

Solano County

Popular Annual Financial Report

Fiscal Year Ended June 30, 2021



Office of the Auditor-Controller
Solano County, California
(707) 784-6280 | @CountyOfSolano
SolanoCounty.com/Depts/Auditor



Message from the Solano County Auditor-Controller

Phyllis S. Taynton, CPA



TO THE CITIZENS OF SOLANO COUNTY:

It is my pleasure to present to you Solano County's Popular Annual Financial Report (PAFR). The PAFR, also referred to as the "Citizen's Report", is intended to provide our citizens with an easy-to-read explanation of the County's finances. The PAFR provides an overview of the County's financial condition for the fiscal year ended June 30, 2021 (FY2020/21), and a brief analysis of where the County's revenues are derived and where those dollars are spent.

The Auditor-Controller's Office is dedicated to promoting transparency and fiscal accountability within local government. This Citizen's Report serves an important function in that mission by providing our taxpayers and stakeholders with access to County financial information.

I am happy to announce that our first-ever PAFR issued last year for the FY2019/20 was awarded the Government Finance Officers Association's award for Outstanding Achievement in Popular Annual Financial Reporting. This prestigious national award recognizes conformance to the highest standards for the preparation of state and local government popular reports. We believe this PAFR continues to achieve the high standards of popular reporting.

A special thank you goes out to Jennifer Laron, Senior Accountant-Auditor, and Matthew A. Davis, Senior Management Analyst and Public Communications Officer, for their assistance in preparing this PAFR. I must also thank my entire department and the dedicated County fiscal staff whose ongoing work throughout the year and assistance to the Auditor-Controller's Office helped us achieve another Certificate of Excellence in Financial Reporting for the County's Annual Comprehensive Financial Report.

I hope you enjoy reading the County's PAFR. If you have comments, questions, or suggestions please reach out to my office, AuditorController@SolanoCounty.com and (707) 784-6280.

A handwritten signature in black ink, appearing to read "Phyllis S. Taynton".

Phyllis S. Taynton, CPA

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Government Finance Officers Association

Award for Outstanding Achievement in Popular Annual Financial Reporting

Presented to

**County of Solano
California**

For its Annual Financial Report
for the Fiscal Year Ended

June 30, 2020

A handwritten signature in black ink, appearing to read "Christopher P. Morill".

Executive Director/CEO

The Purpose

What is a Popular Annual Financial Report?

THROUGHOUT the year the County produces several documents which provide insight into the County's finances and operations. The County produces an Annual Budget document that provides a road map of how the County plans to fund operations, various programs, and services for an upcoming fiscal year. The County's Comprehensive Annual Financial Report (CAFR) provides the actual results of County operations for the fiscal year in lengthy and complex detail; and the County produces an Annual Report to its citizens of the services delivered on a calendar year basis.

This PAFR focuses on the financial results of the County in an easy-to-read format. It reports on the actual revenues and expenses for the fiscal year. The source of the data is the CAFR for the fiscal year ended June 30, 2021.

The County's CAFR and the financial statement data in this Citizen's Report are prepared in conformance with Generally Accepted Accounting Principles (GAAP), applicable to governmental entities. The financial data in this Citizen's Report includes the governmental activities of the County but does not include the business-type activities or component units. Some statistics are taken from various sources and are not GAAP-based data. The CAFR is prepared by the Auditor-Controller's Office and audited by an independent accounting firm, Eide Bailly, LLP, receiving an unmodified (clean) opinion.

The Citizen's Report is intended to complement the CAFR, not to be a substitute for it. If you would like to read our CAFR, please visit solanocounty.com/depts/auditor or scan the QR code.



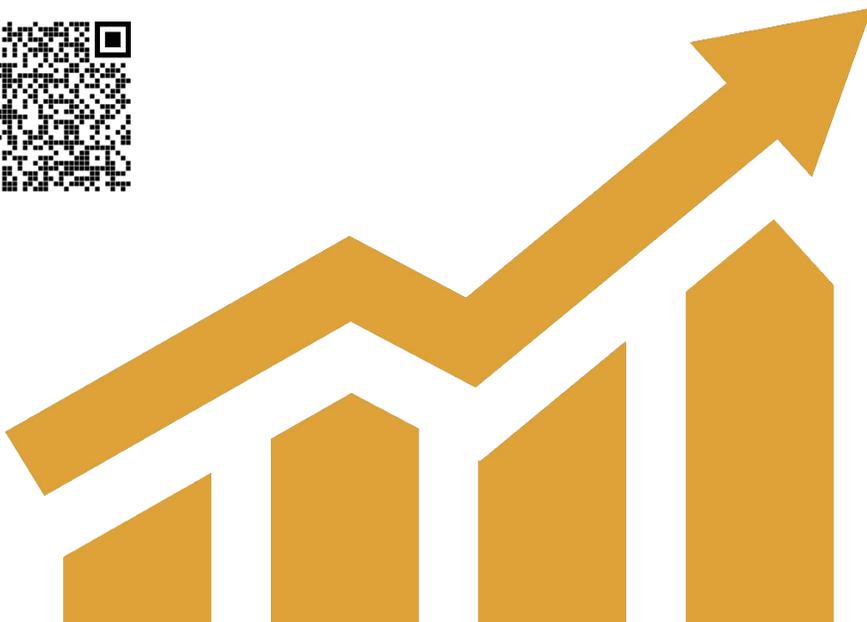
FINANCIAL HIGHLIGHTS

FY2020/21 saw a continuation of the COVID-19 Pandemic and significant funding from the Federal government for COVID-related programs, such as mass vaccination clinics, testing centers, and rental assistance.

The County's Net Position for governmental activities at June 30, 2021, was \$461.2 million; an increase of \$65.0 million, or 16.4%, over the prior year.

Revenues of governmental activities increased by a net \$116.6 million, or 16.6%, primarily due to COVID-19 pandemic funding (Coronavirus Relief Funds, Federal and State health services grants, etc.), Public Safety Proposition 172 revenues, Mental Health Services Act revenues, and increases in property tax revenues.

Expenses of governmental activities increased by a net \$20.2 million, or 2.8%, over the prior year due to \$55.4 million total increases in employee services, professional services, client support and direct services such as emergency rental assistance. The increases were offset by a decrease in pension expense of \$35.2 million based on the GASB 68 Accounting Valuation of the pension plans.





SOLANO COUNTY PROFILE



Chief Solano
Credit: Vacaville Heritage Council

SOLANO COUNTY was incorporated in 1850 as one of the original 27 counties of California. The County derives its name indirectly from the Franciscan missionary, Father Francisco Solano, whose name Solano was given in baptism to Sam Yeto, chief of one of the Indian tribes of the region. General Mariano Guadalupe Vallejo requested the County be named for Chief Solano, who ruled over most of the land and tribes between Petaluma Creek and the Sacramento River.

Originally twelve townships were created in the County, but ultimately, seven cities were incorporated: **Benicia** (1850 and 1851), **Vallejo** (1868), **Suisun City** (1868), **Dixon** (1878), **Vacaville** (1892), **Rio Vista** (1893), and **Fairfield** (1903). Most of the citizens reside in the seven cities with only 4% residing in the unincorporated areas of the County.

GEOGRAPHY

Solano County is spread over a total of 909 square miles, including 675 miles of rural and farm lands, 150 square miles of urban land, and 84 square miles of delta and waterfront. Located 45 miles northeast of **San Francisco** and 45 miles southwest of **Sacramento**, the County borders Napa, Yolo, Sacramento, and Contra Costa counties.

GOVERNMENT PROFILE

THE COUNTY operates under a general law form of government, which means that the County's policymaking and legislative authority is vested in the County Board of Supervisors (Board).

Some of the Board's responsibilities include adopting the annual operating budget, adopting local ordinances, setting policies, setting the tax rates and County fee schedules, and assisting citizens in solving problems. The five-member Board is elected by district to a four-year term.

The Board appoints the County Administrator and County Counsel. The County Administrator assists the Board in managing, directing, and coordinating the operations of all County departments.

The County employed 3,141 full-time equivalent employees during FY2020/21 in order to provide a full range of services to its residents.



ERIN HANNIGAN
District 1 Supervisor



MONICA BROWN
District 2 Supervisor



JIM SPERING
District 3 Supervisor



JOHN M. VASQUEZ
District 4 Supervisor



MITCH MASHBURN
District 5 Supervisor

The County provides services to its citizens through the following departments, organized by function:



General Government and Support Services

- Assessor-Recorder*
- Auditor-Controller*
- Board of Supervisors*
- County Administrator
- County Counsel
- General Services
- Human Resources
- Information Technology
- Treasurer-Tax Collector-County Clerk*



Public Protection

- Child Support Services
- District Attorney*
- Probation
- Public Defender
- Alternate Public Defender
- Sheriff-Coroner*

** represents elected officials*



Health and Public Assistance

- Health and Social Services
- Veterans Services



Land Use, Agriculture and Transportation

- Agriculture, Weights/Measures
- Resource Management



Education

- Library
- UC Cooperative Extension



SOLANO COUNTY STATISTICS

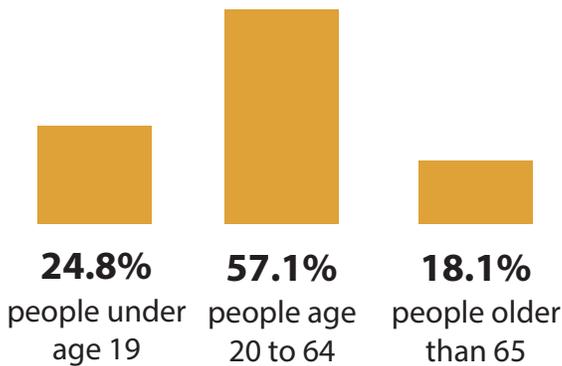
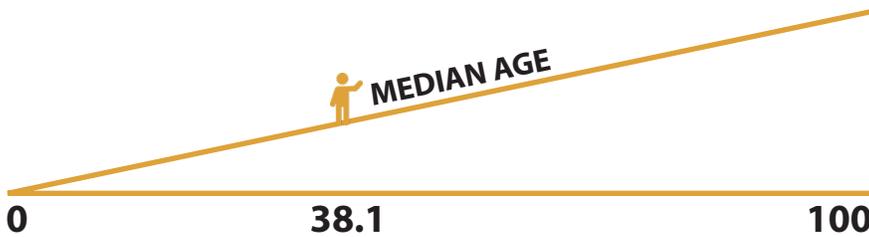
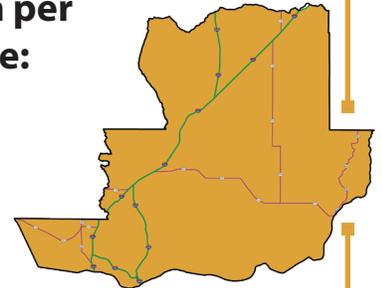
AT A GLANCE

SOLANO County's strategic location, affordable housing, natural and human resources makes it an ideal place to *live, learn, work and play.*

438,527 TOTAL POPULATION

Population per Square Mile:

530



Median Household Income

\$86,652



88.4% High School Graduate
28.9% Bachelor's Degree or higher



Median Property Value

\$549K

TOP 6 industries

- 25%** Retail, trade, transportation and utilities
- 22%** Construction, mining and manufacturing
- 17%** Education and health services
- 14%** All government
- 12%** Leisure, hospitality and other
- 10%** Business, finance and information

POPULAR CROPS



Tomatoes



Wheat



Grapes



Alfalfa - Hay



Walnuts

Top 5 Employers

- Travis Air Force Base
- Kaiser Foundation Hospitals
- Fairfield-Suisun Unified School District
- County of Solano
- Vallejo Unified School District



STATEMENT OF NET POSITION

THE STATEMENT of Net Position presents the County's financial position from a long-term perspective. It presents all of the County's assets (what the County owns) and deferred outflows of resources, liabilities (what the County owes) and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

The information below presents **only** the County's Governmental Activities – which are those functions that are primarily supported by taxes and intergovernmental revenues, as compared to the County's only business-type activity, the Nut Tree Airport, which operates similar to a business and recovers its cost through user charges and fees.

COMPONENTS OF THE COUNTY'S NET POSITION

Net Investment in capital assets – capital assets less accumulated depreciation less the debt associated with those assets.

Restricted Funds – funds subject to external regulations and other restrictions.

Unrestricted Funds – funds that can be used for any purpose.

| At June 30 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|
| Current and other assets | \$735,145,625 | \$573,275,602 | \$549,443,905 | \$502,738,141 | \$466,641,827 |
| Capital assets | 552,597,524 | 555,026,101 | 556,102,859 | 558,706,180 | 558,288,829 |
| Total assets | 1,287,743,149 | 1,128,301,703 | 1,105,546,764 | 1,061,444,321 | 1,024,930,656 |
| Deferred loss on refunding | 1,520,672 | 1,672,739 | 1,824,806 | 2,433,433 | 1,417,652 |
| Deferred outflows related to pension | 103,567,359 | 95,660,970 | 113,643,047 | 149,511,864 | 110,688,273 |
| Deferred outflows related to OPEB* | 6,550,960 | 5,927,650 | 5,705,850 | 5,538,350 | - |
| Total deferred outflows of resources | 111,638,991 | 103,261,359 | 121,173,703 | 157,483,647 | 112,105,925 |
| Other liabilities | 180,402,463 | 95,586,887 | 82,540,191 | 722,082,785 | 651,607,849 |
| Long-term obligations | 750,875,510 | 719,364,265 | 696,992,545 | 75,857,890 | 77,454,569 |
| Total liabilities | 931,277,973 | 814,951,152 | 779,532,736 | 797,940,675 | 729,062,418 |
| Deferred gain on refunding | - | - | - | 15,521 | 31,044 |
| Deferred inflows related to pension | 4,160,789 | 16,606,569 | 18,778,310 | 18,765,037 | 17,413,969 |
| Deferred inflows related to OPEB* | 2,701,965 | 4,005,607 | 1,001,947 | 1,084,784 | - |
| Total deferred inflows of resources | 6,862,754 | 20,612,176 | 19,780,257 | 19,865,342 | 17,445,013 |
| Net investment in capital assets | 484,977,193 | 481,312,570 | 477,673,000 | 473,434,362 | 465,703,178 |
| Restricted net position | 298,371,161 | 250,489,348 | 254,067,156 | 243,952,893 | 212,643,958 |
| Unrestricted net position | (322,106,941) | (335,802,184) | (304,332,682) | (316,265,304) | (287,817,986) |
| Total net position | \$461,241,413 | \$395,999,734 | \$427,407,474 | \$401,121,951 | \$390,529,150 |

* Accounting change implemented in 2018
OPEB, Other Postemployment Benefits

Analysis of Change in Net Position:

The County's Net Position of Governmental Activities increased \$65.0 million. The most significant changes in the County's net position are due to an increase of \$47.9 million in Restricted Net Position and a decrease in the deficit unrestricted net position of \$13.7 million. The County's restricted net position increased due to increases in restricted program funding for health services, public safety, library services, capital projects, and public facilities. These funds must be spent for the restricted purposes. The deficit unrestricted net position improved due to net increases in general revenues and program-specific funding. The County's net investment in capital assets did not significantly increase (less than 1% or \$3.6 million).



STATEMENT OF ACTIVITIES

WHAT DOES THE STATEMENT OF ACTIVITIES TELL ME? The Statement of Activities reports the County's revenues and expenses during the fiscal year, which increases or decreases the County's net position. Revenues are classified by source and expenses are classified by function. The Statement of Activities below presents only the Governmental Activities of the County.



| | FY 2020/21 | FY 2019/20 | FY 2018/19 | FY 2017/18 | FY 2016/17 |
|-------------------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
| REVENUES | | | | | |
| Program revenues | \$580,034,479 | \$480,495,644 | \$490,750,106 | \$490,235,116 | \$460,169,445 |
| General revenues* | 238,947,328 | 221,883,493 | 219,101,490 | 205,464,743 | 189,789,397 |
| Total Revenues | \$818,981,807 | \$702,379,137 | \$709,851,596 | \$695,699,859 | \$649,958,842 |
| EXPENSES | | | | | |
| General government | \$84,019,126 | \$77,400,983 | \$79,056,546 | \$73,469,037 | \$67,637,800 |
| Public protection | 251,384,379 | 256,573,399 | 230,141,732 | 230,654,519 | 216,932,185 |
| Public ways and facilities | 23,540,793 | 17,395,553 | 21,057,877 | 17,220,809 | 12,289,760 |
| Health services | 186,606,805 | 188,075,259 | 173,753,194 | 172,280,422 | 154,787,811 |
| Public assistance | 183,131,786 | 168,263,482 | 154,082,791 | 152,732,632 | 151,158,894 |
| Education and recreation | 21,394,961 | 21,746,756 | 20,198,264 | 19,273,900 | 18,333,677 |
| Interest on long-term debt | 3,901,678 | 4,331,445 | 5,275,669 | 3,347,473 | 6,478,003 |
| Total Expenses | \$753,979,528 | \$733,786,877 | \$683,566,073 | \$668,978,792 | \$627,618,130 |
| Change in Net Position | \$65,002,279 | (\$31,407,740) | \$26,285,523 | \$26,721,067 | \$22,340,712 |

* Includes Transfers

Funding for County Services - FY2020/21

| Function/Program | Total Expenses | Charges for Services | Operating Grants | Capital Grants | Other (Primarily Property Taxes) |
|----------------------------|----------------------|----------------------|----------------------|--------------------|----------------------------------|
| General Government | \$84,019,126 | \$36,875,789 | \$4,662,138 | \$649,709 | \$41,831,490 |
| Public Protection | 251,384,379 | 26,874,939 | 113,447,199 | - | 111,062,241 |
| Health Services | 186,606,805 | 19,993,582 | 169,460,088 | - | (2,846,865) |
| Public Assistance | 183,131,786 | 618,561 | 173,980,580 | - | 8,532,645 |
| Education and Recreation | 21,394,961 | 5,820,615 | 7,134,583 | - | 8,439,763 |
| Public Ways and Facilities | 23,540,793 | 1,830,557 | 18,213,305 | 472,834 | 3,024,097 |
| Interest on Long-Term Debt | 3,901,678 | - | - | - | 3,901,678 |
| Total | \$753,979,528 | \$92,014,043 | \$486,897,893 | \$1,122,543 | \$173,945,049 |

WHERE THE MONEY COMES FROM



OVERALL REVENUES

- Program Revenues, 71%
- General Revenues, 29%

PROGRAM REVENUES: Revenues derived directly from the program itself or from parties outside the County's taxpayers or citizenry; includes Operating Grants and Contributions, Charges for Services, and Capital Grants.

GENERAL REVENUES: Revenues not dedicated to a specific program, such as property taxes and related revenues, sales taxes, and unrestricted interest earnings.

Governmental Activities: Changes in Revenues

PROGRAM REVENUES increased \$99.5 million over the prior year due to increases in federal and state funding for COVID 19-Pandemic program costs and increases in other charges for services as the economy reopened.

Significant changes are due to:

- \$43.1 million** - Coronavirus Relief Funds
- \$24.7 million** - increase for health services
- \$6.6 million** - increase for public assistance
- \$11.8 million** - increase for public protection (Prop 172 and Realignment funding)
- \$11.1 million** - net increase in charges for services revenues, including public facilities fees, law enforcement services to other local entities

GENERAL REVENUES increased by a net \$17.1 million primarily due to an increase in property tax revenues as property values continue to increase and unexpected one-time revenues from redevelopment dissolution.

| WHERE THE MONEY COMES FROM | FY2020/21 |
|----------------------------------|-----------|
| Program revenues | 70.8% |
| Charges for Services | 11.2% |
| Operating grants & contributions | 59.5% |
| Capital grants & contributions | 0.1% |
| General revenues* | 29.2% |
| Taxes | 26.9% |
| Intergovernmental Revenues | 0.8% |
| Interest Earnings | 0.1% |
| All Others | 1.4% |

*Includes Transfers

TOTAL PROGRAM REVENUES

\$580.0
million



\$99.5 million

TOTAL GENERAL REVENUES

\$238.9
million



\$17.1 million

TOTAL REVENUE GOVT. ACTIVITIES

\$818.9
million



\$116.6 million



WHERE THE MONEY GOES

THE EXPENSES of the County are classified by functional areas, based on the programs and services delivered to the County's citizenry. The functional areas include **General Government, Public Protection, Public Ways and Facilities, Health Services, Public Assistance, Education and Recreation, and Debt Interest.** Some examples of program expenses within these functional areas include the costs of operating the County Jail, Juvenile Hall, maintenance of County parks and roads, health clinic operations, library operations, and supportive services to County departments. Program expenses include payroll and benefit costs of program staff, materials and supplies, computers, and small office equipment.



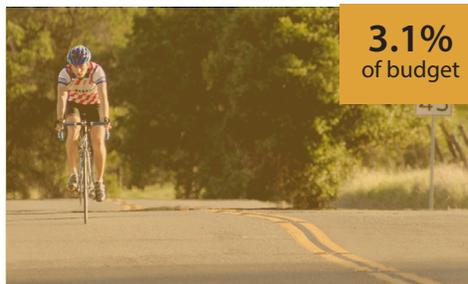
33.3%
of budget

Public Protection
\$251,384,379 | 2.0% decrease



24.4%
of budget

Public Assistance
\$183,131,786 | 8.8% increase



3.1%
of budget

Public Ways and Facilities
\$23,540,793 | 35.3% increase



2.8%
of budget

Education and Recreation
\$21,394,961 | 1.6% decrease



11.1%
of budget

General Government
\$84,019,126 | 8.6% increase



24.8%
of budget

Health Services
\$186,606,805 | 0.8% decrease



0.5%
of budget

Interest on Long-Term Debt
\$3,901,678 | 9.9% decrease

\$754.0 million

*Governmental Activities:
Changes in Expenses*

THE NET INCREASE of \$20.2 million is primarily the result of \$55.4 million net increases in salaries and benefits costs, housing support and contracted direct services for clients, increases in professional and program support costs, offset by a \$35.2 million decrease in pension expense based on the GASB68 accounting valuation.

**CHANGES IN
EXPENSES**

**\$20.2
million**



SOME COSTS are not considered expenses, but still require a significant outlay of County funds: The County spent over \$21.1 million to purchase/improve capital assets. The County reduced its debt by \$8.4 million by making principal payments on long-term debt during the fiscal year.

WHERE THE PROPERTY TAX DOLLAR GOES

SOLANO COUNTY'S total net assessment roll as of January 1, 2021, was valued at \$62.7 billion and increased by 2.97% over the prior year, a \$1.8 billion increase. The County's net assessment roll consists of all assessable property valued by the County Assessor, less those properties that are exempt from taxation. The net roll is separated into the "secured assessment roll" – generally land and improvements (such as structures) and the "unsecured assessment roll" – primarily business /personal property (such as machinery and equipment). The "secured assessment roll" generates most of the property tax revenues.

In FY2020/21, the County's assessment rolls generated over \$651.9 million in property taxes which were distributed to county government, cities, school districts (which includes ERAF*), redevelopment trust funds, and special districts in Solano County.

Although Solano County only receives 23 cents per dollar, the County relies on property taxes as the main source of revenue to pay for countywide services. These 23 cents or 23% of the tax dollar accounts for \$154.7 million in property taxes to the County.

The County receives 23 cents per property tax dollar



33%
Schools

19%
ERAF*

23%
County

16%
Cities

6%
Special District

3%
Redevelopment

Property Tax Explained

Property Tax is a major source of revenue for local government in California and is determined by assessed values.

The property tax rate throughout the State of California is 1% of the assessed value.

Voter-approved debt is in addition to the 1% rate.



Redevelopment



*ERAF, Educational Revenue Augmentation Fund – property taxes shifted from local agencies to schools to offset cuts in State revenues to the schools



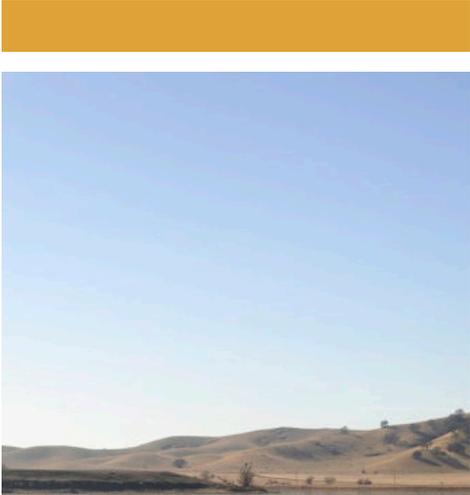
SOLANO COUNTY HIGHLIGHTS



Benicia Waterfront



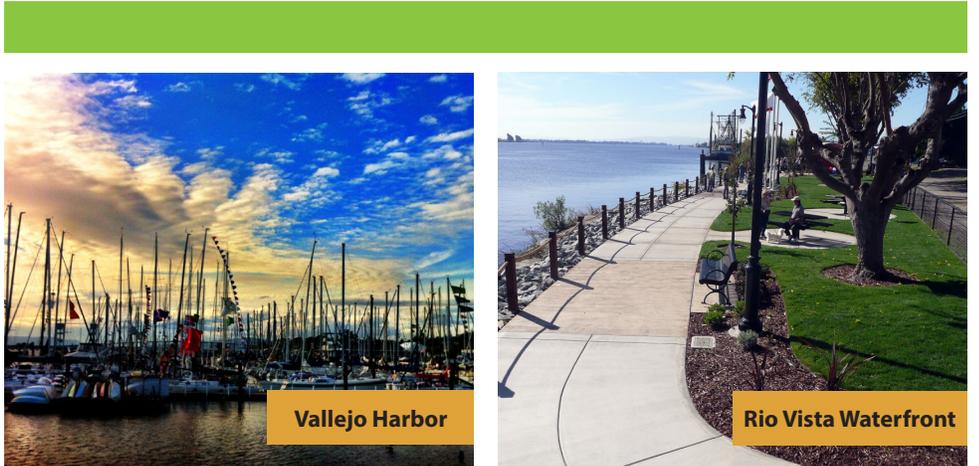
Vacaville Hills



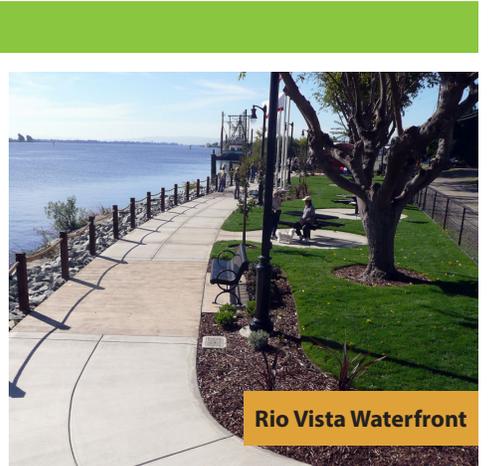
Lagoon Valley Park



Suisun City Waterfront



Vallejo Harbor



Rio Vista Waterfront

CONNECT WITH US



Find us on the web at
SolanoCounty.com



Call the Auditor-Controller's
Office at (707) 784-6280



Email the Auditor-Controller at
AuditorController@SolanoCounty.com



Find us on Facebook
@CountyOfSolano
(Facebook.com/CountyOfSolano)

FRAUD, WASTE AND ABUSE – Whistleblower Program

As part of our role in the stewardship and oversight of public funds, the Auditor-Controller's Internal Audit Division operates a Whistleblower Program. The program provides employees and citizens with an easy and anonymous way to participate in helping the County protect its financial resources, as well as identify potential fraud, waste and abuse. An incident can be reported 24-hours a day, 365 days a year, by phone at 1-866-84-TIPS or by visiting our website: <https://www.solanocounty.com/depts/auditor/whistleblower/default.asp>.





Office of the Auditor-Controller

Phyllis S. Taynton, CPA

Solano County, California

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