

COUNCIL OF SAN BENITO
COUNTY GOVERNMENTS
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2022



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Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2022

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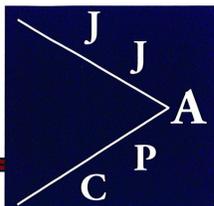
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JJACPA, Inc.

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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and 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, 2022, 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, 2021 financial statements and, in our report dated December 10, 2021; we expressed an unmodified opinion on those financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Council, as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Council's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matters

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-13, the Schedule of Changes in the Net OPEB Asset and Ratios on page 69, and the Net OPEB Liability Schedule of Contributions on page 70 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.

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

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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 14, 2022 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 14, 2022

JJACPA, Inc.

JJACPA, Inc.
Dublin, CA

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2022

Management's Discussion and Analysis

Management's Discussion and Analysis

This section of the Council of San Benito County Governments' (the Council) basic financial statements presents management's overview and analysis of the financial activities of the Council for the fiscal year ended June 30, 2022. We encourage the reader to consider the information presented here in conjunction with the financial statements as a whole.

FINANCIAL HIGHLIGHTS

- In fiscal year 2019, the voters of San Benito County approved COG Ordinance 2018-01 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 \$35,718,060 use tax thru June 2022.
- The Council has been involved in planning, coordinating, and funding projects worth \$14,323,461 in fiscal year 2021/22.
- The Council continues to provide needed services such as County Express public busses 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 provide both long-term and short-term information about the Council's overall financial status. The accompanying government-wide financial statements include two statements that present financial data for the Council as a whole. These statements include all assets, deferred outflows of resources and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies.

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, 2022
Management's Discussion and Analysis, Continued

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 16, 17, and 18 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, 2022
Management's Discussion and Analysis, Continued

OVERVIEW OF FINANCIAL STATEMENTS, Continued

The Council maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general 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, 2022
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 \$21,910,857 at the close of the most recent fiscal year. A large portion of the Council’s net position, approximately 67%, reflects the sales tax from Measure G thru June 2022. As of June 2022, there have been \$22,337,765 in 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
	2022	2021	2022	2021	2022	2021	
Assets and Deferred Outflows of Resources							
Current and other assets	\$ 22,131,522	\$ 23,698,938	\$ 619,586	\$ 858,549	\$ 22,751,108	\$ 24,557,487	-7%
Net OPEB Asset	204,674	99,428	-	-	204,674	99,428	
Capital assets, net	-	-	1,070,092	1,006,138	1,070,092	1,006,138	
Total assets	<u>22,336,196</u>	<u>23,798,366</u>	<u>1,689,678</u>	<u>1,864,687</u>	<u>24,025,874</u>	<u>25,663,053</u>	-6%
Deferred outflows	24,654	21,150	-	-	24,654	21,150	
Total assets and deferred outflows	<u>\$ 22,360,850</u>	<u>\$ 23,819,516</u>	<u>\$ 1,689,678</u>	<u>\$ 1,864,687</u>	<u>\$ 24,050,528</u>	<u>\$ 25,684,203</u>	-6%
Liabilities and Deferred Inflows of Resources							
Current and other liabilities	1,242,981	815,273	734,209	615,886	1,977,190	1,431,159	38%
Noncurrent liabilities	52,975	58,899	17,735	16,553	70,710	75,452	-6%
Total liabilities	<u>1,295,956</u>	<u>874,172</u>	<u>751,944</u>	<u>632,439</u>	<u>2,047,900</u>	<u>1,506,611</u>	36%
Deferred Inflows	91,771	17,505	-	-	91,771	17,505	
Total Liabilities and Deferred Inflows	<u>1,387,727</u>	<u>891,677</u>	<u>751,944</u>	<u>632,439</u>	<u>2,139,671</u>	<u>1,524,116</u>	40%
Net Position:							
Invested in capital assets	-	-	1,070,092	1,006,138	1,070,092	1,006,138	6%
Restricted for:							
Transportation	16,015,961	17,651,837	-	-	16,015,961	17,651,837	-9%
Unrestricted	4,957,162	5,276,002	(132,358)	226,110	4,824,804	5,502,112	-12%
Total net position	<u>\$ 20,973,123</u>	<u>\$ 22,927,839</u>	<u>\$ 937,734</u>	<u>\$ 1,232,248</u>	<u>\$ 21,910,857</u>	<u>\$ 24,160,087</u>	-9%

The remaining amount in *unrestricted net position* of \$4,957,162 will be used to meet the Council’s ongoing obligations to citizens and creditors as funded through current revenues.

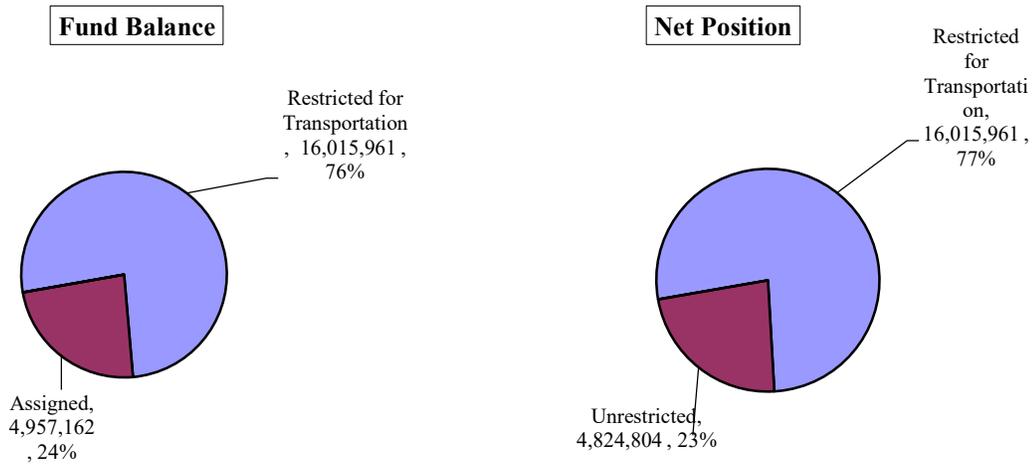
Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2022
Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

The cost of all governmental activities this year was \$16,325,325. 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 (\$2,700) or by other governments and organizations that subsidized certain programs with operating and capital grants and contributions (\$14,325,491) for operations with general revenues of \$42,418 the Council contributed to governmental activities \$1,954,716 decreasing the beginning net position of \$22,927,839 to \$20,973,123. This large increase is attributed to the previous year’s Measure G use tax revenue being distributed to the member agencies.

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, 2022
Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities, Continued

Total resources available during the year to finance governmental operations were \$14,370,609. This consisted of \$14,323,462 in program revenues and \$47,147 in general revenues. Total governmental activities operating expenses during the year were \$16,325,325; thus, net position at July 1, 2021, of \$22,927,839 was decreased by \$1,954,716 to \$20,973,123.

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.

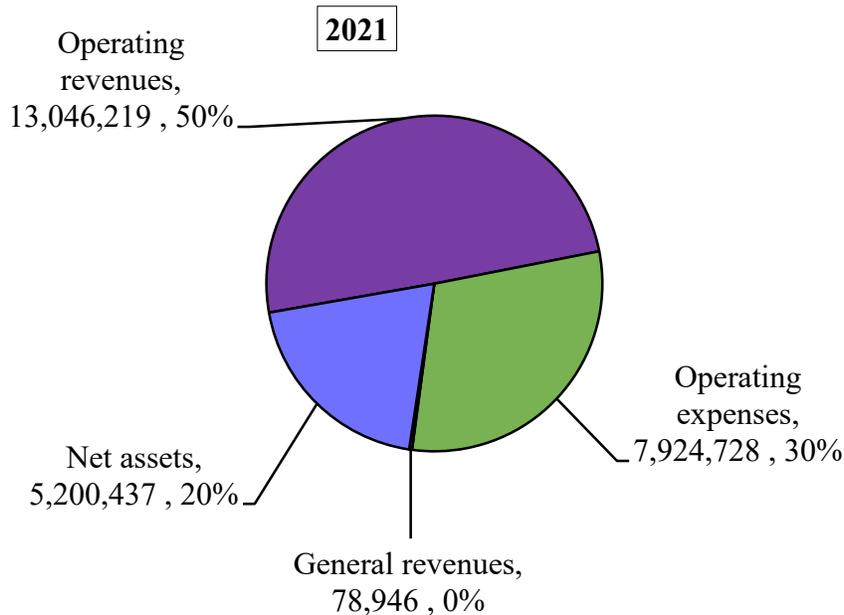
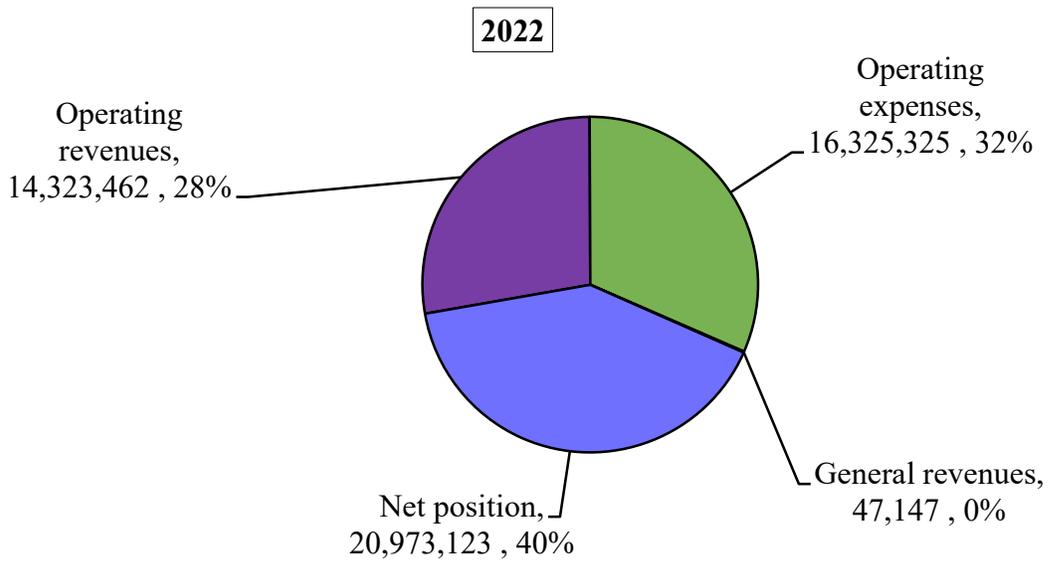
	Operating Revenue		Operating Expenses		Net (Expense)Revenue and Changes in Net Position	
	2022	2021	2022	2021	2021	2020
	Governmental activities:					
Transportation	\$ 14,328,191	\$ 13,046,219	\$ 16,325,325	\$ 7,924,728	\$ (1,997,134)	\$ 9,252,718
Total governmental activities	\$ 14,328,191	\$ 13,046,219	\$ 16,325,325	\$ 7,924,728	\$ (1,997,134)	\$ 9,252,718

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2022
Management's Discussion and Analysis, Continued

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, 2022

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

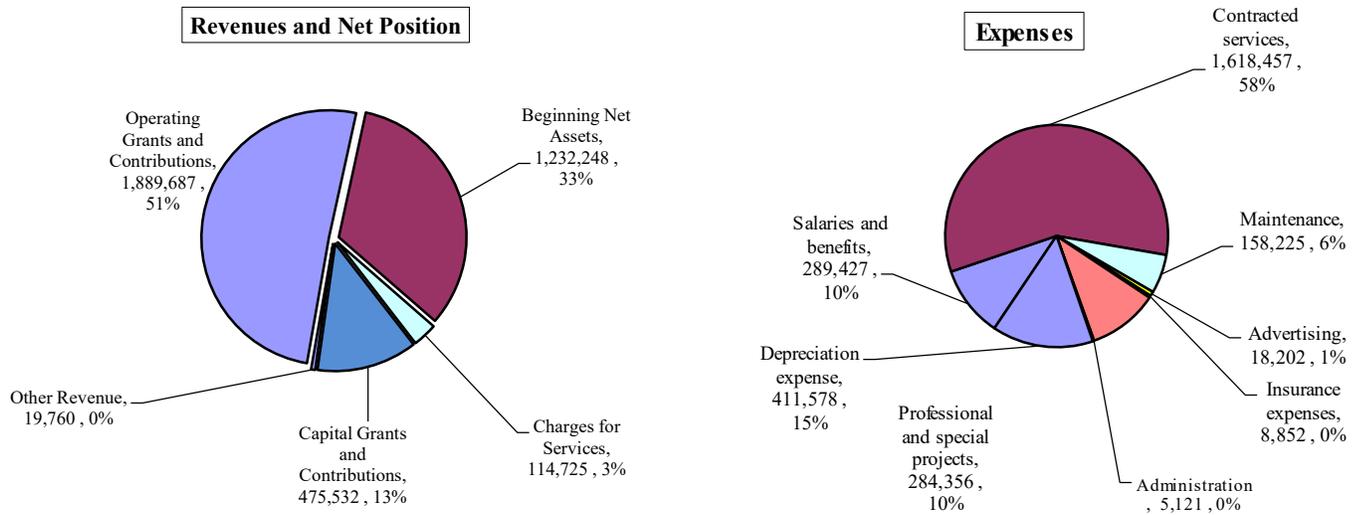
Business-type Activities

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 \$3,731,950 consisting of net position at July 1, 2021, of \$1,232,248 charges for services of \$114,725, \$1,889,687 of operating grants and contributions, and no capital contributions. Total general miscellaneous revenues amounted to \$9,033. Total business-type activities expenses during the year were \$2,149,178 thus net position was decreased by \$304,772 to \$1,232,248.

The cost of all Business-type activities this year was \$2,794,218. However, as shown in the Statement of Activities on pages 18 and 19, the amount that was paid by charges for services \$114,725, operating grants and contributions of \$1,889,687 and \$475,532 in capital grants and contributions leaving a remaining net balance of \$937,734.

Revenues and expenses can be depicted graphically as follows:



Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2022

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	
	2022	2021	2022	2021	2022	2021
Business-type activities:						
Local Transportation Authority	\$ 2,024,172	\$ 1,835,373	\$ 2,794,218	\$ 2,149,178	\$ (770,046)	\$ (313,805)
Total business-type activities	<u>\$ 2,024,172</u>	<u>\$ 1,835,373</u>	<u>\$ 2,794,218</u>	<u>\$ 2,149,178</u>	<u>\$ (770,046)</u>	<u>\$ (313,805)</u>

Cash Management

To obtain flexibility in cash management, the Council employs a pooled cash system. 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. Details on cash management can be found in Note 2 of this report.

Capital Assets

GASB Statement No. 34 requires the Council to record all its capital assets. All capital assets are fully depreciated at June 30, 2022. Depreciation on capital assets is recognized in the government-wide financial statements. Details on capital assets can be found in Note 4 of this report.

Debt Administration

The Council currently has no debt but records a long-term obligation for compensated absences of \$17,735. This is a increased of \$1,182 from the previous fiscal year due to changes in personnel. Details on debt administration can be found in Note 6 of this report.

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2022

Management’s Discussion and Analysis, Continued

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET AND RATES

In considering the Council Budget for fiscal year 2022-2023, 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.

The adopted budget for all Council funds for the new fiscal year of 2022-2023 was \$28,318,950 and is summarized as follows:

	FY 2022-23	FY 2021-22	Amount Change	Percentage Change
General Administration fund	\$ 385,752	\$ 410,446	\$ (24,694)	(6.0)%
Special revenue funds	13,521,817	4,792,686	8,729,131	182.1%
Capital projects funds	11,425,118	14,159,348	(2,734,230)	(19.3)%
Total operations and projects	25,332,687	19,362,480	5,970,207	30.8%
Local Transportation Authority	2,986,263	4,069,893	(1,083,630)	(26.6)%
Total budget	\$ 28,318,950	\$ 23,432,373	\$ 4,886,577	20.9%

1. General Administration Fund - Shows a decrease of \$24,694 or 6%, which breaks down as follows:

	FY 2021-22	FY 2020-21	Amount Change	Percentage Change
Salaries & Benefits	\$ 170,173	\$ 178,792	\$ (8,619)	(4.8)%
Services & Supplies	215,579	231,654	(16,075)	(6.9)%
Total budget	\$ 385,752	\$ 410,446	\$ (24,694)	(6.0)%

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2022

Management’s Discussion and Analysis, Continued

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

2. Special Revenue and Capital Project Funds - Show an increase of \$5,931,963 or 31.1%, which breaks down as follows:

	<u>FY 2022-23</u>	<u>FY 2021-22</u>	<u>Amount Change</u>	<u>Percentage Change</u>
Transportation Planning				
State Subvention	\$ 10,737,975	\$ 2,080,830	\$ 8,657,145	416.0%
State Transit Assistance	711,512	668,015	43,497	6.5%
Local Transportation Fund	1,702,757	1,625,874	76,883	4.7%
Highway 25 Project	195,338	291,655	(96,317)	(33.0)%
Measure G	11,425,118	14,159,548	(2,734,430)	100.0%
Service Authority for				
Freeways and Expressways	58,724	121,462	(62,738)	(51.7)%
Low Carbon Transit				
Operations Program, (LCTOP)	157,268	112,608		
Rideshare Program	4,000	1,500	2,500	166.7%
Vanpool Program	12,967	12,204	763	6.3%
Total budget	<u>\$25,005,659</u>	<u>\$19,073,696</u>	<u>\$ 5,931,963</u>	<u>31.1%</u>

Restricted revenues and grants are funding all of the projects.

3. Enterprise Fund – The decrease of \$1,083,629 or 26.6% breaks down for the Local Transportation Authority as follows:

	<u>FY 2022-23</u>	<u>FY 2021-22</u>	<u>Amount Change</u>	<u>Percentage Change</u>
Salaries & Benefits	\$ 344,768	\$ 289,427	\$ 55,341	19.1%
Services & Supplies	772,297	1,833,205	(1,060,908)	(57.9)%
Contracts	1,869,199	1,810,061	59,138	3.3%
Capital	-	137,200	(137,200)	0.0%
Other	-	-	-	0.0%
Total budget	<u>\$ 2,986,264</u>	<u>\$ 4,069,893</u>	<u>\$ (1,083,629)</u>	<u>(26.6)%</u>

The decrease 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.

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BASIC FINANCIAL STATEMENTS

Council of San Benito County Governments

Statement of Net Position

June 30, 2022

(with comparative totals for June 30, 2021)

	Governmental Activities	Business-Type Activities	Totals	
			2022	2021
ASSETS				
Current assets:				
Cash and investments	\$ 18,732,675	\$ -	\$ 18,732,675	\$ 20,415,931
Receivables (net)	3,398,847	619,586	4,018,433	4,141,556
Total current assets	22,131,522	619,586	22,751,108	24,557,487
Noncurrent assets:				
Net OPEB Asset	204,674	-	204,674	99,428
Capital assets net of accumulated depreciation:				
Buildings, property and equipment	-	1,070,092	1,070,092	1,006,138
Total noncurrent assets	204,674	1,070,092	1,274,766	1,105,566
Total assets	22,336,196	1,689,678	24,025,874	25,663,053
DEFERED OUTFLOWS OF RESOURCES				
Related to OPEB	24,654	-	24,654	21,150
Total deferred outflows of resources	24,654	-	24,654	21,150
Total assets and deferred outflows	\$ 22,360,850	\$ 1,689,678	\$ 24,050,528	\$ 25,684,203
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 1,133,269	\$ 132,388	\$ 1,265,657	\$ 858,795
Due to fiduciary activities	-	601,821	601,821	462,653
Due to other governments	109,712	-	109,712	109,711
Total current liabilities	1,242,981	734,209	1,977,190	1,431,159
Noncurrent liabilities:				
Long-term obligations:				
Vacation and compensated absence obligation	52,975	17,735	70,710	75,452
Total noncurrent liabilities	52,975	17,735	70,710	75,452
Total liabilities	1,295,956	751,944	2,047,900	1,506,611
DEFERED INFLOWS OF RESOURCES				
Related to OPEB	91,771	-	91,771	17,505
Total deferred inflows of resources	91,771	-	91,771	17,505
NET POSITION				
Net investment in capital assets	-	1,070,092	1,070,092	1,006,138
Restricted for:				
Transportation	15,824,076	-	15,824,076	17,651,837
Unrestricted (Deficit)	5,149,047	(132,358)	5,016,689	5,502,112
Total net position	20,973,123	937,734	21,910,857	24,160,087
Total liabilities, deferred inflows and net position	\$ 22,360,850	\$ 1,689,678	\$ 24,050,528	\$ 25,684,203

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, 2022

(with comparative totals for the year ended June 30, 2021)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Transportation	\$ 16,325,325	\$ 2,700	\$ 14,320,762	\$ -
Total governmental activities	16,325,325	2,700	14,320,762	-
Business-type activities:				
Local Transportation Authority	2,794,218	114,725	1,889,687	475,532
Total business-type activities	2,794,218	114,725	1,889,687	475,532
Total primary government	\$ 19,119,543	\$ 117,425	\$ 16,210,449	\$ 475,532
	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.

Net (Expense) Revenue and Changes in Net Position		Totals	
Governmental Activities	Business-Type Activities	2022	2021
\$ (2,001,863)	\$ -	\$ (2,001,863)	\$ 5,121,491
(2,001,863)	-	(2,001,863)	5,121,491
-	(314,274)	(314,274)	(313,805)
-	(314,274)	(314,274)	(313,805)
(2,001,863)	(314,274)	(2,316,137)	4,807,686
45,606	-	45,606	70,710
1,541	19,760	21,301	17,269
47,147	19,760	66,907	87,979
-	-	-	-
47,147	19,760	66,907	87,979
(1,954,716)	(294,514)	(2,249,230)	4,895,665
22,927,839	1,232,248	24,160,087	19,264,422
<u>\$ 20,973,123</u>	<u>\$ 937,734</u>	<u>\$ 21,910,857</u>	<u>\$ 24,160,087</u>

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FUND FINANCIAL STATEMENTS

Council of San Benito County Governments

Balance Sheet

Governmental Funds

June 30, 2022

(with comparative totals for June 30, 2021)

	Major Funds			
	General Administration	State Subvention Special Revenue	Highway 25 Safety Enhancement Capital Projects	Measure A Capital Projects
ASSETS				
Cash and cash equivalents	\$ 46,183	\$ 3,928,447	\$ 197,091	\$ 94
Receivables:				
Accounts Receivable	-	861,736	-	-
Intergovernmental	-	-	-	-
Total assets	\$ 46,183	\$ 4,790,183	\$ 197,091	\$ 94
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 46,183	\$ 50,312	\$ 5,300	\$ -
Due to other governments	-	109,712	-	-
Total liabilities	46,183	160,024	5,300	-
Deferred inflows - Unavailable revenue	-	-	-	-
Fund balances:				
Restricted for:				
PTMISEA	-	-	-	-
OHS	-	-	-	-
Transportation	-	-	-	-
Assigned	-	4,630,159	191,791	94
Unassigned (deficit)	-	-	-	-
Total fund balances	-	4,630,159	191,791	94
Total liabilities, deferred inflows and fund balances	\$ 46,183	\$ 4,790,183	\$ 197,091	\$ 94

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

Measure G Capital Projects	PTMISEA & ARRA Capital Projects	Other Governmental Funds	Totals	
			2022	2021
\$ 13,371,343	\$ 956,330	\$ 233,187	\$ 18,732,675	\$ 20,415,931
-	-	-	861,736	693,538
2,524,971	-	12,140	2,537,111	2,589,469
<u>\$ 15,896,314</u>	<u>\$ 956,330</u>	<u>\$ 245,327</u>	<u>\$ 22,131,522</u>	<u>\$ 23,698,938</u>
\$ 1,028,568	\$ -	\$ 2,906	\$ 1,133,269	\$ 705,562
-	-	-	109,712	109,711
<u>1,028,568</u>	<u>-</u>	<u>2,906</u>	<u>1,242,981</u>	<u>815,273</u>
-	-	-	-	-
-	956,330	-	956,330	854,195
-	-	-	-	121,596
14,867,746	-	-	14,867,746	16,676,046
-	-	242,421	5,064,465	5,231,827
-	-	-	-	1
<u>14,867,746</u>	<u>956,330</u>	<u>242,421</u>	<u>20,888,541</u>	<u>22,883,665</u>
<u>\$ 15,896,314</u>	<u>\$ 956,330</u>	<u>\$ 245,327</u>	<u>\$ 22,131,522</u>	<u>\$ 23,698,938</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, 2022

Total fund balances - total governmental funds \$ 20,888,541

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 (52,975)

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

OPEB Asset	204,674
Deferred Outflows	24,654
Deferred Inflows	(91,771)

Net position of governmental activities \$ 20,973,123

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, 2022

	Governmental Funds Balance Sheet	Eliminations/ Reclassifications	Changes in GAAP	Statement of Net Position
ASSETS				
Current assets:				
Cash and investments	\$ 18,732,675	\$ -	\$ -	\$ 18,732,675
Receivables (net)	3,398,847	-	-	3,398,847
Total current assets	<u>22,131,522</u>	<u>-</u>	<u>-</u>	<u>22,131,522</u>
Noncurrent assets:				
Net OPEB Asset	-	-	204,674	204,674
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>204,674</u>	<u>-</u>
Total assets	<u>22,131,522</u>	<u>-</u>	<u>204,674</u>	<u>22,336,196</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	-	-	24,654	24,654
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>24,654</u>	<u>24,654</u>
Total assets and deferred outflows	<u>\$ 22,131,522</u>	<u>\$ -</u>	<u>\$ 229,328</u>	<u>\$ 22,360,850</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 1,133,269	\$ -	\$ -	\$ 1,133,269
Due to LTF/fiduciary activities	-	-	-	-
Due to other governments	109,712	-	-	109,712
Total current liabilities	<u>1,242,981</u>	<u>-</u>	<u>-</u>	<u>1,242,981</u>
Noncurrent liabilities:				
Vacation and compensated absence obligation	-	-	52,975	52,975
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>52,975</u>	<u>52,975</u>
Total liabilities	<u>1,242,981</u>	<u>-</u>	<u>52,975</u>	<u>1,295,956</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	-	-	91,771	91,771
Total deferred outflows of resources	<u>-</u>	<u>-</u>	<u>91,771</u>	<u>91,771</u>
Fund Balance/Net Position				
Fund Balance:				
Restricted for:				
Transportation	15,824,076		(15,824,076)	
Assigned	5,064,465		(5,064,465)	
Unassigned (deficit)	-		-	
Net Position				
Net investment in capital assets				
Restricted for:				
Transportation		-	15,824,076	15,824,076
Unrestricted		-	5,149,047	5,149,047
Total net position	<u>20,888,541</u>	<u>-</u>	<u>84,582</u>	<u>20,973,123</u>
Total liabilities, deferred inflows and net position	<u>\$ 22,131,522</u>	<u>\$ -</u>	<u>\$ 229,328</u>	<u>\$ 22,360,850</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, 2022
(with comparative totals for the year ended June 30, 2021)

	Major Funds			
	General Administration	State Subvention Special Revenue	Highway 25 Safety Enhancement Capital Projects	Measure A Capital Projects
REVENUES:				
Use of money and property	\$ -	\$ 4,729	\$ 241	\$ -
Intergovernmental	395,471	1,166,136	-	-
Charges for services	2,700	-	-	-
Other revenues	-	-	-	-
Total revenues	398,171	1,170,865	241	-
EXPENDITURES:				
Current:				
Salaries and benefits	193,895	332,179	-	-
Services and supplies	204,276	243,013	-	-
Capital outlay:				
Highway 25 improvements	-	-	66,189	-
Measure A projects	-	-	-	-
Other capital	-	850,399	-	-
Total expenditures	398,171	1,425,591	66,189	-
REVENUES OVER (UNDER) EXPENDITURES	-	(254,726)	(65,948)	-
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	(254,726)	(65,948)	-
FUND BALANCES:				
Beginning of year	-	4,884,885	257,739	94
End of year	\$ -	\$ 4,630,159	\$ 191,791	\$ 94

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

			Totals	
Measure G Capital Projects	PTMISEA & ARRA Capital Projects	Other Governmental Funds	2022	2021
\$ 39,153	\$ 1,151	\$ 332	\$ 45,606	\$ 70,710
12,690,000	-	69,155	14,320,762	13,043,818
-	-	-	2,700	2,400
-	-	1,541	1,541	8,236
<u>12,729,153</u>	<u>1,151</u>	<u>71,028</u>	<u>14,370,609</u>	<u>13,125,164</u>
-	-	24,568	550,642	618,373
-	-	150,981	598,270	362,775
-	-	-	66,189	34,824
-	-	-	-	50
<u>14,157,348</u>	<u>142,882</u>	<u>-</u>	<u>15,150,629</u>	<u>6,980,111</u>
<u>14,157,348</u>	<u>142,882</u>	<u>175,549</u>	<u>16,365,730</u>	<u>7,996,133</u>
<u>(1,428,195)</u>	<u>(141,731)</u>	<u>(104,521)</u>	<u>(1,995,121)</u>	<u>5,129,031</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(1,428,195)</u>	<u>(141,731)</u>	<u>(104,521)</u>	<u>(1,995,121)</u>	<u>5,129,031</u>
<u>16,295,941</u>	<u>1,098,061</u>	<u>346,942</u>	<u>22,883,662</u>	<u>17,754,634</u>
<u>\$ 14,867,746</u>	<u>\$ 956,330</u>	<u>\$ 242,421</u>	<u>\$ 20,888,541</u>	<u>\$ 22,883,665</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, 2022

Net change in fund balances - total governmental funds	\$ (1,995,121)
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	34,484
Accrued compensated absences	<u>5,921</u>
Change in net position of governmental activities	<u><u>\$ (1,954,716)</u></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

General Administration Fund

For the year ended June 30, 2022

(with comparative actual amounts for the year ended June 30, 2021)

	Original Budget	Amended Budget	2022 Actual	Variance Positive (Negative)	2021 Actual
REVENUES:					
Use of money and property:					
Investment income	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:					
Local Transportation Funds (LTF)	351,910	408,446	395,471	(12,975)	404,869
Charges for services	2,000	2,000	2,700	700	2,400
Total revenues	<u>353,910</u>	<u>410,446</u>	<u>398,171</u>	<u>(12,275)</u>	<u>407,269</u>
EXPENDITURES:					
Salaries and benefits	147,769	178,792	193,895	(15,103)	262,374
Services and supplies	164,021	189,534	177,032	12,502	144,895
Contractual services	21,200	21,200	27,244	(6,044)	-
Capital	3,700	3,700	-	3,700	-
Other charges	17,220	17,220	-	17,220	-
Total expenditures	<u>353,910</u>	<u>410,446</u>	<u>398,171</u>	<u>12,275</u>	<u>407,269</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	-
FUND BALANCES:					
Beginning of year			-		-
End of year			<u>\$ -</u>		<u>\$ -</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, 2022

(with comparative actual amounts for the year ended June 30, 2021)

	Original Budget	Amended Budget	2022 Actual	Variance Positive (Negative)	2021 Actual
REVENUES:					
Use of money and property:					
Investment income	\$ -	\$ -	\$ 4,729	\$ 4,729	\$ -
Total use of money and property	-	-	4,729	4,729	-
Intergovernmental:					
RSTP	628,159	628,159	644,404	16,245	628,159
Rural Planning Assistance	294,000	294,000	259,845	(34,155)	294,000
STIP Planning Programming & Monitoring	37,000	37,000	37,000	-	37,000
SB1 Community Grant	289,305	289,305	192,000	(97,305)	-
Interest	50,000	50,000	-	(50,000)	17,700
Other	50,000	50,000	32,887	(17,113)	5,236
Total intergovernmental	1,348,464	1,348,464	1,166,136	(182,328)	982,095
Total revenues	1,348,464	1,348,464	1,170,865	(177,599)	982,095
EXPENDITURES:					
Salaries and benefits	332,674	332,674	332,179	495	330,664
Services and supplies	73,997	53,997	243,013	(189,016)	40,130
Contracts	195,600	215,600	-	215,600	-
Capital outlay:					
Other capital	628,159	1,478,559	850,399	628,160	-
Total expenditures	1,230,430	2,080,830	1,425,591	655,239	370,794
REVENUES OVER (UNDER) EXPENDITURES	118,034	(732,366)	(254,726)	477,640	611,301
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ 118,034</u>	<u>\$ (732,366)</u>	(254,726)	<u>\$ 477,640</u>	611,301
FUND BALANCES:					
Beginning of year			4,884,885		4,273,584
End of year			<u>\$ 4,630,159</u>		<u>\$ 4,884,885</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, 2022

(with comparative actual amounts for the year ended June 30, 2021)

	Original Budget	Amended Budget	2022 Actual	Variance Positive (Negative)	2021 Actual
REVENUES:					
Use of money and property:					
Investment income	\$ 1,500	\$ 1,500	\$ 241	\$ (1,259)	\$ 1,062
Total use of money and property	1,500	1,500	241	(1,259)	1,062
Other	290,155	290,155	-	(290,155)	-
Total revenues	291,655	291,655	241	(291,414)	1,062
EXPENDITURES:					
Capital outlay:					
Highway 25 improvements	291,655	291,655	66,189	225,466	34,826
Other capital	-	-	-	-	-
Total expenditures	291,655	291,655	66,189	225,466	34,826
REVENUES OVER (UNDER) EXPENDITURES	-	-	(65,948)	(65,948)	(33,764)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	\$ -	\$ -	(65,948)	\$ (65,948)	(33,764)
FUND BALANCES:					
Beginning of year			257,739		291,503
End of year			<u>\$ 191,791</u>		<u>\$ 257,739</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, 2022

(with comparative actual amounts for the year ended June 30, 2021)

	Original Budget	Amended Budget	2022 Actual	Variance Positive (Negative)	2021 Actual
REVENUES:					
Use of money and property:					
Investment income (losses)	\$ -	\$ -	\$ -	\$ -	\$ -
Total use of money and property	-	-	-	-	-
Intergovernmental:					
STIP	-	-	-	-	-
Total intergovernmental	-	-	-	-	-
Other					
Other	-	-	-	-	-
Total revenues	-	-	-	-	-
EXPENDITURES:					
Salaries and benefits	-	-	-	-	-
Capital outlay:					
Measure A projects	-	-	-	-	50
Total expenditures	-	-	-	-	50
REVENUES OVER (UNDER) EXPENDITURES	-	-	-	-	(50)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	\$ -	\$ -	-	\$ -	(50)
FUND BALANCES:					
Beginning of year			94		144
End of year			<u>\$ 94</u>		<u>\$ 94</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, 2022

(with comparative actual amounts for the year ended June 30, 2021)

	Original Budget	Amended Budget	2022 Actual	Variance Positive (Negative)	2021 Actual
REVENUES:					
Use of money and property:					
Investment income (losses)	\$ 80,000	\$ 80,000	\$ 39,153	\$ (40,847)	\$ 50,590
Total use of money and property	80,000	80,000	39,153	(40,847)	50,590
Intergovernmental:					
Sales Tax	10,220,000	10,220,000	12,690,000	2,470,000	11,424,548
Total intergovernmental	10,220,000	10,220,000	12,690,000	2,470,000	11,424,548
Other					
Other		-	-	-	-
Total revenues	10,300,000	10,300,000	12,729,153	2,429,153	11,475,138
EXPENDITURES:					
Salaries and benefits	-	-	-	-	-
Services and supplies	-	-	-	-	-
Capital outlay:					
Highway 25 improvements	-	-	-	-	-
Other	5,928,054	14,159,548	14,157,348	2,200	6,692,967
Total expenditures	5,928,054	14,159,548	14,157,348	2,200	6,692,967
REVENUES OVER (UNDER) EXPENDITURES	4,371,946	(3,859,548)	(1,428,195)	2,431,353	4,782,171
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	\$ 4,371,946	\$ (3,859,548)	(1,428,195)	\$ 2,431,353	4,782,171
FUND BALANCES:					
Beginning of year			16,295,941		11,513,770
End of year			<u>\$ 14,867,746</u>		<u>\$ 16,295,941</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, 2022

(with comparative actual amounts for the year ended June 30, 2021)

	Original Budget	Amended Budget	2022 Actual	Variance Positive (Negative)	2021 Actual
REVENUES:					
Use of money and property:					
Investment income	\$ 12,000	\$ 12,000	\$ 1,151	\$ (10,849)	\$ 4,647
Total use of money and property	12,000	12,000	1,151	(10,849)	4,647
Intergovernmental:					
Office of Emergency Services	-	-	-	-	-
PTMISEA	884,008	884,008	-	(884,008)	-
Other revenues(OES)	239,219	239,219	-	(239,219)	-
Total intergovernmental	1,123,227	1,123,227	-	(1,123,227)	-
Total revenues	1,135,227	1,135,227	1,151	(1,134,076)	4,647
EXPENDITURES:					
Capital outlay:					
PTMSIEA	1,135,227	1,135,227	12,467	1,122,760	287,144
OES	-	-	130,415	(130,415)	-
Other	-	-	-	-	-
Total expenditures	1,135,227	1,135,227	142,882	992,345	287,144
REVENUES OVER (UNDER) EXPENDITURES	-	-	(141,731)	(141,731)	(282,497)
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	\$ -	\$ -	(141,731)	\$ (141,731)	(282,497)
FUND BALANCES:					
Beginning of year			1,098,061		1,380,558
End of year			<u>\$ 956,330</u>		<u>\$ 1,098,061</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, 2022

(with comparative totals for June 30, 2021)

	Totals	
	2022	2021
Current assets:		
Cash and investments	\$ -	\$ -
Intergovernmental receivable	619,586	858,549
Total current assets	619,586	858,549
Property, plant and equipment	4,213,328	3,912,058
Less accumulated depreciation	(3,143,236)	(2,905,920)
Property, plant, and equipment, net	1,070,092	1,006,138
Total assets	\$ 1,689,678	\$ 1,864,687
LIABILITIES AND NET POSITION		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 132,388	\$ 153,233
Due to fiduciary activities/LTF	601,821	462,653
Total current liabilities	734,209	615,886
Vacation and compensated absence obligation	17,735	16,553
Total liabilities	751,944	632,439
Net Position:		
Net investment in capital assets	1,070,092	1,006,138
Unrestricted	(132,358)	226,110
Total net position	937,734	1,232,248
Total liabilities and net position	\$ 1,689,678	\$ 1,864,687

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, 2022
(with comparative totals for the year ended June 30, 2021)

	Totals	
	2022	2021
OPERATING REVENUES:		
Charges for services:		
Passenger fares	\$ 114,725	\$ 55,895
FTA 5311 operating grant	396,376	638,420
Total operating revenues	<u>511,101</u>	<u>694,315</u>
OPERATING EXPENSES:		
Salaries and benefits	289,427	239,630
Contracted services	1,618,457	1,145,842
Maintenance	158,225	172,815
Advertising	18,202	8,372
Insurance expenses	8,852	7,379
Professional and special projects	284,356	220,691
Administration	5,121	23,681
Depreciation expense	411,578	330,768
Total operating expenses	<u>2,794,218</u>	<u>2,149,178</u>
OPERATING LOSS	<u>(2,283,117)</u>	<u>(1,454,863)</u>
NONOPERATING REVENUES:		
FTA 5304	-	8,285
Local Transportation Funds	840,699	651,240
State Transit Assistance Funds	583,937	434,161
FTA 5311/5310/5304 (FTA Operating Grant, Transit Interns, LRTS & SRTP)	-	-
LCTOP	68,675	47,372
Investment income	-	-
Other	19,760	9,033
Total non-operating revenues (expenses), net	<u>1,513,071</u>	<u>1,150,091</u>
NET INCOME (LOSS) BEFORE TRANSFERS & CONTRIBUTIONS	<u>(770,046)</u>	<u>(304,772)</u>
Transfers in (out)	-	-
Capital Contributions	475,532	-
CHANGE IN NET POSITION	<u>(294,514)</u>	<u>(304,772)</u>
NET POSITION:		
Beginning of year	<u>1,232,248</u>	<u>1,537,020</u>
End of year	<u>\$ 937,734</u>	<u>\$ 1,232,248</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, 2022

(with comparative amounts for the year ended June 30, 2021)

	Totals	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from passenger fares	\$ 114,725	\$ 55,895
Cash receipts from other governments	635,339	210,531
Cash payments to suppliers for goods and services	(2,114,058)	(1,554,333)
Cash payments to employees for services	(288,245)	(265,626)
Net cash used by operating activities	(1,652,239)	(1,553,533)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers received (paid)	614,466	391,293
Other nonoperating receipts	88,433	64,689
Local Transportation Funds received	840,934	651,240
State Transit Assistance Funds received	583,937	434,161
Net cash provided by noncapital financing activities	2,127,770	1,541,383
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition and construction of capital assets	(475,531)	-
Capital contributions	-	-
Net cash (used) by capital and related financing activities	(475,531)	-
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income received	-	(573)
Net cash provided by investing activities	-	(573)
Net increase (decrease) in cash and cash equivalents	-	(12,723)
CASH AND CASH EQUIVALENTS:		
Beginning of year	-	12,723
End of year	\$ -	\$ -
Presentation in Statement of Net Position:		
Cash and investments	\$ -	\$ -
Total cash and investments	\$ -	\$ -
Reconciliation of income (loss) from operations to net cash used by operating activities:		
Operating income (loss)	\$ (2,283,117)	\$ (1,454,863)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation	411,578	330,768
(Increase) decrease in current assets:		
Intergovernmental receivable	238,963	(427,889)
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	(20,845)	24,447
Vacation and compensated absence obligation	1,182	(25,996)
Net cash used by operating activities	\$ (1,652,239)	\$ (1,553,533)

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, 2022

(with comparative actual amounts for the year ended June 30, 2021)

	Local Transportation Fund	State Transit Assistance Fund	Totals	
			2022	2021
ASSETS				
Cash and investments	\$ 6,927,078	\$ -	\$ 6,927,078	\$ 5,772,112
Intergovernmental receivable	463,014	-	463,014	489,098
Sales tax receivable	-	181,545	181,545	127,242
Due from other funds	688,838	-	688,838	574,058
Total assets	8,078,930	181,545	8,260,475	6,962,510
LIABILITIES				
Due to other funds	-	87,017	87,017	111,405
Total liabilities	-	87,017	87,017	111,405
NET POSITION				
Restricted for pedestrian/bicycle	717,313	-	717,313	667,635
Restricted for other governments	7,361,617	94,528	7,456,145	6,183,470
Total net position	\$ 8,078,930	\$ 94,528	\$ 8,173,458	\$ 6,851,105

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, 2022

(with comparative actual amounts for the year ended June 30, 2021)

	Private Purpose Trust Funds			
	Local	State Transit	Totals	
	Transportation	Assistance		
	Fund	Fund	2022	2021
Additions				
Sales tax	\$ 2,449,639	\$ 582,704	\$ 3,032,343	\$ 2,787,472
Other	-	95,247	95,247	90,906
Interest	30,193	-	30,193	26,487
Total additions	<u>2,479,832</u>	<u>677,951</u>	<u>3,157,783</u>	<u>2,904,865</u>
Deductions				
Claims paid to:				
Council of San Benito County Governments:				
Local Transportation Authority Fund	840,699	599,260	1,439,959	1,250,908
Administration Fund	395,471	-	395,471	370,614
Other Transfers Out (County & Cities)	-	-	-	598,308
Total deductions	<u>1,236,170</u>	<u>599,260</u>	<u>1,835,430</u>	<u>2,219,830</u>
Change in net position	<u>1,243,662</u>	<u>78,691</u>	<u>1,322,353</u>	<u>685,035</u>
Net position, beginning of year	<u>6,835,268</u>	<u>15,837</u>	<u>6,851,105</u>	<u>6,166,070</u>
Net position, end of year	<u>\$ 8,078,930</u>	<u>\$ 94,528</u>	<u>\$ 8,173,458</u>	<u>\$ 6,851,105</u>

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

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NOTES TO BASIC FINANCIAL STATEMENTS

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Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2022

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Council of San Benito County Governments
Notes to Basic Financial Statements
For the year ended June 30, 2022

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, 2022

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, 2022

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, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Major and Non-Major Funds

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

<u>Fund Type</u>	<u>Brief Description</u>
<i>Major:</i>	
<i>Governmental Activities:</i>	
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 Special Revenue Fund	Grant from the City of Hollister Redevelopment Agency for safety and operation enhancement projects along Highway 25.
Measure A Special Revenue Fund	Sales tax revenue for construction of voter approved projects.
PTMISEA, ARRA & OHS 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.
<i>Business-type Activities:</i>	
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.
<i>Non-Major:</i>	
<i>Governmental Activities:</i>	
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.
Service Authority Freeway Emergencies Fund (SAFE)	State funds for administration and operation of freeway call boxes and roadside assistance.
Low Carbon Transit Operations	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, 2022

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, 2022.

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, 2022

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, 2022

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, 2022

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, 2022

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, 2022 and June 30, 2021:

	June 30, 2022		June 30, 2021
	Not rated	Fair Value	
San Benito County Treasury	\$ 25,659,753	\$ 25,659,753	\$ 26,188,043
Total	<u>\$ 25,659,753</u>	<u>\$ 25,659,753</u>	<u>\$ 26,188,043</u>
Amounts reported in:			
Governmental activities		\$ 18,732,675	\$ 20,415,931
Business-type activities		-	-
Fiduciary activities		6,927,078	5,772,112
Total		<u>\$ 25,659,753</u>	<u>\$ 26,188,043</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, 2022, approximated fair value of \$25,659,753.

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, 2022

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, 2022, 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, 2022

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, 2022, these investments matured in an average of 1 year. As of June 30, 2022, the County Treasury had \$129,513,477 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 0.04 to 4.73 years with an average duration of 1 year.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2022:

	Governmental	Business-type	Fiduciary	Totals	
	Activities	Activities	Activities	2022	2021
Accounts receivable	\$ 861,736	\$ -	\$ -	\$ 861,736	\$ 693,538
Intergovernmental	12,140	619,586	463,014	1,094,740	1,424,926
Sales tax receivable	2,524,971	-	181,545	2,706,516	2,639,432
Total receivables	<u>\$ 3,398,847</u>	<u>\$ 619,586</u>	<u>\$ 644,559</u>	<u>\$ 4,662,992</u>	<u>\$ 3,118,781</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	23%
Sales tax	58%
Other	19%

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

4. CAPITAL ASSETS

Capital asset activity for business-type activities for the year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
<u>Business-type activities:</u>				
Property, plant, and equipment	3,912,058	475,531	(174,261)	4,213,328
Less: accumulated depreciation	<u>(2,905,920)</u>	<u>(411,578)</u>	<u>174,261</u>	<u>(3,143,236)</u>
Total business-type activities	<u>1,006,138</u>	<u>63,954</u>	<u>-</u>	<u>1,070,092</u>
Net book value	<u>\$ 1,006,138</u>	<u>\$ 63,954</u>	<u>\$ -</u>	<u>\$ 1,070,092</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, 2022:

	Governmental Activities	Business-type Activities	Totals	
			2022	2021
Accounts payable and accrued liabilities	\$ 1,133,269	\$ 132,623	\$ 1,265,892	\$ 858,795
Due to fiduciary activities	-	601,586	601,586	462,653
Due to other governments	109,712	-	109,712	109,712
Total	<u>\$ 1,242,981</u>	<u>\$ 734,209</u>	<u>\$ 1,977,190</u>	<u>\$ 1,431,160</u>

These amounts resulted in the following concentrations in payables:

Vendors	64%
Other governments	36%

6. LONG-TERM LIABILITIES

Changes in long-term liabilities for the fiscal year ended June 30, 2022, are shown below:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022
<u>Governmental activities:</u>				
Compensated absences	\$ 58,899	\$ -	\$ (5,924)	\$ 52,975
Total governmental activities	<u>137,144</u>	<u>-</u>	<u>(5,924)</u>	<u>52,975</u>
<u>Business-type activities:</u>				
Compensated absences	16,553	1,182	-	17,735
Total business-type activities	<u>42,549</u>	<u>1,182</u>	<u>-</u>	<u>17,735</u>
Totals	<u>\$ 179,693</u>	<u>\$ 1,182</u>	<u>\$ (5,924)</u>	<u>\$ 70,710</u>

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

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	
	2022	2021
Restricted for:		
PTMISEA	\$ 956,330	\$ 1,141,339
OHS	-	121,596
Transportation	14,867,746	16,388,902
Total Restricted	<u>15,824,076</u>	<u>17,651,837</u>
Assigned for:		
State Subvention	4,630,159	4,884,885
Highway 25 Safety Enhancement	191,791	-
MEA A	94	-
Service Authority	210,980	194,526
Rideshare	304	405
Vanpool	31,137	39,455
LCTOP	-	112,556
Total Assigned	<u>5,064,465</u>	<u>5,231,827</u>
Unassigned	-	-
Total Fund Balance	<u>\$ 20,888,541</u>	<u>\$ 22,883,664</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	
	2022	2021	2022	2021
Invested in capital assets	\$ -	\$ -	\$ 1,070,092	\$ 1,006,138
Restricted for Transportation	15,824,076	17,651,837	-	-
Unrestricted	5,064,465	5,276,002	(132,358)	226,110
Total	<u>\$ 20,888,541</u>	<u>\$ 22,927,839</u>	<u>\$ 937,734</u>	<u>\$ 1,232,248</u>

Local Transportation Authority Enterprise Fund had a \$132,358 deficit in unrestricted net position. The Authority intends on curing the deficit with future revenues and lowered expenses.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

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 2021/2022 the Council applied for and received \$1,055,315 for Bus Stop Improvement Upgrades, Passenger Notification (Real Time) and Three-Year Vehicle Purchase. No new funds were received in 2020/2021 and 2021/2022.

As of June 30, 2022, PTMISEA funds received and expended were verified in the course of our audit as follows:

	<u>Thru 6/30/2021</u>	<u>6/30/2022</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
Protion of Bus Stop Shelter	1,624	-	1,624
Telephone Systems	11,762	2,968	14,730
Maintenance Vehicle/Maint. Imp	92,886	7,526	100,412
Buses (5)	1,101,665	(17,327)	1,084,338
Maintenance on Bus #55	7,777	-	7,777
Technical Expansion	134,765	19,300	154,065
Bus Stop Imp. Plan Upgrades	31,833	-	31,833
Unexpended proceeds at June 30, 2021	<u>\$854,195</u>	<u>12,467</u>	<u>\$841,728</u>

In FY 21/22, PTMISEA received a rebate in the amount of \$2,000 for a bus that was previously purchased. PTMISEA also received \$15,324 from the State of Good Repair for reimbursement of a bus that was purchased in FY 20/21. The remaining amount of \$114,602 in the PMISEA & ARRA Capital Projects Fund is interest earned on unexpended balances.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

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.

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 2021/2022 TSSSDRA funds expended and received were verified in the course of our audit as follows:

Fiscal Year	Date Received	Amount Received	Expended FY 12/13	Expended FY16/17	Expended FY 17/18	Expended FY 19/20	Expended FY 20/21	Expended FY 21/22	Unexpended at 06/30/21
OHS 2010/11	2/22/2013	46,712	27,500					19,212	0
OHS 2012/13	6/29/2015	46,712	-	43,865				2,847	0
OHS 2014/15	3/22/2017	46,712						46,712	0
OHS 2015/16	4/30/2018	46,712						46,712	0
OHS 2016/17	5/9/2018	37,369				31,256		6,113	0
TOTAL UNEXPENDED									0

10. STATE OF GOOD REPAIR

The Road Repair and Accountability Act of 2017, Senate Bill (SB) 1 (Chapter 5, Statutes of 2017, signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred as the State of Good Repair (SGR) Program.

As of June 30, 2022, SGR funds received and expended were verified in the course of our audit as follows:

Fiscal Year	Amount Received	Expended FY17/18	Expended FY 18/19	Expended FY 19/20	Expended FY 20/21	Expended FY 21/22	Unexpended at 06/30/22
SGR 2017/18	51,699	-	-	-	-	-	51,699
SGR 2018/19	102,696	-	-	-	-	-	102,696
SGR 2019/20	86,561	-	-	153,995	-	-	-67,434
SGR 2020/21	90,906	-	-	-	165,507	-	-74,601
SGR 2021/22	95,247	-	-	-	-	15,836	79,411
Intrest 2017-2021	3,594	-	-	-	-	-	3,594
TOTAL UNEXPENDED							94,528

In FY 21/22, \$15,324 was expended to repay PTMISEA for the purchase of a vehicle in FY 20/21 that was to be paid with all of FY 20/21 SGR funds. \$511.57 was also reverted back to the State Transit Assistance account as it was erroneously recorded in the State of Good Repair account.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

11. 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.

12. 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.

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 2021-22 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 \$40,374,909 as of the measurement date of June 30, 2021. The amount applicable to the Council cannot be determined and should not be inferred from the County's liability amount.

11. 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.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

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 2022, 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, 2022:

Retirees and beneficiaries receiving benefits	2
Other participants fully eligible for benefits	4
Other participants not yet fully eligible for benefits	<u>0</u>
Total	<u><u>6</u></u>

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 2021 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2021 that was rolled forward to determine the June 30, 2022 total OPEB liability, based on the following actuarial methods and assumptions:

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Actuarial Assumptions:	
Actuarial Valuation Date	June 30, 2021
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
Benefit Payments	OPEB plan benefit payments made subsequent the measurement date of June 30, 2021 are recognized as a deferred outflow of resources in the fiscal year ending June 30, 2022 financial reporting period. An offsetting cash credit adjustment for benefits paid during the fiscal year is made in the Plan Sponsor's journal entries. This adjustment is not explicitly shown in the GASB 75 report. The OPEB benefit payments subsequent the measurement date of June 30, 2021 will be reflected in the Plan Sponsor's Schedule of Changes in Net OPEB Liability disclosure in the FY 2022/23 reporting period.
Discount Rate	6.80% 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	2.5% 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	Safety CPO Employees and Retirees: SOA Pub-2010 Public Safety Headcount Weighted Mortality Table fully generational using Scale MP-2021 Miscellaneous Employees and Retirees: SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021 Surviving Spouses: SOA Pub-2010 Continuing Survivor Headcount Weighted Mortality Table fully generational using Scale MP-2021 The plan does not have sufficient data to have credible experience. Therefore, mortality assumptions are set to reflect general population trends based upon Pub-2010 Mortality tables and the most recent generational projection scale MP-2021 released by the Society of Actuaries (SOA) for future mortality improvements.
Disability Rates	According to the disability rates under the 2021 CalPERS pension plan valuation.
Retirement Age	According to the retirement rates under the 2021 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. This assumption is consistent with the approach used in the valuation for fiscal year ending June 30, 2021 and is reviewed annually based on observed participation data.
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.
Cost Method	Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where: <input type="checkbox"/> Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and <input type="checkbox"/> Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

Medical Trend Rates	2022 6.50% / 2022 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.
Employer Funding Policy	The County currently plans to fund a recommended actuarially determined contribution (ADC) for the purpose of fully financing the benefits over a reasonable period of time. This will be accomplished through an amortization of the net (unfunded) OPEB liability.
Explicit Subsidy	The difference between the premium rate and the retiree contribution.
Implicit Subsidy	The difference between the per capita cost and the premium rate.

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%	N/A
Fixed Income	25%	N/A
TIPS	5%	N/A
Commodities	3%	N/A
REITs	8%	N/A
	100%	6.80%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.80 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

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Changes in the OPEB Liability

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

	Total OPEB Liability	Fiduciary Net Position	Net OPEB Liability/(Asset)
Balance at 6/30/2021*	\$ 255,251	\$ 354,679	\$ (99,428)
Changes for the year			
Service Cost	10,079	-	10,079
Interest	18,172	-	18,172
Difference between actual and expected experience	(28,298)	-	(28,298)
Assumption changes	3,825	-	3,825
Contributions – employer	-	11,651	(11,651)
Net investment income	-	97,507	-
Benefit payments	(11,651)	(11,651)	11,651
Net Changes	(7,873)	97,373	105,246
Balance at 6/30/2022**	\$ 247,378	\$ 452,052	\$ (204,674)

*Measured date 6/30/2020

**Measured date 6/30/2021

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

The discount rate used for the fiscal year end 2022 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, 2021.

	1% Decrease	Current Rate	1% Increase
Change in Discount Rate	5.80%	6.80%	7.80%
Net OPEB Liability/(Asset)	\$ (174,410)	\$ (204,674)	\$ (230,587)

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, 2021:

	1% Decrease	Current Trend	1% Increase
Change in Healthcare Cost Trend Rate	(5.0% HMO/5.5% PPO decreasing to 3.5% HMO/4.00% PPO)	(6.00% HMO/6.5% PPO decreasing to 4.50% HMO/5.00% PPO)	(7.0% HMO/7.5% PPO decreasing to 5.5% HMO/6.00% PPO)
Net OPEB Liability/(Asset)	\$ (236,075)	\$ (204,674)	\$ (166,212)

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

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, 2021)

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

For the fiscal year ended June 30, 2022, the Council recognized OPEB expense of \$14,331. As of fiscal year ended June 30, 2021, 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	\$ -	\$ (41,299)
Changes in assumptions	5,407	-
Net difference between projected and actual earnings on plan investments	-	(50,472)
Contributions subsequent to the measurement date	18,247	N/A
Total	<u>\$ 24,654</u>	<u>\$(91,771)</u>

The \$18,247 reported as deferred outflows of resources related to contributions subsequent to the June 30, 2021, measurement date will be recognized as a reduction of the net OPEB asset during the fiscal year ending June 30, 2022. 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
2023	(16,083)
2024	(15,526)
2025	(16,072)
2026	(18,451)
2027	(3,915)
Thereafter	(16,317)

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

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, 2019. 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 increased 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 intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Council will implement this statement, applicable, to its financial statements for the year ending June 20, 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, 2021. 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 implemented this statement, as applicable, to its financial statements for the year ending June 30, 2022.

The GASB has issued Statement No. 91, "*Conduit Debt Obligations.*" The requirements of this Statement are effective for reporting periods beginning after December 15, 2021. 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.

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, 2022, 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.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2022

15. PANDEMIC EFFECTS

The COVID-19 pandemic, whose effects first became known in January 2021, 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 SUPPLEMENTAL 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,

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 10,079	\$ 9,923	\$ 9,502	\$ 9,203	\$ 8,601
Interest on the total OPEB liability	18,172	17,009	16,792	15,459	14,369
Differences between expected and actual experience	(28,298)	(1,421)	(19,817)	-	-
Changes of assumptions	-	-	2,653	-	-
Benefit payments	(11,651)	(6,531)	(6,486)	(5,345)	(10,654)
Net change in Total OPEB Liability	(11,698)	18,980	2,644	19,317	12,316
Total OPEB liability - beginning	255,251	236,271	233,627	214,310	202,294
Total OPEB liability - ending (a)	\$ 243,553	\$ 255,251	\$ 236,271	\$ 233,627	\$ 214,610
Plan fiduciary net position					
Contributions - employer	\$ (11,651)	\$ 6,531	\$ 9,003	\$ 7,542	\$ 17,610
Net Investment income	97,507	12,095	19,790	23,508	27,557
Benefit payments, including refunds of member contributions	11,651	(6,531)	(6,486)	(5,345)	(10,654)
Administrative expenses	(134)	(167)	(69)	(157)	(140)
Other	-	-	-	(391)	-
Net change in plan fiduciary net position	97,373	11,928	22,238	25,157	34,373
Plan fiduciary net position - beginning	354,679	342,751	320,513	295,356	260,983
Plan fiduciary net position - ending (b)	\$ 452,052	\$ 354,679	\$ 342,751	\$ 320,513	\$ 295,356
Net OPEB liability/(asset) - ending (a) - (b)	\$ (208,499)	\$ (99,428)	\$ (106,480)	\$ (86,886)	\$ (80,746)
Plan fiduciary net position as a percentage of the total OPEB liability	185.6%	139.0%	145.1%	137.2%	137.6%
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Net OPEB liability/(asset) as a percentage of covered-employee payroll	N/A	N/A	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.

2) Premium based benefit, covered payroll does not apply.

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

Fiscal Year Ended June 30,	2022	2021	2020	2019	2018
Actuarially Determined Contribution (ADC)	\$ -	\$ 70	\$ 2,517	\$ 2,197	\$ 1,388
Contributions in relation to the ADC	11,651	6,531	9,003	7,542	17,610
Contribution deficiency (excess)	\$ (11,651)	\$ (6,461)	\$ (6,486)	\$ (5,345)	\$ (16,222)
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	N/A	N/A	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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Council of San Benito County Governments

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2022

(with comparative totals for June 30, 2021)

	Special Revenue Funds				Non-Major Funds Totals	
	Service Authority for Freeways and Expressways Fund	Rideshare	Van Pool	LCTOP	2022	2021
ASSETS						
Pooled cash and investments	\$ 201,944	\$ 304	\$ 30,939	\$ -	\$ 233,187	\$ 272,491
Receivables:						
Intergovernmental	11,915	-	225	-	12,140	77,279
Total assets	\$ 213,859	\$ 304	\$ 31,164	\$ -	\$ 245,327	\$ 349,770
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 2,879	\$ -	\$ 27	\$ -	\$ 2,906	\$ 2,828
Deferred unearned revenue	-	-	-	-	-	-
Total liabilities	2,879	-	27	-	2,906	2,828
Deferred inflows: Unavailable revenue	-	-	-	-	-	-
Fund Balances:						
Assigned	210,980	304	31,137	-	242,421	346,942
Unassigned (deficit)	-	-	-	-	-	-
Total fund balances	210,980	304	31,137	-	242,421	346,942
Total liabilities, deferred inflows and fund balances	\$ 213,859	\$ 304	\$ 31,164	\$ -	\$ 245,327	\$ 349,770

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, 2022

(with comparative totals for the year ended June 30, 2021)

	Special Revenue Funds				Non-Major Funds Totals	
	Service Authority for Freeways and Expressways Fund	Rideshare	Van Pool	LCTOP	2022	2021
REVENUES:						
Use of money and property:						
Interest	\$ 243	\$ -	\$ 37	\$ 52	\$ 332	\$ 1,358
Intergovernmental:						
Motor vehicle in lieu fees	69,155	-	-	-	69,155	69,239
Monterey Bay	-	-	-	-	-	-
LCTOP	-	-	-	-	-	181,356
Other revenues:						
Van pool payments	-	-	1,541	-	1,541	3,000
Total revenues	<u>69,398</u>	<u>-</u>	<u>1,578</u>	<u>52</u>	<u>71,028</u>	<u>254,953</u>
EXPENDITURES:						
Current:						
Salaries and benefits	17,702	-	6,866	-	24,568	25,335
Services and supplies	35,242	101	3,030	112,608	150,981	177,750
Total expenditures	<u>52,944</u>	<u>101</u>	<u>9,896</u>	<u>112,608</u>	<u>175,549</u>	<u>203,085</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>16,454</u>	<u>(101)</u>	<u>(8,318)</u>	<u>(112,556)</u>	<u>(104,521)</u>	<u>51,868</u>
Transfers in	-	-	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>16,454</u>	<u>(101)</u>	<u>(8,318)</u>	<u>(112,556)</u>	<u>(104,521)</u>	<u>51,868</u>
FUND BALANCES:						
Beginning of year	194,526	405	39,455	112,556	346,942	295,074
End of year	<u>\$ 210,980</u>	<u>\$ 304</u>	<u>\$ 31,137</u>	<u>\$ -</u>	<u>\$ 242,421</u>	<u>\$ 346,942</u>

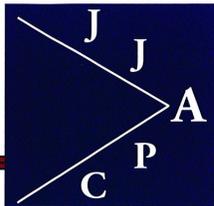
Council of San Benito County Governments
Schedule of Amounts Allocated and Disbursed by Purpose
 State Transit Assistance Fund
 For the year ended June 30, 2022

	San Benito County Local Transportation Authority Section 6730 (a) 6730 (b) 6731 (c) <u>Operating, Capital</u>
Allocations Outstanding June 30, 2021	\$ 15,836
Allocations	677,952
Disbursements:	
2021-22 State of Good Repair Claims	15,836
2021-22 Claims	583,424
Total Disbursements	<u>599,260</u>
Allocations Outstanding June 30, 2022	<u><u>\$ 94,528</u></u>

Council of San Benito County Governments
Schedule of Amounts Allocated and Disbursed by Purpose
Local Transportation Fund
For the year ended June 30, 2022

	San Benito County and Unincorporated Area	Regional Transportation Planning	San Benito County Local Transportation Authority	
	Pedestrian and Bicycle Section 99234	Administration Planning & Programming Section 99233.1 & 99233.2	Community Transit Public Transportation Section 99233.7 & 99233.8	Totals
Allocations Outstanding June 30, 2021	\$ -	\$ -	\$ -	\$ -
Disbursements:				
2021-22 Claims	-	395,471	840,699	1,236,170
Total Disbursements	-	395,471	840,699	1,236,170
Allocations Outstanding June 30, 2022	<u>\$ -</u>	<u>\$ (395,471)</u>	<u>\$ (840,699)</u>	<u>\$ (1,236,170)</u>

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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.

During the fiscal year ended June 30, 2008, the Council applied for and received \$467,009 from the State's PTMISEA account for County Express Replacement Vehicles, County Express Commuter Vehicles and Bus Stop Signage, brochures, tokens, and token holders. At year ended June 30, 2008, only a portion of PTMISEA funds were spent, \$172,902, leaving \$294,107 that was deferred to fiscal year 2008/2009. At year ended June 30, 2010, \$35,480 was deferred to fiscal year 2010/2011. At year ended June 30, 2012, \$15,121 was deferred to fiscal year 2012/2013. In fiscal year 2012/2013 the council applied for and received an additional \$263,079 from the State's PTMISEA account to upgrade transit fueling infrastructure, transit maintenance and operations improvement and customer service enhancements. In fiscal year 2015/2016 the Council applied for and received \$617,308 for the purchase of six new buses and repairs of bus #55. In fiscal year 2016/2017 the Council applied for and received \$390,000 for Bus Yard Capital Project, Technology Expansion Project and Bus Stop Capital Improvements. In fiscal year 2018/2019 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, 2022, PTMISEA funds received and expended verified in the course of our audit:

	<u>Thru 6/30/2021</u>	<u>6/30/2022</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	2,968	14,730
Maintenance Vehicle/Maint. Imp	92,886	7,526	100,412
Buses (5)	1,101,665	(17,327)	1,084,338
Maintenance on Bus #55	7,777	-	7,777
Technical Expansion	134,765	19,300	154,065
Bus Stop Imp. Plan Upgrades	31,833	-	31,833
Unexpended proceeds at June 30, 2021	<u>\$854,195</u>	<u>12,467</u>	<u>\$841,728</u>

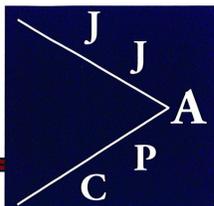
We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those require that we plan and perform 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 14, 2022

JJACPA, Inc.
JJACPA, Inc.
Dublin, CA



JJACPA, Inc.

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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, 2022, 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 14, 2022.

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 14, 2022

JJACPA, Inc.

JJACPA, Inc.

Dublin, CA