

# COUNTY OF SAN BENITO

## STATE OF CALIFORNIA



photo by Dina Bies

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

*For The Fiscal Year Ended*  
June 30, 2018



Prepared and submitted by the Office of the Auditor-Controller Joe Paul Gonzalez

# COUNTY OF SAN BENITO

## Table of Contents

Page

### INTRODUCTORY SECTION

Letter of Transmittal	i-iii
Organizational Chart	iv
List of Elected and Appointed Officials	v

### FINANCIAL SECTION

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4

#### BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:	
Statement of Net Position	17
Statement of Activities	18
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet - Governmental Funds	20
Reconciliation of the Balance Sheet - Governmental Funds to the Government-Wide Statement of Net Position	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	22
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances- Governmental Funds to the Government-wide Statement of Activities	23
Proprietary Funds:	
Statement of Net Position	24
Statement of Revenues, Expenses and Changes in Net Position	25
Statement of Cash Flows	26
Fiduciary Funds:	
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	28
Notes to the Basic Financial Statements	30

#### REQUIRED SUPPLEMENTARY INFORMATION:

Budgetary Principles	75
Budgetary Comparison Schedule - General Fund	76
Budgetary Comparison Schedule - Human Services Agency	85
Budgetary Comparison Schedule - Road Fund	86
Budgetary Comparison Schedule - Mental Health Fund	87
Schedule of Changes in the Net Pension Liability and Related Ratios – Miscellaneous Plan	88
Schedule of Contributions – Miscellaneous Plan	89
Schedule of Proportionate Share of the Net Pension Liability – Safety Plan	90
Schedule of Contributions – Safety Plan	91
Retiree Health Care Plan (OPEB) Schedule of Funding Progress	92

#### SUPPLEMENTARY INFORMATION:

Non-major Governmental Funds	
Nonmajor Special Revenue Funds	
Combining Balance Sheet	95
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	99
Required Budgetary Comparison Schedules - Individual Special Revenue Funds	

**COUNTY OF SAN BENITO**  
**Table of Contents (Continued)**

	Page
<b>FINANCIAL SECTION (Continued)</b>	
Fish and Game	103
Victim Witness	104
Emergency Medical Services	105
Migrant Labor Camp	106
Community Services Workforce Development (CSWD)	107
Mosquito Abatement	108
County Service Areas (CSAs)	109
Family Support	111
Public Authority	112
Substance Abuse	113
Public Health	114
Cal Fire	115
Combining Balance Sheet - Nonmajor Governmental Funds	116
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	117
Required Budgetary Comparison Schedules	
Capital Improvement Projects Fund	118
Solid Waste Fund	119
<b>STATISTICAL SECTION (UNAUDITED)</b>	
Financial Trends:	
Net Position by Component	121
Changes in Net Position	122
Fund Balances of Governmental Funds	124
Changes in Fund Balance - Governmental Funds	125
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	126
Property Tax Levies and Collections	127
Property Tax Rates as % of Assessed Value	128
Principal Property Taxpayers	129
Debt Capacity:	
Ratios of Net General Bonded Debt Outstanding	130
Ratio of Annual Debt Service Expenditures	131
Ratio of Outstanding Debt by Type	132
Computation of Legal Debt Margin	133
Demographic and Economic Information:	
Demographics and Economic Statistics	134
Construction and Building Activity	135
Operating Information:	
Full-time Equivalent County Government Employees by Function	136

**JOE PAUL GONZALEZ**  
CLERK, AUDITOR & RECORDER  
E-Mail: jgonzalez@cosb.us



**OFFICE OF THE COUNTY AUDITOR**

481 Fourth Street, Second Floor  
Hollister, California 95023

Telephone: (831) 636-4090

Facsimile: (831) 635-9340

**COUNTY OF SAN BENITO**

---

March 29, 2019

To the Honorable Board of Supervisors and Citizens of San Benito County:

I am pleased to present this Fiscal Year 2017-2018 Comprehensive Annual Financial Report (CAFR) for the County of San Benito. This CAFR is intended to present information above and beyond what is required by generally accepted accounting principles or State Law.

This CAFR is in compliance with Sections 25250 & 25253 of the Government Code of the State of California. These statutes require all general-purpose local governments to issue an annual report on the financial position and activities of that government. The report must be presented in conformance with generally accepted accounting principles (GAAP) and must be audited by an independent firm of certified public accountants (CPA). The independent CPA conducts the audit in conformance with generally accepted auditing standards (GAAS) and generally accepted government auditing standards (GAGAS). The financial statements contained in this CAFR meet these requirements.

This report contains management's representations and is prepared by the Office of the County Auditor. Consequently, management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework that is established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The County of San Benito's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants, who have issued an unmodified ("clean") opinion on the County's financial statements for the fiscal year ended June 30, 2018. The auditors have concluded, based on their audit that the financial statements combined with the accompanying Notes, present fairly, in all material respects, the financial condition of San Benito County as of June 30, 2018. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the County of San Benito includes the broader, federally mandated "single audit" designed to meet the special needs of federal grantor agencies. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County of San Benito's separately issued Single Audit Report.

Management is required by the Government Accounting Standards Board to provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A) in conjunction with financial statement reporting. This

letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The County of San Benito's MD&A can be found immediately following the report of the independent auditors.

The CAFR is organized into three sections:

- The *Introductory Section* is intended to familiarize the reader with the organizational structure of the County, the nature and scope of the services it provides, and the specifics of its legal operating environment.
- The *Financial Section* includes the independent auditor's report on the basic financial statements, MD&A, audited basic financial statements, note disclosures and supporting statements, and schedules necessary to provide readers with a comprehensive understanding of the county's financial activities of the past fiscal year.
- The *Statistical Section* provides the reader with additional historic perspective, context, and detail to assist in using the information in the financial statements. It provides information in five categories: Financial trends; revenue capacity; debt capacity; demographic and economic information; and operating indicators.

## PROFILE OF THE COUNTY OF SAN BENITO

### Overview of the County

San Benito County is located in the northwestern part of the State of California and is located approximately 85 miles south of San Francisco. The County of San Benito currently occupies over 1,396 square miles and serves a population of 60,310. Open space and agricultural land account for a great majority of this area. San Benito County was formed in 1874 from a portion of Monterey County. Thirteen years later, the state legislature expanded the county to include land in Fresno and Merced counties. Territorially, it has remained unchanged since 1887.

The western and southern boundary of San Benito County is established by a coastal range of mountains known as the Gabilans. To the east lie the Diablo Mountain range and Panoche Valley, separating San Benito County from Merced and Fresno Counties. To the north, the Pajaro River creates the Santa Clara and Santa Cruz County boundaries. San Benito County is the valley that stretches between these geographical features and reaches nearly eighty miles south to the Mustang Ridge. These lands are rich in Mexican and Spanish heritage. The fertile soil of the San Juan Valley portion of San Benito County is known for the colorful fields of row crops and prolific orchards.

San Benito County government is comprised of ten publicly elected officials including a five- member Board of Supervisors, the Clerk-Auditor-Recorder, the Assessor, the District Attorney, the Sheriff-Coroner and the Treasurer- Tax Collector-Public Administrator. A County Administrative Officer (CAO) is appointed by the Board of Supervisors and functions as the Chief Executive. Averaging 436 full time equivalent employees, the County government provides a full range of public services including public safety, roads and facilities, social services, administrative services, health services, sanitation, library, parks and recreational facilities and a variety of other general governmental services. Every resident of the County, directly or indirectly, benefits from these services. Most services performed by the County are provided for all residents, regardless of whether those residents live in cities or unincorporated areas.

In accordance with the County Budget Act in the California Government Code, the County adopts a final budget each year. This annual budget serves as the foundation for the County's financial planning and control. The County maintains budgetary controls to assure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. If appropriations are not sufficient, Board of Supervisors-approved appropriation transfers are required before commitments or expenditures are permitted. Unencumbered annual appropriations lapse at year-end.

## **FACTORS AFFECTING FINANCIAL CONDITION**

### **Local Economy**

The County of San Benito's economy has continued to see positive signs of economic recovery after the global recession in the real estate and construction industry and the financial market meltdown. The Net Assessed Value of taxable property, along with the total taxes levied, have increased to \$7,937,633. The unemployment rate in the County improved from 7.2% in 2017 to 5.8% in 2018, but is higher than the State's June 2018 average of 4.2%. During the same period, the State's personal income increased 3.4%, while the County increase lagged behind with a 1.6% increase. All of these factors will impact the County's revenue and tax base.

### **Acknowledgments**

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Accounting Division of the Office of the Auditor. I would like to express my appreciation to all members of the Auditor's Office and County departments who assisted and contributed to its preparation. I would also like to thank the members of the Board of Supervisors and the County Administrator for their interest and support, and for their leadership, planning and conducting the financial operations of the County in a responsible and progressive manner. I also thank the accounting firm of CliftonLarsonAllen LLP, for their assistance and guidance in the preparation of this report.

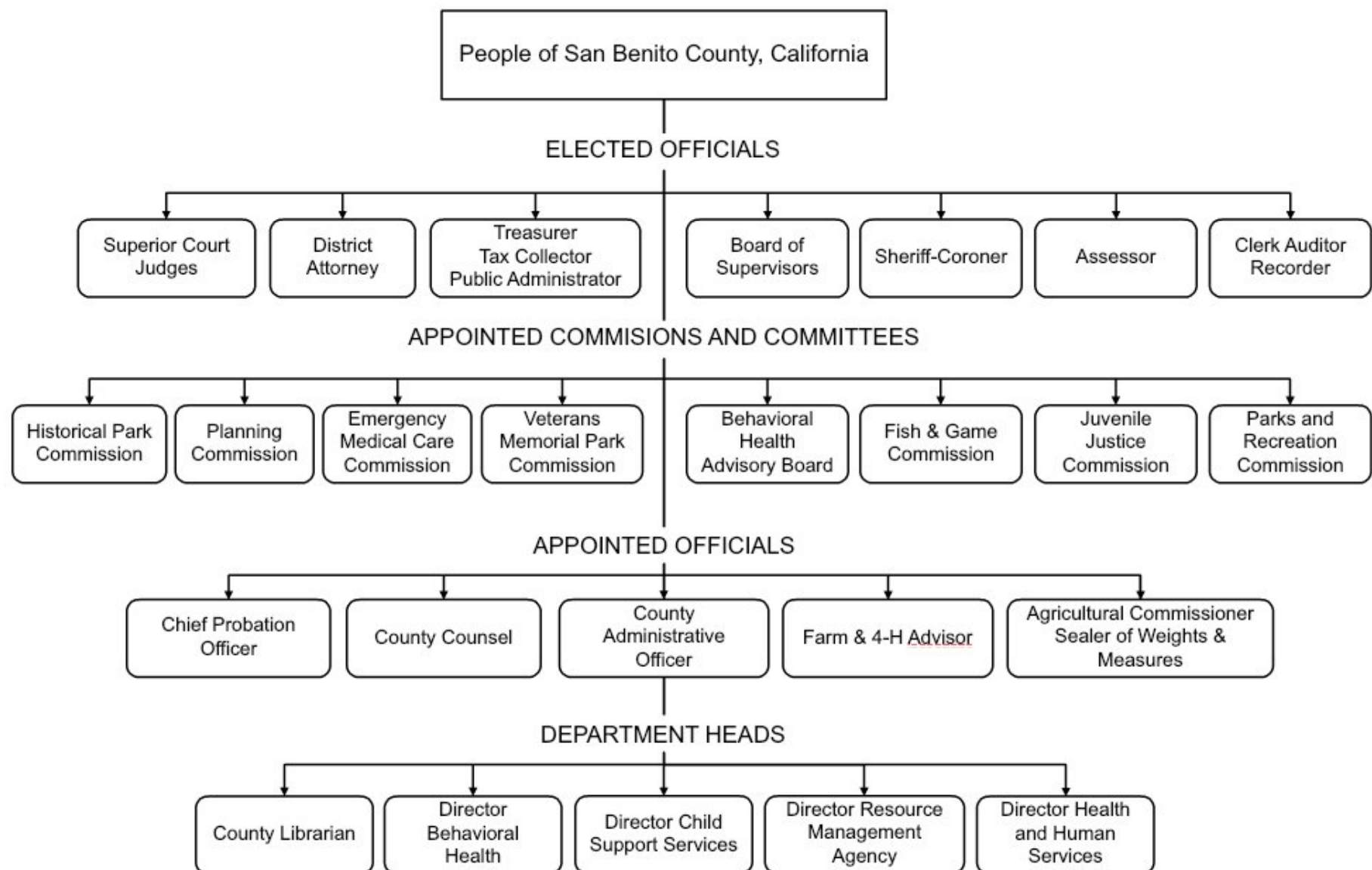
Respectfully submitted,



Joe Paul Gonzalez

Auditor-Controller-Clerk-Recorder-Registrar





## San Benito County Elected and Appointed Officials

### ***Elected Officials***

---

#### Board of Supervisors:

Mark Medina	District 1
Anthony Botelho	District 2
Robert Rivas	District 3
Jerry Muenzer	District 4
Jaime De La Cruz, Chair	District 5

Assessor	Tom Slavich
Clerk, Auditor, Recorder, Registrar of Voters	Joe Paul Gonzalez
District Attorney	Candice Hooper
Sheriff - Coroner	Darren Thompson
Treasurer, Tax Collector, Public Administrator	Mary Lou Andrade

### ***Appointed Officials***

---

Agricultural Commissioner – Sealer of Weights & Measures	Karen Overstreet
Chief Probation Officer	Ted Baraan
County Administrative Officer	Ray Espinosa
County Counsel	Barbara Thompson
County Health Officer	Gail Newel
Director - Child Support Services	Jamie Murray
Director - County Library	Nora Conte
Director - Health & Human Services Agency	James Rydingsword
Director - Mental Health Services	Alan Yamamoto
Interim Directors - Resource Management Agency	John Guertin
Director - U.C. Cooperative Ext. Service	Lynn Schmitt-McQuitty



## **INDEPENDENT AUDITORS' REPORT**

Honorable Members of the Board of Supervisors  
County of San Benito  
Hollister, California

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Benito (County), California, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit First 5 San Benito which represents 100 percent of the assets, liabilities, and revenues of the discretely presented component unit. These financial statements were audited by other auditors, whose report thereon has been furnished to us. Our opinion as it relates to the amounts included for the First 5 San Benito is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

***Basis for Qualified Opinion on Discretely Presented Component Unit***

We have not audited the Commissions' other postemployment benefits and pension liabilities at June 30, 2018. Thus we were unable to satisfy ourselves as to the carrying value of the assets, deferred inflows and deferred outflows and liabilities of those amounts as listed in the accompanying financial statements.

***Qualified Opinion***

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion on Discretely Presented Component Unit* paragraph, the financial statements of the discretely presented component unit present fairly, in all material respects, the financial position of the activities of First 5 San Benito County as of and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Unmodified Opinions**

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2018, 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.

**Emphasis of Matter**

*Implementation of New Accounting Standards*

As disclosed in Note 1 to the financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* in 2018. As a result of the implementation, the County reported a restatement for the change in accounting principle. Our opinion is not modified with respect to this matter.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the net pension liability and related ratios and schedule of contributions, schedule of funding progress – other postemployment benefits, and budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

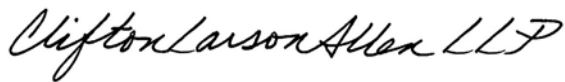
*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section 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 are the responsibility of management and were derived from and relate 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards** In accordance with *Government Auditing Standards*, we have also issued our report dated March 29, 2019 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Roseville, California  
March 29, 2019

**COUNTY OF SAN BENITO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
June 30, 2018

As management of the County of San Benito, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County of San Benito for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the County's financial statements which follow this section.

**I. FINANCIAL HIGHLIGHTS**

- The assets and deferred outflows of resources of the County exceeded its liabilities plus deferred inflows of resources at the close of the fiscal year by \$143.9 million (net position). Of this total, \$1,468 thousand represented unrestricted net position, which is available to meet the County's ongoing obligations to citizens and creditors. \$43.3 million represents restricted net position, which by its classification implies that there are restrictions put in place by entities outside of the County. The remaining \$99.2 million represents the County's net investment in capital assets.
- With the implementation of GASB Statement No. 75, deferred outflows and deferred inflows now include OPEB contributions and net OPEB liability.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$81.9 million, an increase of \$7.1 million in comparison to the ending fund balance in the previous fiscal year. Approximately 17%, \$13.9 million, is available for spending at the government's discretion (unassigned fund balance).
- Governmental fund revenues increased by 20.2% compared to the previous year, in large part due to increases in tax and aid from other governments revenue.
- Capital outlay expenditures, in governmental funds, increased by 287.3%, primarily due to the continuing construction costs of the new adult detention facility in the County. Governmental activities saw a corresponding increase to capital grants and contributions of approximately \$8.7 million.

**II. OVERVIEW OF THE FINANCIAL STATEMENTS**

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

**Government-Wide Financial Statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the County's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County of San Benito's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County 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 cost through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and cultural services. The county has one business-type activity, the John Smith Landfill (solid waste fund).

Component units are included in the basic financial statements and consist of legally separate entities for which the County is financially accountable, and have the same, or substantially the same board as the County or provides services entirely to the County. The County Service Areas (CSA's) are an example of these. Financial data of the CSA's are combined with the presentation of the primary government's financial data and are therefore referred to as a "blended" component unit (see Note 1 for more details). On the other hand, a "discretely presented" component unit is one that is presented separately in the financial statements to emphasize its independence from the primary government. The County of San Benito has one discretely presented component unit, First 5 San Benito.

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

**Fund Financial Statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that are segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County are separated into three categories: governmental funds, proprietary funds, and fiduciary 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 assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between

*governmental funds and government-wide statements.*

The County maintains 31 individual governmental funds. For financial reporting purposes, information is presented separately for major funds: General Fund, Human Services Agency Fund, Road Fund, Mental Health Fund, Capital Improvement Projects Fund, and Tobacco Fund. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances for these six funds. Information for the remaining 25 governmental funds is combined into the presentation of Other Governmental Funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements located under the Supplementary Information section in this report, starting on page 97.

The governmental funds financial statements can be found on pages 20-23 of this report.

**Proprietary Funds.** *Proprietary funds* include Enterprise Funds and Internal Service Funds. Enterprise funds report the same functions presented as the business-type activities in the government-wide financial statements. The County has one enterprise fund used to account for its Landfill-Solid Waste Operations. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. As these services are primarily a benefit to government rather than business-type functions, they would be included in the government-wide financial statements. The County does not currently use any Internal Service funds.

The proprietary fund financial statements can be found on pages 24-26 of this report.

**Fiduciary Funds.** *Fiduciary funds* are used to account for resources that are held for the benefit of third parties outside of the County. Fiduciary funds are not available to support the County's own programs. The County uses an Investment Trust Funds statement to detail the additions and deductions of net assets in the form of investment income, and receipt and withdrawals by depositors. As fiduciary funds are not County funds, detailed analysis of them will not be included in this discussion.

The basic fiduciary fund financial statements can be found on pages 27-28 of this report.

**Notes to the Basic Financial Statements.** The Notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found starting on page 30 of this report.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the County's progress in funding its obligation to provide other post-employment benefits (OPEB) to its employees. It also provides information about the County's proportionate share of the California Public Employees Retirement (CalPERS) Safety pension plan collective net pension liability and information regarding the County's contributions to CalPERS; as well as, the County's net pension liability for the Miscellaneous Pension Plan and the County's net OPEB liability for retiree medical benefits. Required supplementary information can be found beginning on page 74 of this report.

This section also includes budgetary comparison schedules which compare the budgeted amounts for the fiscal year with the actual activity for four of the County's Major Governmental Funds - the General Fund, the Human Services Agency, the Road Fund, and the Mental Health Fund. This information shows how



well the County stayed within the budget constraints it established.

The notes to the required supplementary information discuss the County's budgetary basis of accounting and the policies and regulations it adheres to.

**Combining and Individual Fund Statements and Schedules.** The financial statements of the County's non-major funds are represented here. It includes all other non-major Special Revenue Funds and Developer Projects Fund, and can be found beginning on page 95 of this report. Additional budget-to-actual comparison schedules are presented for all individual non-major special revenue funds for which annual budgets are legally adopted.

### III. GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS

The net position over time may serve as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$143.9 million at the close of the most recent fiscal year.

#### County of San Benito Condensed Statement of Net Position (in thousands)

	Governmental Activities		Business-type Activities		Total		Percent Change
	2018	2017*	2018	2017*	2018	2017*	
<b>Assets:</b>							
Current and other assets	\$108,956	\$ 87,090	\$6,141	\$5,821	\$115,097	\$ 92,911	23.9%
Capital assets, net	98,510	90,932	734	777	99,244	91,709	8.2%
Total assets	207,466	178,022	6,875	6,598	214,341	184,620	16.1%
<b>Deferred outflows or resources:</b>	19,265	18,021	55	32	19,320	18,053	7.0%
<b>Liabilities:</b>							
Current and other liabilities	14,794	7,088	177	947	14,971	8,035	86.3%
Long-term liabilities	71,723	58,981	916	166	72,639	59,147	22.8%
Total liabilities	86,517	66,069	1,092	1,112	87,610	67,182	30.4%
<b>Deferred inflows of resources:</b>	2,127	5,923	8	6	2,135	5,929	-64.0%
<b>Net Position:</b>							
Net investment in capital assets	98,439	90,827	734	777	99,173	91,604	8.3%
Restricted	42,549	37,667	725	—	43,274	37,667	14.9%
Unrestricted	(2,901)	(10,108)	4,370	4,725	1,468	(5,383)	-127.3%
Total net position, as restated	\$138,087	\$118,387	\$5,828	\$5,502	\$143,914	\$123,888	16.2%

\*2017 was not adjusted for the effects of GASB Statement No. 75

By far, the largest portion of the County's net position reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, vehicles, and infrastructure), less any related outstanding debt that was used to acquire those assets. The County uses these capital assets to provide a variety of services to its citizens. Accordingly, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources used to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Total government-wide (governmental and business-type activities) net position increased during the current

fiscal year. Total assets increased by \$29.7 million, a positive change of 16.1%. Liabilities increased by \$20 million, or 30.4%. Total net position increased by \$20 million as a result of current year activity, an increase of 16% over the previous year's restated net position.

**Governmental Activities.** During the current fiscal year, net position for governmental activities increased \$20 million from the prior fiscal year's net position for an ending balance of \$138 million. The positive change to assets was due to an increase in receivables from other governments and an increase to capital assets. Liabilities for governmental activities increased due to the increase in net pension and OPEB liabilities, as well as an increase to deposits from others.

**Business-type Activities.** The business-type activities are represented by the County's landfill and total assets increased by \$277 thousand during the year. Total liabilities had minimal change, however, the \$714 thousand closure/post-closure class I liability was reclassified as a long-term liability.

**Changes in Net Position**  
For the Fiscal Year Ended June 30, 2018  
(in thousands)

	Governmental Activities		Business-type Activities		Total		Percent
	2018	2017*	2018	2017*	2018	2017*	Change
<b>Revenues:</b>							
Program revenues:							
Fees, fines and charges for services	\$ 16,596	\$ 12,077	\$ 1,249	\$ 1,147	\$ 17,845	\$ 13,224	35%
Operating grants and contributions	49,591	46,708	106	42	49,697	46,750	6%
Capital grants and contributions	9,329	609	—	—	9,329	609	1432%
General revenues:							
Property taxes	16,947	15,895	—	—	16,947	15,895	7%
Other taxes	7,237	4,796	—	—	7,237	4,796	51%
Interest and investment earnings	1,345	585	79	39	1,424	624	128%
Other revenue	487	1,094	—	—	487	1,094	-55%
Transfers in (out)	—	1	—	(1)	—	—	—%
Total revenues	<u>\$ 101,534</u>	<u>\$ 81,765</u>	<u>\$ 1,433</u>	<u>\$ 1,227</u>	<u>\$ 102,966</u>	<u>\$ 82,992</u>	<u>24%</u>
<b>Expenses:</b>							
General government	\$ 7,162	\$ 4,390	\$ —	\$ —	\$ 7,162	\$ 4,390	63%
Public protection	32,903	28,401	—	—	32,903	28,401	16%
Public ways and facilities	5,927	7,361	—	—	5,927	7,361	-19%
Health and sanitation	10,940	9,459	—	—	10,940	9,459	16%
Public assistance	23,463	21,654	—	—	23,463	21,654	8%
Education	1,130	1,059	—	—	1,130	1,059	7%
Recreation and culture	310	(2)	—	—	310	(2)	-15600%
Solid waste	—	—	1,107	1,513	1,107	1,513	-27%
Total expenses	<u>\$ 81,834</u>	<u>\$ 72,322</u>	<u>\$ 1,107</u>	<u>\$ 1,513</u>	<u>\$ 82,942</u>	<u>\$ 73,835</u>	<u>12%</u>
Change in net position	19,700	9,443	326	(286)	20,026	9,157	119%
Net position, beginning (as restated)	118,387	114,609	5,502	5,798	123,889	120,407	3%
Net position, ending	<u>\$ 138,087</u>	<u>\$ 124,052</u>	<u>\$ 5,828</u>	<u>\$ 5,512</u>	<u>\$ 143,915</u>	<u>\$ 129,564</u>	<u>11%</u>

\*2017 was not adjusted for the effects of GASB Statement No. 75

**Changes in Net Position.** Governmental activities program revenue, which includes charges for services (service charges, fines and fees) and grants, increased by \$16 million over the previous fiscal year, due to the recognition of capital grants. Expenditures for the fiscal year were \$81.8 million, an increase of \$9.5 million from last year due to higher operating costs for governmental activities.

In fiscal year 2016-17, business-type activities (Landfill) recorded \$714 thousand for post-closure expense and liability for a Class I Landfill that was not previously provisioned. The County owns the real property for the Class III portion of the landfill and has an agreement with Waste Connections Inc. to operate the Class III site. Over the 2017-18 fiscal year the landfill had minimal change in net position; total expenditures were \$1.1 million, an increase of \$406 thousand over the previous fiscal year. The proprietary fund had a total net position of \$5.8 million at June 30, 2018.

#### **IV. FINANCIAL ANALYSIS OF COUNTY FUNDS**

As mentioned in the financial highlights of this section, the County uses fund accounting to ensure and demonstrate compliance with budgetary and legal requirements.

**Governmental Funds.** Governmental funds include, the General Fund, Major and Nonmajor Special Revenue Funds, and Capital Project and Developer Project funds. Included in these funds are the special districts governed by the County Board of Supervisors. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements.

As of the end of the fiscal year, the County's governmental funds reported total fund balances of \$81.9 million, an increase of \$7.1 million from the previous year's fund balance. The increase in fund balance is mainly attributed to the General Fund's increase in tax revenue and Other Governmental Funds' increase in impact fee revenue and the timing of revenue receipts for the family support fund. The Unassigned fund balance of \$13.9 million represents the County's resources that are not classified in the other categories and are considered available for current and future needs. The Restricted funds of \$42.5 million are funds with constraints placed on their use by those external to the County. Committed fund balance consisted of \$3 million for the purpose of funding the County's pension obligations in the General Fund; and \$13 million of non-major special revenue funds for impact fees established by the Board of Supervisors through ordinance or resolution. The Assigned fund balance of \$8.9 million is earmarked to meet the County's current and future needs. The General Fund has assigned fund balance for future capital project and its self insurance; other assigned fund balances are found in Other Governmental Funds. The Nonspendable balance of \$357 thousand represents a balance of inventories, prepaid expenditures, and long-term loans receivable, which cannot be spent because of their form (see the Fund Balance section of Note 1 - Summary of Significant Accounting Policies). The major activities in the County's governmental funds are highlighted in the next section.

**General Fund.** The General Fund is the chief operating fund of the County. All County activities not included in a separate fund are included in the General Fund. At June 30, 2018, unassigned fund balance totaled \$16.5 million, while the total fund balance amounted to \$30.4 million. As a measure of the general fund's liquidity, it is useful to note that the unassigned fund balance represents 46% of the fund's total expenditures.

General Fund expenditures increased by 8% (\$2.9 million) due to increases to normal operating costs for various general government departments, as well as for consultant services for the Resource Management Agency of the County, under public protection. The County also continues to experience costs related to the recovery of the 2017 floods, which was recognized by the California Governor's Office of Emergency Services and the Federal Emergency Management Agency.

The General Fund experienced the highest increase in revenues in the taxes category, roughly \$5 million. Growth in housing development, and an improving economy, contributed to the increase in property tax revenues over the previous fiscal year. In addition, the County received a one-time payment in-lieu of sales tax of \$2.5 million.

**Human Services Agency.** The Human Services Agency primary revenue sources derive from State and Federal agencies, which establish restrictions on its fund balance of \$5.8 million. There was minimal change in overall net activity of the fund, however, expenditures increased by \$1.4 million, mainly due to personnel related costs and a transfer to the capital improvement projects fund for a newly constructed homeless shelter within the County. Revenues, classified as aid from other governments, increased by approximately the same amount.

**Road Fund.** The Road fund, in which all road and infrastructure projects are recorded, experienced very little change over the previous fiscal year, due to various key position vacancies within the Resource Management Agency, as well as uncertainty over extending funding sources. The most significant change occurred in revenues from other governments, primarily caused by the timing of revenue receipt recognition in governmental fund from the previous fiscal year.

**Mental Health Fund.** The Mental Health Fund also receives its funding from State and Federal agencies, making its fund balance restricted. At June 30, 2018 fund balance totaled \$13.7 million. With minimal change in revenue and expenditure totals over the previous fiscal year, the Mental Health fund once again experienced a net increase to fund balance of approximately \$2.3 million.

**Capital Improvement Projects Fund.** At June 30, 2018 the Capital Improvement Projects Fund was reclassified as a major fund due to the increase in asset and expenditure totals over the previous fiscal year. The increases are a result of the construction costs associated with the adult detention facility being constructed by the County. The timing of revenue receipts caused a deficit fund balance of approximately \$2 million at fiscal year end.

**Tobacco Fund.** At June 30, 2018 the assigned fund balance of the Tobacco fund totaled \$748 thousand, an increase of \$42 thousand from the previous year as a result of interest earned by the fund. This fund has been earmarked for capital project costs of the County.

**Other Governmental Funds.** The sum of the restricted, assigned and unassigned fund balances of the remaining governmental funds increased by approximately \$3.9 million. Previously, the capital improvement projects fund was included in this category, as a result capital outlay for Other Governmental Funds decreased by approximately \$2 million over the previous fiscal year. Current expenditures increased over the previous year due to the reclassification of the family support fund from a major fund to Other Governmental Fund. In addition, transfers-out in Other Governmental Funds were largely contributed to funding of capital improvement projects.

**Revenues.** The following table presents the revenues by category from various sources as well as the amounts and changes from the prior year in governmental funds.

Revenues Classified by Source  
(in thousands)

	FY 2018		FY 2017		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 23,701	25.1%	\$ 18,817	23.9%	\$ 4,883	26.0 %
Licenses and permits	1,598	1.7%	1,295	1.6%	303	23.4 %
Aid from other governments	56,157	59.5%	44,206	56.3%	11,951	27.0 %
Use of money or property	1,345	1.4%	585	0.7%	760	129.9 %
Fines, forfeits, and penalties	1,314	1.4%	3,502	4.5%	(2,188)	(62.5)%
Charges for services	9,233	9.8%	8,952	11.4%	280	3.1 %
Other revenue	1,102	1.2%	1,214	1.5%	(112)	(9.2)%
Total	<u>\$ 94,450</u>	<u>100%</u>	<u>\$ 78,572</u>	<u>100%</u>	<u>\$ 15,878</u>	<u>20.2 %</u>

Although unavailable revenue totals for governmental funds more than doubled over the previous fiscal year, revenue totals reported in governmental funds increased by 20%. The largest increases being in taxes and aid from other governments.

Tax revenues account for 25.1% of all revenues received by governmental funds of the County. Overall tax revenues increased by 26%, over the previous fiscal year, due to the growth in new housing developments and the improving economy.

Aid from other governments increased by \$11.9 million. The main source of the increase was attributed to a \$5.3 million increase in the Capital Improvement Projects fund for the adult detention facility project, a \$1.8 million increase in the Human Services Agency Fund for operations, and a \$2.2 million increase in the Family Support Fund due to timing of revenue recognition.

Revenues from licenses and permits, use of money or property, including investment earnings, fines forfeitures and penalties, charges for services, and other revenues decreased by a combined \$957 thousand over the previous year.

**Expenditures.** The following table presents expenditures by function as well as the amounts and changes from the prior year in governmental funds.

	FY 2018		FY 2017		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General government	\$ 6,085	7.0%	\$ 4,118	5.7%	\$ 1,967	48 %
Public protection	31,194	35.7%	29,832	41.1%	1,362	4.6 %
Public ways and facilities	2,214	2.5%	2,408	3.3%	(195)	(8.1)%
Health and sanitation	10,783	12.3%	9,926	13.7%	857	8.6 %
Public assistance	23,102	26.4%	21,954	30.2%	1,148	5.2 %
Education	1,050	1.2%	991	1.4%	59	6.0 %
Recreation and cultural services	251	0.3%	162	0.2%	89	54.9 %
Capital outlay	12,677	14.5%	3,271	4.5%	9,407	288 %
Total	<u>\$ 87,357</u>	<u>100%</u>	<u>\$ 72,663</u>	<u>100%</u>	<u>\$ 14,694</u>	<u>20.2 %</u>

General government increased by \$2 million in various General Fund departments as a result of operating costs associated with personnel and services and supplies.

Public protection expenditures increased by \$1.4 million over the previous fiscal year; \$1 million resulting from increased consultant costs for the Resource Management Agency of the County.

Public assistance expenditures increased primarily due to personnel related costs in the Human Services Agency Fund.

With an increase of \$9.4 million over the previous fiscal year, capital outlay expenditures increased due to capital projects, including \$8.4 million for the adult detention facility and \$1.1 million for the homeless shelter.

All other functions experienced minimal change in overall expenditures; totaling a combined \$810 thousand.

**Proprietary Funds.** The County has one enterprise-type proprietary fund, the John Smith Landfill (Landfill-Solid Waste Fund). The net change of revenues over expenses was approximately \$326 thousand, in comparison to the previous fiscal year in which expenses exceeded revenues. Of this, \$1.2 million in revenue came from charges for services to its customers. Expenses for the year totaled \$1.1 million, a \$400 thousand decrease from the previous fiscal year, in which a \$714 thousand liability was recorded for the closure/post-closure Class I liability of the Landfill.



## V. BUDGETARY HIGHLIGHTS

Each year the County adopts an annual budget and monitors it closely during the fiscal year to ensure that the budgeted figures are close to the amounts actually expended and received. Emphasis is placed on the County's major funds: General Fund, Human Services Agency Fund, Road Fund, Mental Health Fund, and Other Governmental Funds, including Capital Improvement Projects Fund and the Landfill Fund.

The **General Fund** experienced close to exact actuals in comparison to the final budget. Total General Fund revenues for the fiscal year were budgeted at \$38.5 million, with actual experience of the same amount. General fund tax revenues were budgeted at \$17 million with actual taxes collected of \$22.3 million. Revenue from licenses, permits, and franchises was budgeted at \$1.6 million with actual revenue collections of \$1.6 million. Aid from other governments was budgeted at \$6.8 million with the actual revenue received of \$7.1 million. Use of money was budgeted at \$141 thousand, and \$642 thousand was earned. Fines, forfeitures, and penalties were budgeted at \$1.1 million with actual revenues collected of \$1.3 million. Charges for services were budgeted at \$10.8 million and actual revenues collected came in short at \$5 million. Other revenue was budgeted at \$1.2 million with actual revenue of \$764 thousand.

Budgeted total expenditures for the year were \$38.6 million while actual total expenditures were \$36.4 million, a difference of \$2.2 million. Compared to the original adopted budget of \$40.7 million, which would have resulted in a \$4.3 million variance. The County Board of Supervisors elects to reduce department budgets in the General Fund, quarterly, for any unrealized costs related to position vacancies.

The **Human Services Agency** (H.S.A.) received approximately \$21 million in revenue for the year, \$1.3 million less than projected. Actual expenditures were \$19.7 million, \$3.9 million less than was budgeted, primarily due to less than anticipated consultant service related expenditures. Although there were transfers-in budgeted at \$2.6 million for the year, no actual transfers-in occurred.

**Road Fund** revenue was budgeted at \$64.4 million while actual revenue was \$3 million. Transfers-in, which are largely influenced by actual projects costs in a given year, were budgeted at \$480 thousand and actual transfers-in were \$180 thousand. Expenditures were budgeted at \$65 million while actual expenditures were \$2.4 million. The primary reason the Road fund had large variances between budget and actual is the less than anticipated road improvement expenditures, which impacted the revenue collected from external and internal sources.

The **Mental Health Fund** budgeted revenues of \$8 million for the fiscal year. Actual revenue for the year was \$7.9 million. Budgeted expenditures were \$8 million with actual expenditures of \$5.6 million. The Mental Health fund ended the fiscal year \$1.6 million under-budget in the salaries and benefits category of expenditures in large part due to vacant positions in the department. Transfers-in was budgeted at \$1.2 million but actual transfers-in was \$46 thousand recorded from the General Fund. Transfers-out, for a Mental Health Facility (capital project), was budgeted at \$1.2 million while actual transfers-out were \$40 thousand.

**Other Governmental Funds** include twenty-four special revenue funds and the developer projects fund that finance specific services for the benefit of County constituents. Among those are the impact fee funds, as well as various protective and health services. Funds with significant variances between budget and actual amounts include the Migrant Labor Camp Fund, Community Services Workforce and Development Fund, and the County Service Areas Fund. The Migrant Labor Camp Fund had less than anticipated expenditures in services and supplies category, while the Community Services Workforce and Development Fund had less than anticipated expenditures in other charges category. County Service Areas had less than anticipated services performed and expenditures associated to the purpose of the established county service area. Individual fund budget

to actual information is included in the Supplementary Information section of the financial statements which begins on page 97.

The **Capital Improvement Projects Fund** had zero budgeted revenues and \$35.5 million budgeted as transfers-in. Actual revenues totaled \$5.6 million for the year, primarily as aid from other governments. With actual expenditures coming in \$25.3 million lower than anticipated at \$11.4 million. The two largest capital projects active during the fiscal year were the adult detention facility and homeless shelter. The adult detention facility will continue to be an increasing costs for the Capital Improvement Projects Fund.

**Landfill-Solid Waste Fund** received \$1.4 million in total operating revenues, almost exactly to what had been anticipated in their adopted and final budget. Total operating expenses were \$1.1 million, \$140 thousand less than what had been budgeted. The Landfill Fund includes capital outlay in their appropriations and recording of expenses for budgetary control and capitalizes these at year end for financial reporting purposes.

## **VI. CAPITAL ASSETS AND LONG-TERM LIABILITIES ADMINISTRATION**

**Capital Assets.** Valuation has been established for the County's infrastructure, property improvements and equipment, and a schedule of depreciation has been prepared for each capital asset class. The County Landfill capital assets are discussed separately in this report.

Assets classed as infrastructure include roads, bridges, bike paths and culverts- storm drains. Roads are depreciated at 35 years for larger, major traffic carrying streets and 50 years for minor, less utilized streets. Bridges are depreciated at 50 years, as are bike paths. Culverts and storm drains are depreciated at 30 years for metal culverts and 50 years for concrete. All infrastructure capital assets are depreciated using the straight line method and the county uses the "Basic Approach" as defined by GASB No. 34 for infrastructure reporting.

Assets classed as property improvements include all improvements to land or existing structures owned by the County. Land is not depreciated by the County. Improvements that are full-scale buildings are depreciated for 30 years. All other improvements are depreciated for 15 years. All improvements are depreciated using the straight line method.

Assets classed as equipment are either individual or grouped assets that have a cost of \$5 thousand or more. These assets are grouped as vehicles, computers, or furniture and equipment on the schedules. All assets in this class are depreciated at 3 or 5 years using the straight line method. Software is depreciated at a 5 year minimum using the straight line method.

The original cost of County infrastructure is \$170.5 million with accumulated depreciation of \$114.3 million, including the addition of \$3.2 million of depreciation for the year. The net asset value, or unrecovered cost of infrastructure, is \$56.2 million.

Original cost of property improvements is \$27 million with depreciation expense of \$907 thousand for the year, bringing total accumulated depreciation to \$15 million. Unrecovered cost (net asset value) at the end of the year is \$12.4 million.

A total of \$473.6 thousand was added in capital asset equipment, with \$463 thousand in equipment retirements, bringing total original cost to \$17.6 million at fiscal year-end. Accumulated depreciation totaled \$15.2 million, including \$846 thousand in depreciation expense for the year. The ending net asset value is \$2.4 million.

Significant increases to capital assets in fiscal year 2018 included:

- \$121 thousand towards ERP system upgrade, bringing total project costs to \$1.2 million. Total project costs are estimated at \$1.4 million.
- Added \$282 thousand for a total of \$306 thousand to complete the Veterans Memorial Park Irrigation System to provide a reasonable cost source of park irrigation water.
- \$8.4 million towards construction of Adult Detention Center, bringing total project costs to \$9.9 million. Total project costs are estimated at \$25 million.
- \$1.1 million towards the construction of Phase 1 of the County's Emergency Homeless Shelter, with total cost to date of \$2 million. Phase 1 was completed in November of 2017, with Phases 2 and 3 to add offices and transitional housing to occur over the next year at an estimated cost of \$2.3 million to be funded by Community Development Block Grants .
- The County spent \$170 thousand on the River Parkway road behind San Benito High School that will allow the closure of Nash Road during school hours so students can safely cross the street. It is expected to be completed in 2019 at an estimated cost of \$2.2 million.
- \$794 thousand was used for leasehold improvements for the relocated Public Health office which provides more space for staffing to serve the public.

**Long-Term Liabilities.** The County's compensated absences, the amount of time employees have earned and retained for vacation and comp time that is payable to them at some time in the future, was a total of \$3.1 million; an increase of \$196 thousand from the previous year for all employees. As employees sever their relations with County employment either by retirement or termination, all or a portion of their accumulated compensated absences become due and payable to them.

The County has entered into certain capital lease arrangements under which the related equipment will become the property of the County when all terms of the agreement are met. At fiscal year end capital lease obligations totaled \$71 thousand.

The County's liability for unpaid claims for self-insurance including workers compensation, property loss, and other types of loss, increased by \$465 thousand over the previous fiscal year.

The County also recognizes long-term liabilities for pension and other post-employment benefits for health care. The long-term liability for other post-employment benefits for health care was implemented in the fiscal year 2017-2018 financial statements as a result of GASB Statement No. 75.

## **VII. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

Tax revenues increased by 26% in FY 17/18. Tax revenue is expected to continue to increase in the upcoming years as a result of the housing development projects already approved within the County.

The County is increasing its capital projects activity, including a Jail facility, a Homeless shelter, and construction of a new Mental Health facility. Projects will be funded through Federal, State and local sources, including debt financing.

## **VIII. REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the County's finances and assist anyone interested in the County's financial condition. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the San Benito County Auditor, 481 Fourth Street, 2nd Floor, Hollister, CA 95023.

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**



# COUNTY OF SAN BENITO

## Statement of Net Position June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 of San Benito
<b>Assets</b>				
Cash and investments:				
Held in County treasury	\$ 70,662,918	\$ 4,903,726	\$ 75,566,644	\$ —
Other bank accounts	14,444,202	724,566	15,168,768	914,478
Imprest cash	4,693	—	4,693	—
Receivables	7,435,160	488,174	7,923,334	102,464
Due from other agencies	—	—	—	—
Due from other governments	14,429,245	24,393	14,453,638	—
Loan receivable	1,622,819	—	1,622,819	—
Inventories and other assets	357,100	—	357,100	16,980
Net OPEB asset	—	—	—	130,067
Capital Assets:				
Nondepreciable	27,452,074	383,527	27,835,601	—
Depreciable, net	71,057,791	350,406	71,408,197	49,590
<b>Total Assets</b>	<b>207,466,002</b>	<b>6,874,792</b>	<b>214,340,794</b>	<b>1,213,579</b>
<b>Deferred Outflows of Resources:</b>				
PERS contributions	6,302,767	15,762	6,318,529	45,157
Deferred pension adjustments	11,130,469	25,755	11,156,224	83,336
OPEB contributions	1,831,706	13,346	1,845,052	32,016
<b>Total Deferred Outflows of Resources</b>	<b>19,264,942</b>	<b>54,863</b>	<b>19,319,805</b>	<b>160,509</b>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	7,434,225	176,516	7,610,741	69,543
Due to other agencies	589,944	—	589,944	—
Deposits from others	5,656,720	—	5,656,720	—
Unearned revenues	357,634	—	357,634	—
Long- Term Liabilities:				
Portion due or payable within one year:				
Capital lease obligations	31,213	—	31,213	—
Compensated absences	314,034	—	314,034	—
Liability for unpaid claims	410,352	—	410,352	—
Portion due or payable after one year:				
Closure/post-closure liability		714,000		
Capital lease obligations	39,517	—	39,517	—
Compensated absences	2,826,309	1,059	2,827,368	—
Liability for unpaid claims	3,693,164	—	3,693,164	—
Net pension liability	58,835,133	155,206	58,990,339	503,212
Net OPEB liability	6,328,667	46,111	6,374,778	—
<b>Total Liabilities</b>	<b>86,516,912</b>	<b>1,092,892</b>	<b>86,895,804</b>	<b>572,755</b>
<b>Deferred Inflows of Resources:</b>				
Deferred pension adjustments	1,560,822	4,332	1,565,154	12,296
Deferred OPEB adjustments	566,128	4,124	570,252	10,655
<b>Total Deferred Inflows of Resources</b>	<b>2,126,950</b>	<b>8,456</b>	<b>2,135,406</b>	<b>22,951</b>
<b>Net Position</b>				
Net investment in capital assets	98,439,135	733,933	99,173,068	49,590
Restricted	42,549,306	724,566	43,273,872	493,103
Unrestricted	(2,901,358)	4,369,808	1,468,450	235,689
<b>Total Net Position</b>	<b>\$ 138,087,083</b>	<b>\$ 5,828,307</b>	<b>\$ 143,915,390</b>	<b>\$ 778,382</b>

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

**COUNTY OF SAN BENITO**

Statement of Activities  
For the Year Ended June 30, 2018

Functions/ Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Unit
					Governmental Activities	Business-type Activities	Total	First 5 of San Benito
Primary Government:								
Governmental Activities:								
General government	\$ 7,162,158	\$ 6,791,954	\$ 5,963,258	\$ —	\$ 5,593,054	\$ —	\$ 5,593,054	\$ —
Public protection	32,902,965	5,469,848	4,917,934	8,183,498	(14,331,685)	—	(14,331,685)	—
Public ways and facilities	5,926,687	2,073,848	2,727,265	1,145,507	19,933	—	19,933	—
Health and sanitation	10,939,507	1,382,783	11,739,138	—	2,182,414	—	2,182,414	—
Public assistance	23,462,549	157,622	24,175,339	—	870,412	—	870,412	—
Education	1,129,743	45,156	68,339	—	(1,016,248)	—	(1,016,248)	—
Recreation and culture	310,166	675,090	—	—	364,924	—	364,924	—
Total Governmental Activities	81,833,775	16,596,301	49,591,273	9,329,005	(6,317,196)	—	(6,317,196)	—
Business-type Activities:								
Solid Waste	1,107,482	1,248,606	105,547	—	—	246,671	246,671	
Total Primary Government	82,941,257	17,844,907	49,696,820	9,329,005	(6,317,196)	246,671	(6,070,525)	
Component Unit:								
First Five of San Benito	1,127,014	32,164	937,057	—				(157,793)
General Revenues:								
Taxes:								
Property taxes					16,947,363	—	16,947,363	—
Sales and use taxes					5,998,871	—	5,998,871	—
Franchise taxes					460,374	—	460,374	—
Other taxes					778,007	—	778,007	—
Interest and investment earnings					1,345,174	79,168	1,424,342	256
Miscellaneous					487,498	90	487,588	45
Total General Revenues					26,017,287	79,258	26,096,545	301
Change in Net Position					19,700,091	325,929	20,026,020	(157,492)
Net position - June 30, 2017, as restated					118,386,992	5,502,378	123,889,370	935,874
Net position - June 30, 2018					\$ 138,087,083	\$ 5,828,307	\$ 143,915,390	\$ 778,382

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



**BASIC FINANCIAL STATEMENTS**

**FUND FINANCIAL STATEMENTS**



# COUNTY OF SAN BENITO

## Balance Sheet Governmental Funds June 30, 2018

	General	Human Services Agency	Road	Mental Health	Capital Improvement Projects	Tobacco Securitization	Other Governmental Funds	Total
<b><u>Assets</u></b>								
Cash and investments:								
Held in County treasury	\$ 18,951,020	\$ 5,860,656	\$ 3,432,935	\$ 13,577,413	\$ —	\$ —	\$ 28,840,894	\$ 70,662,918
Other bank accounts	9,318,984	—	—	—	—	4,902,885	222,333	14,444,202
Imprest cash	1,193	—	—	3,450	—	—	50	4,693
Accounts Receivable	6,874,454	28,082	—	—	462,350	—	70,274	7,435,160
Loan receivable	—	—	—	—	—	—	1,622,819	1,622,819
Due from other funds	5,289,988	368,418	—	—	—	—	—	5,658,406
Due from other governments	54,919	1,155,381	948,204	1,064,771	8,183,093	—	3,022,877	14,429,245
Advances to other funds	4,154,714	—	—	—	—	—	45,720	4,200,434
Inventories and other assets	207,380	50,607	59,041	460	—	—	39,612	357,100
<b>Total Assets</b>	<b>44,852,652</b>	<b>7,463,144</b>	<b>4,440,180</b>	<b>14,646,094</b>	<b>8,645,443</b>	<b>4,902,885</b>	<b>33,864,579</b>	<b>118,814,977</b>
<b><u>Liabilities</u></b>								
Accounts payable and accrued liabilities	2,575,289	526,048	402,747	455,248	2,889,183	—	585,710	7,434,225
Due to other funds	—	—	—	—	4,569,527	—	1,088,879	5,658,406
Due to other governments	71,512	455,381	—	—	48,997	—	14,054	589,944
Advances from other funds	—	—	—	—	—	4,154,714	45,720	4,200,434
Deposits from others	5,647,722	—	—	—	—	—	8,998	5,656,720
Unearned revenues	200,727	156,907	—	—	—	—	—	357,634
Liability for unpaid claims	410,352	—	—	—	—	—	—	410,352
<b>Total Liabilities</b>	<b>8,905,602</b>	<b>1,138,336</b>	<b>402,747</b>	<b>455,248</b>	<b>7,507,707</b>	<b>4,154,714</b>	<b>1,743,361</b>	<b>24,307,715</b>
<b><u>Deferred Inflows of Resources</u></b>								
Unavailable revenues	5,499,390	451,334	922,203	527,914	3,120,073	—	2,088,996	12,609,910
<b><u>Fund Balances</u></b>								
Nonspendable	207,380	50,607	59,041	460	—	—	39,612	357,100
Restricted	2,621,709	5,822,867	3,056,189	13,662,472	—	—	17,386,069	42,549,306
Committed	3,000,000	—	—	—	—	—	13,278,063	16,278,063
Assigned	8,084,194	—	—	—	—	748,171	25,047	8,857,412
Unassigned	16,534,377	—	—	—	(1,982,337)	—	(696,569)	13,855,471
<b>Total Fund Balances</b>	<b>30,447,660</b>	<b>5,873,474</b>	<b>3,115,230</b>	<b>13,662,932</b>	<b>(1,982,337)</b>	<b>748,171</b>	<b>30,032,222</b>	<b>81,897,352</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 44,852,652</b>	<b>\$ 7,463,144</b>	<b>\$ 4,440,180</b>	<b>\$ 14,646,094</b>	<b>\$ 8,645,443</b>	<b>\$ 4,902,885</b>	<b>\$ 33,864,579</b>	<b>\$118,814,977</b>

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

**COUNTY OF SAN BENITO**

Reconciliation of the Balance Sheet - Governmental Funds to  
the Government-Wide Statement of Net Position  
June 30, 2018

Fund Balance - Total governmental funds		\$ 81,897,352
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.		98,509,865
Other assets are not available to pay for current period expenditures and therefore, are deferred in the governmental funds.		12,609,911
Deferred outflows and inflows of resources related to pension and other post-employment benefits are applicable to future periods, and therefore, are not reported in the governmental funds.		17,137,992
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds.		
Capital leases	(70,730)	
Net OPEB liability	(6,328,667)	
Liability for unpaid claims	(3,693,164)	
Compensated absences	(3,140,343)	
Net pension liability	(58,835,133)	(72,068,037)
Net position of governmental activities		<u>\$ 138,087,083</u>

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

**COUNTY OF SAN BENITO**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2018**

	General	Human Services Agency	Road	Mental Health	Capital Improvement Projects	Tobacco Securitization	Other Governmental Funds	Total
<b><u>Revenues</u></b>								
Taxes	\$ 22,292,404	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,408,276	\$ 23,700,680
Licenses, permits and franchises	1,598,127	—	—	—	—	—	—	1,598,127
Aid from other governments	7,080,331	20,690,770	2,964,389	7,564,959	5,601,144	—	12,255,473	56,157,066
Use of money or property	642,133	79,732	37,075	181,314	(49,760)	41,643	413,037	1,345,174
Fines, forfeits and penalties	1,271,952	—	—	—	—	—	42,210	1,314,162
Charges for services	4,783,506	7,364	—	154,411	—	—	4,287,245	9,232,526
Other revenue	764,150	173,444	1,721	—	—	—	162,929	1,102,244
<b>Total Revenues</b>	<b>38,432,603</b>	<b>20,951,310</b>	<b>3,003,185</b>	<b>7,900,684</b>	<b>5,551,384</b>	<b>41,643</b>	<b>18,569,170</b>	<b>94,449,979</b>
<b><u>Expenditures</u></b>								
Current								
General government	6,085,212	—	—	—	—	—	—	6,085,212
Public protection	28,057,189	—	—	—	—	—	3,136,986	31,194,175
Public ways and facilities	—	—	1,575,898	—	—	—	637,894	2,213,792
Health and sanitation	—	—	—	5,533,295	—	—	5,249,639	10,782,934
Public assistance	532,125	19,728,872	—	—	—	—	2,841,277	23,102,274
Education	1,050,265	—	—	—	—	—	—	1,050,265
Recreation and culture	251,366	—	—	—	—	—	—	251,366
Capital outlay								
General government	48,853	—	—	—	121,212	—	—	170,065
Public protection	327,232	—	—	—	8,585,665	—	43,797	8,956,694
Public ways and facilities	—	—	821,363	—	252,358	—	—	1,073,721
Health and sanitation	—	—	—	29,903	833,952	—	6,395	870,250
Public assistance	—	—	—	—	1,150,866	—	—	1,150,866
Recreation and culture	—	—	—	—	455,651	—	—	455,651
<b>Total Expenditures</b>	<b>36,352,242</b>	<b>19,728,872</b>	<b>2,397,261</b>	<b>5,563,198</b>	<b>11,399,704</b>	<b>—</b>	<b>11,915,988</b>	<b>87,357,265</b>
Excess (deficiency) of revenues over expenditures	2,080,361	1,222,438	605,924	2,337,486	(5,848,320)	41,643	6,653,182	7,092,714
<b><u>Other Financing Sources/ (Uses)</u></b>								
Transfers in	1,277,106	—	179,602	45,772	3,748,629	—	553,212	5,804,321
Transfers out	(1,818,790)	(619,069)	—	(39,861)	—	—	(3,326,601)	(5,804,321)
<b>Total other financing sources/(uses)</b>	<b>(541,684)</b>	<b>(619,069)</b>	<b>179,602</b>	<b>5,911</b>	<b>3,748,629</b>	<b>—</b>	<b>(2,773,389)</b>	<b>—</b>
<b><u>Net change in fund balances</u></b>	<b>1,538,677</b>	<b>603,369</b>	<b>785,526</b>	<b>2,343,397</b>	<b>(2,099,691)</b>	<b>41,643</b>	<b>3,879,793</b>	<b>7,092,714</b>
Fund balances - beginning of year	28,908,983	5,270,105	2,329,704	11,319,535	117,354	706,528	26,152,429	74,804,638
<b>Fund balances - end of year</b>	<b>\$ 30,447,660</b>	<b>\$ 5,873,474</b>	<b>\$ 3,115,230</b>	<b>\$ 13,662,932</b>	<b>\$ (1,982,337)</b>	<b>\$ 748,171</b>	<b>\$ 30,032,222</b>	<b>\$ 81,897,352</b>

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

## COUNTY OF SAN BENITO

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities For the Year Ended June 30, 2018

Net change in fund balances- total governmental funds	7,092,714
---	-----------

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

Governmental funds report capital outlay as expenditures. However,  
in the statement of activities, the cost of these assets is allocated  
over their estimated useful lives and reported as depreciation expense.

Expenditures for capital assets, including retirements, transfers and adjustments	12,568,029	
Less current year depreciation	<u>(4,990,448)</u>	7,577,581

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	7,083,891
---	-----------

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.

Current year capital lease principal payments	34,144	
Change in compensated absences	(196,010)	
Change in liability for unpaid claims	(340,309)	
OPEB annual required contribution	823,154	
Current year pension cost difference	<u>(2,375,074)</u>	(2,054,095)

Change in net position of governmental activities	<u><u>\$ 19,700,091</u></u>
---	-----------------------------

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

# COUNTY OF SAN BENITO

## Statement of Net Position Proprietary Fund June 30, 2018

	Business-type Activities
	Solid Waste Fund
<b>Assets</b>	
Current Assets:	
Cash and investments	\$ 4,903,726
Accounts receivable	488,174
Due from other governments	24,393
Total Current Assets	<u>5,416,293</u>
Noncurrent Assets:	
Restricted Assets:	
Cash and investments	724,566
Capital Assets:	
Nondepreciable:	
Land	313,079
Construction in process	70,448
Depreciable:	
Structures and improvements	806,262
Equipment	74,145
Accumulated depreciation	(530,001)
Total Noncurrent Assets	<u>1,458,499</u>
Total Assets	<u>6,874,792</u>
<b>Deferred Outflows of Resources</b>	
PERS contributions	15,762
Deferred pension adjustments	25,755
OPEB contributions	13,346
Total Deferred Outflows of Resources	<u>54,863</u>
<b>Liabilities</b>	
Current Liabilities -	
Accounts payable and accrued liabilities	176,516
Long-Term Liabilities -	
Closure/post-closure liability	714,000
Compensated absences	1,059
Net pension liability	155,206
Net OPEB liability	46,111
Total Liabilities	<u>1,092,892</u>
<b>Deferred Inflows of Resources</b>	
Deferred pension adjustments	4,332
Deferred OPEB adjustments	4,124
Total Deferred Inflows of Resources	<u>8,456</u>
<b>Net Position</b>	
Net investment in capital assets	733,933
Restricted	724,566
Unrestricted	4,369,808
Total Net Position of business-type activities	<u><u>5,828,307</u></u>

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



# COUNTY OF SAN BENITO

## Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds For the Year Ended June 30, 2018

	Business-type Activities Solid Waste Fund
<b>Operating Revenues:</b>	
Licenses, permits and franchises	\$ 1,424
Aid from other governmental units	105,547
Charges for services	1,247,182
Other revenue	90
Total Operating Revenues	1,354,243
<b>Operating Expenses:</b>	
Salaries, wages and employee benefits	99,106
Services and supplies	937,404
Landfill closure and postclosure charges	9,652
Indirect Costs	18,090
Depreciation and amortization	43,230
Total Operating Expense	1,107,482
Net Operating Income	246,761
<b>Non-Operating Revenues (Expenses)</b>	
Interest income	79,168
Total Non-Operating Revenues (Expenses)	79,168
<b>Change in Net Position</b>	325,929
Net position - beginning of year	5,502,378
Net position - end of year	\$ 5,828,307

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

**COUNTY OF SAN BENITO**

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2018

	Business-type Activities
	Fund
<b>Cash Flows from Operating Activities</b>	
Receipts from customers	\$ 1,258,032
Payments to suppliers for goods and services	(1,021,298)
Payments to employees for salaries and benefits	(82,209)
Net cash provided by operating activities	<u>154,525</u>
<b>Cash Flows from Investing Activities</b>	
Interest received	79,168
Net cash provided by investing activities	<u>79,168</u>
Net Increase (Decrease) in Cash and Cash Equivalents	233,693
Cash and cash equivalents, July 1	5,394,598
Cash and cash equivalents, June 30	<u><u>\$ 5,628,292</u></u>
<b>Reconciliation of cash and investments to the Statement of Net Position</b>	
Current assets - cash and investments	\$ 4,903,726
Restricted assets - cash and investments	724,566
	<u><u>\$ 5,628,292</u></u>
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>	
Operating income	\$ 246,761
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	43,230
Effects of changes in operating assets:	
Receivables	(96,211)
Deferred outflows of resources	(35,480)
Effects of changes in operating liabilities:	
Payables	(56,152)
Compensated absences	492
Other post-employment benefits	12,933
Net pension liability	23,445
Deferred inflows of resources - pension adjustments	15,507
Total adjustments	<u>(92,236)</u>
Net cash provided by operating activities	<u><u>\$ 154,525</u></u>

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

# COUNTY OF SAN BENITO

## Statement of Fiduciary Net Position Fiduciary Funds June 30, 2018

	Investment Trust	Agency Funds
<b>Assets</b>		
Current Assets:		
Cash and investments	\$ 100,769,808	\$ 4,562,650
Taxes receivable	—	5,273,275
<b>Total Assets</b>	<b>100,769,808</b>	<b>9,835,925</b>
<b>Liabilities</b>		
Liabilities:		
Agency obligations	—	9,835,925
<b>Total Liabilities</b>	<b>—</b>	<b>9,835,925</b>
<b>Net Position</b>		
Held in trust for pool participants	100,769,808	
<b>Total Net Position</b>	<b>\$ 100,769,808</b>	

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

**COUNTY OF SAN BENITO**

**Statement of Changes in Fiduciary Net Position  
Investment Trust Funds  
For the Year Ended June 30, 2018**

	Investment Trust
<b>Additions:</b>	
Contributions to pooled investments	\$ 495,886,614
Investment Income (net of administrative expense)	1,526,780
Total additions	497,413,394
<b>Deductions:</b>	
Distributions from pooled investments	522,067,939
Total deductions	522,067,939
<b>Change in net position</b>	(24,654,545)
Net position - beginning of year	125,424,353
Net position - end of year	\$ 100,769,808

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

**COUNTY OF SAN BENITO**  
**INDEX TO THE NOTES TO BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

---

	Page
1. Summary of Significant Accounting Policies	30
2. Cash and Investments	40
3. Interfund Transactions	46
4. Receivables	47
5. Capital Assets	49
6. Long-Term Liabilities	51
7. Contingencies	51
8. Leases	52
9. Excess of Expenditures Over Appropriations in Individual Funds	53
10. Deficit Fund Balances	53
11. Closure and Post-closure Care Cost	54
12. Pension Plans	54
13. Other Post-Employment Benefits (OPEB)	64
14. Risk Management	70
15. Tax Abatements	70
16. Fund Balances	72
17. Authoritative Pronouncements Issued But Not Yet Adopted	73
18. Prior Period Adjustments	73



**COUNTY OF SAN BENITO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Reporting Entity**

The County of San Benito (County), was created pursuant to general law as a subdivision of the State of California. It is governed by a five-member elected Board of Supervisors. As required by generally accepted accounting principles, the accompanying financial statements present the County (the primary government) and its component units, entities for which the government is considered to be financially accountable and has a potential financial benefit/burden relationship under the criteria set by Government Auditing Standards Board (GASB) Statements No. 61.

Reporting for component units on the County's financial statements can be blended or discretely presented. Blended component units, although legally separate entities, are in substance, part of the government's operations. Blended component units are an extension of the County, so data from these units are combined with the data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the County. Each component unit has a June 30 year-end.

**Blended Component Units**

*County Service Areas (CSA)*

CSAs are special districts established by the Board of Supervisors for the purpose of providing specific services to County residents. Although the CSAs are legally separate from the County, they are reported as if they were part of the primary government because they are governed by the County Board of Supervisors and the Board has operational responsibility for the CSAs. The books and records of these CSAs are maintained by the County, and their activities are reported within non-major governmental funds.

CSA #4 Santa Rosa Acres	CSA #33 Fallon/Fairview
CSA #5 Hillcrest/ El Toro	CSA #34 Ausaymas Estates
CSA #8 Bonnie View	CSA #35 Union Heights
CSA #9 Ridgemark	CSA #36 Advanced Life Support
CSA #11 Barnes Lane	CSA #42 Lemmon Acres
CSA #16 Holiday Estates	CSA #45 Rancho Larios
CSA #19 Springwood	CSA #46 Quail Hollow
CSA #21 Long Acres	CSA #47 Oak Creek
CSA #22 Cielo Vista	CSA #48 Dry Creek Estates
CSA #23 Rancho San Joaquin	CSA #49 Hollister Ranch Estates
CSA #24 Santa Ana Acres	CSA #50 Dunnville
CSA #25 Vineyard Estates	CSA #51 Creekbridge
CSA #28 Heatherwood	CSA #52 Monte Bello
CSA #29 Brown/ Magladry	CSA #53 Riverview Estates
CSA #30 McCloskey Acres	CSA #54 Pacheco Creek Estates
CSA #31 Stonegate	CSA #55 Creekside

## ***Discretely Presented Component Units***

### *First 5 San Benito*

The First 5 San Benito (First 5) was created under the provisions of the California Children and Families Act of 1998 (the Act). The Act became law in 1998 when California voters approved Proposition 10, authorizing the State to levy a tax on tobacco products to pay for programs to promote the healthy development of young children. First 5's Board consists of nine members, four of whom are officers of the County, while the remaining five are appointed by the Board. First 5 does not provide a financial benefit nor impose a financial burden on the County. However, due to the nature and significance of First 5's relationship with the County, First 5 is a discretely presented component unit of the County. A separately issued financial report can be obtained from First 5 San Benito, 351 Tres Pinos Road, Suite 100A, Hollister, CA 95023.

## **B. Basis of Presentation and Measurement Focus**

### *Government-Wide Financial Statements*

The Statement of Net Position and Statement of Activities display information about the primary government (County) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. All internal balances in the Statement of Net Position have been eliminated with the exception of those representing balances between governmental activities and the business-type activities, which are presented as internal balances. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the governmental and business-type activities of the County. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The Statement of Activities presents a comparison between program expenses and program revenues for each segment of the business-type activities of the County and for each function of the County's governmental activities. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

### *Fund Financial Statements*

The fund financial statements provide information about the County's funds, including fiduciary funds and blended component units. Separate statements for each fund category - *governmental, proprietary and fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as non-major funds.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the County's enterprise funds are charges to customers for sales and services. Operating expenses for

enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses that do not meet these definitions are reported as non-operating revenues and expenses.

The County reports the following major governmental funds:

- The *General fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public safety and protection, public ways and facilities, health and sanitation, public assistance, education and recreation services.
- The *Human Services Agency fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to health programs, children's programs and veterans services, such as public health, veteran's services, public guardian, and drug and alcohol programs.
- The *Road fund* is used to account for the planning, design, construction, maintenance and administration of County roads. It is also used to account for traffic safety and other transportation planning activities. Funding comes primarily from local sales and state highway user taxes, along with state and federal highway improvement grants.
- The *Mental Health fund* is used to account for mandated community health services under the California Mental Health Act including a mandated responsibility to "guarantee and protect public safety." Revenue sources are primarily charges for services, sales tax revenue and state grants.
- The *Capital Improvement Project fund* is used for all County capital projects, excluding infrastructure projects. The fund is administered by the Resource Management Agency of the County. Revenue sources are primarily from local and state funding, depending on the project.
- The *Tobacco Securitization fund* is used for capital projects in the county. The proceeds are from Series 2002B bonds of the Pooled Tobacco Securitization Program.

The County reports the following major enterprise fund:

- The *Solid Waste Fund* is used to account for operations of the solid waste handling activity.

The County reports the following additional fund types:

- The *Investment Trust Fund* accounts for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass-through funds for tax collections for independent agencies. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The *Agency Funds* are custodial in nature and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or



entities at some future time. These funds (including Clearing and Revolving Funds, Deposit Funds, Other Agency Funds, State and City Revenue Funds, and Tax Collection Funds) account for assets held by the County in an agency capacity for individuals or other government units.

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Agency funds have no measurement focus and report only assets and liabilities. However, agency funds use the accrual basis of accounting when recognizing receivables and payables.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified basis of accounting. Under this method, revenues are recognized when measurable and available ("susceptible to accrual"). The County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and capital leases are reported as other financing sources.

### **C. Cash and Investments**

The County follows the practice of pooling cash and investments of all funds with the County Treasurer, except for certain amounts which are generally held by outside custodians and classified as "other bank accounts" on the accompanying financial statements. Cash and cash equivalents are combined with investments and displayed as Cash and Investments.

The County is required, by the California Integrated Waste Management Board, to set aside the amounts identified as Restricted Cash in the Landfill Enterprise Fund to assure that these amounts will be available in a timely manner for the closure and/or postclosure class I maintenance cost of the Solid Waste Fund, as specified in the California Public Resources Code. These amounts are reported as restricted, non-current assets in the Statement of Net Position of the Proprietary Fund.

The County has restricted cash and investments that pertain to amounts held in the Tobacco Securitization Fund, the General Fund with Trindel Insurance, and the Migrant Labor Camp Fund, listed under Other Governmental Funds. Trindel Insurance is the County's claims-servicing joint powers agency for self insurance. These amounts are managed for the specific purposes specified in the agreements with these agents. At June 30, 2018, the County had reported \$4,902,885 in the Tobacco Securitization Fund, \$9,318,984 in the General Fund with Trindel Insurance and Public Agency Retirement Services (PARS) making up ninety-four percent of the General Fund total, and \$222,333 in the Migrant Labor Camp Fund.

State statutes authorize the County to invest its surplus cash in obligations of the U.S. Treasury, agencies and instrumentalities, corporate bonds rated P-1 by Standard & Poor's Corporation or A-1 by Moody's Investor Service, bankers' acceptances, certificates of deposit, commercial paper, repurchase agreements, and the State of California Local Agency Investment Fund. Gains and losses are recognized upon sale based upon the specific identification method. Investments in nonparticipating, interest earning investment contracts (guaranteed investment contracts) are reported at cost, commercial paper with maturities of less than 90 days are reported at amortized cost and all other investments are reported at fair value. The fair values of investments are obtained by using quotations from independent published sources.

The County participates in an investment pool managed by the State of California titled Local Agency Investment Fund (LAIF), which has invested a portion of the pooled funds in derivatives and similar transactions. LAIF's investments are subject to credit risk with the full faith of the State of California collateralizing these investments. In addition, these derivatives and similar transactions are subject to market risk as to change in interest rates. LAIF's investments are managed by the State Treasurer. The Fund is not SEC registered, but is required to invest according to California Government Code. A Local Investment Advisory Board has oversight responsibility for LAIF.

Interest income earned on pooled cash and investments is allocated quarterly to the appropriate funds for the quarter in which the interest was earned.

#### **D. Receivables**

The County considers all of its receivables to be collectible and therefore does not report an allowance for doubtful accounts. The County considers all receivables to be collectible until they prove to be uncollectible. At that time, the County asks for approval from the Board of Supervisors to write-off any uncollectible receivables.

#### **E. Inventories and Prepaid Items**

Inventories are valued at cost using first-in/first-out (FIFO) method and consist of expendable supplies. The cost is recorded as an expenditure at the time individual inventory items are consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Reported inventories and prepaid items of governmental funds are equally offset by corresponding nonspendable portion of fund balance to indicate that they are not expendable financial resources.

#### **F. Capital Assets**

Capital assets include public domain general capital assets consisting of roads, bridges, water/sewer, lighting system, drainage systems, flood control and other infrastructure. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years.

Capital assets used in operations are depreciated or amortized (assets under capital leases) using the straight-line method over the lesser of the capital lease period or their estimated useful lives in the government-wide statements and proprietary funds. Depreciation begins when the asset is placed in service and ends in the fiscal year that it is retired from service or is fully depreciated.

The estimated useful lives are as follows:

Roads and bridges	35 to 50 years
Infrastructure (except for the maintained pavement subsystem)	15 to 50 years
Structures and improvements	10 to 50 years
Equipment	3 to 25 years
Software	5 to 7 years

**G. Deferred Outflows/Inflows of Resources**

The County recognizes deferred outflows of resources and deferred inflows of resources in accordance with GASB Statement No. 60 and GASB Statement No 65.

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

In the Government-Wide Financial Statements, unearned revenue is a liability reported when revenue has been received prior to revenue recognition.

**H. Net Position Flow Assumption**

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

**I. Compensated Absences**

The County allows employees to accumulate unused sick leave and unused vacation leave up to a specified maximum cap based on an employee’s bargaining unit or management group. Sick leave is paid only upon retirement at half the employee’s hourly rate. Upon separation, all accrued vacation is paid to the employee. County employees can also accrue comp time which is payable upon separation.

Vacation and comp time is accrued when incurred in the government-wide and proprietary fund

statements. In the governmental funds financial statements, a liability for these amounts is reported only as a result of employee resignations or retirements that occur prior to year-end, and payment of the liability is made subsequent to year-end.

**J. Other Long-term Obligations**

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligation are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using a method that approximates the effective interest method. Bond issuance costs are reported as expenses in the period incurred. Bonds payable are reported net of the applicable bond premium or discount. Gains or losses from advance refunding are deferred and amortized as interest expense over the life of the new refunding debt.

In the fund financial statements, governmental fund types recognize bond premium and discount, during the current period. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**K. Property Taxes**

The State of California Constitution, Article XIII A provides that the combined maximum property tax rate on any given property may not exceed 1% of its assessed value unless an additional amount for general obligation debt has been approved by the voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be increased by no more than 2% per year unless the property is sold or transferred. These general property tax rates do not apply to taxes levied to pay the interest and redemption charges on any indebtedness incurred prior to June 6, 1978, or subsequently approved by the voters. Supplemental property taxes are levied on a pro rata basis when changes in assessed valuation occur due to sales transactions or the completion of construction. The State Legislature has determined the method of distribution among the counties, cities, school districts, and other districts of receipts from the 1% property tax levy.

Property taxes are levied by San Benito County on January 1 and are payable in two installments on April 10 and December 10. San Benito County bills and collects its own property taxes and also collects such taxes for cities, schools and special districts. Property tax revenues are recognized when levied to the extent they result in current receivables.

The County assesses properties and bills for and collects property taxes as follows:

	<u>Secured</u>	<u>Unsecured</u>
Valuation/lien dates	January 1	January 1
Levy dates	January 1	January 1
Due dates (*delinquent as of)	50% on November 1 (December 10) 50% on February 1 (April 10)	March 1 (August 31)

\*Delinquent taxes are subject to late penalties and interest. Secured property taxes remaining delinquent for more than five years may be subject to tax sale.

The term “unsecured” refers to taxes on personal property other than land and buildings. These taxes are

secured by liens on the property being taxed. The county adopted the Alternate Method of Property Tax Allocation (commonly referred to as the Teeter Plan). Under the Teeter Plan, the County Auditor-Controller, an elected official, is authorized to pay 100% of the property taxes billed (secured, supplemental and debt service) to the taxing agencies within the County. The County recognizes property tax revenues in the period for which the taxes are levied. Previously, such taxes were allocated and paid as the taxes were collected.

#### **L. Interfund Transactions**

Interfund transactions are reflected as loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate, are subject to elimination upon consolidation, and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

#### **M. Estimates**

The preparation of basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **N. Budgetary Basis of Accounting**

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 County 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 County’s Board of Supervisors.

An operating budget is adopted each fiscal year for the majority of the Governmental Funds. Expenditures are controlled at the object level of each department of the General fund and at the fund level for special revenue funds of the County. Department and/or fund level expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between departments or funds are authorized by the County Administrative Office and must be approved by the Board of Supervisors. Supplementary appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Pursuant to Board Resolution, the County Administrative Officer and/or appointed department head are authorized to approve transfers and revisions of appropriations

under \$25,000 within a single budget unit as deemed necessary and appropriate unless it is to a capital asset object. Transfers to capital asset objects must be approved by the Board of Supervisors. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and as amended during the fiscal year by resolutions approved by the Board of Supervisors.

The budget approved by the Board of Supervisors for the General Fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other Governmental Funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

## **O. Net Position**

The government-wide and business-type activities financial statements utilize a net position presentation. Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources and are displayed in three components:

*Net Investment in Capital Assets* - This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

*Restricted Net Position* - This category represents net position that is subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* - This category represents the net position of the County, not restricted for any project or other purpose.

When both restricted and unrestricted net assets are available, restricted resources are used first, then unrestricted resources as they are needed.

## **P. Fund Balances**

Fund balance classifications are based primarily on the extent to which the County is bound to honor constraints on the use of the resources reported in each governmental fund.

The County reports the following classifications:

*Nonspendable fund balance* - This category represents amounts that cannot be spent because they are either not spendable in form or legally or contractually required to remain intact.

*Restricted fund balance* - This category represents amounts with constraints placed on their use by those external to the County, including creditors, grantors, contributors or laws and regulations of other governments. It also includes constraints imposed by law through constitutional provisions or enabling legislation.

*Committed fund balance* - This category represents amounts that can only be used for specific purposes determined by formal action (ordinance) of the County's highest level of decision-making authority (the Board of Supervisors) and that remain binding unless removed in the same manner. The underlying action (ordinance) that imposed the limitation needs to occur no later than the close of the reporting period.

*Assigned fund balance* - This category represents amounts that are constrained by the County's intent to be used for specific purposes. The intent can be established at either the highest level of decision making or by a body or an official designated for the purpose.

*Unassigned fund balance* - This category represents the residual classification that includes amounts not contained in the other classifications.

The County's Board establishes, modifies or rescinds fund balance commitments and assignments by passage of a resolution. When restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, followed by the unrestricted resources that are committed, assigned and unassigned, in this order as they are needed.

#### Fund Balance Policy:

Fund balance of governmental funds is reported in various categories based on the nature of any limitation requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The purpose of the County's fund balance policy is to maintain a prudent level of financial resources to protect against reducing service levels or raising taxes and fees because of temporary revenue shortfalls or unpredicted one-time expenditures.

The County believes that sound financial management principles require that sufficient funds be retained by the County to provide a stable financial base at all times. To retain this stable financial base, the County needs to maintain unrestricted fund balance in its county funds sufficient to fund cash flows of the County and to provide financial reserves for unanticipated expenditures and/or revenue shortfalls of an emergency nature. Committed, assigned and unassigned fund balances are considered unrestricted.

#### **Q. Pensions**

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County's California Public Employees' Retirement System (CalPERS) plans (Plans) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits terms. Investments are reported at fair value.

#### **R. Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County

of San Benito Retiree Healthcare Plan (Plan) and additions to/deductions from the California Employer's Retirement Benefit Trust's (CERBT) fiduciary net position have been determined on the same basis as they are reported by CERBT. For this purpose, CERBT recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

## **S. Effects of New Pronouncements**

The County implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, in the current financial statements. This Statement addresses reporting by governments that provide OPEB to their employees. As of July 1, 2017, the County restated its net position to record a net OPEB liability, record deferred outflows of resources related to OPEB contributions made after the measurement date, and remove the OPEB obligation recorded in accordance with GASB statement No. 45. For a list of pronouncements that the County will be implementing in the coming years please see Note 17.

## **NOTE 2. CASH AND INVESTMENTS**

The County maintains a cash and investment pool for the purpose of increasing interest income through pooled investment activities. This pool, which is available for use by all funds, is displayed on the basic financial statements as "Cash and Investments." Interest earned on the investment pool is distributed to the participating funds quarterly using a formula based on the average daily cash balance of each fund.

Cash and investments with the County Treasurer are invested pursuant to investment policy guidelines established by the County Treasurer. Investments made by the Treasurer are regulated by the California Government Code and by the County's investment policy. The objectives of the policy are, in order of priority, safety of principal, liquidity, availability and yield. The County investment pool is not registered as an investment company with the Securities and Exchange Commission (SEC) nor is it an SEC Rule 2a7-like pool.

### **Custodial Credit Risk Related to Deposits**

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Pool will not be able to recover deposits nor be able to recover collateral securities that are in possession of an outside party. At year-end, the balance of deposits at the County's banking institutions was \$4,225,992. Any difference between the carrying amount of the County's deposits and the bank balance is a result of transactions in transit. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,975,992 was covered by collateral pledged by the financial institution. Per Government Code Section 53652, the depository is required to maintain a market value of at least 110% of the pledged collateral.

The County follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on a quarterly basis to the various funds based on their average daily cash balance and investment balances. Interest income from cash and investments with fiscal agents is



credited directly to the related fund.

## Investments

The County's investment policy requires that securities be registered in the name of the County. All safekeeping receipts for investment instruments are held in accounts in the County's name and all securities are registered in the County's name.

Investments are made based upon prevailing market conditions at the time of the transaction with the intent to hold the instrument until maturity. If the yield of the portfolio can be improved upon the sale of an investment, prior to its maturity, with the reinvestment of the proceeds, then this provision is also allowed.

## Credit Risk and Concentration of Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The County Treasurer mitigates these risks by holding a diversified portfolio of high quality investments. The adopted investment policy contains specific limitations on investments by credit quality, maturity length and the maximum allocation by asset class.

As of June 30, 2018, the County of San Benito's investments were rated by Standard & Poor's and Moody's Investor Services as follows:

Investment Type	Fair Market	S & P	Moody's	% of Portfolio
Commercial Paper	10,000,000	A	P1	5.51%
Commercial Paper	6,965,700	A1	P1	3.84%
Commercial Paper	9,970,500	A1	P1	5.49%
Commercial Paper	9,979,400	A1	A	5.50%
Certificates of Deposit	9,002,160	AA	Aa2	4.96%
Certificates of Deposit	7,002,310	A1	A	3.86%
Certificates of Deposit	11,002,970	A1	A1	6.06%
Certificates of Deposit	14,004,480	A	A1	7.72%
Certificates of Deposit	12,002,412	A1	A	6.61%
Certificates of Deposit	7,251,015	A1	A	4.00%
Corporate Bond	10,010,700	A1	P1	5.52%
Corporate Bond	7,012,390	A	A2	3.86%
Corporate Bond	9,440,984	AA	Aa2	5.20%
Corporate Bond	8,374,739	AA	Aa3	4.61%
Corporate Bond	10,989,440	A	A1	6.06%
Corporate Bond	9,351,786	AA	Aa3	5.15%
Corporate Bond	5,067,650	Aa3	AA	2.79%
CAMP	13,740,749	AAAam	NR	7.57%
LAIF	10,300,000	NR	NR	5.68%
Total	<u>\$ 181,469,385</u>			<u>100%</u>

Generally, credit risk is the risk that an insurer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assessment of a rating by a nationally recognized statistical

rating organization. It is the County's policy to purchase investments meeting ratings requirements established by the California Government Code.

Instruments in any one issuer that represent 5% or more the County's investments as of June 30, 2018, are as follows (excluding investment pools and debt explicitly guaranteed by the U.S. government):

Issuer	Issuer Type	Fair Value Holdings	Percentage Holdings
Treasurer's Pooled Investments:			
Anglesea Funding CP	Commercial Paper	10,000,000	5.51%
Starbird Funding CP	Commercial Paper	9,970,500	5.49%
Victory Receivable CP	Commercial Paper	9,979,400	5.50%
Mizuho BK LTD NY F.R. YCD	Certificate of Deposit	11,002,970	6.06%
Credit Suisse NY CD	Certificate of Deposit	14,004,480	7.72%
Standard Chartered BK NY YCD	Certificate of Deposit	12,002,412	6.61%
UBS AG London BRH	Corporate Bond	10,010,700	5.52%
Wells Fargo FR MTN	Corporate Bond	9,440,984	5.20%
Bank Tokyo-Mitsubishi UFJ LTD	Corporate Bond	10,989,440	6.06%
Aust & NZ BKG 14 FLTG RT	Corporate Bond	9,351,786	5.15%
CAMP	Government Sponsored	13,740,749	7.57%
LAIF	Government Sponsored	10,300,000	5.68%

The fair value of the Treasurer's investments is determined on a quarterly basis. Values are obtained from the securities custodian for registered securities.

The County is authorized to enter into reverse repurchase agreements, but entered into no such agreements during the year.

### Custodial Credit Risk

Custodial credit risk for investments is the risk the the Pool will not be able to recover the value of investment securities that are in the possession of an outside party. All securities owned by the Pool are deposited in trust for safekeeping with a custodial bank different from th County's primary bank. Securities are not held in broker accounts.

### Interest Rate Risk

In accordance with its investment policy, the County manages its interest rate risk by limiting the weighted average maturity of its investment portfolio to three years or less. No security, at the time of purchase, shall have a maturity exceeding five (5) years. At June 30, 2018 the County had the following investment maturities:

2018	97,550,624
2019	54,810,362
2020	—
2021	5,067,650
Total	<u>\$157,428,636</u>

The amount in the Local Agency Investment Fund (LAIF), managed by the State Treasurer for the State of California, is \$10.3 million at June 30, 2018. The state pools these funds with those of other local agencies in the state and invests the cash as prescribed by the California Government Code. These pooled funds are carried at cost, which approximates market value. Interest earned is deposited quarterly into participating funds. Any investment gains/losses are shared proportionately by all funds in the pool. Funds are accessible and transferable to the County's bank accounts on the same day for amounts under \$10,000,000 and require a twenty-four (24) hour notice for larger amounts. The Local Agency Investment Fund has a very diversified and regulated investment portfolio; the fund is not insured by either the State of California or the Federal Government.

California Asset Management Program (CAMP) is a California Joint Powers Authority established in 1989 to provide California public agencies with professional investment services. The CAMP Pool is permitted investment for all local agencies under California Government Code Section 53601(p). Funds are accessible and transferable to the County's bank accounts on demand.

The LAIF and CAMP operate and report to participants on an amortized cost basis. For both the LAIF and CAMP, the income, gains, and losses, net of administration fees, are allocated based upon the participant's average daily balance. Deposits in the LAIF and CAMP are not insured or otherwise guaranteed by the State of California, and participants share proportionally in any realized gains or losses on investments. The fair value of the LAIF and CAMP investment pools are approximately equal to the value of the pool shares.

Investment income consisted of the following for the year ended June 30, 2018:

Investment earnings	\$	3,129,404
Net decrease in fair value of investments		—
Less: administrative expenses		432,048
Net investment income		<u>2,697,356</u>

The following is a summary of investments held by the County as of June 30, 2018:

Investment	Fair Value	Current Yield Range	Maturity Range	Weighted Average Maturity
Treasurer's pooled investments				
CAMP	\$ 13,740,749	1.68%	On Demand	On Demand
LAIF	10,300,000	0.54%	On Demand	On Demand
Certificate of Deposits - Negotiable	60,265,347	0.00 - 2.28%	07/18-05/19	139 days
Commercial Paper - Discount	36,915,600	2.11 - 2.36%	07/18-09/18	39 days
Corporate Bonds	26,464,075	0.00 - 1.80%	09/18-05/19	303 days
Non US Corporate Bonds	33,783,614	1.15 - 2.27%	09/18-07/21	303 days
Total pooled investments	181,469,385			
Investments held with fiscal agents:	16,083,246			
Cash in banks:				
Non-interest bearing deposits	(570,283)			
Imprest cash:	4,693			
Total cash and investments	196,987,041			
Total unrestricted cash and investments	153,713,169			
Total restricted cash and investments	43,273,872			
Total cash and investments	196,987,041			
Total cash and investments summary:				
Total governmental activities	85,111,813			
Total business-type activities	5,628,292			
Total fiduciary funds	105,332,458			
Total component unit	914,478			
Total cash and investments	196,987,041			

The following is a reconciliation between cash and investments and the Net Position of the Treasurer's investment pool as of June 30, 2018:

Total cash and investments	196,987,041
Less: investments held with fiscal agents	(16,083,246)
Less: imprest cash	(4,693)
Less: investment interest deposit	(56,373)
Less: deposits in transit	(321,196)
Add: fair value adjustment	31,391
Add: outstanding checks/deposits	5,008,767
	133,686
	185,695,377

The following represents a condensed Statement of Net Position and Changes in Net Position for the Treasurer's investment pool as of June 30, 2018:

Statement of Net Position

Net position held in trust	\$ 185,695,377
Equity of internal pool	\$ 84,925,569
Equity of external pool participants	100,769,808
Total equity	<u>\$ 185,695,377</u>

Statement of Changes in Net Position

Net position held for pool participants, July 1, 2017	\$ 201,258,054
Net change in investments by pool	(15,562,677)
Net position held for pool participants, June 30, 2018	<u>\$ 185,695,377</u>

## Fair Value Measurements

The Pool categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. These principles recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Investments reflect prices quoted in active markets;
- Level 2: Investments reflect prices that are based on a similar observable asset either directly or indirectly, which may include inputs in markets that are not considered to be active; and,
- Level 3: Investments reflect prices based upon unobservable sources.

The Pool uses fair value measurements determined by the financial institution holding the investment. The following table presents fair value of investments held within the Pool as of June 30, 2018:

Investments by fair value level		Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities				
Certificate of Deposits - Negotiable	\$ 60,265,347	\$ —	\$ 60,265,347	\$ —
Commercial Paper - Discount	36,915,600	—	36,915,600	—
Corporate Bonds	26,464,075	—	26,464,075	—
Non US Corporate Bonds	33,783,614	—	33,783,614	—
Total investments measured at fair value	<u>157,428,636</u>	<u>\$ —</u>	<u>\$ 157,428,636</u>	<u>\$ —</u>
Investments measured at amortized cost				
CAMP	\$ 13,740,749			
LAIF	10,300,000			
Total pooled and directed investments	<u>\$ 181,469,385</u>			

## Restricted Cash and Investments

Cash and Investments at June 30, 2018 that are restricted by legal or contractual requirements are comprised of the following:

Governmental Activities	
General Fund	2,621,709
Human Services Agency	5,822,867
Road Fund	3,056,189
Mental Health Fund	13,662,472
Other Governmental Funds	17,386,069
Total governmental activities	42,549,306
Business-type Activities	
Integrated Waste Management Fund	
Financial assurance for landfill corrective action	724,566
Total business-type activities	724,566
Total restricted cash and investments	43,273,872

\*additional detail can be found in Note 16

## NOTE 3. INTERFUND TRANSACTIONS

### Interfund Receivables/Payable

The composition of interfund balances as of June 30, 2018 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
<b>Due to/from other funds:</b>			
General Fund	Capital Improvement Projects fund	4,569,527	Interfund borrowing
General Fund	Non-major governmental fund	153,378	Interfund borrowing
General Fund	Non-major governmental fund	567,083	Interfund borrowing
Human Services Agency	Non-major governmental fund	368,418	Interfund borrowing
		\$ 5,658,406	
<b>Advances to/from funds:</b>			
General Fund	Tobacco Securitization fund	4,154,714	Capital improvement projects
Non-major governmental fund	Non-major governmental fund	45,720	Capital loan*
		\$ 4,200,434	
	Total interfund balances	\$ 9,858,840	

\*The \$45,720 advance to the CSA Stonegate #31 fund represents the remaining balance of an initial \$1,407,113 loan that provided financing resources for Stonegate Water Capital Project.

The balances above are due to be paid in the subsequent fiscal year and resulted from when funds overdrew their share of pooled cash; or the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payments between funds are made.

## Transfers

Transfers are indicative of funding for capital projects, lease payments or debt service, subsidies of various County operations and re-allocations of special revenue. The following schedule briefly summarizes the County's transfer activities:

Transfer From	Transfer To	Amount	Purpose
General Fund	Mental Health Fund	45,772	Funding for operations
General Fund	Non-major governmental fund	315,000	Funding for operations
General Fund	Non-major governmental fund	4,125	Funding for operations
General Fund	Non-major governmental fund	1,272,323	Funding for capital outlay
General Fund	Road Fund	179,602	Funding for operations
Non-major governmental fund	General Fund	39,958	Funding for operations
Non-major governmental fund	General Fund	1,146,574	Funding for capital outlay
Non-major governmental fund	General Fund	90,574	Funding for operations
General Fund	Non-major governmental fund	1,969	Funding for operations
Health & Human Services	Non-major governmental fund	145,850	Funding for capital outlay
Non-major governmental fund	Non-major governmental fund	797,735	Funding for capital outlay
Non-major governmental fund	Non-major governmental fund	16,118	Funding for capital outlay
Non-major governmental fund	Non-major governmental fund	216,000	Funding for operations
Non-major governmental fund	Non-major governmental fund	538,181	Funding for capital outlay
Non-major governmental fund	Non-major governmental fund	23,820	Funding for capital outlay
Non-major governmental fund	Non-major governmental fund	457,640	Funding for operations
Health & Human Services	Non-major governmental fund	473,219	Funding for operations
Mental Health Fund	Non-major governmental fund	39,861	Funding for operations
		<u>\$ 5,804,321</u>	

Transfers out, reported in	Statement of Revenues, Expenditures and	
	Changes in Fund Balances:	
	Governmental Funds	\$ 5,804,321
	Statement of Revenues, Expenses and	
	Changes in Net Position:	
	Proprietary Funds	\$ —
		<u>\$ 5,804,321</u>

## NOTE 4. RECEIVABLES

GASB Statement No. 38, "Certain Financial Statement Note Disclosures," requires disclosure of significant receivable balances not expected to be collected within one year of the date of the financial statements.

## Housing Loans Receivable

A total of \$1,622,819 was recorded as housing loans receivable under other governmental funds at June 30, 2018. These loan receivables represent low or zero interest mortgage notes and related accrued interest to finance multi-family and single family construction and rehabilitation projects, as well as home-buyer assistance for low income families, as part of the County's affordable housing program. Loan terms range from 15 to 55 years with interest rates from 0% to 6%. The County's primary sources of funding for these loans come from grants from the federal HOME Investment Partnership (HOME) and Community Development Block Grant (CDBG) programs. The HOME and CDBG grants contain monitoring requirements to ensure grant compliance. These requirements are reflected in the loan agreements.

Other receivables as of June 30, 2018, for the County's individual major, nonmajor and enterprise fund that are expected to be collected within in the next fiscal year is as follows:

### Governmental Funds:

	General	Human Services Agency	Road	Mental Health	Capital Improvement Projects	Other Governmental	Total Governmental Funds
Accounts receivable	\$ 6,874,454	\$ 28,082	\$ —	\$ —	\$ 462,350	\$ 70,274	\$ 7,435,160
Loan receivable	—	—	—	—	—	1,622,819	1,622,819
Due from other governments	54,919	1,155,381	948,204	1,064,771	8,183,093	3,022,877	14,429,245
Totals	<u>\$ 6,929,373</u>	<u>\$1,183,463</u>	<u>\$ 948,204</u>	<u>\$ 1,064,771</u>	<u>\$ 8,645,443</u>	<u>\$ 4,715,970</u>	<u>\$ 23,487,224</u>

### Proprietary Fund:

	Solid Waste
Accounts receivable	\$ 488,174
Due from other governments	\$ 24,393
Totals	<u>\$ 512,567</u>



## NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2018 was as follows:

	Balance June 30, 2017	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2018
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	1,541,028	—	(27,370)	—	1,513,658
Construction in progress	17,098,121	12,221,144	—	(3,380,849)	25,938,416
Total capital assets, not being depreciated	18,639,149	12,221,144	(27,370)	(3,380,849)	27,452,074
Capital assets, being depreciated:					
Infrastructure	170,495,871	—	—	—	170,495,871
Improvements	23,983,786	—	—	3,304,647	27,288,433
Equipment	17,604,995	473,551	(463,212)	—	17,615,334
Total capital assets, being depreciated	212,084,652	473,551	(463,212)	3,304,647	215,399,638
Less accumulated depreciation for:					
Infrastructure	(111,061,474)	(3,237,378)	—	—	(114,298,852)
Improvements	(13,930,008)	(907,088)	—	—	(14,837,096)
Equipment	(14,800,035)	(845,982)	440,118	—	(15,205,899)
Total accumulated depreciation	(139,791,517)	(4,990,448)	440,118	—	(144,341,847)
Total capital assets, being depreciated, net	72,293,135	(4,516,897)	(23,094)	3,304,647	71,057,791
Governmental - type activities capital assets, net	90,932,284	7,704,247	(50,464)	(76,202)	98,509,865

	Balance June 30, 2017	Additions	Retirement	Transfers & Adjustments	Balance June 30, 2018
<b>Business - Type Activities</b>					
Capital assets not being depreciated:					
Land	313,079	—	—	—	313,079
Construction in progress	70,448	—	—	—	70,448
Total capital assets not being depreciated	383,527	—	—	—	383,527
Capital assets being depreciated:					
Improvements	806,262	—	—	—	806,262
Equipment	74,145	—	—	—	74,145
Total capital assets being depreciated	880,407	—	—	—	880,407
Less accumulated depreciation	(486,771)	(43,230)	—	—	(530,001)
Total capital assets, being depreciated, net	393,636	(43,230)	—	—	350,406
Business-type activities capital assets, net	777,163	(43,230)	—	—	733,933

## Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 90,871
Public safety	1,007,886
Public ways and facilities	3,618,554
Health and sanitation	25,215
Public assistance	178,273
Education	19,430
Recreation and cultural services	50,219
Total Depreciation Expense - Governmental Functions	<u>\$ 4,990,448</u>

Depreciation expense was charged to the business-type function as follows:

Solid Waste - County Landfill	<u>\$ 43,230</u>
-------------------------------	------------------

## **NOTE 6. LONG-TERM LIABILITIES**

### **A. Summary of Long-Term Liabilities**

Long-term liabilities at June 30, 2018 consisted of the following:

The following is a summary of long-term liability transactions for the fiscal year ended June 30, 2018:

	Restated Balance June 30, 2017	Additions	Retirements	Balance June 30, 2018	Amounts Due Within One Year
Governmental Activities:					
Capital leases	\$ 104,874	\$ —	\$ (34,144)	\$ 70,730	\$ 31,213
Compensated absences	2,944,333	2,128,875	(1,932,865)	3,140,343	314,034
Liability for unpaid claims	3,638,598	2,076,010	(1,611,092)	4,103,516	410,352
Net Pension Liability	52,685,102	6,150,031	—	58,835,133	—
Net OPEB Liability	6,686,896	—	(358,229)	6,328,667	—
Total Governmental Activities Long-Term Liabilities	<u>\$ 66,059,803</u>	<u>\$ 10,354,916</u>	<u>\$ (3,936,330)</u>	<u>\$ 72,478,389</u>	<u>\$ 755,599</u>
Business-Type Activities:					
Compensated absences	\$ 567	\$ 4,164	\$ (3,672)	\$ 1,059	\$ —
Closure and post closure	714,000	—	—	714,000	—
Net Pension Liability	131,761	23,445	—	155,206	—
Net OPEB Liability	48,721	8,379	(10,989)	46,111	—
Total Business-Type Activities Long-Term Liabilities	<u>\$ 895,049</u>	<u>\$ 35,988</u>	<u>\$ (14,661)</u>	<u>\$ 916,376</u>	<u>\$ —</u>

### **Subsequent Events**

After the close of the fiscal year ending June 30, 2018, the County entered into an Equipment Lease/Purchase Agreement with Bank of America on August 3, 2018. The terms of the agreement were a 30 year lease with a principal amount of \$8,175,000 at 3.760% interest rate per annum. The lease agreement was related to the Energy Conservation Measures Project which consists of the design, construction, installation, and monitoring of certain energy conservation measurement improvements to various County facilities. Solar energy panels, lighting and HVAC improvements are part of the scope of work. This long-term liability will be included in next year's CAFR ending June 30, 2019.

## **NOTE 7. CONTINGENCIES**

### **A. Litigation**

There are many lawsuits pending in which the County is involved. Some of the lawsuits have been filed solely against the County, while in others, the County is one of a group of defendants. The County Counsel has indicated that the potential uninsured claims against the County resulting from such litigation would not materially affect the financial statements of the County.

## B. Grants

The County participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental entities. The County participates in other federal and state programs where County costs are recovered on a reimbursable basis. Grant expenditures and reimbursements are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with the relevant regulations, the County may be required to reimburse the appropriate governmental agency. As of June 30, 2018, significant amounts of grant expenditures and records relating to reimbursements have not been audited, but the County believes that disallowed expenditures or reimbursements, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the County.

## NOTE 8. LEASES

### A. Operating Leases

The County rents various office space and equipment for normal operations. All of these leases contain options to renew the lease at the end of the lease terms. Remaining noncancellable, subject to non-appropriation, minimum future payments on these leases are as follows:

June 30	Total
2019	\$ 1,013,910
2020	847,070
2021	666,376
2022	582,562
2023	552,476
Total minimum rental payments	<u>\$ 3,662,394</u>

Total rent expenditures for the year ended June 30, 2018 was \$1,092,411, of which \$80,877 was paid by the General Fund, \$449,919 was paid by the Human Services Agency and \$254,952 was paid by the Mental Health Fund.

### B. Capital Lease Obligations

The County has entered into capital lease arrangements under which the related equipment will become the property of the County when all terms of the agreement are met. The following schedule presents future minimum capital lease payments, payable by the General Fund and other major and non-major special revenue funds:

June 30	Governmental Activities	
	Principal	Interest
2019	31,213	2,519
2020	25,108	1,252
2021	10,056	394
2022	4,353	106
Total lease payments	<u>70,730</u>	<u>4,271</u>

The following schedule includes all property and equipment assets held under capital leases:

Equipment	\$	160,873
Less: Accumulated Depreciation		(62,529)
Total	\$	<u>98,344</u>

**NOTE 9. EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN INDIVIDUAL DEPARTMENTS/FUNDS**

The following fund(s), or individual department within a fund, reported an excess of expenditures over appropriations for the fiscal year ended June 30, 2018:

Fund	Department	Amount in Excess
Public Authority		\$ 165,485
General Fund:		
	Elections	\$ 4,005
	Maintenance-Buildings & Grounds	\$ 54,211
	Sheriff-Operations Division	\$ 105,260
	Sheriff's Grant	\$ 148,712
	Corrections Division-Jail	\$ 16,605
	Probation Department	\$ 16,596
	Gang Prevention	\$ 19,743
	Public Works-Administration & Engineering	\$ 137,278
	Public Administrator	\$ 320
	Disaster Recovery	\$ 397,592
	Land Development Projects	\$ 9,696
	Aid to Indigents	\$ 38,617
	First 5 San Benito	\$ 15,431
	Veterans Memorial Park	\$ 127,181

**NOTE 10. DEFICIT FUND BALANCES**

The special revenue fund *Victim Witness* had a deficit of \$105,107 at fiscal year end. Victim Witness is solely funded through Federal and State grants. The deficit was caused by the timing of grant reimbursements. As grant reimbursements are received in the new fiscal year the deficit will be resolved.

The special revenue fund *Family Support* had net revenue over expenditures for the year of \$1,054,461 due to the timing of collecting revenues; this reduced the beginning deficit fund balance to \$236,250 at fiscal year end. Family Support is 66% federally funded and 34% state funded. The deficit will be resolved once reimbursement is received.

The special revenue fund *Community Services Workforce Development* had a deficit of \$337,527 at fiscal year end. Nonspendable fund balance equaled \$17.7 thousand for prepaid expenses, while unassigned fund balance equaled \$355 thousand. Unassigned fund balance was caused by the timing of grant reimbursements. As grant reimbursements are received in the new fiscal year the deficit will be resolved.

The major fund *Capital Improvements* had a fiscal year ending deficit fund balance of \$1,982,337. This is largely due to timing in collecting cost reimbursement for the portion of the *Adult Detention Facility Expansion* project that is funded by State AB109, the *Public Safety Realignment Act*.

#### **NOTE 11. CLOSURE AND POSTCLOSURE CARE COSTS**

The County owns the John Smith Landfill, a Class III facility. Approximately 90 acres are for solid waste disposal. An additional 5 acres of the landfill are for Class I operations that ceased in 1983, with closure activities completed in 1992. Ownership of the hazardous waste Class I site was transferred to the City of Hollister in 1984. The County entered into an agreement in 1994 to share the Class I postclosure costs with the City.

State and federal laws and regulations require that landfill operators demonstrate the availability of financial resources to fund closure, postclosure and corrective activities at the landfill site.

The California Environmental Protection Agency, Department of Resources Recycling and Recovery (CalRecycle) holds a beneficiary authority in the form of an “Enterprise Fund and Pledge of Revenue Agreement” in the closure and postclosure funds.

The total postclosure cost has been estimated by the Department of Toxic Substance Control at \$1.4 million. As per the 1994 agreement with the City of Hollister, the County's share of the Class I post-closure costs are recognized as restricted funds in the proprietary fund in the amount of \$725 thousand.

On April 1, 2014, Waste Connections Inc., the contract operator of the Class III landfill entered into a new Landfill Operating Agreement with the County. One of the conditions of the new Agreement was the transfer of the Class III closure, postclosure and corrective liability from the County to Waste Connections Inc. Waste Connections Inc. posted surety bonds with CalRecycle to cover the liability for these activities. On July 9, 2014, CalRecycle accepted the bonds as a substitute for the “Enterprise Fund and Pledge of Revenue Agreement” thereby freeing the dedicated County Enterprise funds held for this purpose. As of May 8, 2018, Waste Connections provided CalRecycle with surety bond riders to update coverage for the liability as required. Consequently, the County does not recognize closure, postclosure and corrective costs for its Class III landfill operations.

#### **NOTE 12. PENSION PLANS**

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

##### **A. Plan Description**

All qualified permanent and probationary employees are eligible to participate in the County's Miscellaneous (excluding police and fire) Plan, agent multiple-employer defined benefit pension plan administered by the California Public Employees Retirement Systems (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and County resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

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

The Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date	January 1, 2013	January 1, 2013
Benefit Formula	2.0% @ 55	2.0% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50-55	52-67
Monthly benefits, as a % of eligible compensation	2.0% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7%	6.5%
Required employer contribution rates	7.859%	7.859%
Required employer contribution for unfunded liability	2,435,100	-

**Employees Covered** - At June 30, 2018, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	Miscellaneous
Active employees	386
Inactive employees entitled to but not yet receiving benefits	505
Inactive employees or beneficiaries currently receiving benefits	482
Total	1,373

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan is determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined contribution rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional percentage to finance the unfunded accrued liability. The employer is required to contribute the difference between the actuarially determined contribution normal cost rate and the contribution rate of employees. For the measurement period ended June 30, 2017, the average active employee contribution rate is 6.75 percent of annual pay, and the employer's contribution rate is 18.638 percent of covered payroll, which consists of a 7.901 percent normal cost rate and a 10.737 percent unfunded accrued liability rate. Employer contribution rates may change if plan contracts are amended. Starting with fiscal year 2017-18, the actuarially determined contribution to fund the pension plan will be comprised of two components: (1) the normal cost, expressed as a percentage of total active payroll and (2) the amortization of the unfunded accrued liability (UAL), expressed as a dollar amount.

## B. Net Pension Liability

The County's net pension liability for the Miscellaneous Plan is measured as the total pension liability less the pension plan's fiduciary net position. The net pension liability of the Plan is measured as of June 30, 2017, using an annual actuarial valuation as of June 30, 2016, rolled forward to June 30, 2017, using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

**Actuarial Assumptions** - The total pension liabilities in the June 30, 2016 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry - Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Payroll Growth	3%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.5% (2)
Mortality	(3)
(1)	Varies depending on age, service and type of employment
(2)	Net of pension plan investment and administrative expenses, including inflation
(3)	Derived using CalPERS' Membership Data for all Funds

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period 1997 to 2011. Further details of the Experience study can be found on the CalPERS website under Forms and Publications.

**Discount Rate** - The discount rate used to measure the total pension liability was 7.15% for the Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for the plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report called "GASB Crossover Testing Report" that can be obtained from CalPERS' website under the GASAB 68 section.

According to paragraph 30 of Statement 68, the long-term discount rate should be determined net of pension plan investment expense but without reduction for pension plan administrative expense. The discount rate of 7.65% used for the June 30, 2016 measurement date is without reduction of pension plan administrative expense; for the June 30, 2017 measurement date reduced to 7.15%.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of



pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund (Public Employees' Retirement Fund) cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

The table below reflects long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The target allocation shown was adopted by the Board effective on July 1, 2014.

<u>Asset Class</u>	Current Target Allocation	Real Return Years 1-10 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
Global Equity	51%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.5%	5.13%
Infrastructure and Forestland	2%	4.5%	5.09%
Liquidity	2%	(0.55)%	(1.05)%
Total	100%		

<sup>(a)</sup> An expected inflation of 2.5% used for this period

<sup>(b)</sup> An expected inflation of 3.0% used for this period

## C. Changes in the Net Pension Liability

The changes in the Net Pension Liability for the Plan follows:

<b>Miscellaneous Plan:</b>			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
<b>Primary Government</b>			
<b>Balance at June 30, 2016</b>	\$ 140,205,743	\$ 102,445,086	\$ 37,760,657
<b>Changes in the year:</b>			
Service Cost	2,995,157	—	2,995,157
Interest on the Total Pension Liability	9,798,018	—	9,798,018
Changes of Benefit Terms	—	—	—
Changes of Assumptions	8,085,676	—	8,085,676
Differences between Expected and Actual Experience	(1,463,872)	—	(1,463,872)
Plan to Plan Resource Movement	—	(1,723)	1,723
Contributions - Employer	—	3,318,269	(3,318,269)
Contributions - Employees	—	1,319,054	(1,319,054)
Net Investment Income	—	10,496,935	(10,496,935)
Benefit Payments, including Refunds of Employee Contributions	(7,064,583)	(7,064,583)	—
Administrative Expense	—	(139,492)	139,492
<b>Net Changes</b>	<b>12,350,396</b>	<b>7,928,460</b>	<b>4,421,936</b>
<b>Balance at June 30, 2017</b>	<b>\$ 152,556,139</b>	<b>\$ 110,373,546</b>	<b>\$ 42,182,593</b>
<b>Component Unit</b>			
<b>Balance at June 30, 2016</b>	\$ 538,696	\$ 86,773	\$ 451,923
<b>Changes in the year:</b>			
Service Cost	34,740	—	34,740
Interest on the Total Pension Liability	113,644	—	113,644
Changes of Benefit Terms	—	—	—
Changes of Assumptions	93,783	—	93,783
Differences between Expected and Actual Experience	(16,979)	—	(16,979)
Plan to Plan Resource Movement	—	(20)	20
Contributions - Employer	—	38,487	(38,487)
Contributions - Employees	—	15,299	(15,299)
Net Investment Income	—	121,750	(121,750)
Benefit Payments, including Refunds of Employee Contributions	—	—	—
Administrative Expense	—	(1,618)	1,618
<b>Net Changes</b>	<b>225,188</b>	<b>173,898</b>	<b>51,290</b>
<b>Balance at June 30, 2017</b>	<b>\$ 763,884</b>	<b>\$ 260,671</b>	<b>\$ 503,213</b>

The above schedule excludes the Courts' share of the Miscellaneous Plan determined at June 30, 2017 to be 7.55 percent of the plans total pension liability.

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the County's Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	\$ 61,464,253
Current Discount Rate	7.15%
Net Pension Liability	\$ 42,182,593
1% Increase	8.15%
Net Pension Liability	\$ 25,707,341

**Pension Plan Fiduciary Net Position** - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

#### **D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions**

For the year ended June 30, 2018, the County's primary government recognized pension expense of \$5,909,376 for the Miscellaneous Plan. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
	of Resources	of Resources	of Resources	of Resources
Pension contributions subsequent to measurement date	\$ 3,893,260	\$ —	\$ 45,157	\$ —
Differences between actual and expected experience	—	(1,069,641)	—	(12,296)
Changes in assumptions	5,197,935	—	64,339	—
Net differences between projected and actual investment earnings	1,363,199	—	18,997	—
Total	<u>\$ 10,454,394</u>	<u>\$ (1,069,641)</u>	<u>\$ 128,493</u>	<u>\$ (12,296)</u>

For the primary government \$3,893,260, and the government's component unit \$45,157, is reported as deferred outflows of resources, related to contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2019. Other amounts reported as deferred inflows of resources, related to pensions, will be recognized as pension expense as follows:

Measurement Period Ended June 30	Primary Government	Component Unit
	Deferred	Deferred
	Outflows/(Inflows) of Resources	Outflows/(Inflows) of Resources
2019	\$ 2,169,777	31,511
2020	\$ 3,508,727	40,315
2021	\$ 578,703	8,015
2022	\$ (765,714)	(8,801)

## General Information about the Safety Pension Plan

### A. Plan Description

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

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

The Plan's provisions and benefits in effect at June 30, 2018, are summarized as follows:

	Safety	
	Prior to January 1, 2013	On or after January 1, 2013
Hire Date		
Benefit Formula	3% @ 55	2.7% @ 57
Benefit vesting schedule	5 years service	5 years service
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	50-57
Monthly benefits, as a % of eligible compensation	3%	2.0% to 2.7%
Required employee contribution rates	9%	12.25%
Required employer contribution rates	17.295%	11.923%

**Contributions** - Section 20814(c) of the California Public Employees' Retirement Law (PERL) requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The County is required to contribute the difference between the actuarially determined rate and the contribution rate of the employees.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for the Safety Plan were as follows:

	Safety
Contributions - employer	\$ 2,218,718

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

As of June 30, 2018, the County reported net pension liabilities for its proportionate share of the net pension liability of the Safety Plans as follows:

	Proportionate Share of Net Pension Liability
Safety	16,807,744

The County's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017, using standard update procedures. The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The County's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 was as follows:

	Safety
Proportion - June 30, 2016	0.29129%
Proportion - June 30, 2017	0.281291%
Change - Increase (Decrease)	(0.009999)%

For the year ended June 30, 2018, the County recognized pension expense of \$2,796,921 for the Safety Plans. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 2,425,269	\$ —
Differences in proportion	241,857	(106,072)
Changes in assumptions	2,754,324	(315,563)
Differences between expected and actual experience	208,526	(73,878)
Differences between the employer's contributions and the employer's proportionate share of contributions	814,450	—
Net differences between projected and actual earnings on plan investments	575,933	—
Total	<u>\$ 7,020,359</u>	<u>\$ (495,513)</u>

\$2,425,269 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2019	\$ 1,157,741
2020	\$ 2,086,833
2021	\$ 1,401,795
2022	\$ (546,792)

**Actuarial Assumptions** - The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were derived from the June 30, 2014 funding valuation report.

Actuarial Cost Method	Entry - Age Normal Cost Method
Amortization Method/Period	For details, see June 30, 2014 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2014 Funding Valuation Report
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Payroll Growth	3%
Investment Rate of Return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

There were no changes in methods or assumptions used to determine the legally required contributions, what are actuarially determined, from the June 30, 2013 to the June 30, 2014 funding valuation report. Further details of the Experience study can be found on the CalPERS website.

**Discount Rate** - The discount rate used to measure the total pension liability reduced from 7.65 percent to 7.15 percent for the Plan. According to paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

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

Asset Class	Current Target Allocation	Real Return Years 1-10 <sup>(a)</sup>	Real Return Years 11+ <sup>(b)</sup>
Global Equity	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.5%	5.13%
Infrastructure and Forestland	3%	4.5%	5.09%
Liquidity	2%	(0.55)%	(1.05)%

<sup>(a)</sup> An expected inflation of 2.5% used for this period

<sup>(b)</sup> An expected inflation of 3.0% used for this period

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

The following presents the County's proportionate share of the net pension liability of the Plan as of the measurement date, calculated using the discount rate of 7.15%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.15%) or 1 percentage-point higher (8.15%) than the current rate:

	Safety
1% Decrease	6.15%
Net Pension Liability	\$ 25,533,895
Current Discount Rate	7.15%
Net Pension Liability	\$ 16,807,744
1% Increase	8.15%
Net Pension Liability	\$ 9,674,552

***Pension Plan Fiduciary Net Position*** - Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

**NOTE 13. OTHER POST-EMPLOYMENT BENEFITS (OPEB)****General Information about the OPEB Plan****Plan Description**

The County of San Benito Retiree Healthcare Plan (Plan) is a single-employer defined benefit healthcare plan administered by the County. The Plan provides healthcare insurance benefits to eligible retirees. Effective 2017, the County left the CalPERS Healthcare Program provided through PEMHCA and joined CSAC-EIA Healthcare Plan. CSAC-EIA operates a community-rated employer purchasing pool with employees and non-Medicare retirees rated together.

The County provides post-employment healthcare benefits to all employees who retire through CalPERS from the County on or after attaining age 50 with at least five years of service. The surviving spouse of an eligible retiree is eligible for the employer contribution upon the death of the retiree. Under CSAC-EIA, the premium rates are the same for both active and retired employees covered under the same medical plan. The premium contributions of the plan members and the County are established and may be amended by the County. The County's contribution is based on the retiree's elected family coverage category and whether the retiree is Medicare eligible. Currently, 233 retirees meet those eligibility requirements.

The County pre-funds the plan through the California Employers' Retiree Benefit Trust (CERBT). CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 and established to pre-fund retiree health care benefits. A Schedule of Changes in Fiduciary Net Position by Employer, Independent Accountant's Report and Notes to the GASB 75 Schedule for Measurement Date June 30, 2017 are now available and can be accessed at <https://www.calpers.ca.gov/docs/forms-publications/gasb-75-schedule-changes-fiduciary-net-position-2017.pdf>



## Employees Covered by Benefit Terms

At the OPEB liability measurement date of June 30, 2017, the following employees were covered by the benefit terms:

	Primary Government	Component Unit
Inactive plan members or beneficiaries currently receiving benefits	233	3
Inactive plan members entitled to but not receiving benefits	—	—
Active plan members	425	—
	<u>658</u>	<u>3</u>

## Contributions

An actuarial valuation determines the County's actuarially determined contribution (ADC) for OPEB. The ADC is a target or recommended contribution to a defined contribution OPEB plan, determined in accordance with the parameters and in conformity with Actuarial Standards of Practice. The primary government's actuarially determined contribution for the June 30, 2017 measurement date was \$2,218,061, and \$32,016 for its component unit.

## Net OPEB Liability

The net OPEB liability measured as of June 30, 2017, including its discretely presented component unit, was reported as \$6,244,711.

	Fiscal Year Ending		Fiscal Year Ending	
	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Measurement Date	6/30/2017	6/30/2016	6/30/2017	6/30/2016
	Primary Government		Component Unit	
Total OPEB Liability (TOL)	27,710,626	27,283,150	283,232	294,196
Fiduciary Net Position (FNP)	21,335,848	20,547,533	413,299	374,007
Net OPEB Liability (NOL)	<u>6,374,778</u>	<u>6,735,617</u>	<u>(130,067)</u>	<u>(79,811)</u>
Funded Status (FNP/TOL)	77.00%	75.31%	145.92%	127.13%

## Actuarial Assumptions

The total OPEB liability measured as of June 30, 2017 was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Valuation Date	June 30, 2017																																													
Contribution Policy	actuarially determined contribution, recommended to fully fund the benefits over a reasonable period of time through an amortization of the net (unfunded) OPEB liability																																													
Discount Rate	7.00% per annum - assumes the County continues to fully fund for its retiree health benefits through the CERBT under its investment allocation strategy 1. The rate reflects the CERBT published median interest rate for strategy 1 of 7.28% with an additional margin for adverse deviation.																																													
Expected Long-term Rate of Return on Investments	7.00% per year; assumes the County invests in the CERBT asset allocation strategy 1 with a margin for adverse deviation of 28 bps.																																													
Inflation	2.75% per annum																																													
Salary Increases	3.25% per annum																																													
Pre-retirement turnover	according to the termination rates under the CalPERS pension plan updated to reflect the most recent experience study. Sample rates for Miscellaneous employees are as follows:																																													
	<table><tr><th></th><th colspan="4">Entry Age</th></tr><tr><th>Service</th><th>20</th><th>30</th><th>40</th><th>50</th></tr><tr><td>—</td><td>17.42%</td><td>16.06%</td><td>14.68%</td><td>13.32%</td></tr><tr><td>5</td><td>8.68%</td><td>7.11%</td><td>5.54%</td><td>0.97%</td></tr><tr><td>10</td><td>6.68%</td><td>5.07%</td><td>0.71%</td><td>0.38%</td></tr><tr><td>15</td><td>5.03%</td><td>3.47%</td><td>0.23%</td><td>0.04%</td></tr><tr><td>20</td><td>3.7%</td><td>0.21%</td><td>0.05%</td><td>0.01%</td></tr><tr><td>25</td><td>2.29%</td><td>0.05%</td><td>0.01%</td><td>0.01%</td></tr><tr><td>30</td><td>0.05%</td><td>0.01%</td><td>0.01%</td><td>0.01%</td></tr></table>		Entry Age				Service	20	30	40	50	—	17.42%	16.06%	14.68%	13.32%	5	8.68%	7.11%	5.54%	0.97%	10	6.68%	5.07%	0.71%	0.38%	15	5.03%	3.47%	0.23%	0.04%	20	3.7%	0.21%	0.05%	0.01%	25	2.29%	0.05%	0.01%	0.01%	30	0.05%	0.01%	0.01%	0.01%
	Entry Age																																													
Service	20	30	40	50																																										
—	17.42%	16.06%	14.68%	13.32%																																										
5	8.68%	7.11%	5.54%	0.97%																																										
10	6.68%	5.07%	0.71%	0.38%																																										
15	5.03%	3.47%	0.23%	0.04%																																										
20	3.7%	0.21%	0.05%	0.01%																																										
25	2.29%	0.05%	0.01%	0.01%																																										
30	0.05%	0.01%	0.01%	0.01%																																										
Medical trend rates	medical costs are adjusted in future years by the following trends:																																													
	<table><tr><th>Year</th><th>PPO</th><th>HMO</th></tr><tr><td>2018</td><td>7.0%</td><td>6.5%</td></tr><tr><td>2019</td><td>6.5%</td><td>6.0%</td></tr><tr><td>2020</td><td>6.0%</td><td>5.5%</td></tr><tr><td>2021</td><td>5.5%</td><td>5.0%</td></tr><tr><td>2022+</td><td>5.0%</td><td>5.0%</td></tr></table>	Year	PPO	HMO	2018	7.0%	6.5%	2019	6.5%	6.0%	2020	6.0%	5.5%	2021	5.5%	5.0%	2022+	5.0%	5.0%																											
Year	PPO	HMO																																												
2018	7.0%	6.5%																																												
2019	6.5%	6.0%																																												
2020	6.0%	5.5%																																												
2021	5.5%	5.0%																																												
2022+	5.0%	5.0%																																												

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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 weighing the expected future return for each major asset class included in the OPEB plan's target asset allocation as of June 30, 2017 as summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
<b>CERBT</b>		
US Equity	30%	4.85%
International Equity	27%	5.85%
REITs	8%	3.65%
US Fixed Income	27%	2.35%
Commodities	3%	1.75%
Inflation Assets	5%	1.50%
	100%	

### Discount Rate

The discount rate used to measure the total OPEB liability is 7.00%. This discount rate assumes the County continues to fully fund for its retiree health benefits through the CERBT under its investment allocation strategy 1. The rate reflects the CERBT published median interest rate for strategy 1 of 7.28% with an additional margin for adverse deviation.

## **Changes in the Net OPEB Liability**

The table below shows the changes in the Total OPEB liability, the Plan Fiduciary Net Position, and the Net OPEB liability during the measurement period ending on June 30, 2017 for the County's proportionate share, including its discretely presented component unit:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b><u>Primary Government</u></b>			
<b>Balances at June 30, 2016</b>	\$27,283,150	\$20,547,533	\$6,735,617
<b>Changes in the year:</b>			
Service cost	657,972	—	657,972
Interest	1,881,943	—	1,881,943
Changes in benefit terms	—	—	—
Differences between expected and actual experience	—	—	—
Changes of assumptions	—	—	—
Contributions - employer	—	806,487	(806,487)
Net investment income	—	2,105,057	(2,105,057)
Benefit payments, including refunds of member contributions	(2,112,439)	(2,112,439)	—
Administrative expense	—	(10,790)	10,790
<b>Net changes</b>	427,476	788,315	(360,839)
<b>Balance at June 30, 2017</b>	<u>\$27,710,626</u>	<u>\$21,335,848</u>	<u>\$6,374,778</u>
<b><u>Component Unit</u></b>			
<b>Balances at June 30, 2016</b>	\$294,196	\$374,007	\$(79,811)
<b>Changes in the year:</b>			
Service cost	—	—	—
Interest	19,527	—	19,527
Changes in benefit terms	—	—	—
Differences between expected and actual experience	—	—	—
Changes of assumptions	—	—	—
Contributions - employer	—	30,491	(30,491)
Net investment income	—	39,492	(39,492)
Benefit payments, including refunds of member contributions	(30,491)	(30,491)	—
Administrative expense	—	(200)	200
<b>Net changes</b>	(10,964)	39,292	(50,256)
<b>Balance at June 30, 2017</b>	<u>\$283,232</u>	<u>\$413,299</u>	<u>\$(130,067)</u>

### Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the Net OPEB Liability of the County, calculated using the discount rate of 7.00%, as well as what the County's Net OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
<b><u>Primary Government</u></b>			
Net OPEB Liability	\$8,962,112	\$6,374,778	\$4,143,839
<b><u>Component Unit</u></b>			
Net OPEB Liability	\$(107,175)	\$(130,067)	\$(149,973)

### Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

	1% Decrease 5.00%HMO/5.50%PPO decreasing to 4.00%HMO/4.00%PPO	Current Healthcare Cost Trend Rates 6.00%HMO/6.50%PPO decreasing to 5.00%HMO/5.00%PPO	1% Increase 7.00%HMO/7.50%PPO decreasing to 6.00%HMO/6.00%PPO
<b><u>Primary Government</u></b>			
Net OPEB Liability	\$3,858,337	\$6,374,778	\$9,335,222
<b><u>Component Unit</u></b>			
Net OPEB Liability	\$(150,076)	\$(130,067)	\$(107,314)

### OPEB Plan Fiduciary Net Position

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report.

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

For the year ended June 30, 2018, the County, including its discretely presented component unit, recognized OPEB expense of \$1,006,790. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, and actuarial assumptions or method. At June 30, 2018, the County, including its discretely presented component unit, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings on OPEB plan investments	—	570,252		10,655
County contributions subsequent to the measurement date	1,845,052	—	32,016	
	<u>\$1,845,052</u>	<u>\$570,252</u>	<u>\$32,016</u>	<u>\$10,655</u>

For the primary government and its component unit, \$1,845,052 and \$32,016, respectively, is reported as deferred outflows of resources, related to contributions subsequent to the measurement date, and will be recognized as OPEB expense in the fiscal year ended June 30, 2019. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Measurement Period Ended June 30	Deferred Outflows/(Inflows) of Resources	
	Primary Government	Component Unit
2018	(142,563)	(2,664)
2019	(142,563)	(2,664)
2020	(142,563)	(2,664)
2021	(142,564)	(2,663)

#### **NOTE 14. RISK MANAGEMENT**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The County is a member of a joint powers agency (JPA), Trindel Insurance Fund, which self-insures losses up to \$300,000 for Workers Compensation, up to \$100,000 for all risk liability, \$20,000 for auto liability, and \$25,000 for property, per occurrence. The liability rests with the County. Trindel Insurance Fund is classified as a claims-servicing or account pool, wherein the County retains the risk of loss and is considered self-insured with regard to liability coverage.

The County also belongs to another larger JPA called the California State Association of Counties Excess Insurance Authority (CSACEIA). CSACEIA, along with other commercial carriers, increases the coverage for general liability to \$25 million. Also, CSACEIA, with other commercial carriers, covers replacement cost on property to \$600 million with a \$25,000 deductible for real property and a \$20,000 deductible for vehicles. Trindel covers all but \$1,000 of these deductibles, per occurrence.

Trindel provides for an annual actuarial study to determine the necessary annual premium and to attain a reserve for claims at the 90% confidence level. Reserves are currently booked at the expected 50% confidence level.

The actuarial expected claims liability at June 30, 2018 is \$4,103,516.

Fiscal Year	Beginning Fiscal Year Liability	Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
2017 - 2018	3,638,598	2,076,010	(1,611,092)	4,103,516
2016 - 2017	2,740,792	2,612,266	(1,714,460)	3,638,598
2015 - 2016	2,518,418	1,093,732	(871,358)	2,740,792

**NOTE 15.     TAX ABATEMENT**

The County provides tax abatements for restricted parcels of land under the Land Conservation Act (Williamson Act). Under the Williamson Act private landowners can enter into a contract with the County restricting the use of their land for agricultural or related open space use in exchange for reduced property tax assessments.

Property tax under the Williamson Act is assessed at a rate consistent with the property's actual use rather than the market value. The contracts are binding for a period of ten years and are automatically renewed each year unless the property owner files a Notice of Non-Renewal with the Assessor's Office. After the filing of the notice the land may not be converted to other uses for ten years, during which time the property taxes are gradually increased to reflect the full market value of the land.

No other commitments were made by the County as part of the Williamson Act contracts. For the fiscal year ended June 30, 2018, the County tax abatements under the Williamson Act totaled \$2,722,353.

## NOTE 16. FUND BALANCES

Fund balances are presented in the following categories: nonspendable, restricted, committed, assigned, and unassigned (see Note 1 for a description of these categories). Presented below is a detailed schedule of fund balances, for major and nonmajor governmental funds, at June 30, 2018.

	General	Human Services Agency	Road	Mental Health	Capital Improvement Projects	Tobacco Securitization	Other Governmental	Total
<b>Nonspendable:</b>								
Inventory	—	—	59,041	—	—	—	—	59,041
Prepays	207,380	50,607	—	460	—	—	39,612	298,059
Loan receivable	—	—	—	—	—	—	—	—
<i>Total nonspendable fund balance</i>	<u>207,380</u>	<u>50,607</u>	<u>59,041</u>	<u>460</u>	<u>—</u>	<u>—</u>	<u>39,612</u>	<u>357,100</u>
<b>Restricted:</b>								
General government								
Assessor - SCAPAP	160,582	—	—	—	—	—	—	160,582
Public protection								
Recorder programs	915,065	—	—	—	—	—	—	915,065
Sheriff programs	1,306,112	—	—	—	—	—	—	1,306,112
Probation programs	109,902	—	—	—	—	—	—	109,902
Juvenile probation programs	26,850	—	—	—	—	—	—	26,850
District attorney programs	85,198	—	—	—	—	—	—	85,198
Public safety realignment	—	—	—	—	—	—	5,653,918	5,653,918
Pipeline safety initiative	18,000	—	—	—	—	—	—	18,000
Fish and game programs	—	—	—	—	—	—	4,716	4,716
Public ways and facilities								
Purpose of fund	—	—	3,056,189	—	—	—	—	3,056,189
Road projects	—	—	—	—	—	—	2,815,805	2,815,805
Health and sanitation								
Mosquito abatement programs	—	—	—	—	—	—	19,159	19,159
Substance abuse programs	—	—	—	—	—	—	671,011	671,011
Public health programs	—	—	—	—	—	—	2,742,398	2,742,398
Emergency medical services	—	—	—	—	—	—	368,017	368,017
Purpose of fund	—	—	—	13,662,472	—	—	—	13,662,472
Public assistance								
Migrant labor camp	—	—	—	—	—	—	348,338	348,338
Housing assistance programs	—	—	—	—	—	—	1,745,355	1,745,355
Public authority	—	—	—	—	—	—	334,085	334,085
Public assistance programs	—	5,822,867	—	—	—	—	—	5,822,867
County service areas	—	—	—	—	—	—	2,638,653	2,638,653
Community Facilities District	—	—	—	—	—	—	44,614	44,614
<i>Total restricted fund balance</i>	<u>2,621,709</u>	<u>5,822,867</u>	<u>3,056,189</u>	<u>13,662,472</u>	<u>—</u>	<u>—</u>	<u>17,386,069</u>	<u>42,549,306</u>
<b>Committed:</b>								
General government								
PARS - pension	3,000,000	—	—	—	—	—	—	3,000,000
Public protection								
Public protection impact fees	—	—	—	—	—	—	2,844,440	2,844,440
Public ways and facilities								
Public ways and facilities impact fees	—	—	—	—	—	—	7,032,913	7,032,913
Public assistance								
Inclusionary housing impact fees	—	—	—	—	—	—	12,260	12,260
Recreation and culture								
Parks and recreation impact fees	—	—	—	—	—	—	3,388,450	3,388,450
<i>Total committed fund balance</i>	<u>3,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,278,063</u>	<u>16,278,063</u>
<b>Assigned:</b>								
General government								
Tobacco securitization	—	—	—	—	—	748,171	—	748,171
Insurance and general liability	6,109,136	—	—	—	—	—	—	6,109,136
Public protection								
Fire protection services	—	—	—	—	—	—	25,047	25,047
Capital Improvement Projects	1,975,058	—	—	—	—	—	—	1,975,058
<i>Total assigned fund balance</i>	<u>8,084,194</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>748,171</u>	<u>25,047</u>	<u>8,857,412</u>
<b>Unassigned</b>	<u>16,534,377</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,982,337)</u>	<u>—</u>	<u>(696,569)</u>	<u>13,855,471</u>
<b>Total Fund Balances</b>	<u>30,447,660</u>	<u>5,873,474</u>	<u>3,115,230</u>	<u>13,662,932</u>	<u>(1,982,337)</u>	<u>748,171</u>	<u>30,032,222</u>	<u>81,897,352</u>



**NOTE 17. AUTHORITATIVE PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED**

GASB Statements listed below will be implemented in future financial statements:

Statement No. 84 "Fiduciary Activities"	The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. (FY2019/20)
Statement No. 87 "Leases"	The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. (FY2020/21)
Statement No. 88 "Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements"	The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. (FY2018/2019)
Statement No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period"	The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. (FY2020/2021)
Statement No. 90 "Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61"	The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. (FY2019/2020)

**NOTE 18. PRIOR PERIOD ADJUSTMENTS**

A prior period adjustment of \$(5,663,489) and adjustment of \$(9,708) was recorded in governmental and business-type activities, respectively, to reflect the prior period costs related to the implementation of GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

The restatement of beginning net position is summarized as follows:

	Statement of Activities	
	Governmental Activities	Business-type Activities
Net position/fund balance at June 30, 2017, as originally reported	\$ 124,050,481	\$ 5,512,086
OPEB - GASB 75	(5,663,489)	(9,708)
Restated net position/fund balance at June 30, 2017	<u>\$ 118,386,992</u>	<u>\$ 5,502,378</u>

**REQUIRED SUPPLEMENTARY INFORMATION**



## **BUDGETARY PRINCIPLES**

In accordance with Chapter 1, Division 3, Title 3, of the Government Code of the State of California, known as the "Budget Act," the County adopts a budget for each fiscal year on or before October 2. Budgeted expenditures are enacted into law through the passage of an Appropriation Resolution. This resolution mandates the maximum authorized expenditures for the fiscal year and cannot be exceeded except by subsequent amendments to the budget by the County's Board of Supervisors.

An operating budget is adopted each fiscal year for most Governmental Funds and the County's Proprietary Fund; excluded are the County's non-major special revenue funds for Impact Fees, Tobacco Securitization and Developer Projects fund. Expenditures are controlled at the object level within budget units for the County. The object level within a budget unit is the level at which expenditures may not legally exceed appropriations. Any amendments or transfers of appropriations between object levels within the same budget unit or between departments or funds are authorized by the County Administrator's office and must be approved by the Board of Supervisors.

Supplementary appropriations normally financed by unanticipated revenues during the year must be approved by the Board of Supervisors. Pursuant to Board Resolution, the County Administrator is authorized to approve transfers and revision of appropriations under \$25,000 within a single budget unit as deemed necessary and appropriate. Budgeted amounts in the budgetary financial schedules are reported as originally adopted and are amended during the fiscal year by resolutions approved by the Board of Supervisors.

The budget approved by the Board of Supervisors for the general fund includes budgeted expenditures and reimbursements for amounts disbursed on behalf of other Governmental Funds. Actual reimbursements for these items have been eliminated in the accompanying budgetary financial schedules. Accordingly, the related budgets for these items have also been eliminated in order to provide a meaningful comparison of actual and budgeted results of operations.

Budgets are adopted on a basis consistent with GAAP except for the following classifications:

- Proceeds from the sale of an asset and the issuance of new debt are reported as revenues for budgetary purposes, however, for GAAP purposes are reported as other financing sources.

The budgets for governmental funds may include an object level known as "intrafund transfers" in the charges for appropriations. This object level is an accounting mechanism used by the County to show reimbursements between operations within the same fund (an example would be the General Fund).

### **Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary accounting in the General and Special Revenue Funds. Encumbrances outstanding at year-end are reported as reservations of fund balance since they do not constitute expenditures or liabilities. Encumbrances at year end are rebudgeted in the new year. For the fiscal year ending June 30, 2018, there were no recorded encumbrances outstanding at year end for any of the Governmental Funds.

# COUNTY OF SAN BENITO

## Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>FUND BALANCE - BEGINNING</b>	<b>28,908,983</b>	<b>28,908,983</b>	<b>28,908,983</b>	<b>—</b>
<b>REVENUES</b>				
Taxes	16,788,153	16,788,153	22,292,404	5,504,251
Licenses, permits and franchises	1,576,650	1,576,650	1,598,127	21,477
Aid from other governments	6,787,945	6,787,945	7,080,331	292,386
Use of money or property	95,000	141,000	642,133	501,133
Fines, forfeits and penalties	1,078,560	1,078,560	1,271,952	193,392
Charges for services	12,415,542	10,840,042	4,783,506	(6,056,536)
Other revenue	2,264,173	1,243,173	764,150	(479,023)
<b>Total Revenues</b>	<b>41,006,023</b>	<b>38,455,523</b>	<b>38,432,603</b>	<b>(22,920)</b>
<b>EXPENDITURES</b>				
<b>CURRENT:</b>				
<b>General Government</b>				
<b>Non-Departmental</b>				
Services & Supplies	2,065,761	1,683,561	1,064,020	619,541
Other Charges	328,440	328,440	401,169	(72,729)
Indirect Cost	(198,276)	(198,276)	(174,336)	(23,940)
Total	2,195,925	1,813,725	1,290,853	522,872
<b>Board of Supervisors</b>				
Salaries & Benefits	380,573	391,673	391,625	48
Services & Supplies	58,250	58,250	53,212	5,038
Other Charges	16,000	16,000	16,535	(535)
Indirect Cost	145,062	145,062	145,062	—
Total	599,885	610,985	606,434	4,551
<b>Clerk of the Board of Supervisors</b>				
Salaries & Benefits	155,513	140,513	138,744	1,769
Services & Supplies	77,900	52,900	44,012	8,888
Indirect Cost	40,490	40,490	40,490	—
Total	273,903	233,903	223,246	10,657

# COUNTY OF SAN BENITO

## Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Administrative Officer</b>				
Salaries & Benefits	766,436	653,936	660,911	(6,975)
Services & Supplies	92,550	47,550	37,623	9,927
Other Charges	—	—	326	(326)
Capital Assets	20,000	—	—	—
Indirect Cost	(847,806)	(847,806)	(848,089)	283
Total	31,180	(146,320)	(149,229)	2,909
<b>Information Technology</b>				
Salaries & Benefits	367,059	322,059	314,230	7,829
Services & Supplies	242,050	262,050	250,772	11,278
Indirect Cost	(290,999)	(290,999)	(292,268)	1,269
Total	318,110	293,110	272,734	20,376
<b>Geographical Information Systems</b>				
Salaries & Benefits	101,635	111,635	111,524	111
Services & Supplies	52,800	22,800	19,793	3,007
Indirect Cost	9,962	9,962	9,962	—
Total	164,397	144,397	141,279	3,118
<b>County Counsel</b>				
Salaries & Benefits	673,910	715,910	712,365	3,545
Services & Supplies	109,690	64,690	58,290	6,400
Indirect Cost	(534,851)	(534,851)	(535,857)	1,006
Total	248,749	245,749	234,798	10,951
<b>County Auditor/Controller</b>				
Salaries & Benefits	1,125,806	985,806	982,403	3,403
Services & Supplies	244,364	160,364	152,813	7,551
Capital Assets	7,500	7,500	—	7,500
Indirect Cost	(1,008,462)	(1,008,462)	(1,042,204)	33,742
Total	369,208	145,208	93,012	52,196
<b>County Treasurer</b>				
Salaries & Benefits	293,731	316,431	316,409	22
Services & Supplies	42,335	41,335	37,519	3,816
Indirect Cost	32,450	32,450	32,450	—
Total	368,516	390,216	386,378	3,838

# COUNTY OF SAN BENITO

## Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>County Assessor</b>				
Salaries & Benefits	1,588,529	1,633,529	1,633,057	472
Services & Supplies	174,568	180,068	182,362	(2,294)
Capital Assets	—	3,000	—	3,000
Indirect Cost	200,076	200,076	200,076	—
Total	1,963,173	2,016,673	2,015,495	1,178
<b>Tax Collector</b>				
Salaries & Benefits	254,536	209,536	206,906	2,630
Services & Supplies	35,235	24,035	21,695	2,340
Indirect Cost	7,252	7,252	7,252	—
Total	297,023	240,823	235,853	4,970
<b>Internal Services</b>				
Salaries & Benefits	475,691	329,191	311,404	17,787
Services & Supplies	121,375	91,375	95,524	(4,149)
Indirect Cost	(476,792)	(476,792)	(476,793)	1
Total	120,274	(56,226)	(69,865)	13,639
<b>Elections</b>				
Salaries & Benefits	271,274	241,274	238,543	2,731
Services & Supplies	320,025	260,025	287,908	(27,883)
Capital Assets	70,000	70,000	48,853	21,147
Indirect Cost	38,886	38,886	38,886	—
Total	700,185	610,185	614,190	(4,005)
<b>Maintenance - Buildings &amp; Grounds</b>				
Salaries & Benefits	277,760	229,260	277,257	(47,997)
Services & Supplies	576,200	559,200	553,044	6,156
Capital Assets	100,000	—	—	—
Indirect Cost	(571,674)	(571,674)	(559,304)	(12,370)
Total	382,286	216,786	270,997	(54,211)
<b>Risk Management</b>				
Salaries & Benefits	50,000	50,000	—	50,000
Other Charges	2,032,409	2,032,409	—	2,032,409
Indirect Cost	—	—	(32,110)	32,110
Total	2,082,409	2,082,409	(32,110)	2,114,519
<b>Total General Government</b>	<b>10,115,223</b>	<b>8,841,623</b>	<b>6,134,065</b>	<b>2,707,558</b>

# COUNTY OF SAN BENITO

## Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Protection</b>				
<b>Grand Jury</b>				
Services & Supplies	22,200	7,200	4,825	2,375
Indirect Cost	(9,852)	(9,852)	(9,852)	—
Total	12,348	(2,652)	(5,027)	2,375
<b>District Attorney</b>				
Salaries & Benefits	1,346,120	1,335,220	1,335,151	69
Services & Supplies	82,560	82,560	78,097	4,463
Indirect Cost	222,521	222,521	222,521	—
Total	1,651,201	1,640,301	1,635,769	4,532
<b>Public Defender</b>				
Services & Supplies	975,000	825,000	816,749	8,251
Indirect Cost	24,058	24,058	24,058	—
Total	999,058	849,058	840,807	8,251
<b>Sheriff - Operations Division</b>				
Salaries & Benefits	4,776,936	4,766,936	4,879,007	(112,071)
Services & Supplies	456,615	456,615	457,576	(961)
Capital Assets	176,500	146,500	138,728	7,772
Indirect Cost	578,284	578,284	578,284	—
Total	5,988,335	5,948,335	6,053,595	(105,260)
<b>911 Communications Center</b>				
Salaries & Benefits	45,255	45,255	4,535	40,720
Services & Supplies	555,212	555,212	529,460	25,752
Total	600,467	600,467	533,995	66,472
<b>UNET - Anti-Drug Task Force</b>				
Salaries & Benefits	266,556	241,556	120,741	120,815
Services & Supplies	97,610	82,610	78,917	3,693
Indirect Cost	13,147	13,147	13,147	—
Total	377,313	337,313	212,805	124,508

# COUNTY OF SAN BENITO

## Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Sheriff's Grant</b>				
Salaries & Benefits	254,791	264,791	418,403	(153,612)
Services & Supplies	5,000	5,000	100	4,900
Total	259,791	269,791	418,503	(148,712)
<b>Corrections Division - Jail</b>				
Salaries & Benefits	3,663,515	3,621,715	3,648,997	(27,282)
Services & Supplies	1,724,155	1,596,255	1,586,785	9,470
Capital Assets	72,000	84,900	83,693	1,207
Indirect Cost	531,639	531,639	531,639	—
Total	5,991,309	5,834,509	5,851,114	(16,605)
<b>Probation Department</b>				
Salaries & Benefits	2,651,374	2,258,374	2,277,514	(19,140)
Services & Supplies	549,169	534,169	531,533	2,636
Other Charges	—	—	92	(92)
Indirect Cost	278,961	278,961	278,961	—
Total	3,479,504	3,071,504	3,088,100	(16,596)
<b>Juvenile Detention Facility</b>				
Salaries & Benefits	1,173,909	1,076,409	1,076,213	196
Services & Supplies	453,026	378,026	369,236	8,790
Other Charges	10,000	2,500	2,533	(33)
Indirect Cost	123,068	123,068	123,068	—
Total	1,760,003	1,580,003	1,571,050	8,953
<b>Gang Prevention</b>				
Salaries & Benefits	184,881	144,881	168,494	(23,613)
Services & Supplies	17,700	7,700	3,830	3,870
Indirect Cost	1,485	1,485	1,485	—
Total	204,066	154,066	173,809	(19,743)
<b>Agricultural Commissioner</b>				
Salaries & Benefits	739,830	821,330	821,473	(143)
Services & Supplies	162,400	162,400	61,223	101,177
Capital Assets	41,500	41,500	31,291	10,209
Indirect Cost	53,664	53,664	53,664	—
Total	997,394	1,078,894	967,651	111,243



# COUNTY OF SAN BENITO

## Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Public Works - Administration &amp; Engineering</b>				
Salaries & Benefits	995,599	690,599	747,083	(56,484)
Services & Supplies	81,500	566,500	651,672	(85,172)
Capital Assets	18,000	18,000	17,370	630
Indirect Cost	56,420	(23,580)	(27,328)	3,748
Total	1,151,519	1,251,519	1,388,797	(137,278)
<b>County Clerk</b>				
Salaries & Benefits	137,581	172,581	172,411	170
Services & Supplies	34,183	19,183	14,896	4,287
Capital Assets	30,000	30,000	—	30,000
Indirect Cost	3,780	3,780	3,780	—
Total	205,544	225,544	191,087	34,457
<b>County Recorder</b>				
Salaries & Benefits	383,583	318,583	314,954	3,629
Services & Supplies	117,025	72,025	113,781	(41,756)
Capital Assets	61,850	51,850	—	51,850
Indirect Cost	56,615	56,615	56,615	—
Total	619,073	499,073	485,350	13,723
<b>Coroner</b>				
Services & Supplies	80,340	80,340	77,012	3,328
Other Charges	7,000	7,000	2,420	4,580
Indirect Cost	1,966	1,966	1,966	—
Total	89,306	89,306	81,398	7,908
<b>Public Administrator</b>				
Services & Supplies	2,325	4,525	4,845	(320)
Indirect Cost	3,239	3,239	3,239	—
Total	5,564	7,764	8,084	(320)
<b>Office of Emergency Services</b>				
Salaries & Benefits	212,522	219,622	217,638	1,984
Services & Supplies	317,841	137,131	81,214	55,917
Capital Assets	—	25,710	73,520	(47,810)
Indirect Cost	48,697	48,697	48,697	—
Total	579,060	431,160	421,069	10,091
<b>Disaster Recovery</b>				
Services & Supplies	—	350,000	747,592	(397,592)
Total	—	350,000	747,592	(397,592)

# COUNTY OF SAN BENITO

## Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Planning and Building Department</b>				
Salaries & Benefits	893,242	623,242	619,928	3,314
Services & Supplies	467,300	1,262,300	1,204,781	57,519
Indirect Cost	474,304	474,304	497,667	(23,363)
Total	1,834,846	2,359,846	2,322,376	37,470
<b>Animal Control &amp; Veterinarian Services</b>				
Services & Supplies	307,000	257,000	233,337	23,663
Indirect Cost	5,546	5,546	5,546	—
Total	312,546	262,546	238,883	23,663
<b>Housing &amp; Economic Development</b>				
Services & Supplies	100,000	100,000	82,219	17,781
Indirect Cost	—	—	(3,914)	3,914
Total	100,000	100,000	78,305	21,695
<b>Abandoned Vehicle Abatement</b>				
Indirect Cost	—	—	(3,158)	3,158
Total	—	—	(3,158)	3,158
<b>General Plan Update</b>				
Services & Supplies	10,000	—	—	—
Total	10,000	—	—	—
<b>Land Development Projects</b>				
Services & Supplies	872,000	297,000	322,987	(25,987)
Indirect Cost	16,291	16,291	—	16,291
Total	888,291	313,291	322,987	(9,696)
<b>Cannabis</b>				
Services & Supplies	75,000	30,000	24,900	—
Total	75,000	30,000	24,900	—

# COUNTY OF SAN BENITO

## Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>COG/Transit</b>				
Salaries & Benefits	649,622	717,122	717,043	79
Indirect Cost	14,873	17,873	17,537	336
Total	664,495	734,995	734,580	415
<b>Total Public Protection</b>	<b>28,856,033</b>	<b>28,016,633</b>	<b>28,384,421</b>	<b>(367,788)</b>
<b>Public Assistance</b>				
<b>County Medical Services Program</b>				
Other Charges	40,000	40,000	—	40,000
Total	40,000	40,000	—	40,000
<b>Aid to Indigents</b>				
Other Charges	250,000	250,000	288,617	(38,617)
Total	250,000	250,000	288,617	(38,617)
<b>Contributions to Community Organizations</b>				
Other Charges	120,000	120,000	118,000	2,000
Indirect Cost	4,743	4,743	4,743	—
Total	124,743	124,743	122,743	2,000
<b>Veterans Services</b>				
Salaries & Benefits	11,000	12,500	12,460	40
Services & Supplies	96,877	96,877	93,610	3,267
Indirect Cost	(736)	(736)	(736)	—
Total	107,141	108,641	105,334	3,307
<b>First 5 San Benito</b>				
Other Charges	—	—	15,431	(15,431)
Total	—	—	15,431	(15,431)
<b>Total Public Assistance</b>	<b>521,884</b>	<b>523,384</b>	<b>532,125</b>	<b>6,690</b>

# COUNTY OF SAN BENITO

## Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Education</b>				
<b>County Library</b>				
Salaries & Benefits	612,328	641,828	641,504	324
Services & Supplies	186,000	197,500	194,140	3,360
Indirect Cost	162,557	162,557	162,557	—
Total	960,885	1,001,885	998,201	3,684
<b>Agricultural Extension</b>				
Services & Supplies	47,550	47,550	47,008	542
Indirect Cost	5,056	5,056	5,056	—
Total	52,606	52,606	52,064	542
<b>Total Education</b>	<b>1,013,491</b>	<b>1,054,491</b>	<b>1,050,265</b>	<b>4,226</b>
<b>Parks and Recreation</b>				
<b>Veterans Memorial Park</b>				
Salaries & Benefits	46,623	46,623	40,082	6,541
Services & Supplies	65,400	(4,600)	134,122	(138,722)
Capital Assets	5,000	5,000	—	5,000
Indirect Cost	3,941	3,941	3,941	—
Total	120,964	50,964	178,145	(127,181)
<b>Historical &amp; San Justo Reservoir Parks</b>				
Salaries & Benefits	46,727	46,727	40,185	6,542
Services & Supplies	34,250	34,250	28,444	5,806
Indirect Cost	4,592	4,592	4,592	—
Total	85,569	85,569	73,221	12,348
<b>Total Parks and Recreation</b>	<b>206,533</b>	<b>136,533</b>	<b>251,366</b>	<b>(114,833)</b>
<b>Total Expenditures</b>	<b>40,713,164</b>	<b>38,572,664</b>	<b>36,352,242</b>	<b>2,220,422</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>292,859</b>	<b>(117,141)</b>	<b>2,080,361</b>	<b>2,197,502</b>
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,520,512	2,580,512	1,277,106	(1,303,406)
Transfers out	(9,885,189)	(9,885,189)	(1,818,790)	(8,066,399)
Total other financing sources (uses)	<b>(7,364,677)</b>	<b>(7,304,677)</b>	<b>(541,684)</b>	<b>(9,369,805)</b>
<b>Net Change in Fund Balance</b>	<b>(7,071,818)</b>	<b>(7,421,818)</b>	<b>1,538,677</b>	<b>8,960,495</b>
<b>Ending Fund Balance, 06/30/2018</b>	<b>21,837,165</b>	<b>21,487,165</b>	<b>30,447,660</b>	<b>8,960,495</b>

# COUNTY OF SAN BENITO

## Budgetary Comparison Schedule Human Services Agency Fund Special Revenue Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Aid from other governments	21,347,544	21,347,544	20,690,770	(656,774)
Use of money or property	—	—	79,732	79,732
Charges for services	—	—	7,364	7,364
Other revenue	895,272	895,272	173,444	(721,828)
Total Revenues	22,242,816	22,242,816	20,951,310	(1,291,506)
<b>Expenditures:</b>				
Current:				
Salaries & Benefits	10,368,663	10,368,663	9,318,854	1,049,809
Services & Supplies	3,602,277	3,602,277	1,802,883	1,799,394
Other Charges	8,747,900	8,747,900	7,839,925	907,975
Capital Assets	120,000	120,000	—	120,000
Indirect Costs	760,000	760,000	767,210	(7,210)
Total Expenditures	23,598,840	23,598,840	19,728,872	3,869,968
Excess (deficiency) of revenues over expenditures	(1,356,024)	(1,356,024)	1,222,438	2,578,462
<b>Other Financing Sources (Uses):</b>				
Transfers in	2,650,000	2,650,000	—	(2,650,000)
Transfers out	(3,445,272)	(3,445,272)	(619,069)	2,826,203
Total other financing sources (uses)	(795,272)	(795,272)	(619,069)	176,203
<b>Net change in fund balance</b>	(2,151,296)	(2,151,296)	603,369	2,754,665
Fund balance - beginning of year	5,270,105	5,270,105	5,270,105	—
Fund balance - end of year	3,118,809	3,118,809	5,873,474	2,754,665

# COUNTY OF SAN BENITO

## Budgetary Comparison Schedule Road Fund Special Revenue Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Aid from other governments	64,351,314	64,234,853	2,964,389	(61,270,464)
Use of money or property	—	—	37,075	37,075
Charges for services	181,202	181,202	—	(181,202)
Other revenue	—	—	1,721	1,721
Total Revenues	64,532,516	64,416,055	3,003,185	(61,412,870)
<b>Expenditures:</b>				
Current:				
Salaries & Benefits	1,288,775	1,288,775	1,025,787	262,988
Services & Supplies	1,320,902	1,320,902	553,808	767,094
Other Charges	—	—	(3,697)	3,697
Capital Assets	62,000,644	62,000,644	821,363	61,179,281
Indirect Costs	222,195	222,195	—	222,195
Total Expenditures	64,832,516	64,832,516	2,397,261	62,435,255
Excess (deficiency) of revenues over expenditures	(300,000)	(416,461)	605,924	1,022,385
<b>Other Financing Sources (Uses):</b>				
Transfers in	300,000	479,602	179,602	(300,000)
Total other financing sources (uses)	300,000	479,602	179,602	(300,000)
<b>Net change in fund balance</b>	—	63,141	785,526	722,385
Fund balance - beginning of year	2,329,704	2,329,704	2,329,704	—
Fund balance - end of year	2,329,704	2,392,845	3,115,230	722,385

# COUNTY OF SAN BENITO

## Budgetary Comparison Schedule Mental Health Fund Special Revenue Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Aid from other governments	6,907,300	6,907,300	7,564,959	657,659
Use of money or property	—	—	181,314	181,314
Charges for services	50,000	50,000	154,411	104,411
Other revenue	1,023,273	1,023,273	—	(1,023,273)
Total Revenues	7,980,573	7,980,573	7,900,684	(79,889)
<b>Expenditures:</b>				
Current:				
Salaries & Benefits	4,872,745	4,872,745	3,196,901	1,675,844
Services & Supplies	2,540,300	2,540,300	1,658,499	881,801
Other Charges	342,300	342,300	442,436	(100,136)
Capital Assets	35,000	35,000	29,903	5,097
Indirect Costs	236,000	236,000	235,459	541
Total Expenditures	8,026,345	8,026,345	5,563,198	2,463,147
Excess (deficiency) of revenues over expenditures	(45,772)	(45,772)	2,337,486	2,383,258
<b>Other Financing Sources (Uses):</b>				
Transfer In	1,236,272	1,236,272	45,772	(1,190,500)
Transfer Out	(1,190,500)	(1,190,500)	(39,861)	1,150,639
Total other financing sources (uses)	45,772	45,772	5,911	(39,861)
<b>Net change in fund balance</b>	—	—	2,343,397	2,343,397
Fund balance - beginning of year	11,319,535	11,319,535	11,319,535	—
Fund balance - end of year	11,319,535	11,319,535	13,662,932	2,343,397

# COUNTY OF SAN BENITO

## Schedule of Changes in the Net Pension Liability and Related Ratios - Miscellaneous Plan Last 10 years\*

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
<b>Total Pension Liability</b>				
Service Cost	\$ 2,995,157	\$ 2,601,753	\$ 2,669,215	\$ 2,807,691
Interest on Total Pension Liability	9,798,018	9,519,074	9,982,906	9,676,904
Changes in Assumptions	8,085,676	—	(2,443,007)	—
Differences between Expected and Actual Experience	(1,463,872)	(450,028)	(2,370,448)	—
Benefit Payments, Including Refunds of Employee Contributions	(7,064,583)	(6,802,297)	(6,375,115)	(5,888,439)
Proportional Difference between County and Courts Share	—	—	(116,765)	(3,171,456)
Net Change in Total Pension Liability	12,350,396	4,868,502	1,346,786	3,424,700
Total Pension Liability - Beginning	140,205,743	135,337,241	133,990,455	130,565,755
Total Pension Liability - Ending (a)	\$152,556,139	\$140,205,743	\$135,337,241	\$133,990,455
<b>Plan Fiduciary Net Position</b>				
Plan to Plan Resource Movement	\$ (1,723)	\$ 147	\$ 12,552	\$ —
Contributions - Employer	3,318,269	3,349,688	2,643,107	2,335,003
Contributions - Employee	1,319,054	1,307,237	1,282,053	1,317,844
Net Investment Income	10,496,935	496,432	2,363,317	15,669,334
Administrative Expense	(139,492)	(58,279)	(129,721)	—
Benefit Payments	(7,064,583)	(6,802,297)	(6,375,115)	(5,888,439)
Net Change in Plan Fiduciary Net Position	7,928,460	(1,707,072)	(203,807)	13,433,742
Plan Fiduciary Net Position - Beginning	102,445,086	104,152,158	104,355,965	90,922,223
Plan Fiduciary Net Position - Ending (b)	110,373,546	102,445,086	104,152,158	104,355,965
Net Pension Liability - Ending [(a) - (b)]	\$ 42,182,593	\$ 37,760,657	\$ 31,185,083	\$ 29,634,490
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.3%	73.1%	77.0%	77.9%
Covered Payroll	\$ 19,535,316	\$ 18,698,111	\$ 16,887,977	\$ 16,609,778
Net Pension Liability as a Percentage of Covered Payroll	215.9%	201.9%	184.7%	178.4%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate information for 10 years, however, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

### Notes to Schedule:

Changes in benefits - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of assumptions - In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes. In 2015, amounts reported reflect an adjustment of the discount rate from 7.5% (net of administrative expense) to 7.65% (without a reduction for pension plan administrative expense). In 2014, amounts reported were based on the 7.5% discount rate.



# COUNTY OF SAN BENITO

## Schedule of Contributions - Miscellaneous Plan Last 10 years\*

	Fiscal Year				
	2018	2017	2016	2015	2014
Actuarially Determined Contributions	\$ 4,139,313	\$ 3,630,888	\$ 3,361,566	\$ 2,643,107	\$ 2,335,003
Contributions in Relation to the Actuarially Determined Contributions	(4,139,313)	(3,630,888)	(3,361,566)	(2,643,107)	(2,335,003)
Contribution Deficiency (Excess)	—	—	—	—	—
Covered Payroll	\$ 21,656,716	\$ 19,535,316	\$ 18,698,111	\$ 16,887,977	\$ 16,609,778
Contributions as a Percentage of Covered Payroll	19.1%	18.6%	18.0%	15.7%	14.1%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate information for 10 years, however, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

### Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were derived from the June 30, 2014 funding valuation report.

Actuarial Cost Method	Entry age normal
Amortization Method/Period	For details, see June 30, 2014 Funding Valuation Report
Asset valuation method	Market Value of Assets. For details, see June 30, 2014 Funding Valuation Report
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3.00%
Investment rate of return	7.50%, net of pension plan investment and administrative expenses, including inflation
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

# COUNTY OF SAN BENITO

## Schedule of Proportionate Share of the Net Pension Liability - Safety Plan Last 10 years\*

	Reporting Fiscal Year (Measurement Date)			
	2018 (2017)	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability	0.281291%	0.29129%	0.28241%	0.204400%
Proportionate share of the net pension liability	\$ 16,807,744	\$ 15,056,206	\$ 12,283,792	\$ 12,718,583
Covered Payroll	\$ 6,127,371	\$ 5,712,124	\$ 5,032,565	\$ 4,639,083
Proportionate share of the net pension liability as percentage of covered payroll	274.31%	263.58%	244.09%	274.16%
Plan's fiduciary net position as a percentage of total pension liability	73.05%	72.73%	76.31%	74.65%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate information for 10 years, however, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

### Notes to Schedule of Changes in Net Pension Liability and Related Ratios:

Benefit changes - The figures above do not include any liability impact that may have resulted from plan changes which occurred after June 30, 2016 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Changes of assumptions - In 2017, the accounting discount rate reduced from 7.65 percent to 7.15 percent. In 2016, there were no changes of assumptions. In 2015, the discount rate changed from 7.5% (net of administrative expense) to 7.65% to correct for an adjustment to exclude administrative expense.

# COUNTY OF SAN BENITO

## Schedule of Contributions - Safety Plan

Last 10 years\*

	Fiscal Year				
	2018	2017	2016	2015	2014
Contractually required contribution (actuarially determined)	\$ 2,425,269	\$ 2,218,718	\$ 2,000,014	\$ 1,614,663	\$ 1,480,209
Contribution in relation to the actuarially determined contributions	\$(2,425,269)	\$(2,218,718)	\$(2,000,014)	\$(1,614,663)	\$(1,480,209)
Contribution deficiency (excess)	\$ —	\$ —	\$ —		
Covered Payroll	\$ 6,464,677	\$ 6,127,371	\$ 5,712,124	\$ 5,032,565	\$ 4,650,125
Contributions as a percentage of covered payroll	37.52%	36.21%	35.01%	32.08%	31.83%

\*The amounts presented were determined as of June 30. This schedule is presented to illustrate information for 10 years, however, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

### Notes to Schedule of Plan Contributions:

The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2016-17 were derived from the June 30, 2014 funding valuation report.

Actuarial Cost Method	Entry - Age Normal Cost Method
Amortization Method/Period	For details, see June 30, 2014 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2014 Funding Valuation Report
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Payroll Growth	3%
Investment rate of return	7.50% Net of Pension Plan Investment and Administrative Expenses; includes Inflation
Retirement Age	The probabilities of Retirement are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011.
Mortality	The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries.

There were no changes in methods or assumptions used to determine the legally required contributions, which are actuarially determined, from the June 30, 2013 to the June 30, 2014 funding valuation report.

# COUNTY OF SAN BENITO

## Schedule of Changes in Net OPEB Liability/(Assets) and Related Ratios - Retiree Healthcare Plan (OPEB) Last 10 Fiscal Years\*

	Reporting Fiscal Year (Measurement Date)
	2018 (2017)
<b>Total OPEB Liability</b>	
Service Cost	\$ 657,971
Interest	1,881,943
Changes of benefit terms	0
Differences between expected and actual experience	0
Changes of assumptions	0
Benefit payments, including refunds of member contributions	(2,112,439)
Net change in Total OPEB Liability	427,475
Total OPEB Liability - Beginning	27,283,150
Total OPEB Liability - Ending (a)	27,710,625
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	806,487
Contributions - employee	0
Net investment income	2,105,057
Benefit payments, including refunds of member contributions	(2,112,439)
Administrative expense	(10,790)
Net change in Plan Fiduciary Net Position	788,315
Plan Fiduciary Net Position - Beginning	20,547,533
Plan Fiduciary Net Position - Ending (b)	21,335,848
Net OPEB Liability - Ending [(a) - (b)]	6,374,777
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	77.00%

\*The amounts presented were determined as of June 30th. This schedule is presented to illustrate information for 10 fiscal years, however, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

## COUNTY OF SAN BENITO

### Schedule of Contributions - Retiree Healthcare Plan (OPEB) Last 10 years\*

	Fiscal Year	
	2018	2017
Actuarially determined contribution	\$ 1,413,606	\$ 775,313
Contribution in relation to the actuarially determined contributions	1,831,706	806,487
Contribution deficiency (excess)	(418,100)	(31,174)

\*The amounts presented were determined as of June 30th. This schedule is presented to illustrate information for 10 fiscal years, however, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

#### Notes to Schedule of Contributions (OPEB):

The actuarial methods and assumptions used to set the actuarially determined contributions are described below:

Valuation Date	June 30, 2017
Actuarial Cost Method	The actuarial cost method used to determine the allocation of the retiree health actuarial liability to the past (accrued), current and future periods is the Entry Age Normal (EAN) cost method. The EAN cost method is a projected benefit cost method which means the "cost" is based on the projected benefit expected to be paid at retirement.
Expected average remaining service lifetime	4 years
Asset Valuation Method	Investment gains and losses are amortized over a 5-year period
Discount Rate	7%

## SUPPLEMENTARY INFORMATION



**COUNTY OF SAN BENITO**  
Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2018

	Fish and Game	Victim Witness	Emergency Medical Services	Migrant Labor Camp	CSWD	Mosquito Abatement
<b>Assets</b>						
Cash and investments in Treasury	\$ 4,716	\$ 3,700	\$ 374,360	\$ 201,810	\$ 13,548	\$ 27,243
Restricted assets - cash with fiscal agent	—	—	—	222,333	—	—
Imprest cash	—	—	—	—	—	—
Receivables	—	—	19,000	—	—	—
Due from other governments	—	109,185	—	—	1,283,580	—
Advances from other funds	—	—	—	—	—	—
Inventories and other assets	—	—	—	120	17,685	—
<b>Total Assets</b>	<u>4,716</u>	<u>112,885</u>	<u>393,360</u>	<u>424,263</u>	<u>1,314,813</u>	<u>27,243</u>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	—	7,384	6,343	57,069	98,235	8,084
Due to other funds	—	153,378	—	—	368,418	—
Due to other agencies	—	—	—	14,054	—	—
Advances to other funds	—	—	—	—	—	—
Deposits from others	—	—	—	4,682	—	—
<b>Total Liabilities</b>	<u>—</u>	<u>160,762</u>	<u>6,343</u>	<u>75,805</u>	<u>466,653</u>	<u>8,084</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenues	—	57,230	19,000	—	1,185,687	—
<b>Fund Balances</b>						
Nonspendable	—	—	—	120	17,685	—
Restricted	4,716	—	368,017	348,338	—	19,159
Assigned	—	—	—	—	—	—
Unassigned	—	(105,107)	—	—	(355,212)	—
<b>Total Fund Balances</b>	<u>4,716</u>	<u>(105,107)</u>	<u>368,017</u>	<u>348,458</u>	<u>(337,527)</u>	<u>19,159</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 4,716</u>	<u>\$ 112,885</u>	<u>\$ 393,360</u>	<u>\$ 424,263</u>	<u>\$ 1,314,813</u>	<u>\$ 27,243</u>

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

**COUNTY OF SAN BENITO**

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2018

	County Service Areas	Public Authority	Substance Abuse	Public Health	Public Safety Realignment	Cal Fire
<b>Assets</b>						
Cash and investments in Treasury	\$ 2,787,522	\$ 263,585	\$ 724,036	\$ 2,709,774	\$ 5,503,601	\$ 25,112
Restricted assets - cash with fiscal agent	—	—	—	—	—	—
Imprest cash	—	—	—	50	—	—
Receivables	—	—	—	—	—	—
Due from other governments	—	151,573	26,466	461,296	150,317	—
Advances from other funds	—	—	—	—	—	—
Inventories and other assets	—	7,086	15	14,706	—	—
<b>Total Assets</b>	<u>2,787,522</u>	<u>422,244</u>	<u>750,517</u>	<u>3,185,826</u>	<u>5,653,918</u>	<u>25,112</u>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	98,833	14,492	63,346	152,832	—	65
Due to other funds	—	—	—	—	—	—
Due to other agencies	—	—	—	—	—	—
Advances to other funds	45,720	—	—	—	—	—
Deposits from others	4,316	—	—	—	—	—
<b>Total Liabilities</b>	<u>148,869</u>	<u>14,492</u>	<u>63,346</u>	<u>152,832</u>	<u>—</u>	<u>65</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenues	—	66,581	16,145	275,890	—	—
<b>Fund Balances</b>						
Nonspendable	—	7,086	15	14,706	—	—
Restricted	2,638,653	334,085	671,011	2,742,398	5,653,918	—
Assigned	—	—	—	—	—	25,047
Unassigned	—	—	—	—	—	—
<b>Total Fund Balances</b>	<u>2,638,653</u>	<u>341,171</u>	<u>671,026</u>	<u>2,757,104</u>	<u>5,653,918</u>	<u>25,047</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 2,787,522</u>	<u>\$ 422,244</u>	<u>\$ 750,517</u>	<u>\$ 3,185,826</u>	<u>\$ 5,653,918</u>	<u>\$ 25,112</u>

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



**COUNTY OF SAN BENITO**

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2018

	County Fire Impact	Sheriff Equip. Impact	Jail & Juvenile Impact	Habitat Impact	Road Equip. Impr. Impact	Parks/Rec. Impact
<b>Assets</b>						
Cash and investments in Treasury	\$ 604,293	\$ 527,099	\$ 630,186	\$ 1,082,862	\$ 369,619	\$ 3,388,450
Restricted assets - cash with fiscal agent	—	—	—	—	—	—
Imprest cash	—	—	—	—	—	—
Receivables	—	—	—	—	—	—
Due from other governments	34,250	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—
Inventories and other assets	—	—	—	—	—	—
<b>Total Assets</b>	<u>638,543</u>	<u>527,099</u>	<u>630,186</u>	<u>1,082,862</u>	<u>369,619</u>	<u>3,388,450</u>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—
Due to other agencies	—	—	—	—	—	—
Advances to other funds	—	—	—	—	—	—
Deposits from others	—	—	—	—	—	—
<b>Total Liabilities</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Deferred Inflows of Resources</b>						
Unavailable revenues	34,250	—	—	—	—	—
<b>Fund Balances</b>						
Nonspendable	—	—	—	—	—	—
Committed	604,293	527,099	630,186	1,082,862	369,619	3,388,450
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	—
<b>Total Fund Balances</b>	<u>604,293</u>	<u>527,099</u>	<u>630,186</u>	<u>1,082,862</u>	<u>369,619</u>	<u>3,388,450</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 638,543</u>	<u>\$ 527,099</u>	<u>\$ 630,186</u>	<u>\$ 1,082,862</u>	<u>\$ 369,619</u>	<u>\$ 3,388,450</u>

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

**COUNTY OF SAN BENITO**

Combining Balance Sheet  
Nonmajor Special Revenue Funds  
June 30, 2018

	Santa Ana Storm Drain	Traffic Impact	Inclusionary Housing	Home	Community Facilities Districts	Family Support	Total Special Revenue Funds
<b>Assets</b>							
Cash and investments in Treasury	\$ 886,449	\$ 5,731,125	\$ 12,260	\$ 122,536	\$ 31,068	\$ 135	26,025,089
Restricted assets - cash with fiscal agent	—	—	—	—	—	—	222,333
Imprest cash	—	—	—	—	—	—	50
Receivables	—	—	—	—	51,274	—	70,274
Loan receivable	—	—	—	1,622,819	—	—	1,622,819
Due from other governments	—	—	—	—	—	806,210	3,022,877
Advances from other funds	—	45,720	—	—	—	—	45,720
Inventories and other assets	—	—	—	—	—	—	39,612
<b>Total Assets</b>	<u>886,449</u>	<u>5,776,845</u>	<u>12,260</u>	<u>1,745,355</u>	<u>82,342</u>	<u>806,345</u>	<u>31,048,774</u>
<b>Liabilities</b>							
Accounts payable and accrued liabilities	—	—	—	—	37,728	41,299	585,710
Due to other funds	—	—	—	—	—	567,083	1,088,879
Due to other agencies	—	—	—	—	—	—	14,054
Advances to other funds	—	—	—	—	—	—	45,720
Deposits from others	—	—	—	—	—	—	8,998
<b>Total Liabilities</b>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>37,728</u>	<u>608,382</u>	<u>1,743,361</u>
<b>Deferred Inflows of Resources</b>							
Unavailable revenues	—	—	—	—	—	434,213	2,088,996
<b>Fund Balances</b>							
Nonspendable	—	—	—	—	—	—	39,612
Restricted	—	—	—	1,745,355	44,614	—	14,570,264
Committed	886,449	5,776,845	12,260	—	—	—	13,278,063
Assigned	—	—	—	—	—	—	25,047
Unassigned	—	—	—	—	—	(236,250)	(696,569)
<b>Total Fund Balances</b>	<u>886,449</u>	<u>5,776,845</u>	<u>12,260</u>	<u>1,745,355</u>	<u>44,614</u>	<u>(236,250)</u>	<u>27,216,417</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 886,449</u>	<u>\$ 5,776,845</u>	<u>\$ 12,260</u>	<u>\$ 1,745,355</u>	<u>\$ 82,342</u>	<u>\$ 806,345</u>	<u>31,048,774</u>

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

**COUNTY OF SAN BENITO**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2018

	Fish and Game	Victim Witness	Emergency Medical Services	Migrant Labor Camp	CSWD	Mosquito Abatement
<b>Revenues:</b>						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 223,975
Aid from other governments	—	311,691	—	245,072	2,082,713	—
Use of money and property	64	(1,926)	3,154	2,857	(196)	(80)
Fines, forfeitures and penalties	399	—	29,741	—	—	—
Charges for services	—	8,211	519,174	—	—	(28)
Other revenue	—	36	8,609	—	140,071	—
Total Revenues	<u>463</u>	<u>318,012</u>	<u>560,678</u>	<u>247,929</u>	<u>2,222,588</u>	<u>223,867</u>
<b>Expenditures:</b>						
Current:						
Public protection	—	245,231	—	—	—	—
Public ways and facilities	—	—	—	—	—	—
Health and sanitation	—	—	265,373	—	—	215,401
Public assistance	—	—	—	249,474	2,051,862	—
Capital outlay:						
Public protection	—	33,275	—	—	—	—
Public ways and facilities	—	—	—	—	—	—
Health and sanitation	—	—	—	—	—	—
Public assistance	—	—	—	—	—	—
Total Expenditures	<u>—</u>	<u>278,506</u>	<u>265,373</u>	<u>249,474</u>	<u>2,051,862</u>	<u>215,401</u>
Excess (deficiency) of revenues over expenditures	<u>463</u>	<u>39,506</u>	<u>295,305</u>	<u>(1,545)</u>	<u>170,726</u>	<u>8,466</u>
<b>Other Financing Sources (uses):</b>						
Transfers in	—	—	18,087	—	—	4,125
Transfers out	—	—	(90,575)	—	(538,181)	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(72,488)</u>	<u>—</u>	<u>(538,181)</u>	<u>4,125</u>
<b>Net Change in Fund Balances</b>	<u>463</u>	<u>39,506</u>	<u>222,817</u>	<u>(1,545)</u>	<u>(367,455)</u>	<u>12,591</u>
Fund balances - beginning of year	<u>4,253</u>	<u>(144,613)</u>	<u>145,200</u>	<u>350,003</u>	<u>29,928</u>	<u>6,568</u>
Fund balances - end of year	<u>\$ 4,716</u>	<u>\$ (105,107)</u>	<u>\$ 368,017</u>	<u>\$ 348,458</u>	<u>\$ (337,527)</u>	<u>\$ 19,159</u>

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

**COUNTY OF SAN BENITO**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2018

	County Service Areas	Public Authority	Substance Abuse	Public Health	Public Safety Realignment	Cal Fire
<b>Revenues:</b>						
Taxes	\$ 125,706	\$ —	\$ —	\$ —	\$ —	\$ 1,058,595
Aid from other governments	890	406,245	1,060,246	3,237,528	2,217,639	7,402
Use of money and property	39,307	4,717	6,279	46,676	82,425	(2,130)
Fines, forfeitures and penalties	—	—	11,530	540	—	—
Charges for services	840,615	—	17,515	618,503	—	—
Other revenue	—	200	4,889	7,938	—	—
Total Revenues	<u>1,006,518</u>	<u>411,162</u>	<u>1,100,459</u>	<u>3,911,185</u>	<u>2,300,064</u>	<u>1,063,867</u>
<b>Expenditures:</b>						
Current:						
Public protection	—	—	—	—	—	1,269,505
Public ways and facilities	581,260	—	—	—	—	—
Health and sanitation	—	—	1,298,603	3,470,262	—	—
Public assistance	—	415,085	—	—	—	—
Capital outlay:						
Public protection	—	—	—	—	—	—
Public ways and facilities	—	—	—	—	—	—
Health and sanitation	—	—	—	6,395	—	—
Public assistance	—	—	—	—	—	—
Total Expenditures	<u>581,260</u>	<u>415,085</u>	<u>1,298,603</u>	<u>3,476,657</u>	<u>—</u>	<u>1,269,505</u>
Excess (deficiency) of revenues over expenditures	<u>425,258</u>	<u>(3,923)</u>	<u>(198,144)</u>	<u>434,528</u>	<u>2,300,064</u>	<u>(205,638)</u>
<b>Other Financing Sources (uses):</b>						
Transfers in	—	—	216,000	—	—	315,000
Transfers out	—	—	—	(813,853)	(1,362,574)	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>216,000</u>	<u>(813,853)</u>	<u>(1,362,574)</u>	<u>315,000</u>
<b>Net Change in Fund Balances</b>	<u>425,258</u>	<u>(3,923)</u>	<u>17,856</u>	<u>(379,325)</u>	<u>937,490</u>	<u>109,362</u>
Fund balances - beginning of year	<u>2,213,395</u>	<u>345,094</u>	<u>653,170</u>	<u>3,136,429</u>	<u>4,716,428</u>	<u>(84,315)</u>
Fund balances - end of year	<u>\$ 2,638,653</u>	<u>\$ 341,171</u>	<u>\$ 671,026</u>	<u>\$ 2,757,104</u>	<u>\$ 5,653,918</u>	<u>\$ 25,047</u>

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

**COUNTY OF SAN BENITO**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2018

	County Fire Impact	Sheriff Equip Impact	Jail & Juvenile Impact	Habitat Impact	Road Equip. Impr. Impact	Parks/Rec Impact
<b>Revenues:</b>						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Aid from other governments	—	—	—	—	—	—
Use of money and property	8,662	6,221	7,388	15,344	3,650	48,134
Fines, forfeitures and penalties	—	—	—	—	—	—
Charges for services	96,865	141,668	176,414	17,119	172,837	617,955
Other revenue	—	—	—	—	—	—
Total Revenues	<u>105,527</u>	<u>147,889</u>	<u>183,802</u>	<u>32,463</u>	<u>176,487</u>	<u>666,089</u>
<b>Expenditures:</b>						
Current:						
Public protection	—	—	—	—	—	—
Public ways and facilities	—	—	—	—	—	—
Health and sanitation	—	—	—	—	—	—
Public assistance	—	—	—	—	—	—
Capital outlay:						
Public protection	—	—	—	—	—	—
Public ways and facilities	—	—	—	—	—	—
Health and sanitation	—	—	—	—	—	—
Public assistance	—	—	—	—	—	—
Total Expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Excess (deficiency) of revenues over expenditures	<u>105,527</u>	<u>147,889</u>	<u>183,802</u>	<u>32,463</u>	<u>176,487</u>	<u>666,089</u>
<b>Other Financing Sources (uses):</b>						
Transfers in	—	—	—	—	—	—
Transfers out	(63,778)	—	—	—	—	(457,640)
Total other financing sources (uses)	<u>(63,778)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(457,640)</u>
<b>Net Change in Fund Balances</b>	<u>41,749</u>	<u>147,889</u>	<u>183,802</u>	<u>32,463</u>	<u>176,487</u>	<u>208,449</u>
Fund balances - beginning of year	<u>562,544</u>	<u>379,210</u>	<u>446,384</u>	<u>1,050,399</u>	<u>193,132</u>	<u>3,180,001</u>
Fund balances - end of year	<u>\$ 604,293</u>	<u>\$ 527,099</u>	<u>\$ 630,186</u>	<u>\$ 1,082,862</u>	<u>\$ 369,619</u>	<u>\$ 3,388,450</u>

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

**COUNTY OF SAN BENITO**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2018

	Santa Ana Storm Drain	Traffic Impact	Inclusionary Housing	Home	Community Facilities Districts	Family Support	Total Special Revenue Funds
<b>Revenues:</b>							
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,408,276
Aid from other governments	—	—	—	—	—	2,686,047	12,255,473
Use of money and property	10,244	86,543	175	5,349	—	—	372,857
Fines, forfeitures and penalties	—	—	—	—	—	—	42,210
Charges for services	216,865	727,462	—	—	101,248	—	4,272,423
Other revenue	—	—	—	—	—	1,186	162,929
Total Revenues	<u>227,109</u>	<u>814,005</u>	<u>175</u>	<u>5,349</u>	<u>101,248</u>	<u>2,687,233</u>	<u>18,514,168</u>
<b>Expenditures:</b>							
Current:							
Public protection	—	—	—	—	—	1,622,250	3,136,986
Public ways and facilities	—	—	—	—	56,634	—	637,894
Health and sanitation	—	—	—	—	—	—	5,249,639
Public assistance	—	—	—	124,856	—	—	2,841,277
Capital outlay:							
Public protection	—	—	—	—	—	10,522	43,797
Public ways and facilities	—	—	—	—	—	—	—
Health and sanitation	—	—	—	—	—	—	6,395
Public assistance	—	—	—	—	—	—	—
Recreation and culture	—	—	—	—	—	—	—
Total Expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>124,856</u>	<u>56,634</u>	<u>1,632,772</u>	<u>11,915,988</u>
Excess (deficiency) of revenues over expenditures	<u>227,109</u>	<u>814,005</u>	<u>175</u>	<u>(119,507)</u>	<u>44,614</u>	<u>1,054,461</u>	<u>6,598,180</u>
<b>Other Financing Sources (uses):</b>							
Transfers in	—	—	—	—	—	—	553,212
Transfers out	—	—	—	—	—	—	(3,326,601)
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(2,773,389)</u>
<b>Net Change in Fund Balances</b>	<u>227,109</u>	<u>814,005</u>	<u>175</u>	<u>(119,507)</u>	<u>44,614</u>	<u>1,054,461</u>	<u>3,824,791</u>
Fund balances - beginning of year	659,340	4,962,840	12,085	1,864,862	—	(1,290,711)	23,391,626
Fund balances - end of year	<u>\$ 886,449</u>	<u>\$ 5,776,845</u>	<u>\$ 12,260</u>	<u>\$ 1,745,355</u>	<u>\$ 44,614</u>	<u>\$ (236,250)</u>	<u>\$ 27,216,417</u>

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

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
Fish and Game Special Revenue Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money or property	\$ —	\$ —	\$ 64	\$ 64
Fines, forfeits and penalties	500	500	399	(101)
Total Revenues	500	500	463	(37)
<b>Expenditures:</b>				
Current:				
Other charges	500	500	—	500
Total Expenditures	500	500	—	500
Excess (deficiency) of revenues over expenditures	—	—	463	463
<b>Net change in fund balance</b>	—	—	463	463
Fund balance - beginning of year	4,253	4,253	4,253	—
Fund balance - end of year	\$ 4,253	\$ 4,253	\$ 4,716	\$ 463

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
Victim Witness Special Revenue Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Aid from other governments	\$ 286,427	\$ 359,242	\$ 311,691	\$ (47,551)
Use of money or property	—	—	(1,926)	(1,926)
Charges for services	—	—	8,211	8,211
Other revenue	6,500	6,500	36	(6,464)
Total Revenues	<u>292,927</u>	<u>365,742</u>	<u>318,012</u>	<u>(47,730)</u>
<b>Expenditures:</b>				
Current:				
Salaries and benefits	246,264	246,264	188,699	57,565
Services and supplies	19,105	56,920	46,774	10,146
Capital assets	—	35,000	33,275	1,725
Indirect costs	9,758	9,758	9,758	—
Total Expenditures	<u>292,927</u>	<u>365,742</u>	<u>278,506</u>	<u>87,236</u>
Excess (deficiency) of revenues over expenditures	<u>—</u>	<u>—</u>	<u>39,506</u>	<u>39,506</u>
<b>Net change in fund balance</b>	<u>—</u>	<u>—</u>	<u>39,506</u>	<u>39,506</u>
Fund balance - beginning of year	<u>(144,613)</u>	<u>(144,613)</u>	<u>(144,613)</u>	<u>—</u>
Fund balance - end of year	<u>\$ (144,613)</u>	<u>\$ (144,613)</u>	<u>\$ (105,107)</u>	<u>\$ 39,506</u>



**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
Emergency Medical Services Special Revenue Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Use of money or property	\$ —	\$ —	\$ 3,154	\$ 3,154
Fines, forfeits and penalties	—	—	29,741	29,741
Charges for services	361,067	391,327	519,174	127,847
Other revenue	—	—	8,609	8,609
Total Revenues	361,067	391,327	560,678	169,351
<b>Expenditures:</b>				
Current:				
Salaries and benefits	168,711	168,711	162,219	6,492
Services and supplies	202,800	233,060	92,602	140,458
Other charges	—	—	5,996	(5,996)
Indirect costs	4,556	4,556	4,556	—
Total Expenditures	376,067	406,327	265,373	140,954
Excess (deficiency) of revenues over expenditures	(15,000)	(15,000)	295,305	310,305
<b>Other Financing Sources (Uses):</b>				
Transfers in	15,000	15,000	18,087	3,087
Transfers out	—	—	(90,575)	(90,575)
Total other financing sources (uses)	15,000	15,000	(72,488)	(87,488)
<b>Net change in fund balance</b>	—	—	222,817	222,817
Fund balance - beginning of year	145,200	145,200	145,200	—
Fund balance - end of year	\$ 145,200	\$ 145,200	\$ 368,017	\$ 222,817

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
Migrant Labor Camp Special Revenue Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Aid from other governments	\$ 628,944	\$ 703,944	\$ 245,072	\$ (458,872)
Use of money or property	—	—	2,857	2,857
Total Revenues	628,944	703,944	247,929	(456,015)
<b>Expenditures:</b>				
Current:				
Salaries and benefits	239,590	239,590	143,089	96,501
Services and supplies	363,693	438,693	90,821	347,872
Other charges	148,430	148,430	(1,249)	149,679
Indirect costs	15,562	15,562	16,813	(1,251)
Total Expenditures	767,275	842,275	249,474	592,801
Excess (deficiency) of revenues over expenditures	(138,331)	(138,331)	(1,545)	136,786
<b>Net change in fund balance</b>	(138,331)	(138,331)	(1,545)	136,786
Fund balance - beginning of year	350,003	350,003	350,003	—
Fund balance - end of year	\$ 211,672	\$ 211,672	\$ 348,458	\$ 136,786

# COUNTY OF SAN BENITO

## Budgetary Comparison Schedule Community Services Workforce Development (CSWD) Special Revenue Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Aid from other governments	\$ —	\$ 78,008	\$ 2,082,713	\$ 2,004,705
Use of money or property	—	—	(196)	(196)
Other revenue	5,337,147	5,357,128	140,071	(5,217,057)
Total Revenues	5,337,147	5,435,136	2,222,588	(3,212,548)
<b>Expenditures:</b>				
Current:				
Salaries and benefits	1,633,075	1,666,368	1,114,852	551,516
Services and supplies	203,900	203,900	114,082	89,818
Other charges	3,427,272	3,446,211	759,982	2,686,229
Indirect costs	72,900	72,900	62,946	9,954
Total Expenditures	5,337,147	5,389,379	2,051,862	3,337,517
Excess (deficiency) of revenues over expenditures	—	45,757	170,726	124,969
<b>Other Financing Sources (Uses):</b>				
Transfers out	—	—	(538,181)	(538,181)
Total other financing sources (uses)	—	—	(538,181)	(538,181)
<b>Net change in fund balance</b>	—	45,757	(367,455)	(413,212)
Fund balance - beginning of year	29,928	29,928	29,928	—
Fund balance - end of year	\$ 29,928	\$ 75,685	\$ (337,527)	\$ (413,212)

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
Mosquito Abatement Special Revenue Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 210,000	\$ 210,000	\$ 223,975	\$ 13,975
Use of money or property	—	—	(80)	(80)
Charges for services	—	—	(28)	(28)
Total Revenues	<u>210,000</u>	<u>210,000</u>	<u>223,867</u>	<u>13,867</u>
<b>Expenditures:</b>				
Current:				
Salaries and benefits	176,421	176,421	171,920	4,501
Services and supplies	45,400	45,400	31,445	13,955
Other charges	5,000	5,000	5,219	(219)
Indirect costs	6,817	6,817	6,817	—
Total Expenditures	<u>233,638</u>	<u>233,638</u>	<u>215,401</u>	<u>18,237</u>
Excess (deficiency) of revenues over expenditures	<u>(23,638)</u>	<u>(23,638)</u>	<u>8,466</u>	<u>32,104</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	5,000	5,000	4,125	(875)
Total other financing sources (uses)	<u>5,000</u>	<u>5,000</u>	<u>4,125</u>	<u>(875)</u>
<b>Net change in fund balance</b>	<b>(18,638)</b>	<b>(18,638)</b>	<b>12,591</b>	<b>31,229</b>
Fund balance - beginning of year	<u>6,568</u>	<u>6,568</u>	<u>6,568</u>	<u>—</u>
Fund balance - end of year	<u>\$ (12,070)</u>	<u>\$ (12,070)</u>	<u>\$ 19,159</u>	<u>\$ 31,229</u>

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
County Service Areas (CSAs) Special Revenue Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 735,855	\$ 735,855	\$ 125,706	\$ (610,149)
Aid from other governments	—	—	890	890
Use of money or property	402	402	39,307	38,905
Charges for services	198,079	198,079	840,615	642,536
Total Revenues	934,336	934,336	1,006,518	72,182
<b>Expenditures:</b>				
Current:				
Salaries and benefits	—	—	8,274	(8,274)
Services and supplies	999,646	999,646	550,294	449,352
Other charges	2,869,959	2,869,959	17,328	2,852,631
Indirect costs	—	—	5,364	(5,364)
Total Expenditures	3,869,605	3,869,605	581,260	3,288,345
Excess (deficiency) of revenues over expenditures	(2,935,269)	(2,935,269)	425,258	3,360,527
<b>Net change in fund balance</b>	(2,935,269)	(2,935,269)	425,258	3,360,527
Fund balance - beginning of year	2,213,395	2,213,395	2,213,395	—
Fund balance - end of year	\$ (721,874)	\$ (721,874)	\$ 2,638,653	\$ 3,360,527

Budgetary Comparison Schedule  
Community Facilities Districts (CFDs) Special Revenue Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ 500,000	\$ 500,000	\$ 101,248	\$ (398,752)
Total Revenues	500,000	500,000	101,248	(398,752)
<b>Expenditures:</b>				
Current:				
Services and supplies	500,000	500,000	56,634	443,366
Total Expenditures	500,000	500,000	56,634	443,366
Excess (deficiency) of revenues over expenditures	—	—	44,614	44,614
<b>Net change in fund balance</b>	—	—	44,614	44,614
Fund balance - beginning of year	—	—	—	—
Fund balance - end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 44,614</u>	<u>\$ 44,614</u>

# COUNTY OF SAN BENITO

## Budgetary Comparison Schedule Family Support Special Revenue Fund For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Aid from other governments	\$ 1,602,803	\$ 1,742,803	\$ 2,686,047	\$ 943,244
Other revenue	—	—	1,186	1,186
Total Revenues	1,602,803	1,742,803	2,687,233	944,430
<b>Expenditures:</b>				
Current:				
Salaries and benefits	1,319,946	1,459,946	1,337,652	122,294
Services and supplies	194,900	184,377	191,001	(6,624)
Other charges	—	—	5,640	(5,640)
Capital assets	—	10,523	10,522	1
Indirect costs	87,957	87,957	87,957	—
Total Expenditures	1,602,803	1,742,803	1,632,772	110,031
Excess (deficiency) of revenues over expenditures	—	—	1,054,461	1,054,461
<b>Net change in fund balance</b>	—	—	1,054,461	1,054,461
Fund balance - beginning of year	(1,290,711)	(1,290,711)	(1,290,711)	—
Fund balance - end of year	<u>\$ (1,290,711)</u>	<u>\$ (1,290,711)</u>	<u>\$ (236,250)</u>	<u>\$ 1,054,461</u>

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
Public Authority Special Revenue Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Aid from other governments	\$ 249,600	\$ 249,600	\$ 406,245	\$ 156,645
Use of money or property	—	—	4,717	4,717
Other revenue	—	—	200	200
Total Revenues	249,600	249,600	411,162	161,562
<b>Expenditures:</b>				
Current:				
Salaries and benefits	170,340	170,340	190,367	(20,027)
Services and supplies	31,760	31,760	36,709	(4,949)
Other charges	7,000	7,000	147,469	(140,469)
Indirect costs	40,500	40,500	40,540	(40)
Total Expenditures	249,600	249,600	415,085	(165,485)
Excess (deficiency) of revenues over expenditures	—	—	(3,923)	(3,923)
<b>Net change in fund balance</b>	—	—	(3,923)	(3,923)
Fund balance - beginning of year	345,094	345,094	345,094	—
Fund balance - end of year	\$ 345,094	\$ 345,094	\$ 341,171	\$ (3,923)



**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
Substance Abuse Special Revenue Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Aid from other governments	\$ 1,564,764	\$ 1,564,764	\$ 1,060,246	\$ (504,518)
Use of money or property	—	—	6,279	6,279
Fines, forfeits and penalties	—	—	11,530	11,530
Charges for services	6,000	6,000	17,515	11,515
Other revenue	3,100	3,100	4,889	1,789
Total Revenues	1,573,864	1,573,864	1,100,459	(473,405)
<b>Expenditures:</b>				
Current:				
Salaries and benefits	1,118,014	1,118,014	891,576	226,438
Services and supplies	205,850	205,850	199,332	6,518
Other charges	212,000	212,000	170,611	41,389
Indirect costs	38,000	38,000	37,084	916
Total Expenditures	1,573,864	1,573,864	1,298,603	275,261
Excess (deficiency) of revenues over expenditures	—	—	(198,144)	(198,144)
<b>Other Financing Sources (Uses):</b>				
Transfers in	—	—	216,000	216,000
Total other financing sources (uses)	—	—	216,000	216,000
<b>Net change in fund balance</b>	—	—	17,856	17,856
Fund balance - beginning of year	653,170	653,170	653,170	—
Fund balance - end of year	\$ 653,170	\$ 653,170	\$ 671,026	\$ 17,856

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
Public Health Special Revenue Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Aid from other governments	\$ 3,482,556	\$ 3,817,274	\$ 3,237,528	\$ (579,746)
Use of money or property	—	—	46,676	46,676
Fines, forfeits and penalties	—	—	540	540
Charges for services	670,700	670,700	618,503	(52,197)
Other revenue	5,000	5,000	7,938	2,938
Total Revenues	4,158,256	4,492,974	3,911,185	(581,789)
<b>Expenditures:</b>				
Current:				
Salaries and benefits	3,052,497	3,119,539	2,576,899	542,640
Services and supplies	812,265	976,333	695,245	281,088
Other charges	347,590	416,198	68,642	347,556
Capital assets	35,000	70,000	6,395	63,605
Indirect costs	299,027	299,027	129,476	169,551
Total Expenditures	4,546,379	4,881,097	3,476,657	1,404,440
Excess (deficiency) of revenues over expenditures	(388,123)	(388,123)	434,528	822,651
<b>Other Financing Sources (Uses):</b>				
Transfers in	203,645	203,645	—	(203,645)
Transfers out	(980,910)	(980,910)	(813,853)	167,057
Total other financing sources (uses)	(777,265)	(777,265)	(813,853)	(36,588)
<b>Net change in fund balance</b>	(1,165,388)	(1,165,388)	(379,325)	786,063
Fund balance - beginning of year	3,136,429	3,136,429	3,136,429	—
Fund balance - end of year	\$ 1,971,041	\$ 1,971,041	\$ 2,757,104	\$ 786,063

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
Cal Fire Special Revenue Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 959,499	\$ 959,499	\$ 1,058,595	\$ 99,096
Aid from other governments	10,000	10,000	7,402	(2,598)
Use of money or property	—	—	(2,130)	(2,130)
Total Revenues	969,499	969,499	1,063,867	94,368
<b>Expenditures:</b>				
Current:				
Salaries and benefits	147	147	147	—
Services and supplies	1,210,026	1,210,026	1,235,032	(25,006)
Capital assets	30,000	38,347	—	38,347
Indirect costs	34,326	34,326	34,326	—
Total Expenditures	1,274,499	1,282,846	1,269,505	13,341
Excess (deficiency) of revenues over expenditures	(305,000)	(313,347)	(205,638)	107,709
<b>Other Financing Sources (Uses):</b>				
Transfers in	305,000	305,000	315,000	10,000
Total other financing sources (uses)	—	—	315,000	10,000
<b>Net change in fund balance</b>	(305,000)	(313,347)	109,362	422,709
Fund balance - beginning of year	(84,315)	(84,315)	(84,315)	—
Fund balance - end of year	\$ (389,315)	\$ (397,662)	\$ 25,047	\$ 422,709

**COUNTY OF SAN BENITO**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2018

	Special Revenue Funds	Developer Projects Fund	Total Other Governmental Funds
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Assets</b>			
Cash and investments in Treasury	\$ 26,025,089	\$ 2,815,805	\$ 28,840,894
Restricted assets - cash with fiscal agent	222,333	—	222,333
Imprest cash	50	—	50
Receivables	70,274	—	70,274
Loan receivable	1,622,819	—	1,622,819
Due from other funds	—	—	—
Due from other governments	3,022,877	—	3,022,877
Advances from other funds	45,720	—	45,720
Inventories and other assets	39,612	—	39,612
<b>Total Assets</b>	<u>31,048,774</u>	<u>2,815,805</u>	<u>33,864,579</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	585,710	—	585,710
Due to other funds	1,088,879	—	1,088,879
Due to other agencies	14,054	—	14,054
Advances to other funds	45,720	—	45,720
Deposits from others	8,998	—	8,998
Unearned revenues	—	—	—
<b>Total Liabilities</b>	<u>1,743,361</u>	<u>—</u>	<u>1,743,361</u>
<b>Deferred Inflows of Resources</b>			
Unavailable revenues	<u>2,088,996</u>	<u>—</u>	<u>2,088,996</u>
<b>Fund Balances</b>			
Nonspendable	39,612	—	39,612
Restricted	14,570,264	2,815,805	17,386,069
Committed	13,278,063	—	13,278,063
Assigned	25,047	—	25,047
Unassigned	(696,569)	—	(696,569)
<b>Total Fund Balances</b>	<u>27,216,417</u>	<u>2,815,805</u>	<u>30,032,222</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 31,048,774</u>	<u>\$ 2,815,805</u>	<u>\$ 33,864,579</u>

**COUNTY OF SAN BENITO**

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2018

	Special Revenue Funds	Developer Projects Fund	Total Other Governmental Funds
<b>Revenues:</b>			
Taxes	\$ 1,408,276	\$ —	\$ 1,408,276
Licenses and permits	—	—	—
Aid from other governmental agencies	12,255,473	—	12,255,473
Use of money or property	372,857	40,180	413,037
Fines, forfeitures and penalties	42,210	—	42,210
Charges for services	4,272,423	14,822	4,287,245
Other revenue	162,929	—	162,929
Total Revenues	18,514,168	55,002	18,569,170
<b>Expenditures:</b>			
Current:			
Public protection	3,136,986	—	3,136,986
Public ways and facilities	637,894	—	637,894
Health and sanitation	5,249,639	—	5,249,639
Public assistance	2,841,277	—	2,841,277
Capital outlay:			
General government	—	—	—
Public protection	43,797	—	43,797
Public ways and facilities	—	—	—
Health and sanitation	6,395	—	6,395
Public assistance	—	—	—
Recreation and culture	—	—	—
Total Expenditures	11,915,988	—	11,915,988
Excess (deficiency) of revenues over expenditures	6,598,180	55,002	6,653,182
<b>Other Financing Sources (uses):</b>			
Transfers in	553,212	—	553,212
Transfers out	(3,326,601)	—	(3,326,601)
Total other financing sources (uses)	(2,773,389)	—	(2,773,389)
<b>Net change in fund balances</b>	3,824,791	55,002	3,879,793
Fund balances - beginning of year	23,391,626	2,760,803	26,152,429
Fund balances - end of year	\$ 27,216,417	\$ 2,815,805	\$ 30,032,222

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
Capital Projects Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Aid from other governments	\$ —	\$ —	\$ 5,601,144	\$ 5,601,144
Use of money or property	—	—	(49,760)	(49,760)
Total Revenues	—	—	5,551,384	5,551,384
<b>Expenditures:</b>				
Capital outlay:				
General government	36,717,894	36,717,894	121,212	36,596,682
Public protection	—	—	8,585,665	(8,585,665)
Public ways and facilities	—	—	252,358	(252,358)
Health and sanitation	—	—	833,952	(833,952)
Public assistance	—	—	1,150,866	(1,150,866)
Recreation and culture	—	—	455,651	(455,651)
Total Expenditures	36,717,894	36,717,894	11,399,704	25,318,190
Excess (deficiency) of revenues over expenditures	(36,717,894)	(36,717,894)	(5,848,320)	30,869,574
<b>Other Financing Sources (Uses):</b>				
Transfers In	35,522,894	35,522,894	3,748,629	(31,774,265)
Transfers Out	—	—	—	—
Total other financing sources (uses)	35,522,894	35,522,894	3,748,629	(31,774,265)
<b>Net change in fund balance</b>	(1,195,000)	(1,195,000)	(2,099,691)	(904,691)
Fund balance - beginning of year	—	—	117,354	117,354
Fund balance - end of year	<u>\$ (1,195,000)</u>	<u>\$ (1,195,000)</u>	<u>\$ (1,982,337)</u>	<u>\$ (787,337)</u>

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
Solid Waste Fund  
For the Year Ended June 30, 2018

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating Revenues:</b>				
Licenses and permits	\$ 812,000	\$ 812,000	\$ 1,424	\$ (810,576)
Aid from other governmental agencies	50,486	50,486	105,547	55,061
Charges for services	531,621	531,621	1,247,182	715,561
Other revenue	—	—	90	90
Total Operating Revenues	<u>1,394,107</u>	<u>1,394,107</u>	<u>1,354,243</u>	<u>(39,864)</u>
<b>Operating Expenses:</b>				
Salaries & Benefits	233,271	233,271	99,106	134,165
Services & Supplies	996,963	996,963	937,404	59,559
Other Charges - Landfill closure cost	—	—	9,652	(9,652)
Indirect Costs	18,090	18,090	18,090	—
Depreciation & Amortization	—	—	43,230	(43,230)
Total Operating Expense	<u>1,248,324</u>	<u>1,248,324</u>	<u>1,107,482</u>	<u>140,842</u>
Net Operating Income	<u>145,783</u>	<u>145,783</u>	<u>246,761</u>	<u>100,978</u>
<b>Non-operating Revenues (Expense):</b>				
Transfers In (Out)	350,000	350,000	—	(350,000)
Interest Income	50,000	50,000	79,168	29,168
Total Non-Operating Revenues (Expenses)	<u>400,000</u>	<u>400,000</u>	<u>79,168</u>	<u>(320,832)</u>
<b>Change in Net Position</b>	<u>545,783</u>	<u>545,783</u>	<u>325,929</u>	<u>(219,854)</u>
Net Position - Beginning of year	<u>5,502,378</u>	<u>5,502,378</u>	<u>5,502,378</u>	<u>—</u>
Net Position - End of Year	<u><u>\$6,048,161</u></u>	<u><u>\$6,048,161</u></u>	<u><u>\$5,828,307</u></u>	<u><u>\$(219,854)</u></u>

## STATISTICAL SECTION

The information in this section is not covered by the Independent Auditor's Report, but is presented as supplemental data for the benefit of the readers of the comprehensive financial report.

### **Financial Trends**

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

### **Revenue Capacity**

These schedules contain information to help the reader assess the County's most significant local revenue sources, property tax and sales tax.

### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

### **Operating Information**

These schedule contains information on government employees for each function and detailed by department.





**COUNTY OF SAN BENITO**

Net Position by Component  
Last Ten Years  
(accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Governmental activities</b>										
Net investment in capital assets	\$ 98,439,135	\$ 90,827,410	\$ 92,364,711	\$ 93,870,818	\$ 94,119,963	\$ 92,067,037	\$ 89,058,169	\$ 92,475,014	\$ 91,060,584	\$ 91,509,750
Restricted	42,549,306	37,667,368	26,080,558	—	—	—	—	225,314	225,314	243,451
Unrestricted	(2,901,358)	(4,444,297)	(6,156,652)	(8,761,171)	32,472,292	29,140,032	30,355,364	34,887,387	45,527,244	53,799,469
<b>Total governmental activities net position</b>	<b>\$ 138,087,083</b>	<b>\$ 124,050,481</b>	<b>\$ 112,288,617</b>	<b>\$ 85,109,647</b>	<b>\$ 126,592,255</b>	<b>\$ 121,207,069</b>	<b>\$ 119,413,533</b>	<b>\$ 127,587,715</b>	<b>\$ 136,813,142</b>	<b>\$ 145,552,670</b>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 733,933	\$ 777,162	\$ 824,901	\$ 876,192	\$ 947,300	\$ 907,172	\$ 845,725	\$ 596,388	\$ 488,115	\$ 317,136
Restricted	724,566	—	131,691	—	—	—	—	—	—	—
Unrestricted	4,369,808	4,734,924	4,841,667	4,522,364	4,712,390	4,291,455	4,203,473	4,145,519	4,188,533	3,934,792
<b>Total business-type activities net position</b>	<b>\$ 5,828,307</b>	<b>\$ 5,512,086</b>	<b>\$ 5,798,259</b>	<b>\$ 5,398,556</b>	<b>\$ 5,659,690</b>	<b>\$ 5,198,627</b>	<b>\$ 5,049,198</b>	<b>\$ 4,741,907</b>	<b>\$ 4,676,648</b>	<b>\$ 4,251,928</b>
<b>Primary government</b>										
Net investment in capital assets	\$ 99,173,068	\$ 91,604,572	\$ 93,189,612	\$ 94,747,010	\$ 95,067,263	\$ 92,974,209	\$ 89,903,894	\$ 93,071,402	\$ 91,548,699	\$ 91,826,886
Restricted	43,273,872	37,667,368	26,212,249	—	—	—	—	225,314	225,314	243,451
Unrestricted	1,468,450	290,627	(1,314,985)	(4,238,807)	37,184,682	33,431,487	34,558,837	39,032,906	49,715,777	57,734,261
<b>Total primary government net position</b>	<b>\$ 143,915,390</b>	<b>\$ 129,562,567</b>	<b>\$ 118,086,876</b>	<b>\$ 90,508,203</b>	<b>\$ 132,251,945</b>	<b>\$ 126,405,696</b>	<b>\$ 124,462,731</b>	<b>\$ 132,329,622</b>	<b>\$ 141,489,790</b>	<b>\$ 149,804,598</b>

Notes:

(1) Accounting standards require that net position be reported in three components in the financial statements: net investment in capital assets; restricted; and unrestricted. Net assets are considered restricted when 1) externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments or 2) imposed by law through constitutional provisions or enabling legislation.

Source:

San Benito County Clerk, Auditor and Recorder

# COUNTY OF SAN BENITO

## Changes in Net Position Last Nine Years (accrual basis of accounting)

Fiscal Year Ended June 30,

Expenses (by function)	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities									
General government	7,162,158	4,390,182	4,820,901	6,913,665	2,872,536	3,682,386	9,867,243	6,058,757	6,124,809
Public protection	32,902,965	28,401,251	26,361,016	27,914,449	24,900,347	25,516,934	26,978,343	30,771,788	29,132,253
Public ways and facilities	5,926,687	7,361,125	7,491,909	5,867,005	6,324,848	6,655,356	7,038,005	8,221,996	7,942,193
Health and sanitation	10,939,507	9,459,400	10,509,822	9,576,959	9,513,485	9,926,853	9,658,580	9,504,909	10,443,296
Public assistance	23,462,549	21,653,802	21,563,780	20,714,730	19,623,809	16,677,671	19,450,340	20,428,859	21,503,579
Education	1,129,743	1,059,094	929,498	1,063,203	1,006,320	820,203	839,647	1,557,718	1,134,128
Recreation and culture	310,166	(1,682)	138,641	220,421	182,163	179,184	437,982	562,217	229,023
Debt Service:									
Interest	—	—	—	1,877	2,924	5,299	13,182	11,896	12,321
Total governmental activities expenses	81,833,775	72,323,172	71,815,567	72,272,309	64,426,432	63,463,886	74,283,322	77,118,140	76,521,602
Business-type activities:									
Solid waste	1,107,482	1,512,811	752,368	(4,428,282)	1,230,478	1,208,059	1,239,238	1,012,760	1,036,231
Total business-type activities expenses	1,107,482	1,512,811	752,368	(4,428,282)	1,230,478	1,208,059	1,239,238	1,012,760	1,036,231
Total Primary Government Expenses	82,941,257	73,835,983	72,567,935	67,844,027	65,656,910	64,671,945	75,522,560	78,130,900	77,557,833
Program Revenues (by function)									
Governmental activities									
Fees, fines and charges for services:									
General government	6,791,954	4,462,502	3,736,463	4,341,391	1,135,198	2,400,487	1,247,423	1,787,088	1,454,124
Public protection	5,469,848	4,575,111	5,020,426	4,886,764	8,593,707	5,683,470	6,375,969	5,988,777	5,093,445
Public ways and facilities	2,073,848	1,554,749	1,429,875	1,161,336	3,800,870	1,145,966	1,512,540	1,045,309	897,820
Health and sanitation	1,382,783	1,037,176	842,388	761,028	590,513	611,245	881,440	899,220	1,126,518
Public assistance	157,622	35,146	30,532	9,255	88,761	16,086	132,347	367,225	53,604
Education	45,156	27,371	31,299	254,356	42,402	31,554	134,701	376,365	62,226
Recreation and culture	675,090	384,454	628,097	264,138	178,408	116,590	108,311	91,736	70,494
Operating grants and contributions	49,591,273	46,707,783	48,757,219	43,858,372	34,169,280	36,862,728	38,914,593	40,186,593	39,131,033
Capital grants and contributions	9,329,005	608,538	783,949	1,016,997	5,381,065	3,448,335	1,304,425	1,048,873	2,649,825
Total governmental activities program	75,516,579	59,392,830	61,260,248	56,553,637	53,980,204	50,316,461	50,611,749	51,791,186	50,539,089
Business-type activities:									
Solid Waste									
Charges for services	1,248,606	1,147,041	1,113,071	960,135	1,650,139	1,300,126	1,402,743	1,210,964	1,347,746
Operating grants and contributions	105,547	41,969	144,683	—	—	—	—	—	—
Total Business-type activities revenue	1,354,153	1,189,010	1,257,754	960,135	1,650,139	1,300,126	1,402,743	1,210,964	1,347,746
Total Primary Government Program Revenues	76,870,732	60,581,840	62,518,002	57,513,772	55,630,343	51,616,587	52,014,492	53,002,150	51,886,835

Notes:

(1) Trend information is available only for the last nine years due to the implementation of GASB

34. Source: San Benito County Clerk, Auditor and Recorder

**COUNTY OF SAN BENITO**  
Changes in Net Position  
Last Nine Years  
(accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net (Expenses)/Revenue									
Governmental activities	(6,317,196)	(12,930,342)	(10,555,319)	(15,718,672)	(10,446,228)	(13,147,425)	(23,671,573)	(25,326,954)	(25,982,513)
Business-type activities	246,671	(323,801)	505,386	5,388,417	419,661	92,067	163,505	198,204	311,515
Total Primary Net (Expenses)/Revenue	<u>(6,070,525)</u>	<u>(13,254,143)</u>	<u>(10,049,933)</u>	<u>(10,330,255)</u>	<u>(10,026,567)</u>	<u>(13,055,358)</u>	<u>(23,508,068)</u>	<u>(25,128,750)</u>	<u>(25,670,998)</u>
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes:									
Property taxes	16,947,363	15,895,467	14,904,105	14,163,226	12,451,983	11,987,365	11,350,510	11,894,375	12,170,639
Sales and use taxes	5,998,871	2,456,622	1,641,346	1,500,211	1,390,428	1,517,488	1,391,853	1,258,710	1,067,883
Franchise taxes	460,374	518,959	527,120	440,703	488,469	421,712	442,047	443,428	431,446
Other taxes	778,007	1,820,181	1,439,178	751,435	764,008	360,818	367,715	300,983	307,810
Unrestricted interest and investment earnings	1,345,174	584,998	385,480	222,370	185,960	203,534	461,213	75,720	398,888
Miscellaneous	487,498	1,094,458	1,149,886	2,241,644	550,567	450,045	1,477,376	1,965,192	2,866,319
Transfers	—	1,345	2,359	5,567,077	—	—	6,678	163,119	—
Total governmental activities	<u>26,017,287</u>	<u>22,372,030</u>	<u>20,049,474</u>	<u>24,886,666</u>	<u>15,831,415</u>	<u>14,940,962</u>	<u>15,497,392</u>	<u>16,101,527</u>	<u>17,242,985</u>
Business-type activities:									
Other taxes	—	—	—	—	—	—	—	—	33,633
Transfers	—	(1,345)	(2,359)	(5,567,077)	—	—	—	(163,119)	—
Unrestricted interest and investment earnings	79,168	38,973	18,010	30,198	41,400	57,362	143,786	30,174	79,572
Miscellaneous	90	—	—	—	—	—	—	—	—
Total business-type activities	<u>79,258</u>	<u>37,628</u>	<u>15,651</u>	<u>(5,536,879)</u>	<u>41,400</u>	<u>57,362</u>	<u>143,786</u>	<u>(132,945)</u>	<u>113,205</u>
Total Primary Government	<u>26,096,545</u>	<u>22,409,658</u>	<u>20,065,125</u>	<u>19,349,787</u>	<u>15,872,815</u>	<u>14,998,324</u>	<u>15,641,178</u>	<u>15,968,582</u>	<u>17,356,190</u>
Change in Net Position									
Governmental activities	19,700,091	9,441,688	9,494,155	9,167,994	5,385,187	1,793,537	(8,174,181)	(9,225,427)	(8,739,528)
Business-type activities	325,929	(286,173)	521,037	(148,462)	461,061	149,429	307,291	65,259	424,720
Total Primary Government	<u>\$20,026,020</u>	<u>\$ 9,155,515</u>	<u>\$ 10,015,192</u>	<u>\$ 9,019,532</u>	<u>\$ 5,846,248</u>	<u>\$ 1,942,966</u>	<u>\$ (7,866,890)</u>	<u>\$ (9,160,168)</u>	<u>\$ (8,314,808)</u>

Notes: (1) Trend information is available only for the last nine years due to the implementation of GASB 34. Source: San Benito County Clerk, Auditor and Recorder

# COUNTY OF SAN BENITO

## Fund Balances of Governmental Funds Last Ten Fiscal Years (modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Fund										
Reserved	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,063,761	\$ 451,322
Unreserved	—	—	—	—	—	—	—	—	17,435,187	25,836,693
Nonspendable	207,380	188,314	200,245	126,980	166,047	8,583	503,686	276,138	—	—
Restricted	2,621,709	2,621,709	2,288,857	—	—	—	—	—	—	—
Committed	3,000,000	3,000,000	—	—	—	—	—	—	—	—
Assigned	8,084,194	7,520,751	5,861,125	—	—	1,629,420	1,319,553	—	—	—
Unassigned	16,534,377	15,578,209	18,986,948	21,724,081	16,342,158	11,599,259	10,741,330	17,290,531	—	—
Total general fund	<u>30,447,660</u>	<u>28,908,983</u>	<u>27,337,175</u>	<u>21,851,061</u>	<u>16,508,205</u>	<u>13,237,262</u>	<u>12,564,569</u>	<u>17,566,669</u>	<u>20,498,948</u>	<u>26,288,015</u>
All Other Governmental Funds										
Reserved	—	—	—	—	—	—	—	—	—	—
Unreserved, reported in										
Special revenue funds	—	—	—	—	—	—	—	—	31,267,815	34,037,109
Capital project fund	—	—	—	—	—	—	—	—	—	—
Nonspendable	149,720	1,611,936	1,114,335	52,511	63,644	111,752	135,876	111,062	—	—
Restricted	39,927,597	33,388,341	23,791,701	8,560,596	6,669,584	—	—	—	—	—
Committed	13,278,063	—	—	—	—	—	—	—	—	—
Assigned	773,218	12,415,017	16,983,721	19,022,253	16,160,602	24,172,212	25,672,149	27,084,479	—	—
Unassigned	(2,678,906)	(1,519,639)	(944,534)	(914,430)	(995,944)	(924,913)	(213,777)	—	—	—
Total all other governmental funds	<u>51,449,692</u>	<u>45,895,655</u>	<u>40,945,223</u>	<u>26,720,930</u>	<u>21,897,886</u>	<u>23,359,051</u>	<u>25,594,248</u>	<u>27,195,541</u>	<u>31,267,815</u>	<u>34,037,109</u>
Total governmental fund balances	<u>\$81,897,352</u>	<u>\$74,804,638</u>	<u>\$68,282,398</u>	<u>\$48,571,991</u>	<u>\$38,406,091</u>	<u>\$36,596,313</u>	<u>\$38,158,817</u>	<u>\$44,762,210</u>	<u>\$51,766,763</u>	<u>\$60,325,124</u>

Notes: The County implemented GASB 54 during fiscal year 2010/11.

**COUNTY OF SAN BENITO**

Changes in Fund Balance - Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues:										
Taxes	\$ 23,700,680	\$ 18,817,375	\$ 17,173,324	\$ 16,855,575	\$ 15,685,513	\$152,078,722	\$ 14,444,893	\$ 14,560,800	\$ 15,110,446	\$ 16,324,293
Licenses and permits	1,598,127	1,294,916	1,757,688	759,936	988,892	874,270	764,244	890,078	802,321	859,554
Aid from other governments	56,157,066	44,205,957	45,379,095	45,484,109	40,239,368	39,942,184	40,498,522	42,392,956	41,790,197	43,622,820
Use of money or property	1,345,174	584,998	385,480	222,370	362,084	398,684	995,570	304,774	643,485	1,988,669
Fines, forfeits and penalties	1,314,162	3,502,470	2,469,281	2,959,499	1,014,266	1,315,372	1,109,556	1,311,104	884,903	1,204,310
Charges for services	9,232,526	8,952,217	8,840,711	7,958,833	8,760,820	6,796,601	7,376,382	7,144,250	5,950,541	7,645,493
Other revenue	1,102,244	1,214,385	1,561,943	2,241,644	680,371	722,489	913,295	1,116,027	869,279	914,743
Total Revenues	<u>94,449,979</u>	<u>78,572,318</u>	<u>77,567,522</u>	<u>76,481,966</u>	<u>67,731,314</u>	<u>65,257,422</u>	<u>66,102,462</u>	<u>67,719,989</u>	<u>66,051,172</u>	<u>72,559,882</u>
Expenditures:										
Current:										
General government	6,085,212	4,118,060	4,555,064	5,967,509	2,863,529	3,750,873	9,713,466	5,186,443	5,848,111	8,473,325
Public protection	31,194,175	29,832,391	27,722,110	27,225,640	24,273,597	25,674,417	26,698,531	32,234,130	28,458,308	27,804,398
Public ways and facilities	2,213,792	2,408,497	2,556,868	2,341,139	2,860,539	4,367,858	3,606,701	4,950,124	4,597,656	4,327,411
Health and sanitation	10,782,934	9,926,197	10,221,039	9,498,738	9,482,653	9,930,586	9,651,858	9,173,126	10,216,601	9,768,354
Public assistance	23,102,274	21,953,883	22,191,427	20,653,942	19,533,009	18,439,911	19,562,543	20,404,239	20,926,997	19,880,854
Education	1,050,265	991,421	904,665	1,045,146	985,158	812,642	791,108	1,456,158	1,046,484	937,628
Recreation and culture	251,366	162,256	142,257	138,010	125,063	581,967	377,356	729,216	193,013	803,730
Capital outlay	12,677,247	3,270,659	3,541,440	4,289,142	5,434,064	2,895,373	1,706,788	2,390,945	3,095,496	5,213,309
Debt Service:										
Principal	—	—	—	722,000	361,000	361,000	591,000	225,000	210,000	205,000
Interest	—	—	—	1,877	2,924	5,299	13,182	17,290	16,867	33,508
Total Expenditures	<u>87,357,265</u>	<u>72,663,364</u>	<u>71,834,870</u>	<u>71,883,143</u>	<u>65,921,536</u>	<u>66,819,926</u>	<u>72,712,533</u>	<u>76,766,671</u>	<u>74,609,533</u>	<u>77,447,517</u>
Excess (deficiency) of revenues over expenditures	<u>7,092,714</u>	<u>5,908,954</u>	<u>5,732,652</u>	<u>4,598,823</u>	<u>1,809,778</u>	<u>(1,562,504)</u>	<u>(6,610,071)</u>	<u>(9,046,682)</u>	<u>(8,558,361)</u>	<u>(4,887,635)</u>
Other Financing Sources (Uses):										
Transfers in	5,804,321	5,494,600	4,923,670	9,923,805	4,881,133	2,363,061	4,470,443	6,792,657	4,267,633	11,716,662
Transfers out	(5,804,321)	(5,493,255)	(4,921,311)	(4,356,728)	(4,881,133)	(2,363,061)	(4,463,765)	(6,629,538)	(4,267,633)	(11,716,662)
Proceeds from borrowing	—	—	—	—	—	—	—	18,790,008	—	—
Capital leases	—	25,211	—	—	—	—	—	—	—	52,668
Total other financing sources (uses)	<u>—</u>	<u>26,556</u>	<u>2,359</u>	<u>5,567,077</u>	<u>—</u>	<u>—</u>	<u>6,678</u>	<u>2,042,127</u>	<u>—</u>	<u>52,668</u>
Net change in fund balances	<u>7,092,714</u>	<u>5,935,510</u>	<u>5,735,011</u>	<u>10,165,900</u>	<u>1,809,778</u>	<u>(1,562,504)</u>	<u>(6,603,393)</u>	<u>(7,004,555)</u>	<u>(8,558,361)</u>	<u>(4,834,967)</u>
Fund balances, beginning of year	<u>74,804,638</u>	<u>68,869,128</u>	<u>62,547,387</u>	<u>38,406,091</u>	<u>36,596,313</u>	<u>38,158,817</u>	<u>44,762,210</u>	<u>51,766,765</u>	<u>60,325,124</u>	<u>65,160,091</u>
Fund balances, end of year	<u>\$ 81,897,352</u>	<u>\$ 74,804,638</u>	<u>\$ 68,282,398</u>	<u>\$ 48,571,991</u>	<u>\$ 38,406,091</u>	<u>\$ 36,596,313</u>	<u>\$ 38,158,817</u>	<u>\$ 44,762,210</u>	<u>\$ 51,766,763</u>	<u>\$ 60,325,124</u>

## COUNTY OF SAN BENITO

### Assessed Value and Estimated Actual Value of Taxable Property Last Ten Fiscal Years (in thousands)

Fiscal Year End June 30	Gross Assessed Value				Exempt <sup>d</sup>	Net Assessed Taxable Value <sup>e</sup>	Total Direct Tax Rate
	Secured <sup>a</sup>	Unsecured <sup>b</sup>	Utility <sup>c</sup>	Total			
2018	7,540,336	416,732	158,659	8,115,727	178,094	7,937,633	1.00%
2017	6,970,102	417,587	147,464	7,535,153	171,727	7,363,426	1.00%
2016	6,522,864	360,571	141,922	7,025,357	163,969	6,861,388	1.00%
2015	6,104,580	362,446	129,807	6,596,833	163,555	6,433,278	1.00%
2014	5,662,510	323,416	126,599	6,112,525	161,736	5,950,789	1.00%
2013	5,357,366	281,741	120,244	5,759,351	160,959	5,598,392	1.00%
2012	5,461,504	262,487	114,048	5,838,039	150,543	5,687,496	1.00%
2011	5,600,542	254,491	109,094	5,964,127	142,180	5,821,947	1.00%
2010	5,903,395	264,930	108,569	6,276,894	145,296	6,131,598	1.00%
2009	6,466,350	252,700	105,350	6,824,400	140,031	6,684,369	1.00%

- a. Secured property is generally real property, defined as land, mines, minerals, timber and improvements such as buildings, structures, crops, trees and vines.
- b. Unsecured property is generally personal property including machinery, equipment, tools and supplies.
- c. State regulated utility property. These are assessed by the State Board of Equalization
- d. Exempt properties include full and partial exclusions/exemptions provided by the State Constitution and the legislature that relieve certain taxpayers from the burden of paying property taxes.
- e. Due to the 1978 passage of the property tax initiative Proposition 13, the County does not track the estimated actual value of all county properties. Under Prop. 13 property is assessed at the 1978 market value with an annual increase limited to the lesser of 2% or the CPI on properties not involved in a change of ownership or properties that did not undergo new construction. Newly acquired property is assessed at its new market value (usually the purchase price) and the value of any new construction is added to the existing base value of a parcel. As a result, similar properties can have substantially different assessed values based on the date of purchase. Additionally, Prop. 13 limits the property tax rate to 1% of assessed value plus the rate necessary to fund local voter-approved bonds and special assessments.

Data Source: San Benito County Assessor's Annual Reports

## COUNTY OF SAN BENITO

### Property Tax Levies and Collections Last Ten Fiscal Years

Year Ending 6/30:	Taxes Levied (1)	Collections Within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2018	100,683,281	99,144,108	98%	N/A	99,144,108	99%
2017	90,443,837	89,172,281	99%	874,460	90,046,741	100%
2016	84,064,227	82,906,000	99%	865,685	83,771,685	100%
2015	77,259,690	76,200,565	99%	862,879	77,063,444	100%
2014	71,540,713	70,535,083	99%	849,400	71,384,482	100%
2013	67,648,211	66,400,726	98%	1,076,193	67,476,919	100%
2012	68,224,241	66,178,276	97%	1,763,760	67,491,036	100%
2011	69,133,645	66,871,670	97%	2,076,393	68,948,063	100%
2010	72,320,271	68,747,433	95%	3,242,939	71,990,372	100%
2009	79,082,862	74,064,443	94%	5,004,358	79,068,801	100%

Taxes Levied includes the Secured, Unsecured and Unitary Tax levy for the County and school districts, cities and special districts under the supervision of independent governing boards.

Note (1) Based on final levy after adjustments

Source: San Benito County Auditor

# COUNTY OF SAN BENITO

## Property Tax Rates as % of Assessed Value Direct and Overlapping Governments Last Ten Fiscal Years (Unaudited)

Fiscal Year	County of San Benito	Cities	Range of overlapping Rates (%):					
			Schools		Special Districts			
2018	1.000	n/a	0.0705		0.1514	—		0.2727
2017	1.000	n/a	0.0498		0.1330	—		0.2739
2016	1.000	n/a	0.0502	—	0.1068	—	—	0.2745
2015	1.000	n/a	0.0239	—	0.0962	0.0284	—	0.2784
2014	1.000	n/a	0.0248	—	0.0987	0.0300	—	0.2800
2013	1.000	n/a	0.0257	—	0.1107	0.0311	—	0.2811
2012	1.000	n/a	0.0217	—	0.0955	0.0008	—	0.2798
2011	1.000	n/a	0.0199	—	0.0889	0.0008	—	0.2784
2010	1.000	n/a	0.0163	—	0.0887	0.0010	—	0.2762
2009	1.000	n/a	0.0138	—	0.0816	0.0008	—	0.2734

Source: San Benito County Auditor



# COUNTY OF SAN BENITO

## Principal Property Taxpayers June 30, 2018 and June 30, 2017 (in millions)

Fiscal Year Ended June 30, 2018

Taxpayer	Assessed Value
Pacific Gas & Electric Co.	129.3
Natural Selection Foods LLC	82.7
Granite Rock Co.	77.5
McCormick Selph Inc. A Calif. Corp	30
Stone Canyon Ranch LLC	28.2
Award Homes Inc. A CA Corp	21.1
9351 Fairview LLC A CA LTD LIAB Co	24.8
Clearist Park Inc A Calif Corp	18.0
Northpointe Associates LLC	20.1
Delicato Vineyards A CA Corp	19.4

Fiscal Year Ended June 30, 2017

Taxpayer	Assessed Value
Pacific Gas & Electric Co.	119.7
Granite Rock Co.	73.3
Natural Selection Foods LLC	68.5
McCormick Selph Inc. A Calif. Corp	28.9
Stone Canyon Ranch LLC	27.7
Award Homes Inc. A CA Corp	20.8
Northpoint Associates LLC	19.8
TLF-SJB LLC a Calif LTD Liab Company	18.3
Diageo Chateau & Estate Wines Co A Cal Corp	17.2
Las Aguilas LLC a Cal LLC	16.9

# COUNTY OF SAN BENITO

## Ratios of Net General Bonded Debt Outstanding Last Ten Fiscal Years (Unaudited)

(In thousands, except Population and Per Capita)

Fiscal Year	General Bonded Debt	Restricted for Principal Repayment	Net Bonded Debt	Net Assessed Taxable Value of Property	Percentage of Taxable Value of Property	Population	Net Bonded Debt Per Capita
2017-18	—	—	—	7,937,633	0.00%	57,088	—
2016-17	—	—	—	7,363,427	0.00%	56,854	—
2015-16	—	—	—	6,861,388	0.00%	56,648	—
2014-15	—	—	—	6,433,278	0.00%	58,344	—
2013-14	—	—	—	5,950,789	0.00%	57,997	—
2012-13	—	—	—	5,598,392	0.00%	57,146	—
2011-12	—	—	—	5,687,496	0.00%	56,643	—
2010-11	235	—	235	5,821,947	0.00%	55,948	4.20
2009-10	455	—	455	6,131,598	0.01%	58,388	7.79
2008-09	665	—	665	6,684,369	0.01%	58,016	11.46

### Notes:

Debt information is derived from the San Benito County Audits. Taxable value of property is derived from the San Benito County Assessor's Annual Reports. The source for population figures for 2001-2005 is the California Bureau of Analysis. Population figures for 2006-2016 as of January 1 is estimated by the California Department of Finance.

# COUNTY OF SAN BENITO

## Ratio of Annual Debt Service Expenditures To Total General Governmental Expenditures Last Ten Fiscal Years (Unaudited)

Fiscal Year	Principal	Interest	Total Debt Service	Total General Government Expenditures	Ratio of Debt Service to General Government Expenditures
2017-18	—	—	—	5,871,065	0.00%
2016-17	—	—	—	4,820,901	0.00%
2015-16	—	—	—	6,913,665	0.00%
2014-15	—	—	—	2,872,536	0.00%
2013-14	—	—	—	3,682,386	0.00%
2012-13	230,000	5,060	235,060	9,867,243	2.38%
2011-12	225,000	17,290	242,290	5,186,443	4.67%
2010-11	210,000	16,867	226,867	5,848,111	3.88%
2009-10	205,000	33,508	238,508	8,473,325	2.81%
2008-09	195,000	44,446	239,446	6,847,551	3.50%

### Notes:

Total general government and debt service expenditures from the San Benito County Audits, Statement of Revenues, Expenditures and Changes in Fund Balances.

# COUNTY OF SAN BENITO

## Ratio of Outstanding Debt by Type Last Ten Fiscal Years (in thousands, except per capita)

	Fiscal Year									
	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
Governmental Activities:										
Capital Leases	71	105	—	—	—	—	—	18	77	120
Certificates of Participation	—	—	—	—	—	—	235	455	665	870
Total Governmental Activities	71	105	—	—	—	—	235	473	742	990
Business-type Activities:										
Landfill Closure & Post-closure	—	—	—	5,032	4,818	4,521	4,304	4,189	3,948	3,435
Total Business-type Activities	—	—	—	5,032	4,818	4,521	4,304	4,189	3,948	3,435
Total Primary Government	71	105	—	5,032	4,818	4,521	4,539	4,662	4,690	4,425
Percentage of Personal Income	2.29%	0.00%	0.00%	0.22%	0.22%	0.22%	0.23%	0.22%	0.22%	0.22%
Per Capita	1	2	—	87	84	80	81	84	81	77
Personal Income (thousands) (for PPI)	3,096,482	2,565,863	2,417,263	2,239,632	2,163,948	2,049,854	2,005,922	2,160,668	2,133,673	2,037,722
Population (per capita)	57,088	56,648	58,344	57,993	57,146	56,643	55,948	55,332	58,016	57,784

### Notes:

Personal income source figures for PPI and population figures for Per Capita in years 2001-02 through 2004-05 are from the California Bureau of Economic Analysis. For years 2008-09 through 2017-18 figures are from the California Department of Finance (see "Demographics and Economic statistics"). Financial information derived from San Benito County annual audits.

# COUNTY OF SAN BENITO

## Legal Debt Margin Last Ten Fiscal Years (Unaudited)

(In thousands)

Fiscal Year	DEBT LIMIT		DEBT APPLICABLE TO LIMIT			Legal Debt Margin	Total Net Debt to the Debt Limit as a %
	Net Assessed Value	Debt Limit- 5% of Assessed Value	General Bonded Debt	Restricted for Principal Repayment	Total Net Debt		
2017-18	7,937,633	396,882			—	396,882	0.00%
2016-17	7,363,427	368,171			—	368,171	0.00%
2015-16	6,861,388	343,069			—	343,069	0.00%
2014-15	6,433,278	321,664			—	321,664	0.00%
2013-14	5,950,789	297,539	—	—	—	297,539	0.00%
2012-13	5,598,392	279,920	—	—	—	279,920	0.00%
2011-12	5,687,496	284,375		—	—	284,375	0.00%
2010-11	5,821,947	291,097	235	—	235	290,862	0.08%
2009-10	6,131,598	306,580	455	—	455	306,125	0.15%
2008-09	6,684,369	334,218	665	—	665	333,553	0.20%

### Notes:

Net assessed value (of property) is derived from the San Benito County Assessor's Annual Reports. Debt information is derived from the San Benito County Annual Audits. Legal Debt Margin is the Debt Limit less Total Net Debt.

# COUNTY OF SAN BENITO

## Demographics and Economic Statistics Last Ten Years

	For the Year Ending									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Population (a)	60,310	59,414	58,792	58,267	57,594	56,871	56,174	55,532	54,436	54,267
Personal Income (In thousands) (a)	3,096,482	2,756,362	2,565,863	2,417,263	2,279,346	2,138,209	2,039,927	1,918,978	1,909,403	1,971,288
Per Capita Personal Income (a)	51,343	46,392	43,643	41,486	39,576	37,598	36,314	34,556	35,076	36,326
County Unemployment Rate (b)	5.8%	6.4%	7.6%	9.3%	11.1%	13.1%	14.5%	15.1%	14.0%	9.7%

### Notes:

(a) Source: U.S. Department of Commerce, Bureau of Economic Analysis, Local Area Personal Income, Revised as of 11-19-2015

(b) Source: U.S. Department of Labor, Bureau of Labor Statistics, Labor force data by county, annual averages.

## COUNTY OF SAN BENITO

### Construction and Building Activity Last Ten Years

Year	Residential Construction Valuation	Percent Change	Building Permits Issued	Percent Change
2017	60,706,055	-12.04%	147	-46.35%
2016	69,018,597	23.88%	274	46.52%
2015	55,716,190	108.06%	187	78.10%
2014	26,778,577	-18.81%	105	-26.57%
2013	32,983,998	227.54%	143	248.78%
2012	10,070,188	11.51%	41	28.13%
2011	9,030,401	-10.34%	32	-31.91%
2010	10,071,340	-11.33%	47	17.50%
2009	11,357,787	142.79%	40	110.53%
2008	4,678,036	-60.21%	19	-38.71%

Source: U.S. Census Bureau (<http://censtats.census.gov/cgi-bin/bldgprmt/bldgdisp.pl>).

**COUNTY OF SAN BENITO**

Full-time Equivalent County Government Employees by Department and by Function  
Last Ten Fiscal Years (Unaudited)

Fund/Dept/Div	Program/ Job Class Title	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
<b>General Government</b>											
101.10.1000	Board of Supervisors	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
101.15.1005	Clerk of the Board of Supervisors	4.0	2.0	3	1.8	1.8	2.0	2.0	2.0	2.0	2.0
101.15.1010	County Administrative Officer	4.0	5.0	4.0	4	2.8	3.2	3.8	3.8	3.8	3.8
101.15.1065	Information Technology	5.0	5.0	5.0	5.0	4.0	5.0	5.0	5.0	4.0	4.0
101.15.1075	GIS	1.0	1.0	1.0	1.0	1.0	1.0	1	0.5	0.2	0.2
101.25.1210	County Counsel	5.0	3.0	4	3.8	3.7	6.0	6.0	7.0	7.0	7
101.20.1145	County Auditor	11.0	9.0	9.7	9.8	7.5	10.7	11.7	11.7	11.1	12.1
101.30.1155	Treasurer	3.0	3.0	3	2.8	2.8	2.8	2.8	2.8	2.8	2.8
101.35.1170	Assessor	17.0	17.0	13.0	10.0	10.0	15.0	15.0	15.0	15.0	15.0
101.30.1160	Tax Collector	3.0	3.0	5	3.3	2.8	3.3	4.3	4.3	4.3	4.3
101.15.1080	Internal Services	4.0	3.0	2	3.5	2.8	3.8	4.5	4.5	3.8	3.8
101.20.1115	Elections	3.0	2.0	0.9	2.8	2.8	3.3	3.3	3.1	3.8	3.5
101.70.1290	Buildings & Grounds Maintenance	4.0	2.0	1.8	1.8	3.4	4.5	5.7	5.7	5.2	5.2
101.20.1140	Risk Management	—	—	—	—	0.5	0.5	0.5	0.5	0.5	0.5
<b>Total General Government</b>		<b>69</b>	<b>60</b>	<b>57.4</b>	<b>54.5</b>	<b>50.6</b>	<b>65.9</b>	<b>70.4</b>	<b>70.7</b>	<b>68.3</b>	<b>69.0</b>
<b>Public Protection</b>											
101.45.1205	District Attorney	11.0	12	11.0	9.0	9.0	11	12.5	13.5	13.5	12.5
101.40.1175	Sheriff's Operations	32.0	34	27.0	23	21.5	30.3	36.5	36.5	40.5	38.5
101.15.1035	Marshal's Office	—	—	—	—	—	—	1.8	1.8	1.8	1.8
101.40.1180	Communications	—	—	1	—	—	14.8	15.5	17	19.5	19.5
101.40.1195	Jail	26.0	25	24	25.5	24.5	25.5	30.5	30.5	32.5	32.5
101.50.1215	Probation	24.0	22	19.0	18.0	18.0	17	19.5	19.5	22.5	22.5
101.50.1220	Juvenile Hall	11.0	12	9.0	12.0	12.0	13.0	13.0	13.0	13.0	13.0
101.50.1225	Gang Prevention Program	1.0	—	2	1.8	2.0	2.0	2.0	1	—	—
101.60.1250	Agricultural Commissioner & Sealer of Weights and Measures	7.0	8	6	6.6	6.6	7.0	7	7.3	8.0	8.0
101.20.1120	County Clerk		1	3	0.5	0.2	1.2	1.2	1.8	2.0	2.0
101.20.1125	County Recorder	4.0	4	1.5	3	0.4	2.9	3.9	3.9	7.1	5.5
101.15.1045	Office of Emergency Services	2.0	2	2.0	1.0	1	1.5	1.5	2	1.5	1.5
101.65.1265	Planning	8.0	10	6.0	5.0	5.0	9.0	11	10.9	14.4	14.4
101.65.1270	Housing & Economic Development	—	—	—	1.0	1.0	1.0	1.0	1.0	1.0	1
101.15.1105	LAFCO	—	—	—	—	—	—	0.5	0.5	0.5	—
101.65.1275	Abandoned Vehicle Abatement	—	—	—	0.5	0.5	0.5	0.5	0.4	0.4	0.4
229.85.2530	Child Support Services	16.0	18	19.0	19.0	21.0	19.0	20.0	21.0	24.0	24.0
251.45.2980	Victim Witness Program	3.0	2	1.0	1.0	1.0	1.0	1.0	1.0	2.0	2.0



**COUNTY OF SAN BENITO**

Full-time Equivalent County Government Employees by Department and by Function  
Last Ten Fiscal Years (Unaudited)

Fund/Dept/Div	Program/ Job Class Title	2017/18	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
252.40.2990	UNET Anti-Drug Task Force	—	—	—	—	—	1.0	1.0	1.0	1.0	1.0
101.40.1190	Sheriff's State Grants	—	—	2.0	1.3	1.0	—	2.0	2.0	1.0	3.0
261.60.3050	Mosquito Abatement	1	1	2.0	1.5	1.4	1.4	1.4	1.2	1.5	1.5
	<b>Total Public Protection</b>	<b>146</b>	<b>151</b>	<b>135.5</b>	<b>129.6</b>	<b>126.1</b>	<b>159.0</b>	<b>183.3</b>	<b>186.8</b>	<b>207.6</b>	<b>204.5</b>
	<b>Public Ways and Facilities</b>										
101.70.1295	PW Administration & Engineering	9	9	7.0	5.3	4.5	5.5	7.8	9.1	9.4	11.6
210.70.2010	Road Maintenance	14	15	15.0	20.4	20.1	20.1	21.3	20.0	22.8	19.3
101.15.1090	Council of Governments (COG)	7	7	8.0	8.0	8.0	8.0	8.0	9.5	9.5	9.5
270.70.3080	CSA Maintenance & Operations	—	—	—	—	1.1	1.1	1.8	1.8	3.2	3.1
	<b>Total Public Ways and Facilities</b>	<b>30</b>	<b>31.0</b>	<b>30.0</b>	<b>33.6</b>	<b>33.7</b>	<b>34.6</b>	<b>38.8</b>	<b>40.4</b>	<b>44.9</b>	<b>43.4</b>
	<b>Health and Sanitation</b>										
228.90.2520	Mental Health	39	40	39.0	43.3	42.3	42.3	42.3	42.3	36.5	36.5
230.90.2540	Substance Abuse Treatment Program	7	7	10.0	11.8	11.8	11.8	11.8	11.8	8.8	8.8
224.80.2370	Public Health Programs	25	20	25.0	19.9	18.7	20.7	24.5	27.6	36.8	37.0
301.75.3800	Integrated Waste Management & Resource Recovery	1	1	—	2.0	2.0	2.3	2.3	2.3	2.2	2.2
	<b>Total Health and Sanitation</b>	<b>72</b>	<b>68.0</b>	<b>74.0</b>	<b>77.0</b>	<b>74.7</b>	<b>77.0</b>	<b>80.8</b>	<b>83.9</b>	<b>84.2</b>	<b>84.5</b>
	<b>Public Assistance</b>										
221.80.2285	Human Services Agency	124	111	98.0	81.0	70.5	71.5	72.3	67.5	69.0	67.0
222.80.2360	In-Home Supportive Services Public Authority	3	3	2.0	1.0	1.0	2.0	2.0	1.5	1.5	1.5
227.15.2475	Emergency Medical Services	2	2	3.0	3.0	3.0	3.0	3.0	3.0	1.3	—
240.80.2555	C.S.W.D. Department	9	10	23.0	8.0	8.3	10.3	13.0	13.3	9.8	9.8
256.80.3030	Migrant Labor Housing Center	2	3	4.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
101.15.1060	First 5	—	—	2.0	2.0	2.0	3.0	3.0	3.0	3.0	—
101.80.1310	Veteran Services	1	1	—	—	—	—	—	—	—	—
	<b>Total Public Assistance</b>	<b>141</b>	<b>130.0</b>	<b>132.0</b>	<b>98.0</b>	<b>87.8</b>	<b>92.8</b>	<b>96.3</b>	<b>91.3</b>	<b>87.5</b>	<b>81.3</b>
	<b>Education</b>										
101.55.1235	County Library	7	6	6.0	5.0	5.0	7.5	8.0	8.5	9.0	9.0
101.15.1110	Ag Extension / Farm Advisor	—	—	—	—	—	—	0.8	1.0	1.0	1.0
	<b>Total Education</b>	<b>7</b>	<b>6.0</b>	<b>6.0</b>	<b>5.0</b>	<b>5.0</b>	<b>7.5</b>	<b>8.8</b>	<b>9.5</b>	<b>10.0</b>	<b>10.0</b>
	<b>Recreation and Culture</b>										
101.70.1300	Veterans Memorial Park	0.5	0.5	0.6	0.7	0.9	0.9	0.9	0.9	1.2	1.2
101.70.1305	Parks	0.5	0.5	0.6	0.7	0.7	0.7	0.9	0.9	1.2	1.2
	<b>Total Recreation and Culture</b>	<b>1</b>	<b>1</b>	<b>1.2</b>	<b>1.4</b>	<b>1.6</b>	<b>1.6</b>	<b>1.8</b>	<b>1.8</b>	<b>2.3</b>	<b>2.3</b>
	<b>Total Positions</b>	<b>466</b>	<b>447.0</b>	<b>436.0</b>	<b>399.0</b>	<b>379.3</b>	<b>438.3</b>	<b>480.0</b>	<b>484.4</b>	<b>504.9</b>	<b>494.9</b>