

# Comprehensive Annual Financial Report

County of San Luis Obispo, California



Fiscal Year Ended June 30, 2019



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



Cover photo of Fiscalini Ranch Preserve, Cambria taken by  
Ryan Richmond, Auditor-Controller-Treasurer-Tax Collector's Office

**COUNTY OF SAN LUIS OBISPO  
COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2019**

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**INTRODUCTORY SECTION**

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COUNTY  
of SAN LUIS  
OBISPO





**COUNTY OF SAN LUIS OBISPO**

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

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

*Lydia J. Corr, CPA Assistant Auditor-Controller • Treasurer-Tax Collector*

January 17, 2020

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, 2019, is hereby submitted as mandated by Sections 25250 and 25253 of the Government Code of the State of California. These statutes require that the County publish a complete set of financial statements audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants. The County prepares its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The requirements for financial reporting in accordance with GAAP are established by the Governmental Accounting Standards Board (GASB).

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

The County's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide a reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2019, 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, 2019, are fairly presented and in conformity

with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

## **Profile of the Government**

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

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

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

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

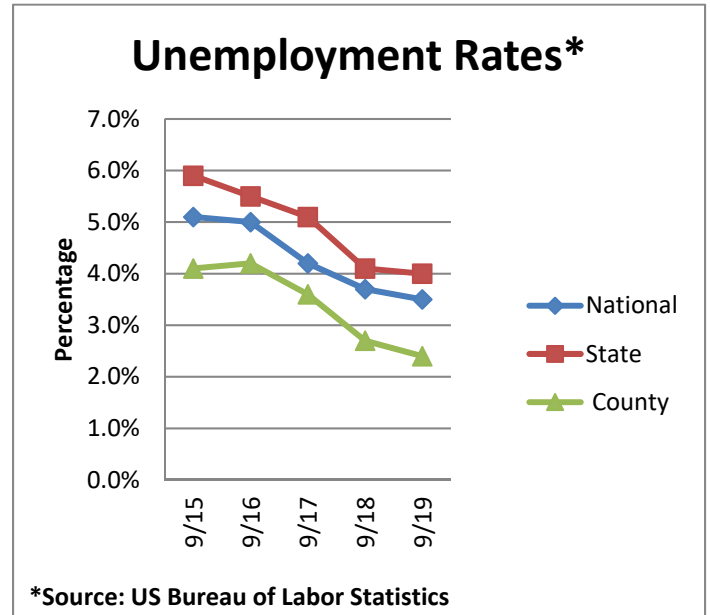
The County has various blended component units which primarily provide utility and debt financing services. The County's only discretely presented component unit is First 5, which allocates funds from the California Children and Families Trust Fund and advocates for quality programs and services, supporting 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.

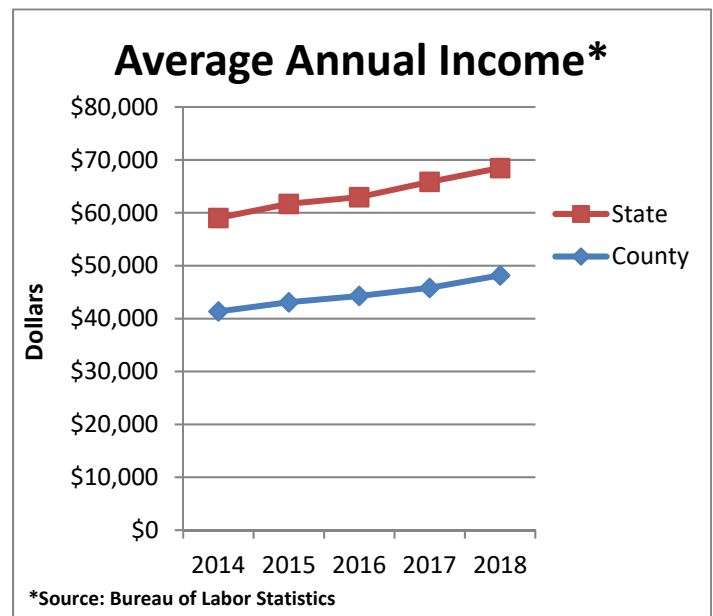
## Employment:

- Unemployment in the County, as of September 2019, was 2.4% which is lower than both the state rate of 4.0% and the national rate of 3.5%. During the same period last year, unemployment in the County was 2.7%.
- 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.



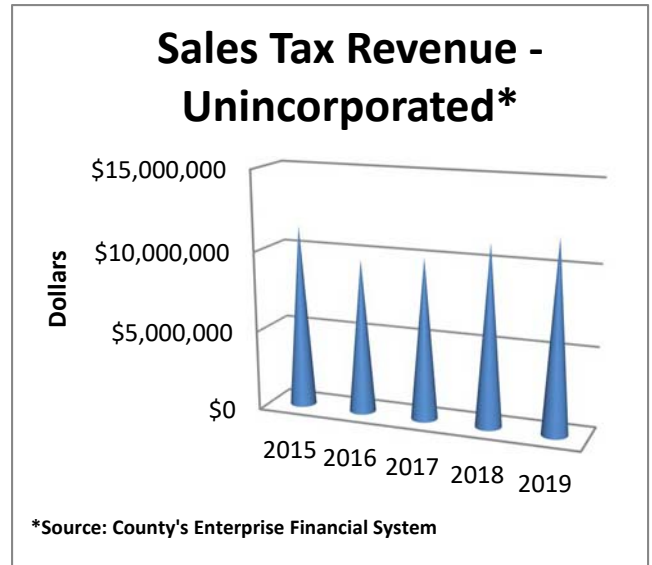
## Wages:

- Average income increased by 5.2% to \$48,180, from 2017 to 2018 (most recent data) for the residents of the County of San Luis Obispo, as reported by the Bureau of Labor Statistics.
- As reported by the Bureau of Labor Statistics, the highest earning 2018 occupational groups consisted of family and general healthcare practitioners, physicians and surgeons, psychiatrists, chief executives, dentists, architects and engineers, human resource managers, and pharmacists.



### Retail Sales:

- The increase in sales tax revenue of \$631,100 or 5.6% from June 2018 to June 2019 was less than the prior year increase of 11.7%.
- With a wide variety of activities offering year-round visitor appeal, the County continues to benefit fiscally from the tourism industry. Tourists spent approximately \$281 million in retail locally in 2018 which is a 9.6% decrease in spending from 2017 as reported by the tourism marketing agency Visit SLO CAL.



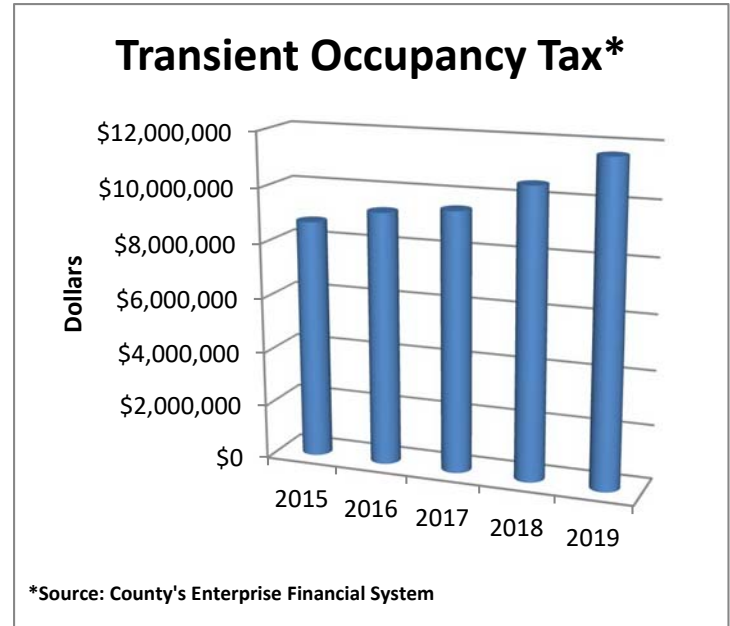
### Real Estate:

The County's median home price decreased from \$605,000 in August 2018 to \$595,000 in August 2019. This is a 1.7% decrease from the same period in the prior year. After several consecutive years of increases, this could be an indicator that the housing market is leveling off. Property tax revenue indicators continue to illustrate the strength of the local economy.

- Discretionary property tax receipts were \$132 million in FY 2018-19, an increase of 5.6% over the prior year.
- The total tax levy on secured property, which excludes unsecured property, direct charges, and school bonds, was \$549,868,636 for FY 2018-19, an increase of 5.2% from the previous year.
- Property Transfer Tax is related to the value and number of real estate transactions during the year. The County's unincorporated areas' property transfer taxes decreased 5.6% in FY 2018-19; this is the first year with a decrease after eight years of increases.
- The property tax delinquency rate of 0.9% has remained unchanged over the last four years. The rate continues to demonstrate a stable local economy.

## Tourism:

- Transient Occupancy Tax (TOT) collections in the unincorporated areas increased 11% in the 2018-19 fiscal year. This increase is consistent with the seven incorporated cities budgeted increase of 10% for TOT collections for the same time period.
- The San Luis Obispo (SLO) County Regional Airport announced that it will add direct flights to San Diego and Portland in 2020. Additionally, direct flights to Dallas/Ft. Worth and Las Vegas were added in 2019. Based on an economic impact study conducted by the airport, these flights will help the airport contribute more than \$85 million to the regional economy each year.



## Long-term financial planning:

- The FY 2019-20 budget's growth continues to be conservative as the County remains committed to maintaining a strategic reserve. The final FY 2019-20 comprehensive budget authorized a \$648.0 million governmental fund spending level, an increase over the \$631.9 million budget for FY 2018-19. 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 2019-20 spending level. The General Fund has \$591.2 million appropriated to finance the current year's expenditures including contingencies of \$26.1 million.
- The General Fund reports fund balance intended for a variety of long-term needs in classifications based on the extent to which the amounts are restricted for use. For example, for FY 2018-19, \$13.0 million is set aside in the General Reserve. The General Reserve, established per Government Code §29127, is accessible only upon declaration of emergency by the Board of Supervisors. In addition, reserves exist for building replacement (\$42.2 million), automation projects (\$12.0 million), and tax mitigation purposes (aka "rainy-day" funds) (\$43.4 million). Other classifications of General Fund balance are described in Footnote 11.
- 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 2019-20 capital budget recommended funding for eighteen capital projects. Total FY 2019-20 appropriations for capital projects increased 43% from the prior year and are approximately \$5.9 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, in part, to lessen the effects of lost tax revenue that will result from the closure of the Diablo Canyon Nuclear Power Plant. PG&E 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.

#### **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, 2018, approximately 44% of County employees fall under PEPRA.

### Major Initiatives

- Countywide: Joint department efforts helped to ensure passage of Senate Bill 1090, which will provide \$85 million to the County, cities, and schools to mitigate the impacts of the closure of the Diablo Canyon Power Plant. The funds are broken into two components: Economic Development Funds (\$10 million) and the Essential Services Mitigation Funds (\$75 million). Roughly half of the Essential Services Mitigation Funds will go to local schools to maintain critical programs. The County's portion is \$3.6 million for Economic Development Funds and \$31.3 million in Essential Services Mitigation Funds.
- Airports: A new passenger record was set with 485,911 passengers in 2018, an increase of 19.2% from 2017. A second daily flight between San Luis Obispo and Denver was added. New daily service to Dallas/Ft. Worth began April 2, 2019. Additional flights to Las Vegas, Portland, and San Diego were announced in FY 2019-20.
- Clerk-Recorder: Successfully implemented the County's new voting system, including high speed paper ballot counting machines, ballot on demand printing, and full ballot scanning with electronic adjudication of overvotes, stray marks, and write-in values.
- Health Agency: Launched the Community Action Team partnership with Transitions Mental Health Association and law enforcement agencies to focus on outreach and preventative engagement with the county's most vulnerable populations, including those impacted by mental illness, substance abuse, and homelessness.
- Library: Celebrated the 100th anniversary of the County of San Luis Obispo public libraries. Implemented fine-free library services as a means to increase access to the community and is now offering free and low-cost digital passes to California museums, science centers, zoos, theatres, and other cultural destinations.
- Parks: Implemented Phase I at El Chorro Park which included Request for Proposals for the design of the miniature golf course and a Go Kart track. These projects are scheduled for completion in Fiscal Year 2019-20.



- **Fleet Services:** Reduced the County's annual fuel consumption by over 8,471 gallons and reduced greenhouse gas emission production by over 67 million grams of carbon dioxide. Fleet Services also reduced the production of solid hazardous waste by 30% and was recognized as one of the 100 Best Fleets in North America by the National Association of Fleet Administrators ranking #40 of 38,000 municipal fleets.
- **UC Cooperative Extension:** Served over 4,000 residents through 4-H Youth Development, UC CalFresh Nutrition Education, UC Master Food Preserver and the UC Master Gardener Programs.
- **Sheriff:** Utilized a Homeland Security Grant and provided all school employees in the County with access to a smart phone application that can be used to call 911 and immediately notify other employees on the school campus of an emergency incident. Worked with other departments such as County Probation and Health Services on the Stepping Up Initiative to reduce recidivism of individuals suffering from mental health disorders.
- **Social Services:** Held four Community Connections events that served 369 homeless persons. Housed 88 families through the Housing Support Program, Bringing Families Home Program, and Housing and Disability Income Advocacy Program. Additionally, 73 families have received ongoing housing services from prior years.

### 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, 2018. This was the thirty-third 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.
- The California State Controller presented the County of San Luis Obispo its Award for Counties Financial Transaction Reporting for the fiscal year ending June 30, 2018. This is the third consecutive year that the County has earned this award and recognized the County's professionalism in preparing an accurate and timely report.

**Acknowledgments:**

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

Respectfully submitted,



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



Wade Horton  
County Administrative Officer



Government Finance Officers Association

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

Presented to

**County of San Luis Obispo  
California**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

**COUNTY OF SAN LUIS OBISPO  
LIST OF ELECTED AND APPOINTED OFFICIALS  
JUNE 30, 2019**

**Elected Officials**

**Board of Supervisors**

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

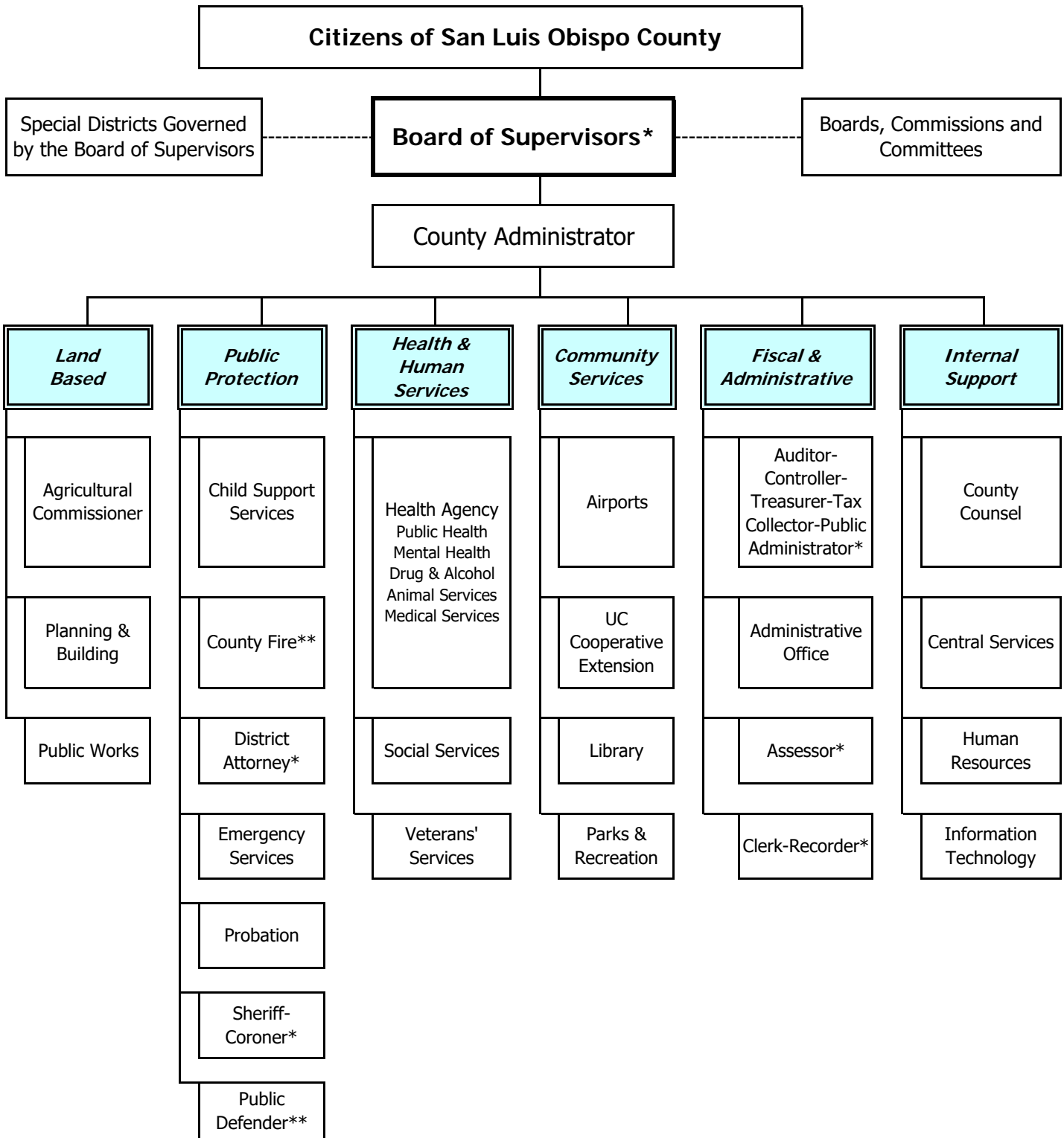
**Other Elected Officials**

Assessor ..... Tom J. Bordonaro Jr.  
Auditor-Controller-Treasurer-Tax Collector-Public Administrator ..... James W. Hamilton  
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 Director ..... Will Clemens  
Chief Probation Officer ..... James Salio  
Child Support Services Director ..... Natalie Walter  
County Administrator ..... Wade Horton  
County Counsel ..... Rita L. Neal  
County Fire Chief ..... Scott Jalbert  
UC Cooperative Extension Director ..... 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 Director ..... Trevor Keith  
Public Health Officer ..... Penny Borenstein  
Public Works Director (Interim) ..... John Diodati  
Social Services Director ..... Devin Drake  
Veterans' Services Director ..... Christopher Lopez

# County of San Luis Obispo Organizational Chart



\* Elected Officials

\*\*Contract



COUNTY  
of SAN LUIS  
OBISPO

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**FINANCIAL SECTION**

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COUNTY  
of SAN LUIS  
OBISPO





## INDEPENDENT AUDITORS' REPORT

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

### 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, 2019, 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.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the San Luis Obispo County Pension Trust which represent 60 percent of the assets and 2 percent of the total revenue/contributions of the aggregate remaining fund information. 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 discretely presented component unit and net pension trust fund, is based solely on the reports of the other auditors. 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.

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

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 entity'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 entity'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.

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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As described in Note 20 to the basic financial statements, prior period adjustments were recorded for the correction of errors in the prior year financial statements. Our opinions are 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's pension plan's net pension liability, schedule of the County's contributions to the San Luis Obispo County's pension plan, other post-employment benefits (OPEB) plan schedule of changes in the County's net OPEB liability and related ratios, other post-employment benefits (OPEB) plan schedule of actuarially determined plan contributions and related ratios, and budgetary comparison information for the General Fund, 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 the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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

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

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 of San Luis Obispo'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 basic 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 information is fairly stated, in all material respects, in relation to the basic financial statements 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 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 January 17, 2020 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Roseville, California  
January 17, 2020



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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

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COUNTY  
of SAN LUIS  
OBISPO

**COUNTY OF SAN LUIS OBISPO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2019**

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, 2019. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the County's financial statements, which begin on page 35. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

**FINANCIAL HIGHLIGHTS**

- ❖ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$1,378,832 (*net position*). The majority of this amount, \$1,474,718 is the net investment in capital assets, while \$41,281 is restricted for specific purposes (*restricted net position*). *Unrestricted net position* indicates the portion of net position which may be used to meet the County's ongoing obligations to citizens and creditors; however, the recording of the County's pension liability in accordance with GASB Statement No. 68 (GASB 68) and the County's OPEB liability in accordance with GASB Statement No. 75 (GASB 75) created a negative unrestricted net position of \$137,167.
- ❖ The County's net position increased by \$25,006. \$28,001 of the change is for current fiscal year activity, while a net \$2,995 prior period adjustment comprised of a \$4,611 reduction in governmental activities and a \$1,616 increase in business-type activities offset the overall current year increase. 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 increase in restricted and the decrease in negative unrestricted net position represents the degree to which increases in revenues exceeded increases in expenses (Table B).
- ❖ As of June 30, 2019, the County's governmental activities reported combined ending net position of \$1,009,905, an increase of \$12,602 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 income of \$4,087 before general revenues, contributions and transfers from other funds, an increase of \$5,878 when compared to net program loss of \$1,791 in the prior year. The difference from the prior year is primarily due to increased fees, fines, and charges for services of \$6,046 in all enterprise activities. The largest increases related to higher revenues for Airport (\$1,789) and Los Osos Wastewater Treatment Plant (\$633) customer charges, and increased water sale revenue for the State Water Contract (\$1,546) and Nacimiento Water Contract (\$1,238).
- ❖ At the end of the fiscal year, the entire \$328,351 fund balance of the General Fund was either nonspendable \$19,222, restricted \$12,276, committed \$169,846 or assigned \$127,007.
- ❖ Consistent with the prior year, the County prepaid its \$55.0 million employer retirement contribution to the San Luis Obispo County Pension Trust (Pension Trust) in July of 2019. The prior year prepayment was \$53.2 million. The County will save an estimated \$1.5 million by prepaying the employer retirement contribution.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

#### **Fund financial statements**

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



## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

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

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

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

A budgetary comparison statement has been provided for the General Fund 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 38 to 41 of this report.

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

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

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 45 to 46 of this report.

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

The notes to the basic financial statements can be found on pages 47 to 88 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 89 to 96 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 97 to 106 and 124 to 139 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, San Luis Obispo County Public Facilities Corporation, SLO County Financing Authority, and nonmajor Special Revenue funds can be found on pages 107 to 123 of this report.

*Detail budgetary schedules* demonstrating legal level of compliance with budgetary control for the General Fund are presented on pages 140 to 147 of this report.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### 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 \$1,378,832 as detailed in the table below:

**Table A**  
**Statement of Net Position**  
**June 30, 2019**  
(in thousands)

	June 30, 2019			June 30, 2018			2018-2019
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
<b>Assets:</b>							
Current assets	\$ 589,848	\$ 148,133	\$ 737,981	\$ 518,137	\$ 140,569	\$ 658,706	12.0%
Other noncurrent assets	3,386	10,236	13,622	3,329	10,320	13,649	(0.2%)
Capital assets	1,214,459	596,352	1,810,811	1,212,274	603,100	1,815,374	(0.3%)
Total assets	<u>1,807,693</u>	<u>754,721</u>	<u>2,562,414</u>	<u>1,733,740</u>	<u>753,989</u>	<u>2,487,729</u>	3.0%
Deferred Outflows of Resources	176,881	5,843	182,724	115,667	4,956	120,623	51.5%
<b>Liabilities:</b>							
Current liabilities	77,947	38,282	116,229	73,889	39,604	113,493	2.4%
Long-term liabilities	872,051	352,460	1,224,511	683,941	361,781	1,045,722	17.1%
Total liabilities	<u>949,998</u>	<u>390,742</u>	<u>1,340,740</u>	<u>757,830</u>	<u>401,385</u>	<u>1,159,215</u>	15.7%
Deferred Inflows of Resources	24,671	895	25,566	94,274	1,037	95,311	(73.2%)
<b>Net position:</b>							
Net investment in capital assets	1,188,830	285,888	1,474,718	1,185,073	283,410	1,468,483	0.4%
Restricted	41,281	-	41,281	29,836	-	29,836	38.4%
Unrestricted	(220,206)	83,039	(137,167)	(217,606)	73,113	(144,493)	(5.1%)
Total net position	<u>\$ 1,009,905</u>	<u>\$ 368,927</u>	<u>\$ 1,378,832</u>	<u>\$ 997,303</u>	<u>\$ 356,523</u>	<u>\$ 1,353,826</u>	1.8%

#### Analysis of Net Position

The County's total net position increased by \$25,006 or 1.8%. The increase was a combination of increases in total assets (\$74.7 million), deferred outflows of resources (\$62.1 million), and total liabilities (\$181.5 million) along with decreased deferred inflows of resources (\$69.7 million). Causes for the changes in each of these categories are detailed below.

The overall increase in total assets, 3.0%, is primarily due to inflows of governmental activities' cash (\$40.5 million) and accounts receivable (\$34.5 million). The significant cash increase occurred due to higher interest revenue earned, coupled with the County's reduction of debt payments, resulting from prior year's cash outflow of \$46 million for final debt service payments on the 2003 Series A Standard and 2009 Series A Term Pension Obligation Bonds. Accounts receivable increased due to the County recording economic mitigation funds from PG&E for the impending closure of the Diablo Canyon Nuclear Power Plant.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Of the \$62.1 million, or 51.5%, increase in deferred outflows of resources, \$42.5 million was related to deferred pension resources and \$19.8 million was related to deferred OPEB resources. The pension deferred outflows net increase was caused primarily by a \$27.3 million increase in the net difference between projected and actual earnings on pension plan investments, a \$21.0 million increase in differences between expected and actual experience, and a decrease of \$5.6 million in changes to actuarial assumptions. The OPEB deferred outflows increase was primarily attributed to a \$16.9 million increase to changes in actuarial assumptions.

Total liabilities of the County increased \$181,525, or 15.7%. The largest contributor to the increase was an increase in the County's net pension obligation of \$178.8 million. Additionally, the County's net OPEB liability increased \$16.7 million. Unearned revenue in governmental activities increased \$4.9 million related to Social Services' programs. The overall increase in long-term liabilities was offset by a \$6.2 million decrease to accounts payable.

Deferred inflows of resource decreased \$69.8 million, or 73.2%. \$71.6 million of the decrease was related to deferred pension resources associated with the change in the net difference between projected and actual earnings on pension plan investments. The total decrease was offset slightly by the \$2.5 million increase to OPEB deferred inflows associated with changes in the actuarial assumptions.

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

The most significant portion of the County's net position is net investment of capital assets of \$1,474,718. This amount reflects investment in capital assets (e.g., land and easements, structures and improvements, infrastructure, and equipment), less any outstanding related debt used to acquire those assets. 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 \$41,281, or 3.0%, 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 increased \$12.6 million. The increase is comprised of a \$17.2 million increase due to normal operating activities and a \$4.6 million prior period adjustment to record a reduction of other assets associated with resources accumulated for pension obligation bond debt service payments made in the prior year. Total net position for business-type activities increased \$10.8 million due to normal operating activities and increased an additional \$1.6 million with a prior period adjustment to record capital assets associated with the Los Osos Wastewater Plant received but not recorded in the prior year. The overall effect of the prior period adjustments and normal operating activities was an increase of \$25.0 million in the County's total net position.

*Net Investment in Capital Assets* for business-type and governmental activities increased \$6.2 million. Business-type activities increased \$2.5 million due to the Airport's car wash and runway rehabilitation that does not have related debt. The remainder is comprised of an increase in State Water Project water rights and reduction to capital related debt from scheduled debt service principal payments. Governmental activities increased \$3.8 million, the increase is associated with construction in progress for several large projects including the Women's Jail Expansion, Roads, and Parks upgrades, which have no related debt. The retirement of capital related long-term debt also contributed to the increase.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The \$11,445, or 38.4% increase to *Restricted net position* for governmental activities is primarily comprised of increases to the General Government (\$1.8 million), Public Protection (\$877 thousand), Public Ways and Facilities (\$3.4 million), and Debt Service (\$5.3 million) functions. The General Government increases related to additional software and implementation purchases. The Public Protection increase related to additional professional services for planning and related services. The Public Ways and Facilities increase related to additional road maintenance and construction. Restricted net position increased slightly for the Recreation and Cultural Services and Public Assistance functions and decreased slightly for the Health and Sanitation and Education 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 an increase of \$7.3 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 increase was mainly due to the governmental activities' increase in other revenues. The increase in overall general revenues was offset by higher total primary government expenses compared to the prior year.

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, 2019  
(in thousands)**

	June 30, 2019			June 30, 2018			2018-2019
	Gov- ern- men- tal Acti- vities	Busi- ness- Type Acti- vities	Total Primary Government	Gov- ern- men- tal Acti- vities	Busi- ness- Type Acti- vities	Total Primary Government	Total % Chg
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for services	\$ 58,501	\$ 53,322	\$ 111,823	\$ 59,620	\$ 47,276	\$ 106,896	4.6%
Operating grants and contributions	254,589	386	254,975	253,197	426	253,623	0.5%
Capital grants and contributions	16,516	7,999	24,515	10,089	5,217	15,306	60.2%
<b>General revenues:</b>							
Property taxes	189,689	3,912	193,601	180,051	3,858	183,909	5.3%
Other taxes	27,224	-	27,224	25,708	-	25,708	5.9%
Interest and investment income	12,952	1,590	14,542	3,171	1,272	4,443	227.3%
Grants not restricted to specific programs	2,115	-	2,115	2,740	-	2,740	(22.8%)
Other revenues	35,445	574	36,019	2	-	2	1800850%
<b>Total revenues</b>	<b>597,031</b>	<b>67,783</b>	<b>664,814</b>	<b>534,578</b>	<b>58,049</b>	<b>592,627</b>	<b>12.2%</b>
<b>Expenses:</b>							
General government	54,434	-	54,434	56,858	-	56,858	(4.3%)
Public protection	213,809	-	213,809	183,814	-	183,814	16.3%
Public ways and facilities	34,202	-	34,202	41,606	-	41,606	(17.8%)
Health and sanitation	119,259	-	119,259	103,822	-	103,822	14.9%
Public assistance	131,432	-	131,432	122,753	-	122,753	7.1%
Education	12,698	-	12,698	12,754	-	12,754	(0.4%)
Recreation and cultural services	11,891	-	11,891	8,927	-	8,927	33.2%
Interest on long-term debt	1,468	-	1,468	11,840	-	11,840	(87.6%)
Airport	-	8,398	8,398	-	7,966	7,966	5.4%
Golf	-	3,491	3,491	-	3,297	3,297	5.9%
State Water Contract	-	6,973	6,973	-	5,909	5,909	18.0%
Nacimiento Water Contract	-	14,318	14,318	-	14,044	14,044	2.0%
Lopez Flood Control	-	7,004	7,004	-	7,072	7,072	(1.0%)
Lopez Park	-	3	3	-	3	3	-
General Flood Control	-	1,142	1,142	-	1,056	1,056	8.1%
County Service Areas	-	4,747	4,747	-	4,445	4,445	6.8%
Los Osos Wastewater	-	11,544	11,544	-	10,918	10,918	5.7%
<b>Total expenses</b>	<b>579,193</b>	<b>57,620</b>	<b>636,813</b>	<b>542,374</b>	<b>54,710</b>	<b>597,084</b>	<b>6.7%</b>
Excess/(deficiency) before transfers	17,838	10,163	28,001	(7,796)	3,339	(4,457)	(728.2%)
Transfers	(625)	625	-	2,267	(2,267)	-	-
Change in net position	17,213	10,788	28,001	(5,529)	1,072	(4,457)	(728.2%)
Net position - beginning of year	997,303	356,523	1,353,826	1,016,819	355,562	1,372,381	(1.4%)
Prior Period Adjustment	(4,611)	1,616	(2,995)	(2,042)	-	(2,042)	46.7%
Cumulative change of effect in accounting principle	-	-	-	(11,945)	(111)	(12,056)	-
<b>Net position - end of year</b>	<b>\$ 1,009,905</b>	<b>\$ 368,927</b>	<b>\$ 1,378,832</b>	<b>\$ 997,303</b>	<b>\$ 356,523</b>	<b>\$ 1,353,826</b>	<b>1.8%</b>

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Analysis of Governmental and Business-type Activities

#### Governmental Activities

Governmental Activities increased the County's net position by \$12.6 million compared to a decrease of \$19.6 million in the prior year.

Overall, total revenues for governmental activities increased \$62.5 million, or 11.7%.

The increase in revenues was offset by a prior period adjustment of \$4.6 million to reflect the removal of a current asset related to the payment of pension obligation bonds as well as governmental expenditures which increased by \$36.8 million, or 6.8%. Remaining significant factors contributing to the overall increase in net position from the prior year are detailed below:

*Capital Grants and Contributions* increased by \$6.4 million, or 63.7%, due to state and federal increases in roads funding.

*Property Taxes* rose \$9.6 million or 5.4% over the prior year, a function of the regular 2% increase in assessed property value allowed by California's Proposition 13. *Other Taxes* rose \$1.5 million or 5.9% driven primarily by increases in sales (\$631 thousand) and transient occupancy taxes (\$1.1 million). The increases in taxes reflect the County's continued economic stability and status as a popular tourist destination.

*Interest and Investment Income* increased by \$9.8 million, or 308.5%, due to increased interest earnings and a positive fair market value adjustment of \$3.8 million.

*Other Revenues* increased by \$35.4 million driven almost entirely by the recognition of economic impact mitigation funds for the impending closure of the Diablo Canyon Nuclear Power Plant.

Total expenses from governmental activities increased \$36.8 million, or 6.8%, over the prior year. Increases to Public Protection (\$30.0 million), Health and Sanitation (\$15.4 million), Public Assistance (\$8.7 million), and Recreation and Cultural Services (\$3.0 million) were offset by decreases to General Government (\$2.4 million), Public Ways and Facilities (\$7.4 million), and Education (\$56 thousand). The General Government decrease resulted from decreased expenditures for maintenance projects, utilities, and countywide automation projects including the historical map preservation project and the Integrated Document Management (IDM) upgrade. Public Protection increased expenditures were driven by increased pension and OPEB expenses as well as increased costs to reimburse the State for fire personnel. Public Ways and Facilities expenditures decreased due to a prior year \$3 million payment for work on the Spanish Springs project. Health and Sanitation expenditures increased due to increased pension and OPEB expenses as well as higher expenditures for professional services related to behavioral health programs. Public Assistance increased expenditures were caused by increased pension and OPEB expenses combined with increased law enforcement medical care professional services expenditures for jail inmates. The overall decrease in Education expenditures were the net result of decreased pension and OPEB expenses exceeding the increased expenditures related to the Cambria Library and the Black Gold Library Cooperative. The increase in Recreation and Cultural Services total expenses stems from increased pension and OPEB expenses along with a payment to the SLO Land Conservancy for the Octagon Barn-Bob Jones trail project. In addition, interest expense on long-term debt decreased by \$10.3 million due to the prior year retirement of the 2003 Series A Standard A and 2009 Series A Term Pension Obligation Bonds.

For FY 2018-19, 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

### Business-type Activities

Business-type activities increased the County's net position by \$12.4 million compared to an increase of \$961 thousand in the previous year. Revenues exceeded expenses by \$10.2 million, a transfer of \$625 thousand from governmental activities, and a \$1.6 million prior period adjustment for the Los Osos Wastewater Fund's contributed assets, resulted in the total increase to net position. Key elements of current year business-type activity are as follows:

Total revenue increased \$9.7 million or 16.8% from the preceding year. The largest increases occurred in *Charges for Services* (\$6.0 million), and *Capital Grants and Contributions* (\$2.8 million). The increase in *Charges for Services* was primarily driven by increases in Airport rent and concessions revenue, parking, landing, and passenger facility fees, along with increased water sales revenue in the State Water Project Fund. Capital Grants and Contributions increased due to capital contributions related to the Airport (\$3.1 million) and the Los Osos Wastewater Project (\$4.8 million).

Expenses for business-type activities increased \$2.9 million or 5.3% from the prior year. Within business-type activities, the largest increase, \$1.5 million, was caused by payments to the California State Water Resources Department for the State Water Project. 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*, \$19,258, increased by \$723 thousand, 3.9% 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 \$106, (2) prepaid items of \$1,606, and (3) long-term receivables of \$17,546. The increase from the prior year primarily relates to pension prefunding payment of employer contributions and employer for employee contributions.
- *Restricted fund balance*, \$45,772, increased \$10.9 million, or 31.4%, 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 \$3,305, (2) General Public protection programs of \$3,125, (3) Mental Health Services Act funds of \$5,836, (4) Public facilities of \$13,714, (5) Traffic impact programs of \$10,102, and (6) Debt service of \$9,642. The majority of the increase to restricted fund balance relates to an increase in amounts restricted in the General Fund for public protection programs and public facilities.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- *Committed fund balance*, \$236,462, increased \$21.7 million, or 10.1%, 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, \$20,925, (2) Tax reduction reserve, \$43,424, (3) Automation projects, \$12,028, (4) Roads, \$15,045, (5) Building replacement, \$42,197, (6) Solar plant mitigation, \$4,979, (7) Capital projects, \$17,134, and (8) Maintenance projects, \$9,420. The increase is partly due to the County receiving the first installment of the economic impact mitigation funds for the impending closure of the Diablo Canyon Nuclear Power Plant (\$8.5 million). Additionally, \$10.8 million in pension obligation bond debt payments were committed.
- *Assigned fund balance*, \$127,007, increased \$19.9 million, or 18.5%, from the prior year. Assigned fund balance represents amounts the County intends to use for specific purposes that are neither restricted nor committed. Significant components of this balance include (1) Behavioral Health programs, \$19,454, (2) Tax reduction reserve, \$10,593, (3) Sheriff-Coroner programs, \$11,061, and (4) Subsequent Fiscal Year Budget, \$32,265. The largest changes in the assigned fund balance category were increases to general government programs (\$14.2 million), foster care and adoption programs (\$1.7 million), and Behavioral Health programs (\$2.6 million).

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$428,499, an increase of 15.1%, or \$56,216 in comparison with the prior year. Approximately 84.8% of the total fund balance, or \$363,469, 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 \$309,129 while total fund balance reached \$328,351. 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 \$460.1 million. Spendable fund balance represents 67.1% of the total fund expenditures, while total fund balance represents 71.3% of the same amount, a 7.2% increase from the prior year. During the current fiscal year, the fund balance of the General Fund increased by \$40.1 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 \$64.8 million. General Fund revenues ended the year with an increase of \$42.2 million or 8.7% over the prior year.
- ❖ The largest revenue increase occurred in *Other Revenues*, which increased by \$18.1 million. The increase was due to the County recognizing economic impact mitigation funding for the impending closure of the Diablo Canyon Nuclear Power Plant. Other large increases include *Taxes* with a \$12.4 million increase and *Use of Money and Property* which increased \$6.8 million. *Taxes* increased due to property taxes which are allowed up to a 2% increase by California's Proposition 13 and increases in both transient occupancy tax and sales tax. The *Use of Money and Property* increase was driven by an increase in the fair market value of investments and interest revenue. *Fines, Forfeitures, and Penalties* decreased by \$1.2 million primarily due to reduced revenues from court fines.
- ❖ Total expenditures in the General Fund increased \$11.1 million, or 2.5%, from the prior year. Expenditures increased for the Public Protection, Health and Sanitation, Public Assistance, and Education functions; negotiated salaries and benefit raises increased costs in most functions and were the major component in the overall rise. In addition, increased professional services expenditures for mental health programs and contracting out jail medical services contributed to the rise in expenditures. Expenditures decreased for the General Government and Public Ways and Facilities functions due to reduced professional services and the completion of several construction projects in the prior year.

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

Capital Projects

The Capital Projects Fund handles construction projects for the County’s governmental funds. The fund ended the fiscal year with a total fund balance of \$18.7 million. Capital outlay expenditures exceeded revenues by \$3.3 million and net transfers totaled \$4.1 million. The combination of these two factors resulted in a \$735 thousand increase in fund balance for the current year. Funding for specific projects comes primarily from use of designations, public facilities fees, issuance of long-term debt, and aid from other government agencies. The General Fund transferred \$3.9 million to the Capital Projects Fund of which \$534 thousand is for upgrades to the Los Osos Community Park and \$430 thousand is related to design and construction of a new County Fire and Sheriff dispatch center. The remainder was for 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 \$591.1 million in the current fiscal year and was an increase of approximately 8.7%, or \$47.2 million, from the prior fiscal year revenues of \$543.8 million.

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

**Table C**  
**Revenues Classified by Source**  
**Governmental Funds**  
**Fund Financial Statements**  
**For the Year Ended June 30, 2019**  
(in thousands)

	2018-2019		2017-2018		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source:						
Taxes	\$ 217,106	36.7%	\$ 203,583	37.4%	\$ 13,523	6.6%
Licenses, Permits, Franchises	12,133	2.1%	11,140	2.0%	993	8.9%
Fines, Forfeitures, and Penalties	4,396	0.7%	5,977	1.1%	(1,581)	(26.5%)
Use of Money and Property	12,268	2.1%	3,779	0.7%	8,489	224.6%
Aid from Governmental Agencies	271,961	46.0%	262,660	48.3%	9,301	3.5%
Charges for Current Services	47,957	8.1%	49,793	9.2%	(1,836)	(3.7%)
Other Revenues	25,278	4.3%	6,869	1.3%	18,409	268.0%
<b>Total</b>	<b>\$ 591,099</b>	<b>100%</b>	<b>\$ 543,801</b>	<b>100%</b>	<b>\$ 47,298</b>	<b>8.7%</b>

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

- ❖ *Taxes* increased \$13.5 million or 6.6% primarily due to the regular 2% increase in assessed property value allowed by California’s Proposition 13 and increases to both transient occupancy tax and sales tax revenues.
- ❖ *Licenses, Permits, and Franchises* increased \$993 thousand, or 8.9%. The increase was driven by an increase in land use and building plans review fees being collected.
- ❖ *Fines, Forfeitures, and Penalties* decreased \$1.6 million, or 26.5%. The decrease was primarily due to court fines and collections related to vehicle infractions.

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

- ❖ *Revenues from the Use of Money and Property* increased \$8.5 million, or 224.6%, due to an increase in the fair market value of various investments.
- ❖ *Other Revenues* increased \$18.4 million, or 268.0%. The increase is primarily attributable to economic mitigation revenues related to the closure of the Diablo Canyon Nuclear Power Plant being recognized.

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

**Table D**  
**Expenditures by Function Including Capital Outlay**  
**Governmental Funds**  
**Fund Financial Statements**  
**For the Year Ended June 30, 2019**  
(in thousands)

	2018-2019		2017-2018		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Expenditures by Function:						
General Government	\$ 54,991	10.3%	\$ 60,445	10.2%	\$ (5,454)	(9.0%)
Public Protection	185,033	34.4%	175,175	29.6%	9,858	5.6%
Public Ways and Facilities	35,267	6.6%	42,254	7.1%	(6,987)	(16.5%)
Health and Sanitation	103,512	19.3%	99,885	16.9%	3,627	3.6%
Public Assistance	121,327	22.7%	117,066	19.8%	4,261	3.6%
Education	12,191	2.3%	11,640	2.0%	551	4.7%
Recreation and Cultural Services	10,574	2.0%	10,358	1.8%	216	2.1%
Principal payments	5,093	1.0%	50,989	8.6%	(45,896)	(90.0%)
Interest on Long-Term Debt	1,204	0.2%	11,666	2.0%	(10,462)	(89.7%)
Capital outlay	6,374	1.2%	11,828	2.0%	(5,454)	(46.1%)
<b>Total</b>	<b>\$ 535,566</b>	<b>100%</b>	<b>\$ 591,306</b>	<b>100%</b>	<b>\$ (55,740)</b>	<b>(9.4%)</b>

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

- ❖ *General Government* expenditures decreased \$5.5 million, or 9.0%. While total salaries and benefits were essentially unchanged from the prior year, reduced services and supplies and professional services associated with countywide maintenance projects were the primary cause of the decrease.
- ❖ *Public Protection* expenditures increased \$9.9 million, or 5.6%. 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 County Fire equipment purchases and increased professional services expenditures for both Planning and the Public Defender.
- ❖ *Public Ways and Facilities* expenditures decreased \$7.0 million, or 16.5%. While microsurfacing, overlay, and chip seal projects continued throughout the County and new projects like the seismic retrofitting of Avila Beach Drive have begun, the decrease is mostly due to larger projects being completed in the prior year. These included the San Juan Creek Pedestrian Bridge and the Klau Creek Bridge projects.
- ❖ *Principal and Interest Payments on Long-Term Debt* decreased by \$56.4 million, or 89.9% due to the early payoff of the 2009 Series A Term Pension Obligation Bonds made in the prior year.
- ❖ *Capital Outlay* expenditures decreased \$5.5 million, or 46.1%. The decrease is primarily due to winding down activity associated with the Women’s Jail Project.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 2018-19 fiscal year.

**Table E**  
**Statement of Revenues, Expenses and Results of Operations**  
**Proprietary Funds**  
**Fund Financial Statements**  
**For the Year Ended June 30, 2019**  
(in thousands)

	Major Funds				Nonmajor Funds	Total
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Other Enterprise Funds	Total Enterprise
Operating revenues	\$ 9,021	\$ 16,947	\$ 7,656	\$ 5,363	\$ 14,781	\$ 53,768
Operating expenses	<u>8,288</u>	<u>6,798</u>	<u>6,811</u>	<u>8,231</u>	<u>14,761</u>	<u>44,889</u>
Operating income (loss)	<u>733</u>	<u>10,149</u>	<u>845</u>	<u>(2,868)</u>	<u>20</u>	<u>8,879</u>
Non-operating revenues (expenses), net	<u>801</u>	<u>(6,864)</u>	<u>2,575</u>	<u>(3,241)</u>	<u>715</u>	<u>(6,014)</u>
Net income (loss) before contributions and transfers	1,534	3,285	3,420	(6,109)	735	2,865
Contributions and transfers, net	<u>2,828</u>	<u>-</u>	<u>-</u>	<u>5,388</u>	<u>408</u>	<u>8,624</u>
Change in net position	<u>\$ 4,362</u>	<u>\$ 3,285</u>	<u>\$ 3,420</u>	<u>\$ (721)</u>	<u>\$ 1,143</u>	<u>\$ 11,489</u>

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

- ❖ The *Airport Fund* realized operating income of \$733 thousand, a \$1.2 million increase over the prior year loss of \$450 thousand. Net position increased by \$4.4 million compared to an increase in net position of \$1.5 million in the prior year. Operating revenues increased \$1.8 million over the prior year due to increased passenger traffic at the new terminal with the recent addition of new flights to Seattle, Denver and Dallas/Ft. Worth. Enplanement activity grew for the sixth consecutive year with a 14.5% increase over the prior year.
- ❖ The *Nacimiento Water Contract Fund* realized operating income of \$10.1 million, an increase of \$408 thousand from the prior year's operating income of \$9.7 million. The increase is primarily attributable to a \$1.2 million increase in water sales over the prior year. The increased revenue exceeded the increase in operating expenses causing net position to increase \$3.3 million.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- ❖ The *State Water Project Fund* realized operating income of \$845 thousand, a \$621 thousand increase from the prior year operating income of \$224 thousand. The increase is primarily attributable to a \$1.5 million increase in water sales over the prior year. The increased revenue exceeded the increase in operating expenses causing net position to increase \$3.4 million.
- ❖ The *Los Osos Wastewater Fund* reported an operating loss of \$2.9 million, a decrease of \$123 thousand over the prior year. Since the wastewater treatment plant began full-service operations in FY 2016-17 both operating revenues and expenses have steadily increased. Increased usage resulted in additional user revenue of \$558 thousand, but also came with increased services and supplies cost of \$458 thousand. Operating revenue increased by \$868 thousand and operating expenses increased \$745 thousand. Capital contributions increased by \$1.9 million and overall net position decreased \$721 thousand, compared to a \$5.9 million decrease in the prior year.

## GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for expenditures and transfers out increased by \$37.1 million, or 7.1%, during the year, leading to the final amended budget. This increase was funded in part by increases to both budgeted revenues and transfers in totaling \$19.7 million and the use of reserves and designations for the balance. Unanticipated revenues totaling \$8.1 million in State and Federal Aid, \$2.3 million in Other Revenue, \$1.3 million in Charges for Current Services, \$513 thousand in Licenses, Permits and Franchises, \$207 thousand in Fines, Forfeitures, and Penalties, \$212 thousand in Interfund Revenues, and \$7.1 million in Other Financing Sources financed the budget augmentations.

The largest budget expenditure augmentations occurred in the functional areas of General Government (\$15.0 million), Public Protection (\$11.6 million), Public Ways and Facilities (\$3.6 million), Health and Sanitation (\$4.2 million), and Public Assistance (\$2.7 million). The \$15.0 million in the General Government function augmentations were primarily for the maintenance and upgrade of County facilities. The Public Protection augmentations were primarily divided among Sheriff-Coroner programs which received \$5.7 million in augmentations, Planning and Building programs augmentations of \$1.7 million, and County Fire which received an additional \$3.6 million for vehicle replacements and supplies. Public Ways and Facilities augmentations of \$1.7 million for Development Services for outside agency projects, \$1.7 million for Sustainable Groundwater Management Act management, and \$178 thousand for Services provided for Special District projects. Health and Sanitation augmentations relate to Public Health programs, which received \$2.0 million, \$1.2 million for Mental Health programs, \$524 thousand for Drug and Alcohol programs, and Mental Health Services Act programs received \$515 thousand. The \$2.7 million increase in the Public Assistance function relates almost entirely to Social Services including foster care and adoption assistance, housing placement and supportive services. \$74 thousand of the Public Assistance augmentation went to Veterans' Services programs.

At the close of the fiscal year, actual General Fund expenditures were 86.8% of the current budget, while General Fund revenues were realized at 98.0% of budget.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2019, 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 decrease (including additions and deductions) of \$4.6 million or 0.3% from last year.

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

**Table F  
Capital Assets  
June 30, 2019  
(in thousands)**

	Governmental Activities June 30, 2018	Governmental Activities June 30, 2019	Business- Type Activities June 30, 2018	Business- Type Activities June 30, 2019	Total Capital Assets June 30, 2018	Total Capital Assets June 30, 2019	Total Percent Change
Land	\$ 795,505	\$ 795,513	\$ 36,519	\$ 36,513	\$ 832,024	\$ 832,026	-
Water Rights	-	-	56,434	58,591	56,434	58,591	3.8%
Other Property Non Depreciable	-	-	1,968	1,968	1,968	1,968	-
Construction-in- progress	19,727	28,891	4,108	2,097	23,835	30,988	30.0%
Structures & Improvements	259,579	263,455	205,262	209,774	464,841	473,229	1.8%
Equipment	95,752	103,034	9,947	10,164	105,699	113,198	7.1%
Other Property Depreciable	845	980	554	554	1,399	1,534	9.6%
Infrastructure Depreciable	<u>406,692</u>	<u>412,682</u>	<u>380,493</u>	<u>381,471</u>	<u>787,185</u>	<u>794,153</u>	0.9%
Subtotal	1,578,100	1,604,555	695,285	701,132	2,273,385	2,305,687	1.4%
Less Accumulated Depreciation	<u>(365,826)</u>	<u>(390,096)</u>	<u>(92,185)</u>	<u>(104,780)</u>	<u>(458,011)</u>	<u>(494,876)</u>	8.0%
Total	\$ <u>1,212,274</u>	\$ <u>1,214,459</u>	\$ <u>603,100</u>	\$ <u>596,352</u>	\$ <u>1,815,374</u>	\$ <u>1,810,811</u>	(0.3%)

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

County Roads had the majority of additions in governmental activities with \$13.5 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 seismic retrofit of the Avila Beach Drive Bridge and the phase one completion of the Air Park Drive Bridge replacement (\$5 million). Other notable capital asset additions during FY 2018-19 include the continued work on the Women's Jail Expansion (\$1.8 million), the replacement of the roofs at the Library's San Luis Obispo branch (\$402 thousand) and the Veteran's Memorial Building (\$471 thousand). The County purchased office space in Atascadero for the Health Agency's Driving Under the Influence program (\$160 thousand), purchased a Special Bomb Response Vehicle (\$207 thousand) and upgraded the County's enterprise document management system server (\$822 thousand).

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

Within business-type activities, major additions include the construction of the Airport's car wash facility (\$495 thousand) and the rehabilitation of the Airport's main runway (\$122 thousand).

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

**Debt Administration**

At the end of the current fiscal year, the County of San Luis Obispo had total notes and bonds payable of \$480 million. In July 2003, the County issued Pension Obligation Bonds to refund the Unfunded Actuarial Accrued Liability due to the Pension Trust. The balance remaining on the County's Pension Obligation Bonds at the end of the FY 2018-19 was \$96.9 million. Pension Obligation Bonds debt service payments are funded by County payroll benefits.

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

The remainder of the County's debt consists of \$40.6 million in certificates of participation, which are repaid from a variety of revenues; \$86.3 million in State loans; \$75.4 million in assessment bonds relating to the Los Osos Wastewater project, and \$172.6 million in revenue bonds which are repaid with water service revenue. General Obligation Bonds totaling \$8.2 million are backed by the full faith and credit of the County.

**Table G  
Outstanding Debt  
June 30, 2019  
(in thousands)**

	Government al Activities June 30, 2018	Governmental Activities June 30, 2019	Business- Type Activities June 30, 2018	Business- Type Activities June 30, 2019	Total June 30, 2018	Total June 30, 2019	Total Percent Change
Certificates of Participation	\$ 21,059	\$ 19,768	\$ 13,035	\$ 12,184	\$ 34,094	\$ 31,952	(6.3%)
Certificates of Participation from direct borrowings	5,883	5,762	2,971	2,922	8,854	8,684	(1.9%)
Pension Obligation Bonds	99,407	96,903	-	-	99,407	96,903	(2.5%)
State notes from direct borrowings	2,056	1,901	87,667	84,409	89,723	86,310	(3.8%)
Revenue Bonds	-	-	177,336	172,628	177,336	172,628	(2.7%)
General Obligation Bonds	-	-	8,658	8,162	8,658	8,162	(5.7%)
Assessment Bonds	-	-	76,746	75,358	76,746	75,358	(1.8%)
<b>Total</b>	<b>\$ 128,405</b>	<b>\$ 124,334</b>	<b>\$ 366,413</b>	<b>\$ 355,663</b>	<b>\$ 494,818</b>	<b>\$ 479,997</b>	<b>(3.0%)</b>

The decrease from the prior year for the County's certificates of participation, notes, and bonds payable was \$14.8 million, or 3.0%. This decrease is the result of debt payments being made and no issuance of new debt in FY 2018-19. 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 \$703.3 million.

Other liabilities include compensated absences of \$28.7 million for governmental activities and \$385 thousand for business-type activities; landfill postclosure costs of \$7 million; and a self-insurance liability of \$19.6 million. More detailed information about the County's long-term debt and other long-term liabilities is presented in Note 10 to the financial statements.

**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 2018-19 budget which represents conservative growth compared to the Fiscal Year 2017-18 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.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- ❖ In prior years, the elimination of the In-Home Supportive Services (IHSS) Maintenance of Effort contribution decreased state funding and resulted in a significant increase in the County's share of IHSS program costs; however, the Governor's FY 2019-20 Proposed Budget makes several positive changes affecting the existing funding structure for IHSS. The Governor is proposing to increase state funding for IHSS by an estimated \$241.7 million in FY 2019-20, growing to \$547.3 million in FY 2022-23. The changes would offset what would have been County costs for IHSS.
- ❖ 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. Senate Bill 1 has enabled the County to reduce its General Fund contribution to Roads programs significantly, freeing up General Fund dollars for other critical programs and services.
- ❖ 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. In September 2018, Senate Bill 1090 approved the payment of \$85 million by PG&E to the community to, in part, lessen the effects of lost tax revenue associated with Diablo Canyon's closure. The County began receiving payment of its \$34.9 million in FY 2018-19.
- ❖ Currently, economic indicators show signs of a stable local economy:
  - Sales tax revenue for unincorporated areas came in at \$11.8 million, or 5.6% higher than the preceding year.
  - County assessed property tax valuations increased from \$53.4 million to \$56.2 million or 5.3%.
  - Transient Occupancy Tax (bed tax) collections continued an upward trend in FY 2018-19, with a 10% increase over FY 2017-18.
- ❖ The Board of Supervisors adopted the FY 2018-19 budget in June 2018, with an \$83.1 million fund balance in the General Fund, of which \$32.6 million was appropriated to finance the current year's expenditures including contingencies. \$13 million was placed in general reserves, and \$13.2 million was earmarked for designations. The total General Fund budget for FY 2019-20 is \$557.3 million, a 6.6% increase from the previous year. The County budget also includes community-wide results and indicators as well as department goals and performance measures that gauge how departments are meeting the needs of the community.

## REQUESTS FOR INFORMATION

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





COUNTY  
of SAN LUIS  
OBISPO

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

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COUNTY  
of SAN LUIS  
OBISPO

**COUNTY OF SAN LUIS OBISPO  
STATEMENT OF NET POSITION  
JUNE 30, 2019 (IN THOUSANDS)**

	Primary Government			Component Unit First 5
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Current Assets:				
Cash and cash equivalents	\$ 448,173	\$ 57,651	\$ 505,824	\$ 8,701
Accounts receivable, net	34,652	4,296	38,948	-
Property taxes receivable	13,218	-	13,218	-
Other receivables	1,716	109,276	110,992	-
Due from other governments	38,609	3,202	41,811	633
Deposits with others	2	86	88	14
Internal balances	27,570	(27,570)	-	-
Inventories	744	48	792	-
Prepaid items	1,612	929	2,541	3
Other assets	-	-	-	-
Loans receivable	23,552	215	23,767	-
Total Current Assets	<u>589,848</u>	<u>148,133</u>	<u>737,981</u>	<u>9,351</u>
Noncurrent Assets:				
Restricted cash with fiscal agent	3,386	9,916	13,302	-
Prepaid insurance	-	320	320	-
Capital Assets:				
Nondepreciable	824,404	99,169	923,573	-
Depreciable, net	390,055	497,183	887,238	-
Total Noncurrent Assets	<u>1,217,845</u>	<u>606,588</u>	<u>1,824,433</u>	<u>-</u>
Total Assets	<u>1,807,693</u>	<u>754,721</u>	<u>2,562,414</u>	<u>9,351</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred pensions	156,313	2,006	158,319	19
Deferred OPEB	20,568	210	20,778	-
Deferred loss on refunding	-	3,627	3,627	-
Total Deferred Outflows of Resources	<u>176,881</u>	<u>5,843</u>	<u>182,724</u>	<u>19</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Accounts payable	14,939	6,997	21,936	473
Salaries and benefits payable	12,498	125	12,623	28
Deposits from others	5,869	3,640	9,509	-
Accrued interest	668	4,910	5,578	-
Other current liabilities	1,707	-	1,707	-
Unearned revenue	6,458	12,039	18,497	-
Bonds and notes payable	10,016	10,393	20,409	-
Compensated absences	21,524	178	21,702	-
Landfill closure/postclosure costs	516	-	516	-
Self-insurance payable	3,752	-	3,752	-
Total Current Liabilities	<u>77,947</u>	<u>38,282</u>	<u>116,229</u>	<u>501</u>
Long-Term Liabilities:				
Net pension liability	701,108	6,707	707,815	120
Net OPEB liability	27,099	276	27,375	-
Bonds and notes payable	114,318	345,270	459,588	-
Compensated absences	7,194	207	7,401	-
Landfill closure/postclosure costs	6,516	-	6,516	-
Self-insurance payable	15,816	-	15,816	-
Total Long-Term Liabilities	<u>872,051</u>	<u>352,460</u>	<u>1,224,511</u>	<u>120</u>
Total Liabilities	<u>949,998</u>	<u>390,742</u>	<u>1,340,740</u>	<u>621</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred pensions	252	514	766	5
Deferred OPEB	2,476	26	2,502	-
Deferred bond refunding	-	355	355	-
Deferred community development loans	21,943	-	21,943	-
Total Deferred Inflows of Resources	<u>24,671</u>	<u>895</u>	<u>25,566</u>	<u>5</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,188,830	285,888	1,474,718	-
Restricted for:				
General government	4,027	-	4,027	-
Public protection	4,082	-	4,082	-
Health and sanitation	74	-	74	-
Public assistance	14	-	14	-
Public ways and facilities	24,870	-	24,870	-
Recreation and cultural services	132	-	132	-
Education	21	-	21	-
Debt service	8,061	-	8,061	-
Unrestricted	<u>(220,206)</u>	<u>83,039</u>	<u>(137,167)</u>	<u>8,744</u>
Total Net Position	<u>\$ 1,009,905</u>	<u>\$ 368,927</u>	<u>\$ 1,378,832</u>	<u>\$ 8,744</u>

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

**COUNTY OF SAN LUIS OBISPO  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

Functions/Programs	Expenses	Program Revenues			Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
General government	\$ 54,434	\$ 13,484	\$ 200	\$ 930	\$ 14,614
Public protection	213,809	22,946	59,592	1,197	83,735
Public ways and facilities	34,202	5,721	10,485	14,361	30,567
Health and sanitation	119,259	7,698	76,211	-	83,909
Public assistance	131,432	1,194	107,758	-	108,952
Education	12,698	1,943	143	-	2,086
Recreation and cultural services	11,891	5,515	200	28	5,743
Interest on long-term debt	1,468	-	-	-	-
<b>Total governmental activities</b>	<b>579,193</b>	<b>58,501</b>	<b>254,589</b>	<b>16,516</b>	<b>329,606</b>
<b>Business-type activities:</b>					
Airport	8,398	8,947	328	3,139	12,414
Golf	3,491	2,717	-	-	2,717
State Water Contract	6,973	7,656	14	-	7,670
Nacimiento Water Contract	14,318	16,947	-	-	16,947
Lopez Flood Control	7,004	7,148	5	-	7,153
Lopez Park	3	-	-	-	-
General Flood Control - Salinas Dam	1,142	913	26	-	939
County Service Areas	4,747	3,894	13	-	3,907
Los Osos Wastewater	11,544	5,100	-	4,860	9,960
<b>Total business-type activities</b>	<b>57,620</b>	<b>53,322</b>	<b>386</b>	<b>7,999</b>	<b>61,707</b>
<b>Total primary government</b>	<b>\$ 636,813</b>	<b>\$ 111,823</b>	<b>\$ 254,975</b>	<b>\$ 24,515</b>	<b>\$ 391,313</b>
<b>Component unit:</b>					
First 5 San Luis Obispo	\$ 2,142	\$ -	\$ 2,195	\$ -	\$ 2,195

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, 2019 (IN THOUSANDS)**

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit First 5
	Governmental Activities	Business-Type Activities	Total	
<b>Governmental activities:</b>				
General government	\$ (39,820)	\$ -	\$ (39,820)	
Public protection	(130,074)	-	(130,074)	
Public ways and facilities	(3,635)	-	(3,635)	
Health and sanitation	(35,350)	-	(35,350)	
Public assistance	(22,480)	-	(22,480)	
Education	(10,612)	-	(10,612)	
Recreation and cultural services	(6,148)	-	(6,148)	
Interest on long-term debt	(1,468)	-	(1,468)	
<b>Total governmental activities</b>	<b>(249,587)</b>	<b>-</b>	<b>(249,587)</b>	
<b>Business-type activities:</b>				
Airport	-	4,016	4,016	
Golf	-	(774)	(774)	
State Water Contract	-	697	697	
Nacimiento Water Contract	-	2,629	2,629	
Lopez Flood Control	-	149	149	
Lopez Park	-	(3)	(3)	
General Flood Control	-	(203)	(203)	
County Service Areas	-	(840)	(840)	
Los Osos Wastewater	-	(1,584)	(1,584)	
<b>Total business-type activities</b>	<b>-</b>	<b>4,087</b>	<b>4,087</b>	
<b>Total primary government</b>	<b>\$ (249,587)</b>	<b>\$ 4,087</b>	<b>\$ (245,500)</b>	
<b>Component unit:</b>				
First 5 San Luis Obispo				\$ 53
<b>General Revenues and Transfers:</b>				
<b>Taxes:</b>				
Property taxes	189,689	3,912	193,601	-
Sales and use taxes	11,834	-	11,834	-
Transient occupancy taxes	11,664	-	11,664	-
Transfer tax	2,860	-	2,860	-
Other taxes	866	-	866	-
Grants not restricted to specific programs	2,115	-	2,115	-
Interest earnings not restricted to specific programs	12,952	1,590	14,542	168
Other revenues	35,445	574	36,019	-
Transfers	(625)	625	-	-
<b>Total General Revenues and Transfers</b>	<b>266,800</b>	<b>6,701</b>	<b>273,501</b>	<b>168</b>
Change in net position	17,213	10,788	28,001	221
Net position - beginning of year	997,303	356,523	1,353,826	8,523
Prior period adjustment	(4,611)	1,616	(2,995)	-
<b>Net position - end of year</b>	<b>\$ 1,009,905</b>	<b>\$ 368,927</b>	<b>\$ 1,378,832</b>	<b>\$ 8,744</b>

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



COUNTY  
of SAN LUIS  
OBISPO

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**BASIC FINANCIAL STATEMENTS  
FUND FINANCIAL STATEMENTS**

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

**COUNTY OF SAN LUIS OBISPO  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2019 (IN THOUSANDS)**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 301,951	\$ 20,401	\$ 78,788	\$ 401,140
Restricted cash with fiscal agent	-	1,581	1,805	3,386
Accounts receivable, net	34,482	-	162	34,644
Accrued property taxes receivable	13,218	-	-	13,218
Other receivables	1,716	-	-	1,716
Due from other governments	32,918	1,409	4,282	38,609
Due from other funds	1,692	-	400	2,092
Inventories	106	-	-	106
Loans receivable	-	-	23,552	23,552
Advances to other funds	19,511	-	3,223	22,734
Prepaid items	1,570	-	36	1,606
Other assets	-	-	2	2
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 407,164</u>	<u>\$ 23,391</u>	<u>\$ 112,250</u>	<u>\$ 542,805</u>
<b><u>LIABILITIES</u></b>				
Salaries and benefits payable	\$ 10,798	\$ -	\$ 535	\$ 11,333
Accounts payable	9,939	2,690	1,311	13,940
Deposits from others	2,700	-	2,080	4,780
Unearned revenue	5,499	704	255	6,458
Other current liabilities	1,707	-	-	1,707
Advances from other funds	-	-	388	388
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>30,643</u>	<u>3,394</u>	<u>4,569</u>	<u>38,606</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>				
Unavailable revenue	48,170	1,282	2,696	52,148
Deferred loans	-	-	23,552	23,552
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total deferred inflows of resources	<u>48,170</u>	<u>1,282</u>	<u>26,248</u>	<u>75,700</u>
<b><u>FUND BALANCES</u></b>				
Nonspendable	19,222	-	36	19,258
Restricted	12,276	1,581	31,915	45,772
Committed	169,846	17,134	49,482	236,462
Assigned	127,007	-	-	127,007
Unassigned	-	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>328,351</u>	<u>18,715</u>	<u>81,433</u>	<u>428,499</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 407,164</u>	<u>\$ 23,391</u>	<u>\$ 112,250</u>	<u>\$ 542,805</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, 2019 (IN THOUSANDS)**

<b>Total Fund Balances - Total Governmental Funds</b>	\$	428,499
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.		1,200,770
Accrued property tax and grant revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		52,148
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.		(17,467)
Adjustments for internal service funds are necessary to "close" those funds by charging additional amounts to participating business-type activities to completely cover the internal service funds' costs for the year.		3,132
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(668)
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.		(633,789)
The other post-employment benefit (OPEB) of governmental funds is not due and payable in the current period, and therefore is not reported in the fund financial statements.		(24,542)
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.		141,077
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.		16,384
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.		1,609
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds as follows:		
Certificates of participation	(25,529)	
Bonds and notes payable	(98,805)	
Compensated absences	(25,882)	
Landfill closure/postclosure costs	(7,032)	
	(157,248)	(157,248)
<b>Net Position of Governmental Activities</b>	<b>\$</b>	<b><u>1,009,905</u></b>

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

**COUNTY OF SAN LUIS OBISPO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>REVENUES</u></b>				
Taxes	\$ 201,230	\$ -	\$ 15,876	\$ 217,106
Licenses, permits, and franchises	12,133	-	-	12,133
Fines, forfeitures, and penalties	3,330	420	646	4,396
Use of money and property	9,493	590	2,185	12,268
Aid from other governments	241,915	1,690	28,356	271,961
Charges for services	34,036	344	13,577	47,957
Other revenues	23,335	1	1,942	25,278
	<u>525,472</u>	<u>3,045</u>	<u>62,582</u>	<u>591,099</u>
Total revenues				
<b><u>EXPENDITURES</u></b>				
Current:				
General government	54,991	-	-	54,991
Public protection	181,103	-	3,930	185,033
Public ways and facilities	3,594	-	31,673	35,267
Health and sanitation	99,265	-	4,247	103,512
Public assistance	120,587	-	740	121,327
Education	575	-	11,616	12,191
Recreation and cultural services	-	-	10,574	10,574
Debt service:				
Principal payments	276	-	4,817	5,093
Interest and fiscal charges	239	-	965	1,204
Capital outlay	-	6,374	-	6,374
	<u>460,630</u>	<u>6,374</u>	<u>68,562</u>	<u>535,566</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>64,842</u>	<u>(3,329)</u>	<u>(5,980)</u>	<u>55,533</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers in	2,124	4,064	25,445	31,633
Transfers out	(26,855)	-	(4,095)	(30,950)
	<u>(24,731)</u>	<u>4,064</u>	<u>21,350</u>	<u>683</u>
Total other financing sources (uses)				
Net change in fund balances	40,111	735	15,370	56,216
Fund balances - beginning	<u>288,240</u>	<u>17,980</u>	<u>66,063</u>	<u>372,283</u>
Fund balances - ending	<u>\$ 328,351</u>	<u>\$ 18,715</u>	<u>\$ 81,433</u>	<u>\$ 428,499</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, 2019 (IN THOUSANDS)**

**Net Change in Fund Balances - Total Governmental Funds** \$ 56,216

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

Property tax, intergovernmental revenue and other revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 17,864

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	\$	4,236	
General government		2,778	
Public protection		3,617	
Public ways		13,553	
Health and sanitation		394	
Public assistance		109	
Education		175	
Recreation and cultural services		288	
		288	25,150

In the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. (23,084)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (101)

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

Debt principal payments 5,093

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	\$	216	
Change in accrued interest payable		(349)	
Change in landfill closure/postclosure costs		(151)	
Change in net OPEB liability		(14,911)	
Change in deferred OPEB outflows		17,730	
Change in deferred OPEB inflows		(2,242)	
Change in Net Pension Liability		(156,951)	
Change in deferred pension outflows		85,247	
Change in deferred pension inflows		16,035	
Change in capital appreciation bond accretion		(1,107)	
Amortization of debt premiums, discounts and issuance costs		85	
		85	(56,398)

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. (8,860)

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. 632

The net (revenue) expense allocable to business-type activities 701

**Change in Net Position of Governmental Activities** \$ 17,213

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

**COUNTY OF SAN LUIS OBISPO  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2019 (IN THOUSANDS)**

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Nonmajor Enterprise Funds		
<b>ASSETS</b>							
Current assets:							
Cash and investments	\$ 6,545	\$ 16,919	\$ 13,708	\$ 5,836	\$ 14,643	\$ 57,651	\$ 47,033
Accounts receivable, net	-	-	3,947	1	348	4,296	8
Other receivables	339	-	-	108,937	-	109,276	-
Due from other governments	3,202	-	-	-	-	3,202	-
Deposits with others	-	-	-	-	86	86	-
Inventories	-	-	-	-	48	48	638
Loans receivable	-	-	-	215	-	215	-
Prepaid items	-	-	-	-	929	929	6
<b>Total current assets</b>	<b>10,086</b>	<b>16,919</b>	<b>17,655</b>	<b>114,989</b>	<b>16,054</b>	<b>175,703</b>	<b>47,685</b>
Noncurrent assets:							
Advances to other funds	-	-	-	-	97	97	-
Restricted cash with fiscal agent	-	9,428	-	-	488	9,916	-
Prepaid insurance	-	320	-	-	-	320	-
Capital assets:							
Nondepreciable:							
Land	24,030	3,259	-	5,406	3,818	36,513	-
Construction in progress	244	177	-	-	1,676	2,097	-
Water rights	-	-	58,591	-	-	58,591	-
Other property	-	-	-	-	1,968	1,968	-
Depreciable:							
Infrastructure, net	508	146,804	36	171,869	24,222	343,439	-
Structures and improvements, net	80,972	8,755	5,844	3,057	48,045	146,673	277
Equipment, net	5,593	12	2	200	768	6,575	13,412
Other property, net	-	-	-	-	496	496	-
<b>Total noncurrent assets</b>	<b>111,347</b>	<b>168,755</b>	<b>64,473</b>	<b>180,532</b>	<b>81,578</b>	<b>606,685</b>	<b>13,689</b>
<b>Total assets</b>	<b>121,433</b>	<b>185,674</b>	<b>82,128</b>	<b>295,521</b>	<b>97,632</b>	<b>782,388</b>	<b>61,374</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>							
Deferred pensions	994	-	-	-	1,012	2,006	20,152
Deferred OPEB	114	-	-	-	96	210	1,942
Deferred loss on refunding	-	3,627	-	-	-	3,627	-
<b>Total deferred outflows of resources</b>	<b>1,108</b>	<b>3,627</b>	<b>-</b>	<b>-</b>	<b>1,108</b>	<b>5,843</b>	<b>22,094</b>
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	366	279	5,999	120	233	6,997	999
Salaries and benefits payable	62	-	-	-	63	125	1,165
Interest payable	83	2,543	-	1,892	392	4,910	-
Self-insurance payable	-	-	-	-	-	-	3,752
Deposits from others	85	366	2,802	-	387	3,640	1,089
Unearned revenue	71	9,076	2,585	-	307	12,039	-
Due to other funds	1,692	-	-	-	400	2,092	-
Accrued vacation and sick leave - current	97	-	-	-	81	178	2,040
Notes and bond payable - current	66	4,285	-	3,236	2,806	10,393	-
<b>Total current liabilities</b>	<b>2,522</b>	<b>16,549</b>	<b>11,386</b>	<b>5,248</b>	<b>4,669</b>	<b>40,374</b>	<b>9,045</b>
Noncurrent liabilities:							
Self-insurance liability	-	-	-	-	-	-	15,816
Advances from other funds	9,107	-	-	12,755	581	22,443	-
Accrued vacation and sick leave	78	-	-	-	129	207	796
Notes and bonds payable	378	168,342	-	139,588	36,962	345,270	-
Net OPEB Liability	150	-	-	-	126	276	2,557
Net Pension Liability	3,323	-	-	-	3,384	6,707	67,319
<b>Total noncurrent liabilities</b>	<b>13,036</b>	<b>168,342</b>	<b>-</b>	<b>152,343</b>	<b>41,182</b>	<b>374,903</b>	<b>86,488</b>
<b>Total liabilities</b>	<b>15,558</b>	<b>184,891</b>	<b>11,386</b>	<b>157,591</b>	<b>45,851</b>	<b>415,277</b>	<b>95,533</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred pensions	255	-	-	-	259	514	5,168
Deferred OPEB	14	-	-	-	12	26	234
Bond refunding	-	355	-	-	-	355	-
<b>Total deferred inflows of resources</b>	<b>269</b>	<b>355</b>	<b>-</b>	<b>-</b>	<b>271</b>	<b>895</b>	<b>5,402</b>
<b>NET POSITION</b>							
Net investment in capital assets	110,903	(920)	64,473	70,110	41,322	285,888	13,689
Unrestricted	(4,189)	4,975	6,269	67,820	11,296	86,171	(31,156)
<b>Total net position</b>	<b>\$ 106,714</b>	<b>\$ 4,055</b>	<b>\$ 70,742</b>	<b>\$ 137,930</b>	<b>\$ 52,618</b>	<b>372,059</b>	<b>\$ (17,467)</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(3,132)	
Net Position of Business-Type Activities per Government-Wide Financial Statements						<u>\$ 368,927</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, 2019 (IN THOUSANDS)**

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Nonmajor Enterprise Funds		
<b>OPERATING REVENUES:</b>							
Charges for services	\$ 8,994	\$ 16,947	\$ 7,656	\$ 5,354	\$ 14,675	\$ 53,626	\$ 57,443
Other revenues	27	-	-	9	106	142	179
<b>Total operating revenues</b>	<b>9,021</b>	<b>16,947</b>	<b>7,656</b>	<b>5,363</b>	<b>14,781</b>	<b>53,768</b>	<b>57,622</b>
<b>OPERATING EXPENSES:</b>							
Salaries and benefits	1,544	-	-	-	1,932	3,476	38,743
Services and supplies	3,004	4,547	6,575	3,839	10,211	28,176	19,568
Other charges	29	-	-	-	3	32	-
Insurance benefit payments	-	-	-	-	-	-	5,143
Depreciation	3,481	2,198	204	4,364	2,398	12,645	2,734
Countywide cost allocation	230	53	32	28	217	560	560
<b>Total operating expenses</b>	<b>8,288</b>	<b>6,798</b>	<b>6,811</b>	<b>8,231</b>	<b>14,761</b>	<b>44,889</b>	<b>66,748</b>
<b>Operating income (loss)</b>	<b>733</b>	<b>10,149</b>	<b>845</b>	<b>(2,868)</b>	<b>20</b>	<b>8,879</b>	<b>(9,126)</b>
<b>NONOPERATING REVENUES (EXPENSES):</b>							
Property taxes	-	-	2,198	50	1,664	3,912	-
Interest income	64	550	419	147	410	1,590	1,315
Interest expense	(23)	(7,414)	(56)	(3,438)	(1,403)	(12,334)	-
Sale of capital assets	432	-	-	-	-	432	259
Aid from governmental agencies	328	-	14	-	44	386	-
<b>Total nonoperating revenues (expenses)</b>	<b>801</b>	<b>(6,864)</b>	<b>2,575</b>	<b>(3,241)</b>	<b>715</b>	<b>(6,014)</b>	<b>1,574</b>
<b>Income (loss) before contributions and transfers</b>	<b>1,534</b>	<b>3,285</b>	<b>3,420</b>	<b>(6,109)</b>	<b>735</b>	<b>2,865</b>	<b>(7,552)</b>
Capital contributions	3,139	-	-	4,860	-	7,999	-
Transfers in	13	-	-	852	462	1,327	-
Transfers out	(324)	-	-	(324)	(54)	(702)	(1,308)
<b>Change in net position</b>	<b>4,362</b>	<b>3,285</b>	<b>3,420</b>	<b>(721)</b>	<b>1,143</b>	<b>11,489</b>	<b>(8,860)</b>
Net position - beginning	102,352	770	67,322	137,035	51,475	-	(8,607)
Prior period adjustment	-	-	-	1,616	-	-	-
Net position - beginning, restated	102,352	770	67,322	138,651	51,475	-	(8,607)
Net position - ending	<u>\$ 106,714</u>	<u>\$ 4,055</u>	<u>\$ 70,742</u>	<u>\$ 137,930</u>	<u>\$ 52,618</u>	<u>\$ (701)</u>	<u>\$ (17,467)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(701)	
Change in Net Position of Business-Type Activities per Government-Wide Financial Statements						<u>\$ 10,788</u>	

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

**COUNTY OF SAN LUIS OBISPO  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	Business-Type Activities - Enterprise Funds						Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Nonmajor Enterprise Funds	Total Enterprise Funds	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>							
Receipts from customers and third parties	\$ 9,125	\$ 17,089	\$ 6,728	\$ 5,364	\$ 14,189	\$ 52,495	\$ -
Receipts from interfund billings	-	-	-	-	-	-	57,628
Payments for goods and services	(4,931)	(4,785)	(6,543)	(3,886)	(10,829)	(30,974)	(15,352)
Payments to employees for services	(1,539)	-	-	-	(1,020)	(2,559)	(30,025)
Payments for insurance benefits	-	-	-	-	-	-	(4,480)
Payments for premiums	-	-	-	-	-	-	(4,786)
<b>Net cash provided (used) by operating activities</b>	<b>2,655</b>	<b>12,304</b>	<b>185</b>	<b>1,478</b>	<b>2,340</b>	<b>18,962</b>	<b>2,985</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>							
Property tax proceeds	-	-	2,198	-	1,664	3,862	-
Grants and subsidies from other governmental agencies	327	-	14	-	47	388	-
Advances from other funds	-	-	-	310	400	710	-
Due from other funds	5,940	-	-	-	-	5,940	-
Due from other governments	(3,043)	-	-	-	-	(3,043)	-
Transfers from other funds	13	-	-	852	462	1,327	-
Transfers to other funds	(324)	-	-	(324)	(54)	(702)	(1,308)
<b>Net cash provided (used) by noncapital financing activities</b>	<b>2,913</b>	<b>-</b>	<b>2,212</b>	<b>838</b>	<b>2,519</b>	<b>8,482</b>	<b>(1,308)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>							
Purchases and construction of capital assets	(919)	(89)	(2,155)	(851)	(466)	(4,480)	(2,966)
Proceeds from sale of capital assets	432	-	-	-	5	437	271
Advances to other funds	-	-	-	-	18	18	-
Advances from other funds	860	-	-	-	1	861	-
Due to other funds	(8,217)	-	-	-	-	(8,217)	-
Capital contributions	3,139	-	-	6,021	-	9,160	-
Deposits from others	-	-	49	-	-	49	-
Principal paid on capital debt	(63)	(4,121)	-	(3,177)	(2,713)	(10,074)	-
Interest paid on capital debt	(24)	(7,751)	(56)	(3,228)	(1,512)	(12,571)	-
<b>Net cash provided (used) by capital and related financing activities</b>	<b>(4,792)</b>	<b>(11,961)</b>	<b>(2,162)</b>	<b>(1,235)</b>	<b>(4,667)</b>	<b>(24,817)</b>	<b>(2,695)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>							
Interest received	64	550	419	147	410	1,590	1,315
<b>Net cash provided (used) by investing activities</b>	<b>64</b>	<b>550</b>	<b>419</b>	<b>147</b>	<b>410</b>	<b>1,590</b>	<b>1,315</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>840</b>	<b>893</b>	<b>654</b>	<b>1,228</b>	<b>602</b>	<b>4,217</b>	<b>297</b>
<b>CASH AND CASH EQUIVALENTS:</b>							
Beginning of year	5,705	25,454	13,054	4,608	14,529	63,350	46,736
End of year	\$ 6,545	\$ 26,347	\$ 13,708	\$ 5,836	\$ 15,131	\$ 67,567	\$ 47,033
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:</b>							
Operating income (loss)	\$ 733	\$ 10,149	\$ 845	\$ (2,868)	\$ 20	\$ 8,879	\$ (9,126)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	3,481	2,198	204	4,364	2,398	12,645	2,734
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:							
Receivables, net	89	1	(1,291)	-	(26)	(1,227)	7
Inventory	-	-	-	-	(17)	(17)	(148)
Prepaid items	1	-	-	-	84	85	12
Deferred outflows - pension	(392)	-	-	-	(476)	(868)	(9,954)
Deferred outflows - OPEB	(110)	-	-	-	(92)	(202)	(1,853)
Accounts payable	(1,679)	(312)	63	(18)	11	(1,935)	68
Deposits from others	8	127	-	-	43	178	55
Salaries and benefits payable	4	-	-	-	6	10	86
Deferred inflows - pension	(65)	-	-	-	(87)	(152)	(1,817)
Deferred inflows - OPEB	14	-	-	-	12	26	234
Net OPEB liability	94	-	-	-	77	171	1,599
Net pension liability	460	-	-	-	944	1,404	20,426
Unearned revenue	17	141	364	-	(557)	(35)	-
Self-insurance liability	-	-	-	-	-	-	662
Total adjustments	1,922	2,155	(660)	4,346	2,320	10,083	12,111
<b>Net cash provided (used) by operating activities</b>	<b>\$ 2,655</b>	<b>\$ 12,304</b>	<b>\$ 185</b>	<b>\$ 1,478</b>	<b>\$ 2,340</b>	<b>\$ 18,962</b>	<b>\$ 2,985</b>
<b>Noncash investing, capital, and financing activities:</b>							
Contributions of capital assets	\$ -	\$ -	\$ -	\$ 2,270	\$ -	\$ 2,270	\$ -

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, 2019 (IN THOUSANDS)  
SAN LUIS OBISPO PENSION TRUST FUND  
DECEMBER 31, 2018 (IN THOUSANDS)**

	Agency Funds June 30, 2019	Investment Trust Funds June 30, 2019	San Luis Obispo County Pension Trust December 31, 2018
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 117,364	\$ 481,397	\$ 55,156
Contributions receivable	-	-	3,014
Accrued interest and dividends receivable	-	-	769
Accounts receivable	-	-	23
Securities sold	-	-	1,262
Prepaid benefits	-	-	62
Investments pension trust:			
Bonds and notes, at fair value	-	-	264,058
International fixed income, at fair value	-	-	152,894
Collateralized mortgage obligations, at fair value	-	-	4,365
Domestic equities, at fair value	-	-	250,085
International equities, at fair value	-	-	258,785
Alternative investments, at fair value	-	-	124,393
Real estate, at fair value	-	-	192,203
Capital assets-net of accumulated depreciation	-	-	3,560
<b>Total assets</b>	<b>\$ 117,364</b>	<b>\$ 481,397</b>	<b>\$ 1,310,629</b>
<b><u>LIABILITIES</u></b>			
Agency obligations	\$ 117,364	\$ -	\$ -
Securities purchased	-	-	10,667
Accrued liabilities	-	-	1,284
Prefunded contributions	-	-	27,058
<b>Total liabilities</b>	<b>\$ 117,364</b>	<b>\$ -</b>	<b>\$ 39,009</b>
<b><u>NET POSITION</u></b>			
Net position held in trust for pool participants	\$ -	\$ 481,397	\$ -
Net position restricted for pensions	-	-	1,271,620
<b>Total net position</b>	<b>\$ -</b>	<b>\$ 481,397</b>	<b>\$ 1,271,620</b>

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

**COUNTY OF SAN LUIS OBISPO**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**AGENCY AND INVESTMENT TRUST FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**  
**SAN LUIS OBISPO PENSION TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2018 (IN THOUSANDS)**

	Investment Trust Funds <u>June 30, 2019</u>	San Luis Obispo County Pension Trust <u>December 31, 2018</u>
<b><u>ADDITIONS</u></b>		
Contributions:		
County contributions	\$ 1,079,041	\$ -
Employer contributions	-	46,244
Member contributions	-	32,953
	<u>1,079,041</u>	<u>79,197</u>
Total contributions		
Investment income:		
Realized and unrealized gains and losses	-	(60,132)
Interest	7,519	4,120
Dividends	-	9,452
Real estate management trust income	-	-
Real estate operating income, net	-	375
Other investment income, net	-	-
Investment expenses	-	(3,849)
	<u>7,519</u>	<u>(50,034)</u>
Total investment income		
Total additions	<u>1,086,560</u>	<u>29,163</u>
<b><u>DEDUCTIONS</u></b>		
Benefits:		
Monthly benefit payments	-	92,812
Refunds of contributions	-	1,757
Death benefits	-	60
	<u>-</u>	<u>94,629</u>
Total benefits		
Administrative expenses	-	1,972
Prefunded discount amortization	-	1,413
	<u>-</u>	<u>3,385</u>
Total administrative expenses		
Distributions from investment pool	<u>1,070,646</u>	<u>-</u>
Total deductions	<u>1,070,646</u>	<u>98,014</u>
Change in net position	15,914	(68,851)
Net position - beginning	<u>465,483</u>	<u>1,340,471</u>
Net position - ending	<u>\$ 481,397</u>	<u>\$ 1,271,620</u>

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



COUNTY  
of SAN LUIS  
OBISPO

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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

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COUNTY  
of SAN LUIS  
OBISPO

**COUNTY OF SAN LUIS OBISPO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS (IN THOUSANDS)**  
**JUNE 30, 2019**

**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.

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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.

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2019, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 83, *Certain Asset Retirement Obligations (GASB 83)*. The requirements of this statement are effective for financial statement periods beginning after June 15, 2018. GASB 83 addresses accounting and financial reporting for the retirement of certain tangible capital assets with a legally enforceable liability.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements (GASB 88)*. The requirements of this statement are effective for financial statement periods beginning after June 15, 2018. GASB 88 improves the information that is disclosed in the notes to governmental financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

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

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

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

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



## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

- 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, 2018.
- 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.
- 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

#### Deposits and Investments

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

Cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held by the County Treasurer are stated at fair value at June 30, 2019. 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 99.79 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### Property Tax

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

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

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

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

### Interfund Transactions

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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### Capital Assets

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

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

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

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

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

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 (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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The San Luis Obispo County Investment Pool is rated by Fitch Ratings, one of the Nationally Recognized Statistical Rating Organizations. Fitch has consistently rated the County Pool with their highest rating since Fiscal Year (FY) 1994-95. Fitch reaffirmed the County Pool's "AAAf/S1" rating on September 21, 2019. The County Pool's "AAAf" fund credit quality rating reflects the "the highest underlying credit quality (or lowest vulnerability to default)". The "f" suffix to the Fund Credit Quality Rating indicates a fund rather than an individual issue or issuer. The County Pool's "S1" rating reflects the pool's low sensitivity to market risk and capacity to return stable principal value to meet anticipated cash flow requirements, even in adverse interest rate environments.

The County Treasury Oversight Committee (CTOC) was created by the Board of Supervisors' Resolution and consists of five members. The CTOC monitors and reviews quarterly, the management of public funds maintained in the investment pool in accordance with the CGC. The CTOC and the Board of Supervisors review and approve the IP annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the CTOC and the investment pool participants every quarter. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value. CGC directs the CTOC to cause an annual IP compliance audit. A list of providers for the annual compliance audit is specified in the Board Resolution which created the CTOC. These providers are the County Auditor in conjunction with or in addition to work directed by CGC, independent certified public accountants (CPAs) selected to review the County's Comprehensive Annual Financial Report, and independent CPAs as deemed appropriate. CLA (CliftonLarsonAllen LLP) was selected to perform an Annual Investment Program Compliance Audit for the FY ended June 30, 2019. The results of these audits have been presented to the Board of Supervisors on a yearly basis. All such audits from prior years have had no findings.

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

The County maintains a combined pool of cash and investments which provides cash flow for the funding needs of the County, school districts, and other local agencies required by law to keep funds in the Treasury. The combined pool's investments are stated at fair value and have a weighted-average maturity of 1.07 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, 2019, the CTSTF NAV was \$1.002 per \$1.00 of investment.

The County's combined pool has invested in the State's Local Agency Investment Fund (LAIF). This fund is not registered with the Securities and Exchange Commission as an investment company but is required to invest according to CGC. Market valuation is conducted quarterly. LAIF provided a fair value dollar factor of 1.001711790 for its portfolio as of June 30, 2019. 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, 2019, 1.77% of the LAIF pool includes structured notes and asset-backed securities. The Local Investment Advisory Board, which consists of five members as designated by statute, provides oversight for LAIF.

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

The County’s combined pool includes funds deposited in collateralized interest-bearing bank accounts hereinafter referred to as Public Investment Money Market Accounts (PIMMAs). Per CGC §53631 et seq., PIMMA’s 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 dollar factor of 1.003494368668 in the Quarterly Report of Investments as of June 30, 2019, 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, 2019, 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
<b>Investment types utilized by the combined pool in FY 2018-19</b>			
U.S. Treasury Notes	4 years	100%	N/A
U.S. Treasury Bills	Maximum issued	100%	N/A
U.S. Government Agencies: Federal Home Loan Bank	4 years	20%	N/A
U.S. Government Agencies: Farm Credit	4 years	20%	N/A
Local Agency Investment Fund (LAIF)	N/A	15%	N/A
Money Market Mutual Funds (Shares of Beneficial Interest) issued by a Joint Powers Authority	N/A	15%	15% per issuer. Requires specific written approval of County Treasurer for each type of investment.
Supranationals	4 years	20%	10% per issuer (IBRD, IFC, or IADB only). Must have AAA/A-1+ by 1 of the 3 credit rating agencies.
<b>Investments authorized, but not utilized in FY 2018-19</b>			
U.S. Treasury Bonds	4 years	100%	N/A
CDARS	1 year	15%	1%
Bankers’ Acceptances-Domestic	30 days	10%	4%
Commercial Paper	30 days	5%	2%
Collateralized Certificates of Deposit	1 year	5%	1%
Tri-Party Repurchase Agreements	30 days	15% of all repos	N/A
Cash Management Bills	Maximum issued	100%	N/A
Bonds, 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.		

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Investments not authorized in FY 2018-19
U.S. Government Agencies: Federal National Mortgage Assoc.
U.S. Government Agencies: Federal Home Loan Mortgage Corp.
Bankers' Acceptances-Foreign
Negotiable Certificates of Deposit
Bi-Party Repurchase Agreements
Medium-Term Notes
Money Market Mutual Funds (Shares of Beneficial Interest) issued by diversified management companies
Treasury Notes or Bonds of this state
Registered Treasury Notes or Bonds of any of the other 49 United States
Notes, Bonds, or other obligations that are at all times secured by a valid first priority security interest
Mortgage Pass-Through Securities
Investments not authorized in the County's IP
Reverse Repurchase Agreements
Securities Lending Agreements

### Interest Rate Risk

In accordance with 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, 2019, 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, 2019.

Investment Type	S&P	Moody's	% of Portfolio*
U.S. Government Agencies	AA+	Aaa	43.55%
U.S. Treasuries	AA+	Aaa	32.37%
Supranationals	AAA	Aaa	14.04%
CalTRUST-Short-Term Fund	AAf/S1+	Not Rated	8.14%
LAIF	Not Rated	Not Rated	1.90%
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, 2019, the following investments exceeded the 5% disclosure threshold:

Investment Type	% of Portfolio*
U.S. Government Agencies-Federal Home Loan Bank	19.54%
U.S. Government Agencies-Farm Credit Bank	24.01%
Supranationals - IBRD	10.57%

\*Farm Credit Bank is 18.69% and Supranationals-IBRD is 8.22% of the County's combined pool inclusive of the PIMMAs and therefore are within the limits authorized in the IP.



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

At June 30, 2019, 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	7/30/19-2/08/21	1.820%-2.750%	0.65	\$ 120,875	\$ 120,177
U.S. Treasuries	7/15/19-12/15/21	1.307%-2.881%	1.08	278,636	275,995
U.S. Government Agencies	8/05/19-4/25/22	1.440%-2.903%	1.44	374,863	371,872
LAIF	On Demand	2.440%	-	16,268	16,000
CalTRUST	On Demand	2.550%	-	70,089	69,964
Total Investments in County Treasury			1.07	\$ 860,731	\$ 854,008
Deposits in Financial Institutions				\$ 266,469	\$ 266,469
Cash on Hand				335	335
Total Cash held in Treasury				1,127,535	1,120,812
Deposits in Transit				1,338	1,338
Outstanding Warrants				(18,021)	(18,021)
Total				1,110,852	1,104,129
Imprest Cash				1,556	1,556
Non-pool Cash Deposits				878	878
Other Cash Deposits				2,434	2,434
Total Cash and Cash Equivalents				\$ 1,113,286	\$ 1,106,563
<u>Restricted Cash with Fiscal Agent</u>					
U.S. Government & Federal Agencies				\$ 11,721	\$ 11,721
Certificates of Deposit & Money Market Accounts				1,581	1,581
Total				13,302	13,302
Total restricted and unrestricted cash and cash equivalents				\$ 1,126,588	\$ 1,119,865
<u>Total Cash and Investments Summary</u>				<u>Fair Value</u>	
Total Governmental Activities				\$ 451,559	
Total Business-type Activities				67,567	
Total Fiduciary Funds				598,761	
Total Component Unit				8,701	
Total Cash and Investments				\$ 1,126,588	
The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2019 (in thousands):					
<u>Statement of Net Position:</u>				<u>Fair Value</u>	
Net position held for pool participants				\$ 1,110,853	
Equity of internal pool participants				\$ 629,456	
Equity of external pool participants (voluntary and involuntary)				481,397	
Total Equity				\$ 1,110,853	
<u>Statement of Changes in Net Position:</u>					
Revenue				\$ 21,022	
Investment costs				(881)	
Net deposits				42,948	
Change in fair value				10,744	
Net change in pool net position				73,833	
Net position at July 1, 2018				1,037,020	
Net position at June 30, 2019				\$ 1,110,853	

**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, 2019:

Fair Value Measurements Using

	Investments by fair value level	<u>Quoted Prices in Active Markets for Identical Assets</u>	<u>Significant Other Observable Inputs</u>	<u>Significant Unobservable Inputs</u>
		(Level 1)	(Level 2)	(Level 3)
<u>Debt securities</u>				
US Treasuries	\$ 278,636	\$ 278,636	\$ -	\$ -
US Government Agencies	374,863	374,863	-	-
Supranationals	120,875	120,875	-	-
Total measured at fair value	<u>774,374</u>	<u>774,374</u>	-	-
<u>Other investments:</u>				
LAIF	16,268	-	-	-
CalTRUST	70,089	-	-	-
Total investments in County Treasury	<u>\$ 860,731</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2019, 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	\$ 11,582
Restricted interest on lease reserves	139
Restricted for Contractor Retentions	1,581
Total Restricted Cash	<u>\$ 13,302</u>

Cash Deposits Outside of the Treasury Pool

At fiscal year-end, the carrying amount of the County's other cash deposits was \$686,979 and the combined financial institutions' balance was \$878,141. The difference of \$191,162 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 \$878,141 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	\$ 34,482	\$ 162	\$ 8
Allowance for Doubtful Accounts	-	-	-
Net Accounts Receivable	\$ 34,482	\$ 162	\$ 8

	Business-Type Activities		
	State Water Contract	Los Osos Wastewater	Nonmajor Enterprise Funds
Accounts Receivable	\$ 3,947	\$ 1	\$ 348
Allowance for Doubtful Accounts	-	-	-
Net Accounts Receivable	\$ 3,947	\$ 1	\$ 348

**4. CAPITAL ASSETS**

A summary of changes in capital assets for the year ended June 30, 2019, is as follows (in thousands):

<u>Governmental Activities</u>	Balance July 1, 2018	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2019
Capital assets, not being depreciated:					
Land	\$ 795,505	\$ 3	\$ -	\$ 5	\$ 795,513
Construction in progress	19,727	14,401	(18)	(5,219)	28,891
Total capital assets, not being depreciated	815,232	14,404	(18)	(5,214)	824,404
Capital assets, being depreciated:					
Structures and improvements	259,579	2,758	(423)	1,541	263,455
Equipment	95,752	6,347	(1,283)	2,218	103,034
Infrastructure	406,692	4,535	-	1,455	412,682
Other property	845	135	-	-	980
Total capital assets, being depreciated	762,868	13,775	(1,706)	5,214	780,151
Less accumulated depreciation for:					
Structures and improvements	(90,613)	(6,048)	342	-	(96,319)
Equipment	(57,186)	(8,731)	1,204	-	(64,713)
Infrastructure	(217,993)	(11,024)	-	-	(229,017)
Other property	(34)	(13)	-	-	(47)
Total accumulated depreciation	(365,826)	(25,816)	1,546	-	(390,096)
Total capital assets being depreciated, net	397,042	(12,041)	(160)	5,214	390,055
Governmental activities capital assets, net	\$ 1,212,274	\$ 2,363	\$ (178)	\$ -	\$ 1,214,459

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

<u>Business-Type Activities</u>	Balance July 1, 2018	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2019
Capital assets, not being depreciated:					
Land	\$ 36,519	\$ -	\$ (6)	\$ -	\$ 36,513
Construction in progress	4,108	663	-	(2,674)	2,097
Water rights	56,434	2,157	-	-	58,591
Other property	1,968	-	-	-	1,968
Total capital assets, not being depreciated	99,029	2,820	(6)	(2,674)	99,169
Capital assets, being depreciated:					
Infrastructure	380,493	3	-	975	381,471
Structures and improvements	205,262	2,863	-	1,647	209,772
Equipment	9,947	218	(53)	52	10,164
Other property	554	-	-	-	554
Total capital assets, being depreciated	596,256	3,084	(53)	2,674	601,961
Less accumulated depreciation for:					
Infrastructure	(30,591)	(7,440)	-	-	(38,031)
Structures and improvements	(58,463)	(4,636)	-	-	(63,099)
Equipment	(3,073)	(569)	52	-	(3,590)
Other property	(58)	-	-	-	(58)
Total accumulated depreciation	(92,185)	(12,645)	52	-	(104,778)
Total capital assets being depreciated, net	504,071	(9,561)	(1)	2,674	497,183
Business-type activities capital assets, net	\$ 603,100	\$ (6,741)	\$ (7)	\$ -	\$ 596,352

Depreciation Expense

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

<u>Governmental Activities</u>		<u>Amount</u>
General Government		\$ 5,617
Public Protection		4,214
Public Ways and Facilities		10,604
Health and Sanitation		975
Public Assistance		245
Education		396
Recreational and Cultural Services		1,031
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets		2,734
Total Depreciation Expense-Governmental Activities		\$ 25,816
<u>Business-Type Activities</u>		<u>Amount</u>
Airport		\$ 3,481
Nacimiento Water Contract		2,198
State Water Project		204
Los Osos Wastewater		4,364
Nonmajor Enterprise		2,398
Total Depreciation Expense-Business-type Activities		\$ 12,645

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

**5. CONSTRUCTION IN PROGRESS AND RELATED COMMITMENTS**

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

The following is a schedule of major projects included in Construction in Progress as of June 30, 2019 (in thousands):

<u>Governmental Activities</u>			
<u>Project</u>	<u>Expended to June 30, 2019</u>	<u>Committed Funds</u>	<u>Remaining Budget</u>
Roads Infrastructure	\$ 15,529	\$ 10,465	\$ 25,909
AG Levee WMP Alta3a	1,181	106	3,023
New Storage Tanks – CSA 10 Water	1,005	1	2,758
Health – COC – Animal Services Facility	965	675	202
CDF-SLO-Program for Co-located Dispatch	699	-	2,046
Health-SLO-Public Health HVAC	534	-	189
Los Osos Landfill Remediation	534	26	506
Vets Hall Roof Replacement	518	83	237
Library Roof Replacement	492	31	-
Templeton to Atlas Connector	491	-	69

**6. LEASES**

County as Lessor

The County's General Fund and Enterprise Funds receive revenue from various properties leased to others under agreements classified as operating leases in accordance with Financial Accounting Standards Board (FASB) Statement 13. The leases cover periods ranging generally from 1 to 55 years. The General Fund leases portions of the former County General Hospital. The original cost of these facilities was \$12,313. As of June 30, 2019, they had a carrying value of \$7,986 net of accumulated depreciation of \$4,327. The Airport leases portions of airport land to various operators. The cost and carrying value of the original Airport land area is \$2,011.

The following is a schedule of minimum future rental payments to be received under these non-cancelable operating leases at June 30, 2019 (in thousands):

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2020	\$ 285	\$ 862
2021	194	800
2022	181	766
2023	126	638
2024	104	510
Later Years	769	8,188
<b>Total</b>	<b>\$ 1,659</b>	<b>\$ 11,764</b>

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 \$3,425 for the fiscal year ended June 30, 2019.

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

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 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, 2019 totaled \$4,269. The following rental costs represent future minimum payments under leases that have remaining non-cancelable terms as of June 30, 2019, for the next five years and for each five-year period thereafter (in thousands):

Year Ending June 30,	Minimum Lease Payments
2020	\$ 3,589
2021	2,851
2022	2,570
2023	2,010
2024	1,499
2025-2029	5,603
2030-2034	2,543
2035-2039	1,287
Total	<u>\$ 21,952</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 claim 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 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	\$ 104,041 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.

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

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

	<u>Beginning of the fiscal year liability</u>	<u>Current year claims, changes &amp; estimates</u>	<u>Claim payments</u>	<u>Balance at fiscal year-end</u>
2017-18	\$ 19,563	\$ 3,179	\$ 3,835	\$ 18,907
2018-19	\$ 18,907	\$ 5,093	\$ 4,432	\$ 19,568

**8. INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances at June 30, 2019, was (in thousands):

<u>Payable Fund (Due to Balance)</u>	<u>Receivable Fund (Due from Balance)</u>	<u>Amount</u>
Airport Fund	General Fund	\$ 1,692
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	400
	Total	<u>\$ 2,092</u>

The Airport Fund owes the General Fund \$1,692 for construction costs relating to the new airport terminal project.

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

<u>Payable Fund (Advances from Balance)</u>	<u>Receivable Fund (Advances to Balance)</u>	<u>Amount</u>
Nonmajor Governmental Funds	General Fund	\$ 291
	Nonmajor Enterprise Funds	97
		<u>388</u>
Nonmajor Enterprise Funds	General Fund	163
	Nonmajor Governmental Funds	418
		<u>581</u>
Airport Fund	General Fund	9,107
Los Osos Wastewater Fund	General Fund	9,950
	Nonmajor Governmental Funds	2,805
		<u>12,755</u>
	Total	<u>\$ 22,831</u>

Nonmajor Governmental Funds' advances from Nonmajor Enterprise Funds of \$97 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 \$53 and a loan of \$238 related to the restoration of the Cayucos Pier.

The Nonmajor Enterprise Funds advances of \$581 represent internal loans received by the County Services Areas Enterprise Funds from the General Fund (\$42), 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 \$121 from the General Fund.

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

The Airport owes the General Fund \$9,107 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	Nonmajor Governmental Funds	\$ 22,557
	Capital Projects Fund	3,889
	Nonmajor Enterprise Funds	396
	Airport Fund	13
		<u>26,855</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	1,544
	General Fund	1,458
	Los Osos Wastewater Fund	852
	Capital Projects Fund	175
	Nonmajor Enterprise Funds	<u>66</u>
	<u>4,095</u>	
Airport Fund	General Fund	266
	Nonmajor Governmental Funds	<u>58</u>
	<u>324</u>	
Los Osos Wastewater Fund	General Fund	245
	Nonmajor Governmental Funds	<u>79</u>
	<u>324</u>	
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	54
Internal Service Funds	Nonmajor Governmental Funds	1,153
	General Fund	<u>155</u>
	<u>1,308</u>	
Total Transfers		<u>\$ 32,960</u>

General Fund transfers to Nonmajor Governmental Funds included contributions to the following Special Revenue Funds: Roads (\$7,146), Library (\$667), Community Development (\$629), Flood Control Zone (\$23), and Parks (\$4,203). The General Fund also transferred \$9,889 to the Pension Obligation Bond Debt Service Fund to finance debt service payments, \$13 to the Airport Fund, \$396 to the Golf Fund, and \$3,889 to the Capital Projects Fund for various capital projects.

Nonmajor Governmental Fund transfers consist of contributions of Public Facilities Fees revenue from the Public Facilities Fees Special Revenue Fund to the General Fund (\$358) for debt service and \$47 for updates to the Cayucos Fire Station, to the Parks Fund (\$519) for various park projects, and to the Capital Projects Fund (\$175) to fund parks and other capital and maintenance projects. The Public Facilities Corporation Debt Service Fund transferred \$135 to the Financing Authority Debt Service Fund for debt service payment. The Parks Special Revenue Fund made transfers to the Pension Obligation Bond Debt Service Fund (\$182), and to the Lopez Park Enterprise Fund



## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

(\$3) for debt service. The Roads Fund transferred \$8 to Flood Control Zone 18 Special Revenue Fund for reimbursement of maintenance costs. The Road Impact Fee Special Revenue Fund transferred Impact Fees of \$441 to the General Fund for debt service, and \$437 to the Roads Fund for capital and maintenance projects. The Flood Control Zone Fund transferred \$610 into the General Fund for sustainable groundwater plans and \$852 into the Los Osos Wastewater Project Fund for grant related monies. Community Services Area 21 Special Revenue Fund transferred \$2 to the General Fund for debt service. The Library Fund (\$233) and the Driving Under the Influence Fund (\$30) made transfers to the Pension Obligation Bond Debt Service Fund to finance debt service payments. Other Nonmajor Governmental Fund transfers of \$63 occurred between various County Service Area Special Revenue to County Service Area Enterprise Funds.

The Airport Enterprise Fund transferred \$266 to the General Fund and \$58 to the Pension Obligation Bond Fund for debt service.

The Los Osos Wastewater Fund transferred \$245 to the General Fund and \$79 to the Flood Control Zone Fund for debt service.

Transfers from Nonmajor Enterprise Funds included \$48 of transfers from the Golf Enterprise Fund to the Pension Obligation Bond Debt Service Fund and County Services Area 23 Enterprise Fund transferred \$6 to County Service Area 21 Special Revenue Fund.

The Public Works Internal Service Fund transferred \$150 to the General Fund for remodels to the Government Center Building. The Garage Internal Service Fund transferred \$5 to the General Fund due to early vehicle retirement. The Public Works (\$1,099) and Garage (\$54) Internal Service Funds transferred to the Pension Obligation Bond Debt Service Fund for debt service payments.

## 10. BONDED INDEBTEDNESS AND LONG-TERM DEBT

### Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2019, is as follows (in thousands):

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2018</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2019</u>	<u>Due within one year</u>
Bonds and notes payable:						
Certificates of participation (COP)	\$ 20,252	\$ -	\$ -	\$ 1,206	\$ 19,046	\$ 1,254
Certificates of participation from direct borrowings	5,883	-	-	121	5,762	125
Unamortized discount on COP	(79)	-	-	(4)	(75)	-
Unamortized premium on COP	886	-	-	89	797	-
State notes from direct borrowings	2,056	-	-	155	1,901	157
Pension Obligation Bonds	99,407	1,107	-	3,611	96,903	8,480
Total bonds and notes payable	128,405	1,107	-	5,178	124,334	10,016
Other liabilities:						
Compensated absences	29,061	-	18,236	18,579	28,718	21,524
Landfill postclosure costs	6,881	-	618	467	7,032	516
Self-insurance	18,907	-	5,093	4,432	19,568	3,752
Total other liabilities	54,849	-	23,947	23,478	55,318	25,792
Total Governmental Activities	\$ 183,254	\$ 1,107	\$ 23,947	\$ 28,656	\$ 179,652	\$ 35,808

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

<u>Business-Type Activities</u>	<u>Beginning Balance July 1, 2018</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2019</u>	<u>Due within one year</u>
Bonds and notes payable:						
Certificates of participation (COP)	\$ 12,707	\$ -	\$ -	\$ 818	\$ 11,889	\$ 852
Certificates of participation from direct borrowings	2,971	-	-	49	2,922	51
Unamortized premium on COP	328	-	-	33	295	-
State notes from direct borrowings	87,667	-	-	3,258	84,409	3,331
Revenue bonds	168,410	-	-	4,284	164,126	4,284
Unamortized premium on revenue bonds	8,926	-	-	424	8,502	-
General obligation bonds	7,925	-	-	440	7,485	460
Unamortized premium on general obligation bonds	733	-	-	56	677	-
Assessment bonds	76,746	-	-	1,388	75,358	1,415
<b>Total bonds and notes payable</b>	<b>366,413</b>	<b>-</b>	<b>-</b>	<b>10,750</b>	<b>355,663</b>	<b>10,393</b>
Other liabilities:						
Compensated absences	373	-	160	148	385	178
<b>Total other liabilities</b>	<b>373</b>	<b>-</b>	<b>160</b>	<b>148</b>	<b>385</b>	<b>178</b>
<b>Total Business-Type Activities</b>	<b>\$ 366,786</b>	<b>\$ -</b>	<b>\$ 160</b>	<b>\$ 10,898</b>	<b>\$ 356,048</b>	<b>\$ 10,571</b>

Annual debt service requirements for governmental activities as of June 30, 2019, are summarized as follows:

<u>Governmental Activities</u>						
<u>Year Ended June 30,</u>	<u>Certificates of Participation, including Direct Borrowings</u>		<u>Pension Obligation Bonds</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Unaccrued Appreciation</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,379	\$ 1,030	\$ 8,258	\$ 222	\$ -	\$ 8,480
2021	1,431	974	8,337	703	-	9,040
2022	1,494	916	8,392	1,228	-	9,620
2023	1,558	850	8,428	1,797	-	10,225
2024	1,621	781	8,447	2,403	-	10,850
2025-2029	7,722	2,806	42,191	22,404	-	64,595
2030-2034	3,788	1,651	12,850	10,875	-	23,725
2035-2039	3,582	775	-	-	-	-
2040-2044	1,324	300	-	-	-	-
2045-2047	909	53	-	-	-	-
<b>Total</b>	<b>\$ 24,808</b>	<b>\$ 10,136</b>	<b>\$ 96,903</b>	<b>\$ 39,632</b>	<b>\$ -</b>	<b>\$ 136,535</b>

Governmental Activities (Continued)

<u>Year Ended June 30,</u>	<u>State Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 157	\$ 19
2021	158	17
2022	160	15
2023	162	14
2024	163	12
2025-2029	841	36
2030-2031	260	3
<b>Total</b>	<b>\$ 1,901</b>	<b>\$ 116</b>

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### Business-Type Activities

Year Ended June 30,	Certificates of Participation, including Direct Borrowings		State Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 903	\$ 668	\$ 3,331	\$ 1,792	\$ 4,284	\$ 7,520
2021	942	628	3,409	1,714	4,510	7,298
2022	989	584	3,488	1,635	4,745	7,064
2023	1,038	536	3,571	1,553	4,990	6,817
2024	1,087	484	3,479	1,470	5,250	6,558
2025-2029	5,760	1,548	18,161	6,135	30,585	28,456
2030-2034	2,158	471	12,995	4,327	38,480	20,553
2035-2039	463	305	12,753	3,098	48,590	10,448
2040-2044	554	213	14,080	1,770	22,692	929
2045-2049	665	102	9,142	368	-	-
2050-2053	252	18	-	-	-	-
Total	\$ 14,811	\$ 5,557	\$ 84,409	\$ 23,862	\$ 164,126	\$ 95,643

### Business-Type Activities (Continued)

Year Ended June 30,	General Obligation Bonds		Assessment Bonds	
	Principal	Interest	Principal	Interest
2020	\$ 460	\$ 374	\$ 1,415	\$ 2,053
2021	485	351	1,460	2,013
2022	510	327	1,505	1,972
2023	540	300	1,541	1,931
2024	565	271	1,587	1,888
2025-2029	3,325	848	8,619	8,750
2030-2034	1,600	81	9,897	7,479
2035-2039	-	-	11,358	6,020
2040-2044	-	-	13,025	4,346
2045-2049	-	-	14,946	2,426
2050-2052	-	-	10,005	417
Total	\$ 7,485	\$ 2,552	\$ 75,358	\$ 39,295

Long-term liabilities at June 30, 2019, consisted of the following:

Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2019
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#### Governmental Activities

##### Certificates of Participation

<u>2007 Series A</u>	2/8/2007	2037	4% - 4.25%	\$304 - \$308	\$5,090	\$3,820
Used to finance the construction of the Paso Robles Courthouse building. Debt service is provided by court fines specifically designated and restricted for new construction or major renovation of court facilities. Collateral for this debt are the Paso Robles Courthouse building and the County Department of Social Services building located in the City of San Luis Obispo.						
<u>2008 Series A</u>	1/23/2008	2038	4% - 4.625%	\$440 - \$451	7,325	5,620
Used to finance improvements to the Vineyard Drive Interchange. Debt service is provided by Development Fees. Collateral for this debt are the County offices of the Agricultural Commissioner located at Sierra Way and the Health Department located at 2191 Johnson.						
<u>2012 Series A</u>	10/15/2012	2028	0.5% - 5.0%	\$1,034 - \$1,289	14,427	9,606
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. Collateral for this debt are the County properties located in the City of San Luis Obispo namely the Old Courthouse, Courthouse Annex B and Courthouse Annex C.						

<u>I-Bank Loan</u>	10/01/2016	2046	3.75%	\$240 - \$320	6,000	5,762
A direct borrowing 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. Collateral for this debt are the 2 <sup>nd</sup> floor office spaces and the subterranean level 1 (also known as P1) located at 1055 Monterey St., City of San Luis Obispo.						

<b>\$32,842</b>	<b>\$24,808</b>
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**NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)**

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2019
<b>State Note</b>	2015	2030	1.00%	\$175	\$2,197	\$1,901

A direct borrowing 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.

**Pension Obligation Bonds**

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

<u>2003 Series C Capital Appreciation Bonds (CAB)</u>	7/2/2003	2031	5.27% - 5.73%	zero - \$15,000	\$44,199	\$136,535
<u>2003 Series C CABs Unaccrued Interest</u>						(39,632)
					\$44,199	\$96,903

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2019
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**Business-Type Activities**

**Certificates of Participation**

<u>US Department of Agriculture (USDA) 2009</u>	4/30/2009	2049	4.375%	\$6 - \$86	\$1,631	\$1,447
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A direct borrowing from the USDA used to finance a water system improvement project in County Service Area 23. Debt service is provided by water sales revenues.

<u>2011 Refunding Lopez Dam Remediation</u>	5/12/2011	2030	2.0% - 5.5%	\$928 - \$934	11,990	8,345
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Used to refund the 2000 A COP issue. The original COP was used to improve and retrofit the Lopez Dam. Debt service is provided by semi-annual lease payments made by the Lopez Flood Control District for the use of the retrofitted facilities.

<u>2012 Series A Lease Revenue Refunding Bonds</u>	10/15/2012	2028	0.5% - 5.0%	\$381 - \$475	5,323	3,544
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used to refund the 2002 A Certificates of Participation. The original COP was partially used to finance the Dairy Creek Golf Course. Debt service is provided by semi-annual lease payments from the Dairy Creek Golf Course. Collateral for this debt are the County properties located in the City of San Luis Obispo namely the Old Courthouse, Courthouse Annex B and Courthouse Annex C.

<u>USDA 2013</u>	07/01/2013	2053	2.75%	\$18 - \$67	1,621	1,475
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A direct borrowing from the USDA used to finance a water system improvement project in County Service Area 10A. Debt service is provided by water sales revenues.

	\$20,565	\$14,811
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**State Notes**

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

Cayucos Water Treatment Facility	1998	2023	3.0315%	\$174	\$3,011	\$649
Lopez Recreation Area	2004	2024	2.5132%	\$21	325	97
Lopez Water Treatment Plant Upgrade	2006	2028	2.60%	\$1,672	25,945	15,754
Airport Fuel Farm	2007	2025	4.6557%	\$86	1,000	444
Los Osos Wastewater Project	2012	2046	2.0%	\$336 - \$598	69,461	67,465
					\$99,742	\$84,409

**Revenue Bonds**

<u>2018 Nacimiento Water Project Revenue Refunding Bonds Series A</u>	5/07/2018	2040	3.0% - 5.0%	\$1,063 - \$9,173	\$27,045	\$23,515
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Used to refund all of the outstanding 2007 Nacimiento Water Project Revenue Bonds Series A which were used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts, payable under water delivery contracts.

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

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2019
<u>2007 Nacimiento Pipeline Project Series B</u>	9/26/2007	2040	5.2% - 5.6%	\$2,132 - \$2,646	38,565	33,496
Used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts payable under water delivery contracts.						
<u>2015 Nacimiento Water Project Revenue Refunding Bonds Series A</u>	8/5/2015	2038	3.0%-5.0%	\$2,603 - \$8,097	\$107,115	\$107,115
The 2007 bonds were used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts, payable under water delivery contracts. The 2015 Series A Nacimiento Water Project Revenue Refunding Bonds were issued to provide funds to advance refund certain 2007 Series A Nacimiento Water Project Revenue Bonds.						
					<u>\$172,725</u>	<u>\$164,126</u>

**General Obligation Bonds**

<u>2011 Refunding – Lopez Dam Remediation</u>	5/12/2011	2030	2.0% - 5.5%	\$833 - \$840	<u>\$10,760</u>	<u>\$7,485</u>
Used to refund the 2000 A general obligation (GO) issue. The original GO Bonds were used to improve and retrofit the Lopez Dam. Debt service is provided by applicable property taxes.						

**Assessment Bonds**

	2012	2037	2.75%	\$1,609 - \$3,245	<u>\$83,129</u>	<u>\$75,358</u>
Issued to the USDA to finance the construction of the Los Osos Wastewater Project. Debt service is provided by amounts levied against property owners who benefit from the project.						

Public Facilities Corporation

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

Financing Authority

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

Description of Long-Term Lease Arrangements

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

Description of Special Assessment Bonds

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

The County acts in an agent capacity for the assessment districts. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment principal outstanding at June 30, 2019, totals \$76,103 with interest rates from 2.52% to 6.85%.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### 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 \$29,103 at June 30, 2019. The accumulated benefits will be liquidated in future years as employees elect to use them. In the normal course of business, all payments of these accumulated benefits will be funded from appropriations in the year in which they are to be paid.

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

### Legal debt margin

State statutes limit the amount of general obligation debt a governmental entity may issue to 1.25% of its net assessed valuation. The current debt limitation for the County is \$703,283 with a margin of \$695,798.

### Direct Placement Debt

The County does not have any direct placement debt as of June 30, 2019.

### Direct Borrowings

The County's outstanding notes from direct borrowings related to governmental activities of \$7,663 contain default provisions and where applicable (1) the entire obligation becomes due and payable if the County is unable to make installment/lease payments, and (2) the lessor terminates the lease or re-let the leased premises.

The County's outstanding notes from direct borrowings related to business-type activities of \$87,331 contain a provision that if default continues after the cure period, entire obligation becomes due and payable.

### Rebatable Arbitrage Earnings

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service. During the current year, the County performed calculations of excess investment earnings and at June 30, 2019 had an arbitrage liability of \$145,788.

## 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, 2019, is as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 1,188,830
Business-type activities	285,888
Total	<u>\$ 1,474,718</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, 2019, is \$13,713 of Public Facility Fees and \$10,102 of Road Impact Fees restricted due to enabling legislation. The remaining \$17,466 of restricted net position is restricted due to restrictions imposed by creditors, grantors, or contributors.

Restricted net position at June 30, 2019, for governmental activities is as follows (in thousands):

	<u>Amount</u>
<b>RESTRICTED FOR:</b>	
<u>General Government</u>	
Purchase obligations for Non-Departmental related professional services	\$ 23
Purchase obligations for Administrative office related professional services	12
Purchase obligations for Assessor related equipment and professional services	8
Purchase obligations for Clerk-Recorder equipment and professional services	17
Purchase obligations for Utilities Management software and professional services	19
Purchase obligations for building maintenance projects	59
Purchase obligations for Information Technology related training, software and professional services	351
Purchase obligations for Central Services related professional services	1
Purchase obligations for Auditor-Controller-Treasurer-Tax Collector related professional services	65
Claims, contracts and other restrictions imposed by grantors or contributors	<u>3,472</u>
Total General Government	<u>4,027</u>
 <u>Public Protection</u>	
Purchase obligations for Waste Management related professional services	34
Purchase obligations for Grand Jury related supplies	1
Purchase obligations for District Attorney software support and supplies	8
Purchase obligations for Sheriff-Coroner related training, professional services and supplies	48
Purchase obligations for Animal Services professional services	7
Purchase obligations for Emergency Services professional services	133
Purchase obligations for Probation related safety equipment	140
Purchase obligations for fire protection related software and equipment	1,414
Purchase obligations for Agricultural Commissioner related professional services	57
Purchase obligations for Planning & Building related professional services	1,478
Purchase obligations for capital projects	4
Purchase obligations for flood control related engineering and environmental services	758
Total Public Protection	<u>4,082</u>
 <u>Health and Sanitation</u>	
Purchase obligations for Behavioral Health related professional services	54
Purchase obligations for Public Health related professional services	<u>20</u>
Total Health and Sanitation	<u>74</u>
 <u>Public Ways and Facilities</u>	
Purchase obligations for Public Works related software and professional services	1,055
Road impact fees restricted by enabling legislation for road maintenance and construction	10,102
Public facilities fees restricted by enabling legislation for public facilities	<u>13,713</u>
Total Public Ways and Facilities	<u>24,870</u>
 <u>Recreation and Cultural Services</u>	
Parks equipment and maintenance services	132
 <u>Public Assistance</u>	
Purchase obligation for Law Enforcement Medical Care professional services	14

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

<u>Education</u>		
Library equipment		21
<u>Debt Service</u>		8,061
	Total Restricted Net Position	<u>\$ 41,281</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, 2019, is as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ (220,206)
Business-type activities	<u>83,039</u>
Total	<u>\$ (137,167)</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.
- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.



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

Fund balances for all the major and nonmajor governmental funds as of June 30, 2019, are distributed as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>				
Inventories	\$ 106	\$ -	\$ -	\$ 106
Prepaid items	1,570	-	36	1,606
Advances to other funds	17,546	-	-	17,546
Subtotal	19,222	-	36	19,258

<u>Restricted for:</u>				
Tax reduction reserves	3,305	-	-	3,305
General Government programs	10	-	-	10
Public Protection programs	3,125	-	-	3,125
Mental Health Services Act	5,836	-	-	5,836
Public facilities	-	-	13,714	13,714
Traffic impact programs	-	-	10,102	10,102
Wildlife and grazing programs	-	-	38	38
Debt service	-	1,581	8,061	9,642
Subtotal	12,276	1,581	31,915	45,772

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<u>Committed to:</u>				
Maintenance projects	9,420	-	-	9,420
County Counsel services	417	-	-	417
Human Resources services	123	-	-	123
IT projects	351	-	-	351
Other general government	6,697	-	-	6,697
Fire equipment	2,850	-	-	2,850
Planning programs	1,525	-	-	1,525
Other public protection	1,005	-	-	1,005
Public health programs	836	-	-	836
Behavioral Health programs	20	-	-	20
Social Services' programs	33	-	-	33
Veterans' Services programs	11	-	-	11
Public works engineering & consulting services	1,071	-	-	1,071
Educational programs	8	-	-	8
Fish and game programs	-	-	189	189
Flood control programs	-	-	20,925	20,925
Lighting programs	-	-	472	472
Community development programs	-	-	466	466
Emergency medical services	-	-	781	781
Roads	-	-	15,045	15,045
Community service areas	-	-	2,747	2,747
Driving under the influence programs	-	-	972	972

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

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
Library	-	-	4,398	4,398
Parks	-	-	3,481	3,481
Wildlife and grazing programs	-	-	6	6
General reserve	13,000	-	-	13,000
SB1090 Economic development	8,505	-	-	8,505
Internal financing	3,918	-	-	3,918
Solar plant safety	843	-	-	843
Solar plant mitigation	4,979	-	-	4,979
Automation projects	12,028	-	-	12,028
Prado Rd Interchange project	1,435	-	-	1,435
Talent Development	1,822	-	-	1,822
Building replacement	42,197	-	-	42,197
Organizational development	1,508	-	-	1,508
Tax reduction reserve	43,424	-	-	43,424
Lease financing	1,010	-	-	1,010
Capital Projects	-	17,134	-	17,134
Pension Obligation Bonds	10,810	-	-	10,810
Subtotal	169,846	17,134	49,482	236,462

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<u>Assigned to:</u>				
Tax reduction reserve	10,953	-	-	10,953
General government	17,244	-	-	17,244
Clerk-Recorder programs	612	-	-	612
Sheriff-Coroner programs	11,061	-	-	11,061
Probation programs	8,990	-	-	8,990
District Attorney programs	2,993	-	-	2,993
Waste Management programs	13	-	-	13
Planning programs	1,939	-	-	1,939
Emergency Services	720	-	-	720
Other public protection programs	4,573	-	-	4,573
Social Services programs	7,226	-	-	7,226
Foster Care and Adoption programs	5,954	-	-	5,954
Veterans' Services programs	148	-	-	148
Public ways and facilities	1,836	-	-	1,836
Behavioral Health programs	19,454	-	-	19,454
Public Health programs	549	-	-	549
Subsequent Fiscal Year Budget	32,625	-	-	32,625
Imprest cash	117	-	-	117
Subtotal	127,007	-	-	127,007
Total	\$ 328,351	\$ 18,715	\$ 81,433	\$ 428,499

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### 12. LAPSING ENCUMBRANCES

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

The following is a summary of lapsing encumbrances at June 30, 2019, to be reappropriated during the next fiscal year (in thousands):

Fund	Total Encumbrances
General Fund	\$ 3,720
Capital Projects Fund	5,595
Nonmajor Governmental Fund	7,332
Total Lapsing Encumbrances	<u>\$ 16,647</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 \$26,867 over the next 16 years. The estimated amounts vary by year. For example, the principal amount due in 2019 is \$1,025 while \$2,303 is due in 2035. In 1992 the District entered Water Supply Contracts, of like terms, with various sub-contractors which presently provide resources to cover approximately 85% of the capital costs. The contract with the DWR expires in 2035. A proposed Delta conveyance would require a contract extension agreement for financing beyond 2035.

### 14. CONTINGENT LIABILITIES

The County is subject to various lawsuits, inverse condemnation cases, personnel actions, disputes over tax assessments, and other actions incidental to the ordinary course of County operations. 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, 2019.

### 15. LANDFILL POSTCLOSURE CARE COSTS

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

The remaining estimated liability for landfill postclosure costs as of June 30, 2019, is \$7,032 (in 2019 dollars). Of this, \$4,471 is for the Maintenance Cost and \$2,561 is the Corrective Action Cost. The cost estimates were provided by a licensed professional geologist in the Post Closure Maintenance Plan dated May 2017 and revised cost dated May 29, 2018, 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.

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### 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, 2019, the Agricultural Preserve Program tax abatements were \$14,393.

### 17. DEFINED BENEFIT PENSION PLAN

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

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

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

#### Plan Description

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

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

and Other Agencies), of Division 2 (Cities, Counties and Other Agencies), of Title 5 (Local Agencies) of the California Government Code.

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

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

Tier 1	Tier 1 generally includes members hired before January 1, 2011. As of December 31, 2018, there were 1,140 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, 2018, there were 309 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, 2018, there were 1,122 active County employed members in Tier 3.

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

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

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

Summary of Plans and Eligible Participants

The active number of County employees and their respective tiers covered by the benefit terms as of December 31, 2018, 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.	928 members
Miscellaneous Tier 2	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	257 members
Miscellaneous Tier 3	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 52.	985 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.	72 members
Probation Tier 2	N/A	-
Probation Tier 3	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	44 members

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

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.	140 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.	93 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.

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:

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

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	18.13-23.23%	6.79-16.51%
Probation Tier 1	20.04-20.11%	20.83-27.36%
Probation Tier 2	Not negotiated	Not negotiated
Probation Tier 3	19.61-21.54%	9.59-19.64%
Safety Tier 1	27.97-34.81%	19.12-30.79%
Safety Tier 2	27.97-34.81%	13.01-21.70%
Safety Tier 3	27.36-34.20%	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, 2017	\$35,415
June 30, 2018	\$42,046
June 30, 2019	\$43,432

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

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

The entire Plan is 67.1% funded as of January 1, 2019; 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 67.1 cents available for payment.

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

Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees. The County’s share of the total pension liability as of December 31, 2018, was \$1,900,795. The County’s share of the Plan’s fiduciary net position was \$1,192,980 as of the same date. As of December 31, 2018, the Plan’s fiduciary net position was 62.76% of the total pension liability.

At June 30, 2019, the County reported a liability of \$707,815 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of December 31, 2018.

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of January 1, 2018. The actuarial assumptions used in the January 1, 2018, valuation were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2017. Measurements as of December 31, 2018, are based on the fair value of assets on that date, and the Total Pension Liability as of the valuation date, January 1, 2018. The actuarial assumptions were rolled forward to the Pension Trust Plan’s fiscal year-end of December 31, 2018. There were no significant events between the January 1, 2018, valuation date and the December 31, 2018, 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

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

contributions to the Plan relative to the projected contributions of all the Plan’s participants, actuarially determined. At December 31, 2018, the County’s proportionate share was 93.82%, compared to 93.67% at December 31, 2017, an increase of 0.15%.

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

For the year ended June 30, 2019, the County recognized pension expense of \$108,257. 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, 2018, 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	\$ 2,829	\$ -
Deferred outflows and inflows of resources – difference between expected and actual experience	27,401	766
Deferred outflows of resources – changes in actuarial assumptions	29,320	-
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	77,045	-
County contributions subsequent to the measurement date	21,724	-
	<u>\$ 158,319</u>	<u>\$ 766</u>

Deferred outflows of resources above represent the unamortized portion of changes to net pension liability, changes in actuarial assumptions, and the net difference between projected and actual earnings on pension plan investments along with deferred outflows of resources of \$21,724 for contributions for the fiscal year ending June 30, 2019, made subsequent to the measurement date of December 31, 2018.

The \$21,724 of subsequent contributions will be recognized as reduction of the net pension liability in the fiscal year ending June 30, 2020. 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, 2018, and is 4.9799 years. The difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended December 31, 2018, is also recognized over 4.9799 years.

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

Year Ending June 30,	Future Recognition (in thousands)
2020	\$ 51,931
2021	31,228
2022	17,257
2023	35,211
2024	202
Thereafter	-
<b>Total</b>	<u>\$ 135,829</u>



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

Actuarial Assumptions

The total pension liability in the January 1, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Amortization growth rate	Level percentage of payroll
Salary increases	2.75% plus service-related merit component
COLA increases	2.50% for Tier 1 and 2.00% for Tier 2 and Tier 3
Investment rate of return	7.00%, net of administrative expense
Post-Retirement Mortality	RP-2014 Mortality Tables with generational mortality improvements using scale MP-2017, 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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2017.

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	30%	2.32%
Domestic Equities	20%	3.76%
International Equities	20%	6.02%
Alternative Investments	15%	4.92%
Real Estate	15%	4.77%

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the County’s portion of the net pension liability calculated using the discount rate of 7.00%, as well as what the County’s portion of the net pension liability would be if it were calculated using a discount rate that is one percentage-point lower, 6.00%, or one percentage-point higher, 8.00%, than the current rate:

	1% Decrease (in thousands) 6.00%	Discount Rate (in thousands) 7.00%	1% Increase (in thousands) 8.00%
County net pension liability	\$ 967,112	\$707,815	\$495,695

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### Pension Plan Fiduciary Net Position

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

## 18. POST-EMPLOYMENT HEALTHCARE BENEFITS

### 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.

#### Benefit Eligibility and Employees Covered

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

At June 30, 2019 a total of 3,853 employees were covered by the OPEB Plan's benefit terms:

Active Plan Members	2,649
Inactive Plan Members	993
Inactive Plan members entitled to but not yet receiving benefits	211
	<hr/>
	3,853

#### 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 18-19 the County provided the following to eligible retirees:

	<u>Non-management Employees</u>	<u>Management Employees</u>
Calendar Year 2018	\$133 per month	\$139 per month
Calendar Year 2019	\$136 per month	\$139 per month

## NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

### 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, 2019, the funding was a combination of \$1,620 in premium payments to contracted medical, dental and vision providers, plus a contribution of \$888 thousand to the CERBT. The implicit rate subsidy, recognized this fiscal year, was \$1,417 thousand. The County has selected the Actuarially Determined Contribution (ADC) funding method of contributing 100% of the ADC to fund the CERBT.

### Net OPEB Liability

The County reported a net OPEB liability of \$27.4 million as of June 30, 2019. The June 30, 2019 net OPEB Liability was determined by the actuary on December 9, 2019, using a measurement date of June 30, 2018.

### Actuarial Methods and Assumptions

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

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

Discount Rate	6.75%
Inflation	2.5%
Health care cost trend rate	6.9% for FY 2019, gradually decreasing over several decades to an ultimate rate of 4.0% in FY 2076 and later years. In addition, the rates above were increased to reflect the projected effect of the Affordable Care Act's Excise Tax on high-cost health insurance plans. The additional trend rate adjustments vary by year, but average 0.38% beginning calendar year 2032 for plans other than Medicare plans.
Actuarial cost method	Entry Age Normal
Amortization method for investment gains and losses	Straight-line amortization over a closed 5-year period
Amortization method for effects of assumption changes and experience gains and losses	Straight-line amortization over a closed period equal to the average of the expected remaining service lives of all members that are provided with OPEB through the plan
Amortization method for ADC purposes	Level percentage of payroll over a rolling amortization period of 15 years
Reimbursement eligibility	40% of all retirants will apply for and receive the reimbursement
Payroll growth rate	2.75% per annum

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

Salary increases	Inflation of 2.5% plus productivity increase rate of 0.25% plus an additional service-related merit component.
Investment rate of return	6.75%
Post-retirement mortality	RP-2014 Mortality Tables with generational mortality improvements using scale MP-2017, and additional adjustments.

The withdrawal, retirement, disability, mortality, and salary scale are based on an experience study for the five-year period ending December 31, 2017 completed for the San Luis Obispo County Pension Trust. Other assumptions were developed by the actuary based on County experience and actuarial standards.

Discount Rate

The actuarially assumed discount rate of 6.75% per annum, compounded annually, reflects the County’s current policy of pay-as-you-go plus additional funding of the OPEB liability, and the County’s ongoing selection of a “less conservative” (Strategy 1) portfolio invested by the CERBT. Per GASB guidance, the discount rate was determined by calculating the single rate that produces the same present value of expected benefit payments as (1) the expected long-term rate of return on plan assets during the period when projected assets are sufficient to pay future retiree benefits, and (2) the 20-year municipal bond rate after assets are projected to be exhausted.

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	Long-Term Expected Nominal Rate of Return
Global Equity	59%	plus/minus 5%	7.45%
Fixed Income	25%	plus/minus 5%	4.49%
Treasury Inflation-Protected Securities (TIPS)	5%	plus/minus 3%	4.07%
Global Real Estate Investment Trusts (REITs)	8%	plus/minus 5%	6.69%
Commodities	3%	plus/minus 3%	4.95%
Cash	-	plus 2%	3.08%

The long-term expected real rate of return, net of expenses, for CERBT Strategy 1 is assumed to be 6.75%.

Changes in the Net OPEB Liability

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

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

	Total OPEB Liability	<i>Less</i>	Plan Fiduciary Net Position	<i>Equals</i>	Net OPEB Liability
Balances as of June 30, 2018	\$27,722		\$17,025		\$10,697
Projected Changes for fiscal year-end June 30, 2019:					
Service Cost	611		-		611
Interest Cost	2,007		-		2,007
Differences between expected and actual experience	(2,842)		-		(2,842)
Actuarial Gains/Losses	-		-		-
Change in Assumptions	19,530		-		19,530
Net Investment Income	-		1,286		(1,286)
Benefit Payments	(1,526)		(1,526)		-
Employer Contributions	-		2,521		(2,521)
Administrative Expenses	-		(8)		8
Other Deductions	-		(1,171)		1,171
Net Projected Changes	<u>17,780</u>		<u>1,102</u>		<u>16,678</u>
Projected Balances as of June 30, 2019	<u>\$45,502</u>		<u>\$18,127</u>		<u>\$27,375</u>

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

At June 30, 2019, the OPEB Plan's fiduciary net position was 39.8% 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 6.75%, as well as what the liability would be if it were calculated using a discount rate that is one percentage-point lower, 5.75%, or one percentage-point higher, 7.75%, than the current rate:

	1% Decrease (in thousands) 5.75%	Discount Rate (in thousands) 6.75%	1% Increase (in thousands) 7.75%
Net OPEB Liability	\$32,640	\$27,375	\$22,981

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

	1% Decrease (in thousands)	Discount Rate (in thousands)	1% Increase (in thousands)
Net OPEB Liability	\$22,526	\$27,375	\$33,259

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$1,873. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred

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

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, 2019, 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)
	<u>                    </u>	<u>                    </u>
Deferred outflows and inflows of resources – difference between expected and actual experience	\$ -	\$ 2,452
Deferred outflows of resources – changes in actuarial assumptions	16,853	-
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	-	50
County contributions subsequent to the measurement date	3,925	-
	<u>\$ 20,778</u>	<u>\$ 2,502</u>

\$3,925 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the fiscal year ending June 30, 2020.

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

Year ended	Future Recognition (in thousands)
<u>                    </u>	<u>                    </u>
2020	\$ 2,277
2021	2,277
2022	2,277
2023	2,277
2024	2,290
Thereafter	2,953
	<u>\$ 14,351</u>

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

**19. ASSUMPTION OF OPERATIONS**

On June 5, 2018, the Board of Supervisors passed a resolution for application, plan for services, and budget for submittal to the San Luis Obispo Local Agency Formation Commission (LAFCO) to establish fire authority for the unincorporated area of Cayucos. With the resolution, the County assumed responsibility for fire protection services formerly provided by the Cayucos Fire Protection District which dissolved on November 30, 2018. As a result, the County assumed ownership of capital assets with a net book value of \$37 thousand. Additionally, the General Fund recorded a cash increase of \$294 thousand and an increase in net position of \$25 thousand due to assumption of operations.

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

### **20. PRIOR PERIOD ADJUSTMENTS**

The County recorded a prior period adjustment of \$1.6 million in the Los Osos Wastewater Fund to account for the Bayridge Estates and Vista De Oro sewage collection systems which were contributed to the County by the Los Osos Community Services District in FY 2017-18.

In addition, the County recorded a reduction of net position of \$4.6 million in the Statement of Activities to reduce other assets associated with resources accumulated for a Pension Obligation Bonds debt service payments made in the prior year.

### **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, 2019, the County made an advance payment of \$55.0 million representing the County's FY 2019-20 employer retirement and employer paid portion of employee normal retirement contributions to the Pension Trust. The prepayment resulted in an estimated savings of \$1.5 million to the County.

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**REQUIRED SUPPLEMENTARY INFORMATION**

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COUNTY  
of SAN LUIS  
OBISPO

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

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

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

Measurement Date December 31 <sup>st</sup>	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2013	92.64%	\$354,823	\$153,942**	230.49%	74.78%
2014	92.65%	\$391,423	\$157,730**	248.16%	73.53%
2015	92.92%	\$506,626	\$166,433**	304.40%	67.57%
2016	93.10%	\$602,805	\$172,192**	350.08%	64.59%
2017	93.67%	\$529,033	\$186,278**	284.00%	70.36%
2018	93.82%	\$707,815	\$193,122	366.51%	62.76%

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

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

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

Fiscal Year ending June 30 <sup>th</sup>	Actuarially required contributions	Actual contributions	Contribution deficiency (excess)	County's covered payroll	County's actual contributions as a percentage of covered payroll
2014	\$30,956	\$28,867 <sup>^</sup>	\$2,089	\$155,754 <sup>**</sup>	18.53%
2015	\$30,687	\$30,174 <sup>^</sup>	\$513	\$162,273 <sup>**</sup>	18.59%
2016	\$32,839	\$31,997 <sup>^</sup>	\$843	\$170,552 <sup>**</sup>	18.76%
2017	\$35,066	\$35,415 <sup>^</sup>	(\$349)	\$181,338 <sup>**</sup>	19.53%
2018	\$45,153	\$42,046 <sup>^</sup>	\$3,107	\$190,135	22.11%
2019	\$48,198	\$43,432	\$4,766	\$193,294	22.47%

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

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

<sup>\*\*</sup>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)**

	Fiscal Year 2017-18	Fiscal Year 2018-19
Total OPEB liability:		
Service cost	\$ 688	\$ 611
Interest	1,949	2,007
Differences between expected and actual experience	-	(2,842)
Changes of assumptions	-	19,530
Benefit payments	<u>(1,690)</u>	<u>(1,526)</u>
Net change in total OPEB liability	947	17,780
Total OPEB liability – beginning	<u>26,775</u>	<u>27,722</u>
Total OPEB liability – ending (a)	<u>\$ 27,722</u>	<u>\$ 45,502</u>
 Plan Fiduciary net position:		
Employer contributions	1,707	2,521
Net investment income	1,155	1,286
Benefit payments	(1,690)	(1,526)
Administrative expense	(7)	(8)
Other deductions	<u>-</u>	<u>(1,171)</u>
Net change in plan fiduciary net position	1,165	1,102
Plan fiduciary net position – beginning	<u>15,860</u>	<u>17,025</u>
Plan fiduciary net position – ending (b)	<u>\$ 17,025</u>	<u>\$ 18,127</u>
 County's net OPEB liability – ending (a) – (b)	<u>\$ 10,697</u>	<u>\$ 27,375</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	61.4%	39.8%
 Covered-employee payroll	\$ 190,136	\$ 193,294
 County's net OPEB liability as a percentage of covered-employee payroll	5.6%	14.2%

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

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

The Notes to RSI are integral to the above schedule.

**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 30 <sup>th</sup>	Actuarially Determined Contribution (ADC)	Contributions in relation to the ADC	Plan Contributions Over/(Under) ADC	Annual Covered- Employee Payroll	Plan Contributions as a Percentage of Covered-Employee Payroll
	(a)	(b)	(b-a)		
2017	\$ 1,621 <sup>^</sup>	\$ 1,682 <sup>^</sup>	\$ 61 <sup>^</sup>	\$ 181,338 <sup>^</sup>	0.93% <sup>^</sup>
2018	\$ 1,707	\$ 2,521	\$ 814	\$ 190,136	1.33%
2019	\$ 3,982	\$ 3,925	\$ (57)	\$ 193,294	2.03%

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

<sup>^</sup>Restated based on updated actuarial information.

The Notes to RSI are integral to the above schedule.

**COUNTY OF SAN LUIS OBISPO  
REQUIRED SUPPLEMENTARY INFORMATION  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 191,403	\$ 191,403	\$ 201,230	\$ 9,827
Licenses, permits, and franchises	10,680	11,192	12,133	941
Fines, forfeitures, and penalties	3,903	4,110	2,978	(1,132)
Use of money and property	2,065	2,065	7,294	5,229
Aid from other governments	242,957	251,023	241,792	(9,231)
Charges for services	34,213	35,729	34,017	(1,712)
Other revenue	5,165	13,423	20,305	6,882
Total Revenues	<u>490,386</u>	<u>508,945</u>	<u>519,749</u>	<u>10,804</u>
<b>Expenditures:</b>				
Current:				
General government	54,756	67,342	49,181	18,161
Public protection	184,812	196,394	181,103	15,291
Public ways and facilities	4,664	8,202	3,594	4,608
Health and sanitation	101,816	106,048	99,265	6,783
Public assistance	130,954	133,613	120,587	13,026
Education	620	620	575	45
Contingencies	24,355	19,401	-	19,401
Total Expenditures	<u>501,977</u>	<u>531,620</u>	<u>454,305</u>	<u>77,315</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,591)</u>	<u>(22,675)</u>	<u>65,444</u>	<u>88,119</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	223	1,333	1,311	(22)
Transfers out	(18,695)	(26,109)	(25,468)	641
Total Other Financing Sources (Uses)	<u>(18,472)</u>	<u>(24,776)</u>	<u>(24,157)</u>	<u>619</u>
<b>Net change in fund balances</b>	<b>(30,063)</b>	<b>(47,451)</b>	<b>41,287</b>	<b>88,738</b>
Fund balances, beginning	<u>222,848</u>	<u>222,848</u>	<u>222,848</u>	<u>-</u>
Fund balances, ending	<u>\$ 192,785</u>	<u>\$ 175,397</u>	<u>\$ 264,135</u>	<u>\$ 88,738</u>

**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019 (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	\$ 519,749
Revenues for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	5,723
Total Revenues as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 525,472</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	\$ 454,305
Expenditures for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	6,325
Total Expenditures as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 460,630</u>

Other financing sources/(uses) of resources

Actual amounts (budgetary basis) "Total Other Financing Sources (Uses)" from the Budgetary Comparison Schedule	\$ (24,157)
Other financing sources (uses) for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	(574)
Total Other Financing Sources (Uses) as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ (24,731)</u>



**COUNTY OF SAN LUIS OBISPO**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2019**

**1. BUDGETARY BASIS OF ACCOUNTING**

**A. BUDGETARY ACCOUNTING**

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

After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Board resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Board. During the fiscal year ended June 30, 2019 the Board of Supervisors approved all necessary supplemental appropriations. Generally, the effects of the supplemental appropriations are to increase the budget for cost of living adjustments and new programs and grants financed by other governmental agencies.

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

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

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

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

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

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**OTHER SUPPLEMENTARY INFORMATION**

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COUNTY  
of SAN LUIS  
OBISPO

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**COMBINING FINANCIAL STATEMENTS  
NONMAJOR GOVERNMENTAL FUNDS**

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COUNTY  
of SAN LUIS  
OBISPO

## NONMAJOR GOVERNMENTAL FUNDS

### **SPECIAL REVENUE FUNDS:**

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

#### Community Development Program

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

#### Emergency Medical Services

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

#### Driving Under the Influence Programs

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

#### Fish & Game

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

#### Road Impact Fees

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

#### Library

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

#### Parks

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

#### Public Facilities Fees

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

#### Roads

Accounts for resources used to maintain the County road system.

#### Wildlife & Grazing

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

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

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

#### Flood Control Districts

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

#### Lighting Districts

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

#### County Service Areas

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

### **DEBT SERVICE FUNDS:**

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

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

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

#### Pension Obligation Bonds

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

#### SLO County Financing Authority

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

**COUNTY OF SAN LUIS OBISPO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2019 (IN THOUSANDS)**

	Special Revenue			
	Community Development	Emergency Medical Services	Driving Under the Influence Programs	Fish and Game
<b>Assets</b>				
Cash and cash equivalents	\$ 1,960	\$ 335	\$ 1,013	\$ 190
Restricted cash with fiscal agent	-	-	-	-
Accounts receivable, net	-	-	-	-
Due from other governments	71	446	-	-
Due from other funds	-	-	-	-
Loans receivable	23,552	-	-	-
Advances to other funds	-	-	-	-
Prepaid items	-	-	4	-
Other assets	-	-	-	-
<b>Total assets</b>	<b>\$ 25,583</b>	<b>\$ 781</b>	<b>\$ 1,017</b>	<b>\$ 190</b>
<b>Liabilities</b>				
Salaries and benefits payable	\$ -	\$ -	\$ 34	\$ -
Accounts payable	376	-	7	1
Deposits from others	1,189	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
<b>Total liabilities</b>	<b>1,565</b>	<b>-</b>	<b>41</b>	<b>1</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	-
Deferred loans	23,552	-	-	-
<b>Total deferred inflows of resources</b>	<b>23,552</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	-	-	4	-
Restricted	-	-	-	-
Committed	466	781	972	189
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>466</b>	<b>781</b>	<b>976</b>	<b>189</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 25,583</b>	<b>\$ 781</b>	<b>\$ 1,017</b>	<b>\$ 190</b>



**COUNTY OF SAN LUIS OBISPO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2019 (IN THOUSANDS)**

	Special Revenue			
	Road Impact Fees	Library	Parks	Public Facilities Fees
<b>Assets</b>				
Cash and cash equivalents	\$ 10,102	\$ 4,716	\$ 4,752	\$ 13,714
Restricted cash with fiscal agent	-	-	-	-
Accounts receivable, net	-	-	102	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Loans receivable	-	-	-	-
Advances to other funds	-	-	-	-
Prepaid items	-	1	31	-
Other assets	-	-	-	-
<b>Total assets</b>	<b>\$ 10,102</b>	<b>\$ 4,717</b>	<b>\$ 4,885</b>	<b>\$ 13,714</b>
<b>Liabilities</b>				
Salaries and benefits payable	\$ -	\$ 241	\$ 260	\$ -
Accounts payable	-	77	224	-
Deposits from others	-	-	554	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	335	-
<b>Total liabilities</b>	<b>-</b>	<b>318</b>	<b>1,373</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unavailable revenue	-	-	-	-
Deferred loans	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Nonspendable	-	1	31	-
Restricted	10,102	-	-	13,714
Committed	-	4,398	3,481	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total fund balances</b>	<b>10,102</b>	<b>4,399</b>	<b>3,512</b>	<b>13,714</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 10,102</b>	<b>\$ 4,717</b>	<b>\$ 4,885</b>	<b>\$ 13,714</b>

**COUNTY OF SAN LUIS OBISPO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2019 (IN THOUSANDS)**

	Special Revenue				
	Roads	Wildlife Grazing	Flood Control Districts	Lighting Districts	County Service Areas
<b>Assets</b>					
Cash and cash equivalents	\$ 15,211	\$ 44	\$ 17,861	\$ 472	\$ 2,162
Restricted cash with fiscal agent	-	-	-	-	-
Accounts receivable, net	-	-	44	-	16
Due from other governments	3,123	-	642	-	-
Due from other funds	-	-	-	-	400
Loans receivable	-	-	-	-	-
Advances to other funds	-	-	2,968	-	255
Prepaid items	-	-	-	-	-
Other assets	2	-	-	-	-
<b>Total assets</b>	<b>\$ 18,336</b>	<b>\$ 44</b>	<b>\$ 21,515</b>	<b>\$ 472</b>	<b>\$ 2,833</b>
<b>Liabilities</b>					
Salaries and benefits payable	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts payable	495	-	131	-	-
Deposits from others	313	-	-	-	24
Unearned revenue	255	-	-	-	-
Advances from other funds	-	-	-	-	53
<b>Total liabilities</b>	<b>1,063</b>	<b>-</b>	<b>131</b>	<b>-</b>	<b>77</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue	2,228	-	459	-	9
Deferred loans	-	-	-	-	-
<b>Total deferred inflows of resources</b>	<b>2,228</b>	<b>-</b>	<b>459</b>	<b>-</b>	<b>9</b>
<b>Fund Balances</b>					
Nonspendable	-	-	-	-	-
Restricted	-	38	-	-	-
Committed	15,045	6	20,925	472	2,747
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
<b>Total fund balances</b>	<b>15,045</b>	<b>44</b>	<b>20,925</b>	<b>472</b>	<b>2,747</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 18,336</b>	<b>\$ 44</b>	<b>\$ 21,515</b>	<b>\$ 472</b>	<b>\$ 2,833</b>

**COUNTY OF SAN LUIS OBISPO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2019 (IN THOUSANDS)**

	Debt Service			Total Nonmajor Governmental Funds
	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Debt Service Financing Authority	
<u>Assets</u>				
Cash and cash equivalents	\$ 633	\$ 5,611	\$ 12	\$ 78,788
Restricted cash with fiscal agent	457	4	1,344	1,805
Accounts receivable, net	-	-	-	162
Due from other governments	-	-	-	4,282
Due from other funds	-	-	-	400
Loans receivable	-	-	-	23,552
Advances to other funds	-	-	-	3,223
Prepaid items	-	-	-	36
Other assets	-	-	-	2
	<u>\$ 1,090</u>	<u>\$ 5,615</u>	<u>\$ 1,356</u>	<u>\$ 112,250</u>
<u>Liabilities</u>				
Salaries and benefits payable	\$ -	\$ -	\$ -	\$ 535
Accounts payable	-	-	-	1,311
Deposits from others	-	-	-	2,080
Unearned revenue	-	-	-	255
Advances from other funds	-	-	-	388
	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,569</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	-	-	-	2,696
Deferred loans	-	-	-	23,552
	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,248</u>
<u>Fund Balances</u>				
Nonspendable	-	-	-	36
Restricted	1,090	5,615	1,356	31,915
Committed	-	-	-	49,482
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>1,090</u>	<u>5,615</u>	<u>1,356</u>	<u>81,433</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,090</u>	<u>\$ 5,615</u>	<u>\$ 1,356</u>	<u>\$ 112,250</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, 2019 (IN THOUSANDS)**

	Special Revenue			
	Community Development	Emergency Medical Services	Driving Under the Influence Programs	Fish and Game
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	612	-	33
Use of money and property	20	8	25	2
Aid from other governments	3,677	-	-	-
Charges for services	-	-	1,502	-
Other revenues	91	-	160	-
	<u>3,788</u>	<u>620</u>	<u>1,687</u>	<u>35</u>
Total revenues				
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	24
Public ways and facilities	-	-	-	-
Health and sanitation	4,247	-	-	-
Public assistance	-	740	-	-
Education	-	-	1,388	-
Recreation and cultural services	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>4,247</u>	<u>740</u>	<u>1,388</u>	<u>24</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(459)</u>	<u>(120)</u>	<u>299</u>	<u>11</u>
<u>Other financing sources (uses)</u>				
Transfers in	629	-	-	-
Transfers out	-	-	(30)	-
	<u>629</u>	<u>-</u>	<u>(30)</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	170	(120)	269	11
Fund balances - beginning	<u>296</u>	<u>901</u>	<u>707</u>	<u>178</u>
Fund balances - ending	<u>\$ 466</u>	<u>\$ 781</u>	<u>\$ 976</u>	<u>\$ 189</u>

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	Special Revenue			
	Road Impact Fees	Library	Parks	Public Facilities Fees
<u>Revenues</u>				
Taxes	\$ -	\$ 9,449	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	1	-
Use of money and property	290	109	273	369
Aid from other governments	-	124	227	-
Charges for services	1,097	132	5,632	2,652
Other revenues	-	704	41	-
	<u>1,387</u>	<u>10,518</u>	<u>6,174</u>	<u>3,021</u>
Total revenues				
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	-
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Education	-	10,228	-	-
Recreation and cultural services	-	-	10,574	-
Debt service:				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>-</u>	<u>10,228</u>	<u>10,574</u>	<u>-</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>1,387</u>	<u>290</u>	<u>(4,400)</u>	<u>3,021</u>
<u>Other financing sources (uses)</u>				
Transfers in	-	667	4,722	-
Transfers out	(878)	(233)	(185)	(1,100)
	<u>(878)</u>	<u>434</u>	<u>4,537</u>	<u>(1,100)</u>
Total other financing sources (uses)				
Net change in fund balances	509	724	137	1,921
Fund balances - beginning	<u>9,593</u>	<u>3,675</u>	<u>3,375</u>	<u>11,793</u>
Fund balances - ending	<u>\$ 10,102</u>	<u>\$ 4,399</u>	<u>\$ 3,512</u>	<u>\$ 13,714</u>

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	Special Revenue				
	Roads	Wildlife and Grazing	Flood Control Districts	Lighting Districts	County Service Areas
<u>Revenues</u>					
Taxes	\$ 1,875	\$ -	\$ 3,753	\$ 39	\$ 760
Licenses, permits, and franchises	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	385	1	515	14	67
Aid from other governments	23,733	5	586	-	4
Charges for services	209	-	537	11	4
Other revenues	220	-	44	-	17
	<u>26,422</u>	<u>6</u>	<u>5,435</u>	<u>64</u>	<u>852</u>
<u>Expenditures</u>					
Current:					
Public protection	-	2	3,857	47	-
Public ways and facilities	31,317	-	-	-	356
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Education	-	-	-	-	-
Recreation and cultural services	-	-	-	-	-
Debt service:					
Principal payments	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
	<u>31,317</u>	<u>2</u>	<u>3,857</u>	<u>47</u>	<u>356</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,895)</u>	<u>4</u>	<u>1,578</u>	<u>17</u>	<u>496</u>
<u>Other financing sources (uses)</u>					
Transfers in	7,583	-	110	-	6
Transfers out	(8)	-	(1,462)	-	(64)
	<u>7,575</u>	<u>-</u>	<u>(1,352)</u>	<u>-</u>	<u>(58)</u>
Net change in fund balances	2,680	4	226	17	438
Fund balances - beginning	12,365	40	20,699	455	2,309
Fund balances - ending	<u>\$ 15,045</u>	<u>\$ 44</u>	<u>\$ 20,925</u>	<u>\$ 472</u>	<u>\$ 2,747</u>

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	Debt Service			Total Nonmajor Governmental Funds
	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Debt Service Financing Authority	
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ -	\$ 15,876
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	646
Use of money and property	18	50	39	2,185
Aid from other governments	-	-	-	28,356
Charges for services	612	-	1,189	13,577
Other revenues	-	665	-	1,942
	<u>630</u>	<u>715</u>	<u>1,228</u>	<u>62,582</u>
Total revenues				
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	3,930
Public ways and facilities	-	-	-	31,673
Health and sanitation	-	-	-	4,247
Public assistance	-	-	-	740
Education	-	-	-	11,616
Recreation and cultural services	-	-	-	10,574
Debt service:				
Principal payments	330	3,610	877	4,817
Interest and fiscal charges	430	48	487	965
	<u>760</u>	<u>3,658</u>	<u>1,364</u>	<u>68,562</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(130)</u>	<u>(2,943)</u>	<u>(136)</u>	<u>(5,980)</u>
<u>Other financing sources (uses)</u>				
Transfers in	-	11,593	135	25,445
Transfers out	(135)	-	-	(4,095)
	<u>(135)</u>	<u>11,593</u>	<u>135</u>	<u>21,350</u>
Total other financing sources (uses)				
Net change in fund balances	(265)	8,650	(1)	15,370
Fund balances - beginning	<u>1,355</u>	<u>(3,035)</u>	<u>1,357</u>	<u>66,063</u>
Fund balances - ending	<u>\$ 1,090</u>	<u>\$ 5,615</u>	<u>\$ 1,356</u>	<u>\$ 81,433</u>

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

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

**COUNTY OF SAN LUIS OBISPO  
CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fines, forfeitures, and penalties	\$ -	\$ -	\$ 420	\$ 420
Use of money and property	-	-	590	590
Aid from other governments	-	2,734	1,690	(1,044)
Charges for services	-	483	344	(139)
Other revenues	-	-	1	1
Total Revenues	<u>-</u>	<u>3,217</u>	<u>3,045</u>	<u>(172)</u>
<b>Expenditures:</b>				
Capital outlay	<u>4,113</u>	<u>19,871</u>	<u>6,374</u>	<u>13,497</u>
Total Expenditures	<u>4,113</u>	<u>19,871</u>	<u>6,374</u>	<u>13,497</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,113)</u>	<u>(16,654)</u>	<u>(3,329)</u>	<u>13,325</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	<u>3,727</u>	<u>14,210</u>	<u>4,064</u>	<u>(10,146)</u>
Total Other Financing Sources (Uses)	<u>3,727</u>	<u>14,210</u>	<u>4,064</u>	<u>(10,146)</u>
<b>Net change in fund balances</b>	(386)	(2,444)	735	3,179
Fund balances, beginning	<u>17,980</u>	<u>17,980</u>	<u>17,980</u>	<u>-</u>
Fund balances, ending	<u>\$ 17,594</u>	<u>\$ 15,536</u>	<u>\$ 18,715</u>	<u>\$ 3,179</u>

**COUNTY OF SAN LUIS OBISPO  
COMMUNITY DEVELOPMENT SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 20	\$ 20
Aid from other governments	3,642	6,165	3,677	(2,488)
Charges for services	-	-	-	-
Other revenues	-	-	91	91
Total Revenues	<u>3,642</u>	<u>6,165</u>	<u>3,788</u>	<u>(2,377)</u>
<b>Expenditures:</b>				
Current:				
Health and sanitation				
Services and supplies	1,058	1,048	1,048	-
Other charges	3,213	5,746	3,199	2,547
Contingencies	46	46	-	46
Total Expenditures	<u>4,317</u>	<u>6,840</u>	<u>4,247</u>	<u>2,593</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(675)</u>	<u>(675)</u>	<u>(459)</u>	<u>216</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	629	629	629	-
Total Other Financing Sources (Uses)	<u>629</u>	<u>629</u>	<u>629</u>	<u>-</u>
<b>Net change in fund balances</b>	(46)	(46)	170	216
Fund balances, beginning	<u>296</u>	<u>296</u>	<u>296</u>	<u>-</u>
Fund balances, ending	<u>\$ 250</u>	<u>\$ 250</u>	<u>\$ 466</u>	<u>\$ 216</u>

**COUNTY OF SAN LUIS OBISPO  
EMERGENCY MEDICAL SERVICES SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fines, forfeitures, and penalties	\$ 800	\$ 800	\$ 612	\$ (188)
Use of money and property	1	1	8	7
Other revenues	-	-	-	-
Total Revenues	<u>801</u>	<u>801</u>	<u>620</u>	<u>(181)</u>
<b>Expenditures:</b>				
Current:				
Public assistance				
Services and supplies	806	1,153	740	413
Total Expenditures	<u>806</u>	<u>1,153</u>	<u>740</u>	<u>413</u>
<b>Net change in fund balances</b>	(5)	(352)	(120)	232
Fund balances, beginning	<u>901</u>	<u>901</u>	<u>901</u>	<u>-</u>
Fund balances, ending	<u>\$ 896</u>	<u>\$ 549</u>	<u>\$ 781</u>	<u>\$ 232</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, 2019 (IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ 3	\$ 3	\$ 25	\$ 22
Charges for services	1,369	1,369	1,502	133
Other revenues	34	194	160	(34)
Total Revenues	<u>1,406</u>	<u>1,566</u>	<u>1,687</u>	<u>121</u>
<b>Expenditures:</b>				
Current:				
Education				
Salaries, wages, and benefits	934	933	812	121
Services and supplies	444	444	396	48
Other charges	-	20	20	-
Capital outlay	-	160	160	-
Contingencies	70	70	-	70
Total Expenditures	<u>1,448</u>	<u>1,627</u>	<u>1,388</u>	<u>239</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(42)</u>	<u>(61)</u>	<u>299</u>	<u>360</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	(30)	(30)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(30)</u>	<u>(30)</u>
<b>Net change in fund balances</b>	(42)	(61)	269	330
Fund balances, beginning	<u>707</u>	<u>707</u>	<u>707</u>	<u>--</u>
Fund balances, ending	<u>\$ 665</u>	<u>\$ 646</u>	<u>\$ 976</u>	<u>\$ 330</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, 2019 (IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Fines, forfeitures, and penalties	\$ 20	\$ 22	\$ 33	\$ 11
Use of money and property	-	-	2	2
Total Revenues	<u>20</u>	<u>22</u>	<u>35</u>	<u>13</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	<u>23</u>	<u>25</u>	<u>24</u>	<u>1</u>
Total Expenditures	<u>23</u>	<u>25</u>	<u>24</u>	<u>1</u>
<b>Net change in fund balances</b>	(3)	(3)	11	14
Fund balances, beginning	<u>178</u>	<u>178</u>	<u>178</u>	<u>-</u>
Fund balances, ending	<u>\$ 175</u>	<u>\$ 175</u>	<u>\$ 189</u>	<u>\$ 14</u>

**COUNTY OF SAN LUIS OBISPO  
ROAD IMPACT FEES SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 290	\$ 290
Charges for services	-	-	1,097	1,097
Total Revenues	<u>-</u>	<u>-</u>	<u>1,387</u>	<u>1,387</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities				
Services and supplies	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>1,387</u>	<u>1,387</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	(1,516)	(4,188)	(878)	3,310
Total Other Financing Sources (Uses)	<u>(1,516)</u>	<u>(4,188)</u>	<u>(878)</u>	<u>3,310</u>
<b>Net change in fund balances</b>	(1,516)	(4,188)	509	4,697
Fund balances, beginning	<u>9,593</u>	<u>9,593</u>	<u>9,593</u>	<u>-</u>
Fund balances, ending	<u>\$ 8,077</u>	<u>\$ 5,405</u>	<u>\$ 10,102</u>	<u>\$ 4,697</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, 2019 (IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 9,206	\$ 9,206	\$ 9,449	\$ 243
Use of money and property	20	20	109	89
Aid from other governments	117	125	124	(1)
Charges for services	110	110	132	22
Other revenues	15	729	704	(25)
Total Revenues	<u>9,468</u>	<u>10,190</u>	<u>10,518</u>	<u>328</u>
<b>Expenditures:</b>				
Current:				
Education				
Salaries, wages, and benefits	6,702	6,702	6,161	541
Services and supplies	3,491	4,062	3,704	358
Other charges	5	358	358	-
Capital outlay	-	8	5	3
Contingencies	510	510	-	510
Total Expenditures	<u>10,708</u>	<u>11,640</u>	<u>10,228</u>	<u>1,412</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,240)</u>	<u>(1,450)</u>	<u>290</u>	<u>1,740</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	667	667	667	-
Transfers out	-	-	(233)	(233)
Total Other Financing Sources (Uses)	<u>667</u>	<u>667</u>	<u>434</u>	<u>(233)</u>
<b>Net change in fund balances</b>	(573)	(783)	724	1,507
Fund balances, beginning	<u>3,675</u>	<u>3,675</u>	<u>3,675</u>	<u>-</u>
Fund balances, ending	<u>\$ 3,102</u>	<u>\$ 2,892</u>	<u>\$ 4,399</u>	<u>\$ 1,507</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, 2019 (IN THOUSANDS)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Fines, forfeitures, and penalties	\$ 90	\$ 262	\$ 1	\$ (261)
Use of money and property	166	166	273	107
Aid from other governments	40	115	227	112
Charges for services	5,675	5,827	5,632	(195)
Other revenues	43	71	41	(30)
Total Revenues	<u>6,014</u>	<u>6,441</u>	<u>6,174</u>	<u>(267)</u>
<b>Expenditures:</b>				
Current:				
Recreation and cultural services				
Salaries, wages, and benefits	5,400	5,487	5,179	308
Services and supplies	3,809	5,102	4,618	484
Other charges	755	1,399	743	656
Capital outlay	300	2,146	34	2,112
Contingencies	200	40	-	40
Total Expenditures	<u>10,464</u>	<u>14,174</u>	<u>10,574</u>	<u>3,600</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,450)</u>	<u>(7,733)</u>	<u>(4,400)</u>	<u>3,333</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	4,327	6,493	4,722	(1,771)
Transfers out	(21)	(21)	(185)	(164)
Total Other Financing Sources (Uses)	<u>4,306</u>	<u>6,472</u>	<u>4,537</u>	<u>(1,935)</u>
<b>Net change in fund balances</b>	(144)	(1,261)	137	1,398
Fund balances, beginning	<u>3,375</u>	<u>3,375</u>	<u>3,375</u>	<u>-</u>
Fund balances, ending	<u>\$ 3,231</u>	<u>\$ 2,114</u>	<u>\$ 3,512</u>	<u>\$ 1,398</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, 2019 (IN THOUSANDS)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 369	\$ 369
Charges for services	1,989	1,989	2,652	663
Total Revenues	<u>1,989</u>	<u>1,989</u>	<u>3,021</u>	<u>1,032</u>
<b>Expenditures:</b>				
Current:				
General government				
Salaries, wages, and benefits	-	-	-	-
Services and supplies	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,989</u>	<u>1,989</u>	<u>3,021</u>	<u>1,032</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	<u>(1,100)</u>	<u>(3,430)</u>	<u>(1,100)</u>	<u>2,330</u>
Total Other Financing Sources (Uses)	<u>(1,100)</u>	<u>(3,430)</u>	<u>(1,100)</u>	<u>2,330</u>
<b>Net change in fund balances</b>	889	(1,441)	1,921	3,362
Fund balances, beginning	<u>11,793</u>	<u>11,793</u>	<u>11,793</u>	<u>-</u>
Fund balances, ending	<u>\$ 12,682</u>	<u>\$ 10,352</u>	<u>\$ 13,714</u>	<u>\$ 3,362</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, 2019 (IN THOUSANDS)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 1,789	\$ 1,789	\$ 1,875	\$ 86
Use of money and property	30	30	385	355
Aid from other governments	25,251	45,131	23,733	(21,398)
Charges for services	196	324	209	(115)
Other revenues	540	742	220	(522)
Total Revenues	<u>27,806</u>	<u>48,016</u>	<u>26,422</u>	<u>(21,594)</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities				
Services and supplies	18,817	21,437	30,681	(9,244)
Other charges	544	884	636	248
Capital outlay	16,650	49,884	-	49,884
Total Expenditures	<u>36,011</u>	<u>72,205</u>	<u>31,317</u>	<u>40,888</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,205)</u>	<u>(24,189)</u>	<u>(4,895)</u>	<u>19,294</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	8,210	10,883	7,583	(3,300)
Transfers out	(4)	(8)	(8)	-
Total Other Financing Sources (Uses)	<u>8,206</u>	<u>10,875</u>	<u>7,575</u>	<u>(3,300)</u>
<b>Net change in fund balances</b>	1	(13,314)	2,680	15,994
Fund balances, beginning	<u>12,365</u>	<u>12,365</u>	<u>12,365</u>	<u>-</u>
Fund balances, ending	<u>\$ 12,366</u>	<u>\$ (949)</u>	<u>\$ 15,045</u>	<u>\$ 15,994</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, 2019 (IN THOUSANDS)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 1	\$ 1
Aid from other governments	4	4	5	1
Total Revenues	<u>4</u>	<u>4</u>	<u>6</u>	<u>2</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	4	4	2	2
Total Expenditures	<u>4</u>	<u>4</u>	<u>2</u>	<u>2</u>
<b>Net change in fund balances</b>	-	-	4	4
Fund balances, beginning	<u>40</u>	<u>40</u>	<u>40</u>	<u>-</u>
Fund balances, ending	<u>\$ 40</u>	<u>\$ 40</u>	<u>\$ 44</u>	<u>\$ 4</u>

**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, 2019 (IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 3,509	\$ 3,509	\$ 3,753	\$ 244
Use of money and property	84	84	515	431
Aid from other governments	5,631	8,631	586	(8,045)
Charges for services	537	537	537	-
Other revenues	1	1	44	43
Total Revenues	<u>9,762</u>	<u>12,762</u>	<u>5,435</u>	<u>(7,327)</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	8,082	8,687	3,806	4,881
Other charges	3,008	3,008	51	2,957
Capital outlay	627	3,627	-	3,627
Total Expenditures	<u>11,717</u>	<u>15,322</u>	<u>3,857</u>	<u>11,465</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,955)</u>	<u>(2,560)</u>	<u>1,578</u>	<u>4,138</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	48	48	110	62
Transfers out	(610)	(610)	(1,462)	(852)
Total Other Financing Sources (Uses)	<u>(562)</u>	<u>(562)</u>	<u>(1,352)</u>	<u>(790)</u>
<b>Net change in fund balances</b>	(2,517)	(3,122)	226	3,348
Fund balances, beginning	<u>20,699</u>	<u>20,699</u>	<u>20,699</u>	<u>-</u>
Fund balances, ending	<u>\$ 18,182</u>	<u>\$ 17,577</u>	<u>\$ 20,925</u>	<u>\$ 3,348</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, 2019 (IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 39	\$ 39	\$ 39	\$ -
Use of money and property	5	5	14	9
Charges for services	9	9	11	2
Total Revenues	<u>53</u>	<u>53</u>	<u>64</u>	<u>11</u>
<b>Expenditures:</b>				
Current:				
Public protection				
Services and supplies	53	53	47	6
Capital outlay	66	66	-	66
Total Expenditures	<u>119</u>	<u>119</u>	<u>47</u>	<u>72</u>
<b>Net change in fund balances</b>	(66)	(66)	17	83
Fund balances, beginning	<u>455</u>	<u>455</u>	<u>455</u>	<u>-</u>
Fund balances, ending	<u>\$ 389</u>	<u>\$ 389</u>	<u>\$ 472</u>	<u>\$ 83</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, 2019 (IN THOUSANDS)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 378	\$ 666	\$ 760	\$ 94
Use of money and property	15	15	67	52
Aid from other governments	2	2	4	2
Charges for services	4	4	4	-
Other revenues	-	4	17	13
Total Revenues	<u>399</u>	<u>691</u>	<u>852</u>	<u>161</u>
<b>Expenditures:</b>				
Current:				
Public ways and facilities				
Services and supplies	139	497	356	141
Capital outlay	40	40	-	40
Total Expenditures	<u>179</u>	<u>537</u>	<u>356</u>	<u>181</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>220</u>	<u>154</u>	<u>496</u>	<u>342</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	1,086	1,086	6	(1,080)
Transfers out	(626)	(639)	(64)	575
Total Other Financing Sources (Uses)	<u>460</u>	<u>447</u>	<u>(58)</u>	<u>(505)</u>
<b>Net change in fund balances</b>	680	601	438	(163)
Fund balances, beginning	<u>2,309</u>	<u>2,309</u>	<u>2,309</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,989</u>	<u>\$ 2,910</u>	<u>\$ 2,747</u>	<u>\$ (163)</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, 2019 (IN THOUSANDS)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 18	\$ 18
Charges for services	-	-	612	612
Total Revenues	<u>-</u>	<u>-</u>	<u>630</u>	<u>630</u>
<b>Expenditures:</b>				
Debt Service:				
Principal payments	-	-	330	(330)
Interest and fiscal charges	-	-	430	(430)
Total Expenditures	<u>-</u>	<u>-</u>	<u>760</u>	<u>(760)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(130)</u>	<u>(130)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers out	-	-	(135)	(135)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(135)</u>	<u>(135)</u>
<b>Net change in fund balances</b>	<u>-</u>	<u>-</u>	<u>(265)</u>	<u>(265)</u>
Fund balances, beginning	<u>1,355</u>	<u>1,355</u>	<u>1,355</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,355</u>	<u>\$ 1,355</u>	<u>\$ 1,090</u>	<u>\$ (265)</u>



**COUNTY OF SAN LUIS OBISPO  
PENSION OBLIGATION BONDS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 2,054	\$ 2,054	\$ -	\$ (2,054)
Use of money and property	287	287	50	(237)
Other revenues	14,460	14,476	665	(13,811)
Total Revenues	<u>16,801</u>	<u>16,817</u>	<u>715</u>	<u>(16,102)</u>
<b>Expenditures:</b>				
Debt Service:				
Principal payments	3,610	3,610	3,610	-
Interest and fiscal charges	7,543	7,558	48	7,510
Total Expenditures	<u>11,153</u>	<u>11,168</u>	<u>3,658</u>	<u>7,510</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>5,648</u>	<u>5,649</u>	<u>(2,943)</u>	<u>(8,592)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	11,593	11,593
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>11,593</u>	<u>11,593</u>
<b>Net change in fund balances</b>	5,648	5,649	8,650	3,001
Fund balances, beginning	<u>(3,035)</u>	<u>(3,035)</u>	<u>(3,035)</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,613</u>	<u>\$ 2,614</u>	<u>\$ 5,615</u>	<u>\$ 3,001</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, 2019 (IN THOUSANDS)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<b>Revenues:</b>				
Use of money and property	\$ -	\$ -	\$ 39	\$ 39
Charges for services	-	-	1,189	1,189
Total Revenues	<u>-</u>	<u>-</u>	<u>1,228</u>	<u>1,228</u>
<b>Expenditures:</b>				
Debt Service:				
Principal payments	-	-	877	(877)
Interest and fiscal charges	-	-	487	(487)
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,364</u>	<u>(1,364)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(136)</u>	<u>(136)</u>
<b>Other Financing Sources (Uses):</b>				
Transfers in	-	-	135	135
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>135</u>	<u>135</u>
<b>Net change in fund balances</b>	<b>-</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>
Fund balances, beginning	<u>1,357</u>	<u>1,357</u>	<u>1,357</u>	<u>-</u>
Fund balances, ending	<u><u>\$ 1,357</u></u>	<u><u>\$ 1,357</u></u>	<u><u>\$ 1,356</u></u>	<u><u>\$ (1)</u></u>

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**COMBINING FINANCIAL STATEMENTS  
NONMAJOR ENTERPRISE FUNDS**

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COUNTY  
of SAN LUIS  
OBISPO

## NONMAJOR ENTERPRISE FUNDS

### ENTERPRISE FUNDS:

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is to have the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges, or where the County has decided that 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 – Salinas Dam

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

### Lopez Flood Control

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

### Golf

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

### Lopez Park

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

### County Service Areas

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

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
JUNE 30, 2019 (IN THOUSANDS)**

	General Flood Control Zone - Salinas Dam	Lopez Flood Control	Golf	Lopez Park	County Service Areas	Total
<b>Assets</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 1,374	\$ 9,339	\$ 303	\$ 24	\$ 3,603	\$ 14,643
Accounts receivable, net	-	16	59	-	273	348
Inventories	-	-	48	-	-	48
Prepaid items	-	58	871	-	-	929
Deposits with others	-	-	-	-	86	86
<b>Total current assets</b>	<b>1,374</b>	<b>9,413</b>	<b>1,281</b>	<b>24</b>	<b>3,962</b>	<b>16,054</b>
<b>Noncurrent assets:</b>						
Restricted cash with fiscal agent	-	1	487	-	-	488
Advances to other funds	-	-	-	97	-	97
<b>Capital assets:</b>						
<b>Nondepreciable</b>						
Land	-	2,155	1,333	-	330	3,818
Construction in progress	-	24	221	-	1,431	1,676
Water rights	-	-	-	-	-	-
Other property	-	1,968	-	-	-	1,968
<b>Depreciable</b>						
Infrastructure, net	-	22,532	6	-	1,684	24,222
Structures and improvements, net	-	32,869	7,551	-	7,625	48,045
Equipment, net	-	176	261	-	331	768
Other property, net	-	-	-	-	496	496
<b>Total noncurrent assets</b>	<b>-</b>	<b>59,725</b>	<b>9,859</b>	<b>97</b>	<b>11,897</b>	<b>81,578</b>
<b>Total assets</b>	<b>1,374</b>	<b>69,138</b>	<b>11,140</b>	<b>121</b>	<b>15,859</b>	<b>97,632</b>
<b>Deferred Outflows of Resources</b>						
Deferred pensions	-	-	1,012	-	-	1,012
Deferred OPEB	-	-	96	-	-	96
<b>Total deferred outflows of resources</b>	<b>-</b>	<b>-</b>	<b>1,108</b>	<b>-</b>	<b>-</b>	<b>1,108</b>
<b>Liabilities</b>						
<b>Current liabilities:</b>						
Accounts payable	18	136	60	-	19	233
Salaries and benefits payable	-	-	63	-	-	63
Deposits from others	-	208	1	-	178	387
Interest payable	-	339	32	-	21	392
Unearned revenue	240	13	-	-	54	307
Due to other funds	-	-	-	-	400	400
Accrued vacation and sick leave - current	-	-	81	-	-	81
Notes and bonds payable - current	-	2,245	337	18	206	2,806
<b>Total current liabilities</b>	<b>258</b>	<b>2,941</b>	<b>574</b>	<b>18</b>	<b>878</b>	<b>4,669</b>
<b>Noncurrent liabilities:</b>						
Advances from other funds	-	-	121	-	460	581
Accrued vacation and sick leave - noncurrent	-	-	129	-	-	129
Notes and bonds payable - noncurrent	-	30,016	3,502	79	3,365	36,962
Net OPEB Liability	-	-	126	-	-	126
Net Pension Liability	-	-	3,384	-	-	3,384
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>30,016</b>	<b>7,262</b>	<b>79</b>	<b>3,825</b>	<b>41,182</b>
<b>Total liabilities</b>	<b>258</b>	<b>32,957</b>	<b>7,836</b>	<b>97</b>	<b>4,703</b>	<b>45,851</b>
<b>Deferred Inflows of Resources</b>						
Deferred pensions	-	-	259	-	-	259
Deferred OPEB	-	-	12	-	-	12
<b>Total deferred inflows of resources</b>	<b>-</b>	<b>-</b>	<b>271</b>	<b>-</b>	<b>-</b>	<b>271</b>
<b>Net Position</b>						
Net investment in capital assets	-	27,463	5,533	-	8,326	41,322
Unrestricted	1,116	8,718	(1,392)	24	2,830	11,296
<b>Total net position</b>	<b>\$ 1,116</b>	<b>\$ 36,181</b>	<b>\$ 4,141</b>	<b>\$ 24</b>	<b>\$ 11,156</b>	<b>\$ 52,618</b>

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	General Flood Control Zone - Salinas Dam	Lopez Flood Control	Golf	Lopez Park	County Service Areas	Total
<u>Operating revenues</u>						
Charges for services	\$ 913	\$ 7,148	\$ 2,720	\$ -	\$ 3,894	\$ 14,675
Other revenues	4	22	13	-	67	106
Total operating revenues	<u>917</u>	<u>7,170</u>	<u>2,733</u>	<u>-</u>	<u>3,961</u>	<u>14,781</u>
<u>Operating expenses</u>						
Salaries and benefits	-	-	1,932	-	-	1,932
Services and supplies	1,117	4,145	969	-	3,980	10,211
Other charges	-	3	-	-	-	3
Depreciation	-	1,520	368	-	510	2,398
Countywide cost allocation	8	56	94	-	59	217
Total operating expenses	<u>1,125</u>	<u>5,724</u>	<u>3,363</u>	<u>-</u>	<u>4,549</u>	<u>14,761</u>
Operating income (loss)	<u>(208)</u>	<u>1,446</u>	<u>(630)</u>	<u>-</u>	<u>(588)</u>	<u>20</u>
<u>Nonoperating revenues (expenses)</u>						
Property taxes	-	1,143	-	-	521	1,664
Interest income	37	263	4	1	105	410
Interest expense	-	(1,194)	(79)	(3)	(127)	(1,403)
Aid from governmental agencies	26	5	-	-	13	44
Total nonoperating revenues (expenses)	<u>63</u>	<u>217</u>	<u>(75)</u>	<u>(2)</u>	<u>512</u>	<u>715</u>
Income (loss) before contributions and transfers	(145)	1,663	(705)	(2)	(76)	735
Transfers in	-	-	396	3	63	462
Transfers out	-	-	(48)	-	(6)	(54)
Change in net position	(145)	1,663	(357)	1	(19)	1,143
Net position - beginning	<u>1,261</u>	<u>34,518</u>	<u>4,498</u>	<u>23</u>	<u>11,175</u>	<u>51,475</u>
Net position - ending	<u>\$ 1,116</u>	<u>\$ 36,181</u>	<u>\$ 4,141</u>	<u>\$ 24</u>	<u>\$ 11,156</u>	<u>\$ 52,618</u>

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF CASH FLOWS  
NONMAJOR ENTERPRISE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	General Flood Control Zone - Salinas Dam	Lopez Flood Control	Golf	Lopez Park	County Service Areas	Total
<b>Cash Flows From Operating Activities</b>						
Receipts from customers	\$ 1,231	\$ 6,563	\$ 2,716	\$ -	\$ 3,679	\$ 14,189
Payments to employees for services	-	-	(1,020)	-	-	(1,020)
Payments for goods and services	(1,120)	(4,139)	(1,547)	-	(4,023)	(10,829)
Net cash provided (used) by operating activities	111	2,424	149	-	(344)	2,340
<b>Cash Flows from Noncapital Financing Activities</b>						
Property tax proceeds	-	1,143	-	-	521	1,664
Grants and subsidies from other governmental agencies	27	7	-	-	13	47
Advances from other funds	-	-	-	-	400	400
Transfers from other funds	-	-	396	3	63	462
Transfers to other funds	-	-	(48)	-	(6)	(54)
Net cash provided (used) by noncapital financing activities	27	1,150	348	3	991	2,519
<b>Cash Flows from Capital and Related Financing Activities</b>						
Purchases and construction of capital assets	-	-	(62)	-	(404)	(466)
Proceeds from sale of capital assets	-	5	-	-	-	5
Advances to other funds	-	-	-	18	-	18
Advances from other funds	-	-	1	-	-	1
Principal paid on capital debt	-	(2,173)	(323)	(18)	(199)	(2,713)
Interest paid on capital debt	-	(1,267)	(114)	(3)	(128)	(1,512)
Net cash provided (used) by capital and related financing activities	-	(3,435)	(498)	(3)	(731)	(4,667)
<b>Cash Flows from Investing Activities</b>						
Interest received	37	263	4	1	105	410
Net cash provided (used) by investing activities	37	263	4	1	105	410
Net increase (decrease) in cash and cash equivalents	175	402	3	1	21	602
Cash and cash equivalents at beginning of year	1,199	8,938	787	23	3,582	14,529
Cash and cash equivalents at end of year	<u>\$ 1,374</u>	<u>\$ 9,340</u>	<u>\$ 790</u>	<u>\$ 24</u>	<u>\$ 3,603</u>	<u>\$ 15,131</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>						
Operating income (loss)	\$ (208)	\$ 1,446	\$ (630)	\$ -	\$ (588)	\$ 20
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	-	1,520	368	-	510	2,398
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:						
(Increase) decrease in:						
Receivables, net	75	(16)	(21)	-	(64)	(26)
Inventory	-	-	(17)	-	-	(17)
Prepaid items	-	(10)	94	-	-	84
Deferred outflows - pensions	-	-	(476)	-	-	(476)
Deferred outflows - OPEB	-	-	(92)	-	-	(92)
Increase (decrease) in:						
Accounts payable	5	35	(29)	-	-	11
Deposits from others	-	40	-	-	3	43
Salaries and benefits payable	-	-	6	-	-	6
Deferred inflows - pensions	-	-	(87)	-	-	(87)
Deferred inflows - OPEB	-	-	12	-	-	12
Net OPEB liability	-	-	77	-	-	77
Net pension liability	-	-	944	-	-	944
Unearned revenue	239	(591)	-	-	(205)	(557)
Accrued vacation and sick leave	-	-	-	-	-	-
Total adjustments	319	978	779	-	244	2,320
Net cash provided (used) by operating activities	<u>\$ 111</u>	<u>\$ 2,424</u>	<u>\$ 149</u>	<u>\$ -</u>	<u>\$ (344)</u>	<u>\$ 2,340</u>





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**COMBINING FINANCIAL STATEMENTS  
INTERNAL SERVICE FUNDS**

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COUNTY  
of SAN LUIS  
OBISPO

## **INTERNAL SERVICE FUNDS**

### **INTERNAL SERVICE FUNDS:**

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

#### Garage

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

#### Public Works

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

#### Insurance Funds

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

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS  
JUNE 30, 2019 (IN THOUSANDS)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 4,874	\$ 15,574	\$ 26,585	\$ 47,033
Accounts receivable, net	-	8	-	8
Inventories	11	627	-	638
Prepaid items	-	6	-	6
Total current assets	4,885	16,215	26,585	47,685
Noncurrent assets:				
Capital assets:				
Structures and improvements, net	3	274	-	277
Equipment, net	5,635	7,777	-	13,412
Total noncurrent assets	5,638	8,051	-	13,689
Total assets	10,523	24,266	26,585	61,374
<u>Deferred Outflows of Resources</u>				
Deferred pensions	979	19,173	-	20,152
Deferred OPEB	106	1,836	-	1,942
Total deferred outflows of resources	1,085	21,009	-	22,094
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	307	478	214	999
Salaries and benefits payable	54	1,103	8	1,165
Self-insurance liability	-	-	3,752	3,752
Deposits from others	-	1,089	-	1,089
Accrued vacation and sick leave	80	1,960	-	2,040
Total current liabilities	441	4,630	3,974	9,045
Noncurrent liabilities:				
Self-insurance liability	-	-	15,816	15,816
Accrued vacation and sick leave	107	689	-	796
Net OPEB liability	139	2,418	-	2,557
Net pension liability	3,269	64,050	-	67,319
Total noncurrent liabilities	3,515	67,157	15,816	86,488
Total liabilities	3,956	71,787	19,790	95,533
<u>Deferred Inflows of Resources</u>				
Deferred pensions	251	4,917	-	5,168
Deferred OPEB	13	221	-	234
Total deferred inflows of resources	264	5,138	-	5,402
<u>Net Position</u>				
Net investment in capital assets	5,638	8,051	-	13,689
Unrestricted	1,750	(39,701)	6,795	(31,156)
Total net position	\$ 7,388	\$ (31,650)	\$ 6,795	\$ (17,467)

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN NET POSITION  
INTERNAL SERVICE FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
<u>Operating revenues</u>				
Charges for services	\$ 6,589	\$ 38,042	\$ 12,812	\$ 57,443
Other revenues	97	82	-	179
	<u>6,686</u>	<u>38,124</u>	<u>12,812</u>	<u>57,622</u>
<u>Operating expenses</u>				
Salaries and benefits	1,699	36,786	258	38,743
Services and supplies	2,934	7,708	8,926	19,568
Insurance benefit payments	-	-	5,143	5,143
Depreciation	1,828	906	-	2,734
Countywide cost allocation	136	117	307	560
	<u>6,597</u>	<u>45,517</u>	<u>14,634</u>	<u>66,748</u>
Total operating revenues	<u>6,686</u>	<u>38,124</u>	<u>12,812</u>	<u>57,622</u>
Total operating expenses	<u>6,597</u>	<u>45,517</u>	<u>14,634</u>	<u>66,748</u>
Operating income (loss)	<u>89</u>	<u>(7,393)</u>	<u>(1,822)</u>	<u>(9,126)</u>
<u>Nonoperating revenues (expenses)</u>				
Interest income	126	390	799	1,315
Sale of capital assets	233	26	-	259
Other revenues (expense)	-	-	-	-
	<u>359</u>	<u>416</u>	<u>799</u>	<u>1,574</u>
Total nonoperating revenues (expenses)	<u>359</u>	<u>416</u>	<u>799</u>	<u>1,574</u>
Income (loss) before transfers	448	(6,977)	(1,023)	(7,552)
Transfers in	-	-	-	-
Transfers out	(59)	(1,249)	-	(1,308)
Change in net position	389	(8,226)	(1,023)	(8,860)
Net position - beginning	<u>6,999</u>	<u>(23,424)</u>	<u>7,818</u>	<u>(8,607)</u>
Net position - ending	<u>\$ 7,388</u>	<u>\$ (31,650)</u>	<u>\$ 6,795</u>	<u>\$ (17,467)</u>

**COUNTY OF SAN LUIS OBISPO**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
<b>Cash Flows From Operating Activities</b>				
Receipts from interfund billings	\$ 6,686	\$ 38,130	\$ 12,812	\$ 57,628
Payments for goods and services	(2,897)	(7,768)	(4,687)	(15,352)
Payments to employees for services	(1,496)	(28,529)	-	(30,025)
Payments for insurance benefits	-	-	(4,480)	(4,480)
Payments for premiums	-	-	(4,786)	(4,786)
Net cash provided (used) by operating activities	<u>2,293</u>	<u>1,833</u>	<u>(1,141)</u>	<u>2,985</u>
<b>Cash Flows from Noncapital Financing Activities</b>				
Transfers from other funds	-	-	-	-
Transfers to other funds	(59)	(1,249)	-	(1,308)
Net cash provided (used) by noncapital financing activities	<u>(59)</u>	<u>(1,249)</u>	<u>-</u>	<u>(1,308)</u>
<b>Cash Flows from Capital and Related Financing Activities</b>				
Purchases and construction of capital assets	(1,729)	(1,237)	-	(2,966)
Proceeds from sale of capital assets	245	26	-	271
Net cash provided (used) by capital and related financing activities	<u>(1,484)</u>	<u>(1,211)</u>	<u>-</u>	<u>(2,695)</u>
<b>Cash Flows from Investing Activities</b>				
Interest received	126	390	799	1,315
Net cash provided (used) by investing activities	<u>126</u>	<u>390</u>	<u>799</u>	<u>1,315</u>
Net increase (decrease) in cash and cash equivalents	876	(237)	(342)	297
Cash and cash equivalents at beginning of year	3,998	15,811	26,927	46,736
Cash and cash equivalents at end of year	<u>\$ 4,874</u>	<u>\$ 15,574</u>	<u>\$ 26,585</u>	<u>\$ 47,033</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 89	\$ (7,393)	\$ (1,822)	\$ (9,126)
<b>Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:</b>				
Depreciation expense	1,828	906	-	2,734
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase) decrease in:				
Receivables, net	-	7	-	7
Inventory	4	(152)	-	(148)
Prepaid expenses	-	12	-	12
Deferred outflows - pensions	(417)	(9,537)	-	(9,954)
Deferred outflows - OPEB	(102)	(1,751)	-	(1,853)
Increase (decrease) in:				
Accounts payable	168	140	(240)	68
Deposits from others	-	55	-	55
Salaries and benefits payable	4	(177)	259	86
Deferred inflows - pensions	(77)	(1,740)	-	(1,817)
Deferred inflows - OPEB	13	221	-	234
Net OPEB liability	87	1,512	-	1,599
Net pension liability	696	19,730	-	20,426
Self-insurance liability	-	-	662	662
Total adjustments	<u>2,204</u>	<u>9,226</u>	<u>681</u>	<u>12,111</u>
Net cash provided (used) by operating activities	<u>\$ 2,293</u>	<u>\$ 1,833</u>	<u>\$ (1,141)</u>	<u>\$ 2,985</u>

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS - INSURANCE  
JUNE 30, 2019 (IN THOUSANDS)**

	<u>Workers' Compensation</u>	<u>Protected Self-Insurance</u>	<u>Unemployment Insurance</u>	<u>Dental Insurance</u>	<u>OPEB</u>	<u>Total</u>
<u>Assets</u>						
Current assets:						
Cash and cash equivalents	\$ 20,047	\$ 5,768	\$ 104	\$ 560	\$ 106	\$ 26,585
Prepaid expenses	-	-	-	-	-	-
Total current assets	<u>20,047</u>	<u>5,768</u>	<u>104</u>	<u>560</u>	<u>106</u>	<u>26,585</u>
Total assets	<u>20,047</u>	<u>5,768</u>	<u>104</u>	<u>560</u>	<u>106</u>	<u>26,585</u>
<u>Liabilities</u>						
Current liabilities:						
Accounts payable	161	20	-	33	-	214
Salaries and benefits payable	8	-	-	-	-	8
Self-insurance liability	<u>2,632</u>	<u>1,120</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,752</u>
Total current liabilities	<u>2,801</u>	<u>1,140</u>	<u>-</u>	<u>33</u>	<u>-</u>	<u>3,974</u>
Noncurrent liabilities:						
Self-insurance liability	<u>13,418</u>	<u>2,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,816</u>
Total noncurrent liabilities	<u>13,418</u>	<u>2,398</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,816</u>
Total liabilities	<u>16,219</u>	<u>3,538</u>	<u>-</u>	<u>33</u>	<u>-</u>	<u>19,790</u>
<u>Net Position</u>						
Unrestricted	<u>3,828</u>	<u>2,230</u>	<u>104</u>	<u>527</u>	<u>106</u>	<u>6,795</u>
Total net position	<u>\$ 3,828</u>	<u>\$ 2,230</u>	<u>\$ 104</u>	<u>\$ 527</u>	<u>\$ 106</u>	<u>\$ 6,795</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, 2019 (IN THOUSANDS)**

	<u>Workers' Compensation</u>	<u>Protected Self-Insurance</u>	<u>Unemployment Insurance</u>	<u>Dental Insurance</u>	<u>OPEB</u>	<u>Total</u>
<u>Operating revenues</u>						
Charges for services	\$ 5,849	\$ 2,750	\$ 155	\$ 1,583	\$ 2,475	\$ 12,812
Total operating revenues	<u>5,849</u>	<u>2,750</u>	<u>155</u>	<u>1,583</u>	<u>2,475</u>	<u>12,812</u>
<u>Operating expenses</u>						
Salaries and benefits	258	-	-	-	-	258
Services and supplies	3,980	3,068	29	207	1,642	8,926
Insurance benefit payments	1,958	598	191	1,508	888	5,143
Countywide cost allocation	141	160	1	5	-	307
Total operating expenses	<u>6,337</u>	<u>3,826</u>	<u>221</u>	<u>1,720</u>	<u>2,530</u>	<u>14,634</u>
Operating income (loss)	<u>(488)</u>	<u>(1,076)</u>	<u>(66)</u>	<u>(137)</u>	<u>(55)</u>	<u>(1,822)</u>
<u>Nonoperating revenues (expenses)</u>						
Interest income	587	181	4	21	6	799
Total nonoperating revenues (expenses)	<u>587</u>	<u>181</u>	<u>4</u>	<u>21</u>	<u>6</u>	<u>799</u>
Income (loss) before transfers	<u>99</u>	<u>(895)</u>	<u>(62)</u>	<u>(116)</u>	<u>(49)</u>	<u>(1,023)</u>
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Change in net position	99	(895)	(62)	(116)	(49)	(1,023)
Net position - beginning	<u>3,729</u>	<u>3,125</u>	<u>166</u>	<u>643</u>	<u>155</u>	<u>7,818</u>
Net position - ending	<u>\$ 3,828</u>	<u>\$ 2,230</u>	<u>\$ 104</u>	<u>\$ 527</u>	<u>\$ 106</u>	<u>\$ 6,795</u>

**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS - INSURANCE  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	<u>Workers' Compensation</u>	<u>Protected Self-Insurance</u>	<u>Unemployment Insurance</u>	<u>Dental Insurance</u>	<u>OPEB</u>	<u>Total</u>
Cash Flows From Operating Activities						
Receipts from interfund billings	\$ 5,849	\$ 2,750	\$ 155	\$ 1,583	\$ 2,475	\$ 12,812
Payments for goods and services	(3,080)	(1,316)	(30)	(238)	(23)	(4,687)
Payments to employees for services	-	-	-	-	-	-
Payments for insurance benefits	(1,830)	(64)	(191)	(1,508)	(887)	(4,480)
Payments for premiums	(1,273)	(1,893)	-	-	(1,620)	(4,786)
Net cash provided (used) by operating activities	<u>(334)</u>	<u>(523)</u>	<u>(66)</u>	<u>(163)</u>	<u>(55)</u>	<u>(1,141)</u>
Cash Flows from Investing Activities						
Interest received	587	181	4	21	6	799
Net cash provided (used) by investing activities	<u>587</u>	<u>181</u>	<u>4</u>	<u>21</u>	<u>6</u>	<u>799</u>
Net increase (decrease) in cash and cash equivalents	253	(342)	(62)	(142)	(49)	(342)
Cash and cash equivalents at beginning of year	19,794	6,110	166	702	155	26,927
Cash and cash equivalents at end of year	<u>\$ 20,047</u>	<u>\$ 5,768</u>	<u>\$ 104</u>	<u>\$ 560</u>	<u>\$ 106</u>	<u>\$ 26,585</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ (488)	\$ (1,076)	\$ (66)	\$ (137)	\$ (55)	\$ (1,822)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Changes in assets and liabilities:						
Increase (decrease) in:						
Accounts payable	(232)	18	-	(26)	-	(240)
Salaries and benefits payable	259	-	-	-	-	259
Self-insurance liability	127	535	-	-	-	662
Total adjustments	<u>154</u>	<u>553</u>	<u>-</u>	<u>(26)</u>	<u>-</u>	<u>681</u>
Net cash provided (used) by operating activities	<u>\$ (334)</u>	<u>\$ (523)</u>	<u>\$ (66)</u>	<u>\$ (163)</u>	<u>\$ (55)</u>	<u>\$ (1,141)</u>

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**COMBINING FINANCIAL STATEMENTS  
FIDUCIARY FUNDS**

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COUNTY  
of SAN LUIS  
OBISPO

## **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

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

#### Clearing Funds

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

#### Other Funds

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

### **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, 2019 (IN THOUSANDS)**

	Clearing and Revolving Funds (88 Funds)	1915 Act Service Funds (17 Funds)	Other Agency Funds (30 Funds)	Total
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 78,411	\$ 812	\$ 38,141	\$ 117,364
Total assets	<u>\$ 78,411</u>	<u>\$ 812</u>	<u>\$ 38,141</u>	<u>\$ 117,364</u>
<b><u>LIABILITIES</u></b>				
Assets held as agency for others	\$ 78,411	\$ 812	\$ 38,141	\$ 117,364
Total liabilities	<u>\$ 78,411</u>	<u>\$ 812</u>	<u>\$ 38,141</u>	<u>\$ 117,364</u>

**COUNTY OF SAN LUIS OBISPO**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

	Balance July 01, 2018	Additions	Deletions	Balance June 30, 2019
<u>Clearing and Revolving Funds (88 Funds)</u>				
Assets:				
Cash and cash equivalents	\$ 65,134	\$ 1,337,523	\$ 1,324,246	\$ 78,411
Total assets	<u>\$ 65,134</u>	<u>\$ 1,337,523</u>	<u>\$ 1,324,246</u>	<u>\$ 78,411</u>
Liabilities:				
Assets held as agency for others	\$ 65,134	\$ 1,337,523	\$ 1,324,246	\$ 78,411
Total liabilities	<u>\$ 65,134</u>	<u>\$ 1,337,523</u>	<u>\$ 1,324,246</u>	<u>\$ 78,411</u>
<u>1915 Act Service Funds (17 Funds)</u>				
Assets:				
Cash and cash equivalents	\$ 903	\$ 164	\$ 255	\$ 812
Total assets	<u>\$ 903</u>	<u>\$ 164</u>	<u>\$ 255</u>	<u>\$ 812</u>
Liabilities:				
Assets held as agency for others	\$ 903	\$ 164	\$ 255	\$ 812
Total liabilities	<u>\$ 903</u>	<u>\$ 164</u>	<u>\$ 255</u>	<u>\$ 812</u>
<u>Other Agency Funds (30 Funds)</u>				
Assets:				
Cash and cash equivalents	\$ 39,060	\$ 440,731	\$ 441,650	\$ 38,141
Total assets	<u>\$ 39,060</u>	<u>\$ 440,731</u>	<u>\$ 441,650</u>	<u>\$ 38,141</u>
Liabilities:				
Assets held as agency for others	\$ 39,060	\$ 440,731	\$ 441,650	\$ 38,141
Total liabilities	<u>\$ 39,060</u>	<u>\$ 440,731</u>	<u>\$ 441,650</u>	<u>\$ 38,141</u>
<u>Total All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 105,097	\$ 1,778,418	\$ 1,766,151	\$ 117,364
Total assets	<u>\$ 105,097</u>	<u>\$ 1,778,418</u>	<u>\$ 1,766,151</u>	<u>\$ 117,364</u>
Liabilities:				
Assets held as agency for others	\$ 105,097	\$ 1,778,418	\$ 1,766,151	\$ 117,364
Total liabilities	<u>\$ 105,097</u>	<u>\$ 1,778,418</u>	<u>\$ 1,766,151</u>	<u>\$ 117,364</u>

**COUNTY OF SAN LUIS OBISPO  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 INVESTMENT TRUST FUNDS  
 JUNE 30, 2019 (IN THOUSANDS)**

	School Districts (38 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<b><u>ASSETS</u></b>					
Cash and cash equivalents	\$ 432,978	\$ 19,010	\$ 1,869	\$ 27,540	\$ 481,397
Total assets	<u>\$ 432,978</u>	<u>\$ 19,010</u>	<u>\$ 1,869</u>	<u>\$ 27,540</u>	<u>\$ 481,397</u>
<b><u>NET POSITION</u></b>					
Net position held in trust for pool participants	\$ 432,978	\$ 19,010	\$ 1,869	\$ 27,540	\$ 481,397
Total Net Position	<u>\$ 432,978</u>	<u>\$ 19,010</u>	<u>\$ 1,869</u>	<u>\$ 27,540</u>	<u>\$ 481,397</u>



**COUNTY OF SAN LUIS OBISPO  
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
INVESTMENT TRUST FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019 (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	\$ 1,000,072	\$ 10,908	\$ 20,058	\$ 48,003	\$ 1,079,041
Interest	6,749	406	-	364	7,519
Total additions	<u>1,006,821</u>	<u>11,314</u>	<u>20,058</u>	<u>48,367</u>	<u>1,086,560</u>
<u>Deductions</u>					
Distributions from investment pool	<u>999,008</u>	<u>10,197</u>	<u>20,139</u>	<u>41,302</u>	<u>1,070,646</u>
Total deductions	<u>999,008</u>	<u>10,197</u>	<u>20,139</u>	<u>41,302</u>	<u>1,070,646</u>
Change in net position	7,813	1,117	(81)	7,065	15,914
Net position - beginning	<u>425,165</u>	<u>17,893</u>	<u>1,950</u>	<u>20,475</u>	<u>465,483</u>
Net position - ending	<u><u>\$ 432,978</u></u>	<u><u>\$ 19,010</u></u>	<u><u>\$ 1,869</u></u>	<u><u>\$ 27,540</u></u>	<u><u>\$ 481,397</u></u>



COUNTY  
of SAN LUIS  
OBISPO

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**GENERAL FUND  
DETAIL BUDGETARY COMPARISON SCHEDULES**

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COUNTY  
of SAN LUIS  
OBISPO

**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>General Government - Expenditures</u></b>				
<b><u>Legislative and Administrative</u></b>				
Administrative Office:				
Salaries, wages, and benefits	\$ 2,112	\$ 2,112	\$ 1,795	\$ 317
Services and supplies	171	619	270	349
Other charges	-	300	150	150
Expenditure transfers and reimbursements	(85)	(85)	(85)	--
Total	<u>2,198</u>	<u>2,946</u>	<u>2,130</u>	<u>816</u>
Board of Supervisors:				
Salaries, wages, and benefits	1,573	1,573	1,430	143
Services and supplies	222	223	206	17
Expenditure transfers and reimbursements	(42)	(42)	(43)	1
Total	<u>1,753</u>	<u>1,754</u>	<u>1,593</u>	<u>161</u>
Clerk/Recorder:				
Salaries, wages, and benefits	2,360	2,360	2,107	253
Services and supplies	1,210	1,513	1,188	325
Capital outlay	-	6	-	6
Expenditure transfers and reimbursements	-	-	(1)	1
Total	<u>3,570</u>	<u>3,879</u>	<u>3,294</u>	<u>585</u>
Total Legislative and Administrative	<u>7,521</u>	<u>8,579</u>	<u>7,017</u>	<u>1,562</u>
<b><u>Finance</u></b>				
Assessor:				
Salaries, wages, and benefits	9,788	9,788	8,791	997
Services and supplies	1,027	1,519	1,140	379
Capital outlay	10	18	8	10
Total	<u>10,825</u>	<u>11,325</u>	<u>9,939</u>	<u>1,386</u>
Auditor-Controller-Treasurer-Tax Collector				
Public Administrator:				
Salaries, wages, and benefits	8,136	8,136	6,802	1,334
Services and supplies	673	729	582	147
Other charges	-	1	1	-
Capital outlay	100	108	107	1
Expenditure transfers and reimbursements	(20)	(20)	(18)	(2)
Total	<u>8,889</u>	<u>8,954</u>	<u>7,474</u>	<u>1,480</u>
Total Finance	<u>19,714</u>	<u>20,279</u>	<u>17,413</u>	<u>2,866</u>
<b><u>Counsel</u></b>				
County Counsel:				
Salaries, wages, and benefits	3,978	3,773	3,634	139
Services and supplies	477	1,380	954	426
Total Counsel	<u>4,455</u>	<u>5,153</u>	<u>4,588</u>	<u>565</u>

**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>General Government - Expenditures</u></b> (continued)				
<b>Personnel</b>				
Personnel:				
Salaries, wages, and benefits	\$ 3,192	\$ 3,548	\$ 3,226	\$ 322
Services and supplies	819	1,011	823	188
Expenditure transfers and reimbursement	-	(356)	(313)	(43)
Total Personnel	<u>4,011</u>	<u>4,203</u>	<u>3,736</u>	<u>467</u>
<b>Property Management</b>				
Facilities Management:				
Salaries, wages, and benefits	4,530	4,530	3,965	565
Services and supplies	4,089	4,192	3,765	427
Other charges	28	28	-	28
Expenditure transfers and reimbursements	(1,819)	(1,819)	(1,945)	126
Total	<u>6,828</u>	<u>6,931</u>	<u>5,785</u>	<u>1,146</u>
Maintenance Projects:				
Services and supplies	4,012	13,562	4,769	8,793
Total	<u>4,012</u>	<u>13,562</u>	<u>4,769</u>	<u>8,793</u>
Central Services				
Salaries, wages, and benefits	1,782	1,764	1,672	92
Services and supplies	2,742	2,772	2,765	7
Other charges	107	110	110	-
Expenditure transfers and reimbursements	(556)	(556)	(537)	(19)
Total	<u>4,075</u>	<u>4,090</u>	<u>4,010</u>	<u>80</u>
Total Property Management	<u>14,915</u>	<u>24,583</u>	<u>14,564</u>	<u>10,019</u>
<b>Other General</b>				
Information Technology:				
Salaries, wages, and benefits	13,343	13,294	12,112	1,182
Services and supplies	4,901	5,079	4,392	687
Capital outlay	-	13	-	13
Expenditure transfers and reimbursements	(5,789)	(5,789)	(5,533)	(256)
Total	<u>12,455</u>	<u>12,597</u>	<u>10,971</u>	<u>1,626</u>
Risk Management:				
Salaries, wages, and benefits	970	970	892	78
Services and supplies	1,019	1,019	879	140
Expenditure transfers and reimbursements	(62)	(62)	(62)	-
Total	<u>1,927</u>	<u>1,927</u>	<u>1,709</u>	<u>218</u>

**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>General Government - Expenditures</u></b> (continued)				
<u>Other General</u> (continued)				
Non-Department Financing Uses:				
Other Charges	\$ -	\$ 60	\$ -	\$ 60
Expenditure transfers and reimbursements	(13,164)	(13,164)	(13,218)	54
Total	<u>(13,164)</u>	<u>(13,104)</u>	<u>(13,218)</u>	<u>114</u>
Contributions to Other Agencies:				
Services and supplies	2,448	2,644	2,013	631
Other charges	-	-	10	(10)
Total	<u>2,448</u>	<u>2,644</u>	<u>2,023</u>	<u>621</u>
Non-Department Other:				
Services and supplies	474	481	378	103
Total	<u>474</u>	<u>481</u>	<u>378</u>	<u>103</u>
Total Other General	<u>4,140</u>	<u>4,545</u>	<u>1,863</u>	<u>2,682</u>
<b>Total General Government</b>	<u>54,756</u>	<u>67,342</u>	<u>49,181</u>	<u>18,161</u>
<b><u>Public Protection - Expenditures</u></b>				
<u>Judicial</u>				
Court Operations Fund:				
Other charges	2,427	2,559	2,407	152
Total	<u>2,427</u>	<u>2,559</u>	<u>2,407</u>	<u>152</u>
District Attorney:				
Salaries, wages, and benefits	16,314	16,229	15,042	1,187
Services and supplies	1,956	2,316	2,204	112
Other charges	147	153	122	31
Capital outlay	6	63	46	17
Expenditure transfers and reimbursements	(26)	(26)	(25)	(1)
Total	<u>18,397</u>	<u>18,735</u>	<u>17,389</u>	<u>1,346</u>
Child Support Services:				
Salaries, wages, and benefits	3,772	3,622	3,034	588
Services and supplies	901	1,111	849	262
Total	<u>4,673</u>	<u>4,733</u>	<u>3,883</u>	<u>850</u>
Grand Jury:				
Salaries, wages, and benefits	38	38	17	21
Services and supplies	96	97	75	22
Expenditure transfers and reimbursements	-	-	(7)	7
Total	<u>134</u>	<u>135</u>	<u>85</u>	<u>50</u>

**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>Public Protection - Expenditures</u></b> (continued)				
<u>Judicial</u> (continued)				
Public Defender:				
Services and supplies	\$ 7,074	\$ 7,074	\$ 6,779	\$ 295
Total	<u>7,074</u>	<u>7,074</u>	<u>6,779</u>	<u>295</u>
Total Judicial	<u>32,705</u>	<u>33,236</u>	<u>30,543</u>	<u>2,693</u>
<u>Police Protection</u>				
Sheriff-Coroner:				
Salaries, wages, and benefits	62,996	67,067	64,251	2,816
Services and supplies	13,205	13,569	13,225	344
Other charges	-	169	99	70
Capital outlay	250	926	642	284
Expenditure transfers and reimbursements	(121)	(253)	(269)	16
Total Police Protection	<u>76,330</u>	<u>81,478</u>	<u>77,948</u>	<u>3,530</u>
<u>Detention and Correction</u>				
Probation Department:				
Salaries, wages, and benefits	18,729	18,728	17,069	1,659
Services and supplies	5,034	5,075	4,806	269
Capital outlay	-	35	-	35
Expenditure transfers and reimbursements	(257)	(257)	(268)	11
Total Detention and Correction	<u>23,506</u>	<u>23,581</u>	<u>21,607</u>	<u>1,974</u>
<u>Fire Protection</u>				
County Fire:				
Salaries, wages, and benefits	-	195	195	-
Services and supplies	24,433	26,134	24,576	1,558
Other charges	-	156	61	95
Capital outlay	691	2,277	379	1,898
Total Fire Protection	<u>25,124</u>	<u>28,762</u>	<u>25,211</u>	<u>3,551</u>
<u>Protective Inspection</u>				
Agricultural Commissioner:				
Salaries, wages, and benefits	5,371	5,293	5,056	237
Services and supplies	893	971	891	80
Expenditure transfers and reimbursements	(2)	(2)	(2)	-
Total Protective Inspection	<u>6,262</u>	<u>6,262</u>	<u>5,945</u>	<u>317</u>
<u>Other Protection</u>				
Animal Services:				
Salaries, wages, and benefits	1,934	1,889	1,800	89
Services and supplies	891	947	937	10
Capital outlay	7	7	7	-
Total	<u>2,832</u>	<u>2,843</u>	<u>2,744</u>	<u>99</u>



**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>Public Protection - Expenditures</u></b> (continued)				
<u>Other Protection</u> (continued)				
Emergency Services:				
Salaries, wages, and benefits	\$ 912	\$ 973	\$ 934	\$ 39
Services and supplies	553	887	653	234
Other charges	420	429	148	281
Capital outlay	15	51	29	22
Total	<u>1,900</u>	<u>2,340</u>	<u>1,764</u>	<u>576</u>
Planning Department:				
Salaries, wages, and benefits	12,615	11,491	11,007	484
Services and supplies	2,374	5,079	3,417	1,662
Other charges	-	142	124	18
Expenditure transfers and reimbursements	-	-	(1)	1
Total	<u>14,989</u>	<u>16,712</u>	<u>14,547</u>	<u>2,165</u>
Waste Management:				
Services and supplies	1,150	1,166	793	373
Other charges	14	14	1	13
Total	<u>1,164</u>	<u>1,180</u>	<u>794</u>	<u>386</u>
Total Other Protection	<u>20,885</u>	<u>23,075</u>	<u>19,849</u>	<u>3,226</u>
<b>Total Public Protection</b>	<u>184,812</u>	<u>196,394</u>	<u>181,103</u>	<u>15,291</u>
<b><u>Public Ways and Facilities - Expenditures</u></b>				
<u>Public Works:</u>				
Services and supplies	4,664	6,708	2,665	4,043
Other charges	-	1,450	885	565
Capital outlay	-	44	44	-
Total	<u>4,664</u>	<u>8,202</u>	<u>3,594</u>	<u>4,608</u>
<b>Total Public Ways and facilities</b>	<u>4,664</u>	<u>8,202</u>	<u>3,594</u>	<u>4,608</u>
<b><u>Health and Sanitation - Expenditures</u></b>				
<u>Health</u>				
Public Health:				
Salaries, wages, and benefits	22,606	20,698	19,487	1,211
Services and supplies	6,655	7,639	6,465	1,174
Other charges	1,306	2,505	1,693	812
Capital outlay	40	336	73	263
Expenditure transfers and reimbursements	(2,233)	(1,747)	(2,049)	302
Total	<u>28,374</u>	<u>29,431</u>	<u>25,669</u>	<u>3,762</u>

**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>Health and Sanitation - Expenditures</u></b> (continued)				
<u>Health</u> (continued)				
Behavioral Health:				
Salaries, wages, and benefits	\$ 37,674	\$ 34,300	\$ 33,064	\$ 1,236
Services and supplies	35,579	42,265	40,405	1,860
Other charges	1,392	1,637	1,612	25
Capital outlay	-	57	57	-
Expenditure transfers and reimbursements	(1,203)	(1,642)	(1,542)	(100)
Total	<u>73,442</u>	<u>76,617</u>	<u>73,596</u>	<u>3,021</u>
Total Health	<u>101,816</u>	<u>106,048</u>	<u>99,265</u>	<u>6,783</u>
<b>Total Health and Sanitation</b>	<u>101,816</u>	<u>106,048</u>	<u>99,265</u>	<u>6,783</u>
 <b><u>Public Assistance - Expenditures</u></b>				
<u>Administration</u>				
Department of Social Services:				
Salaries, wages, and benefits	52,687	52,872	47,649	5,223
Services and supplies	19,724	19,727	18,125	1,602
Other charges	12,285	13,573	10,567	3,006
Capital outlay	39	39	15	24
Expenditure transfers and reimbursements	(66)	(101)	(66)	(35)
Total Administration	<u>84,669</u>	<u>86,110</u>	<u>76,290</u>	<u>9,820</u>
 <u>Aid Programs</u>				
Aid Foster Care Non-Fed:				
Services and supplies	92	92	92	-
Other charges	25,643	26,482	25,765	717
Expenditure transfers and reimbursement	(238)	(238)	(94)	(144)
Total	<u>25,497</u>	<u>26,336</u>	<u>25,763</u>	<u>573</u>
 Calworks Assistance:				
Other charges	11,374	11,354	9,444	1,910
Total	<u>11,374</u>	<u>11,354</u>	<u>9,444</u>	<u>1,910</u>
Total Aid Programs	<u>36,871</u>	<u>37,690</u>	<u>35,207</u>	<u>2,483</u>

**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>Public Assistance - Expenditures</u></b> (continued)				
<u>General Relief</u>				
General Relief:				
Other charges	\$ 1,141	\$ 1,246	\$ 1,221	\$ 25
Total General Relief	<u>1,141</u>	<u>1,246</u>	<u>1,221</u>	<u>25</u>
<u>Veterans Service</u>				
Veterans Service:				
Salaries, wages, and benefits	680	752	695	57
Services and supplies	96	98	93	5
Other charges	-	105	94	11
Total Veterans Service	<u>776</u>	<u>955</u>	<u>882</u>	<u>73</u>
<u>Other Assistance</u>				
Law Enforcement Med Care:				
Salaries, wages, and benefits	4,562	2,773	2,623	150
Services and supplies	3,803	5,724	5,217	507
Expenditure transfers and reimbursements	(868)	(885)	(853)	(32)
Total Other Assistance	<u>7,497</u>	<u>7,612</u>	<u>6,987</u>	<u>625</u>
<b>Total Public Assistance</b>	<u>130,954</u>	<u>133,613</u>	<u>120,587</u>	<u>13,026</u>
<b><u>Education - Expenditures</u></b>				
<u>Agricultural Education</u>				
UC Cooperative Extension				
Salaries, wages, and benefits	492	492	468	24
Services and supplies	121	119	98	21
Capital outlay	7	9	9	-
Total Agricultural Education	<u>620</u>	<u>620</u>	<u>575</u>	<u>45</u>
<b>Total Education</b>	<u>620</u>	<u>620</u>	<u>575</u>	<u>45</u>
<b>Total General Fund - Expenditures</b> (Before Contingencies)	<u>477,622</u>	<u>512,219</u>	<u>454,305</u>	<u>57,914</u>

**COUNTY OF SAN LUIS OBISPO  
GENERAL FUND  
DETAIL SCHEDULE OF EXPENDITURES  
BUDGET TO ACTUAL COMPARISON (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2019 (IN THOUSANDS)**

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<b><u>Contingencies</u></b>				
<u>Appropriation for Contingencies</u>				
Contingencies - General Fund:				
Appropriation for contingency	\$ 24,355	\$ 19,401	\$ -	\$ 19,401
Total	<u>24,355</u>	<u>19,401</u>	<u>-</u>	<u>19,401</u>
 Total Appropriation for Contingency	 <u>24,355</u>	 <u>19,401</u>	 <u>-</u>	 <u>19,401</u>
 <b>Total Contingency</b>	 <u>24,355</u>	 <u>19,401</u>	 <u>-</u>	 <u>19,401</u>
 <b>Total General Fund Expenditures</b>	 <u>\$ 501,977</u>	 <u>\$ 531,620</u>	 <u>\$ 454,305</u>	 <u>\$ 77,315</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

\$ 454,305

Differences - budget to GAAP:

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

6,325

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

\$ 460,630

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**STATISTICAL SECTION**

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COUNTY  
of SAN LUIS  
OBISPO

# COUNTY OF SAN LUIS OBISPO

## Statistical Section

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

	<b>Page</b>
<b>Financial Trends Information</b>	
These schedules contain trend information that may assist the reader in assessing the County’s current financial performance by placing it in historical perspective .....	149
<b>Revenue Capacity Information</b>	
These schedules contain information that may assist the reader in assessing the viability of the County’s two most significant local revenue sources: property taxes and sales taxes .....	156
<b>Debt Capacity Information</b>	
These schedules present information that may assist the reader in analyzing the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future .....	161
<b>Demographic and Economic Information</b>	
These schedules offer economic and demographic indicators that are commonly used for financial analysis and that can enhance a reader’s understanding of the County’s present and ongoing financial status .....	164
<b>Operating Information</b>	
These schedules contain service and infrastructure indicators about how the information in the County’s financial statements relates to the services the County provides and the activities it performs .....	166

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

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<b>Governmental Activities</b>										
Net investment in capital assets	\$ 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	\$ 1,188,830
Restricted	36,385	36,258	31,477	28,863	43,109	37,722	41,230	64,822	29,836	41,281
Unrestricted	206,786	234,786	265,454	304,257	325,113	(150,074)	(170,962)	(226,970)	(217,606)	(220,206)
<b>Total governmental activities net position</b>	<b>\$ 1,315,015</b>	<b>\$ 1,356,022</b>	<b>\$ 1,396,816</b>	<b>\$ 1,437,044</b>	<b>\$ 1,481,156</b>	<b>\$ 1,017,889</b>	<b>\$ 1,038,841</b>	<b>\$ 1,016,819</b>	<b>\$ 997,303</b>	<b>\$ 1,009,905</b>
<b>Business-type Activities</b>										
Net investment in capital assets	\$ 160,627	\$ 149,097	\$ 153,801	\$ 167,138	\$ 188,485	\$ 213,455	\$ 237,157	\$ 270,246	\$ 283,410	\$ 285,888
Unrestricted	18,117	38,665	33,081	58,433	98,097	97,173	93,158	85,316	73,113	83,039
<b>Total business-type activities net position</b>	<b>\$ 178,744</b>	<b>\$ 187,762</b>	<b>\$ 186,882</b>	<b>\$ 225,571</b>	<b>\$ 286,582</b>	<b>\$ 310,628</b>	<b>\$ 330,315</b>	<b>\$ 355,562</b>	<b>\$ 356,523</b>	<b>\$ 368,927</b>
<b>Total Primary Government</b>										
Net investment in capital assets	\$ 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	\$ 1,474,718
Restricted	36,385	36,258	31,477	28,863	43,109	37,722	41,230	64,822	29,836	41,281
Unrestricted	224,903	273,451	298,535	362,690	423,210	(52,901)	(77,804)	(141,654)	(144,493)	(137,167)
<b>Total primary government net position</b>	<b>\$ 1,493,759</b>	<b>\$ 1,543,784</b>	<b>\$ 1,583,698</b>	<b>\$ 1,662,615</b>	<b>\$ 1,767,738</b>	<b>\$ 1,328,517</b>	<b>\$ 1,369,156</b>	<b>\$ 1,372,381</b>	<b>\$ 1,353,826</b>	<b>\$ 1,378,832</b>

**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.

**Sources:**

Statement of Net Assets for FY 2009-2010 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)**

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<b>Expenses</b>										
<b>Governmental Activities</b>										
General government	\$ 36,561	\$ 35,344	\$ 35,231	\$ 34,507	\$ 36,866	\$ 45,598	\$ 53,282	\$ 56,390	\$ 56,858	\$ 54,434
Public protection	134,768	132,413	136,219	142,353	148,135	162,432	170,134	187,255	183,814	213,809
Public ways and facilities	24,927	27,365	27,120	28,474	28,253	34,136	33,418	32,098	41,606	34,202
Health and sanitation	68,199	66,657	65,799	69,222	74,313	78,137	88,326	99,150	103,822	119,259
Public assistance	96,645	98,841	96,435	97,929	99,449	110,470	118,089	125,102	122,753	131,432
Education	10,390	10,057	10,000	9,922	9,611	9,457	11,934	12,787	12,754	12,698
Recreation and cultural services	8,708	7,363	7,344	9,735	7,745	9,755	8,702	10,385	8,927	11,891
Interest on long term debt	6,356	6,787	6,620	6,041	5,270	5,124	4,602	4,555	11,840	1,468
<b>Total Governmental Activities Expenses</b>	<b>386,554</b>	<b>384,827</b>	<b>384,768</b>	<b>398,183</b>	<b>409,642</b>	<b>455,109</b>	<b>488,487</b>	<b>527,722</b>	<b>542,374</b>	<b>579,193</b>
<b>Business-type Activities Expenses</b>										
Airport	5,204	7,732	5,422	5,435	5,664	6,187	6,117	6,391	7,966	8,398
Golf	2,974	2,690	2,863	2,779	2,608	2,968	3,131	3,111	3,297	3,491
State Water Contract	5,630	6,705	6,761	5,536	5,992	6,351	5,848	5,571	5,909	6,973
Nacimiento Water Contract	10,613	11,844	11,901	14,738	13,840	15,776	14,888	14,191	14,044	14,318
Lopez Flood Control	5,813	6,499	5,752	6,548	6,116	6,128	6,220	6,387	7,072	7,004
Lopez Park	-	-	-	-	-	4	4	4	3	3
General Flood Control Zone - Salinas Dam	831	928	1,816	746	809	845	824	851	1,056	1,142
Transit	1,143	1,105	8	-	-	-	-	-	-	-
County Service Areas	3,744	3,877	3,836	3,779	3,857	4,194	4,065	4,218	4,445	4,747
Los Osos Wastewater	-	5	6,672	344	231	235	3,807	10,322	10,918	11,544
<b>Total Business-type Activities Expenses</b>	<b>35,952</b>	<b>41,385</b>	<b>45,031</b>	<b>39,905</b>	<b>39,117</b>	<b>42,688</b>	<b>44,904</b>	<b>51,046</b>	<b>54,710</b>	<b>57,620</b>
<b>Total Primary Government Expenses</b>	<b>\$ 422,506</b>	<b>\$ 426,212</b>	<b>\$ 429,799</b>	<b>\$ 438,088</b>	<b>\$ 448,759</b>	<b>\$ 497,797</b>	<b>\$ 533,391</b>	<b>\$ 578,768</b>	<b>\$ 597,084</b>	<b>\$ 636,813</b>
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
<b>Fees, Fines, Charges for Services</b>										
General government	\$ 12,878	\$ 13,971	\$ 17,545	\$ 16,575	\$ 14,678	\$ 12,407	\$ 13,702	\$ 14,839	\$ 12,937	\$ 13,484
Public protection	21,072	20,843	15,679	16,352	23,035	20,774	20,768	21,231	23,666	22,946
Public ways and facilities	3,234	11,549	5,069	5,465	4,356	4,255	9,434	7,462	6,155	5,721
Health and sanitation	7,026	7,453	6,014	5,196	6,570	6,631	7,179	6,757	7,501	7,698
Public assistance	925	2,399	2,366	2,920	2,070	2,077	2,107	2,032	1,763	1,194
Education	2,304	2,037	2,545	3,583	1,723	2,998	1,952	1,644	2,006	1,943
Recreation and cultural services	3,822	3,714	3,952	4,435	4,537	5,056	4,975	5,127	5,592	5,515
<b>Operating Grants and Contributions</b>										
General Government	377	1,120	628	122	252	54	735	748	321	200
Public Protection	40,034	37,244	45,646	50,477	54,233	62,359	63,528	52,205	58,184	59,592
Public ways and facilities	10,679	9,446	11,813	15,018	14,688	14,145	11,025	9,918	11,506	10,485
Health and sanitation	57,784	48,567	44,741	55,064	57,344	62,338	61,950	67,626	76,494	76,211
Public assistance	81,525	86,479	85,505	87,912	89,640	94,775	98,414	102,784	105,848	107,758
Education	259	289	175	175	102	105	124	132	173	143
Recreation and cultural services	177	357	18	350	-	131	153	273	671	200
<b>Capital Grants and Contributions</b>										
General government	449	279	843	8	69	156	45	-	349	930
Public protection	-	-	-	-	3,315	9,701	4,420	7,820	656	1,197
Public ways and facilities	10,259	7,411	12,930	3,479	5,570	6,435	6,031	6,655	8,893	14,361
Health and sanitation	-	-	-	-	-	-	-	-	-	-
Public assistance	-	-	-	-	-	-	-	-	-	-
Recreation and cultural services	173	81	247	50	282	1,776	10,804	1,157	191	28
<b>Total Governmental Activities Revenues</b>	<b>252,977</b>	<b>253,239</b>	<b>255,716</b>	<b>267,181</b>	<b>282,464</b>	<b>306,173</b>	<b>317,346</b>	<b>308,410</b>	<b>322,906</b>	<b>329,606</b>

Source: Statement of Activities

(continued)

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

	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019
<b>Business-type Activities</b>										
<b>Fees, Fines, Charges for Services</b>										
Airport	3,541	3,888	3,719	4,053	4,493	4,883	5,165	5,662	7,158	8,947
Golf	2,653	2,590	2,690	2,639	2,779	2,967	2,589	2,291	2,584	2,717
State Water Contract	6,513	6,453	6,609	6,185	6,358	6,562	6,846	5,941	6,110	7,656
Nacimiento Water Contract	355	7,968	13,893	13,800	13,685	9,682	17,048	15,149	15,709	16,947
Lopez Flood Control	6,164	6,359	6,440	6,174	6,123	6,208	6,530	6,708	6,677	7,148
Lopez Park	-	-	-	-	-	-	-	-	-	-
General Flood Control Zone - Salinas Dam	661	1,870	1,252	730	861	794	960	904	909	913
County Service Areas	2,784	3,090	3,186	3,352	3,312	3,408	-	2,301	3,662	3,894
Los Osos Wastewater	-	-	-	-	-	-	3,551	3,620	4,467	5,100
<b>Operating Grants and Contributions</b>										
Airport	182	180	372	132	127	126	126	126	396	328
Golf	-	-	5	-	-	269	-	1,017	-	-
State Water Contract	8	10	10	13	13	13	13	14	14	14
Nacimiento Water Contract	31	30	28	29	12	9	9	-	6	-
Lopez Flood Control	15	15	15	15	8	8	8	-	7	5
Lopez Park	-	-	-	-	-	-	-	-	-	-
Transit	1,172	1,097	-	-	-	-	-	-	-	-
General Flood Control Zone - Salinas Dam	-	-	-	-	-	-	-	-	-	26
County Service Areas	4	3	3	3	3	211	295	3	3	13
Los Osos Wastewater	-	-	35	1	-	-	2,810	18	-	-
<b>Capital Grants and Contributions</b>										
Airport	4,310	2,074	138	572	1,770	365	7,069	15,379	2,211	3,139
Nacimiento Water Contract	-	-	-	-	-	-	-	-	24	-
County Service Areas	339	288	64	294	2	-	-	-	-	-
Los Osos Wastewater	-	9,357	9,127	35,717	57,507	26,385	4,157	10,086	2,982	4,860
<b>Total Business-Type Activities Revenues</b>	<b>28,732</b>	<b>45,272</b>	<b>47,586</b>	<b>73,709</b>	<b>97,053</b>	<b>61,890</b>	<b>57,176</b>	<b>69,219</b>	<b>52,919</b>	<b>61,707</b>
<b>Total Primary Government Revenues</b>	<b>\$ 281,709</b>	<b>\$ 298,511</b>	<b>\$ 303,302</b>	<b>\$ 340,890</b>	<b>\$ 379,517</b>	<b>\$ 368,063</b>	<b>\$ 374,522</b>	<b>\$ 377,629</b>	<b>\$ 375,825</b>	<b>\$ 391,313</b>
<b>Net (Expense)/Revenues</b>										
Governmental Activities	\$ (133,577)	\$ (131,588)	\$ (129,052)	\$ (131,002)	\$ (127,178)	\$ (148,936)	\$ (171,141)	\$ (219,312)	\$ (219,468)	\$ (249,587)
Business-Type Activities	(7,220)	3,887	2,555	33,804	57,936	19,202	12,272	18,173	(1,791)	4,087
<b>Total Primary Government net expense</b>	<b>\$ (140,797)</b>	<b>\$ (127,701)</b>	<b>\$ (126,497)</b>	<b>\$ (97,198)</b>	<b>\$ (69,242)</b>	<b>\$ (129,734)</b>	<b>\$ (158,869)</b>	<b>\$ (201,139)</b>	<b>\$ (221,259)</b>	<b>\$ (245,500)</b>
<b>General Revenue and Other Changes in Net Position</b>										
<b>Governmental Activities</b>										
Property Taxes	\$ 132,723	\$ 139,214	\$ 140,288	\$ 143,182	\$ 152,256	\$ 155,374	\$ 163,367	\$ 173,153	\$ 180,051	\$ 189,689
Other Taxes	13,358	14,393	16,330	23,940	22,088	22,984	21,953	23,072	25,708	27,224
Interest and investment income	1,690	986	1,202	733	599	3,174	4,401	3,289	3,171	12,952
Unrestricted Grants	3,972	3,520	3,978	3,537	1,727	13,327	3,140	63	2,740	2,115
Other revenues	-	172	-	4	-	-	-	5	2	35,445
Transfers	(565)	150	8,048	(166)	(790)	(2,676)	(768)	(2,292)	2,267	(625)
Special Item	-	-	-	-	(2,800)	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>151,178</b>	<b>158,435</b>	<b>169,846</b>	<b>171,230</b>	<b>173,080</b>	<b>192,183</b>	<b>192,093</b>	<b>197,290</b>	<b>213,939</b>	<b>266,800</b>
<b>Business-type Activities</b>										
Property Taxes	3,654	3,841	3,799	4,145	4,402	4,782	4,782	3,814	3,858	3,912
Other Taxes	28	28	28	29	32	-	-	-	-	-
Interest and investment income	1,900	965	755	385	595	659	847	630	1,272	1,590
Other revenues	363	447	31	160	40	183	268	338	-	574
Transfers	565	(150)	(8,048)	166	790	2,676	768	2,292	(2,267)	625
<b>Total Business-type Activities</b>	<b>6,510</b>	<b>5,131</b>	<b>(3,435)</b>	<b>4,885</b>	<b>5,859</b>	<b>8,300</b>	<b>6,665</b>	<b>7,074</b>	<b>2,863</b>	<b>6,701</b>
<b>Total Primary Government</b>	<b>\$ 157,688</b>	<b>\$ 163,566</b>	<b>\$ 166,411</b>	<b>\$ 176,115</b>	<b>\$ 178,939</b>	<b>\$ 200,483</b>	<b>\$ 198,758</b>	<b>\$ 204,364</b>	<b>\$ 216,802</b>	<b>\$ 273,501</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 17,601	\$ 26,847	\$ 40,794	\$ 40,228	\$ 45,902	\$ 43,247	\$ 20,952	\$ (22,022)	\$ (5,529)	\$ 17,213
Business-Type Activities	(710)	9,018	(880)	38,689	63,795	27,502	18,937	25,247	1,072	10,788
<b>Total Primary Government</b>	<b>\$ 16,891</b>	<b>\$ 35,865</b>	<b>\$ 39,914</b>	<b>\$ 78,917</b>	<b>\$ 109,697</b>	<b>\$ 70,749</b>	<b>\$ 39,889</b>	<b>\$ 3,225</b>	<b>\$ (4,457)</b>	<b>\$ 28,001</b>

Source: Statement of Activities

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

	<u>2010</u>
General Fund	
Reserved	\$ 49,543
Unreserved	66,559
Total General Fund	<u>\$ 116,102</u>
All Other Governmental Funds	
Reserved	\$ 39,243
Unreserved, reported in:	
Special Revenue Funds	55,513
Capital Projects Fund	20,859
Debt Service Funds	-
Total all other Governmental Funds	<u>\$ 115,615</u>

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General Fund									
Nonspendable	\$ 3,333	\$ 3,176	\$ 3,092	\$ 779	\$ 5,089	\$ 3,454	\$ 3,535	\$ 18,511	\$ 19,222
Restricted	7,113	6,682	4,005	3,214	2,945	2,872	2,649	10,083	12,276
Committed	62,380	68,880	96,365	116,940	138,140	168,619	164,492	152,501	169,846
Assigned	-	-	104,237	118,248	125,112	122,925	126,596	107,145	127,007
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>	<u>\$ 328,351</u>
All Other Governmental Funds									
Nonspendable	\$ 352	\$ 390	\$ 596	\$ -	\$ 920	\$ 3,776	\$ 3	\$ 24	\$ 36
Restricted	22,065	19,788	18,311	20,164	20,563	21,317	24,192	24,750	33,496
Committed	55,446	61,144	65,903	74,240	78,508	61,926	94,904	62,307	66,616
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>	<u>\$ 100,148</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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Revenues</b>										
Taxes	\$ 153,910	\$ 155,419	\$ 160,920	\$ 171,771	\$ 177,765	\$ 178,740	\$ 185,764	\$ 196,822	\$ 203,583	\$ 217,106
Licenses, permits, and franchises	6,906	7,413	7,863	9,247	10,694	10,452	10,539	11,446	11,140	12,133
Fines, forfeitures, and penalties	6,078	7,993	6,750	6,654	5,257	5,686	5,173	4,339	5,977	4,396
Revenues from use of money and property	1,644	1,242	2,273	1,475	1,373	3,864	4,939	3,984	3,779	12,268
Aid from governmental agencies	199,771	194,625	206,372	209,234	229,283	261,351	256,490	254,350	262,660	271,961
Charges for current services	47,065	56,486	45,538	41,690	50,071	43,530	46,308	49,460	49,793	47,957
Other revenues	5,358	6,531	8,451	11,342	6,235	9,110	11,504	8,481	6,869	25,278
<b>Total revenues</b>	<b>420,732</b>	<b>429,709</b>	<b>438,167</b>	<b>451,413</b>	<b>480,678</b>	<b>512,733</b>	<b>520,717</b>	<b>528,882</b>	<b>543,801</b>	<b>591,099</b>
<b>Expenditures</b>										
Current:										
General government	45,162	50,321	45,850	44,374	44,317	51,207	54,461	54,918	60,445	54,991
Public protection	136,857	135,636	138,579	143,832	148,155	157,783	156,096	164,839	175,175	185,033
Public ways and facilities	31,093	37,261	40,338	34,178	28,528	29,903	41,044	29,077	42,254	35,267
Health and sanitation	68,442	68,472	67,830	70,021	74,586	75,116	81,591	88,623	99,885	103,512
Public assistance	96,248	100,202	97,185	98,059	99,442	107,104	111,227	113,392	117,066	121,327
Education	13,020	10,191	9,973	9,901	12,205	11,388	10,534	11,560	11,640	12,191
Recreational and cultural services	8,313	7,187	6,998	7,538	7,993	10,104	9,888	9,963	10,358	10,574
Debt service:										
Principal payments	3,790	4,595	4,435	4,065	5,412	6,070	6,788	7,576	50,989	5,093
Interest and fiscal charges	5,954	6,464	6,289	5,863	5,419	5,209	4,687	4,639	11,666	1,204
Debt issuance costs	550	-	-	269	-	-	-	-	-	-
Capital outlay	1,965	3,399	5,540	3,692	11,312	20,019	30,465	11,554	11,828	6,374
<b>Total expenditures</b>	<b>411,394</b>	<b>423,728</b>	<b>423,017</b>	<b>421,792</b>	<b>437,369</b>	<b>473,903</b>	<b>506,781</b>	<b>496,141</b>	<b>591,306</b>	<b>535,566</b>
Excess (deficiency) of revenues over (under) expenditures	9,338	5,981	15,150	29,621	43,309	38,830	13,936	32,741	(47,505)	55,533

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

(continued)

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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Other Financing Sources</b>										
Refunding certificates of participation issued	-	-	-	14,427	-	-	-	-	-	-
Premium on refunding certificates of participation issued	-	-	-	1,418	-	-	-	-	-	-
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	42,565	-	-	-	-	-	-	-	-	-
Payment to refunded escrow agent	(42,000)	-	-	(16,400)	-	-	-	-	-	-
Discount on certificates of participation issued	-	-	-	-	-	-	-	-	-	-
Transfers in	33,044	34,421	35,815	48,113	26,502	33,299	35,803	57,668	54,782	31,633
Transfers out	(33,065)	(33,595)	(27,138)	(47,021)	(25,935)	(34,924)	(35,641)	(58,927)	(51,365)	(30,950)
Total other financing sources (uses)	544	826	8,677	537	567	(1,625)	162	(1,259)	3,417	683
Special Item	-	-	-	-	(2,800)	-	-	-	-	-
Net change in fund balances	<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>	<u>\$ 56,216</u>
Debt Service as a percentage of non-capital expenditures	2.51%	2.80%	2.73%	2.48%	2.61%	2.57%	2.54%	2.62%	11.25%	1.23%

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, 2019 ACTUARIAL VALUATION WITH TIER 3 (AB 340)**  
**7.00% DISCOUNT RATE ASSUMPTION - 6.5% ACTUAL RETURNS**  
**2.75% PAYROLL GROWTH ASSUMPTION**

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
2019	-4.01%	44.52%	\$ 201	\$ 89	\$ 2,030	\$ 1,363	\$ 667	67.1%	20.60%	\$ 1,272	62.6%
2020	7.00%	45.47%	206	94	2,108	1,403	704	66.6%	20.12%	1,346	63.9%
2021	7.00%	45.76%	212	97	2,185	1,465	720	67.1%	19.72%	1,424	65.2%
2022	7.00%	45.89%	217	100	2,262	1,534	728	67.8%	19.33%	1,504	66.5%
2023	7.00%	46.65%	223	104	2,338	1,588	750	67.9%	18.98%	1,588	67.9%
2024	7.00%	46.40%	228	106	2,414	1,674	739	69.4%	18.67%	1,674	69.4%
2025	7.00%	46.21%	234	108	2,488	1,763	725	70.8%	18.39%	1,763	70.8%
2026	7.00%	46.03%	240	110	2,561	1,852	709	72.3%	18.14%	1,852	72.3%
2027	7.00%	45.87%	246	113	2,633	1,944	689	73.8%	17.90%	1,944	73.8%
2028	7.00%	45.73%	252	115	2,704	2,037	666	75.4%	17.69%	2,037	75.4%
2029	7.00%	45.61%	258	118	2,773	2,133	640	76.9%	17.49%	2,133	76.9%
2030	7.00%	45.50%	265	120	2,840	2,230	610	78.5%	17.31%	2,230	78.5%
2031	7.00%	45.41%	271	123	2,906	2,330	575	80.2%	17.16%	2,330	80.2%
2032	7.00%	45.32%	278	126	2,970	2,434	536	81.9%	17.01%	2,434	81.9%
2033	7.00%	45.24%	285	129	3,033	2,540	492	83.8%	16.88%	2,540	83.8%
2034	7.00%	45.17%	293	132	3,094	2,651	443	85.7%	16.75%	2,651	85.7%
2035	7.00%	45.11%	300	135	3,154	2,766	388	87.7%	16.64%	2,766	87.7%
2036	7.00%	45.05%	308	139	3,214	2,887	327	89.8%	16.54%	2,887	89.8%
2037	7.00%	44.99%	316	142	3,272	3,013	259	92.1%	16.45%	3,013	92.1%
2038	7.00%	44.95%	324	146	3,330	3,146	184	94.5%	16.37%	3,146	94.5%
2039	7.00%	42.96%	333	143	3,388	3,287	101	97.0%	16.29%	3,287	97.0%
2040	7.00%	18.55%	341	63	3,445	3,429	16	99.5%	16.22%	3,429	99.5%
2041	7.00%	17.77%	350	62	3,503	3,494	9	99.7%	16.16%	3,494	99.7%
2042	7.00%	17.19%	360	62	3,560	3,556	4	99.9%	16.11%	3,556	99.9%
2043	7.00%	16.07%	369	59	3,618	3,618	-	100.0%	16.07%	3,618	100.0%
2044	7.00%	16.03%	379	61	3,677	3,677	-	100.0%	16.03%	3,677	100.0%
2045	7.00%	16.00%	390	62	3,737	3,737	-	100.0%	16.00%	3,737	100.0%
2046	7.00%	15.97%	400	64	3,799	3,799	-	100.0%	15.97%	3,799	100.0%
2047	7.00%	15.95%	411	66	3,862	3,862	-	100.0%	15.95%	3,862	100.0%
2048	7.00%	15.93%	422	67	3,928	3,928	-	100.0%	15.93%	3,928	100.0%
2049	7.00%	15.92%	434	69	3,996	3,996	-	100.0%	15.92%	3,996	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 2043.

**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, 2019 actuarial valuation report. Net Pension Liability and related amounts used for financial reporting are based on a June 30, 2019 actuarial valuation report.

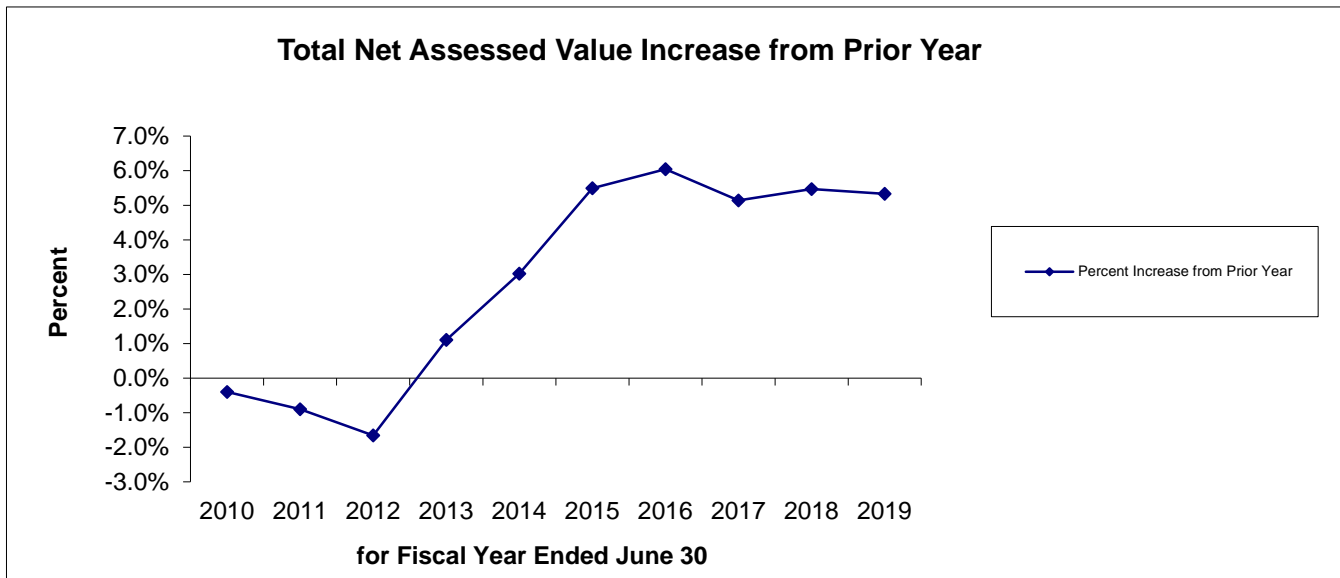
All dollar amounts in millions.

**Source:** Gabriel Roeder Smith & Company  
 Supplementary exhibit to the 2019 SLO County Pension Trust Actuarial Valuation Report  
 For the Year Beginning January 1, 2019

**COUNTY OF SAN LUIS OBISPO  
ASSESSED VALUE  
LAST TEN FISCAL YEARS  
(IN THOUSANDS)  
(UNAUDITED)**

Fiscal Year	Secured	Unsecured	Exemptions	Net Assessed Valuations	Percentage Change from Prior Year	Tax Rate
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
2019	56,147,148	1,420,625	(1,305,110)	56,262,663	5.3%	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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>County Direct Rates</b>										
General	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
State Water Project	0.00220	0.00290	0.00300	0.00400	0.00400	0.00400	0.00374	0.00400	0.00400	0.00400
Total Direct Rate	1.00220	1.00290	1.00300	1.00400	1.00400	1.00400	1.00374	1.00400	1.00400	1.00400
<b>Cities, Schools, and Special Districts Combined Rates</b>										
Arroyo Grande	0.0464	0.0470	0.0477	0.0576	0.0580	0.0569	0.0756	0.0680	0.1085	0.1051
Atascadero	0.0975	0.0975	0.0442	0.0452	0.0452	0.0590	0.1373	0.1373	0.1373	0.1373
Grover Beach	0.0382	0.0389	0.0396	0.0495	0.0499	0.0509	0.0940	0.1023	0.1599	0.1901
Morro Bay	0.0492	0.0499	0.0501	0.0510	0.0510	0.0510	0.0688	0.0683	0.0683	0.0683
Paso Robles	0.0988	0.0389	0.0816	0.0815	0.0815	0.0782	0.0955	0.0828	0.0828	0.1291
Pismo Beach	0.0382	0.0389	0.0396	0.0495	0.0499	0.0509	0.0700	0.0680	0.1085	0.1051
San Luis Obispo	-	-	-	-	-	-	0.0683	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 2019			Fiscal Year 2010		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Co.	Utility	\$ 2,578,307	1	4.58%	\$ 2,451,314	1	5.78%
Phillips 66 Company	Oil Refinery	161,646	2	0.29%	-	-	-
Jamestown Premier	Commercial	113,238	3	0.20%	-	-	-
Southern California Gas Co.	Utility	108,816	4	0.19%	58,333	8	0.14%
CAP VIII - Mustang Village LLC	Apartments	92,424	5	0.16%	74,976	4	0.18%
AT&T California	Telephone	90,307	6	0.16%	-	-	-
Treasury Wine Estates	Winery	90,052	7	0.16%	-	-	-
E&J Gallo Winery/Vineyards	Winery	85,577	8	0.15%	-	-	-
Sierra Vista Hospital	Hospital	80,002	9	0.14%	50,423	10	0.12%
Firestone Walker LLC	Brewery	68,644	10	0.12%	-	-	-
TOSCO Corp	Petroleum & Gas	-	-	-	166,755	2	0.39%
Pacific Bell Telephone Co	Communications	-	-	-	84,774	3	0.20%
Beringer Wine Estates Company	Winery	-	-	-	68,966	5	0.16%
Plains Exploration & Prod Co	Petroleum & Gas	-	-	-	61,378	6	0.14%
Martin Hotel Management	Hotel	-	-	-	60,967	7	0.14%
Twin Cities Com. Hospital	Hospital	-	-	-	54,652	9	0.13%
<b>Total</b>		<b>\$ 3,469,013</b>		<b>6.15%</b>	<b>\$ 3,132,538</b>		<b>7.38%</b>
Total County Assessed Value		\$ 56,262,663			\$ 42,419,637		

Source:

2018-2019 County Property Tax System

2009-2010 San Luis Obispo County CAFR

**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			
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%
2019	549,869	544,994	99.11%	N/A	4,874	0.89%

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

Source: County Property Tax Booklet

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

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

Year ended 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	
2019	5,058	5,065	

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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Governmental Activities</b>										
Certificates of Participation	\$30,420	\$28,820	\$27,895	\$25,662	\$24,640	\$23,600	\$22,527	\$21,411	\$26,135	\$24,808
Less deferred amounts:										
For issuance discounts:	(111)	(107)	(103)	(99)	(95)	(91)	(87)	(83)	(79)	(75)
Add deferred amounts:										
For issuance premiums:	-	-	-	1,329	1,240	1,152	1,063	975	886	797
State notes	-	-	-	-	-	-	-	-	2,056	1,901
Pension Obligation Bonds	125,444	122,689	119,429	115,624	111,234	146,219	145,291	143,890	99,407	96,903
<b>Total bonds and notes payable</b>	<b>155,753</b>	<b>151,402</b>	<b>147,221</b>	<b>142,516</b>	<b>137,019</b>	<b>170,880</b>	<b>168,794</b>	<b>166,193</b>	<b>128,405</b>	<b>124,334</b>
<b>Business-Type Activities</b>										
Certificates of Participation	20,657	19,897	19,060	17,920	18,257	17,745	17,194	16,470	15,678	14,811
Add deferred amounts:										
For issuance premiums:	-	-	-	492	459	426	393	361	328	295
State Note	32,418	31,024	35,884	34,399	46,529	72,774	86,611	85,674	87,667	84,409
Revenue Bonds	196,450	196,444	193,483	190,389	187,170	183,813	177,198	173,535	168,410	164,126
Add deferred amounts:										
For issuance premiums:	6,371	6,371	6,158	5,945	5,732	5,519	10,058	9,623	8,926	8,502
Unamortized outflow on Bond Refinancing	-	-	-	-	-	-	(4,171)	(3,990)	(3,808)	-
General Obligation Bonds	11,155	10,760	10,245	9,890	9,530	9,155	8,760	8,350	7,925	7,485
Add deferred amounts:										
For issuance premiums:	-	1,128	1,072	1,015	959	902	846	790	733	677
Bond Anticipation Notes	-	8,677	-	-	-	-	-	-	-	-
Assessment Bonds	-	-	15,364	39,527	76,438	79,829	79,396	78,089	76,746	75,358
<b>Total bonds and notes payable</b>	<b>267,051</b>	<b>274,301</b>	<b>281,266</b>	<b>299,577</b>	<b>345,074</b>	<b>370,163</b>	<b>376,285</b>	<b>368,902</b>	<b>362,605</b>	<b>355,663</b>
<b>Total Outstanding Debt</b>	<b>\$422,804</b>	<b>\$425,703</b>	<b>\$428,487</b>	<b>\$442,093</b>	<b>\$482,093</b>	<b>\$541,043</b>	<b>\$545,079</b>	<b>\$535,095</b>	<b>\$491,010</b>	<b>\$479,997</b>
Percentage of Personal Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percentage of Assessed Value of Taxable Property*	1.00%	1.01%	1.04%	1.06%	1.12%	1.19%	1.13%	1.06%	0.92%	0.85%
Net outstanding debt Per Capita	\$ 1,547.42	\$ 1,571.06	\$ 1,578.32	\$ 1,624.28	\$ 1,770.08	\$ 1,972.50	\$ 1,960.88	\$ 1,916.46	\$ 1,753.31	\$1,713.66

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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Certificates of Participation	\$17,730	\$17,075	\$16,400	\$14,427	\$13,675	\$12,915	\$12,137	\$11,326	\$10,482	\$9,606
Less deferred amounts:										
For issuance discounts:	-	-	-	(99)	(95)	(91)	(87)	(83)	(79)	(75)
Add deferred amounts:										
For issuance premiums:	-	-	-	1,330	1,240	1,152	1,063	975	886	797
General Obligation Bonds	11,155	10,760	10,245	9,890	9,530	9,155	8,760	8,350	7,925	7,485
Add deferred amounts:										
For issuance premiums:	-	1,128	1,072	1,015	959	902	846	790	733	677
State Notes	-	-	-	-	-	-	-	-	2,056	1,901
Assessment Bonds	-	-	15,364	39,527	76,438	79,829	79,396	78,089	76,746	75,358
Less resources restricted for principal repayment	(3,551)	(2,848)	(2,893)	(2,684)	(2,683)	(2,683)	(2,688)	(2,692)	(2,712)	(8,061)
<b>Net Total General Obligation Debt</b>	<b>\$ 25,334</b>	<b>\$ 26,115</b>	<b>\$ 40,188</b>	<b>\$ 63,406</b>	<b>\$ 99,064</b>	<b>\$ 101,179</b>	<b>\$ 99,427</b>	<b>\$ 96,755</b>	<b>\$ 96,037</b>	<b>\$ 87,688</b>
Percentage of Personal Income	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Percentage of Assessed Value of Taxable Property <sup>1</sup>	0.06%	0.06%	0.10%	0.15%	0.23%	0.22%	0.21%	0.19%	0.19%	0.16%
Net outstanding debt Per Capita	\$ 92.72	\$ 96.38	\$ 148.03	\$ 232.96	\$ 363.73	\$ 368.87	\$ 357.68	\$ 346.53	\$ 342.93	\$ 313.06

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

Source: Notes to the Financial Statements, Note 10

<sup>1</sup> 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)**

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Assessed Value of Property (a)	\$ 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	\$56,262,663
Debt Limit, 1.25% of Assessed Value	530,245	525,474	516,755	522,454	538,249	567,827	602,155	633,095	667,700	703,283
<i>Amount of Debt Applicable to Limit</i>										
General Obligation Bonds (b)	11,155	11,888	11,317	10,905	10,489	10,057	9,606	9,140	8,658	7,485
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Total Debt Applicable	11,155	11,888	11,317	10,905	10,489	10,057	9,606	9,140	8,658	7,485
Legal Debt Margin	<u>\$ 519,090</u>	<u>\$ 513,586</u>	<u>\$ 505,438</u>	<u>\$ 511,549</u>	<u>\$ 527,760</u>	<u>\$ 557,770</u>	<u>\$ 592,549</u>	<u>\$ 623,955</u>	<u>\$ 659,042</u>	<u>\$ 695,798</u>
Total Debt Applicable as a Percentage of the Debt Limit	2.10%	2.26%	2.19%	2.09%	1.95%	1.77%	1.60%	1.44%	1.30%	1.06%

Source:

(a) Countywide Assessed Values & Exemptions

(b) Footnote 10 Bonded Indebtedness and Long-Term Debt

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

Calendar Year	Population (1,a,f)	Personal Income (in thousands) (2,a,d)	Per Capita Income (2,a,d)	Median Age (4,c)	School Enrollment (3,b,e)	Unemployment Rate (2,a)
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	280,048	N/A	N/A	N/A	42,713	3.2
2019	280,101	N/A	N/A	N/A	42,673	2.9

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
- f. Prior years were revised per the State Department of Finance

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

Employer	2019			2010		
	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	2.12%	2,516	1	1.83%
County of San Luis Obispo	2,920	2	2.06%	2,439	2	1.77%
Atascadero State Hospital	2,000	3	1.41%	2,300	3	1.67%
Pacific Gas and Electric Company	1,866	4	1.32%	1,600	5	1.16%
California Men's Colony	1,517	5	1.07%	2,000	4	1.45%
Cal Poly Corporation	1,400	6	0.99%	-	-	-
Tenet Healthcare	1,305	7	0.92%	1,400	6	1.02%
Compass Health Inc	1,200	8	0.85%	-	-	-
Lucia Mar Unified School District	1,000	9	0.71%	1,074	7	0.78%
Paso Robles Public Schools	935	10	0.66%	935	8	0.68%
Catholic Healthcare West	-	-	-	908	9	0.66%
Cuesta College	-	-	-	825	10	0.60%
San Luis Coastal Unified School District	-	-	-	825	10	0.60%
			Total Employment Labor Force			141,700
						137,800

Source:

1. SLO Chamber of Commerce
2. State of California Employment Development Department
3. 2009-2010 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	2010	2011	2012	2013	2014	2015	2016	2017	2018*	2019*
General Government	451.00	442.75	437.50	438.25	430.75	436.75	440.50	430.75	437.50	441.00
Public Protection	799.75	783.25	808.25	812.00	817.25	832.25	848.25	867.00	909.50	912.00
Public Ways and Facilities	202.25	194.25	193.75	193.75	188.75	190.75	207.75	234.75	237.75	246.75
Health and Sanitation	424.75	424.00	430.50	445.25	464.00	485.25	505.50	556.00	536.50	530.00
Public Assistance	426.75	424.75	425.75	428.00	478.00	500.75	524.00	524.00	523.00	522.00
Education	78.50	78.50	77.50	75.50	75.50	75.50	77.50	78.00	77.75	78.00
Recreation and Cultural Services	56.00	56.00	52.00	52.00	55.00	59.00	60.00	61.00	61.00	61.00
Total	2,439.00	2,403.50	2,425.25	2,444.75	2,509.25	2,580.25	2,663.50	2,751.50	2,783.00	2,790.75

Source: County Budget Report

Notes:

2010-2017 Position allocation figures were calculated at the time of budget preparation for the following year.

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

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

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

Function / Department	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Recreation and Cultural Services</b>										
<b>Parks</b>										
<i>Day Use Passes</i>	47,011	51,519	57,135	56,601	42,821	57,564	n/a	n/a	n/a	n/a
<i>Daily Passes*</i>	n/a	n/a	n/a	n/a	246,727	239,140	189,232	230,915	257,220	60,902
<i>Annual Passes</i>	2,220	1,992	2,357	2,406	2,998	3,137	n/a	n/a	n/a	n/a
<i>Annual Vehicle Passes*</i>	n/a	n/a	n/a	n/a	8,744	12,584	9,614	6,504	8,066	3,974
<i>Daily Boat Launches*</i>	15,802	15,602	16,133	14,809	26,110	23,706	16,001	16,312	24,340	9,664
<i>Annual Boat Passes*</i>	627	618	238	551	1,412	1,245	480	1,383	1,353	1,629
<b>Public Protection</b>										
<b>Planning and Building</b>										
<i>Total Permits Issued</i>	2,067	2,073	2,086	2,070	2,622	3,139	3,355	3,927	3,542	3,256
<i>Number of New Affordable Housing **</i>	82	80	39	44	13	151	99	65	133	131
<b>Sheriff</b>										
<i>Jail bookings</i>	13,025	12,682	12,966	13,273	12,583	11,375	11,018	11,774	11,324	10,246
<i>Average daily population</i>	551	558	679	717	780	679	603	632	621	636
<b>Health and Sanitation</b>										
<b>Mental Health</b>										
<i>Total number of patient days in State Hospitals</i>	364	n/a	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>	2,212	2,937	1,588	1,885	1,764	1,613	1,381	604	n/a	n/a
<b>Public Health</b>										
<i>Number of Children enrolled in the Healthy Families Program</i>	5,709	n/a	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 &amp; Children (WIC) Program</i>	97	100	99	99	95	91	86	76	72	68
<i>Percentage of live born infants whose mothers received prenatal care in the first trimester.</i>	78	78.5	81.7	80	79	79	80	78	78	84
<b>Public Assistance</b>										
<b>Social Services</b>										
<i>Percentage of child abuse/neglect referrals where a response is required within 10 days that were timely</i>	94.1	96.8	97.6	98.0	96.1	97.9	97.0	n/a	n/a	n/a
<i>Percentage of child abuse/neglect referrals where a response is required within 10 days and where contact was made within the required period.</i>	n/a	n/a	n/a	n/a	n/a	n/a	n/a	91	95	95
<b>Education</b>										
<b>Library</b>										
<i>Annual number of items circulated per capita</i>	9.4	10.0	10.1	10.1	9.8	9.6	10.5	10.3	11.6	12.1
<i>Annual Expenditure per capita for total Library budget</i>	\$ 35.35	\$ 35.35	\$ 35.25	\$ 34.35	\$ 35.50	\$ 36.13	\$ 36.27	\$ 38.10	\$ 40.36	\$ 40.57
<b>Public Ways and Facilities</b>										
<b>Roads</b>										
<i>Pavement Condition Rating for all County roads (70 = "good")</i>	65	60	58	60	61	61	65	66	65	65
<b>Airport</b>										
<b>Airport</b>										
<i>Takeoffs and Landings</i>	88,161	80,556	80,158	71,428	66,696	71,001	71,181	71,001	77,917	82,110
<i>Passenger Enplanements</i>	125,152	139,909	134,244	132,315	147,105	149,558	155,744	180,141	226,588	259,481

Source: County Budget Performance Indicators

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

\*\* 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)**

<b>Function/Program</b>	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Recreation and Cultural Services</b>										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	13,422	13,572	13,424	13,424	13,583	13,583	13,583	13,583	13,583	13,583
<b>Public Protection</b>										
Correction facility capacities (a)	693	689	637	717	797	797	797	909	909 *	909
<b>Public Ways and Facilities</b>										
Miles of county roads	1,329	1,332	1,333	1,335	1,336	1,336	1,338	1,338	1,339	1,339
<b>Airport</b>										
Number of runways	2	2	2	2	2	2	2	2	2	2

Note: Majority of County assets are in buildings and equipment, which are under the functional area of General Government

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

\* Fiscal Year 2018 facility capacity number restated by Sheriff's Department

Source: County departments' management



COUNTY  
of SAN LUIS  
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