County of Solano, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2014

Simona Padilla-Scholtens, CPA
Auditor-Controller

ON THE COVER: FY2012/13 was a banner year in Solano County for several projects that had been planned for as investments in the community to better serve the residents of Solano County. Pictured on the cover, from top to bottom, are some of the projects and how the County leveraged outside sources of funds to provide facilities will serve the communities well into the future:

- Renovated the Benicia Veterans Memorial Building with funding from Capital Renewal Reserve ($1,630,000), Accumulated Capital Outlay Funds ($590,000) and federal Housing and Urban Development (HUD) grant ($147,000).
- Recently constructed the William J. Carroll Government Center in Vacaville with funding from Tobacco Master Settlement Agreement Fund ($15,705,373), Public Facilities Fee ($1,009,208), Accumulated Capital Outlay funds ($120,423), federal American Recovery and Reinvestment Act (ARRA) grant ($2,194,196) and interest on the Construction Fund ($157,084).
- This conceptual drawing depicts the expansion of the Claybank Adult Detention Facility under construction in Fairfield with funding from state AB 900 grant funds (up to $61,545,000) and Public Facilities Fee ($26,801,789).
- Renovated Suisun-Fairfield Veterans Memorial Building in Suisun City with funding from the Capital Renewal Reserve ($1,304,633), Accumulated Capital Outlay Fund ($1,404,461), and a federal HUD grant ($38,000).
- Opened a dedicated pediatric clinic on the Health and Social Services campus in Fairfield with funding from Federally Qualified Health Center reimbursements ($380,000) and State Employment and Eligibility Services Redirected Revenue reimbursement ($339,004).

County of Solano, California

Comprehensive Annual Financial Report

For the Fiscal Year Ended

June 30, 2014

Prepared by:

Office of the Auditor-Controller

Simona Padilla-Scholtens, CPA
Auditor-Controller

INTRODUCTORY SECTION

County of Solano, California
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2014

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Phyllis Taynton, CPA
Assistant Auditor-Controller

December 30, 2014

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, 2014. In accordance with Sections 25250 and 25253 of the Government Code of the State of California, general-purpose local governments must publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants.

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

The County's financial statements have been audited by Macias Gini & O'Connell LLP, a firm of licensed public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2014, 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, 2014, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

General Information

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

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

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

County Government

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

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

County Services

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

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

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

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

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

Factors Affecting Financial Condition

Budgetary Information

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

The budget is prepared by fund, function (e.g. public safety), and department (e.g., Sheriff). Transfers of appropriations between divisions, bureaus and sections within a department, provided the total appropriation of the budget is not changed, may be authorized by the County Administrator. Transfers of appropriations between departments within a fund, however, require a majority vote of the Board. Transfers of appropriations between funds and transfer of appropriations from contingencies require a four-fifths vote of the Board of Supervisors. Budget-to-actual comparisons are provided in this report for each governmental fund for which an annual budget was adopted. These schedules, which are part of the supplementary information section of this report, start on page 82.

Population and Local Economy

The County's population as of January 2014 was approximately 424,233. The County's population ranks 21st out of 58 California counties in terms of population size. The County population increased 4.8% between 2000 and 2010. Between 2010 and 2014, the County grew by 10,889 residents, or 2.6%. Fairfield, Rio Vista and Dixon grew faster than the county growth rate between 2013 and 2014; Rio Vista at 4%, Dixon at 2.5% and Fairfield at 1.2%.

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 2014 Property Assessment Roll of $44 billion increased by 7.6% from the prior year. This is the third year of increased assessed values since the bottom of the real estate market in 2011.

Long-term Financial Planning

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

As of June 30, 2014, the Board adopted $49.6 million in the General Fund General Reserve. This amount is above the minimum established per the policy, but less than the target of $76 million. For the FY2014/15, the Board adopted a General Fund Contingency in the amount of $9 million, which is below the 10% level. The Board approved a reduced contingency amount to increase Committed Fund Balance for future CalPERS rate increases. As of June 30, 2014 the balance was $19.2 million.

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

> In October 2009, the Board authorized the construction of the Claybank Adult Detention Facility Project with a total budget of $89,301,385. The project includes the construction of a new 362-bed facility at the existing Claybank site in Fairfield. This new facility will significantly provide relief for the current overcrowding in the County Jail system as well as provide growth in the County Jail. This additional bed space will allow the existing Claybank facility to be used as a local re-entry facility housing minimum security inmates. The construction of the project began in 2011 and the project is expected to be completed by January 2015. The project is being financed with AB900 funds and public facilities fees.
>
> In February 2013, the Board authorized the Sheriff's Office to submit a proposal to the Board of State and Community Corrections for $25.6 million in construction improvements at the existing Claybank facility in response to the State's Request for Proposals under the SB1022 financing program for Adult Local Criminal Justice Facilities. The County's proposal consists of two additional buildings and site improvements to the existing Claybank Adult Detention Facility. Upon completion, the Project will provide training facilities to be used by the Solano County Sheriff to support and provide a more complete array of rehabilitation/reentry programs to adult offenders. The project is expected to be completed by January 2018.
>
> In April 2013, the County issued $5.4 million of Certificates of Participation for the Animal Care Expansion Project at 2510 Claybank Road in Fairfield. The Animal Care Expansion Project includes the installation of a new pre-fabricated kennel (12,500 square feet) and the renovation of the 2,600 square feet portion of the existing 13,000 square-feet Animal Shelter building. The project is expected to be completed by August 2015.

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

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

Cash Money Policies and Practices

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

The objectives of the pool are to meet the cash flow requirements of the pool participants, invest the funds in a safe, legal and prudent manner and achieve a rate of return commensurate with the level of risk taken. To achieve this objective the Treasurer – Tax Collector – County Clerk, in consultation with the pool participants, maintains a liquidity target that is adjusted on an ongoing basis. The target liquidity level is adjusted based on relevant factors such as historical trends, known cash flow timings, and participant feedback regarding anticipated expenditures and or revenue changes. Historically, the amounts and

timing of each requirement have been predicted with a high level of accuracy. The pool is managed in a prudent manner and maintains an appropriate level of liquidity for known cash needs and contingencies. The pooled funds are invested in accordance with the County's Investment Policy and the State of California Government Code.

Cash temporarily idle during the year was invested in certificates of deposit, money market mutual funds, Local Agency Investment Fund (LAIF), Investment Trust of California Joint Powers Authority (CalTRUST), California Asset Management Program (CAMP), corporate notes, obligations of the U.S. Treasury, U.S. federal agency notes, and municipal notes. The maturities of the investments range from one day to fourteen years, with an average maturity of 13 months. Interest yields on investments were between 0.000% and 7.446% for the County with an average yield on the pool of .50%.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Solano for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2013. This is the twelfth 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,

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, 2013

Executive Director/CEO

County of Solano

Organizational Chart

Electorate

Board of Supervisors

Erin Hannigan
District 1

Linda J. Seifert
District 2

James P. Spering
District 3

John M. Vasquez
District 4

Skip Thomson
District 5

County Counsel
Dennis Bunting

County Administrator
Birgitta Corsello

Elected Officials

Auditor-Controller
Simona Padilla-Scholtens

District Attorney
Krishna Abrams

Assessor-Recorder
Marc Tonnesen

Sheriff/Coroner
Tom Ferrara

Tax Collector/County
Clerk/Treasurer
Charles Lomeli

Appointed Officials

Ag. Comm./Sealer
Jim Allan

General Services
Mike Lango

Human Resources
Marc Fox

H&SS
Gerald Huber

Public Defender
Lesli Caldwell

Library
Bonnie Katz

Resource Mgmt.
Bill Emlen

Veterans Services
Ted Puntillo

CIO/ROV
Ira Rosenthal

Probation
Christopher Hansen

UC Coop Extension
Morgan Doran

Child Support Services
Pamela Posehn

County of Solano

Department Head Listing

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

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FINANCIAL SECTION

MGO Certified Public Accountants.

Sacramento
3000 S Street, Suite 300
Sacramento, CA 95816
916.928.4600

Walnut Creek

Oakland

LA/Century City

Newport Beach

San Diego

Seattle

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the County of Solano, California (County), as of and for the fiscal year ended June 30, 2014, 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.

Auditor's 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, each major fund, and the aggregate discretely presented component units and remaining fund information of the County of Solano, California, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal 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, schedules of funding progress, and budgetary comparison information for the General Fund and major special revenue funds, listed as required supplementary information in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 accompanying introductory section, combining and individual fund statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relates 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 30, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Sacramento, California
December 30, 2014

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Phyllis Taynton, CPA
Assistant Auditor-Controller

Management's Discussion and Analysis

As management of the County of Solano, California, (County) we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information in our financial statements.

Financial Highlights

- The County's net position at June 30, 2014 was $780.3 million. Of this amount, $192.8 million (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased by $38.4 million as a result of the current year's operations.
- At June 30, 2014, the County's governmental funds reported combined ending fund balances of $250 million, a decrease of $4.8 million as a result of the current year's operations. Approximately 46% or $114 million of the total fund balance is restricted; 29% or $72.7 million is assigned for spending at the Board's discretion; 10% or $25.4 million is nonspendable; and 15% or $37.8 million is unassigned.
- At June 30, 2014, unassigned fund balance for the General Fund was $48.2 million or 72% 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, liabilities and deferred inflows, with the remaining balance reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

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

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

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

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

The government-wide financial statements can be found on pages 25 – 27 of this report.

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

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

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

The County maintains 15 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Health & Social Services Special Revenue Fund, Public Safety Special Revenue Fund, Accumulated Capital Outlay Capital Projects Fund and Pension Debt Service Fund, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

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

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

The basic governmental fund financial statements can be found on pages 28 – 34 of this report.

Proprietary funds. The County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the Nut Tree Airport. Internal service funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for Fleet Management, Risk Management, 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 35 – 37 of this report.

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

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

Notes to the financial statements. The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41 – 79 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's budgetary comparison schedules for the general fund and all major special revenue funds as well as the schedules of funding progress for the defined benefit pension plans and the other postemployment benefit plan. Required supplementary information can be found on pages 81 – 85 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 88 – 116 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a County's financial position. At June 30, 2014 the County reported a net position of $780.3 million.

Solano County's Net Position

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 500,215,196	$ 508,787,366	$ (1,902,541)	$ (2,353,094)	$ 498,312,655	$ 506,434,272
Capital assets	562,830,581	523,980,520	14,944,288	15,397,568	577,774,869	539,378,088
Total assets	1,063,045,777	1,032,767,886	13,041,747	13,044,474	1,076,087,524	1,045,812,360
Deferred outflow of resources	1,890,203	2,047,720	-	-	1,890,203	2,047,720
Long-term obligations	213,151,851	225,129,079	34,447	21,197	213,186,298	225,150,276
Other liabilities	84,175,137	80,574,682	196,435	111,317	84,371,572	80,685,999
Total liabilities	297,326,988	305,703,761	230,882	132,514	297,557,870	305,836,275
Deferred inflow of resources	77,613	93,136	-	-	77,613	93,136
Net position:						
Net investment in capital assets	451,748,610	408,961,062	14,944,288	15,397,568	466,692,898	424,358,630
Restricted net position	120,830,163	133,820,602	-	-	120,830,163	133,820,602
Unrestricted net position	194,952,606	186,237,045	(2,133,423)	(2,485,608)	192,819,183	183,751,437
Total net position	$ 767,531,379	$ 729,018,709	$ 12,810,865	$ 12,911,960	$ 780,342,244	$ 741,930,669

Analysis of Change in Net Position

During the year ended June 30, 2014, the County's net position increased by $38.4 million.

The largest portion of the County's net position (59.8%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, infrastructure and intangibles) less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Net investment in capital assets increased by $42.3 million from the prior year primarily due to the construction of the Claybank Adult Detention Facility, Vallejo Veterans Building Improvement, and Claybank Security Upgrade. These projects are resulting from the Board's commitment to improve the health and safety of Solano County residents.

Net position subject to restrictions by enabling legislation is 15.5% of the County's total net position and decreased by $13.0 million from the prior year; primarily due to increase in operation costs for health services, public facilities fees and capital projects.

Unrestricted net position represents 24.7% of the total net position increased by approximately $9.1 million from prior year primarily as a result of current year operations.

At June 30, 2014, the County is able to report positive balances in all categories of net position for its governmental activities.

Governmental activities. Governmental activities increased the County's net position by $38.4 million.

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

Solano County's Change in Net Position
For the fiscal years ended June 30, 2014 and June 30, 2013

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	65,925,379	70,007,419	1,779,109	1,141,484	$ 67,704,488	$ 71,148,903
Operating grants and contributions	300,219,598	303,110,940	-	10,000	300,219,598	303,120,940
Capital grants and contributions	40,408,651	31,331,388	-	-	40,408,651	31,331,388
General revenues:						
Property taxes	132,737,838	124,547,765	313,311	292,366	133,051,149	124,840,131
Other taxes	4,003,412	3,928,980	-	-	4,003,412	3,928,980
Intergovernmental	1,923,733	13,291,297	77,445	42,879	2,001,178	13,334,176
Interest and investment earnings	1,580,598	692,890	(12,510)	1,131	1,568,088	694,021
Other	15,388,819	15,805,088	-	101,770	15,388,819	15,906,858
Gain on sale of capital assets	532,534	506,147	-	-	532,534	506,147
Total Revenues	$ 562,720,562	$ 563,221,914	$ 2,157,355	$ 1,589,630	$ 564,877,917	$ 564,811,544
Expenses:						
General government	60,861,259	58,013,267	-	-	60,861,259	58,013,267
Public protection	175,087,740	161,558,477	-	-	175,087,740	161,558,477
Public ways and facilities	13,212,138	13,024,689	-	-	13,212,138	13,024,689
Health services	111,915,241	111,863,567	-	-	111,915,241	111,863,567
Public assistance	138,041,533	133,282,542	-	-	138,041,533	133,282,542
Education and recreation	16,863,034	15,932,037	-	-	16,863,034	15,932,037
Interest on long-term debt	8,240,086	9,071,006	-	-	8,240,086	9,071,006
Nut Tree Airport	-	-	2,245,311	2,292,965	2,245,311	2,292,965
Total Expenses	$ 524,221,031	$ 502,745,585	$ 2,245,311	$ 2,292,965	$ 526,466,342	$ 505,038,550
Excess before transfers	38,499,531	60,476,329	(87,956)	(703,335)	38,411,575	59,772,994
Transfers	13,139	2,542,601	(13,139)	(2,542,601)	-	-
Change in net position	38,512,670	63,018,930	(101,095)	(3,245,936)	38,411,575	59,772,994
Net position– beginning	729,018,709	665,999,779	12,911,960	16,157,896	741,930,669	682,157,675
Net position– ending	$ 767,531,379	$ 729,018,709	$ 12,810,865	$ 12,911,960	$ 780,342,244	$ 741,930,669

Revenues: Total revenues for the County's governmental activities decreased by $501 thousand from the prior year. While the total decrease is insignificant, several individual components of the revenues fluctuate significantly. The following are the significant changes from the prior year:

Charges for Services:

Charges for services decreased by $4 million from the prior year primarily due to the following:

- Decrease of $1.5 million in the general government is attributed to less capital facilities fees collected in the current year due to less construction activities and building permits issued throughout the county.
- Decrease of $1.2 million in the public ways and facilities is attributed to the decrease in wind farm projects during FY12/13 due to a federal credit for wind farms that expired in FY 12/13.
- Decrease of $1.3 million in health services due to less contracted services representing Mental Health managed Care capitation payments from Partnership Health plan.

Operating grants and contributions:

Operating grants and contributions decreased by $2.9 million from the prior year primarily due to the following:

- Increase of $2 million in the general government primarily from the 2011 Realignment (Assembly Bill 118) for miscellaneous projects related to AB109 and to be used as county match for the rehabilitation facilities for adult offenders authorized under Senate bill (SB) 1022.
- Increase of $6.2 million public protection primarily due to increased revenue from the Public Safety Half Cent State Tax (Prop 172), 2011 Realignment (Assembly Bill 118) due to increased number of positions and expenses for the support of the Claybank Detention Facility, Probation department's Post Release Community Supervision Program, Center for Positive Change Program, OES Homeland Security grants and other grants for public safety programs.
- Increase of $3 million in public ways and facilities primarily attributable to the increase in Highway Users Tax Assessment (HUTA) revenue due to increase in gasoline consumption and statewide increase in the HUTA allocation.
- Decrease of $15.7 million in health services primarily due to decrease related to the intergovernmental transfer (IGT) agreement with the California Department of Health Care Services through the Partnership Health Plan. In FY13/14, the County did not participate in the IGT due to the termination of the Mental Health Manage Care contract with the Partnership Health plan.
- Increase of $1.5 million in public assistance primarily attributable to higher MediCal allocations due to the implementation of the Affordable Care Act of the Health Care Reform.

Capital grants and contributions:

Capital grants and contributions increased by $9 million from the prior year due to the following:

- Increase of $7.4 million in general government is due to AB900 State Funds – Local Jail Construction Financing Program for reimbursement of the Claybank Adult Detention Facility.
- Increase of $1.7 million for public ways and facilities due to increase in federal construction projects undertaken such as the Stevenson Road Bridge and Travis AFB Access Improvements-South Gate Projects.

General revenues:

General revenues decreased by $2.6 million primarily due to the following:

- Property taxes increased by $8.2 million in secured property taxes and Property Tax-In Lieu of Vehicle Licenses as a result of increases to assessed values as more properties came off of Proposition 8 status due to improvement of housing market.
- Decrease of $11.4 million in intergovernmental revenues attributable to the one-time revenue in FY12/13 for the distribution of the Low/Moderate Income housing funds and Other assets from the dissolution of redevelopment agencies.

Expenses:
Total expenses for governmental activities increased by $21.5 million from prior year. General government increased by $2.9 million primarily due to higher salaries and benefits due to additional staffing and COLA increases, services and supplies increased as a result of various county maintenance projects; public protection expenses increased by $13.5 million from direct result of AB 109 Realignment, the support of the new Claybank Adult Detention Facility and support and care of persons; public assistance increased by $4.8 million due to salaries & benefits for additional staffing.

Business-type activities. The net position of the business-type activity for the current fiscal year decreased by $101 thousand primarily due to the operating expenses exceeding operating revenues.

Financial Analysis of the County's Funds

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

Governmental funds. The general government functions are accounted for in the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the County's financing requirements.

At June 30, 2014, the County's governmental funds reported combined ending fund balances of $250 million, a decrease of $4.8 million from prior year. The largest component of the fund balance, at 46% of the total, was restricted at $114 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 $72.7 million represents 29% 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 $1.7 million from prior year due to staff vacancies and departmental efforts to reduce costs as part of the Board's cost reduction strategy. At the end of the current fiscal year the total General fund balance was $134.1 million. The assigned fund balance was $60.8 million or 45.4% of the total fund balance. This amount is constrained by the board for specific purposes. The unassigned fund balance was $48.2 million or 35.9% which is available for the Board's discretion. Nonspendable fund balance was $25.1 million or 18.7% representing inventory and long term receivables.

As a measure of the General Fund's liquidity, it may be useful to compare the total General fund balance to total General fund expenditures excluding other financing uses. Unassigned fund balance represents 72% of the total General Fund expenditures, while total fund balance represents 200.4% of that same amount.

The *Health and Social Services Fund,* a special revenue fund, had a net decrease in fund balance of $2.5 million attributable to the use of federal Medicaid funding through the County's managed care contract with the Partnership Health Plan.

The *Public Safety Fund*, a special revenue fund, had a net increase in fund balance of $1.3 million due to increased revenues from the District Attorney (DA) Consumer Protection Fund specifically from civil penalties received from multi-jurisdictional consumer and environmental cases.

The *Accumulated Capital Outlay Fund*, a capital projects fund, had a net decrease in fund balance of $7.2 million due to increased expenditures for construction activities for the Claybank Adult Detention Facilities.

The *Pension Debt Service Fund*, had an increase in fund balance of $0.5 million due to higher revenues received from county departments as a result of higher wages subject to Pension Obligation Bonds (POB) rate.

The fund balance of Other Governmental Funds had a net increase of $1.4 million primarily as a result of increased fund balances for the Library and Transportation funds. The Transportation Fund received more Federal construction revenues and Highway Users Tax revenue from increased gasoline sales.

For fiscal year ended June 30, 2014, the total revenues for governmental funds totaled $585 million. This represents a 0.59% increase from FY 12/13.

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

Revenues Classified by Source
Governmental Funds

	2014		2013		Increase/(Decrease)	
Revenues by Source	**Amount**	**Percent of Total**	**Amount**	**Percent of Total**	**Amount**	**Percent of Change**
Taxes	$ 141,480,199	24.17%	$ 132,951,338	22.84%	$ 8,528,861	6.42%
Licenses, permits and franchise	6,645,857	1.13%	6,614,052	1.14%	31,805	0.48%
Fines, forfeitures and penalties	4,544,687	0.78%	4,345,235	0.75%	199,452	4.59%
Revenue from use of money	2,317,618	0.39%	1,447,711	0.25%	869,907	60.09%
Intergovernmental revenues	341,824,163	58.39%	342,485,211	58.85%	(661,048)	(0.19)%
Charges for services	74,868,262	12.79%	80,035,651	13.75%	(5,167,389)	(6.46)%
Miscellaneous revenues	13,743,165	2.35%	14,113,078	2.42%	(369,913)	(2.62)%
Total	$ 585,423,951	100.00%	$ 581,992,276	100.00%	$ 3,431,675	0.59%

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

- Taxes: The net increase of $8.5 million is primarily due to increased secured property tax revenues and Property Tax-In Lieu of Vehicle Licenses resulting from increase in assessed values as more properties came off of Proposition 8 status as the housing market improved.
- Charges for services: The net decrease of $5.2 million is attributable to a decrease in Public Facilities Fees due to decreased construction activities in City of Vacaville, City of Dixon and unincorporated area; lesser revenues collected by the Transportation Fund from services on County roads due to fewer projects undertaken and completed; and decreases in Public Health and Mental Health charges primarily from unfilled revenue-generating positions. The decrease was offset by the increase in the Public Safety Funds revenues as a result of higher services provided due to increased inmate population and increase in services provided to other agencies.

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

Expenditures by Function
Governmental Funds

	2014		2013		Increase/(Decrease)	
Expenditures by Function	**Amount**	**Percent of Total**	**Amount**	**Percent of Total**	**Amount**	**Percent of Change**
General government	$ 56,452,888	9.55%	$ 52,761,722	9.44%	$ 3,691,166	7.00%
Public protection	176,068,476	29.78%	163,116,516	29.20%	12,951,960	7.94%
Public ways and facilities	9,576,875	1.62%	8,910,754	1.59%	666,121	7.48%
Health services	113,485,686	19.19%	114,501,766	20.49%	(1,016,080)	(0.89)%
Public assistance	138,779,333	23.47%	134,536,688	24.08%	4,242,645	3.15%
Education and recreation	17,026,116	2.88%	16,052,937	2.87%	973,179	6.06%
Debt service - principal retirement	13,006,530	2.20%	13,770,731	2.46%	(764,201)	(5.55)%
Debt service - interest charges	8,590,661	1.45%	9,107,362	1.63%	(516,701)	(5.67)%
Capital outlay	58,333,218	9.86%	46,057,154	8.24%	12,276,064	26.65%
Total	591,319,783	100.00%	558,815,630	100.00%	32,504,153	5.82%

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

- General government: The net increase of $3.7 million is attributable to increases in salaries and benefits from COLA adjustments, accrued leave pay out to due to retirements, services and supplies and increased A87 charges.
- Public protection: The net increase of $13 million is primarily attributable to increases in salaries and benefits and services and supplies as a direct result of AB 109 Realignment, the support of the Claybank Adult Detention Facility and support and care of persons.
- Health services: The net decrease of $1 million is primarily attributable to decreased intergovernmental transfer due to the termination of the Mental Health Manage Care contract with the Partnership Healthplan.
- Public assistance: The net increase of $4.2 million is attributable to the increase in salaries and benefits due to additional staffing resulting from the full implementation of the Affordable Care Act (ACA).
- Capital outlay: The net increase of $12.3 million is primarily attributable to the constructions of the Claybank Adult Detention Facility.

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

The unrestricted net position of the Nut Tree Airport at June 30, 2014 was a negative $2.1 million. The Nut Tree Airport's deficit net position is expected to be resolved through the sale of surplus properties, reducing operating costs, and finding other ways to generate revenues. The net position for the Nut Tree Airport decreased by $101 thousand; the decrease in net position for the Nut Tree Airport was primarily from the operating expenses exceeding operating revenues. The Nut Tree Airport reported an increase in charges for sales and services as a result of the termination of their contract with the Fixed Base Operator resulting in an increase in sales for fuel and oil delivery. This increase in revenue was partially offset by the increase in materials and supplies from resuming fuel dispensing operations.

The Nut Tree Airport has been operating with a structural deficit over several years and is using loan proceeds from the General Fund as working capital. In May 2012, the Board authorized the Nut Tree Airport to operate with a deficit for five years to give management the time and opportunity to implement their proposed revenue enhancement and expenditure reduction plans.

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

The County's final budget differs from the adopted budget as a result of supplemental appropriations approved during the fiscal year. Total budgeted revenues increased by $699 thousand or 0.40%, from the adopted budget. Total appropriations increased by $1.6 million or 2.00%, from the adopted budget. Actual revenues were more than the final budgeted revenues by $5.4 million or 3.04%. Actual expenditures were less than the final appropriations by $16.7 million or 19.94%. Significant factors affecting these changes were as follows:

Final Budget vs. Actual Amounts

During the year, revenues recognized were more than budgetary revenue estimates by $5.4 million and expenditures were less than appropriations by $16.7 million, thus reducing the need to draw upon fund balance.

Revenue Variances: The favorable variance is primarily due to increased secured property tax revenues and Property Tax-In Lieu of Vehicle Licenses as a result of increase in assessed values as more properties came off of Proposition 8 status. The budget was based on a conservative increase of approximately 2% but property values increased more than 2%.

Expenditure Variances:

- Assessor - $756 thousand favorable variance as a result of appropriations for contracted services to meet its needs for specialized skills or short-term needs and for salaries and benefits not spent.
- Fouts Property Management - $1.5 million favorable variance primarily due to appropriations not spent for the decommissioning costs of the Fouts Springs Youth Facility. Also, included in the budget were the cost of maintenance and security of the facility. The unspent amount was included in the subsequent years' budget until the decommissioning process is completed.
- General Expenditures - $1.1 million favorable variance primarily due to appropriations for accrued leave pay off did not materialize as the departments were able to absorb the costs. Also, the budget included technology improvement projects which were rebudgeted for FY2014/15.
- Resource Management - $1.3 million favorable variance is primarily unspent appropriations for contracted and other professional services less than expected due to unfinished multi-year projects.
- Contingency - the appropriations included $8.4 million in contingencies for unforeseen emergencies that may arise during the fiscal year and to financially manage any State uncertainties. At the end of the fiscal year, due to the County's prudent spending, there was no need to draw from the contingency.

Other Financing Sources (Uses):

- Transfers out - $8.1 million favorable variance of the appropriations for transfers to the Public Safety and Health and Social Services governmental funds not materializing.

Capital Asset and Debt Administration

Capital assets. The County's capital assets for its governmental and business-type activities as of June 30, 2014, were $578 million (net of accumulated depreciation). This investment in capital assets includes land, artwork, intangibles, buildings, machinery and equipment, roads, and bridges. The total increase in the County's capital assets for the current fiscal year was $38.4 million or 7.12%.

	Governmental activities		Business-type activities		Total		Increase/ (decrease)
	2014	2013	2014	2013	2014	2013	Percent of change
Land	$ 155,458,287	$ 154,622,397	$ 10,319,365	$ 10,319,365	$ 165,777,652	$ 164,941,762	0.51%
Artwork	857,261	668,386	-	-	857,261	668,386	28.26%
Intangibles	11,476,303	9,660,398	-	-	11,476,303	9,660,398	18.80%
Infrastructure	122,756,485	118,962,792	-	-	122,756,485	118,962,792	3.19%
Construction in progress	97,012,299	52,560,893	-	-	97,012,299	52,560,893	84.57%
Buildings	390,918,104	387,239,794	10,795,227	10,795,227	401,713,331	398,035,021	0.92%
Machinery and equipment	57,418,799	52,927,610	151,950	159,349	57,570,749	53,086,959	8.45%
Less: accumulated depreciation	(273,066,957)	(252,661,750)	(6,322,254)	(5,876,373)	(279,389,211)	(258,538,123)	8.06%
Total	$ 562,830,581	$ 523,980,520	$ 14,944,288	$ 15,397,568	$ 577,774,869	$ 539,378,088	7.12%

In the governmental activities, the significant change is due to the construction of various capital projects including county roads and bridges, the Claybank Adult Detention Facility, the Jail Security System Upgrade, the Vallejo Veterans Building and the JFK Library remodeling, Mental Health Electronic Record System, Fleet vehicles, Public Works construction equipment, and equipment for the Sheriff, Department of Information Technology, and other county departments. The completion of these projects increased depreciation expense for the fiscal year.

Additional information on the County's capital assets can be found in Note III-D on pages 65 – 67 of this report.

Long-term obligations. At the end of the fiscal year, the County's total debt outstanding for its governmental and business-type activities was $213 million which is entirely backed by the full faith and credit of the County.

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Notes Payable	$ 1,039,756	$ 1,047,689	$ -	$ -	$ 1,039,756	$ 1,047,689
Capital Leases	-	81,530	-	-	-	81,530
Certificates of Participation	111,805,931	117,608,322	-	-	111,805,931	117,608,322
Pension Obligation Bonds	53,945,000	61,285,000	-	-	53,945,000	61,285,000
Self-insurance liability	12,993,000	12,186,000	-	-	12,993,000	12,186,000
Pollution Remediation Obligation	703,780	628,926	-	-	703,780	628,926
Other Post Employment Benefits	3,206,289	4,029,667	5,139	6,192	3,211,428	4,035,859
Compensated Absences	29,458,095	28,261,945	29,308	15,005	29,487,403	28,276,950
Total	$ 213,151,851	$ 225,129,079	$ 34,447	$ 21,197	$ 213,186,298	$ 225,150,276

The County's total debt decreased by $12 million primarily due to the $13.1 million principal payments on the Certificates of Participation and Pension Obligation Bonds. This decrease was partially offset by $1.2 million increase in compensated absences.

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

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

Additional information on the County's long-term obligations can be found in Note III-H on pages 67 - 71 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for the County is currently 6.3%. This is comparable to the State's average unemployment rate of 7.7% (unadjusted, as of October 2014).
- The Board of Supervisors' (BOS) policy for General Fund Contingency and Reserve levels allows the County to normalize the County's budget during periods of fiscal distress and to address the impact of any other unforeseen circumstances. In FY14/15 the adopted budget included $9 million in appropriations for contingencies, $49.6 million in general reserves, $6.4 million in designation for unfunded employees leave payoff, $19.2 million for future employer PERS rate increases, $2 million for housing/SB375 and $5.7 million in designation for deferred maintenance.
- The CALPERS Board approved actuarial changes to both State and local agency pension plans which will be implemented in FY15/16 through FY19/20 and will increase the employer rates by as much as 50%. The General Fund's estimated share of costs for rate increases is projected to increase from $9.4 million in FY14/15 to an estimated $18.5 million in FY20/21. The BOS has already approved a CALPERS Reserve to help mitigate the significant future cost of the County.
- The Assessor reported that the FY14/15 secured property roll increased by 8.5%, or $3.22 billion, Countywide over the FY13/14 lien date values resulting in a secured roll totaling over $40.85 billion, which includes residential and commercial parcels.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

COUNTY OF SOLANO, CALIFORNIA
Statement of Net Position
June 30, 2014

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Solano County Fair	Workforce Investment Board
ASSETS					
Current assets					
Cash and investments	$ 300,205,805	$ 788,168	$ 300,993,973	$ 693,570	$ 274,948
Accounts receivable	4,705,720	98,789	4,804,509	85,775	4,281
Due from other agencies	65,428,767	-	65,428,767	76,541	37,576
Internal balances	2,831,820	(2,831,820)	-	-	-
Other assets	1,122,194	42,322	1,164,516	12,221	82,112
Total current assets	374,294,306	(1,902,541)	372,391,765	868,107	398,917
Noncurrent assets					
Long-term receivables	9,340,047	-	9,340,047	-	-
Pension asset	116,580,843	-	116,580,843	725,428	-
Capital assets:					
Capital assets, not being depreciated	255,177,863	10,319,365	265,497,228	167,085	-
Capital assets, being depreciated, net	307,652,718	4,624,923	312,277,641	1,047,416	5,440
Total noncurrent assets	688,751,471	14,944,288	703,695,759	1,939,929	5,440
Total assets	1,063,045,777	13,041,747	1,076,087,524	2,808,036	404,357
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	1,890,203	-	1,890,203	-	-
LIABILITIES					
Current liabilities					
Outstanding warrants	6,446,983	42,924	6,489,907	-	84,612
Payables	28,025,811	128,021	28,153,832	99,776	99,634
Unearned revenue	26,039,155	-	26,039,155	13,330	-
Other liabilities	5,202,951	25,490	5,228,441	132,439	-
Due to other agencies	18,460,237	-	18,460,237	-	14,356
Current portion of long-term obligations	31,459,913	14,929	31,474,842	96,044	147,484
Total current liabilities	115,635,050	211,364	115,846,414	341,589	346,086
Noncurrent liabilities					
Noncurrent portion of long-term obligations	181,691,938	19,518	181,711,456	1,013,526	-
Total liabilities	297,326,988	230,882	297,557,870	1,355,115	346,086
DEFERRED INFLOWS OF RESOURCES					
Deferred gain on refunding	77,613	-	77,613	-	-
NET POSITION					
Net investment in capital assets	451,748,610	14,944,288	466,692,898	927,171	5,440
Restricted for:					
Public safety	8,122,463	-	8,122,463	-	-
Capital projects	12,451,623	-	12,451,623	-	-
Public facilities fees	7,386,975	-	7,386,975	-	-
Library services	12,146,061	-	12,146,061	-	-
Transportation services	16,027,037	-	16,027,037	-	-
Health services	50,228,793	-	50,228,793	-	-
Home loan program	5,033,769	-	5,033,769	-	-
Micrographics & modernization projects	8,708,902	-	8,708,902	-	-
Other purpose	724,540	-	724,540		-
Unrestricted	194,952,606	(2,133,423)	192,819,183	525,750	52,831
Total net position	$ 767,531,379	$ 12,810,865	$ 780,342,244	$ 1,452,921	$ 58,271

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, 2014

		Program Revenues		
Functions/programs	**Expenses**	**Charges for services**	**Operating grants and contributions**	**Capital grants and contributions**
Primary Government:				
Governmental Activities:				
General government	$ 60,861,259	$ 21,330,435	$ 3,409,269	$ 32,728,135
Public protection	175,087,740	21,607,698	71,914,837	-
Public ways and facilities	13,212,138	893,177	11,339,708	7,680,516
Health services	111,915,241	16,916,414	84,488,964	-
Public assistance	138,041,533	823,854	124,315,492	-
Education and recreation	16,863,034	4,353,801	4,751,328	-
Interest on long-term debt	8,240,086	-	-	-
Total Governmental Activities	524,221,031	65,925,379	300,219,598	40,408,651
Business-type Activities:				
Nut Tree Airport	2,245,311	1,779,109	-	-
Total Primary Government	$ 526,466,342	$ 67,704,488	$ 300,219,598	$ 40,408,651
Component Units:				
Solano County Fair	$ 3,421,580	$ 2,930,529	$ 33,856	$ -
Workforce Investment Board	3,853,823	-	3,810,653	-
Total Component Units	$ 7,275,403	$ 2,930,529	$ 3,844,509	$ -

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

Transfers
- Total general revenues and transfers
- Changes in net position
- Net position - beginning
- Net position - ending

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Activities
For the Fiscal Year Ended June 30, 2014

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	Solano County Fair	Workforce Investment Board	
					Primary Government:
					Governmental Activities:
$ (3,393,420)	$ -	$ (3,393,420)	$ -	$ -	General government
(81,565,205)	-	(81,565,205)	-	-	Public protection
6,701,263	-	6,701,263	-	-	Public ways and facilities
(10,509,863)	-	(10,509,863)	-	-	Health services
(12,902,187)	-	(12,902,187)	-	-	Public assistance
(7,757,905)	-	(7,757,905)	-	-	Education and recreation
(8,240,086)	-	(8,240,086)	-	-	Interest on long-term debt
(117,667,403)	-	(117,667,403)	-	-	Total Governmental Activities
					Business-type Activities:
-	(466,202)	(466,202)	-		Nut Tree Airport
(117,667,403)	(466,202)	(118,133,605)	-	-	Total Primary Government
					Component Units:
-	-	-	(457,195)	-	Solano County Fair
-	-	-	-	(43,170)	Workforce Investment Board
-	-	-	(457,195)	(43,170)	Total Component Units
132,737,838	313,311	133,051,149	-	-	
2,072,728	-	2,072,728	-	-	
1,930,684	-	1,930,684	-	-	
1,923,733	77,445	2,001,178	-	-	
1,580,598	(12,510)	1,568,088	2,885	1,758	
15,388,819	-	15,388,819	-	3,200	
532,534	-	532,534	-	-	
13,139	(13,139)	-	-	-	
156,180,073	365,107	156,545,180	2,885	4,958	
38,512,670	(101,095)	38,411,575	(454,310)	(38,212)	
729,018,709	12,911,960	741,930,669	1,907,231	96,483	
$ 767,531,379	$ 12,810,865	$ 780,342,244	$ 1,452,921	$ 58,271	

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

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet
Governmental Funds
June 30, 2014

	General	Health & Social Services	Public Safety
ASSETS			
Cash and investments	$ 108,437,649	$ 49,855,936	$ 24,840,249
Accounts receivable	1,485,893	1,966,318	538,022
Due from other agencies	18,905,862	25,346,291	9,975,484
Due from other funds	3,941,069	4,493,300	466,051
Advance to other funds	24,170,538	-	-
Other assets	2,803,963	128,715	6,692
Total assets	$ 159,744,974	$ 81,790,560	$ 35,826,498
LIABILITIES			
Outstanding warrants	$ 346,931	$ 3,769,473	$ 985,369
Payables	2,641,738	11,259,406	4,859,942
Due to other funds	598,183	1,892,256	6,192,563
Advance from other funds	-	-	-
Other liabilities	825,716	59,980	-
Due to other agencies	1,320,449	15,690,326	222,912
Unearned revenue	1,050,510	9,363,481	15,443,249
Total liabilities	6,783,527	42,034,922	27,704,035
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	18,862,621	6,928,818	886,320
FUND BALANCES (DEFICIT):			
Nonspendable	25,120,243	128,715	6,692
Restricted	-	32,698,105	7,229,451
Committed	-	-	-
Assigned	60,823,273	-	-
Unassigned	48,155,310	-	-
Total fund balances (deficit)	134,098,826	32,826,820	7,236,143
Total liabilities, deferred inflows of resources and fund balances (deficit)	$ 159,744,974	$ 81,790,560	$ 35,826,498

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

COUNTY OF SOLANO, CALIFORNIA
Balance Sheet (Continued)
Governmental Funds
June 30, 2014

Accumulated Capital Outlay	Pension Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
				ASSETS
$ 26,697,858	$ 2,839,781	$ 60,906,912	$ 273,578,385	Cash and investments
-	-	293,597	4,283,830	Accounts receivable
4,456,770	28,827	6,671,651	65,384,885	Due from other agencies
150,000	240,837	195,080	9,486,337	Due from other funds
-	-	-	24,170,538	Advance to other funds
-	3,063,085	3,953,954	9,956,409	Other assets
$ 31,304,628	$ 6,172,530	$ 72,021,194	$ 386,860,384	Total assets
				LIABILITIES
$ 617,630	$ -	$ 510,315	$ 6,229,718	Outstanding warrants
1,583,500	-	2,947,250	23,291,836	Payables
11,308	-	486,688	9,180,998	Due to other funds
3,958,657	16,500,000	880,695	21,339,352	Advance from other funds
3,725,288	-	591,967	5,202,951	Other liabilities
175	-	1,224,820	18,458,682	Due to other agencies
-	-	181,915	26,039,155	Unearned revenue
9,896,558	16,500,000	6,823,650	109,742,692	Total liabilities
				DEFERRED INFLOWS OF RESOURCES
-	-	484,450	27,162,209	Unavailable revenue
				FUND BALANCES (DEFICIT):
-	-	155,821	25,411,471	Nonspendable
12,451,623	-	61,623,780	114,002,959	Restricted
55,605	-	-	55,605	Committed
8,900,842	-	2,933,493	72,657,608	Assigned
-	(10,327,470)	-	37,827,840	Unassigned
21,408,070	(10,327,470)	64,713,094	249,955,483	Total fund balances (deficit)
$ 31,304,628	$ 6,172,530	$ 72,021,194	$ 386,860,384	Total liabilities, deferred inflows of resources and fund balances (deficit)

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

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COUNTY OF SOLANO, CALIFORNIA
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2014

Total governmental funds, fund balance		$ 249,955,483
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		555,008,298
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.		27,162,209
Deferred amounts on refundings for debt used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Deferred loss on refunding	$ 1,890,203	
Deferred gain on refunding	(77,613)	1,812,590
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.		17,945,915
The pension asset of the governmental activities are not financial resources and, therefore, are not reported in the funds.		116,580,843
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Accrued interest payable		(2,163,868)
Long-term obligations		(198,770,091)
Net position of governmental activities		$ 767,531,379

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Health & Social Services	Public Safety
REVENUES			
Taxes	$ 125,052,770	$ -	$ -
Licenses, permits and franchises	6,105,695	17,821	204,071
Fines, forfeitures and penalties	1,366,339	352,007	2,822,625
Use of money and property	1,544,978	226,083	66,706
Intergovernmental	7,113,750	208,227,602	65,590,680
Charges for services	32,821,618	18,872,149	11,046,221
Miscellaneous	8,086,746	1,625,265	2,935,869
Total revenues	182,091,896	229,320,927	82,666,172
EXPENDITURES			
Current:			
General government	50,873,890	-	-
Public protection	15,068,530	-	157,315,946
Public ways and facilities	-	-	-
Health services	-	107,756,921	-
Public assistance	520,023	138,046,256	-
Education and recreation	224,624	-	-
Debt service:			
Principal	-	-	81,530
Interest and other charges	-	-	1,138
Capital outlay	238,722	1,633,709	1,380,128
Total expenditures	66,925,789	247,436,886	158,778,742
Excess (deficiency) of revenues over (under) expenditures	115,166,107	(18,115,959)	(76,112,570)
OTHER FINANCING SOURCES (USES)			
Transfers in	6,006	21,910,857	82,350,374
Transfers out	(113,929,134)	(6,343,264)	(4,930,342)
Proceeds from sale of capital assets	409,953	-	3,900
Total other financing sources (uses)	(113,513,175)	15,567,593	77,423,932
Changes in fund balances	1,652,932	(2,548,366)	1,311,362
Fund balances (deficit) - beginning	132,445,894	35,375,186	5,924,781
Fund balances (deficit) - ending	$ 134,098,826	$ 32,826,820	$ 7,236,143

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Revenues, Expenditures and Changes in Fund Balances (Continued)
Governmental Funds
For the Fiscal Year Ended June 30, 2014

Accumulated Capital Outlay	Pension Debt Service Fund	Other Governmental Funds	Total Governmental Funds	
				REVENUES
$ 2,127,322	$ -	$ 14,300,107	$ 141,480,199	Taxes
-	-	318,270	6,645,857	Licenses, permits and franchises
-	-	3,716	4,544,687	Fines, forfeitures and penalties
96,860	(13,281)	396,272	2,317,618	Use of money and property
34,200,184	-	26,691,947	341,824,163	Intergovernmental
-	-	12,128,274	74,868,262	Charges for services
100	807,746	287,439	13,743,165	Miscellaneous
36,424,466	794,465	54,126,025	585,423,951	Total revenues
				EXPENDITURES
				Current:
3,876,605	19,279	1,683,114	56,452,888	General government
-	-	3,684,000	176,068,476	Public protection
-	-	9,576,875	9,576,875	Public ways and facilities
-	-	5,728,765	113,485,686	Health services
-	-	213,054	138,779,333	Public assistance
-	-	16,801,492	17,026,116	Education and recreation
				Debt service:
-	7,340,000	5,585,000	13,006,530	Principal
-	3,389,175	5,200,348	8,590,661	Interest and other charges
45,992,714	-	9,087,945	58,333,218	Capital outlay
49,869,319	10,748,454	57,560,593	591,319,783	Total expenditures
(13,444,853)	(9,953,989)	(3,434,568)	(5,895,832)	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES)
7,170,330	10,478,260	11,588,485	133,504,312	Transfers in
(900,000)	-	(6,754,875)	(132,857,615)	Transfers out
-	-	47,500	461,353	Proceeds from sale of capital assets
6,270,330	10,478,260	4,881,110	1,108,050	Total other financing sources (uses)
(7,174,523)	524,271	1,446,542	(4,787,782)	Changes in fund balances
28,582,593	(10,851,741)	63,266,552	254,743,265	Fund balances (deficit) - beginning
$ 21,408,070	$ (10,327,470)	$ 64,713,094	$ 249,955,483	Fund balances (deficit) - ending

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

COUNTY OF SOLANO, CALIFORNIA
Reconciliation of the Statement of Revenues,
Expenditures and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Fiscal Year Ended June 30, 2014

Changes in fund balances - total governmental funds		$ (4,787,782)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital outlay	$ 58,333,218	
Depreciation	(18,245,480)	40,087,738
The net effect of various miscellaneous capital asset transactions (i.e., sales, trade-ins, and donations).		(22,474)
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.		(3,049,029)
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		13,006,530
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
OPEB liability	$ 800,512	
Pollution remediation obligations	(74,854)	
Change in accrued interest payable	350,576	
Amortization expense	(4,865,717)	
Change in compensated absences	(1,236,290)	(5,025,773)
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.		(1,696,540)
Changes in net position of governmental activities		$ 38,512,670

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

COUNTY OF SOLANO, CALIFORNIA
Statement of Net Position
Proprietary Funds
June 30, 2014

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Nut Tree Airport	
ASSETS		
Current assets		
Cash and investments	$ 788,168	$ 26,627,420
Accounts receivable	98,789	421,890
Due from other agencies	-	43,882
Due from other funds	417	119,653
Other assets	42,322	505,832
Total current assets	929,696	27,718,677
Noncurrent assets		
Capital assets:		
Land	10,319,365	-
Buildings	10,795,227	298,031
Machinery and equipment	151,950	21,724,954
Intangibles	-	5,882,504
Less: accumulated depreciation	(6,322,254)	(20,083,206)
Total capital assets	14,944,288	7,822,283
Total assets	15,873,984	35,540,960
LIABILITIES		
Current liabilities		
Outstanding warrants	42,924	217,265
Payables	128,021	2,570,107
Due to other funds	1,051	424,358
Other liabilities	25,490	-
Due to other agencies	-	1,555
Current portion of long-term obligations	14,929	4,953,229
Total current liabilities	212,415	8,166,514
Noncurrent liabilities		
Advances from other funds	2,831,186	-
Noncurrent portion of long-term obligations	19,518	9,428,531
Total noncurrent liabilities	2,850,704	9,428,531
Total liabilities	3,063,119	17,595,045
NET POSITION		
Investment in capital assets	14,944,288	7,822,283
Unrestricted	(2,133,423)	10,123,632
Total net position	$ 12,810,865	$ 17,945,915

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, 2014

	Business-type Activities - Enterprise Fund	Governmental Activities - Internal Service Funds
	Nut Tree Airport	
OPERATING REVENUES		
Charges for sales and services	$ 1,406,208	$ 35,145,586
OPERATING EXPENSES		
Personnel services	349,571	7,054,818
Maintenance	33,826	1,469,249
Materials and supplies	796,904	2,177,116
Depreciation	453,280	3,850,849
Insurance	55,169	11,355,938
Rent, utilities and others	556,561	11,391,996
Total operating expenses	2,245,311	37,299,966
Operating loss	(839,103)	(2,154,380)
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	77,445	-
Investment earnings	(12,510)	128,058
Property taxes	313,311	-
Other revenue	372,901	869,685
Gain on disposal of capital assets	-	93,655
Total nonoperating revenues, net	751,147	1,091,398
Loss before transfers	(87,956)	(1,062,982)
Transfers out	(13,139)	(633,558)
Changes in net position	(101,095)	(1,696,540)
Total net position - beginning	12,911,960	19,642,455
Total net position - ending	$ 12,810,865	$ 17,945,915

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, 2014

	Business-type Activities - Enterprise Funds	
	Nut Tree Airport	**Governmental Activities - Internal Service Funds**
Cash flows from operating activities:		
Receipts from customers and users	$ 1,742,327	$ 35,888,100
Payments to suppliers	(1,343,330)	(25,672,749)
Payments to employees	(336,321)	(7,118,428)
Net cash provided by operating activities	62,676	3,096,923
Cash flows from noncapital financing activities:		
Transfers out	(13,139)	(283,558)
Property taxes	313,311	-
Subsidy from federal grant	77,445	-
Net cash provided (used) by noncapital financing activities	377,617	(283,558)
Cash flows from capital and related financing activities:		
Interest paid	(15,543)	-
Debt principal paid	-	(7,933)
Acquisition of capital assets	-	(2,660,441)
Transfers out	-	(350,000)
Proceeds from sale of capital assets	-	118,450
Net cash used by capital and related financing activities	(15,543)	(2,899,924)
Cash flows from investing activities:		
Investment income received	3,033	128,058
Net increase in cash and cash equivalents	427,783	41,499
Cash and cash equivalents - beginning	360,385	26,585,921
Cash and cash equivalents - ending	$ 788,168	$ 26,627,420
Reconciliation of operating loss to net cash provided by operating activities:		
Operating loss	$ (839,103)	$ (2,154,380)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	453,280	3,850,849
Other nonoperating revenue	372,901	869,685
Changes in assets and liabilities:		
Increase in receivables, net	(36,365)	(99,762)
Increase in due from other funds	(417)	(26,508)
Decrease in due from other agencies	-	20,794
(Increase) decrease in other assets	16,021	(29,225)
Increase (decrease) in outstanding warrants	(5,015)	118,967
Increase (decrease) in payables	89,248	(158,225)
Increase (decrease) in due to other funds	(2,009)	299,757
Increase in due to other agencies	-	1,555
Decrease in unearned revenue	-	(340,578)
Increase (decrease) in accrued compensated absences	14,303	(40,140)
Increase in other liabilities	885	-
Decrease in other postemployment benefits	(1,053)	(22,866)
Increase in self-insurance liability	-	807,000
Total adjustments	901,779	5,251,303
Net cash provided by operating activities	$ 62,676	$ 3,096,923
Noncash investing, capital and financing activities:		
Change in fair value of investments	$ 1,139	$ 101,047

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, 2014

	External Investment Trust	Private Purpose Trust	Agency Funds
ASSETS			
Cash and investments	$ 405,766,841	$ 4,237,993	$ 46,599,431
Property tax receivable	-	-	25,251,566
Property of estates	-	4,823,178	-
Total assets	405,766,841	9,061,171	71,850,997
LIABILITIES			
Due to others	-	-	71,850,997
NET POSITION			
Net position held in trust for:			
Individuals	-	9,061,171	-
Pool participants	405,766,841	-	-
Total net position	$ 405,766,841	$ 9,061,171	$ -

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, 2014

	External Investment Trust	Private Purpose Trust
ADDITIONS		
Contributions on pooled investments	$ 502,746,548	$ 3,632,867
Other contributions/additions	-	1,114,628
Interest and investment income	271,442	6,348
Total additions	503,017,990	4,753,843
DEDUCTIONS		
Distributions from pooled investments	514,388,737	4,295,194
Changes in net position	(11,370,747)	458,649
Net position - beginning	417,137,588	8,602,522
Net position - ending	$ 405,766,841	$ 9,061,171

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

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COUNTY OF SOLANO, CALIFORNIA
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

The Solano County Housing Authority (SCHA), under an agreement with the U.S. Department of Housing and Urban Development, provides housing assistance through the Section 8 Housing 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 East Vallejo Fire Protection District provides fire protection services to the citizens of the unincorporated area in Vallejo. The County’s Board of Supervisors governs the fire protection district.

The Solano County Fair (Fair), which is managed by the Solano County Fair Association (Fair Association), is a discretely presented component unit in the County's basic financial statements. The Fair is governed by a board of directors whose members are appointed by the County's Board of Supervisors. The Fair Association was formed solely to act as the County's agent in operating the county fair that provides services entirely to the general public. The County is financially accountable for the Fair because the County’s Board of Supervisors appoints the Fair’s board of directors and is therefore able to impose its will on the Fair.

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

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

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

- The Cordelia Fire Protection District, Dixon Fire Protection District, Montezuma Fire Protection District, Suisun Fire Protection District and Vacaville Fire Protection District are districts that provide fire protection services to the citizens of the County. A five-member board appointed by the County Board of Supervisors governs each district, except for the Cordelia Fire Protection District, which is governed by an elected board.

- The Rio Vista-Montezuma Cemetery District, Silveyville Cemetery District, Suisun-Fairfield Rockville Cemetery District and Vacaville-Elmira Cemetery District are districts that provide burial services for all qualifying district residents and their families. A five-member board appointed by the County Board of Supervisors governs each cemetery district.

- The Dixon Resource Conservation District, Suisun Resource Conservation District and Solano Resource Conservation District develop and administer various resource conservation programs within the County. The County Board of Supervisors appoints the governing board for each of these districts.

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

For its business-type activities and proprietary funds, pursuant to Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting Guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, the County applies all applicable GASB pronouncements as prescribed.

B. Government-wide and Fund Financial Statements

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

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

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

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 or agencies 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 Representative Payee, and prisoners' property under the Prisoners Welfare Fund.

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

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

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

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

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

D. Assets, Liabilities, and Net Position or Equity

1. Cash and Investments

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

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

The Pool values participants' shares on a par value. Specifically, the Pool distributes income to participants based on their average balance during the relative period. Gross income is calculated and apportioned to the funds based on (1) realized investment gains and losses, (2) accrual based interest income earned, (3) amortization of discounts and premiums on a level yield basis. Administrative expenses are apportioned separately based on the absolute average balance of funds on deposit to account for any funds with negative 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 on behalf of most funds of the County and external participants in accordance with the County's investment policy and the California State Government Code. The County Treasurer, who reports on a quarterly basis to the Board of Supervisors, manages the Pool.

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

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

The County's cash and investments include $4,237,993 at June 30, 2014 for Private Purpose Trust Funds. The County provides personal and financial services to individuals who are not able to manage their own affairs. The Public Administrator and Public Guardian administer the funds for individuals who are either deceased or incapacitated. The County also administers funds for adults and juveniles who are incarcerated.

The County has not provided nor obtained any legally binding guarantees during the fiscal year ended June 30, 2014, to support the value of shares in the Pool.

2. Interfund Receivables and Payables

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

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

3. Property Tax Levy, Collection and Maximum Rates

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

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

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

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

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

4. Other Assets

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

5. Long-term Receivables

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

6. Capital Assets

Capital assets, which include property, plant, equipment, intangibles and infrastructure (e.g., roads, bridges and easements), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in proprietary funds. Capital assets are defined by the County as assets with an initial cost of more than $5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their fair value on the date of donation. In accordance with GASB Statement No. 34, the County has not reported infrastructure assets acquired prior to fiscal year ended June 30, 1980.

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

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

Assets	Years
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, 2014, the County has deferred outflows of resources related to the unamortized losses on refunding of debt reported in the government-wide financial statements. The losses on refunding result from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt.

In addition to liabilities, the statement of net position and the balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has deferred inflows of resources related to the unamortized gains on refunding of debt reported in the government-wide financial statements. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt. 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 nonoperating revenues in the year in which the grants are expended and the related grant conditions are met. Governmental fund grants are recorded as revenues in the year they become both measurable and available and when all eligibility requirements imposed by the provider have been met. The County uses a 90-day availability period. Funds received that do not meet this criterion are recorded as 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 qualifying expenditures are made. These resources are advances from the State of California and the federal government for costs of various programs administered by the County.

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 the employee is accounted.

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. 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 for: Public safety* – This category represents external restrictions imposed by grantors, contributors and laws or regulations of other governments for the implementation of various public safety programs.
- *Restricted for: Capital projects* – This category represents external restrictions imposed by grantors, contributors, laws or regulations of other governments and restrictions imposed by law through enabling legislation for the construction of various capital projects.
- *Restricted for*: *Public facilities fees* – This category represents restrictions imposed by law through enabling legislation to collect fees due to the increase of needs in County public facilities.
- *Restricted for: Library services* – This category represents external restrictions imposed by grantors, contributors and laws or regulations of other governments for increased library services to the public.
- *Restricted for: Transportation services* – This category represents external restrictions imposed by creditors, grantors, and laws or regulations of other governments to provide transportation facilities and services for the public.
- *Restricted for: Health services* – This category represents external restrictions imposed by grantors, contributors and laws or regulations of other governments for the implementation of various health and social services programs.
- *Restricted for: Home loan program* – This category represents external restrictions imposed by creditors, grantors, and laws or regulations of other governments to provide housing rehabilitation and reconstruction loans for the public to maintain affordable housing.
- *Restricted for: Micrographics & modernization projects*– This category represents external restrictions imposed by creditors, grantors, and laws or regulations of other governments for micrographics, modernization and social security number truncation for public reporting.
- *Restricted for: Other purpose* – This category represents external restrictions imposed by grantors, contributors and by laws or regulations of other governments for the implementation of various governmental programs including East Vallejo Fire District, fish & game, county service areas and Southeast Vallejo redevelopment as well as external restrictions imposed by the trust agent as stated in the bond indenture agreements for the issuance and repayment of long-term debt for debt service.
- *Unrestricted* – This category represents net 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 $120,830,163, of which $7,386,975 is restricted by enabling legislation.

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

Fund balance classifications are described as follows:

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

15. Fund Balance Policy

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

General Fund - Fund Balance Policy

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

Committed Fund Balance

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

Assigned Fund Balance

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

General Fund General Reserve Policy

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

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

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

- When the County faces economic recession/depression and the County must take budget action.

- When the County is impacted by a natural disaster or any other emergency that could result from acts of terrorism, disease epidemic, pandemic flu, chemical spill, or nuclear contamination whether it is a natural occurring phenomenon or manmade.

- When the County experiences unexpected declines in revenues and/or when unpredicted large one-time expenditures arise.

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

1. Use the General Fund General Reserve to phase into fiscal distress periods gradually, focusing on maintaining the Board's priorities.

2. To the extent possible, use the General Fund General Reserve as the last resort to balance the County Budget.

3. To the extent possible, the spending down of General Fund General Reserve should not exceed $6 million a year.

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

Capital/Maintenance Projects

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

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

General Fund Balance for Accrued Leave Payoff

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

1. Minimum General Fund Balance for Accrued Leave Payoff. On an annual basis the Auditor-Controller shall calculate the projected leave payout requirements for the subsequent five years, net of Federal and State reimbursements and provide the information to the County Administrator's Office for inclusion in the following year's Recommended Budget. The Board's policy is to maintain General Fund Balance for Accrued Leave Payoff equal to 40% of the five year projected leave payout requirements net of federal and state reimbursements with a minimum of $2 million balance maintained at all times.

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

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

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

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

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

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

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

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

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

General Fund Nonspendable Fund Balance

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

- When the Board has approved long-term loans, advances or notes receivable expected to have outstanding balances at the end of the fiscal year, the long-term amount approved by the Board will be classified as nonspendable fund balance.

- In circumstances when the Board has approved a loan, the Board shall state where the nonspendable fund balance shall be obtained (i.e. General Fund General Reserves, Unassigned Fund Balance, etc.).

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

Countywide Spending Priority Policy

Funding Flow Assumptions

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

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

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

Additional Fund Balance Assignments

- On October 24, 2006, the Board approved a General Fund loan for $3,000,000 to the Transportation Special Revenue Fund. In FY 2013/14 a payment of $1.5M was made to the General Fund. As of June 30, 2014, the undisbursed balance of the approved loan was $619,305.

- On September 30, 2008, the Board approved a General Fund loan for $2,000,000 to the Accumulated Capital Outlay Capital Projects Fund for the purpose of the Visioning Project for the Solano County Fairgrounds Development. As part of the annual budget hearings for FY 2009/10, a second loan for $2,400,000 was approved and for FY 2013/14 an additional $500,000 was approved. As of June 30, 2014, the undisbursed balance of the approved loans was $941,343.

16. 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 a reconciliation between total governmental funds-fund balances and net position of governmental activities as reported in the government-wide statement of net position. One element of that reconciliation explains that "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds." The details of this $555,008,298 difference are as follows:

Land, not being depreciated	$ 155,458,287
Construction in progress	97,012,299
Artwork	857,261
Intangibles, not being depreciated	985,820
Infrastructure, net of $60,225,038 accumulated depreciation	62,531,447
Buildings, net of $167,606,147 accumulated depreciation	223,013,926
Machinery and equipment, net of $23,532,133 accumulated depreciation	12,161,712
Intangibles, net of $1,620,433 accumulated depreciation	2,987,546
Net adjustment to increase total *governmental funds-fund balance to arrive at net position of governmental activities*	$ 555,008,298

Another element of that reconciliation explains that "long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." The details of this $198,770,091 difference are as follows:

Notes payable	$ 1,023,890
Certificates of participation	109,820,000
Issuance premium	1,985,931
Pension obligation bonds	53,945,000
OPEB liability	3,107,380
Pollution remediation obligation	703,780
Compensated absences	28,184,110
Net adjustment to reduce *total governmental funds-fund balance to arrive at net position of governmental activities*	$ 198,770,091

III. DETAILED NOTES ON ALL FUNDS

A. Cash and Investments

The County's cash and investments at June 30, 2014 were as follows:

	Fair Value
County Deposits	$ 6,015,133
County Investments	
Money Market Mutual Funds	5,478,391
Certificates of Deposits	2,947,317
State of California Local Agency Investment Fund	48,947,894
Investment Trust of California Joint Powers Authority Pool (CALTRUST)	74,050,588
California Asset Management Program (CAMP)	53,534
Corporate Notes	114,078,112
U.S. Federal Agency Notes	
Federal Farm Credit Bank	37,040,008
Federal Home Loan Bank	115,450,140
Federal Home Loan Mortgage Corporation	45,195,815
Federal National Mortgage Association	40,150,440
U.S. Treasury Notes	171,552,350
Municipal Notes	85,981,295
Total County Investments	740,925,884
Total County Treasury	746,941,017
Cash and Investments with Fiscal Agents	
Imprest cash	210,473
Deposits	27,754
Held with others	
Money Market Mutual Funds	11,387,512
Total Cash and Investments with Fiscal Agents	11,625,739
Total Cash and Investments	$ 758,566,756

Reconciliation to the financial statements:

Government-wide Statement of Net Position	$	300,993,973
Statement of Fiduciary Net Position:		
External Investment Trust		405,766,841
Private Purpose Trust		4,237,993
Agency Funds		46,599,431
Component Units:		
Solano County Fair		693,570
Workforce Investment Board		274,948
Total	$	758,566,756

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

The County is a voluntary participant in the State of California Local Agency Investment Fund (LAIF). The total amount invested by all public agencies in LAIF as of June 30, 2014 was $21.1 billion. At June 30, 2014, the County's investment to LAIF is $48.9 million. LAIF is part of the State of California's Pooled Money Investment Account (PMIA), which, as of June 30, 2014 had a balance of $64.8 billion. PMIA is not SEC registered, but is required to invest according to California State Government Code. The weighted average to maturity of PMIA investments was 232 days as of June 30, 2014. 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, 2014, the County's investment to CALTRUST is $74.0 million. The weighted average to maturity of CALTRUST investments were as follows: CALTRUST Short Term, 17 months; CALTRUST Medium, 25 months and CALTRUST Heritage Money Market, 31 days. The Board of Trustees, which is made up of experienced local Treasurers and Investment Officers has oversight responsibility for CALTRUST. The value of the pool shares in CALTRUST, which may be withdrawn, is determined on a fair value basis, which may be different than the amortized cost of the County Treasurer's portion of the pool. The total amount invested in CALTRUST by California public agencies, as of June 30, 2014 was divided among the following asset classes: CALTRUST Short Term was $767 million; CALTRUST Medium Term was $644 million and CALTRUST Heritage Money Market was $37.9 billion.

The County is also a voluntary participant in the California Asset Management Program (CAMP). The total amount invested by all public agencies in CAMP as of June 30, 2014 was $1.8 billion. At June 30, 2014, the County's investment to CAMP is $53,534. The weighted average to maturity of CAMP investments was 41 days as of June 30, 2014. 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 a fair value basis, which may be different than the amortized cost of the County Treasurer's portion of the pool. As noted above, the total amount invested in CAMP by California public agencies, as of June 30, 2014 was $1.8 billion divided among the following asset

classes: 31.8% in Negotiable Certificates of Deposit; 23.0% in commercial paper; 21.1% in repurchase agreements; 17.4% was invested in Federal Agency obligations; 4.5% was invested in US Treasuries; 2.2% in bankers' acceptances. CAMP's investment policy does not permit the purchase of asset-backed securities (Government Code 53601(n)), but does permit the purchase commercial paper 53601(h), which can include asset-backed commercial paper.

1. Authorized Investments

Statutes authorize the County to invest in obligations of U.S. Government securities, U.S. Government agencies and instrumentalities, certificates of deposit of nationally or state-charted 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).

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, 2014, the weighted average to maturity of the Treasurer's Pool was 411 days.

The fair value of the County's investments as of June 30, 2014 are as follows:

		Investment Maturities Fair Value (in Years)		
	Fair Value	Less than 1	1 to 5	More than 5
County Investments				
Money Market Mutual Funds	$ 5,478,391	$ 5,478,391	$ -	$ -
Certificates of Deposits	2,947,317	1,961,594	985,723	-
State of California Local Agency Investment Fund	48,947,894	48,947,894	-	-
Investment Trust of California Joint Powers Authority Pool	74,050,588	74,050,588	-	-
California Asset Management Program (CAMP)	53,534	53,534	-	-
Corporate Notes	114,078,112	39,126,324	74,951,788	-
U.S. Federal Agency Notes:				
Federal Farm Credit Bank	37,040,008	5,000,380	32,039,628	-
Federal Home Loan Bank	115,450,140	70,056,850	45,393,290	-
Federal Home Loan Mortgage Corporation	45,195,815	35,198,800	9,997,015	-
Federal National Mortgage Association	40,150,440	15,074,650	25,075,790	-
U.S. Treasury Notes	171,552,350	20,113,670	151,438,680	-
Municipal Notes	85,981,295	34,261,695	41,109,912	10,609,688
Total County Investments	740,925,884	349,324,370	380,991,826	10,609,688
Investments with Fiscal Agents				
Money Market Mutual Funds	11,387,512	11,387,512	-	-
Total Investments	$ 752,313,396	$ 360,711,882	$ 380,991,826	$ 10,609,688

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, 2014, 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	0.73%
Certificates of Deposits	AA+	0.39%
State of California Local Agency Investment Fund	Not Rated	6.51%
Investment Trust of California Joint Powers Authority Pool Medium Term	A	2.67%
Investment Trust of California Joint Powers Authority Pool Short Term	AA	2.93%
Investment Trust of California Joint Powers Authority Pool Money Market	AAA	4.24%
California Asset Management Program	AAA	0.01%
Corporate Notes	A	2.71%
Corporate Notes	A-	0.27%
Corporate Notes	A+	5.10%
Corporate Notes	AA	1.05%
Corporate Notes	AA-	2.09%
Corporate Notes	AA+	2.84%
Corporate Notes	AAA	1.10%
U.S. Federal Agency Notes:		
Federal Farm Credit Bank	AA-	0.67%
Federal Farm Credit Bank	AA+	4.26%
Federal Home Loan Bank	AA-	1.33%
Federal Home Loan Bank	AA+	14.02%
Federal Home Loan Mortgage Corporation	AA+	6.01%
Federal National Mortgage Association	AA+	5.34%
U.S. Treasury Notes	A+	1.33%
U.S. Treasury Notes	AA-	2.68%
U.S. Treasury Notes	AA+	18.79%
Municipal Notes	A	0.97%
Municipal Notes	A-	0.13%
Municipal Notes	A+	0.24%
Municipal Notes	AA	0.32%
Municipal Notes	AA-	3.82%
Municipal Notes	AA+	3.80%
Municipal Notes	AAA	2.14%
Investments with Fiscal Agents		
Money Market Mutual Funds	AAA	1.51%
		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	Fair Value
Federal Home Loan Bank	$ 115,450,140
Federal Home Loan Mortgage Corporation	45,195,815
Federal National Mortgage Association	40,150,440

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, 2014 is as follows:

Investment	Fair Value	Principal	Interest Rate Range (%)	Maturity Range (Month/Year)
Money Market Mutual Funds	$ 5,478,391	$ 5,478,391	0.000	07/14
Certificates of Deposits	2,947,317	2,940,497	0.399 - 1.348	08/14 - 10/16
State of California Local Agency Investment Fund	48,947,894	48,947,894	0.228	07/14
Investment Trust of California Joint Powers Authority Pool (CALTRUST)	74,050,588	73,974,678	0.070 - 0.730	07/14
California Asset Management Program (CAMP)	53,534	53,534	0.060	07/14
Corporate Notes	114,078,112	113,735,607	0.322 - 1.829	07/14 - 06/18
U.S. Federal Agency Notes	237,836,403	237,699,535	0.125 - 0.719	07/14 - 09/16
U.S. Treasury Notes	171,552,350	171,361,275	0.250 - 1.081	08/14 - 09/16
Municipal Notes	85,981,295	85,613,694	0.184 - 7.446	07/14 - 11/27
	$ 740,925,884	$ 739,805,105		

The following represents a condensed statement of net position and changes in net position for the Treasurer's Pool as of June 30, 2014:

Statement of net position		
Net position held in trust for all pool participants	$	740,366,498
Equity of internal pool participants	$	334,599,657
Equity of external pool participants		405,766,841
Total equity	$	740,366,498
Statement of changes in net position		
Net position as of July 1, 2013	$	732,846,582
Net change in investments by pool participants		7,519,916
Net position as of June 30, 2014	$	740,366,498
Reconciliation to financial statements		
Held by County Treasurer:		
Primary government	$	746,162,998
Component Units:		
Solano County Fair		531,445
Workforce Investment Board		246,574
		746,941,017
Less outstanding warrants:		
Primary government		6,489,907
Component Unit		
Workforce Investment Board		84,612
Total	$	740,366,498

B. Due To/Due From Other Funds

The composition of the interfund balances as of June 30, 2014 were as follows:

Due From	Due To: General Fund	Health & Social Services	Public Safety	Accum-ulated Capital Outlay	Other Govern-mental	Nut Tree Airport	Internal Service Funds	Total
General Fund	$ -	$ 1,609,210	$ 2,252,357	$ 11,111	$ 25,140	$ 52	$ 43,199	$ 3,941,069
Health & Social Services	101	-	3,832,235	-	419,502	-	241,462	4,493,300
Public Safety	273,976	44,796	-	168	23,773	-	123,338	466,051
Accumulated Capital Outlay	150,000	-	-	-	-	-	-	150,000
Pension Debt Service	31,371	93,964	93,803	-	15,051	303	6,345	240,837
Other Governmental	61,199	123,041	-	29	2,662	485	7,664	195,080
Nut Tree Airport	-	-	-	-	-	-	417	417
Internal Service Funds	81,536	21,245	14,168	-	560	211	1,933	119,653
Total	$ 598,183	$ 1,892,256	$ 6,192,563	$ 11,308	$ 486,688	$ 1,051	$ 424,358	$ 9,606,407

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, 2014 were as follows:

Advance From	Advance To: Accumulated Capital Outlay	Pension Debt Service Fund	Other Governmental	Nut Tree Airport	Total
General Fund	$ 3,958,657	$ 16,500,000	$ 880,695	$ 2,831,186	$ 24,170,538

As of June 30, 2014, the outstanding amounts owed to the General Fund by other funds are as follows: the Accumulated Capital Outlay Fund owes $3,958,657 to cover the costs of Fairgrounds development; the Pension Debt Service Fund owes $16,500,000 to pay off the balance of debt for the Pension Obligation Bonds Series B1 and B2; the Transportation Fund (Other Governmental Funds) owes $880,695 to cover costs of Regional Transportation Projects and the Nut Tree Airport Enterprise Fund owes $2,831,186 to cover the costs of acquiring real property for purposes of airport expansion.

D. Capital Assets

Capital asset activity for the fiscal year ended June 30, 2014 is as follows:

Governmental Activities	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 154,622,397	$ 835,890	$ -	$ -	$ 155,458,287
Construction in progress	52,560,893	53,103,874	-	(8,652,468)	97,012,299
Artwork	668,386	188,875	-	-	857,261
Intangibles	2,232,334	1,613,405	-	(1,995,723)	1,850,016
Total capital assets, not being depreciated	210,084,010	55,742,044	-	(10,648,191)	255,177,863
Capital assets, being depreciated:					
Buildings	387,239,794	375,754	-	3,302,556	390,918,104
Machinery and equipment	52,927,610	4,673,362	(1,745,790)	1,563,617	57,418,799
Infrastructure	118,962,792	-	-	3,793,693	122,756,485
Intangibles	7,428,064	202,499	-	1,995,724	9,626,287
Total capital assets being depreciated	566,558,260	5,251,615	(1,745,790)	10,655,590	580,719,675
Less accumulated depreciation for:					
Buildings	(155,819,522)	(11,946,165)	-	-	(167,765,687)
Machinery and equipment	(35,486,927)	(5,211,563)	1,698,521	(7,399)	(39,007,368)
Infrastructure	(56,652,589)	(3,572,449)	-	-	(60,225,038)
Intangibles	(4,702,712)	(1,366,152)	-	-	(6,068,864)
Total accumulated depreciation	(252,661,750)	(22,096,329)	1,698,521	(7,399)	(273,066,957)
Total capital assets, being depreciated, net	313,896,510	(16,844,714)	(47,269)	10,648,191	307,652,718
Governmental activities capital assets, net	$ 523,980,520	$ 38,897,330	$ (47,269)	$ -	$ 562,830,581

Business-type Activities	Beginning Balance	Additions	Retirements	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	$ 10,319,365	$ -	$ -	$ -	$ 10,319,365
Capital assets, being depreciated					
Buildings	10,795,227	-	-	-	10,795,227
Machinery and equipment	159,349	-	-	(7,399)	151,950
Total capital assets, being depreciated	10,954,576	-	-	(7,399)	10,947,177
Less accumulated depreciation for:					
Buildings	(5,793,525)	(448,324)	-	-	(6,241,849)
Machinery and equipment	(82,848)	(4,956)	-	7,399	(80,405)
Total accumulated depreciation	(5,876,373)	(453,280)	-	7,399	(6,322,254)
Total capital assets, being depreciated, net	5,078,203	(453,280)	-	-	4,624,923
Business-type activities capital assets, net	$ 15,397,568	$ (453,280)	$ -	$ -	$ 14,944,288

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

Governmental activities:		
General government	$	4,925,166
Public safety		4,581,089
Public ways and facilities		4,015,149
Health and sanitation		2,425,558
Public assistance		1,685,796
Education		442,168
Recreation		170,554
Capital assets held by the County's internal service funds are charged to various functions based on their usage of the asset		3,850,849
Total depreciation expense - governmental activities	$	22,096,329
Business-type activities:		
Nut Tree Airport	$	453,280

Capital assets activity for the discretely presented component units for the fiscal year ended June 30, 2014 is as follows:

Component Units	Beginning Balance	Additions	Retirements	Ending Balance
Solano County Fair				
Capital assets, not being depreciated:				
Land	$ 167,085	$ -	$ -	$ 167,085
Capital assets, being depreciated:				
Buildings	9,373,912	20,272	-	9,394,184
Machinery and equipment	454,715	-	(20,970)	433,745
Total capital assets, being depreciated:	9,828,627	20,272	(20,970)	9,827,929
Less accumulated depreciation for:				
Buildings	(8,167,508)	(210,677)	-	(8,378,185)
Machinery and equipment	(401,592)	(21,706)	20,970	(402,328)
Total accumulated depreciation	(8,569,100)	(232,383)	20,970	(8,780,513)
Total capital assets, being depreciated, net	1,259,527	(212,111)	-	1,047,416
Total Solano County Fair capital assets, net	$ 1,426,612	$ (212,111)	$ -	$ 1,214,501
Workforce Investment Board (WIB)				
Capital assets, being depreciated:				
Machinery and equipment	$ 23,501	$ -	$ -	$ 23,501
Less: Accumulated depreciation	(14,363)	(3,698)	-	(18,061)
Total WIB capital assets, being depreciated, net	$ 9,138	$ (3,698)	$ -	$ 5,440

Depreciation expense was charged to component units as follows:

Component units:		
Solano County Fair	$	232,383
Workforce Investment Board		3,698
Total depreciation expense-component units	$	236,081

E. Interfund Transfers

The composition of interfund transfers for the fiscal year ended June 30, 2014 were as follows:

		Transfers Out							
		General Fund	Health & Social Services	Public Safety	Accum-ulated Capital Outlay	Other Govern-mental	Nut Tree Airport	Internal Service Funds	Total
Transfers In	General Fund	$ -	$ 6,006	$ -	$ -	$ -	$ -	$ -	$ 6,006
	Health & Social Services	21,910,857	-	-	-	-	-	-	21,910,857
	Public Safety	82,350,374	-	-	-	-	-	-	82,350,374
	Accumulated Capital Outlay	4,935,202	-	381,344	-	1,503,784	-	350,000	7,170,330
	Pension Debt Service Fund	1,374,965	3,994,969	4,151,035	-	660,594	13,139	283,558	10,478,260
	Other Governmental	3,357,736	2,342,289	397,963	900,000	4,590,497	-	-	11,588,485
	Total	$ 113,929,134	$ 6,343,264	$ 4,930,342	$ 900,000	$ 6,754,875	$ 13,139	$ 633,558	$ 133,504,312

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

F. Payables

The composition of payables as of June 30, 2014 were as follows:

	Accounts Payable	Accrued Payroll	Accrued Interest	Total
Governmental activities:				
General Fund	$ 1,691,837	$ 949,901	$ -	$ 2,641,738
Health & Social Services	8,748,330	2,511,076	-	11,259,406
Public Safety	2,310,284	2,549,658	-	4,859,942
Accumulated Capital Outlay	1,583,500	-	-	1,583,500
Other Governmental Funds	2,520,955	426,295	-	2,947,250
Internal Service Funds	2,407,752	162,355	-	2,570,107
Reconciliation of balances in fund financial statements to government-wide financial statements	-	-	2,163,868	2,163,868
Total governmental activities	$ 19,262,658	$ 6,599,285	$ 2,163,868	$ 28,025,811
Business-type activities:				
Nut Tree Airport	$ 119,854	$ 8,167	$ -	$ 128,021

G. Operating Leases

The County leases office space and equipment under operating leases. Total rental expenditures for such leases were $2,000,061, for the fiscal year ended June 30, 2014. Future minimum rental payments under all noncancelable operating leases with initial or remaining terms in excess of one year as of June 30, 2014 are summarized as follows:

Year Ending June 30	Primary Government	WIB	Total
2015	$ 1,164,385	$ 296,050	$ 1,460,435
2016	1,092,409	302,549	1,394,958
2017	1,081,301	321,258	1,402,559
2018	1,010,139	-	1,010,139
2019	735,658	-	735,658
	$ 5,083,892	$ 919,857	$ 6,003,749

H. Long-term Obligations

Notes Payable:

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

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

Year ending June 30	Governmental activities	
	Principal	Interest
2015	$ 7,933	$ 30,717
2016	7,933	30,717
2017	-	30,717
2018	-	30,717
2019	-	30,717
2020-2022	1,023,890	276,450
	$ 1,039,756	$ 430,035

During FY 07/08, the County entered into a loan agreement with the Suisun Redevelopment Agency in the amount of $1,023,890 for its share of construction costs of the Suisun City Library. The loan will be repaid using future public facilities fees collected by the City of Suisun plus interest at three (3%) percent per annum. As of June 30, 2014, the term of the agreement is 14 years. The principal balance payment is due in FY 21/22. Assembly Bill (AB) X1 26 dissolved all Redevelopment Agencies (RDA) in the State of California effective February 1, 2012. Due to the dissolution of the RDA, the loan is now payable to the City of Suisun Successor Agency.

Certificates of Participation:

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

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

Year ending June 30	Governmental activities	
	Principal	Interest
2015	$ 5,975,000	$ 4,900,234
2016	5,480,000	4,632,253
2017	5,740,000	4,362,363
2018	6,020,000	4,073,758
2019	5,815,000	3,783,486
2020-2024	24,765,000	15,273,511
2025-2029	29,275,000	9,292,874
2030-2033	26,750,000	2,473,425
	$ 109,820,000	$ 48,791,904

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:

	Governmental activities	
Year ending June 30	Principal	Interest
2015	$ 6,135,000	$ 2,943,894
2016	7,000,000	2,606,064
2017	7,930,000	2,216,907
2018	6,795,000	1,772,433
2019	2,710,000	1,391,931
2020-2024	18,505,000	4,467,538
2025	4,870,000	260,836
	$ 53,945,000	$ 15,659,603

The composition of the long-term debt obligations for the governmental activities as of June 30, 2014 was as follows:

Type and description	Maturity	Interest Rates	Original Issue	Outstanding
Notes payable:				
Key Government Finance Inc.	June 24, 2016	0.00	39,663	$ 15,866
City of Suisun Successor Agency	June 30, 2022	3.00	1,023,890	1,023,890
Total notes payable				1,039,756
Certificates of participation:				
2007 Certificates of Participation				
Serial	November 1, 2007 - November 1, 2024	4.00 - 5.00	50,620,000	46,170,000
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	1,541,094
2009 Refunding Certificates of Participation				
Serial	November 15, 2010 - November 15, 2019	3.00 - 5.00	16,745,000	9,160,000
Issuance Premium			889,673	444,837
2013 Certificates of Participation				
Serial	November 15, 2013- November 15, 2027	3.34	5,420,000	5,250,000
Total certificates of participation				111,805,931
Pension Obligation Bonds:				
Series 2004A	January 15, 2018	5.80	36,665,000	19,625,000
Series 2005	January 15, 2025	5.36	42,385,000	34,320,000
Total pension obligation bonds				53,945,000
Self-insurance liability				12,993,000
Compensated absences				29,458,095
Pollution remediation obligation				703,780
Net OPEB liability				3,206,289
Total governmental obligations				$ 213,151,851

The composition of the long-term debt obligations for the business-type activities as of June 30, 2014, was as follows:

Type and description	Outstanding
Nut Tree Airport	
Net OPEB liability	$ 5,139
Compensated absences	29,308
Total Nut Tree Airport	$ 34,447

The composition of the long-term obligations of the County's discretely presented component units as of June 30, 2014, was as follows:

Type and description	Outstanding
Solano County Fair	
County pension liability	$ 735,480
Capital lease	312,342
Compensated absences	61,748
Total Solano County Fair	$ 1,109,570
Workforce Investment Board (WIB)	
Compensated absences	$ 147,484

Long-term liability activity for the fiscal year ended June 30, 2014, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital leases	$ 81,530	$ -	$ (81,530)	$ -	$ -
Certificates of participation	115,405,000	-	(5,585,000)	109,820,000	5,975,000
Deferred amounts:					
For issuance premiums	2,203,322	-	(217,391)	1,985,931	217,391
Pension obligation bonds	61,285,000	-	(7,340,000)	53,945,000	6,135,000
Notes payable	1,047,689	-	(7,933)	1,039,756	7,933
Self-insurance liability	12,186,000	4,952,176	(4,145,176)	12,993,000	4,485,917
Pollution remediation obligation	628,926	74,854	-	703,780	600,964
Net OPEB liability	4,029,667	2,755,764	(3,579,142)	3,206,289	-
Compensated absences	28,261,945	15,233,570	(14,037,420)	29,458,095	14,037,708
Governmental activity long-term liabilities	$ 225,129,079	$ 23,016,364	$ (34,993,592)	$ 213,151,851	$ 31,459,913

Business-type activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Net OPEB liability	$ 6,192	$ 3,523	$ (4,576)	$ 5,139	$ -
Compensated absences	15,005	27,648	(13,345)	29,308	14,929
Business-type activity long-term liabilities	$ 21,197	$ 31,171	$ (17,921)	$ 34,447	$ 14,929

In governmental activities and proprietary fund, compensated absences and other post employment benefit obligations (OPEB) are paid by the fund where the employee is accounted. In the Governmental Activities, 40% of the reductions for compensated absences and 40% of the reductions for OPEB were paid by the Health & Social Services fund, 36% of the reductions for compensated absences and 42% of the reductions for OPEB were paid by the Public safety fund, and 14% of the reductions for compensated absences and 10% of the reductions for OPEB were paid by the General Fund.

Internal service funds predominantly serve the governmental funds. Accordingly, $14,381,760 of the internal service funds' long-term liabilities are included as part of the above totals for governmental activities.

Component units activities:	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Solano County Fair:					
County pension liability	$ 735,480	$ -	$ -	$ 735,480	$ 65,555
Capital lease	335,502	-	(23,160)	312,342	25,012
Compensated absences	68,430	41,809	(48,491)	61,748	5,477
Total Solano County Fair	$ 1,139,412	$ 41,809	$ (71,651)	$ 1,109,570	$ 96,044
WIB:					
Compensated absences	$ 165,275	$ 155,666	$ (173,457)	$ 147,484	$ 147,484

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 $703,780, 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, 2014 were classified as follows:

	General Fund	Health & Social Services	Public Safety	Accumulated Capital Outlay	Pension Debt Service	Other Governmental	Total
Nonspendable:							
Inventory	$ 1,236	$ -	$ -	$ -	$ -	$ 155,821	$ 157,057
Long-term receivable	932,007	-	-	-	-	-	932,007
Advances	24,170,538	-	-	-	-	-	24,170,538
Prepaid items	16,462	128,715	6,692	-	-	-	151,869
Subtotal	25,120,243	128,715	6,692	-	-	155,821	25,411,471
Restricted for:							
Public safety	-	-	7,229,451	-	-	-	7,229,451
Capital projects	-	-	-	12,451,623	-	-	12,451,623
Public facilities fees	-	-	-	-	-	7,377,005	7,377,005
Library services	-	-	-	-	-	12,146,061	12,146,061
Transportation services	-	-	-	-	-	15,478,282	15,478,282
Health services	-	32,698,105	-	-	-	10,391,609	43,089,714
Home loan program	-	-	-	-	-	5,033,769	5,033,769
Micrographics & modernization	-	-	-	-	-	8,708,902	8,708,902
East Vallejo fire district	-	-	-	-	-	4,939	4,939
Fish & game	-	-	-	-	-	48,312	48,312
County service area	-	-	-	-	-	563,385	563,385
Southeast Vallejo Redevelopment	-	-	-	-	-	1,052	1,052
Debt service	-	-	-	-	-	1,870,464	1,870,464
Subtotal	-	32,698,105	7,229,451	12,451,623	-	61,623,780	114,002,959
Committed for:							
Capital Projects - Public Art	-	-	-	55,605	-	-	55,605
Assigned to:							
General fund:							
Imprest cash	3,745	-	-	-	-	-	3,745
Encumbrances	535,087	-	-	-	-	-	535,087
Undisbursed approved loans	1,560,649	-	-	-	-	-	1,560,649
FY 2013/14 budgetary resource	23,862,279	-	-	-	-	-	23,862,279
Historical records maintenance	1,845	-	-	-	-	-	1,845
Fouts decommissionning	1,559,849						1,559,849
Employers PERS rate increase	19,236,415	-	-	-	-	-	19,236,415
Housing Senate Bill 375	2,000,000	-	-	-	-	-	2,000,000
Maintenance	5,670,700	-	-	-	-	-	5,670,700
Accrued leave payoff	6,392,704	-	-	-	-	-	6,392,704
Capital projects	-	-	-	8,900,842	-	-	8,900,842
Parks & recreation	-	-	-	-	-	133,115	133,115
Debt service	-	-	-	-	-	2,800,000	2,800,000
Subtotal	60,823,273	-	-	8,900,842	-	2,933,493	72,657,608
Unassigned:							
General fund	48,155,310	-	-	-	-	-	48,155,310
Pension debt service	-	-	-	-	(10,327,470)	-	(10,327,470)
Subtotal	48,155,310	-	-	-	(10,327,470)	-	37,827,840
Total	$ 134,098,826	$ 32,826,820	$ 7,236,143	$ 21,408,070	$ (10,327,470)	$ 64,713,094	$ 249,955,483

K. Deficit Fund Equity

As of June 30, 2014, the Pension Debt Service Fund had a deficit fund balance of $10,327,470 which is expected to be resolved through rate recovery from the county departments over the next 10 years. The Debt Service Committee continuously evaluates the fund equity deficit.

IV. OTHER INFORMATION

A. Employee Retirement Plan

1. Plan Description

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

2. Funding Policy

Active plan members in the Miscellaneous and Safety Plans are required to contribute 8% and 9% respectively of their annual covered salary. The County is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The required employer contribution rate for the fiscal year ended June 30, 2014 was 16.720% for miscellaneous and 20.699% for safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established and may be amended by CalPERS.

3. Annual Pension Cost

For fiscal year 2013/2014, the County's annual pension cost was $47,081,890. The required contribution for fiscal year 2013/2014 was determined as part of the June 30, 2011 actuarial valuations using the entry age normal actuarial cost method with the contributions determined as a percentage of covered payroll. The actuarial assumptions included (a) 7.50% investment rate of return (net of administrative expenses); (b) projected salary increases that range from 3.30 % to 14.20% depending on age, service, and type of employment; (c) inflation of 2.75%; and (d) payroll growth of 3.00%. These assumptions changed from the June 30, 2010 actuarial valuations, which were (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that ranged from 3.55% to 14.45% (13.15% for the safety plan) depending on age, service, and type of employment; (c) inflation of 3.0%; and (d) payroll growth of 3.25%. The actuarial value of the Plan's assets was determined using a technique that smoothes the effect of short-term volatility of the market value of investments over a 15 year period. The Plans' unfunded actuarial accrued liabilities are being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization periods as of June 30, 2013 were 30 years for the Miscellaneous Plan and Safety Plan.

The County's and the Solano County Fair's annual pension costs and pension assets for the fiscal year ended June 30, 2014 were as presented on the follows:

	Solano County Miscellaneous Plan	Solano County Safety Plan	Solano County Fair
Annual required contribution	$ 31,184,174	$ 10,956,602	$ 139,866
Interest on pension asset	(6,744,469)	(2,369,678)	(58,032)
Adjustment to the annual required contribution	10,400,893	3,654,368	81,406
Annual pension cost (APC)	34,840,598	12,241,292	163,240
Contributions made	31,200,993	10,939,783	139,866
Decrease in pension asset	(3,639,605)	(1,301,509)	(23,374)
Pension asset, beginning of year	93,968,792	27,553,165	748,802
Pension asset, end of year	$ 90,329,187	$ 26,251,656	$ 725,428

Three-year trend information for the Miscellaneous Plan

Solano County

Fiscal Year Ending	APC	Actual Contributions	Percentage of APC Contributions	Net pension Asset
06/30/12	$ 30,157,413	$ 27,937,261	93%	$ 96,821,572
06/30/13	30,960,191	28,107,411	91%	93,968,792
06/30/14	34,840,598	31,200,993	90%	90,329,187

Solano County Fair

Fiscal Year Ending	APC	Actual Contributions	Percentage of APC Contributions	Net pension Asset
06/30/12	$ 135,728	$ 120,197	89%	$ 768,063
06/30/13	149,048	129,787	87%	748,802
06/30/14	163,240	139,866	86%	725,428

Three-year trend information for the Safety Plan

Fiscal Year Ending	APC	Actual Contributions	Percentage of APC Contributions	Net pension Asset
06/30/12	$ 10,595,848	$ 9,626,962	91%	$ 28,574,010
06/30/13	10,877,905	9,857,060	91%	27,553,165
06/30/14	12,241,292	10,939,783	89%	26,251,656

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

4. Funded Status and Funding Progress – Pension Plan

As of June 30, 2013, the most recent actuarial valuation date, the Miscellaneous and Safety plans were funded as noted below:

Plan	Entry Age Normal Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Liability	Funded Status	Annual Covered Payroll	Unfunded Actuarial Liability as a % of Payroll
Miscellaneous	$ 1,182,180,400	$ 900,120,693	$ 282,059,707	76.1%	$ 149,417,908	188.8%
Safety	350,964,790	270,019,118	80,945,672	76.9%	39,403,767	205.4%

The actuarial assumptions used for the June 30, 2013 valuations are the same as those disclosed previously for the June 30, 2012 valuations.

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

B. Post Employment Health Care Benefits

1. Plan Description

The County participates in a single-employer defined benefit healthcare plan administered by the CalPERS. The plan provides postemployment healthcare benefits to eligible retirees by contributing a minimum of $119 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 $119 per month per eligible retiree. The County has not executed a formal plan document that provides for these benefits and the plan does not have a name.

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

2. Funding Policy

The County's minimum required contribution is set by Government Code Section 22892. Effective January 1, 2011, the CalPERS Board 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, 2014, the County contributed $3,583,718. The purpose of these contributions was to cover the Annual Required Contribution rate of 1.70% of covered payroll (annual payroll of active employees covered by the plan) and to fund the postemployment medical benefits. However, for fiscal year 2013/2014, the County Board of Supervisors elected to fund at the rate of 2.0% of covered payroll.

3. Annual OPEB Cost and Net OPEB Liability

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The County's current ARC rate is 1.70% of annual covered payroll.

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

Annual Required Contribution (ARC)	$	2,864,000
Interest on Net OPEB Liability		262,331
Amortization of Net OPEB Liability		(367,044)
Annual OPEB Cost (expense)		2,759,287
Contributions Made		(3,583,718)
Decrease in Net OPEB Liability		(824,431)
Net OPEB Liability, July 1, 2013		4,035,859
Net OPEB Liability, June 30, 2014	$	3,211,428
% of annual OPEB cost contributed		130%

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB liability as of June 30, 2014 and the two preceding years is as follows:

Fiscal Year Ended	Annual OPEB Cost	Actual Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability
6/30/2012	$ 3,332,446	$ 3,398,519	102%	$ 3,844,235
6/30/2013	3,485,704	3,294,080	95%	4,035,859
6/30/2014	2,759,287	3,583,718	130%	3,211,428

4. Funded Status and Funding Progress

The funded status of the plan as of January 1, 2013, the most recent actuarial valuation date, was as follows:

Actuarially accrued liability (AAL)	$	34,377,000
Actuarial value of plan assets		14,217,000
Unfunded actuarial accrued liability (UAAL)	$	20,160,000
Funded ratio (actuarial value of plan assets/AAL)		41%
Covered payroll (active plan members)	$	168,884,000
UAAL as a percentage of covered payroll		12%

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, 2013 actuarial valuation, the entry age normal actuarial cost method was used. The actuarial assumptions for asset valuation included an investment rate of return (net of administrative expenses) of 6.5% and gains and losses are recognized over 5 years. The actuarial assumptions for the annual healthcare cost trend rate between 8.5% – 8.9% initially, reduced by decrements to an ultimate rate of 5% after 7 years. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The amortization period at June 30, 2014 was 22 years.

C. Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the County carries insurance. Premiums are paid through the Risk Management Internal Service Fund. The County participates in various programs organized by the California State Association of Counties – Excess Insurance Authority (CSAC-EIA), a joint powers authority created to provide insurance programs for its 53 member counties. Each county has a representative on the Joint Powers Board, which governs management, financing and budgeting of CSAC-EIA activities. The purpose of the pool is to spread the adverse effects of losses among the member agencies. The County pays an annual basic premium for excess coverage and is assessed an annual risk premium based on an actuarial review that estimates each of the program's participant's ultimate liabilities. Should actual losses among participants be greater than anticipated, the County will be assessed its pro rata share of that deficiency. Conversely, if the actual losses are less than anticipated, the County will be refunded its pro rata share of the excess. The County paid premiums totaling $5,494,678 during the fiscal year ended June 30, 2014 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.

Effective July 1, 2003, the County elected to self-insure for the County's workers' compensation program. The County has a self-insured retention level of $125,000 per occurrence, and will continue to participate in excess coverage subject to statutory limits. Based on the current trends of the claims filed, the County is expecting a payout of $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, 2014, the accrued loss contingency for the County's workers' compensation program was $12,993,000 and is reported as a liability in the Risk Management Internal Service Fund.

Effective November 1, 1998, the County elected to insure the County's general liability coverage under the CSAC-EIA Primary General Liability Program (PGL). The County self-insures for this risk and purchases the PGL coverage to buy down the 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 since the effective dates.

Changes in the Risk Management Internal Service Fund's accrued loss contingency amount for worker's compensation for the years ended June 30, 2014 and 2013 were:

Year Ended	Beginning Liability	Current Year Claims and Changes in Estimates	Claim Payments	Ending Liability
June 30, 2013	$ 11,591,000	$ 4,328,713	$ (3,733,713)	$ 12,186,000
June 30, 2014	12,186,000	4,952,176	(4,145,176)	12,993,000

The claims liabilities above, reported in the Self Insurance Internal Service Fund at June 30, 2014, are based on requirements of *GASB Statement No. 10, Accounting and Financial Reporting for Risk Financing and Related Insurance Issues and GASB Statement No. 30, Risk Financing Omnibus*, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. These accruals represent estimates of amounts to be paid for reported claims, and incurred but unreported claims based upon past experience, modified for current trends and information based upon a 75% confidence level.

D. Encumbrances and Contingencies

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

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

The Claybank Adult Detention Facility Project has a total budget of $89,301,385. The project includes the construction of a new 362-bed facility at the existing Claybank site in Fairfield. The anticipated

completion date of the project is June 2015. The encumbrances for this project as of June 30, 2014 were $5.2 million.

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

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

Statement No. 69 – Government Combinations and Disposals of Government Operations

The objective of this Statement is to improve financial reporting by addressing accounting and financial reporting for government combinations and disposals of government operations. The County has not determined what impact, if any, this pronouncement will have on the financial statements. The requirements of this Statement are effective for the County's fiscal year ending June 30, 2015.

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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF SOLANO, CALIFORNIA
Schedules of Funding Progress
For the Fiscal Year Ended June 30, 2014
Unaudited

Miscellaneous Plan
Defined Benefit Pension 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
6/30/11	$ 1,100,723,215	$ 939,055,569	$ 161,667,646	85.3%	$ 156,165,183	103.5%
6/30/12	1,139,178,255	978,539,225	160,639,030	85.9%	151,364,743	106.1%
6/30/13	1,182,180,400	900,120,693	282,059,707	76.1%	149,417,908	188.8%

Safety Plan
Defined Benefit Pension 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
6/30/11	$ 323,460,226	$ 279,420,520	$ 44,039,706	86.4%	$ 39,946,278	110.2%
6/30/12	338,402,136	292,539,225	45,862,911	86.4%	38,812,715	118.2%
6/30/13	350,964,790	270,019,118	80,945,672	76.9%	39,403,767	205.4%

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
1/01/09	$ 33,030,000	$ 5,865,000	$ 27,165,000	17.8%	$ 194,623,000	13.96%
1/01/11	36,333,000	9,239,000	27,094,000	25.4%	183,013,000	14.80%
1/01/13	34,377,000	14,217,000	20,160,000	41.4%	168,884,000	11.94%

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, 2014

	Budgeted Amounts			
	Adopted	**Final**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Taxes	$ 119,561,000	$ 119,711,000	$ 125,052,770	$ 5,341,770
Licenses, permits and franchises	5,494,709	5,494,709	6,105,695	610,986
Fines, forfeitures and penalties	1,359,500	1,359,500	1,366,339	6,839
Use of money and property	1,172,302	1,172,302	1,544,978	372,676
Intergovernmental	6,573,337	6,962,392	7,113,750	151,358
Charges for services	33,055,338	33,215,258	32,821,618	(393,640)
Miscellaneous	8,810,484	8,810,734	8,086,746	(723,988)
Total revenues	176,026,670	176,725,895	182,091,896	5,366,001
EXPENDITURES				
Current:				
General government				
BOS-District 1	313,527	322,915	318,450	4,465
BOS-District 2	314,707	320,995	315,697	5,298
BOS-District 3	326,341	329,770	326,745	3,025
BOS-District 4	333,757	336,426	330,089	6,337
BOS-District 5	298,065	309,153	300,688	8,465
BOS-Administration	172,761	172,681	142,736	29,945
Administration	3,192,379	3,192,379	2,862,597	329,782
General Revenue	410,000	560,000	486,869	73,131
Employee Development & Recognition	451,939	451,939	369,574	82,365
General Services	14,309,751	14,547,099	13,905,597	641,502
Assessor	6,301,288	6,343,873	5,587,777	756,096
Auditor-Controller	4,103,558	4,231,960	4,175,612	56,348
Tax Collector/County Clerk	2,153,592	2,276,758	2,171,414	105,344
Treasurer	984,757	984,757	914,991	69,766
County Counsel	3,260,059	3,276,059	3,267,703	8,356
Delta Water Activities	486,165	503,691	375,854	127,837
Human Resources	2,633,800	2,848,124	2,544,533	303,591
Registrar of Voters	3,598,096	3,641,499	3,036,211	605,288
Fouts Property Management	1,669,357	1,669,312	194,342	1,474,970
Real Estate Services	227,694	227,536	192,841	34,695
Promotion	496,083	516,443	397,144	119,299
General Expenditures	9,916,060	9,689,416	8,590,892	1,098,524
Surveyor/Engineer	71,200	71,200	62,239	8,961
General Svcs. Special Revenue	2,521	4,929	3,295	1,634
Total general government	56,027,457	56,828,914	50,873,890	5,955,024
Public protection				
Grand Jury	112,981	125,581	125,566	15
Agricultural Commissioner	2,692,369	2,689,369	2,524,939	164,430
Animal Care Services	2,417,093	2,417,093	1,958,395	458,698
Recorder	1,548,993	1,546,993	1,500,001	46,992
Resource Management	8,590,340	9,352,358	8,058,696	1,293,662
Office of Family Violence Prevention	860,604	1,117,553	900,933	216,620
Total public protection	16,222,380	17,248,947	15,068,530	2,180,417
Public assistance				
Indigent Burial General Relief	23,036	29,536	28,038	1,498
Veterans Services	445,545	544,552	491,985	52,567
Total public assistance	468,581	574,088	520,023	54,065
Education and recreation				
Cooperative Extension Service	214,110	246,076	224,624	21,452
Non-departmental				
Contingencies	8,925,748	8,428,284	-	8,428,284
Capital outlay:				
Equipment	34,585	69,300	36,222	33,078
Intangible - depreciable	75,000	202,500	202,500	-
Total capital outlay	109,585	271,800	238,722	33,078
Total expenditures	81,967,861	83,598,109	66,925,789	16,672,320
Excess of revenues over expenditures	94,058,809	93,127,786	115,166,107	22,038,321
OTHER FINANCING SOURCES (USES)				
Transfers in	186,669	186,669	6,006	(180,663)
Transfers out	(120,011,074)	(122,066,124)	(113,929,134)	8,136,990
Proceeds from sale of capital assets	90,094	90,094	409,953	319,859
Total other financing sources (uses)	(119,734,311)	(121,789,361)	(113,513,175)	8,276,186
Changes in fund balance	(25,675,502)	(28,661,575)	1,652,932	30,314,507
Fund balance - beginning	132,445,894	132,445,894	132,445,894	-
Fund balance - ending	$ 106,770,392	$ 103,784,319	$ 134,098,826	$ 30,314,507

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, 2014

	Budgeted Amounts			
	Adopted	**Final**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Licenses, permits and franchises	$ 11,150	$ 11,150	$ 17,821	$ 6,671
Fines, forfeitures and penalties	608,702	608,702	352,007	(256,695)
Use of money and property	219,861	219,861	226,083	6,222
Intergovernmental	229,029,692	230,332,968	208,227,602	(22,105,366)
Charges for services	29,714,439	29,714,439	18,872,149	(10,842,290)
Miscellaneous	1,043,596	1,043,596	1,625,265	581,669
Total revenues	260,627,440	261,930,716	229,320,927	(32,609,789)
EXPENDITURES				
Current:				
Health services	127,633,394	127,335,904	107,756,921	19,578,985
Public assistance	151,311,711	151,499,849	138,046,256	13,453,593
Non-departmental				
Contingencies	41,113	41,113	-	41,113
Capital outlay:				
Equipment	413,618	499,997	203,379	296,618
Intangibles	448,597	1,433,285	1,430,330	2,955
Total capital outlay	862,215	1,933,282	1,633,709	299,573
Total expenditures	279,848,433	280,810,148	247,436,886	33,373,264
Deficiency of revenues under expenditures	(19,220,993)	(18,879,432)	(18,115,959)	763,475
OTHER FINANCING SOURCES (USES)				
Transfers in	26,514,324	26,963,412	21,910,857	(5,052,555)
Transfers out	(10,431,009)	(11,343,192)	(6,343,264)	4,999,928
Total other financing sources (uses)	16,083,315	15,620,220	15,567,593	(52,627)
Changes in fund balance	(3,137,678)	(3,259,212)	(2,548,366)	710,846
Fund balance - beginning	35,375,186	35,375,186	35,375,186	-
Fund balance - ending	$ 32,237,508	$ 32,115,974	$ 32,826,820	$ 710,846

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, 2014

	Budgeted Amounts			
	Adopted	**Final**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Licenses, permits and franchises	$ 185,000	$ 185,000	$ 204,071	$ 19,071
Fines, forfeitures and penalties	1,056,643	1,056,643	2,822,625	1,765,982
Use of money and property	16,678	16,678	66,706	50,028
Intergovernmental	67,989,216	69,558,557	65,590,680	(3,967,877)
Charges for services	9,544,153	10,311,786	11,046,221	734,435
Miscellaneous	2,529,023	2,228,905	2,935,869	706,964
Total revenues	81,320,713	83,357,569	82,666,172	(691,397)
EXPENDITURES				
Current:				
Public protection				
Department of Child Support Services	12,346,311	12,309,006	11,668,420	640,586
EMPG Grants	26,865	31,185	26,588	4,597
Sheriff OES	-	134,642	125,165	9,477
Homeland Security Grant	299,342	739,009	632,507	106,502
Sheriff's Office Grants	2,911	15,024	14,065	959
District Attorney	18,259,147	18,506,960	17,927,286	579,674
Public Defender	10,073,210	10,157,718	9,559,420	598,298
Conflict Public Defender	3,063,641	3,148,191	3,060,747	87,444
Sheriff	83,549,140	84,568,417	81,343,537	3,224,880
Probation	33,734,845	34,069,445	30,484,830	3,584,615
Other Public Defense	2,247,367	2,247,367	1,841,989	405,378
CMF Cases	244,031	244,031	223,223	20,808
Administration	284,211	298,711	97,568	201,143
Public Protection Other Special Revenue	408,510	468,920	310,601	158,319
Total public protection	164,539,531	166,938,626	157,315,946	9,622,680
Non-departmental				
Contingencies	4,105,050	3,855,050	-	3,855,050
Debt service:				
Principal	81,530	81,530	81,530	-
Interest and other charges	1,138	1,138	1,138	-
Total debt service	82,668	82,668	82,668	-
Capital outlay:				
Construction in progress	406,369	680,601	597,208	83,393
Equipment	1,283,950	1,141,507	782,920	358,587
Total capital outlay	1,690,319	1,822,108	1,380,128	441,980
Total expenditures	170,417,568	172,698,452	158,778,742	13,919,710
Deficiency of revenues under expenditures	(89,096,855)	(89,340,883)	(76,112,570)	13,228,313
OTHER FINANCING SOURCES (USES)				
Transfers in	89,113,342	89,392,464	82,350,374	(7,042,090)
Transfers out	(4,699,386)	(5,967,219)	(4,930,342)	1,036,877
Proceeds from sale of capital assets	-	-	3,900	3,900
Total other financing sources (uses)	84,413,956	83,425,245	77,423,932	(6,001,313)
Changes in fund balance	(4,682,899)	(5,915,638)	1,311,362	7,227,000
Fund balance - beginning	5,924,781	5,924,781	5,924,781	-
Fund balance - ending	$ 1,241,882	$ 9,143	$ 7,236,143	$ 7,227,000

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, 2014

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, 2014, were not material in relation to the original appropriations.

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

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COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

Other Governmental Funds

Special Revenue Funds

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

Capital Projects Funds

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

Debt Service Funds

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

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Other Governmental Funds
June 30, 2014

	Special Revenue Funds	Debt Service Funds	Total Other Governmental Funds
ASSETS			
Cash and investments	$ 56,236,448	$ 4,670,464	$ 60,906,912
Accounts receivable	293,597	-	293,597
Due from other agencies	6,671,651	-	6,671,651
Due from other funds	195,080	-	195,080
Other assets	3,953,954	-	3,953,954
Total assets	$ 67,350,730	$ 4,670,464	$ 72,021,194
LIABILITIES			
Outstanding warrants	$ 510,315	$ -	$ 510,315
Payables	2,947,250	-	2,947,250
Due to other funds	486,688	-	486,688
Advance from other funds	880,695	-	880,695
Other liabilities	591,967	-	591,967
Due to other agencies	1,224,820	-	1,224,820
Unearned revenue	181,915	-	181,915
Total liabilities	6,823,650	-	6,823,650
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	484,450	-	484,450
FUND BALANCES			
Nonspendable	155,821	-	155,821
Restricted	59,753,316	1,870,464	61,623,780
Assigned	133,493	2,800,000	2,933,493
Total fund balances	60,042,630	4,670,464	64,713,094
Total liabilities, deferred inflows of resources and fund balances	$ 67,350,730	$ 4,670,464	$ 72,021,194

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Fiscal Year Ended June 30, 2014

	Special Revenue Funds	Debt Service Funds	Total Other Governmental Funds
REVENUES			
Taxes	$ 14,300,107	$ -	$ 14,300,107
Licenses, permits and franchises	318,270	-	318,270
Fines, forfeitures and penalties	3,716	-	3,716
Use of money and property	379,316	16,956	396,272
Intergovernmental	26,274,736	417,211	26,691,947
Charges for services	10,490,294	1,637,980	12,128,274
Miscellaneous	287,439	-	287,439
Total revenues	52,053,878	2,072,147	54,126,025
EXPENDITURES			
Current:			
General government	1,676,047	7,067	1,683,114
Public protection	3,684,000	-	3,684,000
Public ways and facilities	9,576,875	-	9,576,875
Health services	5,728,765	-	5,728,765
Public assistance	213,054	-	213,054
Education and recreation	16,801,492	-	16,801,492
Debt service:			
Principal	-	5,585,000	5,585,000
Interest and other charges	8,885	5,191,463	5,200,348
Capital outlay	9,087,945	-	9,087,945
Total expenditures	46,777,063	10,783,530	57,560,593
Excess (deficiency) of revenues over (under) expenditures	5,276,815	(8,711,383)	(3,434,568)
OTHER FINANCING SOURCES (USES)			
Transfers in	2,774,323	8,814,162	11,588,485
Transfers out	(6,754,875)	-	(6,754,875)
Proceeds from sale of capital assets	47,500	-	47,500
Total other financing sources (uses)	(3,933,052)	8,814,162	4,881,110
Changes in fund balances	1,343,763	102,779	1,446,542
Fund balances - beginning	58,698,867	4,567,685	63,266,552
Fund balances - ending	$ 60,042,630	$ 4,670,464	$ 64,713,094

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:

- *East Vallejo Fire Protection District Fund* – This fund is used to provide fire protection services to an area of East Vallejo. The funding for this district is through property taxes.

- *Fish/Wildlife Propagation Fund* – This fund is used to provide for the improvement of wildlife habitat and propagation, conservation and education in programs in Solano County. The funding for this program is fines, forfeitures and penalties.

- *Housing Authority Fund* – This fund is used to provide housing assistance through the Section 8 Housing Choice Voucher program for the unincorporated areas of Solano County. The funding for this program is through federal pass-through grants.

- *Consolidated County Service Area Fund* - This fund is used to account for the overhead street lighting in the unincorporated areas of Solano County. The funding is through property taxes.

- *Parks and Recreation Fund* – This fund is used to account for the provision of clean and safe park areas and facilities in Solano County. The funding for this fund comes from state grants, charges for services and property taxes.

- *Southeast Vallejo Redevelopment Settlement Fund* – This fund is used to track revenues from the City of Vallejo to the County, resulting from the fiscal year 2000/2001 Southeast Vallejo Redevelopment Agreement between the County and the City of Vallejo.

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2014

	Public Facilities Fees	Library	Transportation	First 5 Solano
ASSETS				
Cash and investments	$ 6,381,694	$ 12,046,392	$ 15,212,120	$ 10,732,613
Accounts receivable	71,696	50,350	154,114	700
Due from other agencies	1,317,428	641,343	3,884,248	786,529
Due from other funds	913	1,994	67,140	124,105
Other assets	9,970	956	155,821	-
Total assets	$ 7,781,701	$ 12,741,035	$ 19,473,443	$ 11,643,947
LIABILITIES				
Outstanding warrants	$ -	$ 54,777	$ 259,305	$ 86,476
Payables	-	499,336	1,708,393	591,186
Due to other funds	105	30,653	6,046	424,149
Advance from other funds	-	-	880,695	-
Other liabilities	-	-	591,967	-
Due to other agencies	394,621	-	-	68,981
Unearned revenue	-	10,208	-	-
Total liabilities	394,726	594,974	3,446,406	1,170,792
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	9,970	-	392,934	81,546
FUND BALANCES				
Nonspendable	-	-	155,821	-
Restricted	7,377,005	12,146,061	15,478,282	10,391,609
Assigned	-	-	-	-
Total fund balances	7,377,005	12,146,061	15,634,103	10,391,609
Total liabilities, deferred inflows of resources and fund balances	$ 7,781,701	$ 12,741,035	$ 19,473,443	$ 11,643,947

COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet (Continued)
Nonmajor Special Revenue Funds
June 30, 2014

Home Loan Program	Micrographics & Modernization	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds	
				ASSETS
$ 1,892,400	$ 8,763,476	$ 1,207,753	$ 56,236,448	Cash and investments
-	3,961	12,776	293,597	Accounts receivable
-	-	42,103	6,671,651	Due from other agencies
-	-	928	195,080	Due from other funds
3,614,633	-	172,574	3,953,954	Other assets
$ 5,507,033	$ 8,767,437	$ 1,436,134	$ 67,350,730	Total assets
				LIABILITIES
$ -	$ 42,412	$ 67,345	$ 510,315	Outstanding warrants
-	7,753	140,582	2,947,250	Payables
-	-	25,735	486,688	Due to other funds
-	-	-	880,695	Advance from other funds
-	-	-	591,967	Other liabilities
473,264	8,370	279,584	1,224,820	Due to other agencies
-	-	171,707	181,915	Unearned revenue
473,264	58,535	684,953	6,823,650	Total liabilities
				DEFERRED INFLOWS OF RESOURCES
-	-	-	484,450	Unavailable revenue
				FUND BALANCES
-	-	-	155,821	Nonspendable
5,033,769	8,708,902	617,688	59,753,316	Restricted
-	-	133,493	133,493	Assigned
5,033,769	8,708,902	751,181	60,042,630	Total fund balances
$ 5,507,033	$ 8,767,437	$ 1,436,134	$ 67,350,730	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, 2014

	Public Facilities Fees	Library	Transportation	First 5 Solano
REVENUES				
Taxes	$ -	$ 11,720,923	$ 1,572,407	$ -
Licenses, permits and franchises	-	-	318,270	-
Fines, forfeitures and penalties	-	-	-	-
Use of money and property	38,909	59,178	121,175	60,072
Intergovernmental	-	879,523	18,652,985	3,856,840
Charges for services	3,976,811	3,842,827	864,940	487,804
Miscellaneous	-	145,602	76,976	24,682
Total revenues	4,015,720	16,648,053	21,606,753	4,429,398
EXPENDITURES				
Current:				
General government	1,668,758	-	7,289	-
Public protection	-	-	-	-
Public ways and facilities	-	-	9,495,262	-
Health services	-	-	-	5,728,765
Public assistance	-	-	-	213,054
Education and recreation	-	15,484,651	-	-
Debt service:				
Interest and other charges	-	-	8,885	-
Capital outlay	-	252,999	8,827,597	-
Total expenditures	1,668,758	15,737,650	18,339,033	5,941,819
Excess (deficiency) of revenues over (under) expenditures	2,346,962	910,403	3,267,720	(1,512,421)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	989,148	1,500,000	193,090
Transfers out	(5,214,350)	(877,064)	(405,577)	(32,778)
Proceeds from sale of capital assets	-	-	47,500	-
Total other financing sources (uses)	(5,214,350)	112,084	1,141,923	160,312
Changes in fund balances	(2,867,388)	1,022,487	4,409,643	(1,352,109)
Fund balances - beginning	10,244,393	11,123,574	11,224,460	11,743,718
Fund balances - ending	$ 7,377,005	$ 12,146,061	$ 15,634,103	$ 10,391,609

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, 2014

Home Loan Program	Micrographics & Modernization	Other Special Revenue Funds	Total Nonmajor Special Revenue Funds	
				REVENUES
$ -	$ -	$ 1,006,777	$ 14,300,107	Taxes
-	-	-	318,270	Licenses, permits and franchises
-	-	3,716	3,716	Fines, forfeitures and penalties
43,961	37,098	18,923	379,316	Use of money and property
90,624	-	2,794,764	26,274,736	Intergovernmental
-	684,322	633,590	10,490,294	Charges for services
-	-	40,179	287,439	Miscellaneous
134,585	721,420	4,497,949	52,053,878	Total revenues
				EXPENDITURES
				Current:
-	-	-	1,676,047	General government
4,235	226,632	3,453,133	3,684,000	Public protection
-	-	81,613	9,576,875	Public ways and facilities
-	-	-	5,728,765	Health and sanitation
-	-	-	213,054	Public assistance
-	-	1,316,841	16,801,492	Education and recreation
				Debt service:
-	-	-	8,885	Interest and other charges
-	-	7,349	9,087,945	Capital outlay
4,235	226,632	4,858,936	46,777,063	Total expenditures
130,350	494,788	(360,987)	5,276,815	Excess (deficiency) of revenues over (under) expenditures
				OTHER FINANCING SOURCES (USES)
-	-	92,085	2,774,323	Transfers in
-	(203,881)	(21,225)	(6,754,875)	Transfers out
-	-	-	47,500	Proceeds from sale of capital assets
-	(203,881)	70,860	(3,933,052)	Total other financing sources (uses)
130,350	290,907	(290,127)	1,343,763	Changes in fund balances
4,903,419	8,417,995	1,041,308	58,698,867	Fund balances - beginning
$ 5,033,769	$ 8,708,902	$ 751,181	$ 60,042,630	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, 2014

	Budgeted Amounts			
	Adopted	**Final**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Use of money and property	$ 23,500	$ 23,500	$ 38,909	$ 15,409
Charges for services	2,652,692	2,652,692	3,976,811	1,324,119
Total revenues	2,676,192	2,676,192	4,015,720	1,339,528
EXPENDITURES				
Current:				
General government				
Public facilities fees	284,874	1,668,759	1,668,758	1
Non-departmental				
Contingencies	7,031,916	2,644,247	-	2,644,247
Total expenditures	7,316,790	4,313,006	1,668,758	2,644,248
Excess (deficiency) of revenues over (under) expenditures	(4,640,598)	(1,636,814)	2,346,962	3,983,776
OTHER FINANCING USES				
Transfers out	(2,210,566)	(5,214,350)	(5,214,350)	-
Changes in fund balance	(6,851,164)	(6,851,164)	(2,867,388)	3,983,776
Fund balance - beginning	10,244,393	10,244,393	10,244,393	-
Fund balance - ending	$ 3,393,229	$ 3,393,229	$ 7,377,005	$ 3,983,776

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, 2014

	Budgeted Amounts			
	Adopted	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 10,481,759	$ 10,481,759	$ 11,720,923	$ 1,239,164
Use of money and property	48,960	48,960	59,178	10,218
Intergovernmental	637,156	637,156	879,523	242,367
Charges for services	4,676,657	4,676,657	3,842,827	(833,830)
Miscellaneous	119,796	119,796	145,602	25,806
Total revenues	15,964,328	15,964,328	16,648,053	683,725
EXPENDITURES				
Current:				
Education				
Library	16,137,087	16,664,276	15,325,734	1,338,542
Library - Friends & Foundation	120,500	120,500	101,589	18,911
Library Zone 1	22,474	47,839	47,839	-
Library Zone 2	1,023	1,073	1,054	19
Library Zone 6	581	581	487	94
Library Zone 7	9,121	9,121	7,948	1,173
Total education	16,290,786	16,843,390	15,484,651	1,358,739
Non-departmental				
Contingencies	8,472,020	8,472,020	-	8,472,020
Capital outlay:				
Leasehold improvements	-	315,548	244,410	71,138
Equipment	109,000	70,000	8,589	61,411
Total capital outlay	109,000	385,548	252,999	132,549
Total expenditures	24,871,806	25,700,958	15,737,650	9,963,308
Excess (deficiency) of revenues over (under) expenditures	(8,907,478)	(9,736,630)	910,403	10,647,033
OTHER FINANCING SOURCES (USES)				
Transfers in	1,014,665	990,774	989,148	(1,626)
Transfers out	(921,423)	(896,008)	(877,064)	18,944
Total other financing sources (uses)	93,242	94,766	112,084	17,318
Changes in fund balance	(8,814,236)	(9,641,864)	1,022,487	10,664,351
Fund balance - beginning	11,123,574	11,123,574	11,123,574	-
Fund balance - ending	$ 2,309,338	$ 1,481,710	$ 12,146,061	$ 10,664,351

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, 2014

	Budgeted Amounts			
	Adopted	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 1,497,750	$ 1,497,750	$ 1,572,407	$ 74,657
Licenses, permits and franchises	192,500	192,500	318,270	125,770
Use of money and property	110,550	110,550	121,175	10,625
Intergovernmental	19,681,604	19,681,604	18,652,985	(1,028,619)
Charges for services	1,299,265	1,399,265	864,940	(534,325)
Miscellaneous	30,615	30,615	76,976	46,361
Total revenues	22,812,284	22,912,284	21,606,753	(1,305,531)
EXPENDITURES				
Current:				
General government				
Survey monument	10,524	10,524	7,289	3,235
Public ways and facilities				
Transportation	11,518,202	11,558,058	9,492,063	2,065,995
Public works improvement	1,000	1,000	1,000	-
Regional transportation project	4,000	6,394	2,199	4,195
Total public ways and facilities	11,523,202	11,565,452	9,495,262	2,070,190
Non-departmental				
Contingencies	2,516,916	2,046,916	-	2,046,916
Debt service:				
Interest and other charges	30,000	30,000	8,885	21,115
Capital outlay:				
Land	105,000	105,000	42,683	62,317
Construction in progress	11,489,000	12,137,059	8,212,493	3,924,566
Equipment	769,500	819,500	572,421	247,079
Total capital outlay	12,363,500	13,061,559	8,827,597	4,233,962
Total expenditures	26,444,142	26,714,451	18,339,033	8,375,418
Excess (deficiency) of revenues over (under) expenditures	(3,631,858)	(3,802,167)	3,267,720	7,069,887
OTHER FINANCING SOURCES (USES)				
Transfers in	34,000	1,534,000	1,500,000	(34,000)
Transfers out	(410,662)	(410,662)	(405,577)	5,085
Proceeds from sale of capital assets	50,000	10,000	47,500	37,500
Total other financing sources (uses)	(326,662)	1,133,338	1,141,923	8,585
Changes in fund balance	(3,958,520)	(2,668,829)	4,409,643	7,078,472
Fund balance - beginning	11,224,460	11,224,460	11,224,460	-
Fund balance - ending	$ 7,265,940	$ 8,555,631	$ 15,634,103	$ 7,078,472

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, 2014

	Budgeted Amounts			
	Adopted	**Final**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Use of money and property	$ 36,438	$ 36,438	$ 60,072	$ 23,634
Intergovernmental	3,586,095	3,586,095	3,856,840	270,745
Charges for services	472,332	472,332	487,804	15,472
Miscellaneous	-	-	24,682	24,682
Total revenues	4,094,865	4,094,865	4,429,398	334,533
EXPENDITURES				
Current:				
Health services				
First 5 Solano	6,404,513	6,536,234	5,728,765	807,469
Public assistance				
Grants/programs administration	247,582	247,582	213,054	34,528
Non-departmental				
Contingencies	535,275	535,275	-	535,275
Total expenditures	7,187,370	7,319,091	5,941,819	1,377,272
Deficiency of revenues under expenditures	(3,092,505)	(3,224,226)	(1,512,421)	1,711,805
OTHER FINANCING SOURCES (USES)				
Transfers in	231,250	231,250	193,090	(38,160)
Transfers out	(35,726)	(35,726)	(32,778)	2,948
Total other financing sources (uses)	195,524	195,524	160,312	(35,212)
Changes in fund balance	(2,896,981)	(3,028,702)	(1,352,109)	1,676,593
Fund balance - beginning	11,743,718	11,743,718	11,743,718	-
Fund balance - ending	$ 8,846,737	$ 8,715,016	$ 10,391,609	$ 1,676,593

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, 2014

	Budgeted Amounts			
	Adopted	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Use of money and property	$ 10,255	$ 10,255	$ 43,961	$ 33,706
Intergovernmental	525,000	525,000	90,624	(434,376)
Total revenues	535,255	535,255	134,585	(400,670)
EXPENDITURES				
Current:				
Public protection				
Micro-enterprise business account	300,255	300,255	3,154	297,101
2010 Home	225,000	225,000	306	224,694
Homeacres Loan Program	1,075	1,075	775	300
Total public protection	526,330	526,330	4,235	522,095
Non-departmental				
Contingencies	1,220,397	1,220,397	-	1,220,397
Total expenditures	1,746,727	1,746,727	4,235	1,742,492
Changes in fund balance	(1,211,472)	(1,211,472)	130,350	1,341,822
Fund balance - beginning	4,903,419	4,903,419	4,903,419	-
Fund balance - ending	$ 3,691,947	$ 3,691,947	$ 5,033,769	$ 1,341,822

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, 2014

	Budgeted Amounts			
	Adopted	**Final**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Use of money and property	$ 46,000	$ 46,000	$ 37,098	$ (8,902)
Charges for services	750,000	750,000	684,322	(65,678)
Total revenues	796,000	796,000	721,420	(74,580)
EXPENDITURES				
Current:				
Public protection				
Recorder Special Revenue	696,637	923,969	226,632	697,337
Non-departmental				
Contingencies	6,919,548	6,919,548	-	6,919,548
Total expenditures	7,616,185	7,843,517	226,632	7,616,885
Excess (deficiency) of revenues over (under) expenditures	(6,820,185)	(7,047,517)	494,788	7,542,305
OTHER FINANCING USES				
Transfers out	(203,881)	(203,881)	(203,881)	-
Changes in fund balance	(7,024,066)	(7,251,398)	290,907	7,542,305
Fund balance - beginning	8,417,995	8,417,995	8,417,995	-
Fund balance - ending	$ 1,393,929	$ 1,166,597	$ 8,708,902	$ 7,542,305

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, 2014

	Budgeted Amounts			
	Adopted	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 880,510	$ 964,400	$ 1,006,777	$ 42,377
Fines, forfeitures and penalties	800	800	3,716	2,916
Use of money and property	18,050	18,050	18,923	873
Intergovernmental	3,389,172	3,449,172	2,794,764	(654,408)
Charges for services	572,697	572,697	633,590	60,893
Miscellaneous	5,675	43,182	40,179	(3,003)
Total revenues	4,866,904	5,048,301	4,497,949	(550,352)
EXPENDITURES				
Current:				
Public protection				
Housing Authority of Solano County	3,145,379	3,145,379	2,720,630	424,749
East Vallejo Fire Protection District	340,142	392,042	389,071	2,971
Fish/Wildlife Propagation	22,527	372,449	343,432	29,017
Total public protection	3,508,048	3,909,870	3,453,133	456,737
Public ways and facilities				
County Consolidated Service Area	231,600	231,600	81,613	149,987
Education and recreation				
Parks & Recreation	1,346,678	1,499,068	1,316,841	182,227
Non-departmental				
Contingencies	114,643	114,643	-	114,643
Capital outlay:				
Equipment	40,000	31,344	7,349	23,995
Total expenditures	5,240,969	5,786,525	4,858,936	927,589
Deficiency of revenues under expenditures	(374,065)	(738,224)	(360,987)	377,237
OTHER FINANCING SOURCES (USES)				
Transfers in	122,778	122,778	92,085	(30,693)
Transfers out	(19,781)	(21,225)	(21,225)	-
Total other financing sources (uses)	102,997	101,553	70,860	(30,693)
Changes in fund balance	(271,068)	(636,671)	(290,127)	346,544
Fund balance - beginning	1,041,308	1,041,308	1,041,308	-
Fund balance - ending	$ 770,240	$ 404,637	$ 751,181	$ 346,544

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, 2014

	Budgeted Amounts			
	Adopted	**Final**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Taxes	$ 1,844,360	$ 1,851,894	$ 2,127,322	$ 275,428
Use of money and property	110,420	110,420	96,860	(13,560)
Intergovernmental	34,497,355	60,727,040	34,200,184	(26,526,856)
Miscellaneous	-	-	100	100
Total revenues	36,452,135	62,689,354	36,424,466	(26,264,888)
EXPENDITURES				
Current:				
General government				
Capital Projects	2,993,165	10,695,279	3,876,605	6,818,674
Non-departmental				
Contingencies	1,467,394	1,224,421	-	1,224,421
Capital outlay:				
Land	-	793,303	793,206	97
Construction in progress	42,142,095	87,255,964	44,294,173	42,961,791
Leasehold improvement	-	220,000	131,344	88,656
Equipment	-	2,143,511	585,116	1,558,395
Artwork	-	188,875	188,875	-
Total capital outlay	42,142,095	90,601,653	45,992,714	44,608,939
Total expenditures	46,602,654	102,521,353	49,869,319	52,652,034
Deficiency of revenues under expenditures	(10,150,519)	(39,831,999)	(13,444,853)	26,387,146
OTHER FINANCING SOURCES (USES)				
Issuance of debt	4,372,344	4,900,001	-	(4,900,001)
Transfers in	2,777,686	7,259,386	7,170,330	(89,056)
Transfers out	(900,000)	(900,000)	(900,000)	-
Total other financing sources (uses)	6,250,030	11,259,387	6,270,330	(4,989,057)
Changes in fund balance	(3,900,489)	(28,572,612)	(7,174,523)	21,398,089
Fund balance - beginning	28,582,593	28,582,593	28,582,593	-
Fund balance - ending	$ 24,682,104	$ 9,981	$ 21,408,070	$ 21,398,089

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.

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COUNTY OF SOLANO, CALIFORNIA
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2014

	2013 Certificates of Participation	2009 Certificates of Participation	Government Center Debt Service Fund	Total Nonmajor Debt Service Funds
ASSETS				
Cash and investments	$ 98,134	$ 1,764,855	$ 2,807,475	$ 4,670,464
FUND BALANCES				
Fund balances:				
Restricted	$ 98,134	$ 1,764,855	$ 7,475	$ 1,870,464
Assigned	-	-	2,800,000	2,800,000
Total fund balances	$ 98,134	$ 1,764,855	$ 2,807,475	$ 4,670,464

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, 2014

	2013 Certificates of Participation	2009 Certificates of Participation	Government Center Debt Service Fund	Total Nonmajor Debt Service Funds
REVENUES				
Use of money and property	$ 449	$ 222	$ 16,285	$ 16,956
Intergovernmental	417,211	-	-	417,211
Charges for services	-	23,310	1,614,670	1,637,980
Total revenues	417,660	23,532	1,630,955	2,072,147
EXPENDITURES				
Current:				
General government	2,227	2,415	2,425	7,067
Debt service:				
Principal	170,000	2,030,000	3,385,000	5,585,000
Interest and other charges	192,269	482,088	4,517,106	5,191,463
Total expenditures	364,496	2,514,503	7,904,531	10,783,530
Excess (deficiency) of revenues over (under) expenditures	53,164	(2,490,971)	(6,273,576)	(8,711,383)
OTHER FINANCING SOURCES				
Transfers in	44,970	2,492,289	6,276,903	8,814,162
Changes in fund balances	98,134	1,318	3,327	102,779
Fund balances - beginning	-	1,763,537	2,804,148	4,567,685
Fund balances - ending	$ 98,134	$ 1,764,855	$ 2,807,475	$ 4,670,464

COUNTY OF SOLANO, CALIFORNIA
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Pension Debt Service Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			
	Adopted	**Final**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Use of money and property	$ 4,000	$ 4,000	$ (13,281)	$ (17,281)
Miscellaneous	739,312	739,312	807,746	68,434
Total revenues	743,312	743,312	794,465	51,153
EXPENDITURES				
Current:				
General government				
Pension Obligation Bonds Administration	30,266	30,935	19,279	11,656
Debt service:				
Principal	7,340,000	7,340,000	7,340,000	-
Interest and other charges	3,558,564	3,558,564	3,389,175	169,389
Total debt service	10,898,564	10,898,564	10,729,175	169,389
Total expenditures	10,928,830	10,929,499	10,748,454	181,045
Deficiency of revenues under expenditures	(10,185,518)	(10,186,187)	(9,953,989)	232,198
OTHER FINANCING SOURCES				
Transfers in	11,720,791	11,745,054	10,478,260	(1,266,794)
Issuance of Debt	13,559,827	13,535,564	-	(13,535,564)
Total other financing sources	25,280,618	25,280,618	10,478,260	(14,802,358)
Changes in fund balance	15,095,100	15,094,431	524,271	(14,570,160)
Fund balance (deficit) - beginning	(10,851,741)	(10,851,741)	(10,851,741)	-
Fund balance (deficit) - ending	$ 4,243,359	$ 4,242,690	$ (10,327,470)	$ (14,570,160)

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, 2014

	Budgeted Amounts			
	Adopted	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Use of money and property	$ -	$ -	$ 449	$ 449
Intergovernmental revenues	417,213	417,213	417,211	(2)
Total revenues	417,213	417,213	417,660	447
EXPENDITURES				
Current:				
General government				
Animal Care Project	5,500	5,500	2,227	3,273
Debt service:				
Principal	264,414	264,414	170,000	94,414
Interest and other charges	192,269	192,269	192,269	-
Total debt service	456,683	456,683	362,269	94,414
Total expenditures	462,183	462,183	364,496	97,687
Excess (deficiency) of revenues over (under) expenditures	(44,970)	(44,970)	53,164	98,134
OTHER FINANCING SOURCES				
Transfers in	44,970	44,970	44,970	-
Changes in fund balance	-	-	98,134	98,134
Fund balance - beginning	-	-	-	-
Fund balance - ending	$ -	$ -	$ 98,134	$ 98,134

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, 2014

	Budgeted Amounts			
	Adopted	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Use of money and property	$ 91	$ 91	$ 222	$ 131
Charges for services	23,384	23,384	23,310	(74)
Total revenues	23,475	23,475	23,532	57
EXPENDITURES				
Current:				
General government				
HSS Admin Refinance	3,735	3,735	2,415	1,320
Debt service:				
Principal	2,030,000	2,030,000	2,030,000	-
Interest and other charges	482,088	482,088	482,088	-
Total debt service	2,512,088	2,512,088	2,512,088	-
Total expenditures	2,515,823	2,515,823	2,514,503	1,320
Deficiency of revenues under expenditures	(2,492,348)	(2,492,348)	(2,490,971)	1,377
OTHER FINANCING SOURCES				
Transfers in	2,492,289	2,492,289	2,492,289	-
Changes in fund balance	(59)	(59)	1,318	1,377
Fund balance - beginning	1,763,537	1,763,537	1,763,537	-
Fund balance - ending	$ 1,763,478	$ 1,763,478	$ 1,764,855	$ 1,377

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, 2014

	Budgeted Amounts			
	Adopted	**Final**	**Actual Amounts**	**Variance with Final Budget**
REVENUES				
Use of money and property	$ 9,713	$ 9,713	$ 16,285	$ 6,572
Charges for services	1,620,577	1,620,577	1,614,670	(5,907)
Total revenues	1,630,290	1,630,290	1,630,955	665
EXPENDITURES				
Current:				
General government				
Government Center	8,889	8,889	2,425	6,464
Debt service:				
Principal	3,385,000	3,385,000	3,385,000	-
Interest and other charges	4,517,106	4,517,106	4,517,106	-
Total debt service	7,902,106	7,902,106	7,902,106	-
Total expenditures	7,910,995	7,910,995	7,904,531	6,464
Deficiency of revenues under expenditures	(6,280,705)	(6,280,705)	(6,273,576)	7,129
OTHER FINANCING SOURCES				
Transfers in	6,276,903	6,276,903	6,276,903	-
Changes in fund balance	(3,802)	(3,802)	3,327	7,129
Fund balance - beginning	2,804,148	2,804,148	2,804,148	-
Fund balance - ending	$ 2,800,346	$ 2,800,346	$ 2,807,475	$ 7,129

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, 2014

	Fleet Management	Risk Management	Information Technology	Total Internal Service Funds
ASSETS				
Current assets				
Cash and investments	$ 2,628,819	$ 18,188,206	$ 5,810,395	$ 26,627,420
Accounts receivable	99,076	176,260	146,554	421,890
Due from other agencies	436	61	43,385	43,882
Due from other funds	1,051	941	117,661	119,653
Other assets	255,832	250,000		505,832
Total current assets	2,985,214	18,615,468	6,117,995	27,718,677
Noncurrent assets				
Capital assets:				
Buildings and improvements	114,471	-	183,560	298,031
Equipment	11,080,661	-	10,644,293	21,724,954
Intangibles	-	-	5,882,504	5,882,504
Accumulated depreciation and amortization	(7,008,725)	-	(13,074,481)	(20,083,206)
Total capital assets	4,186,407	-	3,635,876	7,822,283
Total assets	7,171,621	18,615,468	9,753,871	35,540,960
LIABILITIES				
Current liabilities				
Outstanding warrants	76,081	77,556	63,628	217,265
Payables	76,324	185,885	2,307,898	2,570,107
Due to other funds	718	102,160	321,480	424,358
Due to other agencies	-	1,546	9	1,555
Current portion of long-term obligations	104,337	4,500,584	348,308	4,953,229
Total current liabilities	257,460	4,867,731	3,041,323	8,166,514
Noncurrent liabilities				
Noncurrent portion of long-term obligations	116,461	8,552,125	759,945	9,428,531
Total liabilities	373,921	13,419,856	3,801,268	17,595,045
NET POSITION				
Invested in capital assets	4,186,407	-	3,635,876	7,822,283
Unrestricted	2,611,293	5,195,612	2,316,727	10,123,632
Total net position	$ 6,797,700	$ 5,195,612	$ 5,952,603	$ 17,945,915

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2014

	Fleet Management	Risk Management	Information Technology	Total Internal Service Funds
OPERATING REVENUES				
Charges for sales and services:				
Internal services	$ 4,214,674	$ 12,352,749	$ 18,578,163	$ 35,145,586
OPERATING EXPENSES				
Personnel services	936,954	719,533	5,398,331	7,054,818
Maintenance	752,231	1,214	715,804	1,469,249
Materials and supplies	1,049,773	6,410	1,120,933	2,177,116
Depreciation	1,160,231	-	2,690,618	3,850,849
Insurance	24,754	11,247,180	84,004	11,355,938
Rent, utilities and others	424,883	1,647,087	9,320,026	11,391,996
Total operating expenses	4,348,826	13,621,424	19,329,716	37,299,966
Operating loss	(134,152)	(1,268,675)	(751,553)	(2,154,380)
NONOPERATING REVENUES				
Investment earnings	14,896	89,387	23,775	128,058
Other revenue	52,711	635,395	181,579	869,685
Gain on disposal of capital assets	93,655	-	-	93,655
Total nonoperating revenues	161,262	724,782	205,354	1,091,398
Income (loss) before transfers	27,110	(543,893)	(546,199)	(1,062,982)
Transfers out	(384,216)	(29,093)	(220,249)	(633,558)
Changes in net position	(357,106)	(572,986)	(766,448)	(1,696,540)
Total net position - beginning	7,154,806	5,768,598	6,719,051	19,642,455
Total net position - ending	$ 6,797,700	$ 5,195,612	$ 5,952,603	$ 17,945,915

COUNTY OF SOLANO, CALIFORNIA
Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2014

	Fleet Management	Risk Management	Information Technology	Total Internal Service Funds
Cash flows from operating activities:				
Receipts from customers and users	$ 4,272,683	$ 12,617,630	$ 18,997,787	$ 35,888,100
Payments to suppliers	(2,269,837)	(12,112,290)	(11,290,622)	(25,672,749)
Payments to employees	(1,020,733)	(752,370)	(5,345,325)	(7,118,428)
Net cash provided (used) by operating activities	982,113	(247,030)	2,361,840	3,096,923
Cash flows from noncapital financing activities:				
Transfers out	(34,216)	(29,093)	(220,249)	(283,558)
Cash flows from capital and related financing activities:				
Debt principal paid	-	-	(7,933)	(7,933)
Acquisition of capital assets	(1,611,445)	-	(1,048,996)	(2,660,441)
Transfers out	(350,000)	-	-	(350,000)
Proceeds from sale of capital assets	118,450	-	-	118,450
Net cash used by capital and related financing activities	(1,842,995)	-	(1,056,929)	(2,899,924)
Cash flows from investing activities:				
Investment income	14,896	89,387	23,775	128,058
Net increase (decrease) in cash and cash equivalents	(880,202)	(186,736)	1,108,437	41,499
Cash and cash equivalents - beginning	3,509,021	18,374,942	4,701,958	26,585,921
Cash and cash equivalents - ending	$ 2,628,819	$ 18,188,206	$ 5,810,395	$ 26,627,420
Reconciliation of operating loss to net cash provided (used) by operating activities:				
Operating loss	$ (134,152)	$ (1,268,675)	$ (751,553)	$ (2,154,380)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	1,160,231	-	2,690,618	3,850,849
Other nonoperating revenue	52,711	635,395	181,579	869,685
Changes in assets and liabilities:				
(Increase) decrease in receivables, net	(48,852)	(54,534)	3,624	(99,762)
(Increase) decrease in due from other funds	50,627	(941)	(76,194)	(26,508)
(Increase) decrease in due from other agencies	3,523	23,993	(6,722)	20,794
Increase in other assets	(29,225)	-	-	(29,225)
Increase in outstanding warrants	38,742	64,808	15,417	118,967
Decrease in payables	(27,712)	(65,241)	(65,272)	(158,225)
Increase (decrease) in due to other funds	(607)	(16,964)	317,328	299,757
Increase in due to other agencies	-	1,546	9	1,555
Decrease in unearned revenue	-	(340,578)	-	(340,578)
Increase (decrease) in accrued compensated absences	(80,416)	(30,479)	70,755	(40,140)
Decrease in other postemployment benefits	(2,757)	(2,360)	(17,749)	(22,866)
Increase in self-insurance liability	-	807,000	-	807,000
Total adjustments	1,116,265	1,021,645	3,113,393	5,251,303
Net cash provided (used) by operating activities	$ 982,113	$ (247,030)	$ 2,361,840	$ 3,096,923
Noncash investing, capital, and financing activities				
Change in fair value of investments	$ 3,515	$ 89,387	$ 8,145	$ 101,047

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, 2014

PROPERTY TAX COLLECTION	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Assets				
Cash and investments	$ 146,080	$ 511,494,257	$ 511,640,337	$ -
Property taxes receivable	28,609,613	547,002,609	550,360,656	25,251,566
Total assets	$ 28,755,693	$ 1,058,496,866	$ 1,062,000,993	$ 25,251,566
Liabilities				
Due to others	$ 28,755,693	$ 1,058,496,866	$ 1,062,000,993	$ 25,251,566

LOCAL TRANSPORTATION	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Assets				
Cash and investments	$ 11,256,132	$ 18,144,451	$ 17,690,193	$ 11,710,390
Liabilities				
Due to others	$ 11,256,132	$ 18,144,451	$ 17,690,193	$ 11,710,390

ALL OTHER AGENCY FUNDS	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Assets				
Cash and investments	$ 30,872,988	$ 19,193,896	$ 15,177,843	$ 34,889,041
Liabilities				
Due to others	$ 30,872,988	$ 19,193,896	$ 15,177,843	$ 34,889,041

TOTAL - ALL AGENCY FUNDS	Balance July 1, 2013	Additions	Deductions	Balance June 30, 2014
Assets				
Cash and investments	$ 42,275,200	$ 548,832,604	$ 544,508,373	$ 46,599,431
Property taxes receivable	28,609,613	547,002,609	550,360,656	25,251,566
Total assets	$ 70,884,813	$ 1,095,835,213	$ 1,094,869,029	$ 71,850,997
Liabilities				
Due to others	$ 70,884,813	$ 1,095,835,213	$ 1,094,869,029	$ 71,850,997

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents **Page**

Financial Trends Information **118**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

Revenue Capacity Information **126**

These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.

Debt Capacity Information **130**

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.

Demographic and Economic Information **134**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

Operating Information **136**

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.

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

	Fiscal Year				
	2014	**2013**	**2012**	**2011**	**2010**
Governmental activities					
Net investment in capital assets	$ 451,748,610	$ 408,961,062	$ 380,366,107	$ 364,775,065	$ 366,707,988
Restricted	120,830,163	133,820,602	117,783,378	84,063,560	49,100,180
Unrestricted	194,952,606	186,237,045	170,013,282	174,821,311	208,557,054
Total governmental activities net position	$ 767,531,379	$ 729,018,709	$ 668,162,767	$ 623,659,936	$ 624,365,222
Business-type activities					
Net investment in capital assets	14,944,288	15,397,568	18,601,811	$ 19,226,808	$ 19,827,763
Unrestricted	(2,133,423)	(2,485,608)	(2,443,915)	(2,701,490)	(4,064,292)
Total business-type activities net position	$ 12,810,865	$ 12,911,960	$ 16,157,896	$ 16,525,318	$ 15,763,471
Primary government					
Net investment in capital assets	$ 466,692,898	$ 424,358,630	$ 398,967,918	$ 384,001,873	$ 386,535,751
Restricted	120,830,163	133,820,602	117,783,378 [1]	84,063,560	49,100,180
Unrestricted	192,819,183	183,751,437	167,569,367	172,119,821	204,492,762
Total primary government net position	$ 780,342,244	$ 741,930,669	$ 684,320,663	$ 640,185,254	$ 640,128,693

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

Source: Audited Financial Statements

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

Fiscal Year					
2009	**2008**	**2007**	**2006**	**2005**	
					Governmental activities
$338,045,459	$306,156,899	$290,318,976	$273,169,996	$274,177,088	Net investment in capital assets
66,684,155	72,516,573	70,229,693	67,227,824	40,996,161	Restricted
223,968,696	257,528,047	251,684,500	218,470,331	185,407,179	Unrestricted
$628,698,310	$636,201,519	$612,233,169	$558,868,151	$500,580,428	Total governmental activities net position
					Business-type activities
$ 20,389,570	$ 20,790,532	$ 14,896,619	$ 11,809,809	$ 10,270,009	Net investment in capital assets
(3,673,335)	(5,570,038)	(1,441,992)	(2,847,845)	(1,013,848)	Unrestricted
$ 16,716,235	$ 15,220,494	$ 13,454,627	$ 8,961,964	$ 9,256,161	Total business-type activities net position
					Primary government
$358,435,029	$326,947,431	$305,215,595	$284,979,805	$284,447,097	Net investment in capital assets
66,684,155	72,516,573	70,229,693	67,227,824	40,996,161	Restricted
220,295,361	251,958,009	250,242,508	215,622,486	184,393,331	Unrestricted
$645,414,545	$651,422,013	$625,687,796	$567,830,115	$509,836,589	Total primary government net position

Source: Audited Financial Statements

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

	Fiscal Year				
	2014	**2013**	**2012**	**2011**	**2010**
Expenses					
Governmental activities:					
General government	$ 60,861,259	$ 58,013,267	$ 56,978,971	$ 62,456,530	$ 62,720,766
Public protection	175,087,740	161,558,477	158,553,975	157,078,830	164,196,516
Public ways and facilities	13,212,138	13,024,689	15,182,777	12,760,561	12,148,729
Health services	111,915,241	111,863,567	110,120,877	108,700,791	104,435,728
Public assistance	138,041,533	133,282,542	133,556,741	144,667,818	140,870,819
Education and recreation	16,863,034	15,932,037	16,783,519	17,739,331	19,241,131
Interest /Principal on long-term debt	8,240,086	9,071,006	9,528,897	10,186,688	11,038,872
Total governmental activities expenses	524,221,031	502,745,585	500,705,757	513,590,549	514,652,561
Business-type activities:					
Nut Tree Airport	2,245,311	2,292,965	1,609,696	1,817,231	2,531,275
Fouts Springs Youth Facility	-	-	635,756	4,073,152	3,888,424
Total business-type actvities expenses	2,245,311	2,292,965	2,245,452	5,890,383	6,419,699
Total primary government expenses	$ 526,466,342	$ 505,038,550	$ 502,951,209	$ 519,480,932	$ 521,072,260
Program Revenues					
Governmental activities:					
Charges for services:					
General government	$ 21,330,435	$ 22,872,816	$ 21,363,951	$ 22,521,426	$ 24,664,412
Public protection	21,607,698	20,884,186	20,122,142	20,203,371	18,382,235
Public ways and facilities	893,177	2,129,249	1,769,591	1,191,080	1,081,929
Health services	16,916,414	18,245,926	22,441,636	21,718,347	18,236,407
Public assistance	823,854	990,625	860,217	1,193,714	987,213
Education and recreation	4,353,801	4,884,617	5,277,053	5,223,005	5,154,002
Operating grants and contributions	300,219,598	303,110,940	287,589,862	290,072,372	264,136,077
Capital grants and contributions	40,408,651	31,331,388	4,286,121	3,165,238	14,076,600
Total governmental activities program revenues	406,553,628	404,449,747	363,710,573	365,288,553	346,718,875
Business-type activities					
Charges for services:					
Nut Tree Airport	1,779,109	1,141,484	477,917	525,217	1,277,477
Fouts Springs Youth Facility	-	-	400,353	3,126,145	3,310,703
Operating grants and contributions	-	10,000	165,321	540,479	548,965
Capital grants and contributions	-	-	-	2,098,493	-
Total business-type activities	1,779,109	1,151,484	1,043,591	6,290,334	5,137,145
Total primary government program revenues	$ 408,332,737	$ 405,601,231	$ 364,754,164	$ 371,578,887	$ 351,856,020
Net (Expenses)/Revenue					
Governmental activities	$ (117,667,403)	$ (98,295,838)	$ (136,995,184)	$ (148,301,996)	$ (167,933,686)
Business-type activities	(466,202)	(1,141,481)	(1,201,861)	399,951	(1,282,554)
Total primary government net expenses	$ (118,133,605)	$ (99,437,319)	$ (138,197,045)	$ (147,902,045)	$ (169,216,240)
General Revenues and Other Changes in Net Position					
Governmental activities:					
Property taxes [1, 2]	$ 132,737,838	$ 124,547,765	$ 116,937,628	$ 109,322,638	$ 112,720,861
Sales and use tax	2,072,728	2,136,820	1,851,294	1,203,681	3,802,198
Property transfer tax	1,930,684	1,792,160	1,622,877	1,490,597	1,652,158
Intergovernmental not restricted for specific programs [1, 2]	1,923,733	13,291,297	12,120,126	23,601,639	20,607,668
Interest & investment earnings	1,580,598	692,890	1,525,567	1,926,203	2,744,934
Proceeds from sale of tobacco settlement revenues	-	-	-	-	-
Other	15,388,819	15,805,088	16,125,278	18,716,998	19,692,717
Gain on sale of capital assets	532,534	506,147	115,259	-	37,694
Extraordinary item	-	-	8,809,741	(8,809,741)	-
Transfers	13,139	2,542,601	(432,279)	144,695	93,446
Total governmental activities	156,180,073	161,314,768	158,675,491	147,596,710	161,351,676
Business-type activities:					
Property taxes	313,311	292,366	265,191	239,913	246,828
Intergovernmental not restricted to specific programs	77,445	42,879	27,214	48,430	50,857
Interest & investment earnings	(12,510)	1,131	(1,778)	453	1,168
Other	-	101,770	107,233	217,795	109,083
Gain on sale of capital assets	-	-	4,300	-	15,300
Transfers	(13,139)	(2,542,601)	432,279	(144,695)	(93,446)
Total business-type activities	365,107	(2,104,455)	834,439	361,896	329,790
Total primary government	$ 156,545,180	$ 159,210,313	$ 159,509,930	$ 147,958,606	$ 161,681,466
Change in net position					
Governmental activities	$ 38,512,670	$ 63,018,930	$ 21,680,307	$ (705,286)	$ (6,582,010)
Business-type activities	(101,095)	(3,245,936)	(367,422)	761,847	(952,764)
Total primary government	$ 38,411,575	$ 59,772,994	$ 21,312,885	$ 56,561	$ (7,534,774)

[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 2009	2008	2007	2006	2005	
					Expenses
					Governmental activities:
$ 68,697,921	$ 66,076,091	$ 53,610,176	$ 56,558,886	$ 50,668,082	General government
175,498,575	167,025,179	152,135,516	145,029,057	143,497,198	Public protection
12,765,552	13,749,283	12,524,903	14,258,190	13,111,022	Public ways and facilities
106,791,512	106,905,228	101,162,646	98,074,826	103,089,445	Health services
144,896,972	140,654,444	132,795,943	130,957,165	122,936,114	Public assistance
21,109,579	21,958,611	21,241,168	19,140,185	15,887,886	Education and recreation
12,124,643	13,010,423	12,781,989	12,848,298	12,548,175	Interest /Principal on long-term debt
541,884,754	529,379,259	486,252,341	476,866,607	461,737,922	Total governmental activities expenses
					Business-type activities:
2,241,236	2,022,955	1,639,976	1,592,100	1,362,902	Nut Tree Airport
3,713,188	3,649,876	3,398,461	3,301,242	3,948,500	Fouts Springs Youth Facility
5,954,424	5,672,831	5,038,437	4,893,342	5,311,402	Total business-type actvities expenses
$ 547,839,178	$ 535,052,090	$ 491,290,778	$ 481,759,949	$ 467,049,324	Total primary government expenses
					Program Revenues
					Governmental activities:
					Charges for services:
$ 28,899,543	$ 26,780,958	$ 31,241,019	$ 32,187,356	$ 37,600,101	General government
19,694,270	19,913,381	21,567,229	23,935,472	20,665,232	Public protection
1,223,163	1,507,009	1,595,475	2,059,559	1,818,144	Public ways and facilities
16,130,208	17,499,502	12,367,246	14,788,760	14,952,284	Health services
839,430	810,422	736,622	813,877	792,650	Public assistance
5,753,093	6,231,823	5,502,044	5,989,917	3,580,595	Education and recreation
281,259,235	295,815,325	288,680,255	278,885,706	264,093,871	Operating grants and contributions
6,303,034	-	-	-	1,809,000	Capital grants and contributions
360,101,976	368,558,420	361,689,890	358,660,647	345,311,877	Total governmental activities program revenues
					Business-type activities
					Charges for services:
1,292,875	1,141,736	949,070	995,659	913,935	Nut Tree Airport
3,203,533	3,184,236	3,081,184	2,346,732	2,531,598	Fouts Springs Youth Facility
528,000	540,360	648,139	748,146	689,649	Operating grants and contributions
2,189,182	2,296,465	2,918,130	280,415	1,079,079	Capital grants and contributions
7,213,590	7,162,797	7,596,523	4,370,952	5,214,261	Total business-type activities
$ 367,315,566	$ 375,721,217	$ 369,286,413	$ 363,031,599	$ 350,526,138	Total primary government program revenues
					Net (Expenses)/Revenue
$ (181,782,778)	$ (160,820,839)	$ (124,562,451)	$ (118,205,960)	$ (116,426,045)	Governmental activities
1,259,166	1,489,966	2,558,086	(522,390)	(97,141)	Business-type activities
$ (180,523,612)	$ (159,330,873)	$ (122,004,365)	$ (118,728,350)	$ (116,523,186)	Total primary government net expenses
					General Revenues and Other Changes in Net Position
					Governmental activities:
$ 124,364,351	$ 129,866,189	$ 121,438,731	$ 113,372,286	$ 65,735,256	Property taxes [1, 2]
4,277,127	2,338,436	2,115,430	2,439,283	2,410,695	Sales and use tax
1,730,179	1,708,439	3,413,296	4,850,753	4,946,514	Property transfer tax
22,666,383	22,701,977	20,122,940	17,112,250	49,225,813	Intergovernmental not restricted for specific programs [1, 2]
5,729,000	13,477,706	14,671,265	8,998,933	6,107,084	Interest & investment earnings
-	-	-	17,397,252	-	Proceeds from sale of tobacco settlement revenues
16,497,109	14,487,535	17,339,503	12,236,879	13,084,692	Other
229,676	-	233,932	-	1,432	Gain on sale of capital assets
-	-	-	-	-	Extraordinary item
163,667	208,907	(1,407,628)	86,047	74,698	Transfers
175,657,492	184,789,189	177,927,469	176,493,683	141,586,184	Total governmental activities
					Business-type activities:
273,693	287,733	270,370	258,855	215,716	Property taxes
54,693	54,251	47,008	40,679	37,072	Intergovernmental not restricted for specific programs
8,138	22,835	27,837	(39,227)	20,345	Interest & investment earnings
63,418	119,989	181,734	53,933	64,239	Other
300	-	-	-	-	Gain on sale of capital assets
(163,667)	(208,907)	1,407,628	(86,047)	(74,698)	Transfers
236,575	275,901	1,934,577	228,193	262,674	Total business-type activities
$ 175,894,067	$ 185,065,090	$ 179,862,046	$ 176,721,876	$ 141,848,858	Total primary government
					Change in net position
$ (6,125,286)	$ 23,968,350	$ 53,365,018	$ 58,287,723	$ 25,160,139	Governmental activities
1,495,741	1,765,867	4,492,663	(294,197)	165,533	Business-type activities
$ (4,629,545)	$ 25,734,217	$ 57,857,681	$ 57,993,526	$ 25,325,672	Total primary government

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

Source: Audited Financial Statements

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

	Fiscal Year				
	2014	**2013**	**2012**	**2011** [1]	**2010**
General Fund					
Nonspendable	$ 25,120,243	$ 28,688,741	$ 28,132,718	$ 26,693,402	$ -
Committed	-	-	-	6,939,235	-
Assigned	60,823,273	56,772,645	52,648,041	44,755,155	-
Unassigned	48,155,310	46,984,508	38,838,327	35,958,787	-
Reserved	-	-	-	-	32,155,440
Unreserved	-	-	-	-	72,033,076
Total General Fund	134,098,826	132,445,894	119,619,086	114,346,579	104,188,516
All Other Governmental Funds					
Nonspendable	291,228	782,082	1,336,399	210,939	-
Restricted	114,002,959	121,555,423	105,372,056 [2]	77,133,751	-
Committed	55,605	55,668	130,470	-	-
Assigned	11,834,335	10,755,939	8,458,102	22,939,415	-
Unassigned	(10,327,470)	(10,851,741)	(9,480,728)	(8,999,065)	-
Reserved	-	-	-	-	55,243,886
Unreserved, reported in:					
Special revenue funds	-	-	-	-	58,798,913
Capital projects funds	-	-	-	-	2,449,680
Debt service funds	-	-	-	-	(14,940,959)
Total all other governmental funds	115,856,657	122,297,371	105,816,299	91,285,040	101,551,520
	$ 249,955,483	$ 254,743,265	$ 225,435,385	$ 205,631,619	$ 205,740,036

[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					
2009	**2008**	**2007**	**2006**	**2005**	
					General Fund
$ -	$ -	$ -	$ -	$ -	Nonspendable
-	-	-	-	-	Committed
-	-	-	-	-	Assigned
-	-	-	-	-	Unassigned
6,909,142	9,591,064	4,150,844	3,575,776	2,650,417	Reserved
101,068,378	111,054,606	117,465,640	88,104,809	69,817,153	Unreserved
107,977,520	120,645,670	121,616,484	91,680,585	72,467,570	Total General Fund
					All Other Governmental Funds
-	-	-	-	-	Nonspendable
-	-	-	-	-	Restricted
-	-	-	-	-	Committed
-	-	-	-	-	Assigned
-	-	-	-	-	Unassigned
65,271,318	56,504,466	91,344,253	34,558,867	31,951,339	Reserved
					Unreserved, reported in:
76,053,180	76,665,059	75,946,573	133,282,448	131,227,828	Special revenue funds
6,261,034	55,852,298	13,049,077	15,255,723	2,585,051	Capital projects funds
(10,437,736)	-	-	-	-	Debt service funds
137,147,796	189,021,823	180,339,903	183,097,038	165,764,218	Total all other governmental funds
$ 245,125,316	$ 309,667,493	$ 301,956,387	$ 274,777,623	$ 238,231,788	

[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				
	2014	**2013**	**2012**	**2011**	**2010**
Revenues					
Taxes [1, 2]	$ 141,480,199	$ 132,951,338	$ 124,191,293	$ 116,385,423	$ 121,801,475
Licenses, permits and franchises	6,645,857	6,614,052	6,761,316	6,580,255	5,763,943
Fines, forfeitures and penalties	4,544,687	4,345,235	3,856,956	4,146,885	4,883,821
Use of money and property	2,317,618	1,447,711	2,237,164	2,542,856	3,419,568
Intergovernmental [1, 2]	341,824,163	342,485,211	295,317,970	309,499,470	297,119,249
Charges for services	74,868,262	80,035,651	82,663,958	89,632,816	86,456,048
Miscellaneous	13,743,165	14,113,078	15,087,609	17,068,861	17,617,361
Total revenues	585,423,951	581,992,276	530,116,266	545,856,566	537,061,465
Expenditures					
General government	56,452,888	52,761,722	51,734,638	55,690,156	57,522,204
Public protection	176,068,476	163,116,516	161,424,508	162,891,649	170,823,420
Public ways and facilities	9,576,875	8,910,754	11,085,389	9,619,806	9,170,245
Health services	113,485,686	114,501,766	113,838,461	112,350,121	108,637,073
Public assistance	138,779,333	134,536,688	135,210,563	146,596,884	144,765,442
Education and recreation	17,026,116	16,052,937	16,940,619	18,828,034	20,215,842
Debt service:					
Principal	13,006,530	13,770,731	13,356,531	8,663,794	12,465,882
Interest and other charges	8,590,661	9,107,362	9,724,218	10,227,822	11,266,372
Debt issuance cost	-	-	-	25,590	254,727
Advance refunding escrow			-	-	-
Capital outlay	58,333,218	46,057,154	28,929,685	13,007,061	41,366,813
Total expenditures	591,319,783	558,815,630	542,244,612	537,900,917	576,488,020
Excess of revenues over (under) expenditures	(5,895,832)	23,176,646	(12,128,346)	7,955,649	(39,426,555)
Other Financing Sources (Uses)					
Capital lease financing	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(10,000,000)	(17,970,000)
Proceeds from refunding bonds issued	-	-	-	10,000,000	16,745,000
Proceeds from sale of tobacco settlement revenues	-	-	-	-	-
Debt proceeds	-	5,420,000	-	-	-
Premium on debt	-	-	-	-	889,673
Transfers in	133,504,312	123,964,225	125,753,015	148,145,491	165,741,868
Transfers out	(132,857,615)	(123,747,059)	(125,886,468)	(147,627,772)	(165,502,698)
Sale of capital assets	461,353	494,068	433,300	227,956	137,432
Total other financing sources (uses)	1,108,050	6,131,234	299,847	745,675	41,275
Extraordinary Item					
Amount to be paid to State of California per AB99	-	-	8,809,741	(8,809,741)	-
Net change in fund balances	$ (4,787,782)	$ 29,307,880	$ (3,018,758)	$ (108,417)	$ (39,385,280)
Debt service as a percentage of noncapital expenditures	4.05%	4.46%	4.50%	3.60%	4.43%

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

Source: Audited Financial Statements

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

Fiscal Year					
2009	**2008**	**2007**	**2006**	**2005**	
					Revenues
$ 134,613,147	$ 138,987,233	$ 132,730,738	$ 126,709,867	$ 78,793,277	Taxes [1, 2]
6,690,257	6,180,001	6,758,843	7,260,201	5,658,034	Licenses, permits and franchises
4,772,315	5,458,554	5,870,027	7,389,580	6,038,097	Fines, forfeitures and penalties
5,917,139	13,022,335	14,115,648	9,038,296	6,415,122	Use of money and property
301,278,100	312,049,066	299,974,644	289,299,129	315,166,573	Intergovernmental [1, 2]
79,371,133	77,340,255	75,908,930	79,239,520	77,819,413	Charges for services
15,087,909	12,457,166	15,709,000	10,364,009	11,532,508	Miscellaneous
547,730,000	565,494,610	551,067,830	529,300,602	501,423,024	Total revenues
					Expenditures
60,531,698	57,450,491	49,616,574	58,726,098	55,536,885	General government
178,454,399	170,321,250	162,742,367	169,226,372	138,939,757	Public protection
9,380,649	9,925,757	9,664,948	11,838,586	9,706,357	Public ways and facilities
107,488,354	107,707,061	103,618,977	106,548,470	103,458,326	Health services
146,364,841	141,943,318	135,117,611	142,105,049	123,248,736	Public assistance
21,482,110	22,292,796	22,087,999	21,363,419	15,670,356	Education and recreation
					Debt service:
39,691,364	11,685,419	11,080,862	16,689,194	8,043,797	Principal
12,870,803	13,171,464	12,405,119	12,321,580	10,561,243	Interest and other charges
-	-	1,650,505	646,905	-	Debt issuance cost
-	-	-	-	-	Advance refunding escrow
37,841,019	22,992,641	16,423,879	13,068,467	30,852,017	Capital outlay
614,105,237	557,490,197	524,408,841	552,534,140	496,017,474	Total expenditures
(66,375,237)	8,004,413	26,658,989	(23,233,538)	5,405,550	Excess of revenues over (under) expenditures
					Other Financing Sources (Uses)
-	-	-	-	56,736	Capital lease financing
-	-	(100,769,924)	-	-	Payment to refunded bond escrow agent
-	-	99,860,000	-	-	Proceeds from refunding bonds issued
-	-	-	17,397,252	-	Proceeds from sale of tobacco settlement revenues
1,385,806	1,023,891	-	42,385,000	-	Debt proceeds
-	-	2,568,489	-	-	Premium on debt
223,869,357	169,578,877	140,741,691	131,966,707	120,245,003	Transfers in
(223,394,950)	(171,010,215)	(142,086,480)	(132,032,827)	(120,065,726)	Transfers out
130,957	114,140	205,999	63,241	193,409	Sale of capital assets
1,991,170	(293,307)	519,775	59,779,373	429,422	Total other financing sources (uses)
					Extraordinary Item
-	-	-	-	-	Amount to be paid to State of California per AB99
$ (64,384,067)	$ 7,711,106	$ 27,178,764	$ 36,545,835	$ 5,834,972	Net change in fund balances
9.12%	4.65%	4.62%	5.38%	4.00%	Debt service as a percentage of noncapital expenditures

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

Source: Audited Financial Statements

COUNTY OF SOLANO, CALIFORNIA

Assessed Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Property^ Residential Property	Commercial Property	Manufacturing Property	Other	Personal Property	Exemptions	Total	Total Direct Tax Rate
2014	$ 31,105,277,632	$ 4,513,574,970	$ 5,211,536,512	$ 2,904,002,639	$ 2,949,568,640	$ (2,961,001,719)	$ 43,722,958,674	1.000000
2013	27,924,160,679	4,454,559,076	5,238,663,904	2,851,420,457	3,034,034,729	(2,909,789,364)	40,593,049,481	1.000000
2012	25,406,736,940	4,391,896,802	5,221,209,453	2,882,813,020	2,602,009,561	(1,705,033,678)	38,799,632,098	1.000000
2011	26,431,821,835	4,437,102,001	5,436,513,066	2,816,813,953	2,357,649,133	(2,835,879,182)	38,644,020,806	1.000000
2010	27,075,951,692	4,508,746,880	5,168,402,363	2,843,365,829	2,327,189,005	(2,666,710,367)	39,256,945,402	1.000000
2009	28,395,282,085	4,580,407,775	5,288,088,227	2,820,224,711	2,393,310,544	(2,604,270,423)	40,873,042,919	1.000000
2008	33,516,047,975	4,458,259,827	5,137,584,301	2,515,019,359	1,948,949,721	(2,257,758,318)	45,318,102,865	1.000000
2007	34,906,817,027	4,141,589,706	4,555,284,699	2,147,909,474	1,940,449,367	(2,003,357,049)	45,688,693,224	1.000000
2006	31,908,618,677	3,658,979,117	4,058,927,403	1,756,602,406	1,776,148,772	(1,614,923,088)	41,544,353,287	1.000000
2005	27,646,850,121	3,346,190,948	3,755,064,101	1,578,129,310	1,560,714,346	(1,500,576,703)	36,386,372,123	1.000000

^ 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

	County Direct Rates (1)	Overlapping Rates (1)			
Fiscal Year	Countywide Tax	Local Special Districts	Schools	Cities	Total
2014	1.000000	1.809495	0.608805	0.044218	3.462518
2013	1.000000	1.755450	0.480833	0.041346	3.277629
2012	1.000000	1.731065	0.618556	0.054277	3.403898
2011	1.000000	1.730896	0.561446	0.053492	3.345834
2010	1.000000	2.405334	0.501169	0.052144	3.958647
2009	1.000000	2.074797	0.461648	0.047902	3.584347
2008	1.000000	2.074750	0.392148	0.049006	3.515904
2007	1.000000	1.676970	0.477510	0.051024	3.205504
2006	1.000000	1.670438	0.450651	0.051243	3.172332
2005	1.000000	1.669975	0.409660	0.055807	3.135442

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, 2014 and June 30, 2005

	June 30, 2014			June 30, 2005		
Taxpayer	**Assessed Value**	**Rank**	**Percentage of Total County Taxable Assessed Value**	**Assessed Value**	**Rank**	**Percentage of Total County Taxable Assessed Value**
Genentech Inc	$ 978,376,669	1	2.52%	$ 354,546,869	2	0.97%
Valero Refining Company - Calif	957,468,957	2	2.47%	996,503,026	1	2.74%
Pacific Gas & Electric Company	574,216,476	3	1.48%	324,594,352	3	0.89%
Shiloh Wind Project II, LLC	259,314,920	4	0.66%	264,518,702	4	0.73%
Anheuser-Busch, Inc.	256,704,332	5	0.67%			
Solano 3 Wind, LLC	244,406,651	6	0.63%			
Alza Corporation	237,792,006	7	0.61%	121,112,342	6	0.33%
Shiloh III Wind Project	205,716,183	8	0.53%			
Star-West Solano, LLC	173,699,526	9	0.45%			
Shiloh IV Wind Project, LLC	151,810,590	10	0.39%			
High Winds LLC				174,476,464	5	0.48%
California Northern Railroad				116,403,771	7	0.32%
Pacific Bell				101,215,491	8	0.28%
Solano Mall, LLC				90,727,136	9	0.25%
Calwest Industrial Holdings				79,151,820	10	0.22%
Totals	$ 4,039,506,310		10.43%	$ 2,623,249,973		7.21%

Sources: County of Solano Assessor-Recorder's Office and County CAFR 2005

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

Fiscal Year	Original Levy	Adjustments	Adjusted Levy	Collected in First Period		Collections in Subsequent Periods	Total Collections	
				Amount	% of Original Levy		Amount	% of Adjusted Levy
2014	$ 441,007,173	$ (2,078,099)	$ 438,929,074	$ 433,568,088	98.3%	$ -	$ 433,568,088	98.8%
2013	410,157,511	(2,667,716)	407,489,795	400,877,231	97.7%	3,208,296	404,085,527	99.2%
2012	422,207,151	(2,300,013)	419,907,138	412,665,682	97.7%	5,564,371	418,230,053	99.6%
2011	429,379,973	(796,607)	428,583,366	418,950,465	97.6%	7,804,307	426,754,772	99.6%
2010	443,248,555	(4,373,461)	438,875,094	426,044,998	96.1%	11,797,711	437,842,709	99.8%
2009	494,946,065	(4,657,605)	490,288,460	466,126,504	94.2%	22,540,571	488,667,075	99.7%
2008	507,245,315	(1,724,398)	505,520,917	472,447,183	93.1%	33,619,482	506,066,665	100.1%
2007	477,498,909	(3,571,496)	473,927,413	449,992,917	94.2%	24,958,573	474,951,490	100.2%
2006	429,891,175	(799,515)	429,091,660	413,880,171	96.3%	13,921,711	427,801,882	99.7%
2005	377,639,034	N/A *	377,639,034	368,064,913	97.5%	4,409,116	372,474,029	98.6%

* Reporting documentation not available.

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				
	2014	**2013**	**2012**	**2011**	**2010**
Governmental Activities					
Notes payable	$ 1,039,756	$ 1,047,689	$ 1,055,622	$ 1,023,890	$ 1,023,890
Capital leases	-	81,530	302,261	513,792	1,122,586
Certificates of participation	111,805,931	117,608,322	117,765,005	120,868,119	125,852,804
Pension obligation bonds	53,945,000	61,285,000	69,630,000	77,805,000	81,105,000
Business-Type Activities					
Notes payable	-	-	-	-	39,297
Capital leases	-	-	-	-	-
Total primary government	$ 166,790,687	$ 180,022,541	$ 188,752,888	$ 200,210,801	$ 209,143,577
Percentage of Personal Income [1]	0.95%	1.06%	1.06%	1.21%	1.33%
Percentage of Actual Value of Taxable Property [2]	0.38%	0.44%	0.49%	0.52%	0.53%
Per Capita [1]	$ 393.16	$ 430.28	$ 456.16	$ 484.03	$ 506.13

[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 2009	2008	2007	2006	2005	
					Governmental Activities
$ 1,023,890	$ 1,171,043 [3]	$ 11,864,718	$ 13,356,468	$ 14,897,413	Notes payable
1,303,468	16,874	28,968	88,080	191,329	Capital leases
130,649,735	138,013,241	142,576,213	146,692,575	155,954,388	Certificates of participation
88,830,000	121,020,000	127,805,000	133,195,000	96,665,000	Pension obligation bonds
					Business-Type Activities
94,854	149,853	200,965	247,631	318,517	Notes payable
-	-	-	-	5,106	Capital leases
$ 221,901,947	$ 260,371,011	$ 282,475,864	$ 293,579,754	$ 268,031,753	**Total primary government**
1.40%	1.62%	1.81%	1.97%	1.90%	**Percentage of Personal Income** [1]
0.54%	0.57%	0.62%	0.71%	0.74%	**Percentage of Actual Value of Taxable Property** [2]
$ 537.96	$ 630.18	$ 684.56	$ 713.70	$ 652.83	**Per Capita** [1]

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

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

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

Source: Audited Financial Statements

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

Fiscal Year	(1) Total Gross General Obligation Bonds	Amounts Restricted for Principal Payments	Total Net General Obligation Bonds	(2) Actual Taxable Value of Property	Percentage of Actual Taxable Value of Property	(3) Population	Net Bonded Debt per Capita
2014	$ 53,945,000	$ 2,839,781	$ 51,105,219	$ 43,722,958,674	0.12%	424,233	$ 120.46
2013	61,285,000	3,349,025	57,935,975	40,593,049,481	0.14%	418,387	138.47
2012	69,630,000	3,773,703	65,856,297	38,799,632,098	0.17%	413,786	159.16
2011	77,805,000	3,669,475	74,135,525	38,644,020,806	0.19%	413,635	179.23
2010	81,105,000	4,761,180	76,343,820	39,256,945,402	0.19%	413,220	184.75
2009	88,830,000	2,513,628	86,316,372	40,873,042,919	0.21%	412,488	209.26
2008	121,020,000	11,996,435	109,023,565	45,318,102,865	0.24%	413,167	263.87
2007	127,805,000	4,969,403	122,835,597	45,688,693,224	0.27%	412,636	297.69
2006	133,195,000	3,381,600	129,813,400	41,544,353,287	0.31%	411,351	315.58
2005	96,665,000	6,324,986	90,340,014	36,386,372,123	0.25%	410,570	220.04

[1] Pension Obligaton Bonds
[2] See the 'Assessed Value and Actual Value of Taxable Property' table for total taxable assessed value.
[3] See the 'Demographic and Economic Statistics' table for the population figures.
Note that these ratios are calculated using data from January 1.

Source: Audited Financial Statements

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

Fiscal Year	(1) Assessed Value of Property	(2) Debt Limit, 5% of Assessed Value	(3) Debt Applicable to the Limit	(4) Legal Debt Margin	Total net debt applicable to the limit as a percentage of debt limit
2014	$ 43,722,958,674	$ 2,186,147,934	$ 53,945,000	$ 2,132,202,934	2.47%
2013	40,593,049,481	2,029,652,474	61,285,000	1,968,367,474	3.02%
2012	38,799,632,098	1,939,981,605	69,630,000	1,870,351,605	3.59%
2011	38,644,020,806	1,932,201,040	77,805,000	1,854,396,040	4.03%
2010	39,256,945,402	1,962,847,270	81,105,000	1,881,742,270	4.13%
2009	40,873,042,919	2,043,652,146	88,830,000	1,954,822,146	4.35%
2008	45,318,102,865	2,265,905,143	121,020,000	2,144,885,143	5.34%
2007	45,688,693,224	2,284,434,661	127,805,000	2,156,629,661	5.59%
2006	41,544,353,287	2,077,217,664	133,195,000	1,944,022,664	6.41%
2005	36,386,372,123	1,819,318,606	96,665,000	1,722,653,606	5.31%

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

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

Year [1]	Population [2]	Personal Income [3]	Per Capita Personal Income [3]	Unemployment Rate [5]
2014	424,233	$ 17,492,221,724 [4]	$ 41,233 [4]	8.1%
2013	418,387	17,018,306,634 [4]	40,676 [4]	8.9%
2012	413,786	17,820,859,000	43,068	11.1%
2011	413,635	16,560,042,000	40,035	12.3%
2010	413,220	15,709,725,000	38,018	12.2%
2009	412,488	15,866,085,000	38,464	11.3%
2008	413,167	16,024,991,000	38,786	7.0%
2007	412,636	15,606,372,000	37,821	5.3%
2006	411,351	14,875,748,000	36,163	5.1%
2005	410,570	14,105,481,000	34,356	5.4%

Detail of estimated population, as of January 1, 2014:

Incorporated Cities	
Benicia	27,454
Dixon	19,005
Fairfield	110,018
Rio Vista	7,934
Suisun City	28,549
Vacaville	93,613
Vallejo	118,470
Total of Incorporated	405,043
Total of Unincorporated Areas	19,190
Total Population	424,233

[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 2013

[4] Estimated amounts

[5] Obtained from State of California Employment Development Department

COUNTY OF SOLANO, CALIFORNIA
Principal Employers
June 30, 2014 and June 30, 2005

	June 30, 2014			June 30, 2005		
Employer	**Employees**	**Rank**	**Percentage of Total County Employment[1]**	**Employees**	**Rank**	**Percentage of Total County Employment[1]**
Travis AFB	14,353 [2, 3]	1	7.14%	n/a [6]		
Kaiser Permanente - Vallejo	2,937 [3]	2	1.46%	2,735 [5]	2	1.38%
Fairfield-Suisun Unifed School District	2,707 [3]	3	1.35%	n/a [6]		
County of Solano	2,895 [4]	4	1.44%	3,013	1	1.52%
NorthBay Healthcare System	1,982 [3]	5	0.99%	1,301	3	0.66%
Calfornia Medical Facility	1,953 [3]	6	0.97%	n/a [6]		
Vallejo City Unifed School District	1,600 [3]	7	0.80%	n/a [6]		
Six Flags Discovery Kingdom	1,591 [3]	8	0.79%	1,200	4	0.61%
California State Prison Solano	1,300 [3]	9	0.65%	n/a [6]		
Kaiser Permanente - Vacaville	1,218 [3]	10	0.61%	n/a [6]		
Alza Corporation				700	5	0.35%
Sutter Solano Medical Center				674	6	0.34%
Westamerica Bancorporation				542	7	0.27%
Wal-Mart				523	8	0.26%
Genentech Incorporated				500	9	0.25%
Anheuser-Busch Brewery				465	10	0.24%
Totals	32,536		16.20%	11,653		5.88%

[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 2012
[3] Employment figure from the Solano Economic Development Corporation for 2013
[4] County of Solano employment figure-actual from Human Resources Department.
[5] Total for locations at Fairfield, Vacaville, and Vallejo
[6] Employment figure as of 6/30/05 not available

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

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

	Fiscal Year				
	2014	**2013**	**2012**	**2011**	**2010**
Function/Program					
General government	235.55	230.55	227.05	250.25	271.50
Public protection	1,071.00	1,006.50	951.50	992.25	1,160.00
Public ways and facilities	61.00	60.50	61.50	63.50	73.50
Health services	486.90	455.30	421.70	460.10	477.10
Public assistance	698.75	641.55	623.30	639.00	674.50
Education and recreation	116.10	118.50	124.23	140.50	151.23
Nut Tree Airport	3.00	3.00	3.00	4.00	5.00
Fouts Springs Youth Facility	-	-	-	29.00	30.00
Internal service	60.60	57.60	57.00	64.00	79.50
Total	2,732.90	2,573.50	2,469.28	2,642.60	2,922.33

Source: County of Solano Adopted Budget

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

Fiscal Year					
2009	**2008**	**2007**	**2006**	**2005**	
					Function/Program
288.00	280.00	272.00	263.00	250.00	General government
1,243.50	1,237.00	1,194.00	1,191.50	1,180.50	Public protection
75.50	76.50	74.50	73.00	73.00	Public ways and facilities
520.08	520.83	532.63	483.05	498.08	Health services
711.50	713.50	720.50	738.60	718.00	Public assistance
153.73	152.23	149.73	140.23	137.23	Education and recreation
5.00	4.00	4.00	3.00	3.00	Nut Tree Airport
30.00	29.00	29.00	30.00	41.00	Fouts Springs Youth Facility
88.50	86.50	82.50	73.50	72.50	Internal service
3,115.81	3,099.56	3,058.86	2,995.88	2,973.31	Total

Source: County of Solano Adopted Budget

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

	Fiscal Year									
	2014	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Function/Program										
General government										
Clerk-Recorder-Assessor - documents recorded	110,113	147,244	133,970	131,249	122,646	110,104	119,333	172,494	213,267	227,032
Public protection										
Number of felony cases filed-District Attorney #	3,706	3,491	3,030	3,538	3,722	3,820	3,961	4,198	3,804	4,122
Number of misdemeanor cases filed-District Attorney #	4,469	4,594	5,676	9,281	8,211	10,056	11,382	9,404	7,680	8,085
Number of juvenile petitions-District Attorney #	396	383	534	876	1,191	1,496	1,746	1,964	1,516	1,470
Number of Bookings-Sheriff	15,410	14,578	14,628	14,767	16,323	18,485	19,629	25,415	17,780	17,901
Average Daily Population-Juvenile Hall	65	67	73	76	80	86	76	89	58	78
Average Daily Population-New Foundation	19	22	23	29	24	26	21	26	24	25
Average Intake-Juvenile Hall	73	100	106	133	141	175	173	180	111	175
Number of building permits issued	834	728	729	614	545	699	760	990	829	923
Public ways and facilities										
Miles of roads maintained	578	579	585	586	586	587	587	587	589	595
Health services & public assistance										
Average monthly medical clinic visits	4,897	4,492	3,700	3,886	3,641	3,348	3,259	2,757	2,331	2,547
Average monthly dental clinic visits	1,116	758	514	608	616	396	429	354	344	368
Average monthly food stamp recipients	42,583	41,034	39,539	37,051	33,102	27,662	22,590	20,599	18,271	16,096
Average monthly MediCal beneficiaries	85,847	74,476	68,652	67,867	65,850	62,197	59,706	57,487	57,373	54,651
Average monthly CalWorks cash assistance recipients	12,976	13,293	14,215	15,466	15,443	14,359	13,390	12,486	11,970	11,118
Average monthly General Relief recipients	747	899	1,018	1,128	1,141	973	792	685	651	456
Education and recreation										
Total circulation	3,132,066	3,425,895	3,700,433	3,961,868	4,101,677 *	3,794,831	3,283,812	2,951,709	2,686,203	2,753,787
Total circulation - SNAPweb	646,576	740,574	808,163	838,622	812,830 *	670,825	568,493	478,578	448,410	409,897
Number of library patrons	1,606,769	1,778,246	1,875,945	2,041,610	2,206,518	2,248,937	2,063,232	1,928,345	1,497,667	1,549,998
Number of parks	4	4	4	4	4	4	4	4	3	3
Number of park visitors	190,916	181,090	180,495	185,453	182,434	189,703	221,806	261,351	166,735	179,371
Nut Tree Airport										
Takeoffs and landings	102,515	101,500	101,500	100,500	104,000	102,500	102,500	105,000	101,500	n/a
Fouts Springs Youth Facility (FSYF)										
Average Daily Population	-	-	- ^	43	47	54	58	56	49	65
Internal service										
Number of Fleet Vehicles	458	464	468	482	480	514	502	502	507	500
Number of Annual Fleet Miles Driven	4,184,781	5,100,000	4,133,096	4,025,516	4,299,929	5,214,737	5,300,563	4,947,911	4,529,923	4,519,141

n/a Information not available
Information based on calendar year
* Adjusted figures as of 6/30/11
^ No figure since FSYF closed in July 2011

Source: Various County departments

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

	Fiscal Year									
	2014	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Function/Program										
General government										
Buildings	17	17	17	17	16	16	15	13	13	12
Public protection										
Sheriff sub stations	-	-	-	-	1	2	3	3	3	3
Patrol units	24	22	21	21	20	23	20	20	22	22
Jail and detention facilities	3	3	3	3	3	3	3	3	3	3
Public ways and facilities										
Miles of roads #	578	579	585	586	586	587	587	587	589	595
Health services & public assistance										
Clinics & administration buildings	6	7	6	6	8	6	7	7	7	7
Education and recreation										
Branch libraries	8	8	8	8	8	8	8	8	7	6
Veterans buildings	6	6	6	6	6	6	5	5	5	5
Public parks acreage	1,259	1,259	1,259	1,259	1,259	1,259	1,259	1,259	225	225
Nut Tree Airport										
Number of runways	1	1	1	1	1	1	1	1	1	1
Fouts Springs Youth Facility										
Detention facilities*	-	-	1	1	1	1	1	1	1	1

n/a Information not available

Information based on calendar year

* Fouts asset transferred to General government in 2013.

Source: Various County departments

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COUNTY OF SOLANO, CALIFORNIA

Single Audit Reports
(OMB Circular A-133)

For the Fiscal Year Ended June 30, 2014

MGO Certified Public Accountants.

COUNTY OF SOLANO, CALIFORNIA
SINGLE AUDIT REPORTS
(OMB CIRCULAR A-133)

For the Fiscal Year Ended June 30, 2014

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COUNTY OF SOLANO, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

Federal Agency Pass-Through Agency Federal Program Title	CFDA Number	Agency Pass-Through Number	Program Expenditures
U.S. Department of Agriculture			
Pass-Through Programs:			
California Department of Food and Agriculture			
Plant and Animal Disease, Pest Control, and Animal Care	10.025	11-8520-1317-CA	$ 33,699
Plant and Animal Disease, Pest Control, and Animal Care	10.025	11-8500-0484-CA	64,691
Plant and Animal Disease, Pest Control, and Animal Care	10.025	11-8520-1164-CA	10,626
Plant and Animal Disease, Pest Control, and Animal Care	10.025	11-8523-0572-CA	17,233
Total Plant and Animal Disease, Pest Control, and Animal Care			126,249
Specialty Crop Block Grant Program - Farm Bill	10.170	SCB11036	30,513
California Department of Education			
School Breakfast Program	10.553	48-10488-6051569-01	55,638
National School Lunch Program	10.555	48-10488-6051569-01	87,379
Total Child Nutrition Cluster (10.553 and 10.555)			143,017
California Department of Public Health			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	4265	2,468,556
California Department of Social Services			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not Available	6,516,455
Total U.S. Department of Agriculture			9,284,790
U.S. Department of Defense			
Direct program:			
Community Economic Adjustment Assistance for Advance Planning and Economic Diversification	12.614	N/A	266,676
Total U.S. Department of Defense			266,676
U.S. Department of Housing and Urban Development			
Direct Programs:			
Section 8 Housing Assistance Payments Program	14.195	N/A	1,991,910
Community Development Block Grants/Entitlement Grants	14.218	N/A	730,641
Continuum of Care Program	14.267	N/A	287,274
Subtotal - Direct Programs			3,009,825
Pass-Through Program:			
California Department of Housing and Community Development			
Home Investment Partnerships Program	14.239	10-HOME-6860	9,737
Total U.S. Department of Housing and Urban Development			3,019,562

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF SOLANO, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

Federal Agency Pass-Through Agency Federal Program Title	CFDA Number	Agency Pass-Through Number	Program Expenditures
U.S. Department of Justice			
Direct Programs:			
Domestic Cannabis Eradication Suppression Program	16.Unknown	N/A	$ 35,225
Supervised Visitation, Safe Havens for Children	16.527	N/A	179,268
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	N/A	214,175
State Criminal Alien Assistance Program	16.606	N/A	185,429
Public Safety Partnership and Community Policing Grants	16.710	N/A	141,072
Second Chance Act Prisoner Reentry Initiative	16.812	N/A	260,728
Subtotal - Direct Programs			1,015,897
Pass-Through Programs:			
California Department of Corrections and Rehabilitation, Corrections Standards Authority			
Juvenile Accountability Incentive Block Grants	16.523	CSA 103-13	23,896
California Emergency Management Agency			
Crime Victim Assistance	16.575	VW13320480	116,108
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	CQ13020480	1,032
Subtotal - Pass-Through Programs			141,036
Total U.S. Department of Justice			1,156,933
U.S. Department of Labor			
Pass-Through Programs:			
California Employment Development Department			
WIA Adult Program	17.258	K386332	110,645
WIA Adult Program	17.258	K491053	934,858
Total WIA Adult Program			1,045,503
WIA Youth Activities	17.259	K386332	185,566
WIA Youth Activities	17.259	K491053	1,024,925
Total WIA Youth Activities			1,210,491
WIA Dislocated Worker Formula Grants	17.278	K282509	12,212
WIA Dislocated Worker Formula Grants	17.278	K386332	371,580
WIA Dislocated Worker Formula Grants	17.278	K491053	1,171,441
Total WIA Dislocated Worker Formula Grants			1,555,233
Total WIA Cluster (17.258, 17.259, and 17.278)			3,811,227
Total U.S. Department of Labor			3,811,227

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF SOLANO, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

Federal Agency Pass-Through Agency Federal Program Title	CFDA Number	Agency Pass-Through Number	Program Expenditures
U.S. Department of Transportation			
Pass-Through Programs:			
California Department of Transportation			
Highway Planning and Construction	20.205	5923	$ 7,379,927
California Office of Traffic Safety			
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	AL 1426	212,387
Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	AL 1186 Solano	103,289
Total U.S. Department of Transportation			7,695,603
U.S. Department of Education			
Pass-Through Program:			
California Department of Rehabilitation			
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126	Not Available	19,954
Total U.S. Department of Education			19,954
U.S. Department of Health and Human Services			
Direct Programs:			
Consolidated Health Centers (Community Health Centers, Migrant Health Centers, Health Care for the Homeless, and Public Housing Primary Care)	93.224	N/A	1,011,727
Drug-Free Communities Support Program Grants	93.276	N/A	21,710
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	N/A	328,189
Subtotal - Direct Programs			1,361,626
Pass-Through Programs:			
California Department of Public Health			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	4265	713,168
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	4265	70,809
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	4265	41,900
Immunization Grants	93.268	4265	144,706
Pregnancy Assistance Fund Program	93.500	4265	9,706
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	4265	1,115,576
HIV Care Formula Grants	93.917	4265	189,469
HIV Prevention Activities - Health Department Based	93.940	4265	147,131
Preventative Health and Health Services Block Grants	93.977	4265	100
Maternal and Child Health Services Block Grant to the States	93.994	4265	2,172,205

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF SOLANO, CALIFORNIA

Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

Federal Agency Pass-Through Agency Federal Program Title	CFDA Number	Agency Pass-Through Number	Program Expenditures
California Department of Social Services			
Guardianship Assistance	93.090	Not Available	$ 141,130
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	Not Available	329,352
Promoting Safe and Stable Families	93.556	Not Available	254,321
Temporary Assistance for Needy Families (TANF) State Programs	93.558	Not Available	23,253,373
Refugee and Entrant Assistance - State Administered Programs	93.566	Not Available	12,252
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Not Available	162,819
Foster Care - Title IV-E	93.658	Not Available	7,114,837
Adoption Assistance	93.659	Not Available	2,655,589
Social Services Block Grant	93.667	Not Available	1,759,193
Chafee Foster Care Independence Program	93.674	Not Available	153,402
Children's Health Insurance Program	93.767	Not Available	2,611
California Department of Health Care Services			
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Not Available	22,602
Block Grants for Community Mental Health Services	93.958	Not Available	173,830
California Department of Child Support Services			
Child Support Enforcement	93.563	194 600 1347 P9	7,510,754
California Department of Alcohol and Drug Programs			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Not Available	2,187,355
California Department of Social Services			
Medical Assistance Program	93.778	Not Available	15,879,970
California Department of Health Care Services			
Medical Assistance Program	93.778	12-89399	1,589,502
Medical Assistance Program	93.778	09-86026 A02	527,856
Medical Assistance Program	93.778	11-88012	250,708
Total Medical Assistance Program			18,248,036
Subtotal - Pass-Through Programs			68,586,226
Total U.S. Department of Health and Human Services			69,947,852
U.S. Department of Homeland Security			
Pass-Through Programs:			
California Emergency Management Agency			
Emergency Management Performance Grants	97.042	095-00000	235,453
Port Security Grant Program	97.056	Not Available	316,370
Homeland Security Grant Program	97.067	095-00000	414,366
City and County of San Francisco			
Homeland Security Grant Program	97.067	07595017	175,841
Total Homeland Security Grant Program			590,207
Total U.S. Department of Homeland Security			1,142,030
Total Expenditures of Federal Awards			**$ 96,344,627**

See accompanying Notes to the Schedule of Expenditures of Federal Awards.

COUNTY OF SOLANO, CALIFORNIA

Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2014

NOTE 1 – GENERAL

The Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the County of Solano (the County). Expenditures of federal awards received directly from federal agencies, as well as expenditures of federal awards passed through other governmental agencies, are included on the SEFA.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA is presented using the modified accrual basis of accounting and the accrual basis of accounting for program expenditures accounted for in governmental funds and proprietary funds, respectively, as described in Note I of the County's basic financial statements.

NOTE 3 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The CFDA numbers included in the accompanying SEFA were determined based on the program name, review of grant contract information, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

NOTE 4 – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying SEFA agree or can be reconciled with amounts reported in the related federal financial assistance reports.

NOTE 5 – RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

Federal award expenditures agree or can be reconciled with the amounts reported in the County's basic financial statements.

NOTE 6 – AMOUNTS PROVIDED TO SUBRECIPIENTS

Of the federal expenditures presented in the SEFA, the County provided federal awards to subrecipients as follows:

Federal Program Title	CFDA Number	Program Expenditures
Section 8 Housing Assistance Payment Program	14.195	$ 1,991,910
Community Development Block Grant/Entitlement Grants	14.218	730,641
Continuum of Care Program	14.267	231,722
Supervised Visitation, Safe Havens for Children	16.527	105,936
Grants to Encourage Arrest Policies and Enforcement of Protection	16.590	6,792
WIA Adult Program	17.258	1,309
WIA Youth Activities	17.259	73,079
WIA Dislocated Worker Formula Grants	17.278	2,194
Medical Assistance Program	93.778	350,879
Homeland Security Grant Program	97.067	292,755
Total		$ 3,787,217

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the County of Solano (County), as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 30, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Sacramento, California
December 30, 2014

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Federal Program

We have audited the County of Solano's, California (County), compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material affect on each of the County's major federal programs for the fiscal year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-001 and 2014-002 that we consider to be significant deficiencies.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate discretely presented component units and remaining fund information of the County as of and for the fiscal year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 30, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Macias Gini & O'Connell LLP

Sacramento, California
January 22, 2015

COUNTY OF SOLANO, CALIFORNIA

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2014

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards:

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes

Identification of major federal programs:

Name of Major Federal Program or Cluster	CFDA Number
WIA Cluster:	
WIA Adult Program	17.258
WIA Youth Activities	17.259
WIA Dislocated Worker Formula Grants	17.278
Highway Planning and Construction	20.205
Temporary Assistance for Needy Families	93.558
Medical Assistance Program	93.778

Dollar threshold used to distinguish between Type A and Type B programs:	$2,890,339
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

Reference Number:	2014-001
Federal Program Title:	Workforce Investment Act (WIA) Cluster
Federal Catalog Number:	17.258, 17.259, and 17.278
Federal Agency:	U.S. Department of Labor
Pass-Through Agency:	California Employment Development Department
Pass-Through Number and Year:	K491053; 2013-14
Category of Finding:	Allowable Costs/Cost Principles

Criteria:

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS (OMB CIRCULAR A-133)*, Subpart C – Federal Agencies and Pass-Through Entities, Section. 300 – Auditee Responsibilities

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

The County control policy requires that a supervisor sign employee timesheets and to certify that each timesheet was reviewed and approved.

U.S OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, Attachment A – General Principles for Determining Allowable Costs

E. Direct Costs

2. Application. Typical direct costs chargeable to Federal awards are:

a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.

Condition:

One employee's timesheet reported 64 total hours for the pay period tested, however the ADP payroll register indicated that the employee was paid for 76 hours.

Cause:

The cause was a data error when populating the hours worked into the ADP payroll system. The WIA administrator separates timesheets containing unpaid leave from all other time sheets for processing. There were four timesheets with unpaid leave; three of the four timesheets had 76 paid hours. The administrator mistakenly entered 76 hours for all timesheets not taking into account that one timesheet had 64 hours.

Effect:
The employee was paid for 12 hours that were not worked. Therefore, the wages paid for those 12 hours that were charged to the grant were not in compliance with the specific requirements for allowable costs/cost principles.

Questioned Costs:
The 12 hours overpaid equates to $279.

Context:
The one exception noted was from a sample of 40 timesheets tested totaling $88,201. The sample was selected from a population of 832 timesheets totaling $2,316,672.

Recommendation:
We recommend that the County implement policy and procedure to make sure all timesheets are reviewed and compared to the payroll summary prior to submission to ADP.

Management Response and Corrective Action:
The Workforce Investment Board of Solano County has implemented policies to prevent this data entry error from reoccurring.

We determined the cause of the error, updated our payroll procedures, and have successfully implemented the new procedures.

Our payroll procedures now ensure not only a review of all timesheets compared to our payroll summary, but a reconciliation of wage calculations of all temporary employees and of all timesheets with unpaid leave hours (i.e., with total hours paid of less than 80 hours per pay period) prior to final payroll submission.

Reference Number:	2014-002
Federal Program Title:	Medical Assistance Program
Federal Catalog Number:	93.778
Federal Agency:	U.S. Department of Health and Human Services
Pass-Through Agency:	California Department of Health Care Services
Pass-Through Number and Year:	11-88012; 2013-14
Category of Finding:	Subrecipient Monitoring

Criteria:

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS (OMB CIRCULAR A-133),

Subpart B – Audits, Section ___.210 Subrecipient and vendor determinations

(b) Federal award. Characteristics indicative of a Federal award received by a subrecipient are when the organization:

(1) Determines who is eligible to receive what federal financial assistance;
(2) Has its performance measured against whether the objectives of the federal program are met;
(3) Has responsibility for programmatic decision making;
(4) Has responsibility for adherence to applicable federal program compliance requirements; and
(5) Uses the federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

Subpart C – Auditees, Section ___.310 Financial Statements

(b) Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

(5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

Subpart D – Federal Agencies and Pass-Through Entities, Section ___.400 Responsibilities

(d) Pass-Through Entity Responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:

(4) Ensure that subrecipients expending $500,000 or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year.
(5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action.
(6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records.
(7) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part.

TITLE 31 - MONEY AND FINANCE, SUBTITLE V - GENERAL ASSISTANCE ADMINISTRATION, CHAPTER 75 - REQUIREMENTS FOR SINGLE AUDITS, Sec. 7502. Audit requirements; Exemptions

(f)(2) Each pass-through entity shall –

(A) provide such subrecipient the program names (and any identifying numbers) from which such assistance is derived, and the Federal requirements which govern the use of such awards and the requirements of this chapter;
(B) monitor the subrecipient's use of Federal awards through site visits, limited scope audits, or other means;
(C) review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the director, pertaining to federal awards provided to the subrecipient by the pass-through entity; and
(D) require each of its subrecipients of Federal awards to permit, as a condition of receiving Federal awards, the independent auditor of the pass-through entity to have such access to the subrecipient's records and financial statements as may be necessary for the pass-through entity to comply with this chapter.

Condition:
It was noted in fiscal year 2012/13 testing of subrecipient monitoring of School-Based Medi-Cal Administrative Activities Program (SMAA), the County did not consider its relationship with various agencies providing SMAA services funded through this grant to be that of a subrecipient. However, it was noted during our review that the agreements with these agencies define a subrecipient relationship. The County is in the process of implementing policies and procedures to correct this noncompliance, and as such, the finding continues for fiscal year 2013/14.

Cause:
The County does not have procedures and internal controls in place to ensure compliance with the requirements.

Effect:
The County is not in compliance with subrecipient monitoring requirements as it relates to this grant. In addition, the County is not in compliance with reporting requirements to disclose amounts provided to subrecipients.

Questioned Costs:
There are no known questioned costs.

Context:
During the fiscal year ended June 30, 2014, the County disbursed $250,708 to these agencies, which represents 100% of the SMAA expenditures and 71% of the total disbursed to Medical Assistance Program subrecipients.

Recommendation:
We recommend that the County enhance its policies and procedures to ensure that subrecipient and vendor relationships are properly identified in order to ensure that all subrecipients are properly included in the County’s subaward monitoring activities and that reporting requirements are met.

Management Response and Corrective Action:

Solano County concurred with the finding in the prior year for subrecipient monitoring as it related to the School-Based Medi-Cal Administrative Activities Program (SMAA). HSS has taken significant steps to address this finding:

- In early 2014, HSS held meetings with the SMAA subrecipients to assess the administrative claiming structure, various billing options and the implementation of the new random moment time survey methodology. As a direct result of these discussions, each of the four subrecipients made the decision to phase out the Solano County SMAA contract and enter into an MOU with the Local Educational Consortium (LEC) to claim SMAA. HSS remains under contract with the SMAA claiming units for FY13/14, but the LEC will assume this role, effective July 1, 2014.

- In November 2014, HSS hired a Compliance and Quality Assurance (QA) Manager who will be responsible for overseeing the development and implementation of a compliance program, which will include subrecipient monitoring. Although the department is still in the process of hiring four Compliance and QA Analyst positions, we have started discussions with the Auditor Controller's Office in developing a continuous subrecipient monitoring tool for federal grants.

- HSS has partnered with CalCPA to conduct trainings on the OMB Uniform Guidance. The first round of training was provided to HSS fiscal and program staff in May 2014. Our providers/ subrecipients are scheduled to attend a similar training in February 2015. We anticipate rolling out several trainings for the remainder of the fiscal year.

Reference Number:	2013-001
Federal Program Title:	Temporary Assistance for Needy Families
Federal Catalog Number:	93.558
Federal Agency:	U.S. Department of Health and Human Services
Pass-Through Agency:	California Department of Social Services
Pass-Through Number and Year:	194 600 1347 A7; 2012-13
Category of Finding:	Special Tests and Provisions

Criteria:

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS (OMB CIRCULAR A-133),* Subpart C – Federal Agencies and Pass-Through Entities, Section. 300 – Auditee Responsibilities

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

TITLE 45 – PUBLIC WELFARE, PART 205.55 – Requirements for requesting and furnishing eligibility and income information. A State plan under title I, IV-A, X, XIV, or XVI (AABD) of the Social Security Act must provide that:

(a) Except as provided in paragraph (b), the State agency will request through the IEVS:

(1) Wage information from the SWICA for all applicants at the first opportunity following receipt of the application and for all recipients on a quarterly basis.
(2) Unemployment compensation information for the agency administering the State's unemployment compensation program under section 3304 of the Internal Revenue Code of 1954 and section 303 of the Act as follows:

(i) For applicants at the first opportunity following receipt of the application and in each of the first three months in which the individual is receiving aid, unless the individual is found to be receiving unemployment compensation, in which case the information will be requested until benefits are exhausted; and
(ii) In each of the first three months following any recipient-reported loss of employment, unless the individual is found to be receiving unemployment compensation, in which case the information will be requested until the benefits are exhausted.

Condition:

It was noted that for two aid payments tested, the case files had no documentation that the County reviewed information from the Income Eligibility and Verification System (IEVS) used to help assist in the determination of the appropriate level of assistance under the program. The two noted cases were determined to have the appropriate level of assistance based upon subsequent review of the IEVS performed for the audit.

The County is required to request information from IEVS for all applicants at the first opportunity following receipt of the application and for all recipients on a quarterly basis.

Cause:
Through discussion with management, it was noted that the County did not have a system to internally track the cases to ensure that this compliance requirement was being met prior to January 2012. This is a continued finding from the fiscal year ended June 30, 2012 (2012-01). As a result of the prior year finding, management implemented a process in January 2012 to ensure this compliance requirement is being met. Per review of the testing, it appears that one of the two cases identified had a redetermination date prior to the implementation of the new process.

Effect:
The County has not fully adhered to the internal policies and potentially could provide aid payments to applicants that are not eligible under the program guidelines.

Questioned Costs:
Since it was subsequently determined that the appropriate level of assistance was provided in the two noted cases, there are no questioned costs.

Context:
The aid payments for these two exceptions amounted to $824. Twenty-eight aid payments for $13,072 were tested. The total population of aid payments disbursed during the fiscal year ended June 30, 2013 was 8,320 for $10,104,342.

Recommendation:
We recommend the County continue with the newly implemented policies and procedures requiring supervisors to review their caseworkers' assigned tasks on a normal basis as well as develop a mechanism to ensure that all relevant information is reviewed and documented.

Management Response and Corrective Action Plan:
It is Solano County's policy to maintain program integrity. All CalWORKs (TANF) cases are required to have Income and Eligibility Verification System (IEVS) data reviewed. Specifically, workers are required to:

- Request State wage data, Unemployment Insurance Benefit data, wage data maintained by the Social Security Administration, and unearned income data maintained by the Internal Revenue Services and/or Franchise Tax Board as part of the annual redetermination,
- Initiate the required case action and notices based on information received from the report, which includes generating adequate and timely notice.

The existing Corrective Action Plan was modified in August 2013 to further validate all applicant IEVS are reviewed for discrepancies at annual Redetermination to prevent these errors from recurring. The CalWORKs Corrective Action Team (CCAT) continues to review cases on a monthly basis to validate accuracy and to monitor corrective actions for improvement. CCAT includes the Quality Assurance Administrator, CalWORKs Program Specialist, Supervisors and Quality Assurance staff.

Corrective Action Plan Modification:

There are two reports generated monthly:

- A report generated on the 8th of every month listing all annual redeterminations due for the month:
  - An Office Assistant requests Applicant IEVS for all cases on this report,
  - Because information in IEVS is not as current as the New Hire report, we now merge the New Hire report information with the list of annual redeterminations due so that action is taken on any current change in employment that IEVS may not reflect.

  Ten days after IEVS is requested staff receive an email reminder to review for discrepancies and to take appropriate action.
- A report is generated mid-month to identify redeterminations completed for the month by staff. Supervisors, CalWORKs Program Specialist and Quality Assurance review applicant IEVS to verify action has been taken on changes reported on IEVS.

If action has not been taken supervisors, CalWORKs Program Specialist, and Quality Assurance supervisor will complete the IEVS review and take any necessary case action.

Supervisors will monitor trends and counsel workers who are not processing IEVS reports as appropriate. The CalWORKs Program Specialist and the Quality Assurance supervisor monitor and compile a monthly report of how many applicants IEVS were completed and of those completed how many were discrepant but no action was taken.

This information is shared with the Quality Assurance Administrator for accountability purposes.

Each month two (2) cases per worker are reviewed for full case accuracy, including IEVS reviews and appropriate follow up actions.

Status:

This is a continued finding from fiscal year 2011/12 for which the County implemented policies and procedures that reduced the number of findings in fiscal year 2012/13. The County made modifications to the policies and procedures in August 2013 that corrected the issue of IEVS not generated at redetermination. No exceptions were noted during special tests and provisions testing in the current year, therefore the recommendation is considered implemented.

Reference Number:	2013-002
Federal Program Title:	Medical Assistance Program
Federal Catalog Number:	93.778
Federal Agency:	U.S. Department of Health and Human Services
Pass-Through Agency:	California Department of Health Care Services
Pass-Through Number and Year:	15-15395; 2012-13
Category of Finding:	Eligibility

Criteria:

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS (OMB CIRCULAR A-133),* Subpart C – Federal Agencies and Pass-Through Entities, Section. 300 – Auditee Responsibilities

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

Title 42: Public Health
PART 435—ELIGIBILITY IN THE STATES, DISTRICT OF COLUMBIA, THE NORTHERN MARIANA ISLANDS, AND AMERICAN SAMOA
Subpart J—Eligibility in the States and District of Columbia
Redeterminations of Medicaid Eligibility

§435.916 Periodic redeterminations of Medicaid eligibility.

(a) The agency must redetermine the eligibility of Medicaid recipients, with respect to circumstances that may change, at least every 12 months, however—
(b) Procedures for reporting changes. The agency must have procedures designed to ensure that recipients make timely and accurate reports of any change in circumstances that may affect their eligibility.
(c) Agency action on information about changes.
    (1) The agency must promptly redetermine eligibility when it receives information about changes in a recipient's circumstances that may affect his eligibility.
    (2) If the agency has information about anticipated changes in a recipient's circumstances, it must redetermine eligibility at the appropriate time based on those changes.

Condition:

One of the 40 cases tested from a population in excess of 30,000 active cases for the year had not had a redetermination performed during the required 12-month period. After identification by the auditors that the redetermination had not been performed as required, County personnel evaluated the case and benefits were terminated. While the case was eligible to receive benefits for Medi-Cal, it was noted that no Medical Assistance Program costs were incurred during the fiscal year ended June 30, 2013.

Cause:

This case received benefits under two types of aid – Qualified Medicare Beneficiary, which does not have redetermination requirements, and Medical Assistance Program, which does have redetermination requirements as noted in the criteria above. Because of this, the date of Medical Assistance Program benefits redetermination must be manually entered in the CalWIN system by the caseworker for all dual-aided cases. The caseworker for this case did not enter a redetermination date as required and therefore, the case was not included on redetermination notification reports.

Effect:
When yearly redeterminations are not performed, errors can occur both in determining eligibility and computing the share of cost. Failure to perform redeterminations can result in payment of medical expenses to persons who have no right to receive Medical Assistance Program benefits under the law.

Questioned Costs:
There are no known questioned costs.

Recommendation:
We recommend that the County develop policies and procedures to ensure compliance with redetermination requirements.

Management Response and Corrective Action Plan:
Solano County concurs with the findings. The Quality Assurance unit is developing an ad hoc report identifying all dual-aided cases (Qualified Medicare Beneficiary and Medical Assistance Program) on a monthly basis to identify their redetermination date and send out the annual redetermination packet. This information will be issued to all supervisors to monitor and verify packets were sent out. This proactive corrective action will be in effect in November 2013.

Status:
For the fiscal year ended June 30, 2014, the County implemented procedures by developing and running reports identifying all dual-aided cases. No exceptions were noted during eligibility testing of dual-aid cases in the current year, therefore the recommendation is considered implemented.

Reference Number:	2013-003
Federal Program Title:	Highway Planning and Construction
Federal Catalog Number:	20.205
Federal Agency:	U.S. Department of Transportation
Pass-Through Agency:	California Department of Transportation
Pass-Through Number and Year:	5923; 2012-13
Category of Finding:	Davis-Bacon Act

Criteria:
U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS (OMB CIRCULAR A-133),* Subpart C – Federal Agencies and Pass-Through Entities, Section. 300 – Auditee Responsibilities

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

The County control policy requires that a senior civil engineer review the certified payroll submissions for compliance with the Davis-Bacon Act and sign a cover form to certify that they are in compliance with the Davis-Bacon Act.

Condition:
Eight of the 35 certified payrolls tested from a population in excess of 210 certified payrolls for the year did not have the signature of the senior civil engineer indicating that they were reviewed. We determined through procedures performed over the certified payrolls that these eight certified payrolls were in compliance with the Davis-Bacon Act compliance requirements.

Cause:
Certified payrolls from the contractors are reviewed twice, once for the compliance by the inspectors and again verified by a senior engineer. However, it was noted that the senior engineers were not signing all of the certified payrolls. Also during the time of the audit, engineers were still receiving the payrolls; review was still going on and was not completed yet.

Questioned Costs:
There are no known questioned costs.

Effect:
The design of the control is to ensure that County construction projects are in compliance with Davis-Bacon Act requirements. The circumvention of this control increases the risk of noncompliance and related disallowed costs to the grant.

Recommendation:
We recommend the County adhere to established policies and procedures.

Management Response:
Contractor's payrolls are received at different stages of the construction and finally when the project is completed the contractor sends all the payrolls. The review process involves two steps. The certified payrolls are reviewed by the inspectors for compliance with their inspection reports as they are received. The second review is the final verification done by the Senior Civil Engineer in charge. Sr. Engineer missed signing some of them after he verified the compliance. Engineering manager met with Engineers and emphasized the importance of signing every payroll documents that are reviewed by them. A memorandum has been distributed implementing the same policy.

Status:
For the fiscal year ended June 30, 2014, the County enforced their policies and procedures by making sure all certified payrolls were signed after review by senior engineers. No exceptions were noted during Davis-Bacon Act testing in the current year, therefore the recommendation is considered implemented.

Reference Number:	2013-004
Federal Program Title:	Highway Planning and Construction
Federal Catalog Number:	20.205
Federal Agency:	U.S. Department of Transportation
Pass-Through Agency:	California Department of Transportation
Pass-Through Number and Year:	5923, 2012-13
Category of Finding:	Allowable Activities/Costs

Criteria:
U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, *AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS (OMB CIRCULAR A-133),* Subpart C – Federal Agencies and Pass-Through Entities, Section. 300 – Auditee Responsibilities

(b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.

The County control policy requires that a supervisor sign employee Daily Activity Reports (DARs) to certify that each was reviewed and approved.

Condition:
Seven of the 40 DARs tested from a population of 1,286 DARs for the year did not have the signature of a supervisor indicating that they were reviewed. We determined through procedures performed over payroll charges to the grant that these seven DARs were in compliance with the activities allowed or unallowed and unallowable costs and cost principles compliance requirements.

Cause:
The DARs for the Public Works division undergo multiple review process by different staff for accuracy of the time and project type, for accuracy of coding and finally the overall review and the budget check was done by the manager prior to submission for input. In this multiple review process, signing the sheets were not given priority. Memo has been issued to rectify this issue in the future.

Questioned Costs:
There are no known questioned costs.

Effect:
The design of the control is to ensure compliance with the specific requirements for activities allowed or unallowed and with allowable or unallowable costs and cost principles related to payroll charges to the grant. The circumvention of this control increases the risk of noncompliance and related disallowed costs to the grant.

Recommendation:
We recommend the County adhere to established policies and procedures.

Management Response:
The DARs are reviewed for accuracy of time and project type, accuracy of coding and finally the overall review and the budget check was done by the manager prior to submission for processing. Reviewers and the manager were instructed to sign the DARs after each review. A meeting was held and a memorandum was distributed to emphasize the signing of the DARs after review. Accounting staff were also instructed not to accept or input any DARs that are without signatures of the reviewers and the manager. This new process will rectify this issue in the future.

Status:
For the fiscal year ended June 30, 2014, the County enforced their policies and procedures by making sure all DAR's were signed after review. No exceptions were noted during allowable activities/costs testing in the current year, therefore the recommendation is considered implemented.

Reference Number:	2013-005
Federal Program Title:	Medical Assistance Program
Federal Catalog Number:	93.778
Federal Agency:	U.S. Department of Health and Human Services
Pass-Through Agency:	California Department of Health Care Services
Pass-Through Number and Year:	15-15395; 2012-13
Category of Finding:	Subrecipient Monitoring

Criteria:

U.S. OFFICE OF MANAGEMENT AND BUDGET CIRCULAR A-133, AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS (OMB CIRCULAR A-133), Subpart B – Audits, Section .210 – Subrecipient and vendor determinations

(b) Federal award. Characteristics indicative of a Federal award received by a subrecipient are when the organization:

(1) Determines who is eligible to receive what federal financial assistance;
(2) Has its performance measured against whether the objectives of the federal program are met;
(3) Has responsibility for programmatic decision making;
(4) Has responsibility for adherence to applicable federal program compliance requirements; and
(5) Uses the federal funds to carry out a program of the organization as compared to providing goods or services for a program of the pass-through entity.

Subpart C – Auditees, Section .310 – Financial Statements

(b) Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. At a minimum, the schedule shall:

(5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

Subpart D – Federal Agencies and Pass-Through Entities, Section .400 – Responsibilities

(d) Pass-Through Entity Responsibilities. A pass-through entity shall perform the following for the Federal awards it makes:

(4) Ensure that subrecipients expending $500,000 or more in Federal awards during the subrecipient’s fiscal year have met the audit requirements of this part for that fiscal year.
(5) Issue a management decision on audit findings within six months after receipt of the subrecipients audit report and ensure that the subrecipient takes appropriate and timely corrective action.
(6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity’s own records.
(7) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part.

TITLE 31 - MONEY AND FINANCE, SUBTITLE V - GENERAL ASSISTANCE ADMINISTRATION, CHAPTER 75 - REQUIREMENTS FOR SINGLE AUDITS, Sec. 7502. Audit requirements; Exemptions

(f)(2) Each pass-through entity shall –

(D) provide such subrecipient the program names (and any identifying numbers) from which such assistance is derived, and the Federal requirements which govern the use of such awards and the requirements of this chapter;
(E) monitor the subrecipient's use of Federal awards through site visits, limited scope audits, or other means;
(F) review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the director, pertaining to federal awards provided to the subrecipient by the pass-through entity; and
(G) require each of its subrecipients of Federal awards to permit, as a condition of receiving Federal awards, the independent auditor of the pass-through entity to have such access to the subrecipient's records and financial statements as may be necessary for the pass-through entity to comply with this chapter.

Condition:
The County did not consider various agencies that it provided funding to for Medical Administrative Activities services to be subrecipients even though the agreements with these agencies define a subrecipient relationship.

During the fiscal year ended June 30, 2013, the County disbursed $615,369 to these agencies, which represents 44% of the $1,411,863 expended for Medical Administrative Activities services.

Cause:
The County does not have procedures and internal controls in place to ensure compliance with the requirement.

Questioned Costs:
There are no known questioned costs.

Effect:
The County is not in compliance with subrecipient monitoring requirements as it relates to this grant. In addition, the County is not in compliance with reporting requirements to disclose amounts provided to subrecipients.

Recommendation:
We recommend that the County enhance its policies and procedures to ensure that subrecipient and vendor relationships are properly identified in order to ensure that all subrecipients are properly included in the County’s subaward monitoring activities and that reporting requirements are met.

Management Response:
Solano County concurs with the finding. The Board of Supervisors, through the fiscal year 2013/14 budget, approved Health and Social Services (HSS) department's request to allocate 4 contract & compliance positions. One of the primary justifications for the position requests was to assist HSS in identifying subrecipient relationships as well as developing and implementing a continuous subrecipient monitoring for federal grants. Human Resources department is currently reviewing the appropriate classification for these position requests. As soon as at least one of the 4 requested positions is classified and filled, HSS will develop a corrective action plan to address this finding.

With the Centers for Medicare and Medicaid Services (CMS) requirement to implement a random moment time study (RMTS) for all California school based MAA activities effective July 1, 2014, HSS will also be assessing this year a more appropriate administrative structure and billing option for the portion of the grant related to school-based MAA.

Status:
During the fiscal year 2013/14 single audit, it was determined that the pass-through number should have been 11-88012 and that the condition related specifically to the subrecipients providing School-Based Medical Administrative Activities Program (SMAA) services, to which the County disbursed $422,515 that represents 100% of the SMAA expenditures and 69% of the total disbursed to Medical Assistance Program subrecipients.

The County is currently in the process of implementing new processes and procedures. As such, the recommendation was not implemented in fiscal year 2013/14 and is reported as finding 2014-002 in the current year.