



**SOLANO TRANSPORTATION AUTHORITY  
SOLANO, CALIFORNIA  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED JUNE 30, 2019**



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**SOLANO TRANSPORTATION AUTHORITY  
SOLANO COUNTY, CALIFORNIA**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2019**



Prepared by: Susan Furtado  
Accounting & Administrative Services Manager

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# SOLANO TRANSPORTATION AUTHORITY

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***INTRODUCTORY SECTION***

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December 5, 2019

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, 2019. 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, 2019.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. Eide Bailly, formerly 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, 2019. 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 improve. Solano County's unemployment rate was 3.8 percent at the start of 2019. The state of California has 4.2 percent unemployment and the United States had 3.7 percent as of June 2019.

According to the 2017 U.S. Department of Commerce Bureau of Economic Analysis, Solano County's household median income was \$62,199, while the state's was \$57,270 and the United States was \$50,459. As of 2018, the County's population is 439,793, an increase of 3,153 from 2017. Solano County's population is forecasted to grow from 2018 to 2030 with 64,420 more resident, with percentage growth faster than the state average in part because of new residential developments. Housing prices increased 8.2 percent in 2018 median price of single homes sold in the vicinity of the County from \$416,000 to \$450,000 according to the California Association of Realtors.

Solano County has seen a slight increase in the growth rate of its population, which has increase overall more due to births versus deaths than from immigration. However, immigration has been a key reason for population growth since 2010. Between 2017 and 2018, more people came to Solano County from other parts of the United States and other countries with new county residents. Solano County is a place where a majority working residents access both the greater Bay Area's and Sacramento Valley's labor markets. Given the level of outbound commuters, Solano County linking workforce and economic development together can lead to fewer Solano County residents driving outside the county for potentially higher wages. Economic development efforts in Solano County are focused on expanding infrastructure to support future business growth.

## ***Long-term Financial Planning and Major Initiatives***

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

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

## ***Relevant Financial Policies***

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

## ***Programs and Projects***

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

The Authority 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, the State Route (SR) 12 safety projects, and the SR 37 Corridor Project. 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 and programs.

The Authority has achieved many successes in FY 2018-19, highlighted by the many partnerships forged in Solano County with Caltrans, 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 (CHP), seven member cities, County of Solano and our school districts. With the passage of Senate Bill 1 (SB1) (Road Repair and Accountability Act of 2017), the State of California now has a stable source of revenue to support local fund, state highway and transit. The passage of Proposition 69 (Transportation Funding) in June of 2018 by the voters provides protection against diverting SB 1 funds.

The transition of the Solano Intercity Taxi/Paratransit Program from paper taxi scrip to the new Intercity Taxi Card using the PEX card, a prepaid debit card system, is completed. The launched of the Solano Mobility Vehicle Share and Medical Transport Program for non-ambulatory patrons was launched with the purchase of two new wheelchair accessible vans funded by Yocha Dehe Wintun Nation and in partnership with the County of Solano. Expansion of the First/Last Mile Program with Capitol Corridor-Lyft Company to encourage commuters to try the Capitol Corridor system when traveling to and from Solano County Employers. The Safe Routes to School Program celebrated the 26th Annual International Walk to School Day with participation from all seven Solano County cities and school districts. The Solano Community College Students approved the ten-year extension of a student fee for transit as part of their semester fee and enables students to ride Solano Express and local transit free.

The Board approved the Transportation Equity Guiding Principles, to reflect STA's commitment to the entire community in all of its activities with the following key words: Transparency, Accountability, Inclusivity, Equity, Responsiveness, Participation, Engagement, Partnership, Vision/Visionary, Importation of Evaluation, Commitment, Living Document, Accessibility, Empathy, People-Centric, Opportunity, Clearly communicated, Communication, Include All, Safe, Respect, Process, Location, Listening, Holistic, Comprehensive, Learning, and Acknowledge differences and sameness.

The City of Vacaville's portion (Vanden Road to Elmira) of the Jepson Parkway Project is completed and was celebrated with ribbon cutting ceremony. The I-80/I-680/SR12 Interchange Project (construction package 2A) design phase is on track with the approved project delivery schedule, right of way acquisition is ongoing, and project construction is scheduled for 2020. The Board approved the State Route (SR) 37 Memorandum of Understanding with the Napa Valley Transportation Authority, the Sonoma County Transportation Authority, the Transportation of Marin, the California Department of Transportation, and the Metropolitan Transportation Commission. Regional Measure 3 (RM 3) funding allocation is dedicated for the project to begin the environmental process for the two lanes segment from the Mare Island Interchange to the SR37/121 intersection of the SR37 Corridor Project.

### *Awards and Acknowledgements*

The Government Finance Officers Association (GFOA) of the United States and Canada issued a Certificate of Achievement for Excellence in Financial Reporting to the Authority for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. Fiscal year ending June 30, 2019 is the fourth year that the Authority will be applying for this prestigious award. In order to be awarded a Certificate of Achievement, the Authority has to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable program requirements.

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

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

Respectfully submitted,



Daryl K. Halls, Executive Director



Susan Furtado, Accounting & Administrative Services Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Solano Transportation Authority**  
**California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morill*

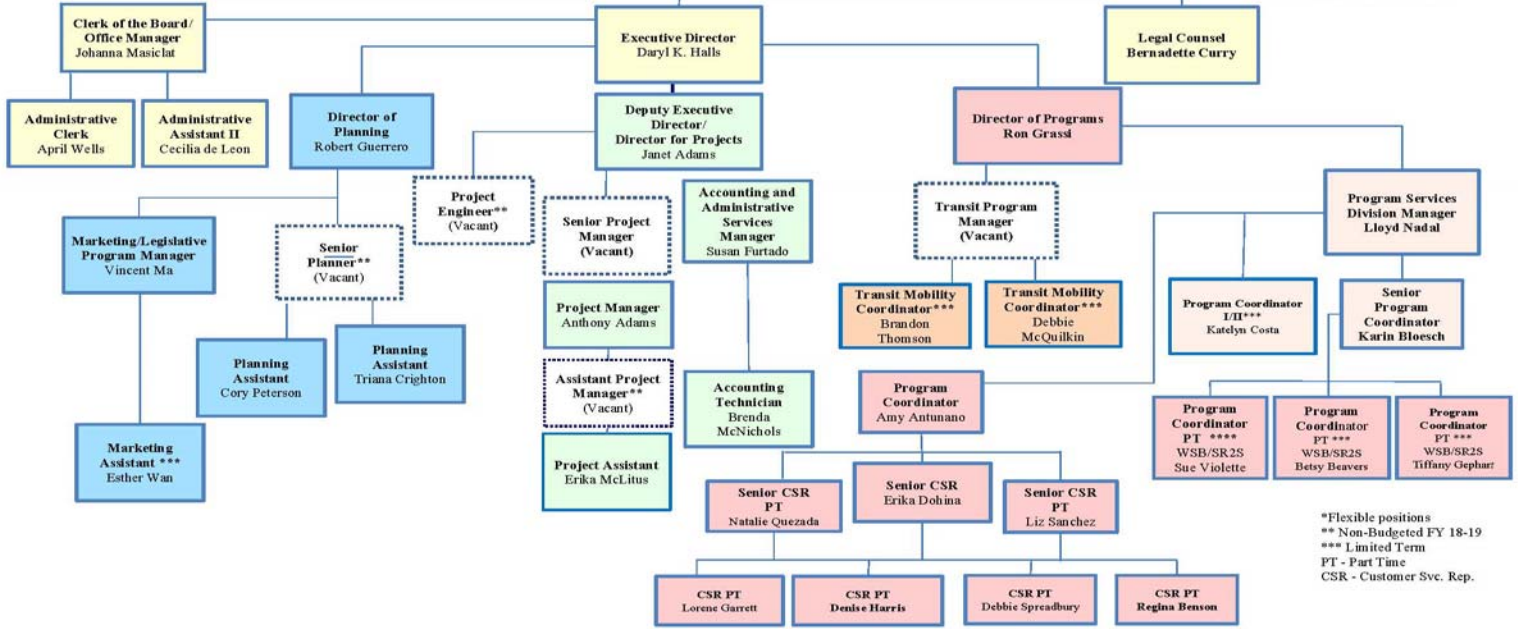
Executive Director/CEO



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 Suisun City, CA 94585  
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 Fax: (707) 424-6074

**Proposed Modified  
 Organizational Chart  
 FY 2018-19  
 November 30, 2018**

*Top Row Left to Right: City of Vacaville – Mayor Ron Rowlett; City of Dixon - Mayor Thom Bogue (2019 STA Board Vice Chair);  
 City of Benicia- Mayor Elizabeth Patterson; City of Rio Vista – Mayor Ron Katt; County of Solano – Supervisor Jim Spering  
 Bottom Row Left to Right: City of Vallejo, Mayor Bob Sampayan; City of Fairfield - Mayor Harry Price (2019 STA Board Chair); City of Suisun City – Mayor Lori Wilson*



\*Flexible positions  
 \*\* Non-Budgeted FY 18-19  
 \*\*\* Limited Term  
 PT - Part Time  
 CSR - Customer Svc. Rep.

# SOLANO TRANSPORTATION AUTHORITY

## GOVERNING BOARD FOR THE YEAR ENDED JUNE 30, 2019

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### The Solano Transportation Authority Board Members



**Harry Price, Chair**  
Mayor, City of Fairfield



**Thom Bogue, Vice-Chair**  
Mayor, City of Dixon



**Lori Wilson**  
Mayor, City of Suisun City



**Elizabeth Patterson**  
Mayor, City of Benicia



**Ron Kott**  
Mayor, City of Rio Vista



**Ron Rowlett**  
Mayor, City of Vacaville



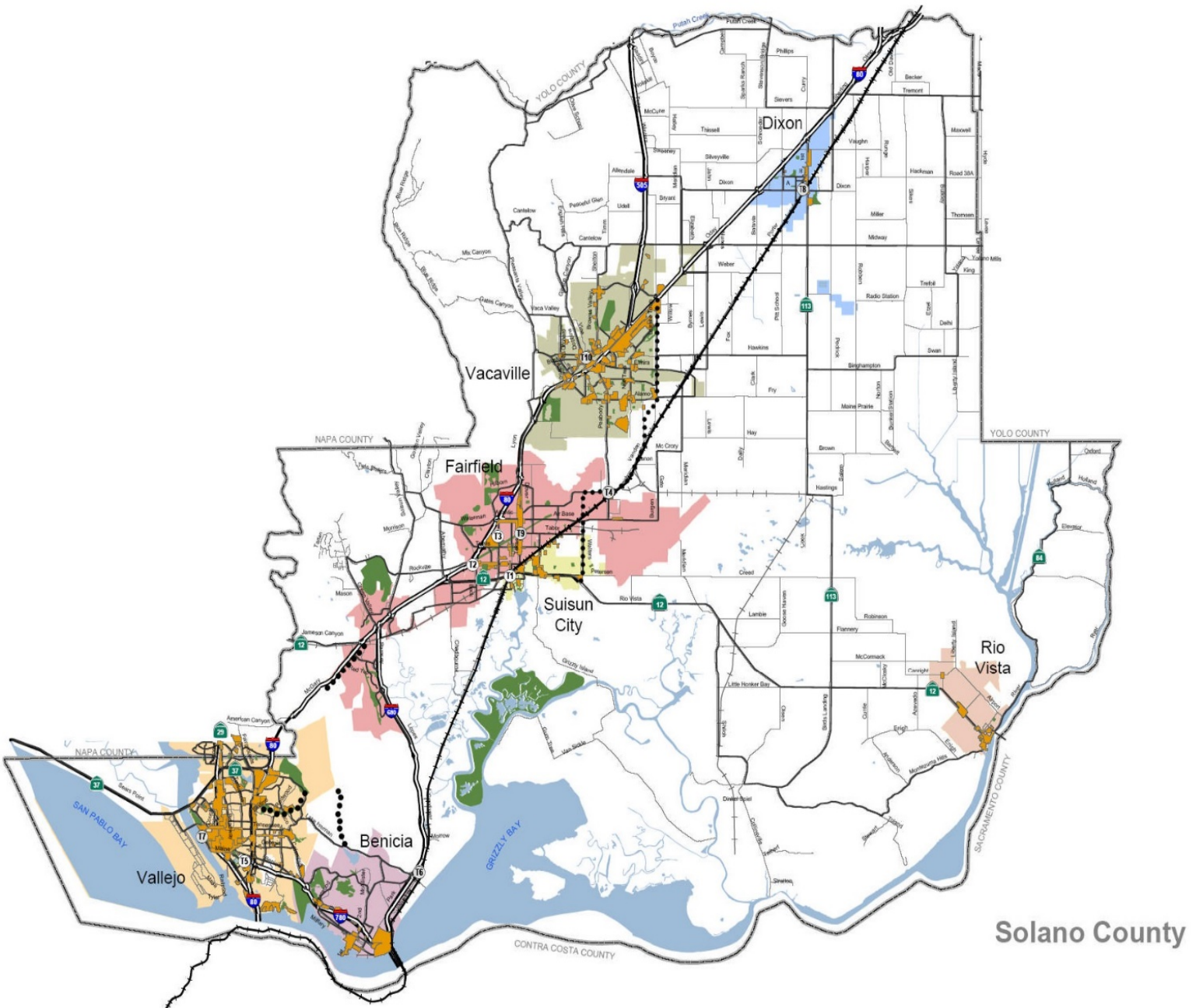
**Bob Sampayan**  
Mayor, City of Vallejo



**Jim Spering**  
Supervisor, District 3 Solano County



# MAP





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***FINANCIAL SECTION***

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## INDEPENDENT AUDITOR'S REPORT

Governing Board  
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, 2019, 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.

## ***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, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund and each major special revenue fund, 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, 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 December 5, 2019 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering of the Authority's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Palo Alto, California  
December 5, 2019

# SOLANO TRANSPORTATION AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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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, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report.

### Financial Highlights

- The assets and deferred outflows of resources of the Authority exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$13,729,821 (net position). Of this amount, \$4,165,210 represents unrestricted net position, which may be used to meet the Authority's ongoing obligations to citizens.
- The Authority's total net position increased by \$2,741,517 because the total revenues exceeded the total expenditures by the amount.
- At the close of the fiscal year, the Authority's combined fund balances had increased to \$13,594,228 in comparison with the prior year amount of \$11,876,440. Approximately \$5,193,213 of this amount is available for spending at the Authority's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance for the general fund was \$5,198,006, or approximately 50.65% of total general fund expenditures.

### Overview of the Financial Statements

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

#### *Government-wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business. *The statement of net position* presents financial information on all of the Authority's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. *The statement of activities* presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods. Both of the government-wide financial statements can be found on pages 11-12 of this report.

# SOLANO TRANSPORTATION AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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### *Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into two categories: governmental funds and fiduciary funds.

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, and the three capital projects funds, which are considered to be major funds. Data from the other six governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

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 starting on page 20 of this report.

# SOLANO TRANSPORTATION AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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### *Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the Authority's budgetary comparison schedules, schedule of the proportionate share of the net pension liability and schedule of pension contributions. Required supplementary information can be found on pages 47-53 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 55-67 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 \$13,729,821 for the fiscal year 2018-2019.

	<u>2019</u>	<u>2018</u>
<b>ASSETS</b>		
Cash and Investments	\$ 15,087,783	\$ 12,948,084
Accounts Receivable	5,128,907	5,778,066
Prepaid Expense	88,205	30,122
Capital Assets	1,251,801	167,264
<b>TOTAL ASSETS</b>	<u>21,556,696</u>	<u>18,923,536</u>
<b>DEFERRED OUTFLOWS</b>	<u>683,848</u>	<u>695,158</u>
<b>LIABILITIES</b>		
Accounts Payable	5,792,417	5,172,988
Accrued Payroll	142,382	113,650
Unearned Revenue	775,868	1,593,194
Compensated Absences	162,745	149,860
Aggregate Net Pension Liability	1,525,467	1,472,638
<b>TOTAL LIABILITIES</b>	<u>8,398,879</u>	<u>8,502,330</u>
<b>DEFERRED INFLOWS</b>	<u>111,844</u>	<u>128,060</u>
<b>NET POSITION</b>		
Invested in Capital Assets	1,251,801	167,264
Total Restricted Net Position	8,312,810	7,181,852
Total Unrestricted Net Position	4,165,210	3,639,188
<b>TOTAL NET POSITION</b>	<u>\$ 13,729,821</u>	<u>\$ 10,988,304</u>



# SOLANO TRANSPORTATION AUTHORITY

## MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2019

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By far the largest portion of the Authority's net position (30.34%) 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 (60.55%) represents resources that are subject to external restrictions on how they may be used.

	<u>2019</u>	<u>2018</u>	<u>Net Change</u>
<b>REVENUES:</b>			
Program Revenues	\$ 13,994,992	\$ 18,095,456	\$ (4,100,464)
General Revenues	188,452	106,963	81,489
TOTAL	<u>14,183,444</u>	<u>18,202,419</u>	<u>(4,018,975)</u>
<b>EXPENSES:</b>			
Special Projects	3,372,450	8,803,758	(5,431,308)
Admin, Mobility Programs, Project and Planning	8,069,477	6,998,376	1,071,101
TOTAL	<u>11,441,927</u>	<u>15,802,134</u>	<u>(4,360,207)</u>
Change in Net Position	2,741,517	2,400,285	341,232
Net Position - Beginning	10,988,304	8,588,019	2,400,285
Net Position - Ending	<u>\$ 13,729,821</u>	<u>\$ 10,988,304</u>	<u>\$ 2,741,517</u>

During the current fiscal year, net position for governmental activities increased \$2,741,517 from the prior fiscal year for an ending balance of \$13,729,821. The reasons for this overall increase are discussed in the following sections.

### 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, 2019, the Authority's governmental funds reported combined fund balances of \$13,594,228, an increase of \$1,717,788 in comparison with the prior year. Approximately 38.20% of this amount (\$5,193,213) constitutes unassigned fund balance, which is available for spending at the Authority's discretion. The remainder of the fund balance is nonspendable (\$88,205) and restricted for particular purposes (\$8,312,810).

The general fund is the chief operating fund of the Authority. At the end of the current fiscal year, the total general fund balance was \$8,228,389. The nonspendable fund balance was \$88,205 representing prepaid items. The restricted fund balance was \$2,942,178 or 35.76% which is restricted for transportation projects and programs. The unassigned fund balance was \$5,198,006 or 63.17% which is available for the Authority's discretion. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures.

# SOLANO TRANSPORTATION AUTHORITY

## MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2019

The fund balance of the Authority’s general fund increased by \$113,099 during the current fiscal year. The increase was due to the fact that the total revenues simply exceeded the total expenditures because of the timing of the expenditures incurred.

The Regional Measure 2 fund, a major fund, had a \$73,515 decrease in fund balance during the current fiscal year which put the overall fund balance at negative \$4,793. This is because the total program revenues were slightly less than the total related expenditures due to timing. Since the Regional Measure 2 revenues are recognized on a reimbursement basis, the revenues typically approximate to the related program expenditures.

The Regional Transportation Impact Fee Program fund (RTIF), a major fund, experienced a \$1,671,952 increase in fund balance during the current fiscal year having a positive fund balance of \$3,460,423. This happened due to the timing of expenditures incurred since the RTIF revenues are not on a reimbursement basis.

### General Fund Budgetary Highlights

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

	Budgeted Amounts		Variance between Original Budget and Final Budget (Negative)	Actual	Variance between Final Budget and Actual (Negative)
	Original	Final			
<b>REVENUES</b>					
Intergovernmental	\$ 7,914,964	\$ 12,445,920	\$ 4,530,956	\$ 9,407,044	\$ (3,038,876)
Interest	-	-	-	156,138	156,138
Other	1,076,224	2,442,520	1,366,296	813,283	(1,629,237)
Total Revenues	<u>8,991,188</u>	<u>14,888,440</u>	<u>5,897,252</u>	<u>10,376,465</u>	<u>(4,511,975)</u>
<b>EXPENDITURES</b>					
Operations and administrative	1,974,934	1,940,455	(34,479)	722,813	1,217,642
Mobility programs	5,002,749	7,142,203	2,139,454	4,725,901	2,416,302
Project development	991,008	4,658,137	3,667,129	1,615,503	3,042,634
Strategic planning	1,022,497	1,147,645	125,148	910,409	237,236
Special projects and programs	-	-	-	1,170,160	(1,170,160)
Capital outlay	-	-	-	1,118,580	(1,118,580)
Total Expenditures	<u>8,991,188</u>	<u>14,888,440</u>	<u>5,897,252</u>	<u>10,263,366</u>	<u>4,625,074</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>113,099</u>	<u>\$ 113,099</u>
Fund balance - beginning				8,115,290	
Fund balance - ending				<u>\$ 8,228,389</u>	

The Authority experienced a significant variance in intergovernmental revenues between the final budget and the actual and related expenditures. Since most of the Authority’s revenues are grant driven, a decline in expenditures would cause the same effect on the revenues and the same effect on budget variances. The expenditure budget variance is due to delays in the start of the programs and projects, such as the Solano Express Marketing, the Solano Intercity Taxi Scrip/Paratransit Program, the Safety Analysis and Data Collection, and the Collisions Data Collection.

# SOLANO TRANSPORTATION AUTHORITY

## MANAGEMENT’S DISCUSSION AND ANALYSIS JUNE 30, 2019

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### Capital Assets and Long-Term Obligations

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.

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

Long-term liabilities are composed of compensated absences, which are the vested interests in vacation leave and sick leave for employees of the Authority. This item changes as employees accumulate vacation and sick leave and when employees enter or leave employment with the Authority. Compensated absences are further defined as the current portion in the amount of \$3,560, estimated to be due within one year, and the long-term portion in the amount of \$159,179. 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 – Pensions and Note 1-F for Compensated Absences.

### CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

	<u>Value as of July 1, 2018</u>	<u>Change in Fiscal Year</u>	<u>Value as of June 30, 2019</u>
<b>CAPITAL ASSETS</b>			
Land	\$ -	\$ 969,134	\$ 969,134
Equipment	167,264	115,403	282,667
Total Capital Assets	<u>\$ 167,264</u>	<u>\$ 1,084,537</u>	<u>\$ 1,251,801</u>
<b>LONG-TERM OBLIGATIONS</b>			
Net pension liability	\$ 1,472,638	\$ 52,829	\$ 1,525,467
Compensated absences	141,651	17,528	159,179
Total Long-Term Liabilities	<u>\$ 1,614,289</u>	<u>\$ 70,357</u>	<u>\$ 1,684,646</u>

### Requests for Information

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

# SOLANO TRANSPORTATION AUTHORITY

## STATEMENT OF NET POSITION JUNE 30, 2019

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 15,087,783
Accounts receivable	5,128,907
Prepaid items	88,205
Depreciable capital assets, net of accumulated depreciation	282,667
Land	969,134
Total Assets	<u>21,556,696</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows from pension activities	<u>683,848</u>
<b>LIABILITIES</b>	
Accounts payable	5,792,417
Accrued payroll	142,382
Unearned revenue	775,868
Compensated absences	
Due within one year	3,566
Due in more than one year	159,179
Aggregate net pension liability	1,525,467
Total Liabilities	<u>8,398,879</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows from pension activities	<u>111,844</u>
<b>NET POSITION</b>	
Investment in capital assets	1,251,801
Restricted for transportation projects and programs	8,312,810
Unrestricted net position	4,165,210
Total Net Position	<u>\$ 13,729,821</u>

The accompanying notes are an integral part of these financial statements.

**SOLANO TRANSPORTATION AUTHORITY**

**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

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	\$ 817,664	\$ 1,945,067	\$ 1,127,403
Mobility programs	4,725,901	5,073,339	347,438
Project development	1,615,503	1,575,105	(40,398)
Strategic planning	910,409	910,409	-
Special projects and programs	3,372,450	4,491,072	1,118,622
Total Governmental Activities	\$ 11,441,927	\$ 13,994,992	2,553,065
General Revenues:			
Interest and investment earnings			188,452
Total General Revenues			188,452
Change in Net Position			2,741,517
Net Position - Beginning			10,988,304
Net Position - Ending			\$ 13,729,821

The accompanying notes are an integral part of these financial statements.

# SOLANO TRANSPORTATION AUTHORITY

## GOVERNMENTAL FUNDS

### BALANCE SHEET

**JUNE 30, 2019**

	General	Regional Measure 2	RTIF Program
<b>ASSETS</b>			
Cash and investments	\$ 10,146,440	\$ -	\$ 2,127,162
Accounts receivable	3,018,724	579,297	1,424,011
Due from other funds	101,728	-	-
Prepaid items	88,205	-	-
Total Assets	<u>\$ 13,355,097</u>	<u>\$ 579,297</u>	<u>\$ 3,551,173</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 4,536,036	\$ 576,717	\$ 85,487
Accrued payroll	131,580	7,373	463
Due to other funds	163	-	4,800
Unearned revenue	458,929	-	-
Total Liabilities	<u>5,126,708</u>	<u>584,090</u>	<u>90,750</u>
<b>FUND BALANCES</b>			
Fund balance			
Nonspendable	88,205	-	-
Restricted for transportation projects and programs	2,942,178	-	3,460,423
Unassigned	5,198,006	(4,793)	-
Total Fund Balances	<u>8,228,389</u>	<u>(4,793)</u>	<u>3,460,423</u>
Total Liabilities and Fund Balances	<u>\$ 13,355,097</u>	<u>\$ 579,297</u>	<u>\$ 3,551,173</u>

The accompanying notes are an integral part of these financial statements.

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Non-major Governmental Funds	Total
\$ 2,814,181	\$ 15,087,783
106,875	5,128,907
-	101,728
-	88,205
<u>\$ 2,921,056</u>	<u>\$ 20,406,623</u>

\$ 589,881	\$ 5,788,121
2,966	142,382
101,061	106,024
316,939	775,868
<u>1,010,847</u>	<u>6,812,395</u>

-	88,205
1,910,209	8,312,810
-	5,193,213
<u>1,910,209</u>	<u>13,594,228</u>
<u>\$ 2,921,056</u>	<u>\$ 20,406,623</u>

# SOLANO TRANSPORTATION AUTHORITY

## RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION JUNE 30, 2019

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Amounts Reported for Governmental Activities in the Statement of Net Position  
are Different Because:

Total fund balances - governmental funds	\$ 13,594,228
Capital assets used in governmental activities are not current assets or financial resources and therefore are not reported in the governmental funds.	1,251,801
Compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds.	(162,745)
Net pension liability and related deferrals are not due and payable in the current period and therefore are not reported in the governmental funds.	<u>(953,463)</u>
Net position of governmental activities	<u><u>\$ 13,729,821</u></u>

The accompanying notes are an integral part of these financial statements.



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**SOLANO TRANSPORTATION AUTHORITY**

**GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2019**

	General	Regional Measure 2	RTIF Program
<b>REVENUES</b>			
Intergovernmental:			
Federal	\$ 2,429,215	\$ -	\$ -
State and local	6,977,829	1,087,624	-
Other	813,283	-	1,932,751
Interest	156,138	-	1,941
Total Revenues	<u>10,376,465</u>	<u>1,087,624</u>	<u>1,934,692</u>
<b>EXPENDITURES</b>			
Current: Congestion management			
Operations and administrative	722,813	-	-
Mobility programs	4,725,901	-	-
Project development	1,615,503	-	-
Strategic planning	910,409	-	-
Special projects and programs	1,170,160	1,161,139	262,740
Capital outlay	1,118,580	-	-
Total Expenditures	<u>10,263,366</u>	<u>1,161,139</u>	<u>262,740</u>
Net change in fund balances	113,099	(73,515)	1,671,952
Fund balances - beginning	8,115,290	68,722	1,788,471
Fund balances - ending	<u>\$ 8,228,389</u>	<u>\$ (4,793)</u>	<u>\$ 3,460,423</u>

The accompanying notes are an integral part of these financial statements.

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Non-major Governmental Funds	Total
\$ -	\$ 2,429,215
754,290	8,819,743
-	2,746,034
30,373	188,452
<u>784,663</u>	<u>14,183,444</u>
-	722,813
-	4,725,901
-	1,615,503
-	910,409
778,411	3,372,450
-	1,118,580
<u>778,411</u>	<u>12,465,656</u>
6,252	1,717,788
1,903,957	11,876,440
<u>\$ 1,910,209</u>	<u>\$ 13,594,228</u>

**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, 2019**

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Amounts Reported for Governmental Activities in the Statement of Activities  
are Different Because of the Following:

Net change in fund balances - total governmental funds	\$ 1,717,788
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.	(47,923)
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.	1,118,580
Depreciation expense is deducted from net change in fund balance.	(34,043)
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.	<u>(12,885)</u>
Change in net position - governmental activities	<u><u>\$ 2,741,517</u></u>

The accompanying notes are an integral part of these financial statements.

**SOLANO TRANSPORTATION AUTHORITY**

**FIDUCIARY FUND  
STATEMENT OF ASSETS AND LIABILITIES  
JUNE 30, 2019**

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	<u>Payroll Agency Fund</u>
<b>ASSETS</b>	
Cash and investments (Note 3)	\$ 136,921
Due from other fund	4,296
Total Assets	<u>\$ 141,217</u>
<b>LIABILITIES</b>	
Due to other agencies	<u>\$ 141,217</u>
Total Liabilities	<u>\$ 141,217</u>

The accompanying notes are an integral part of these financial statements.

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

**JUNE 30, 2019**

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### NOTE 1 – REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

#### A. *Reporting Entity*

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

The Authority is charged with the following duties:

- Develop, adopt, and implement County transportation plans.
- Submit applications and funding claims for transportation-related purposes to local governments, the Metropolitan Transportation Commission, the State of California, the Federal Government, and other entities supporting transportation.
- Execute transportation-related agreements and enter into contracts.
- Adopt policies and programs for all modes of transportation including: transit, paratransit, streets and roads, bicycles, pedestrian facilities, 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.

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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### **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.

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

**JUNE 30, 2019**

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### *Major Funds and Non-major Funds*

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

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

### ***General Fund***

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

### ***Regional Measure 2 Special Revenue Fund***

This Fund is 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 Managed Lanes Projects for the preparation of the environmental document, preliminary engineering, design phase, and construction of these projects. Additionally, this fund is supporting the implementation of mitigation sites required by this project.

### ***Regional Transportation Impact Fee (RTIF) Program Special Revenue Fund***

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

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

### ***TFCA Special Revenue Fund***

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



# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

**JUNE 30, 2019**

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### ***Abandoned Vehicle Abatement Special Revenue Fund***

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

### ***Dixon B Street Undercrossing Special Revenue Fund***

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

### ***I-80 Reliever Route Special Revenue Fund***

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

### ***Jameson Canyon Special Revenue Fund***

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

### ***Vallejo Redwood Parkway Special Revenue Fund***

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

### ***SR 12 Bridge Realignment Special Revenue 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.

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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### 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. The agency fund is used by the Authority to report funds held on behalf of the employees to pay for payroll benefits.

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

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### *E. Capital Assets*

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

### *F. Compensated Absences*

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

The changes in long-term compensated absences during the fiscal year ended June 30, 2019 were as follows:

	Governmental Activities
Beginning Balance	\$ 149,860
Additions	28,006
Deletion	(15,121)
Ending Balance	<u>\$ 162,745</u>
Current Portion	<u>\$ 3,566</u>

### *G. Use of Management Estimates*

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

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

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### *H. Pensions*

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

### *I. 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.

### *J. Net Position*

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

- Net investment in capital assets represent the capitalized cost of capital assets, net of depreciation and the related outstanding debt balances if any.
- Restricted net position 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.

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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### **K. Fund Balances**

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

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash, for example: amounts held for perpetuity and prepaid amounts. The Authority’s nonspendable fund balance represents prepaid items as of year-end.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of resource providers.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by a formal action of the Authority’s highest level of decision-making authority, the governing board. Commitments may be changed or lifted only by the adoption of a Board Resolution. The Authority had no committed fund balances as of year-end.
- *Assigned Fund Balance* – comprises amounts intended to be used by the Authority for specific purposes that are neither restricted nor committed. Intent is expressed by the Authority’s Board of Directors. The Authority had no assigned fund balances as of year-end.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are available for any purpose. In addition, the general fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

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### **L. New Accounting Principles**

#### **Effective This Fiscal Year**

GASB Statement No. 83 – In November 2016, GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital asset should recognize a liability based on the guidance in this Statement. This Statement also requires disclosure of information about the nature of a government’s ARO, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018, or FY 2019. This statement did not have an impact on the Authority’s financial statements.

GASB Statement No. 88 – GASB Statement No. 88 – In April 2018, GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The objective of this Statement is to improve note disclosures related to debt. This Statement requires that all debt disclosures present direct borrowings and direct placements of debt separately from other types of debt. This Statement is effective for reporting periods beginning after June 15, 2018 or FY 2019. This statement did not have an impact on the Authority’s financial statements.

#### **Effective in Future Fiscal Years**

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance related to fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018, or FY 2020. The Authority is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The Statement is effective for the reporting periods beginning after December 15, 2019, or FY 2021. The Authority is evaluating the impact of this Statement on the financial statements.

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

**JUNE 30, 2019**

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GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are to (a) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 or FY 2021. The Authority is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest, an amendment of GASB statement No. 14 and No. 60*. The objective of this Statement is to improve how majority equity interest is reported. The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if a government's holding of the equity interest meets the definition of an investment and for all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 or FY 2020. The Authority is evaluating the impact of this Statement on the financial statements.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020, or FY 2022. The Authority is evaluating the impact of this Statement on the financial statements.

**SOLANO TRANSPORTATION AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

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**NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING**

*Budgeting Procedures*

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

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

**NOTE 3 – CASH AND INVESTMENTS**

*Classification*

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

	Governmental Funds	Payroll Agency Fund	Total
Cash deposits	\$ 2,205,411	\$ -	\$ 2,205,411
City of Vacaville pool	12,882,372	136,921	13,019,293
Total Cash and Investments	\$ 15,087,783	\$ 136,921	\$ 15,224,704



# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

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### *The City of Vacaville Pool*

The City of Vacaville pool is not registered with the Securities Exchange Commission (SEC). This pooled cash is invested by the City's Investment Officer and overseen by the City's Treasurer to enhance interest earnings.

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

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

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

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

**JUNE 30, 2019**

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### *Disclosures Relating to Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates and may adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The City of Vacaville Pool has an average maturity of 388 days as of June 30, 2019.

### *Disclosures Relating to Credit Risks*

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. Credit risk can be measured by the rating of the issuers, assigned by nationally recognized statistical rating organizations. However, the City of Vacaville Pool is unrated as of June 30, 2019.

### *Custodial Credit Risk*

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The California Government Code and the Authority's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

As of June 30, 2019, the Authority's deposits are with the Bank of the West. The total amount deposited with Bank of the West is \$2,205,310. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining balance was collateralized by the pledging financial institutions as required by Section 53652 of the California Government Code described above.

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

**JUNE 30, 2019**

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### *Fair Value Measurements*

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

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

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

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

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

Deposits and withdrawals in the City of Vacaville Pool are made on the basis of \$1 and not fair value. Accordingly, the Authority's proportionate share of investments in those funds at June 30, 2019 and June 30, 2018 is an uncategorized input not defined as a Level 1, Level 2, or Level 3 input.

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

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### NOTE 4 – CAPITAL ASSETS

All capital assets are valued at historical cost less accumulated depreciation or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation plus ancillary charges, if any.

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 was allocated to the Authority’s congestion management expense on the statement of activities.

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

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

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, 2019:

	Balance at July 1, 2018	Additions	Deletions	Balance at June 30, 2019
Nondepreciable capital assets				
Land	\$ -	\$ 969,134	\$ -	\$ 969,134
Depreciable capital assets				
Equipment	422,486	149,446	12,438	559,494
Accumulated depreciation:				
Equipment	(255,222)	(34,043)	(12,438)	(276,827)
Depreciable capital assets, net of accumulated depreciation	167,264	115,403	-	282,667
Total capital assets	\$ 167,264	\$ 1,084,537	\$ -	\$ 1,251,801

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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### NOTE 5 – PENSION PLANS

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

	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalPERS	\$ 1,363,678	\$ 570,634	\$ 84,068	\$ 289,266
PARS	161,789	113,214	27,776	56,162
Total	<u>\$ 1,525,467</u>	<u>\$ 683,848</u>	<u>\$ 111,844</u>	<u>\$ 345,428</u>

#### **California Public Employees’ Retirement System (CalPERS)**

##### **General Information about the Pension Plan**

###### ***Plan Description***

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

###### ***Benefits Provided***

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

**SOLANO TRANSPORTATION AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

The Plan provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	52 - 67
Monthly benefits, as a percent of eligible compensation	2.0% to 2.5%	1.0% to 2.5%
Required employee contribution rates	6.90%	6.25%
Required employer contribution rates*	8.89%	6.84%

\*Excluding an additional UAL payment in the amount of \$86,776.

***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, 2019, the Authority’s contributions were \$239,443.

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

As of June 30, 2019, the Authority reported net pension liability for its proportionate shares of the net pension liability in the amount of \$1,363,678.

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, 2018, 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, 2017 rolled forward to June 30, 2018 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, 2018 and 2019 was as follows:

	Miscellaneous CalPERS	
	Net Pension Liability	Proportionate Share
Proportion - June 30, 2018	\$ 1,420,942	0.036046%
Proportion - June 30, 2019	1,363,678	0.036184%
Change - Increase (Decrease)	\$ (57,264)	0.000138%

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

For the year ended June 30, 2019, the Authority recognized pension expense in the amount of \$289,266 for the Miscellaneous CalPERS plan. On June 30, 2019, 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	\$ 239,443	\$ -
Contributions in excess of proportionate share	-	27,492
Changes in assumptions	155,463	38,101
Difference in expected and actual experience	52,322	17,805
Adjustment due to differences in proportions	116,664	670
Net differences between projected and actual earnings on plan investments	6,742	-
Total	<u>\$ 570,634</u>	<u>\$ 84,068</u>

Reported as deferred outflows of resources related to contributions subsequent to the measurement date is \$239,443, which will be recognized as a component of pension expense in the year ended June 30, 2020. 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
2020	\$ 171,502
2021	114,668
2022	(26,782)
2023	(12,265)
	<u>\$ 247,123</u>

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

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### *Actuarial Assumptions*

The total pension liabilities in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions for the Miscellaneous CalPERS plan:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3.00%
Projected Salary Increase	Varies by Entry-Age and Service
Investment Rate of Return	7.15% (1)
Mortality	(2)

(1) Net of pension plan investment and administrative expenses, includes inflation.

(2) The probabilities of mortality are based on the CalPERS 2014 experience study for the period from 1997 to 2011 including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website.

### *Discount Rate*

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

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



**SOLANO TRANSPORTATION AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS  
JUNE 30, 2019**

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

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

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

(1) In the Basic Financial Statements, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-Term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

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

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

**SOLANO TRANSPORTATION AUTHORITY**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2019**

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

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

	1% Decrease	Current Discount Rate	1% Increase
	6.15%	7.15%	8.15%
Net Pension Liability - CalPERS	\$ 2,348,417	\$ 1,363,678	\$ 550,791

*Pension Plan Fiduciary Net Position*

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

**Public Agency Retirement System Pension Plan (PARS)**

**General Information about the Pension Plan**

*Plan Description*

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

*Benefits Provided*

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

The Plan provisions and benefits in effect at June 30, 2019, are summarized as follows:

Hire date	On or before December 31, 2012
Benefit formula	2.7% 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	3.95%

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

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**Employees Covered** – In conformance with the Public Employees' Pension Reform Act of 2013 (PEPRA) effective January 1, 2013, the PARS plan is closed to new hires. At the June 30, 2018 valuation date, employees that were covered by the benefit terms were 6 retired and 7 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, 2019, the Authority's contributions were \$58,062.

### **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, 2019, using an annual actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 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, 2018 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions	
Discount Rate	6.50%
Inflation	2.50%
Projected Salary Increase	Graded up to 3.40% after 22 years of service.
Investment Rate of Return	7.00%
Mortality	Consistent with Non-Industrial rates used to value Miscellaneous Agency CalPERS Pension Plans.
Post Retirement Benefit Increase	Contract COLA of 2.00%

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

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### *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+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	Target Allocation	Long-Term Expected Arithmetic Real Rate of Return	Long-Term Expected Geometric Real Rate of Return
US Cash	2.98%	0.71%	0.71%
US Core Fixed Income	36.22%	1.83%	1.73%
US Equity Market	46.14%	4.71%	3.52%
Foreign Developed Equities	6.78%	6.06%	4.55%
Emerging Market Equities	5.16%	8.23%	5.43%
US REITs	2.72%	5.05%	3.42%
Total	100%		

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS JUNE 30, 2019

*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
<b>Balance at June 30, 2018</b>	\$ 886,193	\$ 834,497	\$ 51,696
<b>Changes in the year:</b>			
Service cost	37,214	-	37,214
Interest on the total pension liability	58,928	-	58,928
Effect of economic/demographic gains or losses	100,957	-	100,957
Changes in assumptions	33,095	-	33,095
Contribution - employer	-	58,062	(58,062)
Contribution - employee	-	16,741	(16,741)
Net investment income	-	52,130	(52,130)
Administrative expenses	-	(6,832)	6,832
Benefit payments	(34,213)	(34,213)	-
<b>Net changes</b>	<u>195,981</u>	<u>85,888</u>	<u>110,093</u>
<b>Balance at June 30, 2019</b>	<u>\$ 1,082,174</u>	<u>\$ 920,385</u>	<u>\$ 161,789</u>

### *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:

	Current		
	1% Decrease 5.50%	Discount Rate 6.50%	1% Increase 7.50%
Net Pension Liability - PARS	\$ 314,826	\$ 161,789	\$ 34,449

### *Pension Plan Fiduciary Net Position*

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

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

**JUNE 30, 2019**

For the year ended June 30, 2019, the Authority recognized pension expense in the amount of \$56,162 for the PARS plan. On June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference in expected and actual experience	\$ 79,010	\$ 27,776
Changes in assumptions	25,900	-
Net differences between projected and actual earnings on plan investments	8,304	-
Total	<u>\$ 113,214</u>	<u>\$ 27,776</u>

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

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2020	\$ 25,623
2021	20,289
2022	23,818
2023	15,708
	<u>\$ 85,438</u>

### NOTE 6 – 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 \$25,000,000. The Authority has a self-insured retention of \$100,000 per claim. Once the Authority’s self-insured retention for claims is met, 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 7 – 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.

# SOLANO TRANSPORTATION AUTHORITY

## NOTES TO BASIC FINANCIAL STATEMENTS

**JUNE 30, 2019**

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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, 2019, the Authority had outstanding commitments approximating \$4,780,059.

On June 1, 2006, the Authority entered into a 5-year lease agreement with The Wiseman Company LLC, to lease their office space located at One Harbor Center commencing January 1, 2007. In November 2013, amendment was signed for additional expansion space. In September 2017, amendment to extend the lease through December 2020. The lease is estimated at a total amount of \$735,753 payable over a three-year period, annually increasing by 2%. The monthly rate for the total rentable space is \$20,006 per month which increases \$.05 per month per rentable square foot, beginning January 2018. The Authority has the ability to cancel the lease at any time prior to the lease expiration on December 31, 2021.

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

### NOTE 8 – PAYROLL AND BENEFITS

In fiscal 2018-2019 the Authority expended these amounts on payroll and related benefits:

Description	Operation and Administration	Programs	Project Development	Strategic Planning	Special Project	Total
Salaries-full-time	\$ 769,874	\$ 594,472	\$ 133,816	\$ 257,040	\$ 232,262	\$ 1,987,464
Salaries-non full-time	11,800	183,566	-	-	-	195,366
Total salaries	781,674	778,038	133,816	257,040	232,262	2,182,830
Employee benefits	325,883	226,478	42,347	115,210	76,277	786,195
Total payroll cost	<u>\$ 1,107,557</u>	<u>\$ 1,004,516</u>	<u>\$ 176,163</u>	<u>\$ 372,250</u>	<u>\$ 308,539</u>	<u>\$ 2,969,025</u>

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***REQUIRED SUPPLEMENTARY INFORMATION***

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## SOLANO TRANSPORTATION AUTHORITY

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the collective net pension liability	0.0362%	0.0360%	0.0342%	0.0326%	0.0358%
Proportionate share of the collective net pension liability	\$ 1,363,678	\$ 1,420,942	\$ 1,189,190	\$ 894,778	\$ 884,393
Covered - payroll	\$ 1,962,483	\$ 1,933,188	\$ 1,873,891	\$ 1,599,963	\$ 1,528,122
Net pension liability as a percentage of covered payroll of covered payroll	69.49%	73.50%	63.46%	55.92%	57.87%
Plan fiduciary net position as a percentage of the total pension liability	75.26%	73.31%	74.06%	78.40%	81.01%
Measurement date	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014

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

# SOLANO TRANSPORTATION AUTHORITY

## COST SHARING RETIREMENT PLAN - CalPERS SCHEDULE OF CONTRIBUTIONS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Actuarially determined contribution	\$ 239,443	\$ 219,656	\$ 153,544	\$ 142,541	\$ 185,159
Contributions in relation to the actuarially determined contribution	<u>(239,443)</u>	<u>(219,656)</u>	<u>(153,544)</u>	<u>(142,541)</u>	<u>(185,159)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - payroll	\$ 1,987,077	\$ 1,962,483	\$ 1,933,188	\$ 1,873,891	\$ 1,599,963
Contributions as a percentage of covered-payroll	12.05%	11.19%	7.94%	7.61%	11.57%

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

# SOLANO TRANSPORTATION AUTHORITY

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

Measurement Date	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
<b>Total Pension Liability</b>					
Service Cost	\$ 37,214	\$ 52,339	\$ 50,815	\$ 52,108	\$ 50,590
Interest on total pension liability	58,928	58,371	51,694	48,667	42,458
Effect of economic/demographic gains or losses	100,957	-	(52,286)	-	-
Changes in assumptions	-	-	-	-	-
Changes in benefits	33,095	-	-	-	-
Benefit payments, including refunds of employee contributions	(34,213)	(11,868)	(5,595)	(2,341)	(9,267)
<b>Net change in total pension liability</b>	<u>195,981</u>	<u>98,842</u>	<u>44,628</u>	<u>98,434</u>	<u>83,781</u>
<b>Total pension liability - beginning</b>	<u>886,193</u>	<u>787,351</u>	<u>742,723</u>	<u>644,289</u>	<u>560,508</u>
<b>Total pension liability - ending (a)</b>	<u>\$ 1,082,174</u>	<u>\$ 886,193</u>	<u>\$ 787,351</u>	<u>\$ 742,723</u>	<u>\$ 644,289</u>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 58,062	\$ 74,948	\$ 83,219	\$ 82,795	\$ 79,307
Contributions - employee	16,741	23,734	24,722	24,578	23,923
Net investment income	52,130	45,496	59,388	7,486	7,413
Administrative expenses	(6,832)	(3,966)	(3,145)	(2,393)	-
Benefit payments	(34,213)	(11,868)	(5,595)	(2,341)	(11,361)
<b>Net change in plan fiduciary net position</b>	<u>85,888</u>	<u>128,344</u>	<u>158,589</u>	<u>110,125</u>	<u>99,282</u>
<b>Plan fiduciary net position - beginning</b>	<u>834,497</u>	<u>706,153</u>	<u>547,564</u>	<u>437,439</u>	<u>338,157</u>
<b>Plan fiduciary net position - ending (b)</b>	<u>\$ 920,385</u>	<u>\$ 834,497</u>	<u>\$ 706,153</u>	<u>\$ 547,564</u>	<u>\$ 437,439</u>
Net pension liability - ending (a)-(b)	<u>\$ 161,789</u>	<u>\$ 51,696</u>	<u>\$ 81,198</u>	<u>\$ 195,159</u>	<u>\$ 206,850</u>
Plan fiduciary net position as a percentage of the total pension liability	85.05%	94.17%	89.69%	73.72%	67.89%
Covered payroll	\$ 939,785	\$ 1,156,080	\$ 1,265,743	\$ 1,272,766	\$ 1,235,695
Net pension liability as percentage of covered payroll	17.22%	4.47%	6.42%	15.33%	16.74%

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

# SOLANO TRANSPORTATION AUTHORITY

## PARS SCHEDULE OF EMPLOYER PENSION CONTRIBUTIONS

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

Note to schedule: Fiscal year 2015 was the first year of implementation of pension reporting standards, therefore, only five 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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Federal	\$2,401,282	\$2,498,278	\$ 2,429,215	\$ (69,063)
State and local	5,513,682	9,947,642	6,977,829	(2,969,813)
Other	1,076,224	2,442,520	813,283	(1,629,237)
Interest	-	-	156,138	156,138
Total Revenues	<u>8,991,188</u>	<u>14,888,440</u>	<u>10,376,465</u>	<u>(4,511,975)</u>
<b>EXPENDITURES</b>				
Current: Congestion management				
Operations and administrative	1,974,934	1,940,455	722,813	1,217,642
Mobility programs	5,002,749	7,142,203	4,725,901	2,416,302
Project development	991,008	4,658,137	1,615,503	3,042,634
Strategic planning	1,022,497	1,147,645	910,409	237,236
Special projects and programs	-	-	1,170,160	(1,170,160)
Capital outlay	-	-	1,118,580	(1,118,580)
Total Expenditures	<u>8,991,188</u>	<u>14,888,440</u>	<u>10,263,366</u>	<u>5,743,654</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	113,099	<u>\$ 1,231,679</u>
Fund balances - beginning			8,115,290	
Fund balances - ending			<u>\$ 8,228,389</u>	

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

**SOLANO TRANSPORTATION AUTHORITY**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 REGIONAL MEASURE 2 FUND  
 FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Regional Measure 2	\$ 2,319,061	\$ 3,852,980	\$ 1,087,624	\$ (2,765,356)
Total Revenues	<u>2,319,061</u>	<u>3,852,980</u>	<u>1,087,624</u>	<u>(2,765,356)</u>
EXPENDITURES				
Regional Measure 2	<u>2,319,061</u>	<u>3,852,980</u>	<u>1,161,139</u>	<u>2,691,841</u>
Total Expenditures	<u>2,319,061</u>	<u>3,852,980</u>	<u>1,161,139</u>	<u>2,691,841</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(73,515)</u>	<u>\$ (73,515)</u>
Fund balance - beginning			68,722	
Fund balance - ending			<u>\$ (4,793)</u>	

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

**SOLANO TRANSPORTATION AUTHORITY**

**SCHEDULE OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 REGIONAL TRANSPORTATION IMPACT FEE PROGRAM FUND  
 FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
RTIF	\$ 870,516	\$ 870,516	\$ 1,932,751	\$ 1,062,235
Interest	-	-	1,941	1,941
Total Revenues	<u>870,516</u>	<u>870,516</u>	<u>1,934,692</u>	<u>1,064,176</u>
EXPENDITURES				
RTIF	<u>870,516</u>	<u>870,516</u>	<u>262,740</u>	<u>607,776</u>
Total Expenditures	<u>870,516</u>	<u>870,516</u>	<u>262,740</u>	<u>607,776</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>1,671,952</u>	<u>\$ 1,671,952</u>
Fund balance - beginning			<u>1,788,471</u>	
Fund balance - ending			<u>\$ 3,460,423</u>	

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



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***SUPPLEMENTARY INFORMATION***

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**SOLANO TRANSPORTATION AUTHORITY**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
JUNE 30, 2019**

	Special Revenue Funds			
	TFCA	Abandoned Vehicle Abatement	Dixon B Street Undercrossing	I-80 Reliever Route
<b>ASSETS</b>				
Cash and investments	\$ 659,432	\$ 127,018	\$ 13,412	\$ 1,224,870
Accounts receivable	-	106,875	-	-
Total Assets	<u>\$ 659,432</u>	<u>\$ 233,893</u>	<u>\$ 13,412</u>	<u>\$ 1,224,870</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 206,150	\$ -	\$ 383,731
Accrued payroll	817	-	-	2,149
Unearned revenue	-	-	8,562	286,640
Due to other funds	101,061	-	-	-
Total Liabilities	<u>101,878</u>	<u>206,150</u>	<u>8,562</u>	<u>672,520</u>
<b>FUND BALANCES</b>				
Fund balance:				
Restricted for transportation projects and programs	557,554	27,743	4,850	552,350
Total Fund Balances	<u>557,554</u>	<u>27,743</u>	<u>4,850</u>	<u>552,350</u>
Total Liabilities and Fund Balances	<u>\$ 659,432</u>	<u>\$ 233,893</u>	<u>\$ 13,412</u>	<u>\$ 1,224,870</u>

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Special Revenue Funds			Total Non-major Governmental Funds
Jameson Canyon Project	Vallejo Redwood Parkway	SR 12 Bridge Realignment	
\$ 28,929	\$ 758,632	\$ 1,888	\$ 2,814,181
-	-	-	106,875
<u>\$ 28,929</u>	<u>\$ 758,632</u>	<u>\$ 1,888</u>	<u>\$ 2,921,056</u>
\$ -	\$ -	\$ -	\$ 589,881
-	-	-	2,966
21,737	-	-	316,939
-	-	-	101,061
<u>21,737</u>	<u>-</u>	<u>-</u>	<u>1,010,847</u>
7,192	758,632	1,888	1,910,209
7,192	758,632	1,888	1,910,209
<u>\$ 28,929</u>	<u>\$ 758,632</u>	<u>\$ 1,888</u>	<u>\$ 2,921,056</u>

**SOLANO TRANSPORTATION AUTHORITY**

**NON-MAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES – NON-MAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	Special Revenue Funds			
	TFCA	Abandoned Vehicle Abatement	Dixon B Street Undercrossing	I-80 Reliever Route
<b>REVENUES</b>				
Intergovernmental:				
DMV/AVA	\$ -	\$ 408,352	\$ -	\$ -
TFCA	345,938	-	-	-
Interest	9,256	-	209	8,586
Total Revenues	<u>355,194</u>	<u>408,352</u>	<u>209</u>	<u>8,586</u>
<b>EXPENDITURES</b>				
Special projects and programs	333,737	386,998	-	57,676
Total Expenditures	<u>333,737</u>	<u>386,998</u>	<u>-</u>	<u>57,676</u>
Net change in fund balances	21,457	21,354	209	(49,090)
Fund balances - beginning	536,097	6,389	4,641	601,440
Fund balances - ending	<u>\$ 557,554</u>	<u>\$ 27,743</u>	<u>\$ 4,850</u>	<u>\$ 552,350</u>

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Special Revenue Funds			Total Non-major Governmental Funds
Jameson Canyon Project	Vallejo Redwood Parkway	SR 12 Bridge Realignment	
\$ -	\$ -	\$ -	\$ 408,352
-	-	-	345,938
451	11,842	29	30,373
451	11,842	29	784,663
-	-	-	778,411
-	-	-	778,411
451	11,842	29	6,252
6,741	746,790	1,859	1,903,957
\$ 7,192	\$ 758,632	\$ 1,888	\$ 1,910,209

# SOLANO TRANSPORTATION AUTHORITY

## AGENCY FUND STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE YEAR ENDED JUNE 30, 2019

<u>Payroll Agency Fund</u>	<u>Balance July 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2019</u>
Assets				
Cash and investments	\$ 134,720	\$ 2,201	\$ -	\$ 136,921
Accounts receivables	-	4,296	-	4,296
Prepaid and other items	1,554	-	1,554	-
Total assets	<u>\$ 136,274</u>	<u>\$ 6,497</u>	<u>\$ 1,554</u>	<u>\$ 141,217</u>
Liabilities				
Due to other agencies	\$ 136,274	\$ 6,497	\$ 1,554	\$ 141,217
Total liabilities	<u>\$ 136,274</u>	<u>\$ 6,497</u>	<u>\$ 1,554</u>	<u>\$ 141,217</u>

**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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 8,586	\$ 8,586
Other local grants	168,569	168,569	-	(168,569)
Total Revenues	<u>168,569</u>	<u>168,569</u>	<u>8,586</u>	<u>(159,983)</u>
EXPENDITURES				
Special projects and programs	<u>168,569</u>	<u>168,569</u>	<u>57,676</u>	<u>110,893</u>
Total Expenditures	<u>168,569</u>	<u>168,569</u>	<u>57,676</u>	<u>110,893</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(49,090)</u>	<u>\$ (49,090)</u>
Fund balance - beginning			<u>601,440</u>	
Fund balance - ending			<u>\$ 552,350</u>	

**SOLANO TRANSPORTATION AUTHORITY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL FOR TFCA FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
TFCA	\$362,612	\$362,612	\$ 345,938	\$ (16,674)
Interest	-	-	9,256	9,256
Total Revenues	<u>362,612</u>	<u>362,612</u>	<u>355,194</u>	<u>(7,418)</u>
EXPENDITURES				
Special projects and programs	<u>362,612</u>	<u>362,612</u>	<u>333,737</u>	<u>28,875</u>
Total Expenditures	<u>362,612</u>	<u>362,612</u>	<u>333,737</u>	<u>28,875</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>21,457</u>	<u>\$ 21,457</u>
Fund balance - beginning			<u>536,097</u>	
Fund balance - ending			<u>\$ 557,554</u>	



**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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
DMV/AVA	\$350,000	\$400,000	\$ 408,352	\$ 8,352
Total Revenues	<u>350,000</u>	<u>400,000</u>	<u>408,352</u>	<u>8,352</u>
EXPENDITURES				
Special projects and programs	<u>350,000</u>	<u>400,000</u>	<u>386,998</u>	<u>13,002</u>
Total Expenditures	<u>350,000</u>	<u>400,000</u>	<u>386,998</u>	<u>13,002</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>21,354</u>	<u>\$ 21,354</u>
Fund balance - beginning			<u>6,389</u>	
Fund balance - ending			<u>\$ 27,743</u>	

**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, 2019**

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 209	\$ 209
Net change in fund balance	\$ -	\$ -	209	(209)
Fund balance - beginning			4,641	
Fund balance - ending			\$ 4,850	

**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, 2019**

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	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 451	\$ 451
Net change in fund balance	\$ -	\$ -	451	\$ 451
Fund balance - beginning			6,741	
Fund balance - ending			\$ 7,192	

**SOLANO TRANSPORTATION AUTHORITY**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES – BUDGET AND ACTUAL FOR VALLEJO REDWOOD  
PARKWAY PROJECT FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Federal	\$ 250,000	\$ 250,000	\$ -	\$ (250,000)
State and local	750,000	750,000	-	(750,000)
Interest	-	-	11,842	11,842
Net change in fund balance	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	11,842	<u>\$ (988,158)</u>
Fund balance - beginning			746,790	
Fund balance - ending			<u>\$ 758,632</u>	

**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, 2019**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Interest	\$ -	\$ -	\$ 29	\$ 29
Net change in fund balance	\$ -	\$ -	29	\$ 29
Fund balance - beginning			1,859	
Fund balance - ending			\$ 1,888	

**SOLANO TRANSPORTATION AUTHORITY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2019**

Program Name	Pass-Through Identification or Grant Number	CFDA	Program Expenditures
U.S. Department of Transportation, Highway Planning and Construction Grants/Cluster: Passed through Metropolitan Transportation Commission: One Bay Area Grant (OBAG)/STP Passed through Metropolitan Transportation Commission (MTC)	6084(206)	20.205	\$ 1,167,606
Passed through California Department of Transportation: (CMAQ) Countywide Safe Route to School	CML-6249(036)	20.205	456,147
(CMAQ) Mobility Service Program	CML-6249(046)	20.205	138,069
SR2S - Active Transportation Program (ATP) Cycle 2	ATPL-6249(044)	20.205	185,660
Total Highway Planning and Construction Grants/Cluster			1,947,482
Transit Service Program: Passed through California Department of Transportation: Enhanced Mobility of Seniors and Individuals with Disabilities Program	64AM18-00675	20.513	274,248
Enhanced Mobility of Seniors and Individuals with Disabilities Program	64AM16-00072	20.513	35,357
Total Transit Services Program Grants			309,605
Highway Safety Cluster: Passed through California Office of Traffic Safety State and Community Highway Safety - Pedestrian and Bicycle Safety Program	PS 18031	20.600	65,584
State and Community Highway Safety - Pedestrian and Bicycle Safety Program	PS 10921	20.600	45,789
National Priority Safety Programs - State Traffic Safety Information System Improvements	TR 18008	20.616	60,755
Total Highway Safety Cluster			172,128
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 2,429,215</b>

See accompanying note to schedule of expenditures of federal awards.

# SOLANO TRANSPORTATION AUTHORITY

## NOTE TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2019

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### 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.

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*STATISTICAL SECTION*

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## 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.

<b>Contents</b>	<b>Page</b>
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	71-74
<i>Revenue Capacity</i> The Authority has no own-source of revenue since the revenues are mainly intergovernmental based on project needs.	
<i>Debt Capacity</i> The Authority has no debt and therefore this section is not applicable.	
<i>Demographic and Economic Information</i> The reader understand the environment within which the government's financial activities take place.	75-76
<i>Operating Information</i> These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	77-78

# SOLANO TRANSPORTATION AUTHORITY

## FINANCIAL TREND – NET POSITION BY COMPONENT

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	Fiscal Years Ending June 30,				
	2019	2018	2017	2016	2015
Governmental Activities:					
Investment in capital assets	\$ 1,251,801	\$ 167,264	\$ 172,025	\$ 170,463	\$ 187,233
Restricted for transportation projects and programs	8,312,810	7,181,852	5,600,430	1,792,753	4,046,401
Unrestricted	4,165,210	3,639,188	2,815,564	2,293,245	(189,358)
Total Governmental Activities Net Position	<u>\$ 13,729,821</u>	<u>\$ 10,988,304</u>	<u>\$ 8,588,019</u>	<u>\$ 4,256,461</u>	<u>\$ 4,044,276</u>

Note: Since this is the fourth 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

EXPENSES	Fiscal Years Ending June 30,				
	2019	2018	2017	2016	2015
Governmental activities:					
Congestion management					
Operations and administrative	\$ 817,664	\$ 1,843,651	\$ 1,513,510	\$ 1,493,771	\$ 1,552,133
Mobility programs	4,725,901	3,053,976	2,699,893	3,127,188	2,630,308
Project development	1,615,503	1,520,601	491,941	814,946	951,477
Strategic projects and programs	910,409	580,148	1,092,197	1,286,237	1,101,478
Special projects and programs	3,372,450	8,803,758	16,712,752	18,170,618	23,129,160
<b>Total Expenses</b>	<b>11,441,927</b>	<b>15,802,134</b>	<b>22,510,293</b>	<b>24,892,760</b>	<b>29,364,556</b>
<b>REVENUES</b>					
Program revenues:					
Operations and administrative	1,945,067	2,707,716	4,189,571	2,095,647	3,189,457
Mobility programs	5,073,339	3,053,976	2,815,875	3,018,185	2,731,442
Project development	1,575,105	1,520,601	921,675	868,369	994,990
Strategic projects and programs	910,409	580,148	1,092,197	1,250,721	1,246,161
Special projects and programs	4,491,072	10,233,015	17,769,717	17,844,800	23,493,793
General revenues:					
Interest and investment earnings	188,452	106,963	52,816	27,223	10,299
<b>Total Revenues</b>	<b>14,183,444</b>	<b>18,202,419</b>	<b>26,841,851</b>	<b>25,104,945</b>	<b>31,666,142</b>
Governmental Activities Change in Net Position	<b>\$ 2,741,517</b>	<b>\$ 2,400,285</b>	<b>\$ 4,331,558</b>	<b>\$ 212,185</b>	<b>\$ 2,301,586</b>

Note: Since this is the fourth 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,				
	2019	2018	2017	2016	2015
General Fund					
Nonspendable	\$ 88,205	\$ 30,122	\$ 38,137	\$ -	\$ -
Restricted	2,942,178	3,420,702	2,719,914	-	2,431,120
Unassigned	5,198,006	4,664,466	4,294,129	3,954,485	1,137,973
Total General Fund	<u>8,228,389</u>	<u>8,115,290</u>	<u>7,052,180</u>	<u>3,954,485</u>	<u>3,569,093</u>
All Other Governmental Funds					
Restricted	5,370,632	3,761,150	1,792,753	1,792,753	1,615,281
Unassigned	(4,793)	-	(503,261)	(503,261)	-
Total All Other Governmental Funds	<u>\$ 5,365,839</u>	<u>\$ 3,761,150</u>	<u>\$ 1,289,492</u>	<u>\$ 1,289,492</u>	<u>\$ 1,615,281</u>

Note: Since this is the fourth 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 FUND BALANCES, GOVERNMENTAL FUNDS

	Fiscal Years Ending June 30,				
	2019	2018	2017	2016	2015
<b>REVENUES</b>					
Intergovernmental	\$ 11,248,958	\$ 15,425,332	\$ 23,202,988	\$ 22,805,814	\$ 29,008,084
Interest	188,452	106,963	52,816	27,223	10,299
Other income	2,746,034	2,670,124	3,586,047	2,271,908	2,647,759
<b>Total Revenues</b>	<b>14,183,444</b>	<b>18,202,419</b>	<b>26,841,851</b>	<b>25,104,945</b>	<b>31,666,142</b>
<b>EXPENDITURES</b>					
Congestion management:					
Operations and administrative	722,813	1,772,283	1,631,808	1,636,870	1,534,722
Mobility programs	4,725,901	3,053,976	2,699,893	3,127,188	2,630,308
Project development	1,615,503	1,520,601	491,941	814,946	951,477
Strategic planning	910,409	580,148	1,092,197	1,286,237	1,101,478
Special projects and programs	3,372,450	8,803,758	16,712,752	18,170,618	23,129,160
Capital outlay	1,118,580	24,722	27,728	9,483	90,877
<b>Total Expenditures</b>	<b>12,465,656</b>	<b>15,755,488</b>	<b>22,656,319</b>	<b>25,045,342</b>	<b>29,438,022</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ 1,717,788</b>	<b>\$ 2,446,931</b>	<b>\$ 4,185,532</b>	<b>\$ 59,603</b>	<b>\$ 2,228,120</b>

Note: Since this is the fourth 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

## DEMOGRAPHIC AND ECONOMIC INFORMATION – STATISTICS LAST TEN FISCAL YEARS

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<b>Year<sup>(1)</sup></b>	<b>Population</b>	<b>Personal Income</b>	<b>Per Capita Personal Income</b>	<b>Unemployment Rate</b>
2018	439,793	\$ 21,395,947,591	\$ 48,650	4.2%
2017	436,023	20,749,942,201	47,589	4.6%
2016	431,498	19,778,909,530	45,838	6.0%
2015	429,552	19,223,389,084	44,752	5.9%
2014	425,169	18,631,142,897	42,073	8.1%
2013	418,387	18,057,143,000	42,509	8.9%
2012	413,786	17,820,859,000	43,068	11.1%
2011	413,635	16,560,042,000	40,035	12.3%
2010	413,220	15,709,725,000	38,018	12.2%
2009	412,488	15,866,085,000	38,464	11.3%

(1) Calendar year.

Source: County of Solano 2018 CAFR, the most recent information available

**SOLANO TRANSPORTATION AUTHORITY**

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

Employer	June 30, 2018			June 30, 2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Travis AFB	14,353	1	7.23%			
Kaiser Permanente - Vallejo	3,181	2	1.60%	3,262	1	1.52%
County of Solano	3,029	3	1.53%	2,869	2	
NorthBay Healthcare System	2,650	4	1.34%	1,480	4	0.69%
Six Flags Discovery Kingdom	2,460	5	1.24%	1,500	3	0.70%
Fairfield-Suisun Unified School District	2,329	6	1.17%			
Kaiser Permanente - Vacaville	2,091	7	1.05%			
Vallejo City Unified School District	1,432	8	0.72%			
Vacaville Unified School District	1,352	9	0.68%			
California State Prison Solano	1,221	10	0.62%			
Genetech Inc.				950	5	0.44%
Wal-Mart				890	6	0.41%
Sutter Solano Medical Center				674	7	0.31%
City of Vacaville				619	8	0.29%
City of Fairfield				608	9	0.28%
Alza Corporation				600	10	0.28%
<b>Totals</b>	<b>34,098</b>		<b>17.18%</b>	<b>13,452</b>		<b>4.92%</b>

Source: County of Solano 2018 CAFR, the most recent information available



# SOLANO TRANSPORTATION AUTHORITY

## OPERATING INFORMATION – FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION

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Function	Fiscal Year Ending June 30,				
	2019	2018	2017	2016	2015
Executive	1	1	1	1	1
Administration	3	3	3	3	3
Finance	2	2	2	2	2
Policy, Public Affairs and Legislation	1	1	1	1	1
Planning	3	3	3	3	3
Program and Projects	21	21	20	20	20
<b>Total Employees</b>	<b>31</b>	<b>31</b>	<b>30</b>	<b>30</b>	<b>30</b>

Source: Solano Transportation Authority, Accounting and Administrative Services

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

# SOLANO TRANSPORTATION AUTHORITY

## OPERATING INFORMATION – PROGRAM REVENUES, OPERATING GRANTS AND CONTRIBUTIONS

	Fiscal Year Ending June 30,				
	2019	2018	2017	2016	2015
Operations and administrative	\$ 1,945,067	\$ 2,707,716	\$ 4,189,571	\$ 1,737,641	\$ 3,199,756
Mobility programs	5,073,339	3,053,976	2,815,875	3,018,185	2,731,442
Project development	1,575,105	1,520,601	921,675	868,369	994,990
Strategic planning	910,409	580,148	1,092,197	1,250,721	1,246,161
Special projects and programs	4,491,072	10,233,015	17,769,717	17,844,800	23,493,793
	<u>\$ 13,994,992</u>	<u>\$ 18,095,456</u>	<u>\$ 26,789,035</u>	<u>\$ 24,719,716</u>	<u>\$ 31,666,142</u>

Source: Solano Transportation Authority, Accounting and Administrative Services

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

# SOLANO TRANSPORTATION AUTHORITY

## OPERATING INFORMATION – CAPITAL ASSETS

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	Fiscal Year Ending June 30,				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Depreciable Capital Assets					
Equipment	\$ 559,494	\$ 422,486	\$ 409,832	\$ 399,489	\$ 403,899
Less accumulated depreciation					
Furniture and Fixtures	(276,827)	(255,222)	(237,807)	(229,026)	(216,666)
Nondepreciable Capital Assets					
Land	969,134	-	-	-	-
Total Capital Assets, Net	<u>\$ 1,251,801</u>	<u>\$ 167,264</u>	<u>\$ 172,025</u>	<u>\$ 340,926</u>	<u>\$ 703,236</u>

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

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***COMPLIANCE SECTION***

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**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, 2019, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 5, 2019.

**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.

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.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Palo Alto, California  
December 5, 2019





## 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, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

### ***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 its major federal program for the year ended June 30, 2019.

### **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.



Palo Alto, California  
December 5, 2019

**SOLANO TRANSPORTATION AUTHORITY**

**SUMMARY OF AUDITOR’S RESULTS  
FOR THE YEAR ENDED JUNE 30, 2019**

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**FINANCIAL STATEMENTS**

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weaknesses identified?	<u>None</u>
Significant deficiencies identified?	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

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

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205</u>	<u>Highway Planning and Construction</u>

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

**SOLANO TRANSPORTATION AUTHORITY**

**SCHEDULE OF FINANCIAL AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

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None reported.

**SOLANO TRANSPORTATION AUTHORITY**

**SCHEDULE OF FEDERAL AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

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None reported.

**SOLANO TRANSPORTATION AUTHORITY**

**SCHEDULE OF PRIOR YEAR'S FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019**

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There were no findings in the prior year.