



SOLANO COUNTY

AUDITOR-CONTROLLER'S OFFICE

To: Board of Supervisors
From: Phyllis Taynton, CPA, Auditor-Controller
Date: January 24, 2022
Subject: Significant Issues Update

1) Popular Annual Financial Report

The Auditor-Controller's Office is pleased to share the County's **first-ever** Popular Annual Financial Report (PAFR), a Citizen's Report for FY2019/20. The PAFR presents the County's financial information in an easy-to-read format. The County's PAFR has just received the Government Finance Officers Association (GFOA) award for **Outstanding Achievement in Popular Annual Financial Reporting**.

Our first-ever PAFR was developed as a result of a unique opportunity last February 2021 to participate in a leadership program with the GFOA and the Engaging Local Government Leaders (ELGL) organization that partnered our County with a graduate student to develop this first-ever PAFR. The graduate student, Minisha Trivedi, and my staff, Jennifer Laron, compiled this report using the information from the County's comprehensive annual financial report (CAFR) as well as the County's budget document.

The award represents a significant achievement. In order to be eligible for the PAFR award, a government must also submit its comprehensive annual financial report to GFOA's Certificate of Achievement for Excellent in Financial Reporting Program and receive the Certificate for the current fiscal year. Each eligible report is reviewed by judges who evaluate the report based on the following categories: reader appeal, understandability, distribution methods, creativity and other elements.

A copy of the PAFR is attached to this document, including the official press release from the Government Finance Officers Association announcing Solano County the award winner.

2) Annual Fixed Asset Inventory

Pursuant to Government Code Section 24051 and in accordance with the County's Fixed Assets Accountability and Control Policy, each County department head, elected or appointed, is responsible for all property purchased for, assigned to, or otherwise provided to his/her department. Each respective department is responsible for conducting an annual physical inventory of the fixed assets as of June 30 and is required to submit a signed copy of the inventory list to the Auditor-Controller by September 30.

For any unaccounted fixed assets, the Board of Supervisors delegated the authority to release a department head from accountability of unaccounted fixed assets to the County Administrator (CAO) under the following conditions: a) Unaccounted Fixed Asset has a Fair Market Value of less than \$5,000; or b) Fixed Asset is stolen and has a Fair Market Value of less than \$5,000, department has provided a copy of a police report and the CAO has determined no negligence.

For the **FY2020/21** Fixed Asset Inventory, each County department head accounted for all assets under their responsibility. The departments did not identify any unaccounted items.

Contact: Phyllis Taynton, Auditor-Controller, Auditor-Controller's Office
(707) 784-6288 and PTaynton@SolanoCounty.com



Solano County

Popular Annual Financial Report
Fiscal Year Ended June 30, 2020



MESSAGE FROM THE AUDITOR-CONTROLLER Phyllis S. Taynton, CPA

To the Citizens of Solano County:

Welcome to Solano County's first-ever 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, 2020 (FY 19/20), 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.

Although this FY 19/20 PAFR is being released as we approach the end of FY 20/21, it was due to a unique opportunity in February 2021 to participate in a leadership program with the Government Finance Officers Association and the Engaging Local Government Leaders (ELGL) organization that partnered our County with a graduate student to develop this first-ever PAFR. Thank you to Minisha Trivedi and Jennifer Laron and the Auditor-Controller's staff for creating this first-ever PAFR.

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.

Phyllis S. Taynton, CPA
Solano County Auditor-Controller

Table of Contents

- Message from the Auditor - Controller..... 1
- The Purpose 2
- County Profile 3
- Government Profile 4
- Statistics at a Glance 5
- Net Position Statement 6
- Governmental Activities 7
- Where the Money Comes From.... 8
- Where the Money Goes..... 9
- Property Taxes 10
- Things to do in Solano County 11
- Contact Information 12



THIS DOCUMENT CREATED AS PART OF THE ELGL/GFOA PAFR FELLOWSHIP PROGRAM

All photos provided by Matthew Davis, Public Information Officer, County Administrator's Office



The Purpose



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 which 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 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 **first-ever 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 County's Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020.

The County's Comprehensive Annual Financial Report and the financial statement data in the 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 Comprehensive Annual Financial Report 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 our Comprehensive Annual Financial Report, not to be a substitute for it. If you would like to read our report, please visit www.solanocounty.com/depts/auditor or scan the QR code below.

Scan to access 2020
Comprehensive Annual
Financial Report



Financial Highlights

- The County's governmental net position at June 30, 2020 was \$396 million; a decrease of \$31.4 million over the prior year.
- The County's governmental funds reported combined ending fund balances of \$422 million, an increase of \$13.7 million or 3.3% over the prior year.
- COVID-19 pandemic did not impact property tax revenues, but it did impact service revenues due to the shutdown and fewer in-person services provided.
- Expenses increased due to increased employee services costs and more supportive services to citizens.

Solano County Profile



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 Sem Yeto, chief of one of the Indian tribes of the region. General Vallejo requested the County be named for Chief Solano, who ruled over most of the land and tribes in this region.

Originally 12 townships were created in the County, but, ultimately, seven cities incorporated: **Benicia** (1850 and 1851), **Vallejo** (1868), **Suisun City** (1868), **Dixon** (1878), **Vacaville** (1892), **Rio Vista** (1893), and **Fairfield** (1903). The majority 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 84 square miles of water area and 675 miles of rural land area. Located 45 miles **northeast of San Francisco** and 45 miles **southwest Sacramento**, the County **borders Napa, Yolo, Sacramento, and Contra Costa Counties**.



Government Profile

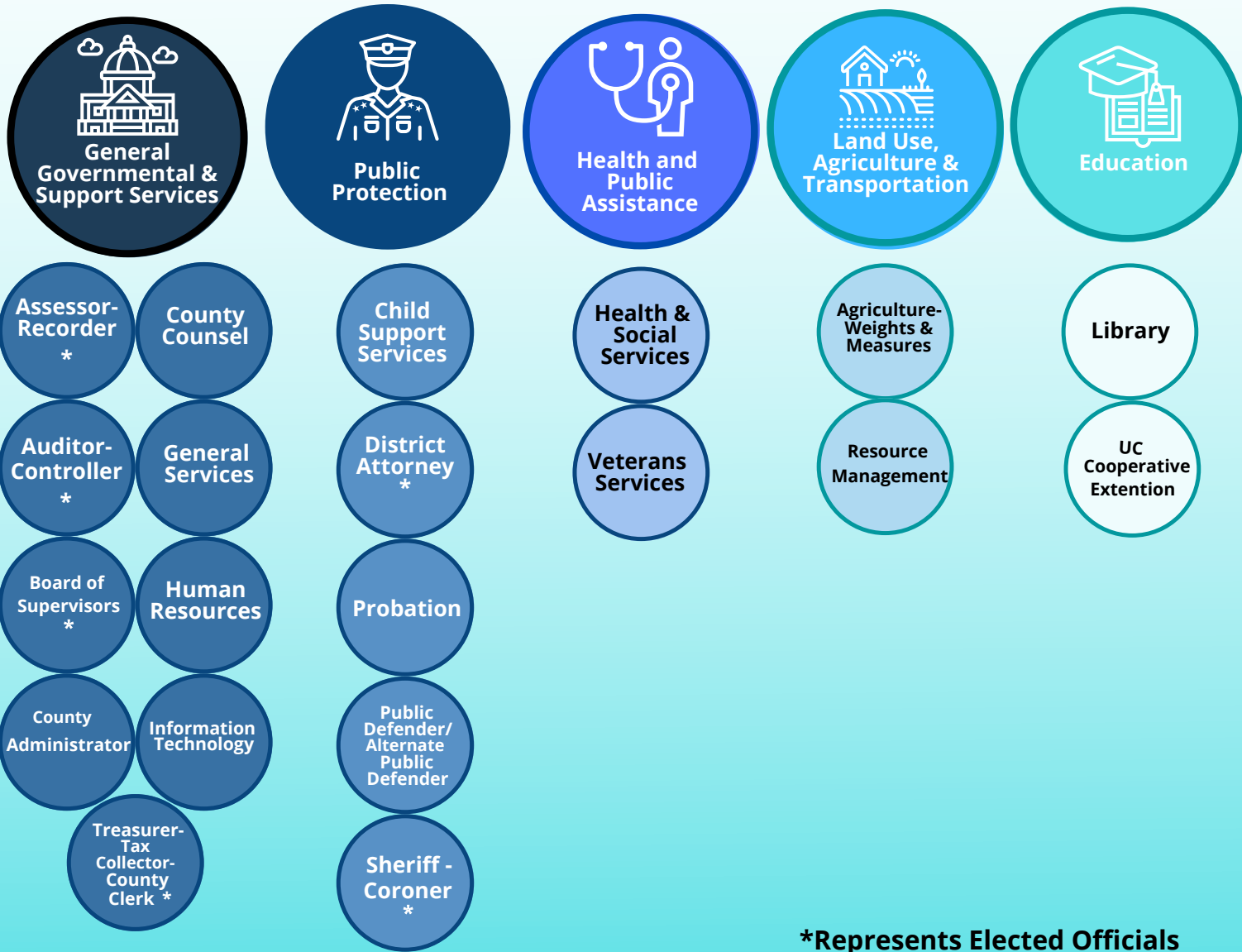
The County operates under a general law form of government, which means that the County's policymaking and legislative authority is vested in the County Board of Supervisors (Board).

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. On the right are our Board of Supervisors as of June 30, 2020.



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



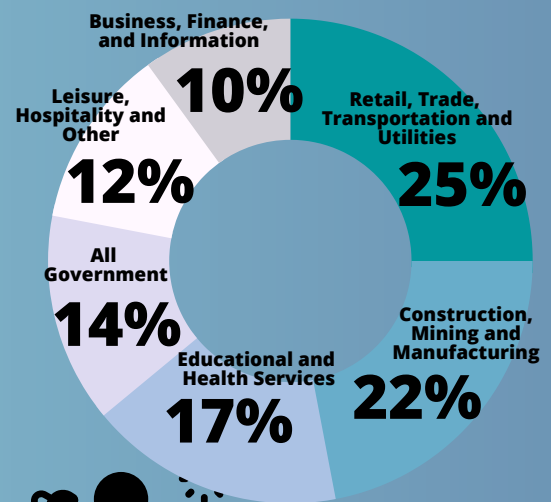
*Represents Elected Officials

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.**



Top Industries in the County



Principal Employers in the County

- 1) Travis Air Force Base
- 2) Kaiser Permanente-Vallejo
- 3) County of Solano and NorthBay Healthcare System
- 4) Six Flags Discovery Kingdom
- 5) Fairfield-Suisun Unified School District

Total Population

440,224

Population per Square Mile:

530

Median Age

38.2

Age Distribution

24.9% age 19 and younger

58.0% age 20 to 64

17.1% age over 65



High School Graduates:

88.4%

Bachelor's Degree or Higher:

26.2%



Median Property Value

\$460,000

Median Household Income

\$86,652

Popular Crops



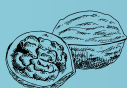
Almonds



Grapes



Olives



Walnuts



Tomatoes

What is a Net Position Statement?

Formula for Net Position

Assets and
deferred
outflows of
resources



Liabilities and
deferred
inflows of
resources



Net
Position

Net Position: June 30, 2020 **\$ 396.0**
Million

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 the net position. [(Assets plus deferred Outflows) less (Liabilities plus deferred Inflows) equals Net Position].

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 County's Net Position:

1 Net investment in capital assets - used to provide services - not liquid

2 Restricted Funds - funds subject to external regulations and other restrictions

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

At June 30	2020	2019	2018	2017	2016
Current and other assets	\$ 573,275,602	\$ 549,443,905	\$ 502,738,141	\$ 466,641,827	\$ 438,607,877
Capital assets	555,026,101	556,102,859	558,706,180	558,288,829	561,919,011
Total assets	1,128,301,703	1,105,546,764	1,061,444,321	1,024,930,656	1,000,526,888
Deferred loss on refunding	1,672,739	1,824,806	2,433,433	1,417,652	1,575,169
Deferred outflows related to pension	95,660,970	113,643,047	149,511,864	110,688,273	39,616,219
Deferred outflows related to OPEB*	5,927,650	5,705,850	5,538,350	-	-
Total deferred outflows of resources	103,261,359	121,173,703	157,483,647	112,105,925	41,191,388
Other liabilities	95,586,887	82,540,191	722,082,785	651,607,849	72,769,501
Long-term obligations	719,364,265	696,992,545	75,857,890	77,454,569	563,210,294
Total liabilities	814,951,152	779,532,736	797,940,675	729,062,418	635,979,795
Deferred gain on refunding	-	-	15,521	31,044	46,567
Deferred inflows related to pension	16,606,569	18,778,310	18,765,037	17,413,969	37,503,476
Deferred inflows related to OPEB*	4,005,607	1,001,947	1,084,784	-	-
Total deferred inflows of resources	20,612,176	19,780,257	19,865,342	17,445,013	37,550,043
Net investment in capital assets	481,312,570	477,673,000	473,434,362	465,703,178	463,522,036
Restricted	250,489,348	254,067,156	243,952,893	212,643,958	200,295,296
Unrestricted	(335,802,184)	(304,332,682)	(316,265,304)	(287,817,986)	(295,628,894)
Total net position	\$ 395,999,734	\$ 427,407,474	\$ 401,121,951	\$ 390,529,150	\$ 368,188,438

* Accounting change implemented in 2018

Analysis of Change in Net Position

There were no significant changes in net investment in capital assets and restricted net position from the prior fiscal year 2019. The County's unrestricted net position decreased \$31.4 million primarily due to increases in payroll and pension costs and other charges for supportive services to County citizens.

The County, similar to other governments, shows a deficit unrestricted net position due to the reporting of long-term liabilities such as pension and OPEB which are funded based on the appropriated resources each year.

Governmental Activities

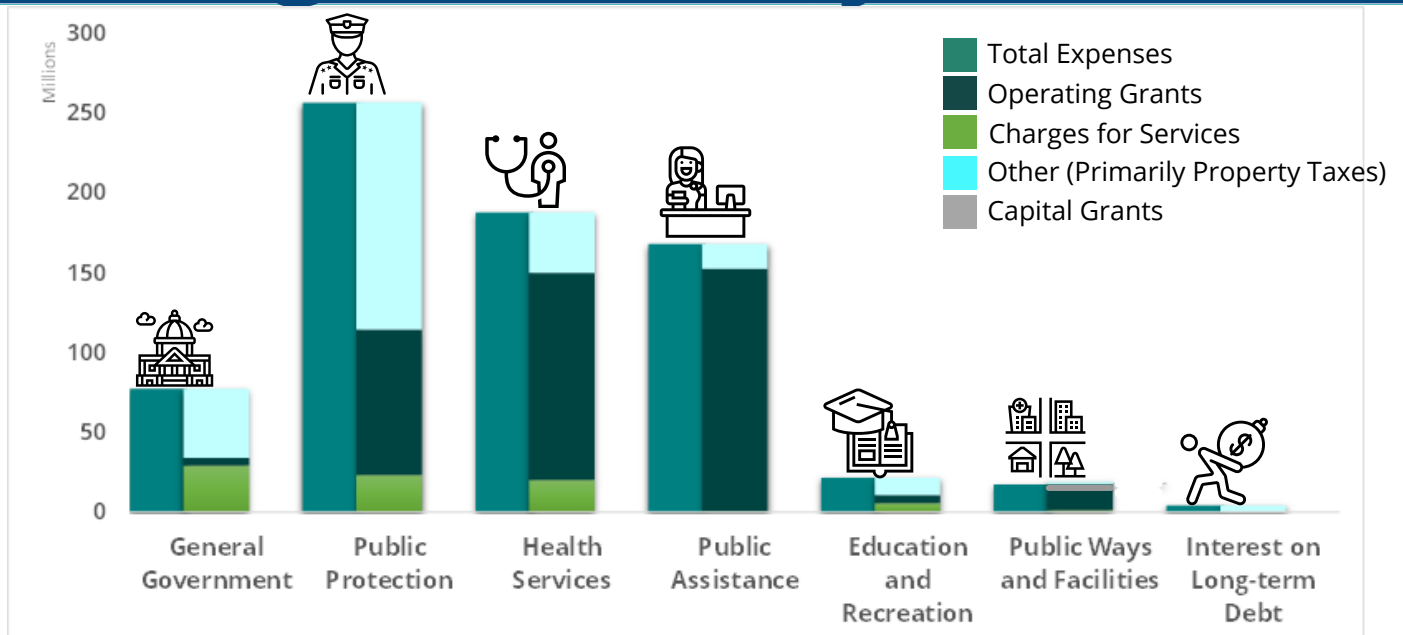
What does the Statement of Activities tell me?

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.

	FY2019/20	FY2018/19	FY2017/18	FY2016/17	FY2015/16
Revenues					
Program Revenues	\$ 480,495,644	\$ 490,750,106	\$ 490,235,116	\$ 460,169,445	\$ 459,642,002
General Revenues*	221,883,493	219,101,490	205,464,743	189,789,397	175,642,193
Total Revenues	702,379,137	709,851,596	695,699,859	649,958,842	635,284,195
Expenses					
General government	\$ 77,400,983	\$ 79,056,546	\$ 73,469,037	\$ 67,637,800	\$ 59,995,941
Public protection	256,573,399	230,141,732	230,654,519	216,932,185	192,709,201
Public ways and facilities	17,395,553	21,057,877	17,220,809	12,289,760	12,263,841
Health services	188,075,259	173,753,194	172,280,422	154,787,811	139,577,649
Public assistance	168,263,482	154,082,791	152,732,632	151,158,894	140,560,811
Education and recreation	21,746,756	20,198,264	19,273,900	18,333,677	15,799,451
Interest long-term debt	4,331,445	5,275,669	3,347,473	6,478,003	7,131,271
Total Expenses	733,786,877	683,566,073	668,978,792	627,618,130	568,038,165
Change in Net Position	\$ (31,407,740)	\$ 26,285,523	\$ 26,721,067	\$ 22,340,712	\$ 67,246,030

*includes transfers

Funding for County Services

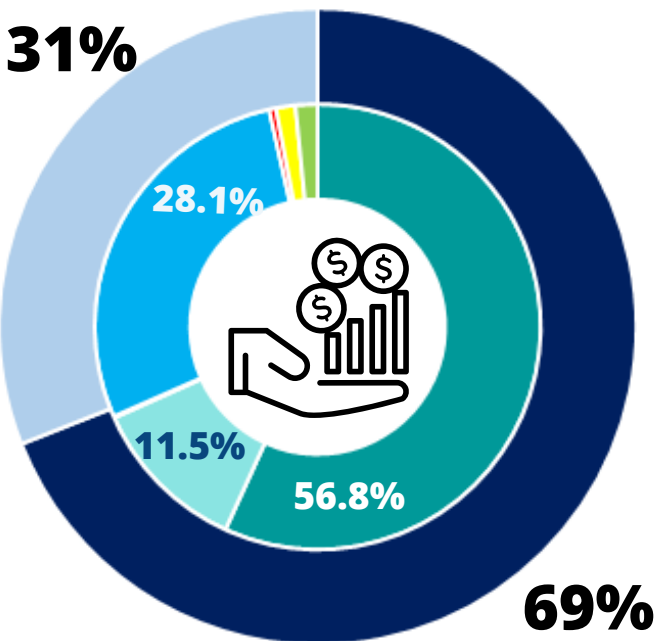


Where the Money Comes From

Overall Revenues: Program Revenues 69%
General Revenues 31%

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

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



Program Revenues:

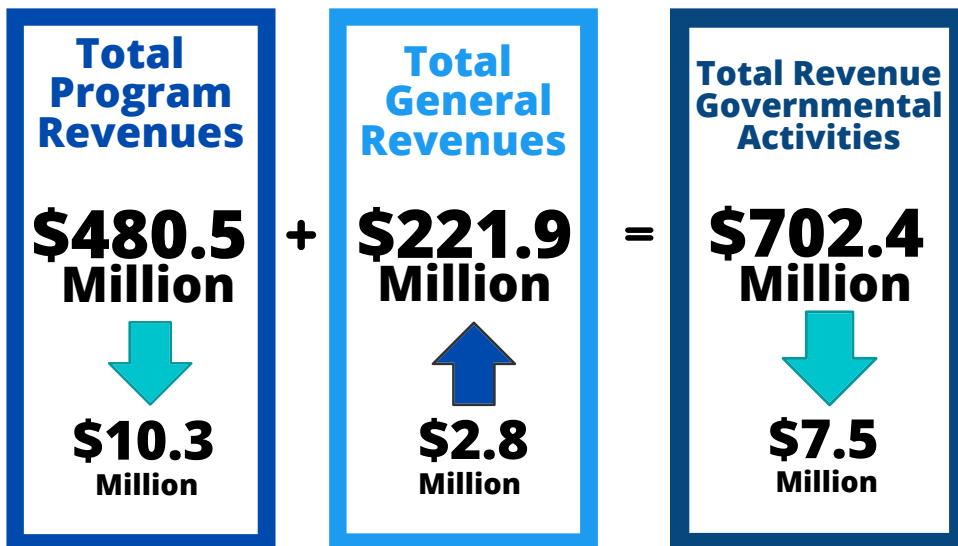
Operating grants and Contributions	56.8%
Charges for Services	11.5%
Capital Grants and Contributions	0.1%

General Revenues:

Taxes	28.1%
Intergovernmental Revenues	0.5%
Interest Earnings	1.4%
All other	1.6%

Governmental Activities - Revenue changes explained

- Program Revenues decreased \$10.3 million from prior year due to less in-person visits at health centers during COVID 19 pandemic and less State and Federal capital grants
 - Decrease offset by one-time State operating grants for specific purposes
- County's General Revenues increased primarily due to increases in property tax revenues as assessed property values continue to increase
 - Increase offset by decreases in other one-time revenues



Where the Money Goes



General Government

\$ 77,400,983

↓ 2.1%



Public Protection

\$256,573,399

↑ 11.5%



Public Ways and Facilities

\$ 17,395,553

↓ 17.4%

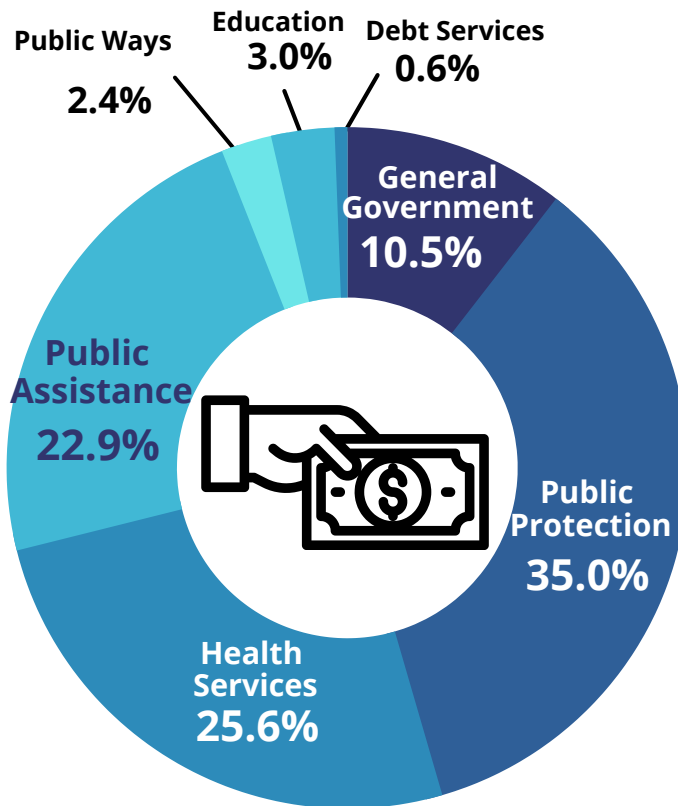


Health Services

\$ 188,075,259

↑ 8.2%

The expenses of the County are classified by functional areas, based on the programs and services delivered. Typical expenses include payroll and benefit costs for the County's employees, materials and supplies, computers and small office equipment. Examples of program expenses include costs of operating the County Jail, Juvenile Hall, Health Clinics, County road maintenance, Library operations, maintaining the County Parks, and supportive services/assistance to the County's citizens.



Public Assistance

\$ 168,263,482

↑ 9.2%



Education and Recreation

\$ 21,746,756

↑ 7.7%



Debt-Interest

\$ 4,331,445

↓ 17.9%

Total County Expenses for Governmental Activities

\$733.8 Million



\$50.2 Million

The increase is primarily due to an increase in salaries and benefits cost, including pension costs, across all functions and an increase in program-specific expenses relating to support and care of clients, including housing and direct services expenses.

Some costs are not considered expenses, but still require a significant outlay of County funds: the County spent over \$20.8 million to purchase/improve capital assets. The County reduced its debt by \$8.7 million by making principal payments on long-term debt during the year.

Where the Property Tax Dollar Goes?

Solano County's total net assessment roll as of January 1, 2020 was valued at \$60.9 billion and increased 4.94% over the prior year, a nearly \$3 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 the majority of the property tax revenues.


In FY 19/20, the County's assessment rolls generated over \$597.6 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.

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.

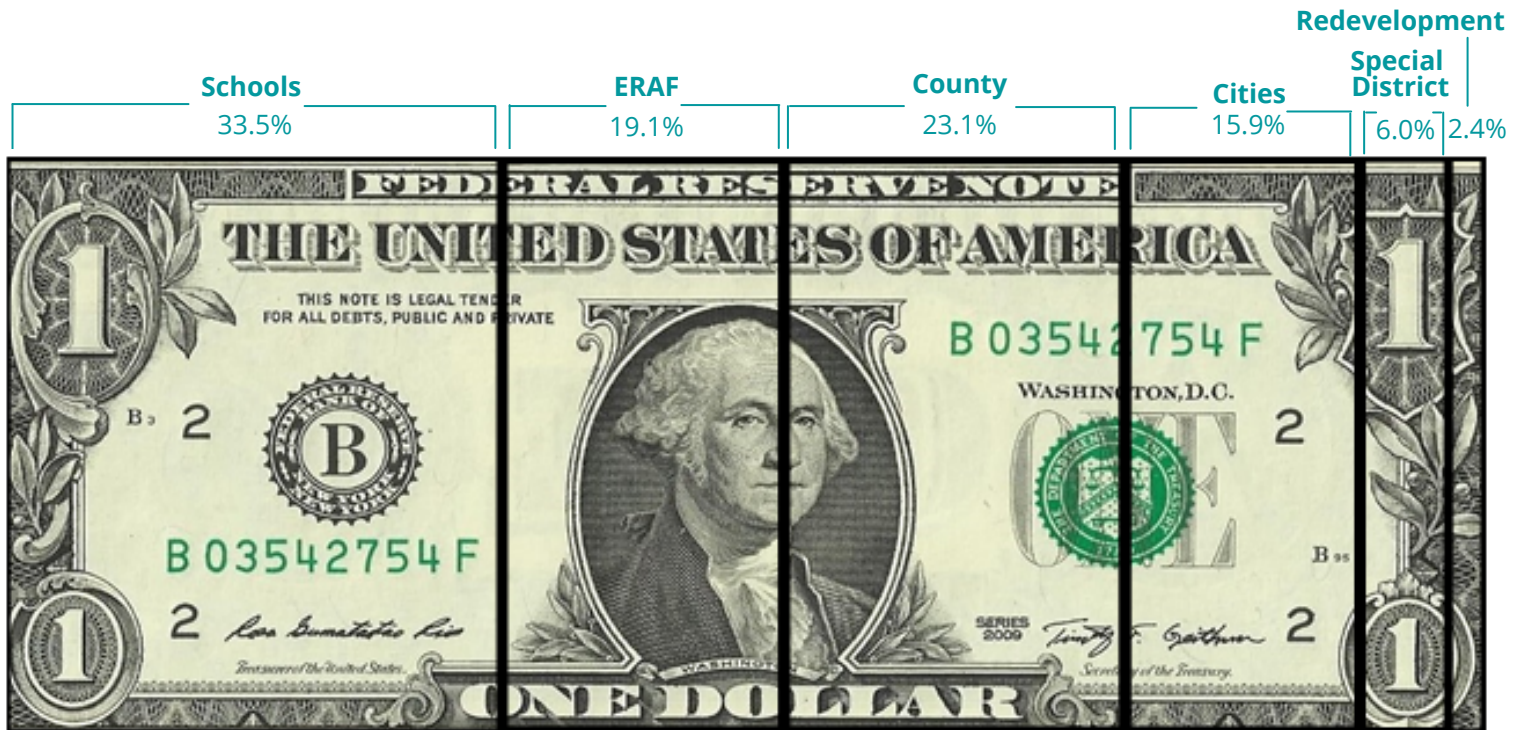


How much does the County actually receive?

For every one dollar of property taxes levied, Solano County only receives 23 cents to provide programs and services to the citizens.



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 over \$136 million in property taxes to Solano County.



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

Things to do in Solano County



Six Flags Discovery Kingdom



Jelly Belly Factory



Vacaville Fiesta Days



Dixon May Fair



Kayaking in Lake Solano



Breweries and Wineries



Connect with Us!



www.solanocounty.com



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Auditor-Controller's Office



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www.Facebook.com/CountyOfSolano

Solano County

Popular Annual Financial Report FY 2019/20

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>





Office of the Auditor-Controller

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FOR IMMEDIATE RELEASE

January 10, 2022

For more information, contact:

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(Chicago, Illinois) – Government Finance Officers Association is pleased to announce that **County of Solano, California** has received GFOA’s Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR award).

The award represents a significant achievement by the entity. In order to be eligible for the PAFR award, a government must also submit its comprehensive annual financial report to GFOA’s Certificate of Achievement for Excellent in Financial Reporting Program and receive the Certificate for the current fiscal year. Each eligible report is reviewed by judges who evaluate the report based on the following categories: reader appeal, understandability, distribution methods, creativity and other elements.

Government Finance Officers Association (GFOA) advances excellence in government finance by providing best practices, professional development, resources, and practical research for more than 21,000 members and the communities they serve.