Solano Transportation Authority
Solano, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2016

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SOLANO TRANSPORTATION AUTHORITY
SOLANO COUNTY, CALIFORNIA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

Prepared by: Susan Furtado
Accounting & Administrative Services Manager

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SOLANO TRANSPORTATION AUTHORITY

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INTRODUCTORY SECTION

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

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Email: info@sta.ca.gov • Website: sta.ca.gov

November 21, 2016

To the STA Board and the Citizens of Solano County

I am pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of the Solano Transportation Authority (Authority) for the fiscal year ending June 30, 2016. 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, 2016.

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.

Vavrinek, Trine, Day & Co., LLP, Certified Public Accountants, have issued an Unmodified ("clean") opinion on the Authority's financial statements for the year ending June 30, 2016. 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.

The Authority uses an open and inclusive public involvement process through various committees made up of local elected officials, public works directors, transit operators, and interested citizens.

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 slowly improve. Like last year, the stock and housing markets remain the lead indicators of economic growth but the slow and weak job growth keeps unemployment relatively high, slowing the overall recovery. Continued fears of inflation, volatile fuel prices and concerns about continuing drought only add to the continuing economic uncertainty.

Because of its location in a region with a varied economic base, unemployment had been relatively stable. During the past seven years, the unemployment rate dropped from an initial high of 10.4 percent (2009) to a decade low of 5.5 percent for the current year (2016). Although unemployment rates have dropped in the County over the last year, the County continues to experience unemployment rates consistently higher than national averages. The County's unemployment rate as of June 2016 was 5.5 percent compared to 4.9 percent nationally. The decreases in unemployment rates during the fiscal year reflect the current improvement in the economy. Additional decreases may occur in the near future. However, based on economic forecasts, a leveling off in unemployment rates are anticipated in calendar year 2017.

Per capita personal incomes within County are lower than for the state as a whole. According to the U.S. Department of Commerce Bureau of Economic Analysis, the Authority's per capita personal income in 2016 was $43,735, while the state's was $53,048. The County's population recently increased from 426,704 to 431,498 as of June 30, 2016, in part because of new residential developments. Housing prices in the vicinity of the County continue to remain strong. As of September 2016, the median price of existing single family homes sold in the vicinity of the County was $389,500.

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, bridle paths, airports, marinas, harbors, deep sea channels, 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) 2 Bridge Toll which is a regional measure passed by Bay Area is voted in 2004, 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 Countywide Bicycle and Pedestrian funds through MTC's Regional Bicycle and Pedestrian Program (RBPP), the Eastern Solano Congestion Mitigation and Air Quality (CMAQ) funds, and the Regional Transportation Impact Fee (RTIF).

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 seniors 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.

Despite state and federal cutbacks in transportation funding, the Authority has been able to ensure continued progress on its top priority projects, such as the I-80/I-680/SR 12 Interchange Project, Jepson Parkway Project, Fairfield/Vacaville Train Station, and State Route (SR) 12 safety projects. The Authority is working with Caltrans, MTC, the California Transportation Commission (CTC), Federal Highway Administration (FHWA), Federal Transit Administration (FTA), and our state and federal representatives to obtain the maximum amount of regional, state and federal funds for Solano County's transportation projects.

FY 2015-16 marked the start of the Authority's 25th year anniversary since the Joint Powers Authority was established in 1990. The Authority has achieved many successes in FY 2015-16, highlighted by the many partnerships forged in Solano County with Caltrans, the Metropolitan Transportation Commission (MTC), the Bay Area Toll Authority (BATA), the Capitol Corridor Joint Powers Authority (CCJPA), the Yolo-Solano Air Quality Management District (YSAQMD), the Bay Area Air Quality Management District (BAAQMD), California Highway Patrol, seven member cities, County of Solano, and our school districts. Safety on SR 12 continues to be one of the Authority's highest priorities. Working closely with law enforcement agencies and Caltrans, the Authority has continued to develop and implement a multi-faceted strategy for improving safety and mobility on this interregional highway. The State Route (SR) 12 Jameson Canyon widening project earned an Engineering Excellence Merit Award from the American Council of Engineering Companies and Project of the Year by the Northern California Chapter of American Public Works Association. The Solano Regional Transportation Impact Fee (RTIF) Program marked its second year anniversary and passed the $3 million milestone. The Authority Board approved the build alternative for the Redwood Parkway-Fairgrounds Drive Improvement Project and Certification of Final Environmental Impact Report (EIR). The Cities of Fairfield and Vacaville and the Capitol Corridor opened the first component of the Fairfield-Vacaville Train Station with funding secured by the Authority, with the new Peabody Overcrossing. This future facility will be a convenient stop for residents using the Capitol Corridor train from Sacramento to the Bay Area. In addition, this project is part of Jepson Parkway Project, a larger complete streets corridor concept designed as a multi-modal transportation and land use integrated project. Construction is expected to begin in spring of 2017 in two phases of the Jepson Parkway. The Solano Safe Routes to School (SR2S) Program received a $3 million Active Transportation (ATP) grant from MTC for 7 Benicia and Vallejo school infrastructure and non-infrastructure projects, and for education and outreach to 26 schools in Benicia, Rio Vista and Vallejo. In partnership with MTC and Caltrans, the Authority is in the process of converting the existing High Occupancy Vehicle (HOV) lanes on I-80 from Red Top Road to Air Base Parkway into HOV Express Lanes and adding new HOV Express Lanes from Air Base Parkway to I-505. The Project is part of the Bay Area Express Lanes Network, and looks to provide a continuous Express Lane system through the whole Bay Area. The project Design is currently underway and construction could begin as soon as summer 2018.

The Comprehensive Transportation Plan (CTP) 2040 identifies and prioritizes the transportation needs and funding throughout Solano County through the year 2040. The Plan consists of three elements: Active Transportation; Arterials, Highways and Freeways; and Transit and Rideshare. The Authority staff made presentations to 23 community groups, conducted online and public survey through mailer and conducted three (3) live telephone townhalls reaching 58,000 participants and receiving 2,153 comments and suggestions as part of the public outreach for this plan.

The Solano Pothole Report is a comprehensive description of Solano County's local streets and roads pavement conditions and rehabilitation efforts. This report showcases the 10-year financial shortfalls and pavement conditions of each jurisdiction and the unincorporated county. With a $240 million countywide shortfall over the next 10 years, funding local streets and roads has become a top priority of Authority.

The Authority has funded five (5) Priority Development Area (PDA) plans. City of Fairfield and City of Suisun City have PDA plans totaling $1.06 million, and take advantage of the Suisun-Fairfield Capitol Corridor train station. The cities of Benicia, Dixon, and Rio Vista were designated $486,000 under the One Bay Area Grant (OBAG) program. The Authority funded a Priority Conservation Area (PCA) plan, the first of its kind in the Bay Area, to look at existing and potential new areas for PCA transportation investments.

The City of Vallejo and the Authority's Board adopted the Bay Trail/Vine Trail Feasibility Study, a joint effort between the San Francisco Bay Trail, the Napa Valley Vine Trail, and the Authority. This document set the City of Vallejo up for potential funding through grant programs such as Active Transportation Program. The Bay Trail/Vine Trail Project was identified as a top priority by the Authority's Bicycle Advisory Committee, Pedestrian Advisory Committee, and Technical Advisory Committee, and is a competitive candidate for funds in the next round of Active Transportation Program.

The Authority implemented Solano Mobility Programs to begin addressing the mobility needs of the rapidly growing populations of seniors, people with disabilities, and low income community. The development of mobility management programs for Solano County emerged as a countywide priority based on five (5) Community-Based Transportation Plans, two (2) Solano County Senior and Disabled Transportation Summits, Solano Transportation Study for Seniors and People with Disabilities, and four (4) of the Authority's Advisory Committees.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awards a Certificate of Achievement for Excellence in Financial Reporting to local governments for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2016. This is the first year that the Authority applies 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

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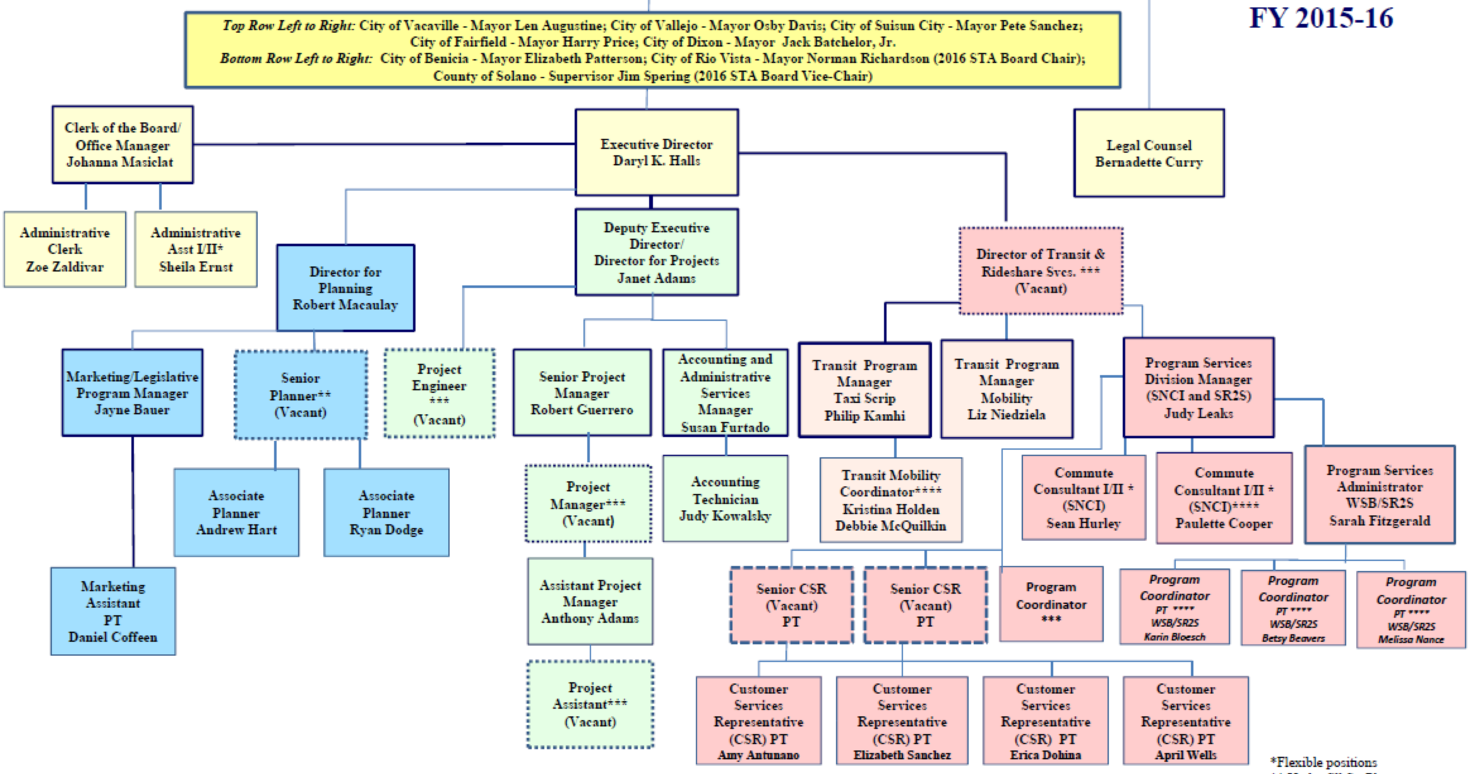
Organizational Chart
FY 2015-16

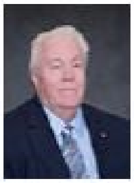


*Flexible positions
** Under fill Sr. Planner
*** Non-Budgeted FY 15-16
**** Limited Term
PT - Part Time

SOLANO TRANSPORTATION AUTHORITY

GOVERNING BOARD
FOR THE YEAR ENDED JUNE 30, 2016

The Solano Transportation Authority Board Members

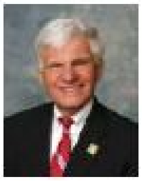


Norman Richardson,
Chair
Mayor, City of Rio Vista

Jim Spering,
Vice Chair
Supervisor, District 3
Solano County

Elizabeth Patterson,
Mayor, City of Benicia

Jack Batchelor, Jr.,
Mayor, City of Dixon



Harry Price,
Mayor, City of Fairfield

Pete Sanchez,
Mayor, City of Suisun City

Len Augustine,
Mayor, City of Vacaville

Osby Davis,
Mayor, City of Vallejo

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners of
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, 2016, 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.

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Opinion

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, 2016, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Authority adopted the following new accounting pronouncements: GASB Statement No. 76, *The hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 82, *Pension Issues* - *an amendment of GASB Statements No. 67, No. 68, and No.73*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedule for the general fund, CalPERS schedule of proportionate share of net pension liability and schedule of pension contributions, PARS schedule of changes in net pension liability and related ratios and schedule of 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 accompanying supplementary information, such as the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, the combining nonmajor fund financial statements, capital projects and nonmajor special revenue funds budgetary comparison schedules, the agency fund statement of changes in assets and liabilities, and the other information, such as the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information including the schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 November 21, 2016, 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 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 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.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
November 21, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

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, 2016. 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 most recent fiscal year by $4,256,461 (net position). Of this amount, $2,293,245 represents unrestricted net position, which may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net position increased by $212,185 because simply the total revenues exceeded the total expenditures by the amount.
- At the close of the current fiscal year, the Authority's combined fund balances had increased to $5,243,977 in comparison with the prior year amount of $5,184,374. Approximately $3,451,224 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 (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was $3,954,485, or approximately 57.52% 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 (e.g., uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements can be found on pages 13-14 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 capital projects funds, which are considered to be major funds. Data from the other seven 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.

The Authority maintains only one type of fiduciary fund which is the payroll agency fund. The fund is used to report resources held to pay taxes and on-behalf of the Authority's employees.

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 on page 22 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 page 47 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 53-56 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 $4,256,461 for the fiscal year 2015-2016.

SOLANO TRANSPORTATION AUTHORITY'S NET POSITION

FISCAL YEARS ENDING JUNE 30, 2016	2016	2015
ASSETS		
Cash and Investments	$ 5,284,118	$ 5,990,146
Accounts Receivable	15,776,975	15,365,955
Prepaid Expense	61,369	6,600
Capital Assets	170,463	187,233
TOTAL ASSETS	21,292,925	21,549,934
DEFERRED OUTFLOWS	303,861	253,175
LIABILITIES		
Accounts Payable	14,101,065	15,305,936
Accrued Payroll	132,340	119,363
Unearned Revenue	1,645,080	750,760
Compensated Absences	191,180	164,818
Aggregate Net Pension Liability	1,089,936	1,091,243
TOTAL LIABILITIES	17,159,601	17,432,120
DEFERRED INFLOWS	180,724	326,713
NET POSITION		
Invested in Capital Assets	170,463	187,233
Total Restricted Net Position	1,792,753	4,046,401
Total Unrestricted Net Position	2,293,245	(189,358)
TOTAL NET POSITION	$ 4,256,461	$ 4,044,276

By far the largest portion of the Authority's net position (53.88%) reflects cash, investments and accounts receivables that are unrestricted and may be used to meet the Authority's ongoing obligations to its citizens and creditors. An additional portion of the Authority's net position (42.12%) represents resources that are subject to external restrictions on how they may be used.

FISCAL YEARS ENDING JUNE 30, 2016	2016	2015	Net Change
REVENUES:			
Program Revenues	$ 24,719,716	$ 31,345,281	$ (6,625,565)
General Revenues	385,229	320,861	64,368
TOTAL	25,104,945	31,666,142	(6,561,197)
EXPENSES:			
Special Projects	18,170,618	23,129,160	(4,958,542)
Admin, Transit, Project and Planning	6,722,142	6,235,396	486,746
TOTAL	24,892,760	29,364,556	(4,471,796)
Change in Net Position	$ 212,185	$ 2,301,586	$ (2,089,401)

During the current fiscal year, net position for governmental activities increased $212,185 from the prior fiscal year for an ending balance of $4,044,276. Due to the nature of the Authority's purpose as the Congestion Management Agency of the County, the Authority's revenues are on reimbursement basis and aligned with its expenditures. As such, significant changes in net position are not generally expected.

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, 2016, the Authority's governmental funds reported combined fund balances of $5,243,977, a slight increase of $59,603 in comparison with the prior year. Approximately 65.81% of this amount ($3,451,224) constitutes unassigned fund balance, which is available for spending at the Authority's discretion. The remainder of the fund balance is restricted for particular purposes ($1,792,753).

The general fund is the chief operating fund of the Authority. At the end of the current fiscal year, unassigned fund balance of the general fund was $3,954,485 which equals to the total fund balance of the general fund. 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 general fund had no assigned fund balance and therefore, the amount available for spending was $3,954,485.

The fund balance of the Authority's general fund increased by $385,392 during the current fiscal year. As discussed earlier in connection with governmental activities, the increase was due to the fact that the total revenues simply exceeded the total expenditures since the Authority's revenues are on reimbursement basis and therefore significant changes in fund balance are not expected.

The Regional Measure 2 fund, a major fund, had a $4,296 increase in fund balance during the current fiscal year which put the overall fund balance of the amount of $74,045. Again, this is because the total program revenues exceeded the total related expenditures by a small amount since the revenues are derived mainly from grant reimbursements. On the other hand, the Regional Transportation Impact Fee Program fund (RTIF), another major fund, experienced a $435,118 decrease in fund balance during the current fiscal year but was able to maintain a positive fund balance of $1,189,686. In this case, the total program expenditures exceeded the total related revenues.

General Fund Budgetary Highlights

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

	Budgeted Amounts		Variance between Original Budget and Final Budget (Negative)	Actual	Variance between Final Budget and Actual (Negative)
	Original	Final			
REVENUES					
Intergovernmental	$ 8,309,845	$ 7,964,170	$ (345,675)	$ 6,703,175	$ (1,260,995)
Interest	-	-	-	13,863	13,863
Other	412,050	727,050	315,000	543,078	(183,972)
Total Revenues	8,721,895	8,691,220	(30,675)	7,260,116	(1,431,104)
EXPENDITURES					
Operations and administrative	1,947,299	1,795,059	(152,240)	1,646,353	148,706
Transit and Rideshare Services/SNCI	4,723,141	4,165,595	(557,546)	3,127,188	1,038,407
Project development	594,566	1,053,450	458,884	814,946	238,504
Strategic planning	1,456,889	1,677,116	220,227	1,286,237	390,879
Total Expenditures	8,721,895	8,691,220	(30,675)	6,874,724	1,816,496
Net change in fund balance	$ -	$ -	$ -	385,392	$ 385,392
Fund balance - beginning				3,569,093	
Fund balance - ending				$ 3,954,485	

During the fiscal year, there was no need for any significant amendments to increase either the original estimated revenues or original budgeted appropriations. However, 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, 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 delay in the start of the programs and projects, such as the Transit Corridor Study/Short Range Transportation Plan (SRTP), the Countywide Travel Training Program, and the Solano County Priority Development Area (PDA) Program.

Capital Assets and Long-Term Debt

The authority has neither significant investment in Capital Assets nor Long-Term Debt. Minor capital assets and long-term debt are shown in the table below.

Capital assets are office equipment and furnishings identified as capital assets. Capital assets are depreciated over five years using the straight-line depreciation method.

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 a the current portion in the amount of $3,454, estimated to be due within one year, and the long-term portion in the amount of $187,726. Additionally, long-term liabilities include 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 5 and 6 – pensions and note 1-E for compensated absences.

CAPITAL ASSETS AND LONG-TERM DEBT

	Value as of July 1, 2015	Change in Fiscal Year	Value as of June 30, 2016
CAPITAL ASSETS			
Equipment	$ 187,233	$ (16,770)	$ 170,463
LONG-TERM LIABILITIES			
Net pension liability	$ 1,091,243	$ (1,307)	$ 1,089,936
Compensated absences	162,550	25,176	187,726
Total Long-Term Liabilities	$ 1,253,793	$ 23,869	$ 1,277,662

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, 2016

	Governmental Activities
ASSETS	
Cash and investments	$ 5,284,118
Accounts receivable	15,776,975
Prepaid expense	61,369
Capital assets, net of accumulated depreciation	170,463
Total Assets	21,292,925
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows from pension activities	303,861
LIABILITIES	
Accounts payable	14,101,065
Accrued payroll	132,340
Unearned revenue	1,645,080
Compensated absences	
Due within one year	3,454
Due in more than one year	187,726
Aggregate net pension liability	1,089,936
Total Liabilities	17,159,601
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows from pension activities	180,724
NET POSITION	
Net investment in capital assets	170,463
Restricted for transportation projects and programs	1,792,753
Unrestricted net position	2,293,245
Total Net Position	$ 4,256,461

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

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

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	$ 1,493,771	$ 1,737,641	$ 243,870
Transit and Rideshare Services/SNCI	3,127,188	3,018,185	(109,003)
Project development	814,946	868,369	53,423
Strategic planning	1,286,237	1,250,721	(35,516)
Special projects and programs	18,170,618	17,844,800	(325,818)
Total Governmental Activities	$ 24,892,760	$ 24,719,716	(173,044)
General Revenues:			
Member contributions			358,006
Interest and investment earnings			27,223
Total General Revenues			385,229
Change in Net Position			212,185
Net Position - Beginning, as restated			4,044,276
Net Position - Ending			$ 4,256,461

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

SOLANO TRANSPORTATION AUTHORITY

GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2016

	General	Regional Measure 2	RTIF Program
ASSETS			
Cash and investments	$ 2,419,100	$ 443,676	$ 985,348
Accounts receivable	3,305,362	11,762,127	376,995
Prepaid items	61,369	-	-
Due from other funds	1,100,000	-	-
Total Assets	$ 6,885,831	$ 12,205,803	$ 1,362,343
LIABILITIES			
Accounts payable	$ 2,289,766	$ 11,323,307	$ 171,285
Accrued payroll	117,251	11,693	1,372
Unearned revenue	524,329	796,758	-
Due to other funds	-	-	-
Total Liabilities	2,931,346	12,131,758	172,657
FUND BALANCES			
Fund balance			
Restricted for transportation projects and programs	-	74,045	1,189,686
Unassigned	3,954,485	-	-
Total Fund Balances	3,954,485	74,045	1,189,686
Total Liabilities and Fund Balances	$ 6,885,831	$ 12,205,803	$ 1,362,343

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

Non-major Governmental Funds	Total
$ 1,435,994	$ 5,284,118
332,491	15,776,975
-	61,369
-	1,100,000
$ 1,768,485	$ 22,222,462
$ 316,707	$ 14,101,065
2,024	132,340
323,993	1,645,080
1,100,000	1,100,000
1,742,724	16,978,485
529,022	1,792,753
(503,261)	3,451,224
25,761	5,243,977
$ 1,768,485	$ 22,222,462

SOLANO TRANSPORTATION AUTHORITY

RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
JUNE 30, 2016

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - governmental funds	$ 5,243,977
Capital assets used in governmental activities are not current assets or financial resources and therefore are not reported in the governmental funds.	170,463
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.	(191,180)
Net pension liability and related deferrals are not due and payable in the current period and therefore are not reported in the governmental funds.	(966,799)
Net position of governmental activities	$ 4,256,461

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

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SOLANO TRANSPORTATION AUTHORITY

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	General	Regional Measure 2	RTIF Program
REVENUES			
Intergovernmental:			
Member contributions	$ 358,006	$ -	$ -
STIP	166,452	-	-
DMV/AVA	11,796	-	-
TDA Article 3	594,503	-	-
TDA Article 4/8	508,776	-	-
TFCA	217,016	-	-
STAF	1,446,772	-	-
CMAQ	2,442,949	-	-
YSAQMD	35,960	-	-
Regional Measure 2 (RM2)	459,897	13,986,432	-
FTA	290,537	-	-
JARC	70,511	-	-
New freedom	100,000	-	-
RTIF	-	-	1,322,773
Interest	13,863	9,124	1,976
Other local grants	543,078	6,594	-
Total Revenues	7,260,116	14,002,150	1,324,749
EXPENDITURES			
Current: Congestion management			
Operations and administrative	1,646,353	-	-
Transit and rideshare services	3,127,188	-	-
Project development	814,946	-	-
Strategic planning	1,286,237	-	-
Special projects and programs	-	13,997,854	1,759,867
Total Expenditures	6,874,724	13,997,854	1,759,867
Net change in fund balances	385,392	4,296	(435,118)
Fund balances - beginning	3,569,093	69,749	1,624,804
Fund balances - ending	$ 3,954,485	$ 74,045	$ 1,189,686

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

Non-major Governmental Funds	Total
$ -	$ 358,006
56,235	222,687
408,934	420,730
-	594,503
-	508,776
328,265	545,281
-	1,446,772
-	2,442,949
-	35,960
-	14,446,329
-	290,537
-	70,511
-	100,000
-	1,322,773
2,260	27,223
1,722,236	2,271,908
2,517,930	25,104,945
-	1,646,353
-	3,127,188
-	814,946
-	1,286,237
2,412,897	18,170,618
2,412,897	25,045,342
105,033	59,603
(79,272)	5,184,374
$ 25,761	$ 5,243,977

SOLANO TRANSPORTATION AUTHORITY

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Amounts reported for governmental activities in the statement of activities are different because of the following:	
Net change in fund balances - total governmental funds	$ 59,603
Pension expenses due to the changes in net pension liability and related deferrals are not recognized in governmental funds because they do not require the use of current resources and therefore are not reported as expenditures.	197,982
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay expenditures are added back to net change in fund balance.	9,483
Depreciation expense is deducted from net change in fund balance.	(26,253)
The change in compensated absences included in the statement of activities does not provide or (require) the use of current financial resources and therefore is not reported as an expenditure in governmental funds.	(28,630)
Change in net position - governmental activities	$ 212,185

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

SOLANO TRANSPORTATION AUTHORITY

FIDUCIARY FUND
STATEMENT OF ASSETS AND LIABILITIES
JUNE 30, 2016

	Payroll Agency Fund
ASSETS	
Cash and investments (Note 3)	$ 74,432
Prepaid items	57,118
Total Assets	$ 131,550
LIABILITIES	
Due to other agencies	$ 131,550
Total Liabilities	$ 131,550

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

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, bridle 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. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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. Fiduciary funds are excluded from government-wide financial statements.

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, including its fiduciary 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 and deferred outflows, 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 Capital Projects Fund

This Fund is used by the Authority to advance the implementation of the I-80/I-680/SR 12 Interchange Project for the preparation of the environmental document and preliminary engineering. This Fund is also used to advance the implementation of the I-80 High Occupancy Vehicle (HOV), the Eastern Segment of the North Connector project, the I-80 East Bound Cordelia Truck Scales Relocation Project, and the I-80 Express Lanes Project for the preparation of the environmental document, preliminary engineering, design phase, right of way acquisition and relocation, and construction of these projects.

Regional Transportation Impact Fee (RTIF) Program Capital Projects 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 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.

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 Capital Projects 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 involves constructing a pedestrian undercrossing to replace an existing at-grade crossing at the city's future train station location.

I-80 Reliever Route Capital Projects Fund

This Fund is used by the Authority to account for the project approval and environmental documents phase 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 Capital Projects 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 Planning Agency (NCTPA), and the Authority.

Vallejo Turner Parkway Capital Projects 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.

SR 12 Bridge Realignment Capital Projects Fund

This fund is used by the Authority to fund the study based on future-year traffic projections and the projected additional traffic capacity crossing the Sacramento River, and to identify the movement of goods on the Sacramento River waterway needs for the Port of Sacramento and the City of Rio Vista Bridge. The study will identify realignment alternatives for the location, bridge type, feasibility of each alternative, environmental constraint, preliminary costs of each alternative; and develop potential funding strategies and next steps.

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.

The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

E. 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 changes in long-term compensated absences during the fiscal year ended June 30, 2016 were as follows:

	Governmental Activities
Beginning Balance	$ 162,550
Additions	108,454
Deletion	79,824
Ending Balance	$ 191,180
Current Portion	$ 3,454

F. 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements. Actual results could differ from those estimates.

G. 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.

H. 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.

I. 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.

- Restricted net position represent 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.

J. 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 had no nonspendable fund balances 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 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.

K. Reclassification

For the year ended June 30, 2016, certain classifications have been changed to improve financial statement presentation.

M. New Accounting Principles

GASB Statement No. 76 – In June 2015, the GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The Authority has implemented the provisions of this Statement as of June 30, 2016.

GASB Statement No. 82 – In March 2016, the GASB issued Statement No. 82, Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The Authority elected early implementation of the provisions of this Statement as of June 30, 2016, and there was no impact to its 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 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

The Authority's cash is pooled and invested by the City of Vacaville, except for cash in the RTIF fund which is deposited with Bank of the West. Investments are stated at fair value as required by generally accepted accounting principles. The Authority adjusts the carrying value of its investments to reflect their fair value at each fiscal year end, and it must include the effects of these adjustments in income for that fiscal year. At June 30, 2016, the Authority's cash and investments amounted to $5,358,550 of which $5,284,118 and $74,432 were reflected in the Authority's Governmental Funds and Agency Fund, respectively. Of this total amount, $4,373,202 was invested with the City of Vacaville Pool. These investments were valued at $4,384,655 with an average maturity of 269 days as of June 30, 2016. In addition to the investment in the City of Vacaville Pool, the Authority deposits its RTIF cash with Bank of the West. The bank balance was $985,348 as June 30, 2016, $250,000 of which is fully insured and the remaining amounts are secured by a pledge of the financial institutions first trust deed mortgage notes having a value of 150% of the public deposits.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City of Vacaville's cash and investment pool is not rated by a nationally recognized statistical rating organization. Interest rate risk is the risk that changes in market interest rates will 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 market interest rates. The Authority manages its exposure to interest rate risk by depositing all their cash and investments with the City of Vacaville's investment pool, which has a maturity of less than one year.

As of July 1, 2015, the Authority applied Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all 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: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Authority does not have any investments that are measured using Level 3 inputs.

The Authority is a participant in the City of Vacaville's Pool (Pool). The Pool is an external investment pool, is not rated and is not registered with the Securities Exchange Commission (SEC). Cash on deposit in the County Pool at June 30, 2016 is stated at fair value. The Pool values participant shares on an amortized cost basis during the year and adjusts to fair value at year-end. Investment in the Pool is not categorized because deposits to and from the pool are made on the basis of $1 and not at fair value.

NOTE 4 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

The Authority is required to exclude from its financial statements assets maintained by other governments or organizations. 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 represents that year's pro rata share of the cost of capital assets.

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. The Authority capitalizes acquisitions of capital assets in excess of $1,000.

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, 2016:

	Balance at July 1, 2015	Additions	Deletions	Balance at June 30, 2016
Cost:				
Equipment	$ 403,899	$ 9,483	$ (13,893)	$ 399,489
Accumulated Depreciation:				
Equipment	(216,666)	(26,253)	13,893	(229,026)
Capital Assets, Net of Accumulated Depreciation	$ 187,233	$ (16,770)	$ -	$ 170,463

NOTE 5 – CALIFORNIA PUBLIC EMPLOYEE RETIREMENT SYSTEM PENSION PLAN

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, 2016, are summarized as follows:

Hire date	Prior to January 1, 2013	On or after January 1, 2013
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	0.07	0.0625
Required employer contribution rates	0.08003	0.06237

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, 2016, contributions recognized as part of pension expense were $142,541.

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

As of June 30, 2016, the Authority's reported net pension liability for its proportionate shares of the net pension liability in the amount of $894,778.

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, 2014, 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, 2013 rolled forward to June 30, 2014 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, 2015 and 2016 was as follows:

	Miscellaneous CalPERS
Proportion - June 30, 2015	$ 884,393
Proportion - June 30, 2016	894,778
Change - Increase (Decrease)	$ 10,385

For the year ended June 30, 2016, the Authority recognized pension expense in the amount of $4,770 for the Miscellaneous CalPERS plan. On June 30, 2016, 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	$ 142,541	$ -
Contributions in excess of proportionate share	-	33,501
Contributions in deficit of proportionate share	33,177	-
Changes in assumptions	-	98,063
Difference in expected and actual experience	10,365	-
Adjustment due to differences in proportions	84,794	-
Net differences between projected and actual earnings on plan investments	-	49,160
Total	$ 270,877	$ 180,724

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is $142,541, which will be recognized as a component of pension expense in the year ended June 30, 2017. 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
2017	$ (36,457)
2018	(37,593)
2019	(41,176)
2020	62,839
	$ (52,388)

Actuarial Assumptions

The total pension liabilities in the June 30, 2014 actuarial valuation was determined using the following actuarial assumptions for the Miscellaneous CalPERS plan:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2015
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.65%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry-Age and Service
Investment Rate of Return	7.50% (1)
Mortality	(2)

(1) Net of pension plan investment and administrative expenses, includes inflation.
(2) The probabilities of mortality are based on the 2010 CalPERS experience study for the period from 1997 to 2011.

All other actuarial assumptions used in the June 30, 2014 valuation were based on the results of a 2010, actuarial experience study for the period 1997 to 2011. Further details of the Experience Study can found on the CalPERS website.

Change of Assumptions

There was a change in the discount rate assumption from the June 30, 2014 measurement date. GASB 68, paragraph 68 states that the long long-term expected rate of return should be determined net of pension plan investment expense, but without reduction for pension plan administrative expense. The discount rate of 7.50 percent used for the June 30, 2014 measurement date was net of administrative expenses. The discount rate of 7.65 percent used for the June 30, 2015 measurement date is without reduction of pension plan administrative expense.

Discount Rate

The discount rate used to measure the total pension liability was 7.65 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 7.65 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 (11-60 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	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	51.00%	5.25%	5.71%
Global Fixed Income	19.00%	0.99%	2.43%
Inflation Sensitive	6.00%	0.45%	3.36%
Private Equity	10.00%	6.83%	6.95%
Real Estate	10.00%	4.50%	5.13%
Infrastructure and Forestland	2.00%	4.50%	5.09%
Liquidity	2.00%	-0.55%	-1.05%
Total	100%		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% 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
	6.65%	7.65%	8.65%
Net Pension Liability - CalPERS	$ 1,461,004	$ 894,778	$ 429,119

Pension Plan Fiduciary Net Position

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

NOTE 6 – PUBLIC AGENCY RETIREMENT SYSTEM PENSION PLAN

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, 2016, are summarized as follows:

Hire date	On or before December 31, 2012
Benefit formula	.7% at 55
Benefit vesting schedule	5 years service
Benefit payments	Monthly for life
Retirement age	55
Required employee contribution rates	2.00%
Required employer contribution rates	4.71%

Employees Covered – At the June 30, 2014 valuation date, employees that were covered by the benefit terms were 2 retired and 11 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, 2016, contributions recognized as part of pension expense were $82,795.

Net Pension Liability

The Authority's net pension liability for the Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2016, using an annual actuarial valuation as of June 30, 2014 rolled forward to June 30, 2015 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, 2016 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2014
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.00%
Inflation	2.75%
Projected Salary Increase	Graded up to 3.50% after 30 years of service.
Investment Rate of Return	7.00%
Mortality	Pre-retirement: CalPERS Miscellaneous Non-Industrial Rates. Post-retirement: CaIPERS 1997-2011 Healthy Retiree Tables projected using Scale AA and base year of 2008.
Post Retirement Benefit Increase	Contract COLA of 2.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, PARS 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 7.00 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 (11-60 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
Cash	5.65%	0.42%	0.41%
Core Fixed Income	37.81%	2.12%	1.99%
Broad US Equities	44.55%	5.12%	3.81%
Developed Foreign Equities	9.79%	5.85%	4.20%
Emerging Market Equities	2.20%	8.07%	4.79%
Total	100%		

Changes in the Net Pension Liability - The changes in the Net Pension Liability for the Plan is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2015	$ 644,289	$ 437,439	$ 206,850
Changes in the year:			
Service cost	52,108	-	52,108
Interest on the total pension liability	48,667	-	48,667
Differences between actual and expected experience	-	-	-
Changes in assumptions	-	-	-
Changes in benefit terms	-	-	-
Contribution - employer	-	82,795	(82,795)
Contribution - employee	-	24,578	(24,578)
Net investment income	-	7,486	(7,486)
Administrative expenses	-	(2,393)	2,393
Benefit payments	(2,341)	(2,341)	-
Net changes	98,434	110,125	(11,691)
Balance at June 30, 2016	$ 742,723	$ 547,564	$ 195,159

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
	6.00%	7.00%	8.00%
Net Pension Liability - PARS	$ 301,961	$ 195,159	$ 106,544

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, 2016, the Authority recognized pension expense in the amount of $22,584 for the PARS plan. On June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Net differences between projected and actual earnings on plan investments	$ 32,984
Total	$ 32,984

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

Year Ended June 30	Deferred Outflows of Resources
2017	$ 8,246
2018	8,246
2019	8,246
2020	8,246
	$ 32,984

NOTE 7 – RISK MANAGEMENT

The Authority is a member of the County Supervisors Association of California Excess Insurance Authority (CSACEIA) which covers general liability claims up to $15,000,000. The Authority has a self-insured retention of $100,000 per claim. Once the Authority's self-insured retention for claims is met, CSACEIA 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 CSACEIA may be obtained from Alliant Insurances Services, Inc., 1301 Dove Street, Suite 200, Newport Beach, CA 92660.

NOTE 8 – NET POSITION AND FUND BALANCES

At June 30, 2016, the following funds had deficit fund balances:

Vallejo Turner Parkway	$ 4,700
I-80 Reliever Route	498,561

Future project revenues are anticipated, and therefore these funds will end up with positive fund balances.

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, 2016, the Authority had outstanding commitments approximating $30,032,001.

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 Harbor Center commencing January 1, 2007. The lease is estimated at a total amount of $897,192 payable over a five-year period at monthly payments of $14,083, annually increasing by 3%. In April, 2011, the Authority signed an amendment to extend the lease term for an additional three years. The future monthly lease payments are $16,198 for July 1 through December 31, 2014 and $16,521 throughout the 2014 calendar year. Amendment three was signed on November 18, 2013 for additional expansion space. The base rate for the additional space is $2,430 per month which increases $.05 per month per rentable square foot, beginning January 2015. The lease was extended through December 31, 2017. The Authority has the ability to cancel the lease at any time prior to the lease expiration on December 31, 2017.

NOTE 10 – PAYROLL AND BENEFITS

In fiscal 2015-2016 the Authority expended these amounts on payroll and related benefits:

Description	Operation and Administration	Transit and Rideshare Services/SNCI	Project Development	Strategic Planning	Special Project	Total
Salaries-full-time	$ 653,203	$ 593,445	$ 100,687	$ 289,542	$ 348,082	$ 1,984,959
Salaries-non full-time	18,770	139,730	-	85	-	158,585
Overtime	684	-	-	839	-	1,523
Total salaries	672,657	733,175	100,687	290,466	348,082	2,145,067
Employee benefits	332,443	259,097	51,331	130,765	102,008	875,644
Total payroll cost	$ 1,005,100	$ 992,272	$ 152,018	$ 421,231	$ 450,090	$ 3,020,711

REQUIRED SUPPLEMENTARY INFORMATION

SOLANO TRANSPORTATION AUTHORITY

COST SHARING RETIREMENT PLAN - CalPERS
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2016	2015
Proportion of the collective net pension liability	0.0130%	0.0142%
Proportionate share of the collective net pension liability	$ 894,778	$ 884,393
Covered - employee payroll	$ 1,599,963	$ 1,528,122
Proportionate Share of the net pension liability as a percentage of covered employee payroll	55.92%	57.87%
Plan fiduciary net position as a percentage of the total pension liability	78.40%	81.01%

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

SOLANO TRANSPORTATION AUTHORITY

COST SHARING RETIREMENT PLAN - CalPERS
SCHEDULE OF CONTRIBUTIONS

	2016	2015
Actuarially determined contribution	$ 142,541	$ 185,159
Contributions in relation to the actuarially determined contribution	(142,541)	(185,159)
Contribution deficiency (excess)	$ -	$ -
Covered - employee payroll	$ 1,873,891	$ 1,599,963
Contributions as a percentage of covered-employee payroll	7.61%	11.57%

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

SOLANO TRANSPORTATION AUTHORITY

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - PARS

Prepared for Solano Transportation Authority, PARS Plan Measurement Period	2015-2016	2014-2015
Total Pension Liability		
Service Cost	$ 52,108	$ 50,590
Interest on total pension liability	48,667	42,458
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Changes in benefits	-	-
Benefit payments, including refunds of employee contributions	(2,341)	(9,267)
Net change in total pension liability	98,434	83,781
Total pension liability - beginning	644,289	560,508
Total pension liability - ending (a)	$ 742,723	$ 644,289
Plan fiduciary net position		
Contributions - employer	$ 82,795	$ 79,307
Contributions - employee	24,578	23,923
Net investment income	7,486	7,413
Administrative expenses	(2,393)	-
Benefit payments	(2,341)	(11,361)
Net change in plan fiduciary net position	110,125	99,282
Plan fiduciary net position - beginning	437,439	338,157
Plan fiduciary net position - ending (b)	$ 547,564	$ 437,439
Net pension liability - ending (a)-(b)	$ 195,159	$ 206,850
Plan fiduciary net position as a percentage of the total pension liability	73.72%	67.89%
Covered - employee payroll	1,272,766	1,235,695
Net pension liability as percentage of covered-employee payroll	15.33%	16.74%

Notes to Schedule:

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

SOLANO TRANSPORTATION AUTHORITY

SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS - PARS

	2016	2015
Actuarially determined contribution	$ 59,947	$ 79,307
Contributions in relation to the actuarially determined contribution	(82,795)	(79,307)
Contribution deficiency (excess)	$ (22,848)	$ -
Covered-employee payroll	$ 1,272,766	$ 1,235,695
Contributions as a percentage of covered-employee payroll	6.51%	6.42%

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

SOLANO TRANSPORTATION AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental:				
Member contributions	$ 326,866	$ 358,006	$ 358,006	$ -
STIP	190,486	153,050	166,452	13,402
DMV/AVA	10,000	10,000	11,796	1,796
TDA Article 3	25,000	25,000	594,503	569,503
TDA Article 4/8	1,115,945	972,758	508,776	(463,982)
TFCA	339,479	314,562	217,016	(97,546)
STAF	1,895,949	1,895,351	1,446,772	(448,579)
CMAQ	3,170,488	3,116,873	2,442,949	(673,924)
YSAQMD	37,295	41,206	35,960	(5,246)
California Energy Commission	100,000	100,000	-	(100,000)
Regional Measure 2	537,242	425,599	459,897	34,298
JARC	50,000	70,511	70,511	-
New Freedom Grant	250,000	243,722	100,000	(143,722)
Federal Transit Administration	219,950	237,532	290,537	53,005
Federal Earmark	41,145	-	-	-
Interest	-	-	13,863	13,863
Other	412,050	727,050	543,078	(183,972)
Total Revenues	8,721,895	8,691,220	7,260,116	(1,431,104)
EXPENDITURES				
Current: Congestion management				
Operations and administrative	1,947,299	1,795,059	1,646,353	148,706
Transit and Rideshare Services/SNCI	4,723,141	4,165,595	3,127,188	1,038,407
Project development	594,566	1,053,450	814,946	238,504
Strategic planning	1,456,889	1,677,116	1,286,237	390,879
Total Expenditures	8,721,895	8,691,220	6,874,724	1,816,496
Net change in fund balances	$ -	$ -	385,392	$ 385,392
Fund balances - beginning			3,569,093	
Fund balances - ending			$ 3,954,485	

Note to schedule: Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

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SUPPLEMENTARY INFORMATION

SOLANO TRANSPORTATION AUTHORITY

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2016

	Special Revenue Funds	
	TFCA	Abandoned Vehicle Abatement
ASSETS		
Cash and investments	$ 510,318	$ 73,555
Accounts receivable	-	105,415
Total Assets	$ 510,318	$ 178,970
LIABILITIES		
Accounts payable	$ -	$ 172,581
Accrued payroll	1,045	-
Unearned revenue	-	-
Due to other funds	-	-
Total Liabilities	1,045	172,581
FUND BALANCES		
Fund balance:		
Restricted for transportation projects and programs	509,273	6,389
Unassigned	-	-
Total Fund Balances (Deficit)	509,273	6,389
Total Liabilities and Fund Balances	$ 510,318	$ 178,970

Capital Project Funds					
Dixon B Street Undercrossing	I-80 Reliever Route	Jameson Canyon Project	Vallejo Turner Parkway	SR 12 Bridge Realignment	Total Non-major Governmental Funds
$ -	$ 813,076	$ 37,217	$ -	$ 1,828	$ 1,435,994
55,791	171,285	-	-	-	332,491
$ 55,791	$ 984,361	$ 37,217	$ -	$ 1,828	$ 1,768,485
$ 41,950	$ 95,303	$ 2,173	$ 4,700	$ -	$ 316,707
-	979	-	-	-	2,024
8,562	286,640	28,791	-	-	323,993
-	1,100,000	-	-	-	1,100,000
50,512	1,482,922	30,964	4,700	-	1,742,724
5,279	-	6,253	-	1,828	529,022
-	(498,561)	-	(4,700)	-	(503,261)
5,279	(498,561)	6,253	(4,700)	1,828	25,761
$ 55,791	$ 984,361	$ 37,217	$ -	$ 1,828	$ 1,768,485

SOLANO TRANSPORTATION AUTHORITY

NON-MAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2016

	Special Revenue Funds	
	TFCA	Abandoned Vehicle Abatement
REVENUES		
Intergovernmental:		
STIP	$ -	$ -
DMV/AVA	-	408,934
TFCA	328,265	-
Interest	2,054	341
Other	-	-
Total Revenues	330,319	409,275
EXPENDITURES		
Special projects and programs	224,902	409,274
Total Expenditures	224,902	409,274
Net change in fund balances	105,417	1
Fund balances - beginning	403,856	6,388
Fund balances - ending	$ 509,273	$ 6,389

Capital Project Funds					
Dixon B Street Undercrossing	I-80 Reliever Route	Jameson Canyon Project	Vallejo Turner Parkway	SR 12 Bridge Realignment	Total Non-major Governmental Funds
$ -	$ -	$ 47,175	$ 9,060	$ -	$ 56,235
-	-	-	-	-	408,934
-	-	-	-	-	328,265
(275)	(32)	252	(85)	5	2,260
-	1,722,236	-	-	-	1,722,236
(275)	1,722,204	47,427	8,975	5	2,517,930
-	1,722,235	47,426	9,060	-	2,412,897
-	1,722,235	47,426	9,060	-	2,412,897
(275)	(31)	1	(85)	5	105,033
5,554	(498,530)	6,252	(4,615)	1,823	(79,272)
$ 5,279	$ (498,561)	$ 6,253	$ (4,700)	$ 1,828	$ 25,761

SOLANO TRANSPORTATION AUTHORITY

AGENCY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED JUNE 30, 2016

Payroll Agency Fund	Balance July 1, 2015	Additions	Deductions	Balance June 30, 2016
Assets				
Cash and investments	$ 98,110	$ -	$ 23,678	$ 74,432
Accounts receivables	59	-	59	-
Prepaid & other items	-	57,118	-	57,118
Total assets	$ 98,169	$ 57,118	$ 23,737	$ 131,550
Liabilities				
Due to other agency	$ 98,169	$ 57,118	$ 23,737	$ 131,550
Total liabilities	$ 98,169	$ 57,118	$ 23,737	$ 131,550

SOLANO TRANSPORTATION AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
REGIONAL MEASURE 2 FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental:				
Regional Measure 2	$ 8,369,817	$ 13,059,617	$ 13,986,432	$ 926,815
Interest	-	-	9,124	9,124
Other	-	-	6,594	6,594
Total Revenues	8,369,817	13,059,617	14,002,150	942,533
EXPENDITURES				
Regional Measure 2	8,369,817	13,059,617	13,997,854	(938,237)
Total Expenditures	8,369,817	13,059,617	13,997,854	(938,237)
Net change in fund balance	$ -	$ -	4,296	$ 4,296
Fund balance - beginning			69,749	
Fund balance - ending			$ 74,045	

SOLANO TRANSPORTATION AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL REGIONAL TRANSPORTATION IMPACT FEE PROGRAM FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental:				
RTIF	$ 608,941	$ 1,884,442	$ 1,322,773	$ (561,669)
Interest	-	-	1,976	1,976
Total Revenues	608,941	1,884,442	1,324,749	(559,693)
EXPENDITURES				
RTIF	608,941	1,884,442	1,759,867	124,575
Total Expenditures	608,941	1,884,442	1,759,867	124,575
Net change in fund balance	$ -	$ -	(435,118)	$ (435,118)
Fund balance - beginning			1,624,804	
Fund balance - ending			$ 1,189,686	

SOLANO TRANSPORTATION AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL FOR TFCA FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental:				
TFCA	$ 310,512	$ 310,512	$ 328,265	$ 17,753
Interest	-	-	2,054	2,054
Total Revenues	310,512	310,512	330,319	19,807
EXPENDITURES				
Special projects and programs	310,512	310,512	224,902	85,610
Total Expenditures	310,512	310,512	224,902	85,610
Net change in fund balance	$ -	$ -	105,417	$ 105,417
Fund balance - beginning			403,856	
Fund balance - ending			$ 509,273	

SOLANO TRANSPORTATION AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL FOR ABANDONED VEHICLE ABATEMENT FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental:				
DMV/AVA	$ 320,000	$ 320,000	$ 408,934	$ 88,934
Interest	-	-	341	341
Total Revenues	320,000	320,000	409,275	89,275
EXPENDITURES				
Special projects and programs	320,000	320,000	409,274	(89,274)
Total Expenditures	320,000	320,000	409,274	(89,274)
Net change in fund balance	$ -	$ -	1	$ 1
Fund balance - beginning			6,388	
Fund balance - ending			$ 6,389	

SOLANO TRANSPORTATION AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL FOR DIXON B STREET UNDERCROSSING FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Interest	$ -	$ -	$ (275)	$ (275)
Other	-	8,562	-	(8,562)
Total Revenues	-	8,562	(275)	(8,837)
EXPENDITURES				
Special projects and programs	-	8,562	-	(8,562)
Total Expenditures	-	8,562	-	(8,562)
Net change in fund balance	$ -	$ -	(275)	$ 275
Fund balance - beginning			5,554	
Fund balance - ending			$ 5,279	

SOLANO TRANSPORTATION AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL FOR I-80 RELIEVER ROUTE FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental:				
Federal Earmark	$ 158,855	$ -	$ -	$ -
Interest	-	-	(32.00)	(32.00)
Other local grants	1,679,629	1,838,484	1,722,236	(116,248)
Total Revenues	1,838,484	1,838,484	1,722,204	(116,280)
EXPENDITURES				
Special projects and programs	1,838,484	1,838,484	1,722,235	116,249
Total Expenditures	1,838,484	1,838,484	1,722,235	116,249
Net change in fund balance	$ -	$ -	(31)	$ (31)
Fund balance - beginning			(498,530)	
Fund balance - ending			$ (498,561)	

SOLANO TRANSPORTATION AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL FOR JAMESON CANYON PROJECT FUND
FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental:				
STIP	$ 20,000	$ 51,000	$ 47,175	$ (3,825)
Interest	-	-	252	252
Total Revenues	20,000	51,000	47,427	(3,573)
EXPENDITURES				
Special projects and programs	20,000	51,000	47,426	3,574
Total Expenditures	20,000	51,000	47,426	3,574
Net change in fund balance	$ -	$ -	1	$ 1
Fund balance - beginning			6,252	
Fund balance - ending			$ 6,253	

SOLANO TRANSPORTATION AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL FOR VALLEJO TURNER PARKWAY FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental:				
STIP	$ 10,000	$ 10,000	$ 9,060	$ (940)
Interest	-	-	(85)	(85)
Total Revenues	10,000	10,000	8,975	(1,025)
EXPENDITURES				
Special projects and programs	10,000	10,000	9,060	940
Total Expenditures	10,000	10,000	9,060	940
Net change in fund balance	$ -	$ -	(85)	$ (85)
Fund balance - beginning			(4,615)	
Fund balance - ending			$ (4,700)	

SOLANO TRANSPORTATION AUTHORITY

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL FOR SR 12 BRIDGE REALIGNMENT FUND FOR THE YEAR ENDED JUNE 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Intergovernmental:				
Interest	$ 5	$ 5	$ 5	$ -
Total Revenues	5	5	5	-
Net change in fund balance	$ 5	$ 5	5	$ -
Fund balance - beginning			1,823	
Fund balance - ending			$ 1,828	

SOLANO TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016

Program Name	Pass-Through Identification or Grant Number	CFDA	Program Expenditures
U.S. Department of Transportation,			
Highway Planning and Construction Grants:			
Passed through Metropolitan Transportation Commission:			
One Bay Area Grant (OBAG)/STP Passed through Metropolitan Transportation Commission (MTC)	6084(175)	20.205	$ 935,592
(CMAQ) MTC Passed through - Regional Rideshare Program	C001462	20.205	240,000
Passed through California Department of Transportation:			
Congestion Mitigation and Air Quality - Solano County (CMAQ) - Regional Spare the Air Program	CML-6249(027)	20.205	174,383
(CMAQ) Countywide Safe Route to School	CML-6249(036)	20.205	319,782
Countywide Walking, School Bus, Bicycle and Train Program	CML-6249(030)	20.205	129,767
SR2S - Active Transportation Program (ATP) Cycle 1	SRTSLNI-6249(039)	20.205	24,272
(CMAQ) Solano Travel Training / Transit Ambassador Program	CML-6249(035) M003	20.205	26,037
Congestion Mitigation and Air Quality (CMAQ) - PDA and PCA Program	CML-6249(034) L40E	20.205	585,124
Priority Development Areas (PDA) and Priority Conservation Areas (PCA)	STPL 6249(037)	20.205	7,993
Total Highway Planning and Construction Grants			2,442,950
Transit Service Program:			
Passed through California Department of Transportation:			
New Freedom Mobility Management Program Funds	6437245	20.521	100,000
Specialized Transit Grants Branch	643572	20.513	68,263
Job Access And Reverse Commute (JARC) Program funds - Mobility Program	643611	20.516	70,511
Passed through Metropolitan Transportation Commission:			
Short Range Transit Plan for Transit Operation in Solano Count	Not Available	20.516	60,847
Passed through Solano County Transit:			
Specialized Transit Grants Branch	643575	20.513	75,267
Total Transit Services Program Grants			374,888
Partnership and Transit Planning Fund Transfer			
Passed through California Department of Transportation	074A045	20.505	82,083
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 2,899,921

See accompanying note to schedule of expenditures of federal awards.

NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying Schedule of Expenses of Federal Awards presents the activity of all federal awards programs of the Authority. The Authority's reporting entity is defined in Note 1 of the Authority's financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other governmental agencies to the Authority are included in the accompanying schedule.

The Authority has not elected to use the ten percent de minimis indirect cost rate as allowed under the uniform guidance.

Basis of Accounting

The accompanying Schedule of Expenses of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 of the Authority's financial statements.

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**

Financial Trends 71-74

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

Revenue Capacity

The Authority has no own-source of revenue since the revenues are mainly intergovernmental based on project needs.

Debt Capacity

The Authority has no debt and therefore this section is not applicable.

Demographic and Economic Information 75-76

The reader understand the environment within which the government's financial activities take place.

Operating Information 77-78

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.

SOLANO TRANSPORTATION AUTHORITY

FINANCIAL TREND – NET POSITION BY COMPONENT

	Fiscal Years Ending June 30,	
	2016	**2015**
Governmental Activities:		
Net investment in capital assets	$ 170,463	$ 187,233
Restricted for transportation projects and programs	1,792,753	4,046,401
Unrestricted	2,293,245	(189,358)
Total Governmental Activities Net Position	$ 4,256,461	$ 4,044,276

Note: Since this is the first year to present the Comprehensive Annual 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

	Fiscal Years Ending June 30,	
EXPENSES	**2016**	**2015**
Governmental activities:		
Congestion management		
Operations and administrative	$ 1,493,771	$ 1,552,133
Transit and Rideshare Services/SNCI	3,127,188	2,630,308
Project development	814,946	951,477
Strategic projects and programs	1,286,237	1,101,478
Special projects and programs	18,170,618	23,129,160
Total Expenses	24,892,760	29,364,556
REVENUES		
Program revenues:		
Operations and administrative	1,737,641	2,878,895
Transit and Rideshare Services/SNCI	3,018,185	2,731,442
Project development	868,369	994,990
Strategic projects and programs	1,250,721	1,246,161
Special projects and programs	17,844,800	23,493,793
General revenues:		
Member contributions	358,006	310,562
Interest and investment earnings	27,223	10,299
Total Revenues	25,104,945	31,666,142
Governmental Activities Change in Net Position	$ 212,185	$ 2,301,586

Note: Since this is the first year to present the Comprehensive Annual 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

	Fiscal Years Ending June 30,	
	2016	**2015**
General Fund		
Restricted	$ -	$ 2,431,120
Unassigned	3,954,485	1,137,973
Total General Fund	3,954,485	3,569,093
All Other Governmental Funds		
Restricted	1,792,753	1,615,281
Total All Other Governmental Funds	$ 1,792,753	$ 1,615,281

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

Source: Solano Transportation Authority Financial Statements

FINANCIAL TREND – CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

	Fiscal Years Ending June 30, 2016	Fiscal Years Ending June 30, 2015
REVENUES		
Intergovernmental	$ 22,805,814	$ 29,008,084
Interest	27,223	10,299
Other income	2,271,908	2,647,759
Total Revenues	25,104,945	31,666,142
EXPENDITURES		
Congestion management:		
Operations and administrative	1,646,353	1,625,599
Transit and Rideshare Services	3,127,188	2,630,308
Project development	814,946	951,477
Strategic planning	1,286,237	1,101,478
Special projects and programs	18,170,618	23,129,160
Total Expenditures	25,045,342	29,438,022
NET CHANGE IN FUND BALANCES	$ 59,603	$ 2,228,120

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

Source: Solano Transportation Authority Financial Statements

DEMOGRAPHIC AND ECONOMIC INFORMATION – STATISTICS
LAST TEN FISCAL YEARS

Year [1]	Population [2]	Personal Income [3]	Per Capita Personal Income [4]	Unemployment Rate [5]
2016	431,498	$ 18,871,771,903	$ 43,735	5.5%
2015	426,704	18,501,737,160	43,360	6.1%
2014	431,131	18,138,958,000	42,073	7.5%
2013	425,219	17,080,201,000	40,168	9.1%
2012	420,724	16,271,664,000	38,675	10.7%
2011	416,945	15,774,619,000	37,834	12.2%
2010	414,101	15,088,748,000	36,437	12.6%
2009	410,290	15,100,467,000	36,804	10.4%
2008	408,972	15,513,943,000	37,934	6.9%
2007	408,243	15,036,560,000	36,832	5.3%

1 Calendar year.

2 Data for 2007-2014 includes retroactive revisions by the U.S. Department of Commerce Bureau of Economic Analysis. 2015-2016 data includes retroactive revisions by the State of California Department of Finance, Demographic Research Unit.

3 Total Personal Income data for 2015 and 2016 is based on an estimated two percent annual increase over 2014. Data for 2007-2014 includes retroactive revisions by the U.S. Department of Commerce Bureau of Economic Analysis.

4 Per Capita Income data for 2015 and 2016 is based on an estimated two percent annual increase over 2014. Data for 2007-2014 includes retroactive revisions by the U.S. Department of Commerce Bureau of Economic Analysis.

5 Data includes retroactive revisions by the State of California Employment Development Department.

DEMOGRAPHIC AND ECONOMIC INFORMATION – TOP TEN PRINCIPAL EMPLOYERS IN SOLANO COUNTY
YEAR ONE AND YEAR TEN

	Fiscal Year Ending June 30, 2015[6]		
Employer	Rank	Number of Employees	Percentage of Employment[1]
Travis AFB	1	14,353 [2,3]	7.41%
Kaiser Permanente - Vallejo	2	2,937 [3]	1.52%
Fairfield-Suisun Unified School District	3	2,707 [3]	1.40%
County of Solano	4	2,993 [4]	1.54%
NorthBay Healthcare System	5	1,982 [3]	1.02%
California Medical Facility	6	1,953 [3]	1.01%
Vallejo City Unified School District	7	1,600 [3]	0.83%
Six Flags Discovery Kingdom	8	1,591 [3]	0.82%
California State Prison Solano	9	1,300 [3]	0.67%
Kaiser Permanente - Vacaville	10	1,218 [3]	0.63%
		32,634	

	Fiscal Year Ending June 30, 2006		
Employer	Rank	Number of Employees	Percentage of Employment
County of Solano	1	3,087 [5]	1.56%
Kaiser Permanente - Vallejo	2	2,735 [2]	1.38%
NorthBay Healthcare System	3	1,301 [3]	0.66%
Six Flags Discovery Kingdom	4	1,200 [3]	0.61%
Alza Corporation	5	700 [3]	0.35%
Sutter Solano Medical Center	6	674 [3]	0.34%
Westamerica Bancorporation	7	542 [3]	0.27%
Wal-Mart	8	523 [3]	0.26%
Genentech Incorporated	9	500 [3]	0.25%
Anheuser-Busch Brewery	10	465 [3]	0.23%
		11,727	

1 Total County employment figure-obtained from State of California Employment Development Department.

2 Travis AFB employment figure-consists of active USAF military personnel and civilians as of 2013.

3 Employment figure from the Solano Economic Development Corporation for 2013.

4 County of Solano employment figure-actual from Human Resources Department.

5 Total for locations at Fairfield, Vacaville, and Vallejo.

6 Most recent information available.

Sources: County of Solano, Travis AFB Website

OPERATING INFORMATION – FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

	Fiscal Year Ending June 30,	
Function	**2016**	**2015**
Executive	1	1
Administration	3	3
Finance	2	2
Policy, Public Affairs and Legislation	1	1
Planning	3	3
Program and Projects	20	20
Total Employees	30	30

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

OPERATING INFORMATION – PROGRAM REVENUES, OPERATING GRANTS AND CONTRIBUTIONS

	Fiscal Year Ending June 30,	
	2016	**2015**
Operations and administrative	$ 1,737,641	$ 3,199,756
Transit and rideshare services/SNCI	3,018,185	2,731,442
Project development	868,369	994,990
Strategic planning	1,250,721	1,246,161
Special projects and programs	17,844,800	23,493,793
	$ 24,719,716	$ 31,666,142

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

COMPLIANCE SECTION

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

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

Governing Board
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, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 21, 2016. Our report included an emphasis of matter with respect to adoption of the investment fair value measurement standard.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies or material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or Section 6666 of Title 21 of the California Code of Regulations.

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.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
November 21, 2016

Vavrinek, Trine, Day & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Governing Board
Solano Transportation Authority
Suisun City, California

Report on Compliance for Each 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 each of the Authority's major federal programs for the year ended June 30, 2016. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

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Opinion on Each 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 each of its major federal programs for the year ended June 30, 2016.

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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

Vavrinek, Trine, Day & Co. LLP

Palo Alto, California
November 21, 2016

SOLANO TRANSPORTATION AUTHORITY

SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED JUNE 30, 2016

FINANCIAL STATEMENTS

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	None
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	None
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.	None

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
20.205 (Includes ARRA)	ARRA - Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	Yes

SCHEDULE OF CURRENT YEAR'S FINANCIAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

SOLANO TRANSPORTATION AUTHORITY

SCHEDULE OF CURRENT YEAR'S FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

None reported.

SCHEDULE OF PRIOR YEAR'S FINDINGS
FOR THE YEAR ENDED JUNE 30, 2016

There were no findings in the prior year.