



County of Solano, California
 Comprehensive Annual Financial Report
 Fiscal Year Ended June 30, 2017



Simona Padilla-Scholten, CPA
 Auditor-Controller





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

- **C-5M Super Galaxy:** Travis Air Force Base welcomed its first C-5M Super Galaxy this year. The re-engined jet allows fliers to take off using less runway, climb faster, carry more cargo and fly further than any of the plane's predecessors.
- **Youth Ag Day - Solano County Fairgrounds:** 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. 2016 marked the 14th year of the popular event. A group of children gather to pet the soft coat of a baby lamb.
- **County Administration Center:** A state-of-the-art six-story, 300,000 square foot facility that hosts several County departments and the Board of Supervisors. On the roof of the adjacent parking structure sits a 140 kilowatt photovoltaic (solar) system. The system uses the sun to generate clean energy, offsetting 18,700 metric tons of carbon dioxide and provide the County with clean, renewable energy for the next 30 years.
- **Locally Grown Crops:** Good yields and favorable market conditions helped Solano County growers to post an overall record farm gate in 2014, despite the lingering drought, helping tomatoes regain the top crop, valued at more than \$46 million dollars.

County of Solano, California



Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2017

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, 2017**

Table of Contents

	Page
<u>INTRODUCTORY SECTION (Unaudited)</u>	
Letter of Transmittal	3
GFOA Certificate of Achievement.....	10
Organizational Chart	11
Department Head Listing	12
 <u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	15
Management’s Discussion and Analysis (Unaudited).....	19
 Basic Financial Statements:	
 Government-wide Financial Statements:	
Statement of Net Position.....	35
Statement of Activities	36
 Fund Financial Statements:	
<i>Governmental Fund Financial Statements:</i>	
Balance Sheet	38
Reconciliation of the Balance Sheet of Governmental Funds to the Statement to Net Position	39
Statement of Revenues, Expenditures and Changes in Fund Balances	40
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	41
 <i>Proprietary Fund Financial Statements:</i>	
Statement of Net Position	42
Statement of Revenues, Expenses and Changes in Fund Net Position	43
Statement of Cash Flows	44
 <i>Fiduciary Fund Financial Statements:</i>	
Statement of Fiduciary Net Position	45
Statement of Changes in Fiduciary Net Position	46

	Page
<u>FINANCIAL SECTION (Continued)</u>	
Index to Notes to the Basic Financial Statements	47
Notes to the Basic Financial Statements	51
Required Supplementary Information (Unaudited):	
Schedule of Changes in Net Pension Liability and Related Ratios and Schedule of Plan Contributions:	
Miscellaneous Plan.....	103
Safety Plan	104
Schedules of Funding Progress:	
Other Post Employment Benefits.....	105
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund.....	106
Health and Social Services.....	107
Public Safety.....	108
Notes to Required Supplementary Information.....	109
Combining and Individual Fund Statements and Schedules:	
Other Governmental Funds:	
Narrative Summary	113
Special Revenue Funds:	
Combining Balance Sheet	114
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	115
Nonmajor Special Revenue Funds:	
Narrative Summary	117
Combining Balance Sheet	118
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	120
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Nonmajor Special Revenue Funds:	
Public Facilities Fees.....	122
Library.....	123
Transportation	124
First 5 Solano.....	125
Home Loan Program	126
Micrographics & Modernization	127
Other Special Revenue Funds	128

	Page
<u>FINANCIAL SECTION (Continued)</u>	
<i>Capital Projects Fund:</i>	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Capital Projects Funds:	
Accumulated Capital Outlay	129
<i>Nonmajor Debt Service Funds:</i>	
Narrative Summary	130
Combining Balance Sheet	131
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	132
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Funds:	
2013 Certificates of Participation	133
2009 Certificates of Participation	134
Government Center	135
Pension Obligation Bonds	136
<i>Internal Service Funds:</i>	
Narrative Summary	137
Combining Statement of Net Position	138
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	139
Combining Statement of Cash Flows	140
<i>Fiduciary Funds:</i>	
Narrative Summary	141
Combining Statement of Changes in Assets and Liabilities – Agency Funds	142
<u>STATISTICAL SECTION (Unaudited):</u>	
Narrative Summary and Contents	145
<i>Financial Trends Information:</i>	
Net Position by Component, Last Ten Fiscal Years	146
Changes in Net Position, Last Ten Fiscal Years	148
Fund Balances of Governmental Funds, Last Ten Fiscal Years	150
Changes in Fund Balances of Governmental Funds, Last Ten Fiscal Years ..	152
<i>Revenue Capacity Information:</i>	
Assessed Value of Taxable Property, Last Ten Fiscal Years	154
Direct and Overlapping Property Tax Rates, Last Ten Fiscal	155
Principal Property Tax Payers, June 30, 2017 and June 30, 2007	156
Property Tax Levies and Collections, Last Ten Fiscal Years	157

STATISTICAL SECTION (Unaudited) (Continued):**Debt Capacity Information:**

Ratios of Outstanding Debt by Type, Last Ten Fiscal Years	158
Ratios of Net General Bonded Debt Outstanding.....	160
Legal Debt Margin Information, Last Ten Fiscal Years.....	161

Demographic and Economic Information:

Demographic and Economic Statistics, Last Ten Calendar Years	162
Principal Employers, June 30, 2017 and June 30, 2007	163

Operating Information:

Full-time Equivalent County Government Employees by Function, Last Ten Fiscal Years	164
Operating Indicators by Function, Last Ten Fiscal Years	166
Capital Asset Statistics by Function, Last Ten Fiscal Years	167



**INTRODUCTORY
SECTION**

OFFICE OF THE AUDITOR-CONTROLLER

SIMONA PADILLA-SCHOLTENS, CPA
Auditor-Controller

PHYLLIS TAYNTON, CPA
Assistant Auditor-Controller



SOLANO
COUNTY

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

www.solanocounty.com

December 21, 2017

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, 2017. 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, 2017, 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, 2017, 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 106.

Population and Local Economy

The County's population estimate as of May, 2017 was 436,023 increasing by 5,501 residents or 1.2% over 2016. The County's population ranks number 21 out of 58 California counties in terms of population size. The County population increased 4.8% between 2000 and 2010. Between 2010 and 2017, the County grew by 22,679 residents, or 5.2%. All seven cities saw growth between 2016 and 2017, with the highest growth rate in Rio Vista at 4.6%.

The population of Solano County is projected to grow to 633,039 or 32.2% by 2060, according to projections by the California Department of Finance. The age composition is expected to shift over the next 40 years, with the median age increasing from 37.6 in 2015 to 43.2 in 2060. The aging of the population will affect the types of service demands that will be placed on the County and may impact statewide and regional planning efforts.

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 2017 Property Assessment Roll (net of exemptions) of \$52.2 billion increased by 6% from the prior year's roll value and represents property ownership in Solano County as of January 1, 2017.

Long-term Financial Planning

The Fund Balance Policy is to maintain a General Fund General Reserve equal to 10% of the County's total budget, excluding interfund transfers, with a minimum balance of \$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, 2017, the Board adopted \$47.1 million in the General Fund General Reserve. This amount is above the minimum established per the policy, but less than the target of \$91.4 million. For the FY

2017/18, the Board adopted a General Fund Contingency in the amount of \$14.7 million, which is below the 10% level (\$27.3 million).

In addition, the Board established a General Fund Committed Fund Balance for future CalPERS rate increases. As of June 30, 2017, the balance was \$16.1 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 Committed Fund Balance for future CalPERS rate increase to PARS Trust-Pension Account. The \$20 million is presented as General Fund Restricted Fund Balance. On April 4, 2017, the Board of Supervisors authorized the assignment of fund balance for the Solano County Integrated Property Tax System (SCIPS) multiyear replacement project in the amount of \$10,000,000.

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 two 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 adjacent buildings on a common site – a 10,000 square foot educational building with classrooms and administrative areas, and a 29,400 square foot vocational training building with vehicle repair instruction bays, areas building trade instruction programs, instructor offices and support spaces. Construction Documents were approved by the State Fire Marshal in December 2016. The project went out to bid in January 2017 and the construction contract was awarded to Hensel-Phelps Construction Company of San Jose, California, in April, 2017. Construction started in June of 2017 and will 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.

Animal Care Services Facility, Phase 3 –

This third and final \$2.6 million phase of improvements to the County's Animal Care Services facility complex on Clay Bank Road includes full renovation of a portion of the existing original Animal Shelter building and upgrades to certain all-building systems. 2,600 square feet of the existing 13,000 square-foot Animal Shelter building will provide a newly renovated public lobby and reception counter area, along with new staff workstations and administration offices, upgrades to the HVAC system serving the entire facility, repairs to roofing materials, interior lighting, and improvements to the parking area and walkways. Design is currently underway with construction targeted to start in late spring, 2018 with completion in the fall of 2018.

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 and debt related policies, 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 ten years. Interest yields on investments were between 0.75% and 7.441% for the County with an average yield on the pool of 1.089%.


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, 2016. This is the fifteenth consecutive year the County has achieved this prestigious award. In order to be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR. This report satisfies both generally accepted accounting principles and applicable legal requirements.

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

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

Respectfully submitted,

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

Simona Padilla-Scholtens, CPA
Auditor-Controller



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, 2016

Executive Director/CEO

Electorate

Organizational Chart

Board of Supervisors



Erin Hannigan
District 1



Monica Brown
District 2



James P. Spering
District 3



John M. Vasquez
District 4



Skip Thomson
District 5



County Counsel
Dennis Bunting



County Administrator
Birgitta E. Corsello

Elected Officials



Auditor - Controller
Simona Padilla-Scholtens



District Attorney
Krishna Abrams



Assessor / Recorder
Marc Tonnesen



Sheriff / Coroner
Tom Ferrara



Treasurer / Tax
Collector / County Clerk
Charles Lomeli

Appointed Officials



Ag. Comm. / Sealer
Jim Allan



General Services
Mike Lango



Human Resources
Marc Fox



H&SS
Gerald Huber



Public Defender
Lesli Caldwell



Library
Bonnie Katz



Resource Mgmt.
Bill Emlen



Veterans Services
Ted Puntillo



DoIT / ROV
Ira Rosenthal



Probation
Christopher Hansen



Child Support Services
Pamela Posehn

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
Department of Information Technology / 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 - Alternate 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).....	Heather Henry.....	863-3501



(This page intentionally left blank)



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, 2017, 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, 2017, 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.

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 21, 2017, 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.

Vavrinick, Trine, Day & Co. LLP

Sacramento, California
December 21, 2017

(This page intentionally left blank)

SIMONA PADILLA-SCHOLTENS, CPA
Auditor-Controller

PHYLLIS TAYNTON, CPA
Assistant Auditor-Controller

OFFICE OF THE AUDITOR-CONTROLLER



SOLANO COUNTY

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

www.solanocounty.com

Management's Discussion and Analysis

As management of the County of Solano, California, (County) we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2017. We encourage readers to consider the information presented here in conjunction with additional information in our financial statements.

Financial Highlights

- In fiscal year (FY), 2016/17, the County adopted new statements of financial accounting standards issued by the Government Accounting Standard Boards (GASB):
 - GASB Statement No. 77 – In August 2015, GASB issued Statement No. 77, *Tax Abatement Disclosures*. The objective of this Statement is to improve financial reporting by giving the users of financial statements essential information 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 better 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.
 - GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14*. 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 for component units.
- The County's net position at June 30, 2017 was \$404.5 million. Of this amount, \$212.6 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 \$22.4 million as a result of the current year's operations.
- At June 30, 2017, the County's governmental funds reported combined ending fund balances of \$333.1 million, an increase of \$28.1 million as a result of the current year's operations. Approximately 5.2% or \$17.4 million of the total fund balance is nonspendable; 53.4% or \$178.0 million is restricted ; 0.1% or \$50 thousand of the total is committed; 27.4% or \$91.3 million is assigned for spending at the discretion of the Board of Supervisors (the Board); and

13.9% or \$46.4 million is unassigned.

- At June 30, 2017, unassigned fund balance for the General Fund was \$46.4 million or 59.5% 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 35-37 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 38 - 41 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 42 – 44 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 45 – 46 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 47 – 100 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 103 – 109 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 113 – 142 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, 2017 the County reported a net position of \$404.5 million.

Solano County’s Net Position

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 466,641,827	\$ 438,607,877	\$ 568,665	\$ 794,553	\$ 467,210,492	\$ 439,402,430
Capital assets	558,288,829	561,919,011	13,933,225	13,830,857	572,222,054	575,749,868
Total assets	1,024,930,656	1,000,526,888	14,501,890	14,625,410	1,039,432,546	1,015,152,298
Deferred loss on refunding	1,417,652	1,575,169	-	-	1,417,652	1,575,169
Deferred outflows related to pensions	110,688,273	39,616,219	151,889	91,281	110,840,162	39,707,500
Total deferred outflows of resources	112,105,925	41,191,388	151,889	91,281	112,257,814	41,282,669
Long-term obligations	729,062,418	563,210,294	617,203	400,726	729,679,621	563,611,020
Other liabilities	-	72,769,501	-	279,725	-	73,049,226
Total liabilities	729,062,418	635,979,795	617,203	680,451	729,679,621	636,660,246
Deferred gain on refunding	31,044	46,567	-	-	31,044	46,567
Deferred inflows related to pensions	17,413,969	37,503,476	54,437	85,010	17,468,406	37,588,486
Total deferred inflows of resources	17,445,013	37,550,043	54,437	85,010	17,499,450	37,635,053
Net position:						
Net investments in capital assets	465,703,178	463,522,036	13,933,225	13,830,857	479,636,403	477,352,893
Restricted net position	212,643,958	200,295,296	-	-	212,643,958	200,295,296
Unrestricted net position	(287,817,986)	(295,628,894)	48,914	120,373	(287,769,072)	(295,508,521)
Total net position	\$ 390,529,150	\$ 368,188,438	\$ 13,982,139	\$ 13,951,230	\$ 404,511,289	\$ 382,139,668

Analysis of Change in Net Position

The assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at June 30, 2017 by \$404.5 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 \$12.3 million from prior year due to \$6.2 million increase in intergovernmental revenues from federal and state revenues for health and social services programs; \$5.2 million increase in public facilities fees due to less eligible projects; \$1.1 million increase in debt service; and \$1.8 million in library services due to increase in property tax revenues. This increase was partially offset by a decrease in restrictions related to transportation services of \$1.8 million due to the acquisition of land for the Cordelia Hills Sky Valley project (reclassified to net investments in capital assets).

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

	Governmental Activities		Business-type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenues:						
Program revenues:						
Charges for services	\$ 87,074,521	\$ 78,859,152	\$ 1,217,410	\$ 1,337,907	\$ 88,291,931	\$ 80,197,059
Operating grants and contributions	364,091,668	374,303,152	15,353	78,090	364,107,021	374,381,242
Capital grants and contributions	9,003,256	6,479,698	645,268	471,980	9,648,524	6,951,678
General revenues:						
Property taxes	161,830,558	151,646,535	387,912	362,009	162,218,470	152,008,544
Other taxes	5,164,308	5,881,026	-	3,482	5,164,308	5,884,508
Intergovernmental	2,839,406	1,914,486	5,447	3,654	2,844,853	1,918,140
Interest and investment earnings	1,274,998	4,090,078	99,722	104,310	1,374,720	4,194,388
Other	18,633,347	13,902,540	152,048	106,783	18,785,395	14,009,323
Gain on sale of capital assets	34,403	364,285	-	5,750	34,403	370,035
Total Revenues	649,946,465	637,440,952	2,523,160	2,473,965	652,469,625	639,914,917
Expenses:						
General government	67,637,800	59,995,941	-	-	67,637,800	59,995,941
Public protection	216,932,185	192,709,201	-	-	216,932,185	192,709,201
Public ways and facilities	12,289,760	12,263,841	-	-	12,289,760	12,263,841
Health services	154,787,811	139,577,649	-	-	154,787,811	139,577,649
Public assistance	151,158,894	140,560,811	-	-	151,158,894	140,560,811
Education and recreation	18,333,677	15,799,451	-	-	18,333,677	15,799,451
Interest on long-term debt	6,478,003	7,131,271	-	-	6,478,003	7,131,271
Nut Tree Airport	-	-	2,479,874	2,170,007	2,479,874	2,170,007
Total Expenses	627,618,130	568,038,165	2,479,874	2,170,007	630,098,004	570,208,172
Excess before transfers and special item	22,328,335	69,402,787	43,286	303,958	22,371,621	69,706,745
Special Item: Fouts Springs Impairment	-	(2,170,171)	-	-	-	(2,170,171)
Transfers	12,377	13,414	(12,377)	(13,414)	-	-
Change in net position	22,340,712	67,246,030	30,909	290,544	22,371,621	67,536,574
Net position-- beginning	368,188,438	300,942,408	13,951,230	13,660,686	382,139,668	314,603,094
Net position-- ending	\$ 390,529,150	\$ 368,188,438	\$ 13,982,139	\$ 13,951,230	\$ 404,511,289	\$ 382,139,668

Governmental activities. Governmental activities increased the County's net position by \$22.3 million.

Revenues:

Total revenues for the County's governmental activities increased by \$12.5 million from the prior year. The following are the significant changes:

Charges for Services:

Charges for services increased by \$8.2 million from the prior year primarily due to the following:

- \$3.8 million increase in general government primarily due to \$2.3 million increase in disposal fees from a new contract at the Potrero Hills facility; \$1.1 million increase in election services revenues as a result of the November 2016 general election; and an increase in public facilities fees collected due to an increase in real estate construction building permits.
- \$2.7 million increase in public protection is attributed to more services provided by the Sheriff's Department for other agency security services and housed inmates from Napa County.
- \$1.3 million increase in public ways and facilities due primarily from increase in collection of annual road maintenance fees from the Recology Hay Road landfill and increased engineering survey fees and road maintenance charges from non-county agencies.

Operating grants and contributions:

Operating grants and contributions decreased by a net \$10.2 million from the prior year due to the following:

- Net decrease of \$7.9 million in the public protection due to \$9.9 million decrease in the 2011 Realignment (Assembly Bill 118) revenues partially offset by increases in the Prop 172 Public Safety Augmentation Fund of \$1.1 million, \$0.3 million increase in PC 4700 reimbursements, and \$0.6 million increase in other grant funded programs.
- Net decrease of \$2.3 million in the health services due primarily to \$5.8 million decrease in the 1991 realignment revenues partially offset by increases in the intergovernmental transfer revenue and state and federal grant for new programs.

Capital grants and contributions:

Capital grants and contributions increased by \$2.5 million from prior year due to increased federal construction projects for various road improvements.

General revenues:

General revenues increased by \$14.9 million due to the following:

- Property taxes increased by \$10.2 million due to an increase in secured property taxes from continued increase in assessed values as more properties were taken off from Proposition 8 status and higher ABX1 26 pass through and residual tax revenues.
- Increase in other revenues of \$4.7 million due to \$2.5 million increase in quality incentive payments from Partnership Health Plan for the Federally Qualified Health Center clinics and \$2.0 million increase in other revenues from the FY 2016/17 employer contribution prepayment to CalPERS.

Expenses:

Total expenses for governmental activities increased by \$59.6 million from prior year. \$23.6 million is due to an increase in pension expense per GASB 68 accounting valuation. Also, general government increased by \$4.7 million. This was primarily due to an increase of \$3.1 million in salaries and benefits due to cost of living adjustments and filling vacant positions; \$1.6 million in services and supplies, specifically county-wide maintenance projects; public protection increased by \$14.2 million as a direct result of the full operation of the Stanton Correctional Facility and implementation of various public safety programs; health services increased by \$11.0

million due to increased public and mental health services provided through the expanded Mental Health Services Act program, expansion of the crisis residential treatment facility and implementation of various family health programs; public assistance increased by \$5.3 million primarily due to increased salaries and benefits from filling vacant positions, cost of living adjustments and new positions added during the fiscal year; education and recreation increased by \$1.6 million due to increased salaries and benefits from additional staffing hired to address workload issues at various library branches.

Business-type activities. The net position of the business-type activity increased by \$30 thousand due to a capital grant received from the Federal Aviation Agency for the runway pavement rehabilitation project. Charges for services decreased by \$120 thousand due to decreased fuel charges; operating grants decreased by \$63 thousand due to one-time revenue for the Wildlife Hazard Assessment project completed in the prior year; general revenues increased by \$59 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, 2017, the County's governmental funds reported combined ending fund balances of \$333.1 million, an increase of \$28.1 million from prior year. The largest component of the fund balance, at 53.4% of the total, was restricted at \$178.0 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 \$91.3 million, representing 27.4% 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 \$7.3 million from prior year due to increases in revenues from taxes, charges for services, and intergovernmental revenues. At June 30, 2017, the total General Fund fund balance was \$161.0 million. The assigned fund balance was \$77.4 million or 48% of the total fund balance, represents amounts the Board intends to use for specific purposes. The unassigned fund balance was \$46.4 million, or 29%, which is available for the Board's discretion. Nonspendable fund balance was \$17.0 million, or 11% of total fund balance, representing inventory and long term receivables. Restricted fund balance was \$20.2 million, or 12% 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 59.5% of this amount.

The *Health and Social Services Fund*, a special revenue fund, had a net increase in fund balance

of \$11.4 million primarily from increased federal and state revenues for social services and health related services (Realignment revenues, Intergovernmental Transfer funds, new grants).

The *Public Safety Fund*, a special revenue fund, had a net increase in fund balance of \$1.0 million due to the increased 2011 realignment revenues for the implementation of various public safety programs.

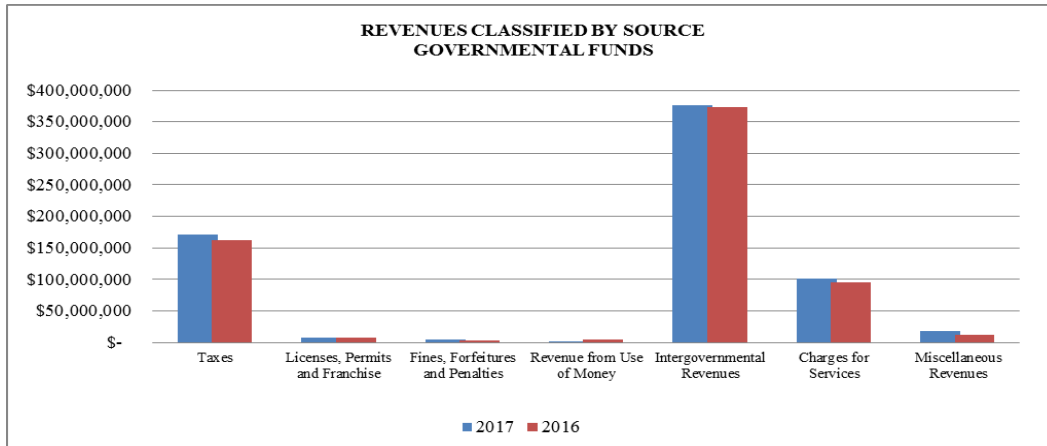
The fund balance of Other Governmental Funds had a net increase of \$8.4 million due to \$5.1 million increase in pension debt service from other revenues for FY 2016/17 employer contribution prepayment to CalPERS, \$5.2 million in public facilities fees due to increased building permits fees from increased real estate construction activities, \$1.8 million increase in library from increased property tax revenues and savings from projects that did not materialize. The increases were offset by \$4.2 million decrease in the accumulated capital outlay fund and transportation fund from increased expenditures and lesser revenues received due to the timing of receipt of revenue from state and federal agencies.

For fiscal year ended June 30, 2017, the total revenues for the County’s governmental funds totaled \$680.6 million. This represents a 3.3% increase from FY 2015/16.

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

**Revenues Classified by Source
Governmental Funds**

Revenues by Source	2017		2016		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Taxes	\$ 171,792,616	25.24%	\$ 162,324,754	24.63%	\$ 9,467,862	5.83%
Licenses, permits and franchise	8,350,884	1.23%	7,484,494	1.14%	866,390	11.58%
Fines, forfeitures and penalties	4,290,715	0.63%	2,900,149	0.44%	1,390,566	47.95%
Revenue from use of money	2,334,651	0.34%	4,806,418	0.73%	(2,471,767)	(51.43)%
Intergovernmental revenues	376,016,261	55.25%	373,048,915	56.61%	2,967,346	0.80%
Charges for services	100,691,445	14.79%	95,824,088	14.54%	4,867,357	5.08%
Miscellaneous revenues	17,121,970	2.52%	12,612,098	1.91%	4,509,872	35.76%
Total	\$ 680,598,542	100.00%	\$ 659,000,916	100.00%	\$ 21,597,626	3.28%



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

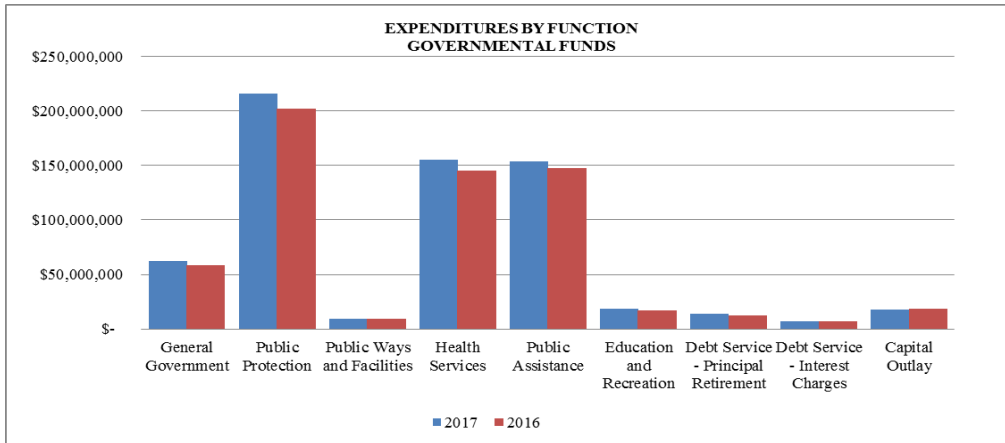
- Taxes: The net increase of \$9.5 million is due to increased secured property tax revenues and Property Tax-In Lieu of Vehicle License Fees, ABX1 26 residual and pass through revenues from increases to assessed values as more properties came off of Proposition 8 status and the improving real estate market.

- Licenses, permits and franchise: The increase of \$0.9 million is due to increased solid waste permit and hazardous permit revenues.
- Fines, forfeitures and penalties: The increase of \$1.4 million is primarily due from court-ordered settlements involving the investigations and prosecutions of consumer protection, environmental protection, and real estate fraud cases.
- Revenue from use of money and property: The net decrease of \$2.5 million is primarily attributed to prior year's one-time receipt of interest on the SB90 claim from pre-2004 and decrease in the market yield from investments.
- Intergovernmental revenues: The net increase of \$3.0 million is primarily due to increases in state and federal revenues for various County programs (realignment revenues, intergovernmental funds, agriculture, and animal care).
- Charges for services: The net increase of \$4.9 million is attributable to \$2.3 million increase in disposal fees resulting from a new contract at the Potrero Hills facility; \$1.1 million increase in election services revenues as a result of the November 2016 general election; \$1.3 million increase in public ways and facilities due primarily from increase in collection of damage fees from the Recology Hay Road landfill for maintenance projects and increased insurance reimbursements for accident damages to roads, guardrails and signs; and increase in public facilities fees collected due to an increase in real estate construction activities.
- Miscellaneous revenues: The increase of \$4.5 million from prior year is attributable to \$2.5 million increase in quality incentive payments from Partnership Health Plan for the Federally Qualified Health Center clinics and \$2.0 million increase in savings from the FY 2016/17 employer contribution prepayment to CalPERS.

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

**Expenditures by Function
Governmental Funds**

Expenditures by Function	2017		2016		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
General government	\$ 62,211,200	9.53%	\$ 58,206,807	9.42%	\$ 4,004,393	6.88%
Public protection	215,769,297	33.06%	201,999,957	32.69%	13,769,340	6.82%
Public ways and facilities	9,506,002	1.46%	9,533,830	1.54%	(27,828)	(0.29)%
Health services	155,248,529	23.79%	145,056,247	23.48%	10,192,282	7.03%
Public assistance	153,392,023	23.50%	147,897,111	23.94%	5,494,912	3.72%
Education and recreation	18,653,711	2.86%	16,980,865	2.75%	1,672,846	9.85%
Debt service - principal retirement	13,670,000	2.09%	12,480,000	2.02%	1,190,000	9.54%
Debt service - interest charges	6,725,097	1.03%	7,349,677	1.19%	(624,580)	(8.50)%
Capital outlay	17,432,575	2.67%	18,392,297	2.98%	(959,722)	(5.22)%
Total	\$ 652,608,434	100.00%	\$ 617,896,791	100.00%	34,711,643	5.62%



Expenditures by function increased \$34.7 million over prior year. The following provides an explanation of the significant changes:

- **General Government:** The increase of \$4.0 million is primarily from increased salaries and benefits due to cost of living adjustments, additional staffing hired to address workload issues, and services and supplies.
- **Public protection:** The net increase of \$13.8 million is attributable to increased services due to the full operation of the Stanton Correctional Facility, implementation of various public safety programs within the Sheriff, Public Defender & Probation departments and new positions in the Sheriff’s Office and Public Defender.
- **Health services:** The net increase of \$10.2 million is due to public and mental health services provided through the expanded Mental Health Services Act program, expansion of the crisis residential treatment facility and implementation of various family health programs as a result of increased caseload in eligibility and older and disabled adult services.
- **Public assistance:** The net increase of \$5.5 million is due to increased salaries and benefits from filling vacant positions, cost of living adjustments and new positions added during the fiscal year.
- **Debt service principal retirement:** The increase of \$1.2 million is due to increased principal payments required per the debt amortization schedules.
- **Debt service interest charges:** The decrease of \$0.6 million is due to lower interest payments per the debt amortization schedules.

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, 2017 was a positive \$49 thousand, a \$71 thousand decrease from the prior fiscal year as a result of less revenues from charges for services from fuel charges.

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

Final Budget vs. Actual Amounts

During the year, revenues recognized were more than budgeted revenue estimates by \$7.7 million and expenditures were less than appropriations by \$20.1 million, thus reducing the need to draw upon fund balance.

Revenue Variances:

- Taxes - \$4.7 million favorable variance from 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.
- Charges for Services - \$2.3 million favorable variance due to increase in disposal fee revenues from increased tonnage.
- Intergovernmental - \$0.9 million from revenues received for agricultural program and receipt of proceeds from the distribution of assets from RDA Redevelopment successor agencies.

Expenditure Variances:

- General Services - \$1.5 million favorable variance as a result of unspent appropriations for salaries and benefits due to vacant positions and for services and supplies specifically in contracted services that did not materialize.
- Fouts Property Management - \$0.4 million favorable variance due to appropriations not spent for the decommissioning of the Fouts Springs Youth Facility. The unspent amount was included in the FY 2017/18 budget until the decommissioning process is completed.
- Assessor - \$0.6 million favorable variance from unspent appropriations in contracted services, property tax data processing services and salaries and benefits due to vacant positions.
- Animal Care Services - \$0.5 million favorable variance as a result of appropriations for salaries and benefits not spent due to vacant positions, and unspent appropriations in services and supplies due to the delay in opening the canine kennel portion of the new facility.
- Resource Management - \$1.3 million favorable variance from unspent appropriations in contracted & other professional services relating to land use & integrated waste projects rescheduled to next fiscal year. Additionally, there were unspent appropriations in salaries and benefits due to vacant positions.
- Contingencies - the appropriations included \$13.0 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 - \$5.2 million favorable variance from transfers to various County departments, primarily Public Safety and Health and Social Services governmental funds not materializing.

Capital Asset and Debt Administration

Capital assets. The County's capital assets for its governmental and business-type activities at June 30, 2017, were \$572.2 million (net of accumulated depreciation). This investment in capital assets includes land, artwork, intangibles, buildings, machinery and equipment, roads, and bridges. The net decrease in the County's capital assets for the current fiscal year was \$3.5 million or 0.61%. In the governmental activities, increases in Land, Machinery and Equipment, and Construction in Progress were offset by retirements & depreciation expense for the fiscal year.

	Governmental activities		Business-type activities		Total		Increase/ (Decrease)
	2017	2016	2017	2016	2017	2016	Percent of change
Land	\$ 156,948,694	\$ 155,458,287	\$ 8,304,351	\$ 8,304,351	\$ 165,253,045	\$ 163,762,638	0.91%
Artwork	857,261	857,261	-	-	857,261	857,261	0.00%
Intangibles	11,881,737	11,881,737	-	-	11,881,737	11,881,737	0.00%
Infrastructure	127,425,859	127,425,859	-	-	127,425,859	127,425,859	0.00%
Construction in progress	43,971,581	30,383,962	-	-	43,971,581	30,383,962	44.72%
Buildings	486,564,353	486,564,354	13,264,985	12,613,897	499,829,338	499,178,251	0.13%
Machinery and equipment	64,760,409	61,533,479	136,154	136,154	64,896,563	61,669,633	5.23%
Less: accumulated depreciation	(334,121,065)	(312,185,928)	(7,772,265)	(7,223,545)	(341,893,330)	(319,409,473)	7.04%
Total	\$ 558,288,829	\$ 561,919,011	\$ 13,933,225	\$ 13,830,857	\$ 572,222,054	\$ 575,749,868	(0.61)%

Additional information on the County's capital assets can be found in Note III-D on pages 74 – 76 of this report.

Long-term obligations. At June 30, 2017, the County's total debt outstanding for its governmental and business-type activities was \$652.0 million which is entirely backed by the full faith and credit of the County.

	Governmental activities		Business-type activities		Total	
	2017	2016	2017	2016	2017	2016
Notes Payable	\$ 1,023,890	\$ 1,023,890	\$ -	\$ -	\$ 1,023,890	\$ 1,023,890
Certificates of Participation	93,958,755	99,916,146	-	-	93,958,755	99,916,146
Pension Obligation Bonds	32,880,000	40,810,000	-	-	32,880,000	40,810,000
Self-insurance liability	14,824,000	14,522,000	-	-	14,824,000	14,522,000
Pollution Remediation Obligation	82,069	66,500	-	-	82,069	66,500
Net Pension Liability	471,403,230	371,128,347	452,245	353,671	471,855,475	371,482,018
Net OPEB Obligation	3,931,884	3,180,970	6,056	5,119	3,937,940	3,186,089
Compensated Absences	33,504,021	32,562,442	46,979	41,936	33,551,000	32,604,378
Total	\$ 651,607,849	\$ 563,210,295	\$ 505,280	\$ 400,726	\$ 652,113,129	\$ 563,611,021

The County's total debt increased by a net \$88.5 million due primarily to the \$100.3 million increase in the net pension liability, \$0.9 million increase to compensated absences, \$0.8 million increase in other post-employment benefits liability, and \$0.3 million increase in self-insurance liability. The increases were partially offset by \$13.9 million principal payments on the Certificates of Participation and Pension Obligation Bonds.

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

Certificates of Participation

Moody's Aa3 (unchanged since 09/20/16)
S&P AA (upgrade effective 03/06/17)

Pension Obligation Bonds

Moody's Aa2 (upgrade effective 11/03/17)
S&P AA (upgrade effective 03/06/17)

State statutes limit the amount of general obligation debt a governmental entity may issue to 5% of its total assessed valuation. The County's general obligation debt is within the statutory limit. See page 161 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 80-84 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 4.6%. This is comparable to the State's average unemployment rate of 4.9% (unadjusted, as of October 2017).
- The Board's policy for the 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 FY 2017/18 the Adopted Budget included \$14.7 million in appropriations for contingencies, \$47.1 million in general reserves, \$5.6 million in designation for unfunded employee leave payoff, \$36.4 million for future employer PERS rate increases (of which \$20.3 million was legally restricted in the Public Agencies Retirement System (PARS) Section 115 Pension Trust at June 30, 2017), \$1.6 million for housing/SB375, \$12.4 million in designation for capital renewal, and \$10 million in designation for property tax system replacement.
- The Assessor reported the FY 2017/18 secured property tax roll increased by 5.95%, or \$2.9 billion countywide over the FY 2016/17 lien date values resulting in a secured roll totaling over \$52.2 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.

(This page intentionally left blank)



**BASIC FINANCIAL
STATEMENTS**

COUNTY OF SOLANO, CALIFORNIA
Statement of Net Position
June 30, 2017

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Solano County Fair	Workforce Development Board
ASSETS					
Current assets					
Cash and investments	\$ 366,164,693	\$ 1,101,980	\$ 367,266,673	\$ 288,204	\$ 476,953
Cash and investments - restricted	20,183,028	-	20,183,028	-	-
Accounts receivable	1,923,789	1,899,539	3,823,328	93,219	-
Due from other agencies	68,861,178	109,461	68,970,639	46,016	1,790
Other assets	1,220,799	38,299	1,259,098	12,421	90,906
Total current assets	<u>458,353,487</u>	<u>3,149,279</u>	<u>461,502,766</u>	<u>439,860</u>	<u>569,649</u>
Noncurrent assets					
Internal balances	2,580,614	(2,580,614)	-	-	-
Long-term receivables	5,707,726	-	5,707,726	-	-
Capital assets, not being depreciated	202,239,129	8,304,351	210,543,480	167,085	-
Capital assets, being depreciated, net	356,049,700	5,628,874	361,678,574	902,784	-
Total noncurrent assets	<u>566,577,169</u>	<u>11,352,611</u>	<u>577,929,780</u>	<u>1,069,869</u>	<u>-</u>
Total assets	<u>1,024,930,656</u>	<u>14,501,890</u>	<u>1,039,432,546</u>	<u>1,509,729</u>	<u>569,649</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	1,417,652	-	1,417,652	-	-
Deferred outflows related to pensions	110,688,273	151,889	110,840,162	109,036	-
Total deferred outflows of resources	<u>112,105,925</u>	<u>151,889</u>	<u>112,257,814</u>	<u>109,036</u>	<u>-</u>
LIABILITIES					
Current liabilities					
Outstanding warrants	9,158,032	4,323	9,162,355	-	53,675
Payables	38,287,501	81,946	38,369,447	48,765	294,650
Unearned revenue	7,255,931	-	7,255,931	14,568	-
Other liabilities	1,533,601	25,576	1,559,177	60,543	-
Due to other agencies	21,219,504	78	21,219,582	-	1,670
Current portion of long-term obligations	33,745,739	23,872	33,769,611	206,420	136,580
Total current liabilities	<u>111,200,308</u>	<u>135,795</u>	<u>111,336,103</u>	<u>330,296</u>	<u>486,575</u>
Noncurrent liabilities					
Net pension liability	471,403,230	452,245	471,855,475	1,060,154	-
Other long-term obligations	146,458,880	29,163	146,488,043	1,149,193	-
Total noncurrent liabilities	<u>617,862,110</u>	<u>481,408</u>	<u>618,343,518</u>	<u>2,209,347</u>	<u>-</u>
Total liabilities	<u>729,062,418</u>	<u>617,203</u>	<u>729,679,621</u>	<u>2,539,643</u>	<u>486,575</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refunding	31,044	-	31,044	-	-
Deferred inflows related to pensions	17,413,969	54,437	17,468,406	278,120	-
Total deferred inflows of resources	<u>17,445,013</u>	<u>54,437</u>	<u>17,499,450</u>	<u>278,120</u>	<u>-</u>
NET POSITION					
Net investment in capital assets	465,703,178	13,933,225	479,636,403	582,727	-
Restricted for:					
Debt service	9,507,490	-	9,507,490	-	-
Pensions	20,183,028	-	20,183,028	-	-
Public safety	22,708,276	-	22,708,276	-	-
Capital projects	15,614,765	-	15,614,765	-	-
Public facilities fees	19,861,013	-	19,861,013	-	-
Library services	18,138,510	-	18,138,510	-	-
Transportation services	12,378,818	-	12,378,818	-	-
Health services	79,256,735	-	79,256,735	-	-
Home loan program	4,893,251	-	4,893,251	-	-
Micrographics & modernization projects	9,247,792	-	9,247,792	-	-
Other purposes	854,280	-	854,280	-	-
Unrestricted	(287,817,986)	48,914	(287,769,072)	(1,781,725)	83,074
Total net position (deficit)	<u>\$ 390,529,150</u>	<u>\$ 13,982,139</u>	<u>\$ 404,511,289</u>	<u>\$ (1,198,998)</u>	<u>\$ 83,074</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, 2017

<u>Functions/programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Primary Government:				
Governmental Activities:				
General government	\$ 67,637,800	\$ 29,632,175	\$ 2,241,835	\$ 3,003,527
Public protection	216,932,185	27,317,906	83,363,601	-
Public ways and facilities	12,289,760	2,024,545	8,008,812	5,999,729
Health services	154,787,811	21,992,676	119,610,116	-
Public assistance	151,158,894	1,050,335	145,803,335	-
Education and recreation	18,333,677	5,056,884	5,063,969	-
Interest on long-term debt	6,478,003	-	-	-
Total Governmental Activities	<u>627,618,130</u>	<u>87,074,521</u>	<u>364,091,668</u>	<u>9,003,256</u>
Business-type Activities:				
Nut Tree Airport	2,479,874	1,217,410	15,353	645,268
Total Primary Government	<u>630,098,004</u>	<u>88,291,931</u>	<u>364,107,021</u>	<u>9,648,524</u>
Component Units:				
Solano County Fair	3,320,487	3,147,852	89,172	
Workforce Development Board	4,911,716	-	4,897,268	
Total Component Units	<u>\$ 8,232,203</u>	<u>\$ 3,147,852</u>	<u>\$ 4,986,440</u>	

General revenues:

Property taxes
Sales and use tax - shared revenue
Property transfer tax

Intergovernmental not restricted to specific programs
Interest and investment earnings
Other
Gain on sale of capital assets

Transfers

Total general revenues, 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, 2017

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	Solano County Fair	Workforce Development Board
\$ (32,760,263)	\$ -	\$ (32,760,263)	\$ -	\$ -
(106,250,678)	-	(106,250,678)	-	-
3,743,326	-	3,743,326	-	-
(13,185,019)	-	(13,185,019)	-	-
(4,305,224)	-	(4,305,224)	-	-
(8,212,824)	-	(8,212,824)	-	-
(6,478,003)	-	(6,478,003)	-	-
<u>(167,448,685)</u>	<u>-</u>	<u>(167,448,685)</u>	<u>-</u>	<u>-</u>
-	(601,843)	(601,843)	-	-
<u>(167,448,685)</u>	<u>(601,843)</u>	<u>(168,050,528)</u>	<u>-</u>	<u>-</u>
Primary Government: Governmental Activities: General government Public protection Public ways and facilities Health services Public assistance Education and recreation Interest on long-term debt Total Governmental Activities Business-type Activities: Nut Tree Airport Total Primary Government				
Component Units: Solano County Fair Workforce Investment Board Total Component Units				
			(83,463)	-
			-	(14,448)
			<u>(83,463)</u>	<u>(14,448)</u>
161,830,558	387,912	162,218,470	-	-
2,295,605	-	2,295,605	-	-
2,868,703	-	2,868,703	-	-
2,839,406	5,447	2,844,853	-	-
1,274,998	99,722	1,374,720	2,417	1,610
18,633,347	152,048	18,785,395	-	4,335
34,403	-	34,403	4,413	-
12,377	(12,377)	-	-	-
<u>189,789,397</u>	<u>632,752</u>	<u>190,422,149</u>	<u>6,830</u>	<u>5,945</u>
22,340,712	30,909	22,371,621	(76,633)	(8,503)
368,188,438	13,951,230	382,139,668	(1,122,365)	91,577
<u>\$ 390,529,150</u>	<u>\$ 13,982,139</u>	<u>\$ 404,511,289</u>	<u>\$ (1,198,998)</u>	<u>\$ 83,074</u>
General revenues: Property taxes Sales and use tax - shared revenue Property transfer tax Intergovernmental not restricted to specific programs Interest & investment earnings Other Gain on sale of capital assets Transfers Total general revenues, transfers and special item Changes in net position Net position (deficit) - beginning Net position (deficit) - ending				

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

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2017

	<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	\$ 123,580,182	\$ 79,594,513	\$ 31,532,174	\$ 101,361,147	\$ 336,068,016
Cash and investments - restricted	20,183,028	-	-	-	20,183,028
Accounts receivable	1,483,391	112	38,013	125,918	1,647,434
Due from other agencies	14,565,986	33,288,440	10,026,745	10,722,237	68,603,408
Due from other funds	3,240,703	6,603,323	602,192	751,377	11,197,595
Other assets	1,944,076	241,041	97,446	4,136,600	6,419,163
Advance to other funds	16,103,368	-	-	-	16,103,368
Total assets	<u>\$ 181,100,734</u>	<u>\$ 119,727,429</u>	<u>\$ 42,296,570</u>	<u>\$ 117,097,279</u>	<u>\$ 460,222,012</u>
LIABILITIES					
Outstanding warrants	\$ 517,079	\$ 4,029,393	\$ 1,743,601	\$ 2,571,481	\$ 8,861,554
Payables	3,895,708	18,305,911	8,435,271	3,586,298	34,223,188
Due to other funds	570,240	2,025,863	8,434,317	379,227	11,409,647
Other liabilities	601,050	70,525	-	862,026	1,533,601
Due to other agencies	1,593,676	17,726,918	704,949	1,084,370	21,109,913
Unearned revenue	993,052	5,992,723	270,156	-	7,255,931
Advance from other funds	-	1,077,122	-	12,447,092	13,524,214
Total liabilities	<u>8,170,805</u>	<u>49,228,455</u>	<u>19,588,294</u>	<u>20,930,494</u>	<u>97,918,048</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	<u>11,909,265</u>	<u>10,556,243</u>	<u>423,175</u>	<u>6,269,116</u>	<u>29,157,799</u>
FUND BALANCES:					
Nonspendable	16,971,649	186,041	97,446	160,437	17,415,573
Restricted	20,183,028	59,456,690	22,187,655	76,126,198	177,953,571
Committed	-	-	-	49,861	49,861
Assigned	77,440,865	300,000	-	13,561,173	91,302,038
Unassigned	46,425,122	-	-	-	46,425,122
Total fund balances	<u>161,020,664</u>	<u>59,942,731</u>	<u>22,285,101</u>	<u>89,897,669</u>	<u>333,146,165</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 181,100,734</u>	<u>\$ 119,727,429</u>	<u>\$ 42,296,570</u>	<u>\$ 117,097,279</u>	<u>\$ 460,222,012</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, 2017

Total governmental funds, fund balance	\$ 333,146,165
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.	550,847,241
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as deferred inflows of resources in governmental funds.	29,157,799
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 outflow on refunding	1,417,652
Deferred outflows related to pensions	107,190,813
Deferred inflows related to pensions	(16,198,307)
Deferred inflow on refunding	(31,044)
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.	11,488,047
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(1,501,387)
Long-term obligations	(624,987,829)
Net position of governmental activities	<u>\$ 390,529,150</u>

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Health & Social Services	Public Safety	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 152,478,464	\$ -	\$ -	\$ 19,314,152	\$ 171,792,616
Licenses, permits and franchises	7,519,293	19,345	577,846	234,400	8,350,884
Fines, forfeitures and penalties	1,217,715	295,076	2,773,156	4,768	4,290,715
Use of money and property	1,754,208	135,730	(81,500)	526,213	2,334,651
Intergovernmental	8,576,909	267,274,759	78,025,460	22,139,133	376,016,261
Charges for services	44,992,638	23,147,294	15,013,838	17,537,675	100,691,445
Miscellaneous	4,876,188	3,908,345	1,759,354	6,578,083	17,121,970
Total revenues	<u>221,415,415</u>	<u>294,780,549</u>	<u>98,068,154</u>	<u>66,334,424</u>	<u>680,598,542</u>
EXPENDITURES					
Current:					
General government	58,356,882	-	-	3,854,318	62,211,200
Public protection	18,617,201	-	193,684,947	3,467,149	215,769,297
Public ways and facilities	-	-	-	9,506,002	9,506,002
Health services	-	151,652,548	-	3,595,981	155,248,529
Public assistance	683,648	152,037,539	-	670,836	153,392,023
Education and recreation	272,418	-	-	18,381,293	18,653,711
Debt service:					
Principal	-	-	-	13,670,000	13,670,000
Interest and other charges	-	-	-	6,725,097	6,725,097
Capital outlay	54,155	45,232	399,049	16,934,139	17,432,575
Total expenditures	<u>77,984,304</u>	<u>303,735,319</u>	<u>194,083,996</u>	<u>76,804,815</u>	<u>652,608,434</u>
Excess (deficiency) of revenues over (under) expenditures	<u>143,431,111</u>	<u>(8,954,770)</u>	<u>(96,015,842)</u>	<u>(10,470,391)</u>	<u>27,990,108</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	162,795	26,148,894	102,113,639	22,815,892	151,241,220
Transfers out	(136,354,258)	(5,782,663)	(5,079,098)	(4,038,646)	(151,254,665)
Sale of capital assets	72,873	-	7,650	55,975	136,498
Total other financing sources (uses)	<u>(136,118,590)</u>	<u>20,366,231</u>	<u>97,042,191</u>	<u>18,833,221</u>	<u>123,053</u>
Changes in fund balances	7,312,521	11,411,461	1,026,349	8,362,830	28,113,161
Fund balances - beginning	153,708,143	48,531,270	21,258,752	81,534,839	305,033,004
Fund balances - ending	<u>\$ 161,020,664</u>	<u>\$ 59,942,731</u>	<u>\$ 22,285,101</u>	<u>\$ 89,897,669</u>	<u>\$ 333,146,165</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, 2017

Changes in fund balances - total governmental funds \$ 28,113,161

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	\$ 17,432,575	
Depreciation	<u>(21,926,667)</u>	(4,494,092)

The net effect of various miscellaneous capital asset transactions (i.e., sales, trades-ins, and donations). (193,705)

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. (5,188,687)

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	13,670,000
-------------------------	------------

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 obligation	\$ (730,123)	
Change in net pension liability	(8,942,380)	
Change in pollution remediation obligations	(15,568)	
Change in accrued interest payable	247,095	
Change in deferred amounts on refunding	75,398	
Change in compensated absences	<u>(893,992)</u>	(10,259,570)

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. 693,605

Changes in net position of governmental activities \$ 22,340,712

COUNTY OF SOLANO, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2017

	Nut Tree Airport	Governmental Activities - Internal Service Funds
ASSETS		
Current assets		
Cash and investments	\$ 1,101,980	\$ 30,096,677
Accounts receivable	1,899,539	276,355
Due from other agencies	109,461	257,770
Due from other funds	-	271,485
Other assets	38,299	509,362
Total current assets	3,149,279	31,411,649
Noncurrent assets		
Capital assets:		
Land	8,304,351	-
Buildings and improvements	13,264,985	298,031
Machinery and equipment	136,154	24,191,283
Intangibles	-	6,053,592
Less: accumulated depreciation	(7,772,265)	(23,101,318)
Total noncurrent assets	13,933,225	7,441,588
Total assets	17,082,504	38,853,237
 DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	151,889	3,497,460
 LIABILITIES		
Current liabilities		
Outstanding warrants	4,323	296,478
Payables	81,946	2,562,926
Due to other funds	1,460	57,973
Other liabilities	25,576	-
Due to other agencies	78	109,591
Current portion of long-term obligations	23,872	4,943,432
Total current liabilities	137,255	7,970,400
 Noncurrent liabilities		
Noncurrent portion of long-term obligations	481,408	21,676,588
Advances from other funds	2,579,154	-
Total noncurrent liabilities	3,060,562	21,676,588
Total liabilities	3,197,817	29,646,988
 DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	54,437	1,215,662
 NET POSITION		
Net investment in capital assets	13,933,225	7,441,588
Unrestricted	48,914	4,046,459
Total net position	\$ 13,982,139	\$ 11,488,047

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, 2017

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Nut Tree Airport	
OPERATING REVENUES		
Charges for sales and services	\$ 1,217,410	\$ 40,334,428
OPERATING EXPENSES		
Personnel services	414,094	8,894,585
Maintenance	88,104	1,094,252
Materials and supplies	451,897	1,384,910
Depreciation	548,720	2,057,930
Insurance	18,278	13,533,235
Rent, utilities and others	936,295	13,245,155
Total operating expenses	<u>2,457,388</u>	<u>40,210,067</u>
Operating income (loss)	<u>(1,239,978)</u>	<u>124,361</u>
NONOPERATING REVENUES(EXPENSES)		
Intergovernmental	20,800	-
Investment earnings	99,722	110,692
Interest expense	(22,486)	-
Property taxes	387,912	-
Other revenue	152,048	341,119
Gain from sale of capital assets	-	91,611
Total nonoperating revenues	<u>637,996</u>	<u>543,422</u>
Income (loss) before contributions and transfers	(601,982)	667,783
Capital contributions	645,268	-
Transfers in	-	300,358
Transfers out	(12,377)	(274,536)
Changes in net position	<u>30,909</u>	<u>693,605</u>
Total net position - beginning	<u>13,951,230</u>	<u>10,794,442</u>
Total net position - ending	<u>\$ 13,982,139</u>	<u>\$ 11,488,047</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, 2017

	Business-type Activities - Enterprise Funds	Governmental Activities - Internal Service Funds
	Nut Tree Airport	
Cash flows from operating activities:		
Receipts from customers	\$ 1,449,293	\$ 758,870
Receipts from interfund services provided	4,148	39,414,909
Payments to suppliers	(1,662,502)	(29,818,119)
Payments to employees	(400,721)	(8,353,130)
Net cash provided (used) by operating activities	(609,782)	2,002,530
Cash flows from noncapital financing activities:		
Transfers out	(12,377)	(274,536)
Property taxes	387,912	-
Payment on advances from other funds	(94,512)	-
Intergovernmental	20,800	-
Transfers in	-	300,358
Net cash provided by noncapital financing activities	301,823	25,822
Cash flows from capital and related financing activities:		
Capital contributions	645,268	-
Interest paid	(22,486)	-
Acquisition of capital assets	(651,088)	(3,115,544)
Proceeds from sale of capital assets	-	91,611
Net cash used by capital and related financing activities	(28,306)	(3,023,933)
Cash flows from investing activities:		
Investment income received	99,722	110,692
Net cash provided by investing activities	99,722	110,692
Net decrease in cash and cash equivalents	(236,543)	(884,889)
Cash and cash equivalents - beginning	1,338,523	30,981,566
Cash and cash equivalents - ending	\$ 1,101,980	\$ 30,096,677
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (1,239,978)	\$ 124,361
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	548,720	2,057,930
Pension expense	7,393	472,943
Other nonoperating revenue	152,048	341,119
Changes in assets and liabilities:		
(Increase) decrease in receivables, net	54,767	47,342
(Increase) decrease in due from other funds	670	(239,397)
(Increase) decrease in due from other agencies	28,544	(244,466)
(Increase) decrease in other assets	(1,168)	(15,501)
Decrease in outstanding warrants	(66,370)	(819,234)
Increase (decrease) in payables	(71,895)	257,469
Increase in due to other funds	1,044	17,964
Decrease in unearned revenue	(30,410)	-
Decrease in due to other agencies	(18)	(66,378)
Increase in accrued compensated absences	5,043	47,587
Increase in other liabilities	891	-
Increase in other postemployment benefits	937	20,791
Total adjustments	630,196	1,878,169
Net cash provided (used) by operating activities	\$ (609,782)	\$ 2,002,530

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, 2017

	<u>External Investment Trust</u>	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
ASSETS			
Cash and investments	\$ 780,919,532	\$ 6,654,619	\$ 83,719,474
Property tax receivable	-	-	27,061,652
Property of estates	-	5,154,126	-
Total assets	<u>780,919,532</u>	<u>11,808,745</u>	<u>\$ 110,781,126</u>
LIABILITIES			
Due to others	-	-	\$ 110,781,126
Total liabilities	<u>-</u>	<u>-</u>	<u>\$ 110,781,126</u>
NET POSITION			
Net position held in trust for:			
Individuals	-	11,808,745	
Pool participants	780,919,532	-	
Total net position	<u>\$ 780,919,532</u>	<u>\$ 11,808,745</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, 2017

	External Investment Trust	Private Purpose Trust
ADDITIONS		
Contributions on pooled investments	\$ 952,916,640	\$ 5,572,435
Other contributions/additions	-	683,757
Interest and investment income	2,805,879	11,525
Total additions	955,722,519	6,267,717
DEDUCTIONS		
Distributions from pooled investments	692,704,955	5,881,258
Total deductions	692,704,955	5,881,258
Changes in net position	263,017,564	386,459
Net position - beginning	517,901,968	11,422,286
Net position - ending	\$ 780,919,532	\$ 11,808,745

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

**COUNTY OF SOLANO, CALIFORNIA
INDEX TO NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

	Page
Note I. Summary of Significant Accounting Policies	
A. Reporting Entity	51
Blended Component Units	51
Discretely Presented Component Units	52
B. Basis of Presentation – Government-wide Financial Statements	52
C. Basis of Presentation – Fund Financial Statements	53
D. Measurement Focus and Basis of Accounting	54
E. Assets, Liabilities, Deferred Outflows/Inflows, and net Position/Fund Balance	55
1. Cash and Investments	55
2. Interfund Receivables and Payables	56
3. Property Tax Levy, Collection and Maximum Rates	56
4. Other Assets	57
5. Long-term Receivables	57
6. Capital Assets	57
7. Deferred Outflows/Inflows of Resources	57
8. Federal, State and Local	58
9. Outstanding Warrants	58
10. Due To/Due From Other Agencies	58
11. Unearned Revenue	58
12. Compensated Absences	58
13. Long-term Obligations	59
14. Pensions	59
15. Net Position/Fund Balances	59
16. Fund Balance Policy	60
General Fund – Fund Balance Policy	60
Committed Fund Balance	60
Assigned Fund Balance	60
General Fund General Reserve Policy	61
Countywide Spending Priority Policy	61
Funding Flow Assumptions	61
17. Use of Estimates	62
Note 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	62
Note III. Detailed Notes on All Funds	
A. Cash and Investments	63
1. Authorized Investments	65
2. Interest Rate Risk	65
3. Credit Risk	66
4. Concentration of Credit Risk	68

	Page
5. Custodial Credit Risk	68
6. Treasury Investment Pool.....	69
7. Fair Value Measurements.....	70
B. Due To/Due From Other Funds	73
C. Advance To/From Other Funds	73
D. Capital Assets	74
E. Interfund Transfers.....	76
General Fund.....	76
Health & social Services (H&SS) Fund.....	77
Public Safety Fund	77
Other Governmental Funds	77
Internal Service Funds.....	78
Airport.....	78
F. Payable	79
G. Operating Leases	79
H. Long-term Obligations	80
Notes Payable.....	80
Certificates of Participation.....	80
Pension Obligation Bonds.....	81
I. Pollution Remediation Obligations	84
J. Fund Balances.....	85
Fund Balance Assignments – Undisbursed Approved Loans	86
K. Tax Abatements.....	86
Note IV. Other Information	
A. General Information about the Pension Plans	86
1. Plan Descriptions	86
2. Benefits Provided.....	87
3. Employees Covered.....	89
4. Contributions.....	89
5. Net Pension Liability.....	89
Actuarial Assumptions.....	90
Discount Rate.....	91
Changes in the Net Pension Liability	92
Sensitivity of the Net Pension Liability to Change in the Discount Rate.	93
Pension Plan Fiduciary Net Position	93
6. Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions	93
B. Post Employment Health Care Benefits	94
1. Plan Description.....	94
2. Funding Policy	94
3. Annual OPEB Cost and Net OPEB Obligation.....	94
4. Funded Status and Funding Progress	95
5. Actuarial Methods and Assumptions	96
C. Risk Management	96
D. Contingencies and Commitments	97
E. Commitment and Contingency in relation to Fouts Springs Youth Facility.....	97
F. New Effective Accounting Pronouncements	98

	Page
G. Future Implementation of New Governmental Accounting Standards	99
H. Subsequent Events	100

(This page intentionally left blank)

**COUNTY OF SOLANO, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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, 2016.

Due to the financial and operational relationships of the following entity, 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 WIB Board of Directors to oversee the U.S. Department of Labor Workforce Investment Act (WIA) grants and programs. The Workforce Development Board is reported as a discretely presented component unit as the economic resources of the WDB directly benefit the County and its inclusion is considered necessary to ensure complete financial reporting.

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, such as property taxes and local transportation.

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.

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 \$6,654,619 at June 30, 2017 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:

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

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

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

4. Other Assets

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

5. Long-term 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, 2017, 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 \$212,643,958, of which \$19,861,013 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. This policy addresses the County's unrestricted fund balance (i.e. Committed, Assigned, and Unassigned).

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 \$550,847,241 difference are as follows:

Land, not being depreciated	\$ 156,948,694
Construction in progress	43,971,581
Artwork	857,261
Intangibles, not being depreciated	461,593
Infrastructure, net of \$70,003,420 accumulated depreciation	57,422,439
Buildings, net of \$209,979,523 accumulated depreciation	276,286,801
Machinery and equipment, net of \$26,944,942 accumulated depreciation	13,624,183
Intangibles, net of \$4,091,863 accumulated depreciation	<u>1,274,689</u>
Net adjustment to increase total <i>governmental funds-fund balance to arrive at net position of governmental activities</i>	<u><u>\$ 550,847,241</u></u>

Another element of reconciliation explains long-term liabilities not due and payable in the current period and, therefore is not reported in the funds. The details of this \$624,987,829 difference are as follows:

Notes payable	\$ 1,023,890
Certificates of participation	92,625,000
Issuance premium	1,333,755
Pension obligation bonds	32,880,000
OPEB liability	3,812,244
Pollution remediation obligation	82,069
Net Pension Liability	461,234,220
Compensated absences	<u>31,996,651</u>
Net adjustment to reduce <i>total governmental funds-fund balance to arrive at net position of governmental activities</i>	<u><u>\$ 624,987,829</u></u>

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The County's cash and investments at June 30, 2017 were as follows:

	<u>Amount</u>
Cash & Cash Equivalents	<u>\$ 45,003,074</u>
County Investments	
Money Market Mutual Funds	8,304,878
Certificates of Deposits	4,986,500
State of California Local Agency Investment Fund (LAIF)	48,459,549
Investment Trust of California Joint Powers Authority Pool (CALTRUST)	45,136,308
California Asset Management Program (CAMP)	45,680,453
Corporate Notes	128,926,559
U.S. Federal Agency Notes:	
Federal Farm Credit Bank	20,658,337
Federal Home Loan Bank	132,674,356
Federal Home Loan Mortgage Corporation	202,042,316
Federal National Mortgage Association	100,095,126
Tennessee Valley Authority	5,008,695
U.S. Treasury Bonds	380,053,216
Municipal Bonds	68,623,876
Total County Investments	<u>1,190,650,169</u>
Total County Treasury	<u>1,235,653,243</u>
Cash and Investments with Fiscal Agents	
Cash & Cash Equivalents	407,682
Money Market Mutual Funds	5,750,628
Municipal Bonds	2,477,860
Mutual Funds - Fixed Income	3,204,000
U.S. Federal Agency Notes:	
Federal Farm Credit Bank	3,000,000
Federal National Mortgage Association	7,508,395
U.S. Treasury Bonds	1,506,675
Total Cash and Investments with Fiscal Agents	<u>23,855,240</u>
Total Cash and Investments	<u>\$ 1,259,508,483</u>

Reconciliation to the financial statements:

Government-wide Statement of Net Position	\$	387,449,701
Statement of Fiduciary Net Position:		
External Investment Trust		780,919,532
Private Purpose Trust		6,654,619
Agency Funds		83,719,474
Component Unit:		
Solano County Fair		288,204
Workforce Development Board		476,953
Total	<u>\$</u>	<u>1,259,508,483</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 pool is not registered as an investment company with the Securities and Exchange Commission (SEC). 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, and provides extensive reporting with regard to the deposits held for both involuntary and voluntary external participants. Monthly and Quarterly reports of such are published on the County’s website and the County Treasurer reports on a quarterly basis to the Board of Supervisors. 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, 2017, the County’s investment to LAIF is \$48.5 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 194 days as of June 30, 2017. 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, 2017, the County’s investment to CALTRUST is \$45.1 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, 2017, the County’s investment to CAMP is \$45.7 million. The weighted average to maturity of

CAMP investments was 49 days as of June 30, 2017. 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, 2017, the weighted average to maturity of the Treasurer's Pool was 302 days.

The fair value of the County's investments as of June 30, 2017 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	\$ 8,304,878	\$ 8,304,878	-	-
Certificates of Deposits	4,986,500	4,986,500	-	-
State of California Local Agency Investment Fund (LAIF)	48,459,549	48,459,549	-	-
Investment Trust of California Joint Powers Authority Pool (CALTRUST)	45,136,308	45,136,308	-	-
California Asset Management Program (CAMP)	45,680,453	45,680,453	-	-
Corporate Notes	128,926,559	115,280,258	13,646,300	-
U.S. Federal Agency Notes:				
Federal Farm Credit Bank	20,658,337	9,999,070	10,659,267	-
Federal Home Loan Bank	132,674,356	34,207,897	98,466,459	-
Federal Home Loan Mortgage Corporation	202,042,316	77,329,981	124,712,335	-
Federal National Mortgage Association	100,095,126	24,947,245	75,147,881	-
Tennessee Valley Authority	5,008,695	5,008,695	-	-
U.S. Treasury Bonds	380,053,216	204,838,565	175,214,650	-
Municipal Bonds	68,623,876	28,134,767	37,944,110	2,545,000
<i>Total County Investments</i>	<u>1,190,650,169</u>	<u>652,314,166</u>	<u>535,791,002</u>	<u>2,545,000</u>
Investments with Fiscal Agents				
Money Market Mutual Funds	5,750,628	5,750,628	-	-
Municipal Bonds	2,477,860	2,477,860	-	-
Mutual Funds - Fixed Income	3,204,000	3,204,000	-	-
U.S. Federal Agency Notes:				
Federal Farm Credit Bank	3,000,000	3,000,000	-	-
Federal National Mortgage Association	7,508,395	-	7,508,395	-
U.S. Treasury Bonds	1,506,675	-	1,506,675	-
<i>Total Investments with Fiscal Agents</i>	<u>23,447,558</u>	<u>14,432,488</u>	<u>9,015,070</u>	<u>-</u>
Total Investments	<u>\$ 1,214,097,727</u>	<u>\$ 666,746,654</u>	<u>\$ 544,806,072</u>	<u>\$ 2,545,000</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, 2017, 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	0.68%
Certificates of Deposits	A1P1	0.41%
State of California Local Agency Investment Fund (LAIF)	AAA	3.99%
Investment Trust of California Joint Powers Authority Pool Medium Term	A	0.83%
Investment Trust of California Joint Powers Authority Pool Short Term	AA	1.65%
Investment Trust of California Joint Powers Authority Pool Money Market	AAA	1.24%
California Asset Management Program (CAMP)	AAA	3.76%
Corporate Notes	A1P1	3.29%
Corporate Notes	A-	0.41%
Corporate Notes	A+	0.96%
Corporate Notes	AA	1.60%
Corporate Notes	AA-	1.86%
Corporate Notes	AA+	0.72%
Corporate Notes	A1+P1	0.95%
Corporate Notes	AAA	0.82%
U.S. Federal Agency Notes:		
Federal Farm Credit Bank	AA+	1.70%
Federal Home Loan Bank	AA+	10.94%
Federal Home Loan Mortgage Corporation	AA+	16.65%
Federal National Mortgage Association	AA+	8.25%
Tennessee Valley Authority	AA+	0.41%
U.S. Treasury Bonds	Exempt	31.31%
Municipal Bonds	A1P1	0.50%
Municipal Bonds	A+	1.24%
Municipal Bonds	AA	1.44%
Municipal Bonds	AA-	2.13%
Municipal Bonds	AAA	0.34%
Investments with Fiscal Agents		
Money Market Mutual Funds	AAA	0.47%
Municipal Bonds	AA-	0.20%
Mutual Funds - Fixed Income	Not Rated	0.26%
U.S. Federal Agency Notes:		
Federal Farm Credit Bank	Not Rated	0.25%
Federal National Mortgage Association	AA+	0.62%
U.S. Treasury Bonds	Exempt	0.12%
		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:

Investment Type	Amount
Federal Home Loan Bank	\$ 132,674,356
Federal Home Loan Mortgage Corporation	202,042,316
Federal National Mortgage Association	100,095,126

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, 2017 is as follows:

Investment	Amount	Cost	Interest Rate Range (%)	Maturity Range (Month/Year)
Money Market Mutual Funds	\$ 8,304,878	\$ 8,304,878	0.000	06/17
Certificates of Deposits	4,986,500	5,001,296	1.412	05/18
State of California Local Agency Investment Fund (LAIF)	48,459,549	48,459,549	0.978	06/17
Investment Trust of California Joint Powers Authority Pool (CALTRUST)	45,136,308	45,167,115	1.100 - 1.280	06/17
California Asset Management Program (CAMP)	45,680,453	45,680,453	1.090	06/17
Corporate Notes	128,926,559	129,010,413	0.854 - 1.639	07/17 - 08/19
U.S. Federal Agency Notes	460,478,830	461,409,771	0.635 - 1.440	07/17 - 01/20
U.S. Treasury Bonds	380,053,216	380,644,645	0.661 - 1.339	08/17 - 08/19
Municipal Bonds	68,623,876	68,432,615	0.753 - 7.442	08/17 - 11/27
	<u>\$ 1,190,650,169</u>	<u>\$ 1,192,110,735</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, 2017:

	Balance at June 30, 2017	Fair Value Measurements Using		
		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	\$ 8,304,878	\$ 8,304,878	\$ -	\$ -
Certificates of Deposits	4,986,500	-	4,986,500	-
Corporate Notes	128,926,559	-	128,926,559	-
U.S. Federal Agency Notes:				
Federal Farm Credit Bank	20,658,337	-	20,658,337	-
Federal Home Loan Bank	132,674,356	-	132,674,356	-
Federal Home Loan Mortgage Corporation	202,042,316	-	202,042,316	-
Federal National Mortgage Association	100,095,126	-	100,095,126	-
Tennessee Valley Authority	5,008,695	-	5,008,695	-
U.S. Treasury Bonds	380,053,216	-	380,053,216	-
Municipal Bonds	68,623,876	-	68,623,876	-
Total Investments Measured at Fair Value	\$ 1,051,373,859	\$ 8,304,878	\$ 1,043,068,981	\$ -
County Investments not subject to Fair Value Hierarchy				
State of California Local Agency Investment	48,459,549			
California Asset Management Program (CAMP)	45,680,453			
Investment Trust of California Joint Powers Authority Pool (CALTRUST)	45,136,308			
Total Investments not measured at amortized cost or subject to Fair Value Hierarchy	139,276,310			
Total County Pooled Investments	\$ 1,190,650,169			
Investments with Fiscal Agents by Fair Value Level				
Money Market Mutual Funds	5,750,628	3,357,514	2,459,364	-
Municipal Bonds	2,477,860	-	2,477,860	-
Mutual Funds - Fixed Income	3,204,000	3,204,000	-	-
U.S. Federal Agency Notes:				
Federal Farm Credit Bank	3,000,000	-	3,000,000	-
Federal National Mortgage Association	7,508,395	-	7,508,395	-
U.S. Treasury Bonds	1,506,675	-	1,506,675	-
Total Investments with Fiscal Agents measured at Fair Value	\$ 23,447,558	\$ 6,561,514	\$ 16,952,294	\$ -
Total Investments	\$ 1,214,097,727			

The following represents a condensed statement of net position and changes in net position for the Treasurer's Pool as of June 30, 2017:

Statement of net position

Net position held in trust for all pool participants	\$ 1,226,437,212
Equity of internal pool participants	\$ 445,517,680
Equity of external pool participants	780,919,532
Total Net Position	<u>\$ 1,226,437,212</u>

Statement of changes in net position

Net position as of July 1, 2016	\$ 924,295,869
Net change in investments by pool participants	<u>302,141,343</u>
Net Position as of June 30, 2017	<u>\$ 1,226,437,212</u>
Add outstanding warrants:	
Primary government	9,162,356
Component Unit:	
Workforce Development Board	53,675
Total held by County Treasury	<u><u>\$ 1,235,653,243</u></u>

B. Due To/Due From Other Funds

The composition of the interfund balances as of June 30, 2017 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	\$ -	\$ 1,456,799	\$ 1,583,477	\$ 196,371	\$ 1,001	\$ 3,055	\$ 3,240,703
	Health & Social Services	53,019	-	6,449,107	56,529	-	44,668	6,603,323
	Public Safety	301,132	223,970	-	77,090	-	-	602,192
	Other Governmental	209,169	334,139	148,130	49,230	459	10,250	751,377
	Internal Service Funds	6,920	10,955	253,603	7	-	-	271,485
	Total	\$ 570,240	\$ 2,025,863	\$ 8,434,317	\$ 379,227	\$ 1,460	\$ 57,973	\$ 11,469,080

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, 2017 is as follows:

		Advance To			
		Health & Social Services	Other Governmental	Nut Tree Airport	Total
Advance From	General Fund	<u>\$ 1,077,122</u>	<u>\$ 12,447,092</u>	<u>\$ 2,579,154</u>	<u>\$ 16,103,368</u>

As of June 30, 2017, 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 to pay for the damages resulting from the South Napa earthquake on August 24, 2014 which will be repaid by reimbursements from the Federal Emergency Management Agency (FEMA); and the Pension Debt Service Fund (Other Governmental Funds) owes \$7,000,000 for the payment of the Pension Obligation Bonds Series B1 and B2 which will be repaid within the next two years.

Additional outstanding amounts owed to the General Fund are as follows: the Transportation Fund (Other Governmental Funds) owes \$880,695 to cover costs of Regional Transportation Projects which will be

repaid through public facilities fees for transportation projects once approved; the Accumulated Capital Outlay Fund (Other Governmental Funds) owes \$4,566,397 to cover the costs of the Fairgrounds development which will be repaid eight years after the beginning of construction; and the Nut Tree Airport Enterprise Fund owes \$2,579,154 to cover the costs of acquiring real property for purposes of airport expansion. Revenues generated after the completion of the rental hangar project will be used to repay this advance. The completion of the hangar project is estimated for late 2018 when a repayment plan will be established.

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 is as follows:

Governmental Activities	Beginning Balance	Additions	Retirements and Adjustments	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 155,458,287	\$ 1,490,407	\$ -	\$ -	\$ 156,948,694
Construction in progress	30,383,963	13,596,836	(960)	(8,258)	43,971,581
Artwork	857,261	-	-	-	857,261
Intangibles	867,025	-	-	(405,432)	461,593
Total capital assets, not being depreciated	187,566,536	15,087,243	(960)	(413,690)	202,239,129
Capital assets, being depreciated:					
Buildings	486,564,354	-	-	-	486,564,354
Machinery and equipment	61,533,479	5,464,917	(2,246,245)	8,258	64,760,409
Infrastructure	127,425,859	-	-	-	127,425,859
Intangibles	11,014,711	-	-	405,432	11,420,143
Total capital assets being depreciated	686,538,403	5,464,917	(2,246,245)	413,690	690,170,765
Less accumulated depreciation for:					
Buildings	(194,282,635)	(15,902,910)	-	-	(210,185,545)
Machinery and equipment	(41,926,592)	(3,909,514)	2,049,460	-	(43,786,646)
Infrastructure	(67,025,939)	(2,977,481)	-	-	(70,003,420)
Intangibles	(8,950,762)	(1,194,692)	-	-	(10,145,454)
Total accumulated depreciation	(312,185,928)	(23,984,597)	2,049,460	-	(334,121,065)
Total capital assets, being depreciated, net	374,352,475	(18,519,680)	(196,785)	413,690	356,049,700
Governmental activities capital assets, net	\$ 561,919,011	\$ (3,432,437)	\$ (197,745)	\$ -	\$ 558,288,829
Business-type Activities	Beginning Balance	Additions	Retirements and Adjustments	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 8,304,351	\$ -	\$ -	\$ -	\$ 8,304,351
Total capital assets, not being depreciated	8,304,351	-	-	-	8,304,351
Capital assets, being depreciated					
Buildings	12,613,897	651,088	-	-	13,264,985
Machinery and equipment	136,154	-	-	-	136,154
Total capital assets, being depreciated	12,750,051	651,088	-	-	13,401,139
Less accumulated depreciation for:					
Buildings	(7,165,480)	(544,771)	-	-	(7,710,251)
Machinery and equipment	(58,065)	(3,949)	-	-	(62,014)
Total accumulated depreciation	(7,223,545)	(548,720)	-	-	(7,772,265)
Total capital assets, being depreciated, net	5,526,506	102,368	-	-	5,628,874
Business-type activities capital assets, net	\$ 13,830,857	\$ 102,368	\$ -	\$ -	\$ 13,933,225

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

Governmental activities:	
General government	\$ 4,990,273
Public safety	8,344,874
Public ways and facilities	3,498,122
Health and sanitation	2,966,081
Public assistance	1,515,116
Education	443,501
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	2,057,930
Total depreciation expense - governmental activities	<u>\$ 23,984,597</u>
 Business-type activities:	
Nut Tree Airport	<u>\$ 548,720</u>

Capital assets activity for the discretely presented component units for the fiscal year ended June 30, 2017 is as follows:

<u>Component Units</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements and Adjustments</u>	<u>Ending Balance</u>
Solano County Fair				
Capital assets, not being depreciated:				
Land	\$ 167,085	\$ -	\$ -	\$ 167,085
Capital assets, being depreciated:				
Buildings	9,859,537	-	-	9,859,537
Machinery and equipment	438,003	11,336	-	449,339
Total capital assets, being depreciated:	<u>10,297,540</u>	<u>11,336</u>	<u>-</u>	<u>10,308,876</u>
Less accumulated depreciation for:				
Buildings	(8,729,449)	(249,498)	-	(8,978,947)
Machinery and equipment	(416,574)	(10,571)	-	(427,145)
Total accumulated depreciation	<u>(9,146,023)</u>	<u>(260,069)</u>	<u>-</u>	<u>(9,406,092)</u>
Total capital assets, being depreciated, net	<u>1,151,517</u>	<u>(248,733)</u>	<u>-</u>	<u>902,784</u>
Total Solano County Fair capital assets, net	<u>\$ 1,318,602</u>	<u>\$ (248,733)</u>	<u>\$ -</u>	<u>\$ 1,069,869</u>
 Workforce Investment Board (WIB)				
Capital assets, being depreciated:				
Machinery and equipment	\$ 18,478	\$ -	\$ -	\$ 18,478
Less: Accumulated depreciation	(16,877)	(1,601)	-	(18,478)
Total WIB capital assets, being depreciated, net	<u>\$ 1,601</u>	<u>\$ (1,601)</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to component units as follows:

Component units:	
Solano County Fair	\$ 260,069
Workforce Investment Board	1,601
Total depreciation expense-component units	<u>\$ 261,670</u>

E. Interfund Transfers

The composition of interfund transfers for the fiscal year ended June 30, 2017 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	\$ 78,000	\$ -	\$ -	\$ 162,795
	Health & Social Services	26,148,894	-	-	-	-	-	26,148,894
	Public Safety	102,113,639	-	-	-	-	-	102,113,639
	Other Governmental	8,053,725	5,608,167	4,940,002	3,927,085	12,377	274,536	22,815,892
	Internal Service Funds	38,000	174,496	54,301	33,561	-	-	300,358
	Total	<u>\$ 136,354,258</u>	<u>\$ 5,782,663</u>	<u>\$ 5,079,098</u>	<u>\$ 4,038,646</u>	<u>\$ 12,377</u>	<u>\$ 274,536</u>	<u>\$ 151,541,578</u>

General Fund

The General Fund made a net contribution of \$136,354,258 as of June 30, 2017 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 \$26,148,894 and the Public Safety Fund received a net transfer of \$102,113,639.

Other Governmental Funds received a total of \$8,053,725. Of this amount, the Government Center Debt Service Fund (Other Governmental Funds) received \$3,066,630 for General Fund's share of principal and interest for the 2007 Certificates of Participation (COP); and \$1,156,284 was transferred to other county departments (Other Governmental Funds). \$2,488,400 was transferred to the Accumulated Capital Outlay (Other Governmental Funds) to finance various capital projects. Pension Debt Service (Other Governmental Funds) received \$1,342,411 for the departments' share of the principal and interest payment of the Pension Obligation Bonds (POB).

The Fleet Management (Internal Service Fund) received \$38,000 for the purchase of an Animal Control vehicle.

Health & Social Services (H&SS) Fund

The Health & Social Services Fund transferred \$3,914,064 to the Pension Debt Service Fund (Other Governmental Funds) for the department's share of the principal and interest payment of the POB and \$1,591,303 for its share of the 2009 COP Debt Service principal and interest payments.

The Health & Social Services Fund transferred \$102,800 to the Accumulated Capital Outlay Fund (Other Governmental Funds) for the renovation project at 275 Beck Street, Fairfield and the reconfiguration of the H&SS Lobby area at 365 Tuolumne Street, Vallejo.

The Fleet Management (Internal Service Fund) received \$174,496 for the purchase of vehicles for program and outreach services.

Public Safety Fund

The Public Safety Fund transferred \$84,795 to the General Fund to offset a portion of the salary & benefit costs in providing supervision to animal Care Services department.

The Public Safety Fund transferred \$3,790,308 to the Pension Debt Service Fund for the department's share of the principal and interest payment of the POB and \$397,894 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 \$751,800 to the Capital Projects Outlay Fund (Other Governmental Funds) for the Claybank Generator project, the Family Justice Center HVAC project and for the Center for Positive Change camera project.

The Fleet Management (Internal Service Fund) received \$54,301 for the purchase of vehicles for the Sheriff's Office.

Other Governmental Funds

The Micrographics and Modernization Fund (Other Governmental Funds) transferred \$78,000 to the Assessor-Recorder (General Fund) for administrative costs associated with collection and management of DA fraud fees received during FY2016/17.

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.

The Public Facilities Fees (Other Governmental Funds) 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 \$1,308,298 to the Government Center Debt Service Fund (Other Governmental Fund) for its share of the principal and interest payments of the 2007 COP.

The Transportation Fund (Other Governmental Funds) transferred \$67,942 to the Debt Service Fund for its share of the 2007 COP principal and interest payments.

The Library (Other Governmental Funds) transferred \$502,931 for the Debt Service Fund for its share of the 2007 COP principal and interest payments.

The Micrographics & Modernization Fund (Other Governmental Funds) transferred \$280,000 to Accumulated Capital Outlay for the Assessor Lobby Improvement. Parks & Recreation Fund (Other Governmental Funds) transferred \$141,145 to Accumulated Capital Outlay for the Belden's Landing Safety Improvement Project.

There was also a transfer of \$576,769 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.

The Fleet Management (Internal Service Fund) received \$33,561 for the savings returned for the Fuel Tank Replacement and for the purchase of a replacement vehicle for the Library.

Internal Service Funds

The Internal Service Funds transferred \$274,536 to the Pension Debt Service Fund (Other Governmental Funds).

Airport

For its share of principal and interest payment of the POB, the Airport transferred \$12,377 to the Pension Debt Service Fund.

F. Payable

The composition of payables as of June 30, 2017 is as follows:

	<u>Accounts Payable</u>	<u>Accrued Payroll</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental activities:				
General Fund	\$ 1,934,543	\$ 1,961,165	\$ -	\$ 3,895,708
Health & Social Services	13,093,770	5,212,141	-	18,305,911
Public Safety	2,247,611	6,187,660	-	8,435,271
Other Governmental Funds	2,767,980	818,318	-	3,586,298
Internal Service Funds	2,209,513	353,413	-	2,562,926
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	1,501,387	1,501,387
Total governmental activities	<u>\$ 22,253,417</u>	<u>\$ 14,532,697</u>	<u>\$ 1,501,387</u>	<u>\$ 38,287,501</u>
Business-type activities:				
Nut Tree Airport	<u>\$ 66,319</u>	<u>\$ 15,627</u>	<u>\$ -</u>	<u>\$ 81,946</u>

G. Operating Leases

The County and component units lease office space and equipment under operating leases. Total rental expenditures for such leases were \$1,931,468, for the fiscal year ended June 30, 2017. Future minimum rental payments under all noncancelable operating leases with initial or remaining terms in excess of one year as of June 30, 2017 are summarized as follows:

<u>Year Ending June 30</u>	<u>Primary Government</u>	<u>Component Units WIB</u>	<u>Total</u>
2018	\$ 1,186,493	\$ 347,732	\$ 1,534,225
2019	913,719	-	913,719
2020	404,592	-	404,592
2021	54,376	-	54,376
	<u>\$ 2,559,180</u>	<u>\$ 347,732</u>	<u>\$ 2,906,912</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
2018	\$ -	\$ 30,717
2019	-	30,717
2020	-	30,717
2021	-	30,717
2022	1,023,890	307,167
	<u>\$ 1,023,890</u>	<u>\$ 430,035</u>

During FY 2007/08, 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. The principal balance payment is due in FY 2021/22. 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
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	4,785,000	3,047,705
2023-2027	27,300,000	11,781,780
2028-2032	31,795,000	5,261,095
2033	7,135,000	160,538
	<u>\$ 92,625,000</u>	<u>\$ 34,897,055</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
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	3,680,000	912,662
2023-2025	13,360,000	1,475,042
	<u>\$ 32,880,000</u>	<u>\$ 7,892,738</u>

County of Solano
Notes to the Basic Financial Statements for the Fiscal Year Ended June 30, 2017

The composition of the long-term debt obligations for the governmental activities as of June 30, 2017 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	34,960,000
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	1,155,820
2009 Refunding Certificates of Participation				
Serial	November 15, 2010 - November 15, 2019	3.00 - 5.00	16,745,000	4,105,000
Issuance Premium			889,673	177,935
2013 Certificates of Participation				
Serial	November 15, 2013- November 15, 2027	3.34	5,420,000	4,320,000
Total certificates of participation				<u>93,958,755</u>
Pension Obligation Bonds:				
Series 2004A	January 15, 2018	5.80	36,665,000	4,365,000
Series 2005	January 15, 2025	5.36	42,385,000	28,515,000
Total pension obligation bonds				<u>32,880,000</u>
Self-insurance liability				14,824,000
Compensated absences				33,504,021
Pollution remediation obligation				82,069
Net pension liability				471,403,230
Net OPEB obligation				3,931,884
Total governmental obligations				<u>\$ 651,607,849</u>

The composition of the long-term debt obligations for the business-type activities as of June 30, 2017, is as follows:

<u>Type and description</u>	<u>Outstanding</u>
Nut Tree Airport	
Net pension liability	\$ 452,245
Net OPEB obligation	6,055
Compensated absences	46,980
Total Nut Tree Airport	<u>\$ 505,280</u>

The composition of the long-term obligations of the County's discretely presented component units as of June 30, 2017, is as follows:

<u>Type and description</u>	<u>Outstanding</u>
Solano County Fair	
Pension obligation bonds	\$ 734,955
Capital lease	487,142
Compensated absences	56,344
Net OPEB obligation	77,172
Net Pension liability	1,060,154
Total Solano County Fair	<u>\$ 2,415,767</u>

Workforce Investment Board (WIB)
 Compensated absences

\$ 136,580

Long-term liability activity for the fiscal year ended June 30, 2017, 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	\$ 98,365,000	\$ -	\$ (5,740,000)	\$ 92,625,000	\$ 6,020,000
Add:					
For issuance premiums	1,551,146	-	(217,391)	1,333,755	217,392
Pension obligation bonds	40,810,000	-	(7,930,000)	32,880,000	6,795,000
Notes payable	1,023,890	-	-	1,023,890	-
Self-insurance liability	14,522,000	4,985,013	(4,683,013)	14,824,000	4,485,917
Pollution remediation obligation	66,500	15,569	-	82,069	82,069
Net pension liability	371,128,347	142,144,755	(41,869,872)	471,403,230	-
Net OPEB obligation	3,180,970	750,914	-	3,931,884	-
Compensated absences	32,562,442	17,818,619	(16,877,040)	33,504,021	16,145,361
Governmental activities long-term liabilities	<u>\$ 563,210,295</u>	<u>\$ 165,714,870</u>	<u>\$ (77,317,316)</u>	<u>\$ 651,607,849</u>	<u>\$ 33,745,739</u>

Business-type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net pension liability	\$ 353,671	\$ 138,886	\$ (40,312)	\$ 452,245	\$ -
Net OPEB obligation	5,119	936	-	6,055	-
Compensated absences	41,936	28,477	(23,433)	46,980	23,872
Business-type activities long-term liabilities	<u>\$ 400,726</u>	<u>\$ 168,299</u>	<u>\$ (63,745)</u>	<u>\$ 505,280</u>	<u>\$ 23,872</u>

In governmental activities and proprietary fund, compensated absences, other post employment benefit obligations (OPEB), and net pension liability 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 (63%) and the General Government Fund (23%). The majority of increases for OPEB were paid by the Public Safety Fund (43%) and the Health & Social Services Fund (40%). The majority of increases for net pension liability were paid by the Public Safety Fund (44%) and the Health & Social Services Fund (41%).

Internal service funds predominantly serve the governmental funds. Accordingly, \$26,620,020 of the internal service funds' long-term liabilities is included as part of the above totals for governmental activities.

Net OPEB obligation	\$ 119,640
Net Pension Liability	10,169,009
Compensated Absences	1,507,371
Workers' Compensation	14,824,000
Total Liabilities	<u>\$ 26,620,020</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	580,317	-	(93,175)	487,142	95,509
Compensated absences	55,081	9,611	(8,348)	56,344	9,611
Net OPEB obligation	77,172	-	-	77,172	-
Net pension liability	1,060,154	-	-	1,060,154	-
Total Solano County Fair	<u>\$ 2,507,679</u>	<u>\$ 9,611</u>	<u>\$ (101,523)</u>	<u>\$ 2,415,767</u>	<u>\$ 206,420</u>

WB:

Compensated absences	<u>\$ 138,526</u>	<u>\$ 169,594</u>	<u>\$ (171,540)</u>	<u>\$ 136,580</u>	<u>\$ 136,580</u>
----------------------	-------------------	-------------------	---------------------	-------------------	-------------------

I. Pollution Remediation Obligations

The County has been named as the primary responsible party for pollution remediation for the Former Hall of Records located at 701 Texas Street, Fairfield, CA 94533. Remediation is required for sub-surface soil and groundwater contamination. The pollution remediation obligation for this site is expected to be \$82,069, 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, 2017 are classified as follows:

	General Fund	Health & Social Services	Public Safety	Other Governmental	Total
Nonspendable:					
Inventory	\$ 39,953	\$ -	\$ -	\$ 160,437	\$ 200,390
Long-term receivable	807,806	-	-	-	807,806
Advances	16,103,367	-	-	-	16,103,367
Prepaid expenses	20,523	186,041	97,446	-	304,010
Subtotal	<u>16,971,649</u>	<u>186,041</u>	<u>97,446</u>	<u>160,437</u>	<u>17,415,573</u>
Restricted for:					
Future pension contribution	20,183,028	-	-	-	20,183,028
District Attorney programs	-	-	5,330,094	-	5,330,094
Civil Process operation	-	-	1,119,099	-	1,119,099
Asset Seizure	-	-	314,349	-	314,349
Criminal justice & court facilities	-	-	403,041	-	403,041
Courts and justice system	-	-	202,606	-	202,606
Livescan	-	-	787,933	-	787,933
Law Enforcement Programs	-	-	223,173	-	223,173
2011 Realignment	-	-	13,807,360	-	13,807,360
Capital projects	-	-	-	1,961,100	1,961,100
Public facilities fees	-	-	-	19,855,811	19,855,811
Library services	-	-	-	18,138,510	18,138,510
Public works operations and services	-	-	-	9,069,895	9,069,895
Health services-MHSA programs	-	30,631,537	-	-	30,631,537
First 5 Solano	-	-	-	8,757,761	8,757,761
Mental & Public Health - IGT	-	7,563,152	-	-	7,563,152
1991 Realignment	-	21,262,001	-	-	21,262,001
Home loan program	-	-	-	4,874,838	4,874,838
Micrographics & modernization	-	-	-	9,247,792	9,247,792
Fish & Game	-	-	-	40,049	40,049
County service area	-	-	-	556,518	556,518
Debt Service	-	-	-	3,623,924	3,623,924
Subtotal	<u>20,183,028</u>	<u>59,456,690</u>	<u>22,187,655</u>	<u>76,126,198</u>	<u>177,953,571</u>
Committed for:					
Capital projects - Public Art	-	-	-	49,861	49,861
Assigned to:					
Imprest Cash	6,130	-	-	-	6,130
Professional and contracted services	732,190	-	-	-	732,190
Undisbursed approved loans	5,050,787	-	-	-	5,050,787
FY 2017/18 budgetary resource	25,519,340	-	-	-	25,519,340
Property Tax System Replacement	10,000,000	-	-	-	10,000,000
Fouts decommissioning	440,738	-	-	-	440,738
Employers PERS rate increase	16,103,689	-	-	-	16,103,689
Low/moderate income housing project	1,557,000	-	-	-	1,557,000
Maintenance	12,429,733	-	-	-	12,429,733
Accrued leave payoff	5,601,258	-	-	-	5,601,258
Mission Solano Rescue Mission	-	300,000	-	-	300,000
Capital projects	-	-	-	10,600,276	10,600,276
Parks & recreation	-	-	-	164,226	164,226
Debt Service	-	-	-	2,796,671	2,796,671
Subtotal	<u>77,440,865</u>	<u>300,000</u>	<u>-</u>	<u>13,561,173</u>	<u>91,302,038</u>
Unassigned:					
General fund	46,425,122	-	-	-	46,425,122
Subtotal	<u>46,425,122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>46,425,122</u>
Total	<u>\$ 161,020,664</u>	<u>\$ 59,942,731</u>	<u>\$ 22,285,101</u>	<u>\$ 89,897,669</u>	<u>\$ 333,146,165</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, 2017, the undisbursed balance of the approved loan was \$619,306.
- 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. For FY 2013/14 an additional \$500,000 was approved and another \$2,100,000 during the budget process in FY 2015/16. The Board approved \$1,200,000 during the budget hearings for FY 2017/18, bringing the total loan to \$8,200,000. As of June 30, 2017, the undisbursed balance of the approved loans was \$3,633,603.
- 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, 2017, the undisbursed balance of the approved loan was \$797,878.

K. Tax Abatements

The County provides tax abatements through the Williamson Act Programs. The contracts are made and entered into pursuant to the California Land Conservation Act of 1965 as amended. Under the Williamson Act Program, local governments enter into contracts with private landowners for the purpose of restricting specific parcels of land to agricultural or related open space use. Private land within locally-designated agricultural preserve areas is eligible for enrollment under contract.

Under the provisions of these contracts, land parcels are assessed for property tax purposes at a rate consistent with their actual use, rather than potential market value of the property. The minimum contract term is ten years and automatically renews until a cancellation process is initiated. Cancellation of the contract and the cancellation fee therefore shall be governed by Division 1, Title 5, Chapter 7, Article 5 of the State of California Government Code. For the fiscal year ended June 30, 2017, tax abatements under the Williamson Act Program were \$4,363,901.

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, 2017, 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	20.00%	20.00%	20.00%
Status	Closed	Open	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%	12.50%
Required Employer Contribution Rates	26.38%	26.38%	26.38%
Status	Closed	Open	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%	8.50%
Required Employer Contribution Rates	26.38%	26.38%	26.38%
Status	Closed	Open	Open

3. Employees Covered

At June 30, 2017, 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	2,742	531
Inactive employees entitled to but not yet receiving benefits	1,543	252
Active employees	<u>2,349</u>	<u>563</u>
Total	<u><u>6,634</u></u>	<u><u>1,346</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, 2016 (the measurement date) was 18.93% for miscellaneous and 23.55% for safety employees. The required employer contribution rate for the fiscal year ended June 30, 2017 (after the measurement date) was 20.00% for miscellaneous and 26.38% for safety employees. The required employer contribution amounts for the fiscal year ended June 30, 2017 were \$30,393,519 and \$11,423,907 under the miscellaneous and safety plans, respectively. These amounts reflect the prepayment amounts contributed for FY 2016/17.

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, 2016, using an annual actuarial valuation as of June 30, 2015 rolled forward to June 30, 2016. 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, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Miscellaneous	Safety
Valuation Date	June 30, 2015	June 30, 2015
Measurement Date	June 30, 2016	June 30, 2016
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	7.50% ⁽¹⁾	7.50% ⁽¹⁾
Mortality	Derived using CalPERS' Membership Data for All Funds	

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

¹The mortality table used was developed based on CalPERS' specific data. The table includes 10 years of mortality improvements using Society of Actuaries Scale AA. For more details on this table, please refer to the 2014 experience study report.

All other actuarial assumptions used in the June 30, 2015 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.

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	20.0	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	1.0	(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 7.65% 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, 2016 are as follows:

	Miscellaneous		
	Total Pension	Increase (Decrease)	Net Pension
	Liability	Plan Fiduciary Net Position	Liability/(Asset)
Balance at June 30, 2016	\$ 1,232,746,466	\$ 955,208,501	\$ 277,537,965
Changes in the year:			
Service cost	26,597,957	-	26,597,957
Interest on total pension liability	93,230,847	-	93,230,847
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Differences between expected and actual experience	(1,808,780)	-	(1,808,780)
Plan to Plan Resource Movement	-	(6,177)	6,177
Contributions from the employer	-	27,604,856	(27,604,856)
Contributions from employees	-	11,825,251	(11,825,251)
Projected Earnings on Investments	-	72,270,851	(72,270,851)
Differences between Projected and Actual Earnings on Plan Investments	-	(67,361,523)	67,361,523
Benefit payments, including refunds of employee contributions	(61,315,965)	(61,315,965)	-
Administrative Expense	-	(584,538)	584,538
Net Changes	56,704,060	(17,567,245)	74,271,304
Balance at June 30, 2017	<u>\$ 1,289,450,525</u>	<u>\$ 937,641,256</u>	<u>\$ 351,809,269</u>
	Safety		
	Total Pension	Increase (Decrease)	Net Pension
	Liability	Plan Fiduciary Net Position	Liability/(Asset)
Balance at June 30, 2016	\$ 410,715,974	\$ 316,771,922	\$ 93,944,052
Changes in the year:			
Service cost	10,827,733	-	10,827,733
Interest on total pension liability	31,097,434	-	31,097,434
Changes in benefit terms	-	-	-
Changes in assumptions	-	-	-
Differences between expected and actual experience	(393,904)	-	(393,904)
Plan to Plan Resource Movement	-	694	(694)
Contributions from the employer	-	9,796,398	(9,796,398)
Contributions from employees	-	4,171,041	(4,171,041)
Projected Earnings on Investments	-	23,995,386	(23,995,386)
Differences between Projected and Actual Earnings on Plan Investments	-	(22,341,354)	22,341,354
Benefit payments, including refunds of employee contributions	(18,467,052)	(18,467,052)	-
Administrative Expense	-	(193,056)	193,056
Net Changes	23,064,211	(3,037,943)	26,102,154
Balance at June 30, 2017	<u>\$ 433,780,185</u>	<u>\$ 313,733,979</u>	<u>\$ 120,046,206</u>
Total for Miscellaneous & Safety	<u>\$ 1,723,230,710</u>	<u>\$ 1,251,375,235</u>	<u>\$ 471,855,475</u>

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

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

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
1% Decrease	6.65%	6.65%	6.65%
Net Pension Liability	\$ 518,032,140	\$ 178,844,411	\$ 696,876,551
Current Discount Rate	7.65%	7.65%	7.65%
Net Pension Liability	\$ 351,809,269	\$ 120,046,206	\$ 471,855,475
1% Increase	8.65%	8.65%	8.65%
Net Pension Liability	\$ 215,730,013	\$ 71,502,961	\$ 287,232,974

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 Expense and Deferred Outflows/Inflows of Resources Related to Pensions

For the year ended June 30, 2017, the County recognized total pension expense of \$33,801,810 and \$14,830,086 for the Miscellaneous and Safety plans, respectively. At June 30, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous Plan</u>		<u>Safety Plan</u>		<u>Total</u>	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Change of Assumptions	\$ -	\$ (7,850,187)	\$ -	\$ (4,213,343)	\$ -	\$ (12,063,530)
Differences between Expected and Actual Experiences	-	(3,983,464)	-	(1,421,412)	-	(5,404,876)
Pension contributions subsequent to measurement date	30,393,519	-	11,423,907	-	41,817,426	-
Net differences between Projected and Actual Earnings on Pension Plan Investments	51,734,287	-	17,288,449	-	69,022,736	-
Total	<u>\$ 82,127,806</u>	<u>\$ (11,833,651)</u>	<u>\$ 28,712,356</u>	<u>\$ (5,634,755)</u>	<u>\$ 110,840,162</u>	<u>\$ (17,468,406)</u>

The amount of \$30,393,519 and \$11,423,907 for the Miscellaneous and Safety plans respectively, 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, 2018. 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
2017	\$ (2,130,317)	\$ 428,984	\$ (1,701,333)
2018	4,976,214	428,984	5,405,198
2019	23,580,347	6,393,108	29,973,455
2020	13,474,392	4,402,618	17,877,010
Total	<u>\$ 39,900,636</u>	<u>\$ 11,653,694</u>	<u>\$ 51,554,330</u>

B. Post Employment Health Care Benefits

1. Plan Description

The County participates in an agent 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 \$4,316,853. 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 FY 2016/17, 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 2.41% 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 obligation:

Annual Required Contribution (ARC)	\$ 5,225,000
Interest on Net OPEB Obligation	191,165
Less: Amortization of Net OPEB Obligation	(347,461)
Annual OPEB Cost (expense)	<u>5,068,704</u>
Less: Contributions Made	<u>(4,316,853)</u>
Increase/(Decrease) in Net OPEB Obligation	751,851
Net OPEB Obligation, July 1, 2016	3,186,088
Net OPEB Obligation, June 30, 2017	<u>\$ 3,937,939</u>
% of annual OPEB cost contributed	85%

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2017 and the two preceding years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
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
6/30/2017	\$ 5,068,705	\$ 4,316,853	85%	\$ 3,937,939

4. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2017, the most recent actuarial valuation date, was as follows:

Actuarially accrued liability (AAL)	\$ 56,095,000
Actuarial value of plan assets	<u>31,373,000</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 24,722,000</u>
Funded ratio (actuarial value of plan assets/AAL)	56%
Covered payroll (active plan members)	\$ 216,510,000
UAAL as a percentage of covered payroll	11%

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, 2017 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 6.0% and gains and losses are recognized over 5 years. The actuarial assumptions for the annual healthcare cost trend rate are actual 2017 premiums initially, reduced by decrements to an ultimate rate of 4% after 59 years. Both rates included a 2.75% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2017 was 18 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 \$7,317,960 during the fiscal year ended June 30, 2017 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, 2017, the accrued loss contingency for the County's workers' compensation program was \$14,824,000 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, 2017 and 2016 were:

<u>Year Ended</u>	<u>Beginning Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Liability</u>
June 30, 2016	\$ 13,610,000	\$ 4,002,049	\$ (3,090,049)	\$ 14,522,000
June 30, 2017	14,522,000	4,985,013	(4,683,013)	14,824,000

The claims liabilities above, reported in the Self Insurance Internal Service Fund at June 30, 2017, 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 1.5%.

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 is now complete, included demolition and site restoration work of approximately 18 of the 36 structures at a cost of \$1.16 million. Phase 2 will proceed in the latter half of FY 2017/18, subject to funding availability. An additional funding requirement of up to approximately \$3.4 million may be required for completion. The General Services Department will update the Board with the completion of Phase 1 and is working 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, 2017:

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

The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. There is no impact to the County's financial statements with this pronouncement.

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. There is no impact to the County's financial statements with this pronouncement.

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 pension 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. There is no impact to the County's financial statements with this pronouncement.

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. There is no impact to the County's financial statements with this pronouncement.

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. 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. 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. There is no impact to the County's financial statements with this pronouncement as the County does not have any irrevocable split-interest agreements.

Statement No. 83 – Certain Asset Retirement Obligations

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. 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. 84 – Fiduciary Activities

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. 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, 2020.

Statement No. 85 – Omnibus 2017

The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application,

and postemployment benefits (pensions and other postemployment benefits [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. 86 – Certain Debt Extinguishment Issues

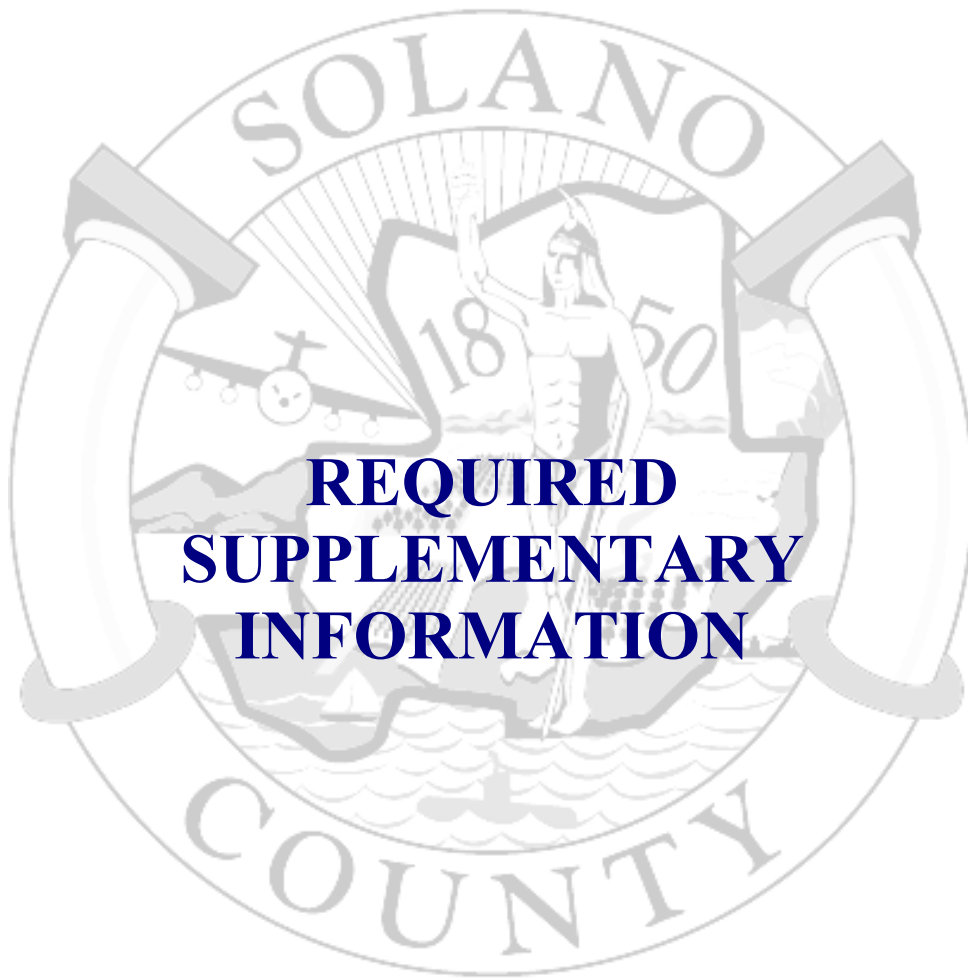
The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. 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. 87 – Leases

The objective of this Statement is to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. 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, 2021.

H. Subsequent Events

In September 2017, the County issued the Series 2017 Refunding Certificates of Participation (COPs) in the amount of \$72,775,000. The County Debt Advisory Committee recommended to the Board the refinancing of the 2007 COP due to the declining interest rates. The refunding resulted in savings of \$20.8 million (\$16.1 million Present Value savings) net of all costs and shortened the term by two years.



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

Measurement Period	2017	2016	2015
	June 30, 2016	June 30, 2015	June 30, 2014
TOTAL PENSION LIABILITY			
Service Cost	\$ 26,597,957	\$ 25,949,824	\$ 26,543,827
Interest	93,230,847	88,521,350	84,956,858
Difference Between Expected and Actual Experience	(1,808,780)	(7,306,473)	-
Changes of Assumptions	-	(20,933,833)	-
Benefit Payments, Including Refunds of Employee Contributions	(61,315,965)	(57,335,586)	(54,271,372)
Net Change in Total Pension Liability	56,704,060	28,895,282	57,229,313
Total Pension Liability - Beginning	1,232,746,467	1,203,851,185	1,146,621,873
Total Pension Liability - Ending (a)	\$ 1,289,450,525	\$ 1,232,746,467	\$ 1,203,851,186
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 27,604,856	\$ 25,507,454	\$ 23,810,683
Contributions - Employee	11,825,251	11,837,309	11,281,036
Net Investment Income	4,909,328	21,082,446	142,910,199
Benefit Payments, Including Refunds of Employee Contributions	(61,315,965)	(57,335,586)	(54,271,372)
Plan to Plan Resource Movement	(6,177)	(13,435)	-
Administrative Expense	(584,538)	(1,072,603)	-
Net Change in Fiduciary Net Position	(17,567,245)	5,585	123,730,546
Plan Fiduciary Net Position - Beginning	955,208,501	955,202,916	831,472,371
Plan Fiduciary Net Position - Ending (b)	\$ 937,641,256	\$ 955,208,501	\$ 955,202,917
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 351,809,269	\$ 277,537,966	\$ 248,648,269
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.72%	77.49%	79.35%
Covered Payroll	\$ 152,372,109	\$ 147,542,730	\$ 141,877,315
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	230.89%	188.11%	175.26%

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

	2017	2016	2015
Actuarially Determined Contribution	\$ 30,393,519	\$ 27,418,792	\$ 25,573,456
Contributions in Relation to the Actuarially Determined Contribution	(30,393,519)	(27,418,792)	(25,573,456)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$165,410,846	\$152,372,109	\$147,542,730
Contributions as a Percentage of Covered Payroll	18.37%	17.99%	17.33%

* 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*

	2017	2016	2015
Measurement Period	June 30, 2016	June 30, 2015	June 30, 2014
TOTAL PENSION LIABILITY			
Service Cost	\$ 10,827,733	\$ 10,094,060	\$ 10,196,391
Interest on Total Pension Liability	31,097,434	29,459,459	27,987,355
Changes of Assumptions ³	-	(7,334,339)	-
Difference Between Expected and Actual Experience	(393,904)	(1,931,477)	-
Benefit Payments, Including Refunds of Employee Contributions	(18,467,052)	(17,762,970)	(16,118,095)
Net Change in Total Pension Liability	23,064,211	12,524,733	22,065,651
Total Pension Liability - Beginning	410,715,974	398,191,241	376,125,590
Total Pension Liability - Ending (a)	\$ 433,780,185	\$ 410,715,974	\$ 398,191,241
PLAN FIDUCIARY NET POSITION			
Contributions - Employer	\$ 9,796,398	\$ 9,478,293	\$ 8,448,188
Contributions - Employee	4,171,041	4,127,101	4,529,358
Net Investment Income	1,654,032	6,889,853	46,982,051
Benefit Payments, Including Refunds of Employee Contributions	(18,467,052)	(17,762,970)	(16,118,095)
Net Plan to Plan Resource Movement	694	-	-
Administrative Expense	(193,056)	(356,395)	-
Net Change in Fiduciary Net Position	(3,037,943)	2,375,882	43,841,502
Plan Fiduciary Net Position - Beginning	316,771,922	314,396,040	270,554,538
Plan Fiduciary Net Position - Ending (b)	\$ 313,733,979	\$ 316,771,922	\$ 314,396,040
Plan Net Pension Liability/(Asset) - Ending (a) - (b)	\$ 120,046,206	\$ 93,944,052	\$ 83,795,201
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.33%	77.13%	78.96%
Covered Payroll	\$ 46,124,828	\$ 42,326,654	\$ 40,585,880
Plan Net Pension Liability/(Asset) as a Percentage of Covered Payroll	260.26%	221.95%	206.46%

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

	2017	2016	2015
Actuarially Determined Contribution	\$ 11,423,907	\$ 9,779,487	\$ 9,489,646
Contributions in Relation to the Actuarially Determined Contribution	(11,423,907)	(9,779,487)	(9,489,646)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 49,896,817	\$ 46,124,828	\$ 42,326,654
Contributions as a Percentage of Covered Payroll	22.90%	21.20%	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, 2017
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
1/01/13	\$ 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%
1/01/17	56,095,000	31,373,000	24,722,000	56%	216,510,000	11%

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, 2017

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Adopted</u>	<u>Final</u>	<u>Actual Amounts</u>	
REVENUES				
Taxes	\$ 147,556,089	\$ 147,740,314	\$ 152,478,464	\$ 4,738,150
Licenses, permits and franchises	6,692,850	6,790,020	7,519,293	729,273
Fines, forfeitures and penalties	1,118,600	1,118,600	1,217,715	99,115
Use of money and property	1,733,362	1,733,362	1,754,208	20,846
Intergovernmental	7,208,350	7,659,632	8,576,909	917,277
Charges for services	42,120,394	42,705,803	44,992,638	2,286,835
Miscellaneous	5,980,900	6,012,390	4,876,188	(1,136,202)
Total revenues	<u>212,410,545</u>	<u>213,760,121</u>	<u>221,415,415</u>	<u>7,655,294</u>
EXPENDITURES				
Current:				
General government				
BOS-District 1	479,199	485,819	481,058	4,761
BOS-District 2	480,074	486,019	486,017	2
BOS-District 3	449,584	455,821	455,820	1
BOS-District 4	522,286	530,348	517,941	12,407
BOS-District 5	347,827	424,839	405,073	19,766
BOS-Administration	233,332	233,332	207,658	25,674
Administration	3,695,921	3,695,921	3,484,116	211,805
General Revenue	485,000	485,000	190,447	294,553
Employee Development & Recognition	683,021	684,230	561,805	122,425
General Services	17,816,473	18,062,752	16,513,201	1,549,551
Assessor	6,755,238	6,855,238	6,221,853	633,385
Auditor-Controller	4,702,692	4,702,692	4,580,437	122,255
Tax Collector/County Clerk	2,189,109	2,189,109	2,052,291	136,818
Treasurer	1,000,680	1,006,079	927,470	78,609
County Counsel	4,164,545	4,164,545	4,092,586	71,959
Delta Water Activities	840,164	1,108,593	728,273	380,320
Human Resources	3,577,818	3,703,081	3,356,262	346,819
Registrar of Voters	3,812,606	4,502,160	4,415,436	86,724
Fouts Property Management	1,028,662	1,183,352	746,392	436,960
Real Estate Services	830,886	830,885	831,929	(1,044)
Promotion	405,749	574,989	444,755	130,234
General Expenditures	7,865,342	6,864,648	6,565,499	299,149
Surveyor/Engineer	69,280	90,563	90,563	-
Total general government	<u>62,435,488</u>	<u>63,320,015</u>	<u>58,356,882</u>	<u>4,963,133</u>
Public protection				
Grand Jury	128,049	128,049	114,303	13,746
Agricultural Commissioner	2,982,576	2,987,976	2,857,364	130,612
Animal Care Services	4,230,713	4,230,713	3,702,376	528,337
Recorder	1,834,449	1,839,961	1,783,201	56,760
Resource Management	10,588,360	10,786,250	9,502,774	1,283,476
Office of Family Violence Prevention	822,598	873,973	657,183	216,790
Total public protection	<u>20,586,745</u>	<u>20,846,922</u>	<u>18,617,201</u>	<u>2,229,721</u>
Public assistance				
Indigent Burial General Relief	23,566	30,192	25,592	4,600
Veterans Services	657,687	659,898	658,056	1,842
Total public assistance	<u>681,253</u>	<u>690,090</u>	<u>683,648</u>	<u>6,442</u>
Education and recreation				
Cooperative Extension Service	274,449	274,449	272,418	2,031
Non-departmental				
Contingencies	12,913,600	12,913,600	-	12,913,600
Capital outlay:				
Equipment	66,502	64,418	54,155	10,263
Total expenditures	<u>96,958,037</u>	<u>98,109,494</u>	<u>77,984,304</u>	<u>20,125,190</u>
Excess of revenues over expenditures	<u>115,452,508</u>	<u>115,650,627</u>	<u>143,431,111</u>	<u>27,780,484</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	265,390	162,795	162,795	-
Transfers out	(140,912,623)	(141,597,960)	(136,354,258)	5,243,702
Sale of capital assets	104,000	104,000	72,873	(31,127)
Total other financing sources (uses)	<u>(140,543,233)</u>	<u>(141,331,165)</u>	<u>(136,118,590)</u>	<u>5,212,575</u>
Changes in fund balance	(25,090,725)	(25,680,538)	7,312,521	32,993,059
Fund balance - beginning	153,708,143	153,708,143	153,708,143	-
Fund balance - ending	<u>\$ 128,617,418</u>	<u>\$ 128,027,605</u>	<u>\$ 161,020,664</u>	<u>\$ 32,993,059</u>

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

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Health and Social Services Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	<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	\$ 19,345	\$ 1,595
Fines, forfeitures and penalties	314,048	314,048	295,076	(18,972)
Use of money and property	241,453	241,454	135,730	(105,724)
Intergovernmental	291,277,481	294,587,192	267,274,759	(27,312,433)
Charges for services	28,232,474	28,118,674	23,147,294	(4,971,380)
Miscellaneous	2,160,680	2,160,680	3,908,345	1,747,665
Total revenues	<u>322,243,886</u>	<u>325,439,798</u>	<u>294,780,549</u>	<u>(30,659,249)</u>
EXPENDITURES				
Health services				
In Home Supportive Services-PA	3,168,582	3,226,507	3,222,442	4,065
In Home Supportive Services	9,554,988	9,554,988	8,926,819	628,169
Behavioral Health	82,643,033	85,332,848	76,759,323	8,573,525
Health Services	77,718,882	78,506,372	62,721,376	15,784,996
Tobacco Prevention & Education	96,474	77,133	22,587	54,546
Health services	173,181,959	176,697,847	151,652,548	25,045,301
Public assistance				
County Disaster	2,100,686	2,186,057	374,284	1,811,773
Administration	2,834,225	2,866,749	2,357,148	509,601
Social Services	106,554,464	106,943,479	97,255,845	9,687,634
Assistance Programs	57,357,038	57,357,038	52,050,262	5,306,776
Public assistance	168,846,413	169,353,322	152,037,539	17,315,784
Non-departmental				
Contingencies	70,028	70,028	-	70,028
Capital outlay:				
Equipment	306,500	306,779	45,232	261,547
Intangibles	600,000	600,000	-	600,000
Total capital outlay	<u>906,500</u>	<u>906,779</u>	<u>45,232</u>	<u>861,547</u>
Total expenditures	<u>343,004,900</u>	<u>347,027,976</u>	<u>303,735,319</u>	<u>43,292,660</u>
Deficiency of revenues under expenditures	<u>(20,761,014)</u>	<u>(21,588,178)</u>	<u>(8,954,770)</u>	<u>12,633,411</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	133,985	866,817	-	(866,817)
Transfers in	47,395,515	28,914,348	26,148,894	(2,765,454)
Transfers out	(27,004,428)	(8,358,242)	(5,782,663)	2,575,579
Total other financing sources (uses)	<u>20,525,072</u>	<u>21,422,923</u>	<u>20,366,231</u>	<u>(1,056,692)</u>
Changes in fund balance	(235,942)	(165,255)	11,411,461	11,576,716
Fund balance - beginning	48,531,270	48,531,270	48,531,270	-
Fund balance - ending	<u>\$ 48,295,328</u>	<u>\$ 48,366,015</u>	<u>\$ 59,942,731</u>	<u>\$ 11,576,716</u>

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

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Public Safety Special Revenue Fund
For the Fiscal Year Ended June 30, 2017

	<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	\$ 491,050	\$ 491,050	\$ 577,846	\$ 86,796
Fines, forfeitures and penalties	1,974,177	1,980,983	2,773,156	792,173
Use of money and property	17,305	(22,581)	(81,500)	(58,919)
Intergovernmental	78,757,469	80,669,003	78,025,460	(2,643,543)
Charges for services	16,284,833	16,543,098	15,013,838	(1,529,260)
Miscellaneous	1,563,689	1,593,689	1,759,354	165,665
Total revenues	<u>99,088,523</u>	<u>101,255,242</u>	<u>98,068,154</u>	<u>(3,187,088)</u>
EXPENDITURES				
Public protection				
Law Library				-
Department of Child Support Services	12,599,807	12,611,441	12,075,797	535,644
Sheriff OES	906,844	1,547,540	687,550	859,990
Mentally Ill Offender Grant	483,302	503,523	419,329	84,194
District Attorney	22,277,883	23,188,397	22,061,574	1,126,823
Public Defender	11,997,752	12,350,025	11,991,926	358,099
Conflict Public Defender	3,877,470	3,912,702	3,800,956	111,746
Sheriff	102,552,475	103,457,122	101,943,480	1,513,642
Probation	41,400,846	41,400,846	36,680,304	4,720,542
Other Public Defense	2,369,516	2,839,733	2,822,578	17,155
CMF Cases	194,691	502,721	503,126	(405)
Administration	173,305	173,305	109,805	63,500
Public Protection Other Special Revenue	583,652	675,682	588,522	87,160
Total public protection	<u>199,417,543</u>	<u>203,163,037</u>	<u>193,684,947</u>	<u>9,478,090</u>
Non-departmental				
Contingencies	6,381,312	6,297,471	-	6,297,471
Capital outlay:				
Equipment	413,859	567,581	399,049	168,532
Intangibles	308,000	308,000	-	308,000
Total capital outlay	<u>721,859</u>	<u>875,581</u>	<u>399,049</u>	<u>476,532</u>
Total expenditures	<u>206,520,714</u>	<u>210,336,089</u>	<u>194,083,996</u>	<u>16,252,093</u>
Deficiency of revenues under expenditures	<u>(107,432,191)</u>	<u>(109,080,847)</u>	<u>(96,015,842)</u>	<u>13,065,005</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	106,157,234	105,873,422	102,113,639	(3,759,783)
Transfers out	(5,172,731)	(5,359,351)	(5,079,098)	280,253
Sale of capital assets	-	-	7,650	7,650
Total other financing sources (uses)	<u>100,984,503</u>	<u>100,514,071</u>	<u>97,042,191</u>	<u>(3,471,880)</u>
Changes in fund balance	(6,447,688)	(8,566,776)	1,026,349	9,593,125
Fund balance - beginning	21,258,752	21,258,752	21,258,752	-
Fund balance - ending	<u>\$ 14,811,064</u>	<u>\$ 12,691,976</u>	<u>\$ 22,285,101</u>	<u>\$ 9,593,125</u>

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

**COUNTY OF SOLANO, CALIFORNIA
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

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.

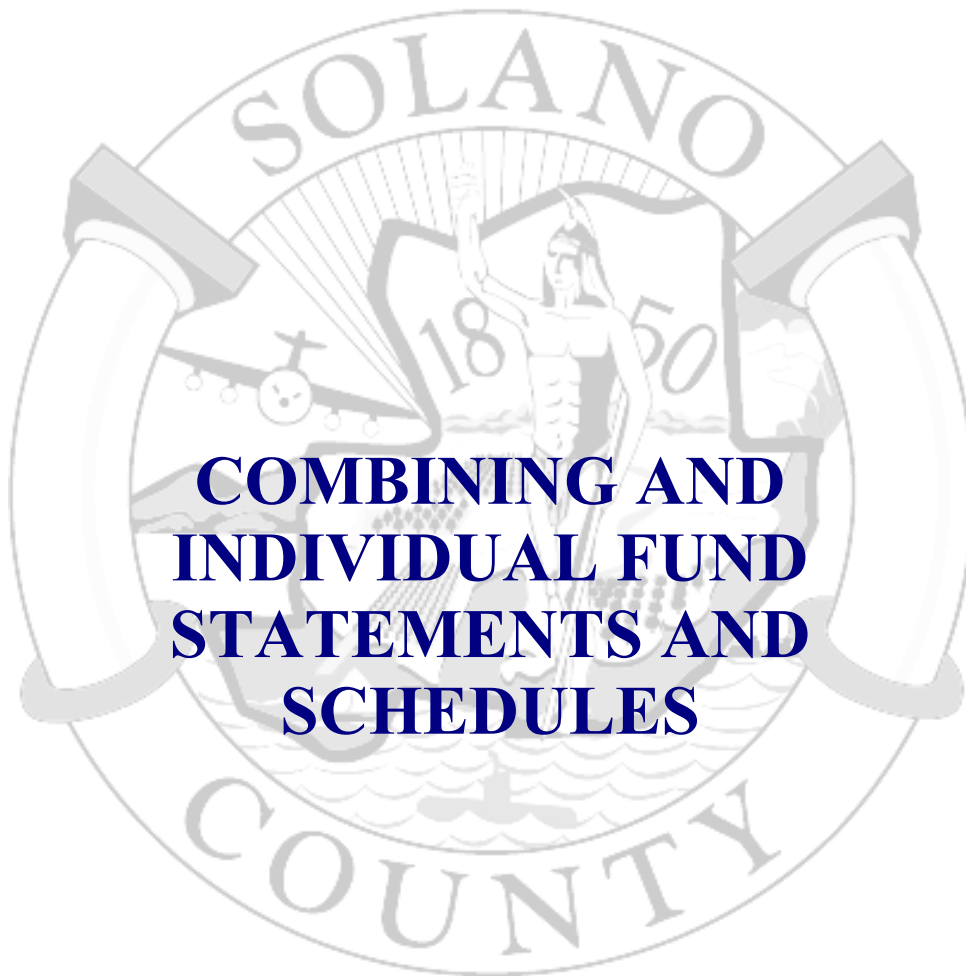
An operating budget prepared on the modified accrual basis is adopted each fiscal year for the general, special revenue, capital projects and debt service funds. Public hearings are conducted on the proposed budget to review all appropriations and sources of financing. Any shortfall in revenues requires 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, 2017, were not material in relation to the original appropriations.

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

(This page intentionally left blank)



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, 2017

	<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	\$ 69,062,741	\$ 19,968,057	\$ 12,330,349	\$ 101,361,147
Accounts receivable	125,918	-	-	125,918
Due from other agencies	7,718,590	3,003,528	119	10,722,237
Due from other funds	376,057	-	375,320	751,377
Other assets	3,395,605	-	740,995	4,136,600
Total assets	<u>\$ 80,678,911</u>	<u>\$ 22,971,585</u>	<u>\$ 13,446,783</u>	<u>\$ 117,097,279</u>
LIABILITIES				
Outstanding warrants	\$ 593,242	\$ 1,978,239	\$ -	\$ 2,571,481
Payables	2,998,743	587,555	-	3,586,298
Due to other funds	319,692	33,347	26,188	379,227
Other liabilities	670,744	191,282	-	862,026
Due to other agencies	1,084,370	-	-	1,084,370
Advance from other funds	880,695	4,566,397	7,000,000	12,447,092
Total liabilities	<u>6,547,486</u>	<u>7,356,820</u>	<u>7,026,188</u>	<u>20,930,494</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>3,265,588</u>	<u>3,003,528</u>	<u>-</u>	<u>6,269,116</u>
FUND BALANCES				
Nonspendable	160,437	-	-	160,437
Restricted	70,541,174	1,961,100	3,623,924	76,126,198
Committed	-	49,861	-	49,861
Assigned	164,226	10,600,276	2,796,671	13,561,173
Total fund balances	<u>70,865,837</u>	<u>12,611,237</u>	<u>6,420,595</u>	<u>89,897,669</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 80,678,911</u>	<u>\$ 22,971,585</u>	<u>\$ 13,446,783</u>	<u>\$ 117,097,279</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, 2017

	<u>Special Revenue Funds</u>	<u>Accumulated Capital Outlay Fund</u>	<u>Debt Service Funds</u>	<u>Total Other Governmental Funds</u>
REVENUES				
Taxes	\$ 16,680,522	\$ 2,633,630	\$ -	\$ 19,314,152
Licenses, permits and franchises	234,400	-	-	234,400
Fines, forfeitures and penalties	4,768	-	-	4,768
Use of money and property	385,213	99,177	41,823	526,213
Intergovernmental	21,266,706	455,216	417,211	22,139,133
Charges for services	15,799,526	101,301	1,636,848	17,537,675
Miscellaneous	255,764	828,084	5,494,235	6,578,083
Total revenues	<u>54,626,899</u>	<u>4,117,408</u>	<u>7,590,117</u>	<u>66,334,424</u>
EXPENDITURES				
Current:				
General government	609,530	3,206,818	37,970	3,854,318
Public protection	3,467,149	-	-	3,467,149
Public ways and facilities	9,506,002	-	-	9,506,002
Health services	3,595,981	-	-	3,595,981
Public assistance	670,836	-	-	670,836
Education and recreation	18,381,293	-	-	18,381,293
Debt service:				
Principal	-	-	13,670,000	13,670,000
Interest and other charges	51,447	-	6,673,650	6,725,097
Capital outlay	9,933,477	7,000,662	-	16,934,139
Total expenditures	<u>46,215,715</u>	<u>10,207,480</u>	<u>20,381,620</u>	<u>76,804,815</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,411,184</u>	<u>(6,090,072)</u>	<u>(12,791,503)</u>	<u>(10,470,391)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,156,284	3,764,145	17,895,463	22,815,892
Transfers out	(3,130,085)	(908,561)	-	(4,038,646)
Sale of capital assets	55,975	-	-	55,975
Total other financing sources (uses)	<u>(1,917,826)</u>	<u>2,855,584</u>	<u>17,895,463</u>	<u>18,833,221</u>
Changes in fund balances	6,493,358	(3,234,488)	5,103,960	8,362,830
Fund balances (deficit) - beginning	64,372,479	15,845,725	1,316,635	81,534,839
Fund balances - ending	<u>\$ 70,865,837</u>	<u>\$ 12,611,237</u>	<u>\$ 6,420,595</u>	<u>\$ 89,897,669</u>

(This page intentionally left blank)

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 activities and programs including Parks and Recreation, Fish/Wildlife Propagation, Consolidated Street Lighting and housing assistance through the Section 8 Housing Choice Voucher program for the unincorporated areas of Solano County, Southeast Vallejo Redevelopment Settlement Agreement, and East Vallejo Fire Protection District. Revenues are derived from property taxes, fine, forfeitures and penalties, State grants, Federal pass-through grants and charges for services.

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	<u>Public Facilities</u>			
	<u>Fees</u>	<u>Library</u>	<u>Transportation</u>	<u>First 5 Solano</u>
ASSETS				
Cash and investments	\$ 18,711,179	\$ 18,192,122	\$ 10,665,316	\$ 8,505,840
Accounts receivable	-	18,353	101,245	-
Due from other agencies	1,673,683	783,654	4,495,322	647,619
Due from other funds	-	13,281	175,228	187,548
Other assets	5,202	1,813	160,437	-
Total assets	<u>\$ 20,390,064</u>	<u>\$ 19,009,223</u>	<u>\$ 15,597,548</u>	<u>\$ 9,341,007</u>
LIABILITIES				
Outstanding warrants	\$ -	\$ 110,823	\$ 336,456	\$ 125,219
Payables	-	674,414	1,321,175	275,499
Due to other funds	-	85,476	9,660	104,573
Other liabilities	-	-	670,744	-
Due to other agencies	529,051	-	-	77,955
Advance from other funds	-	-	880,695	-
Total liabilities	<u>529,051</u>	<u>870,713</u>	<u>3,218,730</u>	<u>583,246</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	5,202	-	3,148,486	-
FUND BALANCES				
Nonspendable	-	-	160,437	-
Restricted	19,855,811	18,138,510	9,069,895	8,757,761
Assigned	-	-	-	-
Total fund balances	<u>19,855,811</u>	<u>18,138,510</u>	<u>9,230,332</u>	<u>8,757,761</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 20,390,064</u>	<u>\$ 19,009,223</u>	<u>\$ 15,597,548</u>	<u>\$ 9,341,007</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2017

<u>Home Loan Program</u>	<u>Micrographics & Modernization</u>	<u>Other Special Revenue Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>	
				ASSETS
\$ 2,121,998	\$ 9,398,364	\$ 1,467,922	\$ 69,062,741	Cash and investments
-	-	6,320	125,918	Accounts receivable
18,413	4,863	95,036	7,718,590	Due from other agencies
-	-	-	376,057	Due from other funds
3,226,104	-	2,049	3,395,605	Other assets
<u>\$ 5,366,515</u>	<u>\$ 9,403,227</u>	<u>\$ 1,571,327</u>	<u>\$ 80,678,911</u>	Total assets
				LIABILITIES
\$ -	\$ 1,247	\$ 19,497	\$ 593,242	Outstanding warrants
-	67,898	659,757	2,998,743	Payables
-	86,290	33,693	319,692	Due to other funds
-	-	-	670,744	Other liabilities
473,264	-	4,100	1,084,370	Due to other agencies
-	-	-	880,695	Advance from other funds
<u>473,264</u>	<u>155,435</u>	<u>717,047</u>	<u>6,547,486</u>	Total liabilities
				DEFERRED INFLOWS OF RESOURCES
18,413	-	93,487	3,265,588	Unavailable revenue
				FUND BALANCES
-	-	-	160,437	Nonspendable
4,874,838	9,247,792	596,567	70,541,174	Restricted
-	-	164,226	164,226	Assigned
<u>4,874,838</u>	<u>9,247,792</u>	<u>760,793</u>	<u>70,865,837</u>	Total fund balances
<u>\$ 5,366,515</u>	<u>\$ 9,403,227</u>	<u>\$ 1,571,327</u>	<u>\$ 80,678,911</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, 2017

	Public Facilities			
	Fees	Library	Transportation	First 5 Solano
REVENUES				
Taxes	\$ -	\$ 14,190,827	\$ 1,202,814	\$ -
Licenses, permits and franchises	-	-	234,400	-
Fines, forfeitures and penalties	-	-	-	-
Use of money and property	76,632	68,293	81,795	35,876
Intergovernmental	-	435,549	14,670,319	3,888,631
Charges for services	7,231,225	4,479,147	2,183,972	404,666
Miscellaneous	-	139,323	99,587	9,525
Total revenues	<u>7,307,857</u>	<u>19,313,139</u>	<u>18,472,887</u>	<u>4,338,698</u>
EXPENDITURES				
Current:				
General government	608,611	-	919	-
Public protection	-	-	-	-
Public ways and facilities	-	-	9,362,580	-
Health services	-	-	-	3,595,981
Public assistance	-	-	-	670,836
Education and recreation	-	16,948,086	-	-
Debt service:				
Interest and other charges	38,568	-	12,879	-
Capital outlay	-	-	9,848,177	-
Total expenditures	<u>647,179</u>	<u>16,948,086</u>	<u>19,224,555</u>	<u>4,266,817</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,660,678</u>	<u>2,365,053</u>	<u>(751,668)</u>	<u>71,881</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	268,877	-	620,657
Transfers out	(1,458,299)	(856,132)	(273,920)	(24,297)
Sale of capital assets	-	-	55,975	-
Total other financing sources (uses)	<u>(1,458,299)</u>	<u>(587,255)</u>	<u>(217,945)</u>	<u>596,360</u>
Changes in fund balances	5,202,379	1,777,798	(969,613)	668,241
Fund balances - beginning	14,653,432	16,360,712	10,199,945	8,089,520
Fund balances - ending	<u>\$ 19,855,811</u>	<u>\$ 18,138,510</u>	<u>\$ 9,230,332</u>	<u>\$ 8,757,761</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, 2017

<u>Home Loan Program</u>	<u>Micrographics & Modernization</u>	<u>Other Special Revenue Funds</u>	<u>Total Nonmajor Special Revenue Funds</u>	
				REVENUES
\$ -	\$ -	\$ 1,286,881	\$ 16,680,522	Taxes
-	-	-	234,400	Licenses, permits and franchises
-	-	4,768	4,768	Fines, forfeitures and penalties
44,527	50,973	27,117	385,213	Use of money and property
-	-	2,272,207	21,266,706	Intergovernmental
37	913,139	587,340	15,799,526	Charges for services
-	-	7,329	255,764	Miscellaneous
<u>44,564</u>	<u>964,112</u>	<u>4,185,642</u>	<u>54,626,899</u>	Total revenues
				EXPENDITURES
				Current:
-	-	-	609,530	General government
200,327	503,124	2,763,698	3,467,149	Public protection
-	-	143,422	9,506,002	Public ways and facilities
-	-	-	3,595,981	Health and sanitation
-	-	-	670,836	Public assistance
-	-	1,433,207	18,381,293	Education and recreation
-	-	-	51,447	Debt service:
-	73,285	12,015	9,933,477	Interest and other charges
<u>200,327</u>	<u>576,409</u>	<u>4,352,342</u>	<u>46,215,715</u>	Capital outlay
				Total expenditures
<u>(155,763)</u>	<u>387,703</u>	<u>(166,700)</u>	<u>8,411,184</u>	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES)
-	-	266,750	1,156,284	Transfers in
-	(358,000)	(159,437)	(3,130,085)	Transfers out
-	-	-	55,975	Sale of capital assets
-	(358,000)	107,313	(1,917,826)	Total other financing sources (uses)
(155,763)	29,703	(59,387)	6,493,358	Changes in fund balances
5,030,601	9,218,089	820,180	64,372,479	Fund balances - beginning
<u>\$ 4,874,838</u>	<u>\$ 9,247,792</u>	<u>\$ 760,793</u>	<u>\$ 70,865,837</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, 2017

	<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	\$ 39,940	\$ 40,078	\$ 76,632	\$ 36,554
Charges for services	7,269,248	7,269,248	7,231,225	(38,023)
Total revenues	<u>7,309,188</u>	<u>7,309,326</u>	<u>7,307,857</u>	<u>(1,469)</u>
EXPENDITURES				
Current:				
General government				
Public facilities fees	452,773	608,611	608,611	-
Debt service:				
Interest and other charges	12,000	38,568	38,568	-
Total debt service	<u>12,000</u>	<u>38,568</u>	<u>38,568</u>	<u>-</u>
Non-departmental				
Contingencies	16,609,992	16,428,242	-	16,428,242
Total expenditures	<u>17,074,765</u>	<u>17,075,421</u>	<u>647,179</u>	<u>16,428,242</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,765,577)</u>	<u>(9,766,095)</u>	<u>6,660,678</u>	<u>16,426,773</u>
OTHER FINANCING USES				
Transfers out	(1,458,817)	(1,458,299)	(1,458,299)	-
Total other financing uses	<u>(1,458,817)</u>	<u>(1,458,299)</u>	<u>(1,458,299)</u>	<u>-</u>
Changes in fund balance	(11,224,394)	(11,224,394)	5,202,379	16,426,773
Fund balance - beginning	14,653,432	14,653,432	14,653,432	-
Fund balance - ending	<u>\$ 3,429,038</u>	<u>\$ 3,429,038</u>	<u>\$ 19,855,811</u>	<u>\$ 16,426,773</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 13,692,511	\$ 13,692,511	\$ 14,190,827	\$ 498,316
Use of money and property	72,893	72,893	68,293	(4,600)
Intergovernmental	348,956	348,956	435,549	86,593
Charges for services	4,448,154	4,448,154	4,479,147	30,993
Miscellaneous	75,000	75,000	139,323	64,323
Total revenues	<u>18,637,514</u>	<u>18,637,514</u>	<u>19,313,139</u>	<u>675,625</u>
EXPENDITURES				
Current:				
Education				
Library	18,787,173	19,274,849	16,792,657	2,482,192
Library - Friends & Foundation	169,520	169,520	131,992	37,528
Library Zone 1	18,735	18,735	14,921	3,814
Library Zone 2	1,511	1,511	978	533
Library Zone 6	685	685	571	114
Library Zone 7	9,693	9,693	6,967	2,726
Total education	<u>18,987,317</u>	<u>19,474,993</u>	<u>16,948,086</u>	<u>2,526,907</u>
Non-departmental				
Contingencies	<u>13,022,287</u>	<u>12,316,663</u>	<u>-</u>	<u>12,316,663</u>
Capital outlay:				
Equipment	<u>1,310,000</u>	<u>1,265,600</u>	<u>-</u>	<u>1,265,600</u>
Total expenditures	<u>33,319,604</u>	<u>33,057,256</u>	<u>16,948,086</u>	<u>16,109,170</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(14,682,090)</u>	<u>(14,419,742)</u>	<u>2,365,053</u>	<u>16,784,795</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,110,132	416,365	268,877	(147,488)
Transfers out	(2,695,137)	(1,576,370)	(856,132)	720,238
Total other financing sources (uses)	<u>(585,005)</u>	<u>(1,160,005)</u>	<u>(587,255)</u>	<u>572,750</u>
Changes in fund balance	(15,267,095)	(15,579,747)	1,777,798	17,357,545
Fund balance - beginning	<u>16,360,712</u>	<u>16,360,712</u>	<u>16,360,712</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,093,617</u>	<u>\$ 780,965</u>	<u>\$ 18,138,510</u>	<u>\$ 17,357,545</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,155,821	\$ 1,155,821	\$ 1,202,814	\$ 46,993
Licenses, permits and franchises	194,100	194,100	234,400	40,300
Use of money and property	114,940	114,940	81,795	(33,145)
Intergovernmental	11,162,471	15,037,493	14,670,319	(367,174)
Charges for services	815,103	884,130	2,183,972	1,299,842
Miscellaneous	106,285	106,285	99,587	(6,698)
Total revenues	<u>13,548,720</u>	<u>17,492,769</u>	<u>18,472,887</u>	<u>980,118</u>
EXPENDITURES				
Current:				
General government				
Survey monument	15,798	15,798	919	14,879
Public ways and facilities				
Transportation	12,419,415	13,411,750	9,310,222	4,101,528
Public works improvement	1,000	53,358	52,358	1,000
Total public ways and facilities	<u>12,420,415</u>	<u>13,465,108</u>	<u>9,362,580</u>	<u>4,102,528</u>
Non-departmental				
Contingencies	693,618	480,118	-	480,118
Debt service:				
Interest and other charges	11,000	12,879	12,879	-
Total debt service	<u>11,000</u>	<u>12,879</u>	<u>12,879</u>	<u>-</u>
Capital outlay:				
Land	250,000	1,750,000	1,490,407	259,593
Construction in progress	3,947,000	8,525,802	7,271,615	1,254,187
Equipment	807,000	1,409,527	1,086,155	323,372
Total capital outlay	<u>5,004,000</u>	<u>11,685,329</u>	<u>9,848,177</u>	<u>1,837,152</u>
Total expenditures	<u>18,144,831</u>	<u>25,659,232</u>	<u>19,224,555</u>	<u>6,434,677</u>
Deficiency of revenues under expenditures	<u>(4,596,111)</u>	<u>(8,166,463)</u>	<u>(751,668)</u>	<u>7,414,795</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	11,000	11,000	-	(11,000)
Transfers in	20,000	80,000	-	(80,000)
Transfers out	(287,133)	(287,133)	(273,920)	13,213
Sale of capital assets	40,000	40,000	55,975	15,975
Total other financing sources (uses)	<u>(216,133)</u>	<u>(156,133)</u>	<u>(217,945)</u>	<u>(61,812)</u>
Changes in fund balance	(4,812,244)	(8,322,596)	(969,613)	7,352,983
Fund balance - beginning	10,199,945	10,199,945	10,199,945	-
Fund balance - ending	<u>\$ 5,387,701</u>	<u>\$ 1,877,349</u>	<u>\$ 9,230,332</u>	<u>\$ 7,352,983</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, 2017

	<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	\$ 35,656	\$ 35,656	\$ 35,876	\$ 220
Intergovernmental	3,427,247	3,427,247	3,888,631	461,384
Charges for services	731,841	731,841	404,666	(327,175)
Miscellaneous	5,000	5,000	9,525	4,525
Total revenues	<u>4,199,744</u>	<u>4,199,744</u>	<u>4,338,698</u>	<u>138,954</u>
EXPENDITURES				
Current:				
Health services				
First 5 Solano	4,731,230	4,731,230	3,595,981	1,135,249
Public assistance				
Grants/programs administration	710,657	710,657	670,836	39,821
Non-departmental				
Contingencies	1,434,288	1,434,288	-	1,434,288
Total expenditures	<u>6,876,175</u>	<u>6,876,175</u>	<u>4,266,817</u>	<u>2,609,358</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,676,431)</u>	<u>(2,676,431)</u>	<u>71,881</u>	<u>2,748,312</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	620,657	620,657	620,657	-
Transfers out	(26,876)	(26,876)	(24,297)	2,579
Total other financing sources (uses)	<u>593,781</u>	<u>593,781</u>	<u>596,360</u>	<u>2,579</u>
Changes in fund balance	(2,082,650)	(2,082,650)	668,241	2,750,891
Fund balance - beginning	8,089,520	8,089,520	8,089,520	-
Fund balance - ending	<u>\$ 6,006,870</u>	<u>\$ 6,006,870</u>	<u>\$ 8,757,761</u>	<u>\$ 2,750,891</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, 2017

	<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	\$ 9,648	\$ 44,527	\$ 34,879
Intergovernmental	100,000	100,000	-	(100,000)
Charges for services	37	37	37	-
Total revenues	<u>110,287</u>	<u>109,685</u>	<u>44,564</u>	<u>(65,121)</u>
EXPENDITURES				
Current:				
Public protection				
Micro-enterprise business account	50,231	245,546	199,435	46,111
Homeacres Loan Program	907	907	892	15
Total public protection	<u>51,138</u>	<u>246,453</u>	<u>200,327</u>	<u>46,126</u>
Non-departmental				
Contingencies	1,732,347	1,501,347	-	1,501,347
Total expenditures	<u>1,783,485</u>	<u>1,747,800</u>	<u>200,327</u>	<u>1,547,473</u>
Deficiency of revenues under expenditures	<u>(1,673,198)</u>	<u>(1,638,115)</u>	<u>(155,763)</u>	<u>1,482,352</u>
Changes in fund balance	(1,673,198)	(1,638,115)	(155,763)	1,482,352
Fund balance - beginning	5,030,601	5,030,601	5,030,601	-
Fund balance - ending	<u>\$ 3,357,403</u>	<u>\$ 3,392,486</u>	<u>\$ 4,874,838</u>	<u>\$ 1,482,352</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, 2017

	<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	\$ 40,000	\$ 43,000	\$ 50,973	\$ 7,973
Charges for services	775,000	777,000	913,139	136,139
Total revenues	<u>815,000</u>	<u>820,000</u>	<u>964,112</u>	<u>144,112</u>
EXPENDITURES				
Current:				
Public protection				
Recorder Special Revenue	829,150	1,056,464	503,124	553,340
Non-departmental				
Contingencies	7,504,544	7,356,544	-	7,356,544
Capital outlay:				
Equipment	55,000	76,500	73,285	3,215
Total capital outlay	<u>55,000</u>	<u>76,500</u>	<u>73,285</u>	<u>3,215</u>
Total expenditures	<u>8,388,694</u>	<u>8,489,508</u>	<u>576,409</u>	<u>7,913,099</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,573,694)</u>	<u>(7,669,508)</u>	<u>387,703</u>	<u>8,057,211</u>
OTHER FINANCING USES				
Transfers out	<u>(205,000)</u>	<u>(358,000)</u>	<u>(358,000)</u>	<u>-</u>
Changes in fund balance	(7,778,694)	(8,027,508)	29,703	8,057,211
Fund balance - beginning	9,218,089	9,218,089	9,218,089	-
Fund balance - ending	<u>\$ 1,439,395</u>	<u>\$ 1,190,581</u>	<u>\$ 9,247,792</u>	<u>\$ 8,057,211</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,266,800	\$ 1,294,098	\$ 1,286,881	\$ (7,217)
Fines, forfeitures and penalties	1,753	1,753	4,768	3,015
Use of money and property	17,864	24,864	27,117	2,253
Intergovernmental	2,406,447	2,396,494	2,272,207	(124,287)
Charges for services	549,034	549,034	587,340	38,306
Miscellaneous	6,475	7,275	7,329	54
Total revenues	<u>4,248,373</u>	<u>4,273,518</u>	<u>4,185,642</u>	<u>(87,876)</u>
EXPENDITURES				
Current:				
Public protection				
Housing Authority of Solano County	2,300,000	2,300,000	2,225,538	74,462
East Vallejo Fire Protection District	541,450	541,450	535,269	6,181
Fish/Wildlife Propagation	17,407	17,407	2,891	14,516
Total public protection	<u>2,858,857</u>	<u>2,858,857</u>	<u>2,763,698</u>	<u>95,159</u>
Public ways and facilities				
County Consolidated Service Area	228,335	260,100	143,422	116,678
Education and recreation				
Parks & Recreation	1,547,580	1,445,364	1,433,207	12,157
Non-departmental				
Contingencies	246,019	234,424	-	234,424
Capital outlay:				
Equipment	39,000	12,117	12,015	102
Total capital outlay	<u>39,000</u>	<u>12,117</u>	<u>12,015</u>	<u>102</u>
Total expenditures	<u>4,919,791</u>	<u>4,810,862</u>	<u>4,352,342</u>	<u>458,520</u>
Deficiency of revenues under expenditures	<u>(671,418)</u>	<u>(537,344)</u>	<u>(166,700)</u>	<u>370,644</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	285,120	285,120	266,750	(18,370)
Transfers out	(19,598)	(120,241)	(159,437)	(39,196)
Total other financing sources (uses)	<u>265,522</u>	<u>164,879</u>	<u>107,313</u>	<u>(57,566)</u>
Changes in fund balance	(405,896)	(372,465)	(59,387)	313,078
Fund balance - beginning	820,180	820,180	820,180	-
Fund balance - ending	<u>\$ 414,284</u>	<u>\$ 447,715</u>	<u>\$ 760,793</u>	<u>\$ 313,078</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, 2017

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Adopted</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 2,559,292	\$ 2,559,292	\$ 2,633,630	\$ 74,338
Use of money and property	66,300	67,581	99,177	31,596
Intergovernmental	23,076,633	23,076,633	455,216	(22,621,417)
Charges for services	101,301	101,301	101,301	-
Miscellaneous	-	-	828,084	828,084
Total revenues	<u>25,803,526</u>	<u>25,804,807</u>	<u>4,117,408</u>	<u>(21,687,399)</u>
EXPENDITURES				
Current:				
General government				
Capital Projects	3,714,412	9,488,548	3,206,818	6,281,730
Total general government	<u>3,714,412</u>	<u>9,488,548</u>	<u>3,206,818</u>	<u>6,281,730</u>
Non-departmental				
Contingencies	3,869,752	2,770,252	-	2,770,252
Capital outlay:				
Construction in progress	26,017,687	37,814,808	6,325,222	31,489,586
Equipment	1,111,800	2,858,643	675,440	2,183,203
Total capital outlay	<u>27,129,487</u>	<u>40,673,451</u>	<u>7,000,662</u>	<u>33,672,789</u>
Total expenditures	<u>34,713,651</u>	<u>52,932,251</u>	<u>10,207,480</u>	<u>42,724,771</u>
Deficiency of revenues under expenditures	(8,910,125)	(27,127,444)	(6,090,072)	21,037,372
OTHER FINANCING SOURCES (USES)				
Issuance of debt	6,557,650	6,523,800	-	(6,523,800)
Transfers in	2,887,043	4,832,145	3,764,145	(1,068,000)
Transfers out	(904,643)	(908,561)	(908,561)	-
Total other financing sources (uses)	<u>8,540,050</u>	<u>10,447,384</u>	<u>2,855,584</u>	<u>(7,591,800)</u>
Changes in fund balance	(370,075)	(16,680,060)	(3,234,488)	13,445,572
Fund balance - beginning	15,845,725	15,845,725	15,845,725	-
Fund balance - ending	<u>\$ 15,475,650</u>	<u>\$ (834,335)</u>	<u>\$ 12,611,237</u>	<u>\$ 13,445,572</u>

Nonmajor Debt Service Funds

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

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

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

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

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2017

	2013	2009	Government	Pension	Total Nonmajor
	Certificates of	Certificates of	Center	Obligation	Debt Service Funds
	Participation	Participation		Bonds	
ASSETS					
Cash and investments	\$ 68,493	\$ 1,775,256	\$ 2,813,722	\$ 7,672,878	\$ 12,330,349
Due from other agencies	-	-	-	119	119
Due from other funds	-	-	-	375,320	375,320
Other assets	-	-	-	740,995	740,995
Total assets	<u>\$ 68,493</u>	<u>\$ 1,775,256</u>	<u>\$ 2,813,722</u>	<u>\$ 8,789,312</u>	<u>\$ 13,446,783</u>
FUND BALANCES					
Liabilities:					
Due to other funds	\$ -	\$ 9,137	\$ 17,051	\$ -	\$ 26,188
Advances from other funds	-	-	-	7,000,000	7,000,000
Total liabilities	<u>-</u>	<u>9,137</u>	<u>17,051</u>	<u>7,000,000</u>	<u>7,026,188</u>
Fund balances:					
Restricted	68,493	1,766,119	-	1,789,312	3,623,924
Assigned	-	-	2,796,671	-	2,796,671
Total fund balances (deficit)	<u>68,493</u>	<u>1,766,119</u>	<u>2,796,671</u>	<u>1,789,312</u>	<u>6,420,595</u>
Total liabilities and fund balances	<u>\$ 68,493</u>	<u>\$ 1,775,256</u>	<u>\$ 2,813,722</u>	<u>\$ 8,789,312</u>	<u>\$ 13,446,783</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, 2017

	2013	2009	Government	Pension	Total Nonmajor
	Certificates of	Certificates of	Center	Obligation Bonds	Debt Service Funds
	Participation	Participation	Center	Obligation Bonds	Debt Service Funds
REVENUES					
Use of money and property	\$ 420	\$ 6,160	\$ 35,243	\$ -	\$ 41,823
Intergovernmental	417,211	-	-	-	417,211
Charges for services	-	-	1,636,848	-	1,636,848
Miscellaneous	-	-	-	5,494,235	5,494,235
Total revenues	<u>417,631</u>	<u>6,160</u>	<u>1,672,091</u>	<u>5,494,235</u>	<u>7,590,117</u>
EXPENDITURES					
Current:					
General government	2,732	6,967	14,505	13,766	37,970
Debt service:					
Principal	320,000	1,500,000	3,920,000	7,930,000	13,670,000
Interest and other charges	149,632	242,750	3,969,981	2,311,287	6,673,650
Total expenditures	<u>472,364</u>	<u>1,749,717</u>	<u>7,904,486</u>	<u>10,255,053</u>	<u>20,381,620</u>
Deficiency of revenues under expenditures	<u>(54,733)</u>	<u>(1,743,557)</u>	<u>(6,232,395)</u>	<u>(4,760,818)</u>	<u>(12,791,503)</u>
OTHER FINANCING SOURCES					
Transfers in	<u>44,970</u>	<u>1,741,303</u>	<u>6,198,725</u>	<u>9,910,465</u>	<u>17,895,463</u>
Changes in fund balances	(9,763)	(2,254)	(33,670)	5,149,647	5,103,960
Fund balances (deficit) - beginning	78,256	1,768,373	2,830,341	(3,360,335)	1,316,635
Fund balances - ending	<u>\$ 68,493</u>	<u>\$ 1,766,119</u>	<u>\$ 2,796,671</u>	<u>\$ 1,789,312</u>	<u>\$ 6,420,595</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, 2017

	<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	\$ 600	\$ 600	\$ 420	\$ (180)
Intergovernmental revenues	417,211	417,211	417,211	-
Total revenues	<u>417,811</u>	<u>417,811</u>	<u>417,631</u>	<u>(180)</u>
EXPENDITURES				
Current:				
General government				
Animal Care Project	4,082	4,082	2,732	1,350
Debt service:				
Principal	320,000	320,000	320,000	-
Interest and other charges	149,632	149,632	149,632	-
Total debt service	<u>469,632</u>	<u>469,632</u>	<u>469,632</u>	<u>-</u>
Total expenditures	<u>473,714</u>	<u>473,714</u>	<u>472,364</u>	<u>1,350</u>
Deficiency of revenues under expenditures	<u>(55,903)</u>	<u>(55,903)</u>	<u>(54,733)</u>	<u>1,170</u>
OTHER FINANCING SOURCES				
Transfers in	44,970	44,970	44,970	-
Changes in fund balance	(10,933)	(10,933)	(9,763)	1,170
Fund balance - beginning	78,256	78,256	78,256	-
Fund balance - ending	<u>\$ 67,323</u>	<u>\$ 67,323</u>	<u>\$ 68,493</u>	<u>\$ 1,170</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, 2017

	<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	\$ 240	\$ 133	\$ 6,160	\$ 6,027
EXPENDITURES				
Current:				
General government				
HSS Admin Refinance	12,487	12,380	6,967	5,413
Debt service:				
Principal	1,500,000	1,500,000	1,500,000	-
Interest and other charges	242,750	242,750	242,750	-
Total debt service	1,742,750	1,742,750	1,742,750	-
Total expenditures	1,755,237	1,755,130	1,749,717	5,413
Deficiency of revenues under expenditures	(1,754,997)	(1,754,997)	(1,743,557)	11,440
OTHER FINANCING SOURCES				
Transfers in	1,750,440	1,750,440	1,741,303	(9,137)
Changes in fund balance	(4,557)	(4,557)	(2,254)	2,303
Fund balance - beginning	1,768,373	1,768,373	1,768,373	-
Fund balance - ending	<u>\$ 1,763,816</u>	<u>\$ 1,763,816</u>	<u>\$ 1,766,119</u>	<u>\$ 2,303</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, 2017

	<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	\$ 41,424	\$ 41,424	\$ 35,243	\$ (6,181)
Charges for services	1,636,848	1,636,848	1,636,848	-
Total revenues	<u>1,678,272</u>	<u>1,678,272</u>	<u>1,672,091</u>	<u>(6,181)</u>
EXPENDITURES				
Current:				
Government Center	12,163	34,980	14,505	20,475
Debt service:				
Principal	3,920,000	3,920,000	3,920,000	-
Interest and other charges	3,969,982	3,969,982	3,969,981	1
Total debt service	<u>7,889,982</u>	<u>7,889,982</u>	<u>7,889,981</u>	<u>1</u>
Total expenditures	<u>7,902,145</u>	<u>7,924,962</u>	<u>7,904,486</u>	<u>20,476</u>
Deficiency of revenues under expenditures	<u>(6,223,873)</u>	<u>(6,246,690)</u>	<u>(6,232,395)</u>	<u>14,295</u>
OTHER FINANCING SOURCES				
Transfers in	6,223,873	6,223,873	6,198,725	(25,148)
Changes in fund balance	-	(22,817)	(33,670)	(10,853)
Fund balance - beginning	2,830,341	2,830,341	2,830,341	-
Fund balance - ending	<u>\$ 2,830,341</u>	<u>\$ 2,807,524</u>	<u>\$ 2,796,671</u>	<u>\$ (10,853)</u>

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Pension Obligation Bonds Debt Service Fund
For the Fiscal Year Ended June 30, 2017

	<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	\$ (20,000)	\$ (165,000)	\$ -	\$ 165,000
Miscellaneous	1,178,035	1,364,035	5,494,235	4,130,200
Total revenues	<u>1,158,035</u>	<u>1,199,035</u>	<u>5,494,235</u>	<u>4,295,200</u>
EXPENDITURES				
Current:				
General government				
Pension Obligation Bonds Administration	15,941	15,941	13,766	2,175
Total general government	<u>15,941</u>	<u>15,941</u>	<u>13,766</u>	<u>2,175</u>
Debt service:				
Principal	7,930,000	7,930,000	7,930,000	-
Interest and other charges	2,282,071	2,323,071	2,311,287	11,784
Total debt service	<u>10,212,071</u>	<u>10,253,071</u>	<u>10,241,287</u>	<u>11,784</u>
Total expenditures	<u>10,228,012</u>	<u>10,269,012</u>	<u>10,255,053</u>	<u>13,959</u>
Deficiency of revenues under expenditures	<u>(9,069,977)</u>	<u>(9,069,977)</u>	<u>(4,760,818)</u>	<u>4,309,159</u>
OTHER FINANCING SOURCES				
Issuance of long-term debt	5,844,022	2,246,404	-	(2,246,404)
Transfers in	10,922,880	10,939,577	9,910,465	(1,029,112)
Total other financing sources	<u>16,766,902</u>	<u>13,185,981</u>	<u>9,910,465</u>	<u>(3,275,516)</u>
Changes in fund balance	7,696,925	4,116,004	5,149,647	1,033,643
Fund balance (deficit) - beginning	<u>(3,360,335)</u>	<u>(3,360,335)</u>	<u>(3,360,335)</u>	<u>-</u>
Fund balance (deficit) - ending	<u>\$ 4,336,590</u>	<u>\$ 755,669</u>	<u>\$ 1,789,312</u>	<u>\$ 1,033,643</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, 2017

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>	<u>Total Internal Service Funds</u>
ASSETS				
Current assets				
Cash and investments	\$ 3,410,183	\$ 20,043,664	\$ 6,642,830	\$ 30,096,677
Accounts receivable	15,519	49,036	211,800	276,355
Due from other agencies	23,258	212,862	21,650	257,770
Due from other funds	-	-	271,485	271,485
Other assets	259,362	250,000	-	509,362
Total current assets	<u>3,708,322</u>	<u>20,555,562</u>	<u>7,147,765</u>	<u>31,411,649</u>
Noncurrent assets				
Capital assets:				
Buildings and improvements	114,471	-	183,560	298,031
Equipment	13,361,578	-	10,829,705	24,191,283
Intangibles	-	-	6,053,592	6,053,592
Accumulated depreciation	(8,127,725)	-	(14,973,593)	(23,101,318)
Total capital assets	<u>5,348,324</u>	<u>-</u>	<u>2,093,264</u>	<u>7,441,588</u>
Total assets	<u>9,056,646</u>	<u>20,555,562</u>	<u>9,241,029</u>	<u>38,853,237</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	<u>404,097</u>	<u>393,555</u>	<u>2,699,808</u>	<u>3,497,460</u>
LIABILITIES				
Current liabilities				
Outstanding warrants	43,873	48,798	203,807	296,478
Payables	201,017	80,982	2,280,927	2,562,926
Due to other funds	4,362	45,877	7,734	57,973
Due to other agencies	-	109,561	30	109,591
Current portion of long-term obligations	57,877	4,514,060	371,495	4,943,432
Total current liabilities	<u>307,129</u>	<u>4,799,278</u>	<u>2,863,993</u>	<u>7,970,400</u>
Noncurrent liabilities				
Total noncurrent liabilities	<u>1,261,945</u>	<u>11,512,978</u>	<u>8,901,665</u>	<u>21,676,588</u>
Total liabilities	<u>1,569,074</u>	<u>16,312,256</u>	<u>11,765,658</u>	<u>29,646,988</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	<u>121,509</u>	<u>119,662</u>	<u>974,491</u>	<u>1,215,662</u>
NET POSITION				
Net investment in capital assets	5,348,324	-	2,093,264	7,441,588
Unrestricted	2,421,836	4,517,199	(2,892,576)	4,046,459
Total net position (deficit)	<u>\$ 7,770,160</u>	<u>\$ 4,517,199</u>	<u>\$ (799,312)</u>	<u>\$ 11,488,047</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, 2017

	<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	\$ 4,593,574	\$ 14,995,401	\$ 20,745,453	\$ 40,334,428
Total operating revenues	<u>4,593,574</u>	<u>14,995,401</u>	<u>20,745,453</u>	<u>40,334,428</u>
OPERATING EXPENSES				
Personnel services	1,106,774	1,048,324	6,739,487	8,894,585
Maintenance	729,786	350	364,116	1,094,252
Materials and supplies	714,306	11,329	659,275	1,384,910
Depreciation	1,212,145	-	845,785	2,057,930
Insurance	23,739	13,441,519	67,977	13,533,235
Rent, utilities and others	432,226	1,268,793	11,544,136	13,245,155
Total operating expenses	<u>4,218,976</u>	<u>15,770,315</u>	<u>20,220,776</u>	<u>40,210,067</u>
Operating income (loss)	<u>374,598</u>	<u>(774,914)</u>	<u>524,677</u>	<u>124,361</u>
NONOPERATING REVENUES				
Investment earnings	13,788	76,606	20,298	110,692
Other revenue	105,514	215,537	20,068	341,119
Gain from sale of capital assets	91,611	-	-	91,611
Total nonoperating revenues	<u>210,913</u>	<u>292,143</u>	<u>40,366</u>	<u>543,422</u>
Income (loss) before transfers	<u>585,511</u>	<u>(482,771)</u>	<u>565,043</u>	<u>667,783</u>
Transfers in	300,358	-	-	300,358
Transfers out	(32,056)	(32,194)	(210,286)	(274,536)
Changes in net position	<u>853,813</u>	<u>(514,965)</u>	<u>354,757</u>	<u>693,605</u>
Total net position (deficit) - beginning	<u>6,916,347</u>	<u>5,032,164</u>	<u>(1,154,069)</u>	<u>10,794,442</u>
Total net position (deficit) - ending	<u>\$ 7,770,160</u>	<u>\$ 4,517,199</u>	<u>\$ (799,312)</u>	<u>\$ 11,488,047</u>

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2017

	<u>Fleet Management</u>	<u>Risk Management</u>	<u>Information Technology</u>	<u>Total Internal Service Funds</u>
Cash flows from operating activities:				
Receipts from customers	\$ 411,645	\$ -	\$ 347,225	\$ 758,870
Receipts from interfund services provided	4,333,889	14,936,153	20,144,867	39,414,909
Payments to suppliers	(1,945,845)	(14,747,048)	(13,125,226)	(29,818,119)
Payments to employees	(1,071,981)	(714,411)	(6,566,738)	(8,353,130)
Net cash provided by operating activities	<u>1,727,708</u>	<u>(525,306)</u>	<u>800,128</u>	<u>2,002,530</u>
Cash flows from noncapital financing activities:				
Transfers out	(32,056)	(32,194)	(210,286)	(274,536)
Transfers In	300,358	-	-	300,358
Net cash provided (used) by noncapital financing activities	<u>268,302</u>	<u>(32,194)</u>	<u>(210,286)</u>	<u>25,822</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(1,987,792)	-	(1,127,752)	(3,115,544)
Proceeds from sale of capital assets	91,611	-	-	91,611
Net cash used by capital and related financing activities	<u>(1,896,181)</u>	<u>-</u>	<u>(1,127,752)</u>	<u>(3,023,933)</u>
Cash flows from investing activities:				
Investment income received	13,788	76,606	20,298	110,692
Net increase (decrease) in cash and cash equivalents	113,617	(480,894)	(517,612)	(884,889)
Cash and cash equivalents - beginning	3,296,566	20,524,558	7,160,442	30,981,566
Cash and cash equivalents - ending	<u>\$ 3,410,183</u>	<u>\$ 20,043,664</u>	<u>\$ 6,642,830</u>	<u>\$ 30,096,677</u>
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating income (loss)	\$ 374,598	\$ (774,914)	\$ 524,677	\$ 124,361
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,212,145	-	845,785	2,057,930
Pension expense	19,924	322,009	131,010	472,943
Other nonoperating revenue	105,514	215,537	20,068	341,119
Changes in assets and liabilities:				
(Increase) decrease in receivables, net	66,721	3,826	(23,205)	47,342
(Increase) decrease in due from other funds	-	-	(239,397)	(239,397)
(Increase) decrease in due from other agencies	(23,258)	(212,204)	(9,004)	(244,466)
Increase (decrease) in other assets	(19,079)	-	3,578	(15,501)
Increase (decrease) in outstanding warrants	(75,016)	27,304	(771,522)	(819,234)
Increase (decrease) in payables	48,314	(69,065)	278,220	257,469
Increase (decrease) in due to other funds	3,111	16,705	(1,852)	17,964
Increase (decrease) in due to other agencies	-	(66,408)	30	(66,378)
Increase in accrued compensated absences	12,311	9,470	25,806	47,587
Increase in other postemployment benefits	2,423	2,434	15,934	20,791
Total adjustments	<u>1,353,110</u>	<u>249,608</u>	<u>275,451</u>	<u>1,878,169</u>
Net cash provided by (used) operating activities	<u>\$ 1,727,708</u>	<u>\$ (525,306)</u>	<u>\$ 800,128</u>	<u>\$ 2,002,530</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, 2017

PROPERTY TAX COLLECTION	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Assets				
Cash and investments	\$ 326,576	\$ 595,717,421	\$ 595,094,439	\$ 949,558
Property taxes receivable	24,836,364	671,020,974	668,795,686	27,061,652
Total assets	<u>\$ 25,162,940</u>	<u>\$ 1,266,738,395</u>	<u>\$ 1,263,890,125</u>	<u>\$ 28,011,210</u>
Liabilities				
Due to others	\$ 25,162,940	\$ 1,266,738,395	\$ 1,263,890,125	\$ 28,011,210
Total liabilities	<u>\$ 25,162,940</u>	<u>\$ 1,266,738,395</u>	<u>\$ 1,263,890,125</u>	<u>\$ 28,011,210</u>
LOCAL TRANSPORTATION				
	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Assets				
Cash and investments	\$ 23,002,889	\$ 18,332,926	\$ 16,352,564	\$ 24,983,251
Total assets	<u>\$ 23,002,889</u>	<u>\$ 18,332,926</u>	<u>\$ 16,352,564</u>	<u>\$ 24,983,251</u>
Liabilities				
Due to others	\$ 23,002,889	\$ 18,332,926	\$ 16,352,564	\$ 24,983,251
Total liabilities	<u>\$ 23,002,889</u>	<u>\$ 18,332,926</u>	<u>\$ 16,352,564</u>	<u>\$ 24,983,251</u>
ALL OTHER AGENCY FUNDS				
	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Assets				
Cash and investments	\$ 50,557,592	\$ 24,735,083	\$ 17,506,010	\$ 57,786,665
Total assets	<u>\$ 50,557,592</u>	<u>\$ 24,735,083</u>	<u>\$ 17,506,010</u>	<u>\$ 57,786,665</u>
Liabilities				
Due to others	\$ 50,557,592	\$ 24,735,083	\$ 17,506,010	\$ 57,786,665
Total liabilities	<u>\$ 50,557,592</u>	<u>\$ 24,735,083</u>	<u>\$ 17,506,010</u>	<u>\$ 57,786,665</u>
TOTAL - ALL AGENCY FUNDS				
	Balance July 1, 2016	Additions	Deductions	Balance June 30, 2017
Assets				
Cash and investments	\$ 73,887,057	\$ 638,785,430	\$ 628,953,013	\$ 83,719,474
Property taxes receivable	24,836,364	671,020,974	668,795,686	27,061,652
Total assets	<u>\$ 98,723,421</u>	<u>\$ 1,309,806,404</u>	<u>\$ 1,297,748,699</u>	<u>\$ 110,781,126</u>
Liabilities				
Due to others	\$ 98,723,421	\$ 1,309,806,404	\$ 1,297,748,699	\$ 110,781,126
Total liabilities	<u>\$ 98,723,421</u>	<u>\$ 1,309,806,404</u>	<u>\$ 1,297,748,699</u>	<u>\$ 110,781,126</u>



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>	146
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>	154
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>	158
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>	162
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>	164

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

	Fiscal Year				
	2017	2016	2015	2014	2013
Governmental activities					
Net investment in capital assets	\$ 465,703,178	\$ 463,522,036	\$ 462,894,048	\$ 451,748,610	\$ 408,961,062
Restricted	212,643,958	200,295,296	122,151,480	120,830,163	133,820,602
Unrestricted	(287,817,986)	(295,628,894)	(284,103,120)	194,952,606	186,237,045
Total governmental activities net position	<u>\$ 390,529,150</u>	<u>\$ 368,188,438</u>	<u>\$ 300,942,408</u>	<u>\$ 767,531,379</u>	<u>\$ 729,018,709</u>
Business-type activities					
Net investment in capital assets	13,933,225	13,830,857	13,786,608	14,944,288	15,397,568
Unrestricted	48,914	120,373	(125,922)	(2,133,423)	(2,485,608)
Total business-type activities net position	<u>\$ 13,982,139</u>	<u>\$ 13,951,230</u>	<u>\$ 13,660,686</u>	<u>\$ 12,810,865</u>	<u>\$ 12,911,960</u>
Primary government					
Net investment in capital assets	\$ 479,636,403	\$ 477,352,893	\$ 476,680,656	\$ 466,692,898	\$ 424,358,630
Restricted	212,643,958	200,295,296	122,151,480	120,830,163	133,820,602
Unrestricted	(287,769,072)	(295,508,521)	(284,229,042) ²	192,819,183	183,751,437
Total primary government net position	<u>\$ 404,511,289</u>	<u>\$ 382,139,668</u>	<u>\$ 314,603,094</u>	<u>\$ 780,342,244</u>	<u>\$ 741,930,669</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					
2012	2011	2010	2009	2008	
					Governmental activities
\$ 380,366,107	\$ 364,775,065	\$ 366,707,988	\$ 338,045,459	\$ 306,156,899	Net investment in capital assets
117,783,378	84,063,560	49,100,180	66,684,155	72,516,573	Restricted
170,013,282	174,821,311	208,557,054	223,968,696	257,528,047	Unrestricted
<u>\$ 668,162,767</u>	<u>\$ 623,659,936</u>	<u>\$ 624,365,222</u>	<u>\$ 628,698,310</u>	<u>\$ 636,201,519</u>	Total governmental activities net position
					Business-type activities
18,601,811	\$ 19,226,808	\$ 19,827,763	\$ 20,389,570	\$ 20,790,532	Net investment in capital assets
(2,443,915)	(2,701,490)	(4,064,292)	(3,673,335)	(5,570,038)	Unrestricted
<u>\$ 16,157,896</u>	<u>\$ 16,525,318</u>	<u>\$ 15,763,471</u>	<u>\$ 16,716,235</u>	<u>\$ 15,220,494</u>	Total business-type activities net position
					Primary government
\$ 398,967,918	\$ 384,001,873	\$ 386,535,751	\$ 358,435,029	\$ 326,947,431	Net investment in capital assets
117,783,378 ¹	84,063,560	49,100,180	66,684,155	72,516,573	Restricted
167,569,367	172,119,821	204,492,762	220,295,361	251,958,009	Unrestricted
<u>\$ 684,320,663</u>	<u>\$ 640,185,254</u>	<u>\$ 640,128,693</u>	<u>\$ 645,414,545</u>	<u>\$ 651,422,013</u>	Total primary government net position

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
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2017	2016	2015	2014	2013
Expenses					
Governmental activities:					
General government	\$ 67,637,800	\$ 59,995,941	\$ 59,188,293	\$ 60,861,259	\$ 58,013,267
Public protection	216,932,185	192,709,201	181,113,757	175,087,740	161,558,477
Public ways and facilities	12,289,760	12,263,841	12,830,930	13,212,138	13,024,689
Health services	154,787,811	139,577,649	119,305,842	111,915,241	111,863,567
Public assistance	151,158,894	140,560,811	143,509,809	138,041,533	133,282,542
Education and recreation	18,333,677	15,799,451	16,465,853	16,863,034	15,932,037
Interest /Principal on long-term debt	6,478,003	7,131,271	7,903,533	8,240,086	9,071,006
Total governmental activities expenses	<u>627,618,130</u>	<u>568,038,165</u>	<u>540,318,017</u>	<u>524,221,031</u>	<u>502,745,585</u>
Business-type activities:					
Nut Tree Airport	2,479,874	2,170,007	1,795,347	2,245,311	2,292,965
Fouts Springs Youth Facility	-	-	-	-	-
Total business-type activities expenses	<u>2,479,874</u>	<u>2,170,007</u>	<u>1,795,347</u>	<u>2,245,311</u>	<u>2,292,965</u>
Total primary government expenses	<u>\$ 630,098,004</u>	<u>\$ 570,208,172</u>	<u>\$ 542,113,364</u>	<u>\$ 526,466,342</u>	<u>\$ 505,038,550</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 29,632,175	\$ 25,791,827	\$ 23,573,785	\$ 21,330,435	\$ 22,872,816
Public protection	27,317,906	24,663,484	23,718,639	21,607,698	20,884,186
Public ways and facilities	2,024,545	692,620	1,047,009	893,177	2,129,249
Health services	21,992,676	21,909,984	19,982,063	16,916,414	18,245,926
Public assistance	1,050,335	815,729	777,973	823,854	990,625
Education and recreation	5,056,884	4,985,508	4,728,478	4,353,801	4,884,617
Operating grants and contributions	364,091,668	374,303,152	327,406,268	300,219,598	303,110,940
Capital grants and contributions	9,003,256	6,479,698	10,087,170	40,408,651	31,331,388
Total governmental activities program revenues	<u>460,169,445</u>	<u>459,642,002</u>	<u>411,321,385</u>	<u>406,553,628</u>	<u>404,449,747</u>
Business-type activities:					
Charges for services:					
Nut Tree Airport	1,217,410	1,337,907	1,155,025	1,779,109	1,141,484
Fouts Springs Youth Facility	-	-	-	-	-
Operating grants and contributions	15,353	78,090	26,641	-	10,000
Capital grants and contributions	645,268	471,980	873,344	-	-
Total business-type activities	<u>1,878,031</u>	<u>1,887,977</u>	<u>2,055,010</u>	<u>1,779,109</u>	<u>1,151,484</u>
Total primary government program revenues	<u>\$ 462,047,476</u>	<u>\$ 461,529,979</u>	<u>\$ 413,376,395</u>	<u>\$ 408,332,737</u>	<u>\$ 405,601,231</u>
Net (Expenses)/Revenue					
Governmental activities	\$ (167,448,685)	\$ (108,396,163)	\$ (128,996,632)	\$ (117,667,403)	\$ (98,295,838)
Business-type activities	(601,843)	(282,030)	259,663	(466,202)	(1,141,481)
Total primary government net expenses	<u>\$ (168,050,528)</u>	<u>\$ (108,678,193)</u>	<u>\$ (128,736,969)</u>	<u>\$ (118,133,605)</u>	<u>\$ (99,437,319)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes ^{1,2}	161,830,558	151,646,535	144,946,469	\$ 132,737,838	\$ 124,547,765
Sales and use tax	2,295,605	2,205,404	1,874,065	2,072,728	2,136,820
Property transfer tax	2,868,703	3,675,622	3,649,100	1,930,684	1,792,160
Intergovernmental not restricted for specific programs ^{1,2}	2,839,406	1,914,486	1,877,564	1,923,733	13,291,297
Interest & investment earnings	1,274,998	4,090,078	1,514,552	1,580,598	692,890
Other	18,633,347	13,902,540	13,032,983	15,388,819	15,805,088
Gain on sale of capital assets	34,403	364,285	173,424	532,534	506,147
Special item - Fouts Springs Asset Impairment	-	(2,170,171)	-	-	-
Extraordinary item	-	-	-	-	-
Transfers	12,377	13,414	13,504	13,139	2,542,601
Total governmental activities	<u>189,789,397</u>	<u>175,642,193</u>	<u>167,081,661</u>	<u>156,180,073</u>	<u>161,314,768</u>
Business-type activities:					
Property taxes	387,912	362,009	344,987	313,311	292,366
Sales and use tax	-	3,482	5,125	-	-
Intergovernmental not restricted to specific programs	5,447	3,654	3,667	77,445	42,879
Interest & investment earnings	99,722	104,310	69,818	(12,510)	1,131
Other	152,048	106,783	463,606	-	101,770
Gain on sale of capital assets	-	5,750	84,986	-	-
Transfers	(12,377)	(13,414)	(13,504)	(13,139)	(2,542,601)
Total business-type activities	<u>632,752</u>	<u>572,574</u>	<u>958,685</u>	<u>365,107</u>	<u>(2,104,455)</u>
Total primary government	<u>\$ 190,422,149</u>	<u>\$ 176,214,767</u>	<u>\$ 168,040,346</u>	<u>\$ 156,545,180</u>	<u>\$ 159,210,313</u>
Change in net position					
Governmental activities	\$ 22,340,712	\$ 67,246,030	\$ 38,085,029	\$ 38,512,670	\$ 63,018,930
Business-type activities	30,909	290,544	1,218,348	(101,095)	(3,245,936)
Total primary government	<u>\$ 22,371,621</u>	<u>\$ 67,536,574</u>	<u>\$ 39,303,377</u>	<u>\$ 38,411,575</u>	<u>\$ 59,772,994</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				
2012	2011	2010	2009	2008		
\$ 56,978,971	\$ 62,456,530	\$ 62,720,766	\$ 68,697,921	\$ 66,076,091	Expenses	
158,553,975	157,078,830	164,196,516	175,498,575	167,025,179	Governmental activities:	
15,182,777	12,760,561	12,148,729	12,765,552	13,749,283	General government	
110,120,877	108,700,791	104,435,728	106,791,512	106,905,228	Public protection	
133,556,741	144,667,818	140,870,819	144,896,972	140,654,444	Public ways and facilities	
16,783,519	17,739,331	19,241,131	21,109,579	21,958,611	Health services	
9,528,897	10,186,688	11,038,872	12,124,643	13,010,423	Public assistance	
500,705,757	513,590,549	514,652,561	541,884,754	529,379,259	Education and recreation	
					Interest /Principal on long-term debt	
					Total governmental activities expenses	
1,609,696	1,817,231	2,531,275	2,241,236	2,022,955	Business-type activities:	
635,756	4,073,152	3,888,424	3,713,188	3,649,876	Nut Tree Airport	
2,245,452	5,890,383	6,419,699	5,954,424	5,672,831	Fouts Springs Youth Facility	
\$ 502,951,209	\$ 519,480,932	\$ 521,072,260	\$ 547,839,178	\$ 535,052,090	Total business-type activities expenses	
					Total primary government expenses	
\$ 21,363,951	\$ 22,521,426	\$ 24,664,412	\$ 28,899,543	\$ 26,780,958	Program Revenues	
20,122,142	20,203,371	18,382,235	19,694,270	19,913,381	Governmental activities:	
1,769,591	1,191,080	1,081,929	1,223,163	1,507,009	Charges for services:	
22,441,636	21,718,347	18,236,407	16,130,208	17,499,502	General government	
860,217	1,193,714	987,213	839,430	810,422	Public protection	
5,277,053	5,223,005	5,154,002	5,753,093	6,231,823	Public ways and facilities	
287,589,862	290,072,372	264,136,077	281,259,235	295,815,325	Health services	
4,286,121	3,165,238	14,076,600	6,303,034	-	Public assistance	
363,710,573	365,288,553	346,718,875	360,101,976	368,558,420	Education and recreation	
					Operating grants and contributions	
					Capital grants and contributions	
					Total governmental activities program revenues	
477,917	525,217	1,277,477	1,292,875	1,141,736	Business-type activities:	
400,353	3,126,145	3,310,703	3,203,533	3,184,236	Charges for services:	
165,321	540,479	548,965	528,000	540,360	Nut Tree Airport	
-	2,098,493	-	2,189,182	2,296,465	Fouts Springs Youth Facility	
1,043,591	6,290,334	5,137,145	7,213,590	7,162,797	Operating grants and contributions	
\$ 364,754,164	\$ 371,578,887	\$ 351,856,020	\$ 367,315,566	\$ 375,721,217	Capital grants and contributions	
					Total business-type activities	
					Total primary government program revenues	
\$ (136,995,184)	\$ (148,301,996)	\$ (167,933,686)	\$ (181,782,778)	\$ (160,820,839)	Net (Expenses)/Revenue	
(1,201,861)	399,951	(1,282,554)	1,259,166	1,489,966	Governmental activities	
\$ (138,197,045)	\$ (147,902,045)	\$ (169,216,240)	\$ (180,523,612)	\$ (159,330,873)	Business-type activities	
					Total primary government net expenses	
\$ 116,937,628	\$ 109,322,638	\$ 112,720,861	\$ 124,364,351	\$ 129,866,189	General Revenues and Other Changes in Net Position	
1,851,294	1,203,681	3,802,198	4,277,127	2,338,436	Governmental activities:	
1,622,877	1,490,597	1,652,158	1,730,179	1,708,439	Property taxes ^{1,2}	
					Sales and use tax	
					Property transfer tax	
12,120,126	23,601,639	20,607,668	22,666,383	22,701,977	Intergovernmental not restricted	
1,525,567	1,926,203	2,744,934	5,729,000	13,477,706	for specific programs ^{1,2}	
16,125,278	18,716,998	19,692,717	16,497,109	14,487,535	Interest & investment earnings	
115,259	-	37,694	229,676	-	Other	
-	-	-	-	-	Gain on sale of capital assets	
8,809,741	(8,809,741)	-	-	-	Special item - Fouts Springs Asset Impairment	
(432,279)	144,695	93,446	163,667	208,907	Extraordinary item	
158,675,491	147,596,710	161,351,676	175,657,492	184,789,189	Transfers	
					Total governmental activities	
265,191	239,913	246,828	273,693	287,733	Business-type activities:	
-	-	-	-	-	Property taxes	
					Sales and use tax	
27,214	48,430	50,857	54,693	54,251	Intergovernmental not restricted	
(1,778)	453	1,168	8,138	22,835	for specific programs	
107,233	217,795	109,083	63,418	119,989	Interest & investment earnings	
4,300	-	15,300	300	-	Other	
432,279	(144,695)	(93,446)	(163,667)	(208,907)	Gain on sale of capital assets	
834,439	361,896	329,790	236,575	275,901	Transfers	
\$ 159,509,930	\$ 147,958,606	\$ 161,681,466	\$ 175,894,067	\$ 185,065,090	Total business-type activities	
					Total primary government	
\$ 21,680,307	\$ (705,286)	\$ (6,582,010)	\$ (6,125,286)	\$ 23,968,350	Change in net position	
(367,422)	761,847	(952,764)	1,495,741	1,765,867	Governmental activities	
\$ 21,312,885	\$ 56,561	\$ (7,534,774)	\$ (4,629,545)	\$ 25,734,217	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				
	2017	2016	2015	2014	2013
General Fund					
Nonspendable	\$ 16,971,649	\$ 20,793,326	\$ 22,924,625	\$ 25,120,243	\$ 28,688,741
Restricted	20,183,028	20,169,578	-	-	-
Committed	-	-	-	-	-
Assigned	77,440,865	56,125,895	71,430,601	60,823,273	56,772,645
Unassigned	46,425,122	56,619,344	56,380,489	48,155,310	46,984,508
Reserved	-	-	-	-	-
Unreserved	-	-	-	-	-
Total General Fund	<u>161,020,664</u>	<u>153,708,143</u>	<u>150,735,715</u>	<u>134,098,826</u>	<u>132,445,894</u>
All Other Governmental Funds					
Nonspendable	443,924	463,606	500,195	291,228	782,082
Restricted	157,770,543	136,976,702	109,340,358	114,002,959	121,555,423
Committed	49,861	49,887	50,366	55,605	55,668
Assigned	13,861,173	17,195,001	10,932,739	11,834,335	10,755,939
Unassigned	-	(3,360,335)	(7,911,731)	(10,327,470)	(10,851,741)
Reserved	-	-	-	-	-
Unreserved, reported in:					
Special revenue funds	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Debt service funds	-	-	-	-	-
Total all other governmental funds	<u>172,125,501</u>	<u>151,324,861</u>	<u>112,911,927</u>	<u>115,856,657</u>	<u>122,297,371</u>
Total Governmental Funds	<u>\$ 333,146,165</u>	<u>\$ 305,033,004</u>	<u>\$ 263,647,642</u>	<u>\$ 249,955,483</u>	<u>\$ 254,743,265</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					
2012	2011 ¹	2010	2009	2008			
						General Fund	
\$ 28,132,718	\$ 26,693,402	\$ -	\$ -	\$ -	-	Nonspendable	
-	-	-	-	-	-	Restricted	
-	6,939,235	-	-	-	-	Committed	
52,648,041	44,755,155	-	-	-	-	Assigned	
38,838,327	35,958,787	-	-	-	-	Unassigned	
-	-	32,155,440	6,909,142	9,591,064		Reserved	
-	-	72,033,076	101,068,378	111,054,606		Unreserved	
<u>119,619,086</u>	<u>114,346,579</u>	<u>104,188,516</u>	<u>107,977,520</u>	<u>120,645,670</u>		Total General Fund	
						All Other Governmental Funds	
1,336,399	210,939	-	-	-	-	Nonspendable	
105,372,056 ²	77,133,751	-	-	-	-	Restricted	
130,470	-	-	-	-	-	Committed	
8,458,102	22,939,415	-	-	-	-	Assigned	
(9,480,728)	(8,999,065)	-	-	-	-	Unassigned	
-	-	55,243,886	65,271,318	56,504,466		Reserved	
-	-	58,798,913	76,053,180	76,665,059		Unreserved, reported in:	
-	-	2,449,680	6,261,034	55,852,298		Special revenue funds	
-	-	(14,940,959)	(10,437,736)	-		Capital projects funds	
-	-	-	-	-		Debt service funds	
<u>105,816,299</u>	<u>91,285,040</u>	<u>101,551,520</u>	<u>137,147,796</u>	<u>189,021,823</u>		Total all other governmental funds	
<u>\$ 225,435,385</u>	<u>\$ 205,631,619</u>	<u>\$ 205,740,036</u>	<u>\$ 245,125,316</u>	<u>\$ 309,667,493</u>		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				
	2017	2016	2015	2014	2013
Revenues					
Taxes ^{1,2}	\$ 171,792,616	\$ 162,324,754	\$ 154,803,301	\$ 141,480,199	\$ 132,951,338
Licenses, permits and franchises	8,350,884	7,484,494	6,918,658	6,645,857	6,614,052
Fines, forfeitures and penalties	4,290,715	2,900,149	4,657,052	4,544,687	4,345,235
Use of money and property	2,152,771	4,806,418	2,245,536	2,317,618	1,447,711
Intergovernmental ^{1,2}	376,016,261	373,048,915	332,852,098	341,824,163	342,485,211
Charges for services	100,691,445	95,824,088	85,590,180	74,868,262	80,035,651
Miscellaneous	17,303,850	12,612,098	11,334,290	13,743,165	14,113,078
Total revenues	680,598,542	659,000,916	598,401,115	585,423,951	581,992,276
Expenditures					
General government	62,211,200	58,206,806	55,248,628	56,452,888	52,761,722
Public protection	215,769,297	201,999,957	186,219,711	176,068,476	163,116,516
Public ways and facilities	9,506,002	9,533,830	9,537,130	9,576,875	8,910,754
Health services	155,248,529	145,056,247	123,563,230	113,485,686	114,501,766
Public assistance	153,392,023	147,897,111	147,077,648	138,779,333	134,536,688
Education and recreation	18,653,711	16,980,865	17,539,688	17,026,116	16,052,937
Debt service:					
Principal	13,670,000	12,480,000	12,110,000	13,006,530	13,770,731
Interest and other charges	6,725,097	7,349,677	7,941,874	8,590,661	9,107,362
Debt issuance cost	-	-	-	-	-
Capital outlay	17,432,575	18,392,297	25,673,405	58,333,218	46,057,154
Total expenditures	652,608,434	617,896,790	584,911,314	591,319,783	558,815,630
Excess of revenues over (under) expenditures	27,990,108	41,104,126	13,489,801	(5,895,832)	23,176,646
Other Financing Sources (Uses)					
Payment to refunded bond escrow agent	-	-	-	-	-
Issuance of refunding bonds	-	-	-	-	-
Debt issuance	-	-	-	-	5,420,000
Premium on debt	-	-	-	-	-
Transfers in	151,241,220	148,952,103	133,092,548	133,504,312	123,964,225
Transfers out	(151,254,665)	(148,891,568)	(133,107,304)	(132,857,615)	(123,747,059)
Sale of capital assets	136,498	220,702	217,114	461,353	494,068
Total other financing sources (uses)	123,053	281,237	202,358	1,108,050	6,131,234
Extraordinary Item					
Amount to be paid to State of California per AB99	-	-	-	-	-
Net change in fund balances	\$ 28,113,161	\$ 41,385,362	\$ 13,692,159	\$ (4,787,782)	\$ 29,307,880
Debt service as a percentage of noncapital expenditures	3.21%	3.31%	3.59%	4.05%	4.46%

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

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

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

Source: Audited Financial Statements

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

Fiscal Year	Real Property [^]				Personal Property	Exemptions	Total	Total Direct Tax Rate
	Residential Property	Commercial Property	Manufacturing Property	Other				
2017	\$ 38,033,597,586	\$ 5,082,414,689	\$ 5,553,034,273	\$ 3,278,441,729	\$ 2,882,856,483	\$ (3,076,920,664)	\$ 51,753,424,096	1.000000
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

[^] 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	
2017	1.000000	1.809103	0.692983	0.038762	3.540848
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

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, 2017 and June 30, 2008

Taxpayer	June 30, 2017			June 30, 2008		
	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	2.00%	\$ 771,627,166	2	1.86%
Genentech Inc	955,554,129	2	1.96%	1,040,766,887	1	2.51%
Pacific Gas & Electric Company	667,579,738	3	1.37%	401,979,298	3	0.97%
Anheuser-Busch, Inc.	283,237,687	4	0.58%	266,863,523	4	0.64%
Shiloh Wind Project II, LLC	224,927,063	5	0.46%	-		
Solano 3 Wind, LLC	219,391,332	6	0.45%	-		
Star-West Solano, LLC	180,603,781	7	0.37%	-		
Shiloh III Wind Project	179,308,919	8	0.37%			
California Northern Railroad	146,916,741	9	0.30%	157,637,286	8	0.38%
Icon Owner Pool 1 SF N-B P LLC	133,424,150	10	0.27%	-		
Alza Corporation	-			178,095,370	7	0.43%
High Winds LLC	-			203,550,313	6	0.49%
Pacific Bell	-			141,550,430	9	0.34%
Shiloh I wind Project LLC	-			211,569,617	5	0.51%
Deutsche Bank National Trust Company	-			109,903,227	10	0.26%
Totals	\$ 3,965,315,389		8.13%	\$ 3,483,543,117		8.39%

Sources: County of Solano Assessor-Recorder's Office and County CAFR 2008

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
2017	\$ 565,327,777	\$ (1,766,612)	\$ 563,561,165	\$ 556,244,085	98.4%	\$ -	\$ 556,244,085	98.7%
2016	520,975,609	(916,279)	520,059,330	512,446,685	98.4%	3,019,325	515,466,010	99.1%
2015	487,553,003	(1,438,301)	486,114,702	480,455,988	98.5%	3,512,414	483,968,402	99.6%
2014	441,007,173	(2,078,099)	438,929,074	433,568,088	98.3%	4,328,261	437,896,349	99.8%
2013	410,157,511	(2,667,716)	407,489,795	400,877,231	97.7%	5,301,959	406,179,190	99.7%
2012	422,207,151	(2,300,013)	419,907,138	412,665,682	97.7%	6,925,616	419,591,298	99.9%
2011	429,379,973	(796,607)	428,583,366	418,950,465	97.6%	9,206,301	428,156,766	99.9%
2010	443,248,555	(4,373,461)	438,875,094	426,044,998	96.1%	12,663,329	438,708,327	100.0%
2009	494,946,065	(4,657,605)	490,288,460	466,126,504	94.2%	23,085,632	489,212,136	99.8%
2008	507,245,315	(1,724,398)	505,520,917	472,447,183	93.1%	33,842,643	506,289,826	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				
	2017	2016	2015	2014	2013
Governmental Activities					
Notes payable	\$ 1,023,890	\$ 1,023,890	\$ 1,031,823	\$ 1,039,756	\$ 1,047,689
Capital leases	-	-	-	-	81,530
Certificates of participation	93,958,755	99,916,146	105,613,538	111,805,931	117,608,322
Pension obligation bonds	32,880,000	40,810,000	47,810,000	53,945,000	61,285,000
Business-Type Activities					
Notes payable	-	-	-	-	-
Total primary government	\$ 127,862,645	\$ 141,750,036	\$ 154,455,361	\$ 166,790,687	\$ 180,022,541
Percentage of Personal Income ¹	0.62%	0.72%	0.80%	0.90%	1.00%
Percentage of Actual Value of Taxable Property ²	0.25%	0.29%	0.34%	0.38%	0.44%
Per Capita ¹	\$ 293.25	\$ 328.51	\$ 359.57	\$ 392.29	\$ 430.28

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					
2012	2011	2010	2009	2008			
						Governmental Activities	
\$ 1,055,622	\$ 1,023,890	\$ 1,023,890	\$ 1,023,890	\$ 1,171,043		Notes payable	
302,261	513,792	1,122,586	1,303,468	16,874		Capital leases	
117,765,005	120,868,119	125,852,804	130,649,735	138,013,241		Certificates of participation	
69,630,000	77,805,000	81,105,000	88,830,000	121,020,000		Pension obligation bonds	
						Business-Type Activities	
-	-	39,297	94,854	149,853		Notes payable	
<u>\$ 188,752,888</u>	<u>\$ 200,210,801</u>	<u>\$ 209,143,577</u>	<u>\$ 221,901,947</u>	<u>\$ 260,371,011</u>		Total primary government	
1.06%	1.21%	1.33%	1.40%	1.62%		Percentage of Personal Income ¹	
0.49%	0.52%	0.53%	0.54%	0.57%		Percentage of Actual Value of Taxable Property ²	
\$ 456.16	\$ 484.03	\$ 506.13	\$ 537.96	\$ 630.18		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
2017	\$ 32,880,000	\$ 7,672,878	\$ 25,207,122	\$ 51,753,424,096	0.05%	436,023	\$ 57.81
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

¹ Pension Obligation Bonds

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

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

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

Source: Audited Financial Statements

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

<u>Fiscal Year</u>	<u>(1)</u> <u>Assessed Value of</u> <u>Property</u>	<u>(2)</u> <u>Debt Limit, 5% of</u> <u>Assessed Value</u>	<u>(3)</u> <u>Debt Applicable</u> <u>to the Limit</u>	<u>(4)</u> <u>Legal Debt Margin</u>	<u>Total net debt</u> <u>applicable to the</u> <u>limit as a percentage</u> <u>of debt limit</u>
2017	\$ 51,753,424,096	\$ 2,587,671,205	\$ 32,880,000	\$ 2,554,791,205	1.27%
2016	48,822,843,080	2,441,142,154	40,810,000	2,400,332,154	1.67%
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%

Notes:

- (1) Assessed property value data can be found in Report "Assessed Value and Actual Value of Taxable Property Value".
- (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
2017	436,023	\$ 20,749,942,201 ⁴	\$ 47,589 ⁴	4.6%
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%

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

Incorporated Cities

Benicia	27,695
Dixon	19,298
Fairfield	114,157
Rio Vista	9,019
Suisun City	29,295
Vacaville	98,456
Vallejo	<u>118,280</u>
Total of Incorporated	416,200
Total of Unincorporated Areas	<u>19,823</u>
Total Population	<u><u>436,023</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, 2017 and June 30, 2008

Employer	June 30, 2017			June 30, 2008		
	Employees	Rank	Percentage of Total County Employment ¹	Employees	Rank	Percentage of Total County Employment ¹
Travis AFB	12,875 ^{2,3}	1	6.56%	n/a ⁵		
Kaiser Permanente - Vallejo	3,906 ³	2	1.99%	3,262	1	1.55%
County of Solano	3,156 ⁴	3	1.61%	2,903	2	
NorthBay Healthcare System (formerly NorthBay Medical Center)	2,617 ³	4	1.33%	1,480	4	0.70%
Fairfield-Suisun Unified School District	2,000 ³	5	1.02%	n/a ⁵		
Six Flags Discovery Kingdom	1,932 ³	6	0.98%	1,500	3	0.71%
Vallejo City Unified School District	1,515 ³	7	0.77%	n/a ⁵		
California Medical Facility	1,216 ³	8	0.62%	n/a ⁵		
Genentech Inc.	1,200 ⁶	9		950	6	0.45%
California State Prison Solano	1,098 ³	10	0.56%	n/a ⁵		
Kaiser Permanente - Vacaville	1,075 ³	11	0.55%	n/a ⁵		
Alza Corporation				1,000	5	0.48%
Wal-Mart				872	7	0.41%
Sutter Solano Medical Center				674	8	0.32%
City of Fairfield				651	9	0.31%
City of Vacaville				616	10	0.0029
Totals	<u>32,590</u>		<u>15.99%</u>	<u>13,908</u>		<u>5.22%</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 as of December 2016

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

⁵ Employment figure as of 6/30/06 not available

⁶ 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				
	2017	2016	2015	2014	2013
Function/Program					
General government	260.00	255.75	239.30	235.55	230.55
Public protection	1,196.50	1,191.50	1,092.50	1,071.00	1,006.50
Public ways and facilities	65.00	64.00	64.00	61.00	60.50
Health services	526.30	523.80	492.70	486.90	455.30
Public assistance	788.75	785.75	735.65	698.75	641.55
Education and recreation	118.75	118.75	116.00	116.10	118.50
Nut Tree Airport	3.00	3.00	3.00	3.00	3.00
Fouts Springs Youth Facility	-	-	-	-	-
Internal service	82.70	73.30	61.60	60.60	57.60
Total	<u>3,041.00</u>	<u>3,015.85</u>	<u>2,804.75</u>	<u>2,732.90</u>	<u>2,573.50</u>

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

Source: County of Solano Recommended & Adopted Budget

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

Function/Program	Fiscal Year									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government										
Clerk-Recorder-Assessor - documents recorded	137,913	124,640	121,225	110,113	147,244	133,970	131,249	122,646	110,104	119,333
Public protection										
Number of felony cases filed-District Attorney #	2890	2,894	4,971	3,706	3,491	3,030	3,538	3,722	3,820	3,961
Number of misdemeanor cases filed-District Attorney #	7295	5,084	5,302	4,469	4,594	5,676	9,281	8,211	10,056	11,382
Number of juvenile petitions-District Attorney #	387	369	360	396	383	534	876	1,191	1,496	1,746
Number of Bookings-Sheriff	15,677	16,441	16,143	15,410	14,578	14,628	14,767	16,323	18,485	19,629
Average Daily Population-Juvenile Hall	55	63	57	65	67	73	76	80	86	76
Average Daily Population-New Foundation	7	13	12	19	22	23	29	24	26	21
Average Intake-Juvenile Hall	45	55	53	73	100	106	133	141	175	173
Number of building permits issued	926	853	1,016	834	728	729	614	545	699	760
Public ways and facilities										
Miles of roads maintained	577	577	577	578	579	585	586	586	587	587
Health services & public assistance										
Average monthly medical clinic visits	5,456	5,270	5,419	4,897	4,492	3,700	3,886	3,641	3,348	3,259
Average monthly dental clinic visits	1,425	1,277	1,326	1,116	758	514	608	616	396	429
Average monthly food stamp recipients	43,683	48,773	43,668	42,583	41,034	39,539	37,051	33,102	27,662	22,590
Average monthly MediCal beneficiaries	120,691	121,711	111,560	85,847	74,476	68,652	67,867	65,850	62,197	59,706
Average monthly CalWorks cash assistance recipients	13,896	15,997	13,058	12,976	13,293	14,215	15,466	15,443	14,359	13,390
Average monthly General Relief recipients	465	589	722	747	899	1,018	1,128	1,141	973	792
Education and recreation										
Total circulation	2,099,490	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
Total circulation - SNAPweb	351,905	485,580	574,920	646,576	740,574	808,163	838,622	812,830 *	670,825	568,493
Number of library patrons	1,323,372	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
Number of parks	4	4	4	4	4	4	4	4	4	4
Number of park visitors	191,730	183,653	194,793	190,916	181,090	180,495	185,453	182,434	189,703	221,806
Nut Tree Airport										
Takeoffs and landings	104,500	105,000	104,886	102,515	101,500	101,500	100,500	104,000	102,500	102,500
Fouts Springs Youth Facility (FSYF)										
Average Daily Population	-	-	-	-	-	-	43	47	54	58
Internal service										
Number of Fleet Vehicles	513	507	472	458	464	468	482	480	514	502
Number of Annual Fleet Miles Driven	4,008,163	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

^{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									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General government										
Buildings	18	18	17	17	17	17	17	16	16	15
Public protection										
Sheriff sub stations	-	-	-	-	-	-	-	1	2	3
Patrol units	29	28	24	24	22	21	21	20	23	20
Jail and detention facilities	4	4	4	3	3	3	3	3	3	3
Public ways and facilities										
Miles of roads #	577	577	577	578	579	585	586	586	587	587
Health services & public assistance										
Clinics & administration buildings	6	6	6	6	7	6	6	8	6	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	6	5
Public parks acreage	1,254	1,254	1,254	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

^{n/a} Information not available

Information based on calendar year

* Fouts assets transferred to General government in 2013.

Source: Various County departments

(This page intentionally left blank)



**SOLANO
COUNTY**

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

