

COUNCIL OF SAN BENITO
COUNTY GOVERNMENTS
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2025



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Council of San Benito County Governments

Basic Financial Statements

For the year ended June 30, 2025

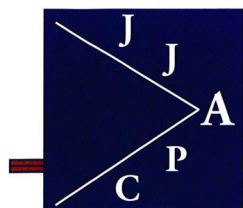
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Council of San Benito County Governments
Basic Financial Statements
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JJACPA, Inc.

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, 2025, 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, 2024 financial statements and, in our report dated December 10, 2024; 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, 2025, 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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.

Required Supplementary Information

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 67, and the Net OPEB Liability Schedule of Contributions on page 68 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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Supplementary Information

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 23, 2025 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 23, 2025

JJACPA, Inc.

JJACPA, Inc.
Dublin, CA

Council of San Benito County Governments

Basic Financial Statements

For the year ended June 30, 2025

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, 2025. 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 \$74 million in use tax and interest thru June 2025.
- The Council has been involved in planning, coordinating, and funding projects worth \$19.8 million in fiscal year 2024/25.
- 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, 2025
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, 2025
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 45-67 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 74-75 of this report.

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2025
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 \$51,241,517 at the close of the most recent fiscal year. A large portion of the Council's net position, approximately 76%, reflects the sales tax from Measure G thru June 2025. As of June 2025, there have been \$38.5 million 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
	2025	2024	2025	2024	2025	2024	
Assets and Deferred Outflows of Resources							
Current and other assets	\$ 48,931,880	\$ 31,174,326	\$ 1,122,591	\$ 1,361,566	\$ 50,054,471	\$ 32,535,892	54%
Net OPEB Asset	143,054	115,058	-	-	143,054	115,058	
Capital assets, net	-	-	1,705,795	1,163,130	1,705,795	1,163,130	
Total assets	49,074,934	31,289,384	2,828,386	2,524,696	51,903,320	33,814,080	53%
Deferred outflows	48,996	80,139	-	-	48,996	80,139	
Total assets and deferred outflows	\$ 49,123,930	\$ 31,369,523	\$ 2,828,386	\$ 2,524,696	\$ 51,952,316	\$ 33,894,219	53%
Liabilities and Deferred Inflows of Resources							
Current and other liabilities	194,932	1,729,203	380,522	617,574	575,454	2,346,777	-75%
Noncurrent liabilities	29,154	21,284	21,925	19,945	51,079	41,229	24%
Total liabilities	224,086	1,750,487	402,447	637,519	626,533	2,388,006	-74%
Deferred Inflows	84,266	84,649	-	-	84,266	84,649	
Total Liabilities and Deferred Inflows	308,352	1,835,136	402,447	637,519	710,799	2,472,655	-71%
Net Position:							
Invested in capital assets	-	-	1,705,795	1,163,130	1,705,795	1,163,130	47%
Restricted for:							
Transportation	43,485,003	25,335,434	-	-	43,485,003	25,335,434	72%
Unrestricted	5,330,575	4,198,953	720,144	724,047	6,050,719	4,923,000	23%
Total net position	\$ 48,815,578	\$ 29,534,387	\$ 2,425,939	\$ 1,887,177	\$ 51,241,517	\$ 31,421,564	63%

The remaining amount in *unrestricted net position* of \$6,050,719 will be used to meet the Council's ongoing obligations to citizens and creditors as funded through current revenues.

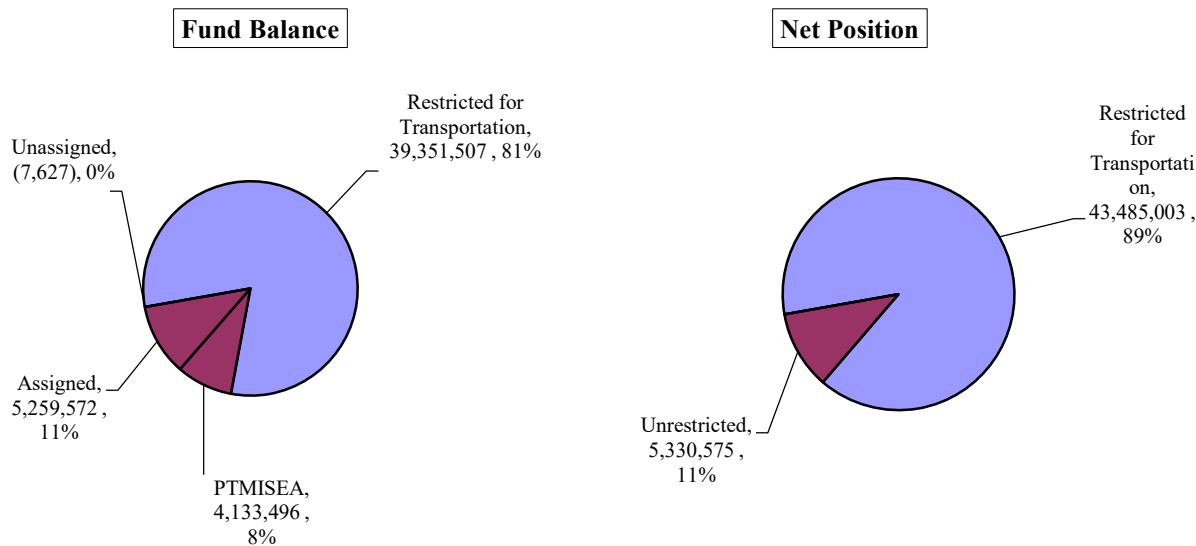
Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2025
Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

The cost of all governmental activities this year was \$1,984,420. 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 was \$1,500, or by other governments and organizations that subsidized certain programs with operating and capital grants and contributions in the amount of \$19,820,869, and for operations with general revenues of \$1,443,242, the Council contributed to governmental activities a total of \$19,291,825. Increasing the beginning net position of \$29,534,387 to \$48,815,578. This increase is attributed to the collection of Measure G sales tax revenue.

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



Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2025
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 \$21,265,611. This consisted of \$19,820,869 in program revenues and \$1,469,394 in general revenues. Total governmental activities operating expenses during the year were \$1,984,420; thus, net position at July 1, 2024, of \$29,534,387 increased by \$19,819,953 to \$48,815,578.

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.

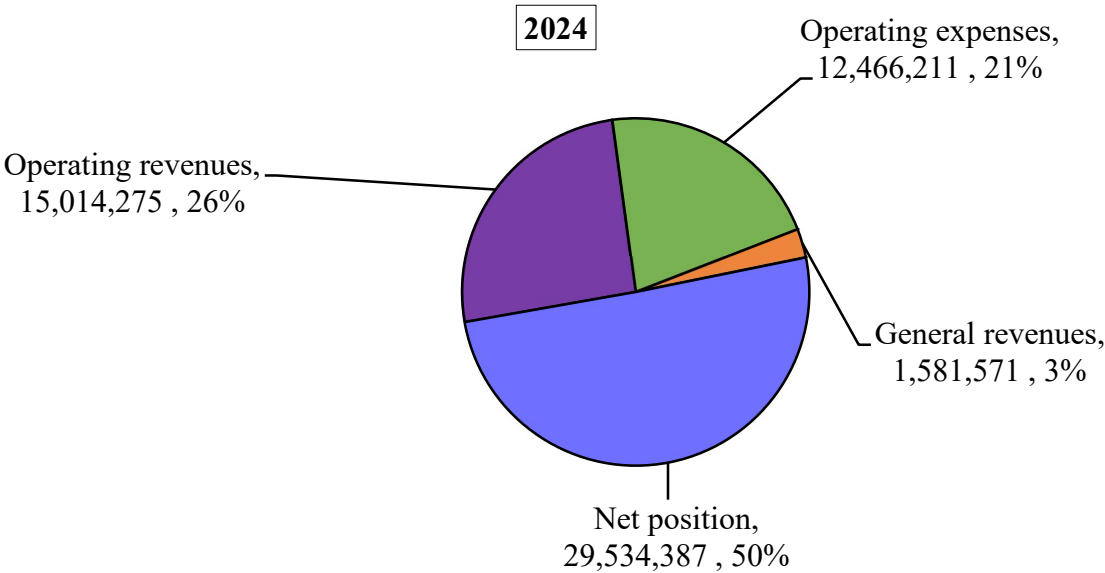
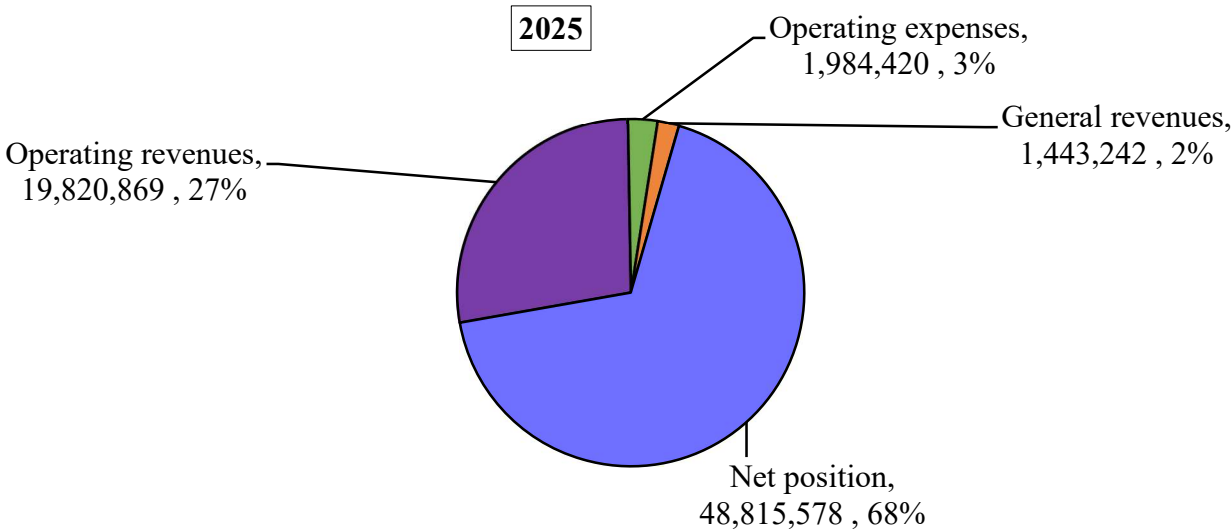
	Operating Revenue		Operating Expenses		Net (Expense)Revenue) and Changes in Net Position	
	2025	2024	2025	2024	2025	2024
Governmental activities:						
Transportation	\$ 19,820,869	\$ 15,014,275	\$ 1,984,420	\$ 12,466,211	\$ 17,836,449	\$ 2,548,064
Total governmental activities	<u>\$ 19,820,869</u>	<u>\$ 15,014,275</u>	<u>\$ 1,984,420</u>	<u>\$ 16,325,325</u>	<u>\$ 17,836,449</u>	<u>\$ 2,548,064</u>

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2025
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, 2025

Management’s Discussion and Analysis, Continued

GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

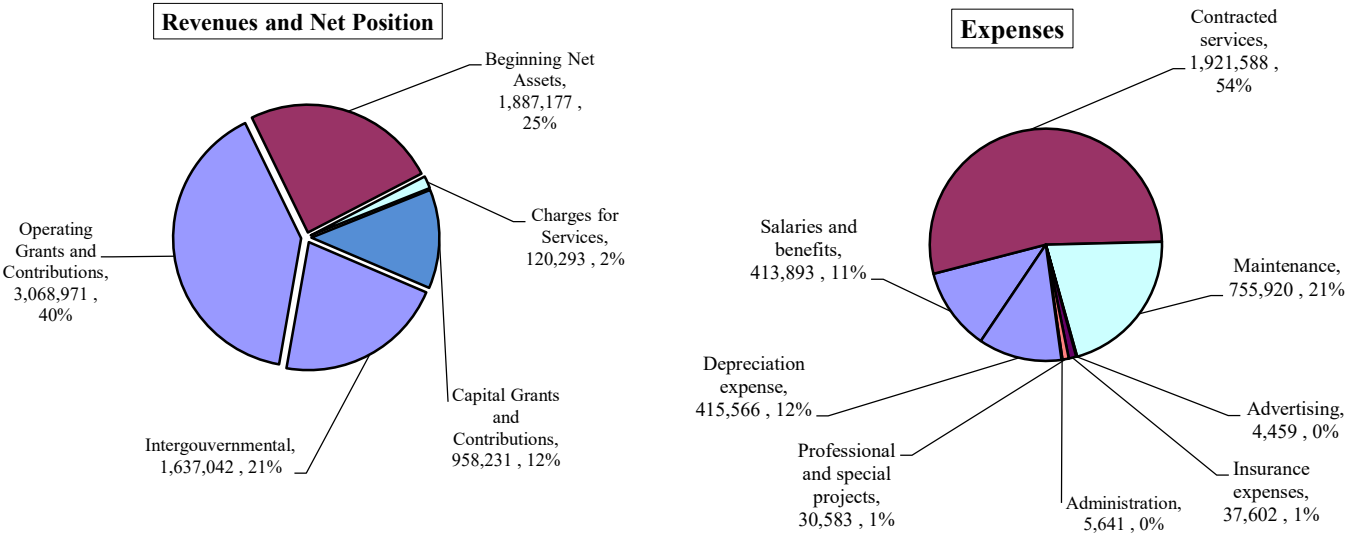
Business-type Activities

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 \$4,140,152 consisting of net position at July 1, 2024, of \$1,887,177 charges for services of \$120,293, \$3,068,971 of operating grants and contributions, and \$958,231 in capital contributions. Total general miscellaneous revenues amounted to \$(23,481). Total business-type activities expenses during the year were \$3,585,252 thus net position increased by \$538,762 to \$2,425,939.

The cost of all Business-type activities this year was \$3,585,252. However, as shown in the Statement of Activities on pages 18 and 19, the amount that was paid by charges for services \$120,293 operating grants and contributions of \$3,068,971 and \$958,231 in capital grants and contributions leaving a remaining net balance of \$562,243.

Revenues and expenses can be depicted graphically as follows:



Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2025

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	
	2025	2024	2025	2024	2025	2024
Business-type activities:						
Local Transportation Authority	\$ 4,147,495	\$ 3,819,969	\$ 3,585,252	\$ 2,907,819	\$ 562,243	\$ 912,150
Total business-type activities	<u>\$ 4,147,495</u>	<u>\$ 2,024,172</u>	<u>\$ 3,585,252</u>	<u>\$ 2,794,218</u>	<u>\$ 562,243</u>	<u>\$ 912,150</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, 2024. 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 \$51,079. This is an increase of \$9,850 from the previous fiscal year. Details on debt administration can be found in Note 6 of this report.

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Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2025

Management's Discussion and Analysis, Continued

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

In considering the Council Budget for fiscal year 2025-2026, the Council's Board and management used the following criteria:

The key assumptions in our revenue forecast were:

1. Revenues, including sales tax, are expected to stay the same.
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 2025-2026 was \$8,156,186 and is summarized as follows:

	FY 2025-26	FY 2024-25	Amount Change	Percentage Change
General Administration fund	\$ 540,668	\$ 710,751	\$ (170,083)	(23.9)%
Special revenue funds	2,144,708	2,499,239	(354,531)	(14.2)%
Capital projects funds	2,343,713	561,196	1,782,517	317.6%
Total operations and projects	5,029,089	3,771,186	1,257,903	33.4%
Local Transportation Authority	3,127,097	2,891,464	235,633	8.1%
Total budget	\$ 8,156,186	\$ 6,662,650	\$ 1,493,536	22.4%

1. General Administration Fund - Shows a decrease of \$170,083 or 23.9%, which breaks down as follows:

	FY 2025-26	FY 2024-25	Amount Change	Percentage Change
Salaries & Benefits	\$ 212,590	\$ 191,064	\$ 21,526	11.3%
Services & Supplies	260,687	454,187	(193,500)	(42.6)%
Contracts	52,000	51,500	(500)	1.0%
Other	15,391	14,000	(1,391)	9.9%
Transfer to District for Debt Service	-	-	-	-
Total budget	\$ 540,668	\$ 710,751	\$ (170,083)	(23.9)%

Significant change related to the Councils office relocation.

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2025

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 \$1,88,794 or 46.2%, which breaks down as follows:

	<u>FY 2025-26</u>	<u>FY 2024-25</u>	<u>Amount Change</u>	<u>Percentage Change</u>
Transportation Planning				
State Subvention	\$ 686,794	\$ 515,154	\$ 171,640	33.3%
State Transit Assistance	928,770	910,631	18,139	2.0%
Local Transportation Fund	2,772,438	1,573,745	1,198,693	76.2%
Highway 25 Project	277,021	199,367	77,654	39.0%
Measure G	932,834	283,788	649,046	100.0%
PTMISEA	-	277,408	(277,408)	100.0%
Service Authority for				
Freeways and Expressways	48,182	49,003	(821)	(1.7)%
Low Carbon Transit				
Operations Program, (LCTOP)	174,980	177,876		
Rideshare Program	10,256	4,000	6,256	156.4%
Vanpool Program	18,705	10,214	8,491	83.1%
Total budget	<u>\$ 5,849,980</u>	<u>\$ 4,001,186</u>	<u>\$ 1,848,794</u>	<u>46.2%</u>

Restricted revenues and grants are funding all of the projects. Significant changes related to RSPT claims submitted in FY 24 and changes in Tier II funding for Measure G.

3. Enterprise Fund – The increase of \$433,825 or 16.5% breaks down for the Local Transportation, Authority Article 4, Community Transit, as follows:

	<u>FY 2025-26</u>	<u>FY 2024-25</u>	<u>Amount Change</u>	<u>Percentage Change</u>
Salaries & Benefits	\$ 367,047	\$ 325,195	\$ 41,852	12.9%
Services & Supplies	381,569	309,230	72,339	23.4%
Contracts	2,378,481	1,621,392	757,089	46.7%
Capital	-	427,455	(427,455)	0.0%
Total budget	<u>\$ 3,127,097</u>	<u>\$ 2,683,272</u>	<u>\$ 443,825</u>	<u>16.5%</u>

The increase in the fund is attributed to higher costs in the transit operations contract.

Council of San Benito County Governments
Basic Financial Statements
For the year ended June 30, 2025

Management’s Discussion and Analysis, Continued

4. Enterprise Fund – The decrease of \$14,747 or 2.3% breaks down for the Local Transportation Authority, Article 4.5, Specialized Transportation, as follows:

	<u>FY 2025-26</u>	<u>FY 2024-25</u>	<u>Amount Change</u>	<u>Percentage Change</u>
Salaries & Benefits	\$ 122,349	\$ 108,398	\$ 13,951	12.9%
Services & Supplies	74,168	88,977	(14,809)	(16.6)%
Contracts	<u>424,384</u>	<u>438,273</u>	<u>(13,889)</u>	<u>(3.2)%</u>
Total budget	<u><u>\$ 620,901</u></u>	<u><u>\$ 635,648</u></u>	<u><u>\$ (14,747)</u></u>	<u><u>(2.3)%</u></u>

The decrease in the fund is attributed to a reduction in service due to the increase costs in the transit operations contract.

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, 650 San Benito Street, Suite 120, Hollister, CA 95023.

BASIC FINANCIAL STATEMENTS

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Council of San Benito County Governments

Statement of Net Position

June 30, 2025

(with comparative totals for June 30, 2024)

	Governmental Activities	Business-Type Activities	Totals	
			2025	2024
ASSETS				
Current assets:				
Cash and investments	\$ 45,327,732	\$ 146,548	\$ 45,474,280	\$ 28,900,912
Receivables (net)	3,539,130	965,066	4,504,196	3,634,980
Prepaid items	65,018	10,977	75,995	-
Total current assets	48,931,880	1,122,591	50,054,471	32,535,892
Noncurrent assets:				
Net OPEB Asset	143,054	-	143,054	115,058
Capital assets net of accumulated depreciation:				
Buildings, property and equipment	-	1,705,795	1,705,795	1,163,130
Total noncurrent assets	143,054	1,705,795	1,848,849	1,278,188
Total assets	49,074,934	2,828,386	51,903,320	33,814,080
DEFERED OUTFLOWS OF RESOURCES				
Related to OPEB	48,996	-	48,996	80,139
Total deferred outflows of resources	48,996	-	48,996	80,139
Total assets and deferred outflows	\$ 49,123,930	\$ 2,828,386	\$ 51,952,316	\$ 33,894,219
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 79,217	\$ 327,361	\$ 406,578	\$ 1,782,271
Due to fiduciary activities	-	53,161	53,161	451,690
Due to other governments	112,610	-	112,610	109,711
Unearned revenue	3,105	-	3,105	3,105
Total current liabilities	194,932	380,522	575,454	2,346,777
Noncurrent liabilities:				
Long-term obligations:				
Vacation and compensated absence obligation	29,154	21,925	51,079	41,229
Total noncurrent liabilities	29,154	21,925	51,079	41,229
Total liabilities	224,086	402,447	626,533	2,388,006
DEFERED INFLOWS OF RESOURCES				
Related to OPEB	84,266	-	84,266	84,649
Total deferred inflows of resources	84,266	-	84,266	84,649
NET POSITION				
Net investment in capital assets	-	1,705,795	1,705,795	1,163,130
Restricted for:				
Transportation	43,485,003	-	43,485,003	25,335,434
Unrestricted (Deficit)	5,330,575	720,144	6,050,719	4,923,000
Total net position	48,815,578	2,425,939	51,241,517	31,421,564
Total liabilities, deferred inflows and net position	\$ 49,123,930	\$ 2,828,386	\$ 51,952,316	\$ 33,894,219

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, 2025

(with comparative totals for the year ended June 30, 2024)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
Transportation	\$ 1,984,420	\$ 1,500	\$ 19,820,869	\$ -
Total governmental activities	1,984,420	1,500	19,820,869	-
Business-type activities:				
Local Transportation Authority	3,585,252	120,293	3,068,971	958,231
Total business-type activities	3,585,252	120,293	3,068,971	958,231
Total primary government	\$ 5,569,672	\$ 121,793	\$ 22,889,840	\$ 958,231
General revenues:				
Intergovernmental:				
State property tax relief				
Use of money and property				
Other revenues				
Total general revenues				
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	2025	2024
\$ 17,837,949	\$ -	\$ 17,837,949	\$ 2,548,064
17,837,949	-	17,837,949	2,548,064
-	562,243	562,243	912,150
-	562,243	562,243	912,150
17,837,949	562,243	18,400,192	3,460,214
-	1,637,042	1,637,042	1,211,132
1,427,459	(23,481)	1,403,978	1,479,969
15,783	-	15,783	57,657
1,443,242	(23,481)	1,419,761	1,537,626
1,443,242	(23,481)	1,419,761	1,537,626
19,281,191	538,762	19,819,953	4,997,840
29,534,387	1,887,177	31,421,564	26,423,724
\$ 48,815,578	\$ 2,425,939	\$ 51,241,517	\$ 31,421,564

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FUND FINANCIAL STATEMENTS

Council of San Benito County Governments

Balance Sheet

Governmental Funds

June 30, 2025

(with comparative totals for June 30, 2024)

	Major Funds			
	General Administration	State Subvention Special Revenue	Highway 25 Safety Enhancement Capital Projects	Measure A Capital Projects
ASSETS				
Cash and cash equivalents	\$ 31,717	\$ 3,963,363	\$ 265,955	\$ 1,999
Receivables:				
Accounts receivable	16,360	1,014,943	113	-
Intergovernmental	-	-	-	-
Interest	2,061	-	-	-
Prepaid expenses	-	-	-	-
Total assets	\$ 50,138	\$ 4,978,306	\$ 266,068	\$ 1,999
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 54,867	\$ 1,538	\$ -	\$ -
Due to other governments	2,898	109,712	-	-
Unearned revenue	-	-	-	-
Total liabilities	57,765	111,250	-	-
Deferred inflows - Unavaiable revenue	-	-	-	-
Fund balances:				
Nonspendable for:				
Prepaid items	-	-	-	-
Petty cash	-	-	-	-
Restricted for:				
PTMISEA	-	-	-	-
Transportation	-	-	266,068	-
Assigned	-	4,867,056	-	1,999
Unassigned (deficit)	(7,627)	-	-	-
Total fund balances	(7,627)	4,867,056	266,068	1,999
Total liabilities, deferred inflows and fund balances	\$ 50,138	\$ 4,978,306	\$ 266,068	\$ 1,999

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

Measure G Capital Projects	PTMISEA & ARRA Capital Projects	TIRCP & ZETCP	Other Governmental Funds	Totals	
				2025	2024
\$ 36,611,996	\$ 2,303	\$ 4,066,563	\$ 383,836	\$ 45,327,732	\$ 28,732,292
-	-	-	-	1,031,416	121,417
2,493,080	-	-	12,573	2,505,653	2,318,555
-	-	-	-	2,061	2,062
-	65,018	-	-	65,018	-
<u>\$ 39,105,076</u>	<u>\$ 67,321</u>	<u>\$ 4,066,563</u>	<u>\$ 396,409</u>	<u>\$ 48,931,880</u>	<u>\$ 31,174,326</u>
\$ 19,637	\$ 388	\$ -	\$ 2,787	\$ 79,217	\$ 1,616,387
-	-	-	-	112,610	109,711
-	-	-	3,105	3,105	3,105
<u>19,637</u>	<u>388</u>	<u>-</u>	<u>5,892</u>	<u>194,932</u>	<u>1,729,203</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	66,933	4,066,563	-	4,133,496	376,503
39,085,439	-	-	-	39,351,507	24,958,931
-	-	-	390,517	5,259,572	4,109,823
-	-	-	-	(7,627)	(134)
<u>39,085,439</u>	<u>66,933</u>	<u>4,066,563</u>	<u>390,517</u>	<u>48,736,948</u>	<u>29,445,123</u>
<u>\$ 39,105,076</u>	<u>\$ 67,321</u>	<u>\$ 4,066,563</u>	<u>\$ 396,409</u>	<u>\$ 48,931,880</u>	<u>\$ 31,174,326</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, 2025

Total fund balances - total governmental funds	\$ 48,736,948
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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	(29,154)
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Net OPEB obligations/assets result in deferred outflows and inflows of resources associated with the actuarial value of contributions, assets and liabilities

OPEB Asset	143,054
Deferred Outflows	48,996
Deferred Inflows	(84,266)

Net position of governmental activities	<u>\$ 48,815,578</u>
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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, 2025

	Governmental Funds Balance Sheet	Eliminations/ Reclassifications	Changes in GAAP	Statement of Net Position
ASSETS				
Current assets:				
Cash and investments	\$ 45,327,732	\$ -	\$ -	\$ 45,327,732
Receivables (net)	3,539,130	-	-	3,539,130
Prepaid items	65,018	-	-	65,018
Total current assets	48,931,880	-	-	48,931,880
Noncurrent assets:				
Net OPEB Asset	-	-	143,054	143,054
Total assets	48,931,880	-	143,054	49,074,934
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	-	-	48,996	48,996
Total deferred outflows of resources	-	-	48,996	48,996
Total assets and deferred outflows	\$ 48,931,880	\$ -	\$ 192,050	\$ 49,123,930
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 79,217	\$ -	\$ -	\$ 79,217
Due to LTF/fiduciary activities	-	-	-	-
Due to other governments	112,610	-	-	112,610
Unearned revenue	3,105	-	-	3,105
Total current liabilities	194,932	-	-	194,932
Noncurrent liabilities:				
Vacation and compensated absence obligation	-	-	29,154	29,154
Total noncurrent liabilities	-	-	29,154	29,154
Total liabilities	194,932	-	29,154	224,086
DEFERRED OUTFLOWS OF RESOURCES				
Related to OPEB	-	-	84,266	84,266
Total deferred outflows of resources	-	-	84,266	84,266
Fund Balance/Net Position				
Fund Balance:				
Restricted for:				
Transportation	43,485,003		(43,485,003)	
Assigned	5,259,572		(5,259,572)	
Unassigned (deficit)	(7,627)		7,627	
Net Position				
Net investment in capital assets				
Restricted for:				
Transportation		-	43,485,003	43,485,003
Unrestricted		-	5,330,575	5,330,575
Total net position	48,736,948	-	78,630	48,815,578
Total liabilities, deferred inflows and net position	\$ 48,931,880	\$ -	\$ 192,050	\$ 49,123,930

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, 2025
(with comparative totals for the year ended June 30, 2024)

	Major Funds			
	General	State	Highway 25	
	Administration	Subvention	Safety Enhancement	Measure A
		Special Revenue	Capital Projects	Capital Projects
REVENUES:				
Intergovernmental	\$ 921,404	\$ 1,276,286	\$ -	\$ -
Charges for services	1,500	-	-	-
Use of money and property	(28,689)	157,492	10,322	1,997
Other revenues	15,188	595	-	-
Total revenues	909,403	1,434,373	10,322	1,997
EXPENDITURES:				
Current:				
Salaries and benefits	179,137	264,721	-	-
Services and supplies	227,752	49,318	-	-
Other charges	509,940	12,354	-	-
Capital outlay:				
Highway 25 improvements	-	-	541	-
Other capital	67	-	-	-
Total expenditures	916,896	326,393	541	-
REVENUES OVER (UNDER)				
EXPENDITURES	(7,493)	1,107,980	9,781	1,997
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(7,493)	1,107,980	9,781	1,997
FUND BALANCES:				
Beginning of year	(134)	3,759,076	256,287	2
End of year	\$ (7,627)	\$ 4,867,056	\$ 266,068	\$ 1,999

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

Totals					
Measure G Capital Projects	PTMISEA & ARRA Capital Projects	TIRCP & ZETCP	Other Governmental Funds	2025	2024
\$ 13,417,074	\$ -	\$ 3,957,074	\$ 249,031	\$ 19,820,869	\$ 15,012,475
-	-	-	-	1,500	1,800
1,149,009	10,299	109,489	17,540	1,427,459	1,523,914
-	-	-	-	15,783	57,657
14,566,083	10,299	4,066,563	266,571	21,265,611	16,595,846
80,736	-	-	16,291	540,885	567,567
98,784	-	-	209,748	585,602	538,397
-	-	-	-	522,294	2,009,800
-	-	-	-	541	2,704
3,768	319,869	-	760	324,464	9,291,613
183,288	319,869	-	226,799	1,973,786	12,410,081
14,382,795	(309,570)	4,066,563	39,772	19,291,825	4,185,765
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,382,795	(309,570)	4,066,563	39,772	19,291,825	4,185,765
24,702,644	376,503	-	350,745	29,445,123	25,259,358
\$ 39,085,439	\$ 66,933	\$ 4,066,563	\$ 390,517	\$ 48,736,948	\$ 29,445,123

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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, 2025

Net change in fund balances - total governmental funds	\$	19,291,825
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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	(2,764)
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Accrued compensated absences	<u>(7,870)</u>
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Change in net position of governmental activities	\$	<u>19,281,191</u>
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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, 2025

(with comparative actual amounts for the year ended June 30, 2024)

	Original Budget	Amended Budget	2025 Actual	Variance Positive (Negative)	2024 Actual
REVENUES:					
Intergovernmental:					
Local Transportation Funds (LTF)	\$ 915,651	\$ 685,651	\$ 906,216	\$ 220,565	523,625
Charges for services	2,100	2,100	1,500	(600)	1,800
Use of money and property	23,000	23,000	(28,689)	(51,689)	(7,285)
Other Revenue	-	-	15,188	15,188	-
Total revenues	<u>940,751</u>	<u>710,751</u>	<u>894,215</u>	<u>183,464</u>	<u>518,140</u>
EXPENDITURES:					
Salaries and benefits	191,064	191,064	179,137	11,927	216,112
Services and supplies	454,187	454,187	227,752	226,435	218,429
Contractual services	51,500	51,500	-	51,500	-
Other charges	14,000	14,000	509,940	(495,940)	83,733
Capital outlay	230,000	-	67	(67)	-
Total expenditures	<u>940,751</u>	<u>710,751</u>	<u>916,896</u>	<u>(206,145)</u>	<u>518,274</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-		(22,681)	(134)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ (22,681)</u>	(134)
FUND BALANCES:					
Beginning of year			(134)		-
End of year			<u>\$ (134)</u>		<u>\$ (134)</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, 2025

(with comparative actual amounts for the year ended June 30, 2024)

	Original Budget	Amended Budget	2025 Actual	Variance Positive (Negative)	2024 Actual
REVENUES:					
Intergovernmental:					
RSTP	\$ 850,000	\$ 850,000	\$ 871,821	\$ 21,821	842,672
Rural Planning Assistance	367,500	367,500	367,420	(80)	270,438
STIP Planning and Programming & Monitoring	37,000	37,000	37,045	45	37,000
Use of money and property	150,000	150,000	157,492	7,492	278,084
Other Revenue	122,947	122,947	595	(122,352)	12,400
Total revenues	<u>1,527,447</u>	<u>1,527,447</u>	<u>1,434,373</u>	<u>(93,074)</u>	<u>1,440,594</u>
EXPENDITURES:					
Salaries and benefits	278,654	278,654	264,721	13,933	287,261
Services and supplies	35,000	35,000	31,423	3,577	38,925
Contractual services	201,000	201,000	30,249	170,751	9,740
Other charges	-	-	-	-	1,916,327
Total expenditures	<u>514,654</u>	<u>514,654</u>	<u>326,393</u>	<u>188,261</u>	<u>2,252,253</u>
REVENUES OVER (UNDER) EXPENDITURES	1,012,793	1,012,793	1,107,980	95,187	(811,659)
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ 1,012,793</u>	<u>\$ 1,012,793</u>	1,107,980	<u>\$ 95,187</u>	(811,659)
FUND BALANCES:					
Beginning of year			3,759,076		4,570,735
End of year			<u>\$ 4,867,056</u>		<u>\$ 3,759,076</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, 2025

(with comparative actual amounts for the year ended June 30, 2024)

	Original Budget	Amended Budget	2025 Actual	Variance Positive (Negative)	2024 Actual
REVENUES:					
Use of money and property	\$ 4,000	\$ 200	\$ 10,322	\$ 10,122	\$ 11,975
Other revenues	195,367	195,367	-	(195,367)	57,657
Total revenues	<u>199,367</u>	<u>195,567</u>	<u>10,322</u>	<u>(195,367)</u>	<u>69,632</u>
EXPENDITURES:					
Capital outlay:					
Highway 25 improvements	199,367	199,367	541	198,826	2,704
Total expenditures	<u>199,367</u>	<u>199,367</u>	<u>541</u>	<u>198,826</u>	<u>2,704</u>
REVENUES OVER (UNDER) EXPENDITURES	-	(3,800)	9,781	3,459	66,928
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ -</u>	<u>\$ (3,800)</u>	9,781	<u>\$ 3,459</u>	66,928
FUND BALANCES:					
Beginning of year			256,287		189,359
End of year			<u>\$ 266,068</u>		<u>\$ 256,287</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, 2025

(with comparative actual amounts for the year ended June 30, 2024)

	Original Budget	Amended Budget	2025 Actual	Variance Positive (Negative)	2024 Actual
REVENUES:					
Use of money and property	\$ -	\$ -	\$ 1,997	\$ 1,997	\$ 6
Other		-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>1,997</u>	<u>-</u>	<u>6</u>
EXPENDITURES:					
Salaries and benefits	-	-		-	-
Services and supplies	-	-	-	-	98
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98</u>
REVENUES OVER (UNDER) EXPENDITURES	-	-	1,997	-	(92)
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ -</u>	<u>\$ -</u>	<u>1,997</u>	<u>\$ -</u>	<u>(92)</u>
FUND BALANCES:					
Beginning of year			2		94
End of year			<u>\$ 1,999</u>		<u>\$ 2</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, 2025

(with comparative actual amounts for the year ended June 30, 2024)

	Original Budget	Amended Budget	2025 Actual	Variance Positive (Negative)	2024 Actual
REVENUES:					
Intergovernmental:					
Sales Tax	\$ 589,445	\$ 589,445	\$ 13,417,074	\$ 12,827,629	\$ 13,092,330
Use of money and property:	13,089,759	13,089,759	1,149,009	(11,940,750)	1,174,735
Total revenues	<u>13,679,204</u>	<u>13,679,204</u>	<u>14,566,083</u>	<u>886,879</u>	<u>14,267,065</u>
EXPENDITURES:					
Salaries and benefits	204,984	204,984	80,736	124,248	52,001
Services and supplies	-	-	98,784	(98,784)	80,607
Capital outlay:					
Highway 25 improvements	-	-	-	-	-
Other	78,804	78,804	3,768	75,036	8,763,537
Total expenditures	<u>283,788</u>	<u>283,788</u>	<u>183,288</u>	<u>100,500</u>	<u>8,896,145</u>
REVENUES OVER (UNDER) EXPENDITURES	13,395,416	13,395,416	14,382,795	987,379	5,370,920
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ 13,395,416</u>	<u>\$ 13,395,416</u>	14,382,795	<u>\$ 987,379</u>	5,370,920
FUND BALANCES:					
Beginning of year			24,702,644		19,331,724
End of year			<u>\$ 39,085,439</u>		<u>\$ 24,702,644</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, 2025

(with comparative actual amounts for the year ended June 30, 2024)

	Original Budget	Amended Budget	2025 Actual	Variance Positive (Negative)	2024 Actual
REVENUES:					
Use of money and property:	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:				-	
PTMISEA	-	-	10,299	10,299	43,422
Other revenues (OES)	250,336	250,336	-	(250,336)	-
Total revenues	<u>250,336</u>	<u>250,336</u>	<u>10,299</u>	<u>(240,037)</u>	<u>43,422</u>
EXPENDITURES:					
Capital outlay:					
PTMSIEA	277,408	277,408	319,869	(42,461)	527,064
Total expenditures	<u>277,408</u>	<u>277,408</u>	<u>319,869</u>	<u>(42,461)</u>	<u>527,064</u>
REVENUES OVER (UNDER) EXPENDITURES	(27,072)	(27,072)	(309,570)	(282,498)	(483,642)
Transfers out	-	-	-	-	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ (27,072)</u>	<u>\$ (27,072)</u>	(309,570)	<u>\$ (282,498)</u>	(483,642)
FUND BALANCES:					
Beginning of year			376,503		860,145
End of year			<u>\$ 66,933</u>		<u>\$ 376,503</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

TIRCP & ZETCP Capital Projects Fund

For the year ended June 30, 2025

(with comparative actual amounts for the year ended June 30, 2024)

	Original Budget	Amended Budget	2025 Actual	Variance Positive (Negative)	2024 Actual
REVENUES:					
Use of money and property:	\$ -	\$ 147,426	\$ 109,489	\$ (37,937)	\$ -
Intergovernmental:				-	
TIRCP & ZETCP	-	3,617,427	3,957,074	339,647	-
ZETCP	-	192,221	-	(192,221)	-
Total revenues	-	3,957,074	4,066,563	109,489	-
EXPENDITURES:					
Capital outlay:					
PTMSIEA	-	-	-	-	-
OES		-	-	-	-
Other		3,957,074	-	-	-
Total expenditures	-	3,957,074	-	-	-
REVENUES OVER (UNDER) EXPENDITURES	-	-	4,066,563	109,489	-
Transfers out	-	-	-	-	
Total other financing sources (uses)	-	-	-	-	
REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING (USES)	<u>\$ -</u>	<u>\$ -</u>	4,066,563	<u>\$ 109,489</u>	-
FUND BALANCES:					
Beginning of year			-		-
End of year			<u>\$ 4,066,563</u>		<u>\$ -</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, 2025

(with comparative totals for June 30, 2024)

	County Express (CE)	Specialized Transportation (ST)	Totals	
			2025	2024
Current assets:				
Cash and investments	\$ 146,226	\$ 322	\$ 146,548	\$ 168,620
Intergovernmental receivable	958,374	-	958,374	1,186,254
Interest receivable	6,692	-	6,692	6,692
Prepaid items	10,977	-	10,977	-
Total current assets	1,122,269	322	1,122,591	1,361,566
Property, plant and equipment	4,940,891	552,238	5,493,129	4,534,898
Less accumulated depreciation	(3,415,782)	(371,552)	(3,787,334)	(3,371,768)
Property, plant, and equipment, net	1,525,109	180,686	1,705,795	1,163,130
Total assets	\$ 2,647,378	\$ 181,008	\$ 2,828,386	\$ 2,524,696
LIABILITIES AND NET POSITION				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 310,894	\$ 16,467	\$ 327,361	\$ 165,884
Due to fiduciary activities/LTF	-	53,161	53,161	451,690
Total current liabilities	310,894	69,628	380,522	617,574
Compensated absences	16,444	5,481	21,925	19,945
Total liabilities	327,338	75,109	402,447	637,519
Net Position:				
Net investment in capital assets	1,525,109	180,686	1,705,795	1,163,130
Unrestricted	794,931	(74,787)	720,144	724,047
Total net position	2,320,040	105,899	2,425,939	1,887,177
Total liabilities and net position	\$ 2,647,378	\$ 181,008	\$ 2,828,386	\$ 2,524,696

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, 2025
(with comparative totals for the year ended June 30, 2024)

	County Express (CE)	Specialized Transportation (ST)	Totals	
			2025	2024
OPERATING REVENUES:				
Charges for services:				
Passenger fares	\$ 116,919	\$ 3,374	\$ 120,293	\$ 119,720
FTA 5311 operating grant	1,135,050	-	1,135,050	1,348,700
Other operating revenue	16,963	-	16,963	12,267
Total operating revenues	<u>1,268,932</u>	<u>3,374</u>	<u>1,272,306</u>	<u>1,480,687</u>
OPERATING EXPENSES:				
Salaries and benefits	314,539	99,354	413,893	306,800
Contracted services	1,779,414	142,174	1,921,588	1,860,493
Advertising	3,446	1,013	4,459	5,145
Maintenance	732,966	22,954	755,920	352,110
Insurance expenses	28,201	9,401	37,602	14,849
Professional and special projects	24,606	5,977	30,583	111,989
Administration	5,641	-	5,641	6,783
Depreciation expense	371,945	43,621	415,566	249,650
Total operating expenses	<u>3,260,758</u>	<u>324,494</u>	<u>3,585,252</u>	<u>2,907,819</u>
OPERATING LOSS	<u>(1,991,826)</u>	<u>(321,120)</u>	<u>(2,312,946)</u>	<u>(1,427,132)</u>
NONOPERATING REVENUES:				
FTA 5304				
Local Transportation Funds	-	279,916	279,916	520,874
State Transit Assistance Funds	1,637,042	-	1,637,042	1,211,132
Investment income (Loss)	(26,715)	3,234	(23,481)	(43,945)
Total non-operating revenues (expenses), net	<u>1,610,327</u>	<u>283,150</u>	<u>1,893,477</u>	<u>1,688,061</u>
NET INCOME (LOSS) BEFORE TRANSFERS & CONTRIBUTIONS	<u>(381,499)</u>	<u>(37,970)</u>	<u>(419,469)</u>	<u>260,929</u>
Capital Contributions	958,231	-	958,231	607,276
CHANGE IN NET POSITION	576,732	(37,970)	538,762	868,205
NET POSITION:				
Beginning of year	1,743,308	143,869	1,887,177	1,018,972
End of year	<u>\$ 2,320,040</u>	<u>\$ 105,899</u>	<u>\$ 2,425,939</u>	<u>\$ 1,887,177</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, 2025

(with comparative amounts for the year ended June 30, 2024)

	Totals	
	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from passenger fares	\$ 120,293	\$ 119,720
Cash receipts from other governments	1,379,893	986,534
Cash payments to suppliers for goods and services	(2,605,293)	(2,308,354)
Cash payments to employees for services	(411,913)	(305,325)
Net cash used by operating activities	(1,517,020)	(1,507,425)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:		
Transfers received (paid)	(398,529)	(5,324)
Other nonoperating receipts	-	-
Local Transportation Funds received	279,916	520,874
State Transit Assistance Funds received	1,637,042	1,211,132
Net cash provided by noncapital financing activities	1,518,429	1,726,682
CASH FLOWS FROM INVESTING ACTIVITIES:		
Investment income (loss)	(23,481)	(50,637)
Net cash provided by investing activities	(23,481)	(50,637)
Net increase (decrease) in cash and cash equivalents	(22,072)	168,620
CASH AND CASH EQUIVALENTS:		
Beginning of year	168,620	-
End of year	\$ 146,548	\$ 168,620
Presentation in Statement of Net Position:		
Cash and investments	\$ 146,548	\$ 168,620
Total cash and investments	\$ 146,548	\$ 168,620
Reconciliation of income (loss) from operations to net cash used by operating activities:		
Operating income (loss)	\$ (2,312,946)	\$ (1,427,132)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:		
Depreciation	415,566	249,650
(Increase) decrease in current assets:		
Intergovernmental receivable	227,880	(374,433)
Prepaid items	(10,977)	16,105
Increase (decrease) in liabilities:		
Accounts payable and accrued liabilities	161,477	26,910
Vacation and compensated absence obligation	1,980	1,475
Net cash used by operating activities	\$ (1,517,020)	\$ (1,507,425)

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, 2025

(with comparative actual amounts for the year ended June 30, 2024)

	Local Transportation Fund	State Transit Assistance Fund	Totals	
			2025	2024
ASSETS				
Cash and investments	12,314,166	73,938	\$ 12,388,104	\$ 10,877,412
Intergovernmental receivable	479,486	191,431	670,917	695,362
Interest receivable	(4,604)	(10)	(4,614)	(4,614)
Sales tax receivable	-	-	-	-
Due from other funds	133,717	-	133,717	451,926
Total assets	12,922,765	265,359	13,188,124	12,020,086
LIABILITIES				
Due to other funds	-	80,321	80,321	-
Total liabilities	-	80,321	80,321	-
NET POSITION				
Restricted for pedestrian/bicycle	2,578,822	-	2,578,822	821,475
Restricted for other governments	10,343,943	185,038	10,528,981	11,198,611
Total net position	\$ 12,922,765	\$ 185,038	\$ 13,107,803	\$ 12,020,086

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, 2025

(with comparative actual amounts for the year ended June 30, 2024)

	Private Purpose Trust Funds			
	Local	State Transit	Totals	
	Transportation	Assistance		
	Fund	Fund	2025	2024
Additions				
Sales tax	\$ 2,635,230	\$ -	\$ 2,635,230	\$ 2,595,543
Intergovernmental	-	798,720	798,720	890,695
Other	-	-	-	-
Interest	470,812	22,589	493,401	569,879
Total additions	3,106,042	821,309	3,927,351	4,056,117
Deductions				
Claims paid to:				
Council of San Benito County Governments	1,806,913	1,030,221	2,837,134	2,223,924
Short Range Transit Plan	-	-	-	-
Local Transportation Authority Fund	-	-	-	-
Administration Fund	-	-	-	-
Other Charges	-	2,500	2,500	-
Total deductions	1,806,913	1,032,721	2,839,634	2,223,924
Change in net position	1,299,129	(211,412)	1,087,717	1,832,193
Net position, beginning of year	11,623,636	396,450	12,020,086	10,187,893
Net position, end of year	\$ 12,922,765	\$ 185,038	\$ 13,107,803	\$ 12,020,086

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, 2025

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Council of San Benito County Governments
Notes to Basic Financial Statements
For the year ended June 30, 2025

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 Authority Board dissolved Measure A at the June 20, 2024 Board meeting. The fund was closed in FY 24-25, as such will no longer be reported effective FY 25-26.

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, most 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. As of fiscal year 2025, revenues and expenditures for Article 4.0 and Article 4.5 are being tracked in separately.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

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, 2025

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, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

Major and Non-Major Funds

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

Fund Type	Brief Description
Major:	
Governmental Activities:	
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.
TIRCP and ZETCP	SB 125, one-time transit grant.
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.
Business-type Activities:	
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.
Non-Major:	
Governmental Activities:	
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, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

New and Closed Funds

The Authority Board approved the dissolution of Measure A at the June 20, 2024 meeting. The fund will closed in FY 2026–27.

The TICRP & ZETCP fund was created in FY 2025.

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, 2025

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, 2025

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, 2025

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, 2025

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, 2025 and June 30, 2024:

	June 30, 2025		June 30, 2024
	Not rated	Fair Value	
San Benito County Treasury	\$ 57,862,384	\$ 57,862,384	\$ 39,778,324
Total	<u>\$ 57,862,384</u>	<u>\$ 57,862,384</u>	<u>\$ 39,778,324</u>
Amounts reported in:			
Governmental activities		\$ 45,327,732	\$ 28,732,292
Business-type activities		146,548	168,620
Fiduciary activities		12,388,104	10,877,412
Total		<u>\$ 57,862,384</u>	<u>\$ 39,778,324</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, 2025, approximated fair value of \$57,862,384.

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, 2025

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, 2025, 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, 2025

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, 2025, these investments matured in an average of 1.77 years. As of June 30, 2025, the County Treasury had \$123,351,531 invested in LAIF and CAMP. The County investment pool currently holds derivative products in the form of asset-backed securities. The current average maturity of the portfolio is 2.06 years with an average duration of 1.77 years.

3. ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following at June 30, 2025:

	Governmental Activities	Business-type Activities	Fiduciary Activities	Totals	
				2025	2024
Accounts receivable	\$ 1,031,416	\$ -	\$ -	\$ 1,031,416	\$ 124,454
Interest	2,061	6,692	(4,614)	\$ 4,139	-
Intergovernmental	2,505,653	958,374	670,917	4,134,944	1,893,580
Sales tax receivable	-	-	-	-	2,306,746
Total accounts receivable	<u>\$ 3,539,130</u>	<u>\$ 965,066</u>	<u>\$ 666,303</u>	<u>\$ 5,170,499</u>	<u>\$ 4,324,780</u>

These amounts resulted in the following concentrations in receivables:

Other Governments	80%
Other	20%

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

4. CAPITAL ASSETS

Capital asset activity for business-type activities for the year ended June 30, 2025, was as follows:

	July 1, 2024	Additions	Retirements	June 30, 2025
<u>Business-type activities:</u>				
Property, plant, and equipment	4,534,898	958,231	-	5,493,129
Less: accumulated depreciation	(3,371,768)	(415,566)	-	(3,787,334)
Total business-type activities	1,163,130	542,665	-	1,705,795
Net book value	\$ 1,163,130	\$ 542,665	\$ -	\$ 1,705,795

Depreciation was \$415,566 for the fiscal years ended June 30, 2025.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following at June 30, 2025:

	Governmental Activities	Business-type Activities	Totals	
			2025	2024
Accounts payable and accrued liabilities	\$ 79,217	\$ 327,361	\$ 406,578	\$ 1,782,271
Due to fiduciary activities	-	53,161	53,161	451,690
Due to other governments	112,610	-	112,610	109,711
Total	\$ 191,827	\$ 380,522	\$ 572,349	\$ 2,343,672

These amounts resulted in the following concentrations in payables:

Vendors	71%
Other governments	29%

6. LONG-TERM LIABILITIES

Changes in long-term liabilities for the fiscal year ended June 30, 2025, are shown below:

	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025
<u>Governmental activities:</u>				
Compensated absences	\$ 21,284	\$ 7,870	\$ -	\$ 29,154
Total governmental activities	52,975	7,870	-	29,154
<u>Business-type activities:</u>				
Compensated absences	19,945	1,980	-	21,925
Total business-type activities	17,735	1,980	-	21,925
Totals	\$ 70,710	\$ 9,850	\$ -	\$ 51,079

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

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	
	2025	2024
Restricted for:		
TIRCP & ZETCP	\$ 4,066,563	\$ -
Transportation	39,085,439	24,702,644
Highway 25 Safety Enhancement	266,068	256,174
PTMISEA	66,933	375,813
Total Restricted	<u>43,485,003</u>	<u>25,334,631</u>
Assigned for:		
State Subvention	4,867,056	3,759,076
MEA A	1,999	2
Service Authority	321,535	282,729
Rideshare	337	323
Vanpool	20,214	23,926
LCTOP	48,431	43,595
Total Assigned	<u>5,259,572</u>	<u>4,109,651</u>
Unassigned	<u>(7,627)</u>	<u>(134)</u>
Total Fund Balance	<u>\$ 48,736,948</u>	<u>\$ 29,444,148</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	
	2025	2024	2025	2024
Invested in capital assets	\$ -	\$ -	\$ 1,705,795	\$ 1,163,130
Restricted for Transportation	43,485,003	25,335,434	-	-
Unrestricted	<u>5,330,575</u>	<u>4,198,953</u>	<u>720,144</u>	<u>724,047</u>
Total	<u>\$ 48,815,578</u>	<u>\$ 29,534,387</u>	<u>\$ 2,425,939</u>	<u>\$ 1,887,177</u>

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

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 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. No new funds were received after the 2018/2019 allocation.

As of June 30, 2025, PTMISEA funds received and expended were verified in the course of our audit as follows:

	<u>Thru 6/30/2024</u>	<u>6/30/2025</u>	<u>Total</u>
Proceeds Received:			
PTMISEA	<u>\$2,340,823</u>	<u>\$ -</u>	<u>\$2,340,823</u>
Expenditures incurred:			
Token - FY 09/10	14,650	-	14,650
Bus Stop schedules - FY 11/12	1,598	-	1,598
Fuel Station - FY 12/13	87,000	-	87,000
Senior Stop - FY13/14	1,068	-	1,068
Portion of Bus Stop Shelter	1,624	-	1,624
Telephone Systems	14,730	-	14,730
Maintenance Vehicle/Maint. Imp	592,920	-	592,920
Buses (5)	1,084,340	-	1,084,340
Maintenance on Bus #55	7,777	-	7,777
Technical Expansion	189,310	-	189,310
Bus Stop Imp. Plan Upgrades	31,833	-	31,833
SBCOG/ SBLTA Office Move	-	313,973	313,973
Unexpended proceeds at June 30, 2024	<u>\$313,973</u>	<u>313,973</u>	<u>\$0</u>

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

9. TIRCP & ZETCP

SB 125 (Chapter 54, Statutes of 2023) guides the distribution of funds through the Transit and Intercity Rail Capital Program on a population-based formula to regional transportation planning agencies, which will have the flexibility to use the money to fund transit operations or capital improvements. The transportation budget trailer bill also establishes the Zero-Emission Transit Capital Program to be allocated to regional transportation planning agencies on a population-based formula and another formula based on revenues to fund zero-emission transit equipment and operations.

The TIRCP funds expended and received were verified in the course of our audit as follows:

Fiscal Year	Date Received	Amount Received	Expended FY 24/25	Unexpended at 06/30/25
FY 24-25	1/1/2025	3,609,072	-	3,609,072
FY 24-25 Interest	6/30/2025	67,685	-	67,685
Total Unexpended				3,676,757

The ZETCP funds expended and received were verified in the course of our audit as follows:

Fiscal Year	Date Received	Amount Received	Expended FY 24/25	Unexpended at 06/30/25
FY 24-25	1/1/2025	348,002	-	348,002
FY 24-25 Interest	6/30/2025	6,526	-	6,526
Total Unexpended				354,528

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, 2025, SGR funds received and expended were verified in the course of our audit as follows:

Fiscal Year	Amount Received	Expended FY 19/20	Expended FY 20/21	Expended FY 21/22	Expended FY 22/23	Expended FY 23/24	Expended FY 24/25	Unexpended at 06/30/24
SGR 2024/25	116,187	-	-	-	-	-	347,688	-231,501
Interest	3,389	-	-	-	-	-	-	3,389
Total Unexpended								84,047

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

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 PRISM General Liability Insurance 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 2024-23 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, 2024. 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, 2025

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 2025, 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, 2025:

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

There have been no substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2024. Interim year valuation results have been projected from the prior year’s valuation with adjustments for:

1. Reflecting actual premium rate increases for 2023/24. This update resulted in an increase in liabilities.
2. Reflecting the updated CalPERS risk adjustments for 2025. This update resulted in a slight increase in liabilities.
3. Updating the discount rate from 6.00% as of June 30, 2023 to 6.40% as of June 30, 2024. This update led to a decrease in liabilities.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Actuarial Assumptions:	
Measurement Date	For the Fiscal Year Ending June 30, 2025, a June 30, 2024 measurement date was used.
Actuarial Valuation Date	July 1, 2023. Liabilities for FY 2024/25 are based on an actuarial valuation date of July 1, 2023 projected to June 30, 2024 reflecting actual premium, PEMHCA minimum, and discount rate changes. Liabilities for FY 2023/24 are based on an actuarial valuation date of July 1, 2023 with no adjustments to get to the June 30, 2023 measurement date.
Benefit Payments	OPEB plan benefit payments made subsequent the measurement date of June 30, 2024 are recognized as a deferred outflow of resources in the Fiscal Year Ending June 30, 2025 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, 2024 will be reflected in the Plan Sponsor's Schedule of Changes in Net OPEB Liability disclosure in the FY 2025/26 reporting period.
Discount Rate	6.40% as of June 30, 2024 (for FY 2024/25) and 6.00% as of June 30, 2023 (for FY 2023/24) for accounting disclosure purposes 6.40% for determining the Actuarially Determined Contribution. The discount rate was chosen by the plan sponsor based on the information provided.
Payroll Growth	2.80% per year plus merit based on the 2021 CalPERS pension plan valuation.
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: <ul style="list-style-type: none"> • 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 • Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.
Employer Funding Policy	The County currently plans to fund a recommended actuarially determined contribution (ADC) to fully finance the benefits over a reasonable period of time through an amortization of the net (unfunded) OPEB liability.
Census Data	Census information is as of June 30, 2023 and was provided by the County in May 2024. We have reviewed it for reasonableness and no material modifications were made to the census data.
Health Care Coverage Election Rate	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 50%. Currently elected plan coverage is used for both future retirees and current retirees. The participation rates are based on the County's historical experience.
Plan Election Assumptions	Active employees and retirees are assumed to remain in their current plan. Active employees who have waived coverage are assumed to elect plans based on an average of current plan enrollment. The plan election assumption is based on current plan enrollment.
Spousal 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. The spousal coverage is based on the County's historical experience.
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.

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Disability Rates	According to the disability rates under the 2021 experience study for the CalPERS pension plan.
Turnover Rates	Miscellaneous Employees: CalPERS 2021 Miscellaneous Withdrawal Rates The plan does not have sufficient data to have credible experience. Therefore, turnover assumptions are set to reflect general population trends based upon the 2021 CalPERS experience study.
Retirement Age	According to the retirement rates under the 2021 experience study for the CalPers pension plan. Misc. Tier 1: 2% @55, Misc. Tier 2: 2%@62, Safety CPO Tier 1: 3% @55 and Safety CPO Tier 2: 2.7% @57

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	49%	N/A
Fixed Income	23%	N/A
TIPS	5%	N/A
Commodities	3%	N/A
REITs	20%	N/A
	100%	6.40%

Discount Rate

The discount rate used to measure the total OPEB liability was 6.40% as of June 30, 2024 (for FY 2024/25) and 6.00% as of June 30, 2023 (for FY 2023/24) for accounting disclosure purposes, 6.40% for determining the Actuarially Determined Contribution. 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, 2025

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 6/30/2024*	\$ 286,205	401,263	\$ (115,058)
Changes for the year			
Service Cost	5,684	-	5,684
Interest	17,074	-	17,074
Difference between actual and expected experience	4,003	-	4,003
Assumption changes	1,262	-	-
Contributions – employer	24,381	-	(10,694)
Net investment income	-	20	20
Benefit payments	-	44,174	(44,174)
Trust administrative expenses	(14,870)	(14,870)	-
	-	(131)	131
Net Changes	1,197	29,193	-
Balance at 6/30/2025**	\$ 287,402	\$ 430,456	\$ (143,054)

*

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

The following presents the Net OPEB Liability as of June 30, 2025, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate

	1% Decrease	Current Rate	1% Increase
Change in Discount Rate	5.40%	6.40%	7.40%
Net OPEB Liability/(Asset)	\$ (115,118)	\$ (143,054)	\$ (167,317)

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

The following presents the Net OPEB Liability as of June 30, 2025, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

Change in Healthcare Cost Trend Rate	The 1% decrease in health care trend rates would assume an initial rate of 6.75%, decreasing to an ultimate rate of 3.50%.	The current health care trend rate starts at an initial rate of 7.75%, decreasing to an ultimate rate of 4.50%.	The 1% increase in health care trend rates would assume an initial rate of 8.75%, decreasing As of June 30, 2025 Net OPEB Liability to an ultimate rate of 5.50%.
Net OPEB Liability/Asset	\$ (172,127)	\$ (143,054)	\$ (109,599)

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

12. OTHER POST EMPLOYMENT BENEFITS (OPEB), Continued

Recognition of Deferred Outflows and Deferred Inflows of Resources

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense:

1. Differences between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)

The initial amortization period for the first two items noted above is based on expected future service lives while the difference between the projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the items above.

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

As of fiscal year ended June 20, 2025, 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	\$4,474	\$(62,417)
Changes in assumptions	22,396	(21,849)
Net difference between projected and actual earnings on plan investments	5,528	-
Employer contributions made subsequent to the measurement date	16,598	N/A
Total	48,996	(84,266)

The balances as of fiscal year ending June 30, 2025 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below. Balances shown below do not include the recognition of any deferred outflows for contributions subsequent to the measurement date.

Fiscal Year ended June 30	Deferred Outflow/(Inflows) of Resources
2026	(8,517)
2027	6,019
2028	(12,229)
2029	(11,809)
2030	(8,009)
Thereafter	(17,323)

Council of San Benito County Governments
Notes to Basic Financial Statements, Continued
For the year ended June 30, 2025

13. NEW ACCOUNTING PRONOUNCEMENTS

The GASB Statement No. 102, *Certain Risk Disclosures*. State and local governments face a variety of risks that could negatively affect the level of service they provide or their ability to meet obligations as they come due. Although governments are required to disclose information about their exposure to some of those risks, essential information about other risks that are prevalent among state and local governments is not routinely disclosed because it is not explicitly required. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The implementation of this statement did not have an effect on the financial statements.

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*. This statement, effective for fiscal years beginning after June 15, 2025, introduces revisions to the financial reporting model for governmental entities. Key changes include improvements to Management's Discussion and Analysis (MD&A), classification of unusual or infrequent items, and enhancements to the budgetary comparison information. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2026.

GASB has issued Statement No. 104, *Disclosure of Certain Capital Assets*. Effective for fiscal years beginning after June 15, 2025, this statement requires expanded disclosures for certain classes of capital assets, including intangible assets, lease-related assets, and assets held for sale. The requirements of this Statement will take effect for financial statements starting with the fiscal year that ends June 30, 2026.

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, 2025, 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, 2025

SUBSEQUENT EVENTS

The Council's management has evaluated subsequent events through December 23, 2025, which is the date the financial statements were available to be issued and noted no significant subsequent events that could impact the understanding of the users of the financial statements. No material subsequent events were noted.

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REQUIRED SUPPLEMENTARY INFORMATION

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

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	\$ 5,684	\$ 7,824	\$ 6,502	\$ 10,079	\$ 9,923	\$ 9,502	\$ 9,203	\$ 8,601
Interest on the total OPEB liability	17,074	16,365	16,475	18,172	17,009	16,792	15,459	14,369
Changes of benefit terms	-	62,393	-	-	-	-	-	-
Changes of assumptions	(10,694)	(15,268)	24,381	3,825	-	2,653	-	-
Differences between expected and actual experience	4,003	(42,326)	1,262	(28,298)	(1,421)	(19,817)	-	-
Benefit payments	(14,870)	(15,188)	(23,593)	(11,651)	(6,531)	(6,486)	(5,345)	(10,654)
Net change in Total OPEB Liability	1,197	13,800	25,027	(7,873)	18,980	2,644	19,317	12,316
Total OPEB liability - beginning	286,205	272,405	247,378	255,251	236,271	233,627	214,310	201,994
Total OPEB liability - ending (a)	\$ 287,402	\$ 286,205	\$ 272,405	\$ 247,378	\$ 255,251	\$ 236,271	\$ 233,627	\$ 214,310
Plan fiduciary net position								
Contributions - employer	\$ 20	\$ -	\$ 23,593	\$ 11,651	\$ 6,531	\$ 9,003	\$ 7,542	\$ 17,610
Net Investment income	44,174	25,137	(60,509)	97,507	12,095	19,790	23,508	27,557
Benefit payments, including refunds of member contributions	(14,870)	(15,188)	(23,593)	(11,651)	(6,531)	(6,486)	(5,345)	(10,654)
Administrative expenses	(131)	(114)	(115)	(134)	(167)	(69)	(157)	(140)
Other	-	-	-	-	-	-	(391)	-
Net change in plan fiduciary net position	29,193	9,835	(60,624)	97,373	11,928	22,238	25,157	34,373
Plan fiduciary net position - beginning	401,263	452,052	452,052	354,679	342,751	320,513	295,356	260,983
Plan fiduciary net position - ending (b)	\$ 430,456	\$ 461,887	\$ 391,428	\$ 452,052	\$ 354,679	\$ 342,751	\$ 320,513	\$ 295,356
Net OPEB liability/(asset) - ending (a) - (b)	\$ (143,054)	\$ (175,682)	\$ (119,023)	\$ (204,674)	\$ (99,428)	\$ (106,480)	\$ (86,886)	\$ (81,046)
Plan fiduciary net position as a percentage of the total OPEB liability	149.8%	140.2%	143.7%	182.7%	139.0%	145.1%	137.2%	137.8%
Covered-employee payroll	\$ 636,433	\$ 668,419	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB liability/(asset) as a percentage of covered-employee payroll	-22.5%	-26.3%	N/A	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). Additional years will be added as they become 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,	FY2025/26	FY2024/25	FY2023/24	FY2022/23	FY2021/22	FY2020/21	FY2019/20	FY2018/19	FY2017/18
Actuarially Determined Contribution (ADC)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70	\$ 2,517	\$ 2,197	\$ 1,388
Contributions in relation to the ADC	16,598	20	-	23,593	11,651	6,531	9,003	7,542	17,610
Contribution deficiency (excess)	<u>\$ (16,598)</u>	<u>\$ (20)</u>	<u>\$ -</u>	<u>\$ (23,593)</u>	<u>\$ (11,651)</u>	<u>\$ (6,461)</u>	<u>\$ (6,486)</u>	<u>\$ (5,345)</u>	<u>\$ (16,222)</u>
Covered-employee payroll	654,253	636,433	668,419	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered-employee payroll	0%	0%	0%	N/A	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). Additional years will be added as they become available.

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SUPPLEMENTAL INFORMATION

Council of San Benito County Governments

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

(with comparative totals for June 30, 2024)

	Special Revenue Funds				Non-Major Funds Totals	
	Service Authority for Freeways and Expressways Fund	Rideshare	Van Pool	LCTOP	2025	2024
ASSETS						
Pooled cash and investments	311,749	337	20,214	51,536	383,836	\$ 349,712
Receivables:						
Intergovernmental	12,573	-	-	-	12,573	11,839
Interest	-	-	-	-	-	-
Total assets	<u>\$ 324,322</u>	<u>\$ 337</u>	<u>\$ 20,214</u>	<u>\$ 51,536</u>	<u>\$ 396,409</u>	<u>\$ 361,551</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	2,787	\$ -	\$ -	\$ -	\$ 2,787	\$ 7,701
Unearned revenues	-	-	-	3,105	3,105	3,105
Total liabilities	<u>2,787</u>	<u>-</u>	<u>-</u>	<u>3,105</u>	<u>5,892</u>	<u>10,806</u>
Fund Balances:						
Assigned	321,535	337	20,214	48,431	390,517	350,745
Total fund balances	<u>321,535</u>	<u>337</u>	<u>20,214</u>	<u>48,431</u>	<u>390,517</u>	<u>350,745</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 324,322</u>	<u>\$ 337</u>	<u>\$ 20,214</u>	<u>\$ 51,536</u>	<u>\$ 396,409</u>	<u>\$ 361,551</u>

Council of San Benito County Governments

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the year ended June 30, 2025

(with comparative totals for the year ended June 30, 2024)

	Special Revenue Funds				Non-Major Funds Totals	
	Service Authority for Freeways and Expressways Fund	Rideshare	Van Pool	LCTOP	2025	2024
REVENUES:						
Intergovernmental:	\$ 72,355	\$ -	\$ -	\$ 176,676	\$ 249,031	\$ 234,010
Use of money and property	11,887	14	959	4,680	17,540	22,977
Other revenues	-	-	-	-	-	-
Total revenues	84,242	14	959	181,356	266,571	256,987
EXPENDITURES:						
Current:						
Salaries and benefits	11,913	-	4,378	-	16,291	12,193
Services and supplies	32,967	-	105	176,676	209,748	200,338
Other charges	556	-	204	-	760	1,012
Total expenditures	45,436	-	4,687	176,676	226,799	213,543
REVENUES OVER (UNDER)						
EXPENDITURES	38,806	14	(3,728)	4,680	39,772	43,444
Transfers in	-	-	-	-	-	-
Total other financing sources and uses	-	-	-	-	-	-
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER)						
EXPENDITURES AND OTHER FINANCING (USES)	38,806	14	(3,728)	4,680	39,772	43,444
FUND BALANCES:						
Beginning of year	282,729	323	23,942	43,751	350,745	307,301
End of year	<u>\$ 321,535</u>	<u>\$ 337</u>	<u>\$ 20,214</u>	<u>\$ 48,431</u>	<u>\$ 390,517</u>	<u>\$ 350,745</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, 2025

	San Benito County		
	Local Transportation Authority		
	Section 6730 (a) 6730 (b)		
	6731 (c)		
	STA	SGR	Total
Allocations Outstanding June 30, 2024	\$ 84,291	\$ 312,159	\$ 396,450
Allocations			
2024-25 State of Good Repair	-	116,187	116,187
2024-25 State of Good Repair Interest	-	3,389	3,389
2024-25 State Transit Assistance	682,533	-	682,533
2024-25 State Transit Assistance Interest	19,200	-	19,200
Total Allocations	<u>701,733</u>	<u>119,576</u>	<u>821,309</u>
Disbursements:			
2024-25 State of Good Repair Claims	-	347,688	396,450
2024-25 Claims	685,033	-	636,271
Total Disbursements	<u>685,033</u>	<u>347,688</u>	<u>1,032,721</u>
Allocations Outstanding June 30, 2025	<u>\$ 100,991</u>	<u>\$ 84,047</u>	<u>\$ 185,038</u>

Council of San Benito County Governments
Schedule of Amounts Allocated and Disbursed by Purpose
 Local Transportation Fund
 For the year ended June 30, 2025

	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, 2024	\$ -	\$ 920,176	\$ 886,737	\$ 1,806,913
Disbursements:				
2024-25 Claims	-	(920,176)	(886,737)	(1,806,913)
Total Disbursements	-	(920,176)	(886,737)	(1,806,913)
Allocations Outstanding				
June 30, 2025	\$ -	\$ -	\$ -	\$ -

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Council of San Benito County Governments

Other Supplementary Information

Operator's State Transit Assistance Qualifying Criteria Worksheet (99314.6)

Operator's STA Qualifying Criteria (99314.6) - Worksheet

FISCAL YEAR (Audited Data)	FY 2025/26			
	FY 20/21	FY 21/22	FY 22/23	FY 23/24
A. Operating Cost	1,451,937	1,872,919	1,746,449	2,450,763
B. Operating Cost Exclusions: (Depreciation already excluded)				
Cost increases beyond the change in CPI Fuel	-	108,504	118,245	54,467
Cost increases beyond the change in CPI Insurance	1,243	1,324	9,608	412
Start up costs new services- On Demand		272,595	29,036	
C. Adjusted Operating Cost (A-B)	1,450,694	1,763,091	1,618,596	2,395,884
D. Revenue Vehicle Hours (RVH)	13,065	20,508	18,970	25,163
E. RVH Exclusions: (add sheets if required)				
F. Adjusted RHV (D-E)	13,065	20,508	18,970	25,163
G. Operating Cost per RVH (C/F)	111	73	84	95
I. Operating Cost per RVH	111	73	84	95
	W	X	Y	Z
H. % Change in CPI				0.00%
% Change in CPI 3 prior years	0.00%			
(change in annual CPI between first year of first fiscal year and last year of last fiscal year)				

Efficiency Standard 1:

Z must be less than or equal to (Y)*(CPI%) [CPI% = average percentage change in the CPI%]

Z =	\$95	Difference:	\$0
Y =	\$84	Percentage:	\$0
[Y + Y * (CPI)] =	\$84		

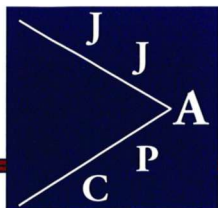
Council of San Benito County Governments

Other Supplementary Information

Farebox Recovery Ratio

June 30, 2025

REVENUES	24-25 (25-26 TDA Claim)
Farebox revenue	\$116,919
Plus: Advertising revenues	\$16,963
Plus: Investment/interest income	-
Plus: Sale/disposal of assets	-
Plus: Concessions income	-
Plus: Rental income	-
Plus: Route guarantees or service contracts	-
Plus: Federal operating funds	-
Plus: Other non-state grant revenues	-
Plus: Other locally generated revenues	\$177,876
Less: Fares generated by exempted service extension	\$0
Total Revenues	<u>\$311,758</u>
 OPERATING COST	
Total operating cost	<u>\$2,887,328</u>
Less: Depreciation	78,675
Less: Costs to provide ADA complementary paratransit service	140,252
Less: Cost increases beyond the change in CPI for:	
Fuel	-
Alternative fuel programs	-
Power, including electricity	-
Insurance premiums and payments in settlements of claims	3,081
State and federal mandates	-
Less: Start-up costs for new services	-
Less: Demand-response and microtransit costs	1,367,199
Less: Cost of payment and ticketing systems and services	2,675
Less: Cost of security services and public safety contracts	-
Less: Expenses greater than actuarially determined pension contribution	-
Less: Planning costs	47,068
Net Operating Cost	<u><u>\$1,248,379</u></u>
 Farebox recovery ratio	25%
Required farebox recovery ratio threshold:	10%



JJACPA, Inc.

A Professional Accounting Services Corp.

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, 2025, PTMISEA funds received and expended verified in the course of our audit:

	Thru 6/30/2024	6/30/2025	Total
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	14,730	-	14,730
Maintenance Vehicle/Maint. Imp	592,920	-	592,920
Buses (5)	1,084,340	-	1,084,340
Maintenance on Bus #55	7,777	-	7,777
Technical Expansion	189,310	-	189,310
Bus Stop Imp. Plan Upgrades	31,833	-	31,833
SBCOG/ SBLTA Office Move	-	313,973	313,973
Unexpended proceeds at June 30, 2024	\$313,973	313,973	\$0

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.

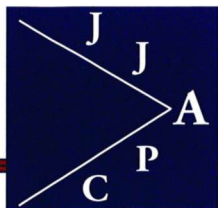
This report is intended for the information of the Council of San Benito County Governments' Council Members and management. However, this report is a matter of public record and its distribution is not limited.

December 23, 2025

JJACPA, Inc.

JJACPA, Inc.

Dublin, CA



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A Professional Accounting Services Corp.

**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**

INDEPENDENT AUDITOR'S REPORT

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, 2025, 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 23, 2025.

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.

Report on 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 23, 2025

JJACPA, Inc.

JJACPA, Inc.

Dublin, CA