

COUNTY OF SAN BENITO

STATE OF CALIFORNIA



Hernandez Reservoir: photo by Dina Bies

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For The Fiscal Year Ended
June 30, 2017



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	72
Budgetary Comparison Schedule - General Fund	73
Budgetary Comparison Schedule - Human Services Agency	82
Budgetary Comparison Schedule - Road Fund	83
Budgetary Comparison Schedule - Mental Health Fund	84
Budgetary Comparison Schedule - Family Support Fund	85
Schedule of Changes in the Net Pension Liability and Related Ratios – Miscellaneous Plan	86
Schedule of Contributions – Miscellaneous Plan	87
Schedule of Proportionate Share of the Net Pension Liability – Safety Plan	88
Schedule of Contributions – Safety Plan	89
Retiree Health Care Plan (OPEB) Schedule of Funding Progress	90

SUPPLEMENTARY INFORMATION:

Non-major Governmental Funds	
Nonmajor Special Revenue Funds	
Combining Balance Sheet	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	96
Required Budgetary Comparison Schedules - Individual Special Revenue Funds	

COUNTY OF SAN BENITO
Table of Contents (Continued)

	Page
FINANCIAL SECTION (Continued)	
Fish and Game	100
Victim Witness	101
Emergency Medical Services	102
Migrant Labor Camp	103
Community Services Workforce Development (CSWD)	104
Mosquito Abatement	105
County Service Areas (CSAs)	106
Family Support	85
Public Authority	107
Substance Abuse	108
Public Health	109
Cal Fire	110
Combining Balance Sheet - Nonmajor Governmental Funds	111
Combining Statement of Revenue, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	112
Required Budgetary Comparison Schedules - Individual Special Revenue Funds	
Capital Projects Fund	113
Required Budgetary Comparison Schedules - Enterprise Fund	
Solid Waste Fund	114
STATISTICAL SECTION (UNAUDITED)	
Financial Trends:	
Net Position by Component	116
Changes in Net Position	117
Fund Balances of Governmental Funds	119
Changes in Fund Balance - Governmental Funds	120
Revenue Capacity:	
Assessed Value and Estimated Actual Value of Taxable Property	121
Property Tax Levies and Collections	122
Property Tax Rates as % of Assessed Value	123
Principal Property Taxpayers	124
Debt Capacity:	
Ratios of Net General Bonded Debt Outstanding	125
Ratio of Annual Debt Service Expenditures	126
Ratio of Outstanding Debt by Type	127
Computation of Legal Debt Margin	128
Demographic and Economic Information:	
Demographics and Economic Statistics	129
Construction and Building Activity	130
Operating Information:	
Full-time Equivalent County Government Employees by Function	131

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COUNTY OF SAN BENITO

March 29, 2018

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

I am pleased to present this Fiscal Year 2016-2017 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, 2017. 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, 2017. 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 58,792. 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 risen significantly for the second year and are approaching the highest experienced since 2008 and 2009. The unemployment rate in the County improved from 8.2% in 2016 to 7.2% in 2017, but is higher than the State's March 2017 average of 4.9%. 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

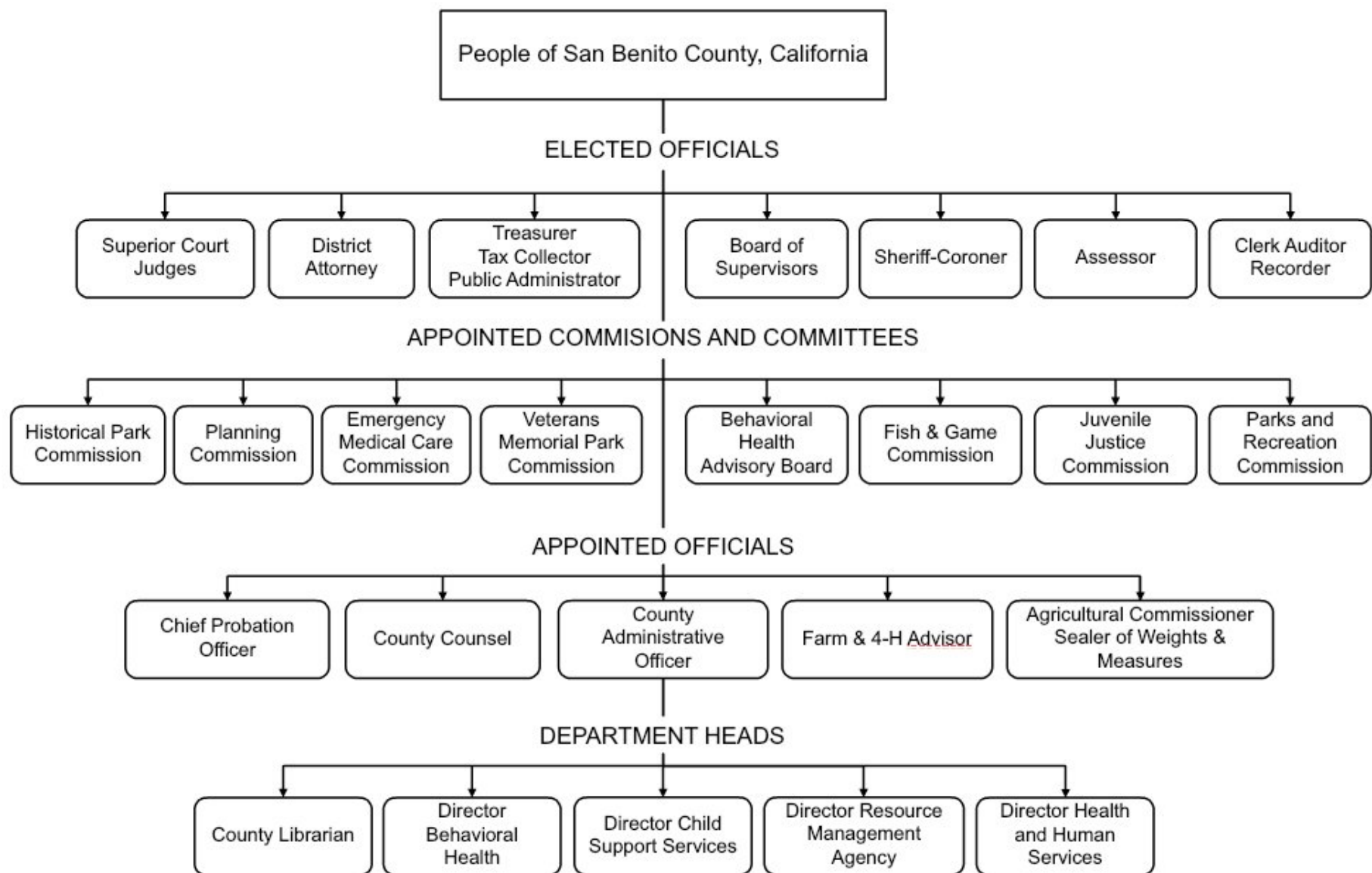
The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the Accounting Division of the Office of the Auditor. I would like to express my appreciation to all members of the Auditor's Office and County departments who assisted and contributed 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	Matthew Granger
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	Larry Perlin & James Walgren
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, 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, 2017, 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.

Auditors' 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 were unable to obtain audited financial statements supporting the Commission's other postemployment benefits and pension liabilities at June 30, 2017. 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, 2017, 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

Prior period adjustments

As disclosed in Note 15 to the financial statements, prior period adjustments were recorded for the correction of errors in prior year financial statements. 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 28, 2018 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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Roseville, California
March 28, 2018

COUNTY OF SAN BENITO
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2017

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, 2017. 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 \$129.6 million (net position). Of this total, \$291 thousand represented unrestricted net position, which is available to meet the County's ongoing obligations to citizens and creditors. \$37.7 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 \$91.6 million represents the County's net investment in capital assets.
- The County's total adjusted net position increased by \$9.2 million during the current fiscal year. The increase in net position represents the degree to which revenues exceeded expenses.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$74.8 million, an increase of \$5.9 million in comparison to the restated fund balance, explained in detail in Note 15. Approximately 19%, \$14.1 million, is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unrestricted fund balance (the total of the committed, assigned, and unassigned components of fund balance) for the general fund was \$26.1 million or approximately 79% of total general fund expenditures.
- Governmental fund tax revenue increased by 8.7% compared to the previous year.
- Landfill total net position decreased by \$286 thousand to an ending balance of \$5.5 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 30 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, Family Support, 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 24 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 91.

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

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. 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. Required supplementary information can be found beginning on page 71 of this report.

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

information shows how well the County stayed within the budget constraints it set for itself.

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 Special Revenue Funds, Capital Projects and Developer Projects Funds and can be found beginning on page 90 of this report. Additional budget-to-actual comparison schedules are presented for all individual special revenue funds for which annual budgets are legally adopted, along with the budget-to-actual comparison for the Capital Projects Fund.

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 \$129.6 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
	2017	2016	2017	2016	2017	2016	
Assets:							
Current and other assets	\$ 87,090	\$ 76,841	\$5,821	\$5,234	\$ 92,911	\$ 82,075	13.2%
Capital assets, net	90,932	92,365	777	825	91,709	93,190	-1.6%
Total assets	178,022	169,206	6,598	6,059	184,620	175,265	5.3%
Deferred outflows or resources:	18,021	5,755	32	13	18,053	5,768	213.0%
Liabilities:							
Current and other liabilities	7,088	5,974	947	132	8,035	6,106	31.6%
Long-term liabilities	58,981	50,537	166	124	59,147	50,661	16.8%
Total liabilities	66,069	56,511	1,112	256	67,182	56,767	18.3%
Deferred inflows of resources:	5,923	5,598	6	18	5,929	5,616	5.6%
Net Position:							
Net investment in capital assets	90,827	92,365	777	825	91,604	93,190	-1.7%
Restricted	37,667	26,081	—	132	37,667	26,213	43.7%
Unrestricted	(4,444)	(5,594)	4,735	4,842	291	(752)	-138.6%
Total net position, as restated	\$124,051	\$112,852	\$5,512	\$5,798	\$129,562	\$118,651	9.2%

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 \$9.4 million, a positive change of 5%, and liabilities increased by \$10 million, or 18.3%. Total net position increased by \$9.2 million as a result of current year activity, an increase of 9% over the previous year's restated net position.

Governmental Activities: During the current fiscal year, net position for governmental activities increased \$11.2 million from the prior fiscal year's original reported net position for an ending balance of \$124 million. Liabilities for governmental activities increased with the addition of capital lease obligations and a net pension liability that increased by \$9 million.

Business-type Activities: The business-type activities are represented by the County's landfill and total assets increased by \$539 thousand during the year. Total liabilities increased by \$856 thousand, partially a result of a revision to the post-closure class I estimated costs. Total net position decreased by \$286 thousand due to the post-closure adjustment and an increase to the net pension liability.

Changes in Net Position
For the Fiscal Year Ended June 30, 2017
(in thousands)

	Governmental Activities		Business-type Activities		Total		Percent
	2017	2016	2017	2016	2017	2016	Change
Revenues:							
Program revenues:							
Fees, fines and charges for services	\$ 12,077	\$ 11,719	\$ 1,147	\$ 1,112	\$ 13,224	\$ 12,831	3.1%
Operating grants and contributions	46,708	48,757	42	145	46,750	48,902	-4.4%
Capital grants and contributions	609	784	—	—	609	784	-22.3%
General revenues:							
Property taxes	15,895	14,904	—	—	15,895	14,904	6.6%
Other taxes	4,796	3,608	—	—	4,796	3,608	32.9%
Interest and investment earnings	585	385	39	18	624	403	55.0%
Other revenue	1,094	1,150	—	—	1,094	1,150	-4.9%
Transfers in (out)	1	2	(1)	(2)	—	—	—%
Total revenues	<u>\$ 81,765</u>	<u>\$ 81,310</u>	<u>\$ 1,227</u>	<u>\$ 1,273</u>	<u>\$ 82,992</u>	<u>\$ 82,582</u>	<u>0.5%</u>
Expenses:							
General government	\$ 4,390	\$ 4,821	\$ —	\$ —	\$ 4,390	\$ 4,821	-8.9%
Public protection	28,401	26,361	—	—	28,401	26,361	7.7%
Public ways and facilities	7,361	7,492	—	—	7,361	7,492	-1.7%
Health and sanitation	9,459	10,510	—	—	9,459	10,510	-10.0%
Public assistance	21,654	21,564	—	—	21,654	21,564	0.4%
Education	1,059	929	—	—	1,059	929	14.0%
Recreation and culture	(2)	139	—	—	(2)	139	-101.4%
Solid waste	—	—	1,513	752	1,513	752	101.2%
Total expenses	<u>\$ 72,322</u>	<u>\$ 71,816</u>	<u>\$ 1,513</u>	<u>\$ 752</u>	<u>\$ 73,835</u>	<u>\$ 72,568</u>	<u>1.7%</u>
Change in net position	9,443	9,494	(286)	521	9,157	10,015	-8.6%
Net position, beginning (as restated)	114,609	103,358	5,798	5,277	120,407	108,635	10.8%
Net position, ending	<u>\$ 124,052</u>	<u>\$ 112,852</u>	<u>\$ 5,512</u>	<u>\$ 5,798</u>	<u>\$ 129,564</u>	<u>\$ 118,650</u>	<u>9.2%</u>

Changes in Net Position. Governmental activities program revenue, which includes charges for services (service charges, fines and fees) and grants, decreased by \$1.9 million over the previous fiscal year, due to timing of grant revenues received. General revenues increased by \$2.3 million in large part due to an increase in property tax and other tax revenues. Expenditures for the fiscal year were \$72.3 million, an increase of \$506 thousand from last year due to disaster recovery costs of \$994 thousand experienced during the months of January through June 2017.

Business-type activities (Landfill) recorded \$714 thousand for post-closure expense and liability for a Class I Landfill that was not provisioned for at the time of closure. At fiscal year-end 2017, the County owned 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. Total expenditures were \$2 million, an increase of \$761 thousand over last year. The proprietary fund had a total net position of \$5.5 million at June 30, 2017.

IV. FINANCIAL ANALYSIS OF COUNTY'S 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

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.

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 resources. Such information is useful in assessing the County's financing requirements. The primary focus is to assess and analyze comparable activity between the current and prior fiscal year.

As of the end of the fiscal year, the County's governmental funds reported total fund balances of \$74.8 million, an increase of \$6 million from the previous year's restated fund balance. The increase in fund balance is mainly attributed to the General Fund and Other Governmental Funds. The Unassigned fund balance of \$14 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 \$36 million are funds with constraints placed on their use by those external to the County. Committed fund balance, found only in the General Fund, consisted of \$3 million for the purpose of funding the County's pension obligations. The Assigned funds of \$20 million are earmarked to meet the County's current and future needs. The Nonspendable balance of \$1.8 million 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.

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, 2017, unassigned fund balance totaled \$15.6 million, while the total fund balance amounted to \$28.9 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 5% (\$1.6 million) mainly due to the flooding disasters that occurred in January and February of 2017. Emergency evacuation and repair expenses were paid out of the disaster

recovery division of the General Fund totaling \$1 million for the fiscal year. The disaster has been recognized by the California Governor's Office of Emergency Services and the Federal Emergency Management Agency.

Revenues increased mainly due to increases in tax revenue of \$1.5 million. Growth in housing development has led to increases in property tax revenues from the previous fiscal year.

Human Services Agency. At June 30, 2017 restricted fund balance totaled \$5.3 million, a change in fund balance of \$429 thousand. There was minimal change in overall net activity of the fund, however, expenditures increased by \$734 thousand mainly due to indirect cost increases while revenues decreased by \$1.2 million due to a decrease in grant revenue from federal and state agencies over the previous year.

Road Fund. At June 30, 2017, restricted fund balance totaled \$2.3 million. The fund, which includes costs for road improvement projects experienced a decrease in overall expenditures of \$642 thousand compared to last fiscal year.

Mental Health Fund. At June 30, 2017 restricted fund balance totaled \$11.3 million, an increase of \$1.5 million over the previous fiscal year's restricted fund balance. Although revenues increased by \$43 thousand and expenditures decreased by \$412 thousand over the previous year, transfers out increased by \$850 thousand which was a result of a capital improvement project initiated during the fiscal year for the development of a new facility for the mental health and substance abuse departments.

Family Support Fund. At June 30, 2017 there was a negative restricted fund balance of \$(1.3) million, a decrease of \$1 million from the previous fiscal year. The decrease to fund balance was attributed mainly to unavailable revenue from other governments in the amount of \$1.5 million.

Tobacco Fund. At June 30, 2017 the assigned fund balance totaled \$707 thousand, an increase of \$20 thousand from the previous year as a result of interest earned for the fund.

Other Governmental Funds. The sum of the restricted, assigned and unassigned fund balances of the remaining governmental funds increased by \$3.4 million. An increase to other financing sources of \$900 thousand for Capital Improvement Project fund was the main contributor to the increase in net change in fund balance compared to last fiscal year. Included in this sum are all of the County's non-major Special Revenue funds, the Capital Improvement Projects Fund, and the Developer Projects Fund.

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

Revenues Classified by Source
(in thousands)

	FY 2017		FY 2016		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
Taxes	\$ 18,817	23.9%	\$ 17,173	22.1%	\$ 1,644	9.6 %
Licenses and permits	1,295	1.6%	\$ 1,758	2.3%	(463)	(26.3)%
Aid from other governments	44,206	56.3%	\$ 45,379	58.5%	(1,173)	(2.6)%
Use of money or property	585	0.7%	\$ 385	0.5%	200	51.8 %
Fines, forfeits, and penalties	3,502	4.5%	\$ 2,469	3.2%	1,033	41.8 %
Charges for services	8,952	11.4%	\$ 8,841	11.4%	112	1.3 %
Other revenue	1,214	1.5%	\$ 1,562	2.0%	(348)	(22.3)%
Total	<u>\$ 78,572</u>	<u>100%</u>	<u>\$ 77,567</u>	<u>100%</u>	<u>\$ 1,005</u>	<u>1.3 %</u>

Tax revenues account for 23.9% of all revenues received by the County. Overall tax revenues increased by 9.6% over the previous fiscal year.

License and permit revenues decreased by 26.3%, \$463 thousand, from the previous year. A result of a decrease in planning and construction permit revenue.

Aid from other governments decreased as a result of the reclassification to unavailable revenue for amounts received after sixty days of fiscal year end. Unavailable revenue increased by \$699 thousand over the previous fiscal year.

Revenues from the use of money, including investment earnings, ended the year at \$585 thousand compared to the prior year of \$385 thousand, an increase of 51.8%.

Expenditures - The following table presents expenditures by function compared to prior year's amounts in the governmental funds.

Expenditures by Function (in thousands)						
	FY 2017		FY 2016		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Change
General government	\$ 4,118	5.7%	\$ 4,555	6.3%	\$ (437)	(10)%
Public protection	29,832	41.1%	27,722	38.6%	2,110	7.6 %
Public ways and facilities	2,408	3.3%	2,557	3.6%	(148)	(5.8)%
Health and sanitation	9,926	13.7%	10,221	14.2%	(295)	(2.9)%
Public assistance	21,954	30.2%	22,191	30.9%	(238)	(1.1)%
Education	991	1.4%	905	1.3%	87	9.5 %
Recreation and cultural services	162	0.2%	142	0.2%	20	14.1 %
Capital outlay	3,271	4.5%	3,541	4.9%	(271)	(8)%
Total	<u>\$ 72,663</u>	<u>100%</u>	<u>\$ 71,835</u>	<u>100%</u>	<u>\$ 828</u>	<u>1.2 %</u>

Public protection expenditures increased by \$2.1 million over the previous fiscal year. Approximately \$1 million is due to expenditures resulting from disaster recovery costs associated with the flooding disaster during the months of January and February 2017.

All other functions experienced slight changes in overall expenditures, none exceeding \$500 thousand.

Proprietary Funds

The County has one enterprise-type proprietary fund, the John Smith Landfill (Landfill-Solid Waste Fund). Total operating revenue for the Landfill-Solid Waste Fund was \$1.2 million, comparable to the previous fiscal year. Of this, \$1.1 million in revenue came from charges for services. Expenditures for the year totaled \$1.5 million, a 100% increase over the previous fiscal year due to post-closure Class I costs recognized during the fiscal year. The Landfill's change in net position was a decrease of \$286 thousand, which resulted in an ending balance of \$5.5 million.

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, Road Fund, Mental Health, Family Support, Other Governmental Funds as well as the Landfill Fund.

The **General Fund** budget included \$38.2 million in General Fund revenues for the fiscal year. General fund tax revenues were budgeted at \$16 million with actual taxes collected of \$17.5 million. Revenue from licenses, permits, and franchises was budgeted at \$1.5 million with actual revenue collections of \$1.3 million, a variance due to lower than projected planning and construction permit revenue. Aid from other governments was budgeted at \$8.3 million with the actual revenue received of \$6.9 million which resulted from an unavailable revenue amount of \$1.1 million. Use of money was budgeted at \$95 thousand and \$227 thousand was earned. Fines, forfeitures, and penalties were budgeted at \$1.1 million with actual revenues collected of \$3.1 million,

largely due to a transfer of teeter funds to the General Fund, as per board actions. Charges for services were budgeted at \$10.3 million and actual revenues collected came in short at \$5 million. Other revenue was budgeted at \$951 thousand with actual revenue of \$414 thousand.

Budgeted total expenditures for the year were \$40.3 million while actual total expenditures were \$33.4 million. Significant contributors to the \$6.9 million variance are: \$1.9 million in lower than projected supplies and outside services, \$1.4 million in lower salary and benefit costs due to vacant positions, \$2 million in capital assets and \$1.5 million in lower than projected miscellaneous departmental expenses.

At fiscal year-end, fund balance increased by \$1.6 million; \$1 million more than the projected net change in fund balance.

The **Human Services Agency** (H.S.A) received \$19.4 million in revenue for the year, \$1 million more than projected. Actual expenditures were \$18.9 million, \$1.9 million less than was budgeted, primarily due to lower than anticipated employee related expenditures. Although there were transfers-in and out budgeted at the beginning of the fiscal year, no actual transfers occurred during the year. Ending fund balance for H.S.A. is \$5.3 million; an increase of \$429 thousand from the previous year's ending balance of \$4.8 million.

Road Fund revenue was budgeted at \$61.3 million while actual revenue was \$2.4 million. Transfers-in, which are largely influenced by actual projects costs in a given year, were budgeted at \$694 thousand and actual transfers-in were \$3 thousand. Expenditures were budgeted at \$62 million while actual expenditures were \$2 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 sources.

The **Mental Health Fund** budgeted revenues of \$7.3 million for fiscal year 2016-2017. Actual revenue for the year was \$7.5 million. Budgeted expenditures were \$7.4 million with actual expenditures of \$5.2 million. The Mental Health fund ended the fiscal year significantly 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 \$1.1 million but actual transfers-in was \$46 thousand recorded from the General Fund. Transfers-out was budgeted at \$1.1 million while actual transfers-out were \$849 thousand from capital projects and a contribution to an other governmental fund.

The **Family Support Fund** had budgeted revenues of \$1.7 million while actual revenue totaled \$484 thousand. The variance was attributed to unavailable revenues from other governments. Expenditures were budgeted at \$1.7 million while actual expenditures were \$1.5 million.

Other Governmental Funds include capital projects fund, developer projects fund and twenty-two special revenue funds that finance specific services for the benefit of County constituents. Among those are the impact fee funds, equipment, miscellaneous income, as well as various protective and health services. Funds with significant variances between budget and actual amounts include the Community Services Workforce and Development Fund, County Service Areas Fund, Public Health Fund, and Substance Abuse Fund. County Service Areas had less than anticipated services performed and expenditures associated to the purpose of the established county service area. Both Public Health and Substance Abuse had less expenditures than anticipated. Individual fund budget to actual information is included in the Supplementary Information section of the financial statements which begins on page 90.

Landfill-Solid Waste Fund received \$1.2 million in total operating revenues, 57% lower than was projected in the budget. Total operating expenditures were \$1.5 million, 25% higher than was budgeted, due to the unanticipated increase to post-closure Class I costs. The Landfill Fund includes capital outlay in their

appropriations and recording of expenditures 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 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 \$111.1 million, including the addition of \$3.3 million of depreciation for the year. The net asset value, or unrecovered cost of infrastructure, is \$59.4 million.

Original cost of property improvements is \$24 million with depreciation expense of \$857 thousand for the year, bringing total accumulated depreciation to \$14 million. Unrecovered cost (net asset value) at the end of the year is \$10.1 million.

A total of \$1.3 million was added in capital asset equipment, with \$435 thousand in equipment retirements, bringing total original cost to \$17.6 million at fiscal year-end. Accumulated depreciation totaled \$14.8 million, including \$727 thousand in depreciation expense for the year. The ending net asset value is \$2.8 million.

Significant increases to capital assets in fiscal year 2017 included:

- \$1.4 million towards acquisition of equipment.
- \$62 thousand towards ERP system upgrade, bringing total project costs to \$1.0 million. Total project costs are estimated at \$1.4 million.
- Added \$368 thousand for IT infrastructure upgrades, bringing total costs to \$994 thousand. The total budget is estimated at \$1 million.
- \$175 thousand towards construction of Adult Detention Center, bringing total project costs to \$1.4 million. Total project costs are estimated at \$20 million.
- \$72 thousand towards the acquisition of an Emergency Homeless Shelter, with total cost to date of \$904 thousand. It is scheduled to be completed in December of next year for a total estimated project

costs of \$1 million.

- \$122 thousand for the County Fire facilities for a total project to date cost of \$280 thousand versus a total budget of \$450 thousand.
- \$320 thousand was used to acquire property for the new Behavioral Health facility, bringing total cost to date to \$381 thousand. Total project cost is estimated at \$1 million.

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 \$2.9 million. This is a decrease of \$428 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 \$105 thousand.

The County's liability for unpaid claims associated to workers compensation, property loss, and other types of loss, increased by \$905 thousand during the fiscal year.

VII. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Total tax revenue collections increased by 9% in FY 16/17. Tax revenue is expected to continue to increase in the upcoming years as a result of the housing development projects within the County.

The County experienced a series of storms in January and February of 2017 that caused significant wide spread damage. The Governor and President of the United States have recognized the County of San Benito as a major disaster area. The County has responded by providing assistance to residents directly affected by the storm, as well as addressing repairs relating to roads and waterways. While the total estimated amount of damage is unknown at this time, the County anticipates additional costs related to the flooding disasters in the coming years as the rebuilding process continues. The County continues to work closely with the California Governor's office of Emergency Services and the Federal Emergency Management Agency (FEMA) to recover from this natural disaster.

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, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	First 5 of San Benito
Assets				
Cash and investments:				
Held in County treasury	\$ 62,307,101	\$ 4,688,349	\$ 66,995,450	\$ —
Other bank accounts	13,710,739	715,956	14,426,695	885,720
Imprest cash	4,693	—	4,693	—
Receivables	1,094,010	240,702	1,334,712	245,295
Due from other governments	8,173,245	175,656	8,348,901	—
Loan receivable	1,552,444	—	1,552,444	—
Inventories and other assets	247,806	—	247,806	185,125
Capital Assets:				
Nondepreciable	18,639,149	383,527	19,022,676	—
Depreciable, net	72,293,135	393,635	72,686,770	86,392
Total Assets	178,022,322	6,597,825	184,620,147	1,402,532
Deferred Outflows of Resources:				
PERS contributions	5,529,093	7,893	5,536,986	69,559
Deferred pension adjustments	12,491,685	24,559	12,516,244	—
Total Deferred Outflows of Resources	18,020,778	32,452	18,053,230	69,559
Liabilities				
Accounts payable and accrued liabilities	4,301,814	946,667	5,248,481	137,570
Due to other agencies	411,151	—	411,151	—
Deposits from others	1,383,945	—	1,383,945	—
Unearned revenues	376,728	—	376,728	—
Long- Term Liabilities:				
Portion due or payable within one year:				
Capital lease obligations	34,144	—	34,144	—
Compensated absences	294,433	—	294,433	—
Liability for unpaid claims	285,743	—	285,743	—
Portion due or payable after one year:				
Capital lease obligations	70,730	—	70,730	—
Compensated absences	2,649,900	567	2,650,467	—
Other-post employment benefits	222,755	33,178	255,933	—
Liability for unpaid claims	3,352,855	—	3,352,855	—
Net pension liability	52,685,102	131,761	52,816,863	382,830
Total Liabilities	66,069,300	1,112,173	67,181,473	520,400
Deferred Inflows of Resources:				
Deferred pension adjustments	5,923,319	6,018	5,929,337	15,817
Net Position				
Net investment in capital assets	90,827,410	777,162	91,604,572	86,392
Restricted	37,667,368	—	37,667,368	114,680
Unrestricted	(4,444,297)	4,734,924	290,627	734,802
Total Net Position	\$ 124,050,481	\$ 5,512,086	\$ 129,562,567	\$ 935,874

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

COUNTY OF SAN BENITO

Statement of Activities
For the Year Ended June 30, 2017

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	\$ 4,390,182	\$ 4,462,502	\$ 6,294,550	\$ —	\$ 6,366,870	\$ —	\$ 6,366,870	\$ —
Public protection	28,401,251	4,575,111	5,242,120	—	(18,584,020)	—	(18,584,020)	—
Public ways and facilities	7,361,125	1,554,749	1,563,749	—	(4,242,627)	—	(4,242,627)	—
Health and sanitation	9,459,400	1,037,176	11,549,447	—	3,127,223	—	3,127,223	—
Public assistance	21,653,802	35,146	22,019,138	608,538	1,009,020	—	1,009,020	—
Education	1,059,094	27,371	38,779	—	(992,944)	—	(992,944)	—
Recreation and culture	(1,682)	384,454	—	—	386,136	—	386,136	—
Debt Service:								
Interest	—	—	—	—	—	—	—	—
Total Governmental Activities	72,323,172	12,076,509	46,707,783	608,538	(12,930,342)	—	(12,930,342)	—
Business-type Activities:								
Solid Waste	1,512,811	1,147,041	41,969	—	—	(323,801)	(323,801)	
Total Primary Government	73,835,983	13,223,550	46,749,752	608,538	(12,930,342)	(323,801)	(13,254,143)	
Component Unit:								
First Five of San Benito	1,071,431		817,581	—				(253,850)
General Revenues:								
Taxes:								
Property taxes					15,895,467	—	15,895,467	—
Sales and use taxes					2,456,622	—	2,456,622	—
Franchise taxes					518,959	—	518,959	—
Other taxes					1,820,181	—	1,820,181	—
Interest and investment earnings					584,998	38,973	623,971	1,045
Miscellaneous					1,094,458	—	1,094,458	39,336
Transfers					1,345	(1,345)	—	—
Total General Revenues and Transfers					22,372,030	37,628	22,409,658	40,381
Change in Net Position					9,441,688	(286,173)	9,155,515	(213,469)
Net position - June 30, 2016 (As restated)					114,608,793	5,798,259	120,407,052	1,149,343
Net position - June 30, 2017					\$ 124,050,481	\$ 5,512,086	\$ 129,562,567	\$ 935,874

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, 2017

	General	Human Services Agency	Road	Mental Health	Family Support	Tobacco Securitization	Other Governmental Funds	Total
<u>Assets</u>								
Cash and investments:								
Held in County treasury	\$ 17,633,318	\$ 5,130,680	\$ 2,412,271	\$ 10,723,440	\$ 90	\$ —	\$ 26,407,302	\$ 62,307,101
Other bank accounts	8,678,443	—	—	—	—	4,861,242	171,054	13,710,739
Imprest cash	1,193	—	—	3,450	—	—	50	4,693
Receivables	1,048,026	38,276	—	—	—	—	7,708	1,094,010
Loan receivable	—	—	—	—	—	—	1,552,444	1,552,444
Due from other funds	1,367,697	191,246	—	—	—	—	—	1,558,943
Due from other governments	1,540,996	1,229,114	263,220	1,321,531	1,487,488	—	2,330,896	8,173,245
Advances to other funds	4,154,714	—	—	—	—	—	484,063	4,638,777
Inventories and other assets	188,314	—	49,516	—	—	—	9,976	247,806
Total Assets	34,612,701	6,589,316	2,725,007	12,048,421	1,487,578	4,861,242	30,963,493	93,287,758
<u>Liabilities</u>								
Accounts payable and accrued liabilities	2,555,221	382,360	132,083	325,107	60,798	—	846,245	4,301,814
Due to other funds	—	—	—	—	1,230,003	—	328,940	1,558,943
Due to other governments	140,838	208,184	—	—	—	—	62,129	411,151
Advances from other funds	—	—	—	—	—	4,154,714	484,063	4,638,777
Deposits from others	1,369,969	—	—	—	—	—	13,976	1,383,945
Unearned revenues	232,238	144,490	—	—	—	—	—	376,728
Liability for unpaid claims	285,743	—	—	—	—	—	—	285,743
Total Liabilities	4,584,009	735,034	132,083	325,107	1,290,801	4,154,714	1,735,353	12,957,101
<u>Deferred Inflows of Resources</u>								
Unavailable revenues	1,119,709	584,177	263,220	403,779	1,487,488	—	1,667,646	5,526,019
<u>Fund Balances</u>								
Nonspendable	188,314	—	49,516	—	—	—	1,562,420	1,800,250
Restricted	2,621,709	5,270,105	2,280,188	11,319,535	—	—	14,518,513	36,010,050
Committed	3,000,000	—	—	—	—	—	—	3,000,000
Assigned	7,520,751	—	—	—	—	706,528	11,708,489	19,935,768
Unassigned	15,578,209	—	—	—	(1,290,711)	—	(228,928)	14,058,570
Total Fund Balances	28,908,983	5,270,105	2,329,704	11,319,535	(1,290,711)	706,528	27,560,494	74,804,638
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 34,612,701	\$ 6,589,316	\$ 2,725,007	\$ 12,048,421	\$ 1,487,578	\$ 4,861,242	\$ 30,963,493	\$ 93,287,758

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, 2017

Fund Balance - Total governmental funds	\$ 74,804,638
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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.	90,932,284
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Other assets are not available to pay for current period expenditures and therefore, are deferred in the governmental funds.	5,526,019
---------------------------------------------------------------------------------------------------------------------------------	-----------

Deferred outflows and inflows of resources related to pensions are applicable to future periods, and therefore, are not reported in the governmental funds.	12,097,459
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Long-term liabilities are not due and payable in the current period,
and therefore, are not reported in the governmental funds.

Capital leases	(104,874)	
Other post-employment benefits	(222,755)	
Liability for unpaid claims	(3,352,855)	
Compensated absences	(2,944,333)	
Net pension liability	<u>(52,685,102)</u>	(59,309,919)

Net position of governmental activities	<u>\$ 124,050,481</u>
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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, 2017**

	General	Human Services Agency	Road	Mental Health	Family Support	Tobacco Securitization	Other Governmental Funds	Total
<u>Revenues</u>								
Taxes	\$ 17,511,984	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,305,391	\$ 18,817,375
Licenses, permits and franchises	1,294,916	—	—	—	—	—	—	1,294,916
Aid from other governments	6,867,855	18,817,871	2,356,312	7,305,327	484,393	—	8,374,199	44,205,957
Use of money or property	226,788	34,755	17,007	87,060	—	19,902	199,486	584,998
Fines, forfeits and penalties	3,134,899	—	—	—	—	—	367,571	3,502,470
Charges for services	4,979,369	7,486	—	148,521	—	—	3,816,841	8,952,217
Other revenue	413,610	496,275	55,695	5,268	—	—	243,537	1,214,385
Total Revenues	34,429,421	19,356,387	2,429,014	7,546,176	484,393	19,902	14,307,025	78,572,318
<u>Expenditures</u>								
Current								
General government	4,118,060	—	—	—	—	—	—	4,118,060
Public protection	26,873,672	—	—	—	1,535,087	—	1,423,632	29,832,391
Public ways and facilities	—	—	1,887,733	—	—	—	520,764	2,408,497
Health and sanitation	—	—	—	5,245,988	—	—	4,680,209	9,926,197
Public assistance	577,047	18,896,343	—	—	—	—	2,480,493	21,953,883
Education	991,421	—	—	—	—	—	—	991,421
Recreation and culture	162,256	—	—	—	—	—	—	162,256
Capital outlay								
General government	77,808	—	—	—	—	—	437,062	514,870
Public protection	601,798	—	—	—	—	—	338,898	940,696
Public ways and facilities	—	—	521,683	—	—	—	611,104	1,132,787
Health and sanitation	—	—	—	—	—	—	318,419	318,419
Public assistance	—	30,717	—	—	—	—	161,529	192,246
Education	21,500	—	—	—	—	—	—	21,500
Recreation and culture	—	—	—	—	—	—	150,141	150,141
Total Expenditures	33,423,562	18,927,060	2,409,416	5,245,988	1,535,087	—	11,122,251	72,663,364
Excess (deficiency) of revenues over expenditures	1,005,859	429,327	19,598	2,300,188	(1,050,694)	19,902	3,184,774	5,908,954
<u>Other Financing Sources (Uses)</u>								
Transfers in	1,957,068	—	3,194	45,772	—	—	3,488,566	5,494,600
Transfers out	(1,416,330)	—	—	(849,472)	—	—	(3,227,453)	(5,493,255)
Capital Leases	25,211	—	—	—	—	—	—	25,211
Total other financing sources (uses)	565,949	—	3,194	(803,700)	—	—	261,113	26,556
<u>Net change in fund balances</u>	1,571,808	429,327	22,792	1,496,488	(1,050,694)	19,902	3,445,887	5,935,510
Fund balances - beginning of year, as restated	27,337,175	4,840,778	2,306,912	9,823,047	(240,017)	686,626	24,114,607	68,869,128
Fund balances - end of year	\$ 28,908,983	\$ 5,270,105	\$ 2,329,704	\$ 11,319,535	\$ (1,290,711)	\$ 706,528	\$ 27,560,494	\$ 74,804,638

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, 2017

Net change in fund balances- total governmental funds		5,935,510
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	3,297,444	
Less current year depreciation	<u>(4,833,992)</u>	(1,536,548)
Capital lease financing is not reported as revenue in the statement of activities		(25,211)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		3,197,716
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	24,458	
Change in compensated absences	123,450	
Change in liability for unpaid claims	(764,664)	
OPEB annual required contribution	(139,927)	
Current year pension cost difference	<u>2,626,904</u>	1,870,221
Change in net position of governmental activities		<u><u>\$ 9,441,688</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, 2017

	Business-type Activities Solid Waste Fund
Assets	
Current Assets:	
Cash and investments	\$ 4,688,349
Accounts receivable	240,702
Due from other governments	175,656
Total Current Assets	5,104,707
Noncurrent Assets:	
Restricted Assets:	
Cash and investments	715,956
Capital Assets:	
Nondepreciable:	
Land	313,079
Construction in process	70,448
Depreciable:	
Structures and improvements	806,263
Equipment	74,145
Accumulated depreciation	(486,773)
Total Noncurrent Assets	1,493,118
Total Assets	6,597,825
Deferred Outflows of Resources	
PERS contributions	7,893
Deferred pension adjustments	24,559
Total Deferred Outflows of Resources	32,452
Liabilities	
Current Liabilities -	
Accounts payable and accrued liabilities	946,667
Long-Term Liabilities -	
Compensated absences	567
Other post-employment benefits	33,178
Net pension liability	131,761
Total Liabilities	1,112,173
Deferred Inflows of Resources	
Deferred pension adjustments	6,018
Net Position	
Net investment in capital assets	777,162
Unrestricted	4,734,924
Total Net Position of business-type activities	5,512,086

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, 2017

	Business-type Activities Solid Waste Fund
Operating Revenues:	
Aid from other governmental units	\$ 41,969
Charges for services	1,147,041
Total Operating Revenues	1,189,010
Operating Expenses:	
Salaries, wages and employee benefits	79,528
Services and supplies	588,857
Landfill closure and postclosure charges	744,931
Indirect Costs	51,757
Depreciation and amortization	47,738
Total Operating Expense	1,512,811
Net Operating Income	(323,801)
Non-Operating Revenues (Expenses)	
Transfers In (Out)	(1,345)
Interest income	38,973
Total Non-Operating Revenues (Expenses)	37,628
Change in Net Position	(286,173)
Net position - beginning of year	5,798,259
Net position - end of year	\$ 5,512,086

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, 2017

	Business-type Activities
	Fund
Cash Flows from Operating Activities	
Receipts from customers	\$ 1,159,870
Payments to suppliers for goods and services	(517,462)
Payments to employees for salaries and benefits	(73,225)
Payments - other	(49,235)
Net cash provided by operating activities	519,948
Cash Flows from Noncapital Financing Activities	
Transfers Out	(1,345)
Net cash provided (used) by noncapital financing activities	(1,345)
Cash Flows from Capital and Related Financing Activities	
Cash purchase of capital assets	—
Net cash provided by capital and related financing activities	—
Cash Flows from Investing Activities	
Interest received	38,973
Net cash provided by investing activities	38,973
Net Increase (Decrease) in Cash and Cash Equivalents	557,576
Cash and cash equivalents, July 1	4,846,729
Cash and cash equivalents, June 30	\$ 5,404,305
Reconciliation of cash and investments to the Statement of Net Position	
Current assets - cash and investments	\$ 4,688,349
Restricted assets - cash and investments	715,956
	\$ 5,404,305
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:	
Operating income	\$ (323,801)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	47,738
(Increase) decrease in:	
Receivables	(29,140)
Deferred outflows of resources	(19,553)
Increase (decrease) in:	
Payables	815,120
Compensated absences	(1,338)
Other post-employment benefits	8,846
Net pension liability	34,132
Deferred inflows of resources - pension adjustments	(12,056)
Total adjustments	843,749
Net cash provided by operating activities	\$ 519,948

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

COUNTY OF SAN BENITO

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Investment Trust	Agency Funds
Assets		
Current Assets:		
Cash and investments	\$ 125,424,353	\$ 4,647,220
Taxes receivable	—	4,852,988
Total Assets	125,424,353	9,500,208
Liabilities		
Liabilities:		
Agency obligations	—	9,500,208
Total Liabilities	—	9,500,208
Net Position		
Held in trust for pool participants	125,424,353	
Total Net Position	\$ 125,424,353	

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, 2017

	Investment Trust
Additions:	
Contributions to pooled investments	\$ 550,268,716
Investment Income (net of administrative expense)	681,772
Total additions	550,950,488
Deductions:	
Distributions from pooled investments	526,446,962
Total deductions	526,446,962
Change in net position	24,503,526
Net position - beginning of year	100,920,827
Net position - end of year	\$ 125,424,353

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, 2017

	Page
1. Summary of Significant Accounting Policies	30
2. Cash and Investments	40
3. Interfund Transactions	47
4. Receivables	49
5. Capital Assets	50
6. Long-Term Debt	52
7. Contingencies	52
8. Leases	53
9. Excess of Expenditures Over Appropriations in Individual Funds	53
10. Deficit Fund Balances	54
11. Closure and Post-closure Care Cost	54
12. Pension Plans	55
13. Other Post-Employment Benefits (OPEB)	64
14. Risk Management	66
15. Prior Period Adjustments	66
16. Authoritative Pronouncements Issued But Not Yet Adopted	68
17. Fund Balances	70
18. Tax Abatements	71



COUNTY OF SAN BENITO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

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, three of whom are officers of the County, while the remaining seven 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 *Family Support fund* is unique in that administration of the fund is operated through a Regional department, which consists of departments of Child Support Services in the Counties of San Benito and Santa Cruz. Administrative services were consolidated through a Memorandum of Understanding to improve performance of public services. This department is primarily funded through State and Federal revenue sources.
- 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 and in the General Fund with Trindel Insurance. 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, 2017, the County had reported \$4,861,242 in the Tobacco Securitization Fund and \$8,678,443 in the General Fund with Trindel Insurance and Public Agency Retirement Services (PARS).

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 does not calculate an allowance for uncollectible 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	2 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 will sometimes report 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 will sometimes report 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)

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 department level for the County. Department 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. Reclassifications

Certain reclassifications have been made to the prior year's financial statements to conform to the current year presentation.

S. Subsequent Events

Subsequent events have been evaluated through March 28, 2018.

T. Effects of New Pronouncements

The County did not implement any Governmental Accounting Standards Board (GASB) Statements in the current financial statements. For a list of pronouncements that the County will be implementing in the coming years please see Note 16.

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 or will not 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 \$2,180,255. 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 \$1,799,794 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.

At June 30, 2017, the carrying amount of the Pool's deposits was \$(1,911,045) and the corresponding bank balance was \$2,180,255. The difference of \$(4,091,300) was principally due to outstanding warrants, deposits in transit and EFT payroll tax payments.

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, 2017, 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
Money Market Funds	\$ 7	NR	NR	—%
Commercial Paper	9,998,700	A1	P1	5.02%
Commercial Paper	9,971,700	A1	P1	5.01%
Commercial Paper	9,971,700	A1	P1	5.01%
Certificates of Deposit	3,000,600	A1	A1	1.51%
Certificates of Deposit	4,267,986	A+	Aa3	2.14%
Certificates of Deposit	2,001,560	A+	Aa3	1.01%
Certificates of Deposit	10,014,700	A1	Aa3	5.03%
Certificates of Deposit	9,004,050	A1	P1	4.52%
Certificates of Deposit	9,002,250	A	A1	4.52%
Certificates of Deposit	3,002,190	A2	A	1.51%
Certificates of Deposit	2,999,790	A1	A	1.51%
Certificates of Deposit	4,006,480	A+	Aa3	2.01%
Certificates of Deposit	13,022,100	A+	Aa3	6.54%
Certificates of Deposit	3,999,280	A+	Aa3	2.01%
Certificates of Deposit	5,000,850	A+	Aa3	2.51%
Certificates of Deposit	7,248,550	A1	NR	3.64%
Corporate Bond	14,378,712	A	A1	7.22%
Corporate Bond	5,242,484	A-	A2	2.63%
Corporate Bond	6,034,750	A1	A1	3.03%
Corporate Bond	7,047,950	A	A2	3.54%
Corporate Bond	9,478,490	AA-	Aa2	4.76%
Corporate Bond	4,014,400	A+	Aa3	2.02%
Corporate Bond	3,012,330	AA-	Aa2	1.51%
CAMP	14,800,000	AAAm	NR	7.44%
LAIF	28,500,000	NR	NR	14.32%
Total	<u>\$ 199,021,609</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, 2017, 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	9,998,700	5.02%
Chesham FIN CP	Commercial Paper	9,971,700	5.01%
Manhattan Asset CP	Commercial Paper	9,971,700	5.01%
Standard Chartered BK NY YCD	Certificate of Deposit	10,014,700	5.03%
BK Nova Scotia Houston TX	Certificate of Deposit	13,022,100	6.54%
HSBC BK USA MTN	Corporate Note	14,378,712	7.22%
CAMP	Government Sponsored	14,800,000	7.44%
LAIF	Government Sponsored	28,500,000	14.32%

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, 2017 the County had the following investment maturities:

2017	109,885,002
2018	36,358,110
2019	9,478,490
Total	<u>\$155,721,602</u>

The amount in the Local Agency Investment Fund (LAIF), managed by the State Treasurer for the State of California, is \$28.5 million at June 30, 2017. 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).

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, 2017:

Investment Earnings	\$	1,648,685
Net decrease in fair value of investments		(99,727)
Less Administrative Expenses		409,039
Net Investment Income		<u>1,139,919</u>

The following is a summary of investments held by the County as of June 30, 2017:

Investment	Fair Value	Current Yield Range	Maturity Range	Weighted Average Maturity
Treasurer's pooled investments				
CAMP	\$ 14,800,000	1.09%	On Demand	On Demand
LAIF	28,500,000	0.98%	On Demand	On Demand
Certificate of Deposits - Negotiable	76,570,386	0.00 - 1.58%	07/17-07/18	164 days
Commercial Paper - Discount	29,942,100	1.16 - 1.24%	07/17-09/17	58 days
Corporate Bonds	42,182,386	0.00 - 5.98%	08/17-05/19	253 days
Non US Corporate Bonds	7,026,730	0.01 - 0.79%	04/18-05/18	253 days
Money Market Funds	7	0.86%	On Demand	On Demand
Total pooled investments	199,021,609			
Investments held with fiscal agents:	15,312,415			
Cash in banks:				
Non-interest bearing deposits	(1,954,586)			
Imprest cash:	4,693			
Total cash and investments	<u>212,384,131</u>			
Total unrestricted cash and investments	197,071,716			
Total restricted cash and investments	15,312,415			
Total cash and investments	<u>212,384,131</u>			
Total cash and investments summary:				
Total governmental activities	76,022,533			
Total business-type activities	5,404,305			
Total fiduciary funds	130,071,573			
Total component unit	885,720			
Total cash and investments	<u>212,384,131</u>			

The following is a reconciliation between cash and investments and the Net Position of the Treasurer's investment pool as of June 30, 2017:

Total cash and investments	212,384,131
Less: Investments held with fiscal agents	(15,312,415)
Less: imprest cash	(4,693)
Add: fair value decrease	99,727
Add: outstanding checks/deposits	4,091,304
	<u>201,258,054</u>

The following represents a condensed Statement of Net Position and Changes in Net Position for the Treasurer's investment pool as of June 30, 2017:

Statement of Net Position

Net position held in trust	<u>\$ 201,258,054</u>
Equity of internal pool	\$ 75,833,701
Equity of external pool participants	<u>125,424,353</u>
Total equity	<u>\$ 201,258,054</u>

Statement of Changes in Net Position

Net position held for pool participants, July 1, 2016	\$ 175,318,907
Net change in investments by pool	<u>25,939,147</u>
Net position held for pool participants, June 30, 2017	<u>\$ 201,258,054</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 has the following recurring fair value measurements as of June 30, 2017:

		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)
Investments by fair value level				
Debt securities				
Certificate of Deposits - Negotiable	\$ 76,570,386	\$ —	\$ 76,570,386	\$ —
Commercial Paper - Discount	29,942,100	—	29,942,100	—
Corporate Bonds	42,182,386	—	42,182,386	—
Non US Corporate Bonds	7,026,730	—	7,026,730	—
Total investments measured at fair value	<u>155,721,602</u>	<u>\$ —</u>	<u>\$ 155,721,602</u>	<u>\$ —</u>
Investments measured at amortized cost				
CAMP	\$ 14,800,000			
LAIF	28,500,000			
Money Market Funds	7			
Total pooled and directed investments	<u>\$ 199,021,609</u>			

Restricted Cash and Investments

Cash and Investments at June 30, 2017 that are restricted by legal or contractual requirements are comprised of the following:

Governmental Activities	
General Fund	
Trindel Insurance Fund	5,545,693
Tobacco Securitization Capital Projects	4,861,242
Total General Fund	10,406,935
Post Employment Benefit Trust	3,132,750
Migrant Camp	171,054
Total governmental activities	13,710,739
Business-type Activities	
Integrated Waste Management Fund	
Financial assurance for landfill corrective action	715,956
Total business-type activities	715,956
Component Unit	
First 5 of San Benito	885,720
Total component unit	885,720
Total restricted cash and investments	15,312,415

NOTE 3. INTERFUND TRANSACTIONS

Interfund Receivables/Payable

The composition of interfund balances as of June 30, 2017 is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
Due to/from other funds:			
General Fund	Family Support	1,230,003	Interfund borrowing
General Fund	Non-major governmental fund	137,694	Interfund borrowing
Human Services Agency	Non-major governmental fund	191,246	Interfund borrowing
		1,558,943	
Advances to/from funds:			
General Fund	Tobacco Securitization fund	4,154,714	Capital improvement projects
Non-major governmental fund	Non-major governmental fund	484,063	Capital loan*
		\$ 4,638,777	
	Total interfund balances	\$ 6,197,720	

*The \$484,063 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	258,303	Funding for operations
General Fund	Non-major governmental fund	4,125	Funding for operations
General Fund	Non-major governmental fund	1,060,130	Funding for capital outlay
General Fund	Non-major governmental fund	48,000	Funding for operations
Non-major governmental fund	Non-major governmental fund	2,331	Funding for operations
Non-major governmental fund	Non-major governmental fund	39,791	Funding for capital outlay
Non-major governmental fund	General Fund	88,022	Funding for operations
Mental Health	Non-major governmental fund	530,000	Funding for operations
Mental Health	Non-major governmental fund	319,472	Funding for capital outlay
Non-major governmental fund	Non-major governmental fund	72,669	Funding for capital outlay
Non-major governmental fund	Non-major governmental fund	122,910	Funding for capital outlay
Non-major governmental fund	General Fund	17,125	Funding for operations
Non-major governmental fund	Non-major governmental fund	603,991	Funding for capital outlay
Non-major governmental fund	Non-major governmental fund	110,845	Funding for capital outlay
Non-major governmental fund	Road Fund	1,849	Funding for operations
Landfill Fund	Road Fund	1,345	Funding for operations
Non-major governmental fund	Non-major governmental fund	216,000	Funding for operations
Non-major governmental fund	Non-major governmental fund	100,000	Funding for capital outlay
Non-major governmental fund	General Fund	1,851,920	Funding for operations
		<u>\$ 5,494,600</u>	

Transfers out, reported in	Statement of Revenues, Expenditures and	
	Changes in Fund Balances:	
	Governmental Funds	\$ 5,493,255
	Statement of Revenues, Expenses and	
	Changes in Net Position:	
	Proprietary Funds	\$ 1,345
		<u>\$ 5,494,600</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 \$1,552,444 was recorded as housing loans receivable under other governmental funds at June 30, 2017. 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, 2017, 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	Family Support	Other Governmental	Total Governmental Funds
Accounts receivable	\$ 1,048,026	\$ 38,276	\$ —	\$ —	\$ —	\$ 7,708	\$ 1,094,010
Loan receivable	—	—	—	—	—	1,552,444	1,552,444
Due from other governments	1,540,996	1,229,114	263,220	1,321,531	1,487,488	2,330,896	8,173,245
Totals	<u>\$ 2,589,022</u>	<u>\$ 1,267,390</u>	<u>\$ 263,220</u>	<u>\$ 1,321,531</u>	<u>\$ 1,487,488</u>	<u>\$ 3,891,048</u>	<u>\$ 10,819,699</u>

Proprietary Fund:

	Solid Waste
Accounts receivable	\$ 240,702
Due from other governments	\$ 175,656
Totals	<u>\$ 416,358</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017 was as follows:

	Balance June 30, 2016	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2017
Governmental Activities					
Capital assets, not being depreciated:					
Land	1,221,028	320,000	—	—	1,541,028
Construction in progress	15,525,372	1,572,749			17,098,121
Total capital assets, not being depreciated	16,746,400	1,892,749	—	—	18,639,149
Capital assets, being depreciated:					
Infrastructure	170,495,871	—	—	—	170,495,871
Improvements	23,880,726	103,060	—	—	23,983,786
Equipment	16,603,048	1,301,635	(435,350)	135,662	17,604,995
Total capital assets, being depreciated	210,979,645	1,404,695	(435,350)	135,662	212,084,652
Less accumulated depreciation for:					
Infrastructure	(107,811,386)	(3,250,088)	—	—	(111,061,474)
Improvements	(13,073,144)	(856,864)	—	—	(13,930,008)
Equipment	(14,476,804)	(727,040)	435,350	(31,541)	(14,800,035)
Total accumulated depreciation	(135,361,334)	(4,833,992)	435,350	(31,541)	(139,791,517)
Total capital assets, being depreciated, net	75,618,311	(3,429,297)	—	104,121	72,293,135
Governmental - type activities capital assets, net	92,364,711	(1,536,548)	—	104,121	90,932,284

	Balance June 30, 2016	Additions	Retirement	Transfers & Adjustments	Balance June 30, 2017
Business - Type Activities					
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	(439,033)	(47,739)	—	—	(486,772)
Total capital assets, being depreciated, net	441,374	(47,739)	—	—	393,635
Business-type activities capital assets, net	824,901	(47,739)	—	—	777,162

Depreciation

Depreciation expense was charged to governmental functions as follows:

General government	\$ 86,795
Public safety	960,756
Public ways and facilities	3,569,801
Health and sanitation	14,688
Public assistance	120,455
Education	81,497
Total Depreciation Expense - Governmental Functions	<u>\$ 4,833,992</u>

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

Solid Waste - County Landfill	<u>\$ 47,739</u>
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NOTE 6. LONG-TERM LIABILITIES

A. Summary of Long-Term Liabilities

Long-term liabilities at June 30, 2017 consisted of the following:

The following is a summary of long-term liability transactions for the fiscal year ended June 30, 2017:

	Balance June 30, 2016	Additions	Retirements	Balance June 30, 2017	Amounts Due Within One Year
Governmental Activities:					
Capital leases	\$ 109,129	\$ 25,211	\$ (29,466)	\$ 104,874	\$ 34,144
Compensated absences	3,067,783	1,675,417	(1,798,867)	2,944,333	294,433
Liability for unpaid claims	2,733,381	2,619,677	(1,714,460)	3,638,598	285,743
Net Pension Liability	43,371,246	9,313,856	—	52,685,102	—
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 49,281,539</u>	<u>\$ 13,634,161</u>	<u>\$ (3,542,793)</u>	<u>\$ 59,372,907</u>	<u>\$ 614,320</u>
Business-Type Activities:					
Compensated absences	\$ 1,905	\$ 2,204	\$ (3,542)	\$ 567	\$ —
Closure and post closure	—	—	—	—	—
Net Pension Liability	97,629	34,132	—	131,761	—
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 99,534</u>	<u>\$ 36,336</u>	<u>\$ (3,542)</u>	<u>\$ 132,328</u>	<u>\$ —</u>

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, 2017, 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:

<u>June 30</u>	<u>Total</u>
2018	\$ 945,535
2019	852,839
2020	710,368
2021	569,168
2022	552,519
2023-2027	540,005
Total minimum rental payments	<u>\$ 4,170,434</u>

Total rent expenditures for the year ended June 30, 2017 was \$933,573, of which \$68,155 was recorded in the General 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:

<u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 34,144	\$ 4,022
2019	31,213	2,519
2020	25,108	1,252
2021	10,056	394
2022	4,353	106
Total present value of minimum lease payments	<u>104,874</u>	8,293

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 FUNDS

The following fund(s) reported an excess of expenditures over appropriations for the fiscal year ended June 30, 2017:

Fund	Amount in Excess
Public Authority	\$ 25,361

NOTE 10. DEFICIT FUND BALANCES

The special revenue fund *Victim Witness* had a deficit of \$144,164 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 a net operating loss of \$1,050,694 due to the timing of collecting revenues; this caused a deficit fund balance of \$1,290,711 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 *Cal Fire* had a fiscal year ending deficit fund balance of \$84,315. Cal Fire is supported through the General Fund. General Fund transfers to resolve the deficit are planned for fiscal year 2018/2019.

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 had 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. Accounting standards require that a portion of these costs be reported as an expense and liability in each period that the facility accepts waste until the time the facility stops accepting waste.

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 County has \$716 thousand in restricted funds as their portion for the postclosure costs for the Class I site, with the City of Hollister, as owners of the Class I landfill, putting up an additional \$715 thousand. Total postclosure cost has been estimated by the Department of Toxic Substance Control at \$1.4 million.

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. Calrecycle has acknowledged that "based on the most recent cost estimates and the bond riders submitted by the operator in May 2017, the John Smith Road Landfill currently meets all the requirement of the Regulations." 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, 2017, are summarized as follows:

	Miscellaneous	
	Prior to	On or after
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	18.638%	18.638%

Employees Covered - At June 30, 2017, the following employees were covered by the benefit terms for the Miscellaneous Plan:

	Miscellaneous
Inactive employees or beneficiaries currently receiving benefits	\$ 448
Inactive employees entitled to but not yet receiving benefits	440
Active employees	348
Total	<u>\$ 1,236</u>

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 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 employer is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. For the measurement period ended June 30, 2016 (the measurement date), the average active employee contribution rate is 6.75 percent of annual pay, and the employer's contribution rate is 18.638 percent of annual payroll. Employer contribution rates may change if plan contracts are amended. It is the responsibility of the employer to make necessary accounting adjustments to reflect the impact due to any Employer Paid Member Contributions or situations where members are paying a portion of the employer contribution.

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, 2016, using an annual actuarial valuation as of June 30, 2015, rolled forward to June 30, 2016, 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, 2015 actuarial valuations were determined using the following actuarial assumptions:

	Miscellaneous
Valuation Date	June 30, 2015
Measurement Date	June 30, 2016
Actuarial Cost Method	Entry - Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.65%
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, 2015 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 7.65% 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 7.65% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.65% 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, 2015 measurement date is without reduction of pension plan administrative expense; for the June 30, 2016 measurement date there were no changes.

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 ^(a)	Real Return Years 11+ ^(b)
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%		

(a) An expected inflation of 2.5% used for this period

(b) 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:

Miscellaneous Plan:			
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
Balance at June 30, 2015	\$ 135,337,241	\$ 104,152,158	\$ 31,185,083
Changes in the year:			
Service Cost	2,601,753		2,601,753
Interest on the Total Pension Liability	9,519,074		9,519,074
Changes of Benefit Terms	—		—
Changes of Assumptions	—		—
Differences between Expected and Actual Experience	(450,028)		(450,028)
Plan to Plan Resource Movement		147	(147)
Contributions - Employer		3,349,688	(3,349,688)
Contributions - Employees		1,307,237	(1,307,237)
Net Investment Income		496,432	(496,432)
Benefit Payments, including Refunds of Employee Contributions	(6,802,297)	(6,802,297)	—
Administrative Expense		(58,279)	58,279
Net Changes	4,868,502	(1,707,072)	6,575,574
Balance at June 30, 2016	\$ 140,205,743	\$ 102,445,086	\$ 37,760,657

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 7.65%, 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 (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	Miscellaneous
1% Decrease	6.65%
Net Pension Liability	\$ 55,705,488
Current Discount Rate	7.65%
Net Pension Liability	\$ 37,760,657
1% Increase	8.65%
Net Pension Liability	\$ 23,535,612

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, 2017, the County recognized pension expense of \$2,501,787 for the Miscellaneous Plan. At June 30, 2017, 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	\$ 3,318,268	\$ —
Differences between actual and expected experience	—	(868,059)
Changes in assumptions	—	(596,471)
Net differences between projected and actual investment earnings	8,491,909	(3,366,716)
Total	<u>\$ 11,810,177</u>	<u>\$ (4,831,246)</u>

\$3,318,268 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, 2018. Other amounts reported as deferred inflows of resources, related to pensions, will be recognized as pension expense as follows:

Year Ended June 30	Deferred Outflows/(Inflows) of Resources
2018	\$ (636,810)
2019	\$ 570,560
2020	\$ 2,382,497
2021	\$ 1,344,416

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, 2017, are summarized as follows:

	Hire Date	Safety	
		Prior to January 1, 2013	On or after January 1, 2013
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, 2017, the contributions recognized as part of pension expense for the Safety Plan were as follows:

	Safety
Contributions - employer	\$ 2,000,014

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

As of June 30, 2017, 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	15,056,206

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, 2016, 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, 2015 rolled forward to June 30, 2016, 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, 2015 and 2016 was as follows:

	Safety
Proportion - June 30, 2015	0.282413%
Proportion - June 30, 2016	0.29129%
Change - Increase (Decrease)	0.008877%

For the year ended June 30, 2017, the County recognized pension expense of \$284,437 for the Safety Plans. At June 30, 2017, 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	\$ 2,218,718	\$ —
Differences in proportion	—	(253,919)
Changes in assumptions	—	(686,679)
Differences between expected and actual experience	—	(157,493)
Differences between the employer's contributions and the employer's proportionate share of contributions	650,712	—
Net differences between projected and actual earnings on plan investments	3,373,623	—
Total	<u>\$ 6,243,053</u>	<u>\$ (1,098,091)</u>

\$2,218,718 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, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended June 30	
2018	\$ 173,586
2019	\$ 249,975
2020	\$ 1,624,432
2021	\$ 878,251
2022	\$ —

Actuarial Assumptions - The actuarial methods and assumptions used to set the actuarially determined contributions for Fiscal Year 2015-16 were derived from the June 30, 2013 funding valuation report.

Actuarial Cost Method	Entry - Age Normal Cost Method
Amortization Method/Period	For details, see June 30, 2013 Funding Valuation Report
Asset Valuation Method	Actuarial Value of Assets. For details, see June 30, 2013 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 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA 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, 2012 to the June 30, 2013 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 was 7.65% for the Plan which is different than prior year to correct for an adjustment to exclude administrative expense. 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.

<u>Asset Class</u>	<u>Current Target Allocation</u>	<u>Real Return Years 1-10^(a)</u>	<u>Real Return Years 11+^(b)</u>
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)%

^(a) An expected inflation of 2.5% used for this period

^(b) 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 7.65%, 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 (6.65%) or 1 percentage-point higher (8.65%) than the current rate:

	Safety
1% Decrease	6.65%
Net Pension Liability	\$ 22,549,521
Current Discount Rate	7.65%
Net Pension Liability	\$ 15,056,206
1% Increase	8.65%
Net Pension Liability	\$ 8,904,963

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)

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. The County has been under contract with CalPERS for medical plan coverage since 1993 for their employees, as provided by the Public Employee's Medical and Hospital and Car Act (PEMHCA).

The County provides postemployment health care benefits, in accordance with the health care regulations of the Public Employees Retirement System, to all employees, their spouses, and eligible dependents, who retire through CalPERS from the County on or after attaining age 50 with at least five years of service. Currently, 224 retirees meet those eligibility requirements.

Funding Policy

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

California Employers' Retiree Benefit Trust - CERBT

The annual required contribution (ARC) is an amount actuarially determined in accordance with the parameters of GASB Statement No. 45 - *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pension*. The County's ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize the unfunded actuarial liability over a period of 30 years. The fiscal year 2016-17 ARC is \$775,313.

CERBT is a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 and established to pre-fund retiree healthcare benefits. CERBT issues a publicly available financial report including GASB 43 - *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans* disclosure information in aggregate with other CERBT participating employers. That report may be obtained by contacting CalPERS, Executive Office, 400 P Street, Sacramento, CA 95814.

Annual OPEB Cost and Net OPEB Obligation

For fiscal year 2016-17, the County's annual OPEB cost (expense) of \$775,313 is detailed as follows:

Annual Required Contribution:

Normal Cost including interest	\$ 534,094
Amortization of Initial UAAL	241,219
Total ARC (and Annual OPEB Cost)	<u>\$ 775,313</u>

Net OPEB Obligation at beginning of year	\$ 83,990
Plus Projected Annual OPEB Cost	
a. Interest on Net OPEB Obligation at beginning of year	—
b. ARC for current fiscal year	775,313
c. ARC adjustment for current fiscal year	—
d. Projected Annual OPEB Cost (a.+b.+c)	<u>\$ 775,313</u>
Less Total Employer Contribution	603,371
Expected Net OPEB Obligation @ 06/30/2017	<u><u>\$ 255,932</u></u>

Funded Status and Funding Progress

The funded status of the plan, based on an actuarial valuation as of July 1, 2015, the plan's most recent actuarial valuation date, was as follows:

Actuarial accrued liability (AAL)	24,158,221
Actuarial value of plan assets	20,342,401
Unfunded actuarial accrued liability (UAAL)	3,815,820
Funded ratio (actuarial value of plan assets/AAL)	84%
Projected covered payroll (active Plan members)	25,632,248
UAAL as a percent of covered payroll	15%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2015 actuarial valuation, the entry age normal level percent of pay actuarial cost method was used. The actuarial assumptions included a 7.28% investment rate of return (net of administrative expenses), which is the expected long-term investment return on CERBT investments, and an annual health care minimum cost trend of 7.5%. The UAAL is being amortized over a 30 year period using the level-percentage of pay method on an open basis. The remaining amortization period at June 30, 2017 was 29 years.

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.

The actuarial expected claims liability at fiscal year end, projected with a 50% confidence level, at June 30, 2017 is \$3,638,598.

Fiscal Year	Beginning Fiscal Year Liability	Claims and Changes in Estimates	Claims Payments	Balance at Fiscal Year End
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. PRIOR PERIOD ADJUSTMENTS

A prior period adjustment of \$586,730 was recorded in the governmental funds. In 2000-2001 the County issued various low-income loans funded through a HOME program; a prior period adjustment is being recorded to record additional loans not initially recorded. In FY15/16 the County recorded an OPEB liability for that year's Annual Required Contribution and did not consider the premium payments, made to the insurer, as contributions in relation to the ARC, which overstated the liability at June 30, 2016. A prior period adjustment of \$1,733,446 was recorded to reduce the liability for amounts paid in the prior year.

The restatement of beginning net position/fund balance is summarized as follows:

	Statement of Activities	Governmental Funds
	Governmental Activities	Other Governmental Funds
Net position/fund balance at June 30, 2016, as originally reported	\$ 112,288,617	\$ 23,287,860
OPEB liability adjustment	1,733,446	
HOME loan adjustment	586,730	586,730
Restated net position/fund balance at June 30, 2016	<u>\$ 114,608,793</u>	<u>\$ 23,874,590</u>

NOTE 16. AUTHORITATIVE PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

GASB Statement Numbers 75, 81, and 83-87 listed below will be implemented in future financial statements:

Statement No. 75 " <i>Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions</i> "	The provisions of this statement are effective for fiscal years beginning after June 15, 2017. (FY 2017/18)
Statement No. 81 "Irrevocable Split-Interest Agreements"	The requirements of this Statement are effective for periods beginning after December 15, 2016. (FY 2017/18)
Statement No. 83 "Certain Asset Retirement Obligations"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017. (FY 2017/18)
Statement No. 84 "Fiduciary Activities"	The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. (FY2019/20)
Statement No. 85 "Omnibus 2017"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017. (FY 2017/18)
Statement No. 86 "Certain Debt Extinguishment Issues"	The provisions of this statement are effective for fiscal years beginning after June 15, 2017. (FY 2017/18)
Statement No. 87 "Leases"	The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. (FY2020/21)

NOTE 17. 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, 2017.

	General	Human Services Agency	Road	Mental Health	Family Support	Tobacco Securitization	Other Governmental	Total
Nonspendable:								
Inventory	—	—	49,516	—	—	—	—	49,516
Prepays	188,314	—	—	—	—	—	9,976	198,290
Loan receivable	—	—	—	—	—	—	1,552,444	1,552,444
<i>Total nonspendable fund balance</i>	188,314	—	49,516	—	—	—	1,562,420	1,800,250
Restricted:								
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	—	—	—	—	—	—	4,716,428	4,716,428
Pipeline safety initiative	18,000	—	—	—	—	—	—	18,000
Fish and game programs	—	—	—	—	—	—	4,253	4,253
Public ways and facilities								
Purpose of fund	—	—	2,280,188	—	—	—	—	2,280,188
Road projects	—	—	—	—	—	—	2,760,803	2,760,803
Health and sanitation								
Mosquito abatement programs	—	—	—	—	—	—	6,568	6,568
Substance abuse programs	—	—	—	—	—	—	653,170	653,170
Public health programs	—	—	—	—	—	—	3,126,453	3,126,453
Purpose of fund	—	—	—	11,319,535	—	—	—	11,319,535
Public assistance								
Community services workforce	—	—	—	—	—	—	29,928	29,928
Migrant labor camp	—	—	—	—	—	—	350,003	350,003
Housing assistance programs	—	—	—	—	—	—	312,418	312,418
Public authority	—	—	—	—	—	—	345,094	345,094
Public assistance programs	—	5,270,105	—	—	—	—	—	5,270,105
County service areas	—	—	—	—	—	—	2,213,395	2,213,395
<i>Total restricted fund balance</i>	2,621,709	5,270,105	2,280,188	11,319,535	—	—	14,518,513	36,010,050
Committed:								
General government								
PARS - pension	3,000,000	—	—	—	—	—	—	3,000,000
<i>Total committed fund balance</i>	3,000,000	—	—	—	—	—	—	3,000,000
Assigned:								
General government								
Tobacco securitization	—	—	—	—	—	706,528	—	706,528
Insurance and general liability	5,545,693	—	—	—	—	—	—	5,545,693
Public protection								
Public safety impact fees	—	—	—	—	—	—	1,388,138	1,388,138
Public ways and facilities								
Public ways and facilities impact fees	—	—	—	—	—	—	5,815,312	5,815,312
Health and sanitation								
Emergency medical services	—	—	—	—	—	—	145,200	145,200
Public assistance								
Inclusionary housing impact fees	—	—	—	—	—	—	12,085	12,085
Recreation and culture								
Parks and recreation impact fees	—	—	—	—	—	—	4,230,400	4,230,400
Capital Improvement Projects	1,975,058	—	—	—	—	—	117,354	2,092,412
<i>Total assigned fund balance</i>	7,520,751	—	—	—	—	706,528	11,708,489	19,935,768
Unassigned	15,578,209	—	—	—	(1,290,711)	—	(228,928)	14,058,570
Total Fund Balances	28,908,983	5,270,105	2,329,704	11,319,535	(1,290,711)	706,528	27,560,494	74,804,638

NOTE 18. 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, 2017, the County tax abatements under the Williamson Act totaled \$2,601,407.

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 from all Governmental Funds, the Capital Project Fund and the County’s Proprietary Fund, except the Tobacco Securitization fund and the 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. For the fiscal year ending June 30, 2017, the County had other financing sources consisting of multiple capital leases for equipment.

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, 2017, 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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
FUND BALANCE - BEGINNING, AS RESTATED	23,423,320	23,423,320	27,337,175	3,913,855
REVENUES				
Taxes	15,952,500	15,952,500	17,511,984	1,559,484
Licenses, permits and franchises	1,463,400	1,463,400	1,294,916	(168,484)
Aid from other governments	8,258,585	8,346,085	6,867,855	(1,478,230)
Use of money or property	95,000	95,000	226,788	131,788
Fines, forfeits and penalties	1,116,913	1,116,913	3,134,899	2,017,986
Charges for services	11,495,044	10,312,846	4,979,369	(5,333,477)
Other revenue	926,079	950,511	413,610	(536,901)
Total Revenues	39,307,521	38,237,255	34,429,421	(3,807,834)
EXPENDITURES				
CURRENT:				
General Government				
Non-Departmental				
Services & Supplies	1,659,000	1,659,000	632,554	1,026,446
Other Charges	328,440	328,440	351,948	(23,508)
Fixed Assets	1,385,400	1,385,400	—	1,385,400
Indirect Cost	(1,350,050)	(20,050)	(607,422)	587,372
Total	2,022,790	3,352,790	377,080	2,975,710
Board of Supervisors				
Salaries & Benefits	380,835	380,835	363,858	16,977
Services & Supplies	42,550	57,550	52,130	5,420
Other Charges	15,000	15,000	14,700	300
Capital Assets	7,500	7,500	3,238	4,262
Indirect Cost	90,296	90,296	90,296	—
Total	536,181	551,181	524,222	26,959
Clerk of the Board of Supervisors				
Salaries & Benefits	179,900	129,900	118,909	10,991
Services & Supplies	74,720	59,720	43,160	16,560
Capital Assets	20,000	20,000	—	20,000
Indirect Cost	24,320	24,320	24,320	—
Total	298,940	233,940	186,389	47,551

COUNTY OF SAN BENITO

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Administrative Officer				
Salaries & Benefits	804,615	774,615	741,860	32,755
Services & Supplies	102,600	102,600	57,895	44,705
Capital Assets	10,000	10,000	9,888	112
Indirect Cost	(642,562)	(642,562)	(642,562)	—
Total	274,653	244,653	167,081	77,572
Information Technology				
Salaries & Benefits	421,985	311,985	317,213	(5,228)
Services & Supplies	242,050	242,050	126,770	115,280
Indirect Cost	(304,320)	(304,320)	(304,772)	452
Total	359,715	249,715	139,211	110,504
Geographical Information Systems				
Salaries & Benefits	105,267	105,267	103,000	2,267
Services & Supplies	50,610	50,610	40,723	9,887
Capital Assets	3,000	3,000	—	3,000
Indirect Cost	11,103	11,103	11,103	—
Total	169,980	169,980	154,826	15,154
County Counsel				
Salaries & Benefits	744,280	544,280	535,190	9,090
Services & Supplies	157,220	132,220	100,774	31,446
Indirect Cost	(547,250)	(547,250)	(558,175)	10,925
Total	354,250	129,250	77,789	51,461
County Auditor/Controller				
Salaries & Benefits	1,154,985	900,403	862,442	37,961
Services & Supplies	273,664	342,664	238,144	104,520
Capital Assets	7,100	7,100	—	7,100
Indirect Cost	(1,363,496)	(1,363,496)	(1,368,100)	4,604
Total	72,253	(113,329)	(267,514)	154,185
County Treasurer				
Salaries & Benefits	287,860	306,360	302,576	3,784
Services & Supplies	36,369	37,869	36,097	1,772
Indirect Cost	20,895	20,895	20,895	—
Total	345,124	365,124	359,568	5,556

COUNTY OF SAN BENITO

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
County Assessor				
Salaries & Benefits	1,551,474	1,551,474	1,494,554	56,920
Services & Supplies	324,031	324,031	196,632	127,399
Indirect Cost	142,999	142,999	142,999	—
Total	2,018,504	2,018,504	1,834,185	184,319
Tax Collector				
Salaries & Benefits	320,758	218,258	210,103	8,155
Services & Supplies	27,701	35,201	32,454	2,747
Capital Assets	50,000	50,000	52,792	(2,792)
Indirect Cost	38,252	38,252	38,252	—
Total	436,711	341,711	333,601	8,110
Internal Services				
Salaries & Benefits	422,265	277,265	254,235	23,030
Services & Supplies	225,720	285,720	280,655	5,065
Indirect Cost	(440,712)	(440,712)	(440,712)	—
Total	207,273	122,273	94,178	28,095
Elections				
Salaries & Benefits	276,003	276,003	268,377	7,626
Services & Supplies	209,950	254,950	245,903	9,047
Capital Assets	3,000	3,000	11,890	(8,890)
Indirect Cost	30,683	30,683	30,683	—
Total	519,636	564,636	556,853	7,783
Maintenance - Buildings & Grounds				
Salaries & Benefits	250,085	203,085	164,862	38,223
Services & Supplies	569,200	551,200	489,228	61,972
Capital Assets	126,000	126,000	—	126,000
Indirect Cost	—	—	(674,310)	674,310
Total	945,285	880,285	(20,220)	900,505
Risk Management				
Salaries & Benefits	50,000	50,000	—	50,000
Other Charges	989,262	989,262	581,755	407,507
Indirect Cost	(901,791)	(901,791)	(903,136)	1,345
Total	137,471	137,471	(321,381)	458,852
Total General Government	8,698,766	9,248,184	4,195,868	5,052,316

COUNTY OF SAN BENITO

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Protection				
Grand Jury				
Services & Supplies	21,000	21,000	4,090	16,910
Indirect Cost	6,073	6,073	6,073	—
Total	27,073	27,073	10,163	16,910
District Attorney				
Salaries & Benefits	1,279,240	1,282,010	1,268,204	13,806
Services & Supplies	161,700	119,200	84,980	34,220
Fixed Assets	—	45,000	54,371	(9,371)
Indirect Cost	170,978	170,978	170,978	—
Total	1,611,918	1,617,188	1,578,533	38,655
Public Defender				
Services & Supplies	1,066,766	1,066,766	832,713	234,053
Indirect Cost	44,982	44,982	44,982	—
Total	1,111,748	1,111,748	877,695	234,053
Sheriff - Operations Division				
Salaries & Benefits	4,617,222	4,614,822	4,613,355	1,467
Services & Supplies	462,720	473,552	559,530	(85,978)
Other Charges	—	—	31,068	(31,068)
Capital Assets	659,370	790,540	341,921	448,619
Indirect Cost	567,107	567,107	567,107	—
Total	6,306,419	6,446,021	6,112,981	333,040
911 Communications Center				
Salaries & Benefits	46,326	33,326	1,530	31,796
Services & Supplies	554,319	554,319	519,470	34,849
Total	600,645	587,645	521,000	66,645
UNET - Anti-Drug Task Force				
Salaries & Benefits	187,553	137,553	134,836	2,717
Services & Supplies	84,408	94,408	92,391	2,017
Indirect Cost	4,932	4,932	4,932	—
Total	276,893	236,893	232,159	4,734

COUNTY OF SAN BENITO

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Sheriff's Grant				
Salaries & Benefits	339,516	332,516	330,310	2,206
Services & Supplies	11,000	11,000	672	10,328
Capital Assets	18,000	18,000	—	18,000
Total	368,516	361,516	330,982	30,534
Corrections Division - Jail				
Salaries & Benefits	3,528,237	3,528,237	3,449,204	79,033
Services & Supplies	1,532,890	1,532,890	1,524,109	8,781
Capital Assets	107,000	107,000	55,506	51,494
Indirect Cost	590,645	590,645	590,645	—
Total	5,758,772	5,758,772	5,619,464	139,308
Probation Department				
Salaries & Benefits	2,328,590	2,243,590	2,086,525	157,065
Services & Supplies	403,869	610,268	648,489	(38,221)
Other Charges	—	171,000	171,000	—
Capital Assets	40,000	55,652	55,921	(269)
Indirect Cost	185,240	185,240	185,240	—
Total	2,957,699	3,265,750	3,147,175	118,575
Juvenile Detention Facility				
Salaries & Benefits	1,106,694	1,095,496	1,086,433	9,063
Services & Supplies	421,290	421,290	338,508	82,782
Other Charges	10,000	10,000	2,541	7,459
Indirect Cost	102,790	102,790	102,790	—
Total	1,640,774	1,629,576	1,530,272	99,304
Gang Prevention				
Salaries & Benefits	198,113	143,113	132,479	10,634
Services & Supplies	22,700	22,700	9,142	13,558
Indirect Cost	5,147	5,147	5,147	—
Total	225,960	170,960	146,768	24,192
Agricultural Commissioner				
Salaries & Benefits	745,876	815,876	743,172	72,704
Services & Supplies	74,200	84,200	74,845	9,355
Capital Assets	39,500	39,500	29,808	9,692
Indirect Cost	98,450	98,450	98,450	—
Total	958,026	1,038,026	946,275	91,751

COUNTY OF SAN BENITO

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Public Works - Administration & Engineering				
Salaries & Benefits	1,255,222	1,007,130	690,918	316,212
Services & Supplies	99,500	103,000	111,176	(8,176)
Other Charges	—	—	150	(150)
Capital Assets	27,500	27,500	—	27,500
Indirect Cost	37,500	37,500	14,022	23,478
Total	1,419,722	1,175,130	816,266	358,864
County Clerk				
Salaries & Benefits	115,686	125,686	120,506	5,180
Services & Supplies	22,100	22,100	19,584	2,516
Indirect Cost	33,086	33,086	33,086	—
Total	170,872	180,872	173,176	7,696
County Recorder				
Salaries & Benefits	401,707	366,707	316,269	50,438
Services & Supplies	487,319	476,319	169,516	306,803
Capital Assets	11,000	22,000	7,943	14,057
Indirect Cost	44,944	44,944	44,944	—
Total	944,970	909,970	538,672	371,298
Coroner				
Services & Supplies	81,380	81,380	68,423	12,957
Other Charges	3,000	11,000	7,947	3,053
Indirect Cost	5,740	5,740	5,740	—
Total	90,120	98,120	82,110	16,010
Public Administrator				
Services & Supplies	4,378	4,378	3,660	718
Indirect Cost	16,576	16,576	16,576	—
Total	20,954	20,954	20,236	718
Office of Emergency Services				
Salaries & Benefits	225,335	225,335	207,507	17,828
Services & Supplies	294,001	283,308	100,705	182,603
Other Charges	1,000	1,000	—	1,000
Capital Assets	—	10,693	24,779	(14,086)
Indirect Cost	26,333	26,333	26,333	—
Total	546,669	546,669	359,324	187,345
Disaster Recovery				
Services & Supplies	—	—	994,007	(994,007)
Total	—	—	994,007	(994,007)

COUNTY OF SAN BENITO

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Planning and Building Department				
Salaries & Benefits	1,075,589	1,131,666	769,568	362,098
Services & Supplies	531,975	581,975	639,197	(57,222)
Capital Assets	32,000	—	31,549	(31,549)
Indirect Cost	359,824	391,824	433,500	(41,676)
Total	1,999,388	2,105,465	1,873,814	231,651
Animal Control & Veterinarian Services				
Services & Supplies	257,000	257,000	292,546	(35,546)
Indirect Cost	11,497	11,497	11,497	—
Total	268,497	268,497	304,043	(35,546)
Housing & Economic Development				
Services & Supplies	345,000	345,000	37,423	307,577
Indirect Cost	(277)	(277)	(277)	—
Total	344,723	344,723	37,146	307,577
Abandoned Vehicle Abatement				
Salaries & Benefits	180	180	180	—
Services & Supplies	2,000	2,000	—	2,000
Indirect Cost	193	193	193	—
Total	2,373	2,373	373	2,000
General Plan Update				
Salaries & Benefits	561	561	561	—
Services & Supplies	50,000	—	—	—
Indirect Cost	6,913	6,913	—	6,913
Total	57,474	7,474	561	6,913
Land Development Projects				
Services & Supplies	872,000	872,000	571,465	300,535
Indirect Cost	66,956	66,956	—	66,956
Total	938,956	938,956	571,465	367,491

COUNTY OF SAN BENITO

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
COG/Transit				
Salaries & Benefits	682,166	682,166	631,493	50,673
Services & Supplies	250	250	194	56
Indirect Cost	16,697	16,697	19,123	(2,426)
Total	699,113	699,113	650,810	48,303
Total Public Protection	29,348,274	29,549,484	27,475,470	2,074,014
Public Assistance				
Aid to Indigents				
Other Charges	135,000	135,000	300,013	(165,013)
Total	135,000	135,000	300,013	(165,013)
Contributions to Community Organizations				
Other Charges	120,000	120,000	115,000	5,000
Total	120,000	120,000	115,000	5,000
Veterans Services				
Salaries & Benefits	11,000	11,000	5,997	5,003
Services & Supplies	76,877	76,877	72,279	4,598
Indirect Cost	4,625	4,625	4,625	—
Total	92,502	92,502	82,901	9,601
First 5 San Benito				
Other Charges	—	—	33,994	(33,994)
Indirect Cost	—	—	45,139	(45,139)
Total	—	—	79,133	(79,133)
Total Public Assistance	347,502	347,502	577,047	(150,412)

COUNTY OF SAN BENITO

Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Education				
County Library				
Salaries & Benefits	629,832	637,841	633,154	4,687
Services & Supplies	144,000	151,500	147,417	4,083
Indirect Cost	160,634	160,634	160,634	—
Total	934,466	949,975	941,205	8,770
Agricultural Extension				
Services & Supplies	50,500	50,000	50,000	—
Capital Assets	21,000	21,500	21,500	—
Indirect Cost	216	216	216	—
Total	71,716	71,716	71,716	—
Total Education	1,006,182	1,021,691	1,012,921	8,770
Parks and Recreation				
Veterans Memorial Park				
Salaries & Benefits	36,564	38,064	37,818	246
Services & Supplies	31,600	72,600	72,161	439
Other Charges	—	—	(15)	15
Capital Assets	5,000	—	—	—
Indirect Cost	4,229	4,229	4,229	—
Total	77,393	114,893	114,193	700
Historical & San Justo Reservoir Parks				
Salaries & Benefits	36,641	37,641	37,118	523
Services & Supplies	36,400	18,400	11,786	6,614
Other Charges	—	—	(15)	15
Indirect Cost	826	826	(826)	1,652
Total	73,867	56,867	48,063	8,804
Total Parks and Recreation	151,260	171,760	162,256	9,504
Total Expenditures	39,551,984	40,338,621	33,423,562	6,915,059
Excess of Revenue Over (Under) Expenditures	(244,463)	(2,101,366)	1,005,859	3,107,225
Other Financing Sources (Uses):				
Transfers in	4,094,906	4,517,789	1,957,068	(2,560,721)
Transfers out	(1,768,343)	(1,894,091)	(1,416,330)	(477,761)
Capital Leases	—	—	25,211	(25,211)
Total other financing sources (uses)	2,326,563	2,623,698	565,949	(3,063,693)
Net Change in Fund Balance	2,082,100	522,332	1,571,808	1,049,476
Ending Fund Balance, 06/30/2017	25,505,420	23,945,652	28,908,983	4,963,331

COUNTY OF SAN BENITO

Budgetary Comparison Schedule Human Services Agency Fund Special Revenue Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Aid from other governments	18,287,000	18,287,000	18,817,871	530,871
Use of money or property	—	—	34,755	34,755
Charges for services	—	—	7,486	7,486
Other revenue	110,000	110,000	496,275	386,275
Total Revenues	18,397,000	18,397,000	19,356,387	959,387
Expenditures:				
Current:				
Salaries & Benefits	9,451,025	9,451,026	8,267,708	1,183,318
Services & Supplies	1,471,300	1,471,300	1,641,570	(170,270)
Other Charges	8,140,750	8,340,750	7,517,565	823,185
Capital Assets	70,000	70,000	30,717	39,283
Indirect Costs	1,458,270	1,458,270	1,469,500	(11,230)
Total Expenditures	20,591,345	20,791,346	18,927,060	1,864,286
Excess (deficiency) of revenues over expenditures	(2,194,345)	(2,394,346)	429,327	2,823,673
Other Financing Sources (Uses):				
Transfers in	2,868,000	3,068,000	—	(3,068,000)
Transfers out	(3,116,000)	(3,116,000)	—	3,116,000
Total other financing sources (uses)	(248,000)	(48,000)	—	48,000
Net change in fund balance	(2,442,345)	(2,442,346)	429,327	2,871,673
Fund balance - beginning of year	3,904,860	3,904,860	4,840,778	935,918
Fund balance - end of year	1,462,515	1,462,514	5,270,105	3,807,591

COUNTY OF SAN BENITO

Budgetary Comparison Schedule Road Fund Special Revenue Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Aid from other governments	60,871,077	60,871,077	2,356,312	(58,514,765)
Use of money or property	—	—	17,007	17,007
Charges for services	412,202	412,202	—	(412,202)
Other revenue	—	—	55,695	55,695
Total Revenues	61,283,279	61,283,279	2,429,014	(58,854,265)
Expenditures:				
Current:				
Salaries & Benefits	1,329,537	1,346,855	1,031,238	315,617
Services & Supplies	820,500	820,500	576,600	243,900
Other Charges	—	—	(6,729)	6,729
Capital Assets	59,662,500	59,662,500	521,683	59,140,817
Indirect Costs	147,681	147,681	286,624	(138,943)
Total Expenditures	61,960,218	61,977,536	2,409,416	59,568,120
Excess (deficiency) of revenues over expenditures	(676,939)	(694,257)	19,598	713,855
Other Financing Sources (Uses):				
Transfers in	676,939	694,257	3,194	(691,063)
Total other financing sources (uses)	676,939	694,257	3,194	(691,063)
Net change in fund balance	—	—	22,792	22,792
Fund balance - beginning of year	2,249,246	2,249,246	2,306,912	57,666
Fund balance - end of year	2,249,246	2,249,246	2,329,704	80,458

COUNTY OF SAN BENITO

Budgetary Comparison Schedule Mental Health Fund Special Revenue Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Aid from other governments	6,101,686	6,101,686	7,305,327	1,203,641
Use of money or property	—	—	87,060	87,060
Charges for services	56,000	56,000	148,521	92,521
Other revenue	1,181,326	1,181,326	5,268	(1,176,058)
Total Revenues	7,339,012	7,339,012	7,546,176	207,164
Expenditures:				
Current:				
Salaries & Benefits	4,464,564	4,464,564	2,910,945	1,553,619
Services & Supplies	2,300,700	2,300,700	1,799,756	500,944
Other Charges	337,200	337,200	287,967	49,233
Capital Assets	35,000	35,000	—	35,000
Indirect Costs	247,320	247,320	247,320	—
Total Expenditures	7,384,784	7,384,784	5,245,988	2,138,796
Excess (deficiency) of revenues over expenditures	(45,772)	(45,772)	2,300,188	2,345,960
Other Financing Sources (Uses):				
Transfer In	1,126,272	1,126,272	45,772	(1,080,500)
Transfer Out	(1,080,500)	(1,080,500)	(849,472)	231,028
Total other financing sources (uses)	45,772	45,772	(803,700)	(849,472)
Net change in fund balance	—	—	1,496,488	1,496,488
Fund balance - beginning of year	3,205,982	3,205,982	9,823,047	6,617,065
Fund balance - end of year	3,205,982	3,205,982	11,319,535	8,113,553

COUNTY OF SAN BENITO

Budgetary Comparison Schedule
Family Support Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Aid from other governments	\$ 1,698,099	\$ 1,698,099	\$ 484,393	\$ (1,213,706)
Total Revenues	1,698,099	1,698,099	484,393	(1,213,706)
Expenditures:				
Current:				
Salaries and benefits	1,401,700	1,401,700	1,261,615	140,085
Services and supplies	194,300	194,300	168,373	25,927
Other charges	—	—	3,000	(3,000)
Indirect costs	102,099	102,099	102,099	—
Total Expenditures	1,698,099	1,698,099	1,535,087	163,012
Excess (deficiency) of revenues over expenditures	—	—	(1,050,694)	(1,050,694)
Net change in fund balance	—	—	(1,050,694)	(1,050,694)
Fund balance - beginning of year	195,826	195,826	(240,017)	(435,843)
Fund balance - end of year	\$ 195,826	\$ 195,826	\$ (1,290,711)	\$ (1,486,537)

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)		
	2017 (2016)	2016 (2015)	2015 (2014)
Total Pension Liability			
Service Cost	\$ 2,601,753	\$ 2,669,215	\$ 2,807,691
Interest on Total Pension Liability	9,519,074	9,982,906	9,676,904
Changes in Assumptions	—	(2,443,007)	—
Differences between Expected and Actual Experience	(450,028)	(2,370,448)	—
Benefit Payments, Including Refunds of Employee Contributions	(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	4,868,502	1,346,786	3,424,700
Total Pension Liability - Beginning	135,337,241	133,990,455	130,565,755
Total Pension Liability - Ending (a)	\$ 140,205,743	\$ 135,337,241	\$ 133,990,455
Plan Fiduciary Net Position			
Plan to Plan Resource Movement	\$ 147	\$ 12,552	\$ —
Contributions - Employer	3,349,688	2,643,107	2,335,003
Contributions - Employee	1,307,237	1,282,053	1,317,844
Net Investment Income	496,432	2,363,317	15,669,334
Administrative Expense	(58,279)	(129,721)	—
Benefit Payments	(6,802,297)	(6,375,115)	(5,888,439)
Net Change in Plan Fiduciary Net Position	(1,707,072)	(203,807)	13,433,742
Plan Fiduciary Net Position - Beginning	104,152,158	104,355,965	90,922,223
Plan Fiduciary Net Position - Ending (b)	102,445,086	104,152,158	104,355,965
Net Pension Liability - Ending [(a) - (b)]	\$ 37,760,657	\$ 31,185,083	\$ 29,634,490
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.1%	77.0%	77.9%
Covered Payroll	\$ 18,698,111	\$ 16,887,977	\$ 16,609,778
Net Pension Liability as a Percentage of Covered Payroll	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, 2015 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 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*

	2016	2015	2014
Actuarially Determined Contributions	\$ 3,361,566	\$ 2,643,107	\$ 2,335,003
Contributions in Relation to the Actuarially Determined Contributions	(3,361,566)	(2,643,107)	(2,335,003)
Contribution Deficiency (Excess)	—	—	—
Covered Payroll	\$ 18,698,111	\$ 16,887,977	\$ 16,609,778
Contributions as a Percentage of Covered Payroll	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 2015-16 were derived from the June 30, 2013 funding valuation report.

Actuarial Cost Method	Entry age normal
Amortization Method/Period	For details, see June 30, 2013 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2013 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 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA 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)		
	2017 (2016)	2016 (2015)	2015 (2014)
Proportion of the net pension liability	0.29129%	0.28241%	0.204400%
Proportionate share of the net pension liability	\$ 15,056,206	\$ 12,283,792	\$ 12,718,583
Covered Payroll	\$ 5,712,124	\$ 5,032,565	\$ 4,639,083
Proportionate share of the net pension liability as percentage of covered payroll	263.58%	244.09%	274.16%

*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, 2015 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 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*

	2017	2016	2015
Contractually required contribution (actuarially determined)	\$ 2,218,718	\$ 2,000,014	\$ 1,614,663
Contribution in relation to the actuarially determined contributions	\$ (2,218,718)	\$ (2,000,014)	\$ (1,614,663)
Contribution deficiency (excess)	\$ —	\$ —	\$ —
Covered Payroll	\$ 6,127,371	\$ 5,712,124	\$ 5,032,565
Contributions as a percentage of covered payroll	36.21%	35.01%	32.08%

*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 2015-16 were derived from the June 30, 2013 funding valuation report.

Actuarial Cost Method	Entry age normal
Amortization Method/Period	For details, see June 30, 2013 Funding Valuation Report
Asset valuation method	Actuarial Value of Assets. For details, see June 30, 2013 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 expense, includes inflation
Retirement Age	The probabilities of Retirement are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007.
Mortality	The probabilities of mortality are based on the 2010 CalPERS Experience Study for the period from 1997 to 2007. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale AA 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, 2012 to the June 30, 2013 funding valuation report.

COUNTY OF SAN BENITO

Retiree Healthcare Plan (OPEB) Schedule of Funding Progress For the Year ended June 30, 2017

The table below shows a three-year analysis of the actuarial value of assets as a percentage of the actuarial accrual liability and the unfunded actuarial accrued liability as a percentage of the annual covered payroll as of June 30 of each year indicated:

Valuation Date	Actuarial Accrued Liabilities	Actuarial Value of Assets	Unfunded Actuarial Liabilities	Funded Ratio	Annual Covered Payroll	UL as a Percentage of Covered Payroll
7/1/2015	\$ 24,158,221	\$ 20,342,401	\$ 3,815,820	84.2%	\$ 25,632,248	14.89%
6/30/2014	\$ 30,241,842	\$ 14,563,383	\$ 15,678,459	48.2%	\$ 35,582,000	44.1%
6/30/2013	\$ 36,752,366	\$ 11,690,231	\$ 25,062,135	31.8%	\$ 27,443,958	91.32%

SUPPLEMENTARY INFORMATION



COUNTY OF SAN BENITO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2017

	Fish and Game	Victim Witness	Emergency Medical Services	Migrant Labor Camp	CSWD	Mosquito Abatement
Assets						
Cash and investments in Treasury	\$ 4,253	\$ —	\$ 152,500	\$ 142,598	\$ —	\$ 13,206
Restricted assets - cash with fiscal agent	—	—	—	171,054	—	—
Imprest cash	—	—	—	—	—	—
Receivables	—	69	—	—	5,360	—
Due from other governments	—	90,417	—	225,788	527,640	—
Advances from other funds	—	—	—	—	—	—
Inventories and other assets	—	—	—	—	—	—
Total Assets	<u>4,253</u>	<u>90,486</u>	<u>152,500</u>	<u>539,440</u>	<u>533,000</u>	<u>13,206</u>
Liabilities						
Accounts payable and accrued liabilities	—	6,987	7,597	47,434	72,538	6,638
Due to other funds	—	137,695	—	—	191,245	—
Due to other agencies	—	—	(297)	13,429	—	—
Advances to other funds	—	—	—	—	—	—
Deposits from others	—	—	—	9,660	—	—
Total Liabilities	<u>—</u>	<u>144,682</u>	<u>7,300</u>	<u>70,523</u>	<u>263,783</u>	<u>6,638</u>
Deferred Inflows of Resources						
Unavailable revenues	—	90,417	—	118,914	239,289	—
Fund Balances						
Nonspendable	—	—	—	—	—	—
Restricted	4,253	—	—	350,003	29,928	6,568
Assigned	—	—	145,200	—	—	—
Unassigned	—	(144,613)	—	—	—	—
Total Fund Balances	<u>4,253</u>	<u>(144,613)</u>	<u>145,200</u>	<u>350,003</u>	<u>29,928</u>	<u>6,568</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 4,253</u>	<u>\$ 90,486</u>	<u>\$ 152,500</u>	<u>\$ 539,440</u>	<u>\$ 533,000</u>	<u>\$ 13,206</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, 2017

	County Service Areas	Public Authority	Substance Abuse	Public Health	Public Safety Realignment	Cal Fire
Assets						
Cash and investments in Treasury	\$ 2,750,430	\$ 296,301	\$ 672,032	\$ 3,172,304	\$ 4,560,548	\$ 208,286
Restricted assets - cash with fiscal agent	—	—	—	—	—	—
Imprest cash	—	—	—	50	—	—
Receivables	—	—	—	—	—	—
Due from other governments	—	223,024	203,746	428,056	155,880	—
Advances from other funds	—	—	—	—	—	—
Inventories and other assets	—	—	—	9,976	—	—
Total Assets	<u>2,750,430</u>	<u>519,325</u>	<u>875,778</u>	<u>3,610,386</u>	<u>4,716,428</u>	<u>208,286</u>
Liabilities						
Accounts payable and accrued liabilities	48,656	29,443	50,417	120,308	—	292,601
Due to other funds	—	—	—	—	—	—
Due to other agencies	—	—	—	—	—	—
Advances to other funds	484,063	—	—	—	—	—
Deposits from others	4,316	—	—	—	—	—
Total Liabilities	<u>537,035</u>	<u>29,443</u>	<u>50,417</u>	<u>120,308</u>	<u>—</u>	<u>292,601</u>
Deferred Inflows of Resources						
Unavailable revenues	—	144,788	172,191	353,649	—	—
Fund Balances						
Nonspendable	—	—	—	9,976	—	—
Restricted	2,213,395	345,094	653,170	3,126,453	4,716,428	—
Assigned	—	—	—	—	—	—
Unassigned	—	—	—	—	—	(84,315)
Total Fund Balances	<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>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,750,430</u>	<u>\$ 519,325</u>	<u>\$ 875,778</u>	<u>\$ 3,610,386</u>	<u>\$ 4,716,428</u>	<u>\$ 208,286</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, 2017

	County Fire Impact	Sheriff Equip. Impact	Jail & Juvenile Impact	Habitat Impact	Road Equip. Impr. Impact	Parks/Rec. Impact
Assets						
Cash and investments in Treasury	\$ 562,544	\$ 379,210	\$ 446,384	\$ 1,050,399	\$ 193,132	\$ 3,180,001
Restricted assets - cash with fiscal agent	—	—	—	—	—	—
Imprest cash	—	—	—	—	—	—
Receivables	—	—	—	—	—	—
Due from other governments	10,275	—	—	—	—	—
Advances from other funds	—	—	—	—	—	—
Inventories and other assets	—	—	—	—	—	—
Total Assets	<u>572,819</u>	<u>379,210</u>	<u>446,384</u>	<u>1,050,399</u>	<u>193,132</u>	<u>3,180,001</u>
Liabilities						
Accounts payable and accrued liabilities	—	—	—	—	—	—
Due to other funds	—	—	—	—	—	—
Due to other agencies	—	—	—	—	—	—
Advances to other funds	—	—	—	—	—	—
Deposits from others	—	—	—	—	—	—
Total Liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Deferred Inflows of Resources						
Unavailable revenues	<u>10,275</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Fund Balances						
Nonspendable	—	—	—	—	—	—
Assigned	562,544	379,210	446,384	1,050,399	193,132	3,180,001
Unassigned	—	—	—	—	—	—
Total Fund Balances	<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>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 572,819</u>	<u>\$ 379,210</u>	<u>\$ 446,384</u>	<u>\$ 1,050,399</u>	<u>\$ 193,132</u>	<u>\$ 3,180,001</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, 2017

	Santa Ana Storm Drain	Traffic Impact	Inclusionary Housing	Home	Total Special Revenue Funds
Assets					
Cash and investments in Treasury	\$ 659,340	\$ 4,478,777	\$ 12,085	\$ 312,418	23,246,748
Restricted assets - cash with fiscal agent	—	—	—	—	171,054
Imprest cash	—	—	—	—	50
Receivables	—	—	—	—	5,429
Loan receivable	—	—	—	1,552,444	1,552,444
Due from other governments	—	—	—	—	1,864,826
Advances from other funds	—	484,063	—	—	484,063
Inventories and other assets	—	—	—	—	9,976
Total Assets	<u>659,340</u>	<u>4,962,840</u>	<u>12,085</u>	<u>1,864,862</u>	<u>27,334,590</u>
Liabilities					
Accounts payable and accrued liabilities	—	—	—	—	682,619
Due to other funds	—	—	—	—	328,940
Due to other agencies	—	—	—	—	13,132
Advances to other funds	—	—	—	—	484,063
Deposits from others	—	—	—	—	13,976
Total Liabilities	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,522,730</u>
Deferred Inflows of Resources					
Unavailable revenues	—	—	—	—	1,129,523
Fund Balances					
Nonspendable	—	—	—	1,552,444	1,562,420
Restricted	—	—	—	312,418	11,757,710
Assigned	659,340	4,962,840	12,085	—	11,591,135
Unassigned	—	—	—	—	(228,928)
Total Fund Balances	<u>659,340</u>	<u>4,962,840</u>	<u>12,085</u>	<u>1,864,862</u>	<u>24,682,337</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 659,340</u>	<u>\$ 4,962,840</u>	<u>\$ 12,085</u>	<u>\$ 1,864,862</u>	<u>27,334,590</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, 2017

	Fish and Game	Victim Witness	Emergency Medical Services	Migrant Labor Camp	CSWD	Mosquito Abatement
Revenues:						
Taxes	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 203,857
Aid from other governments	—	21,309	—	434,233	1,561,803	—
Use of money and property	30	(699)	802	1,332	(828)	(74)
Fines, forfeitures and penalties	345	—	30,243	—	—	—
Charges for services	—	10,005	384,964	—	27,660	—
Other revenue	—	—	5,751	—	170,113	—
Total Revenues	<u>375</u>	<u>30,615</u>	<u>421,760</u>	<u>435,565</u>	<u>1,758,748</u>	<u>203,783</u>
Expenditures:						
Current:						
Public protection	—	174,779	—	—	—	—
Public ways and facilities	—	—	—	—	—	—
Health and sanitation	—	—	262,968	—	—	205,276
Public assistance	—	—	—	334,422	1,687,627	—
Total Expenditures	<u>—</u>	<u>174,779</u>	<u>262,968</u>	<u>334,422</u>	<u>1,687,627</u>	<u>205,276</u>
Excess (deficiency) of revenues over expenditures	<u>375</u>	<u>(144,164)</u>	<u>158,792</u>	<u>101,143</u>	<u>71,121</u>	<u>(1,493)</u>
Other Financing Sources (uses):						
Transfers in	—	—	2,331	—	—	4,125
Transfers out	—	—	(88,022)	—	(72,669)	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>(85,691)</u>	<u>—</u>	<u>(72,669)</u>	<u>4,125</u>
Net Change in Fund Balances	<u>375</u>	<u>(144,164)</u>	<u>73,101</u>	<u>101,143</u>	<u>(1,548)</u>	<u>2,632</u>
Fund balances - beginning of year, as restated	<u>3,878</u>	<u>(449)</u>	<u>72,099</u>	<u>248,860</u>	<u>31,476</u>	<u>3,936</u>
Fund balances - end 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>

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, 2017

	County Service Areas	Public Authority	Substance Abuse	Public Health	Public Safety Realignment	Cal Fire
Revenues:						
Taxes	\$ 117,763	\$ —	\$ —	\$ —	\$ —	\$ 983,771
Aid from other governments	903	350,206	686,276	2,659,848	2,646,182	7,439
Use of money and property	20,005	2,288	748	21,657	41,690	(1,149)
Fines, forfeitures and penalties	—	—	11,210	831	—	—
Charges for services	818,139	—	27,015	792,788	—	—
Other revenue	—	1,240	58,846	7,587	—	—
Total Revenues	<u>956,810</u>	<u>353,734</u>	<u>784,095</u>	<u>3,482,711</u>	<u>2,687,872</u>	<u>990,061</u>
Expenditures:						
Current:						
Public protection	—	—	—	—	—	1,248,853
Public ways and facilities	520,764	—	—	—	—	—
Health and sanitation	—	—	1,162,474	3,049,491	—	—
Public assistance	—	388,259	—	—	—	—
Total Expenditures	<u>520,764</u>	<u>388,259</u>	<u>1,162,474</u>	<u>3,049,491</u>	<u>—</u>	<u>1,248,853</u>
Excess (deficiency) of revenues over expenditures	<u>436,046</u>	<u>(34,525)</u>	<u>(378,379)</u>	<u>433,220</u>	<u>2,687,872</u>	<u>(258,792)</u>
Other Financing Sources (uses):						
Transfers in	—	—	746,000	—	—	258,303
Transfers out	—	—	—	(42,120)	(2,167,920)	—
Total other financing sources (uses)	<u>—</u>	<u>—</u>	<u>746,000</u>	<u>(42,120)</u>	<u>(2,167,920)</u>	<u>258,303</u>
Net Change in Fund Balances	<u>436,046</u>	<u>(34,525)</u>	<u>367,621</u>	<u>391,100</u>	<u>519,952</u>	<u>(489)</u>
Fund balances - beginning of year, as restated	<u>1,777,349</u>	<u>379,619</u>	<u>285,549</u>	<u>2,745,329</u>	<u>4,196,476</u>	<u>(83,826)</u>
Fund balances - end 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>

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, 2017

	County Fire Impact	Sheriff Equip Impact	Jail & Juvenile Impact	Habitat Impact	Road Equip. Impr. Impact	Parks/Rec Impact
Revenues:						
Use of money and property	\$ 4,914	\$ 2,343	\$ 2,747	\$ 7,800	\$ 5,364	\$ 23,359
Charges for services	90,478	131,852	159,906	9,482	153,884	333,286
Total Revenues	<u>95,392</u>	<u>134,195</u>	<u>162,653</u>	<u>17,282</u>	<u>159,248</u>	<u>356,645</u>
Expenditures:						
Current:						
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>95,392</u>	<u>134,195</u>	<u>162,653</u>	<u>17,282</u>	<u>159,248</u>	<u>356,645</u>
Other Financing Sources (uses):						
Transfers in	—	—	—	—	—	—
Transfers out	(140,038)	—	—	—	(603,990)	(110,845)
Total other financing sources (uses)	<u>(140,038)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(603,990)</u>	<u>(110,845)</u>
Net Change in Fund Balances	(44,646)	134,195	162,653	17,282	(444,742)	245,800
Fund balances - beginning of year, as restated	607,190	245,015	283,731	1,033,117	637,874	2,934,201
Fund balances - end 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>

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, 2017

	Santa Ana Storm Drain	Traffic Impact	Inclusionary Housing	Home	Total Special Revenue Funds
Revenues:					
Taxes	\$ —	\$ —	\$ —	\$ —	\$ 1,305,391
Aid from other governments	—	—	—	—	8,368,199
Use of money and property	4,490	37,111	90	4,985	179,005
Fines, forfeitures and penalties	—	—	—	—	42,629
Charges for services	109,860	766,742	—	—	3,816,061
Other revenue	—	—	—	—	243,537
Total Revenues	<u>114,350</u>	<u>803,853</u>	<u>90</u>	<u>4,985</u>	<u>13,954,822</u>
Expenditures:					
Current:					
Public protection	—	—	—	—	1,423,632
Public ways and facilities	—	—	—	—	520,764
Health and sanitation	—	—	—	—	4,680,209
Public assistance	—	—	—	70,185	2,480,493
Total Expenditures	<u>—</u>	<u>—</u>	<u>—</u>	<u>70,185</u>	<u>9,105,098</u>
Excess (deficiency) of revenues over expenditures	<u>114,350</u>	<u>803,853</u>	<u>90</u>	<u>(65,200)</u>	<u>4,849,724</u>
Other Financing Sources (uses):					
Transfers in	—	—	—	—	1,010,759
Transfers out	—	(1,849)	—	—	(3,227,453)
Total other financing sources (uses)	<u>—</u>	<u>(1,849)</u>	<u>—</u>	<u>—</u>	<u>(2,216,694)</u>
Net Change in Fund Balances	<u>114,350</u>	<u>802,004</u>	<u>90</u>	<u>(65,200)</u>	<u>2,633,030</u>
Fund balances - beginning of year, as restated	<u>544,990</u>	<u>4,160,836</u>	<u>11,995</u>	<u>1,930,062</u>	<u>22,049,307</u>
Fund balances - end of year	<u>\$ 659,340</u>	<u>\$ 4,962,840</u>	<u>\$ 12,085</u>	<u>\$ 1,864,862</u>	<u>\$ 24,682,337</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, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money or property	\$ —	\$ —	\$ 30	\$ 30
Fines, forfeits and penalties	500	500	345	(155)
Total Revenues	500	500	375	(125)
Expenditures:				
Current:				
Other charges	500	500	—	500
Total Expenditures	500	500	—	500
Excess (deficiency) of revenues over expenditures	—	—	375	375
Net change in fund balance	—	—	375	375
Fund balance - beginning of year	3,878	3,878	3,878	—
Fund balance - end of year	\$ 3,878	\$ 3,878	\$ 4,253	\$ 375

COUNTY OF SAN BENITO

Budgetary Comparison Schedule Victim Witness Special Revenue Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Aid from other governments	\$ 152,869	\$ 286,427	\$ 21,309	\$ (265,118)
Use of money or property	—	—	(699)	(699)
Charges for services	7,500	7,500	10,005	2,505
Total Revenues	<u>160,369</u>	<u>293,927</u>	<u>30,615</u>	<u>(263,312)</u>
Expenditures:				
Current:				
Salaries and benefits	147,387	257,583	155,910	101,673
Services and supplies	8,870	24,951	14,757	10,194
Indirect costs	4,112	11,393	4,112	7,281
Total Expenditures	<u>160,369</u>	<u>293,927</u>	<u>174,779</u>	<u>111,867</u>
Excess (deficiency) of revenues over expenditures	<u>—</u>	<u>—</u>	<u>(144,164)</u>	<u>(144,164)</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>(144,164)</u>	<u>(144,164)</u>
Fund balance - beginning of year	<u>—</u>	<u>—</u>	<u>(449)</u>	<u>(449)</u>
Fund balance - end of year	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (144,613)</u>	<u>\$ (144,613)</u>

COUNTY OF SAN BENITO

Budgetary Comparison Schedule
Emergency Medical Services Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Use of money or property	\$ 15,000	\$ 15,000	\$ 802	\$ (14,198)
Fines, forfeits and penalties	—	—	30,243	30,243
Charges for services	370,148	370,148	384,964	14,816
Other revenue	—	—	5,751	5,751
Total Revenues	385,148	385,148	421,760	36,612
Expenditures:				
Current:				
Salaries and benefits	168,515	168,515	181,565	(13,050)
Services and supplies	190,300	190,300	51,210	139,090
Other charges	—	—	5,860	(5,860)
Indirect costs	26,333	26,333	24,333	2,000
Total Expenditures	385,148	385,148	262,968	122,180
Excess (deficiency) of revenues over expenditures	—	—	158,792	158,792
Other Financing Sources (Uses):				
Transfers in	—	—	2,331	2,331
Transfers out	—	—	(88,022)	88,022
Total other financing sources (uses)	—	—	(85,691)	90,353
Net change in fund balance	—	—	73,101	73,101
Fund balance - beginning of year	55,865	55,865	72,099	16,234
Fund balance - end of year	\$ 55,865	\$ 55,865	\$ 145,200	\$ 89,335

COUNTY OF SAN BENITO

Budgetary Comparison Schedule
Migrant Labor Camp Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Aid from other governments	\$ 386,057	\$ 386,057	\$ 434,233	\$ 48,176
Use of money or property	—	—	1,332	1,332
Total Revenues	<u>386,057</u>	<u>386,057</u>	<u>435,565</u>	<u>49,508</u>
Expenditures:				
Current:				
Salaries and benefits	216,659	216,659	170,414	46,245
Services and supplies	152,956	152,956	138,788	14,168
Other charges	—	—	8,778	(8,778)
Indirect costs	16,442	16,442	16,442	—
Total Expenditures	<u>386,057</u>	<u>386,057</u>	<u>334,422</u>	<u>51,635</u>
Excess (deficiency) of revenues over expenditures	<u>—</u>	<u>—</u>	<u>101,143</u>	<u>101,143</u>
Net change in fund balance	<u>—</u>	<u>—</u>	<u>101,143</u>	<u>101,143</u>
Fund balance - beginning of year	<u>477,861</u>	<u>477,861</u>	<u>248,860</u>	<u>(229,001)</u>
Fund balance - end of year	<u>\$ 477,861</u>	<u>\$ 477,861</u>	<u>\$ 350,003</u>	<u>\$ (127,858)</u>

COUNTY OF SAN BENITO

Budgetary Comparison Schedule
Community Services Workforce Development (CSWD) Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Aid from other governments	\$ —	\$ 2,000,000	\$ 1,561,803	\$ (438,197)
Use of money or property	—	—	(828)	(828)
Charges for services	—	—	27,660	27,660
Other revenue	3,871,458	3,956,187	170,113	(3,786,074)
Total Revenues	3,871,458	5,956,187	1,758,748	(4,197,439)
Expenditures:				
Current:				
Salaries and benefits	1,480,567	1,553,354	1,076,481	476,873
Services and supplies	158,378	359,378	164,663	194,715
Other charges	2,150,147	2,306,847	378,812	1,928,035
Indirect costs	82,366	82,366	67,671	14,695
Total Expenditures	3,871,458	4,301,945	1,687,627	2,614,318
Excess (deficiency) of revenues over expenditures	—	1,654,242	71,121	(1,583,121)
Other Financing Sources (Uses):				
Transfers out	—	(1,700,000)	(72,669)	(1,627,331)
Total other financing sources (uses)	—	(1,700,000)	(72,669)	(1,627,331)
Net change in fund balance	—	(45,758)	(1,548)	44,210
Fund balance - beginning of year	164,184	164,184	31,476	(132,708)
Fund balance - end of year	\$ 164,184	\$ 118,426	\$ 29,928	\$ (88,498)

COUNTY OF SAN BENITO

Budgetary Comparison Schedule Mosquito Abatement Special Revenue Fund For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 205,477	\$ 205,477	\$ 203,857	\$ (1,620)
Use of money or property	—	—	(74)	(74)
Total Revenues	205,477	205,477	203,783	(1,694)
Expenditures:				
Current:				
Salaries and benefits	160,689	160,689	157,500	3,189
Services and supplies	46,900	46,900	37,407	9,493
Other charges	10,945	10,945	5,066	5,879
Indirect costs	5,303	5,303	5,303	—
Total Expenditures	223,837	223,837	205,276	18,561
Excess (deficiency) of revenues over expenditures	(18,360)	(18,360)	(1,493)	16,867
Other Financing Sources (Uses):				
Transfers in	5,000	5,000	4,125	(875)
Total other financing sources (uses)	5,000	5,000	4,125	(875)
Net change in fund balance	(13,360)	(13,360)	2,632	15,992
Fund balance - beginning of year	—	—	3,936	3,936
Fund balance - end of year	\$ (13,360)	\$ (13,360)	\$ 6,568	\$ 19,928

COUNTY OF SAN BENITO

Budgetary Comparison Schedule
County Service Areas (CSAs) Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 717,405	\$ 717,405	\$ 117,763	\$ (599,642)
Aid from other governments	—	—	903	903
Use of money or property	1,172	1,172	20,005	18,833
Charges for services	198,079	198,079	818,139	620,060
Total Revenues	916,656	916,656	956,810	40,154
Expenditures:				
Current:				
Services and supplies	1,034,218	1,034,218	509,934	524,284
Other charges	652	652	10,830	(10,178)
Capital assets	650,000	650,000	—	650,000
Indirect costs	15,231	15,231	—	15,231
Total Expenditures	1,700,101	1,700,101	520,764	1,179,337
Excess (deficiency) of revenues over expenditures	(783,445)	(783,445)	436,046	1,219,491
Net change in fund balance	(783,445)	(783,445)	436,046	1,219,491
Fund balance - beginning of year	1,777,349	1,777,349	1,777,349	—
Fund balance - end of year	\$ 993,904	\$ 993,904	\$ 2,213,395	\$ 1,219,491

COUNTY OF SAN BENITO

Budgetary Comparison Schedule
Public Authority Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Aid from other governments	\$ 362,898	\$ 362,898	\$ 350,206	\$ (12,692)
Use of money or property	—	—	2,288	2,288
Other revenue	—	—	1,240	1,240
Total Revenues	362,898	362,898	353,734	(9,164)
Expenditures:				
Current:				
Salaries and benefits	175,112	175,112	161,151	13,961
Services and supplies	25,630	25,630	41,076	(15,446)
Other charges	127,234	127,234	149,593	(22,359)
Indirect costs	34,922	34,922	36,439	(1,517)
Total Expenditures	362,898	362,898	388,259	(25,361)
Excess (deficiency) of revenues over expenditures	—	—	(34,525)	(34,525)
Net change in fund balance	—	—	(34,525)	(34,525)
Fund balance - beginning of year	381,684	381,684	379,619	(2,065)
Fund balance - end of year	<u>\$ 381,684</u>	<u>\$ 381,684</u>	<u>\$ 345,094</u>	<u>\$ (36,590)</u>

COUNTY OF SAN BENITO

Budgetary Comparison Schedule
Substance Abuse Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Aid from other governments	\$ 1,581,887	\$ 1,581,887	\$ 686,276	\$ (895,611)
Use of money or property	—	—	748	748
Fines, forfeits and penalties	—	—	11,210	11,210
Charges for services	4,700	4,700	27,015	22,315
Other revenue	3,000	3,000	58,846	55,846
Total Revenues	1,589,587	1,589,587	784,095	(805,492)
Expenditures:				
Current:				
Salaries and benefits	1,066,337	1,066,337	755,675	310,662
Services and supplies	206,850	206,850	177,152	29,698
Other charges	259,000	259,000	172,320	86,680
Indirect costs	57,400	57,400	57,327	73
Total Expenditures	1,589,587	1,589,587	1,162,474	427,113
Excess (deficiency) of revenues over expenditures	—	—	(378,379)	(378,379)
Other Financing Sources (Uses):				
Transfers in	—	—	746,000	746,000
Total other financing sources (uses)	—	—	746,000	746,000
Net change in fund balance	—	—	367,621	367,621
Fund balance - beginning of year	275,830	275,830	285,549	9,719
Fund balance - end of year	\$ 275,830	\$ 275,830	\$ 653,170	\$ 377,340

COUNTY OF SAN BENITO

Budgetary Comparison Schedule
Public Health Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Aid from other governments	\$ 2,959,552	\$ 3,168,418	\$ 2,659,848	\$ (508,570)
Use of money or property	500	500	21,657	21,157
Fines, forfeits and penalties	2,500	2,500	831	(1,669)
Charges for services	520,700	520,700	792,788	272,088
Other revenue	36,000	36,000	7,587	(28,413)
Total Revenues	3,519,252	3,728,118	3,482,711	(245,407)
Expenditures:				
Current:				
Salaries and benefits	2,951,526	2,997,613	2,193,018	804,595
Services and supplies	662,120	781,270	617,055	164,215
Other charges	181,722	206,136	47,584	158,552
Capital assets	7,200	25,200	—	25,200
Indirect costs	184,064	185,279	191,834	(6,555)
Total Expenditures	3,986,632	4,195,498	3,049,491	1,146,007
Excess (deficiency) of revenues over expenditures	(467,380)	(467,380)	433,220	900,600
Other Financing Sources (Uses):				
Transfers in	560,439	560,439	—	(560,439)
Transfers out	(560,439)	(560,439)	(42,120)	518,319
Total other financing sources (uses)	—	—	(42,120)	(42,120)
Net change in fund balance	(467,380)	(467,380)	391,100	858,480
Fund balance - beginning of year	2,814,238	2,814,238	2,745,329	(68,909)
Fund balance - end of year	\$ 2,346,858	\$ 2,346,858	\$ 3,136,429	\$ 789,571

COUNTY OF SAN BENITO

Budgetary Comparison Schedule
Cal Fire Special Revenue Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 978,746	\$ 978,746	\$ 983,771	\$ 5,025
Aid from other governments	10,000	10,000	7,439	(2,561)
Use of money or property	—	—	(1,149)	(1,149)
Total Revenues	988,746	988,746	990,061	1,315
Expenditures:				
Current:				
Services and supplies	1,210,026	1,210,026	1,161,830	48,196
Capital assets	30,000	33,304	33,303	1
Indirect costs	53,720	53,720	53,720	—
Total Expenditures	1,293,746	1,297,050	1,248,853	48,197
Excess (deficiency) of revenues over expenditures	(305,000)	(308,304)	(258,792)	49,512
Other Financing Sources (Uses):				
Transfers in	305,000	308,304	258,303	(50,001)
Total other financing sources (uses)	—	—	258,303	(50,001)
Net change in fund balance	(305,000)	(308,304)	(489)	307,815
Fund balance - beginning of year	83,826	83,826	(83,826)	(167,652)
Fund balance - end of year	\$ (221,174)	\$ (224,478)	\$ (84,315)	\$ 140,163

COUNTY OF SAN BENITO

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2017

	Special Revenue Funds	Capital Projects Fund	Developer Projects Fund	Total Other Governmental Funds
Assets				
Cash and investments in Treasury	\$ 23,246,748	\$ 405,750	\$ 2,754,804	\$ 26,407,302
Restricted assets - cash with fiscal agent	171,054	—	—	171,054
Imprest cash	50	—	—	50
Receivables	5,429	2,279	—	7,708
Loan receivable	1,552,444	—	—	1,552,444
Due from other governments	1,864,826	460,071	5,999	2,330,896
Advances from other funds	484,063			484,063
Inventories and other assets	9,976	—	—	9,976
Total Assets	27,334,590	868,100	2,760,803	30,963,493
Liabilities				
Accounts payable and accrued liabilities	682,619	163,626	—	846,245
Due to other funds	328,940	—	—	328,940
Due to other agencies	13,132	48,997	—	62,129
Advances to other funds	484,063			484,063
Deposits from others	13,976	—	—	13,976
Total Liabilities	1,522,730	212,623	—	1,735,353
Deferred Inflows of Resources				
Unavailable revenues	1,129,523	538,123	—	1,667,646
Fund Balances				
Nonspendable	1,562,420	—	—	1,562,420
Restricted	11,757,710	—	2,760,803	14,518,513
Assigned	11,591,135	117,354	—	11,708,489
Unassigned	(228,928)	—	—	(228,928)
Total Fund Balances	24,682,337	117,354	2,760,803	27,560,494
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 27,334,590	\$ 868,100	\$ 2,760,803	\$ 30,963,493

COUNTY OF SAN BENITO

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2017

	Special Revenue Funds	Capital Project Funds	Developer Projects Fund	Total Other Governmental Funds
Revenues:				
Taxes	\$ 1,305,391	\$ —	\$ —	\$ 1,305,391
Aid from other governmental agencies	8,368,199	—	6,000	8,374,199
Use of money or property	179,005	—	20,481	199,486
Fines, forfeitures and penalties	42,629	324,942	—	367,571
Charges for services	3,816,061	—	780	3,816,841
Other revenue	243,537	—	—	243,537
Total Revenues	<u>13,954,822</u>	<u>324,942</u>	<u>27,261</u>	<u>14,307,025</u>
Expenditures:				
Current:				
Public protection	1,423,632	—	—	1,423,632
Public ways and facilities	520,764	—	—	520,764
Health and sanitation	4,680,209	—	—	4,680,209
Public assistance	2,480,493	—	—	2,480,493
Capital outlay:				
General government	—	437,062	—	437,062
Public protection	—	338,898	—	338,898
Public ways and facilities	—	611,104	—	611,104
Health and sanitation	—	318,419	—	318,419
Public assistance	—	161,529	—	161,529
Recreation and culture	—	150,141	—	150,141
Total Expenditures	<u>9,105,098</u>	<u>2,017,153</u>	<u>—</u>	<u>11,122,251</u>
Excess (deficiency) of revenues over expenditures	<u>4,849,724</u>	<u>(1,692,211)</u>	<u>27,261</u>	<u>3,184,774</u>
Other Financing Sources (uses):				
Transfers in	1,010,759	2,429,807	48,000	3,488,566
Transfers out	(3,227,453)	—	—	(3,227,453)
Total other financing sources (uses)	<u>(2,216,694)</u>	<u>2,429,807</u>	<u>48,000</u>	<u>261,113</u>
Net change in fund balances	<u>2,633,030</u>	<u>737,596</u>	<u>75,261</u>	<u>3,445,887</u>
Fund balances - beginning of year, as restated	<u>22,049,307</u>	<u>(620,242)</u>	<u>2,685,542</u>	<u>24,114,607</u>
Fund balances - end of year	<u>\$ 24,682,337</u>	<u>\$ 117,354</u>	<u>\$ 2,760,803</u>	<u>\$ 27,560,494</u>

COUNTY OF SAN BENITO

Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Fines, forfeits and penalties	—	—	324,942	324,942
Total Revenues	—	—	324,942	324,942
Expenditures:				
Capital outlay:				
General government	31,744,730	33,378,160	437,062	32,941,098
Public protection	—	—	338,898	(338,898)
Public ways and facilities	—	—	611,104	(611,104)
Health and sanitation	—	—	318,419	(318,419)
Public assistance	—	—	161,529	(161,529)
Recreation and culture	—	—	150,141	(150,141)
Total Expenditures	31,744,730	33,378,160	2,017,153	31,361,007
Excess (deficiency) of revenues over expenditures	(31,744,730)	(33,378,160)	(1,692,211)	(31,685,949)
Other Financing Sources (Uses):				
Transfers In	31,744,730	33,378,160	2,429,807	(30,948,353)
Total other financing sources (uses)	31,744,730	33,378,160	2,429,807	(30,948,353)
Net change in fund balance	—	—	737,596	737,596
Fund balance - beginning of year	—	—	(620,242)	(620,242)
Fund balance - end of year	\$ —	\$ —	\$ 117,354	\$ 117,354

COUNTY OF SAN BENITO

Budgetary Comparison Schedule
Solid Waste Fund
For the Year Ended June 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Operating Revenues:				
Aid from other governmental agencies	\$ 1,946,486	\$ 1,946,486	\$ 41,969	(1,904,517)
Charges for services	819,490	819,490	1,147,041	327,551
Total Operating Revenues	<u>2,765,976</u>	<u>2,765,976</u>	<u>1,189,010</u>	<u>(1,576,966)</u>
Operating Expenses:				
Salaries & Benefits	245,821	245,821	79,528	166,293
Services & Supplies	910,706	910,706	588,857	321,849
Other Charges - Landfill closure cost	—	—	744,931	(744,931)
Indirect Costs	50,000	50,000	51,757	(1,757)
Depreciation & Amortization	—	—	47,738	(47,738)
Total Operating Expense	<u>1,206,527</u>	<u>1,206,527</u>	<u>1,512,811</u>	<u>(306,284)</u>
Net Operating Income	<u>1,559,449</u>	<u>1,559,449</u>	<u>(323,801)</u>	<u>(1,883,250)</u>
Non-operating Revenues (Expense):				
Transfers In (Out)	310,903	310,903	(1,345)	(312,248)
Interest Income	90,000	90,000	38,973	(51,027)
Total Non-Operating Revenues (Expenses)	<u>400,903</u>	<u>400,903</u>	<u>37,628</u>	<u>(363,275)</u>
Change in Net Position	1,960,352	1,960,352	(286,173)	(2,246,525)
Net Position - Beginning of year	<u>5,798,259</u>	<u>5,798,259</u>	<u>5,798,259</u>	<u>—</u>
Net Position - End of Year	<u>\$7,758,611</u>	<u>\$7,758,611</u>	<u>\$5,512,086</u>	<u>\$(2,246,525)</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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$ 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	\$ 91,371,397
Restricted	37,667,368	26,080,558	—	—	—	—	225,314	225,314	243,451	243,451
Unrestricted	(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	57,893,181
Total governmental activities net position	<u>\$ 124,050,481</u>	<u>\$ 112,288,617</u>	<u>\$ 85,109,647</u>	<u>\$ 126,592,255</u>	<u>\$ 121,207,069</u>	<u>\$ 119,413,533</u>	<u>\$ 127,587,715</u>	<u>\$ 136,813,142</u>	<u>\$ 145,552,670</u>	<u>\$ 149,508,029</u>
Business-type activities										
Net investment in capital assets	\$ 777,162	\$ 824,901	\$ 876,192	\$ 947,300	\$ 907,172	\$ 845,725	\$ 596,388	\$ 488,115	\$ 317,136	\$ 327,951
Restricted	—	131,690.7	—	—	—	—	—	—	—	—
Unrestricted	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	3,987,072
Total business-type activities net position	<u>\$ 5,512,086</u>	<u>\$ 5,798,259</u>	<u>\$ 5,398,556</u>	<u>\$ 5,659,690</u>	<u>\$ 5,198,627</u>	<u>\$ 5,049,198</u>	<u>\$ 4,741,907</u>	<u>\$ 4,676,648</u>	<u>\$ 4,251,928</u>	<u>\$ 4,315,023</u>
Primary government										
Net investment in capital assets	\$ 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	\$ 91,699,348
Restricted	37,667,368	26,212,249	—	—	—	—	225,314	225,314	243,451	243,451
Unrestricted	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	61,880,253
Total primary government net position	<u>\$ 129,562,567</u>	<u>\$ 118,086,876</u>	<u>\$ 90,508,203</u>	<u>\$ 132,251,945</u>	<u>\$ 126,405,696</u>	<u>\$ 124,462,731</u>	<u>\$ 132,329,622</u>	<u>\$ 141,489,790</u>	<u>\$ 149,804,598</u>	<u>\$ 153,823,052</u>

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)	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities									
General government	4,390,182	4,820,901	6,913,665	2,872,536	3,682,386	9,867,243	6,058,757	6,124,809	8,988,827
Public protection	28,401,251	26,361,016	27,914,449	24,900,347	25,516,934	26,978,343	30,771,788	29,132,253	28,570,852
Public ways and facilities	7,361,125	7,491,909	5,867,005	6,324,848	6,655,356	7,038,005	8,221,996	7,942,193	7,615,680
Health and sanitation	9,459,400	10,509,822	9,576,959	9,513,485	9,926,853	9,658,580	9,504,909	10,443,296	9,795,150
Public assistance	21,653,802	21,563,780	20,714,730	19,623,809	16,677,671	19,450,340	20,428,859	21,503,579	19,653,854
Education	1,059,094	929,498	1,063,203	1,006,320	820,203	839,647	1,557,718	1,134,128	987,627
Recreation and culture	(1,682)	138,641	220,421	182,163	179,184	437,982	562,217	229,023	855,593
Debt Service:									
Interest	—	—	1,877	2,924	5,299	13,182	11,896	12,321	47,658
Total governmental activities expenses	72,323,172	71,815,567	72,272,309	64,426,432	63,463,886	74,283,322	77,118,140	76,521,602	76,515,241
Business-type activities:									
Solid waste	1,512,811	752,368	(4,428,282)	1,230,478	1,208,059	1,239,238	1,012,760	1,036,231	1,340,849
Total business-type activities expenses	1,512,811	752,368	(4,428,282)	1,230,478	1,208,059	1,239,238	1,012,760	1,036,231	1,340,849
Total Primary Government Expenses	73,835,983	72,567,935	67,844,027	65,656,910	64,671,945	75,522,560	78,130,900	77,557,833	77,856,090
Program Revenues (by function)									
Governmental activities									
Fees, fines and charges for services:									
General government	4,462,502	3,736,463	4,341,391	1,135,198	2,400,487	1,247,423	1,787,088	1,454,124	2,846,454
Public protection	4,575,111	5,020,426	4,886,764	8,593,707	5,683,470	6,375,969	5,988,777	5,093,445	4,692,125
Public ways and facilities	1,554,749	1,429,875	1,161,336	3,800,870	1,145,966	1,512,540	1,045,309	897,820	1,551,404
Health and sanitation	1,037,176	842,388	761,028	590,513	611,245	881,440	899,220	1,126,518	730,704
Public assistance	35,146	30,532	9,255	88,761	16,086	132,347	367,225	53,604	675,515
Education	27,371	31,299	254,356	42,402	31,554	134,701	376,365	62,226	38,459
Recreation and culture	384,454	628,097	264,138	178,408	116,590	108,311	91,736	70,494	160,413
Operating grants and contributions	46,707,783	48,757,219	43,858,372	34,169,280	36,862,728	38,914,593	40,186,593	39,131,033	40,698,912
Capital grants and contributions	608,538	783,949	1,016,997	5,381,065	3,448,335	1,304,425	1,048,873	2,649,825	2,740,904
Total governmental activities program	59,392,830	61,260,248	56,553,637	53,980,204	50,316,461	50,611,749	51,791,186	50,539,089	54,134,890
Business-type activities:									
Solid Waste									
Charges for services	1,147,041	1,113,071	960,135	1,650,139	1,300,126	1,402,743	1,210,964	1,347,746	1,068,164
Operating grants and contributions	41,969	144,683							
Total Business-type activities revenue	1,189,010	1,257,754	960,135	1,650,139	1,300,126	1,402,743	1,210,964	1,347,746	1,068,164
Total Primary Government Program Revenues	60,581,840	62,518,002	57,513,772	55,630,343	51,616,587	52,014,492	53,002,150	51,886,835	55,203,054

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,								
	2017	2016	2015	2014	2013	2012	2011	2010	2009
Net (Expenses)/Revenue									
Governmental activities	(12,930,342)	(10,555,319)	(15,718,672)	(10,446,228)	(13,147,425)	(23,671,573)	(25,326,954)	(25,982,513)	(22,380,351)
Business-type activities	(323,801)	505,386	5,388,417	419,661	92,067	163,505	198,204	311,515	(272,685)
Total Primary Net (Expenses)/Revenue	(13,254,143)	(10,049,933)	(10,330,255)	(10,026,567)	(13,055,358)	(23,508,068)	(25,128,750)	(25,670,998)	(22,653,036)
General Revenues and Other Changes in Net Assets									
Governmental activities:									
Taxes:									
Property taxes	15,895,467	14,904,105	14,163,226	12,451,983	11,987,365	11,350,510	11,894,375	12,170,639	14,969,680
Sales and use taxes	2,456,622	1,641,346	1,500,211	1,390,428	1,517,488	1,391,853	1,258,710	1,067,883	1,216,365
Franchise taxes	518,959	527,120	440,703	488,469	421,712	442,047	443,428	431,446	390,068
Other taxes	1,820,181	1,439,178	751,435	764,008	360,818	367,715	300,983	307,810	337,718
Unrestricted interest and investment earnings	584,998	385,480	222,370	185,960	203,534	461,213	75,720	398,888	1,006,021
Miscellaneous	1,094,458	1,149,886	2,241,644	550,567	450,045	1,477,376	1,965,192	2,866,319	505,140
Transfers	1,345	2,359	5,567,077	—	—	6,678	163,119	—	—
Total governmental activities	22,372,030	20,049,474	24,886,666	15,831,415	14,940,962	15,497,392	16,101,527	17,242,985	18,424,992
Business-type activities:									
Other taxes	—	—	—	—	—	—	—	33,633	17,320
Transfers	(1,345)	(2,359)	(5,567,077)	—	—	—	(163,119)	—	—
Unrestricted interest and investment earnings	38,973	18,010	30,198	41,400	57,362	143,786	30,174	79,572	192,270
Total business-type activities	37,628	15,651	(5,536,879)	41,400	57,362	143,786	(132,945)	113,205	209,590
Total Primary Government	22,409,658	20,065,125	19,349,787	15,872,815	14,998,324	15,641,178	15,968,582	17,356,190	18,634,582
Change in Net Position									
Governmental activities	9,441,688	9,494,155	9,167,994	5,385,187	1,793,537	(8,174,181)	(9,225,427)	(8,739,528)	(3,955,359)
Business-type activities	(286,173)	521,037	(148,462)	461,061	149,429	307,291	65,259	424,720	(63,095)
Total Primary Government	\$ 9,155,515	\$ 10,015,192	\$ 9,019,532	\$ 5,846,248	\$ 1,942,966	\$ (7,866,890)	\$ (9,160,168)	\$ (8,314,808)	\$ (4,018,454)

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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Fund										
Reserved	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 3,063,761	\$ 451,322	\$ 737,316
Unreserved	—	—	—	—	—	—	—	17,435,187	25,836,693	24,190,206
Nonspendable	188,314	200,245	126,980	166,047	8,583	503,686	276,138	—	—	—
Restricted	2,621,709	2,288,857	—	—	—	—	—	—	—	—
Committed	3,000,000	—	—	—	—	—	—	—	—	—
Assigned	7,520,751	5,861,125	—	—	1,629,420	1,319,553	—	—	—	—
Unassigned	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>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>	<u>24,927,522</u>
All Other Governmental Funds										
Reserved	—	—	—	—	—	—	—	—	—	507,309
Unreserved, reported in										
Special revenue funds	—	—	—	—	—	—	—	31,267,815	34,037,109	39,725,259
Capital project fund	—	—	—	—	—	—	—	—	—	—
Nonspendable	1,611,936	1,114,335	52,511	63,644	111,752	135,876	111,062	—	—	—
Restricted	33,388,341	23,791,701	8,560,596	6,669,584	—	—	—	—	—	—
Assigned	12,415,017	16,983,721	19,022,253	16,160,602	24,172,212	25,672,149	27,084,479	—	—	—
Unassigned	(1,519,639)	(944,534)	(914,430)	(995,944)	(924,913)	(213,777)	—	—	—	—
Total all other governmental funds	<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>	<u>40,232,568</u>
Total governmental fund balances	<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>	<u>\$65,160,090</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,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues:										
Taxes	\$ 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	\$ 16,889,149
Licenses and permits	1,294,916	1,757,688	759,936	988,892	874,270	764,244	890,078	802,321	859,554	1,219,250
Aid from other governments	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	37,810,749
Use of money or property	584,998	385,480	222,370	362,084	398,684	995,570	304,774	643,485	1,988,669	3,111,864
Fines, forfeits and penalties	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	1,173,016
Charges for services	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	6,946,304
Other revenue	1,214,385	1,561,943	2,241,644	680,371	722,489	913,295	1,116,027	869,279	914,743	958,329
Total Revenues	<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>	<u>68,108,661</u>
Expenditures:										
Current:										
General government	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	6,847,551
Public protection	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	26,176,299
Public ways and facilities	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	10,253,316
Health and sanitation	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	9,604,141
Public assistance	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	18,410,390
Education	991,421	904,665	1,045,146	985,158	812,642	791,108	1,456,158	1,046,484	937,628	1,022,611
Recreation and culture	162,256	142,257	138,010	125,063	581,967	377,356	729,216	193,013	803,730	388,845
Capital outlay	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	2,452,508
Debt Service:										
Principal	—	—	722,000	361,000	361,000	591,000	225,000	210,000	205,000	195,000
Interest	—	—	1,877	2,924	5,299	13,182	17,290	16,867	33,508	44,446
Total Expenditures	<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>	<u>75,395,107</u>
Excess (deficiency) of revenues over expenditures	<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>	<u>(7,286,446)</u>
Other Financing Sources (Uses):										
Transfers in	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	10,183,215
Transfers out	(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)	(10,183,215)
Proceeds from borrowing	—	—	—	—	—	—	18,790,008	—	—	—
Capital leases	25,211	—	—	—	—	—	—	—	52,668	—
Total other financing sources (uses)	<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>	<u>—</u>
Net change in fund balances	<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>	<u>(7,286,446)</u>
Fund balances, beginning of year	<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>	<u>72,446,536</u>
Fund balances, end of year	<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>	<u>\$ 65,160,090</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 ^d	Net Assessed Taxable Value ^e	Total Direct Tax Rate
	Secured ^a	Unsecured ^b	Utility ^c	Total			
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%
2008	6,573,600	216,000	98,000	6,887,600	136,712	6,750,888	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
2017	90,443,837	89,172,281	99%	N/A	82,906,000	99%
2016	84,064,227	82,906,000	99%	625,353	76,825,918	99%
2015	77,259,690	76,200,565	99%	785,002	71,320,085	100%
2014	71,540,713	70,535,083	99%	789,505	67,190,231	100%
2013	67,648,211	66,400,726	98%	1,060,024	67,238,300	99%
2012	68,224,241	66,178,276	97%	1,750,731	68,622,401	100%
2011	69,133,645	66,871,670	97%	2,062,469	70,809,902	99%
2010	72,320,271	68,747,433	95%	3,213,612	77,278,055	100%
2009	79,082,862	74,064,443	94%	4,967,399	78,283,994	100%
2008	79,711,678	73,316,595	92%	6,291,436	79,608,031	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		
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
2008	1.000	n/a	0.0138	—	0.0781	0.0012	0.2730

Source: San Benito County Auditor

COUNTY OF SAN BENITO

Principal Property Taxpayers June 30, 2017 and June 30, 2016 (in millions)

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

Fiscal Year Ended June 30, 2016

Taxpayer	Assessed Value
Pacific Gas & Electric Co.	115.2
Granite Rock Co.	69.4
Natural Selection Foods LLC	67.5
McCormick Selph Inc. a Calif. Corp	27.6
Stone Canyon Ranch LLC	27.3
Award Homes Inc. a CA Corp	20.4
Northpointe Associates LLC	19.5
TLF-SJB LLC a Calif LTD Liab Company	18.2
Las Aguilas LLC a Cal LLC	15.3
Marich Confectionery Associates	14.1

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
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
2007-08	870	—	870	6,750,888	0.01%	57,784	15.06

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
2016-17	—	—	—	4,390,182	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%
2007-08	185,000	46,923	231,923	4,542,937	5.11%

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									
	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
Governmental Activities:										
Capital Leases	105	—	—	—	—	—	18	77	120	36
Certificates of Participation	—	—	—	—	—	235	455	665	870	1,065
Total Governmental Activities	105	—	—	—	—	235	473	742	990	1,101
Business-type Activities:										
Landfill Closure & Post-closure	—	—	5,032	4,818	4,521	4,304	4,189	3,948	3,435	3,225
Total Business-type Activities	—	—	5,032	4,818	4,521	4,304	4,189	3,948	3,435	3,225
Total Primary Government	105	—	5,032	4,818	4,521	4,539	4,662	4,690	4,425	4,326
Percentage of Personal Income	4.09%	0.00%	0.22%	0.22%	0.22%	0.23%	0.22%	0.22%	0.22%	0.22%
Per Capita	2	—	87	84	80	81	84	81	77	75
Personal Income (thousands) (for PPI)	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	1,952,109
Population (per capita)	56,648	58,344	57,993	57,146	56,643	55,948	55,332	58,016	57,784	57,803

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 2007-08 through 2016-17 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		
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%
2007-08	6,750,888	337,544	870	—	870	336,674	0.26%

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									
	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Population (a)	59,414	58,792	58,267	57,594	56,871	56,174	55,532	54,436	54,267	54,072
Personal Income (In thousands) (a)	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	2,003,581
Per Capita Personal Income (a)	46,392	43,643	41,486	39,576	37,598	36,314	34,556	35,076	36,326	37,054
County Unemployment Rate (b)	6.4%	7.6%	9.3%	11.1%	13.1%	14.5%	15.1%	14.0%	9.7%	7.2%

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
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%
2007	11,757,693	64.16%	31	3.33%

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	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08
General Government											
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
Total General Government		69	60	57.4	54.5	50.6	65.9	70.4	70.7	68.3	69.0
Public Protection											
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

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Fund/Dept/Div	Program/ Job Class Title	2016/17	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09	2007/08
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
	Total Public Protection	146	151	135.5	129.6	126.1	159.0	183.3	186.8	207.6	204.5
	Public Ways and Facilities										
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
	Total Public Ways and Facilities	30	31.0	30.0	33.6	33.7	34.6	38.8	40.4	44.9	43.4
	Health and Sanitation										
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
	Total Health and Sanitation	72	68.0	74.0	77.0	74.7	77.0	80.8	83.9	84.2	84.5
	Public Assistance										
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	—	—	—	—	—	—	—	—
	Total Public Assistance	141	130.0	132.0	98.0	87.8	92.8	96.3	91.3	87.5	81.3
	Education										
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
	Total Education	7	6.0	6.0	5.0	5.0	7.5	8.8	9.5	10.0	10.0
	Recreation and Culture										
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
	Total Recreation and Culture	1	1	1.2	1.4	1.6	1.6	1.8	1.8	2.3	2.3
	Total Positions	466	447.0	436.0	399.0	379.3	438.3	480.0	484.4	504.9	494.9