

**COUNTY OF SAN BENITO**

**AUDIT REPORT**

**JUNE 30, 2006**

COUNTY OF SAN BENITO  
AUDIT REPORT  
For the Year Ended June 30, 2006

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis (Required Supplementary Information)	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities	17
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	18
Reconciliation of the Governmental Funds Balance Sheet to the Government- Wide Statement of Net Assets – Governmental Activities	19
Statement of Revenues, Expenditures, and Changes in Fund Balances	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities-Governmental Activities	21
Proprietary Funds:	
Statement of Fund Net Assets	22
Statement of Revenues, Expenses and Changes in Fund Net Assets	23
Statement of Cash Flows	24
Fiduciary Funds:	
Statement of Fiduciary Net Assets	26
Statement of Changes in Fiduciary Net Assets	27
Notes to the Basic Financial Statements	28
Required Supplementary Information:	
County Employee's Retirement Plan (Defined Pension Benefit Plan):	
Schedule of Funding Progress	50
Budgetary Comparison Schedule – General Fund	51
Budgetary Comparison Schedule – Human Services Agency	52
Budgetary Comparison Schedule – Road Fund	53
Budgetary Comparison Schedule – San Benito Finance Corporation	54
Budgetary Comparison Schedule – Other Grant Funds	55
Budgetary Comparison Schedule – Other Governmental Funds Funds	56
Budgetary Comparison Schedule – Proprietary Funds	57
Notes to Required Supplementary Information:	
Budgetary Basis of Accounting	58

COUNTY OF SAN BENITO  
AUDIT REPORT  
For the Year Ended June 30, 2006

Table of Contents

Combining and Individual Fund Statements and Schedules:	
Nonmajor Governmental Funds:	
Combining Balance Sheet	59
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	60
Other Grant Funds:	
Description	
Combining Balance Sheet	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	62
Nonmajor Special Revenue Funds:	
Description	
Combining Balance Sheet	63
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	64
Agency Funds:	
Description	
Combining Balance Sheet	65

**INDEPENDENT AUDITOR'S REPORT**

Board of Supervisors  
County of San Benito  
Hollister, California

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, California (the County), as of and for the year ended June 30, 2006, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the County's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued under separate cover, our report dated May 29, 2007, 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. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Board of Supervisors  
County of San Benito  
Hollister, California

The Management's Discussion and Analysis (MD & A) and the required supplementary information other than MD & A, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the County of San Benito's basic financial statements. The accompanying information identified in the table of contents as combining and individual fund statements and schedules 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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, such information is fairly stated in all material respects in relation to the basic financial statements taken as whole.



GRACE & ASSOCIATES, CPA'S

May 29, 2007  
Hollister, California

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# COUNTY OF SAN BENITO

## Management's Discussion and Analysis June 30, 2006

This section of the County of San Benito's (the County) financial statements presents a discussion and analysis of the County's financial performance during the fiscal year ended on June 30, 2006. Please read it in conjunction with the County's basic financial statements following this section.

### I. FINANCIAL HIGHLIGHTS

- The County has completed its valuation of infrastructure, building and property improvements.
- The County added \$80 million of capital assets to its financial statements.
- Tax collections were up by almost \$6 million as the County benefits from the triple flip.
- Expenditures increased by 7% over last year.
- Landfill revenues were up 17% over last year with expenditures down slightly.

### II. OVERVIEW OF THE FINANCIAL STATEMENTS

#### A. Financial Report Model

The County of San Benito has adopted a financial reporting model that is designed to demonstrate government accountability by presenting both a long-term and a near-term view of its finances. This model is prescribed by Statement Number 34 of the Government Accounting Standards Board (GASB 34). This model is comprised of three parts: 1) Management Discussion and Analysis which provides the financial highlights; 2) the County's basic financial statements, which consist of the Government-Wide financial statements; the Fund financial statements and the Notes to the financial statements; 3) Required Supplementary Information.

#### B. Government-Wide Financial Statements

The government-wide financial statements are designed to provide a broad overview of the County's financial condition and consist of two financial statements. Both of these statements distinguish between functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) and "stand alone" functions that are intended to recover all or a portion of their costs through service and user fees (business-type activities).

The first, **Statement of Net Assets**, presents financial information on all of the County's assets and liabilities. The difference between assets and liabilities are reported as net assets separately between governmental and business-type activities. Both of these activities are then totaled and presented in a separate column.

# COUNTY OF SAN BENITO

## Management's Discussion and Analysis June 30, 2006

The second, **Statement of Activities**, shows how the County's net assets changed from the previous to the most recent fiscal year. Generally, increases or decreases in net assets may be an indicator that the County's financial condition is improving or deteriorating. The governmental activities of the County include general government, public protection, public ways and facilities, health and sanitation, public assistance, education, and recreation and culture. The business-type activities of the County consist of the solid waste facility (John Smith Landfill).

Component units are included in the basic financial statements and consist of legally separate entities that the County is financially accountable for 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 this. Financial data of the CSA's are combined with the presentation of the primary government's financial data and is thus referred to as a "blended" component unit. 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 no discretely presented component units.

### C. Fund Financial Statements

The fund financial statements are groupings of related accounts that are used to maintain control over resources that are segregated for specific activities or objectives. The County uses fund accounting to comply with these financial and legal requirements. County funds are separated into three categories: 1.) governmental funds, 2.) proprietary funds, and 3.) fiduciary funds.

**Governmental funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements with some differences. Governmental fund financial statements concentrate on near-term inflows and outflows of disposable resources, as well as on balances of resources available at the end of the fiscal year. This information may help indicate the County's future financing requirements. A better understanding of the long-term impact of near-term financing decisions can be gained by comparing governmental funds with governmental activities in the government-wide financial statements.

**Proprietary funds** are presented as two types: 1.) Enterprise funds, and 2.) Internal Service funds. Enterprise funds report the same functions presented as the business-type activities in the government-wide financial statements. 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.

**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.



# COUNTY OF SAN BENITO

## Management's Discussion and Analysis June 30, 2006

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.

### **D. Notes to the Financial Statements**

The notes to the financial statements provide specific, additional information, essential to a full understanding of the financial information provided in the County's financial statements. They help explain and define major areas and assumptions of the County's accounting and financial practices. When studying the financial statements of any entity, always consult and refer to the Notes to the Financial Statements.

### **E. Required Supplementary Information**

The required supplementary information consists of three reports: 1.) Schedule of Funding Progress, 2.) Budgetary Comparison Schedules, and 3.) Note to Required Supplementary Information. The Schedule of Funding Progress shows an analysis of the County's actuarial value of assets for the County's two pension plans over the last three years. Also, the percent of unfunded pension liability is included. The Budgetary Comparison Schedules compare the budgeted amounts for the fiscal year with the actual activity in the General fund, the Human Services Agency, Road Fund, Other Grant Funds and the San Benito County Financing Corporation.

This information shows how well the County stayed within the budget constraints it set for itself. The Notes to Required Supplementary Information discusses the County's budgetary basis of accounting and the policies and regulations it adheres to.

**Combining and Individual Fund Statements and Schedules** consist of the financial statements of all the County's non-major governmental funds, that is, all funds except the General Fund, Human Services Agency, Road Fund, Other Grant Funds and the San Benito County Financing Corporation. It includes special revenue funds, capital project funds, and fiduciary funds of the County. For financial information on the County's non-major funds, this would be the section to study.

## **III. FINANCIAL ANALYSIS COUNTY-WIDE**

The County has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board Statement Number 34 (GASB 34). Below is the comparative analysis of government-wide data for fiscal year 2005-06 as compared to the previous fiscal year.

# COUNTY OF SAN BENITO

## Management's Discussion and Analysis June 30, 2006

### Condensed Statement of Net Assets June 30, 2006 (in thousands)

	Governmental Activities		Business- type Activities		Total		Percent Change
	2006	2005	2006	2005	2006	2005	
Assets:							
Current and other assets	\$ 71,501	\$ 65,316	\$ 5,761	\$ 5,037	\$ 77,262	\$ 70,353	10%
Capital assets, net	90,709	6,991	351	375	91,060	7,366	1136%
Total assets	162,210	72,307	6,112	5,412	168,322	77,719	117%
Liabilities:							
Current and other liabilities	7,584	4,731	53	78	7,637	4,809	59%
Noncurrent liabilities	3,972	1,704	3,022	1,926	6,994	3,630	93%
Total liabilities	11,556	6,435	3,075	2,004	14,631	8,439	73%
Net Assets:							
Invested in capital assets, net of related debt	89,448	10,987	372	363	89,820	11,350	691%
Restricted for:							
Capital projects	597	-	-	-	597	-	100%
Other	18,641	28,019	-	1,911	18,641	29,930	-38%
Unrestricted	41,969	26,866	2,665	1,134	44,634	28,000	59%
Total net assets	\$ 150,655	\$ 65,872	\$ 3,037	\$ 3,408	\$ 153,692	\$ 69,280	122%

**Statement of Net Assets** – Included in this year's financial statements is the valuation of all County capital assets in accordance with the Government Accounting Standards Board (GASB). Depreciable capital assets include infrastructure, property improvements and fixed assets. Much effort was expended to determine the purchase or replacement costs of what physically makes up the County in terms of roads, equipment, vehicles, land, buildings and other property.

County infrastructure consists of roads, bridges, bike paths, and culverts. Major portions of this infrastructure were built years or decades ago, so a valuation based on replacement cost was used. Cost assumptions and useful lives were assigned based on materials, type of structure, use, industry standards, current and historical data.

County property is the land, buildings and improvements that the County owns. The County Assessor's records were searched, based on an ownership printout for valuations and dates of property transfers. Recent improvements were added.

Fixed assets are listed as vehicles, equipment and furnishings, or computers. Currently, an item is considered a fixed asset if it was purchased at a cost of \$3,000.00 or more, either individually,

## COUNTY OF SAN BENITO

### Management's Discussion and Analysis June 30, 2006

as a group, or additionally to make the item ready for its intended purpose. Older fixed assets were listed based on the minimum set by the Board of Supervisors when purchased in previous fiscal years.

**Governmental Activities.** Net valuation for the County's depreciable capital assets was \$78,697,117 for infrastructure, \$8,376,662 for property improvements and \$1,159,103 for fixed assets at the close of the fiscal year. Total depreciable capital assets were \$88,232,882.

The County's non-depreciable capital assets include County owned land and infrastructure work in progress. Land owned by the County totaled \$686,506. County infrastructure in progress totaled \$1,789,736. Total non-depreciable assets were \$2,476,244.

Overall, total capital assets were \$90,709,126, an increase of over \$83 million from last year's \$6.9 million. Non-capital assets increased by \$3.5 million and liabilities increased by \$5 million dollars. Total net assets increased from \$66 million to \$151 million.

Total liabilities represent a small portion of non-capital assets, about 16%, with almost 86% of the liabilities scheduled to be repaid in the next fiscal year. The County continues to retain a good measure of liquidity and flexibility by holding the bulk of its current assets in cash and investments.

Restricted net assets decreased by over \$8 million. Unrestricted net assets increased by over \$15 million, to \$42 million. This is the second fiscal year increase in the unrestricted category since the 2003-04 ending balance of \$17 million. Unrestricted net assets can be used as a general indicator of the overall health of the County's finances and, compared to previous year's figures, determine whether the long term trend is increasing, decreasing or remaining the same. An increasing trend is, generally, a positive sign.

**Business-type Activities.** The business-type activities are represented by the County's landfill and total assets increased by \$700,000 during the year. Total liabilities increased by over \$1 million, with current liabilities continuing to be negligible. The long-term liabilities of \$3 million are for the eventual closure and post-closure cost of the Landfill when it reaches capacity. Total net assets decreased \$400,000, decreasing total net assets to \$3 million.

# COUNTY OF SAN BENITO

## Management's Discussion and Analysis June 30, 2006

### Changes in Net Assets For the Fiscal Year Ended June 30, 2006 (in thousands)

	Governmental		Business-Type		Total		Percent Change
	Activities		Activities				
	2006	2005	2006	2005	2006	2005	
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for services	\$ 14,840	\$ 8,792	\$ 1,025	\$ 879	\$ 15,865	\$ 9,671	64%
Operating grants and contributions	29,761	34,842	-	-	\$ 29,761	\$ 34,842	-15%
<b>General revenues:</b>							
Property taxes	15,770	10,100	-	-	15,770	10,100	56%
Other taxes	2,017	1,841	-	-	2,017	1,841	10%
Interest and investment earnings	4,639	1,192	209	88	4,848	1,280	279%
Other revenue	4,284	7,178	1	1	4,285	7,179	-40%
<b>Total revenues</b>	<b>71,311</b>	<b>63,945</b>	<b>1,235</b>	<b>968</b>	<b>72,546</b>	<b>64,913</b>	<b>12%</b>
<b>Expenses:</b>							
General government	10,903	6,944	-	-	10,903	6,944	57%
Public protection	21,663	17,978	-	-	21,663	17,978	20%
Public ways and facilities	4,902	1,650	-	-	4,902	1,650	197%
Health and sanitation	7,059	12,220	-	-	7,059	12,220	-42%
Public assistance	17,141	18,649	-	-	17,141	18,649	-8%
Education	561	579	-	-	561	579	-3%
Recreation and culture services	176	181	-	-	176	181	-3%
Interest on long-term debt	94	68	-	-	94	68	38%
Solid waste	-	-	588	625	588	625	-6%
<b>Total expenses</b>	<b>62,499</b>	<b>58,269</b>	<b>588</b>	<b>625</b>	<b>63,087</b>	<b>58,894</b>	<b>7%</b>
<b>Change in net assets</b>	<b>8,812</b>	<b>5,676</b>	<b>647</b>	<b>343</b>	<b>9,459</b>	<b>6,019</b>	<b>57%</b>
Net assets, beginning	65,872	56,809	3,408	3,065	69,280	59,874	16%
Prior period adjustment	75,972	3,387	(1,018)	-	74,954	3,387	2113%
<b>Net assets, ending</b>	<b>\$ 150,656</b>	<b>\$ 65,872</b>	<b>\$ 3,037</b>	<b>\$ 3,408</b>	<b>\$ 153,693</b>	<b>\$ 69,280</b>	<b>122%</b>

**Changes in Net Assets** – Program revenue from governmental activities, which includes charges for services (service charges, fines and fees) and grants, increased from last year by \$1 million to \$45 million. General revenues increased by almost \$6 million to \$27 million. As “other revenue” declined, property taxes and interest revenues increased. Expenditures for the fiscal year were \$62.5 million, resulting in an increase of \$4 million over last year. The change in net assets was \$8.8 million, compared to \$5.7 million in the prior year. Total net assets included a prior period adjustment of \$76 million (for the capital assets valuation). Ending net assets totaled \$151 million.

# COUNTY OF SAN BENITO

## Management's Discussion and Analysis June 30, 2006

Business-type activities (Landfill) had total revenue of just over \$1.2 million, up 28% from the previous year. Expenditures were slightly less than last year while the change in net assets was twice what it was the previous year, \$643,000 this year to \$343,000 last year. Total expenditures were \$588,000, down from \$625,000 last year. After a prior period adjustment of \$1 million, total net assets ended the year at \$3 million.

### IV. FINANCIAL ANALYSIS OF FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with budgetary and legal requirements.

**Governmental Funds.** The general government functions are included in the General and Special Revenue 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 will be to assess and analyze comparable activity between the current and prior fiscal years. The major activities and results in each category will be highlighted.

Impact fees from building and other permits as well as other major funds are combined into one major fund called "Other Grant Funds". These combined funds will be reporting revenues and expenditures as special revenue funds and presented for comparison purposes. Individually, these are generally large dollar amount revenue producers with the proceeds to be used for future projects as the County identifies specific needs for the community.

The following table presents the revenues 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 2006		FY 2005		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Taxes	\$ 17,787	25%	\$ 11,941	19%	\$ 5,846	79%
Licenses and permits	990	1%	3,217	5%	\$ (2,227)	-30%
Aid from other governments	29,268	41%	34,842	54%	\$ (5,574)	-76%
Use of money or property	4,639	7%	1,192	2%	\$ 3,447	47%
Fines, forfeits, and penalties	7,951	11%	716	1%	\$ 7,235	98%
Charges for services	6,392	9%	4,859	8%	\$ 1,533	21%
Miscellaneous revenue	4,284	6%	7,178	11%	\$ (2,894)	-39%
<b>Total</b>	<b>\$ 71,311</b>	<b>100%</b>	<b>\$ 63,945</b>	<b>100%</b>	<b>\$ 7,366</b>	<b>100%</b>

## COUNTY OF SAN BENITO

### Management's Discussion and Analysis June 30, 2006

Tax revenue accounts for over a quarter of all revenues received by the County. Tax revenue was up by \$5.8 million over last year. A factor change in recent years was made to the AB 8 calculation, the so-called triple flip, shifted more property tax revenue to ERAF. After initially decreasing tax revenues, the change is now benefiting County revenue collections. The in-lieu of vehicle license fees (triple flip) increased by \$4.6 million this year to \$6.7 million. The in-lieu of sales taxes increased by \$320,000 to \$470,000.

Current secured property taxes increased by almost \$800,000 on total collections of \$7.6 million. Current supplemental taxes were \$637,000, an increase of \$165,000 over last year. Current unsecured and supplemental property taxes decreased by \$40,000 on collections totaling \$230,000. Community Service Area (CSA's) property tax charges were \$383,000, \$14,000 more than the prior year.

Sales tax declined by \$13,000 on total collections of \$1.1 million and property transfer taxes increased by \$26,000 on a total of over \$665,000. The aircraft tax collections decreased by \$2,000. Transient occupancy taxes (T.O.T.) were \$86,000, a decline of \$4,000 from last year.

Over a three-year period, total tax revenue has averaged \$13 million. Property taxes have averaged \$7.7 million during the same period. Sales tax revenue has slipped this year which was more than made up for by revenues from in-lieu sales taxes. Sales tax was \$1.1 million the previous two years and, with in-lieu sales taxes, totaled \$1.6 million this year.

License and permit revenues were just less than \$1 million. Revenue was reclassified to other categories totaling \$2 million. Compared to last year, revenue was down slightly, with Building and Planning permits decreasing by \$100,000.

Revenue from building permits declined by close to \$70,000 and planning permits declined by \$30,000 from the previous year. The yearly variances of building permits and planning permits can give an indication of current and future economic activity in an area. Increased building permits can indicate resident and business confidence in current economic circumstances. Planning permits can indicate future confidence in economic circumstances. Substantial decreases of both these permits can foreshadow economic slowdowns in a local economy. Both building and planning permit revenue had increased in the two previous fiscal years, but is well above FY 2002-03.

Aid from other governmental agencies totaled \$29.2 million, a decrease of over \$5.5 million. Declines occurred between all funds except H.S.A. and Other Grant Funds. Reimbursements from the California Department of Transportation (Caltrans) declined by over \$1 million from last year.

The use of money (investment earnings, interest and rents) increased by \$3.4 million as market investment rates rose substantially during the year. Interest rates more than doubled from the previous year. The San Benito County Financing Corporation sold the building it had for rental purposes for \$1.6 million.

# COUNTY OF SAN BENITO

## Management's Discussion and Analysis June 30, 2006

Fines, forfeits and penalties increased from last year by \$7.2 million as revenue was reclassified into this category. On a comparative basis, results were similar to last year. There was a difference of \$250,000 as the anticipated transfer of Teeter penalties was made. The Teeter penalty transfer for FY 2004-05 of \$300,000 was not made.

Charges for services total revenue was \$6.4 million compared to \$4.8 million the previous fiscal year. Other Grant Funds (impact fees) of \$1.8 million were reclassified into this category. Results were similar to last year in each fund. Miscellaneous revenue totaled \$1.6 million, down from \$7.2 million in the prior year. Revenue was reclassified to other categories this fiscal year.

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

### Expenditures by Function (in thousands)

	FY 2006		FY 2005		Change	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
General government	\$ 10,903	17%	\$ 6,944	14%	\$ 3,959	96%
Public protection	21,662	35%	17,978	33%	\$ 3,684	89%
Public ways and facilities	4,902	8%	1,650	5%	\$ 3,252	79%
Health and sanitation	7,059	11%	12,220	11%	\$ (5,161)	-125%
Public assistance	17,141	27%	18,757	28%	\$ (1,616)	-39%
Education	561	1%	579	1%	\$ (18)	0%
Recreation and cultural services	176	0%	181	1%	\$ (5)	0%
Debt service	95	0%	68	0%	\$ 27	1%
<b>Total</b>	<b>\$ 62,499</b>	<b>100%</b>	<b>\$ 58,377</b>	<b>93%</b>	<b>\$ 4,122</b>	<b>100%</b>

General government expenditures increased by \$4 million over last year, from \$6.9 million to \$10.9 million. This increase was due to the recording of the prior period adjustment for the ERAF recalculation per the State Controllers Audit Report. The largest decline came from County Counsel expenditures which decreased by \$300,000. Public protection expenditures increased by \$3.7 million over the previous fiscal year. Much of the increase, \$3.2 million, was due to last year's classification of General Fund expenditures to the health and sanitation category. This year, health and sanitation was under last year's totals by \$5 million, much of it was the \$3.2 million reclassification to public protection. Health Department expenditures declined from last year by almost \$500,000. The Phillip Morris settlement and Substance Abuse Department expenditures of over \$1.1 million from last year were not duplicated in the current year.

## COUNTY OF SAN BENITO

### Management's Discussion and Analysis June 30, 2006

Public ways and facilities expenditures were \$4.9 million, an increase of \$3.2 million over last year due to a reclassification of Road Administration and Maintenance. The Road A & M reclassification expenditures were \$3.9 million this year and \$3 million last year. No road overlay projects were completed during the year. In the previous year there was over \$400,000 of expenditures for overlay projects.

Total public assistance decreased from \$18.7 million to \$17.1 million during the current year. Public Authority (In-home Supportive Services) had decreased expenditures by \$1 million over last year. Community Services and Workforce Development (CSWD) also had declining expenditures, declining in each of the last three years. Human Services Agency expenditures have been up in each of the last three years.

Education expenditures consist of library and agricultural extension expenses that were almost identical to last year's spending. Recreation and cultural services consists of County parks and recreation programs. Expenditures were about \$5,000 less this year than last. The debt service expenditures (Certificate of Participation) increased by \$23,000.

The County has a Certificate of Participation (C.O.P.) for the construction of a jail and juvenile hall facility that was refunded and reissued in 1998 at an amount of \$2,390,000. The current principal amount outstanding at June 30, 2006 was \$1,250,000 and a total outstanding of principal and interest of \$1,421,031.25. The County anticipates full repayment of this obligation. This C.O.P. is due to mature in August 2011; with debt service scheduled each year of approximately \$240,000. Additional information regarding the County's long-term debt can be found in Note 5 of this Audit Report.

#### ***Proprietary Funds.***

The County has one enterprise-type proprietary fund, the John Smith landfill (Landfill). The Landfill had \$678,000 in revenue from licenses and permits (pickup), an increase of over \$150,000 from the previous year. Landfill charges for current services were \$347,000, an increase of \$45,000. Interest and rent revenue amounted to \$210,000, an increase over last year by more than \$120,000. This was due to the interest rate increases during the year. Expenditures for the year totaled \$588,000, over \$37,000 less than last year. Overall, total revenue for the Landfill was \$1.2 million. Last year it was just under \$1 million.

#### **V. BUDGETARY HIGHLIGHTS**

Each year the County adopts an annual budget and monitors it closely during the fiscal year to insure that the budgeted figures are close to the amounts actually expended and received. Emphasis is placed on the County's five major funds, General Fund, Road Fund, Human Services Agency, San Benito County Financing Corporation, and Other Grant Funds. The Other Grant Funds major fund (group) is a collection of non-operational funding sources that effect the management of long-term growth, social and legal mandates of the County. Together, they



## COUNTY OF SAN BENITO

### Management's Discussion and Analysis June 30, 2006

represent over \$33 million of funds and include impact fees, the tobacco settlement, Measure T, sheriff equipment and parks and recreation improvement.

As one of the County's five major funds, the General fund is also the chief operating fund. The County budgeted \$27.9 million for revenue for the fiscal year. Actual revenue for the year was \$31.3 million, leaving a positive variance of 3.4 million. General fund tax revenues were budgeted at \$11.6 million. The total of taxes received was \$15.7 million. Aid from other governments was budgeted at \$7.6 million with actual revenue at \$1.09 million. Fines and penalties were budgeted for \$1.3 million with actual revenues only \$7.8 million. Charges for services were budgeted at \$4.9 million but actual revenue was only \$3.4 million. Miscellaneous revenue was a half million actual under budgeted.

Budgeted expenditures for the year were \$31.8 million while actual expenditures totaled \$25.1 million. General government expenditures were \$4 million below budget. There was \$1.7 million unspent on data processing equipment and almost \$1 million unspent on fund contributions. Public protection was budgeted at \$18.9 million and had expenditures of \$17.5 million. Unspent General Fund contingencies were budgeted at \$1.6 million.

The net change in fund balance was projected to be a negative \$3.8 million but by the end of the year was positive by \$4 million. Overall, departments watched their budgets carefully as anticipated revenues came in better than expected.

The Human Services Agency (H.S.A) received \$13.8 million in revenue for the year, more than the budgeted \$13.6 million. The actual expenditures were just over \$13.4 million and budgeted expenditures were \$14.7 million. An additional \$200,000 was received by transfers. The expected shortfall of \$525,000 did not occur. Instead, H.S.A. posted a net gain of \$630,000 for the year.

Total budgeted Road fund revenue was \$8.4 million while actual revenue was \$4.2 million. Revenue came in as expected for the projects that were worked on in the fiscal year. Road projects received \$1.8 million of its \$7 million budgeted revenue. Total expenditures were budgeted at \$12.3 million with actual expenditures of \$5.6 million. Road administration and maintenance spent \$85,000 less than the \$3.4 million budgeted. There were no road overlay projects completed during the year.

The San Benito County Financing Corporation did not pass an approved budget for fiscal year 2005-06. Activity for the year included the sale of its building for \$1.6 million. Up to the time of sale, revenue of \$46,000 was collected and \$154,000 was expended, including \$70,000 in interest expenses.

Other grant funds, a major fund group that includes six impact fee funds (traffic, sheriff equipment, parks and recreation, road equipment, environmental and jail/juvenile hall), the Santa Ana storm drain and habitat conservation funds, county fire mitigation and emergency medical service training (MADDY funds- 17%), blood alcohol impairment measurement, the Phillip

## COUNTY OF SAN BENITO

### Management's Discussion and Analysis June 30, 2006

Morris tobacco settlement, miscellaneous county funds (Measure T) and the Substance Abuse Trust are included as part of this major fund. All of the funds in this group are now classified as a major fund that provide a revenue stream(s) or a lump sum cash pool that the County may spend as a conditional or unconditional need(s) arises. It is anticipated that these funds will operate with adopted budgets in the future.

Also in this major fund is the IHSS- Public Authority department. Public Authority is the separate department for in-home supportive services. This fund has an annual budget, which this year was \$1 million for revenues and just over \$1 million for expenditures. Actual revenue was \$850,000 and expenditures were \$870,000.

## VI. CAPITAL ASSETS AND DEBT ADMINISTRATION

### A. Long-Term Debt

The County has a Certificate of Participation (C.O.P.) for the construction of a jail and juvenile hall facility that was refunded and reissued in 1998. The current principal amount outstanding at the end of June 30, 2005 was just over \$1.25 million and a total outstanding of principal and interest of almost \$1.4 million. Of that, \$1.065 million is due after one year (long-term). The County anticipates full repayment of this obligation. This C.O.P. is due to mature in August 2011.

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 \$2.3 million. Of that, the long-term portion is estimated to be \$69,000. 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.

### B. Capital Assets

The County has compiled a schedule of infrastructure assets to comply with GASB No. 34. Valuation has been established for the County's infrastructure, property improvements and fixed assets. The capital asset valuation has been incorporated into the financial statements of the County and is reflected in this report. This was a culmination of several years of effort and the cooperation of County personnel and departments. In future years, capital assets will be compared on a year-to-year basis and general trends will be noted.

## VII. ECONOMIC FACTORS AND FY 2006-07 BUDGET

A continued close monitoring of the budget is expected for the coming fiscal year. Major staffing increases are not expected to occur nor are major pet projects expected to be funded. A "steady as she goes" situation will dominate financial concerns at the County for the coming year.

## **COUNTY OF SAN BENITO**

### **Management's Discussion and Analysis**

June 30, 2006

Increased tax revenue from the ERAF shift (triple flip) has benefited the County's revenue needs. Expenditures have been predictable and extraordinary events requiring additional unexpected resources have been absent. It is anticipated that the County can look forward to another uneventful fiscal year.

#### **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, Second Floor, Hollister, CA 95023.

**BASIC FINANCIAL STATEMENTS  
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

## COUNTY OF SAN BENITO

### Statement of Net Assets

June 30, 2006

	Primary Government		Totals
	Governmental Activities	Business- type Activities	
<b>Assets</b>			
Cash and investments	\$ 56,435,266	\$ 2,475,802	\$ 58,911,068
Imprest cash	101,342	-	101,342
Accounts receivable	262,373	-	262,373
Due from other government agencies	3,860,682	280,181	4,140,863
Interest receivable	-	-	-
Inventories and other assets	72,287	-	72,287
Restricted Assets:			
Cash and investments	-	3,004,541	3,004,541
Cash with fiscal agent	10,769,324	-	10,769,324
Capital Assets:			
Nondepreciable	2,476,244	313,079	2,789,323
Depreciable, net	88,232,882	38,437	88,271,319
Total Assets	<u>\$ 162,210,400</u>	<u>\$ 6,112,040</u>	<u>\$ 168,322,440</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 1,773,149	\$ 52,760	\$ 1,825,909
Due to other government agencies	4,818,869	-	4,818,869
Accrued interest payable	11,290	-	11,290
Deposits with others	2,475	-	2,475
Deferred revenue	978,383	-	978,383
Long- Term Liabilities:			
Portion due or payable within one year:			
Certificates of participation	185,000	-	185,000
Capital leases payable	-	-	-
Compensated absences	2,204,007	-	2,204,007
Portion due or payable after one year:			
Certificates of participation	1,065,000	-	1,065,000
Capital leases payable	-	-	-
Compensated absences	68,989	17,631	86,620
Liability for unpaid claims	448,724	-	448,724
Liability for closure and postclosure costs	-	3,004,541	3,004,541
Total Liabilities	<u>11,555,886</u>	<u>3,074,932</u>	<u>14,630,818</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	89,447,837	372,389	89,820,226
Restricted for:			
Capital projects	596,530	-	596,530
Other	18,641,375	-	18,641,375
Unrestricted	41,968,772	2,664,719	44,633,491
Total Net Assets	<u>150,654,514</u>	<u>3,037,108</u>	<u>153,691,622</u>
Total Liabilities and Net Assets	<u>\$ 162,210,400</u>	<u>\$ 6,112,040</u>	<u>\$ 168,322,440</u>

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

**COUNTY OF SAN BENITO**

Statement of Activities  
For the Year Ended June 30, 2006

Functions/ Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business- Type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$ 10,902,768	\$ 10,779,022	\$ 1,092,792	\$ -	\$ 969,046	\$ -	\$ 969,046
Public protection	21,662,477	982,413	13,631,425	-	(7,048,639)	-	(7,048,639)
Public ways and facilities	4,902,433	3,031,992	4,143,099	-	2,272,658	-	2,272,658
Health and sanitation	7,059,162	9,460	443,339	-	(6,606,163)	-	(6,606,163)
Public assistance	17,140,568	36,898	10,339,106	-	(6,764,564)	-	(6,764,564)
Education	561,190	-	111,284	-	(449,906)	-	(449,906)
Recreation and culture	176,329	-	-	-	(176,329)	-	(176,329)
Debt Service:							
Interest	94,449	-	-	-	(94,449)	-	(94,449)
<b>Total Governmental Activities</b>	<b>62,499,376</b>	<b>14,839,785</b>	<b>29,761,245</b>	<b>-</b>	<b>(17,898,346)</b>	<b>-</b>	<b>(17,898,346)</b>
<b>Business- type Activities:</b>							
Solid Waste	587,768	1,025,179	-	-	-	437,411	437,411
<b>Total Business-type Activities:</b>	<b>587,768</b>	<b>1,025,179</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>437,411</b>	<b>437,411</b>
<b>Total San Benito County</b>	<b>\$ 63,087,144</b>	<b>\$ 15,864,964</b>	<b>\$ 29,761,245</b>	<b>\$ -</b>	<b>(17,898,346)</b>	<b>437,411</b>	<b>(17,460,935)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Property taxes					15,770,226	-	15,770,226
Sales and use taxes					2,016,976	-	2,016,976
Unrestricted interest and investment earnings					4,638,595	208,705	4,847,300
Miscellaneous					4,283,529	500	4,284,029
<b>Total General Revenues</b>					<b>26,709,326</b>	<b>209,205</b>	<b>26,918,531</b>
Change in Net Assets					8,810,980	646,616	9,457,596
Net assets- July 1					65,871,932	3,408,550	69,280,482
Prior period adjustment					75,971,602	(1,018,058)	74,953,544
Net assets- July 1, as restated					141,843,534	2,390,492	144,234,026
Net assets- June 30					\$ 150,654,514	\$ 3,037,108	\$ 153,691,622

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, 2006

	General	Human Services Agency	San Benito Financing Corp	Road	Other Grant Funds	Other Governmental Funds	Total
<b>Assets</b>							
Cash and investments	\$ 23,496,100	\$ 2,185,398	\$ 513,252	\$ 1,629,407	\$ 23,031,598	\$ 5,579,511	\$ 56,435,266
Restricted assets:							
Cash with fiscal agent	561,696	-	-	-	10,207,628	-	10,769,324
Imprest cash	842	-	-	50	-	100,450	101,342
Receivables:							
Accounts receivable	43,143	-	-	2,010	-	217,220	262,373
Due from other government agencies	1,177,101	-	-	1,776,381	30,000	877,200	3,860,682
Due from other funds	287,115	-	-	-	-	1,198	288,313
Inventories and other assets	-	-	-	72,287	-	-	72,287
<b>Total Assets</b>	<b>\$ 25,565,997</b>	<b>\$ 2,185,398</b>	<b>\$ 513,252</b>	<b>\$ 3,480,135</b>	<b>\$ 33,269,226</b>	<b>\$ 6,775,579</b>	<b>\$ 71,789,587</b>
<b>Liabilities:</b>							
Accounts payable and accrued liabilities	\$ 937,517	\$ 91,469	\$ -	\$ 198,629	\$ 456	\$ 545,079	\$ 1,773,151
Due to other funds	-	-	-	-	-	288,313	288,313
Deposits from others	2,475	-	-	-	-	-	2,475
Deferred revenues	-	850,019	-	-	-	128,364	978,383
Due to other governments	187,907	-	-	-	-	19,260	207,167
Liability for self insurance	448,724	-	-	-	-	-	448,724
<b>Total Liabilities</b>	<b>1,576,623</b>	<b>941,488</b>	<b>-</b>	<b>198,629</b>	<b>456</b>	<b>981,016</b>	<b>3,698,212</b>
<b>Fund Balances</b>							
Reserved for:							
Capital projects	-	-	-	-	-	596,530	596,530
Inventory and other unavailable assets	561,696	-	-	134,206	10,207,630	100,000	11,003,532
Unreserved:							
Designated for subsequent year expenditures	7,963,143	-	-	-	-	-	7,963,143
Unreserved/undesignated, reported in:							
General fund	15,464,534	-	-	-	-	-	15,464,534
Special revenue funds	-	1,243,910	513,252	3,147,301	23,061,140	4,900,660	32,866,262
Capital projects funds	-	-	-	-	-	197,373	197,373
<b>Total Fund Balances</b>	<b>23,989,373</b>	<b>1,243,910</b>	<b>513,252</b>	<b>3,281,506</b>	<b>33,268,770</b>	<b>5,794,563</b>	<b>68,091,374</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 25,565,997</b>	<b>\$ 2,185,398</b>	<b>\$ 513,252</b>	<b>\$ 3,480,135</b>	<b>\$ 33,269,226</b>	<b>\$ 6,775,579</b>	<b>\$ 71,789,587</b>

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



**COUNTY OF SAN BENITO**

Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets-Governmental Activities  
June 30, 2006

Fund Balance- total governmental funds (page 18)	\$ 68,091,374
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	90,709,126
Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds.	
Certificates of Participation	(1,250,000)
Interest payable	(11,288)
Due to the State of California ERAF	(4,611,702)
Compensated absences	<u>(2,272,996)</u>
Net assets of governmental activities (page 16)	<u>\$ 150,654,514</u>

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

**COUNTY OF SAN BENITO**

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2006

	General	Human Services Agency	San Benito Financing Corp.	Road	Other Grant Funds	Other Governmental Funds	Total
<b>Revenues:</b>							
Taxes	\$ 15,770,226	\$ -	\$ -	\$ -	\$ -	\$ 2,016,972	\$ 17,787,198
Licenses and permits	976,029	-	-	13,941	-	-	989,970
Aid from other governments	1,092,792	13,631,425	-	3,761,244	443,539	10,339,106	29,268,107
Use of money or property	1,625,826	59,281	1,645,837	58,400	1,116,512	132,737	4,638,593
Fines, forfeits and penalties	7,816,901	22,957	-	-	-	111,284	7,951,142
Charges for services	3,367,382	-	-	195,772	1,846,250	982,413	6,391,817
Miscellaneous revenue	682,625	97,925	-	212,258	2,645,345	645,377	4,283,530
Total revenues	<u>31,331,781</u>	<u>13,811,588</u>	<u>1,645,837</u>	<u>4,241,615</u>	<u>6,051,646</u>	<u>14,227,889</u>	<u>71,310,356</u>
<b>Expenditures:</b>							
Current:							
General government	6,167,460	-	157,917	-	-	-	6,325,377
Public protection	17,594,998	-	-	-	-	4,067,479	21,662,477
Public ways and facilities	-	-	-	3,862,445	-	1,039,988	4,902,433
Health and sanitation	-	-	-	-	-	7,059,162	7,059,162
Public assistance	355,620	13,372,708	-	-	870,335	2,541,905	17,140,568
Education	561,190	-	-	-	-	-	561,190
Recreation and culture	172,850	-	-	-	-	3,474	176,324
Capital outlay	-	-	-	1,789,736	-	-	1,789,736
Debt Service:							
Principal	203,482	-	-	-	-	-	203,482
Interest	59,678	-	-	-	-	-	59,678
Total expenditures	<u>25,115,278</u>	<u>13,372,708</u>	<u>157,917</u>	<u>5,652,181</u>	<u>870,335</u>	<u>14,712,008</u>	<u>59,880,427</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,216,503</u>	<u>438,880</u>	<u>1,487,920</u>	<u>(1,410,566)</u>	<u>5,181,311</u>	<u>(484,119)</u>	<u>11,429,929</u>
<b>Other Financing Sources (Uses):</b>							
Transfers in	335,987	191,321	-	1,913,363	678,346	1,107,684	4,226,701
Transfers out	(2,616,363)	-	-	-	(1,610,338)	-	(4,226,701)
Total other financing sources (uses)	<u>(2,280,376)</u>	<u>191,321</u>	<u>-</u>	<u>1,913,363</u>	<u>(931,992)</u>	<u>1,107,684</u>	<u>-</u>
Net change in fund balances	3,936,127	630,201	1,487,920	502,797	4,249,319	623,565	11,429,929
Fund balances, beginning of year	<u>20,053,248</u>	<u>613,709</u>	<u>(974,668)</u>	<u>2,778,709</u>	<u>29,019,451</u>	<u>5,170,997</u>	<u>56,661,446</u>
Fund balances, end of year	<u>\$ 23,989,375</u>	<u>\$ 1,243,910</u>	<u>\$ 513,252</u>	<u>\$ 3,281,506</u>	<u>\$ 33,268,770</u>	<u>\$ 5,794,562</u>	<u>\$ 68,091,374</u>

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 - Governmental Activities  
For the Year Ended June 30, 2006

Net change to fund balance- total governmental funds (page 20)	\$11,429,929
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 general capital assets, infrastructure, and other related capital asset adjustments.	(2,768,335)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	
Principal repayments- Certificates of participation	180,000
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.	
Change in compensated absences	(19,325)
Change in accrued interest payable	(11,289)
Change in net assets of governmental activities (page 17)	<u>\$ 8,810,980</u>

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

**COUNTY OF SAN BENITO**

Statement of Proprietary Fund Net Assets  
June 30, 2006

	Business-type Activities
	Solid Waste Fund
<b>Assets</b>	
Current Assets:	
Cash and investments	\$ 2,475,802
Due from other governments	280,181
Total Current Assets	<u>2,755,983</u>
Noncurrent Assets:	
Restricted Assets:	
Cash and investments	3,004,541
Capital Assets:	
Nondepreciable:	
Land	313,079
Depreciable:	
Structures and improvements	56,071
Equipment	157,788
Accumulated depreciation	(175,422)
Total Noncurrent Assets	<u>3,356,057</u>
Total Assets	<u>\$ 6,112,040</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts payable and accrued liabilities	\$ 52,760
Total Current Liabilities	<u>52,760</u>
Long- Term Liabilities:	
Liability for compensated absences	17,631
Liability for closure and postclosure costs	3,004,541
Total Liabilities	<u>3,074,932</u>
<b>Net Assets</b>	
Invested in capital assets, net of related debt	372,389
Restricted	-
Unrestricted	2,664,719
Total Net Assets	<u>3,037,108</u>
Total Liabilities and Net Assets	<u>\$ 6,112,040</u>

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

**COUNTY OF SAN BENITO**

Statement of Revenues, Expenses and Changes in Fund Net Assets  
 Proprietary Funds  
 For the Year Ended June 30, 2006

	Business-type Activities
	Solid Waste Fund
<b>Operating Revenues:</b>	
Charges for services	\$ 678,163
Licenses and permits	347,016
Total Operating Revenues	1,025,179
<b>Operating Expenses:</b>	
Salaries, wages and employee benefits	116,081
Services and supplies	372,784
Landfill closure and postclosure charges	86,478
Depreciation and amortization	12,425
Total Operating Expense	587,768
Operating Income	437,411
Non- Operating Revenues (Expenses)	
Other revenue	500
Interest income	208,705
Total Non-Operating Revenues (Expenses)	209,205
Net Income	646,616
Net Assets- Beginning of Year	3,408,550
Prior Period Adjustment	(1,018,058)
Net Assets- End of Year	\$ 3,037,108

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, 2006

	Business-type Activities
	Solid Waste Fund
	<u>                    </u>
<b>Cash Flows from Operating Activities</b>	
Cash receipts from customers	\$ 989,228
Cash paid to suppliers for goods and services	(420,341)
Cash paid to employees for services	<u>(103,712)</u>
Net cash provided (used) by operating activities	<u>465,175</u>
<b>Cash Flows from Noncapital Financing Activities</b>	
Miscellaneous revenue	500
Aid from other governmental units	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>500</u>
<b>Cash Flows from Investing Activities</b>	
Interest received	<u>208,705</u>
Net cash provided by investing activities	<u>208,705</u>
Net Increase (Decrease) in Cash and Cash Equivalents	674,380
Cash and cash equivalents, beginning of year	<u>4,805,963</u>
Cash and cash equivalents, end of year	<u>\$ 5,480,343</u>
<b>Reconciliation of cash and cash equivalents to the Statement of Net Assets</b>	
Current assets- cash and investments	\$ 2,475,802
Restricted assets- cash and investments	<u>3,004,541</u>
	<u>\$ 5,480,343</u>

continued

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

**COUNTY OF SAN BENITO**

Statement of Cash Flows (continued)  
 Proprietary Funds  
 For the Year Ended June 30, 2006

	Business-type Activities
	Solid Waste Fund
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>	
Operating income (loss)	\$ 437,411
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	12,425
Landfill closure and postclosure charge	86,478
Changes in assets and liabilities:	
(Increase) decrease in:	
Due from other governmental agencies	(37,849)
Increase (decrease) in:	
Accounts payable	(25,210)
Compensated absences	(8,080)
	(8,080)
Net cash provided (used) by operating activities	\$ 465,175

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

**COUNTY OF SAN BENITO**

Statement of Fiduciary Net Assets  
June 30, 2006

	<u>Investment Trust</u>	<u>Agency Funds</u>	<u>Total</u>
<b>Assets</b>			
Current Assets:			
Cash and investments	\$ 64,312,543	\$ 5,209,226	\$ 69,521,769
Taxes receivable	-	5,381,584	5,381,584
	<u>64,312,543</u>	<u>10,590,810</u>	<u>74,903,353</u>
Total Assets	<u>\$ 64,312,543</u>	<u>\$ 10,590,810</u>	<u>\$ 74,903,353</u>
<b>Liabilities</b>			
Liabilities:			
Agency obligations	\$ -	\$ 10,590,810	\$ 10,590,810
	<u>-</u>	<u>10,590,810</u>	<u>10,590,810</u>
Total Liabilities	<u>-</u>	<u>10,590,810</u>	<u>10,590,810</u>
<b>Net Assets</b>			
Held in trust for pool participants	64,312,543		64,312,543
	<u>64,312,543</u>	<u>-</u>	<u>64,312,543</u>
Total Net Assets	<u>64,312,543</u>	<u>-</u>	<u>64,312,543</u>
Total Liabilities & Net Assets	<u>\$ 64,312,543</u>	<u>\$ 10,590,810</u>	<u>\$ 74,903,353</u>

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



**COUNTY OF SAN BENITO**

Statement of Changes in Fiduciary Net Assets  
Investment and Agency Trust Funds  
For the Year Ended June 30, 2006

	<u>2006</u>
<b>Additions:</b>	
Investment Income (net of administrative expense)	\$ 2,002,536
Contributions to pooled investments	<u>337,629,647</u>
Total additions	<u>339,632,183</u>
<b>Deductions:</b>	
Distributions from pooled investments	<u>335,199,245</u>
Total deductions	<u>335,199,245</u>
Change in net assets	4,432,938
Net assets, beginning of year	<u>70,470,415</u>
Net assets, end of year	<u><u>\$ 74,903,353</u></u>

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

## **NOTES TO FINANCIAL STATEMENTS**

The notes provided in the Financial Section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a Summary of Significant Accounting Policies for the County, and other necessary disclosure of pertinent matters relating to the financial position of the County. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

# COUNTY OF SAN BENITO

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

### Note 1: Summary of Significant Accounting Policies

#### A. Description of the Reporting Entity

The County of San Benito (County), the primary government, is a political subdivision of the State of California. It is governed by an elected board of five County Supervisors. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under the criteria set by Governmental Accounting Standards Board Statement No. 14.

The decision to include a component unit in the reporting entity was made by applying the criteria set forth in the Governmental Accounting Standards Board (GASB) Statement No. 14. The basic criteria used in the determination of component units are financial accountability of the County for the component unit. Financial accountability is determined by the following:

- The County appoints a voting majority of a component unit's governing body.
- Ability of the County to impose its will on the component unit, including the ability to affect its day-to-day operations, to remove appointed members of the governing board at will, to modify or approve its budget, to modify its rates or fee charges, to veto, overrule, or modify the decisions of its governing body.
- There is a potential for the component unit to provide specific financial benefits to or impose specific financial burdens on the County.
- Fiscal dependency of the component unit on the County, including the inability of the component unit to determine its own budget, levy, taxes, set rates or charges, or issue bonded debt without the approval of the County.

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 and 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 30th year-end.

Based on the foregoing criteria, the following entities have been classified as blended component units of the County:

The following County service areas are separate legal entities created to provide services such as water, sewer, lighting and road maintenance throughout the County.

## COUNTY OF SAN BENITO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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

The San Benito County Financing Corporation is a separate legal entity formed to provide for the financing and refinancing of land improvements, facilities and equipment for public purposes.

The above component units are legally separate entities which are governed by the County's Board of Supervisors; therefore, their financial data has been combined with the County's financial data and presented as blended component units.

***Discretely Presented Component Units*** – There are no component units of the County which meet the criteria for discrete presentation.

#### **B. Basis of Presentation**

##### *Government-Wide Financial Statements*

The statement of net assets and statement of activities display information about the primary government (the County) and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. 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 and between the County and its discretely presented component unit. 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 demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect

## COUNTY OF SAN BENITO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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.

When both restricted and unrestricted net assets are available, restricted resources are used only after the unrestricted resources are depleted.

#### *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 nonmajor funds.

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values.

*Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

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 protection, public ways and facilities, health and sanitation, public assistance, education and recreation services.
- The *Road Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the County that relate to public ways not accounted for through other funds.
- The *Human Services Agency* 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, mental health, veterans services, public guardian, and drug and alcohol programs.

## COUNTY OF SAN BENITO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2006

- The *San Benito Financing Corp* is used to account for all the revenue and expenditures necessary to provide financial assistance to the County of San Benito by acquiring, constructing, remodeling, rehabilitating, equipping, improving and financing various public facilities, land and equipment and by leasing certain facilities, land and equipment for the use, benefit and employment of the public served by the County or any other incidental purpose.
- The *Other Grants Fund* is used to account for various impact fee funds and miscellaneous County funds.

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 cities. 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* account for assets held by the County as an agent for various local governments.

#### **C. Basis of Accounting**

The government-wide, proprietary, agency and investment trust fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange 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 tax 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 accrual basis of accounting. Under this method, revenues are

## COUNTY OF SAN BENITO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2006

recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available. 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 financial sources.

For its business-type activities and enterprise funds, the County has elected under GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

#### **D. Non-Current Governmental Assets/Liabilities**

GASB Statement No. 34 eliminates the presentation of account groups, but provides for these records to be maintained and incorporates the information into the Governmental Activities column in the government-wide statement of net assets.

#### **E. Cash and Investments**

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, and repurchase agreements.

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 pool 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 various funds based on the individual fund's average monthly balance.

## COUNTY OF SAN BENITO

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

### F. Cash and Cash Equivalents

For purposes of the accompanying statement of cash flows, the enterprise fund considers all highly liquid investments with a maturity of three months or less when purchased, and their equity in the County Treasurer's investment pool, to be cash equivalents.

### G. Accounts Receivable and Deferred Revenues

Receivables consist mostly of amounts due from other agencies. Management believes its receivables are fully collectible and, accordingly, no allowance for doubtful accounts is required.

The County reports deferred revenue on its financial statements. Deferred revenues arise when potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the County receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability of deferred revenue is removed from the financial statements and revenue is recognized.

### H. Capital Assets

Capital assets (including infrastructure) are recorded at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

Capital assets include public domain (infrastructure) general capital assets consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control. The County defines capital assets as assets with an initial, individual cost of more than \$3000 and an estimated useful life in excess of one year. 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:

Infrastructure (except for the maintained pavement subsystem)	15 to 30 years
Structures and improvements	15 to 30 years
Equipment	3 to 15 years



# COUNTY OF SAN BENITO

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

The County has five networks of infrastructure assets – roads, water/sewer, lighting, drainage, and flood control. GASB No. 34 requires the County to report and depreciate new infrastructure as well as infrastructure retroactive to July 1, 1980. The retroactive reporting of infrastructure is subject to an extended implementation period and is first effective for fiscal years ending in 2007. The County elected to implement the general provisions of GASB No. 34 in 2003 and has implemented the retroactive infrastructure provisions in the fiscal year ending June 30, 2006.

### I. Compensated Absences

The County allows employees to accumulate unused sick leave to a maximum of 2000 hours. Sick leave is paid only upon retirement for a maximum of 1000 hours. Earned vacation is accrued up to an amount equal to two times the employees' yearly accrual rate. Upon termination, all accrued vacation will be paid to the employee. County employees can also accrue comp time which is payable upon termination.

The County accrues accumulated unpaid compensated absences when earned (or estimated to be earned) by the employee. All vacation and comp time is accrued when incurred in the government-wide and proprietary fund statements.

### J. Property Taxes

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 the property taxes. 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. Property tax revenues are recognized in the fiscal year for which they are levied, provided they are due and collected within sixty days after fiscal year end. Property taxes are recorded as deferred revenue when not received within sixty days after fiscal year end.

### K. Inventory

Inventories, which consist of materials and supplies held for consumption, are valued at the lower of cost (average cost basis) or market. The inventory costs of the General Fund

## COUNTY OF SAN BENITO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2006

and Special Revenue Funds are accounted for as expenditures when the inventory items are consumed. Reported inventories are offset with a corresponding reservation of fund balance because these amounts are not available for appropriation and expenditure.

#### **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.

#### Note 2: **Cash and Investments**

##### **A. County Treasury**

In March 2003, the GASB issued Statement No. 40 "Deposits and Investment Risk Disclosures" which is effective for periods beginning after June 15, 2004. Risk disclosures in previous financial statements (under the provisions of GASB No. 3) focused only on custodial risk. GASB No. 40 not only addresses custodial credit risk but other common areas of investment risk as well (e.g. interest rate risk, credit risk, and concentration of credit risk).

## COUNTY OF SAN BENITO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2006

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."

Cash and investments with the County Treasurer are invested pursuant to investment policy guidelines established by the County Treasurer. The objectives of the policy are, in order of priority, legality of investment, safety of principal, liquidity and yield. The County investment pool is not registered with the Securities and Exchange Commission. As required by the California Government Code, a Treasury Oversight Committee provided regulatory oversight to the management of the pool.

#### **B. Custodial Credit Risk-County of San Benito Policy:**

##### ***Deposits***

Cash balances held in banks are qualified as "public funds". These funds must be collateralized by the Depository at a rate of 110%. The Depository agent must file with the Administrator of the Local Agency Security of the State of California an agreement to comply in all aspects with the provisions of Title 5, Division 2, Part 1, Chapter 4, Article 2 (commencing with Section 53630) of the Government code.

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 the average daily cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

##### ***Investments***

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

##### ***Interest Rate Risk***

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.

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.

## COUNTY OF SAN BENITO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2006

At June 30, 2006 the County had the following investment maturities:

<u>Year</u>	<u>Amount</u>
2006	\$ 100,457,226
2007	\$ 11,705,667
2008	\$ 14,017,910
2009	\$ 4,961,050
2010	\$ 5,008,750

#### ***Concentration of Credit Risk***

While the County may choose to maintain one-hundred percent (100%) of its portfolio in U. S. Treasury Bills, Notes and Bonds, at no time will the portfolio be comprised of more than fifty-five percent (55%) related federal agencies.

The agencies in which the County invests are outlined in the County's Investment Policy. Diversification among authorized investment broker/dealers is required, with not more than thirty percent (30%) of the County's investment portfolio invested through any one financial institution or broker/dealer.

The cash in the Local Agency Investment Fund is cash on deposit with the State Treasurer's Office. The state pools these funds with those of other local agencies in the state and invests the cash 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 with twenty-four (24) hour notice. The depository has a cap on the investment amount of \$40 million. 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.

#### ***Summary of Cash and Investments***

The County had the following cash and investments at June 30, 2006:

Cash in bank	\$ 3,192,266
Investments	132,958,337
Total Cash in Treasury	<u>136,150,603</u>
Less: outstanding checks	<u>(4,294,573)</u>
Total cash and investments	<u><u>\$ 131,856,030</u></u>

**COUNTY OF SAN BENITO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

***Credit Risk***

As of June 30, 2006, the County of San Benito's investments were rated by Moody's Investor Service as follows:

<u>Investment Type</u>	<u>Rating as of Year End</u>				
			<u>P1</u>	<u>Aa</u>	<u>Not Rated</u>
Commercial Paper	\$	11,968,560	\$	11,968,560	
Commercial Paper		5,956,620		5,956,620	
Commercial Paper		10,988,890		10,988,890	
Negotiable CDs		10,000,000		\$ 10,000,000	
Negotiable CDs		9,999,170		9,999,170	
Negotiable CDs		5,000,000		5,000,000	
Negotiable CDs		15,000,000		15,000,000	
Negotiable CDs		10,000,000		10,000,000	
Medium Term Notes		5,009,800		5,009,800	
Medium Term Notes		5,005,250		5,005,250	
Medium Term Notes		5,000,450		5,000,450	
Medium Term Notes		6,000,480		6,000,480	
Medium Term Notes		5,008,750		5,008,750	
Medium Term Notes		5,705,187		5,705,187	
Medium Term Notes		5,001,750		5,001,750	
Medium Term Notes		4,006,360		4,006,360	
Federal Home Loan Bank		4,961,050		4,961,050	
State Investment Pool		4,961,050			\$ 4,961,050
IXIS Advisor Funds		5,008,750			5,008,750
<b>Total</b>	<b>\$</b>	<b>134,582,117</b>	<b>\$</b>	<b>28,914,070</b>	<b>\$ 95,698,247</b>
					<b>\$ 9,969,800</b>

The fair value of the Treasurer's investments is determined on an annual 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.

**C. Deposits and Non-Negotiable Certificates of Deposit**

All demand deposits with banking institutions and non-negotiable certificates of deposit are entirely insured or collateralized. California Government Code Section 53652 requires California banks and savings and loan associations to secure a County's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of a County's deposits. California law also allows financial institutions to secure county deposits by pledging first trust deed mortgage notes that have a value of 150% of a county's total deposits.

The County may waive collateral requirements for deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC).

**COUNTY OF SAN BENITO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

At year-end the carrying amount of the County's Treasury deposits with banking institutions was \$3,192,266. 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, \$100,000 was covered by federal depository insurance and \$3,092,266 was covered by collateral pledged by the financial institution.

**D. Condensed Investment Pool Information**

The following represents a condensed statement of net assets and statement of changes in net assets for the activity in the Treasurer's investment pool as of and for the year ended June 30, 2006:

Statement of Net Assets

	Internal Participants	External Participants	Total Investment Pool
Assets			
Net pooled cash and investments	\$ 61,915,609	\$ 74,234,994	\$ 136,150,603
<u>Net Assets</u>			
Net assets held for internal pool participants and external pool participants (voluntary and involuntary)	\$ 61,915,609	\$ 74,234,994	\$ 136,150,603

Condensed Statement of Changes in Net Assets (Internal and External)

	Total Investment Pool
Net assets as July 1, 2005	\$ 118,540,646
Net increases by pooled participants	11,875,295
Net investment income for pool participants	5,734,662
Net Assets of June 30, 2006	\$ 136,150,603

Note 3: Interfund Transactions

**Interfund Receivables/Payable**

The composition of interfund balances as of June 30, 2006 is as follows:

**COUNTY OF SAN BENITO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Due to/from other funds:			
General Fund	Nonmajor Governmental Funds	\$ 287,115	Interfund borrowing
County Service Areas	Nonmajor Governmental Funds	1,198	Interfund borrowing
		<u>\$ 288,313</u>	

**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:

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Other Govt Funds	\$ 2,616,363	County program contribution
Other Grant Funds	Other Govt Funds	1,610,338	County program contribution
		<u>\$ 4,226,701</u>	

**COUNTY OF SAN BENITO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

Note 4: **Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2006 was as follows:

	Balance June 30, 2005	Additions	Transfers & Adjustments	Balance June 30, 2006
Governmental Activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 5,423,258	\$ 1,789,736	\$ (5,423,258)	\$ 1,789,736
Capital assets, being depreciated:				
Infrastructure-net of depreciation	6,991,090	81,928,300	-	88,919,390
Governmental - type activities capital assets, net	<u>\$ 12,414,348</u>	<u>\$ 83,718,036</u>	<u>\$ (5,423,258)</u>	<u>\$ 90,709,126</u>
	Balance June 30, 2005	Additions	Transfers & Adjustments	Balance June 30, 2006
Business - Type Activities				
Capital assets, not being depreciated:				
Land	\$ 313,079	\$ -	\$ -	\$ 313,079
Capital assets, being depreciated:				
Structures and improvements	56,071	-	-	56,071
Equipment	157,789	-	-	157,789
Total capital assets being depreciated	213,860	-	-	213,860
Less accumulated depreciation	\$ (162,997)	(12,425)	-	\$ (175,422)
Total capital assets being depreciated, net	50,863	(12,425)	-	38,438
Business - type activities capital assets, net	<u>\$ 363,942</u>	<u>\$ (12,425)</u>	<u>\$ -</u>	<u>\$ 351,517</u>

Depreciation expense charged to the Solid Waste Fund during the year ended June 30, 2006 was \$12,425.

Note 5: **Long-Term Debt**

**Summary of Long-Term Debt**

Long-term liabilities at June 30, 2006 consisted of the following:



**COUNTY OF SAN BENITO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

	<u>Date of Issue</u>	<u>Date of Maturity</u>	<u>Interest Rates</u>	<u>Annual Principal Installments</u>	<u>Original Issue Amount</u>	<u>Outstanding at June 30, 2006</u>
Governmental Activities:						
Certificates of Participation-1998 issue						
				\$150,000-		
To refund the 1991 CPC	1998	2012	3.4%-4.5%	\$230,000	\$ 2,390,000	\$ 1,250,000
Total governmental activities					<u>\$2,390,000</u>	<u>\$1,250,000</u>

The following is a summary of long-term liabilities transactions for the fiscal year ended June 30, 2006:

	<u>Balance July 1, 2005</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2006</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Certificates of Participation	\$ 1,430,000	\$ -	\$ (180,000)	\$ 1,250,000	\$ 185,000
Capital leases payable	-	-	-	-	-
Compensated absences	1,776,743	496,253	-	2,272,996	2,081,582
Total Governmental Activities					
Long -Term Liabilities	<u>\$ 3,206,743</u>	<u>\$ 496,253</u>	<u>\$ (180,000)</u>	<u>\$ 3,522,996</u>	<u>\$ 2,266,582</u>
Business- Type Activities:					
Compensated absences	\$ 11,174	\$ 7,346	\$ -	\$ 18,520	\$ -
Total Business- Type Activities					
Long- Term Liabilities	<u>\$ 11,174</u>	<u>\$ 7,346</u>	<u>\$ -</u>	<u>\$ 18,520</u>	<u>\$ -</u>

The following is a schedule of total debt service requirements to maturity as of June 30, 2006, for the certificates of participation.

<u>Year Ending June 30</u>	<u>Governmental Activities Certificates of Participation</u>	
	<u>Principal</u>	<u>Interest</u>
2006	\$ 185,000	\$ 50,165
2007	195,000	42,326
2008	205,000	33,770
2009	210,000	24,750
2010	225,000	10,020
2011-2012	230,000	10,010
	<u>\$ 1,250,000</u>	<u>\$ 171,041</u>

**COUNTY OF SAN BENITO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

Note 6: **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, 2006, 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 7: **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 minimum future payments on these leases are as follows:

<u>June 30</u>	<u>Total</u>
2006	\$ 448,480
2007	444,880
2008	444,000
2009	444,000
2010-2014	2,220,000
2015-2019	2,220,000
2020-2023	1,776,000
	<u>\$ 7,997,360</u>

Rent expenditures were \$454,571 for the year ended June 30, 2006.

**COUNTY OF SAN BENITO**

Notes to the Basic Financial Statements  
For the Year Ended June 30, 2006

**B. Capital Leases**

The County has entered into certain capital lease agreements under which the related buildings and equipment will become the property of the County when all terms of the lease agreements are met.

Capital assets and accumulated depreciation held under capital leases are as follows:

	<u>Governmental Activities</u>
Equipment	\$ 26,516
Less: accumulated depreciation	<u>(20,329)</u>
Net Value	<u>\$ 6,187</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2006 were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2007	<u>2,075</u>
Total Future Minimum Lease Payments	<u>\$ 2,075</u>

Note 8: **Net Assets/Fund Balances**

**A. Net Assets**

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- Invested in Capital Assets, Net of Related Debt – 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 Assets – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

## COUNTY OF SAN BENITO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2006

- Unrestricted Net Assets – This category represents net assets of the County, not restricted for any project or other purpose.

#### **B. Fund Balances**

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the Board and management and can be increased, reduced or eliminated by similar actions.

As of June 30, 2006, reservations of fund balance are described below:

The term “reserved” is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The County’s management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

- Reserve for Inventory and Other Unavailable Assets was created to represent the portion of the fund balance that is not available for expenditure because the County does not expect these resources to be available within the next budgetary period. These amounts represent amounts reported for imprest cash, inventories, loans receivable, and deposits.
- Reserve for Capital Projects was created to represent resources set aside for capital projects of the County.

#### Note 9: County Employee’s Retirement Plan (Defined Benefit Pension Plan)

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

The County of San Benito contributes to the California Public Employees Retirement Systems (PERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating public entities within the State of California. Copies of PERS’ annual financial report may be obtained from their Executive Office – 400 P Street, Sacramento, CA 95814.

##### **B. Funding Policy**

The County makes contributions toward the member share of PERS rates based on amounts negotiated by bargaining units. The rates are set by statute and, therefore, generally remain unchanged from year to year. The present actuarially determined rates of annual covered payroll are as follows:

## COUNTY OF SAN BENITO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2006

<u>Category</u>	<u>Member's Rates as a Percentage of Wages</u>
Local miscellaneous members (Group 70002)	7%
Local safety members with (Group 77001)	9%

The contribution requirements of the plan members are established by State statutes and the employer contribution rate is established and may be amended by CalPERS.

#### Annual Pension Cost

For fiscal year 2005/06, the County of San Benito's annual pension cost for the miscellaneous and safety plans were \$1,980,358 and \$934,816, respectively. The required contributions for fiscal year ended June 30, 2006 were determined as part of the June 30, 2005 actuarial valuations of each plan.

A summary of principal assumptions and methods used to determine the contractually required contributions is shown below for the annual Required Contribution (ARC) for the miscellaneous plan and the cost-sharing multiple-employer defined benefit plan for safety plan:

Valuation Date	June 30, 2005
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	Level Percent of Payroll
Average Remaining Period	15 Years as of the Valuation Date for the Safety Plan 15 Years as of the Valuation Date for the Miscellaneous Plan
Asset Valuation Method	15 Year Smoothed Market
 Actuarial Assumptions	
Investment Rate of Return	7.75% (net of administrative expense)
Projected Salary Increases	3.25% to 14.45% depending on Age, Service and type of employment
 Inflation	 3.00%
Payroll Growth	3.25%
Individual Salary Growth	A merit scale varying by duration of employment coupled with an assumed annual inflation component of 3.00% and an annual production growth of 0.25%

Initial unfunded liabilities are amortized over a closed period that depends on the plan's date of entry into CalPERS. Subsequent plan amendments are amortized as a level % of pay over a closed 20-year period. Gains and losses that occur in the operation of the plan are amortized over an open 30-year rolling period, which results in an amortization of about 6% of unamortized gains and losses each year. If the plan's accrued liability exceeds the actuarial value of plan assets, then the amortization payment on the total unfunded liability may not be lower than the payment calculated over a 30 year amortization period.

# COUNTY OF SAN BENITO

## Notes to the Basic Financial Statements For the Year Ended June 30, 2006

### Note 10: Excess of Expenditures Over Appropriations in Individual Funds

The following funds reported an excess of expenditures over appropriations for the fiscal year ended June 30, 2006:

CDF State Fire Contract	\$ (134,579)
-------------------------	--------------

### Note 11: Deficit Fund Balances

There were no funds with a deficit fund balance as of June 30, 2006.

### Note 12: Closure and Postclosure Care Costs

State and federal laws and regulations require that the County of San Benito place a final cover on its landfill when closed and perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. In addition to operating expenses related to current activities at the landfill, an expense provision and related liability are being recognized based on the future closure and postclosure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these landfill closure and postclosure care costs is based on the amount of the landfill used during the year. The estimated liability for landfill closure and postclosure care costs has a balance of \$3,004,541 as of June 30, 2006, which is based on the cumulative amount filled to the remaining permitted capacity. It is estimated that an additional \$2,091,611 will be recognized as closure and postclosure care expenses between the date of the balance sheet and the date the landfill is expected to be filled to capacity (2022). The estimated total current cost of the landfill closure and postclosure care, \$5,096,152, is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2006. However, the actual cost of closure and postclosure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is required by state and federal laws and regulations to make annual contributions to finance closure and postclosure care. The County believes it is in compliance with these requirements, and at June 30, 2006, cash and investments of \$3,004,541 are held for these purposes. These investments are held by the County Treasurer and are presented on the County's balance sheet as restricted assets. It is anticipated that future inflation costs will be financed in part from earnings on investments held by the trustee.

The remaining portion of anticipated future inflation costs (including inadequate earnings on investments, if any) and additional costs that might arise from changes in postclosure requirements (due to changes in technology or more rigorous environmental regulations,

## COUNTY OF SAN BENITO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2006

for example) may need to be covered by charges for future landfill users, taxpayers, or both.

Note 13: **Post-Retirement Benefits**

The County pays in accordance with County ordinance, post retirement medical benefits for retirees who have at least five years of County service. If the retiree has less than five years of service, then the retiree does not receive medical benefits. At fiscal year end, 73 retirees were covered and the cost to the County for this coverage was \$240,454.

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), which self-insures the first \$100,000 of general liability per occurrence and the first \$1 of Workers' Compensation per occurrence. The liability rests with the County. The County also belongs to another larger JPA called the County Supervisors Association of California Excess Insurance Authority (CSACEIA). CSACEIA along with other commercial carriers increases the coverage for general liability to \$15 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 \$10,000 deductible for vehicles. Trindel covers all but \$1,000 of these deductibles, per occurrence.

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 actuarial expected claims liabilities at year end, projected with a 50% confidence level at June 30, 2006 are \$448,724.

Note 15: **New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) recently released several new accounting and financial reporting standards. Four of the new standards, GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, an amendment of GASB Statement No. 3, GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, GASB Statement No. 44, *Economic Condition Reporting: The Statistical Section*, an amendment of NCGA Statement 1, and GASB Statement No. 45, *Accounting and Financial Reporting by Employers of Postemployment Benefits Other than Pensions (OPEB)*, may have a significant impact on the County's financial reporting process.

## COUNTY OF SAN BENITO

### Notes to the Basic Financial Statements For the Year Ended June 30, 2006

GASB Statement No. 42 establishes accounting and financial reporting standards for impairment of capital assets. GASB No. 42 is effective for the fiscal year ending June 30, 2006.

GASB Statement No. 44 guides the preparation of supplementary information included in the statistical section. This new statement provides specific requirements for the information presented in accordance with GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, and will enhance comparability among governments presenting a statistical section. GASB No. 44 is effective for the fiscal year ending June 30, 2006.

GASB Statement No. 45 establishes standards for the measurement, recognition and display of OPEB expenses/expenditures, related assets and liabilities, note disclosures and, if applicable, required supplementary information in the financial reports of state and local government employers. GASB No. 45 will be effective for the fiscal year ending June 30, 2008.

Note 16: **Restatements of Fund Equity/Net Assets**

A prior period adjustment of \$80,583,304 was made to the Governmental Funds Statement of Activities to restate the prior year’s infrastructure assets and net assets in order to record the County’s infrastructure assets in accordance with the provisions of GASB No. 34.

A prior period adjustment of \$4,611,702 was made to the Governmental Funds Statement of Activities to record a liability to the State of California ERAF per the State Controllers Audit report for the fiscal years 1993-94 through 2001-02 received in Fiscal 05-06.

A prior period adjustment of \$1,018,058 was made to the Landfill Fund to restate the prior year’s fund balance in order to correct an error in the liability for closure and post closure from the prior year financial statements.



REQUIRED SUPPLEMENTARY INFORMATION

**COUNTY OF SAN BENITO**

Required Supplementary Information  
For the Year Ended June 30, 2006

**Schedule of Funding Progress**

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

Safety Plan - Risk Pool's History of Funded Status and Funding Progress

Valuation Date	Accrued Liabilities	Actuarial Assets	Unfunded Liabilities	Funded Ratio	Annual Covered Payroll	UL As a % of Payroll
6/30/2003	\$ 1,218,082,935	\$ 1,083,690,137	\$ 134,392,798	89.0%	\$ 184,098,257	73.0%
6/30/2004	\$ 996,203,370	\$ 885,549,650	\$ 110,653,720	88.9%	\$ 149,407,703	74.1%
6/30/2005	\$ 742,247,338	\$ 646,358,708	\$ 95,888,630	87.1%	\$ 115,062,820	83.3%

Miscellaneous Plan - Risk Pool's History of Funded Status and Funding Progress

Valuation Date	Accrued Liabilities	Actuarial Assets	Unfunded Liabilities	Funded Ratio	Annual Covered Payroll	UL As a % of Payroll
6/30/2003	\$ 53,694,117	\$ 44,654,887	\$ 9,039,230	83.2%	\$ 17,075,172	52.9%
6/30/2004	\$ 58,953,026	\$ 48,507,945	\$ 10,445,081	82.3%	\$ 17,600,991	59.3%
6/30/2005	\$ 65,845,469	\$ 53,965,965	\$ 11,879,507	82.0%	\$ 17,476,944	68.0%

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
General Fund  
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 11,559,250	\$ 11,559,250	\$ 15,770,226	\$ 4,210,976
Licenses and permits	887,200	887,200	976,029	88,829
Aid from other governments	7,390,289	7,575,789	7,816,901	241,112
Use of money or property	566,500	566,500	1,625,826	1,059,326
Fines, forfeits and penalties	1,270,100	1,270,100	1,092,792	(177,308)
Charges for services	4,894,996	4,892,413	3,367,382	(1,525,031)
Miscellaneous revenue	1,293,231	1,209,591	682,625	(526,966)
Total revenues	<u>27,861,566</u>	<u>27,960,843</u>	<u>31,331,781</u>	<u>3,370,938</u>
<b>Expenditures:</b>				
Current:				
General government	10,124,858	10,153,069	6,167,460	3,985,609
Public protection	18,806,845	18,854,324	17,594,998	1,259,326
Health and sanitation	96,100	96,100	-	96,100
Public assistance	145,997	145,997	355,620	(209,623)
Education	556,961	557,841	561,190	(3,349)
Recreation and culture	168,987	196,987	172,850	24,137
Debt Service:				
Principal	237,458	237,458	203,482	33,976
Interest	-	-	59,678	(59,678)
Contingencies	1,999,003	1,567,172	-	1,567,172
Total Expenditures	<u>32,136,209</u>	<u>31,808,948</u>	<u>25,115,278</u>	<u>6,693,670</u>
Excess (deficiency) of revenues over expenditures	<u>(4,274,643)</u>	<u>(3,848,105)</u>	<u>6,216,503</u>	<u>10,064,608</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	335,987	(335,987)
Transfers out	(2,414,392)	(2,388,376)	(2,616,363)	(227,987)
Total other financing sources (uses)	<u>(2,414,392)</u>	<u>(2,388,376)</u>	<u>(2,280,376)</u>	<u>(563,974)</u>
Net change in fund balances	(6,689,035)	(6,236,481)	3,936,127	9,500,634
Fund balances, beginning of year	<u>14,836,557</u>	<u>14,836,557</u>	<u>20,053,248</u>	<u>5,216,691</u>
Fund balances, end of year	<u>\$ 8,147,522</u>	<u>\$ 8,600,076</u>	<u>\$ 23,989,375</u>	<u>\$ 14,717,325</u>

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
Human Services Agency  
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Aid from other governments	\$ 13,460,611	\$ 13,335,611	\$ 13,631,425	\$ 295,814
Use of money or property			59,281	59,281
Fines, forfeits and penalties			22,957	22,957
Miscellaneous revenue	-	222,511	97,925	(124,586)
Total revenues	<u>13,460,611</u>	<u>13,558,122</u>	<u>13,811,588</u>	<u>253,466</u>
<b>Expenditures:</b>				
Current:				
Public assistance	<u>14,585,329</u>	<u>14,682,840</u>	<u>13,372,708</u>	<u>1,310,132</u>
Total Expenditures	<u>14,585,329</u>	<u>14,682,840</u>	<u>13,372,708</u>	<u>1,310,132</u>
Excess (deficiency) of revenues over expenditures	<u>(1,124,718)</u>	<u>(1,124,718)</u>	<u>438,880</u>	<u>1,563,598</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>600,000</u>	<u>600,000</u>	<u>191,321</u>	<u>(408,679)</u>
Total other financing sources (uses)	<u>600,000</u>	<u>600,000</u>	<u>191,321</u>	<u>(408,679)</u>
Net change in fund balances	(524,718)	(524,718)	630,201	1,154,919
Fund balances, beginning of year	<u>319,498</u>	<u>319,498</u>	<u>613,709</u>	<u>294,211</u>
Fund balances, end of year	<u>\$ (205,220)</u>	<u>\$ (205,220)</u>	<u>\$ 1,243,910</u>	<u>\$ 1,449,130</u>

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
Road Fund  
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Licenses and permits	\$ 4,500	\$ 4,500	\$ 13,941	\$ 9,441
Aid from other governments	2,933,585	2,725,240	3,761,244	1,036,004
Use of money or property	9,000	9,000	58,400	49,400
Charges for services	350	350	195,772	195,422
Miscellaneous revenue	4,857,934	5,665,799	212,258	(5,453,541)
Total revenues	<u>7,805,369</u>	<u>8,404,889</u>	<u>4,241,615</u>	<u>(4,163,274)</u>
<b>Expenditures:</b>				
Current:				
Public way facilities	4,400,159	4,204,814	3,862,445	342,369
Capital Outlay	6,320,799	8,098,250	1,789,736	6,308,514
Total Expenditures	<u>10,720,958</u>	<u>12,303,064</u>	<u>5,652,181</u>	<u>6,650,883</u>
Excess (deficiency) of revenues over expenditures	<u>(2,915,589)</u>	<u>(3,898,175)</u>	<u>(1,410,566)</u>	<u>2,487,609</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,343,589	1,750,069	1,913,363	163,294
Total other financing sources (uses)	<u>1,343,589</u>	<u>1,750,069</u>	<u>1,913,363</u>	<u>163,294</u>
Net change in fund balances	(1,572,000)	(2,148,106)	502,797	2,650,903
Fund balances, beginning of year	<u>2,778,709</u>	<u>2,778,709</u>	<u>2,778,709</u>	<u>-</u>
Fund balances, end of year	<u>\$ 1,206,709</u>	<u>\$ 630,603</u>	<u>\$ 3,281,506</u>	<u>\$ 2,650,903</u>

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
 San Benito Finance Corporation  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Revenue from use of money and property	\$ -	\$ -	\$ 1,645,837	\$ 1,645,837
Total revenues	-	-	1,645,837	1,645,837
<b>Expenditures:</b>				
Current:				
General government	-	-	157,917	(157,917)
Total Expenditures	-	-	157,917	(157,917)
Excess (deficiency) of revenues over expenditures	-	-	1,487,920	1,487,920
Fund balances, beginning of year	(974,668)	(974,668)	(974,668)	-
Fund balances, end of year	\$ (974,668)	\$ (974,668)	\$ 513,252	\$ 1,487,920

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
Other Grant Funds  
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Aid from other governments	\$ 151,024	\$ 151,024	\$ 443,539	\$ 292,515
Use of money or property	-	-	1,116,514	1,116,514
Charges for services	-	-	1,846,249	1,846,249
Miscellaneous revenue	-	-	2,645,344	2,645,344
<b>Total revenues</b>	<b>151,024</b>	<b>151,024</b>	<b>6,051,646</b>	<b>5,900,622</b>
<b>Expenditures:</b>				
Current:				
Public assistance	901,061	901,061	870,335	30,726
Contingencies	15,958	15,958	-	15,958
<b>Total Expenditures</b>	<b>917,019</b>	<b>917,019</b>	<b>870,335</b>	<b>46,684</b>
Excess (deficiency) of revenues over expenditures	(765,995)	(765,995)	5,181,311	5,947,306
<b>Other Financing Sources (Uses):</b>				
Transfers in	750,037	750,037	678,346	(71,691)
Transfers out	-	-	(1,610,338)	(1,610,338)
<b>Total other financing sources (uses)</b>	<b>750,037</b>	<b>750,037</b>	<b>(931,992)</b>	<b>(1,610,338)</b>
Net change in fund balances	(15,958)	(15,958)	4,249,319	4,336,968
Fund balances, beginning of year	18,759,921	18,759,921	29,019,451	10,259,530
Fund balances, end of year	<b>\$ 18,743,963</b>	<b>\$ 18,743,963</b>	<b>\$ 33,268,770</b>	<b>\$ 14,596,498</b>

**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
Other Governmental Funds  
For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 1,004,000	\$ 1,004,000	\$ 2,016,972	\$ 1,012,972
Aid from other governments	11,550,856	11,550,856	10,339,106	(1,211,750)
Use of money or property	8,614	8,614	132,737	124,123
Fines, forfeits and penalties	-	-	111,284	111,284
Charges for services	461,100	461,100	982,413	521,313
Miscellaneous revenue	275,845	275,845	645,377	369,532
Total revenues	<u>13,300,415</u>	<u>13,300,415</u>	<u>14,227,889</u>	<u>927,474</u>
<b>Expenditures:</b>				
Current:				
Public protection	4,315,559	4,315,559	4,067,479	248,080
Public ways and facilities	-	-	1,039,988	(1,039,988)
Health and sanitation	9,145,580	9,145,580	6,990,162	2,155,418
Public assistance	3,280,736	3,280,736	2,541,905	738,831
Recreation and culture	6,555	6,555	3,475	3,080
Total Expenditures	<u>16,748,430</u>	<u>16,748,430</u>	<u>14,643,009</u>	<u>2,105,421</u>
Excess (deficiency) of revenues over expenditures	<u>(3,448,015)</u>	<u>(3,448,015)</u>	<u>(415,120)</u>	<u>3,032,895</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	125,943	125,943	1,107,684	981,741
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>125,943</u>	<u>125,943</u>	<u>1,107,684</u>	<u>981,741</u>
Net change in fund balances	(3,322,072)	(3,322,072)	692,564	4,014,636
Fund balances, beginning of year	<u>18,759,921</u>	<u>18,759,921</u>	<u>5,170,997</u>	<u>(13,588,924)</u>
Fund balances, end of year	<u>\$ 15,437,849</u>	<u>\$ 15,437,849</u>	<u>\$ 5,863,561</u>	<u>\$ (9,574,288)</u>



**COUNTY OF SAN BENITO**

Budgetary Comparison Schedule  
 Proprietary Funds  
 For the Year Ended June 30, 2006

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final		Final Budget Positive (Negative)
<b>Operating Revenues:</b>				
Charges for services	815,000	815,000	678,163	\$ (136,837)
Licenses and permits	55,157	55,157	347,016	291,859
Total Operating Revenues	<u>870,157</u>	<u>870,157</u>	<u>1,025,179</u>	<u>155,022</u>
<b>Operating Expenditures:</b>				
Salaries, wages	109,172	109,172	116,081	(6,909)
Services and supplies	339,580	339,580	372,784	(33,204)
Landfill closure and postclosure charges	668,969	668,969	86,478	582,491
Depreciation and amortization	-	-	12,425	(12,425)
Total Operating Expense	<u>1,117,721</u>	<u>1,117,721</u>	<u>587,768</u>	<u>536,862</u>
Excess (deficiency) of revenues over expenditures	<u>(247,564)</u>	<u>(247,564)</u>	<u>437,411</u>	<u>691,884</u>
<b>Non-operating Revenues (Expense)</b>				
Other revenue	-	-	500	500
Interest Income	52,875	52,875	208,705	155,830
Total Non-Operating Revenues (Expenses)	<u>52,875</u>	<u>52,875</u>	<u>209,205</u>	<u>155,830</u>
Net Income	(194,689)	(194,689)	646,616	847,714
Net Assets - Beginning of Year	3,408,550	3,408,550	3,408,550	-
Prior Period Adjustments	-	-	(1,018,058)	(1,018,058)
Net Assets - End of Year	<u>\$ 3,213,861</u>	<u>\$ 3,213,861</u>	<u>\$ 3,037,108</u>	<u>\$ (170,344)</u>

## COUNTY OF SAN BENITO

### Note to Required Supplementary Information For the Fiscal Year Ended June 30, 2006

#### **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 all Governmental Funds. 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 Manager'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 Manager is authorized to approve transfers and revision of appropriations under \$50,000 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.

The budgets for the 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).

The amounts reported in the budgetary basis may differ from the basis used to present the basic financial statements in accordance with generally accepted accounting principles (GAAP). Annual budgets are prepared on the modified accrual basis of accounting except that current year encumbrances are budgeted as expenditures.

COMBINING AND INDIVIDUAL FUND  
STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

**COUNTY OF SAN BENITO**

Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2006

<b>Assets</b>	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	<u>Total</u>
Cash and investments in Treasury	\$ 5,382,138	\$ 197,373	\$ 5,579,511
Imprest cash	100,450	-	100,450
Receivables:			
Due from other governmental agencies	877,200	-	877,200
Accounts receivable	217,220	-	217,220
Due from other funds	<u>1,198</u>	<u>-</u>	<u>1,198</u>
 Total assets	 <u>\$ 6,578,206</u>	 <u>\$ 197,373</u>	 <u>\$ 6,775,579</u>
 <b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 545,079	\$ -	\$ 545,079
Due to other funds	288,313	-	288,313
Due to other governments	19,260	-	19,260
Other liabilities	<u>128,364</u>	<u>-</u>	<u>128,364</u>
 Total liabilities	 <u>981,016</u>	 <u>-</u>	 <u>981,016</u>
 <b>Fund Balances</b>			
Reserved for:			
Capital Projects	458,268	138,262	596,530
Inventory and other unavailable assets	100,000	-	100,000
Unreserved:			
Undesignated	<u>5,038,922</u>	<u>59,111</u>	<u>5,098,033</u>
 Total fund balances	 <u>5,597,190</u>	 <u>197,373</u>	 <u>5,794,563</u>
 Total liabilities and fund balances	 <u>\$ 6,578,206</u>	 <u>\$ 197,373</u>	 <u>\$ 6,775,579</u>

**COUNTY OF SAN BENITO**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2006

	Special Revenue Funds	Capital Project Funds	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Revenues:</b>			
Taxes	\$ 2,016,972	\$ -	\$ 2,016,972
Fines, forfeitures and penalties	111,281	-	111,281
Revenue from use of money and property	125,123	7,614	132,737
Aid from other governmental agencies	10,339,106	-	10,339,106
Charges for services	982,413	-	982,413
Other revenue	645,380	-	645,380
Total revenues	<u>14,220,275</u>	<u>7,614</u>	<u>14,227,889</u>
<b>Expenditures:</b>			
Current:			
Public protection	4,067,479	-	4,067,479
Public ways and facilities	1,039,988	-	1,039,988
Health and sanitation	7,059,162	-	7,059,162
Public assistance	2,541,905	-	2,541,905
Recreation and culture	3,475	-	3,475
Total expenditures	<u>14,712,009</u>	<u>-</u>	<u>14,712,009</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(484,119)</u>	<u>7,614</u>	<u>(476,505)</u>
<b>Other Financing Sources (uses):</b>			
Transfers in	1,107,684	-	1,107,684
Transfers out			
Total other financing sources (uses)	<u>1,107,684</u>	<u>-</u>	<u>1,107,684</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	623,565	7,614	631,179
Fund balances, beginning of year	4,981,238	189,759	5,170,997
Fund balances, end of year	<u>\$ 5,597,189</u>	<u>\$ 197,373</u>	<u>\$ 5,794,562</u>

## **NONMAJOR SPECIAL REVENUE FUNDS**

Special Revenue Funds (Other Grant Funds) are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

COUNTY OF SAN BENITO

Combining Balance Sheet  
Other Grant Funds-Special Revenue  
June 30, 2006

Pub Auth	Measure T	City Fire	Sher Eq	Jail Juv	Habitat	Rd Imp	Parks	PM v People	Santa Ana	Traffic	Envir	Sub Abuse	EMS 17%	TOTALS
\$ 3,968	\$ 5,805,141	\$ 1,189,516	\$ 498,449	\$ 953,149	\$ 1,128,354	\$ 2,157,925	\$ 2,255,838	\$ -	\$ 683,349	\$ 7,884,381	\$ 163,975	\$ 226,666	\$ 80,888	\$ 23,031,598
								10,207,628						10,207,628
\$ 33,968	\$ 5,805,141	\$ 1,189,516	\$ 498,449	\$ 953,149	\$ 1,128,354	\$ 2,157,925	\$ 2,255,838	\$ 10,207,628	\$ 683,349	\$ 7,884,381	\$ 163,975	\$ 226,666	\$ 80,888	\$ 33,269,276
\$ 456	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 456
456														456
33,512	5,805,141	1,189,516	498,449	953,149	1,128,354	2,157,925	2,255,838	10,207,628	683,349	7,884,381	163,975	226,666	80,888	23,061,140
33,512	5,805,141	1,189,516	498,449	953,149	1,128,354	2,157,925	2,255,838	10,207,628	683,349	7,884,381	163,975	226,666	80,888	33,268,770
\$ 33,968	\$ 5,805,141	\$ 1,189,516	\$ 498,449	\$ 953,149	\$ 1,128,354	\$ 2,157,925	\$ 2,255,838	\$ 10,207,628	\$ 683,349	\$ 7,884,381	\$ 163,975	\$ 226,666	\$ 80,888	\$ 33,269,276
<b>Liabilities:</b> Accounts payable and accrued liabilities Due to other funds Deposits from others Deferred revenues Due to other governments Liability for self insurance Total Liabilities														
<b>Fund Balances</b> Reserved for: Inventory and other unavaiable assets Unreserved: Unreserved/undesignated, reported in: Special revenue funds Total Fund Balances Total Liabilities and Fund Balances														



COUNTY OF SAN BENITO

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Other Grant Funds  
For the Year Ended June 30, 2006

	Pub Auth	Measure T	Cy/Fire	Sher Eq	Jud Juvi	Habitat	Rd Imp	Parks	PM v People	Santa Ana	Traffic	Environ	Sub Abuse	EMS 17%	TOTAL
<b>Revenues:</b>															
Taxes		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Licenses and permits	169,950														
Aid from other governments		222,279	45,362	20,400	39,120	43,013	82,271	84,987	232,591	25,645	305,145	6,325	273,589		443,539
Use of money or property													9,375		1,116,514
Fines, forfeits and penalties			102,354	166,873	187,418	41,031	166,840	228,741		55,869	869,200		9,460	18,464	1,846,249
Charges for services									2,643,545				1,800		2,645,345
Miscellaneous revenue									2,876,136	81,514	1,174,344	6,325	294,223	18,464	6,051,648
<b>Total revenues</b>	169,950	222,279	147,716	187,273	226,539	84,044	249,111	313,728	2,876,136	81,514	1,174,344	6,325	294,223	18,464	870,335
<b>Expenditures:</b>															
Current:															
General government															
Public protection															
Public ways and facilities															
Health and sanitation															
Public assistance	870,335														870,335
Education															
Recreation and culture															
Capital outlay															
Debt Service:															
Principal															
Interest															
<b>Total expenditures</b>	870,335														870,335
<b>Excess (deficiency) of revenues over (under) expenditures</b>	(700,385)	222,279	147,716	187,273	226,539	84,044	249,111	313,728	2,876,136	81,514	1,174,344	6,325	294,223	18,464	5,181,311
<b>Other Financing Sources (Uses):</b>															
Transfers in	678,346														678,346
Transfers out			(37,840)	(114,042)	(130,000)		(66,868)	(17,945)	(570,401)		(385,704)		(287,539)		(1,610,338)
<b>Total other financing sources (uses)</b>	678,346		(37,840)	(114,042)	(130,000)		(66,868)	(17,945)	(570,401)		(385,704)		(287,539)		(931,992)
<b>Net change in fund balances</b>	(22,039)	222,279	109,876	73,231	96,539	84,044	182,243	295,783	2,305,735	81,514	788,641	6,325	6,684	18,464	4,249,319
<b>Fund balances, beginning of year</b>	55,551	5,582,862	1,079,640	425,218	856,610	1,044,310	1,975,682	1,960,055	7,901,893	601,835	7,095,740	157,649	219,982	62,424	29,019,451
<b>Fund balances, end of year</b>	\$ 33,512	\$ 5,805,141	\$ 1,189,516	\$ 498,449	\$ 953,149	\$ 1,128,354	\$ 2,157,925	\$ 2,255,838	\$ 10,207,628	\$ 683,349	\$ 7,884,381	\$ 163,975	\$ 226,666	\$ 80,888	\$ 33,268,770

COUNTY OF SAN BENITO

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2006

Assets	UNIFT	Victim Witness	Emergency Medical Services	Migrant Labor Camp	CSWD	County Service Areas	Mental Health	Family Support	Substance Abuse	Public Health	CDF State Fire Contract	Traffic Congestion Relief	Capital Project	TOTAL \$
Cash and investments in Treasury	\$ 10,654	\$ (2,221)	\$ (2,247)	\$ 185,828	\$ 127,432	\$ 719,861	\$ 1,300,324	\$ 1,517,924	\$ 152,843	\$ 1,107,834	\$ 19,462	\$ 274,773	\$ 197,373	\$ 5,579,511
Imprest cash	-	-	-	-	-	-	200	50	200	-	-	-	-	100,450
Receivables:														
Due from other governmental agencies	-	80,612	29,069	-	38,324	263,955	57,110	57,830	43,590	199,623	-	107,087	-	877,200
Accounts receivable	-	-	-	-	72,982	9,482	-	194,756	-	-	-	-	-	217,220
Due from other funds	-	-	-	-	-	1,198	-	-	-	-	-	-	-	1,199
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 10,654</b>	<b>\$ 78,391</b>	<b>\$ 26,822</b>	<b>\$ 185,828</b>	<b>\$ 238,738</b>	<b>\$ 993,298</b>	<b>\$ 1,301,522</b>	<b>\$ 1,575,234</b>	<b>\$ 196,633</b>	<b>\$ 1,307,507</b>	<b>\$ 19,462</b>	<b>\$ 381,860</b>	<b>\$ 197,373</b>	<b>\$ 6,775,579</b>
<b>Liabilities</b>														
Accounts payable and accrued liabilities	\$ -	\$ 881	\$ 89	\$ 23,881	\$ 7,821	\$ 201,207	\$ 24,042	\$ 103,020	\$ 13,048	\$ 145,485	\$ 19,462	\$ -	\$ -	\$ 545,079
Due to other funds	-	67,563	3,357	-	-	-	206,198	-	-	-	-	-	-	288,313
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	19,260	-	-	-	19,260
Other liabilities	-	-	-	-	-	-	-	-	45,888	82,476	-	-	-	128,363
<b>Total liabilities</b>	<b>\$ 68,444</b>	<b>\$ 71,443</b>	<b>\$ 3,446</b>	<b>\$ 23,881</b>	<b>\$ 7,821</b>	<b>\$ 201,207</b>	<b>\$ 230,240</b>	<b>\$ 103,020</b>	<b>\$ 58,936</b>	<b>\$ 247,221</b>	<b>\$ 19,462</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 981,016</b>
<b>Fund Balances</b>														
Reserved for:														
Capital Projects	-	-	-	-	-	-	596,528	-	-	-	-	-	138,262	734,790
Inventory and other unavailable assets	-	-	-	-	-	-	-	100,000	-	-	-	-	-	100,000
Undesignated	10,654	9,947	23,377	161,947	230,917	792,091	474,754	144,917	137,697	1,050,285	-	381,860	59,111	4,959,773
<b>Total fund balances</b>	<b>\$ 10,654</b>	<b>\$ 9,947</b>	<b>\$ 23,377</b>	<b>\$ 161,947</b>	<b>\$ 230,917</b>	<b>\$ 792,091</b>	<b>\$ 1,071,282</b>	<b>\$ 244,917</b>	<b>\$ 137,697</b>	<b>\$ 1,060,285</b>	<b>\$ -</b>	<b>\$ 381,860</b>	<b>\$ 197,373</b>	<b>\$ 5,794,563</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,654</b>	<b>\$ 78,391</b>	<b>\$ 26,822</b>	<b>\$ 185,828</b>	<b>\$ 238,738</b>	<b>\$ 993,298</b>	<b>\$ 1,301,522</b>	<b>\$ 1,575,234</b>	<b>\$ 196,633</b>	<b>\$ 1,307,506</b>	<b>\$ 19,462</b>	<b>\$ 381,860</b>	<b>\$ 197,373</b>	<b>\$ 6,775,579</b>

COUNTY OF SAN BENITO

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2006

Assets	Fish and Game	UNET	Victim Witness	Emergency Medical Services	Migrant Labor Camp	C/SWD	County Service Areas	Mental Health	Family Support	Substance Abuse	Public Health	CDF State Fire Contract	Traffic Congestion Relief	Capital Project	TOTALS
Cash and investments in Treasury	\$ 10,654	\$ (2,221)	\$ (2,347)	\$ 185,828	\$ 127,432	\$ 719,861	\$ 1,300,324	\$ 1,517,924	\$ (30,329)	\$ 152,843	\$ 1,107,834	\$ 19,462	\$ 274,773	\$ 197,373	\$ 5,579,511
Imprest cash	-	-	-	-	-	-	-	200	100,000	200	50	-	-	-	100,450
Receivables:															
Due from other governmental agencies	-	80,612	29,069	-	38,324	263,955	-	57,110	57,830	43,590	199,023	-	107,087	-	871,200
Accounts receivable	-	-	-	-	72,982	9,482	-	-	134,756	-	-	-	-	-	217,220
Due from other funds	-	-	-	-	-	-	1,198	-	-	-	-	-	-	-	1,199
Inventory	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 10,654</b>	<b>\$ 78,391</b>	<b>\$ 26,822</b>	<b>\$ 185,828</b>	<b>\$ 238,738</b>	<b>\$ 990,298</b>	<b>\$ 1,301,522</b>	<b>\$ 1,575,234</b>	<b>\$ 262,257</b>	<b>\$ 196,631</b>	<b>\$ 1,307,507</b>	<b>\$ 19,462</b>	<b>\$ 381,860</b>	<b>\$ 197,373</b>	<b>\$ 6,775,579</b>
<b>Liabilities</b>															
Accounts payable and accrued liabilities	\$ -	\$ 881	\$ 89	\$ 23,881	\$ 7,821	\$ 201,207	\$ 24,042	\$ 103,020	\$ 6,144	\$ 13,048	\$ 145,485	\$ 19,462	\$ -	\$ -	\$ 545,079
Due to other funds	-	67,563	3,357	-	-	-	206,198	-	11,196	-	-	-	-	-	288,313
Advances from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Due to other governments	-	-	-	-	-	-	-	-	-	-	19,260	-	-	-	19,260
Other liabilities	-	-	-	-	-	-	-	-	-	45,888	82,476	-	-	-	128,363
<b>Total liabilities</b>	<b>-</b>	<b>68,444</b>	<b>3,445</b>	<b>23,881</b>	<b>7,821</b>	<b>201,207</b>	<b>230,240</b>	<b>103,020</b>	<b>17,340</b>	<b>58,936</b>	<b>247,221</b>	<b>19,462</b>	<b>-</b>	<b>-</b>	<b>981,016</b>
<b>Fund Balances</b>															
Reserved for:															
Capital Projects	-	-	-	-	-	-	596,528	-	-	-	-	-	-	138,262	734,790
Inventory and other unavailable assets	-	-	-	-	-	-	-	-	100,000	-	-	-	-	-	100,000
Unreserved:															
Undesignated	10,654	9,947	23,377	161,947	230,917	792,091	474,754	1,472,214	144,917	137,697	1,060,285	-	381,860	59,111	4,959,773
<b>Total fund balances</b>	<b>10,654</b>	<b>9,947</b>	<b>23,377</b>	<b>161,947</b>	<b>230,917</b>	<b>792,091</b>	<b>1,071,282</b>	<b>1,472,214</b>	<b>244,917</b>	<b>137,697</b>	<b>1,060,285</b>	<b>-</b>	<b>381,860</b>	<b>197,373</b>	<b>5,794,563</b>
<b>Total liabilities and fund balances</b>	<b>\$ 10,654</b>	<b>\$ 78,391</b>	<b>\$ 26,822</b>	<b>\$ 185,828</b>	<b>\$ 238,738</b>	<b>\$ 993,298</b>	<b>\$ 1,301,522</b>	<b>\$ 1,575,234</b>	<b>\$ 262,257</b>	<b>\$ 196,631</b>	<b>\$ 1,307,506</b>	<b>\$ 19,462</b>	<b>\$ 381,860</b>	<b>\$ 197,373</b>	<b>\$ 6,775,579</b>

## **AGENCY FUNDS**

**Agency Funds** account for the receipt and disbursement of various taxes, deposits, deductions, and property collected by the County, acting in the capacity of an agent, for distribution to other governmental units or other organizations.

**COUNTY OF SAN BENITO**

Combining Balance Sheet  
Agency Funds  
June 30, 2006

	<u>Other Agency Funds</u>	<u>Property Tax</u>	<u>Total</u>
<b>Assets</b>			
Cash and investments in Treasury	\$ 3,924,063	\$ 1,285,163	\$ 5,209,226
Taxes receivable	-	5,381,584	5,381,584
Total Assets	<u>\$ 3,924,063</u>	<u>\$ 6,666,747</u>	<u>\$ 10,590,810</u>
<b>Liabilities</b>			
Liabilities:			
Agency obligations	<u>\$ 3,924,063</u>	<u>\$ 6,666,747</u>	<u>\$ 10,590,810</u>
Total Liabilities	<u>\$ 3,924,063</u>	<u>\$ 6,666,747</u>	<u>\$ 10,590,810</u>