



**SOLANO TRANSPORTATION AUTHORITY
SOLANO, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FISCAL YEAR ENDED JUNE 30, 2021**



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**SOLANO TRANSPORTATION AUTHORITY
SOLANO COUNTY, CALIFORNIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED
JUNE 30, 2021**



Prepared by Susan Furtado
Accounting & Administrative Services Manager

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INTRODUCTORY SECTION



Solano Transportation Authority

...working for you!

SOLANO TRANSPORTATION AUTHORITY

Member Agencies:

Benicia • Dixon • Fairfield • Rio Vista • Suisun City • Vacaville • Vallejo • Solano County

One Harbor Center, Ste. 130, Suisun City, CA 94585-2473 • Phone (707) 424-6075 / Fax (707) 424-6074
Email: info@sta.ca.gov • Website: sta.ca.gov

December 30, 2021

To the STA Board and the Citizens of Solano County

I am pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of the Solano Transportation Authority (Authority) for the fiscal year ending June 30, 2021. State law requires that every local government publish, within six months of the close of each fiscal year, a complete set of audited financial statements. This report is published to fulfill that requirement for the fiscal year ending June 30, 2021.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Eide Bailly, LLP have issued an Unmodified ("clean") opinion on the Authority's financial statements for the year ending June 30, 2021. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The Authority serves the citizens of Solano County (County) which 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 Authority was created in 1990 through a Joint Powers Agreement between the cities of Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville, Vallejo and the County of Solano to serve as the Congestion Management Agency (CMA) for Solano. As the CMA for the Solano area, the Authority partners with various transportation and planning agencies, such as the Metropolitan Transportation Commission (MTC) and Caltrans District 4.

The Authority is responsible for countywide transportation planning, programming transportation funds, managing and providing transportation programs and services, delivering transportation projects, and setting transportation priorities.

Local Economy

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. Similar to the state and national economies, the County's economy continues to improve. Solano County's unemployment rate was 7.2 percent at the start of 2021. The State of California has 6.4 percent unemployment and the United States had 5.9 percent as of May 2021.

According to the 2019 U.S. Department of Commerce Bureau of Economic Analysis, Solano County's household median income was \$86,652, while the State's was \$77,358 and the United States was \$67,521. As of 2020, the County's population is 453,491 an increase of 8.3% over 2019. Solano County's population is forecasted to grow to 631,028 or 43% by 2060, with percentage growth faster than the state average in part because of new residential developments. Housing prices increased by 4.02 percent in 2020 median price of single homes sold in the vicinity of the County from \$460,500 to \$472,000 according to the California Association of Realtors.

Solano County has seen a slight increase in the growth rate of its population, which has increased overall more due to births versus deaths, than from immigration. However, immigration has been a key reason for population growth since 2010. Between 2019 and 2020, more people came to Solano County from other parts of the United States and other countries with new county residents. Solano County is a place where a majority working residents' access both the greater Bay Area's and Sacramento Valley's labor markets. Given the level of outbound commuters, Solano County linking workforce and economic development together can lead to fewer Solano County residents driving outside the county for potentially higher wages. Economic development efforts in Solano County are focused on expanding infrastructure to support future business growth.

Long-term Financial Planning and Major Initiatives

The Authority is charged with developing, adopting and implementing the County transportation plans. The Authority submits applications and funding claims for transportation related purposes to local governments, the Metropolitan Transportation Commission, the State of California, the Federal Government, and other entities supporting transportation. The Authority executes transportation related agreements and enters into contracts, adopts policies and programs for all modes of transportation including transit, paratransit, streets and roads, bicycles, pedestrian facilities, and railroads. In addition, the Authority coordinates all modes of transportation within the County and with agencies outside the County.

Major funding is received from Regional Measure (RM) Bridge Toll which is a regional measure passed by Bay Area is voted in 2004 and 2017, raising the toll on the seven State-owned bridges in the Bay Area, the Transportation Fund for Clean Air Program (TFCA), the Transportation Development Act (TDA) Article-3 funds, the Eastern Solano Congestion Mitigation and Air Quality (CMAQ) funds, the State Transit Assistance Fund (STAF), and the Regional Transportation Impact Fee (RTIF), and the Transit and Intercity Rail Capital Program (TIRCP).

Relevant Financial Policies

The Authority has an adopted policy requiring a two-year annual fiscal year budget plan. The budget authorizes and provides the basis for control of financial operations during the fiscal year and for multi-year funded projects. The financial plan is presented to the Board for adoption, is revised mid-year and finalized at the end of the fiscal year.

Programs and Projects

The Authority is dedicated to addressing Solano County's most urgent transportation needs by providing funding for highway and safety improvements, providing mobility options for older adults and people with disabilities, expanding travel options for commuters, and supporting local projects such as road safety and maintenance, transit facilities and Safe Routes to School.

The Authority continued to focus on project delivery in 2021 and continued to partner with Caltrans District IV to deliver future improvements to the Interstate 80 corridor. Several projects have already been completed, including the I-80 High Occupancy Vehicle (HOV) Lanes, the North Connector East Project, the I-80 Eastbound Cordelia Truck Scales Relocation, and the I-80/I-680/State Route (SR)12 Interchange Construction Package 1 Project. The I-80/I-680/SR 12 Interchange Project is planned to be implemented through 8 individual construction packages. Construction Packages 1-3 are now in various phases of implementation. The Initial Construction Package (ICP) construction contract has been completed and ICP is in the closeout phase, Construction Package 2B (I-680/Red Top Road Interchange) is under construction with the right-of-way phase for this package still on-going. Construction Package 3 (Westbound I-80 to Southbound I-680 Connector) has been designed to the 65% level. Construction Package 2A (Westbound SR 12 to Eastbound I-80) has completed the design phase and the construction phase remains unfunded. The I-80 Managed Lanes from Red Top Rd to I-505 is now fully funded and expected to begin construction in Spring 2022.

The Authority has coordinated with the seven cities: Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville, Vallejo, and the County of Solano on the Regional Housing Needs Allocation (RHNA) cycle process for Solano County as required by the State Housing and Community Development (HCD) every eight years to accommodate housing growth based on growth forecasts provided by the State and the Association of Bay Area Governments (ABAG) for the Bay Area to assist and monitor housing legislation and policy and production resources for STA's member agencies. Further, STA is implementing capital improvements that modernize California's intercity rail, buses to intercity rail services, ferry, and rail transit systems objectives, such as to reduced emissions of greenhouse gases, expand, and improve transit service to increase ridership, integrate the rail service of the state's various rail operations, including integration with High-Speed Rail, and to improve transit safety.

The Parking Demand Study a study commenced in May 2019, is now wrapping up in 2021. The Study includes data analysis at four regionally significant transit facilities in Solano County – the Fairfield-Vacaville Hannigan Station, Vallejo Ferry Terminal, Fairfield Transportation Center and the Fairgrounds Dr. SolanoExpress Bus Stop. STA expanded the scope of the study to include data analysis at the Dixon Park-and-Ride lot and Suisun-Fairfield Rail Station Parking and Transit Center, as well as an Operations and Maintenance (O&M) component which will summarize recommended treatments for each facility with projected O&M costs and potential funding strategies to operate and maintain these facilities. The State Route (SR) 37 Traffic Congestion Relief Project (Project) proposes improvements to SR 37 from west of the SR 121 intersection to Mare Island where the existing highway narrows to one lane in each direction. The Project is focused on traffic congestion relief by improving traffic flow during peak travel times and increasing vehicle occupancy within the travel corridor. The Authority is the lead for the SR37/Fairgrounds Dr Improvement Project. This project will modify the interchange to impartment the level of service in the area for existing and future travel demand. The design will be completed in 2021, and begin construction once funding becomes available.

The Authority's Solano Older Adult Medical Trips Concierge Program marketing to promote program participation to target populations most in need particularly those living in lower income housing, affiliated with organizations such as senior centers, non-profits, faith community, and the county unincorporated areas. In partnership with the Sutter Solano Medical Center in the City of Vallejo to improve access to low-income patients of all ages and to utilize a 50/50 cost sharing arrangement and arranging rides directly to/from Vallejo medical center. Partnered with Lyft to provide Lyft rides up to \$25 to/from designated transit hubs in Solano County. The program currently targets employees, promote services to Older Adults and People with

Disabilities for travel to medical appointments and other activities beyond Solano County. Completed in 2021 was the consolidated Short Range Transit Plan (S RTP) project which included four supplemental Working Paper documents - the Operation and Performance of the SolanoExpress System as a single unit; the Connectivity between the regional and Local Transit Networks to examine shortcomings and opportunities for clients connectivity; the Access to Medical Providers and Services at providing client access to medical facilities and enhance access to Priority Development Areas (PDAs) and Future Priority Production Areas (PPAs) for analysis and mapping related to Plan Bay Area.

The Authority developed the Sonoma-Marin Area Rail Transit (SMART) Feasibility study and identified "Solano County Hub" to link Capitol Corridor. The Plan confirmed feasibility of providing passenger rail connectivity between the SMART passenger rail system and the passenger rail system in Solano County. With the completion of this Feasibility Study and the identification of the station site, the Suisun-Fairfield Capitol Corridor Station as the location of the future Solano Rail Hub Station Project, the STA, in partnership with the City of Suisun City, the City of Fairfield, and the County of Solano, is moving forward with next steps to advance the Solano Rail Hub Project.

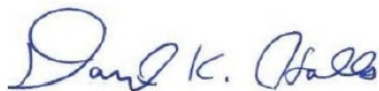
Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada issued a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2020. Fiscal year ending June 30, 2021 is the sixth year that the Authority will be applying for this prestigious award. In order to be awarded a Certificate of Achievement, the Authority has to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement for Excellence in Financial Reporting is valid for a period of one year only. However, the Authority believes that the current CAFR will meet the Certificate of Achievement for Excellence in Financial Reporting Program's requirements, and the Authority is submitting its report to the GFOA to determine its eligibility for the certificate.

The preparation of this Report would not have been possible without the skill, effort, and dedication of the entire staff of Solano Transportation Authority. We wish to thank all staff involved for their assistance in providing the data necessary to prepare this report. Credit also is due to the Authority's Board for their unfailing support for maintaining the highest standards of professionalism in the management of the Authority's finances.

Respectfully submitted,



Daryl K. Halls, Executive Director



Susan Furtado, Accounting & Administrative Services Manager



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Solano Transportation Authority
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

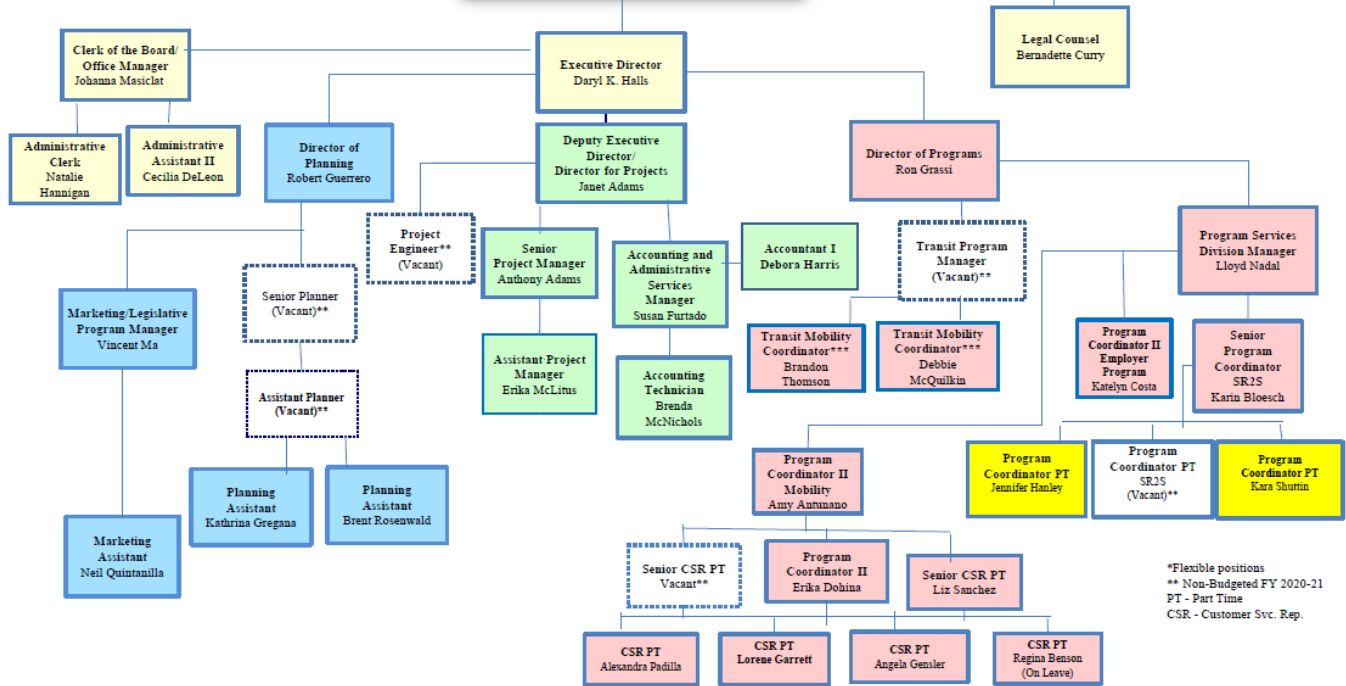
Christopher P. Morrell

Executive Director/CEO

**Current
STA Organizational Chart
FY 2020-21**



One Harbor Center, Suite 130
 Suisun, CA 94585
 Tel.: (707) 424-6075
 Fax: (707) 424-6074



*Flexible positions
 ** Non-Budgeted FY 2020-21
 PT - Part Time
 CSR - Customer Svc. Rep.

The Solano Transportation Authority Board Members



Ron Rowlett, Chair
Mayor, City of Vacaville



Robert McConnell, Vice-Chair
Mayor, City of Vallejo



Steve Young
Mayor, City of Benicia



Steve Bird
Mayor, City of Dixon



Harry Price
Mayor, City of Fairfield



Ron Kott
Mayor, City of Rio Vista



Lori Wilson
Mayor, City of Suisun City



Jim Spering
Supervisor, District 3 Solano County

Year Ended June 30, 2021



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Independent Auditor's Report

Board of Directors
Solano Transportation Authority
Suisun City, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Solano Transportation Authority (Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority'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, each major fund, and the aggregate remaining fund information of the Authority, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund and each major special revenue fund, schedule of the Authority's proportionate share of the net pension liability, schedule of changes in the net pension liability and related ratios, and the schedules of pension contributions, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are 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. 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 schedule of expenditures of federal awards and supplementary information 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 it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021 on our consideration of the Authority'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 solely 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 effectiveness of the Authority's 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 of the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Eric Bailly LLP". The signature is written in a cursive, flowing style.

Sacramento, California

December 30, 2021

As management of the Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report.

Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$22,891,852 (net position). Of this amount, \$11,827,980 represents amounts restricted for transportation projects and programs.
- The Authority's total net position increased by \$5,566,925 because the total revenues exceeded the total expenditures by the amount.
- At the close of the fiscal year, the Authority's combined fund balances had increased to \$23,212,896 in comparison with the prior year amount of \$15,838,839. Approximately \$5,584,326 of this amount is available for spending at the Authority's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$5,943,646, or approximately 50.61% of total general fund expenditures.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. *The statement of net position* presents financial information on all of the Authority's assets, liabilities, and deferred inflows/outflows 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 financial position of the Authority is improving or deteriorating. *The statement of activities* presents information showing how the Authority's net position changed during the most 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 for some items that will only result in cash flows in future fiscal periods. Both of the government-wide financial statements can be found on pages 11-12 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, 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 Authority can be divided into two categories: governmental funds and fiduciary 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 assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of 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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the three capital projects funds, which are considered to be major funds. Data from the other six 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 the combining and individual fund statements and schedules section of this report.

The Authority adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 20 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Authority's budgetary comparison schedules, schedule of the proportionate share of the net pension liability and schedule of pension contributions. Required supplementary information can be found on pages 49-55 of this report. The combining statements and budgetary schedules referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 57-68 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time, may serve as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$22,891,852 for the fiscal year 2020-2021.

	<u>2021</u>	<u>2020</u>	<u>Net Change</u>
ASSETS			
Current and other assets	\$ 34,027,510	\$ 21,309,547	\$ 12,717,963
Capital Assets	10,707,269	2,854,686	7,852,583
TOTAL ASSETS	<u>44,734,779</u>	<u>24,164,233</u>	<u>20,570,546</u>
DEFERRED OUTFLOWS	<u>484,783</u>	<u>648,553</u>	<u>(163,770)</u>
LIABILITIES			
Current liabilities	10,828,542	5,470,708	5,357,834
Noncurrent liabilities	11,293,712	1,904,538	9,389,174
TOTAL LIABILITIES	<u>22,122,254</u>	<u>7,375,246</u>	<u>14,747,008</u>
DEFERRED INFLOWS	<u>205,456</u>	<u>112,613</u>	<u>92,843</u>
NET POSITION			
Net Invested in Capital Assets	6,263,465	2,854,686	3,408,779
Total Restricted Net Position	17,472,947	10,132,339	7,340,608
Total Unrestricted Net Position	(844,560)	4,337,902	(5,182,462)
TOTAL NET POSITION	<u>\$ 22,891,852</u>	<u>\$ 17,324,927</u>	<u>\$ 5,566,925</u>

By far the largest portion of the Authority's net position (76.33%) reflects resources that are subject to external restriction on how those assets may be used.

During the current fiscal year, net position for governmental activities increased \$5,566,925 from the prior fiscal year for an ending balance of \$22,891,852. Current assets increased by \$12,717,963 primary due to cash received as part of the lease financing transaction (\$6,601,913). The cash held with fiscal agent is to be used for the construction of new office building. Accounts receivables increased significantly as well (\$6,032,592) due to the submission of claims for grants on a reimbursement basis at the end of the fiscal year. Total capital assets increased due to the construction of the new operations building.

Total liabilities increased by \$14,747,008. The primary reasons for this increase include the issuance of a lease financing transaction in the amount of \$9,350,000 and an increase of accounts payable in the amount of \$5,258,075 due to the timing of related invoices.

Net investment in capital assets increased due to the construction of the new operations building, offset by the amount for capital related debt, net of the unspent proceeds. Restricted net position increased by \$7,340,608 to account for the restricted proceeds from the lease financing. Unrestricted net position decreased by \$5,182,462 due to the recognition of the lease financing.

	2021	2020	Net Change
REVENUES:			
Program Revenues	\$ 22,716,493	\$ 22,210,120	\$ 506,373
General Revenues	172,042	248,493	(76,451)
TOTAL	22,888,535	22,458,613	429,922
EXPENSES:			
Special Projects	8,910,722	9,242,677	(331,955)
Admin, Mobility Programs, Project and Planning	8,410,888	9,620,830	(1,209,942)
TOTAL	17,321,610	18,863,507	(1,541,897)
Change in Net Position	5,566,925	3,595,106	1,971,819
Net Position - Beginning	17,324,927	13,729,821	3,595,106
Net Position - Ending	\$ 22,891,852	\$ 17,324,927	\$ 5,566,925

Overall total revenues increased by \$429,922. Program revenues increased by \$506,373 primarily due to an increase of RTIF funds of \$2,434,022 offset by a reduction of state and local grants in the amount of \$1,867,053. Expenditures decreased by \$1,541,897 overall. The primary explanation for the decrease is due to the reduction of services during the July through December due to the COVID-19 pandemic.

Financial Analysis of Governmental Funds

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

The focus of the Authority's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Authority itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Authority's governing board.

At June 30, 2021, the Authority's governmental funds reported combined fund balances of \$23,212,896, an increase of \$7,374,057 in comparison with the prior year. Approximately 24.06% of this amount \$5,584,326 constitutes unassigned fund balance, which is available for spending at the Authority's discretion. The remainder of \$155,623 of the fund balance is nonspendable and restricted for particular purposes for \$17,472,947.

The general fund is the chief operating fund of the Authority. At the end of the current fiscal year, the total general fund balance was \$11,744,236. The nonspendable fund balance was \$155,623 representing prepaid items. The restricted fund balance was \$5,644,967 or 48.07% which is restricted for construction of the new operating facility and for debt service. The unassigned fund balance was \$5,943,646 or 50.61% which is available for the Authority's discretion. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. The fund balance of the Authority's general fund increased by \$3,379,568 during the current fiscal year. The increase was primarily due to the issuance of a lease financing to finance the construction of the new operations facility.

The Regional Measure 2 fund, a major fund, had a \$319,748 decrease in fund balance during the current fiscal year which put the overall fund balance at negative \$359,320. This is because the total program revenues were less than the total related expenditures due to timing. The Regional Measure 2 revenues are recognized on a reimbursement basis and will be recorded when all of the eligibility requirements are met.

The Regional Transportation Impact Fee Program fund (RTIF), a major fund, experienced a \$4,684,705 increase in fund balance during the current fiscal year having a positive fund balance of \$10,365,623. This happened due to the timing of expenditures incurred since the RTIF revenues are not on a reimbursement basis.

General Fund Budgetary Highlights

The following tables provide summaries of the comparison between the initial budget, the final budget and the actual financials within General Fund.

	Budgeted Amounts		Variance between Original Budget and Final Budget (Negative)	Actual	Variance between Final Budget and Actual (Negative)
	Original	Final			
REVENUES					
Intergovernmental	\$ 14,574,508	\$ 15,592,928	\$ 1,018,420	\$ 9,747,541	\$ (5,845,387)
Interest	-	-	-	147,057	147,057
Other	75,000	75,000	-	88,726	13,726
Total Revenues	14,649,508	15,667,928	1,018,420	9,983,324	(5,684,604)
EXPENDITURES					
Operations and administrative	2,045,249	2,071,098	25,849	1,859,906	211,192
Mobility programs	5,075,474	5,292,831	217,357	2,993,745	2,299,086
Project development	6,558,482	7,127,760	569,278	2,317,561	4,810,199
Strategic planning	970,303	1,176,239	205,936	677,636	498,603
Capital outlay	-	-	-	7,896,093	(7,896,093)
Interest	-	-	-	138,832	(138,832)
Debt issuance costs	-	-	-	69,983	(69,983)
Total Expenditures	14,649,508	15,667,928	1,018,420	15,953,756	(285,828)
OTHER FINANCING SOURCES (USES)					
Lease financing	-	-	-	9,350,000	9,350,000
Net change in fund balance	\$ -	\$ -	\$ -	3,379,568	\$ (5,970,432)
Fund balance - beginning				8,364,668	
Fund balance - ending				<u>\$ 11,744,236</u>	

The Authority experienced a significant variance in intergovernmental revenues between the final budget and the actual and related expenditures. Since most of the Authority's revenues are grant driven, a decline in expenditures would cause the same effect on the revenues and the same effect on budget variances. The expenditure budget variance is due to delays in the start of the programs and projects.

The expenditure budget variance is due to delay in the start of the programs and projects, such as the Community Based Transportation Plan (CBTP), the Transit Ridership Survey, the Solano Sustainable Transportation Equity Project (SolSTEP) Program, the Solano Express, Slip Ramp Project, the West Texas Bus Stop Project, the Electric Vehicle (EBV) Bus Purchase, and the Inductive Charging Project due to the Corona Virus (COVID-19) pandemic.

Capital Assets and Long-Term Obligations

Capital assets and long-term debt are shown in the table below.

Depreciable capital assets include office equipment and furnishings. These assets are depreciated over five years using the straight-line depreciation method.

The Authority is in development of its new office building. In 2020-21 there was a significant amount of progress on the construction of the building and as such, a large change in construction in progress. The expected complete timeframe is fall of 2021.

Long-term liabilities are composed of compensated absences, which are the vested interests in vacation leave and sick leave for employees of the Authority. This item changes as employees accumulate vacation and sick leave and when employees enter or leave employment with the Authority. Compensated absences are further defined as the current portion in the amount of \$4,415, estimated to be due within one year, and the long-term portion in the amount of \$240,833. Additionally, long-term liabilities include the new lease financing related to the construction of the new office building, and pension liabilities related to the Authority's participation in the CalPERS and PARS pension plans. Additional information about the capital assets of the Authority, compensated absences and the net pension liabilities is available in Note 4 – Capital Assets, Note 6 – Long-term Debt, Note 7 – Pensions, and Note 1-F for Compensated Absences.

	Value as of July 1, 2020	Change in Fiscal Year	Value as of June 30, 2021
CAPITAL ASSETS			
Land	\$ 975,062	\$ -	\$ 975,062
Construction in progress	1,622,451	7,659,243	9,281,694
Equipment	257,173	193,340	450,513
Total Capital Assets	<u>\$ 2,854,686</u>	<u>\$ 7,852,583</u>	<u>\$ 10,707,269</u>
LONG-TERM OBLIGATIONS			
Net pension liability	\$ 1,710,476	\$ (12,062)	\$ 1,698,414
Lease financing	-	9,350,000	9,350,000
Compensated absences	194,062	51,236	245,298
Total Long-Term Liabilities	<u>\$ 1,904,538</u>	<u>\$ 9,389,174</u>	<u>\$ 11,293,712</u>

Requests for Information

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact, Solano Transportation Authority, One Harbor Center, Suite 130, Suisun City, CA 94585, or sfurtado@sta.ca.gov.

Solano Transportation Authority
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Cash and investments	\$ 16,546,209
Cash with fiscal agent	5,644,967
Accounts receivable	11,647,577
Prepaid items	155,623
Net pension asset	33,134
Nondepreciable capital assets	10,256,756
Depreciable capital assets, net of accumulated depreciation	450,513
Total assets	<u>44,734,779</u>
Deferred Outflows of Resources	
Deferred outflows from pension activities	<u>484,783</u>
Liabilities	
Accounts payable	9,666,050
Accrued payroll	338,398
Unearned revenue	777,032
Interest payable	47,062
Due in one year	
Compensated absences	4,415
Lease payable	459,373
Due in more than one year	
Compensated absences	240,883
Lease payable	8,890,627
Net pension liability	1,698,414
Total liabilities	<u>22,122,254</u>
Deferred Inflows of Resources	
Deferred inflows from pension activities	<u>205,456</u>
Net Position	
Net investment in capital assets	6,263,465
Restricted for transportation projects and programs	11,827,980
Restricted for debt service and capital projects	5,644,967
Unrestricted net position	(844,560)
Total Net Position	<u><u>\$ 22,891,852</u></u>

Solano Transportation Authority

Statement of Activities
Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues - Operating Grants and Contributions	Net (Expense) Revenue and Change in Net Position- Governmental Activities
Governmental Activities:			
Congestion management:			
Operations and administrative	\$ 2,166,069	\$ 3,847,325	\$ 1,681,256
Mobility programs	2,993,745	2,993,745	-
Project development	2,317,561	2,317,561	-
Strategic planning	677,636	677,636	-
Special projects and programs	8,910,722	12,880,226	3,969,504
Interest expense	255,877	-	(255,877)
Total governmental activities	<u>\$ 17,321,610</u>	<u>\$ 22,716,493</u>	<u>5,394,883</u>
General Revenues:			
Interest and investment earnings			<u>172,042</u>
Total general revenues			<u>172,042</u>
Change in Net Position			5,566,925
Net Position - Beginning			<u>17,324,927</u>
Net Position - Ending			<u>\$ 22,891,852</u>

Solano Transportation Authority

Balance Sheet – Governmental Funds

June 30, 2021

	General	Special Revenue Funds		Non-major Governmental Funds	Total
		Regional Measure 2	RTIF Program		
Assets					
Cash and investments	\$ 7,446,963	\$ -	\$ 7,124,689	\$ 1,974,557	\$ 16,546,209
Cash with fiscal agent	5,644,967	-	-	-	5,644,967
Accounts receivable	3,870,639	4,391,635	3,277,271	108,032	11,647,577
Due from other funds	1,095,738	-	-	-	1,095,738
Prepaid items	155,623	-	-	-	155,623
Total assets	\$ 18,213,930	\$ 4,391,635	\$ 10,401,960	\$ 2,082,589	\$ 35,090,114
Liabilities And Fund Balances					
Liabilities					
Accounts payable	\$ 5,698,670	\$ 3,593,048	\$ 35,698	\$ 338,634	\$ 9,666,050
Accrued payroll	329,169	8,122	639	468	338,398
Due to other funds	-	1,095,738	-	-	1,095,738
Unearned revenue	441,855	54,047	-	281,130	777,032
Total liabilities	6,469,694	4,750,955	36,337	620,232	11,877,218
Fund Balances					
Nonspendable	155,623	-	-	-	155,623
Restricted for transportation projects and programs	-	-	10,365,623	1,462,357	11,827,980
Capital projects and debt service	5,644,967	-	-	-	5,644,967
Unassigned	5,943,646	(359,320)	-	-	5,584,326
Total fund balances	11,744,236	(359,320)	10,365,623	1,462,357	23,212,896
Total Liabilities and Fund Balances	\$ 18,213,930	\$ 4,391,635	\$ 10,401,960	\$ 2,082,589	\$ 35,090,114

Solano Transportation Authority
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2021

Fund balances of governmental funds	\$ 23,212,896
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets, net of depreciation, have not been included as financial resources in governmental fund activity. Those capital assets consist of:

Nondepreciable capital assets	\$ 10,256,756	
Depreciable capital assets	811,023	
Accumulated depreciation	<u>(360,510)</u>	10,707,269

Accrued interest payable for the current portion of interest due on the lease financing does not require the use of current financial resources and therefore, has not been reported in the governmental funds.	(47,062)
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in governmental funds. Those long term liabilities consist of:

Compensated absences		(245,298)
Lease payable		(9,350,000)

Amounts reported for net pension asset and liability are not due in the current period and therefore are not reported in the governmental funds. Related components that will affect the net pension liability and total OPEB liability in future measurement years are reported as deferred outflows and deferred inflows of resources and are not reported in the governmental funds.

Deferred outflows of resources related to pensions	484,783	
Net pension asset	33,134	
Net pension liability	(1,698,414)	
Deferred inflows of resources related to pensions	<u>(205,456)</u>	<u>(1,385,953)</u>

Net Position of Governmental Activities	<u>\$ 22,891,852</u>
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Solano Transportation Authority
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2021

	General	Special Revenue Funds		Non major Governmental Funds	Total
		Regional Measure 2	RTIF Program		
Revenues					
Intergovernmental:					
Member contributions	\$ 434,790	\$ -	\$ -	\$ -	\$ 434,790
Federal	2,485,100	-	-	-	2,485,100
State and local	6,827,651	6,658,218	-	1,459,934	14,945,803
Other	79,311	-	4,762,074	-	4,841,385
Interest	147,057	845	590	23,550	172,042
Other local grants	9,415	-	-	-	9,415
Total revenues	9,983,324	6,659,063	4,762,664	1,483,484	22,888,535
Expenditures					
Current: Congestion management					
Operations and administrative	1,859,906	-	-	-	1,859,906
Mobility programs	2,993,745	-	-	-	2,993,745
Project development	2,317,561	-	-	-	2,317,561
Strategic planning	677,636	-	-	-	677,636
Special projects and programs	-	6,978,811	77,959	1,853,952	8,910,722
Capital outlay	7,896,093	-	-	-	7,896,093
Debt Service:					
Interest	138,832	-	-	-	138,832
Debt issuance costs	69,983	-	-	-	69,983
Total expenditures	15,953,756	6,978,811	77,959	1,853,952	24,864,478
Other financial sources					
Lease financing	9,350,000	-	-	-	9,350,000
Net change in fund balances	3,379,568	(319,748)	4,684,705	(370,468)	7,374,057
Fund balances - beginning	8,364,668	(39,572)	5,680,918	1,832,825	15,838,839
Fund balances - ending	<u>\$ 11,744,236</u>	<u>\$ (359,320)</u>	<u>\$ 10,365,623</u>	<u>\$ 1,462,357</u>	<u>\$ 23,212,896</u>

Solano Transportation Authority

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$ 7,374,057
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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 costs of those assets are allocated over their estimated useful lives as depreciation expenses. Additionally, certain capital contributions are only reported as revenues on the government wide statement of activities.

Capital outlay	\$ 7,896,093	
Depreciation	(43,510)	7,852,583

Some expenses reported in the statement of activities do no require the use of current financial resources, and therefore, are not reported as expenditures in the governmental funds.

These expenses consist of the following:

Change in interest payable	(47,062)
Changes in compensated absences	(51,236)
Changes in net pension liabilities and related deferred outflows and inflows of resources	(211,417)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Lease financing	(9,350,000)
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Change in net position of governmental activities	\$ 5,566,925
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Note 1 - Reporting Entity and Significant Accounting Policies

A. Reporting Entity

The Solano Transportation Authority (Authority), previously known as the Solano County Transportation Authority, was created under a Joint Powers Agreement as an entity to provide coordinated, continuous, and comprehensive transportation planning for Solano County (County) and the cities of the County on June 1, 1993. The Authority's Board of Directors consists of eight members: one from each of the seven cities of Benicia, Dixon, Fairfield, Rio Vista, Suisun City, Vacaville and Vallejo and one from the County.

The Authority is charged with the following duties:

- Develop, adopt, and implement County transportation plans.
- Submit applications and funding claims for transportation-related purposes to local governments, the Metropolitan Transportation Commission, the State of California, the Federal Government, and other entities supporting transportation.
- Execute transportation-related agreements and enter into contracts.
- Adopt policies and programs for all modes of transportation including: transit, paratransit, streets and roads, bicycles, pedestrian facilities, bridge paths, airports, marinas, harbors, deep sea channels, and railroads.
- Coordinate all modes of transportation within the County and with agencies outside the County.
- Operate or cause to have operated transit and paratransit.

The basic financial statements of the Authority include all of its financial activities. The Authority is the sole independent Authority responsible for receiving and allocating funds necessary to complete the programs.

The financial statements and accounting policies of the Authority conform with generally accepted accounting principles applicable to governments. Significant accounting policies are summarized below.

B. Basis of Presentation – Government-wide financial statements

The Authority's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard-setting body for establishing accounting and financial reporting standards followed by governmental entities in the United States of America.

Government-wide statements: The statement of net position and the statement of activities display information about the primary government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through intergovernmental revenues and other non-exchange transactions. The governmental activity incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

The Authority has no business-type activities; therefore, the statement of activities presents a comparison between direct expenses and program revenues for each function of the Authority's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

C. Basis of Presentation – Fund Financial Statements

Fund Financial Statements

The fund financial statements provide information about the Authority's funds. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining funds are aggregated and reported as non-major funds.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

Major Funds and Non-major Funds

The Authority's major governmental funds are required to be identified and presented separately in the fund financial statements. Major funds are defined as funds that have either assets, liabilities and deferred inflows, revenues or expenditures equal to ten percent of their fund-type total. The General Fund is always a major fund. All other funds are reported as special revenue funds.

The Authority reported the following major governmental funds in the accompanying financial statements:

General Fund

The General Fund is the general operating fund of the Authority. It is used to account for and report all financial resources not accounted for and reported in another fund. Most revenues are recorded in the General Fund. All intergovernmental revenue is recorded in this Fund, except for those restricted funds required to be recorded in other funds. Fund expenditures include salaries and benefits of the Authority's staff that are not chargeable to other funds.

Regional Measure 2 Special Revenue Fund

This Fund is primarily funded by a voter-approved increase in the tolls charged on the regionals seven state-owned toll bridges by \$1. The tolls charged are collected by the Metropolitan Transportation Commission and allocated to the Authority based on projects undertaken. The funds are used by the Authority to advance the implementation of the I-80/I-680/SR 12 Interchange Project for preliminary engineering and construction. This Fund is also used to advance the implementation of the I-80 Managed Lanes Projects for the preparation of the environmental document, preliminary engineering, design phase, and construction of these projects. Additionally, this fund is supporting the implementation of mitigation sites required by this project.

Regional Transportation Impact Fee (RTIF) Program Special Revenue Fund

The Solano County Board of Supervisors unanimously approved the Public Facility Fee (PFF) in December 2013, which includes adding a \$1,500 per Dwelling Unit Equivalent (DUE) allocated towards RTIF implementation. Seven Districts were approved as part of the RTIF program implementation. Each District includes at least one or more transportation improvement project. Five percent (5%) of the total RTIF fund is dedicated towards transit projects under Package 6 – Express Bus Transit Centers and Train Stations, and five percent (5%) to Unincorporated County Roads under district. The Authority will receive 2% of the total RTIF Funds for the administrative costs of this program. The remaining balance of the RTIF funds will be returned to each RTIF District from which the revenue was generated. In 2019, the PFF increased the amount toward the RTIF from \$1,500 per DUE to \$2,500 per DUE.

The Authority reported the following non-major governmental funds in the accompanying financial statements:

TFCA Special Revenue Fund

This Fund is used by the Authority to account for the transportation programs that promote the reduction of air pollution in the Bay Area.

Abandoned Vehicle Abatement Special Revenue Fund

This Fund is used by the Authority to account for the removal of abandoned vehicles by local agencies within Solano County.

Dixon B Street Undercrossing Special Revenue Fund

This fund is used to initiate the implementation of the project study done of the City of Dixon for the West B Street Undercrossing. The Project is located in the vicinity of the City of Dixon's downtown, which involved constructing a pedestrian undercrossing to replace an existing at-grade crossing at the city's future train station location.

I-80 Reliever Route Special Revenue Fund

This Fund is used by the Authority to account for the right-of-way and support the implementation of the Jepson Parkway project, a central Solano multi-modal roadway intended to relieve congestion on I-80 between Fairfield and Vacaville, and for the Walters Road widening segment of the Jepson Parkway in Suisun City.

Jameson Canyon Special Revenue Fund

This fund is used by the Authority to fund the identified critical design and related support services for an additional lane in each direction and constructing a concrete median barrier on State Route (SR) 12 from Kelly Road in Napa County to Red Top Road in Solano County. A Memorandum of Understanding (MOU) and a Cooperative Agreement was issued between the California Department of Transportation (CalTrans), Napa County Transportation Authority (NCTA), and the Authority.

Vallejo Redwood Parkway Special Revenue Fund

This fund is used by the Authority to fund the study of alternative improvements to the Redwood Parkway/I-80 Interchange, improvements to State Route 37, Park-and-Ride Lot, and HOV Lanes.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 government considers revenues to be available if they are collected within 180 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, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Taxes, licenses, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 180 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 180 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

E. Cash and investments and cash with fiscal agents

Cash and investments include demand deposits and amounts held by the City of Vacaville Investment Pool or by the Authority's operating bank. Cash with fiscal agents include amounts that are restricted by debt agreements for construction costs and debt service.

F. Capital Assets

Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated acquisition value at the date of donation plus ancillary charges, if any. All capital asset purchases are recorded as expenditures at the time of acquisition in the governmental funds. Such amounts are then capitalized and reported in the government-wide financial statements. These infrastructure assets are of value only to the local government units in whose jurisdiction they are constructed and are not recorded as capital assets on the Authority's books. Capital assets with limited useful lives are required to be depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year was allocated to the Authority's congestion management expense on the statement of activities. The Authority's policy is to capitalize all capital assets with a cost greater than \$1,000 and a useful life of more than one year.

Depreciation is provided using the straight-line method which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each year until the asset is fully depreciated. The Authority has assigned a useful life of 5 years for Equipment and 30 years for buildings. The Authority capitalizes acquisitions of capital assets in excess of \$1,000 with useful life over one year.

G. *Compensated Absences*

Compensated absences comprise unpaid vacation and sick leave which are accrued as earned. Sick leave is accrued and compensated at the time of service retirement at 25% of accumulated hours. Vacation hours accumulated are fully compensated at time of separation. The liabilities are separated into current and long-term portions based estimates as of June 30 and amounts expected to be paid subsequent to next fiscal year. The Authority's liability for compensated absences is recorded in the Authority's governmental Activities. The general fund pays for compensated absences when the amounts are due.

The changes in long-term compensated absences during the fiscal year ended June 30, 2021 were as follows:

	Governmental Activities
Beginning Balance	\$ 194,062
Additions	84,018
Deletion	(32,782)
	<hr/>
Ending balance	245,298
	<hr/>
Current portion	\$ 4,415
	<hr/> <hr/>

H. *Use of Management Estimates*

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

I. *Pensions*

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Authority's retirement plans (Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the plan's administrators. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Pension liabilities will be paid by the fund for which the employee worked.

J. *Deferred Outflows and Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources 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) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources 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.

K. Net Position

Government-wide financial statements utilize a net position presentation. Net position of the Authority is categorized as net investment in capital assets, restricted, and unrestricted. When both restricted and unrestricted resources are available for an expense, the Authority's policy is to use restricted first and then unrestricted.

- Net investment in capital assets represent the capitalized cost of capital assets, net of depreciation and the related outstanding debt balances if any.
- Restricted net position represents net position that is constrained by externally imposed requirements of creditors (such as through debt covenants), laws or regulations of other governments or imposed by law, through constitutional provisions or enabling legislation.
- All net position not categorized as net investment in capital assets or restricted are included in unrestricted net position.

L. Fund Balances

Governmental funds report fund balance in classifications based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Fund balances for government funds are made up of the followings:

- Nonspendable Fund Balance – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: amounts held for perpetuity and prepaid amounts. The Authority's nonspendable fund balance represents prepaid items as of year-end.
- Restricted Fund Balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- Committed Fund Balance – includes amounts that can only be used for the specific purposes determined by a formal action of the Authority's highest level of decision-making authority, the governing board. Commitments may be changed or lifted only by the adoption of a Board Resolution. The Authority had no committed fund balances as of year-end.
- Assigned Fund Balance – comprises amounts intended to be used by the Authority for specific purposes that are neither restricted nor committed. Intent is expressed by the Authority's Board of Directors. The Authority had no assigned fund balances as of year-end.

- **Unassigned Fund Balance** – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are available for any purpose. In addition, the general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

M. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. In the fund financial statements, governmental fund types recognize bond premiums and discounts 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. Debt service expenditures including principal and interest payments are reported as expenditures.

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

O. New Accounting Principles

Effective This Fiscal Year

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance related to fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, or the FY 2020/2021. The Authority determined the payroll fund, previously categorized as an Agency Fund, should be accounted for as a liability of the General Fund. There was no impact to fund balance or net position.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 or FY 2021/2022. There was no impact to the financial statements.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest, an amendment of GASB statement No. 14 and No. 61*. The objectives of this Statement are to improve how majority equity interest is reported. The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if a government's holding of the equity interest meets the definition of an investment and for all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 or FY 2020/2021. There was no impact to the financial statements.

GASB Statement No. 98 – In October 2018, GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. The objective of this Statement is to address references in authoritative literature to the term *comprehensive annual financial report*. The requirement of this Statement is effective for reporting periods ending after December 15, 2021. The Authority has early implemented this statement. There was no impact to the financial statements.

Effective in Future Fiscal Years

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after December 15, 2020, or FY 2021/2022. The Authority is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and

arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 or FY 2022/2023. The Authority is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement is to establish accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or FY 2021/2022, except for the requirement relating to Statement 87 and Implementation Guide 2019-3; reinsurance recoveries, and terminology used to refer to derivative instruments which are effective upon issuance. The Authority is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 93 – In May 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement is to address those and other accounting and reporting implications resulting from the replacement of an IBOR by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced and providing clarification to the hedge accounting termination provisions, removing LIBOR as a benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap and providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or FY 2021/2022, except the removal of LIBOR as a benchmark interest rate which is effective for periods beginning after December 31, 2022 or FY 2023/2024. The Authority is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objectives of this Statement improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 or FY 2022/2023. The Authority is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objectives of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 or FY 2022/2023. The Authority is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. The objective of this Statement is to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or FY 2021/2022. The Authority is evaluating the impact of this Statement on the financial statements.

Note 2 - Budgets and Budgetary Accounting

Budgeting Procedures

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Executive Director submits a proposal for the operating budget to the Authority's Board Members for the fiscal year commencing the following July. The operating budget includes proposed expenditures and the means of financing them for two fiscal years.
2. Public meetings are conducted to obtain public comments.
3. The budget is legally enacted by adoption by the Authority's Board Members before July 1.
4. All budget adjustments must be approved by the Authority's Board Members. Expenditures may not legally exceed budgeted appropriations at the fund level.
5. The Executive Director is authorized to transfer budgeted amounts; however, any revisions that alter total expenditures of any fund must be approved by the Authority's Board Members.
6. Formal budgetary integration is employed as a management control device during the year for all funds.
7. Budgeted revenue amounts represent the original budget modified by adjustments authorized during the year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year, which were contingent upon new or additional revenue sources and reappropriated amounts for prior year encumbrances.
8. Appropriations lapse at the end of the fiscal year and then are rebudgeted for the coming fiscal year.
9. Budgeted appropriations for the various governmental funds become effective July 1. The legal level of budgetary control has been established at the fund level.
10. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Note 3 - Cash and Investments**Classification**

Cash and investments are classified in the financial statements as shown below:

	Governmental Funds
Cash deposits	\$ 7,280,833
City of Vacaville pool	9,265,376
Cash and cash equivalents with fiscal agent	5,644,967
Total Cash and Investments	<u>\$ 22,191,176</u>

Investment Authority by the California Government Code and the Authority's Investment Policy

The table below identifies the investment types that are authorized for the Authority by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk and concentration of credit risk. The Authority has adopted a formal investment policy. The allowable investments, according to the Authority's investment policy or the government code when more restrictive, are listed below:

Investment Type	Maximum Remaining Maturity	Maximum Specified % Of Portfolio	Minimum Quality Requirements
Local Agency Bonds	5 Years	None	None
U.S. Treasury Obligations	5 Years	None	None
State Obligations: CA and Others	5 Years	None	None
CA Local Agency Obligations	5 Years	None	None
U.S. Agency Obligations	5 Years	None	None
Bankers' Acceptances	180 days	40%	None
Commercial Paper: Non-pooled Funds	270 days or less	25% of the agency's money	Highest letter and number
Commercial Paper: Pooled Funds	270 days or less	40% of the agency's money	Highest letter and number
Negotiable Certificates of Deposit	5 Years	30%	None
Non-negotiable Certificates of Deposit	5 Years	None	None
Medium-term Notes	5 years or less	30%	"A" rating category or its
Mutual Funds and Money Market Mutual Funds	N/A	20%	Multiple
Collateralized Bank Deposits	5 years	None	None
County Pooled Investment Funds	N/A	None	None
Joint Powers Authority Pool	N/A	None	Multiple
Local Agency Investment Fund (LAIF)	N/A	None	None

Investments Authorized by Debt Agreements

The above investments do not address investment of debt proceeds held by the fiscal agent. Investments of debt proceeds held by the fiscal agent are governed by provisions of the debt agreements rather than the general provision of the California Government Code.

The City of Vacaville Pool

The City of Vacaville pool is not registered with the Securities Exchange Commission (SEC) and is not rated. This pooled cash is invested by the City's Investment Officer and overseen by the City's Treasurer to enhance interest earnings. The fair value of the position in the investment pool is the same as the value of the pool shares. The balance available for withdrawal on demand are based on the accounting records of the City of Vacaville, which are recorded on an amortized cost basis.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates and may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in interest rates. The City of Vacaville Pool has an average maturity of 2.54 years as of June 30, 2021.

Disclosures Relating to Credit Risks

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk can be measured by the rating of the issuers, assigned by nationally recognized statistical rating organizations. However, the City of Vacaville Pool is unrated as of June 30, 2021.

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 (e.g., broker-dealer) 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 Authority'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 that 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 (unless so waived by the governmental unit). The fair 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.

As of June 30, 2021, the Authority's deposits are with the Bank of the West. The total amount deposited with Bank of the West is \$7,280,310. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining balance was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code described above.

Fair Value Measurements

The Authority categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. The following provides a summary of the hierarchy used to measure fair value:

Level 1 - Quoted prices in active markets for identical assets that the Authority has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the Authority's own data.

The fair value of the Authority's investment in the City of Vacaville Pool is reported in the accompanying financial statements at amounts based upon the Authority's pro-rata share of the fair value provided by the City of Vacaville Pool for the entire Pool portfolio (in relation to the amortized cost of that portfolio).

Deposits and withdrawals in the City of Vacaville Pool are made on the basis of \$1 and not fair value. Accordingly, the Authority's proportionate share of investments in those funds at June 30, 2021 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

Note 4 - Capital Assets

The Authority excludes assets maintained by other governments or organizations excludes from its financial statements. The Authority has funded a variety of capital projects consisting of streets and road and other transportation infrastructure projects, which upon completion were "contributed" to its Members, the State, or other governments responsible for maintenance and care. Since those other agencies maintain these capital assets, those amounts have been excluded from the accompanying financial statements.

Capital assets with limited useful lives are required to be depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year was allocated to the Authority's congestion management expense on the statement of activities. Some capital assets may be acquired using federal and State grant funds, or they may be contributed by developers or other governments. Contributions are required to be accounted for as revenues at the time the capital assets are contributed.

The Authority's capital assets comprise the following at June 30, 2021:

	Balance at July 1, 2020	Additions	Deletions	Balance at June 30, 2021
Nondepreciable capital assets				
Land	\$ 975,062	\$ -	\$ -	\$ 975,062
Construction in Progress	1,622,451	7,659,243	-	9,281,694
Total nondepreciable	2,597,513	7,659,243	-	10,256,756
Depreciable capital assets				
Equipment	574,173	236,850	-	811,023
Accumulated depreciation: Equipment	(317,000)	(43,510)	-	(360,510)
Depreciable capital assets, net of accumulated depreciation	257,173	193,340	-	450,513
Total capital assets	\$ 2,854,686	\$ 193,340	\$ -	\$ 10,707,269

Depreciation of \$43,510 was charged to congestion management on the statement of activities.

Note 5 - Interfund Transactions

The composition of interfund balances as of June 30, 2021, is as follows:

Due to Other Funds	Due From Other Funds General Fund
Regional Measure 2 Special Revenue Fund	\$ 1,095,738

The balance represents a short-term borrowing by the Regional Measure 2 Special Revenue Fund to cover an operating expenditures incurred to be reimbursed in the next fiscal year.

Note 6 - Long-Term Debt

A summary of changes in governmental activities long-term debt for the year ended June 30, 2021, is noted below:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Private-placement: 2020 Lease Financing	\$ -	\$ 9,350,000	\$ -	\$ 9,350,000	\$ 459,373
Totals	\$ -	\$ 9,350,000	\$ -	\$ 9,350,000	\$ 459,373

2020 Lease Financing

In November 2020, the Authority entered into a private-placement lease financing agreement for \$9,350,000. The proceeds are to be used to finance the construction of a new three-story office building, fund a reserve fund at 50% of maximum annual debt service, fund a capitalized interest fund, and pay the costs associated with financing. Semi-annual payments are to be made on May 1 and November 1 commencing on May 1, 2021. Semi-annual payments are to be made on May 1 and November 1 commencing on May 1, 2022. The payments bear an interest rate of 3.02%.

The debt service schedule of the 2020 Lease Financing is as follows:

Year Ending June 30:	Principal	Interest	Total
2022	\$ 459,373	\$ 282,370	\$ 741,743
2023	932,725	261,560	1,194,285
2024	961,108	233,181	1,194,289
2025	990,354	203,938	1,194,292
2026	1,020,490	173,805	
2027-2031	4,985,950	383,948	5,369,898
Total	\$ 9,350,000	\$ 1,538,802	\$ 9,694,507

Note 7 - Pension Plans

The Authority's employees are covered by two defined benefits pension plans, the California Public Employees' Retirement System (CalPERS) and the Public Agency Retirement System Pension Plan (PARS). The following table shows the net pension liabilities, related deferrals and pension expenses for the plans.

	Net Pension Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS	\$ 1,698,414	\$ 438,156	\$ 69,855	\$ 268,103
PARS	(33,134)	46,627	135,601	22,269
Total	\$ 1,665,280	\$ 484,783	\$ 205,456	\$ 290,372

California Public Employees' Retirement System (CalPERS)

General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Authority's Employee Pension Plan, (the Plan) a cost-sharing multiple employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS). Benefit provisions under the Plan are established by State statute and Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 or 52, depending on hire date, with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The Plan provisions and benefits in effect at June 30, 2021, are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a percent of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.750%
Required employer contribution rates*	10.484%	7.732%
*Excluding an additional UAL payment in the amount of:	\$ 100,931	\$ 5,676

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2021, the Authority's contributions were \$195,990.

Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2021, the Authority reported net pension liability for its proportionate shares of the net pension liability in the amount of \$1,169,414.

The Authority's net pension liability is measured as the proportionate share of the Plan's net pension liability. The net pension liability is measured as of June 30, 2020, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 rolled forward to June 30, 2020 using standard update procedures. The Authority's proportion of the net pension liability was based on the Authority's share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability as of June 30, 2020 and 2021 was as follows:

	Miscellaneous CalPERS	
	Net Pension	Proportionate
Proportion - June 30, 2020	\$ 1,525,162	0.038086%
Proportion - June 30, 2021	1,698,414	0.040270%
Change - Increase (Decrease)	\$ 173,252	0.002184%

For the year ended June 30, 2021, the Authority recognized pension expense in the amount of \$268,103 for the Miscellaneous CalPERS plan. On June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 195,990	\$ -
Contributions in excess of proportionate share	-	57,741
Changes in assumptions	-	12,114
Difference in expected and actual experience	87,524	-
Adjustment due to differences in proportions	104,188	-
Net differences between projected and actual earnings on plan investments	50,454	-
Total	\$ 438,156	\$ 69,855

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$195,990, which will be recognized as a component of pension expense in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ 48,312
2023	58,774
2024	41,026
	<u>\$ 172,311</u>

Actuarial Assumptions

The total pension liabilities in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions for the Miscellaneous CalPERS plan:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.50%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry-Age and Service
Investment Rate of Return	7.15% (1)
Mortality Rate Table	Derived using CalPERS' Membership Data for all Funds (2)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection

- (1) Net of pension plan investment expenses, includes inflation.
- (2) The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plan run out of assets. Therefore, the current 7.15 percent discount rate is adequate, and the use of the municipal bond rate calculation is not necessary. The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class ⁽¹⁾	Current Target Allocation	Real Return 1-10 years ⁽²⁾	Real Return 11+ ⁽³⁾
Global Equity	50.00%	4.80%	5.98%
Fixed Income	28.00%	1.00%	2.62%
Inflation Assets	0.00%	0.77%	1.81%
Private Equity	8.00%	6.30%	7.23%
Real Assets	13.00%	3.75%	4.93%
Liquidity	1.00%	0.00%	-0.92%
	<u>100.00%</u>		

(1) In the System's Comprehensive Annual Financial Report, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.15%	7.15%	8.15%
Net Pension Liability - CalPERS	\$ 2,864,933	\$ 1,698,414	\$ 734,555

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial report.

Public Agency Retirement System Pension Plan (PARS)

General Information about the Pension Plan

Plan Description

The Authority entered into an agreement as of July 1, 2011 with the Public Agency Retirement Services (PARS), an agent multiple-employer plan, to provide a supplemental retirement benefits. Benefit provisions under the Plan are established by Authority resolution. The plan is closed to new entrants as of January 1, 2013. PARS issues publicly available reports that can be obtained by writing to 3961 MacArthur Boulevard, Suite 200, Newport Beach, California 92660.

Benefits Provided

PARS provides lifetime supplemental benefits for participants that retire on or after age 55 with cost of living adjustments. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service with CalPERS are eligible to receive the supplemental PARS benefits.

The Plan provisions and benefits in effect at June 30, 2021, are summarized as follows:

	On or before December 31, 2012
Hire date	<u>2.7% at 55</u>
Benefit formula	5 years service
Benefit vesting schedule	Monthly for life
Benefit payments	55
Retirement age	1.0% to 2.5%
Monthly benefits, as a percent of eligible compensation	2.00%
Required employee contribution rates	5.36%
Required employer contribution rates	

Employees Covered – In conformance with the Public Employees' Pension Reform Act of 2013 (PEPRA) effective January 1, 2013, the PARS plan is closed to new hires. At the June 30, 2020 valuation date, employees that were covered by the benefit terms were 7 retired and 5 active.

Contributions

Contributions are determined on a bi-annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The employee required contribution rate is 2%.

For the year ended June 30, 2021, the Authority's contributions were \$68,279.

Net Pension Liability/(Asset)

The Authority's net pension liability/(asset) for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability/(asset) of the Plan is measured as of June 30, 2021, using an annual actuarial valuation as of June 30, 2020 rolled forward to June 30, 2021 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

Actuarial Assumptions – The total pension liabilities in the June 30, 2020 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2020
Measurement Date	June 30, 2021
Actuarial Cost Method	Entry-Age
Actuarial Assumptions	
Discount Rate	6.50%
Inflation	2.50%
Payroll Growth	Graded up to
Projected Salary Increase	Graded up to
Investment Rate of Return	6.50%
Mortality	Consistent with
Mortality Rate Table	Derived using
Post Retirement Benefit Increase	Contract COLA

Discount Rate

The discount rate used to measure the total pension liability was 6.5 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, the District stress tested plan that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, the Plan would not run out of assets. Therefore, the current 6.5 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, PARS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These rates of return are net of administrative expenses.

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	0.77%	-0.32%	-0.32%
US Core Fixed Income	35.88%	1.37%	1.26%
US Equity Market	47.79%	5.33%	3.70%
Foreign Developed Equities	7.87%	6.27%	4.52%
Emerging Market Equities	5.65%	8.64%	4.95%
US REITs	2.04%	5.75%	3.57%
Total	100%		

Changes in the Net Pension Liability / (Asset) - The changes in the Net Pension Liability for the Plan are as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2020	\$ 1,163,409	\$ 978,095	\$ 185,314
Changes in the year:			
Service cost	33,762	-	33,762
Interest on the total pension liability	76,935	-	76,935
Effect of economic/demographic gains or losses	(14,079)	-	(14,079)
Changes in benefit terms	-	-	-
Contribution - employer	-	68,279	(68,279)
Contribution - employee	-	17,381	(17,381)
Net investment income	-	236,474	(236,474)
Administrative expenses	-	(7,068)	7,068
Benefit payments	(27,565)	(27,565)	-
Net changes	69,053	287,501	(218,448)
Balance at June 30, 2021	\$ 1,232,462	\$ 1,265,596	\$ (33,134)

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability/(asset), as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 5.50%	Current Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability (Asset) - PARS	\$ 131,571	\$ (33,134)	\$ (170,981)

Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued PARS financial report.

For the year ended June 30, 2021, the Authority recognized pension expense in the amount of \$68,907 for the PARS plan. On June 30, 2021, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 35,117	\$ 20,660
Changes in assumptions	11,510	-
Net differences between projected and actual earnings on plan investments	-	114,941
Total	\$ 46,627	\$ 135,601

Amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2022	\$ (9,378)
2023	(17,002)
2024	(28,341)
2025	(34,253)
	\$ (88,974)

Note 8 - Risk Management

The Authority is a member of the Public Risk Innovation Solution and Management (PRISM), formerly known as County Supervisors Association of California Excess Insurance Authority, which covers general liability claims up to \$25,000,000. The Authority has a self-insured retention of \$100,000 per claim. Once the Authority's self-insured retention for claims is met, PRISM becomes responsible for payment of all claims up to the limit. The Authority has no deductible for workers compensation with the State Compensation Insurance Fund up to the statutory limits. There have been no significant reductions in insurance coverage from the previous year, nor have settled claims exceeded the Authority's insurance coverages in any of the past three years.

Financial statements for PRISM may be obtained from Alliant Insurances Services, Inc., 1301 Dove Street, Suite 200, Newport Beach, California 92660.

Note 9 - Commitments and Contingencies

The Authority is subject to litigation arising in the normal course of business. In the opinion of the Authority's Attorney, there is no pending litigation which is likely to have a material adverse effect on the financial position of the Authority.

The Authority receives federal and state grant funds. The amounts if any, of the Authority's grant expenditures which may be disallowed upon audit by the granting agencies cannot be determined at this time, although the Authority expects any such amounts to be immaterial.

The Authority has various contracts with private consulting companies and cooperative agreements with governmental entities. As of June 30, 2021, the Authority had outstanding commitments approximating \$14,628,502.

On June 1, 2006, the Authority entered into a 5-year lease agreement with The Wiseman Company LLC, to lease their office space located at One Harbor Center commencing January 1, 2007. In November 2013, amendment was signed for additional expansion space. In September 2017, amendment to extend the lease through December 2020. The lease is estimated at a total amount of \$735,753 payable over a three-year period, annually increasing by 2%. The monthly rate for the total rentable space is \$20,809 per month which increases \$.05 per month per rentable square foot, beginning January 2018. The Authority has the ability to cancel the lease at any time prior to the lease expiration on December 31, 2021.

The Authority is in development of its new office building construction. In 2018-19, acquisition of the land was added to the non-depreciable capital assets. In 2020-21 construction of the office building is in progress. Completion of the office building construction is anticipated in fall 2021.

Note 10 - Payroll and Benefits

In fiscal 2020-2021 the Authority expended these amounts on payroll and related benefits:

Description	Operation and Administration	Mobility Programs	Project Development	Strategic Planning	Special Project	Total
Salaries-full-time	\$ 729,342	\$ 799,454	\$ 229,428	\$ 291,187	\$ 169,130	\$ 2,218,541
Salaries-non full-time	9,600	120,408	596	-	-	130,604
Total salaries	738,942	919,862	230,024	291,187	169,130	2,349,145
Employee benefits	394,751	306,700	87,978	129,550	51,800	970,779
Total payroll cost	<u>\$ 1,133,693</u>	<u>\$ 1,226,562</u>	<u>\$ 318,002</u>	<u>\$ 420,737</u>	<u>\$ 220,930</u>	<u>\$ 3,319,924</u>

REQUIRED SUPPLEMENTARY INFORMATION

Solano Transportation Authority
Cost Sharing Retirement Plan – CalPERS -
Proportionate Share of the Net Pension Liability
Year Ended June 30, 2021

	2021	2020	2019
Proportion of the collective net pension liability	0.0403%	0.0381%	0.0362%
Proportionate share of the collective net pension liability	\$ 1,698,414	\$ 1,525,162	\$ 1,363,678
Covered - payroll	\$ 2,114,400	\$ 1,987,077	\$ 1,962,483
Net pension liability as a percentage of covered payroll	80.33%	76.75%	69.49%
Plan fiduciary net position as a percentage of the total	75.27%	75.27%	75.26%
Measurement date	6/30/2020	6/30/2019	6/30/2018

Note to schedule: Fiscal year 2015 was the first year of implementation of pension reporting standards, therefore, only seven years are shown.

2018	2017	2016	2015
0.0360%	0.0342%	0.0326%	0.0358%
\$ 1,420,942	\$ 1,189,190	\$ 894,778	\$ 884,393
\$ 1,933,188	\$ 1,873,891	\$ 1,599,963	\$ 1,528,122
73.50%	63.46%	55.92%	57.87%
73.31%	74.06%	78.40%	81.01%
6/30/2017	6/30/2016	6/30/2015	6/30/2014

Solano Transportation Authority
Cost Sharing Retirement Plan – CalPERS -
Schedule of Contributions
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 195,990	\$ 257,365	\$ 239,443	\$ 219,656
Contributions in relation to the actuarially determined contribution	<u>(195,990)</u>	<u>(257,365)</u>	<u>(239,443)</u>	<u>(219,656)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - payroll	\$ 2,218,541	\$ 2,114,400	\$ 1,987,077	\$ 1,962,483
Contributions as a percentage of covered-payroll	8.83%	12.17%	12.05%	11.19%

Note to schedule: Fiscal year 2015 was the first year of implementation of pension reporting standards, therefore, only seven years are shown.

2017	2016	2015
\$ 153,544	\$ 142,541	\$ 185,159
<u>(153,544)</u>	<u>(142,541)</u>	<u>(185,159)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,933,188	\$ 1,873,891	\$ 1,599,963
7.94%	7.61%	11.57%

Solano Transportation Authority

PARS -

Schedule of Changes in the Net Pension Liability and Related Ratios Year Ended June 30, 2021

Measurement Date	6/30/2021	6/30/2020	6/30/2019
Total Pension Liability			
Service Cost	\$ 33,762	\$ 38,237	\$ 37,214
Interest on total pension liability	76,935	71,901	58,928
Effect of economic/demographic gains or losses	(14,079)	1	100,957
Changes in benefits	-	-	33,095
Benefit payments, including refunds of employee contributions	(27,565)	(28,904)	(34,213)
Net change in total pension liability	69,053	81,235	195,981
Total pension liability - beginning	1,163,409	1,082,174	886,193
Total pension liability - ending (a)	<u>\$ 1,232,462</u>	<u>\$ 1,163,409</u>	<u>\$ 1,082,174</u>
Plan fiduciary net position			
Contributions - employer	\$ 68,279	\$ 43,408	\$ 58,062
Contributions - employee	17,381	17,712	16,741
Net investment income	236,474	31,116	52,130
Administrative expenses	(7,068)	(5,622)	(6,832)
Benefit payments	(27,565)	(28,904)	(34,213)
Net change in plan fiduciary net position	287,501	57,710	85,888
Plan fiduciary net position - beginning	978,095	920,385	834,497
Plan fiduciary net position - ending (b)	<u>\$ 1,265,596</u>	<u>\$ 978,095</u>	<u>\$ 920,385</u>
Net pension liability - ending (a)-(b)	<u>\$ (33,134)</u>	<u>\$ 185,314</u>	<u>\$ 161,789</u>
Plan fiduciary net position as a percentage of the total pension liability	102.69%	84.07%	85.05%
Covered payroll	\$ 877,436	\$ 965,629	\$ 939,785
Net pension liability as percentage of covered payroll	-3.78%	19.19%	17.22%

Note to schedule: Fiscal year 2015 was the first year of implementation of pension reporting standards, therefore, only seven years are shown.

6/30/2018	6/30/2017	6/30/2016	6/30/2015
\$ 52,339	\$ 50,815	\$ 52,108	\$ 50,590
58,371	51,694	48,667	42,458
-	(52,286)	-	-
-	-	-	-
(11,868)	(5,595)	(2,341)	(9,267)
98,842	44,628	98,434	83,781
787,351	841,157	644,289	560,508
<u>\$ 886,193</u>	<u>\$ 885,785</u>	<u>\$ 742,723</u>	<u>\$ 644,289</u>
\$ 74,948	\$ 83,219	\$ 82,795	\$ 79,307
23,734	24,722	24,578	23,923
45,496	59,388	7,486	7,413
(3,966)	(3,145)	(2,393)	-
(11,868)	(5,595)	(2,341)	(11,361)
128,344	158,589	110,125	99,282
706,153	657,689	437,439	338,157
<u>\$ 834,497</u>	<u>\$ 816,278</u>	<u>\$ 547,564</u>	<u>\$ 437,439</u>
<u>\$ 51,696</u>	<u>\$ 69,507</u>	<u>\$ 195,159</u>	<u>\$ 206,850</u>
94.17%	92.15%	73.72%	67.89%
\$ 1,156,080	\$ 1,265,743	\$ 1,272,766	\$ 1,235,695
4.47%	5.49%	15.33%	16.74%

Solano Transportation Authority

PARS -

Schedule of Employer Contributions

Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 42,527	\$ 46,801	\$ 36,128	\$ 49,997	\$ 57,880	\$ 59,947	\$ 79,307
Contributions in relation to the actuarially determined contribution	<u>(68,279)</u>	<u>(43,408)</u>	<u>(58,062)</u>	<u>(74,948)</u>	<u>(83,219)</u>	<u>(82,795)</u>	<u>(79,307)</u>
Contribution deficiency (excess)	<u>\$ (25,752)</u>	<u>\$ 3,393</u>	<u>\$ (21,934)</u>	<u>\$ (24,951)</u>	<u>\$ (25,339)</u>	<u>\$ (22,848)</u>	<u>\$ -</u>
Covered-payroll	\$ 877,436	\$ 965,629	\$ 939,785	\$ 1,156,080	\$ 1,265,743	\$ 1,272,766	\$ 1,235,695
Contributions as a percentage of covered-payroll	7.78%	4.50%	6.18%	6.48%	6.57%	6.51%	6.42%

Note to schedule: Fiscal year 2015 was the first year of implementation of pension reporting standards, therefore, only seven years are shown.

Solano Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -
General Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Member contributions	\$ 467,843	\$ 468,679	\$ 434,790	\$ (33,889)
Federal	2,956,563	3,073,918	2,485,100	(588,818)
State and local	11,150,102	12,050,331	6,827,651	(5,222,680)
Other	75,000	75,000	79,311	4,311
Interest	-	-	147,057	147,057
Other local grants	-	-	9,415	9,415
Total revenues	14,649,508	15,667,928	9,983,324	(5,684,604)
Expenditures				
Current: Congestion management				
Operations and administrative	2,045,249	2,071,098	1,859,906	211,192
Mobility programs	5,075,474	5,292,831	2,993,745	2,299,086
Project development	6,558,482	7,127,760	2,317,561	4,810,199
Strategic planning	970,303	1,176,239	677,636	498,603
Capital outlay	-	-	7,896,093	(7,896,093)
Debt Service:				
Interest	-	-	138,832	(138,832)
Debt issuance costs	-	-	69,983	(69,983)
Total expenditures	14,649,508	15,667,928	15,953,756	(285,828)
Other financial sources				
Lease financing	-	-	9,350,000	9,350,000
Net change in fund balances	\$ -	\$ -	3,379,568	\$ 3,379,568
Fund balances - beginning			8,364,668	
Fund balances - ending			\$ 11,744,236	

Note to schedule: Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgetary level of control is at the total expenditures at the fund level.

The General Fund's expenditures incurred were in excess of approved appropriations due to the construction of the operations facility and debt service costs incurred during the fiscal year.

Solano Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -
Regional Measure 2 Fund
June 30, 2021

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental:				
State and local				
Regional Measure 2	\$ 2,172,608	\$ 6,672,608	\$ 6,658,218	\$ (14,390)
Interest	-	-	845	845
Total revenues	<u>2,172,608</u>	<u>6,672,608</u>	<u>6,659,063</u>	<u>(13,545)</u>
Expenditures				
Current: Congestion management				
Special projects and programs				
Regional Measure 2	<u>2,172,608</u>	<u>6,672,608</u>	<u>6,978,811</u>	<u>(306,203)</u>
Total expenditures	<u>2,172,608</u>	<u>6,672,608</u>	<u>6,978,811</u>	<u>(306,203)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(319,748)	<u>\$ (319,748)</u>
Fund balance - beginning			<u>(39,572)</u>	
Fund balance - ending			<u>\$ (359,320)</u>	

Solano Transportation Authority

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -
Regional Transportation Impact Fee Program Fund
June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other:				
RTIF	\$ 479,959	\$ 479,959	\$ 4,762,074	\$ 4,282,115
Interest	-	-	590	590
Total revenues	479,959	479,959	4,762,664	4,282,705
Expenditures				
Current: Congestion management				
Special projects and programs				
RTIF	479,959	479,959	77,959	402,000
Total expenditures	479,959	479,959	77,959	402,000
Net change in fund balance	\$ -	\$ -	4,684,705	\$ 4,684,705
Fund balance - beginning			5,680,918	
Fund balance - ending			\$ 10,365,623	

Note to schedule: Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The budgetary level of control is at the total expenditures at the fund level.

SUPPLEMENTARY INFORMATION

Solano Transportation Authority

Non-Major Governmental Funds -

Combining Balance Sheet

June 30, 2021

	Special Revenue Funds			
	TFCA	Abandoned Vehicle Abatement	Dixon B Street Undercrossing	I-80 Reliever Route
Assets				
Cash and investments	\$ 522,993	\$ 159,264	\$ 13,859	\$ 814,493
Accounts receivable	-	108,032	-	-
Total assets	<u>\$ 522,993</u>	<u>\$ 267,296</u>	<u>\$ 13,859</u>	<u>\$ 814,493</u>
Liabilities and Fund Balance				
Liabilities				
Accounts payable	\$ 28,200	\$ 241,696	\$ -	\$ -
Accrued payroll	468	-	-	-
Unearned revenue	-	-	8,562	250,831
Total liabilities	<u>28,668</u>	<u>241,696</u>	<u>8,562</u>	<u>250,831</u>
Fund Balances				
Restricted for transportation projects and programs	<u>494,325</u>	<u>25,600</u>	<u>5,297</u>	<u>563,662</u>
Total fund balances	<u>494,325</u>	<u>25,600</u>	<u>5,297</u>	<u>563,662</u>
Total Liabilities and Fund Balances	<u>\$ 522,993</u>	<u>\$ 267,296</u>	<u>\$ 13,859</u>	<u>\$ 814,493</u>

Special Revenue Funds			Total Non-major Governmental Funds
Jameson Canyon Project	Vallejo Redwood Parkway	SR 12 Bridge Realignment	
\$ 29,894	\$ 432,103	\$ 1,951	\$ 1,974,557
-	-	-	108,032
<u>\$ 29,894</u>	<u>\$ 432,103</u>	<u>\$ 1,951</u>	<u>\$ 2,082,589</u>
\$ -	\$ 68,738	\$ -	\$ 338,634
-	-	-	468
21,737	-	-	281,130
<u>21,737</u>	<u>68,738</u>	<u>-</u>	<u>620,232</u>
8,157	363,365	1,951	1,462,357
<u>8,157</u>	<u>363,365</u>	<u>1,951</u>	<u>1,462,357</u>
<u>\$ 29,894</u>	<u>\$ 432,103</u>	<u>\$ 1,951</u>	<u>\$ 2,082,589</u>

Solano Transportation Authority
Non-Major Governmental Funds -
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –
Non-Major Special Revenue Funds
Year Ended June 30, 2021

	Special Revenue Funds			
	TFCA	Abandoned Vehicle Abatement	Dixon B Street Undercrossing	I-80 Reliever Route
Revenues				
Intergovernmental:				
DMV/AVA	\$ -	\$ 420,562	\$ -	\$ -
TFCA	345,824	-	-	-
Interest	8,280	1,133	193	11,313
Total revenues	354,104	421,695	193	11,313
Expenditures				
Special projects and programs	385,374	421,637	-	-
Total expenditures	385,374	421,637	-	-
Net change in fund balances	(31,270)	58	193	11,313
Fund balances - beginning	525,595	25,542	5,104	552,349
Fund balances - ending	<u>\$ 494,325</u>	<u>\$ 25,600</u>	<u>\$ 5,297</u>	<u>\$ 563,662</u>

Special Revenue Funds			Total Non-major Governmental Funds
Jameson Canyon Project	Vallejo Redwood Parkway	SR 12 Bridge Realignment	
\$ -	\$ 693,548	\$ -	\$ 1,114,110
-	-	-	345,824
416	2,188	27	23,550
416	695,736	27	1,483,484
-	1,046,941	-	1,853,952
-	1,046,941	-	1,853,952
416	(351,205)	27	(370,468)
7,741	714,570	1,924	1,832,825
\$ 8,157	\$ 363,365	\$ 1,951	\$ 1,462,357

Solano Transportation Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual for I-80 Reliever Route Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Interest	\$ -	\$ -	\$ 11,313	\$ 11,313
Total revenues	-	-	11,313	11,313
Expenditures				
Current: Congestion management				
Special projects and programs	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	11,313	\$ 11,313
Fund balance - beginning			552,349	
Fund balance - ending			\$ 563,662	

Solano Transportation Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual for TFCA Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Tfca	\$ 360,997	\$ 360,997	\$ 345,824	\$ (15,173)
Interest	-	-	8,280	8,280
Total revenues	360,997	360,997	354,104	(6,893)
Expenditures				
Current: Congestion management				
Special projects and programs	360,997	360,997	385,374	(24,377)
Total expenditures	360,997	360,997	385,374	(24,377)
Net change in fund balance	\$ -	\$ -	(31,270)	\$ 17,484
Fund balance - beginning			525,595	
Fund balance - ending			\$ 494,325	

Solano Transportation Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual for Abandoned Vehicle Abatement Fund
Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
DMV/AVA	\$ 400,000	\$ 450,000	\$ 420,562	\$ (29,438)
Interest	-	-	1,133	1,133
Total revenues	400,000	450,000	421,695	(28,305)
Expenditures				
Current: Congestion management				
Special projects and programs	400,000	450,000	421,637	28,363
Total expenditures	400,000	450,000	421,637	28,363
Net change in fund balance	\$ -	\$ -	58	\$ (56,668)
Fund balance - beginning			25,542	
Fund balance - ending			\$ 25,600	

Solano Transportation Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual for Dixon B Street Undercrossing Fund
June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Interest	\$ -	\$ -	\$ 193	\$ 193
Total revenues	-	-	193	193
Expenditures				
Current: Congestion management				
Special projects and programs	-	-	5,104	(5,104)
Total expenditures	-	-	5,104	(5,104)
Net change in fund balance	\$ -	\$ -	(4,911)	\$ 5,297
Fund balance - beginning			5,104	
Fund balance - ending			\$ 193	

Solano Transportation Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual for Jameson Canyon Project Fund
June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Interest	\$ -	\$ -	\$ 416	\$ 416
Total revenues	-	-	416	416
Expenditures				
Current: Congestion management				
Special projects and programs	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	416	\$ 416
Fund balance - beginning			7,741	
Fund balance - ending			\$ 8,157	

Solano Transportation Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual for Vallejo Redwood Parkway Project Fund
June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
DMV/AVA	\$ -	\$ -	\$ 693,548	\$ 693,548
Interest	-	-	2,188	2,188
Other local grants	1,000,000	1,050,000	-	(1,050,000)
Total revenues	1,000,000	1,050,000	695,736	(354,264)
Expenditures				
Current: Congestion management				
Special projects and programs	1,000,000	1,050,000	1,046,941	3,059
Total expenditures	1,000,000	1,050,000	1,046,941	3,059
Net change in fund balance	\$ -	\$ -	(351,205)	\$ (357,323)
Fund balance - beginning			714,570	
Fund balance - ending			\$ 363,365	

Solano Transportation Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances –
Budget and Actual for Sr 12 Bridge Realignment Fund
June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$ -	\$ -	\$ 27	\$ 27
Total revenues	-	-	27	27
Expenditures				
Current: Congestion management				
Special projects and programs	-	-	-	-
Total expenditures	-	-	-	-
Net change in fund balance	\$ -	\$ -	27	\$ 27
Fund balance - beginning			1,924	
Fund balance - ending			\$ 1,951	

Solano Transportation Authority
Schedule of Expenditures of Federal Awards
June 30, 2021

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Pass-through Entity Identifying Number	Federal Financial Assistance Listing /Federal CFDA Number	Program Expenditures
U.S. Department of Transportation			
Highway Planning and Construction Cluster:			
Passed through Metropolitan Transportation Commission:			
One Bay Area Grant (OBAG) 2 Passed through Metropolitan Transportation Commission (MTC)	6084(206)	20.205	\$ 1,275,552
Passed through California Department of Transportation:			
(CMAQ) Countywide Safe Route to School (CL6249)	CML-6249(036)	20.205	332,558
(CMAQ) Mobility Services Program	CML-6249(046)	20.205	<u>483,360</u>
Total Highway Planning and Construction Cluster			<u>2,091,470</u>
Transit Service Program Cluster:			
Passed through California Department of Transportation:			
5310 Specialized Transit Grants	64AM1-01232	20.513	180,395
Passed through County of Solano:			
COVID-19 CARES Act 2020 Transportation Services for Seniors and Disabled	5914-3701	20.513	<u>150,000</u>
Total Transit Services Program Cluster			<u>330,395</u>
Highway Safety Cluster:			
Passed through California Office of Traffic Safety			
State and Community Highway Safety - Pedestrian and Bicycle Safety Program	PS21016	20.600	<u>63,235</u>
Total Highway Safety Cluster			<u>63,235</u>
Total Federal Financial Assistance			<u><u>\$ 2,485,100</u></u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Solano Transportation Authority (Authority) under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position or changes in net position of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis of accounting, when applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Note 3 - Indirect Cost Rate

The Authority has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Government's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	75-79
<i>Revenue Capacity</i> The Authority has no own-source of revenue since the revenues are mainly intergovernmental based on project needs.	
<i>Debt Capacity</i> This schedule presents information to help the reader assess the affordability of the Authority's current level of outstanding debt and the Authority's ability to issue additional debt in the future.	74
<i>Demographic and Economic Information</i> The reader understand the environment within which the government's financial activities take place.	80-81
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	82-84

Solano Transportation Authority
Financial Trend – Net Position by Component
June 30, 2021

	Fiscal Years Ending June 30,						
	2021	2020	2019	2018	2017	2016	2015
Governmental Activities:							
Investment in capital assets	\$ 6,263,465	\$ 2,854,686	\$ 1,251,801	\$ 167,264	\$ 172,025	\$ 170,463	\$ 187,233
Restricted	17,472,947	10,132,339	8,312,810	7,181,852	5,600,430	1,792,753	4,046,401
Unrestricted	(844,560)	4,337,902	4,165,210	3,639,188	2,815,564	2,293,245	(189,358)
Total Governmental Activities Net Position	<u>\$ 22,891,852</u>	<u>\$ 17,324,927</u>	<u>\$ 13,729,821</u>	<u>\$ 10,988,304</u>	<u>\$ 8,588,019</u>	<u>\$ 4,256,461</u>	<u>\$ 4,044,276</u>

Note: Since this is the seventh year to present the Annual Comprehensive Financial Report for Solano Transportation Authority a 10 year trend analysis is not available.

Source: Solano Transportation Authority Financial Statements

Solano Transportation Authority
Financial Trend – Changes in Net Position
June 30, 2021

	Fiscal Years Ending June 30,						
EXPENSES	2021	2020	2019	2018	2017	2016	2015
Governmental activities:							
Congestion management							
Operations and administrative	\$ 2,166,069	\$ 2,032,654	\$817,664	\$ 1,843,651	\$ 1,513,510	\$ 1,493,771	\$1,552,133
Mobility programs	2,993,745	3,571,266	4,725,901	3,053,976	2,699,893	3,127,188	2,630,308
Project development	2,317,561	2,738,220	1,615,503	1,520,601	491,941	814,946	951,477
Strategic projects and programs	677,636	1,278,690	910,409	580,148	1,092,197	1,286,237	1,101,478
Special projects and programs	8,910,722	9,242,677	3,372,450	8,803,758	16,712,752	18,170,618	23,129,160
Interest expense	255,877	-	-	-	-	-	-
Total Expenses	17,321,610	18,863,507	11,441,927	15,802,134	22,510,293	24,892,760	29,364,556
REVENUES							
Program revenues:							
Operations and administrative	3,847,325	3,306,901	1,945,067	2,707,716	4,189,571	2,095,647	3,189,457
Mobility programs	2,993,745	3,571,266	5,073,339	3,053,976	2,815,875	3,018,185	2,731,442
Project development	2,317,561	2,738,220	1,575,105	1,520,601	921,675	868,369	994,990
Strategic projects and programs	677,636	1,264,265	910,409	580,148	1,092,197	1,250,721	1,246,161
Special projects and programs	12,880,226	11,329,468	4,491,072	10,233,015	17,769,717	17,844,800	23,493,793
General revenues:							
Interest and investment earnings	172,042	248,493	188,452	106,963	52,816	27,223	10,299
Total Revenues	22,888,535	22,458,613	14,183,444	18,202,419	26,841,851	25,104,945	31,666,142
Governmental Activities Change	\$ 5,566,925	\$ 3,595,106	\$ 2,741,517	\$ 2,400,285	\$ 4,331,558	\$ 212,185	\$2,301,586

Note: Since this is the seventh year to present the Annual Comprehensive Financial Report for Solano Transportation Authority a 10 year trend analysis is not available.
Source: Solano Transportation Authority Financial Statements

Solano Transportation Authority
Financial Trend – Fund Balances, Governmental Funds
June 30, 2021

	Fiscal Years Ending June 30,						
	2021	2020	2019	2018	2017	2016	2015
General Fund							
Nonspendable	\$ 155,623	\$ 105,299	\$ 88,205	\$ 30,122	\$ 38,137	\$ -	\$ -
Restricted	5,644,967	2,618,596	2,942,178	3,420,702	2,719,914	-	2,431,120
Unassigned	5,943,646	5,640,773	5,198,006	4,664,466	4,294,129	3,954,485	1,137,973
Total General Fund	<u>11,744,236</u>	<u>8,364,668</u>	<u>\$8,228,389</u>	<u>8,115,290</u>	<u>7,052,180</u>	<u>3,954,485</u>	<u>3,569,093</u>
All Other Governmental Funds							
Nonspendable	-	-	-	-	-	-	1,615,281
Restricted	11,827,980	7,513,743	5,370,632	3,761,150	1,792,753	1,792,753	1,615,281
Unassigned	(359,320)	(39,572)	(4,793)	-	(503,261)	(503,261)	-
Total All Other Governmental Funds	<u>\$ 11,468,660</u>	<u>\$ 7,474,171</u>	<u>\$ 5,365,839</u>	<u>\$ 3,761,150</u>	<u>\$ 1,289,492</u>	<u>\$ 1,289,492</u>	<u>\$ 1,615,281</u>

Note: Since this is the seventh year to present the Annual Comprehensive Financial Report for Solano Transportation Authority a 10 year trend analysis is not available.

Source: Solano Transportation Authority Financial Statements

Solano Transportation Authority
Financial Trend – Changes in Fund Balances - Governmental Funds
June 30, 2021

	Fiscal Years Ending June 30,						
	2021	2020	2019	2018	2017	2016	2015
REVENUES							
Intergovernmental	\$ 17,865,693	\$ 19,695,915	\$ 11,248,958	\$ 15,425,332	\$ 23,202,988	\$ 22,805,814	\$ 29,008,084
Interest	172,042	248,493	188,452	106,963	52,816	27,223	10,299
Other income	4,850,800	2,514,205	2,746,034	2,670,124	3,586,047	2,271,908	2,647,759
Total Revenues	22,888,535	22,458,613	14,183,444	18,202,419	26,841,851	25,104,945	\$31,666,142
EXPENDITURES							
Congestion management:							
Operations and administrative	1,859,906	1,760,698	722,813	1,772,283	1,631,808	1,636,870	1,534,722
Mobility programs	2,993,745	3,571,266	4,725,901	3,053,976	2,699,893	3,127,188	2,630,308
Project development	2,317,561	2,738,220	1,615,503	1,520,601	491,941	814,946	951,477
Strategic planning	677,636	1,278,690	910,409	580,148	1,092,197	1,286,237	1,101,478
Special projects and programs	8,910,722	9,242,677	3,372,450	8,803,758	16,712,752	18,170,618	23,129,160
Capital outlay	7,896,093	1,622,451	1,118,580	24,722	27,728	9,483	90,877
Debt Service:							
Interest	138,832	-	-	-	-	-	-
Debt issuance costs	69,983	-	-	-	-	-	-
Total Expenditures	24,864,478	20,214,002	12,465,656	15,755,488	22,656,319	25,045,342	29,438,022
OTHER FINANCING SOURCES							
Lease financing issued	9,350,000	-	-	-	-	-	-
Transfer in	-	-	-	-	445,577	445,577	-
Transfer out	-	-	-	-	(445,577)	(445,577)	-
Total Other Financing Sources	9,350,000	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	\$ 7,374,057	\$ 2,244,611	\$ 1,717,788	\$ 2,446,931	\$ 4,185,532	\$ 59,603	\$ 2,228,120

Note: Since this is the seventh year to present the Annual Comprehensive Financial Report for Solano Transportation Authority a 10 year trend analysis is not available.

Source: Solano Transportation Authority Financial Statements

Solano Transportation Authority
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years
June 30, 2021

Fiscal Year Ended June 30	Lease Financing¹	Total Governmental Activities	Total Primary Government	Percentage of Personal Income²	Debt Per Capita²
2021	\$ 9,350,000	\$ 9,350,000	\$ 9,350,000	0.04%	\$ 21

¹ The Authority entered into a lease financing transaction in fiscal year 2021.

² See the Schedule of Demographic and Economic Statistics for personal income and population data.

NOTE: Details regarding the outstanding debt can be found in the notes of the financial statements.

Solano Transportation Authority
Demographic and Economic Information – Statistics
Last Ten Fiscal Years
June 30, 2021

Year⁽¹⁾	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2020	440,224	\$ 23,117,657,791	\$ 52,513	13.7%
2019	441,307	22,335,602,540	50,612	3.9%
2018	439,793	21,395,947,591	48,650	4.2%
2017	436,023	20,749,942,201	47,589	4.6%
2016	431,498	19,778,909,530	45,838	6.0%
2015	429,552	19,223,389,084	44,752	5.9%
2014	425,169	18,631,142,897	42,073	8.1%
2013	418,387	18,057,143,000	42,509	8.9%
2012	413,786	17,820,859,000	43,068	11.1%

(1) Calendar year.

Source: County of Solano 2020 ACFR, the most recent information available

Solano Transportation Authority
Demographic and Economic Information – Top Ten Principal Employers in Solano County
Year One and Year Ten
June 30, 2021

Employer	June 30, 2020			June 30, 2011		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Travis AFB	18,439	1	10.35%	14,353	1	7.75%
Kaiser Permanente - Vallejo	3,181	2	1.79%	5,131	2	2.77%
County of Solano	3,083	3	1.73%	2,391	3	1.29%
NorthBay Healthcare System	2,700	4	1.52%	1,115	7	0.60%
Six Flags Discovery Kingdom	2,460	5	1.38%	1,600	6	0.86%
Fairfield-Suisun Unifed School District	2,213	6	1.24%	2,000	4	1.08%
Kaiser Permanente - Vacaville	2,091	7	1.17%	n/a		
Kaiser Foundation Hospital and Rehab Center	2,000	8	1.12%	n/a		
California Medical Center	1,557	9	0.87%	n/a		
Vacaville Unifed School District	1,352	10	0.76%	1,094	8	0.59%
Totals	39,076		21.93%	27,684		14.94%

Source: County of Solano 2020 ACFR, the most recent information available

Solano Transportation Authority
Operating Information – Full-Time Equivalent Employees by Function
June 30, 2021

Function	Fiscal Year Ending June 30,					
	2021	2020	2019	2018	2017	2016
Executive	1	1	1	1	1	1
Administration	3	3	3	3	3	3
Finance	3	3	2	2	2	2
Policy, Public Affairs and Legislation	1	1	1	1	1	1
Planning	3	3	3	3	3	3
Program and Projects	21	21	21	21	20	20
Total Employees	32	32	31	31	30	30

Source: Solano Transportation Authority, Accounting and Administrative Services

Note: Since This is the seventh year to present the Annual Comprehensive Financial Report for Solano Transportation Authority a 10 year trend analysis is not available.

Solano Transportation Authority
Operating Information – Program Revenues, Operating Grants and Contributions
June 30, 2021

	Fiscal Year Ending June 30,						
	2021	2020	2019	2018	2017	2016	2015
Operations and administrative	\$ 3,847,325	\$ 3,306,901	\$ 1,945,067	\$ 2,707,716	\$ 4,189,571	\$ 1,737,641	\$ 3,199,756
Mobility programs	2,993,745	3,571,266	5,073,339	3,053,976	2,815,875	3,018,185	2,731,442
Project development	2,317,561	2,738,220	1,575,105	1,520,601	921,675	868,369	994,990
Strategic planning	677,636	1,264,265	910,409	580,148	1,092,197	1,250,721	1,246,161
Special projects and programs	-	11,329,468	4,491,072	10,233,015	17,769,717	17,844,800	23,493,793
	<u>\$ 9,836,267</u>	<u>\$ 22,210,120</u>	<u>\$ 13,994,992</u>	<u>\$ 18,095,456</u>	<u>\$ 26,789,035</u>	<u>\$ 24,719,716</u>	<u>\$ 31,666,142</u>

Source: Solano Transportation Authority, Accounting and Administrative Services

Note: Since This is the seventh year to present the Annual Comprehensive Financial Report for Solano Transportation Authority a 10 year trend analysis is not available.

Solano Transportation Authority
Operating Information
June 30, 2021

	Fiscal Year Ending June 30,						
	2021	2020	2019	2018	2017	2016	2015
Depreciable Capital Assets							
Equipment	\$ 811,023	\$ 574,173	\$ 559,494	\$ 422,486	\$ 409,832	\$ 399,489	\$ 403,899
Less accumulated depreciation							
Furniture and Fixtures	(360,510)	(360,510)	(276,827)	(255,222)	(237,807)	(229,026)	(216,666)
Nondepreciable Capital Assets							
Land	975,062	975,062	969,134	-	-	-	-
Construction in Progress	9,281,694	1,622,451	-	-	-	-	-
Total Capital Assets, Net	<u>\$ 10,707,269</u>	<u>\$ 2,811,176</u>	<u>\$ 1,251,801</u>	<u>\$ 167,264</u>	<u>\$ 172,025</u>	<u>\$ 170,463</u>	<u>\$ 187,233</u>

Note: Since this is the seventh year to present the Annual Comprehensive Financial Report for Solano Transportation Authority a 10 year trend analysis is not available.

COMPLIANCE SECTION



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* and the Transportation Development Act

Board of Directors
Solano Transportation Authority
Suisun City, California

We have audited, in accordance with the 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, each major fund and the aggregate remaining fund information of the Solano Transportation Authority (Authority) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, including Section 6666 of Title 21 of the California Code of Regulations, noncompliance with which could have a direct and material effect on the financial statements. 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 or Section 6666 of Title 21 of the California Code of Regulations.

Authority's Response to Finding

The Authority's response to the finding identified in our audit are described in the accompanying schedule of findings and questioned costs and separate corrective action plan. The Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 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.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sacramento, California
December 30, 2021



Independent Auditor's Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Solano Transportation Authority
Suisun City, California

Report on Compliance for the Major Federal Program

We have audited the Solano Transportation Authority's (the Authority) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2021. The Authority's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority'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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and Uniform Guidance 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 Authority'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 the major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on the Major Federal Program

In our opinion, the Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Authority 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 Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 Authority'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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Sacramento, California
December 30, 2021

Section I – Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	No
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
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 Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	Federal Financial Assistance Listing / CFDA Number
Highway Planning and Construction Cluster	20.205
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II– Financial Statement Findings

2021-001 FINANCIAL REPORTING

Criteria:

Management is responsible for taking responsibility for the preparation and fair presentation of the financial statements. Management is responsible for ensuring that all financial records and related information is reliable and properly recorded.

Condition Found:

Material Weakness – During our audit, we noted that the transaction related to the lease financing was recorded incorrectly, resulting in an audit adjustment with a \$2,800,102 net impact to fund balance and net position.

Context:

The Authority’s financial statements required a material audit adjustment to comply with generally accepted accounting principles.

Repeat Finding from Prior Year(s):

No.

Effect:

The result of the condition above resulted in a misstatement of the general fund and governmental activities financial statements.

Cause:

Management did not review the accounting treatment for one-time activities to ensure that the appropriate accounting principles are applied.

Recommendation:

We recommend that the Authority ensure that the financial records of the Authority are complete and accurate prior to the audit process and contain all necessary adjustments.

Views of Responsible Officials and Planned Corrective Actions:

Management's or Department's Responses:

The Authority is in construction of its office building. The funding of this effort included \$9M financing that the Authority Board approved in 2020. The financing augments the funding of this construction. The \$9M is not held in the STA accounts, but rather these funds are accessed through a reimbursement basis. For FY 2020-21, there was a remaining amount of \$2,800,102 from the \$9M available in the financing. This finding has stated that this amount should have been recorded in our books even though it was not accessed in FY 2020-21. The STA had reached out to our auditors for guidance relating to the proper recording of the financing in our books but did not receive any, as such staff only recorded the amount of the finance that was subject to reimbursement during the fiscal year. The amount of \$2,800,102 is the remaining lease/loan that is available for the subsequent fiscal year and has no actual expenditure impact to the FY 2020-21. The Authority is going to ensure that future year's financial records are complete and accurate, and no audit adjustments will be necessary, as has been in the last fifteen years. See Authority's separate corrective action plan.

<i>Name of Responsible Person:</i>	Susan Furtado, Accounting and Administrative Services Manager
<i>Name of Department Contact:</i>	Susan Furtado, Accounting and Administrative Services Manager
<i>Projected Implementation Date:</i>	June 30, 2022

Section III– Schedule of Federal Audit Findings

None reported.

There were no findings in the prior year.