

**County of San Luis Obispo, California
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2013**

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



COUNTY OF SAN LUIS OBISPO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2013
TABLE OF CONTENTS

SECTION	PAGE
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal.....	3
Certificate of Achievement for Excellence in Financial Reporting.....	12
Board of Supervisors and Principal County Officials.....	13
Organization Chart.....	14
<u>FINANCIAL SECTION</u>	
Independent Auditor’s Report.....	17
Management’s Discussion and Analysis (Required Supplementary Information)	21
<u>Basic Financial Statements</u>	
Government-Wide Financial Statements:	
Statement of Net Position.....	41
Statement of Activities	42
Fund Financial Statements:	
<u>Governmental Funds:</u>	
Balance Sheet	47
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	48
Statement of Revenues, Expenditures, and Changes in Fund Balances.....	49
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities.....	50
<u>Proprietary Funds:</u>	
Statement of Net Position	51
Statement of Revenues, Expenses, and Changes in Net Position.....	52
Statement of Cash Flows.....	53
<u>Fiduciary Funds:</u>	
Statement of Fiduciary Net Position	54
Statement of Changes in Net Position – Investment Trust Funds	55
Notes to the Basic Financial Statements	59

TABLE OF CONTENTS (continued)

<u>SECTION</u>	<u>PAGE</u>
<u>Required Supplementary Information</u>	
Description.....	97
Schedule of Funding Progress – Defined Benefit Plan	
Schedule of Funding Progress	98
Schedule of Funding Progress – OPEB Plan	98
Schedule of Revenues, Expenditures and Changes in Fund Balances –	
Budget to Actual Comparison – General Fund	99
Notes to Required Supplementary Information	101
<u>Other Supplementary Information</u>	
Combining and Individual Fund Statements and Schedules:	
<u>Nonmajor Governmental Funds:</u>	
Nonmajor Governmental Fund Descriptions.....	107
Combining Balance Sheet.....	109
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	110
Debt Service Funds:	
Combining Balance Sheet.....	111
Combining Statement of Revenues Expenditures, and Changes in Fund Balances.....	112
Special Revenue Funds:	
Combining Balance Sheet.....	113
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	116
Special Revenue Funds – Special Districts:	
Combining Balance Sheet.....	119
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	120
<u>Major and Nonmajor Budgetary Comparison Schedules:</u>	
Capital Projects Fund	123
Public Facilities Corporation.....	124
Pension Obligation Bonds.....	125
Public Financing Authority	126
Community Development Special Revenue Fund.....	127
County Medical Services Program (CMSP) Special Revenue Fund	128
Emergency Medical Services Special Revenue Fund	129
Driving Under the Influence Programs Special Revenue Fund	130
Fish and Game Special Revenue Fund.....	131
Road Impact Fees Special Revenue Fund	132
Library Special Revenue Fund.....	133

TABLE OF CONTENTS (continued)

<u>SECTION</u>	<u>PAGE</u>
<u>Other Supplementary Information (continued)</u>	
Combining and Individual Fund Statements and Schedules (continued):	
<u>Major and Nonmajor Budgetary Comparison Schedules (continued):</u>	
Parks Special Revenue Fund	134
Public Facilities Fees Special Revenue Fund	135
Roads Special Revenue Fund	136
Wildlife Grazing Special Revenue Fund	137
Flood Control Districts Special Revenue Funds	138
Lighting Control Districts Special Revenue Funds	139
County Service Area Districts Special Revenue Funds	140
<u>Nonmajor Enterprise Funds:</u>	
Nonmajor Enterprise Fund Descriptions	143
Combining Statement of Net Position	144
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	145
Combining Statement of Cash Flows	146
<u>Internal Service Funds:</u>	
Internal Service Fund Descriptions	151
Combining Statement of Net Position	152
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position	153
Combining Statement of Cash Flows	154
Internal Service Funds – Insurance Funds	
Combining Statement of Net Position	155
Combining Statement of Revenues, Expenses, and Changes in Net Position	156
Combining Statement of Cash Flows	157
<u>Fiduciary Funds:</u>	
Fiduciary Fund Descriptions	161
Agency Funds:	
Combining Statement of Fiduciary Net Position	162
Combining Statement of Changes in Assets and Liabilities	163
Investment Trust Funds:	
Combining Statement of Fiduciary Net Position	164
Combining Statement of Changes in Fiduciary Net Position	165
<u>General Fund – Detailed Budgetary Comparison Schedules:</u>	
Detail Schedule of Expenditures – Budget to Actual Comparison – General Fund	169

TABLE OF CONTENTS (continued)

<u>SECTION</u>	<u>PAGE</u>
<u>STATISTICAL SECTION (unaudited)</u>	
Statistical Section Table of Contents.....	179
Net Position by Component	181
Changes in Net Position	182
Fund Balances, Governmental Funds.....	184
Changes in Fund Balances, Governmental Funds	185
Assessed Valuation	186
Direct and Overlapping Property Tax Rates	187
Principal Property Taxpayers	188
Property Tax Levies and Collections	189
Special Assessments Billings and Collections.....	190
Ratios of Total Debt Outstanding	191
Ratios of General Obligation Debt Outstanding	192
Legal Debt Margin Information	193
Demographic and Economic Statistics	194
Principal Employers.....	195
Full Time Equivalent County Government Employees by Function	196
Operating Indicators by Function	197
Capital Assets Statistics by Function.....	198

INTRODUCTORY SECTION





COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX COLLECTOR

1055 MONTEREY ST, RM. D290
SAN LUIS OBISPO, CA 93408
(805) 781-5831 • FAX (805) 781-5362
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JAMES P. ERB, CPA

Auditor-Controller
Treasurer-Tax Collector

James W. Hamilton, CPA
Assistant

December 20, 2013

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

Your Honorable Board:

The Comprehensive Annual Financial Report (CAFR) of the County of San Luis Obispo for the fiscal year ended June 30, 2013, 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 presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants.

This report consists of management's representations concerning the finances of the County of San Luis Obispo. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the County of San Luis Obispo has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County of San Luis Obispo's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County of San Luis Obispo's comprehensive framework of internal controls has been designed to provide a reasonable rather than an absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The County of San Luis Obispo's financial statements have been audited by Gallina 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 of San Luis Obispo for the fiscal year ended June 30, 2013, 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 unqualified opinion that the County of San Luis Obispo's financial statements for the fiscal year ended June 30, 2013, are fairly presented and in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The County of San Luis Obispo, incorporated in 1850, is located on the central coast of the State of California, midway between Los Angeles and San Francisco. The County of San Luis Obispo currently occupies a land area of 3,326 square miles and serves a population of 274,804 residents. Approximately 44% of the population resides in the unincorporated area. The seven cities of the County are Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach and San Luis Obispo.

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

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

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

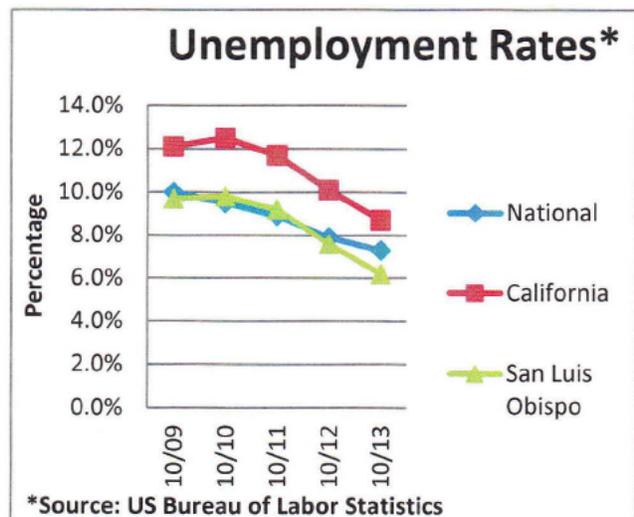
Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the required supplementary information immediately following the notes to the financial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

Factors Affecting Financial Condition

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

Employment:

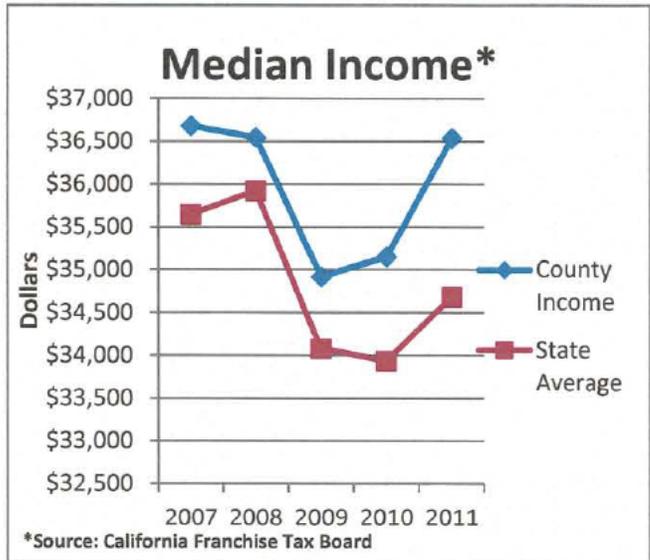
- Unemployment in the County as of October 30, 2013 was 6.2%, which is lower than the state rate of 8.7% and lower than the national average of 7.3%. Last year at this time unemployment in the County was 7.6%.
- The State of California has a major presence in the County of San Luis Obispo with California



Men's Colony, Atascadero State Hospital, CalTrans, and California Polytechnic State University, making the State the largest employer in the County. The reduction of the State workforce previously had an impact on the County's unemployment rate. However, with an optimistic recovery in the economy and some of the cost saving measures implemented by the State, unemployment statewide continues to show improvements.

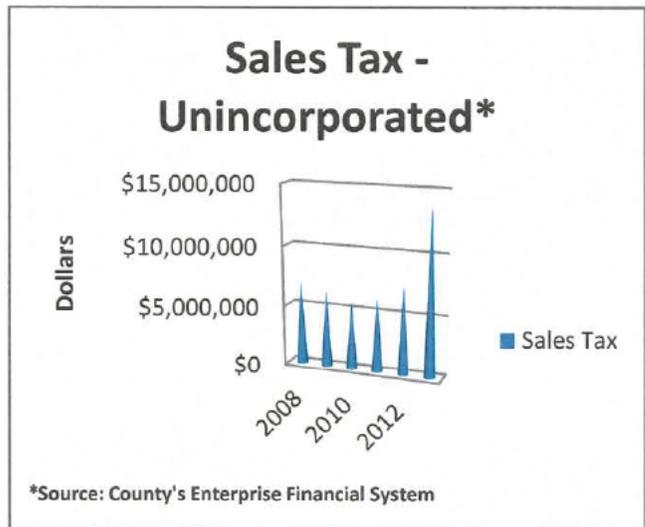
Income:

- Family average income of \$36,539, as reported to the Franchise Tax Board, increased 3.9% from 2010 to 2011 (most recent data) for the residents of the County of San Luis Obispo.
- The San Luis Obispo 2011 average family income of \$36,539 was approximately 5.4% higher than the State average. San Luis Obispo County ranked 15th out of 58 counties when comparing annual income; in 2010 we were ranked 20th.



Retail Sales:

- Retail sales for the County of San Luis Obispo as a whole increased by 11.2% from 2010 to 2011 according to the State Board of Equalization.
- The unincorporated area of the County of San Luis Obispo realized a significant increase in sales tax revenue due to the construction of a new solar farm in the Carissa Plains. From June 2012 to June 2013 sales tax revenue increased by 86.8%.



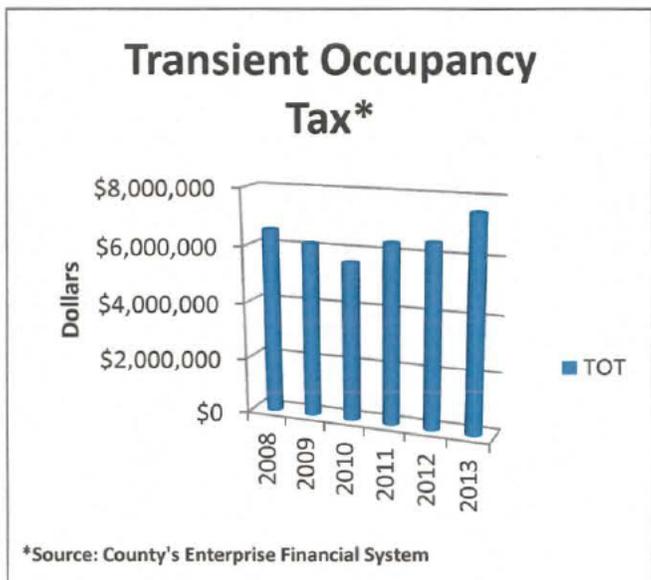
Real Estate:

People's desire to live in the area kept the median home price at \$434,500 as of October 2013. This is an increase of 20.7% from the same period in the prior year. Increase of the median home price demonstrates that the local real estate market is continuing to rebound.

- Discretionary property tax revenue indicators illustrate a recovering local economy. Discretionary property tax receipts were \$97 million, an increase of 3.8% over the prior year.
- The total tax levy of secured property of \$405,224,756 for fiscal year 2012-2013 is an increase of .43% from the previous year.
- Property Transfer Tax is related to the value and number of real estate transactions during the year. The unincorporated area of the County saw an increase of 16.8% during 2012-2013. This is the third straight year of increases which indicates that the housing market is recovering.
- The property tax delinquency rate was the lowest it has been since 2005/2006 and has now decreased for 4 years in a row suggesting that foreclosures are slowing down, and family income is remaining stable.
- Building permits issued remained stable from 2012 to 2013, but are still hovering around the lowest number of permits issued in the last 10 years.

Tourism:

- Transient occupancy tax increased in 2013 by 16.6% in the unincorporated area. The pristine coastline, small town atmospheres, sweeping vineyards, excellent restaurants, and friendly attitudes of the local residents make San Luis Obispo county a desired tourist destination.
- San Luis Obispo county vineyards and wineries continue to be a popular tourist destination. Paso Robles, was named 2013 Wine Region of the Year by Wine Enthusiast magazine.



Long-term financial planning:

- The 2013-2014 fiscal year budget was developed as the sixth year in a seven year plan to address major changes in the overall financial status of the County. The 2007 to 2010 downturn in the housing market continues to have an impact on the County's main discretionary revenue source, property taxes; however, key economic indicators such as transient occupancy, property and sales taxes show signs of improvement allowing for a slight increase in the FY 13-14 spending level. The final 2013-2014 budget authorized a \$505.4 million spending level, which is an increase over the \$490.9 million budget from the 2012-2013 FY. The general fund had \$414.8 million appropriated to finance the current year's expenditures including contingencies, with \$9 million placed in general reserves and \$19.3 million earmarked for designations. The 2014-2015 FY budget anticipates that the 2015-2016 FY will continue to be relatively flat with no use of short-term options to close funding gaps. Accepting this outlook, hiring reservations are still in place so only positions that are critical to public health, public safety or essential for key operations will be filled.
- Each year a 5-year Capital Improvement Program (CIP) is compiled. The CIP is a plan for short range and long-range capital acquisition and development. It also includes plans to improve or rehabilitate County-owned roads and facilities. The plan provides the mechanism for estimating capital requirements; setting priorities; monitoring and evaluating the progress of capital projects; and informing the public of projected capital improvements and unfunded needs. While the CIP covers a five-year planning period, it is updated each year to reflect ongoing changes as new projects are added, existing projects modified, and completed projects deleted from the plan document. The five-year CIP does not appropriate funds; rather it serves as a budgeting tool, identifying those Capital Project appropriations to be made through the adoption of the County's annual budget. The 2013-2014 FY capital budget recommends funding for six new capital projects. Total 2013-2014 appropriations for Capital Projects are approximately \$4.6 million. Many of the existing projects will be completed over multiple years.

Relevant Financial Policies:

- **Balanced Budget:** The County Administrative Officer shall present a balanced budget for all County operating funds on an annual basis.
- **Budget Cuts:** County departments have been able to absorb the decreases in revenue through budget cuts without having to create furlough days or implement staff layoffs of filled permanent full-time positions. Staff has been allowed to take Voluntary Time Off which results in a salary savings to their respective departments.

- **Budget Priorities:** For the FY 2013-2014 Budget the Board of Supervisors established budget priorities of a) Meet legal mandates; b) Meet debt service requirements; c) Provide public safety.
- **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.
- **Scrutinized Hiring:** Hiring restrictions are still in place so only positions that are critical to public health, public safety or essential for key operations will be filled.
- **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. As a result of implementing tiered pension plans the County is saving over \$26 million annually in labor costs. In addition, the County and most labor units have adopted a 50/50 funding split between the County and the employees.

Major Initiatives

- **Los Osos Sewer Project:** In FY 2012-13 this project was well underway and being led by the County’s Public Works Department. Previously, this high profile project had changed leadership numerous times and been debated for a number of years. Indecision and disagreement have led to multiple delays and increased project costs. This project is a requirement of the State to protect the local ground water tables which risk infusion from the numerous residential septic systems in the community of Los Osos.
- **Women’s Jail Expansion Project:** The County has secured state funding and received construction bids for the Women’s Jail Expansion Project. The Sheriff’s Department is currently housing approximately 105 women in a facility that was designed for 43 female inmates. The expansion project should take approximately 3 years and when completed will house up to 198 inmates.

- **Transition Public Health Clients:** The County is collaborating with local stakeholders to transition enrolled County Medical Services Program clients and other uninsured individuals into the expanded Medi-Cal program or into the new State Health Insurance Exchange.
- **Insect Trapping Records:** The County transitioned detection insect trapping records to a statewide mapping grid system which provides information that shippers and receivers must utilize to export local agricultural commodities worldwide.
- **Automation Enhancements:** The County finished the enhancement of the Criminal Justice Information System portal that provides local law enforcement agencies with critical data such as warrant and court docket information. Ongoing implementation of a new District Attorney case management system will reduce reliance on the County's aging mainframe.
- **Probation Collections Case Management:** The County's probation collections system is in the process of being replaced. The new case management system is expected to increase efficiency and revenue recovery.
- **Property Tax System:** The County's mainframe Property Tax system is undergoing a platform change to a more usable and flexible server platform. This restructuring will reduce annual information technology maintenance cost and is part of the County's master plan of moving off of the mainframe.

Awards and Acknowledgments

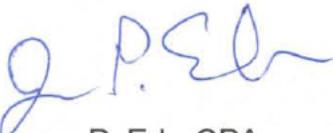
Awards:

- 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, 2012. This was the twenty-seventh consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement the County published an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements:

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



Dan Buckshi
County Administrative Officer



Government Finance Officers Association

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

Presented to

**County of San Luis Obispo
California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO

COUNTY OF SAN LUIS OBISPO
LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2013

Elected Officials

Board of Supervisors

District #1 Frank R. Mecham
District #2 *Acting Chairperson*..... Bruce S. Gibson
District #3 Adam Hill
District #4 *Vacant (Appointment Pending)*
District #5 Debbie Arnold

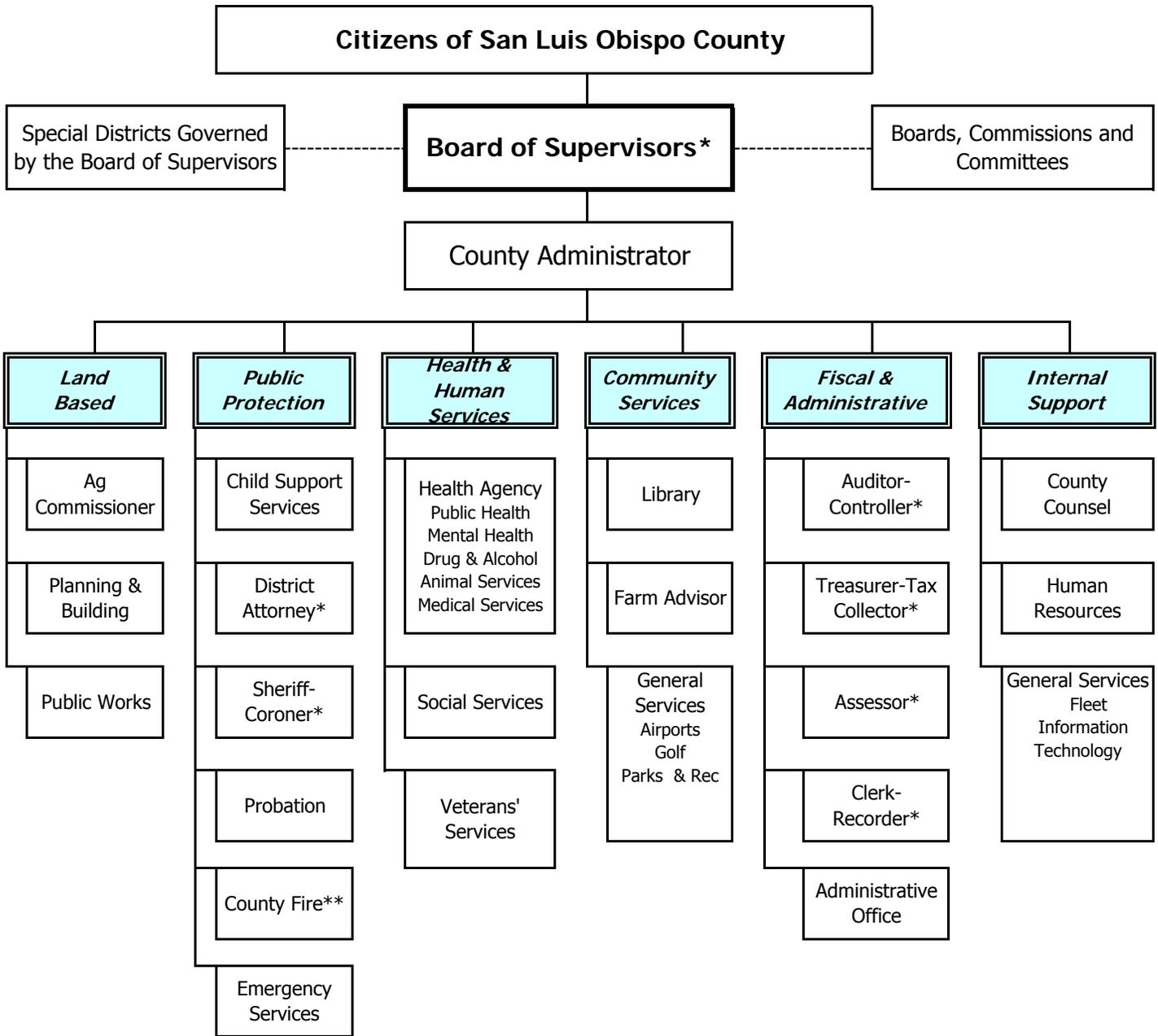
Other Elected Officials

Assessor Tom J. Bordonaro Jr.
Auditor-Controller..... James P. Erb
Clerk-Recorder Julie L. Rodewald
District Attorney Gerald T. Shea
Sheriff-Coroner Ian Parkinson
Treasurer/Tax Collector/Public Administrator Art Bacon

Appointed Officials

Agricultural Commissioner Marty Settevendemie
Chief Probation Officer James Salio
Child Support Services Director..... Phil Lowe
County Administrator Dan Buckshi
County Counsel Rita L. Neal
County Fire Robert Lewin
Behavioral Health Administrator.....Karen Baylor
General Services Agency Director Janette Pell
Farm Advisor Richard Enfield
Health Agency Director Jeff Hamm
Human Resources Director Tami Douglas-Schatz
Library Director Brian A. Reynolds
Planning..... Jason Giffen
Public Health Officer Penny Borenstein
Public Works Director..... Paavo Ogren
Social Services Director Lee Collins
Veteran's Services Director Dana Cummings

County of San Luis Obispo Organizational Chart



* Elected Officials

**Contract

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the San Luis Obispo County Pension Trust Fund and the First 5 San Luis Obispo County, a discretely presented component unit. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the San Luis Obispo County Pension Trust, and the First 5 San Luis Obispo County are 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.

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, 2013, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedules of funding progress for both the defined benefit retirement plan and the other post employment benefits (OPEB) plan and budgetary comparison information, 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 statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 December 19, 2013 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.



Roseville, California
December 19, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS



**COUNTY OF SAN LUIS OBISPO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2013**

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, 2013. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the County's financial statements, which begin on page 41. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS (in thousands)

In FY 2012-13 the County implemented GASB Statements No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources*. GASB 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows and inflows occur when governments enter into transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. They are distinguished from assets and liabilities. Consequently, the Statement of Net Assets is now referred to as the Statement of Net Position.

- ❖ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$1,662,615 (*net position*). Of this amount \$362,690 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors, \$28,863 is restricted for specific purposes (*restricted net position*), and \$1,271,062 is invested in capital assets, net of related debt. (Table A)
- ❖ The County's net position increased by \$78,917 during the current fiscal year. The increase in restricted and unrestricted net position represents the degree to which increases in ongoing revenues exceeded increases in ongoing expenditures. The increase in capital assets net of related debt represents capital acquisitions during the year reduced by depreciation and increased by retirement of long-term debt. (Table B)
- ❖ As of June 30, 2013 the County's governmental activities reported combined ending net position of \$1,437,044, an increase of \$40,228 in comparison with the prior year. Approximately 22% of the combined fund balances, or \$362,690 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 \$33,804 before general revenues, contributions and transfers from other funds, an increase of \$31,249 when compared to net program income of \$2,555 in the prior year. Significant differences from the prior year include an increase of \$26,590 of contributed capital in the Los Osos Wastewater fund related to escalated construction activity. Additionally, the Los Osos Wastewater fund had a decrease of \$6,288 related to the prior year assumption of State loans from the Los Osos CSD.
- ❖ At the end of the fiscal year, the entire \$207,699 fund balance of the general fund was either nonspendable (\$3,092), restricted (\$4,005), committed (\$96,365) or assigned (\$104,237).
- ❖ The County issued new Assessment bonds of \$24,173 to the USDA to finance costs of the Los Osos Wastewater project, an increase of \$8,809 over prior year issuances required by an increase in construction activities in the current fiscal year. Additional bonds will be issued as future project expenditures occur.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 41 to 43 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Fund financial statements

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

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

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

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

The County maintains twenty-four 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-two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided in the form of combining statements found in the other supplementary information section of this report.

A budgetary comparison statement has been provided for the general fund and any major special revenue funds to demonstrate compliance with the budget and can be located in the required supplementary section of the report. Individual budgetary data for each of the non-major governmental funds is provided in the other supplementary information section of this report.

The basic governmental fund financial statements can be found on pages 47 to 50 of this report.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

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

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

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

The notes to the basic financial statements can be found on pages 59 to 93 of this report.

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

The required supplementary information can be found on pages 97 to 101 of this report.

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

Combining and individual fund statements and schedules – The combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds, enterprise, internal service funds, and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 107 to 120 and 143 to 165 of this report.

Budgetary comparison schedules – Budgetary comparison schedules for major funds (other than the General Fund which is presented with the individual General Fund statements). The budgetary comparison schedules for the Capital Projects, Pension Obligation Bond, Public Financing Corporation, Public Financing Authority and non-major Special Revenue funds can be found on pages 123 to 140 of this report.

Detail Budgetary schedules demonstrating legal level of compliance with budgetary control for the General Fund are presented with the individual General Fund statements on pages 169 to 175 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

In accordance with changes in governmental accounting standards, the County applied Governmental Accounting Standards Board (GASB) Statement No. 34 to these financial statements.

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows exceeded liabilities and deferred inflows by \$1,662,615 as detailed in the table below:

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Table A
Statement of Net Position
(in thousands)

	June 30, 2013			June 30, 2012			2012-2013
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Assets:							
Current assets	\$ 382,639	\$ 167,426	\$ 550,065	\$ 353,819	\$ 169,017	\$ 522,836	5.2%
Other long-term assets	140,715	14,094	154,809	139,500	16,134	155,634	(0.5%)
Capital assets	1,128,549	448,918	1,577,467	1,125,153	415,313	1,540,466	2.4%
Total assets	1,651,903	630,438	2,282,341	1,618,472	600,464	2,218,936	2.9%
Liabilities:							
Long-term liabilities	164,520	292,697	457,217	170,518	275,774	446,292	2.4%
Other liabilities	50,339	112,170	162,509	51,138	137,808	188,946	(14.0%)
Internal balances	-	-	-	-	-	-	-
Total liabilities	214,859	404,867	619,726	221,656	413,582	635,238	(2.4%)
Net position:							
Net Investment in capital assets	1,103,924	167,138	1,271,062	1,099,885	153,801	1,253,686	1.4%
Restricted	28,863	-	28,863	31,477	-	31,477	(8.3%)
Unrestricted	304,257	58,433	362,690	265,454	33,081	298,535	21.5%
Total net position	\$ 1,437,044	\$ 225,571	\$ 1,662,615	\$ 1,396,816	\$ 186,882	\$ 1,583,698	5.0%

Analysis of Net Position

Approximately 22% or \$362,690 of the County's net position represents unrestricted net position, which may be used to meet the County's ongoing obligations to citizens and creditors.

The most significant portion of the County's net position, \$1,271,062 or 76%, reflects its investment in capital assets net of accumulated depreciation (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 balance of the County's net position of \$28,863, or 2%, 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 in all three categories of net position, both for the County as a whole, as well as for its separate governmental activities and business-type activities. Net position for governmental activities increased \$40,228 and net position for business activities increased \$38,689 resulting in an overall increase of \$78,917 in the County's total net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Net Investment in capital assets for business type activities increased \$13,337. This increase is primarily due to construction activity in the Los Osos Wastewater fund that does not have related debt. The remainder is comprised of reductions to capital related debt from scheduled debt service principal payments and construction in progress in various nonmajor enterprise activities.

Net Investment in capital assets for governmental activities increased \$4,039. The majority of the increase is associated with construction in progress for several large infrastructure projects having no related debt, and the retirement of capital related long-term debt.

There was an increase of \$64,155 in *unrestricted* net position reported in connection with the Total Primary Government. This category represents net position of the County which is not subject to constraints imposed by creditors, grantors, contributors, laws or regulations. This amount may be used to meet the County's general obligations. The increase was due to excess general revenues over net program revenues and a decrease in amounts restricted for commitments to creditors.

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
(in thousands)**

	June 30, 2013			June 30, 2012			2012- 2013
	Governmental Activities	Business- Type Activities	Total Primary Government	Governmental Activities	Business- Type Activities	Total Primary Government	Total % Chg
Revenues:							
Program revenues:							
Charges for services	\$ 54,526	\$ 36,933	\$ 91,459	\$ 53,170	\$ 37,789	\$ 90,959	0.5%
Operating grants and contributions	209,118	193	209,311	188,526	468	188,994	10.8%
Capital grants and contributions	3,537	36,583	40,120	14,020	9,329	23,349	71.8%
General revenues:							
Property taxes	143,182	4,145	147,327	140,288	3,799	144,087	2.2%
Other taxes	23,940	29	23,969	16,330	28	16,358	46.5%
Interest and investment income	733	385	1,118	1,202	755	1,957	(42.9%)
Grants not restricted to specific programs	3,537	-	3,537	3,978	-	3,978	(11.1%)
Other revenues	4	160	164	-	31	31	429%
Total revenues	438,577	78,428	517,005	417,514	52,199	469,713	10.1%
Expenses:							
General government	34,507	-	34,507	35,231	-	35,231	(2.1%)
Public protection	142,353	-	142,353	136,219	-	136,219	4.5%
Public ways and facilities	28,474	-	28,474	27,120	-	27,120	5.0%
Health sanitation	69,222	-	69,222	65,799	-	65,799	5.2%
Public assistance	97,929	-	97,929	96,435	-	96,435	1.5%
Education	9,922	-	9,922	10,000	-	10,000	(0.8%)
Recreational and cultural services	9,735	-	9,735	7,344	-	7,344	32.6%
Interest on Long-term debt	6,041	-	6,041	6,620	-	6,620	(8.7%)
Airport	-	5,435	5,435	-	5,422	5,422	0.2%
Golf	-	2,779	2,779	-	2,863	2,863	(2.9%)
State water contract	-	5,536	5,536	-	6,761	6,761	(18.1%)
Nacimiento Water Contract	-	14,738	14,738	-	11,901	11,901	23.8%
Lopez dam	-	6,548	6,548	-	5,752	5,752	13.8%
General Flood Control	-	746	746	-	1,816	1,816	(58.9%)
Transit	-	-	-	-	8	8	(100.0%)
County Service Areas	-	3,779	3,779	-	3,836	3,836	(1.5%)
Los Osos Wastewater	-	344	344	-	6,672	6,672	(94.8%)
Total expenses	398,183	39,905	438,088	384,768	45,031	429,799	1.9%
Excess/(deficiency) before transfers	40,394	38,523	78,917	32,746	7,168	39,914	97.7%
Transfers	(166)	166	-	8,048	(8,048)	-	-
Change in net position	40,228	38,689	78,917	40,794	(880)	39,914	97.7%
Net position at beginning of year	1,396,816	186,882	1,583,698	1,356,022	187,762	1,543,784	2.6%
Net position at end of year	\$ 1,437,044	\$ 225,571	\$ 1,662,615	\$ 1,396,816	\$ 186,882	\$ 1,583,698	5.0%

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Analysis of Governmental and Business-type Activities

Governmental Activities

Governmental activities increased San Luis Obispo County's net position by \$40,228 compared to an increase of \$40,794 in the prior year. Factors contributing to the increase are as follows:

Total revenues from Governmental Activities grew by 5.0% with a net increase of \$21.1 million from the prior year. Program Revenues were essentially unchanged with the exception of increases in *Operating Grants and Contributions* and *Other Taxes* and a decrease in *Capital Grants and Contributions*.

The *Operating Grants and Contributions* category rose primarily due to a \$10.3 million increase in Mental Health Medi-Cal and Mental Health Services Act state funding in the Health and Sanitation function. *Operating Grants and Contributions* also saw increases in the Public Protection function in part due to increased State funding from the passage of AB 109, commonly known as 2011 Public Safety Realignment, which realigned responsibility for incarcerating certain offenders from the State to counties with funding provided by the State. Additionally the Public Protection function received increased Proposition 172 sales tax funding.

Other Taxes increased by \$7.6 million the majority of which relates to an increase in Sales and Use tax revenue due to the construction of a solar farm in the Carissa Plains. Transient Occupancy taxes and Property Transfer taxes also showed slight increases over the prior year.

A \$10.5 million decrease in the *Capital Grants and Contributions* category was caused primarily by revenue reductions in the Public Ways and Protection function as the Willow Road Interchange and San Simeon Creek roads projects wound-down.

Transfers from Business-type to Governmental activities decreased by slightly more than \$8 million primarily due to a prior year one-time transfer of reserves from the Nacimiento Water Contract fund (Nacimiento Water Contract Business-Type activity) to the SLO Flood Control & Water Conservation District (Governmental Activities, Public Ways and Facilities function).

Total expenses from Governmental Activities increased \$14 million over the prior year. Within Governmental Activities, the Recreation and Cultural Services function had the most significant increase (32.6%) driven slightly by the expense of increased salaries, but mostly by the loss on the retirement of Parks capital assets. Health and Sanitation (5.2%) and Public Ways and Facilities (5.0%) functional expenses also increased. The increase in Health and Sanitation functional expenses was caused by increased salaries, services and supplies for Mental Health and Drug and Alcohol treatment services including an adult drug treatment court collaborative. The increase in Public Ways and Facilities reflects greater general road maintenance activity in FY 2012-13.

The County has remained committed to a seven-year plan enacted in FY 2007-08 to navigate through national and local fiscal challenges and address a consequential structural budget gap. The plan includes a combination of short-term measures and expenditure reductions, with expenditure reductions addressing a larger share of the gap as the plan progresses. Expenditure measures have included reducing department budgets, maintaining a partial hiring freeze, and progressing labor negotiations including pension cost sharing, reduced benefit pension plans (Tier 2 and Tier 3) for new employees; and an updated approach to setting salaries by using a broader labor market for equitable compensation comparisons. As a result, the budget gap has been reduced from a peak of \$30 million in FY 2009-10 to \$2.2 million FY 2013-14.

Business-type Activities

Business-type Activities increased San Luis Obispo County's net position by \$38.7 million compared to a decrease of \$.9 million in the previous year. Revenues exceeded expenses by \$38.5 million, and a transfer of \$166 thousand from Governmental Activities resulted in the total increase to net position. Key elements of current year activity are as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Total revenue increased \$26.2 million from the preceding year. The largest increase occurred in *Capital Grants and Contributions* (\$27.3 million) due to escalated construction activity for the Los Osos Wastewater Project. The increase in *Capital Grants and Contributions* was offset by slight decreases in *Fees, Fines and Charges for Services* (\$856 thousand) and in *Operating Grants and Contributions* (\$275 thousand). The largest decrease in *Fees Fines and Contributions* (\$522 thousand) resulted from decreased water sales in the General Flood Control activity. Decreased water sales also resulted in lower revenue for the State Water Contract activity. The \$275 thousand decrease in *Operating Grants and Contributions* was primarily caused by a prior year one-time Federal Aviation Administration reimbursement for airport equipment.

General Revenues for Business-type activities were consistent with the prior year with the exception of an \$8 thousand decrease in transfers due to a prior year one-time transfer of reserves from the Nacimiento Water Contract fund to the SLO Flood Control & Water Conservation District reported under Governmental Activities.

Expenses for Business-type Activities decreased \$5.1 million from the prior year. Within Business-type activities, the largest decrease (\$6.3 million) was attributable to a spike in Los Osos Wastewater expenses in the prior year caused by a one-time charge related to the assumption of State loans from the Los Osos CSD. This decrease in expenses was offset slightly by an increase in Nacimiento Water Contract services and supplies.

FUND FINANCIAL STATEMENT ANALYSIS

FINANCIAL ANALYSIS OF COUNTY'S FUNDS

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

Governmental Funds

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

- *Nonspendable fund balance*, \$3,688, represents amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and includes (1) inventories of \$96 (2) prepaid items of \$340 and (3) long term receivables of \$3,252.
- *Restricted fund balance*, \$22,316, represents amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation. This balance includes amounts restricted for (1) Tax Loss Reserves of \$4,005 (2) Public Protection of \$11, (3) Public Ways and Facilities of \$16,033, and (4) Debt Service of \$2,267.
- *Committed fund balance*, \$162,268, represents amounts with constraints imposed by the Board of Supervisors for specified purposes. Significant components of this balance include commitments for (1) Public Protection – \$16,976, (2) Solar Plant Mitigation – \$8,078, (3) Automation Projects – \$10,755 (4) Building Replacement \$12,441 (5) Tax Reduction Reserve – \$35,549, and (6) Capital Projects – \$25,084.
- *Assigned fund balance*, \$104,237, represents amounts the County intends to use for specific purposes that are neither restricted nor committed. Significant components of this balance include (1) Health and Sanitation – \$20,342, (2) Tax Reduction Reserve – \$17,394, (3) Public Protection – \$16,384, (4) Public Assistance – \$13,134, and (5) Subsequent Fiscal Year Budget - \$30,134.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$292,509, an increase of 11.5%, or \$30,158 in comparison with the prior year. Approximately 91% of the total fund balance, or \$266,505, 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 \$204,607 while total fund balance reached \$207,699. 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 \$346.4 million. Spendable fund balance represents 59% of the total fund expenditures, while total fund balance represents 60% of the same amount, a 7% increase from the prior year. During the current fiscal year, the fund balance of the general fund increased by \$26.7 million.

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

- ❖ Total revenues exceeded total expenditures by \$51.1 million. General fund revenues ended the year with an increase of \$20.3 million over the prior year. Total expenditures increased \$7.6 million.
- ❖ Most revenue categories were essentially unchanged from the prior year with the exception of *Aid from Governmental Agencies* and *Taxes* which increased by \$11.4 million and \$10.5 million respectively. The \$11.4 million increase in *Aid from Governmental Agencies* was driven by large increases in state funding for Mental Health Medi-Cal and Mental Health Services Act services along with increases in realignment revenue. The *Taxes* increase is primarily comprised of a \$6.4 million increase in Sales and Use Tax due to the construction of a new solar farm in the Carissa Plains. Revenue from Current Property Taxes and Transient Occupancy Taxes also increased for the third consecutive year.
- ❖ Total expenditures in General Fund increased \$7.6 million (2.2%) from the prior year. Expenditures were down or relatively flat for all functions except for the Public Protection function which experienced a \$5.1 million increase over the prior year. This increase was driven by additional Sheriff-Coroner expense related to the 2011 Realignment program, as well as County Fire staffing associated with the Carissa Plains solar farm construction project and Planning Department strategic planning and affordable housing activities. General Government functional expenditures decreased \$1.5 million primarily due to decreased Information Technology maintenance contracts and across the board decreases in insurance costs. The decrease was offset by increases in the Health and Sanitation function due to increased salaries, services and supplies for Mental Health and Drug and Alcohol treatment services and increased salaries in the Public Assistance function.

Capital Projects

The Capital Projects Fund handles construction projects for the County's governmental funds. The fund had a total fund balance of \$25.1 million. Capital outlay expenditures exceeded revenues by \$3.3 million and transfers in exceeded transfers out by \$5.7 million. The net of these two factors resulted in a \$2.4 million increase in fund balance for the current year. Funding for specific projects comes from use of designations, public facilities fees, issuance of long-term debt, and aid from other government agencies. The general fund transferred \$3.5 million for Facility Planning and \$1.2 million for Solar and Energy projects to the Capital Projects Fund in the current year. Significant current year activities of the Capital Projects Fund are discussed in the Capital Assets section under Governmental Activities.

Governmental Fund Revenues

Revenues for governmental funds combined totaled \$451.4 million in the current fiscal year, which represents an increase of approximately 3.0% or \$13.2 million from the prior fiscal year revenues of \$438.2 million.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

Table C
Revenues Classified by Source
Governmental Funds
Fund Financial Statements
(in thousands)

	2012-2013		2011-2012		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source:						
Taxes	\$ 171,771	38.1%	\$ 160,920	36.7%	\$ 10,851	6.7%
Licenses, Permits, Franchises	9,247	2.0%	7,863	1.8%	1,384	17.6%
Fines, Forfeits, and Penalties	6,654	1.5%	6,750	1.6%	(96)	(1.4%)
Revenues from Use of Money and Property	1,475	0.3%	2,273	0.5%	(798)	(35.1%)
Aid from Governmental Agencies	209,234	46.4%	206,372	47.1%	2,862	1.4%
Charges for Current Services	41,690	9.2%	45,538	10.4%	(3,848)	(8.5%)
Other Revenues	11,342	2.5%	8,451	1.9%	2,891	34.2%
Total	\$ 451,413	100%	\$ 438,167	100%	\$ 13,246	3.0%

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

- ❖ *Taxes* increased \$10.9 million or 6.7%. \$6.4 million of the increase is from Sales and Use Tax due to the construction of a new solar farm in the Carissa Plains. Revenue from Current Property Taxes and Transient Occupancy Taxes also increased for the third consecutive year; however, the Transient Occupancy Tax increase was offset by a slight decrease in Tax Loss Reserve Fund proceeds.
- ❖ *Revenues from Use of Money and Property* decreased \$798 thousand or 35.1%. The most significant factor relates to a spike in the prior fiscal year caused by the receipt of two year’s worth of right of way lease payments being received in a single year. In addition, the County experienced a decrease in interest revenue.
- ❖ *Charges for Current Services* decreased \$3.9 million or 8.5%. The largest factor contributing to the decrease was the issuance of \$1.8 million in refunds of SB2557 property tax administrative fees previously charged to cities in the County. The refunds resulted from a Supreme Court decision regarding the method of calculation of the fees. Also contributing to the decline was a reduction in collections of Road Impact Fees and also in payments by the Courts for County provided services.
- ❖ *Other Revenues* increased \$2.9 million or 34.2%. The increase was comprised primarily of receipts of \$1.7 million from a court settlement regarding a local development. Additionally, the County received \$815 thousand in non-governmental contributions toward the construction of new libraries in Cambria and Atascadero.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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
(in thousands)

	2012-2013		2011-2012		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent of Change
Expenditures by Function:						
General Government	\$ 44,374	10.5%	\$ 45,850	10.8%	\$ (1,476)	(3.2%)
Public Protection	143,832	34.1%	138,579	32.7%	5,253	3.8%
Public Ways and Facilities	34,178	8.1%	40,338	9.5%	(6,160)	(15.3%)
Health and Sanitation	70,021	16.6%	67,830	16.0%	2,191	3.2%
Public Assistance	98,059	23.2%	97,185	23.0%	874	0.9%
Education	9,901	2.3%	9,973	2.4%	(72)	(0.7%)
Recreational and Cultural Services	7,538	1.8%	6,998	1.7%	540	7.7%
Principal payments	4,065	1.0%	4,435	1.0%	(370)	(8.3%)
Interest on Long-Term Debt	5,863	1.4%	6,289	1.5%	(426)	(6.8%)
Debt Issuance Costs	269	0.1%	-	-	269	-
Capital outlay	3,692	0.9%	5,540	1.3%	(1,848)	(33.4%)
Total	\$ 421,792	100%	\$ 423,017	100%	\$ (1,225)	(0.3%)

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

- ❖ *Public Protection* expenditures increased \$5.3 million or 3.8% due to additional Sheriff-Coroner expenditures related to the 2011 Realignment program. Costs also increased for County Fire staffing associated with Carissa Plains solar farm construction projects and for Planning Department strategic planning and affordable housing activities.
- ❖ *Public Ways and Facilities* expenditures decreased \$6.2 million or 15.3%. The fluctuation is attributable primarily to decreased spending on countywide maintenance projects along with decreased construction and maintenance activity in the Roads Fund. Significant projects finalized in the current fiscal year include the Willow Road Interchange project in Nipomo and the preliminary engineering phase of the Oceano Drainage project.
- ❖ *Capital Outlay* expenditures decreased \$1.8 million or 33.4%. The majority of the decrease is attributable to the Creston Fire Station construction being completed in the prior year. The decrease due to the fire station was partially offset by a slight increase in expenditures related to the Juvenile Hall construction project.

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 2012-2013 fiscal year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Table E
Statement of Revenues, Expenses and Results of Operations
Proprietary Funds
Fund Financial Statements
For the Year Ended June 30, 2013
(in thousands)

	Major Funds					Nonmajor Funds	Total
	Airport	Nacimiento Water Contract	State Water Project	Lopez Flood Control	Los Osos Wastewater	Other Enterprise Funds	Total Enterprise
Operating revenues	\$ 4,146	\$ 13,881	\$ 6,185	\$ 6,174	\$ -	\$ 6,729	\$ 37,115
Operating expenses	<u>5,264</u>	<u>5,043</u>	<u>5,527</u>	<u>4,587</u>	<u>339</u>	<u>6,840</u>	<u>27,600</u>
Operating income (loss)	<u>(1,118)</u>	<u>8,838</u>	<u>658</u>	<u>1,587</u>	<u>(339)</u>	<u>(111)</u>	<u>9,515</u>
Non-operating revenues (expenses), net	<u>(44)</u>	<u>(8,197)</u>	<u>1,582</u>	<u>(846)</u>	<u>19</u>	<u>(58)</u>	<u>(7,544)</u>
Net income (loss) before contributions and transfers	(1,162)	641	2,240	741	(320)	(169)	1,971
Contributions and transfers, net	<u>479</u>	<u>-</u>	<u>-</u>	<u>13</u>	<u>35,717</u>	<u>540</u>	<u>36,749</u>
Change in net position	\$ <u>(683)</u>	\$ <u>641</u>	\$ <u>2,240</u>	\$ <u>754</u>	\$ <u>35,397</u>	\$ <u>371</u>	\$ <u>38,720</u>

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

- ❖ The *Airport Fund* reported an operating loss of \$1.1 million, slightly less than the prior year loss of \$1.6 million. Net position decreased by \$683 thousand in the current year. The loss was less than anticipated in the FY 2012-13 budget due to control of expenditures, despite a 1.4% decrease in passenger enplanements compared to the prior year. Although enplanements declined, the 1.4% decrease is an improvement over the prior year decrease of 4%.
- ❖ The *Nacimiento Water Contract Fund* realized operating income of \$8.8 million, and increased net position by \$641 thousand, an improvement over the prior year \$5.1 million decrease in net position. The prior year decrease in net position was due to a one-time \$8.8 million transfer of reserves to the SLO Flood Control & Water Conservation District that became available for general district needs once the pipeline became fully operational. In its second full year of water delivery, the fund's revenues decreased slightly (\$12 thousand) and expenditures for contractors increased by \$2.2 million causing a net decrease in operating income of \$2.4 million (21%).

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- ❖ The *State Water Project Fund* reported \$658 thousand in operating income after reporting a loss of \$174 thousand in the prior year. The \$832 thousand increase in operating income resulted from a 25% increase in property tax revenue and an 89% decrease in professional services expenses.
- ❖ The *Los Osos Wastewater Fund* reported an operating loss of \$339 thousand primarily due to costs associated with the Water Conservation Program. Capital contributions increased to \$35.7 million which is \$26.6 million over the prior year amount. The increase in capital contributions caused a change in net position of \$35.4 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for expenditures and transfers out increased by \$28.4 million, or 7%, during the course of the year contributing towards the final amended budget. This increase was funded in part by increases in budgeted revenues of \$16.4 million and the use of reserves and designations for the balance. Unanticipated revenues totaling \$9.3 million in State and Federal Aid, \$3.9 million in Other Revenue, and \$1.3 million in Charges for Current Services financed the budget augmentations and also offset an unanticipated decrease of \$174 thousand in Other Financing Sources. The largest budget augmentations occurred in the functional areas of General Government (\$12.3 million), Public Protection (\$8.3 million), and Health and Sanitation (\$3.9 million). The increases for the General Government function include prior year carryovers for facilities planning funding and new library construction (\$4.7 million) and for services and supplies for all departments (\$4.2 million). \$3.2 million of the services and supplies carryover is attributable to maintenance project budgets that were carried forward from FY 2011-12 to FY 2012-13. Other significant budget increases for the General Government function include \$596 thousand in appropriations to fund a lawsuit regarding the construction of the New Government Center as well as other litigation matters, and a \$600 thousand increase in funding to the Public Defender. Significant Public Protection function budget augmentations include \$2.1 million for the Sheriff-Coroner's programs, \$1.8 million for Planning programs and \$1.2 million for County Fire services. Several additional budget supplements took place in the Health and Sanitation function. \$1.2 million of augmentations were approved for Mental Health Services Act programs; \$831 thousand for federal and state grants for Drug and Alcohol services; and \$703 thousand for Mental Health services. At the close of the current fiscal year, actual General Fund expenditures were 90% of budget, while General Fund revenues were realized at 99% of budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2013, the County had \$1.6 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 on the following page). This amount represents a net increase (including additions and deductions) of \$37 million or 2.4% from last year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

**Table F
Capital Assets
(in thousands)**

	Governmental Activities June 30, 2012	Governmental Activities June 30, 2013	Business Type Activities June 30, 2012	Business Type Activities June 30, 2013	Total Capital Assets June 30, 2012	Total Capital Assets June 30, 2013	Total Percent Change
Land	\$ 791,410	\$ 789,246	\$ 32,485	\$ 32,617	\$ 823,895	\$ 821,863	-0.2%
Water Rights	-	-	42,551	44,564	42,551	44,564	4.7%
Other Property Non Depreciable	-	-	1,968	1,968	1,968	1,968	-
Construction- in-progress	66,710	71,143	19,302	54,479	86,012	125,622	46.1%
Structures & Improvements	173,518	177,637	167,843	169,175	341,361	346,812	1.6%
Equipment	72,371	73,465	3,106	3,096	75,477	76,561	1.4%
Other Property Depreciable	340	340	554	554	894	894	-
Infrastructure Depreciable	<u>285,141</u>	<u>295,829</u>	<u>189,974</u>	<u>191,153</u>	<u>475,115</u>	<u>486,982</u>	2.5%
Subtotal	1,389,490	1,407,660	457,783	497,606	1,847,273	1,905,266	3.1%
Less Accumulated Depreciation	<u>(264,337)</u>	<u>(279,111)</u>	<u>(42,470)</u>	<u>(48,688)</u>	<u>(306,807)</u>	<u>(327,799)</u>	6.8%
Total	\$ <u>1,125,153</u>	\$ <u>1,128,549</u>	\$ <u>415,313</u>	\$ <u>448,918</u>	\$ <u>1,540,466</u>	\$ <u>1,577,467</u>	2.4%

Major additions and future commitments in capital assets – Governmental activities

County Roads had the majority of additions in governmental activities with \$5.0 million worth of assets related to the Willow Road Interchange project in Nipomo, \$3.0 million for a bridge project on Price Canyon road, \$1.3 million on a Nacimiento Road overlay project and \$810 thousand of improvements to the Maria Vista Estates project. Other infrastructure projects completed during FY 2012-13 include an upgrade to the Sheriff-Coroner's evidence room (\$0.4 million) and dispatch console system (\$0.5 million) as well as Office of Emergency Services decontamination showers and radiation monitors (\$0.1 million). On-going projects include a Women's Jail, expansion of the Juvenile Hall, and development of new sites for the Cambria and Atascadero Libraries.

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

The majority of additions (\$39 million) and future commitments (\$60 million) in business-type activities relate to the \$173 million wastewater project for the community of Los Osos. The project is designed to address groundwater contamination issues caused by years of seepage from septic systems and is scheduled for completion in early 2015. In FY 2012-13, the County implemented a water conservation program with the goal of reducing indoor consumption to 50 gallons per person per day in accordance with the project's Coastal Development Permit.

The General Flood Control Zone recognized \$0.4 million of assets related to the Arroyo Grande Rodriguez Bridge fish passage improvement project. This project was designed to reconstruct a portion of the Arroyo Grande Creek that had an exposed concrete water supply line within the bed of the channel. Water flow had nearly undermined the encasement, potentially leading to failure of the pipeline and creating a drop that created a partial barrier to fish passage.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 \$442.1 million. In July 2003, the county issued Pension Obligation Bonds to refund the Unfunded Actuarial Accrued Liability due to the Pension Trust. In 2009, the County issued the 2009 Series A Term Bonds to refund and defease the 2003 Series B Auction Rate Bonds. The balance remaining on the County's Pension Obligation Bonds at the end of FY 2012-13 is \$115.6 million. Pension Obligation Bonds debt service payments are funded by County payroll benefits. The remainder of the County's debt consists of: \$45.3 million in certificates of participation, which are repaid from a variety of revenues; \$34.4 million in State loans and \$196.3 million in revenue bonds which are repaid with water service revenue. General Obligation Bonds totaling \$10.9 million are backed by the full faith and credit of the County. Additionally, the County is liable for \$2.4 million of special assessment debt in the event of default by the property owner subject to the assessment.

Table G
Outstanding Debt
(in thousands)

	Governmental Activities June 30, 2012	Governmental Activities June 30, 2013	Business Type Activities June 30, 2012	Business Type Activities June 30, 2013	Total June 30, 2012	Total June 30, 2013	Total Percent Change
Certificates of participation	\$ 27,792	\$ 26,892	\$ 19,060	\$ 18,412	\$ 46,852	\$ 45,304	(3.3%)
Pension Obligation Bonds	119,429	115,624	-	-	119,429	115,624	(3.2%)
State notes	-	-	35,884	34,399	35,884	34,399	(4.1%)
Revenue bonds	-	-	199,641	196,334	199,641	196,334	(1.7%)
General obligation bonds	-	-	11,317	10,905	11,317	10,905	(3.6%)
Assessment Bonds	-	-	15,364	39,527	15,364	39,527	157.3%
	<u>\$ 147,221</u>	<u>\$ 142,516</u>	<u>\$ 281,266</u>	<u>\$ 299,577</u>	<u>\$ 428,487</u>	<u>\$ 442,093</u>	3.2%

The increase over last year for the County's notes and bonds payable was \$13.6 million, or 3.2%. This increase is the net of new debt issuances and scheduled debt payments. During FY 2012-13, the County issued \$24.2 million in Assessment Bonds.

The County also issued a \$19.8 million Certificate of Participation (COP) to refund the 2002 A COP, which was used to finance a portion of the new government center along with the Dairy Creek Golf Course. The economic gain from the refunding was \$2.4 million. Debt service is provided by semi-annual payments funded by general County revenues for the portion of the COP relating to the new government center and by semi-annual lease payments from the Dairy Creek Golf Course.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The County received a credit rating of "AA-" from Standard & Poor's and an "AA" rating from Fitch on the COP debt issuance in FY 2012-13.

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 \$522.5 million.

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

Other liabilities include compensated absences of \$25.8 million for governmental activity compensated absences and \$297 thousand for business-type activities compensated absences; landfill post-closure costs of \$4.2 million; and a self-insurance liability of \$18.8 million. More detailed information about the County's long-term liabilities is presented in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- ❖ For the sixth straight year, the County is forced to tackle budgeting challenges created by flat or decreasing revenues. Fiscal year 2013-2014 represents year six of a seven year budget balancing plan that began in fiscal year 2008-09. The plan is designed to gradually close a structural budget gap by transitioning from the use of short-term solutions initially to, increasing reliance on expenditure reductions so that structural balance is achieved by the end of year seven. The plan has been successful to date, with the budget gap reduced to \$2.2 million for FY 2013-14 from \$30 million in FY 2009-10.
- ❖ Faced with a \$2.2 million budget gap in the General Fund's Status Quo budget, the County used a combination of short-term solutions and expenditure reductions to bridge the gap. The FY 2013-14 budget used short-term solutions to bridge 10% of the gap and ongoing expenditure reductions to cover the remaining 90%.
- ❖ The County's unemployment rate dropped to 6.2% in October 2013, lower than both the state rate of 8.7% and the national rate of 7.3%.
- ❖ Economic indicators show some signs of local economic improvement from the recent economic downturn:
 - Local housing market indicators were mixed. Home sales dropped to 353 homes sold (data as of October 2013) or by 6.1 % year from the prior year. However, as of October 2013, the median price for homes increased 20.7%, to \$434,500 from \$360,000 in October 2012.
 - The number of building permits issued was flat and remained around the lowest number issued in the last 10 years
 - Property transfer taxes for unincorporated areas came in 16.8% higher than the preceding year reflecting an increase in the value and number of real estate transactions
 - County assessed property tax valuations increased slightly from \$41.3 million to \$41.8 million or 1.1%.
 - Transit Occupancy tax (bed tax) collections continued an upward trend in FY 2012-13, with an increase of 16.6% over FY 2011-12.
- ❖ The Board of Supervisors adopted the FY 2013-14 budget in June 2013, with a \$65.2 million fund balance in the general fund, of which \$30.1 million was appropriated to finance the current year's expenditures including contingencies, \$9 million was placed in general reserves, and \$8.2 million was earmarked for designations. The total General Fund budget for FY 2013-14 is \$414 million, a 3% increase from the previous year. The County budget also includes community-wide results and indicators as well as department goals and performance measures that gauge how departments are meeting the needs of the community.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

REQUESTS FOR INFORMATION

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

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



COUNTY OF SAN LUIS OBISPO
Statement of Net Position
June 30, 2013 (in thousands)

	Primary Government			Component Unit First 5
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 332,029	\$ 51,409	\$ 383,438	\$ 8,514
Accounts receivable, net	35	2,661	2,696	--
Property taxes receivable	16,021	--	16,021	--
Other receivables	1,110	116,171	117,281	--
Due from other governments	29,327	33	29,360	352
Deposits with others	--	171	171	4
Internal balances	3,085	(3,085)	--	--
Inventories	664	--	664	--
Prepaid items	340	33	373	3
Loans receivable	28	33	61	--
Total Current Assets	<u>382,639</u>	<u>167,426</u>	<u>550,065</u>	<u>8,873</u>
Noncurrent Assets:				
Restricted cash with fiscal agent	2,267	11,310	13,577	--
Net pension asset	135,119	--	135,119	--
Prepaid bond issuance costs	1,790	2,784	4,574	--
OPEB asset	1,539	--	1,539	--
Capital Assets:				
Nondepreciable	860,389	133,628	994,017	--
Depreciable, net	268,160	315,290	583,450	--
Total Noncurrent Assets	<u>1,269,264</u>	<u>463,012</u>	<u>1,732,276</u>	<u>--</u>
Total Assets	<u>1,651,903</u>	<u>630,438</u>	<u>2,282,341</u>	<u>8,873</u>
LIABILITIES				
Current Liabilities:				
Salaries and benefits payable	5,395	57	5,452	--
Accounts payable	12,613	16,269	28,882	371
Deposits from others	1,952	4,676	6,628	21
Accrued interest	1,742	4,093	5,835	--
Other current liabilities	567	--	567	--
Unearned revenue	1,231	79,898	81,129	--
Bonds and notes payable	5,412	7,011	12,423	--
Compensated absences	17,342	166	17,508	--
Landfill closure/postclosure costs	591	--	591	--
Self insurance payable	3,494	--	3,494	--
Total Current Liabilities	<u>50,339</u>	<u>112,170</u>	<u>162,509</u>	<u>392</u>
Long Term Liabilities:				
Bonds and notes payable	137,104	292,566	429,670	--
Compensated absences	8,518	131	8,649	--
Landfill closure/postclosure costs	3,560	--	3,560	--
Self insurance payable	15,338	--	15,338	--
Total Long-term Liabilities	<u>164,520</u>	<u>292,697</u>	<u>457,217</u>	<u>--</u>
Total Liabilities	<u>214,859</u>	<u>404,867</u>	<u>619,726</u>	<u>392</u>
NET POSITION				
Net investment in capital assets	1,103,924	167,138	1,271,062	--
Restricted for:				
General government	563	--	563	--
Public protection	2,251	--	2,251	--
Health and sanitation	33	--	33	--
Public assistance	59	--	59	--
Public ways and facilities	16,046	--	16,046	--
Recreation and culture	243	--	243	--
Education	29	--	29	--
Debt service	9,639	--	9,639	--
Unrestricted	304,257	58,433	362,690	8,481
Total Net Position	<u>\$ 1,437,044</u>	<u>\$ 225,571</u>	<u>\$ 1,662,615</u>	<u>\$ 8,481</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, 2013 (in thousands)

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines, Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General government	\$ 34,507	\$ 16,575	\$ 122	\$ 8
Public protection	142,353	16,352	50,477	--
Public ways and facilities	28,474	5,465	15,018	3,479
Health and sanitation	69,222	5,196	55,064	--
Public assistance	97,929	2,920	87,912	--
Education	9,922	3,583	175	--
Recreation and cultural services	9,735	4,435	350	50
Interest on long-term debt	6,041	--	--	--
Total Governmental Activities	398,183	54,526	209,118	3,537
Business-Type Activities:				
Airport	5,435	4,053	132	572
Golf	2,779	2,639	--	--
State Water Contract	5,536	6,185	13	--
Nacimiento Water Contract	14,738	13,800	29	--
Lopez Dam	6,548	6,174	15	--
General Flood Control	746	730	--	--
County Service Areas	3,779	3,352	3	294
Los Osos Wastewater	344	--	1	35,717
Total Business-Type Activities:	39,905	36,933	193	36,583
Total primary government	\$ 438,088	\$ 91,459	\$ 209,311	\$ 40,120
Component Unit				
First Five San Luis Obispo	\$ 1,538	\$ --	\$ 1,961	\$ --
General Revenues:				
Taxes:				
Property taxes				
Sales and use taxes				
Transient occupancy taxes				
Transfer tax				
Other taxes				
Grants not restricted to specific programs				
Interest earnings not restricted to specific programs				
Other revenues				
Transfers				
Total General Revenues and Transfers				
Change in net position				
Net position - beginning of year				
Net position - end of year				

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

Net (Expense) Revenue and
Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	First 5 San Luis Obispo
\$ (17,802)	\$ --	\$ (17,802)	
(75,524)	--	(75,524)	
(4,512)	--	(4,512)	
(8,962)	--	(8,962)	
(7,097)	--	(7,097)	
(6,164)	--	(6,164)	
(4,900)	--	(4,900)	
(6,041)	--	(6,041)	
(131,002)	--	(131,002)	
	(678)	(678)	
	(140)	(140)	
	662	662	
	(909)	(909)	
	(359)	(359)	
	(16)	(16)	
	(130)	(130)	
	35,374	35,374	
--	33,804	33,804	
(131,002)	33,804	(97,198)	
--	--	--	\$ 423
143,182	4,145	147,327	--
13,770	--	13,770	--
7,519	--	7,519	--
2,178	--	2,178	--
473	29	502	--
3,537	--	3,537	--
733	385	1,118	23
4	160	164	11
(166)	166	--	--
171,230	4,885	176,115	34
40,228	38,689	78,917	457
1,396,816	186,882	1,583,698	8,024
\$ 1,437,044	\$ 225,571	\$ 1,662,615	\$ 8,481

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



**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**



COUNTY OF SAN LUIS OBISPO
Balance Sheet
Governmental Funds
June 30, 2013 (in thousands)

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 202,815	\$ 25,988	\$ 60,602	\$ 289,405
Restricted cash with fiscal agent	--	--	2,267	2,267
Accounts receivable, net	23	--	--	23
Accrued property taxes receivable	16,021	--	--	16,021
Other receivables	1,110	--	--	1,110
Due from other governments	26,091	198	3,038	29,327
Inventories	96	--	--	96
Prepaid items	329	--	11	340
Loans receivable	--	--	28	28
Advances to other funds	2,667	--	557	3,224
Other assets	--	--	5,412	5,412
Total Assets	<u>\$ 249,152</u>	<u>\$ 26,186</u>	<u>\$ 71,915</u>	<u>\$ 347,253</u>
<u>Liabilities</u>				
Salaries and benefits payable	\$ 4,674	\$ --	\$ 260	\$ 4,934
Accounts payable	9,909	325	1,424	11,658
Deposits from others	699	--	628	1,327
Unearned revenue	510	579	142	1,231
Other current liabilities	567	--	5,412	5,979
Advances from other funds	--	--	2,313	2,313
Total Liabilities	<u>16,359</u>	<u>904</u>	<u>10,179</u>	<u>27,442</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	<u>25,094</u>	<u>198</u>	<u>2,010</u>	<u>27,302</u>
<u>Fund Balances:</u>				
Nonspendable	3,092	--	596	3,688
Restricted	4,005	--	18,311	22,316
Committed	96,365	25,084	40,819	162,268
Assigned	104,237	--	--	104,237
Total Fund Balances	<u>207,699</u>	<u>25,084</u>	<u>59,726</u>	<u>292,509</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 249,152</u>	<u>\$ 26,186</u>	<u>\$ 71,915</u>	<u>\$ 347,253</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, 2013 (in thousands)

Fund Balance - total governmental funds (page 47)	\$	292,509
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		1,118,178
Accrued property tax and grant revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		27,302
The pension assets resulting from contributions in excess of the annual required contribution are not financial resources and, therefore, are not reported in the funds.		135,119
The other post employment benefit (OPEB) asset is not available to pay for current-period expenditures and, therefore, is deferred in the funds.		1,539
Cost of issuance on pension obligation bonds recognized as current expenditures in the governmental funds are deferred in the statement of net position.		1,790
Internal service funds are used by the County to charge the cost of vehicle fleet management, centralized reprographic services, comprehensive public works services, and operations of the County's workers' compensation, protected self-insurance, unemployment, and dental insurance programs to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.		30,324
Adjustments for Internal Service Funds are necessary to "close" those funds by charging additional amount to participating business-type activities to completely cover the Internal Service Funds' cost for the year.		2,174
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(1,742)
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		(115,624)
Bonds and notes payable		(26,892)
Compensated absences		(23,482)
Landfill closure/postclosure costs		(4,151)
		(170,150)
Net position of governmental activities (page 41)	\$	<u>1,437,044</u>

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

COUNTY OF SAN LUIS OBISPO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2013 (in thousands)

	General Fund	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Taxes	\$ 161,274	\$ --	\$ 10,497	\$ 171,771
Licenses, permits, and franchises	9,247	--	--	9,247
Fines, forfeits and penalties	5,462	22	1,170	6,654
Revenue from use of money and property	1,149	71	255	1,475
Aid from governmental agencies	185,116	50	24,068	209,234
Charges for current services	28,893	223	12,574	41,690
Other revenues	6,351	1	4,990	11,342
Total revenues	<u>397,492</u>	<u>367</u>	<u>53,554</u>	<u>451,413</u>
<u>Expenditures:</u>				
Current:				
General government	44,374	--	--	44,374
Public protection	141,041	--	2,791	143,832
Public ways and facilities	2,958	--	31,220	34,178
Health and sanitation	65,197	--	4,824	70,021
Public assistance	92,428	--	5,631	98,059
Education	436	--	9,465	9,901
Recreation and cultural services	--	--	7,538	7,538
Debt service:				
Principal payments	--	--	4,065	4,065
Interest and fiscal charges	--	--	5,863	5,863
Debt issuance costs	--	--	269	269
Capital outlay	--	3,692	--	3,692
Total expenditures	<u>346,434</u>	<u>3,692</u>	<u>71,666</u>	<u>421,792</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>51,058</u>	<u>(3,325)</u>	<u>(18,112)</u>	<u>29,621</u>
<u>Other Financing Sources (Uses):</u>				
Refunding certificates of participation issued	--	--	14,427	14,427
Premium on refunding certificates of participation issued	--	--	1,418	1,418
Payment to refunded debt escrow agent	--	--	(16,400)	(16,400)
Transfers in	2,039	6,200	39,874	48,113
Transfers out	(26,427)	(466)	(20,128)	(47,021)
Total Other Financing Sources (Uses)	<u>(24,388)</u>	<u>5,734</u>	<u>19,191</u>	<u>537</u>
Net Change in Fund Balances	26,670	2,409	1,079	30,158
Fund Balances - Beginning	<u>181,029</u>	<u>22,675</u>	<u>58,647</u>	<u>262,351</u>
Fund Balances - Ending	<u>\$ 207,699</u>	<u>\$ 25,084</u>	<u>\$ 59,726</u>	<u>\$ 292,509</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 - Governmental Activities
For the Year Ended June 30, 2013 (in thousands)

Net Change in fund balance - total governmental funds (page 49)	\$	30,158
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Property tax and intergovernmental revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		2,301
<p>Governmental funds report capital outlay as expenditures. These expenditures have no effect on net position.</p>		
<p>Capital outlay expenditures that have no effect on net position is reported in the following functional categories:</p>		
Capital outlay	\$ 3,604	
General government	1,538	
Public protection	2,312	
Public ways	14,488	
Health and sanitation	114	
Public assistance	42	
Education	--	
Recreation and cultural services	<u>23</u>	22,121
<p>In the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		(16,595)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.</p>		(2,467)
<p>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.</p>		
Refunding certificates of participation issued		(14,427)
Premium on refunded certificates of participation issued		(1,418)
Payment to refunded fiscal agent		16,400
Debt principal payments		4,065
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds as follows:</p>		
Change in compensated absences		(167)
Change in accrued interest payable		135
Change in landfill closure/postclosure costs		(73)
Change in OPEB		(291)
Amortization of debt premiums, discounts and issuance costs		(43)
Amortization of prepaid pension contributions		1,905
<p>Internal service funds are used by the County to charge the cost of vehicle fleet management, centralized reprographic services, 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.</p>		(1,407)
<p>Adjustment necessary to close internal service funds activities. This is the current year excess of revenues over expenses allocable to business-type activities</p>		<u>31</u>
Change in net position of governmental activities (page 43)	\$	<u><u>40,228</u></u>

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

COUNTY OF SAN LUIS OBISPO
Statement of Fund Net Position
Proprietary Funds
June 30, 2013 (in thousands)

	Business-type Activities - Enterprise Funds						Governmental	
						Total	Internal	
	Airport	Nacimiento Water Contract	State Water Project	Lopez Flood Control	Los Osos Wastewater	Enterprise Funds	Enterprise Funds	Service Funds
Assets								
Current Assets:								
Cash and investments	\$ 2,540	\$ 17,462	\$ 11,161	\$ 6,931	\$ 7,801	\$ 5,514	\$ 51,409	\$ 42,624
Accounts receivable, net	--	--	2,442	--	--	219	2,661	12
Other receivables	11	--	--	--	116,160	--	116,171	--
Due from other governments	33	--	--	--	--	--	33	--
Deposits with others	--	148	--	--	10	13	171	--
Inventories	--	--	--	--	--	--	--	568
Prepaid items	5	--	--	28	--	--	33	--
Loans receivable	--	--	--	--	--	33	33	--
Total Current Assets	2,589	17,610	13,603	6,959	123,971	5,779	170,511	43,204
Noncurrent assets:								
Advances to other funds	--	--	--	--	--	686	686	--
Restricted cash with fiscal agent	--	11,310	--	--	--	--	11,310	--
Prepaid bond issuance costs	--	2,049	--	483	252	--	2,784	--
Capital assets:								
Nondepreciable:								
Land	23,224	3,110	--	2,153	2,470	1,659	32,616	--
Construction in progress	1,053	458	--	342	51,730	897	54,480	--
Water rights	--	--	44,564	--	--	--	44,564	--
Other property	--	--	--	1,968	--	--	1,968	--
Depreciable:								
Infrastructure, net	785	157,435	110	25,831	--	416	184,577	--
Structures and improvements, net	57,379	9,751	6,994	35,782	--	19,195	129,101	145
Equipment, net	670	--	9	31	--	402	1,112	10,226
Other property, net	--	--	--	--	--	500	500	--
Total Noncurrent Assets	83,111	184,113	51,677	66,590	54,452	23,755	463,698	10,371
Total Assets	85,700	201,723	65,280	73,549	178,423	29,534	634,209	53,575
Liabilities:								
Current Liabilities:								
Salaries and benefits payable	30	--	--	--	--	27	57	461
Accounts payable	22	688	5,051	26	10,331	151	16,269	955
Interest payable	38	3,178	--	422	383	72	4,093	--
Self insurance payable	--	--	--	--	--	--	--	3,494
Deposits from others	53	1,561	2,856	65	--	141	4,676	625
Unearned revenue	76	2,733	1,912	234	74,907	36	79,898	--
Accrued vacation and sick leave - current	99	--	--	--	--	67	166	1,535
Notes and bond payable - current	263	3,210	--	1,850	1,208	480	7,011	--
Total Current Liabilities	581	11,370	9,819	2,597	86,829	974	112,170	7,070
Noncurrent Liabilities:								
Self insurance payable	--	--	--	--	--	--	--	15,338
Advances from other funds	1,045	--	--	--	--	552	1,597	--
Accrued vacation and sick leave	43	--	--	--	--	88	131	843
Notes and bonds payable	3,145	193,100	--	42,935	44,608	8,778	292,566	--
Total Noncurrent Liabilities	4,233	193,100	--	42,935	44,608	9,418	294,294	16,181
Total Liabilities	4,814	204,470	9,819	45,532	131,437	10,392	406,464	23,251
Net Position								
Net investment in capital assets	79,703	(14,246)	51,677	21,322	14,672	14,010	167,138	10,371
Unrestricted	1,183	11,499	3,784	6,695	32,314	5,132	60,607	19,953
Total Net Position	\$ 80,886	\$ (2,747)	\$ 55,461	\$ 28,017	\$ 46,986	\$ 19,142	227,745	\$ 30,324
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds (page 41)							(2,174)	
Net position of business-type activities							<u>\$ 225,571</u>	

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

COUNTY OF SAN LUIS OBISPO
Proprietary Funds
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2013 (in thousands)

	Business-type Activities - Enterprise Funds						Governmental	
	Airport	Nacimiento Water Contract	State Water Project	Lopez Flood Control	Los Osos Wastewater	Nonmajor Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating Revenues:								
Charges for current services	\$ 4,053	\$ 13,800	\$ 6,185	\$ 6,174	\$ --	\$ 6,721	\$ 36,933	\$ 43,485
Other revenues	93	81	--	--	--	8	182	253
Total Operating Revenues	<u>4,146</u>	<u>13,881</u>	<u>6,185</u>	<u>6,174</u>	<u>--</u>	<u>6,729</u>	<u>37,115</u>	<u>43,738</u>
Operating Expenses:								
Salaries and benefits	1,322	--	--	--	--	1,163	2,485	20,963
Services and supplies	1,664	2,839	5,281	3,261	339	4,680	18,064	15,468
Other charges	24	14	--	2	--	--	40	--
Insurance benefit payments	--	--	--	--	--	--	--	5,455
Depreciation	2,151	2,174	206	1,282	--	789	6,602	1,961
Countywide cost allocation	103	16	40	42	--	208	409	261
Total Operating Expenses	<u>5,264</u>	<u>5,043</u>	<u>5,527</u>	<u>4,587</u>	<u>339</u>	<u>6,840</u>	<u>27,600</u>	<u>44,108</u>
Operating Income (Loss)	<u>(1,118)</u>	<u>8,838</u>	<u>658</u>	<u>1,587</u>	<u>(339)</u>	<u>(111)</u>	<u>9,515</u>	<u>(370)</u>
Nonoperating Revenues (Expenses):								
Property taxes	--	1,162	1,546	1,072	--	394	4,174	--
Interest income	4	295	32	21	18	15	385	114
Interest expense	(167)	(9,683)	(9)	(1,954)	--	(362)	(12,175)	(1)
Debt issuance costs	--	--	--	--	--	(99)	(99)	--
Aid from governmental agencies	132	29	13	15	1	3	193	19
Other nonoperating revenue (expenses)	(13)	--	--	--	--	(9)	(22)	(3)
Total Nonoperating Revenues (Expenses)	<u>(44)</u>	<u>(8,197)</u>	<u>1,582</u>	<u>(846)</u>	<u>19</u>	<u>(58)</u>	<u>(7,544)</u>	<u>129</u>
Income (Loss) Before Contributions and Transfers	(1,162)	641	2,240	741	(320)	(169)	1,971	(241)
Capital contributions	572	--	--	13	35,717	299	36,601	74
Transfers in	--	--	--	--	--	941	941	50
Transfers out	(93)	--	--	--	--	(700)	(793)	(1,290)
Changes in net position	<u>(683)</u>	<u>641</u>	<u>2,240</u>	<u>754</u>	<u>35,397</u>	<u>371</u>	<u>38,720</u>	<u>(1,407)</u>
Net Position - Beginning	<u>81,569</u>	<u>(3,388)</u>	<u>53,221</u>	<u>27,263</u>	<u>11,589</u>	<u>18,771</u>		<u>31,731</u>
Net Position - Ending	<u>\$ 80,886</u>	<u>\$ (2,747)</u>	<u>\$ 55,461</u>	<u>\$ 28,017</u>	<u>\$ 46,986</u>	<u>\$ 19,142</u>		<u>\$ 30,324</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.							<u>(31)</u>	
Change in net position of business-type activities (page 43)							<u>\$ 38,689</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, 2013 (in thousands)

	Business-type Activities - Enterprise Funds							Governmental
		Nacimiento	State Water	Lopez	Los Osos	Nonmajor	Total	Activities
	Airport	Water Contract	Project	Flood Control	Wastewater	Enterprise Funds	Enterprise Funds	Internal Service Funds
Cash Flows from Operating Activities:								
Receipts from customers and third parties	\$ 4,170	\$ 13,858	\$ 5,602	\$ 4,479	\$ --	\$ 6,720	\$ 34,829	\$ --
Receipts from interfund billings	--	--	--	--	--	--	--	43,750
Payments for goods and services	(1,822)	(4,480)	(5,124)	(3,312)	(339)	(4,902)	(19,979)	(14,708)
Payments to employees for service	(1,335)	--	--	--	--	(1,144)	(2,479)	(20,954)
Payments for insurance benefits	--	--	--	--	--	--	--	(4,287)
Payments for premiums	--	--	--	--	--	--	--	(2,475)
Net Cash Provided (Used) by Operating Activities	<u>1,013</u>	<u>9,378</u>	<u>478</u>	<u>1,167</u>	<u>(339)</u>	<u>674</u>	<u>12,371</u>	<u>1,326</u>
Cash Flows from Noncapital Financing Activities:								
Property tax proceeds	--	1,162	1,546	1,072	--	394	4,174	--
Grants and subsidies from other gov't agencies	132	29	13	15	1	3	193	19
Advances from other funds	206	--	--	--	--	(50)	156	--
Advances to other funds	--	--	--	--	--	63	63	--
Transfers from other funds	--	--	--	--	--	941	941	50
Transfers to other funds	(93)	--	--	--	--	(700)	(793)	(1,290)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>245</u>	<u>1,191</u>	<u>1,559</u>	<u>1,087</u>	<u>1</u>	<u>651</u>	<u>4,734</u>	<u>(1,221)</u>
Cash Flows from Capital and Related Financing Activities:								
Purchases and construction of capital assets	(798)	(326)	(2,013)	(696)	(25,893)	(520)	(30,246)	(2,517)
Proceeds from issuance of long-term debt	--	--	--	--	24,173	5,814	29,987	--
Debt issuance costs	--	--	--	--	(1)	(99)	(100)	--
Proceeds from sale of capital assets	(13)	--	--	--	--	(133)	(146)	291
Capital contributions	571	--	--	--	3,554	298	4,423	(8)
Principal paid on capital debt	(251)	(3,090)	--	(1,814)	(10)	(6,229)	(11,394)	--
Interest paid on capital debt	(169)	(9,851)	--	(1,629)	--	(397)	(12,046)	(1)
Debt Service deposit from bond participant	--	1,508	--	--	--	--	1,508	--
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(660)</u>	<u>(11,759)</u>	<u>(2,013)</u>	<u>(4,139)</u>	<u>1,823</u>	<u>(1,266)</u>	<u>(18,014)</u>	<u>(2,235)</u>
Cash Flows from Investing Activities:								
Interest received	4	294	32	23	18	15	386	116
Net Cash Provided (Used) by Investing Activities	<u>4</u>	<u>294</u>	<u>32</u>	<u>23</u>	<u>18</u>	<u>15</u>	<u>386</u>	<u>116</u>
Net Increase (Decrease) in Cash and Cash Equivalents	602	(896)	56	(1,862)	1,503	74	(523)	(2,014)
Cash and Cash Equivalents - Beginning of Year	1,938	29,668	11,105	8,793	6,298	5,440	63,242	44,638
Cash and Cash Equivalents - End of Year	<u>\$ 2,540</u>	<u>\$ 28,772</u>	<u>\$ 11,161</u>	<u>\$ 6,931</u>	<u>\$ 7,801</u>	<u>\$ 5,514</u>	<u>\$ 62,719</u>	<u>\$ 42,624</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:								
Operating income (loss)	<u>\$ (1,118)</u>	<u>\$ 8,838</u>	<u>\$ 658</u>	<u>\$ 1,587</u>	<u>\$ (339)</u>	<u>\$ (111)</u>	<u>\$ 9,515</u>	<u>\$ (370)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:								
Depreciation expense	2,151	2,174	206	1,282	--	789	6,602	1,961
Change in Assets and Liabilities:								
Receivables, net	(21)	--	(793)	--	--	(30)	(844)	4
Inventory	--	--	--	--	--	--	--	(89)
Accounts payable	(18)	(1,610)	186	(8)	--	8	(1,442)	176
Deposits from others	17	--	8	--	--	--	25	55
Salaries and benefits payable	4	--	--	--	--	--	4	46
Unearned revenue	11	(24)	213	(1,694)	--	(1)	(1,495)	--
Accrued vacation and sick leave	(13)	--	--	--	--	19	6	(34)
Self-insurance liability	--	--	--	--	--	--	--	(423)
Total Adjustments	<u>2,131</u>	<u>540</u>	<u>(180)</u>	<u>(420)</u>	<u>--</u>	<u>785</u>	<u>2,856</u>	<u>1,696</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,013</u>	<u>\$ 9,378</u>	<u>\$ 478</u>	<u>\$ 1,167</u>	<u>\$ (339)</u>	<u>\$ 674</u>	<u>\$ 12,371</u>	<u>\$ 1,326</u>
Noncash Investing, Capital, and Financing Activities:								
Contributions of capital assets	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 13</u>	<u>\$ 35,717</u>	<u>\$ --</u>	<u>\$ 35,730</u>	<u>\$ 66</u>
Change in special assessment receivable	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (42)</u>	<u>\$ --</u>	<u>\$ (42)</u>	<u>\$ --</u>

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, 2013 (in thousands)
San Luis Obispo Pension Trust Fund
December 31, 2012 (in thousands)

	Agency Funds 06/30/13	Investment Trust Fund 06/30/13	San Luis Obispo County Pension Trust 12/31/2012
<u>Assets</u>			
Cash and cash equivalents	\$ 40,422	\$ 190,314	\$ 26,729
Notes receivable	--	--	
Contributions receivable	--	--	1,272
Accrued interest and dividends receivable	--	--	1,459
Accounts receivable	--	--	2
Securities sold	--	--	27,190
Prepaid benefits	--	--	181
Investments pension trust:			
Bonds and notes, at fair value	--	--	234,359
International fixed income, at fair value	--	--	77,438
Collateralized mortgage obligations, at fair value	--	--	11,358
Domestic equities, at fair value	--	--	306,004
International equities, at fair value	--	--	242,966
Alternative investments, at fair value	--	--	64,954
Real estate, at fair value	--	--	91,897
Other investments, at fair value	--	--	13
Capital assets-net of accumulated depreciation	--	--	962
Total Assets	<u>40,422</u>	<u>190,314</u>	<u>1,086,784</u>
<u>Liabilities</u>			
Agency obligations	40,422	--	--
Securities purchased	--	--	72,169
Accrued liabilities	--	--	1,179
Total Liabilities	<u>40,422</u>	<u>--</u>	<u>73,348</u>
<u>Net Position</u>			
Net position held in trust for pool participants	--	190,314	--
Net position held in trust for pension benefits	<u>--</u>	<u>--</u>	<u>1,013,436</u>
Total Net Position	<u>\$ --</u>	<u>\$ 190,314</u>	<u>\$ 1,013,436</u>

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

COUNTY OF SAN LUIS OBISPO
Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ended June 30, 2012 (in thousands)
San Luis Obispo Pension Trust Fund
For the Year Ended December 31, 2012 (in thousands)

	<u>Investment Trust Fund 06/30/13</u>	<u>San Luis Obispo County Pension Trust 12/31/12</u>
<u>Additions</u>		
Contributions:		
Employer contributions	\$ 769,516	\$ 30,942
Member contributions	--	25,207
Total Contributions	<u>769,516</u>	<u>56,149</u>
Investment Income:		
Realized and unrealized gains and losses	--	90,762
Interest	381	5,930
Dividends	--	14,698
Real estate management trust income	--	93
Real estate operating income, net	--	1,420
Other investment income, net	--	(30)
Investment expenses	--	(4,055)
Total Investment Earnings	<u>381</u>	<u>108,818</u>
Total Additions	<u>769,897</u>	<u>164,967</u>
<u>Deductions</u>		
Benefits:		
Monthly benefit payments	--	54,548
Refunds of contributions	--	1,138
Death benefits	--	126
Total benefits	<u>--</u>	<u>55,812</u>
Administrative expenses	--	2,069
Total Administrative Expenses	<u>--</u>	<u>2,069</u>
Distributions from investment pool	<u>764,680</u>	<u>--</u>
Total deductions	<u>764,680</u>	<u>57,881</u>
Change in Net Position	5,217	107,086
Net Position - Beginning	<u>185,097</u>	<u>906,350</u>
Net Position - Ending	<u>\$ 190,314</u>	<u>\$ 1,013,436</u>

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



NOTES TO THE BASIC FINANCIAL STATEMENTS



COUNTY OF SAN LUIS OBISPO
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

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

The County reporting entity includes all significant organizations, departments, and agencies over which the County is considered financially accountable. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. The accompanying financial statements present the financial position of the County and those County-related entities that meet the criteria for component units established by the Governmental Accounting Standards Board (GASB) Statements 14 and 61.

Blended Component Units

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

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

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

San Luis Obispo County Financing Authority – The Authority was created to assist in the financing, construction, and equipping of public facilities for one or both of the Authority's members.

San Luis Obispo County Public Facilities Corporation – 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 at 1055 Monterey, Room D220, San Luis Obispo, CA 93408.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Discretely Presented Component Unit

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the County enterprise funds (Airport, Nacimiento Water Contract, State Water Project, Lopez Flood Control

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Project, Los Osos Wastewater, and nonmajor enterprise) and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fund Financial Statements

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

New Accounting Pronouncements

For the fiscal year ended June 30, 2013, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*. The requirements of this statement are effective for financial statement periods beginning after June 15, 2012. GASB 61 augments the relevance of the financial statements by improving guidance for including, presenting, and disclosing information about component units and equity interest transactions of the County. It allows users of the financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude.
- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The requirements of this statement are effective for financial statement periods beginning after December 15, 2011. GASB 62 codifies all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. GASB 62 modifies guidance as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users.
- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The requirements of this statement are effective for financial statement periods beginning after December 15, 2011. GASB 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Deferred outflows and inflows occur when governments enter into transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods. They are distinguished from assets and liabilities. Consequently, the Statement of Net Assets is now referred to as the Statement of Net Position. GASB 63 standardizes the presentation of deferred outflows and inflows of resources and their effects on a government's net position.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

- The Capital Projects Fund is used to account for the financial resources restricted for the acquisition or construction of specific projects, or items other than those financed by proprietary funds.

The County reports the following Major Proprietary Funds:

- The Airport Fund accounts for the maintenance, operations, and development of the County-owned commercial service airports in San Luis Obispo and Oceano.
- The Nacimiento Water Contract Fund accounts for the activities and delivery of water associated with the Nacimiento water supply reservoir and the contract with Monterey County.
- The State Water Project Fund accounts for revenues, expenses and net position relating to the countywide taxpayers' obligations associated with the State Water Project, which provides for the delivery of state water into the County.
- The Lopez Dam Flood Control Fund accounts for the maintenance, water treatment and water distribution services of the Lopez Dam Flood Control Zone 3, which provides water to south San Luis Obispo County, and the activities of the Lopez Dam Seismic Remediation Project.
- The Los Osos Wastewater Fund accounts for the construction, operation and maintenance of the wastewater treatment plant serving the community of Los Osos.
- Additionally, the County reports on Internal Service Funds. Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost-reimbursement basis. Internal Service Funds account for the activities of fleet operations, equipment maintenance services, and self-insurance programs such as workers' compensation, long-term disability, employee benefits, and personal injury and property damage.

The County reports the following Fiduciary Funds:

- The Pension Trust Fund accumulates contributions from the County, its employees, and earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula) and administrative expenses. This fund includes all assets of the San Luis Obispo County Pension Trust as of December 31, 2012.
- The Investment Trust Funds account for the assets of legally separate entities that deposit cash with the County Treasurer. These entities include school and community college districts, other special districts governed by local boards, regional boards and authorities and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. The County reports on 99 different Investment Trust Funds.
- The Agency Funds account for the resources held by the County in a custodial capacity on behalf of other agencies. The County reports on 137 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,

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

include property, sales, and transient occupancy taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from sales and occupancy taxes are recognized when the underlying transactions take place. Revenues from grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been satisfied.

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

The County eliminates the effect of interfund activity from the Government-wide financial statements by consolidating internal activities and indirect expenses in the statement of activities.

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

D. ASSETS, LIABILITIES, AND FUND EQUITY

Deposits and Investments

As required by Government Code Section 27130, a treasury oversight committee serves the County. The committee consists of a representative appointed by the Board of Supervisors, the Auditor-Controller, 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, 2013. 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 99.9 percent.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Cash and Cash Equivalents

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

Receivables and Payables

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

Property Tax

The County is responsible for the assessment, collection, and apportionment of property taxes for all taxing jurisdictions within the County, including school, 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. The bills are payable in equal installments, November 1st and February 1st and become delinquent on December 10th and April 10th, respectively. Property taxes are accounted for in the Unapportioned Property Tax and Interest Fund, an Agency Fund, until apportionment and disbursement to the taxing jurisdictions. Property tax receivables are recognized when the taxes are levied.

Beginning in fiscal year 1993-1994, 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 2001-2002 by removing unitary tax payments (including PG&E), so that all agencies in the County will share in any delinquency that may occur.

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

Interfund Transactions

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the Government-wide and Fund financial statements.

Capital Assets

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

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

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

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

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

Compensated Absences

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Long-term Obligations

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

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

Fund Equity

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

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

E. ESTIMATES

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

The San Luis Obispo County Investment Pool is rated by Fitch Ratings, one of the Nationally Recognized Statistical Rating Organizations. Fitch has consistently rated the County Pool with their highest rating since FY 1994/95. The County Pool's "AAA" rating reflects the "pool's lowest vulnerability to losses as a result of defaults in its portfolio and is based on the actual and prospective average credit quality of the pool's investments." The County Pool's "V1" volatility rating reflects the pool's low market risk and capacity to return stable principal value to meet anticipated cash flow requirements, even in adverse interest rate environments. Effective February 10, 2010, Fitch eliminated the V1+ rating from its Fund Volatility Rating scale and revised its highest rating to V1. On March 18, 2010, the County Pool's volatility rating was revised from "V1+" to "V1," to reflect the new highest rating. Most recently on August 8, 2013, Fitch confirmed the County Pool's "AAA/V1" rating.

The County Treasury Oversight Committee (CTOC) was created by the Board of Supervisors' Resolution and is formed by five members. The CTOC monitors and reviews quarterly, the management of public funds maintained in the investment pool in accordance with the California Government Code. The CTOC and the Board of Supervisors review and approve the IP annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the CTOC and the investment pool participants every quarter. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value. California Government Code directs the CTOC to cause an annual IP compliance audit. A list of providers for the annual compliance audit is specified in the Board Resolution which created the CTOC. These providers are: County Auditor in conjunction with or in addition to work directed by California Government Code; independent certified public accountants (CPAs) selected to review the County's Comprehensive Annual Financial Report; and independent CPAs as deemed appropriate. Gallina, LLP was selected to perform the Annual Investment Program Compliance Audit for the fiscal year ended June 30, 2013. The results of these audits have been presented to the Board of Supervisors on a yearly basis.

Under parameters established by the California Government Code, the County may purchase: obligations issued by the United States Treasury; obligations, participations, or other instruments of or issued by a federal agency or a United States government-sponsored enterprise; obligations of state and local agencies of this state and any of the other 49 states; bankers' acceptances; commercial paper; negotiable certificates of deposit; repurchase agreements; medium-term corporate notes; as well as other investments established by the California Government Code. The California Government Code prohibits investments in derivatives which include inverse floaters, range notes, or mortgage-derived, interest strips and any security that could result in zero interest accrual if held to maturity. While securities lending and reverse repurchase agreements are considered permitted investments per California Government Code, the County IP prohibits these types of investments.

The County maintains a combined pool with cash and investments which provide cash flow for the funding needs of the County and local agencies required by law to keep funds in the Treasury.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The combined pool's investments have a carrying value that uses the amortized cost method and includes accrued interest. This pool, which is available to all funds, has deposits and investments with a weighted-average maturity of less than one year. Interest is apportioned to the separate funds based on the individual fund's average daily balance.

Investments were authorized by the California Government Code and the County Treasurer's IP: Securities were held in a customer-segregated safekeeping account during the fiscal year. Repurchase agreements were collateralized 102% with government and agency securities in accordance with multi-party agreements on file with the Treasurer. A Cash Statement and Asset List is requested monthly from the appropriate institutions and verified against records maintained in the Treasury.

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, and the California State Local Agency Investment Fund (LAIF), except for instruments which are carried at amortized cost plus accrued interest. The County Treasury has provided a fair value dollar factor of 1.000349217007 in the Quarterly Report of Investments as of June 30, 2013, 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 County's combined pool has invested in LAIF. This fund is not registered with the Securities and Exchange Commission as an investment company, but is required to invest according to California State Code. Market valuation is conducted quarterly. LAIF provided a fair value dollar factor of 1.000273207 for its portfolio as of June 30, 2013. 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, 2013, 1.96% of the LAIF pool includes structured notes and asset-backed securities. The Local Investment Advisory Board, which consists of five members as designated by statute, provides oversight for LAIF.

As of June 30, 2013, the County's combined pool includes funds deposited in collateralized Public Investment Money Market Accounts (PIMMAs), Certificates of Deposit placed through the Certificate of Deposit Account Registry Service (CDARS), and a Federally Insured Cash Account (FICA). PIMMAs are interest-bearing active bank accounts and by California Government Code (GC) §53631 et seq., are considered depository accounts, not investments. PIMMAs are fully liquid and collateralized by eligible securities per GC 53651 et seq. Deposits placed through CDARS as authorized by California GC §53635.8, are distributed into individual Certificates of Deposit (CD) of less than \$250,000 each that are fully FDIC insured, and placed through a network participating bank that uses the CD Account Registry Service, a private entity that assists in the placement of the individual CDs. FICA is similar to CDARS where a single large deposit is placed into individual deposits of less than \$250,000 with network banks. As a result, full FDIC insurance is maintained. Unlike CDARS, FICAs are not term deposits, and the full balance is available at any time on demand. Even though PIMMAs and FICAs are not investments by code, they are included in the County's combined pool and are treated internally as investments for tracking, management, and reporting purposes.

The table below identifies the investment types that are authorized for the County by the California Government Code. The County's combined pool is further restricted by both the County IP and the Treasurer's written policies and procedures to reduce exposure to investment risks. The County IP gives the County Treasurer the authority to act in the best interest of the County in the face of changing market conditions and circumstances by making written exceptions to the County IP and the Treasurer's written policies and procedures within the limits of the California Government Code and all relevant laws. As of June 30, 2013, the table represents the County's IP or where more restrictive, the Treasurer's written policies and procedures, that address interest risk, credit risk, and concentration of credit risk.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Bonds issued by a Local Agency	1 year	5%	Requires written approval of County Treasurer for each investment.
U.S. Treasury Notes	3 years	100%	N/A
U.S. Treasury Bonds	3 years	100%	N/A
U.S. Treasury Bills	Maximum issued	100%	N/A
Cash Management Bills	Maximum issued	100%	N/A
Registered State Warrants	1 year	10%	N/A
Treasury Notes or Bonds of this state	Not authorized in FY 2012-13		
Registered Treasury Notes or Bonds of any of the other 49 United States	Not authorized in FY 2012-13		
Bonds, Notes, Warrants, other evidences of indebtedness of any local agency within this state	1 year	5%	No more than 10% of issuer debt and assets. Requires written approval of County Treasurer for each investment.
U.S. Government Agencies:			
Federal National Mortgage Assoc.	Not authorized in FY 2012-13		
Federal Home Loan Mortgage Corp.	Not authorized in FY 2012-13		
Federal Home Loan Bank	3 years	20%	N/A
Farm Credit Bank	3 years	20%	N/A
Bankers' Acceptances-Domestic	30 days	10%	4%
Bankers' Acceptances-Foreign	Not authorized in FY 2012-13		
Commercial Paper	30 days	5%	2%
Collateralized Certificates of Deposit	1 year	5%	1%
Negotiable Certificates of Deposit	Not authorized in FY 2012-13		
CDARS	1 year	15%	1%
Tri-Party Repurchase Agreements	30 days	15% of all repos	N/A
Bi-Party Repurchase Agreements	Not authorized in FY 2012-13		
Reverse Repurchase Agreements	Not authorized in the County's IP		
Securities Lending Agreements	Not authorized in the County's IP		
Medium-Term Notes	Not authorized in FY 2012-13		
Money Market Mutual Funds	Not authorized in FY 2012-13		
Pledged Funds held by a trustee or fiscal agent	Per specific statutory provisions or in accordance with the ordinance, resolution, indenture, or agreement of a local agency providing for the issuance.		
Notes, Bonds, or other obligations that are at all times secured by a valid first priority security interest	Not authorized in FY 2012-13		
Mortgage Pass-Through Securities	Not authorized in FY 2012-13		
Local Agency Investment Fund	N/A	15%	N/A

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

Interest Rate Risk

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

Custodial Credit Risk

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2013, the County did not have investments in corporate bonds, medium term notes, or money market mutual funds. Investments in obligations of the U.S. government, U.S. government agencies or government-sponsored enterprises are exempt from limitations set by GASB.

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, 2013.

Investment Type	S&P	Moody's	% of Portfolio*
Commercial Paper	A-1	P-1	3.75%
U.S. Treasuries	AA+	Aaa	22.65%
U.S. Government Agencies	AA+	Aaa	35.65%
CDARS	Not Rated	Not Rated	18.76%
Local Agency Investment Fund	Not Rated	Not Rated	18.77%
TRAN	Not Rated	Not Rated	0.42%
Total			<u>100%</u>

*Bank Deposit accounts such as PIMMAs and FICA are tracked, managed, and reported as part of the County's combined pool and are included in portfolio percentage limit calculations. CDARS and LAIF are both at 9% of the County' combined pool inclusive of the PIMMAs and FICA and therefore are within the limits authorized in the Treasurer's Investment Policy.

GASB Statement No. 40 requires that investments in single issuers exceeding 5% of the County's pooled investments be disclosed as concentrations of credit risk. As of the year ended June 30, 2013 no investments exceed the 5% disclosure threshold.

At June 30, 2013, the County had the following investments and interest-bearing deposits (in thousands):

Instrument	Maturity Dates	Interest Rate %	Weighted Average Maturity Years	Carrying Amount	Fair Value	Par Value
CDARS	10/31/13-5/08/14	0.30%	0.58	50,000	50,000	50,000
Commercial Paper	7/26/13	0.16%	0.07	9,999	9,999	10,000
U.S. Treasuries	7/15/13-4/15/14	0.695%-1.321%	0.38	60,156	60,381	60,000
U.S. Government Agencies	12/27/13-5/22/14	0.137%-1.057%	0.76	95,038	95,020	95,000
Local Agency Investment Fund	On Demand	0.24%	-	50,030	50,044	50,000
TRAN	1/30/18	2.60%	4.58	1,128	1,128	1,116
Total Investments in County Treasury			0.49	<u>\$266,351</u>	<u>\$266,572</u>	<u>\$266,116</u>
Deposits in Financial Institutions				364,658	364,658	364,658
Cash on Hand				118	118	118
Total Cash held in Treasury				<u>631,127</u>	<u>631,348</u>	<u>630,892</u>
Deposits in Transit				1,050	1,050	1,050
Outstanding Warrants				<u>(11,481)</u>	<u>(11,481)</u>	<u>(11,481)</u>
Total				620,696	620,917	620,461
Imprest Cash				797	797	797
Non-pool Cash Deposits				1,195	1,195	1,195
Other Cash Deposits				1,992	1,992	1,992
Total cash and cash equivalents				<u>\$ 622,688</u>	<u>\$ 622,909</u>	<u>\$ 622,453</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Restricted Cash with Fiscal Agent</u>	Carrying Amount	Fair Value	Par Value
U.S. Government & Federal Agencies	\$ 13,577	\$ 13,577	\$ 13,577
Total	<u>13,577</u>	<u>13,577</u>	<u>13,577</u>
Total restricted and unrestricted cash and cash equivalents	\$ <u>636,265</u>	\$ <u>636,486</u>	\$ <u>636,030</u>

<u>Total Cash and Investments Summary</u>	Carrying Amount
Total Governmental Activities	\$ 334,296
Total Business-type Activities	62,719
Total Fiduciary Funds	230,736
Total Component Unit	<u>8,514</u>
Total Cash and Investments	\$ <u>636,265</u>

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2013 (in thousands):

	<u>Carrying Amount</u>	<u>Fair Value</u>
<u>Statement of Net Position:</u>		
Net position held for pool participants	<u>\$ 622,689</u>	<u>\$ 622,910</u>
Equity of internal pool participants	\$ 432,374	\$ 432,595
Equity of external pool participants (voluntary and involuntary)	190,315	190,315
Total Equity	<u>\$ 622,689</u>	<u>\$ 622,910</u>
<u>Statement of Changes in Net Position:</u>		
Revenue	\$ 2,575	\$ 2,575
Investment Costs	(941)	(941)
Net Deposits	35,643	35,643
Change in fair value	-	(862)
Net change in pool	<u>37,277</u>	<u>36,415</u>
Net position at July 1, 2012	<u>585,412</u>	<u>586,495</u>
Net position at June 30, 2013	<u>\$ 622,689</u>	<u>\$ 622,910</u>

Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2013 that are restricted by legal or contractual requirements are comprised of the following (in thousands):

<u>Various Governmental Funds</u>	<u>Amount</u>
Required lease reserves for long term debt	\$ 12,859
Restricted interest on lease reserves	718
Total Restricted Cash	<u>\$ 13,577</u>

Cash Deposits outside of the Treasury Pool

At fiscal year end, the carrying amount of the County's other cash deposits was \$1,123,716 and the combined financial institutions' balance was \$1,208,864. The difference of \$85,148 between the County's deposit balance and the financial institutions' balance results from transactions in transit, and outstanding warrants and bond coupons. The entire bank balance of \$1,208,864 was covered by federal depository insurance or by collateral held by 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	Business Type Activities			Governmental Activities
	General Fund	State Water Project	Nacimient Water Contract	Nonmajor Enterprise Funds	Internal Service Funds
Accounts Receivable	\$ 23	\$ 2,442	\$ 1,506	\$ 219	\$ 12
Allowance for Doubtful Accounts	-	-	(1,506)	-	-
Net Accounts Receivable	<u>\$ 23</u>	<u>\$ 2,442</u>	<u>\$ -</u>	<u>\$ 219</u>	<u>\$ 12</u>

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2013, is as follows (in thousands):

<u>Governmental Activities</u>	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance June 30, 2013</u>
Capital assets, not being depreciated:					
Land	\$ 791,410	\$ -	\$ (2,224)	\$ 60	\$ 789,246
Construction in progress	66,710	17,229	-	(12,796)	71,143
Total capital assets, not being depreciated	<u>858,120</u>	<u>17,229</u>	<u>(2,224)</u>	<u>(12,736)</u>	<u>860,389</u>
Capital assets, being depreciated:					
Structures and improvements	173,518	810	(883)	4,192	177,637
Equipment	72,371	4,450	(3,356)	-	73,465
Infrastructure	285,141	2,162	-	8,526	295,829
Other property	340	-	-	-	340
Total capital assets, being depreciated	<u>531,370</u>	<u>7,422</u>	<u>(4,239)</u>	<u>12,718</u>	<u>547,271</u>
Less accumulated depreciation for:					
Structures and improvements	(66,471)	(3,928)	675	194	(69,530)
Equipment	(40,471)	(5,556)	3,106	-	(42,921)
Infrastructure	(157,384)	(9,067)	-	(194)	(166,645)
Other property	(11)	(4)	-	-	(15)
Total accumulated depreciation	<u>(264,337)</u>	<u>(18,555)</u>	<u>3,781</u>	<u>-</u>	<u>(279,111)</u>
Total capital assets being depreciated, net	<u>267,033</u>	<u>(11,133)</u>	<u>(458)</u>	<u>12,718</u>	<u>268,160</u>
Governmental activities capital assets, net	<u>\$ 1,125,153</u>	<u>\$ 6,096</u>	<u>\$ (2,682)</u>	<u>\$ (18)</u>	<u>\$ 1,128,549</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Business-Type Activities</u>	Balance July 1, 2012	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2013
Capital assets, not being depreciated:					
Land	\$ 32,485	\$ 29	\$ -	\$ 103	\$ 32,617
Construction in progress	19,302	37,194	-	(2,017)	54,479
Water Rights	42,551	2,013	-	-	44,564
Other Property	1,968	-	-	-	1,968
Total capital assets, not being depreciated	96,306	39,236	-	(1,914)	133,628
Capital assets, being depreciated:					
Infrastructure	189,974	675	-	504	191,153
Structures and improvements	167,843	183	(279)	1,428	169,175
Equipment	3,106	122	(132)	-	3,096
Other Property	554	-	-	-	554
Total capital assets, being depreciated	361,477	980	(411)	1,932	363,978
Less accumulated depreciation for:					
Infrastructure	(3,734)	(2,843)	-	-	(6,577)
Structures and improvements	(36,728)	(3,607)	261	-	(40,074)
Equipment	(1,956)	(150)	123	-	(1,983)
Other Property	(52)	(2)	-	-	(54)
Total accumulated depreciation	(42,470)	(6,602)	384	-	(48,688)
Total capital assets being depreciated, net	319,007	(5,622)	(27)	1,932	315,290
Business-type activities capital assets, net	\$ 415,313	\$ 33,614	\$ (27)	\$ 18	\$ 448,918

Depreciation expense

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

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 3,742
Public Protection	2,630
Public Ways and Facilities	8,888
Health and Sanitation	307
Public Assistance	254
Education	193
Recreational and Cultural Services	580
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	1,961
Total Depreciation Expense-Governmental Activities	\$ 18,555
 <u>Business-type Activities</u>	 <u>Amount</u>
Airport	\$ 2,151
Nacimiento	2,174
State Water Project	206
Lopez Flood Control	1,282
Nonmajor Enterprise	789
Total Depreciation Expense-Business-type Activities	\$ 6,602

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, 2013 (in thousands):

Governmental Activities

Project	Expended to June 30, 2013	Committed Funds
Sheriff Women’s Jail Expansion	\$ 3,027	\$ 1,101
Behavioral Health Electronic Health Record System	224	347
Roads Infrastructure	60,180	10,437
North County Public Service Center	161	1,606
SLO Probation Juvenile Hall Expansion	1,448	691

Business-Type Activities

Project	Expended to June 30, 2013	Committed Funds
SLO Airport Facilities Infrastructure	\$ 1,053	\$ 572
Los Osos Wastewater Project	51,730	59,593
Nacimiento Water Project	458	1,205

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 40 years. The General Fund leases portions of the former County General Hospital and North County healthcare facilities. The original cost of these facilities was \$10,787. As of June 30, 2013 they had a carrying value of \$8,794 net of accumulated depreciation of \$1,993. 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 rentals to be received under these non-cancelable operating leases at June 30, 2013 (in thousands):

Year Ending June 30	General Fund	Airport
2014	\$ 749	\$ 313
2015	712	313
2016	599	308
2017	599	259
2018	556	243
Later Years	2,207	7,313
Total	<u>\$ 5,422</u>	<u>\$ 8,749</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Minimum future rentals do not include contingent rentals, which are received as stipulated in the lease contracts. These contingent rental payments are based on the monthly revenues of the concessionaire operating on the premises. Contingent rentals amounted to \$1,425,137 for the fiscal year ended June 30, 2013.

County as Lessee

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

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

Rental payments for fiscal year ended June 30, 2013 totaled \$3,547,609. The following rental costs represent future minimum payments under leases that have remaining non-cancelable terms in excess of one year as of June 30, 2013 for the next five years and for each five-year period thereafter (in thousands):

Year Ending	Minimum Lease Payments
<u>June 30</u>	
2014	\$ 1,956
2015	1,859
2016	1,695
2017	1,581
2018	1,207
2019-2023	5,386
2024-2028	2,236
2028-2032	<u>752</u>
Total	<u>\$ 16,672</u>

7. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has self-insurance programs for liability, workers' compensation, unemployment insurance and dental coverage. There were four liability and no workers' compensation claim settlements that have exceeded insurance coverage during the past three fiscal years. Insurance coverage for liability and workers' compensation above the County's self-insured retention (SIR) is provided through the California State Association of Counties (CSAC) Excess Insurance Authority. The County is a member of CSAC Excess Insurance Authority, a joint powers authority whose purpose is to develop and fund programs of excess insurance for its member counties. The authority is solvent. Self-insurance and authority limits are as follows:

<u>Type of Coverage</u>	<u>Self-Insurance</u>	<u>Authority</u>
Liability	\$ 250,000 per occurrence	\$ 25,000,000
Workers' Compensation	\$ 250,000 per occurrence	Statutory
Unemployment	\$ 583,782 maximum	-----
Dental	None--Funded by Employees	-----

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

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

Changes in the balances of claims liabilities for the self funded insurance program including: the Protected Self Insurance Fund, Worker's Compensation Fund, Unemployment Insurance Fund, and Dental Insurance Fund for fiscal years 2011-2012 and 2012-2013, were as follows (in thousands):

	Beginning of the fiscal year liability	Current year claims, changes & estimates	Claim payments	Balance at fiscal year end
2011-12	\$ 19,773	\$ 4,065	\$ 4,583	\$ 19,255
2012-13	\$ 19,255	\$ 4,085	\$ 4,508	\$ 18,832

8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 2013 was (in thousands):

Advances to/from other funds:

<u>Payable Fund</u>	<u>Receivable Fund</u>	<u>Amount</u>
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	686
	Nonmajor Governmental Funds	207
	General Fund	1,420
		<u>2,313</u>
Nonmajor Enterprise Funds	General Fund	202
	Nonmajor Governmental Funds	350
		<u>552</u>
Airport	General Fund	1,045
	Total	<u>\$ 3,910</u>

Advances from Nonmajor Enterprise Funds to Nonmajor Governmental Funds of \$686 represents reserve funds of the Golf Enterprise fund held by the Public Financing Authority Debt Service Fund (\$487) and the obligation of the Parks Special Revenue Fund to the Lopez Park Enterprise fund for future debt service (\$199).

The Roads Fund (Nonmajor Governmental) advanced \$207 to the Roads Impact Fees Fund (Nonmajor Governmental).

Advances from the General Fund to Nonmajor Governmental Funds of \$1,420 represent internal loans issued to the County Service Areas Special Districts Special Revenue Fund (\$202), the Flood Control Districts (\$22), and the Library Special Revenue Fund (\$1,196).

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Advances from the General Fund to Nonmajor Enterprise Funds of \$202 represent internal loans issued to County Service Area 18 (\$142) and County Service Area 7 (\$60).

Advances from Nonmajor Governmental Funds of \$350 represent internal loans issued to the County Service Areas Enterprise Fund from the County Service Areas Special Districts Special Revenue Fund

The Airport owes the General Fund \$1,045 for an internal loan for various projects.

9. TRANSFERS

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

<u>Transfer From</u>	<u>Transfer To</u>	Amount
General Fund	Nonmajor Governmental Funds	\$ 21,327
	Capital Projects Fund	5,050
	Internal Service Funds	50
		<u>26,427</u>
Nonmajor Governmental Funds	General Fund	1,478
	Capital Projects Fund	642
	Nonmajor Governmental Funds	17,067
	Nonmajor Enterprise Funds	941
		<u>20,128</u>
Airport	Nonmajor Governmental Funds	46
	General Fund	47
		<u>93</u>
Capital Projects Fund	General Fund	466
Nonmajor Enterprise Funds	General Fund	1
	Nonmajor Governmental Funds	699
		<u>700</u>
Internal Service Funds	General Fund	47
	Nonmajor Governmental Funds	735
	Capital Projects	508
		<u>1,290</u>
Total Transfers		<u>\$ 49,104</u>

General Fund transfers to Nonmajor Governmental Funds included contributions to the following Special Revenue Funds: Roads (\$8,110), Library (\$516), Community Development (\$354), County Medical Services Program (\$1,518) and Parks (\$4,023). The General Fund also transferred \$6,806 to the Pension Obligation Bond Debt Service Fund to finance debt service payments, \$50 to the Public Works Internal Service Fund for emergency services, and \$5,050 to the Capital Projects Fund. The reassignment of land from the General Fund to the County Service Area 1 Enterprise Fund (\$3), the County Service Area 10 Enterprise Fund (\$2), the Public Works ISF Fund (\$49), and the Garage ISF Fund (\$17) resulted in a \$71 transfer-out of the General Fund. Corresponding transfer-ins are not reflected in the receiving funds since the assets are considered contributions.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Nonmajor Governmental Fund transfers consist of contributions of Public Facilities Fees revenue from the Public Facilities Fees Special Revenue Fund to the General Fund (\$858), the Capital Projects Fund (\$596), Parks (\$31) and the Library Fund (\$134) to fund capital and maintenance projects. The Parks Special Revenue Fund made transfers to the General Fund to fund maintenance projects (\$166), to the Capital Projects Fund (\$46), to the Pension Obligation Bond Debt Service Fund (\$117) and the Lopez Park Enterprise Fund (\$5) for debt service. The Roads Fund transferred \$4 to Flood Control Zone 18 for maintenance projects. The Road Impact Fee Special Revenue Fund transferred Impact Fees of \$454 to the General Fund for certificate of participation payments and \$2,878 to the Roads Fund for capital and maintenance projects. The Library Fund (\$181), the County Medical Services Program Fund (\$30) 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 include \$585 from the Public Financing Authority and \$60 from the Public Facilities Corporation to the Golf Fund related to the refunding of the 2002 Certificates of Participation; \$291 of transfers between various County Service Areas and \$13,662 of certificate of participation proceeds transferred from the Public Financing Authority Fund to the Public Facilities Corporation Fund. The reassignment of capital assets from the Parks Special Revenue Fund to the Flood Control Zone 3 Enterprise Fund resulted in a \$13 transfer-out of the Parks Fund. A corresponding transfer-in is not reflected in the Flood Control Zone 3 Enterprise fund since the assets are considered contributions.

The Airport Enterprise Fund transferred \$46 to the Pension Obligation Bond Fund for debt service and \$47 to the General Fund for public works projects.

The Capital Projects Fund transferred \$466 to the General Fund for maintenance projects.

Transfers from Nonmajor Enterprise funds included transfers from the County Service Areas (\$1) to the General Fund for interest on internal loans; transfers from the Golf Enterprise Fund to the Pension Obligation Bond Debt Service Fund (\$35) and to the Public Facilities Corporation Fund (\$642) for debt service; as well as transfers between various County Services Areas (\$22).

The Garage Internal Service Fund transferred \$37 to the General Fund for assets sales, and the Worker's Compensation Internal Service Fund transferred \$10 to the General Fund for safety equipment for the Psychiatric Health Facility. The Public Works Internal Service Fund transferred \$125 and the Self-Insurance Liability Internal Service Fund transferred \$383 to the Capital Projects Fund. Internal Service Fund transfers to nonmajor governmental funds represent contributions to the Pension Obligation Bond Debt Service Fund for debt service by the Public Works (\$692), Reprographics (\$3), and Garage (\$40) Internal Service Funds.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

10. BONDED INDEBTEDNESS AND LONG TERM DEBT

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2013 (in thousands) is as follows:

<u>Governmental Activities</u>	Beginning Balance July 1, 2012	Additions	Reductions	Ending Balance June 30, 2013	Due within one year
Bonds and notes payable:					
Certificates of participation	\$ 27,895	\$ 14,427	\$ 16,660	\$ 25,662	\$ 1,022
Unamortized discount on COP	(103)	-	(4)	(99)	-
Unamortized premium on COP		1,418	89	1,329	
Pension Obligation Bonds	119,429	-	3,805	115,624	4,390
Total Bonds and notes payable	<u>147,221</u>	<u>15,845</u>	<u>20,550</u>	<u>142,516</u>	<u>5,412</u>
<u>Other liabilities:</u>					
Compensated absences	25,728	15,476	15,344	25,860	17,342
Landfill post-closure costs	4,078	415	342	4,151	591
Self insurance	19,255	4,085	4,508	18,832	3,494
Total other liabilities	<u>49,061</u>	<u>19,976</u>	<u>20,194</u>	<u>48,843</u>	<u>21,427</u>
Total Governmental Activities	<u>\$ 196,282</u>	<u>\$ 35,821</u>	<u>\$ 40,744</u>	<u>\$ 191,359</u>	<u>\$ 26,839</u>
 <u>Business-Type Activities</u>					
Bonds and notes payable:					
Certificates of participation	\$ 19,060	\$ 5,323	\$ 6,463	\$ 17,920	\$ 702
Unamortized premium on COP		525	33	492	
State notes	35,884	-	1,485	34,399	1,523
Revenue bonds	193,483	-	3,094	190,389	3,218
Unamortized premium on Revenue Bonds	6,158	-	213	5,945	-
General obligation bonds	10,245	-	355	9,890	360
Unamortized premium on General obligation bonds	1,072	-	57	1,015	-
Assessment bonds	15,364	24,173	10	39,527	1,208
Total bonds and notes payable	<u>281,266</u>	<u>30,021</u>	<u>11,710</u>	<u>299,577</u>	<u>7,011</u>
 Other liabilities:					
Compensated absences	297	143	143	297	166
Total other liabilities	<u>297</u>	<u>143</u>	<u>143</u>	<u>297</u>	<u>166</u>
Total Business-Type Activities	<u>\$ 281,563</u>	<u>\$ 30,164</u>	<u>\$ 11,853</u>	<u>\$ 299,874</u>	<u>\$ 7,177</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Annual debt service requirements for governmental activities as of June 30, 2013 are summarized as follows:

Governmental Activities					
Year Ended June 30,	Certificates of Participation		Pension Obligation Bonds		
	Principal	Interest	Principal	Interest	
2014	\$ 1,022	\$ 1,049	\$ 4,390	\$ 4,335	
2015	1,040	1,032	5,030	4,140	
2016	1,073	1,002	5,715	3,911	
2017	1,116	958	6,460	3,644	
2018	1,159	913	7,265	3,336	
2019-2023	6,539	3,809	60,469	32,163	
2024-2028	7,908	2,253	17,519	43,536	
2029-2033	2,715	1,054	8,776	29,338	
2034-2038	3,090	381	-	-	
Total	\$ 25,662	\$ 12,451	\$ 115,624	\$ 124,403	

Business-Type Activities						
Year Ended June 30,	Certificates of Participation		State Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 702	\$ 804	\$ 1,523	\$ 799	\$ 3,218	\$ 9,472
2015	720	786	1,569	753	3,357	9,337
2016	742	761	1,774	834	3,503	9,191
2017	775	731	1,827	782	3,665	9,026
2018	803	699	1,880	728	3,850	8,837
2019-2023	4,602	2,923	10,076	2,788	22,495	40,942
2024-2028	5,794	1,660	8,545	1,440	29,015	34,396
2029-2033	2,790	438	4,302	473	37,455	25,948
2034-2038	240	192	1,175	257	48,375	15,030
2039-2043	298	133	1,297	134	35,455	2,586
2044-2048	370	60	431	18	-	-
2049-2051	84	2	-	-	-	-
Total	\$ 17,920	\$ 9,189	\$ 34,399	\$ 9,006	\$ 190,388	\$ 164,765

Business-Type Activities (continued)					
Year Ended June 30,	General Obligation Bonds		Assessment Bonds		
	Principal	Interest	Principal	Interest	
2014	\$ 360	\$ 474	\$ 1,208	\$ 913	
2015	375	461	1,244	1,037	
2016	395	445	1,271	1,002	
2017	410	429	1,307	967	
2018	425	413	1,343	930	
2019-2023	2,435	1,746	7,309	4,067	
2024-2028	3,155	1,021	8,385	2,990	
2029-2033	2,335	179	9,627	1,754	
2034-2037			7,833	401	
Total	\$ 9,890	\$ 5,168	\$ 39,527	\$ 14,061	

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Long-term liabilities at June 30, 2013 consisted of the following:

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2013
Governmental Activities						
Certificates of Participation						
<u>2007 Series A</u>	2/8/2007	2037	4% - 4.25%	\$304 - \$308	5,090	4,585
Used to finance the construction of the Paso Robles Courthouse building. Debt service is provided by court fines specifically designated and restricted for new construction or major renovation of court facilities.						
<u>2008 Series A</u>	1/23/2008	2038	4% - 4.625%	\$440 - \$451	7,325	6,650
Used to finance improvements to the Vineyard Drive Interchange. Debt service is provided by Development Fees.						
<u>2012 Series A</u>	10/15/2012	2028	.5%-5.0%	\$1,034-1,289	14,427	14,427
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.						
Pension Obligation Bonds						
Used to refund the Unfunded Actuarial Accrued Liability (UAAL) due to the Pension Trust as of July 2, 2003 as determined by an outside actuary. Debt service payments are expected to be funded by County payroll benefits.						
<u>2003 Series A Standard Bonds</u>	7/2/2003	2018	1.68% - 4.54%	\$2,164 - \$7,594	47,995	28,860
<u>2003 Series C Capital Appreciation Bonds</u>	7/2/2003	2031	5.27% - 5.73%	zero - \$15,000	44,199	44,199
<u>2009 Series A Term Bonds</u>	8/19/2009	2019	7.45%	\$3,171	42,565	42,565
					<u>\$161,601</u>	<u>\$141,286</u>

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2013
Business-Type Activities						
Certificates of Participation						
<u>USDA 2009</u>	4/30/2009	2049	4.375%	\$6 - \$86	1,631	1,572
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	11,025
Used to refund the 2000 A COP issue. The original COP was used to improve and retrofit the Lopez Dam. Debt service is provided by semi-annual lease payments made by the Flood Control District for the use of the retrofitted facilities.						
<u>2012 Series A</u>	10/15/2012	2028	.5%- 5.0%	\$381-\$475	5,323	5,323
Lease Revenue Refunding Bonds 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.						
					<u>\$18,944</u>	<u>\$17,920</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2013
<u>Business-Type Activities (continued)</u>						
State Notes						
The County has borrowed from the State of California Department of Water Resources and the California Department of Transportation to finance the construction of water systems in unincorporated areas and to construct hangars at the San Luis Obispo airport. State loans are repaid with water service revenue and hangar rental revenue.						
Cayucos Water Treatment Facility	1998	2023	3.0315%	\$174	\$3,011	\$1,487
Santa Margarita Water System	1999	2018	3.41%	\$36	513	162
Lopez Recreation Area	2004	2024	2.5132%	\$21	325	199
Lopez Water Treatment Plant Upgrade	2006	2028	2.60%	\$1,672	25,945	22,854
Airport Hangars	2006	2025	4.6124%	\$334	4,734	2,626
Airport Hangars	2007	2025	4.6557%	\$86	1,000	782
Los Osos Waste Water Project	2012	2044	2.0%	\$1,431	6,289	6,289
					<u>\$41,817</u>	<u>\$34,399</u>

Revenue Bonds

<u>1976 Water Bond-County</u>						
<u>Service Area 16</u>	4/1/1976	2016	5.00%	\$7 - \$9	\$135	\$22
Used to improve the Shandon Water System. Debt service is provided primarily by water sales revenues.						
<u>2007 Nacimiento Pipeline</u>						
<u>Project Series A</u>	9/26/2007	2040	3.75% - 5.0%	\$7,658 - \$10,048	157,845	152,888
<u>2007 Nacimiento Pipeline</u>						
<u>Project Series B</u>	9/26/2007	2040	5.196% - 5.571%	\$2,132 - \$2,646	38,565	37,485
Used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts payable under water delivery contracts.						
					<u>\$196,545</u>	<u>\$190,389</u>

General Obligation Bonds

<u>2011 Refunding – Lopez Dam</u>						
<u>Remediation</u>	5/12/2011	2030	2.0% - 5.5%	\$833 - \$840	\$10,760	\$9,890
Used to refund the 2000 A GO issue. The original GO Bonds were used to improve and Retrofit the Lopez Dam. Debt service is provided by applicable property taxes.						
Assessment Bonds						
	2012	2037	2.75%	\$1,609 - \$2,257	\$39,537	\$39,527
Issued to the USDA to finance the construction of the Los Osos Waste Water Project. Debt Service will be provided by amounts levied against property owners who benefit from the project.						

Public Facilities Corporation

The San Luis Obispo County Public Facilities Corporation (PFC) was incorporated on 9/7/1994. The PFC is a nonprofit public benefit corporation organized to assist public agencies within the County of San Luis Obispo with the acquisition and construction of various public facilities.

Financing Authority

The San Luis Obispo County Financing Authority was formed on 8/22/2000 as a joint exercise of powers authority between the County and the Flood Control District, which administers Lopez Dam. The Authority was created to assist in the financing, construction, and equipping of public facilities for one or both of the members.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Description of Long-Term Lease Arrangements

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

Description of Special Assessment Bonds

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

The County acts in an agent capacity for the assessment districts. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment principal outstanding at June 30, 2013 totals \$2,376 with interest rates from 3.5% to 6.85%.

Accrued Vacation and Sick Leave Pay and Compensatory Time Off

County employees have accumulated unpaid vested benefits for compensatory time off, sick leave and vacation earned of \$26,157 at June 30, 2013. 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.

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 \$522,454 with a margin of \$512,564.

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, 2013 had an arbitrage liability of \$655,278.

Debt Refunding

On July 17, 2012, all the outstanding principal and interest due on the Certificates of Participation 2002 Series A were paid. Funding was provided by the issuance of the SLO County Financing Authority Lease Revenue Refunding Bonds 2012 Series A. The aggregate difference between the 2002 Series A and the 2012 Series A was \$3,187. Using the effective interest rate method, the refunding resulted in an economic gain of \$2,404.

11. NET POSITION/FUND BALANCES

The government-wide and business-type activities fund financial statements utilize a net position presentation. Net position is categorized as invested capital assets (net of related debt), restricted and unrestricted.

Investment in Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

Net position invested in capital assets, net of related debt at June 30, 2013 is as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 1,103,924
Business-type activities	<u>167,138</u>
Total	<u>\$ 1,271,062</u>

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Included in total restricted net position At June 30, 2013 is \$16,033 restricted due to enabling legislation.

Restricted net position at June 30, 2013 for governmental activities is as follows (in thousands):

	<u>Amount</u>
RESTRICTED FOR:	
<u>General Government</u>	
Commitments for Board of Supervisors related professional services	\$ 27
Commitments for Administrative Office related professional services	4
Commitments for Risk Management related professional services	50
Commitments for Information Technology related equipment and training	34
Commitments for Human Resources related professional services	42
Commitments for Auditor-Controller related professional services	14
Commitments for Clerk-Recorder related equipment	1
Commitments for County Counsel related professional services	143
Commitments for building maintenance projects	61
Commitments for architectural services related professional services	4
Commitments for capital projects	32
Claims, contracts and other restrictions	151
<u>Public Protection</u>	
Commitments for Agricultural Commissioner related professional services	5
Commitments for Planning related professional services	337
Commitments for Waste Management related supplies and professional services	65
Commitments for Probation related professional services and licenses	31
Commitments for Public Defender related professional services	2
Commitments for District Attorney related equipment	2
Commitments for Flood Control related engineering services	634
Commitments for fire protection equipment	201
Commitments for capital projects	974
<u>Health and Sanitation</u>	
Commitments for Behavioral Health related equipment	7
Commitments for Public Health related professional services	16
Commitments for capital projects	10
<u>Public Assistance</u>	
Commitments for Social Services related supplies and professional services	59
<u>Public Ways and Facilities</u>	
Commitments for Public Works related professional services	7
Road maintenance and construction	6,625
Public facilities fees restricted for public facilities	9,408
Commitments for capital projects	6

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Education</u>	
Commitments for capital projects	29
<u>Recreation and Culture</u>	
Commitments for capital projects	213
Commitments for parks related supplies and professional services	30
<u>Debt Service</u>	
	9,639
Total Restricted Net Position	<u>\$ 28,863</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, 2013 are as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 304,257
Business-type activities	<u>58,433</u>
Total	<u>\$ 362,690</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 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 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, 2013 are distributed as follows:

	General Fund	Capital Projects Fund	Nonmajor Gov'tl Funds	Total
<u>Nonspendable:</u>				
Inventories	\$ 96	\$ -	\$ -	\$ 96
Prepaid Items	329	-	11	340
Loans receivable	-	-	28	28
Advances to other funds	2,667	-	557	3,224
Subtotal	<u>3,092</u>	<u>-</u>	<u>596</u>	<u>3,688</u>
<u>Restricted for:</u>				
Tax loss reserves	4,005	-	-	4,005
Public ways and facilities	-	-	16,033	16,033
Public protection	-	-	11	11
Debt service	-	-	2,267	2,267
Subtotal	<u>4,005</u>	<u>-</u>	<u>18,311</u>	<u>22,316</u>
<u>Committed to:</u>				
General government	7,227	-	-	7,227
Public protection	1,676	-	15,300	16,976
Public assistance	80	-	2,196	2,276
Public ways and facilities	98	-	7,656	7,754
Health and sanitation	50	-	309	359
Education	5	-	4,036	4,041
Recreation	-	-	3,949	3,949
General reserve	8,000	-	-	8,000
Fire equipment	967	-	-	967
Pension Obligation Bonds	4,689	-	-	4,689
Internal financing	4,168	-	-	4,168
Solar plant mitigation	8,078	-	-	8,078
Automation projects	10,755	-	-	10,755
Building replacement	12,441	-	-	12,441
Organizational development	1,673	-	-	1,673
Tax reduction reserve	35,549	-	-	35,549
Lease financing	909	-	-	909
Capital Projects	-	25,084	-	25,084
Debt service	-	-	7,373	7,373
Subtotal	<u>96,365</u>	<u>25,084</u>	<u>40,819</u>	<u>162,268</u>
<u>Assigned to:</u>				
Tax reduction reserve	17,394	-	-	17,394
General government	5,586	-	-	5,586
Public protection	16,384	-	-	16,384
Public assistance	13,134	-	-	13,134
Public ways and facilities	1,188	-	-	1,188
Health and sanitation	20,342	-	-	20,342
Subsequent Fiscal Year Budget	30,134	-	-	30,134
Imprest cash	75	-	-	75
Subtotal	<u>104,237</u>	<u>-</u>	<u>-</u>	<u>104,237</u>
 Total	 <u>\$ 207,699</u>	 <u>\$ 25,084</u>	 <u>\$ 59,726</u>	 <u>\$ 292,509</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

12. LAPSING ENCUMBRANCES

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

The following is a summary of lapsing encumbrances at June 30, 2013 to be reappropriated during the next fiscal year (in thousands):

Function	Total Encumbrances
General Government	\$ 2,531
Health & Sanitation	1,279
Public Protection	1,325
Public Assistance	380
Public Ways and Facilities	9,006
Education	4
Recreation	862
Total Lapsing Encumbrances	<u>\$ 15,387</u>

13. OTHER COMMITMENTS

In 1965, San Luis Obispo County Flood Control and Water Conservation District (District), a blended component unit of the County, began payments in accordance with a contract with the State Department of Water Resources (DWR) for a water supply from the State Water Project. Estimated future principal payments for the State Water Contract will total \$28,897,726 over the next 22 years. The estimated amounts vary by year. For example, the principal amount due in 2013 is \$832,082 while \$1,980,213 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, and during 2013 the State began formal contract extension negotiations with the District and all of the other State Water Contractors. The negotiations are still in progress.

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, 2013.

15. DEFINED BENEFIT PENSION PLAN

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 single-employer, contributory defined benefit pension plan for employees of the County of San Luis Obispo, employees of the Superior Court in San Luis Obispo County, employees of the San Luis Obispo Local Agency Formation Commission, employees of the San Luis Obispo Air Pollution Control District and employees of the San Luis Obispo County Pension Trust. The Plan exists, operates and is constituted under the authority of Section 53215 of Section 17 of Article XVI of the California Constitution and the Government Code Article 1.5 (Pension Trusts), of Chapter 2 (Officers and Employees), of Part 1 (Powers and Duties Common to Cities, Counties and Other Agencies), of Division 2 (Cities, Counties and Other Agencies), of Title 5 (Local Agencies) of the California Government Code.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Participation in the Plan is mandatory for all regular employees. 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 were issued for the Plan and are available at the County of San Luis Obispo Auditor-Controller's office.

Benefit Provisions

Plan participants, upon attaining the normal retirement age of 55 for Safety employees and Probation Officers and 60 for Miscellaneous employees, 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, and the member's bargaining unit. The Plan permits early retirement for all employees at age 50 with 5 or more years of service credit. 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 provides for an Annual Cost of Living Adjustment (COLA) based on the Consumer Price Index. The Plan also provides death benefits.

Summary of Significant Accounting Policies

Basis of Accounting - The Plan's consolidated financial statements include the accounts of the Plan and its wholly owned subsidiary, Fiduciary Properties Incorporated, and are prepared on the accrual basis of accounting. Contributions from the County and the County's employees are recognized as revenue when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Investment income is recognized as earned by the Plan.

Investments in corporate notes, bonds, collateralized mortgage obligations, alternative investments, equities, futures, real estate investment funds, equity real estate holdings, and other short-term cash investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price or at year-end closing prices as quoted by an independent securities valuation company. Investments that do not have an established market are reported at estimated fair value. The Plan uses the calendar year for financial reporting purposes.

The County's contributions to the Plan are recognized when due. The County's contributions are due at the end of each pay period.

The Plan has elected to present the financial statements in accordance with Statement No. 25 of the Governmental Accounting Standards Board (GASB).

There are no investments in loans or investments in leases with parties related to the pension plan.

Concentrations – As of December 31, 2012, the Plan held no investments of a single issuer comprising 5% or more of net position.

Funding Policy – The Trustees establish and may amend the funding policy. Participants were required to contribute to the Plan for the 2012 calendar year at rates ranging from 4.89% to 23.98% of includable compensation as defined in the Plan document, depending upon the collective bargaining agreement under which the participant is covered. Such contributions, together with the County's appropriations, are

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

currently invested in corporate notes, bonds, collateralized mortgage obligations, alternative investments, equities, futures, real estate investment funds, equity real estate holdings, and other short-term cash investments. The participants' accumulated contributions may be withdrawn at any time should the participant leave the employment of the County prior to retirement.

The Trustees established the pension plan contribution rate requirement with the advice of their retained actuary. There were no legal or contractual maximum contribution rates in effect during 2012. Periodic employer contributions to the Plan were determined on an actuarial basis using the Entry Age Normal cost method. This method is one of the actuarial methods authorized under GASB 27.

In 2003 the County issued a Pension Obligation Bond. The Entry Age Normal cost method permitted the selection of either a 30-year or 40-year amortization period for such bonds. The Trustees chose a closed amortization period of 30-years. As a result of the issuance of the Pension Obligation Bond by the County, the scheduled increases in required contributions previously adopted by the Board of Trustees were rescinded and, based upon the advice of the plan actuary, the rates charged to the County were established at a range of 15.09% to 27.78% of payroll. Specific appropriation rates were adopted for each benefit group at various times during 2012 as negotiations for changes to the Retirement Allowance formula were concluded and implemented.

Total contributions and appropriations to the Plan in 2012 amounted to \$55,945,080. Of this total, \$30,942,038 was regular Employer appropriations. Employee contributions amounted to \$25,003,042. The Employee contributions did not include Employee Additional Voluntary Contributions of \$107,470 and County Additional for Employee Contributions of \$96,653. The contributed amounts were actuarially determined as described above and were based on an actuarial valuation report as of December 31, 2012.

Annual Pension Cost and Net Pension Asset

The County's annual pension cost and prepaid pension asset, computed in accordance with GASB 27, Accounting for Pensions by State and Local Governmental Employers, for the year ended June 30, 2013, (based on an actuarial valuation report as of December 31, 2012) were as follows (in thousands):

	<u>Amount</u>
Annual Required Contribution (ARC)	\$ 31,123
Interest on beginning net pension asset	(9,658)
Adjustment to the ARC	<u>7,571</u>
Annual Pension Cost (APC)	29,036
Employer contributions made	<u>30,941</u>
Increase (decrease) in net pension asset	1,905
Net pension asset / (obligation), beginning of year	<u>133,214</u>
Net pension asset / (obligation), end of year	\$ <u><u>135,119</u></u>

The annual pension cost and net pension asset were based on an actuarial valuation report as of December 31, 2012. The actuarial values of assets were determined on a market related blend basis, with each years' gains and losses smoothed over a five year period for all years except 2008. The loss in 2008 was smoothed over a ten year period.

The net position held in trust for pension benefits are allocated among various reserves. For the year ended December 31, 2012, these reserves were generally credited with interest at the rate of 7.25%. In addition, any additional employee or employer contributions, as well as interest credited to these additional contributions, earned interest at the rate of 2.80%. Any interest or dividends earned in excess of the amount required to be credited to the various reserves is accumulated in the contingency reserve account.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Three-Year Trend Information

Year Ended <u>June 30</u>	Annual Pension <u>Cost (APC)</u>	<u>Contribution</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Asset</u>
2011*	\$27,331	\$32,148	118%	\$129,972
2012*	\$27,195	\$30,436	112%	\$133,214
2013*	\$29,036	\$30,941	107%	\$135,119

*Based on an actuarial valuation report as of January 1

Funded Status

The Plan's funded status based upon the most recent actuarial valuation performed by Gabriel, Roeder Smith and Company dated January 1, 2013 is as follows:

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL) Funding Excess)	Funded Ratio (a/b)	Annual Covered Payroll	(Funding Excess) UAAL as a Percentage of Covered Payroll
<u>Jan 1</u>	<u>(a)</u>	<u>(b)</u>	<u>(b-a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u>(b-a)/c</u>
2013	\$1,122,151	\$1,468,001	\$345,850	76.4%	\$164,299	210.5%

Disclosure of Information about Actuarial Methods and Assumptions

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

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of cost sharing between the employers and plan members to that point. The projection of benefits for financial reporting does not explicitly incorporate the potential effect of legal or contractual funding limitations on the pattern of cost sharing between the employer and the future plan members to that point in time.

Actuarial calculations reflect a long-term perspective. Actuarial methods and assumptions used include techniques to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future.

Latest Actuarial Valuation Methods and Assumptions

Contributions were made in accordance with actuarially determined requirements. A variety of significant actuarial assumptions are used to determine the contributions required. These assumptions are summarized below:

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Valuation Date:	December 31, 2012 (January 1, 2013)
Actuarial Cost Method	Entry Age Normal
Amortization Method	30 years declining, Closed Method
Remaining Amortization Period	27 years
Asset Valuation Method	Market Related Blend, Five-year smoothing for all years except 2008, which was smoothed over 10 years
Actuarial Assumptions:	
Investment Rate of Return	7.25% effective annual interest rate
Inflation Rate Assumption	2.75% per year
Base Annual Rate of Compensation Increase	3.25% (including inflation)
Payroll Growth Rate	3.75% per year
Cost-of-Living Adjustments	2.75% for Tier 1/ 2.00% for Tier 2

Amortization of Unfunded Actuarial Liabilities is done as a level percent of payroll over 27 years (28 years was used in the previous valuation) for funding computation.

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

16. LANDFILL POSTCLOSURE CARE COSTS

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

The remaining estimated liability for landfill postclosure cost as of June 30, 2013 is \$4,151,279 (in 2013 dollars). Of this \$3,130,610 is for the Maintenance Cost and \$1,020,669 is the Corrective Action Cost. The cost estimates were provided by a licensed professional geologist in the Post Closure Maintenance Plan dated May 8, 2012 and the Engineers Estimate of Corrective Action for a Foreseeable Release dated March 23, 2011. Both reports are required to be updated every five years. However, the actual cost of postclosure care may be higher (or lower) due to inflation, changes in technology, or changes in landfill laws and regulations. Therefore, the cost estimate will be reviewed and adjusted as needed for changes in these factors.

17. POST EMPLOYMENT HEALTHCARE BENEFITS

Plan Description and Benefits

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

In April 2010 the County established an irrevocable trust with the California Employer's Retiree Benefit Trust (CERBT) to prefund the future cost of retiree health insurance benefits. The CERBT's administrator, CalPERS, issues a publicly available financial report consisting of financial statements and required supplementary information for the CERBT in aggregate. The report may be obtained by writing to CalPERS,

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811. CalPERS does not provide a separate, audited GAAP-basis postemployment benefit plan report for the County’s discrete information.

Funding Policy

The CalPERS contract requires that the County contribute certain minimum amounts for each retiree’s health insurance. If the County selected another provider for health insurance coverage these minimum amounts might not apply. However, the County has been using CalPERS for medical coverage since 1990, and currently has not expressed intent to change providers. The amounts the County actually contributes depend on bargaining unit and for calendar year 2012 ranged from \$112 to \$139 per month. The subsidy is adjusted annually to reflect changes in the medical component of the Consumer Price Index.

Annual OPEB Cost and Net OPEB Asset

The County’s annual Other Post Employment Benefits (OPEB) cost is equal to the (a) annual required contribution (ARC) less (b) one year’s interest on the beginning balance of the net OPEB asset plus/minus (c) any adjustment to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over a thirty year open period. The ARC of \$1,439 for the fiscal year ended June 30, 2013 includes the normal cost for current active employees of \$706 and a component for amortization of the total unfunded actuarial accrued liability (UAAL) of \$734. The following table shows the components of the Net OPEB Asset as of June 30, 2013:

Annual required contribution (ARC)	\$1,439
Interest on prior year net OPEB asset	(139)
Adjustment to ARC	528
Annual OPEB Cost	1,828
Contributions made	1,537
Increase (decrease) in net OPEB obligation	291
Net OPEB obligation (asset) – beginning of year	(1,830)
Net OPEB obligation (asset) – end of year	(\$1,539)

The County’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the Net OPEB Obligation (Asset) for the fiscal year ended 2013 and the two preceding years are as follows:

Fiscal Year Ended	Annual OPEB Cost	Contributions	Percent of OPEB Cost Contributed	Net OPEB Obligation (Asset)
2011	\$1,645	\$1,747	106%	(\$1,995)
2012	\$1,863	\$1,698	91%	(\$1,830)
2013	\$1,868	\$1,537	84%	(\$1,539)

Funded Status and Funding Progress

The funded status of the OPEB plan as of June 30, 2013 (based on the County’s June 30, 2011 actuarial valuation) is as follows:

Actuarially accrued liability	\$21,185
Actuarial value of plan assets	(8,775)
Unfunded actuarially accrued liability	\$12,410
Funded ratio (actuarial value of plan assets/AAL)	41.42%
Covered payroll (active plan members)	\$152,893
UAAL as a percentage of covered payroll	8.12%

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Actuarial Methods and Assumptions

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

In the County's June 30, 2011 actuarial valuation the Entry Age Normal, Level Percent of Pay actuarial cost method was used. The actuarial assumptions included a 7.61% investment rate of return, an inflation rate of 3.25% per year, and assumed future medical inflation of 5% graded down to 4% beginning 2014. The OPEB plan's unfunded actuarial liability is being amortized by level percent of payroll contributions over 28 years.

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



REQUIRED SUPPLEMENTARY INFORMATION



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 Funding Progress – Defined Benefit Retirement Plan
- Schedule of Funding Progress – Other Post Employment Benefits Plan (OPEB)
- Budgetary Comparison Schedule – General Fund
- Notes to required supplementary information

**COUNTY OF SAN LUIS OBISPO
REQUIRED SUPPLEMENTARY INFORMATION**

COUNTY OF SAN LUIS OBISPO
REQUIRED SUPPLEMENTARY INFORMATION
SAN LUIS OBISPO COUNTY PENSION TRUST SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2013 (in thousands)

Actuarial Valuation Jan 1	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL (Funding Excess) as a Percentage of Covered Payroll ((b-a)/c)
2011	\$1,000,169	\$1,282,058	\$281,889	78.0%	\$161,783	174.2%
2012	\$1,057,922	\$1,378,549	\$320,627	76.7%	\$161,055	199.1%
2013	\$1,122,151	\$1,468,001	\$345,850	76.4%	\$164,299	210.5%

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
SAN LUIS OBISPO COUNTY OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2013
(in thousands)

Actuarial Valuation Dec 31	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (Funding Excess) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL (Funding Excess) as a Percentage of Covered Payroll ((b-a)/c)
2007	\$0	\$28,517	\$28,517	0%	\$154,252	18.5%
2009	\$6,324	\$19,718	\$13,394	32.1%	\$154,282	8.9%
2011*	\$8,775	\$21,185	\$12,410	41.42%	\$152,893	8.1%

*Valuation Date 6/30/2011

Source: Gabriel Roeder Smith & Company "San Luis Obispo County Retiree Health Care Plan Actuarial Valuation Report". The 2009 actuarial value of assets represent fiscal year 2009/10 CERBT contributions of \$6.3 million.

COUNTY OF SAN LUIS OBISPO
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2013 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 137,721	\$ 137,721	\$ 161,274	\$ 23,553
Licenses, permits, and franchises	8,222	8,573	9,247	674
Fines, forfeits, and penalties	3,779	4,100	5,094	994
Use of money and property	628	628	602	(26)
Aid from other governmental agencies	185,349	194,704	185,116	(9,588)
Charges for services	30,695	33,252	28,028	(5,224)
Other revenue	3,190	7,139	6,351	(788)
Total Revenues	<u>369,584</u>	<u>386,117</u>	<u>395,712</u>	<u>9,595</u>
Expenditures:				
Current:				
General government	44,904	51,672	39,703	11,969
Public protection	144,495	152,643	141,041	11,602
Public ways and facilities	2,176	4,448	2,958	1,490
Health and sanitation	69,107	72,976	65,197	7,779
Public assistance	97,624	99,330	92,428	6,902
Education	475	475	436	39
Contingencies	15,043	14,222	--	14,222
Total Expenditures	<u>373,824</u>	<u>395,766</u>	<u>341,763</u>	<u>54,003</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,240)</u>	<u>(9,649)</u>	<u>53,949</u>	<u>63,598</u>
Other Financing Sources (Uses):				
Transfers in	1,375	1,123	1,098	(25)
Transfers (out)	(24,198)	(28,713)	(26,181)	2,532
Total Other Financing Sources (Uses)	<u>(22,823)</u>	<u>(27,590)</u>	<u>(25,083)</u>	<u>2,507</u>
Net change in fund balances	(27,063)	(37,239)	28,866	66,105
Fund balances, beginning	<u>135,182</u>	<u>135,182</u>	<u>135,182</u>	<u>--</u>
Fund balances, ending	<u>\$ 108,119</u>	<u>\$ 97,943</u>	<u>\$ 164,048</u>	<u>\$ 66,105</u>

Continued

COUNTY OF SAN LUIS OBISPO
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2013 (in thousands)

Explanation of Differences between Budgetary Outflows and GAAP Expenditures:

Actual amounts (budgetary basis) "Total Revenues" from the Budgetary Comparison Schedule	\$	395,712
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Revenues for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes		1,780
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Total Revenues as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$</u>	<u>397,492</u>
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Uses/outflows of resources

Actual amounts (budgetary basis) "Total Expenditures" from the Budgetary Comparison Schedule	\$	341,763
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Expenditures for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes		4,671
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Total Expenditures as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$</u>	<u>346,434</u>
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Other financing sources/(uses) of resources

Actual amounts (budgetary basis) "Total Other Financing Sources (Uses)" from the Budgetary Comparison Schedule	\$	(25,083)
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Other financing sources (uses) for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes		695
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Total Other Financing Sources (Uses) as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$</u>	<u>(24,388)</u>
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COUNTY OF SAN LUIS OBISPO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2013

1. BUDGETARY BASIS OF ACCOUNTING

A. BUDGETARY ACCOUNTING

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

After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Board resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Board. During the fiscal year ended June 30, 2013, the Board of Supervisors approved all necessary supplemental appropriations. Generally, the effects of the supplemental appropriations are to increase the budget for cost of living adjustments and new programs and grants financed by other governmental agencies.

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

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

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

BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATION

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



OTHER SUPPLEMENTARY INFORMATION



**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**



NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS:

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

San Luis Obispo County Public Facilities Corporation (PFC)

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

Pension Obligation Bonds

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

San Luis Obispo County Public Financing Authority (PFA)

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

SPECIAL REVENUE FUNDS:

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

California Health Care Indigent Program

Accounts for revenues received from the State of California used to provide health care for the indigent population of the County.

Community Development Program

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

County Medical Services Program (CMSP)

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

Emergency Medical Services

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

Driving Under the Influence Programs

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

Fish & Game

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

Road Impact Fees

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Library

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

Parks

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

Public Facilities Fees

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

Roads

Accounts for resources used to maintain the county road system.

Wildlife & Grazing

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

SPECIAL REVENUE SPECIAL DISTRICT FUNDS:

Flood Control Districts

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

Lighting Districts

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

County Service Areas

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

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2013 (in thousands)

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
<u>ASSETS</u>			
Cash and cash equivalents	\$ 7,860	\$ 52,742	\$ 60,602
Restricted cash with fiscal agent	2,267	--	2,267
Due from other governments	--	3,038	3,038
Prepaid items	--	11	11
Loans receivable	--	28	28
Advances to other funds	--	557	557
Other assets	5,412	--	5,412
	<u>5,412</u>	<u>--</u>	<u>5,412</u>
 Total Assets	 <u>\$ 15,539</u>	 <u>\$ 56,376</u>	 <u>\$ 71,915</u>
<u>LIABILITIES</u>			
Salaries and benefits payable	\$ --	\$ 260	\$ 260
Accounts payable	--	1,424	1,424
Deposits from others	--	628	628
Unearned revenue	--	142	142
Other current liabilities	5,412	--	5,412
Advances from other funds	487	1,826	2,313
Total Liabilities	<u>5,899</u>	<u>4,280</u>	<u>10,179</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unavailable revenue	<u>--</u>	<u>2,010</u>	<u>2,010</u>
<u>FUND BALANCES</u>			
Nonspendable	--	596	596
Restricted	2,267	16,044	18,311
Committed	7,373	33,446	40,819
Total Fund Balances	<u>9,640</u>	<u>50,086</u>	<u>59,726</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balances	 <u>\$ 15,539</u>	 <u>\$ 56,376</u>	 <u>\$ 71,915</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, 2013 (in thousands)

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>Revenues:</u>			
Taxes	\$ --	\$ 10,497	\$ 10,497
Fines, forfeits and penalties	--	1,170	1,170
Use of money and property	11	244	255
Aid from other governmental agencies	--	24,068	24,068
Charges for current services	2,206	10,368	12,574
Other revenues	534	4,456	4,990
Total revenues	<u>2,751</u>	<u>50,803</u>	<u>53,554</u>
<u>Expenditures:</u>			
<u>Current:</u>			
Public protection	--	2,791	2,791
Public ways and facilities	--	31,220	31,220
Health and sanitation	--	4,824	4,824
Public assistance	--	5,631	5,631
Education	--	9,465	9,465
Recreation and cultural services	--	7,538	7,538
<u>Debt service:</u>			
Principal payments	4,065	--	4,065
Interest and fiscal charges	5,863	--	5,863
Debt issuance costs	269	--	269
Total expenditures	<u>10,197</u>	<u>61,469</u>	<u>71,666</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(7,446)</u>	<u>(10,666)</u>	<u>(18,112)</u>
<u>Other financing sources (uses):</u>			
Refunding certificates of participation issued	14,427	--	14,427
Premium on refunding debt issued	1,418	--	1,418
Payment to refunded debt escrow agent	(16,400)	--	(16,400)
Transfers in	22,283	17,591	39,874
Transfers out	(14,308)	(5,820)	(20,128)
Total other financing sources and (uses)	<u>7,420</u>	<u>11,771</u>	<u>19,191</u>
Net changes in fund balances	(26)	1,105	1,079
Fund balances - beginning	<u>9,666</u>	<u>48,981</u>	<u>58,647</u>
Fund balances - ending	<u>\$ 9,640</u>	<u>\$ 50,086</u>	<u>\$ 59,726</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2013 (in thousands)

	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Debt Service Public Financing Authority	Total Nonmajor Debt Service Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 903	\$ 6,956	\$ 1	\$ 7,860
Restricted cash with fiscal agent	452	--	1,815	2,267
Other assets	270	4,390	752	5,412
Total Assets	\$ 1,625	\$ 11,346	\$ 2,568	\$ 15,539
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Other current liabilities	\$ 270	\$ 4,390	\$ 752	\$ 5,412
Advances from other funds	--	--	487	487
Total Liabilities	270	4,390	1,239	5,899
Fund Balances:				
Restricted	452	--	1,815	2,267
Committed	903	6,956	(486)	7,373
Total Fund Balances	1,355	6,956	1,329	9,640
Total Liabilities and Fund Balances	\$ 1,625	\$ 11,346	\$ 2,568	\$ 15,539

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended June 30, 2013 (in thousands)

	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Debt Service Public Financing Authority	Total Nonmajor Debt Service Funds
<u>Revenues:</u>				
Use of money and property	\$ --	\$ 10	\$ 1	\$ 11
Charges for current services	1,787	--	419	2,206
Other revenues	--	534	--	534
Total revenues	<u>1,787</u>	<u>544</u>	<u>420</u>	<u>2,751</u>
<u>Expenditures:</u>				
Debt service:				
Principal payments	260	3,805	--	4,065
Interest and fiscal charges	909	4,535	419	5,863
Debt issuance costs	--	--	269	269
Total expenditures	<u>1,169</u>	<u>8,340</u>	<u>688</u>	<u>10,197</u>
Excess (deficiency) of revenues over (under) expenditures	<u>618</u>	<u>(7,796)</u>	<u>(268)</u>	<u>(7,446)</u>
<u>Other financing sources (uses):</u>				
Refunding certificates of participation issued	--	--	14,427	14,427
Premium on refunding debt issued	--	--	1,418	1,418
Payment to refunded debt escrow agent	(16,400)	--	--	(16,400)
Transfers in	14,304	7,979	--	22,283
Transfers out	(60)	--	(14,248)	(14,308)
Total other financing sources and (uses)	<u>(2,156)</u>	<u>7,979</u>	<u>1,597</u>	<u>7,420</u>
Net changes in fund balances	(1,538)	183	1,329	(26)
Fund balances - beginning	<u>2,893</u>	<u>6,773</u>	<u>--</u>	<u>9,666</u>
Fund balances - ending	<u>\$ 1,355</u>	<u>\$ 6,956</u>	<u>\$ 1,329</u>	<u>\$ 9,640</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds
June 30, 2013 (in thousands)

	Community Development	CMSP	Emergency Med Services	Driving Under the Influence Pgms
<u>ASSETS</u>				
Cash and cash equivalents	\$ 490	\$ 1,267	\$ 358	\$ 783
Due from other governments	--	--	597	--
Prepaid items	--	--	--	--
Loans receivable	--	--	--	--
Advances to other funds	--	--	--	--
	<u>490</u>	<u>1,267</u>	<u>955</u>	<u>783</u>
Total Assets	<u>\$ 490</u>	<u>\$ 1,267</u>	<u>\$ 955</u>	<u>\$ 783</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 86	\$ 4	\$ --	\$ 18
Salaries and benefits payable	--	23	--	21
Deposits from others	95	--	--	--
Unearned revenue	--	--	--	--
Advances from other funds	--	--	--	--
	<u>181</u>	<u>27</u>	<u>--</u>	<u>39</u>
Total Liabilities	<u>181</u>	<u>27</u>	<u>--</u>	<u>39</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
<u>FUND BALANCES</u>				
Nonspendable	--	--	--	--
Restricted	--	--	--	--
Committed	309	1,240	955	744
	<u>309</u>	<u>1,240</u>	<u>955</u>	<u>744</u>
Total Fund Balances	<u>309</u>	<u>1,240</u>	<u>955</u>	<u>744</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 490</u>	<u>\$ 1,267</u>	<u>\$ 955</u>	<u>\$ 783</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2013 (in thousands)

	Fish and Game	Road Impact Fees	Library	Parks	Public Facilities Fees
ASSETS					
Cash and cash equivalents	\$ 190	\$ 6,832	\$ 4,670	\$ 4,539	\$ 9,432
Due from other governments	--	--	--	--	--
Prepaid items	--	--	10	1	--
Loans receivable	--	--	--	--	--
Advances to other funds	--	--	--	--	--
Total Assets	<u>\$ 190</u>	<u>\$ 6,832</u>	<u>\$ 4,680</u>	<u>\$ 4,540</u>	<u>\$ 9,432</u>
LIABILITIES					
Accounts payable	\$ 7	\$ --	\$ 62	\$ 135	\$ --
Salaries and benefits payable	--	--	121	95	--
Deposits from others	--	--	--	162	24
Unearned revenue	--	--	--	--	--
Advances from other funds	--	207	1,197	199	--
Total Liabilities	<u>7</u>	<u>207</u>	<u>1,380</u>	<u>591</u>	<u>24</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	--	--	--	--	--
FUND BALANCES					
Nonspendable	--	--	10	1	--
Restricted	--	6,625	--	--	9,408
Committed	183	--	3,290	3,948	--
Total Fund Balances	<u>183</u>	<u>6,625</u>	<u>3,300</u>	<u>3,949</u>	<u>9,408</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 190</u>	<u>\$ 6,832</u>	<u>\$ 4,680</u>	<u>\$ 4,540</u>	<u>\$ 9,432</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
June 30, 2013 (in thousands)

	Roads	Wildlife Grazing	Special Districts	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and cash equivalents	\$ 7,986	\$ 15	\$ 16,180	\$ 52,742
Due from other governments	2,441	--	--	3,038
Prepaid items	--	--	--	11
Loans receivable	--	--	28	28
Advances to other funds	207	--	350	557
	<u>207</u>	<u>--</u>	<u>350</u>	<u>557</u>
Total Assets	<u>\$ 10,634</u>	<u>\$ 15</u>	<u>\$ 16,558</u>	<u>\$ 56,376</u>
LIABILITIES				
Accounts payable	\$ 964	\$ --	\$ 148	\$ 1,424
Salaries and benefits payable	--	--	--	260
Deposits from others	346	--	1	628
Unearned revenue	142	--	--	142
Advances from other funds	--	--	223	1,826
	<u>1,452</u>	<u>--</u>	<u>372</u>	<u>4,280</u>
Total Liabilities	<u>1,452</u>	<u>--</u>	<u>372</u>	<u>4,280</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	<u>2,010</u>	<u>--</u>	<u>--</u>	<u>2,010</u>
FUND BALANCES				
Nonspendable	207	--	378	596
Restricted	--	11	--	16,044
Committed	6,965	4	15,808	33,446
	<u>7,172</u>	<u>15</u>	<u>16,186</u>	<u>50,086</u>
Total Fund Balances	<u>7,172</u>	<u>15</u>	<u>16,186</u>	<u>50,086</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 10,634</u>	<u>\$ 15</u>	<u>\$ 16,558</u>	<u>\$ 56,376</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended June 30, 2013 (in thousands)

	Community Development	CMSP	Emergency Med Services	Driving Under the Influence Pgms
<u>Revenues:</u>				
Taxes	\$ --	\$ --	\$ --	\$ --
Fines, forfeits and penalties	--	--	1,148	--
Use of money and property	1	3	--	2
Aid from other governmental agencies	4,666	2,490	--	--
Charges for current services	--	107	--	1,407
Other revenues	47	1,047	--	--
Total revenues	<u>4,714</u>	<u>3,647</u>	<u>1,148</u>	<u>1,409</u>
<u>Expenditures:</u>				
Current:				
Public protection	--	--	--	--
Public ways and facilities	--	--	--	--
Health and sanitation	4,824	--	--	--
Public assistance	--	4,854	777	--
Education	--	--	--	1,334
Recreation and cultural services	--	--	--	--
Total expenditures	<u>4,824</u>	<u>4,854</u>	<u>777</u>	<u>1,334</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(110)</u>	<u>(1,207)</u>	<u>371</u>	<u>75</u>
<u>Other financing sources (uses):</u>				
Transfers in	354	1,518	--	--
Transfers out	--	(30)	--	(30)
Total other financing sources (uses)	<u>354</u>	<u>1,488</u>	<u>--</u>	<u>(30)</u>
Net changes in fund balances	244	281	371	45
Fund Balances - beginning	<u>65</u>	<u>959</u>	<u>584</u>	<u>699</u>
Fund Balances - ending	<u>\$ 309</u>	<u>\$ 1,240</u>	<u>\$ 955</u>	<u>\$ 744</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2013 (in thousands)

	Fish and Game	Road Impact Fees	Library	Parks	Public Facilities Fees
<u>Revenues:</u>					
Taxes	\$ --	\$ --	\$ 7,056	\$ --	\$ --
Fines, forfeits and penalties	19	--	--	3	--
Use of money and property	--	23	5	119	28
Aid from other governmental agencies	--	--	170	160	--
Charges for current services	--	1,696	362	4,474	1,492
Other revenues	--	1	1,957	619	500
Total revenues	<u>19</u>	<u>1,720</u>	<u>9,550</u>	<u>5,375</u>	<u>2,020</u>
<u>Expenditures:</u>					
Current:					
Public protection	11	--	--	--	--
Public ways and facilities	--	--	--	--	--
Health and sanitation	--	--	--	--	--
Public assistance	--	--	--	--	--
Education	--	--	8,131	--	--
Recreation and cultural services	--	--	--	7,538	--
Total expenditures	<u>11</u>	<u>--</u>	<u>8,131</u>	<u>7,538</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8</u>	<u>1,720</u>	<u>1,419</u>	<u>(2,163)</u>	<u>2,020</u>
<u>Other financing sources (uses):</u>					
Transfers in	--	--	650	4,054	--
Transfers out	--	(3,332)	(181)	(334)	(1,618)
Total other financing sources (uses)	<u>--</u>	<u>(3,332)</u>	<u>469</u>	<u>3,720</u>	<u>(1,618)</u>
Net changes in fund balances	8	(1,612)	1,888	1,557	402
Fund Balances - beginning	<u>175</u>	<u>8,237</u>	<u>1,412</u>	<u>2,392</u>	<u>9,006</u>
Fund Balances - ending	<u>\$ 183</u>	<u>\$ 6,625</u>	<u>\$ 3,300</u>	<u>\$ 3,949</u>	<u>\$ 9,408</u>

continued

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended June 30, 2013 (in thousands)

	Roads	Wildlife Grazing	Special Districts	Total Nonmajor Special Revenue Funds
<u>Revenues:</u>				
Taxes	\$ 1,461	\$ --	\$ 1,980	\$ 10,497
Fines, forfeits and penalties	--	--	--	1,170
Use of money and property	17	--	46	244
Aid from other governmental agencies	16,539	5	38	24,068
Charges for current services	281	--	549	10,368
Other revenues	218	--	67	4,456
Total revenues	<u>18,516</u>	<u>5</u>	<u>2,680</u>	<u>50,803</u>
<u>Expenditures:</u>				
Current:				
Public protection	--	2	2,778	2,791
Public ways and facilities	31,164	--	56	31,220
Health and sanitation	--	--	--	4,824
Public assistance	--	--	--	5,631
Education	--	--	--	9,465
Recreation and cultural services	--	--	--	7,538
Total expenditures	<u>31,164</u>	<u>2</u>	<u>2,834</u>	<u>61,469</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(12,648)</u>	<u>3</u>	<u>(154)</u>	<u>(10,666)</u>
<u>Other financing sources (uses):</u>				
Transfers in	10,989	--	26	17,591
Transfers out	(4)	--	(291)	(5,820)
Total other financing sources (uses)	<u>10,985</u>	<u>--</u>	<u>(265)</u>	<u>11,771</u>
Net changes in fund balances	(1,663)	3	(419)	1,105
Fund Balances - beginning	<u>8,835</u>	<u>12</u>	<u>16,605</u>	<u>48,981</u>
Fund Balances - ending	<u>\$ 7,172</u>	<u>\$ 15</u>	<u>\$ 16,186</u>	<u>\$ 50,086</u>

COUNTY OF SAN LUIS OBISPO
Combining Balance Sheet
Nonmajor Special Revenue Funds - Special Districts
June 30, 2013 (in thousands)

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 14,802	\$ 485	\$ 893	\$ 16,180
Loans receivable	--	3	25	28
Advances to other funds	--	--	350	350
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 14,802</u>	<u>\$ 488</u>	<u>\$ 1,268</u>	<u>\$ 16,558</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable	\$ 148	\$ --	\$ --	\$ 148
Deposits from others	1	--	--	1
Advances from other funds	22	--	201	223
Total Liabilities	<u>171</u>	<u>--</u>	<u>201</u>	<u>372</u>
Fund Balances:				
Nonspendable	--	3	375	378
Committed	14,631	485	692	15,808
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Fund Balances	<u>14,631</u>	<u>488</u>	<u>1,067</u>	<u>16,186</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities and Fund Balances	<u>\$ 14,802</u>	<u>\$ 488</u>	<u>\$ 1,268</u>	<u>\$ 16,558</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds - Special Districts
For the Year Ended June 30, 2013 (in thousands)

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>Revenues:</u>				
Taxes	\$ 1,575	\$ 30	\$ 375	\$ 1,980
Use of money and property	43	1	2	46
Aid from other governmental agencies	36	--	2	38
Charges for current services	543	2	4	549
Other revenue	67	--	--	67
Total revenues	<u>2,264</u>	<u>33</u>	<u>383</u>	<u>2,680</u>
<u>Expenditures:</u>				
Current:				
Public protection	2,762	16	--	2,778
Public ways and facilities	--	--	56	56
Total expenditures	<u>2,762</u>	<u>16</u>	<u>56</u>	<u>2,834</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(498)</u>	<u>17</u>	<u>327</u>	<u>(154)</u>
<u>Other financing sources (uses):</u>				
Transfers in	4	--	22	26
Transfers out	--	--	(291)	(291)
Total other financing sources (uses)	<u>4</u>	<u>--</u>	<u>(269)</u>	<u>(265)</u>
Net changes in fund balances	(494)	17	58	(419)
Fund Balances - beginning	<u>15,125</u>	<u>471</u>	<u>1,009</u>	<u>16,605</u>
Fund Balances - ending	<u>\$ 14,631</u>	<u>\$ 488</u>	<u>\$ 1,067</u>	<u>\$ 16,186</u>

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



COUNTY OF SAN LUIS OBISPO
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeits, and penalties	\$ --	\$ 181	\$ 22	\$ (159)
Revenue from use of money and property	--	--	71	71
Aid from other governmental agencies	--	2,873	50	(2,823)
Charges for services	--	2,699	223	(2,476)
Other revenue	--	--	1	1
Total Revenues	<u>--</u>	<u>5,753</u>	<u>367</u>	<u>(5,386)</u>
Expenditures:				
Capital Outlay	<u>1,122</u>	<u>19,659</u>	<u>3,692</u>	<u>15,967</u>
Total Expenditures	<u>1,122</u>	<u>19,659</u>	<u>3,692</u>	<u>15,967</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,122)</u>	<u>(13,906)</u>	<u>(3,325)</u>	<u>10,581</u>
Other Financing Sources (Uses):				
Transfers in	4,775	9,100	6,200	(2,900)
Transfers out	<u>(233)</u>	<u>(596)</u>	<u>(466)</u>	<u>130</u>
Total Other Financing Sources (Uses)	<u>4,542</u>	<u>8,504</u>	<u>5,734</u>	<u>(2,770)</u>
Net change in fund balances	3,420	(5,402)	2,409	7,811
Fund balances, beginning	<u>22,675</u>	<u>22,675</u>	<u>22,675</u>	<u>--</u>
Fund balances, ending	<u>\$ 26,095</u>	<u>\$ 17,273</u>	<u>\$ 25,084</u>	<u>\$ 7,811</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, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for current services	\$ --	\$ --	\$ 1,787	\$ 1,787
Total Revenues	<u>--</u>	<u>--</u>	<u>1,787</u>	<u>1,787</u>
Expenditures:				
Debt Service:				
Principal	--	--	260	(260)
Interest and fiscal charges	--	--	909	(909)
Total Expenditures	<u>--</u>	<u>--</u>	<u>1,169</u>	<u>(1,169)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>--</u>	<u>618</u>	<u>618</u>
Other Financing Sources (Uses):				
Payment to refunding debt issued	--	--	(16,400)	(16,400)
Transfers in	--	--	14,304	14,304
Transfers out	--	--	(60)	(60)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(2,156)</u>	<u>(2,156)</u>
Net change in fund balances	<u>--</u>	<u>--</u>	<u>(1,538)</u>	<u>(1,538)</u>
Fund balances, beginning	<u>2,893</u>	<u>2,893</u>	<u>2,893</u>	<u>--</u>
Fund balances, ending	<u>\$ 2,893</u>	<u>\$ 2,893</u>	<u>\$ 1,355</u>	<u>\$ (1,538)</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, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ 18	\$ 18	\$ 10	\$ (8)
Other revenue	8,294	8,294	534	(7,760)
Total Revenues	<u>8,312</u>	<u>8,312</u>	<u>544</u>	<u>(7,768)</u>
Expenditures:				
Debt Service:				
Principal payments	3,805	3,805	3,805	--
Interest and fiscal charges	4,539	4,539	4,535	4
Total Expenditures	<u>8,344</u>	<u>8,344</u>	<u>8,340</u>	<u>4</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(32)</u>	<u>(32)</u>	<u>(7,796)</u>	<u>(7,764)</u>
Other Financing Sources (Uses):				
Transfers in	--	--	7,979	7,979
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>7,979</u>	<u>7,979</u>
Net change in fund balances	(32)	(32)	183	215
Fund balances, beginning	<u>6,773</u>	<u>6,773</u>	<u>6,773</u>	<u>--</u>
Fund balances, ending	<u>\$ 6,741</u>	<u>\$ 6,741</u>	<u>\$ 6,956</u>	<u>\$ 215</u>

COUNTY OF SAN LUIS OBISPO
Public Financing Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Revenue from use of money and property	\$ --	\$ --	\$ 1	\$ 1
Charges for current services	--	--	419	419
Total Revenues	<u>--</u>	<u>--</u>	<u>420</u>	<u>420</u>
Expenditures:				
Debt Service:				
Interest and fiscal charges	--	--	419	(419)
Debt issuance costs	--	--	269	(269)
Total Expenditures	<u>--</u>	<u>--</u>	<u>688</u>	<u>(688)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>--</u>	<u>(268)</u>	<u>(268)</u>
Other Financing Sources (Uses):				
Refunding certificates of participation issued	--	--	14,427	14,427
Premium on refunding debt issued	--	--	1,418	1,418
Transfers out	--	--	(14,248)	(14,248)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>1,597</u>	<u>1,597</u>
Net change in fund balances	<u>--</u>	<u>--</u>	<u>1,329</u>	<u>1,329</u>
Fund balances, beginning	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances, ending	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 1,329</u>	<u>\$ 1,329</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, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ --	\$ --	\$ 1	\$ 1
Aid from other governmental agencies	3,707	10,689	4,666	(6,023)
Other revenue	--	--	47	47
Total Revenues	<u>3,707</u>	<u>10,689</u>	<u>4,714</u>	<u>(5,975)</u>
Expenditures:				
Current:				
Health and sanitation				
Services and supplies	665	1,116	700	416
Other charges	3,368	9,959	4,124	5,835
Total Expenditures	<u>4,033</u>	<u>11,075</u>	<u>4,824</u>	<u>6,251</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(326)</u>	<u>(386)</u>	<u>(110)</u>	<u>276</u>
Other Financing Sources (Uses):				
Transfers in	326	354	354	--
Total Other Financing Sources (Uses)	<u>326</u>	<u>354</u>	<u>354</u>	<u>--</u>
Net change in fund balances	--	(32)	244	276
Fund balances, beginning	<u>65</u>	<u>65</u>	<u>65</u>	<u>--</u>
Fund balances, ending	<u>\$ 65</u>	<u>\$ 33</u>	<u>\$ 309</u>	<u>\$ 276</u>

COUNTY OF SAN LUIS OBISPO
County Medical Services Program (CMSP) Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 5	\$ 5	\$ 3	\$ (2)
Aid from governmental agencies	2,490	2,490	2,490	--
Charges for current services	117	117	107	(10)
Other revenues	670	670	1,047	377
Total Revenues	<u>3,282</u>	<u>3,282</u>	<u>3,647</u>	<u>365</u>
Expenditures:				
Current:				
Public assistance				
Salaries wages benefits	986	958	928	30
Services and supplies	4,110	5,096	3,926	1,170
Total Expenditures	<u>5,096</u>	<u>6,054</u>	<u>4,854</u>	<u>1,200</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,814)</u>	<u>(2,772)</u>	<u>(1,207)</u>	<u>1,565</u>
Other Financing Sources (Uses):				
Transfers in	1,814	1,814	1,518	(296)
Transfers out	--	--	(30)	(30)
Total Other Financing Sources (Uses)	<u>1,814</u>	<u>1,814</u>	<u>1,488</u>	<u>(326)</u>
Net change in fund balances	--	(958)	281	1,239
Fund balances, beginning	<u>959</u>	<u>959</u>	<u>959</u>	<u>--</u>
Fund balances, ending	<u>\$ 959</u>	<u>\$ 1</u>	<u>\$ 1,240</u>	<u>\$ 1,239</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, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeits, and penalties	\$ 800	\$ 800	\$ 1,148	\$ 348
Use of money and property	1	1	--	(1)
Total Revenues	<u>801</u>	<u>801</u>	<u>1,148</u>	<u>347</u>
Expenditures:				
Current:				
Public assistance				
Services and supplies	801	1,160	777	383
Total Expenditures	<u>801</u>	<u>1,160</u>	<u>777</u>	<u>383</u>
Net change in fund balances	--	(359)	371	730
Fund balances, beginning	<u>584</u>	<u>584</u>	<u>584</u>	<u>--</u>
Fund balances, ending	<u>\$ 584</u>	<u>\$ 225</u>	<u>\$ 955</u>	<u>\$ 730</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, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 4	\$ 4	\$ 2	\$ (2)
Charges for current services	1,370	1,370	1,407	37
Total Revenues	<u>1,374</u>	<u>1,374</u>	<u>1,409</u>	<u>35</u>
Expenditures:				
Current:				
Education				
Salaries wages benefits	982	937	904	33
Service and supplies	391	436	430	6
Contingencies	79	79	--	79
Total Expenditures	<u>1,452</u>	<u>1,452</u>	<u>1,334</u>	<u>118</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(78)</u>	<u>(78)</u>	<u>75</u>	<u>(83)</u>
Other Financing Sources (Uses):				
Transfers out	--	--	(30)	(30)
Total Other Financing Sources (Uses)	<u>--</u>	<u>--</u>	<u>(30)</u>	<u>(30)</u>
Net change in fund balances	(78)	(78)	45	123
Fund balances, beginning	<u>699</u>	<u>699</u>	<u>699</u>	<u>--</u>
Fund balances, ending	<u>\$ 621</u>	<u>\$ 621</u>	<u>\$ 744</u>	<u>\$ 123</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, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeits, and penalties	\$ 20	\$ 20	\$ 19	\$ (1)
Total Revenues	<u>20</u>	<u>20</u>	<u>19</u>	<u>(1)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	20	20	11	9
Total Expenditures	<u>20</u>	<u>20</u>	<u>11</u>	<u>9</u>
Net change in fund balances	--	--	8	8
Fund balances, beginning	<u>175</u>	<u>175</u>	<u>175</u>	<u>--</u>
Fund balances, ending	<u><u>\$ 175</u></u>	<u><u>\$ 175</u></u>	<u><u>\$ 183</u></u>	<u><u>\$ 8</u></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, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ 22	\$ 22	\$ 23	\$ 1
Charges for current services	1,732	1,525	1,696	171
Other revenues	--	--	1	1
Total Revenues	<u>1,754</u>	<u>1,547</u>	<u>1,720</u>	<u>173</u>
 Excess (Deficiency) of Revenues Over (Under) Expenditures	 <u>1,754</u>	 <u>1,547</u>	 <u>1,720</u>	 <u>173</u>
 Other Financing Sources (Uses):				
Transfers out	<u>(2,283)</u>	<u>(5,117)</u>	<u>(3,332)</u>	<u>1,785</u>
Total Other Financing Sources (Uses)	<u>(2,283)</u>	<u>(5,117)</u>	<u>(3,332)</u>	<u>1,785</u>
 Net change in fund balances	 (529)	 (3,570)	 (1,612)	 1,958
 Fund balances, beginning	 <u>8,237</u>	 <u>8,237</u>	 <u>8,237</u>	 <u>--</u>
 Fund balances, ending	 <u>\$ 7,708</u>	 <u>\$ 4,667</u>	 <u>\$ 6,625</u>	 <u>\$ 1,958</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, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 6,681	\$ 6,681	\$ 7,056	\$ 375
Use of money and property	7	7	5	(2)
Aid from other governmental agencies	106	164	170	6
Charges for services	347	347	362	15
Other revenue	16	2,458	1,957	(501)
Total Revenues	<u>7,157</u>	<u>9,657</u>	<u>9,550</u>	<u>(107)</u>
Expenditures:				
Current:				
Education				
Salaries and benefits	5,796	5,796	5,402	394
Services and supplies	2,376	2,824	2,586	238
Other charges	5	2,386	143	2,243
Contingencies	258	258	--	258
Total Expenditures	<u>8,435</u>	<u>11,264</u>	<u>8,131</u>	<u>3,133</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,278)</u>	<u>(1,607)</u>	<u>1,419</u>	<u>3,026</u>
Other Financing Sources (Uses):				
Transfers in	516	650	650	--
Transfers out	--	--	(181)	(181)
Total Other Financing Sources (Uses)	<u>516</u>	<u>650</u>	<u>469</u>	<u>(181)</u>
Net change in fund balances	(762)	(957)	1,888	2,845
Fund balances, beginning	<u>1,412</u>	<u>1,412</u>	<u>1,412</u>	<u>--</u>
Fund balances, ending	<u>\$ 650</u>	<u>\$ 455</u>	<u>\$ 3,300</u>	<u>\$ 2,845</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, 2013 (in thousands)

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
Revenues:				
Licenses, permits and franchises	\$ 25	\$ 76	\$ 3	\$ (73)
Use of money and property	96	96	119	23
Aid from other governmental agencies	5	5	160	155
Charges for services	4,342	4,766	4,474	(292)
Other revenue	38	50	619	569
Total Revenues	<u>4,506</u>	<u>4,993</u>	<u>5,375</u>	<u>382</u>
Expenditures:				
Current:				
Recreational and cultural services				
Salaries wages benefits	4,158	4,113	3,872	241
Services and supplies	3,841	4,151	3,626	525
Other charges	34	967	40	927
Capital outlay	--	96	--	96
Contingencies	505	505	--	505
Total Expenditures	<u>8,538</u>	<u>9,832</u>	<u>7,538</u>	<u>2,294</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,032)</u>	<u>(4,839)</u>	<u>(2,163)</u>	<u>2,676</u>
Other Financing Sources (Uses):				
Transfers in	4,020	4,458	4,054	(404)
Transfers out	(21)	(21)	(334)	(313)
Total Other Financing Sources (Uses)	<u>3,999</u>	<u>4,437</u>	<u>3,720</u>	<u>(717)</u>
Net change in fund balances	(33)	(402)	1,557	1,959
Fund balances, beginning	<u>2,392</u>	<u>2,392</u>	<u>2,392</u>	<u>--</u>
Fund balances, ending	<u>\$ 2,359</u>	<u>\$ 1,990</u>	<u>\$ 3,949</u>	<u>\$ 1,959</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, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Use of money and property	\$ --	\$ --	\$ 28	\$ 28
Charges for current services	676	676	1,492	816
Other revenue	--	--	500	500
Total Revenues	<u>676</u>	<u>676</u>	<u>2,020</u>	<u>1,344</u>
Other Financing Sources (Uses):				
Transfers out	<u>(500)</u>	<u>(4,650)</u>	<u>(1,618)</u>	<u>3,032</u>
Total Other Financing Sources (Uses)	<u>(500)</u>	<u>(4,650)</u>	<u>(1,618)</u>	<u>3,032</u>
Net change in fund balances	176	(3,974)	402	4,376
Fund balances, beginning	<u>9,006</u>	<u>9,006</u>	<u>9,006</u>	<u>--</u>
Fund balances, ending	<u><u>\$ 9,182</u></u>	<u><u>\$ 5,032</u></u>	<u><u>\$ 9,408</u></u>	<u><u>\$ 4,376</u></u>

COUNTY OF SAN LUIS OBISPO
Roads Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,440	\$ 1,440	\$ 1,461	\$ 21
Use of money and property	40	40	17	(23)
Aid from other governmental agencies	16,461	32,416	16,539	(15,877)
Charges for services	128	382	281	(101)
Other revenue	--	241	218	(23)
Total Revenues	<u>18,069</u>	<u>34,519</u>	<u>18,516</u>	<u>(16,003)</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	17,751	17,778	30,824	(13,046)
Other charges	613	821	340	481
Capital outlay	9,806	35,861	--	35,861
Total Expenditures	<u>28,170</u>	<u>54,460</u>	<u>31,164</u>	<u>23,296</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10,101)</u>	<u>(19,941)</u>	<u>(12,648)</u>	<u>7,293</u>
Other Financing Sources (Uses):				
Transfers in	9,259	16,390	10,989	(5,401)
Transfers out	(4)	(4)	(4)	--
Total Other Financing Sources (Uses)	<u>9,255</u>	<u>16,386</u>	<u>10,985</u>	<u>(5,401)</u>
Net change in fund balances	(846)	(3,555)	(1,663)	1,892
Fund balances, beginning	<u>8,835</u>	<u>8,835</u>	<u>8,835</u>	<u>--</u>
Fund balances, ending	<u>\$ 7,989</u>	<u>\$ 5,280</u>	<u>\$ 7,172</u>	<u>\$ 1,892</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, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Aid from governmental agencies	4	4	5	1
Total Revenues	<u>4</u>	<u>4</u>	<u>5</u>	<u>1</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	4	4	2	2
Total Expenditures	<u>4</u>	<u>4</u>	<u>2</u>	<u>2</u>
Net change in fund balances	--	--	3	3
Fund balances, beginning	<u>12</u>	<u>12</u>	<u>12</u>	<u>--</u>
Fund balances, ending	<u><u>\$ 12</u></u>	<u><u>\$ 12</u></u>	<u><u>\$ 15</u></u>	<u><u>\$ 3</u></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, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 1,505	\$ 1,505	\$ 1,575	\$ 70
Use of money and property	36	36	43	7
Aid from other governmental agencies	613	11,364	36	(11,328)
Charges for services	554	554	543	(11)
Other revenue	68	68	67	(1)
Total Revenues	<u>2,776</u>	<u>13,527</u>	<u>2,264</u>	<u>(11,263)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	3,288	4,168	2,743	1,425
Other charges	--	2,550	19	2,531
Capital outlay	--	630	--	630
Total Expenditures	<u>3,288</u>	<u>7,348</u>	<u>2,762</u>	<u>4,586</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(512)</u>	<u>6,179</u>	<u>(498)</u>	<u>(6,677)</u>
Other Financing Sources (Uses):				
Transfers in	773	773	4	(769)
Transfers out	(569)	(6,514)	--	6,514
Total Other Financing Sources (Uses)	<u>204</u>	<u>(5,741)</u>	<u>4</u>	<u>5,745</u>
Net change in fund balances	(308)	438	(494)	(932)
Fund balances, beginning	<u>15,125</u>	<u>15,125</u>	<u>15,125</u>	<u>--</u>
Fund balances, ending	<u>\$ 14,817</u>	<u>\$ 15,563</u>	<u>\$ 14,631</u>	<u>\$ (932)</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, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 33	\$ 33	\$ 30	\$ (3)
Use of money and property	2	2	1	(1)
Charges for services	--	--	2	2
Total Revenues	<u>35</u>	<u>35</u>	<u>33</u>	<u>(2)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	<u>38</u>	<u>38</u>	<u>16</u>	<u>22</u>
Total Expenditures	<u>38</u>	<u>38</u>	<u>16</u>	<u>22</u>
Net change in fund balances	(3)	(3)	17	20
Fund balances, beginning	<u>471</u>	<u>471</u>	<u>471</u>	<u>--</u>
Fund balances, ending	<u>\$ 468</u>	<u>\$ 468</u>	<u>\$ 488</u>	<u>\$ 20</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, 2013 (in thousands)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes	\$ 369	\$ 369	\$ 375	\$ 6
Use of money and property	6	6	2	(4)
Aid from other governmental agencies	2	2	2	--
Charges for services	5	5	4	(1)
Total Revenues	<u>382</u>	<u>382</u>	<u>383</u>	<u>1</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	125	125	56	69
Capital outlay	32	32	--	32
Total Expenditures	<u>157</u>	<u>157</u>	<u>56</u>	<u>101</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>225</u>	<u>225</u>	<u>327</u>	<u>102</u>
Other Financing Sources (Uses):				
Transfers in	1,040	1,040	22	(1,018)
Transfers out	(309)	(309)	(291)	18
Total Other Financing Sources (Uses)	<u>731</u>	<u>731</u>	<u>(269)</u>	<u>(1,000)</u>
Net change in fund balances	956	956	58	(898)
Fund balances, beginning	<u>1,009</u>	<u>1,009</u>	<u>1,009</u>	<u>--</u>
Fund balances, ending	<u>\$ 1,965</u>	<u>\$ 1,965</u>	<u>\$ 1,067</u>	<u>\$ (898)</u>

**COMBINING FINANCIAL STATEMENTS
NONMAJOR ENTERPRISE FUNDS**



NONMAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS:

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

General Flood Control Zone

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

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, 2013 (in thousands)

	General Flood Control Zone	Golf	Lopez Park	County Service Areas	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ 1,242	\$ 874	\$ 23	\$ 3,375	\$ 5,514
Accounts receivable, net	15	16	--	188	219
Loans receivable	--	--	--	33	33
Deposits with others	--	--	--	13	13
Total Current Assets	<u>1,257</u>	<u>890</u>	<u>23</u>	<u>3,609</u>	<u>5,779</u>
Noncurrent assets:					
Advances to other funds	--	487	199	--	686
Capital Assets					
Nondepreciable:					
Land	--	1,333	--	326	1,659
Construction in progress	--	70	--	827	897
Depreciable:					
Infrastructure, net	--	--	--	416	416
Structures & improvements, net	--	9,583	--	9,612	19,195
Equipment, net	--	130	--	272	402
Other property, net	--	--	--	500	500
Total Noncurrent Assets	<u>--</u>	<u>11,603</u>	<u>199</u>	<u>11,953</u>	<u>23,755</u>
Total Assets	<u>1,257</u>	<u>12,493</u>	<u>222</u>	<u>15,562</u>	<u>29,534</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	86	54	--	11	151
Salaries and benefits payable	--	27	--	--	27
Deposits from others	--	--	--	141	141
Accrued interest	--	43	--	29	72
Unearned revenue	--	--	--	36	36
Accrued vacation and sick leave - current	--	67	--	--	67
Notes and bonds payable - current	--	278	16	186	480
Total Current Liabilities	<u>86</u>	<u>469</u>	<u>16</u>	<u>403</u>	<u>974</u>
Noncurrent Liabilities:					
Advances from other funds	--	--	--	552	552
Accrued vacation and sick leave - noncurrent	--	88	--	--	88
Notes and bonds payable - noncurrent	--	5,537	183	3,058	8,778
Total Noncurrent Liabilities	<u>--</u>	<u>5,625</u>	<u>183</u>	<u>3,610</u>	<u>9,418</u>
Total Liabilities	<u>86</u>	<u>6,094</u>	<u>199</u>	<u>4,013</u>	<u>10,392</u>
NET POSITION					
Net investment in capital assets	--	5,301	--	8,709	14,010
Unrestricted	1,171	1,098	23	2,840	5,132
Total Net Position	<u>\$ 1,171</u>	<u>\$ 6,399</u>	<u>\$ 23</u>	<u>\$ 11,549</u>	<u>\$ 19,142</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2013 (in thousands)

	General Flood Control Zone	Golf	Lopez Park	County Service Areas	Total
<u>Operating Revenues:</u>					
Charges for current services	\$ 730	\$ 2,639	\$ --	\$ 3,352	\$ 6,721
Other revenues	4	3	--	1	8
Total operating revenues	<u>734</u>	<u>2,642</u>	<u>--</u>	<u>3,353</u>	<u>6,729</u>
<u>Operating expenses:</u>					
Salaries and benefits	--	1,163	--	--	1,163
Services and supplies	738	753	--	3,189	4,680
Depreciation	--	367	--	422	789
Countywide cost allocation	8	158	--	42	208
Total operating expenses	<u>746</u>	<u>2,441</u>	<u>--</u>	<u>3,653</u>	<u>6,840</u>
Operating income (loss)	<u>(12)</u>	<u>201</u>	<u>--</u>	<u>(300)</u>	<u>(111)</u>
<u>Nonoperating revenues (expenses):</u>					
Property taxes	--	--	--	394	394
Interest income	4	2	--	9	15
Interest expense	--	(237)	(3)	(122)	(362)
Debt issuance costs	--	(99)	--	--	(99)
Aid from governmental agencies	--	--	--	3	3
Other nonoperating revenue (expense)	--	(9)	--	--	(9)
Total nonoperating revenues (expenses)	<u>4</u>	<u>(343)</u>	<u>(3)</u>	<u>284</u>	<u>(58)</u>
Income (loss) before contributions and transfers	(8)	(142)	(3)	(16)	(169)
Capital contributions	--	--	--	299	299
Transfers in	--	646	5	290	941
Transfers out	--	(677)	--	(23)	(700)
Change in net position	(8)	(173)	2	550	371
Net position - beginning	<u>1,179</u>	<u>6,572</u>	<u>21</u>	<u>10,999</u>	<u>18,771</u>
Net position - ending	<u>\$ 1,171</u>	<u>\$ 6,399</u>	<u>\$ 23</u>	<u>\$ 11,549</u>	<u>\$ 19,142</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2013 (in thousands)

	General Flood Control Zone	Golf	Lopez Park
Cash Flows from Operating Activities:			
Receipts from customers	\$ 734	\$ 2,640	\$ --
Payments to employees for service	--	(1,144)	--
Payments for goods and services	(757)	(889)	--
Net Cash Provided (Used) by Operating Activities	<u>(23)</u>	<u>607</u>	<u>--</u>
Cash Flows from Noncapital Financing Activities:			
Property tax proceeds	--	--	--
Grants and subsidies from other gov't agencies	--	--	--
Advances from other funds	--	--	--
Advances to other funds	--	63	--
Transfers from other funds	--	646	5
Transfers to other funds	--	(677)	--
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>--</u>	<u>32</u>	<u>5</u>
Cash Flows from Capital and Related Financing Activities:			
Purchases and construction of capital assets	--	132	--
Proceeds from issuance of long-term debt	--	5,814	--
Proceeds from sale of capital assets	--	(133)	--
Proceeds from capital contributions	--	--	--
Debt issuance costs	--	(99)	--
Principal paid on capital debt	--	(6,050)	--
Interest paid on capital debt	--	(268)	(4)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>--</u>	<u>(604)</u>	<u>(4)</u>
Cash Flows from Investing Activities:			
Interest received	4	2	--
Net Cash Provided (Used) by Investing Activities	<u>4</u>	<u>2</u>	<u>--</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(19)	37	1
Cash and Cash Equivalents - Beginning of Year	1,261	837	22
Cash and Cash Equivalents - End of Year	<u>\$ 1,242</u>	<u>\$ 874</u>	<u>\$ 23</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	\$ (12)	\$ 201	\$ --
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation expense	--	367	--
Change in Assets and Liabilities:			
Receivables, net	(15)	(2)	--
Accounts payable	4	22	--
Unearned revenue	--	--	--
Accrued vacation and sick leave	--	19	--
Total Adjustments	<u>(11)</u>	<u>406</u>	<u>--</u>
Net Cash Provided (Used) by Operating Activities:	<u>\$ (23)</u>	<u>\$ 607</u>	<u>\$ --</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2013 (in thousands)

	County Service Areas	Total
Cash Flows from Operating Activities:		
Receipts from customers	\$ 3,346	\$ 6,720
Payments to employees	--	(1,144)
Payments for goods and services	(3,256)	(4,902)
Net Cash Provided (Used) by Operating Activities	90	674
Cash Flows from Noncapital Financing Activities:		
Property tax proceeds	394	394
Grants and subsidies from other gov't agencies	3	3
Advances from other funds	(50)	(50)
Advances to other funds	--	63
Transfers from other funds	290	941
Transfers to other funds	(23)	(700)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	614	651
Cash Flows from Capital and Related Financing Activities:		
Purchases and construction of capital assets	(652)	(520)
Proceeds from issuance of long-term debt	--	5,814
Proceeds from sale of capital assets	--	(133)
Proceeds from capital contributions	298	298
Debt issuance costs	--	(99)
Principal paid on capital debt	(179)	(6,229)
Interest paid on capital debt	(125)	(397)
Net Cash Provided (Used) by Capital and Related Financing Activities	(658)	(1,266)
Cash Flows from Investing Activities:		
Interest received	9	15
Net Cash Provided (Used) by Investing Activities	9	15
Net Increase (Decrease) in Cash and Cash Equivalents	55	74
Cash and Cash Equivalents - Beginning of Year	3,320	5,440
Cash and Cash Equivalents - End of Year	\$ 3,375	\$ 5,514
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Operating income (loss)	\$ (300)	\$ (111)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation expense	422	789
Change in Assets and Liabilities:		
Receivables, net	(13)	(30)
Accounts payable	(18)	8
Unearned revenue	(1)	(1)
Accrued vacation and sick leave	--	19
Total Adjustments	390	785
Net Cash Provided (Used) by Operating Activities:	\$ 90	\$ 674



**COMBINING FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS**



INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS:

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

Reprographics

Accounts for resources used to provide centralized reprographic services to various County departments and other governmental agencies.

Garage

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

Public Works

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

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, 2013 (in thousands)

	Reprographics	Garage	Public Works	Combined Insurance (5 funds)	Total
ASSETS					
Current Assets:					
Cash and cash equivalents	\$ --	\$ 3,737	\$ 14,750	\$ 24,137	\$ 42,624
Accounts receivable	--	--	12	--	12
Inventory	--	22	546	--	568
Total Current Assets	<u>--</u>	<u>3,759</u>	<u>15,308</u>	<u>24,137</u>	<u>43,204</u>
Noncurrent assets:					
Capital Assets:					
Structures & improvements, net	--	38	107	--	145
Equipment, net	--	4,135	6,091	--	10,226
Total Noncurrent Assets	<u>--</u>	<u>4,173</u>	<u>6,198</u>	<u>--</u>	<u>10,371</u>
Total Assets	<u>--</u>	<u>7,932</u>	<u>21,506</u>	<u>24,137</u>	<u>53,575</u>
LIABILITIES					
Current Liabilities:					
Accounts payable	--	252	295	408	955
Salaries and benefits payable	--	27	434	--	461
Self insurance liability	--	--	--	3,494	3,494
Deposits from others	--	--	625	--	625
Accrued vacation and sick leave - current	--	69	1,466	--	1,535
Total Current Liabilities	<u>--</u>	<u>348</u>	<u>2,820</u>	<u>3,902</u>	<u>7,070</u>
Noncurrent Liabilities:					
Self insurance liability	--	--	--	15,338	15,338
Accrued vacation and sick leave	--	38	805	--	843
Total Noncurrent Liabilities	<u>--</u>	<u>38</u>	<u>805</u>	<u>15,338</u>	<u>16,181</u>
Total Liabilities	<u>--</u>	<u>386</u>	<u>3,625</u>	<u>19,240</u>	<u>23,251</u>
NET POSITION					
Net investment in capital assets	--	4,173	6,198	--	10,371
Unrestricted	--	3,373	11,683	4,897	19,953
Total Net Position	<u>\$ --</u>	<u>\$ 7,546</u>	<u>\$ 17,881</u>	<u>\$ 4,897</u>	<u>\$ 30,324</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2013 (in thousands)

	Reprographics	Garage	Public Works	Combined Insurance (5 funds)	Total
<u>Operating Revenues:</u>					
Charges for current services	\$ 204	\$ 5,855	\$ 30,029	\$ 7,397	\$ 43,485
Other revenues	15	8	230	--	253
Total Operating Revenues	<u>219</u>	<u>5,863</u>	<u>30,259</u>	<u>7,397</u>	<u>43,738</u>
<u>Operating Expenses:</u>					
Salaries and benefits	72	1,185	19,706	--	20,963
Services and supplies	217	2,828	8,624	3,799	15,468
Insurance benefit payments	--	--	--	5,455	5,455
Depreciation	2	1,253	706	--	1,961
Countywide cost allocation	11	68	54	128	261
Total Operating Expenses	<u>302</u>	<u>5,334</u>	<u>29,090</u>	<u>9,382</u>	<u>44,108</u>
Operating Income (Loss)	<u>(83)</u>	<u>529</u>	<u>1,169</u>	<u>(1,985)</u>	<u>(370)</u>
<u>Nonoperating Revenues (Expenses):</u>					
Interest income	--	9	36	69	114
Interest expense	--	--	(1)	--	(1)
Aid from governmental agencies	--	--	--	19	19
Other revenue (expense)	(9)	18	(12)	--	(3)
Total Nonoperating Revenues (Expenses)	<u>(9)</u>	<u>27</u>	<u>23</u>	<u>88</u>	<u>129</u>
Income (Loss) Before Capital Contributions and Transfers	(92)	556	1,192	(1,897)	(241)
Capital contributions	--	17	57	--	74
Transfers in	--	--	50	--	50
Transfers out	(3)	(77)	(817)	(393)	(1,290)
Change in Net Position	(95)	496	482	(2,290)	(1,407)
Net position - beginning	<u>95</u>	<u>7,050</u>	<u>17,399</u>	<u>7,187</u>	<u>31,731</u>
Net position - ending	<u>\$ --</u>	<u>\$ 7,546</u>	<u>\$ 17,881</u>	<u>\$ 4,897</u>	<u>\$ 30,324</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2013 (in thousands)

	Reprographics	Garage	Public Works	Combined Insurance (5 funds)	Total
Cash Flows from Operating Activities:					
Receipts from interfund billings	\$ 219	\$ 5,863	\$ 30,271	\$ 7,397	\$ 43,750
Payments for goods and services	(232)	(2,818)	(8,545)	(3,113)	(14,708)
Payments to employees for service	(101)	(1,179)	(19,674)	--	(20,954)
Payments for insurance benefits	--	--	--	(4,287)	(4,287)
Payments for premiums	--	--	--	(2,475)	(2,475)
Net Cash Provided (Used) by Operating Activities	<u>(114)</u>	<u>1,866</u>	<u>2,052</u>	<u>(2,478)</u>	<u>1,326</u>
Cash Flows from Noncapital Financing Activities:					
Grants and subsidies from other gov't agencies	--	--	--	19	19
Transfers from other funds	--	--	50	--	50
Transfers to other funds	(3)	(77)	(817)	(393)	(1,290)
Net Cash Provided (Used) by Noncapital and Related Financing Activities	<u>(3)</u>	<u>(77)</u>	<u>(767)</u>	<u>(374)</u>	<u>(1,221)</u>
Cash Flows from Capital and Related Financing Activities:					
Purchases and construction of capital assets	--	(1,652)	(865)	--	(2,517)
Proceeds from sale of capital assets	2	202	87	--	291
Capital contributions	--	--	(8)	--	(8)
Interest paid on capital debt	--	--	(1)	--	(1)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>2</u>	<u>(1,450)</u>	<u>(787)</u>	<u>--</u>	<u>(2,235)</u>
Cash Flows from Investing Activities:					
Interest received	--	9	38	69	116
Net Cash Provided (Used) by Investing Activities	<u>--</u>	<u>9</u>	<u>38</u>	<u>69</u>	<u>116</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(115)	348	536	(2,783)	(2,014)
Cash and Cash Equivalents - Beginning of Year	<u>115</u>	<u>3,389</u>	<u>14,214</u>	<u>26,920</u>	<u>44,638</u>
Cash and Cash Equivalents - End of Year	<u>\$ --</u>	<u>\$ 3,737</u>	<u>\$ 14,750</u>	<u>\$ 24,137</u>	<u>\$ 42,624</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:					
Operating income (loss)	<u>\$ (83)</u>	<u>\$ 529</u>	<u>\$ 1,169</u>	<u>\$ (1,985)</u>	<u>\$ (370)</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation expense	2	1,253	706	--	1,961
Change in Assets and Liabilities:					
Receivables, net	--	--	4	--	4
Inventory	2	(8)	(83)	--	(89)
Accounts payable	(8)	85	169	(70)	176
Deposits from others	--	--	55	--	55
Salaries and benefits payable	(3)	4	45	--	46
Accrued vacation and sick leave	(24)	3	(13)	--	(34)
Self-insurance liability	--	--	--	(423)	(423)
Total Adjustments	<u>(31)</u>	<u>1,337</u>	<u>883</u>	<u>(493)</u>	<u>1,696</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (114)</u>	<u>\$ 1,866</u>	<u>\$ 2,052</u>	<u>\$ (2,478)</u>	<u>\$ 1,326</u>
Noncash Investing, Capital, and Financing Activities:					
Contributions of capital assets	<u>\$ --</u>	<u>\$ 17</u>	<u>\$ 49</u>	<u>\$ --</u>	<u>\$ 66</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Net Position
Internal Service Funds - Insurance
June 30, 2013 (in thousands)

	<u>Workers'</u> <u>Compensation</u>	<u>Protected</u> <u>Self-Insurance</u>	<u>Unemployment</u> <u>Insurance</u>	<u>Dental</u> <u>Insurance</u>	<u>OPEB</u>	<u>Total</u>
<u>ASSETS</u>						
Current Assets:						
Cash and cash equivalents	\$ 15,995	\$ 7,120	\$ 584	\$ 438	\$ --	\$ 24,137
Total Current Assets	<u>15,995</u>	<u>7,120</u>	<u>584</u>	<u>438</u>	<u>--</u>	<u>24,137</u>
<u>LIABILITIES</u>						
Current Liabilities:						
Accounts payable	355	11	--	42	--	408
Self insurance payable	<u>2,442</u>	<u>1,052</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>3,494</u>
Total Current Liabilities	<u>2,797</u>	<u>1,063</u>	<u>--</u>	<u>42</u>	<u>--</u>	<u>3,902</u>
Noncurrent Liabilities:						
Self insurance liability	<u>12,998</u>	<u>2,340</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>15,338</u>
Total Noncurrent Liabilities	<u>12,998</u>	<u>2,340</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>15,338</u>
Total Liabilities	<u>15,795</u>	<u>3,403</u>	<u>--</u>	<u>42</u>	<u>--</u>	<u>19,240</u>
<u>NET POSITION</u>						
Unrestricted	<u>200</u>	<u>3,717</u>	<u>584</u>	<u>396</u>	<u>--</u>	<u>4,897</u>
Total Net Position	<u>\$ 200</u>	<u>\$ 3,717</u>	<u>\$ 584</u>	<u>\$ 396</u>	<u>\$ --</u>	<u>\$ 4,897</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, 2013 (in thousands)

	<u>Workers'</u> <u>Compensation</u>	<u>Protected</u> <u>Self-Insurance</u>	<u>Unemployment</u> <u>Insurance</u>	<u>Dental</u> <u>Insurance</u>	<u>OPEB</u>	<u>Total</u>
<u>Operating Revenues:</u>						
Charges for current services	\$ 2,410	\$ 1,730	\$ 163	\$ 1,632	\$ 1,462	\$ 7,397
Total Operating Revenues	<u>2,410</u>	<u>1,730</u>	<u>163</u>	<u>1,632</u>	<u>1,462</u>	<u>7,397</u>
<u>Operating Expenses:</u>						
Services and supplies	2,629	995	16	149	10	3,799
Insurance benefit payments	1,633	620	264	1,402	1,536	5,455
Countywide cost allocation	--	128	--	--	--	128
Total Operating Expenses	<u>4,262</u>	<u>1,743</u>	<u>280</u>	<u>1,551</u>	<u>1,546</u>	<u>9,382</u>
Operating Income (Loss)	<u>(1,852)</u>	<u>(13)</u>	<u>(117)</u>	<u>81</u>	<u>(84)</u>	<u>(1,985)</u>
<u>Nonoperating Revenues (Expenses):</u>						
Interest income	46	20	2	1	--	69
Aid from governmental agencies	--	--	--	--	19	19
Total Nonoperating Revenues (Expenses)	<u>46</u>	<u>20</u>	<u>2</u>	<u>1</u>	<u>19</u>	<u>88</u>
Income (Loss) Before Transfers	(1,806)	7	(115)	82	(65)	(1,897)
Transfers out	<u>(10)</u>	<u>(383)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(393)</u>
Change in net position	(1,816)	(376)	(115)	82	(65)	(2,290)
Net position - beginning	<u>2,016</u>	<u>4,093</u>	<u>699</u>	<u>314</u>	<u>65</u>	<u>7,187</u>
Net position - ending	<u>\$ 200</u>	<u>\$ 3,717</u>	<u>\$ 584</u>	<u>\$ 396</u>	<u>\$ --</u>	<u>\$ 4,897</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Cash Flows
Internal Service Funds - Insurance
For the Year Ended June 30, 2013 (in thousands)

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
Cash Flows from Operating Activities:						
Receipts from interfund billings	\$ 2,410	\$ 1,730	\$ 163	\$ 1,632	\$ 1,462	\$ 7,397
Payments for goods and services	(1,815)	(1,123)	(16)	(149)	(10)	(3,113)
Payments for insurance benefits	(1,921)	(216)	(264)	(1,391)	(495)	(4,287)
Payments for premiums	(814)	(620)	--	--	(1,041)	(2,475)
Net Cash Provided (Used) by Operating Activities	(2,140)	(229)	(117)	92	(84)	(2,478)
Cash Flows from Noncapital Financing Activities:						
Transfers to other funds	(10)	(383)	--	--	--	(393)
Grants and subsidies from other gov't agencies	--	--	--	--	19	19
Net Cash Provided (Used) by Noncapital and Related Financing Activities	(10)	(383)	--	--	19	(374)
Cash Flows from Investing Activities:						
Interest received	46	20	2	1	--	69
Net Cash Provided (Used) by Investing Activities	46	20	2	1	--	69
Net Increase (Decrease) in Cash and Cash Equivalents	(2,104)	(592)	(115)	93	(65)	(2,783)
Cash and Cash Equivalents - Beginning of Year	18,099	7,712	699	345	65	26,920
Cash and Cash Equivalents - End of Year	\$ 15,995	\$ 7,120	\$ 584	\$ 438	\$ --	\$ 24,137
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:						
Operating income (loss)	(1,852)	(13)	(117)	81	(84)	(1,985)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:						
Change in Assets and Liabilities:						
Accounts payable	(31)	(50)	--	11	--	(70)
Self-insurance liability	(257)	(166)	--	--	--	(423)
Total Adjustments	(288)	(216)	--	11	--	(493)
Net Cash Provided (Used) by Operating Activities	\$ (2,140)	\$ (229)	\$ (117)	\$ 92	\$ (84)	\$ (2,478)



**COMBINING FINANCIAL STATEMENTS
FIDUCIARY FUNDS**



FIDUCIARY FUNDS

AGENCY FUNDS:

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

1915 Act

Accounts 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 (40 funds), Special Districts (32 funds), Courts (6 funds), and Other Local Boards (19 funds).

COUNTY OF SAN LUIS OBISPO
Combining Statement of Fiduciary Net Position
Agency Funds
June 30, 2013 (in thousands)

	<u>Clearing Funds (90 Funds)</u>	<u>1915 Act Service Funds (17 Funds)</u>	<u>Other Agency Funds (30 Funds)</u>	<u>Total</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ 11,879	\$ 2,060	\$ 26,483	\$ 40,422
Total Assets	<u>11,879</u>	<u>2,060</u>	<u>26,483</u>	<u>40,422</u>
<u>LIABILITIES</u>				
Assets held as agency for others	<u>11,879</u>	<u>2,060</u>	<u>26,483</u>	<u>40,422</u>
Total Liabilities	<u>\$ 11,879</u>	<u>\$ 2,060</u>	<u>\$ 26,483</u>	<u>\$ 40,422</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2013 (in thousands)

	<u>July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2013</u>
<u>Clearing and Revolving Funds (90 funds)</u>				
Assets:				
Cash and cash equivalents	17,094	\$ 942,332	\$ 947,547	\$ 11,879
Total Assets	<u>17,094</u>	<u>942,332</u>	<u>947,547</u>	<u>11,879</u>
Liabilities:				
Assets held as agency for others	17,094	942,332	947,547	11,879
Total Liabilities	<u>\$ 17,094</u>	<u>\$ 942,332</u>	<u>\$ 947,547</u>	<u>\$ 11,879</u>
<u>1915 Act Service Funds (17 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 2,164	\$ 519	\$ 623	\$ 2,060
Total Assets	<u>2,164</u>	<u>519</u>	<u>623</u>	<u>2,060</u>
Liabilities:				
Assets held as agency for others	2,164	519	623	2,060
Total Liabilities	<u>\$ 2,164</u>	<u>\$ 519</u>	<u>\$ 623</u>	<u>\$ 2,060</u>
<u>Other Agency Funds (30 funds)</u>				
Assets:				
Cash and cash equivalents	\$ 22,697	\$ 229,675	\$ 225,889	\$ 26,483
Total Assets	<u>22,697</u>	<u>229,675</u>	<u>225,889</u>	<u>26,483</u>
Liabilities:				
Assets held as agency for others	22,697	229,675	225,889	26,483
Total Liabilities	<u>\$ 22,697</u>	<u>\$ 229,675</u>	<u>\$ 225,889</u>	<u>\$ 26,483</u>
<u>Total All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 41,955	\$1,172,526	\$1,174,059	\$ 40,422
Total Assets	<u>41,955</u>	<u>1,172,526</u>	<u>1,174,059</u>	<u>40,422</u>
Liabilities:				
Assets held as agency for others	41,955	1,172,526	1,174,059	40,422
Total Liabilities	<u>\$ 41,955</u>	<u>\$1,172,526</u>	<u>\$1,174,059</u>	<u>\$ 40,422</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Fiduciary Net Position
Investment Trust Funds
June 30, 2013 (in thousands)

	School Districts (42 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 152,801	\$ 11,282	\$ 2,219	\$ 24,012	\$ 190,314
Total Assets	<u>152,801</u>	<u>11,282</u>	<u>2,219</u>	<u>24,012</u>	<u>190,314</u>
<u>NET POSITION</u>					
Assets held in trust for pool participants	152,801	11,282	2,219	24,012	190,314
Total Net Position	<u>\$ 152,801</u>	<u>\$ 11,282</u>	<u>\$ 2,219</u>	<u>\$ 24,012</u>	<u>\$ 190,314</u>

COUNTY OF SAN LUIS OBISPO
Combining Statement of Changes in Fiduciary Net Position
Investment Trust Funds
For the Year Ended June 30, 2013 (in thousands)

	School Districts (42 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<u>Additions</u>					
Contributions to pooled investments	\$ 710,559	\$ 7,290	\$ 20,716	\$ 30,951	\$ 769,516
Interest	299	37	--	45	381
Total Additions	<u>710,858</u>	<u>7,327</u>	<u>20,716</u>	<u>30,996</u>	<u>769,897</u>
<u>Deductions</u>					
Distributions from investment pool	<u>707,310</u>	<u>6,587</u>	<u>20,737</u>	<u>30,046</u>	<u>764,680</u>
Total Deductions	<u>707,310</u>	<u>6,587</u>	<u>20,737</u>	<u>30,046</u>	<u>764,680</u>
Change in Net Position	3,548	740	(21)	950	5,217
Net Position - Beginning	<u>149,253</u>	<u>10,542</u>	<u>2,240</u>	<u>23,062</u>	<u>185,097</u>
Net Position - Ending	<u>\$ 152,801</u>	<u>\$ 11,282</u>	<u>\$ 2,219</u>	<u>\$ 24,012</u>	<u>\$ 190,314</u>



**GENERAL FUND
DETAIL BUDGETARY COMPARISON SCHEDULES**



COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2013

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>General Government - Expenditures</u>				
<u>Legislative and Administrative</u>				
Administrative Office:				
Salaries wages benefits	\$ 1,617	\$ 1,617	\$ 1,426	\$ 191
Services and supplies	165	194	128	66
Expenditure transfers and reimbursements	(85)	(85)	(85)	--
Total	1,697	1,726	1,469	257
Board of Supervisors:				
Salaries wages benefits	1,436	1,436	1,372	64
Services and supplies	256	288	218	70
Expenditure transfers and reimbursements	(36)	(36)	(36)	--
Total	1,656	1,688	1,554	134
Clerk/Recorder:				
Salaries wages benefits	2,046	2,051	1,972	79
Services and supplies	1,013	1,021	895	126
Capital outlay	--	83	79	4
Total	3,059	3,155	2,946	209
Total Legislative and Administrative	6,412	6,569	5,969	600
<u>Finance</u>				
Assessor:				
Salaries wages benefits	8,111	7,995	7,097	898
Services and supplies	808	1,087	858	229
Capital outlay	23	53	21	32
Expenditure transfers and reimbursements	--	--	(2)	2
Total	8,942	9,135	7,974	1,161
Auditor-Controller:				
Salaries wages benefits	4,628	4,628	4,234	394
Services and supplies	262	472	324	148
Capital outlay	--	188	6	182
Expenditure transfers and reimbursements	(9)	(9)	(12)	3
Total	4,881	5,279	4,552	727
Treasurer-Tax Collector-Public Administrator:				
Salaries wages benefits	2,810	2,810	2,379	431
Services and supplies	300	300	371	(71)
Total	3,110	3,110	2,750	360
Total Finance	16,933	17,524	15,276	2,248
<u>Counsel</u>				
County Counsel:				
Salaries wages benefits	3,341	3,341	3,120	221
Services and supplies	185	1,042	738	304
Total Counsel	3,526	4,383	3,858	525

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2013

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
General Government - Expenditures (continued)				
<u>Personnel</u>				
Personnel:				
Salaries wages benefits	\$ 1,885	\$ 1,885	\$ 1,793	\$ 92
Services and supplies	470	708	262	446
Total Personnel	<u>2,355</u>	<u>2,593</u>	<u>2,055</u>	<u>538</u>
<u>Property Management</u>				
General Services:				
Salaries wages benefits	7,923	7,889	7,177	712
Services and supplies	4,246	4,299	4,235	64
Other charges	73	73	72	1
Capital outlay	--	56	56	--
Expenditure transfers and reimbursement	(2,584)	(2,584)	(3,008)	424
Total	<u>9,658</u>	<u>9,733</u>	<u>8,532</u>	<u>1,201</u>
Maintenance Projects:				
Services and supplies	2,417	7,321	1,724	5,597
Expenditure transfers and reimbursement	--	(257)	(127)	(130)
Total	<u>2,417</u>	<u>7,064</u>	<u>1,597</u>	<u>5,467</u>
Total Property Management	<u>12,075</u>	<u>16,797</u>	<u>10,129</u>	<u>6,668</u>
<u>Other General</u>				
Information Technology:				
Salaries wages benefits	9,890	9,890	9,076	814
Services and supplies	3,190	3,303	3,020	283
Capital outlay	--	14	14	--
Expenditure transfers and reimbursement	(2,940)	(2,940)	(2,898)	(42)
Total	<u>10,140</u>	<u>10,267</u>	<u>9,212</u>	<u>1,055</u>
Risk Management:				
Salaries wages benefits	789	789	716	73
Services and supplies	825	848	724	124
Expenditure transfers and reimbursement	(76)	(76)	(76)	--
Total	<u>1,538</u>	<u>1,561</u>	<u>1,364</u>	<u>197</u>
Non-Department Financing Uses:				
Expenditure transfers and reimbursement	(9,942)	(9,942)	(10,004)	62
Total	<u>(9,942)</u>	<u>(9,942)</u>	<u>(10,004)</u>	<u>62</u>
Contributions to Other Agencies:				
Services and supplies	1,867	1,920	1,844	76
Total	<u>1,867</u>	<u>1,920</u>	<u>1,844</u>	<u>76</u>
Total Other General	<u>3,603</u>	<u>3,806</u>	<u>2,416</u>	<u>1,390</u>
Total General Government	<u>44,904</u>	<u>51,672</u>	<u>39,703</u>	<u>11,969</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2013

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Public Protection - Expenditures</u>				
<u>Judicial</u>				
Court Operations Fund:				
Services and supplies	\$ 140	\$ 140	\$ 137	\$ 3
Other charges	2,295	2,295	2,284	11
Total	<u>2,435</u>	<u>2,435</u>	<u>2,421</u>	<u>14</u>
District Attorney:				
Salaries wages benefits	13,250	13,287	12,685	602
Services and supplies	1,403	1,987	1,565	422
Other charges	--	25	25	--
Expenditure transfers and reimbursement	(266)	(266)	(261)	(5)
Total	<u>14,387</u>	<u>15,033</u>	<u>14,014</u>	<u>1,019</u>
Family Support:				
Salaries wages benefits	3,601	3,601	3,369	232
Services and supplies	1,057	1,057	970	87
Total	<u>4,658</u>	<u>4,658</u>	<u>4,339</u>	<u>319</u>
Grand Jury:				
Salaries wages benefits	39	39	38	1
Services and supplies	99	99	90	9
Total	<u>138</u>	<u>138</u>	<u>128</u>	<u>10</u>
Public Defender:				
Services and supplies	5,414	6,054	5,967	87
Total	<u>5,414</u>	<u>6,054</u>	<u>5,967</u>	<u>87</u>
Total Judicial	<u>27,032</u>	<u>28,318</u>	<u>26,869</u>	<u>1,449</u>
<u>Police Protection</u>				
Sheriff-Coroner:				
Salaries wages benefits	50,872	51,143	48,645	2,498
Services and supplies	9,193	10,125	10,225	(100)
Other charges	60	342	159	183
Capital outlay	186	1,387	775	612
Expenditure transfers and reimbursement	(207)	(207)	(171)	(36)
Total Police Protection	<u>60,104</u>	<u>62,790</u>	<u>59,633</u>	<u>3,157</u>
<u>Detention and Correction</u>				
Probation Department:				
Salaries wages benefits	15,075	15,043	13,671	1,372
Services and supplies	4,120	3,687	3,301	386
Capital outlay	--	140	140	--
Expenditure transfers and reimbursement	(291)	(291)	(280)	(11)
Total Detention and Correction	<u>18,904</u>	<u>18,579</u>	<u>16,832</u>	<u>1,747</u>
<u>Fire Protection</u>				
County Fire:				
Services and supplies	16,575	17,398	16,430	968
Capital outlay	797	1,468	448	1,020
Total Fire Protection	<u>17,372</u>	<u>18,866</u>	<u>16,878</u>	<u>1,988</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2013

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Public Protection - Expenditures</u> (continued)				
<u>Protective Inspection</u>				
Agricultural Commissioner:				
Salaries wages benefits	\$ 4,425	\$ 4,470	\$ 4,278	\$ 192
Services and supplies	709	744	711	33
Capital outlay	--	6	6	--
Total Protective Inspection	<u>5,134</u>	<u>5,220</u>	<u>4,995</u>	<u>225</u>
<u>Other Protection</u>				
Animal Services:				
Salaries wages benefits	1,525	1,480	1,420	60
Services and supplies	885	930	927	3
Total	<u>2,410</u>	<u>2,410</u>	<u>2,347</u>	<u>63</u>
Emergency Services:				
Salaries wages benefits	670	670	619	51
Services and supplies	516	581	292	289
Other charges	335	595	326	269
Capital outlay	12	124	119	5
Total	<u>1,533</u>	<u>1,970</u>	<u>1,356</u>	<u>614</u>
Planning Department:				
Salaries wages benefits	9,935	9,669	9,255	414
Services and supplies	1,175	3,893	2,161	1,732
Other charges	6	6	2	4
Expenditure transfers and reimbursement	--	--	(1)	1
Total	<u>11,116</u>	<u>13,568</u>	<u>11,417</u>	<u>2,151</u>
Waste Management:				
Services and supplies	880	912	714	198
Capital outlay	10	10	--	10
Total	<u>890</u>	<u>922</u>	<u>714</u>	<u>208</u>
Total Other Protection	<u>15,949</u>	<u>18,870</u>	<u>15,834</u>	<u>3,036</u>
Total Public Protection	<u>144,495</u>	<u>152,643</u>	<u>141,041</u>	<u>11,602</u>
<u>Public Ways and Facilities - Expenditures</u>				
<u>Public Works:</u>				
Services and supplies	2,156	2,539	2,878	(339)
Other charges	20	83	80	3
Capital outlay	--	1,826	--	1,826
Total	<u>2,176</u>	<u>4,448</u>	<u>2,958</u>	<u>1,490</u>
Total Public Ways and facilities	<u>2,176</u>	<u>4,448</u>	<u>2,958</u>	<u>1,490</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2013

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Health and Sanitation - Expenditures</u>				
<u>Health</u>				
Public Health:				
Salaries wages benefits	16,212	16,355	15,390	965
Services and supplies	4,508	4,729	5,729	(1,000)
Other charges	1,410	2,113	394	1,719
Capital outlay	--	80	74	6
Expenditure transfers and reimbursement	(1,205)	(1,232)	(1,043)	(189)
Total	<u>20,925</u>	<u>22,045</u>	<u>20,544</u>	<u>1,501</u>
Behavioral Health:				
Salaries wages benefits	24,555	25,393	23,293	2,100
Services and supplies	24,728	26,486	22,891	3,595
Other charges	512	708	333	375
Capital outlay	--	40	40	--
Expenditure transfers and reimbursement	(1,613)	(1,696)	(1,904)	208
Total	<u>48,182</u>	<u>50,931</u>	<u>44,653</u>	<u>6,278</u>
Total Health	<u>69,107</u>	<u>72,976</u>	<u>65,197</u>	<u>7,779</u>
Total Health and Sanitation	<u>69,107</u>	<u>72,976</u>	<u>65,197</u>	<u>7,779</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2013

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Public Assistance - Expenditures</u>				
<u>Administration</u>				
Department of Social Services:				
Salaries wages benefits	\$ 37,045	\$ 36,477	\$ 34,411	\$ 2,066
Services and supplies	14,884	15,598	14,936	662
Other charges	7,488	8,211	6,547	1,664
Capital outlay	104	88	42	46
Expenditure transfers and reimbursement	(76)	(76)	(89)	13
Total Administration	<u>59,445</u>	<u>60,298</u>	<u>55,847</u>	<u>4,451</u>
<u>Aid Programs</u>				
Aid Foster Care Non-Fed:				
Services and supplies	44	68	54	14
Other charges	18,847	19,133	18,706	427
Total	<u>18,891</u>	<u>19,201</u>	<u>18,760</u>	<u>441</u>
Calworks Assistance:				
Other charges	13,119	13,119	11,497	1,622
Total	<u>13,119</u>	<u>13,119</u>	<u>11,497</u>	<u>1,622</u>
Total Aid Programs	<u>32,010</u>	<u>32,320</u>	<u>30,257</u>	<u>2,063</u>
<u>Medical Services</u>				
Medical Assistance Program:				
Services and supplies	2,500	2,500	2,500	--
Total Medical Services	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>--</u>
<u>General Relief</u>				
General Relief:				
Other charges	1,074	1,184	1,149	35
Total General Relief	<u>1,074</u>	<u>1,184</u>	<u>1,149</u>	<u>35</u>
<u>Veterans Service</u>				
Veterans Service:				
Salaries wages benefits	369	398	381	17
Services and supplies	37	89	68	21
Total Veterans Service	<u>406</u>	<u>487</u>	<u>449</u>	<u>38</u>
<u>Other Assistance</u>				
Law Enforcement Med Care:				
Salaries wages benefits	1,742	2,002	1,779	223
Services and supplies	971	1,063	966	97
Expenditure transfers and reimbursement	(524)	(524)	(519)	(5)
Total Other Assistance	<u>2,189</u>	<u>2,541</u>	<u>2,226</u>	<u>315</u>
Total Public Assistance	<u>97,624</u>	<u>99,330</u>	<u>92,428</u>	<u>6,902</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2013

Description	Original Budget	Adjusted Budget	Actual	Variance with Final Budget
<u>Education - Expenditures</u>				
<u>Agricultural Education</u>				
Farm Advisor:				
Salaries wages benefits	\$ 370	\$ 370	\$ 348	\$ 22
Services and supplies	105	105	88	17
Capital outlay	--	--	--	--
Total Agricultural Education	<u>475</u>	<u>475</u>	<u>436</u>	<u>39</u>
Total Education	<u>475</u>	<u>475</u>	<u>436</u>	<u>39</u>
Total General Fund - Expenditures (Before Contingencies)	<u>358,781</u>	<u>381,544</u>	<u>341,763</u>	<u>39,781</u>
<u>Contingencies</u>				
<u>Appropriation for Contingencies</u>				
Contingencies - General Fund:				
Appropriation for contingency	14,558	13,718	--	13,718
Total	<u>14,558</u>	<u>13,718</u>	<u>--</u>	<u>13,718</u>
Total Appropriation for Contingency	<u>15,043</u>	<u>14,222</u>	<u>--</u>	<u>13,718</u>
Total Contingency	<u>15,043</u>	<u>14,222</u>	<u>--</u>	<u>13,718</u>
Total General Fund Expenditures	<u>\$ 373,824</u>	<u>\$ 395,766</u>	<u>\$ 341,763</u>	<u>\$ 53,499</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

\$ 341,763

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

4,671

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

\$ 346,434



STATISTICAL SECTION



COUNTY OF SAN LUIS OBISPO

Statistical Section

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

	<u>Page</u>
Financial Trends Information	
These schedules contain trend information that may assist the reader in assessing the County’s current financial performance by placing it in historical perspective	181
Revenue Capacity Information	
These schedules contain information that may assist the reader in assessing the viability of the County’s two most significant local revenue sources; property taxes and sales taxes	186
Debt Capacity Information	
These schedules present information that may assist the reader in analyzing the affordability of the County’s current levels of outstanding debt and the County’s ability to issue additional debt in the future	191
Demographic & Economic Information	
These schedules offer economic and demographic indicators that are commonly used for financial analysis and that can enhance a reader’s understanding of the County’s present and ongoing financial status	194
Operating Information	
These schedules contain service and infrastructure indicators about how the information in the County’s financial statements relates to the services the County provides and the activities it performs.....	197



County of San Luis Obispo
Net Position by Component
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Governmental Activities										
Invested in Capital Assets, net of related debt	\$ 956,773	\$ 981,543	\$ 996,381	\$ 1,012,458	\$ 1,047,361	\$ 1,063,955	\$ 1,071,844	\$ 1,084,978	\$ 1,099,885	\$ 1,103,924
Restricted	66,474	48,141	40,178	50,061	52,566	41,188	36,385	36,258	31,477	28,863
Unrestricted	109,032	130,632	169,766	190,107	173,396	192,271	206,786	234,786	265,454	304,257
Total governmental activities net position	\$ 1,132,279	\$ 1,160,316	\$ 1,206,325	\$ 1,252,626	\$ 1,273,323	\$ 1,297,414	\$ 1,315,015	\$ 1,356,022	\$ 1,396,816	\$ 1,437,044
Business-type activities										
Invested in Capital Assets, net of related debt	\$ 109,785	\$ 114,785	\$ 122,534	\$ 146,021	\$ 155,907	\$ 167,188	\$ 160,627	\$ 149,097	\$ 153,801	\$ 167,138
Unrestricted	17,146	12,867	19,178	16,511	16,202	12,266	18,117	38,665	33,081	58,433
Total business-type activities net position	\$ 126,931	\$ 127,652	\$ 141,712	\$ 162,532	\$ 172,109	\$ 179,454	\$ 178,744	\$ 187,762	\$ 186,882	\$ 225,571
Total Primary Government										
Invested in Capital Assets, net of related debt	\$ 1,066,558	\$ 1,096,328	\$ 1,118,915	\$ 1,158,479	\$ 1,203,268	\$ 1,231,143	\$ 1,232,471	\$ 1,234,075	\$ 1,253,686	\$ 1,271,062
Restricted	66,474	48,141	40,178	50,061	52,566	41,188	36,385	36,258	31,477	28,863
Unrestricted	126,178	143,499	188,944	206,618	189,598	204,537	224,903	273,451	298,535	362,690
Total primary government net position	\$ 1,259,210	\$ 1,287,968	\$ 1,348,037	\$ 1,415,158	\$ 1,445,432	\$ 1,476,868	\$ 1,493,759	\$ 1,543,784	\$ 1,583,698	\$ 1,662,615

Notes:

Source - Statement of Net Position for FY 2003-2004 through 2011-2012
Statement of Net Position beginning in 2012-2013 and ongoing

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

	<u>2003-2004</u>	<u>2004-2005</u>	<u>2005-2006</u>	<u>2006-2007</u>	<u>2007-2008</u>	<u>2008-2009</u>	<u>2009-2010</u>	<u>2010-2011</u>	<u>2011-2012</u>	<u>2012-2013</u>
Expenses										
Governmental Activities										
General government	\$ 34,862	\$ 29,565	\$ 39,872	\$ 50,819	\$ 46,971	\$ 41,658	\$ 36,561	\$ 35,344	\$ 35,231	\$ 34,507
Public protection	104,594	106,402	100,234	120,165	135,987	136,755	134,768	132,413	136,219	142,353
Public ways and facilities	23,147	23,647	32,858	22,256	24,503	24,713	24,927	27,365	27,120	28,474
Health and sanitation	50,240	52,540	53,113	55,173	66,382	66,542	68,199	66,657	65,799	69,222
Public assistance	82,461	83,209	84,451	84,045	93,472	97,803	96,645	98,841	96,435	97,929
Education	7,969	7,459	7,786	8,626	9,966	10,967	10,390	10,057	10,000	9,922
Recreation and cultural services	5,762	4,238	4,244	6,106	6,024	7,561	8,708	7,363	7,344	9,735
Interest on long term debt	4,379	4,173	7,184	5,163	5,771	5,433	6,356	6,787	6,620	6,041
Total Governmental Activities Expenses	313,414	311,233	329,742	352,353	389,076	391,432	386,554	384,827	384,768	398,183
Business-type Activities Expenses										
Airport	3,116	3,628	3,703	4,021	7,809	4,559	5,204	7,732	5,422	5,435
Golf	3,132	2,905	2,867	3,301	3,033	3,249	2,974	2,690	2,863	2,779
Hospital	17,987	2,149	-	-	-	-	-	-	-	-
State Water contract	5,045	5,451	5,102	4,792	5,179	5,661	5,630	6,705	6,761	5,536
Nacimiento Water contract	456	497	580	559	20,021	10,144	10,613	11,844	11,901	14,738
Lopez Dam	3,449	5,418	5,237	5,807	7,945	6,189	5,813	6,499	5,752	6,548
General Flood Control Zone	718	526	726	681	689	712	831	928	1,816	746
Transit	841	933	745	714	1,071	987	1,143	1,105	8	-
County Service Areas	4,583	2,692	2,907	3,465	3,419	3,434	3,744	3,877	3,836	3,779
Los Osos Wastewater	-	-	-	-	-	-	-	5	6,672	344
Total Business-type Activities Expenses	39,327	24,199	21,867	23,340	49,166	34,935	35,952	41,385	45,031	39,905
Total Primary Government Expenses	\$ 352,741	\$ 335,432	\$ 351,609	\$ 375,693	\$ 438,242	\$ 426,367	\$ 422,506	\$ 426,212	\$ 429,799	\$ 438,088
Program Revenues										
Governmental Activities										
Fees, Fines, Charges for Services										
General government	\$ 25,112	\$ 29,911	\$ 22,293	\$ 18,743	\$ 13,299	\$ 17,729	\$ 12,878	\$ 13,971	\$ 17,545	\$ 16,575
Public protection	7,012	7,642	11,776	21,061	20,380	23,285	21,072	20,843	15,679	16,352
Public ways and facilities	6,767	6,607	9,730	7,236	7,580	4,190	3,234	11,549	5,069	5,465
Health and sanitation	6,766	8,555	8,831	6,505	6,583	6,863	7,026	7,453	6,014	5,196
Public assistance	2,279	2,680	2,438	2,798	2,864	2,784	925	2,399	2,366	2,920
Education	1,515	1,853	1,460	1,759	1,891	1,922	2,304	2,037	2,545	3,583
Recreation and cultural services	2,598	1,110	1,370	1,246	2,183	3,931	3,822	3,714	3,952	4,435
Operating Grants and Contributions										
General Government	3,616	2,404	1,442	1,454	446	751	377	1,120	628	122
Public Protection	33,188	33,888	39,054	41,429	40,924	38,080	40,034	37,244	45,646	50,477
Public ways and facilities	8,364	9,099	11,459	8,712	8,975	10,406	10,679	9,446	11,813	15,018
Health and sanitation	38,518	37,474	39,611	44,135	46,267	49,149	57,784	48,567	44,741	55,064
Public assistance	67,088	67,559	73,863	75,391	79,190	83,175	81,525	86,479	85,505	87,912
Education	420	250	250	299	262	260	259	289	175	175
Recreation and cultural services	-	1,029	158	167	185	178	177	357	18	350
Capital Grants and Contributions										
General government	-	311	-	291	264	384	449	279	843	8
Public protection	1,054	935	208	1,799	319	82	-	-	-	-
Public ways and facilities	6,028	4,091	6,253	6,008	15,130	5,966	10,259	7,411	12,930	3,479
Health and sanitation	-	177	-	-	34	-	-	-	-	-
Public assistance	-	80	-	-	-	-	-	-	-	-
Recreation and cultural services	682	403	805	171	979	423	173	81	247	50
Total Governmental Activities	211,007	216,058	231,001	239,204	247,755	249,558	252,977	253,239	255,716	267,181

Source: Statement of Activities

(continued)

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

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013
Business-type Activities										
Fees, Fines, Charges for Services										
Airport	4,846	4,206	3,864	3,919	4,585	3,734	3,541	3,888	3,719	4,053
Golf	2,928	2,719	2,895	3,016	3,058	2,879	2,653	2,590	2,690	2,639
Hospital	6,993	-	-	-	-	-	-	-	-	-
State Water Contract	5,084	5,506	5,098	4,458	5,309	5,767	6,513	6,453	6,609	6,185
Nacimiento Water Contract	36	31	5,509	6,893	3,018	284	355	7,968	13,893	13,800
Lopez Dam	3,006	4,383	4,717	5,987	6,453	5,494	6,164	6,359	6,440	6,174
General Flood Control Zone	557	550	562	575	600	637	661	1,870	1,252	730
Transit	74	74	57	52	55	63	-	-	-	-
County Service Areas	3,812	2,323	2,604	2,860	2,869	2,658	2,784	3,090	3,186	3,352
Operating Grants and Contributions										
Airport	391	11	279	281	820	144	182	180	372	132
Golf	-	75	-	-	-	-	-	-	5	-
Hospital	-	-	-	-	-	-	-	-	-	-
State Water Contract	8	8	8	8	8	8	8	10	10	13
Nacimiento Water Contract	17	20	23	25	28	31	31	30	28	29
Lopez Dam	10	14	-	-	-	15	15	15	15	15
Transit	887	950	1,190	-	-	-	1,172	1,097	-	-
General Flood Control Zone	-	-	-	543	624	962	-	-	-	-
County Service Areas	3	3	222	155	2	4	4	3	3	3
Los Osos Wastewater	-	-	-	-	-	-	-	-	35	1
Capital Grants and Contributions										
Airport	1,002	3,188	3,792	9,509	19,201	6,750	4,310	2,074	138	572
County Service Areas	124	-	-	-	165	275	339	288	64	294
Los Osos Wastewater	-	-	-	-	-	-	-	9,357	9,127	35,717
Total Business-type Activities Revenues	29,778	24,061	30,820	38,281	46,795	29,705	28,732	45,272	47,586	73,709
Total Primary Government Revenues	\$ 240,785	\$ 240,119	\$ 261,821	\$ 277,485	\$ 294,550	\$ 279,263	\$ 281,709	\$ 298,511	\$ 303,302	\$ 340,890
Net (Expense)/Revenues										
Governmental Activities	\$ (102,407)	\$ (95,175)	\$ (98,741)	\$ (113,149)	\$ (141,321)	\$ (141,874)	\$ (133,577)	\$ (131,588)	\$ (129,052)	\$ (131,002)
Business-Type Activities	(9,549)	(138)	8,953	14,941	(2,371)	(5,230)	(7,220)	3,887	2,555	33,804
Total Primary Government net expense	\$ (111,956)	\$ (95,313)	\$ (89,788)	\$ (98,208)	\$ (143,692)	\$ (147,104)	\$ (140,797)	\$ (127,701)	\$ (126,497)	\$ (97,198)
General Revenue and Other Changes in Net Position										
Governmental Activities										
Property Taxes	\$ 75,559	\$ 98,025	\$ 114,076	\$ 128,867	\$ 133,292	\$ 141,195	\$ 132,723	\$ 139,214	\$ 140,288	\$ 143,182
Other Taxes	15,422	14,333	15,823	15,798	15,881	14,389	13,358	14,393	16,330	23,940
Interest and investment income	3,221	4,420	7,176	11,025	9,790	4,646	1,690	986	1,202	733
Unrestricted Grants	15,681	4,609	9,559	4,079	4,019	4,890	3,972	3,520	3,978	3,537
Other revenues	83	331	-	-	-	-	-	172	-	4
Transfers	(10,214)	1,494	(1,884)	(319)	(964)	845	(565)	150	8,048	(166)
Total Governmental Activities	99,752	123,212	144,750	159,450	162,018	165,965	151,178	158,435	169,846	171,230
Business-type Activities										
Property Taxes	3,073	1,765	2,051	3,359	3,402	3,678	3,654	3,841	3,799	4,145
Other Taxes	-	-	-	-	-	27	28	28	28	29
Interest and investment income	318	406	1,085	1,897	7,290	6,190	1,900	965	755	385
Other revenues	151	182	86	304	292	572	363	447	31	160
Transfers	10,214	(1,494)	1,884	319	964	(845)	565	(150)	(8,048)	166
Total Business-type Activities	13,756	859	5,106	5,879	11,948	9,622	6,510	5,131	(3,435)	4,885
Total Primary Government	\$ 113,508	\$ 124,071	\$ 149,856	\$ 165,329	\$ 173,966	\$ 175,587	\$ 157,688	\$ 163,566	\$ 166,411	\$ 176,115
Change in Net Position										
Governmental Activities	\$ (2,655)	\$ 28,037	\$ 46,009	\$ 46,301	\$ 20,697	\$ 24,091	\$ 17,601	\$ 26,847	\$ 40,794	\$ 40,228
Business-Type Activities	4,207	721	14,059	20,820	9,577	4,392	(710)	9,018	(880)	38,689
Total Primary Government	\$ 1,552	\$ 28,758	\$ 60,068	\$ 67,121	\$ 30,274	\$ 28,483	\$ 16,891	\$ 35,865	\$ 39,914	\$ 78,917

County of San Luis Obispo
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010
General Fund							
Reserved	\$ 19,194	\$ 18,255	\$ 17,665	\$ 29,841	\$ 31,853	\$ 40,561	\$ 49,543
Unreserved	59,105	76,200	86,924	74,727	64,886	63,626	66,559
Total General Fund	<u>\$ 78,299</u>	<u>\$ 94,455</u>	<u>\$ 104,589</u>	<u>\$ 104,568</u>	<u>\$ 96,739</u>	<u>\$ 104,187</u>	<u>\$ 116,102</u>

All Other Governmental Funds							
Reserved	\$ 73,309	\$ 41,727	\$ 9,039	\$ 30,278	\$ 50,422	\$ 42,697	\$ 39,243
Unreserved, reported in:							
Special Revenue Funds	32,263	42,828	80,293	70,630	60,384	51,703	55,513
Capital Project Funds	13,793	19,877	27,245	31,638	21,233	23,248	20,859
Debt Service Funds	-	-	-	-	-	-	-
Total all other Governmental Funds	<u>\$ 119,365</u>	<u>\$ 104,432</u>	<u>\$ 116,577</u>	<u>\$ 132,546</u>	<u>\$ 132,039</u>	<u>\$ 117,648</u>	<u>\$ 115,615</u>

	2011	2012	2013
General Fund			
Nonspendable	\$ 3,333	\$ 3,176	\$ 3,092
Restricted	7,113	6,682	4,005
Committed	62,380	68,880	96,365
Assigned	-	-	104,237
Unassigned	87,741	102,291	-
Total General Fund	<u>\$ 160,567</u>	<u>\$ 181,029</u>	<u>\$ 207,699</u>

All Other Governmental Funds			
Nonspendable	\$ 352	\$ 390	\$ 596
Restricted	22,065	19,788	18,311
Committed	55,446	61,144	65,903
Assigned	94	-	-
Unassigned	-	-	-
Total all other Governmental Funds	<u>\$ 77,957</u>	<u>\$ 81,322</u>	<u>\$ 84,810</u>

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

Source: Balance Sheet - Governmental Funds

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

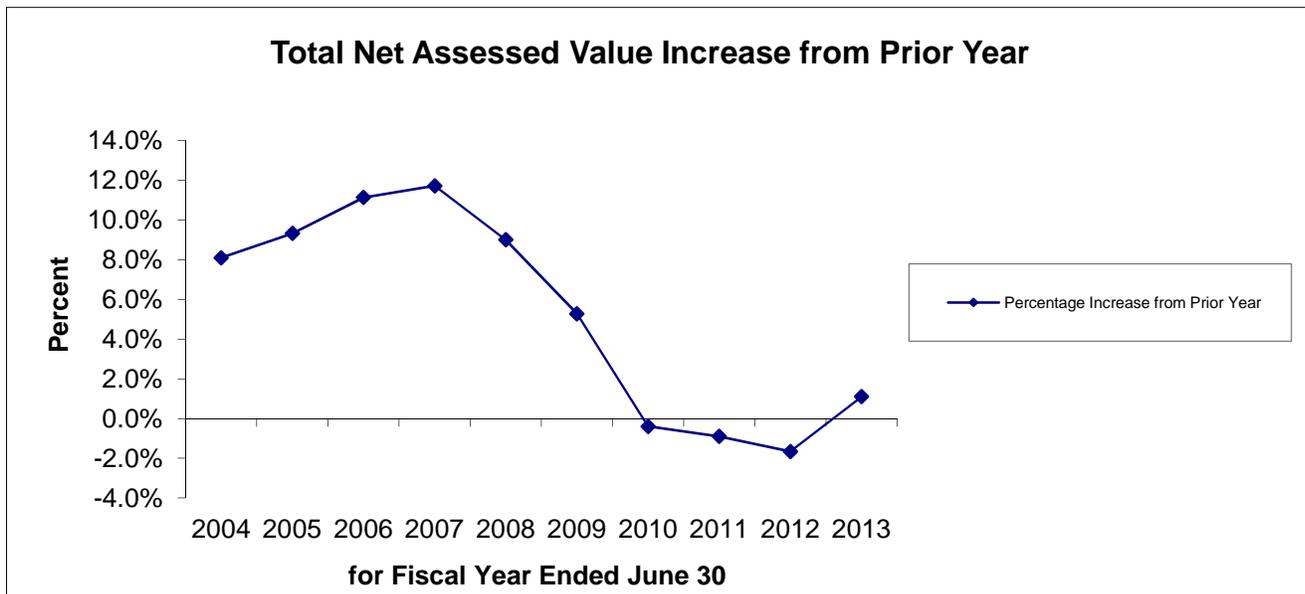
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 90,553	\$ 112,565	\$ 128,586	\$ 141,934	\$ 144,596	\$ 154,155	\$ 153,910	\$ 155,419	\$ 160,920	\$ 171,771
Licenses, permits, and franchises	8,674	13,637	10,744	9,404	9,117	8,006	6,906	7,413	7,863	9,247
Fines, forfeits, and penalties	7,901	6,105	3,544	6,262	6,224	6,973	6,078	7,993	6,750	6,654
Revenues from use of money and property	2,973	4,063	6,637	9,789	8,452	4,122	1,644	1,242	2,273	1,475
Aid from governmental agencies	172,425	160,452	182,750	184,142	196,994	188,794	199,771	194,625	206,372	209,234
Charges for current services	54,300	54,769	55,547	55,083	50,592	54,208	47,065	56,486	45,538	41,690
Other revenues	4,608	4,712	7,146	6,750	3,122	6,856	5,358	6,531	8,451	11,342
Total revenues	<u>341,434</u>	<u>356,303</u>	<u>394,954</u>	<u>413,364</u>	<u>419,097</u>	<u>423,114</u>	<u>420,732</u>	<u>429,709</u>	<u>438,167</u>	<u>451,413</u>
Expenditures										
Current:										
General government	49,491	49,074	53,691	55,375	51,733	51,461	45,162	50,321	45,850	44,374
Public protection	101,203	107,355	116,791	126,043	134,058	140,746	136,857	135,636	138,579	143,832
Public ways and facilities	29,718	24,096	25,749	38,981	44,814	42,139	31,093	37,261	40,338	34,178
Health and sanitation	49,542	52,894	55,464	57,590	66,180	67,267	68,442	68,472	67,830	70,021
Public assistance	81,616	82,673	87,020	87,182	92,682	98,170	96,248	100,202	97,185	98,059
Education	7,606	7,802	7,891	8,755	9,698	11,016	13,020	10,191	9,973	9,901
Recreational and cultural services	5,645	5,092	4,159	8,005	9,911	8,654	8,313	7,187	6,998	7,538
Debt service:										
Principal payments	1,815	1,895	4,970	6,560	2,601	3,264	3,790	4,595	4,435	4,065
Interest and fiscal charges	5,105	6,226	5,774	6,401	5,593	5,181	5,954	6,464	6,289	5,863
Debt issuance costs	2,173	-	-	-	-	-	550	-	-	269
Capital outlay	14,490	18,673	9,551	10,241	13,333	2,849	1,965	3,399	5,540	3,692
Total expenditures	<u>348,404</u>	<u>355,780</u>	<u>371,060</u>	<u>405,133</u>	<u>430,603</u>	<u>430,747</u>	<u>411,394</u>	<u>423,728</u>	<u>423,017</u>	<u>421,792</u>
Excess (deficiency) of revenues over expenditures	<u>(6,970)</u>	<u>523</u>	<u>23,894</u>	<u>8,231</u>	<u>(11,506)</u>	<u>(7,633)</u>	<u>9,338</u>	<u>5,981</u>	<u>15,150</u>	<u>29,621</u>
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Other Financing Sources										
Refunding certificates of participation issued	-	-	-	-	-	-	-	-	-	14,427
Premium on refunding certificates of participation issued	-	-	-	-	-	-	-	-	-	1,418
Proceeds of long term debt	137,194	-	-	5,090	7,325	-	-	-	-	-
Payment to San Luis Pension Trust	(135,000)	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	42,565	-	-	-
Payment to refunded escrow agent	-	-	-	-	-	-	(42,000)	-	-	(16,400)
Discount on certificates of participation issued	-	-	-	-	(119)	-	-	-	-	-
Transfers in	29,420	19,792	31,910	42,996	42,324	43,523	33,044	34,421	35,815	48,113
Transfers out	(39,248)	(19,093)	(33,525)	(42,817)	(42,751)	(42,833)	(33,065)	(33,595)	(27,138)	(47,021)
Total other financing sources and uses	<u>(7,634)</u>	<u>699</u>	<u>(1,615)</u>	<u>5,269</u>	<u>6,779</u>	<u>690</u>	<u>544</u>	<u>826</u>	<u>8,677</u>	<u>537</u>
Net change in fund balances	\$ (14,604)	\$ 1,222	\$ 22,279	\$ 13,500	\$ (4,727)	\$ (6,943)	\$ 9,882	\$ 6,807	\$ 23,827	\$ 30,158
Debt Service as a percentage of non-capital expenditures	2.19%	2.55%	3.12%	3.50%	2.13%	2.13%	2.51%	2.80%	2.73%	2.45%

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

**County of San Luis Obispo
Assessed Valuation*
Last Ten Fiscal Years (in thousands)
(UNAUDITED)**

Fiscal Year	Secured	Unsecured	Exemptions	Net Assessed Valuations	Percentage Increase from Prior Year	Tax Rate
2004	27,134,968	859,295	(658,326)	27,335,938	8.1%	1.0023
2005	29,677,821	836,182	(627,898)	29,886,105	9.3%	1.0023
2006	32,984,334	933,185	(701,193)	33,216,326	11.1%	1.0022
2007	36,890,449	1,000,873	(781,070)	37,110,252	11.7%	1.0021
2008	40,252,987	1,035,443	(835,356)	40,453,074	9.0%	1.0020
2009	42,348,044	1,132,435	(891,949)	42,588,530	5.3%	1.0020
2010	42,185,284	1,148,662	(914,309)	42,419,637	-0.4%	1.0020
2011	41,846,720	1,118,384	(927,194)	42,037,910	-0.9%	1.0029
2012	41,223,923	1,081,597	(965,089)	41,340,431	-1.7%	1.0030
2013	41,667,316	1,138,202	(1,009,234)	41,796,284	1.1%	1.0040

Source: County Property Tax Information Booklet



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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
County Direct Rates										
General	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
State Water Project	0.00230	0.00223	0.00222	0.00221	0.00220	0.00220	0.00220	0.00290	0.00300	0.00400
Total Direct Rate	1.00230	1.00223	1.00222	1.00221	1.00220	1.00220	1.00220	1.00290	1.00300	1.00400
Cities, Schools, and Special Districts Combined Rates										
Arroyo Grande	0.0403	0.0593	0.0423	0.0392	0.0422	0.0464	0.0464	0.0470	0.0477	0.0576
Atascadero	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0975	0.0442	0.0452
Grover Beach	0.0273	0.0463	0.0313	0.0295	0.0333	0.0382	0.0382	0.0389	0.0396	0.0495
Morro Bay	0.0082	0.0081	0.0231	0.0231	0.0492	0.0492	0.0492	0.0499	0.0501	0.0510
Paso Robles	0.1775	0.1775	0.1082	0.0952	0.0997	0.0948	0.0988	0.0389	0.0816	0.0815
Pismo Beach	0.0273	0.0463	0.0335	0.0295	0.0333	0.0382	0.0382	0.0389	0.0396	0.0495
San Luis Obispo	-	-	-	-	-	-	-	-	-	-

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

Source: County Property Tax Information Booklet

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

Taxpayer	Industry	Fiscal Year 2013			Fiscal Year 2004		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Co.	Utility	2,641,186	1	6.32%	2,163,485	1	7.90%
TOSCO Corp	Petroleum & Gas	144,966	2	0.35%	176,951	2	0.65%
Beringer Wine Estates Company	Winery	89,873	3	0.22%	58,283	5	0.21%
Plains Exploation & Production	Petroleum & Gas	81,401	4	0.19%	-	-	-
CSHV Mustang Village LLC	Apartments	76,800	5	0.18%	-	-	-
Pacific Bell Telephone Co	Telephone	71,897	6	0.17%	-	-	-
Southern California Gas Co	Utility	63,866	7	0.15%	48,942	6	0.18%
Martin Hotel Mgmt Co LLC	Hotel	62,521	8	0.15%	-	-	-
Pasquini Charles Jr Tre Etal	Private	55,665	9	0.13%	-	-	-
Sierra Vista Hospital Inc	Hospital	55,004	10	0.13%	45,450	7	0.17%
Duke Energy Morro Bay, LLC	Utility	-	-	-	110,431	3	0.40%
SBC California	Utility	-	-	-	92,297	4	0.34%
Charter Communications	Communications	-	-	-	42,564	8	0.16%
ESJ Centers LLC ETAL	Real Estate	-	-	-	37,070	9	0.14%
Vons Companies	Grocery Store	-	-	-	32,432	10	0.12%
Total		\$ 3,343,180		8.00%	\$ 2,807,905		10.27%
Total County Assessed Value		\$ 41,796,284			\$ 27,335,938		

Source: County Property Tax System

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

Fiscal Year	Total Levy for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years*	Delinquent Amount	% of Levy Delinquent
		Collected Amount	% of Original Levy			
2004	265,009	261,422	98.65%	N/A	3,587	1.35%
2005	290,692	286,937	98.71%	N/A	3,755	1.29%
2006	324,547	319,214	98.36%	N/A	5,333	1.64%
2007	362,429	354,117	97.71%	N/A	8,312	2.29%
2008	394,779	380,943	96.50%	N/A	13,836	3.50%
2009	416,262	400,120	96.12%	N/A	16,142	3.88%
2010	412,698	398,951	96.67%	N/A	13,747	3.33%
2011	408,623	397,830	97.36%	N/A	10,793	2.64%
2012	403,472	396,238	98.21%	N/A	7,234	1.79%
2013	405,225	399,807	98.66%	N/A	5,418	1.34%

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 (b)
2011	-	\$ 3,127 *
2012	3,836	3,798 *
2013	3,544	2,979

Note:

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

Source:

- a. County Property Tax System
- b. Public Works by County Enterprise System

* Amounts restated

County of San Luis Obispo
Ratios of Total Debt Outstanding
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Certificates of Participation	\$26,487	\$25,323	\$23,107	\$27,125	\$33,319	\$31,920	\$30,420	\$28,820	\$27,895	\$25,662
Less deferred amounts:										
For issuance discounts:	-	-	-	-	(119)	(115)	(111)	(107)	(103)	(99)
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	-	-	1,329
Pension Obligation Bonds	137,194	137,194	135,199	130,504	129,034	127,169	125,444	122,689	119,429	115,624
Total bonds and notes payable	163,681	162,517	158,306	157,629	162,234	158,974	155,753	151,402	147,221	142,516
Less resources restricted for principal repayment	(5,241)	(6,888)	(10,018)	(13,505)	(15,297)	(10,929)	(10,665)	(9,752)	(9,666)	(9,640)
Net total bonds and notes payable	158,440	155,629	148,288	144,124	146,937	148,045	145,088	141,650	137,555	132,876
Business Type										
Certificates of Participation	23,068	22,577	22,069	21,535	20,985	20,848	20,657	19,897	19,060	17,920
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	-	-	492
Pension Obligation Bonds										
State Note	3,211	3,077	15,126	26,144	31,824	32,283	32,418	31,024	35,884	34,399
Revenue Bonds	71	66	61	56	196,461	196,456	196,450	196,444	193,483	190,389
Add deferred amounts:										
For issuance premiums:	-	-	-	-	6,371	6,371	6,371	6,371	6,158	5,945
General Obligation Bonds	12,750	12,510	12,260	12,000	11,730	11,450	11,155	10,760	10,245	9,890
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	1,128	1,072	1,015
Bond Anticipation Notes	-	-	-	-	-	-	-	8,677	-	-
Assessment Bonds	-	-	-	-	-	-	-	-	15,364	39,527
Total bonds and notes payable	39,100	38,230	49,516	59,735	267,371	267,408	267,051	274,301	281,266	299,577
Net total bonds and notes payable	39,100	38,230	49,516	59,735	267,371	267,408	267,051	274,301	281,266	299,577
Total Outstanding Debt less restricted resources	<u>\$197,540</u>	<u>\$193,859</u>	<u>\$197,804</u>	<u>\$203,859</u>	<u>\$414,308</u>	<u>\$415,453</u>	<u>\$412,139</u>	<u>\$415,951</u>	<u>\$418,821</u>	<u>\$432,453</u>
Percentage of Personal Income	2.48%	2.30%	N/A							
Percentage of Assessed Value of Taxable Property*	0.74%	0.66%	0.60%	0.55%	1.02%	0.98%	0.97%	0.99%	1.01%	1.03%
Net outstanding debt Per Capita	\$785.36	\$769.95	\$789.47	\$ 769.57	\$ 1,538.25	\$ 1,536.27	\$ 1,508.39	\$ 1,535.07	\$ 1,542.72	\$ 1,588.87

Note:

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

2. Source - Notes to the Financial Statements, Note 10

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

County of San Luis Obispo
Ratios of General Obligation Debt Outstanding
Last Ten Fiscal Years
(in thousands)
(UNAUDITED)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Certificates of Participation	\$21,180	\$20,655	\$20,110	\$19,545	\$18,965	\$18,361	\$17,730	\$17,075	\$16,400	\$14,427
Less deferred amounts:										
For issuance discounts:	-	-	-	-	-	-	-	-	-	-
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	-	-	1,330
General Obligation Bonds	12,750	12,510	12,260	12,000	11,730	11,450	11,155	10,760	10,245	9,890
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	1,128	1,072	1,015
Assessment Bonds	-	-	-	-	-	-	-	-	15,364	39,527
Total General Obligation Debt	\$ 33,930	\$ 33,165	\$ 32,370	\$ 31,545	\$ 30,695	\$ 29,811	\$ 28,885	\$ 28,963	\$ 43,081	\$ 66,189
Percentage of Personal Income	0.41%	0.38%	N/A							
Percentage of Assessed Value of Taxable Property*	0.12%	0.11%	0.10%	0.09%	0.08%	0.07%	0.07%	0.07%	0.10%	0.16%
Net outstanding debt Per Capita	\$131.41	\$127.20	\$122.97	\$ 119.08	\$ 113.97	\$ 110.24	\$ 105.72	\$ 106.89	\$ 158.69	\$ 243.18

Note:

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

2. Source - Notes to the Financial Statements, Note 10

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

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

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Assessed Value of Property (a) (b)	\$ 27,335,938	\$ 29,886,105	\$ 33,216,326	\$ 37,110,252	\$ 40,453,074	\$ 42,588,529	\$ 42,419,637	\$ 42,037,909	\$ 41,340,430	\$41,796,283
Debt Limit, 1.25% of Assessed Value	341,699	373,576	415,204	463,878	505,663	532,357	530,245	525,474	516,755	522,454
<i>Amount of Debt Applicable to Limit</i>										
General Obligation Bonds (c)	12,750	12,510	12,260	12,000	11,730	11,450	11,155	11,888	11,317	10,905
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Total Debt Applicable	12,750	12,510	12,260	12,000	11,730	11,450	11,155	11,888	11,317	10,905
Legal Debt Margin	\$ 328,949	\$ 361,066	\$ 402,944	\$ 451,878	\$ 493,933	\$ 520,907	\$ 519,090	\$ 513,586	\$ 505,438	\$ 511,549
Total Debt Applicable as a Percentage of the Debt Limit	3.73%	3.35%	2.95%	2.59%	2.32%	2.15%	2.10%	2.26%	2.19%	2.09%

Source:

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

Assessed value calculation (in thousands)

Locally Assessed-Secured

San Luis Obispo Countywide	\$38,746,813
Pipeline Right-of-Way (Unitary)	6,024
Aircraft	72,593
Total Local Assessed	38,825,430

State Assessed

Local Utility	48,760
Unitary	2,922,093
Total State Assessed	2,970,853

Combined Assessed Values

Sub-Total Combined Assessed Values	41,723,690
Aircraft	72,593
Total Combined Assessed Values	<u>\$41,796,283</u>

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

Calendar Year	Population (1,a,f)	Personal Income (in thousands) (2,a,d)	Per Capita Income (2,a,d)	Median Age (4,c)	School Enrollment (3,b,e)	Unemployment Rate (2,a)
2004	258,200	8,334,258 *	32,524*	38.20	45,539	3.4
2005	260,727	8,727,001*	33,855*	39.40	45,268	4.2
2006	263,242	9,488,605	36,544	39.20	44,537	4.1
2007	264,900	9,977,057	38,144	37.30	44,610	4.6
2008	269,337	10,709,753	40,204	37.30	44,441	5.7
2009	270,429	10,237,494	38,179	39.30	44,874	9.0
2010	273,231	10,532,649	38,994	39.40	44,351	10.0
2011	270,966	10,966,438	40,322	40.30	44,104	9.9
2012	271,483	N/A	N/A	39.20	43,022	8.5
2013	272,177	N/A	N/A	N/A	42,600	6.4

Sources:

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

Notes:

N/A = not available

* = restated

- a. Data for Calendar Years
- b. Data includes kindergarten through grade 12 and Cuesta College
- c. Calendar year 2004 -2010 figures are projections based on the 2000 census
- d. Prior years were revised per the US Department of Commerce
- e. Data for School Year ending in the stated calendar year.
- f. Calendar year 2011-2013 figures are projections based on the 2010 census

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

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government	481.25	480.25	479.75	482.00	495.50	485.25	451.00	442.75	437.50	438.25
Public Protection	862.50	850.50	856.00	885.25	891.75	879.50	799.75	783.25	808.25	812.00
Public Ways and Facilities	194.50	184.00	185.00	185.25	191.25	199.25	202.25	194.25	193.75	193.75
Health and Sanitation	507.25	419.25	413.25	394.50	423.75	421.00	424.75	424.00	430.50	445.25
Public Assistance	464.50	439.00	438.75	443.75	453.25	437.25	426.75	424.75	425.75	428.00
Education	74.00	73.00	74.00	84.00	87.50	87.50	78.50	78.50	77.50	75.50
Recreation and Cultural Services	55.50	56.50	55.00	59.00	58.00	58.00	56.00	56.00	52.00	55.00
Total	<u>2,639.50</u>	<u>2,502.50</u>	<u>2,501.75</u>	<u>2,533.75</u>	<u>2,601.00</u>	<u>2,567.75</u>	<u>2,439.00</u>	<u>2,403.50</u>	<u>2,425.25</u>	<u>2,447.75</u>

Source: County Budget Report

Notes:

Position allocation figures are calculated at the time of budget preparation for the following year.
 Figures include limited-term but do not include part-time or contract positions.

County of San Luis Obispo
Operating Indicators by Function
Last Ten Fiscal Years
(UNAUDITED)

Function / Department	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Recreation and Cultural Services										
Parks										
<i>Day Use Passes</i>	64,679	53,906	62,951	66,899	65,895	47,156	47,011	51,519	57,135	56,601
<i>Annual Passes</i>	1,478	1,436	1,496	1,416	1,598	3,547	2,220	1,992	2,357	2,406
<i>Daily Boat Launches</i>	26,552	21,085	22,481	19,737	14,085	16,864	15,802	15,602	16,133	14,809
<i>Annual Boat Passes</i>	842	795	804	793	847	752	627	618	633	551
Public Protection										
Planning and Building										
<i>Total Permits Issued</i>	3,856	3,747	3,548	2,897	2,634	2,261	2,067	2,073	2,086	2,070
<i>Number of New Affordable Housing</i>	141	267	184	63	218	105	82	80	39	44
Sheriff										
<i>Jail bookings (a)</i>	15,016	14,240	14,927	18,718	18,321	14,158	13,025	12,682	12,966	13,273
<i>Average daily population (a)</i>	460	506	534	553	567	540	551	558	679	717
Health and Sanitation										
Mental Health										
<i>Total number of patient days in State Hospitals</i>	571	986	522	447	603	365	364	n/a	n/a	n/a
<i>Day Treatment Days provided to youth in out-of-county group home facilities</i>	n/a	n/a	n/a	n/a	2,067	2,692	2,212	2,937	1588*	1,885
Public Health										
<i>Number of Children enrolled in the Healthy Families Program</i>	3,824	4,331	4,436	4,752	5,098	5,450	5,709	n/a	n/a	n/a
<i>Percentage of the State allocated caseload enrolled in the Women, Infants & Children(WIC) Program</i>	n/a	n/a	n/a	n/a	100	98	97	100	99	99
<i>Percentage of live born infants whose mothers received prenatal care in the first trimester.</i>	n/a	n/a	n/a	82.7	76.0	78.0	78.0	78.5	81.7	80.0
Public Assistance										
Social Services										
<i>Rate per 1,000 children entering out-of-home care for the first time (State Rate is 2.8)</i>	3.3	2.9	3.8	2.9	n/a	n/a	n/a	n/a	n/a	n/a
<i>Percentage of child abuse/neglect referrals where a response is required within 10 days that were timely</i>	n/a	n/a	n/a	77.1	69.8	88.7	94.1	96.8	97.6*	97.6
Education										
Library										
<i>Annual number of items circulated per capita</i>	7.1	5.8	6.0	7.0	7.5	9.2	9.4	10.0	10.1	n/a
<i>Annual Expenditure per capita for total Library budget</i>	\$ 24.03	\$ 27.37	\$ 28.34	\$ 31.07	\$ 33.75	\$ 38.43	\$ 35.35	\$ 35.35	\$ 35.25	\$ 34.35
Public Ways and Facilities										
Roads										
<i>Pavement Condition Rating for all county roads (70 = "good")</i>	64	58	70	69	65	62	65	60	58	60
Airport										
Airport										
<i>Takeoffs and Landings (a)</i>	115,066	101,849	n/a	92,096	96,172	95,419	88,161	80,556	80,158	71,428
<i>Passenger Enplanements</i>	154,726	173,370	182,177	177,176	182,285	132,748	125,152	139,909	134,244	132,315

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

* Restated

**County of San Luis Obispo
Capital Asset Statistics by Function
Last Ten Fiscal Years
(UNAUDITED)**

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Recreation and Cultural Services										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	11,946	12,026	12,056	12,056	13,402	13,422	13,422	13,572	13,424	13,424
Public Protection										
Correction facility capacities (a)	689	693	693	684	693	693	693	689	637	717
Public Ways and Facilities										
Miles of county roads	1,315	1,317	1,321	1,321	1,334	1,336	1,329	1,332	1,333	1,335
Airport										
Number of runways	2	2	2	2	2	2	2	2	2	2

Note:

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

Source: County management