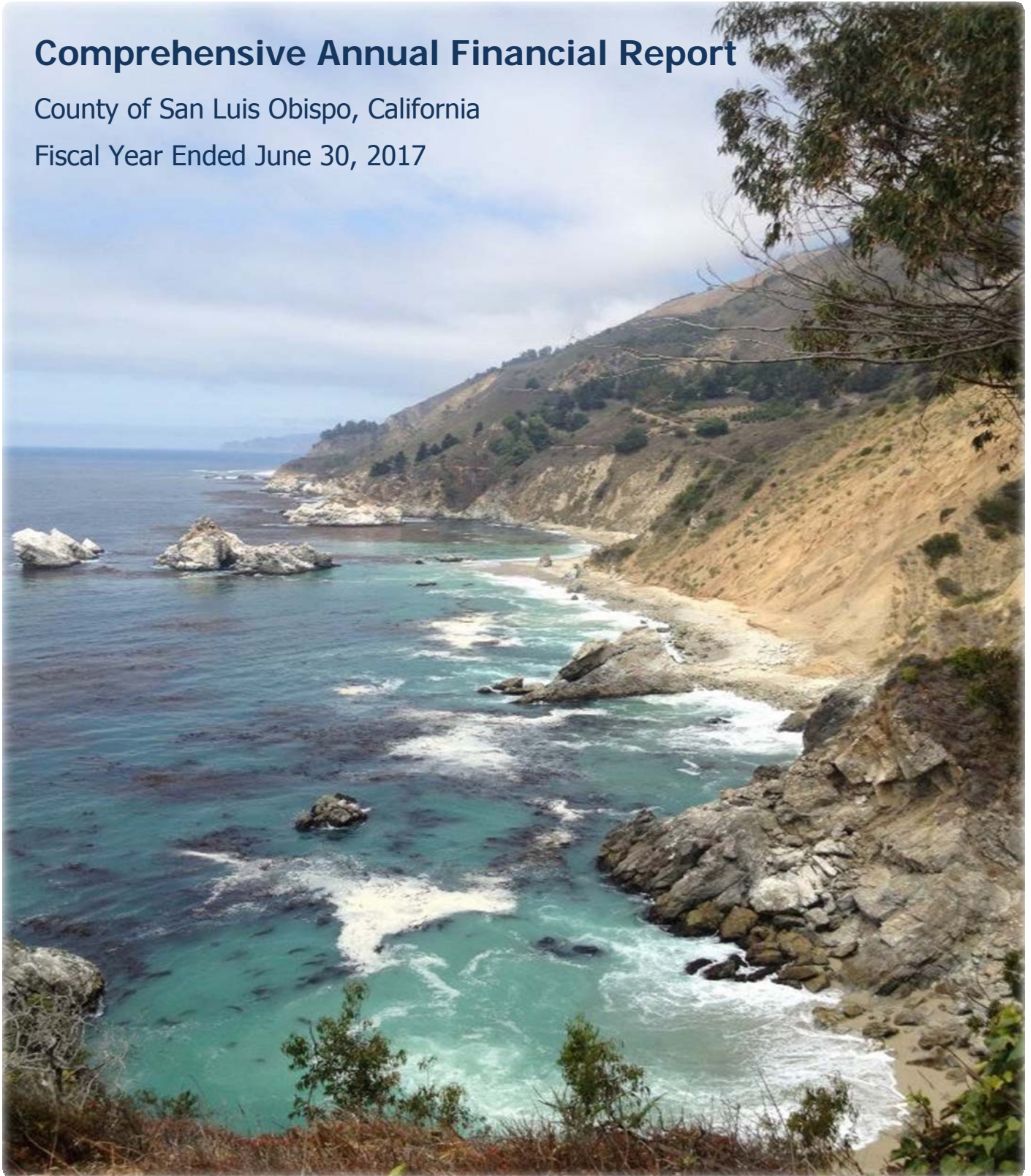


# Comprehensive Annual Financial Report

County of San Luis Obispo, California

Fiscal Year Ended June 30, 2017



Prepared under the direction of  
**James P. Erb, CPA**  
**Auditor-Controller-Treasurer-Tax Collector**





Cover photo of San Simeon coast taken by  
Claudia Garcia, Auditor-Controller-Treasurer-Tax Collector's Office

**COUNTY OF SAN LUIS OBISPO  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 JUNE 30, 2017**

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COUNTY  
of SAN LUIS  
OBISPO

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**INTRODUCTORY SECTION**

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**COUNTY OF SAN LUIS OBISPO**

**AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR**

*James P. Erb, CPA Auditor-Controller • Treasurer-Tax Collector*

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

December 19, 2017

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 Comprehensive Annual Financial Report (CAFR) of the County of San Luis Obispo (County) for the fiscal year ended June 30, 2017, 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 Brown Armstrong Accountancy Corporation, 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, 2017, 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, 2017, 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 currently occupies a land area of 3,616 square miles and serves a population of 280,101 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 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 Administrator and non-elected department heads. The County Administrator 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 Administrator. The budgets are then reviewed by the County Administrator and compiled into a proposed budget with a County Administrator'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). During the year, department heads may make transfers of appropriations within a division with the approval of the County Administrator and Auditor-Controller – Treasurer - Tax Collector. Transfers of appropriations between departments 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 Administrator and the Board on the status of the departmental budgets.

Budget-to-actual comparisons are provided in the Comprehensive Annual 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 fund subsection of the statements.

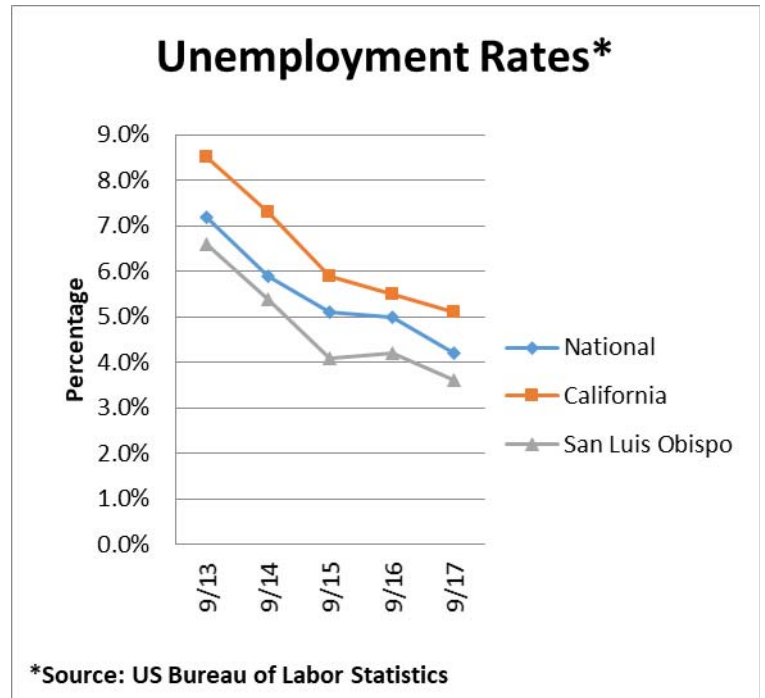
The County has various blended component units which primarily provide utility and debt financing services. The County's only discretely presented component unit is First 5, which allocates funds from the California Children and Families Trust Fund and advocates for quality programs and services, supporting children prenatal to age 5, to ensure that every child is healthy and ready to learn in school.

#### 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.

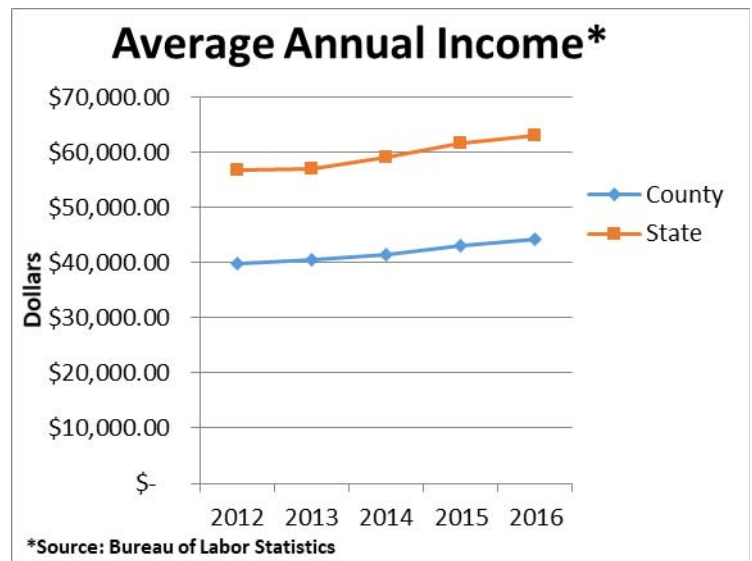
## Employment:

- Unemployment in the county as of September 2017 was 3.6% which is lower than the state rate of 5.1% and lower than the national average of 4.2%. At this time last year unemployment in the county was 4.2%.
- 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 the largest employer in the county. The decrease in the County's unemployment rate has closely followed the decreasing trend in state unemployment over the past several years.



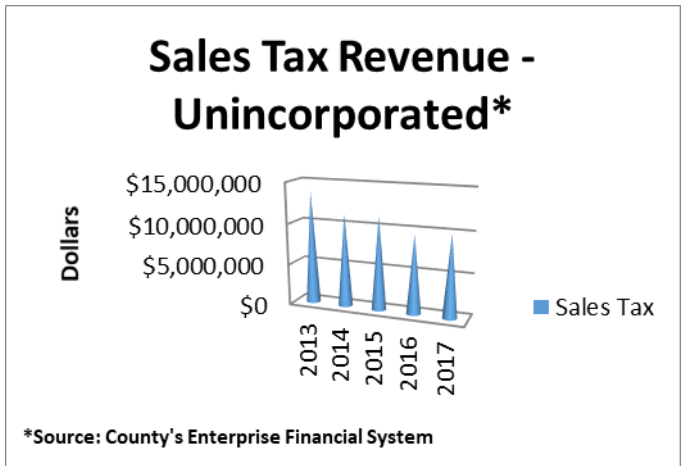
## Wages:

- Average income increased by 2.8% to \$44,295, from 2015 to 2016 (most recent data) for the residents of the County of San Luis Obispo, as reported by the Bureau of Labor Statistics.
- Consistent with 2015, the five highest paid occupational groups in San Luis Obispo County in 2016 were management, architecture and engineering, legal, healthcare practitioners, and computer and mathematical.



## Retail Sales:

- From June 2016 to June 2017 sales tax revenue increased by 4.73%, to \$10,028,236.



## Real Estate:

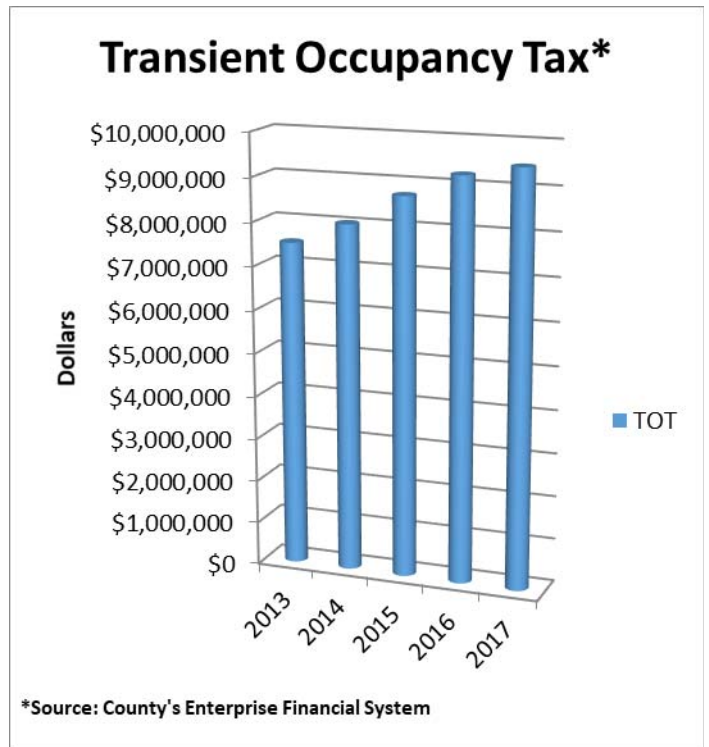
People's continued desire to live in the area increased the median home price to \$569,500 as of August 2017. This is an increase of 11.8% from the same period in the prior year. Increase of the median home price demonstrates that the local real estate market is healthy.

- Property tax revenue indicators illustrate the strength of the local economy. Discretionary property tax receipts were \$120 million in FY 2016-17, an increase of 5.8% over the prior year.
- The total tax levy of secured property of \$495,277,087 for FY 2016-17 is an increase of 5.2% from the previous year.
- Property Transfer Tax is related to the value and number of real estate transactions during the year. The unincorporated area of the county saw an increase of 1.5% during FY 2016-17. This is the seventh straight year of increases, although the rate of growth is slowing.
- The property tax delinquency rate of 0.9% was the same as the prior year. Since FY 2008-09 the delinquency rate has declined. The steadiness in the rate from the prior year demonstrates a stabilization in the local economy.
- Building permits increased 17% during 2016 to 2017, an indication of a strengthening housing market.

## Tourism:

- Transient Occupancy Tax (TOT) increased in the 2016-17 fiscal year by 2.6% in the unincorporated area, while the seven incorporated cities are estimated to have a 6.4% increase for the same time period.
- In August 2017, the County reached an agreement with Airbnb to collect TOT and special assessments for properties utilizing the Airbnb online marketplace and hospitality service. It is anticipated the agreement will generate additional revenue from previously unlicensed vacation rentals.
- The scenic coastline, small town atmospheres and rolling vineyards continue to make San Luis Obispo County a desired tourist destination.

From farm to table cuisine to hikes and beautiful walks on the beach, San Luis Obispo County has an abundance of activities that appeal to tourists and residents alike. Visit SLO CAL reported tourists spent \$1.6 billion in San Luis Obispo County in 2016.



## Long-term financial planning:

- The FY 2017-18 budget's growth is more conservative than recent years as the County remains committed to maintaining a strategic reserve. The final 2017-18 comprehensive budget authorized a \$611.3 million governmental fund spending level, an increase over the \$587.9 million budget for FY 2016-17. The budget continues to provide support to the development of departmental programs and services and assists County operations in responding to the continuously changing needs of constituents. The continued increase in property tax revenue along with other key economic indicators such as transient occupancy tax and sales tax showing signs of improvement allowed for a moderate increase in the FY 2017-18 spending level. The General Fund had \$510.1 million appropriated to finance the current year's expenditures including contingencies, with \$13 million placed in general reserves and \$23.6 million earmarked for designations.

- 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 FY 2017-18 capital budget recommended funding for nine capital projects. Total 2017-18 appropriations for Capital Projects are approximately \$2.6 million. Many of the existing projects will be completed over multiple years.
- In June of 2016, PG&E announced plans to close Diablo Canyon Nuclear Power Plant by fiscal year 2024-25. The County, San Luis Coastal Unified School District, and the incorporated cities have worked with PG&E to negotiate a \$122.5 to \$147.5 million joint proposal agreement that provides for a nine-year transition plan to soften the decrease in unitary taxes, provide money to the local jurisdictions to evaluate and put plans in place to deal with the economic impact, and to maintain the current level of emergency preparedness until all spent fuel is cooled and in dry cask storage. We believe, with the nine-year time frame and the joint proposal agreement, the County and local jurisdictions will be able to adequately plan for the closing of the power plant in fiscal year 2024-25. The joint proposal must still be approved by the California Public Utilities Commission.

### **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, 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.

- **Adopt a Formal 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 funding split between the County and the employees. As of June 30, 2017, approximately 36% of County employees fall under PEPRA.

### Major Initiatives

- **Countywide:** On November 8, 2016, California voters approved Proposition 64, the California Cannabis Legalization Initiative, also known as the Control, Regulate and Tax Adult Use of Marijuana Act (AUMA), an initiative that legalized recreational cannabis for persons aged 21 years or older under state law. The AUMA also establishes certain sales and cultivation taxes. The County recently established regulations for cannabis activities through the amendments of Land Use Ordinances and the County Code for Business Licenses and Regulations.
- **Veterans Services:** Reduced average appointment scheduling wait times from 75 days to 5 days, a 93% reduction. Secured more than \$7 million in new compensation and pension benefits that go directly to veterans in the community.
- **Los Osos Sewer Project:** In FY 2016-17 this high-profile project completed the transition from the construction phase of the Los Osos Water Recycling Facility to the startup phase of operations. Staff were hired and trained to operate and maintain the system. Additionally, financial grants were provided to low income households to assist in the connection to the system. This project is a requirement of the State to protect the local ground water tables which risk infusion from the numerous residential septic systems in the community of Los Osos.
- **District Attorney:** Established the Public Integrity Division of the District Attorney's Office, responsible for the investigation and prosecution of cases involving corruption of public officials and employees in the performance of their duties.
- **Women's Jail Expansion:** The new 194 bed housing area of the Women's Jail was opened in April 2017; the state of the art facility enhances the security and safety of both inmates and employees. Phase II of the expansion which includes a medical facility and classrooms for inmates is currently in progress.



- Social Services: Successfully incorporated the Community Collaborative and the District Attorney's Human Trafficking Task Force into one joint task force focused on the prevention and intervention of human trafficking countywide.
- Airports: The County completed construction of the new terminal project. The 56,000 square feet facility designed to meet the US Green Building Council's Leadership in Energy and Environmental Design (LEED) gold standards for healthy, efficient and cost-saving green buildings opened November 1, 2017.
- Library: Remodeled the San Luis Obispo Branch, creating 1,800 square feet of additional public space.
- Parks and Recreation: Promotion of the redesigned Parks and Recreation Department website increased the number of reservations made online to approximately 50% of total reservations. The website has been enhanced to be more interactive and provide users more customer focused information.
- Administration: Co-led, with Information Technology, implementation of a new Budget Preparation (BP) system which replaced a 20-year-old system.
- Clerk-Recorder: Successfully conducted the record-breaking 2016 Presidential General Election, meeting all statutory deadlines. A record-number of Vote By Mail (VBM) ballots were sent and received in the county. 139,685 ballots were cast, with 70.65% of those as VBM ballots. The 2015 implementation of VoteCal, the statewide voter registration database, assisted with the unprecedented 168,257 citizens registering to vote for the 2016 elections. Additionally, the Clerk-Recorder implemented a new system from Tyler Technologies which allows the public the ability to review and purchase important official records dating back to 2001 online.

### Awards and Acknowledgments

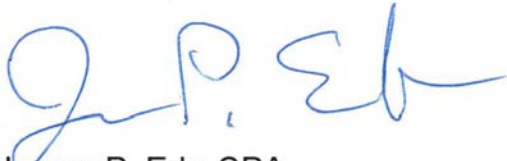
#### **Awards:**

- 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 comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2016. This was the thirty-first 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 Comprehensive Annual Financial Report (CAFR). 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 CAFR 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.

**Acknowledgements:**

The preparation of the Comprehensive Annual 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, Brown Armstrong Accountancy Corporation, 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 P. Erb, 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 Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2016**

Executive Director/CEO

**COUNTY OF SAN LUIS OBISPO  
LIST OF ELECTED AND APPOINTED OFFICIALS  
JUNE 30, 2017**

**Elected Officials**

**Board of Supervisors**

District #1 Chairperson ..... John Peschong  
District #2 ..... Bruce S. Gibson  
District #3 ..... Adam Hill  
District #4..... Lynn Compton  
District #5..... Debbie Arnold

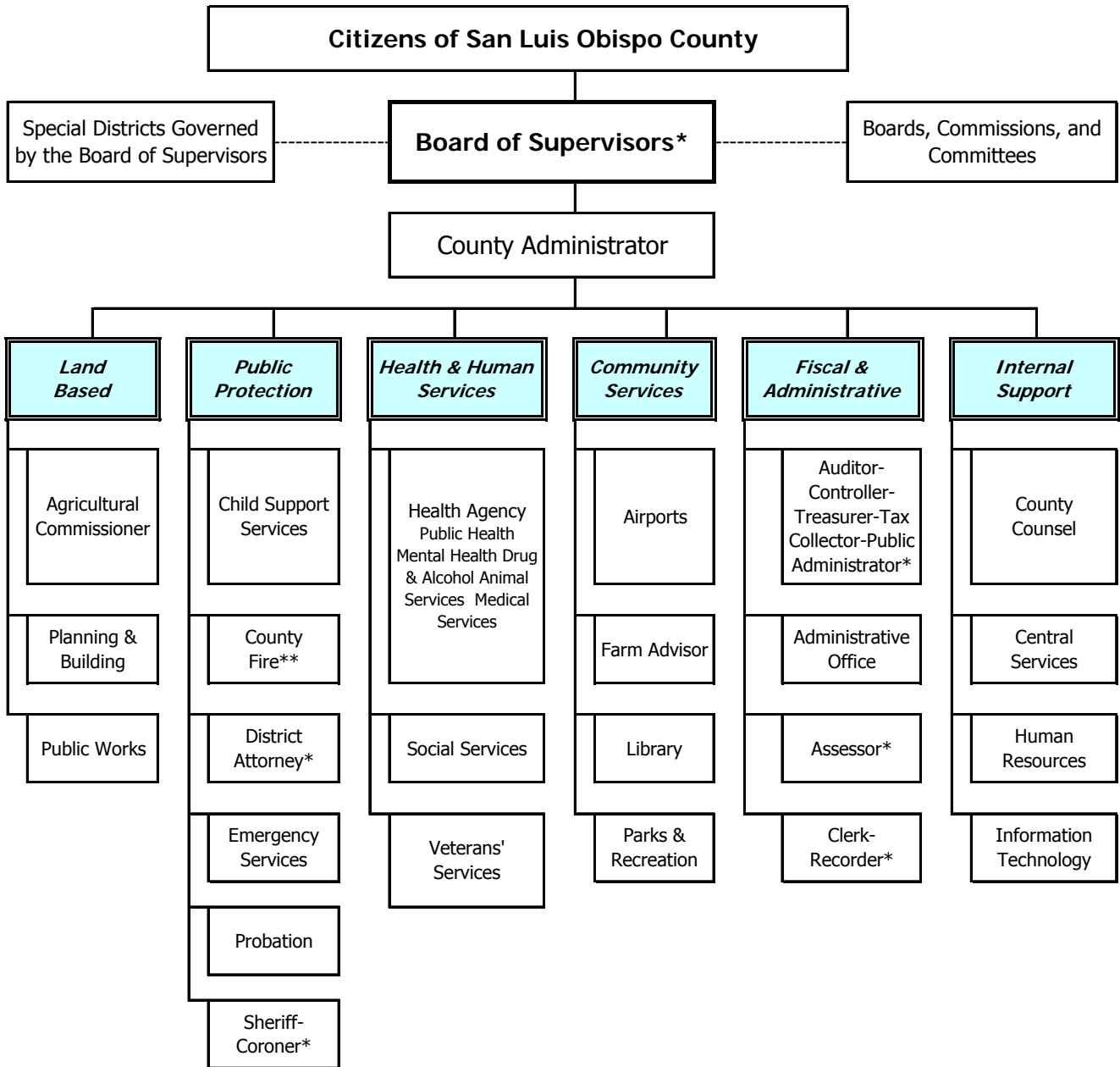
**Other Elected Officials**

Assessor ..... Tom J. Bordonaro Jr.  
Auditor-Controller-Treasurer-Tax Collector-Public Administrator ..... James P. Erb  
Clerk-Recorder ..... Tommy Gong  
District Attorney ..... Dan Dow  
Sheriff-Coroner ..... Ian Parkinson

**Appointed Officials**

Agricultural Commissioner ..... Martin Settevendemie  
Airport General Manager..... Kevin Bumen  
Behavioral Health Administrator ..... Anne Robin  
Central Services ..... Will Clemens  
Chief Probation Officer ..... James Salio  
Child Support Services Director ..... Julie Paik  
County Administrator ..... Vacant  
County Counsel ..... Rita L. Neal  
County Fire..... Scott Jalbert  
Farm Advisor ..... Mary Bianchi  
Health Agency Director ..... Jeff Hamm  
Human Resources Director ..... Tami Douglas-Schatz  
Information Technology Director ..... Daniel Milei  
Library Director ..... Christopher Barnickel  
Parks Director ..... Nick Franco  
Planning ..... Marvin Rose, Interim Director  
Public Health Officer ..... Penny Borenstein  
Public Works Director ..... Wade Horton  
Social Services Director ..... Devin Drake  
Veterans' Services Director ..... Christopher Lopez

**COUNTY OF SAN LUIS OBISPO  
ORGANIZATIONAL CHART**



\* Elected Officials

\*\*Contract



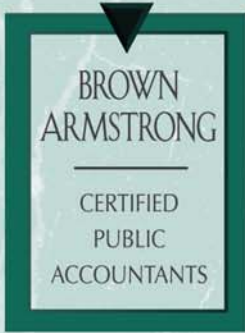
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**FINANCIAL SECTION**

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# BROWN ARMSTRONG

*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors  
County of San Luis Obispo

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Luis Obispo, California (County), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinions**

In our opinion, 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, 2017, and the respective changes in financial position, and where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Emphasis of Matters**

As discussed in Note 1 to the financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, and GASB Statement No. 82, *Pension Issues*, during fiscal year 2017. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

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

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2017, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BROWN ARMSTRONG  
ACCOUNTANCY CORPORATION

*Brown Armstrong  
Accountancy Corporation*

Bakersfield, California  
December 19, 2017



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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**COUNTY OF SAN LUIS OBISPO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

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, 2017. 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 41. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**FINANCIAL HIGHLIGHTS**

- ❖ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$1,372,381 (*net position*). The majority of this amount, \$1,449,213 is the net investment in capital assets, while \$64,822 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 68 created a negative unrestricted net position of \$141,654.
- ❖ The County's net position increased by \$3,225 during the current fiscal year. The increase in net investments in capital assets represents capital acquisitions during the year reduced by depreciation and increased by retirement of long-term debt. (Table A). The increase in restricted net position represents the degree to which increases in revenues exceeded increases in expenses (Table B). Negative unrestricted net position primarily increased due to an increase in the County's pension obligation.
- ❖ As of June 30, 2017, the County's governmental activities reported combined ending net position of \$1,016,819, a decrease of \$22,022 in comparison with the prior year. Due to the recording of the long-term pension obligation, no amount of governmental 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 \$18,173 before general revenues, contributions and transfers from other funds, an increase of \$5,901 when compared to net program income of \$12,272 in the prior year. The difference from the prior year is primarily due an increase in capital grants and contributions related to the construction of a new Airport terminal combined with increased operating costs caused by the new Los Osos wastewater treatment plant commencing operations.
- ❖ At the end of the fiscal year, the entire \$297,272 fund balance of the General Fund was either nonspendable (\$3,535), restricted (\$2,649), committed (\$164,492) or assigned (\$126,596).
- ❖ Consistent with the prior year, the County prepaid its \$49.5 million employer retirement contribution to the Pension Trust in July of 2017. The prior year prepayment was \$46.3 million. The County will save \$1.5 million by prepaying the employer retirement contribution.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is 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 other supplementary 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, liabilities and deferred inflows, 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, recreational 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 San Luis Obispo 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 43 to 47 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-six 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-four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major 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 and any major special revenue funds 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 non-major governmental funds is provided in the other supplementary information section of this report.

The basic governmental fund financial statements can be found on pages 49 to 54 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, transit districts, 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, Lopez Flood Control, 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 55 to 57 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 basic fiduciary fund financial statements can be found on pages 58 to 59 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 61 to 101 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.

The required supplementary information can be found on pages 103 to 111 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

*Combining and individual fund statements and schedules* – The combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds, non-major 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 115 to 130 and 151 to 175 of this report.

*Budgetary comparison schedules* - The budgetary comparison schedules (other than the General Fund which is presented with the individual General Fund statements) for the Capital Projects, Pension Obligation Bond, Public Financing Corporation, Public Financing Authority, and non-major Special Revenue funds can be found on pages 131 to 150 of this report.

*Detail budgetary schedules* demonstrating legal level of compliance with budgetary control for the General Fund are presented on pages 177 to 186 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 exceeded liabilities and deferred inflows by \$1,372,381 as detailed in the table below:

**Table A**  
**Statement of Net Position**  
**June 30, 2017**  
(in thousands)

|                                  | June 30, 2017           |                          |                          | June 30, 2016           |                          |                          | 2016-2017   |
|----------------------------------|-------------------------|--------------------------|--------------------------|-------------------------|--------------------------|--------------------------|-------------|
|                                  | Governmental Activities | Business-Type Activities | Total Primary Government | Governmental Activities | Business-Type Activities | Total Primary Government | Total % Chg |
| <b>Assets:</b>                   |                         |                          |                          |                         |                          |                          |             |
| Current assets                   | \$ 541,589              | \$ 151,111               | \$ 692,700               | \$ 497,228              | \$ 165,795               | \$ 663,023               | 4.5%        |
| Other long-term assets           | 4,269                   | 11,405                   | 15,674                   | 4,819                   | 11,283                   | 16,102                   | (2.7%)      |
| Capital assets                   | 1,199,499               | 594,181                  | 1,793,680                | 1,190,307               | 569,155                  | 1,759,462                | 1.9%        |
| Total assets                     | <u>1,745,357</u>        | <u>756,697</u>           | <u>2,502,054</u>         | <u>1,692,354</u>        | <u>746,233</u>           | <u>2,438,587</u>         | 2.6%        |
| Deferred Outflows of Resources   | 150,597                 | 5,462                    | 156,059                  | 115,143                 | 5,309                    | 120,452                  | 29.6%       |
| <b>Liabilities:</b>              |                         |                          |                          |                         |                          |                          |             |
| Long-term liabilities            | 784,217                 | 369,539                  | 1,153,756                | 691,907                 | 378,123                  | 1,070,030                | 7.8%        |
| Other liabilities                | 71,146                  | 37,058                   | 108,204                  | 76,749                  | 43,104                   | 119,853                  | (9.7%)      |
| Total liabilities                | <u>855,363</u>          | <u>406,597</u>           | <u>1,261,960</u>         | <u>768,656</u>          | <u>421,227</u>           | <u>1,189,883</u>         | 6.1%        |
| Deferred Inflows of Resources    | 23,772                  | -                        | 23,772                   | -                       | -                        | -                        | -           |
| <b>Net position:</b>             |                         |                          |                          |                         |                          |                          |             |
| Net investment in capital assets | 1,178,967               | 270,246                  | 1,449,213                | 1,168,573               | 237,157                  | 1,405,730                | 3.1%        |
| Restricted                       | 64,822                  | -                        | 64,822                   | 41,230                  | -                        | 41,230                   | 57.2%       |
| Unrestricted                     | (226,970)               | 85,316                   | (141,654)                | (170,962)               | 93,158                   | (77,804)                 | 82.1%       |
| Total net position               | <u>\$ 1,016,819</u>     | <u>\$ 355,562</u>        | <u>\$ 1,372,381</u>      | <u>\$ 1,038,841</u>     | <u>\$ 330,315</u>        | <u>\$ 1,369,156</u>      | 0.2%        |

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Analysis of Net Position

The County's total assets increased by \$63,467, or 2.6% driven by increases in current assets (\$30 million) and capital assets (\$34 million). The increase in current assets is primarily due to changes in the governmental activities' cash and other receivables. Significant cash increases occurred for debt service as the County accumulated resources for an upcoming final payment on the 2003 Series A Standard Pension Obligation Bonds. Other receivables are mostly comprised of Community Development loans; however, these loans are offset by an equivalent amount recorded as deferred inflows of resources. Business-type activities were mainly responsible for the increase in capital assets as construction continued on the new Airport terminal and as the Los Osos Wastewater treatment plant construction was finalized and put into use.

The 29.6%, \$35,607, increase in deferred outflows of resources was caused by changes in actuarial assumptions related to the County's pension obligation.

Total liabilities of the County increased \$72,077, or 6.1% mostly because governmental activities' long-term liabilities increased due to the net pension obligation increase.

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, 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, \$1,449,213 of total net position, reflects its net 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. 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 \$64,822, or 4.7%, 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 categories.

Total net position for governmental activities decreased \$22 million and total net position for business activities increased \$25.2 million resulting in an overall increase of \$3.2 million in the County's total net position.

*Net Investment in Capital Assets* for business type activities increased \$33.1 million. This increase is primarily due to new Airport terminal and Los Osos Wastewater treatment plant construction activity that does not have related debt. The remainder is comprised of reductions to capital related debt from scheduled debt service principal payments.

*Net Investment in Capital Assets* for governmental activities increased \$10.4 million. The majority of the increase is associated with construction in progress for several large infrastructure projects, including the Women's Jail, having no related debt as well as the retirement of capital related long-term debt.

The \$23,592, 57.2% increase to *Restricted net position* for governmental activities is primarily a consequence of the increase in resources to be used for debt service to pay the upcoming final payment on the 2003 Series A Standard Pension Obligation Bonds. Restricted net position increased slightly for the Public Protection, Public Ways and Facilities, Recreation and Culture, and Education functions and decreased slightly for the General Government, Health and Sanitation, and Public Assistance functions. The increases and decreases are mostly due to fluctuations in purchase obligations. Restricted net position represents net position of the County which is subject to constraints imposed by creditors, grantors, contributors, laws, or regulations.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

There was a decrease of \$63.9 million in *Unrestricted net position* reported in connection with the Total Primary Government. This category represents net position of the County 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 decrease was due to excess general expenses over net program revenues and increased expense related to the posting of the pension liability in compliance with GASB 68.

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, 2017**  
(in thousands)

|  | June 30, 2017           |                          |                          | June 30, 2016           |                          |                          | 2016-2017   |
|--|-------------------------|--------------------------|--------------------------|-------------------------|--------------------------|--------------------------|-------------|
|  | Governmental Activities | Business-Type Activities | Total Primary Government | Governmental Activities | Business-Type Activities | Total Primary Government | Total % Chg |
| <b>Revenues:</b>                           |                         |                          |                          |                         |                          |                          |             |
| Program revenues:                          |                         |                          |                          |                         |                          |                          |             |
| Charges for services                       | \$ 59,092               | \$ 42,576                | \$ 101,668               | \$ 60,117               | \$ 42,689                | \$ 102,806               | (1.1%)      |
| Operating grants and contributions         | 233,686                 | 1,178                    | 234,864                  | 235,929                 | 3,261                    | 239,190                  | (1.8%)      |
| Capital grants and contributions           | 15,632                  | 25,465                   | 41,097                   | 21,300                  | 11,226                   | 32,526                   | 26.4%       |
| General revenues:                          |                         |                          |                          |                         |                          |                          |             |
| Property taxes                             | 173,153                 | 3,814                    | 176,967                  | 163,367                 | 4,782                    | 168,149                  | 5.2%        |
| Other taxes                                | 23,072                  | -                        | 23,072                   | 21,953                  | -                        | 21,953                   | 5.1%        |
| Interest and investment income             | 3,289                   | 630                      | 3,919                    | 4,401                   | 847                      | 5,248                    | (25.3%)     |
| Grants not restricted to specific programs | 63                      | -                        | 63                       | 3,140                   | -                        | 3,140                    | (98.0%)     |
| Other revenues                             | 5                       | 338                      | 343                      | -                       | 268                      | 268                      | 28.0%       |
| <b>Total revenues</b>                      | <b>507,992</b>          | <b>74,001</b>            | <b>581,993</b>           | <b>510,207</b>          | <b>63,073</b>            | <b>573,280</b>           | <b>1.5%</b> |
| <b>Expenses:</b>                           |                         |                          |                          |                         |                          |                          |             |
| General government                         | 56,390                  | -                        | 56,390                   | 53,282                  | -                        | 53,282                   | 5.8%        |
| Public protection                          | 187,255                 | -                        | 187,255                  | 170,134                 | -                        | 170,134                  | 10.1%       |
| Public ways and facilities                 | 32,098                  | -                        | 32,098                   | 33,418                  | -                        | 33,418                   | (3.9%)      |
| Health and sanitation                      | 99,150                  | -                        | 99,150                   | 88,326                  | -                        | 88,326                   | 12.3%       |
| Public assistance                          | 125,102                 | -                        | 125,102                  | 118,089                 | -                        | 118,089                  | 5.9%        |
| Education                                  | 12,787                  | -                        | 12,787                   | 11,934                  | -                        | 11,934                   | 7.1%        |
| Recreational and cultural services         | 10,385                  | -                        | 10,385                   | 8,702                   | -                        | 8,702                    | 19.3%       |
| Interest on Long-term debt                 | 4,555                   | -                        | 4,555                    | 4,602                   | -                        | 4,602                    | (1.0%)      |
| Airport                                    | -                       | 6,391                    | 6,391                    | -                       | 6,117                    | 6,117                    | 4.5%        |
| Golf                                       | -                       | 3,111                    | 3,111                    | -                       | 3,131                    | 3,131                    | (0.6%)      |
| State Water Contract                       | -                       | 5,571                    | 5,571                    | -                       | 5,848                    | 5,848                    | (4.7%)      |
| Nacimiento Water Contract                  | -                       | 14,191                   | 14,191                   | -                       | 14,888                   | 14,888                   | (4.7%)      |
| Lopez Flood Control                        | -                       | 6,387                    | 6,387                    | -                       | 6,220                    | 6,220                    | 2.7%        |
| Lopez Park                                 | -                       | 4                        | 4                        | -                       | 4                        | 4                        | -           |
| General Flood Control                      | -                       | 851                      | 851                      | -                       | 824                      | 824                      | 3.3%        |
| County Service Areas                       | -                       | 4,218                    | 4,218                    | -                       | 4,065                    | 4,065                    | 3.8%        |
| Los Osos Wastewater                        | -                       | 10,322                   | 10,322                   | -                       | 3,807                    | 3,807                    | 171.1%      |
| <b>Total expenses</b>                      | <b>527,722</b>          | <b>51,046</b>            | <b>578,768</b>           | <b>488,487</b>          | <b>44,904</b>            | <b>533,391</b>           | <b>8.5%</b> |
| Excess/(deficiency) before transfers       | (19,730)                | 22,955                   | 3,225                    | 21,720                  | 18,169                   | 39,889                   | (91.9%)     |
| Transfers                                  | (2,292)                 | 2,292                    | -                        | (768)                   | 768                      | -                        | -           |
| Change in net position                     | (22,022)                | 25,247                   | 3,225                    | 20,952                  | 18,937                   | 39,889                   | (91.9%)     |
| Net position at beginning of year          | 1,038,841               | 330,315                  | 1,369,156                | 1,017,889               | 310,628                  | 1,328,517                | 3.1%        |
| Prior Period Adjustment                    | -                       | -                        | -                        | -                       | 750                      | 750                      | (100%)      |
| Net position - end of year                 | \$ 1,016,819            | \$ 355,562               | \$ 1,372,381             | \$ 1,038,841            | \$ 330,315               | \$ 1,369,156             | 0.2%        |

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Analysis of Governmental and Business-type Activities

#### Governmental Activities

Governmental Activities decreased San Luis Obispo County's net position by \$22 million compared to an increase of \$21 million in the prior year. While revenues remained relatively unchanged overall, expenses increased in every function except Public Ways and Facilities which decreased by 3.9%. Significant factors contributing to the decrease in net position from the prior year are detailed below:

Total revenues from Governmental Activities decreased by 0.4%, a \$2.2 million decrease from the prior year. A \$10.9 million increase in *Property Taxes* and *Other Taxes* combined was offset by decreases in nearly every other revenue category.

*Property Taxes* rose \$9.8 million or 6.0% over the prior year, a function of the regular 2% increase in assessed property value allowed by California's Proposition 13. *Other Taxes* rose \$1.1 million or 5.1% driven by increases in sales (\$453 thousand), transient occupancy (\$244 thousand), transfer (\$39 thousand) and other (\$383 thousand) taxes. The increases in taxes reflect the County's continued economic stability and status as a popular tourist destination.

*Capital Grants and Contributions* fell by \$5.7 million due to a decrease in general government energy efficiency funding and the culmination of a prior year State Coastal Grant. The decrease was lessened by increased State reimbursements for construction of the Women's Jail and increases in funds for various roads projects from both the State and Federal governments.

*Interest and Investment* income decreased by \$1.1 million or 25.3% due to overall decreases in the fair market value of various investments.

*Grants not Restricted to Specific Programs* decreased by \$3.1 million or 98.0%. The County received less general State funding and also decreased Federal Bureau of Land Management funding.

Total expenses from Governmental Activities increased \$39.2 million or 8.0% over the prior year. Expenses in all functions grew except for Public Ways and Facilities which fell by 3.9% or \$1.3 million. Negotiated salary and benefits increases along with regular employee step increases and an increased pension liability caused higher salaries and benefits costs in all functions. Public Protection expenses also rose due to the purchase of equipment for County Fire, while Health and Sanitation expenses also increased for Behavioral Health outpatient programs. The San Luis Obispo Library underwent a remodeling project in FY 2016-17 which caused an increase in Education expenses. Recreation and Cultural services rose \$1.7 million or 19.3% due to a variety of parks' maintenance projects. The decrease in the Public Ways and Facilities function's expenses is due to less being spent on roads microsurfacing, chip seal, and overlay in comparison to the prior year.

For FY 2016-17, the County was able to maintain its 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 San Luis Obispo County's net position by \$25.2 million compared to an increase of \$19.7 million in the previous year. Revenues exceeding expenses by \$23.0 million and a transfer of \$2.3 million 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 \$10.9 million or 17.3% from the preceding year. The largest increase occurred in *Capital Grants and Contributions* (\$14.2 million), a result of increased Federal construction funding for the new Airport terminal.

The increase in *Capital Grants and Contributions* was slightly offset by a \$2.1 million decrease in *Operating Grants and Contributions* attributable to decreased governmental aid for the Los Osos Wastewater project.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Expenses for Business-type Activities increased \$6.1 million or 13.7% from the prior year. Within Business-type Activities, the largest increase, \$6.5 million was caused by costs related to the activation of the Los Osos Wastewater system including a depreciation increase of \$3.2 million.

## FUND FINANCIAL STATEMENT ANALYSIS

### FINANCIAL ANALYSIS OF 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*, \$3,538, decreased by \$3.7 million, 51.1% 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 \$101, (2) prepaid items of \$1,056, and (3) long-term receivables of \$2,381. The reduction from the prior year relates to a shift within non-major governmental funds of long-term receivables which are classified as restricted or committed fund balance.
- *Restricted fund balance*, \$26,841 increased \$2.7 million or 11.0% 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. This balance includes amounts restricted for (1) Tax reduction reserves of \$2,649, (2) Public facilities of \$12,772, (3) Traffic impact programs of \$8,273, (4) Wildlife and grazing programs of \$18, and (5) Debt service of \$3,129. The majority of the increase to restricted fund balance relates to an increase in amounts restricted for debt service in the Public Financing Authority.
- *Committed fund balance*, \$259,396, increased 12.5% or \$28.9 million 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, \$17,850, (2) Tax reduction reserve, \$38,262, (3) Automation projects, \$16,370, (4) Roads, \$11,334, (5) Building Replacement \$35,357, (6) Solar plant mitigation, \$15,529, and (7) Capital projects, \$21,625. The most significant component of both the total committed fund balance and the change in committed fund balance is the \$44,351 commitment of resources for the upcoming final payment on the 2003 Series A Standard Pension Obligation Bonds which increased 80.4% over the prior year's commitment.
- *Assigned fund balance*, \$126,596, increased \$3.7 million or 3.0% 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, \$22,832, (2) Tax reduction reserve, \$11,685, and (3) Subsequent Fiscal Year Budget, \$37,490. The largest changes in the assigned fund balance category were a \$6.1 million decrease relating to various general government programs offset by increases in assignments related to Sheriff-Coroner and Behavioral Health programs. Also contributing to the change was a decrease in assignments for Social Services programs offset by increases to Probation and Planning programs.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$416,371, an increase of 8.2%, or \$ 31,482 in comparison with the prior year. Approximately 92.7% of the total fund balance, or \$385,992 is available to meet the County's current and future needs.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### 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 of the General Fund was \$293,737 while total fund balance reached \$297,272. 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 \$414 million. Spendable fund balance represents 71.0% of the total fund expenditures, while total fund balance represents 71.8% of the same amount, a 4.0% decrease from the prior year. During the current fiscal year, the fund balance of the General Fund decreased by \$598 thousand.

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

- ❖ Total revenues exceeded total expenditures by \$50.6 million. General Fund revenues ended the year with an increase of \$14.4 million or 3.2% over the prior year. Total expenditures increased 5.2% by \$20.6 million.
- ❖ The largest revenue increase occurred in *Taxes*, which increased by \$8.9 million due to property taxes which are allowed up to a 2% increase by California's Proposition 13. Other large increases include *Aid from Governmental Agencies* with an \$8.0 million increase, and *Charges for Current Services* which increased by \$1.0 million. Increased State funding for Social Services programs caused the majority of the increase in *Aid from Governmental Agencies*. The increase was slightly offset by decreased federal funding for public health programs. The increase in *Charges for Current Services* was mostly caused by higher charges for election services due to the normal election cycle. Also, fire protection services charges rose due to passed-through labor increases from the State. The overall increase in revenues was offset in part by a \$3 million decrease in *Other Revenues* which was primarily a result of having received a prior year settlement of \$5 million from a contractor who abandoned a development.
- ❖ Total expenditures in the General Fund increased \$20.6 million, 5.2%, from the prior year. Expenditures increased across all functions with the exception of Public Ways and Facilities which had a slight decrease due to the termination of a grant to the SLO County Office of Education for Public, Educational, and Government Access Programs. Negotiated salaries and benefit raises increased costs in all functions and were the major component in rise of all the functions with increases. Additionally, General Fund expenditures rose due to rents for expanded public assistance services' locations in Paso Robles. Greater professional services expenditures for both labor relations and contributions to other agencies, including the Central Coast Aquarium, the Senior Nutrition Program, and the SLO Arts Council, also contributed to the rise in expenditures.

### 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 \$23.0 million. Capital outlay expenditures exceeded revenues by \$1.1 million and transfers in totaled \$8.0 million. The net of these two factors resulted in a \$6.9 million increase 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 \$6.6 million to the Capital Projects Fund of which \$2.7 million is for the Juvenile Hall expansion project and the remainder going toward general government, public health and parks projects. 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 \$528.9 million in the current fiscal year, an increase of approximately 1.6% or \$8.2 million from the prior fiscal year revenues of \$520.7 million.

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



**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Table C**  
**Revenues Classified by Source**  
**Governmental Funds**  
**Fund Financial Statements**  
**For the Year Ended June 30, 2017**  
(in thousands)

|  | 2016-2017         |                  | 2015-2016         |                  | Increase/(Decrease) |                |
|--|-------------------|------------------|-------------------|------------------|---------------------|----------------|
|  | Amount            | Percent of Total | Amount            | Percent of Total | Amount              | Percent Change |
| Revenues by Source:  |                   |                  |                   |                  |                     |                |
| Taxes  | \$ 196,822        | 37.2%            | \$ 185,764        | 35.7%            | \$ 11,058           | 6.0%           |
| Licenses, Permits, Franchises  | 11,446            | 2.2%             | 10,539            | 2.0%             | 907                 | 8.6%           |
| Fines, Forfeitures, and Penalties  | 4,339             | 0.8%             | 5,173             | 1.0%             | (834)               | (16.1%)        |
| Revenues from the Use of Money and Property Aid from Governmental Agencies | 3,984             | 0.8%             | 4,939             | 0.9%             | (955)               | (19.3%)        |
| Charges for Current Services   | 254,350           | 48.0%            | 256,490           | 49.3%            | (2,140)             | (0.8%)         |
| Other Revenues   | 49,460            | 9.4%             | 46,308            | 8.9%             | 3,152               | 6.8%           |
|  | 8,481             | 1.6%             | 11,504            | 2.2%             | (3,023)             | (26.3%)        |
| <b>Total</b>   | <b>\$ 528,882</b> | <b>100%</b>      | <b>\$ 520,717</b> | <b>100%</b>      | <b>\$ 8,165</b>     | <b>1.6%</b>    |

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

- ❖ *Taxes* increased \$11.1 million or 6.0% due to the regular 2% increase in assessed property value allowed by California's Proposition 13.
- ❖ *Licenses, Permits, and Franchises* increased \$907 thousand or 8.6%. The increase was the cumulative effect of decreased cable franchise fees and increased building permit fees.
- ❖ *Fines, Forfeitures, and Penalties* decreased \$834 thousand or 16.1%. The decrease was primarily due to a reduction in collections related to vehicle infractions.
- ❖ *Revenues from the Use of Money and Property* decreased \$955 thousand or 19.3% due to a decrease in the fair market value of various investments.
- ❖ *Charges for Services* increased \$3.2 million or 6.8%. The change from the prior year was a combination of increases in several funds including road impact fees which increased \$1 million from the prior year due to new housing tracts being developed in the Nipomo, San Miguel, and Templeton areas. Also, election service fees in the General Fund increased \$718 thousand due to the regular election cycle.
- ❖ *Other Revenues* decreased \$3.0 million or 26.3%. The decrease was primarily due to a one-time prior year settlement payment of \$5 million from a contractor related to an abandoned development.

The following table presents the amount of expenditures by function as well as increases or decreases from the prior year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Table D**  
**Expenditures by Function Including Capital Outlay**  
**Governmental Funds**  
**Fund Financial Statements**  
**For the Year Ended June 30, 2017**  
(in thousands)

|                                    | 2016-2017         |                  | 2015-2016         |                  | Increase/(Decrease) |                |
|------------------------------------|-------------------|------------------|-------------------|------------------|---------------------|----------------|
|                                    | Amount            | Percent of Total | Amount            | Percent of Total | Amount              | Percent Change |
| Expenditures by Function:          |                   |                  |                   |                  |                     |                |
| General Government                 | \$ 54,918         | 11.1%            | \$ 54,461         | 10.8%            | \$ 457              | 0.8%           |
| Public Protection                  | 164,839           | 33.2%            | 156,096           | 30.8%            | 8,743               | 5.6%           |
| Public Ways and Facilities         | 29,077            | 5.9%             | 41,044            | 8.1%             | (11,967)            | (29.2%)        |
| Health and Sanitation              | 88,623            | 17.9%            | 81,591            | 16.1%            | 7,032               | 8.6%           |
| Public Assistance                  | 113,392           | 22.9%            | 111,227           | 21.9%            | 2,165               | 1.9%           |
| Education                          | 11,560            | 2.3%             | 10,534            | 2.1%             | 1,026               | 9.7%           |
| Recreational and Cultural Services | 9,963             | 2.0%             | 9,888             | 2.0%             | 75                  | 0.8%           |
| Principal payments                 | 7,576             | 1.5%             | 6,788             | 1.3%             | 788                 | 11.6%          |
| Interest on Long-Term Debt         | 4,639             | 0.9%             | 4,687             | 0.9%             | (48)                | (1.0%)         |
| Capital outlay                     | 11,554            | 2.3%             | 30,465            | 6.0%             | (18,911)            | (62.1%)        |
| <b>Total</b>                       | <b>\$ 496,141</b> | <b>100%</b>      | <b>\$ 506,781</b> | <b>100%</b>      | <b>\$ (10,640)</b>  | <b>(2.1%)</b>  |

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

- ❖ *Public Ways and Facilities* expenditures decreased \$12.0 million or 29.2%. The decrease is primarily attributable to prior year microsurfacing, overlay, and chip seal projects throughout the County, particularly in the Los Osos area due to completion of the community's new wastewater system.
- ❖ *Health and Sanitation* expenditures increased \$7.0 million or 8.6%. The growth is caused by increased Behavioral Health professional services expenditures for youth and adult outpatient services as well as for Mental Health Services Act enhanced crisis and adult full-service partnership services.
- ❖ *Education* expenditures increased \$1.0 million or 9.7%. The increase is related to the San Luis Obispo Library renovation project.
- ❖ *Capital Outlay* expenditures decreased \$18.9 million or 62.1%. The decrease primarily relates to construction activity nearing completion on the Women's Jail Project and the finalization of the expansion of the Juvenile Hall.

**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 2016-17 fiscal year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Table E**  
**Statement of Revenues, Expenses and Results of Operations**  
**Proprietary Funds**  
**Fund Financial Statements**  
**For the Year Ended June 30, 2017**  
(in thousands)

|  | Major Funds |                           |                     |                     | Nonmajor Funds         | Total            |
|--|-------------|---------------------------|---------------------|---------------------|------------------------|------------------|
|  | Airport     | Nacimiento Water Contract | Lopez Flood Control | Los Osos Wastewater | Other Enterprise Funds | Total Enterprise |
| Operating revenues                                   | \$ 5,721    | \$ 15,486                 | \$ 6,717            | \$ 2,327            | \$ 13,172              | \$ 43,423        |
| Operating expenses                                   | 6,289       | 6,044                     | 5,004               | 6,870               | 13,709                 | 37,916           |
| Operating income (loss)                              | (568)       | 9,442                     | 1,713               | (4,543)             | (537)                  | 5,507            |
| Non-operating revenues (expenses), net               | 57          | (7,599)                   | 64                  | (3,433)             | 3,240                  | (7,671)          |
| Net income (loss) before contributions and transfers | (511)       | 1,843                     | 1,777               | (7,976)             | 2,703                  | (2,164)          |
| Contributions and transfers, net                     | 15,212      | -                         | -                   | 12,398              | 147                    | 27,757           |
| Change in net position                               | \$ 14,701   | \$ 1,843                  | \$ 1,777            | \$ 4,422            | \$ 2,850               | \$ 25,593        |

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 \$568 thousand, \$18 thousand less than the prior year loss of \$586 thousand. Net position increased by \$14.7 million compared to an increase in net position of \$6.2 million in the prior year. The increase in net position is primarily due to capital contributions of \$15.4 million for the construction of a new terminal. Enplanement activity grew for the fourth consecutive year with a 15.7% increase over the prior year. Two additional flight destinations were established in FY 16-17.
- ❖ The *Nacimiento Water Contract Fund* realized operating income of \$9.4 million, a decrease of \$2.2 million from the prior year's operating income of \$11.6 million. The decrease is attributable to a \$222 thousand decrease in water sales and the prior year recognition of \$1.6 million in revenue from deposits. The decreased revenue contributed to the \$2.2 million decrease in operating income over the prior year and the decreased income contributed to a smaller change in net position when compared to the prior year. The change in net position for FY 16-17 was \$1.8 million, compared to \$3.7 million in the prior year; a \$1.9 million decrease.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- ❖ The *Lopez Flood Control Fund* reported \$1.7 million in operating income, the same amount as in the prior year. Net position increased by \$1.8 million primarily due to increased water sales and slightly higher depreciation expense.
- ❖ The *Los Osos Wastewater Fund* reported an operating loss of \$4.5 million. FY 16-17 was the first year the wastewater treatment plant began full service operations. With service operations commencing, operating revenues and expenses both showed significant increases from the prior year. Operating revenue increased to \$2.3 million, compared to just \$28 thousand in the prior year. Operating expenses increased by \$4.8 million, mostly due to increased depreciation of \$3.2 million and a rise in services and supplies expenses of \$1.8 million. With increased capital contributions of \$5.9 million, overall net position increased \$4.4 million.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for expenditures and transfers out increased by \$50.0 million, or 10.2%, during the year, leading to the final amended budget. This increase was funded in part by increases in budgeted revenues and transfers in of \$19.5 million and the use of reserves and designations for the balance. Unanticipated revenues totaling \$10.0 million in State and Federal Aid, \$5.7 million in Other Revenue, \$935 thousand in Charges for Current Services, \$414 thousand in Fines, Forfeitures, and Penalties, \$876 thousand in Interfund Revenues, and \$1.6 million in Other Financing Sources financed the budget augmentations.

The largest budget expenditure augmentations occurred in the functional areas of General Government (\$29.4 million), Health and Sanitation (\$7.7 million), Public Ways and Facilities (\$6.1 million), Public Protection (\$6.0 million), and Public Assistance (\$834 thousand). The \$29.4 million in the General Government function augmentations were primarily for the maintenance and upgrade of County facilities including energy and water conservation projects. The Health and Sanitation augmentations were divided among Public Health which received an additional \$3.1 million, Mental Health Services Act, which received \$2.3 million, Drug and Alcohol Services which received \$2.1 million and Mental Health which received \$194 thousand. \$4 million of Public Ways and Facilities' \$6.1 million augmentation is for construction costs related to the Spanish Springs development. The remainder relates to various smaller projects. The \$6.0 million in augmentations for the Public Protection function were for County Fire which had augmentations of \$2.4 million, Planning programs which had augmentations of \$2.1 million, and Sheriff-Coroner programs which has augmentations of \$1.5 million. The \$834 thousand increase in the Public Assistance function relates almost entirely to Social Services including foster care and adoption assistance, housing placement and supportive services. \$195 thousand of the Public Assistance augmentation went to Veterans' Services programs.

At the close of the fiscal year, actual General Fund expenditures were 83.1% of the current budget, while General Fund revenues were realized at 98.4% of budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2017, the County had \$1.8 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 \$34.2 million or 2% from last year.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

**Table F  
Capital Assets  
June 30, 2017  
(in thousands)**

|                                      | Governmental<br>Activities<br>June 30,<br>2016 | Governmental<br>Activities<br>June 30,<br>2017 | Business<br>Type<br>Activities<br>June 30,<br>2016 | Business<br>Type<br>Activities<br>June 30,<br>2017 | Total<br>Capital<br>Assets<br>June 30,<br>2016 | Total<br>Capital<br>Assets<br>June 30,<br>2017 | Total<br>Percent<br>Change |
|--------------------------------------|--|--|--|--|--|--|----------------------------|
| Land                                 | \$ 795,091                                     | \$ 795,397                                     | \$ 35,710  | \$ 35,619  | \$ 830,801                                     | \$ 831,016                                     | -                          |
| Water Rights                         | -  | -  | 51,028   | 54,067   | 51,028   | 54,067   | 6.0%                       |
| Other Property<br>Non<br>Depreciable | -  | -  | 1,968  | 1,968  | 1,968  | 1,968  | -                          |
| Construction-<br>in-progress         | 74,891   | 20,260   | 15,325   | 38,856   | 90,216   | 59,116   | (34.5%)                    |
| Structures &<br>Improvements         | 188,692  | 250,795  | 170,845  | 170,658  | 359,537  | 421,453  | 17.2%                      |
| Equipment                            | 84,779   | 88,070   | 3,736  | 3,895  | 88,515   | 91,965   | 3.9%                       |
| Other Property<br>Depreciable        | 340  | 340  | 554  | 554  | 894  | 894  | -                          |
| Infrastructure<br>Depreciable        | <u>372,510</u>                                 | <u>389,248</u>                                 | <u>359,686</u>                                     | <u>369,114</u>                                     | <u>732,196</u>                                 | <u>758,362</u>                                 | 3.6%                       |
| Subtotal                             | 1,516,303                                      | 1,544,110                                      | 638,852  | 674,731  | 2,155,155                                      | 2,218,841                                      | 3.0%                       |
| Less<br>Accumulated<br>Depreciation  | <u>(325,996)</u>                               | <u>(344,611)</u>                               | <u>(69,697)</u>                                    | <u>(80,550)</u>                                    | <u>(395,693)</u>                               | <u>(425,161)</u>                               | 7.4%                       |
| Total                                | <u>\$ 1,190,307</u>                            | <u>\$ 1,199,499</u>                            | <u>\$ 569,155</u>                                  | <u>\$ 594,181</u>                                  | <u>\$ 1,759,462</u>                            | <u>\$ 1,793,680</u>                            | 1.9%                       |

**Major additions and future commitments in capital assets - Governmental Activities**

County Roads had the majority of additions in governmental activities with \$11.6 million worth of assets. Microsurfacing, overlay, and chip seal projects throughout the County comprised most of the road additions. Other major roads projects include the widening of Price Canyon Road in the south county and L Street in the north county. Other notable capital asset additions during FY 2016-17 include the San Miguel Park Expansion (\$1.2 million), San Luis Obispo Library renovations (\$461 thousand), and Information Technology communications equipment (\$214 thousand). On-going projects include the Women's Jail expansion and roads infrastructure.

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

Within Business-type Activities, \$9.1 million of the additions relate to the \$173 million wastewater project for the community of Los Osos. The project is designed to address groundwater contamination issues caused by years of seepage from septic systems. Construction was substantially completed in FY 2015-16.

Other major additions include, the construction of the new airport terminal which increased capital assets by \$23.3 million and has \$12.0 million in future commitments.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Debt Administration

At the end of the current fiscal year, the County of San Luis Obispo had total notes and bonds payable of \$535 million. In July 2003, the county issued Pension Obligation Bonds to refund the Unfunded Actuarial Accrued Liability due to the Pension Trust. In 2009, the County issued the 2009 Series A Term Bonds to refund and defease the 2003 Series B Auction Rate Bonds. The balance remaining on the County's Pension Obligation Bonds at the end of FY 2016-17 was \$143.9 million. Pension Obligation Bonds debt service payments are funded by County payroll benefits.

The remainder of the County's debt consists of: \$39.1 million in certificates of participation, which are repaid from a variety of revenues; \$85.7 million in State loans; \$78.1 million in assessment bonds relating to the Los Osos Wastewater project, and \$179.2 million in revenue bonds which are repaid with water service revenue. General Obligation Bonds totaling \$9.1 million are backed by the full faith and credit of the County.

**Table G**  
**Outstanding Debt**  
**June 30, 2017**  
(in thousands)

|                                     | Govern-<br>mental<br>Activities<br>June 30,<br>2016 | Govern-<br>mental<br>Activities<br>June 30,<br>2017 | Business<br>Type<br>Activities<br>June 30,<br>2016 | Business<br>Type<br>Activities<br>June 30,<br>2017 | Total<br>Outstanding<br>Debt<br>June 30,<br>2016 | Total<br>Outstanding<br>Debt<br>June 30,<br>2017 | Total<br>Percent<br>Change |
|-------------------------------------|---|---|--|--|--|--|----------------------------|
| Certificates<br>of<br>participation | \$ 23,503   | \$ 22,303   | \$ 17,587  | \$ 16,831  | \$ 41,090  | \$ 39,134  | (4.8%)                     |
| Pension<br>Obligation<br>Bonds      | 145,291   | 143,890   | -  | -  | 145,291  | 143,890  | (1.0%)                     |
| State notes                         | -   | -   | 86,611   | 85,674   | 86,611   | 85,674   | (1.1%)                     |
| Revenue<br>bonds                    | -   | -   | 183,085  | 179,168  | 183,085  | 179,168  | (2.1%)                     |
| General<br>obligation<br>bonds      | -   | -   | 9,606  | 9,140  | 9,606  | 9,140  | (4.9%)                     |
| Assessment<br>Bonds                 | -   | -   | 79,396   | 78,089   | 79,396   | 78,089   | (1.6%)                     |
|                                     | <u>\$ 168,794</u>                                   | <u>\$ 166,193</u>                                   | <u>\$ 376,285</u>                                  | <u>\$ 368,902</u>                                  | <u>\$ 545,079</u>                                | <u>\$ 535,095</u>                                | (1.8%)                     |

The decrease from the prior year for the County's certificates of participation, notes, and bonds payable was \$10.0 million, or 1.8%. This decrease is due to scheduled debt payments being made; including the retirement of the 1976 Water Bond for County Service Area 16. No new debt was issued in FY 16-17. Additional information on the issuance of debt can be found in Note 10 to the financial statements.

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 \$633.1 million.

Other liabilities include compensated absences of \$27.7 million for Governmental Activities and \$368 thousand for Business-type Activities; landfill post-closure costs of \$5.7 million; and a self-insurance liability of \$19.6 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### 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 2017-18 budget which represents conservative growth compared to the Fiscal Year 2016-17 budget. The County's conservative approach to budgeting has ensured its ability to sustain fiscal health in recent years and will be central to the County's ability to respond to potential changes in State and Federal policy.
- ❖ While State funding has significantly decreased with the elimination of the In-Home Supportive Services Maintenance of Effort contribution, the County expects to receive more State funding for critical transportation infrastructure projects with the April 2017 passage of Senate Bill 1.
- ❖ The Federal proposed budget for FY 2017-18 includes a total of \$6 billion in cuts to the Department of Housing and Urban Development. If the cuts are enacted, the County's Community Development Block Grant and HOME Investment Partnership programs could potentially be eliminated along with the ability to provide affordable housing opportunities or otherwise benefit low income residents.
- ❖ Currently, economic indicators show signs of a stable local economy:
  - The number of building permits issued increased 17.0% from the prior year, indicating a solid housing market.
  - Property transfer taxes for unincorporated areas came in 1.5% higher than the preceding year reflecting stabilization in the value and number of real estate transactions.
  - County assessed property tax valuations increased from \$48.1 million to \$50.7 million or 5.1%.
  - Transient Occupancy Tax (bed tax) collections trended slightly upward in FY 2016-17, with a 2.6% increase over FY 2015-16.
- ❖ The Board of Supervisors adopted the FY 2017-18 budget in June 2017, with a \$96.0 million fund balance in the General Fund, of which \$37.5 million was appropriated to finance the current year's expenditures including contingencies, \$13 million was placed in general reserves, and \$23.6 million was earmarked for designations. The total General Fund budget for FY 2017-18 is \$510.1 million, a 3.4% 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](http://www.slocounty.ca.gov).





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

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**COUNTY OF SAN LUIS OBISPO  
STATEMENT OF NET POSITION  
JUNE 30, 2017 (In Thousands)**

|                                       | Primary Government         |                             |                     | Component Unit<br>First 5 |
|---------------------------------------|----------------------------|-----------------------------|---------------------|---------------------------|
|                                       | Governmental<br>Activities | Business-Type<br>Activities | Total               |                           |
| <b>ASSETS</b>                         |                            |                             |                     |                           |
| Current Assets:                       |                            |                             |                     |                           |
| Cash and cash equivalents             | \$ 454,326                 | \$ 46,390                   | \$ 500,716          | \$ 8,453                  |
| Accounts receivable, net              | 280                        | 2,720                       | 3,000               | -                         |
| Property taxes receivable             | 10,870                     | -                           | 10,870              | -                         |
| Other receivables                     | 24,623                     | 112,445                     | 137,068             | -                         |
| Due from other governments            | 32,702                     | 5,584                       | 38,286              | 379                       |
| Deposits with others                  | -                          | 13                          | 13                  | 13                        |
| Internal balances                     | 17,133                     | (17,133)                    | -                   | -                         |
| Inventories                           | 559                        | -                           | 559                 | -                         |
| Prepaid items                         | 1,056                      | 1,092                       | 2,148               | 4                         |
| Other assets                          | 40                         | -                           | 40                  | -                         |
| Total Current Assets                  | <u>541,589</u>             | <u>151,111</u>              | <u>692,700</u>      | <u>8,849</u>              |
| Noncurrent Assets:                    |                            |                             |                     |                           |
| Restricted cash with fiscal agent     | 3,129                      | 11,139                      | 14,268              | -                         |
| Prepaid insurance                     | -                          | 266                         | 266                 | -                         |
| OPEB asset                            | 1,140                      | -                           | 1,140               | -                         |
| Capital Assets:                       |                            |                             |                     |                           |
| Nondepreciable                        | 815,657                    | 130,510                     | 946,167             | -                         |
| Depreciable, net                      | <u>383,842</u>             | <u>463,671</u>              | <u>847,513</u>      | <u>-</u>                  |
| Total Noncurrent Assets               | <u>1,203,768</u>           | <u>605,586</u>              | <u>1,809,354</u>    | <u>-</u>                  |
| Total Assets                          | <u>1,745,357</u>           | <u>756,697</u>              | <u>2,502,054</u>    | <u>8,849</u>              |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b> |                            |                             |                     |                           |
| Deferred pensions                     | 150,597                    | 1,472                       | 152,069             | -                         |
| Deferred loss on refunding            | -                          | 3,990                       | 3,990               | -                         |
| Total Deferred Outflows of Resources  | <u>150,597</u>             | <u>5,462</u>                | <u>156,059</u>      | <u>-</u>                  |
| <b>LIABILITIES</b>                    |                            |                             |                     |                           |
| Current Liabilities:                  |                            |                             |                     |                           |
| Salaries and benefits payable         | 15,097                     | 153                         | 15,250              | 20                        |
| Accounts payable                      | 15,599                     | 13,223                      | 28,822              | 460                       |
| Deposits from others                  | 4,290                      | 3,383                       | 7,673               | -                         |
| Accrued interest                      | 1,497                      | 4,914                       | 6,411               | -                         |
| Other current liabilities             | 1,339                      | -                           | 1,339               | -                         |
| Unearned revenue                      | 1,612                      | 5,683                       | 7,295               | -                         |
| Bonds and notes payable               | 8,424                      | 9,541                       | 17,965              | -                         |
| Compensated absences                  | 19,322                     | 161                         | 19,483              | -                         |
| Landfill closure/postclosure costs    | 684                        | -                           | 684                 | -                         |
| Self insurance payable                | <u>3,282</u>               | <u>-</u>                    | <u>3,282</u>        | <u>-</u>                  |
| Total Current Liabilities             | <u>71,146</u>              | <u>37,058</u>               | <u>108,204</u>      | <u>480</u>                |
| Long-Term Liabilities:                |                            |                             |                     |                           |
| Net pension liability                 | 596,824                    | 5,981                       | 602,805             | 36                        |
| Bonds and notes payable               | 157,769                    | 363,351                     | 521,120             | -                         |
| Compensated absences                  | 8,333                      | 207                         | 8,540               | -                         |
| Landfill closure/postclosure costs    | 5,010                      | -                           | 5,010               | -                         |
| Self insurance payable                | <u>16,281</u>              | <u>-</u>                    | <u>16,281</u>       | <u>-</u>                  |
| Total Long-Term Liabilities           | <u>784,217</u>             | <u>369,539</u>              | <u>1,153,756</u>    | <u>36</u>                 |
| Total Liabilities                     | <u>855,363</u>             | <u>406,597</u>              | <u>1,261,960</u>    | <u>516</u>                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>  |                            |                             |                     |                           |
| Deferred pensions                     | -                          | -                           | -                   | 18                        |
| Deferred community development loans  | <u>23,772</u>              | <u>-</u>                    | <u>23,772</u>       | <u>-</u>                  |
| Total Deferred Inflows of Resources   | <u>23,772</u>              | <u>-</u>                    | <u>23,772</u>       | <u>18</u>                 |
| <b>NET POSITION</b>                   |                            |                             |                     |                           |
| Net investment in capital assets      | 1,178,967                  | 270,246                     | 1,449,213           | -                         |
| Restricted for:                       |                            |                             |                     |                           |
| General government                    | 2,286                      | -                           | 2,286               | -                         |
| Public protection                     | 7,583                      | -                           | 7,583               | -                         |
| Health and sanitation                 | 117                        | -                           | 117                 | -                         |
| Public assistance                     | 12                         | -                           | 12                  | -                         |
| Public ways and facilities            | 21,135                     | -                           | 21,135              | -                         |
| Recreation and culture                | 37                         | -                           | 37                  | -                         |
| Education                             | 3                          | -                           | 3                   | -                         |
| Debt service                          | 33,649                     | -                           | 33,649              | -                         |
| Unrestricted                          | <u>(226,970)</u>           | <u>85,316</u>               | <u>(141,654)</u>    | <u>8,315</u>              |
| Total Net Position                    | <u>\$ 1,016,819</u>        | <u>\$ 355,562</u>           | <u>\$ 1,372,381</u> | <u>\$ 8,315</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, 2017 (In Thousands)**

| Functions/Programs                    | Expenses          | Program Revenues                            |  |  | Total             |
|---------------------------------------|-------------------|---|--|--|-------------------|
|                                       |                   | Fees, Fines,<br>and Charges<br>for Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions |                   |
| <b>Governmental activities:</b>       |                   |   |  |  |                   |
| General government                    | \$ 56,390         | \$ 14,839                                   | \$ 748                                   | \$ -                                   | \$ 15,587         |
| Public protection                     | 187,255           | 21,231                                      | 52,205                                   | 7,820                                  | 81,256            |
| Public ways and facilities            | 32,098            | 7,462                                       | 9,918                                    | 6,655                                  | 24,035            |
| Health and sanitation                 | 99,150            | 6,757                                       | 67,626                                   | -                                      | 74,383            |
| Public assistance                     | 125,102           | 2,032                                       | 102,784                                  | -                                      | 104,816           |
| Education                             | 12,787            | 1,644                                       | 132                                      | -                                      | 1,776             |
| Recreation and cultural services      | 10,385            | 5,127                                       | 273                                      | 1,157                                  | 6,557             |
| Interest on long-term debt            | 4,555             | -   | -  | -                                      | -                 |
| <b>Total governmental activities</b>  | <b>527,722</b>    | <b>59,092</b>                               | <b>233,686</b>                           | <b>15,632</b>                          | <b>308,410</b>    |
| <b>Business-type activities:</b>      |                   |   |  |  |                   |
| Airport                               | 6,391             | 5,662                                       | 126                                      | 15,379                                 | 21,167            |
| Golf                                  | 3,111             | 2,291                                       | 1,017                                    | -                                      | 3,308             |
| State Water Contract                  | 5,571             | 5,941                                       | 14                                       | -                                      | 5,955             |
| Nacimiento Water Contract             | 14,191            | 15,149                                      | -  | -                                      | 15,149            |
| Lopez Flood Control                   | 6,387             | 6,708                                       | -  | -                                      | 6,708             |
| Lopez Park                            | 4                 | -   | -  | -                                      | -                 |
| General Flood Control                 | 851               | 904   | -  | -                                      | 904               |
| County Service Areas                  | 4,218             | 3,620                                       | 3  | -                                      | 3,623             |
| Los Osos Wastewater                   | 10,322            | 2,301                                       | 18                                       | 10,086                                 | 12,405            |
| <b>Total business-type activities</b> | <b>51,046</b>     | <b>42,576</b>                               | <b>1,178</b>                             | <b>25,465</b>                          | <b>69,219</b>     |
| <b>Total primary government</b>       | <b>\$ 578,768</b> | <b>\$ 101,668</b>                           | <b>\$ 234,864</b>                        | <b>\$ 41,097</b>                       | <b>\$ 377,629</b> |
| <b>Component unit:</b>                |                   |   |  |  |                   |
| First Five San Luis Obispo            | \$ 1,956          | \$ -  | \$ 1,934                                 | \$ -                                   | \$ 1,934          |

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

**COUNTY OF SAN LUIS OBISPO**  
**STATEMENT OF ACTIVITIES (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

| Functions/Programs                                    | Net (Expense) Revenue<br>and Changes in Net Position |                             |                     | Component Unit<br>First 5 |
|---|--|-----------------------------|---------------------|---------------------------|
|   | Governmental<br>Activities                           | Business-Type<br>Activities | Total               |                           |
| <b>Governmental activities:</b>                       |  |                             |                     |                           |
| General government                                    | \$ (40,803)  | \$ -                        | \$ (40,803)         |                           |
| Public protection                                     | (105,999)  | -                           | (105,999)           |                           |
| Public ways and facilities                            | (8,063)  | -                           | (8,063)             |                           |
| Health and sanitation                                 | (24,767)   | -                           | (24,767)            |                           |
| Public assistance                                     | (20,286)   | -                           | (20,286)            |                           |
| Education   | (11,011)   | -                           | (11,011)            |                           |
| Recreation and cultural services                      | (3,828)  | -                           | (3,828)             |                           |
| Interest on long-term debt                            | (4,555)  | -                           | (4,555)             |                           |
| <b>Total governmental activities</b>                  | <b>(219,312)</b>                                     | <b>-</b>                    | <b>(219,312)</b>    |                           |
| <b>Business-type activities:</b>                      |  |                             |                     |                           |
| Airport   | -  | 14,776                      | 14,776              |                           |
| Golf  | -  | 197                         | 197                 |                           |
| State Water Contract                                  | -  | 384                         | 384                 |                           |
| Nacimiento Water Contract                             | -  | 958                         | 958                 |                           |
| Lopez Flood Control                                   | -  | 321                         | 321                 |                           |
| Lopez Park  | -  | (4)                         | (4)                 |                           |
| General Flood Control                                 | -  | 53                          | 53                  |                           |
| County Service Areas                                  | -  | (595)                       | (595)               |                           |
| Los Osos Wastewater                                   | -  | 2,083                       | 2,083               |                           |
| <b>Total business-type activities</b>                 | <b>-</b>   | <b>18,173</b>               | <b>18,173</b>       |                           |
| <b>Total primary government</b>                       | <b>\$ (219,312)</b>                                  | <b>\$ 18,173</b>            | <b>\$ (201,139)</b> |                           |
| <b>Component unit:</b>                                |  |                             |                     |                           |
| First Five San Luis Obispo                            |  |                             |                     | \$ (22)                   |
| <b>General Revenues and Transfers:</b>                |  |                             |                     |                           |
| <b>Taxes:</b>   |  |                             |                     |                           |
| Property taxes  | 173,153  | 3,814                       | 176,967             | -                         |
| Sales and use taxes                                   | 10,028   | -                           | 10,028              | -                         |
| Transient occupancy taxes                             | 9,493  | -                           | 9,493               | -                         |
| Transfer tax  | 2,694  | -                           | 2,694               | -                         |
| Other taxes   | 857  | -                           | 857                 | -                         |
| Grants not restricted to specific programs            | 63   | -                           | 63                  | -                         |
| Interest earnings not restricted to specific programs | 3,289  | 630                         | 3,919               | 61                        |
| Other revenues  | 5  | 338                         | 343                 | -                         |
| Transfers   | (2,292)  | 2,292                       | -                   | -                         |
| <b>Total General Revenues and Transfers</b>           | <b>197,290</b>                                       | <b>7,074</b>                | <b>204,364</b>      | <b>61</b>                 |
| Change in net position                                | (22,022)   | 25,247                      | 3,225               | 39                        |
| Net position - beginning of year                      | 1,038,841  | 330,315                     | 1,369,156           | 8,276                     |
| Net position - end of year                            | <u>\$ 1,016,819</u>                                  | <u>\$ 355,562</u>           | <u>\$ 1,372,381</u> | <u>\$ 8,315</u>           |

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



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**BASIC FINANCIAL STATEMENTS  
FUND FINANCIAL STATEMENTS**

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**COUNTY OF SAN LUIS OBISPO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017 (In Thousands)**

|   | General<br>Fund   | Capital Projects<br>Fund | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|-------------------|--------------------------|------------------------------------|--------------------------------|
| <b><u>ASSETS</u></b>  |                   |                          |                                    |                                |
| Cash and cash equivalents   | \$ 293,658        | \$ 23,842                | \$ 92,110                          | \$ 409,610                     |
| Restricted cash with fiscal agent                                   | -                 | 1,358                    | 1,771                              | 3,129                          |
| Accounts receivables, net   | 211               | -                        | 61                                 | 272                            |
| Accrued property taxes receivable                                   | 10,870            | -                        | -                                  | 10,870                         |
| Other receivables   | 979               | -                        | 23,643                             | 24,622                         |
| Due from other governments  | 27,343            | 2,122                    | 3,237                              | 32,702                         |
| Due from other funds  | 5,827             | -                        | -                                  | 5,827                          |
| Inventories   | 101               | -                        | -                                  | 101                            |
| Prepaid items   | 1,053             | -                        | 3                                  | 1,056                          |
| Advances to other funds   | 3,185             | -                        | 6,457                              | 9,642                          |
| Other assets  | -                 | -                        | 8,464                              | 8,464                          |
| Total assets  | <u>\$ 343,227</u> | <u>\$ 27,322</u>         | <u>\$ 135,746</u>                  | <u>\$ 506,295</u>              |
| <b><u>LIABILITIES</u></b>   |                   |                          |                                    |                                |
| Salaries and benefits payable                                       | \$ 12,742         | \$ -                     | \$ 708                             | \$ 13,450                      |
| Accounts payable  | 9,025             | 2,279                    | 2,667                              | 13,971                         |
| Deposits from others  | 1,766             | -                        | 1,597                              | 3,363                          |
| Unearned revenue  | 691               | 863                      | 58                                 | 1,612                          |
| Other current liabilities   | 1,341             | -                        | 8,422                              | 9,763                          |
| Advances from other funds   | -                 | -                        | 864                                | 864                            |
| Total liabilities   | <u>25,565</u>     | <u>3,142</u>             | <u>14,316</u>                      | <u>43,023</u>                  |
| <b><u>DEFERRED INFLOWS OF RESOURCES</u></b>                         |                   |                          |                                    |                                |
| Unavailable revenue   | 20,390            | 1,197                    | 1,671                              | 23,258                         |
| Deferred loans  | -                 | -                        | 23,643                             | 23,643                         |
| Total deferred inflows of resources                                 | <u>20,390</u>     | <u>1,197</u>             | <u>25,314</u>                      | <u>46,901</u>                  |
| <b><u>FUND BALANCES</u></b>   |                   |                          |                                    |                                |
| Nonspendable  | 3,535             | -                        | 3                                  | 3,538                          |
| Restricted  | 2,649             | 1,358                    | 22,834                             | 26,841                         |
| Committed   | 164,492           | 21,625                   | 73,279                             | 259,396                        |
| Assigned  | 126,596           | -                        | -                                  | 126,596                        |
| Total fund balances   | <u>297,272</u>    | <u>22,983</u>            | <u>96,116</u>                      | <u>416,371</u>                 |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 343,227</u> | <u>\$ 27,322</u>         | <u>\$ 135,746</u>                  | <u>\$ 506,295</u>              |

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

**COUNTY OF SAN LUIS OBISPO  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES  
JUNE 30, 2017 (In Thousands)**

|   |              |                         |
|---|--------------|-------------------------|
| <b>Total Fund Balances - Total Governmental Funds</b>   | <b>\$</b>    | <b>416,371</b>          |
| 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.  |              | 1,185,903               |
| Accrued property tax and grant revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.   |              | 23,258                  |
| The other post employment benefit (OPEB) asset is not available to pay for current-period expenditures and, therefore, is deferred in the funds.  |              | 1,140                   |
| 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. |              | (8,059)                 |
| 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.  |              | 2,527                   |
| Interest on long-term debt is recognized as it accrues, regardless of when it is due.   |              | (1,497)                 |
| The pension liability of governmental funds not due and payable in the current period, and therefore is not reported in the fund financial statements.  |              | (542,808)               |
| 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.   |              | 136,898                 |
| Repayment and issuance of community development loans are reported as revenue and expenditures in the fund statements which contribute to the change in fund balance. However, in the statement of net position loan repayments and issuances change deferred inflows.  |              | (128)                   |
| 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:  |              |                         |
| Bonds and notes payable   | \$ (166,193) |                         |
| Compensated absences  | (24,899)     |                         |
| Landfill closure/post closure costs   | (5,694)      | (196,786)               |
|   |              |                         |
| <b>Net Position of Governmental Activities</b>  | <b>\$</b>    | <b><u>1,016,819</u></b> |

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, 2017 (In Thousands)**

|  | General<br>Fund   | Capital Projects<br>Fund | Non-Major<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|-------------------|--------------------------|------------------------------------|--------------------------------|
| <b><u>REVENUES</u></b>                                       |                   |                          |                                    |                                |
| Taxes  | \$ 182,689        | \$ -                     | \$ 14,133                          | \$ 196,822                     |
| Licenses, permits, and franchises                            | 11,446            | -                        | -                                  | 11,446                         |
| Fines, forfeitures, and penalties                            | 3,216             | 426                      | 697                                | 4,339                          |
| Use of money and property                                    | 3,375             | 94                       | 515                                | 3,984                          |
| Aid from other governments                                   | 224,661           | 8,585                    | 21,104                             | 254,350                        |
| Charges for services   | 33,330            | 810                      | 15,320                             | 49,460                         |
| Other revenues   | 5,787             | 553                      | 2,141                              | 8,481                          |
|  | <u>464,504</u>    | <u>10,468</u>            | <u>53,910</u>                      | <u>528,882</u>                 |
| Total revenues   |                   |                          |                                    |                                |
| <b><u>EXPENDITURES</u></b>                                   |                   |                          |                                    |                                |
| Current:   |                   |                          |                                    |                                |
| General government   | 54,918            | -                        | -                                  | 54,918                         |
| Public protection  | 160,763           | -                        | 4,076                              | 164,839                        |
| Public ways and facilities                                   | 1,992             | -                        | 27,085                             | 29,077                         |
| Health and sanitation  | 84,276            | -                        | 4,347                              | 88,623                         |
| Public assistance  | 111,436           | -                        | 1,956                              | 113,392                        |
| Education  | 491               | -                        | 11,069                             | 11,560                         |
| Recreation and cultural services                             | -                 | -                        | 9,963                              | 9,963                          |
| Debt service:  |                   |                          |                                    |                                |
| Principal payments   | -                 | -                        | 7,576                              | 7,576                          |
| Interest and fiscal charges                                  | -                 | -                        | 4,639                              | 4,639                          |
| Capital outlay   | -                 | 11,554                   | -                                  | 11,554                         |
|  | <u>413,876</u>    | <u>11,554</u>            | <u>70,711</u>                      | <u>496,141</u>                 |
| Total expenditures   |                   |                          |                                    |                                |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>50,628</u>     | <u>(1,086)</u>           | <u>(16,801)</u>                    | <u>32,741</u>                  |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                 |                   |                          |                                    |                                |
| Transfers in   | 995               | 7,953                    | 48,720                             | 57,668                         |
| Transfers out  | (52,221)          | -                        | (6,706)                            | (58,927)                       |
|  | <u>(51,226)</u>   | <u>7,953</u>             | <u>42,014</u>                      | <u>(1,259)</u>                 |
| Total other financing sources (uses)                         |                   |                          |                                    |                                |
| Net change in fund balances                                  | (598)             | 6,867                    | 25,213                             | 31,482                         |
| Fund balances - beginning                                    | 297,870           | 16,116                   | 70,903                             | 384,889                        |
| Fund balances - ending                                       | <u>\$ 297,272</u> | <u>\$ 22,983</u>         | <u>\$ 96,116</u>                   | <u>\$ 416,371</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, 2017 (In Thousands)**

**Net Change in Fund Balances - Total Governmental Funds** \$ 31,482

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

Property tax and intergovernmental revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. (5,566)

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                   | \$ | 1,797  |        |
| General government               |    | 5,358  |        |
| Public protection                |    | 7,583  |        |
| Public ways                      |    | 11,641 |        |
| Health and sanitation            |    | 1,006  |        |
| Public assistance                |    | 108    |        |
| Education                        |    | 878    |        |
| Recreation and cultural services |    | 1,011  |        |
|                                  |    | 29,382 | 29,382 |

In the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. (20,283)

The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position. (461)

Bond proceeds 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 7,576

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                              | \$ | 40       |          |
| Change in accrued interest payable                          |    | 198      |          |
| Change in landfill closure/postclosure costs                |    | (74)     |          |
| Change in OPEB  |    | 23       |          |
| Change in Net Pension Liability                             |    | (86,094) |          |
| Change in deferred pension outflows                         |    | 32,035   |          |
| Capital appreciation bond accretion                         |    | (5,059)  |          |
| Amortization of debt premiums, discounts and issuance costs |    | 84       |          |
|   |    | (58,847) | (58,847) |

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. (5,523)

Repayment and issuance of community development loans are reported as revenue and expenditures in the fund statements which contribute to the change in fund balance. However, in the statement of net position loan repayments and issuances change deferred inflows and do not affect the statement of activities. (129)

The net (revenue) expense allocable to business-type activities 347

**Change in Net Position of Governmental Activities** \$ (22,022)

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

**COUNTY OF SAN LUIS OBISPO  
STATEMENT OF FUND NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2017 (In Thousands)**

|   | Business-Type Activities - Enterprise Funds |                                 |                        |                        |                                 | Total<br>Enterprise<br>Funds | Governmental<br>Activities<br>Internal<br>Service Funds |
|---|---|---------------------------------|------------------------|------------------------|---------------------------------|------------------------------|---|
|   | Airport                                     | Nacimiento<br>Water<br>Contract | Lopez<br>Flood Control | Los Osos<br>Wastewater | Nonmajor<br>Enterprise<br>Funds |                              |   |
| <b>ASSETS</b>   |   |                                 |                        |                        |                                 |                              |   |
| Current assets:   |   |                                 |                        |                        |                                 |                              |   |
| Cash and investments  | \$ 2,846                                    | \$ 9,538                        | \$ 8,953               | \$ 6,663               | \$ 18,390                       | \$ 46,390                    | \$ 44,716   |
| Accounts receivable, net  | 23  | 3                               | -                      | 322                    | 2,372                           | 2,720                        | 8   |
| Other receivables   | 240   | -                               | -                      | 112,205                | -                               | 112,445                      | -   |
| Due from other governments  | 5,584                                       | -                               | -                      | -                      | -                               | 5,584                        | -   |
| Deposits with others  | -   | -                               | -                      | -                      | 13                              | 13                           | -   |
| Inventories   | -   | -                               | -                      | -                      | -                               | -                            | 458   |
| Prepaid items   | -   | -                               | 36                     | -                      | 1,056                           | 1,092                        | -   |
| <b>Total current assets</b>   | <b>8,693</b>                                | <b>9,541</b>                    | <b>8,989</b>           | <b>119,190</b>         | <b>21,831</b>                   | <b>168,244</b>               | <b>45,182</b>   |
| Noncurrent assets:  |   |                                 |                        |                        |                                 |                              |   |
| Advances to other funds   | -   | -                               | -                      | -                      | 133                             | 133                          | -   |
| Restricted cash with fiscal agent   | -   | 10,652                          | -                      | -                      | 487                             | 11,139                       | -   |
| Prepaid insurance   | -   | 266                             | -                      | -                      | -                               | 266                          | -   |
| Capital assets:   |   |                                 |                        |                        |                                 |                              |   |
| Nondepreciable:   |   |                                 |                        |                        |                                 |                              |   |
| Land  | 23,189                                      | 3,259                           | 2,155                  | 5,353                  | 1,663                           | 35,619                       | -   |
| Construction in progress  | 36,106                                      | 33                              | 1,093                  | 10                     | 1,615                           | 38,857                       | -   |
| Water rights  | -   | -                               | -                      | -                      | 54,066                          | 54,066                       | -   |
| Other property  | -   | -                               | 1,968                  | -                      | -                               | 1,968                        | -   |
| Depreciable:  |   |                                 |                        |                        |                                 |                              |   |
| Infrastructure, net   | 600   | 150,833                         | 23,328                 | 168,893                | 1,897                           | 345,551                      | -   |
| Structures and improvements, net  | 50,284                                      | 9,094                           | 33,856                 | 860                    | 22,292                          | 116,386                      | 297   |
| Equipment, net  | 378   | 7                               | 120                    | 301                    | 432                             | 1,238                        | 13,299  |
| Other property, net   | -   | -                               | -                      | -                      | 496                             | 496                          | -   |
| <b>Total noncurrent assets</b>  | <b>110,557</b>                              | <b>174,144</b>                  | <b>62,520</b>          | <b>175,417</b>         | <b>83,081</b>                   | <b>605,719</b>               | <b>13,596</b>   |
| <b>Total assets</b>   | <b>119,250</b>                              | <b>183,685</b>                  | <b>71,509</b>          | <b>294,607</b>         | <b>104,912</b>                  | <b>773,963</b>               | <b>58,778</b>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>   |   |                                 |                        |                        |                                 |                              |   |
| Deferred pensions   | 762   | -                               | -                      | -                      | 710                             | 1,472                        | 13,699  |
| Deferred loss on refunding  | -   | 3,990                           | -                      | -                      | -                               | 3,990                        | -   |
| <b>Total deferred outflows of resources</b>   | <b>762</b>                                  | <b>3,990</b>                    | <b>-</b>               | <b>-</b>               | <b>710</b>                      | <b>5,462</b>                 | <b>13,699</b>   |
| <b>LIABILITIES</b>  |   |                                 |                        |                        |                                 |                              |   |
| Current liabilities:  |   |                                 |                        |                        |                                 |                              |   |
| Salaries and benefits payable   | 76  | -                               | -                      | -                      | 77                              | 153                          | 1,646   |
| Accounts payable  | 6,362                                       | 501                             | 68                     | 724                    | 5,568                           | 13,223                       | 1,628   |
| Interest payable  | 84  | 2,768                           | 371                    | 1,629                  | 62                              | 4,914                        | -   |
| Self insurance payable  | -   | -                               | -                      | -                      | -                               | -                            | 3,282   |
| Deposits from others  | 43  | 144                             | 125                    | -                      | 3,071                           | 3,383                        | 927   |
| Unearned revenue  | 66  | 3,036                           | 583                    | -                      | 1,998                           | 5,683                        | -   |
| Due to other funds  | 5,827                                       | -                               | -                      | -                      | -                               | 5,827                        | -   |
| Accrued vacation and sick leave - current   | 96  | -                               | -                      | -                      | 65                              | 161                          | 1,713   |
| Notes and bond payable - current  | 60  | 3,850                           | 2,098                  | 2,977                  | 557                             | 9,542                        | -   |
| <b>Total current liabilities</b>  | <b>12,614</b>                               | <b>10,299</b>                   | <b>3,245</b>           | <b>5,330</b>           | <b>11,398</b>                   | <b>42,886</b>                | <b>9,196</b>  |
| Noncurrent liabilities:   |   |                                 |                        |                        |                                 |                              |   |
| Self insurance liability  | -   | -                               | -                      | -                      | -                               | -                            | 16,281  |
| Advances from other funds   | 2,704                                       | -                               | -                      | 5,619                  | 588                             | 8,911                        | -   |
| Accrued vacation and sick leave   | 84  | -                               | -                      | -                      | 123                             | 207                          | 1,043   |
| Notes and bonds payable   | 506   | 179,308                         | 34,694                 | 140,766                | 8,077                           | 363,351                      | -   |
| Net Pension Liability   | 3,189                                       | -                               | -                      | -                      | 2,792                           | 5,981                        | 54,016  |
| <b>Total noncurrent liabilities</b>   | <b>6,483</b>                                | <b>179,308</b>                  | <b>34,694</b>          | <b>146,385</b>         | <b>11,580</b>                   | <b>378,450</b>               | <b>71,340</b>   |
| <b>Total liabilities</b>  | <b>19,097</b>                               | <b>189,607</b>                  | <b>37,939</b>          | <b>151,715</b>         | <b>22,978</b>                   | <b>421,336</b>               | <b>80,536</b>   |
| <b>NET POSITION</b>   |   |                                 |                        |                        |                                 |                              |   |
| Net investment in capital assets  | 109,991                                     | (5,290)                         | 25,728                 | 65,857                 | 73,960                          | 270,246                      | 13,596  |
| Unrestricted  | (9,076)                                     | 3,358                           | 7,842                  | 77,035                 | 8,684                           | 87,843                       | (21,655)  |
| <b>Total net position</b>   | <b>\$ 100,915</b>                           | <b>\$ (1,932)</b>               | <b>\$ 33,570</b>       | <b>\$ 142,892</b>      | <b>\$ 82,644</b>                | <b>358,089</b>               | <b>\$ (8,059)</b>                                       |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds |   |                                 |                        |                        |                                 | (2,527)                      |   |
| <b>Net Position of Business-Type Activities per Government-Wide Financial Statements</b>                |   |                                 |                        |                        |                                 | <b>\$ 355,562</b>            |   |

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, 2017 (In Thousands)**

|   | Business-Type Activities - Enterprise Funds |                                 |                        |                        |                                 | Total<br>Enterprise<br>Funds | Governmental<br>Activities<br>Internal<br>Service Funds |
|---|---|---------------------------------|------------------------|------------------------|---------------------------------|------------------------------|---|
|   | Airport                                     | Nacimiento<br>Water<br>Contract | Lopez<br>Flood Control | Los Osos<br>Wastewater | Nonmajor<br>Enterprise<br>Funds |                              |   |
| <b>OPERATING REVENUES:</b>  |   |                                 |                        |                        |                                 |                              |   |
| Charges for services  | \$ 5,689                                    | \$ 15,149                       | \$ 6,708               | \$ 2,327               | \$ 13,150                       | \$ 43,023                    | \$ 53,603   |
| Other revenues  | 32  | 337                             | 9                      | -                      | 22                              | 400                          | 110   |
| <b>Total operating revenues</b>   | <b>5,721</b>                                | <b>15,486</b>                   | <b>6,717</b>           | <b>2,327</b>           | <b>13,172</b>                   | <b>43,423</b>                | <b>53,713</b>   |
| <b>OPERATING EXPENSES:</b>  |   |                                 |                        |                        |                                 |                              |   |
| Salaries and benefits   | 1,705                                       | -                               | -                      | -                      | 1,593                           | 3,298                        | 33,215  |
| Services and supplies   | 2,099                                       | 3,783                           | 3,597                  | 2,612                  | 10,839                          | 22,930                       | 18,042  |
| Other charges   | 27  | -                               | 3                      | -                      | -                               | 30                           | -   |
| Insurance and compensation claims   | -   | -                               | -                      | -                      | -                               | -                            | 4,255   |
| Depreciation  | 2,250                                       | 2,197                           | 1,356                  | 4,207                  | 1,085                           | 11,095                       | 2,577   |
| Countywide cost allocation  | 208   | 64                              | 48                     | 51                     | 192                             | 563                          | 517   |
| <b>Total operating expenses</b>   | <b>6,289</b>                                | <b>6,044</b>                    | <b>5,004</b>           | <b>6,870</b>           | <b>13,709</b>                   | <b>37,916</b>                | <b>58,606</b>   |
| <b>Operating income (loss)</b>  | <b>(568)</b>                                | <b>9,442</b>                    | <b>1,713</b>           | <b>(4,543)</b>         | <b>(537)</b>                    | <b>5,507</b>                 | <b>(4,893)</b>  |
| <b>NONOPERATING REVENUES (EXPENSES):</b>  |   |                                 |                        |                        |                                 |                              |   |
| Property taxes  | -   | -                               | 1,365                  | -                      | 2,449                           | 3,814                        | -   |
| Interest income   | 9   | 493                             | 29                     | 26                     | 73                              | 630                          | 157   |
| Interest expense  | (78)  | (8,092)                         | (1,337)                | (3,415)                | (316)                           | (13,238)                     | -   |
| Other non-operating revenue (expenses)  | -   | -                               | -                      | (62)                   | -                               | (62)                         | 246   |
| Aid from governmental agencies  | 126   | -                               | 7                      | 18                     | 1,034                           | 1,185                        | -   |
| <b>Total nonoperating revenues (expenses)</b>   | <b>57</b>                                   | <b>(7,599)</b>                  | <b>64</b>              | <b>(3,433)</b>         | <b>3,240</b>                    | <b>(7,671)</b>               | <b>403</b>  |
| <b>Income (Loss) before contributions and transfers</b>   | <b>(511)</b>                                | <b>1,843</b>                    | <b>1,777</b>           | <b>(7,976)</b>         | <b>2,703</b>                    | <b>(2,164)</b>               | <b>(4,490)</b>  |
| Capital contributions   | 15,379                                      | -                               | -                      | 10,086                 | -                               | 25,465                       | -   |
| Transfers in  | 18  | -                               | -                      | 2,341                  | 211                             | 2,570                        | 12  |
| Transfers out   | (185)                                       | -                               | -                      | (29)                   | (64)                            | (278)                        | (1,045)   |
| <b>Change in net position</b>   | <b>14,701</b>                               | <b>1,843</b>                    | <b>1,777</b>           | <b>4,422</b>           | <b>2,850</b>                    | <b>25,593</b>                | <b>(5,523)</b>  |
| Net position - beginning  | 86,214                                      | (3,775)                         | 31,793                 | 138,470                | 79,794                          |                              | (2,536)   |
| Net position - ending   | \$ 100,915                                  | \$ (1,932)                      | \$ 33,570              | \$ 142,892             | \$ 82,644                       |                              | \$ (8,059)  |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds |   |                                 |                        |                        |                                 | (346)                        |   |
| Change in Net Position of Business-Type Activities per Government-Wide Financial Statements             |   |                                 |                        |                        |                                 | \$ 25,247                    |   |

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, 2017 (In Thousands)**

|   | Business-Type Activities - Enterprise Funds |                                 |                        |                        |                                 |                              | Governmental<br>Activities<br>Internal<br>Service Funds |
|---|---|---------------------------------|------------------------|------------------------|---------------------------------|------------------------------|---|
|   | Airport                                     | Nacimiento<br>Water<br>Contract | Lopez<br>Flood Control | Los Osos<br>Wastewater | Nonmajor<br>Enterprise<br>Funds | Total<br>Enterprise<br>Funds |   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |   |                                 |                        |                        |                                 |                              |   |
| Receipts from customers and third parties   | \$ 5,684                                    | \$ 8,658                        | \$ 5,024               | \$ 2,005               | \$ 13,186                       | \$ 34,557                    | \$ -  |
| Receipts from interfund billings  | -   | -                               | -                      | -                      | -                               | -                            | 53,711  |
| Payments for goods and services   | 1,738                                       | (4,035)                         | (3,637)                | (2,680)                | (11,762)                        | (20,376)                     | (13,781)  |
| Payments to employees for service   | (1,395)                                     | -                               | -                      | -                      | (1,264)                         | (2,659)                      | (26,361)  |
| Payments for insurance benefits   | -   | -                               | -                      | -                      | -                               | -                            | (3,400)   |
| Payments for premiums   | -   | -                               | -                      | -                      | -                               | -                            | (4,339)   |
| <b>Net cash provided (used) by operating activities</b>   | <b>6,027</b>                                | <b>4,623</b>                    | <b>1,387</b>           | <b>(675)</b>           | <b>160</b>                      | <b>11,522</b>                | <b>5,830</b>  |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>   |   |                                 |                        |                        |                                 |                              |   |
| Property tax proceeds   | -   | -                               | 1,365                  | -                      | 2,449                           | 3,814                        | -   |
| Grants and subsidies from other government agencies   | (3,151)                                     | -                               | 7                      | -                      | 1,033                           | (2,111)                      | -   |
| Advances from other funds   | -   | -                               | -                      | 2,867                  | -                               | 2,867                        | -   |
| Due to other funds  | 4,135                                       | -                               | -                      | -                      | -                               | 4,135                        | -   |
| Transfers from other funds  | 18  | -                               | -                      | 2,341                  | 211                             | 2,570                        | 12  |
| Transfers to other funds  | (185)                                       | -                               | -                      | (29)                   | (64)                            | (278)                        | (1,045)   |
| <b>Net cash provided (used) by noncapital financing activities</b>                                    | <b>817</b>                                  | <b>-</b>                        | <b>1,372</b>           | <b>5,179</b>           | <b>3,629</b>                    | <b>10,997</b>                | <b>(1,033)</b>  |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>                                      |   |                                 |                        |                        |                                 |                              |   |
| Purchases and construction of capital assets  | (23,180)                                    | (33)                            | (208)                  | (10,596)               | (3,713)                         | (37,730)                     | (2,885)   |
| Grants and subsidies from other government agencies   | -   | -                               | -                      | 418                    | -                               | 418                          | -   |
| Advances from other funds   | (440)                                       | -                               | -                      | -                      | 76                              | (364)                        | -   |
| Advances to other funds   | -   | -                               | -                      | -                      | 17                              | 17                           | -   |
| Capital contributions   | 15,379                                      | -                               | -                      | 10,086                 | -                               | 25,465                       | -   |
| Principal paid on capital debt  | (57)  | (3,484)                         | (2,037)                | (819)                  | (458)                           | (6,855)                      | -   |
| Interest paid on capital debt   | (91)  | (8,576)                         | (1,408)                | (4,597)                | (332)                           | (15,004)                     | -   |
| <b>Net cash (used) by capital and related financing activities</b>                                    | <b>(8,389)</b>                              | <b>(12,093)</b>                 | <b>(3,653)</b>         | <b>(5,508)</b>         | <b>(4,410)</b>                  | <b>(34,053)</b>              | <b>(2,885)</b>  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |   |                                 |                        |                        |                                 |                              |   |
| Interest received   | 9   | 493                             | 29                     | 26                     | 73                              | 630                          | 157   |
| <b>Net cash provided (used) by investing activities</b>   | <b>9</b>                                    | <b>493</b>                      | <b>29</b>              | <b>26</b>              | <b>73</b>                       | <b>630</b>                   | <b>157</b>  |
| <b>Net increase (decrease) in cash and cash equivalents</b>   | <b>(1,536)</b>                              | <b>(6,977)</b>                  | <b>(865)</b>           | <b>(978)</b>           | <b>(548)</b>                    | <b>(10,904)</b>              | <b>2,069</b>  |
| <b>CASH AND CASH EQUIVALENTS:</b>   |   |                                 |                        |                        |                                 |                              |   |
| Beginning of year   | 4,382                                       | 27,167                          | 9,818                  | 7,641                  | 19,425                          | 68,433                       | 42,647  |
| End of year   | <u>\$ 2,846</u>                             | <u>\$ 20,190</u>                | <u>\$ 8,953</u>        | <u>\$ 6,663</u>        | <u>\$ 18,877</u>                | <u>\$ 57,529</u>             | <u>\$ 44,716</u>  |
| <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>        |   |                                 |                        |                        |                                 |                              |   |
| Operating income (loss)   | \$ (568)                                    | \$ 9,442                        | \$ 1,713               | \$ (4,543)             | \$ (537)                        | \$ 5,507                     | \$ (4,893)  |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |   |                                 |                        |                        |                                 |                              |   |
| Depreciation expense  | 2,250                                       | 2,197                           | 1,356                  | 4,207                  | 1,085                           | 11,095                       | 2,577   |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:    |   |                                 |                        |                        |                                 |                              |   |
| Receivables, net  | (59)  | 103                             | -                      | (322)                  | (253)                           | (531)                        | (2)   |
| Inventory   | -   | -                               | -                      | -                      | -                               | -                            | 13  |
| Prepaid items   | -   | -                               | (2)                    | -                      | (939)                           | (941)                        | -   |
| Accounts payable  | 4,068                                       | (239)                           | 13                     | (17)                   | (64)                            | 3,761                        | 627   |
| Deposits from others  | 4   | (914)                           | -                      | -                      | -                               | (910)                        | (202)   |
| Salaries and benefits payable   | 29  | -                               | -                      | -                      | 34                              | 63                           | 821   |
| Deferred pensions   | (167)                                       | -                               | -                      | -                      | (167)                           | (334)                        | (3,419)   |
| Net pension liability   | 448   | -                               | -                      | -                      | 448                             | 896                          | 9,189   |
| Unearned revenue  | 22  | (5,966)                         | (1,693)                | -                      | 267                             | (7,370)                      | -   |
| Other accrued liabilities   | -   | -                               | -                      | -                      | 272                             | 272                          | -   |
| Accrued vacation and sick leave   | -   | -                               | -                      | -                      | 14                              | 14                           | 263   |
| Self-insurance liability  | -   | -                               | -                      | -                      | -                               | -                            | 856   |
| Total adjustments   | 6,595                                       | (4,819)                         | (326)                  | 3,868                  | 697                             | 6,015                        | 10,723  |
| <b>Net cash provided (used) by operating activities</b>   | <b>\$ 6,027</b>                             | <b>\$ 4,623</b>                 | <b>\$ 1,387</b>        | <b>\$ (675)</b>        | <b>\$ 160</b>                   | <b>\$ 11,522</b>             | <b>\$ 5,830</b>   |

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

**COUNTY OF SAN LUIS OBISPO  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY AND INVESTMENT TRUST FUNDS  
JUNE 30, 2017 (In Thousands)  
SAN LUIS OBISPO PENSION TRUST FUND  
DECEMBER 31, 2016 (In Thousands)**

|  | Agency<br>Funds<br>June 30, 2017 | Investment<br>Trust<br>Fund<br>June 30, 2017 | San Luis Obispo<br>County<br>Pension Trust<br>December 31, 2016 |
|--|----------------------------------|--|---|
| <b><u>ASSETS</u></b>                               |                                  |  |   |
| Cash and cash equivalents                          | \$ 79,865                        | \$ 401,764                                   | \$ 54,630   |
| Contributions receivable                           | -                                | -  | 2,334   |
| Accrued interest and dividends receivable          | -                                | -  | 1,078   |
| Accounts receivable                                | -                                | -  | 29  |
| Securities sold                                    | -                                | -  | 25,894  |
| Prepaid benefits                                   | -                                | -  | 62  |
| Investments pension trust:                         |                                  |  |   |
| Bonds and notes, at fair value                     | -                                | -  | 294,708   |
| International fixed income, at fair value          | -                                | -  | 120,950   |
| Collateralized mortgage obligations, at fair value | -                                | -  | 3,290   |
| Domestic equities, at fair value                   | -                                | -  | 246,899   |
| International equities, at fair value              | -                                | -  | 262,107   |
| Alternative investments, at fair value             | -                                | -  | 70,946  |
| Real estate, at fair value                         | -                                | -  | 174,948   |
| Capital assets-net of accumulated depreciation     | -                                | -  | 992   |
| Total assets                                       | <u>\$ 79,865</u>                 | <u>\$ 401,764</u>                            | <u>\$ 1,258,867</u>   |
| <b><u>LIABILITIES</u></b>                          |                                  |  |   |
| Agency obligations                                 | \$ 79,865                        | \$ -   | \$ -  |
| Securities purchased                               | -                                | -  | 52,248  |
| Accrued liabilities                                | -                                | -  | 1,137   |
| Prefunded contributions                            | -                                | -  | 24,239  |
| Total liabilities                                  | <u>\$ 79,865</u>                 | <u>\$ -</u>                                  | <u>\$ 77,624</u>  |
| <b><u>NET POSITION</u></b>                         |                                  |  |   |
| Net position held in trust for pool participants   | \$ -                             | \$ 401,764                                   | \$ -  |
| Net position restricted for pensions               | -                                | -  | 1,181,243   |
| Total net position                                 | <u>\$ -</u>                      | <u>\$ 401,764</u>                            | <u>\$ 1,181,243</u>   |

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



**COUNTY OF SAN LUIS OBISPO**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**INVESTMENT TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**  
**SAN LUIS OBISPO PENSION TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2016 (In Thousands)**

|  | Investment<br>Trust<br>Fund<br>June 30, 2017 | San Luis Obispo<br>County<br>Pension Trust<br>December 31, 2016 |
|--|--|---|
| <b><u>ADDITIONS</u></b>                  |  |   |
| Contributions:                           |  |   |
| County contributions                     | \$ 1,057,361                                 | \$ -  |
| Employer contributions                   | -  | 35,451  |
| Member contributions                     | -  | 25,359  |
| Total contributions                      | <u>1,057,361</u>                             | <u>60,810</u>   |
| Investment income:                       |  |   |
| Realized and unrealized gains and losses | -  | 57,695  |
| Interest                                 | 1,880  | 4,725   |
| Dividends                                | -  | 9,580   |
| Real estate management trust income      | -  | 94  |
| Real estate operating income, net        | -  | 908   |
| Other investment income, net             | -  | -   |
| Investment expenses                      | -  | (4,053)   |
| Total investment income                  | <u>1,880</u>                                 | <u>68,949</u>   |
| Total additions                          | <u>1,059,241</u>                             | <u>129,759</u>  |
| <b><u>DEDUCTIONS</u></b>                 |  |   |
| Benefits:                                |  |   |
| Monthly benefit payments                 | -  | 78,193  |
| Refunds of contributions                 | -  | 2,247   |
| Death benefits                           | -  | 243   |
| Total benefits                           | <u>-</u>                                     | <u>80,683</u>   |
| Administrative expenses                  | -  | 2,249   |
| Prefunded discount amortization          | -  | 1,387   |
| Total administrative expenses            | <u>-</u>                                     | <u>3,636</u>  |
| Distributions from investment pool       | <u>986,139</u>                               | <u>-</u>  |
| Total deductions                         | <u>986,139</u>                               | <u>84,319</u>   |
| Change in net position                   | 73,102                                       | 45,440  |
| Net position - beginning                 | <u>328,662</u>                               | <u>1,135,803</u>  |
| Net position - ending                    | <u>\$ 401,764</u>                            | <u>\$ 1,181,243</u>   |

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



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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**COUNTY OF SAN LUIS OBISPO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (IN THOUSANDS)**  
**JUNE 30, 2017**

**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) Statements 14, 61 and 80.

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.

*San Luis Obispo County Financing 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 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 Unit

*First 5 San Luis Obispo County* – 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.

## 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 County-wide 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 revenues of the County enterprise funds (Airport, Nacimiento Water Contract, Lopez

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Flood Control 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, 2017, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 77, *Tax Abatement Disclosures*. The requirements of this statement are effective for financial statement periods beginning after December 15, 2015. GASB 77 improves financial reporting by giving users of financial statements essential information that has not been consistently or comprehensively reported to the public in the past. Disclosure of information about the nature and magnitude of tax abatements makes these transactions more transparent to financial statement users who will be better equipped to understand (1) how tax abatements affect the County's future ability to raise resources and meet its financial obligations and (2) the impact tax abatements have on the County's financial position and economic condition.
- GASB Statement No. 82, *Pension Issues*. The requirements of this statement are effective for financial statement periods beginning after June 15, 2016. GASB 82 improves financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues. The statement requires the presentation of covered payroll, defined as the payroll on which contributions to a pension plan are based, in the required supplementary information, and requires that related ratios use the same measurement of covered payroll. Additionally, the statement clarifies that a *deviation* from the guidance in an Actuarial Standard of Practice is not considered to be in conformity with the requirements of Statement Numbers 67, 68, or 73 for the selection of assumptions used in determining the total pension liability. Lastly, the statement requires that payments made by an employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements should be classified as plan member contributions for the purposes of Statement No. 67 and as employee contributions for purposes of Statement No. 68. It also requires that an employer's expense and expenditure for those amounts be classified in the same manner as the employer classifies similar compensation other than pensions (for example, as salaries and wages, or as fringe benefits).

### 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

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 Lopez Flood Control Fund 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.
- 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 and 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, 2016.
- 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 County reports on 99 different Investment Trust Funds.
- The Agency Funds account for the resources held by the County in a custodial capacity on behalf of other agencies. The County reports on 146 different Agency Funds. 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 agency 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, except that Agency Fund financial statements have no measurement focus. Revenues are recorded when earned and expenses



## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 tax, sales tax, transient occupancy taxes, grants, entitlements, and donations. On an accrual basis, 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 capital leases are reported as other financing sources.

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, LIABILITIES, AND FUND EQUITY

#### Deposits and Investments

As required by 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, 2017. 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 99.77 percent.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### 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 is defined as a consumption of net position that is applicable to a future reporting period. In addition to liabilities, the financial statements may report a separate section for deferred inflows of resources which are defined as an acquisition of net position that is applicable to a future reporting period.

### 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, an Agency 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 are accrued to taxing agencies, net of the uncollectible amount which is estimated based on prior year collections.

### Interfund Transactions

Activity 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."

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in 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.

### 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                |
| Capital Lease             | By asset type                   | Lease term or useful life    |

### 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.

## **NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

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.

### 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.

### 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.

## **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. 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 "AAAf/S1" by Fitch Ratings, one of the Nationally Recognized Statistical Rating Organizations. This is the highest rating which Fitch provides. Fitch has consistently rated the County Pool with their highest rating since FY 1994-95. The "AAA" refers to the credit quality rating and reflects the "pool's lowest vulnerability to losses as a result of defaults in its portfolio and is based on the actual and prospective average credit quality of the pool's investments." The "f" suffix indicates the rating is for a fund rather than an individual issue or issuer. Finally, the "S1" refers to "Market Risk Sensitivity." The County Pool's "S1" sensitivity rating reflects the pool's low market risk

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

and capacity to return stable principal value to meet anticipated cash flow requirements, even in adverse interest rate environments. Prior to August 2016, Fitch Ratings used a slightly different rating scale, but the result was the same: the County Pool received the highest possible rating.

The County Treasury Oversight Committee (CTOC) was created by 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 CGC. The CTOC and the Board of Supervisors review and approve the Investment Policy 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 Investment Policy 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 Comprehensive Annual Financial Report, and independent CPAs as deemed appropriate. Brown Armstrong Accountancy Corporation was selected to perform the Annual Investment Program Compliance Audit for the fiscal year ended June 30, 2017. The results of this audit will be presented to the Board of Supervisors in late fall 2017. 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; as well as other investments established by 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 permitted by CGC, the County Investment Policy 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 1.12 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 of Trustees sets overall policies for the program and selects and supervises the activities of the investment manager, which for FY 2016-17 was Wells Fargo Capital Management. Public agencies invest in shares of beneficial interest with a Net Asset Value (NAV) that fluctuates. CalTRUST attempts to minimize NAV fluctuation, and historically, the NAV of this fund has been stable. This type of investment is an authorized investment under CGC §53601 (p). As of June 30, 2017, the CTSTF NAV was \$0.999 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 must comply with the investment restrictions in CGC. Market valuation is conducted quarterly. LAIF provided a fair value dollar factor of 0.998940671 for its portfolio as of June 30, 2017. 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, 2017, 2.89% of the LAIF pool includes structured notes and asset-backed securities. The Local Investment Advisory Board, which consists of five members as designated by statute, provides oversight for LAIF.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County's combined pool includes funds deposited in collateralized interest-bearing bank accounts hereinafter referred to as Public Investment Money Market Accounts (PIMMAs). Per CGC §53631 et seq., PIMMAs are depository accounts, not investments, and are fully liquid and collateralized by eligible securities. Even though PIMMAs are not investments by code, they are included in the County's combined pool and are treated internally as investments for tracking, management, and reporting purposes. The County's combined pool also includes funds deposited in Certificates of Deposit (CDs), placed through the Certificate of Deposit Account Registry Service (CDARS), provided by Promontory Interfinancial Network, LLC. Promontory is a private entity that assists in the placement of the individual CDs. Deposits placed through CDARS as authorized by CGC §53635.8, are distributed into individual CDs of less than \$250,000 each that are fully FDIC insured, and placed through a network participating bank that uses the CDARS.

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 0.999020365250 in the Quarterly Report of Investments as of June 30, 2017, 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.

GASB Statement No. 79 establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. The criteria provide qualifying external investment pools and participants in those pools with the consistent application of an amortized cost-based measurement for financial reporting purposes. There was no material impact on the County's financial statements as a result of the implementation of GASB Statement No. 79.

The table below identifies the investment types that are authorized by CGC. The County's combined pool is further restricted by both the County Investment Policy and the Treasurer's written policies and procedures to reduce exposure to investment risks. The County Investment Policy 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 Investment Policy and the Treasurer's written policies and procedures within the limits of the CGC and all relevant laws. As of June 30, 2017, the table represents the County's Investment Policy, 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 2016-17                                   |                  |                                 |   |
| U.S. Treasury Notes  | 3 years          | 100%                            | N/A   |
| U.S. Government Agencies: Federal Home Loan Bank   | 3 years          | 20%                             | N/A   |
| U.S. Government Agencies: Farm Credit  | 3 years          | 20%                             | N/A   |
| Local Agency Investment Fund   | N/A              | 15%                             | N/A   |
| CDARS  | 1 year           | 15%                             | 1%  |
| 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.                             |
| Bonds, Notes, Warrants, other evidences of indebtedness of any local agency within this state* | 1 year           | 5%                              | No more than 10% of issuer debt and assets. Requires specific written approval of County Treasurer for each type of investment. |
| Investments authorized, but not utilized in FY 2016-17   |                  |                                 |   |
| U.S. Treasury Bonds  | 3 years          | 100%                            | N/A   |
| U.S. Treasury Bills  | Maximum issued   | 100%                            | N/A   |
| Bankers' Acceptances-Domestic  | 30 days          | 10%                             | 4%  |
| Commercial Paper   | 30 days          | 5%                              | 2%  |

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

|  |  |                  |   |
|--|--|------------------|---|
| 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 2016-17   |  |                  |   |
| 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   |  |                  |   |
| Supranationals   |  |                  |   |
| 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 Investment Policy   |  |                  |   |
| Reverse Repurchase Agreements  |  |                  |   |
| Securities Lending Agreements  |  |                  |   |

\*An investment in a Tax Revenue Anticipation Note (TRAN) for \$1,116,378, with an interest rate of 2.6%, issued by the Port San Luis Harbor District, was approved by the County Treasurer in January 2013. The investment was an exception to the above restriction of one (1) year as it had a maturity of five (5) years. However, it was within what is allowed by California Government Code.

### Interest Rate Risk

In accordance with its Investment Policy, the County manages its 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 its 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, 2017, the County did not have investments in corporate bonds or medium-term notes.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County Investment Pool's fair value at June 30, 2017.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

| Investment Type              | S&P       | Moody's   | % of Portfolio* |
|------------------------------|-----------|-----------|-----------------|
| U.S. Government Agencies     | AA+       | Aaa       | 43.48%          |
| U.S. Treasuries              | AA+       | Aaa       | 28.87%          |
| CalTRUST-Short-Term Fund     | AAf/S1+   | Not Rated | 14.59%          |
| Local Agency Investment Fund | Not Rated | Not Rated | 9.49%           |
| CDARS                        | Not Rated | Not Rated | 3.57%           |
| Total                        |           |           | <u>100.00%</u>  |

\*Bank Deposit accounts such as PIMMAs are tracked, managed, and reported as part of the County's combined pool and are included in portfolio percentage limit calculations. CDARS and LAIF are 3% and 7% respectively of the County's combined pool inclusive of the PIMMAs and therefore are within the limits authorized in the Treasurer's Investment Policy.

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, 2017, the following investments exceeded the 5% disclosure threshold:

| Investment Type                                 | % of Portfolio* |
|---|-----------------|
| U.S. Government Agencies-Federal Home Loan Bank | 23.33%          |
| U.S. Government Agencies-Farm Credit Bank       | 20.15%          |

\*Federal Home Loan Bank and Farm Credit Bank are 16.57% and 14.30%, respectively, of the County's combined pool inclusive of the PIMMAs and therefore are within the limits authorized in the Treasurer's Investment Policy.

At June 30, 2017, the County had the following investments and interest-bearing deposits (in thousands):

| Instrument  | Maturity Dates  | Interest Rate % | Weighted Average Maturity Years | Fair Value   | Cost         |
|---|-----------------|-----------------|---------------------------------|--------------|--------------|
| CDARS   | 7/27/17-5/31/18 | 0.628%-1.094%   | 0.77                            | \$ 24,500    | \$ 24,500    |
| U.S. Treasuries   | 7/31/17-6/15/20 | 0.678%-1.557%   | 1.57                            | 197,888      | 197,777      |
| U.S. Government Agencies                                    | 7/17/17-6/19/20 | 0.778%-1.562%   | 1.48                            | 298,017      | 298,283      |
| Local Agency Investment Fund                                | On Demand       | 1.00%           | -                               | 65,081       | 65,000       |
| CalTRUST  | On Demand       | 1.15%           | -                               | 99,980       | 100,000      |
| Total Investments in County Treasury                        |                 |                 | 1.12                            | \$ 685,466   | \$ 685,560   |
| Deposits in Financial Institutions                          |                 |                 |                                 | 311,686      | 311,686      |
| Cash on Hand  |                 |                 |                                 | 313          | 313          |
| Total Cash held in Treasury                                 |                 |                 |                                 | 997,465      | 997,559      |
| Deposits in Transit   |                 |                 |                                 | 2,298        | 2,298        |
| Outstanding Warrants  |                 |                 |                                 | (13,090)     | (13,090)     |
| Total   |                 |                 |                                 | 986,673      | 986,767      |
| Imprest Cash  |                 |                 |                                 | 1,412        | 1,412        |
| Non-pool Cash Deposits                                      |                 |                 |                                 | 2,713        | 2,713        |
| Other Cash Deposits   |                 |                 |                                 | 4,125        | 4,125        |
| Total Cash and Cash Equivalents                             |                 |                 |                                 | \$ 990,798   | \$ 990,892   |
| <b>Restricted Cash with Fiscal Agent</b>                    |                 |                 |                                 |              |              |
| U.S. Government & Federal Agencies                          |                 |                 |                                 | \$ 12,910    | \$ 12,910    |
| Certificates of Deposit & Money Market Accounts             |                 |                 |                                 | 1,358        | 1,358        |
| Total   |                 |                 |                                 | 14,268       | 14,268       |
| Total restricted and unrestricted cash and cash equivalents |                 |                 |                                 | \$ 1,005,066 | \$ 1,005,160 |



## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### Total Cash and Investments Summary

|                                | <u>Fair Value</u>   |
|--------------------------------|---------------------|
| Total Governmental Activities  | \$ 457,455          |
| Total Business-type Activities | 57,529              |
| Total Fiduciary Funds          | 481,629             |
| Total Component Unit           | <u>8,453</u>        |
| Total Cash and Investments     | <u>\$ 1,005,066</u> |

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2017 (in thousands):

|  | <u>Fair Value</u> |
|--|-------------------|
| <u>Statement of Net Position:</u>                                |                   |
| Net position held for pool participants                          | \$ <u>986,672</u> |
| Equity of internal pool participants                             | \$ 584,970        |
| Equity of external pool participants (voluntary and involuntary) | <u>401,702</u>    |
| Total Equity   | <u>\$ 986,672</u> |
| <u>Statement of Changes in Net Position:</u>                     |                   |
| Revenue  | \$ 7,195          |
| Investment costs   | (853)             |
| Net deposits   | 101,260           |
| Change in fair value   | <u>(3,009)</u>    |
| Net change in pool net position                                  | 104,593           |
| Net position at July 1, 2016                                     | <u>882,079</u>    |
| Net position at June 30, 2017                                    | <u>\$ 986,672</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.

The County has the following recurring fair value measurements as of June 30, 2017:

|  | <u>Fair Value Measurements Using</u>   |  |   |   |
|--|--|--|---|---|
|  | <u>Investments by fair value level</u> | <u>Quoted Prices<br/>in Active<br/>Markets for<br/>Identical<br/>Assets</u><br>(Level 1) | <u>Significant<br/>Other<br/>Observable<br/>Inputs</u><br>(Level 2) | <u>Significant<br/>Unobservable<br/>Inputs</u><br>(Level 3) |
| <u>Debt securities</u>                 |  |  |   |   |
| US Treasuries                          | \$ 197,888                             | \$ 197,888   | \$ -  | \$ -  |
| US Government Agencies                 | 298,017                                | 298,017  | -   | -   |
| CDARS                                  | <u>24,500</u>                          | <u>24,500</u>  | -   | -   |
| Total measured at fair value           | <u>\$ 520,405</u>                      | <u>\$ 520,405</u>  | <u>\$ -</u>   | <u>\$ -</u>   |
| Investments measured at amortized cost |  |  |   |   |
| LAIF                                   | 65,081                                 | -  | -   | -   |
| CalTRUST                               | 99,980                                 | -  | -   | -   |
| Total investments in County Treasury   | <u>\$ 685,466</u>                      | <u>\$ -</u>  | <u>\$ -</u>   | <u>\$ -</u>   |

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2017 that are restricted by legal or contractual requirements are comprised of the following (in thousands):

| <u>Various Governmental and Enterprise Funds</u> | <u>Amount</u>    |
|--|------------------|
| Required lease reserves for long-term debt       | \$ 12,908        |
| Restricted interest on lease reserves            | 2                |
| Restricted for Contractor Retentions             | 1,358            |
| Total Restricted Cash                            | <u>\$ 14,268</u> |

### Cash Deposits Outside of the Treasury Pool

At fiscal year-end, the carrying amount of the County's other cash deposits was \$2,651,766 and the combined financial institutions' balance was \$2,713,387. The difference of \$61,621 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 \$2,713,387 was covered by federal depository insurance or by collateral held by the County's agent in the County's name.

## 3. RECEIVABLES

Accounts receivable 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):

|                                 | <u>Governmental Activities</u>  |   |                                       |  |
|---------------------------------|---------------------------------|---|---------------------------------------|--|
|                                 | <u>General Fund</u>             | <u>Nonmajor<br/>Special<br/>Revenue Funds</u> | <u>Internal<br/>Service<br/>Funds</u> |  |
| Accounts Receivable             | \$ 211                          | \$ 61   | \$ 8                                  |  |
| Allowance for Doubtful Accounts | -                               | -   | -                                     |  |
| Net Accounts Receivable         | <u>\$ 211</u>                   | <u>\$ 61</u>                                  | <u>\$ 8</u>                           |  |
|                                 | <u>Business-Type Activities</u> |   |                                       |  |
|                                 | <u>Airport</u>                  | <u>Nacimiento Water<br/>Contract</u>          | <u>Los Osos<br/>Wastewater</u>        | <u>Nonmajor<br/>Enterprise<br/>Funds</u> |
| Accounts Receivable             | \$ 23                           | \$ 3  | \$ 322                                | \$ 2,372                                 |
| Allowance for Doubtful Accounts | -                               | -   | -                                     | -  |
| Net Accounts Receivable         | <u>\$ 23</u>                    | <u>\$ 3</u>                                   | <u>\$ 322</u>                         | <u>\$ 2,372</u>                          |

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### 4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2017, is as follows (in thousands):

|  | Balance<br>July 1, 2016 | Additions | Retirements | Transfers &<br>Adjustments | Balance<br>June 30, 2017 |
|--|-------------------------|-----------|-------------|----------------------------|--------------------------|
| <b><u>Governmental Activities</u></b>        |                         |           |             |                            |                          |
| Capital assets, not being depreciated:       |                         |           |             |                            |                          |
| Land   | \$ 795,091              | \$ 26     | \$ (1)      | \$ 281                     | \$ 795,397               |
| Construction in progress                     | 74,891                  | 8,053     | (219)       | (62,465)                   | 20,260                   |
| Total capital assets, not being depreciated  | 869,982                 | 8,079     | (220)       | (62,184)                   | 815,657                  |
| Capital assets, being depreciated:           |                         |           |             |                            |                          |
| Structures and improvements                  | 188,692                 | 8,809     | (521)       | 53,815                     | 250,795                  |
| Equipment                                    | 84,779                  | 7,272     | (4,099)     | 118                        | 88,070                   |
| Infrastructure                               | 372,510                 | 8,487     | -           | 8,251                      | 389,248                  |
| Other property                               | 340                     | -         | -           | -                          | 340                      |
| Total capital assets, being depreciated      | 646,321                 | 24,568    | (4,620)     | 62,184                     | 728,453                  |
| Less accumulated depreciation for:           |                         |           |             |                            |                          |
| Structures and improvements                  | (79,813)                | (5,362)   | 420         | -                          | (84,755)                 |
| Equipment                                    | (49,660)                | (6,840)   | 3,824       | -                          | (52,676)                 |
| Infrastructure                               | (196,497)               | (10,654)  | -           | -                          | (207,151)                |
| Other property                               | (26)                    | (3)       | -           | -                          | (29)                     |
| Total accumulated depreciation               | (325,996)               | (22,859)  | 4,244       | -                          | (344,611)                |
| Total capital assets being depreciated, net  | 320,325                 | 1,709     | (376)       | 62,184                     | 383,842                  |
| Governmental activities capital assets, net  | \$ 1,190,307            | \$ 9,788  | \$ (596)    | \$ -                       | \$ 1,199,499             |
| <b><u>Business-Type Activities</u></b>       |                         |           |             |                            |                          |
|  | Balance<br>July 1, 2016 | Additions | Retirements | Transfers &<br>Adjustments | Balance<br>June 30, 2017 |
| Capital assets, not being depreciated:       |                         |           |             |                            |                          |
| Land   | \$ 35,710               | \$ -      | \$ (91)     | \$ -                       | \$ 35,619                |
| Construction in progress                     | 15,325                  | 23,967    | (76)        | (360)                      | 38,856                   |
| Water rights                                 | 51,028                  | 3,039     | -           | -                          | 54,067                   |
| Other property                               | 1,968                   | -         | -           | -                          | 1,968                    |
| Total capital assets, not being depreciated  | 104,031                 | 27,006    | (167)       | (360)                      | 130,510                  |
| Capital assets, being depreciated:           |                         |           |             |                            |                          |
| Infrastructure                               | 359,686                 | 9,093     | -           | 335                        | 369,114                  |
| Structures and improvements                  | 170,845                 | -         | (187)       | -                          | 170,658                  |
| Equipment                                    | 3,736                   | 202       | (68)        | 25                         | 3,895                    |
| Other property                               | 554                     | -         | -           | -                          | 554                      |
| Total capital assets, being depreciated      | 534,821                 | 9,295     | (255)       | 360                        | 544,221                  |
| Less accumulated depreciation for:           |                         |           |             |                            |                          |
| Infrastructure                               | (16,427)                | (7,137)   | -           | -                          | (23,564)                 |
| Structures and improvements                  | (50,718)                | (3,732)   | 178         | -                          | (54,272)                 |
| Equipment                                    | (2,494)                 | (226)     | 64          | -                          | (2,656)                  |
| Other property                               | (58)                    | -         | -           | -                          | (58)                     |
| Total accumulated depreciation               | (69,697)                | (11,095)  | 242         | -                          | (80,550)                 |
| Total capital assets being depreciated, net  | 465,124                 | (1,800)   | (13)        | 360                        | 463,671                  |
| Business-type activities capital assets, net | \$ 569,155              | \$ 25,206 | \$ (180)    | \$ -                       | \$ 594,181               |

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### Depreciation Expense

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

| <u>Governmental Activities</u>   | <u>Amount</u>    |
|--|------------------|
| General Government   | \$ 4,214         |
| Public Protection  | 3,707            |
| Public Ways and Facilities   | 10,322           |
| Health and Sanitation  | 592              |
| Public Assistance  | 246              |
| Education  | 373              |
| Recreational and Cultural Services   | 828              |
| Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets | <u>2,577</u>     |
| Total Depreciation Expense-Governmental Activities   | <u>\$ 22,859</u> |

| <u>Business-type Activities</u>                     | <u>Amount</u>    |
|---|------------------|
| Airport   | \$ 2,250         |
| Los Osos Wastewater                                 | 4,207            |
| Nacimiento Water Contract                           | 2,197            |
| Lopez Flood Control                                 | 1,356            |
| Nonmajor Enterprise                                 | <u>1,085</u>     |
| Total Depreciation Expense-Business-type Activities | <u>\$ 11,095</u> |

## 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, 2017 (in thousands):

| <u>Governmental Activities</u>         |                              |                    |                     |
|--|------------------------------|--------------------|---------------------|
| Project                                | Expended to<br>June 30, 2017 | Committed<br>Funds | Remaining<br>Budget |
| Sheriff Women's Jail Expansion         | \$ 37,782                    | \$ 5,318           | \$ 1,619            |
| SLO Probation Juvenile Hall Expansion  | 19,624                       | 358                | -                   |
| Roads Infrastructure                   | 12,071                       | 16,203             | 18,614              |
| S Street Capital Project               | 2,596                        | 134                | 321                 |
| Parks – Avila -Bob Jones Trail         | 1,312                        | 152                | 3,451               |
| Permit Tracking System                 | 1,243                        | 793                | -                   |
| Budget Prep System Replacement         | 1,015                        | 1,152              | -                   |
| Flood Control Zone Water Filtration    | 939                          | 17                 | 19                  |
| Public Health Electronic Health Record | 841                          | 391                | -                   |
| MS Office 365 Project                  | 839                          | 104                | -                   |
| AG Levee WMP Alt3a                     | 722                          | 97                 | 674                 |
| Health Clinic Expansion & Remodel      | 690                          | -                  | 2                   |
| New Storage Tanks – CSA 10 Water       | 639                          | -                  | -                   |
| <br><u>Business-Type Activities</u>    |                              |                    |                     |
| Project                                | Expended to<br>June 30, 2017 | Committed<br>Funds | Remaining<br>Budget |
| SLO Airport Facilities Infrastructure  | \$ 36,106                    | \$ 11,994          | \$ 8,146            |

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### 6. LEASES

#### County as Lessor

The County's General Fund and Enterprise Funds receive revenue from various properties leased to others under agreements classified as operating leases in accordance with Financial Accounting Standards Board (FASB) Statement 13. The leases cover periods ranging generally from 1 to 55 years. The General Fund leases portions of the former County General Hospital and North County healthcare facilities. The original cost of these facilities was \$11,492. As of June 30, 2017, they had a carrying value of \$8,551 net of accumulated depreciation of \$2,941. The Airport leases portions of airport land to various operators. The cost and carrying value of the original Airport land area is \$2,011.

The following is a schedule of minimum future rental payments to be received under these non-cancelable operating leases at June 30, 2017 (in thousands):

| Year Ending<br>June 30 | General Fund    | Airport         |
|------------------------|-----------------|-----------------|
| 2018                   | \$ 726          | \$ 408          |
| 2019                   | 712             | 393             |
| 2020                   | 643             | 352             |
| 2021                   | 170             | 316             |
| 2022                   | 170             | 315             |
| Later Years            | 1,038           | 7,734           |
| Total                  | <u>\$ 3,459</u> | <u>\$ 9,518</u> |

Minimum future rental payments do not include contingent rental payments, which are received as stipulated in the lease contracts. These contingent rental payments are based on the monthly revenues of the concessionaire operating on the premises. Contingent rental payments amounted to \$2,382 for the fiscal year ended June 30, 2017.

#### County as Lessee

Operating Leases: The County has commitments under long-term real property operating lease agreements for facilities used in operations. These leases do not meet any of the four criteria for capitalization set by FASB 13. The County is the lessee under operating leases for real property used to house certain County functions.

In addition to real property leases, the County has also entered into operating leases for equipment, of which most are data processing and office equipment leases. Management expects that, in the normal course of business, leases that expire will be renewed or replaced by other leases. Commitments under the operating lease agreements for equipment, as described above, are not material.

Rental payments for fiscal year ended June 30, 2017 totaled \$3,662. The following rental costs represent future minimum payments under leases that have remaining non-cancelable terms in excess of one year as of June 30, 2017 for the next five years and for each five-year period thereafter (in thousands):

| Year Ending<br>June 30 | Minimum Lease<br>Payments |
|------------------------|---------------------------|
| 2018                   | \$ 2,382                  |
| 2019                   | 2,277                     |
| 2020                   | 2,183                     |
| 2021                   | 1,882                     |
| 2022                   | 1,730                     |
| 2023-2027              | 5,746                     |
| 2028-2032              | 3,028                     |
| 2033-2037              | 1,377                     |
| Total                  | <u>\$ 20,605</u>          |

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

**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 no liability claims settlements and there were two 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 the California State Association of Counties (CSAC) Excess Insurance Authority. The County is a member of CSAC Excess Insurance Authority, 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   | \$ 250,000 per occurrence | Statutory        |
| Unemployment            | \$ 161,602 maximum        | -----            |
| Dental                  | None-Funded by Employees  | -----            |

Annual actuarial valuations are obtained for the Workers' Compensation and the General 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 CSAC Excess Insurance Authority 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 90% confidence level, and the estimated liability for the Workers' Compensation Self Insurance Fund was also recorded at a discounted 90% confidence level.

|         | <u>Beginning of<br/>the fiscal year<br/>liability</u> | <u>Current year claims,<br/>changes &amp;<br/>estimates</u> | <u>Claim payments</u> | <u>Balance at fiscal<br/>year-end</u> |
|---------|---|---|-----------------------|---------------------------------------|
| 2015-16 | \$ 18,618   | \$ 4,377  | \$ 4,288              | \$ 18,707                             |
| 2016-17 | \$ 18,707   | \$ 4,948  | \$ 4,092              | \$ 19,563                             |

**8. INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances at June 30, 2017, was (in thousands):

| <u>Payable Fund (Due to Balance)</u> | <u>Receivable Fund (Due from Balance)</u> | <u>Amount</u>   |
|--------------------------------------|---|-----------------|
| Airport                              | General Fund                              | \$ 5,827        |
|                                      | Total                                     | <u>\$ 5,827</u> |

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

The Airport owes the General Fund \$5,827 for construction costs on the new airport terminal project.

| <u>Payable Fund (Advances from Balance)</u> | <u>Receivable Fund (Advances to Balance)</u> | <u>Amount</u>   |
|---|--|-----------------|
| Nonmajor Governmental Funds                 | Nonmajor Enterprise Funds                    | \$ 133          |
|   | Nonmajor Governmental Funds                  | 409             |
|   | General Fund                                 | <u>322</u>      |
|   |  | <u>864</u>      |
| Nonmajor Enterprise Funds                   | General Fund                                 | 159             |
|   | Nonmajor Governmental Funds                  | <u>429</u>      |
|   |  | <u>588</u>      |
| Airport                                     | General Fund                                 | 2,704           |
| Los Osos Wastewater                         | Nonmajor Governmental Funds                  | 5,619           |
|   | Total  | <u>\$ 9,775</u> |

Nonmajor Governmental Funds' advances from Nonmajor Enterprise Funds of \$133 are comprised of funds from the Lopez Park Enterprise Fund to the Parks Special Revenue Fund for future debt service obligations.

Advances between Nonmajor Governmental Funds are internal loans of \$409 from the Roads Special Revenue Fund to the Roads Impact Fees Special Revenue Fund. Advances related to the General Fund include an internal loan to the County Services Area 21 Special Revenue Fund of \$103 and a loan of \$219 related to the restoration of the Cayucos Pier.

The Nonmajor Enterprise Funds advances of \$588 represent internal loans received by the County Services Areas Special Districts Enterprise Funds from the General Fund (\$48) and from the County Services Area 10 Special Revenue Fund (\$255), and from the General Flood Control Zone Special Revenue Fund (\$174). The Golf Fund also received \$111 from the General Fund.

The Airport owes the General Fund \$2,704 for internal loans for various projects including the refinancing of a State loan for the construction of hangars.

The Los Osos Wastewater Fund received a long-term operating loan from the General Flood Control Zone Special Revenue Fund of \$5,619.

**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 | \$ 45,586     |
|                             | Capital Projects Fund       | 6,558         |
|                             | Airport                     | 18            |
|                             | Nonmajor Enterprise Funds   | <u>59</u>     |
|                             |                             | <u>52,221</u> |
| Nonmajor Governmental Funds | General Fund                | 852           |
|                             | Capital Projects Fund       | 1,395         |

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

|                           |                             |                  |
|---------------------------|-----------------------------|------------------|
|                           | Nonmajor Governmental Funds | 1,966            |
|                           | Nonmajor Enterprise Funds   | 152              |
|                           | Los Osos Wastewater         | 2,341            |
|                           |                             | <u>6,706</u>     |
| Airport                   | General Fund                | 132              |
|                           | Nonmajor Governmental Funds | 53               |
|                           |                             | <u>185</u>       |
| Nonmajor Enterprise Funds | Nonmajor Governmental Funds | 64               |
| Internal Service Funds    | General Fund                | 11               |
|                           | Nonmajor Governmental Funds | 1,022            |
|                           | Internal Service Funds      | 12               |
|                           |                             | <u>1,045</u>     |
| Los Osos Wastewater       | Nonmajor Governmental Funds | 29               |
| Total Transfers           |                             | <u>\$ 60,250</u> |

General Fund transfers to Nonmajor Governmental Funds included contributions to the following Special Revenue Funds: Roads (\$11,553), Library (\$634), Community Development (\$666), County Medical Services Program (\$315) and Parks (\$3,945). The General Fund also transferred \$28,302 to the Pension Obligation Bond Debt Service Fund to finance debt service payments, \$18 to the Airport, \$59 to Golf, \$171 to the Flood Control Zone and \$6,558 to the Capital Projects Fund for various capital projects.

Nonmajor Governmental Fund transfers consist of contributions of Public Facilities Fees revenue from the Public Facilities Fees Special Revenue Fund to the General Fund (\$400) for debt service, and to the Capital Projects Fund (\$1,395) to fund parks and other capital and maintenance projects. The Parks Special Revenue Fund made transfers to the Pension Obligation Bond Debt Service Fund (\$165), and to the Lopez Park Enterprise Fund (\$4) for debt service. The Parks Special Revenue Fund also transferred \$8 to the County Service Area 21 Special Revenue Fund for reimbursement of maintenance costs. The Roads Fund transferred \$4 to Flood Control Zone 18 Special Revenue Fund for maintenance projects. The Road Impact Fee Special Revenue Fund transferred Impact Fees of \$452 to the General Fund for debt service, and \$1,531 to the Roads Fund for capital and maintenance projects. The Library Fund (\$214), the County Medical Services Program Fund (\$15) and the Driving Under the Influence Fund (\$28) made transfers to the Pension Obligation Bond Debt Service Fund to finance debt service payments. Other Nonmajor Governmental Fund transfers include a transfer of \$2,341 of grant related monies from the Flood Control District Special Revenue Fund to the Los Osos Wastewater Fund, and \$148 of transfers from various County Service Area Special Revenue to County Service Area Enterprise Funds.

The Airport Enterprise Fund transferred \$132 to the General Fund and \$53 to the Pension Obligation Bond Fund for debt service.

Transfers from Nonmajor Enterprise Funds included \$44 of transfers from the Golf Enterprise Fund to the Pension Obligation Bond Debt Service Fund, and \$20 of transfers from various County Services Area Enterprise Funds to County Service Area Special Revenue Funds.

The Garage Internal Service Fund transferred \$11 of sale proceeds to the General Fund and \$12 of vehicle reserves to the Public Works Internal Service Fund. Internal Service Fund transfers to nonmajor governmental funds represent contributions to the Pension Obligation Bond Debt Service Fund for debt service by the Public Works (\$975) and Garage (\$47) Internal Service Funds.

The Los Osos Wastewater Fund transferred \$29 to the Flood Control Zone Special Revenue Fund for debt service.



**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, 2017, is as follows (in thousands):

| <u>Governmental Activities</u>      | <u>Beginning<br/>Balance<br/>July 1, 2016</u> | <u>Adjustments</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending<br/>Balance<br/>June 30, 2017</u> | <u>Due within<br/>one year</u> |
|-------------------------------------|---|--------------------|------------------|-------------------|---|--------------------------------|
| Bonds and notes payable:            |   |                    |                  |                   |   |                                |
| Certificates of participation (COP) | \$ 22,527                                     | \$ -               | \$ -             | \$ 1,116          | \$ 21,411                                   | \$ 1,159                       |
| Unamortized discount on COP         | (87)  | -                  | -                | (4)               | (83)  | -                              |
| Unamortized premium on COP          | 1,063   | -                  | -                | 88                | 975   | -                              |
| Pension Obligation Bonds            | 145,291                                       | -                  | 5,059            | 6,460             | 143,890                                     | 7,265                          |
| Total bonds and notes payable       | 168,794                                       | -                  | 5,059            | 7,660             | 166,193                                     | 8,424                          |
| Other liabilities:                  |   |                    |                  |                   |   |                                |
| Compensated absences                | 27,432  | -                  | 16,608           | 16,385            | 27,655                                      | 19,322                         |
| Landfill post-closure costs         | 5,620   | -                  | 681              | 607               | 5,694                                       | 684                            |
| Self insurance                      | 18,707  | -                  | 4,948            | 4,092             | 19,563                                      | 3,282                          |
| Total other liabilities             | 51,759  | -                  | 22,237           | 21,084            | 52,912                                      | 23,288                         |
| Total Governmental Activities       | \$ 220,553                                    | \$ -               | \$ 27,296        | \$ 28,744         | \$ 219,105                                  | \$ 31,712                      |

| <u>Business-Type Activities</u>                 | <u>Beginning<br/>Balance<br/>July 1, 2016</u> | <u>Adjustments</u> | <u>Additions</u> | <u>Reductions</u> | <u>Ending<br/>Balance<br/>June 30, 2017</u> | <u>Due within<br/>one year</u> |
|---|---|--------------------|------------------|-------------------|---|--------------------------------|
| Bonds and notes payable:                        |   |                    |                  |                   |   |                                |
| Certificates of participation                   | \$ 17,194                                     | \$ -               | \$ 76            | \$ 800            | \$ 16,470                                   | \$ 829                         |
| Unamortized premium on COP                      | 393   | -                  | -                | 32                | 361   | -                              |
| State notes                                     | 86,611  | -                  | 7,988            | 8,925             | 85,674                                      | 3,094                          |
| Revenue bonds                                   | 177,198                                       | -                  | -                | 3,663             | 173,535                                     | 3,850                          |
| Unamortized premium on revenue bonds            | 10,058  | -                  | -                | 435               | 9,623                                       | -                              |
| Unamortized outflows on bond refinancing        | (4,171)                                       | -                  | 181              | -                 | (3,990)                                     | -                              |
| General obligation bonds                        | 8,760   | -                  | -                | 410               | 8,350                                       | 425                            |
| Unamortized premium on general obligation bonds | 846   | -                  | -                | 56                | 790   | -                              |
| Assessment bonds                                | 79,396  | -                  | -                | 1,307             | 78,089                                      | 1,343                          |
| Total bonds and notes payable                   | 376,285                                       | -                  | 8,245            | 15,628            | 368,902                                     | 9,541                          |
| Other liabilities:                              |   |                    |                  |                   |   |                                |
| Compensated absences                            | 354   | -                  | 136              | 122               | 368   | 161                            |
| Total other liabilities                         | 354   | -                  | 136              | 122               | 368   | 161                            |
| Total Business-Type Activities                  | \$ 376,639                                    | \$ -               | \$ 8,381         | \$ 15,750         | \$ 369,270                                  | \$ 9,702                       |

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Annual debt service requirements for governmental activities as of June 30, 2017, are summarized as follows:

| Year Ended June 30, | Governmental Activities       |          |                          |                        |          |            | Total |
|---------------------|-------------------------------|----------|--------------------------|------------------------|----------|------------|-------|
|                     | Certificates of Participation |          | Pension Obligation Bonds |                        |          |            |       |
|                     | Principal                     | Interest | Principal                | Unaccrued Appreciation | Interest |            |       |
| 2018                | \$ 1,159                      | \$ 913   | \$ 7,265                 | \$ -                   | \$ 3,336 | \$ 10,601  |       |
| 2019                | 1,207                         | 865      | 7,348                    | 597                    | 3,171    | 11,116     |       |
| 2020                | 1,253                         | 816      | 49,993                   | 1,052                  | 1,586    | 52,631     |       |
| 2021                | 1,301                         | 765      | 7,484                    | 1,556                  | -        | 9,040      |       |
| 2022                | 1,359                         | 712      | 7,523                    | 2,097                  | -        | 9,620      |       |
| 2023-2027           | 7,749                         | 2,596    | 37,757                   | 19,898                 | -        | 57,655     |       |
| 2028-2032           | 3,703                         | 1,200    | 26,520                   | 25,220                 | -        | 51,740     |       |
| 2033-2037           | 3,250                         | 523      | -                        | -                      | -        | -          |       |
| 2038-2042           | 430                           | 20       | -                        | -                      | -        | -          |       |
| Total               | \$ 21,411                     | \$ 8,410 | \$ 143,890               | \$ 50,420              | \$ 8,093 | \$ 202,403 |       |

| Year Ended June 30, | Business-Type Activities      |          |             |           |               |            |
|---------------------|-------------------------------|----------|-------------|-----------|---------------|------------|
|                     | Certificates of Participation |          | State Notes |           | Revenue Bonds |            |
|                     | Principal                     | Interest | Principal   | Interest  | Principal     | Interest   |
| 2018                | \$ 829                        | \$ 740   | \$ 3,094    | \$ 1,824  | \$ 3,850      | \$ 8,206   |
| 2019                | 867                           | 705      | 3,116       | 1,768     | 4,050         | 8,005      |
| 2020                | 903                           | 667      | 3,189       | 1,694     | 4,270         | 7,793      |
| 2021                | 942                           | 627      | 3,264       | 1,619     | 4,495         | 7,569      |
| 2022                | 989                           | 583      | 3,341       | 1,542     | 4,735         | 7,333      |
| 2023-2027           | 5,730                         | 2,124    | 16,954      | 6,534     | 27,635        | 32,675     |
| 2028-2032           | 4,149                         | 761      | 15,059      | 4,610     | 35,075        | 25,217     |
| 2033-2037           | 430                           | 332      | 11,332      | 3,321     | 44,340        | 15,966     |
| 2038-2042           | 516                           | 247      | 12,512      | 2,142     | 45,085        | 4,387      |
| 2043-2047           | 619                           | 144      | 13,813      | 840       | -             | -          |
| 2048-2052           | 466                           | 37       | -           | -         | -             | -          |
| 2053-2057           | 30                            | 1        | -           | -         | -             | -          |
| Total               | \$ 16,470                     | \$ 6,968 | \$ 85,674   | \$ 25,894 | \$ 173,535    | \$ 117,151 |

| Year Ended June 30, | Business-Type Activities (continued) |          |                  |           |
|---------------------|--------------------------------------|----------|------------------|-----------|
|                     | General Obligation Bonds             |          | Assessment Bonds |           |
|                     | Principal                            | Interest | Principal        | Interest  |
| 2018                | \$ 425                               | \$ 413   | \$ 1,343         | \$ 2,129  |
| 2019                | 440                                  | 394      | 1,388            | 2,091     |
| 2020                | 460                                  | 374      | 1,415            | 2,053     |
| 2021                | 485                                  | 351      | 1,460            | 2,013     |
| 2022                | 510                                  | 326      | 1,505            | 1,972     |
| 2023-2027           | 2,995                                | 1,187    | 8,159            | 9,211     |
| 2028-2032           | 3,035                                | 314      | 9,357            | 8,008     |
| 2033-2037           | -                                    | -        | 10,753           | 6,628     |
| 2038-2042           | -                                    | -        | 12,332           | 5,043     |
| 2043-2047           | -                                    | -        | 14,143           | 3,226     |
| 2048-2052           | -                                    | -        | 16,234           | 1,142     |
| Total               | \$ 8,350                             | \$ 3,359 | \$ 78,089        | \$ 43,516 |

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

|   | Date of Issue | Maturity | Interest Rates | Semi Annual Installments | Original Issue Amount | Outstanding at 6/30/2017 |
|---|---------------|----------|----------------|--------------------------|-----------------------|--------------------------|
| <b><u>Governmental Activities</u></b>   |               |          |                |                          |                       |                          |
| <b>Certificates of Participation</b>  |               |          |                |                          |                       |                          |
| <u>2007 Series A</u>  | 2/8/2007      | 2037     | 4% - 4.25%     | \$304 - \$308            | \$5,090               | \$4,095                  |
| 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.   |               |          |                |                          |                       |                          |
| <u>2008 Series A</u>  | 1/23/2008     | 2038     | 4% - 4.625%    | \$440 - \$451            | 7,325                 | 5,990                    |
| Used to finance improvements to the Vineyard Drive Interchange. Debt service is provided by Development Fees.   |               |          |                |                          |                       |                          |
| <u>2012 Series A</u>  | 10/15/2012    | 2028     | 0.5% - 5.0%    | \$1,034-\$1,289          | 14,427                | 11,326                   |
| Lease Revenue Refunding Bonds used to refund the 2002 A Certificates of Participation. The original COP was partially used to finance a portion of the new government center. Debt service is provided by semi-annual payments funded by general County revenues. |               |          |                |                          |                       |                          |
|   |               |          |                |                          | \$26,842              | \$21,411                 |

### **Pension Obligation Bonds**

Used to refund the Unfunded Actuarial Accrued Liability (UAAL) due to the San Luis Obispo County 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 A Standard Bonds</u>                   | 7/2/2003  | 2018 | 1.68% - 4.54% | \$2,164 - \$7,594 | \$47,995  | \$7,265   |
| <u>2003 Series C Capital Appreciation Bonds (CAB)</u> | 7/2/2003  | 2031 | 5.27% - 5.73% | zero - \$15,000   | 44,199    | 144,480   |
| <u>2003 Series C CABs Unaccrued Interest</u>          |           |      |               |                   |           | (50,420)  |
| <u>2009 Series A Term Bonds</u>                       | 8/19/2009 | 2019 | 7.45%         | \$3,171           | 42,565    | 42,565    |
|   |           |      |               |                   | \$134,759 | \$143,890 |

|   | Date of Issue | Maturity | Interest Rates | Semi Annual Installments | Original Issue Amount | Outstanding at 6/30/2017 |
|---|---------------|----------|----------------|--------------------------|-----------------------|--------------------------|
| <b><u>Business-Type Activities</u></b>  |               |          |                |                          |                       |                          |
| <b>Certificates of Participation</b>  |               |          |                |                          |                       |                          |
| <u>US Department of Agriculture (USDA) 2009</u>   | 4/30/2009     | 2049     | 4.375%         | \$6 - \$86               | \$1,631               | \$1,492                  |
| 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>   | 5/12/2011     | 2030     | 2.0% - 5.5%    | \$928 - \$934            | 11,990                | 9,310                    |
| 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    | 2028     | 0.5%- 5.0%     | \$381-\$475              | 5,323                 | 4,179                    |
| Lease Revenue Refunding Bonds used to refund the 2002 A Certificates of Participation. The original COP was partially used to the finance the Dairy Creek Golf Course. Debt service is provided by semi-annual lease payments from the Dairy Creek Golf Course. |               |          |                |                          |                       |                          |
| <u>USDA 2013</u>  | 07/01/2013    | 2053     | 2.75%          | \$18-\$67                | 2,575                 | 1,489                    |
| Used to finance a water system improvement project in County Service Area 10A. Debt service is provided by water sales revenues.  |               |          |                |                          |                       |                          |
|   |               |          |                |                          | \$21,519              | \$16,470                 |

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

| <u>Business-Type Activities</u><br><u>(continued)</u> | Date of<br>Issue | Maturity | Interest<br>Rates | Semi Annual<br>Installments | Original<br>Issue<br>Amount | Outstanding<br>at 6/30/2017 |
|---|------------------|----------|-------------------|-----------------------------|-----------------------------|-----------------------------|
|---|------------------|----------|-------------------|-----------------------------|-----------------------------|-----------------------------|

### State Notes

The County has borrowed from the State of California Department of Water Resources and the California Department of Transportation to finance the construction of water and wastewater systems in unincorporated areas and to construct hangars at the San Luis Obispo airport. State loans are repaid with water and wastewater service revenue and hangar rental revenue.

|                                     |      |      |         |             |                  |                 |
|-------------------------------------|------|------|---------|-------------|------------------|-----------------|
| Cayucos Water Treatment Facility    | 1998 | 2023 | 3.0315% | \$174       | \$3,011          | \$943           |
| Santa Margarita Water System        | 1999 | 2018 | 3.41%   | \$36        | 513              | 35              |
| Lopez Recreation Area               | 2004 | 2024 | 2.5132% | \$21        | 325              | 133             |
| Lopez Water Treatment Plant Upgrade | 2006 | 2028 | 2.60%   | \$1,672     | 25,945           | 18,343          |
| Airport Fuel Farm                   | 2007 | 2025 | 4.6557% | \$86        | 1,000            | 566             |
| Los Osos Waste Water Project        | 2012 | 2046 | 2.0%    | \$336-\$598 | 73,154           | 65,654          |
|                                     |      |      |         |             | <u>\$103,948</u> | <u>\$85,674</u> |

### Revenue Bonds

|  |           |      |                 |                       |           |          |
|--|-----------|------|-----------------|-----------------------|-----------|----------|
| <u>2007 Nacimiento Pipeline Project Series A</u> | 9/26/2007 | 2040 | 3.75% -<br>5.0% | \$7,658 -<br>\$10,048 | \$157,845 | \$31,455 |
|--|-----------|------|-----------------|-----------------------|-----------|----------|

|  |           |      |                    |                      |        |        |
|--|-----------|------|--------------------|----------------------|--------|--------|
| <u>2007 Nacimiento Pipeline Project Series B</u> | 9/26/2007 | 2040 | 5.196% -<br>5.571% | \$2,132 -<br>\$2,646 | 38,565 | 34,965 |
|--|-----------|------|--------------------|----------------------|--------|--------|

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.

### 2015 Nacimiento Water Project Revenue

|                                 |          |      |           |                 |         |         |
|---------------------------------|----------|------|-----------|-----------------|---------|---------|
| <u>Refunding Bonds Series A</u> | 8/5/2015 | 2038 | 3.0%-5.0% | \$2,603-\$8,097 | 107,115 | 107,115 |
|---------------------------------|----------|------|-----------|-----------------|---------|---------|

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>\$303,525</u> | <u>\$173,535</u> |
|------------------|------------------|

### General Obligation Bonds

|   |           |      |                |               |                 |                |
|---|-----------|------|----------------|---------------|-----------------|----------------|
| <u>2011 Refunding – Lopez Dam<br/>Remediation</u> | 5/12/2011 | 2030 | 2.0% -<br>5.5% | \$833 - \$840 | <u>\$10,760</u> | <u>\$8,350</u> |
|---|-----------|------|----------------|---------------|-----------------|----------------|

Used to refund the 2000 A general obligation (GO) issue. The original GO Bonds were used to improve and retrofit the Lopez Dam. Debt service is provided by applicable property taxes.

|                         |      |      |       |                      |                 |                 |
|-------------------------|------|------|-------|----------------------|-----------------|-----------------|
| <b>Assessment Bonds</b> | 2012 | 2037 | 2.75% | \$1,609 -<br>\$3,245 | <u>\$83,129</u> | <u>\$78,089</u> |
|-------------------------|------|------|-------|----------------------|-----------------|-----------------|

Issued to the USDA to finance the construction of the Los Osos Wastewater Project. Debt service will be provided by amounts levied against property owners who benefit from the project.

### 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

## **NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

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, and 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, 2017 totals \$79,160 with interest rates from 3.25% to 6.85%.

### 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 \$28,023 at June 30, 2017. 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, County Medical Services Program, Driving Under the Influence Program, Library and General funds.

### 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 unrounded current debt limitation for the County is \$633,095 with a margin of \$624,745.

### 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, 2017 had an arbitrage liability of \$55,402 (unrounded).

### Subsequent Events Related to Bonded Indebtedness and Long-Term Debt

The County plans to borrow up to \$6 million from the California Infrastructure and Economic Development Bank (IBank) to fund the final construction costs of the new terminal building at the San Luis Obispo County Regional Airport. The debt will be backed by the General Fund and repaid using a combination of Passenger Facility Charges and Airport operations. Assuming an annual interest rate of 3.75% and a repayment term of 30 years, the annual debt service payment would be approximately \$334,896.

The County plans to borrow \$2.2 million from the California Energy Commission (CEC) 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 thousand annually. The annual interest rate will be 1% and a repayment term of 14 years, the annual debt service payment will be \$175,234.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### 11. NET POSITION/FUND BALANCES

The government-wide and business-type activities 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.

Net Investment in Capital Assets at June 30, 2017, is as follows (in thousands):

|                          | <u>Amount</u>       |
|--------------------------|---------------------|
| Governmental activities  | \$ 1,178,967        |
| Business-type activities | 270,246             |
|                          | <hr/>               |
| Total                    | \$ <u>1,449,213</u> |

*Restricted Net Position* - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Included in total restricted net position at June 30, 2017, is \$21,045 restricted due to enabling legislation.

Included in total restricted net position at June 30, 2017, is \$12,772 of Public Facility Fees and \$8,273 of Road Impact Fees restricted due to enabling legislation. The remaining \$43,776 of restricted net position is restricted due to restrictions imposed by creditors, grantors, or contributors.

Restricted net position at June 30, 2017, for governmental activities is as follows (in thousands):

|   | <u>Amount</u>      |
|---|--------------------|
| <b>RESTRICTED FOR:</b>  |                    |
| <u>General Government</u>   |                    |
| Purchase obligations for Auditor-Controller-Treasurer-Tax Collector related professional services | \$ 72              |
| Purchase obligations for Assessor related equipment and professional services                     | 37                 |
| Purchase obligations for County Counsel related professional services                             | 137                |
| Purchase obligations for Human Resources related professional services                            | 59                 |
| Purchase obligations for Utilities Management   | 25                 |
| Purchase obligations for building maintenance projects  | 74                 |
| Purchase obligations for Information Technology related software and professional services        | 92                 |
| Claims, contracts and other restrictions imposed by grantors or contributors                      | 1,790              |
| Total General Government  | <hr/> <u>2,286</u> |
| <u>Public Protection</u>  |                    |
| Purchase obligations for Waste Management related professional services                           | 43                 |
| Purchase obligations for Grand Jury related supplies  | 1                  |
| Purchase obligations for District Attorney software support and supplies                          | 55                 |
| Purchase obligations for Sheriff-Coroner related professional services and supplies               | 23                 |
| Purchase obligations for Animal Services professional services                                    | 8                  |
| Purchase obligations for Probation related professional services                                  | 58                 |
| Purchase obligations for fire protection related software and equipment                           | 1,126              |
| Purchase obligations for Planning related training, equipment, and professional services          | 838                |
| Purchase obligations for capital projects   | 4,557              |
| Purchase obligations for flood control related engineering and environmental services             | 845                |

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

|   |                  |
|---|------------------|
| Purchase obligations for lighting districts equipment and maintenance services            | 29               |
| Total Public Protection   | <u>7,583</u>     |
| <u>Health and Sanitation</u>  |                  |
| Purchase obligations for Behavioral Health related supplies                               | 20               |
| Purchase obligations for Public Health related professional services                      | <u>97</u>        |
| Total Health and Sanitation   | <u>117</u>       |
| <u>Public Ways and Facilities</u>   |                  |
| Purchase obligations for Public Works related software and professional services          | 90               |
| Road impact fees restricted by enabling legislation for road maintenance and construction | 8,273            |
| Public facilities fees restricted by enabling legislation for public facilities           | <u>12,772</u>    |
| Total Public Ways and Facilities  | <u>21,135</u>    |
| <u>Recreation and Culture</u>   |                  |
| Parks equipment and maintenance services  | 37               |
| <u>Public Assistance</u>  |                  |
| Purchase obligation for Social Services supplies  | 7                |
| Claims, contracts and other restrictions imposed by grantors or contributors              | 5                |
| Total Public Assistance   | <u>12</u>        |
| <u>Education</u>  |                  |
| Farm Advisor Supplies   | 2                |
| Claims, contracts and other restrictions  | <u>1</u>         |
| Total Education   | <u>3</u>         |
| <u>Debt Service</u>   | <u>33,649</u>    |
| Total Restricted Net Position   | <u>\$ 64,822</u> |

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

Unrestricted net position at June 30, 2017, is as follows (in thousands):

|                          | <u>Amount</u>       |
|--------------------------|---------------------|
| Governmental activities  | \$ (226,970)        |
| Business-type activities | <u>85,316</u>       |
| Total                    | <u>\$ (141,654)</u> |

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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

- *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.

Fund balances for all the major and nonmajor governmental funds as of June 30, 2017, are distributed as follows:

|                               | General<br>Fund | Capital<br>Projects<br>Fund | Nonmajor<br>Gov’tl Funds | Total  |
|-------------------------------|-----------------|-----------------------------|--------------------------|--------|
| <u>Nonspendable:</u>          |                 |                             |                          |        |
| Inventories                   | \$ 101          | \$ -                        | \$ -                     | \$ 101 |
| Prepaid items                 | 1,053           | -                           | 3                        | 1,056  |
| Advances to other funds       | 2,381           | -                           | -                        | 2,381  |
| Subtotal                      | 3,535           | -                           | 3                        | 3,538  |
| <u>Restricted for:</u>        |                 |                             |                          |        |
| Tax reduction reserves        | 2,649           | -                           | -                        | 2,649  |
| Public facilities             | -               | -                           | 12,772                   | 12,772 |
| Traffic impact programs       | -               | -                           | 8,273                    | 8,273  |
| Wildlife and grazing programs | -               | -                           | 18                       | 18     |
| Debt service                  | -               | 1,358                       | 1,771                    | 3,129  |
| Subtotal                      | 2,649           | 1,358                       | 22,834                   | 26,841 |



**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

|   | General<br>Fund | Capital<br>Projects<br>Fund | Nonmajor<br>Gov'tl Funds | Total   |
|---|-----------------|-----------------------------|--------------------------|---------|
| <u>Committed to:</u>                              |                 |                             |                          |         |
| Maintenance projects                              | 10,572          | -                           | -                        | 10,572  |
| Assessor projects                                 | 917             | -                           | -                        | 917     |
| County Counsel services                           | 536             | -                           | -                        | 536     |
| Other general government                          | 4,923           | -                           | -                        | 4,923   |
| Fire equipment                                    | 2,580           | -                           | -                        | 2,580   |
| Planning programs                                 | 2,743           | -                           | -                        | 2,743   |
| Other public protection                           | 636             | -                           | -                        | 636     |
| Public health programs                            | 145             | -                           | -                        | 145     |
| Behavioral Health<br>programs                     | 50              | -                           | -                        | 50      |
| Social Services' programs                         | 13              | -                           | -                        | 13      |
| Veterans' Services<br>programs                    | 111             | -                           | -                        | 111     |
| Public works engineering<br>& consulting services | 109             | -                           | -                        | 109     |
| Fish and game programs                            | -               | -                           | 172                      | 172     |
| Flood control programs                            | -               | -                           | 17,850                   | 17,850  |
| Lighting programs                                 | -               | -                           | 464                      | 464     |
| Community development<br>programs                 | -               | -                           | 728                      | 728     |
| Medical services programs                         | -               | -                           | 762                      | 762     |
| Emergency medical<br>services                     | -               | -                           | 740                      | 740     |
| Roads   | -               | -                           | 11,334                   | 11,334  |
| Community service areas                           | -               | -                           | 1,890                    | 1,890   |
| Driving under the<br>influence programs           | -               | -                           | 567                      | 567     |
| Library   | -               | -                           | 3,342                    | 3,342   |
| Parks   | -               | -                           | 3,546                    | 3,546   |
| Wildlife and grazing<br>programs                  | -               | -                           | 5                        | 5       |
| General reserve                                   | 13,000          | -                           | -                        | 13,000  |
| Internal financing                                | 2,848           | -                           | -                        | 2,848   |
| Solar plant safety                                | 3,780           | -                           | -                        | 3,780   |
| Solar plant mitigation                            | 15,529          | -                           | -                        | 15,529  |
| Automation projects                               | 16,370          | -                           | -                        | 16,370  |
| Building replacement                              | 35,357          | -                           | -                        | 35,357  |
| Organizational<br>development                     | 1,994           | -                           | -                        | 1,994   |
| Tax reduction reserve                             | 38,262          | -                           | -                        | 38,262  |
| Lease financing                                   | 624             | -                           | -                        | 624     |
| Capital Projects                                  | -               | 21,625                      | -                        | 21,625  |
| Pension Obligation Bonds                          | 13,393          | -                           | 30,958                   | 44,351  |
| Debt service                                      | -               | -                           | 921                      | 921     |
| Subtotal  | 164,492         | 21,625                      | 73,279                   | 259,396 |

**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

|                                   | General<br>Fund   | Capital<br>Projects<br>Fund | Nonmajor<br>Gov'tl Funds | Total             |
|-----------------------------------|-------------------|-----------------------------|--------------------------|-------------------|
| <u>Assigned to:</u>               |                   |                             |                          |                   |
| Tax reduction reserve             | 11,685            | -                           | -                        | 11,685            |
| General government                | 8,869             | -                           | -                        | 8,869             |
| Clerk-Recorder programs           | 1,768             | -                           | -                        | 1,768             |
| Sheriff-Coroner programs          | 10,388            | -                           | -                        | 10,388            |
| Probation programs                | 6,936             | -                           | -                        | 6,936             |
| District Attorney programs        | 3,550             | -                           | -                        | 3,550             |
| Waste Management programs         | 2,480             | -                           | -                        | 2,480             |
| Planning programs                 | 1,547             | -                           | -                        | 1,547             |
| Emergency Services                | 1,396             | -                           | -                        | 1,396             |
| Other public protection programs  | 2,731             | -                           | -                        | 2,731             |
| Foster Care and Adoption programs | 3,725             | -                           | -                        | 3,725             |
| Veterans' Services programs       | 87                | -                           | -                        | 87                |
| Public ways and facilities        | 7,263             | -                           | -                        | 7,263             |
| Behavioral Health programs        | 22,832            | -                           | -                        | 22,832            |
| Public Health programs            | 3,732             | -                           | -                        | 3,732             |
| Subsequent Fiscal Year Budget     | 37,490            | -                           | -                        | 37,490            |
| Imprest cash                      | 117               | -                           | -                        | 117               |
| Subtotal                          | <u>126,596</u>    | <u>-</u>                    | <u>-</u>                 | <u>126,596</u>    |
| Total                             | <u>\$ 297,272</u> | <u>\$ 22,983</u>            | <u>\$ 96,116</u>         | <u>\$ 416,371</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, 2017, to be reappropriated during the next fiscal year (in thousands):

| Function                   | Total<br>Encumbrances |
|----------------------------|-----------------------|
| General Government         | \$ 1,433              |
| Health & Sanitation        | 3,085                 |
| Public Protection          | 1,028                 |
| Public Assistance          | 347                   |
| Public Ways and Facilities | 18,290                |
| Education                  | 21                    |
| Recreation                 | 1,847                 |
| Total Lapsing Encumbrances | <u>\$ 26,051</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 \$27,275 over the next 18 years. The estimated amounts vary by year. For example, the principal amount due in 2017 is \$976 while \$2,154 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 project, the California WaterFix, 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. In the opinion of the County Counsel, the total potential claims against the County not covered by insurance resulting from litigation would not materially affect the financial statements of the County at June 30, 2017.

### **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 land owner, the County assumed responsibility for all closure and postclosure costs when the facility stopped accepting waste. As of this date, the landfill closure is complete and only postclosure costs remain.

The remaining estimated liability for landfill postclosure cost as of June 30, 2017, is \$5,694 (in 2017 dollars). Of this, \$3,232 is for the Maintenance Cost and \$2,462 is the Corrective Action Cost. The cost estimates were provided by a licensed professional geologist in the Post Closure Maintenance Plan dated May 8, 2012 and the Engineers Estimate of Corrective Action Update dated March 18, 2016. 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

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

smaller than the applicable minimum, 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 onetime 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, 2017, the Agricultural Preserve Program tax abatements were \$13,149.

### 17. DEFINED BENEFIT PENSION PLAN

#### Description of the System that Administers the Pension Plan

The San Luis Obispo County 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 five 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 and the San Luis Obispo County Pension Trust. 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 "Pension 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:

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

|        |  |  |
|--------|--|--|
| Tier 1 |  | Tier 1 generally includes members hired before January 1, 2011. As of December 31, 2016, there were 1,426 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, 2016, there were 313 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, 2016, there were 769 active County employed members in Tier 3.   |

The Pension 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, 2016, 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. | 1,167 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. | 262 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. | 685 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. | 84 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. | 32 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. | 175 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. | 51 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. | 52 members     |

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### 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.

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 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: 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:

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

| PLAN                 | EMPLOYER<br>CONTRIBUTION<br>RATES | EMPLOYEE<br>CONTRIBUTION<br>RATES |
|----------------------|-----------------------------------|-----------------------------------|
| Miscellaneous Tier 1 | 17.58-21.94%                      | 13.55-21.93%                      |
| Miscellaneous Tier 2 | 17.58-21.94%                      | 7.37-15.03%                       |
| Miscellaneous Tier 3 | 17.09-22.19%                      | 4.24-14.39%                       |
| Probation Tier 1     | 18.69-18.76%                      | 19.49-26.02%                      |
| Probation Tier 2     | Not negotiated                    | Not negotiated                    |
| Probation Tier 3     | 18.19-18.26%                      | 8.25-18.30%                       |
| Safety Tier 1        | 25.91-32.58%                      | 17.06-28.73%                      |
| Safety Tier 2        | 25.91-32.58%                      | 10.95-19.64%                      |
| Safety Tier 3        | 25.30-31.97%                      | 9.75-16.68%                       |

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<br/>(in thousands)</u> |
|--------------------------|--|
| June 30, 2015            | \$30,174                                       |
| June 30, 2016            | \$31,997                                       |
| June 30, 2017            | \$35,415                                       |

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 71.4% funded as of January 1, 2016; 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, the Pension Trust had approximately 71.4 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, 2016, was \$1,702,565. The County's share of the Plan's fiduciary net position was \$1,099,760 as of the same date. As of December 31, 2016, the Plan's fiduciary net position was 64.59% of the total pension liability.

At June 30, 2017, the County reported a liability of \$602,805 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of December 31, 2016.

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of January 1, 2016. The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015. Measurements as of December 31, 2016, are based on the fair value of assets on that date, and the Total Pension Liability as of the valuation date, January 1, 2016. The actuarial assumptions were rolled forward to the Pension Trust Plan's fiscal year-end of December 31, 2016. There were no significant events between the January 1, 2016 valuation date and the December 31, 2016 measurement date for the Pension Plan's GASB Statement No. 67 valuation.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2016, the County's proportionate share was 93.10%, compared to 92.92% at December 31, 2015, an increase of 0.18%.

For the year ended June 30, 2017, the County recognized pension expense of \$95,990. 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, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred<br>Outflows of<br>Resources<br>(in thousands) | Deferred<br>Inflows of<br>Resources<br>(in thousands) |
|---|--|---|
| Deferred outflows of resources – change in proportion   | \$ 1,277   | \$ -  |
| Deferred outflows of resources – difference between expected and actual experience                                | 9,340  | -   |
| Deferred outflows of resources – changes in actuarial assumptions   | 46,595   | -   |
| Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments | 75,960   | -   |
| County contributions subsequent to the measurement date   | 18,897   | -   |
| Deferred inflows of resources- change in actual vs. proportionate contributions                                   | -  | -   |
| Deferred inflows of resources – proportionate share of collective investment return                               | -  | -   |
|   | <u>\$ 152,069</u>                                      | <u>\$ -</u>   |

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 \$18,897 for contributions for the fiscal year ending June 30, 2017 made subsequent to the measurement date of December 31, 2016.

The \$18,897 of subsequent contributions will be recognized as reduction of the net pension liability in the fiscal year ending June 30, 2018. 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, 2016, and is 4.9108 years. The difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended December 31, 2016 is also recognized over 4.9108 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<br>June 30 | Net Deferred Outflows<br>of Resources (in thousands) |
|------------------------|--|
| 2018                   | \$ 41,763  |
| 2019                   | 41,763   |
| 2020                   | 35,684   |
| 2021                   | 13,962   |
| 2022                   | -  |
| Thereafter             | -  |
| <b>Total</b>           | <u>\$ 133,172</u>                                    |



## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### Actuarial Assumptions

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.625%   |
| Amortization growth rate  | Level percentage of payroll  |
| Salary increases          | 2.875% plus service-related merit component  |
| COLA increases            | 2.625% for Tier 1 and 2.00% for Tier 2 and Tier 3  |
| Investment rate of return | 7.125%, net of administrative expense  |
| Post-Retirement Mortality | RP-2014 Mortality Tables with generational mortality improvements using scale MP-2015, a 105% multiplier for healthy males and 115% multiplier for healthy females, and white-collar adjustment applied to RP-2014 |

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2011 – December 31, 2015.

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 |
|-------------------------|-------------------|---|
| Fixed Income            | 30%               | 1.85%   |
| Domestic Equities       | 20%               | 2.62%   |
| International Equities  | 20%               | 7.22%   |
| Alternative Investments | 15%               | 4.10%   |
| Real Estate             | 15%               | 3.17%   |

### Discount Rate

The discount rate used to measure the total pension liability was 7.125%. 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 net pension liability of all plan employers collectively - the County's proportionate share is not broken out - calculated using the discount rate of 7.125%, as well as what all employers' cumulative net pension liability would be if it were calculated using a discount rate that is one percentage-point lower, 6.125%, or one percentage-point higher, 8.125%, than the current rate:

|  | 1% Decrease<br>(in thousands)<br>6.125% | Discount Rate<br>(in thousands)<br>7.125% | 1% Increase<br>(in thousands)<br>8.125% |
|--|---|---|---|
| All Employers' net pension liability<br>(includes contract agencies) | \$ 897,330                              | \$647,467                                 | \$442,825                               |

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### 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 CAFR.

## 18. POST-EMPLOYMENT HEALTHCARE BENEFITS

### Plan Description and Benefits

The County administers a single-employer defined post-employment benefit (OPEB) plan. Employees retiring from the County with at least 50 years of age and 5 years of service may continue to purchase healthcare coverage, if they select one of the plans offered under the County's contract with the state's California Public Employee Retirement System (CalPERS). The County assists eligible retirees by paying a portion of their premiums for medical care.

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's administrator, CalPERS, issues a publicly available financial report consisting of financial statements and required supplementary information for the CERBT in aggregate. The report may be obtained by writing to CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811. CalPERS does not provide a separate, audited GAAP-basis post-employment benefit plan report for the County's discrete information.

### Funding Policy

As of June 30, 2017, the County is contracted with CalPERS for medical coverage. That contract requires the County contribute minimum amounts for each retiree's health insurance. The amounts the County contributes depend on bargaining unit and for calendar year 2016 ranged from \$125 to \$139 per month. Effective January 1, 2018, the County has discontinued its contract with CalPERS for medical coverage but intends to continue contributing monthly amounts equivalent to the current CalPERS subsidy amount to participating retirees.

### Annual OPEB Cost and Net OPEB Asset

The County's annual Other Post-Employment Benefits (OPEB) cost is equal to the (a) annual required contribution (ARC) less (b) one year's interest on the beginning balance of the net OPEB asset plus/minus (c) any adjustment to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over a thirty-year open period. The ARC of \$1,621 for the fiscal year ended June 30, 2017, includes the normal cost for current active employees of \$658 and a component for amortization of the total unfunded actuarial accrued liability (UAAL) of \$963. The following table shows the components of the Net OPEB Asset as of June 30, 2017 (in thousands):

|   |                         |
|---|-------------------------|
| Annual required contribution (ARC)              | \$1,621                 |
| Interest on prior year net OPEB asset           | (81)                    |
| Adjustment to ARC                               | 119                     |
| Annual OPEB Cost                                | <u>1,659</u>            |
| Contributions made                              | <u>1,682</u>            |
| Increase (decrease) in net OPEB obligation      | (23)                    |
| Net OPEB obligation (asset) – beginning of year | <u>(1,117)</u>          |
| Net OPEB obligation (asset) – end of year       | <u><u>(\$1,140)</u></u> |

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the Net OPEB Obligation (Asset) for the fiscal year ended 2017 and the two preceding years are as follows:

| Fiscal Year Ended | Annual OPEB Cost | Contributions | Percent of OPEB Cost Contributed | Net OPEB Obligation (Asset) |
|-------------------|------------------|---------------|----------------------------------|-----------------------------|
| 2015              | \$1,519          | \$1,588       | 105%                             | (\$2,383)                   |
| 2016              | \$2,699          | \$1,433       | 53%                              | (\$1,117)                   |
| 2017              | \$1,659          | \$1,682       | 101%                             | (\$1,140)                   |

### Funded Status and Funding Progress

The funded status of the OPEB plan as of June 30, 2017 (based on the County's June 30, 2016 actuarial valuation) is as follows (in thousands):

|   |                 |
|---|-----------------|
| Actuarially accrued liability                     | \$24,669        |
| Actuarial value of plan assets                    | <u>(14,351)</u> |
| Unfunded actuarially accrued liability            | <u>\$10,318</u> |
| Funded ratio (actuarial value of plan assets/AAL) | 58.17%          |
| Covered payroll (active plan members)             | \$177,960       |
| UAAL as a percentage of covered payroll           | 5.80%           |

### 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 of the calculations.

In the County's June 30, 2016, actuarial valuation, the Entry Age Normal, Level Percent of Pay actuarial cost method was used. The actuarial assumptions included a 7.28% investment rate of return, an inflation rate of 2.63% per year, and assumed future medical inflation of 3.0% per year. The OPEB plan's unfunded actuarial liability is being amortized by level percent of payroll contributions over an open amortization period of 15 years.

The Schedule of Funding progress included as Required Supplementary Information following the Notes to the Financial Statements presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

## 19. SUBSEQUENT EVENTS

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 20, 2017, the County made an advance payment of \$49.5 million representing the County's FY 2017-18 employer retirement and employer paid portion of employee normal retirement contributions to the Pension Trust. The prepayment resulted in a savings of \$1.5 million to the County.



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**REQUIRED SUPPLEMENTARY INFORMATION**

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## REQUIRED SUPPLEMENTARY INFORMATION

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board (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 Funding Progress
- Budgetary Comparison Schedule – General Fund
- Note 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)**

| Fiscal Year Ending<br>June 30th | County's<br>proportion of<br>the net pension<br>liability | County's<br>proportionate<br>share of the<br>net pension liability | County's covered-<br>employee<br>payroll | County's proportionate<br>share of the net<br>pension liability (asset)<br>as a percentage of<br>covered-employee payroll | Plan fiduciary<br>net position as<br>a percentage<br>of the total<br>pension liability |
|---------------------------------|---|--|--|---|--|
| 2013                            | 92.64%  | \$ 354,823   | \$ 155,199 **                            | 233.13%**   | 74.78%   |
| 2014                            | 92.65%  | \$ 391,423   | \$ 155,040 **                            | 252.47%**   | 73.53%   |
| 2015                            | 92.92%  | \$ 506,626   | \$ 163,200 **                            | 310.43%**   | 67.57%   |
| 2016                            | 93.10%  | \$ 602,805   | \$ 168,262                               | 358.25%   | 64.59%   |

\*In accordance with paragraph 81.a of GASB Statement No. 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 82 definition of covered payroll as the payroll on which contributions to a pension plan are based.



**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<br>June 30 <sup>th</sup> | Actuarially<br>required<br>contributions | Actual<br>contributions | Contribution<br>deficiency<br>(excess) | County's covered-<br>employee payroll | County's actual<br>contributions as a<br>percentage of covered-<br>employee payroll |
|---|--|-------------------------|--|---------------------------------------|---|
| 2014  | \$ 30,687                                | \$ 29,691               | \$ 996                                 | \$ 168,662 **                         | 17.60%  |
| 2015  | \$ 32,839                                | \$ 31,239               | \$ 1,600                               | \$ 175,547 **                         | 17.80%  |
| 2016  | \$ 35,066                                | \$ 33,006               | \$ 2,060                               | \$ 168,262                            | 19.62%  |

\*In accordance with paragraph 81.a of GASB Statement No. 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 in accordance with the GASB 82 definition of covered payroll as the payroll on which contributions to a pension plan are based.

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 FUNDING PROGRESS  
FOR THE YEAR ENDED JUNE 30, 2017  
(in thousands)**

| Actuarial<br>Valuation<br>June 30 | Actuarial<br>Value of<br>Assets (a) | Actuarial<br>Accrued<br>Liability (AAL)<br>Entry Age (b) | Unfunded<br>AAL<br>(Funding<br>Excess)<br>(b-a) | Funded<br>Ratio<br>(a/b) | Covered<br>Payroll (c) | Unfunded AAL<br>(Funding<br>Excess) as<br>a Percentage<br>of Covered<br>Payroll<br>((b-a)/c) |
|-----------------------------------|-------------------------------------|--|---|--------------------------|------------------------|--|
| 2013                              | \$ 11,105                           | \$ 22,808  | \$ 11,702                                       | 48.69%                   | \$ 154,555             | 7.6%   |
| 2015                              | 14,110                              | 38,286   | 24,176  | 36.85%                   | 161,272                | 15.0%  |
| 2016                              | 14,351                              | 24,669   | 10,318  | 58.17%                   | 177,960                | 5.8%   |

2016 Source: GovInvest "San Luis Obispo County Actuarial Valuation Report Post-Retirement Benefits" completed October, 2017. The actuarial value of assets in each valuation year represent CERBT contributions.

**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, 2017 (In Thousands)**

|  | Budgeted Amounts  |                   | Actual            | Variance with<br>Final Budget |
|--|-------------------|-------------------|-------------------|-------------------------------|
|  | Original          | Final             |                   |                               |
| <b>Revenues:</b>   |                   |                   |                   |                               |
| Taxes  | \$ 173,967        | \$ 173,967        | \$ 182,559        | \$ 8,592                      |
| Licenses, permits, and franchises                            | 10,057            | 10,057            | 11,446            | 1,389                         |
| Fines, forfeits, and penalties                               | 3,754             | 4,168             | 2,859             | (1,309)                       |
| Use of money and property                                    | 2,091             | 2,091             | 2,689             | 598                           |
| Aid from other governmental agencies                         | 228,050           | 238,009           | 224,661           | (13,348)                      |
| Charges for current services                                 | 31,327            | 33,138            | 33,296            | 158                           |
| Other revenue  | 3,612             | 9,361             | 5,787             | (3,574)                       |
|  | <u>452,858</u>    | <u>470,791</u>    | <u>463,297</u>    | <u>(7,494)</u>                |
| <b>Total Revenues</b>  |                   |                   |                   |                               |
| <b>Expenditures:</b>   |                   |                   |                   |                               |
| Current:   |                   |                   |                   |                               |
| General government   | 52,099            | 65,970            | 48,697            | 17,273                        |
| Public protection  | 169,774           | 175,351           | 160,763           | 14,588                        |
| Public ways and facilities                                   | 2,372             | 8,159             | 1,992             | 6,167                         |
| Health and sanitation  | 89,297            | 96,963            | 84,276            | 12,687                        |
| Public assistance  | 119,398           | 120,232           | 111,436           | 8,796                         |
| Education  | 567               | 567               | 491               | 76                            |
| Contingencies  | 23,391            | 23,071            | -                 | 23,071                        |
|  | <u>456,898</u>    | <u>490,313</u>    | <u>407,655</u>    | <u>82,658</u>                 |
| <b>Total Expenditures</b>                                    |                   |                   |                   |                               |
| Excess (Deficiency) of Revenues Over<br>(Under) Expenditures | <u>(4,040)</u>    | <u>(19,522)</u>   | <u>55,642</u>     | <u>75,164</u>                 |
| <b>Other Financing Sources (Uses):</b>                       |                   |                   |                   |                               |
| Transfers in   | 345               | 1,901             | 145               | (1,756)                       |
| Transfers out  | (31,645)          | (48,224)          | (52,064)          | (3,840)                       |
|  | <u>(31,300)</u>   | <u>(46,323)</u>   | <u>(51,919)</u>   | <u>(5,596)</u>                |
| <b>Total Other Financing Sources (Uses)</b>                  |                   |                   |                   |                               |
| <b>Net Change in Fund Balances</b>                           | (35,340)          | (65,845)          | 3,723             | 69,568                        |
| Fund Balances, Beginning                                     | <u>230,470</u>    | <u>230,470</u>    | <u>230,470</u>    | <u>-</u>                      |
| Fund Balances, Ending  | <u>\$ 195,130</u> | <u>\$ 164,625</u> | <u>\$ 234,193</u> | <u>\$ 69,568</u>              |

**COUNTY OF SAN LUIS OBISPO**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**GENERAL FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET TO ACTUAL COMPARISON (Continued)**  
**FOR THE YEAR ENDED JUNE 30, 2017 (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  | \$ 463,297               |
| Revenues for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes | <u>1,207</u>             |
| Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds                      | <u><u>\$ 464,504</u></u> |

Uses/Outflows of Resources:

|   |                          |
|---|--------------------------|
| Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule  | \$ 407,655               |
| Expenditures for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes | <u>6,221</u>             |
| Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds                      | <u><u>\$ 413,876</u></u> |

Other Financing Sources (Uses) of Resources

|   |                           |
|---|---------------------------|
| Actual amounts (budgetary basis) "Total Other Financing Sources (Uses)" from the budgetary comparison schedule  | \$ (51,919)               |
| Other financing sources (uses) for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes | <u>693</u>                |
| Total Other Financing Sources (uses) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds                      | <u><u>\$ (51,226)</u></u> |

**COUNTY OF SAN LUIS OBISPO  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
JUNE 30, 2017**

**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 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, 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, 2017 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 Public Financing Authority debt service fund. 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.



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**OTHER SUPPLEMENTARY INFORMATION**

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**COMBINING FINANCIAL STATEMENTS  
NONMAJOR GOVERNMENTAL FUNDS**

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## NONMAJOR GOVERNMENTAL FUNDS

### 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 (County) 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).

#### San Luis Obispo County Public Financing Authority (PFA)

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

### SPECIAL REVENUE FUNDS:

Special revenue funds are used to account for revenues that are restricted by law or administrative actions to expenditures for specified purpose. 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.

#### County Medical Services Program (CMSP)

Accounts for resources used to provide for the County Medical Services program which provides medical care for indigents pursuant to the County's obligation under Welfare and Institution Code Section 17000 et seq.

#### 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 and 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.

## NONMAJOR GOVERNMENTAL FUNDS (Continued)

### 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 and Grazing

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

## **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.

**COUNTY OF SAN LUIS OBISPO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017 (In Thousands)**

|   | Debt<br>Service<br>Funds | Special<br>Revenue<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|--------------------------|-----------------------------|--|
| <u>Assets</u>   |                          |                             |  |
| Cash and cash equivalents   | \$ 31,877                | \$ 60,233                   | \$ 92,110                                  |
| Restricted cash with fiscal agent                                   | 1,771                    | -                           | 1,771                                      |
| Accounts receivable   | -                        | 61                          | 61   |
| Due from other governments  | -                        | 3,237                       | 3,237                                      |
| Loans receivable  | -                        | 23,643                      | 23,643                                     |
| Advances to other funds   | -                        | 6,457                       | 6,457                                      |
| Prepaid items   | -                        | 3                           | 3  |
| Other assets  | 8,424                    | 40                          | 8,464                                      |
|   | <u>42,072</u>            | <u>93,674</u>               | <u>135,746</u>                             |
| Total assets  | <u>\$ 42,072</u>         | <u>\$ 93,674</u>            | <u>\$ 135,746</u>                          |
| <u>Liabilities</u>  |                          |                             |  |
| Salaries and benefits payable                                       | \$ -                     | \$ 708                      | \$ 708                                     |
| Accounts payable  | -                        | 2,667                       | 2,667                                      |
| Deposits from others  | -                        | 1,597                       | 1,597                                      |
| Unearned revenue  | -                        | 58                          | 58   |
| Other current liabilities   | 8,422                    | -                           | 8,422                                      |
| Advances from other funds   | -                        | 864                         | 864  |
|   | <u>8,422</u>             | <u>5,894</u>                | <u>14,316</u>                              |
| Total liabilities   | <u>8,422</u>             | <u>5,894</u>                | <u>14,316</u>                              |
| <u>Deferred Inflows of Resources</u>                                |                          |                             |  |
| Unavailable revenue   | -                        | 1,671                       | 1,671                                      |
| Deferred loans  | -                        | 23,643                      | 23,643                                     |
|   | <u>-</u>                 | <u>25,314</u>               | <u>25,314</u>                              |
| Total deferred inflows of resources                                 | <u>-</u>                 | <u>25,314</u>               | <u>25,314</u>                              |
| <u>Fund Balance</u>   |                          |                             |  |
| Nonspendable  | -                        | 3                           | 3  |
| Restricted  | 1,771                    | 21,063                      | 22,834                                     |
| Committed   | 31,879                   | 41,400                      | 73,279                                     |
|   | <u>33,650</u>            | <u>62,466</u>               | <u>96,116</u>                              |
| Total fund balances   | <u>33,650</u>            | <u>62,466</u>               | <u>96,116</u>                              |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 42,072</u>         | <u>\$ 93,674</u>            | <u>\$ 135,746</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, 2017 (In Thousands)**

|  | Debt<br>Service<br>Funds | Special<br>Revenue<br>Funds | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|--------------------------|-----------------------------|--|
| <u>Revenues</u>  |                          |                             |  |
| Taxes  | \$ -                     | \$ 14,133                   | \$ 14,133                                  |
| Fines, forfeitures, and penalties                            | -                        | 697                         | 697  |
| Use of money and property                                    | 158                      | 357                         | 515  |
| Aid from other governments                                   | -                        | 21,104                      | 21,104                                     |
| Charges for current services                                 | 2,073                    | 13,247                      | 15,320                                     |
| Other revenues   | 653                      | 1,488                       | 2,141                                      |
|  | <u>2,884</u>             | <u>51,026</u>               | <u>53,910</u>                              |
| Total revenues   |                          |                             |  |
| <u>Expenditures</u>  |                          |                             |  |
| Current:   |                          |                             |  |
| Public protection  | -                        | 4,076                       | 4,076                                      |
| Public ways and facilities                                   | -                        | 27,085                      | 27,085                                     |
| Health and sanitation  | -                        | 4,347                       | 4,347                                      |
| Public assistance  | -                        | 1,956                       | 1,956                                      |
| Education  | -                        | 11,069                      | 11,069                                     |
| Recreation and cultural services                             | -                        | 9,963                       | 9,963                                      |
| Debt service:  |                          |                             |  |
| Principal payments   | 7,576                    | -                           | 7,576                                      |
| Interest and fiscal charges                                  | 4,639                    | -                           | 4,639                                      |
|  | <u>12,215</u>            | <u>58,496</u>               | <u>70,711</u>                              |
| Total expenditures   |                          |                             |  |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(9,331)</u>           | <u>(7,470)</u>              | <u>(16,801)</u>                            |
| <u>Other Financing Sources (Uses)</u>                        |                          |                             |  |
| Transfers in   | 29,844                   | 18,876                      | 48,720                                     |
| Transfers out  | -                        | (6,706)                     | (6,706)                                    |
|  | <u>29,844</u>            | <u>12,170</u>               | <u>42,014</u>                              |
| Total other financing sources (uses)                         |                          |                             |  |
| Net change in fund balances                                  | 20,513                   | 4,700                       | 25,213                                     |
| Fund balances - beginning                                    | <u>13,137</u>            | <u>57,766</u>               | <u>70,903</u>                              |
| Fund balances - ending                                       | <u>\$ 33,650</u>         | <u>\$ 62,466</u>            | <u>\$ 96,116</u>                           |

**COUNTY OF SAN LUIS OBISPO  
COMBINING BALANCE SHEET  
NONMAJOR DEBT SERVICES FUNDS  
JUNE 30, 2017 (In Thousands)**

|  | Debt Service<br>Public Facilities<br>Corporation | Debt Service<br>Pension Obligation<br>Bonds | Debt Service<br>Public Financing<br>Authority | Total<br>Nonmajor<br>Debt Service<br>Funds |
|--|--|---|---|--|
| <u>Assets</u>                              |  |   |   |  |
| Cash and cash equivalents                  | \$ 903   | \$ 30,956                                   | \$ 18   | \$ 31,877                                  |
| Restricted cash with fiscal agent          | 452  | -   | 1,319   | 1,771                                      |
| Other assets                               | 315  | 7,265                                       | 844   | 8,424                                      |
| <b>Total assets</b>                        | <b>\$ 1,670</b>                                  | <b>\$ 38,221</b>                            | <b>\$ 2,181</b>                               | <b>\$ 42,072</b>                           |
| <u>Liabilities and Fund Balance</u>        |  |   |   |  |
| Liabilities                                |  |   |   |  |
| Other current liabilities                  | \$ 315   | \$ 7,263                                    | \$ 844  | \$ 8,422                                   |
| <b>Total liabilities</b>                   | <b>315</b>                                       | <b>7,263</b>                                | <b>844</b>                                    | <b>8,422</b>                               |
| Fund Balances                              |  |   |   |  |
| Restricted                                 | 452  | -   | 1,319   | 1,771                                      |
| Committed                                  | 903  | 30,958                                      | 18  | 31,879                                     |
| <b>Total fund balances</b>                 | <b>1,355</b>                                     | <b>30,958</b>                               | <b>1,337</b>                                  | <b>33,650</b>                              |
| <b>Total liabilities and fund balances</b> | <b>\$ 1,670</b>                                  | <b>\$ 38,221</b>                            | <b>\$ 2,181</b>                               | <b>\$ 42,072</b>                           |

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICES FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Debt Service<br>Public Facilities<br>Corporation | Debt Service<br>Pension Obligation<br>Bonds | Debt Service<br>Public Financing<br>Authority | Total<br>Nonmajor<br>Debt Service<br>Funds |
|--|--|---|---|--|
| <u>Revenues</u>  |  |   |   |  |
| Use of money and property                                    | \$ -   | \$ 151                                      | \$ 7  | \$ 158                                     |
| Charges for current services                                 | 757  | -   | 1,316   | 2,073                                      |
| Other revenues   | -  | 653   | -   | 653  |
|  | <u>757</u>                                       | <u>804</u>                                  | <u>1,323</u>                                  | <u>2,884</u>                               |
| <u>Expenditures</u>  |  |   |   |  |
| Debt service:  |  |   |   |  |
| Principal payments   | 305  | 6,460                                       | 811   | 7,576                                      |
| Interest and fiscal charges                                  | 453  | 3,679                                       | 507   | 4,639                                      |
|  | <u>758</u>                                       | <u>10,139</u>                               | <u>1,318</u>                                  | <u>12,215</u>                              |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(1)</u>                                       | <u>(9,335)</u>                              | <u>5</u>                                      | <u>(9,331)</u>                             |
| <u>Other financing sources (uses)</u>                        |  |   |   |  |
| Transfers in   | -  | 29,844                                      | -   | 29,844                                     |
| Transfers out  | -  | -   | -   | -  |
|  | <u>-</u>   | <u>29,844</u>                               | <u>-</u>                                      | <u>29,844</u>                              |
| Net change in fund balances                                  | (1)  | 20,509                                      | 5   | 20,513                                     |
| Fund balances - beginning                                    | <u>1,356</u>                                     | <u>10,449</u>                               | <u>1,332</u>                                  | <u>13,137</u>                              |
| Fund balances - ending                                       | <u>\$ 1,355</u>                                  | <u>\$ 30,958</u>                            | <u>\$ 1,337</u>                               | <u>\$ 33,650</u>                           |



**COUNTY OF SAN LUIS OBISPO  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017 (In Thousands)**

|  | Community<br>Development | CMSP          | Emergency<br>Medical<br>Services | Driving Under<br>the Influence<br>Programs |
|--|--------------------------|---------------|----------------------------------|--|
| <b>Assets</b>  |                          |               |                                  |  |
| Cash and cash equivalents  | \$ 1,856                 | \$ 761        | \$ 321                           | \$ 622                                     |
| Accounts receivable  | -                        | -             | -                                | -  |
| Due from other governments   | -                        | 60            | 419                              | -  |
| Loans receivable   | 23,643                   | -             | -                                | -  |
| Advances to other funds  | -                        | -             | -                                | -  |
| Prepaid items  | -                        | -             | -                                | 1  |
| Other assets   | -                        | -             | -                                | -  |
| <b>Total assets</b>  | <b>\$ 25,499</b>         | <b>\$ 821</b> | <b>\$ 740</b>                    | <b>\$ 623</b>                              |
| <b>Liabilities</b>   |                          |               |                                  |  |
| Salaries and benefits payable  | \$ -                     | \$ 19         | \$ -                             | \$ 49                                      |
| Accounts payable   | 100                      | 8             | -                                | 6  |
| Deposits from others   | 1,028                    | -             | -                                | -  |
| Unearned revenue   | -                        | -             | -                                | -  |
| Advances from other funds  | -                        | -             | -                                | -  |
| <b>Total liabilities</b>   | <b>1,128</b>             | <b>27</b>     | <b>-</b>                         | <b>55</b>                                  |
| <b>Deferred Inflows of Resources</b>                                       |                          |               |                                  |  |
| Unavailable revenue  | -                        | 32            | -                                | -  |
| Deferred loans   | 23,643                   | -             | -                                | -  |
| <b>Total deferred inflows of resources</b>                                 | <b>23,643</b>            | <b>32</b>     | <b>-</b>                         | <b>-</b>                                   |
| <b>Fund Balances</b>   |                          |               |                                  |  |
| Nonspendable   | -                        | -             | -                                | 1  |
| Restricted   | -                        | -             | -                                | -  |
| Committed  | 728                      | 762           | 740                              | 567  |
| Assigned   | -                        | -             | -                                | -  |
| Unassigned   | -                        | -             | -                                | -  |
| <b>Total fund balances</b>   | <b>728</b>               | <b>762</b>    | <b>740</b>                       | <b>568</b>                                 |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 25,499</b>         | <b>\$ 821</b> | <b>\$ 740</b>                    | <b>\$ 623</b>                              |

Continued

**COUNTY OF SAN LUIS OBISPO  
COMBINING BALANCE SHEET (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017 (In Thousands)**

|  | Fish and<br>Game | Road<br>Impact<br>Fees | Library         | Parks           | Public<br>Facilities<br>Fees |
|--|------------------|------------------------|-----------------|-----------------|------------------------------|
| <b>Assets</b>  |                  |                        |                 |                 |                              |
| Cash and cash equivalents  | \$ 188           | \$ 8,682               | \$ 3,886        | \$ 4,448        | \$ 12,772                    |
| Accounts receivable  | -                | -                      | -               | 61              | -                            |
| Due from other governments   | -                | -                      | -               | -               | -                            |
| Loans receivable   | -                | -                      | -               | -               | -                            |
| Advances to other funds  | -                | -                      | -               | -               | -                            |
| Prepaid items  | 2                | -                      | -               | -               | -                            |
| Other assets   | -                | -                      | -               | -               | -                            |
| <b>Total assets</b>  | <b>\$ 190</b>    | <b>\$ 8,682</b>        | <b>\$ 3,886</b> | <b>\$ 4,509</b> | <b>\$ 12,772</b>             |
| <b>Liabilities</b>   |                  |                        |                 |                 |                              |
| Salaries and benefits payable  | \$ -             | \$ -                   | \$ 342          | \$ 298          | \$ -                         |
| Accounts payable   | 16               | -                      | 202             | 166             | -                            |
| Deposits from others   | -                | -                      | -               | 147             | -                            |
| Unearned revenue   | -                | -                      | -               | -               | -                            |
| Advances from other funds  | -                | 409                    | -               | 352             | -                            |
| <b>Total liabilities</b>   | <b>16</b>        | <b>409</b>             | <b>544</b>      | <b>963</b>      | <b>-</b>                     |
| <b>Deferred Inflows of Resources</b>                                       |                  |                        |                 |                 |                              |
| Unavailable revenue  | -                | -                      | -               | -               | -                            |
| Deferred loans   | -                | -                      | -               | -               | -                            |
| <b>Total deferred inflows of resources</b>                                 | <b>-</b>         | <b>-</b>               | <b>-</b>        | <b>-</b>        | <b>-</b>                     |
| <b>Fund Balances</b>   |                  |                        |                 |                 |                              |
| Nonspendable   | 2                | -                      | -               | -               | -                            |
| Restricted   | -                | 8,273                  | -               | -               | 12,772                       |
| Committed  | 172              | -                      | 3,342           | 3,546           | -                            |
| Assigned   | -                | -                      | -               | -               | -                            |
| Unassigned   | -                | -                      | -               | -               | -                            |
| <b>Total fund balances</b>   | <b>174</b>       | <b>8,273</b>           | <b>3,342</b>    | <b>3,546</b>    | <b>12,772</b>                |
| <b>Total liabilities, deferred inflows of resources, and fund balances</b> | <b>\$ 190</b>    | <b>\$ 8,682</b>        | <b>\$ 3,886</b> | <b>\$ 4,509</b> | <b>\$ 12,772</b>             |

Continued

**COUNTY OF SAN LUIS OBISPO  
COMBINING BALANCE SHEET (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS  
JUNE 30, 2017 (In Thousands)**

|   | Roads     | Wildlife<br>Grazing | Special<br>Districts | Total<br>Nonmajor<br>Special Revenue<br>Funds |
|---|-----------|---------------------|----------------------|---|
| <b>Assets</b>   |           |                     |                      |   |
| Cash and cash equivalents   | \$ 12,228 | \$ 23               | \$ 14,446            | \$ 60,233                                     |
| Accounts receivable   | -         | -                   | -                    | 61  |
| Due from other governments  | 1,749     | -                   | 1,009                | 3,237   |
| Loans receivable  | -         | -                   | -                    | 23,643  |
| Advances to other funds   | 409       | -                   | 6,048                | 6,457   |
| Prepaid items   | -         | -                   | -                    | 3   |
| Other assets  | 40        | -                   | -                    | 40  |
|   | <hr/>     | <hr/>               | <hr/>                | <hr/>   |
| Total assets  | \$ 14,426 | \$ 23               | \$ 21,503            | \$ 93,674                                     |
|   | <hr/>     | <hr/>               | <hr/>                | <hr/>   |
| <b>Liabilities</b>  |           |                     |                      |   |
| Salaries and benefits payable                                       | \$ -      | \$ -                | \$ -                 | \$ 708  |
| Accounts payable  | 1,519     | -                   | 650                  | 2,667   |
| Deposits from others  | 422       | -                   | -                    | 1,597   |
| Unearned revenue  | 58        | -                   | -                    | 58  |
| Advances from other funds   | -         | -                   | 103                  | 864   |
|   | <hr/>     | <hr/>               | <hr/>                | <hr/>   |
| Total liabilities   | 1,999     | -                   | 753                  | 5,894   |
|   | <hr/>     | <hr/>               | <hr/>                | <hr/>   |
| <b>Deferred Inflows of Resources</b>                                |           |                     |                      |   |
| Unavailable revenue   | 1,093     | -                   | 546                  | 1,671   |
| Deferred loans  | -         | -                   | -                    | 23,643  |
|   | <hr/>     | <hr/>               | <hr/>                | <hr/>   |
| Total deferred inflows of resources                                 | 1,093     | -                   | 546                  | 25,314  |
|   | <hr/>     | <hr/>               | <hr/>                | <hr/>   |
| <b>Fund Balances</b>  |           |                     |                      |   |
| Nonspendable  | -         | -                   | -                    | 3   |
| Restricted  | -         | 18                  | -                    | 21,063  |
| Committed   | 11,334    | 5                   | 20,204               | 41,400  |
| Assigned  | -         | -                   | -                    | -   |
| Unassigned  | -         | -                   | -                    | -   |
|   | <hr/>     | <hr/>               | <hr/>                | <hr/>   |
| Total fund balances   | 11,334    | 23                  | 20,204               | 62,466  |
|   | <hr/>     | <hr/>               | <hr/>                | <hr/>   |
| Total liabilities, deferred inflows of resources, and fund balances | \$ 14,426 | \$ 23               | \$ 21,503            | \$ 93,674                                     |
|   | <hr/>     | <hr/>               | <hr/>                | <hr/>   |

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Community<br>Development | CMSP          | Emergency<br>Medical<br>Services | Driving Under<br>the Influence<br>Programs |
|--|--------------------------|---------------|----------------------------------|--|
| <u>Revenues</u>  |                          |               |                                  |  |
| Taxes  | \$ -                     | \$ -          | \$ -                             | \$ -                                       |
| Fines, forfeitures, and penalties                            | -                        | -             | 688                              | -  |
| Use of money and property                                    | 2                        | 2             | -                                | 2  |
| Aid from other governments                                   | 3,894                    | 45            | -                                | -  |
| Charges for current services                                 | -                        | 177           | -                                | 1,272                                      |
| Other revenues   | 132                      | 693           | -                                | -  |
| <b>Total revenues</b>  | <b>4,028</b>             | <b>917</b>    | <b>688</b>                       | <b>1,274</b>                               |
| <u>Expenditures</u>  |                          |               |                                  |  |
| Current:   |                          |               |                                  |  |
| Public protection  | -                        | -             | -                                | -  |
| Public ways and facilities                                   | -                        | -             | -                                | -  |
| Health and sanitation  | 4,347                    | -             | -                                | -  |
| Public assistance  | -                        | 1,217         | 739                              | -  |
| Education  | -                        | -             | -                                | 1,194                                      |
| Recreation and cultural services                             | -                        | -             | -                                | -  |
| <b>Total expenditures</b>                                    | <b>4,347</b>             | <b>1,217</b>  | <b>739</b>                       | <b>1,194</b>                               |
| Excess (deficiency) of revenues<br>over (under) expenditures | (319)                    | (300)         | (51)                             | 80   |
| <u>Other financing sources (uses)</u>                        |                          |               |                                  |  |
| Transfers in   | 666                      | 315           | -                                | -  |
| Transfers out  | -                        | (15)          | -                                | (28)                                       |
| <b>Total other financing sources (uses)</b>                  | <b>666</b>               | <b>300</b>    | <b>-</b>                         | <b>(28)</b>                                |
| Net change in fund balances                                  | 347                      | -             | (51)                             | 52   |
| Fund balances - beginning                                    | 381                      | 762           | 791                              | 516  |
| Fund balances - ending                                       | <u>\$ 728</u>            | <u>\$ 762</u> | <u>\$ 740</u>                    | <u>\$ 568</u>                              |

Continued

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Fish and<br>Game | Road<br>Impact<br>Fees | Library         | Parks           | Public<br>Facilities<br>Fees |
|--|------------------|------------------------|-----------------|-----------------|------------------------------|
| <u>Revenues</u>  |                  |                        |                 |                 |                              |
| Taxes  | \$ -             | \$ -                   | \$ 8,561        | \$ -            | \$ -                         |
| Fines, forfeitures, and penalties                            | 7                | -                      | -               | 2               | -                            |
| Use of money and property                                    | -                | 39                     | 12              | 158             | 55                           |
| Aid from other governments                                   | -                | -                      | 116             | 273             | -                            |
| Charges for current services                                 | -                | 2,550                  | 119             | 5,330           | 2,646                        |
| Other revenues   | -                | -                      | 285             | 26              | -                            |
|  | <u>7</u>         | <u>2,589</u>           | <u>9,093</u>    | <u>5,789</u>    | <u>2,701</u>                 |
| <u>Expenditures</u>  |                  |                        |                 |                 |                              |
| Current:   |                  |                        |                 |                 |                              |
| Public protection  | 21               | -                      | -               | -               | -                            |
| Public ways and facilities                                   | -                | -                      | -               | -               | -                            |
| Health and sanitation  | -                | -                      | -               | -               | -                            |
| Public assistance  | -                | -                      | -               | -               | -                            |
| Education  | -                | -                      | 9,875           | -               | -                            |
| Recreation and cultural services                             | -                | -                      | -               | 9,963           | -                            |
|  | <u>21</u>        | <u>-</u>               | <u>9,875</u>    | <u>9,963</u>    | <u>-</u>                     |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(14)</u>      | <u>2,589</u>           | <u>(782)</u>    | <u>(4,174)</u>  | <u>2,701</u>                 |
| <u>Other financing sources (uses)</u>                        |                  |                        |                 |                 |                              |
| Transfers in   | -                | -                      | 634             | 3,945           | -                            |
| Transfers out  | -                | (1,983)                | (214)           | (177)           | (1,795)                      |
|  | <u>-</u>         | <u>(1,983)</u>         | <u>420</u>      | <u>3,768</u>    | <u>(1,795)</u>               |
| Net change in fund balances                                  | (14)             | 606                    | (362)           | (406)           | 906                          |
| Fund balances - beginning                                    | <u>188</u>       | <u>7,667</u>           | <u>3,704</u>    | <u>3,952</u>    | <u>11,866</u>                |
| Fund balances - ending                                       | <u>\$ 174</u>    | <u>\$ 8,273</u>        | <u>\$ 3,342</u> | <u>\$ 3,546</u> | <u>\$ 12,772</u>             |

Continued

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES (Continued)  
NONMAJOR SPECIAL REVENUE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Roads            | Wildlife<br>and Grazing | Special<br>Districts | Total<br>Nonmajor<br>Special Revenue<br>Funds |
|--|------------------|-------------------------|----------------------|---|
| <u>Revenues</u>  |                  |                         |                      |   |
| Taxes  | \$ 1,738         | \$ -                    | \$ 3,834             | \$ 14,133                                     |
| Fines, forfeitures, and penalties                            | -                | -                       | -                    | 697   |
| Use of money and property                                    | 16               | -                       | 71                   | 357   |
| Aid from other governments                                   | 16,320           | 4                       | 452                  | 21,104  |
| Charges for current services                                 | 274              | -                       | 879                  | 13,247  |
| Other revenues   | 213              | -                       | 139                  | 1,488   |
|  | <hr/>            | <hr/>                   | <hr/>                | <hr/>   |
| Total revenues   | 18,561           | 4                       | 5,375                | 51,026  |
| <u>Expenditures</u>  |                  |                         |                      |   |
| Current:   |                  |                         |                      |   |
| Public protection  | -                | 1                       | 4,054                | 4,076   |
| Public ways and facilities                                   | 27,003           | -                       | 82                   | 27,085  |
| Health and sanitation  | -                | -                       | -                    | 4,347   |
| Public assistance  | -                | -                       | -                    | 1,956   |
| Education  | -                | -                       | -                    | 11,069  |
| Recreation and cultural services                             | -                | -                       | -                    | 9,963   |
|  | <hr/>            | <hr/>                   | <hr/>                | <hr/>   |
| Total expenditures   | 27,003           | 1                       | 4,136                | 58,496  |
| Excess (deficiency) of revenues<br>over (under) expenditures | <hr/><br>(8,442) | <hr/><br>3              | <hr/><br>1,239       | <hr/><br>(7,470)                              |
| <u>Other financing sources (uses)</u>                        |                  |                         |                      |   |
| Transfers in   | 13,084           | -                       | 232                  | 18,876  |
| Transfers out  | (4)              | -                       | (2,490)              | (6,706)                                       |
|  | <hr/>            | <hr/>                   | <hr/>                | <hr/>   |
| Total other financing sources (uses)                         | 13,080           | -                       | (2,258)              | 12,170  |
| Net change in fund balances                                  | 4,638            | 3                       | (1,019)              | 4,700   |
| Fund balances - beginning                                    | 6,696            | 20                      | 21,223               | 57,766  |
|  | <hr/>            | <hr/>                   | <hr/>                | <hr/>   |
| Fund balances - ending                                       | \$ 11,334        | \$ 23                   | \$ 20,204            | \$ 62,466                                     |
|  | <hr/> <hr/>      | <hr/> <hr/>             | <hr/> <hr/>          | <hr/> <hr/>                                   |

**COUNTY OF SAN LUIS OBISPO  
COMBINING BALANCE SHEET  
NONMAJOR SPECIAL REVENUE FUNDS – SPECIAL DISTRICTS  
JUNE 30, 2017 (In Thousands)**

|   | Flood<br>Control<br>Districts | Lighting<br>Districts | County<br>Service Areas | Total            |
|---|-------------------------------|-----------------------|-------------------------|------------------|
| <u>Assets</u>   |                               |                       |                         |                  |
| Cash and cash equivalents   | \$ 12,244                     | \$ 464                | \$ 1,738                | \$ 14,446        |
| Due from other governments  | 1,009                         | -                     | -                       | 1,009            |
| Advances to other funds   | 5,793                         | -                     | 255                     | 6,048            |
|   | <u>19,046</u>                 | <u>464</u>            | <u>1,993</u>            | <u>21,503</u>    |
| Total assets  | <u>\$ 19,046</u>              | <u>\$ 464</u>         | <u>\$ 1,993</u>         | <u>\$ 21,503</u> |
| <u>Liabilities and Fund Balances</u>                                |                               |                       |                         |                  |
| <u>Liabilities</u>  |                               |                       |                         |                  |
| Accounts payable  | \$ 650                        | \$ -                  | \$ -                    | \$ 650           |
| Advances from other funds   | -                             | -                     | 103                     | 103              |
|   | <u>650</u>                    | <u>-</u>              | <u>103</u>              | <u>753</u>       |
| Total liabilities   | <u>650</u>                    | <u>-</u>              | <u>103</u>              | <u>753</u>       |
| <u>Deferred Inflows of Resources</u>                                |                               |                       |                         |                  |
| Unavailable revenue   | 546                           | -                     | -                       | 546              |
|   | <u>546</u>                    | <u>-</u>              | <u>-</u>                | <u>546</u>       |
| Total deferred inflows of resources                                 | <u>546</u>                    | <u>-</u>              | <u>-</u>                | <u>546</u>       |
| <u>Fund Balances</u>  |                               |                       |                         |                  |
| Nonspendable  | -                             | -                     | -                       | -                |
| Committed   | 17,850                        | 464                   | 1,890                   | 20,204           |
|   | <u>17,850</u>                 | <u>464</u>            | <u>1,890</u>            | <u>20,204</u>    |
| Total fund balances   | <u>17,850</u>                 | <u>464</u>            | <u>1,890</u>            | <u>20,204</u>    |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 19,046</u>              | <u>\$ 464</u>         | <u>\$ 1,993</u>         | <u>\$ 21,503</u> |

**COUNTY OF SAN LUIS OBISPO  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 NONMAJOR SPECIAL REVENUE FUNDS – SPECIAL DISTRICTS  
 FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Flood<br>Control<br>Districts | Lighting<br>Districts | County<br>Service Areas | Total            |
|--|-------------------------------|-----------------------|-------------------------|------------------|
| <u>Revenues</u>  |                               |                       |                         |                  |
| Taxes  | \$ 3,391                      | \$ 36                 | \$ 407                  | \$ 3,834         |
| Use of money and property                                    | 61                            | 2                     | 8                       | 71               |
| Aid from other governmental agencies                         | 450                           | -                     | 2                       | 452              |
| Charges for current services                                 | 865                           | 10                    | 4                       | 879              |
| Other revenue  | 136                           | 3                     | -                       | 139              |
|  | <u>4,903</u>                  | <u>51</u>             | <u>421</u>              | <u>5,375</u>     |
| <u>Expenditures</u>  |                               |                       |                         |                  |
| Current:   |                               |                       |                         |                  |
| Public protection  | 3,956                         | 98                    | -                       | 4,054            |
| Public ways and facilities                                   | -                             | -                     | 82                      | 82               |
|  | <u>3,956</u>                  | <u>98</u>             | <u>82</u>               | <u>4,136</u>     |
| Total expenditures   | <u>3,956</u>                  | <u>98</u>             | <u>82</u>               | <u>4,136</u>     |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>947</u>                    | <u>(47)</u>           | <u>339</u>              | <u>1,239</u>     |
| <u>Other financing sources (uses)</u>                        |                               |                       |                         |                  |
| Transfers in   | 205                           | -                     | 27                      | 232              |
| Transfers out  | (2,341)                       | -                     | (149)                   | (2,490)          |
|  | <u>(2,136)</u>                | <u>-</u>              | <u>(122)</u>            | <u>(2,258)</u>   |
| Total other financing sources (uses)                         | <u>(2,136)</u>                | <u>-</u>              | <u>(122)</u>            | <u>(2,258)</u>   |
| Net change in fund balances                                  | (1,189)                       | (47)                  | 217                     | (1,019)          |
| Fund balances - beginning                                    | 19,039                        | 511                   | 1,673                   | 21,223           |
| Fund balances - ending                                       | <u>\$ 17,850</u>              | <u>\$ 464</u>         | <u>\$ 1,890</u>         | <u>\$ 20,204</u> |



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**BUDGETARY COMPARISON SCHEDULES  
CAPITAL PROJECTS FUND  
PUBLIC FINANCING CORPORATION  
PENSION OBLIGATION BOND FUND  
NON MAJOR GOVERNMENTAL FUNDS**

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**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, 2017 (In Thousands)**

|  | <u>Budgeted Amounts</u> |                 | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|-----------------|---------------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>    |                           |                                       |
| <u>Revenues</u>  |                         |                 |                           |                                       |
| Fines, forfeitures, and penalties                            | \$ -                    | \$ -            | \$ 426                    | \$ 426                                |
| Use of money and property                                    | -                       | -               | 94                        | 94                                    |
| Aid from other governmental agencies                         | -                       | 5,498           | 8,585                     | 3,087                                 |
| Charges for services   | -                       | 2,546           | 810                       | (1,736)                               |
| Other Revenues   | -                       | 1,078           | 553                       | (525)                                 |
|  | <u>-</u>                | <u>9,122</u>    | <u>10,468</u>             | <u>1,346</u>                          |
| <u>Expenditures</u>  |                         |                 |                           |                                       |
| Capital outlay   | <u>1,921</u>            | <u>32,500</u>   | <u>11,554</u>             | <u>20,946</u>                         |
|  | <u>1,921</u>            | <u>32,500</u>   | <u>11,554</u>             | <u>20,946</u>                         |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(1,921)</u>          | <u>(23,378)</u> | <u>(1,086)</u>            | <u>22,292</u>                         |
| <u>Other financing sources (uses)</u>                        |                         |                 |                           |                                       |
| Transfers in   | <u>3,548</u>            | <u>16,123</u>   | <u>7,953</u>              | <u>(8,170)</u>                        |
|  | <u>3,548</u>            | <u>16,123</u>   | <u>7,953</u>              | <u>(8,170)</u>                        |
| Net change in fund balances                                  | 1,627                   | (7,255)         | 6,867                     | 14,122                                |
| Fund balances - beginning                                    | <u>16,116</u>           | <u>16,116</u>   | <u>16,116</u>             | <u>-</u>                              |
| Fund balances - ending                                       | <u>\$ 17,743</u>        | <u>\$ 8,861</u> | <u>\$ 22,983</u>          | <u>\$ 14,122</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, 2017 (In Thousands)**

|  | Budgeted Amounts |          | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|----------|-------------------|-------------------------------|
|  | Original         | Final    |                   |                               |
| <u>Revenues</u>  |                  |          |                   |                               |
| Use of money and property                                    | \$ -             | \$ -     | \$ -              | \$ -                          |
| Charges for current services                                 | -                | -        | 757               | 757                           |
| Total revenues   | -                | -        | 757               | 757                           |
| <u>Expenditures</u>  |                  |          |                   |                               |
| Debt service:  |                  |          |                   |                               |
| Principal payments   | -                | -        | 305               | (305)                         |
| Interest and fiscal charges                                  | -                | -        | 453               | (453)                         |
| Total expenditures   | -                | -        | 758               | (758)                         |
| Excess (deficiency) of revenues<br>over (under) expenditures | -                | -        | (1)               | (1)                           |
| <u>Other financing sources (uses)</u>                        |                  |          |                   |                               |
| Transfers in   | -                | -        | -                 | -                             |
| Transfers out  | -                | -        | -                 | -                             |
| Total other financing sources (uses)                         | -                | -        | -                 | -                             |
| Net change in fund balances                                  | -                | -        | (1)               | (1)                           |
| Fund balances - beginning                                    | 1,356            | 1,356    | 1,356             | -                             |
| Fund balances - ending                                       | \$ 1,356         | \$ 1,356 | \$ 1,355          | \$ (1)                        |

**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, 2017 (In Thousands)**

|  | Budgeted Amounts |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|------------------|-------------------|-------------------------------|
|  | Original         | Final            |                   |                               |
| <u>Revenues</u>  |                  |                  |                   |                               |
| Use of money and property                                    | \$ 21            | \$ 21            | \$ 151            | \$ 130                        |
| Other revenues   | 10,644           | 10,644           | 653               | (9,991)                       |
| Total revenues   | <u>10,665</u>    | <u>10,665</u>    | <u>804</u>        | <u>(9,861)</u>                |
| <u>Expenditures</u>  |                  |                  |                   |                               |
| Debt service:  |                  |                  |                   |                               |
| Principal payments   | 6,460            | 6,460            | 6,460             | -                             |
| Interest and fiscal charges                                  | 3,681            | 3,681            | 3,679             | 2                             |
| Total expenditures   | <u>10,141</u>    | <u>10,141</u>    | <u>10,139</u>     | <u>2</u>                      |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>524</u>       | <u>524</u>       | <u>(9,335)</u>    | <u>(9,859)</u>                |
| <u>Other financing sources (uses)</u>                        |                  |                  |                   |                               |
| Transfers in   | -                | 9,689            | 29,844            | 20,155                        |
| Total other financing sources (uses)                         | <u>-</u>         | <u>9,689</u>     | <u>29,844</u>     | <u>20,155</u>                 |
| Net change in fund balances                                  | 524              | 10,213           | 20,509            | 10,296                        |
| Fund balances - beginning                                    | <u>10,449</u>    | <u>10,449</u>    | <u>10,449</u>     | <u>-</u>                      |
| Fund balances - ending                                       | <u>\$ 10,973</u> | <u>\$ 20,662</u> | <u>\$ 30,958</u>  | <u>\$ 10,296</u>              |

**COUNTY OF SAN LUIS OBISPO  
PUBLIC FINANCING AUTHORITY  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Budgeted Amounts |                 | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|-----------------|-------------------|-------------------------------|
|  | Original         | Final           |                   |                               |
| <u>Revenues</u>  |                  |                 |                   |                               |
| Use of money and property                                    | \$ -             | \$ -            | \$ 7              | \$ 7                          |
| Charges for services   | -                | -               | 1,316             | 1,316                         |
| Total revenues   | -                | -               | 1,323             | 1,323                         |
| <u>Expenditures</u>  |                  |                 |                   |                               |
| Debt service:  |                  |                 |                   |                               |
| Principal payments   |                  |                 | 811               | (811)                         |
| Interest and fiscal charges                                  | -                | -               | 507               | (507)                         |
| Total expenditures   | -                | -               | 1,318             | (1,318)                       |
| Excess (deficiency) of revenues<br>over (under) expenditures | -                | -               | 5                 | 5                             |
| Net change in fund balances                                  | -                | -               | 5                 | 5                             |
| Fund balances - beginning                                    | 1,332            | 1,332           | 1,332             | -                             |
| Fund balances - ending                                       | <u>\$ 1,332</u>  | <u>\$ 1,332</u> | <u>\$ 1,337</u>   | <u>\$ 5</u>                   |

**COUNTY OF SAN LUIS OBISPO  
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | <u>Budgeted Amounts</u> |                | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|----------------|---------------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>   |                           |                                       |
| <u>Revenues</u>  |                         |                |                           |                                       |
| Use of money and property                                    | \$ -                    | \$ -           | \$ 2                      | \$ 2                                  |
| Aid from other governmental agencies                         | 3,977                   | 7,751          | 3,894                     | (3,857)                               |
| Other revenues   | -                       | -              | 132                       | 132                                   |
|  | <u>3,977</u>            | <u>7,751</u>   | <u>4,028</u>              | <u>(3,723)</u>                        |
| <u>Total revenues</u>  |                         |                |                           |                                       |
| <u>Expenditures</u>  |                         |                |                           |                                       |
| Current:   |                         |                |                           |                                       |
| Health and sanitation  |                         |                |                           |                                       |
| Services and supplies  | 1,087                   | 1,341          | 1,175                     | 166                                   |
| Other charges  | 3,556                   | 7,576          | 3,172                     | 4,404                                 |
| Contingencies  | 27                      | 27             | -                         | 27                                    |
|  | <u>4,670</u>            | <u>8,944</u>   | <u>4,347</u>              | <u>4,597</u>                          |
| <u>Total expenditures</u>                                    |                         |                |                           |                                       |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(693)</u>            | <u>(1,193)</u> | <u>(319)</u>              | <u>874</u>                            |
| <u>Other financing sources (uses)</u>                        |                         |                |                           |                                       |
| Transfers in   | 666                     | 1,166          | 666                       | (500)                                 |
|  | <u>666</u>              | <u>1,166</u>   | <u>666</u>                | <u>(500)</u>                          |
| <u>Total other financing sources (uses)</u>                  |                         |                |                           |                                       |
| Net change in fund balances                                  | (27)                    | (27)           | 347                       | 374                                   |
| Fund balances - beginning                                    | 381                     | 381            | 381                       | -                                     |
| Fund balances - ending                                       | <u>\$ 354</u>           | <u>\$ 354</u>  | <u>\$ 728</u>             | <u>\$ 374</u>                         |

**COUNTY OF SAN LUIS OBISPO  
COUNTY MEDICAL SERVICES PROGRAM (CMSP) SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Budgeted Amounts |                | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|----------------|-------------------|-------------------------------|
|  | Original         | Final          |                   |                               |
| <u>Revenues</u>  |                  |                |                   |                               |
| Use of money and property                                    | \$ 3             | \$ 3           | \$ 2              | \$ (1)                        |
| Aid from other governmental agencies                         | 69               | 85             | 45                | (40)                          |
| Charges for current services                                 | 245              | 245            | 177               | (68)                          |
| Other revenues   | 679              | 679            | 693               | 14                            |
|  | <u>996</u>       | <u>1,012</u>   | <u>917</u>        | <u>(95)</u>                   |
| <u>Expenditures</u>  |                  |                |                   |                               |
| Current:   |                  |                |                   |                               |
| Public assistance  |                  |                |                   |                               |
| Salaries, wages, and benefits                                | 555              | 555            | 377               | 178                           |
| Services and supplies  | 972              | 1,765          | 840               | 925                           |
|  | <u>1,527</u>     | <u>2,320</u>   | <u>1,217</u>      | <u>1,103</u>                  |
| Total expenditures   |                  |                |                   |                               |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(531)</u>     | <u>(1,308)</u> | <u>(300)</u>      | <u>1,008</u>                  |
| <u>Other financing sources (uses)</u>                        |                  |                |                   |                               |
| Transfers in   | 531              | 531            | 315               | (216)                         |
| Transfers out  | -                | -              | (15)              | (15)                          |
|  | <u>531</u>       | <u>531</u>     | <u>300</u>        | <u>(231)</u>                  |
| Total other financing sources (uses)                         |                  |                |                   |                               |
| Net change in fund balances                                  | -                | (777)          | -                 | 777                           |
| Fund balances - beginning                                    | <u>762</u>       | <u>762</u>     | <u>762</u>        | <u>-</u>                      |
| Fund balances - ending                                       | <u>\$ 762</u>    | <u>\$ (15)</u> | <u>\$ 762</u>     | <u>\$ 777</u>                 |



**COUNTY OF SAN LUIS OBISPO  
EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|                                   | <u>Budgeted Amounts</u> |               | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|-----------------------------------|-------------------------|---------------|---------------------------|---------------------------------------|
|                                   | <u>Original</u>         | <u>Final</u>  |                           |                                       |
| <u>Revenues</u>                   |                         |               |                           |                                       |
| Fines, forfeitures, and penalties | \$ 850                  | \$ 850        | \$ 688                    | \$ (162)                              |
| Use of money and property         | 1                       | 1             | -                         | (1)                                   |
| Total revenues                    | <u>851</u>              | <u>851</u>    | <u>688</u>                | <u>(163)</u>                          |
| <u>Expenditures</u>               |                         |               |                           |                                       |
| Current:                          |                         |               |                           |                                       |
| Public assistance                 |                         |               |                           |                                       |
| Services and supplies             | 851                     | 1,206         | 739                       | 467                                   |
| Total expenditures                | <u>851</u>              | <u>1,206</u>  | <u>739</u>                | <u>467</u>                            |
| Net change in fund balances       | -                       | (355)         | (51)                      | 304                                   |
| Fund balances - beginning         | <u>791</u>              | <u>791</u>    | <u>791</u>                | <u>-</u>                              |
| Fund balances - ending            | <u>\$ 791</u>           | <u>\$ 436</u> | <u>\$ 740</u>             | <u>\$ 304</u>                         |

**COUNTY OF SAN LUIS OBISPO  
DRIVING UNDER THE INFLUENCE PROGRAMS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Budgeted Amounts |               | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|---------------|-------------------|-------------------------------|
|  | Original         | Final         |                   |                               |
| <u>Revenues</u>  |                  |               |                   |                               |
| Use of money and property                                    | \$ 2             | \$ 2          | \$ 2              | \$ -                          |
| Charges for current services                                 | 1,373            | 1,373         | 1,272             | (101)                         |
| Total revenues   | <u>1,375</u>     | <u>1,375</u>  | <u>1,274</u>      | <u>(101)</u>                  |
| <u>Expenditures</u>  |                  |               |                   |                               |
| Current:   |                  |               |                   |                               |
| Education  |                  |               |                   |                               |
| Salaries, wages, and benefits                                | 950              | 874           | 798               | 76                            |
| Service and supplies   | 332              | 408           | 396               | 12                            |
| Contingencies  | 55               | 55            | -                 | 55                            |
| Total expenditures   | <u>1,337</u>     | <u>1,337</u>  | <u>1,194</u>      | <u>143</u>                    |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>38</u>        | <u>38</u>     | <u>80</u>         | <u>42</u>                     |
| <u>Other financing sources (uses)</u>                        |                  |               |                   |                               |
| Transfers out  | -                | -             | (28)              | (28)                          |
| Total other financing sources (uses)                         | <u>-</u>         | <u>-</u>      | <u>(28)</u>       | <u>(28)</u>                   |
| Net change in fund balances                                  | 38               | 38            | 52                | 14                            |
| Fund balances - beginning                                    | <u>516</u>       | <u>516</u>    | <u>516</u>        | <u>-</u>                      |
| Fund balances - ending                                       | <u>\$ 554</u>    | <u>\$ 554</u> | <u>\$ 568</u>     | <u>\$ 14</u>                  |

**COUNTY OF SAN LUIS OBISPO  
FISH AND GAME SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Budgeted Amounts |               | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|---------------|-------------------|-------------------------------|
|  | Original         | Final         |                   |                               |
| <u>Revenues</u>  |                  |               |                   |                               |
| Fines, forfeitures, and penalties                            | \$ 20            | \$ 20         | \$ 7              | \$ (13)                       |
| Total revenues   | 20               | 20            | 7                 | (13)                          |
| <u>Expenditures</u>  |                  |               |                   |                               |
| Current:   |                  |               |                   |                               |
| Public protection  |                  |               |                   |                               |
| Services and supplies  | 23               | 23            | 21                | 2                             |
| Total expenditures   | 23               | 23            | 21                | 2                             |
| Excess (deficiency) of revenues<br>over (under) expenditures | (3)              | (3)           | (14)              | (11)                          |
| Net change in fund balances                                  | (3)              | (3)           | (14)              | (11)                          |
| Fund balances - beginning                                    | 188              | 188           | 188               | -                             |
| Fund balances - ending                                       | <u>\$ 185</u>    | <u>\$ 185</u> | <u>\$ 174</u>     | <u>\$ (11)</u>                |

**COUNTY OF SAN LUIS OBISPO  
ROAD IMPACT FEES SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Budgeted Amounts |                 | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|-----------------|-------------------|-------------------------------|
|  | Original         | Final           |                   |                               |
| <u>Revenues</u>  |                  |                 |                   |                               |
| Use of money and property                                    | \$ -             | \$ -            | \$ 39             | \$ 39                         |
| Charges for current services                                 | -                | 250             | 2,550             | 2,300                         |
| Total revenues   | -                | 250             | 2,589             | 2,339                         |
| <u>Expenditures</u>  |                  |                 |                   |                               |
| Current:   |                  |                 |                   |                               |
| Public protection  |                  |                 |                   |                               |
| Other charges  | -                | -               | -                 | -                             |
| Total expenditures   | -                | -               | -                 | -                             |
| Excess (deficiency) of revenues<br>over (under) expenditures | -                | 250             | 2,589             | 2,339                         |
| <u>Other financing sources (uses)</u>                        |                  |                 |                   |                               |
| Transfers in   | -                | -               | -                 | -                             |
| Transfers out  | (2,762)          | (5,192)         | (1,983)           | 3,209                         |
| Total other financing sources (uses)                         | (2,762)          | (5,192)         | (1,983)           | 3,209                         |
| Net change in fund balances                                  | (2,762)          | (4,942)         | 606               | 5,548                         |
| Fund balances - beginning                                    | 7,667            | 7,667           | 7,667             | -                             |
| Fund balances - ending                                       | <u>\$ 4,905</u>  | <u>\$ 2,725</u> | <u>\$ 8,273</u>   | <u>\$ 5,548</u>               |

**COUNTY OF SAN LUIS OBISPO  
LIBRARY SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Budgeted Amounts |                 | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|-----------------|-------------------|-------------------------------|
|  | Original         | Final           |                   |                               |
| <u>Revenues</u>  |                  |                 |                   |                               |
| Taxes  | \$ 8,371         | \$ 8,371        | \$ 8,561          | \$ 190                        |
| Use of money and property                                    | 13               | 13              | 12                | (1)                           |
| Aid from other governmental agencies                         | 113              | 113             | 116               | 3                             |
| Charges for current services                                 | 206              | 206             | 119               | (87)                          |
| Other revenues   | 15               | 238             | 285               | 47                            |
|  | <u>8,718</u>     | <u>8,941</u>    | <u>9,093</u>      | <u>152</u>                    |
| <u>Expenditures</u>  |                  |                 |                   |                               |
| Current:   |                  |                 |                   |                               |
| Education  |                  |                 |                   |                               |
| Salaries, wages, and benefits                                | 6,195            | 6,195           | 5,686             | 509                           |
| Services and supplies  | 3,289            | 3,690           | 3,565             | 125                           |
| Other charges  | 5                | 209             | 207               | 2                             |
| Capital Outlay   | 425              | 425             | 417               | 8                             |
| Contingencies  | 496              | 496             | -                 | 496                           |
|  | <u>10,410</u>    | <u>11,015</u>   | <u>9,875</u>      | <u>1,140</u>                  |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(1,692)</u>   | <u>(2,074)</u>  | <u>(782)</u>      | <u>1,292</u>                  |
| <u>Other financing sources (uses)</u>                        |                  |                 |                   |                               |
| Transfers in   | 667              | 667             | 634               | (33)                          |
| Transfers out  | -                | -               | (214)             | (214)                         |
|  | <u>667</u>       | <u>667</u>      | <u>420</u>        | <u>(247)</u>                  |
| Net change in fund balances                                  | (1,025)          | (1,407)         | (362)             | 1,045                         |
| Fund balances - beginning                                    | <u>3,704</u>     | <u>3,704</u>    | <u>3,704</u>      | <u>-</u>                      |
| Fund balances - ending                                       | <u>\$ 2,679</u>  | <u>\$ 2,297</u> | <u>\$ 3,342</u>   | <u>\$ 1,045</u>               |

**COUNTY OF SAN LUIS OBISPO  
PARKS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Budgeted Amounts |                 | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|-----------------|-------------------|-------------------------------|
|  | Original         | Final           |                   |                               |
| <u>Revenues</u>  |                  |                 |                   |                               |
| Fines, forfeitures, and penalties                            | \$ 119           | \$ 202          | \$ 2              | \$ (200)                      |
| Use of money and property                                    | 143              | 143             | 158               | 15                            |
| Aid from other governmental agencies                         | 9                | 9               | 273               | 264                           |
| Charges for current services                                 | 5,206            | 5,390           | 5,330             | (60)                          |
| Other revenues   | 80               | 80              | 26                | (54)                          |
|  | <u>5,557</u>     | <u>5,824</u>    | <u>5,789</u>      | <u>(35)</u>                   |
| <u>Expenditures</u>  |                  |                 |                   |                               |
| Current:   |                  |                 |                   |                               |
| Recreation and cultural services                             |                  |                 |                   |                               |
| Salaries, wages, and benefits                                | 5,173            | 5,088           | 4,917             | 171                           |
| Services and supplies  | 3,511            | 4,773           | 4,368             | 405                           |
| Other charges  | 106              | 1,543           | 643               | 900                           |
| Capital outlay   | 51               | 606             | 35                | 571                           |
| Contingencies  | 200              | 25              | -                 | 25                            |
|  | <u>9,041</u>     | <u>12,035</u>   | <u>9,963</u>      | <u>2,072</u>                  |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(3,484)</u>   | <u>(6,211)</u>  | <u>(4,174)</u>    | <u>2,037</u>                  |
| <u>Other financing sources (uses)</u>                        |                  |                 |                   |                               |
| Transfers in   | 3,617            | 4,685           | 3,945             | (740)                         |
| Transfers out  | (21)             | (21)            | (177)             | (156)                         |
|  | <u>3,596</u>     | <u>4,664</u>    | <u>3,768</u>      | <u>(896)</u>                  |
| Net change in fund balances                                  | 112              | (1,547)         | (406)             | 1,141                         |
| Fund balances - beginning                                    | <u>3,952</u>     | <u>3,952</u>    | <u>3,952</u>      | <u>-</u>                      |
| Fund balances - ending                                       | <u>\$ 4,064</u>  | <u>\$ 2,405</u> | <u>\$ 3,546</u>   | <u>\$ 1,141</u>               |

**COUNTY OF SAN LUIS OBISPO  
PUBLIC FACILITIES FEES SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|                                       | <u>Budgeted Amounts</u> |                        | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|---------------------------------------|-------------------------|------------------------|---------------------------|---------------------------------------|
|                                       | <u>Original</u>         | <u>Final</u>           |                           |                                       |
| <u>Revenues</u>                       |                         |                        |                           |                                       |
| Use of money and property             | \$ -                    | \$ -                   | \$ 55                     | \$ 55                                 |
| Charges for current services          | 1,852                   | 1,852                  | 2,646                     | 794                                   |
| Total revenues                        | <u>1,852</u>            | <u>1,852</u>           | <u>2,701</u>              | <u>849</u>                            |
| <u>Other financing sources (uses)</u> |                         |                        |                           |                                       |
| Transfers out                         | <u>(400)</u>            | <u>(6,106)</u>         | <u>(1,795)</u>            | <u>4,311</u>                          |
| Total other financing sources (uses)  | <u>(400)</u>            | <u>(6,106)</u>         | <u>(1,795)</u>            | <u>4,311</u>                          |
| Net change in fund balances           | 1,452                   | (4,254)                | 906                       | 5,160                                 |
| Fund balances - beginning             | <u>11,866</u>           | <u>11,866</u>          | <u>11,866</u>             | <u>-</u>                              |
| Fund balances - ending                | <u><u>\$ 13,318</u></u> | <u><u>\$ 7,612</u></u> | <u><u>\$ 12,772</u></u>   | <u><u>\$ 5,160</u></u>                |

**COUNTY OF SAN LUIS OBISPO  
ROADS SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Budgeted Amounts |                 | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|-----------------|-------------------|-------------------------------|
|  | Original         | Final           |                   |                               |
| <u>Revenues</u>  |                  |                 |                   |                               |
| Taxes  | \$ 1,656         | \$ 1,656        | \$ 1,738          | \$ 82                         |
| Use of money and property                                    | 20               | 20              | 16                | (4)                           |
| Aid from other governmental agencies                         | 11,745           | 32,666          | 16,320            | (16,346)                      |
| Charges for current services                                 | 171              | 400             | 274               | (126)                         |
| Other revenues   | -                | 185             | 213               | 28                            |
|  | <u>13,592</u>    | <u>34,927</u>   | <u>18,561</u>     | <u>(16,366)</u>               |
| Total revenues   |                  |                 |                   |                               |
| <u>Expenditures</u>  |                  |                 |                   |                               |
| Current:   |                  |                 |                   |                               |
| Public ways and facilities                                   |                  |                 |                   |                               |
| Services and supplies  | 18,236           | 19,588          | 26,882            | (7,294)                       |
| Other charges  | 414              | 489             | 121               | 368                           |
| Capital outlay   | 9,384            | 36,402          | -                 | 36,402                        |
|  | <u>28,034</u>    | <u>56,479</u>   | <u>27,003</u>     | <u>29,476</u>                 |
| Total expenditures   |                  |                 |                   |                               |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(14,442)</u>  | <u>(21,552)</u> | <u>(8,442)</u>    | <u>13,110</u>                 |
| <u>Other financing sources (uses)</u>                        |                  |                 |                   |                               |
| Transfers in   | 13,863           | 16,240          | 13,084            | (3,156)                       |
| Transfers out  | (4)              | (4)             | (4)               | -                             |
|  | <u>13,859</u>    | <u>16,236</u>   | <u>13,080</u>     | <u>(3,156)</u>                |
| Total other financing sources (uses)                         |                  |                 |                   |                               |
| Net change in fund balances                                  | (583)            | (5,316)         | 4,638             | 9,954                         |
| Fund balances - beginning                                    | <u>6,696</u>     | <u>6,696</u>    | <u>6,696</u>      | <u>-</u>                      |
| Fund balances - ending                                       | <u>\$ 6,113</u>  | <u>\$ 1,380</u> | <u>\$ 11,334</u>  | <u>\$ 9,954</u>               |



**COUNTY OF SAN LUIS OBISPO**  
**WILDLIFE GRAZING SPECIAL REVENUE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET TO ACTUAL COMPARISON**  
**FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Budgeted Amounts |       | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|-------|-------------------|-------------------------------|
|  | Original         | Final |                   |                               |
| <u>Revenues</u>  |                  |       |                   |                               |
| Aid from other governmental agencies                         | \$ 4             | \$ 4  | \$ 4              | \$ -                          |
| Total revenues   | 4                | 4     | 4                 | -                             |
| <u>Expenditures</u>  |                  |       |                   |                               |
| Current:   |                  |       |                   |                               |
| Public protection  |                  |       |                   |                               |
| Services and supplies  | 4                | 4     | 1                 | 3                             |
| Total expenditures   | 4                | 4     | 1                 | 3                             |
| Excess (deficiency) of revenues<br>over (under) expenditures | -                | -     | 3                 | 3                             |
| Net change in fund balances                                  | -                | -     | 3                 | 3                             |
| Fund balances - beginning                                    | 20               | 20    | 20                | -                             |
| Fund balances - ending                                       | \$ 20            | \$ 20 | \$ 23             | \$ 3                          |

**COUNTY OF SAN LUIS OBISPO  
FLOOD CONTROL DISTRICTS SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Budgeted Amounts |                  | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|------------------|-------------------|-------------------------------|
|  | Original         | Final            |                   |                               |
| <u>Revenues</u>  |                  |                  |                   |                               |
| Taxes  | \$ 3,137         | \$ 3,137         | \$ 3,391          | \$ 254                        |
| Use of money and property                                    | 40               | 40               | 61                | 21                            |
| Aid from other governmental agencies                         | 6,615            | 10,318           | 450               | (9,868)                       |
| Charges for current services                                 | 933              | 933              | 865               | (68)                          |
| Other revenues   | 68               | 68               | 136               | 68                            |
|  | <u>10,793</u>    | <u>14,496</u>    | <u>4,903</u>      | <u>(9,593)</u>                |
| <u>Expenditures</u>  |                  |                  |                   |                               |
| Current:   |                  |                  |                   |                               |
| Public protection  |                  |                  |                   |                               |
| Services and supplies  | 4,656            | 6,697            | 3,063             | 3,634                         |
| Other charges  | 1,968            | 5,671            | 893               | 4,778                         |
| Capital outlay   | 1,048            | 1,048            | -                 | 1,048                         |
|  | <u>7,672</u>     | <u>13,416</u>    | <u>3,956</u>      | <u>9,460</u>                  |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>3,121</u>     | <u>1,080</u>     | <u>947</u>        | <u>(133)</u>                  |
| <u>Other financing sources (uses)</u>                        |                  |                  |                   |                               |
| Transfers in   | 4                | 254              | 205               | (49)                          |
| Transfers out  | (2,341)          | (2,361)          | (2,341)           | 20                            |
|  | <u>(2,337)</u>   | <u>(2,107)</u>   | <u>(2,136)</u>    | <u>(29)</u>                   |
| Net change in fund balances                                  | 784              | (1,027)          | (1,189)           | (162)                         |
| Fund balances - beginning                                    | <u>19,039</u>    | <u>19,039</u>    | <u>19,039</u>     | <u>-</u>                      |
| Fund balances - ending                                       | <u>\$ 19,823</u> | <u>\$ 18,012</u> | <u>\$ 17,850</u>  | <u>\$ (162)</u>               |

**COUNTY OF SAN LUIS OBISPO  
LIGHTING CONTROL DISTRICTS SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | <u>Budgeted Amounts</u> |               | <u>Actual<br/>Amounts</u> | <u>Variance with<br/>Final Budget</u> |
|--|-------------------------|---------------|---------------------------|---------------------------------------|
|  | <u>Original</u>         | <u>Final</u>  |                           |                                       |
| <u>Revenues</u>  |                         |               |                           |                                       |
| Taxes  | \$ 37                   | \$ 37         | \$ 36                     | \$ (1)                                |
| Use of money and property                                    | 2                       | 2             | 2                         | -                                     |
| Charges for current services                                 | 8                       | 8             | 10                        | 2                                     |
| Other revenues   | -                       | -             | 3                         | 3                                     |
|  | <u>47</u>               | <u>47</u>     | <u>51</u>                 | <u>4</u>                              |
| <u>Total revenues</u>  |                         |               |                           |                                       |
| <u>Expenditures</u>  |                         |               |                           |                                       |
| Current:   |                         |               |                           |                                       |
| Public protection  |                         |               |                           |                                       |
| Services and supplies  | 59                      | 59            | 98                        | (39)                                  |
| Capital Outlay   | <u>157</u>              | <u>157</u>    | <u>-</u>                  | <u>157</u>                            |
|  | <u>216</u>              | <u>216</u>    | <u>98</u>                 | <u>118</u>                            |
| <u>Total expenditures</u>                                    |                         |               |                           |                                       |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(169)</u>            | <u>(169)</u>  | <u>(47)</u>               | <u>122</u>                            |
| <u>Other financing sources (uses)</u>                        |                         |               |                           |                                       |
| Transfers in   | -                       | -             | -                         | -                                     |
| Transfers out  | <u>-</u>                | <u>-</u>      | <u>-</u>                  | <u>-</u>                              |
|  | <u>-</u>                | <u>-</u>      | <u>-</u>                  | <u>-</u>                              |
| <u>Total other financing sources (uses)</u>                  |                         |               |                           |                                       |
| Net change in fund balances                                  | (169)                   | (169)         | (47)                      | 122                                   |
| Fund balances - beginning                                    | <u>511</u>              | <u>511</u>    | <u>511</u>                | <u>-</u>                              |
| Fund balances - ending                                       | <u>\$ 342</u>           | <u>\$ 342</u> | <u>\$ 464</u>             | <u>\$ 122</u>                         |

**COUNTY OF SAN LUIS OBISPO  
COUNTY SERVICE AREA DISTRICTS SPECIAL REVENUE FUNDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Budgeted Amounts |                 | Actual<br>Amounts | Variance with<br>Final Budget |
|--|------------------|-----------------|-------------------|-------------------------------|
|  | Original         | Final           |                   |                               |
| <u>Revenues</u>  |                  |                 |                   |                               |
| Taxes  | \$ 356           | \$ 356          | \$ 407            | \$ 51                         |
| Use of money and property                                    | 5                | 5               | 8                 | 3                             |
| Aid from other governmental agencies                         | 172              | 172             | 2                 | (170)                         |
| Charges for current services                                 | 4                | 4               | 4                 | -                             |
|  | <u>537</u>       | <u>537</u>      | <u>421</u>        | <u>(116)</u>                  |
| <u>Expenditures</u>  |                  |                 |                   |                               |
| Current:   |                  |                 |                   |                               |
| Public ways and facilities                                   |                  |                 |                   |                               |
| Services and supplies  | 296              | 296             | 82                | 214                           |
| Capital outlay   | 56               | 37              | -                 | 37                            |
|  | <u>352</u>       | <u>333</u>      | <u>82</u>         | <u>251</u>                    |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>185</u>       | <u>204</u>      | <u>339</u>        | <u>135</u>                    |
| <u>Other financing sources (uses)</u>                        |                  |                 |                   |                               |
| Transfers in   | 1,041            | 1,041           | 27                | (1,014)                       |
| Transfers out  | (199)            | (199)           | (149)             | 50                            |
|  | <u>842</u>       | <u>842</u>      | <u>(122)</u>      | <u>(964)</u>                  |
| Net change in fund balances                                  | 1,027            | 1,046           | 217               | (829)                         |
| Fund balances - beginning                                    | 1,673            | 1,673           | 1,673             | -                             |
| Fund balances - ending                                       | <u>\$ 2,700</u>  | <u>\$ 2,719</u> | <u>\$ 1,890</u>   | <u>\$ (829)</u>               |

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**COMBINING FINANCIAL STATEMENTS  
NONMAJOR ENTERPRISE FUNDS**

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## 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 periodic determination of 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

Accounts for resources used to provide control and conservation of flood and storm waters, which are mutually exclusive of Special Revenue Funds.

#### State Water Project

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.

#### 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, 2017 (In Thousands)**

|  | General Flood<br>Control Zone | State Water<br>Project | Golf            | Lopez Park   | County<br>Service Areas | Total            |
|--|-------------------------------|------------------------|-----------------|--------------|-------------------------|------------------|
| <b>Assets</b>                                |                               |                        |                 |              |                         |                  |
| Current assets:                              |                               |                        |                 |              |                         |                  |
| Cash and cash equivalents                    | \$ 1,413                      | \$ 12,706              | \$ 451          | \$ 23        | \$ 3,797                | \$ 18,390        |
| Accounts receivable, net                     | -                             | 2,140                  | 46              | -            | 186                     | 2,372            |
| Prepaid items                                | -                             | -                      | 1,056           | -            | -                       | 1,056            |
| Deposits with others                         | -                             | -                      | -               | -            | 13                      | 13               |
| Total current assets                         | <u>1,413</u>                  | <u>14,846</u>          | <u>1,553</u>    | <u>23</u>    | <u>3,996</u>            | <u>21,831</u>    |
| Noncurrent assets:                           |                               |                        |                 |              |                         |                  |
| Restricted cash with fiscal agent            | -                             | -                      | 487             | -            | -                       | 487              |
| Advances to other funds                      | -                             | -                      | -               | 133          | -                       | 133              |
| Capital assets:                              |                               |                        |                 |              |                         |                  |
| Nondepreciable                               |                               |                        |                 |              |                         |                  |
| Land   | -                             | -                      | 1,333           | -            | 330                     | 1,663            |
| Construction in progress                     | -                             | -                      | 211             | -            | 1,404                   | 1,615            |
| Water rights                                 | -                             | 54,066                 | -               | -            | -                       | 54,066           |
| Depreciable                                  |                               |                        |                 |              |                         |                  |
| Infrastructure, net                          | -                             | 61                     | 7               | -            | 1,829                   | 1,897            |
| Structures and improvements, net             | -                             | 6,228                  | 8,232           | -            | 7,832                   | 22,292           |
| Equipment, net                               | -                             | 2                      | 163             | -            | 267                     | 432              |
| Other property, net                          | -                             | -                      | -               | -            | 496                     | 496              |
| Total noncurrent assets                      | <u>-</u>                      | <u>60,357</u>          | <u>10,433</u>   | <u>133</u>   | <u>12,158</u>           | <u>83,081</u>    |
| Total assets                                 | <u>1,413</u>                  | <u>75,203</u>          | <u>11,986</u>   | <u>156</u>   | <u>16,154</u>           | <u>104,912</u>   |
| <b>Deferred Outflows of Resources</b>        |                               |                        |                 |              |                         |                  |
| Deferred pensions                            | -                             | -                      | 710             | -            | -                       | 710              |
| Total deferred outflows of resources         | <u>-</u>                      | <u>-</u>               | <u>710</u>      | <u>-</u>     | <u>-</u>                | <u>710</u>       |
| <b>Liabilities</b>                           |                               |                        |                 |              |                         |                  |
| Current liabilities:                         |                               |                        |                 |              |                         |                  |
| Accounts payable                             | 15                            | 5,482                  | 33              | -            | 38                      | 5,568            |
| Salaries and benefits payable                | -                             | -                      | 77              | -            | -                       | 77               |
| Deposits from others                         | -                             | 2,908                  | -               | -            | 163                     | 3,071            |
| Accrued interest                             | -                             | -                      | 38              | -            | 24                      | 62               |
| Unearned revenue                             | -                             | 1,866                  | -               | -            | 132                     | 1,998            |
| Accrued vacation and sick leave - current    | -                             | -                      | 65              | -            | -                       | 65               |
| Notes and bonds payable - current            | -                             | -                      | 311             | 18           | 228                     | 557              |
| Total current liabilities                    | <u>15</u>                     | <u>10,256</u>          | <u>524</u>      | <u>18</u>    | <u>585</u>              | <u>11,398</u>    |
| Noncurrent liabilities:                      |                               |                        |                 |              |                         |                  |
| Advances from other funds                    | -                             | -                      | 111             | -            | 477                     | 588              |
| Accrued vacation and sick leave - noncurrent | -                             | -                      | 123             | -            | -                       | 123              |
| Notes and bonds payable - noncurrent         | -                             | -                      | 4,228           | 115          | 3,734                   | 8,077            |
| Net Pension Liability                        | -                             | -                      | 2,792           | -            | -                       | 2,792            |
| Total noncurrent liabilities                 | <u>-</u>                      | <u>-</u>               | <u>7,254</u>    | <u>115</u>   | <u>4,211</u>            | <u>11,580</u>    |
| Total liabilities                            | <u>15</u>                     | <u>10,256</u>          | <u>7,778</u>    | <u>133</u>   | <u>4,796</u>            | <u>22,978</u>    |
| <b>Net Position</b>                          |                               |                        |                 |              |                         |                  |
| Net investment in capital assets             | -                             | 60,357                 | 5,407           | -            | 8,196                   | 73,960           |
| Unrestricted                                 | 1,398                         | 4,590                  | (489)           | 23           | 3,162                   | 8,684            |
| Total net position                           | <u>\$ 1,398</u>               | <u>\$ 64,947</u>       | <u>\$ 4,918</u> | <u>\$ 23</u> | <u>\$ 11,358</u>        | <u>\$ 82,644</u> |



**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|   | General Flood<br>Control Zone | State Water<br>Project | Golf            | Lopez Park   | County<br>Service Areas | Total            |
|---|-------------------------------|------------------------|-----------------|--------------|-------------------------|------------------|
| <u>Operating revenues</u>                           |                               |                        |                 |              |                         |                  |
| Charges for current services                        | \$ 1,291                      | \$ 5,941               | \$ 2,291        | \$ -         | \$ 3,627                | \$ 13,150        |
| Other revenues                                      | 1                             | -                      | -               | -            | 21                      | 22               |
| Total operating revenues                            | <u>1,292</u>                  | <u>5,941</u>           | <u>2,291</u>    | <u>-</u>     | <u>3,648</u>            | <u>13,172</u>    |
| <u>Operating expenses</u>                           |                               |                        |                 |              |                         |                  |
| Salaries and benefits                               | -                             | -                      | 1,593           | -            | -                       | 1,593            |
| Services and supplies                               | 1,222                         | 5,270                  | 867             | -            | 3,480                   | 10,839           |
| Depreciation  | -                             | 204                    | 368             | -            | 513                     | 1,085            |
| Countywide cost allocation                          | 5                             | 26                     | 104             | -            | 57                      | 192              |
| Total operating expenses                            | <u>1,227</u>                  | <u>5,500</u>           | <u>2,932</u>    | <u>-</u>     | <u>4,050</u>            | <u>13,709</u>    |
| Operating income (loss)                             | <u>65</u>                     | <u>441</u>             | <u>(641)</u>    | <u>-</u>     | <u>(402)</u>            | <u>(537)</u>     |
| <u>Nonoperating revenues (expenses)</u>             |                               |                        |                 |              |                         |                  |
| Property taxes                                      | -                             | 1,975                  | -               | -            | 474                     | 2,449            |
| Interest income                                     | 5                             | 52                     | 1               | -            | 15                      | 73               |
| Interest expense                                    | -                             | (21)                   | (152)           | (4)          | (139)                   | (316)            |
| Aid from governmental agencies                      | -                             | 14                     | 1,017           | -            | 3                       | 1,034            |
| Total nonoperating revenues (expenses)              | <u>5</u>                      | <u>2,020</u>           | <u>866</u>      | <u>(4)</u>   | <u>353</u>              | <u>3,240</u>     |
| Income (loss) before contributions<br>and transfers | 70                            | 2,461                  | 225             | (4)          | (49)                    | 2,703            |
| Transfers in  | -                             | -                      | 59              | 4            | 148                     | 211              |
| Transfers out                                       | -                             | -                      | (44)            | -            | (20)                    | (64)             |
| Change in net position                              | 70                            | 2,461                  | 240             | -            | 79                      | 2,850            |
| Net position - beginning                            | <u>1,328</u>                  | <u>62,486</u>          | <u>4,678</u>    | <u>23</u>    | <u>11,279</u>           | <u>79,794</u>    |
| Net position - ending                               | <u>\$ 1,398</u>               | <u>\$ 64,947</u>       | <u>\$ 4,918</u> | <u>\$ 23</u> | <u>\$ 11,358</u>        | <u>\$ 82,644</u> |

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|   | <u>General Flood<br/>Control Zone</u> | <u>State Water<br/>Project</u> | <u>Golf</u>     |
|---|---------------------------------------|--------------------------------|-----------------|
| Cash Flows From Operating Activities  |                                       |                                |                 |
| Receipts from customers   | \$ 1,292                              | \$ 5,947                       | \$ 2,326        |
| Payments to employees for services  | -                                     | -                              | (1,264)         |
| Payments for goods and services   | <u>(1,218)</u>                        | <u>(5,039)</u>                 | <u>(1,901)</u>  |
| Net cash provided (used) by operating activities  | <u>74</u>                             | <u>908</u>                     | <u>(839)</u>    |
| Cash Flows from Noncapital Financing Activities   |                                       |                                |                 |
| Property tax proceeds   | -                                     | 1,975                          | -               |
| Grants and subsidies from other governmental agencies   | -                                     | 14                             | 1,017           |
| Transfers from other funds  | -                                     | -                              | 59              |
| Transfers to other funds  | <u>-</u>                              | <u>-</u>                       | <u>(44)</u>     |
| Net cash provided (used) by noncapital financing activities   | <u>-</u>                              | <u>1,989</u>                   | <u>1,032</u>    |
| Cash Flows from Capital and Related Financing Activities  |                                       |                                |                 |
| Purchases and construction of capital assets  | -                                     | (3,040)                        | (95)            |
| Advances to other funds   | -                                     | -                              | -               |
| Advances from other funds   | -                                     | -                              | 58              |
| Principal paid on capital debt  | -                                     | -                              | (297)           |
| Interest paid on capital debt   | <u>-</u>                              | <u>-</u>                       | <u>(189)</u>    |
| Net cash provided (used) by capital and related financing activities                                  | <u>-</u>                              | <u>(3,040)</u>                 | <u>(523)</u>    |
| Cash Flows from Investing Activities  |                                       |                                |                 |
| Interest received   | <u>5</u>                              | <u>52</u>                      | <u>1</u>        |
| Net cash provided (used) by investing activities  | <u>5</u>                              | <u>52</u>                      | <u>1</u>        |
| Net increase (decrease) in cash and cash equivalents  | 79                                    | (91)                           | (329)           |
| Cash and cash equivalents at beginning of year  | <u>1,334</u>                          | <u>12,797</u>                  | <u>1,267</u>    |
| Cash and cash equivalents at end of year  | <u>\$ 1,413</u>                       | <u>\$ 12,706</u>               | <u>\$ 938</u>   |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities         |                                       |                                |                 |
| Operating income (loss)   | <u>\$ 65</u>                          | <u>\$ 441</u>                  | <u>\$ (641)</u> |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                                       |                                |                 |
| Depreciation expense  | -                                     | 204                            | 368             |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:    |                                       |                                |                 |
| (Increase) decrease in:   |                                       |                                |                 |
| Receivables, net  | -                                     | (278)                          | 35              |
| Prepaid items   | -                                     | -                              | (939)           |
| Increase (decrease) in:   |                                       |                                |                 |
| Accounts payable  | 9                                     | (15)                           | 9               |
| Salaries and benefits payable   | -                                     | -                              | 34              |
| Deferred pensions   | -                                     | -                              | (167)           |
| Net pension liability   | -                                     | -                              | 448             |
| Unearned revenue  | -                                     | 284                            | -               |
| Accrued vacation and sick leave   | -                                     | -                              | 14              |
| Other accrued liabilities   | <u>-</u>                              | <u>272</u>                     | <u>-</u>        |
| Total adjustments   | <u>9</u>                              | <u>467</u>                     | <u>(198)</u>    |
| Net cash provided (used) by operating activities  | <u>\$ 74</u>                          | <u>\$ 908</u>                  | <u>\$ (839)</u> |

**COUNTY OF SAN LUIS OBISPO**  
**COMBINING STATEMENT OF CASH FLOWS (Continued)**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|   | Lopez Park   | County<br>Service Areas | Total            |
|---|--------------|-------------------------|------------------|
| Cash Flows From Operating Activities  |              |                         |                  |
| Receipts from customers   | \$ -         | \$ 3,621                | \$ 13,186        |
| Payments to employees for services  | -            | -                       | (1,264)          |
| Payments for goods and services   | -            | (3,604)                 | (11,762)         |
| Net cash provided (used) by operating activities  | -            | 17                      | 160              |
| Cash Flows from Noncapital Financing Activities   |              |                         |                  |
| Property tax proceeds   | -            | 474                     | 2,449            |
| Grants and subsidies from other governmental agencies   | -            | 2                       | 1,033            |
| Transfers from other funds  | 4            | 148                     | 211              |
| Transfers to other funds  | -            | (20)                    | (64)             |
| Net cash provided (used) by noncapital financing activities   | 4            | 604                     | 3,629            |
| Cash Flows from Capital and Related Financing Activities  |              |                         |                  |
| Purchases and construction of capital assets  | -            | (578)                   | (3,713)          |
| Advances to other funds   | 17           | -                       | 17               |
| Advances from other funds   | -            | 18                      | 76               |
| Principal paid on capital debt  | (17)         | (144)                   | (458)            |
| Interest paid on capital debt   | (4)          | (139)                   | (332)            |
| Net cash provided (used) by capital and related financing activities                                  | (4)          | (843)                   | (4,410)          |
| Cash Flows from Investing Activities  |              |                         |                  |
| Interest received   | -            | 15                      | 73               |
| Net cash provided (used) by investing activities  | -            | 15                      | 73               |
| Net increase (decrease) in cash and cash equivalents  | -            | (207)                   | (548)            |
| Cash and cash equivalents at beginning of year  | 23           | 4,004                   | 19,425           |
| Cash and cash equivalents at end of year  | <u>\$ 23</u> | <u>\$ 3,797</u>         | <u>\$ 18,877</u> |
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities         |              |                         |                  |
| Operating income (loss)   | \$ -         | \$ (402)                | \$ (537)         |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |              |                         |                  |
| Depreciation expense  | -            | 513                     | 1,085            |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:    |              |                         |                  |
| (Increase) decrease in:   |              |                         |                  |
| Receivables, net  | -            | (10)                    | (253)            |
| Prepaid items   | -            | -                       | (939)            |
| Increase (decrease) in:   |              |                         |                  |
| Accounts payable  | -            | (67)                    | (64)             |
| Salaries and benefits payable   | -            | -                       | 34               |
| Deferred pensions   | -            | -                       | (167)            |
| Net pension liability   | -            | -                       | 448              |
| Unearned revenue  | -            | (17)                    | 267              |
| Accrued vacation and sick leave   | -            | -                       | 14               |
| Other accrued liabilities   | -            | -                       | 272              |
| Total adjustments   | -            | 419                     | 697              |
| Net cash provided (used) by operating activities  | <u>\$ -</u>  | <u>\$ 17</u>            | <u>\$ 160</u>    |



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**COMBINING FINANCIAL STATEMENTS  
INTERNAL SERVICE FUNDS**

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## 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.

#### Combined Insurance Funds

Accounts 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, 2017 (In Thousands)**

|   | <u>Garage</u>   | <u>Public<br/>Works</u> | <u>Combined<br/>Insurance<br/>(5 Funds)</u> | <u>Total</u>      |
|---|-----------------|-------------------------|---|-------------------|
| <b>Assets</b>                               |                 |                         |   |                   |
| <b>Current assets:</b>                      |                 |                         |   |                   |
| Cash and cash equivalents                   | \$ 4,429        | \$ 15,328               | \$ 24,959                                   | \$ 44,716         |
| Accounts receivable                         | -               | 8                       | -   | 8                 |
| Inventory                                   | 9               | 449                     | -   | 458               |
| <b>Total current assets</b>                 | <b>4,438</b>    | <b>15,785</b>           | <b>24,959</b>                               | <b>45,182</b>     |
| <b>Noncurrent assets:</b>                   |                 |                         |   |                   |
| <b>Capital assets:</b>                      |                 |                         |   |                   |
| Structures and improvements, net            | 7               | 290                     | -   | 297               |
| Equipment, net                              | 5,581           | 7,718                   | -   | 13,299            |
| <b>Total noncurrent assets</b>              | <b>5,588</b>    | <b>8,008</b>            | <b>-</b>                                    | <b>13,596</b>     |
| <b>Total assets</b>                         | <b>10,026</b>   | <b>23,793</b>           | <b>24,959</b>                               | <b>58,778</b>     |
| <b>Deferred Outflows of Resources</b>       |                 |                         |   |                   |
| Deferred pensions                           | 726             | 12,973                  | -   | 13,699            |
| <b>Total deferred outflows of resources</b> | <b>726</b>      | <b>12,973</b>           | <b>-</b>                                    | <b>13,699</b>     |
| <b>Liabilities</b>                          |                 |                         |   |                   |
| <b>Current liabilities:</b>                 |                 |                         |   |                   |
| Accounts payable                            | 487             | 430                     | 711   | 1,628             |
| Salaries and benefits payable               | 81              | 1,565                   | -   | 1,646             |
| Self-insurance liability                    | -               | -                       | 3,282                                       | 3,282             |
| Deposits from others                        | -               | 927                     | -   | 927               |
| Accrued vacation and sick leave             | 69              | 1,644                   | -   | 1,713             |
| <b>Total current liabilities</b>            | <b>637</b>      | <b>4,566</b>            | <b>3,993</b>                                | <b>9,196</b>      |
| <b>Noncurrent liabilities:</b>              |                 |                         |   |                   |
| Self-insurance liability                    | -               | -                       | 16,281                                      | 16,281            |
| Accrued vacation and sick leave             | 92              | 951                     | -   | 1,043             |
| Net pension liability                       | 2,907           | 51,109                  | -   | 54,016            |
| <b>Total noncurrent liabilities</b>         | <b>2,999</b>    | <b>52,060</b>           | <b>16,281</b>                               | <b>71,340</b>     |
| <b>Total liabilities</b>                    | <b>3,636</b>    | <b>56,626</b>           | <b>20,274</b>                               | <b>80,536</b>     |
| <b>Net Position</b>                         |                 |                         |   |                   |
| Net investment in capital assets            | 5,588           | 8,008                   | -   | 13,596            |
| Unrestricted                                | 1,528           | (27,868)                | 4,685                                       | (21,655)          |
| <b>Total net position</b>                   | <b>\$ 7,116</b> | <b>\$ (19,860)</b>      | <b>\$ 4,685</b>                             | <b>\$ (8,059)</b> |

**COUNTY OF SAN LUIS OBISPO  
 COMBINING STATEMENT OF REVENUES, EXPENSES,  
 AND CHANGES IN NET POSITION  
 INTERNAL SERVICE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|   | <u>Garage</u>   | <u>Public<br/>Works</u> | <u>Combined<br/>Insurance<br/>(5 Funds)</u> | <u>Total</u>      |
|---|-----------------|-------------------------|---|-------------------|
| <u>Operating revenues</u>               |                 |                         |   |                   |
| Charges for current services            | \$ 5,965        | \$ 34,362               | \$ 13,276                                   | \$ 53,603         |
| Other revenues                          | 28              | 82                      | -   | 110               |
| Total operating revenues                | <u>5,993</u>    | <u>34,444</u>           | <u>13,276</u>                               | <u>53,713</u>     |
| <u>Operating expenses</u>               |                 |                         |   |                   |
| Salaries and benefits                   | 1,511           | 31,531                  | 173   | 33,215            |
| Services and supplies                   | 2,691           | 7,302                   | 8,049                                       | 18,042            |
| Insurance benefit payments              | -               | -                       | 4,255                                       | 4,255             |
| Depreciation                            | 1,645           | 932                     | -   | 2,577             |
| Countywide cost allocation              | 111             | 82                      | 324   | 517               |
| Total operating expenses                | <u>5,958</u>    | <u>39,847</u>           | <u>12,801</u>                               | <u>58,606</u>     |
| Operating income (loss)                 | <u>35</u>       | <u>(5,403)</u>          | <u>475</u>                                  | <u>(4,893)</u>    |
| <u>Nonoperating revenues (expenses)</u> |                 |                         |   |                   |
| Interest income                         | 16              | 43                      | 98  | 157               |
| Other revenue (expense)                 | 151             | 95                      | -   | 246               |
| Total nonoperating revenues (expenses)  | <u>167</u>      | <u>138</u>              | <u>98</u>                                   | <u>403</u>        |
| Income (loss) before transfers          | 202             | (5,265)                 | 573   | (4,490)           |
| Transfers in                            | -               | 12                      | -   | 12                |
| Transfers out                           | <u>(70)</u>     | <u>(975)</u>            | <u>-</u>                                    | <u>(1,045)</u>    |
| Change in net position                  | 132             | (6,228)                 | 573   | (5,523)           |
| Net position - beginning                | <u>6,984</u>    | <u>(13,632)</u>         | <u>4,112</u>                                | <u>(2,536)</u>    |
| Net position - ending                   | <u>\$ 7,116</u> | <u>\$ (19,860)</u>      | <u>\$ 4,685</u>                             | <u>\$ (8,059)</u> |

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|   | Garage          | Public<br>Works  | Combined<br>Insurance<br>(5 Funds) | Total            |
|---|-----------------|------------------|------------------------------------|------------------|
| <b>Cash Flows From Operating Activities</b>   |                 |                  |                                    |                  |
| Receipts from interfund billings  | \$ 5,993        | \$ 34,442        | \$ 13,276                          | \$ 53,711        |
| Payments for goods and services   | (2,462)         | (7,716)          | (3,603)                            | (13,781)         |
| Payments to employees for services  | (1,191)         | (24,997)         | (173)                              | (26,361)         |
| Payments for insurance benefits   | -               | -                | (3,400)                            | (3,400)          |
| Payments for premiums   | -               | -                | (4,339)                            | (4,339)          |
| Net cash provided (used) by operating activities  | <u>2,340</u>    | <u>1,729</u>     | <u>1,761</u>                       | <u>5,830</u>     |
| <b>Cash Flows from Noncapital Financing Activities</b>  |                 |                  |                                    |                  |
| Transfers from other funds  | -               | 12               | -                                  | 12               |
| Transfers to other funds  | (70)            | (975)            | -                                  | (1,045)          |
| Net cash provided (used) by noncapital financing activities   | <u>(70)</u>     | <u>(963)</u>     | <u>-</u>                           | <u>(1,033)</u>   |
| <b>Cash Flows from Capital and Related Financing Activities</b>                                       |                 |                  |                                    |                  |
| Purchases and construction of capital assets  | (2,065)         | (820)            | -                                  | (2,885)          |
| Net cash provided (used) by capital and related financing activities                                  | <u>(2,065)</u>  | <u>(820)</u>     | <u>-</u>                           | <u>(2,885)</u>   |
| <b>Cash Flows from Investing Activities</b>   |                 |                  |                                    |                  |
| Interest received   | 16              | 43               | 98                                 | 157              |
| Net cash provided (used) by investing activities  | <u>16</u>       | <u>43</u>        | <u>98</u>                          | <u>157</u>       |
| Net increase (decrease) in cash and cash equivalents  | 221             | (11)             | 1,859                              | 2,069            |
| Cash and cash equivalents at beginning of year  | 4,208           | 15,339           | 23,100                             | 42,647           |
| Cash and cash equivalents at end of year  | <u>\$ 4,429</u> | <u>\$ 15,328</u> | <u>\$ 24,959</u>                   | <u>\$ 44,716</u> |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>  |                 |                  |                                    |                  |
| Operating income (loss)   | \$ 35           | \$ (5,403)       | \$ 475                             | \$ (4,893)       |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: |                 |                  |                                    |                  |
| Depreciation expense  | 1,645           | 932              | -                                  | 2,577            |
| Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:    |                 |                  |                                    |                  |
| (Increase) decrease in:   |                 |                  |                                    |                  |
| Receivables, net  | -               | (2)              | -                                  | (2)              |
| Inventory   | 3               | 10               | -                                  | 13               |
| Increase (decrease) in:   |                 |                  |                                    |                  |
| Accounts payable  | 337             | (140)            | 430                                | 627              |
| Deposits from others  | -               | (202)            | -                                  | (202)            |
| Salaries and benefits payable   | 40              | 781              | -                                  | 821              |
| Deferred pensions   | (158)           | (3,261)          | -                                  | (3,419)          |
| Net pension liability   | 425             | 8,764            | -                                  | 9,189            |
| Other accrued liabilities   | -               | -                | -                                  | -                |
| Accrued vacation and sick leave   | 13              | 250              | -                                  | 263              |
| Self-insurance liability  | -               | -                | 856                                | 856              |
| Total adjustments   | <u>2,305</u>    | <u>7,132</u>     | <u>1,286</u>                       | <u>10,723</u>    |
| Net cash provided (used) by operating activities  | <u>\$ 2,340</u> | <u>\$ 1,729</u>  | <u>\$ 1,761</u>                    | <u>\$ 5,830</u>  |

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS – INSURANCE  
JUNE 30, 2017 (In Thousands)**

|                              | Workers'<br>Compensation | Protected<br>Self-Insurance | Unemployment<br>Insurance | Dental<br>Insurance | OPEB         | Total           |
|------------------------------|--------------------------|-----------------------------|---------------------------|---------------------|--------------|-----------------|
| <u>Assets</u>                |                          |                             |                           |                     |              |                 |
| Current assets:              |                          |                             |                           |                     |              |                 |
| Cash and cash equivalents    | \$ 18,234                | \$ 5,309                    | \$ 162                    | \$ 895              | \$ 359       | \$ 24,959       |
| Total current assets         | <u>18,234</u>            | <u>5,309</u>                | <u>162</u>                | <u>895</u>          | <u>359</u>   | <u>24,959</u>   |
| Total assets                 | <u>18,234</u>            | <u>5,309</u>                | <u>162</u>                | <u>895</u>          | <u>359</u>   | <u>24,959</u>   |
| <u>Liabilities</u>           |                          |                             |                           |                     |              |                 |
| Current liabilities:         |                          |                             |                           |                     |              |                 |
| Accounts payable             | 403                      | 10                          | -                         | 36                  | 262          | 711             |
| Self-insurance liability     | <u>2,423</u>             | <u>859</u>                  | <u>-</u>                  | <u>-</u>            | <u>-</u>     | <u>3,282</u>    |
| Total current liabilities    | <u>2,826</u>             | <u>869</u>                  | <u>-</u>                  | <u>36</u>           | <u>262</u>   | <u>3,993</u>    |
| Noncurrent liabilities:      |                          |                             |                           |                     |              |                 |
| Self-insurance liability     | <u>13,853</u>            | <u>2,428</u>                | <u>-</u>                  | <u>-</u>            | <u>-</u>     | <u>16,281</u>   |
| Total noncurrent liabilities | <u>13,853</u>            | <u>2,428</u>                | <u>-</u>                  | <u>-</u>            | <u>-</u>     | <u>16,281</u>   |
| Total liabilities            | <u>16,679</u>            | <u>3,297</u>                | <u>-</u>                  | <u>36</u>           | <u>262</u>   | <u>20,274</u>   |
| <u>Net Position</u>          |                          |                             |                           |                     |              |                 |
| Unrestricted                 | <u>1,555</u>             | <u>2,012</u>                | <u>162</u>                | <u>859</u>          | <u>97</u>    | <u>4,685</u>    |
| Total net position           | <u>\$ 1,555</u>          | <u>\$ 2,012</u>             | <u>\$ 162</u>             | <u>\$ 859</u>       | <u>\$ 97</u> | <u>\$ 4,685</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, 2017 (In Thousands)**

|   | Workers'<br>Compensation | Protected<br>Self-Insurance | Unemployment<br>Insurance | Dental<br>Insurance | OPEB     | Total     |
|---|--------------------------|-----------------------------|---------------------------|---------------------|----------|-----------|
| <u>Operating revenues</u>               |                          |                             |                           |                     |          |           |
| Charges for current services            | \$ 6,665                 | \$ 3,000                    | \$ 142                    | \$ 1,765            | \$ 1,704 | \$ 13,276 |
| Total operating revenues                | 6,665                    | 3,000                       | 142                       | 1,765               | 1,704    | 13,276    |
| <u>Operating expenses</u>               |                          |                             |                           |                     |          |           |
| Salaries and benefits                   | 173                      | -                           | -                         | -                   | -        | 173       |
| Services and supplies                   | 3,590                    | 2,836                       | 25                        | 155                 | 1,443    | 8,049     |
| Insurance benefit payments              | 2,402                    | -                           | 174                       | 1,417               | 262      | 4,255     |
| Countywide cost allocation              | 170                      | 147                         | 1                         | 6                   | -        | 324       |
| Total operating expenses                | 6,335                    | 2,983                       | 200                       | 1,578               | 1,705    | 12,801    |
| Operating income (loss)                 | 330                      | 17                          | (58)                      | 187                 | (1)      | 475       |
| <u>Nonoperating revenues (expenses)</u> |                          |                             |                           |                     |          |           |
| Interest income                         | 70                       | 23                          | 1                         | 4                   | -        | 98        |
| Total nonoperating revenues (expenses)  | 70                       | 23                          | 1                         | 4                   | -        | 98        |
| Income (loss) before transfers          | 400                      | 40                          | (57)                      | 191                 | (1)      | 573       |
| Change in net position                  | 400                      | 40                          | (57)                      | 191                 | (1)      | 573       |
| Net position - beginning                | 1,155                    | 1,972                       | 219                       | 668                 | 98       | 4,112     |
| Net position - ending                   | \$ 1,555                 | \$ 2,012                    | \$ 162                    | \$ 859              | \$ 97    | \$ 4,685  |

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS – INSURANCE  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | <u>Workers'<br/>Compensation</u> | <u>Protected<br/>Self-Insurance</u> | <u>Unemployment<br/>Insurance</u> | <u>Dental<br/>Insurance</u> | <u>OPEB</u>   | <u>Total</u>     |
|--|----------------------------------|-------------------------------------|-----------------------------------|-----------------------------|---------------|------------------|
| <b>Cash Flows From Operating Activities</b>  |                                  |                                     |                                   |                             |               |                  |
| Receipts from interfund billings   | \$ 6,665                         | \$ 3,000                            | \$ 142                            | \$ 1,765                    | \$ 1,704      | \$ 13,276        |
| Payments for goods and services  | (2,212)                          | (1,480)                             | (25)                              | (125)                       | 239           | (3,603)          |
| Payments to employees for services   | (173)                            | -                                   | -                                 | -                           | -             | (173)            |
| Payments for insurance benefits  | (1,657)                          | 111                                 | (175)                             | (1,417)                     | (262)         | (3,400)          |
| Payments for premiums  | (1,426)                          | (1,493)                             | -                                 | -                           | (1,420)       | (4,339)          |
| Net cash provided (used) by operating activities   | <u>1,197</u>                     | <u>138</u>                          | <u>(58)</u>                       | <u>223</u>                  | <u>261</u>    | <u>1,761</u>     |
| <b>Cash Flows from Noncapital Financing Activities</b>   |                                  |                                     |                                   |                             |               |                  |
| Grants and subsidies from other governmental agencies  | -                                | -                                   | -                                 | -                           | -             | -                |
| Transfers to other funds   | -                                | -                                   | -                                 | -                           | -             | -                |
| Net cash provided (used) by noncapital financing activities  | <u>-</u>                         | <u>-</u>                            | <u>-</u>                          | <u>-</u>                    | <u>-</u>      | <u>-</u>         |
| <b>Cash Flows from Capital and Related Financing Activities</b>  |                                  |                                     |                                   |                             |               |                  |
| Purchases and construction of capital assets   | -                                | -                                   | -                                 | -                           | -             | -                |
| Proceeds from sale of capital assets   | -                                | -                                   | -                                 | -                           | -             | -                |
| Net cash provided (used) by capital and related financing activities   | <u>-</u>                         | <u>-</u>                            | <u>-</u>                          | <u>-</u>                    | <u>-</u>      | <u>-</u>         |
| <b>Cash Flows from Investing Activities</b>  |                                  |                                     |                                   |                             |               |                  |
| Interest received  | 70                               | 23                                  | 1                                 | 4                           | -             | 98               |
| Net cash provided (used) by investing activities   | <u>70</u>                        | <u>23</u>                           | <u>1</u>                          | <u>4</u>                    | <u>-</u>      | <u>98</u>        |
| Net increase (decrease) in cash and cash equivalents   | 1,267                            | 161                                 | (57)                              | 227                         | 261           | 1,859            |
| Cash and cash equivalents at beginning of year   | 16,967                           | 5,148                               | 219                               | 668                         | 98            | 23,100           |
| Cash and cash equivalents at end of year   | <u>\$ 18,234</u>                 | <u>\$ 5,309</u>                     | <u>\$ 162</u>                     | <u>\$ 895</u>               | <u>\$ 359</u> | <u>\$ 24,959</u> |
| <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>         |                                  |                                     |                                   |                             |               |                  |
| Operating income (loss)  | <u>\$ 330</u>                    | <u>\$ 17</u>                        | <u>\$ (58)</u>                    | <u>\$ 187</u>               | <u>\$ (1)</u> | <u>\$ 475</u>    |
| <b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b> |                                  |                                     |                                   |                             |               |                  |
| <b>Changes in assets and liabilities:</b>  |                                  |                                     |                                   |                             |               |                  |
| Increase (decrease) in:  |                                  |                                     |                                   |                             |               |                  |
| Accounts payable   | 122                              | 10                                  | -                                 | 36                          | 262           | 430              |
| Self-insurance liability   | 745                              | 111                                 | -                                 | -                           | -             | 856              |
| Total adjustments  | <u>867</u>                       | <u>121</u>                          | <u>-</u>                          | <u>36</u>                   | <u>262</u>    | <u>1,286</u>     |
| Net cash provided (used) by operating activities   | <u>\$ 1,197</u>                  | <u>\$ 138</u>                       | <u>\$ (58)</u>                    | <u>\$ 223</u>               | <u>\$ 261</u> | <u>\$ 1,761</u>  |

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**COMBINING FINANCIAL STATEMENTS  
FIDUCIARY FUNDS**

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## FIDUCIARY FUNDS

### **AGENCY FUNDS:**

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

#### 1915 Act Service Funds

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

#### Clearing and Revolving Funds

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

#### Other Agency Funds

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

### **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.

**COUNTY OF SAN LUIS OBISPO  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 AGENCY FUNDS  
 JUNE 30, 2017 (In Thousands)**

|                                  | <u>Clearing and<br/>Revolving Funds<br/>(99 Funds)</u> | <u>1915 Act<br/>Service Funds<br/>(17 Funds)</u> | <u>Other<br/>Agency Funds<br/>(30 Funds)</u> | <u>Total</u>     |
|----------------------------------|--|--|--|------------------|
| <b><u>ASSETS</u></b>             |  |  |  |                  |
| Cash and cash equivalents        | \$ 47,258  | \$ 1,321   | \$ 31,286                                    | \$ 79,865        |
| Total assets                     | <u>\$ 47,258</u>                                       | <u>\$ 1,321</u>                                  | <u>\$ 31,286</u>                             | <u>\$ 79,865</u> |
| <b><u>LIABILITIES</u></b>        |  |  |  |                  |
| Assets held as agency for others | \$ 47,258  | \$ 1,321   | \$ 31,286                                    | \$ 79,865        |
| Total liabilities                | <u>\$ 47,258</u>                                       | <u>\$ 1,321</u>                                  | <u>\$ 31,286</u>                             | <u>\$ 79,865</u> |

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
AGENCY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Balance<br>June 30, 2016 | Additions           | Deletions           | Balance<br>June 30, 2017 |
|--|--------------------------|---------------------|---------------------|--------------------------|
| <u>Clearing and Revolving Funds (99 Funds)</u> |                          |                     |                     |                          |
| Assets:  |                          |                     |                     |                          |
| Cash and cash equivalents                      | \$ 38,892                | \$ 1,181,550        | \$ 1,173,184        | \$ 47,258                |
| Total assets                                   | <u>\$ 38,892</u>         | <u>\$ 1,181,550</u> | <u>\$ 1,173,184</u> | <u>\$ 47,258</u>         |
| Liabilities:                                   |                          |                     |                     |                          |
| Assets held as agency for others               | \$ 38,892                | \$ 1,181,550        | \$ 1,173,184        | \$ 47,258                |
| Total liabilities                              | <u>\$ 38,892</u>         | <u>\$ 1,181,550</u> | <u>\$ 1,173,184</u> | <u>\$ 47,258</u>         |
| <u>1915 Act Service Funds (17 Funds)</u>       |                          |                     |                     |                          |
| Assets:  |                          |                     |                     |                          |
| Cash and cash equivalents                      | \$ 1,355                 | \$ 392              | \$ 426              | \$ 1,321                 |
| Total assets                                   | <u>\$ 1,355</u>          | <u>\$ 392</u>       | <u>\$ 426</u>       | <u>\$ 1,321</u>          |
| Liabilities:                                   |                          |                     |                     |                          |
| Assets held as agency for others               | \$ 1,355                 | \$ 392              | \$ 426              | \$ 1,321                 |
| Total liabilities                              | <u>\$ 1,355</u>          | <u>\$ 392</u>       | <u>\$ 426</u>       | <u>\$ 1,321</u>          |
| <u>Other Agency Funds (30 Funds)</u>           |                          |                     |                     |                          |
| Assets:  |                          |                     |                     |                          |
| Cash and cash equivalents                      | \$ 29,231                | \$ 369,223          | \$ 367,168          | \$ 31,286                |
| Total assets                                   | <u>\$ 29,231</u>         | <u>\$ 369,223</u>   | <u>\$ 367,168</u>   | <u>\$ 31,286</u>         |
| Liabilities:                                   |                          |                     |                     |                          |
| Assets held as agency for others               | \$ 29,231                | \$ 369,223          | \$ 367,168          | \$ 31,286                |
| Total liabilities                              | <u>\$ 29,231</u>         | <u>\$ 369,223</u>   | <u>\$ 367,168</u>   | <u>\$ 31,286</u>         |
| <u>Total All Agency Funds</u>                  |                          |                     |                     |                          |
| Assets:  |                          |                     |                     |                          |
| Cash and cash equivalents                      | \$ 69,478                | \$ 1,551,165        | \$ 1,540,778        | \$ 79,865                |
| Total assets                                   | <u>\$ 69,478</u>         | <u>\$ 1,551,165</u> | <u>\$ 1,540,778</u> | <u>\$ 79,865</u>         |
| Liabilities:                                   |                          |                     |                     |                          |
| Assets held as agency for others               | \$ 69,478                | \$ 1,551,165        | \$ 1,540,778        | \$ 79,865                |
| Total liabilities                              | <u>\$ 69,478</u>         | <u>\$ 1,551,165</u> | <u>\$ 1,540,778</u> | <u>\$ 79,865</u>         |

**COUNTY OF SAN LUIS OBISPO  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 INVESTMENT TRUST FUNDS  
 JUNE 30, 2017 (In Thousands)**

|  | School<br>Districts<br>(41 Funds) | Special<br>Districts<br>(33 Funds) | Courts<br>(6 Funds) | Other<br>Local Boards<br>(19 Funds) | Total             |
|--|-----------------------------------|------------------------------------|---------------------|-------------------------------------|-------------------|
| <b><u>ASSETS</u></b>                       |                                   |                                    |                     |                                     |                   |
| Cash and cash equivalents                  | \$ 361,538                        | \$ 16,567                          | \$ 1,842            | \$ 21,817                           | \$ 401,764        |
| Total assets                               | <u>\$ 361,538</u>                 | <u>\$ 16,567</u>                   | <u>\$ 1,842</u>     | <u>\$ 21,817</u>                    | <u>\$ 401,764</u> |
| <b><u>NET POSITION</u></b>                 |                                   |                                    |                     |                                     |                   |
| Assets held in trust for pool participants | \$ 361,538                        | \$ 16,567                          | \$ 1,842            | \$ 21,817                           | \$ 401,764        |
| Total Net Position                         | <u>\$ 361,538</u>                 | <u>\$ 16,567</u>                   | <u>\$ 1,842</u>     | <u>\$ 21,817</u>                    | <u>\$ 401,764</u> |

**COUNTY OF SAN LUIS OBISPO  
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 INVESTMENT TRUST FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|                                     | School<br>Districts<br>(41 Funds) | Special<br>Districts<br>(33 Funds) | Courts<br>(6 Funds)    | Other<br>Local Boards<br>(19 Funds) | Total                    |
|-------------------------------------|-----------------------------------|------------------------------------|------------------------|-------------------------------------|--------------------------|
| <u>Additions</u>                    |                                   |                                    |                        |                                     |                          |
| Contributions to pooled investments | \$ 992,259                        | \$ 10,312                          | \$ 18,654              | \$ 36,136                           | \$ 1,057,361             |
| Interest                            | 1,641                             | 114                                | -                      | 125                                 | 1,880                    |
| Total additions                     | <u>993,900</u>                    | <u>10,426</u>                      | <u>18,654</u>          | <u>36,261</u>                       | <u>1,059,241</u>         |
| <u>Deductions</u>                   |                                   |                                    |                        |                                     |                          |
| Distributions from investment pool  | <u>920,203</u>                    | <u>8,902</u>                       | <u>18,656</u>          | <u>38,378</u>                       | <u>986,139</u>           |
| Total deductions                    | <u>920,203</u>                    | <u>8,902</u>                       | <u>18,656</u>          | <u>38,378</u>                       | <u>986,139</u>           |
| Change in net position              | 73,697                            | 1,524                              | (2)                    | (2,117)                             | 73,102                   |
| Net position - beginning            | <u>287,841</u>                    | <u>15,043</u>                      | <u>1,844</u>           | <u>23,934</u>                       | <u>328,662</u>           |
| Net position - ending               | <u><u>\$ 361,538</u></u>          | <u><u>\$ 16,567</u></u>            | <u><u>\$ 1,842</u></u> | <u><u>\$ 21,817</u></u>             | <u><u>\$ 401,764</u></u> |



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**GENERAL FUND  
DETAIL BUDGETARY COMPARISON SCHEDULES**

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**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|   | Budget       |               | Actual       | Variance with<br>Final Budget |
|---|--------------|---------------|--------------|-------------------------------|
|   | Original     | Final         |              |                               |
| <b><u>General Government - Expenditures</u></b> |              |               |              |                               |
| <u>Legislative and Administrative</u>           |              |               |              |                               |
| Administrative Office                           |              |               |              |                               |
| Salaries, wages, and benefits                   | \$ 1,950     | \$ 1,950      | \$ 1,804     | \$ 146                        |
| Services and supplies                           | 212          | 212           | 124          | 88                            |
| Expenditure transfers and reimbursements        | (85)         | (85)          | (85)         | -                             |
| Total   | <u>2,077</u> | <u>2,077</u>  | <u>1,843</u> | <u>234</u>                    |
| Board of Supervisors                            |              |               |              |                               |
| Salaries, wages, and benefits                   | 1,548        | 1,548         | 1,452        | 96                            |
| Services and supplies                           | 230          | 223           | 248          | (25)                          |
| Capital outlay                                  | -            | 7             | -            | 7                             |
| Expenditure transfers and reimbursements        | (39)         | (39)          | (39)         | -                             |
| Total   | <u>1,739</u> | <u>1,739</u>  | <u>1,661</u> | <u>78</u>                     |
| Clerk/Recorder                                  |              |               |              |                               |
| Salaries, wages, and benefits                   | 2,155        | 2,178         | 2,099        | 79                            |
| Services and supplies                           | 1,133        | 1,484         | 1,345        | 139                           |
| Capital outlay                                  | 19           | 30            | 19           | 11                            |
| Total   | <u>3,307</u> | <u>3,692</u>  | <u>3,463</u> | <u>229</u>                    |
| Total Legislative and Administrative            | <u>7,123</u> | <u>7,508</u>  | <u>6,967</u> | <u>541</u>                    |
| <u>Finance</u>                                  |              |               |              |                               |
| Assessor  |              |               |              |                               |
| Salaries, wages, and benefits                   | 8,653        | 8,019         | 7,713        | 306                           |
| Services and supplies                           | 922          | 2,024         | 926          | 1,098                         |
| Capital outlay                                  | 45           | 100           | 64           | 36                            |
| Total   | <u>9,620</u> | <u>10,143</u> | <u>8,703</u> | <u>1,440</u>                  |
| Auditor-Controller                              |              |               |              |                               |
| Salaries, wages, and benefits                   | 5,095        | 5,095         | 4,973        | 122                           |
| Services and supplies                           | 269          | 368           | 264          | 104                           |
| Expenditure transfers and reimbursements        | (17)         | (17)          | (26)         | 9                             |
| Total   | <u>5,347</u> | <u>5,446</u>  | <u>5,211</u> | <u>235</u>                    |

**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON (Continued)  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|   | Budget        |               | Actual        | Variance with<br>Final Budget |
|---|---------------|---------------|---------------|-------------------------------|
|   | Original      | Final         |               |                               |
| <b><u>General Government - Expenditures</u></b> (Continued) |               |               |               |                               |
| Treasurer-Tax Collector-Public Administrator                |               |               |               |                               |
| Salaries, wages, and benefits                               | 2,574         | 2,574         | 2,299         | 275                           |
| Services and supplies                                       | 338           | 338           | 338           | -                             |
| <b>Total</b>  | <b>2,912</b>  | <b>2,912</b>  | <b>2,637</b>  | <b>275</b>                    |
| <b>Total Finance</b>  | <b>17,879</b> | <b>18,501</b> | <b>16,551</b> | <b>1,950</b>                  |
| <b><u>Counsel</u></b>                                       |               |               |               |                               |
| County Counsel  |               |               |               |                               |
| Salaries, wages, and benefits                               | 3,445         | 3,445         | 3,259         | 186                           |
| Services and supplies                                       | 737           | 1,297         | 568           | 729                           |
| Capital outlay  | -             | 7             | -             | 7                             |
| <b>Total Counsel</b>  | <b>4,182</b>  | <b>4,749</b>  | <b>3,827</b>  | <b>922</b>                    |
| <b><u>Personnel</u></b>                                     |               |               |               |                               |
| Personnel   |               |               |               |                               |
| Salaries, wages, and benefits                               | 2,894         | 2,698         | 2,433         | 265                           |
| Services and supplies                                       | 711           | 1,072         | 916           | 156                           |
| <b>Total Personnel</b>                                      | <b>3,605</b>  | <b>3,770</b>  | <b>3,349</b>  | <b>421</b>                    |
| <b><u>Property Management</u></b>                           |               |               |               |                               |
| Facilities Management                                       |               |               |               |                               |
| Salaries, wages, and benefits                               | 4,328         | 4,328         | 4,127         | 201                           |
| Services and supplies                                       | 3,393         | 3,430         | 3,089         | 341                           |
| Other charges   | 170           | 170           | 157           | 13                            |
| Capital outlay  | 9             | 21            | 20            | 1                             |
| Expenditure transfers and reimbursements                    | (1,846)       | (1,846)       | (2,028)       | 182                           |
| <b>Total</b>  | <b>6,054</b>  | <b>6,103</b>  | <b>5,365</b>  | <b>738</b>                    |
| Maintenance Projects  |               |               |               |                               |
| Services and supplies                                       | 6,282         | 17,523        | 6,073         | 11,450                        |
| <b>Total</b>  | <b>6,282</b>  | <b>17,523</b> | <b>6,073</b>  | <b>11,450</b>                 |
| Central Services  |               |               |               |                               |
| Salaries, wages, and benefits                               | 1,610         | 1,610         | 1,456         | 154                           |
| Services and supplies                                       | 2,651         | 2,651         | 2,593         | 58                            |
| Other charges   | 103           | 103           | 102           | 1                             |
| Capital outlay  | -             | 16            | -             | 16                            |
| Expenditure transfers and reimbursements                    | (514)         | (514)         | (523)         | 9                             |
| <b>Total</b>  | <b>3,850</b>  | <b>3,866</b>  | <b>3,628</b>  | <b>238</b>                    |
| <b>Total Property Management</b>                            | <b>16,186</b> | <b>27,492</b> | <b>15,066</b> | <b>12,426</b>                 |

**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON (Continued)  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|   | Budget          |                 | Actual          | Variance with<br>Final Budget |
|---|-----------------|-----------------|-----------------|-------------------------------|
|   | Original        | Final           |                 |                               |
| <b><u>General Government - Expenditures</u></b> (Continued) |                 |                 |                 |                               |
| <u>Other General</u>  |                 |                 |                 |                               |
| Information Technology                                      |                 |                 |                 |                               |
| Salaries, wages, and benefits                               | 11,545          | 11,521          | 11,055          | 466                           |
| Services and supplies                                       | 4,267           | 4,589           | 4,541           | 48                            |
| Expenditure transfers and reimbursements                    | <u>(4,456)</u>  | <u>(4,456)</u>  | <u>(4,722)</u>  | <u>266</u>                    |
| Total   | <u>11,356</u>   | <u>11,654</u>   | <u>10,874</u>   | <u>780</u>                    |
| Risk Management   |                 |                 |                 |                               |
| Salaries, wages, and benefits                               | 922             | 922             | 864             | 58                            |
| Services and supplies                                       | 843             | 901             | 799             | 102                           |
| Expenditure transfers and reimbursements                    | <u>(59)</u>     | <u>(59)</u>     | <u>(59)</u>     | <u>-</u>                      |
| Total   | <u>1,706</u>    | <u>1,764</u>    | <u>1,604</u>    | <u>160</u>                    |
| Non-Department Financing Uses                               |                 |                 |                 |                               |
| Services and supplies                                       | -               | 340             | 340             | -                             |
| Expenditure transfers and reimbursements                    | <u>(12,231)</u> | <u>(12,231)</u> | <u>(12,090)</u> | <u>(141)</u>                  |
| Total   | <u>(12,231)</u> | <u>(11,891)</u> | <u>(11,750)</u> | <u>(141)</u>                  |
| Contributions to Other Agencies                             |                 |                 |                 |                               |
| Services and supplies                                       | <u>1,888</u>    | <u>1,998</u>    | <u>1,841</u>    | <u>157</u>                    |
| Total   | <u>1,888</u>    | <u>1,998</u>    | <u>1,841</u>    | <u>157</u>                    |
| Non-Departmental Other Expenditures                         |                 |                 |                 |                               |
| Services and supplies                                       | <u>405</u>      | <u>425</u>      | <u>368</u>      | <u>57</u>                     |
| Total   | <u>405</u>      | <u>425</u>      | <u>368</u>      | <u>57</u>                     |
| Total Other General   | <u>3,124</u>    | <u>3,950</u>    | <u>2,937</u>    | <u>1,013</u>                  |
| <b>Total General Government</b>                             | <u>52,099</u>   | <u>65,970</u>   | <u>48,697</u>   | <u>17,273</u>                 |
| <b><u>Public Protection - Expenditures</u></b>              |                 |                 |                 |                               |
| <u>Judicial</u>   |                 |                 |                 |                               |
| Court Operations Fund                                       |                 |                 |                 |                               |
| Other charges   | <u>2,427</u>    | <u>2,427</u>    | <u>2,403</u>    | <u>24</u>                     |
| Total   | <u>2,427</u>    | <u>2,427</u>    | <u>2,403</u>    | <u>24</u>                     |
| District Attorney   |                 |                 |                 |                               |
| Salaries, wages, and benefits                               | 14,125          | 13,894          | 13,321          | 573                           |
| Services and supplies                                       | 1,556           | 1,813           | 1,639           | 174                           |
| Other charges   | 152             | 188             | 50              | 138                           |
| Capital outlay  | 8               | 22              | 7               | 15                            |
| Expenditure transfers and reimbursements                    | <u>(170)</u>    | <u>(170)</u>    | <u>(130)</u>    | <u>(40)</u>                   |
| Total   | <u>15,671</u>   | <u>15,747</u>   | <u>14,887</u>   | <u>860</u>                    |

**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON (Continued)  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Budget        |               | Actual        | Variance with<br>Final Budget |
|--|---------------|---------------|---------------|-------------------------------|
|  | Original      | Final         |               |                               |
| <b><u>Public Protection - Expenditures</u></b> (Continued) |               |               |               |                               |
| Child Support Services                                     |               |               |               |                               |
| Salaries, wages, and benefits                              | 3,522         | 3,522         | 3,076         | 446                           |
| Services and supplies                                      | 969           | 969           | 930           | 39                            |
| Total  | <u>4,491</u>  | <u>4,491</u>  | <u>4,006</u>  | <u>485</u>                    |
| Grand Jury   |               |               |               |                               |
| Salaries, wages, and benefits                              | 32            | 32            | 9             | 23                            |
| Services and supplies                                      | 99            | 103           | 77            | 26                            |
| Total  | <u>131</u>    | <u>135</u>    | <u>86</u>     | <u>49</u>                     |
| Public Defender  |               |               |               |                               |
| Services and supplies                                      | 6,620         | 6,620         | 6,214         | 406                           |
| Total  | <u>6,620</u>  | <u>6,620</u>  | <u>6,214</u>  | <u>406</u>                    |
| Total Judicial   | <u>29,340</u> | <u>29,420</u> | <u>27,596</u> | <u>1,824</u>                  |
| <b><u>Police Protection</u></b>                            |               |               |               |                               |
| Sheriff-Coroner  |               |               |               |                               |
| Salaries, wages, and benefits                              | 58,749        | 59,098        | 57,156        | 1,942                         |
| Services and supplies                                      | 11,832        | 12,122        | 11,336        | 786                           |
| Other charges  | 172           | 216           | 212           | 4                             |
| Capital outlay   | 123           | 957           | 603           | 354                           |
| Expenditure transfers and reimbursements                   | (176)         | (186)         | (185)         | (1)                           |
| Total Police Protection                                    | <u>70,700</u> | <u>72,207</u> | <u>69,122</u> | <u>3,085</u>                  |
| <b><u>Detention and Correction</u></b>                     |               |               |               |                               |
| Probation Department                                       |               |               |               |                               |
| Salaries, wages, and benefits                              | 17,349        | 17,006        | 16,020        | 986                           |
| Services and supplies                                      | 4,540         | 4,884         | 4,571         | 313                           |
| Other charges  | -             | 5             | 5             | -                             |
| Capital outlay   | -             | 40            | 5             | 35                            |
| Expenditure transfers and reimbursements                   | (317)         | (317)         | (269)         | (48)                          |
| Total Detention and Correction                             | <u>21,572</u> | <u>21,618</u> | <u>20,332</u> | <u>1,286</u>                  |

**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON (Continued)  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Budget        |               | Actual        | Variance with<br>Final Budget |
|--|---------------|---------------|---------------|-------------------------------|
|  | Original      | Final         |               |                               |
| <b><u>Public Protection - Expenditures</u></b> (Continued) |               |               |               |                               |
| <u>Fire Protection</u>                                     |               |               |               |                               |
| County Fire  |               |               |               |                               |
| Services and supplies                                      | 20,665        | 20,885        | 19,205        | 1,680                         |
| Capital outlay   | 694           | 3,132         | 1,467         | 1,665                         |
| Total Fire Protection                                      | <u>21,359</u> | <u>24,017</u> | <u>20,672</u> | <u>3,345</u>                  |
| <u>Protective Inspection</u>                               |               |               |               |                               |
| Agricultural Commissioner                                  |               |               |               |                               |
| Salaries, wages, and benefits                              | 4,906         | 4,886         | 4,710         | 176                           |
| Services and supplies                                      | 833           | 866           | 781           | 85                            |
| Capital outlay   | -             | -             | -             | -                             |
| Expenditure transfers and reimbursements                   | (2)           | (2)           | (1)           | (1)                           |
| Total Protective Inspection                                | <u>5,737</u>  | <u>5,750</u>  | <u>5,490</u>  | <u>260</u>                    |
| <u>Other Protection</u>                                    |               |               |               |                               |
| Animal Services  |               |               |               |                               |
| Salaries, wages, and benefits                              | 1,826         | 1,655         | 1,532         | 123                           |
| Services and supplies                                      | 912           | 1,077         | 1,035         | 42                            |
| Other charges  | -             | 15            | 15            | -                             |
| Total  | <u>2,738</u>  | <u>2,747</u>  | <u>2,582</u>  | <u>165</u>                    |
| Emergency Services   |               |               |               |                               |
| Salaries, wages, and benefits                              | 854           | 859           | 825           | 34                            |
| Services and supplies                                      | 530           | 563           | 373           | 190                           |
| Other charges  | 376           | 384           | 178           | 206                           |
| Capital outlay   | 26            | 18            | -             | 18                            |
| Total  | <u>1,786</u>  | <u>1,824</u>  | <u>1,376</u>  | <u>448</u>                    |
| Planning Department  |               |               |               |                               |
| Salaries, wages, and benefits                              | 11,890        | 11,190        | 10,490        | 700                           |
| Services and supplies                                      | 3,376         | 5,247         | 2,373         | 2,874                         |
| Total  | <u>15,266</u> | <u>16,437</u> | <u>12,863</u> | <u>3,574</u>                  |

**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON (Continued)  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Budget         |                | Actual         | Variance with<br>Final Budget |
|--|----------------|----------------|----------------|-------------------------------|
|  | Original       | Final          |                |                               |
| <b><u>Public Protection - Expenditures</u></b> (Continued) |                |                |                |                               |
| Waste Management   |                |                |                |                               |
| Services and supplies                                      | 1,254          | 1,309          | 730            | 579                           |
| Capital outlay   | 22             | 22             | -              | 22                            |
| Total  | <u>1,276</u>   | <u>1,331</u>   | <u>730</u>     | <u>601</u>                    |
| Total Other Protection                                     | <u>21,066</u>  | <u>22,339</u>  | <u>17,551</u>  | <u>4,788</u>                  |
| <b>Total Public Protection</b>                             | <u>169,774</u> | <u>175,351</u> | <u>160,763</u> | <u>14,588</u>                 |
| <b><u>Public Ways and Facilities - Expenditures</u></b>    |                |                |                |                               |
| <u>Public Works</u>  |                |                |                |                               |
| Public Works   |                |                |                |                               |
| Services and supplies                                      | 2,372          | 4,159          | 1,992          | 2,167                         |
| Other charges  | -              | 4,000          | -              | 4,000                         |
| Total Public Works   | <u>2,372</u>   | <u>8,159</u>   | <u>1,992</u>   | <u>6,167</u>                  |
| <b>Total Public Ways and Facilities</b>                    | <u>2,372</u>   | <u>8,159</u>   | <u>1,992</u>   | <u>6,167</u>                  |
| <b><u>Health and Sanitation - Expenditures</u></b>         |                |                |                |                               |
| <u>Health</u>  |                |                |                |                               |
| Public Health  |                |                |                |                               |
| Salaries, wages, and benefits                              | 20,216         | 20,206         | 18,010         | 2,196                         |
| Services and supplies                                      | 5,726          | 6,093          | 5,575          | 518                           |
| Other charges  | 1,580          | 4,274          | 509            | 3,765                         |
| Capital outlay   | 41             | 131            | 79             | 52                            |
| Expenditure transfers and reimbursement                    | (1,631)        | (1,681)        | (1,902)        | 221                           |
| Total  | <u>25,932</u>  | <u>29,023</u>  | <u>22,271</u>  | <u>6,752</u>                  |
| Behavioral Health  |                |                |                |                               |
| Salaries, wages, and benefits                              | 32,115         | 32,781         | 29,858         | 2,923                         |
| Services and supplies                                      | 31,128         | 33,578         | 32,016         | 1,562                         |
| Other charges  | 1,309          | 2,768          | 1,621          | 1,147                         |
| Expenditure transfers and reimbursement                    | (1,187)        | (1,187)        | (1,490)        | 303                           |
| Total  | <u>63,365</u>  | <u>67,940</u>  | <u>62,005</u>  | <u>5,935</u>                  |
| Total Health   | <u>89,297</u>  | <u>96,963</u>  | <u>84,276</u>  | <u>12,687</u>                 |
| <b>Total Health and Sanitation</b>                         | <u>89,297</u>  | <u>96,963</u>  | <u>84,276</u>  | <u>12,687</u>                 |

**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON (Continued)  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|  | Budget        |               | Actual        | Variance with<br>Final Budget |
|--|---------------|---------------|---------------|-------------------------------|
|  | Original      | Final         |               |                               |
| <b><u>Public Assistance - Expenditures</u></b> |               |               |               |                               |
| <u>Administration</u>                          |               |               |               |                               |
| Department of Social Services                  |               |               |               |                               |
| Salaries, wages, and benefits                  | 47,909        | 47,721        | 45,956        | 1,765                         |
| Services and supplies                          | 17,601        | 17,570        | 17,187        | 383                           |
| Other charges                                  | 10,553        | 11,197        | 9,507         | 1,690                         |
| Capital outlay                                 | 258           | 208           | 108           | 100                           |
| Expenditure transfers and reimbursement        | (65)          | (65)          | (66)          | 1                             |
| Total Administration                           | <u>76,256</u> | <u>76,631</u> | <u>72,692</u> | <u>3,939</u>                  |
| <u>Aid Programs</u>                            |               |               |               |                               |
| Aid Foster Care Non-Fed                        |               |               |               |                               |
| Services and supplies                          | 68            | 68            | 68            | -                             |
| Other charges                                  | 24,356        | 24,962        | 22,673        | 2,289                         |
| Expenditure transfers and reimbursement        | (238)         | (581)         | (556)         | (25)                          |
| Total  | <u>24,186</u> | <u>24,449</u> | <u>22,185</u> | <u>2,264</u>                  |
| Calworks Assistance                            |               |               |               |                               |
| Other charges                                  | <u>12,816</u> | <u>12,816</u> | <u>10,954</u> | <u>1,862</u>                  |
| Total  | <u>12,816</u> | <u>12,816</u> | <u>10,954</u> | <u>1,862</u>                  |
| Total Aid Programs                             | <u>37,002</u> | <u>37,265</u> | <u>33,139</u> | <u>4,126</u>                  |
| <u>General Assistance</u>                      |               |               |               |                               |
| General Assistance                             |               |               |               |                               |
| Other charges                                  | <u>1,231</u>  | <u>1,231</u>  | <u>1,102</u>  | <u>129</u>                    |
| Total General Assistance                       | <u>1,231</u>  | <u>1,231</u>  | <u>1,102</u>  | <u>129</u>                    |
| <u>Veterans Services</u>                       |               |               |               |                               |
| Veterans Services                              |               |               |               |                               |
| Salaries, wages, and benefits                  | 650           | 623           | 550           | 73                            |
| Services and supplies                          | 49            | 272           | 160           | 112                           |
| Total Veterans Services                        | <u>699</u>    | <u>895</u>    | <u>710</u>    | <u>185</u>                    |

**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON (Continued)  
FOR THE YEAR ENDED JUNE 30, 2017 (In Thousands)**

|   | Budget            |                   | Actual            | Variance with<br>Final Budget |
|---|-------------------|-------------------|-------------------|-------------------------------|
|   | Original          | Final             |                   |                               |
| <b><u>Public Assistance - Expenditures</u></b> (Continued)        |                   |                   |                   |                               |
| <u>Other Assistance</u>   |                   |                   |                   |                               |
| Law Enforcement Med Care  |                   |                   |                   |                               |
| Salaries, wages, and benefits                                     | 3,151             | 3,026             | 2,647             | 379                           |
| Services and supplies   | 1,666             | 1,791             | 1,756             | 35                            |
| Expenditure transfers and reimbursement                           | (607)             | (607)             | (610)             | 3                             |
| <b>Total Other Assistance</b>                                     | <b>4,210</b>      | <b>4,210</b>      | <b>3,793</b>      | <b>417</b>                    |
| <b>Total Public Assistance</b>                                    | <b>119,398</b>    | <b>120,232</b>    | <b>111,436</b>    | <b>8,796</b>                  |
| <b><u>Education - Expenditures</u></b>                            |                   |                   |                   |                               |
| <u>Agriculture Education</u>                                      |                   |                   |                   |                               |
| Farm Advisor  |                   |                   |                   |                               |
| Salaries, wages, and benefits                                     | 447               | 447               | 388               | 59                            |
| Services and supplies   | 120               | 120               | 103               | 17                            |
| <b>Total Agriculture Education</b>                                | <b>567</b>        | <b>567</b>        | <b>491</b>        | <b>76</b>                     |
| <b>Total Education</b>  | <b>567</b>        | <b>567</b>        | <b>491</b>        | <b>76</b>                     |
| <b>Total General Fund Expenditures<br/>(Before Contingencies)</b> | <b>433,507</b>    | <b>467,242</b>    | <b>407,655</b>    | <b>59,587</b>                 |
| <b><u>Contingencies</u></b>                                       |                   |                   |                   |                               |
| <u>Appropriation for Contingencies</u>                            |                   |                   |                   |                               |
| Contingencies - General Fund                                      |                   |                   |                   |                               |
| Appropriation for contingency                                     | 23,391            | 23,071            | -                 | 23,071                        |
| <b>Total Appropriation for Contingencies</b>                      | <b>23,391</b>     | <b>23,071</b>     | <b>-</b>          | <b>23,071</b>                 |
| <b>Total Contingencies</b>  | <b>23,391</b>     | <b>23,071</b>     | <b>-</b>          | <b>23,071</b>                 |
| <b>Total General Fund Expenditures</b>                            | <b>\$ 456,898</b> | <b>\$ 490,313</b> | <b>\$ 407,655</b> | <b>\$ 82,658</b>              |

Explanation of Differences between Budgetary Outflows and GAAP Expenditures

Uses/Outflows of Resources

Actual amounts (budgetary basis) from the Budget to Actual Comparison Schedule \$ 407,655

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. 6,221

Total expenditures as reported on the Statement of Revenues, Expenditures,  
and Changes in Fund Balances - Governmental Funds \$ 413,876



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**STATISTICAL SECTION**

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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 |
|--|------|
| <b>Financial Trends Information</b>  |      |
| These schedules contain trend information that may assist the reader in assessing the County’s current financial performance by placing it in historical perspective .....   | 191  |
| <b>Revenue Capacity Information</b>  |      |
| 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 .....                             | 198  |
| <b>Debt Capacity Information</b>   |      |
| 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 ..... | 203  |
| <b>Demographic and Economic Information</b>  |      |
| 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.....        | 206  |
| <b>Operating Information</b>   |      |
| 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.....           | 208  |



**COUNTY OF SAN LUIS OBISPO  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(In Thousands)  
(UNAUDITED)**

|  | <u>2007-2008</u>    | <u>2008-2009</u>    | <u>2009-2010</u>    | <u>2010-2011</u>    | <u>2011-2012</u>    | <u>2012-2013</u>    | <u>2013-2014</u>    | <u>2014-2015</u>    | <u>2015-2016</u>    | <u>2016-2017</u>    |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>Governmental Activities</b>                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net investment in capital assets                   | \$ 1,047,361        | \$ 1,063,955        | \$ 1,071,844        | \$ 1,084,978        | \$ 1,099,885        | \$ 1,103,924        | \$ 1,112,934        | \$ 1,130,241        | \$ 1,168,573        | \$ 1,178,967        |
| Restricted   | 52,566              | 41,188              | 36,385              | 36,258              | 31,477              | 28,863              | 43,109              | 37,722              | 41,230              | 64,822              |
| Unrestricted                                       | 173,396             | 192,271             | 206,786             | 234,786             | 265,454             | 304,257             | 325,113             | (150,074)           | (170,962)           | (226,970)           |
| <b>Total governmental activities net position</b>  | <u>\$ 1,273,323</u> | <u>\$ 1,297,414</u> | <u>\$ 1,315,015</u> | <u>\$ 1,356,022</u> | <u>\$ 1,396,816</u> | <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> |
| <b>Business-type activities</b>                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net investment in capital assets                   | \$ 155,907          | \$ 167,188          | \$ 160,627          | \$ 149,097          | \$ 153,801          | \$ 167,138          | \$ 188,485          | \$ 213,455          | \$ 237,157          | \$ 270,246          |
| Unrestricted                                       | 16,202              | 12,266              | 18,117              | 38,665              | 33,081              | 58,433              | 98,097              | 97,173              | 93,158              | 85,316              |
| <b>Total business-type activities net position</b> | <u>\$ 172,109</u>   | <u>\$ 179,454</u>   | <u>\$ 178,744</u>   | <u>\$ 187,762</u>   | <u>\$ 186,882</u>   | <u>\$ 225,571</u>   | <u>\$ 286,582</u>   | <u>\$ 310,628</u>   | <u>\$ 330,315</u>   | <u>\$ 355,562</u>   |
| <b>Total Primary Government</b>                    |                     |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net investment in capital assets                   | \$ 1,203,268        | \$ 1,231,143        | \$ 1,232,471        | \$ 1,234,075        | \$ 1,253,686        | \$ 1,271,062        | \$ 1,301,419        | \$ 1,343,696        | \$ 1,405,730        | \$ 1,449,213        |
| Restricted   | 52,566              | 41,188              | 36,385              | 36,258              | 31,477              | 28,863              | 43,109              | 37,722              | 41,230              | 64,822              |
| Unrestricted                                       | 189,598             | 204,537             | 224,903             | 273,451             | 298,535             | 362,690             | 423,210             | (52,901)            | (77,804)            | (141,654)           |
| <b>Total primary government net position</b>       | <u>\$ 1,445,432</u> | <u>\$ 1,476,868</u> | <u>\$ 1,493,759</u> | <u>\$ 1,543,784</u> | <u>\$ 1,583,698</u> | <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> |

**Notes:**

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

Source: Statement of Net Assets for FY 2007-2008 through 2011-2012  
Statement of Net Position beginning in 2012-2013 and ongoing

**COUNTY OF SAN LUIS OBISPO  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(In Thousands)  
(UNAUDITED)**

|  | 2007-2008         | 2008-2009         | 2009-2010         | 2010-2011         | 2011-2012         | 2012-2013         | 2013-2014         | 2014-2015         | 2015-2016         | 2016-2017         |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| <b>Expenses</b>                                |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Governmental Activities</b>                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| General government                             | \$ 46,971         | \$ 41,658         | \$ 36,561         | \$ 35,344         | \$ 35,231         | \$ 34,507         | \$ 36,866         | \$ 45,598         | \$ 53,282         | \$ 56,390         |
| Public protection                              | 135,987           | 136,755           | 134,768           | 132,413           | 136,219           | 142,353           | 148,135           | 162,432           | 170,134           | 187,255           |
| Public ways and facilities                     | 24,503            | 24,713            | 24,927            | 27,365            | 27,120            | 28,474            | 28,253            | 34,136            | 33,418            | 32,098            |
| Health and sanitation                          | 66,382            | 66,542            | 68,199            | 66,657            | 65,799            | 69,222            | 74,313            | 78,137            | 88,326            | 99,150            |
| Public assistance                              | 93,472            | 97,803            | 96,645            | 98,841            | 96,435            | 97,929            | 99,449            | 110,470           | 118,089           | 125,102           |
| Education                                      | 9,966             | 10,967            | 10,390            | 10,057            | 10,000            | 9,922             | 9,611             | 9,457             | 11,934            | 12,787            |
| Recreation and cultural services               | 6,024             | 7,561             | 8,708             | 7,363             | 7,344             | 9,735             | 7,745             | 9,755             | 8,702             | 10,385            |
| Interest on long term debt                     | 5,771             | 5,433             | 6,356             | 6,787             | 6,620             | 6,041             | 5,270             | 5,124             | 4,602             | 4,555             |
| <b>Total Governmental Activities Expenses</b>  | <b>389,076</b>    | <b>391,432</b>    | <b>386,554</b>    | <b>384,827</b>    | <b>384,768</b>    | <b>398,183</b>    | <b>409,642</b>    | <b>455,109</b>    | <b>488,487</b>    | <b>527,722</b>    |
| <b>Business-type Activities Expenses</b>       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Airport  | 7,809             | 4,559             | 5,204             | 7,732             | 5,422             | 5,435             | 5,664             | 6,187             | 6,117             | 6,391             |
| Golf   | 3,033             | 3,249             | 2,974             | 2,690             | 2,863             | 2,779             | 2,608             | 2,968             | 3,131             | 3,111             |
| State Water contract                           | 5,179             | 5,661             | 5,630             | 6,705             | 6,761             | 5,536             | 5,992             | 6,351             | 5,848             | 5,571             |
| Nacimiento Water contract                      | 20,021            | 10,144            | 10,613            | 11,844            | 11,901            | 14,738            | 13,840            | 15,776            | 14,888            | 14,191            |
| Lopez Dam                                      | 7,945             | 6,189             | 5,813             | 6,499             | 5,752             | 6,548             | 6,116             | 6,128             | 6,220             | 6,387             |
| Lopez Park                                     | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 4                 | 4                 | 4                 |
| General Flood Control Zone                     | 689               | 712               | 831               | 928               | 1,816             | 746               | 809               | 845               | 824               | 851               |
| Transit  | 1,071             | 987               | 1,143             | 1,105             | 8                 | -                 | -                 | -                 | -                 | -                 |
| County Service Areas                           | 3,419             | 3,434             | 3,744             | 3,877             | 3,836             | 3,779             | 3,857             | 4,194             | 4,065             | 4,218             |
| Los Osos Wastewater                            | -                 | -                 | -                 | 5                 | 6,672             | 344               | 231               | 235               | 3,807             | 10,322            |
| <b>Total Business-type Activities Expenses</b> | <b>49,166</b>     | <b>34,935</b>     | <b>35,952</b>     | <b>41,385</b>     | <b>45,031</b>     | <b>39,905</b>     | <b>39,117</b>     | <b>42,688</b>     | <b>44,904</b>     | <b>51,046</b>     |
| <b>Total Primary Government Expenses</b>       | <b>\$ 438,242</b> | <b>\$ 426,367</b> | <b>\$ 422,506</b> | <b>\$ 426,212</b> | <b>\$ 429,799</b> | <b>\$ 438,088</b> | <b>\$ 448,759</b> | <b>\$ 497,797</b> | <b>\$ 533,391</b> | <b>\$ 578,768</b> |
| <b>Program Revenues</b>                        |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Governmental Activities</b>                 |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| <b>Fees, Fines, Charges for Services</b>       |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| General government                             | \$ 13,299         | \$ 17,729         | \$ 12,878         | \$ 13,971         | \$ 17,545         | \$ 16,575         | \$ 14,678         | \$ 12,407         | \$ 13,702         | \$ 14,839         |
| Public protection                              | 20,380            | 23,285            | 21,072            | 20,843            | 15,679            | 16,352            | 23,035            | 20,774            | 20,768            | 21,231            |
| Public ways and facilities                     | 7,580             | 4,190             | 3,234             | 11,549            | 5,069             | 5,465             | 4,356             | 4,255             | 9,434             | 7,462             |
| Health and sanitation                          | 6,583             | 6,863             | 7,026             | 7,453             | 6,014             | 5,196             | 6,570             | 6,631             | 7,179             | 6,757             |
| Public assistance                              | 2,864             | 2,784             | 925               | 2,399             | 2,366             | 2,920             | 2,070             | 2,077             | 2,107             | 2,032             |
| Education                                      | 1,891             | 1,922             | 2,304             | 2,037             | 2,545             | 3,583             | 1,723             | 2,998             | 1,952             | 1,644             |
| Recreation and cultural services               | 2,183             | 3,931             | 3,822             | 3,714             | 3,952             | 4,435             | 4,537             | 5,056             | 4,975             | 5,127             |
| <b>Operating Grants and Contributions</b>      |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| General Government                             | 446               | 751               | 377               | 1,120             | 628               | 122               | 252               | 54                | 735               | 748               |
| Public Protection                              | 40,924            | 38,080            | 40,034            | 37,244            | 45,646            | 50,477            | 54,233            | 62,359            | 63,528            | 52,205            |
| Public ways and facilities                     | 8,975             | 10,406            | 10,679            | 9,446             | 11,813            | 15,018            | 14,688            | 14,145            | 11,025            | 9,918             |
| Health and sanitation                          | 46,267            | 49,149            | 57,784            | 48,567            | 44,741            | 55,064            | 57,344            | 62,338            | 61,950            | 67,626            |
| Public assistance                              | 79,190            | 83,175            | 81,525            | 86,479            | 85,505            | 87,912            | 89,640            | 94,775            | 98,414            | 102,784           |
| Education                                      | 262               | 260               | 259               | 289               | 175               | 175               | 102               | 105               | 124               | 132               |
| Recreation and cultural services               | 185               | 178               | 177               | 357               | 18                | 350               | -                 | 131               | 153               | 273               |
| <b>Capital Grants and Contributions</b>        |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| General government                             | 264               | 384               | 449               | 279               | 843               | 8                 | 69                | 156               | 45                | -                 |
| Public protection                              | 319               | 82                | -                 | -                 | -                 | -                 | 3,315             | 9,701             | 4,420             | 7,820             |
| Public ways and facilities                     | 15,130            | 5,966             | 10,259            | 7,411             | 12,930            | 3,479             | 5,570             | 6,435             | 6,031             | 6,655             |
| Health and sanitation                          | 34                | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Public assistance                              | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Recreation and cultural services               | 979               | 423               | 173               | 81                | 247               | 50                | 282               | 1,776             | 10,804            | 1,157             |
| <b>Total Governmental Activities</b>           | <b>247,755</b>    | <b>249,558</b>    | <b>252,977</b>    | <b>253,239</b>    | <b>255,716</b>    | <b>267,181</b>    | <b>282,464</b>    | <b>306,173</b>    | <b>317,346</b>    | <b>308,410</b>    |

Source: Statement of Activities

(continued)

**COUNTY OF SAN LUIS OBISPO**  
**CHANGES IN NET POSITION (Continued)**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**  
**(UNAUDITED)**

|  | 2007-2008           | 2008-2009           | 2009-2010           | 2010-2011           | 2011-2012           | 2012-2013          | 2013-2014          | 2014-2015           | 2015-2016           | 2016-2017           |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|---------------------|---------------------|---------------------|
| <b>Business-type Activities</b>                          |                     |                     |                     |                     |                     |                    |                    |                     |                     |                     |
| <b>Fees, Fines, Charges for Services</b>                 |                     |                     |                     |                     |                     |                    |                    |                     |                     |                     |
| Airport  | 4,585               | 3,734               | 3,541               | 3,888               | 3,719               | 4,053              | 4,493              | 4,883               | 5,165               | 5,662               |
| Golf   | 3,058               | 2,879               | 2,653               | 2,590               | 2,690               | 2,639              | 2,779              | 2,967               | 2,589               | 2,291               |
| State Water Contract                                     | 5,309               | 5,767               | 6,513               | 6,453               | 6,609               | 6,185              | 6,358              | 6,562               | 6,846               | 5,941               |
| Nacimiento Water Contract                                | 3,018               | 284                 | 355                 | 7,968               | 13,893              | 13,800             | 13,685             | 9,682               | 17,048              | 15,149              |
| Lopez Dam  | 6,453               | 5,494               | 6,164               | 6,359               | 6,440               | 6,174              | 6,123              | 6,208               | 6,530               | 6,708               |
| Lopez Park   | -                   | -                   | -                   | -                   | -                   | -                  | -                  | -                   | -                   | -                   |
| General Flood Control Zone                               | 600                 | 637                 | 661                 | 1,870               | 1,252               | 730                | 861                | 794                 | 960                 | 904                 |
| Transit  | 55                  | 63                  | -                   | -                   | -                   | -                  | -                  | -                   | 3,551               | 3,620               |
| County Service Areas                                     | 2,869               | 2,658               | 2,784               | 3,090               | 3,186               | 3,352              | 3,312              | 3,408               | -                   | 2,301               |
| <b>Operating Grants and Contributions</b>                |                     |                     |                     |                     |                     |                    |                    |                     |                     |                     |
| Airport  | 820                 | 144                 | 182                 | 180                 | 372                 | 132                | 127                | 126                 | 126                 | 126                 |
| Golf   | -                   | -                   | -                   | -                   | 5                   | -                  | -                  | 269                 | -                   | 1,017               |
| State Water Contract                                     | 8                   | 8                   | 8                   | 10                  | 10                  | 13                 | 13                 | 13                  | 13                  | 14                  |
| Nacimiento Water Contract                                | 28                  | 31                  | 31                  | 30                  | 28                  | 29                 | 12                 | 9                   | 9                   | -                   |
| Lopez Dam  | -                   | 15                  | 15                  | 15                  | 15                  | 15                 | 8                  | 8                   | 8                   | -                   |
| Lopez Park   | -                   | -                   | -                   | -                   | -                   | -                  | -                  | -                   | -                   | -                   |
| Transit  | -                   | -                   | 1,172               | 1,097               | -                   | -                  | -                  | -                   | -                   | -                   |
| General Flood Control Zone                               | 624                 | 962                 | -                   | -                   | -                   | -                  | -                  | -                   | -                   | -                   |
| County Service Areas                                     | 2                   | 4                   | 4                   | 3                   | 3                   | 3                  | 3                  | 211                 | 295                 | 3                   |
| Los Osos Wastewater                                      | -                   | -                   | -                   | -                   | 35                  | 1                  | -                  | -                   | 2,810               | 18                  |
| <b>Capital Grants and Contributions</b>                  |                     |                     |                     |                     |                     |                    |                    |                     |                     |                     |
| Airport  | 19,201              | 6,750               | 4,310               | 2,074               | 138                 | 572                | 1,770              | 365                 | 7,069               | 15,379              |
| County Service Areas                                     | 165                 | 275                 | 339                 | 288                 | 64                  | 294                | 2                  | -                   | -                   | -                   |
| Los Osos Wastewater                                      | -                   | -                   | -                   | 9,357               | 9,127               | 35,717             | 57,507             | 26,385              | 4,157               | 10,086              |
| <b>Total Business-type Activities Revenues</b>           | <b>46,795</b>       | <b>29,705</b>       | <b>28,732</b>       | <b>45,272</b>       | <b>47,586</b>       | <b>73,709</b>      | <b>97,053</b>      | <b>61,890</b>       | <b>57,176</b>       | <b>69,219</b>       |
| <b>Total Primary Government Revenues</b>                 | <b>\$ 294,550</b>   | <b>\$ 279,263</b>   | <b>\$ 281,709</b>   | <b>\$ 298,511</b>   | <b>\$ 303,302</b>   | <b>\$ 340,890</b>  | <b>\$ 379,517</b>  | <b>\$ 368,063</b>   | <b>\$ 374,522</b>   | <b>\$ 377,629</b>   |
| <b>Net (Expense)/Revenues</b>                            |                     |                     |                     |                     |                     |                    |                    |                     |                     |                     |
| Governmental Activities                                  | \$ (141,321)        | \$ (141,874)        | \$ (133,577)        | \$ (131,588)        | \$ (129,052)        | \$ (131,002)       | \$ (127,178)       | \$ (148,936)        | \$ (171,141)        | \$ (219,312)        |
| Business-Type Activities                                 | (2,371)             | (5,230)             | (7,220)             | 3,887               | 2,555               | 33,804             | 57,936             | 19,202              | 12,272              | 18,173              |
| <b>Total Primary Government net expense</b>              | <b>\$ (143,692)</b> | <b>\$ (147,104)</b> | <b>\$ (140,797)</b> | <b>\$ (127,701)</b> | <b>\$ (126,497)</b> | <b>\$ (97,198)</b> | <b>\$ (69,242)</b> | <b>\$ (129,734)</b> | <b>\$ (158,869)</b> | <b>\$ (201,139)</b> |
| <b>General Revenue and Other Changes in Net Position</b> |                     |                     |                     |                     |                     |                    |                    |                     |                     |                     |
| <b>Governmental Activities</b>                           |                     |                     |                     |                     |                     |                    |                    |                     |                     |                     |
| Property Taxes   | \$ 133,292          | \$ 141,195          | \$ 132,723          | \$ 139,214          | \$ 140,288          | \$ 143,182         | \$ 152,256         | \$ 155,374          | \$ 163,367          | \$ 173,153          |
| Other Taxes  | 15,881              | 14,389              | 13,358              | 14,393              | 16,330              | 23,940             | 22,088             | 22,984              | 21,953              | 23,072              |
| Interest and investment income                           | 9,790               | 4,646               | 1,690               | 986                 | 1,202               | 733                | 599                | 3,174               | 4,401               | 3,289               |
| Unrestricted Grants                                      | 4,019               | 4,890               | 3,972               | 3,520               | 3,978               | 3,537              | 1,727              | 13,327              | 3,140               | 63                  |
| Other revenues   | -                   | -                   | -                   | 172                 | -                   | 4                  | -                  | -                   | -                   | 5                   |
| Transfers  | (964)               | 845                 | (565)               | 150                 | 8,048               | (166)              | (790)              | (2,676)             | (768)               | (2,292)             |
| Special Item   | -                   | -                   | -                   | -                   | -                   | -                  | (2,800)            | -                   | -                   | -                   |
| <b>Total Governmental Activities</b>                     | <b>162,018</b>      | <b>165,965</b>      | <b>151,178</b>      | <b>158,435</b>      | <b>169,846</b>      | <b>171,230</b>     | <b>173,080</b>     | <b>192,183</b>      | <b>192,093</b>      | <b>197,290</b>      |
| <b>Business-type Activities</b>                          |                     |                     |                     |                     |                     |                    |                    |                     |                     |                     |
| Property Taxes   | 3,402               | 3,678               | 3,654               | 3,841               | 3,799               | 4,145              | 4,402              | 4,782               | 4,782               | 3,814               |
| Other Taxes  | -                   | 27                  | 28                  | 28                  | 28                  | 29                 | 32                 | -                   | -                   | -                   |
| Interest and investment income                           | 7,290               | 6,190               | 1,900               | 965                 | 755                 | 385                | 595                | 659                 | 847                 | 630                 |
| Other revenues   | 292                 | 572                 | 363                 | 447                 | 31                  | 160                | 40                 | 183                 | 268                 | 338                 |
| Transfers  | 964                 | (845)               | 565                 | (150)               | (8,048)             | 166                | 790                | 2,676               | 768                 | 2,292               |
| <b>Total Business-type Activities</b>                    | <b>11,948</b>       | <b>9,622</b>        | <b>6,510</b>        | <b>5,131</b>        | <b>(3,435)</b>      | <b>4,885</b>       | <b>5,859</b>       | <b>8,300</b>        | <b>6,665</b>        | <b>7,074</b>        |
| <b>Total Primary Government</b>                          | <b>\$ 173,966</b>   | <b>\$ 175,587</b>   | <b>\$ 157,688</b>   | <b>\$ 163,566</b>   | <b>\$ 166,411</b>   | <b>\$ 176,115</b>  | <b>\$ 178,939</b>  | <b>\$ 200,483</b>   | <b>\$ 198,758</b>   | <b>\$ 204,364</b>   |
| <b>Change in Net Position</b>                            |                     |                     |                     |                     |                     |                    |                    |                     |                     |                     |
| Governmental Activities                                  | \$ 20,697           | \$ 24,091           | \$ 17,601           | \$ 26,847           | \$ 40,794           | \$ 40,228          | \$ 45,902          | \$ 43,247           | \$ 20,952           | \$ (22,022)         |
| Business-Type Activities                                 | 9,577               | 4,392               | (710)               | 9,018               | (880)               | 38,689             | 63,795             | 27,502              | 18,937              | 25,247              |
| <b>Total Primary Government</b>                          | <b>\$ 30,274</b>    | <b>\$ 28,483</b>    | <b>\$ 16,891</b>    | <b>\$ 35,865</b>    | <b>\$ 39,914</b>    | <b>\$ 78,917</b>   | <b>\$ 109,697</b>  | <b>\$ 70,749</b>    | <b>\$ 39,889</b>    | <b>\$ 3,225</b>     |

Source: Statement of Activities

**COUNTY OF SAN LUIS OBISPO  
FUND BALANCES, GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(In Thousands)  
(UNAUDITED)**

|                    | 2008             | 2009              | 2010              |
|--------------------|------------------|-------------------|-------------------|
| General Fund       |                  |                   |                   |
| Reserved           | \$ 31,853        | \$ 40,561         | \$ 49,543         |
| Unreserved         | 64,886           | 63,626            | 66,559            |
| Total General Fund | <u>\$ 96,739</u> | <u>\$ 104,187</u> | <u>\$ 116,102</u> |

|                                    |                   |                   |                   |
|------------------------------------|-------------------|-------------------|-------------------|
| All Other Governmental Funds       |                   |                   |                   |
| Reserved                           | \$ 50,422         | \$ 42,697         | \$ 39,243         |
| Unreserved, reported in:           |                   |                   |                   |
| Special Revenue Funds              | 60,384            | 51,703            | 55,513            |
| Capital Project Funds              | 21,233            | 23,248            | 20,859            |
| Debt Service Funds                 | -                 | -                 | -                 |
| Total all other Governmental Funds | <u>\$ 132,039</u> | <u>\$ 117,648</u> | <u>\$ 115,615</u> |

|                    | 2011              | 2012              | 2013              | 2014              | 2015              | 2016              | 2017              |
|--------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| General Fund       |                   |                   |                   |                   |                   |                   |                   |
| Nonspendable       | \$ 3,333          | \$ 3,176          | \$ 3,092          | \$ 779            | \$ 5,089          | \$ 3,454          | \$ 3,535          |
| Restricted         | 7,113             | 6,682             | 4,005             | 3,214             | 2,945             | 2,872             | 2,649             |
| Committed          | 62,380            | 68,880            | 96,365            | 116,940           | 138,140           | 168,619           | 164,492           |
| Assigned           | -                 | -                 | 104,237           | 118,248           | 125,112           | 122,925           | 126,596           |
| Unassigned         | 87,741            | 102,291           | -                 | -                 | -                 | -                 | -                 |
| Total General Fund | <u>\$ 160,567</u> | <u>\$ 181,029</u> | <u>\$ 207,699</u> | <u>\$ 239,181</u> | <u>\$ 271,286</u> | <u>\$ 297,870</u> | <u>\$ 297,272</u> |

|                                    |                  |                  |                  |                  |                  |                  |                   |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| All Other Governmental Funds       |                  |                  |                  |                  |                  |                  |                   |
| Nonspendable                       | \$ 352           | \$ 390           | \$ 596           | \$ -             | \$ 920           | \$ 3,776         | \$ 3              |
| Restricted                         | 22,065           | 19,788           | 18,311           | 20,164           | 20,563           | 21,317           | 24,192            |
| Committed                          | 55,446           | 61,144           | 65,903           | 74,240           | 78,508           | 61,926           | 94,904            |
| Assigned                           | 94               | -                | -                | -                | -                | -                | -                 |
| Unassigned                         | -                | -                | -                | -                | (486)            | -                | -                 |
| Total all other Governmental Funds | <u>\$ 77,957</u> | <u>\$ 81,322</u> | <u>\$ 84,810</u> | <u>\$ 94,404</u> | <u>\$ 99,505</u> | <u>\$ 87,019</u> | <u>\$ 119,099</u> |

Note: In 2011, the County began implementation of GASB Statement 54, which changed the classifications of the fund balance. Fund balance information in years prior to 2011 is presented according to the previous guidelines.

Source: Balance Sheet - Governmental Funds



**COUNTY OF SAN LUIS OBISPO**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**  
**(UNAUDITED)**

|   | 2008            | 2009           | 2010           | 2011           | 2012           | 2013           | 2014           | 2015           | 2016           | 2017           |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Revenues</b>                                   |                 |                |                |                |                |                |                |                |                |                |
| Taxes   | \$ 144,596      | \$ 154,155     | \$ 153,910     | \$ 155,419     | \$ 160,920     | \$ 171,771     | \$ 177,765     | \$ 178,740     | \$ 185,764     | \$ 196,822     |
| Licenses, permits, and franchises                 | 9,117           | 8,006          | 6,906          | 7,413          | 7,863          | 9,247          | 10,694         | 10,452         | 10,539         | 11,446         |
| Fines, forfeitures, and penalties                 | 6,224           | 6,973          | 6,078          | 7,993          | 6,750          | 6,654          | 5,257          | 5,686          | 5,173          | 4,339          |
| Revenues from use of money and property           | 8,452           | 4,122          | 1,644          | 1,242          | 2,273          | 1,475          | 1,373          | 3,864          | 4,939          | 3,984          |
| Aid from governmental agencies                    | 196,994         | 188,794        | 199,771        | 194,625        | 206,372        | 209,234        | 229,283        | 261,351        | 256,490        | 254,350        |
| Charges for current services                      | 50,592          | 54,208         | 47,065         | 56,486         | 45,538         | 41,690         | 50,071         | 43,530         | 46,308         | 49,460         |
| Other revenues                                    | 3,122           | 6,856          | 5,358          | 6,531          | 8,451          | 11,342         | 6,235          | 9,110          | 11,504         | 8,481          |
| Total revenues                                    | <u>419,097</u>  | <u>423,114</u> | <u>420,732</u> | <u>429,709</u> | <u>438,167</u> | <u>451,413</u> | <u>480,678</u> | <u>512,733</u> | <u>520,717</u> | <u>528,882</u> |
| <b>Expenditures</b>                               |                 |                |                |                |                |                |                |                |                |                |
| Current:  |                 |                |                |                |                |                |                |                |                |                |
| General government                                | 51,733          | 51,461         | 45,162         | 50,321         | 45,850         | 44,374         | 44,317         | 51,207         | 54,461         | 54,918         |
| Public protection                                 | 134,058         | 140,746        | 136,857        | 135,636        | 138,579        | 143,832        | 148,155        | 157,783        | 156,096        | 164,839        |
| Public ways and facilities                        | 44,814          | 42,139         | 31,093         | 37,261         | 40,338         | 34,178         | 28,528         | 29,903         | 41,044         | 29,077         |
| Health and sanitation                             | 66,180          | 67,267         | 68,442         | 68,472         | 67,830         | 70,021         | 74,586         | 75,116         | 81,591         | 88,623         |
| Public assistance                                 | 92,682          | 98,170         | 96,248         | 100,202        | 97,185         | 98,059         | 99,442         | 107,104        | 111,227        | 113,392        |
| Education   | 9,698           | 11,016         | 13,020         | 10,191         | 9,973          | 9,901          | 12,205         | 11,388         | 10,534         | 11,560         |
| Recreational and cultural services                | 9,911           | 8,654          | 8,313          | 7,187          | 6,998          | 7,538          | 7,993          | 10,104         | 9,888          | 9,963          |
| Debt service:                                     |                 |                |                |                |                |                |                |                |                |                |
| Principal payments                                | 2,601           | 3,264          | 3,790          | 4,595          | 4,435          | 4,065          | 5,412          | 6,070          | 6,788          | 7,576          |
| Interest and fiscal charges                       | 5,593           | 5,181          | 5,954          | 6,464          | 6,289          | 5,863          | 5,419          | 5,209          | 4,687          | 4,639          |
| Debt issuance costs                               | -               | -              | 550            | -              | -              | 269            | -              | -              | -              | -              |
| Capital outlay                                    | 13,333          | 2,849          | 1,965          | 3,399          | 5,540          | 3,692          | 11,312         | 20,019         | 30,465         | 11,554         |
| Total expenditures                                | <u>430,603</u>  | <u>430,747</u> | <u>411,394</u> | <u>423,728</u> | <u>423,017</u> | <u>421,792</u> | <u>437,369</u> | <u>473,903</u> | <u>506,781</u> | <u>496,141</u> |
| Excess (deficiency) of revenues over expenditures | <u>(11,506)</u> | <u>(7,633)</u> | <u>9,338</u>   | <u>5,981</u>   | <u>15,150</u>  | <u>29,621</u>  | <u>43,309</u>  | <u>38,830</u>  | <u>13,936</u>  | <u>32,741</u>  |

Continued

**COUNTY OF SAN LUIS OBISPO**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (Continued)**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**  
**(UNAUDITED)**

|   | 2008              | 2009              | 2010            | 2011            | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             |
|---|-------------------|-------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Other Financing Sources</b>                            |                   |                   |                 |                 |                  |                  |                  |                  |                  |                  |
| Refunding certificates of participation issued            | -                 | -                 | -               | -               | -                | 14,427           | -                | -                | -                | -                |
| Premium on refunding certificates of participation issued | -                 | -                 | -               | -               | -                | 1,418            | -                | -                | -                | -                |
| Proceeds of long term debt                                | 7,325             | -                 | -               | -               | -                | -                | -                | -                | -                | -                |
| Refunding bonds issued                                    | -                 | -                 | 42,565          | -               | -                | -                | -                | -                | -                | -                |
| Payment to refunded escrow agent                          | -                 | -                 | (42,000)        | -               | -                | (16,400)         | -                | -                | -                | -                |
| Discount on certificates of participation issued          | (119)             | -                 | -               | -               | -                | -                | -                | -                | -                | -                |
| Transfers in  | 42,324            | 43,523            | 33,044          | 34,421          | 35,815           | 48,113           | 26,502           | 33,299           | 35,803           | 57,668           |
| Transfers out   | (42,751)          | (42,833)          | (33,065)        | (33,595)        | (27,138)         | (47,021)         | (25,935)         | (34,924)         | (35,641)         | (58,927)         |
| Total other financing sources and uses                    | <u>6,779</u>      | <u>690</u>        | <u>544</u>      | <u>826</u>      | <u>8,677</u>     | <u>537</u>       | <u>567</u>       | <u>(1,625)</u>   | <u>162</u>       | <u>(1,259)</u>   |
| Special Item  | -                 | -                 | -               | -               | -                | -                | (2,800)          | -                | -                | -                |
| Net change in fund balances                               | <u>\$ (4,727)</u> | <u>\$ (6,943)</u> | <u>\$ 9,882</u> | <u>\$ 6,807</u> | <u>\$ 23,827</u> | <u>\$ 30,158</u> | <u>\$ 41,076</u> | <u>\$ 37,205</u> | <u>\$ 14,098</u> | <u>\$ 31,482</u> |
| Debt Service as a percentage of non-capital expenditures  | 2.13%             | 2.13%             | 2.51%           | 2.80%           | 2.73%            | 2.48%            | 2.61%            | 2.57%            | 2.54%            | 2.62%            |

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

**COUNTY OF SAN LUIS OBISPO  
ESTIMATED 30 YEAR PENSION LIABILITY FUNDING  
SCHEDULE BASED ON JANUARY 1, 2017 ACTUARIAL  
VALUATION WITH TIER 3 (AB 340)  
7.125% INVESTMENT RATE OF RETURN ASSUMPTION  
3.375% PAYROLL GROWTH ASSUMPTION**

| Valuation as of January 1, | Input Market Return for Past Fiscal Year | Market Return for Past Fiscal Year | Total Contribution Rate | Compensation at Valuation | Total Contribution | Actuarial Accrued Liability (AAL) | Actuarial Value of Assets (AVA) | Unfunded AAL | Funded Ratio | Total Normal Cost Rate | Market Value of Assets (MVA) | Funded Ratio Using MVA |
|----------------------------|--|------------------------------------|-------------------------|---------------------------|--------------------|-----------------------------------|---------------------------------|--------------|--------------|------------------------|------------------------------|------------------------|
| 2017                       | 7.125%                                   | 6.13%                              | 40.37%                  | 185                       | 74.7               | 1,829                             | 1,268                           | 560          | 69.4%        | 21.08%                 | 1,181                        | 64.6%                  |
| 2018                       | 7.125%                                   | 7.125%                             | 41.15%                  | 190                       | 78.0               | 1,908                             | 1,312                           | 596          | 68.7%        | 20.53%                 | 1,251                        | 65.6%                  |
| 2019                       | 7.125%                                   | 7.125%                             | 42.07%                  | 195                       | 81.8               | 1,987                             | 1,355                           | 633          | 68.2%        | 20.07%                 | 1,323                        | 66.6%                  |
| 2020                       | 7.125%                                   | 7.125%                             | 42.84%                  | 199                       | 85.4               | 2,066                             | 1,404                           | 662          | 68.0%        | 19.64%                 | 1,398                        | 67.7%                  |
| 2021                       | 7.125%                                   | 7.125%                             | 42.91%                  | 204                       | 87.7               | 2,143                             | 1,475                           | 668          | 68.8%        | 19.24%                 | 1,475                        | 68.8%                  |
| 2022                       | 7.125%                                   | 7.125%                             | 42.87%                  | 210                       | 89.9               | 2,220                             | 1,551                           | 669          | 69.9%        | 18.88%                 | 1,553                        | 70.0%                  |
| 2023                       | 7.125%                                   | 7.125%                             | 42.83%                  | 215                       | 92.1               | 2,295                             | 1,629                           | 666          | 71.0%        | 18.53%                 | 1,633                        | 71.1%                  |
| 2024                       | 7.125%                                   | 7.125%                             | 42.79%                  | 221                       | 94.5               | 2,369                             | 1,708                           | 661          | 72.1%        | 18.24%                 | 1,712                        | 72.3%                  |
| 2025                       | 7.125%                                   | 7.125%                             | 42.74%                  | 227                       | 96.9               | 2,441                             | 1,788                           | 653          | 73.3%        | 17.97%                 | 1,793                        | 73.5%                  |
| 2026                       | 7.125%                                   | 7.125%                             | 42.71%                  | 233                       | 99.5               | 2,512                             | 1,870                           | 642          | 74.5%        | 17.73%                 | 1,875                        | 74.7%                  |
| 2027                       | 7.125%                                   | 7.125%                             | 42.68%                  | 240                       | 102.2              | 2,581                             | 1,953                           | 628          | 75.7%        | 17.51%                 | 1,959                        | 75.9%                  |
| 2028                       | 7.125%                                   | 7.125%                             | 42.68%                  | 246                       | 105.1              | 2,648                             | 2,038                           | 610          | 77.0%        | 17.31%                 | 2,043                        | 77.2%                  |
| 2029                       | 7.125%                                   | 7.125%                             | 42.70%                  | 253                       | 108.2              | 2,714                             | 2,124                           | 590          | 78.3%        | 17.14%                 | 2,130                        | 78.5%                  |
| 2030                       | 7.125%                                   | 7.125%                             | 42.72%                  | 261                       | 111.4              | 2,778                             | 2,213                           | 565          | 79.7%        | 16.98%                 | 2,218                        | 79.8%                  |
| 2031                       | 7.125%                                   | 7.125%                             | 47.77%                  | 269                       | 114.9              | 2,840                             | 2,304                           | 536          | 81.1%        | 16.84%                 | 2,309                        | 81.3%                  |
| 2032                       | 7.125%                                   | 7.125%                             | 42.82%                  | 277                       | 118.5              | 2,901                             | 2,398                           | 503          | 82.7%        | 16.71%                 | 2,404                        | 82.9%                  |
| 2033                       | 7.125%                                   | 7.125%                             | 42.89%                  | 285                       | 122.3              | 2,960                             | 2,496                           | 464          | 84.3%        | 16.59%                 | 2,501                        | 84.5%                  |
| 2034                       | 7.125%                                   | 7.125%                             | 42.98%                  | 294                       | 126.3              | 3,019                             | 2,598                           | 420          | 86.1%        | 16.49%                 | 2,604                        | 86.2%                  |
| 2035                       | 7.125%                                   | 7.125%                             | 43.10%                  | 303                       | 130.5              | 3,076                             | 2,705                           | 370          | 88.0%        | 16.39%                 | 2,711                        | 88.1%                  |
| 2036                       | 7.125%                                   | 7.125%                             | 43.26%                  | 312                       | 135.1              | 3,132                             | 2,818                           | 314          | 90.0%        | 16.31%                 | 2,824                        | 90.2%                  |
| 2037                       | 7.125%                                   | 7.125%                             | 43.48%                  | 322                       | 140.1              | 3,188                             | 2,938                           | 250          | 92.2%        | 16.24%                 | 2,943                        | 92.3%                  |
| 2038                       | 7.125%                                   | 7.125%                             | 43.81%                  | 332                       | 145.6              | 3,243                             | 3,066                           | 177          | 94.5%        | 16.17%                 | 3,071                        | 94.7%                  |
| 2039                       | 7.125%                                   | 7.125%                             | 44.50%                  | 343                       | 152.6              | 3,298                             | 3,203                           | 96           | 97.1%        | 16.11%                 | 3,208                        | 97.3%                  |
| 2040                       | 7.125%                                   | 7.125%                             | 16.78%                  | 354                       | 59.4               | 3,354                             | 3,351                           | 2            | 99.9%        | 16.06%                 | 3,357                        | 100.1%                 |
| 2041                       | 7.125%                                   | 7.125%                             | 16.28%                  | 365                       | 59.5               | 3,410                             | 3,409                           | -            | 100.0%       | 16.02%                 | 3,414                        | 100.1%                 |
| 2042                       | 7.125%                                   | 7.125%                             | 16.24%                  | 377                       | 61.3               | 3,467                             | 3,466                           | -            | 100.0%       | 15.98%                 | 3,471                        | 100.1%                 |
| 2043                       | 7.125%                                   | 7.125%                             | 16.21%                  | 389                       | 63.1               | 3,524                             | 3,523                           | -            | 100.0%       | 15.95%                 | 3,529                        | 100.1%                 |
| 2044                       | 7.125%                                   | 7.125%                             | 16.20%                  | 402                       | 65.2               | 3,584                             | 3,583                           | -            | 100.0%       | 15.93%                 | 3,588                        | 100.1%                 |
| 2045                       | 7.125%                                   | 7.125%                             | 16.18%                  | 416                       | 67.2               | 3,646                             | 3,645                           | -            | 100.0%       | 15.91%                 | 3,650                        | 100.1%                 |
| 2046                       | 7.125%                                   | 7.125%                             | 16.16%                  | 429                       | 69.4               | 3,710                             | 3,709                           | -            | 100.0%       | 15.89%                 | 3,714                        | 100.1%                 |
| 2047                       | 7.125%                                   | 7.125%                             | 16.16%                  | 444                       | 71.7               | 3,777                             | 3,776                           | -            | 100.0%       | 15.88%                 | 3,781                        | 100.1%                 |

Discussion: This schedule, called a projection in the prior year, is prepared by the SLO County Pension Trust's actuary and is a supplement to the annual Actuarial Valuation Report. Its purpose is to project progress towards fully funding the Actuarial Accrued Liability of the San Luis Obispo County Employees Retirement Plan. Current policy of the Plan Sponsor is to fund the Retirement Plan such that the Unfunded AAL reaches \$0 over the 30 years ending in 2040.

Notes: Subject to change annually. Funding policy of the Plan Sponsor subject to change.

Assumes no actuarial gains and losses, other than from assets. Based on constant population.

Tier 3 changes include no DROP, 2% COLA, pay limited to Social Security Taxable Wage Base (\$117,000 for 2014), 3 year Final Average Compensation for members hired on or after January 1, 2013.

The Unfunded Actuarial Liability presented in this schedule and used for funding purposes is calculated using the smoothed actuarial value of Plan assets. This differs from the Net Pension Liability used for financial statement reporting under GASB 68 which is measured using the market value of Plan assets.

Amounts in this schedule differ from those used for financial reporting. This schedule contains values based on a January 1, 2017 actuarial valuation report. Net Pension Liability and related amounts used for financial reporting are based on a June 30, 2017 actuarial valuation report.

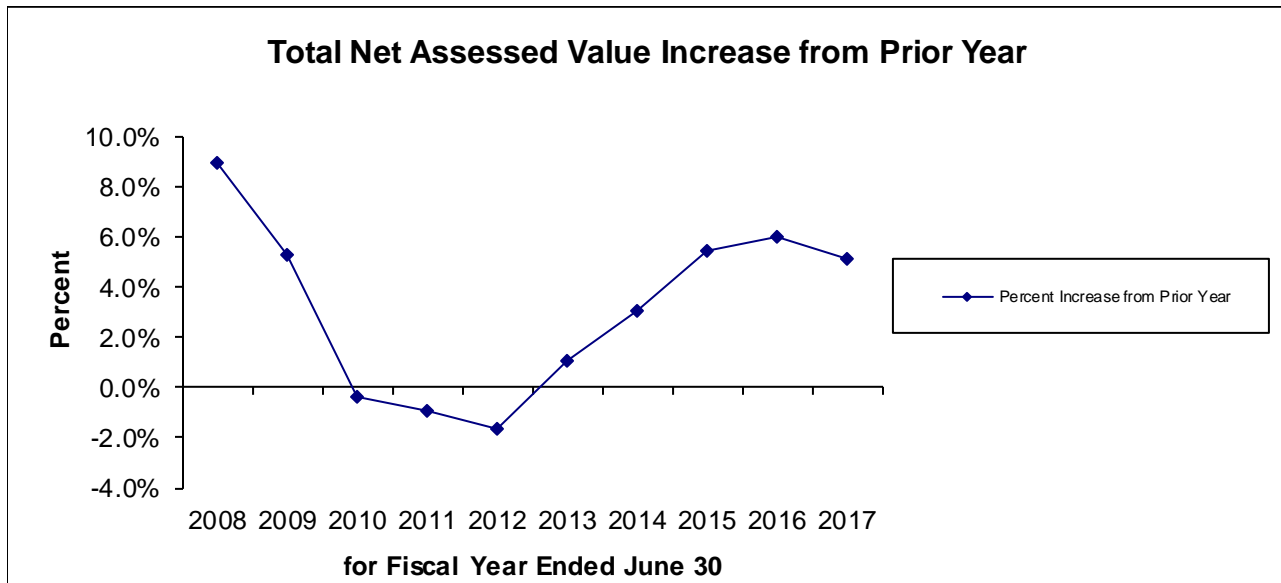
All dollar amounts in millions.

Source: Gabriel Roeder Smith & Company  
Supplementary exhibit to the 2017 SLO County Pension Trust Actuarial Valuation Report  
For the Year Beginning January 1, 2017

**COUNTY OF SAN LUIS OBISPO  
 ASSESSED VALUATION\*  
 LAST TEN FISCAL YEARS  
 (In Thousands)  
 (UNAUDITED)**

| Fiscal Year | Secured       | Unsecured    | Exemptions   | Net Assessed Valuations | Percentage Increase from Prior Year | Tax Rate |
|-------------|---------------|--------------|--------------|-------------------------|-------------------------------------|----------|
| 2008        | \$ 40,252,987 | \$ 1,035,443 | \$ (835,356) | \$ 40,453,074           | 9.0%                                | 1.0020   |
| 2009        | 42,348,044    | 1,132,435    | (891,949)    | 42,588,530              | 5.3%                                | 1.0020   |
| 2010        | 42,185,284    | 1,148,662    | (914,309)    | 42,419,637              | -0.4%                               | 1.0020   |
| 2011        | 41,846,720    | 1,118,384    | (927,194)    | 42,037,910              | -0.9%                               | 1.0029   |
| 2012        | 41,223,923    | 1,081,597    | (965,089)    | 41,340,431              | -1.7%                               | 1.0030   |
| 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   |

Source: County Assessed Values, Exemptions and Growth % Book



\* 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.

**COUNTY OF SAN LUIS OBISPO  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST TEN FISCAL YEARS  
(PER \$100 OF ASSESSED VALUES)  
(UNAUDITED)**

|  | 2008    | 2009    | 2010    | 2011    | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| <b>County Direct Rates</b>                                   |         |         |         |         |         |         |         |         |         |         |
| General  | 1.0000  | 1.0000  | 1.0000  | 1.0000  | 1.0000  | 1.0000  | 1.0000  | 1.0000  | 1.0000  | 1.0000  |
| State Water Project  | 0.00220 | 0.00220 | 0.00220 | 0.00290 | 0.00300 | 0.00400 | 0.00400 | 0.00400 | 0.00374 | 0.00400 |
| Total Direct Rate  | 1.00220 | 1.00220 | 1.00220 | 1.00290 | 1.00300 | 1.00400 | 1.00400 | 1.00400 | 1.00374 | 1.00400 |
| <b>Cities, Schools, and Special Districts Combined Rates</b> |         |         |         |         |         |         |         |         |         |         |
| Arroyo Grande  | 0.0422  | 0.0464  | 0.0464  | 0.0470  | 0.0477  | 0.0576  | 0.0580  | 0.0569  | 0.0756  | 0.0680  |
| Atascadero   | 0.0975  | 0.0975  | 0.0975  | 0.0975  | 0.0442  | 0.0452  | 0.0452  | 0.0590  | 0.1373  | 0.1373  |
| Grover Beach   | 0.0333  | 0.0382  | 0.0382  | 0.0389  | 0.0396  | 0.0495  | 0.0499  | 0.0509  | 0.0940  | 0.1023  |
| Morro Bay  | 0.0492  | 0.0492  | 0.0492  | 0.0499  | 0.0501  | 0.0510  | 0.0510  | 0.0510  | 0.0688  | 0.0683  |
| Paso Robles  | 0.0997  | 0.0948  | 0.0988  | 0.0389  | 0.0816  | 0.0815  | 0.0815  | 0.0782  | 0.0955  | 0.0828  |
| Pismo Beach  | 0.0333  | 0.0382  | 0.0382  | 0.0389  | 0.0396  | 0.0495  | 0.0499  | 0.0509  | 0.0700  | 0.0680  |
| San Luis Obispo  | -       | -       | -       | -       | -       | -       | -       | -       | 0.0683  | 0.0683  |

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 2017    |      |   | Fiscal Year 2008    |      |   |
|--------------------------------|----------------------|---------------------|------|---|---------------------|------|---|
|                                |                      | Assessed Value      | Rank | Percentage of Total County Assessed Value | Assessed Value      | Rank | Percentage of Total County Assessed Value |
| Pacific Gas & Electric Co.     | Utility              | \$ 2,546,219        | 1    | 5.03%                                     | \$ 2,264,071        | 1    | 5.60%                                     |
| Phillips 66 Company            | Oil Refinery         | 149,256             | 2    | 0.29%                                     | -                   | -    | -   |
| Beringer Wine Estates Company  | Winery               | 89,124              | 3    | 0.18%                                     | 64,450              | 5    | 0.16%                                     |
| CAP VIII - Mustang Village LLC | Apartments           | 88,660              | 4    | 0.18%                                     | 72,225              | 3    | 0.18%                                     |
| E&J Gallo Winery               | Winery               | 78,324              | 5    | 0.15%                                     | -                   | -    | -   |
| Martin Hotel Mgmt Co LLC       | Hotel                | 66,471              | 6    | 0.13%                                     | 58,928              | 6    | 0.15%                                     |
| AT&T California                | Telephone            | 62,531              | 7    | 0.12%                                     | -                   | -    | -   |
| Pasquini Charles Jr TRE ETAL   | Multi-Property Owner | 59,063              | 8    | 0.12%                                     | -                   | -    | -   |
| Firestone Walker LLC           | Brewery              | 56,396              | 9    | 0.11%                                     | -                   | -    | -   |
| Brodiaea Inc                   | Land Management      | 45,866              | 10   | 0.09%                                     | -                   | -    | -   |
| TOSCO Corp                     | Petroleum & Gas      | -                   | -    | -   | 145,904             | 2    | 0.36%                                     |
| AT&T California                | Communications       | -                   | -    | -   | 69,865              | 4    | 0.17%                                     |
| Southern California Gas Co.    | Utility              | -                   | -    | -   | 52,984              | 7    | 0.13%                                     |
| LSP Morro Bay, LLC             | Utility              | -                   | -    | -   | 52,700              | 8    | 0.13%                                     |
| Centex Homes                   | Developer            | -                   | -    | -   | 52,478              | 9    | 0.13%                                     |
| Twin Cities Com. Hospital      | Hospital             | -                   | -    | -   | 52,370              | 10   | 0.13%                                     |
| Total                          |                      | <u>\$ 3,241,910</u> |      | <u>6.40%</u>                              | <u>\$ 2,885,975</u> |      | <u>7.13%</u>                              |
| Total County Assessed Value    |                      | \$ 50,647,598       |      |   | \$ 40,453,074       |      |   |

Source: County Property Tax System

**COUNTY OF SAN LUIS OBISPO  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(In Thousands)  
(UNAUDITED)**

| Fiscal Year | 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 |                                  |                   |                      |
| 2008        | \$ 394,779                     | \$ 380,943                                   | 96.50%             | N/A                              | \$ 13,836         | 3.50%                |
| 2009        | 416,262                        | 400,120                                      | 96.12%             | N/A                              | 16,142            | 3.88%                |
| 2010        | 412,698                        | 398,951                                      | 96.67%             | N/A                              | 13,747            | 3.33%                |
| 2011        | 408,623                        | 397,830                                      | 97.36%             | N/A                              | 10,793            | 2.64%                |
| 2012        | 403,472                        | 396,238                                      | 98.21%             | N/A                              | 7,234             | 1.79%                |
| 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%                |

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<br>June 30, | Special<br>Assessment<br>Billings<br>(a) | Special<br>Assessment<br>Collected<br>(a) |
|------------------------|--|---|
| 2011                   | \$ -                                     | \$ 3,127 * √                              |
| 2012                   | 3,664                                    | 3,786 *                                   |
| 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                                     |

**Note:**

The billings and collections shown are for those Special Assessment Bonds related to the Los Osos Wastewater Project for which the County has established redemption funds for the purpose of facilitating bond payment in the case of delinquent accounts. 2011 was the first year of special assessment billings and collections.

**Source:**

a. County Property Tax System

\* Amounts restated

√ In 2011 the special assessment collected source is Public Works by County Enterprise System



**COUNTY OF SAN LUIS OBISPO  
RATIOS OF TOTAL DEBT OUTSTANDING  
LAST TEN FISCAL YEARS  
(In Thousands)  
(UNAUDITED)**

|   | 2008             | 2009             | 2010             | 2011             | 2012             | 2013             | 2014             | 2015             | 2016             | 2017             |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Governmental Activities</b>                    |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Certificates of Participation                     | \$33,319         | \$31,920         | \$30,420         | \$28,820         | \$27,895         | \$25,662         | \$24,640         | \$23,600         | \$22,527         | \$21,411         |
| Less deferred amounts:                            |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| For issuance discounts:                           | (119)            | (115)            | (111)            | (107)            | (103)            | (99)             | (95)             | (91)             | (87)             | (83)             |
| Add deferred amounts:                             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| For issuance premiums:                            | -                | -                | -                | -                | -                | 1,329            | 1,240            | 1,152            | 1,063            | 975              |
| Pension Obligation Bonds                          | 129,034          | 127,169          | 125,444          | 122,689          | 119,429          | 115,624          | 111,234          | 146,219          | 145,291          | 143,890          |
| <b>Total bonds and notes payable</b>              | <b>162,234</b>   | <b>158,974</b>   | <b>155,753</b>   | <b>151,402</b>   | <b>147,221</b>   | <b>142,516</b>   | <b>137,019</b>   | <b>170,880</b>   | <b>168,794</b>   | <b>166,193</b>   |
| <b>Business-Type Activities</b>                   |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| Certificates of Participation                     | 20,985           | 20,848           | 20,657           | 19,897           | 19,060           | 17,920           | 18,257           | 17,745           | 17,194           | 16,470           |
| Add deferred amounts:                             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| For issuance premiums:                            | -                | -                | -                | -                | -                | 492              | 459              | 426              | 393              | 361              |
| Pension Obligation Bonds                          |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| State Note  | 31,824           | 32,283           | 32,418           | 31,024           | 35,884           | 34,399           | 46,529           | 72,774           | 86,611           | 85,674           |
| Revenue Bonds                                     | 196,461          | 196,456          | 196,450          | 196,444          | 193,483          | 190,389          | 187,170          | 183,813          | 177,198          | 173,535          |
| Add deferred amounts:                             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| For issuance premiums:                            | 6,371            | 6,371            | 6,371            | 6,371            | 6,158            | 5,945            | 5,732            | 5,519            | 10,058           | 9,623            |
| Unamortized outflow on Bond Refinancing           | -                | -                | -                | -                | -                | -                | -                | -                | (4,171)          | (3,990)          |
| General Obligation Bonds                          | 11,730           | 11,450           | 11,155           | 10,760           | 10,245           | 9,890            | 9,530            | 9,155            | 8,760            | 8,350            |
| Add deferred amounts:                             |                  |                  |                  |                  |                  |                  |                  |                  |                  |                  |
| For issuance premiums:                            | -                | -                | -                | 1,128            | 1,072            | 1,015            | 959              | 902              | 846              | 790              |
| Bond Anticipation Notes                           | -                | -                | -                | 8,677            | -                | -                | -                | -                | -                | -                |
| Assessment Bonds                                  | -                | -                | -                | -                | 15,364           | 39,527           | 76,438           | 79,829           | 79,396           | 78,089           |
| <b>Total bonds and notes payable</b>              | <b>267,371</b>   | <b>267,408</b>   | <b>267,051</b>   | <b>274,301</b>   | <b>281,266</b>   | <b>299,577</b>   | <b>345,074</b>   | <b>370,163</b>   | <b>376,285</b>   | <b>368,902</b>   |
| <b>Total Outstanding Debt</b>                     | <b>\$429,605</b> | <b>\$426,382</b> | <b>\$422,804</b> | <b>\$425,703</b> | <b>\$428,487</b> | <b>\$442,093</b> | <b>\$482,093</b> | <b>\$541,043</b> | <b>\$545,079</b> | <b>\$535,095</b> |
| Percentage of Personal Income                     | N/A              | N/A              | N/A              | N/A              | N/A              | N/A              | N/A              | N/A              | N/A              | N/A              |
| Percentage of Assessed Value of Taxable Property* | 1.06%            | 1.00%            | 1.00%            | 1.01%            | 1.04%            | 1.06%            | 1.12%            | 1.19%            | 1.13%            | 1.06%            |
| Net outstanding debt Per Capita                   | \$ 1,595.05      | \$ 1,576.69      | \$ 1,547.42      | \$ 1,571.06      | \$ 1,578.32      | \$ 1,624.28      | \$ 1,770.08      | \$ 1,972.50      | \$ 1,960.88      | \$ 1,910.36      |

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

Source: Notes to the Financial Statements, Note 10

\* 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.

**COUNTY OF SAN LUIS OBISPO**  
**RATIOS OF GENERAL OBLIGATION DEBT OUTSTANDING**  
**LAST TEN FISCAL YEARS**  
**(In Thousands)**  
**(UNAUDITED)**

|   | 2008             | 2009             | 2010             | 2011             | 2012             | 2013             | 2014             | 2015              | 2016             | 2017             |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|------------------|------------------|
| Certificates of Participation                                   | \$18,965         | \$18,361         | \$17,730         | \$17,075         | \$16,400         | \$14,427         | \$13,675         | \$12,915          | \$12,137         | \$11,326         |
| Less deferred amounts:  |                  |                  |                  |                  |                  |                  |                  |                   |                  |                  |
| For issuance discounts:   | -                | -                | -                | -                | -                | (99)             | (95)             | (91)              | (87)             | (83)             |
| Add deferred amounts:   |                  |                  |                  |                  |                  |                  |                  |                   |                  |                  |
| For issuance premiums:  | -                | -                | -                | -                | -                | 1,330            | 1,240            | 1,152             | 1,063            | 975              |
| General Obligation Bonds  | 11,730           | 11,450           | 11,155           | 10,760           | 10,245           | 9,890            | 9,530            | 9,155             | 8,760            | 8,350            |
| Add deferred amounts:   |                  |                  |                  |                  |                  |                  |                  |                   |                  |                  |
| For issuance premiums:  | -                | -                | -                | 1,128            | 1,072            | 1,015            | 959              | 902               | 846              | 790              |
| Assessment Bonds  | -                | -                | -                | -                | 15,364           | 39,527           | 76,438           | 79,829            | 79,396           | 78,089           |
| Less resources restricted for principal repayment <sup>1</sup>  | (8,263)          | (3,683)          | (3,551)          | (2,848)          | (2,893)          | (2,684)          | (2,683)          | (2,683)           | (2,688)          | (2,692)          |
| <b>Net Total General Obligation Debt <sup>1</sup></b>           | <b>\$ 22,432</b> | <b>\$ 26,128</b> | <b>\$ 25,334</b> | <b>\$ 26,115</b> | <b>\$ 40,188</b> | <b>\$ 63,406</b> | <b>\$ 99,064</b> | <b>\$ 101,179</b> | <b>\$ 99,427</b> | <b>\$ 96,755</b> |
| Percentage of Personal Income                                   | N/A              | N/A              | N/A              | N/A              | N/A              | N/A              | N/A              | N/A               | N/A              | N/A              |
| Percentage of Assessed Value of Taxable Property <sup>1,2</sup> | 0.06%            | 0.06%            | 0.06%            | 0.06%            | 0.10%            | 0.15%            | 0.23%            | 0.22%             | 0.21%            | 0.19%            |
| Net outstanding debt Per Capita <sup>1</sup>                    | \$ 83.29         | \$ 96.62         | \$ 92.72         | \$ 96.38         | \$ 148.03        | \$ 232.96        | \$ 363.73        | \$ 368.87         | \$ 357.68        | \$ 345.43        |

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

Source: Notes to the Financial Statements, Note 10

<sup>1</sup> 2008-2016 amounts were restated to remove resources restricted for repayment of pension obligation debt from the calculation.

<sup>2</sup> 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.

**COUNTY OF SAN LUIS OBISPO  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(In Thousands)  
(UNAUDITED)**

|   | 2008          | 2009          | 2010          | 2011          | 2012          | 2013          | 2014          | 2015          | 2016          | 2017          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Assessed Value of Property (a) (b)                      | \$ 40,453,074 | \$ 42,588,529 | \$ 42,419,637 | \$ 42,037,909 | \$ 41,340,430 | \$ 41,796,283 | \$ 43,059,945 | \$ 45,426,163 | \$ 48,172,375 | \$ 50,647,598 |
| Debt Limit, 1.25% of Assessed Value                     | 505,663       | 532,357       | 530,245       | 525,474       | 516,755       | 522,454       | 538,249       | 567,827       | 602,155       | 633,095       |
| <i>Amount of Debt Applicable to Limit</i>               |               |               |               |               |               |               |               |               |               |               |
| General Obligation Bonds (c)                            | 11,730        | 11,450        | 11,155        | 11,888        | 11,317        | 10,905        | 10,489        | 10,057        | 9,606         | 9,140         |
| Less: Resources Restricted to Paying Principal          | -             | -             | -             | -             | -             | -             | -             | -             | -             | -             |
| Total Debt Applicable                                   | 11,730        | 11,450        | 11,155        | 11,888        | 11,317        | 10,905        | 10,489        | 10,057        | 9,606         | 9,140         |
| Legal Debt Margin                                       | \$ 493,933    | \$ 520,907    | \$ 519,090    | \$ 513,586    | \$ 505,438    | \$ 511,549    | \$ 527,760    | \$ 557,770    | \$ 592,549    | \$ 623,955    |
| Total Debt Applicable as a Percentage of the Debt Limit | 2.32%         | 2.15%         | 2.10%         | 2.26%         | 2.19%         | 2.09%         | 1.95%         | 1.77%         | 1.60%         | 1.44%         |

Source:

- (a) Property Assessed Value BOE report (years 2000-2008)
- (b) Countywide Assessed Values & Exemptions 2009 and ongoing years
- (c) Footnote 10 Bonded Indebtedness and Long-Term Debt

**Assessed value calculation (in thousands)**

|                                    |                     |
|------------------------------------|---------------------|
| <b>Locally Assessed-Secured</b>    |                     |
| San Luis Obispo Countywide         | \$47,575,613        |
| Pipeline Right-of-Way (Unitary)    | 6,391               |
| Aircraft                           | 157,129             |
| Total Local Assessed               | 47,739,134          |
| <b>State Assessed</b>              |                     |
| Local Utility                      | 23,772              |
| Unitary                            | 2,884,693           |
| Total State Assessed               | 2,908,465           |
| <b>Combined Assessed Values</b>    |                     |
| Sub-Total Combined Assessed Values | 50,490,469          |
| Aircraft                           | 157,129             |
| Total Combined Assessed Values     | <u>\$50,647,598</u> |

**COUNTY OF SAN LUIS OBISPO  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

| Calendar<br>Year | Population<br>(1,a) | Personal Income           | Per Capita Income<br>(2,a,d) | Median Age<br>(4,c) | School Enrollment<br>(3,b,e) | Unemployment  |
|------------------|---------------------|---------------------------|------------------------------|---------------------|------------------------------|---------------|
|                  |                     | (in thousands)<br>(2,a,d) |                              |                     |                              | Rate<br>(2,a) |
| 2008             | 269,337             | 10,709,753                | 40,204                       | 37.30               | 44,441                       | 5.7           |
| 2009             | 270,429             | 10,237,494                | 38,179                       | 39.30               | 44,874                       | 9.0           |
| 2010             | 273,231             | 10,532,649                | 38,994                       | 39.40               | 44,351                       | 10.0          |
| 2011             | 270,966             | 10,966,438                | 40,322                       | 40.30               | 44,104                       | 9.9           |
| 2012             | 271,483             | 12,008,355                | 43,698                       | 39.20               | 43,022                       | 8.5           |
| 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             | N/A                       | N/A                          | N/A                 | 43,117                       | 4.5           |
| 2017             | 280,101             | N/A                       | N/A                          | N/A                 | 43,112                       | 3.6           |

Sources:

1. State Department of Finance
2. Employment Development Department, Research Division, Los Angeles
3. California Department of Education & Cuesta College
4. U.S. Census Bureau

Notes:

N/A = not available

- a. Data for Calendar Years
- b. Data includes kindergarten through grade 12 and Cuesta College
- c. Calendar year 2011 -2015 figures are projections based on the 2010 census
- d. Prior years were revised per the US Department of Commerce
- e. Data for School Year ending in the stated calendar year.

**COUNTY OF SAN LUIS OBISPO  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO  
(UNAUDITED)**

| Employer                          | 2017                |      |                                       | 2008                |      |                                       |
|-----------------------------------|---------------------|------|---------------------------------------|---------------------|------|---------------------------------------|
|                                   | Number of Employees | Rank | Percentage of Total County Employment | Number of Employees | Rank | Percentage of Total County Employment |
| Cal Poly State University, SLO    | 3,000               | 1    | 2.18%                                 | 4,617               | 1    | 3.34%                                 |
| County of San Luis Obispo         | 2,920               | 2    | 2.12%                                 | 2,598               | 2    | 1.88%                                 |
| Atascadero State Hospital         | 2,000               | 3    | 1.45%                                 | 2,166               | 3    | 1.57%                                 |
| Pacific Gas and Electric Company  | 1,866               | 4    | 1.36%                                 | 1,800               | 5    | 1.30%                                 |
| California Men's Colony           | 1,517               | 5    | 1.10%                                 | 1,875               | 4    | 1.36%                                 |
| Cal Poly Corporation              | 1,400               | 6    | 1.02%                                 | 1,568               | 6    | 1.13%                                 |
| Tenet Healthcare                  | 1,305               | 7    | 0.95%                                 | -                   | -    | -                                     |
| Compass Health Inc                | 1,200               | 8    | 0.87%                                 | -                   | -    | -                                     |
| Lucia Mar Unified School District | 1,000               | 9    | 0.73%                                 | 1,276               | 7    | 0.92%                                 |
| Paso Robles Public Schools        | 935                 | 10   | 0.68%                                 | 821                 | 10   | 0.59%                                 |
| Cuesta College                    | -                   | -    | -                                     | 1,116               | 8    | 0.81%                                 |
| San Luis Unified School District  | -                   | -    | -                                     | 821                 | 9    | 0.59%                                 |
| Total Employment Labor Force      |                     |      | 137,600                               |                     |      | 138,200                               |

Source:

1. SLO Chamber of Commerce
2. State of California Employment Development Department
3. 2007-2008 San Luis Obispo County CAFR

**COUNTY OF SAN LUIS OBISPO  
 FULL TIME EQUIVALENT COUNTY GOVERNMENT  
 EMPLOYEES BY FUNCTION  
 LAST TEN FISCAL YEARS  
 (UNAUDITED)**

| Function/Program                 | 2008            | 2009            | 2010            | 2011            | 2012            | 2013            | 2014            | 2015            | 2016            | 2017            |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| General Government               | 495.50          | 485.25          | 451.00          | 442.75          | 437.50          | 438.25          | 430.75          | 436.75          | 440.50          | 430.75          |
| Public Protection                | 891.75          | 879.50          | 799.75          | 783.25          | 808.25          | 812.00          | 817.25          | 832.25          | 848.25          | 867.00          |
| Public Ways and Facilities       | 191.25          | 199.25          | 202.25          | 194.25          | 193.75          | 193.75          | 188.75          | 190.75          | 207.75          | 234.75          |
| Health and Sanitation            | 423.75          | 421.00          | 424.75          | 424.00          | 430.50          | 445.25          | 464.00          | 485.25          | 505.50          | 556.00          |
| Public Assistance                | 453.25          | 437.25          | 426.75          | 424.75          | 425.75          | 428.00          | 478.00          | 500.75          | 524.00          | 524.00          |
| Education                        | 87.50           | 87.50           | 78.50           | 78.50           | 77.50           | 75.50           | 75.50           | 75.50           | 77.50           | 78.00           |
| Recreation and Cultural Services | 58.00           | 58.00           | 56.00           | 56.00           | 52.00           | 52.00           | 55.00           | 59.00           | 60.00           | 61.00           |
| Total                            | <u>2,601.00</u> | <u>2,567.75</u> | <u>2,439.00</u> | <u>2,403.50</u> | <u>2,425.25</u> | <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> |

Source: County Budget Report

Notes:

Position allocation figures are calculated at the time of budget preparation for the following year.  
 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   | 2008     | 2009     | 2010     | 2011     | 2012     | 2013     | 2014     | 2015     | 2016     | 2017     |
|---|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>Recreation and Cultural Services</b>   |          |          |          |          |          |          |          |          |          |          |
| <b>Parks</b>  |          |          |          |          |          |          |          |          |          |          |
| <i>Day Use Passes</i>   | 65,895   | 47,156   | 47,011   | 51,519   | 57,135   | 56,601   | 42,821   | 57,564   | n/a      | n/a      |
| <i>Daily Passes</i>   | n/a      | n/a      | n/a      | n/a      | n/a      | n/a      | 246,727  | 239,140  | 189,232  | 230,915  |
| <i>Annual Passes</i>  | 1,598    | 3,547    | 2,220    | 1,992    | 2,357    | 2,406    | 2,998    | 3,137    | n/a      | n/a      |
| <i>Annual Vehicle Passes</i>  | n/a      | n/a      | n/a      | n/a      | n/a      | n/a      | 8,744    | 12,584   | 9,614    | 6,504    |
| <i>Daily Boat Launches</i>  | 14,085   | 16,864   | 15,802   | 15,602   | 16,133   | 14,809   | 26,110   | 23,706   | 16,001   | 16,312   |
| <i>Annual Boat Passes</i>   | 847      | 752      | 627      | 618      | 238      | 551      | 1,412    | 1,245    | 480      | 1,383    |
| <b>Public Protection</b>  |          |          |          |          |          |          |          |          |          |          |
| <b>Planning and Building</b>  |          |          |          |          |          |          |          |          |          |          |
| <i>Total Permits Issued</i>   | 2,634    | 2,261    | 2,067    | 2,073    | 2,086    | 2,070    | 2,622    | 3,139    | 3,355    | 3,927    |
| <i>Number of New Affordable Housing</i>   | 218      | 105      | 82       | 80       | 39       | 44       | 13       | 151      | 99       | 65       |
| <b>Sheriff</b>  |          |          |          |          |          |          |          |          |          |          |
| <i>Jail bookings</i>  | 18,321   | 14,158   | 13,025   | 12,682   | 12,966   | 13,273   | 12,583   | 11,375   | 11,018   | 11,774   |
| <i>Average daily population</i>   | 567      | 540      | 551      | 558      | 679      | 717      | 780      | 679      | 603      | 632      |
| <b>Health and Sanitation</b>  |          |          |          |          |          |          |          |          |          |          |
| <b>Mental Health</b>  |          |          |          |          |          |          |          |          |          |          |
| <i>Total number of patient days in State Hospitals</i>  | 603      | 365      | 364      | n/a      | n/a      | n/a      | n/a      | n/a      | n/a      | n/a      |
| <i>Day Treatment Days provided to youth in out-of-county group home facilities</i>  | 2,067    | 2,692    | 2,212    | 2,937    | 1,588    | 1,885    | 1,764    | 1,613    | 1,381    | 604      |
| <b>Public Health</b>  |          |          |          |          |          |          |          |          |          |          |
| <i>Number of Children enrolled in the Healthy Families Program</i>  | 5,098    | 5,450    | 5,709    | n/a      | n/a      | n/a      | n/a      | n/a      | n/a      | n/a      |
| <i>Percentage of the State allocated caseload enrolled in the Women, Infants &amp; Children(WIC) Program</i>  | 100      | 98       | 97       | 100      | 99       | 99       | 95       | 91       | 86       | 76       |
| <i>Percentage of live born infants whose mothers received prenatal care in the first trimester.</i>   | 76       | 78       | 78       | 78.5     | 81.7     | 80       | 79       | 79       | 80       | 78       |
| <b>Public Assistance</b>  |          |          |          |          |          |          |          |          |          |          |
| <b>Social Services</b>  |          |          |          |          |          |          |          |          |          |          |
| <i>Percentage of child abuse/neglect referrals where a response is required within 10 days that were timely</i>                                       | 69.8     | 88.7     | 94.1     | 96.8     | 97.6     | 98.0     | 96.1     | 97.9     | 97.0     | 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      | n/a      | n/a      | n/a      | n/a      | n/a      | 91.0     |
| <b>Education</b>  |          |          |          |          |          |          |          |          |          |          |
| <b>Library</b>  |          |          |          |          |          |          |          |          |          |          |
| <i>Annual number of items circulated per capita</i>   | 7.5      | 9.2      | 9.4      | 10.0     | 10.1     | 10.1     | 9.8      | 9.6      | 10.5     | 10.3     |
| <i>Annual Expenditure per capita for total Library budget</i>   | \$ 33.75 | \$ 38.43 | \$ 35.35 | \$ 35.35 | \$ 35.25 | \$ 34.35 | \$ 35.50 | \$ 36.13 | \$ 36.27 | \$ 38.10 |
| <b>Public Ways and Facilities</b>   |          |          |          |          |          |          |          |          |          |          |
| <b>Roads</b>  |          |          |          |          |          |          |          |          |          |          |
| <i>Pavement Condition Rating for all county roads (70 = "good")</i>   | 65       | 62       | 65       | 60       | 58       | 60       | 61       | 61       | 65*      | 66       |
| <b>Airport</b>  |          |          |          |          |          |          |          |          |          |          |
| <b>Airport</b>  |          |          |          |          |          |          |          |          |          |          |
| <i>Takeoffs and Landings</i>  | 96,172   | 95,419   | 88,161   | 80,556   | 80,158   | 71,428   | 66,696   | 71,001   | 71,181   | 71,001   |
| <i>Passenger Enplanements</i>   | 182,285  | 132,748  | 125,152  | 139,909  | 134,244  | 132,315  | 147,105  | 149,558  | 155,744  | 180,141  |

Source: County Budget Performance Indicators

\* Restated from prior year

**COUNTY OF SAN LUIS OBISPO  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

| <b>Function/Program</b>                 | 2008   | 2009   | 2010   | 2011   | 2012   | 2013   | 2014   | 2015   | 2016   | 2017   |
|---|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| <b>Recreation and Cultural Services</b> |        |        |        |        |        |        |        |        |        |        |
| County golf courses                     | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      | 3      |
| Park acreage                            | 13,402 | 13,422 | 13,422 | 13,572 | 13,424 | 13,424 | 13,583 | 13,583 | 13,583 | 13,583 |
| <b>Public Protection</b>                |        |        |        |        |        |        |        |        |        |        |
| Correction facility capacities (a)      | 693    | 693    | 693    | 689    | 637    | 717    | 797    | 797    | 797    | 909    |
| <b>Public Ways and Facilities</b>       |        |        |        |        |        |        |        |        |        |        |
| Miles of county roads                   | 1,334  | 1,336  | 1,329  | 1,332  | 1,333  | 1,335  | 1,336  | 1,336  | 1,338  | 1,338  |
| <b>Airport</b>                          |        |        |        |        |        |        |        |        |        |        |
| Number of runways                       | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      | 2      |

Note: 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 management



