

Solano County

Popular Annual Financial Report

Fiscal Year Ended June 30, 2023



Office of the Auditor-Controller
Solano County, California
(707) 784-6280 | [@CountyOfSolano](https://www.CountyOfSolano.com)
[SolanoCounty.com/Depts/Auditor](https://www.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, 2023 (FY2022/23), and a brief analysis of where the County's revenues are derived and where those dollars are spent.

I am happy to announce that our third PAFR issued last year for the FY2021/22 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.

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.

A special thank you goes out to Jennifer Laron, Senior Accountant-Auditor and Matthew Davis, Senior Management Analyst, 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 at AuditorController@solanocounty.com or (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, 2022

Christopher P. Morrell

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 Annual Comprehensive Financial Report (ACFR) 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 to its citizens 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 ACFR for the fiscal year ended June 30, 2023.

The County's ACFR 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 ACFR 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 ACFR, not to be a substitute for it. If you would like to read our ACFR, please visit solanocounty.com/depts/auditor or scan the QR code.



FINANCIAL HIGHLIGHTS

During FY2022/23, inflationary pressures impacted the County's budget and operations increasing costs of providing services and increasing demand for services. Both general and program revenues kept pace with increasing costs.

The County's **Net Position** for governmental activities at June 30, 2023, was \$707.7 million; an **increase of \$100.5 million**, or 16.6%, over the prior year. Of this increase, \$65 million is restricted for specific purposes.

The County received \$86.9 million under the **American Rescue Plan Act (ARPA) of 2021**. The Board fully allocated these funds to a wide variety of projects. During FY2022/23, the County spent \$17.5 million; the remaining balance of \$69.4 million is recorded as "unearned revenues" in the financial statements.

The County implemented a new accounting standard on **SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS (SBITA)** which resulted in a new "Right to Use" Asset of \$6.6 million, net of amortization, and the related SBITA liability of \$5.0 million.

The County issued **\$30 million in Certificates of Participation (COPs)** in FY2021/22 to fund energy conservation and generation projects for the County campuses in Fairfield, Vacaville, and Vallejo. During FY2022/23, the County spent over \$10 million on energy improvements with more projects in progress.



SOLANO COUNTY STATISTICS

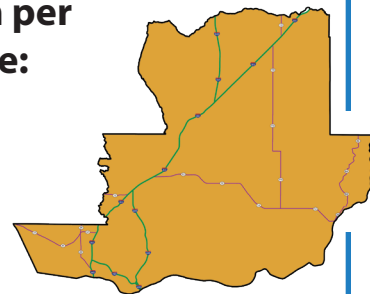
AT A GLANCE

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

443,749 TOTAL POPULATION

Population per Square Mile:

489



MEDIAN AGE

0 38.5 100



22.3%
people under age 18



61.8%
people age 18 to 64



15.9%
people older than 65



Median Household Income

\$87,770



88.9%
High School Graduate
36.9%
Bachelor's Degree or higher



Median Property Value

\$585K

Top 5 Employers

Travis Air Force Base

County of Solano

Fairfield-Suisun Unified School District

North Bay Healthcare System

Kaiser Foundation Hospitals

TOP industries

31% Retail, Trade, Transportation & Utilities

20% Healthcare and Social Assistance

17% All Government, including US Military

15% Leisure, hospitality and other

9% Manufacturing

8% Construction

POPULAR CROPS



Tomatoes



Wheat



Grapes



Alfalfa - Hay

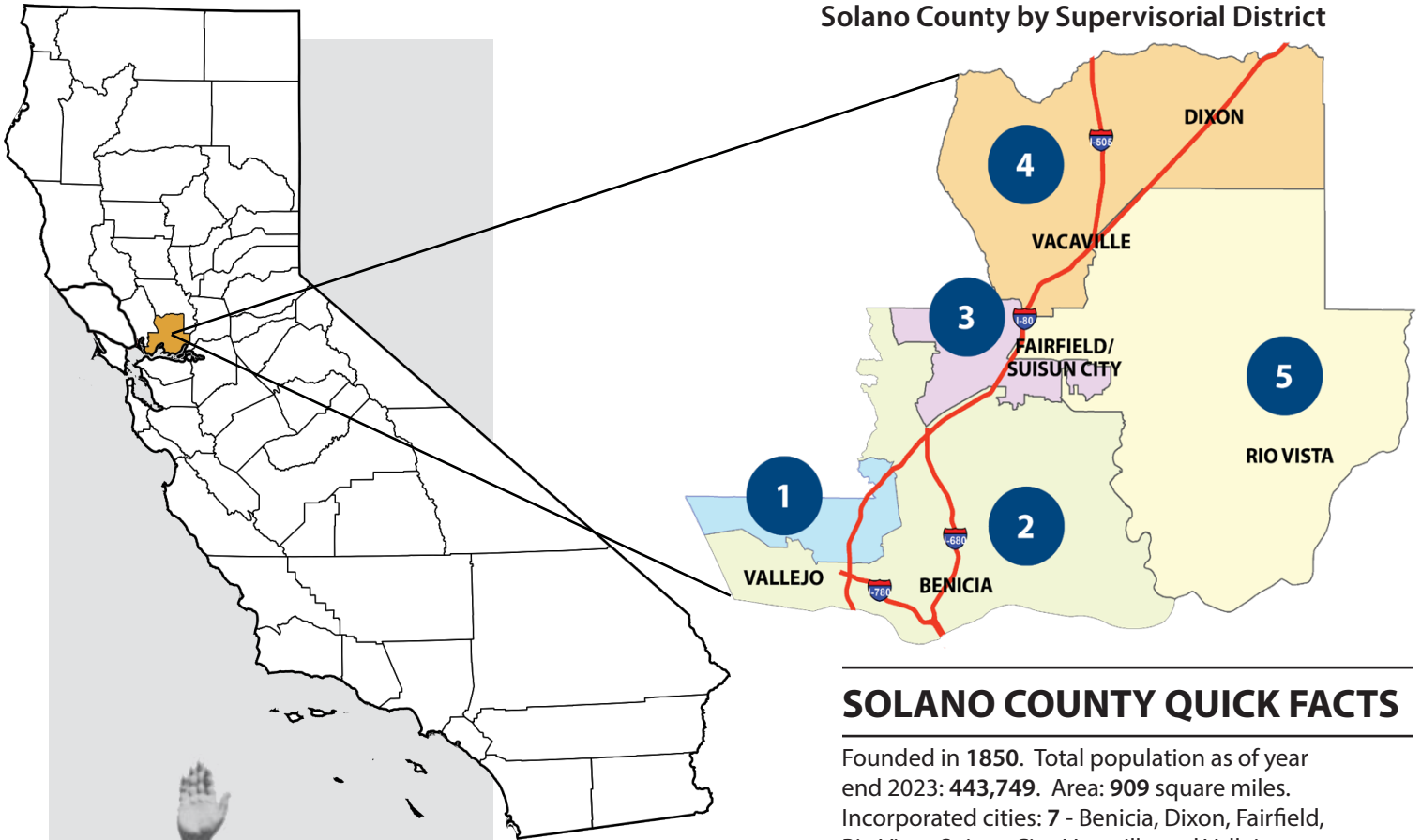


Cattle/Calves



SOLANO COUNTY PROFILE

Solano County by Supervisorial District



SOLANO COUNTY QUICK FACTS

Founded in 1850. Total population as of year end 2023: 443,749. Area: 909 square miles. Incorporated cities: 7 - Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville and Vallejo.

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 4.1% 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.



Chief Solano

Credit: Vacaville Heritage Council



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). The five-member Board is elected by district to four-year terms. The four-year term for Districts 1, 2 and 5 end in 2024 and Districts 3 and 4 end in 2026.

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 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. County Counsel provides legal advice/counsel to County departments, boards, commissions and committees.

The County employed 3,238 full-time equivalent employees during FY2022/23 in order to provide a full range of services to its residents.

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



General Government

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



Public Protection

- Agriculture - Weights/Measures
- Child Support Services
- District Attorney*
- Probation
- Public Defender
- Alternate Public Defender
- Resource Management
- Sheriff-Coroner*

* represents elected officials



Health and Public Assistance

- Health and Social Services
- Veterans Services



Public Ways and Facilities

- Resource Management-
- Transportation



Education & Recreation

- Library
- Resource Mgmt - Parks
- UC Cooperative Extension



ERIN HANNIGAN
District 1 Supervisor



MONICA BROWN
District 2 Supervisor



WANDA WILLIAMS
District 3 Supervisor



JOHN M. VASQUEZ
District 4 Supervisor



MITCH MASHBURN
District 5 Supervisor



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	2023	2022	2021	2020	2019
Current and other assets	\$ 943,461,594	877,284,259	735,145,625	573,275,602	549,443,905
Capital assets	595,538,316	573,047,505	552,597,524	555,026,101	556,102,859
Total assets	1,538,999,910	1,450,331,764	1,287,743,149	1,128,301,703	1,105,546,764
Deferred loss on refunding	1,216,538	1,368,605	1,520,672	1,672,739	1,824,806
Deferred outflows related to pension	221,573,487	87,364,684	103,567,359	95,660,970	113,643,047
Deferred outflows related to OPEB	14,361,748	9,913,003	6,550,960	5,927,650	5,705,850
Total deferred outflows of resources	237,151,773	98,646,292	111,638,991	103,261,359	121,173,703
Other liabilities	201,448,612	221,519,010	180,402,463	95,586,887	82,540,191
Long-term lease & SBITA liabilities*	14,095,951	10,350,746	-	-	-
Long-term obligations	821,588,013	508,247,841	750,875,510	719,364,265	696,992,545
Total liabilities	1,037,132,576	740,117,597	931,277,973	814,951,152	779,532,736
Deferred inflows related to leases	13,417,973	6,431,691	-	-	-
Deferred inflows related to pension	13,036,038	183,655,530	4,160,789	16,606,569	18,778,310
Deferred inflows related to OPEB	4,908,040	12,949,240	2,701,965	4,005,607	1,001,947
Total deferred inflows of resources	31,362,051	203,036,461	6,862,754	20,612,176	19,780,257
Net investment in capital assets	513,421,939	494,457,001	484,977,193	481,312,570	477,673,000
Restricted net position	458,079,324	393,017,540	298,371,161	250,489,348	254,067,156
Unrestricted net position	(263,844,207)	(281,650,543)	(322,106,941)	(335,802,184)	(304,332,682)
Total net position	\$707,657,056	\$605,823,998	\$461,241,413	\$395,999,734	\$427,407,474

* Accounting change implemented in 2023

Analysis of Change in Net Position:

The County's Net Position of Governmental Activities **increased \$100.5 million**. The most significant changes in the County's net position are due to an increase of \$65.1 million in Restricted Net Position and a decrease in the deficit unrestricted net position of \$17.8 million. The County's restricted net position increased due to increases in restricted program funding for health services, public safety, library services, transportation, 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 (which reduced the need for general revenues). The County's net investment in capital assets increased \$19.0 million, or 3.8%, due to projects such as energy conservation projects and the mental health adult board and care facilities.



STATEMENT OF ACTIVITIES

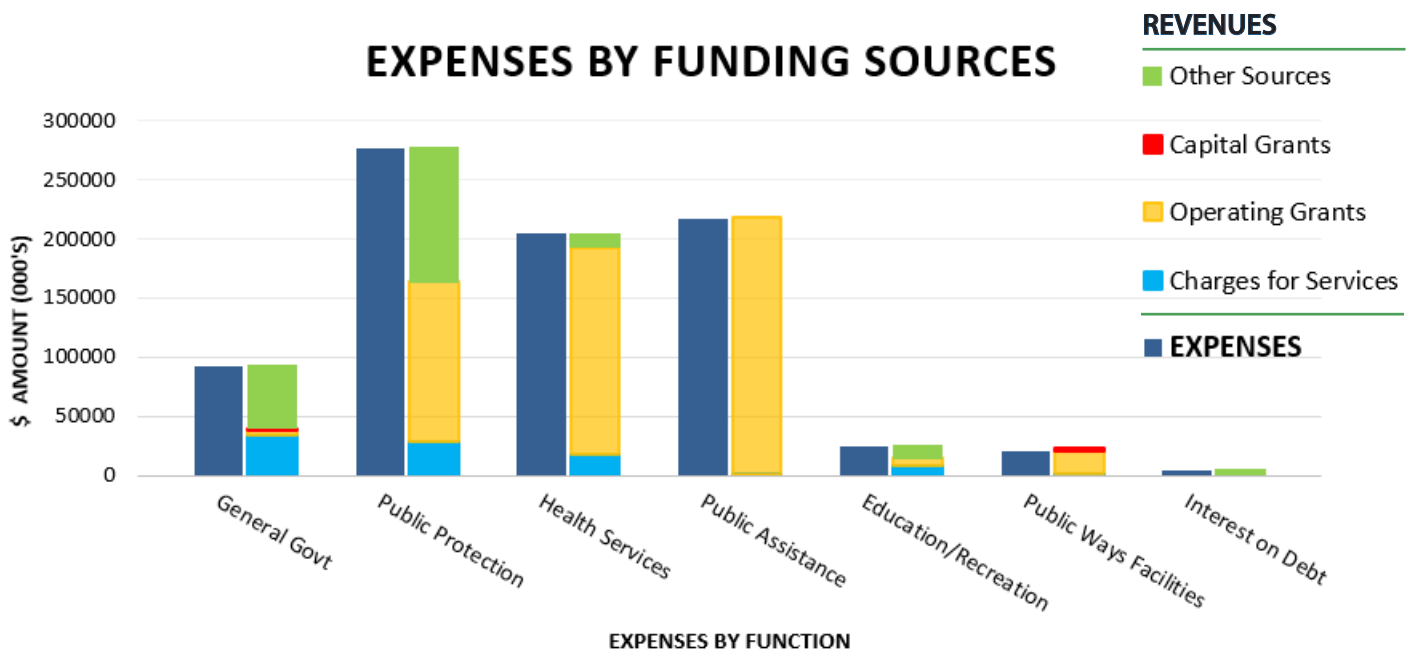
WHAT DOES THE STATEMENT OF ACTIVITIES TELL ME? The Statement of Activities reports the County's revenues and expenses during the fiscal year. Revenues are classified by source and expenses are classified by function. When revenues exceed expenses, the County's net position increases. If expenses exceed revenues, the County's net position decreases. In FY2022/23, the County's revenues exceeded expenses by \$100.5 million, thus increasing the County's Net Position.

The Statement of Activities below presents only the **Governmental Activities** of the County.

	FY 2022/23	FY 2021/22	FY 2020/21	FY 2019/20	FY 2018/19
REVENUES					
Program revenues	\$654,278,684	\$606,534,451	\$580,034,479	\$480,495,644	\$490,750,106
General revenues*	287,095,094	249,518,485	238,947,328	221,883,493	219,101,490
Total Revenues	\$941,373,778	\$856,052,936	\$818,981,807	\$702,379,137	\$709,851,596
EXPENSES					
General government	\$92,887,422	\$78,538,636	\$84,019,126	\$77,400,983	\$79,056,546
Public protection	277,097,523	234,404,054	251,384,379	256,573,399	230,141,732
Public ways and facilities	20,820,165	19,052,576	23,540,793	17,395,553	21,057,877
Health services	204,371,644	176,286,044	186,606,805	188,075,259	173,753,194
Public assistance	216,743,857	177,610,975	183,131,786	168,263,482	154,082,791
Education and recreation	24,578,091	20,517,502	21,394,961	21,746,756	20,198,264
Interest on long-term debt	4,375,537	5,060,564	3,901,678	4,331,445	5,275,669
Total Expenses	\$840,874,239	\$711,470,351	\$753,979,528	\$733,786,877	\$683,566,073
Change in Net Position	\$100,499,539	\$144,582,585	\$65,002,279	(\$31,407,740)	\$26,285,523

*Includes Transfers

Funding for County Services - FY2022/23





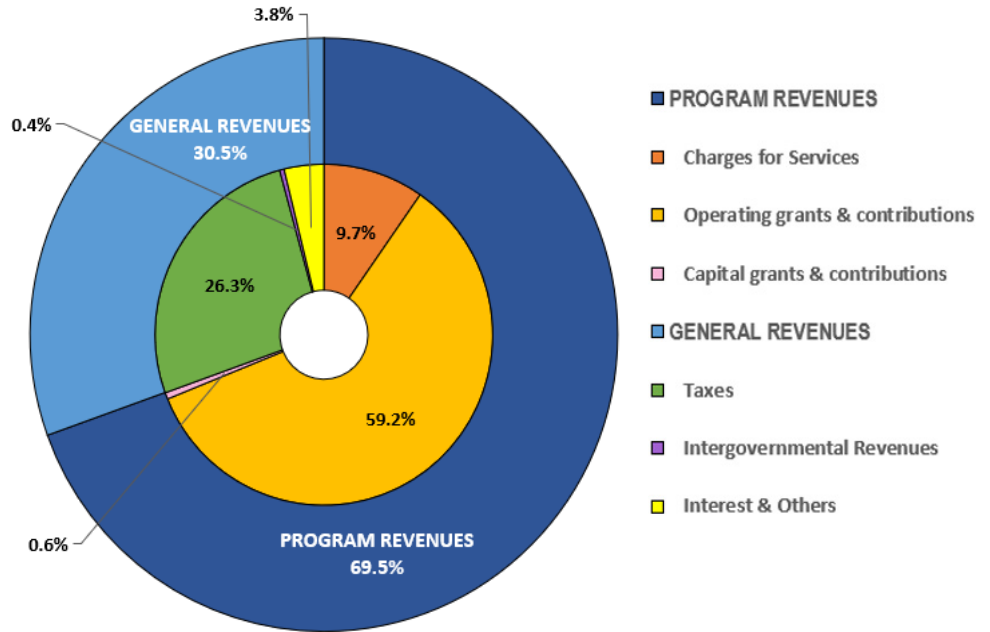
WHERE THE MONEY COMES FROM

OVERALL REVENUES

- Program Revenues = 69.5%
- General Revenues = 30.5%

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 by a net \$47.7 million over the prior year due to increases in State and Federal funding and 2011 Realignment funding; Federal and State grants for public assistance and direct services for health programs.

Significant changes are due to:
\$10.1 million - net increase for health services (Federal, State, Realignment)
\$26.4 million - net increase for public assistance programs due to caseload increases and ARPA Funding.
\$8.8 million - net increase for public protection (2011 Realignment funding, State/Federal funding).

GENERAL REVENUES increased by a net \$37.6 million primarily due to an increase in property tax revenues as property values increased, and interest earnings due to market value changes in investments and higher interest yields.

WHERE THE MONEY COMES FROM	FY2022/23
Program revenues	69.5%
Charges for Services	9.7%
Operating grants & contributions	59.2%
Capital grants & contributions	0.6%
General revenues*	30.5%
Taxes	26.3%
Intergovernmental Revenues	0.4%
Interest & Others	3.8%

* Includes Transfers

TOTAL PROGRAM REVENUES
\$654.3
 million

 \$47.7 million

TOTAL GENERAL REVENUES
\$287.1
 million

 \$37.6 million

TOTAL REVENUE GOVT. ACTIVITIES
\$941.4
 million

 \$85.3 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 programs within these functional areas include operating the County Jail and Juvenile Hall, providing animal control services, maintaining County parks and roads, health clinic operations, social service programs, mental health services, library operations, facilitating national, state and local elections, and supportive services to County departments. Program expenses include payroll and benefit costs of program staff, materials and supplies, computers, and direct client support.



33.0%
of budget

Public Protection
\$277,097,523 | 18.2% increase



25.8%
of budget

Public Assistance
\$216,743,857 | 22.0% increase



2.5%
of budget

Public Ways and Facilities
\$20,820,165 | 9.3% increase



2.9%
of budget

Education and Recreation
\$24,578,091 | 19.8% increase



11.0%
of budget

General Government
\$92,887,422 | 18.3% increase



24.3%
of budget

Health Services
\$204,371,644 | 15.9% increase



0.5%
of budget

Interest on Long-Term Debt
\$4,375,537 | 13.5% decrease

\$840.9 million Governmental Activities - Expenses

THE NET INCREASE of \$129.4 million is primarily the result of \$64.5 million increase in pension expense based on the GASB 68 accounting valuation, \$21 million net increase in salaries and benefits, and \$6.4 million in OPEB and compensated absences expenses. Other increases include \$11.4 million in services and supplies such as insurance, maintenance and service contracts. Other Charges increased \$23.0 million primarily due to contributions to non-County agencies for **ARPA-funded** programs, housing support and contracted direct services for clients, and professional and program support costs.

CHANGE IN EXPENSES

\$129.4
million



SOME COSTS are not considered expenses, but still require a significant outlay of County funds: the County spent over \$42.2 million to purchase or improve capital assets, including \$2.8 million in the new category of SBITA assets. The County reduced its debt by \$12.3 million by making principal payments on long-term debt and capital leases during the fiscal year.

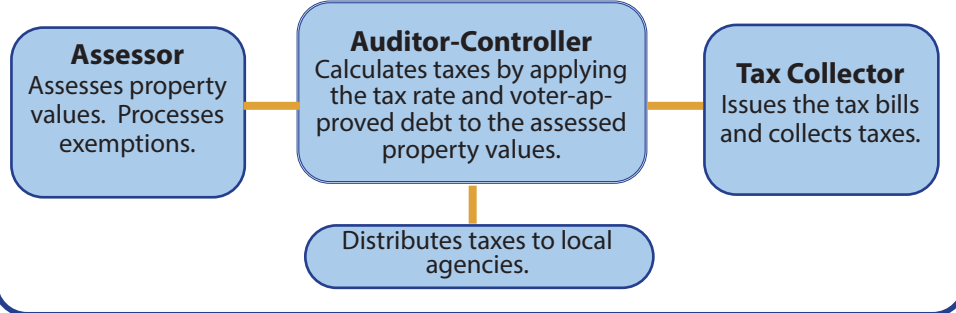


YOUR PROPERTY TAX DOLLAR

SOLANO COUNTY'S total net assessment roll as of January 1, 2023, was valued at \$69.9 billion and increased by 4.6% over the prior year, a \$3.1 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 FY2022/23, the County's assessment rolls generated over **\$756.5 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.

Separate Elected Departments ensure checks and balances over your tax dollars. Three elected departments have specific roles over property taxes:



Property Tax Explained

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

Under California law, property values cannot increase by more than 2% or the Consumer Price Index, whichever is less.

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.



The County receives 26 cents per property tax dollar

Although Solano County only receives 26 cents per dollar, the County relies on property taxes as the main source of revenue to pay for countywide services (e.g. public safety, library services, parks, capital projects, etc.). These 26 cents or 26% of the tax dollar accounts for **\$176.1 million** in property taxes to the County.



32%
Schools

19%
ERAF*

26%
County

15%
Cities

6% 2%
Special District

Redevelopment 2%



*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



Rockville Hills Mountain Biking



Blue Rock Springs Golf Course



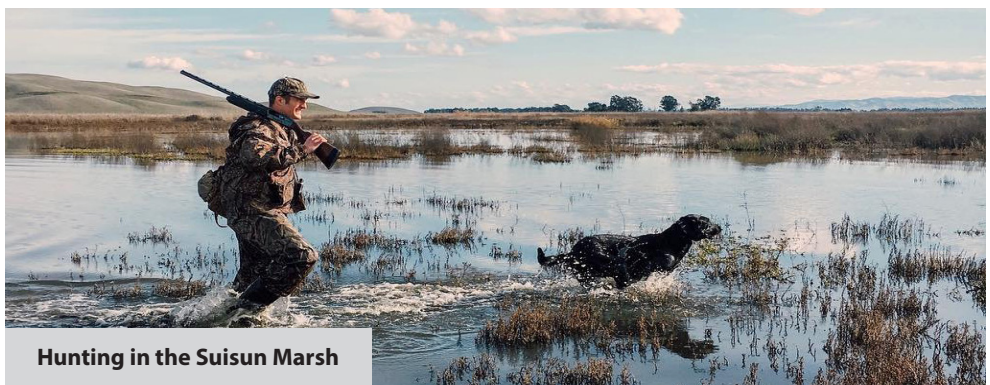
Rio Vista Fishing



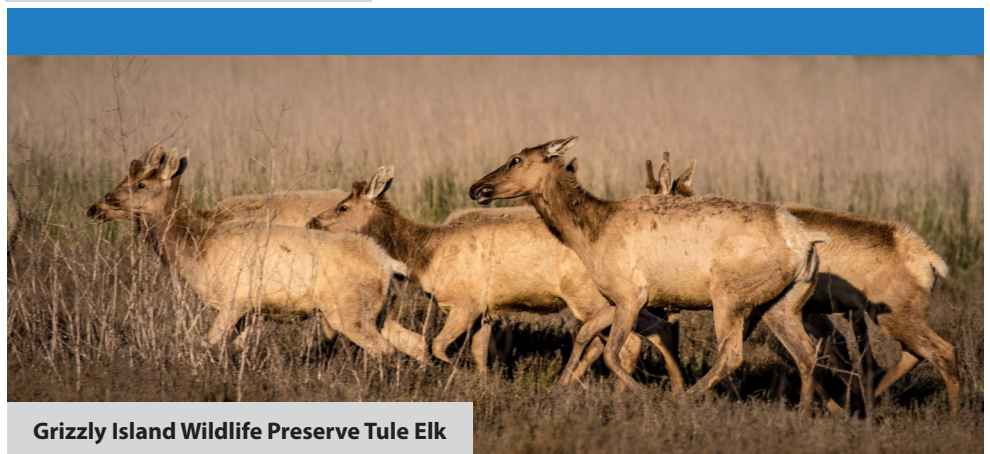
Vacaville Horses



Lynch Canyon Kite Festival



Hunting in the Suisun Marsh



Grizzly Island Wildlife Preserve Tule Elk



CONNECT WITH US

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 **1-866-384-TIPS** or by visiting our website: <https://www.solanocounty.com/depts/auditor/whistleblower/default.asp>.



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)

GLOSSARY

Assets – what the County owns.

ARPA – American Rescue Plan Act of 2021 (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support state, local, and tribal governments in responding to the economic and public health impacts of COVID-19.

Capital Assets – Buildings, roads and bridges, plant and equipment, land and other long-lived assets that are used by the County in providing services to its citizens.

Current Assets – include cash and assets that can be quickly turned into cash to pay bills.

Deferred Inflows of Resources – An inflow (source) of resources into the government that is applicable to a future reporting period.

Deferred Outflows of Resources – An outflow (use) of resources consumed by the government that is applicable to a future reporting period.

GASB - Governmental Accounting Standards Board. The GASB establishes accounting and reporting standards for state and local governments.

Liabilities – what the County owes.

Net Position – The difference between (Assets plus Deferred Outflows of Resources) and (Liabilities plus Deferred Inflows of Resources).

OPEB – stands for Other Post-Employment Benefits and represents health benefits received by retirees from the County.

Realignment funding – Refers to the realigning of the funding and responsibility for a wide range of programs and services from the State to local governments.

Proposition 172 funding – a ballot measure approved in 1993 that placed a one-half cent statewide sales tax that is to be used only for local public safety activities.

Redevelopment was a process that enabled local governments to revitalize deteriorated and blighted areas and was funded by property tax revenues. Redevelopment agencies (RDAs) were dissolved in February 2012 and the property tax revenues are now used to pay the required payment on existing obligations of these former RDAs.



Office of the Auditor-Controller

Phyllis S. Taynton, CPA

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