



Comprehensive Annual Financial Report

County of San Luis Obispo, California

Fiscal Year Ended June 30, 2018

Prepared under the direction of

James P. Erb, CPA

Auditor-Controller • Treasurer-Tax Collector





Cover photo of Turri Road, Los Osos taken by
Mark Maier, Auditor-Controller-Treasurer-Tax Collector's Office

**COUNTY OF SAN LUIS OBISPO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2018**

TABLE OF CONTENTS

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	3
Certificate of Achievement for Excellence in Financial Reporting	13
List of Elected and Appointed Officials.....	14
Organizational Chart	15
 <u>FINANCIAL SECTION</u>	
Independent Auditor’s Report	19
Management’s Discussion and Analysis	25
<u>Basic Financial Statements:</u>	
Government-Wide Financial Statements:	
Statement of Net Position	45
Statement of Activities.....	46
Fund Financial Statements:	
<u>Governmental Funds:</u>	
Balance Sheet – Governmental Funds	51
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities.....	52
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	53
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities.....	54
<u>Proprietary Funds:</u>	
Statement of Fund Net Position	55
Statement of Revenues, Expenses, and Changes in Fund Net Position	56
Statement of Cash Flows	57
<u>Fiduciary Funds:</u>	
Statement of Fiduciary Net Position	58
Statement of Changes in Fiduciary Net Position.....	59
Notes to the Basic Financial Statements.....	63
<u>Required Supplementary Information:</u>	
Description	109
Schedule of the County’s Proportionate Share of the San Luis Obispo County Pension Plan’s Net Pension Liability.....	110
Schedule of the County’s Contributions to the San Luis Obispo County Pension Plan	111
Other Post-Employment Benefits (OPEB) Plan Schedule of Changes in the County’s Net OPEB Liability and Related Ratios	112
Other Post-Employment Benefits (OPEB) Plan Schedule of Actuarially Determined Plan Contributions and Related Ratios	113
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual Comparison – General Fund.....	114
Notes to Required Supplementary Information	116

FINANCIAL SECTION (Continued)**Other Supplementary Information:****Combining and Individual Fund Statements and Schedules:**Nonmajor Governmental Funds:

Nonmajor Governmental Fund Descriptions.....	121
Combining Balance Sheet	123
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	124

Nonmajor Debt Service Funds:

Combining Balance Sheet	125
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	126

Nonmajor Special Revenue Funds:

Combining Balance Sheet	127
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	130

Nonmajor Special Revenue Funds – Special Districts:

Combining Balance Sheet	133
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	134

Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget to Actual Comparison:

Capital Projects Fund	137
Public Facilities Corporation.....	138
Pension Obligation Bonds.....	139
SLO County Financing Authority	140
Community Development Special Revenue Fund	141
County Medical Services Program (CMSP) Special Revenue Fund	142
Emergency Medical Services Special Revenue Fund	143
Driving Under the Influence Programs Special Revenue Fund	144
Fish and Game Special Revenue Fund	145
Road Impact Fees Special Revenue Fund	146
Library Special Revenue Fund.....	147
Parks Special Revenue Fund.....	148
Public Facilities Fees Special Revenue Fund	149
Roads Special Revenue Fund.....	150
Wildlife Grazing Special Revenue Fund	151
Flood Control Districts Special Revenue Funds	152
Lighting Control Districts Special Revenue Funds.....	153
County Service Area Districts Special Revenue Funds	154

Nonmajor Enterprise Funds:

Nonmajor Enterprise Fund Descriptions	157
Combining Statement of Net Position.....	158
Combining Statement of Revenues, Expenses, and Changes in Net Position	159
Combining Statement of Cash Flows.....	160

FINANCIAL SECTION (Continued)**Other Supplementary Information (Continued):****Combining and Individual Fund Statements and Schedules (Continued):**Internal Service Funds:

Internal Service Fund Descriptions.....	165
Combining Statement of Net Position.....	167
Combining Statement of Revenues, Expenses, and Changes in Net Position	168
Combining Statement of Cash Flows.....	169

Internal Service Funds – Insurance Funds:

Combining Statement of Net Position	170
Combining Statement of Revenues, Expenses, and Changes in Net Position.....	171
Combining Statement of Cash Flows.....	172

Fiduciary Funds:

Fiduciary Fund Descriptions	175
-----------------------------------	-----

Agency Funds:

Combining Statement of Fiduciary Net Position	176
Combining Statement of Changes in Assets and Liabilities.....	177

Investment Trust Funds:

Combining Statement of Fiduciary Net Position	178
Combining Statement of Changes in Fiduciary Net Position	179

General Fund – Detailed Budgetary Comparison Schedules:

Detail Schedule of Expenditures – Budget to Actual Comparison – General Fund	183
--	-----

STATISTICAL SECTION (UNAUDITED)

Statistical Section Table of Contents	193
Net Position by Component.....	195
Changes in Net Position.....	196
Fund Balances, Governmental Funds	198
Changes in Fund Balances, Governmental Funds	199
Estimated 30 Year Pension Liability Funding	201
Assessed Valuation.....	202
Direct and Overlapping Property Tax Rates	203
Principal Property Taxpayers.....	204
Property Tax Levies and Collections.....	205
Special Assessment Billings and Collections	206
Ratios of Total Debt Outstanding.....	207
Ratios of General Obligation Debt Outstanding	208
Legal Debt Margin Information.....	209
Demographic and Economic Statistics	210
Principal Employers.....	211
Full Time Equivalent County Government Employees by Function.....	212
Operating Indicators by Function.....	213
Capital Asset Statistics by Function	214



COUNTY
of SAN LUIS
OBISPO

INTRODUCTORY SECTION





COUNTY OF SAN LUIS OBISPO

AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

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

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

December 14, 2018

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

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

The Comprehensive Annual Financial Report (CAFR) of the County of San Luis Obispo (County) for the fiscal year ended June 30, 2018, is hereby submitted as mandated by Sections 25250 and 25253 of the Government Code of the State of California. These statutes require that the County publish a complete set of financial statements audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants. The County prepares its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The requirements for financial reporting in accordance with GAAP are established by the Governmental Accounting Standards Board (GASB).

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

The County's financial statements have been audited by Brown Armstrong Accountancy Corporation, a firm of licensed certified public accountants. The goal of the independent audit was to provide a reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2018, 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, 2018, 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 grant agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the County's separately issued Single Audit Report.

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

Profile of the Government

The County of San Luis Obispo, incorporated in 1850, is located on the central coast of the State of California, midway between Los Angeles and San Francisco. The county currently occupies a land area of 3,616 square miles and serves a population of 280,101 residents. Approximately 43% of the population resides in the unincorporated area. The seven incorporated cities in the county are Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo.

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

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

The annual budget serves as the foundation for the County's financial planning and control. The County Budget Act, as presented in California Government Code Sections 29000 and 30200, provides the general provisions and requirements for preparing and approving the County budget. All County departments are required to submit budget requests to the County Administrator. The budgets are then reviewed by the County Administrator and compiled into a proposed budget with a County Administrator's recommendation. Public hearings are set in the month of June, with the Board of Supervisors adopting the final budget before the start of the next fiscal year. The proposed budget is prepared by fund, function (e.g., Public Safety), and department or

division (e.g., Sheriff). During the year, department heads may make transfers of appropriations within a division with the approval of the County Administrator and Auditor-Controller - Treasurer - Tax Collector. Transfers of appropriations between departments or increases in the budget from new revenue sources, reserves and/or contingencies require Board of Supervisors' approval. Monthly estimates for both revenues and expenditures are used to assist departments with budgetary control, and quarterly reports are submitted by each department to the County Administrator and the Board on the status of the departmental budgets.

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

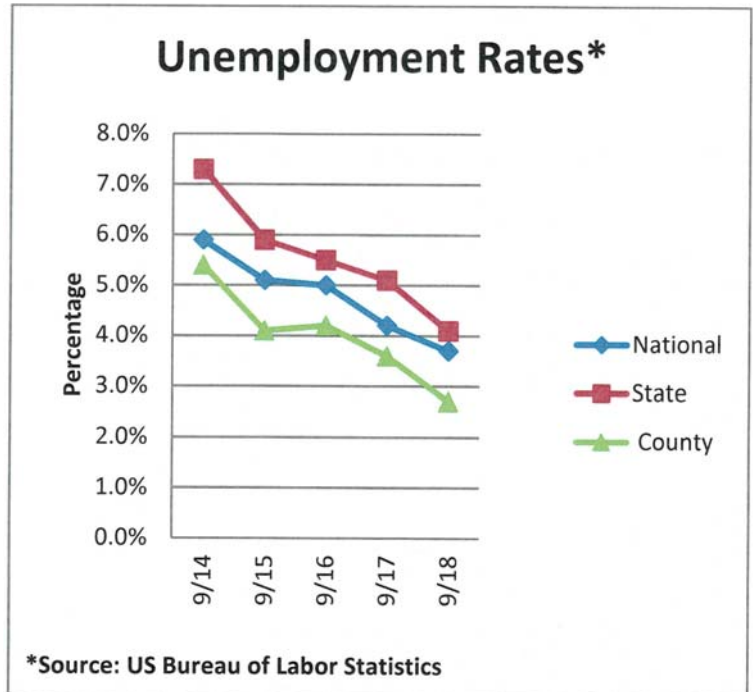
The County has various blended component units which primarily provide utility and debt financing services. The County's only discretely presented component unit is First 5, which allocates funds from the California Children and Families Trust Fund and advocates for quality programs and services, supporting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

Factors Affecting Financial Condition

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

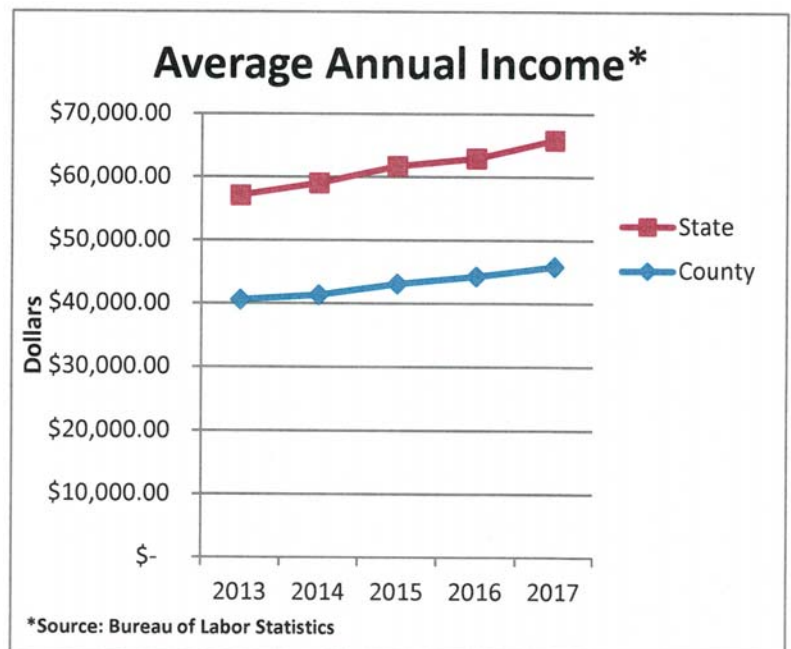
Employment:

- Unemployment in the county as of September 2018 was 2.7% which is lower than both the state rate of 4.1% and the national rate of 3.7%. During the same period last year, unemployment in the county was 3.6%.
- The State of California has a major presence in the County of San Luis Obispo with California Men's Colony, Atascadero State Hospital, CalTrans, and the California Polytechnic State University, making the State the largest employer in the county. The decrease in the county's unemployment rate has closely followed the decreasing trend in state unemployment over the past several years.



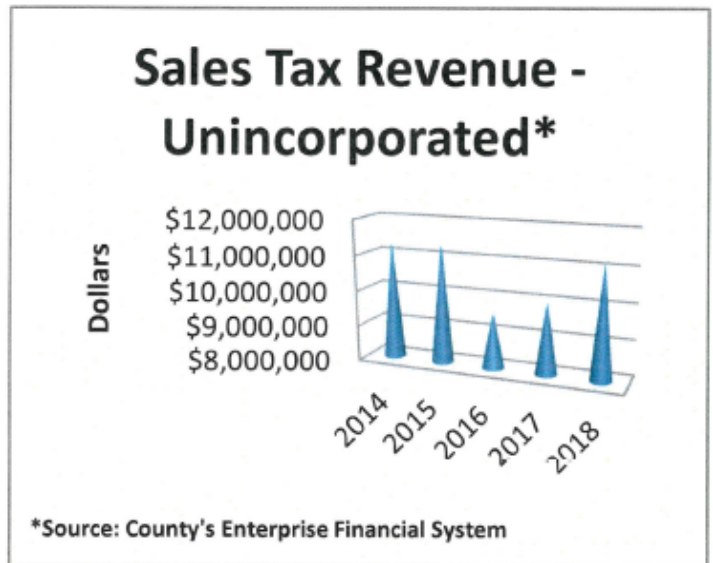
Wages:

- Average income increased by 3.4% to \$45,814, from 2016 to 2017 (most recent data) for the residents of the County of San Luis Obispo, as reported by the Bureau of Labor Statistics.
- For the last two years, the county's top earning occupational groups have remained largely unchanged. As reported by the *Tribune*, the highest earning 2017 occupational groups consisted of healthcare practitioners, business managers, architects and engineers, and computer and mathematical professionals.



Retail Sales:

- Indicative of a healthy economy, sales tax revenue increased \$1,174,265 or 11.7% from June 2017 to June 2018.
- With the featuring of several local towns on top ten travel destination lists, the county continues to benefit fiscally from the tourism industry. Tourists spent approximately \$311 million in retail locally in 2017 as reported by the tourism marketing agency SLO CAL.



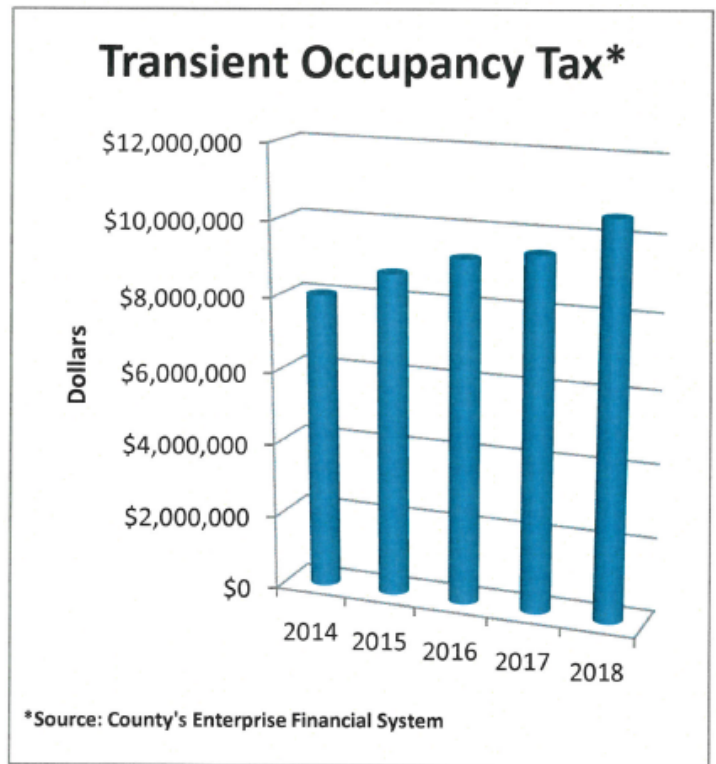
Real Estate:

A healthy real estate market fueled by the desirable living location continued to drive the local housing marketing as the county's median home price increased to \$605,000 as of August 2018. This is a 6.2% increase from the same period in the prior year. Additionally, property tax revenue indicators continue to illustrate the strength of the local economy.

- Discretionary property tax receipts were \$125 million in FY 2017-18, an increase of 4.2% over the prior year.
- The total tax levy on secured property was \$522,527,763 for FY 2017-18, an increase of 5.5% from the previous year.
- Property Transfer Tax is related to the value and number of real estate transactions during the year. The county's unincorporated areas' property transfer taxes increased 12.5% in FY 2017-18; this is the eighth straight year with an increase.
- The property tax delinquency rate of 0.9% has remained steady over the last three years. The steadiness in the rate continues to demonstrate a stabilization in the local economy.

Tourism:

- Transient Occupancy Tax (TOT) in the unincorporated areas increased 11.0% in the 2017-18 fiscal year, while the seven incorporated cities budgeted a 6.4% increase for the same time period.
- The scenic coastline, small town atmospheres and rolling vineyards continue to make San Luis Obispo County a desired tourist destination. From farm to table cuisine to hikes and beautiful walks on the beach, San Luis Obispo County has an abundance of activities that appeal to tourists and residents alike. Visit SLO CAL reported tourism had a \$2.4 billion economic impact in 2017, a 5.9% growth since 2014.



Long-term financial planning:

- The FY 2018-19 budget's growth continues to be conservative as the County remains committed to maintaining a strategic reserve. The final 2018-19 comprehensive budget authorized a \$631.9 million governmental fund spending level, an increase over the \$611.3 million budget for FY 2017-18. The budget provides support to the development of departmental programs and services and assists County operations in responding to the continuously changing needs of constituents. The ongoing increase in property tax revenue along with other key economic indicators such as transient occupancy tax and sales tax growth allowed for a moderate increase in the FY 2018-19 spending level. The General Fund has \$523 million appropriated to finance the current year's expenditures including contingencies, with \$13 million placed in general reserves and \$13.2 million earmarked for designations.
- Each year a 5-year Capital Improvement Program (CIP) is compiled. The CIP is a plan for short-range and long-range capital acquisition and development. It also includes plans to improve or rehabilitate County-owned roads and facilities. The plan provides the mechanism for estimating capital requirements; setting priorities; monitoring and evaluating the progress of capital projects; and informing the public of projected capital improvements and unfunded needs. While the CIP covers a five-year planning period, it is updated each year to reflect ongoing changes as new projects are added, existing projects are modified, and completed projects are removed from the plan document. The five-year CIP does not appropriate funds; rather it serves as a budgeting tool, identifying those capital project appropriations to be made through the adoption of the County's annual budget. The FY 2018-19 capital budget recommended

funding for thirteen capital projects. Total 2018-19 appropriations for Capital Projects increased 59% from the prior year and are approximately \$4.1 million. Some of the existing projects will be completed over multiple years.

- 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 to lessen the effects of lost tax revenue that will result from the closure of the Diablo Canyon Nuclear Power Plant. PG&E plans to close the plant by fiscal year 2024-25. The new law also calls for the California Public Utilities Commission to approve elements of the Joint Proposal Agreement developed by the County, San Luis Coastal Unified School District, and the incorporated cities.
- The San Luis Obispo County cannabis business tax was approved by 76% of voters on June 6, 2018. The local initiative allows for the assessment of a 4% general tax on gross sales of all cannabis related businesses, effective July 1, 2018. The tax for cannabis businesses will remain at 4% until July 1, 2020 at which time it increases 2% every subsequent year until a maximum rate of 10% is reached. The Board of Supervisors has the authority to temporarily remove the tax rate or reduce the rate. While it is challenging to know how much revenue the cannabis tax will generate due to few cannabis businesses having completed the licensing process, it is estimated tax revenues will be approximately \$1.4 million in FY 2018-19.

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.
- **Adopt a Formal Debt Policy:** A comprehensive Debt Management Policy was developed by the Auditor-Controller and approved by the Debt Advisory Committee. It was adopted by the Board of Supervisors on December 14, 2010.

- Cost Recovery through Fees: Utilize fees to recover costs where reasonable and after all cost savings options have been explored.
- Pension Cost: Governor Brown implemented a Public Employee Pension Reform Act (PEPRA) which took effect on January 1, 2013. In compliance with PEPRA the County established a Tier III retirement plan that complies with or exceeds the requirements of the pension reform legislation. In addition, the County and most labor units have adopted a 50/50 funding split between the County and the employees. As of December 31, 2017, approximately 38% of County employees fall under PEPRA.

Major Initiatives

- Countywide: Joint department efforts continued in the development and approval of the permanent cannabis ordinances, the drafting of cannabis business tax and the refining of the cannabis application, licensing and appeal processes. The permanent inland and coastal zone ordinances were adopted by the Board of Supervisors on November 27, 2017. County residents approved the Cannabis Tax Measure on June 5, 2018. The tax is only assessed to mitigate the potential impacts of legal use in the unincorporated areas of San Luis Obispo County. Beginning July 1, 2018, the tax is assessed at 4% of gross receipts and will automatically increase 2% annually starting July 1, 2020 to a maximum of 10%.
- Veterans Services: Increased the number of claims on behalf of veterans by 39% while decreasing the time between when the claims were filed and when benefits were received by 36%. Hosted, The Wall That Heals, a Vietnam Veterans' Memorial that was visited by more than 12,000 people.
- Public Health: Increased distribution of the life-saving opioid antidote naloxone through grant funding. In addition, developed protocols to enable local law enforcement agencies to administer the antidote.
- Sheriff: Completed and distributed active shooter first responder maps for 98 schools within the county. Worked collaboratively with allied law enforcement agencies to develop and implement a communication protocol when responding to an incident.
- Animal Services: Worked with Public Works staff to continue the planning of a new shelter facility to replace the 43-year-old current one. The \$13.7 million shelter is a joint project with all seven cities that is anticipated to break ground mid-2019.
- Planning- Community Development: Distributed \$4,840,049 in federal grant funds for affordable housing, public facilities and public services to individuals, cities, unincorporated communities and local non-profit organizations.

- Airports: Increased commercial passengers by more than 23% between 2016 and 2017, making it the fifth fastest growing airport in the United States. The growth resulted from the completion of the 56,000 square foot terminal and the expanded frequency of passenger flights.
- Library: Increased services with the addition of passport registration and film streaming giving patrons access to more than 30,000 free films. Installed new automated self-checkout system and expanded the Spanish language collections.
- Public Works: Completed 60 miles of chip seal and surface treatments on local roads and 11 miles of asphalt overlay on roads to improve pavement preservation.
- District Attorney: Created a vertical gang prosecution program and hired a Deputy District Attorney whose duties include anti-gang efforts through educational and outreach programs in addition to the aggressive vertical prosecution of gang crimes.
- Behavioral Health: Completed construction and began operations of the new Crisis Stabilization Unit in April 2018. The unit allows medical professionals to stabilize up to four community members at a time who are experiencing a serious mental health issue and is expected to serve over 1,000 individuals annually.

Awards and Acknowledgments

Awards:

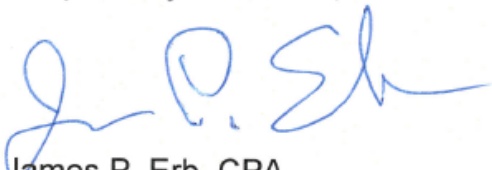
- The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of San Luis Obispo for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2017. This was the thirty-second consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement the County published an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements:

The preparation of the Comprehensive Annual Financial Report would not have been possible without the efficient and dedicated services of the staff of the Auditor-Controller-Treasurer-Tax Collector's Office. We would like to acknowledge the special efforts of our Enterprise Financial System Operations Division and our independent

auditors, Brown Armstrong Accountancy Corporation, for their assistance in the report preparation. We would also like to express our appreciation to all County departments who assisted in this process and to the Board of Supervisors for its leadership responsibility and unfailing support to ensure the continued general fiscal health and integrity of the County.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'J.P. Erb', with a stylized flourish at the end.

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

A handwritten signature in blue ink, appearing to read 'Wade Horton', with a large, sweeping oval flourish underneath.

Wade Horton
County Administrative Officer



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**County of San Luis Obispo
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

**COUNTY OF SAN LUIS OBISPO
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2018**

Elected Officials

Board of Supervisors

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

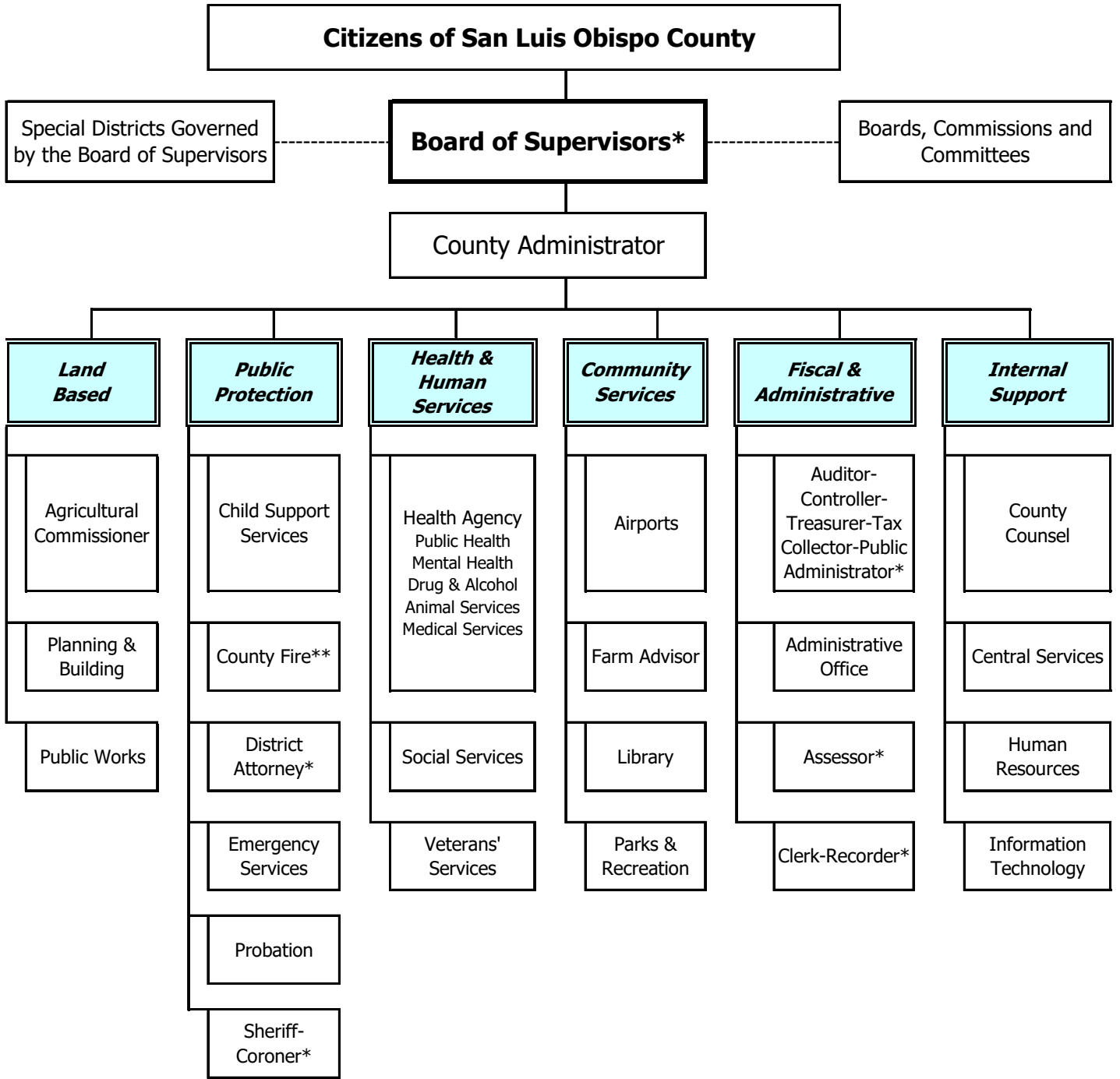
Other Elected Officials

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

Appointed Officials

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

**COUNTY OF SAN LUIS OBISPO
ORGANIZATIONAL CHART**



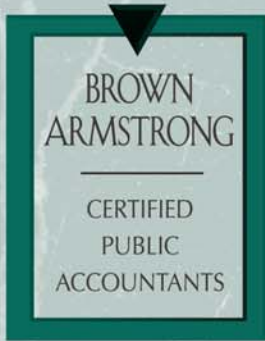
* Elected Officials

**Contract



FINANCIAL SECTION





BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors
County of San Luis Obispo

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Luis Obispo, California (County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

BAKERSFIELD OFFICE (MAIN OFFICE)

4200 TRUXTUN AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL 661.324.4971
FAX 661.324.4997
EMAIL info@bacpas.com

FRESNO OFFICE

10 RIVER PARK PLACE EAST
SUITE 208
FRESNO, CA 93720
TEL 559.476.3592

LAGUNA HILLS OFFICE

23272 MILL CREEK DRIVE
SUITE 255
LAGUNA HILLS, CA 92653
TEL 949.652.5422

STOCKTON OFFICE

1919 GRAND CANAL BLVD
SUITE C6
STOCKTON, CA 95207
TEL 888.565.1040

WWW.BACPAS.COM

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2018, and the respective changes in financial position, and where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, during fiscal year 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2018, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

A handwritten signature in blue ink that reads "Brown Armstrong Accountancy Corporation". The signature is written in a cursive, flowing style.

Bakersfield, California
December 14, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS



**COUNTY OF SAN LUIS OBISPO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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, 2018. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the County's financial statements, which begin on page 41. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- ❖ In fiscal year (FY) 2017-18 the County implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (GASB 75). GASB 75 revises and establishes accounting and financial reporting requirements for state and local governments that provide their employees with other post-employment benefits (OPEB). GASB 75 requires the County to recognize its long-term obligation for post-employment benefits, other than pension, as a liability, and to more comprehensively and comparably measure the annual costs of OPEB benefits. Accordingly, the County has recognized an obligation of \$10.7 million for its long-term OPEB liability.
- ❖ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$1,353,826 (*net position*). The majority of this amount, \$1,468,483, is the net investment in capital assets, while \$29,836 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 75 created a negative unrestricted net position of \$144,493.
- ❖ The County's net position decreased by \$18,555. \$4,457 of the change is for current fiscal year activity, while \$2,042 relates to a prior period adjustment, and \$12,056 relates to the changes effected by GASB 75. The increase in net investment in capital assets represents capital acquisitions during the year reduced by depreciation and increased by retirement of long-term debt (Table A). The decrease in restricted net position represents the degree to which increases in revenues exceeded increases in expenses (Table B). Negative unrestricted net position primarily increased due to the recording of the County's OPEB liability in accordance with GASB 75.
- ❖ As of June 30, 2018, the County's governmental activities reported combined ending net position of \$997,303, a decrease of \$19,516 in comparison with the prior year. Due to the recording of the long-term pension and OPEB obligations, no amount of governmental net position is available for spending at the County's discretion for current and future needs (*unrestricted net position*) (Table A).
- ❖ Business-type activities posted net program loss of \$1,791 before general revenues, contributions and transfers from other funds, a decrease of \$19,964 when compared to net program income of \$18,173 in the prior year. The difference from the prior year is primarily due to decreased capital grants and contributions of \$20,248 related to the construction of a new Airport terminal and Los Osos wastewater treatment plant.
- ❖ At the end of the fiscal year, the entire \$288,240 fund balance of the General Fund was either nonspendable \$18,511, restricted \$10,083, committed \$152,501 or assigned \$107,145.
- ❖ Consistent with the prior year, the County prepaid its \$53.2 million employer retirement contribution to the San Luis Obispo County Pension Trust (Pension Trust) in July of 2018. The prior year prepayment was \$49.5 million. The County will save \$1.5 million by prepaying the employer retirement contribution.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

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

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

The government-wide financial statements can be found on pages 45 to 47 of this report.

Fund financial statements

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

Governmental funds - Governmental funds are used to account for essentially the same functions reported as *Governmental Activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

inflows and outflows of spendable resources, as well as on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

The County maintains twenty-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, the Capital Projects Fund, and the Debt Service Pension Obligation Bonds Fund, which are considered to be major funds. Data from the remaining twenty-three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining statements found in the other supplementary information section of this report.

A budgetary comparison statement has been provided for the General Fund and any major special revenue funds to demonstrate compliance with the budget and can be located in the required supplementary section of the report. Individual budgetary data for each of the 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 51 to 54 of this report.

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

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

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

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

The basic fiduciary fund financial statements can be found on pages 58 to 59 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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 63 to 106 of this report.

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

The required supplementary information can be found on pages 109 to 116 of this report.

Other Supplementary Information - In addition to the basic financial statements, accompanying notes, and required supplementary information, this report also presents certain *other supplementary information* concerning the County's General Fund, 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 121 to 134 and 157 to 179 of this report.

Budgetary comparison schedules - The budgetary comparison schedules (other than the General Fund which is presented with the individual General Fund statements) for the Capital Projects, Pension Obligation Bonds, Public Financing Corporation, Financing Authority, and nonmajor Special Revenue funds can be found on pages 137 to 154 of this report.

Detail budgetary schedules demonstrating legal level of compliance with budgetary control for the General Fund are presented on pages 183 to 190 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 \$1,353,826 as detailed in the table below:

Table A
Statement of Net Position
June 30, 2018
(in thousands)

	June 30, 2018			June 30, 2017			2017-2018
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Assets:							
Current assets	\$ 518,137	\$ 140,569	\$ 658,706	\$ 541,589	\$ 151,111	\$ 692,700	(4.9%)
Other long-term assets	3,329	10,320	13,649	4,269	11,405	15,674	(12.9%)
Capital assets	1,212,274	603,100	1,815,374	1,199,499	594,181	1,793,680	1.2%
Total assets	1,733,740	753,989	2,487,729	1,745,357	756,697	2,502,054	(0.6%)
Deferred Outflows of Resources	115,667	4,956	120,623	150,597	5,462	156,059	(22.7%)
Liabilities:							
Long-term liabilities	683,941	361,781	1,045,722	784,217	369,539	1,153,756	(9.4%)
Other liabilities	73,889	39,604	113,493	71,146	37,058	108,204	4.9%
Total liabilities	757,830	401,385	1,159,215	855,363	406,597	1,261,960	(8.1%)
Deferred Inflows of Resources	94,274	1,037	95,311	23,772	-	23,772	300.9%

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

	June 30, 2018			June 30, 2017			2017- 2018
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government	Total % Chg
Net position:							
Net investment in capital assets	1,185,073	283,410	1,468,483	1,178,967	270,246	1,449,213	1.3%
Restricted	29,836	-	29,836	64,822	-	64,822	(54.0%)
Unrestricted	(217,606)	73,113	(144,493)	(226,970)	85,316	(141,654)	2.0%
Total net position	\$ 997,303	\$ 356,523	\$ 1,353,826	\$ 1,016,819	\$ 355,562	\$ 1,372,381	(1.4%)

Analysis of Net Position

The County's total net position decreased by \$18,555, or 1.4%. The decrease was a combination of decreases in total assets (\$14 million), deferred outflows of resources (\$35 million), and total liabilities (\$103 million) along with increased deferred inflows of resources (\$72 million). Causes for the changes in each of these categories are detailed below.

The overall decrease in total assets is primarily due to outflows of governmental activities' cash, offset slightly by increased governmental activity capital assets. A significant cash decrease occurred with the County's \$46 million final debt service payments on the 2003 Series A Standard and 2009 Series A Term Pension Obligation Bonds. Notable capital asset increases in governmental activities are related to the near-completion of the Bob Jones Trail in the Parks Fund, upgrades of various County roads, and a variety of information technology investments. In the other long-term assets category, the removal of the OPEB asset (\$1.1 million) in accordance with GASB 75 and a reduction in restricted cash in business-type activities caused by the refunding of the 2007 Nacimiento Pipeline Project Series A Revenue Bonds also contributed to the decrease in total assets.

Of the 22.7%, \$35,436, decrease in deferred outflows of resources, \$26 million was caused by differences in projected and actual earnings of the pension plan, \$11 million related to changes in actuarial assumptions for the County's pension obligation, and the difference was comprised of various smaller changes in employer proportion of the pension plan and differences between expected and actual experience.

Total liabilities of the County decreased \$102,745, or 8.1%. The largest contributor to the decrease is a reduction in the County's net pension obligation of \$73.8 million. Net debt issuances and repayments further decreased the County's long-term liabilities by \$38.8 million in governmental activities and \$7.2 million in business-type activities, while an increase in the landfill closure/postclosure liability increased governmental long-term liabilities by \$1.4 million. The addition of the County's OPEB liability caused an increase in long-term liabilities of \$10.7 million. The overall decrease in long-term liabilities was offset by a \$5.1 million increase in current liabilities comprised of a variety of routine small increases and decreases.

The County recorded deferred inflows of resources related to pensions for the first time in FY 2017-18. The deferred inflows of resources included \$1.0 million of differences between expected and actual experience and \$71.3 million of differences in projected and actual investment earnings of the pension plan and were the primary drivers of the 300.9% increase in deferred inflows of resources over 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, along with the current year addition 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, \$1,468,483 of total net position, reflects its net investment in capital assets (e.g., land and easements, structures and improvements, infrastructure, and

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

equipment), less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining \$29,836, or 2.2%, 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.

Total net position for governmental activities decreased \$19.5 million. The decrease is comprised of a \$5.5 million decrease due to normal operating activities, a \$2.1 million prior period adjustment to record governmental activity debt, and an \$11.9 million liability to record the effects of the GASB 75, OPEB, implementation. Total net position for business-type activities increased \$1.1 million due to normal operating activities and was reduced by \$111 thousand due to the implementation of GASB 75. The overall effect of the changes, prior period adjustment and normal operating activities was a decrease of \$18.6 million in the County's total net position.

Net Investment in Capital Assets for business-type activities increased \$13.2 million. This increase is primarily due to the new Airport terminal and the Los Osos Wastewater treatment plant construction activity that does not have related debt. The remainder is comprised of an increase in State Water project water rights and reductions to capital related debt from scheduled debt service principal payments.

Net Investment in Capital Assets for governmental activities increased \$6.1 million. The majority of the increase is associated with construction in progress for several large projects, including the Women's Jail, and Roads and Parks upgrades, which have no related debt, along with the retirement of capital related long-term debt.

The \$34,986, 54.0% decrease to *Restricted net position* for governmental activities is primarily a consequence of the decrease in resources that were used for final debt service payments on the 2003 Series A Standard and 2009 Series A Term Pension Obligation Bonds. The Public Protection function had a \$4.3 million decrease in restricted net position related to the winding down of the Women's Jail construction project. Restricted net position increased slightly for the Public Ways and Facilities, Recreation and Cultural Services, and Education functions and decreased slightly for the General Government, Health and Sanitation, and Public Assistance functions. The increases and decreases are mostly due to fluctuations in purchase obligations. Restricted net position represents net position of the County which is subject to constraints imposed by creditors, grantors, contributors, laws, or regulations.

There was a decrease of \$2.8 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 decrease was due to excess general expenses over net program revenues and increased expense related to the posting of the OPEB liability in compliance with GASB 75.

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, 2018
(in thousands)

	June 30, 2018			June 30, 2017			2017- 2018
	Govern- mental Activities	Business- Type Activities	Total Primary Government	Govern- mental Activities	Business- Type Activities	Total Primary Government	Total % Chg
Revenues:							
Program revenues:							
Charges for services	\$ 59,620	\$ 47,276	\$ 106,896	\$ 59,092	\$ 42,576	\$ 101,668	5.1%
Operating grants and contributions	253,197	426	253,623	233,686	1,178	234,864	8.0%
Capital grants and contributions	10,089	5,217	15,306	15,632	25,465	41,097	(62.8%)
General revenues:							
Property taxes	180,051	3,858	183,909	173,153	3,814	176,967	3.9%
Other taxes	25,708	-	25,708	23,072	-	23,072	11.4%
Interest and investment income	3,171	1,272	4,443	3,289	630	3,919	13.4%
Grants not restricted to specific programs	2,740	-	2,740	63	-	63	4,249.2%
Other revenues	2	-	2	5	338	343	(99.4%)
Total revenues	534,578	58,049	592,627	507,992	74,001	581,993	1.8%
Expenses:							
General government	56,858	-	56,858	56,390	-	56,390	0.8%
Public protection	183,814	-	183,814	187,255	-	187,255	(1.8%)
Public ways and facilities	41,606	-	41,606	32,098	-	32,098	29.6%
Health and sanitation	103,822	-	103,822	99,150	-	99,150	4.7%
Public assistance	122,753	-	122,753	125,102	-	125,102	(1.9%)
Education	12,754	-	12,754	12,787	-	12,787	(0.3%)
Recreation and cultural services	8,927	-	8,927	10,385	-	10,385	(14.0%)
Interest on Long-term debt	11,840	-	11,840	4,555	-	4,555	159.9%
Airport	-	7,966	7,966	-	6,391	6,391	24.6%
Golf	-	3,297	3,297	-	3,111	3,111	6.0%
State Water Contract	-	5,909	5,909	-	5,571	5,571	6.1%
Nacimiento Water Contract	-	14,044	14,044	-	14,191	14,191	(1.0%)
Lopez Flood Control	-	7,072	7,072	-	6,387	6,387	10.7%
Lopez Park	-	3	3	-	4	4	(25.0%)
General Flood Control	-	1,056	1,056	-	851	851	24.1%
County Service Areas	-	4,445	4,445	-	4,218	4,218	5.4%
Los Osos Wastewater	-	10,918	10,918	-	10,322	10,322	5.8%
Total expenses	542,374	54,710	597,084	527,722	51,046	578,768	3.2%
Excess/(deficiency) before transfers	(7,796)	3,339	(4,457)	(19,730)	22,955	3,225	(238.2%)
Transfers	2,267	(2,267)	-	(2,292)	2,292	-	-
Change in net position	(5,529)	1,072	(4,457)	(22,022)	25,247	3,225	(238.2%)
Net position - beginning of year	1,016,819	355,562	1,372,381	1,038,841	330,315	1,369,156	0.2%
Prior Period Adjustment	(2,042)	-	(2,042)	-	-	-	-
Cumulative change of effect in accounting principle	(11,945)	(111)	(12,056)	-	-	-	-
Net position - end of year	\$ 997,303	\$ 355,523	\$ 1,353,826	\$ 1,016,819	\$ 355,562	\$ 1,372,381	(1.4%)

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Analysis of Governmental and Business-type Activities

Governmental Activities

Governmental Activities decreased the County's net position by \$19.5 million compared to a decrease of \$22.0 million in the prior year.

Overall, total revenues for governmental activities increased \$26.6 million, or 5.2%.

A prior period adjustment of \$2.0 million to reflect the addition of the long-term component of a PG&E California Energy Commission (CEC) loan received by the County in FY 2016-17 and a change in accounting principle to book the OPEB liability (\$11.9 million) were the main contributors to the decrease in net position. Remaining significant factors contributing to the decrease in net position from the prior year are detailed below:

Property Taxes rose \$6.9 million or 4.0% over the prior year, a function of the regular 2% increase in assessed property value allowed by California's Proposition 13. *Other Taxes* rose \$2.6 million or 11.4% driven by increases in sales (\$1.2 million), transient occupancy (\$1.0 million), transfer (\$337 thousand) and other (\$77 thousand) taxes. The increases in taxes reflect the County's continued economic stability and status as a popular tourist destination.

Operating Grants and Contributions increased by \$19.5 million or 8.3% due to increases in Public Protection (\$6.0 million) caused by the recognition of state aid that was deferred in the prior year due to unavailability; Public Ways and Facilities (\$1.6 million) from new road maintenance and rehabilitation state aid; Health and Sanitation (\$8.9 million) had increased Mental Health Services Act funding; and Public Assistance (\$3.0 million) received increased state realignment for Social Services programs.

Capital Grants and Contributions fell by \$5.5 million or 35.5% due to a decrease in state construction funding for the Women's Jail Expansion project but was offset slightly by an increase to roads funding.

Grants not Restricted to Specific Programs increased by \$2.7 million due to a cumulative state payment of prior year claims for state-mandated cost reimbursements.

Total expenses from governmental activities increased \$14.7 million or 2.8% over the prior year. Increases to General Government (\$468 thousand), Public Ways and Facilities (\$9.5 million) and Health and Sanitation (\$4.7 million) were offset by decreases in Public Protection (\$3.4 million), Public Assistance (\$2.4 million), Recreation and Cultural Services (\$1.5 million) and Education (\$33 thousand). Public Ways and Facilities expenditures increased due to additional roads resurfacing projects, and Health and Sanitation expenditures increased due to professional services related to mental health programs. Decreases in Public Protection professional services expenditures were the result of the Women's Jail Expansion project winding up and decreases in Public Assistance were due to decreased pension expense. The Recreation and Cultural Services decrease relates to lower expenses for supplies and maintenance services in Parks. In addition, interest on long-term debt increased \$7.3 million due to the retirement of the 2003 Series A Standard A and 2009 Series A Term Pension Obligation Bonds.

For FY 2017-18, the County was able to maintain its General Fund contingencies at a level of 5%, while still making investments in the many programs and services provided to the community.

Business-type Activities

Business-type activities increased the County's net position by \$961 thousand compared to an increase of \$25.2 million in the previous year. Revenues exceeded expenses by \$3.3 million, a transfer of \$2.3 million to governmental activities, and an \$111 thousand adjustment for GASB 75, OPEB, resulted in the total increase to net position. Key elements of current year business-type activity are as follows:

Total revenue decreased \$16.0 million or 21.6% from the preceding year. The largest decrease occurred in *Capital Grants and Contributions* (\$20.2 million), a result of decreased federal construction funding from the prior year for the new Airport terminal.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

The decrease in *Capital Grants and Contributions* was slightly offset by a \$4.7 million increase in *Charges for Services* attributable to increased charges to customers of the Los Osos wastewater treatment plant.

Expenses for business-type activities increased \$3.7 million or 7.2% from the prior year. Within business-type activities, the largest increase, \$1.6 million was caused by costs related to the new Airport terminal. The remainder of the change is the result of various small increases and decreases among the other enterprise funds.

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*, \$18,535, increased by \$15.0 million, 423.9% 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 \$117, (2) prepaid items of \$466, and (3) long-term receivables of \$17,952. The increase from the prior year primarily relates to increased advances from the General Fund to pay debt related to the new Airport terminal and to provide funds for the Los Osos wastewater treatment plant project.
- *Restricted fund balance*, \$34,833, increased \$8.0 million or 29.8% 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 \$3,250, (2) General government programs of \$809, (3) Public protection programs of \$188, (4) Mental Health Services Act funds of \$5,836, (5) Public facilities of \$11,793, (6) Traffic impact programs of \$9,593, and (7) Debt service of \$3,329. The majority of the increase to restricted fund balance relates to an increase in amounts restricted in the General Fund for general government programs and Mental Health Services Act programs.
- *Committed fund balance*, \$214,808, decreased 17.2% or \$44.6 million from the prior year. Committed fund balance represents amounts with constraints imposed by the Board of Supervisors for specified purposes. Significant components of this balance include commitments for (1) Flood control programs, \$20,703, (2) Tax reduction reserve, \$40,186, (3) Automation projects, \$13,604, (4) Roads, \$12,365, (5) Building replacement, \$40,088, (6) Solar plant mitigation, \$5,579, (7) Capital projects, \$16,451, and (8) Maintenance projects, \$10,924. The most significant component to the change in committed fund balance was the reduction of resources committed to pay pension obligation bonds. In the prior fiscal year, \$44,351 was committed for the upcoming final payments on the 2003 Series A Standard and 2009 Series A Term Pension Obligation Bonds. With the payments being made, committed funds for pension obligation bonds are \$8,929, an 80% decrease.
- *Assigned fund balance*, \$107,145, decreased \$19.5 million or 15.4% 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, \$16,844, (2) Tax reduction reserve, \$11,877, (3) Sheriff-Coroner programs, \$11,221, and (4) Subsequent Fiscal Year Budget, \$31,859. The largest changes in the assigned fund balance category were decreases to general government programs (\$5.9 million),

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

public ways and facilities programs (\$5.9 million), Behavioral Health programs (\$6.0 million), and subsequent fiscal year budget (\$5.6 million) assignments.

The County had negative unassigned fund balance of \$3.0 million in the Pension Obligation Bonds fund resulting from the payoff of the 2003 Series A Standard and 2009 Series A Term Pension Obligation Bonds. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$372,283, a decrease of 10.6%, or \$44,088 in comparison with the prior year. Approximately 85.7% of the total fund balance, or \$318,915, is available to meet the County's current and future needs.

General Fund

The General Fund is the chief operating fund of the County. As of the end of the current fiscal year, spendable fund balance of the General Fund was \$269,729 while total fund balance reached \$288,240. 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 \$450 million. Spendable fund balance represents 60.0% of the total fund expenditures, while total fund balance represents 64.1% of the same amount, a 7.7% decrease from the prior year. During the current fiscal year, the fund balance of the General Fund decreased by \$9.0 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 \$33.7 million. General Fund revenues ended the year with an increase of \$18.7 million or 4.0% over the prior year.
- ❖ The largest revenue increase occurred in *Aid from Other Governmental Agencies*, which increased by \$12.4 million. Increased state funding for Social Services programs caused the majority of the increase. Other large increases include *Taxes* with a \$6.2 million increase, and *Fines, Forfeitures, and Penalties* which increased \$1.3 million. *Taxes* increased due to property taxes which are allowed up to a 2% increase by California's Proposition 13. *Fines, Forfeitures, and Penalties* increased primarily due to increased court fines. The overall increase in revenues was offset in part by a \$561 thousand decrease in *Other Revenues* related to reduced loan proceeds, and a \$711 thousand decrease in *Use of Money and Property* related to related reduced fair market value of investments and interest revenue.
- ❖ Total expenditures in the General Fund increased \$35.6 million, 8.6%, from the prior year. Expenditures increased across all functions; negotiated salaries and benefit raises increased costs in all functions and were the major component in the overall rise. In addition, greater professional services expenditures for Behavioral Health and Social Services programs, and the Assessor's conversion of paper file documents to electronic files also contributed to the increased expenditures.

Capital Projects

The Capital Projects Fund handles construction projects for the County's governmental funds. The fund ended the fiscal year with a total fund balance of \$18.0 million. Capital outlay expenditures exceeded revenues by \$9.1 million and net transfers totaled \$4.1 million. The combination of these two factors resulted in a \$5.0 million decrease in fund balance for the current year. Funding for specific projects comes primarily from use of designations, public facilities fees, issuance of long-term debt, and aid from other government agencies. The General Fund transferred \$2.0 million to the Capital Projects Fund, of which \$653 thousand is for the Women's Jail Expansion project and the remainder going toward general government, public health and parks projects. Significant current year activities of the Capital Projects Fund are discussed in the Capital Assets section under governmental activities.

Governmental Fund Revenues

Revenues for all governmental funds combined totaled \$543.8 million in the current fiscal year and was an increase of approximately 2.8%, or \$14.9 million, from the prior fiscal year revenues of \$528.9 million.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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, 2018
(in thousands)

	2017-2018		2016-2017		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source:						
Taxes	\$ 203,583	37.4%	\$ 196,822	37.2%	\$ 6,761	3.4%
Licenses, Permits, Franchises	11,140	2.0%	11,446	2.2%	(306)	(2.7%)
Fines, Forfeitures, and Penalties	5,977	1.1%	4,339	0.8%	1,638	37.8%
Revenues from the Use of Money and Property Aid from Governmental Agencies	3,779	0.7%	3,984	0.8%	(205)	(5.1%)
Charges for Current Services	262,660	48.3%	254,350	48.0%	8,310	3.3%
Other Revenues	49,793	9.2%	49,460	9.4%	333	0.7%
	6,869	1.3%	8,481	1.6%	(1,612)	(19.0%)
Total	\$ 543,801	100%	\$ 528,882	100%	\$ 14,919	2.8%

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

- ❖ *Taxes* increased \$6.8 million or 3.4% primarily due to the regular 2% increase in assessed property value allowed by California's Proposition 13.
- ❖ *Licenses, Permits, and Franchises* decreased \$306 thousand or 2.7%. The decrease was driven by a reduction in building permits and building plans review fees being collected.
- ❖ *Fines, Forfeitures, and Penalties* increased \$1.6 million or 37.8%. The increase was primarily due to court fines and collections related to vehicle infractions.
- ❖ *Revenues from the Use of Money and Property* decreased \$205 thousand or 5.1% due to a decrease in the fair market value of various investments and decreased interest earnings from the prior year.
- ❖ *Other Revenues* decreased \$1.6 million or 19.0%. The decrease is a combination of reduced sales of real property from the prior year and a settlement on defaulted bond proceeds for construction in the prior year.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table D
Expenditures by Function Including Capital Outlay
Governmental Funds
Fund Financial Statements
For the Year Ended June 30, 2018
(in thousands)

	2017-2018		2016-2017		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Expenditures by Function:						
General Government	\$ 60,445	10.2%	\$ 54,918	11.1%	\$ 5,527	10.1%
Public Protection	175,175	29.6%	164,839	33.2%	10,336	6.3%
Public Ways and Facilities	42,254	7.1%	29,077	5.9%	13,177	45.3%
Health and Sanitation	99,885	16.9%	88,623	17.9%	11,262	12.7%
Public Assistance	117,066	19.8%	113,392	22.9%	3,674	3.2%
Education	11,640	2.0%	11,560	2.3%	80	0.7%
Recreation and Cultural Services	10,358	1.8%	9,963	2.0%	395	4.0%
Principal payments	50,989	8.6%	7,576	1.5%	43,413	573.0%
Interest on Long-Term Debt	11,666	2.0%	4,639	0.9%	7,027	151.5%
Capital outlay	11,828	2.0%	11,554	2.3%	274	2.4%
Total	\$ 591,306	100%	\$ 496,141	100%	\$ 95,165	19.2%

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

- ❖ *General Government* expenditures increased \$5.5 million or 10.1%. Salaries and Benefits across all functions, including General Government, increased due to regular employee step increases. Expenditures for professional services in the General Government function also increased with the Assessor's project to digitize paper files to an electronic format.
- ❖ *Public Protection* expenditures increased \$10.3 million or 6.3%. The increase related to increased salaries and services & supplies spread across multiple departments: specifically, increased billings from the State to County Fire for services and increased Planning and Building professional services related to the new permit tracking software system implementation and cannabis-related business licensing application processing.
- ❖ *Public Ways and Facilities* expenditures increased \$13.1 million or 45.3%. The increase is attributable to microsurfacing, overlay, and chip seal projects throughout the County. In addition, various construction projects like the San Juan Creek Pedestrian Bridge and Klau Creek Bridge being undertaken resulted in increased expenditures.
- ❖ *Health and Sanitation* expenditures increased \$11.3 million or 12.7%. Increases in Behavioral Health professional services included expenditures for youth and adult outpatient services as well as for Mental Health Services Act programs enhanced crisis and adult full-service partnership services.
- ❖ *Principal and Interest Payments on Long-Term Debt* increased by \$50.4 million or 412.9% due to the early payoff of the 2009 Series A Term Pension Obligation Bonds.

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 2017-18 fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table E
Statement of Revenues, Expenses and Results of Operations
Proprietary Funds
Fund Financial Statements
For the Year Ended June 30, 2018
(in thousands)

	Major Funds				Nonmajor Funds	Total
	Airport	Nacimient Water Contract	Lopez Flood Control	Los Osos Wastewater	Other Enterprise Funds	Total Enterprise
Operating revenues	\$ 7,191	\$ 15,709	\$ 6,677	\$ 4,495	\$ 13,278	\$ 47,350
Operating expenses	7,641	5,968	5,963	7,486	14,438	41,496
Operating income (loss)	(450)	9,741	714	(2,991)	(1,160)	5,854
Non-operating revenues (expenses), net	20	(7,063)	234	(3,433)	2,414	(7,828)
Net income (loss) before contributions and transfers	(430)	2,678	948	(6,424)	1,254	(1,974)
Contributions and transfers, net	1,924	24	-	567	435	2,950
Change in net position	\$ 1,494	\$ 2,702	\$ 948	\$ (5,857)	\$ 1,689	\$ 976

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 \$450 thousand, \$118 thousand less than the prior year loss of \$568 thousand. Net position increased by \$1.5 million compared to an increase in net position of \$14.7 million in the prior year. Capital contributions decreased by \$13.2 million from the prior year due to finishing construction of and opening the new airport terminal. Enplanement activity grew for the fifth consecutive year with a 25.8% increase over the prior year. The new terminal and additional flight destinations resulted in increased passenger traffic.
- ❖ The *Nacimient Water Contract Fund* realized operating income of \$9.7 million, an increase of \$299 thousand from the prior year's operating income of \$9.4 million. The increase is primarily attributable to a \$568 thousand increase in water sales over the prior year. The increased revenue and slight decrease in operating expenses caused net position to go from negative \$1.9 million to positive \$770 thousand.
- ❖ The *Lopez Flood Control Fund* reported a \$714 thousand in operating income, a \$999 thousand decrease from the prior year. The decrease in operating income was primarily attributable to increased services and supplies expense of \$906 thousand from increased maintenance costs. The increased expenditures resulted in a lower change in net position from the prior year. In FY 2016-17, net position increased \$1.8 million, compared to \$948 thousand this year, a \$829 thousand decrease.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- ❖ The *Los Osos Wastewater Fund* reported an operating loss of \$3.0 million, a decrease of \$1.6 million over the prior year. FY 2016-17 was the first year the wastewater treatment plant began full service operations, with additional homeowners continuing to connect to the sewer in FY 2017-18. With service operations increasing, operating revenues and expenses both showed significant increases from the prior year. Increased usage resulted in additional user revenue of \$2.2 million, but also came with increased services and supplies cost of \$769 thousand. Operating revenue increased by \$2.2 million and operating expenses increased \$616 thousand. Capital contributions decreased by \$7.1 million contributing significantly to the overall net position decrease of \$5.9 million, compared to a \$4.4 million increase in the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for expenditures and transfers out increased by \$41.5 million, or 8.2%, during the year, leading to the final amended budget. This increase was funded in part by increases in budgeted revenues and transfers in of \$17.1 million and the use of reserves and designations for the balance. Unanticipated revenues totaling \$7.7 million in State and Federal Aid, \$5.7 million in Other Revenue, \$1.9 million in Charges for Current Services, \$294 thousand in Fines, Forfeitures, and Penalties, \$360 thousand in Interfund Revenues, and \$1.1 million in Other Financing Sources financed the budget augmentations.

The largest budget expenditure augmentations occurred in the functional areas of General Government (\$18.1 million), Public Protection (\$10.0 million), Public Ways and Facilities (\$6.3 million), Health and Sanitation (\$3.6 million), and Public Assistance (\$3.2 million). The \$18.1 million in the General Government function augmentations were primarily for the maintenance and upgrade of County facilities. The Public Protection augmentations were divided among Sheriff-Coroner programs which received \$4.8 million in augmentations, Planning and Building programs augmentations of \$2.9 million, and County Fire which received an additional \$2.3 million for vehicle replacements and supplies. Public Ways and Facilities augmentations of \$6.3 million are primarily for construction costs related to the Spanish Springs Development. Health and Sanitation augmentations relate to Mental Health Services Act programs, which received \$1.5 million, and Public Health programs receipt of \$2.1 million in augmentations. The \$3.2 million increase in the Public Assistance function relates almost entirely to Social Services including foster care and adoption assistance, housing placement and supportive services. \$64 thousand of the Public Assistance augmentation went to Veterans' Services programs.

At the close of the fiscal year, actual General Fund expenditures were 87.4% of the current budget, while General Fund revenues were realized at 99.9% of budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2018, the County had \$1.8 billion invested in a broad range of capital assets, including land, buildings, systems improvements, machinery and equipment, park facilities, golf courses, airport facilities, roads, bridges, dams, and water and sewer lines (see Table F). This amount represents a net increase (including additions and deductions) of \$21.7 million or 1.2% from last year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table F
Capital Assets
June 30, 2018
(in thousands)

	Governmental Activities June 30, 2017	Governmental Activities June 30, 2018	Business- Type Activities June 30, 2017	Business- Type Activities June 30, 2018	Total Capital Assets June 30, 2017	Total Capital Assets June 30, 2018	Total Percent Change
Land	\$ 795,397	\$ 795,505	\$ 35,619	\$ 36,520	\$ 831,016	\$ 832,025	0.1%
Water Rights	-	-	54,067	56,434	54,067	56,434	4.4%
Other Property Non Depreciable	-	-	1,968	1,968	1,968	1,968	-
Construction- in-progress	20,260	19,727	38,856	4,107	59,116	23,834	(59.7%)
Structures & Improvements	250,795	259,579	170,658	205,262	421,453	464,841	10.3%
Equipment	88,070	95,752	3,895	9,947	91,965	105,699	14.9%
Other Property Depreciable	340	845	554	554	894	1,399	56.5%
Infrastructure Depreciable	<u>389,248</u>	<u>406,692</u>	<u>369,114</u>	<u>380,493</u>	<u>758,362</u>	<u>787,185</u>	3.8%
Subtotal	1,544,110	1,578,100	674,731	695,285	2,218,841	2,273,385	2.5%
Less Accumulated Depreciation	<u>(344,611)</u>	<u>(365,826)</u>	<u>(80,550)</u>	<u>(92,185)</u>	<u>(425,161)</u>	<u>(458,011)</u>	7.7%
Total	\$ <u>1,199,499</u>	\$ <u>1,212,274</u>	\$ <u>594,181</u>	\$ <u>603,100</u>	\$ <u>1,793,680</u>	\$ <u>1,815,374</u>	1.2%

Major additions and future commitments in capital assets - Governmental Activities

County Roads had the majority of additions in governmental activities with \$15.2 million worth of assets. Microsurfacing, overlay, and chip seal projects throughout the County comprised most of the road additions. Other major roads projects include the widening of Price Canyon Road to improve bike lanes in the south county and constructing the San Juan Creek Pedestrian Bridge in the north county. Other notable capital asset additions during FY 2017-18 include the Women's Jail Expansion (\$5.8 million), Parks upgrades and expansion at the Nipomo Community Park (\$407 thousand) and San Miguel Community Park (\$290 thousand), and Information Technology communications equipment related to the new County phone system (\$1.8 million).

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

Within business-type activities, \$11.2 million of the additions relate to the \$173 wastewater system for the community of Los Osos. Other major additions include construction at the Airport which increased capital assets by \$6.7 million.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Debt Administration

At the end of the current fiscal year, the County of San Luis Obispo had total notes and bonds payable of \$491 million. In July 2003, the County issued Pension Obligation Bonds to refund the Unfunded Actuarial Accrued Liability due to the Pension Trust. In 2009, the County issued the 2009 Series A Term Bonds to refund and defease the 2003 Series B Auction Rate Bonds. In FY 2017-18, two Pension Obligation Bonds were retired. The 2003 Series A Standard Bonds matured and were paid off and the 2009 Series A Term Bonds were paid off prior to maturity, leaving a remaining balance on the County's Pension Obligation Bonds at the end of FY 2017-18 at \$99.4 million. Pension Obligation Bonds debt service payments are funded by County payroll benefits.

The remainder of the County's debt consists of: \$42.9 million in certificates of participation, which are repaid from a variety of revenues; \$89.7 million in State loans; \$76.7 million in assessment bonds relating to the Los Osos Wastewater project, and \$173.5 million in revenue bonds which are repaid with water service revenue. General Obligation Bonds totaling \$8.7 million are backed by the full faith and credit of the County.

Table G
Outstanding Debt
June 30, 2018
(in thousands)

	Governmental Activities June 30, 2017	Governmental Activities June 30, 2018	Business- Type Activities June 30, 2017	Business- Type Activities June 30, 2018	Total Outstanding Debt June 30, 2017	Total Outstanding Debt June 30, 2018	Total Percent Change
Certificates of participation	\$ 22,303	\$ 26,942	\$ 16,831	\$ 16,006	\$ 39,134	\$ 42,948	9.7%
Pension Obligation Bonds	143,890	99,407	-	-	143,890	99,407	(30.9%)
State notes	-	2,056	85,674	87,667	85,674	89,723	4.7%
Revenue bonds	-	-	179,168	173,528	179,168	173,528	(3.1%)
General obligation bonds	-	-	9,140	8,658	9,140	8,658	(5.3%)
Assessment Bonds	-	-	78,089	76,746	78,089	76,746	(1.7%)
	<u>\$ 166,193</u>	<u>\$ 128,405</u>	<u>\$ 368,902</u>	<u>\$ 362,605</u>	<u>\$ 535,095</u>	<u>\$ 491,010</u>	(8.2%)

The decrease from the prior year for the County's certificates of participation, notes, and bonds payable was \$44.1 million, or 8.2%. This decrease is the net of new debt issuances and scheduled debt payments being made, including the retirement of the 2003 Series A Standard Bonds and 2009 Series A Term Bond pertaining to Pension Obligation Bonds. In FY 2017-18, the County issued \$27,045 of 2018 Series A Nacimiento Water Project Revenue Bonds. The bonds will be repaid from and secured by water sales revenues. Additional information on the issuance of debt can be found in Note 10 to the financial statements.

State statutes limit the amount of general obligation debt a governmental entity may issue to 1.25% of its net assessed valuation. The current debt limitation for the County is \$667.7 million.

Other liabilities include compensated absences of \$29.1 million for governmental activities and \$373 thousand for business-type activities; landfill postclosure costs of \$6.9 million; and a self-insurance liability of \$18.9 million. More detailed information about the County's long-term debt and other long-term liabilities is presented in Note 10 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- ❖ The County is committed to providing services with integrity, collaboration, professionalism, accountability and responsiveness, and these values are reflected in the Fiscal Year 2017-18 budget which represents conservative growth compared to the Fiscal Year 2016-17 budget. The County's conservative approach to budgeting has ensured its ability to sustain fiscal health in recent years and will be central to the County's ability to respond to potential changes in State and Federal policy.
- ❖ In prior years, the elimination of the In-Home Supportive Services Maintenance of Effort contribution decreased State funding; however, the County expects to receive an additional \$8.9 million in State funding for critical transportation infrastructure projects with the April 2017 passage of Senate Bill 1.
- ❖ The closure of Diablo Canyon Power Plant (Diablo Canyon) in 2025 will have significant ramifications to the local community. 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 total, over 80 governmental agencies receive unitary tax paid by Diablo Canyon's owner, PG&E, with the County directly receiving over \$8 million annually. In addition, the County receives over \$2 million annually to fund emergency preparedness and response activities, and PG&E spends approximately \$2.6 million annually on emergency equipment, infrastructure and training which provides a general benefit to the community. The closure of Diablo Canyon will incrementally reduce the County's discretionary revenue over the next several years, reduce emergency preparedness resources in the long-term, and eliminate a significant number of high paying jobs, which will impact the overall economic landscape of the community.
- ❖ Currently, economic indicators show signs of a stable local economy:
 - Property transfer taxes for unincorporated areas came in 12.5% higher than the preceding year reflecting stabilization in the value and number of real estate transactions.
 - County assessed property tax valuations increased from \$50.7 million to \$53.4 million or 5.4%.
 - Transient Occupancy Tax (bed tax) collections continued an upward trend in FY 2017-18, with a 11% increase over FY 2016-17.
- ❖ The Board of Supervisors adopted the FY 2018-19 budget in June 2018, with a \$79.1 million fund balance in the General Fund, of which \$31.9 million was appropriated to finance the current year's expenditures including contingencies. \$13 million was placed in general reserves, and \$11.2 million was earmarked for designations. The total General Fund budget for FY 2018-19 is \$522.9 million, a 2.5% 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.



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



**COUNTY OF SAN LUIS OBISPO
STATEMENT OF NET POSITION
JUNE 30, 2018 (In Thousands)**

	Primary Government			Component Unit First 5
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 407,633	\$ 53,365	\$ 460,998	\$ 8,447
Accounts receivable, net	199	2,968	3,167	-
Property taxes receivable	13,001	-	13,001	-
Other receivables	1,479	110,491	111,970	-
Due from other governments	43,034	158	43,192	618
Deposits with others	-	99	99	14
Internal balances	27,557	(27,557)	-	-
Inventories	607	31	638	-
Prepaid items	734	1,014	1,748	3
Other assets	315	-	315	-
Loans receivable	23,578	-	23,578	-
Total Current Assets	518,137	140,569	658,706	9,082
Noncurrent Assets:				
Restricted cash with fiscal agent	3,329	9,985	13,314	-
Prepaid insurance	-	335	335	-
Capital Assets:				
Nondepreciable	815,232	99,029	914,261	-
Depreciable, net	397,042	504,071	901,113	-
Total Noncurrent Assets	1,215,603	613,420	1,829,023	-
Total Assets	1,733,740	753,989	2,487,729	9,082
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pensions	114,682	1,138	115,820	-
Deferred OPEB	985	10	995	-
Deferred loss on refunding	-	3,808	3,808	-
Total Deferred Outflows of Resources	115,667	4,956	120,623	-
LIABILITIES				
Current Liabilities:				
Salaries and benefits payable	12,356	127	12,483	22
Accounts payable	19,395	8,739	28,134	438
Deposits from others	4,930	3,604	8,534	-
Accrued interest	319	4,649	4,968	-
Other current liabilities	1,700	-	1,700	-
Unearned revenue	1,554	12,072	13,626	-
Bonds and notes payable	9,428	10,238	19,666	-
Compensated absences	20,419	175	20,594	-
Landfill closure/postclosure costs	481	-	481	-
Self-insurance payable	3,307	-	3,307	-
Total Current Liabilities	73,889	39,604	113,493	460
Long-Term Liabilities:				
Net pension liability	523,731	5,302	529,033	72
Net OPEB liability	10,591	106	10,697	-
Bonds and notes payable	118,977	356,175	475,152	-
Compensated absences	8,642	198	8,840	-
Landfill closure/postclosure costs	6,400	-	6,400	-
Self-insurance payable	15,600	-	15,600	-
Total Long-Term Liabilities	683,941	361,781	1,045,722	72
Total Liabilities	757,830	401,385	1,159,215	532
DEFERRED INFLOWS OF RESOURCES				
Deferred pensions	71,673	666	72,339	27
Deferred bond refunding	-	371	371	-
Deferred community development loans	22,601	-	22,601	-
Total Deferred Inflows of Resources	94,274	1,037	95,311	27
NET POSITION				
Net investment in capital assets	1,185,073	283,410	1,468,483	-
Restricted for:				
General government	2,204	-	2,204	-
Public protection	3,205	-	3,205	-
Health and sanitation	110	-	110	-
Public assistance	6	-	6	-
Public ways and facilities	21,517	-	21,517	-
Recreation and cultural services	58	-	58	-
Education	24	-	24	-
Debt service	2,712	-	2,712	-
Unrestricted	(217,606)	73,113	(144,493)	8,523
Total Net Position	\$ 997,303	\$ 356,523	\$ 1,353,826	\$ 8,523

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

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

Functions/Programs	Expenses	Program Revenues			Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 56,858	\$ 12,937	\$ 321	\$ 349	\$ 13,607
Public protection	183,814	23,667	58,184	656	82,507
Public ways and facilities	41,606	6,155	11,506	8,893	26,554
Health and sanitation	103,822	7,501	76,494	-	83,995
Public assistance	122,753	1,763	105,848	-	107,611
Education	12,754	2,006	173	-	2,179
Recreation and cultural services	8,927	5,591	671	191	6,453
Interest on long-term debt	11,840	-	-	-	-
Total governmental activities	542,374	59,620	253,197	10,089	322,906
Business-type activities:					
Airport	7,966	7,158	396	2,211	9,765
Golf	3,297	2,584	-	-	2,584
State Water Contract	5,909	6,110	14	-	6,124
Nacimiento Water Contract	14,044	15,709	6	24	15,739
Lopez Flood Control	7,072	6,677	7	-	6,684
Lopez Park	3	-	-	-	-
General Flood Control	1,056	909	-	-	909
County Service Areas	4,445	3,662	3	-	3,665
Los Osos Wastewater	10,918	4,467	-	2,982	7,449
Total business-type activities	54,710	47,276	426	5,217	52,919
Total primary government	\$ 597,084	\$ 106,896	\$ 253,623	\$ 15,306	\$ 375,825
Component unit:					
First 5 San Luis Obispo	\$ 2,095	\$ -	\$ 2,191	\$ -	\$ 2,191

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2018 (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	\$ (43,251)	\$ -	\$ (43,251)	
Public protection	(101,307)	-	(101,307)	
Public ways and facilities	(15,052)	-	(15,052)	
Health and sanitation	(19,827)	-	(19,827)	
Public assistance	(15,142)	-	(15,142)	
Education	(10,575)	-	(10,575)	
Recreation and cultural services	(2,474)	-	(2,474)	
Interest on long-term debt	(11,840)	-	(11,840)	
Total governmental activities	(219,468)	-	(219,468)	
Business-type activities:				
Airport	-	1,799	1,799	
Golf	-	(713)	(713)	
State Water Contract	-	215	215	
Nacimiento Water Contract	-	1,695	1,695	
Lopez Flood Control	-	(388)	(388)	
Lopez Park	-	(3)	(3)	
General Flood Control	-	(147)	(147)	
County Service Areas	-	(780)	(780)	
Los Osos Wastewater	-	(3,469)	(3,469)	
Total business-type activities	-	(1,791)	(1,791)	
Total primary government	\$ (219,468)	\$ (1,791)	\$ (221,259)	
Component unit:				
First 5 San Luis Obispo				\$ 96
General Revenues and Transfers:				
Taxes:				
Property taxes	180,051	3,858	183,909	-
Sales and use taxes	11,203	-	11,203	-
Transient occupancy taxes	10,540	-	10,540	-
Transfer tax	3,031	-	3,031	-
Other taxes	934	-	934	-
Grants not restricted to specific programs	2,740	-	2,740	-
Interest earnings not restricted to specific programs	3,171	1,272	4,443	112
Other revenues	2	-	2	-
Transfers	2,267	(2,267)	-	-
Total General Revenues and Transfers	213,939	2,863	216,802	112
Change in net position	(5,529)	1,072	(4,457)	208
Net position - beginning of year	1,016,819	355,562	1,372,381	8,315
Prior period adjustment	(2,042)	-	(2,042)	-
Cumulative effect of change in accounting principle	(11,945)	(111)	(12,056)	-
Net position - end of year	\$ 997,303	\$ 356,523	\$ 1,353,826	\$ 8,523

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



BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS



**COUNTY OF SAN LUIS OBISPO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2018 (In Thousands)**

	General Fund	Capital Projects Fund	Debt Service Pension Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 271,763	\$ 19,957	\$ 1,296	\$ 67,881	\$ 360,897
Restricted cash with fiscal agent	-	1,529	3	1,797	3,329
Accounts receivable, net	84	-	-	100	184
Accrued property taxes receivable	13,000	-	-	1	13,001
Other receivables	1,479	-	-	-	1,479
Due from other governments	37,686	1,348	-	4,000	43,034
Due from other funds	9,909	-	-	-	9,909
Inventories	117	-	-	-	117
Prepaid items	442	-	-	24	466
Loans receivable	-	-	-	23,578	23,578
Advances to other funds	18,673	-	-	3,223	21,896
Other assets	275	-	3,610	1,247	5,132
Total assets	<u>\$ 353,428</u>	<u>\$ 22,834</u>	<u>\$ 4,909</u>	<u>\$ 101,851</u>	<u>\$ 483,022</u>
LIABILITIES					
Salaries and benefits payable	\$ 10,622	\$ -	\$ -	\$ 530	\$ 11,152
Accounts payable	12,503	2,730	-	3,235	18,468
Deposits from others	2,208	-	-	1,688	3,896
Unearned revenue	562	826	-	166	1,554
Notes payable - current	276	-	7,944	-	8,220
Other current liabilities	1,700	-	-	1,208	2,908
Advances from other funds	-	-	-	429	429
Due to other funds	5,940	-	-	310	6,250
Total liabilities	<u>33,811</u>	<u>3,556</u>	<u>7,944</u>	<u>7,566</u>	<u>52,877</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	31,377	1,298	-	1,609	34,284
Deferred loans	-	-	-	23,578	23,578
Total deferred inflows of resources	<u>31,377</u>	<u>1,298</u>	<u>-</u>	<u>25,187</u>	<u>57,862</u>
FUND BALANCES					
Nonspendable	18,511	-	-	24	18,535
Restricted	10,083	1,529	3	23,218	34,833
Committed	152,501	16,451	-	45,856	214,808
Assigned	107,145	-	-	-	107,145
Unassigned	-	-	(3,038)	-	(3,038)
Total fund balances	<u>288,240</u>	<u>17,980</u>	<u>(3,035)</u>	<u>69,098</u>	<u>372,283</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 353,428</u>	<u>\$ 22,834</u>	<u>\$ 4,909</u>	<u>\$ 101,851</u>	<u>\$ 483,022</u>

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

COUNTY OF SAN LUIS OBISPO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES
JUNE 30, 2018 (In Thousands)

Total Fund Balances - Total Governmental Funds	\$	372,283
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.		1,198,805
Accrued property tax and grant revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		34,284
Internal service funds are used by the County to charge the costs of vehicle fleet management, comprehensive public works services, and operations of the County's workers' compensation, protected self-insurance, unemployment, and dental insurance programs to individual funds. The assets and liabilities are included in governmental activities in the Statement of Net Position.		(8,607)
Adjustments for internal service funds are necessary to "close" those funds by charging additional amounts to participating business-type activities to completely cover the internal service funds' costs for the year.		2,431
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(319)
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.		(476,838)
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.		(9,631)
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.		39,795
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.		896
Repayment and issuance of community development loans are reported as revenue and expenditures in the fund statements which contribute to the change in fund balance. However, in the Statement of Net Position loan repayments and issuances change deferred inflows.		977
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds as follows:		
Bonds and notes payable	\$ (123,794)	
Compensated absences	(26,098)	
Landfill closure/postclosure costs	(6,881)	(156,773)
Net Position of Governmental Activities	\$	997,303

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, 2018 (In Thousands)

	General Fund	Capital Projects Fund	Debt Service Pension Obligation Bonds	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 188,853	\$ -	\$ -	\$ 14,730	\$ 203,583
Licenses, permits, and franchises	11,139	-	-	1	11,140
Fines, forfeitures, and penalties	4,559	455	-	963	5,977
Use of money and property	2,664	175	385	555	3,779
Aid from other governments	237,095	476	-	25,089	262,660
Charges for services	33,708	1,343	-	14,742	49,793
Other revenues	5,226	257	617	769	6,869
	<u>483,244</u>	<u>2,706</u>	<u>1,002</u>	<u>56,849</u>	<u>543,801</u>
Total revenues					
EXPENDITURES					
Current:					
General government	60,445	-	-	-	60,445
Public protection	171,187	-	-	3,988	175,175
Public ways and facilities	7,292	-	-	34,962	42,254
Health and sanitation	93,736	-	-	6,149	99,885
Public assistance	116,291	-	-	775	117,066
Education	568	-	-	11,072	11,640
Recreation and cultural services	-	-	-	10,358	10,358
Debt service:					
Principal payments	-	-	49,830	1,159	50,989
Interest and fiscal charges	-	-	10,749	917	11,666
Capital outlay	-	11,828	-	-	11,828
	<u>449,519</u>	<u>11,828</u>	<u>60,579</u>	<u>69,380</u>	<u>591,306</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>33,725</u>	<u>(9,122)</u>	<u>(59,577)</u>	<u>(12,531)</u>	<u>(47,505)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	2,269	4,335	25,584	22,594	54,782
Transfers out	(45,026)	(216)	-	(6,123)	(51,365)
	<u>(42,757)</u>	<u>4,119</u>	<u>25,584</u>	<u>16,471</u>	<u>3,417</u>
Total other financing sources (uses)					
Net change in fund balances	(9,032)	(5,003)	(33,993)	3,940	(44,088)
Fund balances - beginning	297,272	22,983	30,958	65,158	416,371
Fund balances - ending	<u>\$ 288,240</u>	<u>\$ 17,980</u>	<u>\$ (3,035)</u>	<u>\$ 69,098</u>	<u>\$ 372,283</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, 2018 (In Thousands)**

Net Change in Fund Balances - Total Governmental Funds \$ (44,088)

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

Property tax and intergovernmental revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 11,026

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	\$	2,628	
General government		4,829	
Public protection		8,353	
Public ways		15,461	
Health and sanitation		12	
Public assistance		14	
Education		22	
Recreation and cultural services		<u>3,191</u>	34,510

In the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. (21,359)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (249)

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

Proceeds from issuance of debt			(5,879)
Debt principal payments			51,247

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	\$	(1,199)	
Change in accrued interest payable		1,178	
Change in landfill closure/postclosure costs		(1,187)	
Change in net OPEB liability		196	
Change in deferred OPEB outflows		896	
Change in Net Pension Liability		65,970	
Change in deferred pension outflows		(32,415)	
Change in deferred pension inflows		(64,688)	
Capital appreciation bond accretion		(1,011)	
Amortization of debt premiums, discounts and issuance costs		<u>84</u>	(32,176)

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. 430

Repayment and issuance of community development loans are reported as revenue and expenditures in the fund statements which contribute to the change in fund balance. However, in the Statement of Net Position loan repayments and issuances change deferred inflows and do not affect the Statement of Activities. 1,105

The net (revenue) expense allocable to business-type activities (96)

Change in Net Position of Governmental Activities \$ (5,529)

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2018 (In Thousands)

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	Lopez Flood Control	Los Osos Wastewater	Nonmajor Enterprise Funds		
ASSETS							
Current assets:							
Cash and investments	\$ 5,705	\$ 15,956	\$ 8,938	\$ 4,608	\$ 18,158	\$ 53,365	\$ 46,736
Accounts receivable, net	-	1	-	1	2,966	2,968	15
Other receivables	428	-	-	110,063	-	110,491	-
Due from other governments	158	-	-	-	-	158	-
Due from other funds	5,940	-	-	310	-	6,250	-
Deposits with others	-	-	-	-	99	99	-
Inventories	-	-	-	-	31	31	490
Prepaid items	1	-	48	-	965	1,014	268
Total current assets	12,232	15,957	8,986	114,982	22,219	174,376	47,509
Noncurrent assets:							
Advances to other funds	-	-	-	-	115	115	-
Restricted cash with fiscal agent	-	9,498	-	-	487	9,985	-
Prepaid insurance	-	335	-	-	-	335	-
Capital assets:							
Nondepreciable:							
Land	24,036	3,259	2,155	5,406	1,663	36,519	-
Construction in progress	1,048	119	981	-	1,960	4,108	-
Water rights	-	-	-	-	56,434	56,434	-
Other property	-	-	1,968	-	-	1,968	-
Depreciable:							
Infrastructure, net	554	148,806	22,586	176,147	1,809	349,902	-
Structures and improvements, net	82,339	8,925	33,362	824	21,348	146,798	279
Equipment, net	5,931	6	198	250	490	6,875	13,191
Other property, net	-	-	-	-	496	496	-
Total noncurrent assets	113,908	170,948	61,250	182,627	84,802	613,535	13,470
Total assets	126,140	186,905	70,236	297,609	107,021	787,911	60,979
DEFERRED OUTFLOWS OF RESOURCES							
Deferred pensions	602	-	-	-	536	1,138	10,199
Deferred OPEB	5	-	-	-	5	10	89
Deferred loss on refunding	-	3,808	-	-	-	3,808	-
Total deferred outflows of resources	607	3,808	-	-	541	4,956	10,288
LIABILITIES							
Current liabilities:							
Salaries and benefits payable	64	-	-	-	63	127	1,204
Accounts payable	2,044	591	101	138	5,865	8,739	928
Interest payable	83	2,472	356	1,681	57	4,649	-
Self-insurance payable	-	-	-	-	-	-	3,307
Deposits from others	78	238	167	-	3,121	3,604	1,034
Unearned revenue	53	8,935	604	-	2,480	12,072	-
Due to other funds	9,909	-	-	-	-	9,909	-
Accrued vacation and sick leave - current	98	-	-	-	77	175	1,841
Notes and bond payable - current	63	4,285	2,173	3,177	540	10,238	-
Total current liabilities	12,392	16,521	3,401	4,996	12,203	49,513	8,314
Noncurrent liabilities:							
Self-insurance liability	-	-	-	-	-	-	15,600
Advances from other funds	8,247	-	-	12,755	580	21,582	-
Accrued vacation and sick leave	72	-	-	-	126	198	1,122
Notes and bonds payable	444	173,051	32,317	142,823	7,540	356,175	-
Net OPEB Liability	57	-	-	-	49	106	960
Net Pension Liability	2,863	-	-	-	2,439	5,302	46,893
Total noncurrent liabilities	11,683	173,051	32,317	155,578	10,734	383,363	64,575
Total liabilities	24,075	189,572	35,718	160,574	22,937	432,876	72,889
DEFERRED INFLOWS OF RESOURCES							
Deferred pensions	320	-	-	-	346	666	6,985
Bond refunding	-	371	-	-	-	371	-
Total deferred inflows of resources	320	371	-	-	346	1,037	6,985
NET POSITION							
Net investment in capital assets	113,401	(2,915)	26,760	69,928	76,236	283,410	13,470
Unrestricted	(11,049)	3,685	7,758	67,107	8,043	75,544	(22,077)
Total net position	\$ 102,352	\$ 770	\$ 34,518	\$ 137,035	\$ 84,279	358,954	\$ (8,607)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(2,431)	
Net Position of Business-Type Activities per Government-Wide Financial Statements						<u>\$ 356,523</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, 2018 (In Thousands)

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	Lopez Flood Control	Los Osos Wastewater	Nonmajor Enterprise Funds		
OPERATING REVENUES:							
Charges for services	\$ 7,134	\$ 15,709	\$ 6,670	\$ 4,495	\$ 13,243	\$ 47,251	\$ 58,684
Other revenues	57	-	7	-	35	99	116
Total operating revenues	7,191	15,709	6,677	4,495	13,278	47,350	58,800
OPERATING EXPENSES:							
Salaries and benefits	1,625	-	-	-	1,624	3,249	32,555
Services and supplies	2,730	3,725	4,503	3,381	11,546	25,885	18,293
Other charges	28	-	3	-	-	31	-
Insurance and compensation claims	-	-	-	-	-	-	3,606
Depreciation	3,034	2,198	1,406	4,058	1,085	11,781	2,771
Countywide cost allocation	224	45	51	47	183	550	565
Total operating expenses	7,641	5,968	5,963	7,486	14,438	41,496	57,790
Operating income (loss)	(450)	9,741	714	(2,991)	(1,160)	5,854	1,010
NONOPERATING REVENUES (EXPENSES):							
Property taxes	-	-	1,287	-	2,571	3,858	-
Interest income	-	1,022	63	44	142	1,271	291
Interest expense	(52)	(8,091)	(1,123)	(3,477)	(315)	(13,058)	-
Other nonoperating revenues (expenses)	(324)	-	-	-	(1)	(325)	279
Aid from governmental agencies	396	6	7	-	17	426	-
Total nonoperating revenues (expenses)	20	(7,063)	234	(3,433)	2,414	(7,828)	570
Income (loss) before contributions and transfers	(430)	2,678	948	(6,424)	1,254	(1,974)	1,580
Capital contributions	2,211	24	-	2,982	-	5,217	-
Transfers in	106	-	-	-	493	599	-
Transfers out	(393)	-	-	(2,415)	(58)	(2,866)	(1,150)
Change in net position	1,494	2,702	948	(5,857)	1,689	976	430
Net position - beginning	100,915	(1,932)	33,570	142,892	82,644		(8,059)
Cumulative effect of change in accounting principle	(57)	-	-	-	(54)		(978)
Net position - beginning (restated)	100,858	(1,932)	33,570	142,892	82,590		(9,037)
Net position - ending	\$ 102,352	\$ 770	\$ 34,518	\$ 137,035	\$ 84,279		\$ (8,607)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						96	
Change in Net Position of Business-Type Activities per Government-Wide Financial Statements						\$ 1,072	

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, 2018 (In Thousands)

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	Lopez Flood Control	Los Osos Wastewater	Nonmajor Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers and third parties	\$ 7,013	\$ 21,610	\$ 6,698	\$ 4,816	\$ 13,285	\$ 53,422	\$ -
Receipts from interfund billings	-	-	-	-	-	-	58,793
Payments for goods and services	(7,266)	(3,586)	(4,494)	(3,428)	(11,531)	(30,305)	(15,842)
Payments to employees for services	(1,498)	-	-	-	(1,462)	(2,960)	(29,786)
Payments for insurance benefits	-	-	-	-	-	-	(4,262)
Payments for premiums	-	-	-	-	-	-	(3,658)
Net cash provided (used) by operating activities	(1,751)	18,024	2,204	1,388	292	20,157	5,245
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Property tax proceeds	-	-	1,287	-	2,571	3,858	-
Grants and subsidies from other governmental agencies	5,822	6	7	-	17	5,852	-
Advances from other funds	-	-	-	-	9	9	-
Due from other funds	(5,940)	-	-	-	-	(5,940)	-
Transfers from other funds	106	-	-	-	493	599	-
Transfers to other funds	(393)	-	-	(2,415)	(58)	(2,866)	(1,150)
Net cash provided (used) by noncapital financing activities	(405)	6	1,294	(2,415)	3,032	1,512	(1,150)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchases and construction of capital assets	(6,709)	(86)	(136)	(11,854)	(2,827)	(21,612)	(2,698)
Proceeds from issuance of long-term debt	-	-	-	5,234	-	5,234	-
Proceeds from sale of capital assets	-	-	-	-	-	-	332
Advances to other funds	-	-	-	-	18	18	-
Advances from other funds	5,543	-	-	7,136	(17)	12,662	-
Due to other funds	4,082	-	-	-	-	4,082	-
Due from other funds	-	-	-	(310)	-	(310)	-
Capital contributions	2,211	24	-	5,124	-	7,359	-
Principal paid on capital debt	(59)	(4,572)	(2,245)	(2,977)	(521)	(10,374)	-
Interest paid on capital debt	(53)	(9,154)	(1,195)	(3,425)	(351)	(14,178)	-
Net cash provided (used) by capital and related financing activities	5,015	(13,788)	(3,576)	(1,072)	(3,698)	(17,119)	(2,366)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest received	-	1,022	63	44	142	1,271	291
Net cash provided (used) by investing activities	-	1,022	63	44	142	1,271	291
Net increase (decrease) in cash and cash equivalents	2,859	5,264	(15)	(2,055)	(232)	5,821	2,020
CASH AND CASH EQUIVALENTS:							
Beginning of year	2,846	20,190	8,953	6,663	18,877	57,529	44,716
End of year	\$ 5,705	\$ 25,454	\$ 8,938	\$ 4,608	\$ 18,645	\$ 63,350	\$ 46,736
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating income (loss)	\$ (450)	\$ 9,741	\$ 714	\$ (2,991)	\$ (1,160)	\$ 5,854	\$ 1,010
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	3,034	2,198	1,406	4,058	1,085	11,781	2,771
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:							
Receivables, net	(165)	2	-	321	(680)	(522)	(7)
Inventory	-	-	-	-	(31)	(31)	(32)
Prepaid items	(1)	-	(12)	-	91	78	(17)
Accounts payable	(4,318)	90	33	-	335	(3,860)	(700)
Deposits from others	35	94	42	-	12	183	107
Salaries and benefits payable	(12)	-	-	-	(14)	(26)	(693)
Deferred outflows - pension	160	-	-	-	174	334	3,500
Deferred outflows - OPEB	(5)	-	-	-	(5)	(10)	(89)
Net OPEB liability	-	-	-	-	(5)	(5)	(18)
Net pension liability	(326)	-	-	-	(353)	(679)	(7,123)
Deferred inflows - pension	320	-	-	-	346	666	6,985
Unearned revenue	(13)	5,899	21	-	482	6,389	-
Accrued vacation and sick leave	(10)	-	-	-	15	5	207
Self-insurance liability	-	-	-	-	-	-	(656)
Total adjustments	(1,301)	8,283	1,490	4,379	1,452	14,303	4,235
Net cash provided (used) by operating activities	(1,751)	18,024	2,204	1,388	292	20,157	5,245

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

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF FIDUCIARY NET POSITION
AGENCY AND INVESTMENT TRUST FUNDS
JUNE 30, 2018 (In Thousands)
SAN LUIS OBISPO PENSION TRUST FUND
DECEMBER 31, 2017 (In Thousands)**

	Agency Funds June 30, 2018	Investment Trust Funds June 30, 2018	San Luis Obispo County Pension Trust December 31, 2017
<u>ASSETS</u>			
Cash and cash equivalents	\$ 105,097	\$ 465,483	\$ 34,474
Contributions receivable	-	-	2,826
Accrued interest and dividends receivable	-	-	765
Accounts receivable	-	-	29
Securities sold	-	-	13,981
Prepaid benefits	-	-	62
Investments pension trust:			
Bonds and notes, at fair value	-	-	261,760
International fixed income, at fair value	-	-	147,039
Collateralized mortgage obligations, at fair value	-	-	2,656
Domestic equities, at fair value	-	-	302,662
International equities, at fair value	-	-	332,950
Alternative investments, at fair value	-	-	95,192
Real estate, at fair value	-	-	176,799
Capital assets-net of accumulated depreciation	-	-	2,855
Total assets	<u>\$ 105,097</u>	<u>\$ 465,483</u>	<u>\$ 1,374,050</u>
<u>LIABILITIES</u>			
Agency obligations	\$ 105,097	\$ -	\$ -
Securities purchased	-	-	8,529
Accrued liabilities	-	-	1,013
Prefunded contributions	-	-	24,037
Total liabilities	<u>\$ 105,097</u>	<u>\$ -</u>	<u>\$ 33,579</u>
<u>NET POSITION</u>			
Net position held in trust for pool participants	\$ -	\$ 465,483	\$ -
Net position restricted for pensions	-	-	1,340,471
Total net position	<u>\$ -</u>	<u>\$ 465,483</u>	<u>\$ 1,340,471</u>

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)
SAN LUIS OBISPO PENSION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2017 (In Thousands)

	Investment Trust Funds June 30, 2018	San Luis Obispo County Pension Trust December 31, 2017
<u>ADDITIONS</u>		
Contributions:		
County contributions	\$ 1,074,396	\$ -
Employer contributions	-	42,341
Member contributions	-	30,467
Total contributions	<u>1,074,396</u>	<u>72,808</u>
Investment income:		
Realized and unrealized gains and losses	-	169,242
Interest	4,241	3,493
Dividends	-	8,769
Real estate management trust income	-	(10)
Real estate operating income, net	-	465
Other investment income, net	-	-
Investment expenses	-	(3,320)
Total investment income	<u>4,241</u>	<u>178,639</u>
Total additions	<u>1,078,637</u>	<u>251,447</u>
<u>DEDUCTIONS</u>		
Benefits:		
Monthly benefit payments	-	85,052
Refunds of contributions	-	2,857
Death benefits	-	748
Total benefits	<u>-</u>	<u>88,657</u>
Administrative expenses	-	2,045
Prefunded discount amortization	-	1,517
Total administrative expenses	<u>-</u>	<u>3,562</u>
Distributions from investment pool	<u>1,014,918</u>	<u>-</u>
Total deductions	<u>1,014,918</u>	<u>92,219</u>
Change in net position	63,719	159,228
Net position - beginning	<u>401,764</u>	<u>1,181,243</u>
Net position - ending	<u>\$ 465,483</u>	<u>\$ 1,340,471</u>

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



NOTES TO THE BASIC FINANCIAL STATEMENTS



COUNTY OF SAN LUIS OBISPO
NOTES TO THE BASIC FINANCIAL STATEMENTS (IN THOUSANDS)
JUNE 30, 2018

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) Statement Nos. 14, 61 and 80.

Blended Component Units

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

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

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

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 THE BASIC FINANCIAL STATEMENTS (Continued)

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

Discretely Presented Component Unit

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

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

NOTES TO THE 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, Lopez Flood Control Project, Los Osos Wastewater, and nonmajor enterprise) are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Fund Financial Statements

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

New Accounting Pronouncements

For the fiscal year ended June 30, 2018, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The requirements of this statement are effective for financial statement periods beginning after June 15, 2017. GASB 75 improves accounting and financial reporting for postemployment benefits other than pensions, also known as *other postemployment benefits (OPEB)*. This statement guides state and local government employers in accounting and financial reporting for OPEB, providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.
- GASB Statement No. 85, *Omnibus 2017* (GASB 85). The requirements of this statement are effective for financial statement periods beginning after June 15, 2017. GASB 85 improves financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB statements and thus, enhances consistency in the application of the identified accounting and financial reporting requirements ultimately improving the usefulness of information for financial statement users. The statement establishes accounting and financial reporting requirements for blending component units, goodwill, fair value measurement and application, and postemployment benefits.
- GASB Statement No. 86, *Certain Debt Extinguishment Issues* (GASB 86). The requirements of this statement are effective for financial statement periods beginning after June 15, 2017. GASB 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources (resources other than the proceeds of refunding debt) are placed in an irrevocable trust for the sole purpose of extinguishing debt. The statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished as well as improving notes to the financial statements for debt that is defeased in substance.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County reports the following Major Governmental Funds:

- The General Fund is the County's primary operating fund. The General Fund is used to account for all revenues and expenditures necessary to carry out the basic governmental activities of the County that are not accounted for through other funds. For the County, the General Fund includes such activities as public protection, public ways and facilities, health and sanitation, public assistance, education, and recreational and cultural services.
- The Capital Projects Fund is used to account for the financial resources restricted for the acquisition or construction of specific projects, or items other than those financed by proprietary funds.
- The Debt Service Pension Obligation Bonds 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). In prior years, this Debt Service Pension Obligation Bonds Fund has been reported as a nonmajor governmental fund. However, this year, two bonds were paid off and the increased expenditures were enough to qualify the fund as a major fund.

The County reports the following Major Proprietary Funds:

- The Airport Fund accounts for the maintenance, operations, and development of the County-owned commercial service airports in San Luis Obispo and Oceano.
- The Nacimiento Water Contract Fund accounts for the activities and delivery of water associated with the Nacimiento water supply reservoir and the contract with Monterey County.
- The Lopez Flood Control Fund accounts for the maintenance, water treatment and water distribution services of the Lopez Dam Flood Control Zone 3, which provides water to south San Luis Obispo County, and the activities of the Lopez Dam Seismic Remediation Project.
- The Los Osos Wastewater Fund accounts for the construction, operation and maintenance of the wastewater treatment plant serving the community of Los Osos.
- Additionally, the County reports on Internal Service Funds. Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost-reimbursement basis. Internal Service Funds account for the activities of fleet operations, construction management services, and self-insurance programs such as workers' compensation, long-term disability, employee benefits, and personal injury & 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, 2017.
- The Investment Trust Funds account for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. The County reports on 95 different Investment Trust Funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

- The Agency Funds account for the resources held by the County in a custodial capacity on behalf of other agencies. The County reports on 135 different Agency Funds. These include accounts for temporary holding of funds for the tax assessment areas created under the 1915 Improvement Act, temporary clearing funds, and other temporary holding funds not classified in other agency categories.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The Government-wide, Proprietary, and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except that Agency Fund financial statements have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property tax, sales tax, transient occupancy taxes, grants, entitlements, and donations. On an accrual basis 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 capital leases are reported as other financing sources.

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

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

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

Deposits and Investments

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2018. 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 99.74 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 is defined as a consumption of net position or fund balance that is applicable to a future reporting period. In addition to liabilities, the financial statements may report a separate section for deferred inflows of resources which are defined as an acquisition of net position or fund balance that is applicable to a future reporting period.

Property Tax

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

Beginning in fiscal year 1993-94, the County of San Luis Obispo adopted the "Alternative Method of Distribution of Tax Levies and Collections and of Tax Sale Proceeds" provided for in Revenue and Taxation Code Sections 4701-4717, which is commonly known as the "Teeter Plan". The Teeter Plan has no impact on tax rates or collection procedures. It merely changes the way the collections of delinquent taxes and penalties are distributed among the taxing agencies. Those agencies participating in the Teeter Plan receive 100% of the secured property taxes billed each year without regard to delinquencies. The General Fund covers the delinquent amount to all agencies and, in return, receives the delinquent

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

taxes, penalties and interest when collected. As a result of the Teeter Plan, secured property taxes receivable are recorded in the General Fund only, and there is no allowance for uncollectible amounts. Penalties and interest are deposited into the Tax Loss Reserve Fund. Once the Tax Loss Reserve Fund balance exceeds 25% of the secured delinquent roll, the excess may be credited to the General Fund.

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

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

Interfund Transactions

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

financing capital assets of business-type activities is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period. Amortization of assets acquired under capital leases is included in depreciation and amortization. Facilities and improvements, infrastructure, and machinery and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the estimated useful lives.

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

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

Compensated Absences

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

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 San Luis Obispo County Pension Trust

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

(SLOCPT). For this purpose, the OPEB Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

Fund Equity

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

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

E. ESTIMATES

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

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 (County 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 April 21, 2017. The County Pool's "AAA" fund credit quality rating reflects the "pool's lowest vulnerability to losses as a result of defaults in its portfolio and is based on the actual and prospective average credit quality of the pool's investments." The "f" suffix to the Fund Credit Quality Rating indicates a fund rather than an individual issue or issuer. The County Pool's "S1" market sensitivity rating reflects the pool's low market risk and capacity to return stable principal value to meet anticipated cash flow requirements, even in adverse interest rate environments.

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. The 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 the CGC, independent certified public accountants (CPAs) selected to review the County's Comprehensive Annual

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Financial Report, and independent CPAs as deemed appropriate. Brown Armstrong Accountancy Corporation was selected to perform an Annual Investment Program Compliance Audit for the FY ended June 30, 2018. 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 the 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. The 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 the 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 1.30 years. Interest is apportioned to the separate funds based on the individual fund's average daily balance. Securities are held in a customer-segregated safekeeping account during the fiscal year. A Cash Statement and Asset List is requested monthly from the appropriate institutions and verified against records maintained in the Treasury.

The County's combined pool has invested in the CalTRUST Short-Term Fund (CTSTF). CalTRUST is a Joint Powers Agency Authority created by local public agencies to provide a method for local public agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasury and investment officers. The CalTRUST Board sets overall policies for the program and selects and supervises the activities of the investment manager, currently BlackRock. Public agencies invest in shares of 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, 2018, the CTSTF NAV was \$0.998 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 the CGC. Market valuation is conducted quarterly. LAIF provided a fair value dollar factor of 0.998126869 for its portfolio as of June 30, 2018. 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, 2018, 2.67% of the LAIF pool includes structured notes and asset-backed securities. The Local Investment Advisory Board, which consists of five members as designated by statute, provides oversight for LAIF.

The County's combined pool includes funds deposited in collateralized interest-bearing bank accounts hereinafter referred to as Public Investment Money Market Accounts (PIMMAs). Per CGC §53631 et seq., PIMMAs are depository accounts, not investments, and are fully liquid and collateralized by eligible securities. Even though PIMMAs are not investments by code, they are included in the County's combined pool and are treated internally as investments for tracking, management, and reporting purposes.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

dollar factor of 0.993554762450 in the Quarterly Report of Investments as of June 30, 2018, 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 IP and the Treasurer's written policies and procedures to reduce exposure to investment risks. The County IP gives the County Treasurer the authority to act in the best interest of the County in the face of changing market conditions and circumstances by making written exceptions to the County IP and the Treasurer's written policies and procedures within the limits of the CGC and all relevant laws. As of June 30, 2018, the table represents the County's IP or where more restrictive, the Treasurer's written policies and procedures, that address interest risk, credit risk, and concentration of credit risk.

Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Investment types utilized by the combined pool in FY 2017-18			
U.S. Treasury Notes	4 years	100%	N/A
U.S. Government Agencies: Federal Home Loan Bank	4 years	20%	N/A
U.S. Government Agencies: Farm Credit Bank	4 years	20%	N/A
Local Agency Investment Fund (LAIF)	N/A	15%	N/A
CDARS	1 year	15%	1%
Money Market Mutual Funds (Shares of Beneficial Interest) issued by a Joint Powers Authority	N/A	15%	15% per issuer. Requires specific written approval of County Treasurer for each type of investment.
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.
Investments authorized, but not utilized in FY 2017-18			
U.S. Treasury Bonds	4 years	100%	N/A
U.S. Treasury Bills	Maximum issued	100%	N/A
Bankers' Acceptances-Domestic	30 days	10%	4%
Commercial Paper	30 days	5%	2%
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, Notes, Warrants, other evidences of indebtedness of any local agency within this state	1 year	5%	No more than 10% of issuer debt and assets. Requires specific written approval of County Treasurer for each type of investment.
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 2017-18			
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			

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Investments not authorized in the County's IP
Reverse Repurchase Agreements
Securities Lending Agreements

Interest Rate Risk

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

Custodial Credit Risk

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

Credit Risk

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

Concentration of Credit Risk

At June 30, 2018, 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, 2018.

Investment Type	S&P	Moody's	% of Portfolio*
U.S. Government Agencies	AA+	Aaa	39.47%
U.S. Treasuries	AA+	Aaa	35.78%
Supranationals	AAA	Aaa	8.82%
CalTRUST-Short-Term Fund	AAf/S1+	Not Rated	8.24%
LAIF	Not Rated	Not Rated	7.69%
Total			<u>100.00%</u>

*Bank Deposit accounts such as PIMMAs are tracked, managed, and reported as part of the County's combined pool and are included in portfolio percentage limit calculations.

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, 2018, the following investments exceeded the 5% disclosure threshold:

Investment Type	% of Portfolio*
U.S. Government Agencies-Federal Home Loan Bank	20.54%
U.S. Government Agencies-Farm Credit Bank	18.93%
Supranationals - IBRD	8.82%

*Federal Home Loan Bank is 16.86% of the County's combined pool inclusive of the PIMMAs and therefore is within the limits authorized in the IP.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

At June 30, 2018, the County had the following investments and interest-bearing deposits (in thousands):

Instrument	Maturity Dates	Interest Rate %	Weighted Average Maturity Years	Fair Value	Cost
Supranationals	7/30/18-2/08/21	1.820%-2.750%	1.20	\$ 74,807	\$ 74,693
U.S. Treasuries	7/15/18-5/15/21	0.820%-2.542%	1.43	303,282	305,211
U.S. Government Agencies	9/14/18-6/11/21	0.880%-2.586%	1.72	334,601	337,756
LAIF	On Demand	1.420%	-	65,180	65,000
CalTRUST	On Demand	1.850%	-	69,880	69,964
Total Investments in County Treasury			1.30	\$ 847,750	\$ 852,624
Deposits in Financial Institutions				\$ 203,100	\$ 203,100
Cash on Hand				214	214
Total Cash held in Treasury				1,051,064	1,055,938
Deposits in Transit				1,618	1,618
Outstanding Warrants				(15,662)	(15,662)
Total				1,037,020	1,041,894
Imprest Cash				1,483	1,483
Non-pool Cash Deposits				1,522	1,522
Other Cash Deposits				3,006	3,006
Total Cash and Cash Equivalents				\$ 1,040,025	\$ 1,044,899
<u>Restricted Cash with Fiscal Agent</u>				<u>Fair Value</u>	<u>Cost</u>
U.S. Government & Federal Agencies				\$ 11,785	\$ 11,785
Certificates of Deposit & Money Market Accounts				1,529	1,529
Total				<u>13,314</u>	<u>13,314</u>
Total restricted and unrestricted cash and cash equivalents				\$ <u>1,053,339</u>	\$ <u>1,058,213</u>
<u>Total Cash and Investments Summary</u>				<u>Fair Value</u>	
Total Governmental Activities				\$ 410,962	
Total Business-type Activities				63,350	
Total Fiduciary Funds				570,580	
Total Component Unit				8,447	
Total Cash and Investments				\$ <u>1,053,339</u>	
The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2018 (in thousands):					
				<u>Fair Value</u>	
<u>Statement of Net Position:</u>					
Net position held for pool participants				\$ <u>1,037,020</u>	
Equity of internal pool participants				\$ 571,540	
Equity of external pool participants (voluntary and involuntary)				465,480	
Total Equity				\$ <u>1,037,020</u>	
<u>Statement of Changes in Net Position:</u>					
Revenue				\$ 13,497	
Investment costs				(857)	
Net deposits				43,548	
Change in fair value				(5,840)	
Net change in pool net position				50,350	
Net position at July 1, 2017				986,672	
Net position at June 30, 2018				\$ <u>1,037,020</u>	

NOTES TO THE 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, 2018:

Fair Value Measurements Using

	Investments by fair value level	Quoted Prices	Significant	Significant
		in Active Markets for Identical Assets	Other Observable Inputs	Unobservable Inputs
		(Level 1)	(Level 2)	(Level 3)
<u>Debt securities</u>				
US Treasuries	\$ 303,282	\$ 303,282	\$ -	\$ -
US Government Agencies	334,601	334,601	-	-
Supranationals	74,807	74,807	-	-
Total measured at fair value	<u>739,690</u>	<u>739,690</u>	-	-
Investments measured at amortized cost				
LAIF	65,180	-	-	-
CalTRUST	69,880	-	-	-
Total investments in County Treasury	<u>\$ 847,750</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2018 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	\$ 11,756
Restricted interest on lease reserves	29
Restricted for Contractor Retentions	1,529
Total Restricted Cash	<u>\$ 13,314</u>

Cash Deposits Outside of the Treasury Pool

At fiscal year-end, the carrying amount of the County's other cash deposits was \$1,323,902 and the combined financial institutions' balance was \$1,523,035. The difference of \$199,133 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 \$1,523,035 was covered by federal depository insurance or by collateral held by the County's agent in the County's name.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES

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

	Governmental Activities		
	General Fund	Nonmajor Special Revenue Funds	Internal Service Funds
Accounts Receivable	\$ 84	\$ 100	\$ 15
Allowance for Doubtful Accounts	-	-	-
Net Accounts Receivable	\$ 84	\$ 100	\$ 15

	Business-Type Activities		
	Nacimiento Water Contract	Los Osos Wastewater	Nonmajor Enterprise Funds
Accounts Receivable	\$ 1	\$ 1	\$ 2,966
Allowance for Doubtful Accounts	-	-	-
Net Accounts Receivable	\$ 1	\$ 1	\$ 2,966

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2018, is as follows (in thousands):

<u>Governmental Activities</u>	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance June 30, 2018</u>
Capital assets, not being depreciated:					
Land	\$ 795,397	\$ 52	\$ -	\$ 56	\$ 795,505
Construction in progress	20,260	6,549	(229)	(6,853)	19,727
Total capital assets, not being depreciated	815,657	6,601	(229)	(6,797)	815,232
Capital assets, being depreciated:					
Structures and improvements	250,795	7,136	(19)	1,667	259,579
Equipment	88,070	8,743	(3,081)	2,020	95,752
Infrastructure	389,248	14,422	-	3,022	406,692
Other property	340	417	-	88	845
Total capital assets, being depreciated	728,453	30,718	(3,100)	6,797	762,868

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Less accumulated depreciation for:

Structures and improvements	(84,755)	(5,876)	18	-	(90,613)
Equipment	(52,676)	(7,407)	2,897	-	(57,186)
Infrastructure	(207,151)	(10,842)	-	-	(217,993)
Other property	(29)	(5)	-	-	(34)
Total accumulated depreciation	(344,611)	(24,130)	2,915	-	(365,826)
Total capital assets being depreciated, net	383,842	6,588	(185)	6,797	397,042
Governmental activities capital assets, net	\$ 1,199,499	\$ 13,189	\$ (414)	\$ -	\$ 1,212,274

<u>Business-Type Activities</u>	Balance July 1, 2017	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2018
Capital assets, not being depreciated:					
Land	\$ 35,619	\$ 166	\$ -	\$ 735	\$ 36,520
Construction in progress	38,856	1,403	-	(36,152)	4,107
Water rights	54,067	2,367	-	-	56,434
Other property	1,968	-	-	-	1,968
Total capital assets, not being depreciated	130,510	3,936	-	(35,417)	99,029
Capital assets, being depreciated:					
Infrastructure	369,114	11,243	-	136	380,493
Structures and improvements	170,658	4,547	(427)	30,484	205,262
Equipment	3,895	1,299	(44)	4,797	9,947
Other property	554	-	-	-	554
Total capital assets, being depreciated	544,221	17,089	(471)	35,417	596,256
Less accumulated depreciation for:					
Infrastructure	(23,564)	(7,027)	-	-	(30,591)
Structures and improvements	(54,272)	(4,298)	107	-	(58,463)
Equipment	(2,656)	(456)	39	-	(3,073)
Other property	(58)	-	-	-	(58)
Total accumulated depreciation	(80,550)	(11,781)	146	-	(92,185)
Total capital assets being depreciated, net	463,671	5,308	(325)	35,417	504,071
Business-type activities capital assets, net	\$ 594,181	\$ 9,244	\$ (325)	\$ -	\$ 603,100

Depreciation Expense

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

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 4,540
Public Protection	3,887
Public Ways and Facilities	10,512
Health and Sanitation	959
Public Assistance	251
Education	397
Recreational and Cultural Services	813
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	2,771
Total Depreciation Expense-Governmental Activities	\$ 24,130

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Business-Type Activities</u>	<u>Amount</u>
Airport	\$ 3,034
Los Osos Wastewater	4,058
Nacimiento Water Contract	2,198
Lopez Flood Control	1,406
Nonmajor Enterprise	1,085
Total Depreciation Expense-Business-type Activities	<u>\$ 11,781</u>

5. CONSTRUCTION IN PROGRESS AND RELATED COMMITMENTS

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

The following is a schedule of major projects included in Construction in Progress as of June 30, 2018 (in thousands):

<u>Governmental Activities</u>			
Project	Expended to June 30, 2018	Committed Funds	Remaining Budget
Roads Infrastructure	\$ 12,005	\$ 8,151	\$ 20,029
Budget Prep Replacement System	1,327	783	-
Health – SLO – Crises Stabilization	1,156	-	54
MS Office 365 Project	839	54	-
Health – COC – Animal Services Facility	524	575	644
Los Osos Landfill Remediation	467	26	572
Templeton to Atlas Connector	420	-	140
 <u>Business-Type Activities</u>			
Project	Expended to June 30, 2018	Committed Funds	Remaining Budget
Airport Car Wash Conversion	\$ 1,042	\$ -	\$ 547

6. LEASES

County as Lessor

The County's General Fund and Enterprise Funds receive revenue from various properties leased to others under agreements classified as operating leases in accordance with Financial Accounting Standards Board (FASB) Statement No. 13. The leases cover periods ranging generally from 1 to 55 years. The General Fund leases portions of the former County General Hospital. The original cost of these facilities was \$12,313. As of June 30, 2018, they had a carrying value of \$8,214 net of accumulated depreciation of \$3,395. The Airport leases portions of airport land to various operators. The cost and carrying value of the original Airport land area is \$2,011.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The following is a schedule of minimum future rental payments to be received under these non-cancelable operating leases at June 30, 2018 (in thousands):

Year Ending June 30	General Fund	Airport
2019	\$ 380	\$ 572
2020	255	526
2021	132	488
2022	132	488
2023	107	488
Later Years	833	8,285
Total	<u>\$ 1,839</u>	<u>\$ 10,847</u>

Minimum future rental payments do not include contingent rental payments, which are received as stipulated in the lease contracts. These contingent rental payments are based on the monthly revenues of the concessionaire operating on the premises. Contingent rental payments amounted to \$3,019 for the fiscal year ended June 30, 2018.

County as Lessee

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

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

Rental payments for fiscal year ended June 30, 2018 totaled \$4,045. The following rental costs represent future minimum payments under leases that have remaining non-cancelable terms in excess of one year as of June 30, 2018 for the next five years and for each five-year period thereafter (in thousands):

Year Ending June 30	Minimum Lease Payments
2019	\$ 3,338
2020	3,246
2021	2,771
2022	2,533
2023	1,823
2024-2028	5,758
2029-2033	2,703
2034-2038	1,050
Total	<u>\$ 23,222</u>

7. RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has self-insurance programs for liability, workers' compensation, unemployment insurance and dental coverage. There were no liability claims settlements and there were seven workers' compensation claim settlements that have exceeded insurance coverage during the past three fiscal years. Insurance coverage for liability and workers' compensation above the County's self-insured retention (SIR) is provided through the California State Association of Counties (CSAC) Excess Insurance Authority. The County is a member of CSAC

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Excess Insurance Authority, a joint powers authority whose purpose is to develop and fund programs of excess insurance for its member counties. The authority is solvent; self-insurance and authority limits are as follows:

<u>Type of Coverage</u>	<u>Self-Insurance</u>	<u>Authority</u>
Liability	\$ 250,000 per occurrence	\$ 25,000,000
Workers' Compensation	\$ 250,000 per occurrence	Statutory
Unemployment	\$ 166,276 maximum	----
Dental	None—Funded by Employees	----

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

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

	<u>Beginning of the fiscal year liability</u>	<u>Current year claims, changes & estimates</u>	<u>Claim payments</u>	<u>Balance at fiscal year-end</u>
2016-17	\$ 18,707	\$ 4,948	\$ 4,092	\$ 19,563
2017-18	\$ 19,563	\$ 3,179	\$ 3,835	\$ 18,907

8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 2018, was (in thousands):

<u>Payable Fund (Due to Balance)</u>	<u>Receivable Fund (Due from Balance)</u>	<u>Amount</u>
General Fund	Airport	\$ 5,940
Airport	General Fund	9,909
Nonmajor Governmental Funds	Los Osos Wastewater	310
	Total	<u>\$ 16,159</u>

The Airport Fund owes the General Fund \$9,909 for construction costs relating to the new airport terminal project. The General Fund owes the Airport Fund \$5,940, which represents undrawn loan proceeds relating to the airport terminal construction.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The Flood Control District's Special Revenue Fund owes the Los Osos Wastewater Project Fund \$310 related to an Integrated Regional Water Management grant.

<u>Payable Fund (Advances from Balance)</u>	<u>Receivable Fund (Advances to Balance)</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 314
	Nonmajor Enterprise Funds	115
		<u>429</u>
Nonmajor Enterprise Funds	General Fund	162
	Nonmajor Governmental Funds	418
		<u>580</u>
Airport	General Fund	8,247
Los Osos Wastewater	General Fund	9,950
	Nonmajor Governmental Funds	2,805
		<u>12,755</u>
	Total	<u>\$ 22,011</u>

Nonmajor Governmental Funds' advances from Nonmajor Enterprise Funds of \$115 are comprised of funds from the Lopez Park Enterprise Fund to the Parks Special Revenue Fund for future debt service obligations. Advances related to the General Fund include an internal loan to the County Services Area 21 Special Revenue Fund of \$76 and a loan of \$238 related to the restoration of the Cayucos Pier.

The Nonmajor Enterprise Funds advances of \$580 represent internal loans received by the County Services Areas Special Districts Enterprise Funds from the General Fund (\$42) and from the County Services Area 10 Special Revenue Fund (\$255), and from the General Flood Control Zone Special Revenue Fund (\$163). The Golf Fund also received \$120 from the General Fund.

The Airport owes the General Fund \$8,247 for internal loans for various projects including the refinancing of a State loan for the construction of hangars.

The Los Osos Wastewater Fund received a long-term operating loan from the General Flood Control Zone Special Revenue Fund of \$2,805 and \$9,950 from the General Fund.

9. TRANSFERS

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Pension Obligation Bonds Fund	\$ 23,872
	Nonmajor Governmental Funds	18,607
	Capital Projects Fund	2,010
	Airport Fund	106
	Nonmajor Enterprise Funds	431
		<u>45,026</u>
Capital Projects Fund	General Fund	144
	Nonmajor Governmental Funds	72
		<u>216</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Nonmajor Governmental Funds	General Fund	1,785
	Pension Obligation Bonds Fund	459
	Capital Projects Fund	2,325
	Nonmajor Governmental Funds	1,492
	Nonmajor Enterprise Funds	62
		<u>6,123</u>
Airport Fund	General Fund	337
	Pension Obligation Bonds Fund	56
		<u>393</u>
Los Osos Wastewater Fund	Nonmajor Governmental Funds	2,415
Nonmajor Enterprise Funds	General Fund	1
	Pension Obligation Bonds Fund	49
	Nonmajor Governmental Funds	8
		<u>58</u>
Internal Service Funds	General Fund	2
	Pension Obligation Bonds Fund	1,148
		<u>1,150</u>
Total Transfers		<u>\$ 55,381</u>

General Fund transfers to Nonmajor Governmental Funds included contributions to the following Special Revenue Funds: Roads (\$12,645), Library (\$667), Community Development (\$1,454), Flood Control Zone (\$57), County Service Area Special Revenue Fund (\$162) and Parks (\$3,622). The General Fund also transferred \$23,872 to the Pension Obligation Bonds Debt Service Fund to finance debt service payments, \$106 to the Airport Fund, \$400 to the Golf Fund, \$31 to County Service Area Enterprise Fund, and \$2,010 to the Capital Projects Fund for various capital projects.

The Capital Projects Fund transferred \$144 to the General Fund for a fiber optics project and \$72 related to a Parks Fund coastal access project.

Nonmajor Governmental Fund transfers consist of contributions of Public Facilities Fees revenue from the Public Facilities Fees Special Revenue Fund to the General Fund (\$398) for debt service, to the Parks Fund (\$637) primarily related to Nipomo parks projects, and to the Capital Projects Fund (\$2,325) to fund parks and other capital and maintenance projects. The Parks Special Revenue Fund made transfers to the Pension Obligation Bonds Debt Service Fund (\$186) and to the Lopez Park Enterprise Fund (\$3) for debt service. The Road Impact Fee Special Revenue Fund transferred Impact Fees of \$452 to the General Fund for debt service and \$855 to the Roads Fund for capital and maintenance projects. The County Medical Services Program Fund (CMSP) transferred \$794 to the General Fund to close the CMSP Fund. The Flood Control Zone Fund transferred \$140 in to the General Fund for sustainable groundwater plans. Community Services Area 21 transferred \$1 to the General Fund for debt service. The Library Fund (\$243) and the Driving Under the Influence Fund (\$30) made transfers to the Pension Obligation Bonds Debt Service Fund to finance debt service payments. Other Nonmajor Governmental Fund transfers of \$59 occurred between various County Service Area Special Revenue to Enterprise Funds.

The Airport Enterprise Fund transferred \$337 to the General Fund and \$56 to the Pension Obligation Bonds Fund for debt service.

The Los Osos Wastewater Fund transferred \$2,340 to the Flood Control Zone Fund related to an Integrated Water Resources Management grant and \$75 for debt service.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Transfers from Nonmajor Enterprise Funds included \$49 of transfers from the Golf Enterprise Fund to the Pension Obligation Bonds Debt Service Fund and \$1 from Flood Control Zone Enterprise Fund to Flood Control Zone Special Revenue Fund. County Services Area 23 Enterprise Fund transferred \$7 to County Service Area 21 Special Revenue Fund and \$1 to the General Fund.

The Garage Internal Service Fund transferred \$2 to the General Fund due to early vehicle retirement. Internal Service Fund transfers to the Pension Obligation Bonds Debt Service Fund for debt service by the Public Works (\$1,095) and Garage (\$53) Internal Service Funds.

10. BONDED INDEBTEDNESS AND LONG-TERM DEBT

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2018, is as follows (in thousands):

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2017</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2018</u>	<u>Due within one year</u>
Bonds and notes payable:						
Certificates of participation (COP)	\$ 21,411	\$ -	\$ 6,000	\$ 1,276	\$ 26,135	\$ 1,329
Unamortized discount on COP	(83)	-	-	(4)	(79)	-
Unamortized premium on COP	975	-	-	89	886	-
State notes	-	-	2,197	141	2,056	155
Pension Obligation Bonds	143,890	-	5,347	49,830	99,407	7,944
Total bonds and notes payable	166,193	-	13,544	51,332	128,405	9,428
Other liabilities:						
Compensated absences	27,655	-	19,909	18,503	29,061	20,419
Landfill postclosure costs	5,694	-	1,856	669	6,881	481
Self-insurance	19,563	-	3,179	3,835	18,907	3,307
Total other liabilities	52,912	-	24,944	23,007	54,849	24,207
Total Governmental Activities	\$ 219,105	\$ -	\$ 38,488	\$ 74,339	\$ 183,254	\$ 33,635

<u>Business-Type Activities</u>	<u>Beginning Balance July 1, 2017</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2018</u>	<u>Due within one year</u>
Bonds and notes payable:						
Certificates of participation	\$ 16,470	\$ -	\$ 36	\$ 828	\$ 15,678	\$ 867
Unamortized premium on COP	361	-	-	33	328	-
State notes	85,674	-	5,236	3,243	87,667	3,258
Revenue bonds	173,535	-	27,045	32,170	168,410	4,285
Unamortized premium on revenue bonds	9,623	-	326	1,023	8,926	-
Unamortized outflows on bond refinancing	(3,990)	-	182	-	(3,808)	-
General obligation bonds	8,350	-	-	425	7,925	440
Unamortized premium on general obligation bonds	790	-	-	57	733	-
Assessment bonds	78,089	-	-	1,343	76,746	1,388
Total bonds and notes payable	368,902	-	32,825	39,122	362,605	10,238

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	Beginning Balance July 1, 2017	Adjustments	Additions	Reductions	Ending Balance June 30, 2018	Due within one year
Other liabilities:						
Compensated absences	368	-	162	157	373	175
Total other liabilities	368	-	162	157	373	175
Total Business-Type Activities	\$ 369,270	\$ -	\$ 32,987	\$ 39,279	\$ 362,978	\$ 10,413

Annual debt service requirements for governmental activities as of June 30, 2018, are summarized as follows:

Year Ended June 30,	Governmental Activities					
	Certificates of Participation		Pension Obligation Bonds			
	Principal	Interest	Principal	Unaccrued Appreciation	Interest	Total
2019	\$ 1,329	\$ 1,084	\$ 7,741	\$ 203	\$ -	\$ 7,944
2020	1,378	1,030	7,832	648	-	8,480
2021	1,431	974	7,899	1,141	-	9,040
2022	1,494	916	7,945	1,675	-	9,620
2023	1,557	850	7,975	2,250	-	10,225
2024-2028	8,678	3,165	39,919	21,136	-	61,055
2029-2033	3,627	1,809	20,096	18,020	-	38,116
2034-2038	4,170	951	-	-	-	-
2039-2043	1,280	349	-	-	-	-
2044-2048	1,191	93	-	-	-	-
Total	\$ 26,135	\$ 11,221	\$ 99,407	\$ 45,073	\$ -	\$ 144,480

Governmental Activities (Continued)

Year Ended June 30,	State Notes	
	Principal	Interest
2019	\$ 155	\$ 20
2020	157	19
2021	158	17
2022	160	15
2023	162	14
2024-2028	832	45
2029-2033	432	6
Total	\$ 2,056	\$ 136

Business-Type Activities

Year Ended June 30,	Certificates of Participation		State Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2019	\$ 867	\$ 706	\$ 3,258	\$ 1,865	\$ 4,285	\$ 7,522
2020	903	668	3,331	1,792	4,285	7,520
2021	942	628	3,409	1,714	4,510	7,298
2022	989	584	3,488	1,634	4,745	7,064
2023	1,038	536	3,571	1,553	4,990	6,817
2024-2028	5,952	1,839	17,861	6,543	29,125	29,917
2029-2033	2,970	594	14,371	4,622	36,765	22,269
2034-2038	446	321	12,503	3,348	46,380	12,658
2039-2043	535	233	13,805	2,046	33,325	2,100
2044-2048	641	126	12,070	610	-	-
2049-2053	395	28	-	-	-	-
Total	\$ 15,678	\$ 6,263	\$ 87,667	\$ 25,727	\$ 168,410	\$ 103,165

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Business-Type Activities (continued)

Year Ended June 30,	General Obligation Bonds		Assessment Bonds	
	Principal	Interest	Principal	Interest
2019	\$ 440	\$ 394	\$ 1,388	\$ 2,092
2020	460	374	1,415	2,053
2021	485	351	1,460	2,013
2022	510	327	1,505	1,973
2023	540	300	1,541	1,931
2024-2028	3,155	1,021	8,385	8,984
2029-2033	2,335	179	9,627	7,747
2034-2038	-	-	11,051	6,328
2039-2043	-	-	12,674	4,699
2044-2048	-	-	14,540	2,831
2049-2053	-	-	13,160	736
Total	\$ 7,925	\$ 2,946	\$ 76,746	\$ 41,387

Long-term liabilities at June 30, 2018 consisted of the following:

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2018
Governmental Activities						
Certificates of Participation						
<u>2007 Series A</u>	2/8/2007	2037	4% - 4.25%	\$304 - \$308	\$5,090	\$3,960
Used to finance the construction of the Paso Robles Courthouse building. Debt service is provided by court fines specifically designated and restricted for new construction or major renovation of court facilities.						
<u>2008 Series A</u>	1/23/2008	2038	4% - 4.625%	\$440 - \$451	7,325	5,810
Used to finance improvements to the Vineyard Drive Interchange. Debt service is provided by Development Fees.						
<u>2012 Series A</u>	10/15/2012	2028	0.5% - 5.0%	\$1,034-\$1,289	14,427	10,482
Lease Revenue Refunding Bonds used to refund the 2002 A Certificates of Participation. The original COP was partially used to finance a portion of the new government center. Debt service is provided by semi-annual payments funded by general County revenues.						
<u>I-Bank Loan</u>	10/01/2016	2046	3.75%	\$240 - \$320	6,000	5,883
Loan from the California Infrastructure & Economic Development Bank (I-Bank) 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.						
					<u>\$32,842</u>	<u>\$26,135</u>

State Notes

The loan from the California Energy Commission (CEC) is 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 \$140,000 annually.

2015	2030	1.00%	\$175	<u>\$2,197</u>	<u>\$2,056</u>
------	------	-------	-------	----------------	----------------

Pension Obligation Bonds

Used to refund the Unfunded Actuarial Accrued Liability (UAAL) due to the Pension Trust as of July 2, 2003, as determined by an outside actuary. Debt service payments are expected to be funded by County payroll benefits. 2003 Series A Standard Bonds and 2009 Series A Term Bonds in the amounts of \$44,305,000 and \$42,565,000 respectively, were paid off during the fiscal year.

<u>2003 Series C Capital Appreciation Bonds (CAB)</u>	7/2/2003	2031	5.27% - 5.73%	zero - \$15,000	\$44,199	\$144,480
<u>2003 Series C CABs Unaccrued Interest</u>					-	(45,073)
					<u>\$44,199</u>	<u>\$99,407</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2018
Business-Type Activities						
Certificates of Participation						
<u>US Department of Agriculture (USDA) 2009</u>	4/30/2009	2049	4.375%	\$6 - \$86	\$1,631	\$1,470
Used to finance a water system improvement project in County Service Area 23. Debt service is provided by water sales revenues.						
<u>2011 Refunding Lopez Dam Remediation</u>	5/12/2011	2030	2.0% - 5.5%	\$928 - \$934	11,990	8,840
Used to refund the 2000 A COP issue. The original COP was used to improve and retrofit the Lopez Dam. Debt service is provided by semi-annual lease payments made by the Lopez Flood Control District for the use of the retrofitted facilities.						
<u>2012 Series A</u>	10/15/2012	2028	0.5% - 5.0%	\$381 - \$475	5,323	3,867
Lease Revenue Refunding Bonds used to refund the 2002 A Certificates of Participation. The original COP was partially used to the finance the Dairy Creek Golf Course. Debt service is provided by semi-annual lease payments from the Dairy Creek Golf Course.						
<u>USDA 2013</u>	07/01/2013	2053	2.75%	\$18 - \$67	1,621	1,501
Used to finance a water system improvement project in County Service Area 10A. Debt service is provided by water sales revenues.						
					\$20,565	\$15,678

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2018
Business-Type Activities						

State Notes

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

Cayucos Water Treatment Facility	1998	2023	3.0315%	\$174	\$3,011	\$799
Lopez Recreation Area	2004	2024	2.5132%	\$21	325	115
Lopez Water Treatment Plant Upgrade	2006	2028	2.60%	\$1,672	25,945	16,992
Airport Fuel Farm	2007	2025	4.6557%	\$86	1,000	507
Los Osos Waste Water Project	2012	2046	2.0%	\$336-\$598	69,461	69,254
					\$99,742	\$87,667

Revenue Bonds

<u>2007 Nacimiento Pipeline Project Series B</u>	9/26/2007	2040	5.196% - 5.571%	\$2,132 - \$2,646	38,565	34,250
Used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts payable under water delivery contracts.						

2015 Nacimiento Water Project Revenue Refunding Bonds Series A

	8/5/2015	2038	3.0%-5.0%	\$2,603-\$8,097	107,115	107,115
The 2007 bonds were used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts, payable under water delivery contracts. The 2015 Series A Nacimiento Water Project Revenue Refunding Bonds were issued to provide funds to advance refund certain 2007 Series A Nacimiento Water Project Revenue Bonds.						

2018 Nacimiento Water Project Revenue Refunding Bonds Series A

	5/7/2018	2040	3.0% - 5.0%	\$1,063 - \$9,173	\$27,045	\$27,045
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.						
					\$172,725	\$168,410

General Obligation Bonds

<u>2011 Refunding - Lopez Dam Remediation</u>	5/12/2011	2030	2.0% - 5.5%	\$833 - \$840	\$10,760	\$7,925
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.						

Assessment Bonds

	2012	2037	2.75%	\$1,609 - \$3,245	\$83,129	\$76,746
Issued to the USDA to finance the construction of the Los Osos Wastewater Project. Debt service will be provided by amounts levied against property owners who benefit from the project.						

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Description of Long-Term Lease Arrangements

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

Description of Special Assessment Bonds

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

The County acts in an agent capacity for the assessment districts. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment principal outstanding at June 30, 2018, totals \$77,657 with interest rates from 2.52% to 6.85%.

Accrued Vacation and Sick Leave Pay and Compensatory Time Off

County employees have accumulated unpaid vested benefits for compensatory time off, sick leave and vacation earned of \$29,434 at June 30, 2018. The accumulated benefits will be liquidated in future years as employees elect to use them. In the normal course of business, all payments of these accumulated benefits will be funded from appropriations in the year in which they are to be paid.

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

Legal debt margin

State statutes limit the amount of general obligation debt a governmental entity may issue to 1.25% of its net assessed valuation. The current debt limitation for the County is \$667,700 with a margin of \$659,775.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2018, had an arbitrage liability of \$236,039.

Subsequent Events Related to Bonded Indebtedness and Long-Term Debt

The County plans to borrow up to \$14 million for a replacement Animal Services Shelter. The County and the Cities of Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach and San Luis Obispo are parties to a Memorandum of Agreement (MOA) for the allocation of construction and financing costs for a replacement Animal Services Shelter. The MOA provides the County sole discretion as to financing terms. While the debt will be issued by the County, the MOA commits each participating agency to contribute towards debt service based on their proportional use of the shelter.

Total project costs for the Animal Services Shelter are currently estimated at \$14.8 million, plus financing costs. Exact amounts will be known when bids are received. Based on estimated costs of \$14.8 million, the amount of the project to be financed is expected to be in the \$12-\$14 million range, with some portion of the total project being funded directly by the County. Certificates of Participation (COP) are the recommended bond structure under which security for the debt is secured by the constructed asset, the Animal Shelter. A bond term of 25-30 years is anticipated and consistent with County Debt Policy guidance that debt duration not exceed the useful life of the asset. Market pricing received in April 2018 for a COP structure indicated "all-in" interest cost (inclusive of issuance costs) of 3.54% for a 25-year term. An increase of 50 basis points was projected to produce an all-in interest cost of 4.03%. Both scenarios are within the estimated range of financing costs provided to the participating agencies in the MOA.

The County plans to refund the entire \$5,810,000 outstanding principal of the 2008 Series A Vineyard Drive Interchange COP along with the issuance of the new Animal Services Shelter financing. By combining the refunding of the Vineyard Drive COP with the Animal Services financing, the County will take advantage of the Vineyard Drive COP refunding opportunity with minimal additional effort to County staff and with reduced overall issuance costs compared to handling each debt individually.

The Vineyard Drive COP is backed by the County General Fund but debt service is paid for with developer fees. An April 2018 market update indicated a refunding would produce cash flow savings of \$908,927, or 11.59% of par, well above the County Debt Policy guideline of minimum 3% savings for undertaking refunding efforts. If market conditions change and do not indicate savings, the Vineyard Drive COP refunding will not be undertaken. At its July 16, 2018 meeting, the County's Debt Advisory Committee approved the recommendation to proceed with the refunding of the 2008 Series A Vineyard Drive Interchange COP in parallel with the Animal Services Shelter financing. The recommendation will be transmitted to the SLO County Financing Authority Board and to the Board of Supervisors as required.

11. NET POSITION/FUND BALANCES

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

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

Net Investment in Capital Assets at June 30, 2018, is as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 1,185,073
Business-type activities	283,410
	<u> </u>
Total	<u>\$ 1,468,483</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2018, is \$21,386 restricted due to enabling legislation.

Included in total restricted net position at June 30, 2018, is \$11,794 of Public Facility Fees and \$9,593 of Road Impact Fees restricted due to enabling legislation. The remaining \$8,449 of restricted net position is restricted due to restrictions imposed by creditors, grantors, or contributors.

Restricted net position at June 30, 2018, for governmental activities is as follows (in thousands):

	<u>Amount</u>
RESTRICTED FOR:	
<u>General Government</u>	
Purchase obligations for Board of Supervisors related professional services	\$ 1
Purchase obligations for Non-Departmental related professional services	7
Purchase obligations for Admin related professional services	39
Purchase obligations for Assessor related equipment and professional services	354
Purchase obligations for County Counsel related professional services	2
Purchase obligations for Human Resources related professional services	76
Purchase obligations for Utilities Management software and professional services	42
Purchase obligations for building maintenance projects	60
Purchase obligations for Information Technology related training, software and professional services	148
Purchase obligations for Auditor-Controller-Treasurer-Tax Collector related professional services	65
Purchase obligations for capital projects	51
Claims, contracts and other restrictions imposed by grantors or contributors	1,359
Total General Government	<u>2,204</u>
<u>Public Protection</u>	
Purchase obligations for Waste Management related professional services	17
Purchase obligations for Grand Jury related supplies	1
Purchase obligations for District Attorney software support and supplies	27
Purchase obligations for Sheriff-Coroner related training, professional services and supplies	78
Purchase obligations for Animal Services professional services	11
Purchase obligations for Probation related safety equipment	42
Purchase obligations for fire protection related software and equipment	1,454
Purchase obligations for Planning related professional services	909
Purchase obligations for capital projects	64
Purchase obligations for flood control related engineering and environmental services	602
Total Public Protection	<u>3,205</u>
<u>Health and Sanitation</u>	
Purchase obligations for Behavioral Health related professional services	77
Purchase obligations for Public Health related professional services	33
Total Health and Sanitation	<u>110</u>
<u>Public Ways and Facilities</u>	
Purchase obligations for Public Works related software and professional services	52
Purchase obligations for CSA 21 for related professional services	78
Road impact fees restricted by enabling legislation for road maintenance and construction	9,593
Public facilities fees restricted by enabling legislation for public facilities	11,794
Total Public Ways and Facilities	<u>21,517</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Recreation and Culture Services</u>			
Parks equipment and maintenance services	58		
<u>Public Assistance</u>			
Purchase obligation for Law Enforcement professional services	6		
<u>Education</u>			
Library equipment	24		
<u>Debt Service</u>			
Total Restricted Net Position	<table style="margin-left: auto; margin-right: 0;"> <tr> <td style="text-align: right;">2,712</td> </tr> <tr> <td style="text-align: right;"><u>\$ 29,836</u></td> </tr> </table>	2,712	<u>\$ 29,836</u>
2,712			
<u>\$ 29,836</u>			

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

Unrestricted net position at June 30, 2018, is as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ (217,606)
Business-type activities	<u>73,113</u>
Total	<u>\$ (144,493)</u>

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

- *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, 2018, are distributed as follows:

	General Fund	Capital Projects Fund	Pension Obligation Bonds Fund	Nonmajor Gov'tl Funds	Total
<u>Nonspendable:</u>					
Inventories	\$ 117	\$ -	\$ -	\$ -	\$ 117
Prepaid items	442	-	-	24	466
Advances to other funds	17,952	-	-	-	17,952
Subtotal	<u>18,511</u>	<u>-</u>	<u>-</u>	<u>24</u>	<u>18,535</u>
<u>Restricted for:</u>					
Tax reduction reserves	3,250	-	-	-	3,250
General Government programs	809	-	-	-	809
Public Protection programs	188	-	-	-	188
Mental Health Services Act	5,836	-	-	-	5,836
Public facilities	-	-	-	11,793	11,793
Traffic impact programs	-	-	-	9,593	9,593
Wildlife and grazing programs	-	-	-	35	35
Debt service	-	1,529	3	1,797	3,329
Subtotal	<u>10,083</u>	<u>1,529</u>	<u>3</u>	<u>23,218</u>	<u>34,833</u>

	General Fund	Capital Projects Fund	Pension Obligation Bonds Fund	Nonmajor Gov'tl Funds	Total
<u>Committed to:</u>					
Maintenance projects	10,924	-	-	-	10,924
Assessor projects	354	-	-	-	354
County Counsel services	302	-	-	-	302
Other general government	6,142	-	-	-	6,142
Fire equipment	2,717	-	-	-	2,717
Planning programs	909	-	-	-	909
Other public protection	890	-	-	-	890
Public health programs	958	-	-	-	958
Behavioral Health programs	76	-	-	-	76
Social Services' programs	56	-	-	-	56
Veterans' Services programs	105	-	-	-	105
Public works engineering & consulting services	1,066	-	-	-	1,066
Fish and game programs	-	-	-	176	176
Flood control programs	-	-	-	20,703	20,703
Lighting programs	-	-	-	455	455
Community development programs	-	-	-	296	296

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	General Fund	Capital Projects Fund	Pension Obligation Bonds Fund	Nonmajor Gov'tl Funds	Total
Emergency medical services	-	-	-	901	901
Roads	-	-	-	12,365	12,365
Community service areas	-	-	-	2,309	2,309
Driving under the influence programs	-	-	-	702	702
Library	-	-	-	3,673	3,673
Parks	-	-	-	3,356	3,356
Wildlife and grazing programs	-	-	-	5	5
General reserve	13,000	-	-	-	13,000
Internal financing	3,352	-	-	-	3,352
Solar plant safety	843	-	-	-	843
Solar plant mitigation	5,579	-	-	-	5,579
Automation projects	13,604	-	-	-	13,604
Building replacement	40,088	-	-	-	40,088
Organizational development	1,704	-	-	-	1,704
Tax reduction reserve	40,186	-	-	-	40,186
Lease financing	717	-	-	-	717
Capital Projects	-	16,451	-	-	16,451
Pension Obligation Bonds	8,929	-	-	-	8,929
Debt service	-	-	-	915	915
Subtotal	152,501	16,451	-	45,856	214,808

	General Fund	Capital Projects Fund	Pension Obligation Bonds Fund	Nonmajor Gov'tl Funds	Total
<u>Assigned to:</u>					
Tax reduction reserve	11,877	-	-	-	11,877
General government	2,996	-	-	-	2,996
Clerk-Recorder programs	1,017	-	-	-	1,017
Sheriff-Coroner programs	11,221	-	-	-	11,221
Probation programs	7,771	-	-	-	7,771
District Attorney programs	3,852	-	-	-	3,852
Waste Management programs	2,616	-	-	-	2,616
Planning programs	2,118	-	-	-	2,118
Emergency Services	1,268	-	-	-	1,268
Other public protection programs	4,393	-	-	-	4,393
Foster Care and Adoption programs	4,267	-	-	-	4,267
Veterans' Services programs	146	-	-	-	146
Public ways and facilities	1,361	-	-	-	1,361
Behavioral Health programs	16,844	-	-	-	16,844
Public Health programs	2,863	-	-	-	2,863
Parks projects	559	-	-	-	559
Subsequent Fiscal Year Budget	31,859	-	-	-	31,859
Imprest cash	117	-	-	-	117
Subtotal	107,145	-	-	-	107,145

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	General Fund	Capital Projects Fund	Pension Obligation Bonds Fund	Nonmajor Gov'tl Funds	Total
<u>Unassigned to:</u>					
Pension obligation bonds	-	-	(3,038)	-	(3,038)
Subtotal	-	-	(3,038)	-	(3,038)
Total	\$ 288,240	\$ 17,980	\$ (3,035)	\$ 69,098	\$ 372,283

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, 2018, to be reappropriated during the next fiscal year (in thousands):

<u>Function</u>	<u>Total Encumbrances</u>
General Government	\$ 1,496
Health & Sanitation	2,174
Public Protection	4,626
Public Assistance	382
Public Ways and Facilities	11,971
Education	221
Recreational and Cultural Services	1,315
Total Lapsing Encumbrances	<u>\$ 22,185</u>

13. OTHER COMMITMENTS

In 1965, San Luis Obispo County Flood Control and Water Conservation District (District) began payments in accordance with a contract with the State Department of Water Resources (DWR) for a water supply from the State Water Project. Estimated future principal payments for the State Water contract will total \$27,278 over the next 17 years. The estimated amounts vary by year. For example, the principal amount due in 2018 is \$982 while \$2,254 is due in 2035. In 1992 the District entered Water Supply Contracts, of like terms, with various sub-contractors which presently provide resources to cover approximately 85% of the capital costs. The contract with the DWR expires in 2035. A proposed project, the California WaterFix, would require a contract extension agreement for financing beyond 2035.

14. CONTINGENT LIABILITIES

The County is subject to various lawsuits, inverse condemnation cases, personnel actions, disputes over tax assessments, and other actions incidental to the ordinary course of County operations. In the opinion of the County Counsel, the total potential claims against the County not covered by insurance, resulting from litigation would not materially affect the financial statements of the County at June 30, 2018.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

15. LANDFILL POSTCLOSURE CARE COSTS

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

The remaining estimated liability for landfill postclosure costs as of June 30, 2018, is \$6,881 (in 2018 dollars). Of this, \$4,375 is for the Maintenance Cost and \$2,506 is the Corrective Action Cost. The cost estimates were provided by a licensed professional geologist in the Post Closure Maintenance Plan dated July 2017 and the Engineers Estimate of Corrective Action Update dated March 18, 2016. Both reports are required to be updated every five years. However, the actual cost of postclosure care may be higher (or lower) due to inflation, changes in technology, or changes in landfill laws and regulations. Therefore, the cost estimate will be reviewed and adjusted as needed for changes in these factors.

16. TAX ABATEMENTS

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

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

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

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

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

For the fiscal year ended June 30, 2018, the Agricultural Preserve Program tax abatements were \$14,069.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

17. DEFINED BENEFIT PENSION PLAN

Description of the System that Administers the Pension Plan

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

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

Plan Description

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

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

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

Tier 1	Tier 1 generally includes members hired before January 1, 2011. As of December 31, 2017, there were 1,284 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, 2017, there were 312 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, 2017, there were 974 active County employed members in Tier 3.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2017, are shown in the following table:

Tiers	Summary of Plan	Active members
Miscellaneous Tier 1	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	1,053 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.	260 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.	875 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.	80 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.	35 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.	151 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.	52 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.	64 members

Benefit Provisions

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

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

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

Description of the terms of the Plan's Deferred Retirement Option Program (DROP)

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

Contributions

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

PLAN	EMPLOYER CONTRIBUTION RATES	EMPLOYEE CONTRIBUTION RATES
Miscellaneous Tier 1	18.62-23.72%	14.59-22.97%
Miscellaneous Tier 2	18.62-23.72%	8.41-16.07%
Miscellaneous Tier 3	18.13-22.49%	7.77-15.43%
Probation Tier 1	20.04-20.11%	20.83-27.36%
Probation Tier 2	Not negotiated	Not negotiated
Probation Tier 3	19.54-19.61%	9.59-19.64%
Safety Tier 1	27.97-34.64%	19.12-30.79%
Safety Tier 2	27.97-34.64%	13.01-21.70%
Safety Tier 3	27.36-34.03%	11.81-18.74%

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, 2016	\$31,997
June 30, 2017	\$35,415
June 30, 2018	\$42,046

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 68.3% funded as of January 1, 2018; 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 68.3 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, 2017, was \$1,784,671. The County's share of the Plan's fiduciary net position was \$1,255,638 as of the same date. As of December 31, 2017, the Plan's fiduciary net position was 70.36% of the total pension liability.

At June 30, 2018, the County reported a liability of \$529,033 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of December 31, 2017.

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of January 1, 2017. The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015. Measurements as of December 31, 2017, are based on the fair value of assets on that date, and the Total Pension Liability as of the valuation date, January 1, 2017. The actuarial assumptions were rolled forward to the Pension Trust Plan's fiscal year-end of December 31, 2017. There were no significant events between the January 1, 2017 valuation date and the December 31, 2017 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, 2017, the County's proportionate share was 93.67%, compared to 93.10% at December 31, 2016, an increase of 0.57%.

For the year ended June 30, 2018, the County recognized pension expense of \$77,142. 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, 2017, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Deferred outflows of resources – change in proportion	\$ 3,178	\$ -
Deferred outflows and inflows of resources – difference between expected and actual experience	6,427	1,023
Deferred outflows of resources – changes in actuarial assumptions	34,893	-
Deferred outflows and inflows of resources – net difference between projected and actual earnings on pension plan investments	49,761	71,316
County contributions subsequent to the measurement date	21,561	-
	<u>\$ 115,820</u>	<u>\$ 72,339</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 \$21,561 for contributions for the fiscal year ending June 30, 2018 made subsequent to the measurement date of December 31, 2017.

The \$21,561 of subsequent contributions will be recognized as reduction of the net pension liability in the fiscal year ending June 30, 2019. 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, 2017, and is 4.9676 years. The difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended December 31, 2017 is also recognized over 4.9676 years.

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

Year Ending June 30	Net Deferred Outflows and Inflows of Resources (in thousands)
2019	\$ 24,309
2020	18,193
2021	(3,353)
2022	(17,229)
2023	-
Thereafter	-
Total	\$ 21,920

Actuarial Assumptions

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	30%	1.58%
Domestic Equities	20%	2.38%
International Equities	20%	6.05%
Alternative Investments	15%	3.77%
Real Estate	15%	4.57%

Discount Rate

The discount rate used to measure the total pension liability was 7.125%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	1% Decrease (in thousands) 6.125%	Discount Rate (in thousands) 7.125%	1% Increase (in thousands) 8.125%
All Employers' net pension liability (includes contract agencies)	\$ 823,172	\$564,775	\$352,821

Pension Plan Fiduciary Net Position

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

18. POST-EMPLOYMENT HEALTHCARE BENEFITS

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 funded 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 THE 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 retiree's death, qualified surviving spouses and dependents under the age of 23 are eligible to receive the OPEB benefit.

At June 30, 2018 a total of 4,198 employees were covered by the OPEB Plan's benefit terms:

Active Plan Members	3,077
Inactive Plan Members	996
Inactive Plan members entitled to but not yet receiving benefits	125
Total	<u>4,198</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. The amounts the County contributes toward retiree medical premiums depends on bargaining unit. In FY 17-18 the County provided the following to eligible retirees:

	<u>Non-management Employees</u>	<u>Management Employees</u>
Calendar Year 2017	\$128 per month	\$139 per month
Calendar Year 2018	\$133 per month	\$139 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, 2018, the funding was a combination of direct premium payments to contracted medical, dental and vision providers, plus a contribution of \$995 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 \$10.7 million as of June 30, 2018. The June 30, 2018 net OPEB Liability was determined by the actuary using roll-forward procedures from the actuarial valuation dated June 30, 2017. There were no significant events between the June 30, 2017 and the June 30, 2018 dates which impacted the OPEB Plan's GASB Statement No. 75 valuation roll-forward.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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.

The actuarial calculation for the County's scheduled reimbursements to actual and potential retirants is sufficiently small enough that the County's premium reimbursement is less than the recalculated health premium rates at each age; therefore, the County does not have a retiree premium implicit rate subsidy.

The total OPEB liability as of June 30, 2018 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.625%
Medical inflation	3.0%
Expensing method	Entry Age Normal cost method
Amortization growth rate	Level percentage of payroll over a rolling amortization period of 15 years
Reimbursement eligibility	40% of all retirants will apply for and receive the reimbursement
Salary increases	2.625% per annum
COLA increases	3.375% per annum
Investment rate of return	7.28%
Post-retirement mortality	RP-2000 Mortality Tables projected to the year 2021 with a 10-year "set-forward" for disabled lives

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015.

Discount Rate

The actuarially assumed discount rate of 7.28% 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. The periods of projected benefit payments to which the long-term expected rate of returns are applied is determined by the CERBT. Based on these assumptions, the OPEB Plan's fiduciary net position was projected to be available to make projected future benefit payments for current members for all future years. Therefore, the long-term expected rate of return on the OPEB Plan investments was applied to all periods of projected benefit payments to determine the total liability.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Asset Class	Target Allocation	Target Range	Geometric Return 1 -10 Years	Geometric Return 11 -60 Years
Global Equity	59%	plus/minus 5%	6.80%	8.90%
Fixed Income	25%	plus/minus 5%	3.10%	5.54%
Treasury Inflation-Protected Securities (TIPS)	5%	plus/minus 3%	2.25%	4.38%
Global Real Estate Investment Trusts (REITs)	8%	plus/minus 5%	5.50%	5.79%
Commodities	3%	plus/minus 3%	-	-
Cash	-	plus 2%	-	-

The long-term expected real rate of return for Strategy 1 is assumed to be 4.53%. The long-term annualized expected real rate of investment returns, net of expenses, for the CERBT Strategy 1 portfolio is a geometric representation of the combined compound returns for time periods 1 – 10 years and 11-60 years.

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:

	Total OPEB Liability	<i>Less</i>	Plan Fiduciary Net Position	<i>Equals</i>	Net OPEB Liability
Balances as of June 30, 2017	\$26,775		\$15,860		\$10,915
Projected Changes for fiscal year-end June 30, 2018:					
Service Cost	688		-		688
Interest Cost	1,949		-		1,949
Actuarial Gains/Losses	-		-		-
Change in Assumptions	-		-		-
Net Investment Income	-		1,155		(1,155)
Benefit Payments	(1,690)		(1,690)		-
Employer Contributions	-		1,707		(1,707)
Administrative Expenses	-		(7)		7
Net Projected Changes	947		1,165		(216)
Projected Balances as of June 30, 2018	\$27,722		\$17,025		\$10,697

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.

At June 30, 2018, the OPEB Plan's fiduciary net position was 61.41% of the total OPEB liability.

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 7.28%, as well as what the liability would be if it were calculated using a discount rate that is one percentage-point lower, 6.28%, or one percentage-point higher, 8.28%, than the current rate:

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	1% Decrease (in thousands) <u>6.28%</u>	Discount Rate (in thousands) <u>7.28%</u>	1% Increase (in thousands) <u>8.28%</u>
Net OPEB Liability	\$ 29,435	\$26,775	\$23,417

The Public Employees' Medical and Hospital Care Act (PEMHA) established minimum employer contributions toward medical benefits for employers' participating in the CalPERS Health Program. Although the County does not participate in the CalPERS Health Program, the County's practice is to contribute the minimum (PEMHA) benefit amount to eligible county retirees and their dependents. Consequently, the actuary determined the County's net OPEB liability to be independent of healthcare cost trend rates, and a sensitivity analysis for healthcare costs was not performed.

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

For the year ended June 30, 2018, the County recognized OPEB expense of \$1,158. 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, 2018, 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	\$ -	\$ -
Deferred outflows of resources – changes in actuarial assumptions	-	-
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	-	-
County contributions subsequent to the measurement date	995	-
	<u>\$ 995</u>	<u>\$ -</u>

In the current fiscal year there were no amortizable amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB that will be recognized in future pension expense.

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. CHANGE IN ACCOUNTING PRINCIPLE

In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, to improve accounting and financial reporting by state and local governments for other post-employment benefits (OPEB).

As of July 1, 2017, the County implemented Statement No. 75, decreasing beginning net position in the government-wide statements by \$12.1 million (\$12.0 million in governmental activities and \$111

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

thousand in business-type activities), to remove a \$1.1 million net OPEB asset reported in FY 2017-2018 under prior accounting standards, and to establish a beginning net OPEB liability of \$10.9 million.

The portion of the restatement reportable in the Fund Financial Statements was \$57 thousand in the Airport Enterprise Fund, \$54 thousand the Golf Enterprise Fund, \$924 thousand in the Public Works Internal Service Fund, and \$54 thousand in the Garage Internal Service Fund.

The discretely presented component unit, First 5 San Luis Obispo County, did not record an OPEB obligation.

20. PRIOR PERIOD ADJUSTMENTS

The County recorded a prior period adjustment of \$2.0 million in the government-wide statements to reflect the addition of the long-term component of the PG&E CEC loan received by the County in FY 16-17. The loan supports energy-efficiency upgrades in County facilities.

21. SUBSEQUENT EVENTS

Current provisions of the County's Retirement Plan permit the County to prepay its obligation to the Pension Trust on an annual basis. On July 15, 2018, the County made an advance payment of \$53.2 million representing the County's FY 2018-19 employer retirement and employer paid portion of employee normal retirement contributions to the Pension Trust. The prepayment resulted in a savings of \$1.5 million to the County.

On July 6, 2017 the Cayucos Fire Protection District (Cayucos Fire) Board of Directors filed an application for dissolution of Cayucos Fire. On July 5, 2018, the County and Cayucos Fire agreed to terms of dissolution, with the County agreeing to take over operations of Cayucos Fire. The County anticipates assuming Cayucos Fire operations in November 2018. In FY 18-19 the Cayucos Fire revenues were budgeted at \$595 thousand and expenditures were budgeted at \$811 thousand.

REQUIRED SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of the County's Proportionate Share of the San Luis Obispo County Pension Plan's Net Pension Liability
- Schedule of the County's Contributions to the San Luis Obispo County Pension Plan
- Other Post-Employment Benefits (OPEB) Plan Schedule of 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 31st	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered- employee payroll	County's proportionate share of the net pension liability as a percentage of covered-employee 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%

*In accordance with paragraph 81.a of GASB Statement No. 68 effective June 30, 2014, employers must disclose a 10-year history of their proportionate share of the pension plan's net pension liability. Additional years will be presented as they become available.

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

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

Fiscal year ending June 30 th	Actuarially required contributions	Actual contributions	Contribution deficiency (excess)	County's covered- employee payroll	County's actual contributions as a percentage of covered- employee payroll
2014	\$ 30,956	\$ 28,867 ^	\$ 2,089	\$ 155,754 **	18.53%
2015	\$ 30,687	\$ 30,174 ^	\$ 513	\$ 162,273 **	18.59%
2016	\$ 32,839	\$ 31,997 ^	\$ 843	\$ 170,552 **	18.76%
2017	\$ 35,066	\$ 35,415 ^	\$ (349)	\$ 181,338 **	19.53%
2018	\$ 45,153	\$ 42,046 ^	\$ 3,107	\$ 190,135	22.11%

*In accordance with paragraph 81.a of GASB Statement No. 68 effective June 30, 2014, employers must disclose a 10-year history of their contributions to the pension plan. Additional years will be presented as they become available.

^Restated 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.

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* (in thousands)**

Total OPEB Liability:	
Service cost	\$ 688
Interest	1,949
Actual gains/losses	-
Change in assumptions	-
Benefit payments	<u>(1,690)</u>
Net change in total OPEB liability	<u>947</u>
Total OPEB liability - beginning	<u>26,775</u>
Total OPEB liability - ending (a)	<u><u>\$ 27,722</u></u>
Plan Fiduciary net position:	
Employer contributions	\$ 1,707
Net investment income	1,155
Benefit payments	(1,690)
Administrative expense	<u>(7)</u>
Net change in plan fiduciary net position	<u>1,165</u>
Plan fiduciary net position - beginning	<u>15,860</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 17,025</u></u>
County's net OPEB liability - ending (a) - (b)	<u><u>\$ 10,697</u></u>
Plan fiduciary net position as a percentage of the total OPEB liability	61.4%
Covered-employee payroll	\$ 190,136
County's net OPEB liability as a percentage of covered-employee payroll	5.6%

*Employers must disclose a 10-year history of changes in the OPEB Plan. Additional years will be presented as they become available.

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

Fiscal Year Ended June 30th	Actuarially Determined Contribution (ADC)	Plan Contributions	Plan Contributions Over/(Under) ADC	Annual Covered-Employee Payroll	Plan Contributions as a % of Covered-Employee Payroll
2017	\$ 1,707	\$ 1,420	\$ (287)	\$ 181,338	0.78%

*Employers must disclose a 10-year history of OPEB Plan actuarially determined contributions. Additional years will be presented as they become available.

**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, 2018 (In Thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 181,174	\$ 181,174	\$ 188,853	\$ 7,679
Licenses, permits, and franchises	10,263	10,263	11,139	876
Fines, forfeitures, and penalties	3,825	4,119	4,179	60
Use of money and property	2,230	2,230	1,627	(603)
Aid from other governments	236,183	243,955	237,095	(6,860)
Charges for services	31,809	34,139	33,708	(431)
Other revenues	4,258	9,886	5,226	(4,660)
Total Revenues	469,742	485,766	481,827	(3,939)
Expenditures:				
Current:				
General government	54,138	67,820	50,601	17,219
Public protection	177,258	187,225	171,187	16,038
Public ways and facilities	4,358	10,603	7,292	3,311
Health and sanitation	97,297	100,893	93,736	7,157
Public assistance	121,813	124,994	116,291	8,703
Education	585	588	568	20
Contingencies	24,103	21,165	-	21,165
Total Expenditures	479,552	513,288	439,675	73,613
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,810)	(27,522)	42,152	69,674
Other Financing Sources (Uses):				
Transfers in	2,718	3,846	1,276	(2,570)
Transfers out	(29,405)	(36,876)	(43,945)	(7,069)
Total Other Financing Sources (Uses)	(26,687)	(33,030)	(42,669)	(9,639)
Net Change in Fund Balances	(36,497)	(60,552)	(517)	60,035
Fund Balances, Beginning	223,365	223,365	223,365	-
Fund Balances, Ending	<u>\$ 186,868</u>	<u>\$ 162,813</u>	<u>\$ 222,848</u>	<u>\$ 60,035</u>

**COUNTY OF SAN LUIS OBISPO
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2018 (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	\$ 481,827
Revenues for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	<u>1,417</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 483,244</u></u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	\$ 439,675
Expenditures for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	<u>9,844</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 449,519</u></u>

Other Financing Sources (Uses) of Resources

Actual amounts (budgetary basis) "Total Other Financing Sources (Uses)" from the budgetary comparison schedule	\$ (42,669)
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>(88)</u>
Total Other Financing Sources (Uses) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ (42,757)</u></u>

**COUNTY OF SAN LUIS OBISPO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2018**

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 (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, 2018 the Board of Supervisors approved all necessary supplemental appropriations. Generally, the effects of the supplemental appropriations are to increase the budget for cost of living adjustments and new programs and grants financed by other governmental agencies.

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

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

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

B. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATION

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

OTHER SUPPLEMENTARY INFORMATION



**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**



NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS:

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

San Luis Obispo County Public Facilities Corporation (PFC)

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

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.

SPECIAL REVENUE FUNDS:

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

Community Development Program

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

County Medical Services Program (CMSP)

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

Emergency Medical Services

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

Driving Under the Influence Programs

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

Fish and Game

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

Road Impact Fees

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Library

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

Parks

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

Public Facilities Fees

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

Roads

Accounts for resources used to maintain the County road system.

Wildlife and Grazing

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

SPECIAL REVENUE SPECIAL DISTRICT FUNDS:

Flood Control Districts

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

Lighting Districts

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

County Service Areas

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

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2018 (In Thousands)**

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Cash and cash equivalents	\$ 916	\$ 66,965	\$ 67,881
Restricted cash with fiscal agent	1,797	-	1,797
Accrued property taxes receivable	-	1	1
Accounts receivable	-	100	100
Due from other governments	-	4,000	4,000
Loans receivable	-	23,578	23,578
Advances to other funds	-	3,223	3,223
Prepaid items	-	24	24
Other assets	1,207	40	1,247
	<u>1,207</u>	<u>40</u>	<u>1,247</u>
 Total assets	 <u>\$ 3,920</u>	 <u>\$ 97,931</u>	 <u>\$ 101,851</u>
<u>Liabilities</u>			
Salaries and benefits payable	\$ -	\$ 530	\$ 530
Accounts payable	-	3,235	3,235
Deposits from others	-	1,688	1,688
Unearned revenue	-	166	166
Other current liabilities	1,208	-	1,208
Due to other funds	-	310	310
Advances from other funds	-	429	429
	<u>1,208</u>	<u>6,358</u>	<u>7,566</u>
 Total liabilities	 <u>1,208</u>	 <u>6,358</u>	 <u>7,566</u>
<u>Deferred Inflows of Resources</u>			
Unavailable revenue	-	1,609	1,609
Deferred loans	-	23,578	23,578
	<u>-</u>	<u>25,187</u>	<u>25,187</u>
 Total deferred inflows of resources	 <u>-</u>	 <u>25,187</u>	 <u>25,187</u>
<u>Fund Balance</u>			
Nonspendable	-	24	24
Restricted	1,797	21,421	23,218
Committed	915	44,941	45,856
	<u>2,712</u>	<u>66,386</u>	<u>69,098</u>
 Total fund balances	 <u>2,712</u>	 <u>66,386</u>	 <u>69,098</u>
 Total liabilities, deferred inflows of resources, and fund balances	 <u>\$ 3,920</u>	 <u>\$ 97,931</u>	 <u>\$ 101,851</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, 2018 (In Thousands)**

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Taxes	\$ -	\$ 14,730	\$ 14,730
Licenses, permits, and franchises	-	1	1
Fines, forfeitures, and penalties	-	963	963
Use of money and property	20	535	555
Aid from other governments	-	25,089	25,089
Charges for services	2,076	12,666	14,742
Other revenues	-	769	769
	<u>2,096</u>	<u>54,753</u>	<u>56,849</u>
<u>Expenditures</u>			
Current:			
Public protection	-	3,988	3,988
Public ways and facilities	-	34,962	34,962
Health and sanitation	-	6,149	6,149
Public assistance	-	775	775
Education	-	11,072	11,072
Recreation and cultural services	-	10,358	10,358
Debt service:			
Principal payments	1,159	-	1,159
Interest and fiscal charges	917	-	917
	<u>2,076</u>	<u>67,304</u>	<u>69,380</u>
Excess (deficiency) of revenues over (under) expenditures	<u>20</u>	<u>(12,551)</u>	<u>(12,531)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	-	22,594	22,594
Transfers out	-	(6,123)	(6,123)
Total other financing sources (uses)	<u>-</u>	<u>16,471</u>	<u>16,471</u>
Net change in fund balances	20	3,920	3,940
Fund balances - beginning	<u>2,692</u>	<u>62,466</u>	<u>65,158</u>
Fund balances - ending	<u>\$ 2,712</u>	<u>\$ 66,386</u>	<u>\$ 69,098</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICES FUNDS
JUNE 30, 2018 (In Thousands)**

	Debt Service Public Facilities Corporation	Debt Service Financing Authority	Total Nonmajor Debt Service Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 898	\$ 18	\$ 916
Restricted cash with fiscal agent	458	1,339	1,797
Other assets	330	877	1,207
Total assets	\$ 1,686	\$ 2,234	\$ 3,920
<u>Liabilities and Fund Balance</u>			
<u>Liabilities</u>			
Other current liabilities	\$ 331	\$ 877	\$ 1,208
Total liabilities	331	877	1,208
<u>Fund Balances</u>			
Restricted	458	1,339	1,797
Committed	897	18	915
Total fund balances	1,355	1,357	2,712
Total liabilities and fund balances	\$ 1,686	\$ 2,234	\$ 3,920

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICES FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Debt Service Public Facilities Corporation	Debt Service Financing Authority	Total Nonmajor Debt Service Funds
<u>Revenues</u>			
Use of money and property	\$ -	\$ 20	\$ 20
Charges for services	757	1,319	2,076
Total revenues	<u>757</u>	<u>1,339</u>	<u>2,096</u>
<u>Expenditures</u>			
Debt service:			
Principal payments	315	844	1,159
Interest and fiscal charges	442	475	917
Total expenditures	<u>757</u>	<u>1,319</u>	<u>2,076</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>20</u>	<u>20</u>
<u>Other financing sources (uses)</u>			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	20	20
Fund balances - beginning	<u>1,355</u>	<u>1,337</u>	<u>2,692</u>
Fund balances - ending	<u>\$ 1,355</u>	<u>\$ 1,357</u>	<u>\$ 2,712</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018 (In Thousands)**

	Community Development	CMSP	Emergency Medical Services	Driving Under the Influence Programs
<u>Assets</u>				
Cash and cash equivalents	\$ 1,683	\$ -	\$ 350	\$ 740
Accrued property taxes receivable	-	-	-	-
Accounts receivable, net	-	-	-	-
Due from other governments	-	-	551	-
Loans receivable	23,578	-	-	-
Advances to other funds	-	-	-	-
Prepaid items	-	-	-	4
Other assets	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 25,261</u>	<u>\$ -</u>	<u>\$ 901</u>	<u>\$ 744</u>
<u>Liabilities</u>				
Salaries and benefits payable	\$ -	\$ -	\$ -	\$ 31
Accounts payable	347	-	-	6
Deposits from others	1,040	-	-	-
Unearned revenue	-	-	-	-
Due to other funds	-	-	-	-
Advances from other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>1,387</u>	<u>-</u>	<u>-</u>	<u>37</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	-	-	-	-
Deferred loans	23,578	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>23,578</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>				
Nonspendable	-	-	-	4
Restricted	-	-	-	-
Committed	296	-	901	703
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>296</u>	<u>-</u>	<u>901</u>	<u>707</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,261</u>	<u>\$ -</u>	<u>\$ 901</u>	<u>\$ 744</u>

Continued

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018 (In Thousands)**

	Fish and Game	Road Impact Fees	Library	Parks	Public Facilities Fees
Assets					
Cash and cash equivalents	\$ 192	\$ 9,593	\$ 4,021	\$ 4,572	\$ 11,793
Accrued property taxes receivable	-	-	-	-	-
Accounts receivable, net	-	-	-	100	-
Due from other governments	-	-	-	-	-
Loans receivable	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Prepaid items	-	-	-	20	-
Other assets	-	-	-	-	-
Total assets	\$ 192	\$ 9,593	\$ 4,021	\$ 4,692	\$ 11,793
Liabilities					
Salaries and benefits payable	\$ -	\$ -	\$ 242	\$ 257	\$ -
Accounts payable	14	-	104	557	-
Deposits from others	-	-	-	150	-
Unearned revenue	-	-	-	-	-
Due to other funds	-	-	-	-	-
Advances from other funds	-	-	-	353	-
Total liabilities	14	-	346	1,317	-
Deferred Inflows of Resources					
Unavailable revenue	-	-	-	-	-
Deferred loans	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
Fund Balances					
Nonspendable	-	-	-	20	-
Restricted	-	9,593	-	-	11,793
Committed	178	-	3,675	3,355	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	178	9,593	3,675	3,375	11,793
Total liabilities, deferred inflows of resources, and fund balances	\$ 192	\$ 9,593	\$ 4,021	\$ 4,692	\$ 11,793

Continued

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2018 (In Thousands)**

	Roads	Wildlife Grazing	Special Districts	Total Nonmajor Special Revenue Funds
Assets				
Cash and cash equivalents	\$ 12,992	\$ 40	\$ 20,989	\$ 66,965
Accrued property taxes receivable	-	-	1	1
Accounts receivable, net	-	-	-	100
Due from other governments	2,982	-	467	4,000
Loans receivable	-	-	-	23,578
Advances to other funds	-	-	3,223	3,223
Prepaid items	-	-	-	24
Other assets	40	-	-	40
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 16,014</u>	<u>\$ 40</u>	<u>\$ 24,680</u>	<u>\$ 97,931</u>
Liabilities				
Salaries and benefits payable	\$ -	\$ -	\$ -	\$ 530
Accounts payable	1,843	-	364	3,235
Deposits from others	498	-	-	1,688
Unearned revenue	166	-	-	166
Due to other funds	-	-	310	310
Advances from other funds	-	-	76	429
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>2,507</u>	<u>-</u>	<u>750</u>	<u>6,358</u>
Deferred Inflows of Resources				
Unavailable revenue	1,142	-	467	1,609
Deferred loans	-	-	-	23,578
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>1,142</u>	<u>-</u>	<u>467</u>	<u>25,187</u>
Fund Balances				
Nonspendable	-	-	-	24
Restricted	-	35	-	21,421
Committed	12,365	5	23,463	44,941
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>12,365</u>	<u>40</u>	<u>23,463</u>	<u>66,386</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 16,014</u>	<u>\$ 40</u>	<u>\$ 24,680</u>	<u>\$ 97,931</u>

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Community Development	CMSP	Emergency Medical Services	Driving Under the Influence Programs
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	935	-
Use of money and property	1	1	1	4
Aid from other governments	4,261	31	-	-
Charges for services	-	-	-	1,397
Other revenues	1	-	-	1
	<u>4,263</u>	<u>32</u>	<u>936</u>	<u>1,402</u>
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	-
Public ways and facilities	-	-	-	-
Health and sanitation	6,149	-	-	-
Public assistance	-	-	775	-
Education	-	-	-	1,233
Recreation and cultural services	-	-	-	-
	<u>6,149</u>	<u>-</u>	<u>775</u>	<u>1,233</u>
Total expenditures	<u>6,149</u>	<u>-</u>	<u>775</u>	<u>1,233</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,886)</u>	<u>32</u>	<u>161</u>	<u>169</u>
<u>Other financing sources (uses)</u>				
Transfers in	1,454	-	-	-
Transfers out	-	(794)	-	(30)
	<u>1,454</u>	<u>(794)</u>	<u>-</u>	<u>(30)</u>
Total other financing sources (uses)	<u>1,454</u>	<u>(794)</u>	<u>-</u>	<u>(30)</u>
Net change in fund balances	(432)	(762)	161	139
Fund balances - beginning	728	762	740	568
Fund balances - ending	<u>\$ 296</u>	<u>\$ -</u>	<u>\$ 901</u>	<u>\$ 707</u>

Continued

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES (Continued)
 NONMAJOR SPECIAL REVENUE FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Fish and Game	Road Impact Fees	Library	Parks	Public Facilities Fees
<u>Revenues</u>					
Taxes	\$ -	\$ -	\$ 8,959	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	1	-
Fines, forfeitures, and penalties	27	-	-	1	-
Use of money and property	-	73	18	164	106
Aid from other governments	-	-	153	213	-
Charges for services	-	2,553	133	5,590	2,275
Other revenues	-	-	485	76	-
	<u>27</u>	<u>2,626</u>	<u>9,748</u>	<u>6,045</u>	<u>2,381</u>
<u>Expenditures</u>					
Current:					
Public protection	23	-	-	-	-
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Education	-	-	9,839	-	-
Recreation and cultural services	-	-	-	10,358	-
	<u>23</u>	<u>-</u>	<u>9,839</u>	<u>10,358</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4</u>	<u>2,626</u>	<u>(91)</u>	<u>(4,313)</u>	<u>2,381</u>
<u>Other financing sources (uses)</u>					
Transfers in	-	-	667	4,331	-
Transfers out	-	(1,306)	(243)	(189)	(3,360)
	<u>-</u>	<u>(1,306)</u>	<u>424</u>	<u>4,142</u>	<u>(3,360)</u>
Net change in fund balances	4	1,320	333	(171)	(979)
Fund balances - beginning	<u>174</u>	<u>8,273</u>	<u>3,342</u>	<u>3,546</u>	<u>12,772</u>
Fund balances - ending	<u>\$ 178</u>	<u>\$ 9,593</u>	<u>\$ 3,675</u>	<u>\$ 3,375</u>	<u>\$ 11,793</u>

Continued

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Roads	Wildlife and Grazing	Special Districts	Total Nonmajor Special Revenue Funds
<u>Revenues</u>				
Taxes	\$ 1,804	\$ -	\$ 3,967	\$ 14,730
Licenses, permits, and franchises	-	-	-	1
Fines, forfeitures, and penalties	-	-	-	963
Use of money and property	58	-	109	535
Aid from other governments	20,159	19	253	25,089
Charges for services	180	-	538	12,666
Other revenues	201	-	5	769
	<u>22,402</u>	<u>19</u>	<u>4,872</u>	<u>54,753</u>
<u>Expenditures</u>				
Current:				
Public protection	-	2	3,963	3,988
Public ways and facilities	34,871	-	91	34,962
Health and sanitation	-	-	-	6,149
Public assistance	-	-	-	775
Education	-	-	-	11,072
Recreation and cultural services	-	-	-	10,358
	<u>34,871</u>	<u>2</u>	<u>4,054</u>	<u>67,304</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,469)</u>	<u>17</u>	<u>818</u>	<u>(12,551)</u>
<u>Other financing sources (uses)</u>				
Transfers in	13,500	-	2,642	22,594
Transfers out	-	-	(201)	(6,123)
	<u>13,500</u>	<u>-</u>	<u>2,441</u>	<u>16,471</u>
Net change in fund balances	1,031	17	3,259	3,920
Fund balances - beginning	11,334	23	20,204	62,466
Fund balances - ending	<u>\$ 12,365</u>	<u>\$ 40</u>	<u>\$ 23,463</u>	<u>\$ 66,386</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS – SPECIAL DISTRICTS
JUNE 30, 2018 (In Thousands)**

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 18,405	\$ 455	\$ 2,129	\$ 20,989
Accrued property taxes receivable	-	-	1	1
Due from other governments	467	-	-	467
Advances to other funds	2,968	-	255	3,223
	<u>21,840</u>	<u>455</u>	<u>2,385</u>	<u>24,680</u>
Total assets	<u>\$ 21,840</u>	<u>\$ 455</u>	<u>\$ 2,385</u>	<u>\$ 24,680</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable	\$ 364	\$ -	\$ -	\$ 364
Due to other funds	310	-	-	310
Advances from other funds	-	-	76	76
	<u>674</u>	<u>-</u>	<u>76</u>	<u>750</u>
Total liabilities	<u>674</u>	<u>-</u>	<u>76</u>	<u>750</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	467	-	-	467
	<u>467</u>	<u>-</u>	<u>-</u>	<u>467</u>
Total deferred inflows of resources	<u>467</u>	<u>-</u>	<u>-</u>	<u>467</u>
<u>Fund Balances</u>				
Nonspendable	-	-	-	-
Committed	20,699	455	2,309	23,463
	<u>20,699</u>	<u>455</u>	<u>2,309</u>	<u>23,463</u>
Total fund balances	<u>20,699</u>	<u>455</u>	<u>2,309</u>	<u>23,463</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 21,840</u>	<u>\$ 455</u>	<u>\$ 2,385</u>	<u>\$ 24,680</u>

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR SPECIAL REVENUE FUNDS – SPECIAL DISTRICTS
 FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>Revenues</u>				
Taxes	\$ 3,549	\$ 37	\$ 381	\$ 3,967
Use of money and property	91	3	15	109
Aid from other governments	251	-	2	253
Charges for services	523	11	4	538
Other revenues	-	5	-	5
	<u>4,414</u>	<u>56</u>	<u>402</u>	<u>4,872</u>
<u>Expenditures</u>				
Current:				
Public protection	3,898	65	-	3,963
Public ways and facilities	-	-	91	91
	<u>3,898</u>	<u>65</u>	<u>91</u>	<u>4,054</u>
Excess (deficiency) of revenues over (under) expenditures	<u>516</u>	<u>(9)</u>	<u>311</u>	<u>818</u>
<u>Other financing sources (uses)</u>				
Transfers in	2,474	-	168	2,642
Transfers out	(141)	-	(60)	(201)
	<u>2,333</u>	<u>-</u>	<u>108</u>	<u>2,441</u>
Net change in fund balances	2,849	(9)	419	3,259
Fund balances - beginning	<u>17,850</u>	<u>464</u>	<u>1,890</u>	<u>20,204</u>
Fund balances - ending	<u>\$ 20,699</u>	<u>\$ 455</u>	<u>\$ 2,309</u>	<u>\$ 23,463</u>

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



**COUNTY OF SAN LUIS OBISPO
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Fines, forfeitures, and penalties	\$ -	\$ -	\$ 455	\$ 455
Use of money and property	-	-	175	175
Aid from other governments	-	3,295	476	(2,819)
Charges for services	50	1,757	1,343	(414)
Other revenues	-	40	257	217
	<u>50</u>	<u>5,092</u>	<u>2,706</u>	<u>(2,386)</u>
<u>Expenditures</u>				
Capital outlay	2,587	25,557	11,828	13,729
	<u>2,587</u>	<u>25,557</u>	<u>11,828</u>	<u>13,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,537)</u>	<u>(20,465)</u>	<u>(9,122)</u>	<u>11,343</u>
<u>Other financing sources (uses)</u>				
Transfers in	2,062	12,976	4,335	(8,641)
Transfers out	-	(216)	(216)	-
	<u>2,062</u>	<u>12,760</u>	<u>4,119</u>	<u>(8,641)</u>
Net change in fund balances	(475)	(7,705)	(5,003)	2,702
Fund balances - beginning	22,983	22,983	22,983	-
Fund balances - ending	<u>\$ 22,508</u>	<u>\$ 15,278</u>	<u>\$ 17,980</u>	<u>\$ 2,702</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, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	757	757
Total revenues	-	-	757	757
<u>Expenditures</u>				
Debt service:				
Principal payments	-	-	315	(315)
Interest and fiscal charges	-	-	442	(442)
Total expenditures	-	-	757	(757)
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	1,355	1,355	1,355	-
Fund balances - ending	\$ 1,355	\$ 1,355	\$ 1,355	\$ -

**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, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ -	\$ 3,787	\$ -	\$ (3,787)
Use of money and property	90	90	385	295
Other revenues	11,079	14,915	617	(14,298)
	<u>11,169</u>	<u>18,792</u>	<u>1,002</u>	<u>(17,790)</u>
<u>Expenditures</u>				
Debt service:				
Principal payments	7,265	49,830	49,830	-
Interest and fiscal charges	3,373	6,415	10,749	(4,334)
	<u>10,638</u>	<u>56,245</u>	<u>60,579</u>	<u>(4,334)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>531</u>	<u>(37,453)</u>	<u>(59,577)</u>	<u>(22,124)</u>
<u>Other financing sources (uses)</u>				
Transfers in	2,000	2,000	25,584	23,584
	<u>2,000</u>	<u>2,000</u>	<u>25,584</u>	<u>23,584</u>
Net change in fund balances	2,531	(35,453)	(33,993)	1,460
Fund balances - beginning	30,958	30,958	30,958	-
Fund balances - ending	<u>\$ 33,489</u>	<u>\$ (4,495)</u>	<u>\$ (3,035)</u>	<u>\$ 1,460</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, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ -	\$ -	\$ 20	\$ 20
Charges for services	-	-	1,319	1,319
Total revenues	-	-	1,339	1,339
<u>Expenditures</u>				
Debt service:				
Principal payments			844	(844)
Interest and fiscal charges	-	-	475	(475)
Total expenditures	-	-	1,319	(1,319)
Excess (deficiency) of revenues over (under) expenditures	-	-	20	20
Net change in fund balances	-	-	20	20
Fund balances - beginning	1,337	1,337	1,337	-
Fund balances - ending	\$ 1,337	\$ 1,337	\$ 1,357	\$ 20

**COUNTY OF SAN LUIS OBISPO
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ -	\$ -	\$ 1	\$ 1
Aid from other governments	3,276	7,313	4,261	(3,052)
Other revenues	-	-	1	1
	<u>3,276</u>	<u>7,313</u>	<u>4,263</u>	<u>(3,050)</u>
<u>Expenditures</u>				
Current:				
Health and sanitation				
Services and supplies	1,342	1,385	1,841	(456)
Other charges	2,888	7,382	4,308	3,074
Contingencies	44	44	-	44
	<u>4,274</u>	<u>8,811</u>	<u>6,149</u>	<u>2,662</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(998)</u>	<u>(1,498)</u>	<u>(1,886)</u>	<u>(388)</u>
<u>Other financing sources (uses)</u>				
Transfers in	954	1,454	1,454	-
	<u>954</u>	<u>1,454</u>	<u>1,454</u>	<u>-</u>
Net change in fund balances	(44)	(44)	(432)	(388)
Fund balances - beginning	728	728	728	-
Fund balances - ending	<u>\$ 684</u>	<u>\$ 684</u>	<u>\$ 296</u>	<u>\$ (388)</u>

**COUNTY OF SAN LUIS OBISPO
COUNTY MEDICAL SERVICES PROGRAM (CMSP) SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ -	\$ -	\$ 1	\$ 1
Aid from other governments	-	-	31	31
Charges for services	-	-	-	-
Other revenues	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	-	32	32
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Expenditures</u>				
Current:				
Public assistance				
Salaries, wages, and benefits	-	-	-	-
Services and supplies	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	-	-	32	32
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers out	-	(794)	(794)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	(794)	(794)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	(794)	(762)	32
Fund balances - beginning	762	762	762	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - ending	\$ 762	\$ (32)	\$ -	\$ 32
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**COUNTY OF SAN LUIS OBISPO
EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Fines, forfeitures, and penalties	\$ 800	\$ 800	\$ 935	\$ 135
Use of money and property	1	1	1	-
Total revenues	<u>801</u>	<u>801</u>	<u>936</u>	<u>135</u>
<u>Expenditures</u>				
Current:				
Public assistance				
Services and supplies	<u>801</u>	<u>1,122</u>	<u>775</u>	<u>347</u>
Total expenditures	<u>801</u>	<u>1,122</u>	<u>775</u>	<u>347</u>
Net change in fund balances	-	(321)	161	482
Fund balances - beginning	<u>740</u>	<u>740</u>	<u>740</u>	<u>-</u>
Fund balances - ending	<u>\$ 740</u>	<u>\$ 419</u>	<u>\$ 901</u>	<u>\$ 482</u>

**COUNTY OF SAN LUIS OBISPO
DRIVING UNDER THE INFLUENCE PROGRAMS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ 2	\$ 2	\$ 4	\$ 2
Charges for services	1,284	1,284	1,397	113
Other revenues	35	35	1	(34)
Total revenues	<u>1,321</u>	<u>1,321</u>	<u>1,402</u>	<u>81</u>
<u>Expenditures</u>				
Current:				
Education				
Salaries, wages, and benefits	876	876	825	51
Service and supplies	428	428	408	20
Contingencies	33	33	-	33
Total expenditures	<u>1,337</u>	<u>1,337</u>	<u>1,233</u>	<u>104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(16)</u>	<u>(16)</u>	<u>169</u>	<u>185</u>
<u>Other financing sources (uses)</u>				
Transfers out	-	-	(30)	(30)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>(30)</u>
Net change in fund balances	(16)	(16)	139	155
Fund balances - beginning	<u>568</u>	<u>568</u>	<u>568</u>	<u>-</u>
Fund balances - ending	<u>\$ 552</u>	<u>\$ 552</u>	<u>\$ 707</u>	<u>\$ 155</u>

**COUNTY OF SAN LUIS OBISPO
FISH AND GAME SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Fines, forfeitures, and penalties	\$ 20	\$ 20	\$ 27	\$ 7
Total revenues	20	20	27	7
<u>Expenditures</u>				
Current:				
Public protection				
Services and supplies	23	24	23	1
Total expenditures	23	24	23	1
Excess (deficiency) of revenues over (under) expenditures	(3)	(4)	4	8
Net change in fund balances	(3)	(4)	4	8
Fund balances - beginning	174	174	174	-
Fund balances - ending	\$ 171	\$ 170	\$ 178	\$ 8

**COUNTY OF SAN LUIS OBISPO
ROAD IMPACT FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ -	\$ -	\$ 73	\$ 73
Charges for services	-	423	2,553	2,130
Total revenues	-	423	2,626	2,203
<u>Expenditures</u>				
Current:				
Public protection				
Other charges	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	423	2,626	2,203
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers out	(2,212)	(3,710)	(1,306)	2,404
Total other financing sources (uses)	(2,212)	(3,710)	(1,306)	2,404
Net change in fund balances	(2,212)	(3,287)	1,320	4,607
Fund balances - beginning	8,273	8,273	8,273	-
Fund balances - ending	<u>\$ 6,061</u>	<u>\$ 4,986</u>	<u>\$ 9,593</u>	<u>\$ 4,607</u>

**COUNTY OF SAN LUIS OBISPO
LIBRARY SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 8,754	\$ 8,754	\$ 8,959	\$ 205
Use of money and property	17	17	18	1
Aid from other governments	116	116	153	37
Charges for services	129	129	133	4
Other revenues	41	516	485	(31)
	<u>9,057</u>	<u>9,532</u>	<u>9,748</u>	<u>216</u>
<u>Expenditures</u>				
Current:				
Education				
Salaries, wages, and benefits	6,277	6,427	6,127	300
Services and supplies	3,633	3,873	3,692	181
Other charges	5	254	4	250
Capital outlay	-	24	16	8
Contingencies	495	322	-	322
	<u>10,410</u>	<u>10,900</u>	<u>9,839</u>	<u>1,061</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,353)</u>	<u>(1,368)</u>	<u>(91)</u>	<u>1,277</u>
<u>Other financing sources (uses)</u>				
Transfers in	667	667	667	-
Transfers out	(50)	-	(243)	(243)
	<u>617</u>	<u>667</u>	<u>424</u>	<u>(243)</u>
Net change in fund balances	(736)	(701)	333	1,034
Fund balances - beginning	<u>3,342</u>	<u>3,342</u>	<u>3,342</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,606</u>	<u>\$ 2,641</u>	<u>\$ 3,675</u>	<u>\$ 1,034</u>

**COUNTY OF SAN LUIS OBISPO
PARKS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Fines, forfeitures, and penalties	\$ 152	\$ 257	\$ 1	\$ (256)
Licenses, permits, and franchises	-	-	1	1
Use of money and property	145	145	164	19
Aid from other governments	3	42	213	171
Charges for services	5,424	5,908	5,590	(318)
Other revenues	82	68	76	8
	<u>5,806</u>	<u>6,420</u>	<u>6,045</u>	<u>(375)</u>
<u>Expenditures</u>				
Current:				
Recreation and cultural services				
Salaries, wages, and benefits	5,253	5,388	5,210	178
Services and supplies	3,768	4,976	4,972	4
Other charges	935	1,128	176	952
Capital outlay	495	2,041	-	2,041
Contingencies	200	-	-	-
	<u>10,651</u>	<u>13,533</u>	<u>10,358</u>	<u>3,175</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,845)</u>	<u>(7,113)</u>	<u>(4,313)</u>	<u>2,800</u>
<u>Other financing sources (uses)</u>				
Transfers in	4,867	5,796	4,331	(1,465)
Transfers out	(21)	(21)	(189)	(168)
	<u>4,846</u>	<u>5,775</u>	<u>4,142</u>	<u>(1,633)</u>
Net change in fund balances	1	(1,338)	(171)	1,167
Fund balances - beginning	<u>3,546</u>	<u>3,546</u>	<u>3,546</u>	<u>-</u>
Fund balances - ending	<u>\$ 3,547</u>	<u>\$ 2,208</u>	<u>\$ 3,375</u>	<u>\$ 1,167</u>

**COUNTY OF SAN LUIS OBISPO
PUBLIC FACILITIES FEES SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ -	\$ -	\$ 106	\$ 106
Charges for services	1,924	1,924	2,275	351
Total revenues	1,924	1,924	2,381	457
<u>Other financing sources (uses)</u>				
Transfers out	(1,650)	(5,367)	(3,360)	2,007
Total other financing sources (uses)	(1,650)	(5,367)	(3,360)	2,007
Net change in fund balances	274	(3,443)	(979)	2,464
Fund balances - beginning	12,772	12,772	12,772	-
Fund balances - ending	<u>\$ 13,046</u>	<u>\$ 9,329</u>	<u>\$ 11,793</u>	<u>\$ 2,464</u>

**COUNTY OF SAN LUIS OBISPO
ROADS SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 1,721	\$ 1,721	\$ 1,804	\$ 83
Use of money and property	25	25	58	33
Aid from other governments	13,773	36,674	20,159	(16,515)
Charges for services	196	324	180	(144)
Other revenues	-	1,245	201	(1,044)
	<u>15,715</u>	<u>39,989</u>	<u>22,402</u>	<u>(17,587)</u>
<u>Expenditures</u>				
Current:				
Public ways and facilities				
Services and supplies	18,289	21,907	34,809	(12,902)
Other charges	446	536	62	474
Capital outlay	10,590	43,418	-	43,418
	<u>29,325</u>	<u>65,861</u>	<u>34,871</u>	<u>30,990</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(13,610)</u>	<u>(25,872)</u>	<u>(12,469)</u>	<u>13,403</u>
<u>Other financing sources (uses)</u>				
Transfers in	13,406	15,808	13,500	(2,308)
Transfers out	(4)	(4)	-	4
	<u>13,402</u>	<u>15,804</u>	<u>13,500</u>	<u>(2,304)</u>
Net change in fund balances	(208)	(10,068)	1,031	11,099
Fund balances - beginning	<u>11,334</u>	<u>11,334</u>	<u>11,334</u>	<u>-</u>
Fund balances - ending	<u>\$ 11,126</u>	<u>\$ 1,266</u>	<u>\$ 12,365</u>	<u>\$ 11,099</u>

**COUNTY OF SAN LUIS OBISPO
WILDLIFE GRAZING SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Aid from other governments	\$ 4	\$ 4	\$ 19	\$ 15
Total revenues	4	4	19	15
<u>Expenditures</u>				
Current:				
Public protection				
Services and supplies	4	4	2	2
Total expenditures	4	4	2	2
Excess (deficiency) of revenues over (under) expenditures	-	-	17	17
Net change in fund balances	-	-	17	17
Fund balances - beginning	23	23	23	-
Fund balances - ending	\$ 23	\$ 23	\$ 40	\$ 17

**COUNTY OF SAN LUIS OBISPO
FLOOD CONTROL DISTRICTS SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 3,352	\$ 3,352	\$ 3,549	\$ 197
Use of money and property	45	45	91	46
Aid from other governments	6,845	7,049	251	(6,798)
Charges for services	523	523	523	-
Other revenues	1	1	-	(1)
	<u>10,766</u>	<u>10,970</u>	<u>4,414</u>	<u>(6,556)</u>
<u>Expenditures</u>				
Current:				
Public protection				
Services and supplies	6,639	7,688	3,886	3,802
Other charges	4,413	4,413	12	4,401
Capital outlay	844	884	-	884
	<u>11,896</u>	<u>12,985</u>	<u>3,898</u>	<u>9,087</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,130)</u>	<u>(2,015)</u>	<u>516</u>	<u>2,531</u>
<u>Other financing sources (uses)</u>				
Transfers in	3,703	3,703	2,474	(1,229)
Transfers out	(5,605)	(5,605)	(141)	5,464
	<u>(1,902)</u>	<u>(1,902)</u>	<u>2,333</u>	<u>4,235</u>
Net change in fund balances	(3,032)	(3,917)	2,849	6,766
Fund balances - beginning	<u>17,850</u>	<u>17,850</u>	<u>17,850</u>	<u>-</u>
Fund balances - ending	<u>\$ 14,818</u>	<u>\$ 13,933</u>	<u>\$ 20,699</u>	<u>\$ 6,766</u>

**COUNTY OF SAN LUIS OBISPO
LIGHTING CONTROL DISTRICTS SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 39	\$ 39	\$ 37	\$ (2)
Use of money and property	2	2	3	1
Charges for services	9	9	11	2
Other revenues	3	3	5	2
	<u>3</u>	<u>3</u>	<u>5</u>	<u>2</u>
Total revenues	<u>53</u>	<u>53</u>	<u>56</u>	<u>3</u>
<u>Expenditures</u>				
Current:				
Public protection				
Services and supplies	60	60	65	(5)
Capital outlay	68	97	-	97
	<u>68</u>	<u>97</u>	<u>-</u>	<u>97</u>
Total expenditures	<u>128</u>	<u>157</u>	<u>65</u>	<u>92</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(75)</u>	<u>(104)</u>	<u>(9)</u>	<u>95</u>
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(75)	(104)	(9)	95
Fund balances - beginning	<u>464</u>	<u>464</u>	<u>464</u>	<u>-</u>
Fund balances - ending	<u>\$ 389</u>	<u>\$ 360</u>	<u>\$ 455</u>	<u>\$ 95</u>

**COUNTY OF SAN LUIS OBISPO
COUNTY SERVICE AREA DISTRICTS SPECIAL REVENUE FUNDS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 365	\$ 365	\$ 381	\$ 16
Use of money and property	9	9	15	6
Aid from other governments	165	165	2	(163)
Charges for services	4	4	4	-
	<u>543</u>	<u>543</u>	<u>402</u>	<u>(141)</u>
<u>Expenditures</u>				
Current:				
Public ways and facilities				
Services and supplies	303	290	91	199
Capital outlay	38	38	-	38
	<u>341</u>	<u>328</u>	<u>91</u>	<u>237</u>
Excess (deficiency) of revenues over (under) expenditures	<u>202</u>	<u>215</u>	<u>311</u>	<u>96</u>
<u>Other financing sources (uses)</u>				
Transfers in	1,041	1,041	168	(873)
Transfers out	(1,073)	(1,086)	(60)	1,026
	<u>(32)</u>	<u>(45)</u>	<u>108</u>	<u>153</u>
Net change in fund balances	170	170	419	249
Fund balances - beginning	<u>1,890</u>	<u>1,890</u>	<u>1,890</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,060</u>	<u>\$ 2,060</u>	<u>\$ 2,309</u>	<u>\$ 249</u>

**COMBINING FINANCIAL STATEMENTS
NONMAJOR ENTERPRISE FUNDS**



NONMAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS:

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

General Flood Control Zone

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

State Water Project

Accounts for revenues, expenses and net position relating to the countywide taxpayers' obligations associated with the State Water Project, which provides for the delivery of state water into the County.

Golf

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

Lopez Park

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

County Service Areas

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

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2018 (In Thousands)**

	General Flood Control Zone	State Water Project	Golf	Lopez Park	County Service Areas	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,199	\$ 13,054	\$ 300	\$ 23	\$ 3,582	\$ 18,158
Accounts receivable, net	75	2,657	38	-	196	2,966
Inventories	-	-	31	-	-	31
Prepaid items	-	-	965	-	-	965
Deposits with others	-	-	-	-	99	99
Total current assets	1,274	15,711	1,334	23	3,877	22,219
Noncurrent assets:						
Restricted cash with fiscal agent	-	-	487	-	-	487
Advances to other funds	-	-	-	115	-	115
Capital assets:						
Nondepreciable						
Land	-	-	1,333	-	330	1,663
Construction in progress	-	-	220	-	1,740	1,960
Water rights	-	56,434	-	-	-	56,434
Depreciable						
Infrastructure, net	-	49	6	-	1,754	1,809
Structures and improvements, net	-	6,036	7,889	-	7,423	21,348
Equipment, net	-	2	227	-	261	490
Other property, net	-	-	-	-	496	496
Total noncurrent assets	-	62,521	10,162	115	12,004	84,802
Total assets	1,274	78,232	11,496	138	15,881	107,021
Deferred Outflows of Resources						
Deferred pensions	-	-	536	-	-	536
Deferred OPEB	-	-	5	-	-	5
Total deferred outflows of resources	-	-	541	-	-	541
Liabilities						
Current liabilities:						
Accounts payable	13	5,743	89	-	20	5,865
Salaries and benefits payable	-	-	63	-	-	63
Deposits from others	-	2,946	-	-	175	3,121
Interest payable	-	-	35	-	22	57
Unearned revenue	-	2,221	-	-	259	2,480
Accrued vacation and sick leave - current	-	-	77	-	-	77
Notes and bonds payable - current	-	-	323	18	199	540
Total current liabilities	13	10,910	587	18	675	12,203
Noncurrent liabilities:						
Advances from other funds	-	-	120	-	460	580
Accrued vacation and sick leave - noncurrent	-	-	126	-	-	126
Notes and bonds payable - noncurrent	-	-	3,872	97	3,571	7,540
Net OPEB Liability	-	-	49	-	-	49
Net Pension Liability	-	-	2,439	-	-	2,439
Total noncurrent liabilities	-	-	6,606	97	4,031	10,734
Total liabilities	13	10,910	7,193	115	4,706	22,937
Deferred Inflows of Resources						
Deferred pensions	-	-	346	-	-	346
Total deferred inflows of resources	-	-	346	-	-	346
Net Position						
Net investment in capital assets	-	62,521	5,480	-	8,235	76,236
Unrestricted	1,261	4,801	(982)	23	2,940	8,043
Total net position	\$ 1,261	\$ 67,322	\$ 4,498	\$ 23	\$ 11,175	\$ 84,279

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	General Flood Control Zone	State Water Project	Golf	Lopez Park	County Service Areas	Total
<u>Operating revenues</u>						
Charges for services	\$ 909	\$ 6,110	\$ 2,582	\$ -	\$ 3,642	\$ 13,243
Other revenues	-	-	2	-	33	35
Total operating revenues	<u>909</u>	<u>6,110</u>	<u>2,584</u>	<u>-</u>	<u>3,675</u>	<u>13,278</u>
<u>Operating expenses</u>						
Salaries and benefits	-	-	1,624	-	-	1,624
Services and supplies	1,048	5,656	1,074	-	3,768	11,546
Depreciation	-	204	366	-	515	1,085
Countywide cost allocation	10	26	96	-	51	183
Total operating expenses	<u>1,058</u>	<u>5,886</u>	<u>3,160</u>	<u>-</u>	<u>4,334</u>	<u>14,438</u>
Operating income (loss)	<u>(149)</u>	<u>224</u>	<u>(576)</u>	<u>-</u>	<u>(659)</u>	<u>(1,160)</u>
<u>Nonoperating revenues (expenses)</u>						
Property taxes	-	2,075	-	-	496	2,571
Interest income	12	100	-	-	30	142
Interest expense	-	(38)	(140)	(3)	(134)	(315)
Other nonoperating revenues (expenses)	-	-	(1)	-	-	(1)
Aid from governmental agencies	-	14	-	-	3	17
Total nonoperating revenues (expenses)	<u>12</u>	<u>2,151</u>	<u>(141)</u>	<u>(3)</u>	<u>395</u>	<u>2,414</u>
Income (loss) before contributions and transfers	<u>(137)</u>	<u>2,375</u>	<u>(717)</u>	<u>(3)</u>	<u>(264)</u>	<u>1,254</u>
Transfers in	-	-	400	3	90	493
Transfers out	-	-	(49)	-	(9)	(58)
Change in net position	<u>(137)</u>	<u>2,375</u>	<u>(366)</u>	<u>-</u>	<u>(183)</u>	<u>1,689</u>
Net position - beginning	1,398	64,947	4,918	23	11,358	82,644
Cumulative effect of change in accounting principle	-	-	(54)	-	-	(54)
Net position - beginning (restated)	<u>1,398</u>	<u>64,947</u>	<u>4,864</u>	<u>23</u>	<u>11,358</u>	<u>82,590</u>
Net position - ending	<u>\$ 1,261</u>	<u>\$ 67,322</u>	<u>\$ 4,498</u>	<u>\$ 23</u>	<u>\$ 11,175</u>	<u>\$ 84,279</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	General Flood Control Zone	State Water Project	Golf
Cash Flows From Operating Activities			
Receipts from customers	\$ 909	\$ 5,986	\$ 2,592
Payments to employees for services	-	-	(1,462)
Payments for goods and services	(1,135)	(5,421)	(1,058)
Net cash provided (used) by operating activities	(226)	565	72
Cash Flows from Noncapital Financing Activities			
Property tax proceeds	-	2,075	-
Grants and subsidies from other governmental agencies	-	14	-
Advances from other funds	-	-	9
Transfers from other funds	-	-	400
Transfers to other funds	-	-	(49)
Net cash provided (used) by noncapital financing activities	-	2,089	360
Cash Flows from Capital and Related Financing Activities			
Purchases and construction of capital assets	-	(2,368)	(97)
Proceeds from sale of capital assets	-	-	-
Advances to other funds	-	-	-
Advances from other funds	-	-	-
Principal paid on capital debt	-	-	(311)
Interest paid on capital debt	-	(38)	(175)
Net cash provided (used) by capital and related financing activities	-	(2,406)	(583)
Cash Flows from Investing Activities			
Interest received	12	100	-
Net cash provided (used) by investing activities	12	100	-
Net increase (decrease) in cash and cash equivalents	(214)	348	(151)
Cash and cash equivalents at beginning of year	1,413	12,706	938
Cash and cash equivalents at end of year	<u>\$ 1,199</u>	<u>\$ 13,054</u>	<u>\$ 787</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	<u>\$ (149)</u>	<u>\$ 224</u>	<u>\$ (576)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	204	366
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase) decrease in:			
Receivables, net	(75)	(517)	8
Inventory	-	-	(31)
Prepaid items	-	-	91
Deferred outflows - pensions	-	-	174
Deferred outflows - OPEB	-	-	(5)
Increase (decrease) in:			
Accounts payable	(2)	299	56
Deposits from others	-	-	-
Salaries and benefits payable	-	-	(14)
Deferred inflows - pensions	-	-	346
Net OPEB liability	-	-	(5)
Net pension liability	-	-	(353)
Unearned revenue	-	355	-
Accrued vacation and sick leave	-	-	15
Total adjustments	(77)	341	648
Net cash provided (used) by operating activities	<u>\$ (226)</u>	<u>\$ 565</u>	<u>\$ 72</u>

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS (Continued)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)

	<u>Lopez Park</u>	<u>County Service Areas</u>	<u>Total</u>
Cash Flows From Operating Activities			
Receipts from customers	\$ -	\$ 3,798	\$ 13,285
Payments to employees for services	-	-	(1,462)
Payments for goods and services	-	(3,917)	(11,531)
Net cash provided (used) by operating activities	<u>-</u>	<u>(119)</u>	<u>292</u>
Cash Flows from Noncapital Financing Activities			
Property tax proceeds	-	496	2,571
Grants and subsidies from other governmental agencies	-	3	17
Advances from other funds	-	-	9
Transfers from other funds	3	90	493
Transfers to other funds	-	(9)	(58)
Net cash provided (used) by noncapital financing activities	<u>3</u>	<u>580</u>	<u>3,032</u>
Cash Flows from Capital and Related Financing Activities			
Purchases and construction of capital assets	-	(362)	(2,827)
Proceeds from sale of capital assets	-	-	-
Advances to other funds	18	-	18
Advances from other funds	-	(17)	(17)
Principal paid on capital debt	(18)	(192)	(521)
Interest paid on capital debt	(3)	(135)	(351)
Net cash provided (used) by capital and related financing activities	<u>(3)</u>	<u>(706)</u>	<u>(3,698)</u>
Cash Flows from Investing Activities			
Interest received	-	30	142
Net cash provided (used) by investing activities	<u>-</u>	<u>30</u>	<u>142</u>
Net increase (decrease) in cash and cash equivalents	-	(215)	(232)
Cash and cash equivalents at beginning of year	<u>23</u>	<u>3,797</u>	<u>18,877</u>
Cash and cash equivalents at end of year	<u>\$ 23</u>	<u>\$ 3,582</u>	<u>\$ 18,645</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	<u>\$ -</u>	<u>\$ (659)</u>	<u>\$ (1,160)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	515	1,085
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase) decrease in:			
Receivables, net	-	(96)	(680)
Inventory	-	-	(31)
Prepaid items	-	-	91
Deferred outflows - pensions	-	-	174
Deferred outflows - OPEB	-	-	(5)
Increase (decrease) in:			
Accounts payable	-	(18)	335
Deposits from others	-	12	12
Salaries and benefits payable	-	-	(14)
Deferred inflows - pensions	-	-	346
Net OPEB liability	-	-	(5)
Net pension liability	-	-	(353)
Unearned revenue	-	127	482
Accrued vacation and sick leave	-	-	15
Total adjustments	<u>-</u>	<u>540</u>	<u>1,452</u>
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ (119)</u>	<u>\$ 292</u>



**COMBINING FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS**



INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS:

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

Garage

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

Public Works

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

Combined Insurance Funds

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



**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2018 (In Thousands)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 3,998	\$ 15,811	\$ 26,927	\$ 46,736
Accounts receivable, net	-	15	-	15
Inventories	15	475	-	490
Prepaid items	-	17	251	268
Total current assets	<u>4,013</u>	<u>16,318</u>	<u>27,178</u>	<u>47,509</u>
Noncurrent assets:				
Capital assets:				
Structures and improvements, net	5	274	-	279
Equipment, net	5,747	7,444	-	13,191
Total noncurrent assets	<u>5,752</u>	<u>7,718</u>	<u>-</u>	<u>13,470</u>
Total assets	<u>9,765</u>	<u>24,036</u>	<u>27,178</u>	<u>60,979</u>
<u>Deferred Outflows of Resources</u>				
Deferred pensions	562	9,637	-	10,199
Deferred OPEB	5	84	-	89
Total deferred outflows of resources	<u>567</u>	<u>9,721</u>	<u>-</u>	<u>10,288</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	142	333	453	928
Salaries and benefits payable	57	1,147	-	1,204
Self-insurance liability	-	-	3,307	3,307
Deposits from others	-	1,034	-	1,034
Accrued vacation and sick leave	76	1,765	-	1,841
Total current liabilities	<u>275</u>	<u>4,279</u>	<u>3,760</u>	<u>8,314</u>
Noncurrent liabilities:				
Self-insurance liability	-	-	15,600	15,600
Accrued vacation and sick leave	104	1,018	-	1,122
Net OPEB liability	53	907	-	960
Net pension liability	2,573	44,320	-	46,893
Total noncurrent liabilities	<u>2,730</u>	<u>46,245</u>	<u>15,600</u>	<u>64,575</u>
Total liabilities	<u>3,005</u>	<u>50,524</u>	<u>19,360</u>	<u>72,889</u>
<u>Deferred Inflows of Resources</u>				
Deferred pensions	328	6,657	-	6,985
Total deferred inflows of resources	<u>328</u>	<u>6,657</u>	<u>-</u>	<u>6,985</u>
<u>Net Position</u>				
Net investment in capital assets	5,752	7,718	-	13,470
Unrestricted	1,247	(31,142)	7,818	(22,077)
Total net position	<u>\$ 6,999</u>	<u>\$ (23,424)</u>	<u>\$ 7,818</u>	<u>\$ (8,607)</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
<u>Operating revenues</u>				
Charges for services	\$ 6,220	\$ 38,358	\$ 14,106	\$ 58,684
Other revenues	23	93	-	116
	<u>6,243</u>	<u>38,451</u>	<u>14,106</u>	<u>58,800</u>
Total operating revenues				
<u>Operating expenses</u>				
Salaries and benefits	1,601	30,674	280	32,555
Services and supplies	3,043	8,300	6,950	18,293
Insurance benefit payments	-	-	3,606	3,606
Depreciation	1,806	965	-	2,771
Countywide cost allocation	103	129	333	565
	<u>6,553</u>	<u>40,068</u>	<u>11,169</u>	<u>57,790</u>
Total operating expenses				
Operating income (loss)	<u>(310)</u>	<u>(1,617)</u>	<u>2,937</u>	<u>1,010</u>
<u>Nonoperating revenues (expenses)</u>				
Interest income	25	70	196	291
Other revenues (expense)	278	1	-	279
	<u>303</u>	<u>71</u>	<u>196</u>	<u>570</u>
Total nonoperating revenues (expenses)				
Income (loss) before transfers	(7)	(1,546)	3,133	1,580
Transfers in	-	-	-	-
Transfers out	(56)	(1,094)	-	(1,150)
	<u>(63)</u>	<u>(2,640)</u>	<u>3,133</u>	<u>430</u>
Change in net position				
Net position - beginning	7,116	(19,860)	4,685	(8,059)
Cumulative effect of change in accounting principle	(54)	(924)	-	(978)
	<u>7,062</u>	<u>(20,784)</u>	<u>4,685</u>	<u>(9,037)</u>
Net position - beginning (restated)				
Net position - ending	<u>\$ 6,999</u>	<u>\$ (23,424)</u>	<u>\$ 7,818</u>	<u>\$ (8,607)</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
Cash Flows From Operating Activities				
Receipts from interfund billings	\$ 6,243	\$ 38,444	\$ 14,106	\$ 58,793
Payments for goods and services	(3,497)	(8,462)	(3,883)	(15,842)
Payments to employees for services	(1,454)	(27,801)	(531)	(29,786)
Payments for insurance benefits	-	-	(4,262)	(4,262)
Payments for premiums	-	-	(3,658)	(3,658)
Net cash provided (used) by operating activities	<u>1,292</u>	<u>2,181</u>	<u>1,772</u>	<u>5,245</u>
Cash Flows from Noncapital Financing Activities				
Transfers to other funds	<u>(56)</u>	<u>(1,094)</u>	<u>-</u>	<u>(1,150)</u>
Net cash provided (used) by noncapital financing activities	<u>(56)</u>	<u>(1,094)</u>	<u>-</u>	<u>(1,150)</u>
Cash Flows from Capital and Related Financing Activities				
Purchases and construction of capital assets	(2,024)	(674)	-	(2,698)
Proceeds from sale of capital assets	<u>332</u>	<u>-</u>	<u>-</u>	<u>332</u>
Net cash provided (used) by capital and related financing activities	<u>(1,692)</u>	<u>(674)</u>	<u>-</u>	<u>(2,366)</u>
Cash Flows from Investing Activities				
Interest received	<u>25</u>	<u>70</u>	<u>196</u>	<u>291</u>
Net cash provided (used) by investing activities	<u>25</u>	<u>70</u>	<u>196</u>	<u>291</u>
Net increase (decrease) in cash and cash equivalents	(431)	483	1,968	2,020
Cash and cash equivalents at beginning of year	<u>4,429</u>	<u>15,328</u>	<u>24,959</u>	<u>44,716</u>
Cash and cash equivalents at end of year	<u>\$ 3,998</u>	<u>\$ 15,811</u>	<u>\$ 26,927</u>	<u>\$ 46,736</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	<u>\$ (310)</u>	<u>\$ (1,617)</u>	<u>\$ 2,937</u>	<u>\$ 1,010</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	1,806	965	-	2,771
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase) decrease in:				
Receivables, net	-	(7)	-	(7)
Inventory	(6)	(26)	-	(32)
Prepaid expenses	-	(17)	-	(17)
Deferred outflows - pensions	164	3,336	-	3,500
Deferred outflows - OPEB	(5)	(84)	-	(89)
Increase (decrease) in:				
Accounts payable	(345)	(97)	(258)	(700)
Deposits from others	-	107	-	107
Salaries and benefits payable	(24)	(418)	(251)	(693)
Deferred inflows - pensions	328	6,657	-	6,985
Net OPEB liability	(1)	(17)	-	(18)
Net pension liability	(334)	(6,789)	-	(7,123)
Accrued vacation and sick leave	19	188	-	207
Self-insurance liability	-	-	(656)	(656)
Total adjustments	<u>1,602</u>	<u>3,798</u>	<u>(1,165)</u>	<u>4,235</u>
Net cash provided (used) by operating activities	<u>\$ 1,292</u>	<u>\$ 2,181</u>	<u>\$ 1,772</u>	<u>\$ 5,245</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS – INSURANCE
JUNE 30, 2018 (In Thousands)**

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
<u>Assets</u>						
Current assets:						
Cash and cash equivalents	\$ 19,794	\$ 6,110	\$ 166	\$ 702	\$ 155	\$ 26,927
Prepaid expenses	251	-	-	-	-	251
Total current assets	<u>20,045</u>	<u>6,110</u>	<u>166</u>	<u>702</u>	<u>155</u>	<u>27,178</u>
Total assets	<u>20,045</u>	<u>6,110</u>	<u>166</u>	<u>702</u>	<u>155</u>	<u>27,178</u>
<u>Liabilities</u>						
Current liabilities:						
Accounts payable	393	1	-	59	-	453
Self-insurance liability	2,458	849	-	-	-	3,307
Total current liabilities	<u>2,851</u>	<u>850</u>	<u>-</u>	<u>59</u>	<u>-</u>	<u>3,760</u>
Noncurrent liabilities:						
Self-insurance liability	13,465	2,135	-	-	-	15,600
Total noncurrent liabilities	<u>13,465</u>	<u>2,135</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,600</u>
Total liabilities	<u>16,316</u>	<u>2,985</u>	<u>-</u>	<u>59</u>	<u>-</u>	<u>19,360</u>
<u>Net Position</u>						
Unrestricted	<u>3,729</u>	<u>3,125</u>	<u>166</u>	<u>643</u>	<u>155</u>	<u>7,818</u>
Total net position	<u>\$ 3,729</u>	<u>\$ 3,125</u>	<u>\$ 166</u>	<u>\$ 643</u>	<u>\$ 155</u>	<u>\$ 7,818</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, 2018 (In Thousands)**

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
<u>Operating revenues</u>						
Charges for services	\$ 7,231	\$ 3,000	\$ 155	\$ 1,383	\$ 2,337	\$ 14,106
Total operating revenues	7,231	3,000	155	1,383	2,337	14,106
<u>Operating expenses</u>						
Salaries and benefits	280	-	-	-	-	280
Services and supplies	3,464	1,765	29	144	1,548	6,950
Insurance benefit payments	1,295	-	122	1,456	733	3,606
Countywide cost allocation	156	170	1	6	-	333
Total operating expenses	5,195	1,935	152	1,606	2,281	11,169
Operating income (loss)	2,036	1,065	3	(223)	56	2,937
<u>Nonoperating revenues (expenses)</u>						
Interest income	138	48	1	7	2	196
Total nonoperating revenues (expenses)	138	48	1	7	2	196
Income (loss) before transfers	2,174	1,113	4	(216)	58	3,133
Change in net position	2,174	1,113	4	(216)	58	3,133
Net position - beginning	1,555	2,012	162	859	97	4,685
Net position - ending	\$ 3,729	\$ 3,125	\$ 166	\$ 643	\$ 155	\$ 7,818

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS – INSURANCE
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	<u>Workers' Compensation</u>	<u>Protected Self-Insurance</u>	<u>Unemployment Insurance</u>	<u>Dental Insurance</u>	<u>OPEB</u>	<u>Total</u>
Cash Flows From Operating Activities						
Receipts from interfund billings	\$ 7,231	\$ 3,000	\$ 155	\$ 1,383	\$ 2,337	\$ 14,106
Payments for goods and services	(2,345)	(1,094)	(30)	(127)	(287)	(3,883)
Payments to employees for services	(531)	-	-	-	-	(531)
Payments for insurance benefits	(1,648)	(303)	(122)	(1,456)	(733)	(4,262)
Payments for premiums	(1,285)	(850)	-	-	(1,523)	(3,658)
	<u>1,422</u>	<u>753</u>	<u>3</u>	<u>(200)</u>	<u>(206)</u>	<u>1,772</u>
Net cash provided (used) by operating activities						
Cash Flows from Noncapital Financing Activities						
Grants and subsidies from other governmental agencies	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities						
Cash Flows from Capital and Related Financing Activities						
Purchases and construction of capital assets	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities						
Cash Flows from Investing Activities						
Interest received	138	48	1	7	2	196
	<u>138</u>	<u>48</u>	<u>1</u>	<u>7</u>	<u>2</u>	<u>196</u>
Net cash provided (used) by investing activities						
Net increase (decrease) in cash and cash equivalents	1,560	801	4	(193)	(204)	1,968
Cash and cash equivalents at beginning of year	18,234	5,309	162	895	359	24,959
Cash and cash equivalents at end of year	<u>\$ 19,794</u>	<u>\$ 6,110</u>	<u>\$ 166</u>	<u>\$ 702</u>	<u>\$ 155</u>	<u>\$ 26,927</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	<u>\$ 2,036</u>	<u>\$ 1,065</u>	<u>\$ 3</u>	<u>\$ (223)</u>	<u>\$ 56</u>	<u>\$ 2,937</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Changes in assets and liabilities:						
Increase (decrease) in:						
Accounts payable	(10)	(9)	-	23	(262)	(258)
Salaries and benefits payable	(251)	-	-	-	-	(251)
Self-insurance liability	(353)	(303)	-	-	-	(656)
	<u>(614)</u>	<u>(312)</u>	<u>-</u>	<u>23</u>	<u>(262)</u>	<u>(1,165)</u>
Total adjustments						
Net cash provided (used) by operating activities	<u>\$ 1,422</u>	<u>\$ 753</u>	<u>\$ 3</u>	<u>\$ (200)</u>	<u>\$ (206)</u>	<u>\$ 1,772</u>

**COMBINING FINANCIAL STATEMENTS
FIDUCIARY FUNDS**



FIDUCIARY FUNDS

AGENCY FUNDS:

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

1915 Act Service Funds

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

Clearing and Revolving Funds

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

Other Agency Funds

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

INVESTMENT TRUST FUNDS:

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

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2018 (In Thousands)**

	<u>Clearing and Revolving Funds (88 Funds)</u>	<u>1915 Act Service Funds (17 Funds)</u>	<u>Other Agency Funds (30 Funds)</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 65,134	\$ 903	\$ 39,060	\$ 105,097
Total assets	<u>\$ 65,134</u>	<u>\$ 903</u>	<u>\$ 39,060</u>	<u>\$ 105,097</u>
<u>LIABILITIES</u>				
Assets held as agency for others	\$ 65,134	\$ 903	\$ 39,060	\$ 105,097
Total liabilities	<u>\$ 65,134</u>	<u>\$ 903</u>	<u>\$ 39,060</u>	<u>\$ 105,097</u>

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
<u>Clearing and Revolving Funds (88 Funds)</u>				
Assets:				
Cash and cash equivalents	\$ 47,258	\$ 1,268,134	\$ 1,250,258	\$ 65,134
Total assets	<u>\$ 47,258</u>	<u>\$ 1,268,134</u>	<u>\$ 1,250,258</u>	<u>\$ 65,134</u>
Liabilities:				
Assets held as agency for others	\$ 47,258	\$ 1,268,134	\$ 1,250,258	\$ 65,134
Total liabilities	<u>\$ 47,258</u>	<u>\$ 1,268,134</u>	<u>\$ 1,250,258</u>	<u>\$ 65,134</u>
<u>1915 Act Service Funds (17 Funds)</u>				
Assets:				
Cash and cash equivalents	\$ 1,321	\$ 177	\$ 595	\$ 903
Total assets	<u>\$ 1,321</u>	<u>\$ 177</u>	<u>\$ 595</u>	<u>\$ 903</u>
Liabilities:				
Assets held as agency for others	\$ 1,321	\$ 177	\$ 595	\$ 903
Total liabilities	<u>\$ 1,321</u>	<u>\$ 177</u>	<u>\$ 595</u>	<u>\$ 903</u>
<u>Other Agency Funds (30 Funds)</u>				
Assets:				
Cash and cash equivalents	\$ 31,286	\$ 422,911	\$ 415,137	\$ 39,060
Total assets	<u>\$ 31,286</u>	<u>\$ 422,911</u>	<u>\$ 415,137</u>	<u>\$ 39,060</u>
Liabilities:				
Assets held as agency for others	\$ 31,286	\$ 422,911	\$ 415,137	\$ 39,060
Total liabilities	<u>\$ 31,286</u>	<u>\$ 422,911</u>	<u>\$ 415,137</u>	<u>\$ 39,060</u>
<u>Total All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 79,865	\$ 1,691,222	\$ 1,665,990	\$ 105,097
Total assets	<u>\$ 79,865</u>	<u>\$ 1,691,222</u>	<u>\$ 1,665,990</u>	<u>\$ 105,097</u>
Liabilities:				
Assets held as agency for others	\$ 79,865	\$ 1,691,222	\$ 1,665,990	\$ 105,097
Total liabilities	<u>\$ 79,865</u>	<u>\$ 1,691,222</u>	<u>\$ 1,665,990</u>	<u>\$ 105,097</u>

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 INVESTMENT TRUST FUNDS
 JUNE 30, 2018 (In Thousands)**

	School Districts (38 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 425,165	\$ 17,893	\$ 1,950	\$ 20,475	\$ 465,483
Total assets	<u>\$ 425,165</u>	<u>\$ 17,893</u>	<u>\$ 1,950</u>	<u>\$ 20,475</u>	<u>\$ 465,483</u>
<u>NET POSITION</u>					
Net position held in trust for pool participants	\$ 425,165	\$ 17,893	\$ 1,950	\$ 20,475	\$ 465,483
Total Net Position	<u>\$ 425,165</u>	<u>\$ 17,893</u>	<u>\$ 1,950</u>	<u>\$ 20,475</u>	<u>\$ 465,483</u>

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 INVESTMENT TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	School Districts (38 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<u>Additions</u>					
Contributions to pooled investments	\$ 1,011,782	\$ 10,279	\$ 20,161	\$ 32,174	\$ 1,074,396
Interest	3,803	224	-	214	4,241
Total additions	<u>1,015,585</u>	<u>10,503</u>	<u>20,161</u>	<u>32,388</u>	<u>1,078,637</u>
<u>Deductions</u>					
Distributions from investment pool	<u>951,958</u>	<u>9,177</u>	<u>20,053</u>	<u>33,730</u>	<u>1,014,918</u>
Total deductions	<u>951,958</u>	<u>9,177</u>	<u>20,053</u>	<u>33,730</u>	<u>1,014,918</u>
Change in net position	63,627	1,326	108	(1,342)	63,719
Net position - beginning	<u>361,538</u>	<u>16,567</u>	<u>1,842</u>	<u>21,817</u>	<u>401,764</u>
Net position - ending	<u><u>\$ 425,165</u></u>	<u><u>\$ 17,893</u></u>	<u><u>\$ 1,950</u></u>	<u><u>\$ 20,475</u></u>	<u><u>\$ 465,483</u></u>



**GENERAL FUND
DETAIL BUDGETARY COMPARISON SCHEDULES**



**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>General Government - Expenditures</u>				
<u>Legislative and Administrative</u>				
Administrative Office				
Salaries, wages, and benefits	\$ 2,038	\$ 2,014	\$ 1,871	\$ 143
Services and supplies	560	584	282	302
Expenditure transfers and reimbursements	(85)	(85)	(87)	2
Total	2,513	2,513	2,066	447
Board of Supervisors				
Salaries, wages, and benefits	1,532	1,532	1,411	121
Services and supplies	228	228	149	79
Expenditure transfers and reimbursements	(41)	(41)	(41)	-
Total	1,719	1,719	1,519	200
Clerk/Recorder				
Salaries, wages, and benefits	2,211	2,302	2,196	106
Services and supplies	1,171	1,465	980	485
Capital outlay	20	498	462	36
Expenditure transfers and reimbursements	-	-	(3)	3
Total	3,402	4,265	3,635	630
Total Legislative and Administrative	7,634	8,497	7,220	1,277
<u>Finance</u>				
Assessor				
Salaries, wages, and benefits	9,009	9,009	8,594	415
Services and supplies	999	1,638	1,109	529
Capital outlay	30	55	20	35
Total	10,038	10,702	9,723	979
Auditor-Controller-Treasurer-Tax Collector-Public Administrator				
Salaries, wages, and benefits	7,866	8,029	7,650	379
Services and supplies	665	718	581	137
Expenditure transfers and reimbursements	(25)	(25)	(26)	1
Total	8,506	8,722	8,205	517
Total Finance	18,544	19,424	17,928	1,496

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>General Government - Expenditures</u> (Continued)				
<u>Counsel</u>				
County Counsel				
Salaries, wages, and benefits	3,768	3,865	3,635	230
Services and supplies	770	1,208	858	350
	<u>4,538</u>	<u>5,073</u>	<u>4,493</u>	<u>580</u>
Total Counsel				
	<u>4,538</u>	<u>5,073</u>	<u>4,493</u>	<u>580</u>
<u>Personnel</u>				
Personnel				
Salaries, wages, and benefits	2,866	2,957	2,842	115
Services and supplies	780	965	711	254
Capital outlay	7	7	6	1
Expenditure transfers and reimbursements	-	-	(9)	9
	<u>3,653</u>	<u>3,929</u>	<u>3,550</u>	<u>379</u>
Total Personnel				
	<u>3,653</u>	<u>3,929</u>	<u>3,550</u>	<u>379</u>
<u>Property Management</u>				
Facilities Management				
Salaries, wages, and benefits	4,317	4,217	3,988	229
Services and supplies	3,809	4,008	3,689	319
Expenditure transfers and reimbursements	(1,698)	(1,698)	(1,816)	118
	<u>6,428</u>	<u>6,527</u>	<u>5,861</u>	<u>666</u>
Total				
	<u>6,428</u>	<u>6,527</u>	<u>5,861</u>	<u>666</u>
Maintenance Projects				
Services and supplies	6,111	16,855	5,829	11,026
	<u>6,111</u>	<u>16,855</u>	<u>5,829</u>	<u>11,026</u>
Total				
	<u>6,111</u>	<u>16,855</u>	<u>5,829</u>	<u>11,026</u>
Central Services				
Salaries, wages, and benefits	1,649	1,652	1,585	67
Services and supplies	2,773	2,770	2,707	63
Other charges	103	103	103	-
Expenditure transfers and reimbursements	(540)	(540)	(516)	(24)
	<u>3,985</u>	<u>3,985</u>	<u>3,879</u>	<u>106</u>
Total				
	<u>3,985</u>	<u>3,985</u>	<u>3,879</u>	<u>106</u>
Total Property Management				
	<u>16,524</u>	<u>27,367</u>	<u>15,569</u>	<u>11,798</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>General Government - Expenditures</u> (Continued)				
<u>Other General</u>				
Information Technology				
Salaries, wages, and benefits	12,273	12,343	11,827	516
Services and supplies	4,740	4,782	4,281	501
Expenditure transfers and reimbursements	(5,497)	(5,520)	(5,789)	269
Other charges	23	23	8	15
Total	<u>11,539</u>	<u>11,628</u>	<u>10,327</u>	<u>1,301</u>
Risk Management				
Salaries, wages, and benefits	934	949	905	44
Services and supplies	843	843	843	-
Expenditure transfers and reimbursements	(61)	(61)	(61)	-
Total	<u>1,716</u>	<u>1,731</u>	<u>1,687</u>	<u>44</u>
Non-Department Financing Uses				
Expenditure transfers and reimbursements	(12,451)	(12,451)	(12,494)	43
Other charges	-	-	60	(60)
Total	<u>(12,451)</u>	<u>(12,451)</u>	<u>(12,434)</u>	<u>(17)</u>
Contributions to Other Agencies				
Services and supplies	1,942	2,098	1,889	209
Other charges	51	51	-	51
Total	<u>1,993</u>	<u>2,149</u>	<u>1,889</u>	<u>260</u>
Non-Departmental Other Expenditures				
Services and supplies	448	473	372	101
Total	<u>448</u>	<u>473</u>	<u>372</u>	<u>101</u>
Total Other General	<u>3,245</u>	<u>3,530</u>	<u>1,841</u>	<u>1,689</u>
Total General Government	<u>54,138</u>	<u>67,820</u>	<u>50,601</u>	<u>17,219</u>
<u>Public Protection - Expenditures</u>				
<u>Judicial</u>				
Court Operations Fund				
Other charges	2,427	2,427	2,401	26
Total	<u>2,427</u>	<u>2,427</u>	<u>2,401</u>	<u>26</u>
District Attorney				
Salaries, wages, and benefits	14,984	15,098	14,402	696
Services and supplies	1,779	1,926	1,823	103
Other charges	202	332	320	12
Capital outlay	-	7	5	2
Expenditure transfers and reimbursements	(116)	(116)	(71)	(45)
Total	<u>16,849</u>	<u>17,247</u>	<u>16,479</u>	<u>768</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Public Protection - Expenditures (Continued)				
Child Support Services				
Salaries, wages, and benefits	3,571	3,571	2,904	667
Services and supplies	946	946	872	74
Total	<u>4,517</u>	<u>4,517</u>	<u>3,776</u>	<u>741</u>
Grand Jury				
Salaries, wages, and benefits	37	37	12	25
Services and supplies	98	100	83	17
Total	<u>135</u>	<u>137</u>	<u>95</u>	<u>42</u>
Public Defender				
Services and supplies	6,761	6,761	6,259	502
Total	<u>6,761</u>	<u>6,761</u>	<u>6,259</u>	<u>502</u>
Total Judicial	<u>30,689</u>	<u>31,089</u>	<u>29,010</u>	<u>2,079</u>
<u>Police Protection</u>				
Sheriff-Coroner				
Salaries, wages, and benefits	60,357	63,266	61,530	1,736
Services and supplies	12,557	12,472	12,181	291
Other charges	109	532	507	25
Capital outlay	131	783	474	309
Expenditure transfers and reimbursements	(192)	(192)	(142)	(50)
Total Police Protection	<u>72,962</u>	<u>76,861</u>	<u>74,550</u>	<u>2,311</u>
<u>Detention and Correction</u>				
Probation Department				
Salaries, wages, and benefits	18,038	18,038	16,988	1,050
Services and supplies	4,991	5,025	4,684	341
Capital outlay	-	59	24	35
Expenditure transfers and reimbursements	(319)	(319)	(397)	78
Total Detention and Correction	<u>22,710</u>	<u>22,803</u>	<u>21,299</u>	<u>1,504</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Public Protection - Expenditures (Continued)				
<u>Fire Protection</u>				
County Fire				
Services and supplies	22,053	22,446	20,221	2,225
Capital outlay	813	2,534	1,121	1,413
Other charges	-	156	-	156
	<u>22,866</u>	<u>25,136</u>	<u>21,342</u>	<u>3,794</u>
Total Fire Protection				
	<u>22,866</u>	<u>25,136</u>	<u>21,342</u>	<u>3,794</u>
<u>Protective Inspection</u>				
Agricultural Commissioner				
Salaries, wages, and benefits	5,143	5,143	4,917	226
Services and supplies	886	980	950	30
Expenditure transfers and reimbursements	(2)	-	-	-
Other charges	26	26	26	-
	<u>6,053</u>	<u>6,149</u>	<u>5,893</u>	<u>256</u>
Total Protective Inspection				
	<u>6,053</u>	<u>6,149</u>	<u>5,893</u>	<u>256</u>
<u>Other Protection</u>				
Animal Services				
Salaries, wages, and benefits	1,777	1,820	1,753	67
Services and supplies	921	987	954	33
	<u>2,698</u>	<u>2,807</u>	<u>2,707</u>	<u>100</u>
Total				
	<u>2,698</u>	<u>2,807</u>	<u>2,707</u>	<u>100</u>
Emergency Services				
Salaries, wages, and benefits	875	875	823	52
Services and supplies	773	807	528	279
Other charges	340	344	140	204
Capital outlay	95	95	94	1
Expenditure transfers and reimbursements	-	-	(2)	2
	<u>2,083</u>	<u>2,121</u>	<u>1,583</u>	<u>538</u>
Total				
	<u>2,083</u>	<u>2,121</u>	<u>1,583</u>	<u>538</u>
Planning Department				
Salaries, wages, and benefits	12,191	11,566	10,824	742
Services and supplies	3,616	7,241	3,073	4,168
Other charges	52	64	47	17
Capital outlay	5	12	12	-
	<u>15,864</u>	<u>18,883</u>	<u>13,956</u>	<u>4,927</u>
Total				
	<u>15,864</u>	<u>18,883</u>	<u>13,956</u>	<u>4,927</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>Public Protection - Expenditures</u> (Continued)				
Waste Management				
Services and supplies	1,309	1,352	830	522
Other charges	24	24	17	7
	<u>1,333</u>	<u>1,376</u>	<u>847</u>	<u>529</u>
Total				
Total Other Protection	<u>21,978</u>	<u>25,187</u>	<u>19,093</u>	<u>6,094</u>
Total Public Protection	<u>177,258</u>	<u>187,225</u>	<u>171,187</u>	<u>16,038</u>
<u>Public Ways and Facilities - Expenditures</u>				
<u>Public Works</u>				
Public Works				
Services and supplies	4,358	5,716	2,409	3,307
Other charges	-	4,854	4,850	4
Capital outlay	-	33	33	-
	<u>4,358</u>	<u>10,603</u>	<u>7,292</u>	<u>3,311</u>
Total Public Works				
Total Public Ways and Facilities	<u>4,358</u>	<u>10,603</u>	<u>7,292</u>	<u>3,311</u>
<u>Health and Sanitation - Expenditures</u>				
<u>Health</u>				
Public Health				
Salaries, wages, and benefits	21,798	21,820	19,846	1,974
Services and supplies	6,057	6,707	6,020	687
Other charges	1,946	3,097	1,399	1,698
Capital outlay	20	117	12	105
Expenditure transfers and reimbursement	(2,125)	(2,125)	(2,336)	211
	<u>27,696</u>	<u>29,616</u>	<u>24,941</u>	<u>4,675</u>
Total				
Behavioral Health				
Salaries, wages, and benefits	36,353	34,978	32,984	1,994
Services and supplies	33,162	34,835	34,577	258
Other charges	1,495	2,818	2,720	98
Expenditure transfers and reimbursement	(1,409)	(1,409)	(1,486)	77
Capital outlay	-	55	-	55
	<u>69,601</u>	<u>71,277</u>	<u>68,795</u>	<u>2,482</u>
Total				
Total Health	<u>97,297</u>	<u>100,893</u>	<u>93,736</u>	<u>7,157</u>
Total Health and Sanitation	<u>97,297</u>	<u>100,893</u>	<u>93,736</u>	<u>7,157</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>Public Assistance - Expenditures</u>				
<u>Administration</u>				
Department of Social Services				
Salaries, wages, and benefits	49,370	49,640	47,564	2,076
Services and supplies	18,826	19,119	18,250	869
Other charges	10,649	11,862	9,555	2,307
Capital outlay	62	62	14	48
Expenditure transfers and reimbursement	(66)	(66)	(66)	-
Total Administration	<u>78,841</u>	<u>80,617</u>	<u>75,317</u>	<u>5,300</u>
<u>Aid Programs</u>				
Aid Foster Care Non-Fed				
Services and supplies	92	92	92	-
Other charges	25,382	26,215	24,520	1,695
Expenditure transfers and reimbursement	(238)	(238)	(105)	(133)
Total	<u>25,236</u>	<u>26,069</u>	<u>24,507</u>	<u>1,562</u>
Calworks Assistance				
Other charges	11,570	11,570	10,473	1,097
Total	<u>11,570</u>	<u>11,570</u>	<u>10,473</u>	<u>1,097</u>
Total Aid Programs	<u>36,806</u>	<u>37,639</u>	<u>34,980</u>	<u>2,659</u>
<u>General Assistance</u>				
General Assistance				
Other charges	1,242	1,242	895	347
Total General Assistance	<u>1,242</u>	<u>1,242</u>	<u>895</u>	<u>347</u>
<u>Veterans Services</u>				
Veterans Services				
Salaries, wages, and benefits	618	637	610	27
Services and supplies	75	125	125	-
Other charges	-	105	-	105
Total Veterans Services	<u>693</u>	<u>867</u>	<u>735</u>	<u>132</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2018 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Public Assistance - Expenditures (Continued)				
<u>Other Assistance</u>				
Law Enforcement Med Care				
Salaries, wages, and benefits	3,190	3,179	3,029	150
Services and supplies	1,640	2,049	1,973	76
Expenditure transfers and reimbursement	(599)	(599)	(638)	39
Total Other Assistance	<u>4,231</u>	<u>4,629</u>	<u>4,364</u>	<u>265</u>
Total Public Assistance	<u>121,813</u>	<u>124,994</u>	<u>116,291</u>	<u>8,703</u>
Education - Expenditures				
<u>Agriculture Education</u>				
Farm Advisor				
Salaries, wages, and benefits	467	468	448	20
Services and supplies	118	120	120	-
Total Agriculture Education	<u>585</u>	<u>588</u>	<u>568</u>	<u>20</u>
Total Education	<u>585</u>	<u>588</u>	<u>568</u>	<u>20</u>
Total General Fund Expenditures (Before Contingencies)	<u>455,449</u>	<u>492,123</u>	<u>439,675</u>	<u>52,448</u>
Contingencies				
<u>Appropriation for Contingencies</u>				
Contingencies - General Fund				
Appropriation for contingency	24,103	21,165	-	21,165
Total Appropriation for Contingencies	<u>24,103</u>	<u>21,165</u>	<u>-</u>	<u>21,165</u>
Total Contingencies	<u>24,103</u>	<u>21,165</u>	<u>-</u>	<u>21,165</u>
Total General Fund Expenditures	<u>\$ 479,552</u>	<u>\$ 513,288</u>	<u>\$ 439,675</u>	<u>\$ 73,613</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	\$ 439,675
Differences - budget to GAAP:	-
Expenditures by funds no longer meeting the special revenue fund classification which are presented with the General Fund for financial reporting purposes.	<u>9,844</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 449,519</u>

STATISTICAL SECTION



COUNTY OF SAN LUIS OBISPO

Statistical Section

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

	Page
Financial Trends Information	
These schedules contain trend information that may assist the reader in assessing the County’s current financial performance by placing it in historical perspective	195
Revenue Capacity Information	
These schedules contain information that may assist the reader in assessing the viability of the County’s two most significant local revenue sources: property taxes and sales taxes	202
Debt Capacity Information	
These schedules present information that may assist the reader in analyzing the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future	207
Demographic and Economic Information	
These schedules offer economic and demographic indicators that are commonly used for financial analysis and that can enhance a reader’s understanding of the County’s present and ongoing financial status.....	210
Operating Information	
These schedules contain service and infrastructure indicators about how the information in the County’s financial statements relates to the services the County provides and the activities it performs.....	212



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

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Governmental Activities										
Net investment in capital assets	\$ 1,063,955	\$ 1,071,844	\$ 1,084,978	\$ 1,099,885	\$ 1,103,924	\$ 1,112,934	\$ 1,130,241	\$ 1,168,573	\$ 1,178,967	\$ 1,185,073
Restricted	41,188	36,385	36,258	31,477	28,863	43,109	37,722	41,230	64,822	29,836
Unrestricted	192,271	206,786	234,786	265,454	304,257	325,113	(150,074)	(170,962)	(226,970)	(217,606)
Total governmental activities net position	<u>\$ 1,297,414</u>	<u>\$ 1,315,015</u>	<u>\$ 1,356,022</u>	<u>\$ 1,396,816</u>	<u>\$ 1,437,044</u>	<u>\$ 1,481,156</u>	<u>\$ 1,017,889</u>	<u>\$ 1,038,841</u>	<u>\$ 1,016,819</u>	<u>\$ 997,303</u>
Business-type Activities										
Net investment in capital assets	\$ 167,188	\$ 160,627	\$ 149,097	\$ 153,801	\$ 167,138	\$ 188,485	\$ 213,455	\$ 237,157	\$ 270,246	\$ 283,410
Unrestricted	12,266	18,117	38,665	33,081	58,433	98,097	97,173	93,158	85,316	73,113
Total business-type activities net position	<u>\$ 179,454</u>	<u>\$ 178,744</u>	<u>\$ 187,762</u>	<u>\$ 186,882</u>	<u>\$ 225,571</u>	<u>\$ 286,582</u>	<u>\$ 310,628</u>	<u>\$ 330,315</u>	<u>\$ 355,562</u>	<u>\$ 356,523</u>
Total Primary Government										
Net investment in capital assets	\$ 1,231,143	\$ 1,232,471	\$ 1,234,075	\$ 1,253,686	\$ 1,271,062	\$ 1,301,419	\$ 1,343,696	\$ 1,405,730	\$ 1,449,213	\$ 1,468,483
Restricted	41,188	36,385	36,258	31,477	28,863	43,109	37,722	41,230	64,822	29,836
Unrestricted	204,537	224,903	273,451	298,535	362,690	423,210	(52,901)	(77,804)	(141,654)	(144,493)
Total primary government net position	<u>\$ 1,476,868</u>	<u>\$ 1,493,759</u>	<u>\$ 1,543,784</u>	<u>\$ 1,583,698</u>	<u>\$ 1,662,615</u>	<u>\$ 1,767,738</u>	<u>\$ 1,328,517</u>	<u>\$ 1,369,156</u>	<u>\$ 1,372,381</u>	<u>\$ 1,353,826</u>

Notes:

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

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

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

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Expenses										
Governmental Activities										
General government	\$ 41,658	\$ 36,561	\$ 35,344	\$ 35,231	\$ 34,507	\$ 36,866	\$ 45,598	\$ 53,282	\$ 56,390	\$ 56,858
Public protection	136,755	134,768	132,413	136,219	142,353	148,135	162,432	170,134	187,255	183,814
Public ways and facilities	24,713	24,927	27,365	27,120	28,474	28,253	34,136	33,418	32,098	41,606
Health and sanitation	66,542	68,199	66,657	65,799	69,222	74,313	78,137	88,326	99,150	103,822
Public assistance	97,803	96,645	98,841	96,435	97,929	99,449	110,470	118,089	125,102	122,753
Education	10,967	10,390	10,057	10,000	9,922	9,611	9,457	11,934	12,787	12,754
Recreation and cultural services	7,561	8,708	7,363	7,344	9,735	7,745	9,755	8,702	10,385	8,927
Interest on long term debt	5,433	6,356	6,787	6,620	6,041	5,270	5,124	4,602	4,555	11,840
Total Governmental Activities Expenses	391,432	386,554	384,827	384,768	398,183	409,642	455,109	488,487	527,722	542,374
Business-type Activities Expenses										
Airport	4,559	5,204	7,732	5,422	5,435	5,664	6,187	6,117	6,391	7,966
Golf	3,249	2,974	2,690	2,863	2,779	2,608	2,968	3,131	3,111	3,297
State Water Contract	5,661	5,630	6,705	6,761	5,536	5,992	6,351	5,848	5,571	5,909
Nacimiento Water Contract	10,144	10,613	11,844	11,901	14,738	13,840	15,776	14,888	14,191	14,044
Lopez Dam Flood Control	6,189	5,813	6,499	5,752	6,548	6,116	6,128	6,220	6,387	7,072
Lopez Park	-	-	-	-	-	-	4	4	4	3
General Flood Control	712	831	928	1,816	746	809	845	824	851	1,056
Transit	987	1,143	1,105	8	-	-	-	-	-	-
County Service Areas	3,434	3,744	3,877	3,836	3,779	3,857	4,194	4,065	4,218	4,445
Los Osos Wastewater	-	-	5	6,672	344	231	235	3,807	10,322	10,918
Total Business-type Activities Expenses	34,935	35,952	41,385	45,031	39,905	39,117	42,688	44,904	51,046	54,710
Total Primary Government Expenses	\$ 426,367	\$ 422,506	\$ 426,212	\$ 429,799	\$ 438,088	\$ 448,759	\$ 497,797	\$ 533,391	\$ 578,768	\$ 597,084
Program Revenues										
Governmental Activities										
Fees, Fines, Charges for Services										
General government	\$ 17,729	\$ 12,878	\$ 13,971	\$ 17,545	\$ 16,575	\$ 14,678	\$ 12,407	\$ 13,702	\$ 14,839	\$ 12,937
Public protection	23,285	21,072	20,843	15,679	16,352	23,035	20,774	20,768	21,231	23,667
Public ways and facilities	4,190	3,234	11,549	5,069	5,465	4,356	4,255	9,434	7,462	6,155
Health and sanitation	6,863	7,026	7,453	6,014	5,196	6,570	6,631	7,179	6,757	7,501
Public assistance	2,784	925	2,399	2,366	2,920	2,070	2,077	2,107	2,032	1,763
Education	1,922	2,304	2,037	2,545	3,583	1,723	2,998	1,952	1,644	2,006
Recreation and cultural services	3,931	3,822	3,714	3,952	4,435	4,537	5,056	4,975	5,127	5,591
Operating Grants and Contributions										
General Government	751	377	1,120	628	122	252	54	735	748	321
Public Protection	38,080	40,034	37,244	45,646	50,477	54,233	62,359	63,528	52,205	58,184
Public ways and facilities	10,406	10,679	9,446	11,813	15,018	14,688	14,145	11,025	9,918	11,506
Health and sanitation	49,149	57,784	48,567	44,741	55,064	57,344	62,338	61,950	67,626	76,494
Public assistance	83,175	81,525	86,479	85,505	87,912	89,640	94,775	98,414	102,784	105,848
Education	260	259	289	175	102	105	105	124	132	173
Recreation and cultural services	178	177	357	18	350	-	131	153	273	671
Capital Grants and Contributions										
General government	384	449	279	843	8	69	156	45	-	349
Public protection	82	-	-	-	-	3,315	9,701	4,420	7,820	656
Public ways and facilities	5,966	10,259	7,411	12,930	3,479	5,570	6,435	6,031	6,655	8,893
Health and sanitation	-	-	-	-	-	-	-	-	-	-
Public assistance	-	-	-	-	-	-	-	-	-	-
Recreation and cultural services	423	173	81	247	50	282	1,776	10,804	1,157	191
Total Governmental Activities	249,558	252,977	253,239	255,716	267,181	282,464	306,173	317,346	308,410	322,906

Source: Statement of Activities

(continued)

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

	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018
Business-type Activities										
Fees, Fines, Charges for Services										
Airport	3,734	3,541	3,888	3,719	4,053	4,493	4,883	5,165	5,662	7,158
Golf	2,879	2,653	2,590	2,690	2,639	2,779	2,967	2,589	2,291	2,584
State Water Contract	5,767	6,513	6,453	6,609	6,185	6,358	6,562	6,846	5,941	6,110
Nacimiento Water Contract	284	355	7,968	13,893	13,800	13,685	9,682	17,048	15,149	15,709
Lopez Dam	5,494	6,164	6,359	6,440	6,174	6,123	6,208	6,530	6,708	6,677
Lopez Park	-	-	-	-	-	-	-	-	-	-
General Flood Control Zone	637	661	1,870	1,252	730	861	794	960	904	909
Transit	63	-	-	-	-	-	-	-	-	-
County Service Areas	2,658	2,784	3,090	3,186	3,352	3,312	3,408	-	2,301	3,662
Los Osos Wastewater	-	-	-	-	-	-	-	3,551	3,620	4,467
Operating Grants and Contributions										
Airport	144	182	180	372	132	127	126	126	126	396
Golf	-	-	-	5	-	-	269	-	1,017	-
State Water Contract	8	8	10	10	13	13	13	13	14	14
Nacimiento Water Contract	31	31	30	28	29	12	9	9	-	6
Lopez Dam Flood Control	15	15	15	15	15	8	8	8	-	7
Lopez Park	-	-	-	-	-	-	-	-	-	-
Transit	-	1,172	1,097	-	-	-	-	-	-	-
General Flood Control	962	-	-	-	-	-	-	-	-	-
County Service Areas	4	4	3	3	3	3	211	295	3	3
Los Osos Wastewater	-	-	-	35	1	-	-	2,810	18	-
Capital Grants and Contributions										
Airport	6,750	4,310	2,074	138	572	1,770	365	7,069	15,379	2,211
Nacimiento Water Contract	-	-	-	-	-	-	-	-	-	24
County Service Areas	275	339	288	64	294	2	-	-	-	-
Los Osos Wastewater	-	-	9,357	9,127	35,717	57,507	26,385	4,157	10,086	2,982
Total Business-type Activities Revenues	29,705	28,732	45,272	47,586	73,709	97,053	61,890	57,176	69,219	52,919
Total Primary Government Revenues	\$ 279,263	\$ 281,709	\$ 298,511	\$ 303,302	\$ 340,890	\$ 379,517	\$ 368,063	\$ 374,522	\$ 377,629	\$ 375,825
Net (Expense)/Revenues										
Governmental Activities	\$ (141,874)	\$ (133,577)	\$ (131,588)	\$ (129,052)	\$ (131,002)	\$ (127,178)	\$ (148,936)	\$ (171,141)	\$ (219,312)	\$ (219,468)
Business-Type Activities	(5,230)	(7,220)	3,887	2,555	33,804	57,936	19,202	12,272	18,173	(1,791)
Total Primary Government net expense	\$ (147,104)	\$ (140,797)	\$ (127,701)	\$ (126,497)	\$ (97,198)	\$ (69,242)	\$ (129,734)	\$ (158,869)	\$ (201,139)	\$ (221,259)
General Revenue and Other Changes in Net Position										
Governmental Activities										
Property Taxes	\$ 141,195	\$ 132,723	\$ 139,214	\$ 140,288	\$ 143,182	\$ 152,256	\$ 155,374	\$ 163,367	\$ 173,153	\$ 180,051
Other Taxes	14,389	13,358	14,393	16,330	23,940	22,088	22,984	21,953	23,072	25,708
Interest and investment income	4,646	1,690	986	1,202	733	599	3,174	4,401	3,289	3,171
Unrestricted Grants	4,890	3,972	3,520	3,978	3,537	1,727	13,327	3,140	63	2,740
Other revenues	-	-	172	-	4	-	-	-	5	2
Transfers	845	(565)	150	8,048	(166)	(790)	(2,676)	(768)	(2,292)	2,267
Special Item	-	-	-	-	-	(2,800)	-	-	-	-
Total Governmental Activities	165,965	151,178	158,435	169,846	171,230	173,080	192,183	192,093	197,290	213,939
Business-type Activities										
Property Taxes	3,678	3,654	3,841	3,799	4,145	4,402	4,782	4,782	3,814	3,858
Other Taxes	27	28	28	28	29	32	-	-	-	-
Interest and investment income	6,190	1,900	965	755	385	595	659	847	630	1,272
Other revenues	572	363	447	31	160	40	183	268	338	-
Transfers	(845)	565	(150)	(8,048)	166	790	2,676	768	2,292	(2,267)
Total Business-type Activities	9,622	6,510	5,131	(3,435)	4,885	5,859	8,300	6,665	7,074	2,863
Total Primary Government	\$ 175,587	\$ 157,688	\$ 163,566	\$ 166,411	\$ 176,115	\$ 178,939	\$ 200,483	\$ 198,758	\$ 204,364	\$ 216,802
Change in Net Position										
Governmental Activities	\$ 24,091	\$ 17,601	\$ 26,847	\$ 40,794	\$ 40,228	\$ 45,902	\$ 43,247	\$ 20,952	\$ (22,022)	\$ (5,529)
Business-Type Activities	4,392	(710)	9,018	(880)	38,689	63,795	27,502	18,937	25,247	1,072
Total Primary Government	\$ 28,483	\$ 16,891	\$ 35,865	\$ 39,914	\$ 78,917	\$ 109,697	\$ 70,749	\$ 39,889	\$ 3,225	\$ (4,457)

Source: Statement of Activities

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

	2009	2010
General Fund		
Reserved	\$ 40,561	\$ 49,543
Unreserved	63,626	66,559
Total General Fund	<u>\$ 104,187</u>	<u>\$ 116,102</u>

All Other Governmental Funds		
Reserved	\$ 42,697	\$ 39,243
Unreserved, reported in:		
Special Revenue Funds	51,703	55,513
Capital Projects Fund	23,248	20,859
Debt Service Funds	-	-
Total all other Governmental Funds	<u>\$ 117,648</u>	<u>\$ 115,615</u>

	2011	2012	2013	2014	2015	2016	2017	2018
General Fund								
Nonspendable	\$ 3,333	\$ 3,176	\$ 3,092	\$ 779	\$ 5,089	\$ 3,454	\$ 3,535	\$ 18,511
Restricted	7,113	6,682	4,005	3,214	2,945	2,872	2,649	10,083
Committed	62,380	68,880	96,365	116,940	138,140	168,619	164,492	152,501
Assigned	-	-	104,237	118,248	125,112	122,925	126,596	107,145
Unassigned	87,741	102,291	-	-	-	-	-	-
Total General Fund	<u>\$ 160,567</u>	<u>\$ 181,029</u>	<u>\$ 207,699</u>	<u>\$ 239,181</u>	<u>\$ 271,286</u>	<u>\$ 297,870</u>	<u>\$ 297,272</u>	<u>\$ 288,240</u>
All Other Governmental Funds								
Nonspendable	\$ 352	\$ 390	\$ 596	\$ -	\$ 920	\$ 3,776	\$ 3	\$ 24
Restricted	22,065	19,788	18,311	20,164	20,563	21,317	24,192	24,750
Committed	55,446	61,144	65,903	74,240	78,508	61,926	94,904	62,307
Assigned	94	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(486)	-	-	(3,038)
Total all other Governmental Funds	<u>\$ 77,957</u>	<u>\$ 81,322</u>	<u>\$ 84,810</u>	<u>\$ 94,404</u>	<u>\$ 99,505</u>	<u>\$ 87,019</u>	<u>\$ 119,099</u>	<u>\$ 84,043</u>

Note: In 2011, the County began implementation of GASB Statement No. 54, which changed the classifications of the fund balance. Fund balance information in years prior to 2011 is presented according to the previous guidelines.

Source: Balance Sheet - Governmental Funds

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 154,155	\$ 153,910	\$ 155,419	\$ 160,920	\$ 171,771	\$ 177,765	\$ 178,740	\$ 185,764	\$ 196,822	\$ 203,583
Licenses, permits, and franchises	8,006	6,906	7,413	7,863	9,247	10,694	10,452	10,539	11,446	11,140
Fines, forfeitures, and penalties	6,973	6,078	7,993	6,750	6,654	5,257	5,686	5,173	4,339	5,977
Revenues from use of money and property	4,122	1,644	1,242	2,273	1,475	1,373	3,864	4,939	3,984	3,779
Aid from governmental agencies	188,794	199,771	194,625	206,372	209,234	229,283	261,351	256,490	254,350	262,660
Charges for current services	54,208	47,065	56,486	45,538	41,690	50,071	43,530	46,308	49,460	49,793
Other revenues	6,856	5,358	6,531	8,451	11,342	6,235	9,110	11,504	8,481	6,869
Total revenues	<u>423,114</u>	<u>420,732</u>	<u>429,709</u>	<u>438,167</u>	<u>451,413</u>	<u>480,678</u>	<u>512,733</u>	<u>520,717</u>	<u>528,882</u>	<u>543,801</u>
Expenditures										
Current:										
General government	51,461	45,162	50,321	45,850	44,374	44,317	51,207	54,461	54,918	60,445
Public protection	140,746	136,857	135,636	138,579	143,832	148,155	157,783	156,096	164,839	175,175
Public ways and facilities	42,139	31,093	37,261	40,338	34,178	28,528	29,903	41,044	29,077	42,254
Health and sanitation	67,267	68,442	68,472	67,830	70,021	74,586	75,116	81,591	88,623	99,885
Public assistance	98,170	96,248	100,202	97,185	98,059	99,442	107,104	111,227	113,392	117,066
Education	11,016	13,020	10,191	9,973	9,901	12,205	11,388	10,534	11,560	11,640
Recreational and cultural services	8,654	8,313	7,187	6,998	7,538	7,993	10,104	9,888	9,963	10,358
Debt service:										
Principal payments	3,264	3,790	4,595	4,435	4,065	5,412	6,070	6,788	7,576	50,989
Interest and fiscal charges	5,181	5,954	6,464	6,289	5,863	5,419	5,209	4,687	4,639	11,666
Debt issuance costs	-	550	-	-	269	-	-	-	-	-
Capital outlay	2,849	1,965	3,399	5,540	3,692	11,312	20,019	30,465	11,554	11,828
Total expenditures	<u>430,747</u>	<u>411,394</u>	<u>423,728</u>	<u>423,017</u>	<u>421,792</u>	<u>437,369</u>	<u>473,903</u>	<u>506,781</u>	<u>496,141</u>	<u>591,306</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,633)</u>	<u>9,338</u>	<u>5,981</u>	<u>15,150</u>	<u>29,621</u>	<u>43,309</u>	<u>38,830</u>	<u>13,936</u>	<u>32,741</u>	<u>(47,505)</u>

Continued

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources										
Refunding certificates of participation issued	-	-	-	-	14,427	-	-	-	-	-
Premium on refunding certificates of participation issued	-	-	-	-	1,418	-	-	-	-	-
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	42,565	-	-	-	-	-	-	-	-
Payment to refunded escrow agent	-	(42,000)	-	-	(16,400)	-	-	-	-	-
Discount on certificates of participation issued	-	-	-	-	-	-	-	-	-	-
Transfers in	43,523	33,044	34,421	35,815	48,113	26,502	33,299	35,803	57,668	54,782
Transfers out	(42,833)	(33,065)	(33,595)	(27,138)	(47,021)	(25,935)	(34,924)	(35,641)	(58,927)	(51,365)
Total other financing sources and uses	690	544	826	8,677	537	567	(1,625)	162	(1,259)	3,417
Special Item	-	-	-	-	-	(2,800)	-	-	-	-
Net change in fund balances	<u>\$ (6,943)</u>	<u>\$ 9,882</u>	<u>\$ 6,807</u>	<u>\$ 23,827</u>	<u>\$ 30,158</u>	<u>\$ 41,076</u>	<u>\$ 37,205</u>	<u>\$ 14,098</u>	<u>\$ 31,482</u>	<u>\$ (44,088)</u>
Debt Service as a percentage of non-capital expenditures	2.13%	2.51%	2.80%	2.73%	2.48%	2.61%	2.57%	2.54%	2.62%	11.25%

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

COUNTY OF SAN LUIS OBISPO
ESTIMATED 30 YEAR PENSION LIABILITY FUNDING
SCHEDULE BASED ON JANUARY 1, 2018 ACTUARIAL VALUATION WITH TIER 3 (AB 340)
7.00% INVESTMENT RATE OF RETURN ASSUMPTION
3.00% PAYROLL GROWTH ASSUMPTION IN 2018 AND 2.75% THEREAFTER

Valuation as of January 1,	Input Market Return for Past Fiscal Year	Determined Contribution Rate	Compensation at Valuation	Determined Contribution	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded AAL	Funded Ratio	Total Normal Cost Rate	Market Value of Assets (MVA)	Funded Ratio Using MVA
2018	14.92%	42.19%	\$ 197	\$ 83	\$ 1,946	\$ 1,329	\$ 617	68.3%	21.15%	\$ 1,340	68.9%
2019	7.00%	42.80%	202	86	2,026	1,399	627	69.0%	20.54%	1,421	70.2%
2020	7.00%	42.62%	207	88	2,105	1,475	631	70.0%	20.09%	1,505	71.5%
2021	7.00%	41.71%	212	88	2,184	1,573	611	72.0%	19.67%	1,590	72.8%
2022	7.00%	40.69%	217	88	2,262	1,675	587	74.0%	19.24%	1,675	74.0%
2023	7.00%	40.42%	222	90	2,339	1,759	580	75.2%	18.87%	1,759	75.2%
2024	7.00%	40.18%	227	91	2,415	1,843	571	76.3%	18.54%	1,843	76.3%
2025	7.00%	39.98%	233	93	2,489	1,928	561	77.5%	18.25%	1,928	77.5%
2026	7.00%	39.80%	238	95	2,561	2,014	547	78.6%	17.98%	2,014	78.6%
2027	7.00%	39.62%	244	97	2,632	2,100	532	79.8%	17.73%	2,100	79.8%
2028	7.00%	39.48%	250	99	2,701	2,187	514	81.0%	17.51%	2,187	81.0%
2029	7.00%	39.35%	256	101	2,768	2,275	493	82.2%	17.31%	2,275	82.2%
2030	7.00%	39.23%	262	103	2,834	2,364	470	83.4%	17.13%	2,364	83.4%
2031	7.00%	39.13%	268	105	2,897	2,454	443	84.7%	16.97%	2,454	84.7%
2032	7.00%	39.03%	275	107	2,959	2,547	412	86.1%	16.81%	2,547	86.1%
2033	7.00%	38.95%	282	110	3,019	2,641	378	87.5%	16.68%	2,641	87.5%
2034	7.00%	38.86%	289	112	3,077	2,738	339	89.0%	16.55%	2,738	89.0%
2035	7.00%	38.79%	297	115	3,134	2,838	296	90.6%	16.44%	2,838	90.6%
2036	7.00%	38.73%	304	118	3,190	2,942	248	92.2%	16.34%	2,942	92.2%
2037	7.00%	38.67%	312	121	3,246	3,050	195	94.0%	16.25%	3,050	94.0%
2038	7.00%	38.61%	320	124	3,300	3,164	136	95.9%	16.17%	3,164	95.9%
2039	7.00%	38.57%	329	127	3,354	3,283	71	97.9%	16.09%	3,283	97.9%
2040	7.00%	16.02%	337	54	3,408	3,408	-	100.0%	16.02%	3,408	100.0%
2041	7.00%	15.96%	346	55	3,461	3,461	-	100.0%	15.96%	3,461	100.0%
2042	7.00%	15.91%	355	57	3,515	3,515	-	100.0%	15.91%	3,515	100.0%
2043	7.00%	15.86%	365	58	3,569	3,569	-	100.0%	15.86%	3,569	100.0%
2044	7.00%	15.83%	375	59	3,624	3,624	-	100.0%	15.83%	3,624	100.0%
2045	7.00%	15.79%	385	61	3,681	3,681	-	100.0%	15.79%	3,681	100.0%
2046	7.00%	15.77%	395	62	3,738	3,738	-	100.0%	15.77%	3,738	100.0%
2047	7.00%	15.74%	406	64	3,798	3,798	-	100.0%	15.74%	3,798	100.0%
2048	7.00%	15.73%	417	66	3,860	3,860	-	100.0%	15.73%	3,860	100.0%

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

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

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

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

The Unfunded Actuarial Liability presented in this schedule and used for funding purposes is calculated using the smoothed actuarial value of Plan assets. This differs from the Net Pension Liability used for financial statement reporting under GASB Statement No. 68 which is measured using the market value of Plan assets.

Amounts in this schedule differ from those used for financial reporting. This schedule contains values based on a January 1, 2018 actuarial valuation report. Net Pension Liability and related amounts used for financial reporting are based on a June 30, 2018 actuarial valuation report.

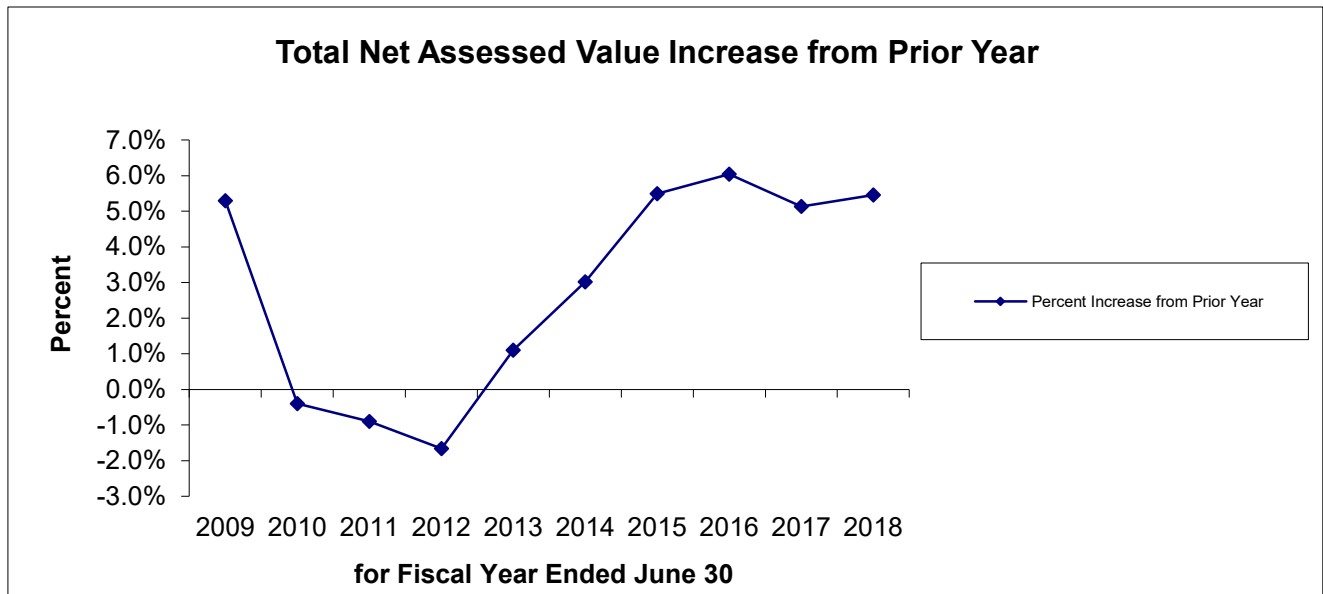
All dollar amounts in millions.

Source: Gabriel Roeder Smith & Company
Supplementary exhibit to the 2018 SLO County Pension Trust Actuarial Valuation Report
For the Year Beginning January 1, 2018

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

Fiscal Year	Secured	Unsecured	Exemptions	Net Assessed Valuations	Percentage Increase from Prior Year	Tax Rate
2009	\$ 42,348,044	\$ 1,132,435	\$ (891,949)	\$ 42,588,530	5.3%	1.0020
2010	42,185,284	1,148,662	(914,309)	42,419,637	-0.4%	1.0020
2011	41,846,720	1,118,384	(927,194)	42,037,910	-0.9%	1.0029
2012	41,223,923	1,081,597	(965,089)	41,340,431	-1.7%	1.0030
2013	41,667,316	1,138,202	(1,009,234)	41,796,284	1.1%	1.0040
2014	42,900,845	1,195,631	(1,036,531)	43,059,945	3.0%	1.0040
2015	45,288,599	1,230,775	(1,093,212)	45,426,162	5.5%	1.0040
2016	48,037,099	1,257,845	(1,122,568)	48,172,375	6.0%	1.0037
2017	50,458,742	1,362,539	(1,173,683)	50,647,598	5.1%	1.0040
2018	53,278,739	1,386,183	(1,248,961)	53,415,961	5.5%	1.0040

Source: County Assessed Values, Exemptions and Growth % Book



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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
County Direct Rates										
General	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
State Water Project	0.00220	0.00220	0.00290	0.00300	0.00400	0.00400	0.00400	0.00374	0.00400	0.00400
Total Direct Rate	1.00220	1.00220	1.00290	1.00300	1.00400	1.00400	1.00400	1.00374	1.00400	1.00400
Cities, Schools, and Special Districts Combined Rates										
Arroyo Grande	0.0464	0.0464	0.0470	0.0477	0.0576	0.0580	0.0569	0.0756	0.0680	0.1085
Atascadero	0.0975	0.0975	0.0975	0.0442	0.0452	0.0452	0.0590	0.1373	0.1373	0.1373
Grover Beach	0.0382	0.0382	0.0389	0.0396	0.0495	0.0499	0.0509	0.0940	0.1023	0.1599
Morro Bay	0.0492	0.0492	0.0499	0.0501	0.0510	0.0510	0.0510	0.0688	0.0683	0.0683
Paso Robles	0.0948	0.0988	0.0389	0.0816	0.0815	0.0815	0.0782	0.0955	0.0828	0.0828
Pismo Beach	0.0382	0.0382	0.0389	0.0396	0.0495	0.0499	0.0509	0.0700	0.0680	0.1085
San Luis Obispo	-	-	-	-	-	-	-	0.0683	0.0683	0.0683

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

Source: County Property Tax Rate Book

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

Taxpayer	Industry	Fiscal Year 2018			Fiscal Year 2009		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Co.	Utility	\$ 2,663,682	1	4.99%	\$ 2,404,690	1	5.65%
Phillips 66 Company	Oil Refinery	137,197	2	0.26%	-	-	-
Jamestown Premier	Commercial	111,018	3	0.21%	-	-	-
AT&T California	Telephone	109,458	4	0.20%	84,563	3	0.20%
CAP VIII - Mustang Village LLC	Apartments	90,677	5	0.17%	73,522	4	0.17%
E&J Gallo Winery	Winery	76,338	6	0.14%	-	-	-
Firestone Walker LLC	Brewery	65,986	7	0.12%	-	-	-
Pasquini Charles Jr TRE ETAL	Multi-Property Owner	60,244	8	0.11%	-	-	-
Brodiaea Inc	Land Management	57,716	9	0.11%	-	-	-
Dydney Morro Bay LLC	Utility	57,158	10	0.11%	-	-	-
TOSCO Corp	Petroleum & Gas	-	-	-	146,709	2	0.34%
Beringer Wine Estates Company	Winery	-	-	-	66,017	5	0.16%
Plains Exploration & Prod Co	Petroleum & Gas	-	-	-	60,220	6	0.14%
Martin Hotel Mgmt Co LLC	Hotel	-	-	-	59,976	7	0.14%
Southern California Gas Co.	Utility	-	-	-	59,229	8	0.14%
Twin Cities Com. Hospital	Hospital	-	-	-	55,970	9	0.13%
Charter Communications	Communications	-	-	-	47,542	10	0.11%
Total		\$ 3,429,474		6.42%	\$ 3,058,438		7.18%
Total County Assessed Value		\$ 53,415,961			\$ 42,588,530		

Source: County Property Tax System

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

Fiscal Year	Total Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Delinquent Amount	% of Levy Delinquent
		Collected Amount	% of Original Levy			
2009	\$ 416,262	\$ 400,120	96.12%	N/A	\$ 16,142	3.88%
2010	412,698	398,951	96.67%	N/A	13,747	3.33%
2011	408,623	397,830	97.36%	N/A	10,793	2.64%
2012	403,472	396,238	98.21%	N/A	7,234	1.79%
2013	405,225	399,807	98.66%	N/A	5,418	1.34%
2014	421,140	416,450	98.89%	N/A	4,690	1.11%
2015	447,088	442,330	98.94%	N/A	4,758	1.06%
2016	470,629	466,465	99.12%	N/A	4,164	0.88%
2017	495,277	490,890	99.11%	N/A	4,387	0.89%
2018	522,528	517,777	99.09%	N/A	4,751	0.91%

Note: Amounts do not include Tax collections for Bonds or Special Assessments

Source: County Property Tax Booklet

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

**COUNTY OF SAN LUIS OBISPO
SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS
(IN THOUSANDS)
(UNAUDITED)**

Year ended June 30,	Special Assessment Billings (a)	Special Assessment Collected (a)	
2011	\$ -	\$ 3,127	* √
2012	3,664	3,786	*
2013	3,494	3,545	*
2014	3,497	3,630	
2015	3,489	3,598	
2016	3,496	3,633	
2017	3,490	3,577	
2018	5,063	5,196	

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. 2011 was the first year of special assessment billings and collections.

Source:

a. County Property Tax System

* Amounts restated

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Certificates of Participation	\$31,920	\$30,420	\$28,820	\$27,895	\$25,662	\$24,640	\$23,600	\$22,527	\$21,411	\$26,135
Less deferred amounts:										
For issuance discounts:	(115)	(111)	(107)	(103)	(99)	(95)	(91)	(87)	(83)	(79)
Add deferred amounts:										
For issuance premiums:	-	-	-	-	1,329	1,240	1,152	1,063	975	886
State notes	-	-	-	-	-	-	-	-	-	2,056
Pension Obligation Bonds	127,169	125,444	122,689	119,429	115,624	111,234	146,219	145,291	143,890	99,407
Total bonds and notes payable	158,974	155,753	151,402	147,221	142,516	137,019	170,880	168,794	166,193	128,405
Business-Type Activities										
Certificates of Participation	20,848	20,657	19,897	19,060	17,920	18,257	17,745	17,194	16,470	15,678
Add deferred amounts:										
For issuance premiums:	-	-	-	-	492	459	426	393	361	328
State Note	32,283	32,418	31,024	35,884	34,399	46,529	72,774	86,611	85,674	87,667
Revenue Bonds	196,456	196,450	196,444	193,483	190,389	187,170	183,813	177,198	173,535	168,410
Add deferred amounts:										
For issuance premiums:	6,371	6,371	6,371	6,158	5,945	5,732	5,519	10,058	9,623	8,926
Unamortized outflow on Bond Refinancing	-	-	-	-	-	-	-	(4,171)	(3,990)	(3,808)
General Obligation Bonds	11,450	11,155	10,760	10,245	9,890	9,530	9,155	8,760	8,350	7,925
Add deferred amounts:										
For issuance premiums:	-	-	1,128	1,072	1,015	959	902	846	790	733
Bond Anticipation Notes	-	-	8,677	-	-	-	-	-	-	-
Assessment Bonds	-	-	-	15,364	39,527	76,438	79,829	79,396	78,089	76,746
Total bonds and notes payable	267,408	267,051	274,301	281,266	299,577	345,074	370,163	376,285	368,902	362,605
Total Outstanding Debt	\$426,382	\$422,804	\$425,703	\$428,487	\$442,093	\$482,093	\$541,043	\$545,079	\$535,095	\$491,010
Percentage of Personal Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percentage of Assessed Value of Taxable Property*	1.00%	1.00%	1.01%	1.04%	1.06%	1.12%	1.19%	1.13%	1.06%	0.92%
Net outstanding debt Per Capita	\$ 1,576.69	\$ 1,547.42	\$ 1,571.06	\$ 1,578.32	\$ 1,624.28	\$ 1,770.08	\$ 1,972.50	\$ 1,960.88	\$ 1,916.46	\$ 1,752.97

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

Source: Notes to the Financial Statements, Note 10

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Certificates of Participation	\$18,361	\$17,730	\$17,075	\$16,400	\$14,427	\$13,675	\$12,915	\$12,137	\$11,326	\$10,482
Less deferred amounts:										
For issuance discounts:	-	-	-	-	(99)	(95)	(91)	(87)	(83)	(79)
Add deferred amounts:										
For issuance premiums:	-	-	-	-	1,330	1,240	1,152	1,063	975	886
General Obligation Bonds	11,450	11,155	10,760	10,245	9,890	9,530	9,155	8,760	8,350	7,925
Add deferred amounts:										
For issuance premiums:	-	-	1,128	1,072	1,015	959	902	846	790	733
State Notes	-	-	-	-	-	-	-	-	-	2,056
Assessment Bonds	-	-	-	15,364	39,527	76,438	79,829	79,396	78,089	76,746
Less resources restricted for principal repayment	(3,683)	(3,551)	(2,848)	(2,893)	(2,684)	(2,683)	(2,683)	(2,688)	(2,692)	(2,712)
Net Total General Obligation Debt	\$ 26,128	\$ 25,334	\$ 26,115	\$ 40,188	\$ 63,406	\$ 99,064	\$ 101,179	\$ 99,427	\$ 96,755	\$ 96,037
Percentage of Personal Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percentage of Assessed Value of Taxable Property ¹	0.06%	0.06%	0.06%	0.10%	0.15%	0.23%	0.22%	0.21%	0.19%	0.19%
Net outstanding debt Per Capita	\$ 96.62	\$ 92.72	\$ 96.38	\$ 148.03	\$ 232.96	\$ 363.73	\$ 368.87	\$ 357.68	\$ 346.53	\$ 342.87

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

Source: Notes to the Financial Statements, Note 10

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

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

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Assessed Value of Property (a) (b)	\$ 42,588,529	\$ 42,419,637	\$ 42,037,909	\$ 41,340,430	\$ 41,796,283	\$ 43,059,945	\$ 45,426,163	\$ 48,172,375	\$ 50,647,598	\$ 53,415,961
Debt Limit, 1.25% of Assessed Value	532,357	530,245	525,474	516,755	522,454	538,249	567,827	602,155	633,095	667,700
<i>Amount of Debt Applicable to Limit</i>										
General Obligation Bonds (c)	11,450	11,155	11,888	11,317	10,905	10,489	10,057	9,606	9,140	8,658
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Total Debt Applicable	11,450	11,155	11,888	11,317	10,905	10,489	10,057	9,606	9,140	8,658
Legal Debt Margin	\$ 520,907	\$ 519,090	\$ 513,586	\$ 505,438	\$ 511,549	\$ 527,760	\$ 557,770	\$ 592,549	\$ 623,955	\$ 659,042
Total Debt Applicable as a Percentage of the Debt Limit	2.15%	2.10%	2.26%	2.19%	2.09%	1.95%	1.77%	1.60%	1.44%	1.30%

Source:

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

Assessed value calculation (in thousands)

Locally Assessed-Secured

San Luis Obispo Countywide	\$50,231,425
Pipeline Right-of-Way (Unitary)	6,161
Aircraft	161,828
Total Local Assessed	50,399,414

State Assessed

Local Utility	6,815
Unitary	3,009,732
Total State Assessed	3,016,547

Combined Assessed Values

Sub-Total Combined Assessed Values	53,254,133
Aircraft	161,828
Total Combined Assessed Values	<u>\$53,415,961</u>

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

Calendar Year	Population (1,a)	Personal Income	Per Capita Income (2,a,d)	Median Age (4,c)	School Enrollment (3,b,e)	Unemployment
		(in thousands) (2,a,d)				Rate (2,a)
2009	270,429	\$10,237,494	\$38,179	39.30	44,874	9.0
2010	273,231	10,532,649	38,994	39.40	44,351	10.0
2011	270,966	10,966,438	40,322	40.30	44,104	9.9
2012	271,483	12,008,355	43,698	39.20	43,022	8.5
2013	272,177	12,547,278	45,388	39.50	42,600	6.4
2014	272,357	12,823,005	45,947	39.50	42,911	5.3
2015	274,293	14,034,209	49,873	39.30	41,853	4.4
2016	277,977	14,552,207	51,442	39.00	43,117	4.5
2017	279,210	N/A	N/A	N/A	43,112	3.6
2018	280,101	N/A	N/A	N/A	42,713	3.2

Sources:

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

Notes:

N/A = not available

- a. Data for Calendar Years
- b. Data includes kindergarten through grade 12 and Cuesta College
- c. Calendar year 2012 -2016 figures are projections based on the American Community Survey 5-Year Estimates
- d. Prior years were revised per the US Department of Commerce
- e. Data for School Year ending in the stated calendar year

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

Employer	2018			2009		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Cal Poly State University, SLO	3,000	1	2.15%	2,693	1	1.91%
County of San Luis Obispo	2,920	2	2.09%	2,570	2	1.82%
Atascadero State Hospital	2,000	3	1.43%	2,200	3	1.56%
Pacific Gas and Electric Company	1,866	4	1.34%	1,719	5	1.22%
California Men's Colony	1,517	5	1.09%	2,000	4	1.42%
Cal Poly Corporation	1,400	6	1.00%	1,641	6	1.16%
Tenet Healthcare	1,305	7	0.94%	1,100	8	0.78%
Compass Health Inc	1,200	8	0.86%	-	-	-
Lucia Mar Unified School District	1,000	9	0.72%	1,080	9	0.76%
Paso Robles Public Schools	935	10	0.67%	-	-	-
Cuesta College	-	-	-	1,559	7	1.10%
San Luis Coastal Unified School District	-	-	-	873	10	0.62%
Total Employment Labor Force			139,500			141,200

Source:

1. SLO Chamber of Commerce
2. State of California Employment Development Department
3. 2008-2009 San Luis Obispo County CAFR

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018*
General Government	485.25	451.00	442.75	437.50	438.25	430.75	436.75	440.50	430.75	437.50
Public Protection	879.50	799.75	783.25	808.25	812.00	817.25	832.25	848.25	867.00	909.50
Public Ways and Facilities	199.25	202.25	194.25	193.75	193.75	188.75	190.75	207.75	234.75	237.75
Health and Sanitation	421.00	424.75	424.00	430.50	445.25	464.00	485.25	505.50	556.00	536.50
Public Assistance	437.25	426.75	424.75	425.75	428.00	478.00	500.75	524.00	524.00	523.00
Education	87.50	78.50	78.50	77.50	75.50	75.50	75.50	77.50	78.00	77.75
Recreation and Cultural Services	58.00	56.00	56.00	52.00	52.00	55.00	59.00	60.00	61.00	61.00
Total	<u>2,567.75</u>	<u>2,439.00</u>	<u>2,403.50</u>	<u>2,425.25</u>	<u>2,444.75</u>	<u>2,509.25</u>	<u>2,580.25</u>	<u>2,663.50</u>	<u>2,751.50</u>	<u>2,783.00</u>

Source: County Budget Report

Notes:

2009-2017 Position allocation figures were calculated at the time of budget preparation for the following year.

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

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

**COUNTY OF SAN LUIS OBISPO
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS
(UNAUDITED)**

Function / Department	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Recreation and Cultural Services										
Parks										
<i>Day Use Passes</i>	47,156	47,011	51,519	57,135	56,601	42,821	57,564	n/a	n/a	n/a
<i>Daily Passes</i>	n/a	n/a	n/a	n/a	n/a	246,727	239,140	189,232	230,915	257,220
<i>Annual Passes</i>	3,547	2,220	1,992	2,357	2,406	2,998	3,137	n/a	n/a	n/a
<i>Annual Vehicle Passes</i>	n/a	n/a	n/a	n/a	n/a	8,744	12,584	9,614	6,504	8,066
<i>Daily Boat Launches</i>	16,864	15,802	15,602	16,133	14,809	26,110	23,706	16,001	16,312	24,340
<i>Annual Boat Passes</i>	752	627	618	238	551	1,412	1,245	480	1,383	1,353
Public Protection										
Planning and Building										
<i>Total Permits Issued</i>	2,261	2,067	2,073	2,086	2,070	2,622	3,139	3,355	3,927	3,542
<i>Number of New Affordable Housing **</i>	105	82	80	39	44	13	151	99	65	133
Sheriff										
<i>Jail bookings</i>	14,158	13,025	12,682	12,966	13,273	12,583	11,375	11,018	11,774	11,324
<i>Average daily population</i>	540	551	558	679	717	780	679	603	632	621
Health and Sanitation										
Mental Health										
<i>Total number of patient days in State Hospitals</i>	365	364	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Day Treatment Days provided to youth in out-of-county group home facilities***</i>	2,692	2,212	2,937	1,588	1,885	1,764	1,613	1,381	604	n/a
Public Health										
<i>Number of Children enrolled in the Healthy Families Program</i>	5,450	5,709	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<i>Percentage of the State allocated caseload enrolled in the Women, Infants & Children (WIC) Program</i>	98	97	100	99	99	95	91	86	76	72
<i>Percentage of live born infants whose mothers received prenatal care in the first trimester.</i>	78	78	78.5	81.7	80	79	79	80	78	78
Public Assistance										
Social Services										
<i>Percentage of child abuse/neglect referrals where a response is required within 10 days that were timely</i>	88.7	94.1	96.8	97.6	98.0	96.1	97.9	97.0	n/a	n/a
<i>Percentage of child abuse/neglect referrals where a response is required within 10 days and where contact was made within the required period.</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	91.0	95.0
Education										
Library										
<i>Annual number of items circulated per capita</i>	9.2	9.4	10.0	10.1	10.1	9.8	9.6	10.5	10.3	11.6
<i>Annual Expenditure per capita for total Library budget</i>	\$ 38.43	\$ 35.35	\$ 35.35	\$ 35.25	\$ 34.35	\$ 35.50	\$ 36.13	\$ 36.27	\$ 38.10	\$ 40.36
Public Ways and Facilities										
Roads										
<i>Pavement Condition Rating for all County roads (70 = "good")</i>	62	65	60	58	60	61	61	65	66	65
Airport										
Airport										
<i>Takeoffs and Landings</i>	95,419	88,161	80,556	80,158	71,428	66,696	71,001	71,181	71,001	77,917
<i>Passenger Enplanements</i>	132,748	125,152	139,909	134,244	132,315	147,105	149,558	155,744	180,141	226,588

Source: County Budget Performance Indicators

** This measure was revised in FY 2017-18 to include homeless set aside units provided and rehab units funded.

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

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

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Recreation and Cultural Services										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	13,422	13,422	13,572	13,424	13,424	13,583	13,583	13,583	13,583	13,583
Public Protection										
Correction facility capacities (a)	693	693	689	637	717	797	797	797	909	999
Public Ways and Facilities										
Miles of county roads	1,336	1,329	1,332	1,333	1,335	1,336	1,336	1,338	1,338	1,339
Airport										
Number of runways	2	2	2	2	2	2	2	2	2	2

Note: Majority of County assets are in buildings and equipment, which are under the Functional area of General Government
(a) Amount is all holdings actual totals, including Main Jail, Women's Jail, West Housing, West Dorm, Honor Farm, and Weekender Barracks

Source: County management

