



County of San Luis Obispo, California

Fiscal Year Ended June 30, 2015

Comprehensive Annual Financial Report



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



**COUNTY OF SAN LUIS OBISPO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2015**

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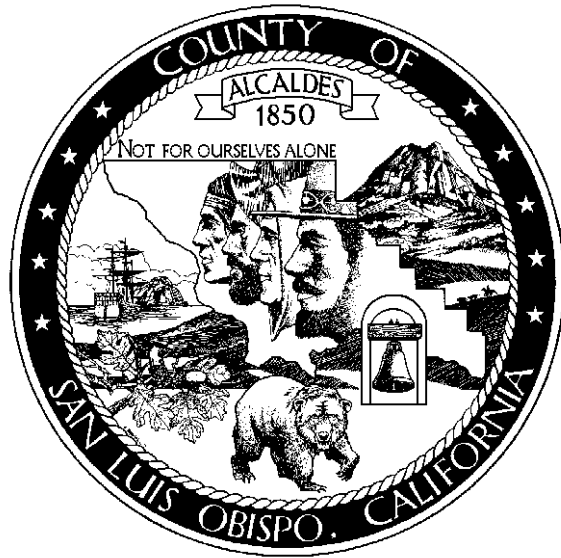
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INTRODUCTORY SECTION





COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX COLLECTOR

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JAMES P. ERB, CPA

Auditor-Controller
Treasurer-Tax Collector

James W. Hamilton, CPA
Assistant

February 26, 2016

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

Your Honorable Board:

The Comprehensive Annual Financial Report (CAFR) of the County of San Luis Obispo (County) for the fiscal year ended June 30, 2015, 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 the finances of the County of San Luis Obispo. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County of San Luis Obispo has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County of San Luis Obispo's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County of San Luis Obispo'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 of San Luis Obispo'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 of San Luis Obispo for the fiscal year ended June 30, 2015, 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 of San Luis Obispo's financial statements for the fiscal year ended June 30, 2015, 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 financial statements of the County of San Luis Obispo 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 of San Luis Obispo's separately issued Single Audit Report.

GAAP require 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 of San Luis Obispo'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 of San Luis Obispo currently occupies a land area of 3,616 square miles and serves a population of 274,293 residents. Approximately 44% of the population resides in the unincorporated area. The seven incorporated cities in the county are Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo.

A five-member County Board of Supervisors (Board) is the legislative authority and governance for the County. Each supervisor is elected to a four-year term in nonpartisan districts. The terms are staggered with two supervisors being elected then three supervisors being elected in alternating election years. The Board is responsible among other things for establishing ordinances, adopting the budget, appointing committees, and hiring the County 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- Public Administrator, District Attorney, and Sheriff-Coroner.

The County of San Luis Obispo 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 of San Luis Obispo'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 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- Public Administrator. Transfers of appropriations between departments or increases in the budget from new revenue sources, reserves and/or contingencies require Board 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 their budgets.

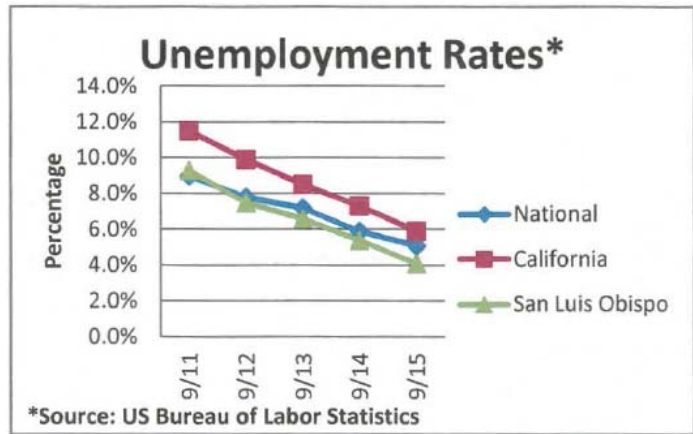
Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund this comparison is presented as part of the required supplementary information immediately following the notes to the financial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

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 of San Luis Obispo operates.

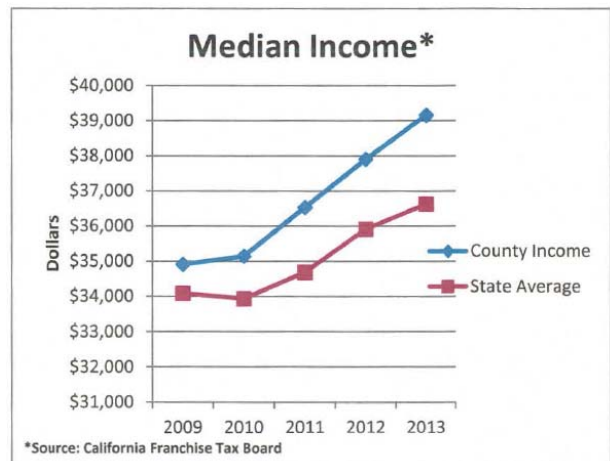
Employment:

- Unemployment in the County as of September 2015 was 4.1%, which is lower than the State of California rate of 5.9% and lower than the national average of 5.1%. Last year at this time unemployment in the County was 5.4%.
- 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 California Polytechnic State University, making the State the largest employer in the County. The decrease in the County's unemployment has closely followed the decreasing trend in state unemployment over the past several years.



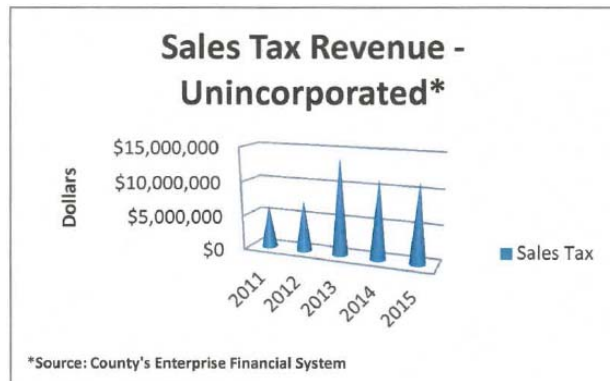
Income:

- Family average income of \$39,170, as reported to the Franchise Tax Board, increased 3.3% from 2012 to 2013 (most recent data) for the residents of the County of San Luis Obispo.
- The San Luis Obispo 2013 average family income of \$39,170 was approximately 7.0% higher than the State average. For the second consecutive year, San Luis Obispo County ranked 14th out of 58 counties when comparing annual income.



Retail Sales:

- Retail sales for the County of San Luis Obispo as a whole showed essentially no change from 2012 to 2013 according to the State Board of Equalization.
- From June 2014 to June 2015 sales tax revenue increased slightly by 0.4%.



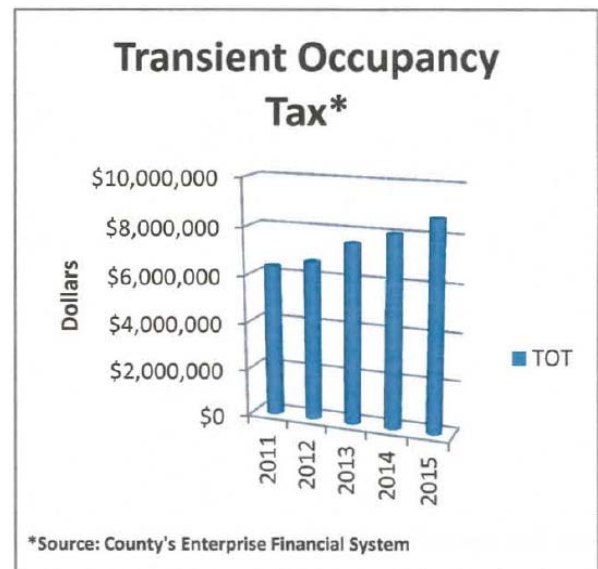
Real Estate:

People's desire to live in the area increased the median home price to \$470,000 as of August 2015. This is an increase of 6.8% from the same period in the prior year. Increase of the median home price demonstrates that the local real estate market continues to rebound.

- Property tax revenue indicators illustrate the continuing recovery of the local economy. Discretionary property tax receipts were \$107 million, an increase of 6.0% over the prior year.
- The total tax levy of secured property of \$447,087,861 for FY 2014-15 is an increase of 6.26% 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 5.6% during 2014-15. This is the fifth straight year of increases.
- The property tax delinquency rate has steadily decreased since 2008-2009 suggesting that foreclosures are slowing, and family income is remaining stable.
- Building permits showed an increase of 19.7% during 2014 to 2015, which also indicates a strengthening housing market.

Tourism:

- Transient occupancy tax increased in 2015 by 8.87% in the unincorporated area. The pristine coastline, small town atmospheres, sweeping vineyards, excellent restaurants, and friendly attitudes of the local residents make San Luis Obispo County a desired tourist destination.
- From surfing to wine tasting to zip lining, San Luis Obispo County has an abundance of activities that appeal to tourists and residents alike. The famous San Luis Obispo Thursday night Farmer's Market earned a TripAdvisor Certificate of Excellence for its consistent great reviews.



Long-term financial planning:

- The 2015-16 fiscal year budget was the first budget after a seven year pain plan that addressed the economic downturn. FY 2015-16 will be the first year that the County is able to return to fully funding its contingencies, while making significant investments in the many programs and services that we provide to the community. Property tax revenue has continued to increase and key economic indicators such as transient occupancy tax, property and sales taxes show signs of improvement allowing for a slight increase in the FY 2015-16 spending level. The final FY 2015-16 budget authorized a \$572.6 million spending level, which is an increase over the \$545.6 million budget from the FY 2014-15. The general fund had \$469.2 million appropriated to finance the current year's expenditures including contingencies, with \$9.0 million placed in general reserves and \$33.2 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 modified, and completed projects deleted 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 2015-16 capital budget recommended funding for four new capital projects. Total FY 2015-16 appropriations for Capital Projects are approximately \$3.7 million. Many of the existing projects will be completed over multiple years.

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 Administrator shall submit Quarterly Financial Status Reports to the Board of Supervisors. The reports shall provide expenditure and revenue projections and identify 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 onetime expenditures. Annual budgets will not be increased to the point that ongoing operating costs become overly reliant upon cyclical or unreliable onetime 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.

Major Initiatives

- **Los Osos Sewer Project:** In FY 2014-15 this high profile project continued with construction and completed the collection system pump stations. 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.
- **Women's Jail Expansion Project:** The construction phase of the Women's Jail Expansion Project continued in FY 2014-15, and the women's housing unit and security system was scheduled to be completed in December 2015. The medical/programming facility is scheduled for completion in October 2016. The Sheriff's Department is currently housing approximately 69 women in a facility that was designed for 43 female inmates. When completed the expanded Women's Jail will house up to 198 inmates.
- **Behavioral Health:** Implementation of the Electronic Health Record system continued in all areas of Behavioral Health. In FY 2015-16 evaluation of expanding the Electronic Health Records for jail services is planned in conjunction with Public Health.

- Sheriff-Coroner: The Sheriffs Department established new occupational programming opportunities for inmates including animal care and grooming, sewing, welding, and sign making while researching alternatives to reduce a rising jail population and recidivism rates.
- Emergency Services: In partnership with PG&E, the Office of Emergency Services completed an upgrade of all 131 Early Warning System sirens within the Diablo Canyon Emergency Planning Zone, including the primary and back-up controls of the system as a means for alerting the public during an emergency at the Diablo Canyon Power Plant or any other type of emergency.
- Probation: In October 2014, the Probation Department broke ground on the Juvenile Hall expansion project. This \$20 million project will provide among other things, much needed classrooms for the detained minors and a 15 bed in custody treatment program.
- Airport: Construction will begin, with the assistance of a \$24 million Federal Aviation Administration grant, to add a new terminal to the San Luis Obispo Airport. Construction will span two fiscal years and start in FY 2015-16.
- Clerk-Recorder: Implemented an electronic filing system to track campaign finance statements of local candidates which assisted campaigns with managing their paperless filings and quickly made redacted information available online for public access.
- Tax Collector: Gathered and analyzed property tax bills used in all 58 California counties, and then redesigned the San Luis Obispo County tax bills to take advantage of best ideas and make bills more readable. The new tax bills were mailed in FY 2015-16.

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, 2014. This was the twenty-ninth 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-Public Administrator'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 unflinching support to ensure the continued general fiscal health and integrity of the County.

Respectfully submitted,



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



Dan Buckshi
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, 2014

Executive Director/CEO

**COUNTY OF SAN LUIS OBISPO
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2015**

Elected Officials

Board of Supervisors

District #1 Frank R. Mecham
District #2 Bruce S. Gibson
District #3 Adam Hill
District #4 Lynn Comptom
District #5 *Chairperson* Debbie Arnold

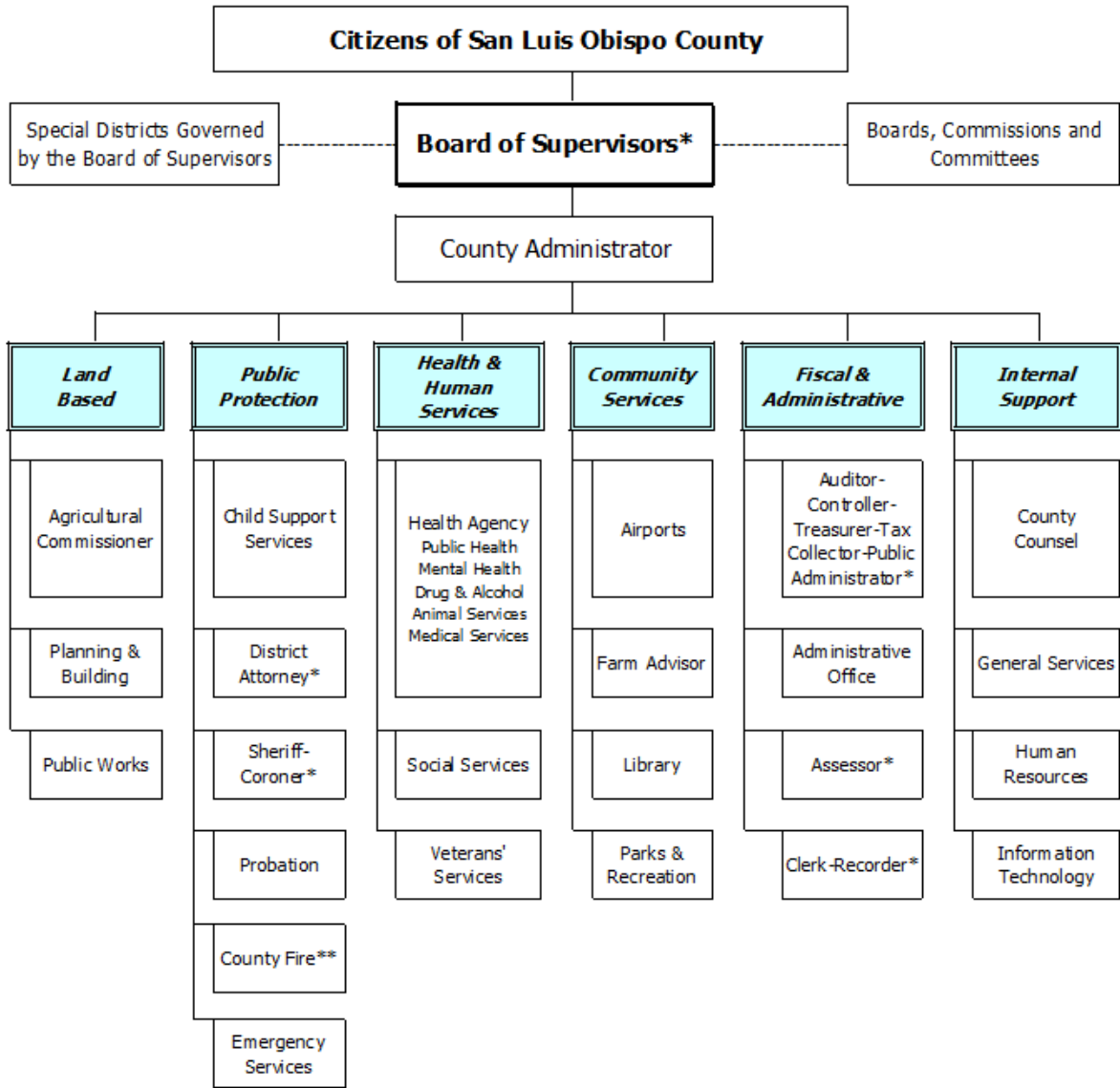
Other Elected Officials

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
Chief Probation Officer James Salio
Child Support Services Director Julie Paik
County Administrator Dan Buckshi
County Counsel Rita L. Neal
County Fire Robert Lewin
Behavioral Health Administrator Anne Robin
General Services Department Interim Director Machelie Vieux
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 James Bergman
Public Health Officer Penny Borenstein
Public Works Director Wade Horton
Social Services Director Lee Collins
Veteran's Services Director Dana Cummings

**COUNTY OF SAN LUIS OBISPO
ORGANIZATIONAL CHART**



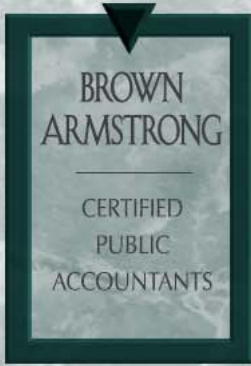
* Elected Officials

**Contract



FINANCIAL SECTION





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, 2015, 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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FAX 559.476.3593

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FAX 626.204.6547

STOCKTON OFFICE

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STOCKTON, CA 95207
TEL 209.451.4833

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, 2015, 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. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68* during fiscal year 2015. 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.

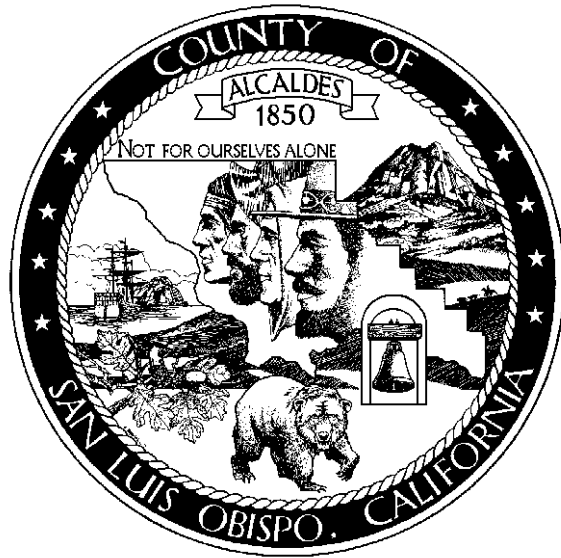
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2016, 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
February 26, 2016



MANAGEMENT'S DISCUSSION AND ANALYSIS



**COUNTY OF SAN LUIS OBISPO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2015**

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 (FY) ended June 30, 2015. 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 39. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS (in thousands)

In FY 2014-15 the County implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*. GASB Statement No. 68 revises and establishes accounting and financial reporting requirements for state and local governments that provide their employees with pension benefits. GASB Statement No. 68 requires the County to recognize its long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. Accordingly, the County has recognized an obligation of \$391 million for long-term pension benefits.

- ❖ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$1,328,517 (*net position*). The majority of this amount, \$1,343,696 is the net investment in capital assets, while \$37,722 is restricted for specific purposes (*restricted net position*). *Unrestricted net position* indicates the portion of net position which may be used to meet the County's ongoing obligations to citizens and creditors; however, the recording of the County's pension liability in accordance with GASB Statement No. 68 created a negative unrestricted net position of \$52,901.
- ❖ The County's net position decreased by \$439,221 during the current fiscal year. The decrease in restricted and unrestricted net position represents the degree to which increases in expenditures exceeded increases in revenues along with adjustments related to the prior period and the cumulative effect of changes in accounting principle (Table B). The increase in net investment in capital assets represents capital acquisitions during the year reduced by depreciation and increased by retirement of long-term debt (Table A).
- ❖ As of June 30, 2015, the County's governmental activities reported combined ending net position of \$1,017,889, a decrease of \$463,267 in comparison with the prior year. Due to the recording of the long-term pension obligation, governmental net position, the amount available for spending at the County's discretion for current and future needs, is negative (*unrestricted net position*) (Table A).
- ❖ Business-type activities posted net program income of \$19,202 before general revenues, contributions and transfers from other funds, a decrease of \$38,734 when compared to net program income of \$57,936 in the prior year. The difference from the prior year is due to a combination of a \$31,122 decrease in contributed capital in the Los Osos Wastewater Fund related to decreased construction activity and an increase in expenses driven by pipeline repairs in the Nacimiento Water Contract Fund.
- ❖ At the end of the fiscal year, the entire \$271,286 fund balance of the general fund was either nonspendable (\$5,089), restricted (\$2,945), committed (\$138,140), or assigned (\$125,112).
- ❖ The County issued new Assessment bonds of \$4,635 to the United States Department of Agriculture (USDA) to finance costs of the Los Osos Wastewater project, a decrease of \$33,484 over prior year issuances reflecting the completion of much of the construction phase of the project.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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.

Government-wide financial statements

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

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

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (*business-type activities*). The governmental activities of the County include public protection, public ways and facilities, health and sanitation, public assistance, education, 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 39 to 43 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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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.

Both the governmental fund balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains twenty-seven 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-five 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 45 to 50 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, 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 governmental-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 section of this report.

The basic proprietary fund financial statements can be found on pages 51 to 53 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The basic fiduciary fund financial statements can be found on pages 54 to 55 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 57 to 98 of this report.

Required Supplementary Information – The 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 99 to 107 of this report.

Other Supplementary Information - In addition to the basic financial statements, accompanying notes, and required supplementary information, this report also presents certain *other supplementary information* 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, enterprise, internal service funds, and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 111 to 126 and 147 to 172 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 127 to 146 of this report.

Detail Budgetary schedules demonstrating legal level of compliance with budgetary control for the General Fund are presented with the individual General Fund statements on pages 173 to 182 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

In accordance with changes in governmental accounting standards, the County applied GASB Statement No. 34 to these financial statements.

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,328,517 as detailed in the table below:

Table A
Statement of Net Position
June 30, 2015
(in thousands)

	June 30, 2015			June 30, 2014			2014-2015
	Govern- mental Activities	Business- Type Activities	Total Primary Govern- ment	Govern- mental Activities	Business- Type Activities	Total Primary Govern- ment	Total % Chg
Assets:							
Current assets	\$ 471,091	\$ 165,131	\$ 636,222	\$ 423,654	\$ 165,254	\$ 588,908	8.0%
Other long-term assets	5,397	10,725	16,122	139,107	10,665	149,772	(89.2%)
Capital assets	1,152,635	539,106	1,691,741	1,136,448	502,769	1,639,217	3.2%
Total assets	<u>1,629,123</u>	<u>714,962</u>	<u>2,344,085</u>	<u>1,699,209</u>	<u>678,688</u>	<u>2,377,897</u>	(1.4%)
Deferred Outflows of Resources							
	<u>37,341</u>	<u>384</u>	<u>37,725</u>	<u>-</u>	<u>-</u>	<u>-</u>	-
Liabilities:							
Long-term liabilities	579,290	366,976	946,266	158,203	337,903	496,106	90.7%
Other liabilities	69,285	37,742	107,027	59,850	54,203	114,053	(6.2%)
Total liabilities	<u>648,575</u>	<u>404,718</u>	<u>1,053,293</u>	<u>218,053</u>	<u>392,106</u>	<u>610,159</u>	72.6%
Deferred Inflows of Resources							
	-	-	-	-	-	-	-
Net position:							
Invested in capital assets, net related debt	1,130,241	213,455	1,343,696	1,112,934	188,485	1,301,419	3.2%
Restricted	37,722	-	37,722	43,109	-	43,109	(12.5%)
Unrestricted	(150,074)	97,173	(52,901)	325,113	98,097	423,210	(112.5%)
Total net position	<u>\$ 1,017,889</u>	<u>\$ 310,628</u>	<u>\$ 1,328,517</u>	<u>\$ 1,481,156</u>	<u>\$ 286,582</u>	<u>\$ 1,767,738</u>	(24.8%)

Analysis of 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. The recording of the County's pension liability, per the requirements of GASB Statement No. 68, caused the County's unrestricted net position to turn negative indicating that the majority of the County's net position is invested in capital assets or otherwise restricted for use. In the prior year approximately 24%, or \$423 million, of the County's net position was unrestricted.

The most significant portion of the County's net position, \$1,343,696, or 101%, 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The remaining \$37,722, or 2.8%, 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.

Net position for governmental activities decreased \$463 million and net position for business activities increased \$24 million resulting in an overall decrease of \$439 million in the County's total net position.

Net investment in capital assets, for business-type activities increased \$25.0 million. This increase is primarily due to construction activity in the Los Osos Wastewater Fund that does not have related debt. The remainder is comprised of reductions to capital related debt from scheduled debt service principal payments and construction in progress in various nonmajor enterprise activities.

Net investment in capital assets, for governmental activities increased \$17.3 million. The majority of the increase is associated with construction in progress for several large infrastructure projects having no related debt as well as the retirement of capital related long-term debt.

The \$5.4 million decrease to *Restricted net position* for governmental activities was primarily comprised of decreases in the Public Protection (\$6.7 million), General Government (\$108 thousand), and Public Assistance functions (\$382 thousand) offset by increases in Debt Service (\$1.4 million) and the Public Ways and Facilities function (\$523 thousand). Restricted net position represents net position of the County which is subject to constraints imposed by creditors, grantors, contributors, laws, or regulations.

There was a decrease of \$476 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 expenses related to the posting of the pension liability in compliance with GASB Statement No. 68.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

Table B
Statement of Activities
For the Year Ended June 30, 2015
(in thousands)

	June 30, 2015			June 30, 2014			2014-2015
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Revenues:							
Program revenues:							
Charges for services	\$ 54,198	\$ 34,504	\$ 88,702	\$ 56,969	\$ 37,611	\$ 94,580	(6.2%)
Operating grants and contributions	233,907	636	234,543	216,259	163	216,422	8.4%
Capital grants and contributions	18,068	26,750	44,818	9,236	59,279	68,515	(34.6%)
General revenues:							
Property taxes	155,374	4,782	160,156	152,256	4,402	156,658	2.2%
Other taxes	22,984	659	23,643	22,088	32	22,120	6.9%
Interest and investment income	3,174	183	3,357	599	595	1,194	181.2%
Grants not restricted to specific programs	13,327	-	13,327	1,727	-	1,727	671.1%
Other revenues	-	-	-	-	40	40	(100.0%)
Total revenues	501,032	67,514	568,546	459,134	102,122	561,256	1.3%
Expenses:							
General government	45,598	-	45,598	36,866	-	36,866	23.7%
Public protection	162,432	-	162,432	148,135	-	148,135	9.7%
Public ways and facilities	34,136	-	34,136	28,253	-	28,253	20.8%
Health and sanitation	78,137	-	78,137	74,313	-	74,313	5.1%
Public assistance	110,470	-	110,470	99,449	-	99,449	11.1%
Education	9,457	-	9,457	9,611	-	9,611	(1.6%)
Recreational and cultural services	9,755	-	9,755	7,745	-	7,745	26.0%
Interest on Long-term debt	5,124	-	5,124	5,270	-	5,270	(2.8%)
Airport	-	6,187	6,187	-	5,664	5,664	9.2%
Golf	-	2,968	2,968	-	2,608	2,608	13.8%
State water contract	-	6,351	6,351	-	5,992	5,992	6.0%
Nacimiento Water Contract	-	15,776	15,776	-	13,840	13,840	14.0%
Lopez dam	-	6,132	6,132	-	6,116	6,116	0.3%
General Flood Control	-	845	845	-	809	809	4.4%
County Service Areas	-	4,194	4,194	-	3,857	3,857	8.7%
Los Osos Wastewater	-	235	235	-	231	231	1.7%
Total expenses	455,109	42,688	497,797	409,642	39,117	448,759	10.9%
Excess/(deficiency) before transfers	45,923	24,826	70,749	49,492	63,005	112,497	(37.1%)
Transfers	(2,676)	2,676	-	(790)	790	-	
Special Item	-	-	-	(2,800)	-	(2,800)	(100.0%)
Change in net position	43,247	27,502	70,749	45,902	63,795	109,697	(35.5%)
Net position at beginning of year	1,481,156	286,582	1,767,738	1,437,044	225,571	1,662,615	6.3%
Prior Period Adjustment	(35,486)	-	(35,486)	-	-	-	-
Cumulative change of effect in accounting principal	(471,028)	(3,456)	(474,484)	(1,790)	(2,784)	(4,574)	10,274%
Net position -end of year	\$ 1,017,889	\$ 310,628	\$ 1,328,517	\$ 1,481,156	\$ 286,582	\$ 1,767,738	(24.8%)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Analysis of Governmental and Business-type Activities

Governmental Activities

Governmental activities decreased the County's net position by \$463 million (including the cumulative effect of change in accounting principle to book the pension liability and prior period adjustment to record accreted value on the 2003 Capital Appreciation Bonds) compared to an increase of \$44 million in the prior year. Factors contributing to the decrease are as follows:

Total revenues from Governmental Activities increased by 9.1%, a \$41.9 million increase over the prior year. Increases in *Operating Grants and Contributions*, *Capital Grants and Contributions*, *Interest and Investment Income* and *Grants not Restricted to Specific Programs* were offset by a slight decrease in *Charges for Services*.

The *Operating Grants and Contributions* category increase of \$17.6 million was primarily due to increases in the Public Protection, Health and Sanitation, and Public Assistance functions. All Public Protection areas received increased sales tax funding from Proposition 172. Additionally, the State of California (the State) increased funding in the form of various water related grants as well as an Office of Traffic Safety Grant designed to reduce the number of motorists driving under the influence. In the Health and Sanitation function, Behavioral Health Services and Mental Health Services Act programs received increased State funding. The increase was partially offset by a decrease to Drug and Alcohol Services' federal funding for discretionary, prevention and youth services. Federal funding for community development block grants was also reduced. The increase in the Public Assistance function was a combination of increased State funding for Cal Works Assistance and increased federal funding for welfare administration.

Capital Grants and Contributions increased by \$8.8 million due to increased State funding for construction of the Women's Jail, expansion of the Juvenile Hall, and Cayucos Pier restoration.

Interest and Investment Income increased by \$2.6 million, primarily driven by pre-funding the County's pension contribution which resulted in significant savings to the County. Additionally, one time interest revenue was received relating to the back-payment from the State for SB90, mandated services, claims.

Grants not Restricted to Specific Programs increased by \$11.6 million. Approximately half of the increase came from a State \$5 million back-payment for Senate Bill (SB) 90, mandated services, claims. The remainder is comprised of general Prop 172 sales tax increases.

Charges for Services decreased by \$2.8 million primarily due to decreases in the General Government and Public Protection functions. The decreases were somewhat offset by increases in the Education and Recreation functions. The decreases in the General Government function reflect decreases in damages and settlements from prior year insurance reimbursements related to a fire at the Sheriff's Honor Farm and a lawsuit related to the construction of the government center. Treasury administrative fees also decreased as did SB 2557 administrative fees related to the distribution of property tax. The Public Protection function decrease primarily relates to a multi-year agreement between the County and the State Department of Water Resources that allows the County to sell some of its state water allocation back to the Department of Water Resources. Water was sold under this agreement in the prior fiscal year; however, no water was sold in the current fiscal year. The increase in the Education function is due to contributions from Friends of the Library groups for the Morro Bay and Cambria library projects while the increase in the Recreation function is comprised of a number of small increases for parks related fees.

Total expenses from Governmental Activities increased \$45.5 million or 11.1% over the prior year. Expenses in all functions with the exception of Education increased. Negotiated salary and benefits increases along with regular employee step increases caused higher salaries and benefits costs in all functions. General Government expenses also increased due to higher facilities maintenance costs, increased professional services costs related to the Property Tax System Modernization Project and increased insurance costs relating to the various general government activities. Non-payroll Public Protection costs increased primarily as a result of expenditures related to an Integrated Water Resources

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Management Grant. The majority of the increase in Public Ways and Facilities costs relates to increased repairs and maintenance of County roads. The Public Assistance increase in expenditures was driven by costs related to Social Services' contracted programs and Supportive Care of Persons. County contributions towards the new 900-acre Pismo Preserve caused the increase in Recreation and Cultural Services expenses. The decrease in Education expenses reflects the completion of the Cambria and Atascadero Libraries projects.

FY 2014-15 represented the final year of the County's seven-year plan designed to navigate through the largest financial downturn in decades. The plan included a combination of short-term measures and expenditure reductions, with expenditure reductions addressing a larger share of the gap as the plan progressed. Expenditure measures included reducing department budgets, maintaining a partial hiring freeze, and bargaining with labor unions to share pension cost increases, reduce benefit pension plans (Tier 2 and Tier 3) for new employees, and set salaries by using a broader labor market for equitable compensation comparisons. As a result, the budget gap has been eliminated from a peak of \$30 million in FY 2009-10, and the County had a budget surplus moving into FY 2014-15.

Business-type Activities

Business-type Activities increased San Luis Obispo County's net position by \$24.0 million (including the cumulative effect of change in accounting principle adjustment to book the pension liability) compared to an increase of \$61.0 million in the previous year. Revenues exceeding expenses by \$24.8 million and a transfer of \$2.7 million from Governmental Activities resulted in the total increase to net position. Key elements of current year activity are as follows:

Total revenue decreased \$34.6 million from the preceding year. The largest decrease occurred in *Capital Grants and Contributions* (\$32.5 million) as construction activity for the Los Osos Wastewater Project began winding down resulting in less contributed capital.

The decrease in total revenue was slightly offset by General Revenues increases in *Other Taxes* which rose by \$627 thousand and *Property Taxes* which increased by \$380 thousand.

Expenses for Business-type Activities increased \$3.6 million from the prior year. Within Business-type activities, the largest increase, \$1.9 million was caused by costs related to major repairs to the Nacimiento pipeline.

FUND FINANCIAL STATEMENT ANALYSIS (in thousands)

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 useful in assessing the County's financing requirements. In particular, total fund balance less the nonspendable portion may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Total fund balance consists of the following components (see footnote 11 for additional detail):

- *Nonspendable fund balance*, \$6,008, represents amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and includes (1) inventories of \$108, (2) prepaid items of \$2,362, and (3) long term receivables of \$3,538.
- *Restricted fund balance*, \$23,508 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 loss reserves of \$2,945, (2) Public facilities of \$11,045, (3) Traffic impact programs of \$7,236, (4) Wildlife and grazing programs of \$15, and (5) Debt service of \$2,267.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- *Committed fund balance*, \$216,649, represents amounts with constraints imposed by the Board of Supervisors for specified purposes. Significant components of this balance include commitments for (1) Flood control programs, \$19,373, (2) Tax reduction reserve, \$42,758, (3) Automation projects, \$13,717, (4) Roads, \$13,494, (5) Building Replacement \$25,151, (6) Solar plant mitigation, \$14,952, and (7) Capital projects, \$22,968.
- *Assigned fund balance*, \$125,112, 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, \$14,100, (2) Tax reduction reserve, \$23,640, (3) General government, \$15,344, and (4) Subsequent Fiscal Year Budget, \$39,685.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$370,791, an increase of 11.2%, or \$37,206 in comparison with the prior year. Approximately 92% of the total fund balance, or \$341,274, is available to meet the County's current and future needs.

General Fund

The general fund is the chief operating fund of the County. As of the end of the current fiscal year, spendable fund balance of the general fund was \$266,197 while total fund balance reached \$271,286. 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 \$378 million. Spendable fund balance represents 70.4% of the total fund expenditures, while total fund balance represents 71.8% of the same amount, a 4.1% increase from the prior year. During the current fiscal year, the fund balance of the general fund increased by \$32.1 million.

The following provides an explanation for the change in fund balance.

- ❖ Total revenues exceeded total expenditures by \$58.4 million. General fund revenues ended the year with an increase of \$26.5 million over the prior year. Total expenditures increased \$24.6 million.
- ❖ Most revenue categories were essentially unchanged from the prior year with the exception of *Aid from Governmental Agencies* which increased by \$20.3 million and *Fines, Forfeits, and Penalties and Revenue from the Use of Money and Property* which increased by \$2.2 and \$2.3 million respectively. The \$20.3 million increase in *Aid from Governmental Agencies* was driven by increases in state funding for Behavioral Health Services including Mental Health Services Act and Medi-Cal monies; Public Safety services which received increased Proposition 172 Sales Tax and a \$5 million back-payment from the State for SB 90, mandated services, claims. *Fines, Forfeits, and Penalties* increased due to a drop in maintenance of effort revenue submitted to the State, plus increased traffic school fines and fees, county motor vehicle crime fines, and DNA identification fines. The increase in *Revenue from the Use of Money and Property* was primarily driven by pre-funding the County's pension contribution which resulted in significant savings to the County. Additionally, one time interest revenue was received relating to the back-payment from the State for SB 90, mandated services, claims.
- ❖ Total expenditures in the General Fund increased \$24.6 million or 7.0% from the prior year. Expenditures increased in all functions except for Public Ways and Facilities which remained relatively flat. Negotiated salaries and benefit raises increased costs in all functions and comprised the majority of the increases in the Public Protection, Health and Sanitation, and Education functions. Additionally General Fund expenses increased due to higher maintenance costs for general government facilities, an increase in professional services costs related to the Property Tax System Modernization Project, increased insurance costs relating to the Administrative, General Services, and Information Technology departments, and the purchase and installation of an audio-visual and a digital microwave system. The Public Assistance increase in expenditures was driven by costs related to Social Services' contracted programs and Supportive Care of Persons.

Capital Projects

The Capital Projects Fund handles construction projects for the County's governmental funds. The fund had a total fund balance of \$23.0 million. Capital outlay expenditures exceeded revenues by \$6.6 million

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

and transfers in exceeded transfers out by \$3.9 million. The net of these two factors resulted in a \$2.7 million decrease in fund balance for the current year. Funding for specific projects comes from use of designations, public facilities fees, issuance of long-term debt, and aid from other government agencies. The General Fund transferred \$2.6 million to the Capital Projects Fund of which \$1.3 million is for facilities planning. The remaining \$1.3 million is split between Parks projects and countywide facilities 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 \$512.7 million in the current fiscal year, which represents an increase of approximately 6.7% or \$32 million from the prior fiscal year revenues of \$480.7 million.

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

Table C
Revenues Classified by Source
Governmental Funds
Fund Financial Statements
For the Year Ended June 30, 2015
(in thousands)

	2014-2015		2013-2014		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source:						
Taxes	\$ 178,740	34.9%	\$ 177,765	37.0%	\$ 975	0.5%
Licenses, Permits, Franchises	10,452	2.0%	10,694	2.2%	(242)	(2.3%)
Fines, Forfeits, and Penalties	5,686	1.1%	5,257	1.0%	429	8.2%
Revenues from Use of Money and Property	3,864	0.8%	1,373	0.3%	2,491	181.4%
Aid from Governmental Agencies	261,351	51.0%	229,283	47.7%	32,068	14.0%
Charges for Current Services	43,530	8.5%	50,071	10.5%	(6,541)	(13.1%)
Other Revenues	9,110	1.7%	6,235	1.3%	2,875	46.1%
Total	\$ 512,733	100%	\$ 480,678	100%	\$ 32,055	6.7%

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

- ❖ *Revenues from the Use of Money and Property* increased \$2.5 million or 181.4%. Approximately half of the increase relates to one time interest revenue received from the State for back-payment of SB 90, mandated services, claims. The remainder of the increase primarily relates to prefunding the County's pension contribution which resulted in savings of \$1.4 million for the County.
- ❖ *Aid from Governmental Agencies* increased \$32.1 million or 14.0%. The increase in Aid from Governmental Agencies is primarily comprised of increases in State Aid for public safety including a flood control zone grant, funds for construction of a women's jail, and Prop 172 Sales Tax. Increased Mental Health Services Act monies were also received, and the State also made a \$5 million back-payment for SB 90, mandated services, claims.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- ❖ *Charges for Current Services* decreased \$6.5 million or 13.1%. The decrease is mostly caused by a decrease in water sold to the State Department of Water Resources as part of a multi-year agreement. The County did not sell any water back in the current fiscal year. Also contributing to the decrease was a lessening in the amount of interfund revenue due to the completion of various Library construction projects.
- ❖ *Other Revenues* increased \$2.9 million or 46.1%. The sale of the old Atascadero library caused the majority of the increase. In addition, community contributions for the construction of new branch libraries also rose.

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

Table D
Expenditures By Function Including Capital Outlay
Governmental Funds
Fund Financial Statements
For the Year Ended June 30, 2015
(in thousands)

	2014-2015		2013-2014		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Expenditures by Function:						
General Government	\$ 51,207	10.8%	\$ 44,317	10.1%	\$ 6,890	15.5%
Public Protection	157,783	33.3%	148,155	33.9%	9,628	6.5%
Public Ways and Facilities	29,903	6.3%	28,528	6.5%	1,375	4.8%
Health and Sanitation	75,116	15.9%	74,586	17.1%	530	0.7%
Public Assistance	107,104	22.6%	99,442	22.8%	7,662	7.7%
Education	11,388	2.4%	12,205	2.8%	(817)	(6.7%)
Recreational and Cultural Services	10,104	2.1%	7,993	1.8%	2,111	26.4%
Principal payments	6,070	1.3%	5,412	1.2%	658	12.2%
Interest on Long-Term Debt	5,209	1.1%	5,419	1.2%	(210)	(3.9%)
Capital outlay	20,019	4.2%	11,312	2.6%	8,707	77.0%
Total	\$ 473,903	100%	\$ 437,369	100%	\$ 36,534	8.4%

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

- ❖ *General Government* expenditures increased \$6.9 million or 15.5%. Salaries and Benefits across all functions, including General Government, increased due to negotiated increases and regular employee step increases. Expenditures in the General Government function also rose with increased maintenance of general government facilities and the use of professional services for the Property Tax System Modernization Project.
- ❖ *Public Protection* expenditures increased \$9.6 million or 6.5%. The fluctuation is attributable to increased costs for Cal Fire services, a firearms training simulator for the Sheriff's department, and an increase in Flood Control Zone pass-through grant monies.
- ❖ *Public Assistance* expenditures increased \$7.7 million or 7.7%. The increase is caused by a combination of increased expenditures for Social Services contracted and supportive care

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

programs and a decrease in County Medical Services Program costs that resulted from implementation of the Affordable Care Act.

- ❖ *Recreation and Cultural Services* expenditures increased \$2.1 million or 26.4%. The majority of the increase is caused by expenses associated with the new 900-acre Pismo Preserve and the restoration of the Cayucos pier.
- ❖ *Capital Outlay* expenditures increased \$8.7 million or 77%. The increase primarily relates to continuing construction activity on the Women's Jail Project. The Cayucos Pier restoration project had significantly increased expenditures as well.

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 FY 2014-15.

Table E
Statement of Revenues, Expenses and Results of Operations
Proprietary Funds
Fund Financial Statements
For the Year Ended June 30, 2015
(in thousands)

	Airport	Nacimiento Water Contract	Major Funds Lopez Flood Control	Los Osos Wastewater	Nonmajor Funds Other Enterprise Funds	Total
						Total Enterprise
Operating revenues	\$ 5,099	\$ 9,682	\$ 6,211	\$ -	\$ 13,954	\$ 34,946
Operating expenses	6,106	6,677	4,649	234	14,144	31,810
Operating income (loss)	(1,007)	3,005	1,562	(234)	(190)	3,136
Non-operating revenues (expenses), net	37	(7,247)	(133)	13	2,376	(4,954)
Net income (loss) before contributions and transfers	(970)	(4,242)	1,429	(221)	2,186	(1,818)
Contributions and transfers, net	487	(23)	-	29,351	(389)	29,426
Change in net position	\$ (483)	\$ (4,265)	\$ 1,429	\$ 29,130	\$ 1,797	\$ 27,608

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

- ❖ The *Airport Fund* reported an operating loss of \$1.0 million, \$58 thousand more than the prior year loss of \$942 thousand. Net position decreased by \$483 thousand compared to an increase in net position of \$726 thousand in the prior year. The decrease in net position is primarily attributable to the implementation of the new pension accounting standard.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Passenger enplanement activity grew for the second consecutive year with a 2% increase over the prior year.

- ❖ The *Nacimiento Water Contract Fund* realized operating income of \$3.0 million, a significant decrease from the prior years' operating income of \$9.1 million. The decrease is mostly attributable to a \$4.5 million decrease in water sales from the prior year and a \$2.3 million increase in expenditures primarily related to pipeline repairs. The decreased revenue and increased expenditures created a \$6.1 million or 67% decrease in operating income and a \$4.3 million decrease in net position compared to a \$1.6 million or 67% increase in the prior year's net position.
- ❖ The *Lopez Flood Control Fund* reported \$1.6 million in operating income, a decrease of \$152 thousand or 9% from the prior year. Net position increased by \$1.4 million due to increases in property taxes and water sales and lower interest payments on debt.
- ❖ The *Los Osos Wastewater Fund* reported an operating loss of \$234 thousand primarily due to costs associated with the ongoing Water Conservation Program. Capital contributions decreased to \$26.4 million, which is a \$31.1 million decrease from the prior year amount and reflective of the winding down of the construction phases of the project. Capital contributions were the significant factor in the change in net position of \$29.1 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for expenditures and transfers out increased by \$34.1 million, or 8%, during the course of the year contributing towards the final amended budget. This increase was funded in part by increases in budgeted revenues of \$22.8 million and the use of reserves and designations for the balance. Unanticipated revenues totaling \$16.8 million in State and Federal Aid, \$1.6 million in Charges for Current Services, \$2.2 million in Other Revenue, \$413 thousand in Fines, Forfeits, and Penalties, \$760 thousand in Inter-fund Revenues, and \$1.1 million in Other Financing sources financed the budget augmentations. The largest budget augmentations occurred in the functional areas of General Government (\$7.1 million), Health and Sanitation (\$5.0 million), Public Assistance (\$4.9 million), Public Protection (\$3.7 million), and Public Works (\$601 thousand). The \$7.1 million in augmentations for the General Government function were primarily for the maintenance and upgrade of County facilities. The Health and Sanitation function augmentations were primarily for Public Health services, \$3.1 million, and Drug and Alcohol services, \$1.9 million, with the remainder to Mental Health Services. The increase in the Public Assistance function is comprised of \$4.7 million for Social Services including housing placement and supportive services, adult and child protective services, and Workforce Investment Act programs; and \$150 thousand for Veterans' Services. Significant Public Protection function budget augmentations include \$2.0 million for the Sheriff-Coroner's programs and \$546 thousand for Planning programs. The remaining increase is due to various smaller augmentations for District Attorney, Public Defender, Probation, County Fire, Emergency Services and the Agricultural Commissioner. At the close of the fiscal year, actual General Fund expenditures were 90.1% of budget, while General Fund revenues were realized at 103.7% of budget.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2015, the County had \$1.7 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 \$52.5 million or 3.2% from last year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Table F
Capital Assets
June 30, 2015
(in thousands)**

	Governmental Activities June 30, 2014	Governmental Activities June 30, 2015	Business Type Activities June 30, 2014	Business Type Activities June 30, 2015	Total Capital Assets June 30, 2014	Total Capital Assets June 30, 2015	Total Percent Change
Land	\$ 794,679	\$ 794,547	\$ 32,621	\$ 32,621	\$ 827,300	\$ 827,168	-
Water Rights	-	-	46,457	48,417	46,457	48,417	4.2%
Other							
Property Non Depreciable	-	-	1,968	1,968	1,968	1,968	-
Construction- in-progress	39,682	58,202	110,491	150,532	150,173	208,734	39.0%
Structures & Improvements	179,137	183,460	168,797	169,235	347,934	352,695	1.4%
Equipment	75,588	80,476	3,148	3,365	78,736	83,841	6.5%
Other							
Property Depreciable	340	340	554	554	894	894	-
Infrastructure Depreciable	341,432	346,338	193,948	194,363	535,380	540,701	1.0%
Subtotal	1,430,858	1,463,363	557,984	601,055	1,988,842	2,064,418	3.8%
Less							
Accumulated Depreciation	(294,410)	(310,728)	(55,215)	(61,949)	(349,625)	(372,677)	6.6%
Total	\$ 1,136,448	\$ 1,152,635	\$ 502,769	\$ 539,106	\$ 1,639,217	\$ 1,691,741	3.2%

Major additions and future commitments in capital assets - Governmental activities

County Roads had the majority of additions in governmental activities with \$8.2 million worth of assets. The Main Street Bridge in Cambria was the most significant Roads project. Other notable infrastructure additions during FY 2014-15 include the Cayucos Pier renovation (\$2.3 million), a digital microwave system (\$1 million), the remodel of the Morro Bay Library (\$664 thousand), and the on-going development of a new Property Tax system (\$650 thousand). Major on-going projects include construction of a Women's Jail, and expansion of the Juvenile Hall.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

The majority of the \$36.3 million in additions and \$33.3 million in future commitments for business-type activities 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 and is nearing completion. In FY 2014-15, the County continued its water conservation program, implemented in FY 2012-13, with the goal of reducing indoor consumption to 50 gallons per person per day in accordance with the project's Coastal Development Permit.

The Lopez Flood Control Zone recognized \$631 thousand of assets related to a filtration system.

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

Debt Administration

At the end of the current fiscal year, the County of San Luis Obispo had total notes and bonds payable of \$541.0 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 2014-15 was \$146.2 million. Pension Obligation Bonds debt service payments are funded by County payroll benefits. The remainder of the County's debt consists of: \$42.8 million in certificates of participation, which are repaid from a variety of revenues; \$72.8 million in State notes; \$79.8 million in assessment bonds relating to the Los Osos Wastewater Project, and \$189.3 million in revenue bonds which are repaid with water service revenue. General Obligation Bonds totaling \$10.1 million are backed by the full faith and credit of the County.

Table G
Outstanding Debt
June 30, 2015
(in thousands)

	Governmental Activities June 30, 2014	Governmental Activities June 30, 2015	Business Type Activities June 30, 2014	Business Type Activities June 30, 2015	Total Outstanding Debt June 30, 2014	Total Outstanding Debt June 30, 2015	Total Percent Change
Certificates of participation	\$ 25,785	\$ 24,661	\$ 18,716	\$ 18,171	\$ 44,501	\$ 42,832	(3.8%)
Pension Obligation Bonds	111,234	146,219	-	-	111,234	146,219	31.5%
State notes	-	-	46,529	72,774	46,529	72,774	56.4%
Revenue bonds	-	-	192,902	189,332	192,902	189,332	(1.9%)
General obligation bonds	-	-	10,489	10,057	10,489	10,057	(4.1%)
Assessment Bonds	-	-	76,438	79,829	76,438	79,829	4.4%
	<u>\$ 137,019</u>	<u>\$ 170,880</u>	<u>\$ 345,074</u>	<u>\$ 370,163</u>	<u>\$ 482,093</u>	<u>\$ 541,043</u>	12.2%

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The increase over last year for the County's notes and bonds payable was \$58.9 million, or 12.2%. This increase is the net of new debt issuances and scheduled debt payments. During FY 2014-15, the County issued \$4.6 million in assessment bonds and \$30.0 million in State notes related to the Los Osos Wastewater Project.

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 \$567.8 million.

Additional information on the County's long-term debt can be found in Note 10 to the financial statements.

Other liabilities include compensated absences of \$26.7 million for governmental activity and \$328 thousand for business-type activities; landfill post-closure costs of \$4.3 million; and a self-insurance liability of \$18.6 million. More detailed information about the County's long-term liabilities is presented in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- ❖ The Fiscal Year 2015-16 budget represents a significant milestone for the County. FY 2014-15 represented the final year of a seven year "pain plan" designed to bring the budget into structural balance. Fiscal Year 2015-16 is the first year the County was able to return to fully funding its contingencies, while making significant investments in the many programs and services provided to the community.
- ❖ Over the course of the recent economic downturn, the County incrementally and methodically reduced its budget by over \$80 million. The Fiscal Year 2015-16 budget reflects a balanced approach to addressing spending priorities while remaining sustainable in the long-term.
- ❖ The County's unemployment rate dropped to 4.1% in September 2015, lower than both the state rate of 5.9% and the national rate of 5.1%. However, the current drought, which is particularly severe in San Luis Obispo County, has impacted the local employment rate. It is estimated that several hundred agricultural jobs have been lost as a result of drought conditions.
- ❖ Economic indicators continue to show signs of local economic improvement from the recent economic downturn:
 - The number of building permits issued increased 19.7% from the prior year, indicating a strengthening housing market.
 - Property transfer taxes for unincorporated areas came in 5.6% higher than the preceding year reflecting an increase in the value and number of real estate transactions.
 - County assessed property tax valuations increased slightly from \$43.1 million to \$45.4 million or 5.5%.
 - Transient Occupancy Tax (bed tax) collections continued an upward trend in FY 2014-15, with a 8.8% increase over FY 2013-14.
- ❖ The Board of Supervisors adopted the FY 2015-16 budget in June 2015, with a \$93.8 million fund balance in the general fund, of which \$39.7 million was appropriated to finance the current year's expenditures including contingencies, \$9 million was placed in general reserves, and \$33.2 million was earmarked for designations. The total General Fund budget for FY 2015-16 is \$469 million, a 6.6% 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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-Public Administrator, Post Office Box 1149, San Luis Obispo, California 93406-1149. This report is also available online at www.slocounty.ca.gov.

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



**COUNTY OF SAN LUIS OBISPO
STATEMENT OF NET POSITION
JUNE 30, 2015 (In Thousands)**

	Primary Government			Component Unit First 5
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 401,246	\$ 52,001	\$ 453,247	\$ 8,510
Accounts receivable, net	88	1,684	1,772	-
Property taxes receivable	11,779	-	11,779	-
Other receivables	1,088	113,186	114,274	-
Due from other governments	41,411	3,479	44,890	335
Deposits with others	-	161	161	12
Internal balances	5,661	(5,661)	-	-
Inventories	668	21	689	-
Prepaid items	2,362	256	2,618	3
Other assets	6,788	-	6,788	-
Loans receivable	-	4	4	-
Total Current Assets	<u>471,091</u>	<u>165,131</u>	<u>636,222</u>	<u>8,860</u>
Noncurrent Assets:				
Ristricted cash with fiscal agent	3,014	10,725	13,739	-
OPEB asset	2,383	-	2,383	-
Capital Assets:				
Nondepreciable	852,749	233,538	1,086,287	-
Depreciable, net	299,886	305,568	605,454	-
Total Noncurrent Assets	<u>1,158,032</u>	<u>549,831</u>	<u>1,707,863</u>	<u>-</u>
Total Assets	<u>1,629,123</u>	<u>714,962</u>	<u>2,344,085</u>	<u>8,860</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pensions	37,341	384	37,725	-
Total Deferred Outflows of Resources	<u>37,341</u>	<u>384</u>	<u>37,725</u>	<u>-</u>
LIABILITIES				
Current Liabilities:				
Salaries and benefits payable	7,415	77	7,492	-
Accounts payable	17,539	13,294	30,833	432
Deposits from others	3,340	4,238	7,578	17
Accrued interest	1,603	5,407	7,010	-
Other current liabilities	7,384	-	7,384	-
Unearned revenue	3,343	7,235	10,578	-
Bonds and notes payable	6,788	7,319	14,107	-
Compensated absenses	18,030	172	18,202	-
Landfill closure/postclosure costs	397	-	397	-
Self insurance payable	3,446	-	3,446	-
Total Current Liabilities	<u>69,285</u>	<u>37,742</u>	<u>107,027</u>	<u>449</u>
Long-Term Liabilities:				
Net Pension Liability	387,446	3,976	391,422	34
Bonds and notes payable	164,092	362,844	526,936	-
Compensated absences	8,700	156	8,856	-
Landfill closure/postclosure costs	3,880	-	3,880	-
Self insurance payable	15,172	-	15,172	-
Total Long-Term Liabilities	<u>579,290</u>	<u>366,976</u>	<u>946,266</u>	<u>34</u>
Total Liabilities	<u>648,575</u>	<u>404,718</u>	<u>1,053,293</u>	<u>483</u>
NET POSITION				
Net investment in capital assets	1,130,241	213,455	1,343,696	-
Restricted for:				
General government	1,997	-	1,997	-
Public protection	4,857	-	4,857	-
Health and sanitation	242	-	242	-
Public assistance	-	-	-	-
Public ways and facilities	18,424	-	18,424	-
Recreation and culture	133	-	133	-
Education	-	-	-	-
Debt service	12,069	-	12,069	-
Unrestricted	(150,074)	97,173	(52,901)	8,377
Total Net Position	<u>\$ 1,017,889</u>	<u>\$ 310,628</u>	<u>\$ 1,328,517</u>	<u>\$ 8,377</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, 2015 (In Thousands)**

Functions/Programs	Expenses	Program Revenues			Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 45,598	\$ 12,407	\$ 54	\$ 156	\$ 12,617
Public protection	162,432	20,774	62,359	9,701	92,834
Public ways and facilities	34,136	4,255	14,145	6,435	24,835
Health and sanitation	78,137	6,631	62,338	-	68,969
Public assistance	110,470	2,077	94,775	-	96,852
Education	9,457	2,998	105	-	3,103
Recreation and cultural services	9,755	5,056	131	1,776	6,963
Interest on long-term debt	5,124	-	-	-	-
Total governmental activities	455,109	54,198	233,907	18,068	306,173
Business-type activities:					
Airport	6,187	4,883	126	365	5,374
Golf	2,968	2,967	269	-	3,236
State Water Contract	6,351	6,562	13	-	6,575
Nacimiento Water Contract	15,776	9,682	9	-	9,691
Lopez Dam	6,128	6,208	8	-	6,216
Lopez Park	4	-	-	-	-
General Flood Control	845	794	-	-	794
County Service Areas	4,194	3,408	211	-	3,619
Los Osos Wastewater	235	-	-	26,385	26,385
Total business-type activities	42,688	34,504	636	26,750	61,890
Total primary government	\$ 497,797	\$ 88,702	\$ 234,543	\$ 44,818	\$ 368,063
Component unit:					
First Five San Luis Obispo	\$ 2,008	\$ -	\$ 1,853	\$ -	\$ 1,853

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, 2015 (In Thousands)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit First 5
	Governmental Activities	Business-Type Activities	Total	
Governmental activities:				
General government	\$ (32,981)	\$ -	\$ (32,981)	
Public protection	(69,598)	-	(69,598)	
Public ways and facilities	(9,301)	-	(9,301)	
Health and sanitation	(9,168)	-	(9,168)	
Public assistance	(13,618)	-	(13,618)	
Education	(6,354)	-	(6,354)	
Recreation and cultural services	(2,792)	-	(2,792)	
Interest on long-term debt	(5,124)	-	(5,124)	
Total governmental activities	<u>(148,936)</u>	<u>-</u>	<u>(148,936)</u>	
Business-type activities:				
Airport	-	(813)	(813)	
Golf	-	268	268	
State Water Contract	-	224	224	
Nacimiento Water Contract	-	(6,085)	(6,085)	
Lopez Dam	-	88	88	
Lopez Park	-	(4)	(4)	
General Flood Control	-	(51)	(51)	
County Service Areas	-	(575)	(575)	
Los Osos Wastewater	-	26,150	26,150	
Total business-type activities	<u>-</u>	<u>19,202</u>	<u>19,202</u>	
Total primary government	<u>\$ (148,936)</u>	<u>\$ 19,202</u>	<u>\$ (129,734)</u>	
Component unit:				
First Five San Luis Obispo				<u>\$ (156)</u>
General Revenues, Transfers and Special Item:				
Taxes:				
Property taxes	155,374	4,782	160,156	-
Sales and use taxes	11,406	-	11,406	-
Transient occupancy taxes	8,724	-	8,724	-
Transfer tax	2,370	-	2,370	-
Other taxes	484	-	484	-
Grants not restricted to specific programs	13,327	-	13,327	-
Interest earnings not restricted to specific programs	3,174	659	3,833	31
Other revenues	-	183	183	6
Transfers	(2,676)	2,676	-	-
Total General Revenues, Transfers and Special Items	<u>192,183</u>	<u>8,300</u>	<u>200,483</u>	<u>37</u>
Change in net position	43,247	27,502	70,749	(119)
Net position - beginning of year	1,481,156	286,582	1,767,738	8,496
Prior period adjustment	(35,486)	-	(35,486)	-
Cumulative effect of change in accounting principle	(471,028)	(3,456)	(474,484)	-
Net position - end of year	<u>\$ 1,017,889</u>	<u>\$ 310,628</u>	<u>\$ 1,328,517</u>	<u>\$ 8,377</u>

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



**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**



**COUNTY OF SAN LUIS OBISPO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015 (In Thousands)**

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 261,295	\$ 21,929	\$ 79,207	\$ 362,431
Restricted cash with fiscal agent	-	748	2,266	3,014
Accounts receivables, net	58	-	21	79
Accrued property taxes receivable	11,779	-	-	11,779
Other receivables	1,088	-	-	1,088
Due from other governments	28,943	5,375	7,093	41,411
Due from other funds	-	-	208	208
Inventories	108	-	-	108
Prepaid items	2,361	-	1	2,362
Loans receivable	-	-	-	-
Advances to other funds	4,465	-	918	5,383
Other assets	-	-	6,788	6,788
Total assets	<u>\$ 310,097</u>	<u>\$ 28,052</u>	<u>\$ 96,502</u>	<u>\$ 434,651</u>
<u>LIABILITIES</u>				
Salaries and benefits payable	\$ 6,453	\$ -	\$ 330	\$ 6,783
Accounts payable	6,795	2,590	7,209	16,594
Deposits from others	1,418	-	759	2,177
Unearned revenue	804	953	1,587	3,344
Other current liabilities	596	-	6,788	7,384
Advances from other funds	-	-	2,191	2,191
Total liabilities	<u>16,066</u>	<u>3,543</u>	<u>18,864</u>	<u>38,473</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	<u>22,745</u>	<u>1,541</u>	<u>1,101</u>	<u>25,387</u>
Total deferred inflows of resources	<u>22,745</u>	<u>1,541</u>	<u>1,101</u>	<u>25,387</u>
<u>FUND BALANCES</u>				
Nonspendable	5,089	-	919	6,008
Restricted	2,945	-	20,563	23,508
Committed	138,140	22,968	55,541	216,649
Assigned	125,112	-	-	125,112
Unassigned	-	-	(486)	(486)
Total fund balances	<u>271,286</u>	<u>22,968</u>	<u>76,537</u>	<u>370,791</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 310,097</u>	<u>\$ 28,052</u>	<u>\$ 96,502</u>	<u>\$ 434,651</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, 2015 (In Thousands)**

Total Fund Balances - Total Governmental Funds	\$	370,791
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.		1,140,071
Accrued property tax and grant revenues are not available to pay for current-period expenditures and therefore are deferred in the funds.		25,388
The other post employment benefit (OPEB) asset is not available to pay for current-period expenditures and therefore is deferred in the funds.		2,383
Internal service funds are used by the County to charge the cost 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 Government-Wide Statement of Net Position.		(3,167)
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.		2,261
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(1,603)
The pension liability is not due and payable in the current period, and therefore is not reported in the fund financial statements.		(352,797)
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.		34,002
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period. Therefore, they are not reported in the governmental funds as follows:		
Bonds and notes payable	(170,880)	
Compensated absences	(24,283)	
Landfill closure/post closure costs	(4,277)	(199,440)
Net Position of Governmental Activities	\$	<u>1,017,889</u>

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes	\$ 167,347	\$ -	\$ 11,393	\$ 178,740
Licenses, permits, and franchises	10,449	-	3	10,452
Fines, forfeitures, and penalties	4,344	543	799	5,686
Use of money and property	3,412	86	366	3,864
Aid from other governments	215,320	11,477	34,554	261,351
Charges for services	29,442	1,237	12,851	43,530
Other revenues	6,053	104	2,953	9,110
	<u>436,367</u>	<u>13,447</u>	<u>62,919</u>	<u>512,733</u>
<u>EXPENDITURES</u>				
Current:				
General government	51,207	-	-	51,207
Public protection	149,317	-	8,466	157,783
Public ways and facilities	2,024	-	27,879	29,903
Health and sanitation	70,503	-	4,613	75,116
Public assistance	104,501	-	2,603	107,104
Education	457	-	10,931	11,388
Recreation and cultural services	-	-	10,104	10,104
Debt service:				
Principal payments	-	-	6,070	6,070
Interest and fiscal charges	-	-	5,209	5,209
Capital outlay	-	20,019	-	20,019
	<u>378,009</u>	<u>20,019</u>	<u>75,875</u>	<u>473,903</u>
Excess (deficiency) of revenues over (under) expenditures	<u>58,358</u>	<u>(6,572)</u>	<u>(12,956)</u>	<u>38,830</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	984	3,852	28,463	33,299
Transfers out	(27,237)	(12)	(7,674)	(34,923)
	<u>(26,253)</u>	<u>3,840</u>	<u>20,789</u>	<u>(1,624)</u>
Net change in fund balances	32,105	(2,732)	7,833	37,206
Fund balances - beginning	239,181	25,700	68,704	333,585
Fund balances - ending	<u>\$ 271,286</u>	<u>\$ 22,968</u>	<u>\$ 76,537</u>	<u>\$ 370,791</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, 2015 (In Thousands)**

Net Change in Fund Balances - Total Governmental Funds		\$ 37,206
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.		3,568
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	20,201	
General government	3,414	
Public protection	4,019	
Public ways	6,290	
Health and sanitation	137	
Public assistance	54	
Education	924	
Recreation and cultural services	245	35,284
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.		(18,283)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(1,090)
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		6,070
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	(515)	
Change in accrued interest payable	75	
Change in landfill closure/postclosure costs	(63)	
Change in OPEB	69	
Change in Net Pension Liability	(32,988)	
Change in deferred pension outflows	20,758	
Capital appreciation bond accretion	(4,529)	
Amortization of debt premiums, discounts and issuance costs	85	(17,108)
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.		(2,506)
The net (revenue) expense allocable to business-type activities		106
Change in Net Position of Governmental Activities		\$ 43,247

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, 2015 (In Thousands)**

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	Lopez Flood Control	Los Osos Wastewater	Nonmajor Enterprise Funds		
ASSETS							
Current assets:							
Cash and investments	\$ 4,617	\$ 10,888	\$ 9,566	\$ 6,770	\$ 20,160	\$ 52,001	\$ 38,815
Accounts receivable, net	-	31	-	-	1,653	1,684	9
Other receivables	169	314	-	112,703	-	113,186	-
Due from other governments	106	-	-	3,373	-	3,479	-
Deposits with others	-	148	-	-	13	161	-
Inventories	-	-	-	-	21	21	560
Prepaid items	13	-	32	-	211	256	-
Loans receivable	-	4	-	-	-	4	-
Total current assets	4,905	11,385	9,598	122,846	22,058	170,792	39,384
Noncurrent assets:							
Advances to other funds	-	-	-	-	654	654	-
Restricted cash with fiscal agent	-	10,725	-	-	-	10,725	-
Capital assets:							
Nondepreciable:							
Land	23,224	3,110	2,154	2,470	1,663	32,621	-
Construction in progress	2,552	-	1,325	146,096	559	150,532	-
Water rights	-	-	-	-	48,417	48,417	-
Other property	-	-	1,968	-	-	1,968	-
Depreciable:							
Infrastructure, net	692	154,887	24,401	-	1,943	181,923	-
Structures and improvements, net	53,868	9,434	34,628	-	24,178	122,108	335
Equipment, net	603	-	28	-	410	1,041	12,228
Other property, net	-	-	-	-	496	496	-
Total noncurrent assets	80,939	178,156	64,504	148,566	78,320	550,485	12,563
Total assets	85,844	189,541	74,102	271,412	100,378	721,277	51,947
DEFERRED OUTFLOWS OF RESOURCES							
Deferred pensions	210	-	-	-	174	384	3,339
Total deferred outflows of resources	210	-	-	-	174	384	3,339
LIABILITIES							
Current liabilities:							
Salaries and benefits payable	38	-	-	-	39	77	632
Accounts payable	154	850	277	6,069	5,944	13,294	945
Interest payable	76	3,088	399	1,776	68	5,407	-
Self insurance payable	-	-	-	-	-	-	3,446
Deposits from others	51	1,048	108	-	3,031	4,238	1,163
Unearned revenue	81	2,706	2,228	7	2,213	7,235	-
Due to other funds	-	-	-	-	208	208	-
Accrued vacation and sick leave - current	108	-	-	-	64	172	1,597
Notes and bond payable - current	55	3,495	1,972	1,271	526	7,319	-
Total current liabilities	563	11,187	4,984	9,123	12,093	37,950	7,783
Noncurrent liabilities:							
Self insurance payable	-	-	-	-	-	-	15,172
Advances from other funds	3,405	-	-	-	441	3,846	-
Accrued vacation and sick leave	49	-	-	-	107	156	849
Notes and bonds payable	624	185,829	38,942	128,503	8,946	362,844	-
Net Pension Liability	2,174	-	-	-	1,802	3,976	34,649
Total noncurrent liabilities	6,252	185,829	38,942	128,503	11,296	370,822	50,670
Total liabilities	6,815	197,016	43,926	137,626	23,389	408,772	58,453
NET POSITION							
Net investment in capital assets	80,260	(21,893)	23,591	18,792	68,361	169,111	12,563
Unrestricted	(1,021)	14,418	6,585	114,994	8,802	143,778	(15,730)
Total net position	\$ 79,239	\$ (7,475)	\$ 30,176	\$ 133,786	\$ 77,163	312,889	\$ (3,167)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(2,261)	
Net Position of Business-Type Activities per Government-Wide Financial Statements						<u>\$ 310,628</u>	

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	Lopez Flood Control	Los Osos Wastewater	Nonmajor Enterprise Funds		
OPERATING REVENUES:							
Charges for services	\$ 4,923	\$ 9,682	\$ 6,208	\$ -	\$ 13,950	\$ 34,763	\$ 47,406
Other revenues	176	-	3	-	4	183	146
Total operating revenues	5,099	9,682	6,211	-	13,954	34,946	47,552
OPERATING EXPENSES:							
Salaries and benefits	1,508	-	-	1	1,417	2,926	23,282
Services and supplies	2,337	4,478	3,342	233	11,582	21,972	18,945
Other charges	26	6	2	-	5	39	-
Insurance and compensation claims	-	-	-	-	-	-	4,468
Depreciation	2,159	2,193	1,305	-	1,122	6,779	2,376
Countywide cost allocation	76	-	-	-	18	94	340
Total operating expenses	6,106	6,677	4,649	234	14,144	31,810	49,411
Operating income (loss)	(1,007)	3,005	1,562	(234)	(190)	3,136	(1,859)
NONOPERATING REVENUES (EXPENSES):							
Property taxes	-	1,282	1,296	-	2,204	4,782	-
Interest income	12	538	27	13	69	659	125
Interest expense	(101)	(9,076)	(1,464)	-	(328)	(10,969)	-
Other non-operating revenue (expenses)	-	-	-	-	(62)	(62)	202
Aid from governmental agencies	126	9	8	-	493	636	78
Total nonoperating revenues (expenses)	37	(7,247)	(133)	13	2,376	(4,954)	405
Income (Loss) before contributions and transfers	(970)	(4,242)	1,429	(221)	2,186	(1,818)	(1,454)
Capital contributions	365	-	-	26,385	-	26,750	-
Transfers in	177	-	-	2,966	274	3,417	-
Transfers out	(55)	(23)	-	-	(663)	(741)	(1,052)
Change in net position	(483)	(4,265)	1,429	29,130	1,797	27,608	(2,506)
Net position - beginning	81,612	(3,210)	28,747	104,656	76,932	-	29,447
Cumulative effect of change in accounting principle	(1,890)	-	-	-	(1,566)	-	(30,108)
Net position - beginning (restated)	79,722	(3,210)	28,747	104,656	75,366	-	(661)
Net position - ending	<u>\$ 79,239</u>	<u>\$ (7,475)</u>	<u>\$ 30,176</u>	<u>\$ 133,786</u>	<u>\$ 77,163</u>	<u>\$ (106)</u>	<u>\$ (3,167)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(106)	
Change in Net Position of Business-Type Activities per Government-Wide Financial Statements						<u>\$ 27,502</u>	

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

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	Business-Type Activities - Enterprise Funds					Governmental Activities Internal Service Funds	
	Airport	Nacimiento Water Contract	Lopez Flood Control	Los Osos Wastewater	Nonmajor Enterprise Funds		Total Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers and third parties	\$ 5,072	\$ 11,565	\$ 7,738	\$ -	\$ 13,330	\$ 37,705	\$ -
Receipts from interfund billings	-	-	-	-	-	-	47,565
Payments for goods and services	(2,443)	(4,324)	(3,100)	(233)	(11,248)	(21,348)	(15,122)
Payments to employees for service	(1,410)	-	-	(1)	(1,326)	(2,737)	(21,960)
Payments for insurance benefits	-	-	-	-	-	-	(4,242)
Payments for premiums	-	-	-	-	-	-	(3,936)
Net cash provided by operating activities	1,219	7,241	4,638	(234)	756	13,620	2,305
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Property tax proceeds	-	1,282	1,296	-	2,204	4,782	-
Grants and subsidies from other government agencies	309	9	8	-	285	611	78
Advances from other funds	2,355	-	-	-	(51)	2,304	-
Due to other funds	-	-	-	-	208	208	-
Transfers from other funds	177	-	-	2,966	274	3,417	-
Transfers to other funds	(55)	(23)	-	-	(663)	(741)	(1,052)
Net cash provided (used) by noncapital financing activities	2,786	1,268	1,304	2,966	2,257	10,581	(974)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchases and construction of capital assets	(518)	(226)	(911)	(61,509)	(2,547)	(65,711)	(2,649)
Proceeds from issuance of long-term debt	-	-	-	34,639	231	34,870	-
Proceeds from sale of capital assets	-	-	-	-	-	-	202
Capital contributions	365	-	-	26,385	-	26,750	-
Principal paid on capital debt	(2,466)	(3,563)	(2,029)	(1,244)	(528)	(9,830)	-
Interest paid on capital debt	(104)	(9,124)	(1,414)	-	(320)	(10,962)	-
Net cash (used) by capital and related financing activities	(2,723)	(12,913)	(4,354)	(1,729)	(3,164)	(24,883)	(2,447)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest received	12	538	27	13	69	659	125
Net cash provided (used) by investing activities	12	538	27	13	69	659	125
Net increase (decrease) in cash and cash equivalents	1,294	(3,866)	1,615	1,016	(82)	(23)	(991)
CASH AND CASH EQUIVALENTS:							
Beginning of year	3,323	25,479	7,951	5,754	20,242	62,749	39,806
End of year	<u>\$ 4,617</u>	<u>\$ 21,613</u>	<u>\$ 9,566</u>	<u>\$ 6,770</u>	<u>\$ 20,160</u>	<u>\$ 62,726</u>	<u>\$ 38,815</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:							
Operating income (loss)	\$ (1,007)	\$ 3,005	\$ 1,562	\$ (234)	\$ (190)	\$ 3,136	\$ (1,859)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	2,159	2,193	1,305	-	1,122	6,779	2,376
Changes in assets and liabilities:	-	-	-	-	-	-	-
Receivables, net	(45)	(289)	-	-	(1,054)	(1,388)	13
Inventory	-	-	-	-	-	-	4
Prepaid items	-	-	(2)	-	-	(2)	-
Accounts payable	(4)	160	246	-	597	999	(310)
Deposits from others	-	(525)	42	-	-	(483)	454
Salaries and benefits payable	4	-	-	-	70	74	1,297
Unearned revenue	16	2,697	1,485	-	190	4,388	-
Other accrued liabilities	77	-	-	-	-	77	6
Accrued vacation and sick leave	19	-	-	-	21	40	22
Self-insurance liability	-	-	-	-	-	-	302
Total adjustments	2,226	4,236	3,076	-	946	10,484	4,164
Net cash provided (used) by operating activities	\$ 1,219	\$ 7,241	\$ 4,638	\$ (234)	\$ 756	\$ 13,620	\$ 2,305

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, 2015 (In Thousands)
SAN LUIS OBISPO PENSION TRUST FUND
DECEMBER 31, 2014 (In Thousands)**

	Agency Funds June 30, 2015	Investment Trust Fund June 30, 2015	San Luis Obispo County Pension Trust December 31, 2014	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 51,015	\$ 362,192	\$ 42,130	\$ 455,337
Contributions receivable	-	-	1,703	1,703
Accrued interest and dividends receivable	-	-	1,672	1,672
Accounts receivable	-	-	3	3
Securities sold	-	-	100,171	100,171
Prepaid benefits	-	-	302	302
Investments pension trust:				
Bonds and notes, at fair value	-	-	243,335	243,335
International fixed income, at fair value	-	-	132,285	132,285
Collateralized mortgage obligations, at fair value	-	-	5,260	5,260
Domestic equities, at fair value	-	-	317,726	317,726
International equities, at fair value	-	-	271,396	271,396
Alternative investments, at fair value	-	-	64,159	64,159
Real estate, at fair value	-	-	103,490	103,490
Capital assets-net of accumulated depreciation	-	-	450	450
Total assets	<u>\$ 51,015</u>	<u>\$ 362,192</u>	<u>\$ 1,284,082</u>	<u>\$ 1,697,289</u>
<u>LIABILITIES</u>				
Agency obligations	\$ 51,015	\$ -	\$ -	\$ 51,015
Securities purchased	-	-	86,642	86,642
Accrued liabilities	-	-	1,597	1,597
Prefunded Contributions	-	-	22,507	22,507
Total liabilities	<u>\$ 51,015</u>	<u>\$ -</u>	<u>\$ 110,746</u>	<u>\$ 161,761</u>
<u>NET POSITION</u>				
Net position held in trust for pool participants	\$ -	\$ 362,192	\$ -	\$ 362,192
Net position held in trust for pension benefits	-	-	1,173,336	1,173,336
Total net position	<u>\$ -</u>	<u>\$ 362,192</u>	<u>\$ 1,173,336</u>	<u>\$ 1,535,528</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, 2015 (In Thousands)
SAN LUIS OBISPO PENSION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2014 (In Thousands)

	Investment Trust Fund June 30, 2015	San Luis Obispo County Pension Trust December 31, 2014	Total
<u>ADDITIONS</u>			
Contributions:			
County contributions	\$ 1,040,189	\$ -	\$ 1,040,189
Employer contributions	-	32,047	32,047
Member contributions	-	24,415	24,415
Total contributions	<u>1,040,189</u>	<u>56,462</u>	<u>1,096,651</u>
Investment income:			
Realized and unrealized gains and losses	-	26,097	26,097
Interest	728	5,545	6,273
Dividends	-	22,750	22,750
Real estate management trust income	-	807	807
Real estate operating income, net	-	1,506	1,506
Other investment income, net	-	(5)	(5)
Investment expenses	-	(5,033)	(5,033)
Total investment income	<u>728</u>	<u>51,667</u>	<u>52,395</u>
Total additions	<u>1,040,917</u>	<u>108,129</u>	<u>1,149,046</u>
<u>DEDUCTIONS</u>			
Benefits:			
Monthly benefit payments	-	66,163	66,163
Refunds of contributions	-	1,629	1,629
Death benefits	-	303	303
Total benefits	<u>-</u>	<u>68,095</u>	<u>68,095</u>
Administrative expenses	-	2,085	2,085
Prefunded Discount Amortization	-	332	332
Total administrative expenses	<u>-</u>	<u>2,417</u>	<u>2,417</u>
Distributions from investment pool	<u>879,739</u>	<u>-</u>	<u>879,739</u>
Total deductions	<u>879,739</u>	<u>70,512</u>	<u>950,251</u>
Change in net position	161,178	37,617	198,795
Net position - beginning	<u>201,014</u>	<u>1,135,719</u>	<u>1,336,733</u>
Net position - ending	<u>\$ 362,192</u>	<u>\$ 1,173,336</u>	<u>\$ 1,535,528</u>

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



NOTES TO THE BASIC FINANCIAL STATEMENTS



COUNTY OF SAN LUIS OBISPO
NOTES TO THE BASIC FINANCIAL STATEMENTS (In Thousands)
JUNE 30, 2015

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 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, 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 No. 14 and No. 61.

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' governing bodies 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, delivery, water treatment, and water 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) – 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.

Proprietary funds 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 a proprietary fund's principal ongoing operation. The principal operating revenues of the

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

County enterprise funds (Airport, Nacimiento Water Contract, Lopez Flood Control Project, Los Osos Wastewater, and nonmajor enterprise) and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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.

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, 2015, the County implemented the following GASB Statements:

- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The requirements of this statement are effective for financial statement periods beginning after June 15, 2014. GASB Statement No. 68 revises and establishes new financial reporting requirements for state and local governments that provide their employees with pension benefits. GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability, and to more comprehensively and comparably measure the annual costs of pension benefits. This statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*. The requirements of this statement are effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013. GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this statement, the term *government combinations* includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations. GASB Statement No. 69 requires disclosures to be made about government combinations and disposals of government operations to enable financial statement users to evaluate the nature and financial effects of those transactions.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*. The requirements of this statement are effective for financial statements for reporting beginning after June 15, 2013. GASB Statement No. 70 improves accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*. The requirements of this statement are effective for financial statement periods beginning after June 15, 2014. GASB Statement No. 71 addresses an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this statement are required to be applied simultaneously with the provisions of GASB Statement No. 68.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County reports the following Major Governmental Funds:

- The General Fund is the County's primary operating fund. The General Fund is used to account for all revenues and expenditures necessary to carry out the basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, public ways and facilities, health and sanitation, public assistance, education, and recreational and cultural services.
- The Capital Projects Fund is used to account for the financial resources restricted for the acquisition or construction of specific projects, or items other than those financed by proprietary funds.

The County reports the following Major Proprietary Funds:

- The Airport Fund accounts for the maintenance, operations, and development of the County-owned commercial service airports in San Luis Obispo and Oceano.
- The Nacimiento Water Contract Fund accounts for the activities and delivery of water associated with the Nacimiento water supply reservoir and the contract with Monterey County.
- The Lopez Dam 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, equipment maintenance 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, its employees, and 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, 2014.
- 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 145 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 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, 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 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.

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, 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, 2015. The fair value of pooled investments is determined annually and is based on current market prices.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 99.89 percent.

Cash and Cash Equivalents

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

Receivables and Payables

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

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." 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 are recorded at estimated fair market value at the date of donation. 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 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	N/A
Infrastructure	\$100,000	20 to 100 years
Structures and 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; therefore the total liability is recorded as long-term. 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.

Pensions

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

E. ESTIMATES

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

2. CASH AND CASH EQUIVALENTS

Cash in Treasury

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The San Luis Obispo County Investment Pool is rated by Fitch Ratings, one of the Nationally Recognized Statistical Rating Organizations. Fitch has consistently rated the County Pool with their highest rating since fiscal year 1994-95. The County Pool's "AAA" rating 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 County Pool's "V1" volatility rating reflects the pool's low market risk and capacity to return stable principal value to meet anticipated cash flow requirements, even in adverse interest rate environments. Most recently on July 14, 2015, Fitch confirmed the County Pool's "AAA/V1" rating.

The County Treasury Oversight Committee (CTOC) was created by the Board of Supervisors' Resolution and is formed by five members. The CTOC monitors and reviews quarterly, the management of public funds maintained in the investment pool in accordance with the California GC. The CTOC and the Board of Supervisors review and approve the IP annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the CTOC and the investment pool participants every quarter. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value. California GC directs the CTOC to cause an annual IP compliance audit. A list of providers for the annual compliance audit is specified in the Board Resolution which created the CTOC. These providers are: County Auditor in conjunction with or in addition to work directed by California GC; 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 an Annual Investment Policy Compliance Audit for the fiscal year ended June 30, 2015. The results of these audits have been presented to the Board of Supervisors on a yearly basis.

Under parameters established by the California GC, 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 the California GC. The California GC prohibits investments in derivatives which include inverse floaters, range notes, or mortgage-derived, interest strips and any security that could result in zero interest accrual if held to maturity. While securities lending and reverse repurchase agreements are considered permitted investments per California GC, the County IP prohibits these types of investments.

The County maintains a combined pool of cash and investments which provide cash flow for the funding needs of the County and local agencies required by law to keep funds in the Treasury. The combined pool's investments have a carrying value that uses the amortized cost method and includes accrued interest. This pool, which is available to all funds, has deposits and investments with a weighted-average maturity of less than one year. Interest is apportioned to the separate funds based on the individual fund's average daily balance.

Investments were authorized by the California GC and the County Treasurer's IP: Securities were 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.

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, and the California State Local Agency Investment Fund (LAIF), except for instruments which are carried at amortized cost plus accrued interest.

The County Treasury has provided a fair value dollar factor of 1.001069008945 in the Quarterly Report of Investments as of June 30, 2015, which can be used for financial reporting by the pool participants. The

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

fair value of the investments is the pool participant's amount invested balance multiplied by the fair value dollar factor.

The County's combined pool has invested in LAIF. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Market valuation is conducted quarterly. LAIF provided a fair value dollar factor of 1.000375979 for its portfolio as of June 30, 2015. 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, 2015, 2.08% 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.

As of June 30, 2015, the County's combined pool includes funds deposited in collateralized Public Investment Money Market Accounts (PIMMAs), Certificates of Deposit placed through the Certificate of Deposit Account Registry Service (CDARS), and a Federally Insured Cash Account (FICA). PIMMAs are interest-bearing active bank accounts and by California GC §53631 et seq., are considered depository accounts, not investments. PIMMAs are fully liquid and collateralized by eligible securities per GC 53651 et seq. Deposits placed through CDARS as authorized by California GC §53635.8, are distributed into individual Certificates of Deposit (CD) of less than \$250,000 each that are fully FDIC insured, and placed through a network participating bank that uses the CD Account Registry Service, a private entity that assists in the placement of the individual CDs. FICA is similar to CDARS where a single large deposit is placed into individual deposits of less than \$250,000 with network banks. As a result, full FDIC insurance is maintained. Unlike CDARS, FICAs are not term deposits, and the full balance is available at any time on demand. Even though PIMMAs and FICAs 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 table below identifies the investment types that are authorized for the County by the California GC. The County's combined pool is further restricted by both the County IP and the Treasurer's written policies and procedures to reduce exposure to investment risks. The County IP gives the County Treasurer the authority to act in the best interest of the County in the face of changing market conditions and circumstances by making written exceptions to the County IP and the Treasurer's written policies and procedures within the limits of the California GC and all relevant laws. As of June 30, 2015, the table represents the County's IP or where more restrictive, the Treasurer's written policies and procedures, that address interest risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Bonds issued by a Local Agency	1 year	5%	Requires written approval of County Treasurer for each investment.
U.S. Treasury Notes	3 years	100%	N/A
U.S. Treasury Bonds	3 years	100%	N/A
U.S. Treasury Bills	Maximum issued	100%	N/A
Cash Management Bills	Maximum issued	100%	N/A
Registered State Warrants	1 year	10%	Requires written approval of County Treasurer for each investment.
Treasury Notes or Bonds of this state	Not authorized in FY 2014-15		
Registered Treasury Notes or Bonds of any of the other 49 United States	Not authorized in FY 2014-15		
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 written approval of County Treasurer for each investment.
U.S. Government Agencies:			
Federal National Mortgage Assoc.	Not authorized in FY 2014-15		
Federal Home Loan Mortgage Corp.	Not authorized in FY 2014-15		

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Federal Home Loan Bank	3 years	20%	N/A
Farm Credit Bank	3 years	20%	N/A
Bankers' Acceptances-Domestic	30 days	10%	4%
Bankers' Acceptances-Foreign	Not authorized in FY 2014-15		
Commercial Paper	30 days	5%	2%
Collateralized Certificates of Deposit	1 year	5%	1%
Negotiable Certificates of Deposit	Not authorized in FY 2014-15		
CDARS	1 year	15%	1%
Tri-Party Repurchase Agreements	30 days	15% of all repos	N/A
Bi-Party Repurchase Agreements	Not authorized in FY 2014-15		
Reverse Repurchase Agreements	Not authorized in the County's IP		
Securities Lending Agreements	Not authorized in the County's IP		
Medium-Term Notes	Not authorized in FY 2014-15		
Money Market Mutual Funds	Not authorized in FY 2014-15		
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.		
Notes, Bonds, or other obligations that are at all times secured by a valid first priority security interest	Not authorized in FY 2014-15		
Mortgage Pass-Through Securities	Not authorized in FY 2014-15		
Local Agency Investment Fund	N/A	15%	N/A

*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 is an exception to the above restriction of one (1) year as it has a maturity of five (5) years. However, it is within what is allowed by California GC.

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, 2015, the County did not have investments in corporate bonds, medium term notes, or money market mutual funds. Investments in obligations of the U.S. government, U.S. government agencies or government-sponsored enterprises are exempt from limitations set by GASB.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County's Investment Pool's fair value at June 30, 2015.

Investment Type	S&P	Moody's	% of Portfolio*
U.S. Treasuries	AA+	Aaa	22.87%
U.S. Government Agencies	AA+	Aaa	58.63%
CDARS	Not Rated	Not Rated	9.20%
Local Agency Investment Fund	Not Rated	Not Rated	9.21%
TRAN	Not Rated	Not Rated	0.09%
Total			<u>100.00%</u>

* Bank Deposit accounts such as PIMMAs and FICA 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 both at 6% of the County's combined pool inclusive of the PIMMAs and FICA 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, 2015, the following investments exceeded the 5% disclosure threshold:

Investment Type	% of Portfolio
U.S. Government Agencies-Federal Home Loan Bank	30.07%
U.S. Government Agencies-Farm Credit Bank	28.56%

At June 30, 2015, the County had the following investments and interest-bearing deposits (in thousands):

Instrument	Maturity Dates	Interest Rate %	Weighted Average Maturity Years	Carrying Amount	Fair Value	Par Value
CDARS	7/02/15-6/02/16	0.32%	0.63	50,000	50,000	50,000
U.S. Treasuries	12/31/15-3/15/18	0.362%-1.109%	1.75	124,093	124,320	124,000
U.S. Government Agencies	1/26/16-5/11/18	0.345%-1.32%	1.77	317,923	318,621	317,152
Local Agency Investment Fund	On Demand	0.31%	-	50,035	50,054	50,000
TRAN	1/30/18	2.60%	2.58	494	494	488
Total Investments in County Treasury			1.50	<u>\$542,545</u>	<u>\$543,489</u>	<u>\$541,640</u>
Deposits in Financial Institutions				339,831	339,831	339,831
Cash on Hand				179	179	179
Total Cash held in Treasury				<u>882,555</u>	<u>883,499</u>	<u>881,650</u>
Deposits in Transit				724	724	724
Outstanding Warrants				<u>(10,024)</u>	<u>(10,024)</u>	<u>(10,024)</u>
Total				<u>873,255</u>	<u>874,199</u>	<u>872,350</u>
Imprest Cash				957	957	957
Non-pool Cash Deposits				752	752	752
Other Cash Deposits				1,709	1,709	1,709
Total cash and cash equivalents				<u>\$ 874,964</u>	<u>\$ 875,908</u>	<u>\$ 874,059</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Restricted Cash with Fiscal Agent</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Par Value</u>
U.S. Government & Federal Agencies	\$ 12,991	\$ 12,991	\$ 12,991
Certificates of Deposit & Money Market Accounts	748	748	748
Total	<u>13,739</u>	<u>13,739</u>	<u>13,739</u>
Total restricted and unrestricted cash and cash equivalents	<u>\$ 888,703</u>	<u>\$ 889,647</u>	<u>\$ 887,798</u>

<u>Total Cash and Investments Summary</u>	<u>Carrying Amount</u>
Total Governmental Activities	\$ 404,260
Total Business-type Activities	62,726
Total Fiduciary Funds , excluding San Luis Obispo County Trust Fund	413,207
Total Component Unit	8,510
Total Cash and Investments	<u>\$ 888,703</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, 2015 (in thousands):

<u>Statement of Net Position:</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Net position held for pool participants	\$ 873,255	\$ 874,199
Equity of internal pool participants	\$ 511,063	\$ 512,007
Equity of external pool participants (voluntary and involuntary)	362,192	362,192
Total Equity	<u>\$ 873,255</u>	<u>\$ 874,199</u>
<u>Statement of Changes in Net Position:</u>		
Revenue	\$ 3,241	\$ 3,241
Investment Costs	(744)	(744)
Net Deposits	200,071	200,071
Change in fair value	-	479
Net change in pool	<u>202,568</u>	<u>203,047</u>
Net position at July 1, 2014	670,687	671,152
Net position at June 30, 2015	<u>\$ 873,255</u>	<u>\$ 874,199</u>

Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2015, that are restricted by legal or contractual requirements are comprised of the following (in thousands):

<u>Various Governmental Funds</u>	<u>Amount</u>
Required lease reserves for long term debt	\$ 12,978
Restricted interest on lease reserves	13
Restricted for Contractor Retentions	748
Total Restricted Cash	<u>\$ 13,739</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Cash Deposits Outside of the Treasury Pool

At fiscal year end, the carrying amount of the County's other cash deposits was \$751 and the combined financial institutions' balance was \$767. The difference of \$16 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 \$767 was covered by federal depository insurance or by collateral held by 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):

	Governmental Activities			Business-Type Activities	
	General Fund	Nonmajor Special Revenue Funds	Internal Service Funds	Nacimiento Water Contract	Nonmajor Enterprise Fund
Accounts Receivable	\$ 58	\$ 21	\$ 9	\$ 1,537	\$ 1,653
Allowance for Doubtful Accounts	-	-	-	(1,506)	-
Net Accounts Receivable	<u>\$ 58</u>	<u>\$ 21</u>	<u>\$ 9</u>	<u>\$ 31</u>	<u>\$ 1,653</u>

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2015, is as follows (in thousands):

<u>Governmental Activities</u>	Balance July 1, 2014	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2015
Capital assets, not being depreciated:					
Land	\$ 794,679	\$ 3	\$ (140)	\$ 5	\$ 794,547
Construction in progress	39,682	27,298	(182)	(8,596)	58,202
Total capital assets, not being depreciated	<u>834,361</u>	<u>27,301</u>	<u>(322)</u>	<u>(8,591)</u>	<u>852,749</u>
Structures and improvements	179,137	1,430	(1,275)	4,168	183,460
Equipment	75,588	7,408	(3,982)	1,462	80,476
Infrastructure	341,432	2,061	-	2,845	346,338
Other property	340	-	-	-	340
Total capital assets, being depreciated	<u>596,497</u>	<u>10,899</u>	<u>(5,257)</u>	<u>8,475</u>	<u>610,614</u>
Less accumulated depreciation for:					
Structures and improvements	(73,431)	(3,914)	581	-	(76,764)
Equipment	(45,276)	(6,247)	3,646	114	(47,763)
Infrastructure	(175,684)	(10,494)	-	-	(186,178)
Other property	(19)	(4)	-	-	(23)
Total accumulated depreciation	<u>(294,410)</u>	<u>(20,659)</u>	<u>4,227</u>	<u>114</u>	<u>(310,728)</u>
Total capital assets being depreciated, net	<u>302,087</u>	<u>(9,760)</u>	<u>(1,030)</u>	<u>8,589</u>	<u>299,886</u>
Governmental activities capital assets, net	<u>\$ 1,136,448</u>	<u>\$ 17,541</u>	<u>\$ (1,352)</u>	<u>\$ (2)</u>	<u>\$ 1,152,635</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Business-Type Activities</u>	Balance July 1, 2014	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2015
Capital assets, not being depreciated:					
Land	\$ 32,621	\$ -	\$ -	\$ -	\$ 32,621
Construction in progress	110,491	40,473	-	(432)	150,532
Water Rights	46,457	1,960	-	-	48,417
Other Property	1,968	-	-	-	1,968
Total capital assets, not being depreciated	191,537	42,433	-	(432)	233,538
Capital assets, being depreciated:					
Infrastructure	193,948	410	(7)	12	194,363
Structures and improvements	168,797	106	(88)	420	169,235
Equipment	3,148	190	(89)	116	3,365
Other Property	554	-	-	-	554
Total capital assets, being depreciated	366,447	706	(184)	548	367,517
Less accumulated depreciation for:					
Infrastructure	(9,484)	(2,957)	1	-	(12,440)
Structures and improvements	(43,545)	(3,664)	82	-	(47,127)
Equipment	(2,130)	(156)	76	(114)	(2,324)
Other Property	(56)	(2)	-	-	(58)
Total accumulated depreciation	(55,215)	(6,779)	159	(114)	(61,949)
Total capital assets being depreciated, net	311,232	(6,073)	(25)	434	305,568
Business-type activities capital assets, net	\$ 502,769	\$ 36,360	\$ (25)	\$ 2	\$ 539,106

Depreciation Expense

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

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 3,647
Public Protection	2,768
Public Ways and Facilities	10,316
Health and Sanitation	529
Public Assistance	235
Education	193
Recreational and Cultural Services	595
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	2,376
Total Depreciation Expense-Governmental Activities	\$ 20,659

<u>Business-type Activities</u>	<u>Amount</u>
Airport	\$ 2,159
Nacimiento	2,193
Lopez Flood Control	1,305
Nonmajor Enterprise	1,122
Total Depreciation Expense-Business-type Activities	\$ 6,779

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

5. CONSTRUCTION IN PROGRESS AND RELATED COMMITMENTS

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

The following is a schedule of major projects included in Construction in Progress as of June 30, 2015 (in thousands):

Governmental Activities

Project	Expended to June 30, 2015	Committed Funds
Sheriff Women's Jail Expansion	\$ 19,334	\$ 21,365
Roads Infrastructure	22,574	27,042
SLO Probation Juvenile Hall Expansion	5,695	14,266
Parks & Recreation (Cayucos Pier)	2,764	1,284
Gen Govt - Atas Public Service Center	1,496	270
Property Tax System	1,324	1,736
Digital Microwave System	1,092	109
WTP 6th Membrane Filter Mod	667	64
Health-COC An Services Expansion	590	677

Business-Type Activities

Project	Expended to June 30, 2015	Committed Funds
SLO Airport Facilities Infrastructure	\$ 2,552	\$ 22
Los Osos Wastewater Project	146,066	33,274

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 No. 13. The leases cover periods ranging generally from 1 to 40 years. The General Fund leases portions of the former County General Hospital and North County healthcare facilities. The original cost of these facilities was \$10,787. As of June 30, 2015, they had a carrying value of \$8,226 net of accumulated depreciation of \$2,561. The County 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 rentals to be received under these non-cancelable operating leases at June 30, 2015 (in thousands):

Year Ending June 30	General Fund	Airport
2016	\$ 610	\$ 295
2017	610	278
2018	588	261
2019	577	261
2020	546	247
Later Years	1,040	6,162
Total	\$ 3,971	\$ 7,504

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Minimum future rentals do not include contingent rentals, 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 rentals amounted to \$1,665 for the fiscal year ended June 30, 2015.

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 Statement No. 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, 2015, totaled \$3,614. 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, 2015, for the next five years and for each five-year period thereafter (in thousands):

Year Ending June 30	Minimum Lease Payments
2016	\$ 2,412
2017	2,412
2018	2,308
2019	1,845
2020	1,743
2021-2025	5,948
2026-2030	2,822
2031-2035	234
Total	<u>\$ 19,724</u>

7. RISK MANAGEMENT

The County is exposed to various risks of losses 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 and no 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	\$455,138 maximum	N/A
Dental	None – Funded by Employees	N/A

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 85% confidence level, and the estimated liability for the Workers' Compensation Self Insurance Fund was recorded at a discounted 80% confidence level.

Changes in the balances of claims liabilities for the self funded insurance program including: the Protected Self Insurance Fund, Worker's Compensation Fund, Unemployment Insurance Fund, and Dental Insurance Fund for fiscal years 2013-14 and 2014-15, were as follows (in thousands):

	Beginning of the fiscal year liability	Current year claims, changes & estimates	Claim payments	Balance at fiscal year end
2013-14	\$ 18,832	\$ 4,485	\$ 5,001	\$ 18,316
2014-15	\$ 18,316	\$ 4,945	\$ 4,643	\$ 18,618

8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 2015, was (in thousands):

<u>Receiver Fund (Due To)</u>	<u>Sender Fund (Due From)</u>	<u>Amount</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	\$ 208
	Total	<u>\$ 208</u>

The County Service Area 23 Enterprise Fund owes the Flood Control Zone Special Revenue Fund \$208 for the local match portion of a grant.

<u>Payable Fund (Advances From Balance)</u>	<u>Receivable Fund (Advances To Balance)</u>	<u>Amount</u>
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	\$ 654
	Nonmajor Governmental Funds	603
	General Fund	934
	Total	<u>2,191</u>
Nonmajor Enterprise Funds	General Fund	126
	Nonmajor Governmental Funds	315
	Total	<u>441</u>
Airport	General Fund	3,405
	Total	<u>\$ 6,037</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Nonmajor Governmental Funds' advances from Nonmajor Enterprise Funds of \$654 are comprised of reserve funds from the Golf Enterprise Fund to the Public Financing Authority Debt Service Fund (\$487) and from the Lopez Park Enterprise Fund to the Parks Special Revenue Fund (\$167) for future debt service obligations.

Advances between Nonmajor Governmental Funds are internal loans of \$603 from the Roads Special Revenue Fund to the Roads Impact Fees Special Revenue Fund, and advances related to the General Fund include an internal loan to the County Services Area 21 Special Revenue Fund (\$81) and to the Library Special Revenue Fund (\$853).

The Nonmajor Enterprise Funds advances of \$441 represent internal loans received by the County Services Areas Special Districts Enterprise Funds from the General Fund (\$126) and from the County Services Area 10 Special Revenue Fund (\$315).

The Airport owes the General Fund \$3,405 for internal loans for various projects including the refinancing of a State loan for the construction of hangars (\$2,414).

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	\$ 24,624
	Capital Projects Fund	2,588
	Airport	13
	Nonmajor Enterprise Funds	12
		<u>27,237</u>
Nonmajor Governmental Funds	General Fund	949
	Capital Projects Fund	1,264
	Nonmajor Governmental Funds	2,268
	Los Osos Wastewater	2,966
	Nonmajor Enterprise Funds	227
	<u>7,674</u>	
Airport	General Fund	1
	Nonmajor Governmental Funds	54
	<u>55</u>	
Capital Projects Fund	Nonmajor Enterprise Funds	12
	General Fund	1
	Nonmajor Governmental Funds	662
Nonmajor Enterprise Funds	<u>663</u>	
Internal Service Funds	General Fund	33
	Nonmajor Governmental Funds	855
	Airport	164
		<u>1,052</u>
Nacimiento	Nonmajor Enterprise Funds	23
Total Transfers		\$ <u>36,716</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

General Fund transfers to Nonmajor Governmental Funds included contributions to the following Special Revenue Funds: Roads (\$8,414), Library (\$2,308), Community Development (\$391), County Medical Services Program (\$785) and Parks (\$4,139). The General Fund also transferred \$8,587 to the Pension Obligation Bond Debt Service Fund to finance debt service payments, \$13 to the Airport, \$12 to Golf, and \$2,588 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 (\$397) for debt service, the Capital Projects Fund (\$290), the Library Fund (\$169), and the Parks Fund (\$1,200) to fund capital and maintenance projects. The Parks Special Revenue Fund made transfers to the Capital Projects Fund (\$43), to the Pension Obligation Bond Debt Service Fund (\$149), and to the Lopez Park Enterprise Fund (\$4) for debt service. The Roads Fund transferred \$57 to Parks and \$4 to Flood Control Zone 18 Special Revenue Fund for maintenance projects. The Road Impact Fee Special Revenue Fund transferred Impact Fees of \$449 to the General Fund for debt service, and \$417 to the Roads Fund for capital and maintenance projects. The Library Fund (\$213), the County Medical Services Program Fund (\$21) and the Driving Under the Influence Fund (\$37) made transfers to the Pension Obligation Bond Debt Service Fund to finance debt service payments. Other Nonmajor Governmental Fund transfers include a transfer of \$931 from the Library fund to the Capital Projects Fund related to the Atascadero Library project, \$103 to the General Fund from the dissolution of County Service Area 17, \$2,966 of grant related monies from the Flood Control District to the Los Osos Wastewater Fund, and \$224 of transfers between various County Service Areas.

The Airport Enterprise Fund transferred \$1 to the General Fund and \$54 to the Pension Obligation Bond Fund for debt service.

The Capital Projects Fund transferred \$12 to the Golf Fund for replacement of a water line at the Morro Bay Golf Course.

Transfers from Nonmajor Enterprise funds included \$1 of transfers from the County Service Areas to the General Fund for debt service, transfers from the Golf Enterprise Fund to the Pension Obligation Bond Debt Service Fund (\$42), a \$208 transfer of grant monies from the County Service Area 10 Enterprise fund to the Flood Control Zone Special Revenue Fund, and transfers between various County Services Areas (\$412).

The Garage Internal Service Fund transferred \$33 to the General Fund and \$35 to the Airport Fund for assets sales. Additionally, the Garage Internal Service Fund transferred \$129 in fixed assets to the Airport 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 (\$809) and Garage (\$46) Internal Service Funds.

The Nacimiento Fund transferred \$23 to the County Service Area 10 Enterprise Fund as a refund of prepaid construction costs.

10. BONDED INDEBTEDNESS AND LONG-TERM DEBT

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2015, (in thousands) is as follows:

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Governmental Activities</u>	Beginning Balance July 1, 2014	Adjustments	Additions	Reductions	Ending Balance June 30, 2015	Due within one year
Bonds and notes payable:						
Certificates of participation	\$ 24,640	\$ -	\$ -	\$ 1,040	\$ 23,600	\$ 1,073
Unamortized discount on COP	(95)	-	-	(4)	(91)	-
Unamortized premium on COP	1,240	-	-	88	1,152	-
Pension Obligation Bonds	111,234	35,486	4,529	5,030	146,219	5,715
Total Bonds and notes payable	<u>137,019</u>	<u>35,486</u>	<u>4,529</u>	<u>6,154</u>	<u>170,880</u>	<u>6,788</u>
Other liabilities:						
Compensated absences	26,186	-	16,483	15,939	26,730	18,030
Landfill post-closure costs	4,214	-	468	405	4,277	397
Self insurance	18,316	-	4,945	4,643	18,618	3,446
Total other liabilities	<u>48,716</u>	<u>-</u>	<u>21,896</u>	<u>20,987</u>	<u>49,625</u>	<u>21,873</u>
Total Governmental Activities	<u>\$ 185,735</u>	<u>\$ 35,486</u>	<u>\$ 26,425</u>	<u>\$ 27,141</u>	<u>\$ 220,505</u>	<u>\$ 28,661</u>
 <u>Business-Type Activities</u>						
Bonds and notes payable:						
Certificates of participation	\$ 18,257	\$ -	\$ 231	\$ 743	\$ 17,745	\$ 766
Unamortized premium on COP	459	-	-	33	426	-
State notes	46,529	-	30,005	3,760	72,774	1,383
Revenue bonds	187,170	-	-	3,357	183,813	3,504
Unamortized premium on Revenue Bonds	5,732	-	-	213	5,519	-
General obligation bonds	9,530	-	-	375	9,155	395
Unamortized premium on General obligation bonds	959	-	-	57	902	-
Assessment bonds	76,438	-	4,635	1,244	79,829	1,271
Total bonds and notes payable	<u>345,074</u>	<u>-</u>	<u>34,871</u>	<u>9,782</u>	<u>370,163</u>	<u>7,319</u>
Other liabilities:						
Compensated absences	288	-	162	122	328	172
Total other liabilities	<u>288</u>	<u>-</u>	<u>162</u>	<u>122</u>	<u>328</u>	<u>172</u>
Total Business-Type Activities	<u>\$ 345,362</u>	<u>\$ -</u>	<u>\$ 35,033</u>	<u>\$ 9,904</u>	<u>\$ 370,491</u>	<u>\$ 7,491</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Changes in Long-Term Liabilities

Annual debt service requirements for governmental and business-type activities as of June 30, 2015, are summarized as follows:

Year Ended June 30,	Governmental Activities					
	Certificates of Participation		Pension Obligation Bonds			Total
	Principal	Interest	Principal	Unaccreted Appreciation	Interest	
2016	\$ 1,073	1,002	\$ 5,715	\$ -	\$ 3,911	\$ 9,626
2017	1,116	958	6,460	-	3,644	10,104
2018	1,159	913	7,265	-	3,336	10,601
2019	1,207	865	6,622	1,323	3,171	11,116
2020	1,253	816	49,246	1,799	1,586	52,631
2021-2025	8,289	3,370	33,739	17,500	-	51,239
2026-2030	4,714	1,504	33,614	34,661	-	68,275
2031-2035	2,975	800	3,558	4,983	-	8,541
2036-2040	1,814	141	-	-	-	-
Total	\$ 23,600	\$ 10,369	\$ 146,219	\$ 60,266	\$ 15,648	\$ 222,133

Year Ended June 30,	Business-Type Activities					
	Certificates of Participation		State Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 766	\$ 795	\$ 1,383	\$ 605	\$ 3,503	\$ 9,192
2017	800	764	1,422	566	3,665	9,026
2018	828	732	2,786	1,429	3,850	8,837
2019	867	697	2,718	1,462	4,050	8,636
2020	903	659	2,783	1,397	4,260	8,424
2021-2025	5,199	2,615	14,580	5,954	24,915	38,522
2026-2030	5,553	1,224	15,281	4,216	32,125	31,273
2031-2035	1,307	344	8,272	2,865	41,500	21,913
2036-2040	480	243	9,135	2,003	53,560	9,842
2041-2045	575	147	10,089	1,049	12,385	291
2046-2050	467	39	4,325	131	-	-
Total	\$ 17,745	\$ 8,259	\$ 72,774	\$ 21,677	\$ 183,813	\$ 145,956

Year Ended June 30,	Business-Type Activities (continued)					
	General Obligation Bonds			Assessment Bonds		
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 395	\$ 445	\$ 1,271	\$ 2,173		
2017	410	429	1,307	2,142		
2018	425	413	1,343	2,106		
2019	440	394	1,388	2,069		
2020	460	374	1,415	2,030		
2021-2025	2,695	1,489	7,725	9,533		
2026-2030	3,510	669	8,862	8,394		
2031-2035	820	20	10,167	7,088		
2036-2040	-	-	11,674	5,588		
2041-2045	-	-	13,394	3,868		
2046-2050	-	-	15,361	1,894		
2051-2055	-	-	5,922	151		
Total	\$ 9,155	\$ 4,233	\$ 79,829	\$ 47,036		

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Long-term liabilities at June 30, 2015, consisted of the following:

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2015
<u>Governmental Activities</u>						
Certificates of Participation						
<u>2007 Series A</u>	2/8/2007	2037	4% - 4.25%	\$304 - \$308	\$5,090	\$4,350
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	6,335
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	.5%-5.0%	\$1,034-1,289	14,427	12,915
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	\$23,600

Pension Obligation Bonds

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

<u>2003 Series A Standard Bonds</u>	7/2/2003	2018	1.68% - 4.54%	\$2,164 - \$7,594	\$47,995	\$19,440
<u>2003 Series C Capital Appreciation Bonds</u>	7/2/2003	2031	5.27% - 5.73%	zero - \$15,000	44,199	144,480
<u>Appreciation</u>						(60,266)
<u>2009 Series A Term Bonds</u>	8/19/2009	2019	7.45%	\$3,171	42,565	42,565
					\$134,759	\$146,219

Business-Type Activities

Certificates of Participation

<u>USDA 2009</u>	4/30/2009	2049	4.375%	\$6 - \$86	\$1,631	\$1,533
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	10,200
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 Flood Control District for the use of the retrofitted facilities.						
<u>2012 Series A</u>	10/15/2012	2028	.5%- 5.0%	\$381-\$475	5,323	4,765
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	1,293	1,247
Used to finance a water system improvement project in County Service Area 10A. Debt service is provided by water sales revenues.						
					\$20,237	\$17,745

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2015
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 systems in unincorporated areas and to construct hangars at the San Luis Obispo airport. State loans are repaid with water service revenue and hangar rental revenue.						
Cayucos Water Treatment Facility	1998	2023	3.0315%	\$174	\$3,011	\$1,225
Santa Margarita Water System	1999	2018	3.41%	\$36	513	101
Lopez Recreation Area	2004	2024	2.5132%	\$21	325	167
Lopez Water Treatment Plant Upgrade	2006	2028	2.60%	\$1,672	25,945	20,658
Airport Hangars	2007	2025	4.6557%	\$86	1,000	679
Los Osos Waste Water Project	2012	2046	2.0%	\$336-\$598	49,944	49,944
					<u>\$80,738</u>	<u>\$72,774</u>

Revenue Bonds

<u>1976 Water Bond-County Service Area 16</u>	4/1/1976	2016	5.00%	\$7 - \$9	\$135	\$8
Used to improve the Shandon Water System. Debt service is provided primarily by water sales revenues.						
<u>2007 Nacimiento Pipeline Project Series A</u>	9/26/2007	2040	3.75% - 5.0%	\$7,658 - \$10,048	157,845	147,515
<u>2007 Nacimiento Pipeline Project Series B</u>	9/26/2007	2040	5.196% - 5.571%	\$2,132 - \$2,646	38,565	36,290
Used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts payable under water delivery contracts.						
					<u>\$196,545</u>	<u>\$183,813</u>

General Obligation Bonds

<u>2011 Refunding – Lopez Dam Remediation</u>	5/12/2011	2030	2.0% - 5.5%	\$833 - \$840	<u>\$10,760</u>	<u>\$9,155</u>
Used to refund the 2000 A GO issue. The original GO Bonds were used to improve and Retrofit the Lopez Dam. Debt service is provided by applicable property taxes.						
Assessment Bonds	2012	2037	2.75%	\$1,609 - \$3,245	<u>\$82,291</u>	<u>\$79,829</u>
Issued to the USDA to finance the construction of the Los Osos Waste Water Project. Debt Service will be provided by amounts levied against property owners who benefit from the project.						

Public Facilities Corporation

The San Luis Obispo County Public Facilities Corporation (PFC) was incorporated on 9/7/1994. 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 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Description of Long-Term Lease Arrangements

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

Description of Special Assessment Bonds

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

The County acts in an agent capacity for the assessment districts. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment principal outstanding at June 30, 2015, totals \$80,952 with interest rates from 3.5% 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 \$27,058 at June 30, 2015. 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 current debt limitation for the County is \$567,827 with a margin of \$557,770.

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, 2015, had an arbitrage liability of \$718,443.

Subsequent Event

In August 2015, the County refunded a portion of the 2007 Nacimiento Pipeline Project Series A Revenue Bonds. The refunding provided Net Present Value (NPV) savings of \$5,037 or 4.569% (expressed as a % of refunded par) or 4.702% (expressed as a % of refunding par). Total cash flow savings are \$12,730.

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, 2015, is as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 1,130,241
Business-type activities	<u>213,455</u>
Total	<u>\$ 1,343,696</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, 2015 is \$18,281 restricted due to enabling legislation.

Restricted net position at June 30, 2015, for governmental activities is as follows (in thousands):

	<u>Amount</u>
RESTRICTED FOR:	
<u>General Government</u>	
Purchase obligations for Board of Supervisors related professional services	\$ 3
Purchase obligations for Administrative Office related professional services	1
Purchase obligations for Risk Management related professional services	28
Purchase obligations for Auditor-Controller-Treasurer-Tax Collector related professional services	104
Purchase obligations for Assessor related software	48
Purchase obligations for County Counsel related professional services	195
Purchase obligations for Human Resources related professional services	109
Purchase obligations for Utilities Management related professional services	14
Purchase obligations for building maintenance projects	91
Purchase obligations for Architectural Services related professional services	9
Purchase obligations for Information Technology related professional services and equipment	169
Purchase obligations for capital projects	5
Claims, contracts and other restrictions	1,221
<u>Public Protection</u>	
Purchase obligations for Agricultural Commissioner related equipment	1
Purchase obligations for Planning related training equipment, and professional services	630
Purchase obligations for Waste Management related supplies and professional services	89
Purchase obligations for Public Defender related professional services	6
Purchase obligations for District Attorney related software support and supplies	15

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Purchase obligations for Sheriff-Coroner related professional services and supplies	39
Purchase obligations for Animal Services professional services, training, and supplies	44
Purchase obligations for Emergency Services related professional services	5
Purchase obligations for fire protection related software and equipment	255
Purchase obligations for flood control related engineering and environmental services	897
Purchase obligations for capital projects	2,876
<u>Health and Sanitation</u>	
Purchase obligations for Behavioral Health related professional services and supplies	137
Purchase obligations for Public Health related professional services and software	105
<u>Public Ways and Facilities</u>	
Purchase obligations for Public Works related professional services	91
Road maintenance and construction	7,236
Public facilities fees restricted for public facilities	11,046
Purchase obligations for capital projects	51
<u>Recreation and Culture</u>	
Parks equipment and maintenance services	133
<u>Debt Service</u>	<u>12,069</u>
Total Restricted Net Position	<u>\$ 37,722</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, 2015 is as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ (150,074)
Business-type activities	<u>97,173</u>
Total	<u>\$ (52,901)</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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

As prescribed by GASB statement 54, the following classifications are used to identify the components of fund balance:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Fund balances for all the major and nonmajor governmental funds as of June 30, 2015, are distributed as follows:

	General Fund	Capital Projects Fund	Nonmajor Gov'tl Funds	Total
<u>Nonspendable:</u>				
Inventories	\$ 108	\$ -	\$ -	\$ 108
Prepaid Items	2,361	-	1	2,362
Advances to other funds	2,620	-	918	3,538
Subtotal	<u>5,089</u>	<u>-</u>	<u>919</u>	<u>6,008</u>
<u>Restricted for:</u>				
Tax loss reserves	2,945	-	-	2,945
Public facilities	-	-	11,045	11,045
Traffic impact programs	-	-	7,236	7,236
Wildlife and grazing programs	-	-	15	15
Debt service	-	-	2,267	2,267
Subtotal	<u>2,945</u>	<u>-</u>	<u>20,563</u>	<u>23,508</u>
<u>Committed to:</u>				
Maintenance projects	4,355	-	-	4,355
Assessor projects	363	-	-	363
County Counsel projects	279	-	-	279
Information Technology projects	236	-	-	236
Other general government	5,237	-	-	5,237
Planning programs	1,657	-	-	1,657
County fire programs	1,929	-	-	1,929
Sheriff programs	108	-	-	108
Public Defender programs	103	-	-	103
Other public protection	177	-	-	177
Public health programs	249	-	-	249
Behavioral health programs	189	-	-	189
Veteran's Services programs	183	-	-	183
Public works engineering & consulting services	109	-	-	109
Fish and game programs	-	-	197	197
Flood control programs	-	-	19,373	19,373
Lighting programs	-	-	497	497
Community development programs	-	-	604	604
Medical services programs	-	-	859	859
Emergency medical services	-	-	843	843
Roads	-	-	13,494	13,494
Community service areas	-	-	1,345	1,345
Driving under the influence programs	-	-	518	518
Library	-	-	2,627	2,627

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	General Fund	Capital Projects Fund	Nonmajor Gov'tl Funds	Total
Parks	-	-	4,891	4,891
Wildlife and grazing programs	-	-	5	5
General reserve	9,000	-	-	9,000
Fire equipment	154	-	-	154
Pension Obligation Bonds	8,689	-	-	8,689
Internal financing	1,689	-	-	1,689
Solar plant mitigation	14,952	-	-	14,952
Solar plant law enforcement activities	4,271	-	-	4,271
Automation projects	13,717	-	-	13,717
Building replacement	25,151	-	-	25,151
Organizational development	1,969	-	-	1,969
Tax reduction reserve	42,758	-	-	42,758
Lease financing	616	-	-	616
Capital Projects	-	22,968	-	22,968
Debt service	-	-	10,288	10,288
Subtotal	<u>138,140</u>	<u>22,968</u>	<u>55,541</u>	<u>216,649</u>
<u>Assigned to:</u>				
Tax reduction reserve	23,640	-	-	23,640
General government	15,344	-	-	15,344
Clerk Recorder programs	2,301	-	-	2,301
Waste Management programs	2,236	-	-	2,236
District Attorney programs	2,398	-	-	2,398
Sheriff programs	6,109	-	-	6,109
Probation programs	3,543	-	-	3,543
Planning programs	1,234	-	-	1,234
Other public protection programs	486	-	-	486
Social Services programs	2,002	-	-	2,002
Foster Care/Adoption programs	6,839	-	-	6,839
Other public assistance programs	102	-	-	102
Public ways and facilities	1,061	-	-	1,061
Public Health programs	3,919	-	-	3,919
Behavioral Health programs	14,100	-	-	14,100
Subsequent Fiscal Year Budget	39,685	-	-	39,685
Imprest cash	113	-	-	113
Subtotal	<u>125,112</u>	<u>-</u>	<u>-</u>	<u>125,112</u>
<u>Unassigned</u>				
Debt service	-	-	(486)	(486)
Total	<u>\$ 271,286</u>	<u>\$ 22,968</u>	<u>\$ 76,537</u>	<u>\$ 370,791</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2015, to be reappropriated during the next fiscal year (in thousands):

Function	Total Encumbrances
General Government	\$ 2,301
Health & Sanitation	1,903
Public Protection	29,712
Public Assistance	493
Public Ways and Facilities	7,431
Education	3
Recreation	2,974
Total Lapsing Encumbrances	<u>\$ 44,817</u>

13. OTHER COMMITMENTS

In 1965, San Luis Obispo County Flood Control and Water Conservation District (District), a blended component unit of the County, 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 \$28,216 over the next 20 years. The estimated amounts vary by year. For example, the principal amount due in 2015 was \$914 while \$2,066 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. At the present time, a potential contract extension agreement has not been finalized.

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, 2015.

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 the date of this report, the landfill closure is complete and only postclosure costs remain.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The remaining estimated liability for landfill postclosure cost as of June 30, 2015, is \$4,277 (in 2015 dollars). Of this, \$3,225 is for the Maintenance Cost and \$1,052 is the Corrective Action Cost. The cost estimates were provided by a licensed professional geologist in the Postclosure Maintenance Plan dated May 8, 2012 and the Engineers Estimate of Corrective Action for a Foreseeable Release dated March 23, 2011. 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. DEFINED BENEFIT PENSION PLAN

Description of the System that Administers the Pension Plan

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

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

Plan Description

The County of San Luis Obispo (the "County") contributes to the San Luis Obispo County Employees Retirement Plan (the "Plan"), which is an independent multiple-employer cost sharing contributory defined benefit pension plan consisting of 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 "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 may amend the Plan's provisions.

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

Tier 1	Tier 1 generally includes members hired before January 1, 2011. As of December 31, 2014 there were 1,712 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 particular 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, 2014 there were 301 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, 2014 there were 380 active County employed members in Tier 3.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

The Plan's financial statements are prepared on the accrual basis of accounting. All assets are invested and held pursuant to, and in accordance with, the Investment Policy of the Plan. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions are recognized as revenues 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, 2014.)

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.	1,418 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.	257 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.	347 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.	91 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.	13 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.	203 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.	44 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.	20 members

Benefit Provisions

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

For members within Tier 1, final average salary is the average monthly salary based on the highest twelve consecutive months of earnings. 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.

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) and the total DROP balance for those members currently participating in the DROP

Deferred Retirement Option Program (DROP): A Tier 1 member, depending on Bargaining Unit, may elect to participate in the Pension Trust's DROP. A Tier 1 member, depending on Bargaining Unit, at age 50 and with 5 or more Pension Trust service credits may participate. An equal amount to the amount that would have been paid had the member retired, is deposited into a DROP account monthly. The monthly 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 on the basis of age at date of entry and the actuarially calculated future benefits. The County is required by statute to contribute the remaining amounts necessary to finance the estimated benefits accrued to its members. Member and employer contribution rates for each plan are as follows:

PLAN	EMPLOYER CONTRIBUTION RATES	EMPLOYEE CONTRIBUTION RATES
Miscellaneous Tier 1	14.68-19.04%	9.01-18.56%
Miscellaneous Tier 2	14.68-19.04%	4.89-11.66%
Miscellaneous Tier 3	14.19-18.55%	3.75-11.50%
Probation Tier 1	15.44-15.71%	16.00-23.98%
Probation Tier 2	Not negotiated	Not negotiated
Probation Tier 3	15.09-15.21%	5.25-15.25%
Safety Tier 1	21.72-28.39%	10.08-23.95%
Safety Tier 2	21.72-28.39%	7.35-14.86%
Safety Tier 3	21.11-27.78%	6.75-12.50%

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Fiscal Year Ended	County contributions (in thousands)
June 30, 2013	\$29
June 30, 2014	\$29
June 30, 2015	\$30

In addition, the County contributes towards post employment benefits other than retirement (See Note 17).

Description of the terms of the plan's Deferred Retirement Option Program (DROP) and the total DROP balance for those members currently participating in the DROP

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 77.9% funded as of January 1, 2014; 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 Trust had approximately 77.9 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, 2014, was \$1,478,497. The County's share of the Plan's fiduciary net position was \$1,087,074 as of the same date. As of December 31, 2014, the Plan's fiduciary net position was 73.5% of the total pension liability.

At June 30, 2015, the County reported a liability of \$391,422 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of December 31, 2013. The pension liability used to calculate the net pension liability was determined by an actuarial valuation date of December 31, 2013, rolled forward using the Plan's fiduciary net position as of December 31, 2014. 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, 2014, the County's proportionate share was 92.65%, compared to 92.64% at December 31, 2013, an increase of 0.01%.

For the year ended June 30, 2015, the County recognized pension expense of \$43,895. 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

At December 31, 2014, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Deferred outflows of resources – change in proportion	\$ 39	\$ -
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	22,357	-
County contributions subsequent to the measurement date	15,329	-
Deferred inflows of resources- change in actual vs. proportionate contributions	-	-
Deferred inflows of resources – proportionate share of collective investment return	-	-
	<u>\$ 37,725</u>	<u>\$ -</u>

Deferred outflows of resources above represent the unamortized portion of changes to net pension liability and the net difference between projected and actual earnings on pension plan investments which will be recognized in future periods in a systematic and rational manner. Additionally, the County recognized deferred outflows of resources for contributions subsequent to the December 31, 2014 measurement date.

The County contributions of \$15,329 made subsequent to the measurement date are reported as deferred outflows of resources for fiscal year ending June 30, 2015 and will be recognized as reduction of the net pension liability in the fiscal year ending June 30, 2016.

Other 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	Net Deferred Outflows
<u>June 30</u>	<u>of Resources (in thousands)</u>
2016	\$ 5,589
2017	5,589
2018	5,589
2019	5,590
2020	-
Thereafter	-
Total	<u>\$ 22,357</u>

Actuarial Assumptions

The total pension liability in the January 1, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75%
Amortization growth rate	Level percentage of payroll
Salary increases	3.25% plus service-related merit component
COLA increases	2.75% for Tier 1 and 2.00% for Tier 2 and Tier 3
Investment rate of return	7.25%, net of administrative expense
Post-Retirement Mortality	Sex distinct RP-2000 with generational mortality improvements using scale AA, a 105% multiplier and white collar adjustment

The actuarial assumptions used in the January 1, 2014 valuation were based on the results of an actuarial experience study for the period from January 1, 2009 to December 31, 2013.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for expected inflation. The target allocation and best estimates of arithmetic 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	35%	1.56%
Domestic Equities	23%	3.36%
International Equities	22%	6.55%
Alternative Investments	10%	4.10%
Real Estate	10%	4.10%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. 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 the County's proportionate share calculated using the discount rate of 7.25%, as well as what the County's net pension liability would be if it were calculated using a discount rate that is one percentage-point lower 6.25% or one percentage-point higher 8.25% than the current rate:

	1% Decrease (in thousands) 6.25%	Discount Rate (in thousands) 7.25%	1% Increase (in thousands) 8.25%
County's proportionate share of the net retirement plan liability	\$ 638	\$422	\$245

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

17. POSTEMPLOYMENT HEALTHCARE BENEFITS

Plan Description and Benefits

The County administers a single-employer defined postemployment 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 postemployment benefit plan report for the County's discrete information.

Funding Policy

The CalPERS contract requires that the County contribute certain minimum amounts for each retiree's health insurance. If the County selected another provider for health insurance coverage these minimum amounts might not apply. However, the County has been using CalPERS for medical coverage since 1990, and currently has not expressed intent to change providers. The amounts the County actually contributes depend on bargaining unit and for calendar year 2014 ranged from \$122 to \$139 per month. The subsidy is adjusted annually to reflect changes in the medical component of the Consumer Price Index.

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 \$1,244 for the fiscal year ended June 30, 2015 includes the normal cost for current active employees of \$628 and a component for amortization of the total unfunded actuarial accrued liability (UAAL) of \$616.

The following table shows the components of the Net OPEB Asset as of June 30, 2015:

Annual required contribution (ARC)	\$1,244
Interest on prior year net OPEB asset	(164)
Adjustment to ARC	439
Annual OPEB Cost	<u>1,519</u>
Contributions made	<u>1,588</u>
Increase (decrease) in net OPEB obligation	(69)
Net OPEB obligation (asset) – beginning of year	<u>(2,314)</u>
Net OPEB obligation (asset) – end of year	<u>(\$2,383)</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 2015 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions	Percent of OPEB Cost Contributed	Net OPEB Obligation (Asset)
2013	\$1,632	\$1,537	94%	(\$1,974)
2014	\$1,479	\$1,819	123%	(\$2,314)
2015	\$1,519	\$1,588	105%	(\$2,383)

Funded Status and Funding Progress

The funded status of the OPEB plan as of June 30, 2015, (based on the County's June 30, 2013 actuarial valuation) is as follows:

Actuarially accrued liability	\$22,808
Actuarial value of plan assets	<u>(11,105)</u>
Unfunded actuarially accrued liability	<u>\$11,703</u>
Funded ratio (actuarial value of plan assets/AAL)	48.69%
Covered payroll (active plan members)	\$154,555
UAAL as a percentage of covered payroll	7.57%

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, 2013 actuarial valuation, the Entry Age Normal, Level Percent of Pay actuarial cost method was used. The actuarial assumptions included a 7.10% investment rate of return, an inflation rate of 3.75% per year, and assumed future medical inflation of 4% per year. The OPEB plan's unfunded actuarial liability is being amortized by level percent of payroll contributions over an open amortization period of 30 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.

18. PRIOR PERIOD ADJUSTMENT

The County decreased governmental activities' beginning net position by \$35.5 million to include the accreted value of 2003 Capital Appreciation Bonds through June 30, 2014 which had been disclosed in debt service footnote schedules but was not previously presented in the Statement of Net Position as required under accounting principles generally accepted in the United States of America.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

19. CHANGE IN ACCOUNTING PRINCIPLE

In June 2012, GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27, to improve accounting and financial reporting by state and local governments for pensions. In November 2013, the GASB issued Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date to address an issue in Statement No. 68 concerning provisions related to certain pension contributions made to defined benefit pension plans prior to the implementation of that Statement by employers and nonemployer contributing entities.

As of July 1, 2014, the County implemented these Statements decreasing beginning net position in the government wide statements by \$474.5 million (\$471.0 million governmental activities and \$3.5 million business-type activities), to recognize \$14.7 million of beginning deferred outflows of resources representing pension contributions made between the measurement date of the beginning net pension liability and the start of the fiscal year, to remove a \$134.4 million net pension asset reported in FY 2013-2014 under prior accounting standards, and to establish a beginning net pension liability of \$354.8 million.

The portion of the restatement reportable in the Fund Financial Statements was \$1.9 million in the Airport Enterprise Fund, \$1.6 million in the Golf Enterprise Fund, \$28.4 million in the Public Works Internal Service Fund, and \$1.7 million in the Garage Internal Service Fund.

The discretely presented component unit First 5 San Luis Obispo County decreased its governmental activities' beginning net position by \$47 related to implementation of the new pension standards.

20. 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 8, 2015 the County made an advance payment of \$42.6 million representing the County's FY 2015-16 employer retirement and employer paid portion of employee normal retirement contributions to the Pension Trust. The prepayment resulted in a savings of \$1.4 million to the County.

On August 5, 2015 the County issued \$107,115 of Series A Nacimiento Water Project Revenue Refunding Bonds to provide funds to advance refund certain 2007 Series A Nacimiento Water Project Revenue Bonds. The 2007 Series A bonds were issued to finance and refinance the costs of the acquisition, construction and equipping of certain public capital improvements within the County, generally comprising the Nacimiento Water Project. Proceeds from the 2015 Revenue Refunding Bonds will also be used to purchase a municipal bond insurance policy for the 2015 Bonds and to pay certain costs associated with the issuance of the 2015 Bonds. The Bonds will be repaid from and secured by water sales revenues.

REQUIRED SUPPLEMENTARY INFORMATION



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 June 30th	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered employee payroll	County's proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	Plan fiduciary net pension as a percentage of the total pension liability
2013	92.64%	\$ 354,823	\$ 161,446	219.78%	74.78%
2014	92.65%	\$ 391,423	\$ 168,662	232.08%	73.53%

*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.

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

Fiscal Year ending June 30 th	Actuarially required contributions	Actual contributions	County's covered employee payroll	County's actual contributions as a percentage of covered- employee payroll
2014	\$30,687	\$29,691	\$168,662	17.60%

*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.

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, 2015
(in thousands)**

Actuarial Valuation December 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL (Funding Excess) as a percentage of Covered Payroll ((b-a)/c)
2009	\$ 6,324	\$ 19,718	\$ 13,394	32.1%	\$ 154,282	8.6%
2011*	\$ 8,775	\$ 21,185	\$ 12,410	41.4%	\$ 152,893	8.1%
2013*	\$ 11,105	\$ 22,808	\$ 11,703	48.69%	\$ 154,555	7.5%

*Valuation Date June 30, 2011 and June 30, 2013.

Source: Gabriel Roeder Smith & Company "San Luis Obispo County Retiree Health Care Plan Actuarial Valuation Report". The 2009 actuarial value of assets represent fiscal year 2009/2010 CERBT contributions of \$6.3 million. The 2011 actuarial value of assets represent fiscal year 2010/2011 CERBT contributions of \$8.8 million. The 2013 actuarial value of assets represent fiscal year 2011/2012 CERBT contributions of \$11.1 million.

**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, 2015 (In Thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 149,297	\$ 149,297	\$ 167,347	\$ 18,050
Licenses, permits, and franchises	9,350	9,350	10,449	1,099
Fines, forfeits, and penalties	3,854	4,267	3,975	(292)
Use of money and property	1,695	1,698	2,820	1,122
Aid from other governmental agencies	203,764	220,530	215,320	(5,210)
Charges for current services	29,730	32,045	29,333	(2,712)
Other revenue	4,666	6,846	6,053	(793)
Total Revenues	402,356	424,033	435,297	11,264
Expenditures:				
Current:				
General government	46,978	55,432	43,950	11,482
Public protection	154,195	161,976	149,317	12,659
Public ways and facilities	2,123	2,811	2,024	787
Health and sanitation	76,511	81,678	70,503	11,175
Public assistance	103,885	109,268	104,501	4,767
Education	476	480	457	23
Contingencies	19,112	17,783	-	17,783
Total Expenditures	403,280	429,428	370,752	58,676
Excess (Deficiency) of Revenues Over (Under) Expenditures	(924)	(5,395)	64,545	(47,412)
Other Financing Sources (Uses):				
Transfers in	602	1,721	138	(1,583)
Transfers out	(34,963)	(37,970)	(27,048)	10,922
Total Other Financing Sources (Uses)	(34,361)	(36,249)	(26,910)	9,339
Net Change in Fund Balances	(35,285)	(41,644)	37,635	(38,073)
Fund Balances, Beginning	200,280	200,280	200,280	-
Fund Balances, Ending	<u>\$ 164,995</u>	<u>\$ 158,636</u>	<u>\$ 237,915</u>	<u>\$ 79,279</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, 2015 (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	\$ 435,297
Revenues for funds not meeting the especial revenue fund definition which are presented with the General Fund for financial reporting purposes	<u>1,070</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 436,367</u></u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	\$ 370,752
Expenditures for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	<u>7,257</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 378,009</u></u>

Other Financing Sources (Uses) of Resources

Actual amounts (budgetary basis) "Total Other Financing Sources (Uses)" from the budgetary comparison schedule	\$ (26,910)
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>657</u>
Total Other Financing Sources (uses) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ (26,253)</u></u>

**COUNTY OF SAN LUIS OBISPO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2015**

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, 2015 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 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.



OTHER SUPPLEMENTARY INFORMATION



**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**



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, 2015 (In Thousands)**

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 10,289	\$ 68,918	\$ 79,207
Restricted cash with fiscal agent	2,266	-	2,266
Accounts receivable	-	21	21
Due from other governments	-	7,093	7,093
Due from other funds	-	208	208
Advances to other funds	-	918	918
Prepaid items	-	1	1
Other assets	6,788	-	6,788
	<u>6,788</u>	<u>-</u>	<u>6,788</u>
 Total assets	 <u>\$ 19,343</u>	 <u>\$ 77,159</u>	 <u>\$ 96,502</u>
<u>Liabilities</u>			
Salaries and benefits payable	\$ -	\$ 330	\$ 330
Accounts payable	-	7,209	7,209
Deposits from others	-	759	759
Unearned revenue	-	1,587	1,587
Other current liabilities	6,788	-	6,788
Advances from other funds	487	1,704	2,191
	<u>487</u>	<u>1,704</u>	<u>2,191</u>
 Total liabilities	 <u>7,275</u>	 <u>11,589</u>	 <u>18,864</u>
<u>Deferred Inflows of Resources</u>			
Unavailable revenue	-	1,101	1,101
	<u>-</u>	<u>1,101</u>	<u>1,101</u>
<u>Fund Balance</u>			
Nonspendable	-	919	919
Restricted	2,266	18,297	20,563
Committed	10,288	45,253	55,541
Assigned	-	-	-
Unassigned	(486)	-	(486)
	<u>(486)</u>	<u>-</u>	<u>(486)</u>
 Total fund balances	 <u>12,068</u>	 <u>64,469</u>	 <u>76,537</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 19,343</u>	 <u>\$ 77,159</u>	 <u>\$ 96,502</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, 2015 (In Thousands)**

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Taxes	\$ -	\$ 11,393	\$ 11,393
Licenses, permits, and franchises	-	3	3
Fines, forfeits, and penalties	-	799	799
Use of money and property	18	348	366
Aid from other governmental agencies	-	34,554	34,554
Charges for current services	2,073	10,778	12,851
Other revenues	607	2,346	2,953
	<u>2,698</u>	<u>60,221</u>	<u>62,919</u>
<u>Expenditures</u>			
Current:			
Public protection	-	8,466	8,466
Public ways and facilities	-	27,879	27,879
Health and sanitation	-	4,613	4,613
Public assistance	-	2,603	2,603
Education	-	10,931	10,931
Recreation and cultural services	-	10,104	10,104
Debt service:			
Principal payments	6,070	-	6,070
Interest and fiscal charges	5,209	-	5,209
	<u>11,279</u>	<u>64,596</u>	<u>75,875</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,581)</u>	<u>(4,375)</u>	<u>(12,956)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	9,958	18,505	28,463
Transfers out	-	(7,674)	(7,674)
	<u>9,958</u>	<u>10,831</u>	<u>20,789</u>
Net change in fund balances	1,377	6,456	7,833
Fund balances - beginning	<u>10,691</u>	<u>58,013</u>	<u>68,704</u>
Fund balances - ending	<u>\$ 12,068</u>	<u>\$ 64,469</u>	<u>\$ 76,537</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICES FUNDS
JUNE 30, 2015 (In Thousands)**

	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Debt Service Public Financing Authority	Total Nonmajor Debt Service Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 903	\$ 9,385	\$ 1	\$ 10,289
Restricted cash with fiscal agent	451	-	1,815	2,266
Other assets	295	5,715	778	6,788
	<u>1,649</u>	<u>15,100</u>	<u>2,594</u>	<u>19,343</u>
Total assets	<u>\$ 1,649</u>	<u>\$ 15,100</u>	<u>\$ 2,594</u>	<u>\$ 19,343</u>
<u>Liabilities and Fund Balance</u>				
<u>Liabilities</u>				
Other current liabilities	\$ 295	\$ 5,715	\$ 778	\$ 6,788
Advances from other funds	-	-	487	487
	<u>295</u>	<u>5,715</u>	<u>1,265</u>	<u>7,275</u>
Total liabilities	<u>295</u>	<u>5,715</u>	<u>1,265</u>	<u>7,275</u>
<u>Fund Balances</u>				
Restricted	451	-	1,815	2,266
Committed	903	9,385	-	10,288
Unassigned	-	-	(486)	(486)
	<u>1,354</u>	<u>9,385</u>	<u>1,329</u>	<u>12,068</u>
Total fund balances	<u>1,354</u>	<u>9,385</u>	<u>1,329</u>	<u>12,068</u>
Total liabilities and fund balances	<u>\$ 1,649</u>	<u>\$ 15,100</u>	<u>\$ 2,594</u>	<u>\$ 19,343</u>

**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, 2015 (In Thousands)**

	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Debt Service Public Financing Authority	Total Nonmajor Debt Service Funds
<u>Revenues</u>				
Use of money and property	\$ -	\$ 18	\$ -	\$ 18
Charges for current services	756	-	1,317	2,073
Other revenues	-	607	-	607
Total revenues	<u>756</u>	<u>625</u>	<u>1,317</u>	<u>2,698</u>
<u>Expenditures</u>				
Debt service:				
Principal payments	280	5,030	760	6,070
Interest and fiscal charges	476	4,176	557	5,209
Total expenditures	<u>756</u>	<u>9,206</u>	<u>1,317</u>	<u>11,279</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(8,581)</u>	<u>-</u>	<u>(8,581)</u>
<u>Other financing sources (uses)</u>				
Transfers in	-	9,958	-	9,958
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>9,958</u>	<u>-</u>	<u>9,958</u>
Net change in fund balances	-	1,377	-	1,377
Fund balances - beginning	<u>1,354</u>	<u>8,008</u>	<u>1,329</u>	<u>10,691</u>
Fund balances - ending	<u>\$ 1,354</u>	<u>\$ 9,385</u>	<u>\$ 1,329</u>	<u>\$ 12,068</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015 (In Thousands)**

	Community Development	CMSP	Emergency Medical Services	Driving Under the Influence Programs
<u>Assets</u>				
Cash and cash equivalents	\$ 870	\$ 947	\$ 404	\$ 557
Accounts receivable	-	-	-	-
Due from other governments	-	-	439	-
Due from other funds	-	-	-	-
Advances to other funds	-	-	-	-
Prepaid items	-	-	-	1
	<u>870</u>	<u>947</u>	<u>843</u>	<u>558</u>
Total assets	<u>\$ 870</u>	<u>\$ 947</u>	<u>\$ 843</u>	<u>\$ 558</u>
<u>Liabilities</u>				
Salaries and benefits payable	\$ -	\$ 11	\$ -	\$ 28
Accounts payable	126	3	-	11
Deposits from others	140	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
	<u>266</u>	<u>14</u>	<u>-</u>	<u>39</u>
Total liabilities	<u>266</u>	<u>14</u>	<u>-</u>	<u>39</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	-	74	-	-
	<u>-</u>	<u>74</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>				
Nonspendable	-	-	-	1
Restricted	-	-	-	-
Committed	604	859	843	518
	<u>604</u>	<u>859</u>	<u>843</u>	<u>519</u>
Total fund balances	<u>604</u>	<u>859</u>	<u>843</u>	<u>519</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 870</u>	<u>\$ 947</u>	<u>\$ 843</u>	<u>\$ 558</u>

Continued

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015 (In Thousands)**

	<u>Fish and Game</u>	<u>Road Impact Fees</u>	<u>Library</u>	<u>Parks</u>	<u>Public Facilities Fees</u>
<u>Assets</u>					
Cash and cash equivalents	\$ 199	\$ 7,839	\$ 4,023	\$ 5,737	\$ 11,046
Accounts receivable	-	-	-	21	-
Due from other governments	-	-	-	47	-
Due from other funds	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
	<u>\$ 199</u>	<u>\$ 7,839</u>	<u>\$ 4,023</u>	<u>\$ 5,805</u>	<u>\$ 11,046</u>
<u>Liabilities</u>					
Salaries and benefits payable	\$ -	\$ -	\$ 158	\$ 133	\$ -
Accounts payable	2	-	385	279	-
Deposits from others	-	-	-	163	-
Unearned revenue	-	-	-	6	-
Advances from other funds	-	603	853	167	-
	<u>2</u>	<u>603</u>	<u>1,396</u>	<u>748</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>					
Unavailable revenue	-	-	-	166	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>166</u>	<u>-</u>
<u>Fund Balances</u>					
Nonspendable	-	-	-	-	-
Restricted	-	7,236	-	-	11,046
Committed	197	-	2,627	4,891	-
	<u>197</u>	<u>7,236</u>	<u>2,627</u>	<u>4,891</u>	<u>11,046</u>
Total fund balances	<u>197</u>	<u>7,236</u>	<u>2,627</u>	<u>4,891</u>	<u>11,046</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 199</u>	<u>\$ 7,839</u>	<u>\$ 4,023</u>	<u>\$ 5,805</u>	<u>\$ 11,046</u>

Continued

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2015 (In Thousands)**

	Roads	Wildlife Grazing	Special Districts	Total Nonmajor Special Revenue Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 14,915	\$ 20	\$ 22,361	\$ 68,918
Accounts receivable	-	-	-	21
Due from other governments	1,706	-	4,901	7,093
Due from other funds	-	-	208	208
Advances to other funds	603	-	315	918
Prepaid items	-	-	-	1
	<u>\$ 17,224</u>	<u>\$ 20</u>	<u>\$ 27,785</u>	<u>\$ 77,159</u>
<u>Liabilities</u>				
Salaries and benefits payable	\$ -	\$ -	\$ -	\$ 330
Accounts payable	1,716	-	4,687	7,209
Deposits from others	456	-	-	759
Unearned revenue	94	-	1,487	1,587
Advances from other funds	-	-	81	1,704
	<u>2,266</u>	<u>-</u>	<u>6,255</u>	<u>11,589</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	861	-	-	1,101
<u>Fund Balances</u>				
Nonspendable	603	-	315	919
Restricted	-	15	-	18,297
Committed	13,494	5	21,215	45,253
	<u>14,097</u>	<u>20</u>	<u>21,530</u>	<u>64,469</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,224</u>	<u>\$ 20</u>	<u>\$ 27,785</u>	<u>\$ 77,159</u>

**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, 2015 (In Thousands)**

	Community Development	CMSP	Emergency Medical Services	Driving Under the Influence Programs
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeits, and penalties	-	-	783	-
Use of money and property	2	3	1	2
Aid from other governmental agencies	4,418	44	-	-
Charges for current services	-	158	-	1,336
Other revenues	2	682	-	-
	<u>4,422</u>	<u>887</u>	<u>784</u>	<u>1,338</u>
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	-
Public ways and facilities	-	-	-	-
Health and sanitation	4,613	-	-	-
Public assistance	-	1,825	778	-
Education	-	-	-	1,471
Recreation and cultural services	-	-	-	-
	<u>4,613</u>	<u>1,825</u>	<u>778</u>	<u>1,471</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(191)</u>	<u>(938)</u>	<u>6</u>	<u>(133)</u>
<u>Other financing sources (uses)</u>				
Transfers in	391	785	-	-
Transfers out	-	(21)	-	(37)
	<u>391</u>	<u>764</u>	<u>-</u>	<u>(37)</u>
Net change in fund balances	200	(174)	6	(170)
Fund balances - beginning	<u>404</u>	<u>1,033</u>	<u>837</u>	<u>689</u>
Fund balances - ending	<u>\$ 604</u>	<u>\$ 859</u>	<u>\$ 843</u>	<u>\$ 519</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, 2015 (In Thousands)**

	Fish and Game	Road Impact Fees	Library	Parks	Public Facilities Fees
<u>Revenues</u>					
Taxes	\$ -	\$ -	\$ 7,671	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	3	-
Fines, forfeits, and penalties	16	-	-	-	-
Use of money and property	-	26	9	151	38
Aid from other governmental agencies	-	-	99	94	-
Charges for current services	-	1,205	249	5,035	2,055
Other revenues	-	-	1,443	98	-
	<u>16</u>	<u>1,231</u>	<u>9,471</u>	<u>5,381</u>	<u>2,093</u>
<u>Expenditures</u>					
Current:					
Public protection	19	-	-	-	-
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Education	-	-	9,460	-	-
Recreation and cultural services	-	-	-	10,104	-
	<u>19</u>	<u>-</u>	<u>9,460</u>	<u>10,104</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3)</u>	<u>1,231</u>	<u>11</u>	<u>(4,723)</u>	<u>2,093</u>
<u>Other financing sources (uses)</u>					
Transfers in	-	-	2,477	5,396	-
Transfers out	-	(866)	(1,144)	(196)	(2,056)
	<u>-</u>	<u>(866)</u>	<u>1,333</u>	<u>5,200</u>	<u>(2,056)</u>
Net change in fund balances	(3)	365	1,344	477	37
Fund balances - beginning	<u>200</u>	<u>6,871</u>	<u>1,283</u>	<u>4,414</u>	<u>11,009</u>
Fund balances - ending	<u>\$ 197</u>	<u>\$ 7,236</u>	<u>\$ 2,627</u>	<u>\$ 4,891</u>	<u>\$ 11,046</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, 2015 (In Thousands)**

	Roads	Wildlife and Grazing	Special Districts	Total Nonmajor Special Revenue Funds
<u>Revenues</u>				
Taxes	\$ 1,592	\$ -	\$ 2,130	\$ 11,393
Licenses, permits, and franchises	-	-	-	3
Fines, forfeits, and penalties	-	-	-	799
Use of money and property	39	-	77	348
Aid from other governmental agencies	21,248	4	8,647	34,554
Charges for current services	235	-	505	10,778
Other revenues	52	-	69	2,346
	<u>23,166</u>	<u>4</u>	<u>11,428</u>	<u>60,221</u>
<u>Expenditures</u>				
Current:				
Public protection	-	2	8,445	8,466
Public ways and facilities	27,804	-	75	27,879
Health and sanitation	-	-	-	4,613
Public assistance	-	-	-	2,603
Education	-	-	-	10,931
Recreation and cultural services	-	-	-	10,104
	<u>27,804</u>	<u>2</u>	<u>8,520</u>	<u>64,596</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,638)</u>	<u>2</u>	<u>2,908</u>	<u>(4,375)</u>
<u>Other financing sources (uses)</u>				
Transfers in	8,831	-	625	18,505
Transfers out	(61)	-	(3,293)	(7,674)
	<u>8,770</u>	<u>-</u>	<u>(2,668)</u>	<u>10,831</u>
Net change in fund balances	4,132	2	240	6,456
Fund balances - beginning	<u>9,965</u>	<u>18</u>	<u>21,290</u>	<u>58,013</u>
Fund balances - ending	<u>\$ 14,097</u>	<u>\$ 20</u>	<u>\$ 21,530</u>	<u>\$ 64,469</u>

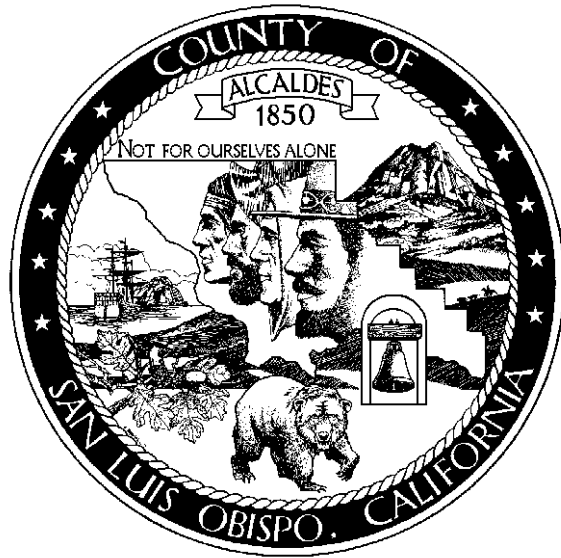
**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS – SPECIAL DISTRICTS
JUNE 30, 2015 (In Thousands)**

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 20,437	\$ 497	\$ 1,427	\$ 22,361
Due from other governments	4,901	-	-	4,901
Due from other funds	208	-	-	208
Advances to other funds	-	-	315	315
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 25,546</u>	<u>\$ 497</u>	<u>\$ 1,742</u>	<u>\$ 27,785</u>
<u>Liabilities and Fund Balances</u>				
Liabilities				
Accounts payable	\$ 4,686	\$ -	\$ 1	\$ 4,687
Unearned revenue	1,487	-	-	1,487
Advances from other funds	-	-	81	81
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>6,173</u>	<u>-</u>	<u>82</u>	<u>6,255</u>
Fund Balances				
Nonspendable	-	-	315	315
Committed	19,373	497	1,345	21,215
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>19,373</u>	<u>497</u>	<u>1,660</u>	<u>21,530</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 25,546</u>	<u>\$ 497</u>	<u>\$ 1,742</u>	<u>\$ 27,785</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, 2015 (In Thousands)**

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>Revenues</u>				
Taxes	\$ 1,752	\$ 33	\$ 345	\$ 2,130
Use of money and property	69	2	6	77
Aid from other governmental agencies	8,645	-	2	8,647
Charges for current services	491	10	4	505
Other revenue	67	1	1	69
	<u>11,024</u>	<u>46</u>	<u>358</u>	<u>11,428</u>
<u>Expenditures</u>				
Current:				
Public protection	8,409	36	-	8,445
Public ways and facilities	-	-	75	75
	<u>8,409</u>	<u>36</u>	<u>75</u>	<u>8,520</u>
	<u>2,615</u>	<u>10</u>	<u>283</u>	<u>2,908</u>
<u>Other financing sources (uses)</u>				
Transfers in	212	-	413	625
Transfers out	(2,966)	-	(327)	(3,293)
	<u>(2,754)</u>	<u>-</u>	<u>86</u>	<u>(2,668)</u>
Net change in fund balances	(139)	10	369	240
Fund balances - beginning	19,512	487	1,291	21,290
Fund balances - ending	<u>\$ 19,373</u>	<u>\$ 497</u>	<u>\$ 1,660</u>	<u>\$ 21,530</u>

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



**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, 2015 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Fines, forfeits, and penalties	\$ -	\$ 181	\$ 543	\$ 362
Revenue from use of money and property	-	-	86	86
Aid from other governmental agencies	-	44,018	11,477	(32,541)
Other Revenues	-	235	104	(131)
Charges for services	450	2,981	1,237	(1,744)
	<u>450</u>	<u>47,415</u>	<u>13,447</u>	<u>(33,968)</u>
<u>Expenditures</u>				
Capital outlay	4,026	72,823	20,019	52,804
	<u>4,026</u>	<u>72,823</u>	<u>20,019</u>	<u>52,804</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,576)</u>	<u>(25,408)</u>	<u>(6,572)</u>	<u>18,836</u>
<u>Other financing sources (uses)</u>				
Transfers in	4,776	12,669	3,852	(8,817)
Transfers out	-	(12)	(12)	-
	<u>4,776</u>	<u>12,657</u>	<u>3,840</u>	<u>(8,817)</u>
Net change in fund balances	1,200	(12,751)	(2,732)	10,019
Fund balances - beginning	25,700	25,700	25,700	-
Fund balances - ending	<u>\$ 26,900</u>	<u>\$ 12,949</u>	<u>\$ 22,968</u>	<u>\$ 10,019</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, 2015 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Charges for current services	\$ -	\$ -	\$ 756	\$ 756
Total revenues	-	-	756	756
<u>Expenditures</u>				
Debt service:				
Principal payments	-	-	280	(280)
Interest and fiscal charges	-	-	476	(476)
Total expenditures	-	-	756	(756)
Net change in fund balances	-	-	-	-
Fund balances - beginning	1,354	1,354	1,354	-
Fund balances - ending	<u>\$ 1,354</u>	<u>\$ 1,354</u>	<u>\$ 1,354</u>	<u>\$ -</u>

**COUNTY OF SAN LUIS OBISPO
PENSION OBLIGATION BONDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Revenue from use of money and property	\$ 7	\$ 7	\$ 18	\$ 11
Other revenues	9,740	9,740	607	(9,133)
Total revenues	9,747	9,747	625	(9,122)
<u>Expenditures</u>				
Debt service:				
Principal payments	5,030	5,030	5,030	-
Interest and fiscal charges	4,176	4,176	4,176	-
Total expenditures	9,206	9,206	9,206	-
Excess (deficiency) of revenues over (under) expenditures	541	541	(8,581)	(9,122)
<u>Other financing sources (uses)</u>				
Transfers in	350	350	9,958	9,608
Transfers out	-	-	-	-
Total other financing sources (uses)	350	350	9,958	9,608
Net change in fund balances	891	891	1,377	486
Fund balances - beginning	8,008	8,008	8,008	-
Fund balances - ending	\$ 8,899	\$ 8,899	\$ 9,385	\$ 486

**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, 2015 (In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Charges for current services	\$ -	\$ -	\$ 1,317	\$ 1,317
Total revenues	-	-	1,317	1,317
<u>Expenditures</u>				
Debt service:				
Principal payments			760	(760)
Interest and fiscal charges	-	-	557	(557)
Total expenditures	-	-	1,317	(1,317)
Net change in fund balances	-	-	-	-
Fund balances - beginning	1,329	1,329	1,329	-
Fund balances - ending	<u>\$ 1,329</u>	<u>\$ 1,329</u>	<u>\$ 1,329</u>	<u>\$ -</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, 2015 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ -	\$ -	\$ 2	\$ 2
Aid from other governmental agencies	3,521	8,196	4,418	(3,778)
Other revenues	-	-	2	2
Total revenues	3,521	8,196	4,422	(3,774)
<u>Expenditures</u>				
Current:				
Health and sanitation				
Services and supplies	641	1,090	823	267
Other charges	3,272	8,019	3,790	4,229
Contingencies	45	24	-	24
Total expenditures	3,958	9,133	4,613	4,520
Excess (deficiency) of revenues over (under) expenditures	(437)	(937)	(191)	746
<u>Other financing sources (uses)</u>				
Transfers in	391	891	391	(500)
Transfers out	-	-	-	-
Total other financing sources (uses)	391	891	391	(500)
Net change in fund balances	(46)	(46)	200	246
Fund balances - beginning	404	404	404	-
Fund balances - ending	<u>\$ 358</u>	<u>\$ 358</u>	<u>\$ 604</u>	<u>\$ 246</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, 2015 (In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Use of money and property	\$ 1	\$ 1	\$ 3	\$ 2
Aid from other governmental agencies	50	50	44	(6)
Charges for current services	110	110	158	48
Other revenues	695	695	682	(13)
Total revenues	856	856	887	31
<u>Expenditures</u>				
Current:				
Public assistance				
Salaries, wages, and benefits	592	592	535	57
Services and supplies	1,940	2,973	1,290	1,683
Total expenditures	2,532	3,565	1,825	1,740
Excess (deficiency) of revenues over (under) expenditures	(1,676)	(2,709)	(938)	1,771
<u>Other financing sources (uses)</u>				
Transfers in	1,676	1,676	785	(891)
Transfers out	-	-	(21)	(21)
Total other financing sources (uses)	1,676	1,676	764	(912)
Net change in fund balances	-	(1,033)	(174)	859
Fund balances - beginning	1,033	1,033	1,033	-
Fund balances - ending	<u>\$ 1,033</u>	<u>\$ -</u>	<u>\$ 859</u>	<u>\$ 859</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, 2015 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Fines, forfeits, and penalties	\$ 800	\$ 857	\$ 783	\$ (74)
Use of money and property	1	1	1	-
	<u>801</u>	<u>858</u>	<u>784</u>	<u>(74)</u>
Total revenues				
<u>Expenditures</u>				
Current:				
Public assistance				
Services and supplies	801	1,159	778	381
	<u>801</u>	<u>1,159</u>	<u>778</u>	<u>381</u>
Total expenditures				
Net change in fund balances	-	(301)	6	307
Fund balances - beginning	<u>837</u>	<u>837</u>	<u>837</u>	<u>-</u>
Fund balances - ending	<u>\$ 837</u>	<u>\$ 536</u>	<u>\$ 843</u>	<u>\$ 307</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, 2015 (In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Use of money and property	\$ 1	\$ 1	\$ 2	\$ 1
Charges for current services	1,483	1,483	1,336	(147)
Total revenues	<u>1,484</u>	<u>1,484</u>	<u>1,338</u>	<u>(146)</u>
<u>Expenditures</u>				
Current:				
Education				
Salaries, wages, and benefits	1,177	1,138	1,023	115
Service and supplies	417	459	448	11
Contingencies	40	40	-	40
Total expenditures	<u>1,634</u>	<u>1,637</u>	<u>1,471</u>	<u>166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(150)</u>	<u>(153)</u>	<u>(133)</u>	<u>20</u>
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	(37)	(37)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(37)</u>	<u>(37)</u>
Net change in fund balances	(150)	(153)	(170)	(17)
Fund balances - beginning	689	689	689	-
Fund balances - ending	<u>\$ 539</u>	<u>\$ 536</u>	<u>\$ 519</u>	<u>\$ (17)</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, 2015 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Fines, forfeits, and penalties	\$ 20	\$ 20	\$ 16	\$ (4)
Total revenues	20	20	16	(4)
<u>Expenditures</u>				
Current:				
Public protection				
Services and supplies	20	20	19	1
Total expenditures	20	20	19	1
Excess (deficiency) of revenues over (under) expenditures	-	-	(3)	(3)
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	(3)	(3)
Fund balances - beginning	200	200	200	-
Fund balances - ending	<u>\$ 200</u>	<u>\$ 200</u>	<u>\$ 197</u>	<u>\$ (3)</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, 2015 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ 6	\$ 6	\$ 26	\$ 20
Charges for current services	843	477	1,205	728
	<u>849</u>	<u>483</u>	<u>1,231</u>	<u>748</u>
Total revenues				
	<u>849</u>	<u>483</u>	<u>1,231</u>	<u>748</u>
Excess (deficiency) of revenues over (under) expenditures	849	483	1,231	748
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers out	(1,142)	(3,552)	(866)	2,686
	<u>(1,142)</u>	<u>(3,552)</u>	<u>(866)</u>	<u>2,686</u>
Total other financing sources (uses)				
	<u>(1,142)</u>	<u>(3,552)</u>	<u>(866)</u>	<u>2,686</u>
Net change in fund balances	(293)	(3,069)	365	3,434
Fund balances - beginning	6,871	6,871	6,871	-
Fund balances - ending	<u>\$ 6,578</u>	<u>\$ 3,802</u>	<u>\$ 7,236</u>	<u>\$ 3,434</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, 2015 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 7,269	\$ 7,344	\$ 7,671	\$ 327
Use of money and property	5	5	9	4
Aid from other governmental agencies	95	95	99	4
Charges for current services	269	269	249	(20)
Other revenues	16	749	1,443	694
	<u>7,654</u>	<u>8,462</u>	<u>9,471</u>	<u>1,009</u>
<u>Expenditures</u>				
Current:				
Education				
Salaries, wages, and benefits	5,819	5,894	5,612	282
Services and supplies	2,855	3,293	2,991	302
Other charges	5	986	857	129
Contingencies	453	453	-	453
	<u>9,132</u>	<u>10,626</u>	<u>9,460</u>	<u>1,166</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,478)</u>	<u>(2,164)</u>	<u>11</u>	<u>2,175</u>
<u>Other financing sources (uses)</u>				
Transfers in	607	2,477	2,477	-
Transfers out	-	-	(1,144)	(1,144)
	<u>607</u>	<u>2,477</u>	<u>1,333</u>	<u>(1,144)</u>
Net change in fund balances	(871)	313	1,344	1,031
Fund balances - beginning	<u>1,283</u>	<u>1,283</u>	<u>1,283</u>	<u>-</u>
Fund balances - ending	<u>\$ 412</u>	<u>\$ 1,596</u>	<u>\$ 2,627</u>	<u>\$ 1,031</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, 2015 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Fines, forfeitures, and penalties	\$ 96	\$ 160	\$ 3	\$ (157)
Use of money and property	116	116	151	35
Aid from other governmental agencies	4	4	94	90
Charges for current services	4,606	5,159	5,035	(124)
Other revenues	75	75	98	23
	<u>4,897</u>	<u>5,514</u>	<u>5,381</u>	<u>(133)</u>
<u>Expenditures</u>				
Current:				
Recreation and cultural services				
Salaries, wages, and benefits	4,380	4,632	4,434	198
Services and supplies	3,528	4,064	3,119	945
Other charges	551	4,760	2,540	2,220
Capital outlay	85	85	11	74
Contingencies	511	511	-	511
	<u>9,055</u>	<u>14,052</u>	<u>10,104</u>	<u>3,948</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,158)</u>	<u>(8,538)</u>	<u>(4,723)</u>	<u>3,815</u>
<u>Other financing sources (uses)</u>				
Transfers in	3,528	5,646	5,396	(250)
Transfers out	(21)	(21)	(196)	(175)
	<u>3,507</u>	<u>5,625</u>	<u>5,200</u>	<u>(425)</u>
Net change in fund balances	(651)	(2,913)	477	3,390
Fund balances - beginning	4,414	4,414	4,414	-
Fund balances - ending	<u>\$ 3,763</u>	<u>\$ 1,501</u>	<u>\$ 4,891</u>	<u>\$ 3,390</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, 2015 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ -	\$ -	\$ 38	\$ 38
Charges for current services	1,469	1,469	2,055	586
Total revenues	1,469	1,469	2,093	624
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers out	(400)	(7,441)	(2,056)	5,385
Total other financing sources (uses)	(400)	(7,441)	(2,056)	5,385
Net change in fund balances	1,069	(5,972)	37	6,009
Fund balances - beginning	11,009	11,009	11,009	-
Fund balances - ending	\$ 12,078	\$ 5,037	\$ 11,046	\$ 6,009

**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, 2015 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 1,504	\$ 1,504	\$ 1,592	\$ 88
Use of money and property	15	15	39	24
Aid from other governmental agencies	27,652	39,283	21,248	(18,035)
Charges for current services	128	595	235	(360)
Other revenues	27	102	52	(50)
	<u>29,326</u>	<u>41,499</u>	<u>23,166</u>	<u>(18,333)</u>
<u>Expenditures</u>				
Current:				
Public ways and facilities				
Services and supplies	17,269	20,215	19,224	991
Other charges	578	1,295	424	871
Capital outlay	20,402	34,640	8,156	26,484
	<u>38,249</u>	<u>56,150</u>	<u>27,804</u>	<u>28,346</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(8,923)</u>	<u>(14,651)</u>	<u>(4,638)</u>	<u>10,013</u>
<u>Other financing sources (uses)</u>				
Transfers in	9,104	11,514	8,831	(2,683)
Transfers out	(4)	(4)	(61)	(57)
	<u>9,100</u>	<u>11,510</u>	<u>8,770</u>	<u>(2,740)</u>
Net change in fund balances	177	(3,141)	4,132	7,273
Fund balances - beginning	9,965	9,965	9,965	-
Fund balances - ending	<u>\$ 10,142</u>	<u>\$ 6,824</u>	<u>\$ 14,097</u>	<u>\$ 7,273</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, 2015 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with 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	2	2
Total expenditures	4	4	2	2
Excess (deficiency) of revenues over (under) expenditures	-	-	2	2
Net change in fund balances	-	-	2	2
Fund balances - beginning	18	18	18	-
Fund balances - ending	\$ 18	\$ 18	\$ 20	\$ 2

**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, 2015 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 1,606	\$ 1,606	\$ 1,752	\$ 146
Use of money and property	19	19	69	50
Aid from other governmental agencies	8,435	14,758	8,645	(6,113)
Charges for current services	484	484	491	7
Other revenues	68	68	67	(1)
Total revenues	<u>10,612</u>	<u>16,935</u>	<u>11,024</u>	<u>(5,911)</u>
<u>Expenditures</u>				
Current:				
Public protection				
Services and supplies	3,819	4,580	3,160	1,420
Other charges	-	4,499	5,249	(750)
Capital outlay	156	3,636	-	3,636
Total expenditures	<u>3,975</u>	<u>12,715</u>	<u>8,409</u>	<u>4,306</u>
Excess (deficiency) of revenues over (under) expenditures	<u>6,637</u>	<u>4,220</u>	<u>2,615</u>	<u>(1,605)</u>
<u>Other financing sources (uses)</u>				
Transfers in	1,110	1,110	212	(898)
Transfers out	-	(38)	(2,966)	(2,928)
Total other financing sources (uses)	<u>1,110</u>	<u>1,072</u>	<u>(2,754)</u>	<u>(3,826)</u>
Net change in fund balances	7,747	5,292	(139)	(5,431)
Fund balances - beginning	19,512	19,512	19,512	-
Fund balances - ending	<u>\$ 27,259</u>	<u>\$ 24,804</u>	<u>\$ 19,373</u>	<u>\$ (5,431)</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, 2015 (In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Taxes	\$ 34	\$ 34	\$ 33	\$ (1)
Use of money and property	1	1	2	1
Charges for current services	8	8	10	2
Other revenues	-	-	1	1
	<u>43</u>	<u>43</u>	<u>46</u>	<u>3</u>
<u>Total revenues</u>				
<u>Expenditures</u>				
Current:				
Public protection				
Services and supplies	84	84	36	48
	<u>84</u>	<u>84</u>	<u>36</u>	<u>48</u>
<u>Total expenditures</u>				
	<u>84</u>	<u>84</u>	<u>36</u>	<u>48</u>
<u>Excess (deficiency) of revenues over (under) expenditures</u>				
	<u>(41)</u>	<u>(41)</u>	<u>10</u>	<u>51</u>
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total other financing sources (uses)</u>				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net change in fund balances</u>	<u>(41)</u>	<u>(41)</u>	<u>10</u>	<u>51</u>
<u>Fund balances - beginning</u>	<u>487</u>	<u>487</u>	<u>487</u>	<u>-</u>
<u>Fund balances - ending</u>	<u>\$ 446</u>	<u>\$ 446</u>	<u>\$ 497</u>	<u>\$ 51</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, 2015 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 329	\$ 329	\$ 345	\$ 16
Use of money and property	1	1	6	5
Aid from other governmental agencies	2	2	2	-
Charges for current services	4	4	4	-
Other revenues	-	-	1	1
	<u>336</u>	<u>336</u>	<u>358</u>	<u>22</u>
<u>Expenditures</u>				
Current:				
Public ways and facilities				
Services and supplies	133	132	75	57
Capital outlay	37	173	-	173
	<u>170</u>	<u>305</u>	<u>75</u>	<u>230</u>
Excess (deficiency) of revenues over (under) expenditures	<u>166</u>	<u>31</u>	<u>283</u>	<u>252</u>
<u>Other financing sources (uses)</u>				
Transfers in	1,430	1,430	413	(1,017)
Transfers out	(331)	(342)	(327)	15
	<u>1,099</u>	<u>1,088</u>	<u>86</u>	<u>(1,002)</u>
Net change in fund balances	1,265	1,119	369	(750)
Fund balances - beginning	1,291	1,291	1,291	-
Fund balances - ending	<u>\$ 2,556</u>	<u>\$ 2,410</u>	<u>\$ 1,660</u>	<u>\$ (750)</u>

**COMBINING FINANCIAL STATEMENTS
NONMAJOR ENTERPRISE FUNDS**



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, 2015 (In Thousands)**

	General Flood Control Zone	State Water Project	Golf	Lopez Park	County Service Areas	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,357	\$ 13,779	\$ 1,163	\$ 23	\$ 3,838	\$ 20,160
Accounts receivable, net	-	1,248	10	-	395	1,653
Inventories	-	-	21	-	-	21
Prepaid items	-	-	211	-	-	211
Deposits with others	-	-	-	-	13	13
Total current assets	1,357	15,027	1,405	23	4,246	22,058
Noncurrent assets:						
Advances to other funds	-	-	487	167	-	654
Capital assets:						
Nondepreciable						
Land	-	-	1,333	-	330	1,663
Construction in progress	-	-	123	-	436	559
Water rights	-	48,417	-	-	-	48,417
Depreciable						
Infrastructure, net	-	86	-	-	1,857	1,943
Structures and improvements, net	-	6,611	8,899	-	8,668	24,178
Equipment, net	-	5	142	-	263	410
Other property, net	-	-	-	-	496	496
Total noncurrent assets	-	55,119	10,984	167	12,050	78,320
Total assets	1,357	70,146	12,389	190	16,296	100,378
Deferred Outflows of Resources						
Deferred pensions	-	-	174	-	-	174
Total deferred outflows of resources	-	-	174	-	-	174
Liabilities						
Current liabilities:						
Accounts payable	174	5,709	44	-	17	5,944
Salaries and benefits payable	-	-	39	-	-	39
Deposits from others	-	2,872	-	-	159	3,031
Accrued interest	-	-	42	-	26	68
Unearned revenue	-	2,018	-	-	195	2,213
Due to other funds	-	-	-	-	208	208
Accrued vacation and sick leave - current	-	-	64	-	-	64
Notes and bonds payable - current	-	-	287	17	222	526
Total current liabilities	174	10,599	476	17	827	12,093
Noncurrent liabilities:						
Advances from other funds	-	-	23	-	418	441
Accrued vacation and sick leave - noncurrent	-	-	107	-	-	107
Notes and bonds payable - noncurrent	-	-	4,904	150	3,892	8,946
Net Pension Liability	-	-	1,802	-	-	1,802
Total noncurrent liabilities	-	-	6,836	150	4,310	11,296
Total liabilities	174	10,599	7,312	167	5,137	23,389
Net Position						
Net investment in capital assets	-	55,119	5,306	-	7,936	68,361
Unrestricted	1,183	4,428	(55)	23	3,223	8,802
Total net position	\$ 1,183	\$ 59,547	\$ 5,251	\$ 23	\$ 11,159	\$ 77,163

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	General Flood Control Zone	State Water Project	Golf	Lopez Park	County Service Areas	Total
<u>Operating revenues</u>						
Charges for current services	\$ 1,005	\$ 6,562	\$ 2,967	\$ -	\$ 3,416	\$ 13,950
Other revenues	-	-	3	-	1	4
Total operating revenues	<u>1,005</u>	<u>6,562</u>	<u>2,970</u>	<u>-</u>	<u>3,417</u>	<u>13,954</u>
<u>Operating expenses</u>						
Salaries and benefits	-	-	1,417	-	-	1,417
Services and supplies	1,049	6,108	987	-	3,438	11,582
Other charges	3	2	-	-	-	5
Depreciation	-	206	366	-	550	1,122
Countywide cost allocation	-	4	14	-	-	18
Total operating expenses	<u>1,052</u>	<u>6,320</u>	<u>2,784</u>	<u>-</u>	<u>3,988</u>	<u>14,144</u>
Operating income (loss)	<u>(47)</u>	<u>242</u>	<u>186</u>	<u>-</u>	<u>(571)</u>	<u>(190)</u>
<u>Nonoperating revenues (expenses)</u>						
Property taxes	-	1,761	-	-	443	2,204
Interest income	4	45	4	-	16	69
Interest expense	-	(10)	(172)	(4)	(142)	(328)
Other non-operating revenues (expenses)	-	-	(3)	-	(59)	(62)
Aid from governmental agencies	-	13	269	-	211	493
Total nonoperating revenues (expenses)	<u>4</u>	<u>1,809</u>	<u>98</u>	<u>(4)</u>	<u>469</u>	<u>2,376</u>
Income (loss) before contributions and transfers	<u>(43)</u>	<u>2,051</u>	<u>284</u>	<u>(4)</u>	<u>(102)</u>	<u>2,186</u>
Capital Contributions	-	-	-	-	-	-
Transfers in	-	-	24	4	246	274
Transfers out	-	-	(42)	-	(621)	(663)
Change in net position	<u>(43)</u>	<u>2,051</u>	<u>266</u>	<u>-</u>	<u>(477)</u>	<u>1,797</u>
Net position - beginning	1,226	57,496	6,551	23	11,636	76,932
Cumulative effect of change in accounting principle	-	-	(1,566)	-	-	(1,566)
Net position - beginning (restated)	1,226	57,496	4,985	23	11,636	75,366
Net position - ending	<u>\$ 1,183</u>	<u>\$ 59,547</u>	<u>\$ 5,251</u>	<u>\$ 23</u>	<u>\$ 11,159</u>	<u>\$ 77,163</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	General Flood Control Zone	State Water Project	Golf
Cash Flows From Operating Activities			
Receipts from customers	\$ 1,005	\$ 5,838	\$ 2,987
Payments to employees for services	-	-	(1,326)
Payments for goods and services	(888)	(5,778)	(1,253)
Net cash provided (used) by operating activities	<u>117</u>	<u>60</u>	<u>408</u>
Cash Flows from Noncapital Financing Activities			
Property tax proceeds	-	1,761	-
Grants and subsidies from other governmental agencies	-	13	269
Advances from other funds	-	-	23
Due to other funds	-	-	-
Transfers from other funds	-	-	24
Transfers to other funds	-	-	(42)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>1,774</u>	<u>274</u>
Cash Flows from Capital and Related Financing Activities			
Purchases and construction of capital assets	-	(1,961)	(49)
Proceeds from issuance of long-term debt	-	-	-
Proceeds from capital contributions	-	-	-
Principal paid on capital debt	-	-	(313)
Interest paid on capital debt	-	-	(173)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(1,961)</u>	<u>(535)</u>
Cash Flows from Investing Activities			
Interest received	<u>4</u>	<u>45</u>	<u>4</u>
Net cash provided (used) by investing activities	<u>4</u>	<u>45</u>	<u>4</u>
Net increase (decrease) in cash and cash equivalents	121	(82)	151
Cash and cash equivalents at beginning of year	<u>1,236</u>	<u>13,861</u>	<u>1,012</u>
Cash and cash equivalents at end of year	<u>\$ 1,357</u>	<u>\$ 13,779</u>	<u>\$ 1,163</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	<u>\$ (47)</u>	<u>\$ 242</u>	<u>\$ 186</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	206	366
Changes in assets and liabilities:	-	-	-
(Increase) decrease in:	-	-	-
Receivables, net	9	(846)	(206)
Increase (decrease) in:	-	-	-
Accounts payable	155	336	(29)
Salaries and benefits payable	-	-	70
Unearned revenue	-	122	-
Accrued vacation and sick leave	-	-	21
Total adjustments	<u>164</u>	<u>(182)</u>	<u>222</u>
Net cash provided (used) by operating activities	<u>\$ 117</u>	<u>\$ 60</u>	<u>\$ 408</u>

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS (Continued)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)

	Lopez Park	County Service Areas	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ -	\$ 3,500	\$ 13,330
Payments to employees for services	-	-	(1,326)
Payments for goods and services	-	(3,329)	(11,248)
Net cash provided (used) by operating activities	-	171	756
Cash Flows from Noncapital Financing Activities			
Property tax proceeds	-	443	2,204
Grants and subsidies from other governmental agencies	-	3	285
Advances from other funds	-	(74)	(51)
Due to other funds	-	208	208
Transfers from other funds	4	246	274
Transfers to other funds	-	(621)	(663)
Net cash provided (used) by noncapital financing activities	4	205	2,257
Cash Flows from Capital and Related Financing Activities			
Purchases and construction of capital assets	-	(537)	(2,547)
Proceeds from issuance of long-term debt	-	231	231
Proceeds from capital contributions	-	-	-
Principal paid on capital debt	-	(215)	(528)
Interest paid on capital debt	(4)	(143)	(320)
Net cash provided (used) by capital and related financing activities	(4)	(664)	(3,164)
Cash Flows from Investing Activities			
Interest received	-	16	69
Net cash provided (used) by investing activities	-	16	69
Net increase (decrease) in cash and cash equivalents	-	(272)	(82)
Cash and cash equivalents at beginning of year	23	4,110	20,242
Cash and cash equivalents at end of year	<u>\$ 23</u>	<u>\$ 3,838</u>	<u>\$ 20,160</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ -	\$ (571)	\$ (190)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	550	1,122
Changes in assets and liabilities:	-	-	-
(Increase) decrease in:	-	-	-
Receivables, net	-	(11)	(1,054)
Increase (decrease) in:	-	-	-
Accounts payable	-	135	597
Salaries and benefits payable	-	-	70
Unearned revenue	-	68	190
Accrued vacation and sick leave	-	-	21
Total adjustments	-	742	946
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ 171</u>	<u>\$ 756</u>



**COMBINING FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS**



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

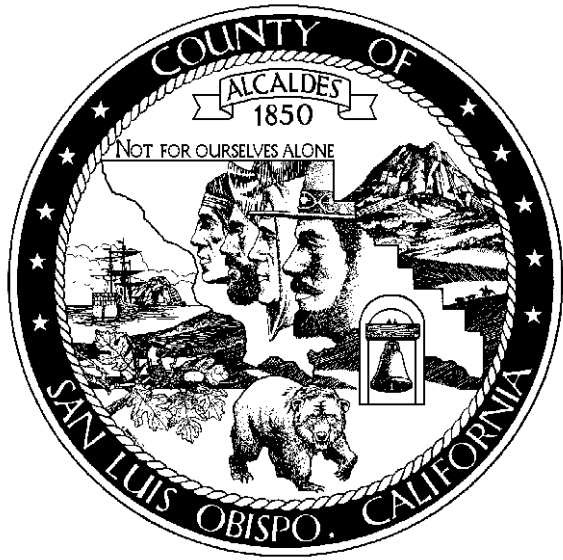
Accounts for resources used to provide a vehicle fleet of cars, trucks, and police vehicles for use by various County departments at the lowest possible maintenance and operating costs.

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

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



**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2015 (In Thousands)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 3,719	\$ 13,993	\$ 21,103	\$ 38,815
Accounts receivable	-	9	-	9
Inventory	10	550	-	560
Total current assets	<u>3,729</u>	<u>14,552</u>	<u>21,103</u>	<u>39,384</u>
Noncurrent assets:				
Capital assets:				
Structures and improvements, net	14	321	-	335
Equipment, net	5,181	7,047	-	12,228
Total noncurrent assets	<u>5,195</u>	<u>7,368</u>	<u>-</u>	<u>12,563</u>
Total assets	<u>8,924</u>	<u>21,920</u>	<u>21,103</u>	<u>51,947</u>
<u>Deferred Outflows of Resources</u>				
Deferred pensions	185	3,154	-	3,339
Total deferred outflows of resources	<u>185</u>	<u>3,154</u>	<u>-</u>	<u>3,339</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	206	373	366	945
Salaries and benefits payable	34	598	-	632
Self-insurance liability	-	-	3,446	3,446
Deposits from others	-	1,163	-	1,163
Accrued vacation and sick leave - current	69	1,528	-	1,597
Total current liabilities	<u>309</u>	<u>3,662</u>	<u>3,812</u>	<u>7,783</u>
Noncurrent liabilities:				
Self-insurance liability	-	-	15,172	15,172
Accrued vacation and sick leave - noncurrent	75	774	-	849
Net Pension Liability	1,921	32,728	-	34,649
Total noncurrent liabilities	<u>1,996</u>	<u>33,502</u>	<u>15,172</u>	<u>50,670</u>
Total liabilities	<u>2,305</u>	<u>37,164</u>	<u>18,984</u>	<u>58,453</u>
<u>Net Position</u>				
Net investment in capital assets	5,195	7,368	-	12,563
Unrestricted	1,609	(19,458)	2,119	(15,730)
Total net position	<u>\$ 6,804</u>	<u>\$ (12,090)</u>	<u>\$ 2,119</u>	<u>\$ (3,167)</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	<u>Garage</u>	<u>Public Works</u>	<u>Combined Insurance (5 Funds)</u>	<u>Total</u>
<u>Operating revenues</u>				
Charges for current services	\$ 6,035	\$ 30,915	\$ 10,456	\$ 47,406
Other revenues	41	105	-	146
Total operating revenues	<u>6,076</u>	<u>31,020</u>	<u>10,456</u>	<u>47,552</u>
<u>Operating expenses</u>				
Salaries and benefits	1,323	21,959	-	23,282
Services and supplies	2,688	9,197	7,060	18,945
Insurance benefit payments	-	-	4,468	4,468
Depreciation	1,568	808	-	2,376
Countywide cost allocation	37	10	293	340
Total operating expenses	<u>5,616</u>	<u>31,974</u>	<u>11,821</u>	<u>49,411</u>
Operating income (loss)	<u>460</u>	<u>(954)</u>	<u>(1,365)</u>	<u>(1,859)</u>
<u>Nonoperating revenues (expenses)</u>				
Interest income	11	40	74	125
Aid from governmental agencies	-	-	78	78
Other revenue (expense)	141	61	-	202
Total nonoperating revenues (expenses)	<u>152</u>	<u>101</u>	<u>152</u>	<u>405</u>
Income (loss) before transfers	612	(853)	(1,213)	(1,454)
Transfers in	-	-	-	-
Transfers out	(243)	(809)	-	(1,052)
Change in net position	369	(1,662)	(1,213)	(2,506)
Net position - beginning	8,104	18,011	3,332	29,447
Cumulative effect of change in accounting principle	(1,669)	(28,439)	-	(30,108)
Net position - beginning (restated)	6,435	(10,428)	3,332	(661)
Net position - ending	<u>\$ 6,804</u>	<u>\$ (12,090)</u>	<u>\$ 2,119</u>	<u>(3,167)</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
Cash Flows From Operating Activities				
Receipts from interfund billings	\$ 6,076	\$ 31,033	\$ 10,456	\$ 47,565
Payments for goods and services	(2,862)	(8,844)	(3,416)	(15,122)
Payments to employees for services	(1,234)	(20,726)	-	(21,960)
Payments for insurance benefits	-	-	(4,242)	(4,242)
Payments for premiums	-	-	(3,936)	(3,936)
Net cash provided (used) by operating activities	<u>1,980</u>	<u>1,463</u>	<u>(1,138)</u>	<u>2,305</u>
Cash Flows from Noncapital Financing Activities				
Grants and subsidies from other governmental agencies	-	-	78	78
Transfers to other funds	(243)	(809)	-	(1,052)
Net cash provided (used) by noncapital financing activities	<u>(243)</u>	<u>(809)</u>	<u>78</u>	<u>(974)</u>
Cash Flows from Capital and Related Financing Activities				
Purchases and construction of capital assets	(1,897)	(752)	-	(2,649)
Proceeds from sale of capital assets	141	61	-	202
Net cash provided (used) by capital and related financing activities	<u>(1,756)</u>	<u>(691)</u>	<u>-</u>	<u>(2,447)</u>
Cash Flows from Investing Activities				
Interest received	11	40	74	125
Net cash provided (used) by investing activities	<u>11</u>	<u>40</u>	<u>74</u>	<u>125</u>
Net increase (decrease) in cash and cash equivalents	(8)	3	(986)	(991)
Cash and cash equivalents at beginning of year	3,727	13,990	22,089	39,806
Cash and cash equivalents at end of year	<u>\$ 3,719</u>	<u>\$ 13,993</u>	<u>\$ 21,103</u>	<u>\$ 38,815</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	460	(954)	(1,365)	\$ (1,859)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	1,568	808	-	2,376
Changes in assets and liabilities:				
(Increase) decrease in:				
Receivables, net	-	13	-	13
Inventory	6	(2)	-	4
Increase (decrease) in:				
Accounts payable	(146)	(89)	(75)	(310)
Deposits from others	-	454	-	454
Salaries and benefits payable	70	1,227	-	1,297
Other accrued liabilities	-	6	-	6
Accrued vacation and sick leave	22	-	-	22
Self-insurance liability	-	-	302	302
Total adjustments	<u>1,520</u>	<u>2,417</u>	<u>227</u>	<u>4,164</u>
Net cash provided (used) by operating activities	<u>\$ 1,980</u>	<u>\$ 1,463</u>	<u>\$ (1,138)</u>	<u>\$ 2,305</u>

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS – INSURANCE
 JUNE 30, 2015 (In Thousands)**

	<u>Workers' Compensation</u>	<u>Protected Self-Insurance</u>	<u>Unemployment Insurance</u>	<u>Dental Insurance</u>	<u>OPEB</u>	<u>Total</u>
<u>Assets</u>						
Current assets:						
Cash and cash equivalents	\$ 15,675	\$ 4,597	\$ 339	\$ 491	\$ 1	\$ 21,103
Total current assets	<u>15,675</u>	<u>4,597</u>	<u>339</u>	<u>491</u>	<u>1</u>	<u>21,103</u>
Total assets	<u>15,675</u>	<u>4,597</u>	<u>339</u>	<u>491</u>	<u>1</u>	<u>21,103</u>
<u>Liabilities</u>						
Current liabilities:						
Accounts payable	364	-	-	2	-	366
Self-insurance payable	<u>2,397</u>	<u>1,049</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,446</u>
Total current liabilities	<u>2,761</u>	<u>1,049</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>3,812</u>
Noncurrent liabilities:						
Self-insurance liability	<u>12,978</u>	<u>2,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,172</u>
Total noncurrent liabilities	<u>12,978</u>	<u>2,194</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,172</u>
Total liabilities	<u>15,739</u>	<u>3,243</u>	<u>-</u>	<u>2</u>	<u>-</u>	<u>18,984</u>
<u>Net Position</u>						
Unrestricted	<u>(64)</u>	<u>1,354</u>	<u>339</u>	<u>489</u>	<u>1</u>	<u>2,119</u>
Total net position	<u>\$ (64)</u>	<u>\$ 1,354</u>	<u>\$ 339</u>	<u>\$ 489</u>	<u>\$ 1</u>	<u>\$ 2,119</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, 2015 (In Thousands)**

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
<u>Operating revenues</u>						
Charges for current services	\$ 5,077	\$ 2,000	\$ 130	\$ 1,729	\$ 1,520	\$ 10,456
Total operating revenues	5,077	2,000	130	1,729	1,520	10,456
<u>Operating expenses</u>						
Services and supplies	3,017	2,584	28	166	1,265	7,060
Insurance benefit payments	2,407	-	219	1,510	332	4,468
Countywide cost allocation	202	90	-	1	-	293
Total operating expenses	5,626	2,674	247	1,677	1,597	11,821
Operating income (loss)	(549)	(674)	(117)	52	(77)	(1,365)
<u>Nonoperating revenues (expenses)</u>						
Interest income	55	16	1	2	-	74
Aid from governmental agencies	-	-	-	-	78	78
Total nonoperating revenues (expenses)	55	16	1	2	78	152
Income (loss) before transfers	(494)	(658)	(116)	54	1	(1,213)
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Change in net position	(494)	(658)	(116)	54	1	(1,213)
Net position - beginning	430	2,012	455	435	-	3,332
Net position - ending	\$ (64)	\$ 1,354	\$ 339	\$ 489	\$ 1	\$ 2,119

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS – INSURANCE
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	<u>Workers' Compensation</u>	<u>Protected Self-Insurance</u>	<u>Unemployment Insurance</u>	<u>Dental Insurance</u>	<u>OPEB</u>	<u>Total</u>
Cash Flows From Operating Activities						
Receipts from interfund billings	\$ 5,077	\$ 2,000	\$ 130	\$ 1,729	\$ 1,520	\$ 10,456
Payments for goods and services	(2,231)	(990)	(28)	(167)	-	(3,416)
Payments for insurance benefits	(1,920)	(231)	(219)	(1,540)	(332)	(4,242)
Payments for premiums	(987)	(1,684)	-	-	(1,265)	(3,936)
Net cash provided (used) by operating activities	<u>(61)</u>	<u>(905)</u>	<u>(117)</u>	<u>22</u>	<u>(77)</u>	<u>(1,138)</u>
Cash Flows from Noncapital Financing Activities						
Grants and subsidies from other governmental agencies	-	-	-	-	78	78
Transfers to other funds	-	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78</u>	<u>78</u>
Cash Flows from Capital and Related Financing Activities						
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>
Cash Flows from Investing Activities						
Interest received	55	16	1	2	-	74
Net cash provided (used) by investing activities	<u>55</u>	<u>16</u>	<u>1</u>	<u>2</u>	<u>-</u>	<u>74</u>
Net increase (decrease) in cash and cash equivalents	(6)	(889)	(116)	24	1	(986)
Cash and cash equivalents at beginning of year	15,681	5,486	455	467	-	22,089
Cash and cash equivalents at end of year	<u>\$ 15,675</u>	<u>\$ 4,597</u>	<u>\$ 339</u>	<u>\$ 491</u>	<u>\$ 1</u>	<u>\$ 21,103</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ (549)	\$ (674)	\$ (117)	\$ 52	\$ (77)	\$ (1,365)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Changes in assets and liabilities:						
Increase (decrease) in:						
Accounts payable	(15)	(30)	-	(30)	-	(75)
Self-insurance liability	503	(201)	-	-	-	302
Total adjustments	<u>488</u>	<u>(231)</u>	<u>-</u>	<u>(30)</u>	<u>-</u>	<u>227</u>
Net cash provided (used) by operating activities	<u>\$ (61)</u>	<u>\$ (905)</u>	<u>\$ (117)</u>	<u>\$ 22</u>	<u>\$ (77)</u>	<u>\$ (1,138)</u>

**COMBINING FINANCIAL STATEMENTS
FIDUCIARY FUNDS**



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 (42 funds), Special Districts (32 funds), Courts (6 funds), and Other Local Boards (19 funds).

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2015 (In Thousands)**

	<u>Clearing and Revolving Funds (98 Funds)</u>	<u>1915 Act Service Funds (17 Funds)</u>	<u>Other Agency Funds (30 Funds)</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 23,796	\$ 1,694	\$ 25,525	\$ 51,015
Total assets	<u>\$ 23,796</u>	<u>\$ 1,694</u>	<u>\$ 25,525</u>	<u>\$ 51,015</u>
<u>LIABILITIES</u>				
Assets held as agency for others	\$ 23,796	\$ 1,694	\$ 25,525	\$ 51,015
Total liabilities	<u>\$ 23,796</u>	<u>\$ 1,694</u>	<u>\$ 25,525</u>	<u>\$ 51,015</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	Balance June 30, 2014	Additions	Deletions	Balance June 30, 2015
<u>Clearing and Revolving Funds (98 Funds)</u>				
Assets:				
Cash and cash equivalents	\$ 11,180	\$ 1,027,568	\$ 1,014,952	\$ 23,796
Total assets	<u>\$ 11,180</u>	<u>\$ 1,027,568</u>	<u>\$ 1,014,952</u>	<u>\$ 23,796</u>
Liabilities:				
Assets held as agency for others	\$ 11,180	\$ 1,027,568	\$ 1,014,952	\$ 23,796
Total liabilities	<u>\$ 11,180</u>	<u>\$ 1,027,568</u>	<u>\$ 1,014,952</u>	<u>\$ 23,796</u>
<u>1915 Act Service Funds (17 Funds)</u>				
Assets:				
Cash and cash equivalents	\$ 2,012	\$ 431	\$ 749	\$ 1,694
Total assets	<u>\$ 2,012</u>	<u>\$ 431</u>	<u>\$ 749</u>	<u>\$ 1,694</u>
Liabilities:				
Assets held as agency for others	\$ 2,012	\$ 431	\$ 749	\$ 1,694
Total liabilities	<u>\$ 2,012</u>	<u>\$ 431</u>	<u>\$ 749</u>	<u>\$ 1,694</u>
<u>Other Agency Funds (30 Funds)</u>				
Assets:				
Cash and cash equivalents	\$ 30,965	\$ 300,497	\$ 305,937	\$ 25,525
Total assets	<u>\$ 30,965</u>	<u>\$ 300,497</u>	<u>\$ 305,937</u>	<u>\$ 25,525</u>
Liabilities:				
Assets held as agency for others	\$ 30,965	\$ 300,497	\$ 305,937	\$ 25,525
Total liabilities	<u>\$ 30,965</u>	<u>\$ 300,497</u>	<u>\$ 305,937</u>	<u>\$ 25,525</u>
<u>Total All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 44,157	\$ 1,328,496	\$ 1,321,638	\$ 51,015
Total assets	<u>\$ 44,157</u>	<u>\$ 1,328,496</u>	<u>\$ 1,321,638</u>	<u>\$ 51,015</u>
Liabilities:				
Assets held as agency for others	\$ 44,157	\$ 1,328,496	\$ 1,321,638	\$ 51,015
Total liabilities	<u>\$ 44,157</u>	<u>\$ 1,328,496</u>	<u>\$ 1,321,638</u>	<u>\$ 51,015</u>

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 INVESTMENT TRUST FUNDS
 JUNE 30, 2015 (In Thousands)**

	School Districts (42 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 321,849	\$ 14,350	\$ 2,181	\$ 23,812	\$ 362,192
Total assets	<u>\$ 321,849</u>	<u>\$ 14,350</u>	<u>\$ 2,181</u>	<u>\$ 23,812</u>	<u>\$ 362,192</u>
<u>NET POSITION</u>					
Assets held in trust for pool participants	\$ 321,849	\$ 14,350	\$ 2,181	\$ 23,812	\$ 362,192
Total Net Position	<u>\$ 321,849</u>	<u>\$ 14,350</u>	<u>\$ 2,181</u>	<u>\$ 23,812</u>	<u>\$ 362,192</u>

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 INVESTMENT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	School Districts (42 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<u>Additions</u>					
Contributions to pooled investments	\$ 960,058	\$ 23,437	\$ 22,774	\$ 33,920	\$ 1,040,189
Interest	621	46	-	61	728
Total additions	<u>960,679</u>	<u>23,483</u>	<u>22,774</u>	<u>33,981</u>	<u>1,040,917</u>
<u>Deductions</u>					
Distributions from investment pool	<u>800,092</u>	<u>21,263</u>	<u>22,628</u>	<u>35,756</u>	<u>879,739</u>
Total deductions	<u>800,092</u>	<u>21,263</u>	<u>22,628</u>	<u>35,756</u>	<u>879,739</u>
Change in net position	160,587	2,220	146	(1,775)	161,178
Net position - beginning	<u>161,262</u>	<u>12,130</u>	<u>2,035</u>	<u>25,587</u>	<u>201,014</u>
Net position - ending	<u>\$ 321,849</u>	<u>\$ 14,350</u>	<u>\$ 2,181</u>	<u>\$ 23,812</u>	<u>\$ 362,192</u>



**GENERAL FUND
DETAIL BUDGETARY COMPARISON SCHEDULES**



**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>General Government - Expenditures</u>				
<u>Legislative and Administrative</u>				
Administrative Office				
Salaries, wages, and benefits	\$ 1,704	\$ 1,704	\$ 1,586	\$ 118
Services and supplies	213	269	161	108
Expenditure transfers and reimbursements	(85)	(85)	(88)	3
Total	<u>1,832</u>	<u>1,888</u>	<u>1,659</u>	<u>229</u>
Board of Supervisors				
Salaries, wages, and benefits	1,449	1,460	1,393	67
Services and supplies	221	222	200	22
Expenditure transfers and reimbursements	(37)	(37)	(47)	10
Total	<u>1,633</u>	<u>1,645</u>	<u>1,546</u>	<u>99</u>
Clerk/Recorder				
Salaries, wages, and benefits	2,075	2,075	1,960	115
Services and supplies	1,131	1,212	1,053	159
Capital outlay	-	367	-	367
Total	<u>3,206</u>	<u>3,654</u>	<u>3,013</u>	<u>641</u>
Total Legislative and Administrative	<u>6,671</u>	<u>7,187</u>	<u>6,218</u>	<u>969</u>
<u>Finance</u>				
Assessor				
Salaries, wages, and benefits	8,347	8,287	7,745	542
Services and supplies	815	1,340	861	479
Capital outlay	78	66	18	48
Total	<u>9,240</u>	<u>9,693</u>	<u>8,624</u>	<u>1,069</u>
Auditor-Controller				
Salaries, wages, and benefits	4,834	4,949	4,573	376
Services and supplies	218	368	217	151
Capital outlay	-	29	-	29
Expenditure transfers and reimbursements	(13)	(13)	(16)	3
Total	<u>5,039</u>	<u>5,333</u>	<u>4,774</u>	<u>559</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>General Government - Expenditures</u> (Continued)				
Treasurer-Tax Collector-Public Administrator				
Salaries, wages, and benefits	2,530	2,545	2,370	175
Services and supplies	315	443	422	21
Expenditure transfers and reimbursements	-	-	(1)	1
Total	<u>2,845</u>	<u>2,988</u>	<u>2,791</u>	<u>197</u>
Total Finance	<u>17,124</u>	<u>18,014</u>	<u>16,189</u>	<u>1,825</u>
<u>Counsel</u>				
County Counsel				
Salaries, wages, and benefits	3,320	3,291	3,160	131
Services and supplies	213	458	175	283
Total Counsel	<u>3,533</u>	<u>3,749</u>	<u>3,335</u>	<u>414</u>
<u>Personnel</u>				
Personnel				
Salaries, wages, and benefits	2,194	2,181	1,982	199
Services and supplies	400	775	628	147
Total Personnel	<u>2,594</u>	<u>2,956</u>	<u>2,610</u>	<u>346</u>
<u>Property Management</u>				
General Services				
Salaries, wages, and benefits	7,930	7,612	7,233	379
Services and supplies	4,501	4,679	4,513	166
Other charges	73	73	72	1
Capital outlay	29	36	17	19
Expenditure transfers and reimbursements	(2,744)	(2,744)	(2,766)	22
Total	<u>9,789</u>	<u>9,656</u>	<u>9,069</u>	<u>587</u>
Maintenance Projects				
Services and supplies	1,968	8,461	2,231	6,230
Expenditure transfers and reimbursements	-	(187)	(116)	(71)
Total	<u>1,968</u>	<u>8,274</u>	<u>2,115</u>	<u>6,159</u>
Total Property Management	<u>11,757</u>	<u>17,930</u>	<u>11,184</u>	<u>6,746</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

General Government - Expenditures (Continued)

Other General

Information Technology				
Salaries, wages, and benefits	9,972	10,010	9,386	624
Services and supplies	3,600	3,690	3,522	168
Capital outlay	-	66	65	1
Expenditure transfers and reimbursements	<u>(2,858)</u>	<u>(2,858)</u>	<u>(3,033)</u>	<u>175</u>
Total	<u>10,714</u>	<u>10,908</u>	<u>9,940</u>	<u>968</u>
Risk Management				
Salaries, wages, and benefits	806	816	784	32
Services and supplies	821	894	821	73
Expenditure transfers and reimbursements	<u>(74)</u>	<u>(74)</u>	<u>(74)</u>	<u>-</u>
Total	<u>1,553</u>	<u>1,636</u>	<u>1,531</u>	<u>105</u>
Non-Department Financing Uses				
Expenditure transfers and reimbursements	<u>(9,042)</u>	<u>(9,042)</u>	<u>(9,056)</u>	<u>14</u>
Total	<u>(9,042)</u>	<u>(9,042)</u>	<u>(9,056)</u>	<u>14</u>
Contributions to Other Agencies				
Services and supplies	<u>1,684</u>	<u>1,704</u>	<u>1,673</u>	<u>31</u>
Total	<u>1,684</u>	<u>1,704</u>	<u>1,673</u>	<u>31</u>
Non-Departmental Other Expenditures				
Services and supplies	<u>390</u>	<u>390</u>	<u>326</u>	<u>64</u>
Total	<u>390</u>	<u>390</u>	<u>326</u>	<u>64</u>
Total Other General	<u>5,299</u>	<u>5,596</u>	<u>4,414</u>	<u>1,182</u>
Total General Government	<u>46,978</u>	<u>55,432</u>	<u>43,950</u>	<u>11,482</u>

Public Protection - Expenditures

Judicial

Court Operations Fund				
Other charges	<u>2,427</u>	<u>2,427</u>	<u>2,397</u>	<u>30</u>
Total	<u>2,427</u>	<u>2,427</u>	<u>2,397</u>	<u>30</u>
District Attorney				
Salaries, wages, and benefits	13,530	13,530	12,435	1,095
Services and supplies	1,508	1,599	1,431	168
Capital outlay	15	15	10	5
Expenditure transfers and reimbursements	<u>(266)</u>	<u>(266)</u>	<u>(210)</u>	<u>(56)</u>
Total	<u>14,787</u>	<u>14,878</u>	<u>13,666</u>	<u>1,212</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>Public Protection - Expenditures</u> (Continued)				
Family Support				
Salaries, wages, and benefits	3,644	3,644	3,357	287
Services and supplies	950	950	898	52
Total	<u>4,594</u>	<u>4,594</u>	<u>4,255</u>	<u>339</u>
Grand Jury				
Salaries, wages, and benefits	40	30	8	22
Services and supplies	99	109	100	9
Total	<u>139</u>	<u>139</u>	<u>108</u>	<u>31</u>
Public Defender				
Services and supplies	5,682	6,094	5,990	104
Total	<u>5,682</u>	<u>6,094</u>	<u>5,990</u>	<u>104</u>
Total Judicial	<u>27,629</u>	<u>28,132</u>	<u>26,416</u>	<u>1,716</u>
<u>Police Protection</u>				
Sheriff-Coroner				
Salaries, wages, and benefits	53,576	53,821	52,068	1,753
Services and supplies	10,544	11,168	10,399	769
Other charges	30	184	73	111
Capital outlay	240	1,526	1,326	200
Expenditure transfers and reimbursements	(191)	(191)	(170)	(21)
Total Police Protection	<u>64,199</u>	<u>66,508</u>	<u>63,696</u>	<u>2,812</u>
<u>Detention and Correction</u>				
Probation Department				
Salaries, wages, and benefits	16,298	16,278	15,175	1,103
Services and supplies	3,715	3,868	3,429	439
Other charges	36	56	47	9
Capital outlay	-	185	-	185
Expenditure transfers and reimbursements	(250)	(250)	(265)	15
Total Detention and Correction	<u>19,799</u>	<u>20,137</u>	<u>18,386</u>	<u>1,751</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>Public Protection - Expenditures</u> (Continued)				
<u>Fire Protection</u>				
County Fire				
Services and supplies	18,167	18,786	17,930	856
Capital outlay	1,009	2,956	1,463	1,493
	<u>19,176</u>	<u>21,742</u>	<u>19,393</u>	<u>2,349</u>
<u>Protective Inspection</u>				
Agricultural Commissioner				
Salaries, wages, and benefits	4,559	4,748	4,519	229
Services and supplies	793	751	731	20
Expenditure transfers and reimbursements	-	-	(5)	5
Capital outlay	13	13	13	-
	<u>5,365</u>	<u>5,512</u>	<u>5,258</u>	<u>254</u>
<u>Other Protection</u>				
Animal Services				
Salaries, wages, and benefits	1,610	1,610	1,413	197
Services and supplies	950	959	876	83
Capital outlay	-	27	14	13
	<u>2,560</u>	<u>2,596</u>	<u>2,303</u>	<u>293</u>
Emergency Services				
Salaries, wages, and benefits	800	800	721	79
Services and supplies	415	422	297	125
Other charges	385	385	102	283
Capital outlay	58	116	52	64
	<u>1,658</u>	<u>1,723</u>	<u>1,172</u>	<u>551</u>
Planning Department				
Salaries, wages, and benefits	10,690	10,772	9,884	888
Services and supplies	2,213	3,880	2,222	1,658
Capital outlay	-	8	7	1
	<u>12,903</u>	<u>14,660</u>	<u>12,113</u>	<u>2,547</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>Public Protection - Expenditures</u> (Continued)				
Waste Management				
Services and supplies	906	966	580	386
Total	906	966	580	386
Total Other Protection	18,027	19,945	16,168	3,777
Total Public Protection	154,195	161,976	149,317	12,659
<u>Public Ways and Facilities - Expenditures</u>				
<u>Public Works</u>				
Public Works				
Services and supplies	2,123	2,811	2,024	787
Total Public Works	2,123	2,811	2,024	787
Total Public Ways and Facilities	2,123	2,811	2,024	787
<u>Health and Sanitation - Expenditures</u>				
<u>Health</u>				
Public Health				
Salaries, wages, and benefits	17,397	17,153	15,596	1,557
Services and supplies	4,740	5,277	4,813	464
Other charges	1,580	4,453	564	3,889
Capital outlay	-	85	48	37
Expenditure transfers and reimbursement	(1,233)	(1,233)	(1,196)	(37)
Total	22,484	25,735	19,825	5,910
Behavioral Health				
Salaries, wages, and benefits	29,426	28,140	25,993	2,147
Services and supplies	24,819	26,518	24,735	1,783
Other charges	1,049	2,552	1,227	1,325
Expenditure transfers and reimbursement	(1,267)	(1,267)	(1,277)	10
Total	54,027	55,943	50,678	5,265
Total Health	76,511	81,678	70,503	11,175
Total Health and Sanitation	76,511	81,678	70,503	11,175

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>Public Assistance - Expenditures</u>				
<u>Administration</u>				
Department of Social Services				
Salaries, wages, and benefits	42,466	42,641	40,750	1,891
Services and supplies	15,949	15,446	15,238	208
Other charges	6,946	11,590	10,362	1,228
Capital outlay	129	100	54	46
Expenditure transfers and reimbursement	(67)	(67)	(50)	(17)
Total Administration	<u>65,423</u>	<u>69,710</u>	<u>66,354</u>	<u>3,356</u>
<u>Aid Programs</u>				
Aid Foster Care Non-Fed				
Services and supplies	68	68	68	-
Other charges	21,578	21,954	21,549	405
Total	<u>21,646</u>	<u>22,022</u>	<u>21,617</u>	<u>405</u>
Calworks Assistance				
Other charges	12,352	12,352	11,869	483
Total	<u>12,352</u>	<u>12,352</u>	<u>11,869</u>	<u>483</u>
Total Aid Programs	<u>33,998</u>	<u>34,374</u>	<u>33,486</u>	<u>888</u>
<u>General Relief</u>				
General Relief				
Other charges	1,166	1,166	1,064	102
Total General Relief	<u>1,166</u>	<u>1,166</u>	<u>1,064</u>	<u>102</u>
<u>Veterans Services</u>				
Veterans Services				
Salaries, wages, and benefits	484	525	489	36
Services and supplies	41	609	426	183
Total Veterans Services	<u>525</u>	<u>1,134</u>	<u>915</u>	<u>219</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2015 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>Public Assistance - Expenditures</u> (Continued)				
<u>Other Assistance</u>				
Law Enforcement Med Care				
Salaries, wages, and benefits	2,189	2,253	2,102	151
Services and supplies	1,105	1,203	1,129	74
Expenditure transfers and reimbursement	(521)	(572)	(549)	(23)
Total Other Assistance	<u>2,773</u>	<u>2,884</u>	<u>2,682</u>	<u>202</u>
Total Public Assistance	<u>103,885</u>	<u>109,268</u>	<u>104,501</u>	<u>4,767</u>
<u>Education - Expenditures</u>				
<u>Agriculture Education</u>				
Farm Advisor				
Salaries, wages, and benefits	374	378	364	14
Services and supplies	102	102	93	9
Total Agriculture Education	<u>476</u>	<u>480</u>	<u>457</u>	<u>23</u>
Total Education	<u>476</u>	<u>480</u>	<u>457</u>	<u>23</u>
Total General Fund Expenditures (Before Contingencies)	<u>384,168</u>	<u>411,645</u>	<u>370,752</u>	<u>40,893</u>
<u>Contingencies</u>				
<u>Appropriation for Contingencies</u>				
Contingencies - General Fund				
Appropriation for contingency	19,112	17,783	-	17,783
Total Appropriation for Contingencies	<u>19,112</u>	<u>17,783</u>	<u>-</u>	<u>17,783</u>
Total Contingencies	<u>19,112</u>	<u>17,783</u>	<u>-</u>	<u>17,783</u>
Total General Fund Expenditures	<u>\$ 403,280</u>	<u>\$ 429,428</u>	<u>\$ 370,752</u>	<u>\$ 58,676</u>

Explanation of Differences between Budgetary Outflows and GAAP Expenditures

Uses/Outflows of Resources

Actual amounts (budgetary basis) from the Budget to Actual Comparison Schedule	\$ 370,752
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.	<u>7,257</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 378,009</u>

STATISTICAL SECTION



COUNTY OF SAN LUIS OBISPO

Statistical Section

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

	Page
Financial Trends Information	
These schedules contain trend information that may assist the reader in assessing the County’s current financial performance by placing it in historical perspective	187
Revenue Capacity Information	
These schedules contain information that may assist the reader in assessing the viability of the County’s two most significant local revenue sources; property taxes and sales taxes	194
Debt Capacity Information	
These schedules present information that may assist the reader in analyzing the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future	199
Demographic and Economic Information	
These schedules offer economic and demographic indicators that are commonly used for financial analysis and that can enhance a reader’s understanding of the County’s present and ongoing financial status.....	202
Operating Information	
These schedules contain service and infrastructure indicators about how the information in the County’s financial statements relates to the services the County provides and the activities it performs.....	204



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

	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Governmental Activities										
Invested in Capital Assets, net of related debt	\$ 996,381	\$ 1,012,458	\$ 1,047,361	\$ 1,063,955	\$ 1,071,844	\$ 1,084,978	\$ 1,099,885	\$ 1,103,924	\$ 1,112,934	\$ 1,130,241
Restricted	40,178	50,061	52,566	41,188	36,385	36,258	31,477	28,863	43,109	37,722
Unrestricted	169,766	190,107	173,396	192,271	206,786	234,786	265,454	304,257	325,113	(150,074)
Total governmental activities net position	\$ 1,206,325	\$ 1,252,626	\$ 1,273,323	\$ 1,297,414	\$ 1,315,015	\$ 1,356,022	\$ 1,396,816	\$ 1,437,044	\$ 1,481,156	\$ 1,017,889
Business-type activities										
Invested in Capital Assets, net of related debt	\$ 122,534	\$ 146,021	\$ 155,907	\$ 167,188	\$ 160,627	\$ 149,097	\$ 153,801	\$ 167,138	\$ 188,485	\$ 213,455
Unrestricted	19,178	16,511	16,202	12,266	18,117	38,665	33,081	58,433	98,097	97,173
Total business-type activities net position	\$ 141,712	\$ 162,532	\$ 172,109	\$ 179,454	\$ 178,744	\$ 187,762	\$ 186,882	\$ 225,571	\$ 286,582	\$ 310,628
Total Primary Government										
Invested in Capital Assets, net of related debt	\$ 1,118,915	\$ 1,158,479	\$ 1,203,268	\$ 1,231,143	\$ 1,232,471	\$ 1,234,075	\$ 1,253,686	\$ 1,271,062	\$ 1,301,419	\$ 1,343,696
Restricted	40,178	50,061	52,566	41,188	36,385	36,258	31,477	28,863	43,109	37,722
Unrestricted	188,944	206,618	189,598	204,537	224,903	273,451	298,535	362,690	423,210	(52,901)
Total primary government net position	\$ 1,348,037	\$ 1,415,158	\$ 1,445,432	\$ 1,476,868	\$ 1,493,759	\$ 1,543,784	\$ 1,583,698	\$ 1,662,615	\$ 1,767,738	\$ 1,328,517

Notes:

Source - Statement of Net Position for FY 2003-2004 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)**

	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Expenses										
Governmental Activities										
General government	\$ 39,872	\$ 50,819	\$ 46,971	\$ 41,658	\$ 36,561	\$ 35,344	\$ 35,231	\$ 34,507	\$ 36,866	\$ 45,598
Public protection	100,234	120,165	135,987	136,755	134,768	132,413	136,219	142,353	148,135	162,432
Public ways and facilities	32,858	22,256	24,503	24,713	24,927	27,365	27,120	28,474	28,253	34,136
Health and sanitation	53,113	55,173	66,382	66,542	68,199	66,657	65,799	69,222	74,313	78,137
Public assistance	84,451	84,045	93,472	97,803	96,645	98,841	96,435	97,929	99,449	110,470
Education	7,786	8,626	9,966	10,967	10,390	10,057	10,000	9,922	9,611	9,457
Recreation and cultural services	4,244	6,106	6,024	7,561	8,708	7,363	7,344	9,735	7,745	9,755
Interest on long-term debt	7,184	5,163	5,771	5,433	6,356	6,787	6,620	6,041	5,270	5,124
Total Governmental Activities Expenses	329,742	352,353	389,076	391,432	386,554	384,827	384,768	398,183	409,642	455,109
Business-Type Activities Expenses										
Airport	3,703	4,021	7,809	4,559	5,204	7,732	5,422	5,435	5,664	6,187
Golf	2,867	3,301	3,033	3,249	2,974	2,690	2,863	2,779	2,608	2,968
State Water contract	5,102	4,792	5,179	5,661	5,630	6,705	6,761	5,536	5,992	6,351
Nacimiento Water contract	580	559	20,021	10,144	10,613	11,844	11,901	14,738	13,840	15,776
Lopez Dam	5,237	5,807	7,945	6,189	5,813	6,499	5,752	6,548	6,116	6,128
Lopez Park	-	-	-	-	-	-	-	-	-	4
General Flood Control Zone	726	681	689	712	831	928	1,816	746	809	845
Transit	745	714	1,071	987	1,143	1,105	8	-	-	-
County Service Areas	2,907	3,465	3,419	3,434	3,744	3,877	3,836	3,779	3,857	4,194
Los Osos Wastewater	-	-	-	-	-	5	6,672	344	231	235
Total Business-Type Activities Expenses	21,867	23,340	49,166	34,935	35,952	41,385	45,031	39,905	39,117	42,688
Total Primary Government Expenses	\$ 351,609	\$ 375,693	\$ 438,242	\$ 426,367	\$ 422,506	\$ 426,212	\$ 429,799	\$ 438,088	\$ 448,759	\$ 497,797
Program Revenues										
Governmental Activities										
Fees, Fines, Charges for Services										
General government	\$ 22,293	\$ 18,743	\$ 13,299	\$ 17,729	\$ 12,878	\$ 13,971	\$ 17,545	\$ 16,575	\$ 14,678	\$ 12,407
Public protection	11,776	21,061	20,380	23,285	21,072	20,843	15,679	16,352	23,035	20,774
Public ways and facilities	9,730	7,236	7,580	4,190	3,234	11,549	5,069	5,465	4,356	4,255
Health and sanitation	8,831	6,505	6,583	6,863	7,026	7,453	6,014	5,196	6,570	6,631
Public assistance	2,438	2,798	2,864	2,784	925	2,399	2,366	2,920	2,070	2,077
Education	1,460	1,759	1,891	1,922	2,304	2,037	2,545	3,583	1,723	2,998
Recreation and cultural services	1,370	1,246	2,183	3,931	3,822	3,714	3,952	4,435	4,537	5,056
Operating Grants and Contributions										
General Government	1,442	1,454	446	751	377	1,120	628	122	252	54
Public Protection	39,054	41,429	40,924	38,080	40,034	37,244	45,646	50,477	54,233	62,359
Public ways and facilities	11,459	8,712	8,975	10,406	10,679	9,446	11,813	15,018	14,688	14,145
Health and sanitation	39,611	44,135	46,267	49,149	57,784	48,567	44,741	55,064	57,344	62,338
Public assistance	73,863	75,391	79,190	83,175	81,525	86,479	85,505	87,912	89,640	94,775
Education	250	299	262	260	259	289	175	175	102	105
Recreation and cultural services	158	167	185	178	177	357	18	350	-	131
Capital Grants and Contributions										
General government	-	291	264	384	449	279	843	8	69	156
Public protection	208	1,799	319	82	-	-	-	-	3,315	9,701
Public ways and facilities	6,253	6,008	15,130	5,966	10,259	7,411	12,930	3,479	5,570	6,435
Health and sanitation	-	-	34	-	-	-	-	-	-	-
Public assistance	-	-	-	-	-	-	-	-	-	-
Recreation and cultural services	805	171	979	423	173	81	247	50	282	1,776
Total Governmental Activities	231,001	239,204	247,755	249,558	252,977	253,239	255,716	267,181	282,464	306,173

Source: Statement of Activities

(continued)

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

	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015
Business-Type Activities										
Fees, Fines, Charges for Services										
Airport	3,864	3,919	4,585	3,734	3,541	3,888	3,719	4,053	4,493	4,883
Golf	2,895	3,016	3,058	2,879	2,653	2,590	2,690	2,639	2,779	2,967
State Water Contract	5,098	4,458	5,309	5,767	6,513	6,453	6,609	6,185	6,358	6,562
Nacimiento Water Contract	5,509	6,893	3,018	284	355	7,968	13,893	13,800	13,685	9,682
Lopez Dam	4,717	5,987	6,453	5,494	6,164	6,359	6,440	6,174	6,123	6,208
General Flood Control Zone	562	575	600	637	661	1,870	1,252	730	861	794
Transit	57	52	55	63	-	-	-	-	-	-
County Service Areas	2,604	2,860	2,869	2,658	2,784	3,090	3,186	3,352	3,312	3,408
Operating Grants and Contributions										
Airport	279	281	820	144	182	180	372	132	127	126
Golf	-	-	-	-	-	-	5	-	-	269
State Water Contract	8	8	8	8	8	10	10	13	13	13
Nacimiento Water Contract	23	25	28	31	31	30	28	29	12	9
Lopez Dam	-	-	-	15	15	15	15	15	8	8
Transit	1,190	-	-	-	1,172	1,097	-	-	-	-
General Flood Control Zone	-	543	624	962	-	-	-	-	-	-
County Service Areas	222	155	2	4	4	3	3	3	3	211
Los Osos Wastewater	-	-	-	-	-	-	35	1	-	-
Capital Grants and Contributions										
Airport	3,792	9,509	19,201	6,750	4,310	2,074	138	572	1,770	365
County Service Areas	-	-	165	275	339	288	64	294	2	-
Los Osos Wastewater	-	-	-	-	-	9,357	9,127	35,717	57,507	26,385
Total Business-Type Activities Revenues	30,820	38,281	46,795	29,705	28,732	45,272	47,586	73,709	97,053	61,890
Total Primary Government Revenues	\$ 261,821	\$ 277,485	\$ 294,550	\$ 279,263	\$ 281,709	\$ 298,511	\$ 303,302	\$ 340,890	\$ 379,517	\$ 368,063
Net (Expense)/Revenues										
Governmental Activities	\$ (98,741)	\$ (113,149)	\$ (141,321)	\$ (141,874)	\$ (133,577)	\$ (131,588)	\$ (129,052)	\$ (131,002)	\$ (127,178)	\$ (148,936)
Business-Type Activities	8,953	14,941	(2,371)	(5,230)	(7,220)	3,887	2,555	33,804	57,936	19,202
Total Primary Government net expense	\$ (89,788)	\$ (98,208)	\$ (143,692)	\$ (147,104)	\$ (140,797)	\$ (127,701)	\$ (126,497)	\$ (97,198)	\$ (69,242)	\$ (129,734)
General Revenue and Other Changes in Net Position										
Governmental Activities										
Property Taxes	\$ 114,076	\$ 128,867	\$ 133,292	\$ 141,195	\$ 132,723	\$ 139,214	\$ 140,288	\$ 143,182	\$ 152,256	\$ 155,374
Other Taxes	15,823	15,798	15,881	14,389	13,358	14,393	16,330	23,940	22,088	22,984
Interest and investment income	7,176	11,025	9,790	4,646	1,690	986	1,202	733	599	3,174
Unrestricted Grants	9,559	4,079	4,019	4,890	3,972	3,520	3,978	3,537	1,727	13,327
Other revenues	-	-	-	-	-	172	-	4	-	-
Transfers	(1,884)	(319)	(964)	845	(565)	150	8,048	(166)	(790)	(2,676)
Special Item	-	-	-	-	-	-	-	-	(2,800)	-
Total Governmental Activities	144,750	159,450	162,018	165,965	151,178	158,435	169,846	171,230	173,080	192,183
Business-type Activities										
Property Taxes	2,051	3,359	3,402	3,678	3,654	3,841	3,799	4,145	4,402	4,782
Other Taxes	-	-	-	27	28	28	28	29	32	-
Interest and investment income	1,085	1,897	7,290	6,190	1,900	965	755	385	595	659
Other revenues	86	304	292	572	363	447	31	160	40	183
Transfers	1,884	319	964	(845)	565	(150)	(8,048)	166	790	2,676
Total Business-type Activities	5,106	5,879	11,948	9,622	6,510	5,131	(3,435)	4,885	5,859	8,300
Total Primary Government	\$ 149,856	\$ 165,329	\$ 173,966	\$ 175,587	\$ 157,688	\$ 163,566	\$ 166,411	\$ 176,115	\$ 178,939	\$ 200,483
Change in Net Position										
Governmental Activities	\$ 46,009	\$ 46,301	\$ 20,697	\$ 24,091	\$ 17,601	\$ 26,847	\$ 40,794	\$ 40,228	\$ 45,902	\$ 43,247
Business-Type Activities	14,059	20,820	9,577	4,392	(710)	9,018	(880)	38,689	63,795	27,502
Total Primary Government	\$ 60,068	\$ 67,121	\$ 30,274	\$ 28,483	\$ 16,891	\$ 35,865	\$ 39,914	\$ 78,917	\$ 109,697	\$ 70,749

Notes:

Source - Statement of Activities

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

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund					
Reserved	\$ 17,665	\$ 29,841	\$ 31,853	\$ 40,561	\$ 49,543
Unreserved	86,924	74,727	64,886	63,626	66,559
Total General Fund	<u>\$ 104,589</u>	<u>\$ 104,568</u>	<u>\$ 96,739</u>	<u>\$ 104,187</u>	<u>\$ 116,102</u>
All Other Governmental Funds					
Reserved	\$ 9,039	\$ 30,278	\$ 50,422	\$ 42,697	\$ 39,243
Unreserved, reported in:					
Special Revenue Funds	80,293	70,630	60,384	51,703	55,513
Capital Project Funds	27,245	31,638	21,233	23,248	20,859
Debt Service Funds	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 116,577</u>	<u>\$ 132,546</u>	<u>\$ 132,039</u>	<u>\$ 117,648</u>	<u>\$ 115,615</u>
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund					
Nonspendable	\$ 3,333	\$ 3,176	\$ 3,092	\$ 779	\$ 5,089
Restricted	7,113	6,682	4,005	3,214	2,945
Committed	62,380	68,880	96,365	116,940	138,140
Assigned	-	-	104,237	118,248	125,112
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>
All Other Governmental Funds					
Nonspendable	\$ 352	\$ 390	\$ 596	\$ -	\$ 920
Restricted	22,065	19,788	18,311	20,164	20,563
Committed	55,446	61,144	65,903	74,240	78,508
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>

Note: In 2011, the County began implementation of GASB Statement No. 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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
Taxes	\$ 128,586	\$ 141,934	\$ 144,596	\$ 154,155	\$ 153,910	\$ 155,419	\$ 160,920	\$ 171,771	\$ 177,765	\$ 178,740
Licenses, permits, and franchises	10,744	9,404	9,117	8,006	6,906	7,413	7,863	9,247	10,694	10,452
Fines, forfeits, and penalties	3,544	6,262	6,224	6,973	6,078	7,993	6,750	6,654	5,257	5,686
Revenues from use of money and property	6,637	9,789	8,452	4,122	1,644	1,242	2,273	1,475	1,373	3,864
Aid from governmental agencies	182,750	184,142	196,994	188,794	199,771	194,625	206,372	209,234	229,283	261,351
Charges for current services	55,547	55,083	50,592	54,208	47,065	56,486	45,538	41,690	50,071	43,530
Other revenues	7,146	6,750	3,122	6,856	5,358	6,531	8,451	11,342	6,235	9,110
Total revenues	394,954	413,364	419,097	423,114	420,732	429,709	438,167	451,413	480,678	512,733
Expenditures										
Current:										
General government	53,691	55,375	51,733	51,461	45,162	50,321	45,850	44,374	44,317	51,207
Public protection	116,791	126,043	134,058	140,746	136,857	135,636	138,579	143,832	148,155	157,783
Public ways and facilities	25,749	38,981	44,814	42,139	31,093	37,261	40,338	34,178	28,528	29,903
Health and sanitation	55,464	57,590	66,180	67,267	68,442	68,472	67,830	70,021	74,586	75,116
Public assistance	87,020	87,182	92,682	98,170	96,248	100,202	97,185	98,059	99,442	107,104
Education	7,891	8,755	9,698	11,016	13,020	10,191	9,973	9,901	12,205	11,388
Recreational and cultural services	4,159	8,005	9,911	8,654	8,313	7,187	6,998	7,538	7,993	10,104
Debt service:										
Principal payments	4,970	6,560	2,601	3,264	3,790	4,595	4,435	4,065	5,412	6,070
Interest and fiscal charges	5,774	6,401	5,593	5,181	5,954	6,464	6,289	5,863	5,419	5,209
Debt issuance costs	-	-	-	-	550	-	-	269	-	-
Capital outlay	9,551	10,241	13,333	2,849	1,965	3,399	5,540	3,692	11,312	20,019
Total expenditures	371,060	405,133	430,603	430,747	411,394	423,728	423,017	421,792	437,369	473,903
Excess (deficiency) of revenues over expenditures	23,894	8,231	(11,506)	(7,633)	9,338	5,981	15,150	29,621	43,309	38,830

Continued

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

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Other Financing Sources										
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	-
Refunding certificates of participation issued	-	-	-	-	-	-	-	14,427	-	-
Premium on refunding certificates of participation issued	-	-	-	-	-	-	-	1,418	-	-
Proceeds of long-term debt	-	5,090	7,325	-	-	-	-	-	-	-
Payment to San Luis Pension Trust	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	42,565	-	-	-	-	-
Payment to refunded escrow agent	-	-	-	-	(42,000)	-	-	(16,400)	-	-
Discount on certificates of participation issued	-	-	(119)	-	-	-	-	-	-	-
Transfers in	31,910	42,996	42,324	43,523	33,044	34,421	35,815	48,113	26,502	33,299
Transfers out	(33,525)	(42,817)	(42,751)	(42,833)	(33,065)	(33,595)	(27,138)	(47,021)	(25,935)	(34,923)
Total other financing sources and uses	(1,615)	5,269	6,779	690	544	826	8,677	537	567	(1,624)
Special Item	-	-	-	-	-	-	-	-	(2,800)	-
Net change in fund balances	\$ 22,279	\$ 13,500	\$ (4,727)	\$ (6,943)	\$ 9,882	\$ 6,807	\$ 23,827	\$ 30,158	\$ 41,076	\$ 37,206
Debt Service as a percentage of non-capital expenditures	3.12%	3.50%	2.13%	2.13%	2.51%	2.80%	2.73%	2.48%	2.61%	2.57%

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

**COUNTY OF SAN LUIS OBISPO
ESTIMATED 30 YEAR PENSION LIABILITY FUNDING
PROJECTION BASED ON JANUARY 1, 2014 ACTUARIAL
VALUATION WITH TIER 3 (AB 340)
7.25% INVESTMENT RATE OF RETURN ASSUMPTION
3.75% 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
2015	7.25%	4.58%	34.77%	\$ 168	\$ 58.3	\$ 1,606	\$ 1,231	\$ 375	76.7%	21.64%	\$ 1,173	73.0%
2016	7.25%	7.25%	35.39%	173	61.1	1,681	1,271	410	75.6%	21.05%	1,240	73.8%
2017	7.25%	7.25%	35.70%	178	63.7	1,757	1,322	435	75.2%	20.52%	1,309	74.5%
2018	7.25%	7.25%	36.28%	184	66.7	1,833	1,366	467	74.5%	20.02%	1,379	75.2%
2019	7.25%	7.25%	36.55%	190	69.3	1,908	1,420	488	74.4%	19.55%	1,451	76.0%
2020	7.25%	7.25%	36.31%	196	71.0	1,982	1,490	492	75.2%	19.13%	1,525	76.9%
2021	7.25%	7.25%	36.05%	202	72.8	2,055	1,562	493	76.0%	18.75%	1,599	77.8%
2022	7.25%	7.25%	35.77%	209	74.6	2,127	1,635	492	76.9%	18.40%	1,673	78.7%
2023	7.25%	7.25%	35.51%	215	76.5	2,197	1,709	488	77.8%	18.08%	1,748	79.6%
2024	7.25%	7.25%	35.25%	223	78.4	2,266	1,783	483	78.7%	17.79%	1,822	80.4%
2025	7.25%	7.25%	35.02%	230	80.6	2,333	1,858	475	79.6%	17.54%	1,897	81.3%
2026	7.25%	7.25%	34.82%	238	82.8	2,399	1,933	466	80.6%	17.32%	1,972	82.2%
2027	7.25%	7.25%	34.61%	246	85.2	2,463	2,008	455	81.5%	17.11%	2,047	83.1%
2028	7.25%	7.25%	34.44%	255	87.7	2,526	2,084	442	82.5%	16.93%	2,123	84.0%
2029	7.25%	7.25%	34.28%	263	90.3	2,587	2,162	425	83.6%	16.77%	2,201	85.1%
2030	7.25%	7.25%	34.13%	273	93.1	2,647	2,240	407	84.6%	16.62%	2,279	86.1%
2031	7.25%	7.25%	33.99%	282	95.9	2,706	2,321	385	85.8%	16.48%	2,360	87.2%
2032	7.25%	7.25%	33.86%	292	99.0	2,763	2,404	359	87.0%	16.36%	2,443	88.4%
2033	7.25%	7.25%	33.75%	303	102.2	2,820	2,490	330	88.3%	16.26%	2,528	89.6%
2034	7.25%	7.25%	33.64%	314	105.5	2,877	2,579	298	89.6%	16.16%	2,617	91.0%
2035	7.25%	7.25%	33.53%	325	108.9	2,933	2,671	262	91.1%	16.07%	2,710	92.4%
2036	7.25%	7.25%	33.44%	337	112.6	2,989	2,769	220	92.6%	15.99%	2,807	93.9%
2037	7.25%	7.25%	33.35%	349	116.4	3,045	2,871	174	94.3%	15.93%	2,910	95.6%
2038	7.25%	7.25%	33.26%	362	120.3	3,102	2,980	122	96.1%	15.87%	3,019	97.3%
2039	7.25%	7.25%	33.16%	375	124.3	3,159	3,095	64	98.0%	15.82%	3,134	99.2%
2040	7.25%	7.25%	15.77%	389	61.3	3,218	3,218	-	100.0%	15.77%	3,257	101.2%
2041	7.25%	7.25%	15.38%	403	62.0	3,279	3,280	(1)	100.0%	15.73%	3,319	101.2%
2042	7.25%	7.25%	15.40%	418	64.4	3,342	3,343	(1)	100.0%	15.70%	3,382	101.2%
2043	7.25%	7.25%	15.41%	434	66.8	3,407	3,408	(1)	100.0%	15.68%	3,447	101.2%
2044	7.25%	7.25%	15.41%	450	69.3	3,476	3,477	(1)	100.0%	15.65%	3,515	101.1%
2045	7.25%	7.25%	15.43%	467	72.0	3,547	3,548	(1)	100.0%	15.64%	3,587	101.1%

Discussion:

This projection is prepared by the SLO County Pension Trust's actuary and is a supplement to the annual Actuarial Valuation Report. It's 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:

Projections subject to change annually. Funding policy of the Plan Sponsor subject to change.

Projection assumes no actuarial gains and losses, other than from assets. Projection 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 of Plan assets.

Amounts in this schedule differ from those used for financial reporting. This projection contains values based on a January 1, 2015 actuarial valuation report. Net Pension Liability and related amounts used for financial reporting are based on a June 30, 2015 actuarial valuation report.

All dollar amounts in millions.

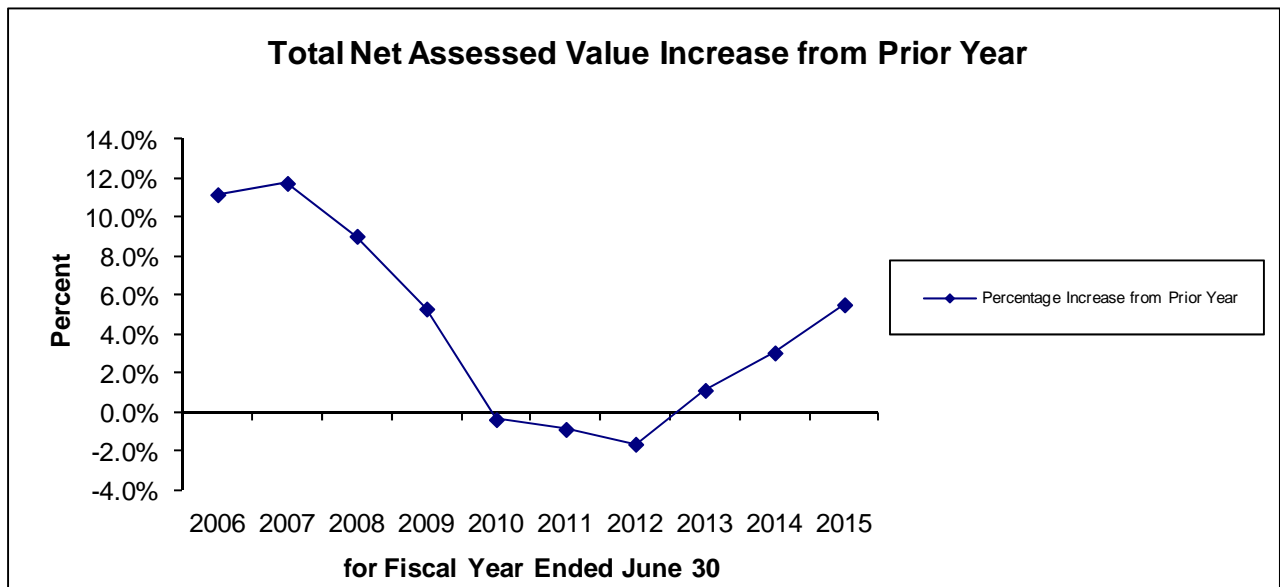
Source:

Gabriel Roeder Smith & Company
Supplementary exhibit to the 2015 SLO County Pension Trust Actuarial Valuation Report
For the Year Beginning January 1, 2015

**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
2006	\$ 32,984,334	\$ 933,185	\$ (701,193)	\$ 33,216,326	11.1%	1.0022
2007	36,890,449	1,000,873	(781,070)	37,110,252	11.7%	1.0021
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

Source: County Property Tax Information Booklet



* 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)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
County Direct Rates										
General	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
State Water Project	0.00222	0.00221	0.00220	0.00220	0.00220	0.00290	0.00300	0.00400	0.00400	0.00400
Total Direct Rate	1.00222	1.00221	1.00220	1.00220	1.00220	1.00290	1.00300	1.00400	1.00400	1.00400
Cities, Schools, and Special Districts Combined Rates										
Arroyo Grande	0.0423	0.0392	0.0422	0.0464	0.0464	0.0470	0.0477	0.0576	0.0580	0.0569
Atascadero	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0442	0.0452	0.0452	0.0590
Grover Beach	0.0313	0.0295	0.0333	0.0382	0.0382	0.0389	0.0396	0.0495	0.0499	0.0509
Morro Bay	0.0231	0.0231	0.0492	0.0492	0.0492	0.0499	0.0501	0.0510	0.0510	0.0510
Paso Robles	0.1082	0.0952	0.0997	0.0948	0.0988	0.0389	0.0816	0.0815	0.0815	0.0782
Pismo Beach	0.0335	0.0295	0.0333	0.0382	0.0382	0.0389	0.0396	0.0495	0.0499	0.0509
San Luis Obispo	-	-	-	-	-	-	-	-	-	-

Note:

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

Source: County Property Tax Information Booklet

**COUNTY OF SAN LUIS OBISPO
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO
(In Thousands)
(UNAUDITED)**

Taxpayer	Industry	Fiscal Year 2015			Fiscal Year 2006		
		Assessed Value	Rank	Percentage of Total County Assessed	Assessed Value	Rank	Percentage of Total County Assessed
Pacific Gas and Electric Company	Utility	\$ 2,586,358	1	5.69%	\$ 2,250,814	1	6.37%
Phillips 66 Company	Oil Refinery	163,237	2	0.36%	-	-	-
Beringer Wine Estates Company	Winery	92,622	3	0.20%	64,526	5	0.18%
Mustang UCAL LLC	Apartments	76,943	4	0.17%	42,742	7	0.12%
Plains Exploation & Production	Petroleum & Gas	71,391	5	0.16%	-	-	-
Pacific Bell Telephone Company	Telephone	67,102	6	0.15%	71,450	3	0.20%
Southern California Gas Company	Utility	65,824	7	0.14%	48,365	6	0.14%
Martin Hotel Management Company LLC	Hotel	63,290	8	0.14%	-	-	-
E&J Gallo Winery	Winery	62,096	9	0.14%	-	-	-
Pasquini Charles Jr Tre Etal	Private	57,036	10	0.13%	-	-	-
TOSCO Corporation	Petroleum & Gas	-	-	-	134,999	2	0.38%
Duke Energy Morro Bay, LLC	Utility	-	-	-	65,210	4	0.18%
Charter Communications	Communications	-	-	-	41,756	8	0.12%
Sierra Vista Hospital Inc	Hospital	-	-	-	41,685	9	0.12%
ESJ Centers LLC ETAL	Real Estate	-	-	-	38,517	10	0.11%
Total		\$ 3,305,899		7.28%	\$ 2,800,064		7.92%
	Total County Assessed Value	\$ 45,426,162			\$ 33,216,326		

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			
2006	\$ 324,547	\$ 319,214	98.36%	N/A	\$ 5,333	1.64%
2007	362,429	354,117	97.71%	N/A	8,312	2.29%
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%

Note:

Amounts do not include Tax collections for Bonds or Special Assessments

Source: County Property Tax Booklet

*Collections in Subsequent Years are not available from the County's current property tax system

**COUNTY OF SAN LUIS OBISPO
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
(In Thousands)
(UNAUDITED)**

Year ended June 30,	Special Assessment Billings (a)	Special Assessment Collected (a)
2011	\$ -	\$ 3,127 * √
2012	3,664	3,786 *
2013	3,494	3,545 *
2014	3,497	3,630
2015	3,489	3,598

Note:

The billings and collections shown are for those Special Assessment Bonds 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)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities										
Certificates of Participation	\$ 23,107	\$ 27,125	\$ 33,319	\$ 31,920	\$ 30,420	\$ 28,820	\$ 27,895	\$ 25,662	\$ 24,640	\$23,600
Less deferred amounts:										
For issuance discounts:	-	-	(119)	(115)	(111)	(107)	(103)	(99)	(95)	(91)
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	1,329	1,240	1,152
Pension Obligation Bonds	135,199	130,504	129,034	127,169	125,444	122,689	119,429	115,624	111,234	146,219
Total bonds and notes payable	158,306	157,629	162,234	158,974	155,753	151,402	147,221	142,516	137,019	170,880
Business Type										
Certificates of Participation	22,069	21,535	20,985	20,848	20,657	19,897	19,060	17,920	18,257	17,745
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	492	459	426
Pension Obligation Bonds										
State Note	15,126	26,144	31,824	32,283	32,418	31,024	35,884	34,399	46,529	72,774
Revenue Bonds	61	56	196,461	196,456	196,450	196,444	193,483	190,389	187,170	183,813
Add deferred amounts:										
For issuance premiums:	-	-	6,371	6,371	6,371	6,371	6,158	5,945	5,732	5,519
General Obligation Bonds	12,260	12,000	11,730	11,450	11,155	10,760	10,245	9,890	9,530	9,155
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	1,128	1,072	1,015	959	902
Bond Anticipation Notes	-	-	-	-	-	8,677	-	-	-	-
Assessment Bonds	-	-	-	-	-	-	15,364	39,527	76,438	79,829
Total bonds and notes payable	49,516	59,735	267,371	267,408	267,051	274,301	281,266	299,577	345,074	370,163
Total Outstanding Debt	\$ 207,822	\$ 217,364	\$ 429,605	\$ 426,382	\$ 422,804	\$ 425,703	\$ 428,487	\$ 442,093	\$ 482,093	\$ 541,043
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*	0.63%	0.59%	1.06%	1.00%	1.00%	1.01%	1.04%	1.06%	1.12%	1.19%
Net outstanding debt Per Capita	\$ 789.47	\$ 820.55	\$ 1,595.05	\$ 1,576.69	\$ 1,547.42	\$ 1,571.06	\$ 1,578.32	\$ 1,624.28	\$ 1,770.08	\$ 1,972.50

Note:

1. See the Demographic Statistics Schedule for detail information on personal income and population.
2. 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)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Certificates of Participation	\$ 20,110	\$ 19,545	\$ 18,965	\$ 18,361	\$ 17,730	\$ 17,075	\$ 16,400	\$ 14,427	\$ 13,675	\$12,915
Less deferred amounts:										
For issuance discounts:	-	-	-	-	-	-	-	(99)	(95)	(91)
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	1,330	1,240	1,152
General Obligation Bonds	12,260	12,000	11,730	11,450	11,155	10,760	10,245	9,890	9,530	9,155
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	1,128	1,072	1,015	959	902
Assessment Bonds	-	-	-	-	-	-	15,364	39,527	76,438	79,829
Less resources restricted for principal repayment	(10,018)	(13,505)	(15,297)	(10,929)	(10,665)	(9,752)	(9,666)	(9,640)	(10,691)	(12,069)
Net Total General Obligation Debt	\$ 22,352	\$ 18,040	\$ 15,398	\$ 18,882	\$ 18,220	\$ 19,211	\$ 33,415	\$ 56,450	\$ 91,056	\$ 91,793
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*	0.07%	0.05%	0.04%	0.04%	0.04%	0.05%	0.08%	0.14%	0.21%	0.20%
Net Outstanding debt Per Capita	\$ 84.91	\$ 68.10	\$ 57.17	\$ 69.82	\$ 66.68	\$ 70.90	\$ 123.08	\$ 207.40	\$ 334.33	\$ 334.65

Note:

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

2. 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
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(In Thousands)
(UNAUDITED)**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Assessed Value of Property (a) (b)	\$ 33,216,326	\$ 37,110,252	\$ 40,453,074	\$ 42,588,529	\$ 42,419,637	\$ 42,037,909	\$ 41,340,430	\$ 41,796,283	\$ 43,059,945	\$45,426,163
Debt Limit, 1.25% of Assessed Value	415,204	463,878	505,663	532,357	530,245	525,474	516,755	522,454	538,249	567,827
<i>Amount of Debt Applicable to Limit</i>										
General Obligation Bonds (c)	12,260	12,000	11,730	11,450	11,155	11,888	11,317	10,905	10,489	10,057
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Total Debt Applicable	12,260	12,000	11,730	11,450	11,155	11,888	11,317	10,905	10,489	10,057
Legal Debt Margin	<u>\$ 402,944</u>	<u>\$ 451,878</u>	<u>\$ 493,933</u>	<u>\$ 520,907</u>	<u>\$ 519,090</u>	<u>\$ 513,586</u>	<u>\$ 505,438</u>	<u>\$ 511,549</u>	<u>\$ 527,760</u>	<u>\$ 557,770</u>
Total Debt Applicable as a Percentage of the Debt Limit	2.95%	2.59%	2.32%	2.15%	2.10%	2.26%	2.19%	2.09%	1.95%	1.77%

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)

Locally Assessed-Secured

San Luis Obispo Countywide	\$42,414,148
Pipeline Right-of-Way (Unitary)	6,172
Aircraft	90,332
Total Local Assessed	42,510,652

State Assessed

Local Utility	27,994
Unitary	2,887,517
Total State Assessed	2,915,511

Combined Assessed Values

Sub-Total Combined Assessed Values	45,335,831
Aircraft	90,332
Total Combined Assessed Values	<u>\$45,426,163</u>

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

Calendar Year	Population (1,a,f)	Personal Income (in thousands) (2,a,d)	Per Capita Income (2,a,d)	Median Age (4,c)	School Enrollment (3,b,e)	Unemployment Rate (2,a)
2006	263,242	\$ 9,488,605	\$ 36,544	39.20	44,537	4.1
2007	264,900	9,977,057	38,144	37.30	44,610	4.6
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	N/A	N/A	N/A	42,600	6.4
2014	272,357	N/A	N/A	N/A	42,911	5.3
2015	274,293	N/A	N/A	N/A	41,853	4.4

Sources:

1. State Department of Finance
2. Employment Development Department, Research Division, Los Angeles
3. San Luis Obispo County Schools & Cuesta College
4. U.S. Census Bureau

Notes:

N/A = not available

* = restated

- a. Data for Calendar Years
- b. Data includes kindergarten through grade 12 and Cuesta College
- c. Calendar year 2009 -2013 figures are projections based on the 2000 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	2015			2006		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Cal Poly State University, SLO	3,055	1	2.12%	2,700	1	2.01%
County of San Luis Obispo	2,800	2	1.94%	2,501	2	1.86%
Atascadero State Hospital	2,000	3	1.39%	2,117	3	1.58%
California Men's Colony	1,540	4	1.07%	1,577	5	1.18%
Pacific Gas and Electric Company	1,900	5	1.32%	1,700	4	1.27%
Cal Poly Corporation	1,400	6	0.97%	1,311	6	0.98%
Tenet Healthcare	1,272	7	0.88%	-	-	-
Compass Health Inc	1,200	8	0.83%	-	-	-
Lucia Mar Unified School District	1,000	9	0.69%	1,065	7	0.79%
Paso Robles Public Schools	935	10	0.65%	776	9	0.58%
San Luis Coastal Unified School District	-	-	-	790	8	0.59%
Cuesta College	-	-	-	771	10	0.57%
Total Employment Labor Force			144,200			134,200

Source:

1. SLO Chamber of Commerce
2. State of California Employment Development Department
3. 2005-2006 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	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Government	480.25	479.75	482.00	495.50	485.25	451.00	442.75	437.50	438.25	430.75	436.75
Public Protection	850.50	856.00	885.25	891.75	879.50	799.75	783.25	808.25	812.00	817.25	832.25
Public Ways and Facilities	184.00	185.00	185.25	191.25	199.25	202.25	194.25	193.75	193.75	188.75	190.75
Health and Sanitation	419.25	413.25	394.50	423.75	421.00	424.75	424.00	430.50	445.25	464.00	485.25
Public Assistance	439.00	438.75	443.75	453.25	437.25	426.75	424.75	425.75	428.00	478.00	500.75
Education	73.00	74.00	84.00	87.50	87.50	78.50	78.50	77.50	75.50	75.50	75.50
Recreation and Cultural Services	56.50	55.00	59.00	58.00	58.00	56.00	56.00	52.00	55.00	55.00	59.00
Total	2,502.50	2,501.75	2,533.75	2,601.00	2,567.75	2,439.00	2,403.50	2,425.25	2,447.75	2,509.25	2,580.25

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	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Recreation and Cultural Services										
Parks										
<i>Day Use Passes</i>	62,951	66,899	65,895	47,156	47,011	51,519	57,135	56,601	42,821	57,564
<i>Annual Passes</i>	1,496	1,416	1,598	3,547	2,220	1,992	2,357	2,406	2,998	3,137
<i>Daily Boat Launches</i>	22,481	19,737	14,085	16,864	15,802	15,602	16,133	14,809	17,444	14,613
<i>Annual Boat Passes</i>	804	793	847	752	627	618	633	551	460	286
Public Protection										
Planning and Building										
<i>Total Permits Issued</i>	3,548	2,897	2,634	2,261	2,067	2,073	2,086	2,070	2,622	3,139
<i>Number of New Affordable Housing</i>	184	63	218	105	82	80	39	44	13	151
Sheriff										
<i>Jail bookings (a)</i>	14,927	18,718	18,321	14,158	13,025	12,682	12,966	13,273	12,583	11,375
<i>Average daily population (a)</i>	534	553	567	540	551	558	679	717	780	679
Health and Sanitation										
Mental Health										
<i>Total number of patient days in State Hospitals</i>	522	447	603	365	364	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>	n/a	n/a	2,067	2,692	2,212	2,937	1588*	1,885	1,764	1,613
Public Health										
<i>Number of Children enrolled in the Healthy Families Program</i>	4,436	4,752	5,098	5,450	5,709	n/a	n/a	n/a	n/a	n/a
<i>Percentage of the State allocated caseload enrolled in the Women, Infants & Children(WIC) Program</i>	n/a	n/a	100	98	97	100	99	99	95	91
<i>Percentage of live born infants whose mothers received prenatal care in the first trimester.</i>	n/a	82.7	76.0	78.0	78.0	78.5	81.7	80.0	79.0	79
Public Assistance										
Social Services										
<i>Rate per 1,000 children entering out-of-home care for the first time (State Rate is 2.8)</i>	3.8	2.9	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Percentage of child abuse/neglect referrals where a response is required within 10 days that were timely</i>	n/a	77.1	69.8	88.7	94.1	96.8	97.6*	98.*	95.0	97.9
Education										
Library										
<i>Annual number of items circulated per capita</i>	6.0	7.0	7.5	9.2	9.4	10.0	10.1	n/a	n/a	9.6
<i>Annual Expenditure per capita for total Library budget</i>	\$ 28.34	\$ 31.07	\$ 33.75	\$ 38.43	\$ 35.35	\$ 35.35	\$ 35.25	\$ 34.35	\$ 35.50	\$ 36.13
Public Ways and Facilities										
Roads										
<i>Pavement Condition Rating for all county roads (70 = "good")</i>	70	69	65	62	65	60	58	60	61	61
Airport										
Airport										
<i>Takeoffs and Landings (a)</i>	n/a	92,096	96,172	95,419	88,161	80,556	80,158	71,428	66,696	71,001
<i>Passenger Enplanements</i>	182,177	177,176	182,285	132,748	125,152	139,909	134,244	132,315	147,105	149,558

Note: (a) Data collected per calendar year
Source: County Budget Performance Indicators

* Restated

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

Function/Program	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Recreation and Cultural Services										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	12,056	12,056	13,402	13,422	13,422	13,572	13,424	13,424	13,583	13,583
Public Protection										
Correction facility capacities (a)	693	684	693	693	693	689	637	717	797	797
Public Ways and Facilities										
Miles of county roads	1,321	1,321	1,334	1,336	1,329	1,332	1,333	1,335	1,336	1,336
Airport										
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

