



**Council of San Benito County Governments**  
**Measure G Transportation Safety and Investment Plan**  
**Oversight Committee**  
**Regular Meeting Agenda**

**DATE:** Wednesday, January 27, 2021  
 6:00 p.m.

**LOCATION:** This Meeting will be held via Zoom

Attendance at the Measure G meeting is closed to the public per Executive Order N-29-20. The public may join the meeting by Zoom: <https://zoom.us/join> per the instructions provided at the end of the agenda:

**Meeting ID: 824-6953-6285**

- MEMBERS:**
- Victor Gomez, Chair – Latinx Community
  - Judi Johnson, Vice-Chair – Senior/Disabled Community
  - Darlene Boyd – Education
  - John Eade – Agriculture
  - Al Gonzales – Trade/Labor
  - Jose Mario Ortega – Industry
  - Hamdy Abbass – SBC District 2
  - Sandy Hughes – SBC District 3
  - Kevin Stopper – SBC District 4
  - Andrew Rollins – SBC District 5
  - Vacancy -- SBC District 1

*Persons who wish to address the Measure G Citizens Oversight Committee must address the Chairperson when public comment is called. Following recognition, persons desiring to speak are requested to state their name for the record. After hearing audience comments, the Public Comment portion of the agenda item will be closed. The opportunity to address the Citizens Oversight Committee on items of interest not appearing on the agenda will be provided during Section D. Public Comment.*

**6:00 P.M. CALL TO ORDER:**

- A. **ACKNOWLEDGE** Certificate of Posting
- B. **NOTICE OF TEMPORARY PROCEDURES FOR MEASURE G MEETINGS**  
**\*(Please see Zoom instructions at the end of the agenda)**

Pursuant to California Governor Gavin Newsom’s Executive Order N-29-20 issued on March 17, 2020, relating to the convening of public meetings in response to the COVID-19 pandemic. Additionally, members of Measure G are allowed to attend the meeting via teleconference and to participate in the meeting to the same extent as if they were present.

- C. Introductions & Member Announcements

- D. Public Comment (*Opportunity to address the committee on items of interest not appearing on the agenda. No action may be taken unless provided by Govt. Code Sec. 56954.2. Speakers are limited to 3 minutes.*)
- E. Executive Director Announcements

**CONSENT AGENDA:**

- 1. **APPROVE** Minutes of the July 29, 2020 Measure G Transportation Safety and Investment Plan Oversight Committee Regular Meeting – Gomez

**REGULAR AGENDA:**

- 2. **REVIEW** Audited FY 2019/2020 Financial Statements for Measure G – Gilbert
- 3. **San Benito County Measure G Annual Report** – Gilbert
  - a) **RECEIVE** Presentation on 2020 Measure G Activities
  - b) **CONSIDER** Appointing Committee Members to Annual Report and Strategic Planning Subcommittee

**ADJOURN TO MEETING OF APRIL 28, 2021 AT 6:00 P.M.**

In compliance with the Americans with Disabilities Act (ADA), if requested, the Agenda can be made available in appropriate alternative formats to persons with a disability. If an individual wishes to request an alternative agenda format, please contact the Clerk of the Council four (4) days prior to the meeting at (831) 637-7665. The Council of Governments Measure G Committee meeting facility is accessible to persons with disabilities. If you need special assistance to participate in this meeting, please contact the Clerk of the Council's office at (831) 637-7665 at least 48 hours before the meeting to enable the Council of Governments to make reasonable arrangements to ensure accessibility.

**ZOOM INSTRUCTIONS:**

Members of the public are encouraged to participate in Measure G meetings in the following ways:

**1. Remote Viewing**

Members of the public who wish to watch the meeting can view the meeting online through Zoom. Instructions for participating via Zoom are included below.

**2. Written Comments & Email Public Comment**

Members of the public may submit comments via email by 4:00 PM. on the Tuesday prior to the Measure G meeting to: [monica@sanbenitocog.org](mailto:monica@sanbenitocog.org). Regardless of whether the matter is on the agenda. Every effort will be made to provide Committee Members with your comments before the agenda item is heard.

**3. Council of Governments Measure G meeting Zoom Instructions for remote Participants:**

Three ways to attend zoom meetings: **1) over the phone, 2) on a web browser, or 3) through the Zoom Smart Device Application.** Each meeting will have a meeting ID, which is a unique number associated with an instant or scheduled meeting.

**1. Over the phone (Audio only):**

- (669) 900-6833 or (408) 638-0968.

**2. On a Web-browser:**

- <https://zoom.us/join>

**3. Smart device Application:**

- Apple App store: <https://apps.apple.com/us/app/id546505307>
- Android App store: <https://play.google.com/store/apps/details?id=u.s.zoom.videomeetings>

Council of San Benito County Governments ■ Measure A Authority  
Airport Land Use Commission ■ Service Authority for Freeways and Expressways

330 Tres Pinos Road, Suite C7 ■ Hollister, CA 95023 ■ Phone: 831-637-7665 ■ Fax: 831-636-4160

[www.SanBenitoCOG.org](http://www.SanBenitoCOG.org)

### Zoom Audio Only (phone)

If you are **calling in as audio-only**, please dial **(669) 900-6833** or **(408) 638-0968**.

1. It will ask you to enter the **Meeting ID, 824-6953-6285**, followed by the **“#”** key, which can be found at the top page of the agenda. The meeting agenda can be found at: [http://www.sanbenitocog.org/wp-content/uploads/2021/01/MGOC\\_Packet\\_012721.pdf](http://www.sanbenitocog.org/wp-content/uploads/2021/01/MGOC_Packet_012721.pdf)
2. It will then ask for a **Participant ID**, press the **“#”** key to continue.
3. Once you enter the zoom meeting, you will automatically be placed on mute.
4. **Public Comment:** If you are using a phone, please press the **“\*9”** to raise your hand, zoom facilitator will unmute you when your turn arrives.

### Zoom On Web-browser or Zoom app on Tablet or Smartphone

If joining through web-browser launch: <https://zoom.us/join> or launch the Zoom app on your Tablet or Smartphone

1. Select **“JOIN A MEETING”**
2. You will be prompted to enter **Meeting ID, 824-6953-6285** and include a name to join the meeting. The meeting agenda can be found at: [http://www.sanbenitocog.org/wp-content/uploads/2021/01/MGOCC\\_Packet\\_012721.pdf](http://www.sanbenitocog.org/wp-content/uploads/2021/01/MGOCC_Packet_012721.pdf)
3. You can launch audio through your computer or set it up through the phone. Follow instructions provided by Zoom.
4. **Public Comment:** *click “Raise hand” icon, the zoom facilitator will unmute you when your turn arrives.*

### Public Comment Guidelines

- If participating on Zoom: Once you are selected, you will hear that you have been unmuted: State your first name, last name, and county you reside in for the record.
- The Council of Governments Measure G Committee welcomes your comments.
- Each individual speaker will be limited to a presentation total of three (3) minutes.
- Please keep your comments, brief, to the point, and do not repeat prior testimony, so that as many people as possible can be heard. Your cooperation is appreciated.

If you have questions, contact the Council of Governments and leave a message at (831) 637-7665 x. 201, or email: [monica@sanbenitocog.org](mailto:monica@sanbenitocog.org).

## CERTIFICATE OF POSTING

Pursuant to Government Code Section #54954.2(a) the Regular Meeting Agenda for the Council of San Benito County Governments Measure G Transportation Safety and Investment Plan Oversight Committee on **January 27, 2021**, at **6:00 p.m.** was posted at the following locations freely accessible to the public:

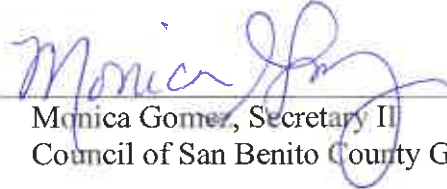
The front entrance of the Old San Benito County Courthouse, Monterey Street, Hollister, CA 95023, and the Council of Governments Office, 330 Tres Pinos Road, Suite C-7, Hollister, CA 95023, at the following date and time:

On the 22nd day of January 2021, on or before 5:00 p.m.

The meeting agenda was also posted on the Council of San Benito County Governments website, [www.sanbenitoco.gov](http://www.sanbenitoco.gov), under Meetings, Measure G Transportation Safety and Investment Plan Oversight Committee, 2020 Meeting Schedule.

I, Monica Gomez, swear under penalty of perjury that the foregoing is true and correct.

BY:



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Monica Gomez, Secretary II  
Council of San Benito County Governments

**Council of San Benito County Governments  
Measure G Transportation Safety and Investment Plan Oversight Committee**

**REGULAR MEETING  
Via-Zoom**

**July 29, 2020 6:00 PM**

**DRAFT MINUTES**

**MEMBERS:**

<i>Attendee Name</i>	<i>Title</i>	<i>Representing</i>	<i>Attendance Status</i>
<i>Darlene Boyd</i>	Member	Education	Present
<i>John Eade</i>	Member	Agriculture	Excused
<i>Victor Gomez</i>	Chair	Latinx Community	Present
<i>Al Gonzales</i>	Member	Trade/Labor	Present
<i>Judi Johnson</i>	Vice Chair	Senior/Disabled Community	Present
<i>Jose Mario Ortega</i>	Member	Industry	Present
<i>Tim Burns</i>	Member	SBC District 1	Present
<i>Hamdy Abbass</i>	Member	SBC District 2	Absent
<i>Sandy Hughes</i>	Member	SBC District 3	Present
<i>Kevin Stopper</i>	Member	SBC District 4	Present
<i>Andrew Rollins</i>	Member	SBC District 5	Present

**STAFF PRESENT:**

Mary Gilbert, COG Executive Director; Veronica Lezama, Transportation Planner; Regina Valentine, Transportation Planner; Monica Gomez; Secretary; Griselda Arevalo, Office Assistant; Kathy Postigo, Administrative Services Specialist; Shirley Murphy, Deputy County Counsel

**CALL TO ORDER:**

Chair Victor Gomez called the meeting to order at 6:00 p.m.

**CERTIFICATE OF POSTING:**

*A motion was made by Andrew Rollins, and seconded by Kevin Stopper, the Committee acknowledged the Certificate of Posting. Vote: 9/0 motion passes.*

**NOTICE OF TEMPORARY PROCEDURES FOR MEASURE G MEETINGS**

Pursuant to California Governor Gavin Newsom’s Executive Order N-29-20 issued on March 17, 2020, relating to the convening of public meetings in response to the COVID-19 pandemic. Additionally, members of Measure G can attend the meeting via teleconference and to participate in the meeting to the same extent as if they were present.

Executive Director, Mary Gilbert provided an overview of temporary procedures (Zoom etiquette) for Measure G Committee meetings.

**PUBLIC COMMENT:** None

**EXECUTIVE DIRECTOR ANNOUNCEMENTS:**

Executive Director, Mary Gilbert announced that a Special COG Board Zoom meeting was scheduled for August 13, 2020 at 6:00 p.m. The purpose for the meeting is to discuss the Highway 25 project and the recent work that was done through the Value Analysis process. Measure G Committee members are welcomed to attend. Staff will be sending out the Special Meeting information once it is available. Also, staff is working on a new website for Highway 25 which will help with getting information out to the public once it is done. Lastly, Ms. Gilbert provided an update on COG's response to COVID-19 pandemic. The COG office remains closed to the public. Staff is working in the office with social distancing measures in place. San Benito County Express and Specialized Transportation services continue to provide essential trips to the community although they are limited at this point.

**MEMBER ANNOUNCEMENTS:** None

**CONSENT AGENDA:**

1. Approve Minutes of the February 26, 2020 Measure G Transportation Safety and Investment Plan Oversight Committee Special Meeting – Gomez
2. Receive Fiscal Year 2019/2020 Fourth Quarter ending June 30, 2020 Measure G General Ledger – Lezama

*A motion was made by Judi Johnson, and seconded by Darlene Boyd, the Committee approved Consent Items 1 and 2. Vote 9/0 motion passes.*

**REGULAR AGENDA:**

3. Receive Update on Measure G Activities and Approved Funding Scenario for Projects – Gilbert

Executive Director Mary Gilbert provided an update on Measure G Activities. There is a balance of \$9.4 million of Measure G funds collected since April of 2019. COG will be matching these funds with \$5 million received from the state through Senate Bill 1 incentive funding for Self-help Counties. Staff will be updating revenue projections based on economic impacts of the COVID-19 pandemic, which is expected to reduce revenues by as much as 30% for the next six funding quarters.

In June, the COG Board approved a distribution methodology to advance funds to Tier II (Local Roads) and Tier III (Other Category, Bicycle & Pedestrian, Transit) of Measure G projects in the early years of the Measure, with a trade off that in future years, funds would be diverted from local projects to Tier I, Highway 25. However, towards the later years of the Measure, Tier II (Local Roads) projects would receive additional funding. Measure funds will be distributed to local agencies for Tier II projects in the summer of 2020. Each local agency must enter into a funding agreement with COG for use of its share of Measure G funding. She noted that the County is currently working on some projects in the Union Road area.

There was brief discussion regarding Tier II projects and how the determination is made on which roads are a priority. There was also a question about tracking the funds that must be used for local road maintenance.

Ms. Gilbert stated that it is a local decision, however, it must be consistent with the Pavement Management Program that is required of each jurisdiction. The Local Agency Funding Agreement tracks the funds that

are used for local road maintenance. There is reporting that local agencies are required to submit to COG on an annual basis.

There was a question about the bike path plan and where these paths will be located.

Ms. Gilbert stated that staff had targeted a call for projects for bicycle and pedestrian Measure G funding for some time in the fall. Staff will be working on criteria to identify these projects and will report back to the Committee at a future meeting.

There was a question about comparing the Pavement Management Plan with the project list that was part of Measure G.

Ms. Gilbert stated that the project lists were provided to COG staff by local agency staff. COG staff will be reviewing the lists to ensure that they match up. Staff will report back to the Committee at a future meeting.

There was no further discussion or public comment on the item.

#### 4. Review Audited FY 2018/19 Financial Statements for Measure G – Gilbert

Mary Gilbert reported that this item was brought back from the last meeting to provide clarification on questions regarding the Balance Sheet.

Sandy Hughes thanked staff for bringing the item back with the insertion of the column that had inadvertently been cut-off from the Balance Sheet.

There was no further discussion or public comment on the item.

*A motion was made by Andrew Rollins, and seconded by Darlene Boyd, the Committee voted to Adjourn the Measure G Transportation Safety and Investment Plan Oversight Committee meeting at 6:28 p.m. Vote: 9/0 motion passes.*

**ADJOURN TO MEETING OF OCTOBER 28, 2020 AT 6:00 P.M.**



Agenda Item: 2

*P: 831-637-7665*

*F: 831-636-4160*

*E: info@sanbenitocog.org*

## Staff Report

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To: Council of Governments  
From: Mary Gilbert, Executive Director Telephone: (831) 637-7665  
Date: January 27, 2021  
Subject: **Audited Financial Statements**

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### Recommendation:

**REVIEW** Audited FY 2019/2020 Financial Statements for Measure G.

### Summary:

As required by Federal/State Statutes all local governments must perform an audit of their financial statements. As part of its bylaws, the Measure G Oversight Committee is responsible to review the annual audits.

### Financial Consideration:

The cost of the financial audit for all COG functions for is \$15,045, which was included in COG's FY 2018/19 Budget. Measure G funds were not spent on the preparation of the audit.

### Background:

As required by Federal and State Statutes all local governments must have an audit of their financial statements performed by an outside auditor. COG hired JJACPA, Inc. to provide financial audit services for fiscal year ending June 30, 2020.

### Staff Analysis:

There were no findings by the auditors and the financial statements are presented in conformity with accounting principles generally accepted in the United States of America.

The Committee has the authority to request and review the specific financial information and provide input on the audit to assure the funds are being spent in accordance with the Transportation Safety and Investment Plan.

Executive Director Review: MG

Counsel Review: N/A

Supporting Attachment: Independent Auditor's Report

*Council of San Benito County Governments  
330 Tres Pinos Rd, Suite C7  
Hollister, CA 95023*



**COUNCIL OF SAN BENITO**  
**COUNTY GOVERNMENTS**  
**BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2020**

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**Council of San Benito County Governments**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**

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**Council of San Benito County Governments**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**

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JJACPA, Inc.

A Professional Accounting Services Corp.

## INDEPENDENT AUDITORS' REPORT

To the Governing Board of the  
Council of San Benito County Governments  
Hollister, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Council of San Benito County Governments (Council), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the Council's June 30, 2019 financial statements and, in our report dated December 18, 2019; we expressed an unqualified opinion on those financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Council of San Benito County Governments, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-14, the Schedule of Changes in the Net OPEB Asset and Ratios on page 68, and the Net OPEB Liability Schedule of Contributions on page 69 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying supplementary information, which includes the combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

December 11, 2020

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JJACPA, Inc.  
Dublin, CA

**Council of San Benito County Governments**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**

**Management's Discussion and Analysis**

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**Management's Discussion and Analysis**

As management for the Council of San Benito County Governments (Council), we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended June 30, 2020.

**FINANCIAL HIGHLIGHTS**

- The voters of San Benito County approved COG Ordinance 2019-01 Measure G. The measure is a one cent local transactions and use tax to be collected for 30 years to improve our local streets and roads, improve connectivity, and reduce congestion. Measure G has collected \$11,513,770 use tax thru June 2020.
- The Council has been involved in planning, coordinating, and funding projects worth \$3,68,425 in fiscal year 2019/20.
- The Council continues to provide needed services such as County Express public busses; promotion of Ridesharing; and providing 40 emergency roadside call boxes.

**OVERVIEW OF FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements** present the financial picture of the Council from the economic resources measurement focus using the accrual basis of accounting similar to a private-sector business.

The *statement of net position* presents information on all of the Council's assets and liabilities, with the difference between the two 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 Council is improving or deteriorating.

The *statement of activities* presents information showing how the Council'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 the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

**Council of San Benito County Governments**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**  
**Management's Discussion and Analysis, Continued**

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**OVERVIEW OF FINANCIAL STATEMENTS, Continued**

Both of the government-wide financial statements distinguish functions of the Council that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The governmental activities of the Council consist of transportation programs. The business-type activities of the Council include the Local Transportation Authority.

The government-wide financial statements include not only the Council itself (known as the primary government), but also Local Transportation Authority, a legally separate entity, whose operations are totally integrated with the legislative, legal, administrative, finance, and public works engineering and maintenance functions of the Council, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 17, 18, and 19 of this report.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other special districts, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into three categories: governmental funds, proprietary funds, and private purpose funds.

**Governmental 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 evaluating the Council'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 Council'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*.



**Council of San Benito County Governments**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**  
**Management's Discussion and Analysis, Continued**

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**OVERVIEW OF FINANCIAL STATEMENTS, Continued**

The Council maintains nine 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 administration fund, state subvention, Highway 25 Safety Enhancement, Measure A, PTMISEA & ARRA and Measure G special revenue funds, all of which are considered to be major funds. Data from the other 4 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* elsewhere in this report.

The Council adopts an annual appropriated budget for its general administration fund and all governmental funds. A budgetary comparison statement has been provided for all of these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 22-27 of this report.

**Proprietary funds.** The Council maintains one type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Council uses enterprise funds to account for the Local Transportation Authority.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 36-38 of this report.

**Private Purpose funds.** Private purpose funds are fiduciary funds that account for assets held and distributed to other governments similar to assets held in trust in the private environment. There are two fiduciary funds used by the Council. Fiduciary funds are not reflected in the government-wide financial statements.

The basic fiduciary fund financial statements can be found on pages 39-40 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 44-66 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 67-68 of this report.

**Council of San Benito County Governments**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**  
**Management's Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the Council's financial position. In the case of the Council, assets exceeded liabilities by \$19,264,422 at the close of the most recent fiscal year. A large portion of the Council's net position, approximately 58%, reflects the sales tax from Measure G thru June 2020. As of June 2020, there have been no distributions of the measure. The other large portion of the net position is its investment in capital assets (e.g., land, infrastructure, buildings, machinery, equipment, and vehicles) and, if applicable, less any related debt used to acquire those assets that are still outstanding. The Council uses these capital assets to provide services to its citizens; consequently, these assets are not available for future spending. Although the Council's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business- Type Activities		Total		Percent Change
	2020	2019	2020	2019	2020	2019	
Assets and Deferred Outflows of Resources							
Current and other assets	\$ 17,913,077	\$ 8,479,724	\$ 442,809	\$ 372,745	\$ 18,355,886	\$ 8,852,469	107%
Net OPEB Asset	106,480	86,886	-	-	106,480	86,886	
Capital assets, net	-	-	1,336,906	1,121,457	1,336,906	1,121,457	
Total assets	<u>18,019,557</u>	<u>8,566,610</u>	<u>1,779,715</u>	<u>1,494,202</u>	<u>19,799,272</u>	<u>10,060,812</u>	97%
Deferred outflows	<u>6,531</u>	<u>9,003</u>	<u>-</u>	<u>-</u>	<u>6,531</u>	<u>9,003</u>	
Total assets and deferred outflows	<u>\$ 18,026,088</u>	<u>\$ 8,575,613</u>	<u>\$ 1,779,715</u>	<u>\$ 1,494,202</u>	<u>\$ 19,805,803</u>	<u>\$ 10,069,815</u>	97%
Liabilities and Deferred Inflows of Resources							
Current and other liabilities	158,443	166,391	200,146	130,082	358,589	296,473	21%
Noncurrent liabilities	137,144	138,047	42,549	37,888	179,693	175,935	2%
Total liabilities	<u>295,587</u>	<u>304,438</u>	<u>242,695</u>	<u>167,970</u>	<u>538,282</u>	<u>472,408</u>	14%
Deferred Inflows	<u>3,099</u>	<u>7,650</u>	<u>-</u>	<u>-</u>	<u>3,099</u>	<u>7,650</u>	
Total Liabilities and Deferred Inflows	<u>298,686</u>	<u>312,088</u>	<u>242,695</u>	<u>167,970</u>	<u>541,381</u>	<u>480,058</u>	13%
Net Position:							
Invested in capital assets	-	-	1,336,906	1,121,457	1,336,906	1,121,457	19%
Restricted for:							
Transportation	13,185,975	3,940,903	-	-	13,185,975	3,940,903	235%
Unrestricted	<u>4,541,427</u>	<u>4,322,622</u>	<u>200,114</u>	<u>204,775</u>	<u>4,741,541</u>	<u>4,527,397</u>	5%
Total net position	<u>\$ 17,727,402</u>	<u>\$ 8,263,525</u>	<u>\$ 1,537,020</u>	<u>\$ 1,326,232</u>	<u>\$ 19,264,422</u>	<u>\$ 7,552,704</u>	155%

The remaining amount in *unrestricted net position* of \$4,741,541 will be used to meet the Council's ongoing obligations to citizens and creditors as funded through current revenues.

**Council of San Benito County Governments**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**  
**Management’s Discussion and Analysis, Continued**

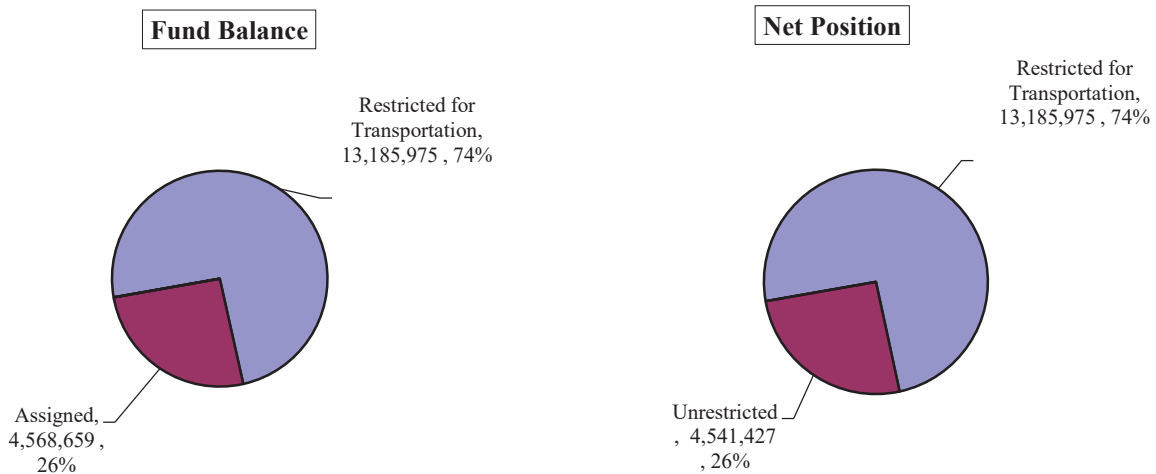
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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Governmental Activities**

The cost of all Governmental activities this year was \$1,390,940. However, as shown in the Statement of Activities on pages 18 and 19, the amount that was paid by those who directly benefited from the programs (\$2,100) or by other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$10,641,558) for operations with general revenues of \$211,159, the Council contributed to governmental activities \$9,463,877 increasing the beginning net position of \$8,263,525 to \$17,727,402. This large increase is attributed to the Measure G use tax revenue.

Available net position are those amounts not subject to restriction in the current period, typically classified as designated or undesignated fund balance. These amounts are converted to net position by adding long-term assets and subtracting long-term liabilities. A graphic illustration of this conversion is as follows:



**Council of San Benito County Governments**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**  
**Management’s Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Governmental Activities, Continued**

Total resources available during the year to finance governmental operations were \$10,854,817 This consisted of \$10,643,658 in program revenues and \$211,159 in general revenues. Total governmental activities operating expenses during the year were \$1,390,940; thus, net position at July 1, 2019, of \$8,263,525 was increased by \$9,463,877 to \$17,727,402.

The Council’s programs include only transportation. This program’s *net* cost (total cost less revenues generated by the activities) is presented below. The net cost shows the financial burden that was placed on the Council’s resources by this function.

	Operating Revenue		Operating Expenses		Net (Expense)Revenue and Changes in Net Position	
	2020	2019	2020	2019	2020	2019
	<b>Governmental activities:</b>					
Transportation	\$ 10,643,658	\$ 4,744,163	\$ 1,390,940	\$ 2,624,109	\$ 9,252,718	\$ 2,120,054
<b>Total governmental activities</b>	<b>\$ 10,643,658</b>	<b>\$ 4,744,163</b>	<b>\$ 1,390,940</b>	<b>\$ 2,624,109</b>	<b>\$ 9,252,718</b>	<b>\$ 2,120,054</b>

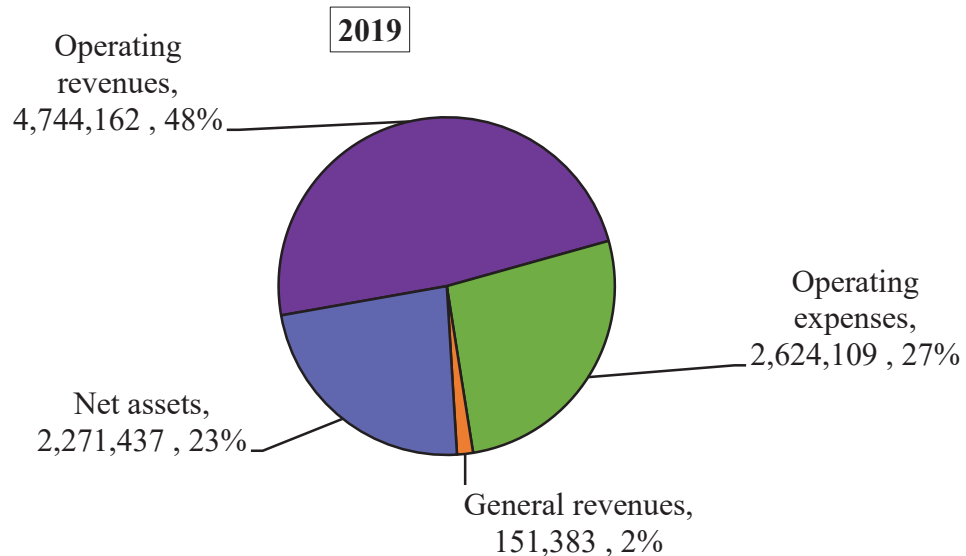
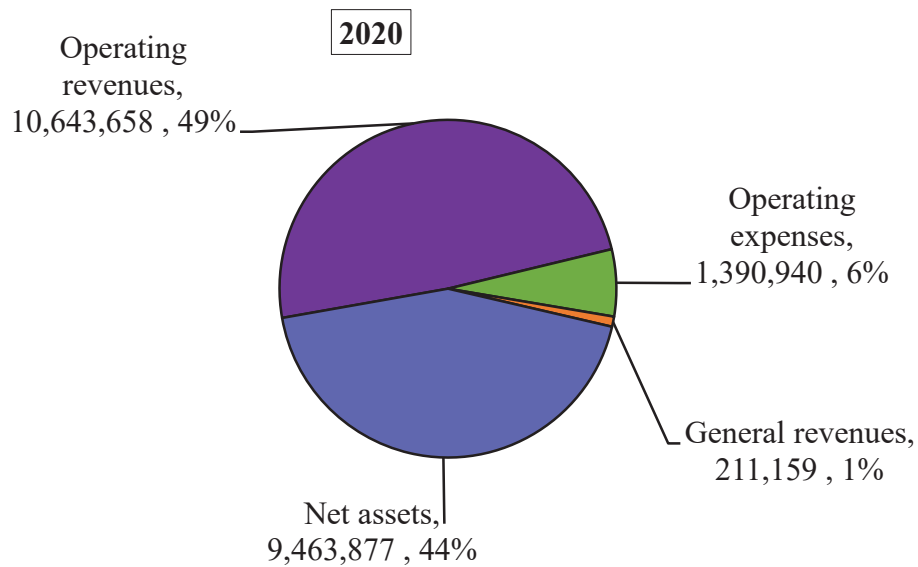
**Council of San Benito County Governments**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**  
**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Governmental Activities, Continued**

Operating resources (program revenues) and net position contributions for operating expenses can be depicted graphically as follows:



**Council of San Benito County Governments**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**

**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

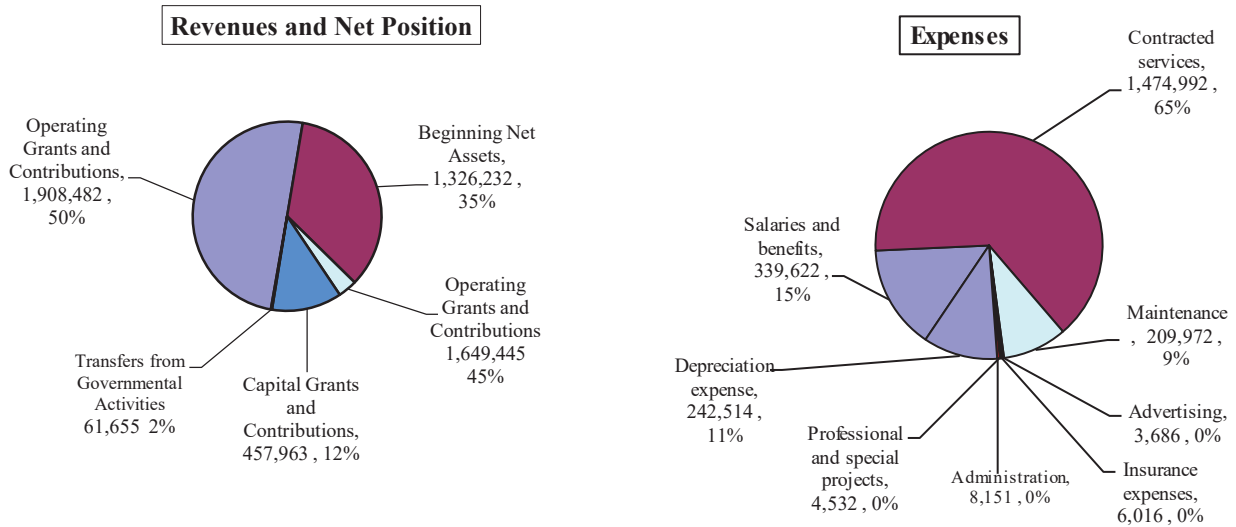
**Business-type Activities**

The Council’s business-type activities include only the Local Transportation Authority.

Total resources available during the year to finance the Local Transportation Authority were \$3,826,505 consisting of net position at July 1, 2019, of \$1,326,232 charges for services of \$125,671, \$1,908,482 of operating grants and contributions, and \$457,963 of capital contributions. Total general miscellaneous revenues amounted to \$8,157. Total business-type activities expenses during the year were \$2,289,485 thus net position was increased by \$210,788 to \$1,537,020.

The cost of all Business-type activities this year was \$2,289,485 However, as shown in the Statement of Activities on pages 18 and 19, the amount that was paid by charges for services \$125,671, operating grants and contributions of \$1,908,482 and capital grants and contributions of \$457,963 leaving a remaining net balance of \$202,631.

Revenues and expenses can be depicted graphically as follows:



**Council of San Benito County Governments**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**

**Management’s Discussion and Analysis, Continued**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Business-type Activities, Continued**

The program’s *net* cost (total cost less revenues generated by the activities) is presented below. The net cost shows the financial burden that was placed on the Council’s resources by this function.

	Operating Revenues		Operating Expense		Net (Expense) and Changes in Net Cost	
	2020	2019	2020	2019	2020	2019
<b>Business-type activities:</b>						
Local Transportation Authority	\$ 2,492,116	\$ 2,103,754	\$ 2,289,485	\$ 2,094,419	\$ 202,631	\$ 9,335
<b>Total business-type activities</b>	<b>\$ 2,492,116</b>	<b>\$ 2,103,754</b>	<b>\$ 2,289,485</b>	<b>\$ 2,094,419</b>	<b>\$ 202,631</b>	<b>\$ 9,335</b>

**Cash Management**

To obtain flexibility in cash management, the Council employs a pooled cash system (Reference Note 2 in the notes to the basic financial statements). Under the pooled cash concept, the Council invests the cash of all funds with maturities planned to coincide with cash needs. Idle cash is invested in certain eligible securities as constrained by law and further limited by the Council's Investment Policy. The goals of the Council's Investment Policy are safety, liquidity, and yield in that order.

**Capital Assets**

The capital assets of the Council are those assets which are used in the performance of the Council’s functions. At June 30, 2020, net capital assets of the governmental activities totaled \$0 and business-type activities totaled \$1,336,906. Depreciation on capital assets is recognized in the government-wide financial statements. The following table shows the Council’s Capital Assets net of depreciation:

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2019	2018
Property, plant and equipment	\$ -	\$ -	\$ 1,336,906	\$ 1,121,457	\$ 1,336,906	\$ 1,121,457
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,336,906</b>	<b>\$ 1,121,457</b>	<b>\$ 1,336,906</b>	<b>\$ 1,121,457</b>

Additional information on the Council’s capital assets can be found in Note 4 on Page 55 of this report.

**Council of San Benito County Governments**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**

**Management's Discussion and Analysis, Continued**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Debt Administration**

The Council currently has no debt, but records a long-term obligation for compensated absences, which decreased by \$903. There was no new debt incurred in 2019-2020 because of annual vacations taken earlier than in the prior year.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

In considering the Council Budget for fiscal year 2020-2021, the Council's Board and management used the following criteria:

The key assumptions in our revenue forecast were:

1. Other than Sales tax, revenues are expected to stay the same, however the State is predicting lower than budgeted tax revenues.
2. Interest earnings for the Council should be approximately the same.
3. Operating subventions are estimated to be approximately the same.
4. Charges for services are expected to be approximately the same.



**Council of San Benito County Governments**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**

**Management's Discussion and Analysis, Continued**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES, Continued**

The adopted budget for all Council funds for the new fiscal year of 2020-2021 was \$14,597,242 and is summarized as follows:

	FY 2020-21	FY 2019-20	Amount Change	Percentage Change
General Administration fund	\$ 438,371	\$ 299,910	\$ 138,461	46.2%
Special revenue funds	4,253,798	3,879,822	373,976	9.6%
Capital projects funds	5,965,060	6,005,990	(40,930)	(0.7)%
Total operations and projects	10,657,229	10,185,722	471,507	4.6%
Local Transportation Authority	3,940,013	3,953,277	(13,264)	(0.3)%
<b>Total budget</b>	<b>\$ 14,597,242</b>	<b>\$ 14,138,999</b>	<b>\$ 458,243</b>	<b>3.2%</b>

1. General Administration Fund - Shows an increase of \$138,461 or 46.2 %, which breaks down as follows:

	FY 2020-21	FY 2019-20	Amount Change	Percentage Change
Salaries & Benefits	\$ 258,719	\$ 177,233	\$ 81,486	46.0%
Services & Supplies	179,652	122,677	56,975	46.4%
<b>Total budget</b>	<b>\$ 438,371</b>	<b>\$ 299,910</b>	<b>\$ 138,461</b>	<b>46.2%</b>

2. Special Revenue and Capital Project Funds - Show an increase of \$333,046 or 3.4%, which breaks down as follows:

	FY 2020-21	FY 2019-20	Change	Change
Transportation Planning				
State Subvention	\$ 1,156,570	\$ 1,124,202	\$ 32,368	2.9%
State Transit Assistance	516,735	788,986	(272,251)	(34.5)%
Local Transportation Fund	2,289,639	1,890,726	398,913	21.1%
Highway 25 Project	209,070	250,000	(40,930)	(16.4)%
Measure A	-	-	-	0.0%
Measure G	5,755,990	5,755,990	-	0.0%
Service Authority for				
Freeways and Expressways	166,006	53,486	112,520	210.4%
Low Carbon Transit				
Operations Program (LCTOP)	107,615	-	-	100.0%
Rideshare Program	3,127	3,127	-	0.0%
Vanpool Program	14,106	19,295	(5,189)	(26.9)%

Restricted revenues and grants are funding all of the projects. LCTOP not budget in 19/20.

**Council of San Benito County Governments**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**

**Management’s Discussion and Analysis, Continued**

**ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES, Continued**

3. Enterprise Fund – The increase of \$189,397 or 5% breaks down for the Local Transportation Authority as follows:

	FY 2020-21	FY 2019-20	Amount Change	Percentage Change
Salaries & Benefits	\$ 335,691	\$ 305,737	\$ 29,954	9.8%
Services & Supplies	2,009,118	1,885,454	123,664	6.6%
Contracts	1,595,204	1,559,425	35,779	2.3%
<b>Total budget</b>	<b>\$ 3,940,013</b>	<b>\$ 3,750,616</b>	<b>\$ 189,397</b>	<b>5.0%</b>

The increase in this fund is due to funding regarding the CARES Act for the relief due to the Covid-19 pandemic.

**CONTACTING THE COUNCIL**

This financial report is designed to provide a general overview of the Council’s finances and assist anyone interested in the Council’s financial condition. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Council of San Benito County Governments, 330 Tres Pinos Road, Ste C7, Hollister, CA 95023.

## **BASIC FINANCIAL STATEMENTS**

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# Council of San Benito County Governments

## Statement of Net Position

June 30, 2020

(with comparative totals for June 30, 2019)

	Governmental Activities	Business-Type Activities	Totals	
			2020	2019
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and investments	\$ 15,769,843	\$ 12,723	\$ 15,782,566	\$ 5,901,399
Receivables (net)	2,143,234	430,086	2,573,320	2,951,070
<b>Total current assets</b>	<u>17,913,077</u>	<u>442,809</u>	<u>18,355,886</u>	<u>8,852,469</u>
<b>Noncurrent assets:</b>				
Net OPEB Asset	106,480	-	106,480	86,886
Capital assets net of accumulated depreciation:				
Buildings, property and equipment	-	1,336,906	1,336,906	1,121,457
<b>Total noncurrent assets</b>	<u>106,480</u>	<u>1,336,906</u>	<u>1,443,386</u>	<u>1,208,343</u>
<b>Total assets</b>	<u>18,019,557</u>	<u>1,779,715</u>	<u>19,799,272</u>	<u>10,060,812</u>
<b>DEFERED OUTFLOWS OF RESOURCES</b>				
Related to OPEB	6,531	-	6,531	9,003
<b>Total deferred outflows of resources</b>	<u>6,531</u>	<u>-</u>	<u>6,531</u>	<u>9,003</u>
<b>Total assets and deferred outflows</b>	<u>\$ 18,026,088</u>	<u>\$ 1,779,715</u>	<u>\$ 19,805,803</u>	<u>\$ 10,069,815</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts payable and accrued liabilities	\$ 48,731	\$ 128,786	\$ 177,517	\$ 185,700
Due to fiduciary activities	-	71,360	71,360	1,061
Due to other governments	109,712	-	109,712	109,712
<b>Total current liabilities</b>	<u>158,443</u>	<u>200,146</u>	<u>358,589</u>	<u>296,473</u>
<b>Noncurrent liabilities:</b>				
Long-term obligations:				
Vacation and compensated absence obligation	137,144	42,549	179,693	175,935
<b>Total noncurrent liabilities</b>	<u>137,144</u>	<u>42,549</u>	<u>179,693</u>	<u>175,935</u>
<b>Total liabilities</b>	<u>295,587</u>	<u>242,695</u>	<u>538,282</u>	<u>472,408</u>
<b>DEFERED INFLOWS OF RESOURCES</b>				
Related to OPEB	3,099	-	3,099	7,650
<b>Total deferred inflows of resources</b>	<u>3,099</u>	<u>-</u>	<u>3,099</u>	<u>7,650</u>
<b>NET POSITION</b>				
Net investment in capital assets	-	1,336,906	1,336,906	1,121,457
Restricted for:				
Transportation	13,185,975	-	13,185,975	3,940,903
Unrestricted	4,541,427	86,208	4,627,635	4,527,397
<b>Total net position</b>	<u>17,727,402</u>	<u>1,423,114</u>	<u>19,150,516</u>	<u>9,589,757</u>
<b>Total liabilities, deferred inflows and net position</b>	<u>\$ 18,026,088</u>	<u>\$ 1,665,809</u>	<u>\$ 19,691,897</u>	<u>\$ 10,069,815</u>

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

# Council of San Benito County Governments

## Statement of Activities

For the year ended June 30, 2020

(with comparative totals for the year ended June 30, 2019)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
Transportation	\$ 1,390,940	\$ 2,100	\$ 10,641,558	\$ -
Total governmental activities	1,390,940	2,100	10,641,558	-
Business-type activities:				
Local Transportation Authority	2,289,485	125,671	1,908,482	457,963
Total business-type activities	2,289,485	125,671	1,908,482	457,963
<b>Total primary government</b>	<b>\$ 3,680,425</b>	<b>\$ 127,771</b>	<b>\$ 12,550,040</b>	<b>\$ 457,963</b>
	Use of money and property			
	Other revenues			
	Total general revenues			
	Transfers			
	Total general revenues and transfers			
	Change in net position			
	Net position:			
	Beginning of year			
	End of year			

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

<b>Net (Expense) Revenue and Changes in Net Position</b>		<b>Totals</b>	
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>2020</b>	<b>2019</b>
\$ 9,252,718	\$ -	\$ 9,252,718	\$ 2,120,054
9,252,718	-	9,252,718	2,120,054
-	202,631	202,631	(240,314)
-	202,631	202,631	(240,314)
9,252,718	202,631	9,455,349	1,879,740
196,093	-	196,093	128,402
15,066	8,157	23,223	28,911
211,159	8,157	219,316	157,313
-	-	-	-
211,159	8,157	219,316	157,313
9,463,877	210,788	9,674,665	2,037,053
8,263,525	1,326,232	9,589,757	7,552,704
<u>\$ 17,727,402</u>	<u>\$ 1,537,020</u>	<u>\$ 19,264,422</u>	<u>\$ 9,589,757</u>

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**FUND FINANCIAL STATEMENTS**

# Council of San Benito County Governments

## Balance Sheet

Governmental Funds

June 30, 2020

(with comparative totals for June 30, 2019)

	<b>Major Funds</b>			
	<b>General Administration</b>	<b>State Subvention Special Revenue</b>	<b>Highway 25 Safety Enhancement Capital Projects</b>	<b>Measure A Capital Projects</b>
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,555	\$ 4,320,031	\$ 314,374	\$ 144
Receivables:				
Accounts Receivable	-	68,002	-	-
Interest	-	-	125	-
Intergovernmental	-	-	-	-
<b>Total assets</b>	<b>\$ 14,555</b>	<b>\$ 4,388,033</b>	<b>\$ 314,499</b>	<b>\$ 144</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	\$ 14,555	\$ 4,737	\$ 22,996	\$ -
Due to LTF	-	-	-	-
Due to other governments	-	109,712	-	-
<b>Total liabilities</b>	<b>14,555</b>	<b>114,449</b>	<b>22,996</b>	<b>-</b>
<b>Deferred inflows - Unavailable revenue</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances:</b>				
Restricted for:				
PTMISEA	-	-	-	-
OHS	-	-	-	-
Transportation	-	-	291,503	144
Assigned	-	4,273,584	-	-
Unassigned (deficit)	-	-	-	-
<b>Total fund balances</b>	<b>-</b>	<b>4,273,584</b>	<b>291,503</b>	<b>144</b>
<b>Total liabilities, deferred inflows and fund balances</b>	<b>\$ 14,555</b>	<b>\$ 4,388,033</b>	<b>\$ 314,499</b>	<b>\$ 144</b>

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

Measure G Capital Projects	PTMISEA & ARRA Capital Projects	Other Governmental Funds	Totals	
			2020	2019
\$ 9,451,209	\$ 1,383,410	\$ 286,120	\$ 15,769,843	\$ 5,852,660
-	588	-	68,590	771,739
2,062,561	-	11,958	2,074,519	1,855,325
<u>\$ 11,513,770</u>	<u>\$ 1,383,998</u>	<u>\$ 298,078</u>	<u>\$ 17,913,077</u>	<u>\$ 8,479,724</u>
\$ -	\$ 3,440	\$ 3,003	\$ 48,731	\$ 55,618
-	-	-	-	1,061
-	-	-	109,712	109,712
-	3,440	3,003	158,443	166,391
-	-	-	-	-
-	1,141,339	-	1,141,339	1,492,504
-	121,596	-	121,596	152,852
11,513,770	117,623	-	11,923,040	2,295,547
-	-	295,075	4,568,659	4,372,426
-	-	-	-	4
<u>11,513,770</u>	<u>1,380,558</u>	<u>295,075</u>	<u>17,754,634</u>	<u>8,313,333</u>
<u>\$ 11,513,770</u>	<u>\$ 1,383,998</u>	<u>\$ 298,078</u>	<u>\$ 17,913,077</u>	<u>\$ 8,479,724</u>

**Council of San Benito County Governments**  
**Reconciliation of the Governmental Funds Balance Sheet**  
**to the Statement of Net Position**  
For the year ended June 30, 2020

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**Total fund balances - total governmental funds** \$ 17,754,634

Amounts reported for governmental activities in the Statement of Net Position are different because:

Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the government's fund balance sheets.

Vacation and compensated absence obligation (137,144)

Net OPEB obligations/assets result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets and liabilities

OPEB Asset	106,480
Deferred Outflows	6,531
Deferred Inflows	(3,099)

**Net position of governmental activities** \$ 17,727,402

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

**Council of San Benito County Governments**  
**Reconciliation of Fund Basis Balance Sheet to Government-wide Statement of Net Position**  
Governmental Activities  
June 30, 2020

	Governmental Funds Balance Sheet	Eliminations/ Reclassifications	Changes in GAAP	Statement of Net Position
<b>ASSETS</b>				
Current assets:				
Cash and investments	\$ 15,769,843	\$ -	\$ -	\$ 15,769,843
Receivables (net)	2,143,234	-	-	2,143,234
Total current assets	<u>17,913,077</u>	<u>-</u>	<u>-</u>	<u>17,913,077</u>
Noncurrent assets:				
Net OPEB Asset	-	-	106,480	106,480
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>106,480</u>	<u>-</u>
Total assets	<u>17,913,077</u>	<u>-</u>	<u>106,480</u>	<u>18,019,557</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to OPEB	-	-	6,531	6,531
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>6,531</u>	<u>6,531</u>
Total assets and deferred outflows	<u>\$ 17,913,077</u>	<u>\$ -</u>	<u>\$ 113,011</u>	<u>\$ 18,026,088</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 48,731	\$ -	\$ -	\$ 48,731
Due to LTF/fiduciary activities	-	-	-	-
Due to other governments	109,712	-	-	109,712
Total current liabilities	<u>158,443</u>	<u>-</u>	<u>-</u>	<u>158,443</u>
Noncurrent liabilities:				
Vacation and compensated absence obligation	-	-	137,144	137,144
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>137,144</u>	<u>137,144</u>
Total liabilities	<u>158,443</u>	<u>-</u>	<u>137,144</u>	<u>295,587</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to OPEB	-	-	3,099	3,099
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>3,099</u>	<u>3,099</u>
<b>Fund Balance/Net Position</b>				
<b>Fund Balance:</b>				
Restricted for:				
Transportation	13,185,975		(13,185,975)	
Assigned	4,568,659		(4,568,659)	
Unassigned (deficit)	-		-	
<b>Net Position</b>				
Net investment in capital assets				
Restricted for:				
Transportation		-	13,185,975	13,185,975
Unrestricted		-	4,541,427	4,541,427
Total net position	<u>17,754,634</u>	<u>-</u>	<u>(27,232)</u>	<u>17,727,402</u>
<b>Total liabilities, deferred inflows and net position</b>	<u>\$ 17,913,077</u>	<u>\$ -</u>	<u>\$ 113,011</u>	<u>\$ 18,026,088</u>

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

**Council of San Benito County Governments**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
For the year ended June 30, 2020  
(with comparative totals for the year ended June 30, 2019)

	Major Funds			
	General Administration	State Subvention Special Revenue	Highway 25 Safety Enhancement Capital Projects	Measure A Capital Projects
<b>REVENUES:</b>				
Use of money and property	\$ -	\$ 78,567	\$ 5,740	\$ 4
Intergovernmental	296,050	1,049,615	-	-
Charges for services	2,100	-	-	-
Other revenues	-	-	-	-
<b>Total revenues</b>	<b>298,150</b>	<b>1,128,182</b>	<b>5,740</b>	<b>4</b>
<b>EXPENDITURES:</b>				
Current:				
Salaries and benefits	173,148	284,588	-	-
Services and supplies	125,006	137,874	-	-
Capital outlay:				
Highway 25 improvements	-	-	50,277	-
Measure A projects	-	-	-	-
Other capital	-	116,005	-	-
<b>Total expenditures</b>	<b>298,154</b>	<b>538,467</b>	<b>50,277</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(4)</b>	<b>589,715</b>	<b>(44,537)</b>	<b>4</b>
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>(4)</b>	<b>589,715</b>	<b>(44,537)</b>	<b>4</b>
<b>FUND BALANCES:</b>				
Beginning of year	4	3,683,869	336,040	140
End of year	\$ -	\$ 4,273,584	\$ 291,503	\$ 144

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

			Totals	
Measure G Capital Projects	PTMISEA & ARRA Capital Projects	Other Governmental Funds	2020	2019
\$ 80,086	\$ 25,348	\$ 6,348	\$ 196,093	\$ 127,675
9,230,551	-	65,342	10,641,558	4,742,663
-	-	-	2,100	1,500
-	-	15,066	15,066	23,708
<u>9,310,637</u>	<u>25,348</u>	<u>86,756</u>	<u>10,854,817</u>	<u>4,895,546</u>
-	-	21,915	479,651	514,659
-	-	122,283	385,163	313,386
-	-	-	50,277	64,624
-	-	-	-	12
-	382,420	-	498,425	1,738,809
<u>-</u>	<u>382,420</u>	<u>144,198</u>	<u>1,413,516</u>	<u>2,631,490</u>
<u>9,310,637</u>	<u>(357,072)</u>	<u>(57,442)</u>	<u>9,441,301</u>	<u>2,264,056</u>
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>9,310,637</u>	<u>(357,072)</u>	<u>(57,442)</u>	<u>9,441,301</u>	<u>2,264,056</u>
<u>2,203,133</u>	<u>1,737,630</u>	<u>352,517</u>	<u>8,313,333</u>	<u>6,049,277</u>
<u>\$ 11,513,770</u>	<u>\$ 1,380,558</u>	<u>\$ 295,075</u>	<u>\$ 17,754,634</u>	<u>\$ 8,313,333</u>

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**Council of San Benito County Governments**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund**  
**Balances of Governmental Funds to the Statement of Activities**  
For the year ended June 30, 2020

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**Net change in fund balances - total governmental funds** \$ 9,441,301

Amounts reported for governmental activities in the Statement of Activities are different because:

Long-term obligations are not reported in the governmental funds, but the changes are reported in the Statement of Activities as expenses:

Net OPEB asset	21,673
Accrued compensated absences	<u>903</u>

**Change in net position of governmental activities** \$ 9,463,877

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

# Council of San Benito County Governments

## Statement of Revenues, Expenditures, and Changes in Fund Equity - Budget and Actual

General Administration Fund

For the year ended June 30, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	Original Budget	Amended Budget	2020 Actual	Variance Positive (Negative)	2019 Actual
<b>REVENUES:</b>					
Use of money and property:					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:					
Local Transportation Funds (LTF)	232,739	232,739	296,050	63,311	221,505
Charges for services	900	900	2,100	1,200	1,500
Other	-	-	-	-	8
<b>Total revenues</b>	<u>233,639</u>	<u>233,639</u>	<u>298,150</u>	<u>64,511</u>	<u>223,013</u>
<b>EXPENDITURES:</b>					
Salaries and benefits	108,054	108,054	173,148	(65,094)	115,469
Services and supplies	77,965	75,448	95,962	(20,514)	73,272
Contractual services	43,000	43,000	29,044	13,956	35,041
Capital	-	-	-	-	-
Other charges	4,620	7,137	-	7,137	-
<b>Total expenditures</b>	<u>233,639</u>	<u>233,639</u>	<u>298,154</u>	<u>(64,515)</u>	<u>223,782</u>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	-	-	(4)	(4)	(769)
<b>REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<u>\$ -</u>	<u>\$ -</u>	(4)	<u>\$ (4)</u>	(769)
<b>FUND BALANCES:</b>					
Beginning of year			4		773
End of year			<u>\$ -</u>		<u>\$ 4</u>

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

# Council of San Benito County Governments

## Statement of Revenues, Expenditures, and Changes in Fund Equity - Budget and Actual

### State Subvention Special Revenue Fund

For the year ended June 30, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	Original Budget	Amended Budget	2020 Actual	Variance Positive (Negative)	2019 Actual
<b>REVENUES:</b>					
Use of money and property:					
Investment income	\$ 18,000	\$ 18,000	78,567	\$ 60,567	\$ 66,843
Total use of money and property	18,000	18,000	78,567	60,567	66,843
Intergovernmental:					
RSTP	588,908	588,908	633,683	44,775	606,226
Rural Planning Assistance	360,446	360,446	415,932	55,486	367,226
SB1 Community Grant	150,000	150,000	-	(150,000)	-
STIP	55,000	55,000	-	(55,000)	55,000
Total intergovernmental	1,154,354	1,154,354	1,049,615	(104,739)	1,028,452
Charges for services:					
Planning, programming & monitoring	-	-	-	-	-
Total charges for services	-	-	-	-	-
Contributions in aid of construction	-	-	-	-	-
Other	-	-	-	-	-
<b>Total revenues</b>	<b>1,172,354</b>	<b>1,172,354</b>	<b>1,128,182</b>	<b>(44,172)</b>	<b>1,095,295</b>
<b>EXPENDITURES:</b>					
Salaries and benefits	336,252	336,252	284,588	51,664	372,888
Services and supplies	14,631	16,895	137,874	(120,979)	90,150
Contracts	215,500	213,236	-	213,236	-
Capital outlay:					
Other capital	571,267	2,296,537	116,005	2,180,532	1,725,270
<b>Total expenditures</b>	<b>1,137,650</b>	<b>2,862,920</b>	<b>538,467</b>	<b>2,324,453</b>	<b>2,188,308</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>34,704</b>	<b>(1,690,566)</b>	<b>589,715</b>	<b>2,280,281</b>	<b>(1,093,013)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>\$ 34,704</b>	<b>\$ (1,690,566)</b>	<b>589,715</b>	<b>\$ 2,280,281</b>	<b>(1,093,013)</b>
<b>FUND BALANCES:</b>					
Beginning of year			3,683,869		4,776,882
End of year			<u>\$ 4,273,584</u>		<u>\$ 3,683,869</u>

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

**Council of San Benito County Governments**  
**Statement of Revenues, Expenditures, and Changes in Fund Equity - Budget and Actual**  
Highway 25 Safety Enhancement Capital Projects Fund  
For the year ended June 30, 2020  
(with comparative actual amounts for the year ended June 30, 2019)

	Original Budget	Amended Budget	2020 Actual	Variance Positive (Negative)	2019 Actual
<b>REVENUES:</b>					
Use of money and property:					
Investment income	\$ 4,000	\$ 4,000	\$ 5,740	\$ 1,740	\$ 7,293
Total use of money and property	4,000	4,000	5,740	1,740	7,293
Other	393,371	393,371	-	(393,371)	-
<b>Total revenues</b>	<b>397,371</b>	<b>397,371</b>	<b>5,740</b>	<b>(391,631)</b>	<b>7,293</b>
<b>EXPENDITURES:</b>					
Capital outlay:					
Highway 25 improvements	250,000	250,000	50,277	199,723	64,624
Other capital	-	-	-	-	-
<b>Total expenditures</b>	<b>250,000</b>	<b>250,000</b>	<b>50,277</b>	<b>199,723</b>	<b>64,624</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>147,371</b>	<b>147,371</b>	<b>(44,537)</b>	<b>(191,908)</b>	<b>(57,331)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>\$ 147,371</b>	<b>\$ 147,371</b>	<b>(44,537)</b>	<b>\$ (191,908)</b>	<b>(57,331)</b>
<b>FUND BALANCES:</b>					
Beginning of year			336,040		393,371
End of year			<u>\$ 291,503</u>		<u>\$ 336,040</u>

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

# Council of San Benito County Governments

## Statement of Revenues, Expenditures, and Changes in Fund Equity - Budget and Actual

### Measure A Capital Projects Fund

For the year ended June 30, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	Original Budget	Amended Budget	2020 Actual	Variance Positive (Negative)	2019 Actual
<b>REVENUES:</b>					
Use of money and property:					
Investment income (losses)	\$ -	\$ -	\$ 4	\$ 4	\$ 3
Total use of money and property	-	-	4	4	3
Intergovernmental:					
STIP	-	-	-	-	-
Total intergovernmental	-	-	-	-	-
Other					
Other	-	-	-	-	-
<b>Total revenues</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>3</b>
<b>EXPENDITURES:</b>					
Salaries and benefits	-	-	-	-	-
Capital outlay:					
Measure A projects			0	-	12
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>(9)</b>
<b>REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>4</b>	<b>\$ 4</b>	<b>(9)</b>
<b>FUND BALANCES:</b>					
Beginning of year			140		149
End of year			<u>\$ 144</u>		<u>\$ 140</u>

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

# Council of San Benito County Governments

## Statement of Revenues, Expenditures, and Changes in Fund Equity - Budget and Actual

### Measure G Capital Projects Fund

For the year ended June 30, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	Original Budget	Amended Budget	2020 Actual	Variance Positive (Negative)	2019 Actual
<b>REVENUES:</b>					
Use of money and property:					
Investment income (losses)	\$ 5,000	\$ 5,000	\$ 80,086	\$ 75,086	\$ 9,900
Total use of money and property	5,000	5,000	80,086	75,086	9,900
Intergovernmental:					
Sales Tax	6,732,000	6,732,000	9,230,551	2,498,551	2,193,233
Total intergovernmental	6,732,000	6,732,000	9,230,551	2,498,551	2,193,233
Other			-	-	-
<b>Total revenues</b>	<b>6,737,000</b>	<b>6,737,000</b>	<b>9,310,637</b>	<b>2,573,637</b>	<b>2,203,133</b>
<b>EXPENDITURES:</b>					
Salaries and benefits	-	-	-	-	-
Capital outlay:					
Measure G projects	5,755,990	5,755,990	-	5,755,990	-
<b>Total expenditures</b>	<b>5,755,990</b>	<b>5,755,990</b>	<b>-</b>	<b>5,755,990</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>981,010</b>	<b>981,010</b>	<b>9,310,637</b>	<b>8,329,627</b>	<b>2,203,133</b>
<b>REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>\$ 981,010</b>	<b>\$ 981,010</b>	<b>9,310,637</b>	<b>\$ 8,329,627</b>	<b>2,203,133</b>
<b>FUND BALANCES:</b>					
Beginning of year			2,203,133		-
End of year			<u>\$ 11,513,770</u>		<u>\$ 2,203,133</u>

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

# Council of San Benito County Governments

## Statement of Revenues, Expenditures, and Changes in Fund Equity - Budget and Actual

### PTMISEA & ARRA Capital Projects Fund

For the year ended June 30, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	Original Budget	Amended Budget	2020 Actual	Variance Positive (Negative)	2019 Actual
<b>REVENUES:</b>					
Use of money and property:					
Investment income	\$ -	\$ -	\$ 25,348	\$ 25,348	\$ 37,589
Total use of money and property	-	-	25,348	25,348	37,589
Intergovernmental:					
Office of Emergency Services	84,081	84,081	-	(84,081)	-
PTMISEA	1,703,580	1,703,580	-	(1,703,580)	1,055,315
Total intergovernmental	1,787,661	1,787,661	-	(1,787,661)	1,055,315
<b>Total revenues</b>	<b>1,787,661</b>	<b>1,787,661</b>	<b>25,348</b>	<b>(1,762,313)</b>	<b>1,092,904</b>
<b>EXPENDITURES:</b>					
Capital outlay:					
PTMSIEA	1,585,000	1,585,000	351,164	1,233,836	13,539
Cal EMA	-	-	31,256	(31,256)	-
Other	-	-	-	-	-
<b>Total expenditures</b>	<b>1,585,000</b>	<b>1,585,000</b>	<b>382,420</b>	<b>1,202,580</b>	<b>13,539</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>202,661</b>	<b>202,661</b>	<b>(357,072)</b>	<b>(559,733)</b>	<b>1,079,365</b>
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>\$ 202,661</b>	<b>\$ 202,661</b>	<b>(357,072)</b>	<b>\$ (559,733)</b>	<b>1,079,365</b>
<b>FUND BALANCES:</b>					
Beginning of year			1,737,630		658,265
End of year			<u>\$ 1,380,558</u>		<u>\$ 1,737,630</u>

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

# Council of San Benito County Governments

## Statement of Net Position

Local Transportation Authority Enterprise Fund

June 30, 2020

(with comparative totals for June 30, 2019)

	Totals	
	2020	2019
Current assets:		
Cash and investments	\$ 12,723	\$ 48,739
Intergovernmental receivable	430,660	324,006
Interest receivable	(574)	-
Total current assets	<u>442,809</u>	<u>372,745</u>
Property, plant and equipment	4,287,254	3,829,291
Less accumulated depreciation	<u>(2,950,348)</u>	<u>(2,707,834)</u>
Property, plant, and equipment, net	<u>1,336,906</u>	<u>1,121,457</u>
<b>Total assets</b>	<u>\$ 1,779,715</u>	<u>\$ 1,494,202</u>
<b>LIABILITIES AND NET POSITION</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 128,786	\$ 130,082
Due to fiduciary activities/LTF	<u>71,360</u>	<u>-</u>
Total current liabilities	<u>200,146</u>	<u>130,082</u>
Vacation and compensated absence obligation	<u>42,549</u>	<u>37,888</u>
<b>Total liabilities</b>	<u>242,695</u>	<u>167,970</u>
<b>Net Position:</b>		
Net investment in capital assets	1,336,906	1,121,457
Unrestricted	<u>86,208</u>	<u>204,775</u>
<b>Total net position</b>	<u>1,423,114</u>	<u>1,326,232</u>
<b>Total liabilities and net position</b>	<u>\$ 1,665,809</u>	<u>\$ 1,494,202</u>

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



**Council of San Benito County Governments**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
Local Transportation Authority Enterprise Fund  
For the year ended June 30, 2020  
(with comparative totals for the year ended June 30, 2019)

	Totals	
	2020	2019
<b>OPERATING REVENUES:</b>		
Charges for services:		
Passenger fares	\$ 125,671	\$ 151,384
FTA 5311 operating grant	388,789	322,026
<b>Total operating revenues</b>	<u>514,460</u>	<u>473,410</u>
<b>OPERATING EXPENSES:</b>		
Salaries and benefits	339,622	262,702
Contracted services	1,474,992	1,531,342
Maintenance	209,972	283,249
Advertising	3,686	-
Insurance expenses	6,016	4,427
Professional and special projects	4,532	5,624
Administration	8,151	7,116
Depreciation expense	242,514	249,608
<b>Total operating expenses</b>	<u>2,289,485</u>	<u>2,344,068</u>
<b>OPERATING LOSS</b>	<u>(1,775,025)</u>	<u>(1,870,658)</u>
<b>NONOPERATING REVENUES:</b>		
Local Transportation Funds	873,125	1,006,235
State Transit Assistance Funds	532,662	489,262
FTA 5311/5310/5304 (FTA Operating Grant, Transit Interns, LRTS & SRTP )	-	71,375
LCTOP	113,906	-
Investment income	-	727
Other	8,157	5,203
<b>Total non-operating revenues (expenses), net</b>	<u>1,527,850</u>	<u>1,572,802</u>
<b>NET INCOME (LOSS) BEFORE TRANSFERS &amp; CONTRIBUTIONS</b>	<u>(247,175)</u>	<u>(297,856)</u>
Transfers in (out)	-	-
Capital Contributions	457,963	63,472
<b>CHANGE IN NET POSITION</b>	210,788	(234,384)
<b>NET POSITION:</b>		
Beginning of year	1,326,232	1,560,616
End of year	<u>\$ 1,537,020</u>	<u>\$ 1,326,232</u>

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

# Council of San Benito County Governments

## Statement of Cash Flows

Local Transportation Authority Enterprise Fund

For the year ended June 30, 2020

(with comparative amounts for the year ended June 30, 2019)

	Totals	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Cash receipts from passenger fares	\$ 125,671	\$ 151,384
Cash receipts from other governments	282,135	303,395
Cash payments to suppliers for goods and services	(1,708,645)	(1,817,087)
Cash payments to employees for services	(334,961)	(268,050)
<b>Net cash used by operating activities</b>	<b>(1,635,800)</b>	<b>(1,630,358)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>		
Transfers received (paid)	79,517	5,203
Other nonoperating receipts	113,906	71,375
Local Transportation Funds received	873,125	1,006,235
State Transit Assistance Funds received	532,662	489,262
<b>Net cash provided by noncapital financing activities</b>	<b>1,599,210</b>	<b>1,572,075</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition and construction of capital assets		-
Capital contributions	-	1,545
<b>Net cash (used) by capital and related financing activities</b>	<b>-</b>	<b>1,545</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Investment income received	574	727
<b>Net cash provided by investing activities</b>	<b>574</b>	<b>727</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(36,016)</b>	<b>(56,011)</b>
<b>CASH AND CASH EQUIVALENTS:</b>		
Beginning of year	48,739	104,750
End of year	\$ 12,723	\$ 48,739
Presentation in Statement of Net Position:		
Cash and investments	\$ 12,723	\$ 48,739
Total cash and investments	\$ 12,723	\$ 48,739
<b>Reconciliation of income (loss) from operations to net cash used by operating activities:</b>		
Operating income (loss)	\$ (1,775,025)	\$ (1,870,658)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation	242,514	249,608
(Increase) decrease in current assets:		
Intergovernmental receivable	(106,654)	(18,631)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(1,296)	14,671
Vacation and compensated absence obligation	4,661	(5,348)
<b>Net cash used by operating activities</b>	<b>\$ (1,635,800)</b>	<b>\$ (1,630,358)</b>

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

# Council of San Benito County Governments

## Statement of Fiduciary Net Position

Private Purpose Trust Funds

June 30, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	Local Transportation Fund	State Transit Assistance Fund	Totals	
			2020	2019
<b>ASSETS</b>				
Cash and investments	\$ 5,549,249	\$ -	\$ 5,549,249	\$ 4,841,493
Intergovernmental receivable	393,181	-	393,181	322,225
Interest receivable	2,598	158	2,756	-
Sales tax receivable	-	149,524	149,524	142,395
Due from other funds	131,063	-	131,063	1,061
<b>Total assets</b>	<b>6,076,091</b>	<b>149,682</b>	<b>6,225,773</b>	<b>5,307,174</b>
<b>LIABILITIES</b>				
Due to other funds	-	59,703	59,703	-
<b>Total liabilities</b>	<b>-</b>	<b>59,703</b>	<b>59,703</b>	<b>-</b>
<b>NET POSITION</b>				
Restricted for pedestrian/bicycle	3,171,978	-	3,171,978	1,665,020
Restricted for other governments	2,904,113	89,979	2,994,092	3,642,154
<b>Total net position</b>	<b>\$ 6,076,091</b>	<b>\$ 89,979</b>	<b>\$ 6,166,070</b>	<b>\$ 5,307,174</b>

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

# Council of San Benito County Governments

## Statement of Changes in Fiduciary Net Position

### Fiduciary Funds

For the year ended June 30, 2020

(with comparative actual amounts for the year ended June 30, 2019)

	Private Purpose Trust Funds			
	Local	State Transit	Totals	
	Transportation	Assistance		
	Fund	Fund	2020	2019
<b>Additions</b>				
Sales tax	\$ 1,987,980	\$ 619,224	\$ 2,607,204	\$ 2,424,735
Interest	103,596	3,929	107,525	105,093
Total additions	<u>2,091,576</u>	<u>623,153</u>	<u>2,714,729</u>	<u>2,529,828</u>
<b>Deductions</b>				
Claims paid to:				
Council of San Benito County Governments:				
Local Transportation Authority Fund	873,125	686,658	1,559,783	1,495,497
Administration Fund	296,050	-	296,050	221,505
Total deductions	<u>1,169,175</u>	<u>686,658</u>	<u>1,855,833</u>	<u>1,717,002</u>
Change in net position	<u>922,401</u>	<u>(63,505)</u>	<u>858,896</u>	<u>812,826</u>
Net position, beginning of year	5,153,690	153,484	5,307,174	4,494,348
Net position, end of year	<u>\$ 6,076,091</u>	<u>\$ 89,979</u>	<u>\$ 6,166,070</u>	<u>\$ 5,307,174</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**Council of San Benito County Governments**  
**Basic Financial Statements**  
**For the year ended June 30, 2020**

**Index to Notes to Basic Financial Statements**

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**Council of San Benito County Governments**  
**Notes to Basic Financial Statements**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Council of San Benito County Governments, the regional transportation-planning agency for the County of San Benito, was created pursuant to Title 3 of Government Code Section 29535. The Council is responsible for transportation planning activities, as well as administration of the Transportation Trust Funds.

**A. Financial Reporting Entity**

The accompanying basic financial statements present the financial activity of the Council of San Benito County Governments (Council), which is the primary government, along with the financial activities of its component units, which are entities for which the Council is financially accountable. Although they are separate legal entities, blended component units are, in substance, part of the Council's operations and are reported as an integral part of the Council's basic financial statements. This Council's component units, which are described below, are blended units of the Council.

***Measure A Authority***

The Measure A Authority (Authority) was formed by voter approval of Measure A in 1988. As a part of Measure A, the County Board of Supervisors designated the Council to administer the Measure. The Authority Board has the same members as the Council's Board. The Council's staff provides services of the Authority, with the Council's Executive Director also being the Authority's Executive Director. The Authority obtains its funding through a .5% countywide sales tax, and has specific projects that were a part of the Measure that are to be completed with the sales tax funds. The Measure A Authority is included as a component unit in the accompanying financial statements. The activities of the foregoing entities have been aggregated and merged (termed "blending") with those of the Council's in the accompanying financial statements, as it meets the criteria for inclusion as set forth in the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39.

***Local Transportation Authority***

The Local Transportation Authority (LTA) is a blended component of the Council. The LTA was established to operate the countywide transit system in San Benito County. The Council Board is the same as the LTA Board, the majority of the LTA operating funds are derived from Council managed funds, such as the Local Transportation and State Transit Assistance Funds. The Council's Executive Director is the LTA's Executive Director as well. The LTA is reported in these financial statements as an enterprise fund, in accordance with the State Controller's Office requirements for transit operations.



**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**B. Basis of Presentation**

*Government-Wide Financial Statements*

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

*Fund Financial Statements*

The financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Council or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least ten percent of the corresponding total for all funds of that category or type; and,
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least five percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

***Governmental Activities***

*General Administration Fund*

The General Administration Fund is used to account for resources traditionally associated with the Council, which are not required legally or by sound financial management to be accounted for in another fund. From this fund are paid the Council's general operating expenditures, the fixed charges, and the capital costs that are not paid through other funds.

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*Special Revenue Funds*

The Special Revenue Funds are used to account for specific revenues that are legally or otherwise restricted to expenditures for particular purposes.

*Capital Project Funds*

The Capital Projects Funds are used to account for financial resources used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

*Business-type Activities*

*Proprietary Funds*

*Enterprise Funds*

The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Council is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the Council has decided that periodic determination of net income is appropriate for accountability purposes.

*Fiduciary Funds*

*Private Purpose Trust Funds*

Private Purpose Trust Funds account for assets held and distributed to other governments similar to assets held in trust in the private environment. The fiduciary funds used by the Council are as follows:

*Local Transportation Fund* – this fund is utilized by the Council to receive and allocate Local Transportation funds to eligible claimants.

*State Transit Assistance Fund* - this fund is utilized by the Council to receive and allocate State Transit Assistance funds to eligible claimants.

These funds are accounted for on an accrual basis similar to proprietary funds.

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Major and Non-Major Funds**

The funds are further classified as major or non-major as follows:

<b>Fund Type</b>	<b>Brief Description</b>
<b>Major:</b>	
<b>Governmental Activities:</b>	
General Administration Fund	The primary operating fund of the Council. It is used to account for all financial resources except those required to be accounted for in another fund.
State Subvention Special Revenue Fund	State funds to reduce air pollution for motor vehicles and transportation planning for San Benito County.
Highway 25 Safety Enhancement Capital Projects Fund	Grant from the City of Hollister Redevelopment Agency for safety and operation enhancement projects along Highway 25.
Measure A Capital Projects Fund	Sales tax revenue for construction of voter approved projects.
Measure G Capital Projects	The measure is a one cent local transactions and use tax to be collected for 30 years to improve local streets and roads, improve connectivity, and reduce congestion.
PTMISEA & ARRA Capital Projects Fund	This fund accounts for small government short-term grants, such as the Public Transportation Modernization, Improvement, and Service Enhancement Account, the American Recovery and Reinvestment Act, and the Office of Homeland Security grants.
<b>Business-type Activities:</b>	
Local Transportation Authority Enterprise Fund	This fund accounts for the activities of providing a countywide transit system and a specialized service for the elderly and handicapped.
<b>Non-Major:</b>	
<b>Governmental Activities:</b>	
Service Authority Freeway Emergencies Fund (SAFE)	State funds for administration and operation of freeway call boxes and roadside assistance.
Rideshare Fund	State funds to provide means and incentives for ridesharing in order to reduce traffic and air pollution.
Vanpool Fund	To account for funds to encourage the use of carpools and vanpools.
Low Carbon Transit Operations Program (LCTOP)	This fund accounts for providing operating assistance for transit to continue the expansion of the intercounty services to reduce greenhouse gas emissions.

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

*New and Closed Funds*

There were no new funds opened or closed during the year ended June 30, 2020/

**C. Measurement Focus**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements.

On the government-wide Statement of Net Position and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The enterprise and private purpose trust funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of net income, financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Enterprise fund equity is classified as net position.

**D. Basis of Accounting**

In the government-wide Statement of Net Position and Statement of Activities both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than program revenues. Likewise, general revenues include all taxes.

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**D. Basis of Accounting, Continued**

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

The enterprise and private purpose trust funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Operating revenues in the proprietary fund are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations of the fund. All other expenses are reported as non-operating expenses.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The Council has elected not to follow subsequent private-sector guidance.

**E. Cash and Investments**

The Council pools cash and investments from all funds for the purpose of increasing income through investment activities. Highly liquid money market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. Market value is used as fair value for those securities for which market quotations are readily available.

The Council participates indirectly in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF) which has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk with the full faith and credit of the State of California collateralizing these investments. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as to changes in interest rates.

**F. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances of uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**F. Receivables, Continued**

include sales and use taxes, intergovernmental subventions and grants, interest earnings and expense reimbursements.

Business-type activities report intergovernmental receivables as major receivables. See Note 3 for additional disclosures. In the fund financial statements, material receivables in governmental funds include revenue accruals such as sales tax and intergovernmental subventions since they are usually both measurable and available. Non-exchange transactions collectible but not available are deferred in the fund financial statements in accordance with the modified accrual basis, but not deferred in the government-wide financial statements in accordance with the accrual basis. Interest and investment earnings are recorded when earned only if paid within 60 days since they would be considered both measurable and available. Proprietary fund material receivables consist of all revenues earned at year-end and not yet received. Intergovernmental accounts receivable comprise the majority of proprietary fund receivables. The Council's experience is that all accounts receivable are collectible; therefore an allowance for doubtful accounts is unnecessary.

**G. Capital Assets**

The accounting treatment of property, plant and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

*Government-Wide Statements*

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. These assets (back to July 1, 1980) have been valued at estimated historical cost.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Equipment	3 – 5 years
Facilities	30 years

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**G. Capital Assets, Continued**

*Fund Financial Statements*

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same way as in the government-wide statements.

**H. Compensated Absences**

All vacation pay is accrued when incurred in the government-wide financial statements and the proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Accumulated employee sick leave benefits are not recognized as liabilities of the Council with the exception of one employee as they are vested and within retirement age. Sick leave is paid out at half upon retirement.

**I. Budgetary Policies**

Budgets are prepared on the modified accrual basis of accounting in which capital assets acquired are recorded as expenditures and depreciation is not recorded.

The legal budget is the same as the operating budget in total. Total expenditures may not exceed the budgeted expenditures without approval of the Council's Governing Board. The budget lapses at the end of each fiscal year.

Estimated revenues and recommended appropriations are shown and supported by detailed documentation at each administrative level within the Council. The Council follows these procedures in establishing the budgetary data reflected in the financial statements:

- In accordance with the provisions of Sections 29000 and 29143, inclusive, of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the Council prepares a budget for each fiscal year on or before August 30.
- Budgeted expenditures are enacted into law through the passage of an Appropriation Ordinance. This ordinance mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the Council's Board of Directors. The operating budget includes proposed expenditures and the means of financing them.
- Any amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds are authorized by the Council Manager's office and must be approved by the Board of Directors.



**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**I. Budgetary Policies, Continued**

- Supplementary appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Directors. Pursuant to Board Resolution, the Council’s Manager is authorized to approve transfers and revision of appropriations under \$50,000 within a single budget unit as deemed necessary and appropriate.
- Formal budgeting is employed as a management control device during the year for the Council’s governmental funds.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP).

Budgeted amounts are as originally adopted or as amended by the Governing Board. Individual amendments were not material in relation to the original appropriations.

**2. CASH AND INVESTMENTS**

The Council had the following cash and investments at June 30, 2020 and June 30, 2019:

	June 30, 2020		June 30, 2019
	Not rated	Fair Value	
San Benito County Treasury	\$ 21,331,815	\$ 21,331,815	\$ 10,742,892
Total	<u>\$ 21,331,815</u>	<u>\$ 21,331,815</u>	<u>\$ 10,742,892</u>
<b>Amounts reported in:</b>			
Governmental activities		\$ 15,769,843	\$ 5,852,660
Business-type activities		12,723	48,739
Fiduciary activities		5,549,249	4,841,493
<b>Total</b>		<u>\$ 21,331,815</u>	<u>\$ 10,742,892</u>

**A. Cash Deposits**

The Council pools cash from all sources. The Council invests excess cash in the San Benito County Treasury investment pool, which at June 30, 2020, approximated fair value of \$21,331,815.

The California Government Code requires California banks and savings and loan associations to secure government cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral is considered to be held in the government’s name.

According to California law, the market value of pledged securities with banking institutions must equal at least 110% of the government’s cash deposits. California law also allows institutions to secure government deposits by pledging first trust deed mortgage notes having a value of 150% of the government’s total cash deposits. The government can waive collateral requirements for cash deposits, which are fully insured up to \$250,000 by the Federal Deposit Insurance Corporation. The County has waived these collateralization requirements.

The County Treasurer maintains a cash and investment pool, on behalf of the Council, as their custodian, which includes cash balances and authorized investments for all Council funds, which is invested to enhance interest earnings. The pooled interest earned is allocated quarterly to the Council based on average daily cash and investment balance.



**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**2. CASH AND INVESTMENTS, Continued**

**B. Investments**

The Council is authorized by State statutes and Governing Board action to invest in the following:

- United States Treasury notes, bonds, bills, or certificates of indebtedness.
- Registered state warrants or treasury notes or bonds of the State of California.
- Bonds, notes, warrants, or other evidences of indebtedness of any local agency within the State of California.
- Obligations issued by banks and guaranteed by federal agency or United States government-sponsored enterprise.
- Negotiable certificates of deposit or time deposits placed with commercial banks and/or savings and loan companies.
- Bankers' acceptances.
- Commercial paper.
- California Local Agency Investment Fund (LAIF).
- San Benito County Treasury

The Council's practice has been to limit investments to the San Benito County Treasury, an unrated investment pool, which limits the exposure of Council funds to interest rate and credit risk by treating all balances as current.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method, which includes any adjustments recorded in interest/investment income.

**C. Investments in External Investment Pools**

The Council's investments with the County at June 30, 2020, included a portion of the pool funds invested in structured notes and asset backed securities and similar transactions. These investments may include the following:

*Structured Notes* – are debt securities (other than asset-backed securities) whose cash-flow characteristics (coupon rate, redemption amount, or stated maturity) depends on one or more indices and/or that have embedded forwards or options.

*Asset-backed Securities* – the bulk of which are mortgage-backed securities, entitle their purchaser to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMOs) or credit card receivables.

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

**2. CASH AND INVESTMENTS, Continued**

The Council is, indirectly through the County pool, a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. The Council reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are maintained on an amortized cost basis. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, United States Treasury Notes and Bills, and corporations. At June 30, 2020, these investments matured in an average of 182 days. As of June 30, 2020, the County Treasury had \$10,118,143 invested in LAIF and CAMP. The County investment pool currently holds no derivative products in the form of asset-backed securities. The current average maturity of the portfolio is 1 to 331 days with an average duration of 182 days.

**3. ACCOUNTS RECEIVABLE**

Accounts receivable consisted of the following at June 30, 2020:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Totals	
				2020	2019
Accounts receivable	\$ 68,590	\$ -	\$ -	\$ 68,590	\$ 771,739
Interest	125	-	2,756	2,881	-
Intergovernmental	11,958	430,086	-	442,044	443,235
Sales tax receivable	2,062,561	-	542,705	2,605,266	2,200,716
Total receivables	<u>\$ 2,143,234</u>	<u>\$ 430,086</u>	<u>\$ 545,461</u>	<u>\$ 3,118,781</u>	<u>\$ 3,415,690</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	14%
Sales tax	84%
Other	2%

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

**4. CAPITAL ASSETS**

Capital asset activity for business-type activities for the year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Retirements	Balance June 30, 2020
<b><u>Business-type activities:</u></b>				
Property, plant, and equipment	3,829,291	462,306	(4,343)	4,287,254
Less: accumulated depreciation	<u>(2,707,834)</u>	-	<u>(242,514)</u>	<u>(2,950,348)</u>
Total business-type activities	<u>1,121,457</u>	<u>462,306</u>	<u>(246,857)</u>	<u>1,336,906</u>
Net book value	<u>\$ 1,121,457</u>	<u>\$ 462,306</u>	<u>\$ (246,857)</u>	<u>\$ 1,336,906</u>

In fiscal year 2012-13, the Council retired its' remaining governmental capital assets and had no capital assets recorded in governmental activities in the current year.

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

Accounts payable and accrued liabilities consisted of the following at June 30, 2020:

	Governmental Activities	Business-type Activities	Totals	
			2020	2019
Accounts payable and accrued liabilities	\$ 48,731	\$ 128,786	\$ 177,517	\$ 185,701
Due to fiduciary activities	-	71,360	71,360	1,061
Due to other governments	109,712	-	109,712	109,712
Total	<u>\$ 158,443</u>	<u>\$ 200,146</u>	<u>\$ 358,589</u>	<u>\$ 296,474</u>

These amounts resulted in the following concentrations in payables:

Vendors	62%
Other governments	38%

**6. LONG-TERM LIABILITIES**

Changes in long-term liabilities for the fiscal year ended June 30, 2020, are shown below:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
<b><u>Governmental activities:</u></b>				
Compensated absences	\$ 138,047	\$ -	\$ (903)	\$ 137,144
Total governmental activities	<u>138,047</u>	<u>-</u>	<u>(903)</u>	<u>137,144</u>
<b><u>Business-type activities:</u></b>				
Compensated absences	37,888	-	4,661	42,549
Total business-type activities	<u>37,888</u>	<u>-</u>	<u>4,661</u>	<u>42,549</u>
Totals	<u>\$ 175,935</u>	<u>\$ -</u>	<u>\$ 3,758</u>	<u>\$ 179,693</u>

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

**7. FUND BALANCES/NET POSITION**

Fund Balances consist of the following: Nonspendable, restricted, committed, assigned and unassigned. Nonspendable fund balance consists of investments that will not convert to cash soon enough to affect the current period. Restricted fund balance consists of resources that are subject to externally enforceable legal restrictions imposed by parties altogether outside the government. Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the Council’s highest level of decision-making authority. Assigned fund balance consists of amounts where intent is expressed by the governing body itself or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. Unassigned amounts represent deficits in fund balance as reflected by the necessity to show nonspendable and restricted balances in an amount greater than total fund balance. Currently, the Council uses only the restricted, assigned and unassigned categories.

	Totals	
	2020	2019
Restricted for:		
PTMISEA	\$ 1,141,339	\$ 1,492,504
OHS	121,596	152,852
Transportation	11,923,040	2,295,547
Total Restricted	<u>13,185,975</u>	<u>3,940,903</u>
Assigned for:		
State Subvention	4,273,584	3,683,869
Highway 25 Safety Enhancement	-	336,040
Service Authority	220,877	203,451
Rideshare	403	447
Vanpool	44,588	40,148
LCTOP	29,207	108,471
Total Assigned	<u>4,568,659</u>	<u>4,372,426</u>
Unassigned	-	4
Total Fund Balance	<u>\$ 17,754,634</u>	<u>\$ 8,313,333</u>

Net position consists of restricted and unrestricted amounts. Restricted amounts reflect balances which cannot be influenced by Council Governing Board action, such as the investment in capital assets net of any related debt. Unrestricted amounts reflect balances available for current operations.

	Net Position			
	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
Invested in capital assets	\$ -	\$ -	\$ 1,336,906	\$ 1,121,457
Restricted for Transportation	13,185,975	3,940,903	-	-
Unrestricted	4,541,427	4,322,621	200,114	204,774
<b>Total</b>	<u>\$ 17,727,402</u>	<u>\$ 8,263,524</u>	<u>\$ 1,537,020</u>	<u>\$ 1,326,231</u>

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

**8. PTMISEA**

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation, or replacement.

At year ended June 30, 2016, \$728,387 was deferred to fiscal year 2016/2017. In fiscal year 2016/2017 the Council applied for and received an additional \$390,000 from the State's PTMISEA account for a Yard Capital Project, Technology Expansion Project and Bus Stop Capital Improvement. In fiscal year 2019/2020 the Council applied for and received \$1,055,315 for Bus Stop Improvement Upgrades, Passenger Notification (Real Time) and Three-Year Vehicle Purchase. In 2019/2020 no new funds were received.

As of June 30, 2020, PTMISEA funds received and expended were verified in the course of our audit as follows:

	<u>Thru 6/30/2019</u>	<u>6/30/2020</u>	<u>Total</u>
Proceeds Received:			
PTMISEA	<u>\$2,340,823</u>	<u>\$ -</u>	<u>\$2,340,823</u>
Expenditures incurred:			
Token - FY 09/10	14,650	-	14,650
Bus Stop schedules - FY 11/12	1,598	-	1,598
Fuel Station - FY 12/13	87,000	-	87,000
Senior Step - FY13/14	1,068	-	1,068
Portion of Bus Stop Shelter	1,624	-	1,624
Telephone Systems	11,762	-	11,762
Maintenance Vehicle/Maint. Imp	49,439	10,062	59,501
Buses (5)	609,105	309,269	918,374
Maintenance on Bus #55	7,777	-	7,777
Technical Expansion	64,297	-	64,297
Bus Stop Imp. Plan Upgrades	-	31,833	31,833
Unexpended proceeds at June 30, 2019	<u>\$1,492,503</u>	<u>\$351,164</u>	<u>\$1,141,339</u>

**9. OHS**

The Governor's Office of Homeland Security (OHS) approved the Local Transportation Authority's application from the Transit System Safety, Security, and Disaster Response Account for Fiscal Years 2008-2009 and 2009-2010. The TSSSDRA funds were allocated to agencies and transit operators eligible to receive State Transit Assistance funds pursuant to Sections 99313 and 99314 of the Public Utility Code.

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

**9. OHS, Continued**

These funds are the Highway Safety, Traffic Reduction, and Port Security Bond Act of 2006 (Proposition 1B). There were no expenditures or revenues received in 2019/2020 TSSSDRA funds expended and received were verified in the course of our audit as follows:

<u>Fiscal Year</u>	<u>Date Received</u>	<u>Amount Received</u>	<u>Expended FY 12/13</u>	<u>Expended FY16/17</u>	<u>Expended FY 17/18</u>	<u>Expended FY 19/20</u>	<u>Unexpended at 06/30/20</u>
OHS 2010/11	2/22/2013	46,712	27,500				19,212
OHS 2012/13	6/29/2015	46,712	-	43,865			2,847
OHS 2014/15	3/22/2017	46,712					46,712
OHS 2015/16	4/30/2018	46,712		0			46,712
OHS 2016/17	5/9/2018	37,369				31,256	6,113
<b>TOTAL UNEXPENDED</b>							<b>121,596</b>

**10. RISK MANAGEMENT**

The Council is self-insured for claims arising from employee injuries, general and automobile claims, property and vehicle losses, earthquake damage, and flood and storm water damage. The Council also contracts with San Benito County for employees and these employees are covered additionally with the county. The cost of any claims are reflected and charged through the County's cost plan. The Council purchases insurance with CSAC Excess Insurance Authority with \$1,000,000 limit per occurrence subject to a \$25,000 self-insured retention per occurrence. San Benito County also uses CSAC Excess Insurance Authority with \$1,000,000 limit per occurrence subject to a \$100,000 self-insured retention per occurrence. There were no insurance claims either with the Council or San Benito County on behalf of the Council employees.

**11. PUBLIC EMPLOYEES' RETIREMENT SYSTEM**

*Plan Description*

The Council contributes to the California Public Employees' Retirement System (CalPERS), a cost-sharing, multiple-employer defined benefit pension plan through the County of San Benito. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Benefit provisions and all other requirements are established by State statute and County Board as well as Council Board ordinance. Copies of CalPERS' annual financial report may be obtained from their executive office 400 P Street, Sacramento, CA, 95814.

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**11. PUBLIC EMPLOYEES’ RETIREMENT SYSTEM, Continued**

*Funding Policy*

Participants are required to contribute 7% (7% of monthly salary over \$133.33) of their annual covered salary. The Council makes the contributions required of Council employees on their behalf and for their account. The Council is required to contribute at an actuarially determined rate; the FY 2019-20 rate is 22.5113% for employees. The contribution requirements of plan members and the Council are established and may be amended by CalPERS. All actuarial information for Council employees is combined with County reported amounts and a separate actuarial is not performed, therefore the net pension obligation cannot be ascertained. The current value of the County’s net pension obligation is \$53,008,078 as of the measurement date of June 30, 2019. The amount applicable to the Council cannot be determined and should not be inferred from the County’s liability amount.

**12. OTHER POST EMPLOYMENT BENEFITS (OPEB)**

*Plan Description.* The Council has indicated that the only OPEB provided is medical plan coverage. This coverage is available for employees who satisfy the requirements for retirement under CalPERS. An employee cannot terminate employment before meeting the age condition and be entitled to receive benefits.

As provided by the Public Employees’ Medical and Hospital and Care Act (PEMHCA), the Council is currently under contract with EIA for medical plan coverage has chosen to satisfy its retiree medical benefit commitment using the unequal contribution method. Under this approach, the Council is required to provide retiree medical benefits identical to that which it provides for active employees in the same plan at the same coverage levels. For calendar year 2020, the Council is contributing 100% of the amounts being contributed for similarly situated active employees. The coverage and the Council’s subsidy toward the cost of coverage may be continued at the retiree’s option for his or her lifetime. A surviving spouse and eligible dependents may continue coverage and receive the subsidy for the remainder of his or her lifetime as well.

*Eligibility:* A member is eligible to enroll in the EIA health plan if he or she retires within 120 days of separation from employment and receives a monthly retirement allowance. If the member meets this requirement, he or she may continue his or her enrollment at retirement and enroll within 30 days of retirement. If a member is currently enrolled in an EIA health plan and wants to continue enrollment into retirement, the employer will notify EIA and the member’s coverage will continue into retirement.

Membership of the plan consisted of the following at June 30, 2020:

Retirees and beneficiaries receiving benefits	1
Other participants fully eligible for benefits	7
Other participants not yet fully eligible for benefits	0
	<hr/>
Total	8
	<hr/> <hr/>



**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

**12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued**

*Council Contribution to the Plan*

The contribution requirements of the Plan participants and the Council are established by and may be amended by the Council. The Council prefunds the plan through the California Employers' Retiree Benefit Trust (CERBT).

*Net OPEB Asset*

The Council's net OPEB asset was measured as of June 30 2019 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2019 that was rolled forward to determine the June 30, 2020 total OPEB liability, based on the following actuarial methods and assumptions:

<b>Actuarial Assumptions:</b>	
Actuarial Valuation Date	June 30, 2019
Funding Practice	Fund a recommended actuarially determined contribution (ADC) to fully fund the benefits over a reasonable period of time through an amortization of the net (unfunded) OPEB Liability
Asset Return	7.00% per year; assumes the Council invests in the CERBT asset allocation Strategy 1 with a margin for adverse deviation of 28bps.
Discount Rate	7.0% per annum. This discount rate assumes the Council continues to fully fund for its retiree health benefits through the California Employers' Retiree Trustee (CERBT) under its investment allocation strategy 1. The rate reflects the CERBT published median interest rate for strategy 1 of 7.28% with an additional margin for adverse deviation.
General Inflation	2.75% per annum
Salary Increase	3.25% per annum
Pre-retirement Turnover:	According to the termination rates under the 2017 experience study for the CalPERS pension plan. (rates have been updated to the CalPERS 2017 experience study from the 2014 experience study for the pension plan)
Mortality Rates	Rates are based on: Healthy Actives and Retirees: SOA pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2019 for Miscellaneous employees and SOA Pub-2010 Safety Headcount Weighted Mortality Table fully generational using Scale MP-2019 for CPO employees. Surviving Spouses: SOA Pub-2010 pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2019. Disabled Retirees: SOA pub-2010 Non-Safety Disabled Headcount Weighted Mortality Table fully generational using Scale MP-2019 (Rates have been updated from the 2014 CalPERS experience study.)
Disability Rates	According to the disability rates under the 2017 CalPERS pension plan valuation.
Retirement Age	According to the retirement rates under the 2017 CalPERS pension plan valuation. Misc. Tier 1: 2% @55, Misc. Tier 2: 2%@62, Safety CPO Tier 1: 3% @55 and Safety CPO Tier 2: 2.7% @57
Participation Rates	100% (50% for non-participating) of eligible active employees are assumed to elect medical coverage at retirement. For employees only eligible for the CalPERS minimum required contribution, the participation assumption is reduced to 50%. Currently elected plan coverage is used for both future retirees and current retirees.
Spouse Coverage	65% of future retirees are assumed to elect coverage for their spouse. Male spouses are assumed to be 3 years older than female spouses. Actual spouse coverage and spouse ages are used for current retirees.
Dependent Coverage	30% of future retirees are assumed to elect coverage for dependents other than a spouse under the age of 26 at retirement. Eligibility for coverage for the youngest depend is assumed to end at the retiree's age 62.



**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

**12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued**

Claim Cost Development	The valuation claim costs are based on the premiums paid for medical insurance coverage. The County participates in CSAC-EIA Healthcare plan, a community rated plan. The premiums for active employees and non-Medicare employees are based on pooled rates. An implicit rate subsidy can exist when the non-Medicare rates for retirees are the same as for active employees. Since non-Medicare eligible retirees are typically much older than active employees, their actual medical costs are typically higher than for active employees. The current valuation contains an estimate of the implicit rate subsidy.
Medical Trend Rates	2020 6.50%/ 2021 6.25% / 2022 6% / 2023 5.75% / 2024 5.50% / 2025 5.25%/ 2026 5.00% / 2027 4.75% / 2028+ 4.50%
Medicare Participation	100% unless otherwise specified
County Contribution	The CalPERS minimum required contribution is assumed to increase 4% per year. The total County maximum contribution is assumed to remain constant in future years.
Actuarial Cost Method	The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is projected benefit cost method which means the “cost” is based on the projected benefit expected to be paid at retirement. The EAN normal cost equals the level annual amount of contribution from the employee’s date of hire (entry date) to their retirement date that is sufficient to fund the projected benefit. As required by GASB 7t, the normal cost is calculated to remain level as a percentage of pay. The EAN actuarial accrued liability equals the present value of all future benefits for retired and current employees and their beneficiaries less the portion expected to be funded by future normal costs. All employees eligible as of the valuation date in accordance with the provisions of the Plan listed in the data provided by the County were included in the valuation
Actuarial Value of Assets	Any assets of the plan are valued on a market value basis.
Amortization of NOL	The unfunded actuarial accrued or net OPEB liability (NOL) is being amortized over 13 years using a level-dollar amortization method.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class Component	Target Allocation CERBT Strategy 1	Expected Real Rate of Return
Global Equity	59%	5.5%
Fixed Income	25%	2.35%
TIPS	5%	1.50%
Commodities	3%	1.75%
REITs	8%	3.65%
	100%	

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

**12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued**

*Discount Rate*

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability

*Changes in the OPEB Liability*

The changes in the net OPEB asset for the Plan are as follows:

	<b>Total OPEB Liability</b>	<b>Fiduciary Net Position</b>	<b>Net OPEB Liability/(Asset)</b>
Balance at 6/30/2019*	\$ 233,627	\$ 320,513	\$ (86,886)
Changes for the year			
Service Cost	9,502	-	9,502
Interest	16,792	-	16,792
Difference between actual and expected experience	(19,817)	-	(19,817)
Assumption changes	2,653	-	2,653
Contributions – employer	-	9,003	(9,003)
Contributions – employee	-	-	-
Net investment income	-	19,790	(19,790)
Benefit payments	(6,486)	(6,486)	-
Administrative expenses	-	(69)	69
Other expenses	-	-	-
Net Changes	2,644	22,238	(19,594)
Balance at 6/30/2020**	\$ 236,271	\$ 342,751	\$ (106,480)

\*Measured date 6/30/2018

\*\*Measured date 6/30/2019

*Sensitivity of the Net OPEB Asset to Changes in the Discount Rate*

The discount rate used for the fiscal year end 2020 is 7%. The following presents the net OPEB asset of the Council if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate, for measurement period ended June 30, 2019.

	1% Decrease	Current Rate	1% Increase
Change in Discount Rate	6.00%	7.00%	8.00%
Net OPEB Liability/(Asset)	\$ (76,489)	\$ (106,480)	\$ (132,171)

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

**12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued**

*Sensitivity of the Net OPEB Asset to Changes in the Health Care Cost Trend Rates*

The following presents the net OPEB asset of the Council if it were calculated using health care cost trend rates that are one percentage lower or one percentage point higher than the current rate, for measurement period ending June 30, 2019:

Change in Healthcare Cost Trend Rate	1% Decrease (5.0% HMO/5.5% PPO decreasing to 4% HMO/4.00% PPO)	Current Trend (6.00%HMO/6.5% PPO decreasing to5.00% HMO/5.00% PPO)	1%Increase (7.00%HMO/7.5% PPO decreasing to6.00% HMO/6.00% PPO)
Net OPEB Liability/(Asset)	\$ (138,266)	\$ (106,480)	\$ (67,736)

*Recognition of Deferred Outflows and Deferred Inflows of Resources*

Gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time. Amounts are first recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The recognition period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on OPEB plan investments	5 years
All other amounts	Expected average remaining service lifetime (EARSL) (6.0 Years at June 30, 2019)

*OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB*

For the fiscal year ended June 30, 2020, the Council recognized OPEB expense of \$461. As of fiscal year ended June 20, 2019, the Council reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	3,099
Employer contributions made subsequent to the measurement date	6,531	-
<b>Total</b>	<b>6,531</b>	<b>3,099</b>

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued**

The \$6,531 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2019 measurement date will be recognized as a reduction of the net OPEB asset during the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources related to OPEB will be recognized as expense as follows:

Fiscal Year ended June 30	Deferred Outflow/(Inflows) of Resources
2020	(3,380)
2021	(3,380)
2022	(1,570)
2023	(1,013)
2024	(1,561)
Thereafter	(7,798)

**13. NEW ACCOUNTING PRONOUNCEMENTS**

The GASB has issued Statement No. 87, "*Leases*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. 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 Council will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

The GASB has issued Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. The Council will implement this statement, as applicable, to its financial statements for the year ending June 30, 2021.

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**13. NEW ACCOUNTING PRONOUNCEMENTS, Continued**

The GASB has issued Statement No. 91, "*Conduit Debt Obligations*." The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives 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 Council will implement this statement, as applicable, to its financial statements for the year ending June 30, 2022.

The GASB has issued Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*". The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, *Certain Asset Retirement Obligations*
- Statement No. 84, *Fiduciary Activities*
- Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*
- Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*
- Implementation Guide No. 2018-1, *Implementation Guidance Update—2018*
- Implementation Guide No. 2019-1, *Implementation Guidance Update—2019*
- Implementation Guide No. 2019-2, *Fiduciary Activities*.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in *each* pronouncement as originally issued.

**Council of San Benito County Governments**  
**Notes to Basic Financial Statements, Continued**  
**For the year ended June 30, 2020**

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**14. CONTINGENCIES**

The Council participates in a number of Federal, State, and County programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grantor program regulations, the Council may be required to reimburse the grantor government. As of June 30, 2020, some amounts of grant expenditures have not been audited, but the Council believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any individual governmental funds or the overall financial condition of the Council.

**15. PANDEMIC EFFECTS**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Council is closely monitoring its investment portfolio and its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Council's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Council's riders, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Council's financial position and changes in net position, fund balance and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic. In addition, certain compliance requirements regarding fare box revenues and use of restricted funds have been suspended due to curtailed or suspended operations during this period and require no further disclosure for these financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

**Council of San Benito County Governments**  
**Required Supplementary Information - Schedule of Changes in**  
**the Net OPEB Asset and Related Ratios**  
for the Measurement Periods Ended June 30,

	2020	2019	2018
<b>Total OPEB Liability</b>			
Service Cost	\$ 9,502	\$ 9,203	\$ 8,601
Interest on the total OPEB liability	16,792	15,459	14,369
Differences between expected and actual experience	(19,817)	-	-
Changes of assumptions	2,653	-	-
Benefit payments	(6,486)	(5,345)	(10,654)
<b>Net change in Total OPEB Liability</b>	2,644	19,317	12,316
<b>Total OPEB liability - beginning</b>	233,627	214,310	202,094
<b>Total OPEB liability - ending (a)</b>	\$ 236,271	\$ 233,627	\$ 214,410
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 9,003	\$ 7,542	\$ 17,610
Net Investment income	19,790	23,508	27,557
Benefit payments, including refunds of member contributions	(6,486)	(5,345)	(10,654)
Administrative expenses	(69)	(157)	(140)
Other	-	(391)	-
<b>Net change in plan fiduciary net position</b>	22,238	25,157	34,373
<b>Plan fiduciary net position - beginning</b>	320,513	295,356	260,983
<b>Plan fiduciary net position - ending (b)</b>	\$ 342,751	\$ 320,513	\$ 295,356
<b>Net OPEB liability/(asset) - ending (a) - (b)</b>	\$ (106,480)	\$ (86,886)	\$ (80,946)
<b>Plan fiduciary net position as a percentage of the total OPEB liability</b>	145.1%	137.2%	137.8%
<b>Covered-employee payroll</b>	N/A	N/A	N/A
<b>Net OPEB liability/(asset) as a percentage of covered-employee payroll</b>	N/A	N/A	N/A

**Notes to Schedule**

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability/(Asset). However, since the initial year of implementation was 6/30/18, only two years are currently available.



**Council of San Benito County Governments**  
**Required Supplementary Information - Schedule of Contributions**  
for the Measurement Periods Ended June 30,

Fiscal Year Ended June 30,	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ 2,517	\$ 2,197	\$ 1,388
Contributions in relation to the ADC	9,003	7,542	17,610
Contribution deficiency (excess)	\$ (6,486)	\$ (5,345)	\$ (16,222)
 Covered-employee payroll	 N/A	 N/A	 N/A
 Contributions as a percentage of covered-employee payroll	 N/A	 N/A	 N/A

**Notes to Schedule**

1) GASB 75 requires presentation of the 10-year history of changes in the Net OPEB Liability/(Asset). However, since the initial year of implementation was 6/30/18, only two years are currently available.

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**SUPPLEMENTAL INFORMATION**

**Council of San Benito County Governments**

**Combining Balance Sheet**

Nonmajor Governmental Funds

June 30, 2020

(with comparative totals for June 30, 2019)

	Special Revenue Funds				Non-Major Funds Totals	
	Service Authority for Freeways and Expressways Fund	Rideshare	Van Pool	LCTOP	2020	2019
<b>ASSETS</b>						
Pooled cash and investments	\$ 211,901	\$ 403	\$ 44,622	\$ 29,194	\$ 286,120	\$ 237,291
Receivables:						
Intergovernmental	11,926	-	19	13	11,958	119,229
<b>Total assets</b>	<u>\$ 223,827</u>	<u>\$ 403</u>	<u>\$ 44,641</u>	<u>\$ 29,207</u>	<u>\$ 298,078</u>	<u>\$ 356,520</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>Liabilities:</b>						
Accounts payable and accrued liabilities	\$ 2,950	\$ -	\$ 53	\$ -	\$ 3,003	\$ 4,003
<b>Total liabilities</b>	<u>2,950</u>	<u>-</u>	<u>53</u>	<u>-</u>	<u>3,003</u>	<u>4,003</u>
<b>Deferred inflows: Unavailable revenue</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balances:</b>						
Assigned	220,877	403	44,588	29,207	295,075	352,517
<b>Total fund balances</b>	<u>220,877</u>	<u>403</u>	<u>44,588</u>	<u>29,207</u>	<u>295,075</u>	<u>352,517</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 223,827</u>	<u>\$ 403</u>	<u>\$ 44,641</u>	<u>\$ 29,207</u>	<u>\$ 298,078</u>	<u>\$ 356,520</u>

**Council of San Benito County Governments**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**

Nonmajor Governmental Funds

For the year ended June 30, 2020

(with comparative totals for the year ended June 30, 2019)

	Special Revenue Funds				Non-Major Funds Totals	
	Service Authority for Freeways and Expressways Fund	Rideshare	Van Pool	LCTOP	2020	2019
<b>REVENUES:</b>						
Use of money and property:						
Interest	\$ 3,865	\$ 7	\$ 813	\$ 1,663	\$ 6,348	\$ 6,047
Intergovernmental:						
Motor vehicle in lieu fees	65,342	-	-	-	65,342	65,255
Monterey Bay	-	-	-	-	-	-
LCTOP	-	-	-	-	-	178,903
Other revenues:						
Van pool payments	-	-	14,066	-	14,066	23,450
Reimbursements	-	1,000	-	-	1,000	250
<b>Total revenues</b>	<b>69,207</b>	<b>1,007</b>	<b>14,879</b>	<b>1,663</b>	<b>86,756</b>	<b>273,905</b>
<b>EXPENDITURES:</b>						
Current:						
Salaries and benefits	16,954	-	4,961	-	21,915	26,302
Services and supplies	34,828	1,051	5,478	80,926	122,283	114,923
<b>Total expenditures</b>	<b>51,782</b>	<b>1,051</b>	<b>10,439</b>	<b>80,926</b>	<b>144,198</b>	<b>141,225</b>
<b>REVENUES OVER (UNDER) EXPENDITURES</b>	<b>17,425</b>	<b>(44)</b>	<b>4,440</b>	<b>(79,263)</b>	<b>(57,442)</b>	<b>132,680</b>
Transfers in	-	-	-	-	-	-
<b>Total other financing     sources and uses</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)</b>	<b>17,425</b>	<b>(44)</b>	<b>4,440</b>	<b>(79,263)</b>	<b>(57,442)</b>	<b>132,680</b>
<b>FUND BALANCES:</b>						
Beginning of year	203,452	447	40,148	108,470	352,517	219,837
End of year	\$ 220,877	\$ 403	\$ 44,588	\$ 29,207	\$ 295,075	\$ 352,517

**Council of San Benito County Governments**  
**Schedule of Amounts Allocated and Disbursed by Purpose**  
 State Transit Assistance Fund  
 For the year ended June 30, 2020

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	San Benito County Local Transportation Authority Section 6730 (a) 6730 (b) 6731 ( c) <u>Operating, Capital</u>	
<b>Allocations Outstanding June 30, 2019</b>	\$	153,484
<b>Allocations</b>		623,153
<b>Disbursements:</b>		
2019-20 Claims		686,658
Total Disbursements		<u>686,658</u>
<b>Allocations Outstanding June 30, 2020</b>	<b>\$</b>	<b><u>89,979</u></b>

**Council of San Benito County Governments**  
**Schedule of Amounts Allocated and Disbursed by Purpose**  
Local Transportation Fund  
For the year ended June 30, 2020

	<b>San Benito County and Unincorporated Area</b>	<b>Regional Transportation Planning</b>	<b>San Benito County Local Transportation Authority</b>	
	Pedestrian and Bicycle Section 99234	Administration Planning & Programming Section 99233.1 & 99233.2	Community Transit Public Transportation Section 99233.7 & 99233.8	Totals
<b>Allocations Outstanding June 30, 2019</b>	\$ -	\$ 296,050	\$ -	\$ 296,050
<b>Disbursements:</b>				
2019-20 Claims	-	296,050	873,125	1,169,175
Total Disbursements	-	296,050	873,125	1,169,175
<b>Allocations Outstanding June 30, 2020</b>	\$ -	\$ -	\$ (873,125)	\$ (873,125)

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JJACPA, Inc.

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## INDEPENDENT AUDITORS' COMPLIANCE REPORT

To the Governing Board of the  
Council of San Benito County Governments  
Hollister, CA

We have audited the compliance of Council of San Benito County Governments (Council) Transportation Development Act Article III Funds (TDA Funds) with the types of compliance requirements described in Section 6666 of the *Rules and Regulations of the California Administrative Code in the Transportation Development Act Statutes and Administrative Code for 1987 (Act)* and the allocation instructions and resolutions of the Council of San Benito County Governments. Compliance with the requirements of laws, regulations, contracts, and grants applicable to the TDA Funds is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

As part of the audit, we performed tests of the following program:

### ***Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA)***

In November 2006, California voters passed a bond measure enacting the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006. Of the \$19.925 billion of State general obligation bonds authorized, \$4 billion was set aside by the State as instructed by statute as the Public Transportation Modernization Improvement and Service Enhancement Account (PTMISEA). These funds are available to the California Department of Transportation for intercity rail projects and to transit operators in California for rehabilitation, safety or modernization improvements, capital service enhancements or expansions, new capital projects, bus rapid transit improvements, or for rolling stock procurement, rehabilitation, or replacement. At year ended June 30, 2016, \$728,387 was deferred to fiscal year 2016/2017. In fiscal year 2016/2017 the Council applied for and received an additional \$390,000 from the State's PTMISEA account for a Yard Capital Project, Technology Expansion Project and Bus Stop Capital Improvement. In fiscal year 2019/2020 the Council applied for and received \$1,055,315 for Bus Stop Improvement Upgrades, Passenger Notification (Real Time) and Three-Year Vehicle Purchase. In 2019/2020 no new funds were received.

As of June 30, 2020, PTMISEA funds received and expended verified in the course of our audit:

	<u>Thru 6/30/2019</u>	<u>6/30/2020</u>	<u>Total</u>
Proceeds Received:			
PTMISEA	\$2,340,823	\$ -	\$2,340,823
Expenditures incurred:			
Token - FY 09/10	14,650	-	14,650
Bus Stop schedules - FY 11/12	1,598	-	1,598
Fuel Station - FY 12/13	87,000	-	87,000
Senior Step - FY13/14	1,068	-	1,068
Portion of Bus Stop Shelter	1,624	-	1,624
Telephone Systems	11,762	-	11,762
Maintenance Vehicle/Maint. Imp	49,439	10,062	59,501
Buses (5)	609,105	309,269	918,374
Maintenance on Bus #55	7,777	-	7,777
Technical Expansion	64,297	-	64,297
Bus Stop Imp. Plan Upgrades	-	31,833	31,833
Unexpended proceeds at June 30, 2019	<u>\$1,492,503</u>	<u>\$351,164</u>	<u>\$1,141,339</u>

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those 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 the TDA Funds. An audit includes examining, on a test basis, evidence about the Council'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. Our audit does not provide a legal determination of the Council's compliance with those requirements.

In our opinion, the TDA Funds allocated to and received by the Council pursuant to the Act were expended in conformance with the applicable statutes, rules, and regulations of the Act and the allocation instructions and resolutions of the Council of San Benito County Governments.

This report is intended for the information of the Council of San Benito County Governments' Council Members and management. However, this report is a matter of public record and its distribution is not limited.

December 11, 2020

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 JJACPA, Inc.  
 Dublin, CA



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**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**

To the Governing Board of the  
Council of San Benito County Governments  
Hollister, CA

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, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison information of the Council of San Benito County Governments (Council), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated December 11, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Council'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 Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 Council's financial statements will not be prevented, or detected and corrected on a timely basis.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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*.

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 the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

December 11, 2020

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JJACPA, Inc.

Dublin, CA



## Staff Report

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To: Measure G Transportation Safety and Investment Plan Oversight Committee  
From: Mary Gilbert, Executive Director Phone Number: (831) 637-7665 x.207  
Date: January 27, 2021  
Subject: **San Benito County Measure G Annual Report**

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### Recommendation:

- a) **RECEIVE** Presentation on 2020 Measure G Activities
- b) **CONSIDER** Appointing Committee Members to Annual Report and Strategic Planning Subcommittee

### Background:

Measure G was approved by voters in November 2018 and COG began receiving funds in Summer 2019. Staff will give a presentation updating the Committee on Measure G projects and COG activities at the Committee meeting.

### Financial Analysis:

The balance of Measure G funds collected as of December 2020 is \$13,249,932.68.

### Summary

Staff is coordinating with local jurisdictions to distribute local roads funding and is continuing development of the Tier I Highway 25 Widening project.

### Staff Analysis

In June, the COG Board approved a distribution method to advance funds to Tier II and Tier III, Local Road Measure G projects in early years, with a trade off that in future years, funds would be diverted from local projects to Tier I, Highway 25. The table below illustrates the approved funding scenario:

	2020	2021	2022	2023	2024
Tier I - Hwy 25	30.20%	28.80%	27.40%	28.00%	26.60%
Tier II – Local Roads	62.19%	63.44%	64.69%	64.15%	65.40%
Tier III – Other	6.91%	7.05%	7.19%	7.13%	7.27%
Administration	1%	1%	1%	1%	1%

Each local agency must have an approved agreement with COG for use of its share of Measure G funding. Each agency must also submit annual reporting to COG.

The Measure G Oversight Committee preparation of the Measure G Annual Report. Staff is seeking approval from the committee to appoint members to a subcommittee that will collaborate with staff to prepare the Measure G Annual Report. The Committee will consider approval of the Annual Report at a future meeting.

Executive Director Review:           MG          

Counsel Review:           N/A