

Annual Comprehensive Financial Report

County of San Luis Obispo, California



Fiscal Year Ended June 30, 2022

Prepared under the direction of
James W. Hamilton, CPA
Auditor-Controller • Treasurer-Tax Collector



Cover photo from Islay Hill Trail in San Luis Obispo taken at sunrise by Logan Mitchell, Auditor-Controller-Treasurer-Tax Collector's Office

**COUNTY OF SAN LUIS OBISPO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2022**

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

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

INTRODUCTORY SECTION



COUNTY
of SAN LUIS
OBISPO



January 15, 2023

Honorable Board of Supervisors
County of San Luis Obispo
1055 Monterey Street, Suite D430
San Luis Obispo, California 93408

To the Citizens of San Luis Obispo County and Your Honorable Board:

The Annual Comprehensive Financial Report of the County of San Luis Obispo (County) for the fiscal year ended June 30, 2022, is hereby submitted as mandated by Sections 25250 and 25253 of the Government Code of the State of California. These statutes require that the County publish a complete set of financial statements audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants. The County prepares its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The requirements for financial reporting in accordance with GAAP are established by the Governmental Accounting Standards Board (GASB).

This report consists of management's representations concerning County finances. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established a comprehensive internal control framework designed to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. The County's comprehensive framework of internal controls has been designed to provide a reasonable, rather than an absolute assurance, that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide a reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2022, are free of any material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2022, are fairly presented and in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is

designed to complement the MD&A and the two should be read in conjunction with each other. The County's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The County of San Luis Obispo, incorporated in 1850, is located on the central coast of the State of California, midway between Los Angeles and San Francisco. The County covers approximately 3,300 square miles and serves a population of 283,159 residents. Approximately 43% of the population resides in the unincorporated area. The seven incorporated cities in the County are Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo.

A five-member County Board of Supervisors (Board) is the legislative authority and governance for the County. Each supervisor is elected to a four-year term in nonpartisan districts. The terms are staggered with two supervisors being elected then three supervisors being elected in alternating election years. The Board is responsible, among other things, for establishing ordinances, adopting the budget, appointing committees, and hiring the County Administrative Officer and non-elected department heads. The County Administrative Officer is responsible for carrying out the policies and ordinances of the Board and for overseeing the day-to-day operations of the County. The County has five elected department heads responsible for the offices of the County Clerk-Recorder, Assessor, Auditor-Controller-Treasurer-Tax Collector, District Attorney, and Sheriff-Coroner.

The County provides a full range of services, including public safety and fire protection; construction and maintenance of highways, streets, and other infrastructure; health and social programs that promote the well-being of the community; and recreational activities and cultural events.

The annual budget serves as the foundation for the County's financial planning and control. The County Budget Act, as presented in California Government Code Sections 29000 and 30200, provides the general provisions and requirements for preparing and approving the County budget. All County departments are required to submit budget requests to the County Administrative Officer. The budgets are then reviewed by the County Administrative Officer and compiled into a proposed budget with the County Administrative Officer's recommendation. Public hearings are set in the month of June, with the Board of Supervisors adopting the final budget before the start of the next fiscal year. The proposed budget is prepared by fund, function (e.g., Public Safety), and department or division (e.g., Sheriff-Coroner). During the year, department heads may make transfers of appropriations within the same budget unit with the approval of the County Administrative Officer and Auditor-Controller-Treasurer-Tax Collector. Transfers of appropriations between budget units or increases in the budget from new revenue sources, reserves and/or contingencies require Board of Supervisors' approval. Monthly estimates for both revenues and expenditures are used to assist departments with budgetary control, and quarterly reports are submitted by each department to the County Administrative Officer and the Board on the status of the departmental budgets.

Budget-to-actual comparisons are provided in the Annual Comprehensive Financial Report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund this comparison is presented as part of the required supplementary information immediately following the notes to the financial statements. For other governmental funds with appropriated annual budgets, this comparison is presented in the governmental funds subsection of the statements.

The County has various blended component units which primarily provide utility and debt financing services. The County has one discretely presented component unit and one fiduciary component unit. The discretely presented component unit is the Children and Families Commission of San Luis Obispo County (First 5), which allocates funds from the California Children and Families Trust Fund and advocates for quality programs and services, supporting children prenatal to age 5, to ensure that every child is healthy and ready to learn in school is discretely presented in the Government-Wide Financial Statements. The fiduciary component unit is the San Luis Obispo County Pension Trust which is an independent trust that administers the San Luis Obispo County Employees

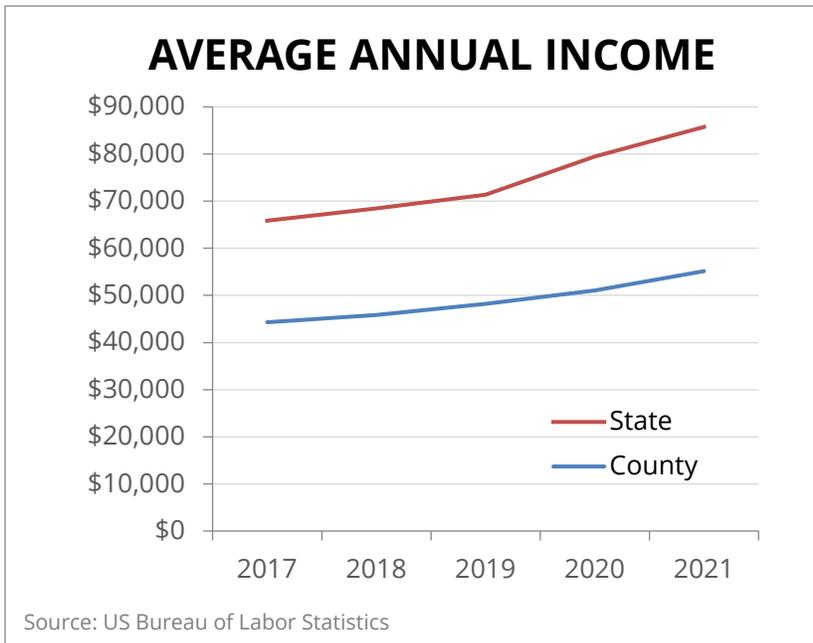
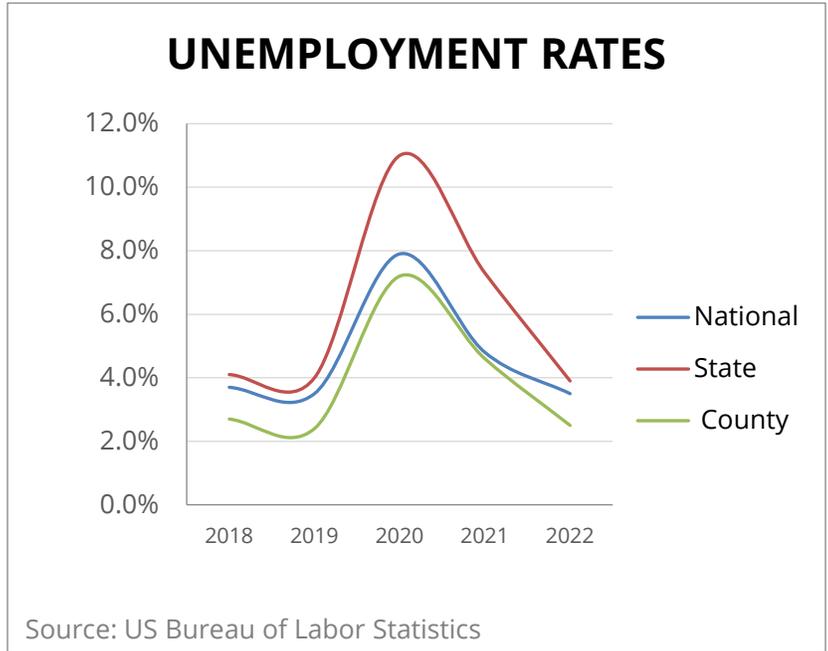
Retirement Plan on behalf of the County. The San Luis Obispo County Pension Trust is a fiduciary component unit and is presented in the Fiduciary Fund Financial Statements.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

Employment:

- Unemployment in the County, as of September 2022, was 2.5% which is lower than both the state rate of 3.9% and the national rate of 3.5%. During the same period last year, unemployment in the County was 4.6%. The fall in the County's unemployment rate has closely followed the trend in unemployment at the state and national level decreasing after the significant impact of the COVID-19 pandemic.
- The State of California has a major presence in the County of San Luis Obispo with California Men's Colony, Atascadero State Hospital, Caltrans, and the California Polytechnic State University, making the State one of the largest employers in the County.

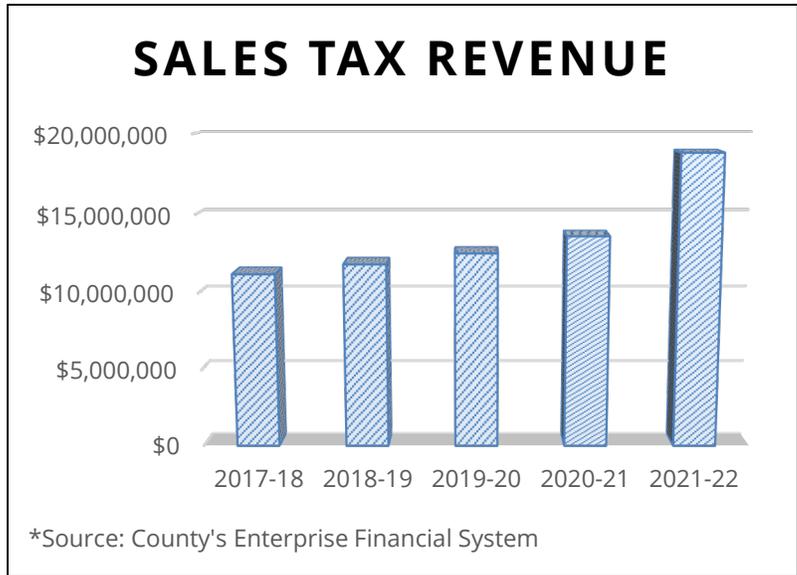


Wages:

- Average income increased by 3.0% to \$56,779 from 2020 to 2021 (most recent data) for the residents of the County of San Luis Obispo whereas average income for the state increased by 7.9% to \$85,741 as reported by the Bureau of Labor Statistics.
- As reported by the Bureau of Labor Statistics, the highest earning 2021 occupational groups in the area consisted of physicians, psychiatrists, chief executives, dentists, architectural and engineering managers, computer and information systems managers, nurse practitioners, and pharmacists.

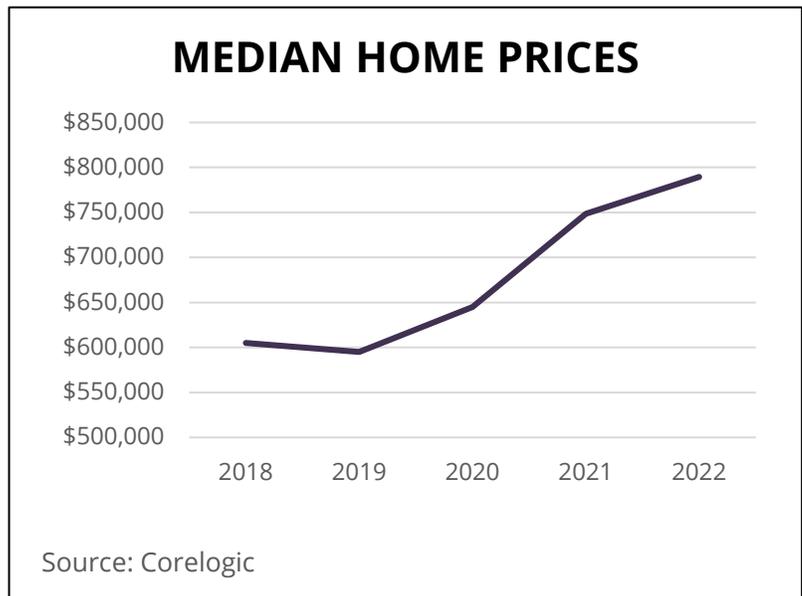
Retail Sales:

- Sales and use tax revenue within the unincorporated areas of the County was \$18.8 million in FY 2021-22. This is a \$5.2 million increase over the prior fiscal year. However, \$3.3 million of the increase related to an accounting adjustment.
- According to Visit SLO CAL, tourists spent \$1.78 billion in calendar year 2021. The leading sectors for tourism spending were lodging (\$657 million), food service (\$448 million), retail (\$223 million), and recreation (\$171 million).



Real Estate and Property Taxes:

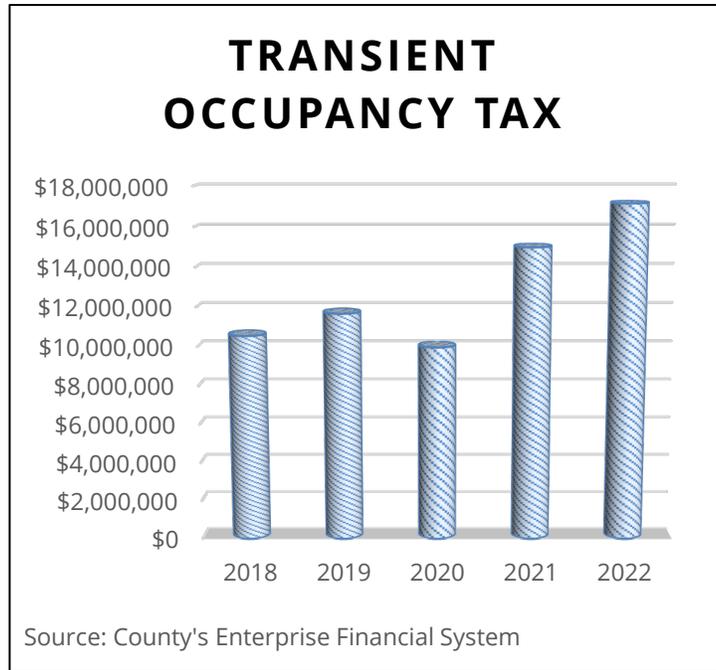
- The County's median home price increased from \$748,500 in July 2021 to 789,500 in 2022. This is a 5.5% increase from the prior year. The increase in median home price demonstrates people's continued desire to live in the area and a healthy local real estate market.
- Discretionary property tax receipts were \$150 million in FY 2021-22, an increase of 3.7% over the prior year.
- The total tax levy on secured property, which excludes unsecured property, direct charges, and school bonds, was \$619,518,063 for FY 2021-22, an increase of 3.3% from the previous year.



- Property transfer tax is related to the value and number of real estate transactions during the year. In the County's unincorporated areas property transfer taxes increased 4.5% to \$4.5 million in FY 2021-22.
- The property tax delinquency rate decreased from 1.1%, in FY 2020-21, to 0.9% in FY 2021-22.

Tourism:

- The scenic coastline, rolling vineyards, and abundance of outdoor activities continues to make San Luis Obispo County a tourist destination. Transient Occupancy Tax (TOT) collections in the unincorporated areas increased 14.5% in FY 21-22 to \$17.2 million.
- Airline passenger travel at the San Luis Obispo County Airport increased 18.6% from June 2021 to June 2022.
- The California Mid-State Fair in Paso Robles reported a 42.5% increase in attendance over last year’s modified fair. Unofficial attendance was estimated at 310,000 people.



Long-term financial planning:

- The FY 2022-23 recommended budget authorized a \$784 million governmental fund spending level, an increase over the \$754 million adopted budget for FY 2021-22. The budget provides support to the development of departmental programs and services and assists County operations in responding to continuously changing needs, including the health and safety of the community. This budget includes American Rescue Plan Act funding for multiple high priority projects to address health and safety needs, meet regulatory requirements, and replace aging infrastructure in the County’s water and wastewater systems. In FY 2022-23, the General Fund has \$659.2 million appropriated to finance expenditures, including contingencies of \$31.3 million.

The General Fund reports fund balance intended for a variety of long-term needs in classifications based on the extent to which the amounts are restricted for use. The General Reserve, established per Government Code §29127, is accessible only upon declaration of emergency by the Board of Supervisors. As of June 30, 2022, the General Reserve was \$13.0 million. In addition to the General Reserve, reserves exist for building replacement (\$47.2 million), automation projects (\$19.8 million), and tax-loss mitigation purposes (\$42.4 million). Other classifications of General Fund balance are described in Footnote 11.

- The County was awarded \$55 million of Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan Act of 2021. In FY 2020-21, the County Board of Supervisors adopted broad expenditure categories for the use of the funds based on the US Department of Treasury’s defined eligible uses. As of June 30, 2022, \$6.7 million of the funds were spent.

County Defined Use Category	Allocation	Expenditures
➤ Public Health and Negative Economic Impacts	\$30M	\$1.6M
➤ Water, Sewer, and Broadband	\$15M	\$0.3M
➤ Restoration of Government Services	\$10M	\$4.8M
Total	\$55M	\$6.7M

- Each year a 5-year Capital Improvement Program (CIP) is compiled. The CIP is a plan for short-range and long-range capital acquisition and development. It also includes plans to improve or rehabilitate County-owned roads and facilities. The plan provides the mechanism for estimating capital requirements; setting priorities; monitoring and evaluating the progress of capital projects; and informing the public of projected capital improvements and unfunded needs. While the CIP covers a five-year planning period, it is updated each year to reflect ongoing changes as new projects are added, existing projects are modified, and completed projects are removed from the plan document. The five-year CIP does not appropriate funds; rather it serves as a budgeting tool, identifying those capital project appropriations to be made through the adoption of the County's annual budget. The budgeted capital expenditures for FY 2022-23 decreased 16% from the prior year and are approximately \$6.9 million.
- In September 2018, Governor Jerry Brown signed Senate Bill 1090, a bipartisan bill that will provide \$85 million in economic assistance to the community. The bill is an effort, in part, to lessen the effects of lost tax revenue that will result from the closure of the Diablo Canyon Nuclear Power Plant. PG&E had planned to close the plant by fiscal year 2024-25. However, Senate Bill 846, signed into law on September 2, 2022, by Governor Newsom, will allow the plant to operate until 2030 pending renewal of the plant's operating license by the Nuclear Regulatory Commission. The County will continue to receive its portion of annual installment payments for the economic assistance through FY 2024-25 and the total payments will be used for economic development (\$4.0 million), safety (\$4.5 million), affordable housing (\$6.4 million), infrastructure (\$5.0 million), roads (\$1.2 million), libraries (\$2.0 million), and General Fund tax loss mitigation (\$12.1 million).

Relevant Financial Policies:

- **Balanced Budget:** The County Administrative Officer shall present a balanced budget for all County operating funds on an annual basis.
- **Ongoing Budget Administration:** The County Administrative Officer shall submit Quarterly Financial Status Reports to the Board of Supervisors. The reports shall provide expenditure and revenue projections and identify and clarify projected variances along with recommendations and proposed corrective actions.
- **Budget Priorities:** The budget is an effort to allocate resources in an effective and efficient manner in order to achieve the County's vision of a Safe, Healthy, Livable, Prosperous, and Well-Governed Community.
- **Use of "One-Time" Funds:** One-time revenue shall be dedicated for use for one-time expenditures. Annual budgets will not be increased to the point that ongoing operating costs become overly reliant upon cyclical or unreliable one-time revenues.
- **Debt Policy:** A comprehensive Debt Management Policy was developed by the Auditor-Controller and approved by the Debt Advisory Committee. It was adopted by the Board of Supervisors on December 14, 2010.
- **Cost Recovery through Fees:** Utilize fees to recover costs where reasonable and after all cost savings options have been explored.
- **Pension Cost:** Governor Brown implemented a Public Employee Pension Reform Act (PEPRA) which took effect on January 1, 2013. In compliance with PEPRA the County established a Tier III retirement plan that complies with or exceeds the requirements of the pension reform legislation. In addition, the County and most labor units have adopted a 50/50 split of pension rate increases between the County and the employees. As of December 31, 2021, approximately 59% of County employees fall under PEPRA.

Major Initiatives

- COVID-19 local health emergency declaration was lifted on March 1, 2022. The County's efforts have shifted from emergency response to on-going management, which includes Public Health clinics, mobile clinics, community testing sites, Test to Treat sites and additional outreach. As of December 1, 2022, 66.3% of residents have received their primary series COVID-19 vaccines and 63.2% have received both their primary series and booster shot.
- Administrative Office: Multiple public hearings were held to solicit ideas on how to adjust the district boundaries for electing the Board of Supervisors for the next decade. A final redistricting map was selected, and the newly adopted Board of Supervisor Districts are being phased in.
- Animal Services: After two years of construction, the San Luis Obispo County opened a new Animal Services Facility. The new facility was a joint effort by the County and the seven incorporated cities. The total budget for the project was approximately \$20.3 million and was funded through a lease revenue bond issuance.
- Behavioral Health and Public Health: A new Health Campus or "One-Stop-Shop" has opened in North County. It includes Mental Health, Drug and Alcohol services, and Public Health.
- In October 2022, the County Board of Supervisors approved the issuance of bonds by the SLO County Financing Authority for an aggregate amount not to exceed \$78.5 million. The bonds will be used to finance the acquisition and construction of a co-located Sheriff and County Fire emergency dispatch facility, a new Probation Department building, and rehabilitation of the Cayucos Veterans Memorial Hall. The Cayucos Veterans Memorial rehabilitation project will also utilize \$7 million in grants and donations.

Awards and Acknowledgments

Awards:

- The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of San Luis Obispo for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the thirty-sixth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement the County published an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.
- The Government Finance Officers Association presented the County with its Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2021. In order to receive this prestigious award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.
- The County of San Luis Obispo earned the California State Controller's Award for Counties Financial Transaction Reporting for the fiscal year ending June 30, 2021. This is the sixth consecutive year that the County has earned this award which recognizes the County's professionalism in preparing an accurate and timely report.

Acknowledgments:

The preparation of the Annual Comprehensive Financial Report would not have been possible without the efficient and dedicated services of the staff of the Auditor-Controller-Treasurer-Tax Collector's Office. We would like to acknowledge the special efforts of our Enterprise Financial System Operations Division and our independent auditors, CliftonLarsonAllen LLP, for their assistance in the report preparation. We would also like to express our appreciation to all County departments who assisted in this process and to the Board of Supervisors for its leadership responsibility and unfailing support to ensure the continued general fiscal health and integrity of the County.

Respectfully submitted,



James W. Hamilton, CPA
Auditor-Controller-Treasurer-Tax Collector



Wade Horton
County Administrative Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of San Luis Obispo
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

COUNTY OF SAN LUIS OBISPO
LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2022

Elected Officials

Board of Supervisors



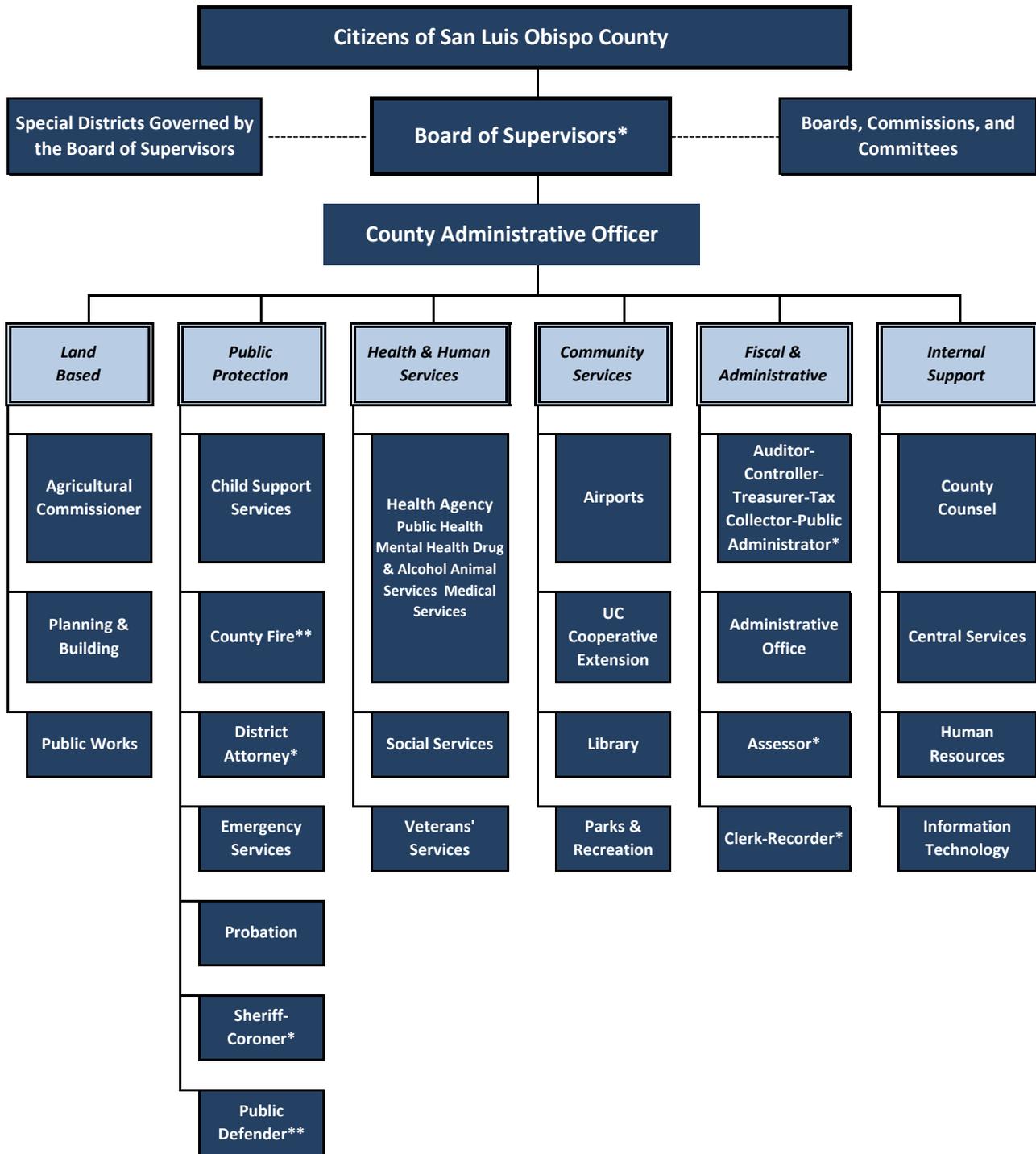
Assessor Tom J. Bordonaro Jr.
 Auditor-Controller-Treasurer-Tax Collector-Public Administrator James W. Hamilton
 County Clerk-Recorder Elaina Cano
 District Attorney Dan Dow
 Sheriff-Coroner Ian Parkinson

Appointed Officials

Agricultural Commissioner Martin Settevendemie
 Director of Airports Courtney Johnson
 Behavioral Health Administrator Anne Robin
 Central Services Director Christopher Lopez
 Chief Probation Officer Robert Reyes
 Director of Child Support Services Natalie Walter
 County Administrative Officer Wade Horton
 County Counsel Rita L. Neal
 County Fire Chief Eddy Moore
 Director of UC Cooperative Extension Katherine Soule
 Director of Groundwater Sustainability Blaine T. Reely
 Health Agency Director Penny Borenstein- Interim
 Human Resources Director Tami Douglas-Schatz
 Director of Information Technology Daniel Milei
 Library Director Christopher Barnickel
 Director of Parks and Recreation Nick Franco
 Director of Planning and Building Trevor Keith
 Public Health Officer Penny Borenstein
 Director of Public Works John Diodati
 County Social Services Director Devin Drake
 Veterans' Services Officer Morgan Boyd



County of San Luis Obispo Organizational Chart



* Elected Officials

**Contract



COUNTY
of SAN LUIS
OBISPO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

To the Honorable Board of Supervisors
County of San Luis Obispo, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Luis Obispo, California (County), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the San Luis Obispo County Pension Trust which represent 66 percent of the assets and 16 percent of the revenues of the aggregate remaining fund information of the County as of June 30, 2022, and the respective changes in financial position thereof for the year then ended. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the San Luis Obispo County Pension Trust, is based solely on the report of the other auditors.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the County adopted a new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions are not modified in respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County of San Luis Obispo's internal control. Accordingly, no such opinion is expressed.

To the Honorable Board of Supervisors
County of San Luis Obispo, California

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County of San Luis Obispo's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the County's proportionate share of the San Luis Obispo County's pension plan's net pension liability, schedule of the County's contributions to the San Luis Obispo County's pension plan, other post-employment benefits (OPEB) plan schedule of changes in the County's net OPEB liability and related ratios, other post-employment benefits (OPEB) plan schedule of actuarially determined plan contributions and related ratios, and budgetary comparison information for the General Fund be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of San Luis Obispo's basic financial statements. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS by us and other auditors. In our opinion, based on our audit and the report of other auditors, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Board of Supervisors
County of San Luis Obispo, California

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 2023, on our consideration of the County of San Luis Obispo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of San Luis Obispo's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Roseville, California
January 15, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS



COUNTY
of SAN LUIS
OBISPO

COUNTY OF SAN LUIS OBISPO MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

As management of the County of San Luis Obispo (the County), we offer readers the County's financial statements, this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the County's financial statements, which begin on page 35. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- ❖ The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at June 30, 2022, by \$1,538,375 (*net position*). The majority of this amount, \$1,513,846 is the net investment in capital assets, while \$98,489 is restricted for specific purposes (*restricted net position*). *Unrestricted net position* indicates the portion of net position which may be used to meet the County's ongoing obligations to citizens and creditors; however, the recording of the County's pension liability in accordance with GASB Statement No. 68 (GASB 68) and the County's OPEB liability in accordance with GASB Statement No. 75 (GASB 75) created a negative unrestricted net position of \$71,124 (Table A).
- ❖ The County's total net position increased by \$78,129. The increase is the combination of a \$55,688 increase in governmental activities and a \$22,441 increase in business-type activities (Table B).
- ❖ The \$19.4 million increase in net investment in capital assets represents capital acquisitions during the year reduced by depreciation and increased by retirement of long-term debt (Table A).
- ❖ As of June 30, 2022, the County's governmental activities reported combined ending net position of \$1,122,167 an increase of \$55,688 in comparison with the prior year. Due to the recording of the long-term pension and OPEB obligations, no amount of the governmental activities' net position is available for spending at the County's discretion for current and future needs (*unrestricted net position*) (Table A).
- ❖ Business-type activities posted net program income of \$18,033 before general revenues, contributions and transfers from other funds, an increase of \$11,968 when compared to net program income of \$6,065 in the prior year. The majority of the difference relates to federal aid the Airport Fund received for rehabilitation of the runway and surrounding areas at the San Luis Obispo County Airport. Total federal aid for the runway's rehabilitation was \$12.3 million. In addition, total *Fees, Fines, and Charges for Services* increased \$4.5 million, mostly due to increased passenger use of the SLO County Airport and increased user charges for the Los Osos Wastewater Treatment Plant. Overall business-type expenses increased \$1.9 million, or 3.2%, over the prior year.
- ❖ At the end of the fiscal year, the entire \$436,864 fund balance of the General Fund was either nonspendable (\$6,655), restricted (\$26,060), committed (\$214,112) or assigned (\$190,037).
- ❖ Consistent with prior years, the County prepaid its \$75.8 million employer retirement contribution to the San Luis Obispo County Pension Trust (Pension Trust) in July of 2022. This is a \$5.7 million increase over the prior year and the County will save an estimated \$1.5 million by prepaying the employer retirement contribution.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements include four components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements, and 4) required supplementary information. This report also contains supplementary information and other information in addition to the basic financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (Governmental Activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (Business-type Activities). The governmental activities of the County include public protection, public ways and facilities, health and sanitation, public assistance, education, recreation and cultural services, and general government. The main business-type activities of the County include the airport, golf courses, flood control districts, the Nacimiento water project, the Los Osos wastewater project and county services areas.

Blended component units are included in our basic financial statements and consist of legally separate entities for which the County is financially accountable and that have substantially the same board as the County or provide services entirely to the County. They include county service areas, flood control districts, waterworks districts, lighting maintenance districts, and the San Luis Obispo County Public Facilities Corporation and SLO County Financing Authority.

The County discretely presents the First 5 San Luis Obispo County component unit. The mission of First 5 is to allocate funds from the California Children and Families Trust Fund and advocate for quality programs and services, supporting children prenatal to age 5, to ensure that every child is healthy and ready to learn in school. First 5 does not meet the requirements for blending, and therefore its financial activities are presented separately from the County.

The government-wide financial statements can be found on pages 35 to 36 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds - Governmental funds are used to account for essentially the same functions reported as *Governmental Activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *Governmental Funds* with similar information presented for *Governmental Activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *Governmental Funds* and *Governmental Activities*.

The County maintains twenty-five individual governmental funds organized according to their type: *general, special revenue, debt service, and capital projects*. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the General Fund, and the Capital Projects Fund, which are considered to be major funds. Data from the remaining twenty-three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements found in the other supplementary information section of this report.

A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the budget and can be located in the required supplementary section of the report. Individual budgetary data for each of the nonmajor governmental funds is provided in the other supplementary information section of this report.

The basic governmental fund financial statements can be found on pages 38 to 41 of this report.

Proprietary Funds - The County maintains two different types of proprietary funds, *enterprise* and *internal service funds*. *Enterprise funds* are used to report the same functions presented as *Business-type Activities* in the government-wide financial statements. The County uses *enterprise funds* to account for the airport, golf course, wastewater facility, flood control districts, waterworks districts and county service areas. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses internal service funds to account for its vehicle operations and maintenance, public works services, other post-employment benefits, and self-insurance programs. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the *government-wide financial statements*, only in more detail. The Airport, Nacimiento Water Contract, State Water Project, and Los Osos Wastewater funds are considered to be major funds of the County and are presented separately in the *proprietary fund financial statements*. All other enterprise funds have been combined into a single column for presentation. The seven internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service and enterprise funds is provided in the form of *combining statements* found in the other supplementary information section of this report.

The basic proprietary fund financial statements can be found on pages 42 to 44 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The County also discretely presents the *San Luis Obispo County Pension Trust* which is an independent trust that administers the San Luis Obispo County Employees Retirement Plan on behalf of the County. The *San Luis Obispo County Pension Trust* is a fiduciary component unit and presented in the Fiduciary Fund Financial Statements.

The basic fiduciary fund financial statements can be found on pages 45 to 46 of this report.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the basic financial statements can be found on pages 47 to 93 of this report.

Required Supplementary Information - The notes to the basic financial statements are followed by a section of *required supplementary information* (RSI) that further explains and supports the information in the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The required supplementary information can be found on pages 94 to 101 of this report.

Other Supplementary Information - In addition to the basic financial statements, accompanying notes, and required supplementary information, this report also presents certain *other supplementary information* including the County's General Fund and special revenue funds budgetary schedules, and combining and individual fund statements and schedules.

Combining and individual fund statements and schedules - The combining and individual fund statements and schedules referred to earlier provide information for nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds and are presented following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 102 to 108 and 129 to 144 of this report.

Budgetary comparison schedules - The budgetary comparison schedules (other than the General Fund which is presented in the required supplementary information section) for the Capital Projects, Pension Obligation Bonds, San Luis Obispo County Public Facilities Corporation, SLO County Financing Authority, and nonmajor Special Revenue funds can be found on pages 112 to 128 of this report.

Detail budgetary schedules demonstrating legal level of compliance with budgetary control for the General Fund are presented on pages 145 to 152 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,538,375 as detailed in the table below:

Table A
Statement of Net Position
June 30, 2022
(in thousands)

	June 30, 2022			June 30, 2021			2021-2022
	Govern- mental Activities	Business- Type Activities	Total Primary Govern- ment	Govern- mental Activities	Business- Type Activities	Total Primary Govern- ment	Total % Chg
Assets:							
Current assets	\$ 800,870	\$ 171,884	\$ 972,754	\$ 725,741	\$ 167,177	\$ 892,918	8.9%
Other noncurrent assets	6,637	26,757	33,394	22,230	10,499	32,729	2.0%
Capital assets	1,349,875	590,446	1,940,321	1,241,383	584,991	1,826,374	6.2%
Total assets	<u>2,157,382</u>	<u>789,087</u>	<u>2,946,469</u>	<u>1,989,354</u>	<u>762,667</u>	<u>2,752,021</u>	7.1%
Deferred Outflows of Resources	144,216	4,614	148,830	114,546	4,450	118,996	25.1%
Liabilities:							
Current liabilities	183,415	29,411	212,826	142,883	32,803	175,686	21.1%
Long-term liabilities	866,124	329,871	1,195,995	828,237	339,563	1,167,800	2.4%
Total liabilities	<u>1,049,539</u>	<u>359,282</u>	<u>1,408,821</u>	<u>971,120</u>	<u>372,366</u>	<u>1,343,486</u>	4.9%
Deferred Inflows of Resources	129,892	18,211	148,103	66,301	984	62,285	120.1%
Net position:							
Net investment in capital assets	1,216,907	296,939	1,513,846	1,210,972	283,512	1,494,484	1.3%
Restricted	98,489	-	98,489	104,024	-	104,024	(5.3%)
Unrestricted	(193,229)	119,269	(73,960)	(248,517)	110,255	(138,262)	(46.5%)
Total net position	<u>\$ 1,122,167</u>	<u>\$ 416,208</u>	<u>\$ 1,538,375</u>	<u>\$ 1,066,479</u>	<u>\$ 393,767</u>	<u>\$ 1,460,246</u>	5.4%

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Analysis of Net Position

The County's total net position increased by \$78.1 million, or 5.4%. The total net position increase was a combination of increased total assets (\$194.4 million), increased deferred outflows of resources (\$29.8 million), increased total liabilities (\$65.3 million), and increased deferred inflow of resources (\$80.8 million). Causes for the changes in each of these categories are detailed below.

The overall \$194.4 million increase in total assets, or 7.1%, is primarily due to inflows of the governmental activities' cash and restricted cash (\$60.3 million), an increase in governmental activities' due from other governments (\$5.2 million), recording of lease receivable (\$17.3 million), and recording of right-to-use lease assets (\$91.2 million). Increased cash resulted from total governmental activities revenues exceeding total governmental expenditures by \$52.4 million. In accordance with GASB Statement No. 87 the County recorded a lease receivable and a right-to-use lease asset. The lease receivable represents the future inflows the County expects to receive for agreements where the County is the lessor (landlord). The right-to-use lease asset represents the future benefit the County expects to receive for agreements where the County is the lessee (tenant). Additional information regarding changes in revenues and expenses can be found after Table B – Statement of Activities.

The \$29.8 million increase, or 25.1%, in deferred outflows of resources was primarily the combination of an increase in deferred pension resources (\$37.2 million) and a decrease in deferred OPEB resources (\$7.2 million). The changes are due to differences in projected and actual earnings on plan investments from the prior year.

Total liabilities of the County increased \$65.3 million, or 4.9%. The main contributors to the increase were a \$21.8 million increase to unearned revenue and recording of \$92.5 million in lease liabilities. The increase to unearned revenues was due to the County receiving its 2nd installment of the American Rescue Plan Act (ARPA) award. In total, the County received \$55.0 million in ARPA awards and has spent \$6.7 million on eligible expenditures. The \$92.5 million in lease liabilities were recorded in accordance with GASB Statement No. 87. Offsetting the increase to unearned revenues and lease liability were decreases to the net pension liability and the net OPEB liability. Due to higher returns on investments, the net pension liability decreased \$34.8 million and the OPEB liability decreased \$5.0 million.

Deferred inflows of resources increased \$80.8 million, or 120.1%. The increase is due primarily to the higher than expected returns on net investments for pension and OPEB investments.

Unrestricted net position indicates the portion of net position which may be used to meet the County's ongoing obligations to citizens and creditors. The recording of the County's pension liability, per the requirements of GASB 68, and the recording of the County's OPEB liability per the requirements of GASB 75, caused the County's unrestricted net position to remain negative indicating that the majority of the County's net position is invested in capital assets or otherwise restricted for use.

The most significant portion of the County's net position is net investment of capital assets of \$1,513,846. This amount reflects investment in capital assets (e.g., land and easements, structures and improvements, infrastructure, and equipment), less any outstanding related debt used to acquire those assets, and less any construction related payables. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining \$98,489, or 6.4%, of the balance of the County's net position represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the County reported positive balances for business-type activities in all net position categories.

In total, the County's net position increased \$78.1 million. Total net position for governmental activities increased \$55.7 million and total net position for business-type activities increased \$22.4 million due to normal operating activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Net Investment in Capital Assets for business-type and governmental activities increased a net of \$19.4 million. Business-type activities net investment increased \$13.4 million primarily due to the Airport Fund completing rehabilitation work on the runway at the San Luis Obispo County Airport and the State Water Project Fund increasing water rights. Governmental activities net investment increased \$5.9 million. The increase is related to the new Animal Services Facility being substantially completed in FY 21-22 and roads projects including: work beginning on the Tefft St/Hwy 101 Interchange Operational Improvement Project, early project phase work beginning to replace Jack Creek Road Bridge in Templeton, and early project phase work beginning to replace the South Bay Bridge in Los Osos to address seismic deficiencies.

Restricted net position represents net position of the County which is subject to constraints imposed by creditors, grantors, contributors, laws, or regulations. Total *restricted net position* was \$95.7 million, an 8.0% decrease over the prior year. Of the decrease from the prior year, \$2.4 million of it was the from the net difference between the *General Government, Public Protection, Health and Sanitation, Public Assistance, Public Ways and Facilities, Recreation and Cultural Services, and Education* functions. This change was primarily attributable to variance in purchase obligations, claims, contracts, and enabling legislation from the prior year. *Debt Service* decreased \$6.0 million due to 2020 Lease Revenue Bonds Series A proceeds being used for the construction of the new Animal Services Facility.

There was an increase of \$67.1 million in *Unrestricted net position* reported in connection with the Total Primary Government. This category represents the portion of the County's net position which is not subject to constraints imposed by creditors, grantors, contributors, laws, or regulations. When positive, this amount may be used to meet the County's general obligations.

The table on the next page indicates the changes in net position for governmental and business-type activities:

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Table B
Statement of Activities
For the Year Ended June 30, 2022
(in thousands)

	June 30, 2022			June 30, 2021			2021-2022
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Revenues:							
Program revenues:							
Charges for services	\$ 58,805	\$ 58,252	\$ 117,057	\$ 60,886	\$ 53,767	\$ 114,653	2.1%
Operating grants and contributions	325,854	5,846	331,700	285,082	7,709	292,791	13.3%
Capital grants and contributions	12,449	15,106	27,555	16,859	3,884	20,743	32.8%
General revenues:							
Property taxes	216,107	4,380	220,487	208,371	4,387	212,758	3.6%
Other taxes	41,804	-	41,804	34,440	-	34,440	21.4%
Interest and investment income	(16,312)	(1,333)	(17,645)	696	405	1,101	(1,702.6%)
Grants not restricted to specific programs	9,001	-	9,001	41,157	-	41,157	(78.1%)
Other revenues	1,424	1,148	2,572	4,813	76	4,889	(47.4%)
Total revenues	649,132	83,399	732,531	652,304	70,228	722,532	1.4%
Expenses:							
General government	54,592	-	54,592	55,612	-	55,612	(1.8%)
Public protection	204,993	-	204,993	204,861	-	204,861	0.1%
Public ways and facilities	35,995	-	35,995	36,017	-	36,017	(0.1%)
Health and sanitation	132,713	-	132,713	121,358	-	121,358	9.4%
Public assistance	132,751	-	132,751	134,476	-	134,476	(1.3%)
Education	11,930	-	11,930	14,213	-	14,213	(16.1%)
Recreation and cultural services	12,310	-	12,310	10,497	-	10,497	17.3%
Interest on long-term debt	7,947	-	7,947	9,645	-	9,645	(17.6%)
Airport	-	11,366	11,366	-	9,146	9,146	24.3%
Golf	-	4,231	4,231	-	3,869	3,869	9.4%
State Water Contract	-	5,924	5,924	-	6,928	6,928	(14.5%)
Nacimiento Water Contract	-	13,889	13,889	-	14,816	14,816	(6.3%)
Lopez Flood Control	-	6,941	6,941	-	7,087	7,087	(2.1%)
Lopez Park	-	-	-	-	1	1	(100.0%)
General Flood Control	-	1,521	1,521	-	1,170	1,170	30.0%
County Service Areas	-	5,636	5,636	-	4,697	4,697	20.0%
Los Osos Wastewater	-	11,663	11,663	-	11,581	11,581	0.7%
Total expenses	593,231	61,171	654,402	586,679	59,295	645,974	1.3%
Excess/(deficiency) before transfers	55,901	22,228	78,129	65,625	10,933	76,558	2.1%
Transfers	(213)	213	-	282	(282)	-	-
Change in net position	55,688	22,441	78,129	65,907	10,651	76,558	2.1%
Net position - beginning of year, restated	1,066,479	393,767	1,460,246	982,742	383,116	1,365,858	6.9%
Cumulative change of effect in accounting principal	-	-	-	17,830	-	17,830	-
Net position - end of year	\$ 1,122,167	\$ 416,208	\$ 1,538,375	\$ 1,066,479	\$ 393,767	\$ 1,460,246	5.4%

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Analysis of Governmental and Business-type Activities

Governmental Activities

Governmental Activities increased the County's net position by \$55.7 million compared to an increase of \$83.7 million in the prior year.

Overall, total revenues for governmental activities decreased \$3.2 million, or 0.5%. Significant factors contributing to the overall decrease in revenues from the prior year are detailed below:

- ❖ *Grants Not Restricted to Specific Programs* decreased by \$32.2 million, or 78.1%, due to a decrease in federal aid for COVID-19 response programs. In FY 2020-21, the County received \$27.0 million from the CARES Act, \$8.4 million from the Emergency Rental Assistance Program (ERAP), and \$3.6 million in FEMA reimbursement for prior year expenditures.
- ❖ *Operating Grants and Contributions* increased by \$40.8 million, or 14.3%. Significant increases in state aid were received for various programs. Public safety programs received an increase of \$5.5 million through Prop 172 revenue, health and human services realignment aid increased \$5.2 million, social services realignment increased \$2.1 million, and Mental Health Services Act revenues also increased \$1.6 million. In addition, the County also recognized \$6.9 million in American Rescue Plan Act (ARPA) revenues for expenditures occurred in FY 2021-22.
- ❖ *Property Taxes* rose \$7.7 million, or 3.7% over the prior year, a function of the regular 2% increase in assessed property value allowed by California's Proposition 13.
- ❖ *Other Taxes* increased by \$7.4 million, or 21.4%, due to a \$5.2 million increase in sales tax revenues and a \$2.2 million increase in transient occupancy taxes collected.
- ❖ *Interest Earnings Not Restricted to Specific Programs* decreased \$17.0 million primarily due to a decrease in the fair market value of investments. However, since the County Treasury holds investments until maturity this loss will not be realized.

Overall, total expenses increased \$6.6 million, or 1.1%. Notable factors contributing to the overall increase in expenses from the prior year are detailed below:

- ❖ *Health and Sanitation* expenses increased \$11.4 million, or 9.4% driven by a \$8.6 million increase in professional services, and a \$4.2 million increase to community development programs.
- ❖ *Education* expenses decreased \$2.3 million, or 16.1%, and *Public Assistance* expenses decreased \$1.7 million, or 1.3%, due to a decrease in long-term pension related costs.

For FY 2021-22, the County was able to maintain its funding of General Fund contingencies at a level of 5%, while still making investments in the many programs and services provided to the community.

Business-type Activities

Business-type activities increased the County's net position by \$22.4 million compared to an increase of \$10.7 million in the previous year. Revenues exceeding expenses by \$22.2 million, and a transfer of \$213 thousand from governmental activities resulted in the total increase to net position. Key elements of current year business-type activity are as follows:

Total revenue increased \$13.2 million, or 18.8% from the preceding year.

- ❖ *Airport's Fees, Fines, and Charges for Services* increased \$3.2 million due to increased passenger travel coming out of the pandemic. Airport parking fees collected increased \$1.1 million and passenger facility charges increased \$526 thousand from the prior year. The Airport also received federal funding of \$12.3 million for rehabilitation of the San Luis Obispo County Airport's runway. Similar to last year, the Airport

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

continues to receive CARES Act revenue issued by the Federal Aviation Administration to support airport's loss of revenue experienced during the pandemic. The Airport received \$5.8 million in CARES Act funding, a \$776 thousand increase over FY 2020-21.

- ❖ The County's golf course continued to see high demand with the addition of the TopTracer digital technology at the Dairy Creek Golf Course driving players to the course. Overall, Golf's *Fees, Fines, and Charges for Services* increased \$467 thousand.
- ❖ Los Osos Wastewater's *Fees, Fines, and Charges for Services* increased \$1.8 million due to an increase in rates charged to users.
- ❖ Water sales revenue decreased \$914 thousand, with the Nacimiento Water Contract having the largest decrease, \$757 thousand, over the prior year.

Expenses for business-type activities increased \$1.9 million, or 3.2% from the prior year. Total Airport expenses increased \$2.2 million over the prior year. This increase was due to increased advertising, parking lot maintenance, and depreciation costs at the San Luis Obispo County Airport.

FUND FINANCIAL STATEMENT ANALYSIS

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds

The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is beneficial in assessing the County's financing requirements. In particular, total fund balance less the nonspendable portion may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Total fund balance consists of the following components (see footnote 11 for additional detail):

- *Nonspendable fund balance*, \$6,664, decreased by \$3.2 million, 32.5% from the prior year. Nonspendable fund balance represents amounts that are not spendable in form or are legally or contractually required to be maintained intact, and includes (1) inventories of \$118, (2) prepaid items of \$586, and (3) long-term receivables of \$5,959. The decrease from the prior year primarily relates to the repayment of an advance made from the General Fund to the County Service Area Enterprise Fund for the construction of a new water storage tank in Cayucos.
- *Restricted fund balance*, \$80,580, decreased \$1.7 million, or 2.1%, from the prior year. Restricted fund balance represents amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation. Significant components of this balance include amounts restricted for (1) tax reduction reserves of \$3,990 (2) public protection programs of \$9,743, (3) Mental Health Services Act funds of \$2,774, (4) public facilities funds of \$16,001, (5) traffic impact programs of \$11,508, (6) automation projects of \$3,601, and (7) debt service of \$22,652. The decrease mostly relates to a decrease in amounts restricted for automation projects and debt service.
- *Committed fund balance*, \$310,735, increased \$27.4 million, or 9.7%, from the prior year. Committed fund balance represents amounts with constraints imposed by the Board of Supervisors for specified purposes. Significant components of this balance include commitments for (1) flood control programs, \$19,690, (2) tax reduction reserve, \$42,387, (3) automation projects, \$19,805, (4) roads, \$24,650, (5) building replacement, \$47,149, (6) solar plant mitigation, \$15,640, (7) capital projects, \$17,540, (8) SB 1090 economic development, \$12,763 and (9) COVID-19 services, \$17,722. The increase is mostly attributable to building

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

replacement projects, roads maintenance and improvement projects, fire services and equipment, and automation projects.

- *Assigned fund balance*, \$190,037, increased \$16.5 million, or 9.5%, from the prior year. Assigned fund balance represents amounts the County intends to use for specific purposes that are neither restricted nor committed. Significant components of this balance include (1) behavioral health programs, \$21,690, (2) tax reduction reserve, \$27,238, (3) general government, \$14,704, (4) social services programs, \$20,277, and (5) subsequent fiscal year budget, \$52,665. The largest changes in the assigned fund balance category were increases to tax reductions reserves, public protection programs, public assistance programs, and behavioral health programs.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$588,016, an increase of 7.1%, or \$39.0 million in comparison with the prior year. Approximately 85.2% of the total fund balance, or \$500,772, is available to meet the County's current and future needs.

General Fund

The General Fund is the chief operating fund of the County. As of the end of the current fiscal year, spendable fund balance (restricted, committed, and assigned) of the General Fund was \$430,209 while total fund balance reached \$436,864. As a measure of the General Fund's liquidity, it is useful to compare both total fund balance and spendable fund balance to total fund expenditures of \$567.7 million. Spendable fund balance represents 75.8% of the total fund expenditures, while total fund balance represents 77.0% of the same amount, a 2.0% decrease from the prior year. During the current fiscal year, the fund balance of the General Fund increased by \$31.2 million.

The following provides an explanation for significant contributors to the change in the General Fund's fund balance.

- ❖ Total revenues exceeded total expenditures by \$35.1 million, which was a \$65.2 million decrease from the prior year.
- ❖ General Fund revenues decreased \$6.5 million, or 1.1% over the prior year. The change was the combination of increased tax revenue, \$13.9 million, and decreases to the use of money and property, \$12.6 million, and aid from other governments, \$8.1 million. Increases to tax revenues was due to increases in assessed property values, resulting in increased property tax revenue, and increases to transient occupancy tax collected, \$2.2 million, and sales and use taxes, \$1.9 million. The decrease to use of money and property revenue, \$12.6 million, was due to the adjustment of investments to their fair market value. The loss associated with the adjustment to fair market value will not be realized since the County Treasury holds all investments to maturity. The decrease in governmental aid, \$8.1 million, is mostly the result of the County receiving prior year awards and allocations to address COVID-19.
- ❖ Total expenditures in the General Fund increased \$58.8 million, or 11.5%, from the prior year. The majority of the increase was in the *Public Protection*, \$16.2 million, and *Health and Sanitation*, \$35.1 million, functions. *Public Protection* expenditures increased due to negotiated salary increases and additional costs associated with the County's contract with Cal-Fire for fire protection services. *Health and Sanitation* expenditures increased primarily due to Health Agency lease agreements being recorded due to the implementation of GASB Statement No. 87 (\$26.4 million). Public Health services also increased \$2.3 million and Behavioral Health services increased \$5.4 million

Capital Projects

The Capital Projects Fund handles construction projects for the County's governmental funds. The fund ended the fiscal year with a total fund balance of \$18.3 million. Capital outlay expenditures exceeded revenues by \$16.9 million and net transfers totaled \$16.3 million. The combination of these two factors resulted in a \$687 thousand decrease in fund balance for the current year. Funding for specific projects comes primarily from use of designations, public facilities fees, issuance of long-term debt, and aid from other government agencies. The General Fund transferred \$5.8 million to the Capital Projects Fund for various capital projects including \$3.7 million for renovations to the Women's Jail and \$229 thousand for construction of the Sheriff and County Fire co-located emergency dispatch facility. The Public Facilities Corporation Debt Service Fund transferred in \$9.1 million of debt proceeds to offset

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

construction costs for the new Animal Services Facility. Significant current year activities of the Capital Projects Fund are discussed in the Capital Assets section under governmental activities.

Governmental Fund Revenues

Revenues for all governmental funds combined totaled \$672.6 million in the current fiscal year, a decrease of approximately 0.2%, or \$1.7 million, from the prior fiscal year revenues of \$674.3 million.

The following table presents the amount of revenues from various sources and also displays increases or decreases from the prior year.

Table C
Revenues Classified by Source
Governmental Funds
Fund Financial Statements
For the Year Ended June 30, 2022
(in thousands)

	2021-2022		2020-2021		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source:						
Taxes	\$ 261,163	38.6%	\$ 243,406	36.1%	\$ 14,424	7.3%
Licenses, Permits, and Franchises	12,597	1.9%	12,522	1.9%	75	0.6%
Fines, Forfeitures, and Penalties	4,304	0.6%	4,352	0.6%	(48)	(1.1%)
Use of Money and Property	(14,773)	(2.2%)	1,084	0.2%	(15,857)	(1,462.8%)
Aid from Governmental Agencies	350,382	51.8%	348,093	51.6%	2,289	0.7%
Charges for Current Services	49,498	7.4%	51,694	7.7%	(2,196)	(4.2%)
Other Revenues	12,734	1.9%	13,104	1.9%	(370)	(2.8%)
Total	\$ 675,905	100.0%	\$ 674,255	100%	\$ 1,650	0.2%

The following provides an explanation of revenues by source that changed significantly over the prior year in the governmental funds.

- ❖ *Taxes* increased \$17.8 million, or 7.3% primarily due to the regular 2% increase in assessed property value allowed by California’s Proposition 13. Additionally, sales and use tax increased \$5.2 million and transient occupancy tax increased \$2.2 million.
- ❖ *Licenses, Permits, and Franchises* increased slightly by \$75 thousand, or 0.6%, over the prior year. Total franchise fee revenue for cable, gas, garbage, and petroleum increased by \$161 but these were offset by decreased planning and building permits and fees revenues of \$137. The remaining change was associated with various departmental fee revenue.
- ❖ *Use of Money and Property* decreased \$15.9 million over the prior year. This decrease is primarily due to a decrease in the fair market value of investments. However, since the County Treasury generally hold investments until maturity this loss will not be realized.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

- ❖ *Aid from Governmental Agencies* increased \$2.3 million, or 0.7%. While the total amount of government aid was similar to the prior year, the County received \$25.5 million more in state aid but received \$23.2 million less in federal aid. Increased state aid was primarily for mental and public health programs, social services programs, and public safety programs. The decrease in federal aid was due to the County recognizing \$27.0 in CARES Act funding in the prior year.
- ❖ *Charges for Services* decreased \$2.2 million, or 4.2%. Decreases to road impact fees, election services, public defender reimbursement, and recording fees all contributed to the decrease.

Governmental Fund Expenditures

Expenditures for all governmental funds combined totaled \$688.4 million in the current fiscal year an increase of approximately 11.8%, or \$70.3 million, from the prior fiscal year expenditures of \$598.0 million.

The following table presents expenditures by function for Governmental Funds, as well as the increase or decrease from the prior year.

Table D
Expenditures by Function Including Capital Outlay
Governmental Funds
Fund Financial Statements
For the Year Ended June 30, 2022
(in thousands)

	2021-2022		2020-2021		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Expenditures by Function:						
General Government	\$ 63,569	9.5%	\$ 64,686	10.8%	\$ (1,117)	(1.7%)
Public Protection	212,388	31.6%	199,299	33.4%	13,089	6.6%
Public Ways and Facilities	39,124	5.9%	37,099	6.2%	2,025	5.5%
Health and Sanitation	157,490	23.6%	117,359	19.6%	40,131	34.2%
Public Assistance	133,275	19.9%	129,141	21.6%	4,134	3.2%
Education	15,712	2.4%	13,368	2.2%	2,344	17.5%
Recreation and Cultural Services	12,420	1.9%	10,976	1.8%	1,444	13.2%
Principal payments	9,137	1.4%	5,289	0.9%	3,848	72.8%
Interest on Long-Term Debt	7,895	1.2%	7,030	1.2%	865	12.3%
Capital outlay	17,376	2.6%	13,795	2.3%	3,581	26.0%
Total	\$ 668,386	100%	\$ 598,042	100%	\$ 70,344	11.8%

The following provides an explanation of the expenditures by function that changed significantly over the prior year.

- ❖ *Public Protection* increased \$13.1 million, or 6.6%, primarily due to salary and wage increases and increased costs associated with the County’s contract with Cal-Fire for fire protection services. An additional \$2.3 million in expenditures were also recorded for lease agreements. These lease agreements began being recorded with the implementation of GASB Statement No. 87, Leases, in FY 2021-22.
- ❖ *Public Ways and Facilities* expenditures increased \$2.0 million, or 5.5%. Expenditures primarily consist of various road improvement projects including improving traffic congestion at the Tefft St and Highway 101 interchange.
- ❖ *Health and Sanitation* expenditures increased \$40.1 million, or 34.2%. Of which, \$26.4 million related for Health Agency lease agreements being recorded due to the implementation of GASB Statement No.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

87. Public Health services also increased \$2.3 million and Behavioral Health services increased \$5.4 million. Also, expenditures associated with pass-through grants from Housing and Urban (HUD) entitlements increased \$4.6 million.

- ❖ *Recreation and Cultural Services* expenditures increased \$1.4 million, or 13.2%, due to increased park maintenance and improvement costs, as well as professional services associated with the construction of the new skate park in Nipomo.
- ❖ *Capital Outlay* expenditures increased \$3.6 million, or 26.0%. Nearly half of the FY 2021-22 expenditures related to the construction of the new Animal Services Facility, a joint effort between the County and participating cities.

Proprietary Funds

The County’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following table shows actual revenues, expenses, and results of operations for the 2021-22 fiscal year.

Table E
Statement of Revenues, Expenses and Results of Operations
Proprietary Funds
Fund Financial Statements
For the Year Ended June 30, 2022
(in thousands)

	Major Funds				Nonmajor Funds	Total
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Other Enterprise Funds	Total Enterprise
Operating revenues	\$ 9,387	\$ 17,279	\$ 7,267	\$ 7,139	\$ 18,416	\$ 59,488
Operating expenses	<u>11,352</u>	<u>7,111</u>	<u>5,889</u>	<u>8,235</u>	<u>17,135</u>	<u>49,722</u>
Operating income (loss)	<u>(1,965)</u>	<u>10,168</u>	<u>1,378</u>	<u>(1,096)</u>	<u>1,281</u>	<u>9,766</u>
Non-operating revenues (expenses), net	<u>5,360</u>	<u>(6,617)</u>	<u>2,248</u>	<u>(3,540)</u>	<u>145</u>	<u>(2,404)</u>
Net income (loss) before contributions and transfers	3,395	3,551	3,626	(4,636)	1,426	7,362
Contributions and transfers, net	<u>11,972</u>	<u>-</u>	<u>243</u>	<u>2,861</u>	<u>243</u>	<u>15,319</u>
Change in net position	<u>\$ 15,367</u>	<u>\$ 3,551</u>	<u>\$ 3,869</u>	<u>\$ (1,775)</u>	<u>\$ 1,669</u>	<u>\$ 22,681</u>

All the enterprise funds are expected to continue to meet their ongoing cost of operations and to be able to maintain sufficient reserves in the long-term.

- ❖ The *Airport Fund* reported an operating loss of \$2.0 million, a \$956 thousand decrease from the prior year’s operating loss of \$2.9 million. Operating revenues increased by \$3.2 million compared to the prior year indicating strong demand for commercial passenger travel coming out of the COVID-19 pandemic.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Total passenger enplanement activity increased 65% over the prior year. Net position increased by \$15.4 million compared to an increase in net position of \$5.5 million in the prior year. Net position increased as a result of federal revenues received for the runway rehabilitation project at the San Luis Obispo County Airport. The project included crack sealing and slurry sealing of the entire runway, several taxiways, and parking apron area.

- ❖ The *Nacimiento Water Contract Fund* realized operating income of \$10.2 million, a \$505 thousand increase from the prior year's operating income of \$9.7 million. The increase to operating income was driven by decreased operating expenses. Operating expenses decreased \$684 thousand due to prior year professional services needed for repairs to the North Salinas River crossing. Overall net position increased \$3.6 million compared to an increase in net position of \$3.0 million in the prior year.
- ❖ The *State Water Project Fund* realized operating income of \$1.4 million, a \$778 thousand increase from the prior year's operating income of \$600 thousand. While water sales decreased \$624 thousand, operating expenses also decreased \$981 thousand. Overall, net position increased by \$3.9 million, which is an increase of \$518 thousand over the prior year.
- ❖ The *Los Osos Wastewater Fund* reported an operating loss of \$1.1 million, a decrease of \$1.8 million when compared to the prior year's operating loss of \$2.9 million. The wastewater plant began full-service operations in FY 2016-17. While operating expenses remained relatively similar to the prior year, operating revenues increased \$1.8 million due to user rate increases. Overall net position decreased \$1.8 million, which is \$2.0 million less than the prior year's decrease to net position of \$3.8 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for expenditures and transfers out increased by \$103.2 million, or 16.7%, during the year, leading to the final amended budget. This increase was funded by increases to both budgeted revenues and transfers-in (\$74.1 million) and the uses of reserves and designations for the balance. Unanticipated revenues totaling \$70.9 million in State, Federal, and Other Governmental Aid, \$1.7 million in Other Revenue, \$335 thousand in Interfund Revenues, \$890 thousand in Charges for Current Services, \$18 thousand in Fines, Forfeitures, and Penalties, and \$263 thousand in Other Financing Sources financed the budget augmentations.

General Government function augmentations of \$49.8 million consisted of \$16.0 million in American Rescue Plan Act (ARPA) augmentations, \$17.9 million in augmentations toward capital projects and maintenance and upgrades to County facilities, \$4.3 million in augmentations in payments to other agencies, and the remaining augmentations went to various General Fund departments for salaries and benefits and services and supplies. Public Protection function augmentations of \$13.4 million were primarily divided among Sheriff-Coroner program augmentations of \$4.9 million, County Fire which received \$2.6 million in augmentations, Planning and Building program augmentations of \$2.2 million, Probation program augmentations \$1.2 million, Emergency Services augmentations of \$1.0 million, Public Defender program augmentations of \$598 thousand, Waste Management program augmentations of \$346 thousand, and the remaining smaller augmentations were for the District Attorney, Probation, Animal Services, and Agricultural Commissioner's programs. Health and Sanitation function augmentations of \$16.4 million were divided between Public Health program augmentations of \$8.7 million and Behavioral Health program augmentations of \$7.7 million. The \$17.6 million increase in the Public Assistance function relates almost entirely to Social Services including CalWORKS assistance, law enforcement medical care and veteran services' programs. Recreation augmentations totaling \$3.4 million were primarily for Parks related capital projects. Public Ways and Facilities augmentations of \$2.5 million were primarily for \$1.4 million of Groundwater Sustainability payments and \$527 thousand for Special District projects.

At the close of the fiscal year, actual General Fund expenditures were 80.5% of the current budget, while General Fund revenues were realized at 91.7% of budget.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2022, the County had \$1.9 billion invested in a broad range of capital assets, including land, buildings, systems improvements, machinery and equipment, park facilities, golf courses, airport facilities, roads, bridges, dams, and water and sewer lines (see Table F). This amount represents a net increase (including additions and deductions) of \$114.0 million, or 6.2%, from last year.

**Table F
Capital Assets and Right-to-Use Lease Assets
June 30, 2022
(in thousands)**

	Governmental Activities June 30, 2021	Governmental Activities June 30, 2022	Business- Type Activities June 30, 2021	Business- Type Activities June 30, 2022	Total Capital Assets June 30, 2021	Total Capital Assets June 30, 2022	Total Percent Change
Land	\$ 796,008	\$ 796,039	\$ 36,718	\$ 36,718	\$ 832,726	\$ 832,757	0.0%
Water Rights	-	-	64,277	68,244	64,277	68,244	6.2%
Other Property Non-Depreciable	-	-	1,968	1,968	1,968	1,968	-
Construction-in- progress	45,188	67,532	3,470	3,489	48,658	71,021	46.0%
Structures & Improvements	277,769	281,671	212,043	225,568	489,812	507,239	3.6%
Equipment	106,582	108,959	10,899	11,134	117,481	120,093	2.2%
Other Property Depreciable	1,258	1,258	554	554	1,812	1,812	-
Infrastructure Depreciable	447,306	457,561	385,248	385,272	832,554	842,833	1.2%
Right-to-Use Lease Asset	-	95,938	-	336	-	96,274	N/A
Subtotal	<u>1,674,111</u>	<u>1,808,958</u>	<u>715,177</u>	<u>733,283</u>	<u>2,389,288</u>	<u>2,542,241</u>	6.4%
Less Accumulated Depreciation	(432,728)	(454,095)	(130,186)	(142,750)	(562,914)	(596,845)	6.0%
Less Accumulated Amortization	-	(4,988)	-	(87)	-	(5,075)	N/A
Total	<u>\$ 1,241,383</u>	<u>\$ 1,349,875</u>	<u>\$ 584,991</u>	<u>\$ 590,446</u>	<u>\$ 1,826,374</u>	<u>\$ 1,940,321</u>	6.2%

The County implemented GASB Statement No. 87 and began reporting a right-to-use lease asset (\$96.3 million) and accumulated amortization. The assets represent the right-to-use underlying land, building, and equipment agreements that the County has entered into as the lessee (tenant).

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Major additions and future commitments in capital assets - Governmental Activities

County Roads had the majority of additions in governmental activities with \$14.4 million worth of assets. Microsurfacing, overlay, and chip seal projects throughout the County comprised most of the road additions. Other major roads projects include work continuing on the Tefft St/Hwy 101 Interchange Operational Improvement Project (\$1.0 million), work continuing on widening of Los Berros Road in Nipomo to allow for the incorporation of bike lanes (\$1.4 million), early project phase work beginning on the Avila Beach Dr/Hwy 101 Interchange Operational Impact Project (\$505 thousand), early project phase work beginning to replace Jack Creek Road Bridge in Templeton (\$400 thousand), and early project phase work beginning to replace the South Bay Bridge in Los Osos to address seismic deficiencies (\$349 thousand). Other notable capital asset additions during FY 2021-22 include work on the new Animal Services Facility (\$9.1 million), construction beginning of the Nipomo Skate Park (\$477 thousand), and \$3.1 million of radio communications modernization. The Co-located dispatch project continued (\$466 thousand) and County Fire purchased 2 additional fire engines totaling \$1.2 million.

Major additions and future commitments in capital assets - Business-type Activities

The Airport completed work on the runway rehabilitation and safety projects (\$12.3 million). The project provided a comprehensive upgrade to the San Luis Obispo County Regional Airport's main runway and taxiway connectors.

More detailed information about the County's capital assets is presented in Notes 4 and 5 in the financial statements.

Debt Administration

At the end of the current fiscal year, the County of San Luis Obispo had total notes, bonds, and leases payable of \$556.2 million. In July 2003, the County issued pension obligation bonds to refund the unfunded actuarial accrued liability due to the Pension Trust. The balance remaining on the County's pension obligation bonds at the end of the FY 2021-22 was \$85.1 million. The pension obligation bonds debt service payments are funded by County payroll benefits.

The remainder of the County's debt consists of \$33.7 million in certificates of participation, which are repaid from a variety of revenues; \$86.2 million in state and other loans; \$71.3 million in assessment bonds, of which, \$71.0 related to the Los Osos Wastewater Project; \$157.8 million in revenue bonds which are repaid with water service revenue; \$92.5 million in lease agreements, and \$23.0 million in lease revenue bonds for the construction of an animal services facility and refunding on the 2008 Series A certificate of participation. General Obligation Bonds totaling \$6.5 million are backed by the full faith and credit of the County.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Table G
Outstanding Debt
June 30, 2022
(in thousands)

	Governmental Activities June 30, 2021	Governmental Activities June 30, 2022	Business- Type Activities June 30, 2021	Business- Type Activities June 30, 2022	Total June 30, 2021	Total June 30, 2022	Total Percent Change
Certificates of Participation	\$ 11,891	\$ 10,657	\$ 10,377	\$ 9,409	\$ 22,268	\$ 20,066	(9.9%)
Certificates of Participation from Direct Borrowings	8,347	8,163	2,818	5,455	11,165	13,618	22.0%
Pension Obligation Bonds	89,825	85,112	-	-	89,825	85,112	(5.2%)
State Notes from Direct Borrowings	1,586	1,426	88,385	84,528	89,971	85,954	(4.5%)
Other Notes from Direct Borrowings	-	-	-	196	-	196	N/A
Lease Revenue Bonds	23,807	23,032	-	-	23,807	23,032	(3.3%)
Revenue Bonds	-	-	162,983	157,815	162,983	157,815	(3.2%)
General Obligation Bonds	-	-	7,104	6,538	7,104	6,538	(8.0%)
Assessment Bonds	391	344	72,483	70,978	72,874	71,322	(2.1%)
Leases	-	92,248	-	250	-	92,498	N/A
Total	\$ 135,847	\$ 220,982	\$ 344,150	\$ 335,169	\$ 479,997	\$ 556,151	15.9%

The increase from the prior year for the County's certificates of participation, notes, bonds, and leases payable was \$76.2 million, or 15.9%. The majority of the increase was due to the County's implementation of GASB Statement No. 87, which reported a lease liability of \$92.5 million. Other significant adjustments include a decrease of \$18.1 million of debt payments and an increase for by the issuance of \$2.7 million of certificates of participation to finance the commissioning of two new 210,000-gallon water storage tanks in Cayucos. The Airport also issued \$196 thousand through on-bill financing with PG&E to install energy efficient lighting fixtures. The lighting improvements will provide an estimated long-term energy savings of \$42 thousand annually. Detailed information on the issuance of debt and change in accounting principle can be found in Notes 10 and 19.

State statutes limit the amount of general obligation debt a governmental entity may issue to 1.25% of its net assessed valuation. The current debt limitation for the County is \$803.2 million.

Other liabilities include compensated absences of \$35.4 million for governmental activities and \$485 thousand for business-type activities; landfill post-closure costs of \$8.2 million; and a self-insurance liability of \$22.3 million. More detailed information about the County's long-term debt and other long-term liabilities is presented in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- ❖ The County is committed to providing services with integrity, collaboration, professionalism, accountability and responsiveness, and these values are reflected in the Fiscal Year 2021-22 budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- ❖ The County has received various COVID-19 funding awards to support specific programs and to address issues related to the pandemic (including direct response). Significant awards and allocations include:
 - \$55.0 million in American Rescue Plan Act (ARPA) funds. Through June 30, 2022, \$6.7 million has been spent, with \$4.8 million being used towards restoration of government services, \$1.6 million being used for public health and other negative economic impacts, and \$300 thousand being used for water, sewer, and broadband projects.
 - \$28.3 million in Coronavirus Relief Funds through the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
 - \$5.2 million of Federal Emergency Management Agency (FEMA) expense reimbursement from the beginning of the pandemic through FY 2021-22.
- ❖ The Governor's FY 2022-23 January budget proposal continues to emphasize the homeless challenges that the State is facing as well as housing for vulnerable populations. Also included in the State's budget proposal includes funding for COVID-19 vaccination and booster shots and combating climate change. The proposals include:
 - Adds \$2.0 billion for mental health housing and services and clearing encampments. Includes \$1.3 billion in FY 2022-23 for Project Homekey and \$1 billion of the Homeless Housing, Assistance and Prevention grant program (HHAP).
 - Proposes \$2.0 billion over the next two years to expand access to housing for vulnerable populations with complex behavioral health conditions and people living in encampments.
 - Includes \$2.7 billion to ramp up vaccines, boosters, statewide testing, and increased medical personnel to meet potential surges.
 - Includes \$648 million to support firefighters and purchase additional helicopters and bulldozers, plus an additional \$1.2 billion for forest management and other practices. The budget includes an additional \$750 million for immediate drought response to aid residents, farmers, and wildfire protection. The proposed budget also includes billions to invest in climate tech research and development, clean cars, preparing Californians for career opportunities, and further readying the state's infrastructure to withstand extreme weather.
 - Includes the Governor's "Real Public Safety Plan" to fight and prevent crime, including (1) \$255 million in grants to local law enforcement and creating a new Smash and Grab Enforcement Unit to combat organized retail crime and grants for impacted small businesses; (2) more prosecutors to hold perpetrators accountable, ensuring District Attorneys are effectively and efficiently prosecuting criminals, and creating a new statewide team of investigators and prosecutors; and (3) creating a new statewide gun buyback program, holding the gun industry accountable, and intercepting drugs at the border.
- ❖ The closure of Diablo Canyon Power Plant (Diablo Canyon) is expected to have significant ramifications to the local community. The plant was originally expected to close in 2025, however, Senate Bill 846, will allow the plant to operate until 2030, pending renewal of the plant's operating license by the Nuclear Regulatory Commission. According to a 2013 study by the California Polytechnic State University in San Luis Obispo, Diablo Canyon, one of the largest employers in the county, contributes approximately \$1 billion annually to the local economy. In addition to unitary taxes from the value of the plant, the County receives direct funding from PG&E for emergency preparedness and response activities. PG&E also initiates a variety of expenditures including emergency equipment, infrastructure and training which provide sales tax, as well as general economic benefits to the community. The reduction in unitary taxes from Diablo Canyon will occur gradually as the assessed value of the plant declines leading up to the closure. Total unitary tax revenue, inclusive of Diablo Canyon, is budgeted to decrease by approximately \$828 thousand in FY 2022-23, representing an 16% decrease compared to the FY 2021-22 budget. To

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

lessen the effects, in part, of lost tax revenue associated with Diablo Canyon's closure Senate Bill 1090 was passed in September 2018 and approved the payment of \$85 million by PG&E to the community. The County began receiving payment of its \$34.9 million portion in FY 2018-19 and will continue to receive payments through FY 2024-25.

- ❖ Local economic indicators:
 - Sales tax revenue for unincorporated areas was \$18.8 million, \$5.5 million greater than the preceding year.
 - County assessed property tax valuations increased from \$62.2 million to \$64.3 million, or 3.3%.
 - Transient Occupancy Tax collections were \$17.2 million, a 14.5% increase from FY 2020-21.
- ❖ The Board of Supervisors adopted the FY 2022-23 budget in June 2022, with a \$128.9 million fund balance in the General Fund, of which \$52.7 million was appropriated to finance the current year's expenditures including contingencies. \$13.0 million was placed in general reserves, and \$69.0 million was earmarked for designations. The total General Fund budget for FY 2022-23 is \$671.7 million, a 4.8% increase from the previous year. The County budget also includes community-wide results and indicators as well as department goals and performance measures that gauge how departments are meeting the needs of the community.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Auditor-Controller-Treasurer-Tax Collector, Post Office Box 1149, San Luis Obispo, California 93406-1149. This report is also available online at www.slocounty.ca.gov.



COUNTY
of SAN LUIS
OBISPO

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS



COUNTY
of SAN LUIS
OBISPO

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF NET POSITION
JUNE 30, 2022 (IN THOUSANDS)**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	First 5 San Luis Obispo
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 684,041	\$ 75,682	\$ 759,723	\$ 9,282
Accounts receivable, net	11,547	3,850	15,397	-
Property taxes receivable	15,957	-	15,957	-
Other receivables	2,043	101,670	103,713	-
Due from other governments	53,956	751	54,707	157
Interest receivable	1	16	17	-
Leases receivable	909	738	1,647	-
Deposits with others	10	86	96	3
Internal balances	11,931	(11,931)	-	-
Inventories	730	46	776	-
Prepaid items	988	544	1,532	3
Loans receivable (net of allowance for uncollectibles)	18,757	432	19,189	-
Total Current Assets	<u>800,870</u>	<u>171,884</u>	<u>972,754</u>	<u>9,445</u>
Noncurrent Assets:				
Restricted cash with fiscal agent	5,472	10,352	15,824	-
Leases receivable	1,165	16,133	17,298	-
Prepaid insurance	-	272	272	-
Capital Assets:				
Nondepreciable	863,571	110,419	973,990	-
Depreciable, net	395,354	479,778	875,132	-
Lease assets, net	90,950	249	91,199	113
Total Noncurrent Assets	<u>1,356,512</u>	<u>617,203</u>	<u>1,973,715</u>	<u>113</u>
Total Assets	<u>2,157,382</u>	<u>789,087</u>	<u>2,946,469</u>	<u>9,558</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pensions	129,813	1,351	131,164	79
Deferred OPEB	14,403	180	14,583	-
Deferred loss on refunding	-	3,083	3,083	-
Total Deferred Outflows of Resources	<u>144,216</u>	<u>4,614</u>	<u>148,830</u>	<u>79</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	26,887	8,730	35,617	2
Salaries and benefits payable	20,231	256	20,487	-
Deposits from others	21,184	1,264	22,448	-
Accrued interest	4,800	4,316	9,116	-
Other current liabilities	1,863	-	1,863	-
Unearned revenue	62,177	2,492	64,669	-
Bonds and notes payable	12,436	12,003	24,439	-
Lease liability	4,094	86	4,180	32
Compensated absences	24,108	264	24,372	4
Landfill closure/postclosure costs	921	-	921	-
Self-insurance payable	4,714	-	4,714	-
Total Current Liabilities	<u>183,415</u>	<u>29,411</u>	<u>212,826</u>	<u>38</u>
Long-Term Liabilities:				
Net pension liability	596,351	6,204	602,555	15
Net OPEB liability	29,217	366	29,583	-
Bonds and notes payable	116,298	322,916	439,214	-
Lease liability	88,154	164	88,318	76
Compensated absences	11,307	221	11,528	15
Landfill closure/postclosure costs	7,251	-	7,251	-
Self-insurance payable	17,546	-	17,546	-
Total Long-Term Liabilities	<u>866,124</u>	<u>329,871</u>	<u>1,195,995</u>	<u>106</u>
Total Liabilities	<u>1,049,539</u>	<u>359,282</u>	<u>1,408,821</u>	<u>144</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pensions	122,735	1,277	124,012	13
Deferred OPEB	5,128	64	5,192	-
Deferred bond refunding	-	304	304	-
Deferred amounts related to leases	2,029	16,566	18,595	-
Total Deferred Inflows of Resources	<u>129,892</u>	<u>18,211</u>	<u>148,103</u>	<u>13</u>
NET POSITION				
Net investment in capital assets	1,216,907	296,939	1,513,846	6
Restricted for:				
General government	12,298	-	12,298	-
Public protection	18,910	-	18,910	-
Health and sanitation	17,459	-	17,459	-
Public assistance	3,289	-	3,289	52
Public ways and facilities	28,378	-	28,378	-
Recreation and cultural services	899	-	899	-
Education	168	-	168	-
Debt service	17,088	-	17,088	-
Unrestricted	(193,229)	119,269	(73,960)	9,422
Total Net Position	<u>\$ 1,122,167</u>	<u>\$ 416,208</u>	<u>\$ 1,538,375</u>	<u>\$ 9,480</u>

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

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)**

Functions/Programs	Expenses	Program Revenues			Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 54,592	\$ 14,414	\$ 2,058	\$ -	\$ 16,472
Public protection	204,993	23,648	76,907	43	100,598
Public ways and facilities	35,995	4,343	14,279	11,993	30,615
Health and sanitation	132,713	8,022	107,891	-	115,913
Public assistance	132,751	950	123,834	-	124,784
Education	11,930	1,315	374	-	1,689
Recreation and cultural services	12,310	6,113	511	413	7,037
Interest on long-term debt	7,947	-	-	-	-
Total governmental activities	593,231	58,805	325,854	12,449	397,108
Business-type activities:					
Airport	11,366	9,314	5,823	12,259	27,396
Golf	4,231	4,843	-	-	4,843
State Water Contract	5,924	6,846	14	-	6,860
Nacimiento Water Contract	13,889	16,696	-	-	16,696
Lopez Flood Control	6,941	7,451	6	-	7,457
Lopez Park	-	-	-	-	-
General Flood Control - Salinas Dam	1,521	1,234	-	-	1,234
County Service Areas	5,636	4,739	3	-	4,742
Los Osos Wastewater	11,663	7,129	-	2,847	9,976
Total business-type activities	61,171	58,252	5,846	15,106	79,204
Total primary government	\$ 654,402	\$ 117,057	\$ 331,700	\$ 27,555	\$ 476,312
Component unit:					
First 5 San Luis Obispo	\$ 1,521	\$ -	\$ 1,860	\$ -	\$ 1,860

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit First 5
	Governmental Activities	Business-Type Activities	Total	
Governmental activities:				
General government	\$ (38,120)	\$ -	\$ (38,120)	
Public protection	(104,395)	-	(104,395)	
Public ways and facilities	(5,380)	-	(5,380)	
Health and sanitation	(16,800)	-	(16,800)	
Public assistance	(7,967)	-	(7,967)	
Education	(10,241)	-	(10,241)	
Recreation and cultural services	(5,273)	-	(5,273)	
Interest on long-term debt	(7,947)	-	(7,947)	
Total governmental activities	<u>(196,123)</u>	<u>-</u>	<u>(196,123)</u>	
Business-type activities:				
Airport	-	16,030	16,030	
Golf	-	612	612	
State Water Contract	-	936	936	
Nacimiento Water Contract	-	2,807	2,807	
Lopez Flood Control	-	516	516	
Lopez Park	-	-	-	
General Flood Control	-	(287)	(287)	
County Service Areas	-	(894)	(894)	
Los Osos Wastewater	-	(1,687)	(1,687)	
Total business-type activities	<u>-</u>	<u>18,033</u>	<u>18,033</u>	
Total primary government	<u>\$ (196,123)</u>	<u>\$ 18,033</u>	<u>\$ (178,090)</u>	
Component unit:				
First 5 San Luis Obispo				<u>\$ 339</u>
General Revenues:				
Taxes:				
Property taxes	216,107	4,380	220,487	-
Sales and use taxes	18,841	-	18,841	-
Transient occupancy taxes	17,152	-	17,152	-
Transfer tax	4,456	-	4,456	-
Other taxes	1,355	-	1,355	-
Grants not restricted to specific programs	9,001	-	9,001	-
Interest earnings not restricted to specific programs	(16,312)	(1,333)	(17,645)	(206)
Other revenues	1,424	1,148	2,572	-
Transfers	(213)	213	-	-
Total General Revenues and Transfers	<u>251,811</u>	<u>4,408</u>	<u>256,219</u>	<u>(206)</u>
Change in net position	55,688	22,441	78,129	133
Net position - beginning of year	<u>1,066,479</u>	<u>393,767</u>	<u>1,460,246</u>	<u>9,347</u>
Net position - end of year	<u>\$ 1,122,167</u>	<u>\$ 416,208</u>	<u>\$ 1,538,375</u>	<u>\$ 9,480</u>



COUNTY
of SAN LUIS
OBISPO

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**



COUNTY
of SAN LUIS
OBISPO

**COUNTY OF SAN LUIS OBISPO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022 (IN THOUSANDS)**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 512,680	\$ 18,226	\$ 111,245	\$ 642,151
Restricted cash with fiscal agent	-	764	4,708	5,472
Accounts receivable, net	11,224	-	301	11,525
Accrued property taxes receivable	15,957	-	-	15,957
Other receivables	1,993	-	50	2,043
Due from other governments	46,700	1,761	5,495	53,956
Interest receivable	1	-	-	1
Due from other funds	-	1,541	400	1,941
Inventories	118	-	-	118
Leases receivable	1,922	-	152	2,074
Loans receivable, net of allowance for uncollectibles	-	-	18,757	18,757
Advances to other funds	5,959	-	2,138	8,097
Prepaid items	578	166	9	753
Other assets	-	-	10	10
Total assets	<u>\$ 597,132</u>	<u>\$ 22,458</u>	<u>\$ 143,265</u>	<u>\$ 762,855</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 21,275	\$ 1,947	\$ 2,497	\$ 25,719
Salaries and benefits payable	18,020	-	484	18,504
Due to other funds	-	-	1,541	1,541
Deposits from others	12,655	-	2,979	15,634
Unearned revenue	61,849	261	67	62,177
Other current liabilities	1,863	-	-	1,863
Advances from other funds	-	200	287	487
Total liabilities	<u>115,662</u>	<u>2,408</u>	<u>7,855</u>	<u>125,925</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	42,725	1,745	2,415	46,885
Deferred amounts related to leases	1,881	-	148	2,029
Total deferred inflows of resources	<u>44,606</u>	<u>1,745</u>	<u>2,563</u>	<u>48,914</u>
<u>FUND BALANCES</u>				
Nonspendable	6,655	-	9	6,664
Restricted	26,060	765	53,755	80,580
Committed	214,112	17,540	79,083	310,735
Assigned	190,037	-	-	190,037
Unassigned	-	-	-	-
Total fund balances	<u>436,864</u>	<u>18,305</u>	<u>132,847</u>	<u>588,016</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 597,132</u>	<u>\$ 22,458</u>	<u>\$ 143,265</u>	<u>\$ 762,855</u>

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)

Total Fund Balances - Total Governmental Funds	\$	588,016
Amounts reported for Governmental Activities in the Statement of Net Position were different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		1,245,467
Lease assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		90,062
Accrued property tax and grant revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		46,885
Internal service funds are used by the County to charge the costs of vehicle fleet management, comprehensive public works services, and operations of the County's workers' compensation, protected self-insurance, unemployment, and dental insurance programs to individual funds. The assets and liabilities are included in governmental activities in the Statement of Net Position.		(30,498)
Adjustments for internal service funds are necessary to "close" those funds by charging additional amounts to participating business-type activities to completely cover the internal service funds' costs for the year.		3,921
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(4,799)
The pension liability of governmental funds is not due and payable in the current period, and therefore is not reported in the fund financial statements.		(544,640)
The other post-employment benefit (OPEB) of governmental funds is not due and payable in the current period, and therefore is not reported in the fund financial statements.		(26,514)
The unamortized portion of changes to the net pension liability, the net difference between projected and actual earnings on pension plan investments, and contributions subsequent to the pension liability measurement date are not reported in the fund financial statements for governmental funds.		6,464
The unamortized portion of changes to the net other post-employment benefit (OPEB) liability, the net difference between projected and actual earnings on OPEB investments, and contributions subsequent to the OPEB liability measurement date are not reported in the fund financial statements for governmental funds.		8,417
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds as follows:		
Certificates of participation	(18,820)	
Bonds and notes payable	(109,914)	
Leases payable	(91,344)	
Compensated absences	(32,364)	
Landfill closure/postclosure costs	(8,172)	(260,614)
Net Position of Governmental Activities	\$	<u>1,122,167</u>

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes	\$ 242,960	\$ -	\$ 18,203	\$ 261,163
Licenses, permits, and franchises	12,597	-	-	12,597
Fines, forfeitures, and penalties	3,348	358	598	4,304
Use of money and property	(11,579)	(448)	(2,746)	(14,773)
Aid from other governments	312,215	398	37,769	350,382
Charges for services	35,954	134	13,410	49,498
Other revenues	10,594	-	2,140	12,734
	<u>606,089</u>	<u>442</u>	<u>69,374</u>	<u>675,905</u>
Total revenues				
<u>EXPENDITURES</u>				
Current:				
General government	63,569	-	-	63,569
Public protection	207,767	-	4,621	212,388
Public ways and facilities	3,660	-	35,464	39,124
Health and sanitation	150,030	-	7,460	157,490
Public assistance	132,712	-	563	133,275
Education	519	-	15,193	15,712
Recreation and cultural services	5,260	-	7,160	12,420
Debt service:				
Principal payments	3,702	-	5,435	9,137
Interest and fiscal charges	463	-	7,432	7,895
Capital outlay	-	17,376	-	17,376
	<u>567,682</u>	<u>17,376</u>	<u>83,328</u>	<u>668,386</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>38,407</u>	<u>(16,934)</u>	<u>(13,954)</u>	<u>7,519</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Leases	28,696	-	2,254	30,950
Transfers in	811	16,247	28,544	45,602
Transfers out	(33,350)	-	(11,753)	(45,103)
	<u>(3,843)</u>	<u>16,247</u>	<u>19,045</u>	<u>31,449</u>
Total other financing sources (uses)				
Net change in fund balances	34,564	(687)	5,091	38,968
Fund balances - beginning	402,300	18,992	127,756	549,048
Fund balances - ending	<u>\$ 436,864</u>	<u>\$ 18,305</u>	<u>\$ 132,847</u>	<u>\$ 588,016</u>

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

COUNTY OF SAN LUIS OBISPO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)

Net Change in Fund Balances - Total Governmental Funds \$ 35,635

Amounts reported for governmental activities in the Statement of Revenues, Expenditures, and Changes in Fund Balances were different because:

Property tax, intergovernmental revenue and other revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (9,137)

Governmental funds report capital outlay as expenditures. These expenditures have no effect on net position. Capital outlay expenditures that have no effect on net position are reported in the following functional categories:

Capital outlay	\$	16,920	
General government		4,763	
Public protection		2,210	
Public ways		14,383	
Health and sanitation		813	
Public assistance		38	
Education		86	
Recreation and cultural services		594	39,807

Governmental funds report new leases as expenditures. These expenditures have no effect on net position. 30,950

In the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. (22,343)

In the Statement of Activities, the cost of right to use lease assets is allocated over their estimated useful lives and reported as amortization expense. (4,862)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (157)

Debt proceeds and new leases are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.

Debt principal payments		5,691	
Lease payments		3,580	
Lease issuance		(30,950)	(30,950)

Some expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources. Therefore, they are not reported as expenditures in governmental funds:

Change in compensated absences	\$	2,041	
Change in accrued interest payable		(453)	
Change in landfill closure/postclosure costs		(927)	
Change in net OPEB liability		4,498	
Change in deferred OPEB outflows		(6,460)	
Change in deferred OPEB inflows		(3,154)	
Change in Net Pension Liability		31,234	
Change in deferred pension outflows		33,673	
Change in deferred pension inflows		(53,102)	
Change in capital appreciation bond accretion		1,148	
Amortization of debt premiums, discounts and issuance costs		274	8,772

Internal service funds were used by the County to charge the costs of vehicle fleet management, comprehensive public works services, and operations of the County's workers' compensation, protected self-insurance, unemployment, and dental insurance programs to individual funds. The net revenue or expenditure effect of internal service funds is reported with governmental activities. (4,871)

The net (revenue) expense allocable to business-type activities 240

Change in Net Position of Governmental Activities \$ 52,355

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

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2022 (IN THOUSANDS)**

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Nonmajor Enterprise Funds		
ASSETS							
Current assets:							
Cash and investments	\$ 23,130	\$ 12,371	\$ 13,219	\$ 6,377	\$ 20,585	\$ 75,682	\$ 41,890
Accounts receivable, net	-	334	3,087	-	429	3,850	22
Other receivables	403	-	-	101,267	-	101,670	-
Due from other governments	751	-	-	-	-	751	-
Interest receivable	16	-	-	-	-	16	-
Leases receivable	664	-	-	-	74	738	-
Deposits with others	-	-	-	-	86	86	-
Inventories	-	-	-	-	46	46	612
Loans receivable	-	-	-	432	-	432	-
Prepaid items	-	-	-	-	544	544	235
Total current assets	<u>24,964</u>	<u>12,705</u>	<u>16,306</u>	<u>108,076</u>	<u>21,764</u>	<u>183,815</u>	<u>42,759</u>
Noncurrent assets:							
Restricted cash with fiscal agent	-	9,864	-	-	488	10,352	-
Leases receivable	16,046	-	-	-	87	16,133	-
Advances to other funds	-	-	-	-	40	40	-
Prepaid insurance	-	272	-	-	-	272	-
Capital assets:							
Nondepreciable:							
Land	24,030	3,259	-	5,406	4,022	36,717	-
Construction in progress	2,429	-	-	28	1,033	3,490	-
Water rights	-	-	68,244	-	-	68,244	-
Other property	-	-	-	-	1,968	1,968	-
Depreciable:							
Infrastructure, net	369	141,806	-	161,273	21,492	324,940	-
Structures and improvements, net	85,492	8,386	5,269	679	48,748	148,574	335
Equipment, net	4,653	5	2	80	1,028	5,768	13,123
Other property, net	-	-	-	-	496	496	-
Lease assets, net	68	-	-	-	181	249	888
Total noncurrent assets	<u>133,087</u>	<u>163,592</u>	<u>73,515</u>	<u>167,466</u>	<u>79,583</u>	<u>617,243</u>	<u>14,346</u>
Total assets	<u>158,051</u>	<u>176,297</u>	<u>89,821</u>	<u>275,542</u>	<u>101,347</u>	<u>801,058</u>	<u>57,105</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred pensions	770	-	-	-	581	1,351	11,256
Deferred OPEB	110	-	-	-	70	180	1,333
Deferred loss on refunding	-	3,083	-	-	-	3,083	-
Total deferred outflows of resources	<u>880</u>	<u>3,083</u>	<u>-</u>	<u>-</u>	<u>651</u>	<u>4,614</u>	<u>12,589</u>
LIABILITIES							
Current liabilities:							
Accounts payable	817	566	6,757	97	493	8,730	1,168
Salaries and benefits payable	140	-	-	-	116	256	1,727
Interest payable	1	2,314	-	1,677	324	4,316	1
Self-insurance payable	-	-	-	-	-	-	4,714
Deposits from others	80	649	48	6	481	1,264	5,550
Unearned revenue	77	-	2,396	-	19	2,492	-
Due to other funds	-	-	-	-	400	400	-
Accrued vacation and sick leave - current	139	-	-	-	125	264	2,358
Lease liability - current	10	-	-	-	76	86	112
Notes and bonds payable - current	21	4,990	-	3,804	3,188	12,003	-
Total current liabilities	<u>1,285</u>	<u>8,519</u>	<u>9,201</u>	<u>5,584</u>	<u>5,222</u>	<u>29,811</u>	<u>15,630</u>
Noncurrent liabilities:							
Self-insurance liability	-	-	-	-	-	-	17,546
Advances from other funds	5,372	-	-	1,755	523	7,650	-
Accrued vacation and sick leave	105	-	-	-	116	221	693
Lease liability	58	-	-	-	106	164	792
Notes and bonds payable	175	152,824	-	139,650	30,267	322,916	-
Net OPEB Liability	224	-	-	-	142	366	2,703
Net Pension Liability	3,536	-	-	-	2,668	6,204	51,711
Total noncurrent liabilities	<u>9,470</u>	<u>152,824</u>	<u>-</u>	<u>141,405</u>	<u>33,822</u>	<u>337,521</u>	<u>73,445</u>
Total liabilities	<u>10,755</u>	<u>161,343</u>	<u>9,201</u>	<u>146,989</u>	<u>39,044</u>	<u>367,332</u>	<u>89,075</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred pensions	728	-	-	-	549	1,277	10,642
Deferred OPEB	39	-	-	-	25	64	475
Bond refunding	-	304	-	-	-	304	-
Deferred amounts related to leases	16,405	-	-	-	161	16,566	-
Total deferred inflows of resources	<u>17,172</u>	<u>304</u>	<u>-</u>	<u>-</u>	<u>735</u>	<u>18,211</u>	<u>11,117</u>
NET POSITION							
Net investment in capital assets	116,164	8,285	73,515	53,609	45,366	296,939	13,429
Unrestricted	14,840	9,448	7,105	74,944	16,853	123,190	(43,927)
Total net position	<u>\$ 131,004</u>	<u>\$ 17,733</u>	<u>\$ 80,620</u>	<u>\$ 128,553</u>	<u>\$ 62,219</u>	<u>420,129</u>	<u>\$ (30,498)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(3,921)	
Net Position of Business-Type Activities per Government-Wide Financial Statements						<u>\$ 416,208</u>	

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Nonmajor Enterprise Funds		
OPERATING REVENUES:							
Charges for services	\$ 9,347	\$ 16,696	\$ 6,846	\$ 7,129	\$ 18,322	\$ 58,340	\$ 61,460
Other revenues	40	583	421	10	94	1,148	81
Total operating revenues	9,387	17,279	7,267	7,139	18,416	59,488	61,541
OPERATING EXPENSES:							
Salaries and benefits	2,595	-	-	-	2,029	4,624	32,534
Services and supplies	3,722	4,824	5,570	3,771	12,230	30,117	22,653
Other charges	31	-	-	-	3	34	-
Insurance benefit payments	-	-	-	-	-	-	6,386
Depreciation	4,767	2,222	204	4,387	2,516	14,096	2,776
Amortization	11	-	-	-	76	87	125
Countywide cost allocation	226	65	115	77	281	764	511
Total operating expenses	11,352	7,111	5,889	8,235	17,135	49,722	64,985
Operating income (loss)	(1,965)	10,168	1,378	(1,096)	1,281	9,766	(3,444)
NONOPERATING REVENUES (EXPENSES):							
Property taxes	-	-	2,559	-	1,821	4,380	-
Investment income (expense)	(462)	122	(325)	(153)	(515)	(1,333)	(1,060)
Interest expense	(1)	(6,739)	-	(3,387)	(1,162)	(11,289)	(7)
Sale of capital assets	-	-	-	-	(8)	(8)	352
Aid from governmental agencies	5,823	-	14	-	9	5,846	-
Total nonoperating revenues (expenses)	5,360	(6,617)	2,248	(3,540)	145	(2,404)	(715)
Income (loss) before contributions and transfers	3,395	3,551	3,626	(4,636)	1,426	7,362	(4,159)
Capital contributions	12,259	-	-	2,847	-	15,106	-
Transfers in	-	-	243	31	320	594	509
Transfers out	(287)	-	-	(17)	(77)	(381)	(1,221)
Change in net position	15,367	3,551	3,869	(1,775)	1,669	22,681	(4,871)
Net position - beginning	115,637	14,182	76,751	130,328	60,550		(25,627)
Net position - ending	<u>\$ 131,004</u>	<u>\$ 17,733</u>	<u>\$ 80,620</u>	<u>\$ 128,553</u>	<u>\$ 62,219</u>		<u>\$ (30,498)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(240)	
Change in Net Position of Business-Type Activities per Government-Wide Financial Statements						<u>\$ 22,441</u>	

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

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)**

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Nonmajor Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers and third parties	\$ 8,662	\$ 13,227	\$ 6,672	\$ 7,139	\$ 18,315	\$ 54,015	\$ -
Receipts from interfund billings	-	584	-	-	-	584	61,542
Payments for goods and services	(3,925)	(5,240)	(5,681)	(3,826)	(12,311)	(30,983)	(14,430)
Payments to employees for services	(2,385)	-	-	-	(2,023)	(4,408)	(35,709)
Payments for insurance benefits	-	-	-	-	-	-	(5,144)
Payments for premiums	-	-	-	-	-	-	(6,012)
Net cash provided (used) by operating activities	2,352	8,571	991	3,313	3,981	19,208	247
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Property tax proceeds	-	-	2,559	-	1,821	4,380	-
Grants and subsidies from other governmental agencies	6,741	-	14	-	10	6,765	-
Advances from other funds	-	-	-	-	(2,665)	(2,665)	-
Due from other funds	-	-	-	-	-	-	-
Transfers from other funds	-	-	243	31	320	594	509
Transfers to other funds	(287)	-	-	(17)	(77)	(381)	(1,221)
Net cash provided (used) by noncapital financing activities	6,454	-	2,816	14	(591)	8,693	(712)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchases and construction of capital assets	(14,101)	-	(3,966)	(52)	(591)	(18,710)	(2,997)
Proceeds from sale of capital assets	-	-	-	-	-	-	352
Advances from other funds	(134)	-	-	(537)	-	(671)	-
Capital contributions	12,259	-	-	5,214	-	17,473	-
Proceeds from issuance of long-term debt	-	-	-	-	2,691	2,691	-
Principal paid on capital debt	-	(4,581)	-	(4,022)	(3,003)	(11,606)	-
Interest paid on capital debt	-	(7,228)	-	(3,168)	(1,237)	(11,633)	(7)
Net cash provided (used) by capital and related financing activities	(1,976)	(11,809)	(3,966)	(2,565)	(2,140)	(22,456)	(2,652)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest received	(462)	122	(325)	(153)	(514)	(1,332)	(1,060)
Net cash provided (used) by investing activities	(462)	122	(325)	(153)	(514)	(1,332)	(1,060)
Net increase (decrease) in cash and cash equivalents	6,368	(3,116)	(484)	609	736	4,113	(4,177)
CASH AND CASH EQUIVALENTS:							
Beginning of year	16,762	25,351	13,703	5,768	20,337	81,921	46,067
End of year	\$ 23,130	\$ 22,235	\$ 13,219	\$ 6,377	\$ 21,073	\$ 86,034	\$ 41,890
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating income (loss)	\$ (1,965)	\$ 10,168	\$ 1,378	\$ (1,096)	\$ 1,281	\$ 9,766	\$ (3,444)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization expense	4,778	2,222	204	4,387	2,592	14,183	2,901
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:							
(Increase) decrease in:							
Receivables, net	(758)	(332)	(122)	-	(94)	(1,306)	1
Inventory	-	-	-	-	(26)	(26)	5
Prepaid items	-	-	-	-	118	118	(234)
Deferred outflows - pension	(254)	-	-	-	(171)	(425)	(3,115)
Deferred outflows - OPEB	51	-	-	-	30	81	658
Leases	(11)	-	-	-	(76)	(87)	(125)
Increase (decrease) in:							
Accounts payable	64	(406)	(997)	21	174	(1,144)	782
Deposits from others	1	54	-	1	29	85	62
Salaries and benefits payable	14	-	-	-	(9)	5	184
Deferred inflows - pension	369	-	-	-	263	632	4,985
Deferred inflows - OPEB	27	-	-	-	17	44	322
Net OPEB liability	(32)	-	-	-	(16)	(48)	(457)
Net pension liability	35	-	-	-	(109)	(74)	(3,522)
Unearned revenue	33	(3,135)	528	-	(22)	(2,596)	-
Self-insurance liability	-	-	-	-	-	-	1,244
Total adjustments	4,317	(1,597)	(387)	4,409	2,700	9,442	3,691
Net cash provided (used) by operating activities	\$ 2,352	\$ 8,571	\$ 991	\$ 3,313	\$ 3,981	\$ 19,208	\$ 247
NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:							
On-bill financing loan agreement	\$ 196	\$ -	\$ -	\$ -	\$ -	\$ 196	\$ -

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

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL AND INVESTMENT TRUST FUNDS
JUNE 30, 2022 (IN THOUSANDS)
SAN LUIS OBISPO PENSION TRUST FUND
DECEMBER 31, 2021 (IN THOUSANDS)**

	San Luis Obispo County Pension Trust December 31, 2021	Investment Trust Funds June 30, 2022	Custodial Funds June 30, 2022
<u>ASSETS</u>			
Cash and cash equivalents	\$ 78,935	\$ 510,883	\$ 107,411
Receivables:			
Contributions	-	-	-
Interest and dividends	509	-	-
Securities sold	65	-	-
Taxes for other governments	-	-	452
Investments at fair value:			
Bonds and notes	351,526	-	-
International fixed income	131,650	-	-
Collateralized mortgage obligations	9,337	-	-
Domestic equities	422,869	-	-
International equities	325,043	-	-
Alternative investments	244,171	-	-
Real estate	220,642	-	-
Other investments	-	-	-
Other assets	175	-	3,857
Capital assets, net	6,121	-	17
	<u>\$ 1,791,043</u>	<u>\$ 510,883</u>	<u>\$ 111,737</u>
<u>LIABILITIES</u>			
Other current liabilities	\$ 1,325	\$ -	\$ 75,715
Prefunded contributions	34,175	-	-
Securities purchased	5,580	-	-
Other long-term liabilities	-	-	9
	<u>\$ 41,080</u>	<u>\$ -</u>	<u>\$ 75,724</u>
<u>NET POSITION</u>			
Restricted for:			
Pensions	\$ 1,749,963	\$ -	\$ -
Pool Participants	-	510,883	-
Individuals, organizations and other governments	-	-	36,013
	<u>\$ 1,749,963</u>	<u>\$ 510,883</u>	<u>\$ 36,013</u>
Total net position	<u>\$ 1,749,963</u>	<u>\$ 510,883</u>	<u>\$ 36,013</u>

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL AND INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)
SAN LUIS OBISPO PENSION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2021 (IN THOUSANDS)

	San Luis Obispo County Pension Trust <u>December 31, 2021</u>	Investment Trust Funds <u>June 30, 2022</u>	Custodial Funds <u>June 30, 2022</u>
<u>ADDITIONS</u>			
Contributions:			
Contributions to pooled investments	\$ -	\$ 1,212,982	\$ -
Employer contributions	61,177	-	-
Member contributions	36,700	-	-
Total contributions	<u>97,877</u>	<u>1,212,982</u>	<u>-</u>
Investment income:			
Realized and unrealized gains and losses	206,237	-	-
Interest	2,827	2,354	790
Dividends	5,895	-	-
Investment expenses	(3,974)	-	-
Total investment income	<u>210,985</u>	<u>2,354</u>	<u>790</u>
Property taxes collected for other governments	-	-	221,469
Sales taxes collected for other governments	-	-	19,135
Other Income	22	-	12,654
Total additions	<u>308,884</u>	<u>1,215,336</u>	<u>254,048</u>
<u>DEDUCTIONS</u>			
Benefits:			
Monthly benefit payments	117,369	-	-
Refunds of contributions	3,315	-	-
Death benefits	441	-	-
Total benefits	<u>121,125</u>	<u>-</u>	<u>-</u>
Administrative expenses	2,797	-	27
Distributions from pooled investments	-	1,225,076	-
Depreciation expense	-	-	-
Interest expenses	-	-	26,660
Payments to other local governments	-	-	3,236
Prefunded discount amortization	1,325	-	-
Property taxes distributed to other governments	-	-	235,878
Total deductions	<u>125,247</u>	<u>1,225,076</u>	<u>265,801</u>
Change in net position	183,637	(9,740)	(11,753)
Net position - beginning	<u>1,566,326</u>	<u>520,623</u>	<u>47,766</u>
Net position - ending	<u>\$ 1,749,963</u>	<u>\$ 510,883</u>	<u>\$ 36,013</u>

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



COUNTY
of SAN LUIS
OBISPO

NOTES TO THE BASIC FINANCIAL STATEMENTS



COUNTY
of SAN LUIS
OBISPO

COUNTY OF SAN LUIS OBISPO
NOTES TO THE BASIC FINANCIAL STATEMENTS (IN THOUSANDS)
JUNE 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The County of San Luis Obispo (the County) was established by an act of the California State Legislature on February 18, 1850 as one of California's original 27 Counties. The County is a political subdivision of the State of California and may exercise the powers specified by the Constitution and laws of the State. The County exercises its powers through an elected five-member Board of Supervisors. The County provides various services on a countywide basis including public protection, public ways and facilities, health and sanitation, public assistance, education, and recreational and cultural services.

The County reporting entity includes all significant organizations, departments, and agencies over which the County is considered financially accountable. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. The accompanying financial statements present the financial position of the County and those County-related entities that meet the criteria for component units established by the Governmental Accounting Standards Board (GASB).

Blended Component Units

These component units are so intertwined with the County that they are, in substance, the same as the County and, therefore, are blended and reported as if they were part of the County. Each of the following entities have governing bodies which are substantively the same as the governing body of the County, are fiscally accountable to the County, and have a significant relationship with the County, and therefore are included in its government-wide, governmental fund and proprietary fund financial statements:

County Service Areas – County Service Areas have been established for the purpose of providing specific services to distinct geographical areas within the County. These services include drainage and sewer collections facilities maintenance, street lighting energy charges, centralized septic services, wastewater disposal and treatment, and fire and emergency medical services in various unincorporated areas of the County.

Flood Control and Water Conservation Districts – Flood control and water conservation districts have been established for the purpose of providing specific flood and conservation services to distinct geographical areas within the County. These services include weather and hydrological data collections services, water delivery, water treatment and distribution services, and the construction of the Lopez Dam Seismic Remediation project.

SLO County Financing Authority (the Authority) – The Authority was created to assist in the financing, construction, and equipping of public facilities for one or both of the Authority's members.

San Luis Obispo County Public Facilities Corporation (PFC) – The PFC is a nonprofit public benefit corporation organized to assist public agencies within the County of San Luis Obispo with the acquisition and construction of various public facilities.

Separate financial statements or additional financial information for each of the component units may be obtained from the Auditor-Controller-Treasurer-Tax Collector at 1055 Monterey, Room D290, San Luis Obispo, CA 93408.

Also, included in the accompanying financial statements as investment trust funds are the assets of numerous self-governed schools, special districts, and regional boards and authorities for which the County Treasurer acts as

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

custodian of those assets. The financial reporting for these governmental entities, which are independent of the County, is limited to the total amount of cash and investments and the related fiduciary responsibility of the County for disbursement of these assets. Activities of these entities are administered by separate boards and are independent of the County Board of Supervisors. The County Auditor-Controller-Treasurer-Tax Collector makes disbursements upon the request of the entity's officers. The County Board of Supervisors has no effective authority to govern, manage, approve budgets, assume financial accountability, establish revenue limits, nor to appropriate surplus funds available in these entities. Seven cities and numerous self-governed special districts provide services to the residents of the County. The operations of these entities have been excluded from the basic financial statements as each entity conducts its own day-to-day operations and answers to its own governing board.

Discretely Presented Component Units

Children and Families Commission of San Luis Obispo County (First 5) – First 5 was created in 1998 with the passage of Proposition 10, the California Children and Families First Act. First 5's mission is to allocate funds from the California Children and Families Trust Fund and advocate for quality programs and services, supporting children prenatal to age 5, to ensure that every child is healthy and ready to learn in school. First 5 is governed by a nine-member commission that includes public officials and community leaders from the fields of early childhood education, health care, and family support. The County can influence the day-to-day operations and financial decisions of First 5 as the County Board of Supervisors appoints all commission members. First 5 is reported as a discretely presented component unit because its governing body is not substantively the same as the County's governing body, and it does not provide services entirely or exclusively to the County.

The County also discretely presents the *San Luis Obispo County Pension Trust* which is an independent trust that administers the San Luis Obispo County Employees Retirement Plan on behalf of the County, is a fiduciary component unit which is presented in the Fiduciary Fund Financial Statements.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

The Government-wide financial statements consist of the statement of net position and the statement of activities that report information about the County and its 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. The statements distinguish between governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Internal activities and indirect expenses are consolidated in the statement of activities. Examples of expenses that have been eliminated include the allocation of indirect costs under the Countywide Cost Allocation Plan and internal payments for services provided between departments.

Amounts reported as *program revenues* include 1) fees, fines and charges to customers or applicants for goods or services offered by the programs, 2) operating grants and contributions that are restricted to meeting the operational requirements of a particular program, and 3) capital grants and contributions restricted to particular programs. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Enterprise funds, reported as business-type activities, distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operation. The principal operating

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

revenues of the County enterprise funds (Airport, Nacimiento Water Contract, State Water Project, Los Osos Wastewater, and nonmajor enterprise) are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The County's internal service funds also distinguish operating revenues and expenses from nonoperating items, receive revenue primarily from charges to customers, and have services, administrative expenses, and depreciation of capital assets as costs; however, the internal service funds are reported as governmental activities in the Government-wide financial statements because they principally serve internal County operations.

Fund Financial Statements

The fund financial statements report detailed information about the County's funds, including fiduciary funds and blended component units. Separate statements are provided for each fund category – Governmental, Proprietary, and Fiduciary even though the latter are excluded from the Government-wide financial statements. The emphasis of the Governmental and Proprietary Fund financial statements is on major individual funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements.

New Accounting Pronouncements

For the fiscal year ended June 30, 2022, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 87, *Leases (GASB 87)*. The requirements of this statement are effective for financial statement periods beginning after December 15, 2019. However, GASB 95 postponed this date to July 1, 2021. GASB 87 improves consistency in accounting and financial reporting for leases by establishing a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The County reports the following Major Governmental Funds:

- The General Fund is the County's primary operating fund. The General Fund is used to account for all revenues and expenditures necessary to carry out the 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 recreational and cultural services.
- The Capital Projects Fund is used to account for the financial resources restricted for the acquisition or construction of specific projects, or items other than those financed by proprietary funds.

The County reports the following Major Proprietary Funds:

- The Airport Fund accounts for the maintenance, operations, and development of the County-owned commercial service airports in San Luis Obispo and Oceano.
- The Nacimiento Water Contract Fund accounts for the activities and delivery of water associated with the Nacimiento water supply reservoir and the contract with Monterey County.
- The State Water Project Fund accounts for revenues, expenses and net position relating to the countywide taxpayers' obligations associated with the State Water Project, which provides for the delivery of state water into the County.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

- The Los Osos Wastewater Fund accounts for the construction, operation and maintenance of the wastewater treatment plant serving the community of Los Osos.
- Additionally, the County reports on Internal Service Funds. Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost-reimbursement basis. Internal Service Funds account for the activities of fleet operations, construction management services, and self-insurance programs such as workers' compensation, long-term disability, employee benefits, and personal injury & property damage.

The County reports the following Fiduciary Funds:

- The Pension Trust Fund accumulates contributions from the County and its employees, as well as earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula), and administrative expenses. This fund includes all assets of the San Luis Obispo County Pension Trust as of December 31, 2021.
- The Investment Trust Funds account 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 Custodial Funds account for the resources held by the County in a custodial capacity on behalf of other agencies. These include accounts for temporary holding of funds for the tax assessment areas created under the 1915 Improvement Act, temporary clearing funds, and other temporary holding funds not classified in other fiduciary categories.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The Government-wide, Proprietary, and Fiduciary 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 when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, sales tax, transient occupancy taxes, grants, entitlements, and donations. On an accrual basis of accounting, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from sales and transient occupancy taxes are recognized when the underlying transactions take place. Revenues from grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they become both measurable and available. The County considers all revenues in governmental funds to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers property tax revenues and all other revenues to be available if they are collected within 60 days of the end of the current fiscal period. It is the County's policy to submit reimbursement and claim requests for federal and state grant revenues within 30 days of the end of the program cycle, and payments are generally received within 90 days. Property taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures generally are recorded when the related liability is incurred, as under accrual accounting. However, prepaid items, such as rent expense, are recorded using the consumption method which recognizes expenses during the period benefited by the prepayment. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized as expenditures only to the extent that payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under leases are reported as other financing sources.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County eliminates the effect of interfund activity from the Government-wide financial statements by consolidating internal activities and indirect expenses in the statement of activities. Interfund services provided and used are not eliminated in the process of consolidation.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. ASSETS, DEFERRED OUTFLOWS OF RESOURCES, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITY

Deposits and Investments

In accordance with Government Code Section 27130, a treasury oversight committee serves the County. The committee consists of a representative appointed by the Board of Supervisors, the Auditor-Controller-Treasurer-Tax Collector, the Superintendent of Schools, a representative from the County's school districts and community college, and one member from the public at large. The committee meets annually and is subject to the California open meeting statutes.

Cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held by the County Treasurer are stated at fair value at June 30, 2022. The fair value of pooled investments is determined annually and is based on current market prices.

The County pool is not registered with the Securities and Exchange Commission as an investment company and does not issue separate investment reports. The County has not provided or obtained any legally binding guarantees to support the value of the shares. Participants may withdraw up to the amortized cost of their respective shares as displayed on the combined balance sheet. The share of the Treasurer's pool related to involuntary participants is 99.84 percent.

Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All short-term cash surpluses are maintained in the County Treasury cash and investments pool, the earnings from which are allocated quarterly to each fund based on average daily cash balances.

Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. No uncollectible allowance is recorded for enterprise special district receivables, which are primarily for water service billings. These receivables are written off in the year they become uncollectible.

Deferred Outflows and Inflows of Resources

In addition to assets, the financial statements may report a separate section for deferred outflows of resources. A deferred outflow of resources represents a consumption of net assets that applies to future periods. In addition to liabilities, the financial statements may report a separate section for deferred inflows of resources which represent an acquisition of net position that applies to future periods.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Property Tax

The County is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County, including schools, cities, and special districts. Property taxes, for which the lien date is January 1, are payable in two equal installments, November 1 and February 1, and become delinquent on December 10 and April 10, respectively. Property taxes receivable are recognized when levied. Property taxes on the unsecured roll are due on the January 1 lien date and become delinquent on August 31. The County is permitted by Article XIII-A of the State of California Constitution (known as Proposition 13) to levy a maximum tax of \$1.00 per \$100.00 of full cash value. Property taxes are accounted for in the Unapportioned Property Tax and Interest Fund, a Custodial Fund, until allocation and disbursement to the taxing jurisdictions.

Beginning in fiscal year 1993-94, the County of San Luis Obispo adopted the "Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds" provided for in Revenue and Taxation Code Sections 4701-4717, which is commonly known as the "Teeter Plan". The Teeter Plan has no impact on tax rates or collection procedures. It merely changes the way the collections of delinquent taxes and penalties are distributed among the taxing agencies. Those agencies participating in the Teeter Plan receive 100% of the secured property taxes billed each year without regard to delinquencies. The General Fund covers the delinquent amount to all agencies and, in return, receives the delinquent taxes, penalties and interest when collected. As a result of the Teeter Plan, secured property taxes receivable are recorded in the General Fund only, and there is no allowance for uncollectible amounts. Penalties and interest are deposited into the Tax Loss Reserve Fund. Once the Tax Loss Reserve Fund balance exceeds 25% of the secured delinquent roll, the excess may be credited to the General Fund.

The Teeter Plan was amended beginning fiscal year 2001-02 by removing unitary tax payments (including PG&E), so that all agencies in the County will share in any delinquency that may occur.

Unsecured property is not part of the Teeter Plan. Unsecured property taxes receivable is accrued to taxing agencies, net of the uncollectible amount which is estimated based on prior year collections.

Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year 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 non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and 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 nonspendable fund balance in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

Inventories and Prepaid Items

Inventories held by the General Fund, and the Public Works and Garage Internal Service Funds, are carried at cost (first-in, first-out). The Internal Service Funds' inventories are controlled by perpetual inventory systems and are adjusted as appropriate to reflect year-end physical inventory counts. Governmental Funds (other than the General Fund) record inventory as expenditures when purchased.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Capital Assets

Capital assets, which include land, structures and improvements, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the Government-wide financial statements. Capital assets are defined as assets with an initial individual cost greater than the capitalization threshold for the specified type of asset and an estimated useful life beyond a single fiscal period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets and capital assets received in a service concession arrangement are recorded at acquisition value. General infrastructure assets acquired prior to July 1, 1980, are reported at estimated historical cost using deflated replacement costs.

Normal maintenance and repairs are not capitalized but are charged to operations when incurred. Betterments or major improvements, which significantly increase values, change capacities, or extend useful lives, are capitalized. Upon sale or retirement of capital assets, the cost and related accumulated depreciation are removed from the respective accounts and any resulting gain or loss is included in the results of operations.

Capital outlays are recorded as expenditures in the General, Special Revenue, and Capital Projects Funds and as capital assets in the Proprietary Funds and Government-wide financial statements to the extent the County's capitalization thresholds are met. Interest incurred during the construction phase on financing capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Amortization of assets acquired under capital leases is included in depreciation and amortization. Facilities and improvements, infrastructure, and machinery and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the estimated useful lives.

The capitalization thresholds and estimated useful lives of specific asset types are as follows:

<u>Asset Type</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land	No threshold	-----
Infrastructure	\$100,000	20 to 100 years
Structures & Improvements	\$25,000	15 to 50 years
Equipment	\$5,000	2 to 15 years
Right-to-use Leased Asset	By asset type	Lease term or useful life

Right-To-Use Lease Asset

Right-to-use lease assets are recorded at the amount of the initial measurement of the lease liabilities and modified by any lease payments made to the lessor at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term along with any initial direct costs that are ancillary charges necessary to place the lease assets into service.

Right-to-use lease assets are amortized using the straight-line method over the shorter of the lease term or the useful life on the underlying asset, unless the lease contains a purchase option that the County has determined reasonably certain of being exercised.

Compensated Absences

The County's policy is to permit employees to accumulate earned but unused vacation and sick leave benefits. Each year-end, a liability is accrued for the balance of unpaid compensatory time off, sick leave, and vacation earned.

Accumulated benefits will be liquidated in future years as employees elect to use them. In the normal course of business, all payments of these accumulated benefits will be funded from appropriations in the year in which they are to be paid. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee designations and retirements.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Long-term Obligations

In the Government-wide financial statements, and in proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources relating to pensions and pension expense, information about the fiduciary net position of the County's pension plan with San Luis Obispo County Pension Trust (SLOCPT) and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by SLOCPT. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefits' terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's OPEB Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Equity

In the fund financial statements, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor the constraints on the specific purposes for which amounts in the funds can be spent. The fund balance classifications used are nonspendable, restricted, committed, assigned and unassigned (see Note 11 for a description of these categories).

In circumstances when an expenditure is made for a purpose for which amounts are available from multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

E. ESTIMATES

The preparation of 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

DETAIL NOTES ON ALL FUNDS

2. CASH AND CASH EQUIVALENTS

Cash in Treasury

Investments made by the Treasurer are regulated by the California Government Code (CGC) and by the County's Investment Policy (IP). The objectives of the policy in order of priority are safety and preservation of capital, liquidity sufficient to meet scheduled cash flow needs, and then yield, subject to safety and liquidity, while maintaining compliance with federal, state, and local laws and regulations.

The San Luis Obispo County Investment Pool is rated by Fitch Ratings, one of the Nationally Recognized Statistical Rating Organizations. Fitch has consistently rated the County Pool with their highest rating since Fiscal Year (FY) 1994-95. Fitch reaffirmed the County Pool's "AAAF/S1" rating on September 2, 2021. The County Pool's "AAAF" fund credit quality rating reflects "the highest underlying credit quality (or lowest vulnerability to default)". The "f" suffix to the Fund Credit Quality Rating indicates a fund rather than an individual issue or issuer. The County Pool's "S1" rating reflects the pool's low sensitivity to market risk and capacity to return stable principal value to meet anticipated cash flow requirements, even in adverse interest rate environments.

The County Treasury Oversight Committee (CTOC) was created by the Board of Supervisors' Resolution and consists of five members. The CTOC monitors and reviews quarterly, the management of public funds maintained in the investment pool in accordance with the CGC. The CTOC and the Board of Supervisors review and approve the IP annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the CTOC and the investment pool participants every quarter. The report covers the type of investments in the pool, maturity dates, par value, actual costs, and fair value. CGC directs the CTOC to cause an annual IP compliance audit. A list of providers for the annual compliance audit is specified in the Board Resolution which created the CTOC. These providers are the County Auditor in conjunction with or in addition to work directed by CGC, independent certified public accountants (CPAs) selected to review the County's Annual Comprehensive Financial Report, and independent CPAs as deemed appropriate. CLA (CliftonLarsonAllen LLP) was selected to perform an Annual Investment Program Compliance Audit for the FY ended June 30, 2022. The results of these audits are presented to the Board of Supervisors on a yearly basis. All such audits from prior years have had no findings.

Under CGC, the County may purchase as investments: obligations issued by the United States Treasury; obligations, participations, or other instruments of or issued by a federal agency or a United States government-sponsored enterprise; obligations of state and local agencies of this state and any of the other 49 states; bankers' acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term corporate notes; debt issuances guaranteed by the International Bank for Reconstruction (IBRD), International Finance Corporation (IFC), or the Inter-American Development Bank (IADB) that are eligible for purchase and sale within the United States; as well as other investments established by the CGC. CGC prohibits investments in derivatives which include inverse floaters, range notes, or mortgage-derived, interest strips and any security that could result in zero interest accrual if held to maturity. While securities lending and reverse repurchase agreements are considered permitted investments per CGC, the County IP prohibits these types of investments.

The County maintains a combined pool of cash and investments which provides cash flow for the funding needs of the County, school districts, and other local agencies required by law to keep funds in the Treasury. The combined pool's investments are stated at fair value and have a weighted-average maturity of 1.57 years. Interest is apportioned to the separate funds based on the individual fund's average daily balance. Securities are held in a customer-segregated safekeeping account during the fiscal year. A Cash Statement and Asset List is requested monthly from the appropriate institutions and verified against records maintained in the Treasury.

The County's combined pool has invested in the CalTRUST Short-Term Fund (CTSTF). CalTRUST is a Joint Powers Agency Authority created by local public agencies to provide a method for local public agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasury and investment officers. The CalTRUST Board sets overall policies for the program and selects and supervises the activities of the investment manager, currently BlackRock. Public agencies invest in shares of

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

beneficial interest with a Net Asset Value (NAV) that fluctuates. CalTRUST attempts to minimize NAV fluctuation. This type of investment is an authorized investment under CGC §53601 (p). As of June 30, 2022, the CTSTF NAV was \$0.996 per \$1.00 of investment.

The County’s combined pool has invested in the State’s Local Agency Investment Fund (LAIF). This fund is not registered with the Securities and Exchange Commission as an investment company but is required to invest according to CGC. Market valuation is conducted quarterly. LAIF provided a fair value dollar factor of 0.987125414 for its portfolio as of June 30, 2022. The fair value of the investments in LAIF is the pool participant’s amount invested balance multiplied by the fair value dollar factor. As of June 30, 2022, 1.88% of the LAIF pool includes Medium-term and Short-term Structured notes and Asset-backed securities. The Local Investment Advisory Board, which consists of five members as designated by statute, provides oversight for LAIF.

As of June 30, 2022, the County’s combined pool includes funds deposited in collateralized interest-bearing bank accounts known as Public Investment Money Market Accounts (PIMMAs) and FDIC Insured Placement Service Deposits. Per CGC §53631 et seq., PIMMAs are depository accounts, not investments, and are fully liquid and collateralized by eligible securities. Placement Service Deposits are when a single large deposit is placed into individual deposits of less than \$250,000 with network banks. As a result, full FDIC insurance is maintained. Placement Service Deposits are not term deposits, and the full balance is available at any time on demand. PIMMAs and Placement Service Deposits are not investments by code, but they are included in the County’s combined pool and are treated internally as investments for tracking, management, and reporting purposes.

Governmental Accounting Standards Board (GASB) Statement No. 31 requires governmental external investment pools to report certain investments at fair value in the financial statements and report the change in the fair value of investments in the year in which the change occurred. In compliance with these requirements, the fair value of the County’s combined pool is determined annually and is based on current market prices received from the securities custodian, CalTRUST, and LAIF, except for instruments which are carried at amortized cost plus accrued interest. The County Treasury has provided a fair value dollar factor of 0.972764298477 in the Quarterly Report of Investments as of June 30, 2022, which can be used for financial reporting by the pool participants. The fair value of the investments is the pool participant’s amount invested balance multiplied by the fair value dollar factor.

The table below identifies the investment types that are authorized for the County by the CGC. The County’s combined pool is further restricted by both the County’s IP and the Treasurer’s written policies and procedures to reduce exposure to investment risks. The County’s IP gives the County Treasurer the authority to act in the best interest of the County in the face of changing market conditions and circumstances by making written exceptions to the County’s IP and the Treasurer’s written policies and procedures within the limits of the CGC and all relevant laws. As of June 30, 2022, the table represents the County’s IP or where more restrictive, the Treasurer’s written policies and procedures, that address interest risk, credit risk, and concentration of credit risk.

Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Investment types utilized by the combined pool in FY 2021-22			
U.S. Treasury Notes	4 years	100%	N/A
U.S. Treasury Bills	Maximum issued	100%	N/A
U.S. Government Agencies: Federal Home Loan Bank	4 years	25%	N/A
U.S. Government Agencies: Farm Credit	4 years	25%	N/A
Local Agency Investment Fund (LAIF)	N/A	15%	N/A
Joint Powers Authority Pool	N/A	20%	N/A
Money Market Mutual Funds (Shares of Beneficial Interest) issued by a Joint Powers Authority	N/A	15%	15% per issuer. Requires specific written approval of County Treasurer for each type of investment.
Supranationals	4 years	20%	10% per issuer (IBRD, IFC, or IADB only). Must have AAA/A-1+ by 1 of the 3 credit rating agencies.
Public Investment Money Market Accounts (PIMMA)	N/A	50%	20%
FDIC Insured Placement Service Deposits	N/A	15%	Up to \$250,000 per participating bank
Bonds, Notes, Warrants, other evidences of indebtedness of	1 year	10%	No more than 10% of issuer debt and

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
any local agency within this state			assets. Requires specific written approval of County Treasurer for each type of investment.
Investments authorized, but not utilized in FY 2021-22			
U.S. Treasury Bonds	4 years	100%	N/A
CDARS	1 year	15%	1%
Bankers' Acceptances-Domestic	30 days	10%	4%
Commercial Paper	30 days	5%	2%
Collateralized Certificates of Deposit	1 year	5%	1%
Tri-Party Repurchase Agreements	30 days	15% of all repos	N/A
Cash Management Bills	Maximum issued	100%	N/A
Bonds issued by a Local Agency	1 year	5%	Requires specific written approval of County Treasurer for each type of investment.
Registered State Warrants	1 year	10%	Requires specific written approval of County Treasurer for each type of investment.
Pledged Funds held by a trustee or fiscal agent	Per specific statutory provisions or in accordance with the ordinance, resolution, indenture, or agreement of a local agency providing for the issuance.		
Investments not authorized in FY 2021-22			
U.S. Government Agencies: Federal National Mortgage Assoc.			
U.S. Government Agencies: Federal Home Loan Mortgage Corp.			
Bankers' Acceptances-Foreign			
Negotiable Certificates of Deposit			
Bi-Party Repurchase Agreements			
Medium-Term Notes			
Money Market Mutual Funds (Shares of Beneficial Interest) issued by diversified management companies			
Treasury Notes or Bonds of this state			
Registered Treasury Notes or Bonds of any of the other 49 United States			
Notes, Bonds, or other obligations that are at all times secured by a valid first priority security interest			
Mortgage Pass-Through Securities			
Investments not authorized in the County's IP			
Reverse Repurchase Agreements			
Securities Lending Agreements			

Interest Rate Risk

In accordance with County's IP, the County manages exposure to declines in fair values by structuring the portfolio so that securities mature to meet cash flow requirements for ongoing operations and thereby avoiding the need to sell securities on the open market prior to maturity.

Custodial Credit Risk

The County minimizes this type of credit risk by pre-qualifying the custodial financial institution and requiring the custodian to hold securities in the County Treasurer's name.

Credit Risk

The County minimizes exposure to credit risk by pre-qualifying the financial institutions limiting investments to the safest types of securities, diversifying the portfolio, and setting limits per issuer.

Concentration of Credit Risk

At June 30, 2022, the County did not have investments in medium-term notes.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County's Investment Pool's fair value at June 30, 2022.

Investment Type	S&P	Moody's	% of Portfolio
U.S. Government Agencies	AA+	Aaa	35.64%
U.S. Treasuries	AA+	Aaa	30.44%
Supranationals	AAA	Aaa	19.66%
CalTRUST-Short-Term Fund	AAf/S1+	Not Rated	8.17%
LAIF	Not Rated	Not Rated	6.09%
Total			<u>100.00%</u>

GASB Statement No. 40 requires that investments in single issuers exceeding 5% of the County's pooled investments be disclosed as concentrations of credit risk. As of the year ended June 30, 2022, the following investments exceeded the 5% disclosure threshold:

Investment Type	% of Portfolio
U.S. Government Agencies-Federal Home Loan Bank	16.91%
U.S. Government Agencies-Farm Credit Bank	18.73%
Supranationals – IADB	9.31%
Supranationals – IBRD	8.01%

At June 30, 2022, the County had the following investments and interest-bearing deposits (in thousands):

Instrument	Maturity Dates	Interest Rate %	Weighted Average Maturity Years	Fair Value	Cost
U.S. Government Agencies	9/19/22-9/12/25	0.151%-2.787%	1.68	\$ 433,976	\$ 449,431
U.S. Treasuries	7/15/22-2/15/26	0.124%-2.814%	1.98	370,721	382,807
Supranationals	9/14/22-4/03/25	0.206%-0.664%	1.84	239,339	255,293
CalTRUST	On Demand	1.23%	-	99,532	99,964
LAIF	On Demand	0.560%	-	74,175	75,000
Total Investments in County Treasury				\$ 1,217,743	\$ 1,262,495
Deposits in Financial Institutions				\$ 210,473	\$ 210,473
Cash on Hand				111	111
Total Cash held in Treasury				1,428,327	1,473,079
Deposits in Transit				3,653	3,653
Outstanding Warrants				(16,416)	(16,416)
Total				1,415,564	1,460,316
Imprest Cash				1,392	1,392
Non-pool Cash Deposits				3,000	3,000
Other Cash Deposits				4,392	4,392
Total Cash and Cash Equivalents				\$ 1,419,956	\$ 1,464,708
Restricted Cash with Fiscal Agent					
U.S. Government & Federal Agencies				\$ 15,060	\$ 15,060
Certificates of Deposit & Money Market Accounts				764	764
Total				15,824	15,824
Total restricted and unrestricted cash and cash equivalents				\$ 1,435,780	\$ 1,480,532
Total Cash and Investments Summary				Fair Value	
Total Governmental Activities				\$ 689,513	
Total Business-Type Activities				86,034	

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Total Investment and Custodial Fiduciary Funds	618,294
Total Fiduciary Component Unit – SLO Pension Trust as of December 31, 2021	78,935
SLO Pension Trust Fund Perspective Difference ¹	(46,278)
Total Component Unit – First 5	<u>9,282</u>
Total Cash and Investments as of June 30, 2022	<u>\$ 1,435,780</u>

¹ Perspective amount represents the combination of the change in Total SLO Pension Trust cash from the Pension Trust's ACFR Reporting Date of 12/31/2021 to the County's ACFR Reporting Date of 6/30/2022 and the portion of Pension Trust's cash held outside of the County's financial system. The cash balance in the County's Treasury for San Luis Obispo County Pension Trust as of 6/30/2022 is \$32,657.

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2022 (in thousands):

	<u>Fair Value</u>
<u>Statement of Net Position:</u>	
Net position held for pool participants	<u>\$ 1,415,564</u>
Equity of internal pool participants	\$ 904,682
Equity of external pool participants (voluntary and involuntary)	<u>510,882</u>
Total Equity	<u>\$ 1,415,564</u>
<u>Statement of Changes in Net Position:</u>	
Revenue	\$ 8,679
Investment costs	(942)
Net deposits	101,290
Change in fair value	<u>(42,389)</u>
Net change in pool net position	66,638
Net position at July 1, 2021	<u>1,348,926</u>
Net position at June 30, 2022	<u>\$ 1,415,564</u>

Fair Value Measurements

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is divided into 3 levels with each level based on the source used to measure the fair value of the asset.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County has the following recurring fair value measurements as of June 30, 2022:

	<u>Fair Value Measurements Using</u> <u>Investments by fair value level</u>		
	<u>Quoted</u> <u>Prices in</u> <u>Active</u> <u>Markets for</u> <u>Identical</u> <u>Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
<u>Debt securities</u>			
U.S. Treasuries	\$ 370,721	\$ 370,721	\$ -
U.S. Government Agencies	433,976	433,976	-
Supranationals	239,339	239,339	-
Total measured at fair value	1,044,036	1,044,036	-
Investments measured at amortized cost			
LAIF	74,175	-	-
CalTRUST	99,532	-	-
Total investments in County Treasury	\$ 1,217,743	\$ -	\$ -

Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2022, that are restricted by legal or contractual requirements are comprised of the following (in thousands):

<u>Various Governmental Funds</u>	<u>Amount</u>
Required lease reserves for long-term debt	\$ 14,509
Restricted interest on lease reserves	551
Restricted for contractor retentions	764
Total Restricted Cash	\$ 15,824

Cash Deposits Outside of the Treasury Pool

At fiscal year-end, the carrying amount of the County's other cash deposits was \$2,805,127 and the combined financial institutions' balance was \$3,000,237. The difference of \$195,110 between the County's deposit balance and the financial institutions' balance results from transactions in transit, and outstanding warrants and bond coupons. The entire bank balance of \$3,000,237 was covered by federal depository insurance or by collateral held by the County's agent in the County's name.

3. RECEIVABLES

Receivables at year-end of the County's major individual funds and nonmajor and Internal Service Funds in the aggregate, including the applicable allowance for uncollectible accounts, are as follows (in thousands):

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	Governmental Activities					
	General Fund		Nonmajor Special Revenue Funds		Internal Service Funds	
Accounts Receivable	\$	11,224	\$	301	\$	22
Lease Receivables		1,922		152		-
Other Receivables*		1,993		50		-
Loans Receivables		-		25,689		-
Allowance for Doubtful Accounts		-		(6,932)		-

	Business-Type Activities							
	Airport Fund	Nacimiento Water Contract Fund	State Water Project Fund	Los Osos Wastewater Fund	Nonmajor Enterprise Funds			
Accounts Receivable	\$	-	\$	3,087	\$	-	\$	429
Lease Receivables	16,710	-	-	-	-	-	161	
Other Receivables*	403	-	-	101,267	-	-	-	
Loans Receivables	-	-	-	432	-	-	-	
Allowance for Doubtful Accounts	-	-	-	-	-	-	-	

*Other receivables primarily consist of accrued deposits; except for the Los Osos Wastewater Fund, which represents the special assessment receivable.

4. CAPITAL AND RIGHT-TO-USE LEASED ASSETS

A summary of changes in capital assets for the year ended June 30, 2022, is as follows (in thousands):

	Balance July 1, 2021	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2022
Governmental Activities					
Capital assets, not being depreciated:					
Land	\$ 796,008	\$ 6	\$ -	\$ 25	\$ 796,039
Construction in progress	45,188	31,955	(13)	(9,598)	67,532
Total capital assets, not being depreciated	841,196	31,961	(13)	(9,573)	863,571
Capital assets, being depreciated:					
Structures and improvements	277,769	448	(108)	3,562	281,671
Equipment	106,582	5,905	(3,891)	363	108,959
Infrastructure	447,306	4,607	-	5,648	457,561
Other property	1,258	-	-	-	1,258
Total capital assets, being depreciated	832,915	10,960	(3,999)	9,573	849,449
Less accumulated depreciation for:					
Structures and improvements	(107,804)	(6,112)	107	-	(113,809)
Equipment	(73,921)	(7,601)	3,648	-	(77,874)
Infrastructure	(250,925)	(11,391)	-	-	(262,316)
Other property	(78)	(18)	-	-	(96)
Total accumulated depreciation	(432,728)	(25,122)	3,755	-	(454,095)
Total capital assets being depreciated, net	400,187	(14,162)	(244)	9,573	395,354
Governmental activities capital assets, net	\$ 1,241,383	\$ 17,799	\$ (257)	\$ -	\$ 1,258,925

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Business-Type Activities</u>	Balance July 1, 2021	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2022
Capital assets, not being depreciated:					
Land	\$ 36,718	\$ -	\$ -	\$ -	\$ 36,718
Construction in progress	3,470	2,215	-	(2,196)	3,489
Water rights	64,277	3,967	-	-	68,244
Other property	1,968	-	-	-	1,968
Total capital assets, not being depreciated	106,433	6,182	-	(2,196)	110,419
Capital assets, being depreciated:					
Infrastructure	385,248	4	-	20	385,272
Structures and improvements	212,043	12,850	(1,456)	2,131	225,568
Equipment	10,899	276	(86)	45	11,134
Other property	554	-	-	-	554
Total capital assets, being depreciated	608,744	13,130	(1,542)	2,196	622,528
Less accumulated depreciation for:					
Infrastructure	(52,872)	(7,460)	-	-	(60,332)
Structures and improvements	(72,474)	(5,974)	746	707	(76,995)
Equipment	(4,782)	(662)	79	-	(5,365)
Other property	(58)	-	-	-	(58)
Total accumulated depreciation	(130,186)	(14,096)	825	707	(142,750)
Total capital assets being depreciated, net	478,558	(966)	(717)	2,903	479,778
Business-type activities capital assets, net	\$ 584,991	\$ 5,216	\$ (717)	\$ 707	\$ 590,197

Depreciation Expense

Depreciation expense was charged to functions as follows (in thousands):

<u>Governmental Activities</u>		<u>Amount</u>
General Government		\$ 4,520
Public Protection		4,412
Public Ways and Facilities		10,896
Health and Sanitation		754
Public Assistance		227
Education		431
Recreational and Cultural Services		1,106
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets		2,776
Total Depreciation Expense - Governmental Activities		\$ 25,122
<u>Business-Type Activities</u>		<u>Amount</u>
Airport		\$ 4,767
Los Osos Wastewater		4,387
Nacimiento Water Contract		2,222
State Water Project		204
Nonmajor Enterprise		2,516
Total Depreciation Expense - Business-type Activities		\$ 14,096

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Summary of changes in leased asset activity for the year ended June 30, 2022 is as follows (in thousands):

<u>Governmental Activities</u>	Balance July 1, 2021	Restatements, Transfers, & Adjustments, net	Additions	Retirements	Balance June 30, 2022
Leased assets, amortizable:					
Land	\$ -	\$ 198	\$ -	\$ -	\$ 198
Buildings	-	95,274	-	-	95,274
Equipment	-	466	-	-	466
Total leased assets, amortizable	-	95,938	-	-	95,938
Less accumulated amortization for:					
Land	-	-	-	(46)	(46)
Building	-	-	-	(4,846)	(4,846)
Equipment	-	-	-	(96)	(96)
Total accumulated amortization	-	-	-	(4,988)	(4,988)
Total leased asset, amortizable net	\$ -	\$ 95,938	\$ -	\$ (4,988)	\$ 90,950

<u>Business-Type Activities</u>	Balance July 1, 2021	Restatements, Transfers, & Adjustments, net	Additions	Retirements	Balance June 30, 2022
Leased assets, amortizable:					
Land	\$ -	\$ 79	\$ -	\$ -	\$ 79
Equipment	-	257	-	-	257
Total leased assets, amortizable	-	336	-	-	336
Less accumulated amortization for:					
Land	-	-	(11)	-	(11)
Equipment	-	-	(76)	-	(76)
Total accumulated amortization	-	-	(87)	-	(87)
Total leased asset, amortizable net	\$ -	\$ 336	\$ (87)	\$ -	\$ 249

Amortization Expense

Amortization expense was charged to functions as follows (in thousands):

<u>Governmental Activities</u>		<u>Amount</u>
General Government		\$ 2,771
Public Protection		1,120
Public Ways and Facilities		125
Health and Sanitation		830
Public Assistance		88
Education		54
Total Amortization Expense - Governmental Activities		<u>\$ 4,988</u>
<u>Business-Type Activities</u>		<u>Amount</u>
Airport		\$ 11
Nonmajor Enterprise		76
Total Amortization Expense - Business-type Activities		<u>\$ 87</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

5. CONSTRUCTION IN PROGRESS AND RELATED COMMITMENTS

Construction in Progress accounts reflect the amount within governmental and business-type funds for construction projects which are not yet complete.

The following is a schedule of major projects included in Construction in Progress as of June 30, 2022 (in thousands):

Governmental Activities

<u>Project</u>	<u>Expended to June 30, 2022</u>	<u>Committed Funds</u>	<u>Remaining Budget</u>
Roads Infrastructure	\$ 21,943	\$ 13,020	\$ 9,587
Animal Services Facility	18,547	480	1,321
Women's Jail	4,928	100	98
Radio Modernization	4,510	1,591	-
Fire and Sheriff Co-located Dispatch Location	3,241	-	11,432
Sheriff Jail Management and Records Management Systems Software Implementation Project	1,423	2,777	-
Bob Jones Octagon/Ontario Park Trail Extension	1,207	130	2,737
Templeton to Atascadero Park Trail Connector	958	-	625
New Probation Office Building	831	-	36,419
North County Backup Computer Facility	759	-	2
Health Agency Office Remodel	744	-	21
Cayucos Vets Hall Rehabilitation	646	26	5,287
Nipomo Skate Park	631	-	2,775

Business-Type Activities

<u>Project</u>	<u>Expended to June 30, 2022</u>	<u>Committed Funds</u>	<u>Remaining Budget</u>
Airport Master Plan Update	\$ 904	\$ -	\$ 451
Airport Runway Taxiway Electrical Circuit Rehabilitation	748	-	200

6. LEASES

County as Lessor

The County leases out several of its buildings and land. Lease terms vary, with current agreements going out until fiscal year 2055-2056. For agreements with renewal options the County included these renewal periods in the lease term when it is reasonably certain that the renewal option(s) will be exercised. For contracts that contain termination options for either party to exercise (cancellable period), these periods are excluded from the lease receivable calculation. The County's lease arrangements do not contain any material residual value guarantees. When the borrowing rate is not stated in the contract, or readily available, the County uses the Treasury Quarterly Yield percentage to discount the lease payments. The agreements currently use a discount rate of 0.70% to measure the present value of the lease payments expected to be received during the lease term period.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Minimum lease payments receivable on leases of properties as of June 30, 2022, are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 245	\$ 14	\$ 738	\$ 116
2024	257	12	650	111
2025	261	10	484	107
2026	229	8	418	104
2027	237	7	444	101
2028-2032	773	14	2,282	458
2033-2037	72	-	2,663	372
2038-2042	-	-	3,276	267
2043-2047	-	-	3,901	139
2048-2052	-	-	1,515	33
2053-2057	-	-	500	8
Total	\$ 2,074	\$ 65	\$ 16,871	\$ 1,816

The total amount of revenue (inflows of resources) relating to leases recognized in the current fiscal year is as follows:

June 30, 2022	Governmental Activities	Business-Type Activities
Lease revenue	\$ 280	\$ 1,126
Lease interest	15	121

The County did not have any leases of assets that are investments, regulated leases, sublease transactions, sale-leaseback transactions, or lease-leaseback transactions requiring disclosure.

County as Lessee

The County entered into various contracts as lessee primarily for office space, land, equipment, and office equipment. Lease terms vary, with current agreements going out until fiscal year 2051-2052. For agreements with renewal options the County included these renewal periods in the lease term when it is reasonably certain that the renewal option(s) will be exercised. For contracts that contain termination options for either party to exercise (cancellable period), these periods are excluded from the lease liability calculation. The County's lease contracts generally do not include restrictive financial or other covenants. Certain leases require additional payments for maintenance, which are expensed as incurred. The County's lease arrangements do not contain any material residual value guarantees. When the borrowing rate is not stated in the contract, or readily available, the County uses the Treasury Quarterly Yield percentage to discount the lease payments. The agreements currently use a discount rate ranging from 0.51% to 4.55% to measure the present value of the lease payments expected to be paid during the lease term period.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The future principal and interest lease payments as of June 30, 2022, are as follows:

Year Ending June 30,	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	Principal	Interest	Principal	Interest
2023	\$ 4,094	\$ 597	\$ 86	\$ 1
2024	4,158	568	86	1
2025	4,158	536	37	-
2026	4,050	505	16	-
2027	3,935	478	12	-
2028-2032	18,574	2,013	13	-
2033-2037	17,013	1,415	-	-
2038-2042	13,267	909	-	-
2043-2047	13,216	492	-	-
2048-2052	9,783	125	-	-
Total	\$ 92,248	\$ 7,638	\$ 250	\$ 2

The County did not have any sublease transactions, sale-leaseback transactions, or lease-leaseback transactions requiring disclosure.

7. 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 has self-insurance programs for liability, workers' compensation, unemployment insurance and dental coverage. There were four liability claim settlements and there were six workers' compensation claim settlements that have exceeded insurance coverage during the past three fiscal years. Insurance coverage for liability and workers' compensation above the County's self-insured retention (SIR) is provided through Public Risk Innovation, Solutions, and Management (PRISM). The County is a member of PRISM, a joint powers authority whose purpose is to develop and fund programs of excess insurance for its member counties. The authority is solvent; self-insurance and authority limits are as follows:

<u>Type of Coverage</u>	<u>Self-Insurance</u>	<u>Authority</u>
Liability	\$ 250,000 per occurrence	\$ 25,000,000
Workers' Compensation	\$ 350,000 per occurrence	Statutory
Unemployment	\$ 338,651 maximum	-----
Dental	None-Funded by Employees	-----

Annual actuarial valuations are obtained for the Workers' Compensation and the Liability Funds. These valuations provide the basis for premiums charged to insured departments. The County's SIR amounts are paid directly, without the use of purchased annuity contracts. Financial information on PRISM is available on request from the Office of Risk Management, County of San Luis Obispo.

The estimated claims liability for the Protected Self-Insurance Fund was recorded at a discounted 85% confidence level, and the estimated liability for the Workers' Compensation Self-Insurance Fund was also recorded at a discounted 85% confidence level.

	<u>Beginning of the fiscal year liability</u>	<u>Current year claims, changes & estimates</u>	<u>Claim payments</u>	<u>Balance at fiscal year-end</u>
2020-21	\$ 20,140	\$ 6,892	\$ 6,016	\$ 21,016
2021-22	\$ 21,016	\$ 6,765	\$ 5,521	\$ 22,260

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2022, was (in thousands):

<u>Payable Fund (Due to Balance)</u>	<u>Receivable Fund (Due from Balance)</u>	<u>Amount</u>
Nonmajor Governmental Funds	Capital Projects Fund	\$ 1,541
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	400
	Total	<u>\$ 1,941</u>

The SLO County Financing Authority owes the Capital Projects Fund \$1,541 for bond proceeds for the Animal Services Facility.

County Service Area 10 Enterprise Fund owes \$400 to the County Service Area 10 Special Revenue Fund for costs relating to the Cayucos strand water tank project.

<u>Payable Fund (Advances from Balance)</u>	<u>Receivable Fund (Advances to Balance)</u>	<u>Amount</u>
Capital Projects	General Fund	\$ 200
Nonmajor Governmental Funds	General Fund	247
	Nonmajor Enterprise Funds	40
		<u>287</u>
Nonmajor Enterprise Funds	General Fund	140
	Nonmajor Governmental Funds	383
		<u>523</u>
Airport Fund	General Fund	5,372
Los Osos Wastewater Fund	Nonmajor Governmental Funds	1,755
	Total	<u>\$ 8,137</u>

Advances related to the General Fund include an internal loan of \$200 to the Capital Projects Fund to fund the Cayucos Veteran’s Hall rehabilitation, an internal loan to the County Services Area 21 Special Revenue Fund of \$9, and a loan of \$238 related to the restoration of the Cayucos Pier. Nonmajor Governmental Funds’ advances from Nonmajor Enterprise Funds of \$40 is for future debt payments from the Lopez Park Enterprise Fund to the Parks Special Revenue Fund.

The Nonmajor Enterprise Funds advances of \$523 represent internal loans received by the County Services Areas from the County Services Area 10 Special Revenue Fund (\$255) and County Service Area 23 Fund (\$19), and from the General Flood Control Zone Special Revenue Fund (\$128). The Golf Fund also received \$121 from the General Fund.

The Airport owes the General Fund \$5,372 for internal loans for various projects including the refinancing of a State loan for the construction of hangars and the new terminal.

The Los Osos Wastewater Fund received a long-term operating loan from the General Flood Control Zone Special Revenue Fund of \$1,755.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

9. TRANSFERS

A reconciliation of transfers is detailed below (in thousands):

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 25,573
	Capital Projects Fund	7,164
	Internal Service Funds	510
	Nonmajor Enterprise Funds	72
	Los Osos Wastewater Fund	31
		<u>33,350</u>
Nonmajor Governmental Funds	Capital Projects Fund	9,083
	Nonmajor Governmental Funds	1,596
	General Fund	584
	Nonmajor Enterprise Funds	247
	State Water Project Fund	243
	<u>11,753</u>	
Airport Fund	General Fund	204
	Nonmajor Governmental Funds	83
		<u>287</u>
Los Osos Wastewater Fund	Nonmajor Governmental Funds	17
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	54
	General Fund	23
		<u>77</u>
Internal Service Funds	Nonmajor Governmental Funds	1,221
Total Transfers		<u>\$ 46,705</u>

General Fund Transfers

General Fund transfers to Nonmajor Governmental Funds included contributions to the following Special Revenue Funds:

- Pension Obligation Bond Debt Service Fund (\$11,163) to finance debt service payments.
- Roads (\$10,864) to fund various road improvement projects.
- Parks (\$2,801) from COVID-19 designations for revenue restoration and American Rescue Plan Act (ARPA) revenues for capital projects.
- Library (\$668) for budget appropriated uses.
- Community Development (\$39) for budget appropriated uses.
- Flood Control Zone (\$38) for the water resource data enhancement project.

General Fund transfers to the Capital Projects Fund (\$7,164) were made for various capital projects including the Women’s’ Jail, Co-located Dispatch Center, and initial costs associated with the new Probation Department building.

General Fund transfers to the Internal Service Funds (ISF) were made for purchase of an electric generator to the Garage ISF (\$80) and ARPA revenue funding to the Public Works ISF (\$184) and Workers Compensation ISF (\$246).

General Fund transfers to Nonmajor Enterprise Fund include the following contributions:

- County Service Areas (\$59) for ARPA revenue funding.
- Golf Fund (\$13) for budget appropriated uses.

General Fund transfers to the Los Osos Wastewater Fund (\$31) were made for ARPA revenue funding.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Nonmajor Governmental Funds

Public Facilities Fees Fund transferred:

- \$559 to the Parks Special Revenue Fund for the Nipomo Skate Park (\$477) and Cave Landing improvements (\$82) projects.
- \$31 to the Capital Projects Fund for park trails projects.

Parks Fund transferred:

- \$123 to the General Fund for off-highway motor fines.
- \$97 to the Pension Obligation Bond Debt Service Fund to finance debt service payments.
- \$1 to the Lopez Park Enterprise Fund for debt service.

Roads Fund transferred:

- \$110 to the General Fund for debt service payments.
- \$4 to the Flood Control District Special Revenue Fund.

Roads Impact Fees Fund transferred:

- \$644 to the Roads Fund for capital and maintenance projects.
- \$351 to the General Fund for debt service payments.

Library Fund transferred \$261 to the Pension Obligation Bond Debt Service Fund to finance debt service payments.

Driving Under the Influence Programs Fund transferred \$31 to the Pension Obligation Bond Debt Service Fund to finance debt service payments.

Flood Control Districts Fund transferred \$243 to the State Water Project Fund for the preliminary planning and design phase of the Department of Water Resources Delta Conveyance Project County Service Area Funds transferred \$246 to Enterprise County Service Area Funds for budget appropriated uses.

Debt Service Financing Authority Fund transferred \$9,052 to the Capital Projects Fund for 2020 Series A Lease Revenue bond proceeds for construction of the Animal Services Facility.

Major Enterprise Funds

The Airport Fund transferred:

- \$204 to the General Fund for debt service payments on construction of the new airport terminal.
- \$83 to the Pension Obligation Bond Debt Service Fund to finance debt service payments.

The Los Osos Wastewater Fund transferred \$17 to the Flood Control District Fund for debt service payments.

Nonmajor Enterprise Funds

The Golf Fund transferred \$54 to the Pension Obligation Bond Debt Service Fund to finance debt service payments.

County Service Area Funds transferred \$23 to the General Fund for debt service payments.

Internal Service Funds (ISF)

Both the Garage ISF and the Public Works ISF transferred to the Pension Obligation Bond Debt Service Fund to finance debt service payments. The Garage ISF transferred \$52, and the Public Works ISF transferred \$1,169.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

10. BONDED INDEBTEDNESS AND LONG-TERM DEBT

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2022, is as follows (in thousands):

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2021</u>	<u>Restatements & Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2022</u>	<u>Due within one year</u>
Bonds and notes payable:						
Certificates of participation (COP)	\$ 11,272	\$ -	\$ -	\$ 1,145	\$ 10,127	\$ 1,199
Certificates of participation from direct borrowings	8,347	-	-	184	8,163	190
Unamortized premium on COP	619	-	-	89	530	-
Unamortized premium on lease revenue bonds	3,837	-	-	185	3,652	-
State notes from direct borrowings	1,586	-	-	160	1,426	162
Pension Obligation Bonds	89,825	-	-	3,565	85,112	10,225
Lease Revenue Bonds	19,970	-	-	590	19,380	610
Assessment Bonds from direct borrowings	391	-	-	47	344	50
Total bonds and notes payable	<u>135,847</u>	<u>(1,148)</u>	<u>-</u>	<u>5,965</u>	<u>128,734</u>	<u>12,436</u>
Leases	<u>-</u>	<u>92,248</u>	<u>-</u>	<u>-</u>	<u>92,248</u>	<u>4,094</u>
Other liabilities:						
Compensated absences	37,630	-	18,358	20,573	35,415	24,108
Landfill post-closure costs	7,245	-	1,556	629	8,172	921
Self-insurance	21,016	-	6,765	5,521	22,260	4,714
Total other liabilities	<u>65,891</u>	<u>-</u>	<u>26,679</u>	<u>26,723</u>	<u>64,847</u>	<u>29,743</u>
Total Governmental Activities	<u>\$ 201,738</u>	<u>\$ 91,100</u>	<u>\$ 26,679</u>	<u>\$ 32,688</u>	<u>\$ 286,829</u>	<u>\$ 46,273</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Business-Type Activities</u>	<u>Beginning Balance July 1, 2021</u>	<u>Restatements & Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2022</u>	<u>Due within one year</u>
Bonds and notes payable:						
Certificates of participation (COP)	\$ 10,148	\$ -	\$ -	\$ 935	\$ 9,213	\$ 981
Certificates of participation from direct borrowings	2,818	-	2,691	54	5,455	104
Unamortized premium on COP	229	-	-	33	196	-
State notes from direct borrowings	88,385	-	-	3,857	84,528	3,826
Other notes from direct borrowings	-	-	196	-	196	21
Revenue bonds	155,330	-	-	4,745	150,585	4,990
Unamortized premium on revenue bonds	7,653	-	-	423	7,230	-
General obligation bonds	6,540	-	-	510	6,030	540
Unamortized premium on general obligation bonds	564	-	-	56	508	-
Assessment bonds	72,483	-	-	1,505	70,978	1,541
Total bonds and notes payable	344,150	-	2,887	12,118	334,919	12,003
Leases	-	250	-	-	250	86
Other liabilities:						
Compensated absences	529	-	184	228	485	264
Total other liabilities	529	-	184	228	485	264
Total Business-Type Activities	\$ 344,679	\$ 250	\$ 3,071	\$ 12,346	\$ 335,654	\$ 12,353

Annual debt service requirements for governmental activities as of June 30, 2022, are summarized as follows:

Year Ended June 30,	Governmental Activities					
	Certificates of Participation, Including Direct Borrowings			Pension Obligation Bonds		
	Principal	Interest	Principal	Unaccrued Appreciation	Total	
2023	\$ 1,389	\$ 671	\$ 9,947	\$ 278	\$ 10,225	
2024	1,442	611	9,981	869	10,850	
2025	1,513	547	10,002	1,503	11,505	
2026	1,572	485	10,009	2,176	12,185	
2027	1,639	420	9,996	2,894	12,890	
2028-2032	3,369	1,454	35,177	16,563	51,740	
2033-2037	2,729	950	-	-	-	
2038-2042	1,577	554	-	-	-	
2043-2047	1,836	270	-	-	-	
2048-2052	404	93	-	-	-	
2053-2057	441	57	-	-	-	
2058-2062	379	17	-	-	-	
Total	\$ 18,290	\$ 6,129	\$ 85,112	\$ 24,283	\$ 109,395	

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Governmental Activities (Continued)							
Year Ended June 30,	State Notes, Including Direct Borrowings		Lease Revenue Bonds		Assessment Bonds, Including Direct Borrowings		
	Principal	Interest	Principal	Interest	Principal	Interest	
	2023	\$ 162	\$ 14	\$ 610	\$ 763	\$ 50	
2024	163	12	635	738	53	15	
2025	165	11	665	712	56	12	
2026	166	9	685	685	58	8	
2027	168	7	715	657	62	5	
2028-2032	602	12	4,060	2,821	65	2	
2033-2037	-	-	4,960	1,922	-	-	
2038-2042	-	-	4,140	1,009	-	-	
2043-2047	-	-	2,910	178	-	-	
Total	\$ 1,426	\$ 65	\$ 19,380	\$ 9,485	\$ 344	\$ 59	

Business-Type Activities							
Year Ended June 30,	Certificates of Participation, Including Direct Borrowings		State Notes, Including Direct Borrowings		Revenue Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest	
	2023	\$ 1,085	\$ 583	\$ 3,826	\$ 1,753	\$ 4,990	
2024	1,135	530	3,737	1,668	5,250	6,558	
2025	1,193	473	3,800	1,584	5,525	6,283	
2026	1,248	415	3,885	1,499	5,815	5,994	
2027	1,314	353	3,971	1,413	6,120	5,689	
2028-2032	4,414	969	17,610	5,766	35,140	23,895	
2033-2037	720	516	14,354	4,207	44,250	14,786	
2038-2042	831	404	15,848	2,713	43,495	3,739	
2043-2047	964	272	17,497	1,064	-	-	
2048-2052	842	133	-	-	-	-	
2053-2057	476	59	-	-	-	-	
2058-2062	446	20	-	-	-	-	
Total	\$ 14,668	\$ 4,727	\$ 84,528	\$ 21,667	\$ 150,585	\$ 73,761	

Business-Type Activities (Continued)							
Year Ended June 30,	General Obligation Bonds		Assessment Bonds, Including Direct Borrowings		Other Notes Including Direct Borrowings		
	Principal	Interest	Principal	Interest	Principal	Interest	
	2023	\$ 540	\$ 300	\$ 1,541	\$ 1,931	\$ 21	
2024	565	271	1,587	1,888	41	-	
2025	595	239	1,632	1,844	41	-	
2026	630	206	1,677	1,798	41	-	
2027	665	170	1,722	1,751	41	-	
2028-2032	3,035	314	9,357	8,008	11	-	
2033-2037	-	-	10,753	6,628	-	-	
2038-2042	-	-	12,332	5,043	-	-	
2043-2047	-	-	14,143	3,226	-	-	
2048-2052	-	-	16,234	1,140	-	-	
Total	\$ 6,030	\$ 1,500	\$ 70,978	\$ 33,257	\$ 196	\$ -	

Long-term liabilities at June 30, 2022, consisted of the following:

Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2022
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Governmental Activities

Certificates of Participation

2007 Series A 3/01/2007 2036 4% - 4.25% \$7 - \$307 \$5,090 \$3,370
Used to finance the construction of the Paso Robles Courthouse building. Debt service is provided by court fines specifically designated and restricted for new construction or major renovation of court facilities. Collateral for this debt are the Paso Robles Courthouse building and the County Department of Social Services building located in the City of San Luis Obispo.

2012 Series A 7/17/2012 2027 0.5% - 5.0% \$28 - \$1,289 14,427 6,756
Lease Revenue Refunding Bonds used to refund the 2002 A Certificates of Participation. The original COP was partially used to

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

finance a portion of the new government center. Debt service is provided by semi-annual payments funded by general County revenues. Collateral for this debt are the County properties located in the City of San Luis Obispo namely the Old Courthouse, Courthouse Annex B and Courthouse Annex C.

<u>IBank Loan</u>	10/01/2016	2046	3.75%	\$5 - \$320	6,000	5,372
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A direct borrowing from the California Infrastructure & Economic Development Bank (IBank) used for the final construction costs of the new terminal building at the San Luis Obispo County Regional Airport. The debt is backed by the General Fund and repaid using a combination of Passenger Facility Charges, Customer Facility Charges, and other local funding from Airport operations. Collateral for this debt initially consisted of the 2nd floor office spaces and the subterranean level 1 (also known as P1) located at 1055 Monterey St., City of San Luis Obispo. A collateral substitution was requested by the County to free up this original collateral to use as collateral for the Lease Revenue Bonds 2020A and Lease Revenue Refunding Bonds 2020B. Said substitution was approved by IBank on November 20, 2019 per its Resolution 19-22. Collateral was replaced by the County of San Luis Obispo Public Library and Office Building located at 6555 Capistrano Ave., Atascadero.

<u>Oceano Drainage Project</u>	2/01/2021	2061	1.75%	\$1 - \$98	2,841	2,792
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A direct borrowing from the USDA used to finance a storm drain improvement project on Highway 1 & 13th street in Oceano, CA. Debt service is provided by the County's General Fund. The loan is secured by a Certificate of Participation bond with first lien position in the amount of \$2,841 fully registered as to both principal and interest in the name of the United States of America, acting through the United States Department of Agriculture.

<u>\$28,358</u>	<u>\$18,290</u>
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State Note	10/8/2015	2030	1.00%	\$88	\$2,197	\$1,426
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A direct borrowing from the California Energy Commission (CEC) to be used for energy conservation projects. Projects to be implemented by the loan were identified through the Sustainable Solutions Turnkey program with PG&E. These projects will provide estimated long-term energy savings to the County of \$140 annually.

Pension Obligation Bonds

Used to refund the Unfunded Actuarial Accrued Liability (UAAL) due to the Pension Trust as of July 2, 2003, as determined by an outside actuary. Debt service payments are expected to be funded by County payroll benefits.

<u>2003 Series C Capital Appreciation Bonds (CAB)</u>	7/2/2003	2030	5.27% - 5.73%	zero - \$15,000	\$44,199	\$109,395
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<u>2003 Series C CABs Unaccrued Interest</u>						(24,283)
					<u>\$44,199</u>	<u>\$85,112</u>

Lease Revenue Bonds

<u>2020 Lease Revenue Bonds Series A</u>	3/05/2020	2044	4.0%	\$20 - \$1,030	\$16,145	\$15,480
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Used to finance the construction and equipping of an Animal Services Facility and pay certain costs of issuance associated with the 2020A Bonds. Debt service is provided by facility charges made by participating cities to the County and the County's General Fund. Collateral for this debt consists of the County Government Center located at 1055 Monterey St., City of San Luis Obispo.

<u>2020 Lease Revenue Refunding Bonds Series B</u>	3/05/2020	2036	4.0%	\$7 - \$347	\$4,235	\$3,900
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Used to prepay and refund all of the \$5,620 outstanding principal amount of County of San Luis Obispo Certificates of Participation (Vineyard Drive Interchange Improvements, 2008 Series A) and pay certain costs of issuance associated with the 2020B Bonds. Debt service is provided by development fees. Collateral for this debt consists of the County Government Center located at 1055 Monterey St., City of San Luis Obispo.

<u>\$20,380</u>	<u>\$19,380</u>
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Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2022
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Assessment Bonds

<u>Sherwood Drive Underground Utility Assessment District Limited Obligation Improvement Bond, Series 2006</u>	12/21/2006	2027	5.45%	\$2 - \$67	\$818	\$344
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A direct borrowing originally from Mission Community Bank (now Pacific Premier Bank) used to finance the replacement of overhead utility lines in the public right-of-way with an underground system, and removal of all overhead lines and supporting structures in the public right-of-way in the area of Sherwood Drive between Wedgewood Street and Lampton Street, including portions of Castle Street, Drake Street, Jean Street, and Kerwin Street, in the unincorporated community of Cambria. Debt service is provided by semi-annual payments from special assessments levied against all benefitted real property within the boundaries of the Sherwood Drive Underground Utility Assessment District.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Business-Type Activities

Certificates of Participation

<u>US Department of Agriculture (USDA) 2009</u>	4/30/2009	2048	4.375%	\$2 - \$86	\$1,631	\$1,372
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A direct borrowing from the USDA used to finance a water system improvement project in County Service Area 23. Debt service is provided by water sales revenues.

<u>2011 Refunding Lopez Dam Remediation</u>	6/08/2011	2030	2.0% - 5.5%	\$23 - \$928	\$11,990	\$6,720
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Used to refund the 2000 A COP issue. The original COP was used to improve and retrofit the Lopez Dam. Debt service is provided by semi-annual lease payments made by the Lopez Flood Control District for the use of the retrofitted facilities.

<u>2012 Series A</u>	10/15/2012	2027	0.5% - 5.0%	\$10 - \$476	\$5,323	\$2,493
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Lease Revenue Refunding Bonds used to refund the 2002 A Certificates of Participation. The original COP was partially used to finance the Dairy Creek Golf Course. Debt service is provided by semi-annual lease payments from the Dairy Creek Golf Course. Collateral for this debt are the County properties located in the City of San Luis Obispo namely the Old Courthouse, Courthouse Annex B and Courthouse Annex C.

<u>USDA 2013</u>	7/01/2013	2053	2.75%	\$19 - \$67	\$1,621	\$1,392
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A direct borrowing from the USDA used to finance a water system improvement project in County Service Area 10A. Debt service is provided by water sales revenues.

<u>USDA Cayucos Water Tank Project</u>	11/02/2021	2061	1.75%	\$1 - \$93	\$2,691	\$2,691
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A direct borrowing from USDA used to finance the Cayucos new water storage tanks which is part of the infrastructure improvement program for CSA 10A water system to address storage deficiencies, improve redundancy and reliability, and reduce overall system maintenance costs. Debt service is provided by funds from CSA 10A water sales revenues.

<u>\$23,256</u>	<u>\$14,668</u>
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State Notes

The County has directly borrowed from the State of California Department of Water Resources and the California Department of Transportation to finance the construction of water systems in unincorporated areas. One of the Los Osos Wastewater Project loans from the State of California Department of Water Resources was modified with an additional loan amount of \$11,023 on 4/29/2021.

Cayucos Water Treatment Facility	1995	2023	3.0315%	\$87	\$3,011	\$170
Lopez Recreation Area	2004	2024	2.5132%	\$10	325	40
Lopez Water Treatment Plant Upgrade	2006	2030	2.60%	\$836	25,945	11,842
Los Osos Wastewater Project	2011	2046	2.0%	\$1,565 - \$2,147	80,484	72,476
					<u>\$109,765</u>	<u>\$84,528</u>

Revenue Bonds

<u>2018 Nacimiento Water Project Revenue Refunding Bonds Series A</u>	5/07/2018	2040	3.0% - 5.0%	\$158 - \$9,173	\$27,045	\$22,925
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Used to refund all of the outstanding 2007 Nacimiento Water Project Revenue Bonds Series A which were used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts, payable under water delivery contracts.

<u>2007 Nacimiento Pipeline Project Series B</u>	9/26/2007	2040	5.2% - 5.6%	\$887 - \$2,636	\$38,565	\$30,955
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Used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts payable under water delivery contracts.

<u>2015 Nacimiento Water Project Revenue Refunding Bonds Series A</u>	8/19/2015	2038	3.0%-5.0%	\$159 - \$8,094	\$107,115	\$96,705
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The 2007 bonds were used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts, payable under water delivery contracts. The 2015 Series A Nacimiento Water Project Revenue Refunding Bonds were issued to provide funds to advance refund certain 2007 Series A Nacimiento Water Project Revenue Bonds.

<u>\$172,725</u>	<u>\$150,585</u>
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General Obligation Bonds

<u>2011 Refunding – Lopez Dam Remediation</u>	6/08/2011	2030	2.0% - 5.5%	\$21 - \$841	\$10,760	\$6,030
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Used to refund the 2000 A general obligation (GO) issue. The original GO Bonds were used to improve and retrofit the Lopez Dam.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Debt service is provided by applicable property taxes.

Assessment Bonds

5/24/2012	2051	2.75%	\$47 - \$3,472	\$83,129	\$70,978
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Issued to the USDA to finance the construction of the Los Osos Wastewater Project. Debt service is provided by amounts levied against property owners who benefit from the project.

Other Notes

6/30/2022	2027	0.0%	\$21	\$196	\$196
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A direct borrowing from PG&E through on-bill financing. The loan issued is an unsecured loan to fully or partially reimburse qualified PG&E customers for the costs they incur in connection with a qualified energy efficient retrofit project. These proceeds are being used to install lighting fixture upgrades at the San Luis Obispo County Airport. Debt service is provided by the general Airports revenues. This project will provide estimated long-term energy savings of \$42,000 annually.

Public Facilities Corporation

The SLO County Public Facilities Corporation (PFC) was incorporated on September 7, 1994. The PFC is a nonprofit public benefit corporation organized to assist public agencies within the County of San Luis Obispo with the acquisition and construction of various public facilities.

Financing Authority

The San Luis Obispo County Financing Authority was formed on August 22, 2000, as a joint exercise of powers authority between the County and the Lopez Flood Control District, which administers Lopez Dam. The Authority was created to assist in the financing, construction, and equipping of public facilities for one or both of the members.

Description of Long-Term Lease Arrangements

The County formed the Public Facilities Corporation and the Financing Authority for the purpose of issuing debt. On behalf of the County, these two entities issued all currently outstanding certificates of participation and the Lopez Dam remediation general obligation bond. Therefore, the County makes semi-annual lease payments in lieu of debt service to these entities from a variety of sources including State and Federal revenues, penalty assessments, golf course fees, water contract payments, and property taxes. For lease payment details, see above schedules for specific type of debt.

Description of Special Assessment Bonds

Special assessment debt has been issued to provide funds for the construction of streets, utility and water delivery systems. These bonds will be repaid from amounts levied against the property owners benefited by this construction.

The County acts in an agent capacity for the assessment districts. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment principal outstanding at June 30, 2022, totals \$71,461 with interest rates from 2.52% to 5.45%.

Accrued Vacation and Sick Leave Pay and Compensatory Time Off

County employees have accumulated unpaid vested benefits for compensatory time off, sick leave and vacation earned of \$35,900 at June 30, 2022. The accumulated benefits will be liquidated in future years as employees elect to use them. In the normal course of business, all payments of these accumulated benefits will be funded from appropriations in the year in which they are to be paid.

The liability for compensated absences is typically liquidated from the Parks, Driving Under the Influence Program, Library and General Fund.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Legal Debt Margin

State statutes limit the amount of general obligation debt a governmental entity may issue to 1.25% of its net assessed valuation. The current debt limitation for the County is \$803,162 with a margin of \$797,132.

Direct Placement Debt

The County does not have any direct placement debt as of June 30, 2022.

Direct Borrowings

The County's outstanding notes from direct borrowings related to governmental activities of \$9,933 contain default provisions and where applicable (1) the entire obligation becomes due and payable if the County is unable to make installment/lease payments, and (2) the lessor terminates the lease or re-let the leased premises.

The County's outstanding notes from direct borrowings related to business-type activities of \$90,179 contain a provision that if default continues after the cure period, the entire obligation becomes due and payable.

Rebatable Arbitrage Earnings

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service. During the current year, the County performed calculations of excess investment earnings and at June 30, 2022 had an arbitrage liability of \$148.

11. NET POSITION/FUND BALANCES

NET POSITION

The government-wide and proprietary fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

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

Restricted Net Position - This category presents net position with external restrictions imposed on its use by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Included in total restricted net position at June 30, 2022, is \$16,001 of Public Facility Fees, \$11,508 of Road Impact Fees, and \$48 of Wildlife and Grazing programs restricted due to enabling legislation. The remaining \$70,932 of restricted net position is restricted due to restrictions imposed by creditors, grantors, or contributors.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Restricted net position at June 30, 2022, for governmental activities is as follows (in thousands):

	<u>Amount</u>
RESTRICTED FOR:	
<u>General Government</u>	
Purchase obligations for Board of Supervisors professional services	\$ 2
Purchase obligations for Administrative Office related professional services	338
Purchase obligations for Assessor related equipment maintenance and professional services	9
Purchase obligations for Clerk-Recorder equipment maintenance and professional services	560
Purchase obligations for County Counsel office equipment	4
Purchase obligations for Human Services professional services and software	282
Purchase obligations for Facilities Management related professional services	26
Purchase obligations for Building Maintenance projects	1,049
Purchase obligations for Information Technology related equipment and professional services	357
Purchase obligations for Central Services related professional services	247
Purchase obligations for Auditor-Controller-Treasurer-Tax Collector related professional services	88
Purchase obligations for Talent Development professional services	81
Claims, contracts and other restrictions imposed by grantors or contributors	<u>9,255</u>
Total General Government	<u>12,298</u>
<u>Public Protection</u>	
Purchase obligations for Waste Management related professional services	146
Purchase obligations for Grand Jury related supplies	1
Purchase obligations for District Attorney related professional services	48
Purchase obligations for Sheriff-Coroner related equipment and professional services	153
Purchase obligations for Animal Services professional services	18
Purchase obligations for Emergency Services related professional services	35
Purchase obligations for Probation related software, equipment, and professional services	241
Purchase obligations for fire protection related vehicles and equipment	3,709
Purchase obligations for Planning and Building related professional services	2,025
Purchase obligations for flood control related engineering and environmental services	3,797
Wildlife and Grazing programs restricted by enabling legislation	48
Claims, contracts and other restrictions imposed by grantors or contributors	<u>8,689</u>
Total Public Protection	<u>18,910</u>
<u>Health and Sanitation</u>	
Purchase obligations for Public Health related professional services and computer software	242
Purchase obligations for Behavioral Health related professional services and computer software	1,611
Claims, contracts and other restrictions imposed by grantors or contributors	<u>15,606</u>
Total Health and Sanitation	<u>17,459</u>
<u>Public Assistance</u>	
Claims, contracts and other restrictions imposed by grantors or contributors	3,289
<u>Public Ways and Facilities</u>	
Purchase obligations for Public Works related professional services	869
Road impact fees restricted by enabling legislation for road maintenance and construction	11,508
Public facilities fees restricted by enabling legislation for public facilities	<u>16,001</u>
Total Public Ways and Facilities	<u>28,378</u>
<u>Recreation and Cultural Services</u>	
Parks equipment and maintenance services	899
<u>Education</u>	
Library equipment and vehicles	1
Driving Under the Influence software services	138
Claims, contracts, and other restrictions imposed by grantors or contributors	20
Prepaid expenses	<u>9</u>
Total Education	<u>168</u>
<u>Debt Service</u>	
	<u>17,088</u>
Total Restricted Net Position	<u>\$ 98,489</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The Public Works Internal Service Fund reported a deficit in net position of \$32,805 at June 30, 2022. This deficit is mainly due to the fund's net pension liability of \$49,965 and the County plans to reduce the deficit with increased future charges.

The Workers' Compensation and Protected Self-Insurance Internal Service Funds reported deficits in net position of \$4,262 and \$3,759, respectively, at June 30, 2022. The deficits are mainly due to increased payouts from each fund, without sufficient charges to users. Net position for each fund fluctuates and overtime, aims to break-even. Should deficits continue, the amount charged to users will be increased to offset increasing costs.

FUND BALANCE

In the fund financial statements, governmental funds report fund balance in classifications based primarily on the extent to which the County is bound to honor the constraints imposed on the use of resources reported in the funds. In circumstances when an expenditure is made for a purpose for which amounts are available from multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned, and unassigned.

As prescribed by GASB Statement No. 54, the following classifications are used to identify the components of fund balance:

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource provider.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by formal action of the County's highest level of decision-making authority. As prescribed by the State of California County Budget Act, fund balance commitments are established, modified or rescinded by resolution adopted by a four-fifths vote of the Board of Supervisors at regular or special meetings. The general reserve, however, is only established, cancelled, increased or decreased at the time of adopting the budget except in cases of legally declared emergency.
- *Assigned Fund Balance* – comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. As a practice, for financial statement presentation the County Auditor-Controller-Treasurer-Tax Collector assigns non-restricted and non-committed fund balance of the General Fund to its intended purpose. Assigned fund balance can be identified by departments and the County Administrative Officer for specific uses during the County's budgeting process. Budgets requested by departments require approval by the County Board of Supervisors.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Fund balances for all the major and nonmajor governmental funds as of June 30, 2022, are distributed as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>				
Inventories	\$ 118	\$ -	\$ -	\$ 118
Prepaid items	578	-	9	587
Advances to other funds	5,959	-	-	5,959
Subtotal	<u>6,655</u>	<u>-</u>	<u>9</u>	<u>6,664</u>
<u>Restricted for:</u>				
General Government programs & encumbrances	3,400	-	-	3,400
Automation projects	3,601	-	-	3,601
Tax reduction reserves	3,990	-	-	3,990
Public Protection programs	9,743	-	-	9,743
Public Ways and Facilities programs & encumbrances	542	-	-	542
Health and Sanitation programs & encumbrances	1,853	-	-	1,853
Mental Health Services Act	2,774	-	-	2,774
Public Assistance programs & encumbrances	13	-	-	13
Recreation programs	136	-	-	136
Lease financing	8	-	-	8
Public facilities	-	-	16,001	16,001
Traffic impact programs	-	-	11,508	11,508
Flood Control Districts services	-	-	3,795	3,795
Library equipment & maintenance services	-	-	1	1
Driving Under the Influence services	-	-	137	137
Community Service Areas road maintenance	-	-	92	92
Wildlife and grazing programs	-	-	48	48
Parks equipment and maintenance services	-	-	285	285
Debt service	-	765	21,888	22,653
Subtotal	<u>\$ 26,060</u>	<u>\$ 765</u>	<u>\$ 53,755</u>	<u>\$ 80,580</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<u>Committed to:</u>				
Maintenance projects	\$ 6,879	\$ -	\$ -	\$ 6,879
County Counsel services	503	-	-	503
Human Resources services	156	-	-	156
Clerk Recorder services	-	-	-	-
IT projects	108	-	-	108
Other general government	10,427	-	-	10,427
Fire services and equipment	6,727	-	-	6,727
Waste Management programs	572	-	-	572
Sheriff-Coroner programs	374	-	-	374
Other public protection	224	-	-	224
Public Health programs	849	-	-	849
Behavioral Health programs	70	-	-	70
Social Services programs	460	-	-	460
Public works engineering & consulting services	36	-	-	36
Community parks programs	13	-	-	13
Fish and Game programs	-	-	215	215
Flood Control programs	-	-	19,690	19,690
Lighting programs	-	-	426	426
Community Development programs	-	-	21,710	21,710
Emergency Medical Services	-	-	583	583
Roads	-	-	24,650	24,650
Community Service Areas	-	-	2,993	2,993
Driving Under the Influence programs	-	-	312	312
Library	-	-	5,103	5,103
Parks	-	-	3,401	3,401
General reserve	13,000	-	-	13,000
SB1090 Economic development	12,763	-	-	12,763
COVID-19 services	17,722	-	-	17,722
Internal financing	5,280	-	-	5,280
Solar plant safety	843	-	-	843
Solar plant mitigation	15,640	-	-	15,640
Automation projects	19,805	-	-	19,805
Prado Rd Interchange project	1,435	-	-	1,435
Talent Development	1,822	-	-	1,822
Rainy Day Fund	7,908	-	-	7,908
Building replacement	47,149	-	-	47,149
Tax reduction reserve	42,387	-	-	42,387
Lease financing	960	-	-	960
Capital Projects	-	17,540	-	17,540
Subtotal	\$ 214,112	\$ 17,540	\$ 79,083	\$ 310,735

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<u>Assigned to:</u>				
Tax reduction reserve	\$ 27,238	\$ -	\$ -	\$ 27,238
Clerk-Recorder services	1,558	-	-	1,558
IT projects	251	-	-	251
General government	14,704	-	-	14,704
Sheriff-Coroner & Emergency Services programs	14,914	-	-	14,914
Probation programs	13,880	-	-	13,880
District Attorney programs	4,668	-	-	4,668
Planning programs	2,233	-	-	2,233
Other public protection programs	4,420	-	-	4,420
Foster Care & Social Services programs	20,277	-	-	20,277
Law Enforcement Medical Care services	555	-	-	555
Veterans' Services programs	169	-	-	169
Public ways and facilities	2,197	-	-	2,197
Behavioral Health programs	21,690	-	-	21,690
Public Health programs	8,469	-	-	8,469
Parks programs	11	-	-	11
Subsequent Fiscal Year Budget	52,665	-	-	52,665
Imprest cash	138	-	-	138
Subtotal	<u>\$ 190,037</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 190,037</u>
Total	<u>\$ 436,864</u>	<u>\$ 18,305</u>	<u>\$ 132,847</u>	<u>\$ 588,016</u>

12. LAPSING ENCUMBRANCES

The County allows some encumbrances to lapse at year-end and then automatically reappropriates them as part of the subsequent year's budget.

The following is a summary of lapsing encumbrances at June 30, 2022, to be reappropriated during the next fiscal year (in thousands):

Fund	Total Encumbrances
General Fund	\$ 3,579
Capital Projects Fund	6,870
Nonmajor Governmental Funds	10,124
Total Lapsing Encumbrances	<u>\$ 20,573</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

13. OTHER COMMITMENTS

In 1965, San Luis Obispo County Flood Control and Water Conservation District (District) began payments in accordance with a contract with the State Department of Water Resources (DWR) for a water supply from the State Water Project. Estimated future principal payments for the State Water contract will total \$24,482 over the next 13 years. The estimated amounts vary by year. For example, the principal amount due in 2022 is \$1,247 while \$2,431 is due in 2035. In 1992 the District entered Water Supply Contracts, of like terms, with various sub-contractors which presently provide resources to cover approximately 85% of the capital costs. The contract with the DWR expires in 2035. A proposed Delta conveyance would require a contract extension agreement for financing beyond 2035.

14. CONTINGENT LIABILITIES

The County is subject to various lawsuits, inverse condemnation cases, personnel actions, disputes over tax assessments, and other actions incidental to the ordinary course of County operations. The County is not aware of any potential claims against the County not covered by insurance, resulting from litigation that would materially affect the financial statements of the County at June 30, 2022.

15. LANDFILL POSTCLOSURE CARE COSTS

The Los Osos Landfill is a closed facility under the responsibility of the County. State and federal laws and regulations require the County of San Luis Obispo to perform various maintenance and monitoring activities at the site. By agreement with the landowner, the County assumed responsibility for all closure and postclosure costs when the facility stopped accepting waste. As of the date of this report, the landfill closure is complete and only postclosure costs remain.

The remaining estimated liability for landfill postclosure cost as of June 30, 2022, is \$8,172 (in 2022 dollars). Of this, \$4,795 is for the Maintenance Cost and \$3,377 is the Corrective Action Cost. The cost estimates were provided by a licensed professional geologist in the Postclosure Maintenance Plan dated May 2017 and revised cost dated May 29, 2018, and the Engineers Estimate of Corrective Action Update dated July 27, 2021. Both reports are required to be updated every five years. However, the actual cost of postclosure care may be higher (or lower) due to inflation, changes in technology, or changes in landfill laws and regulations. Therefore, the cost estimate will be reviewed and adjusted as needed for changes in these factors.

16. TAX ABATEMENTS

Tax abatements are agreements between the County and individuals or entities in which the County promises to forgo tax revenues and the individual or entity promises to take specific action that contributes to San Luis Obispo county's economic development or otherwise benefits the county's citizens.

The County offers property tax abatements through the Agricultural Preserve Program (Program), as provided by the California Land Conservation Act of 1965 also known as the "Williamson Act". The purpose of the Program is to protect agricultural lands and limited types of open space and outdoor recreation lands of statewide importance. Local agreements are administered under the County Rules of Procedure to Implement the Land Conservation Act of 1965 which were first adopted in 1972. Participation in the program is voluntary; the agricultural preserve is established at the landowner's request if program criteria are met. Once a landowner enters into a contract with the County, the land is reassessed based on the agricultural income producing capability of the land, and the abatement is determined by specific dollar amount.

To be eligible for the Program, individual properties must be within a rural use category and meet a minimum size requirement of 40-100 acres depending on the type of land being preserved. Landowners must agree to keep the land in large parcels ranging from 20-320 acres, not to create new parcels smaller than the applicable minimum,

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

and not to create separate conveyance of an existing parcel that would result in separate ownership smaller than the agricultural preserve minimum parcel size. In return, the County will reassess the property on the basis of the agricultural income producing capacity of the land.

The minimum term of a contract is 20 years, except for properties located within one mile of an urban reserve line or adjacent to a village reserve line which are eligible for a 10-year minimum term contract. Non-renewal is the most common method for a landowner to terminate a land conservation project; however, a property owner may request cancellation of a land conservation contract in order to terminate the contract on all or a portion of the property within one year after an application is accepted for processing.

Under the nonrenewal process, the annual tax assessment increases over a defined period until the assessment reflects the Proposition 13 value, including the annual inflationary factor, of the property. Under the cancellation process, a significant one-time cancellation fee is assessed based upon a certain percentage of the current fair market value of the property.

For the fiscal year ended June 30, 2022, the Agricultural Preserve Program tax abatements were \$16,537.

17. DEFINED BENEFIT PENSION PLAN

Description of the System that Administers the Pension Plan

The Pension Trust is a public employee retirement system established by the County of San Luis Obispo on November 1, 1958. Ten years later the Board of Supervisors adopted the present By-Laws and the San Luis Obispo County Employees Retirement Plan (the "Plan") to provide retirement benefits to the employees of the County.

The Pension Trust is administered by the Board of Trustees to provide retirement, disability, death, and survivor benefits for its members.

Plan Description

The County of San Luis Obispo (the "County") contributes to the San Luis Obispo County Employees Retirement Plan (the "Plan"), which is an independent multiple-employer cost sharing contributory defined benefit pension plan consisting of six employers: the County of San Luis Obispo (the "Employer"), the Superior Court in San Luis Obispo County, the San Luis Obispo Local Agency Formation Commission, the San Luis Obispo Air Pollution Control District, the San Luis Obispo County Pension Trust, and the San Luis Obispo Regional Transit Authority. The Plan exists, operates and is constituted under the authority of Section 53215 of Section 17 of Article XVI of the California Constitution and the Government Code Article 1.5 (Pension Trusts), of Chapter 2 (Officers and Employees), of Part 1 (Powers and Duties Common to Cities, Counties and Other Agencies), of Division 2 (Cities, Counties and Other Agencies), of Title 5 (Local Agencies) of the California Government Code.

Pursuant to the foregoing California Government Code provisions, the County of San Luis Obispo Board of Supervisors established the San Luis Obispo County Pension Trust (the "Trust") by the adoption of Chapter 2.56 of the San Luis Obispo County Code. Following the adoption of Chapter 2.56 of the County Code, the Board of Supervisors adopted the By-Laws of the Pension Trust. The San Luis Obispo County Employees Retirement Plan is part of those By-Laws. The County of San Luis Obispo Board of Supervisors has the sole authority to amend the Plan's provisions.

Participation in the Plan is mandatory for all regular employees. Participants are currently broken into 3 Tiers depending on date of hire:

Tier 1	Tier 1 generally includes members hired before January 1, 2011. As of December 31, 2021, there were 801 active County employed members in Tier 1.
Tier 2	Tier 2 generally includes members hired on or after January 1, 2011 but before January 1, 2013. Tier 2 only applies to members hired after the date each bargaining unit adopted Tier 2. Members hired in a bargaining unit that did not adopt Tier 2 are considered Tier 1 members. As of December 31, 2021,

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

		there were 280 active County employed members in Tier 2.
Tier 3		Tier 3 includes all members hired on or after January 1, 2013. As of December 31, 2021, there were 1,526 active County employed members in Tier 3.

The Trust and the Plan are both administered by the San Luis Obispo County Pension Trust Board of Trustees (the "Trustees"). Separate stand-alone financial statements are issued for the Plan and are available at the County of San Luis Obispo Auditor-Controller-Treasurer-Tax Collector's office.

The Plan's financial statements are prepared on the accrual basis of accounting. All assets are invested and held pursuant to, and in accordance with, the Investment Policy of the Plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due pursuant to formal commitments and statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. All other securities are valued at the last reported market price at current exchange rates.

Summary of Plans and Eligible Participants

The active number of County employees and their respective tiers covered by the benefit terms as of December 31, 2021, are shown in the following table:

Tiers	Summary of Plan	Active members
Miscellaneous Tier 1	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	642 members
Miscellaneous Tier 2	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	232 members
Miscellaneous Tier 3	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 52.	1,317 members
Probation Tier 1	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	70 members
Probation Tier 2	N/A	-
Probation Tier 3	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	44 members
Safety Tier 1	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	89 members
Safety Tier 2	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	48 members
Safety Tier 3	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	165 members

Benefit Provisions

Members terminating employment before accruing five years of Pension Trust service credit forfeit the right to receive retirement benefits unless they establish reciprocity with another public agency within the prescribed time-period. Non-vested members who terminate service are required to withdraw their accumulated contributions plus accrued interest. The employer contributions forfeited by non-vested members are absorbed back into the pension trust fund. Members who terminate after earning five years of Pension Trust service credit may leave their contributions on deposit and upon reaching age eligibility elect to take a retirement. Differences between expected and actual experience for vested or non-vested benefits may result in an increase or decrease to pension expense and net pension liability.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Plan participants, upon vesting and attaining the minimum retirement age, are entitled to annual retirement benefits as defined in the Plan document. The applicable retirement formula, minimum retirement age, compensation base, post-retirement cost of living adjustment, cost of living adjustment carry over, and final compensation maximum may differ depending upon the Plan provisions in effect at the member's date of hire, the member's classification, the member's age, and the member's bargaining unit. Participants receive their accumulated plan benefits as a life annuity payable monthly upon retirement. In the event of total and permanent disability, participants, upon satisfaction of membership service requirements and other applicable provisions of the Plan, receive disability benefits as defined in the Plan document. The Plan also provides a death benefit of \$1,000 (one-thousand) paid to a beneficiary or estate if a member dies after retirement.

For members within Tier 1, final average salary is the average monthly salary based on the highest twelve consecutive months of earnings and may include a compensation pickup for various management bargaining units. For members with Tier 2 or Tier 3 benefits, final average salary is the average monthly salary based on the highest thirty-six consecutive months of earnings with no pickup.

The retirement benefit for Tier 1, Tier 2, and Tier 3 members includes post-retirement cost-of-living adjustments (COLAs) based upon the Consumer Price Index. Tier 1 member COLAs are limited to a maximum of 3% annually. For Tier 2 and Tier 3 members, COLAs are limited to a maximum of 2% annually. There is no minimum COLA requirement, and COLAs must be approved by the Board of Trustees annually.

Description of the terms of the plan's deferred retirement option program (DROP)

Deferred Retirement Option Program (DROP): A Tier 1 member age 50 or more with 5 or more years of service may elect to participate in the Pension Trust's DROP. An equal amount to the amount that would have been paid had the member retired, is deposited into a DROP account monthly. The addition to the DROP account is increased each year by the Cost-of-Living Adjustment approved by the Board of Trustees not to exceed 3% per year. Members electing to enter DROP must participate a minimum of 6 months up to a maximum of 5 years. Upon actual retirement, the member may receive the accumulated DROP account balance in the form of a lump sum or as an annuity payment.

Contributions

Plan members are required by statute to contribute to the pension plan. Members' contribution rates are formulated based on age at date of entry and the actuarially calculated future benefits. The County is required by statute to contribute the remaining amounts necessary to finance the estimated benefits accrued to its members. Member and employer contribution rates for each plan are as follows:

PLAN	EMPLOYER CONTRIBUTION RATES	EMPLOYEE CONTRIBUTION RATES
Miscellaneous Tier 1	27.67-29.72%	16.65-26.42%
Miscellaneous Tier 2	27.67-29.72%	8.26-19.52%
Miscellaneous Tier 3	27.18-29.23%	6.64-18.43%
Probation Tier 1	28.18-28.28%	24.43-31.13%
Probation Tier 2	Not negotiated	Not negotiated
Probation Tier 3	27.78%	12.95-23.19%
Safety Tier 1	39.49-46.69%	17.72-35.13%
Safety Tier 2	41.71-46.69%	11.95-26.04%
Safety Tier 3	36.36-46.08%	10.75-22.62%

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County's contributions to the Plan for the past three fiscal years were equal to the required contributions for each year and are noted in the chart below.

<u>Fiscal Year Ended</u>	<u>County contributions (in thousands)</u>
June 30, 2020	\$49,018
June 30, 2021	\$53,737
June 30, 2022	\$62,935

In addition, the County contributes towards post-employment benefits other than retirement (See Note 18).

The San Luis Obispo County Employees Retirement Plan establishes the basic obligations for employer and member contributions and benefits to and of the retirement system. The actual employer and member contribution rates in effect each year are based on recommendations made by an independent actuary that are approved by the Board of Trustees and adopted by the San Luis Obispo County Board of Supervisors.

The entire Plan is 64.8% funded as of January 1, 2022; since this is a multi-employer cost sharing plan, the funded status is the same for all employees across the board. In general, this indicates that for every dollar of benefits due, SLOCPT had approximately 64.8 cents available for payment.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees. The County's share of the total pension liability as of December 31, 2021, was \$2,248,647. The County's share of the Plan's fiduciary net position was \$1,646,092 as of the same date. As of December 31, 2021, the Plan's fiduciary net position was 73.20% of the total pension liability.

At June 30, 2022, the County reported a liability of \$602,555 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of December 31, 2021.

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of January 1, 2021. The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019. Measurements as of December 31, 2021, are based on the fair value of assets on that date, and the Total Pension Liability as of the valuation date, January 1, 2021. The actuarial assumptions were rolled forward to the Pension Trust Plan's fiscal year-end of December 31, 2021. There were no significant events between the January 1, 2021 valuation date and the December 31, 2021 measurement date for the Pension Plan's GASB Statement No. 67 valuation.

The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the Plan relative to the projected contributions of all the Plan's participants, actuarially determined. At December 31, 2021, the County's proportionate share was 94.06%, compared to 93.64% at December 31, 2020, an increase of 0.42%.

The General Fund, Parks Fund, Driving Under the Influence Program Fund, and Library Fund have typically been used to liquidate the net pension liability for governmental activities.

For the year ended June 30, 2022, the County recognized pension expense of \$48,881. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method and plan benefits. At December 31, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Deferred outflows of resources – change in proportion	\$ 2,467	\$ 679
Deferred outflows and inflows of resources – difference between expected and actual experience	38,478	-
Deferred outflows of resources – changes in actuarial assumptions	58,561	-
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	-	123,333
County contributions subsequent to the measurement date	31,658	-
	\$ 131,164	\$ 124,012

Deferred outflows of resources above represent the unamortized portion of changes to net pension liability, changes in actuarial assumptions, and the net difference between projected and actual earnings on pension plan investments along with deferred outflows of resources of \$31,658 for contributions for the fiscal year ending June 30, 2022 made subsequent to the measurement date of December 31, 2021.

The \$31,658 of subsequent contributions will be recognized as reduction of the net pension liability in the fiscal year ending June 30, 2023. The difference between projected and actual investment earnings on pension plan investments is amortized over five years on a straight-line basis beginning in the year in which they occur. One-fifth was recognized in pension expense during the Plan's measurement period, and the remaining difference will be amortized over the remaining four-year period. Changes in assumptions and difference between expected and actual experience are recognized over the average expected remaining service lives of all employees that are provided with pensions through the Plan, determined as of January 1, 2021, and is 5 years. The difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended December 31, 2021 is also recognized over 5 years.

Amortizable amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Year Ending June 30,	Future Recognition (in thousands)
2023	\$ 10,499
2024	(23,939)
2025	(4,779)
2026	(6,287)
Thereafter	-
Total	\$ (24,506)

Actuarial Assumptions

The total pension liability in the January 1, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.25%
Amortization growth rate	Level percentage of payroll
Salary increases	2.75% plus service-related merit component based on years of services ranging from 0.00% to 5.25%
COLA increases	2.50% for Tier 1 and 2.00% for Tier 2 and Tier 3
Investment rate of return	6.75%, net of administrative expense
Post-Retirement Mortality	Sex distinct PUB-2020 Amount-Weighted, Above Median Income, adjusted by 0.99 for males and 1.01 for females, with generational mortality improvements using scale MP-2019

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2017 – December 31, 2021.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for expected inflation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Cash Equivalents/Short Duration Govt	10%	(1.44%)
Equities – Public Market	30%	3.20%
Real Assets	15%	4.70%
Private Markets	30%	5.92%
US Treasury – Long Duration/TIPS	15%	(0.91%)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following table presents the County’s portion of the net pension liability calculated using the discount rate of 6.75%, as well as what the County’s portion of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower, 5.75%, or one percentage-point higher, 7.75%, than the current rate:

	1% Decrease (in thousands) 5.75%	Discount Rate (in thousands) 6.75%	1% Increase (in thousands) 7.75%
County net pension liability as of December 31, 2021	\$911,667	\$602,555	\$349,840

Pension Plan Fiduciary Net Position

Detailed information about the Plan’s fiduciary net position is available in the separately issued San Luis Obispo County Pension Trust ACFR.

18. POST-EMPLOYMENT HEALTHCARE BENEFITS

General Information about the OPEB Plan

Plan Description

The County’s San Luis Obispo County Retiree Health Care Plan (the OPEB Plan), an agent multi-employer defined post-employment benefit (OPEB) plan is administered by the County utilizing an irrevocable trust. The OPEB Plan is funded solely by the County for the benefit of its employees. The County assists eligible retirees by paying a portion of their premiums for medical care. The County Board of Supervisors must approve any modification, alteration, or amendment of OPEB benefits.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

In April 2010, the County established an irrevocable trust with the California Employer's Retiree Benefit Trust (CERBT) to prefund the future cost of retiree health insurance benefits. The CERBT is an IRS Section 115 trust fund administered by CalPERS. CalPERS issues a publicly available financial report consisting of financial statements and required supplementary information for the CERBT. The report may be obtained by writing to CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811.

Benefit Eligibility and Employees Covered

To be eligible for benefits, a member must be eligible to retire, attain a minimum age of 50-52, depending on date of hire, and complete a minimum of 5 years of service with the County. In addition, the member must begin receiving their County pension within 120 days of termination of employment. Members receiving disability retirements are also eligible to receive the retirement reimbursement. In the event of a retiree's death, qualified surviving spouses and dependents under the age of 23 are eligible to receive the OPEB benefit.

At June 30, 2022 a total of 4,019 employees were covered by the OPEB Plan's benefit terms:

Active Plan Members	2,690
Inactive Plan Members	1,066
Inactive Plan members entitled to but not yet receiving benefits	263
	<u>4,019</u>

Benefits Provided

The County contracts with BCC to provide healthcare, vision, and dental benefits to eligible county retirees and their dependents. Through BCC, retirees are offered substantially the same health plans as active County employees as well as unique plans for retirees receiving Medicare benefits.

Retirees who elect to participate in a County-sponsored health insurance plan are eligible to a monthly subsidy funded by the County's OPEB benefit. In FY 21-22 the County provided the following to eligible retirees:

	<u>Employee Healthcare Benefit</u>
Calendar Year 2021	\$143 per month
Calendar Year 2022	\$149 per month

Contributions

The County makes all contributions to the trustee for investment and reinvestment pursuant to the terms of the agreement with the CERBT. Employees are not required to contribute to the plan. For the fiscal year ended June 30, 2022, the funding was a combination of direct premium payments to contracted medical, dental and vision providers, plus a contribution of \$704 thousand to the CERBT. The County has selected the Actuarially Determined Contribution (ADC) funding method of contributing 100% of the ADC to fund the CERBT.

Net OPEB Liability

The County reported a net OPEB liability of \$29.6 million as of June 30, 2022. The June 30, 2022, net OPEB Liability was determined by the actuary using a measurement date of June 30, 2021.

Actuarial Methods and Assumptions

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

of the calculations.

The total OPEB liability as of June 30, 2022, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	6.25%
Inflation	2.25%
Health care cost trend rate	6.7% for FY 2021, gradually decreasing over several decades to an ultimate rate of 3.8% in FY 2076 and later years.
Actuarial cost method	Entry Age Normal
Amortization method for investment gains and losses	Straight-line amortization over a closed 5-year period
Amortization method for effects of assumption changes and experience gains and losses	Straight-line amortization over a period equal to the average of the expected remaining service lives of all members that are provided with OPEB through the plan
Amortization method for ADC purposes	Level percentage of payroll over a rolling amortization period of 13 years
Reimbursement eligibility	40% of all retirants will apply for and receive the reimbursement
Payroll growth rate	2.75% per annum
Salary increases	2.75% plus service-related merit component
Investment rate of return	6.25%
Post-retirement mortality	Males: Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, and a 99% multiplier. Females: Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, and a 101% multiplier.

The withdrawal, retirement, disability, mortality, and salary scale are based on an experience study for the five-year period ending December 31, 2019 completed for the San Luis Obispo County Pension Trust. Other assumptions were developed by the actuary based on County experience and actuarial standards.

Discount Rate

The actuarially assumed discount rate of 6.25% per annum, compounded annually, reflects the County's current policy of pay-as-you-go plus additional funding of the OPEB liability, and the County's ongoing selection of a "less conservative" (Strategy 1) portfolio invested by the CERBT. Per GASB guidance, the discount rate was determined by calculating the single rate that produces the same present value of expected benefit payments as (1) the expected long-term rate of return on plan assets during the period when projected assets are sufficient to pay future retiree benefits, and (2) the 20-year municipal bond rate after assets are projected to be exhausted.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The CERBT Strategy 1 portfolio consists of the following assets managed internally by the California Public Employees Retirement System (CalPERS) and/or external advisors:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Range</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Global Equity	59%	plus/minus 5%	7.15%
Fixed Income	25%	plus/minus 5%	3.65%
Treasury Inflation-Protected Securities (TIPS)	5%	plus/minus 3%	2.82%
Global Real Estate Investment Trusts (REITs)	8%	plus/minus 5%	6.68%
Commodities	3%	plus/minus 3%	4.13%
Cash	-	plus 2%	-

The long-term expected real rate of return, net of expenses, for CERBT Strategy 1 is assumed to be 6.25%.

Changes in the Net OPEB Liability

The table below shows the changes in the total OPEB liability, the OPEB Plan fiduciary net position, and the net OPEB liability over the past fiscal year in thousands:

	<u>Total OPEB Liability</u>	<i>Less</i>	<u>Plan Fiduciary Net Position</u>	<i>Equals</i>	<u>Net OPEB Liability</u>
Balances as of June 30, 2021	\$56,157		\$21,570		\$34,587
Projected Changes for fiscal year-end June 30, 2022:					
Service Cost	1,796		-		1,796
Interest Cost	3,525		-		3,525
Differences between expected and actual experience	(650)		-		(650)
Actuarial Gains/Losses	-		-		-
Change in Assumptions	-		-		-
Changes of Benefit Terms	-		-		-
Employee Contributions	-		-		-
Employer Contributions	-		3,693		(3,693)
Net Investment Income	-		5,990		(5,990)
Other Additions	-		-		-
Benefit Payments	(3,166)		(3,166)		-
Administrative Expenses	-		(8)		8
Other Deductions	-		-		-
Net Projected Changes	<u>1,505</u>		<u>6,509</u>		<u>(5,004)</u>
Projected Balances as of June 30, 2022	<u>\$57,662</u>		<u>\$28,079</u>		<u>\$29,583</u>

Total OPEB liability represents the portion of the actuarial present value of projected benefit payments to be provided to current and inactive employees that is attributable to the employees' past periods of service. Plan fiduciary net position describes the resources available to pay for the cost of OPEB benefits. The Net OPEB liability is the amount remaining after the OPEB Plan's fiduciary net position is offset against the County's total OPEB liability. Governmental funds contributing towards liquidating the liability include the General Fund, Driving Under the Influence Fund, Library Fund, and Parks Fund.

At June 30, 2021, the OPEB Plan's fiduciary net position was 48.7% of the total OPEB liability.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Costs

The following table presents the net OPEB liability calculated using the discount rate of 6.25%, as well as what the liability would be if it were calculated using a discount rate that is one percentage-point lower, 5.25%, or one percentage-point higher, 7.25%, than the current rate:

	1% Decrease (in thousands) 5.25%	Discount Rate (in thousands) 6.25%	1% Increase (in thousands) 7.27%
Net OPEB Liability	\$36,348	\$29,583	\$23,955

The sensitivity of the Net OPEB liability to changes in healthcare trend rates is presented below:

	1% Decrease (in thousands) 5.7%	Trend Rate (in thousands) 6.7%	1% Increase (in thousands) 7.7%
Net OPEB Liability	\$22,962	\$29,583	\$37,655

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$8,230. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method and plan benefits. The County's discretely presented component unit did not report any OPEB liability, expense or deferred outflows or inflows of resources.

At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Deferred outflows and inflows of resources – difference between expected and actual experience	\$ 3,508	\$ 1,835
Deferred outflows of resources – changes in actuarial assumptions	10,371	-
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	-	3,357
County contributions subsequent to the measurement date	704	-
	<u>\$ 14,583</u>	<u>\$ 5,192</u>

\$4,462 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the fiscal year ending June 30, 2023.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Amounts reported as deferred (inflows) outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,	Future Recognition (in thousands)
2023	\$ 2,458
2024	2,471
2025	2,474
2026	728
2027	627
Thereafter	(71)
	<u>\$ 8,687</u>

The Schedule of Changes in the County's Net OPEB Liability and Related Ratios and the Schedule of Actuarially Determined Contributions and Plan Contributions and Related Ratios are included as Required Supplementary Information following the Notes to the Financial Statements and present multi-year trend information about the OPEB liability, OPEB Plan fiduciary net position, actuarially determined contributions, and covered-employee payroll.

19. SUBSEQUENT EVENTS

Pension Obligation Prefunding

Current provisions of the County's Retirement Plan permit the County to prepay its obligation to the Pension Trust on an annual basis. On July 15, 2022, the County made an advance payment of \$75.8 million representing the County's FY 2021-22 employer retirement and employer paid portion of employee normal retirement contributions to the Pension Trust. The prepayment resulted in an estimated savings of \$1.5 million to the County.

Flood Control Districts Fund Transfer of Water Sales to State Water Project Fund

On August 23, 2022, the County Board of Supervisors approved the transfer of \$6.5 million from the Flood Control Districts Fund to the State Water Project Fund. The transfer relates to the recording of the sale of the unallocated portion of the Flood Control District's State Water from 2008 to 2014. In all subsequent years, the revenue collected from the sale of the unallocated portion of State Water will be deposited into the State Water Tax Fund.

Subsequent Events Related to Bonded Indebtedness and Long-Term Debt

On October 4, 2022, the County Board of Supervisors approved the issuance of the 2022 Bonds by the SLO County Financing Authority (the "Authority") in an aggregate principal amount not to exceed \$78.5 million. The issuance of the 2022 Bonds consists of the Lease Revenue Bonds Series 2022A (Tax Exempt) (Multiple Capital Projects and Refunding) to finance the acquisition and construction of a co-located Sheriff and County Fire emergency dispatch facility, a new Probation Department building and to refund all of the outstanding principal amount of the Authority's Lease Revenue Refunding Bonds, 2012 Series A, for debt service savings, and the Lease Revenue Bonds Series 2022B (Federally Taxable) for the rehabilitation of the Cayucos Veterans Memorial Hall. The outstanding principal amount of the Lease Revenue Refunding Bonds, 2012 Series A was \$9.25 million as of June 30, 2022.



COUNTY
of SAN LUIS
OBISPO

REQUIRED SUPPLEMENTARY INFORMATION



COUNTY
of SAN LUIS
OBISPO

REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements. Such information includes:

- Schedule of the County's Proportionate Share of the San Luis Obispo County Pension Plan's Net Pension Liability
- Schedule of the County's Contributions to the San Luis Obispo County Pension Plan
- Other Post-Employment Benefits (OPEB) Plan Schedule of Changes in the County's Net OPEB Liability and Related Ratios
- Other Post-Employment Benefits (OPEB) Plan Schedule of Actuarially Determined Plan Contributions and Related Ratios
- Budgetary Comparison Schedule – General Fund
- Notes to Required Supplementary Information

COUNTY OF SAN LUIS OBISPO
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COUNTY'S PROPORTIONATE SHARE OF THE
 SAN LUIS OBISPO COUNTY PENSION PLAN'S NET PENSION LIABILITY
 FOR THE LAST 10 FISCAL YEARS* (in thousands)

Measurement Date December 31 st	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2013	92.64%	\$354,823	\$153,942**	230.49%	74.78%
2014	92.65%	\$391,423	\$157,730**	248.16%	73.53%
2015	92.92%	\$506,626	\$166,433**	304.40%	67.57%
2016	93.10%	\$602,805	\$172,192**	350.08%	64.59%
2017	93.67%	\$529,033	\$186,278**	284.00%	70.36%
2018	93.82%	\$707,815	\$193,122	366.51%	62.76%
2019	93.80%	\$625,259	\$194,717	321.11%	68.34%
2020	93.64%	\$637,385	\$211,200	301.79%	69.71%
2021	94.06%	\$602,555	\$208,782	288.61%	73.20%

*In accordance with paragraph 81.a of GASB 68 effective June 30, 2014, employers must disclose a 10-year history of their proportionate share of the pension plan's net pension liability. Additional years will be presented as they become available.

**Restated in accordance with the GASB Statement No. 82 definition of covered payroll as the payroll on which contributions to a pension plan are based as of the measurement date.

Changes to benefit terms

None

Changes of assumptions

The investment rate of return decreased from 6.875% in FY 2020-21 to 6.75% in FY 2021-22.

COUNTY OF SAN LUIS OBISPO
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE COUNTY'S CONTRIBUTIONS TO THE
 SAN LUIS OBISPO COUNTY PENSION PLAN
 FOR THE LAST 10 FISCAL YEARS* (in thousands)

Fiscal Year ending June 30 th	Actuarially required contributions	Actual contributions	Contribution deficiency (excess)	County's covered payroll	County's actual contributions as a percentage of covered payroll
2014	\$30,956	\$28,867 [^]	\$2,089	\$155,754 ^{**}	18.53%
2015	\$30,687	\$30,174 [^]	\$513	\$162,273 ^{**}	18.59%
2016	\$32,839	\$31,997 [^]	\$843	\$170,552 ^{**}	18.76%
2017	\$35,066	\$35,415 [^]	(\$349)	\$181,338 ^{**}	19.53%
2018	\$45,153	\$42,046 [^]	\$3,107	\$190,135	22.11%
2019	\$48,198	\$43,432	\$4,766	\$193,294	22.47%
2020	\$53,675	\$49,018	\$4,658	\$202,414	24.22%
2021	\$52,724	\$53,874	(\$1,150)	\$204,688	26.32%
2022	\$57,546	\$62,935	(\$5,389)	\$212,907	29.56%

*In accordance with paragraph 81.a of GASB 68 effective June 30, 2014, employers must disclose a 10-year history of their contributions to the pension plan. Additional years will be presented as they become available.

[^]Restated to reflect a fiscal year measurement period.

^{**}Restated in accordance with the GASB Statement No. 82 definition of covered payroll as the payroll on which fiscal year contributions to a pension plan are based.

Changes to benefit terms

None

Changes of assumptions

The investment rate of return decreased from 6.875% in FY 2020-21 to 6.75% in FY 2021-22.

Separate stand-alone financial statements were issued for the Pension Plan and are available at the County of San Luis Obispo Auditor-Controller's office located at the County Government Center Room D220, San Luis Obispo, CA 93408.

COUNTY OF SAN LUIS OBISPO
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN SCHEDULE OF CHANGES IN THE COUNTY'S NET OPEB
LIABILITY AND RELATED RATIOS
FOR THE LAST 10 FISCAL YEARS¹
(in thousands)

Measurement Date For Fiscal Year Reporting Period	June 30, 2017 <u>2017-18</u>	June 30, 2018 <u>2018-19</u>	June 30, 2019 <u>2019-20</u>	June 30, 2020 <u>2020-21</u>	June 30, 2021 <u>2021-22</u>
Total OPEB liability:					
Service cost	\$ 688	\$ 611	\$ 1,538	\$ 1,652	\$ 1,796
Interest	1,949	2,007	3,073	3,140	3,525
Differences between expected and actual experience	-	(2,842)	-	4,990	(650)
Changes of assumptions	-	19,530	1,129	1,269	-
Benefit payments	(1,690)	(1,526)	(3,037)	(3,102)	(3,166)
Net change in total OPEB liability	947	17,780	2,703	7,949	1,505
Total OPEB liability – beginning	26,775	27,722	45,502	48,208	56,157
Total OPEB liability – ending (a)	\$ <u>27,222</u>	\$ <u>45,502</u>	\$ <u>48,205</u>	\$ <u>56,157</u>	\$ <u>57,662</u>
Plan Fiduciary net position:					
Employer contributions	1,707	2,521	3,922	3,778	3,693
Net investment income	1,155	1,286	1,161	732	5,990
Benefit payments	(1,690)	(1,526)	(3,037)	(3,102)	(3,166)
Administrative expense	(7)	(8)	(4)	(10)	(8)
Other deductions	-	(1,171)	-	-	-
Net change in plan fiduciary net position	1,165	1,102	2,042	1,398	6,509
Plan fiduciary net position – beginning	15,860	17,025	18,127	20,172	21,570
Plan fiduciary net position – ending (b)	\$ <u>17,025</u>	\$ <u>18,127</u>	\$ <u>20,169</u>	\$ <u>21,570</u>	\$ <u>28,079</u>
County's net OPEB liability – ending (a) – (b)	\$ <u>10,697</u>	\$ <u>27,375</u>	\$ <u>28,036</u>	\$ <u>34,587</u>	\$ <u>29,583</u>
Plan fiduciary net position as a percentage of the total OPEB liability	61.4%	39.8%	41.8%	38.4%	48.7%
Covered-employee payroll ^{2, 3}	\$ 181,338	\$ 190,136	\$ 193,294	\$ 202,414	\$ 204,688
County's net OPEB liability as a percentage of covered-employee payroll ³	5.9%	14.4%	14.5%	17.1%	14.5%

¹ In accordance with paragraphs 57.a and 57.b of GASB 75 effective June 30, 2018, employers must disclose a 10-year history of the OPEB information detailed above. Additional years will be presented as they become available.

² Contributions made to the OPEB plan are not based on measure of pay.

³ Amounts restated

The County has elected to use the GASB 75 "lookback" method where assets and liabilities are measured as of the prior fiscal year but applied to the current fiscal year.

Changes to benefit terms

None

Changes of assumptions

None

The Notes to RSI are integral to the above schedule.

COUNTY OF SAN LUIS OBISPO
 REQUIRED SUPPLEMENTARY INFORMATION
 OTHER POSTEMPLOYMENT BENEFITS (OPEB) PLAN SCHEDULE OF ACTUARIALLY DETERMINED AND PLAN
 CONTRIBUTIONS AND RELATED RATIOS
 FOR THE LAST 10 FISCAL YEARS ¹
 (in thousands)

Fiscal Year Ended June 30 th	Actuarially Determined Contribution (ADC) (a)	Contributions in relation to the ADC (b)	Plan Contributions Over/(Under) ADC (b-a)	Annual Covered- Employee Payroll ²	Plan Contributions as a Percentage of Covered-Employee Payroll
2017	\$ 1,621	\$ 1,682	\$ 61	\$ 181,338	0.93%
2018	\$ 1,707	\$ 2,521	\$ 814	\$ 190,136	1.33%
2019	\$ 3,982	\$ 3,925	\$ (57)	\$ 193,294	2.03%
2020	\$ 4,229	\$ 3,778	\$ (451)	\$ 202,414	1.87%
2021	\$ 5,134	\$ 3,691	\$ (1,443)	\$ 204,688	1.80%
2022	\$ 4,890	\$ 4,462	\$ (428)	\$ 212,907	2.10%

¹ In accordance with paragraph 57.c of GASB 75 effective June 30, 2018, employers must disclose a 10-year history of the OPEB information detailed above. Additional years will be presented as they become available.

² Contributions made to the OPEB plan are not based on measure of pay.

Changes to benefit terms

None

Changes of assumptions

None

The Notes to RSI are integral to the above schedule.

COUNTY OF SAN LUIS OBISPO
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 220,352	\$ 220,352	\$ 242,960	\$ 22,608
Licenses, permits, and franchises	12,749	12,749	12,597	(152)
Fines, forfeitures, and penalties	3,636	3,654	3,042	(612)
Use of money and property	2,035	2,037	(9,067)	(11,104)
Aid from other governments	277,633	348,508	312,215	(36,293)
Charges for services	36,557	37,783	35,554	(2,229)
Other revenue	7,496	9,194	9,079	(115)
Total Revenues	<u>560,458</u>	<u>634,277</u>	<u>606,380</u>	<u>(27,897)</u>
Expenditures:				
Current:				
General government	57,385	85,169	54,904	30,265
Public protection	215,292	228,665	207,767	20,898
Public ways and facilities	5,811	8,019	3,660	4,359
Health and sanitation	125,096	141,542	150,030	(8,488)
Public assistance	144,212	161,823	132,712	29,111
Education	635	661	519	142
Recreation and Culture	5,309	8,744	5,260	3,484
Debt Service:				
Principal Payments	-	-	3,542	(3,542)
Interest and Fiscal Charges	-	-	448	(448)
Contingencies	29,842	23,017	-	23,017
Total Expenditures	<u>583,582</u>	<u>657,640</u>	<u>558,842</u>	<u>98,798</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(23,124)</u>	<u>(23,363)</u>	<u>47,538</u>	<u>70,901</u>
Other Financing Sources (Uses):				
Leases	-	-	28,696	28,696
Transfers in	204	467	328	(139)
Transfers out	(34,585)	(63,753)	(32,183)	31,570
Total Other Financing Sources (Uses)	<u>(34,381)</u>	<u>(63,286)</u>	<u>(3,159)</u>	<u>60,127</u>
Net change in fund balances	(57,505)	(86,649)	44,379	131,028
Fund balances, beginning	<u>294,526</u>	<u>294,526</u>	<u>294,526</u>	<u>-</u>
Fund balances, ending	<u>\$ 237,021</u>	<u>\$ 207,877</u>	<u>\$ 338,905</u>	<u>\$ 131,028</u>

Continued

COUNTY OF SAN LUIS OBISPO
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

Explanation of Differences between Budgetary Inflows and Outflows and Accounting Principles Generally Accepted in the United States of America Revenues and Expenditures

Sources/inflows of resources

Actual amounts (budgetary basis) "Total Revenues" from the budgetary comparison schedule	\$ 606,380
Revenues for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	(291)
Total Revenues as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 606,089</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	\$ 558,842
Expenditures for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	8,840
Total Expenditures as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 567,682</u>

Other financing sources/(uses) of resources

Actual amounts (budgetary basis) "Total Other Financing Sources (Uses)" from the Budgetary Comparison Schedule	\$ (3,159)
Other financing sources (uses) for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	(684)
Total Other Financing Sources (Uses) as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ (3,843)</u>

COUNTY OF SAN LUIS OBISPO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2022

1. BUDGETARY BASIS OF ACCOUNTING

A. BUDGETARY ACCOUNTING

In accordance with the provisions of Sections 29000 through 29144 inclusive of the California Government Code and other statutory provisions, commonly known as the County Budget Act, the County of San Luis Obispo (the County) prepares and legally adopts a final budget on or before August 30th for each fiscal year. The County operation, commencing July 1st, is governed by the proposed budget, adopted by the Board of Supervisors (the Board), in June of the prior year unless the final budget is adopted before June 30.

After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Board resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Board. During the fiscal year ended June 30, 2022 the Board of Supervisors approved all necessary supplemental appropriations. Generally, the effects of the supplemental appropriations are to increase the budget for cost of living adjustments and new programs and grants financed by other governmental agencies.

An operating budget is adopted each fiscal year for Governmental Funds on a basis consistent with generally accepted accounting principles. Additionally, encumbrance accounting is utilized to assure effective budgetary control. Encumbrances outstanding at year end represent the estimated amount of the expenditures ultimately to result if the unperformed contracts in process at year end are completed or purchase commitments satisfied. Such year-end encumbrances are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year and included in the subsequent year's budget. Unencumbered appropriations lapse at year end.

All Governmental, Enterprise, and Internal Service Funds that are under the control of the Board of Supervisors, have legally adopted annual budgets except for the Public Facilities Corporation and Financing Authority debt service funds. Although the Enterprise and Internal Service Funds have adopted budgets, there is no appropriation of expenditures, and these budgets only serve as spending plans for the year.

The legal level of budgetary control (the level on which expenditures may not legally exceed appropriations) is at the department/budget unit and object level except for capital assets, which are controlled at the sub-object level. Object levels of expenditures are as follows: salaries and benefits, services and supplies, other charges, capital assets, and contingencies. Sub-object levels of expenditures for capital assets are land, structures and improvements, and equipment.

B. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATION

During the current fiscal year, no governmental funds had excess expenditures over the related appropriations at the legal level of budgetary control.

OTHER SUPPLEMENTARY INFORMATION



COUNTY
of SAN LUIS
OBISPO

**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**



COUNTY
of SAN LUIS
OBISPO

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

Special revenue funds are used to account for revenues that are restricted by law or administrative actions to expenditures for specified purposes. Nonmajor special revenue funds used by the County are listed below:

Community Development Program

Accounts for pass-through grants from Housing and Urban Development (HUD) entitlements to be distributed to the County and other local agencies.

Emergency Medical Services

Accounts for payments to physicians, hospitals, and other providers of emergency medical care from revenues imposed and collected by the courts.

Driving Under the Influence Programs

Accounts for resources collected from persons convicted of driving under the influence to provide education and rehabilitation programs.

Fish & Game

Accounts for funds generated by fines levied as a result of Fish and Game violations.

Road Impact Fees

Accounts for resources collected from developers to add, maintain, and improve roads in specific areas where the fees were allocated.

Library

Accounts for resources used to provide library services throughout the County.

Parks

Accounts for resources used to provide parks and recreational services countywide.

Public Facilities Fees

Accounts for resources collected from the building permit process to build public facilities such as fire and law enforcement stations, library and general government structures.

Roads

Accounts for resources used to maintain the County road system.

Wildlife & Grazing

Accounts for resources used to provide for range improvements and the control of predators.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

SPECIAL REVENUE SPECIAL DISTRICT FUNDS:

Flood Control Districts

Accounts for resources used to provide control and conservation of flood and storm waters, which are mutually exclusive of Enterprise Flood Control District funds.

Lighting Districts

Accounts for resources used to provide street lighting in unincorporated areas of the county.

County Service Areas

Accounts for resources used to provide for water and sewer services which are mutually exclusive of Enterprise Fund County Service Areas.

DEBT SERVICE FUNDS:

Debt service funds are used to account for the accumulation of resources for and the payment of general long-term debt principal and interest.

San Luis Obispo County Public Facilities Corporation (PFC)

The PFC is a non-profit public benefit corporation organized to assist public agencies within the County of San Luis Obispo with the acquisition and construction of various public facilities.

Pension Obligation Bonds

The Pension Obligation Bonds debt service fund is used to account for the accumulation of monies for payment of taxable pension obligation bonds. These bonds were issued to fund the County's unfunded actuarial accrued liability (UAAL).

SLO County Financing Authority

The SLO County Financing Authority is a joint exercise of powers authority created to assist in the financing, construction, and equipping of public facilities for its members.

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022 (IN THOUSANDS)**

	Special Revenue			
	Community Development	Emergency Medical Services	Driving Under the Influence Programs	Fish and Game
Assets				
Cash and cash equivalents	\$ 5,346	\$ 250	\$ 482	\$ 215
Restricted cash with fiscal agent	-	-	-	-
Accounts receivable, net	-	-	-	-
Other receivables	-	-	-	-
Due from other governments	19	333	20	-
Due from other funds	-	-	-	-
Loans receivable, net of allowance for uncollectibles	18,757	-	-	-
Leases receivable	-	-	-	-
Advances to other funds	-	-	-	-
Prepaid items	-	-	4	-
Other assets	-	-	-	-
Total assets	\$ 24,122	\$ 583	\$ 506	\$ 215
Liabilities				
Accounts payable	\$ 181	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	33	-
Due to other funds	-	-	-	-
Deposits from others	2,231	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	2,412	-	33	-
Deferred Inflows of Resources				
Unavailable revenue	-	-	20	-
Lease revenue	-	-	-	-
Total deferred inflows of resources	-	-	20	-
Fund Balances				
Nonspendable	-	-	4	-
Restricted	-	-	137	-
Committed	21,710	583	312	215
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	21,710	583	453	215
Total liabilities, deferred inflows of resources, and fund balances	\$ 24,122	\$ 583	\$ 506	\$ 215

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022 (IN THOUSANDS)**

Special Revenue

	Road Impact Fees	Library	Parks	Public Facilities Fees
Assets				
Cash and cash equivalents	\$ 11,508	\$ 5,487	\$ 5,004	\$ 16,001
Restricted cash with fiscal agent	-	-	-	-
Accounts receivable, net	-	-	30	-
Other receivables	-	-	50	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Loans receivable, net of allowance for uncollectibles	-	-	-	-
Leases receivable	-	-	152	-
Advances to other funds	-	-	-	-
Prepaid items	-	5	-	-
Other assets	-	-	-	-
Total assets	\$ 11,508	\$ 5,492	\$ 5,236	\$ 16,001
Liabilities				
Accounts payable	\$ -	\$ 113	\$ 381	\$ -
Salaries and benefits payable	-	270	181	-
Due to other funds	-	-	-	-
Deposits from others	-	-	562	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	278	-
Total liabilities	-	383	1,402	-
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Lease revenue	-	-	148	-
Total deferred inflows of resources	-	-	148	-
Fund Balances				
Nonspendable	-	5	-	-
Restricted	11,508	1	285	16,001
Committed	-	5,103	3,401	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	11,508	5,109	3,686	16,001
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,508	\$ 5,492	\$ 5,236	\$ 16,001

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022 (IN THOUSANDS)**

	Special Revenue				
	Roads	Wildlife Grazing	Flood Control Districts	Lighting Districts	County Service Areas
Assets					
Cash and cash equivalents	\$ 23,365	\$ 48	\$ 21,946	\$ 426	\$ 2,446
Restricted cash with fiscal agent	-	-	-	-	-
Accounts receivable, net	-	-	262	1	8
Other receivables	-	-	-	-	-
Due from other governments	3,026	-	2,097	-	-
Due from other funds	-	-	-	-	400
Loans receivable, net of allowance for uncollectibles	-	-	-	-	-
Leases receivable	-	-	-	-	-
Advances to other funds	-	-	1,883	-	255
Prepaid items	-	-	-	-	-
Other assets	10	-	-	-	-
Total assets	\$ 26,401	\$ 48	\$ 26,188	\$ 427	\$ 3,109
Liabilities					
Accounts payable	\$ 1,469	\$ -	\$ 346	\$ -	\$ 7
Salaries and benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits from others	186	-	-	-	-
Unearned revenue	67	-	-	-	-
Advances from other funds	-	-	-	-	9
Total liabilities	1,722	-	346	-	16
Deferred Inflows of Resources					
Unavailable revenue	29	-	2,357	1	8
Lease revenue	-	-	-	-	-
Total deferred inflows of resources	29	-	2,357	1	8
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	48	3,795	-	92
Committed	24,650	-	19,690	426	2,993
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	24,650	48	23,485	426	3,085
Total liabilities, deferred inflows of resources, and fund balances	\$ 26,401	\$ 48	\$ 26,188	\$ 427	\$ 3,109

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2022 (IN THOUSANDS)**

	Debt Service			Total Nonmajor Governmental Funds
	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Debt Service Financing Authority	
<u>Assets</u>				
Cash and cash equivalents	\$ 11	\$ 18,701	\$ 9	\$ 111,245
Restricted cash with fiscal agent	-	6	4,702	4,708
Accounts receivable, net	-	-	-	301
Other receivables	-	-	-	50
Due from other governments	-	-	-	5,495
Due from other funds	-	-	-	400
Loans receivable, net of allowance for uncollectibles	-	-	-	18,757
Leases receivable	-	-	-	152
Advances to other funds	-	-	-	2,138
Prepaid items	-	-	-	9
Other assets	-	-	-	10
	<u>\$ 11</u>	<u>\$ 18,707</u>	<u>\$ 4,711</u>	<u>\$ 143,265</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,497
Salaries and benefits payable	-	-	-	484
Due to other funds	-	-	1,541	1,541
Deposits from others	-	-	-	2,979
Unearned revenue	-	-	-	67
Advances from other funds	-	-	-	287
	<u>-</u>	<u>-</u>	<u>1,541</u>	<u>7,855</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	-	-	-	2,415
Lease revenue	-	-	-	148
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,563</u>
<u>Fund Balances</u>				
Nonspendable	-	-	-	9
Restricted	11	18,707	3,170	53,755
Committed	-	-	-	79,083
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>11</u>	<u>18,707</u>	<u>3,170</u>	<u>132,847</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 11</u>	<u>\$ 18,707</u>	<u>\$ 4,711</u>	<u>\$ 143,265</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)**

	Special Revenue			
	Community Development	Emergency Medical Services	Driving Under the Influence Programs	Fish and Game
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	552	-	46
Use of money and property	(145)	(7)	(13)	(6)
Aid from other governments	7,885	-	245	-
Charges for services	-	-	823	-
Other revenues	475	-	56	-
	<u>8,215</u>	<u>545</u>	<u>1,111</u>	<u>40</u>
Total revenues				
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	8
Public ways and facilities	-	-	-	-
Health and sanitation	7,460	-	-	-
Public assistance	-	563	-	-
Education	-	-	3,599	-
Recreation and cultural services	-	-	-	-
Debt service:				
Principal payments	-	-	24	-
Interest and fiscal charges	-	-	6	-
	<u>7,460</u>	<u>563</u>	<u>3,629</u>	<u>8</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>755</u>	<u>(18)</u>	<u>(2,518)</u>	<u>32</u>
<u>Other financing sources (uses)</u>				
Leases	-	-	2,254	-
Transfers in	39	-	-	-
Transfers out	-	-	(31)	-
	<u>39</u>	<u>-</u>	<u>2,223</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	794	(18)	(295)	32
Fund balances - beginning	<u>20,916</u>	<u>601</u>	<u>748</u>	<u>183</u>
Fund balances - ending	<u>\$ 21,710</u>	<u>\$ 583</u>	<u>\$ 453</u>	<u>\$ 215</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)**

	Special Revenue			
	Road Impact Fees	Library	Parks	Public Facilities Fees
<u>Revenues</u>				
Taxes	\$ -	\$ 10,717	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	(278)	(142)	(100)	(388)
Aid from other governments	-	115	155	-
Charges for services	1,268	71	5,993	1,183
Other revenues	-	378	109	-
	<u>990</u>	<u>11,139</u>	<u>6,157</u>	<u>795</u>
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	-
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Education	-	11,594	-	-
Recreation and cultural services	-	-	7,160	-
Debt service:				
Principal payments	-	14	-	-
Interest and fiscal charges	-	1	-	-
	<u>-</u>	<u>11,609</u>	<u>7,160</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>11,609</u>	<u>7,160</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>990</u>	<u>(470)</u>	<u>(1,003)</u>	<u>795</u>
<u>Other financing sources (uses)</u>				
Leases	-	-	-	-
Transfers in	-	668	3,361	-
Transfers out	(994)	(261)	(222)	(590)
	<u>(994)</u>	<u>407</u>	<u>3,139</u>	<u>(590)</u>
Total other financing sources (uses)	<u>(994)</u>	<u>407</u>	<u>3,139</u>	<u>(590)</u>
Net change in fund balances	(4)	(63)	2,136	205
Fund balances - beginning	<u>11,512</u>	<u>5,172</u>	<u>1,550</u>	<u>15,796</u>
Fund balances - ending	<u>\$ 11,508</u>	<u>\$ 5,109</u>	<u>\$ 3,686</u>	<u>\$ 16,001</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)**

	Special Revenue				
	Roads	Wildlife and Grazing	Flood Control Districts	Lighting Districts	County Service Areas
<u>Revenues</u>					
Taxes	\$ 2,049	\$ -	\$ 4,290	\$ 43	\$ 1,104
Licenses, permits, and franchises	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	(594)	(1)	(540)	(10)	(56)
Aid from other governments	25,852	7	3,506	-	4
Charges for services	358	-	585	12	7
Other revenues	124	-	307	-	6
Total revenues	27,789	6	8,148	45	1,065
<u>Expenditures</u>					
Current:					
Public protection	-	2	4,479	132	-
Public ways and facilities	34,626	-	-	-	838
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Education	-	-	-	-	-
Recreation and cultural services	-	-	-	-	-
Debt service:					
Principal payments	47	-	-	-	-
Interest and fiscal charges	20	-	-	-	-
Total expenditures	34,693	2	4,479	132	838
Excess (deficiency) of revenues over (under) expenditures	(6,904)	4	3,669	(87)	227
<u>Other financing sources (uses)</u>					
Leases	-	-	-	-	-
Transfers in	11,506	-	60	-	-
Transfers out	(114)	-	(243)	-	(246)
Total other financing sources (uses)	11,392	-	(183)	-	(246)
Net change in fund balances	4,488	4	3,486	(87)	(19)
Fund balances - beginning	20,162	44	19,999	513	3,104
Fund balances - ending	<u>\$ 24,650</u>	<u>\$ 48</u>	<u>\$ 23,485</u>	<u>\$ 426</u>	<u>\$ 3,085</u>

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)

	Debt Service			Total Nonmajor Governmental Funds
	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Debt Service Financing Authority	
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ -	\$ 18,203
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	598
Use of money and property	-	(474)	8	(2,746)
Aid from other governments	-	-	-	37,769
Charges for services	416	-	2,694	13,410
Other revenues	-	685	-	2,140
	416	211	2,702	69,374
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	4,621
Public ways and facilities	-	-	-	35,464
Health and sanitation	-	-	-	7,460
Public assistance	-	-	-	563
Education	-	-	-	15,193
Recreation and cultural services	-	-	-	7,160
Debt service:				
Principal payments	205	3,565	1,580	5,435
Interest and fiscal charges	203	6,087	1,115	7,432
	408	9,652	2,695	83,328
Excess (deficiency) of revenues over (under) expenditures	8	(9,441)	7	(13,954)
<u>Other financing sources (uses)</u>				
Leases	-	-	-	2,254
Transfers in	-	12,910	-	28,544
Transfers out	-	-	(9,052)	(11,753)
	-	12,910	(9,052)	19,045
Net change in fund balances	8	3,469	(9,045)	5,091
Fund balances - beginning	3	15,238	12,215	127,756
Fund balances - ending	\$ 11	\$ 18,707	\$ 3,170	\$ 132,847

**BUDGETARY COMPARISON SCHEDULES
CAPITAL PROJECTS FUND
SAN LUIS OBISPO COUNTY PUBLIC FACILITIES CORPORATION
PENSION OBLIGATION BONDS FUND
SLO COUNTY FINANCING AUTHORITY
NONMAJOR GOVERNMENTAL FUNDS**



COUNTY
of SAN LUIS
OBISPO

COUNTY OF SAN LUIS OBISPO
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ -	\$ -	\$ 358	\$ 358
Use of money and property	-	-	(448)	(448)
Aid from other governments	-	5,714	398	(5,316)
Charges for services	706	2,009	134	(1,875)
Total Revenues	<u>706</u>	<u>7,723</u>	<u>442</u>	<u>(7,281)</u>
Expenditures:				
Capital outlay	<u>8,192</u>	<u>97,877</u>	<u>17,376</u>	<u>80,501</u>
Total Expenditures	<u>8,192</u>	<u>97,877</u>	<u>17,376</u>	<u>80,501</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,486)</u>	<u>(90,154)</u>	<u>(16,934)</u>	<u>73,220</u>
Other Financing Sources (Uses):				
Transfers in	<u>7,275</u>	<u>85,160</u>	<u>16,247</u>	<u>(68,913)</u>
Total Other Financing Sources (Uses)	<u>7,275</u>	<u>85,160</u>	<u>16,247</u>	<u>(68,913)</u>
Net change in fund balances	(211)	(4,994)	(687)	4,307
Fund balances, beginning	<u>18,992</u>	<u>18,992</u>	<u>18,992</u>	<u>-</u>
Fund balances, ending	<u>\$ 18,781</u>	<u>\$ 13,998</u>	<u>\$ 18,305</u>	<u>\$ 4,307</u>

COUNTY OF SAN LUIS OBISPO
Community Development
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ (145)	\$ (145)
Aid from other governments	3,922	18,401	7,885	(10,516)
Charges for services	-	-	-	-
Other revenues	539	1,094	475	(619)
Total Revenues	<u>4,461</u>	<u>19,495</u>	<u>8,215</u>	<u>(11,280)</u>
Expenditures:				
Current:				
Health and sanitation				
Services and supplies	599	1,516	802	714
Other charges	3,901	18,018	6,658	11,360
Contingencies	56	56	-	56
Total Expenditures	<u>4,556</u>	<u>19,590</u>	<u>7,460</u>	<u>12,130</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(95)</u>	<u>(95)</u>	<u>755</u>	<u>850</u>
Other Financing Sources (Uses):				
Transfers in	39	39	39	-
Total Other Financing Sources (Uses)	<u>39</u>	<u>39</u>	<u>39</u>	<u>-</u>
Net change in fund balances	(56)	(56)	794	850
Fund balances, beginning	<u>20,916</u>	<u>20,916</u>	<u>20,916</u>	<u>-</u>
Fund balances, ending	<u>\$ 20,860</u>	<u>\$ 20,860</u>	<u>\$ 21,710</u>	<u>\$ 850</u>

COUNTY OF SAN LUIS OBISPO
Emergency Medical Services
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ 600	\$ 600	\$ 552	\$ (48)
Use of money and property	1	1	(7)	(8)
Total Revenues	<u>601</u>	<u>601</u>	<u>545</u>	<u>(56)</u>
Expenditures:				
Current:				
Public assistance				
Services and supplies	601	864	563	301
Total Expenditures	<u>601</u>	<u>864</u>	<u>563</u>	<u>301</u>
Net change in fund balances	-	(263)	(18)	245
Fund balances, beginning	<u>601</u>	<u>601</u>	<u>601</u>	<u>-</u>
Fund balances, ending	<u>\$ 601</u>	<u>\$ 338</u>	<u>\$ 583</u>	<u>\$ 245</u>

COUNTY OF SAN LUIS OBISPO
Driving Under the Influence Program
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 11	\$ 11	\$ (13)	\$ (24)
Charges for services	1,449	1,404	823	(581)
Aid from other governments	60	60	245	185
Other revenues	2	2	56	54
Total Revenues	<u>1,522</u>	<u>1,477</u>	<u>1,111</u>	<u>(366)</u>
Expenditures:				
Current:				
Education				
Salaries, wages, and benefits	1,083	1,159	875	284
Services and supplies	419	586	450	136
Other charges	20	20	20	-
Capital outlay	-	-	2,254	(2,254)
Debt Service	-	-	30	(30)
Contingencies	51	51	-	51
Total Expenditures	<u>1,573</u>	<u>1,816</u>	<u>3,629</u>	<u>(1,813)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(51)</u>	<u>(339)</u>	<u>(2,518)</u>	<u>(2,179)</u>
Other Financing Sources (Uses):				
Leases	-	-	2,254	2,254
Transfers out	-	-	(31)	(31)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>2,223</u>	<u>2,223</u>
Net change in fund balances	(51)	(339)	(295)	44
Fund balances, beginning	<u>748</u>	<u>748</u>	<u>748</u>	<u>-</u>
Fund balances, ending	<u>\$ 697</u>	<u>\$ 409</u>	<u>\$ 453</u>	<u>\$ 44</u>

COUNTY OF SAN LUIS OBISPO
Fish and Game
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ 25	\$ 25	\$ 46	\$ 21
Use of money and property	-	-	(6)	(6)
Total Revenues	<u>25</u>	<u>25</u>	<u>40</u>	<u>15</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	34	34	8	26
Total Expenditures	<u>34</u>	<u>34</u>	<u>8</u>	<u>26</u>
Net change in fund balances	(9)	(9)	32	41
Fund balances, beginning	<u>183</u>	<u>183</u>	<u>183</u>	<u>-</u>
Fund balances, ending	<u>\$ 174</u>	<u>\$ 174</u>	<u>\$ 215</u>	<u>\$ 41</u>

COUNTY OF SAN LUIS OBISPO
Road Impact Fees
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ (278)	\$ (278)
Charges for services	-	-	1,268	1,268
Total Revenues	<u>-</u>	<u>-</u>	<u>990</u>	<u>990</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>990</u>	<u>990</u>
Other Financing Sources (Uses):				
Transfers out	(458)	(4,785)	(994)	3,791
Total Other Financing Sources (Uses)	<u>(458)</u>	<u>(4,785)</u>	<u>(994)</u>	<u>3,791</u>
Net change in fund balances	(458)	(4,785)	(4)	4,781
Fund balances, beginning	<u>11,512</u>	<u>11,512</u>	<u>11,512</u>	<u>-</u>
Fund balances, ending	<u>\$ 11,054</u>	<u>\$ 6,727</u>	<u>\$ 11,508</u>	<u>\$ 4,781</u>

COUNTY OF SAN LUIS OBISPO
Library
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 10,628	\$ 10,628	\$ 10,717	\$ 89
Use of money and property	44	44	(142)	(186)
Aid from other governments	175	175	115	(60)
Charges for services	17	17	71	54
Other revenues	15	499	378	(121)
Total Revenues	<u>10,879</u>	<u>11,363</u>	<u>11,139</u>	<u>(224)</u>
Expenditures:				
Current:				
Education				
Salaries, wages, and benefits	7,564	7,564	7,006	558
Services and supplies	4,327	6,058	4,492	1,566
Other charges	8	33	9	24
Capital outlay	-	87	87	-
Debt Service	-	-	15	(15)
Contingencies	575	575	-	575
Total Expenditures	<u>12,474</u>	<u>14,317</u>	<u>11,609</u>	<u>2,708</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,595)</u>	<u>(2,954)</u>	<u>(470)</u>	<u>2,484</u>
Other Financing Sources (Uses):				
Transfers in	640	667	668	1
Transfers out	-	-	(261)	(261)
Total Other Financing Sources (Uses)	<u>640</u>	<u>667</u>	<u>407</u>	<u>(260)</u>
Net change in fund balances	(955)	(2,287)	(63)	2,224
Fund balances, beginning	<u>5,172</u>	<u>5,172</u>	<u>5,172</u>	<u>-</u>
Fund balances, ending	<u>\$ 4,217</u>	<u>\$ 2,885</u>	<u>\$ 5,109</u>	<u>\$ 2,224</u>

COUNTY OF SAN LUIS OBISPO
Parks
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ 1	\$ 2	\$ -	\$ (2)
Use of money and property	49	49	(100)	(149)
Aid from other governments	27	733	155	(578)
Charges for services	6,029	6,102	5,993	(109)
Other revenues	18	18	109	91
Total Revenues	<u>6,124</u>	<u>6,904</u>	<u>6,157</u>	<u>(747)</u>
Expenditures:				
Current:				
Recreation and cultural services				
Salaries, wages, and benefits	3,122	3,122	2,951	171
Services and supplies	2,938	3,638	3,733	(95)
Other charges	42	312	135	177
Capital outlay	-	5,011	341	4,670
Contingencies	200	65	-	65
Total Expenditures	<u>6,302</u>	<u>12,148</u>	<u>7,160</u>	<u>4,988</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(178)</u>	<u>(5,244)</u>	<u>(1,003)</u>	<u>4,241</u>
Other Financing Sources (Uses):				
Transfers in	-	5,128	3,361	(1,767)
Transfers out	(21)	(21)	(222)	(201)
Total Other Financing Sources (Uses)	<u>(21)</u>	<u>5,107</u>	<u>3,139</u>	<u>(1,968)</u>
Net change in fund balances	(199)	(137)	2,136	2,273
Fund balances, beginning	<u>1,550</u>	<u>1,550</u>	<u>1,550</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,351</u>	<u>\$ 1,413</u>	<u>\$ 3,686</u>	<u>\$ 2,273</u>

COUNTY OF SAN LUIS OBISPO
Public Facilities Fees
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ (388)	\$ (388)
Charges for services	2,085	2,085	1,183	(902)
Total Revenues	<u>2,085</u>	<u>2,085</u>	<u>795</u>	<u>(1,290)</u>
Expenditures:				
Current:				
General government				
Salaries, wages, and benefits	-	-	-	-
Services and supplies	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,085</u>	<u>2,085</u>	<u>795</u>	<u>(1,290)</u>
Other Financing Sources (Uses):				
Transfers out	-	(13,366)	(590)	12,776
Total Other Financing Sources (Uses)	<u>-</u>	<u>(13,366)</u>	<u>(590)</u>	<u>12,776</u>
Net change in fund balances	2,085	(11,281)	205	11,486
Fund balances, beginning	<u>15,796</u>	<u>15,796</u>	<u>15,796</u>	<u>-</u>
Fund balances, ending	<u>\$ 17,881</u>	<u>\$ 4,515</u>	<u>\$ 16,001</u>	<u>\$ 11,486</u>

COUNTY OF SAN LUIS OBISPO
Roads
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,947	\$ 1,947	\$ 2,049	\$ 102
Use of money and property	150	150	(594)	(744)
Aid from other governments	18,604	28,894	25,852	(3,042)
Charges for services	214	214	358	144
Other revenues	7	304	124	(180)
Total Revenues	<u>20,922</u>	<u>31,509</u>	<u>27,789</u>	<u>(3,720)</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	20,848	26,544	34,241	(7,697)
Other charges	500	935	385	550
Capital outlay	11,490	36,971	-	36,971
Debt Service	-	-	67	(67)
Total Expenditures	<u>32,838</u>	<u>64,450</u>	<u>34,693</u>	<u>29,757</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,916)</u>	<u>(32,941)</u>	<u>(6,904)</u>	<u>26,037</u>
Other Financing Sources (Uses):				
Transfers in	10,971	15,297	11,506	(3,791)
Transfers out	(4)	(4)	(114)	(110)
Total Other Financing Sources (Uses)	<u>10,967</u>	<u>15,293</u>	<u>11,392</u>	<u>(3,901)</u>
Net change in fund balances	(949)	(17,648)	4,488	22,136
Fund balances, beginning	<u>20,162</u>	<u>20,162</u>	<u>20,162</u>	<u>-</u>
Fund balances, ending	<u>\$ 19,213</u>	<u>\$ 2,514</u>	<u>\$ 24,650</u>	<u>\$ 22,136</u>

COUNTY OF SAN LUIS OBISPO
Wildlife and Grazing
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 1	\$ 1	\$ (1)	\$ (2)
Aid from other governments	4	4	7	3
Total Revenues	<u>5</u>	<u>5</u>	<u>6</u>	<u>1</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	6	6	2	4
Total Expenditures	<u>6</u>	<u>6</u>	<u>2</u>	<u>4</u>
Net change in fund balances	(1)	(1)	4	5
Fund balances, beginning	<u>44</u>	<u>44</u>	<u>44</u>	<u>-</u>
Fund balances, ending	<u>\$ 43</u>	<u>\$ 43</u>	<u>\$ 48</u>	<u>\$ 5</u>

COUNTY OF SAN LUIS OBISPO
Flood Control Districts
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 4,097	\$ 4,097	\$ 4,290	\$ 193
Use of money and property	155	155	(540)	(695)
Aid from other governments	1,181	3,963	3,506	(457)
Charges for services	579	579	585	6
Other revenues	462	462	307	(155)
Total Revenues	<u>6,474</u>	<u>9,256</u>	<u>8,148</u>	<u>(1,108)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	9,599	12,187	4,279	7,908
Other charges	289	2,916	200	2,716
Capital outlay	248	329	-	329
Total Expenditures	<u>10,136</u>	<u>15,432</u>	<u>4,479</u>	<u>10,953</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,662)</u>	<u>(6,176)</u>	<u>3,669</u>	<u>9,845</u>
Other Financing Sources (Uses):				
Transfers in	36	419	60	(359)
Transfers out	-	-	(243)	(243)
Total Other Financing Sources (Uses)	<u>36</u>	<u>419</u>	<u>(183)</u>	<u>(602)</u>
Net change in fund balances	(3,626)	(5,757)	3,486	9,243
Fund balances, beginning	<u>19,999</u>	<u>19,999</u>	<u>19,999</u>	<u>-</u>
Fund balances, ending	<u>\$ 16,373</u>	<u>\$ 14,242</u>	<u>\$ 23,485</u>	<u>\$ 9,243</u>

COUNTY OF SAN LUIS OBISPO
Lighting Districts
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 45	\$ 45	\$ 43	\$ (2)
Use of money and property	5	5	(10)	(15)
Charges for services	9	9	12	3
Other revenues	-	-	-	-
Total Revenues	<u>59</u>	<u>59</u>	<u>45</u>	<u>(14)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	51	176	132	44
Capital outlay	-	-	-	-
Total Expenditures	<u>51</u>	<u>176</u>	<u>132</u>	<u>44</u>
Net change in fund balances	8	(117)	(87)	30
Fund balances, beginning	<u>513</u>	<u>513</u>	<u>513</u>	<u>-</u>
Fund balances, ending	<u>\$ 521</u>	<u>\$ 396</u>	<u>\$ 426</u>	<u>\$ 30</u>

COUNTY OF SAN LUIS OBISPO
County Service Areas
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,054	\$ 1,054	\$ 1,104	\$ 50
Use of money and property	28	28	(56)	(84)
Aid from other governments	4	4	4	-
Charges for services	4	4	7	3
Other revenues	3	3	6	3
Total Revenues	<u>1,093</u>	<u>1,093</u>	<u>1,065</u>	<u>(28)</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	<u>1,001</u>	<u>1,047</u>	<u>838</u>	<u>209</u>
Total Expenditures	<u>1,001</u>	<u>1,047</u>	<u>838</u>	<u>209</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>92</u>	<u>46</u>	<u>227</u>	<u>181</u>
Other Financing Sources (Uses):				
Transfers out	<u>(321)</u>	<u>(321)</u>	<u>(246)</u>	<u>75</u>
Total Other Financing Sources (Uses)	<u>(321)</u>	<u>(321)</u>	<u>(246)</u>	<u>75</u>
Net change in fund balances	(229)	(275)	(19)	256
Fund balances, beginning	<u>3,104</u>	<u>3,104</u>	<u>3,104</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,875</u>	<u>\$ 2,829</u>	<u>\$ 3,085</u>	<u>\$ 256</u>

COUNTY OF SAN LUIS OBISPO
Public Facilities Corporation
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ -	\$ 416	\$ 416
Total Revenues	<u>-</u>	<u>-</u>	<u>416</u>	<u>416</u>
Expenditures:				
Debt Service:				
Principal payments	-	-	205	(205)
Interest and fiscal charges	-	-	203	(203)
Total Expenditures	<u>-</u>	<u>-</u>	<u>408</u>	<u>(408)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>8</u>	<u>8</u>
Other Financing Sources (Uses):				
Debt issued	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>8</u>	<u>8</u>
Fund balances, beginning	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Fund balances, ending	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 11</u>	<u>\$ 8</u>

COUNTY OF SAN LUIS OBISPO
Pension Obligation Bonds
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 134	\$ 134	\$ (474)	(608)
Other revenues	13,070	13,070	685	(12,385)
Total Revenues	<u>13,204</u>	<u>13,204</u>	<u>211</u>	<u>(12,993)</u>
Expenditures:				
Debt Service:				
Principal payments	3,565	3,565	3,565	-
Interest and fiscal charges	6,087	6,087	6,087	-
Total Expenditures	<u>9,652</u>	<u>9,652</u>	<u>9,652</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,552</u>	<u>3,552</u>	<u>(9,441)</u>	<u>(12,993)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	12,910	12,910
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>12,910</u>	<u>12,910</u>
Net change in fund balances	3,552	3,552	3,469	(83)
Fund balances, beginning	<u>15,238</u>	<u>15,238</u>	<u>15,238</u>	<u>-</u>
Fund balances, ending	<u>\$ 18,790</u>	<u>\$ 18,790</u>	<u>\$ 18,707</u>	<u>\$ (83)</u>

COUNTY OF SAN LUIS OBISPO
Financing Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2022 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 8	\$ 8
Charges for services	-	-	2,694	2,694
Total Revenues	-	-	2,702	2,702
Expenditures:				
Debt Service:				
Principal payments	-	-	1,580	(1,580)
Interest and fiscal charges	-	-	1,115	(1,115)
Total Expenditures	-	-	2,695	(2,695)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	7	7
Other Financing Sources (Uses):				
Transfers out	-	-	(9,052)	(9,052)
Debt issued	-	-	-	-
Total Other Financing Sources (Uses)	-	-	(9,052)	(9,052)
Net change in fund balances	-	-	(9,045)	(9,045)
Fund balances, beginning	12,215	12,215	12,215	-
Fund balances, ending	\$ 12,215	\$ 12,215	\$ 3,170	\$ (9,045)



COUNTY
of SAN LUIS
OBISPO

**COMBINING FINANCIAL STATEMENTS
NONMAJOR ENTERPRISE FUNDS**



COUNTY
of SAN LUIS
OBISPO

NONMAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS:

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is to have the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges, or where the County has decided that revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

General Flood Control Zone – Salinas Dam

Accounts for the operation of the Salinas dam and pipeline used to deliver water to the City of San Luis Obispo from Santa Margarita Lake.

Lopez Flood Control

Accounts for the maintenance, water treatment and water distribution services of the Lopez Dam Flood Control Zone 3, which provides water to south San Luis Obispo County, and the activities of the Lopez Dam Seismic Remediation Project.

Golf

Accounts for the operations and maintenance of County-owned golf courses located in Atascadero, Morro Bay, and San Luis Obispo.

Lopez Park

Accounts for the accumulation of resources for the repayment of State loans related to the Lopez Lake recreational area.

County Service Areas

Accounts for resources used to provide for a variety of services such as street lighting, drainage, sewer and road maintenance, which are mutually exclusive of the Special Revenue Funds County Service Areas.

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2022 (IN THOUSANDS)

	General Flood Control Zone - Salinas Dam	Lopez Flood Control	Golf	Lopez Park	County Service Areas	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 3,282	\$ 10,725	\$ 1,688	\$ 25	\$ 4,865	\$ 20,585
Accounts receivable, net	-	6	10	-	413	429
Inventories	-	-	46	-	-	46
Leases receivable	-	-	74	-	-	74
Prepaid items	-	-	544	-	-	544
Deposits with others	-	-	-	-	86	86
Total current assets	3,282	10,731	2,362	25	5,364	21,764
Noncurrent assets:						
Restricted cash with fiscal agent	-	1	487	-	-	488
Leases receivable	-	-	87	-	-	87
Advances to other funds	-	-	-	40	-	40
Lease assets, net	-	-	181	-	-	181
Capital assets:						
Nondepreciable						
Land	-	2,155	1,333	-	534	4,022
Construction in progress	-	356	237	-	440	1,033
Water rights	-	-	-	-	-	-
Other property	-	1,968	-	-	-	1,968
Depreciable						
Infrastructure, net	-	19,567	5	-	1,920	21,492
Structures and improvements, net	-	31,388	7,348	-	10,012	48,748
Equipment, net	-	192	311	-	525	1,028
Other property, net	-	-	-	-	496	496
Total noncurrent assets	-	55,627	9,989	40	13,927	79,583
Total assets	3,282	66,358	12,351	65	19,291	101,347
Deferred Outflows of Resources						
Deferred pensions	-	-	581	-	-	581
Deferred OPEB	-	-	70	-	-	70
Total deferred outflows of resources	-	-	651	-	-	651
Liabilities						
Current liabilities:						
Accounts payable	262	47	130	-	54	493
Salaries and benefits payable	-	-	116	-	-	116
Deposits from others	-	285	27	-	169	481
Interest payable	-	276	24	-	24	324
Unearned revenue	-	19	-	-	-	19
Due to other funds	-	-	-	-	400	400
Accrued vacation and sick leave - current	-	-	125	-	-	125
Lease liability - current	-	-	76	-	-	76
Notes and bonds payable - current	-	2,513	381	20	274	3,188
Total current liabilities	262	3,140	879	20	921	5,222
Noncurrent liabilities:						
Advances from other funds	-	-	121	-	402	523
Accrued vacation and sick leave	-	-	116	-	-	116
Lease liability	-	-	106	-	-	106
Notes and bonds payable	-	22,587	2,309	20	5,351	30,267
Net OPEB liability	-	-	142	-	-	142
Net pension liability	-	-	2,668	-	-	2,668
Total noncurrent liabilities	-	22,587	5,462	20	5,753	33,822
Total liabilities	262	25,727	6,341	40	6,674	39,044
Deferred Inflows of Resources						
Deferred pensions	-	-	549	-	-	549
Deferred OPEB	-	-	25	-	-	25
Lease revenue	-	-	161	-	-	161
Total deferred inflows of resources	-	-	735	-	-	735
Net Position						
Net investment in capital assets	-	30,526	6,544	-	8,296	45,366
Unrestricted	3,020	10,105	(618)	25	4,321	16,853
Total net position	\$ 3,020	\$ 40,631	\$ 5,926	\$ 25	\$ 12,617	\$ 62,219

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)**

	General Flood Control Zone - Salinas Dam	Lopez Flood Control	Golf	Lopez Park	County Service Areas	Total
<u>Operating revenues</u>						
Charges for services	\$ 1,234	\$ 7,451	\$ 4,843	\$ -	\$ 4,794	\$ 18,322
Other revenues	-	-	1	-	93	94
Total operating revenues	<u>1,234</u>	<u>7,451</u>	<u>4,844</u>	<u>-</u>	<u>4,887</u>	<u>18,416</u>
<u>Operating expenses</u>						
Salaries and benefits	-	-	2,029	-	-	2,029
Services and supplies	1,500	4,387	1,491	-	4,852	12,230
Other charges	-	3	-	-	-	3
Depreciation	-	1,486	438	-	592	2,516
Amortization	-	-	76	-	-	76
Countywide cost allocation	15	89	90	-	87	281
Total operating expenses	<u>1,515</u>	<u>5,965</u>	<u>4,124</u>	<u>-</u>	<u>5,531</u>	<u>17,135</u>
Operating income (loss)	<u>(281)</u>	<u>1,486</u>	<u>720</u>	<u>-</u>	<u>(644)</u>	<u>1,281</u>
<u>Nonoperating revenues (expenses)</u>						
Property taxes	-	1,235	-	-	586	1,821
Investment expense	(79)	(264)	(45)	(2)	(125)	(515)
Interest expense	-	(946)	(87)	-	(129)	(1,162)
Sale of capital assets	-	-	(1)	-	(7)	(8)
Aid from governmental agencies	-	6	-	-	3	9
Total nonoperating revenues (expenses)	<u>(79)</u>	<u>31</u>	<u>(133)</u>	<u>(2)</u>	<u>328</u>	<u>145</u>
Income (loss) before contributions and transfers	<u>(360)</u>	<u>1,517</u>	<u>587</u>	<u>(2)</u>	<u>(316)</u>	<u>1,426</u>
Capital Contributions	-	-	-	-	-	-
Transfers in	-	-	13	1	306	320
Transfers out	-	-	(54)	-	(23)	(77)
Change in net position	<u>(360)</u>	<u>1,517</u>	<u>546</u>	<u>(1)</u>	<u>(33)</u>	<u>1,669</u>
Net position - beginning	<u>3,380</u>	<u>39,114</u>	<u>5,380</u>	<u>26</u>	<u>12,650</u>	<u>60,550</u>
Net position - ending	<u>\$ 3,020</u>	<u>\$ 40,631</u>	<u>\$ 5,926</u>	<u>\$ 25</u>	<u>\$ 12,617</u>	<u>\$ 62,219</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)**

	General Flood Control Zone - Salinas Dam	Lopez Flood Control	Golf	Lopez Park	County Service Areas	Total
Cash Flows From Operating Activities						
Receipts from customers and third parties	\$ 1,235	\$ 7,456	\$ 4,797	\$ -	\$ 4,827	\$ 18,315
Payments for goods and services	(1,289)	(4,455)	(1,578)	-	(4,989)	(12,311)
Payments to employees for services	-	-	(2,023)	-	-	(2,023)
Net cash provided (used) by operating activities	(54)	3,001	1,196	-	(162)	3,981
Cash Flows from Noncapital Financing Activities						
Property tax proceeds	-	1,235	-	-	586	1,821
Grants and subsidies from other governmental agencies	-	6	-	-	4	10
Advances from other funds	-	-	-	-	(2,665)	(2,665)
Due from other funds	-	-	-	-	-	-
Transfers from other funds	-	-	13	1	306	320
Transfers to other funds	-	-	(54)	-	(23)	(77)
Net cash provided (used) by noncapital financing activities	-	1,241	(41)	1	(1,792)	(591)
Cash Flows from Capital and Related Financing Activities						
Purchases and construction of capital assets	-	(354)	-	-	(237)	(591)
Proceeds from issuance of long-term debt	-	-	-	-	2,691	2,691
Principal paid on capital debt	-	(2,418)	(365)	-	(220)	(3,003)
Interest paid on capital debt	-	(1,025)	(89)	-	(123)	(1,237)
Net cash provided (used) by capital and related financing activities	-	(3,797)	(454)	-	2,111	(2,140)
Cash Flows from Investing Activities						
Interest received	(79)	(264)	(45)	(1)	(125)	(514)
Net cash provided (used) by investing activities	(79)	(264)	(45)	(1)	(125)	(514)
Net increase (decrease) in cash and cash equivalents	(133)	181	656	-	32	736
Cash and cash equivalents at beginning of year	3,415	10,545	1,519	25	4,833	20,337
Cash and cash equivalents at end of year	\$ 3,282	\$ 10,726	\$ 2,175	\$ 25	\$ 4,865	\$ 21,073
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ (281)	\$ 1,486	\$ 720	\$ -	\$ (644)	\$ 1,281
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation and amortization expense	-	1,486	514	-	592	2,592
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:						
(Increase) decrease in:						
Receivables, net	-	2	(61)	-	(35)	(94)
Inventory	-	-	(26)	-	-	(26)
Prepaid items	-	-	118	-	-	118
Deferred outflows - pensions	-	-	(171)	-	-	(171)
Deferred outflows - OPEB	-	-	30	-	-	30
Leases	-	-	(76)	-	-	(76)
Increase (decrease) in:						
Accounts payable	227	12	(12)	-	(53)	174
Deposits from others	-	12	14	-	3	29
Salaries and benefits payable	-	-	(9)	-	-	(9)
Deferred inflows - pensions	-	-	263	-	-	263
Deferred inflows - OPEB	-	-	17	-	-	17
Net OPEB liability	-	-	(16)	-	-	(16)
Net pension liability	-	-	(109)	-	-	(109)
Unearned revenue	-	3	-	-	(25)	(22)
Total adjustments	227	1,515	476	-	482	2,700
Net cash provided (used) by operating activities	\$ (54)	\$ 3,001	\$ 1,196	\$ -	\$ (162)	\$ 3,981

**COMBINING FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS**



COUNTY
of SAN LUIS
OBISPO

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS:

Internal Service Funds are used to account for the financing of goods and services provided by one department to other departments on a cost-reimbursement basis. Internal Service Funds used at the County are listed below:

Garage

Accounts for resources used to provide a vehicle fleet of cars, trucks, and law enforcement vehicles for use by various County departments at the lowest possible maintenance and operating costs.

Public Works

Accounts for resources used to provide comprehensive engineering services in the form of manpower, equipment and contractual services and supplies to all departments, agencies, and private citizens as requested or required by state law or local ordinance.

Insurance Funds

Account for the operations of the County's Workers' Compensation, Protected Self-Insurance, Unemployment, Dental Insurance, and Other Post-Employment Benefits (OPEB) programs.

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2022 (IN THOUSANDS)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 6,482	\$ 19,448	\$ 15,960	\$ 41,890
Accounts receivable, net	-	22	-	22
Inventories	13	599	-	612
Prepaid items	-	10	225	235
	<u>6,495</u>	<u>20,079</u>	<u>16,185</u>	<u>42,759</u>
Total current assets				
Noncurrent assets:				
Lease assets, net	-	888	-	888
Capital assets:				
Structures and improvements, net	124	211	-	335
Equipment, net	4,990	8,133	-	13,123
	<u>5,114</u>	<u>9,232</u>	<u>-</u>	<u>14,346</u>
Total noncurrent assets				
Total assets				
	<u>11,609</u>	<u>29,311</u>	<u>16,185</u>	<u>57,105</u>
<u>Deferred Outflows of Resources</u>				
Deferred pensions	380	10,876	-	11,256
Deferred OPEB	67	1,266	-	1,333
	<u>447</u>	<u>12,142</u>	<u>-</u>	<u>12,589</u>
Total deferred outflows of resources				
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	692	-	476	1,168
Salaries and benefits payable	73	1,654	-	1,727
Interest payable	-	1	-	1
Deposits from others	-	5,550	-	5,550
Self-insurance liability - current	-	-	4,714	4,714
Lease liability - current	-	112	-	112
Accrued vacation and sick leave - current	104	2,254	-	2,358
	<u>869</u>	<u>9,571</u>	<u>5,190</u>	<u>15,630</u>
Total current liabilities				
Noncurrent liabilities:				
Self-insurance liability	-	-	17,546	17,546
Lease liability	-	792	-	792
Accrued vacation and sick leave	65	628	-	693
Net OPEB liability	135	2,568	-	2,703
Net pension liability	1,746	49,965	-	51,711
	<u>1,946</u>	<u>53,953</u>	<u>17,546</u>	<u>73,445</u>
Total noncurrent liabilities				
Total liabilities				
	<u>2,815</u>	<u>63,524</u>	<u>22,736</u>	<u>89,075</u>
<u>Deferred Inflows of Resources</u>				
Deferred pensions	359	10,283	-	10,642
Deferred OPEB	24	451	-	475
	<u>383</u>	<u>10,734</u>	<u>-</u>	<u>11,117</u>
Total deferred inflows of resources				
<u>Net Position</u>				
Net investment in capital assets	5,114	8,315	-	13,429
Unrestricted	3,744	(41,120)	(6,551)	(43,927)
	<u>\$ 8,858</u>	<u>\$ (32,805)</u>	<u>\$ (6,551)</u>	<u>\$ (30,498)</u>
Total net position				

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
<u>Operating revenues</u>				
Charges for services	\$ 6,894	\$ 39,998	\$ 14,568	\$ 61,460
Other revenues	2	79	-	81
Total operating revenues	<u>6,896</u>	<u>40,077</u>	<u>14,568</u>	<u>61,541</u>
<u>Operating expenses</u>				
Salaries and benefits	929	30,584	1,021	32,534
Services and supplies	3,813	8,031	10,809	22,653
Insurance benefit payments	-	-	6,386	6,386
Depreciation	1,726	1,050	-	2,776
Amortization	-	125	-	125
Countywide cost allocation	140	172	199	511
Total operating expenses	<u>6,608</u>	<u>39,962</u>	<u>18,415</u>	<u>64,985</u>
Operating income (loss)	<u>288</u>	<u>115</u>	<u>(3,847)</u>	<u>(3,444)</u>
<u>Nonoperating revenues (expenses)</u>				
Investment income (expense)	(160)	(531)	(369)	(1,060)
Interest expense	-	(7)	-	(7)
Sale of capital assets	308	44	-	352
Other revenues (expense)	-	-	-	-
Total nonoperating revenues (expenses)	<u>148</u>	<u>(494)</u>	<u>(369)</u>	<u>(715)</u>
Income (loss) before capital contributions and transfers	436	(379)	(4,216)	(4,159)
Transfers in	79	184	246	509
Transfers out	(52)	(1,169)	-	(1,221)
Change in net position	463	(1,364)	(3,970)	(4,871)
Net position - beginning	<u>8,395</u>	<u>(31,441)</u>	<u>(2,581)</u>	<u>(25,627)</u>
Net position - ending	<u>\$ 8,858</u>	<u>\$ (32,805)</u>	<u>\$ (6,551)</u>	<u>\$ (30,498)</u>

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)

	Garage	Public Works	Combined Insurance (5 Funds)	Total
Cash Flows From Operating Activities				
Receipts from interfund billings	\$ 6,896	\$ 40,079	\$ 14,567	\$ 61,542
Payments for goods and services	(3,468)	(8,273)	(2,689)	(14,430)
Payments to employees for services	(1,478)	(30,983)	(3,248)	(35,709)
Payments for insurance benefits	-	-	(5,144)	(5,144)
Payments for premiums	-	-	(6,012)	(6,012)
Net cash provided (used) by operating activities	<u>1,950</u>	<u>823</u>	<u>(2,526)</u>	<u>247</u>
Cash Flows from Noncapital Financing Activities				
Grants and subsidies from other governmental agencies	-	-	-	-
Transfers from other funds	79	184	246	509
Transfers to other funds	(52)	(1,169)	-	(1,221)
Net cash provided (used) by noncapital financing activities	<u>27</u>	<u>(985)</u>	<u>246</u>	<u>(712)</u>
Cash Flows from Capital and Related Financing Activities				
Purchases and construction of capital assets	(1,737)	(1,260)	-	(2,997)
Proceeds from sale of capital assets	308	44	-	352
Interest paid on capital debt	-	(7)	-	(7)
Net cash provided (used) by capital and related financing activities	<u>(1,429)</u>	<u>(1,223)</u>	<u>-</u>	<u>(2,652)</u>
Cash Flows from Investing Activities				
Interest received	(160)	(531)	(369)	(1,060)
Net cash provided (used) by investing activities	<u>(160)</u>	<u>(531)</u>	<u>(369)</u>	<u>(1,060)</u>
Net increase (decrease) in cash and cash equivalents	388	(1,916)	(2,649)	(4,177)
Cash and cash equivalents at beginning of year	<u>6,094</u>	<u>21,364</u>	<u>18,609</u>	<u>46,067</u>
Cash and cash equivalents at end of year	<u>\$ 6,482</u>	<u>\$ 19,448</u>	<u>\$ 15,960</u>	<u>\$ 41,890</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 288	\$ 115	\$ (3,847)	\$ (3,444)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expense	1,726	1,175	-	2,901
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase) decrease in:				
Receivables, net	-	1	-	1
Inventory	2	3	-	5
Prepaid expenses	-	(10)	(224)	(234)
Deferred outflows - pensions	(30)	(3,085)	-	(3,115)
Deferred outflows - OPEB	35	623	-	658
Leases	-	(125)	-	(125)
Increase (decrease) in:				
Accounts payable	481	-	301	782
Deposits from others	-	62	-	62
Salaries and benefits payable	(32)	216	-	184
Deferred inflows - pensions	116	4,869	-	4,985
Deferred inflows - OPEB	16	306	-	322
Net OPEB liability	(26)	(431)	-	(457)
Net pension liability	(626)	(2,896)	-	(3,522)
Self-insurance liability	-	-	1,244	1,244
Total adjustments	<u>1,662</u>	<u>708</u>	<u>1,321</u>	<u>3,691</u>
Net cash provided (used) by operating activities	<u>\$ 1,950</u>	<u>\$ 823</u>	<u>\$ (2,526)</u>	<u>\$ 247</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS - INSURANCE
JUNE 30, 2022 (IN THOUSANDS)**

	<u>Workers' Compensation</u>	<u>Protected Self-Insurance</u>	<u>Unemployment Insurance</u>	<u>Dental Insurance</u>	<u>OPEB</u>	<u>Total</u>
<u>Assets</u>						
Current assets:						
Cash and cash equivalents	\$ 13,001	\$ 1,423	\$ 339	\$ 806	\$ 391	\$ 15,960
Prepaid expenses	225	-	-	-	-	225
Total current assets	<u>13,226</u>	<u>1,423</u>	<u>339</u>	<u>806</u>	<u>391</u>	<u>16,185</u>
Total assets	<u>13,226</u>	<u>1,423</u>	<u>339</u>	<u>806</u>	<u>391</u>	<u>16,185</u>
<u>Liabilities</u>						
Current liabilities:						
Accounts payable	209	201	-	66	-	476
Self-insurance liability	3,251	1,463	-	-	-	4,714
Total current liabilities	<u>3,460</u>	<u>1,664</u>	<u>-</u>	<u>66</u>	<u>-</u>	<u>5,190</u>
Noncurrent liabilities:						
Self-insurance liability	14,028	3,518	-	-	-	17,546
Total noncurrent liabilities	<u>14,028</u>	<u>3,518</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,546</u>
Total liabilities	<u>17,488</u>	<u>5,182</u>	<u>-</u>	<u>66</u>	<u>-</u>	<u>22,736</u>
<u>Net Position</u>						
Unrestricted	<u>(4,262)</u>	<u>(3,759)</u>	<u>339</u>	<u>740</u>	<u>391</u>	<u>(6,551)</u>
Total net position	<u>\$ (4,262)</u>	<u>\$ (3,759)</u>	<u>\$ 339</u>	<u>\$ 740</u>	<u>\$ 391</u>	<u>\$ (6,551)</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS - INSURANCE
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)**

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
<u>Operating revenues</u>						
Charges for services	\$ 5,545	\$ 4,294	\$ 440	\$ 1,782	\$ 2,507	\$ 14,568
Total operating revenues	5,545	4,294	440	1,782	2,507	14,568
<u>Operating expenses</u>						
Salaries and benefits	1,021	-	-	-	-	1,021
Services and supplies	4,511	4,058	84	281	1,875	10,809
Insurance benefit payments	2,320	1,380	175	1,807	704	6,386
Countywide cost allocation	59	140	-	-	-	199
Total operating expenses	7,911	5,578	259	2,088	2,579	18,415
Operating income (loss)	(2,366)	(1,284)	181	(306)	(72)	(3,847)
<u>Nonoperating revenues (expenses)</u>						
Investment income (expense)	(305)	(27)	(8)	(19)	(10)	(369)
Total nonoperating revenues (expenses)	(305)	(27)	(8)	(19)	(10)	(369)
Income (loss) before transfers	(2,671)	(1,311)	173	(325)	(82)	(4,216)
Transfers in	246	-	-	-	-	246
Transfers out	-	-	-	-	-	-
Change in net position	(2,425)	(1,311)	173	(325)	(82)	(3,970)
Net position - beginning	(1,837)	(2,448)	166	1,065	473	(2,581)
Net position - ending	\$ (4,262)	\$ (3,759)	\$ 339	\$ 740	\$ 391	\$ (6,551)

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS - INSURANCE
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)**

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
Cash Flows From Operating Activities						
Receipts from interfund billings	\$ 5,545	\$ 4,293	\$ 440	\$ 1,782	\$ 2,507	\$ 14,567
Payments for goods and services	(1,021)	(1,297)	(84)	(252)	(35)	(2,689)
Payments to employees for services	(3,248)	-	-	-	-	(3,248)
Payments for insurance benefits	(2,090)	(368)	(175)	(1,807)	(704)	(5,144)
Payments for premiums	(1,377)	(2,795)	-	-	(1,840)	(6,012)
Net cash provided (used) by operating activities	<u>(2,191)</u>	<u>(167)</u>	<u>181</u>	<u>(277)</u>	<u>(72)</u>	<u>(2,526)</u>
Cash Flows from Noncapital Financing Activities						
Grants and subsidies from other governmental agencies	-	-	-	-	-	-
Transfers from other funds	246	-	-	-	-	246
Transfers to other funds	-	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>246</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>246</u>
Cash Flows from Investing Activities						
Interest received (paid)	(305)	(27)	(8)	(19)	(10)	(369)
Net cash provided (used) by investing activities	<u>(305)</u>	<u>(27)</u>	<u>(8)</u>	<u>(19)</u>	<u>(10)</u>	<u>(369)</u>
Net increase (decrease) in cash and cash equivalents	(2,250)	(194)	173	(296)	(82)	(2,649)
Cash and cash equivalents at beginning of year	15,251	1,617	166	1,102	473	18,609
Cash and cash equivalents at end of year	<u>\$ 13,001</u>	<u>\$ 1,423</u>	<u>\$ 339</u>	<u>\$ 806</u>	<u>\$ 391</u>	<u>\$ 15,960</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	<u>\$ (2,366)</u>	<u>\$ (1,284)</u>	<u>\$ 181</u>	<u>\$ (306)</u>	<u>\$ (72)</u>	<u>\$ (3,847)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Changes in assets and liabilities:						
(Increase) decrease in:						
Prepaid Items	(224)	-	-	-	-	(224)
Increase (decrease) in:						
Accounts payable	168	104	-	29	-	301
Salaries and benefits payable	-	-	-	-	-	-
Self-insurance liability	231	1,013	-	-	-	1,244
Total adjustments	<u>175</u>	<u>1,117</u>	<u>-</u>	<u>29</u>	<u>-</u>	<u>1,321</u>
Net cash provided (used) by operating activities	<u>\$ (2,191)</u>	<u>\$ (167)</u>	<u>\$ 181</u>	<u>\$ (277)</u>	<u>\$ (72)</u>	<u>\$ (2,526)</u>



COUNTY
of SAN LUIS
OBISPO

**COMBINING FINANCIAL STATEMENTS
FIDUCIARY FUNDS**



COUNTY
of SAN LUIS
OBISPO

FIDUCIARY FUNDS

PENSION TRUST:

The San Luis Obispo County Pension Trust is an independent trust that administers the San Luis Obispo County Employees Retirement Plan on behalf of the County.

INVESTMENT TRUST FUNDS:

These funds are used by the County to account for the assets of legally separate entities who deposit cash with the County Treasurer. These include school and community college districts; other special districts governed by local boards, regional boards and authorities; courts 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 County combines Investment Trust Funds into four reporting types because of their similar nature: School Districts, Special Districts, Courts, and Other Local Boards.

CUSTODIAL FUNDS:

These funds account for assets held by the County as an agent for various local governments. The County has the following types of Custodial Funds:

1915 Act

Account for temporary holding of funds for tax assessment areas created under the 1915 Improvement Act.

Clearing Funds

Serve as a temporary holding fund for subsequent disposition to an outside agency or taxing authority.

Other Funds

Account for temporary holding of funds that are not specifically classified in other agency categories.

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2022 (IN THOUSANDS)**

	Clearing and Revolving Funds (92 Funds)	1915 Act Service Funds (17 Funds)	Other Custodial Funds (35 Funds)	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 85,961	\$ 134	\$ 21,316	\$ 107,411
Taxes for other governments	452	-	-	452
Other assets	3	-	3,854	3,857
Capital assets, net	-	-	17	17
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 86,416</u>	<u>\$ 134</u>	<u>\$ 25,187</u>	<u>\$ 111,737</u>
<u>LIABILITIES</u>				
Other current liabilities	\$ 66,481	\$ -	\$ 9,234	\$ 75,715
Other long-term liabilities	9	-	-	9
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 66,490</u>	<u>\$ -</u>	<u>\$ 9,234</u>	<u>\$ 75,724</u>
<u>NET POSITION</u>				
Restricted for:				
Individuals, organizations and other governments	<u>\$ 19,926</u>	<u>\$ 134</u>	<u>\$ 15,953</u>	<u>\$ 36,013</u>

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 (IN THOUSANDS)

	Clearing and Revolving Funds (92 Funds)	1915 Act Service Funds (17 Funds)	Other Custodial Funds (35 Funds)	Total
<u>ADDITIONS</u>				
Interest	\$ 486	\$ 21	\$ 283	\$ 790
Property taxes collected for other governments	221,420	49	-	221,469
Sales taxes collected for other governments	-	-	19,135	19,135
Other Income	9,884	-	2,770	12,654
Total additions	<u>231,790</u>	<u>70</u>	<u>22,188</u>	<u>254,048</u>
<u>DEDUCTIONS</u>				
Administrative expenses	26	-	1	27
Interest expenses	26,655	5	-	26,660
Payments to other local governments	1,989	3	1,244	3,236
Property taxes distributed to other governments	218,398	44	17,436	235,878
Total deductions	<u>247,068</u>	<u>52</u>	<u>18,681</u>	<u>265,801</u>
Change in net position	(15,278)	18	3,507	(11,753)
Net position - beginning, as restated	<u>35,204</u>	<u>116</u>	<u>12,446</u>	<u>47,766</u>
Net position - ending	<u>\$ 19,926</u>	<u>\$ 134</u>	<u>\$ 15,953</u>	<u>\$ 36,013</u>

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 INVESTMENT TRUST FUNDS
 JUNE 30, 2022 (IN THOUSANDS)**

	School Districts (39 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
ASSETS					
Cash and cash equivalents	\$ 444,945	\$ 34,067	\$ 1,501	\$ 30,370	\$ 510,883
Total assets	<u>\$ 444,945</u>	<u>\$ 34,067</u>	<u>\$ 1,501</u>	<u>\$ 30,370</u>	<u>\$ 510,883</u>
NET POSITION					
Net position held in trust for pool participants	<u>\$ 444,945</u>	<u>\$ 34,067</u>	<u>\$ 1,501</u>	<u>\$ 30,370</u>	<u>\$ 510,883</u>
Total Net Position	<u>\$ 444,945</u>	<u>\$ 34,067</u>	<u>\$ 1,501</u>	<u>\$ 30,370</u>	<u>\$ 510,883</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS
JUNE 30, 2022 (IN THOUSANDS)**

	School Districts (39 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<u>Additions</u>					
Contributions to pooled investments	\$ 1,134,840	\$ 12,804	\$ 14,527	\$ 50,811	\$ 1,212,982
Interest	1,989	249	-	116	2,354
Total additions	<u>1,136,829</u>	<u>13,053</u>	<u>14,527</u>	<u>50,927</u>	<u>1,215,336</u>
<u>Deductions</u>					
Distributions from investment pool	<u>1,131,456</u>	<u>27,183</u>	<u>14,347</u>	<u>52,090</u>	<u>1,225,076</u>
Total deductions	<u>1,131,456</u>	<u>27,183</u>	<u>14,347</u>	<u>52,090</u>	<u>1,225,076</u>
Change in net position	5,373	(14,130)	180	(1,163)	(9,740)
Net position - beginning	<u>439,572</u>	<u>48,197</u>	<u>1,321</u>	<u>31,533</u>	<u>520,623</u>
Net position - ending	<u>\$ 444,945</u>	<u>\$ 34,067</u>	<u>\$ 1,501</u>	<u>\$ 30,370</u>	<u>\$ 510,883</u>



COUNTY
of SAN LUIS
OBISPO

**GENERAL FUND
DETAIL BUDGETARY COMPARISON SCHEDULES**



COUNTY
of SAN LUIS
OBISPO

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2022

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>General Government - Expenditures</u>				
<u>Legislative and Administrative</u>				
Administrative Office:				
Salaries, wages, and benefits	\$ 2,752	\$ 2,808	\$ 2,424	\$ 384
Services and supplies	1,169	8,541	3,236	5,305
Other charges	-	4,346	-	4,346
Expenditure transfers and reimbursements	(110)	(110)	(105)	(5)
Total	<u>3,811</u>	<u>15,585</u>	<u>5,555</u>	<u>10,030</u>
Board of Supervisors:				
Salaries, wages, and benefits	1,563	1,692	1,616	76
Services and supplies	209	193	162	31
Expenditure transfers and reimbursements	(38)	(38)	(38)	-
Total	<u>1,734</u>	<u>1,847</u>	<u>1,740</u>	<u>107</u>
Clerk/Recorder:				
Salaries, wages, and benefits	2,666	2,666	2,451	215
Services and supplies	1,332	2,052	1,758	294
Capital outlay	-	413	9	404
Expenditure transfers and reimbursements	(1)	(1)	-	(1)
Total	<u>3,997</u>	<u>5,130</u>	<u>4,218</u>	<u>912</u>
Communications & Outreach:				
Salaries, wages, and benefits	124	140	133	7
Services and supplies	21	42	32	10
Total	<u>145</u>	<u>182</u>	<u>165</u>	<u>17</u>
Total Legislative and Administrative	<u>9,687</u>	<u>22,744</u>	<u>11,678</u>	<u>11,066</u>
<u>Finance</u>				
Assessor:				
Salaries, wages, and benefits	9,972	10,363	9,520	843
Services and supplies	1,116	1,157	928	229
Total	<u>11,088</u>	<u>11,520</u>	<u>10,448</u>	<u>1,072</u>
Auditor-Controller-Treasurer-Tax Collector				
Public Administrator:				
Salaries, wages, and benefits	8,090	8,258	8,056	202
Services and supplies	741	894	580	314
Capital outlay	-	11	11	-
Expenditure transfers and reimbursements	(20)	(20)	(18)	(2)
Total	<u>8,811</u>	<u>9,143</u>	<u>8,629</u>	<u>514</u>
Total Finance	<u>19,899</u>	<u>20,663</u>	<u>19,077</u>	<u>1,586</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2022

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>General Government - Expenditures</u> (continued)				
<u>Counsel</u>				
County Counsel:				
Salaries, wages, and benefits	\$ 4,162	\$ 4,258	\$ 3,990	\$ 268
Services and supplies	1,031	2,150	1,641	509
Total Counsel	<u>5,193</u>	<u>6,408</u>	<u>5,631</u>	<u>777</u>
<u>Personnel</u>				
Personnel:				
Salaries, wages, and benefits	5,289	5,680	5,374	306
Services and supplies	2,561	3,086	2,286	800
Expenditure transfers and reimbursement	(1,161)	(1,314)	(1,195)	(119)
Total Personnel	<u>6,689</u>	<u>7,452</u>	<u>6,465</u>	<u>987</u>
Talent Development:				
Salaries, wages, and benefits	229	229	215	14
Services and supplies	443	527	370	157
Expenditure transfers and reimbursement	(6)	(6)	-	(6)
Total Talent Development	<u>666</u>	<u>750</u>	<u>585</u>	<u>165</u>
Total Personnel	<u>7,355</u>	<u>8,202</u>	<u>7,050</u>	<u>1,152</u>
<u>Property Management</u>				
Facilities Management:				
Salaries, wages, and benefits	4,921	4,921	4,614	307
Services and supplies	4,086	4,267	3,991	276
Expenditure transfers and reimbursements	(2,117)	(2,117)	(2,204)	87
Total	<u>6,890</u>	<u>7,071</u>	<u>6,401</u>	<u>670</u>
Maintenance Projects:				
Services and supplies	3,872	11,305	3,352	7,953
Total	<u>3,872</u>	<u>11,305</u>	<u>3,352</u>	<u>7,953</u>
Central Services				
Salaries, wages, and benefits	1,991	2,133	2,004	129
Services and supplies	3,301	3,393	927	2,466
Other charges	110	110	110	-
Expenditure transfers and reimbursements	(515)	(515)	(715)	200
Total	<u>4,887</u>	<u>5,121</u>	<u>2,326</u>	<u>2,795</u>
Total Property Management	<u>15,649</u>	<u>23,497</u>	<u>12,079</u>	<u>11,418</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2022

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>General Government - Expenditures</u> (continued)				
<u>Other General</u>				
Information Technology:				
Salaries, wages, and benefits	\$ 13,756	\$ 14,040	\$ 13,469	\$ 571
Services and supplies	5,074	6,027	4,948	1,079
Capital outlay	-	97	56	41
Expenditure transfers and reimbursements	(6,326)	(5,819)	(5,829)	10
Total	<u>12,504</u>	<u>14,345</u>	<u>12,644</u>	<u>1,701</u>
Non-Department Financing Uses:				
Services and supplies	-	1,938	-	1,938
Other Charges	-	-	-	-
Expenditure transfers and reimbursements	(15,387)	(15,387)	(15,529)	142
Total	<u>(15,387)</u>	<u>(13,449)</u>	<u>(15,529)</u>	<u>2,080</u>
Contributions to Other Agencies:				
Services and supplies	1,894	2,149	1,849	300
Total	<u>1,894</u>	<u>2,149</u>	<u>1,849</u>	<u>300</u>
Non-Department Other:				
Services and supplies	591	610	425	185
Total	<u>591</u>	<u>610</u>	<u>425</u>	<u>185</u>
Total Other General	<u>(398)</u>	<u>3,655</u>	<u>(611)</u>	<u>4,266</u>
Total General Government	<u>57,385</u>	<u>85,169</u>	<u>54,904</u>	<u>30,265</u>
<u>Public Protection - Expenditures</u>				
<u>Judicial</u>				
Court Operations Fund:				
Other charges	2,427	2,527	2,414	113
Total	<u>2,427</u>	<u>2,527</u>	<u>2,414</u>	<u>113</u>
District Attorney:				
Salaries, wages, and benefits	19,282	19,505	18,535	970
Services and supplies	2,387	2,608	2,479	129
Capital outlay	-	7	7	-
Expenditure transfers and reimbursements	(26)	(26)	(24)	(2)
Total	<u>21,643</u>	<u>22,094</u>	<u>20,997</u>	<u>1,097</u>
Child Support Services:				
Salaries, wages, and benefits	4,176	4,176	3,201	975
Services and supplies	840	840	467	373
Total	<u>5,016</u>	<u>5,016</u>	<u>3,668</u>	<u>1,348</u>
Grand Jury:				
Salaries, wages, and benefits	40	40	22	18
Services and supplies	85	90	56	34
Expenditure transfers and reimbursements	-	-	(8)	8
Total	<u>125</u>	<u>130</u>	<u>70</u>	<u>60</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2022

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Public Protection - Expenditures</u> (continued)				
<u>Judicial</u> (continued)				
Public Defender:				
Services and supplies	\$ 7,729	\$ 8,327	\$ 8,205	\$ 122
Total	<u>7,729</u>	<u>8,327</u>	<u>8,205</u>	<u>122</u>
 Total Judicial	 <u>36,940</u>	 <u>38,094</u>	 <u>35,354</u>	 <u>2,740</u>
<u>Police Protection</u>				
Sheriff-Coroner:				
Salaries, wages, and benefits	74,351	77,168	74,642	2,526
Services and supplies	14,639	15,306	14,992	314
Other charges	40	867	195	672
Capital outlay	264	844	616	228
Capital outlay - leases	-	-	1,974	(1,974)
Expenditure transfers and reimbursements	(1,031)	(1,051)	(1,123)	72
Total Police Protection	<u>88,263</u>	<u>93,134</u>	<u>91,296</u>	<u>1,838</u>
<u>Detention and Correction</u>				
Probation Department:				
Salaries, wages, and benefits	21,375	21,710	19,415	2,295
Services and supplies	5,803	6,658	5,463	1,195
Expenditure transfers and reimbursements	(252)	(252)	(254)	2
Total Detention and Correction	<u>26,926</u>	<u>28,116</u>	<u>24,624</u>	<u>3,492</u>
<u>Fire Protection</u>				
County Fire:				
Services and supplies	27,131	27,583	24,916	2,667
Capital outlay	3,082	5,230	1,414	3,816
Expenditure transfers and reimbursements	-	-	(1)	1
Total Fire Protection	<u>30,213</u>	<u>32,813</u>	<u>26,329</u>	<u>6,484</u>
<u>Protective Inspection</u>				
Agricultural Commissioner:				
Salaries, wages, and benefits	6,326	6,368	6,062	306
Services and supplies	882	898	869	29
Other charges	31	31	-	31
Capital outlay	-	41	-	41
Expenditure transfers and reimbursements	(2)	(2)	(2)	-
Total Protective Inspection	<u>7,237</u>	<u>7,336</u>	<u>6,929</u>	<u>407</u>
<u>Other Protection</u>				
Animal Services:				
Salaries, wages, and benefits	2,177	1,969	1,746	223
Services and supplies	1,144	1,353	1,111	242
Capital outlay	-	5	-	5
Total	<u>3,321</u>	<u>3,327</u>	<u>2,857</u>	<u>470</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2022

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Public Protection - Expenditures</u> (continued)				
<u>Other Protection</u> (continued)				
Emergency Services:				
Salaries, wages, and benefits	\$ 1,152	\$ 1,168	\$ 1,012	\$ 156
Services and supplies	647	1,076	1,131	(55)
Other charges	451	658	405	253
Capital outlay	-	282	45	237
Expenditure transfers and reimbursements	-	-	(1)	1
Total	<u>2,250</u>	<u>3,184</u>	<u>2,592</u>	<u>592</u>
Planning Department:				
Salaries, wages, and benefits	15,001	14,803	13,102	1,701
Services and supplies	2,671	4,912	2,499	2,413
Other Charges	-	130	6	124
Capital outlay - leases	-	-	353	(353)
Expenditure transfers and reimbursements	-	-	(24)	24
Total	<u>17,672</u>	<u>19,845</u>	<u>15,936</u>	<u>3,909</u>
Waste Management:				
Services and supplies	2,470	2,184	1,798	386
Other charges	--	632	52	580
Total	<u>2,470</u>	<u>2,816</u>	<u>1,850</u>	<u>966</u>
Total Other Protection	<u>25,713</u>	<u>29,172</u>	<u>23,235</u>	<u>5,937</u>
Total Public Protection	<u>215,292</u>	<u>228,665</u>	<u>207,767</u>	<u>20,898</u>
<u>Public Ways and Facilities - Expenditures</u>				
<u>Public Works:</u>				
Services and supplies	5,811	6,173	3,246	2,927
Other charges	-	425	147	278
Total	<u>5,811</u>	<u>6,598</u>	<u>3,393</u>	<u>3,205</u>
<u>Groundwater Sustainability</u>				
Salaries, wages, and benefits	-	175	144	31
Services and supplies	-	1,226	104	1,122
Capital outlay	-	20	19	1
Total	<u>-</u>	<u>1,421</u>	<u>267</u>	<u>1,154</u>
Total Public Ways and Facilities	<u>5,811</u>	<u>8,019</u>	<u>3,660</u>	<u>4,359</u>
<u>Health and Sanitation - Expenditures</u>				
<u>Health</u>				
Public Health:				
Salaries, wages, and benefits	29,650	32,518	28,420	4,098
Services and supplies	12,321	20,411	18,622	1,789
Other charges	1,034	2,041	1,183	858
Capital outlay	-	1,026	450	576
Capital outlay - leases	-	-	12,535	(12,535)
Expenditure transfers and reimbursements	(7,579)	(11,908)	(11,376)	(532)
Total	<u>35,426</u>	<u>44,088</u>	<u>49,834</u>	<u>(5,746)</u>

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2022

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Health and Sanitation - Expenditures</u> (continued)				
<u>Health</u> (continued)				
Behavioral Health:				
Salaries, wages, and benefits	\$ 39,551	\$ 39,138	\$ 34,553	\$ 4,585
Services and supplies	50,011	58,396	51,657	6,739
Other charges	2,070	2,268	2,115	153
Capital outlay - leases	-	-	13,834	(13,834)
Expenditure transfers and reimbursements	(1,962)	(2,348)	(1,963)	(385)
Total	<u>89,670</u>	<u>97,454</u>	<u>100,196</u>	<u>(2,742)</u>
Total Health	<u>125,096</u>	<u>141,542</u>	<u>150,030</u>	<u>(8,488)</u>
Total Health and Sanitation	<u>125,096</u>	<u>141,542</u>	<u>150,030</u>	<u>(8,488)</u>
<u>Public Assistance - Expenditures</u>				
<u>Administration</u>				
Department of Social Services:				
Salaries, wages, and benefits	58,586	59,336	53,602	5,734
Services and supplies	21,140	23,381	20,467	2,914
Other charges	13,447	26,307	13,046	13,261
Capital outlay	65	65	38	27
Expenditure transfers and reimbursements	(63)	(43)	(126)	83
Total Administration	<u>93,175</u>	<u>109,046</u>	<u>87,027</u>	<u>22,019</u>
<u>Aid Programs</u>				
Aid Foster Care Non-Fed:				
Services and supplies	92	92	92	-
Other charges	28,515	29,162	23,246	5,916
Expenditure transfers and reimbursement	(238)	(238)	-	(238)
Total	<u>28,369</u>	<u>29,016</u>	<u>23,338</u>	<u>5,678</u>
Calworks Assistance:				
Other charges	11,163	11,985	11,298	687
Total	<u>11,163</u>	<u>11,985</u>	<u>11,298</u>	<u>687</u>
Total Aid Programs	<u>39,532</u>	<u>41,001</u>	<u>34,636</u>	<u>6,365</u>
<u>General Relief</u>				
General Relief:				
Other charges	1,716	1,716	1,687	29
Total General Relief	<u>1,716</u>	<u>1,716</u>	<u>1,687</u>	<u>29</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2022

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Public Assistance - Expenditures</u> (continued)				
<u>Veterans Service</u>				
Veterans Service:				
Salaries, wages, and benefits	\$ 840	\$ 876	\$ 783	\$ 93
Services and supplies	88	115	102	13
Expenditure transfers and reimbursements	-	-	(5)	5
Total Veterans Service	928	991	880	111
<u>Other Assistance</u>				
Law Enforcement Med Care:				
Salaries, wages, and benefits	252	253	245	8
Services and supplies	8,841	9,048	8,469	579
Expenditure transfers and reimbursements	(232)	(232)	(232)	-
Total Other Assistance	8,861	9,069	8,482	587
Total Public Assistance	144,212	161,823	132,712	29,111
<u>Education - Expenditures</u>				
<u>Agricultural Education</u>				
UC Cooperative Extension				
Salaries, wages, and benefits	528	543	420	123
Services and supplies	107	118	99	19
Total Agricultural Education	635	661	519	142
Total Education	635	661	519	142
<u>Recreation and Culture - Expenditures</u>				
<u>Community Parks</u>				
Salaries, wages, and benefits	3,330	3,330	3,158	172
Services and supplies	1,977	2,190	2,116	74
Capital outlay	90	3,262	3	3,259
Other Charges	108	158	146	12
Expenditure transfers and reimbursements	(196)	(196)	(163)	(33)
Total Community Parks	5,309	8,744	5,260	3,484
Total Recreation and Culture	5,309	8,744	5,260	3,484
<u>Debt Service</u>				
Debt service: principal	-	-	3,542	(3,542)
Debt service: interest	-	-	448	(448)
Total Debt Service	-	-	3,990	(3,990)
Total General Fund - Expenditures (Before Contingencies)	553,740	634,623	558,842	75,781

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2022

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Contingencies</u>				
<u>Appropriation for Contingencies</u>				
Contingencies - General Fund:				
Appropriation for contingency	\$ 29,842	\$ 23,017	\$ -	\$ 23,017
Total	<u>29,842</u>	<u>23,017</u>	<u>-</u>	<u>23,017</u>
 Total Appropriation for Contingency	 <u>29,842</u>	 <u>23,017</u>	 <u>-</u>	 <u>23,017</u>
 Total Contingency	 <u>29,842</u>	 <u>23,017</u>	 <u>-</u>	 <u>23,017</u>
 Total General Fund Expenditures	 <u>\$ 583,582</u>	 <u>\$ 657,640</u>	 <u>\$ 558,842</u>	 <u>\$ 98,798</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures

Uses/outflows of resources

Actual amounts (budgetary basis) from the Budget to Actual Comparison Schedule

\$ 558,842

Differences - budget to GAAP:

Expenditures by funds no longer meeting the special revenue fund classification which are presented with the General Fund for financial reporting purposes

8,840

Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

\$ 567,682

STATISTICAL SECTION



COUNTY
of SAN LUIS
OBISPO

COUNTY OF SAN LUIS OBISPO

Statistical Section

This part of the County of San Luis Obispo’s (County) comprehensive annual financial report presents detailed information as a context for understanding this year’s financial statements, note disclosures, and required supplementary information.

	Page
Financial Trends Information	
These schedules contain trend information that may assist the reader in assessing the County’s current financial performance by placing it in historical perspective	154
Revenue Capacity Information	
These schedules contain information that may assist the reader in assessing the viability of the County’s two most significant local revenue sources: property taxes and sales taxes	159
Debt Capacity Information	
These schedules present information that may assist the reader in analyzing the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future	164
Demographic and Economic Information	
These schedules offer economic and demographic indicators that are commonly used for financial analysis and that can enhance a reader’s understanding of the County’s present and ongoing financial status	167
Operating Information	
These schedules contain service and infrastructure indicators about how the information in the County’s financial statements relates to the services the County provides and the activities it performs	169

County of San Luis Obispo
Net Position by Component
Last Ten Fiscal Years
(In Thousands)
(UNAUDITED)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Governmental Activities										
Net investment in capital assets	\$ 1,103,924	\$ 1,112,934	\$ 1,130,241	\$ 1,168,573	\$ 1,178,967	\$ 1,185,073	\$ 1,188,830	\$ 1,202,709	\$ 1,210,972	\$ 1,216,907
Restricted	28,863	43,109	37,722	41,230	64,822	29,836	41,281	66,655	104,024	98,489
Unrestricted	304,257	325,113	(150,074)	(170,962)	(226,970)	(217,606)	(220,206)	(286,622)	(248,517)	(193,229)
Total governmental activities net position	<u>\$ 1,437,044</u>	<u>\$ 1,481,156</u>	<u>\$ 1,017,889</u>	<u>\$ 1,038,841</u>	<u>\$ 1,016,819</u>	<u>\$ 997,303</u>	<u>\$ 1,009,905</u>	<u>\$ 982,742</u>	<u>\$ 1,066,479</u>	<u>\$ 1,122,167</u>
Business-Type Activities										
Net investment in capital assets	\$ 167,138	\$ 188,485	\$ 213,455	\$ 237,157	\$ 270,246	\$ 283,410	\$ 285,888	\$ 288,781	\$ 283,512	\$ 296,939
Unrestricted	58,433	98,097	97,173	93,158	85,316	73,113	83,039	94,335	110,255	119,269
Total business-Type activities net position	<u>\$ 225,571</u>	<u>\$ 286,582</u>	<u>\$ 310,628</u>	<u>\$ 330,315</u>	<u>\$ 355,562</u>	<u>\$ 356,523</u>	<u>\$ 368,927</u>	<u>\$ 383,116</u>	<u>\$ 393,767</u>	<u>\$ 416,208</u>
Total Primary Government										
Net investment in capital assets	\$ 1,271,062	\$ 1,301,419	\$ 1,343,696	\$ 1,405,730	\$ 1,449,213	\$ 1,468,483	\$ 1,474,718	\$ 1,491,490	\$ 1,494,484	\$ 1,513,846
Restricted	28,863	43,109	37,722	41,230	64,822	29,836	41,281	66,655	104,024	95,653
Unrestricted	362,690	423,210	(52,901)	(77,804)	(141,654)	(144,493)	(137,167)	(192,287)	(138,262)	(71,124)
Total primary government net position	<u>\$ 1,662,615</u>	<u>\$ 1,767,738</u>	<u>\$ 1,328,517</u>	<u>\$ 1,369,156</u>	<u>\$ 1,372,381</u>	<u>\$ 1,353,826</u>	<u>\$ 1,378,832</u>	<u>\$ 1,365,858</u>	<u>\$ 1,460,246</u>	<u>\$ 1,538,375</u>

Note:

With the implementation of GASB Statement No. 68, which required the presentation of the County's net pension obligation, Unrestricted Net Position became negative.

Sources:

Statement of Net Position beginning in FY 2012-13 and ongoing

County of San Luis Obispo
Changes in Net Position
Last Ten Fiscal Years
(In Thousands)
(UNAUDITED)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Program Expenses										
Governmental Activities										
General government	\$ 34,507	\$ 36,866	\$ 45,598	\$ 53,282	\$ 56,390	\$ 56,858	\$ 54,434	\$ 53,926	\$ 55,612	\$ 54,592
Public protection	142,353	148,135	162,432	170,134	187,255	183,814	213,809	241,749	204,861	204,993
Public ways and facilities	28,474	28,253	34,136	33,418	32,098	41,606	34,202	33,199	36,017	35,995
Health and sanitation	69,222	74,313	78,137	88,326	99,150	103,822	119,259	113,463	121,358	132,713
Public assistance	97,929	99,449	110,470	118,089	125,102	122,753	131,432	132,868	134,476	132,751
Education	9,922	9,611	9,457	11,934	12,787	12,754	12,698	14,322	14,213	11,930
Recreation and cultural services	9,735	7,745	9,755	8,702	10,385	8,927	11,891	11,501	10,497	12,310
Interest on long term debt	6,041	5,270	5,124	4,602	4,555	11,840	1,468	7,057	9,645	7,947
Total Governmental Activities Expenses	398,183	409,642	455,109	488,487	527,722	542,374	579,193	608,085	586,679	593,231
Business-Type Activities Expenses										
Airport	5,435	5,664	6,187	6,117	6,391	7,966	8,398	10,133	9,146	11,366
Golf	2,779	2,608	2,968	3,131	3,111	3,297	3,491	3,347	3,869	4,231
State Water Contract	5,536	5,992	6,351	5,848	5,571	5,909	6,973	7,709	6,928	5,924
Nacimiento Water Contract	14,738	13,840	15,776	14,888	14,191	14,044	14,318	13,257	14,816	13,889
Lopez Flood Control	6,548	6,116	6,128	6,220	6,387	7,072	7,004	6,733	7,087	6,941
Lopez Park	-	-	4	4	4	3	3	2	1	-
General Flood Control Zone - Salinas Dam	746	809	845	824	851	1,056	1,142	913	1,170	1,521
County Service Areas	3,779	3,857	4,194	4,065	4,218	4,445	4,747	4,670	4,697	5,636
Los Osos Wastewater	344	231	235	3,807	10,322	10,918	11,544	11,636	11,581	11,663
Total Business-Type Activities Expenses	39,905	39,117	42,688	44,904	51,046	54,710	57,620	58,400	59,295	61,171
Total Primary Government Expenses	\$ 438,088	\$ 448,759	\$ 497,797	\$ 533,391	\$ 578,768	\$ 597,084	\$ 636,813	\$ 666,485	\$ 645,974	\$ 654,402
Program Revenues										
Governmental Activities										
Fees, Fines, Charges for Services										
General government	\$ 16,575	\$ 14,678	\$ 12,407	\$ 13,702	\$ 14,839	\$ 12,937	\$ 13,484	\$ 12,967	\$ 15,502	\$ 14,414
Public protection	16,352	23,035	20,774	20,768	21,231	23,666	22,946	21,291	23,552	23,648
Public ways and facilities	5,465	4,356	4,255	9,434	7,462	6,155	5,721	4,797	5,532	4,343
Health and sanitation	5,196	6,570	6,631	7,179	6,757	7,501	7,698	8,571	8,038	8,022
Public assistance	2,920	2,070	2,077	2,107	2,032	1,763	1,194	1,155	926	950
Education	3,583	1,723	2,998	1,952	1,644	2,006	1,943	2,193	1,622	1,315
Recreation and cultural services	4,435	4,537	5,056	4,975	5,127	5,592	5,515	4,295	5,714	6,113
Operating Grants and Contributions										
General government	122	252	54	735	748	321	200	685	789	2,058
Public protection	50,477	54,233	62,359	63,528	52,205	58,184	59,592	59,974	67,187	76,907
Public ways and facilities	15,018	14,688	14,145	11,025	9,918	11,506	10,485	11,302	11,073	14,279
Health and sanitation	55,064	57,344	62,338	61,950	67,626	76,494	76,211	74,699	91,988	107,891
Public assistance	87,912	89,640	94,775	98,414	102,784	105,848	107,758	114,525	113,555	123,834
Education	175	102	105	124	132	173	143	204	219	374
Recreation and cultural services	350	-	131	153	273	671	200	230	271	511
Capital Grants and Contributions										
General government	8	69	156	45	-	349	930	-	-	-
Public protection	-	3,315	9,701	4,420	7,820	656	1,197	1,799	3,814	43
Public ways and facilities	3,479	5,570	6,435	6,031	6,655	8,893	14,361	17,732	12,856	11,993
Health and sanitation	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	267	-	-
Recreation and cultural services	50	282	1,776	10,804	1,157	191	28	86	189	413
Total Governmental Activities	267,181	282,464	306,173	317,346	308,410	322,906	329,606	336,772	362,827	397,108

Source: Statement of Activities

(continued)

County of San Luis Obispo
Changes in Net Position
Last Ten Fiscal Years
(In Thousands)
(UNAUDITED)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-2018	2018-19	2019-20	2020-21	2021-22
Business-Type Activities										
Fees, Fines, Charges for Services										
Airport	\$ 4,053	\$ 4,493	\$ 4,883	\$ 5,165	\$ 5,662	\$ 7,158	\$ 8,947	\$ 8,300	\$ 6,140	\$ 9,314
Golf	2,639	2,779	2,967	2,589	2,291	2,584	2,717	2,750	4,376	4,843
State Water Contract	6,185	6,358	6,562	6,846	5,941	6,110	7,656	7,825	7,470	6,846
Nacimiento Water Contract	13,800	13,685	9,682	17,048	15,149	15,709	16,947	16,732	17,458	16,696
Lopez Flood Control	6,174	6,123	6,208	6,530	6,708	6,677	7,148	6,978	6,927	7,451
Lopez Park	-	-	-	-	-	-	-	-	-	-
General Flood Control Zone - Salinas Dam	730	861	794	960	904	909	913	2,884	1,370	1,234
County Service Areas	3,352	3,312	3,408	-	2,301	3,662	3,894	4,492	4,702	4,739
Los Osos Wastewater	-	-	-	3,551	3,620	4,467	5,100	5,245	5,324	7,129
Operating Grants and Contributions										
Airport	132	127	126	126	126	396	328	4,644	7,580	5,823
Golf	-	-	269	-	1,017	-	-	-	105	-
State Water Contract	13	13	13	13	14	14	14	14	15	14
Nacimiento Water Contract	29	12	9	9	-	6	-	-	-	-
Lopez Flood Control	15	8	8	8	-	7	5	5	6	6
Lopez Park	-	-	-	-	-	-	-	-	-	-
General Flood Control Zone - Salinas Dam	-	-	-	-	-	-	26	-	-	-
County Service Areas	3	3	211	295	3	3	13	3	3	3
Los Osos Wastewater	1	-	-	2,810	18	-	-	-	-	-
Capital Grants and Contributions										
Airport	572	1,770	365	7,069	15,379	2,211	3,139	505	1,138	12,259
Nacimiento Water Contract	-	-	-	-	-	24	-	-	200	-
County Service Areas	294	2	-	-	-	-	-	-	-	-
Los Osos Wastewater	35,717	57,507	26,385	4,157	10,086	2,982	4,860	2,618	2,546	2,847
Total Business-Type Activities Revenues	73,709	97,053	61,890	57,176	69,219	52,919	61,707	62,995	65,360	79,204
Total Primary Government Revenues	\$ 340,890	\$ 379,517	\$ 368,063	\$ 374,522	\$ 377,629	\$ 375,825	\$ 391,313	\$ 399,767	\$ 428,187	\$ 476,312

Net (Expense)/Revenues

Governmental Activities	\$ (131,002)	\$ (127,178)	\$ (148,936)	\$ (171,141)	\$ (219,312)	\$ (219,468)	\$ (249,587)	\$ (271,313)	\$ (223,852)	\$ (196,123)
Business-Type Activities	33,804	57,936	19,202	12,272	18,173	(1,791)	4,087	4,595	6,065	18,033
Total Primary Government net expense	\$ (97,198)	\$ (69,242)	\$ (129,734)	\$ (158,869)	\$ (201,139)	\$ (221,259)	\$ (245,500)	\$ (266,718)	\$ (217,787)	\$ (178,090)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-2018	2018-19	2019-20	2020-21	2021-22
General Revenue and Other Changes in Net Position										
Governmental Activities										
Property taxes	\$ 143,182	\$ 152,256	\$ 155,374	\$ 163,367	\$ 173,153	\$ 180,051	\$ 189,689	\$ 198,927	\$ 208,371	\$ 216,107
Other taxes	23,940	22,088	22,984	21,953	23,072	25,708	27,224	27,878	34,440	41,804
Interest and investment income	733	599	3,174	4,401	3,289	3,171	12,952	12,849	696	(16,312)
Unrestricted grants	3,537	1,727	13,327	3,140	63	2,740	2,115	3,845	41,157	9,001
Other revenues	4	-	-	-	5	2	35,445	1,144	4,813	1,424
Transfers	(166)	(790)	(2,676)	(768)	(2,292)	2,267	(625)	(493)	282	(213)
Special item	-	(2,800)	-	-	-	-	-	-	-	-
Total Governmental Activities	171,230	173,080	192,183	192,093	197,290	213,939	266,800	244,150	289,759	251,811
Business-Type Activities										
Property taxes	4,145	4,402	4,782	4,782	3,814	3,858	3,912	4,043	4,387	4,380
Other taxes	29	32	-	-	-	-	-	-	-	-
Interest and investment income	385	595	659	847	630	1,272	1,590	2,169	405	(1,333)
Other revenues	160	40	183	268	338	-	574	2,889	76	1,148
Transfers	166	790	2,676	768	2,292	(2,267)	625	493	(282)	213
Total Business-Type Activities	4,885	5,859	8,300	6,665	7,074	2,863	6,701	9,594	4,586	4,408
Total Primary Government	\$ 176,115	\$ 178,939	\$ 200,483	\$ 198,758	\$ 204,364	\$ 216,802	\$ 273,501	\$ 253,744	\$ 294,345	\$ 256,219
Change in Net Position										
Governmental Activities	\$ 40,228	\$ 45,902	\$ 43,247	\$ 20,952	\$ (22,022)	\$ (5,529)	\$ 17,213	\$ (27,163)	\$ 65,907	\$ 55,688
Business-Type Activities	38,689	63,795	27,502	18,937	25,247	1,072	10,788	14,189	10,651	22,441
Total Primary Government	\$ 78,917	\$ 109,697	\$ 70,749	\$ 39,889	\$ 3,225	\$ (4,457)	\$ 28,001	\$ (12,974)	\$ 76,558	\$ 78,129

Source: Statement of Activities

County of San Luis Obispo
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(In Thousands)
(UNAUDITED)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
General Fund										
Nonspendable	\$ 3,092	\$ 779	\$ 5,089	\$ 3,454	\$ 3,535	\$ 18,511	\$ 19,222	\$ 18,734	\$ 9,861	\$ 6,655
Restricted	4,005	3,214	2,945	2,872	2,649	10,083	12,276	10,915	24,212	26,060
Committed	96,365	116,940	138,140	168,619	164,492	152,501	169,846	175,455	194,669	214,112
Assigned	104,237	118,248	125,112	122,925	126,596	107,145	127,007	119,426	173,558	190,037
Unassigned	-	-	-	-	-	-	-	-	-	-
Total General Fund	<u>\$ 207,699</u>	<u>\$ 239,181</u>	<u>\$ 271,286</u>	<u>\$ 297,870</u>	<u>\$ 297,272</u>	<u>\$ 288,240</u>	<u>\$ 328,351</u>	<u>\$ 324,530</u>	<u>\$ 402,300</u>	<u>\$ 436,864</u>
All Other Governmental Funds										
Nonspendable	\$ 596	\$ -	\$ 920	\$ 3,776	\$ 3	\$ 24	\$ 36	\$ 4	\$ 6	\$ 9
Restricted	18,311	20,164	20,563	21,317	24,192	24,750	33,496	57,057	58,106	54,520
Committed	65,903	74,240	78,508	61,926	94,904	62,307	66,616	67,593	88,636	96,623
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	(486)	-	-	(3,038)	-	-	-	-
Total All Other Governmental Funds	<u>\$ 84,810</u>	<u>\$ 94,404</u>	<u>\$ 99,505</u>	<u>\$ 87,019</u>	<u>\$ 119,099</u>	<u>\$ 84,043</u>	<u>\$ 100,148</u>	<u>\$ 124,654</u>	<u>\$ 146,748</u>	<u>\$ 151,152</u>

Source: Balance Sheet - Governmental Funds

County of San Luis Obispo
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(In Thousands)
(UNAUDITED)

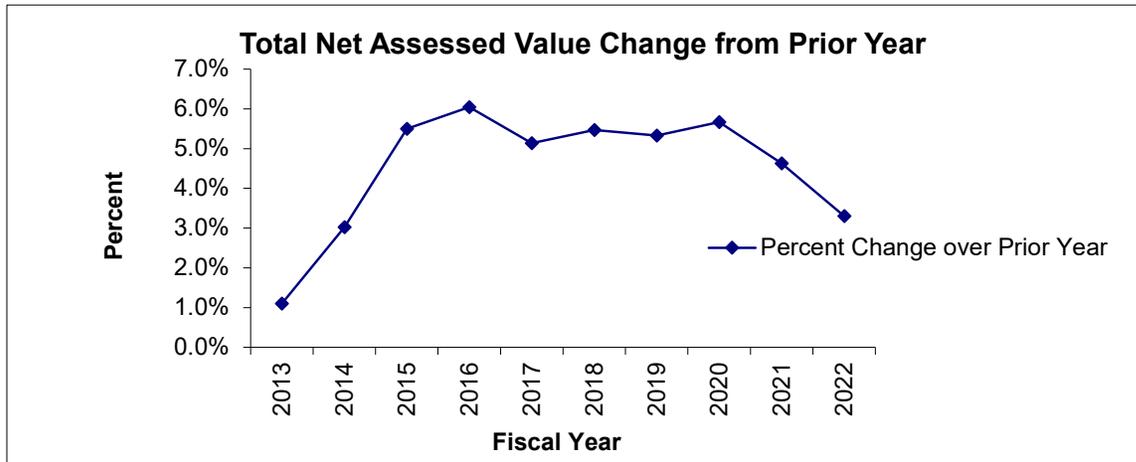
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Revenues										
Taxes	\$ 171,771	\$ 177,765	\$ 178,740	\$ 185,764	\$ 196,822	\$ 203,583	\$ 217,106	\$ 223,041	\$ 243,406	\$ 261,163
Licenses, permits, and franchises	9,247	10,694	10,452	10,539	11,446	11,140	12,133	11,477	12,522	12,597
Fines, forfeitures, and penalties	6,654	5,257	5,686	5,173	4,339	5,977	4,396	3,916	4,352	4,304
Revenues from use of money and property	1,475	1,373	3,864	4,939	3,984	3,779	12,268	12,247	1,084	(14,773)
Aid from governmental agencies	209,234	229,283	261,351	256,490	254,350	262,660	271,961	277,267	348,093	350,382
Charges for current services	41,690	50,071	43,530	46,308	49,460	49,793	47,957	46,712	51,694	49,498
Other revenues	11,342	6,235	9,110	11,504	8,481	6,869	25,278	12,396	13,104	12,734
Total revenues	451,413	480,678	512,733	520,717	528,882	543,801	591,099	587,056	674,255	675,905
Expenditures										
Current:										
General government	44,374	44,317	51,207	54,461	54,918	60,445	54,991	54,078	64,686	63,569
Public protection	143,832	148,155	157,783	156,096	164,839	175,175	185,033	205,162	199,299	212,388
Public ways and facilities	34,178	28,528	29,903	41,044	29,077	42,254	35,267	43,865	37,099	39,124
Health and sanitation	70,021	74,586	75,116	81,591	88,623	99,885	103,512	108,158	117,359	157,490
Public assistance	98,059	99,442	107,104	111,227	113,392	117,066	121,327	131,154	129,141	133,275
Education	9,901	12,205	11,388	10,534	11,560	11,640	12,191	12,769	13,368	15,712
Recreational and cultural services	7,538	7,993	10,104	9,888	9,963	10,358	10,574	11,637	10,976	12,420
Debt service:										
Principal payments	4,065	5,412	6,070	6,788	7,576	50,989	5,093	10,561	5,289	9,137
Interest and fiscal charges	5,863	5,419	5,209	4,687	4,639	11,666	1,204	6,416	7,030	7,895
Debt issuance costs	269	-	-	-	-	-	-	-	-	-
Capital outlay	3,692	11,312	20,019	30,465	11,554	11,828	6,374	7,645	13,795	17,376
Total expenditures	421,792	437,369	473,903	506,781	496,141	591,306	535,566	591,445	598,042	668,386
Excess (deficiency) of revenues over (under) expenditures	29,621	43,309	38,830	13,936	32,741	(47,505)	55,533	(4,389)	76,213	7,519
Other Financing Sources										
Refunding certificates of participation issued	14,427	-	-	-	-	-	-	-	-	-
Premium on refunding certificates of participation issued	1,418	-	-	-	-	-	-	-	-	-
Proceeds of long-term debt	-	-	-	-	-	-	-	20,384	2,841	-
Premium on lease revenue bonds issued	-	-	-	-	-	-	-	4,023	-	-
Payment to refunded escrow agent	(16,400)	-	-	-	-	-	-	-	-	-
Discount on certificates of participation issued	-	-	-	-	-	-	-	-	-	-
Leases*	-	-	-	-	-	-	-	-	-	30,950
Transfers in	48,113	26,502	33,299	35,803	57,668	54,782	31,633	36,803	37,384	45,602
Transfers out	(47,021)	(25,935)	(34,924)	(35,641)	(58,927)	(51,365)	(30,950)	(36,136)	(36,094)	(45,103)
Total other financing sources and uses	537	567	(1,625)	162	(1,259)	3,417	683	25,074	4,131	31,449
Special Item	-	(2,800)	-	-	-	-	-	-	-	-
Net change in fund balances	\$ 30,158	\$ 41,076	\$ 37,205	\$ 14,098	\$ 31,482	\$ (44,088)	\$ 56,216	\$ 20,685	\$ 80,344	\$ 38,968
Debt Service as a percentage of non-capital expenditures	2.48%	2.61%	2.57%	2.54%	2.62%	11.25%	1.23%	3.05%	2.20%	2.85%

* GASB Statement No. 87 was implemented in FY 2021-22

Source: Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

**County of San Luis Obispo
Assessed Valuation
Last Ten Fiscal Years
(In Thousands)
(UNAUDITED)**

Fiscal Year Ended,	Secured	Unsecured	Exemptions	Net Assessed Valuations	Percentage Change from Prior Year	Tax Rate
2013	41,667,316	1,138,202	(1,009,234)	41,796,284	1.1%	1.0040
2014	42,900,845	1,195,631	(1,036,531)	43,059,945	3.0%	1.0040
2015	45,288,599	1,230,775	(1,093,212)	45,426,162	5.5%	1.0040
2016	48,037,099	1,257,845	(1,122,568)	48,172,375	6.0%	1.0037
2017	50,458,742	1,362,539	(1,173,683)	50,647,598	5.1%	1.0040
2018	53,278,739	1,386,183	(1,248,961)	53,415,961	5.5%	1.0040
2019	56,147,148	1,420,625	(1,305,110)	56,262,663	5.3%	1.0040
2020	58,382,427	2,345,033	(1,277,412)	59,450,048	5.7%	1.0040
2021	61,279,618	2,349,231	(1,428,237)	62,200,611	4.6%	1.0040
2022	63,459,055	2,281,455	(1,487,547)	64,252,963	3.3%	1.0040



Discussion: Due to Article XIII-A, added to the California Constitution by Proposition 13 in 1978, the County does not track the estimated actual value of all County properties. Proposition 13 fixed the base for valuation of real property at the full cash value which appeared on the Assessor's 1975-76 assessment roll. Thereafter, full cash value can be increased to reflect: (1) annual inflation up to two percent; (2) current market value at time of ownership change; and (3) market value for new construction. As a result, similar properties can have substantially different assessed values based on the date of purchase.

Source: County Assessed Values, Exemptions and Growth % Book

County of San Luis Obispo
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(per \$100 of assessed values)
(UNAUDITED)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
County Direct Rates										
General	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
State Water Project	0.00400	0.00400	0.00400	0.00374	0.00400	0.00400	0.00400	0.00400	0.00400	0.00400
Total Direct Rate	1.00400	1.00400	1.00400	1.00374	1.00400	1.00400	1.00400	1.00400	1.00400	1.00400
Cities, Schools, and Special Districts Combined Rates										
Arroyo Grande	0.0576	0.0580	0.0569	0.0756	0.0680	0.1085	0.1051	0.0965	0.0827	0.0840
Atascadero	0.0452	0.0452	0.0590	0.1373	0.1373	0.1373	0.1373	0.1373	0.1373	0.1373
Grover Beach	0.0495	0.0499	0.0509	0.0940	0.1023	0.1599	0.1901	0.1815	0.1677	0.1690
Morro Bay	0.0510	0.0510	0.0510	0.0688	0.0683	0.0683	0.0683	0.0683	0.0614	0.0582
Paso Robles	0.0815	0.0815	0.0782	0.0955	0.0828	0.0828	0.1222	0.1222	0.1160	0.1198
Pismo Beach	0.0495	0.0499	0.0509	0.0700	0.0680	0.1085	0.0965	0.0965	0.0827	0.0840
San Luis Obispo	-	-	-	0.0683	0.0683	0.0683	0.0683	0.0683	0.0583	0.0583

Note: Rates shown represent the most common rates encountered for the tax rate areas within these cities.

Source: County Property Tax Rate Book

**County of San Luis Obispo
Principal Property Taxpayers
Current Year and Ten Years Ago
(In Thousands)
(UNAUDITED)**

Taxpayer	Industry	Fiscal Year 2021-22			Fiscal Year 2012-13		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Co.	Utility	\$ 1,482,778	1	2.31%	\$ 2,641,186	1	6.32%
High Plans Ranch II LLC	Solar Ranch	762,251	2	1.19%	-	-	-
Southern California Gas Co.	Utility	154,628	3	0.24%	63,866	7	0.15%
Jamestown Premier	Commercial	153,163	4	0.24%	-	-	-
Phillips 66 Company	Oil Refinery	139,218	5	0.22%	-	-	-
E&J Gallo Winery/Vineyards	Winery	98,162	6	0.15%	-	-	-
CAP VIII - Mustang Village LLC	Apartments	98,068	7	0.15%	76,800	5	0.18%
Firestone Walker LLC	Brewery	91,595	8	0.14%	-	-	-
Treasury Wine Estates	Winery	89,935	9	0.14%	-	-	-
Sierra Vista Hospital	Hospital	84,246	10	0.13%	55,004	10	0.13%
TOSCO Corp	Petroleum & Gas	-	-	-	144,966	2	0.35%
Plains Exploration & Prod Co	Petroleum & Gas	-	-	-	81,401	4	0.19%
Beringer Wine Estates Company	Winery	-	-	-	89,873	3	0.22%
Pacific Bell Telephone Co	Communications	-	-	-	71,897	6	0.17%
Martin Hotel Management	Hotel	-	-	-	62,521	8	0.15%
Pasquini Charles Jr Tre Etal	Private	-	-	-	55,665	9	0.13%
	Total	\$ 3,154,044		4.91%	\$ 3,343,179		8.00%
Total County Assessed Value		\$ 64,252,963			\$ 41,796,284		

Sources:

County Property Tax System
2012-13 San Luis Obispo County Annual Comprehensive Financial Report

**County of San Luis Obispo
Property Tax Levies and Collections
Last Ten Fiscal Years
(In Thousands)
(UNAUDITED)**

Fiscal Year Ended June 30,	Total Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Delinquent Amount	% of Levy Delinquent
		Collected Amount	% of Original Levy			
2013	405,225	399,807	98.66%	N/A	5,418	1.34%
2014	421,140	416,450	98.89%	N/A	4,690	1.11%
2015	447,088	442,330	98.94%	N/A	4,758	1.06%
2016	470,629	466,465	99.12%	N/A	4,164	0.88%
2017	495,277	490,890	99.11%	N/A	4,387	0.89%
2018	522,528	517,777	99.09%	N/A	4,751	0.91%
2019	549,869	544,994	99.11%	N/A	4,874	0.89%
2020	573,449	564,422	98.43%	N/A	9,027	1.57%
2021	599,508	592,847	98.89%	N/A	6,660	1.11%
2022	619,518	614,110	99.13%	N/A	5,408	0.87%

Note: Amounts do not include tax collections for bonds or special assessments

Source: County Property Tax Booklet

*Collections in subsequent years are not available from the County's current property tax system.

County of San Luis Obispo
Special Assessment Billings and Collections
(In Thousands)
(UNAUDITED)

Year ended June 30,	Special Assessment Billings	Special Assessment Collected
2013	3,494	3,545
2014	3,497	3,630
2015	3,489	3,598
2016	3,496	3,633
2017	3,490	3,577
2018	5,063	5,196
2019	5,058	5,065
2020	5,063	5,106
2021	5,042	5,105
2022	5,061	5,163

Note: The billings and collections shown are for the Special Assessment Bonds related to the Los Osos project for which the County has established redemption funds for the purpose of facilitating bond payment in the case of delinquent accounts.

Source: County Property Tax System

County of San Luis Obispo
Ratios of Total Debt Outstanding
Last Ten Fiscal Years
(In Thousands)
(UNAUDITED)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Governmental Activities										
Certificates of Participation	\$ 25,662	\$ 24,640	\$ 23,600	\$ 22,527	\$ 21,411	\$ 26,135	\$ 24,808	\$ 18,004	\$ 19,619	\$ 18,290
Less deferred amounts:										
For issuance discounts:	(99)	(95)	(91)	(87)	(83)	(79)	(75)	-	-	-
Add deferred amounts:										
For issuance premiums:	1,329	1,240	1,152	1,063	975	886	797	708	619	530
State notes	-	-	-	-	-	2,056	1,901	1,744	1,586	1,426
Pension Obligation Bonds	115,624	111,234	146,219	145,291	143,890	99,407	96,903	93,733	89,825	85,112
Lease revenue bonds	-	-	-	-	-	-	-	20,380	19,970	19,380
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	4,023	3,837	3,652
Assessment Bonds from direct borrowings	-	-	-	-	-	-	-	436	391	344
Leases*	-	-	-	-	-	-	-	-	-	92,248
Total bonds and notes payable	142,516	137,019	170,880	168,794	166,193	128,405	124,334	139,028	135,847	220,982
Business-Type Activities										
Certificates of Participation	17,920	18,257	17,745	17,194	16,470	15,678	14,811	13,908	12,966	14,668
Add deferred amounts:										
For issuance premiums:	492	459	426	393	361	328	295	262	229	196
State Note	34,399	46,529	72,774	86,611	85,674	87,667	84,409	81,079	88,385	84,528
Other Notes	-	-	-	-	-	-	-	-	-	196
Revenue Bonds	190,389	187,170	183,813	177,198	173,535	168,410	164,126	159,841	155,330	150,585
Add deferred amounts:										
For issuance premiums:	5,945	5,732	5,519	10,058	9,623	8,926	8,502	8,077	7,653	7,230
Unamortized outflow on Bond Refinancing	-	-	-	(4,171)	(3,990)	(3,808)	-	-	-	-
General Obligation Bonds	9,890	9,530	9,155	8,760	8,350	7,925	7,485	7,025	6,540	6,030
Add deferred amounts:										
For issuance premiums:	1,015	959	902	846	790	733	677	620	564	508
Bond Anticipation Notes	-	-	-	-	-	-	-	-	-	-
Assessment Bonds	39,527	76,438	79,829	79,396	78,089	76,746	75,358	73,943	72,483	70,978
Leases*	-	-	-	-	-	-	-	-	-	250
Total bonds and notes payable	299,577	345,074	370,163	376,285	368,902	362,605	355,663	344,755	344,150	335,169
Total Outstanding Debt	\$ 442,093	\$ 482,093	\$ 541,043	\$ 545,079	\$ 535,095	\$ 491,010	\$ 479,997	\$ 483,783	\$ 479,997	\$ 556,151
Percentage of Personal Income	3.52%	3.76%	3.86%	3.76%	3.58%	3.13%	2.92%	2.80%	2.54%	N/A
Percentage of Assessed Value of Taxable Property ¹	1.06%	1.12%	1.19%	1.13%	1.06%	0.92%	0.85%	0.81%	0.77%	0.87%
Net outstanding debt Per Capita	\$ 1,624.28	\$ 1,770.08	\$ 1,972.50	\$ 1,960.88	\$ 1,916.46	\$ 1,753.31	\$ 1,713.66	\$ 1,708.81	\$ 1,700.62	\$ 1,964.09

Note: See the Demographic Statistics Schedule for detailed information on personal income and population.

¹ Due to Article XIII-A, added to the California Constitution by Proposition 13 in 1978, the County does not track the estimated actual value of all County properties; therefore, the ratio of net outstanding debt to the estimated actual value of taxable property is unable to be determined; however, the ratio of net outstanding debt to the assessed value of taxable property is determinable and presented in the table.

* GASB Statement 87 was implemented in FY 2021-22. Prior year leases were not recognized as capital leases pre-GASB 87.

Source: Notes to the Financial Statements, Note 10

County of San Luis Obispo
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands)
(UNAUDITED)

	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Certificates of Participation	\$ 14,427	\$ 13,675	\$ 12,915	\$ 12,137	\$ 11,326	\$ 10,482	\$ 9,606	\$ 8,693	\$ 7,747	\$ 6,757
Less deferred amounts:										
For issuance discounts:	(99)	(95)	(91)	(87)	(83)	(79)	(75)	-	-	-
Add deferred amounts:										
For issuance premiums:	1,330	1,240	1,152	1,063	975	886	797	708	619	530
Lease Revenue Bonds	-	-	-	-	-	-	-	20,380	19,970	19,970
Less deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	4,023	3,837	3,652
General Obligation Bonds	9,890	9,530	9,155	8,760	8,350	7,925	7,485	7,025	6,540	6,030
Add deferred amounts:										
For issuance premiums:	1,015	959	902	846	790	733	677	620	564	508
State Notes	-	-	-	-	-	2,056	1,901	1,744	1,586	1,426
Other Notes	-	-	-	-	-	-	-	-	-	196
Assessment Bonds	39,527	76,438	79,829	79,396	78,089	76,746	75,358	73,943	72,483	70,978
Leases*	-	-	-	-	-	-	-	-	-	92,498
Less resources restricted for principal repayment	(2,684)	(2,683)	(2,683)	(2,688)	(2,692)	(2,712)	(8,061)	(30,167)	(23,110)	(17,088)
Net Total General Obligation Debt	<u><u>\$ 63,406</u></u>	<u><u>\$ 99,064</u></u>	<u><u>\$ 101,179</u></u>	<u><u>\$ 99,427</u></u>	<u><u>\$ 96,755</u></u>	<u><u>\$ 96,037</u></u>	<u><u>\$ 87,688</u></u>	<u><u>\$ 86,969</u></u>	<u><u>\$ 90,236</u></u>	<u><u>\$ 185,457</u></u>
Percentage of Personal Income	0.51%	0.77%	0.72%	0.69%	0.65%	0.61%	0.53%	0.50%	0.48%	N/A
Percentage of Assessed Value of Taxable Property ¹	0.15%	0.23%	0.22%	0.21%	0.19%	0.18%	0.16%	0.15%	0.15%	0.29%
Net outstanding debt Per Capita	\$ 232.96	\$ 363.73	\$ 368.87	\$ 357.68	\$ 346.53	\$ 342.93	\$ 313.06	\$ 307.19	\$ 319.70	\$ 654.96

Note: See the Demographic Statistics Schedule for detailed information on personal income and population.

¹ Due to Article XIII-A, added to the California Constitution by Proposition 13 in 1978, the County does not track the estimated actual value of all County properties; therefore, the ratio of net outstanding debt to the estimated actual value of taxable property is unable to be determined; however, the ratio of net outstanding debt to the assessed value of taxable property is determinable and presented in the table.

* GASB Statement 87 was implemented in FY 2021-22.
Amount was restated

Source: Notes to the Financial Statements, Note 10

**County of San Luis Obispo
Legal Debt Margin Information
Last Ten Fiscal Years
(In Thousands)
(UNAUDITED)**

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Assessed Value of Property (a)	\$ 41,796,283	\$ 43,059,945	\$ 45,426,163	\$ 48,172,375	\$ 50,647,598	\$ 53,415,961	\$ 56,262,663	\$ 59,450,048	\$ 62,200,611	\$ 64,252,963
Debt Limit, 1.25% of Assessed Value	522,454	538,249	567,827	602,155	633,095	667,700	703,283	743,126	777,508	803,162
<i>Amount of Debt Applicable to Limit</i>										
General Obligation Bonds (b)	10,905	10,489	10,057	9,606	9,140	8,658	7,485	7,025	6,540	6,030
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Total Debt Applicable	10,905	10,489	10,057	9,606	9,140	8,658	7,485	7,025	6,540	6,030
Legal Debt Margin	\$ 511,549	\$ 527,760	\$ 557,770	\$ 592,549	\$ 623,955	\$ 659,042	\$ 695,798	\$ 736,101	\$ 770,968	\$ 797,132
Total Debt Applicable as a Percentage of the Debt Limit	2.09%	1.95%	1.77%	1.60%	1.44%	1.30%	1.06%	0.95%	0.84%	0.75%

Source:

(a) County Assessed Values, Exemptions and Growth % Book
(b) Notes to the Financial Statements, Note 10

County of San Luis Obispo
Demographic and Economic Statistics
Last Ten Fiscal Years
(UNAUDITED)

Calendar Year	Population (1,a)	Personal Income (in thousands) (1,a)	Per Capita Income (1,a)	Median Age (4,c)	School Enrollment (3,b,d)	Unemployment Rate (2,e)
2013	272,177	12,547,278	45,388	39.50	42,600	6.4
2014	272,357	12,823,005	45,947	39.50	42,911	5.3
2015	274,293	14,034,209	49,873	39.30	41,853	4.4
2016	277,977	14,552,207	51,442	39.00	43,117	4.5
2017	279,210	14,937,322	53,006	38.80	43,112	3.6
2018	280,048	15,700,229	55,580	39.60	42,713	3.2
2019	280,101	16,465,164	58,108	39.60	42,673	2.9
2020	283,111	17,270,828	61,004	40.00	42,556	11.5
2021	282,249	18,863,123	66,617	39.50	40,403	5.9
2022	283,159	N/A	N/A	40.20	39,857	2.6

Sources:

1. Bureau of Economic Analysis
2. State of California Employment Development Department
3. California Department of Education & California Community Colleges Chancellor's Office
4. U.S. Census Bureau

Notes:

N/A = not available

- a. Data for prior calendar years
- b. Data includes kindergarten through grade 12 and Cuesta College
- c. Calendar year 2013 - 2016 figures are projections based on the American Community Survey 5-Year Estimates
- d. Data for school year ending in the stated calendar year
- e. Data as of June 30, 2022

**County of San Luis Obispo
Principal Employers
Current Year and Ten Years Ago
(UNAUDITED)**

Employer	2022			2013		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
County of San Luis Obispo*	2,847	1	2.04%	2,800	1	1.88%
Atascadero State Hospital	2,300	2	1.67%	2,300	3	1.55%
California Men's Colony	2,000	3	1.45%	2,000	4	1.35%
Cal Poly State University, SLO	1,912	4	1.39%	2,573	2	1.73%
Pacific Gas and Electric Company	1,700	5	1.23%	1,700	5	1.14%
Tenet Healthcare	1,312	6	0.95%	1,200	6	0.81%
Lucia Mar Unified School District	1,070	7	0.78%	1,000	7	0.67%
Community Action Partnership of San Luis Obispo County	942	8	0.68%	-	-	-
Paso Robles Public Schools	935	9	0.68%	935	8	0.63%
Cuesta College	854	10	0.62%	-	-	-
San Luis Coastal Unified School District	-	-	-	902	10	0.61%
Cal Poly Corporation	-	-	-	906	9	0.61%
Total Employment Labor Force	137,800			148,600		

Sources:

- Pacific Coast Business Times
- State of California Employment Development Department
- 2012-13 San Luis Obispo County Annual Comprehensive Financial Report
- 2021-22 County Budget Report*

County of San Luis Obispo
Full Time Equivalent County Government Employees by Function
Last Ten Fiscal Years
(UNAUDITED)

Function/Program	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18*	2018-19*	2019-20*	2020-21*	2021-22*
General Government	438.25	430.75	436.75	440.50	430.75	437.50	441.00	455.25	458.00	456.25
Public Protection	812.00	817.25	832.25	848.25	867.00	909.50	912.00	899.75	904.25	907.50
Public Ways and Facilities	193.75	188.75	190.75	207.75	234.75	237.75	246.75	247.75	248.75	249.75
Health and Sanitation	445.25	464.00	485.25	505.50	556.00	536.50	530.00	531.00	530.00	566.00
Public Assistance	428.00	478.00	500.75	524.00	524.00	523.00	522.00	523.50	526.75	527.25
Education	75.50	75.50	75.50	77.50	78.00	77.75	78.00	78.25	78.50	78.50
Recreation and Cultural Services	52.00	55.00	59.00	60.00	61.00	61.00	61.00	61.00	61.00	62.00
Total	<u>2,444.75</u>	<u>2,509.25</u>	<u>2,580.25</u>	<u>2,663.50</u>	<u>2,751.50</u>	<u>2,783.00</u>	<u>2,790.75</u>	<u>2,796.50</u>	<u>2,807.25</u>	<u>2,847.25</u>

Source: County Budget Report

Notes:

2013-2017 Position allocation figures were calculated at the time of budget preparation for the following year.

* Position allocation figures are calculated based on the adopted budgets.

Figures include limited-term but do not include part-time or contract positions.

County of San Luis Obispo
Operating Indicators by Function
Last Ten Fiscal Years
(UNAUDITED)

Function / Department	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Recreation and Cultural Services										
Parks										
<i>Day Use Passes</i>	56,601	42,821	57,564	n/a						
<i>Daily Passes*</i>	n/a	246,727	239,140	189,232	230,915	257,220	60,902	59,194	62,559	41,130
<i>Annual Passes</i>	2,406	2,998	3,137	n/a						
<i>Annual Vehicle Passes*</i>	n/a	8,744	12,584	9,614	6,504	8,066	3,974	1,823	1,716	1,869
<i>Daily Boat Launches*</i>	14,809	26,110	23,706	16,001	16,312	24,340	9,664	11,210	11,810	6,242
<i>Annual Boat Passes*</i>	551	1,412	1,245	480	1,383	1,353	1,629	1,288	764	403
Public Protection										
Planning and Building										
<i>Total Permits Issued</i>	2,070	2,622	3,139	3,355	3,927	3,542	3,256	3,299	3,624	4,032
<i>Number of New Affordable Housing</i>	44	13	151	99	65	133	131	n/a	n/a	n/a
Sheriff										
<i>Jail bookings</i>	13,273	12,583	11,375	11,018	11,774	11,324	10,246	8,144	6,235	6,367
<i>Average daily population</i>	717	780	679	603	632	621	636	552	448	462
Health and Sanitation										
Mental Health										
<i>Day Treatment Days provided to youth in out-of-county group home facilities**</i>	1,885	1,764	1,613	1,381	604	n/a	n/a	n/a	n/a	n/a
Public Health										
<i>Percentage of the State allocated caseload enrolled in the Women, Infants & Children (WIC) Program</i>	99	95	91	86	76	72	68	n/a	n/a	n/a
<i>Percentage of live born infants whose mothers received prenatal care in the first trimester ***</i>	80	79	79	80	78	78	84	86	84	82
Public Assistance										
Social Services										
<i>Percentage of child abuse/neglect referrals where a response is required within 10 days that were timely</i>	98	96	98	97	n/a	n/a	n/a	n/a	n/a	n/a
<i>Percentage of child abuse/neglect referrals where a response is required within 10 days and where contact was made within the required period.</i>	n/a	n/a	n/a	n/a	91	95	95	94	92	92
Education										
Library										
<i>Annual number of items circulated per capita ***</i>	10.1	9.8	9.6	10.5	10.3	11.6	12.1	12.1	7.6	9.7
<i>Annual Expenditure per capita for total Library budget ***</i>	\$ 34.35	\$ 35.50	\$ 36.13	\$ 36.27	\$ 38.10	\$ 40.36	\$ 40.57	\$ 44.47	\$ 46.78	\$ 47.84
Public Ways and Facilities										
Roads										
<i>Pavement Condition Rating for all County roads (70 = "good") ***</i>	60	61	61	65	66	65	65	60	59	59
Airport										
Airport										
<i>Takeoffs and Landings</i>	71,428	66,696	71,001	71,181	71,001	77,917	82,110	68,067	75,082	82,471
<i>Passenger Enplanements</i>	132,315	147,105	149,558	155,744	180,141	226,588	259,481	215,900	150,065	247,522

* In FY 2018-19, the data tracking system was updated to more accurately collect the data. Data prior to FY 2018-19 is not comparable.

** Performance measure deleted in FY 2017-18 due to Continuum of Care Reform effective 1/1/2017.

*** FY 2020-21 performance measure restated

Source: County Budget Performance Indicators

**County of San Luis Obispo
Capital Asset Statistics by Function
Last Ten Fiscal Years
(UNAUDITED)**

Function/Program	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Recreation and Cultural Services										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	13,424	13,583	13,583	13,583	13,583	13,583	13,583	13,841	13,841	13,841
Public Protection										
Correction facility capacities (a)	717	797	797	797	909	909	909	909	909	909
Public Ways and Facilities										
Miles of county roads	1,335	1,336	1,336	1,338	1,338	1,339	1,339	1,349	1,349	1,349
Airport										
Number of runways	2	2	2	2	2	2	2	2	2	2

Notes:

The majority of County assets are in buildings and equipment, which are under the functional area of General Government

(a) Amount is all holdings actual totals, including Main Jail, Women's Jail, West Housing, West Dorm, Honor Farm, and Weekender Barracks

Source: County departments' management



COUNTY
of SAN LUIS
OBISPO