

# Annual Comprehensive Financial Report

County of San Luis Obispo, California



**Fiscal Year Ended June 30, 2023**

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



Cover photo from Avila Beach Pier  
Laura Mullis, Auditor-Controller-Treasurer-Tax Collector's Office

**COUNTY OF SAN LUIS OBISPO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2023**

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

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## **INTRODUCTORY SECTION**

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**COUNTY  
of SAN LUIS  
OBISPO**





December 12, 2023

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

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

The Annual Comprehensive Financial Report of the County of San Luis Obispo (County) for the fiscal year ended June 30, 2023, is hereby submitted as mandated by Sections 25250 and 25253 of the Government Code of the State of California. These statutes require that the County publish a complete set of financial statements audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants. The County prepares its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The requirements for financial reporting in accordance with GAAP are established by the Governmental Accounting Standards Board (GASB).

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

The County's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide a reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2023, are free of any material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2023, are fairly presented and in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and the two should be read in conjunction with each other. The County's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The County of San Luis Obispo, incorporated in 1850, is located on the central coast of the State of California, midway between Los Angeles and San Francisco. The County covers approximately 3,300 square miles and serves a population of 282,013 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 Administrative Officer and non-elected department heads. The County Administrative Officer is responsible for carrying out the policies and ordinances of the Board and for overseeing the day-to-day operations of the County. The County has five elected department heads responsible for the offices of the County Clerk-Recorder, Assessor, Auditor-Controller-Treasurer-Tax Collector, District Attorney, and Sheriff-Coroner.

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

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

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

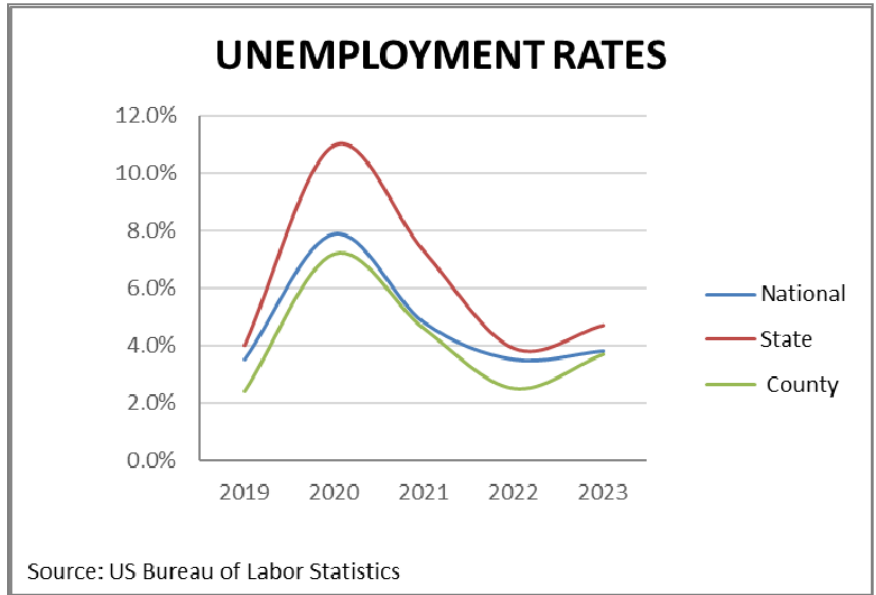
The County has various blended component units which primarily provide utility and debt financing services. The County has one discretely presented component unit and one fiduciary component unit. The discretely presented component unit is the Children and Families Commission of San Luis Obispo County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

## Factors Affecting Financial Condition

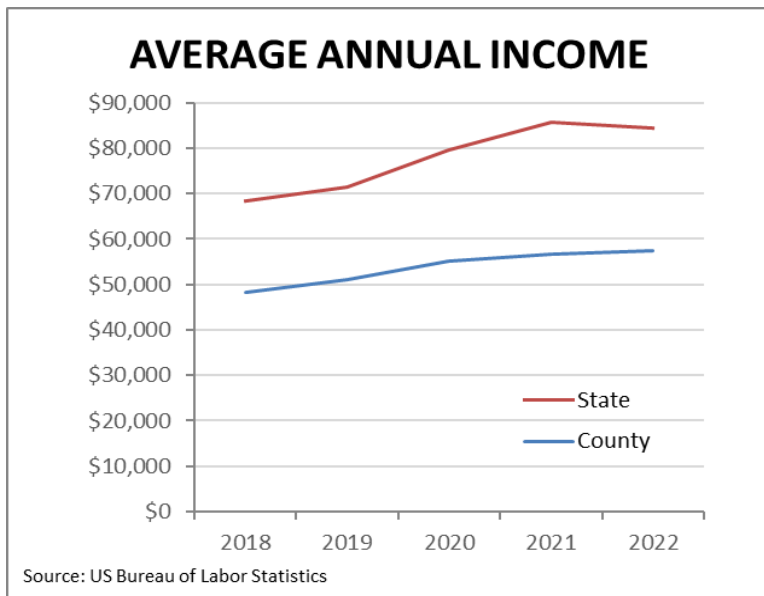
The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the County operates.

### **Employment:**

- Unemployment in the County, as of September 2023, was 3.6% which is lower than both the state rate of 4.7% and the national rate of 3.8%. During the same period last year, unemployment in the County was 2.5%. San Luis Obispo County gained 4,200 jobs over the past year and ranks as the 8th lowest unemployment rate in the state.
- The State of California has a major presence in the County of San Luis Obispo with California Men's Colony, Atascadero State Hospital, and the California Polytechnic State University, making the State one of the largest employers in the County.



### **Wages:**

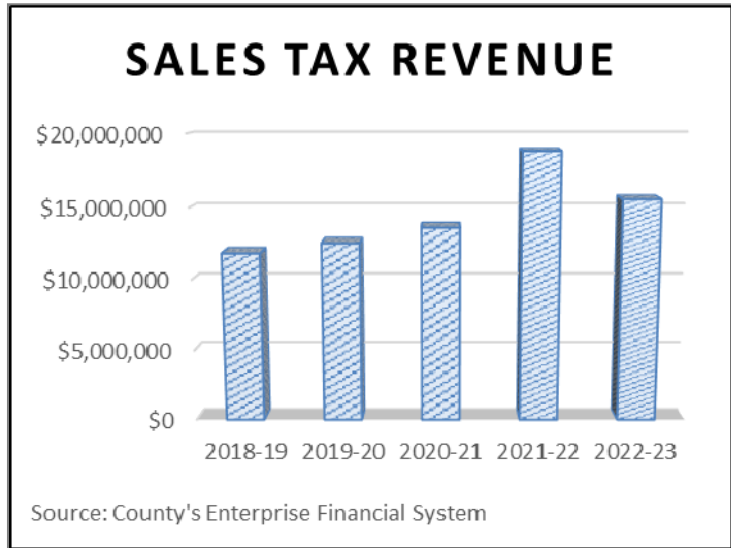


- Average income increased by 1.2% to \$57,477 from 2021 to 2022 (most recent data) for the residents of the County of San Luis Obispo whereas average income for the state decreased by 1.5% to \$84,436 as reported by the Bureau of Labor Statistics.
- As reported by the Bureau of Labor Statistics, the highest earning 2022 occupational groups in the area consisted of physicians, psychiatrists, dentists, chief executives, architectural and engineering managers, computer and information systems managers, lawyers, financial managers, nurse practitioners, and pharmacists.

### Retail Sales and Agriculture:

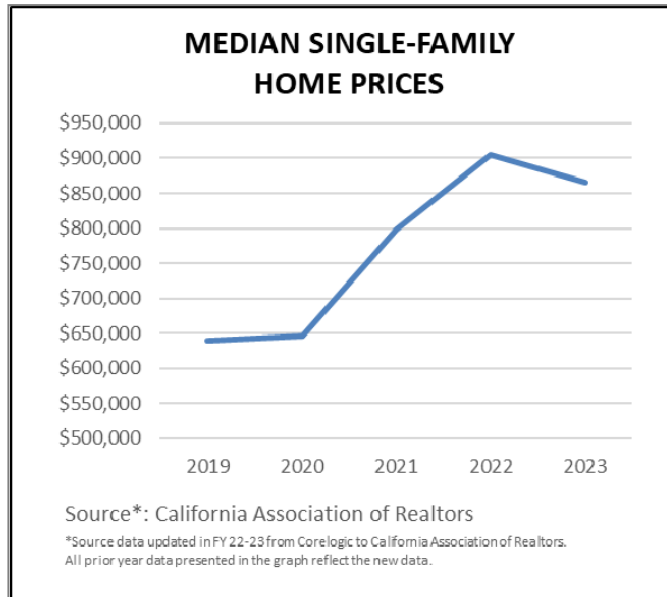
Both retail sales and agriculture continue to be integral part of the County's economy.

- Sales and use tax revenue within the unincorporated areas of the County was \$15.6 million in FY 2022-23.
- According to Visit SLO CAL, tourists spent \$2.15 billion in the calendar year 2022. The leading sectors for tourism spending were lodging (\$765 million), food service (\$510 million), retail (\$267 million), and recreation (\$190 million).
- Crop values for 2022 reached \$1.1 billion, a slight increase of less than one percent over the previous year. The top three commodities by value were strawberries, wine grapes, and cattle and calves.



### Real Estate and Property Taxes:

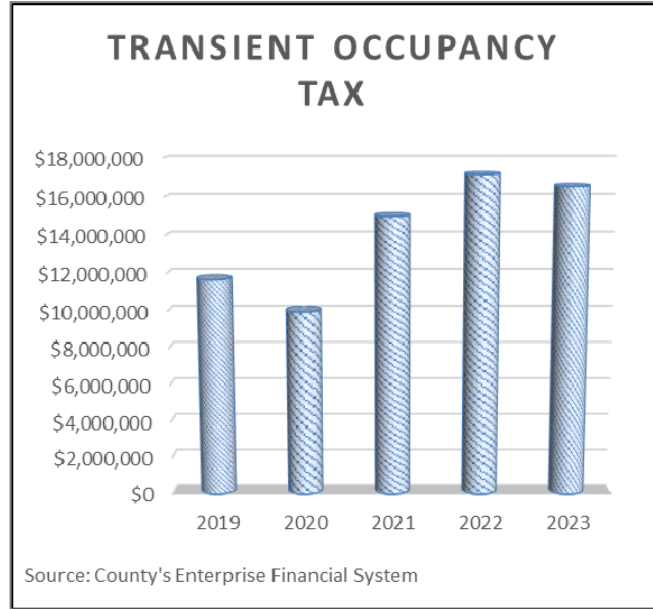
- The County's median price for a single-family home decreased from \$905,000 in June 2022 to \$865,000 in June 2023. This is a 4.4% decrease from the prior year. A combination of factors has led to less competition in the housing market in the last year, but the steady, high interest rates are largely responsible for this decline.
- Discretionary property tax receipts were \$161.5 million in FY 2022-23, an increase of 7.5% over the prior year.
- The total tax levy on secured property, which excludes unsecured property, direct charges, and school bonds, was \$661.4 million for FY 2022-23, an increase of 6.8% from the previous year.



- Property transfer tax is related to the value and number of real estate transactions during the year. In the County's unincorporated areas property transfer taxes decreased 29.0% to \$3.2 million in FY 2022-23.
- The property tax delinquency rate increased from 0.9%, in FY 2021-22, to 1.0% in FY 2022-23.

**Tourism:**

- The scenic coastline, rolling vineyards, and abundance of outdoor activities continues to make San Luis Obispo County a tourist destination. Transient Occupancy Tax (TOT) collections in the unincorporated areas decreased 3.5% in FY 2022-23 to \$16.5 million.
- Annual airline passenger travel at the San Luis Obispo County Airport increased by 24.5% during FY 2022-23, compared to FY 2021-22.
- The California Mid-State Fair in Paso Robles reported a 0.5% increase in attendance over last year’s fair. Unofficial attendance was estimated at 334,000 people.



**Long-Term Financial Planning:**

- The FY 2023-24 recommended budget authorized a \$838.8 million governmental fund spending level, an increase over the \$807.0 million adopted budget for FY 2022-23. The budget provides support to the development of departmental programs and services and assists County operations in responding to continuously changing needs, including the health and safety of the community. This budget includes American Rescue Plan Act funding for multiple high priority projects to address health and safety needs, meet regulatory requirements, and replace aging infrastructure in the County’s water and wastewater systems. In FY 2023-24, the General Fund has \$709.0 million appropriated to finance expenditures, including contingencies of \$33.5 million.
- The General Fund reports fund balance intended for a variety of long-term needs in classifications based on the extent to which the amounts are restricted for use. The General Reserve, established per Government Code §29127, is accessible only upon declaration of emergency by the Board of Supervisors. As of June 30, 2023, the General Reserve was \$7.0 million. In addition to the General Reserve, reserves exist for building replacement (\$51.2 million), automation projects (\$21.5 million), and tax-loss mitigation purposes (\$59.2 million). Other classifications of General Fund balance are described in Footnote 11.
- The County was awarded \$55 million of Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan Act of 2021. In FY 2020-21, the County Board of Supervisors adopted broad expenditure categories for the use of the funds based on the US Department of Treasury’s defined eligible uses. As of June 30, 2023, \$23.9 million of the funds had been spent to date.

<b>County Defined Use Category</b>	<b>Allocation</b>	<b>Expenditures</b>
➤ Public Health	\$12.0 M	\$2.8 M
➤ Housing and Homeless	\$6.0 M	\$2.7 M
➤ Business, Childcare, Non-Profit Grants	\$9.0 M	\$4.5 M
➤ Water, Sewer, and Broadband	\$13.0 M	\$0.9 M
➤ Restoration of Government Services	\$15.0 M	\$13 M
<b>Total</b>	<b>\$55.0 M</b>	<b>\$23.9 M</b>

- Each year a five-year Capital Improvement Program (CIP) is compiled. The CIP is a plan for short-range and long-range capital acquisition and development. It also includes plans to improve or rehabilitate County-owned roads and facilities. The plan provides the mechanism for estimating capital requirements; setting priorities; monitoring and evaluating the progress of capital projects; and informing the public of projected capital improvements and unfunded needs. While the CIP covers a five-year planning period, it is updated each year to reflect ongoing changes as new projects are added, existing projects are modified, and completed projects are removed from the plan document. The five-year CIP does not appropriate funds; rather it serves as a budgeting tool, identifying those capital project appropriations to be made through the adoption of the County's annual budget. The budgeted capital expenditures for FY 2023-24 increased 59% from the prior year and are approximately \$11 million.
- In September 2018, Governor Jerry Brown signed Senate Bill 1090, a bipartisan bill that will provide \$85 million in economic assistance to the community. The bill is an effort, in part, to lessen the effects of lost tax revenue that will result from the closure of the Diablo Canyon Nuclear Power Plant. PG&E had planned to close the plant by fiscal year 2024-25. However, Senate Bill 846, signed into law on September 2, 2022, by Governor Newsom, will allow the plant to operate until 2030, and in November 2023, PG&E submitted a license application to extend the lifetime of the plant by up to 20 years. The future operation of the plant is pending review by the Nuclear Regulatory Commission, but PG&E previously received approval to keep the plant operational during that review. The County will continue to receive its portion of annual installment payments for the economic assistance through FY 2024-25 and the total payments will be used for economic development (\$4.0 million), safety (\$4.5 million), affordable housing (\$6.4 million), infrastructure (\$5.0 million), roads (\$1.2 million), libraries (\$2.0 million), and General Fund tax loss mitigation (\$12.1 million).

#### **Relevant Financial Policies:**

- **Balanced Budget:** The County Administrative Officer shall present a balanced budget for all County operating funds on an annual basis.
- **Ongoing Budget Administration:** The County Administrative Officer shall submit Quarterly Financial Status Reports to the Board of Supervisors. The reports shall provide expenditure and revenue projections and identify and clarify projected variances along with recommendations and proposed corrective actions.
- **Budget Priorities:** The budget is an effort to allocate resources in an effective and efficient manner in order to achieve the County's vision of a Safe, Healthy, Livable, Prosperous, and Well-Governed Community.
- **Use of "One-Time" Funds:** One-time revenue shall be dedicated for use for one-time expenditures. Annual budgets will not be increased to the point that ongoing operating costs become overly reliant upon cyclical or unreliable one-time revenues.
- **Debt Policy:** A comprehensive Debt Management Policy was developed by the Auditor-Controller and approved by the Debt Advisory Committee. It was adopted by the Board of Supervisors on December 14, 2010.
- **Cost Recovery through Fees:** Utilize fees to recover costs where reasonable and after all cost savings options have been explored.
- **Pension Cost:** Governor Brown implemented a Public Employee Pension Reform Act (PEPRA) which took effect on January 1, 2013. In compliance with PEPRA the County established a Tier III retirement plan that complies with or exceeds the requirements of the pension reform legislation. In addition, the County and most labor units have adopted a 50/50 split of pension rate increases between the County and the employees. As of December 31, 2022, approximately 64% of County employees fall under PEPRA.

## **Major Initiatives**

- In December of 2022, a series of atmospheric rivers struck the state of California, bringing powerful winter storms and causing unprecedented damage to personal property, government facilities, and infrastructure throughout the County of San Luis Obispo. The County Emergency Operations Center (EOC) was activated on four separate occasions in early 2023 to support storm response activities, and Federal Disaster Declarations were issued for the storms on January 9, 2023, and March 9 and 10, 2023. As of November 2023, the estimated total cost of damage to the County is \$67.6 million. To date, the County has currently requested \$40.3 million for public assistance from the Federal Emergency Management Agency (FEMA) and \$16 million from the Federal Highway Administration (Cal-Trans).
- Administrative Office: After multiple public hearings concerning the County's district map adopted at the end of 2021, County Supervisors approved a settlement agreement with the San Luis Obispo County Citizens for Good Government, the League of Women's Voters and three other plaintiffs who challenged the validity of the supervisorial district map adopted in December 2021. The settlement agreement was entered into effect as of March 21, 2023, and the previously approved map was repealed and replaced with a new district map by the Board of Supervisors on April 18, 2023.
- Parks and Recreation: After one year of construction, the County of San Luis Obispo opened the new Nipomo Skate Park on May 6, 2023. Funding for the project came from Parks Public Facility Fees and two grants from California State Parks through the Proposition 68 Parks Bond Act: \$456,230 from the Per Capita Grant Program and \$1,131,484 from the Regional Park Program.
- In October 2022, the County Board of Supervisors approved the issuance of bonds by the SLO County Financing Authority for an aggregate amount not to exceed \$78.5 million. The bonds will be used to finance the acquisition and construction of a co-located Sheriff and County Fire emergency dispatch facility, a new Probation Department building, and rehabilitation of the Cayucos Veterans Memorial Hall. The Cayucos Veterans Memorial rehabilitation project will also utilize \$7 million in grants and donations.

## **Awards and Acknowledgments**

### **Awards:**

- The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of San Luis Obispo for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2022. This was the thirty-seventh consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, the County published an easily readable and efficiently organized Annual Comprehensive Financial Report. This report satisfied both Generally Accepted Accounting Principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.
- The Government Finance Officers Association presented the County with its Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2022. In order to receive this prestigious award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.
- The County of San Luis Obispo earned the California State Controller's Award for Counties Financial Transaction Reporting for the fiscal year ending June 30, 2022. This is the seventh consecutive year that the County has earned this award which recognizes the County's professionalism in preparing an accurate and timely report.

**Acknowledgments:**

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

Respectfully submitted,



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



Rebecca Campbell  
Acting County Administrative Officer





Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**County of San Luis Obispo  
California**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

**COUNTY OF SAN LUIS OBISPO**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**

**JUNE 30, 2023**

**Elected Officials**

Board of Supervisors



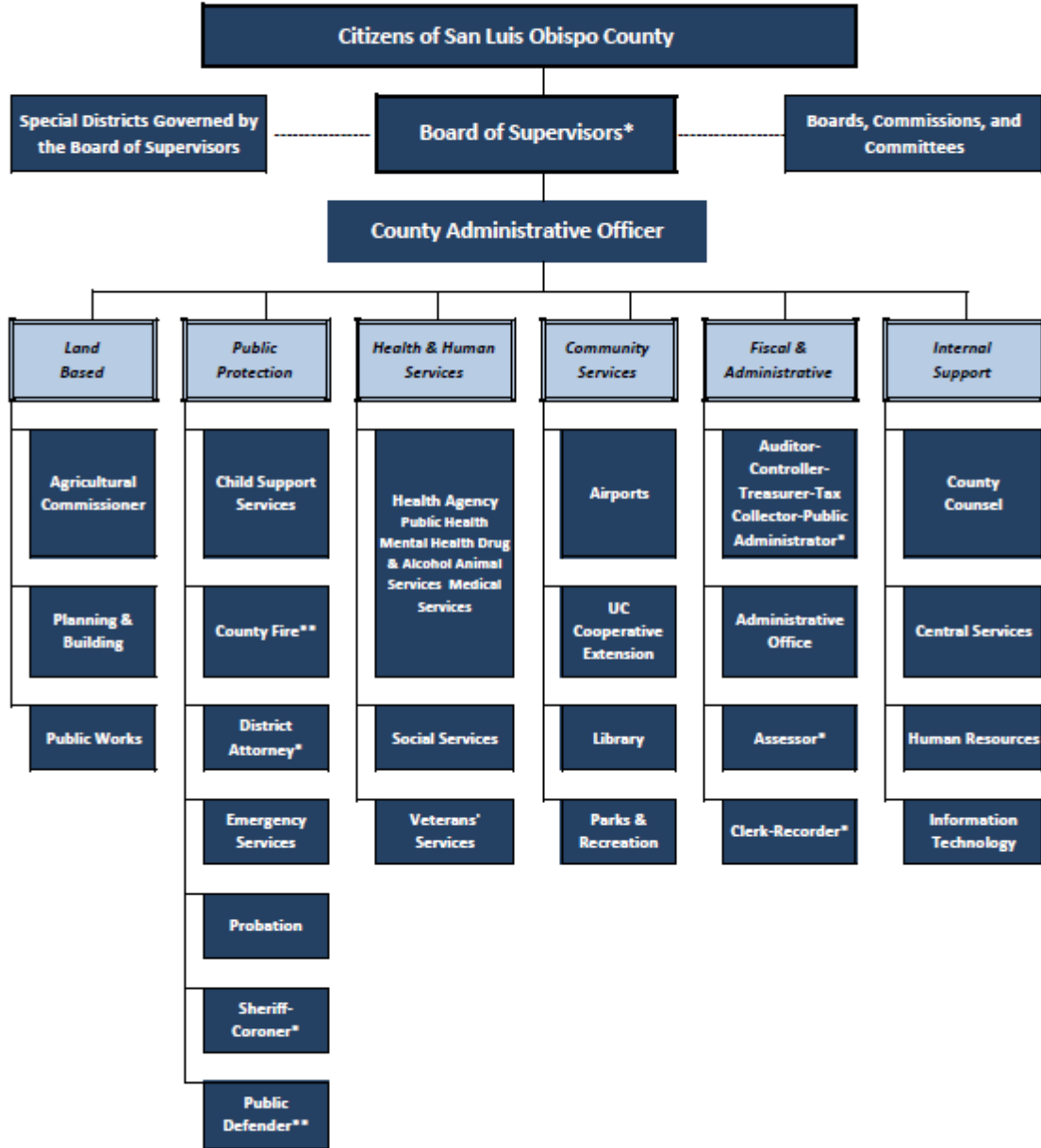
Assessor ..... Tom J. Bordonaro Jr.  
 Auditor-Controller-Treasurer-Tax Collector-Public Administrator ..... James W. Hamilton  
 County Clerk-Recorder ..... Elaina Cano  
 District Attorney ..... Dan Dow  
 Sheriff-Coroner ..... Ian Parkinson

**Appointed Officials**

Agricultural Commissioner..... Martin Settevendemie  
 Director of Airports..... Courtney Johnson  
 Behavioral Health Administrator ..... Anne Robin  
 Central Services Director ..... Christopher Lopez  
 Chief Probation Officer ..... Robert Reyes  
 Director of Child Support Services ..... Natalie Walter  
 County Administrative Officer (Interim)..... John Nilon  
 County Counsel ..... Rita L. Neal  
 County Fire Chief..... John Owens  
 Director of UC Cooperative Extension ..... Katherine Soule  
 Director of Groundwater Sustainability..... Blaine T. Reely  
 Health Agency Director ..... Nicholas Drews  
 Human Resources Director..... Tami Douglas-Schatz  
 Director of Information Technology ..... Daniel Milei  
 Library Director ..... Christopher Barnickel  
 Director of Parks and Recreation ..... Tanya Richardson  
 Director of Planning and Building..... Trevor Keith  
 Public Health Officer ..... Penny Borenstein  
 Director of Public Works ..... John Diodati  
 County Social Services Director ..... Devin Drake  
 Veterans Services Officer ..... Morgan Boyd



County of San Luis Obispo Organizational Chart



\* Elected Officials

\*\*Contract



**COUNTY**  
**of SAN LUIS**  
**OBISPO**

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**FINANCIAL SECTION**

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**COUNTY**  
**of SAN LUIS**  
**OBISPO**



## INDEPENDENT AUDITORS' REPORT

The Honorable Board of Supervisors  
County of San Luis Obispo, California

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Luis Obispo, California (the County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2023, and the respective changes in financial position, and where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of First 5 San Luis Obispo and the San Luis Obispo County Pension Trust which represent the following percentages of assets, net position and revenues/additions of the opinion units shown below as of and for the year ended June 30, 2023:

<u>Opinion Unit</u>	<u>Assets</u>	<u>Net Position</u>	<u>Revenues/Additions</u>
Discretely Presented Component Unit	100%	100%	100%
Aggregate Remaining Fund Information	57%	62%	(1%)

Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for First 5 San Luis Obispo and the San Luis Obispo County Pension Trust, is based solely on the reports of the other auditors.

#### Basis for Opinions

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

***Emphasis of Matter***

***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, effective July 1, 2022, the County adopted new accounting guidance for subscription-based information technology arrangements (SBITA). The guidance requires entities to recognize a right-to-use subscription asset and corresponding SBITA liability for all SBITAs with terms greater than twelve months. Our opinions are not modified in respect to this matter.

***Prior Period Adjustment***

As discussed in Note 19 to the financial statements, a prior period adjustment was recorded for the correction of an error in prior year financial statements. Our opinions are not modified in respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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



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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County of San Luis Obispo's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about County of San Luis Obispo's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

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

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of San Luis Obispo's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS by us and other auditors. In our opinion, based on our audit and the report of other auditors, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023, on our consideration of the County of San Luis Obispo's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of San Luis Obispo's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Roseville, California  
December 12, 2023

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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**COUNTY  
of SAN LUIS  
OBISPO**

**COUNTY OF SAN LUIS OBISPO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

As management of the County of San Luis Obispo (the County), we offer readers the County's financial statements, this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the County's financial statements, which begin on page 35. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**FINANCIAL HIGHLIGHTS**

- ❖ The assets and deferred outflows of the County exceeded its liabilities and deferred inflows at June 30, 2023, by \$1,525,635 (*net position*). The majority of this amount, \$1,522,954 is the net investment in capital assets, while \$173,086 is restricted for specific purposes (*restricted net position*). *Unrestricted net position* indicates the portion of net position which may be used to meet the County's ongoing obligations to citizens and creditors; however, the recording of the County's pension liability in accordance with GASB Statement No. 68 (GASB 68) and the County's OPEB liability in accordance with GASB Statement No. 75 (GASB 75) created a negative unrestricted net position of \$170,405 (Table A).
- ❖ The County's total net position decreased by \$12,740, with governmental activities decreasing \$16,985 and business-type activities increasing \$5,400 (Table B).
- ❖ The \$9.1 million increase in net investment in capital assets represents capital acquisitions during the year reduced by depreciation and increased by retirement of long-term debt (Table A).
- ❖ As of June 30, 2023, the County's governmental activities reported combined ending net position of \$1,105,182 a decrease of \$16,985 in comparison with the prior year. Due to the recording of the long-term pension and OPEB obligations, no amount of the governmental activities' net position is available for spending at the County's discretion for current and future needs (*unrestricted net position*) (Table A).
- ❖ Business-type activities posted a net program income loss of \$13,336 before general revenues, contributions and transfers from other funds, a decrease of \$31,369 when compared to net program income of \$18,033 in the prior year. The majority of the difference relates to increased depreciation expense being recorded in the Airport Fund. Several capital assets belonging to the Airport Fund were either retired or had their useful lives reduced to align with Federal Aviation Administration guidelines. Due to these changes an additional \$12.1 million in depreciation expense was recorded.
- ❖ At the end of the fiscal year, the entire \$455,399 fund balance of the General Fund was either nonspendable (\$6,773), restricted (\$24,607), committed (\$224,823) or assigned (\$199,196).
- ❖ The County issued the 2022 Series A and B Lease Revenue Bonds for \$71,615. The issuance will be used to refund the 2012 Series A Certificate of Participation debt and fund capital projects, including construction of a co-located emergency dispatch center, a new office building for the Probation Department, and rehabilitation of the Cayucos Veterans Hall.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

### **Government-wide financial statements**

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

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

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

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

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

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

The government-wide financial statements can be found on pages 35 to 37 of this report.

### **Fund Financial Statements**

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

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

A budgetary comparison statement has been provided for the General Fund and 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 nonmajor governmental funds is provided in the other supplementary information section of this report.

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

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

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

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

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

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

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

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

The notes to the basic financial statements can be found on pages 47 to 97 of this report.

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The required supplementary information can be found on pages 98 to 106 of this report.

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

*Combining and individual fund statements and schedules* - The combining and individual fund statements and schedules referred to earlier provide information for nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds and are presented following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 107 to 116 and 135 to 150 of this report.

*Budgetary comparison schedules* - The budgetary comparison schedules (other than the General Fund which is presented in the required supplementary information section) for the Capital Projects, Pension Obligation Bonds, San Luis Obispo County Public Facilities Corporation, SLO County Financing Authority, and nonmajor Special Revenue funds can be found on pages 117 to 134 of this report.

*Detail budgetary schedules* demonstrating legal level of compliance with budgetary control for the General Fund are presented on pages 151 to 158 of this report.

*Statistical schedules* provide financial, revenue capacity, debt capacity, demographic and economic, and operating trend information. These schedules are presented on pages 159 to 177 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,525,635 as detailed in the table below:

**Table A**  
**Statement of Net Position**  
**June 30, 2023**  
(in thousands)

	June 30, 2023			June 30, 2022			2022-2023
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Change
<b>Assets:</b>							
Current assets	\$ 807,167	\$ 181,010	\$ 988,177	\$ 800,870	\$ 171,884	\$ 972,754	1.6%
Other noncurrent assets	74,215	26,181	100,396	6,637	26,757	33,394	200.6%
Capital assets	1,402,161	575,699	1,977,860	1,349,875	590,446	1,940,321	1.9%
Total assets	<u>2,283,543</u>	<u>782,890</u>	<u>3,066,433</u>	<u>2,157,382</u>	<u>789,087</u>	<u>2,946,469</u>	4.1%
Deferred Outflows of Resources	289,045	6,182	295,227	144,216	4,614	148,830	98.4%
<b>Liabilities:</b>							
Current liabilities	175,037	31,689	206,726	183,415	29,411	212,826	(2.9%)
Long-term liabilities	1,278,764	320,615	1,599,379	866,124	329,871	1,195,995	33.7%
Total liabilities	<u>1,453,801</u>	<u>352,304</u>	<u>1,806,105</u>	<u>1,049,539</u>	<u>359,282</u>	<u>1,408,821</u>	28.2%
Deferred Inflows of Resources	13,605	16,315	29,920	129,892	18,211	148,103	(79.8%)
<b>Net position:</b>							
Net investment in capital assets	1,229,892	293,062	1,522,954	1,216,907	296,939	1,513,846	0.6%
Restricted	173,086	-	173,086	98,489	-	98,489	75.7%
Unrestricted	(297,796)	127,391	(170,405)	(193,229)	119,269	(73,960)	130.4%
Total net position	<u>\$ 1,105,182</u>	<u>\$ 420,453</u>	<u>\$ 1,525,635</u>	<u>\$ 1,122,167</u>	<u>\$ 416,208</u>	<u>\$ 1,538,375</u>	(0.8%)



## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

### **Analysis of Net Position**

The County's total net position decreased by \$12.7 million, or 0.8%. The total net position decrease was a combination of increased total assets (\$120.0 million), increased deferred outflows of resources (\$146.4 million), increased total liabilities (\$397.3 million), and decreased deferred inflow of resources (\$118.6 million). Causes for the changes in each of these categories are detailed below.

The overall \$120.0 million increase in total assets, or 4.1%, is primarily due to inflows of cash and restricted cash (\$88.1 million) and recording of lease assets (\$31.7 million). The increase in cash is attributable to the issuance of the 2022 Series A and B Lease Revenue Bonds. This debt issuance increased restricted cash resulting in a net change in restricted cash in governmental activities by \$67.1 million. Lease assets increased due to the County's Department of Social Services entering into a new 35-year lease agreement to rent a 20,000 square foot office building. The County also implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), which resulted in \$2.8 million of SBITA assets being recorded.

The \$146.4 million increase, or 98.4%, in deferred outflows of resources was primarily the combination of an increase in deferred pension resources (\$141.9 million) and an increase in deferred OPEB resources (\$4.7 million). The increases are the combination of the changes in plan assumptions and in projected and actual earnings on plan investments from the prior year.

Total liabilities of the County increased \$397.3 million, or 28.2%. The main contributor to the increase was the County's net pension liability. Due to reduced investment assets and changes to actuarial assumptions the net pension liability increased \$326.3 million. Additionally, bonds and notes payable increased \$45.2 million primarily due to the issuance of the 2022 Series A and B Lease Revenue Bonds. The debt issuance was used to refund the 2012 Certificate of Participation debt and fund the construction of co-located emergency dispatch center, a new probation building, and rehabilitation of the Cayucos Veterans Hall. Lastly, the lease liability increased \$33.3 million due to the County's Department of Social Services entering into a new office building lease.

Deferred inflows of resources decreased \$118.2 million, or 79.8%. The decrease is primarily due to changes in the net difference between projected and actual earnings on pension plan investments from the prior year.

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

The most significant portion of the County's net position is net investment of capital assets of \$1,522,954. This amount reflects investment in capital assets (e.g., land and easements, structures and improvements, infrastructure, and equipment), less any outstanding related debt used to acquire those assets, and less any construction related payables. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining \$173,086, or 11.3%, of the balance of the County's net position represents resources that are subject to external restrictions on how they may be used.

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

In total, the County's net position decreased \$12.7 million. Total net position for governmental activities decreased \$17.0 million and total net position for business-type activities increased \$4.3 million due to normal operating activities.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

*Net Investment in Capital Assets* for governmental and business-type activities increased a net of \$9.1 million. Governmental activities increased \$13.0 million. The increase related to road microsurfacing, overlay, and chip seal projects as well as retrofitting the existing bridge on Lopez Drive over Lopez Lake (\$1.8 million), reconfiguring of the Avila Beach Dr/Hwy 101 Interchange (\$357 thousand) and replacing the existing bridge on Huasna Road over Arroyo Grande Creek (\$251 thousand). Other notable governmental activity projects include construction of the Nipomo Skate Park (\$2.7 million), continuing construction of the co-located emergency dispatch center (\$2.2 million) and rehabilitation of the Cayucos Veterans Hall. Business-type activities net investment decreased \$3.9 million primarily due to the Airport Fund adjusting the useful life or retiring several capital assets.

Restricted net position represents net position of the County which is subject to constraints imposed by creditors, grantors, contributors, laws, or regulations. Total *restricted net position* was \$173.1 million, a 75.7% increase over the prior year. The increase is primarily attributable to the issuance of the 2022 Series A and B Lease Revenue Bonds. The debt issuance increased restricted net position related to debt service by \$72.9 million. The remaining change to net position was the net difference between the *General Government, Public Protection, Health and Sanitation, Public Assistance, Public Ways and Facilities, Recreation and Cultural Services, and Education* functions (\$1.7 million). This change was primarily attributable to variance in purchase obligations, claims, contracts, and enabling legislation from the prior year.

There was a decrease of \$96.4 million in *Unrestricted net position* reported in connection with the Total Primary Government. This category represents the portion of the County's net position which is not subject to constraints imposed by creditors, grantors, contributors, laws, or regulations. When positive, this amount may be used to meet the County's general obligations.

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

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

**Table B  
Statement of Activities  
For the Year Ended June 30, 2023  
(in thousands)**

	June 30, 2023			June 30, 2022			2022-2023
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Change
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for services	\$ 64,978	\$ 61,648	\$ 126,626	\$ 58,805	\$ 58,252	\$ 117,057	8.2%
Operating grants and contributions	368,652	5,622	374,274	325,854	5,846	331,700	12.8%
Capital grants and contributions	6,371	963	7,334	12,449	15,106	27,555	(73.4%)
<b>General revenues:</b>							
Property taxes	235,064	4,944	240,008	216,107	4,380	220,487	8.9%
Other taxes	37,417	-	37,417	41,804	-	41,804	(10.5%)
Interest and investment income	13,395	1,814	15,209	(16,312)	(1,333)	(17,645)	(186.2%)
Grants not restricted to specific programs	5,334	-	5,334	9,001	-	9,001	(40.7%)
Other revenues	306	5,282	5,588	1,424	1,148	2,572	117.3%
<b>Total revenues</b>	<b>731,517</b>	<b>80,273</b>	<b>811,790</b>	<b>649,132</b>	<b>83,399</b>	<b>732,531</b>	<b>10.8%</b>
<b>Expenses:</b>							
General government	37,088	-	37,088	54,592	-	54,592	(32.1%)
Public protection	254,728	-	254,728	204,993	-	204,993	24.3%
Public ways and facilities	55,375	-	55,375	35,995	-	35,995	53.8%
Health and sanitation	152,565	-	152,565	132,713	-	132,713	15.0%
Public assistance	201,741	-	201,741	132,751	-	132,751	52.0%
Education	15,256	-	15,256	11,930	-	11,930	27.9%
Recreation and cultural services	13,754	-	13,754	12,310	-	12,310	11.7%
Interest on long-term debt	11,299	-	11,299	7,947	-	7,947	42.2%
Airport	-	26,498	26,498	-	11,366	11,366	133.1%
Golf	-	4,884	4,884	-	4,231	4,231	15.4%
State Water Contract	-	6,882	6,882	-	5,924	5,924	16.2%
Nacimientto Water Contract	-	14,170	14,170	-	13,889	13,889	2.0%
Lopez Flood Control	-	7,708	7,708	-	6,941	6,941	11.1%
Lopez Park	-	-	-	-	-	-	-
General Flood Control	-	1,490	1,490	-	1,521	1,521	(2.0%)
County Service Areas	-	7,340	7,340	-	5,636	5,636	30.2%
Los Osos Wastewater	-	12,597	12,597	-	11,663	11,663	8.0%
<b>Total expenses</b>	<b>741,806</b>	<b>81,569</b>	<b>823,375</b>	<b>593,231</b>	<b>61,171</b>	<b>654,402</b>	<b>25.8%</b>
Excess/(deficiency) before transfers	(10,289)	(1,296)	(11,585)	55,901	22,228	78,129	(114.8%)
Transfers	(6,696)	6,696	-	(213)	213	-	-
<b>Change in net position</b>	<b>(16,985)</b>	<b>5,400</b>	<b>(11,585)</b>	<b>55,688</b>	<b>22,441</b>	<b>78,129</b>	<b>(114.8%)</b>
Net position - beginning of year, as restated	1,122,167	415,053	1,537,220	1,066,479	393,767	1,460,246	5.3%
<b>Net position - end of year</b>	<b>\$ 1,105,182</b>	<b>\$ 420,453</b>	<b>\$ 1,525,635</b>	<b>\$ 1,122,167</b>	<b>\$ 416,208</b>	<b>\$ 1,538,375</b>	<b>(0.8%)</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Analysis of Governmental and Business-type Activities

#### Governmental Activities

Governmental Activities decreased the County's net position by \$17.0 million compared to an increase of \$55.7 million in the prior year.

Overall, total revenues for governmental activities increased \$82.4 million, or 12.7%. Significant factors contributing to the overall increase in revenues from the prior year are detailed below:

- ❖ *Charges for Services* increased \$6.2 million, or 10.5%, due to cable, gas & electric, garbage, and petroleum franchise fee revenue increasing a combined 11.5%. Additionally, building permits and plan check revenue increased 27.4%. Total building permits issued for the year were 4,577 which was a 13.5% increase from the prior year, indicating increased housing construction activity in the County.
- ❖ *Operating Grants and Contributions* increased by \$42.8 million, or 13.1%. The County recognized \$17.3 million of American Rescue Plan Act (ARPA) revenue in FY 22-23: \$8.2 million was spent on restoration of government services; \$2.6 million was spent on public health; \$2.6 million was spent on housing projects and homeless programs; and \$3.0 million was spent on business, childcare, and non-profit grant programs. Total ARPA revenue recognized increased \$10.6 million over the prior year. Additionally, *Public Assistance* revenue increased \$13.3 million mainly due to the County receiving Homeless Housing, Assistance and Prevention (HHAP) grant program aid to address immediate homelessness challenges, develop a unified regional response to homelessness, and to continue efforts to end and prevent homelessness in our community.
- ❖ *Property Taxes* rose \$19.0 million, or 8.8% over the prior year, a function of the regular 2% increase in assessed property value allowed by California's Proposition 13 and increasing property values on new sales.
- ❖ *Interest Earnings Not Restricted to Specific Programs* increased \$29.7 million primarily due to increased rates of return on County Treasury investments.

Overall, total expenses for governmental activities increased \$148.6 million, or 25.0%. Notable factors contributing to the overall increase in expenses from the prior year are detailed below:

- ❖ Changes to the County's pension liability caused the largest increase in governmental activities expenses. The total increase in expenses caused by changes in net pension liability, deferred outflows, and deferred inflows was \$55.1 million. The *General Government* increase was \$9.4 million, the *Public Protection* increase was \$28.5 million, the *Health and Sanitation* increase was \$11.3 million, the *Public Assistance* increase was \$15.2 million, and the *Education* increase was \$2.1 million.
- ❖ *Public Protection* expenses increased \$49.7 million, or 24.3%. Payments to local cities and community services districts funded through the Integrated Regional Water Management program totaled \$2.3 million. These funds are to improve regional water self-reliance security and adapt to effects on water supply arising out of climate change. Additionally, negotiated salary increases across the function were \$9.5 million and contracted fire services increased \$4.2 million.
- ❖ *Public Ways and Facilities* expenses increased \$19.4 million, or 53.8%. Rainstorms occurring between December 2022 and March 2023 caused unprecedented damage to County roads and other infrastructure. The increase in expenses related to repair costs caused by the storms.
- ❖ *Public Assistance* expenses increased \$69.0 million, or 52.0%. Support services for housing and homeless programs as well as in-home support services both increased over the prior year. Professional services for the Department of Social Services increased \$2.4 million and professional services for Law Enforcement Medical Care increased \$1.7 million.
- ❖ *Recreation and Cultural Services* expenses increased \$1.4 million, or 11.7%. The increase related to construction costs of the Nipomo Skate Park.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

For FY 2022-23, the County was able to maintain its funding of General Fund contingencies at a level of 5%, while still making investments in the many programs and services provided to the community.

### Business-type Activities

Business-type activities increased the County's net position by \$5.4 million compared to an increase of \$22.4 million in the previous year. Expenses exceeding revenues by \$1.3 million, and net transfers of \$6.7 million resulted in the total increase to net position. Key elements of current year business-type activity are as follows:

Total revenue decreased \$3.1 million, or 3.7% from the preceding year.

- ❖ Total Airport revenue decreased \$10.1 million. The decrease was related the Airport Fund receiving federal aid in fiscal year 2021-22 of \$12.3 million for the rehabilitation of the San Luis Obispo County Airport runway. Passenger enplanements increased 23.5% over the prior year which led to increased revenue for fuel flowage, ground transportation, parking fees, landing fees, passenger facility charges, and customer facility. Revenue for *Fees, Fines, and Charges for Services* increased \$2.4 million from fiscal year 2021-22.
- ❖ The Nacimiento Water Contract Fund revenue decreased \$1.1 million due to reduced water sales revenue.
- ❖ County Service Area Fund revenue increased \$761 thousand due to increased water sales revenue.

Expenses for business-type activities increased \$20.4 million, or 33.3% from the prior year.

- ❖ Total Airport expenses increased \$15.1 million. The majority of the difference relates to increased depreciation expense being recorded as several capital assets belonging to the Airport Fund were either retired or had their useful lives reduced to align with Federal Aviation Administration guidelines. Due to these changes an additional \$12.1 million in depreciation expense was recorded.
- ❖ County Service Area Fund expenses increased \$1.7 million due to increased operational costs to provide water services.

## **FUND FINANCIAL STATEMENT ANALYSIS**

### **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

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

#### **Governmental Funds**

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

- *Nonspendable fund balance*, \$6,782, increased \$118 thousand, or 1.8% from the prior year. Nonspendable fund balance represents amounts that are not spendable in form or are legally or contractually required to be maintained intact, and includes (1) inventories of \$121, (2) prepaid items of \$743, and (3) long-term receivables of \$5,918. The increase from the prior year primarily relates to additional prepaid rent payments.
- *Restricted fund balance*, \$154,279, increased \$73.7 million, or 91.5%, from the prior year. Restricted fund balance represents amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation. Significant components of this balance include amounts restricted for (1) tax reduction reserves of \$3,990 (2) public protection programs of \$11,253, (3) Mental Health Services Act funds of \$2,774, (4) public facilities funds of \$13,862, (5) traffic impact programs of \$12,166, (6) automation projects of \$2,344, and (7) debt service of \$95,930. The increase is attributable to additional restricted cash for the 2022 Lease Revenue Bonds Series A and B issuance proceeds.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- *Committed fund balance*, \$311,551, increased \$816 thousand, or 0.3%, from the prior year. Committed fund balance represents amounts with constraints imposed by the Board of Supervisors for specified purposes. Significant components of this balance include commitments for (1) flood control programs, \$13,209, (2) tax reduction reserve, \$59,160, (3) automation projects, \$21,452, (4) roads, \$20,010, (5) building replacement, \$51,208, (6) solar plant mitigation, \$15,640, (7) capital projects, \$17,281, (8) SB 1090 economic development, \$10,890 and (9) COVID-19 services, \$5,529. The increase from the prior year was the combination of increased building replacement (\$4.1 million) and tax reduction reserve commitments (\$16.8 million) and decreased COVID-19 services commitments (\$12.2 million) and general reserves (\$6.0 million).
- *Assigned fund balance*, \$199,196, increased \$9.2 million, or 4.8%, from the prior year. Assigned fund balance represents amounts the County intends to use for specific purposes that are neither restricted nor committed. Significant components of this balance include (1) behavioral health programs, \$22,431, (2) tax reduction reserve, \$29,015, (3) general government, \$8,621, (4) social services programs, \$30,633, and (5) subsequent fiscal year budget, \$50,788. The largest changes in the assigned fund balance category were increases to tax reductions reserves, public protection programs, and public assistance programs.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$671,808, an increase of 14.2%, or \$83.8 million in comparison with the prior year. Approximately 76.0% of the total fund balance, or \$510,747 is available to meet the County's current and future needs.

### General Fund

The General Fund is the chief operating fund of the County. As of the end of the current fiscal year, spendable fund balance (restricted, committed, and assigned) of the General Fund was \$448,626 while total fund balance reached \$455,399. 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 \$638.7 million. Spendable fund balance represents 70.2% of the total fund expenditures, while total fund balance represents 71.3% of the same amount, a 5.7% decrease from the prior year. During the current fiscal year, the fund balance of the General Fund increased by \$18.5 million.

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

- ❖ Total revenues exceeded total expenditures by \$23.8 million, which was a \$14.6 million decrease from the prior year.
- ❖ General Fund revenues increased \$56.4 million, or 9.3% over the prior year. The fund saw increases in every revenue category but the largest increases from the prior year were to taxes (\$8.2 million), use of money and property (\$21.0 million), and aid from other governments (\$21.4 million). Increases in tax revenues was due to increases in assessed property values, resulting in increased property tax revenue. The increase in the use of money and property revenue resulted from rising interest rate returns on Treasury investments. The increase in governmental aid was due to the County recognizing \$17.3 million in American Rescue Plan Act (ARPA), a \$10.6 million increase in ARPA recognized revenue from the prior fiscal year. Additionally, the County recognized \$2.9 million in FEMA claim reimbursement associated with COVID-19 expenditures and received \$4.5 million in additional federal aid for welfare administration.
- ❖ Total expenditure in the General Fund increased \$71.0 million, or 12.5%, from the prior year. The primary expenditure functions contributing to the increase were *General Government*, \$11.5 million, *Public Protection*, \$16.7 million, and *Public Assistance*, \$55.4 million. These increases were offset by a decrease in *Health and Sanitation* expenditures of \$17.7 million. The increase in *General Government* was primarily due to negotiated salary increases and payments to other agencies for ARPA program grants and a housing and homeless project grant. The increase in *Public Protection* expenditure was due to negotiated salary increase and additional costs associated with the County's contract with Cal-Fire for fire protection services. The increase to *Public Assistance* is mainly due to the Department of Social Services entering into a new 35-year agreement for a 20,000 square foot office building and the decrease to *Health and Sanitation* was the recognition of lease agreements in the prior year.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Capital Projects

The Capital Projects Fund handles construction projects for the County's governmental funds. The fund ended the fiscal year with a total fund balance of \$17.6 million. Capital outlay expenditures exceeded revenues by \$10.1 million and net transfers totaled \$9.3 million. The combination of these two factors resulted in a \$738 thousand decrease in fund balance for the current year. Funding for specific projects comes primarily from the use of designations, public facilities fees, issuance of long-term debt, and aid from other government agencies. The General Fund transferred \$4.7 million to the Capital Projects Fund for various capital projects including \$1.4 million for roof renovations and \$702 thousand for the Cuesta Peak communications tower. The Public Facilities Corporation Debt Service Fund transferred in \$1.4 million of debt proceeds to offset construction costs for the new Animal Services Facility, co-located emergency dispatch center, Cayucos Veterans Hall rehabilitation, and new Probation Department office building. 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 \$752.2 million in the current fiscal year, an increase of approximately 11.3%, or \$76.3 million, from the prior fiscal year revenues of \$675.9 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, 2023**  
(in thousands)

	2022-2023		2021-2022		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source:						
Taxes	\$ 270,790	36.0%	\$ 261,163	38.6%	\$ 9,627	3.7%
Licenses, Permits, and Franchises	15,478	2.1%	12,597	1.9%	2,881	22.9%
Fines, Forfeitures, and Penalties	4,297	0.6%	4,304	0.6%	(7)	(0.2%)
Use of Money and Property	13,346	1.8%	(14,773)	(2.2%)	28,119	(190.3%)
Aid from Governmental Agencies	378,339	50.2%	350,382	51.8%	27,957	8.0%
Charges for Current Services	55,512	7.4%	49,498	7.4%	6,014	12.1%
Other Revenues	14,429	1.9%	12,734	1.9%	1,695	13.3%
<b>Total</b>	<b>\$ 752,191</b>	<b>100.0%</b>	<b>\$ 675,905</b>	<b>100.0%</b>	<b>\$ 76,286</b>	<b>11.3%</b>

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

- ❖ *Taxes* increased \$9.6 million, or 3.7% primarily due to the regular 2% increase in assessed property value allowed by California's Proposition 13.
- ❖ *Licenses, Permits, and Franchises* increased slightly by \$2.9 million, or 22.9%, over the prior year. This is largely due to a \$1.5 million increase in revenue associated with permits for mechanical, electric, and plumbing. There were also large increases in franchise fee revenue for gas and electric as well as plot plans revenue. The remaining change was associated with various departmental fee revenue.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

- ❖ *Use of Money and Property* increased \$28.1 million over the prior year. This increase is primarily due to investment interest earnings exceeding any changes in the fair market value of investments.
- ❖ *Aid from Governmental Agencies* increased \$28.0 million, or 8.0%. The County received \$5 million more in state aid and \$22.6 million more in federal aid. Increased state aid was primarily for veteran’s affairs and waterway management programs, as well as state awarded grants. The increase in federal aid was primarily due to an increase in State and Local Fiscal Recovery Funds (SLFRF) that were received to respond to the COVID-19 Public Health emergency and to deal with negative economic impacts locally. There was also an increase in federal welfare administration revenue and federal pass-through grants.
- ❖ *Charges for Services* increased \$6.0 million, or 12.1%. This increase is due to increased payments from other funds for debt services, capital assets, and other interfund services. The increase is also from increased payments from other various services.

Governmental Fund Expenditures

Expenditures for all governmental funds combined totaled \$764.8 million in the current fiscal year an increase of approximately 14.4%, or \$96.4 million, from the prior fiscal year expenditures of \$668.4 million.

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

**Table D**  
**Expenditures by Function Including Capital Outlay**  
**Governmental Funds**  
**Fund Financial Statements**  
**For the Year Ended June 30, 2023**  
(in thousands)

	2022-2023		2021-2022		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Expenditures by Function:						
General Government	\$ 75,027	9.8%	\$ 63,569	9.5%	\$ 11,458	18.0%
Public Protection	233,444	30.4%	212,388	31.6%	21,056	9.9%
Public Ways and Facilities	58,016	7.6%	39,124	5.9%	18,892	48.3%
Health and Sanitation	140,568	18.4%	157,490	23.6%	(16,922)	(10.7%)
Public Assistance	188,616	24.7%	133,275	19.9%	55,341	41.5%
Education	14,199	1.9%	15,712	2.4%	(1,513)	(9.6%)
Recreation and Cultural Services	16,685	2.2%	12,420	1.9%	4,265	34.3%
Principal payments	13,067	1.7%	9,137	1.4%	3,930	43.0%
Interest on Long-Term Debt	10,581	1.4%	7,895	1.2%	2,686	34.1%
Capital outlay	14,563	1.9%	17,376	2.6%	(2,813)	(16.2%)
Total	\$ 764,766	100.0%	\$ 668,386	100.0%	\$ 96,380	14.4%

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

- ❖ *General Government* increased \$11.5 million, or 18.0%, primarily due to salary and wage increases. An additional \$2.1 million in expenditure was also recorded for SBITA agreements. These SBITA agreements began being recorded with the implementation of GASB Statement No. 96, SBITA, in FY 2022-23. \$3.1 million was also paid to external agencies, related to State and Local Fiscal Recovery Funds (SLFRF).
- ❖ *Public Protection* increased \$21.1 million, or 9.9%, primarily due to salary and wage increases and increased costs associated with the County’s contract with Cal-Fire for fire protection services. An additional \$2.3 million in expenditure was related to Integrated Regional Water Management (IRWM) payments.



**MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

- ❖ *Public Ways and Facilities* expenditures increased \$18.9 million, or 48.3%. Expenditures primarily consist of various road improvement projects. The increase in expenditure is largely related to repairing roads that were damaged during the year from two large storms that had federal emergency declarations.
- ❖ *Health and Sanitation* expenditures decreased \$16.9 million, or 10.7%. This is mainly due to Health Agency lease agreements that were recorded in the prior year due to the implementation of GASB Statement No. 87.
- ❖ *Public Assistance* expenditure increased \$55.3 million, or 41.5%. Of which, \$36.8 million is related to a new Social Services Department office building lease agreement. Additionally, support services for housing and homeless programs as well as in-home support services both increased over the prior year. Professional services for the Department of Social Services increased \$2.4 million and professional services for Law Enforcement Medical Care increased \$1.7 million.

**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 2022-23 fiscal year.

**Table E**  
**Statement of Revenues, Expenses and Results of Operations**  
**Proprietary Funds**  
**Fund Financial Statements**  
**For the Year Ended June 30, 2023**  
(in thousands)

	Major Funds				Nonmajor Funds	Total
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Other Enterprise Funds	Total Enterprise
Operating revenues	\$ 11,809	\$ 20,296	\$ 7,829	\$ 7,431	\$ 19,612	\$ 66,977
Operating expenses	26,091	7,581	6,832	9,174	20,183	69,861
Operating income (loss)	(14,282)	12,715	997	(1,743)	(571)	(2,884)
Non-operating revenues (expenses), net	5,813	(5,814)	2,980	(3,218)	1,443	1,204
Net income (loss) before contributions and transfers	(8,469)	6,901	3,977	(4,961)	872	(1,680)
Contributions and transfers, net	(302)	-	6,281	1,129	551	7,659
Change in net position	\$ (8,771)	\$ 6,901	\$ 10,258	\$ (3,832)	\$ 1,423	\$ 5,979

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

- ❖ The *Airport Fund* reported an operating loss of \$14.3 million, a \$12.3 million increase from the prior year's operating loss of \$2.0 million. Operating revenues increased by \$2.4 million compared to the prior year, indicating strong demand for commercial passenger travel. Total passenger enplanement activity increased 23.7% over the prior year. Additionally, revenue for rents, concessions, and parking all increased over the prior year. The primary cause of the increase in operating loss was due to increased depreciation expense. Several capital assets either had their useful life reduced or were retired resulting in increased depreciation expense being recorded. Net position decreased by \$8.8 million compared to an increase in net position of \$15.4 million in the prior year.
- ❖ The *Nacimiento Water Contract Fund* realized operating income of \$12.7 million, a \$2.5 million increase from the prior year's operating income of \$10.2 million. The increase is primarily attributable to the receipt of a \$4.7 million settlement for leak repairs to the Nacimiento water pipeline. The overall increase to operating income was partially reduced by decreased water sales of \$1.1 million and increased operating and maintenance costs of \$477 thousand. Overall net position increased \$6.9 million compared to an increase in net position of \$3.6 million in the prior year.
- ❖ The *State Water Project Fund* realized operating income of \$1.0 million, a \$400 thousand decrease from the prior year's operating income of \$1.4 million. While water sales increased \$608 thousand, operating expenses also increased \$943 thousand. The fund also received a \$6.3 million transfer from the Flood Control Zone Special Revenue Fund for the sale of the unallocated portion of the Flood Control District's State Water from 2008 to 2014. Overall, net position increased by \$10.3 million, which is an increase of \$6.4 million over the prior year.
- ❖ The *Los Osos Wastewater Fund* reported an operating loss of \$1.7 million, an increase of \$647 thousand when compared to the prior year's operating loss of \$1.1 million. The wastewater plant began full-service operations in FY 2016-17. While operating revenues remained relatively similar to the prior year, operating expenses to operate and maintain the plant increased \$939 thousand. Overall net position decreased \$3.8 million, which is \$2.1 million more than the prior year's decrease to net position of \$1.8 million.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for expenditures and transfers out increased by \$120.6 million, or 18.2%, during the year, leading to the final amended budget. This increase was funded by increases to both budgeted revenues and transfers-in (\$73.0 million) and the uses of reserves and designations for the balance. Unanticipated revenues totaling \$67.2 million in State, Federal, and Other Governmental Aid, \$3.4 million in Other Revenue, \$762 thousand in Interfund Revenues, \$670 thousand in Charges for Current Services, \$500 thousand in Licenses, Permits, and Franchises, \$296 thousand in Fines, Forfeitures, and Penalties, and \$162 thousand in Other Financing Sources financed the budget augmentations.

General Government function augmentations of \$58.2 million consisted of \$15.3 million in American Rescue Plan Act (ARPA) augmentations, \$17.2 million in augmentations toward capital projects and maintenance and upgrades to County facilities, \$7.3 million in augmentations in payments to other agencies, and the remaining augmentations went to various General Fund departments for salaries and benefits and services and supplies. Public Protection function augmentations of \$23.0 million were primarily divided among Sheriff-Coroner program augmentations of \$7.4 million, County Fire which received \$7.9 million in augmentations, Planning and Building program augmentations of \$3.2 million, Office of Emergency Services program augmentations of \$1.5 million, Probation program augmentations of \$1.2 million, Waste Management program augmentations of \$718 thousand, District Attorney program augmentations of \$648 thousand, and the remaining smaller augmentations were for the Public Defender, Animal Services, and Agricultural Commissioner's programs. Health and Sanitation function augmentations of \$15.1 million were divided between Public Health program augmentations of \$8.1 million and Behavioral Health program augmentations of \$7.0 million. The \$17.7 million increase in the Public Assistance function relates almost entirely to Social Services including CalWORKS assistance, law enforcement medical care and veteran services' programs. Recreation augmentations totaling \$4.3 million were primarily for Parks related capital projects. Public Ways and Facilities augmentations of \$2.3 million were primarily for Development Services and Groundwater Sustainability payments.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

At the close of the fiscal year, actual General Fund expenditures were 81.9% of the current budget, while General Fund revenues were realized at 92.0% of budget.

### CAPITAL ASSET AND DEBT ADMINISTRATION

#### Capital Assets

On June 30, 2023, the County had \$2.0 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, water and sewer lines, and intangible right-to-use assets (see Table F). This amount represents a net increase (including additions and deductions) of \$37.5 million, or 1.9%, from last year.

**Table F**  
**Capital Assets**  
**June 30, 2023**  
(in thousands)

	Governmental Activities June 30, 2022	Governmental Activities June 30, 2023	Business- Type Activities June 30, 2022	Business- Type Activities June 30, 2023	Total Capital Assets June 30, 2022	Total Capital Assets June 30, 2023	Total Percent Change
Land	\$ 796,039	\$ 796,050	\$ 36,718	\$ 36,718	\$ 832,757	\$ 832,768	0.0%
Water Rights	-	-	68,244	72,319	68,244	72,319	6.0%
Other Property Non-Depreciable	-	-	1,968	1,968	1,968	1,968	-
Construction-in- progress	67,532	65,871	3,489	4,974	71,021	70,845	(0.2%)
Structures & Improvements	281,671	312,615	225,568	228,663	507,239	541,278	6.7%
Equipment	108,959	112,616	11,134	12,629	120,093	125,245	4.3%
Other Property Depreciable	1,258	1,258	554	554	1,812	1,812	-
Infrastructure Depreciable	457,561	465,617	385,272	385,317	842,833	850,934	1.0%
Lease Assets	95,938	134,513	336	336	96,274	134,849	40.1%
Subscription Assets	-	5,104	-	297	-	5,401	100.0%
Subtotal	<u>1,808,958</u>	<u>1,893,644</u>	<u>733,283</u>	<u>743,775</u>	<u>2,542,241</u>	<u>2,637,419</u>	3.7%
Less Accumulated Depreciation	(454,095)	(477,254)	(142,750)	(167,800)	(596,845)	(645,054)	8.1%
Less Accumulated Amortization	<u>(4,988)</u>	<u>(14,229)</u>	<u>(87)</u>	<u>(276)</u>	<u>(5,075)</u>	<u>(14,505)</u>	185.8%
Total	<u>\$ 1,349,875</u>	<u>\$ 1,402,161</u>	<u>\$ 590,446</u>	<u>\$ 575,699</u>	<u>\$ 1,940,321</u>	<u>\$ 1,977,860</u>	1.9%

The County implemented GASB Statement No. 96 and began reporting right-to-use subscription-based IT assets (\$5.4 million) and accumulated amortization. The assets represent the County's right-to-use underlying information technology software, alone or in combination with tangible capital assets, of software vendors.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)**

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

County Roads had the majority of additions in governmental activities with \$14.2 million worth of assets. Microsurfacing, overlay, and chip seal projects throughout the County comprised most of the road additions. Other major roads projects include retrofitting the existing bridge on Lopez Drive over Lopez Lake (\$1.8 million), reconfiguring of the Avila Beach Dr/Hwy 101 Interchange to reduce traffic delays (\$357 thousand), replacing the existing bridge on Huasna Road over Arroyo Grande Creek (\$251 thousand), and replacing Jack Creek Road Bridge in Templeton (\$254 thousand).

Other notable capital asset additions during fiscal year 2022-23 include construction of the Nipomo Skate Park (\$2.7 million), continued construction of the co-located emergency dispatch project (\$2.2 million), rehabilitation of the Cayucos Veterans Hall (\$1.8 million), and migration to the CalMHSA (Mental Health Services Act) statewide electronic health record system (\$1.5 million).

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

The Airport completed work on resurfacing of the taxiway and apron (\$4.6 million) and also purchased an aircraft rescue fire fighting crash truck to assist in rescue situations (\$1.1 million).

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

## **Debt Administration**

At the end of the current fiscal year, the County of San Luis Obispo had total notes, bonds, and leases payable of \$640.1 million. In July 2003, the County issued pension obligation bonds to refund the unfunded actuarial accrued liability due to the Pension Trust. The balance remaining on the County's pension obligation bonds at the end of fiscal year 2022-23 was \$79.5 million. The pension obligation bonds debt service payments are funded by County payroll benefits.

The remainder of the County's debt consists of \$22.6 million in certificates of participation, which are repaid from a variety of revenues; \$82.1 million in state and other loans; \$69.7 million in assessment bonds, of which, \$69.4 million related to the Los Osos Wastewater Project; \$152.4 million in revenue bonds which are repaid with water service revenue; \$126.5 million in lease agreements, \$2.8 million in subscription-based IT arrangements, and \$98.4 million in lease revenue bonds for debt refunding and construction of multiple capital projects, including an animal services facility, a co-located emergency dispatch center, a new probation building, and rehabilitation of the Cayucos Veterans Hall. General Obligation Bonds totaling \$5.9 million are backed by the full faith and credit of the County.

**MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)**

**Table G**  
**Outstanding Debt**  
**June 30, 2023**  
(in thousands)

	Governmental Activities June 30, 2022	Governmental Activities June 30, 2023	Business- Type Activities June 30, 2022	Business- Type Activities June 30, 2023	Total June 30, 2022	Total June 30, 2023	Total Percent Change
Certificates of Participation	\$ 10,657	\$ 3,205	\$ 9,409	\$ 6,120	\$ 20,066	\$ 9,325	(53.5%)
Certificates of Participation from Direct Borrowings	8,163	7,973	5,455	5,351	13,618	13,324	(2.2%)
Pension Obligation Bonds	85,112	79,516	-	-	85,112	79,516	(6.6%)
State Notes from Direct Borrowings	1,426	1,264	84,528	80,701	85,954	81,965	(4.6%)
Other Notes from Direct Borrowings	-	-	196	166	196	166	(15.3%)
Lease Revenue Bonds	23,032	96,775	-	1,639	23,032	98,414	327.3%
Revenue Bonds	-	-	157,815	152,400	157,815	152,400	(3.4%)
General Obligation Bonds	-	-	6,538	5,942	6,538	5,942	(9.1%)
Assessment Bonds	344	294	70,978	69,437	71,322	69,731	(2.2%)
Leases	92,248	126,334	250	164	92,498	126,498	36.8%
SBITA	-	2,614	-	199	-	2,813	100.0%
<b>Total</b>	<b>\$ 220,982</b>	<b>\$ 317,975</b>	<b>\$ 335,169</b>	<b>\$ 322,119</b>	<b>\$ 556,151</b>	<b>\$ 640,094</b>	<b>15.1%</b>

The increase from the prior year for the County’s certificates of participation, notes, bonds, and leases payable was \$83.9 million, or 15.1%. During the fiscal year, the County issued the 2022 Series A and B Lease Revenue Bonds. The issuance will be used to fund capital projects as well as refund the 2012 Series A Certificate of Participation debt. The County’s liability for leases increased \$34.0 million mainly due to the Department of Social Services entering into a new 35-year agreement for a 20,000 square foot office building. Additionally, the County implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), which added \$2.8 million in liabilities. Overall, total debt payments made in FY 2022-23 were \$27.1 million. Detailed debt information can be found in Note 10.

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 \$854.6 million.

Other liabilities include compensated absences of \$37.0 million for governmental activities and \$579 thousand for business-type activities; landfill post-closure costs of \$8.7 million; and a self-insurance liability of \$23.5 million. More detailed information about the County’s long-term debt and other long-term liabilities is presented in Note 10 to the financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- ❖ The County is committed to providing services with integrity, collaboration, professionalism, accountability and responsiveness, and these values are reflected in the Fiscal Year 2022-23 budget.
- ❖ The County has received various COVID-19 funding awards to support specific programs and to address issues related to the pandemic (including direct response). Significant awards and allocations include:
  - \$55.0 million in American Rescue Plan Act (ARPA) funds. Through June 30, 2023, \$23.9 million has been spent, with \$13.0 million being used towards restoration of government services, \$4.5 million being used for business, childcare, and non-profit grants, \$2.8 million for public health programs, \$2.7 million used for housing and homeless services, and \$900 thousand being used for water, sewer, and broadband projects.
  - \$28.3 million in Coronavirus Relief Funds through the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
  - \$8.1 million of Federal Emergency Management Agency (FEMA) expense reimbursement from the beginning of the pandemic through FY 2022-23.
- ❖ As a political subdivision of the State, County operations and budget are impacted by State issues and policies at the State level. As we develop the County's FY 2023-24 budget, we are mindful of several issues at the State level that are likely to have impacts on local budgets. The Governor released his January 10, 2023, Proposed FY 2023-24 State Budget with expenditures totaling \$297 billion and a \$22.5 billion budget deficit.

On January 13, 2023, the State's Legislative Analyst's Office (LAO) released a report on the Overview of the Governor's FY 2023-24 Budget. In the report, the LAO stated, "The Governor's budget also includes estimates of multiyear revenues and spending. Under those projections, and the Governor's budget proposals, the State faces operating deficits of \$9 billion in 2024-25, \$9 billion in 2025-26, and \$4 billion in 2026-27. These figures represent future budget problems. That is, if the Governor's Budget projections are accurate, the State would have to address deficits of these amounts in each of these future years."

The LAO provided an update on February 15, 2023, reporting that it estimates that State revenues will likely be \$10 billion lower for FY 2022-23 and FY 2023-24, and that the Governor's Budget was likely unaffordable in future years.

The County receives 39 percent of its General Fund Revenue from the State. Therefore, we are and will continue to be mindful of the State's fiscal challenges and the consequential impacts on the County.

- ❖ The County is home to PG&E's Diablo Canyon Nuclear Power Plant (Diablo Canyon), which produces enough energy to meet the needs of more than 3 million northern and central Californians. The plant was expected to close in 2025, however, Senate Bill 846, allows the plant to operate until 2030, and in November 2023, PG&E submitted a license application to extend the lifetime of the plant by up to 20 years. The future operation of the plant is pending review by the Nuclear Regulatory Commission, but PG&E previously received approval to keep the plant operational during that review.

According to a 2013 study by the California Polytechnic State University in San Luis Obispo, Diablo Canyon, one of the largest employers in the county, contributes approximately \$1 billion annually to the local economy. In addition to unitary taxes from the value of the plant, the County receives direct funding from PG&E for emergency preparedness and response activities. PG&E also initiates a variety of expenditures including emergency equipment, infrastructure and training which provide sales tax, as well as general economic benefits to the community. The reduction in unitary taxes from Diablo Canyon was expected to occur gradually as the assessed value of the plant declines leading up to the

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

original closure in 2025. To lessen the effects, in part, of lost tax revenue associated with Diablo Canyon's closure Senate Bill 1090 was passed in September 2018 and approved the payment of \$85 million by PG&E to the community. The County began receiving payment of its \$34.9 million portion in FY 2018-19 and will continue to receive payments through FY 2024-25.

- ❖ Local economic indicators:
  - Sales tax revenue for the unincorporated areas was \$15.6 million, compared to \$18.8 million in the prior year.
  - County assessed property tax valuations increased from \$64.3 million to \$68.4 million, or 6.4%.
  - Transient Occupancy Tax collections were \$16.5 million, a 3.5% decrease from FY 2021-22.
- ❖ The Board of Supervisors adopted the FY 2023-24 budget in June 2023, with a \$122.5 million fund balance in the General Fund, of which \$50.8 million was appropriated to finance the current year's expenditures including contingencies. \$7.0 million was placed in general reserves, and \$61.5 million was earmarked for designations. The total General Fund budget for FY 2023-24 is \$713.7 million, a 6.2% increase from the previous year. The County budget also includes community-wide results and indicators as well as department goals and performance measures that gauge how departments are meeting the needs of the community.

## REQUESTS FOR INFORMATION

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



**COUNTY**  
**of SAN LUIS**  
**OBISPO**



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

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**COUNTY**  
**of SAN LUIS**  
**OBISPO**

**COUNTY OF SAN LUIS OBISPO  
STATEMENT OF NET POSITION  
JUNE 30, 2023 (IN THOUSANDS)**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	First 5 San Luis Obispo
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 692,400	\$ 88,498	\$ 780,898	\$ 9,160
Accounts receivable, net	8,113	3,726	11,839	-
Property taxes receivable	15,357	-	15,357	-
Other receivables	1,935	98,713	100,648	-
Due from other governments	55,048	240	55,288	270
Interest receivable	1	16	17	-
Leases receivable	265	651	916	-
Deposits with others	57	86	143	4
Internal balances	11,829	(11,829)	-	-
Inventories	860	84	944	-
Prepaid items	753	424	1,177	4
Loans receivable (net of allowance for uncollectibles)	20,549	401	20,950	-
<b>Total Current Assets</b>	<b>807,167</b>	<b>181,010</b>	<b>988,177</b>	<b>9,438</b>
Noncurrent Assets:				
Restricted cash with fiscal agent	72,585	10,198	82,783	-
Leases receivable	1,630	15,727	17,357	-
Prepaid insurance	-	256	256	-
Capital Assets:				
Nondepreciable	861,921	115,979	977,900	-
Depreciable, net	414,852	459,363	874,215	-
Lease assets, net	122,779	162	122,941	75
SBITA assets, net	2,609	195	2,804	-
<b>Total Noncurrent Assets</b>	<b>1,476,376</b>	<b>601,880</b>	<b>2,078,256</b>	<b>75</b>
<b>Total Assets</b>	<b>2,283,543</b>	<b>782,890</b>	<b>3,066,433</b>	<b>9,513</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pensions	269,983	3,037	273,020	127
Deferred OPEB	19,062	243	19,305	-
Deferred loss on refunding	-	2,902	2,902	-
<b>Total Deferred Outflows of Resources</b>	<b>289,045</b>	<b>6,182</b>	<b>295,227</b>	<b>127</b>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	47,440	9,708	57,148	222
Salaries and benefits payable	6,153	83	6,236	2
Deposits from others	13,910	1,397	15,307	-
Accrued interest	5,632	4,146	9,778	-
Other current liabilities	1,741	-	1,741	-
Unearned revenue	46,213	3,579	49,792	-
Bonds and notes payable	14,095	12,281	26,376	-
Lease liability	4,789	86	4,875	36
SBITA liability	2,411	113	2,524	-
Compensated absences	26,268	296	26,564	6
Landfill closure/postclosure costs	1,269	-	1,269	-
Self-insurance payable	5,116	-	5,116	-
<b>Total Current Liabilities</b>	<b>175,037</b>	<b>31,689</b>	<b>206,726</b>	<b>266</b>
Long-Term Liabilities:				
Net pension liability	918,503	10,335	928,838	128
Net OPEB liability	27,036	358	27,394	-
Bonds and notes payable	174,932	309,475	484,407	-
Lease liability	121,545	78	121,623	36
SBITA liability	203	86	289	-
Compensated absences	10,684	283	10,967	18
Landfill closure/postclosure costs	7,476	-	7,476	-
Self-insurance payable	18,385	-	18,385	-
<b>Total Long-Term Liabilities</b>	<b>1,278,764</b>	<b>320,615</b>	<b>1,599,379</b>	<b>182</b>
<b>Total Liabilities</b>	<b>1,453,801</b>	<b>352,304</b>	<b>1,806,105</b>	<b>448</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pensions	1,008	11	1,019	2
Deferred OPEB	10,330	137	10,467	-
Deferred bond refunding	453	450	903	-
Deferred amounts related to leases	1,814	15,717	17,531	-
<b>Total Deferred Inflows of Resources</b>	<b>13,605</b>	<b>16,315</b>	<b>29,920</b>	<b>2</b>
<b>NET POSITION</b>				
Net investment in capital assets	1,229,892	293,062	1,522,954	3
Restricted for:				
General government	10,548	-	10,548	-
Public protection	21,140	-	21,140	-
Health and sanitation	18,706	-	18,706	-
Public assistance	2,750	-	2,750	2
Public ways and facilities	26,634	-	26,634	-
Recreation and cultural services	3,093	-	3,093	-
Education	204	-	204	-
Debt service	90,011	-	90,011	-
Unrestricted	(297,796)	127,391	(170,405)	9,185
<b>Total Net Position</b>	<b>\$ 1,105,182</b>	<b>\$ 420,453</b>	<b>\$ 1,525,635</b>	<b>\$ 9,190</b>

**COUNTY OF SAN LUIS OBISPO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2023 (IN THOUSANDS)**

Functions/Programs	Expenses	Program Revenues			Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
General government	\$ 37,088	\$ 16,808	\$ 19,120	\$ 1,000	\$ 36,928
Public protection	254,728	25,758	79,867	-	105,625
Public ways and facilities	55,375	4,974	22,753	4,516	32,243
Health and sanitation	152,565	8,130	107,717	-	115,847
Public assistance	201,741	901	137,154	-	138,055
Education	15,256	2,313	247	-	2,560
Recreation and cultural services	13,754	6,094	1,794	855	8,743
Interest on long-term debt	11,299	-	-	-	-
<b>Total governmental activities</b>	<b>741,806</b>	<b>64,978</b>	<b>368,652</b>	<b>6,371</b>	<b>440,001</b>
<b>Business-type activities:</b>					
Airport	26,498	11,724	5,599	-	17,323
Golf	4,884	4,738	-	-	4,738
State Water Contract	6,882	7,367	14	-	7,381
Nacimiento Water Contract	14,170	15,596	-	-	15,596
Lopez Flood Control	7,708	7,918	6	-	7,924
Lopez Park	-	-	-	-	-
General Flood Control - Salinas Dam	1,490	1,380	-	-	1,380
County Service Areas	7,340	5,500	3	-	5,503
Los Osos Wastewater	12,597	7,425	-	963	8,388
<b>Total business-type activities</b>	<b>81,569</b>	<b>61,648</b>	<b>5,622</b>	<b>963</b>	<b>68,233</b>
<b>Total primary government</b>	<b>\$ 823,375</b>	<b>\$ 126,626</b>	<b>\$ 374,274</b>	<b>\$ 7,334</b>	<b>\$ 508,234</b>
<b>Component unit:</b>					
First 5 San Luis Obispo	\$ 2,098	\$ -	\$ 1,629	\$ -	\$ 1,629

**COUNTY OF SAN LUIS OBISPO**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023 (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	\$ (160)	\$ -	\$ (160)	
Public protection	(149,103)	-	(149,103)	
Public ways and facilities	(23,132)	-	(23,132)	
Health and sanitation	(36,718)	-	(36,718)	
Public assistance	(63,686)	-	(63,686)	
Education	(12,696)	-	(12,696)	
Recreation and cultural services	(5,011)	-	(5,011)	
Interest on long-term debt	(11,299)	-	(11,299)	
Total governmental activities	<u>(301,805)</u>	<u>-</u>	<u>(301,805)</u>	
Business-type activities:				
Airport	-	(9,175)	(9,175)	
Golf	-	(146)	(146)	
State Water Contract	-	499	499	
Nacimiento Water Contract	-	1,426	1,426	
Lopez Flood Control	-	216	216	
Lopez Park	-	-	-	
General Flood Control	-	(110)	(110)	
County Service Areas	-	(1,837)	(1,837)	
Los Osos Wastewater	-	(4,209)	(4,209)	
Total business-type activities	<u>-</u>	<u>(13,336)</u>	<u>(13,336)</u>	
<b>Total primary government</b>	<u>\$ (301,805)</u>	<u>\$ (13,336)</u>	<u>\$ (315,141)</u>	
<b>Component unit:</b>				
First 5 San Luis Obispo				<u>\$ (469)</u>
General Revenues:				
Taxes:				
Property taxes	235,064	4,944	240,008	-
Sales and use taxes	15,560	-	15,560	-
Transient occupancy taxes	16,548	-	16,548	-
Transfer tax	3,164	-	3,164	-
Other taxes	2,145	-	2,145	-
Grants not restricted to specific programs	5,334	-	5,334	-
Interest earnings not restricted to specific programs	13,395	1,814	15,209	173
Other revenues	306	5,282	5,588	6
Transfers	(6,696)	6,696	-	-
Total General Revenues and Transfers	<u>284,820</u>	<u>18,736</u>	<u>303,556</u>	<u>179</u>
Change in net position	(16,985)	5,400	(11,585)	(290)
Net position - beginning of year, as restated	<u>1,122,167</u>	<u>415,053</u>	<u>1,537,220</u>	<u>9,480</u>
Net position - end of year	<u>\$ 1,105,182</u>	<u>\$ 420,453</u>	<u>\$ 1,525,635</u>	<u>\$ 9,190</u>



**COUNTY  
of SAN LUIS  
OBISPO**

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**BASIC FINANCIAL STATEMENTS**  
**FUND FINANCIAL STATEMENTS**

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**COUNTY**  
**of SAN LUIS**  
**OBISPO**



**COUNTY OF SAN LUIS OBISPO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023 (IN THOUSANDS)**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 514,748	\$ 18,978	\$ 111,051	\$ 644,777
Restricted cash with fiscal agent	-	-	72,585	72,585
Accounts receivable, net	7,904	-	189	8,093
Accrued property taxes receivable	15,357	-	-	15,357
Other receivables	1,906	-	29	1,935
Due from other governments	45,420	2,606	7,022	55,048
Interest receivable	1	-	-	1
Due from other funds	-	286	-	286
Inventories	121	-	-	121
Leases receivable	1,759	-	136	1,895
Loans receivable, net of allowance for uncollectibles	-	-	20,549	20,549
Advances to other funds	5,918	-	1,982	7,900
Deposits with others	5	-	-	5
Prepaid items	734	-	9	743
Other assets	-	-	52	52
Total assets	<u>\$ 593,873</u>	<u>\$ 21,870</u>	<u>\$ 213,604</u>	<u>\$ 829,347</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 34,859	\$ 1,737	\$ 8,772	\$ 45,368
Salaries and benefits payable	5,380	-	165	5,545
Due to other funds	-	-	286	286
Deposits from others	6,087	-	2,775	8,862
Unearned revenue	46,038	108	67	46,213
Other current liabilities	1,741	-	-	1,741
Advances from other funds	-	-	571	571
Total liabilities	<u>94,105</u>	<u>1,845</u>	<u>12,636</u>	<u>108,586</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	42,683	2,458	1,998	47,139
Deferred amounts related to leases	1,686	-	128	1,814
Total deferred inflows of resources	<u>44,369</u>	<u>2,458</u>	<u>2,126</u>	<u>48,953</u>
<b>FUND BALANCES</b>				
Nonspendable	6,773	-	9	6,782
Restricted	24,607	286	129,386	154,279
Committed	224,823	17,281	69,447	311,551
Assigned	199,196	-	-	199,196
Unassigned	-	-	-	-
Total fund balances	<u>455,399</u>	<u>17,567</u>	<u>198,842</u>	<u>671,808</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 593,873</u>	<u>\$ 21,870</u>	<u>\$ 213,604</u>	<u>\$ 829,347</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  
FOR THE YEAR ENDED JUNE 30, 2023 (IN THOUSANDS)**

<b>Total Fund Balances - Total Governmental Funds</b>	\$	671,808
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.		1,263,151
Lease assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		122,017
SBITA assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		2,553
Accrued property tax and grant revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		47,139
Internal service funds are used by the County to charge the costs of vehicle fleet management, comprehensive public works services, and operations of the County's workers' compensation, protected self-insurance, unemployment, and dental insurance programs to individual funds. The assets and liabilities are included in governmental activities in the Statement of Net Position.		(30,622)
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.		4,500
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(5,632)
The pension liability of governmental funds is not due and payable in the current period, and therefore is not reported in the fund financial statements.		(838,939)
The other post-employment benefit (OPEB) of governmental funds is not due and payable in the current period, and therefore is not reported in the fund financial statements.		(24,556)
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.		245,675
The unamortized portion of changes to the net other post-employment benefit (OPEB) liability, the net difference between projected and actual earnings on OPEB investments, and contributions subsequent to the OPEB liability measurement date are not reported in the fund financial statements for governmental funds.		7,920
Governmental funds report the effects of refundings when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		(453)
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds as follows:		
Certificates of participation	(11,178)	
Bonds and notes payable	(177,849)	
Leases payable	(125,542)	
SBITA payable	(2,558)	
Compensated absences	(33,507)	
Landfill closure/postclosure costs	(8,745)	(359,379)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>1,105,182</u></b>

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

**COUNTY OF SAN LUIS OBISPO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023 (IN THOUSANDS)**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>REVENUES</u></b>				
Taxes	\$ 251,198	\$ -	\$ 19,592	\$ 270,790
Licenses, permits, and franchises	15,478	-	-	15,478
Fines, forfeitures, and penalties	3,392	389	516	4,297
Use of money and property	9,409	302	3,635	13,346
Aid from other governments	333,654	1,855	42,830	378,339
Charges for services	37,218	1,871	16,423	55,512
Other revenues	12,101	60	2,268	14,429
	<u>662,450</u>	<u>4,477</u>	<u>85,264</u>	<u>752,191</u>
Total revenues				
<b><u>EXPENDITURES</u></b>				
Current:				
General government	75,027	-	-	75,027
Public protection	224,449	-	8,995	233,444
Public ways and facilities	4,025	-	53,991	58,016
Health and sanitation	132,329	-	8,239	140,568
Public assistance	188,072	-	544	188,616
Education	596	-	13,603	14,199
Recreation and cultural services	6,204	-	10,481	16,685
Debt service:				
Principal payments	7,132	-	5,935	13,067
Interest and fiscal charges	848	-	9,733	10,581
Capital outlay	-	14,563	-	14,563
	<u>638,682</u>	<u>14,563</u>	<u>111,521</u>	<u>764,766</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>23,768</u>	<u>(10,086)</u>	<u>(26,257)</u>	<u>(12,575)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Refunding bonds issued	-	-	70,033	70,033
Premium on refunding bonds issued	-	-	4,634	4,634
Payment to refunded bond escrow agent	-	-	(5,724)	(5,724)
Leases	38,935	-	-	38,935
SBITAs	305	-	-	305
Transfers in	2,174	9,352	36,524	48,050
Transfers out	(46,647)	(4)	(13,215)	(59,866)
	<u>(5,233)</u>	<u>9,348</u>	<u>92,252</u>	<u>96,367</u>
Total other financing sources (uses)				
Net change in fund balances	18,535	(738)	65,995	83,792
Fund balances - beginning	<u>436,864</u>	<u>18,305</u>	<u>132,847</u>	<u>588,016</u>
Fund balances - ending	<u>\$ 455,399</u>	<u>\$ 17,567</u>	<u>\$ 198,842</u>	<u>\$ 671,808</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, 2023 (IN THOUSANDS)**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	83,792
Amounts reported for governmental activities in the Statement of Revenues, Expenditures, and Changes in Fund Balances were different because:		
Property tax, intergovernmental revenue and other revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		254
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	\$ 13,165	
General government	6,177	
Public protection	2,492	
Public ways	14,224	
Health and sanitation	390	
Public assistance	583	
Education	-	
Recreation and cultural services	<u>3,872</u>	40,903
Governmental funds report new leases as expenditures. These expenditures have no effect on net position.		38,935
In the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.		(22,971)
In the Statement of Activities, the cost of right to use lease assets is allocated over their estimated useful lives and reported as amortization expense.		(6,815)
In the Statement of Activities, the cost of SBITA assets is allocated over their estimated useful lives and reported as amortization expense.		(2,165)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(248)
Debt proceeds and new leases are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases long-term liabilities and does not affect the Statement of Activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the Statement of Net Position.		
Refunding bonds issued		(70,033)
Premium on refunding bonds issued		(4,634)
Payment to escrow agent		5,724
Debt principal payments		5,759
Lease payments		4,521
Lease issuance		(38,935)
SBITA payments		2,465
SBITA issuance		(305)
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	\$ (1,143)	
Change in accrued interest payable	(782)	
Change in landfill closure/postclosure costs	(573)	
Change in net OPEB liability	1,958	
Change in deferred OPEB outflows	4,232	
Change in deferred OPEB inflows	(4,729)	
Change in Net Pension Liability	(294,299)	
Change in deferred pension outflows	128,039	
Change in deferred pension inflows	111,172	
Change in capital appreciation bond accretion	2,046	
Amortization of debt premiums and discounts and refunding	<u>392</u>	(53,687)
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.		(124)
The net (revenue) expense allocable to business-type activities		<u>579</u>
<b>Change in Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>(16,985)</u></b>

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

**COUNTY OF SAN LUIS OBISPO  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2023 (IN THOUSANDS)**

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Nonmajor Enterprise Funds		
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 27,132	\$ 16,065	\$ 17,629	\$ 6,484	\$ 21,188	\$ 88,498	\$ 47,623
Accounts receivable, net	-	-	3,326	-	400	3,726	20
Other receivables	481	-	1,041	97,149	42	98,713	-
Due from other governments	240	-	-	-	-	240	-
Interest receivable	16	-	-	-	-	16	-
Leases receivable	576	-	-	-	75	651	-
Deposits with others	-	-	-	-	86	86	-
Inventories	-	-	-	-	84	84	739
Loans receivable	-	-	-	401	-	401	-
Prepaid items	-	-	-	-	424	424	10
Total current assets	<u>28,445</u>	<u>16,065</u>	<u>21,996</u>	<u>104,034</u>	<u>22,299</u>	<u>192,839</u>	<u>48,392</u>
Noncurrent assets:							
Restricted cash with fiscal agent	-	10,198	-	-	-	10,198	-
Leases receivable	15,715	-	-	-	12	15,727	-
Advances to other funds	-	-	-	-	20	20	-
Prepaid insurance	-	256	-	-	-	256	-
Capital assets:							
Nondepreciable:							
Land	24,030	3,259	-	5,406	4,022	36,717	-
Construction in progress	3,081	-	-	167	1,727	4,975	-
Water rights	-	-	72,319	-	-	72,319	-
Other property	-	-	-	-	1,968	1,968	-
Depreciable:							
Infrastructure, net	323	139,758	-	156,965	20,541	317,587	-
Structures and improvements, net	73,316	8,213	5,078	643	47,394	134,644	432
Equipment, net	5,498	5	1	94	1,038	6,636	13,190
Other property, net	-	-	-	-	496	496	-
Lease assets, net	57	-	-	-	105	162	762
SBITA assets, net	155	-	-	-	40	195	56
Total noncurrent assets	<u>122,175</u>	<u>161,689</u>	<u>77,398</u>	<u>163,275</u>	<u>77,363</u>	<u>601,900</u>	<u>14,440</u>
Total assets	<u>150,620</u>	<u>177,754</u>	<u>99,394</u>	<u>267,309</u>	<u>99,662</u>	<u>794,739</u>	<u>62,832</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred pensions	1,841	-	-	-	1,196	3,037	23,387
Deferred OPEB	150	-	-	-	93	243	1,760
Deferred loss on refunding	-	2,902	-	-	-	2,902	-
Total deferred outflows of resources	<u>1,991</u>	<u>2,902</u>	<u>-</u>	<u>-</u>	<u>1,289</u>	<u>6,182</u>	<u>25,147</u>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	1,913	303	6,795	82	615	9,708	2,072
Salaries and benefits payable	48	-	-	-	35	83	608
Interest payable	-	2,230	-	1,631	285	4,146	-
Self-insurance payable	-	-	-	-	-	-	5,116
Deposits from others	63	803	2	11	518	1,397	5,048
Unearned revenue	191	-	2,874	-	514	3,579	-
Due to other funds	-	-	-	-	-	-	-
Accrued vacation and sick leave - current	162	-	-	-	134	296	2,473
Lease liability - current	10	-	-	-	76	86	116
SBITA liability - current	87	-	-	-	26	113	26
Notes and bonds payable - current	40	5,250	-	3,895	3,096	12,281	-
Total current liabilities	<u>2,514</u>	<u>8,586</u>	<u>9,671</u>	<u>5,619</u>	<u>5,299</u>	<u>31,689</u>	<u>15,459</u>
Noncurrent liabilities:							
Self-insurance liability	-	-	-	-	-	-	18,385
Advances from other funds	5,233	-	-	1,214	902	7,349	-
Accrued vacation and sick leave	170	-	-	-	113	283	972
Lease liability	48	-	-	-	30	78	676
SBITA liability	72	-	-	-	14	86	30
Notes and bonds payable	126	147,149	-	135,755	26,445	309,475	-
Net OPEB Liability	228	-	-	-	130	358	2,480
Net Pension Liability	6,263	-	-	-	4,072	10,335	79,564
Total noncurrent liabilities	<u>12,140</u>	<u>147,149</u>	<u>-</u>	<u>136,969</u>	<u>31,706</u>	<u>327,964</u>	<u>102,107</u>
Total liabilities	<u>14,654</u>	<u>155,735</u>	<u>9,671</u>	<u>142,588</u>	<u>37,005</u>	<u>359,653</u>	<u>117,566</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred pensions	7	-	-	-	4	11	87
Deferred OPEB	87	-	-	-	50	137	948
Bond refunding	-	287	-	-	163	450	-
Deferred amounts related to leases	15,630	-	-	-	87	15,717	-
Total deferred inflows of resources	<u>15,724</u>	<u>287</u>	<u>-</u>	<u>-</u>	<u>304</u>	<u>16,315</u>	<u>1,035</u>
<b>NET POSITION</b>							
Net investment in capital assets							
Unrestricted	104,416	11,498	77,398	52,249	47,501	293,062	13,187
	<u>17,817</u>	<u>13,136</u>	<u>12,325</u>	<u>72,472</u>	<u>16,141</u>	<u>131,891</u>	<u>(43,809)</u>
Total net position	<u>\$ 122,233</u>	<u>\$ 24,634</u>	<u>\$ 89,723</u>	<u>\$ 124,721</u>	<u>\$ 63,642</u>	<u>424,953</u>	<u>\$ (30,622)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(4,500)	
Net Position of Business-Type Activities per Government-Wide Financial Statements						<u>\$ 420,453</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, 2023 (IN THOUSANDS)**

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Nonmajor Enterprise Funds		
<b>OPERATING REVENUES:</b>							
Charges for services	\$ 11,760	\$ 15,596	\$ 7,367	\$ 7,425	\$ 19,547	\$ 61,695	\$ 75,870
Other revenues	49	4,700	462	6	65	5,282	117
<b>Total operating revenues</b>	<b>11,809</b>	<b>20,296</b>	<b>7,829</b>	<b>7,431</b>	<b>19,612</b>	<b>66,977</b>	<b>75,987</b>
<b>OPERATING EXPENSES:</b>							
Salaries and benefits	3,957	-	-	-	2,413	6,370	41,778
Services and supplies	4,653	5,186	6,553	4,733	14,918	36,043	30,522
Other charges	32	-	-	-	3	35	-
Insurance benefit payments	-	-	-	-	-	-	6,435
Depreciation	17,083	2,221	192	4,370	2,465	26,331	2,680
Amortization	98	-	-	-	91	189	151
Countywide cost allocation	268	174	87	71	293	893	575
<b>Total operating expenses</b>	<b>26,091</b>	<b>7,581</b>	<b>6,832</b>	<b>9,174</b>	<b>20,183</b>	<b>69,861</b>	<b>82,141</b>
<b>Operating income (loss)</b>	<b>(14,282)</b>	<b>12,715</b>	<b>997</b>	<b>(1,743)</b>	<b>(571)</b>	<b>(2,884)</b>	<b>(6,154)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>							
Property taxes	-	-	2,779	-	2,165	4,944	-
Investment income (expense)	469	675	188	116	366	1,814	569
Interest income (expense)	(2)	(6,489)	-	(3,334)	(1,060)	(10,885)	(6)
Sale of capital assets	(253)	-	(1)	-	(37)	(291)	225
Other revenues (expense)	-	-	-	-	-	-	-
Aid from governmental agencies	5,599	-	14	-	9	5,622	-
<b>Total nonoperating revenues (expenses)</b>	<b>5,813</b>	<b>(5,814)</b>	<b>2,980</b>	<b>(3,218)</b>	<b>1,443</b>	<b>1,204</b>	<b>788</b>
<b>Income (loss) before contributions and transfers</b>	<b>(8,469)</b>	<b>6,901</b>	<b>3,977</b>	<b>(4,961)</b>	<b>872</b>	<b>(1,680)</b>	<b>(5,366)</b>
Capital contributions	-	-	-	963	-	963	122
Transfers in	-	-	6,281	207	608	7,096	6,673
Transfers out	(302)	-	-	(41)	(57)	(400)	(1,553)
<b>Change in net position</b>	<b>(8,771)</b>	<b>6,901</b>	<b>10,258</b>	<b>(3,832)</b>	<b>1,423</b>	<b>5,979</b>	<b>(124)</b>
Net position - beginning, as restated	131,004	17,733	79,465	128,553	62,219		(30,498)
Net position - ending	<u>\$ 122,233</u>	<u>\$ 24,634</u>	<u>\$ 89,723</u>	<u>\$ 124,721</u>	<u>\$ 63,642</u>		<u>\$ (30,622)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(579)	
Change in Net Position of Business-Type Activities per Government-Wide Financial Statements						<u>\$ 5,400</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, 2023 (IN THOUSANDS)**

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Nonmajor Enterprise Funds		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from customers and third parties	\$ 11,490	\$ 20,631	\$ 5,825	\$ 7,431	\$ 20,104	\$ 65,481	\$ -
Receipts from interfund billings	-	-	-	-	-	-	75,991
Payments for goods and services	(3,874)	(5,470)	(6,602)	(4,815)	(14,981)	(35,742)	(23,401)
Payments to employees for services	(3,014)	-	-	-	(2,254)	(5,268)	(37,511)
Payments for insurance benefits	-	-	-	-	-	-	(5,194)
Payments for premiums	-	-	-	-	-	-	(7,199)
<b>Net cash provided (used) by operating activities</b>	<b>4,602</b>	<b>15,161</b>	<b>(777)</b>	<b>2,616</b>	<b>2,869</b>	<b>24,471</b>	<b>2,686</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Property tax proceeds	-	-	2,779	-	2,165	4,944	-
Grants and subsidies from other governmental agencies	6,108	-	13	-	9	6,130	-
Advances from other funds	-	-	-	-	382	382	-
Due from other funds	-	-	-	-	(400)	(400)	-
Transfers from other funds	-	-	6,281	207	608	7,096	6,673
Transfers to other funds	(302)	-	-	(41)	(57)	(400)	(1,553)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>5,806</b>	<b>-</b>	<b>9,073</b>	<b>166</b>	<b>2,707</b>	<b>17,752</b>	<b>5,120</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Purchases and construction of capital assets	(6,705)	-	(4,074)	(178)	(993)	(11,950)	(2,879)
Proceeds from sale of capital assets	-	-	-	-	-	-	240
Advances from other funds	(139)	-	-	(541)	-	(680)	-
Capital contributions	-	-	-	5,112	-	5,112	122
Proceeds from issuance of long-term debt	-	-	-	-	-	-	-
Principal paid on capital debt	(30)	(4,827)	-	(3,804)	(3,535)	(12,196)	(117)
Interest paid on capital debt	(1)	(6,981)	-	(3,380)	(1,299)	(11,661)	(8)
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(6,875)</b>	<b>(11,808)</b>	<b>(4,074)</b>	<b>(2,791)</b>	<b>(5,827)</b>	<b>(31,375)</b>	<b>(2,642)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Interest received	469	675	188	116	366	1,814	569
<b>Net cash provided (used) by investing activities</b>	<b>469</b>	<b>675</b>	<b>188</b>	<b>116</b>	<b>366</b>	<b>1,814</b>	<b>569</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,002</b>	<b>4,028</b>	<b>4,410</b>	<b>107</b>	<b>115</b>	<b>12,662</b>	<b>5,733</b>
<b>CASH AND CASH EQUIVALENTS:</b>							
Beginning of year	23,130	22,235	13,219	6,377	21,073	86,034	41,890
End of year	\$ 27,132	\$ 26,263	\$ 17,629	\$ 6,484	\$ 21,188	\$ 98,696	\$ 47,623
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>							
Operating income (loss)	\$ (14,282)	\$ 12,715	\$ 997	\$ (1,743)	\$ (571)	\$ (2,884)	\$ (6,154)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation and amortization expense	17,181	2,221	192	4,370	2,556	26,520	2,831
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:							
(Increase) decrease in:							
Receivables, net	342	334	(2,435)	-	62	(1,697)	2
Inventory	-	-	-	-	(38)	(38)	(127)
Prepaid items	-	-	-	-	120	120	224
Deferred outflows - pension	(1,071)	-	-	-	(617)	(1,688)	(12,129)
Deferred outflows - OPEB	(39)	-	-	-	(22)	(61)	(428)
Leases	(775)	-	-	-	(74)	(849)	-
Increase (decrease) in:							
Accounts payable	1,095	(263)	38	(16)	126	980	903
Deposits from others	(17)	154	(45)	5	36	133	(502)
Salaries and benefits payable	(4)	-	-	-	(75)	(79)	(723)
Deferred inflows - pension	(721)	-	-	-	(545)	(1,266)	(10,555)
Deferred inflows - OPEB	48	-	-	-	25	73	473
Net OPEB liability	4	-	-	-	(13)	(9)	(223)
Net pension liability	2,727	-	-	-	1,404	4,131	27,854
Unearned revenue	114	-	476	-	495	1,085	-
Self-insurance liability	-	-	-	-	-	-	1,240
Total adjustments	18,884	2,446	(1,774)	4,359	3,440	27,355	8,840
<b>Net cash provided (used) by operating activities</b>	<b>\$ 4,602</b>	<b>\$ 15,161</b>	<b>\$ (777)</b>	<b>\$ 2,616</b>	<b>\$ 2,869</b>	<b>\$ 24,471</b>	<b>\$ 2,686</b>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES:</b>							
Leases	\$ -	\$ -	\$ -	\$ -	\$ 27	\$ 27	\$ -

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

**COUNTY OF SAN LUIS OBISPO**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL AND INVESTMENT TRUST FUNDS**  
**JUNE 30, 2023 (IN THOUSANDS)**  
**SAN LUIS OBISPO PENSION TRUST FUND**  
**DECEMBER 31, 2022 (IN THOUSANDS)**

	San Luis Obispo County Pension Trust December 31, 2022	Investment Trust Funds June 30, 2023	Custodial Funds June 30, 2023
<b>ASSETS</b>			
Cash and cash equivalents	\$ 84,237	\$ 727,330	\$ 117,881
Receivables:			
Contributions	-	-	-
Interest and dividends	525	-	-
Securities sold	1,067	-	-
Taxes for other governments	-	-	434
Investments at fair value:			
Bonds and notes	303,369	-	-
International fixed income	96,484	-	-
Collateralized mortgage obligations	2,829	-	-
Domestic equities	322,032	-	-
International equities	253,223	-	-
Alternative investments	313,798	-	-
Real estate	252,831	-	-
Other investments	-	-	-
Other assets	197	-	4,013
Capital assets, net	5,620	-	16
	<u>\$ 1,636,212</u>	<u>\$ 727,330</u>	<u>\$ 122,344</u>
Total assets			
<b>LIABILITIES</b>			
Other current liabilities	\$ 1,283	\$ -	\$ 84,028
Prefunded contributions	37,737	-	-
Securities purchased	2,700	-	-
Other long-term liabilities	-	-	9
	<u>\$ 41,720</u>	<u>\$ -</u>	<u>\$ 84,037</u>
Total liabilities			
<b>NET POSITION</b>			
Restricted for:			
Pensions	\$ 1,594,492	\$ -	\$ -
Pool Participants	-	727,330	-
Individuals, organizations and other governments	-	-	38,307
	<u>\$ 1,594,492</u>	<u>\$ 727,330</u>	<u>\$ 38,307</u>
Total net position			

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



**COUNTY OF SAN LUIS OBISPO**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**CUSTODIAL AND INVESTMENT TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023 (IN THOUSANDS)**  
**SAN LUIS OBISPO PENSION TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2022 (IN THOUSANDS)**

	San Luis Obispo County Pension Trust <u>December 31, 2022</u>	Investment Trust Funds <u>June 30, 2023</u>	Custodial Funds <u>June 30, 2023</u>
<b><u>ADDITIONS</u></b>			
Contributions:			
Contributions to pooled investments	\$ -	\$ 1,510,533	\$ -
Employer contributions	72,096	-	-
Member contributions	39,229	-	-
	<u>111,325</u>	<u>1,510,533</u>	<u>-</u>
Total contributions			
Investment income:			
Realized and unrealized gains and losses	(138,986)	-	-
Interest	2,675	9,401	1,890
Dividends	6,814	-	-
Investment expenses	(3,570)	-	-
	<u>(133,067)</u>	<u>9,401</u>	<u>1,890</u>
Total investment income			
Property taxes collected for other governments	-	-	230,113
Sales taxes collected for other governments	-	-	17,500
Other Income	47	-	16,011
	<u>(21,695)</u>	<u>1,519,934</u>	<u>265,514</u>
Total additions			
<b><u>DEDUCTIONS</u></b>			
Benefits:			
Monthly benefit payments	124,133	-	-
Refunds of contributions	3,402	-	-
Death benefits	1,859	-	-
	<u>129,394</u>	<u>-</u>	<u>-</u>
Total benefits			
Administrative expenses	2,897	-	28
Distributions from pooled investments	-	1,303,487	-
Depreciation expense	-	-	-
Interest expenses	-	-	26,973
Payments to other local governments	-	-	1,697
Prefunded discount amortization	1,485	-	-
Property taxes distributed to other governments	-	-	234,522
	<u>133,776</u>	<u>1,303,487</u>	<u>263,220</u>
Total deductions			
Change in net position	(155,471)	216,447	2,294
Net position - beginning	<u>1,749,963</u>	<u>510,883</u>	<u>36,013</u>
Net position - ending	<u>\$ 1,594,492</u>	<u>\$ 727,330</u>	<u>\$ 38,307</u>

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



**COUNTY  
of SAN LUIS  
OBISPO**

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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**COUNTY**  
**of SAN LUIS**  
**OBISPO**

**COUNTY OF SAN LUIS OBISPO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (IN THOUSANDS)**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. FINANCIAL REPORTING ENTITY**

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

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

Blended Component Units

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

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

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

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

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

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

## **NOTES TO 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 Units

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

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

## **B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

### Government-wide Financial Statements

The Government-wide financial statements consist of the statement of net position and the statement of activities that report information about the County and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. The statements distinguish between governmental and business-type activities of the County. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Enterprise funds, reported as business-type activities, distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operation. The principal operating revenues of the County enterprise funds (Airport, Nacimiento Water Contract, State Water Project, Los Osos Wastewater, and nonmajor enterprise) are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

### Fund Financial Statements

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

### New Accounting Pronouncements

For the fiscal year ended June 30, 2023, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (GASB 96)*. The requirements of this statement are effective for financial statement periods beginning after June 15, 2022. GASB 96 improves consistency in accounting and financial reporting for subscription-based information technology arrangements (SBITA) by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. Under this Statement, a government is required to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement.

### The County reports the following Major Governmental Funds:

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

### The County reports the following Major Proprietary Funds:

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

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

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

### The County reports the following Fiduciary Funds:

- The Pension Trust Fund accumulates contributions from the County and its employees, as well as earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula), and administrative expenses. This fund includes all assets of the San Luis Obispo County Pension Trust as of December 31, 2022.
- The Investment Trust Funds account for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand.
- The Custodial Funds account for the resources held by the County in a custodial capacity on behalf of other agencies. These include accounts for temporary holding of funds for the tax assessment areas created under the 1915 Improvement Act, temporary clearing funds, and other temporary holding funds not classified in other fiduciary categories.

## **C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

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

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



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

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

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

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

#### Deposits and Investments

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

Cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held by the County Treasurer are stated at fair value at June 30, 2023. The fair value of pooled investments is determined annually and is based on current market prices.

The County pool is not registered with the Securities and Exchange Commission as an investment company and does not issue separate investment reports. The County has not provided or obtained any legally binding guarantees to support the value of the shares. Participants may withdraw up to the amortized cost of their respective shares as displayed on the combined balance sheet. The share of the Treasurer's pool related to involuntary participants is 99.99 percent.

#### Cash and Cash Equivalents

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

#### Receivables and Payables

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

#### Deferred Outflows and Inflows of Resources

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

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

### Property Tax

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

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

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

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

### Interfund Transactions

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by nonspendable fund balance in the applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

### Inventories and Prepaid Items

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

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### Capital Assets

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

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

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

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

<u>Asset Type</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land	No threshold	-----
Infrastructure	\$100,000	20 to 100 years
Structures & Improvements	\$25,000	15 to 50 years
Equipment	\$5,000	2 to 15 years
Lease Assets	\$5,000	Lease term
Subscription Assets	\$5,000	Subscription term

### Lease Asset

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

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

### Subscription Asset

Subscription assets are recorded at the amount of the initial measurement of the subscription liabilities and modified by any subscription payments made to the vendor at the commencement of the subscription term and any capitalizable initial implementation costs. The asset is reduced by any vendor incentives received at the commencement of the subscription term.

Subscription assets are amortized using the straight-line method over the shorter of the subscription term or the useful life of the underlying asset.

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

### Compensated Absences

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

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

### Long-term Obligations

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

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

### Pensions

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

### Other Postemployment Benefits (OPEB)

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

### Fund Equity

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

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

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

### **E. ESTIMATES**

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

## **DETAIL NOTES ON ALL FUNDS**

### **2. CASH AND CASH EQUIVALENTS**

#### Cash in Treasury

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

The San Luis Obispo County Investment Pool is rated by Fitch Ratings, one of the Nationally Recognized Statistical Rating Organizations. Fitch has consistently rated the County Pool with their highest rating since Fiscal Year (FY) 1994-95. Fitch reaffirmed the County Pool's "AAAF/S1" rating on August 25, 2022. The County Pool's "AAAF" fund credit quality rating reflects "the highest underlying credit quality (or lowest vulnerability to default)". The "f" suffix to the Fund Credit Quality Rating indicates a fund rather than an individual issue or issuer. The County Pool's "S1" rating reflects the pool's low sensitivity to market risk and capacity to return stable principal value to meet anticipated cash flow requirements, even in adverse interest rate environments.

The County Treasury Oversight Committee (CTOC) was created by the Board of Supervisors' Resolution and consists of five members. The CTOC monitors and reviews quarterly, the management of public funds maintained in the investment pool in accordance with the CGC. The CTOC and the Board of Supervisors review and approve the IP annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the CTOC and the investment pool participants every quarter. The report covers the type of investments in the pool, maturity dates, par value, actual costs, and fair value. CGC directs the CTOC to cause an annual IP compliance audit. A list of providers for the annual compliance audit is specified in the Board Resolution which created the CTOC. These providers are the County Auditor in conjunction with or in addition to work directed by CGC, independent certified public accountants (CPAs) selected to review the County's Annual Comprehensive Financial Report, and independent CPAs as deemed appropriate. CLA (CliftonLarsonAllen LLP) was selected to perform an Annual Investment Program Compliance Audit for the FY ended June 30, 2023. The results of these audits have been presented to the Board of Supervisors on a yearly basis. All such audits from prior years have had no findings.

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

The County maintains a combined pool of cash and investments which provides cash flow for the funding needs of the County, school districts, and other local agencies required by law to keep funds in the Treasury. The combined pool's investments are stated at fair value and have a weighted-average maturity of 1.34 years. Interest is apportioned to the separate funds based on the individual fund's average daily balance. Securities are held in a customer-segregated safekeeping account during the fiscal year. A Cash Statement and Asset List is requested monthly from the appropriate institutions and verified against records maintained in the Treasury.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

The County's combined pool has invested in the CalTRUST Short-Term Fund (CTSTF). CalTRUST is a Joint Powers Agency Authority created by local public agencies to provide a method for local public agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasury and investment officers. The CalTRUST Board sets overall policies for the program and selects and supervises the activities of the investment manager, which as of June 30, 2023, was BlackRock Financial Management Inc. Public agencies invest in shares of beneficial interest with a Net Asset Value (NAV) that fluctuates. CalTRUST attempts to minimize NAV fluctuation. This type of investment is an authorized investment under CGC §53601 (p). As of June 30, 2023, the CTSTF NAV was \$0.996 per \$1.00 of investment.

The County's combined pool has invested in the State's Local Agency Investment Fund (LAIF). This fund is not registered with the Securities and Exchange Commission as an investment company but is required to invest according to CGC. Market valuation is conducted quarterly. LAIF provided a fair value dollar factor of 0.984828499 for its portfolio as of June 30, 2023. 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, 2023, 2.78% of the LAIF pool includes Medium-term and Short-term Structured notes and Asset-backed securities. The Local Investment Advisory Board, which consists of five members as designated by statute, provides oversight for LAIF.

As of June 30, 2023, the County's combined pool includes funds deposited in collateralized interest-bearing bank accounts known as Public Investment Money Market Accounts (PIMMAs) and FDIC Insured Placement Service Deposits. Per CGC §53631 et seq., PIMMAs are depository accounts, not investments, and are fully liquid and collateralized by eligible securities. Placement Service Deposits are when a single large deposit is placed into individual deposits of less than \$250,000 with network banks. As a result, full FDIC insurance is maintained. Placement Service Deposits are not term deposits, and the full balance is available at any time on demand. PIMMAs and Placement Service Deposits are not investments by code, but they are included in the County's combined pool and are treated internally as investments for tracking, management, and reporting purposes.

Governmental Accounting Standards Board (GASB) Statement No. 31 requires governmental external investment pools to report certain investments at fair value in the financial statements and report the change in the fair value of investments in the year in which the change occurred. In compliance with these requirements, the fair value of the County's combined pool is determined annually and is based on current market prices received from the securities custodian, CalTRUST, and LAIF, except for instruments which are carried at amortized cost plus accrued interest. The County Treasury has provided a fair value dollar factor of 0.973615827 in the Quarterly Report of Investments as of June 30, 2023, which can be used for financial reporting by the pool participants. The fair value of the investments is the pool participant's amount invested balance multiplied by the fair value dollar factor.

The table below identifies the investment types that are authorized for the County by the CGC. The County's combined pool is further restricted by both the County's IP and the Treasurer's written policies and procedures to reduce exposure to investment risks. The County's IP gives the County Treasurer the authority to act in the best interest of the County in the face of changing market conditions and circumstances by making written exceptions to the County's IP and the Treasurer's written policies and procedures within the limits of the CGC and all relevant laws. As of June 30, 2023, 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.

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

Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Investment types utilized by the combined pool in FY 2022-23			
U.S. Treasury Notes	4 years	100%	N/A
U.S. Treasury Bills	Maximum issued	100%	N/A
U.S. Government Agencies: Federal Home Loan Bank	4 years	25%	N/A
U.S. Government Agencies: Farm Credit	4 years	25%	N/A
Local Agency Investment Fund (LAIF)	N/A	15%	N/A
Joint Powers Authority Pool	N/A	20%	N/A
Money Market Mutual Funds (Shares of Beneficial Interest) issued by a Joint Powers Authority	N/A	15%	15% per issuer. Requires specific written approval of County Treasurer for each type of investment.
Supranationals	4 years	20%	10% per issuer (IBRD, IFC, or IADB only). Must have AAA/A-1+ by 1 of the 3 credit rating agencies.
Public Investment Money Market Accounts (PIMMA)	N/A	50%	20%
FDIC Insured Placement Service Deposits	N/A	15%	Up to \$250,000 per participating bank
Bonds, Notes, Warrants, other evidences of indebtedness of any local agency within this state	1 year	10%	No more than 10% of issuer debt and assets. Requires specific written approval of County Treasurer for each type of investment.
Investments authorized, but not utilized in FY 2022-23			
U.S. Treasury Bonds	4 years	100%	N/A
CDARS	1 year	15%	1%
Bankers' Acceptances-Domestic	30 days	10%	4%
Commercial Paper	30 days	5%	2%
Collateralized Certificates of Deposit	1 year	5%	1%
Tri-Party Repurchase Agreements	30 days	15% of all repos	N/A
Cash Management Bills	Maximum issued	100%	N/A
Bonds issued by a Local Agency	1 year	5%	Requires specific written approval of County Treasurer for each type of investment.
Registered State Warrants	1 year	10%	Requires specific written approval of County Treasurer for each type of investment.
Pledged Funds held by a trustee or fiscal agent	Per specific statutory provisions or in accordance with the ordinance, resolution, indenture, or agreement of a local agency providing for the issuance.		
Investments not authorized in FY 2022-23			
U.S. Government Agencies: Federal National Mortgage Assoc.			
U.S. Government Agencies: Federal Home Loan Mortgage Corp.			
Bankers' Acceptances-Foreign			
Negotiable Certificates of Deposit			
Bi-Party Repurchase Agreements			
Medium-Term Notes			
Money Market Mutual Funds (Shares of Beneficial Interest) issued by diversified management companies			
Treasury Notes or Bonds of this state			
Registered Treasury Notes or Bonds of any of the other 49 United States			
Notes, Bonds, or other obligations that are at all times secured by a valid first priority security interest			
Mortgage Pass-Through Securities			
Investments not authorized in the County's IP			
Reverse Repurchase Agreements			
Securities Lending Agreements			

Interest Rate Risk

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### Custodial Credit Risk

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

### Credit Risk

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

### Concentration of Credit Risk

At June 30, 2023, the County did not have investments in medium-term notes.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County's Investment Pool's fair value at June 30, 2023.

<u>Investment Type</u>	<u>S&amp;P</u>	<u>Moody's</u>	<u>% of Portfolio</u>
U.S. Government Agencies	AA+	Aaa	42.30%
U.S. Treasuries	AA+	Aaa	29.33%
Supranationals	AAA	Aaa	18.54%
CalTRUST-Short-Term Fund	AAf/S1+	Not Rated	4.75%
LAIF	Not Rated	Not Rated	5.08%
Total			<u>100.00%</u>

GASB Statement No. 40 requires that investments in single issuers exceeding 5% of the County's pooled investments be disclosed as concentrations of credit risk. As of the year ended June 30, 2023, the following investments exceeded the 5% disclosure threshold:

<u>Investment Type</u>	<u>% of Portfolio</u>
U.S. Government Agencies-Federal Home Loan Bank	21.34%
U.S. Government Agencies-Farm Credit Bank	20.96%
Supranationals – IADB	8.08%
Supranationals – IBRD	6.57%

At June 30, 2023, the County had the following investments and interest-bearing deposits (in thousands):

<u>Instrument</u>	<u>Maturity Dates</u>	<u>Interest Rate %</u>	<u>Weighted Average Maturity Years</u>	<u>Fair Value</u>	<u>Cost</u>
U.S. Government Agencies	7/10/23-10/19/26	0.173%-5.150%	1.30	\$ 619,934	\$ 634,425
U.S. Treasuries	7/25/23-2/15/27	0.177%-5.126%	1.77	429,920	442,174
Supranationals	9/27/23-3/10/27	0.236%-4.749%	1.47	271,758	288,477
CalTRUST	On Demand	4.500%	-	69,541	69,773
LAIF	On Demand	2.170%	-	74,449	75,000
Total Investments in County Treasury				<u>\$ 1,465,602</u>	<u>\$ 1,509,849</u>



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Deposits in Financial Institutions	\$ 205,374	\$ 205,374
Cash on Hand	326	326
Total Cash held in Treasury	1,671,302	1,715,549
Deposits in Transit	5,125	5,125
Outstanding Warrants	(11,691)	(11,691)
Total	1,664,736	1,708,983
Imprest Cash	1,649	1,649
Non-pool Cash Deposits	3,313	3,313
Other Cash Deposits	4,962	4,962
Total Cash and Cash Equivalents	\$ 1,669,698	\$ 1,713,945

### Restricted Cash with Fiscal Agent

U.S. Government & Federal Agencies	\$ 82,783	\$ 82,632
Certificates of Deposit & Money Market Accounts	-	-
Total	82,783	82,632
Total restricted and unrestricted cash and cash equivalents	\$ 1,752,481	\$ 1,796,577

### Total Cash and Investments Summary

	<u>Fair Value</u>
Total Governmental Activities	\$ 764,985
Total Business-Type Activities	98,696
Total Investment and Custodial Fiduciary Funds	845,211
Total Fiduciary Component Unit – SLO Pension Trust as of December 31, 2022	84,237
SLO Pension Trust Fund Perspective Difference <sup>1</sup>	(49,808)
Total Component Unit – First 5	9,160
Total Cash and Investments as of June 30, 2023	\$ 1,752,481

<sup>1</sup> Perspective amount represents the combination of the change in Total SLO Pension Trust cash from the Pension Trust's ACFR Reporting Date of 12/31/2022 to the County's ACFR Reporting Date of 6/30/2023 and the portion of Pension Trust's cash held outside of the County's financial system. The cash balance in the County's Treasury for San Luis Obispo County Pension Trust as of 6/30/2023 is \$34,429.

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2023 (in thousands):

	<u>Fair Value</u>
<u>Statement of Net Position:</u>	
Net position held for pool participants	\$ 1,664,736
Equity of internal pool participants	\$ 937,408
Equity of external pool participants (voluntary and involuntary)	727,328
Total Equity	\$ 1,664,736
<u>Statement of Changes in Net Position:</u>	
Revenue	\$ 28,567
Investment costs	(964)
Net deposits	226,869
Change in fair value	(5,300)
Net change in pool net position	249,172
Net position at July 1, 2022	1,415,564
Net position at June 30, 2023	\$ 1,664,736

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### Fair Value Measurements

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

The County has the following recurring fair value measurements as of June 30, 2023:

	<u>Fair Value Measurements Using</u> <u>Investments by fair value level</u>		
	<u>Quoted</u> <u>Prices in</u> <u>Active</u> <u>Markets for</u> <u>Identical</u> <u>Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>
<u>Debt securities</u>			
U.S. Treasuries	\$ 429,920	\$ 429,920	\$ -
U.S. Government Agencies	619,934	619,934	-
Supranationals	271,758	271,758	-
Total measured at fair value	<u>1,321,612</u>	<u>1,321,612</u>	<u>-</u>
Investments measured at amortized cost			
LAIF	74,449	-	-
CaITRUST	69,541	-	-
Total investments in County Treasury	<u>\$ 1,465,602</u>	<u>\$ -</u>	<u>\$ -</u>

### Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2023, 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	\$ 82,054
Restricted interest on lease reserves	729
Restricted for contractor retentions	<u>-</u>
Total Restricted Cash	<u>\$ 82,783</u>

### Cash Deposits Outside of the Treasury Pool

At fiscal year-end, the carrying amount of the County's other cash deposits was \$3,289,033 and the combined financial institutions' balance was \$3,313,427. The difference of \$24,394 between the County's deposit balance and the financial institutions' balance results from transactions in transit, and outstanding warrants and bond coupons. The entire bank balance of \$3,313,427 was covered by federal depository insurance or by collateral held by the County's agent in the County's name.

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

**3. RECEIVABLES**

Receivables at year-end for the County are as follows (in thousands):

<u>Governmental Funds</u>	<u>General Fund</u>	<u>Nonmajor Special Revenue Funds</u>				
Accounts Receivable	\$ 7,904	\$ 189				
Lease Receivables	1,759	136				
Other Receivables*	1,906	29				
Loans Receivables	-	27,481				
Allowance for Doubtful Accounts	-	(6,932)				
<u>Proprietary Funds</u>	<u>Airport Fund</u>	<u>Nacimiento Water Contract Fund</u>	<u>State Water Project Fund</u>	<u>Los Osos Wastewater Fund</u>	<u>Nonmajor Enterprise Funds</u>	<u>Internal Service Funds</u>
Accounts Receivable	\$ -	\$ -	\$ 3,326	\$ -	\$ 400	\$ 20
Lease Receivables	16,291	-	-	-	87	-
Other Receivables*	481	-	1,041	97,149	42	-
Loans Receivables	-	-	-	401	-	-
Allowance for Doubtful Accounts	-	-	-	-	-	-

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 4. CAPITAL ASSETS

A summary of changes in capital, lease assets, and subscription-based information technology arrangements for the year ended June 30, 2023, is as follows (in thousands):

<u>Governmental Activities</u>	Restated Balance July 1, 2022	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2023
Capital assets, non-depreciable:					
Land	\$ 796,039	\$ -	\$ -	\$ 11	\$ 796,050
Construction in progress	67,532	32,510	(118)	(34,053)	65,871
Total capital assets, non-depreciable:	<u>863,571</u>	<u>32,510</u>	<u>(118)</u>	<u>(34,042)</u>	<u>861,921</u>
Capital assets, depreciable					
Structures and improvements	281,671	4,696	(13)	26,261	312,615
Equipment	108,959	5,338	(2,535)	854	112,616
Infrastructure	457,561	1,129	-	6,927	465,617
Other property	1,258	-	-	-	1,258
Total capital assets, depreciable	<u>849,449</u>	<u>11,163</u>	<u>(2,548)</u>	<u>34,042</u>	<u>892,106</u>
Less accumulated depreciation for:					
Structures and improvements	(113,809)	(6,898)	13	-	(120,694)
Equipment	(77,874)	(7,178)	2,479	-	(82,573)
Infrastructure	(262,316)	(11,558)	-	-	(273,874)
Other property	(96)	(17)	-	-	(113)
Total accumulated depreciation	<u>(454,095)</u>	<u>(25,651)</u>	<u>2,492</u>	<u>-</u>	<u>(477,254)</u>
Total capital assets depreciable, net	<u>395,354</u>	<u>(14,488)</u>	<u>(56)</u>	<u>34,042</u>	<u>414,852</u>
Lease assets, amortizable					
Land	198	311	-	-	509
Structures and improvements	95,274	38,621	-	-	133,895
Equipment	466	-	(357)	-	109
Total lease assets, amortizable	<u>95,938</u>	<u>38,932</u>	<u>(357)</u>	<u>-</u>	<u>134,513</u>
Less accumulated amortization for:					
Land	(46)	(58)	-	-	(104)
Structures and improvements	(4,846)	(6,730)	-	-	(11,576)
Equipment	(96)	(65)	107	-	(54)
Total accumulated amortization	<u>(4,988)</u>	<u>(6,853)</u>	<u>107</u>	<u>-</u>	<u>(11,734)</u>
Total lease assets, amortizable net	<u>90,950</u>	<u>32,079</u>	<u>(250)</u>	<u>-</u>	<u>122,779</u>
Subscription assets, amortizable <sup>1</sup>	5,084	20	-	-	5,104
Less accumulated amortization for subscription assets	-	(2,495)	-	-	(2,495)
Total subscription assets, amortizable net	<u>5,084</u>	<u>(2,475)</u>	<u>-</u>	<u>-</u>	<u>2,609</u>
Governmental activities capital assets, net	<u>\$ 1,354,959</u>	<u>\$ 47,626</u>	<u>\$ (424)</u>	<u>\$ -</u>	<u>\$ 1,402,161</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

<u>Business-Type Activities</u>	Restated Balance July 1, 2022	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2023
Capital assets, not being depreciated:					
Land	\$ 36,718	\$ -	\$ -	\$ -	\$ 36,718
Construction in progress	3,489	3,434	(7)	(1,942)	4,974
Water rights	68,244	4,075	-	-	72,319
Other property	1,968	-	-	-	1,968
Total capital assets, not being depreciated:	110,419	7,509	(7)	(1,942)	115,979
Capital assets, being depreciated					
Infrastructure	385,272	-	(11)	56	385,317
Structures and improvements	225,568	2,737	(1,507)	1,865	228,663
Equipment	11,134	1,538	(64)	21	12,629
Other property	554	-	-	-	554
Total capital assets, being depreciated	622,528	4,275	(1,582)	1,942	627,163
Less accumulated depreciation for:					
Infrastructure	(60,332)	(7,411)	12	-	(67,731)
Structures and improvements	(76,995)	(18,230)	1,207	-	(94,018)
Equipment	(5,365)	(690)	62	-	(5,993)
Other property	(58)	-	-	-	(58)
Total accumulated depreciation	(142,750)	(26,331)	1,281	-	(167,800)
Total capital assets being depreciated, net	479,778	(22,056)	(301)	1,942	459,363
Lease assets, amortizable					
Land	79	-	-	-	79
Equipment	257	-	-	-	257
Total lease assets, amortizable	336	-	-	-	336
Less accumulated amortization for:					
Land	(11)	(11)	-	-	(22)
Equipment	(76)	(76)	-	-	(152)
Total accumulated amortization	(87)	(87)	-	-	(174)
Total lease assets, amortizable net	249	(87)	-	-	162
Subscription assets, amortizable <sup>1</sup>	270	27	-	-	297
Less accumulated amortization for subscription assets	-	(102)	-	-	(102)
Total subscription assets, amortizable net	270	(75)	-	-	195
Business-type activities capital assets, net	\$ 590,716	\$ (14,709)	\$ (308)	\$ -	\$ 575,699

<sup>1</sup> Subscription assets beginning balance was restated with the implementation of GASB 96 in fiscal year 2022-23.

Depreciation and amortization expense was charged to functions/funds of the primary government as follows:

	Depreciation	Amortization	Total
<u>Governmental Activities</u>			
General Government	\$ 4,811	\$ 4,971	\$ 9,782
Public Protection	4,633	1,348	5,981
Public Ways and Facilities	11,056	137	11,193
Health and Sanitation	690	1,676	2,366
Public Assistance	230	1,123	1,353
Education	429	90	522
Recreational and Cultural Services	1,122	-	1,122
Capital assets held by the County's Internal Service Funds are charged to the various functions based on their usage of assets	2,680	-	2,680
Total governmental activities depreciation/amortization expense	\$ 25,651	\$ 9,348	\$ 34,999
<u>Business-type Activities</u>			
Airport	\$ 17,083	\$ 98	\$ 17,181
Los Osos Wastewater	4,370	-	4,370
Nacimiento Water Contract	2,221	-	2,221
State Water Project	192	-	192
Nonmajor Enterprise	2,465	91	2,556
Total business-type activities depreciation/amortization expense	\$ 26,331	\$ 189	\$ 26,520

## NOTES TO 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, 2023 (in thousands):

<u>Governmental Activities</u>			
<u>Project</u>	<u>Expended to June 30, 2023</u>	<u>Committed Funds</u>	<u>Remaining Budget</u>
Roads Infrastructure	\$ 28,099	\$ 12,724	\$ 25,081
Radio Modernization	5,577	523	-
Women's Jail	4,945	100	81
Fire and Sheriff Co-located Dispatch Location	5,408	-	34,261
Sheriff Jail Management and Records Management Systems Software Implementation Project	2,617	1,583	-
Bob Jones Octagon/Ontario Park Trail Extension	1,657	239	3,078
Cayucos Vets Hall Rehab	2,433	26	8,746
Behavioral Health Cal Mental Health Services Authority Electronic Health Records Project	1,491	1,855	2
New Probation Office Building	1,473	-	38,411
Courthouse Annex	1,443	16	-
Public Works Roof	1,384	-	59
Templeton to Atascadero Park Trail Connector	1,269	-	315
 <u>Business-Type Activities</u>			
<u>Project</u>	<u>Expended to June 30, 2023</u>	<u>Committed Funds</u>	<u>Remaining Budget</u>
Airport Terminal Redesign	\$ 1,787	\$ -	\$ 476

### 6. LEASES AND SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

#### County as Lessor

The County leases out several of its buildings and land. Lease terms vary, with current agreements going out until fiscal year 2055-2056. For agreements with renewal options the County included these renewal periods in the lease term when it is reasonably certain that the renewal option(s) will be exercised. For contracts that contain termination options for either party to exercise (cancellable period), these periods are excluded from the lease receivable calculation. The County's lease arrangements do not contain any material residual value guarantees. When the borrowing rate is not stated in the contract, or readily available, the County uses the Treasury Quarterly Yield percentage to discount the lease payments. The agreements currently use a discount rate ranging from 0.71% to 2.01% to measure the present value of the lease payments expected to be received during the lease term period.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Minimum lease payments receivable on leases of properties as of June 30, 2023, are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 265	\$ 12	\$ 650	\$ 114
2025	269	10	485	110
2026	238	9	420	107
2027	246	7	445	104
2028	211	5	466	101
2029-2033	666	10	2,511	449
2034-2038	-	-	2,797	356
2039-2043	-	-	3,441	245
2044-2048	-	-	3,869	112
2049-2053	-	-	942	25
2054-2058	-	-	352	3
<b>Total</b>	<b>\$ 1,895</b>	<b>\$ 53</b>	<b>\$ 16,378</b>	<b>\$ 1,726</b>

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

June 30, 2023	Governmental Activities	Business-Type Activities
Lease revenue	\$ 314	\$ 1,185
Lease interest	15	127

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

### County as Lessee

The County entered into various contracts as lessee primarily for office space, land, equipment, and office equipment. Lease terms vary, with current agreements going out until fiscal year 2056-2057. For agreements with renewal options the County included these renewal periods in the lease term when it is reasonably certain that the renewal option(s) will be exercised. For contracts that contain termination options for either party to exercise (cancellable period), these periods are excluded from the lease liability calculation. The County's lease contracts generally do not include restrictive financial or other covenants. Certain leases require additional payments for maintenance, which are expensed as incurred. The County's lease arrangements do not contain any material residual value guarantees. When the borrowing rate is not stated in the contract, or readily available, the County uses the Treasury Quarterly Yield percentage to discount the lease payments. The agreements currently use a discount rate ranging from 0.51% to 2.01% to measure the present value of the lease payments expected to be paid during the lease term period.

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

The future principal and interest lease payments as of June 30, 2023, are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 4,790	\$ 841	\$ 86	\$ 1
2025	4,920	805	37	-
2026	4,868	771	16	-
2027	4,809	737	12	-
2028	4,382	707	13	-
2029-2033	21,702	3,080	-	-
2034-2038	20,133	2,379	-	-
2039-2043	17,629	1,747	-	-
2044-2048	19,141	1,127	-	-
2049-2053	15,709	525	-	-
2054-2058	8,251	124	-	-
<b>Total</b>	<b>\$ 126,334</b>	<b>\$ 12,843</b>	<b>\$ 164</b>	<b>\$ 1</b>

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

Subscription-Based Information Technology Arrangements

The County entered into various subscription-based information technology arrangements (SBITA). SBITA terms vary, with current agreements going out until fiscal year 2026-2027. For agreements with renewal options the County included these renewal periods in the SBITA term when it is reasonably certain that the renewal option(s) will be exercised. For contracts that contain termination options for either party to exercise (cancellable period), these periods are excluded from the SBITA liability calculation. Certain SBITAs require additional payments for maintenance, which are expensed as incurred. When the borrowing rate is not stated in the contract, or readily available, the County uses the Treasury Quarterly Yield percentage to discount the lease payments. The agreements currently use a discount rate ranging from 0.73% to 2.01% to measure the present value of the SBITA payments expected to be paid during the SBITA term period.

The future principal and interest SBITA payments as of June 30, 2023, are as follows:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 2,410	\$ 3	\$ 113	\$ 1
2025	96	1	86	-
2026	76	-	-	-
2027	32	-	-	-
<b>Total</b>	<b>\$ 2,614</b>	<b>\$ 4</b>	<b>\$ 199</b>	<b>\$ 1</b>



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 7. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has self-insurance programs for liability, workers' compensation, unemployment insurance and dental coverage. There were three liability claim settlements and there were five workers' compensation claim settlements that have exceeded insurance coverage during the past three fiscal years. Insurance coverage for liability and workers' compensation above the County's self-insured retention (SIR) is provided through Public Risk Innovation, Solutions, and Management (PRISM). The County is a member of PRISM, a joint powers authority whose purpose is to develop and fund programs of excess insurance for its member counties. The authority is solvent; self-insurance and authority limits are as follows:

<u>Type of Coverage</u>	<u>Self-Insurance</u>	<u>Authority</u>
Liability	\$ 250,000 per occurrence	\$ 25,000,000
Workers' Compensation	\$ 350,000 per occurrence	Statutory
Unemployment	\$ 492,454 maximum	----
Dental	None—Funded by Employees	----

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

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

	<u>Beginning of the fiscal year liability</u>	<u>Current year claims, changes &amp; estimates</u>	<u>Claim payments</u>	<u>Balance at fiscal year-end</u>
2021-22	\$ 21,016	\$ 6,765	\$ 5,521	\$ 22,260
2022-23	\$ 22,260	\$ 6,817	\$ 5,576	\$ 23,501

### 8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2023, was (in thousands):

<u>Payable Fund (Due to Balance)</u>	<u>Receivable Fund (Due from Balance)</u>	<u>Amount</u>
Nonmajor Governmental Funds	Capital Projects Fund	\$ 286
	Total	<u>\$ 286</u>

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

The SLO County Financing Authority owes the Capital Projects Fund \$286 for bond proceeds for the Animal Services Facility.

<u>Payable Fund (Advances from Balance)</u>	<u>Receivable Fund (Advances to Balance)</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 551
	Nonmajor Enterprise Funds	20
		<hr/> 571 <hr/>
Nonmajor Enterprise Funds	General Fund	134
	Nonmajor Governmental Funds	768
		<hr/> 902 <hr/>
Airport Fund	General Fund	5,233
Los Osos Wastewater Fund	Nonmajor Governmental Funds	1,214
	Total	<hr/> \$ 7,920 <hr/>

The General Fund advanced \$238 to the Parks Special Revenue Fund for the restoration of the Cayucos Pier and \$313 for the Nipomo Skate Park Project. The Lopez Park Enterprise Fund advanced \$20 to the Parks Special Revenue Fund for future debt payments.

The County Service Areas Enterprise Funds received advances from the County Services Area 10 Special Revenue Fund for operational costs (\$655), the General Flood Control Zone Special Revenue Fund for state water projects (\$113), and the General Fund for debt and operational costs (\$13). The Golf Enterprise Fund also received \$121 from the General Fund for a water line replacement project.

The Airport Fund owes the General Fund \$5,233 for internal loans for various projects including the refinancing of a state loan for the construction of hangars and the new terminal.

The Los Osos Wastewater Fund received a long-term operating loan from the General Flood Control Zone Special Revenue Fund of \$1,214.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. TRANSFERS

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 33,024
	Capital Projects Fund	6,481
	Internal Service Funds	6,673
	Nonmajor Enterprise Funds	262
	Los Osos Wastewater Fund	207
		<u>46,647</u>
Capital Projects Fund	General Fund	4
Nonmajor Governmental Funds	Capital Projects Fund	2,871
	Nonmajor Governmental Funds	1,985
	General Fund	1,733
	Nonmajor Enterprise Funds	345
	State Water Project Fund	6,281
	<u>13,215</u>	
Airport Fund	General Fund	199
	Nonmajor Governmental Funds	103
	<u>302</u>	
Los Osos Wastewater Fund	Nonmajor Governmental Funds	41
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	56
	General Fund	1
	<u>57</u>	
Internal Service Funds	Nonmajor Governmental Funds	1,316
	General Fund	237
	<u>1,553</u>	
	Total Transfers	<u>\$ 61,819</u>

#### General Fund Transfers

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

- Pension Obligation Bond Debt Service Fund (\$12,005) to finance debt service payments.
- Roads (\$6,329) to fund various road improvement projects and (\$12,000) to repair storm damages sustained in the winter of 2023.
- Parks (\$1,034) to repair storm damages sustained in the winter of 2023.
- Library (\$651) for budget appropriated uses.
- Community Development (\$40) for budget appropriated uses.
- Flood Control Zone (\$248) for the water resource data enhancement project.
- Solid Waste Management (\$717) for budget appropriated uses.

General Fund transfers to the Capital Projects Fund (\$6,481) were made for various capital projects including the Co-Located Emergency Dispatch Center, various roof repairs, and initial costs associated with the new Probation Department building.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

The General Fund transferred \$6,500 to the Protected Self-Insurance (\$3,600) and Workers Compensation (\$2,900) Internal Service Funds (ISF) to increase fund reserve levels. The General Fund also transferred \$173 in American Rescue Plan Act (ARPA) revenue funding for restorative purposes to the Public Works ISF (\$4) and Workers Compensation ISF (\$169).

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

- County Service Areas (\$249) in ARPA revenue funding for water projects.
- Golf Fund (\$13) for budget appropriated uses.

General Fund transfers to the Los Osos Wastewater Fund (\$207) were made for ARPA revenue funding for sewer projects.

### Capital Projects Fund

The Capital Projects Fund transferred \$4 to the General Fund for debt service payments associated with Cayucos Veterans Hall rehabilitation project.

### Nonmajor Governmental Funds

Public Facilities Fees (PFF) Fund transferred:

- \$1,361 to the Parks Special Revenue Fund for the Biddle Park Gazebo (\$19), Nipomo Skate Park (\$821), Jack Ready Imagination Park (\$494) and Cave Landing improvements (\$27) projects.
- \$1,448 to the Capital Projects Fund for library projects (\$42), for parks trail projects (\$184), and for a new Co-Located Emergency Dispatch Center funded by Fire PFF (\$611) and Law Enforcement PFF (\$611).
- \$1,198 to the General Fund for debt service payments for the new Co-Located Emergency Dispatch Center, funded by Fire PFF (\$698), Law Enforcement PFF (\$107) and General Government PFF (\$393).

Parks Fund transferred:

- \$101 to the Pension Obligation Bond Debt Service Fund to finance debt service payments.
- \$8 to the General Fund for off-highway motor vehicle fees.
- \$1 to the Lopez Park Enterprise Fund for debt service.

Roads Fund transferred:

- \$4 to the Flood Control District Special Revenue Fund.
- \$110 to the General Fund for the Oceano community water drainage improvement project debt service payment.

Roads Impact Fees Fund transferred:

- \$213 to the Roads Fund for capital and maintenance projects.
- \$344 to the General Fund for the 2020 Series B Lease Revenue Bond debt service payment.

Library Fund transferred:

- \$277 to the Pension Obligation Bond Debt Service Fund to finance debt service payments.
- \$33 to the General Fund for budget appropriated uses.

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

Flood Control Districts Fund transferred:

- \$6,281 to the State Water Project Fund for the preliminary planning and design phase of the Department of Water Resources Delta Conveyance Project.

Driving Under the Influence Programs Fund transferred \$29 to the Pension Obligation Bond Debt Service Fund to finance debt service payments.

County Service Area Funds transferred \$344 to Enterprise County Service Area Funds for budget appropriated uses.

Debt Service Financing Authority Fund transferred \$1,423 to the Capital Projects Fund for 2020 Series A Lease Revenue bond proceeds for construction of the Animal Services Facility (\$718) and for the new Co-Located Emergency Dispatch Center bond proceeds (\$705).

The Community Development Fund transferred \$40 to the General Fund for budgeted appropriated uses.

### Major Enterprise Funds

The Airport Fund transferred:

- \$199 to the General Fund for debt service payments on construction of the new airport terminal.
- \$103 to the Pension Obligation Bond Debt Service Fund to finance debt service payments.

The Los Osos Wastewater Fund transferred \$41 to the Flood Control Districts Fund for debt service payments.

### Nonmajor Enterprise Funds

The Golf Fund transferred \$55 to the Pension Obligation Bond Debt Service Fund to finance debt service payments.

County Service Area Funds transferred:

- \$1 to the Flood Control Districts Fund for debt service payments.
- \$1 to the General Fund for debt service payments.

### Internal Service Funds (ISF)

Both the Garage ISF and the Public Works ISF transferred to the Pension Obligation Bond Debt Service Fund to finance debt service payments. The Garage ISF transferred \$54, and the Public Works ISF transferred \$1,262.

The Protected Self-Insurance ISF transferred \$237 to the General Fund for an insurance reimbursement claim paid by the General Fund.

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

**10. BONDED INDEBTEDNESS AND LONG-TERM DEBT**

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2023, is as follows (in thousands):

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2022</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2023</u>	<u>Due within one year</u>
Bonds and notes payable:						
Certificates of participation (COP)	\$ 10,127	\$ -	\$ -	\$ 6,922	\$ 3,205	\$ 170
Certificates of participation from direct borrowings	8,163	-	-	190	7,973	196
Unamortized premium on COP	530	-	-	530	-	-
Unamortized premium on lease revenue bonds	3,652	-	4,634	314	7,972	-
State notes from direct borrowings	1,426	-	-	162	1,264	163
Pension obligation bonds	85,112	(2,046)	-	3,550	79,516	10,552
Lease revenue bonds	19,380	-	70,033	610	88,803	2,961
Assessment bonds from direct borrowings	344	-	-	50	294	53
Total bonds and notes payable	<u>128,734</u>	<u>(2,046)</u>	<u>74,667</u>	<u>12,328</u>	<u>189,027</u>	<u>14,095</u>
Leases	92,248	-	38,934	4,848	126,334	4,789
Subscription-based IT arrangements <sup>1</sup>	5,084	-	20	2,490	2,614	2,411
Other liabilities:						
Compensated absences	35,415	-	22,897	21,360	36,952	26,268
Landfill post-closure costs	8,172	-	1,284	711	8,745	1,269
Self-insurance	22,260	-	6,817	5,576	23,501	5,116
Total other liabilities	<u>65,847</u>	<u>-</u>	<u>30,998</u>	<u>27,647</u>	<u>69,198</u>	<u>32,653</u>
Total Governmental Activities	<u>\$ 291,913</u>	<u>\$ (2,046)</u>	<u>\$ 144,619</u>	<u>\$ 47,313</u>	<u>\$ 387,173</u>	<u>\$ 53,948</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

<u>Business-Type Activities</u>	Beginning Balance July 1, 2022	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance June 30, 2023	Due within one year
Bonds and notes payable:						
Certificates of participation (COP)	\$ 9,213	\$ -	\$ -	\$ 3,093	\$ 6,120	\$ 630
Certificates of participation from direct borrowings	5,455	-	-	104	5,351	107
Unamortized premium on COP	196	-	-	196	-	-
State notes from direct borrowings	84,528	-	-	3,827	80,701	3,737
Other notes from direct borrowings	196	-	-	30	166	40
Revenue bonds	150,585	-	-	4,990	145,595	5,250
Unamortized premium on revenue bonds	7,230	-	-	425	6,805	-
General obligation bonds	6,030	-	-	540	5,490	565
Unamortized premium on general obligation bonds	508	-	-	56	452	-
Lease revenue bonds	-	-	1,582	-	1,582	365
Unamortized premium on lease revenue bonds	-	-	67	10	57	-
Assessment bonds	70,978	-	-	1,541	69,437	1,587
Total bonds and notes payable	<u>334,919</u>	<u>-</u>	<u>1,649</u>	<u>14,812</u>	<u>321,756</u>	<u>12,281</u>
Leases	<u>250</u>	<u>-</u>	<u>-</u>	<u>86</u>	<u>164</u>	<u>86</u>
Subscription-based IT arrangements <sup>1</sup>	<u>270</u>	<u>-</u>	<u>27</u>	<u>98</u>	<u>199</u>	<u>113</u>
Other liabilities:						
Compensated absences	485	-	338	244	579	296
Total other liabilities	485	-	338	244	579	296
Total Business-Type Activities	<u>\$ 335,924</u>	<u>\$ -</u>	<u>\$ 2,014</u>	<u>\$ 15,240</u>	<u>\$ 322,698</u>	<u>\$ 12,776</u>

<sup>1</sup> Subscription-based IT arrangements beginning balance was restated with the implementation of GASB 96.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Annual debt service requirements for governmental activities as of June 30, 2023, are summarized as follows:

Year Ended June 30,	Governmental Activities					
	Certificates of Participation, Including Direct Borrowings		Pension Obligation Bonds			Total
	Principal	Interest	Principal	Unaccrued Appreciation		
2024	\$ 365	\$ 377	\$ 10,552	\$ 298	\$	10,850
2025	380	364	10,578	927		11,505
2026	392	349	10,588	1,597		12,185
2027	408	334	10,577	2,313		12,890
2028	419	319	10,566	3,059		13,625
2029-2033	2,352	1,338	26,655	11,459		38,115
2034-2038	2,521	850	-	-		-
2039-2043	1,625	500	-	-		-
2044-2048	1,569	214	-	-		-
2049-2053	411	86	-	-		-
2054-2058	449	49	-	-		-
2059-2062	287	10	-	-		-
Total	\$ 11,178	\$ 4,790	\$ 79,516	\$ 19,653	\$	99,170

Year Ended June 30,	Governmental Activities (Continued)					
	State Notes, Including Direct Borrowings		Lease Revenue Bonds		Assessment Bonds, Including Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 163	\$ 12	\$ 2,961	\$ 4,325	\$ 53	\$ 15
2025	165	11	3,119	4,180	56	12
2026	166	9	3,260	4,027	58	8
2027	168	7	3,428	3,866	62	5
2028	170	6	2,390	3,728	65	2
2029-2033	432	7	13,755	16,808	-	-
2034-2038	-	-	17,065	13,170	-	-
2039-2043	-	-	20,130	8,858	-	-
2044-2047	-	-	22,695	5,207	-	-
Total	\$ 1,264	\$ 52	\$ 88,803	\$ 64,169	\$ 294	\$ 42



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

Year Ended June 30,	Business-Type Activities					
	Certificates of Participation, Including Direct Borrowings		State Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 737	\$ 444	\$ 3,737	\$ 1,668	\$ 5,250	\$ 6,558
2025	775	405	3,800	1,584	5,525	6,283
2026	813	365	3,885	1,499	5,815	5,994
2027	860	322	3,972	1,413	6,120	5,689
2028	903	278	4,060	1,324	6,415	5,393
2029-2033	3,240	792	16,308	5,396	36,765	22,270
2034-2038	741	495	14,641	3,920	46,380	12,658
2039-2043	856	379	16,165	2,396	33,325	2,009
2044-2048	992	243	14,133	714	-	-
2049-2053	777	113	-	-	-	-
2054-2058	417	50	-	-	-	-
2059-2062	360	13	-	-	-	-
<b>Total</b>	<b>\$ 11,471</b>	<b>\$ 3,899</b>	<b>\$ 80,701</b>	<b>\$ 19,914</b>	<b>\$ 145,595</b>	<b>\$ 66,944</b>

**Business-Type Activities (Continued)**

Year Ended June 30,	General Obligation Bonds		Assessment Bonds		Other Notes Including Direct Borrowings	
	Principal	Interest	Principal	Interest	Principal	Interest
	2024	\$ 565	\$ 271	\$ 1,587	\$ 1,888	\$ 40
2025	595	239	1,632	1,844	40	-
2026	630	206	1,677	1,798	40	-
2027	665	170	1,722	1,751	40	-
2028	700	134	1,767	1,703	6	-
2029-2033	2,335	180	9,627	7,747	-	-
2034-2038	-	-	11,051	6,328	-	-
2039-2043	-	-	12,674	4,699	-	-
2044-2048	-	-	14,540	2,831	-	-
2049-2052	-	-	13,160	738	-	-
<b>Total</b>	<b>\$ 5,490</b>	<b>\$ 1,200</b>	<b>\$ 69,437</b>	<b>\$ 31,327</b>	<b>\$ 166</b>	<b>\$ -</b>

**Business-Type Activities (Continued)**

Year Ended June 30,	Lease Revenue Bonds	
	Principal	Interest
2024	\$ 365	\$ 70
2025	386	51
2026	405	31
2027	426	11
<b>Total</b>	<b>\$ 1,582</b>	<b>163</b>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

Long-term liabilities at June 30, 2023, consisted of the following:

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2023
<b>Governmental Activities</b>						
<b>Certificates of Participation</b>						
<u>2007 Series A</u>	3/01/2007	2036	4% - 4.25%	\$7 - \$307	\$5,090	\$3,205
Used to finance the construction of the Paso Robles Courthouse building. Debt service is provided by court fines specifically designated and restricted for new construction or major renovation of court facilities. Collateral for this debt is the County Department of Social Services building located in the City of San Luis Obispo.						
<u>IBank Loan</u>	10/01/2016	2046	3.75%	\$5 - \$320	6,000	5,233
A direct borrowing from the California Infrastructure & Economic Development Bank (IBank) used for the final construction costs of the new terminal building at the San Luis Obispo County Regional Airport. The debt is backed by the General Fund and repaid using a combination of Passenger Facility Charges, Customer Facility Charges, and other local funding from Airport operations. Collateral for this debt is the County of San Luis Obispo Public Library and Office Building located at 6555 Capistrano Ave., Atascadero.						
<u>Oceano Drainage Project</u>	2/01/2021	2061	1.75%	\$1 - \$98	2,841	2,740
A direct borrowing from the USDA used to finance a storm drain improvement project on Highway 1 & 13 <sup>th</sup> street in Oceano, CA. Debt service is provided by the County's General Fund. The loan is secured by a Certificate of Participation bond with first lien position in the amount of \$2,841 fully registered as to both principal and interest in the name of the United States of America, acting through the United States Department of Agriculture.						
					\$28,358	\$11,178
<b>State Note</b>	10/8/2015	2030	1.00%	\$88	\$2,197	\$1,264
A direct borrowing from the California Energy Commission (CEC) to be used for energy conservation projects. Projects to be implemented by the loan were identified through the Sustainable Solutions Turnkey program with PG&E. These projects will provide estimated long-term energy savings to the County of \$140 annually.						
<b>Pension Obligation Bonds</b>						
Used to refund the Unfunded Actuarial Accrued Liability (UAAL) due to the Pension Trust as of July 2, 2003, as determined by an outside actuary. Debt service payments are expected to be funded by County payroll benefits.						
<u>2003 Series C Capital Appreciation Bonds (CAB)</u>	7/2/2003	2030	5.27% - 5.73%	zero - \$15,000	\$44,199	\$99,169
<u>2003 Series C CABs Unaccreted Interest</u>						(19,653)
					\$44,199	\$79,516
<b>Lease Revenue Bonds</b>						
<u>2020 Lease Revenue Bonds Series A</u>	3/05/2020	2044	4.0%	\$20 - \$1,030	\$16,145	\$15,060
Used to finance the construction and equipping of an Animal Services Facility and pay certain costs of issuance associated with the 2020A Bonds. Debt service is provided by facility charges made by participating cities to the County and the County's General Fund Revenues. Collateral for this debt consists of the County Government Center located at 1055 Monterey St., City of San Luis Obispo.						
<u>2020 Lease Revenue Refunding Bonds Series B</u>	3/05/2020	2036	4.0%	\$7 - \$347	\$4,235	\$3,710
Used to prepay and refund all of the \$5,620 outstanding principal amount of County of San Luis Obispo Certificates of Participation (Vineyard Drive Interchange Improvements, 2008 Series A) and pay certain costs of issuance associated with the 2020B Bonds. Debt service is provided by development fees. Collateral for this debt consists of the County Government Center located at 1055 Monterey St., City of San Luis Obispo.						
<u>2022 Lease Revenue Bonds Series A</u>	11/17/2022	2048	5.0%-5.5%	\$985 - \$20,715	\$62,220	\$62,220
Used to finance the construction of multiple capital projects (Co-Located Dispatch Facility & Probation Department Building) and pay certain costs of issuance associated with the 2022A Bonds. Debt service is provided by semi-annual payments funded by public facility fees and County's General Fund Revenues. Collateral for this debt consists of lease revenues from 5 facilities located in the City of San Luis Obispo and one located just outside the City of San Luis Obispo in the unincorporated area of the County. The facilities include County Government Center, Health Agency Building (Main), Health Agency Building (Mental Health), Central Services Building, Old Courthouse, and Animal Services Facility.						

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

2022	Lease	Revenue	Bonds	Series	A
<u>Remediation</u>	11/17/2022	2027	5.0%	\$986 - \$1,153	\$4,278
<p>\$4,278 Lease Revenue Refunding Bonds used to refund the 2012 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 public facility fees and County's General Fund Revenues. Collateral for this debt consists of lease revenues from 5 facilities located in the City of San Luis Obispo and one located just outside the City of San Luis Obispo in the unincorporated area of the County. The facilities include County Government Center, Health Agency Building (Main), Health Agency Building (Mental Health), Central Services Building, Old Courthouse, and Animal Services Facility.</p>					
<u>2022 Lease Revenue Bonds Series B</u>	11/17/2022	2026	4.90%-5.05%	\$785 - \$1,340	\$3,535
<p>Used to finance the rehabilitation of Cayucos Veterans Hall and pay certain costs of issuance associated with the 2022B Bond. Debt service is provided by semi-annual payments funded by reservation fees and County's General Fund Revenues. Collateral for this debt consists of lease revenues from 5 facilities located in the City of San Luis Obispo and one located just outside the City of San Luis Obispo in the unincorporated area of the County. The facilities include County Government Center, Health Agency Building (Main), Health Agency Building (Mental Health), Central Services Building, Old Courthouse, and Animal Services Facility.</p>					
					<u>\$90,413</u>
					<u>\$88,803</u>

### Assessment Bonds

<u>Sherwood Drive Underground Utility Assessment District Limited Obligation Improvement Bond, Series 2006</u>	12/21/2006	2027	5.45%	\$2 - \$67	\$818	\$294
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A direct borrowing originally from Mission Community Bank (now Pacific Premier Bank) used to finance the replacement of overhead utility lines in the public right-of-way with an underground system, and removal of all overhead lines and supporting structures in the public right-of-way in the area of Sherwood Drive between Wedgewood Street and Lampton Street, including portions of Castle Street, Drake Street, Jean Street, and Kerwin Street, in the unincorporated community of Cambria. Debt service is provided by semi-annual payments from special assessments levied against all benefitted real property within the boundaries of the Sherwood Drive Underground Utility Assessment District.

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2023
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### Business-Type Activities

#### Certificates of Participation

<u>US Department of Agriculture (USDA) 2009</u>	4/30/2009	2048	4.375%	\$2 - \$86	\$1,631	\$1,344
<p>A direct borrowing from the USDA used to finance a water system improvement project in County Service Area 23. Debt service is provided by water sales revenues.</p>						

<u>2011 Refunding Lopez Dam Remediation</u>	6/08/2011	2030	2.0% - 5.5%	\$23 - \$928	\$11,990	\$6,120
<p>Used to refund the 2000 A COP issue. The original COP was used to improve and retrofit the Lopez Dam. Debt service is provided by semi-annual lease payments made by the Lopez Flood Control District for the use of the retrofitted facilities.</p>						

<u>USDA 2013</u>	7/01/2013	2053	2.75%	\$19 - \$67	\$1,621	\$1,363
<p>A direct borrowing from the USDA used to finance a water system improvement project in County Service Area 10A. Debt service is provided by water sales revenues.</p>						

<u>USDA Cayucos Water Tank Project</u>	11/02/2021	2061	1.75%	\$1 - \$93	\$2,691	\$2,644
<p>A direct borrowing from USDA used to finance the Cayucos new water storage tanks which is part of the infrastructure improvement program for CSA 10A water system to address storage deficiencies, improve redundancy and reliability, and reduce overall system maintenance costs. Debt service is provided by funds from CSA 10A water sales revenues.</p>						
					<u>\$23,256</u>	<u>\$11,471</u>

### State Notes

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

Lopez Recreation Area	2004	2024	2.5132%	\$10	325	20
Lopez Water Treatment Plant Upgrade	2006	2030	2.60%	\$836	25,945	10,469
Los Osos Wastewater Project	2011	2046	2.0%	\$1,565-\$2,147	80,484	70,212
					<u>\$109,765</u>	<u>\$80,701</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### Revenue Bonds

<u>2018 Nacimiento Water Project Revenue Refunding Bonds Series A</u>	5/07/2018	2040	3.0% - 5.0%	\$158 - \$9,173	\$27,045	\$22,720
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Used to refund all of the outstanding 2007 Nacimiento Water Project Revenue Bonds Series A which were used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts, payable under water delivery contracts.

<u>2007 Nacimiento Pipeline Project Series B</u>	9/26/2007	2040	5.2% - 5.6%	\$887 - \$2,636	\$38,565	\$30,010
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Used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts payable under water delivery contracts.

<u>2015 Nacimiento Water Project Revenue Refunding Bonds Series A</u>	8/19/2015	2038	3.0%-5.0%	\$159 - \$8,094	\$107,115	\$92,865
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The 2007 bonds were used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts, payable under water delivery contracts. The 2015 Series A Nacimiento Water Project Revenue Refunding Bonds were issued to provide funds to advance refund certain 2007 Series A Nacimiento Water Project Revenue Bonds.

<u>\$172,725</u>	<u>\$145,595</u>
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### General Obligation Bonds

<u>2011 Refunding – Lopez Dam Remediation</u>	6/08/2011	2030	2.0% - 5.5%	\$21 - \$841	\$10,760	\$5,490
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Used to refund the 2000 A general obligation (GO) issue. The original GO Bonds were used to improve and retrofit the Lopez Dam. Debt service is provided by applicable property taxes.

### Lease Revenue Bonds

<u>2022 Lease Revenue Bonds Series A Remediation</u>	11/17/2022	2027	5.0%	\$365 - \$427	\$1,582	\$1,582
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Lease Revenue Refunding Bonds used to refund the 2012 A Certificates of Participation. The original COP was partially used to finance the Dairy Creek Golf Course. Debt service is provided by semi-annual lease payments from the Dairy Creek Golf Course. Collateral for this debt consists of lease revenues from 5 facilities located in the City of San Luis Obispo and one located just outside the City of San Luis Obispo in the unincorporated area of the County. The facilities include County Government Center, health agency building (main), health agency building (mental health), central services building, old courthouse, and animal services facility.

### Assessment Bonds

	5/24/2012	2051	2.75%	\$47 - \$3,472	\$83,129	\$69,437
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Issued to the USDA to finance the construction of the Los Osos Wastewater Project. Debt service is provided by amounts levied against property owners who benefit from the project.

### Other Notes

	6/30/2022	2027	0.0%	\$20	\$196	\$166
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A direct borrowing from PG&E through on-bill financing. The loan issued is an unsecured loan to fully or partially reimburse qualified PG&E customers for the costs they incur in connection with a qualified energy efficient retrofit project. These proceeds are being used to install lighting fixture upgrades at the San Luis Obispo County Airport. Debt service is provided by the general Airports revenues. This project will provide estimated long-term energy savings of \$42,000 annually.

### Public Facilities Corporation

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

### Financing Authority

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

## **NOTES TO 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 on June 30, 2023, totals \$69,825 with interest rates from 2.52% to 5.45%.

### Accrued Vacation and Sick Leave Pay and Compensatory Time Off

County employees have accumulated unpaid vested benefits for compensatory time off, sick leave and vacation earned of \$37,531 on June 30, 2023. The accumulated benefits will be liquidated in future years as employees elect to use them. In the normal course of business, all payments of these accumulated benefits will be funded from appropriations in the year in which they are to be paid.

The liability for compensated absences is typically liquidated from the Parks, Driving Under the Influence Program, Library and General 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 \$854,588 with a margin of \$849,098.

### Direct Placement Debt

The County does not have any direct placement debt as of June 30, 2023.

### Direct Borrowings

The County's outstanding notes from direct borrowings related to governmental activities of \$9,531 contain default provisions and where applicable (1) the entire obligation becomes due and payable if the County is unable to make installment/lease payments, and (2) the lessor terminates the lease or re-let the leased premises.

The County's outstanding notes from direct borrowings related to business-type activities of \$86,218 contain a provision that if default continues after the cure period, the entire obligation becomes due and payable.

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

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, 2023 had an arbitrage liability of \$153.

Debt Refunding

On November 17, 2022, all the outstanding principal and interest due on the Certificates of Participation 2012 Series A were paid. Funding was provided by the issuance of the SLO County Financing Authority Lease Revenue Refunding Bonds 2022 Series A. The aggregate difference between the 2012 Series A and the 2022 Series A was \$381. Using the effective interest rate method, the refunding resulted in an economic gain of \$377.

**11. NET POSITION/FUND BALANCES**

**NET POSITION**

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

Included in total restricted net position at June 30, 2023, is \$13,862 of Public Facility Fees, \$12,166 of Road Impact Fees, and \$50 of Wildlife and Grazing programs restricted due to enabling legislation. The remaining \$147,008 of restricted net position is restricted due to restrictions imposed by creditors, grantors, or contributors.

Restricted net position at June 30, 2023, for governmental activities is as follows (in thousands):

	Amount
<b>RESTRICTED FOR:</b>	
<u>General Government</u>	
Purchase obligations for Board of Supervisors professional services	\$ 8
Purchase obligations for Administrative Office related professional services	650
Purchase obligations for Clerk-Recorder equipment maintenance	12
Purchase obligations for Human Services professional services and software	213
Purchase obligations for Facilities Management related software	16
Purchase obligations for Building Maintenance projects	750
Purchase obligations for Information Technology related equipment and professional services	208
Purchase obligations for Auditor-Controller-Treasurer-Tax Collector related professional services	162
Purchase obligations for Talent Development professional services	17
Claims, contracts and other restrictions imposed by grantors or contributors	8,512
Total General Government	10,548
 <u>Public Protection</u>	
Purchase obligations for Waste Management related professional services	210
Purchase obligations for Grand Jury related supplies	1
Purchase obligations for District Attorney related professional services	20
Purchase obligations for Sheriff-Coroner related equipment and professional services	105
Purchase obligations for Animal Services related equipment	31
Purchase obligations for Emergency Services related professional services	20
Purchase obligations for Probation related equipment and professional services	87
Purchase obligations for fire protection related vehicles and equipment	5,092
Purchase obligations for Planning and Building related professional services	2,237
Purchase obligations for flood control related engineering and environmental services	6,568
Wildlife and Grazing programs restricted by enabling legislation	50
Claims, contracts and other restrictions imposed by grantors or contributors	6,719
Total Public Protection	21,140

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### Health and Sanitation

Purchase obligations for Public Health related professional services and equipment	604
Purchase obligations for Behavioral Health related professional services and computer software	616
Claims, contracts and other restrictions imposed by grantors or contributors	17,486
Total Health and Sanitation	<u>18,706</u>

### Public Assistance

Claims, contracts and other restrictions imposed by grantors or contributors	2,750
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### Public Ways and Facilities

Purchase obligations for Public Works related professional services	606
Road impact fees restricted by enabling legislation for road maintenance and construction	12,166
Public facilities fees restricted by enabling legislation for public facilities	13,862
Total Public Ways and Facilities	<u>26,634</u>

### Recreation and Cultural Services

Parks equipment and maintenance services	3,093
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### Education

Library equipment and vehicles	9
Claims, contracts, and other restrictions imposed by grantors or contributors	186
Prepaid expenses	9
Total Education	<u>204</u>

### Debt Service

Total Restricted Net Position	<u>90,011</u>
	<u>\$ 173,086</u>

The Public Works Internal Service Fund reported a deficit in net position of \$37,364 at June 30, 2023. This deficit is mainly due to the fund's net pension liability of \$76,674 and the County plans to reduce the deficit with increased future charges.

The Workers' Compensation and Protected Self-Insurance Internal Service Funds reported deficits in net position of \$3,864 and \$691, respectively, at June 30, 2023. The deficits are mainly due to increased payouts from each fund, without sufficient charges to users. Net position for each fund fluctuates and overtime aims to break-even. Should deficits continue, the amount charged to users will be increased to offset increasing costs.

## **FUND BALANCE**

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

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

- *Nonspendable Fund Balance* – includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.
- *Restricted Fund Balance* – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted only with the consent of the resource provider.
- *Committed Fund Balance* – includes amounts that can only be used for the specific purposes determined by formal action of the County's highest level of decision-making authority. As prescribed by the State of California County Budget Act, fund balance commitments are established, modified or rescinded by resolution adopted by a four-fifths vote of the Board of Supervisors at regular or special meetings. The general reserve, however, is only established, cancelled, increased or decreased at the time of adopting the budget except in cases of legally declared emergency.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

- *Assigned Fund Balance* – comprises amounts intended to be used by the County for specific purposes that are neither restricted nor committed. As a practice, for financial statement presentation the County Auditor-Controller-Treasurer-Tax Collector assigns non-restricted and non-committed fund balance of the General Fund to its intended purpose. Assigned fund balance can be identified by departments and the County Administrative Officer for specific uses during the County’s budgeting process. Budgets requested by departments require approval by the County Board of Supervisors.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

Fund balances for all the major and nonmajor governmental funds as of June 30, 2023, are distributed as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>				
Inventories	\$ 121	\$ -	\$ -	\$ 121
Prepaid items	734	-	9	743
Advances to other funds	5,918	-	-	5,918
Subtotal	\$ 6,773	\$ -	\$ 9	\$ 6,782
<u>Restricted for:</u>				
General Government programs & encumbrances	\$ 2,401	\$ -	\$ -	\$ 2,401
Automation projects	2,344	-	-	2,344
Tax reduction reserves	3,990	-	-	3,990
Public Protection programs	11,253	-	-	11,253
Public Ways and Facilities programs & encumbrances	401	-	-	401
Health and Sanitation programs & encumbrances	1,220	-	-	1,220
Mental Health Services Act	2,774	-	-	2,774
Recreation programs	224	-	-	224
Public facilities	-	-	13,862	13,862
Traffic impact programs	-	-	12,166	12,166
Flood Control Districts services	-	-	6,568	6,568
Library equipment & maintenance services	-	-	9	9
Driving Under the Influence services	-	-	186	186
Community Service Areas road maintenance	-	-	138	138
Wildlife and grazing programs	-	-	50	50
Parks equipment and maintenance services	-	-	708	708
Solid waste management encumbrances	-	-	55	55
Debt service	-	286	95,644	95,930
Subtotal	\$ 24,607	\$ 286	\$ 129,386	\$ 154,279



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

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<u>Committed to:</u>				
Maintenance projects	\$ 5,959	\$ -	\$ -	\$ 5,959
County Counsel services	1,164	-	-	1,164
IT projects	53	-	-	53
Other general government	12,168	-	-	12,168
Fire services and equipment	11,926	-	-	11,926
Sheriff-Coroner programs	1,298	-	-	1,298
Other public protection	100	-	-	100
Public Health programs	935	-	-	935
Social Services programs	32	-	-	32
Public works engineering & consulting services	16	-	-	16
Community parks programs	595	-	-	595
Fish and Game programs	-	-	202	202
Flood Control programs	-	-	13,209	13,209
Lighting programs	-	-	458	458
Community Development programs	-	-	24,192	24,192
Emergency Medical Services	-	-	528	528
Roads	-	-	20,010	20,010
Community Service Areas	-	-	3,110	3,110
Driving Under the Influence programs	-	-	212	212
Library	-	-	6,156	6,156
Parks	-	-	1,095	1,095
Solid waste management	-	-	275	275
General reserve	7,000	-	-	7,000
SB1090 Economic development	10,890	-	-	10,890
COVID-19 services	5,529	-	-	5,529
Internal financing	5,794	-	-	5,794
Solar plant safety	843	-	-	843
Solar plant mitigation	15,640	-	-	15,640
Automation projects	21,452	-	-	21,452
Prado Rd Interchange project	1,435	-	-	1,435
Talent Development	1,822	-	-	1,822
Project Homekey	2,600	-	-	2,600
Rainy Day Fund	6,209	-	-	6,209
Building replacement	51,208	-	-	51,208
Tax reduction reserve	59,160	-	-	59,160
Lease financing	995	-	-	955
Capital Projects	-	17,281	-	17,281
Subtotal	<u>\$ 224,823</u>	<u>\$ 17,281</u>	<u>\$ 69,447</u>	<u>\$ 311,551</u>

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

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<u>Assigned to:</u>				
Tax reduction reserve	\$ 29,015	\$ -	\$ -	\$ 29,015
Clerk-Recorder services	1,487	-	-	1,487
IT projects	171	-	-	171
General government	8,621	-	-	8,621
Sheriff-Coroner & Emergency Services programs	19,416	-	-	19,416
Probation programs	17,541	-	-	17,541
District Attorney programs	5,074	-	-	5,074
Planning programs	3,081	-	-	3,081
Other public protection programs	1,235	-	-	1,235
Foster Care & Social Services programs	30,633	-	-	30,633
Other public assistance programs	88	-	-	88
Public ways and facilities	2,358	-	-	2,358
Behavioral Health programs	22,431	-	-	22,431
Public Health programs	7,115	-	-	7,115
Other education programs	4	-	-	4
Subsequent Fiscal Year Budget	50,788	-	-	50,788
Imprest cash	138	-	-	138
Subtotal	<u>\$ 199,196</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,196</u>
Total	<u>\$ 455,399</u>	<u>\$ 17,567</u>	<u>\$ 198,842</u>	<u>\$ 671,808</u>

**12. LAPSING ENCUMBRANCES**

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

The following is a summary of lapsing encumbrances at June 30, 2023, to be reappropriated during the next fiscal year (in thousands):

Fund	Total Encumbrances
General Fund	\$ 7,728
Capital Projects Fund	68,247
Nonmajor Governmental Funds	18,777
Total Lapsing Encumbrances	<u>\$ 94,752</u>

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

### **13. OTHER COMMITMENTS**

In 1965, San Luis Obispo County Flood Control and Water Conservation District (District) began payments in accordance with a contract with the State Department of Water Resources (DWR) for a water supply from the State Water Project. Estimated future principal payments for the State Water contract will total \$23,138 over the next 12 years. The estimated amounts vary by year. For example, the principal amount due in 2023 is \$1,344 while \$2,431 is due in 2035. In 1992 the District entered Water Supply Contracts, of like terms, with various sub-contractors which presently provide resources to cover approximately 85% of the capital costs. The contract with the DWR expires in 2035. A proposed Delta conveyance would require a contract extension agreement for financing beyond 2035.

### **14. CONTINGENT LIABILITIES**

The County is subject to various lawsuits, inverse condemnation cases, personnel actions, disputes over tax assessments, and other actions incidental to the ordinary course of County operations. The County is not aware of any potential claims against the County not covered by insurance, resulting from litigation that would materially affect the financial statements of the County at June 30, 2023.

### **15. LANDFILL POSTCLOSURE CARE COSTS**

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

The remaining estimated liability for landfill postclosure cost as of June 30, 2023, is \$8,745 (in 2023 dollars). Of this, \$5,131 is for the Maintenance Cost and \$3,614 is the Corrective Action Cost. The cost estimates were provided by a licensed professional geologist in the Postclosure Maintenance Plan dated May 2017 and revised cost dated May 29, 2018, and the Engineers Estimate of Corrective Action Update dated July 27, 2021. Both reports are required to be updated every five years. However, the actual cost of postclosure care may be higher (or lower) due to inflation, changes in technology, or changes in landfill laws and regulations. Therefore, the cost estimate will be reviewed and adjusted as needed for changes in these factors.

### **16. TAX ABATEMENTS**

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

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

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

To be eligible for the Program, individual properties must be within a rural use category and meet a minimum size requirement of 40-100 acres depending on the type of land being preserved. Landowners must agree to keep the land in large parcels ranging from 20-320 acres, not to create new parcels smaller than the applicable minimum, and not to create separate conveyance of an existing parcel that would result in separate ownership smaller than the agricultural preserve minimum parcel size. In return, the County will reassess the property on the basis of the agricultural income producing capacity of the land.

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

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

For the fiscal year ended June 30, 2023, the Agricultural Preserve Program tax abatements were \$17,850.

### **17. DEFINED BENEFIT PENSION PLAN**

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

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

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

#### Plan Description

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

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

Tier 1	Tier 1 generally includes members hired before January 1, 2011. As of December 31, 2021, there were 707 active County employed members in Tier 1.
Tier 2	Tier 2 generally includes members hired on or after January 1, 2011 but before January 1, 2013. Tier 2 only applies to members hired after the date each bargaining unit adopted Tier 2. Members hired in a bargaining unit that did not adopt Tier 2 are considered Tier 1 members. As of December 31, 2021, there were 259 active County employed members in Tier 2.
Tier 3	Tier 3 includes all members hired on or after January 1, 2013. As of December 31, 2021, there were 1,685 active County employed members in Tier 3.

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

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

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

### Summary of Plans and Eligible Participants

The active number of County employees and their respective tiers covered by the benefit terms as of December 31, 2022, are shown in the following table:

Tiers	Summary of Plan	Active members
Miscellaneous Tier 1	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	560 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.	213 members
Miscellaneous Tier 3	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 52.	1,456 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.	67 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.	55 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.	80 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.	46 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.	174 members

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

### Benefit Provisions

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

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

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

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

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

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### Contributions

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

<u>PLAN</u>	<u>EMPLOYER CONTRIBUTION RATES</u>	<u>EMPLOYEE CONTRIBUTION RATES</u>
Miscellaneous Tier 1	31.68-34.70%	15.15-26.47%
Miscellaneous Tier 2	31.68-34.70%	6.76-19.57%
Miscellaneous Tier 3	31.72-34.49%	5.14-18.93%
Probation Tier 1	35.69-36.59%	25.43-31.13%
Probation Tier 2	Not Negotiated	Not Negotiated
Probation Tier 3	35.19%	11.95-24.19%
Safety Tier 1	46.02-54.14%	16.22-35.13%
Safety Tier 2	48.24-54.14%	10.45-26.04%
Safety Tier 3	43.89-53.53%	10.99-21.62%

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

<u>Fiscal Year Ended</u>	<u>County contributions (in thousands)</u>
June 30, 2021	\$53,737
June 30, 2022	\$62,935
June 30, 2023	\$73,290

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

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

The entire Plan is 64.1% funded as of January 1, 2023; since this is a multi-employer cost sharing plan, the funded status is the same for all employees across the board. In general, this indicates that for every dollar of benefits due, SLOCPT had approximately 64.1 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, 2022, was \$2,426,976. The County's share of the Plan's fiduciary net position was \$1,498,139 as of the same date. As of December 31, 2022, the Plan's fiduciary net position was 61.73% of the total pension liability.

At June 30, 2023, the County reported a liability of \$928,838 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of December 31, 2022.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of January 1, 2022. The actuarial assumptions used in the January 1, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2017 through December 31, 2021. Measurements as of December 31, 2022, are based on the fair value of assets on that date, and the Total Pension Liability as of the valuation date, January 1, 2022. The actuarial assumptions were rolled forward to the Pension Trust Plan's fiscal year-end of December 31, 2022. There were no significant events between the January 1, 2022 valuation date and the December 31, 2022 measurement date for the Pension Plan's GASB Statement No. 67 valuation.

The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the Plan relative to the projected contributions of all the Plan's participants, actuarially determined. At December 31, 2022, the County's proportionate share was 93.96%, compared to 94.06% at December 31, 2021, a decrease of 0.10%.

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

For the year ended June 30, 2023, the County recognized pension expense of \$134,723. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method and plan benefits. At December 31, 2022, 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)
	<u>                    </u>	<u>                    </u>
Deferred outflows of resources – change in proportion	\$ 1,734	\$ 1,019
Deferred outflows and inflows of resources – difference between expected and actual experience	47,158	-
Deferred outflows of resources – changes in actuarial assumptions	98,853	-
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	88,066	-
County contributions subsequent to the measurement date	37,209	-
	<u>\$ 273,020</u>	<u>\$ 1,019</u>

Deferred outflows of resources above represent the unamortized portion of changes to net pension liability, changes in actuarial assumptions, and the net difference between projected and actual earnings on pension plan investments along with deferred outflows of resources of \$37,209 for contributions for the fiscal year ending June 30, 2023, made subsequent to the measurement date of December 31, 2022.

The \$37,209 of subsequent contributions will be recognized as reduction of the net pension liability in the fiscal year ending June 30, 2024. The difference between projected and actual investment earnings on pension plan investments is amortized over five years on a straight-line basis beginning in the year in which they occur. One-fifth was recognized in pension expense during the Plan's measurement period, and the remaining difference will be amortized over the remaining four-year period. Changes in assumptions and difference between expected and actual experience are recognized over the average expected remaining service lives of all employees that are provided with pensions through the Plan, determined as of January 1, 2022, and is 5 years. The difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended December 31, 2022 is also recognized over 5 years.



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

Year Ending June 30,	Future Recognition (in thousands)
2024	\$ 43,879
2025	63,018
2026	60,943
2027	66,953
Thereafter	-
<b>Total</b>	<b>\$ 234,793</b>

### Actuarial Assumptions

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

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

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Cash Equivalents/Short Duration Govt	10%	1.10%
Equities – Public Market	30%	4.88%
Real Assets	15%	4.63%
Private Markets	30%	6.30%
US Treasury – Long Duration/TIPS	15%	1.44%

### Discount Rate

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

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

	1% Decrease (in thousands) 5.75%	Discount Rate (in thousands) 6.75%	1% Increase (in thousands) 7.75%
County net pension liability as of December 31, 2022	\$1,261,450	\$928,838	\$656,358

### Pension Plan Fiduciary Net Position

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

### Deferred Compensation Plan

The Deferred Compensation Plan, also known as a 457(b), is a voluntary retirement savings plan offered by the County to enable employees to save for their future on a tax deferred basis. The County's Deferred Compensation Plan is established and administered pursuant to Section 457 of the Internal Revenue Code (IRC). Contributions are limited to an annual maximum dollar amount, as established under the IRC. For certain employee bargaining units, the County will match employee contributions up to \$500 annually. Total employer matching contributions for year ended June 30, 2023, were \$236 thousand.

The plan is administered through a third-party administrator. The County does not perform the investing function and has no fiduciary accountability for the plan. Thus, plan assets and any related liability to the plan participants have been excluded from the County's financial statements.

## 18. POST-EMPLOYMENT HEALTHCARE BENEFITS

### General Information about the OPEB Plan

#### Plan Description

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

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### Benefit Eligibility and Employees Covered

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

At June 30, 2023 a total of 4,027 employees were covered by the OPEB Plan's benefit terms:

Active Plan Members	2,755
Inactive Plan Members	1,056
Inactive Plan members entitled to but not yet receiving benefits	216
	<u>4,027</u>

### Benefits Provided

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

Retirees who elect to participate in a County-sponsored health insurance plan are eligible to a monthly subsidy funded by the County's OPEB benefit. In FY 22-23 the County provided the following to eligible retirees:

	<u>Employee Healthcare Benefit</u>
Calendar Year 2022	\$149 per month
Calendar Year 2023	\$151 per month

### Contributions

The County makes all contributions to the trustee for investment and reinvestment pursuant to the terms of the agreement with the CERBT. Employees are not required to contribute to the plan. For the fiscal year ended June 30, 2023, the funding was a combination of direct premium payments to contracted medical, dental and vision providers, plus a contribution of \$760 thousand to the CERBT. The County has selected the Actuarially Determined Contribution (ADC) funding method of contributing 100% of the ADC to fund the CERBT.

### Net OPEB Liability

The County reported a net OPEB liability of \$27.4 million as of June 30, 2023. The June 30, 2023, net OPEB Liability was determined by the actuary using a measurement date of June 30, 2022.

### 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.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

The total OPEB liability as of June 30, 2023, was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	6.00%
Inflation	2.30%
Health care cost trend rate	Based on the 2022 Getzen model that reflects actual premium change of 5.60% from 2022 to 2023 followed by 6.50% in 2023 decreasing gradually to an ultimate rate of 3.73% by 2075.
Actuarial cost method	Entry Age Normal
Amortization method for investment gains and losses	Straight-line amortization over a closed 5-year period
Amortization method for effects of assumption changes and experience gains and losses	Straight-line amortization over a period equal to the average of the expected remaining service lives of all members that are provided with OPEB through the plan
Amortization method for ADC purposes	Level percentage of payroll over a rolling amortization period of 11 years
Reimbursement eligibility	40% of all retirants will apply for and receive the reimbursement
Payroll growth rate	2.50% per annum
Salary increases	2.50% plus service-related merit component
Investment rate of return	6.00%
Post-retirement mortality	Miscellaneous: Pub-2010 General Employees/Retirees Amount Weighted Above-Median Mortality Table projected fully generationally using Scale MP-2021.  Probation and Safety: Pub-2010 Safety Employees/Retirees Amount Weighted Above-Median Mortality Table projected fully generationally using Scale MP-2021.

The withdrawal, retirement, disability, mortality, and salary scale are based on an experience study for the five-year period ending December 31, 2021 completed for the San Luis Obispo County Pension Trust. Other assumptions were developed by the actuary based on County experience and actuarial standards.

### Discount Rate

The actuarially assumed discount rate of 6.00% per annum, compounded annually, reflects the County's current policy of pay-as-you-go plus additional funding of the OPEB liability, and the County's ongoing selection of a "less conservative" (Strategy 1) portfolio invested by the CERBT. Per GASB guidance, the discount rate was determined by calculating the single rate that produces the same present value of expected benefit payments as (1) the expected long-term rate of return on plan assets during the period when projected assets are sufficient to pay future retiree benefits, and (2) the 20-year municipal bond rate after assets are projected to be exhausted.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Range</u>
Global Equity	49%	plus/minus 5%
Fixed Income	23%	plus/minus 5%
Treasury Inflation-Protected Securities (TIPS)	5%	plus/minus 3%
Global Real Estate Investment Trusts (REITs)	20%	plus/minus 5%
Commodities	3%	plus/minus 3%
Cash	-	plus 2%

The long-term expected real rate of return, net of expenses, for CERBT Strategy 1 is assumed to be 6.0%.

### Changes in the Net OPEB Liability

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

	<u>Total OPEB Liability</u>	<i>Less</i>	<u>Plan Fiduciary Net Position</u>	<i>Equals</i>	<u>Net OPEB Liability</u>
Balances as of June 30, 2022	\$57,662		\$28,078		\$29,584
Projected Changes for fiscal year-end June 30, 2023:					
Service Cost	1,846		-		1,846
Interest Cost	3,604		-		3,604
Differences between expected and actual experience	(10,638)		-		(10,638)
Actuarial Gains/Losses	-		-		-
Change in Assumptions	3,599		-		3,599
Changes of Benefit Terms	-		-		-
Employee Contributions	-		-		-
Employer Contributions	-		4,461		(4,461)
Net Investment Income	-		(3,853)		3,853
Other Additions	-		-		-
Benefit Payments	(3,758)		(3,758)		-
Administrative Expenses	-		(7)		7
Other Deductions	-		-		-
Net Projected Changes	<u>(5,347)</u>		<u>(3,157)</u>		<u>(2,190)</u>
Projected Balances as of June 30, 2023	<u>\$52,315</u>		<u>\$24,921</u>		<u>\$27,394</u>

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

At June 30, 2023, the OPEB Plan's fiduciary net position was 47.6% of the total OPEB liability.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

The following table presents the net OPEB liability calculated using the discount rate of 6.0%, as well as what the liability would be if it were calculated using a discount rate that is one percentage-point lower, 5.0%, or one percentage-point higher, 7.0%, than the current rate:

	1% Decrease (in thousands) 5.0%	Discount Rate (in thousands) 6.0%	1% Increase (in thousands) 7.0%
Net OPEB Liability	\$33,624	\$27,394	\$22,203

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

	1% Decrease (in thousands) 5.0%	Trend Rate (in thousands) 6.0%	1% Increase (in thousands) 7.0%
Net OPEB Liability	\$21,141	\$27,394	\$34,969

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

For the year ended June 30, 2023, the County recognized OPEB expense of \$928 thousand. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method and plan benefits. The County's discretely presented component unit did not report any OPEB liability, expense or deferred outflows or inflows of resources.

At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Deferred outflows and inflows of resources – difference between expected and actual experience	\$ 2,766	\$ 10,467
Deferred outflows of resources – changes in actuarial assumptions	10,437	-
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	1,967	-
County contributions subsequent to the measurement date	4,135	-
	<u>\$ 19,305</u>	<u>\$ 10,467</u>

\$4,135 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the fiscal year ending June 30, 2024.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

Year ended June 30,	Future Recognition (in thousands)
2024	\$ 2,591
2025	2,594
2026	848
2027	748
2028	(1,076)
Thereafter	(1,002)
	<u>\$ 4,703</u>

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

### 19. PRIOR PERIOD ADJUSTMENT

The County recorded a prior period adjustment of \$1.2 million in the State Water Project Fund to correct an adjusting entry made in FY 2021-22 that impacted the ending accounts receivable balance. The adjustment reduced net position to both the Statement of Revenues, Expenditures, and Changes in Fund Balance and the Governmentwide Statement of Activities.



**COUNTY  
of SAN LUIS  
OBISPO**



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**REQUIRED SUPPLEMENTARY INFORMATION**

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**COUNTY**  
**of SAN LUIS**  
**OBISPO**

## **REQUIRED SUPPLEMENTARY INFORMATION DESCRIPTION**

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

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

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

Measurement Date December 31 <sup>st</sup>	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2013	92.64%	\$354,823	\$153,942*	230.49%	74.78%
2014	92.65%	\$391,423	\$157,730*	248.16%	73.53%
2015	92.92%	\$506,626	\$166,433*	304.40%	67.57%
2016	93.10%	\$602,805	\$172,192*	350.08%	64.59%
2017	93.67%	\$529,033	\$186,278*	284.00%	70.36%
2018	93.82%	\$707,815	\$193,122	366.51%	62.76%
2019	93.80%	\$625,259	\$194,717	321.11%	68.34%
2020	93.64%	\$637,385	\$211,200	301.79%	69.71%
2021	94.06%	\$602,555	\$208,782	288.61%	73.20%
2022	93.96%	\$928,838	\$219,410	423.33%	61.73%

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

**Changes to benefit terms**

None

**Changes of assumptions**

The inflation rate (Consumer Price Index) increased from 2.25% in FY 2021-22 to 2.50% in FY 2022-23.

The salary increase assumption increased from 2.75% in FY 2021-22 to 3.00% in FY 2022-23.

Post retirement cost-of-living adjustment (COLA) benefits increased from 2.50% in FY 2021-22 to 2.75% in FY 2022-23 for Tier 1 employees. Tier 2 and Tier 3 remained unchanged.

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 <sup>th</sup>	Actuarially required contributions	Actual contributions	Contribution deficiency (excess)	County's covered payroll	County's actual contributions as a percentage of covered payroll
2014	\$30,956	\$28,867 <sup>^</sup>	\$2,089	\$155,754*	18.53%
2015	\$30,687	\$30,174 <sup>^</sup>	\$513	\$162,273*	18.59%
2016	\$32,839	\$31,997 <sup>^</sup>	\$843	\$170,552*	18.76%
2017	\$35,066	\$35,415 <sup>^</sup>	(\$349)	\$181,338*	19.53%
2018	\$45,153	\$42,046 <sup>^</sup>	\$3,107	\$190,135	22.11%
2019	\$48,198	\$43,432	\$4,766	\$193,294	22.47%
2020	\$53,675	\$49,018	\$4,658	\$202,414	24.22%
2021	\$52,724	\$53,874	(\$1,150)	\$204,688	26.32%
2022	\$57,546	\$62,935	(\$5,389)	\$212,907	29.56%
2023	\$67,739	\$73,290	(\$5,551)	\$229,810	31.89%

<sup>^</sup> Restated to reflect a fiscal year measurement period.

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

**Changes to benefit terms**

None

**Changes of assumptions**

The inflation rate (Consumer Price Index) increased from 2.25% in FY 2021-22 to 2.50% in FY 2022-23.

The salary increase assumption increased from 2.75% in FY 2021-22 to 3.00% in FY 2022-23.

Post retirement cost-of-living adjustment (COLA) benefits are assumed to increase from 2.50% in FY 2021-22 to 2.75% in FY 2022-23 for Tier 1 employees. Tier 2 and Tier 3 remained unchanged.

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

COUNTY OF SAN LUIS OBISPO  
 REQUIRED SUPPLEMENTARY INFORMATION  
 OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN SCHEDULE OF CHANGES IN THE COUNTY'S NET OPEB  
 LIABILITY AND RELATED RATIOS  
 FOR THE LAST 10 FISCAL YEARS<sup>1</sup>  
 (in thousands)

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

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

<sup>2</sup> Contributions made to the OPEB plan are not based on measure of pay.

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

**Changes to benefit terms**

None

**Changes of assumptions**

The inflation rate increased from 2.25% in FY 2021-22 to 2.30% in FY 2022-23.

The discount rate decreased from 6.25% in FY 2021-22 to 6.00% in FY 2022-23.

The payroll growth rate decreased from 2.75% in FY 2021-22 to 2.50% in FY 2022-23.

The Notes to RSI are integral to the above schedule.

(continued)

COUNTY OF SAN LUIS OBISPO  
 REQUIRED SUPPLEMENTARY INFORMATION  
 OTHER POST-EMPLOYMENT BENEFITS (OPEB) PLAN SCHEDULE OF CHANGES IN THE COUNTY'S NET OPEB  
 LIABILITY AND RELATED RATIOS (CONTINUED)  
 FOR THE LAST 10 FISCAL YEARS<sup>1</sup>  
 (in thousands)

Measurement Date	June 30,
For Fiscal Year Reporting Period	2022
Total OPEB liability:	<u>2022-23</u>
Service cost	\$ 1,846
Interest	3,604
Differences between expected and actual experience	(10,638)
Changes of assumptions	3,599
Benefit payments	<u>(3,758)</u>
Net change in total OPEB liability	(5,347)
Total OPEB liability – beginning	<u>57,662</u>
Total OPEB liability – ending (a)	<u>\$ 52,315</u>
Plan Fiduciary net position:	
Employer contributions	4,461
Net investment income	(3,853)
Benefit payments	(3,758)
Administrative expense	(7)
Other deductions	<u>-</u>
Net change in plan fiduciary net position	(3,157)
Plan fiduciary net position – beginning	<u>28,078</u>
Plan fiduciary net position – ending (b)	<u>\$ 24,921</u>
County's net OPEB liability – ending (a) – (b)	<u>\$ 27,394</u>
Plan fiduciary net position as a percentage of the total OPEB liability	47.6%
Covered-employee payroll <sup>2</sup>	\$ 212,907
County's net OPEB liability as a percentage of covered-employee payroll	12.9%

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

<sup>2</sup> Contributions made to the OPEB plan are not based on measure of pay.

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

**Changes to benefit terms**

None

**Changes of assumptions**

The inflation rate increased from 2.25% in FY 2021-22 to 2.30% in FY 2022-23.

The discount rate decreased from 6.25% in FY 2021-22 to 6.00% in FY 2022-23.

The payroll growth rate decreased from 2.75% in FY 2021-22 to 2.50% in FY 2022-23.

The Notes to RSI are integral to the above schedule.

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

Fiscal Year Ended June 30 <sup>th</sup>	Actuarially Determined Contribution (ADC)	Contributions in relation to the ADC	Plan Contributions Over/(Under) ADC	Annual Covered- Employee Payroll <sup>2</sup>	Plan Contributions as a Percentage of Covered-Employee Payroll
	(a)	(b)	(b-a)		
2017	\$ 1,621	\$ 1,682	\$ 61	\$ 181,338	0.93%
2018	\$ 1,707	\$ 2,521	\$ 814	\$ 190,136	1.33%
2019	\$ 3,982	\$ 3,925	\$ (57)	\$ 193,294	2.03%
2020	\$ 4,229	\$ 3,778	\$ (451)	\$ 202,414	1.87%
2021	\$ 5,134	\$ 3,691	\$ (1,443)	\$ 204,688	1.80%
2022	\$ 4,890	\$ 4,462	\$ (428)	\$ 212,907	2.10%
2023	\$ 4,751	\$ 4,135	\$ (618)	\$ 229,810	1.80%

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

<sup>2</sup> Contributions made to the OPEB plan are not based on measure of pay.

**Changes to benefit terms**

None

**Changes of assumptions**

The inflation rate increased from 2.25% in FY 2021-22 to 2.30% in FY 2022-23.

The discount rate decreased from 6.25% in FY 2021-22 to 6.00% in FY 2022-23.

The payroll growth rate decreased from 2.75% in FY 2021-22 to 2.50% in FY 2022-23.

The Notes to RSI are integral to the above schedule.



**COUNTY OF SAN LUIS OBISPO**  
**Required Supplementary Information**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 236,214	\$ 236,214	\$ 251,198	\$ 14,984
Licenses, permits, and franchises	15,324	15,823	15,478	(345)
Fines, forfeitures, and penalties	3,562	3,858	3,053	(805)
Use of money and property	2,742	2,742	8,034	5,292
Aid from other governments	317,659	384,842	333,654	(51,188)
Charges for services	36,984	38,418	36,798	(1,620)
Other revenue	5,670	9,103	10,586	1,483
Total Revenues	<u>618,155</u>	<u>691,000</u>	<u>658,801</u>	<u>(32,199)</u>
<b>Expenditures:</b>				
Current:				
General government	63,553	94,063	64,191	29,872
Public protection	227,804	250,846	224,449	26,397
Public ways and facilities	5,637	7,660	4,025	3,635
Health and sanitation	142,836	157,627	132,329	25,298
Public assistance	153,112	170,767	188,072	(17,305)
Education	684	684	596	88
Recreation and Culture	5,772	10,082	6,204	3,878
Debt Service:				
Principal Payments	-	-	6,970	(6,970)
Interest and Fiscal Charges	-	-	834	(834)
Contingencies	31,693	22,882	-	22,882
Total Expenditures	<u>631,091</u>	<u>714,611</u>	<u>627,670</u>	<u>86,941</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(12,936)</u>	<u>(23,611)</u>	<u>31,131</u>	<u>54,742</u>
<b>Other Financing Sources (Uses):</b>				
Leases	-	-	38,935	38,935
SBITAs	-	-	305	305
Transfers in	272	435	518	83
Transfers out	(31,007)	(68,054)	(44,950)	23,104
Total Other Financing Sources (Uses)	<u>(30,735)</u>	<u>(67,619)</u>	<u>(5,192)</u>	<u>62,427</u>
<b>Net change in fund balances</b>	(43,671)	(91,230)	25,939	117,169
Fund balances, beginning	<u>326,272</u>	<u>326,272</u>	<u>326,272</u>	<u>-</u>
Fund balances, ending	<u>\$ 282,601</u>	<u>\$ 235,042</u>	<u>\$ 352,211</u>	<u>\$ 117,169</u>

Continued

**COUNTY OF SAN LUIS OBISPO**  
**Required Supplementary Information**  
**General Fund**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (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	\$ 658,801
Revenues for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	<u>3,649</u>
Total Revenues as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 662,450</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	\$ 627,670
Expenditures for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	<u>11,012</u>
Total Expenditures as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 638,682</u>

Other financing sources/(uses) of resources

Actual amounts (budgetary basis) "Total Other Financing Sources (Uses)" from the Budgetary Comparison Schedule	\$ (5,192)
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>(41)</u>
Total Other Financing Sources (Uses) as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ (5,233)</u>

**COUNTY OF SAN LUIS OBISPO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2023**

**1. BUDGETARY BASIS OF ACCOUNTING**

**A. BUDGETARY ACCOUNTING**

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

After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Board resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Board. During the fiscal year ended June 30, 2023 the Board of Supervisors approved all necessary supplemental appropriations. Generally, the effects of the supplemental appropriations are to increase the budget for cost of living adjustments and new programs and grants financed by other governmental agencies.

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

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

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

**B. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATION**

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



**COUNTY  
of SAN LUIS  
OBISPO**

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**OTHER SUPPLEMENTARY INFORMATION**

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**COUNTY**  
**of SAN LUIS**  
**OBISPO**

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**COMBINING FINANCIAL STATEMENTS  
NONMAJOR GOVERNMENTAL FUNDS**

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**COUNTY  
of SAN LUIS  
OBISPO**



## **NONMAJOR GOVERNMENTAL FUNDS DESCRIPTIONS**

### **SPECIAL REVENUE FUNDS:**

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

#### Community Development Program

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

#### Emergency Medical Services

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

#### Driving Under the Influence Programs

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

#### Fish & Game

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

#### Road Impact Fees

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

#### Library

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

#### Parks

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

#### Public Facilities Fees

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

#### Roads

Accounts for resources used to maintain the County road system.

#### Solid Waste Management

Accounts for resources used to oversee proper management, disposal, and recovery of solid waste.

#### Wildlife & Grazing

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

## **NONMAJOR GOVERNMENTAL FUNDS (Continued)**

### **SPECIAL REVENUE SPECIAL DISTRICT FUNDS:**

#### Flood Control Districts

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

#### Lighting Districts

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

#### County Service Areas

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

### **DEBT SERVICE FUNDS:**

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

#### San Luis Obispo County Public Facilities Corporation (PFC)

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

#### Pension Obligation Bonds

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

#### SLO County Financing Authority

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

**COUNTY OF SAN LUIS OBISPO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2023 (IN THOUSANDS)**

	Special Revenue			
	Community Development	Emergency Medical Services	Driving Under the Influence Programs	Fish and Game
<u>Assets</u>				
Cash and cash equivalents	\$ 9,369	\$ 261	\$ 398	\$ 202
Restricted cash with fiscal agent	-	-	-	-
Accounts receivable, net	-	-	-	-
Other receivables	-	-	-	-
Due from other governments	78	267	-	-
Due from other funds	-	-	-	-
Loans receivable, net of allowance for uncollectibles	20,549	-	-	-
Leases receivable	-	-	-	-
Advances to other funds	-	-	-	-
Prepaid items	-	-	4	-
Other assets	-	-	-	-
	<u>29,996</u>	<u>528</u>	<u>402</u>	<u>202</u>
Total assets	<u>\$ 29,996</u>	<u>\$ 528</u>	<u>\$ 402</u>	<u>\$ 202</u>
<u>Liabilities</u>				
Accounts payable	\$ 3,725	\$ -	\$ -	\$ -
Salaries and benefits payable	-	-	-	-
Due to other funds	-	-	-	-
Deposits from others	2,079	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
	<u>5,804</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>5,804</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	-	-	-	-
Lease revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>				
Nonspendable	-	-	4	-
Restricted	-	-	186	-
Committed	24,192	528	212	202
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>24,192</u>	<u>528</u>	<u>402</u>	<u>202</u>
Total fund balances	<u>24,192</u>	<u>528</u>	<u>402</u>	<u>202</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,996</u>	<u>\$ 528</u>	<u>\$ 402</u>	<u>\$ 202</u>

**COUNTY OF SAN LUIS OBISPO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2023 (IN THOUSANDS)**

	Special Revenue				
	Road Impact Fees	Library	Parks	Public Facilities Fees	Solid Waste Management
<b>Assets</b>					
Cash and cash equivalents	\$ 12,166	\$ 6,344	\$ 3,680	\$ 13,862	\$ 342
Restricted cash with fiscal agent	-	-	-	-	-
Accounts receivable, net	-	1	9	-	-
Other receivables	-	-	29	-	-
Due from other governments	-	-	1,639	-	-
Due from other funds	-	-	-	-	-
Loans receivable, net of allowance for uncollectibles	-	-	-	-	-
Leases receivable	-	-	136	-	-
Advances to other funds	-	-	-	-	-
Prepaid items	-	5	-	-	-
Other assets	-	-	-	-	-
<b>Total assets</b>	<b>\$ 12,166</b>	<b>\$ 6,350</b>	<b>\$ 5,493</b>	<b>\$ 13,862</b>	<b>\$ 342</b>
<b>Liabilities</b>					
Accounts payable	\$ -	\$ 63	\$ 797	\$ -	\$ 12
Salaries and benefits payable	-	117	48	-	-
Due to other funds	-	-	-	-	-
Deposits from others	-	-	558	-	-
Unearned revenue	-	-	-	-	-
Advances from other funds	-	-	571	-	-
<b>Total liabilities</b>	<b>-</b>	<b>180</b>	<b>1,974</b>	<b>-</b>	<b>12</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	-	-	1,588	-	-
Lease revenue	-	-	128	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>1,716</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>					
Nonspendable	-	5	-	-	-
Restricted	12,166	9	708	13,862	55
Committed	-	6,156	1,095	-	275
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>12,166</b>	<b>6,170</b>	<b>1,803</b>	<b>13,862</b>	<b>330</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 12,166</b>	<b>\$ 6,350</b>	<b>\$ 5,493</b>	<b>\$ 13,862</b>	<b>\$ 342</b>

**COUNTY OF SAN LUIS OBISPO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2023 (IN THOUSANDS)**

	Special Revenue				
	Roads	Wildlife Grazing	Flood Control Districts	Lighting Districts	County Service Areas
<u>Assets</u>					
Cash and cash equivalents	\$ 19,224	\$ 50	\$ 18,750	\$ 458	\$ 2,600
Restricted cash with fiscal agent	-	-	-	-	-
Accounts receivable, net	-	-	173	1	5
Other receivables	-	-	-	-	-
Due from other governments	4,819	-	219	-	-
Due from other funds	-	-	-	-	-
Loans receivable, net of allowance for uncollectibles	-	-	-	-	-
Leases receivable	-	-	-	-	-
Advances to other funds	-	-	1,327	-	655
Prepaid items	-	-	-	-	-
Other assets	52	-	-	-	-
<b>Total assets</b>	<b>\$ 24,095</b>	<b>\$ 50</b>	<b>\$ 20,469</b>	<b>\$ 459</b>	<b>\$ 3,260</b>
<u>Liabilities</u>					
Accounts payable	\$ 3,868	\$ -	\$ 300	\$ -	\$ 7
Salaries and benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits from others	138	-	-	-	-
Unearned revenue	67	-	-	-	-
Advances from other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>4,073</b>	<b>-</b>	<b>300</b>	<b>-</b>	<b>7</b>
<u>Deferred Inflows of Resources</u>					
Unavailable revenue	12	-	392	1	5
Lease revenue	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>12</b>	<b>-</b>	<b>392</b>	<b>1</b>	<b>5</b>
<u>Fund Balances</u>					
Nonspendable	-	-	-	-	-
Restricted	-	50	6,568	-	138
Committed	20,010	-	13,209	458	3,110
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>20,010</b>	<b>50</b>	<b>19,777</b>	<b>458</b>	<b>3,248</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 24,095</b>	<b>\$ 50</b>	<b>\$ 20,469</b>	<b>\$ 459</b>	<b>\$ 3,260</b>

**COUNTY OF SAN LUIS OBISPO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2023 (IN THOUSANDS)**

	Debt Service			Total Nonmajor Governmental Funds
	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Debt Service Financing Authority	
<b>Assets</b>				
Cash and cash equivalents	\$ 20	\$ 23,310	\$ 15	\$ 111,051
Restricted cash with fiscal agent	1	7	72,577	72,585
Accounts receivable, net	-	-	-	189
Other receivables	-	-	-	29
Due from other governments	-	-	-	7,022
Due from other funds	-	-	-	-
Loans receivable, net of allowance for uncollectibles	-	-	-	20,549
Leases receivable	-	-	-	136
Advances to other funds	-	-	-	1,982
Prepaid items	-	-	-	9
Other assets	-	-	-	52
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 21</u>	<u>\$ 23,317</u>	<u>\$ 72,592</u>	<u>\$ 213,604</u>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ 8,772
Salaries and benefits payable	-	-	-	165
Due to other funds	-	-	286	286
Deposits from others	-	-	-	2,775
Unearned revenue	-	-	-	67
Advances from other funds	-	-	-	571
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>-</u>	<u>286</u>	<u>12,636</u>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	1,998
Lease revenue	-	-	-	128
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,126</u>
<b>Fund Balances</b>				
Nonspendable	-	-	-	9
Restricted	21	23,317	72,306	129,386
Committed	-	-	-	69,447
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>21</u>	<u>23,317</u>	<u>72,306</u>	<u>198,842</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21</u>	<u>\$ 23,317</u>	<u>\$ 72,592</u>	<u>\$ 213,604</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, 2023 (IN THOUSANDS)**

	Special Revenue			
	Community Development	Emergency Medical Services	Driving Under the Influence Programs	Fish and Game
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	486	-	29
Use of money and property	(7)	3	11	-
Aid from other governments	10,721	-	32	-
Charges for services	-	-	1,080	-
Other revenues	7	-	49	-
	<u>10,721</u>	<u>489</u>	<u>1,172</u>	<u>29</u>
Total revenues	<u>10,721</u>	<u>489</u>	<u>1,172</u>	<u>29</u>
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	42
Public ways and facilities	-	-	-	-
Health and sanitation	8,239	-	-	-
Public assistance	-	544	-	-
Education	-	-	1,194	-
Recreation and cultural services	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>8,239</u>	<u>544</u>	<u>1,194</u>	<u>42</u>
Total expenditures	<u>8,239</u>	<u>544</u>	<u>1,194</u>	<u>42</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,482</u>	<u>(55)</u>	<u>(22)</u>	<u>(13)</u>
<u>Other financing sources (uses)</u>				
Refunding bonds issued	-	-	-	-
Premium on refunding bonds issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Transfers in	40	-	-	-
Transfers out	(40)	-	(29)	-
	<u>-</u>	<u>-</u>	<u>(29)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(29)</u>	<u>-</u>
Net change in fund balances	2,482	(55)	(51)	(13)
Fund balances - beginning	<u>21,710</u>	<u>583</u>	<u>453</u>	<u>215</u>
Fund balances - ending	<u>\$ 24,192</u>	<u>\$ 528</u>	<u>\$ 402</u>	<u>\$ 202</u>

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2023 (IN THOUSANDS)**

	Special Revenue				
	Road Impact Fees	Library	Parks	Public Facilities Fees	Solid Waste Management
<u>Revenues</u>					
Taxes	\$ -	\$ 11,530	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	1	-	-
Use of money and property	202	74	115	345	(5)
Aid from other governments	-	222	136	-	93
Charges for services	1,013	93	6,053	1,521	335
Other revenues	-	1,227	8	-	-
	<u>1,215</u>	<u>13,146</u>	<u>6,313</u>	<u>1,866</u>	<u>423</u>
<u>Expenditures</u>					
Current:					
Public protection	-	-	-	-	810
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Education	-	12,409	-	-	-
Recreation and cultural services	-	-	10,481	-	-
Debt service:					
Principal payments	-	16	-	-	-
Interest and fiscal charges	-	1	-	-	-
	<u>-</u>	<u>12,426</u>	<u>10,481</u>	<u>-</u>	<u>810</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,215</u>	<u>720</u>	<u>(4,168)</u>	<u>1,866</u>	<u>(387)</u>
<u>Other financing sources (uses)</u>					
Refunding bonds issued	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers in	-	651	2,394	-	717
Transfers out	(557)	(310)	(109)	(4,005)	-
	<u>(557)</u>	<u>341</u>	<u>2,285</u>	<u>(4,005)</u>	<u>717</u>
Net change in fund balances	658	1,061	(1,883)	(2,139)	330
Fund balances - beginning	<u>11,508</u>	<u>5,109</u>	<u>3,686</u>	<u>16,001</u>	<u>-</u>
Fund balances - ending	<u>\$ 12,166</u>	<u>\$ 6,170</u>	<u>\$ 1,803</u>	<u>\$ 13,862</u>	<u>\$ 330</u>



**COUNTY OF SAN LUIS OBISPO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2023 (IN THOUSANDS)**

	Special Revenue				
	Roads	Wildlife and Grazing	Flood Control Districts	Lighting Districts	County Service Areas
<u>Revenues</u>					
Taxes	\$ 2,181	\$ -	\$ 4,626	\$ 45	\$ 1,210
Licenses, permits, and franchises	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	531	1	418	8	51
Aid from other governments	26,961	3	4,658	-	4
Charges for services	437	-	601	12	7
Other revenues	109	-	87	-	5
<b>Total revenues</b>	<b>30,219</b>	<b>4</b>	<b>10,390</b>	<b>65</b>	<b>1,277</b>
<u>Expenditures</u>					
Current:					
Public protection	-	2	8,108	33	-
Public ways and facilities	53,221	-	-	-	770
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Education	-	-	-	-	-
Recreation and cultural services	-	-	-	-	-
Debt service:					
Principal payments	50	-	-	-	-
Interest and fiscal charges	17	-	-	-	-
<b>Total expenditures</b>	<b>53,288</b>	<b>2</b>	<b>8,108</b>	<b>33</b>	<b>770</b>
Excess (deficiency) of revenues over (under) expenditures	(23,069)	2	2,282	32	507
<u>Other financing sources (uses)</u>					
Refunding bonds issued	-	-	-	-	-
Premium on refunding bonds issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
Transfers in	18,543	-	294	-	-
Transfers out	(114)	-	(6,284)	-	(344)
<b>Total other financing sources (uses)</b>	<b>18,429</b>	<b>-</b>	<b>(5,990)</b>	<b>-</b>	<b>(344)</b>
<b>Net change in fund balances</b>	<b>(4,640)</b>	<b>2</b>	<b>(3,708)</b>	<b>32</b>	<b>163</b>
Fund balances - beginning	24,650	48	23,485	426	3,085
Fund balances - ending	<u>\$ 20,010</u>	<u>\$ 50</u>	<u>\$ 19,777</u>	<u>\$ 458</u>	<u>\$ 3,248</u>

**COUNTY OF SAN LUIS OBISPO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)**  
**FOR THE YEAR ENDED JUNE 30, 2023 (IN THOUSANDS)**

	Debt Service			Total Nonmajor Governmental Funds
	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Debt Service Financing Authority	
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ -	\$ 19,592
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	516
Use of money and property	-	206	1,682	3,635
Aid from other governments	-	-	-	42,830
Charges for services	420	-	4,851	16,423
Other revenues	-	776	-	2,268
	<u>420</u>	<u>982</u>	<u>6,533</u>	<u>85,264</u>
Total revenues				
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	8,995
Public ways and facilities	-	-	-	53,991
Health and sanitation	-	-	-	8,239
Public assistance	-	-	-	544
Education	-	-	-	13,603
Recreation and cultural services	-	-	-	10,481
Debt service:				
Principal payments	216	3,548	2,105	5,935
Interest and fiscal charges	194	6,709	2,812	9,733
	<u>410</u>	<u>10,257</u>	<u>4,917</u>	<u>111,521</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>10</u>	<u>(9,275)</u>	<u>1,616</u>	<u>(26,257)</u>
<u>Other financing sources (uses)</u>				
Refunding bonds issued	-	-	70,033	70,033
Premium on refunding bonds issued	-	-	4,634	4,634
Payment to refunded bond escrow agent	-	-	(5,724)	(5,724)
Transfers in	-	13,885	-	36,524
Transfers out	-	-	(1,423)	(13,215)
	<u>-</u>	<u>13,885</u>	<u>67,520</u>	<u>92,252</u>
Total other financing sources (uses)				
Net change in fund balances	10	4,610	69,136	65,995
Fund balances - beginning	<u>11</u>	<u>18,707</u>	<u>3,170</u>	<u>132,847</u>
Fund balances - ending	<u>\$ 21</u>	<u>\$ 23,317</u>	<u>\$ 72,306</u>	<u>\$ 198,842</u>

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**BUDGETARY COMPARISON SCHEDULES  
CAPITAL PROJECTS FUND  
NONMAJOR GOVERNMENTAL FUNDS**

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**COUNTY**  
**of** **SAN LUIS**  
**OBISPO**

**COUNTY OF SAN LUIS OBISPO**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fines, forfeitures, and penalties	\$ -	\$ -	\$ 389	\$ 389
Use of money and property	-	-	302	302
Aid from other governments	-	10,410	1,855	(8,555)
Charges for services	514	5,999	1,871	(4,128)
Other revenues	-	496	60	(436)
Total Revenues	<u>514</u>	<u>16,905</u>	<u>4,477</u>	<u>(12,428)</u>
<b>Expenditures:</b>				
Capital outlay	<u>7,014</u>	<u>113,948</u>	<u>14,563</u>	<u>99,385</u>
Total Expenditures	<u>7,014</u>	<u>113,948</u>	<u>14,563</u>	<u>99,385</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,500)</u>	<u>(97,043)</u>	<u>(10,086)</u>	<u>86,957</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	6,377	97,000	9,352	(87,648)
Transfers out	-	-	(4)	(4)
Total Other Financing Sources (Uses)	<u>6,377</u>	<u>97,000</u>	<u>9,348</u>	<u>(87,652)</u>
<b>Net change in fund balances</b>	(123)	(43)	(738)	(695)
Fund balances, beginning	<u>18,305</u>	<u>18,305</u>	<u>18,305</u>	<u>-</u>
Fund balances, ending	<u>\$ 18,182</u>	<u>\$ 18,262</u>	<u>\$ 17,567</u>	<u>\$ (695)</u>

**COUNTY OF SAN LUIS OBISPO**  
**Community Development**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ (7)	\$ (7)
Aid from other governments	7,459	17,172	10,721	(6,451)
Charges for services	-	-	-	-
Other revenues	543	1,330	7	(1,323)
Total Revenues	<u>8,002</u>	<u>18,502</u>	<u>10,721</u>	<u>(7,781)</u>
<b>Expenditures:</b>				
Current:				
Health and sanitation				
Services and supplies	588	2,363	696	1,667
Other charges	7,454	16,832	7,543	9,289
Contingencies	17	17	-	17
Total Expenditures	<u>8,059</u>	<u>19,212</u>	<u>8,239</u>	<u>10,973</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(57)</u>	<u>(710)</u>	<u>2,482</u>	<u>3,192</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	39	693	40	(653)
Transfers out	(40)	(40)	(40)	-
Total Other Financing Sources (Uses)	<u>(1)</u>	<u>653</u>	<u>-</u>	<u>(653)</u>
<b>Net change in fund balances</b>	(58)	(57)	2,482	2,539
Fund balances, beginning	<u>21,710</u>	<u>21,710</u>	<u>21,710</u>	<u>-</u>
Fund balances, ending	<u>\$ 21,652</u>	<u>\$ 21,653</u>	<u>\$ 24,192</u>	<u>\$ 2,539</u>

**COUNTY OF SAN LUIS OBISPO**  
**Emergency Medical Services**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fines, forfeitures, and penalties	\$ 600	\$ 600	\$ 486	\$ (114)
Use of money and property	1	1	3	2
Total Revenues	<u>601</u>	<u>601</u>	<u>489</u>	<u>(112)</u>
<b>Expenditures:</b>				
Current:				
Public assistance				
Services and supplies	643	858	544	314
Total Expenditures	<u>643</u>	<u>858</u>	<u>544</u>	<u>314</u>
<b>Net change in fund balances</b>	(42)	(257)	(55)	202
Fund balances, beginning	<u>583</u>	<u>583</u>	<u>583</u>	<u>-</u>
Fund balances, ending	<u>\$ 541</u>	<u>\$ 326</u>	<u>\$ 528</u>	<u>\$ 202</u>

**COUNTY OF SAN LUIS OBISPO**  
**Driving Under the Influence Program**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 4	\$ 4	\$ 11	\$ 7
Charges for services	1,506	1,506	1,080	(426)
Aid from other governments	12	12	32	20
Other revenues	-	-	49	49
Total Revenues	<u>1,522</u>	<u>1,522</u>	<u>1,172</u>	<u>(350)</u>
<b>Expenditures:</b>				
Current:				
Education				
Salaries, wages, and benefits	1,038	1,019	778	241
Services and supplies	409	494	395	99
Other charges	21	21	21	-
Debt Service	-	-	-	-
Contingencies	57	57	-	57
Total Expenditures	<u>1,525</u>	<u>1,591</u>	<u>1,194</u>	<u>397</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3)</u>	<u>(69)</u>	<u>(22)</u>	<u>47</u>
<b>Other Financing Sources (Uses):</b>				
Leases	-	-	-	-
Transfers out	-	-	(29)	(29)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(29)</u>	<u>(29)</u>
<b>Net change in fund balances</b>	(3)	(69)	(51)	18
Fund balances, beginning	<u>453</u>	<u>453</u>	<u>453</u>	<u>-</u>
Fund balances, ending	<u>\$ 450</u>	<u>\$ 384</u>	<u>\$ 402</u>	<u>\$ 18</u>



**COUNTY OF SAN LUIS OBISPO**  
**Fish and Game**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fines, forfeitures, and penalties	\$ 52	\$ 52	\$ 29	\$ (23)
Use of money and property	-	-	-	-
Total Revenues	<u>52</u>	<u>52</u>	<u>29</u>	<u>(23)</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	34	54	42	12
Total Expenditures	<u>34</u>	<u>54</u>	<u>42</u>	<u>12</u>
<b>Net change in fund balances</b>	18	(2)	(13)	(11)
Fund balances, beginning	<u>215</u>	<u>215</u>	<u>215</u>	<u>-</u>
Fund balances, ending	<u><u>\$ 233</u></u>	<u><u>\$ 213</u></u>	<u><u>\$ 202</u></u>	<u><u>\$ (11)</u></u>

**COUNTY OF SAN LUIS OBISPO**  
**Road Impact Fees**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 202	\$ 202
Charges for services	-	-	1,013	1,013
Total Revenues	-	-	1,215	1,215
<b>Expenditures:</b>				
Current:				
Public ways and facilities				
Services and supplies	-	-	-	-
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	1,215	1,215
<b>Other Financing Sources (Uses):</b>				
Transfers out	(2,269)	(6,299)	(557)	5,742
Total Other Financing Sources (Uses)	(2,269)	(6,299)	(557)	5,742
<b>Net change in fund balances</b>	(2,269)	(6,299)	658	6,957
Fund balances, beginning	11,508	11,508	11,508	-
Fund balances, ending	\$ 9,239	\$ 5,209	\$ 12,166	\$ 6,957

**COUNTY OF SAN LUIS OBISPO**  
**Library**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 11,040	\$ 11,040	\$ 11,530	\$ 490
Use of money and property	44	44	74	30
Aid from other governments	240	2,025	222	(1,803)
Charges for services	54	54	93	39
Other revenues	15	486	1,227	741
Total Revenues	<u>11,393</u>	<u>13,649</u>	<u>13,146</u>	<u>(503)</u>
<b>Expenditures:</b>				
Current:				
Education				
Salaries, wages, and benefits	7,770	7,800	7,454	346
Services and supplies	4,293	5,736	4,835	901
Other charges	8	2,032	120	1,912
Debt Service	-	-	17	(17)
Contingencies	572	543	-	543
Total Expenditures	<u>12,643</u>	<u>16,111</u>	<u>12,426</u>	<u>3,685</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,250)</u>	<u>(2,462)</u>	<u>720</u>	<u>3,182</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	621	621	651	30
Transfers out	<u>(33)</u>	<u>(33)</u>	<u>(310)</u>	<u>(277)</u>
Total Other Financing Sources (Uses)	<u>588</u>	<u>588</u>	<u>341</u>	<u>(247)</u>
<b>Net change in fund balances</b>	(662)	(1,874)	1,061	2,935
Fund balances, beginning	<u>5,109</u>	<u>5,109</u>	<u>5,109</u>	<u>-</u>
Fund balances, ending	<u>\$ 4,447</u>	<u>\$ 3,235</u>	<u>\$ 6,170</u>	<u>\$ 2,935</u>

**COUNTY OF SAN LUIS OBISPO**  
**Parks**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fines, forfeitures, and penalties	\$ 31	\$ 188	\$ 1	\$ (187)
Use of money and property	52	52	115	63
Aid from other governments	23	729	136	(593)
Charges for services	6,287	6,350	6,053	(297)
Other revenues	7	7	8	1
Total Revenues	<u>6,400</u>	<u>7,326</u>	<u>6,313</u>	<u>(1,013)</u>
<b>Expenditures:</b>				
Current:				
Recreation and cultural services				
Salaries, wages, and benefits	3,247	3,247	3,120	127
Services and supplies	3,046	4,673	6,835	(2,162)
Other charges	42	468	376	92
Capital outlay	47	5,228	150	5,078
Contingencies	200	-	-	-
Total Expenditures	<u>6,582</u>	<u>13,616</u>	<u>10,481</u>	<u>3,135</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(182)</u>	<u>(6,290)</u>	<u>(4,168)</u>	<u>2,122</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	3,391	2,394	(997)
Transfers out	<u>(21)</u>	<u>(21)</u>	<u>(109)</u>	<u>(88)</u>
Total Other Financing Sources (Uses)	<u>(21)</u>	<u>3,370</u>	<u>2,285</u>	<u>(1,085)</u>
<b>Net change in fund balances</b>	(203)	(2,920)	(1,883)	1,037
Fund balances, beginning	<u>3,686</u>	<u>3,686</u>	<u>3,686</u>	<u>-</u>
Fund balances, ending	<u>\$ 3,483</u>	<u>\$ 766</u>	<u>\$ 1,803</u>	<u>\$ 1,037</u>

**COUNTY OF SAN LUIS OBISPO**  
**Public Facilities Fees**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 345	\$ 345
Charges for services	1,064	1,064	1,521	457
Total Revenues	<u>1,064</u>	<u>1,064</u>	<u>1,866</u>	<u>802</u>
<b>Expenditures:</b>				
Current:				
General government				
Salaries, wages, and benefits	-	-	-	-
Services and supplies	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,064</u>	<u>1,064</u>	<u>1,866</u>	<u>802</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(2,500)	(15,526)	(4,005)	11,521
Total Other Financing Sources (Uses)	<u>(2,500)</u>	<u>(15,526)</u>	<u>(4,005)</u>	<u>11,521</u>
<b>Net change in fund balances</b>	(1,436)	(14,462)	(2,139)	12,323
Fund balances, beginning	<u>16,001</u>	<u>16,001</u>	<u>16,001</u>	<u>-</u>
Fund balances, ending	<u>\$ 14,565</u>	<u>\$ 1,539</u>	<u>\$ 13,862</u>	<u>\$ 12,323</u>

**COUNTY OF SAN LUIS OBISPO**  
**Roads**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,948	\$ 1,948	\$ 2,181	\$ 233
Use of money and property	150	150	531	381
Aid from other governments	21,055	45,940	26,961	(18,979)
Charges for services	278	278	437	159
Other revenues	7	50	109	59
Total Revenues	<u>23,438</u>	<u>48,366</u>	<u>30,219</u>	<u>(18,147)</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities				
Services and supplies	21,596	42,155	53,171	(11,016)
Other charges	503	1,053	50	1,003
Capital outlay	9,480	52,029	-	52,029
Debt Service	-	-	67	(67)
Total Expenditures	<u>31,579</u>	<u>95,237</u>	<u>53,288</u>	<u>41,949</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,141)</u>	<u>(46,871)</u>	<u>(23,069)</u>	<u>23,802</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	8,254	24,284	18,543	(5,741)
Transfers out	<u>(114)</u>	<u>(114)</u>	<u>(114)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>8,140</u>	<u>24,170</u>	<u>18,429</u>	<u>(5,741)</u>
<b>Net change in fund balances</b>	(1)	(22,701)	(4,640)	18,061
Fund balances, beginning	<u>24,650</u>	<u>24,650</u>	<u>24,650</u>	<u>-</u>
Fund balances, ending	<u>\$ 24,649</u>	<u>\$ 1,949</u>	<u>\$ 20,010</u>	<u>\$ 18,061</u>

**COUNTY OF SAN LUIS OBISPO**  
**Solid Waste Management**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ (5)	\$ (5)
Aid from other governments	-	193	93	(100)
Charges for services	497	497	335	(162)
Total Revenues	<u>497</u>	<u>690</u>	<u>423</u>	<u>(267)</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	1,773	1,816	687	1,129
Other charges	-	150	123	27
Total Expenditures	<u>1,773</u>	<u>1,966</u>	<u>810</u>	<u>1,156</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,276)</u>	<u>(1,276)</u>	<u>(387)</u>	<u>889</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,276	1,276	717	(559)
Total Other Financing Sources (Uses)	<u>1,276</u>	<u>1,276</u>	<u>717</u>	<u>(559)</u>
<b>Net change in fund balances</b>	-	-	330	330
Fund balances, beginning	-	-	-	-
Fund balances, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 330</u>	<u>\$ 330</u>

**COUNTY OF SAN LUIS OBISPO**  
**Wildlife and Grazing**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 1	\$ 1
Aid from other governments	4	4	3	(1)
Total Revenues	<u>4</u>	<u>4</u>	<u>4</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	7	7	2	5
Total Expenditures	<u>7</u>	<u>7</u>	<u>2</u>	<u>5</u>
<b>Net change in fund balances</b>	(3)	(3)	2	5
Fund balances, beginning	<u>48</u>	<u>48</u>	<u>48</u>	<u>-</u>
Fund balances, ending	<u>\$ 45</u>	<u>\$ 45</u>	<u>\$ 50</u>	<u>\$ 5</u>



**COUNTY OF SAN LUIS OBISPO**  
**Flood Control Districts**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 4,253	\$ 4,253	\$ 4,626	\$ 373
Use of money and property	88	88	418	330
Aid from other governments	3,146	3,146	4,658	1,512
Charges for services	595	595	601	6
Other revenues	15	15	87	72
Total Revenues	<u>8,097</u>	<u>8,097</u>	<u>10,390</u>	<u>2,293</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	9,144	11,900	5,744	6,156
Other charges	2,782	2,782	2,364	418
Capital outlay	-	-	-	-
Total Expenditures	<u>11,926</u>	<u>14,682</u>	<u>8,108</u>	<u>6,574</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,829)</u>	<u>(6,585)</u>	<u>2,282</u>	<u>8,867</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	376	476	294	(182)
Transfers out	-	(6,510)	(6,284)	226
Total Other Financing Sources (Uses)	<u>376</u>	<u>(6,034)</u>	<u>(5,990)</u>	<u>44</u>
<b>Net change in fund balances</b>	(3,453)	(12,619)	(3,708)	8,911
Fund balances, beginning	<u>23,485</u>	<u>23,485</u>	<u>23,485</u>	<u>-</u>
Fund balances, ending	<u>\$ 20,032</u>	<u>\$ 10,866</u>	<u>\$ 19,777</u>	<u>\$ 8,911</u>

**COUNTY OF SAN LUIS OBISPO**  
**Lighting Control Districts**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 43	\$ 43	\$ 45	\$ 2
Use of money and property	2	2	8	6
Charges for services	11	11	12	1
Other revenues	-	-	-	-
Total Revenues	<u>56</u>	<u>56</u>	<u>65</u>	<u>9</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	37	37	33	4
Capital outlay	-	-	-	-
Total Expenditures	<u>37</u>	<u>37</u>	<u>33</u>	<u>4</u>
<b>Net change in fund balances</b>	19	19	32	13
Fund balances, beginning	<u>426</u>	<u>426</u>	<u>426</u>	<u>-</u>
Fund balances, ending	<u>\$ 445</u>	<u>\$ 445</u>	<u>\$ 458</u>	<u>\$ 13</u>

**COUNTY OF SAN LUIS OBISPO**  
**County Service Areas Districts**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,120	\$ 1,120	\$ 1,210	\$ 90
Use of money and property	12	12	51	39
Aid from other governments	3	3	4	1
Charges for services	4	4	7	3
Other revenues	1	1	5	4
Total Revenues	<u>1,140</u>	<u>1,140</u>	<u>1,277</u>	<u>137</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities				
Services and supplies	884	930	770	160
Total Expenditures	<u>884</u>	<u>930</u>	<u>770</u>	<u>160</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>256</u>	<u>210</u>	<u>507</u>	<u>297</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(344)	(344)	(344)	-
Total Other Financing Sources (Uses)	<u>(344)</u>	<u>(344)</u>	<u>(344)</u>	<u>-</u>
<b>Net change in fund balances</b>	(88)	(134)	163	297
Fund balances, beginning	<u>3,085</u>	<u>3,085</u>	<u>3,085</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,997</u>	<u>\$ 2,951</u>	<u>\$ 3,248</u>	<u>\$ 297</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, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Charges for services	\$ -	\$ -	\$ 420	\$ 420
Total Revenues	<u>-</u>	<u>-</u>	<u>420</u>	<u>420</u>
<b>Expenditures:</b>				
Debt Service:				
Principal payments	-	-	216	(216)
Interest and fiscal charges	-	-	194	(194)
Total Expenditures	<u>-</u>	<u>-</u>	<u>410</u>	<u>(410)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
<b>Other Financing Sources (Uses):</b>				
Debt issued	-	-	-	-
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net change in fund balances</b>	-	-	10	10
Fund balances, beginning	<u>11</u>	<u>11</u>	<u>11</u>	<u>-</u>
Fund balances, ending	<u>\$ 11</u>	<u>\$ 11</u>	<u>\$ 21</u>	<u>\$ 10</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, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 55	\$ 55	\$ 206	\$ 151
Other revenues	13,575	13,575	776	(12,799)
Total Revenues	<u>13,630</u>	<u>13,630</u>	<u>982</u>	<u>(12,648)</u>
<b>Expenditures:</b>				
Debt Service:				
Principal payments	3,548	3,548	3,548	-
Interest and fiscal charges	6,709	6,709	6,709	-
Total Expenditures	<u>10,257</u>	<u>10,257</u>	<u>10,257</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,373</u>	<u>3,373</u>	<u>(9,275)</u>	<u>(12,648)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	13,885	13,885
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>13,885</u>	<u>13,885</u>
<b>Net change in fund balances</b>	3,373	3,373	4,610	1,237
Fund balances, beginning	<u>18,707</u>	<u>18,707</u>	<u>18,707</u>	<u>-</u>
Fund balances, ending	<u>\$ 22,080</u>	<u>\$ 22,080</u>	<u>\$ 23,317</u>	<u>\$ 1,237</u>

**COUNTY OF SAN LUIS OBISPO**  
**SLO County Financing Authority**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget to Actual Comparison**  
**For the Year Ended June 30, 2023 (in thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 1,682	\$ 1,682
Charges for services	-	-	4,851	4,851
Total Revenues	-	-	6,533	6,533
<b>Expenditures:</b>				
Debt Service:				
Principal payments	-	-	2,105	(2,105)
Interest and fiscal charges	-	-	2,812	(2,812)
Total Expenditures	-	-	4,917	(4,917)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	1,616	1,616
<b>Other Financing Sources (Uses):</b>				
Debt issued	-	-	70,033	70,033
Premium on refunding debt issued	-	-	4,634	4,634
Payment to refunded bond escrow agent	-	-	(5,724)	(5,724)
Transfers out	-	-	(1,423)	(1,423)
Total Other Financing Sources (Uses)	-	-	67,520	67,520
<b>Net change in fund balances</b>	-	-	69,136	69,136
Fund balances, beginning	3,170	3,170	3,170	-
Fund balances, ending	\$ 3,170	\$ 3,170	\$ 72,306	\$ 69,136

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**COMBINING FINANCIAL STATEMENTS  
NONMAJOR ENTERPRISE FUNDS**

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**COUNTY**  
**of SAN LUIS**  
**OBISPO**



## **NONMAJOR ENTERPRISE FUNDS DESCRIPTIONS**

### **ENTERPRISE FUNDS:**

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

### General Flood Control Zone – Salinas Dam

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

### Lopez Flood Control

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

### Golf

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

### Lopez Park

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

### County Service Areas

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

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2023 (IN THOUSANDS)**

	General Flood Control Zone - Salinas Dam	Lopez Flood Control	Golf	Lopez Park	County Service Areas	Total
<b>Assets</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 3,033	\$ 12,106	\$ 1,661	\$ 25	\$ 4,363	\$ 21,188
Accounts receivable, net	-	4	27	-	369	400
Inventories	-	-	84	-	-	84
Leases receivable	-	-	75	-	-	75
Other receivables	-	30	-	-	12	42
Prepaid items	-	-	424	-	-	424
Deposits with others	-	-	-	-	86	86
<b>Total current assets</b>	<b>3,033</b>	<b>12,140</b>	<b>2,271</b>	<b>25</b>	<b>4,830</b>	<b>22,299</b>
<b>Noncurrent assets:</b>						
Restricted cash with fiscal agent	-	-	-	-	-	-
Leases receivable	-	-	12	-	-	12
Advances to other funds	-	-	-	20	-	20
<b>Capital assets:</b>						
<b>Nondepreciable</b>						
Land	-	2,155	1,333	-	534	4,022
Construction in progress	-	580	304	-	843	1,727
Water rights	-	-	-	-	-	-
Other property	-	1,968	-	-	-	1,968
<b>Depreciable</b>						
Infrastructure, net	-	18,635	5	-	1,901	20,541
Structures and improvements, net	-	30,894	6,959	-	9,541	47,394
Equipment, net	-	168	386	-	484	1,038
Other property, net	-	-	-	-	496	496
Lease assets, net	-	-	105	-	-	105
SBITA assets, net	-	-	40	-	-	40
<b>Total noncurrent assets</b>	<b>-</b>	<b>54,400</b>	<b>9,144</b>	<b>20</b>	<b>13,799</b>	<b>77,363</b>
<b>Total assets</b>	<b>3,033</b>	<b>66,540</b>	<b>11,415</b>	<b>45</b>	<b>18,629</b>	<b>99,662</b>
<b>Deferred Outflows of Resources</b>						
Deferred pensions	-	-	1,196	-	-	1,196
Deferred OPEB	-	-	93	-	-	93
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>1,289</b>	<b>-</b>	<b>-</b>	<b>1,289</b>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	48	334	139	-	94	615
Salaries and benefits payable	-	-	35	-	-	35
Deposits from others	-	321	47	-	150	518
Interest payable	-	253	10	-	22	285
Unearned revenue	-	506	-	-	8	514
Due to other funds	-	-	-	-	-	-
Accrued vacation and sick leave - current	-	-	134	-	-	134
Lease liability - current	-	-	76	-	-	76
SBITA liability - current	-	-	26	-	-	26
Notes and bonds payable - current	-	2,604	365	20	107	3,096
<b>Total current liabilities</b>	<b>48</b>	<b>4,018</b>	<b>832</b>	<b>20</b>	<b>381</b>	<b>5,299</b>
<b>Noncurrent liabilities:</b>						
Advances from other funds	-	-	121	-	781	902
Accrued vacation and sick leave	-	-	113	-	-	113
Lease liability	-	-	30	-	-	30
SBITA liability	-	-	14	-	-	14
Notes and bonds payable	-	19,926	1,275	-	5,244	26,445
Net OPEB liability	-	-	130	-	-	130
Net pension liability	-	-	4,072	-	-	4,072
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>19,926</b>	<b>5,755</b>	<b>-</b>	<b>6,025</b>	<b>31,706</b>
<b>Total liabilities</b>	<b>48</b>	<b>23,944</b>	<b>6,587</b>	<b>20</b>	<b>6,406</b>	<b>37,005</b>
<b>Deferred Inflows of Resources</b>						
Deferred pensions	-	-	4	-	-	4
Deferred OPEB	-	-	50	-	-	50
Bond Refunding	-	-	163	-	-	163
Lease revenue	-	-	87	-	-	87
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>304</b>	<b>-</b>	<b>-</b>	<b>304</b>
<b>Net Position</b>						
Net investment in capital assets	-	31,870	7,183	-	8,448	47,501
Unrestricted	2,985	10,726	(1,370)	25	3,775	16,141
<b>Total net position</b>	<b>\$ 2,985</b>	<b>\$ 42,596</b>	<b>\$ 5,813</b>	<b>\$ 25</b>	<b>\$ 12,223</b>	<b>\$ 63,642</b>

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023 (IN THOUSANDS)**

	General Flood Control Zone - Salinas Dam	Lopez Flood Control	Golf	Lopez Park	County Service Areas	Total
<u>Operating revenues</u>						
Charges for services	\$ 1,380	\$ 7,918	\$ 4,738	\$ -	\$ 5,511	\$ 19,547
Other revenues	-	-	6	-	59	65
Total operating revenues	<u>1,380</u>	<u>7,918</u>	<u>4,744</u>	<u>-</u>	<u>5,570</u>	<u>19,612</u>
<u>Operating expenses</u>						
Salaries and benefits	-	-	2,413	-	-	2,413
Services and supplies	1,459	5,266	1,761	-	6,432	14,918
Other charges	-	3	-	-	-	3
Depreciation	-	1,449	439	-	577	2,465
Amortization	-	-	91	-	-	91
Countywide cost allocation	20	81	81	-	111	293
Total operating expenses	<u>1,479</u>	<u>6,799</u>	<u>4,785</u>	<u>-</u>	<u>7,120</u>	<u>20,183</u>
Operating income (loss)	<u>(99)</u>	<u>1,119</u>	<u>(41)</u>	<u>-</u>	<u>(1,550)</u>	<u>(571)</u>
<u>Nonoperating revenues (expenses)</u>						
Property taxes	-	1,528	-	-	637	2,165
Investment expense	64	166	34	(1)	103	366
Interest expense	-	(854)	(64)	-	(142)	(1,060)
Sale of capital assets	-	-	-	-	(37)	(37)
Aid from governmental agencies	-	6	-	-	3	9
Total nonoperating revenues (expenses)	<u>64</u>	<u>846</u>	<u>(30)</u>	<u>(1)</u>	<u>564</u>	<u>1,443</u>
Income (loss) before contributions and transfers	<u>(35)</u>	<u>1,965</u>	<u>(71)</u>	<u>(1)</u>	<u>(986)</u>	<u>872</u>
Capital Contributions	-	-	-	-	-	-
Transfers in	-	-	13	1	594	608
Transfers out	-	-	(55)	-	(2)	(57)
Change in net position	<u>(35)</u>	<u>1,965</u>	<u>(113)</u>	<u>-</u>	<u>(394)</u>	<u>1,423</u>
Net position - beginning	<u>3,020</u>	<u>40,631</u>	<u>5,926</u>	<u>25</u>	<u>12,617</u>	<u>62,219</u>
Net position - ending	<u>\$ 2,985</u>	<u>\$ 42,596</u>	<u>\$ 5,813</u>	<u>\$ 25</u>	<u>\$ 12,223</u>	<u>\$ 63,642</u>

**COUNTY OF SAN LUIS OBISPO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023 (IN THOUSANDS)**

	General Flood Control Zone - Salinas Dam	Lopez Flood Control	Golf	Lopez Park	County Service Areas	Total
<b>Cash Flows From Operating Activities</b>						
Receipts from customers and third parties	\$ 1,379	\$ 8,377	\$ 4,738	\$ -	\$ 5,610	\$ 20,104
Payments for goods and services	(1,692)	(5,026)	(1,741)	-	(6,522)	(14,981)
Payments to employees for services	-	-	(2,254)	-	-	(2,254)
Net cash provided (used) by operating activities	(313)	3,351	743	-	(912)	2,869
<b>Cash Flows from Noncapital Financing Activities</b>						
Property tax proceeds	-	1,528	-	-	637	2,165
Grants and subsidies from other governmental agencies	-	6	-	-	3	9
Advances from other funds	-	-	-	-	382	382
Due from other funds	-	-	-	-	(400)	(400)
Transfers from other funds	-	-	13	1	594	608
Transfers to other funds	-	-	(55)	-	(2)	(57)
Net cash provided (used) by noncapital financing activities	-	1,534	(42)	1	1,214	2,707
<b>Cash Flows from Capital and Related Financing Activities</b>						
Purchases and construction of capital assets	-	(224)	(284)	-	(485)	(993)
Proceeds from issuance of long-term debt	-	-	-	-	-	-
Principal paid on capital debt	-	(2,513)	(748)	-	(274)	(3,535)
Interest paid on capital debt	-	(934)	(217)	-	(148)	(1,299)
Net cash provided (used) by capital and related financing activities	-	(3,671)	(1,249)	-	(907)	(5,827)
<b>Cash Flows from Investing Activities</b>						
Interest received	64	166	34	(1)	103	366
Net cash provided (used) by investing activities	64	166	34	(1)	103	366
Net increase (decrease) in cash and cash equivalents	(249)	1,380	(514)	-	(502)	115
Cash and cash equivalents at beginning of year	3,282	10,726	2,175	25	4,865	21,073
Cash and cash equivalents at end of year	<u>\$ 3,033</u>	<u>\$ 12,106</u>	<u>\$ 1,661</u>	<u>\$ 25</u>	<u>\$ 4,363</u>	<u>\$ 21,188</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating income (loss)	\$ (99)	\$ 1,119	\$ (41)	\$ -	\$ (1,550)	\$ (571)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>						
Depreciation and amortization expense	-	1,449	530	-	577	2,556
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:						
(Increase) decrease in:						
Receivables, net	-	(28)	57	-	33	62
Inventory	-	-	(38)	-	-	(38)
Prepaid items	-	-	120	-	-	120
Deferred outflows - pensions	-	-	(617)	-	-	(617)
Deferred outflows - OPEB	-	-	(22)	-	-	(22)
Leases	-	-	(74)	-	-	(74)
Increase (decrease) in:						
Accounts payable	(214)	288	12	-	40	126
Deposits from others	-	36	20	-	(20)	36
Salaries and benefits payable	-	-	(75)	-	-	(75)
Deferred inflows - pensions	-	-	(545)	-	-	(545)
Deferred inflows - OPEB	-	-	25	-	-	25
Net OPEB liability	-	-	(13)	-	-	(13)
Net pension liability	-	-	1,404	-	-	1,404
Unearned revenue	-	487	-	-	8	495
Total adjustments	(214)	2,232	784	-	638	3,440
Net cash provided (used) by operating activities	<u>\$ (313)</u>	<u>\$ 3,351</u>	<u>\$ 743</u>	<u>\$ -</u>	<u>\$ (912)</u>	<u>\$ 2,869</u>
<b>Noncash Investing, Capital and Financing Activities</b>						
Leases	\$ -	\$ -	\$ 27	\$ -	\$ -	\$ 27

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**COMBINING FINANCIAL STATEMENTS  
INTERNAL SERVICE FUNDS**

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**COUNTY**  
**of SAN LUIS**  
**OBISPO**

## **INTERNAL SERVICE FUND DESCRIPTIONS**

### **INTERNAL SERVICE FUNDS:**

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

#### Garage

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

#### Public Works

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

#### Insurance Funds

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

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2023 (IN THOUSANDS)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 7,448	\$ 19,483	\$ 20,692	\$ 47,623
Accounts receivable, net	-	20	-	20
Inventories	15	724	-	739
Prepaid items	-	10	-	10
<b>Total current assets</b>	<b>7,463</b>	<b>20,237</b>	<b>20,692</b>	<b>48,392</b>
Noncurrent assets:				
Capital assets:				
Structures and improvements, net	235	197	-	432
Equipment, net	5,256	7,934	-	13,190
Lease assets, net	-	762	-	762
SBITA assets, net	-	13	43	56
<b>Total noncurrent assets</b>	<b>5,491</b>	<b>8,906</b>	<b>43</b>	<b>14,440</b>
<b>Total assets</b>	<b>12,954</b>	<b>29,143</b>	<b>20,735</b>	<b>62,832</b>
<b>Deferred Outflows of Resources</b>				
Deferred pensions	849	22,538	-	23,387
Deferred OPEB	88	1,672	-	1,760
<b>Total deferred outflows of resources</b>	<b>937</b>	<b>24,210</b>	<b>-</b>	<b>25,147</b>
<b>Liabilities</b>				
Current liabilities:				
Accounts payable	743	1,018	311	2,072
Salaries and benefits payable	18	554	36	608
Interest payable	-	-	-	-
Deposits from others	-	5,048	-	5,048
Self-insurance liability - current	-	-	5,116	5,116
Lease liability - current	-	116	-	116
SBITA liability - current	-	13	13	26
Accrued vacation and sick leave - current	102	2,371	-	2,473
<b>Total current liabilities</b>	<b>863</b>	<b>9,120</b>	<b>5,476</b>	<b>15,459</b>
Noncurrent liabilities:				
Self-insurance liability	-	-	18,385	18,385
Lease liability	-	676	-	676
SBITA liability	-	-	30	30
Accrued vacation and sick leave	64	908	-	972
Net OPEB liability	125	2,355	-	2,480
Net pension liability	2,890	76,674	-	79,564
<b>Total noncurrent liabilities</b>	<b>3,079</b>	<b>80,613</b>	<b>18,415</b>	<b>102,107</b>
<b>Total liabilities</b>	<b>3,942</b>	<b>89,733</b>	<b>23,891</b>	<b>117,566</b>
<b>Deferred Inflows of Resources</b>				
Deferred pensions	3	84	-	87
Deferred OPEB	48	900	-	948
<b>Total deferred inflows of resources</b>	<b>51</b>	<b>984</b>	<b>-</b>	<b>1,035</b>
<b>Net Position</b>				
Net investment in capital assets	5,176	8,011	-	13,187
Unrestricted	4,722	(45,375)	(3,156)	(43,809)
<b>Total net position</b>	<b>\$ 9,898</b>	<b>\$ (37,364)</b>	<b>\$ (3,156)</b>	<b>\$ (30,622)</b>



**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023 (IN THOUSANDS)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
<u>Operating revenues</u>				
Charges for services	\$ 8,295	\$ 51,125	\$ 16,450	\$ 75,870
Other revenues	10	107	-	117
Total operating revenues	<u>8,305</u>	<u>51,232</u>	<u>16,450</u>	<u>75,987</u>
<u>Operating expenses</u>				
Salaries and benefits	1,746	39,167	865	41,778
Services and supplies	4,145	14,186	12,191	30,522
Insurance benefit payments	-	-	6,435	6,435
Depreciation	1,609	1,071	-	2,680
Amortization	-	138	13	151
Countywide cost allocation	147	197	231	575
Total operating expenses	<u>7,647</u>	<u>54,759</u>	<u>19,735</u>	<u>82,141</u>
Operating income (loss)	<u>658</u>	<u>(3,527)</u>	<u>(3,285)</u>	<u>(6,154)</u>
<u>Nonoperating revenues (expenses)</u>				
Investment income (expense)	89	232	248	569
Interest expense	-	(6)	-	(6)
Sale of capital assets	225	-	-	225
Other revenues (expense)	-	-	-	-
Total nonoperating revenues (expenses)	<u>314</u>	<u>226</u>	<u>248</u>	<u>788</u>
Income (loss) before capital contributions and transfers	972	(3,301)	(3,037)	(5,366)
Capital Contributions	122	-	-	122
Transfers in	-	4	6,669	6,673
Transfers out	<u>(54)</u>	<u>(1,262)</u>	<u>(237)</u>	<u>(1,553)</u>
Change in net position	1,040	(4,559)	3,395	(124)
Net position - beginning	<u>8,858</u>	<u>(32,805)</u>	<u>(6,551)</u>	<u>(30,498)</u>
Net position - ending	<u>\$ 9,898</u>	<u>\$ (37,364)</u>	<u>\$ (3,156)</u>	<u>\$ (30,622)</u>

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2023 (IN THOUSANDS)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
Cash Flows From Operating Activities				
Receipts from interfund billings	\$ 8,308	\$ 51,234	\$ 16,449	\$ 75,991
Payments for goods and services	(4,243)	(13,993)	(5,165)	(23,401)
Payments to employees for services	(1,494)	(35,191)	(826)	(37,511)
Payments for insurance benefits	-	-	(5,194)	(5,194)
Payments for premiums	-	-	(7,199)	(7,199)
Net cash provided (used) by operating activities	<u>2,571</u>	<u>2,050</u>	<u>(1,935)</u>	<u>2,686</u>
Cash Flows from Noncapital Financing Activities				
Grants and subsidies from other governmental agencies	-	-	-	-
Transfers from other funds	-	4	6,669	6,673
Transfers to other funds	(54)	(1,262)	(237)	(1,553)
Net cash provided (used) by noncapital financing activities	<u>(54)</u>	<u>(1,258)</u>	<u>6,432</u>	<u>5,120</u>
Cash Flows from Capital and Related Financing Activities				
Purchases and construction of capital assets	(2,002)	(864)	(13)	(2,879)
Proceeds from sale of capital assets	240	-	-	240
Capital contributions	122	-	-	122
Principal paid on capital debt	-	(117)	-	(117)
Interest paid on capital debt	-	(8)	-	(8)
Net cash provided (used) by capital and related financing activities	<u>(1,640)</u>	<u>(989)</u>	<u>(13)</u>	<u>(2,642)</u>
Cash Flows from Investing Activities				
Interest received	89	232	248	569
Net cash provided (used) by investing activities	<u>89</u>	<u>232</u>	<u>248</u>	<u>569</u>
Net increase (decrease) in cash and cash equivalents	966	35	4,732	5,733
Cash and cash equivalents at beginning of year	6,482	19,448	15,960	41,890
Cash and cash equivalents at end of year	<u>\$ 7,448</u>	<u>\$ 19,483</u>	<u>\$ 20,692</u>	<u>\$ 47,623</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 658	\$ (3,527)	\$ (3,285)	\$ (6,154)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization expense	1,609	1,209	13	2,831
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase) decrease in:				
Receivables, net	-	2	-	2
Inventory	(2)	(125)	-	(127)
Prepaid expenses	-	(1)	225	224
Deferred outflows - pensions	(469)	(11,660)	-	(12,129)
Deferred outflows - OPEB	(22)	(406)	-	(428)
Leases	-	-	-	-
Increase (decrease) in:				
Accounts payable	51	1,017	(165)	903
Deposits from others	-	(502)	-	(502)
Salaries and benefits payable	(58)	(702)	37	(723)
Deferred inflows - pensions	(356)	(10,199)	-	(10,555)
Deferred inflows - OPEB	24	449	-	473
Net OPEB liability	(10)	(213)	-	(223)
Net pension liability	1,146	26,708	-	27,854
Self-insurance liability	-	-	1,240	1,240
Total adjustments	<u>1,913</u>	<u>5,577</u>	<u>1,350</u>	<u>8,840</u>
Net cash provided (used) by operating activities	<u>\$ 2,571</u>	<u>\$ 2,050</u>	<u>\$ (1,935)</u>	<u>\$ 2,686</u>

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS - INSURANCE  
JUNE 30, 2023 (IN THOUSANDS)**

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 14,712	\$ 4,540	\$ 479	\$ 655	\$ 306	\$ 20,692
Prepaid expenses	-	-	-	-	-	-
Total current assets	<u>14,712</u>	<u>4,540</u>	<u>479</u>	<u>655</u>	<u>306</u>	<u>20,692</u>
Noncurrent assets:						
SBITA assets, net	-	-	-	-	43	43
Total noncurrent assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43</u>	<u>43</u>
Total assets	<u>14,712</u>	<u>4,540</u>	<u>479</u>	<u>655</u>	<u>349</u>	<u>20,735</u>
<b>Liabilities</b>						
Current liabilities:						
Accounts payable	269	1	-	41	-	311
Salaries and benefits payable	36	-	-	-	-	36
Self-insurance liability	3,593	1,523	-	-	-	5,116
SBITA liability	-	-	-	-	13	13
Total current liabilities	<u>3,898</u>	<u>1,524</u>	<u>-</u>	<u>41</u>	<u>13</u>	<u>5,476</u>
Noncurrent liabilities:						
Self-insurance liability	14,678	3,707	-	-	-	18,385
SBITA liability	-	-	-	-	30	30
Total noncurrent liabilities	<u>14,678</u>	<u>3,707</u>	<u>-</u>	<u>-</u>	<u>30</u>	<u>18,415</u>
Total liabilities	<u>18,576</u>	<u>5,231</u>	<u>-</u>	<u>41</u>	<u>43</u>	<u>23,891</u>
<b>Net Position</b>						
Unrestricted	<u>(3,864)</u>	<u>(691)</u>	<u>479</u>	<u>614</u>	<u>306</u>	<u>(3,156)</u>
Total net position	<u>\$ (3,864)</u>	<u>\$ (691)</u>	<u>\$ 479</u>	<u>\$ 614</u>	<u>\$ 306</u>	<u>\$ (3,156)</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, 2023 (IN THOUSANDS)**

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
<u>Operating revenues</u>						
Charges for services	\$ 6,267	\$ 5,300	\$ 509	\$ 1,819	\$ 2,555	\$ 16,450
Total operating revenues	6,267	5,300	509	1,819	2,555	16,450
<u>Operating expenses</u>						
Salaries and benefits	865	-	-	-	-	865
Services and supplies	4,523	5,440	80	275	1,873	12,191
Insurance benefit payments	3,680	21	291	1,683	760	6,435
Amortization	-	-	-	-	13	13
Countywide cost allocation	93	137	-	1	-	231
Total operating expenses	9,161	5,598	371	1,959	2,646	19,735
Operating income (loss)	(2,894)	(298)	138	(140)	(91)	(3,285)
<u>Nonoperating revenues (expenses)</u>						
Investment income (expense)	223	3	2	14	6	248
Total nonoperating revenues (expenses)	223	3	2	14	6	248
Income (loss) before transfers	(2,671)	(295)	140	(126)	(85)	(3,037)
Transfers in	3,069	3,600	-	-	-	6,669
Transfers out	-	(237)	-	-	-	(237)
Change in net position	398	3,068	140	(126)	(85)	3,395
Net position - beginning	(4,262)	(3,759)	339	740	391	(6,551)
Net position - ending	\$ (3,864)	\$ (691)	\$ 479	\$ 614	\$ 306	\$ (3,156)

**COUNTY OF SAN LUIS OBISPO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS - INSURANCE**  
**FOR THE YEAR ENDED JUNE 30, 2023 (IN THOUSANDS)**

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
<b>Cash Flows From Operating Activities</b>						
Receipts from interfund billings	\$ 6,266	\$ 5,300	\$ 509	\$ 1,819	\$ 2,555	\$ 16,449
Payments for goods and services	(2,813)	(1,961)	(80)	(301)	(10)	(5,165)
Payments to employees for services	(826)	-	-	-	-	(826)
Payments for insurance benefits	(2,688)	228	(291)	(1,683)	(760)	(5,194)
Payments for premiums	(1,520)	(3,816)	-	-	(1,863)	(7,199)
Net cash provided (used) by operating activities	<u>(1,581)</u>	<u>(249)</u>	<u>138</u>	<u>(165)</u>	<u>(78)</u>	<u>(1,935)</u>
<b>Cash Flows from Noncapital Financing Activities</b>						
Grants and subsidies from other governmental agencies	-	-	-	-	-	-
Transfers from other funds	3,069	3,600	-	-	-	6,669
Transfers to other funds	-	(237)	-	-	-	(237)
Net cash provided (used) by noncapital financing activities	<u>3,069</u>	<u>3,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,432</u>
<b>Cash Flows from Capital and Related Financing Activities</b>						
Purchases and construction of capital assets	-	-	-	-	(13)	(13)
Principal paid on capital debt	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(13)</u>	<u>(13)</u>
<b>Cash Flows from Investing Activities</b>						
Interest received (paid)	223	3	2	14	6	248
Net cash provided (used) by investing activities	<u>223</u>	<u>3</u>	<u>2</u>	<u>14</u>	<u>6</u>	<u>248</u>
Net increase (decrease) in cash and cash equivalents	1,711	3,117	140	(151)	(85)	4,732
Cash and cash equivalents at beginning of year	13,001	1,423	339	806	391	15,960
Cash and cash equivalents at end of year	<u>\$ 14,712</u>	<u>\$ 4,540</u>	<u>\$ 479</u>	<u>\$ 655</u>	<u>\$ 306</u>	<u>\$ 20,692</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating income (loss)	\$ (2,894)	\$ (298)	\$ 138	\$ (140)	\$ (91)	\$ (3,285)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>						
Depreciation and amortization expense	-	-	-	-	13	13
Changes in assets and liabilities:						
(Increase) decrease in:						
Prepaid Items	225	-	-	-	-	225
Increase (decrease) in:						
Accounts payable	60	(200)	-	(25)	-	(165)
Salaries and benefits payable	37	-	-	-	-	37
Self-insurance liability	991	249	-	-	-	1,240
Total adjustments	<u>1,313</u>	<u>49</u>	<u>-</u>	<u>(25)</u>	<u>13</u>	<u>1,350</u>
Net cash provided (used) by operating activities	<u>\$ (1,581)</u>	<u>\$ (249)</u>	<u>\$ 138</u>	<u>\$ (165)</u>	<u>\$ (78)</u>	<u>\$ (1,935)</u>



**COUNTY  
of SAN LUIS  
OBISPO**

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**COMBINING FINANCIAL STATEMENTS  
FIDUCIARY FUNDS**

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**COUNTY**  
**of** **SAN LUIS**  
**OBISPO**



## **FIDUCIARY FUND DESCRIPTION**

### **PENSION TRUST:**

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

### **INVESTMENT TRUST FUNDS:**

These funds are used by the County to account for the assets of legally separate entities who deposit cash with the County Treasurer. These include school and community college districts; other special districts governed by local boards, regional boards and authorities; courts and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. The County combines Investment Trust Funds into four reporting types because of their similar nature: School Districts, Special Districts, Courts, and Other Local Boards.

### **CUSTODIAL FUNDS:**

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

#### 1915 Act

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

#### Clearing Funds

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

#### Other Funds

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

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
CUSTODIAL FUNDS  
JUNE 30, 2023 (IN THOUSANDS)**

	Clearing and Revolving Funds (92 Funds)	1915 Act Service Funds (17 Funds)	Other Custodial Funds (35 Funds)	Total
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 98,376	\$ 135	\$ 19,370	\$ 117,881
Taxes for other governments	434	-	-	434
Other assets	3	-	4,010	4,013
Capital assets, net	-	-	16	16
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 98,813</u>	<u>\$ 135</u>	<u>\$ 23,396</u>	<u>\$ 122,344</u>
<b><u>LIABILITIES</u></b>				
Other current liabilities	\$ 74,872	\$ -	\$ 9,156	\$ 84,028
Other long-term liabilities	9	-	-	9
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>\$ 74,881</u>	<u>\$ -</u>	<u>\$ 9,156</u>	<u>\$ 84,037</u>
<b><u>NET POSITION</u></b>				
Restricted for:				
Individuals, organizations, and other governments	<u>\$ 23,932</u>	<u>\$ 135</u>	<u>\$ 14,240</u>	<u>\$ 38,307</u>

**COUNTY OF SAN LUIS OBISPO**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023 (IN THOUSANDS)**

	Clearing and Revolving Funds (92 Funds)	1915 Act Service Funds (17 Funds)	Other Custodial Funds (35 Funds)	Total
<b><u>ADDITIONS</u></b>				
Interest	\$ 1,732	\$ 1	\$ 157	\$ 1,890
Property taxes collected for other governments	230,064	49	-	230,113
Sales taxes collected for other governments	-	-	17,500	17,500
Other Income	<u>11,561</u>	<u>-</u>	<u>4,450</u>	<u>16,011</u>
Total additions	<u>243,357</u>	<u>50</u>	<u>22,107</u>	<u>265,514</u>
<b><u>DEDUCTIONS</u></b>				
Administrative expenses	27	-	1	28
Interest expenses	26,969	4	-	26,973
Payments to other local governments	1,697	-	-	1,697
Property taxes distributed to other governments	<u>210,658</u>	<u>45</u>	<u>23,819</u>	<u>234,522</u>
Total deductions	<u>239,351</u>	<u>49</u>	<u>23,820</u>	<u>263,220</u>
Change in net position	4,006	1	(1,713)	2,294
Net position - beginning, as restated	<u>19,926</u>	<u>134</u>	<u>15,953</u>	<u>36,013</u>
Net position - ending	<u>\$ 23,932</u>	<u>\$ 135</u>	<u>\$ 14,240</u>	<u>\$ 38,307</u>

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF FIDUCIARY NET POSITION  
INVESTMENT TRUST FUNDS  
JUNE 30, 2023 (IN THOUSANDS)**

	School Districts (39 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<b>ASSETS</b>					
Cash and cash equivalents	\$ 666,060	\$ 25,358	\$ 1,309	\$ 34,603	\$ 727,330
Total assets	<u>\$ 666,060</u>	<u>\$ 25,358</u>	<u>\$ 1,309</u>	<u>\$ 34,603</u>	<u>\$ 727,330</u>
<b>NET POSITION</b>					
Net position held in trust for pool participants	<u>\$ 666,060</u>	<u>\$ 25,358</u>	<u>\$ 1,309</u>	<u>\$ 34,603</u>	<u>\$ 727,330</u>
Total Net Position	<u>\$ 666,060</u>	<u>\$ 25,358</u>	<u>\$ 1,309</u>	<u>\$ 34,603</u>	<u>\$ 727,330</u>

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
INVESTMENT TRUST FUNDS  
JUNE 30, 2023 (IN THOUSANDS)**

	School Districts (39 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<u>Additions</u>					
Contributions to pooled investments	\$ 1,435,422	\$ 12,998	\$ 13,607	\$ 48,506	\$ 1,510,533
Interest	8,516	485	-	400	9,401
Total additions	<u>1,443,938</u>	<u>13,483</u>	<u>13,607</u>	<u>48,906</u>	<u>1,519,934</u>
<u>Deductions</u>					
Distributions from investment pool	<u>1,222,823</u>	<u>22,192</u>	<u>13,799</u>	<u>44,673</u>	<u>1,303,487</u>
Total deductions	<u>1,222,823</u>	<u>22,192</u>	<u>13,799</u>	<u>44,673</u>	<u>1,303,487</u>
Change in net position	221,115	(8,709)	(192)	4,233	216,447
Net position - beginning	<u>444,945</u>	<u>34,067</u>	<u>1,501</u>	<u>30,370</u>	<u>510,883</u>
Net position - ending	<u>\$ 666,060</u>	<u>\$ 25,358</u>	<u>\$ 1,309</u>	<u>\$ 34,603</u>	<u>\$ 727,330</u>



**COUNTY  
of SAN LUIS  
OBISPO**

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**GENERAL FUND  
DETAIL BUDGETARY COMPARISON SCHEDULES**

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**COUNTY  
of SAN LUIS  
OBISPO**



**COUNTY OF SAN LUIS OBISPO**  
**General Fund**  
**Detail Schedule of Expenditures**  
**Budget to Actual Comparison (in thousands)**  
**For the Year Ended June 30, 2023**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>General Government - Expenditures</u></b>				
<u>Legislative and Administrative</u>				
Administrative Office:				
Salaries, wages, and benefits	\$ 2,873	\$ 2,873	\$ 2,555	\$ 318
Services and supplies	499	6,730	2,874	3,856
Other charges	-	7,346	3,099	4,247
Expenditure transfers and reimbursements	(116)	(116)	(131)	15
Total	<u>3,256</u>	<u>16,833</u>	<u>8,397</u>	<u>8,436</u>
Board of Supervisors:				
Salaries, wages, and benefits	1,671	1,755	1,676	79
Services and supplies	351	369	352	17
Expenditure transfers and reimbursements	(60)	(60)	(60)	-
Total	<u>1,962</u>	<u>2,064</u>	<u>1,968</u>	<u>96</u>
Clerk/Recorder:				
Salaries, wages, and benefits	2,763	2,763	2,554	209
Services and supplies	1,425	1,747	1,615	132
Capital outlay	-	399	11	388
Expenditure transfers and reimbursements	(1)	(1)	-	(1)
Total	<u>4,187</u>	<u>4,908</u>	<u>4,180</u>	<u>728</u>
Communications & Outreach:				
Salaries, wages, and benefits	155	273	180	93
Services and supplies	35	55	41	14
Capital outlay - leases/SBITAs	-	-	42	(42)
Total	<u>190</u>	<u>328</u>	<u>263</u>	<u>65</u>
Total Legislative and Administrative	<u>9,595</u>	<u>24,133</u>	<u>14,808</u>	<u>9,325</u>
<u>Finance</u>				
Assessor:				
Salaries, wages, and benefits	10,636	10,798	10,400	398
Services and supplies	1,139	985	902	83
Capital outlay - leases/SBITAs	-	-	67	(67)
Total	<u>11,775</u>	<u>11,783</u>	<u>11,369</u>	<u>414</u>
Auditor-Controller-Treasurer-Tax Collector				
Public Administrator:				
Salaries, wages, and benefits	8,879	8,879	8,504	375
Services and supplies	735	924	616	308
Capital outlay	-	-	-	-
Expenditure transfers and reimbursements	(16)	(16)	(37)	21
Total	<u>9,598</u>	<u>9,787</u>	<u>9,083</u>	<u>704</u>
Total Finance	<u>21,373</u>	<u>21,570</u>	<u>20,452</u>	<u>1,118</u>

continued

**COUNTY OF SAN LUIS OBISPO**  
**General Fund**  
**Detail Schedule of Expenditures**  
**Budget to Actual Comparison (in thousands)**  
**For the Year Ended June 30, 2023**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>General Government - Expenditures</u></b> (continued)				
<u>Counsel</u>				
County Counsel:				
Salaries, wages, and benefits	\$ 4,392	\$ 4,392	\$ 4,097	\$ 295
Services and supplies	1,678	2,186	1,011	1,175
Total Counsel	<u>6,070</u>	<u>6,578</u>	<u>5,108</u>	<u>1,470</u>
<u>Personnel</u>				
Personnel:				
Salaries, wages, and benefits	6,341	6,476	6,206	270
Services and supplies	2,746	3,049	2,676	373
Expenditure transfers and reimbursement	(1,699)	(1,699)	(1,453)	(246)
Total Personnel	<u>7,388</u>	<u>7,826</u>	<u>7,429</u>	<u>397</u>
Talent Development:				
Salaries, wages, and benefits	240	240	204	36
Services and supplies	486	604	453	151
Expenditure transfers and reimbursement	-	-	-	-
Total Talent Development	<u>726</u>	<u>844</u>	<u>657</u>	<u>187</u>
Total Personnel	<u>8,114</u>	<u>8,670</u>	<u>8,086</u>	<u>584</u>
<u>Property Management</u>				
Facilities Management:				
Salaries, wages, and benefits	5,132	5,049	4,868	181
Services and supplies	4,350	4,494	4,463	31
Expenditure transfers and reimbursements	(1,983)	(2,018)	(2,101)	83
Total	<u>7,499</u>	<u>7,525</u>	<u>7,230</u>	<u>295</u>
Maintenance Projects:				
Services and supplies	2,056	9,625	2,686	6,939
Expenditure transfers and reimbursements	-	(23)	(42)	19
Total	<u>2,056</u>	<u>9,602</u>	<u>2,644</u>	<u>6,958</u>
Central Services				
Salaries, wages, and benefits	2,358	2,358	2,358	-
Services and supplies	3,419	3,717	1,445	2,272
Other charges	128	128	110	18
Expenditure transfers and reimbursements	(547)	(547)	(731)	184
Total	<u>5,358</u>	<u>5,656</u>	<u>3,182</u>	<u>2,474</u>
Total Property Management	<u>14,913</u>	<u>22,783</u>	<u>13,056</u>	<u>9,727</u>

continued

**COUNTY OF SAN LUIS OBISPO**  
**General Fund**  
**Detail Schedule of Expenditures**  
**Budget to Actual Comparison (in thousands)**  
**For the Year Ended June 30, 2023**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>General Government - Expenditures</u></b> (continued)				
<u>Other General</u>				
Information Technology:				
Salaries, wages, and benefits	\$ 14,281	\$ 15,008	\$ 14,452	\$ 556
Services and supplies	6,614	7,052	4,012	3,040
Other charges	-	3,400	304	3,096
Capital outlay	-	50	50	-
Capital outlay - leases/SBITAs	-	-	311	(311)
Expenditure transfers and reimbursements	(3,499)	(3,499)	(3,529)	30
Total	<u>17,396</u>	<u>22,011</u>	<u>15,600</u>	<u>6,411</u>
Non-Department Financing Uses:				
Services and supplies	-	1,938	1,031	907
Expenditure transfers and reimbursements	(16,375)	(16,375)	(16,517)	142
Total	<u>(16,375)</u>	<u>(14,437)</u>	<u>(15,486)</u>	<u>1,049</u>
Contributions to Other Agencies:				
Services and supplies	1,858	2,096	2,015	81
Other Charges	-	50	50	-
Total	<u>1,858</u>	<u>2,146</u>	<u>2,065</u>	<u>81</u>
Non-Department Other:				
Services and supplies	609	609	502	107
Total	<u>609</u>	<u>609</u>	<u>502</u>	<u>107</u>
Total Other General	<u>3,488</u>	<u>10,329</u>	<u>2,681</u>	<u>7,648</u>
<b>Total General Government</b>	<b><u>63,553</u></b>	<b><u>94,063</u></b>	<b><u>64,191</u></b>	<b><u>29,872</u></b>
<b><u>Public Protection - Expenditures</u></b>				
<u>Judicial</u>				
Court Operations Fund:				
Other charges	2,527	2,527	2,449	78
Total	<u>2,527</u>	<u>2,527</u>	<u>2,449</u>	<u>78</u>
District Attorney:				
Salaries, wages, and benefits	20,281	20,212	19,227	985
Services and supplies	2,611	3,081	2,911	170
Other charges	-	232	62	170
Capital outlay	-	15	15	-
Expenditure transfers and reimbursements	(26)	(26)	(22)	(4)
Total	<u>22,866</u>	<u>23,514</u>	<u>22,193</u>	<u>1,321</u>
Child Support Services:				
Salaries, wages, and benefits	4,174	4,174	3,498	676
Services and supplies	840	840	422	418
Total	<u>5,014</u>	<u>5,014</u>	<u>3,920</u>	<u>1,094</u>
Grand Jury:				
Salaries, wages, and benefits	41	41	25	16
Services and supplies	91	92	72	20
Expenditure transfers and reimbursements	(5)	(5)	(11)	6
Total	<u>127</u>	<u>128</u>	<u>86</u>	<u>42</u>

continued

**COUNTY OF SAN LUIS OBISPO**  
**General Fund**  
**Detail Schedule of Expenditures**  
**Budget to Actual Comparison (in thousands)**  
**For the Year Ended June 30, 2023**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>Public Protection - Expenditures</u></b> (continued)				
<b><u>Judicial</u></b> (continued)				
Public Defender:				
Services and supplies	\$ 8,143	\$ 8,168	\$ 8,117	\$ 51
Total	<u>8,143</u>	<u>8,168</u>	<u>8,117</u>	<u>51</u>
Total Judicial	<u>38,677</u>	<u>39,351</u>	<u>36,765</u>	<u>2,586</u>
<b><u>Police Protection</u></b>				
Sheriff-Coroner:				
Salaries, wages, and benefits	79,446	83,908	79,886	4,022
Services and supplies	15,915	18,097	17,222	875
Other charges	115	776	477	299
Capital outlay	1,821	2,431	753	1,678
Capital outlay - leases/SBITAs	-	-	83	(83)
Expenditure transfers and reimbursements	(1,063)	(1,532)	(1,487)	(45)
Total Police Protection	<u>96,234</u>	<u>103,680</u>	<u>96,934</u>	<u>6,746</u>
<b><u>Detention and Correction</u></b>				
Probation Department:				
Salaries, wages, and benefits	22,281	22,281	20,650	1,631
Services and supplies	6,898	7,453	6,115	1,338
Other charges	161	787	485	302
Capital outlay	-	24	18	6
Capital outlay - leases/SBITAs	-	-	170	(170)
Expenditure transfers and reimbursements	(262)	(262)	(265)	3
Total Detention and Correction	<u>29,078</u>	<u>30,283</u>	<u>27,173</u>	<u>3,110</u>
<b><u>Fire Protection</u></b>				
County Fire:				
Services and supplies	26,879	30,818	29,233	1,585
Other charges	-	150	147	3
Capital outlay	2,040	5,856	789	5,067
Expenditure transfers and reimbursements	-	-	-	-
Total Fire Protection	<u>28,919</u>	<u>36,824</u>	<u>30,169</u>	<u>6,655</u>
<b><u>Protective Inspection</u></b>				
Agricultural Commissioner:				
Salaries, wages, and benefits	6,643	6,765	6,423	342
Services and supplies	941	953	937	16
Other charges	-	31	30	1
Capital outlay	6	47	6	41
Expenditure transfers and reimbursements	(2)	(2)	(1)	(1)
Total Protective Inspection	<u>7,588</u>	<u>7,794</u>	<u>7,395</u>	<u>399</u>
<b><u>Other Protection</u></b>				
Animal Services:				
Salaries, wages, and benefits	2,322	2,125	1,889	236
Services and supplies	1,132	1,507	1,506	1
Capital outlay	-	31	-	31
Total	<u>3,454</u>	<u>3,663</u>	<u>3,395</u>	<u>268</u>

continued

**COUNTY OF SAN LUIS OBISPO**  
**General Fund**  
**Detail Schedule of Expenditures**  
**Budget to Actual Comparison (in thousands)**  
**For the Year Ended June 30, 2023**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>Public Protection - Expenditures</u></b> (continued)				
<u>Other Protection</u> (continued)				
Emergency Services:				
Salaries, wages, and benefits	\$ 1,180	\$ 1,440	\$ 1,270	\$ 170
Services and supplies	749	1,027	1,196	(169)
Other charges	306	458	368	90
Capital outlay	-	821	106	715
Expenditure transfers and reimbursements	-	-	(1)	1
Total	2,235	3,746	2,939	807
Planning Department:				
Salaries, wages, and benefits	17,177	15,913	14,357	1,556
Services and supplies	2,810	7,089	3,128	3,961
Other Charges	-	154	102	52
Expenditure transfers and reimbursements	-	-	(17)	17
Total	19,987	23,156	17,570	5,586
Waste Management:				
Services and supplies	1,632	1,778	1,560	218
Other charges	-	571	549	22
Total	1,632	2,349	2,109	240
Total Other Protection	27,308	32,914	26,013	6,901
<b>Total Public Protection</b>	227,804	250,846	224,449	26,397
<b><u>Public Ways and Facilities - Expenditures</u></b>				
<u>Public Works:</u>				
Services and supplies	3,943	5,316	2,822	2,494
Other charges	-	299	25	274
Total	3,943	5,615	2,847	2,768
<u>Groundwater Sustainability</u>				
Salaries, wages, and benefits	499	499	241	258
Services and supplies	1,195	1,546	937	609
Total	1,694	2,045	1,178	867
<b>Total Public Ways and Facilities</b>	5,637	7,660	4,025	3,635
<b><u>Health and Sanitation - Expenditures</u></b>				
<u>Health</u>				
Public Health:				
Salaries, wages, and benefits	39,875	36,617	29,570	7,047
Services and supplies	16,407	21,207	9,799	11,408
Other charges	1,558	8,332	2,871	5,461
Capital outlay	-	265	236	29
Capital outlay - leases/SBITAs	-	-	708	(708)
Expenditure transfers and reimbursements	(11,735)	(12,012)	(5,447)	(6,565)
Total	46,105	54,409	37,737	16,672

continued

**COUNTY OF SAN LUIS OBISPO**  
**General Fund**  
**Detail Schedule of Expenditures**  
**Budget to Actual Comparison (in thousands)**  
**For the Year Ended June 30, 2023**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>Health and Sanitation - Expenditures</u></b> (continued)				
<u>Health</u> (continued)				
Behavioral Health:				
Salaries, wages, and benefits	\$ 42,332	\$ 41,072	\$ 37,176	\$ 3,896
Services and supplies	54,813	62,401	56,492	5,909
Other charges	2,070	2,229	2,068	161
Capital outlay - leases	-	-	1,008	(1,008)
Expenditure transfers and reimbursements	(2,484)	(2,484)	(2,152)	(332)
Total	<u>96,731</u>	<u>103,218</u>	<u>94,592</u>	<u>8,626</u>
Total Health	<u>142,836</u>	<u>157,627</u>	<u>132,329</u>	<u>25,298</u>
<b>Total Health and Sanitation</b>	<u>142,836</u>	<u>157,627</u>	<u>132,329</u>	<u>25,298</u>
 <b><u>Public Assistance - Expenditures</u></b>				
<u>Administration</u>				
Department of Social Services:				
Salaries, wages, and benefits	62,588	64,449	60,896	3,553
Services and supplies	21,802	25,392	22,894	2,498
Other charges	14,048	23,834	15,795	8,039
Capital outlay	222	808	583	225
Capital outlay - leases/SBITAs	-	-	36,850	(36,850)
Expenditure transfers and reimbursements	(83)	(83)	(155)	72
Total Administration	<u>98,577</u>	<u>114,400</u>	<u>136,863</u>	<u>(22,463)</u>
 <u>Aid Programs</u>				
Aid Foster Care Non-Fed:				
Services and supplies	92	92	92	-
Other charges	29,706	29,317	23,996	5,321
Expenditure transfers and reimbursement	-	-	(145)	145
Total	<u>29,798</u>	<u>29,409</u>	<u>23,943</u>	<u>5,466</u>
 Calworks Assistance:				
Other charges	13,185	13,451	13,451	-
Total	<u>13,185</u>	<u>13,451</u>	<u>13,451</u>	<u>--</u>
Total Aid Programs	<u>42,983</u>	<u>42,860</u>	<u>37,394</u>	<u>5,466</u>
 <u>General Relief</u>				
General Relief:				
Other charges	1,685	2,016	2,015	1
Total General Relief	<u>1,685</u>	<u>2,016</u>	<u>2,015</u>	<u>1</u>

continued

**COUNTY OF SAN LUIS OBISPO**  
**General Fund**  
**Detail Schedule of Expenditures**  
**Budget to Actual Comparison (in thousands)**  
**For the Year Ended June 30, 2023**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>Public Assistance - Expenditures</u></b> (continued)				
<u>Veterans Service</u>				
Veterans Service:				
Salaries, wages, and benefits	\$ 804	\$ 974	\$ 967	\$ 7
Services and supplies	111	162	128	34
Expenditure transfers and reimbursements	-	(18)	(31)	13
Total Veterans Service	915	1,118	1,064	54
<u>Other Assistance</u>				
Law Enforcement Med Care:				
Salaries, wages, and benefits	295	79	47	32
Services and supplies	8,894	10,531	10,926	(395)
Expenditure transfers and reimbursements	(237)	(237)	(237)	-
Total Other Assistance	8,952	10,373	10,736	(363)
<b>Total Public Assistance</b>	153,112	170,767	188,072	(17,305)
<b><u>Education - Expenditures</u></b>				
<u>Agricultural Education</u>				
UC Cooperative Extension				
Salaries, wages, and benefits	580	580	511	69
Services and supplies	104	104	85	19
Total Agricultural Education	684	684	596	88
<b>Total Education</b>	684	684	596	88
<b><u>Recreation and Culture - Expenditures</u></b>				
<u>Community Parks</u>				
Salaries, wages, and benefits	3,539	3,369	3,227	142
Services and supplies	2,129	2,546	2,685	(139)
Capital outlay	77	4,127	407	3,720
Other Charges	109	122	31	91
Expenditure transfers and reimbursements	(82)	(82)	(146)	64
Total Community Parks	5,772	10,082	6,204	3,878
<b>Total Recreation and Culture</b>	5,772	10,082	6,204	3,878
<b><u>Debt Service</u></b>				
Debt service: principal	-	-	6,970	(6,970)
Debt service: interest	-	-	834	(834)
<b>Total Debt Service</b>	-	-	7,804	(7,804)
<b>Total General Fund - Expenditures</b> (Before Contingencies)	599,398	691,729	627,670	64,059

continued

**COUNTY OF SAN LUIS OBISPO**  
**General Fund**  
**Detail Schedule of Expenditures**  
**Budget to Actual Comparison (in thousands)**  
**For the Year Ended June 30, 2023**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>Contingencies</u></b>				
<u>Appropriation for Contingencies</u>				
Contingencies - General Fund:				
Appropriation for contingency	\$ 31,693	\$ 22,882	\$ -	\$ 22,882
Total	<u>31,693</u>	<u>22,882</u>	<u>-</u>	<u>22,882</u>
Total Appropriation for Contingency	<u>31,693</u>	<u>22,882</u>	<u>-</u>	<u>22,882</u>
<b>Total Contingency</b>	<u>31,693</u>	<u>22,882</u>	<u>-</u>	<u>22,882</u>
<b>Total General Fund Expenditures</b>	<u>\$ 631,091</u>	<u>\$ 714,611</u>	<u>\$ 627,670</u>	<u>\$ 86,941</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

\$ 627,670

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

11,012

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

\$ 638,682



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**STATISTICAL SECTION**

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**COUNTY  
of SAN LUIS  
OBISPO**

# COUNTY OF SAN LUIS OBISPO

## Statistical Section

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

	<b>Page</b>
<b>Financial Trends Information</b>	
These schedules contain trend information that may assist the reader in assessing the County’s current financial performance by placing it in historical perspective .....	160
<b>Revenue Capacity Information</b>	
These schedules contain information that may assist the reader in assessing the viability of the County’s two most significant local revenue sources: property taxes and sales taxes.....	165
<b>Debt Capacity Information</b>	
These schedules present information that may assist the reader in analyzing the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future .....	170
<b>Demographic and Economic Information</b>	
These schedules offer economic and demographic indicators that are commonly used for financial analysis and that can enhance a reader’s understanding of the County’s present and ongoing financial status .....	173
<b>Operating Information</b>	
These schedules contain service and infrastructure indicators about how the information in the County’s financial statements relates to the services the County provides and the activities it performs .....	175

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

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 <sup>1</sup>	2022-23
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 1,112,934	\$ 1,130,241	\$ 1,168,573	\$ 1,178,967	\$ 1,185,073	\$ 1,188,830	\$ 1,202,709	\$ 1,210,972	\$ 1,216,907	\$ 1,229,892
Restricted	43,109	37,722	41,230	64,822	29,836	41,281	66,655	104,024	98,489	173,086
Unrestricted	325,113	(150,074)	(170,962)	(226,970)	(217,606)	(220,206)	(286,622)	(248,517)	(193,229)	(297,796)
<b>Total governmental activities net position</b>	<b>\$ 1,481,156</b>	<b>\$ 1,017,889</b>	<b>\$ 1,038,841</b>	<b>\$ 1,016,819</b>	<b>\$ 997,303</b>	<b>\$ 1,009,905</b>	<b>\$ 982,742</b>	<b>\$ 1,066,479</b>	<b>\$ 1,122,167</b>	<b>\$ 1,105,182</b>
<b>Business-Type Activities</b>										
Net investment in capital assets	\$ 188,485	\$ 213,455	\$ 237,157	\$ 270,246	\$ 283,410	\$ 285,888	\$ 288,781	\$ 283,512	\$ 296,939	\$ 293,062
Unrestricted	98,097	97,173	93,158	85,316	73,113	83,039	94,335	110,255	118,114	127,391
<b>Total business-Type activities net position</b>	<b>\$ 286,582</b>	<b>\$ 310,628</b>	<b>\$ 330,315</b>	<b>\$ 355,562</b>	<b>\$ 356,523</b>	<b>\$ 368,927</b>	<b>\$ 383,116</b>	<b>\$ 393,767</b>	<b>\$ 415,053</b>	<b>\$ 420,453</b>
<b>Total Primary Government</b>										
Net investment in capital assets	\$ 1,301,419	\$ 1,343,696	\$ 1,405,730	\$ 1,449,213	\$ 1,468,483	\$ 1,474,718	\$ 1,491,490	\$ 1,494,484	\$ 1,513,846	\$ 1,522,954
Restricted	43,109	37,722	41,230	64,822	29,836	41,281	66,655	104,024	98,489	173,086
Unrestricted	423,210	(52,901)	(77,804)	(141,654)	(144,493)	(137,167)	(192,287)	(138,262)	(75,115)	(170,405)
<b>Total primary government net position</b>	<b>\$ 1,767,738</b>	<b>\$ 1,328,517</b>	<b>\$ 1,369,156</b>	<b>\$ 1,372,381</b>	<b>\$ 1,353,826</b>	<b>\$ 1,378,832</b>	<b>\$ 1,365,858</b>	<b>\$ 1,460,246</b>	<b>\$ 1,537,220</b>	<b>\$ 1,525,635</b>

Note:

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

<sup>1</sup> Business-type net position was restated in FY 2022-23.

Source:

Statement of Net Position

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

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22 <sup>1</sup>	2022-23
<b>Program Expenses</b>										
<b>Governmental Activities</b>										
General government	\$ 36,866	\$ 45,598	\$ 53,282	\$ 56,390	\$ 56,858	\$ 54,434	\$ 53,926	\$ 55,612	\$ 54,592	\$ 37,088
Public protection	148,135	162,432	170,134	187,255	183,814	213,809	241,749	204,861	204,993	254,728
Public ways and facilities	28,253	34,136	33,418	32,098	41,606	34,202	33,199	36,017	35,995	55,375
Health and sanitation	74,313	78,137	88,326	99,150	103,822	119,259	113,463	121,358	132,713	152,565
Public assistance	99,449	110,470	118,089	125,102	122,753	131,432	132,868	134,476	132,751	201,741
Education	9,611	9,457	11,934	12,787	12,754	12,698	14,322	14,213	11,930	15,256
Recreation and cultural services	7,745	9,755	8,702	10,385	8,927	11,891	11,501	10,497	12,310	13,754
Interest on long term debt	5,270	5,124	4,602	4,555	11,840	1,468	7,057	9,645	7,947	11,299
<b>Total Governmental Activities Expenses</b>	<b>409,642</b>	<b>455,109</b>	<b>488,487</b>	<b>527,722</b>	<b>542,374</b>	<b>579,193</b>	<b>608,085</b>	<b>586,679</b>	<b>593,231</b>	<b>741,806</b>
<b>Business-Type Activities Expenses</b>										
Airport	5,664	6,187	6,117	6,391	7,966	8,398	10,133	9,146	11,366	26,498
Golf	2,608	2,968	3,131	3,111	3,297	3,491	3,347	3,869	4,231	4,884
State Water Contract	5,992	6,351	5,848	5,571	5,909	6,973	7,709	6,928	5,924	6,882
Nacimiento Water Contract	13,840	15,776	14,888	14,191	14,044	14,318	13,257	14,816	13,889	14,170
Lopez Flood Control	6,116	6,128	6,220	6,387	7,072	7,004	6,733	7,087	6,941	7,708
Lopez Park	-	4	4	4	3	3	2	1	-	-
General Flood Control Zone - Salinas Dam	809	845	824	851	1,056	1,142	913	1,170	1,521	1,490
County Service Areas	3,857	4,194	4,065	4,218	4,445	4,747	4,670	4,697	5,636	7,340
Los Osos Wastewater	231	235	3,807	10,322	10,918	11,544	11,636	11,581	11,663	12,597
<b>Total Business-Type Activities Expenses</b>	<b>39,117</b>	<b>42,688</b>	<b>44,904</b>	<b>51,046</b>	<b>54,710</b>	<b>57,620</b>	<b>58,400</b>	<b>59,295</b>	<b>61,171</b>	<b>81,569</b>
<b>Total Primary Government Expenses</b>	<b>\$ 448,759</b>	<b>\$ 497,797</b>	<b>\$ 533,391</b>	<b>\$ 578,768</b>	<b>\$ 597,084</b>	<b>\$ 636,813</b>	<b>\$ 666,485</b>	<b>\$ 645,974</b>	<b>\$ 654,402</b>	<b>\$ 823,375</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
<b>Fees, Fines, Charges for Services</b>										
General government	\$ 14,678	\$ 12,407	\$ 13,702	\$ 14,839	\$ 12,937	\$ 13,484	\$ 12,967	\$ 15,502	\$ 14,414	\$ 16,808
Public protection	23,035	20,774	20,768	21,231	23,666	22,946	21,291	23,552	23,648	25,758
Public ways and facilities	4,356	4,255	9,434	7,462	6,155	5,721	4,797	5,532	4,343	4,974
Health and sanitation	6,570	6,631	7,179	6,757	7,501	7,698	8,571	8,038	8,022	8,130
Public assistance	2,070	2,077	2,107	2,032	1,763	1,194	1,155	926	950	901
Education	1,723	2,998	1,952	1,644	2,006	1,943	2,193	1,622	1,315	2,313
Recreation and cultural services	4,537	5,056	4,975	5,127	5,592	5,515	4,295	5,714	6,113	6,094
<b>Operating Grants and Contributions</b>										
General government	252	54	735	748	321	200	685	789	2,058	19,120
Public protection	54,233	62,359	63,528	52,205	58,184	59,592	59,974	67,187	76,907	79,867
Public ways and facilities	14,688	14,145	11,025	9,918	11,506	10,485	11,302	11,073	14,279	22,753
Health and sanitation	57,344	62,338	61,950	67,626	76,494	76,211	74,699	91,988	107,891	107,717
Public assistance	89,640	94,775	98,414	102,784	105,848	107,758	114,525	113,555	123,834	137,154
Education	102	105	124	132	173	143	204	219	374	247
Recreation and cultural services	-	131	153	273	671	200	230	271	511	1,794
<b>Capital Grants and Contributions</b>										
General government	69	156	45	-	349	930	-	-	-	1,000
Public protection	3,315	9,701	4,420	7,820	656	1,197	1,799	3,814	43	-
Public ways and facilities	5,570	6,435	6,031	6,655	8,893	14,361	17,732	12,856	11,993	4,516
Health and sanitation	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	267	-	-	-
Recreation and cultural services	282	1,776	10,804	1,157	191	28	86	189	413	855
<b>Total Governmental Activities</b>	<b>282,464</b>	<b>306,173</b>	<b>317,346</b>	<b>308,410</b>	<b>322,906</b>	<b>329,606</b>	<b>336,772</b>	<b>362,827</b>	<b>397,108</b>	<b>440,001</b>

Source: Statement of Activities

(continued)

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

	2013-14	2014-15	2015-16	2016-17	2017-2018	2018-19	2019-20	2020-21	2021-22 <sup>1</sup>	2022-23
<b>Business-Type Activities</b>										
<b>Fees, Fines, Charges for Services</b>										
Airport	\$ 4,493	\$ 4,883	\$ 5,165	\$ 5,662	\$ 7,158	\$ 8,947	\$ 8,300	\$ 6,140	\$ 9,314	\$ 11,724
Golf	2,779	2,967	2,589	2,291	2,584	2,717	2,750	4,376	4,843	4,738
State Water Contract	6,358	6,562	6,846	5,941	6,110	7,656	7,825	7,470	5,691	7,367
Nacimiento Water Contract	13,685	9,682	17,048	15,149	15,709	16,947	16,732	17,458	16,696	15,596
Lopez Flood Control	6,123	6,208	6,530	6,708	6,677	7,148	6,978	6,927	7,451	7,918
Lopez Park	-	-	-	-	-	-	-	-	-	-
General Flood Control Zone - Salinas Dam	861	794	960	904	909	913	2,884	1,370	1,234	1,380
County Service Areas	3,312	3,408	-	2,301	3,662	3,894	4,492	4,702	4,739	5,500
Los Osos Wastewater	-	-	3,551	3,620	4,467	5,100	5,245	5,324	7,129	7,425
<b>Operating Grants and Contributions</b>										
Airport	127	126	126	126	396	328	4,644	7,580	5,823	5,599
Golf	-	269	-	1,017	-	-	-	105	-	-
State Water Contract	13	13	13	14	14	14	14	15	14	14
Nacimiento Water Contract	12	9	9	-	6	-	-	-	-	-
Lopez Flood Control	8	8	8	-	7	5	5	6	6	6
Lopez Park	-	-	-	-	-	-	-	-	-	-
General Flood Control Zone - Salinas Dam	-	-	-	-	-	26	-	-	-	-
County Service Areas	3	211	295	3	3	13	3	3	3	3
Los Osos Wastewater	-	-	2,810	18	-	-	-	-	-	-
<b>Capital Grants and Contributions</b>										
Airport	1,770	365	7,069	15,379	2,211	3,139	505	1,138	12,259	-
Nacimiento Water Contract	-	-	-	-	24	-	-	200	-	-
County Service Areas	2	-	-	-	-	-	-	-	-	-
Los Osos Wastewater	57,507	26,385	4,157	10,086	2,982	4,860	2,618	2,546	2,847	963
<b>Total Business-Type Activities Revenues</b>	<b>97,053</b>	<b>61,890</b>	<b>57,176</b>	<b>69,219</b>	<b>52,919</b>	<b>61,707</b>	<b>62,995</b>	<b>65,360</b>	<b>78,049</b>	<b>68,233</b>
<b>Total Primary Government Revenues</b>	<b>\$ 379,517</b>	<b>\$ 368,063</b>	<b>\$ 374,522</b>	<b>\$ 377,629</b>	<b>\$ 375,825</b>	<b>\$ 391,313</b>	<b>\$ 399,767</b>	<b>\$ 428,187</b>	<b>\$ 475,157</b>	<b>\$ 508,234</b>

<b>Net (Expense)/Revenues</b>										
Governmental Activities	\$ (127,178)	\$ (148,936)	\$ (171,141)	0 \$ (219,312)	\$ (219,468)	\$ (249,587)	\$ (271,313)	\$ (223,852)	\$ (196,123)	\$ (301,805)
Business-Type Activities	57,936	# 19,202	12,272	0 18,173	(1,791)	4,087	4,595	6,065	16,878	(13,336)
<b>Total Primary Government net expense</b>	<b>\$ (69,242)</b>	<b>\$ (129,734)</b>	<b>\$ (158,869)</b>	<b>0 \$ (201,139)</b>	<b>\$ (221,259)</b>	<b>\$ (245,500)</b>	<b>\$ (266,718)</b>	<b>\$ (217,787)</b>	<b>\$ (179,245)</b>	<b>\$ (315,141)</b>

	2013-14	2014-15	2015-16	2016-17	2017-2018	2018-19	2019-20	2020-21	2021-22	2022-23
<b>General Revenue and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Property taxes	\$ 152,256	\$ 155,374	\$ 163,367	\$ 173,153	\$ 180,051	\$ 189,689	\$ 198,927	\$ 208,371	\$ 216,107	\$ 235,064
Other taxes	22,088	22,984	21,953	23,072	25,708	27,224	27,878	34,440	41,804	37,417
Interest and investment income	599	3,174	4,401	3,289	3,171	12,952	12,849	696	(16,312)	13,395
Unrestricted grants	1,727	13,327	3,140	63	2,740	2,115	3,845	41,157	9,001	5,334
Other revenues	-	-	-	5	2	35,445	1,144	4,813	1,424	306
Transfers	(790)	(2,676)	(768)	(2,292)	2,267	(625)	(493)	282	(213)	(6,696)
Special item	(2,800)	-	-	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>173,080</b>	<b>192,183</b>	<b>192,093</b>	<b>197,290</b>	<b>213,939</b>	<b>266,800</b>	<b>244,150</b>	<b>289,759</b>	<b>251,811</b>	<b>284,820</b>
<b>Business-Type Activities</b>										
Property taxes	4,402	4,782	4,782	3,814	3,858	3,912	4,043	4,387	4,380	4,944
Other taxes	32	-	-	-	-	-	-	-	-	-
Interest and investment income	595	659	847	630	1,272	1,590	2,169	405	(1,333)	1,814
Other revenues	40	183	268	338	-	574	2,889	76	1,148	5,282
Transfers	790	2,676	768	2,292	(2,267)	625	493	(282)	213	6,696
<b>Total Business-Type Activities</b>	<b>5,859</b>	<b>8,300</b>	<b>6,665</b>	<b>7,074</b>	<b>2,863</b>	<b>6,701</b>	<b>9,594</b>	<b>4,586</b>	<b>4,408</b>	<b>18,736</b>
<b>Total Primary Government</b>	<b>\$ 178,939</b>	<b>\$ 200,483</b>	<b>\$ 198,758</b>	<b>\$ 204,364</b>	<b>\$ 216,802</b>	<b>\$ 273,501</b>	<b>\$ 253,744</b>	<b>\$ 294,345</b>	<b>\$ 256,219</b>	<b>\$ 303,556</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 45,902	\$ 43,247	\$ 20,952	\$ (22,022)	\$ (5,529)	\$ 17,213	\$ (27,163)	\$ 65,907	\$ 55,688	\$ (16,985)
Business-Type Activities	63,795	27,502	18,937	25,247	1,072	10,788	14,189	10,651	21,286	5,400
<b>Total Primary Government</b>	<b>\$ 109,697</b>	<b>\$ 70,749</b>	<b>\$ 39,889</b>	<b>\$ 3,225</b>	<b>\$ (4,457)</b>	<b>\$ 28,001</b>	<b>\$ (12,974)</b>	<b>\$ 76,558</b>	<b>\$ 76,974</b>	<b>\$ (11,585)</b>

Source: Statement of Activities

<sup>1</sup> Business-type change in net position was restated in FY 2022-23.

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

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
General Fund										
Nonspendable	\$ 779	\$ 5,089	\$ 3,454	\$ 3,535	\$ 18,511	\$ 19,222	\$ 18,734	\$ 9,861	\$ 6,655	\$ 6,773
Restricted	3,214	2,945	2,872	2,649	10,083	12,276	10,915	24,212	26,060	24,607
Committed	116,940	138,140	168,619	164,492	152,501	169,846	175,455	194,669	214,112	224,823
Assigned	118,248	125,112	122,925	126,596	107,145	127,007	119,426	173,558	190,037	199,196
Unassigned	-	-	-	-	-	-	-	-	-	-
Total General Fund	<u>\$ 239,181</u>	<u>\$ 271,286</u>	<u>\$ 297,870</u>	<u>\$ 297,272</u>	<u>\$ 288,240</u>	<u>\$ 328,351</u>	<u>\$ 324,530</u>	<u>\$ 402,300</u>	<u>\$ 436,864</u>	<u>\$ 455,399</u>
All Other Governmental Funds										
Nonspendable	\$ -	\$ 920	\$ 3,776	\$ 3	\$ 24	\$ 36	\$ 4	\$ 6	\$ 9	\$ 9
Restricted	20,164	20,563	21,317	24,192	24,750	33,496	57,057	58,106	54,520	129,672
Committed	74,240	78,508	61,926	94,904	62,307	66,616	67,593	88,636	96,623	86,728
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	(486)	-	-	(3,038)	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 94,404</u>	<u>\$ 99,505</u>	<u>\$ 87,019</u>	<u>\$ 119,099</u>	<u>\$ 84,043</u>	<u>\$ 100,148</u>	<u>\$ 124,654</u>	<u>\$ 146,748</u>	<u>\$ 151,152</u>	<u>\$ 216,409</u>

Source: Balance Sheet - Governmental Funds

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

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Revenues</b>										
Taxes	\$ 177,765	\$ 178,740	\$ 185,764	\$ 196,822	\$ 203,583	\$ 217,106	\$ 223,041	\$ 243,406	\$ 261,163	\$ 270,790
Licenses, permits, and franchises	10,694	10,452	10,539	11,446	11,140	12,133	11,477	12,522	12,597	15,478
Fines, forfeitures, and penalties	5,257	5,686	5,173	4,339	5,977	4,396	3,916	4,352	4,304	4,297
Revenues from use of money and property	1,373	3,864	4,939	3,984	3,779	12,268	12,247	1,084	(14,773)	13,346
Aid from governmental agencies	229,283	261,351	256,490	254,350	262,660	271,961	277,267	348,093	350,382	378,339
Charges for current services	50,071	43,530	46,308	49,460	49,793	47,957	46,712	51,694	49,498	55,512
Other revenues	6,235	9,110	11,504	8,481	6,869	25,278	12,396	13,104	12,734	14,429
Total revenues	<u>480,678</u>	<u>512,733</u>	<u>520,717</u>	<u>528,882</u>	<u>543,801</u>	<u>591,099</u>	<u>587,056</u>	<u>674,255</u>	<u>675,905</u>	<u>752,191</u>
<b>Expenditures</b>										
Current:										
General government	44,317	51,207	54,461	54,918	60,445	54,991	54,078	64,686	63,569	75,027
Public protection	148,155	157,783	156,096	164,839	175,175	185,033	205,162	199,299	212,388	233,444
Public ways and facilities	28,528	29,903	41,044	29,077	42,254	35,267	43,865	37,099	39,124	58,016
Health and sanitation	74,586	75,116	81,591	88,623	99,885	103,512	108,158	117,359	157,490	140,568
Public assistance	99,442	107,104	111,227	113,392	117,066	121,327	131,154	129,141	133,275	188,616
Education	12,205	11,388	10,534	11,560	11,640	12,191	12,769	13,368	15,712	14,199
Recreational and cultural services	7,993	10,104	9,888	9,963	10,358	10,574	11,637	10,976	12,420	16,685
Debt service:										
Principal payments	5,412	6,070	6,788	7,576	50,989	5,093	10,561	5,289	9,137	13,067
Interest and fiscal charges	5,419	5,209	4,687	4,639	11,666	1,204	6,416	7,030	7,895	10,581
Debt issuance costs	-	-	-	-	-	-	-	-	-	-
Capital outlay	11,312	20,019	30,465	11,554	11,828	6,374	7,645	13,795	17,376	14,563
Total expenditures	<u>437,369</u>	<u>473,903</u>	<u>506,781</u>	<u>496,141</u>	<u>591,306</u>	<u>535,566</u>	<u>591,445</u>	<u>598,042</u>	<u>668,386</u>	<u>764,766</u>
Excess (deficiency) of revenues over (under) expenditures	<u>43,309</u>	<u>38,830</u>	<u>13,936</u>	<u>32,741</u>	<u>(47,505)</u>	<u>55,533</u>	<u>(4,389)</u>	<u>76,213</u>	<u>7,519</u>	<u>(12,575)</u>
<b>Other Financing Sources</b>										
Refunding certificates of participation issued	-	-	-	-	-	-	-	-	-	-
Premium on refunding certificates of participation issued	-	-	-	-	-	-	-	-	-	-
Proceeds of long-term debt	-	-	-	-	-	-	20,384	2,841	-	70,033
Premium on lease revenue bonds issued	-	-	-	-	-	-	4,023	-	-	4,634
Payment to refunded escrow agent	-	-	-	-	-	-	-	-	-	(5,724)
Discount on certificates of participation issued	-	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	30,950	38,935
Subscription-based IT arrangement*	-	-	-	-	-	-	-	-	-	305
Transfers in	26,502	33,299	35,803	57,668	54,782	31,633	36,803	37,384	45,602	48,050
Transfers out	(25,935)	(34,924)	(35,641)	(58,927)	(51,365)	(30,950)	(36,136)	(36,094)	(45,103)	(59,866)
Total other financing sources and uses	<u>567</u>	<u>(1,625)</u>	<u>162</u>	<u>(1,259)</u>	<u>3,417</u>	<u>683</u>	<u>25,074</u>	<u>4,131</u>	<u>31,449</u>	<u>96,367</u>
Special Item	(2,800)	-	-	-	-	-	-	-	-	-
Net change in fund balances	<u>\$ 41,076</u>	<u>\$ 37,205</u>	<u>\$ 14,098</u>	<u>\$ 31,482</u>	<u>\$ (44,088)</u>	<u>\$ 56,216</u>	<u>\$ 20,685</u>	<u>\$ 80,344</u>	<u>\$ 38,968</u>	<u>\$ 83,792</u>
Debt Service as a percentage of non-capital expenditures	2.61%	2.57%	2.54%	2.62%	11.25%	1.23%	3.05%	2.20%	2.85%	3.27%

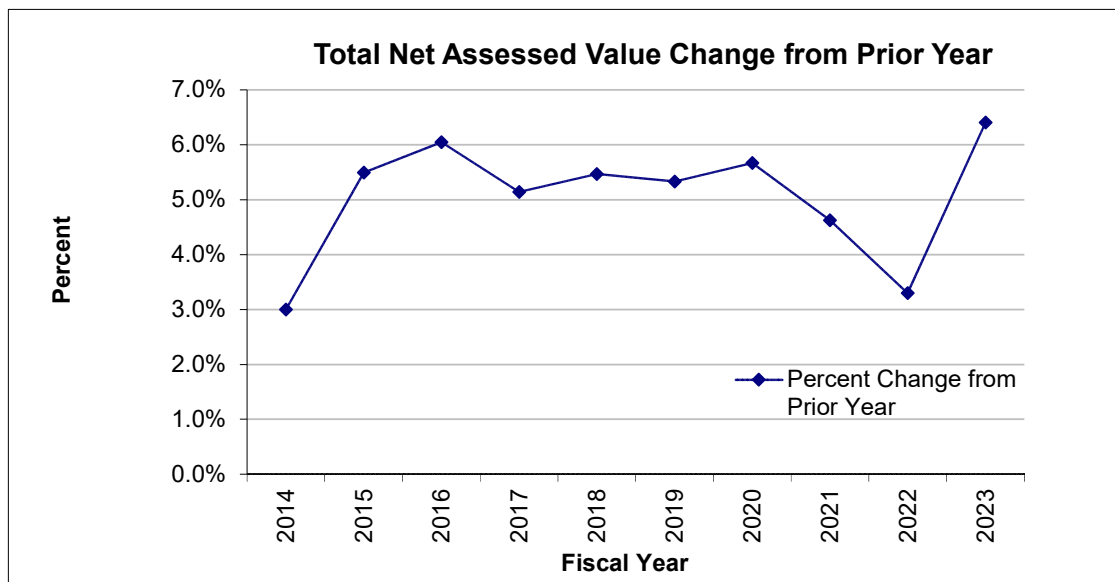
GASB Statement No. 96 was implemented in FY 2022-23

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



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

Fiscal Year Ended,	Secured	Unsecured	Exemptions	Net Assessed Valuations	Percentage Change from Prior Year	Tax Rate
2014	\$ 42,900,845	\$ 1,195,631	\$ (1,036,531)	\$ 43,059,945	3.0%	1.0040
2015	45,288,599	1,230,775	(1,093,212)	45,426,162	5.5%	1.0040
2016	48,037,099	1,257,845	(1,122,568)	48,172,375	6.0%	1.0037
2017	50,458,742	1,362,539	(1,173,683)	50,647,598	5.1%	1.0040
2018	53,278,739	1,386,183	(1,248,961)	53,415,961	5.5%	1.0040
2019	56,147,148	1,420,625	(1,305,110)	56,262,663	5.3%	1.0040
2020	58,382,427	2,345,033	(1,277,412)	59,450,048	5.7%	1.0040
2021	61,279,618	2,349,231	(1,428,237)	62,200,611	4.6%	1.0040
2022	63,459,055	2,281,455	(1,487,547)	64,252,963	3.3%	1.0040
2023	67,503,193	2,512,544	(1,648,668)	68,367,069	6.4%	1.0040



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

Source: County Assessed Values, Exemptions and Growth % Book

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

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>County Direct Rates</b>										
General	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
State Water Project	0.00400	0.00400	0.00374	0.00400	0.00400	0.00400	0.00400	0.00400	0.00400	0.00400
Total Direct Rate	1.00400	1.00400	1.00374	1.00400	1.00400	1.00400	1.00400	1.00400	1.00400	1.00400
<b>Cities, Schools, and Special Districts Combined Rates</b>										
Arroyo Grande	0.0580	0.0569	0.0756	0.0680	0.1085	0.1051	0.0965	0.0827	0.0840	0.0648
Atascadero	0.0452	0.0590	0.1373	0.1373	0.1373	0.1373	0.1373	0.1373	0.1373	0.1373
Grover Beach	0.0499	0.0509	0.0940	0.1023	0.1599	0.1901	0.1815	0.1677	0.1690	0.1598
Morro Bay	0.0510	0.0510	0.0688	0.0683	0.0683	0.0683	0.0683	0.0614	0.0582	0.0548
Paso Robles	0.0815	0.0782	0.0955	0.0828	0.0828	0.1222	0.1222	0.1160	0.1198	0.1169
Pismo Beach	0.0499	0.0509	0.0700	0.0680	0.1085	0.0965	0.0965	0.0827	0.0840	0.0648
San Luis Obispo	-	-	0.0683	0.0683	0.0683	0.0683	0.0683	0.0583	0.0583	0.0543

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

Source: County Property Tax Rate Book

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

Taxpayer	Industry	Fiscal Year 2022-23			Fiscal Year 2013-14		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Co.	Utility	\$ 1,281,887	1	1.88%	\$ 2,565,300	1	5.96%
High Plans Ranch II LLC	Solar Ranch	768,188	2	1.12%	-	-	-
Southern California Gas Co.	Utility	178,395	3	0.26%	60,148	8	0.14%
Jamestown Premier	Commercial	156,329	4	0.23%	-	-	-
Phillips 66 Company	Oil Refinery	138,067	5	0.20%	-	-	-
E&J Gallo Winery/Vineyards	Winery	110,945	6	0.16%	63,115	6	0.15%
Firestone Walker LLC	Brewery	101,520	7	0.15%	-	-	-
CAP VIII - Mustang Village LLC	Apartments	100,006	8	0.15%	78,423	4	0.18%
Treasury Wine Estates Americas Co	Winery	92,517	9	0.14%	-	-	-
Sierra Vista Hospital	Hospital	83,107	10	0.12%	-	-	-
Beringer Wine Estates Company	Winery	-	-	-	95,337	2	0.22%
Plains Exploration & Prod Co	Petroleum & Gas	-	-	-	82,999	3	0.19%
Pacific Bell Telephone Co	Communications	-	-	-	72,603	5	0.17%
Martin Hotel Management	Hotel	-	-	-	61,484	7	0.14%
Pasquini Charles Jr Tre Etal	Private	-	-	-	56,778	9	0.13%
Twin Cities Comm Hospital Inc	Hospital	-	-	-	54,445	10	0.13%
	<b>Total</b>	<b>\$ 3,010,961</b>		<b>4.41%</b>	<b>\$ 3,190,632</b>		<b>7.41%</b>
	<b>Total County Assessed Value</b>	<b>\$ 68,367,069</b>			<b>\$ 43,059,945</b>		

Sources:

County Property Tax System  
2013-14 San Luis Obispo County Annual Comprehensive Financial Report

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

Collected within the  
Fiscal Year of the Levy

Fiscal Year Ended June 30,	Total Levy for the Fiscal Year	Collected Amount	% of Original Levy	Collections in Subsequent Years*	Delinquent Amount	% of Levy Delinquent
2014	\$ 421,140	\$ 416,450	98.89%	N/A	\$ 4,690	1.11%
2015	447,088	442,330	98.94%	N/A	4,758	1.06%
2016	470,629	466,465	99.12%	N/A	4,164	0.88%
2017	495,277	490,890	99.11%	N/A	4,387	0.89%
2018	522,528	517,777	99.09%	N/A	4,751	0.91%
2019	549,869	544,994	99.11%	N/A	4,874	0.89%
2020	573,449	564,422	98.43%	N/A	9,027	1.57%
2021	599,508	592,847	98.89%	N/A	6,660	1.11%
2022	619,518	614,110	99.13%	N/A	5,408	0.87%
2023	661,387	654,754	99.00%	N/A	6,632	1.00%

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

Source: County Property Tax Booklet

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

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

Year ended June 30,	Special Assessment Billings	Special Assessment Collected
2014	\$ 3,497	\$ 3,630
2015	3,489	3,598
2016	3,496	3,633
2017	3,490	3,577
2018	5,063	5,196
2019	5,058	5,065
2020	5,063	5,106
2021	5,042	5,105
2022	5,061	5,163
2023	5,063	5,063

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

Source: County Property Tax System

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

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Governmental Activities</b>										
Certificates of Participation	\$ 24,640	\$ 23,600	\$ 22,527	\$ 21,411	\$ 26,135	\$ 24,808	\$ 18,004	\$ 19,619	\$ 18,290	\$ 11,178
Less deferred amounts:										
For issuance discounts:	(95)	(91)	(87)	(83)	(79)	(75)	-	-	-	-
Add deferred amounts:										
For issuance premiums:	1,240	1,152	1,063	975	886	797	708	619	530	-
State notes	-	-	-	-	2,056	1,901	1,744	1,586	1,426	1,264
Pension Obligation Bonds	111,234	146,219	145,291	143,890	99,407	96,903	93,733	89,825	85,112	79,516
Lease revenue bonds	-	-	-	-	-	-	20,380	19,970	19,380	88,803
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	4,023	3,837	3,652	7,972
Assessment Bonds from direct borrowings	-	-	-	-	-	-	436	391	344	294
Leases <sup>1</sup>	-	-	-	-	-	-	-	-	92,248	126,334
Subscription-based IT arrangements <sup>2</sup>	-	-	-	-	-	-	-	-	-	2,614
Total bonds and notes payable	<u>137,019</u>	<u>170,880</u>	<u>168,794</u>	<u>166,193</u>	<u>128,405</u>	<u>124,334</u>	<u>139,028</u>	<u>135,847</u>	<u>220,982</u>	<u>317,975</u>
<b>Business-Type Activities</b>										
Certificates of Participation	18,257	17,745	17,194	16,470	15,678	14,811	13,908	12,966	14,668	11,471
Add deferred amounts:										
For issuance premiums:	459	426	393	361	328	295	262	229	196	-
State Note	46,529	72,774	86,611	85,674	87,667	84,409	81,079	88,385	84,528	80,701
Other Notes	-	-	-	-	-	-	-	-	196	166
Revenue Bonds	187,170	183,813	177,198	173,535	168,410	164,126	159,841	155,330	150,585	145,595
Add deferred amounts:										
For issuance premiums:	5,732	5,519	10,058	9,623	8,926	8,502	8,077	7,653	7,230	6,805
Unamortized outflow on Bond Refinancing	-	-	(4,171)	(3,990)	(3,808)	-	-	-	-	-
General Obligation Bonds	9,530	9,155	8,760	8,350	7,925	7,485	7,025	6,540	6,030	5,490
Add deferred amounts:										
For issuance premiums:	959	902	846	790	733	677	620	564	508	452
Lease Revenue Bonds	-	-	-	-	-	-	-	-	-	1,582
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	-	-	57
Assessment Bonds	76,438	79,829	79,396	78,089	76,746	75,358	73,943	72,483	70,978	69,437
Leases <sup>1</sup>	-	-	-	-	-	-	-	-	250	164
Subscription-based IT arrangements <sup>2</sup>	-	-	-	-	-	-	-	-	-	199
Total bonds and notes payable	<u>345,074</u>	<u>370,163</u>	<u>376,285</u>	<u>368,902</u>	<u>362,605</u>	<u>355,663</u>	<u>344,755</u>	<u>344,150</u>	<u>335,169</u>	<u>322,119</u>
<b>Total Outstanding Debt</b>	<b>\$ 482,093</b>	<b>\$ 541,043</b>	<b>\$ 545,079</b>	<b>\$ 535,095</b>	<b>\$ 491,010</b>	<b>\$ 479,997</b>	<b>\$ 483,783</b>	<b>\$ 479,997</b>	<b>\$ 556,151</b>	<b>\$ 640,094</b>
Percentage of Personal Income	3.76%	3.86%	3.76%	3.58%	3.13%	2.92%	2.80%	2.54%	2.90%	N/A
Percentage of Assessed Value of Taxable Property <sup>3</sup>	1.12%	1.19%	1.13%	1.06%	0.92%	0.85%	0.81%	0.77%	0.87%	0.94%
Net outstanding debt Per Capita	\$ 1,770.08	\$ 1,972.50	\$ 1,960.88	\$ 1,916.46	\$ 1,753.31	\$ 1,713.66	\$ 1,708.81	\$ 1,700.62	\$ 1,964.09	\$ 2,269.73

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

<sup>1</sup> GASB Statement 87 was implemented in FY 2021-22. Prior year leases were not recognized as capital leases pre-GASB 87.

<sup>2</sup> GASB Statement 96 was implemented in FY 2022-23. Prior year subscription-based IT arrangements were not recognized as capital leases pre-GASB 96.

<sup>3</sup> Due to Article XIII-A, added to the California Constitution by Proposition 13 in 1978, the County does not track the estimated actual value of all County properties; therefore, the ratio of net outstanding debt to the estimated actual value of taxable property is unable to be determined; however, the ratio of net outstanding debt to the assessed value of taxable property is determinable and presented in the table.

Source: Notes to the Financial Statements, Note 10

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

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Certificates of Participation	\$ 13,675	\$ 12,915	\$ 12,137	\$ 11,326	\$ 10,482	\$ 9,606	\$ 8,693	\$ 7,747	\$ 6,757	\$ 2,740
Less deferred amounts:										
For issuance discounts:	(95)	(91)	(87)	(83)	(79)	(75)	-	-	-	-
Add deferred amounts:										
For issuance premiums:	1,240	1,152	1,063	975	886	797	708	619	530	-
Lease Revenue Bonds	-	-	-	-	-	-	20,380	19,970	19,380	90,385
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	4,023	3,837	3,652	8,029
General Obligation Bonds	9,530	9,155	8,760	8,350	7,925	7,485	7,025	6,540	6,030	5,490
Add deferred amounts:										
For issuance premiums:	959	902	846	790	733	677	620	564	508	452
State Notes	-	-	-	-	2,056	1,901	1,744	1,586	1,426	1,264
Other Notes	-	-	-	-	-	-	-	-	196	166
Assessment Bonds	76,438	79,829	79,396	78,089	76,746	75,358	73,943	72,483	70,978	69,437
Leases <sup>1</sup>	-	-	-	-	-	-	-	-	92,498	126,498
Subscription-based IT arrangements <sup>2</sup>	-	-	-	-	-	-	-	-	-	2,813
Less resources restricted for principal repayment	(2,683)	(2,683)	(2,688)	(2,692)	(2,712)	(8,061)	(30,167)	(23,110)	(17,088)	(90,011)
<b>Net Total General Obligation Debt</b>	<b>\$ 99,064</b>	<b>\$ 101,179</b>	<b>\$ 99,427</b>	<b>\$ 96,755</b>	<b>\$ 96,037</b>	<b>\$ 87,688</b>	<b>\$ 86,969</b>	<b>\$ 90,236</b>	<b>\$ 184,867</b>	<b>\$ 217,263</b>
Percentage of Personal Income	0.77%	0.72%	0.69%	0.65%	0.61%	0.53%	0.50%	0.48%	0.96%	N/A
Percentage of Assessed Value of Taxable Property <sup>1</sup>	0.23%	0.22%	0.21%	0.19%	0.18%	0.16%	0.15%	0.15%	0.29%	0.32%
Net outstanding debt Per Capita	\$ 363.73	\$ 368.87	\$ 357.68	\$ 346.53	\$ 342.93	\$ 313.06	\$ 307.19	\$ 319.70	\$ 654.96	\$ 770.40

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

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

<sup>1</sup> GASB Statement 87 was implemented in FY 2021-22. Prior year leases were not recognized as capital leases pre-GASB 87.

<sup>2</sup> GASB Statement 96 was implemented in FY 2022-23. Prior year subscription-based IT arrangements were not recognized as capital leases pre-GASB 96.

Source: Notes to the Financial Statements, Note 10

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

	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Assessed Value of Property (a)	\$ 43,059,945	\$ 45,426,163	\$ 48,172,375	\$ 50,647,598	\$ 53,415,961	\$ 56,262,663	\$ 59,450,048	\$ 62,200,611	\$ 64,252,963	\$ 68,367,069
Debt Limit, 1.25% of Assessed Value	538,249	567,827	602,155	633,095	667,700	703,283	743,126	777,508	803,162	854,588
<i>Amount of Debt Applicable to Limit</i>										
General Obligation Bonds (b)	10,489	10,057	9,606	9,140	8,658	7,485	7,025	6,540	6,030	5,490
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Total Debt Applicable	10,489	10,057	9,606	9,140	8,658	7,485	7,485	6,540	6,030	5,490
Legal Debt Margin	\$ 527,760	\$ 557,770	\$ 592,549	\$ 623,955	\$ 659,042	\$ 695,798	\$ 695,798	\$ 770,968	\$ 797,132	\$ 849,098
Total Debt Applicable as a Percentage of the Debt Limit	1.95%	1.77%	1.60%	1.44%	1.30%	1.06%	0.95%	0.84%	0.75%	0.64%

Source:

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



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

Calendar Year	Population (1,a)	Personal Income (in thousands) (1,a)	Per Capita Income (1,a)	Median Age (4,c)	School Enrollment (3,b,d)	Unemployment Rate (2,e)
2014	272,357	12,823,005	45,947	39.50	42,911	5.3
2015	274,293	14,034,209	49,873	39.30	41,853	4.4
2016	277,977	14,552,207	51,442	39.00	43,117	4.5
2017	279,210	14,937,322	53,006	38.80	43,112	3.6
2018	280,048	15,700,229	55,580	39.60	42,713	3.2
2019	280,101	16,465,164	58,108	39.60	42,673	2.9
2020	283,111	17,270,828	61,004	40.00	42,556	11.5
2021	282,249	18,863,123	66,617	39.50	40,403	5.9
2022	283,159	19,162,980	67,951	40.20	39,857	2.6
2023	282,013	N/A	N/A	41.10	39,833	3.5

Sources:

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

Notes:

N/A = not available

- a. Data for prior calendar years
- b. Data includes kindergarten through grade 12 and Cuesta College
- c. Calendar year 2014 - 2016 figures are projections based on the American Community Survey 5-Year Estimates
- d. Data for school year ending in the stated calendar year
- e. Data as of June 30, 2023

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

Employer	2023 <sup>2,3</sup>			2014 <sup>1</sup>		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
California Polytechnic State University	3,143	1	2.25%	2,573	2	1.81%
County of San Luis Obispo	2,932	2	2.10%	2,800	1	1.97%
Department of State Hospitals - Atascadero	2,000	3	1.43%	2,300	3	1.62%
Lucia Mar Unified School District	1,573	4	1.13%	1,000	7	0.71%
California Men's Colony	1,517	5	1.09%	2,000	4	1.41%
Tenet Health Central Coast	1,425	6	1.02%	1,200	6	0.85%
San Luis Coastal Unified School District	1,388	7	0.99%	902	10	0.64%
Paso Robles Joint Unified School District	1,262	8	0.90%	935	8	0.66%
Compass Health	1,200	9	0.86%	-	-	-
Cuesta College	892	10	0.64%	-	-	-
Pacific Gas and Electric Company	-	-	-	1,700	5	1.20%
Cal Poly Corporation	-	-	-	906	9	0.64%
Total Employment Labor Force <sup>4</sup>	139,800			141,800		

Sources:

<sup>1</sup> 2013-14 San Luis Obispo County Annual Comprehensive Financial Report

<sup>2</sup> 2022 Pacific Coast Business Times Book of Lists

<sup>3</sup> 2022-23 County Budget Report

<sup>4</sup> State of California Employment Development Department

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

<u>Function/Program</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18*</u>	<u>2018-19*</u>	<u>2019-20*</u>	<u>2020-21*</u>	<u>2021-22*</u>	<u>2022-23*</u>
General Government	430.75	436.75	440.50	430.75	437.50	441.00	455.25	458.00	456.25	460.50
Public Protection	817.25	832.25	848.25	867.00	909.50	912.00	899.75	904.25	907.50	921.50
Public Ways and Facilities	188.75	190.75	207.75	234.75	237.75	246.75	247.75	248.75	249.75	253.75
Health and Sanitation	464.00	485.25	505.50	556.00	536.50	530.00	531.00	530.00	566.00	612.50
Public Assistance	478.00	500.75	524.00	524.00	523.00	522.00	523.50	526.75	527.25	543.25
Education	75.50	75.50	77.50	78.00	77.75	78.00	78.25	78.50	78.50	78.50
Recreation and Cultural Services	55.00	59.00	60.00	61.00	61.00	61.00	61.00	61.00	62.00	62.00
Total	<u>2,509.25</u>	<u>2,580.25</u>	<u>2,663.50</u>	<u>2,751.50</u>	<u>2,783.00</u>	<u>2,790.75</u>	<u>2,796.50</u>	<u>2,807.25</u>	<u>2,847.25</u>	<u>2,932.00</u>

Source: County Budget Report

Notes:

2014-2017 Position allocation figures were calculated at the time of budget preparation for the following year.

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

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

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

<b>Function / Department</b>	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Recreation and Cultural Services</b>										
<b>Parks</b>										
<i>Day Use Passes</i>	42,821	57,564	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Daily Passes*</i>	246,727	239,140	189,232	230,915	257,220	60,902	59,194	62,559	41,130	51,591
<i>Annual Passes</i>	2,998	3,137	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Annual Vehicle Passes*</i>	8,744	12,584	9,614	6,504	8,066	3,974	1,823	1,716	1,869	1,727
<i>Daily Boat Launches*</i>	26,110	23,706	16,001	16,312	24,340	9,664	11,210	11,810	6,242	6,134
<i>Annual Boat Passes*</i>	1,412	1,245	480	1,383	1,353	1,629	1,288	764	403	666
<b>Public Protection</b>										
<b>Planning and Building</b>										
<i>Total Permits Issued</i>	2,622	3,139	3,355	3,927	3,542	3,256	3,299	3,624	4,032	4,577
<i>Number of New Affordable Housing **</i>	13	151	99	65	133	131	n/a	n/a	n/a	n/a
<b>Sheriff</b>										
<i>Jail bookings</i>	12,583	11,375	11,018	11,774	11,324	10,246	8,144	6,235	6,367	7,994
<i>Average daily population</i>	780	679	603	632	621	636	552	448	462	463
<b>Health and Sanitation</b>										
<b>Mental Health</b>										
<i>Day Treatment Days provided to youth in out-of-county group home facilities**</i>	1,764	1,613	1,381	604	n/a	n/a	n/a	n/a	n/a	n/a
<b>Public Health</b>										
<i>Percentage of the State allocated caseload enrolled in the Women, Infants &amp; Children (WIC) Program **</i>	95	91	86	76	72	68	n/a	n/a	n/a	n/a
<i>Percentage of live born infants whose mothers received prenatal care in the first trimester ***</i>	79	79	80	78	78	84	86	84	86	82
<b>Public Assistance</b>										
<b>Social Services</b>										
<i>Percentage of child abuse/neglect referrals where a response is required within 10 days that were timely **</i>	96	98	97	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 and where contact was made within the required period. ***</i>	n/a	n/a	n/a	91	95	95	94	92	94	92
<b>Education</b>										
<b>Library</b>										
<i>Annual number of items circulated per capita</i>	9.8	9.6	10.5	10.3	11.6	12.1	12.1	7.6	9.7	9.7
<i>Annual Expenditure per capita for total Library budget ***</i>	\$ 35.50	\$ 36.13	\$ 36.27	\$ 38.10	\$ 40.36	\$ 40.57	\$ 44.47	\$ 46.78	\$ 47.12	\$ 51.51
<b>Public Ways and Facilities</b>										
<b>Roads</b>										
<i>Pavement Condition Rating for all County roads (70 = "good")</i>	61	61	65	66	65	65	60	59	59	60
<b>Airport</b>										
<b>Airport</b>										
<i>Takeoffs and Landings</i>	66,696	71,001	71,181	71,001	77,917	82,110	68,067	75,082	82,471	77,084
<i>Passenger Enplanements</i>	147,105	149,558	155,744	180,141	226,588	259,481	215,900	150,065	247,522	305,680

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

\*\* Performance measure no longer reported.

\*\*\* FY 2021-22 performance measure restated

Source: County Budget Performance Indicators

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

<b>Function/Program</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
<b>Recreation and Cultural Services</b>										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	13,583	13,583	13,583	13,583	13,583	13,583	13,841	13,841	13,841	13,841
<b>Public Protection</b>										
Correction facility capacities (a)	797	797	797	909	909	909	909	909	909	909
<b>Public Ways and Facilities</b>										
Miles of county roads	1,336	1,336	1,338	1,338	1,339	1,339	1,349	1,349	1,349	1,349
<b>Airport</b>										
Number of runways	2	2	2	2	2	2	2	2	2	2

Notes:

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

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

Source: County departments' management



**COUNTY**  
**of SAN LUIS**  
**OBISPO**