58,013,267	\$ 56,978,971
Public protection	192,709,201	181,113,757	175,087,740	161,558,477	158,553,975
Public ways and facilities	12,263,841	12,830,930	13,212,138	13,024,689	15,182,777
Health services	139,577,649	119,305,842	111,915,241	111,863,567	110,120,877
Public assistance	140,560,811	143,509,809	138,041,533	133,282,542	133,556,741
Education and recreation	15,799,451	16,465,853	16,863,034	15,932,037	16,783,519
Interest /Principal on long-term debt	7,131,271	7,903,533	8,240,086	9,071,006	9,528,897
Total governmental activities expenses	<u>568,038,165</u>	<u>540,318,017</u>	<u>524,221,031</u>	<u>502,745,585</u>	<u>500,705,757</u>
Business-type activities:					
Nut Tree Airport	2,170,007	1,795,347	2,245,311	2,292,965	1,609,696
Fouts Springs Youth Facility	-	-	-	-	635,756
Total business-type activities expenses	<u>2,170,007</u>	<u>1,795,347</u>	<u>2,245,311</u>	<u>2,292,965</u>	<u>2,245,452</u>
Total primary government expenses	<u>\$ 570,208,172</u>	<u>\$ 542,113,364</u>	<u>\$ 526,466,342</u>	<u>\$ 505,038,550</u>	<u>\$ 502,951,209</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 25,791,827	\$ 23,573,785	\$ 21,330,435	\$ 22,872,816	\$ 21,363,951
Public protection	24,663,484	23,718,639	21,607,698	20,884,186	20,122,142
Public ways and facilities	692,620	1,047,009	893,177	2,129,249	1,769,591
Health services	21,909,984	19,982,063	16,916,414	18,245,926	22,441,636
Public assistance	815,729	777,973	823,854	990,625	860,217
Education and recreation	4,985,508	4,728,478	4,353,801	4,884,617	5,277,053
Operating grants and contributions	374,303,152	327,406,268	300,219,598	303,110,940	287,589,862
Capital grants and contributions	6,479,698	10,087,170	40,408,651	31,331,388	4,286,121
Total governmental activities program revenues	<u>459,642,002</u>	<u>411,321,385</u>	<u>406,553,628</u>	<u>404,449,747</u>	<u>363,710,573</u>
Business-type activities:					
Charges for services:					
Nut Tree Airport	1,337,907	1,155,025	1,779,109	1,141,484	477,917
Fouts Springs Youth Facility	-	-	-	-	400,353
Operating grants and contributions	78,090	26,641	-	10,000	165,321
Capital grants and contributions	471,980	873,344	-	-	-
Total business-type activities	<u>1,887,977</u>	<u>2,055,010</u>	<u>1,779,109</u>	<u>1,151,484</u>	<u>1,043,591</u>
Total primary government program revenues	<u>\$ 461,529,979</u>	<u>\$ 413,376,395</u>	<u>\$ 408,332,737</u>	<u>\$ 405,601,231</u>	<u>\$ 364,754,164</u>
Net (Expenses)/Revenue					
Governmental activities	\$ (108,396,163)	\$ (128,996,632)	\$ (117,667,403)	\$ (98,295,838)	\$ (136,995,184)
Business-type activities	(282,030)	259,663	(466,202)	(1,141,481)	(1,201,861)
Total primary government net expenses	<u>\$ (108,678,193)</u>	<u>\$ (128,736,969)</u>	<u>\$ (118,133,605)</u>	<u>\$ (99,437,319)</u>	<u>\$ (138,197,045)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes ^{1,2}	151,646,535	144,946,469	\$ 132,737,838	\$ 124,547,765	\$ 116,937,628
Sales and use tax	2,205,404	1,874,065	2,072,728	2,136,820	1,851,294
Property transfer tax	3,675,622	3,649,100	1,930,684	1,792,160	1,622,877
Intergovernmental not restricted for specific programs ^{1,2}	1,914,486	1,877,564	1,923,733	13,291,297	12,120,126
Interest & investment earnings	4,090,078	1,514,552	1,580,598	692,890	1,525,567
Other	13,902,540	13,032,983	15,388,819	15,805,088	16,125,278
Gain on sale of capital assets	364,285	173,424	532,534	506,147	115,259
Special item - Fouts Springs Asset Impairment	(2,170,171)	-	-	-	-
Extraordinary item	-	-	-	-	8,809,741
Transfers	13,414	13,504	13,139	2,542,601	(432,279)
Total governmental activities	<u>175,642,193</u>	<u>167,081,661</u>	<u>156,180,073</u>	<u>161,314,768</u>	<u>158,675,491</u>
Business-type activities:					
Property taxes	362,009	344,987	313,311	292,366	265,191
Sales and use tax	3,482	5,125	-	-	-
Intergovernmental not restricted to specific programs	3,654	3,667	77,445	42,879	27,214
Interest & investment earnings	104,310	69,818	(12,510)	1,131	(1,778)
Other	106,783	463,606	-	101,770	107,233
Gain on sale of capital assets	5,750	84,986	-	-	4,300
Transfers	(13,414)	(13,504)	(13,139)	(2,542,601)	432,279
Total business-type activities	<u>572,574</u>	<u>958,685</u>	<u>365,107</u>	<u>(2,104,455)</u>	<u>834,439</u>
Total primary government	<u>\$ 176,214,767</u>	<u>\$ 168,040,346</u>	<u>\$ 156,545,180</u>	<u>\$ 159,210,313</u>	<u>\$ 159,509,930</u>
Change in net position					
Governmental activities	\$ 67,246,030	\$ 38,085,029	\$ 38,512,670	\$ 63,018,930	\$ 21,680,307
Business-type activities	290,544	1,218,348	(101,095)	(3,245,936)	(367,422)
Total primary government	<u>\$ 67,536,574</u>	<u>\$ 39,303,377</u>	<u>\$ 38,411,575</u>	<u>\$ 59,772,994</u>	<u>\$ 21,312,885</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				
2011	2010	2009	2008	2007		
\$ 62,456,530	\$ 62,720,766	\$ 68,697,921	\$ 66,076,091	\$ 53,610,176	Expenses	
157,078,830	164,196,516	175,498,575	167,025,179	152,135,516	Governmental activities:	
12,760,561	12,148,729	12,765,552	13,749,283	12,524,903	General government	
108,700,791	104,435,728	106,791,512	106,905,228	101,162,646	Public protection	
144,667,818	140,870,819	144,896,972	140,654,444	132,795,943	Public ways and facilities	
17,739,331	19,241,131	21,109,579	21,958,611	21,241,168	Health services	
10,186,688	11,038,872	12,124,643	13,010,423	12,781,989	Public assistance	
513,590,549	514,652,561	541,884,754	529,379,259	486,252,341	Education and recreation	
					Interest /Principal on long-term debt	
					Total governmental activities expenses	
1,817,231	2,531,275	2,241,236	2,022,955	1,639,976	Business-type activities:	
4,073,152	3,888,424	3,713,188	3,649,876	3,398,461	Nut Tree Airport	
5,890,383	6,419,699	5,954,424	5,672,831	5,038,437	Fouts Springs Youth Facility	
\$ 519,480,932	\$ 521,072,260	\$ 547,839,178	\$ 535,052,090	\$ 491,290,778	Total business-type activities expenses	
					Total primary government expenses	
\$ 22,521,426	\$ 24,664,412	\$ 28,899,543	\$ 26,780,958	\$ 31,241,019	Program Revenues	
20,203,371	18,382,235	19,694,270	19,913,381	21,567,229	Governmental activities:	
1,191,080	1,081,929	1,223,163	1,507,009	1,595,475	Charges for services:	
21,718,347	18,236,407	16,130,208	17,499,502	12,367,246	General government	
1,193,714	987,213	839,430	810,422	736,622	Public protection	
5,223,005	5,154,002	5,753,093	6,231,823	5,502,044	Public ways and facilities	
290,072,372	264,136,077	281,259,235	295,815,325	288,680,255	Health services	
3,165,238	14,076,600	6,303,034	-	-	Public assistance	
365,288,553	346,718,875	360,101,976	368,558,420	361,689,890	Education and recreation	
					Operating grants and contributions	
					Capital grants and contributions	
					Total governmental activities program revenues	
525,217	1,277,477	1,292,875	1,141,736	949,070	Business-type activities	
3,126,145	3,310,703	3,203,533	3,184,236	3,081,184	Charges for services:	
540,479	548,965	528,000	540,360	648,139	Nut Tree Airport	
2,098,493	-	2,189,182	2,296,465	2,918,130	Fouts Springs Youth Facility	
6,290,334	5,137,145	7,213,590	7,162,797	7,596,523	Operating grants and contributions	
\$ 371,578,887	\$ 351,856,020	\$ 367,315,566	\$ 375,721,217	\$ 369,286,413	Capital grants and contributions	
					Total business-type activities	
					Total primary government program revenues	
\$ (148,301,996)	\$ (167,933,686)	\$ (181,782,778)	\$ (160,820,839)	\$ (124,562,451)	Net (Expenses)/Revenue	
399,951	(1,282,554)	1,259,166	1,489,966	2,558,086	Governmental activities	
\$ (147,902,045)	\$ (169,216,240)	\$ (180,523,612)	\$ (159,330,873)	\$ (122,004,365)	Business-type activities	
					Total primary government net expenses	
\$ 109,322,638	\$ 112,720,861	\$ 124,364,351	\$ 129,866,189	\$ 121,438,731	General Revenues and Other Changes in Net Position	
1,203,681	3,802,198	4,277,127	2,338,436	2,115,430	Governmental activities:	
1,490,597	1,652,158	1,730,179	1,708,439	3,413,296	Property taxes ^{1,2}	
					Sales and use tax	
					Property transfer tax	
23,601,639	20,607,668	22,666,383	22,701,977	20,122,940	Intergovernmental not restricted	
1,926,203	2,744,934	5,729,000	13,477,706	14,671,265	for specific programs ^{1,2}	
18,716,998	19,692,717	16,497,109	14,487,535	17,339,503	Interest & investment earnings	
-	37,694	229,676	-	233,932	Other	
-	-	-	-	-	Gain on sale of capital assets	
(8,809,741)	-	-	-	-	Special item - Fouts Springs Asset Impairment	
144,695	93,446	163,667	208,907	(1,407,628)	Extraordinary item	
147,596,710	161,351,676	175,657,492	184,789,189	177,927,469	Transfers	
					Total governmental activities	
239,913	246,828	273,693	287,733	270,370	Business-type activities:	
-	-	-	-	-	Property taxes	
					Sales and use tax	
48,430	50,857	54,693	54,251	47,008	Intergovernmental not restricted	
453	1,168	8,138	22,835	27,837	for specific programs	
217,795	109,083	63,418	119,989	181,734	Interest & investment earnings	
-	15,300	300	-	-	Other	
(144,695)	(93,446)	(163,667)	(208,907)	1,407,628	Gain on sale of capital assets	
361,896	329,790	236,575	275,901	1,934,577	Transfers	
\$ 147,958,606	\$ 161,681,466	\$ 175,894,067	\$ 185,065,090	\$ 179,862,046	Total business-type activities	
					Total primary government	
\$ (705,286)	\$ (6,582,010)	\$ (6,125,286)	\$ 23,968,350	\$ 53,365,018	Change in net position	
761,847	(952,764)	1,495,741	1,765,867	4,492,663	Governmental activities	
\$ 56,561	\$ (7,534,774)	\$ (4,629,545)	\$ 25,734,217	\$ 57,857,681	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				
	2016	2015	2014	2013	2012
General Fund					
Nonspendable	\$ 20,793,326	\$ 22,924,625	\$ 25,120,243	\$ 28,688,741	\$ 28,132,718
Restricted	20,169,578	-	-	-	-
Committed	-	-	-	-	-
Assigned	56,125,895	71,430,601	60,823,273	56,772,645	52,648,041
Unassigned	56,619,344	56,380,489	48,155,310	46,984,508	38,838,327
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total General Fund	<u>153,708,143</u>	<u>150,735,715</u>	<u>134,098,826</u>	<u>132,445,894</u>	<u>119,619,086</u>
All Other Governmental Funds					
Nonspendable	463,606	500,195	291,228	782,082	1,336,399
Restricted	136,976,702	109,340,358	114,002,959	121,555,423	105,372,056 ²
Committed	49,887	50,366	55,605	55,668	130,470
Assigned	17,195,001	10,932,739	11,834,335	10,755,939	8,458,102
Unassigned	(3,360,335)	(7,911,731)	(10,327,470)	(10,851,741)	(9,480,728)
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total all other governmental funds	<u>151,324,861</u>	<u>112,911,927</u>	<u>115,856,657</u>	<u>122,297,371</u>	<u>105,816,299</u>
Total Governmental Funds	<u>\$ 305,033,004</u>	<u>\$ 263,647,642</u>	<u>\$ 249,955,483</u>	<u>\$ 254,743,265</u>	<u>\$ 225,435,385</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					
2011 ¹	2010	2009	2008	2007			
\$ 26,693,402	\$ -	\$ -	\$ -	\$ -	\$ -	General Fund	
-	-	-	-	-	-	Nonspendable	
6,939,235	-	-	-	-	-	Restricted	
44,755,155	-	-	-	-	-	Committed	
35,958,787	-	-	-	-	-	Assigned	
-	32,155,440	6,909,142	9,591,064	4,150,844	-	Unassigned	
-	72,033,076	101,068,378	111,054,606	117,465,640	-	Reserved	
114,346,579	104,188,516	107,977,520	120,645,670	121,616,484	-	Unreserved	
						Total General Fund	
						All Other Governmental Funds	
210,939	-	-	-	-	-	Nonspendable	
77,133,751	-	-	-	-	-	Restricted	
-	-	-	-	-	-	Committed	
22,939,415	-	-	-	-	-	Assigned	
(8,999,065)	-	-	-	-	-	Unassigned	
-	55,243,886	65,271,318	56,504,466	91,344,253	-	Reserved	
-	58,798,913	76,053,180	76,665,059	75,946,573	-	Unreserved, reported in:	
-	2,449,680	6,261,034	55,852,298	13,049,077	-	Special revenue funds	
-	(14,940,959)	(10,437,736)	-	-	-	Capital projects funds	
-	-	-	-	-	-	Debt service funds	
91,285,040	101,551,520	137,147,796	189,021,823	180,339,903	-	Total all other governmental funds	
\$ 205,631,619	\$ 205,740,036	\$ 245,125,316	\$ 309,667,493	\$ 301,956,387	-	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				
	2016	2015	2014	2013	2012
Revenues					
Taxes ^{1,2}	\$ 162,324,754	\$ 154,803,301	\$ 141,480,199	\$ 132,951,338	\$ 124,191,293
Licenses, permits and franchises	7,484,494	6,918,658	6,645,857	6,614,052	6,761,316
Fines, forfeitures and penalties	2,900,149	4,657,052	4,544,687	4,345,235	3,856,956
Use of money and property	4,806,418	2,245,536	2,317,618	1,447,711	2,237,164
Intergovernmental ^{1,2}	373,048,915	332,852,098	341,824,163	342,485,211	295,317,970
Charges for services	95,824,088	85,590,180	74,868,262	80,035,651	82,663,958
Miscellaneous	12,612,098	11,334,290	13,743,165	14,113,078	15,087,609
Total revenues	<u>659,000,916</u>	<u>598,401,115</u>	<u>585,423,951</u>	<u>581,992,276</u>	<u>530,116,266</u>
Expenditures					
General government	58,206,806	55,248,628	56,452,888	52,761,722	51,734,638
Public protection	201,999,957	186,219,711	176,068,476	163,116,516	161,424,508
Public ways and facilities	9,533,830	9,537,130	9,576,875	8,910,754	11,085,389
Health services	145,056,247	123,563,230	113,485,686	114,501,766	113,838,461
Public assistance	147,897,111	147,077,648	138,779,333	134,536,688	135,210,563
Education and recreation	16,980,865	17,539,688	17,026,116	16,052,937	16,940,619
Debt service:					
Principal	12,480,000	12,110,000	13,006,530	13,770,731	13,356,531
Interest and other charges	7,349,677	7,941,874	8,590,661	9,107,362	9,724,218
Debt issuance cost	-	-	-	-	-
Capital outlay	18,392,297	25,673,405	58,333,218	46,057,154	28,929,685
Total expenditures	<u>617,896,790</u>	<u>584,911,314</u>	<u>591,319,783</u>	<u>558,815,630</u>	<u>542,244,612</u>
Excess of revenues over (under) expenditures	<u>41,104,126</u>	<u>13,489,801</u>	<u>(5,895,832)</u>	<u>23,176,646</u>	<u>(12,128,346)</u>
Other Financing Sources (Uses)					
Payment to refunded bond escrow agent	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-
Sale of tobacco settlement revenues	-	-	-	-	-
Debt issuance	-	-	-	5,420,000	-
Premium on debt	-	-	-	-	-
Transfers in	148,952,103	133,092,548	133,504,312	123,964,225	125,753,015
Transfers out	(148,891,568)	(133,107,304)	(132,857,615)	(123,747,059)	(125,886,468)
Sale of capital assets	220,702	217,114	461,353	494,068	433,300
Total other financing sources (uses)	<u>281,237</u>	<u>202,358</u>	<u>1,108,050</u>	<u>6,131,234</u>	<u>299,847</u>
Extraordinary Item					
Amount to be paid to State of California per AB99	-	-	-	-	8,809,741
Net change in fund balances	<u>\$ 41,385,362</u>	<u>\$ 13,692,159</u>	<u>\$ (4,787,782)</u>	<u>\$ 29,307,880</u>	<u>\$ (3,018,758)</u>
Debt service as a percentage of noncapital expenditures	3.31%	3.59%	4.05%	4.46%	4.50%

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					
		2011	2010	2009	2008	2007	
							Revenues
\$		116,385,423	\$ 121,801,475	\$ 134,613,147	\$ 138,987,233	\$ 132,730,738	Taxes ^{1,2}
		6,580,255	5,763,943	6,690,257	6,180,001	6,758,843	Licenses, permits and franchises
		4,146,885	4,883,821	4,772,315	5,458,554	5,870,027	Fines, forfeitures and penalties
		2,542,856	3,419,568	5,917,139	13,022,335	14,115,648	Use of money and property
		309,499,470	297,119,249	301,278,100	312,049,066	299,974,644	Intergovernmental ^{1,2}
		89,632,816	86,456,048	79,371,133	77,340,255	75,908,930	Charges for services
		17,068,861	17,617,361	15,087,909	12,457,166	15,709,000	Miscellaneous
		<u>545,856,566</u>	<u>537,061,465</u>	<u>547,730,000</u>	<u>565,494,610</u>	<u>551,067,830</u>	Total revenues
							Expenditures
		55,690,156	57,522,204	60,531,698	57,450,491	49,616,574	General government
		162,891,649	170,823,420	178,454,399	170,321,250	162,742,367	Public protection
		9,619,806	9,170,245	9,380,649	9,925,757	9,664,948	Public ways and facilities
		112,350,121	108,637,073	107,488,354	107,707,061	103,618,977	Health services
		146,596,884	144,765,442	146,364,841	141,943,318	135,117,611	Public assistance
		18,828,034	20,215,842	21,482,110	22,292,796	22,087,999	Education and recreation
							Debt service:
		8,663,794	12,465,882	39,691,364	11,685,419	11,080,862	Principal
		10,227,822	11,266,372	12,870,803	13,171,464	12,405,119	Interest and other charges
		25,590	254,727	-	-	1,650,505	Debt issuance cost
		13,007,061	41,366,813	37,841,019	22,992,641	16,423,879	Capital outlay
		<u>537,900,917</u>	<u>576,488,020</u>	<u>614,105,237</u>	<u>557,490,197</u>	<u>524,408,841</u>	Total expenditures
		<u>7,955,649</u>	<u>(39,426,555)</u>	<u>(66,375,237)</u>	<u>8,004,413</u>	<u>26,658,989</u>	Excess of revenues over (under) expenditures
							Other Financing Sources (Uses)
		(10,000,000)	(17,970,000)	-	-	(100,769,924)	Payment to refunded bond escrow agent
		10,000,000	16,745,000	-	-	99,860,000	Issuance of refunding bonds
		-	-	-	-	-	Sale of tobacco settlement revenues
		-	-	1,385,806	1,023,891	-	Debt issuance
		-	889,673	-	-	2,568,489	Premium on debt
		148,145,491	165,741,868	223,869,357	169,578,877	140,741,691	Transfers in
		(147,627,772)	(165,502,698)	(223,394,950)	(171,010,215)	(142,086,480)	Transfers out
		227,956	137,432	130,957	114,140	205,999	Sale of capital assets
		<u>745,675</u>	<u>41,275</u>	<u>1,991,170</u>	<u>(293,307)</u>	<u>519,775</u>	Total other financing sources (uses)
							Extraordinary Item
		(8,809,741)	-	-	-	-	Amount to be paid to State of California per AB99
\$		<u>(108,417)</u>	<u>(39,385,280)</u>	<u>(64,384,067)</u>	<u>7,711,106</u>	<u>27,178,764</u>	Net change in fund balances
		3.60%	4.43%	9.12%	4.65%	4.62%	Debt service as a percentage of noncapital expenditures

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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				
2016	\$ 35,533,946,624	\$ 4,888,082,671	\$ 5,408,822,689	\$ 3,158,766,101	\$ 2,912,706,519	\$ (3,079,481,524)	\$ 48,822,843,080	1.000000
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

[^] 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	
2016	1.000000	1.800027	0.667934	0.039121	3.507082
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

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, 2016 and June 30, 2007

Taxpayer	June 30, 2016			June 30, 2007		
	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value	Assessed Value	Rank	Percentage of Total County Taxable Assessed Value
Valero Refining Company - Calif	\$ 974,371,849	1	2.12%	\$ 820,531,924	1	1.98%
Genentech Inc	955,554,129	2	2.08%	582,015,253	2	1.40%
Pacific Gas & Electric Company	667,579,738	3	1.45%	364,728,097	3	0.88%
Anheuser-Busch, Inc.	283,237,687	4	0.62%	332,166,171	4	0.80%
Shiloh Wind Project II, LLC	224,927,063	5	0.49%	-		
Solano 3 Wind, LLC	219,391,332	6	0.48%	-		
Star-West Solano, LLC	180,603,781	7	0.39%	-		
Shiloh III Wind Project	179,308,919	8	0.39%	-		
California Northern Railroad	146,916,741	9	0.32%	153,095,401	6	0.37%
Icon Owner Pool 1 SF N-B P LLC	133,424,150	10	0.29%	-		
Alza Corporation	-			160,841,541	5	0.39%
High Winds LLC	-			126,914,536	7	0.31%
Pacific Bell	-			126,423,511	8	0.30%
Shiloh I wind Project LLC	-			124,504,101	9	0.30%
Western Pacific Housing Inc.	-			106,049,010	10	0.26%
Totals	\$ 3,965,315,389		8.63%	\$ 2,897,269,545		6.73%

Sources: County of Solano Assessor-Recorder's Office and County CAFR 2007

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
2016	\$ 520,975,609	\$ (916,279)	\$ 520,059,329	\$ 512,446,685	98.4%	\$ -	\$ 512,446,685	98.5%
2015	487,553,003	(1,438,301)	486,114,702	480,455,988	98.5%	2,657,059	483,113,047	99.4%
2014	441,007,173	(2,078,099)	438,929,074	433,568,088	98.3%	3,820,052	437,388,140	99.6%
2013	410,157,511	(2,667,716)	407,489,795	400,877,231	97.7%	4,881,586	405,758,817	99.6%
2012	422,207,151	(2,300,013)	419,907,138	412,665,682	97.7%	6,710,493	419,376,175	99.9%
2011	429,379,973	(796,607)	428,583,366	418,950,465	97.6%	9,042,985	427,993,450	99.9%
2010	443,248,555	(4,373,461)	438,875,094	426,044,998	96.1%	12,563,115	438,608,113	99.9%
2009	494,946,065	(4,657,605)	490,288,460	466,126,504	94.2%	23,053,119	489,179,623	99.8%
2008	507,245,315	(1,724,398)	505,520,917	472,447,183	93.1%	33,830,321	506,277,504	100.1%
2007	477,498,909	(3,571,496)	473,927,413	449,992,917	94.2%	25,030,972	475,023,889	100.2%

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				
	2016	2015	2014	2013	2012
Governmental Activities					
Notes payable	\$ 1,023,890	\$ 1,031,823	\$ 1,039,756	\$ 1,047,689	\$ 1,055,622
Capital leases	-	-	-	81,530	302,261
Certificates of participation	99,916,146	105,613,538	111,805,931	117,608,322	117,765,005
Pension obligation bonds	40,810,000	47,810,000	53,945,000	61,285,000	69,630,000
Business-Type Activities					
Notes payable	-	-	-	-	-
Total primary government	<u>\$ 141,750,036</u>	<u>\$ 154,455,361</u>	<u>\$ 166,790,687</u>	<u>\$ 180,022,541</u>	<u>\$ 188,752,888</u>
Percentage of Personal Income ¹	0.72%	0.80%	0.90%	1.00%	1.06%
Percentage of Actual Value of Taxable Property ²	0.29%	0.34%	0.38%	0.44%	0.49%
Per Capita ¹	\$ 328.51	\$ 359.57	\$ 392.29	\$ 430.28	\$ 456.16

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						
2011	2010	2009	2008	2007		
						Governmental Activities
\$ 1,023,890	\$ 1,023,890	\$ 1,023,890	\$ 1,171,043 ³	\$ 11,864,718		Notes payable
513,792	1,122,586	1,303,468	16,874	28,968		Capital leases
120,868,119	125,852,804	130,649,735	138,013,241	142,576,213		Certificates of participation
77,805,000	81,105,000	88,830,000	121,020,000	127,805,000		Pension obligation bonds
						Business-Type Activities
-	39,297	94,854	149,853	200,965		Notes payable
<u>\$ 200,210,801</u>	<u>\$ 209,143,577</u>	<u>\$ 221,901,947</u>	<u>\$ 260,371,011</u>	<u>\$ 282,475,864</u>		Total primary government
1.21%	1.33%	1.40%	1.62%	1.81%		Percentage of Personal Income ¹
0.52%	0.53%	0.54%	0.57%	0.62%		Percentage of Actual Value of Taxable Property ²
\$ 484.03	\$ 506.13	\$ 537.96	\$ 630.18	\$ 684.56		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 Pension Obligation Bonds	Amounts Restricted for Principal Payments	Total Net Pension Obligation Bonds	(2) Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	(3) Population	Net Bonded Debt per Capita
2016	\$ 40,810,000	\$ 6,563,340	\$ 34,246,660	\$ 48,822,843,080	0.07%	431,498	\$ 79.37
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

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

Fiscal Year	(1) Assessed Value of Property	(2) Debt Limit, 5% of Assessed Value	(3) Debt Applicable to the Limit	(4) Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2016	\$ 48,822,843,080	\$ 2,441,142,154	\$ 99,916,146	\$ 2,341,226,008	4.09%
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%

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
2016	431,498	\$ 19,778,909,530 ⁴	\$ 45,838 ⁴	6.0%
2015	429,552	19,223,389,084 ⁴	44,752 ⁴	5.9%
2014	425,169	18,631,142,897 ⁴	42,073	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%

Detail of estimated population, as of January 1, 2016:

Incorporated Cities

Benicia	27,501
Dixon	19,018
Fairfield	112,637
Rio Vista	8,601
Suisun City	29,091
Vacaville	97,667
Vallejo	<u>117,322</u>
Total of Incorporated	411,837
Total of Unincorporated Areas	<u>19,661</u>
Total Population	<u><u>431,498</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, 2016 and June 30, 2007

Employer	June 30, 2016			June 30, 2007		
	Employees	Rank	Percentage of Total County Employment ¹	Employees	Rank	Percentage of Total County Employment ¹
Travis AFB	12,875	^{2,3} 1	6.49%	n/a	⁶	
County of Solano	3,092	⁴ 2	1.56%	n/a	⁶	
Kaiser Permanente - Vallejo	2,937	⁷ 3	1.48%	3,385	1	1.72%
NorthBay Healthcare System (formerly NorthBay Medical Center)	2,617	³ 4	1.32%	1,480	2	0.75%
Fairfield-Suisun Unified School District	1,932	³ 6	0.97%	1,200	3	0.61%
District Six Flags Discovery Kingdom	1,515	³ 7	0.76%	n/a	⁶	
Vallejo City Unified School District	1,218	⁷ 8	0.61%	n/a	⁶	
Kaiser Permanente - Vacaville	1,216	³ 9	0.61%	n/a	⁶	
California Medical Facility	1,200	⁸ 10		750	6	0.38%
Genentech Inc.	1,098	³ 11	0.55%	n/a	⁶	
California State Prison Solano				1,000	4	0.51%
Alza Corporation				773	5	0.39%
Wal-Mart				674	7	0.34%
Sutter Solano Medical Center				647	8	0.33%
City of Fairfield				613	9	0.0031
City of Vacaville				574	10	0.0029
Totals	<u>31,887</u>		<u>15.45%</u>	<u>11,096</u>		<u>5.63%</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 2016

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

⁷ Employment figure from the Solano Economic Development Corporation for 2013

⁸ Employment figure from the Solano Economic Development Corporation estimate for 2016

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				
	2016	2015	2014	2013	2012
Function/Program					
General government	255.75	239.30	235.55	230.55	227.05
Public protection	1,191.50	1,092.50	1,071.00	1,006.50	951.50
Public ways and facilities	64.00	64.00	61.00	60.50	61.50
Health services	523.80	492.70	486.90	455.30	421.70
Public assistance	785.75	735.65	698.75	641.55	623.30
Education and recreation	118.75	116.00	116.10	118.50	124.23
Nut Tree Airport	3.00	3.00	3.00	3.00	3.00
Fouts Springs Youth Facility	-	-	-	-	-
Internal service	73.30	61.60	60.60	57.60	57.00
Total	3,015.85	2,804.75	2,732.90	2,573.50	2,469.28

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					
2011	2010	2009	2008	2007	
					Function/Program
250.25	271.50	288.00	280.00	272.00	General government
992.25	1,160.00	1,243.50	1,237.00	1,194.00	Public protection
63.50	73.50	75.50	76.50	74.50	Public ways and facilities
460.10	477.10	520.08	520.83	532.63	Health services
639.00	674.50	711.50	713.50	720.50	Public assistance
140.50	151.23	153.73	152.23	149.73	Education and recreation
4.00	5.00	5.00	4.00	4.00	Nut Tree Airport
29.00	30.00	30.00	29.00	29.00	Fouts Springs Youth Facility
64.00	79.50	88.50	86.50	82.50	Internal service
<u>2,642.60</u>	<u>2,922.33</u>	<u>3,115.81</u>	<u>3,099.56</u>	<u>3,058.86</u>	Total

Source: County of Solano Adopted Budget

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

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government										
Clerk-Recorder-Assessor - documents recorded	124,640	121,225	110,113	147,244	133,970	131,249	122,646	110,104	119,333	172,494
Public protection										
Number of felony cases filed-District Attorney #	2,894	4,971	3,706	3,491	3,030	3,538	3,722	3,820	3,961	4,198
Number of misdemeanor cases filed-District Attorney #	5,084	5,302	4,469	4,594	5,676	9,281	8,211	10,056	11,382	9,404
Number of juvenile petitions-District Attorney #	369	360	396	383	534	876	1,191	1,496	1,746	1,964
Number of Bookings-Sheriff	16,441	16,143	15,410	14,578	14,628	14,767	16,323	18,485	19,629	25,415
Average Daily Population-Juvenile Hall	63	57	65	67	73	76	80	86	76	89
Average Daily Population-New Foundation	13	12	19	22	23	29	24	26	21	26
Average Intake-Juvenile Hall	55	53	73	100	106	133	141	175	173	180
Number of building permits issued	853	1,016	834	728	729	614	545	699	760	990
Public ways and facilities										
Miles of roads maintained	577	577	578	579	585	586	586	587	587	587
Health services & public assistance										
Average monthly medical clinic visits	5,270	5,419	4,897	4,492	3,700	3,886	3,641	3,348	3,259	2,757
Average monthly dental clinic visits	1,277	1,326	1,116	758	514	608	616	396	429	354
Average monthly food stamp recipients	48,773	43,668	42,583	41,034	39,539	37,051	33,102	27,662	22,590	20,599
Average monthly MediCal beneficiaries	121,711	111,560	85,847	74,476	68,652	67,867	65,850	62,197	59,706	57,487
Average monthly CalWorks cash assistance recipients	15,997	13,058	12,976	13,293	14,215	15,466	15,443	14,359	13,390	12,486
Average monthly General Relief recipients	589	722	747	899	1,018	1,128	1,141	973	792	685
Education and recreation										
Total circulation	2,483,209	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
Total circulation - SNAPweb	485,580	574,920	646,576	740,574	808,163	838,622	812,830 *	670,825	568,493	478,578
Number of library patrons	1,445,360	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
Number of parks	4	4	4	4	4	4	4	4	4	4
Number of park visitors	183,653	194,793	190,916	181,090	180,495	185,453	182,434	189,703	221,806	261,351
Nut Tree Airport										
Takeoffs and landings	105,000	104,886	102,515	101,500	101,500	100,500	104,000	102,500	102,500	105,000
Fouts Springs Youth Facility (FSYF)										
Average Daily Population	-	-	-	-	- ^	43	47	54	58	56
Internal service										
Number of Fleet Vehicles	507	472	458	464	468	482	480	514	502	502
Number of Annual Fleet Miles Driven	3,900,899	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

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

Function/Program	Fiscal Year									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
General government										
Buildings	18	17	17	17	17	17	16	16	15	13
Public protection										
Sheriff sub stations	-	-	-	-	-	-	1	2	3	3
Patrol units	28	24	24	22	21	21	20	23	20	20
Jail and detention facilities	4	4	3	3	3	3	3	3	3	3
Public ways and facilities										
Miles of roads #	577	577	578	579	585	586	586	587	587	587
Health services & public assistance										
Clinics & administration buildings	6	6	6	7	6	6	8	6	7	7
Education and recreation										
Branch libraries	8	8	8	8	8	8	8	8	8	8
Veterans buildings	6	6	6	6	6	6	6	6	5	5
Public parks acreage	1,254	1,254	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259
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

^{n/a} Information not available

Information based on calendar year

* Fouts assets transferred to General government in 2013.

Source: Various County departments

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