

Comprehensive Annual Financial Report

County of San Luis Obispo, California

Fiscal Year Ended June 30, 2016



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





**COUNTY OF SAN LUIS OBISPO
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 JUNE 30, 2016**

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INTRODUCTORY SECTION





COUNTY OF SAN LUIS OBISPO

AUDITOR • CONTROLLER • TREASURER • TAX COLLECTOR

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JAMES P. ERB, CPA
Auditor-Controller
Treasurer-Tax Collector

James W. Hamilton, CPA
Assistant

December 21, 2016

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

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

The Comprehensive Annual Financial Report (CAFR) of the County of San Luis Obispo (County) for the fiscal year ended June 30, 2016, is hereby submitted as mandated by Sections 25250 and 25253 of the Government Code of the State of California. These statutes require that the County publish a complete set of financial statements audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. The County prepares its financial statements in accordance with generally accepted accounting principles (GAAP). The requirements for financial reporting in accordance with GAAP are established by the Governmental Accounting Standards Board (GASB).

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

The County of San Luis Obispo's financial statements have been audited by Brown Armstrong Accountancy Corporation, a firm of licensed certified public accountants. The goal of the independent audit was to provide a reasonable assurance that the financial statements of the County of San Luis Obispo for the fiscal year ended June 30, 2016, are free of any material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the

financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County of San Luis Obispo's financial statements for the fiscal year ended June 30, 2016, are fairly presented and in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

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

Profile of the Government

The County of San Luis Obispo, incorporated in 1850, is located on the central coast of the State of California, midway between Los Angeles and San Francisco. The County of San Luis Obispo currently occupies a land area of 3,616 square miles and serves a population of 277,977 residents. Approximately 43% of the population resides in the unincorporated area. The seven incorporated cities in the county are Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach and San Luis Obispo.

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

The County 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. 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.

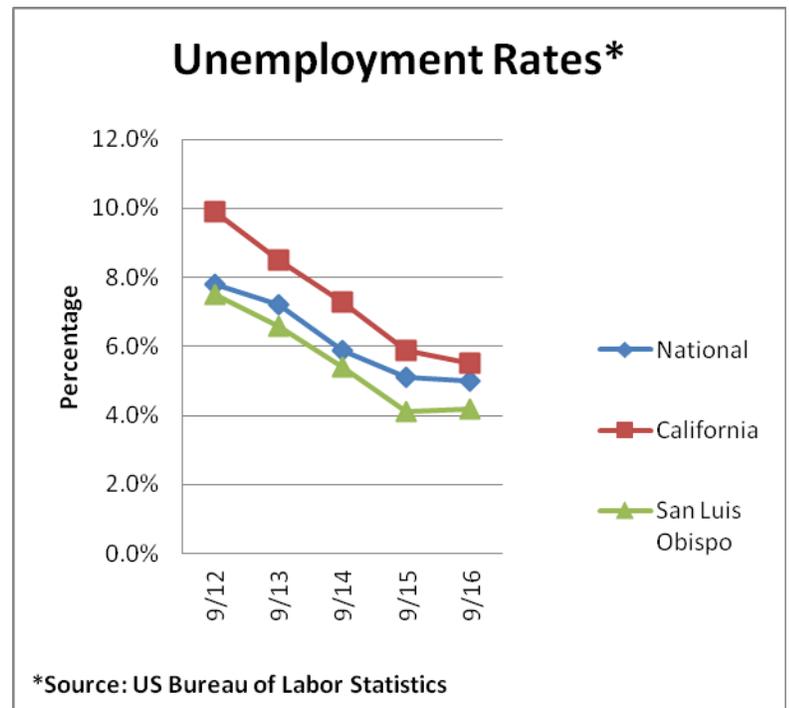
The County of San Luis Obispo has various blended component units which primarily provide utility and debt financing services. The County's only discretely presented component unit is First 5, which allocates funds from the California Children and Families Trust Fund and advocates for quality programs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

Factors Affecting Financial Condition

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

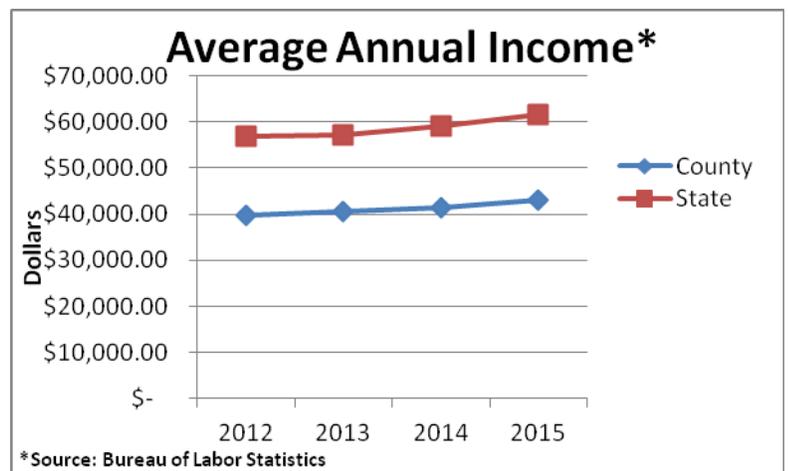
Employment:

- Unemployment in the county as of September 2016 was 4.2% which is lower than the state rate of 5.5% and lower than the national average of 5.0%. At this time last year unemployment in the county was 4.1%
- The State of California has a major presence in the County of San Luis Obispo with California Men's Colony, Atascadero State Hospital, CalTrans, and California Polytechnic State University, making the State the largest employer in the county. The decrease in the county's unemployment has closely followed the decreasing trend in state unemployment over the past several years.



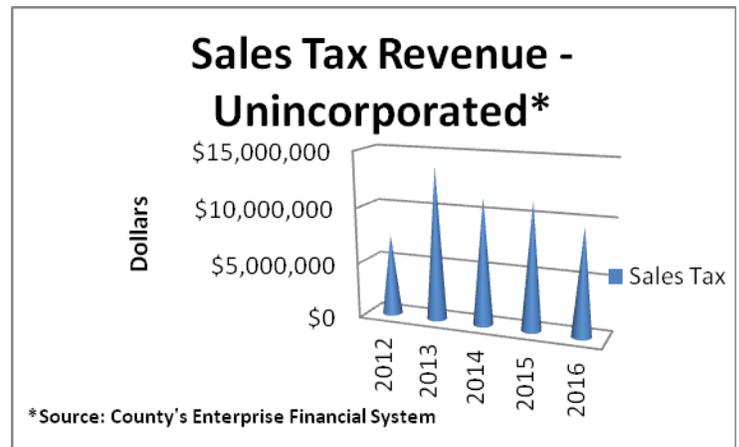
Wages:

- Average income increased by 4.2% to \$43,100, from 2014 to 2015 (most recent data) for the residents of the County of San Luis Obispo, as reported by the Bureau of Labor Statistics.
- In 2015, the five highest sectors for annual salaries were management, legal, architecture and engineering, healthcare practitioners, and computer and mathematical.



Retail Sales:

- Retail sales for the County of San Luis Obispo increased by 4.7% from 2013 to 2014 according to the State Board of Equalization; however, from June 2015 to June 2016 sales tax revenue decreased by 16.1% due to decreased construction on solar farms located in the county.



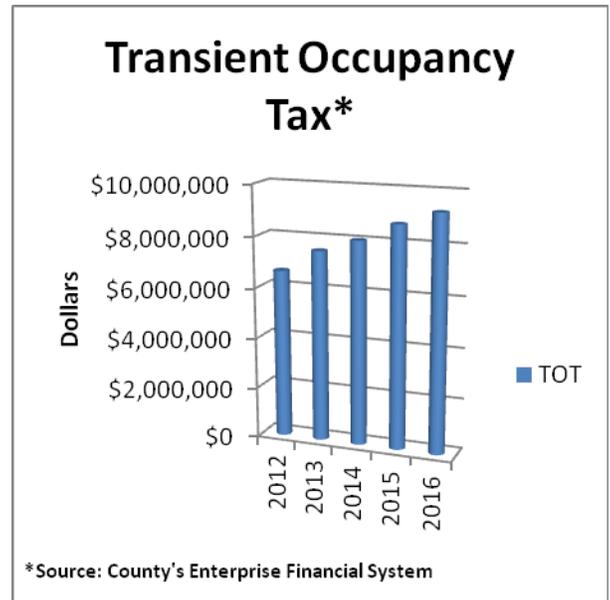
Real Estate:

People's desire to live in the area increased the median home price to \$509,500 as of August 2016. This is an increase of 8.4% from the same period in the prior year. Increase of the median home price demonstrates that the local real estate market is robust.

- Property tax revenue indicators illustrate the strength of the local economy. Discretionary property tax receipts were \$113 million, an increase of 5.4% over the prior year.
- The total tax levy of secured property of \$470,628,993 for FY 2015-16 is an increase of 5.27% 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 12.0% during 2015-16. This is the sixth straight year of increases.
- The property tax delinquency rate has steadily decreased since 2008-2009 suggesting that foreclosures are slowing, and family income is remaining stable.
- Building permits showed an increase of 6.9% during 2015 to 2016, which also indicates a strengthening housing market.

Tourism:

- Transient occupancy tax increased in 2016 by 6.0% in the unincorporated area and is expected to increase by an average of 4.4% in the seven incorporated cities. The pristine coastline, small town atmospheres, sweeping vineyards, excellent restaurants, and friendly attitudes of the local residents make San Luis Obispo County a desired tourist destination.
- From surfing to wine tasting to zip lining to farmers' markets, San Luis Obispo County has an abundance of activities that appeal to tourists and residents alike. The Visit California Poppy Award for Commitment to Community was given to the CA Highway 1 Discovery Route's Stewardship Travel Program.



Long-term financial planning:

- The 2016-17 fiscal year budget represents conservative growth when compared to the FY 2015-16 budget. The growth in budget should not be viewed as "adding back" to those programs and services that were previously reduced during the economic downturn as community needs are continuously changing and County operations must be flexible enough to respond to those changing needs. Property tax revenue has continued to increase and key economic indicators such as transient occupancy, property and sales taxes show signs of improvement allowing for a slight increase in the FY 2016-17 spending level. The final 2016-17 budget authorized a \$587.9 million spending level, which is an increase over the \$572.6 million budget from the FY 2015-16. The general fund had \$493.2 million appropriated to finance the current year's expenditures including contingencies, with \$13 million placed in general reserves and \$34.4 million earmarked for designations.
- Each year a 5-year Capital Improvement Program (CIP) is compiled. The CIP is a plan for short-range and long-range capital acquisition and development. It also includes plans to improve or rehabilitate County-owned roads and facilities. The plan provides the mechanism for estimating capital requirements; setting priorities; monitoring and evaluating the progress of capital projects; and informing the public of projected capital improvements and unfunded needs. While the CIP covers a five-year planning period, it is updated each year to

reflect ongoing changes as new projects are added, existing projects modified, and completed projects deleted from the plan document. The five-year CIP does not appropriate funds; rather it serves as a budgeting tool, identifying those Capital Project appropriations to be made through the adoption of the County's annual budget. The FY 2016-17 capital budget recommended funding for six capital projects. Total 2016-17 appropriations for Capital Projects are approximately \$1.5 million. Many of the existing projects will be completed over multiple years.

- In June of 2016, PG&E announced plans to close Diablo Canyon Nuclear Power Plant by fiscal year 2024-25. Currently the power plant contributes approximately \$22 million of unitary tax which is distributed based on unitary factors to 91 different agencies. San Luis Coastal Unified School District and the County General Fund are the largest recipients of the unitary tax receiving 35.6% and 27% respectively. Additionally, PG&E contributes about 1,500 head of household jobs to residents who live within the County boundaries. The power plant is scheduled to be fully depreciated over the next nine years or about 11% a year, which will determine the amount of unitary tax received by the County. The County, San Luis Coastal Unified School District, and the incorporated cities have worked with PG&E to negotiate a \$122.5 to \$147.5 million joint proposal agreement that provides for a nine-year transition plan to soften the decrease in unitary taxes, provide money to the local jurisdictions to evaluate and put plans in place to deal with the economic impact, and to maintain the current level of emergency preparedness until all spent fuel is cooled and in dry cask storage. We believe, with the nine-year time frame and the joint proposal agreement, the County and local jurisdictions will be able to adequately plan for the closing of the power plant in fiscal year 2024-25. The joint proposal must still be approved by the California Public Utilities Commission. That approval is anticipated to occur in the fall of 2017.

Relevant Financial Policies:

- **Balanced Budget:** The County Administrative Officer shall present a balanced budget for all County operating funds on an annual basis.
- **Ongoing Budget Administration:** The County Administrator shall submit Quarterly Financial Status Reports to the Board of Supervisors. The reports shall provide expenditure and revenue projections and identify projected variances along with recommendations and proposed corrective actions.
- **Budget Priorities:** The budget is an effort to allocate resources in an effective and efficient manner in order to achieve the County's vision of a Safe, Healthy, Livable, Prosperous, and Well-Governed Community.
- **Use of "One-Time" Funds:** One-time revenue shall be dedicated for use for one-time expenditures. Annual budgets will not be increased to the point that ongoing operating costs become overly reliant upon cyclical or unreliable one-time revenues.

- **Adopt a Formal Debt Policy:** A comprehensive Debt Management Policy was developed by the Auditor-Controller and approved by the Debt Advisory Committee. It was adopted by the Board of Supervisors on December 14, 2010.
- **Cost Recovery through Fees:** Utilize fees to recover costs where reasonable and after all cost savings options have been explored.
- **Pension Cost:** Governor Brown implemented a Public Employee Pension Reform Act (PEPRA) which took effect on January 1, 2013. In compliance with PEPRA the County established a Tier III retirement plan that complies with or exceeds the requirements of the pension reform legislation. In addition, the County and most labor units have adopted a 50/50 funding split between the County and the employees.

Major Initiatives

- **Los Osos Sewer Project:** In FY 2015-16 this high-profile project completed the construction of the Los Osos Water Recycling Facility and began the process of connecting nearly 4,700 customers according to the phased connection plan. 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.
- **District Attorney:** Implemented a new case management system enabling prosecutors immediate access to case documents, including testing results and reports, thus reducing the need for continued court appearances and related staffing costs.
- **Women's Jail Expansion:** Continued with construction on the Women's Jail Project which broke ground in February 2014. Completion and occupation of the women's housing portion of the project is anticipated to be in FY 2016-17.
- **Social Services:** Working with contractors, placed nearly all 50 of the most vulnerable homeless individuals into permanent housing identified for the 50 Now program, far exceeding the goal established for the program in Year 2.
- **Airports:** Developed a financial plan and obtained full eligible FAA grant funding for construction of a new terminal at the San Luis Obispo County Regional Airport. Construction will span two fiscal years and started in FY 2015-16.
- **Library:** Renovated library facilities in Morro Bay and Shell Beach.

- Parks and Recreation: Completed the restoration of the Cayucos Pier and had a successful grand re-opening of the pier in October 2015.
- Administration: Led a County Drought Task Force to create contingency and emergency plans for the most vulnerable communities. The County saved an estimated 4,500 gallons per week, and reduced water usage for users in the Utility Manager system and County Operations Center by 36% compared to December 2013.
- Clerk-Recorder: Implemented VoteCal, the statewide voter registration database, in November 2015. San Luis Obispo County was among the first counties to go live in the state.
- Tax Collector: After a comprehensive study of tax bills in all 58 counties, the office redesigned property tax bills. The new bills include numbered sections for easy reference, emphasizes due dates rather than delinquency dates in an effort to reduce late penalties, and includes use of color to improve readability. By using more modern technology and outsourcing the printing, the new bills were produced at 1/3 less cost than the old bills.
- Information Technology: Completed the migration of the County Property Tax and Warrants Management systems off the mainframe to a modern technology platform in April 2016.

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, 2015. This was the thirtieth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement the County published an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements:

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

Respectfully submitted,



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, 2015

Executive Director/CEO

**COUNTY OF SAN LUIS OBISPO
LIST OF ELECTED AND APPOINTED OFFICIALS
JUNE 30, 2016**

Elected Officials

Board of Supervisors

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

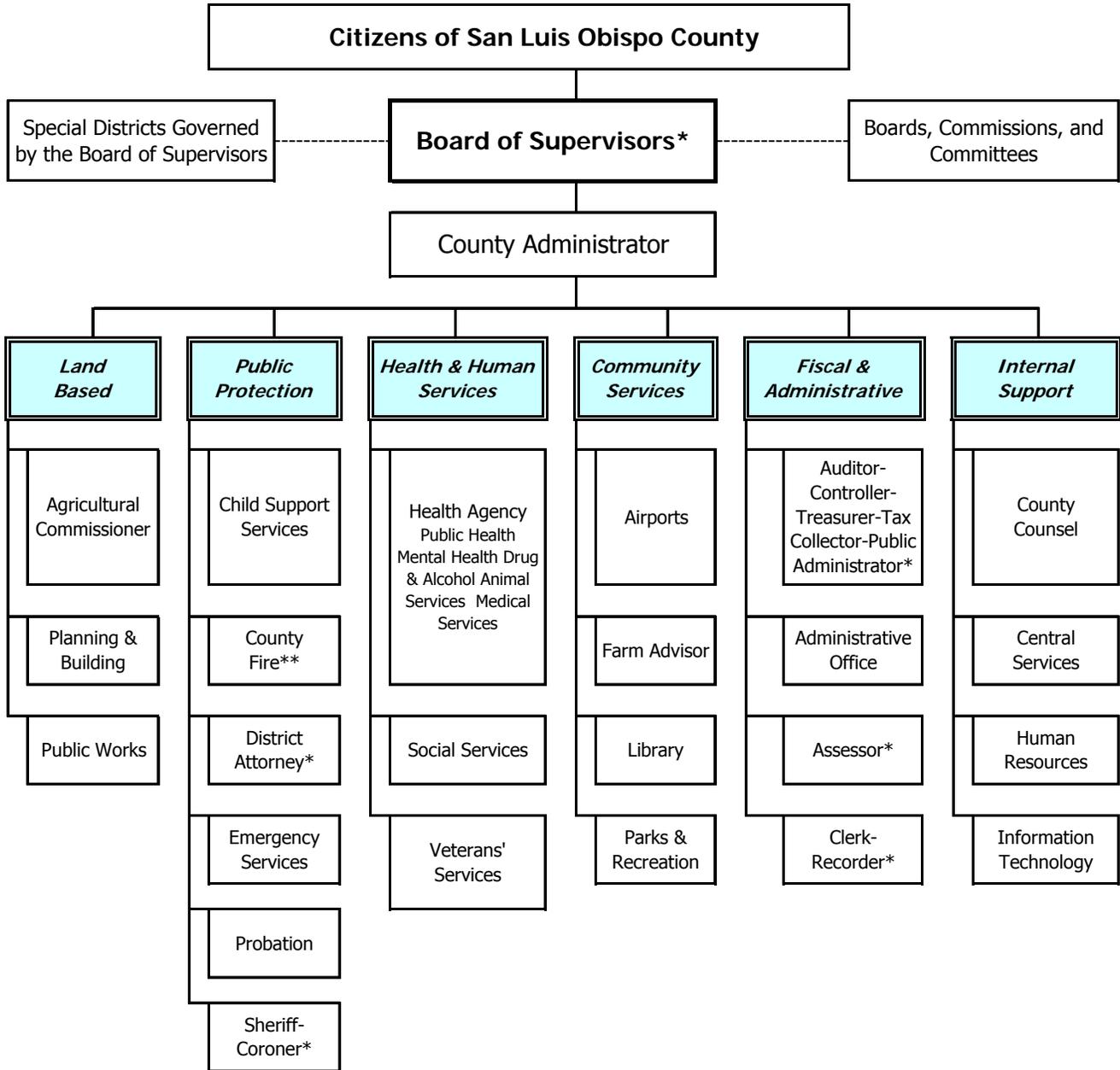
Other Elected Officials

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

Appointed Officials

Agricultural Commissioner Martin Settevendemie
Airport General Manager Kevin Bumen
Behavioral Health Administrator Anne Robin
Central Services Will Clemens
Chief Probation Officer James Salio
Child Support Services Director Julie Paik
County Administrator Dan Buckshi
County Counsel Rita L. Neal
County Fire Scott Jalbert
Farm Advisor Mary Bianchi
Health Agency Director Jeff Hamm
Human Resources Director Tami Douglas-Schatz
Information Technology Director Daniel Milei
Library Director Christopher Barnickel
Parks Director Nick Franco
Planning James Bergman
Public Health Officer Penny Borenstein
Public Works Director Wade Horton
Social Services Director Lee Collins
Veteran's Services Director Christopher Lopez

**COUNTY OF SAN LUIS OBISPO
ORGANIZATIONAL CHART**



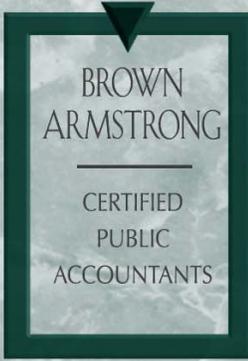
* Elected Officials

**Contract



FINANCIAL SECTION





BROWN ARMSTRONG

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Supervisors
County of San Luis Obispo

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Luis Obispo, California (County), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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FAX 626.204.6547

STOCKTON OFFICE

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of June 30, 2016, and the respective changes in financial position, and where applicable, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1 to the financial statements, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, during fiscal year 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2016, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

BROWN ARMSTRONG
ACCOUNTANCY CORPORATION

Brown Armstrong
Accountancy Corporation

Bakersfield, California
December 21, 2016



MANAGEMENT'S DISCUSSION AND ANALYSIS



**COUNTY OF SAN LUIS OBISPO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016**

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, 2016. 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

- ❖ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$1,369,156 (*net position*). The majority of this amount, \$1,405,730 is the net investment in capital assets, while \$41,230 is restricted for specific purposes (*restricted net position*). *Unrestricted net position* indicates the portion of net position which may be used to meet the County's ongoing obligations to citizens and creditors; however, the recording of the County's pension liability in accordance with GASB 68 created a negative unrestricted net position of \$77,804.
- ❖ The County's net position increased by \$40,639 during the current fiscal year. The increase in net investments in capital assets represents capital acquisitions during the year reduced by depreciation and increased by retirement of long-term debt. (Table A). The increase in restricted net position represents the degree to which increases in revenues exceeded increases in expenditures (Table B). Negative unrestricted net position increased due to an increase in the County's pension obligation.
- ❖ As of June 30, 2016, the County's governmental activities reported combined ending net position of \$1,038,841, an increase of \$20,952 in comparison with the prior year. Due to the recording of the long-term pension obligation, no amount of governmental net position is available for spending at the County's discretion for current and future needs (*unrestricted net position*). (Table A)
- ❖ Business-type activities posted net program income of \$12,272 before general revenues, contributions and transfers from other funds, a decrease of \$6,930 when compared to net program income of \$19,202 in the prior year. The difference from the prior year is primarily due to decreased capital grants and contributions in the Los Osos Wastewater fund.
- ❖ At the end of the fiscal year, the entire \$297,870 fund balance of the General Fund was either nonspendable (\$3,454), restricted (\$2,872), committed (\$168,619) or assigned (\$122,925).
- ❖ In August, 2016, the County issued \$107,115 of Refunding Bonds to provide funds to refund certain 2007 Series A Nacimiento Water Project Revenue Bonds.

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide financial statements

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

The *Statement of Net Position* presents information on all of the County's assets, deferred outflows, 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 45 of this report.

Fund financial statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

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

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

The basic governmental fund financial statements can be found on pages 47 to 52 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 53 to 55 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 56 to 57 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 98 of this report.

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

The required supplementary information can be found on pages 99 to 107 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

Combining and individual fund statements and schedules – The combining and individual fund statements and schedules referred to earlier provide information for non-major governmental funds, enterprise, internal service funds, and fiduciary funds and are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 111 to 126 and 147 to 171 of this report.

Budgetary comparison schedules - The budgetary comparison schedules (other than the General Fund which is presented with the individual General Fund statements) for the Capital Projects, Pension Obligation Bond, Public Financing Corporation, Public Financing Authority, and non-major Special Revenue funds can be found on pages 127 to 146 of this report.

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

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 \$1,369,156 as detailed in the table below:

Table A
Statement of Net Position
June 30, 2016
(in thousands)

	June 30, 2016			June 30, 2015			2015-2016
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Assets:							
Current assets	\$ 497,228	\$ 165,795	\$ 663,023	\$ 471,091	\$ 165,131	\$ 636,222	4.2%
Other long-term assets	4,819	11,283	16,102	5,397	10,725	16,122	(0.1%)
Capital assets	1,190,307	569,155	1,759,462	1,152,635	539,106	1,691,741	4.0%
Total assets	<u>1,692,354</u>	<u>746,233</u>	<u>2,438,587</u>	<u>1,629,123</u>	<u>714,962</u>	<u>2,344,085</u>	4.0%
Deferred Outflows of Resources	115,143	5,309	120,452	37,341	384	37,725	219.3%
Liabilities:							
Long-term liabilities	691,907	378,123	1,070,030	579,290	366,976	946,266	13.1%
Other liabilities	76,749	43,104	119,853	69,285	37,742	107,027	12.0%
Total liabilities	<u>768,656</u>	<u>421,227</u>	<u>1,189,883</u>	<u>648,575</u>	<u>404,718</u>	<u>1,053,293</u>	13.0%
Deferred Inflows of Resources	-	-	-	-	-	-	-
Net position:							
Net investment in capital assets	1,168,573	237,157	1,405,730	1,130,241	213,455	1,343,696	4.6%
Restricted	41,230	-	41,230	37,722	-	37,722	9.3%
Unrestricted	(170,962)	93,158	(77,804)	(150,074)	97,173	(52,901)	47.1%
Total net position	<u>\$ 1,038,841</u>	<u>\$ 330,315</u>	<u>\$ 1,369,156</u>	<u>\$ 1,017,889</u>	<u>\$ 310,628</u>	<u>\$ 1,328,517</u>	3.1%

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Analysis of Net Position

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

The most significant portion of the County's net position, \$1,405,730 of total net position, reflects its net investment in capital assets (e.g. land and easements, structures and improvements, infrastructure, and equipment), less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining \$41,230, or 3%, of the balance of the County's net position represents resources that are subject to external restrictions on how they may be used.

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

Net position for governmental activities increased \$21 million and net position for business activities increased \$19.7 million resulting in an overall increase of \$40.7 million in the County's total net position.

Net Investment in Capital Assets for business type activities increased \$23.7 million. This increase is primarily due to construction activity in the Los Osos Wastewater Fund that does not have related debt. The remainder is comprised of reductions to capital related debt from scheduled debt service principal payments and construction in progress at the Airport and in various nonmajor enterprise activities.

Net Investment in Capital Assets for governmental activities increased \$38.3 million. The majority of the increase is associated with construction in progress for several large infrastructure projects having no related debt as well as the retirement of capital related long-term debt.

The \$3.5 million increase to *Restricted net position* for governmental activities was primarily comprised of increases in the General Government (\$1.5 million), Public Ways and Facilities (\$1.2 million) and Debt Service functions (\$1 million) offset by decreases in Public Protection (\$104 thousand) and Recreation and Culture (\$111 thousand) functions. Restricted net position represents net position of the County which is subject to constraints imposed by creditors, grantors, contributors, laws, or regulations.

There was a decrease of \$24.9 million in *Unrestricted net position* reported in connection with the Total Primary Government. This category represents net position of the County which is not subject to constraints imposed by creditors, grantors, contributors, laws or regulations. When positive, this amount may be used to meet the County's general obligations. The decrease was due to excess general expenditures over net program revenues and increased expenditures related to the posting of the pension liability in compliance with GASB 68.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Table B
Statement of Activities
For the Year Ended June 30, 2016
(in thousands)

	June 30, 2016			June 30, 2015			2015-2016
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Revenues:							
Program revenues:							
Charges for services	\$ 60,117	\$ 42,689	\$ 102,806	\$ 54,198	\$ 34,504	\$ 88,702	15.9%
Operating grants and contributions	235,929	3,261	239,190	233,907	636	234,543	2.0%
Capital grants and contributions	21,300	11,226	32,526	18,068	26,750	44,818	(27.4%)
General revenues:							
Property taxes	163,367	4,782	168,149	155,374	4,782	160,156	5.0%
Other taxes	21,953	-	21,953	22,984	-	22,894	(4.5%)
Interest and investment income	4,401	847	5,248	3,174	659	3,833	36.9%
Grants not restricted to specific programs	3,140	-	3,140	13,327	-	13,327	(76.4%)
Other revenues	-	268	268	-	183	183	46.4%
Total revenues	510,207	63,073	573,280	501,032	67,514	568,546	0.8%
Expenses:							
General government	53,282	-	53,282	45,598	-	45,598	16.9%
Public protection	170,134	-	170,134	162,432	-	162,432	4.7%
Public ways and facilities	33,418	-	33,418	34,136	-	34,136	(2.1%)
Health and sanitation	88,326	-	88,326	78,137	-	78,137	13.0%
Public assistance	118,089	-	118,089	110,470	-	110,470	6.9%
Education	11,934	-	11,934	9,457	-	9,457	26.2%
Recreational and cultural services	8,702	-	8,702	9,755	-	9,755	(10.8%)
Interest on Long-term debt	4,602	-	4,602	5,124	-	5,124	(10.2%)
Airport	-	6,117	6,117	-	6,187	6,187	(1.1%)
Golf	-	3,131	3,131	-	2,968	2,968	5.5%
State Water Contract	-	5,848	5,848	-	6,351	6,351	(7.9%)
Nacimiento Water Contract	-	14,888	14,888	-	15,776	15,776	(5.6%)
Lopez Dam	-	6,220	6,220	-	6,128	6,128	1.5%
Lopez Park	-	4	4	-	4	4	-
General Flood Control	-	824	824	-	845	845	(2.5%)
County Service Areas	-	4,065	4,065	-	4,194	4,194	(3.1%)
Los Osos Wastewater	-	3,807	3,807	-	235	235	1,520%
Total expenses	488,487	44,904	533,391	455,109	42,688	497,797	7.2%
Excess/(deficiency) before transfers	21,720	18,169	39,889	45,923	24,826	70,749	(43.6%)
Transfers	(768)	768	-	(2,676)	2,676	-	
Change in net position	20,952	18,937	39,889	43,247	27,502	70,749	(43.6%)
Net position at beginning of year	1,017,889	310,628	1,328,517	1,481,156	286,582	1,767,738	(24.8%)
Prior Period Adjustment	-	750	750	(35,486)	-	(35,486)	(102.1%)
Cumulative change of effect in accounting principal	-	-	-	(471,028)	(3,456)	(474,484)	(100%)
Net position - end of year	\$ 1,038,841	\$ 330,315	\$ 1,369,156	\$ 1,017,889	\$ 310,628	\$ 1,328,517	3.1%

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 \$21 million compared to a decrease of \$463 million in the prior year. The most significant component of the change is the prior year adjustment of \$471 million to book the pension liability. Other factors contributing to the increase over the prior year are as follows:

Total revenues from Governmental Activities increased by 1.8%, a \$9.2 million increase over the prior year. An \$8 million increase in *Property Taxes* along with increases in *Charges for Services* and *Capital Grants and Contributions* were offset by a decrease in *Grants Not Restricted to Specific Programs*.

The *Charges for Services* category increase of \$5.9 million was primarily due to increases in the General Government and Public Ways and Facilities functions, slightly offset by a decrease in the Education function. The General Government function had a variety of small increases in Clerk-Recorder fees. A \$4.7 million receipt for construction costs related to a development abandoned by the initial developer is the driver for the Public Ways and Facilities increase. The decrease in the Education function was mostly caused by the prior year receipt of community monies for the Cambria and Morro Bay library projects.

Capital Grants and Contributions increased by \$3.2 million due to a combination of increased State funding for construction of the Women's Jail and the expansion of the Juvenile Hall, and a decrease in funding related to the prior year funding for the Cayucos Pier restoration.

Grants not Restricted to Specific Programs decreased by \$10.2 million. Approximately half the decrease relates to a prior year \$5 million back-payment from the State for SB90 mandated services claims. The remainder is comprised of Prop 172 sales tax decreases.

Total expenses from Governmental Activities increased \$33.4 million or 7.3% over the prior year. Expenses in all functions grew except for Public Ways and Facilities and Recreation and Cultural Services which fell slightly. Negotiated salary and benefits increases along with regular employee step increases and an increased pension liability caused higher salaries and benefits costs in all functions except Education which decreased a little. General Government expenses also rose due to the implementation of the Clerk-Recorder's new recording and cashing system and implementation of a Countywide energy efficiency retrofit project. Non-payroll increases in Health and Sanitation occurred due to increased professional services expenditures for Behavioral Health programs.

Fiscal Year 2015-16 represented the first year the County was able to fully restore its General Fund contingencies to a level of 5%, while making significant investments in the many programs and services provided to the community, following the completion of the seven year "pain plan" utilized during the economic downturn.

Business-type Activities

Business-type Activities increased San Luis Obispo County's net position by \$19.7 million compared to an increase of \$24.0 million in the previous year. Revenues exceeded expenses by \$18.2 million and a transfer of \$768 thousand from Governmental Activities resulted in the total increase to net position. Key elements of current year activity are as follows:

Total revenue decreased \$4.4 million or 6.6% from the preceding year. The only category to decrease was *Capital Grants and Contributions* (\$15.5 million) as construction activity for the Los Osos Wastewater Project wound down resulting in less contributed capital.

The decrease in total revenue was slightly offset by increases in *Charges for Services* which rose by \$8.2 million due to water sales and a \$2.6 million increase in *Operating Grants and Contributions* related to the Los Osos Wastewater project.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Expenses for Business-type Activities increased \$2.2 million or 5.2% from the prior year. Within Business-type Activities, the largest increase, \$3.6 million, was caused by costs related to the activation of the Los Osos Wastewater system including first year depreciation of \$1 million.

A prior year adjustment of \$750 thousand was recognized by the Airport for the value of a commercial maintenance facility which was conveyed to the County when the owner closed the facility in 2009.

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*, \$7,230, represents amounts that are not spendable in form, or are legally or contractually required to be maintained intact, and includes (1) inventories of \$99, (2) prepaid items of \$668, and (3) long term receivables of \$6,463.
- *Restricted fund balance*, \$24,189, represents amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation. This balance includes amounts restricted for (1) Tax loss reserves of \$2,872, (2) Public facilities of \$11,866, (3) Traffic impact programs of \$7,667, (4) Wildlife and grazing programs of \$15, and (5) Debt service of \$1,769.
- *Committed fund balance*, \$230,545, represents amounts with constraints imposed by the Board of Supervisors for specified purposes. Significant components of this balance include commitments for (1) Flood control programs, \$16,197, (2) Tax reduction reserve, \$43,429, (3) Automation projects, \$15,940, (4) Pension Obligation Bonds, \$24,587, (5) Building Replacement \$29,408, (6) Solar plant mitigation, \$15,276, and (7) Capital projects, \$16,116.
- *Assigned fund balance*, \$122,925, represents amounts the County intends to use for specific purposes that are neither restricted nor committed. Significant components of this balance include (1) Behavioral Health programs, \$17,217, (2) Tax reduction reserve, \$9,997, (3) General government, \$14,975, and (4) Subsequent Fiscal Year Budget, \$39,989.

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$384,889, an increase of 3.8%, or \$14,098 in comparison with the prior year. Approximately 91.8% of the total fund balance, or \$353,470, 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 \$294,416 while total fund balance reached \$297,870. 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 \$393 million. Spendable fund balance represents 74.9% of the total fund expenditures, while total fund balance represents 75.8% of the same amount, a 4% increase from the prior year. During the current fiscal year, the fund balance of the General Fund increased by \$26.6 million.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- ❖ Total revenues exceeded total expenditures by \$56.8 million. General Fund revenues ended the year with an increase of \$13.8 million or 3.2% over the prior year. Total expenditures increased \$15.3 million.
- ❖ Most revenue categories were essentially unchanged from the prior year except for *Taxes* which increased by \$6.4 million, *Other Revenues* and *Charges for Current Services* which increased by \$2.9 and \$2.8 million respectively. The \$2.9 million increase in *Other Revenues* was a combination of decreased sales of assets, related to the prior year sale of the old Atascadero library, and the receipt of \$5 million from a contractor who abandoned a development. *Charges for Current Services* increased due to larger billings for Fire Protection and Behavioral Health Services and due to increased billings by the General Fund for overhead costs.
- ❖ Total expenditures in the General Fund increased \$15.3 million, 4.0%, from the prior year. Expenditures increased across all functions. Negotiated salaries and benefit raises increased costs in all functions and comprised most of the increases in the Public Protection, Public Assistance, and Education functions. Additionally, General Fund expenses rose due to higher maintenance costs for general government facilities and purchases of several software systems including Office 365 and Budget Formulation & Management, a replacement for the County's budget preparation software. Greater professional services expenditures for Behavioral Health also contributed to the increase.

Capital Projects

The Capital Projects Fund handles construction projects for the County's governmental funds. The fund had a total fund balance of \$16.1 million. Capital outlay expenditures exceeded revenues by \$13.3 million and transfers in totaled \$6.4 million. The net of these two factors resulted in a \$6.9 million decrease in fund balance for the current year. Funding for specific projects comes primarily from use of designations, public facilities fees, issuance of long-term debt, and aid from other government agencies. The General Fund transferred \$6.2 million to the Capital Projects Fund of which \$1.8 million is for the Juvenile Hall expansion project and the remainder going toward general government and parks projects. Significant current year activities of the Capital Projects Fund are discussed in the Capital Assets section under Governmental Activities.

Governmental Fund Revenues

Revenues for all governmental funds combined totaled \$520.7 million in the current fiscal year, an increase of approximately 1.6% or \$8 million from the prior fiscal year revenues of \$512.7 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
For the Year Ended June 30, 2016
(in thousands)

	2015-2016		2014-2015		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source:						
Taxes	\$ 185,764	35.7%	\$ 178,740	34.9%	\$ 7,024	3.9%
Licenses, Permits, Franchises	10,539	2.0%	10,452	2.0%	87	0.8%
Fines, Forfeitures, and Penalties	5,173	1.0%	5,686	1.1%	(513)	(9.0%)
Revenues from Use of Money and Property	4,939	0.9%	3,864	0.8%	1,075	27.8%
Aid from Governmental Agencies	256,490	49.3%	261,351	51.0%	(4,861)	(1.9%)
Charges for Current Services	46,308	8.9%	43,530	8.5%	2,778	6.4%
Other Revenues	11,504	2.2%	9,110	1.7%	2,394	26.3%
Total	\$ 520,717	100%	\$ 512,733	100%	\$ 7,984	1.6%

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

- ❖ *Revenues from the Use of Money and Property* increased \$1.1 million or 27.8% due to increased interest earnings the majority of which were in the general fund.
- ❖ *Aid from Governmental Agencies* decreased \$4.9 million or 1.9%. The reduction is a combination of decreased State Aid and increased Federal and Other Governmental Aid. Overall State Aid decreased by \$9.1 million with \$5 million of the decrease relating to a prior year one-time back payment for SB 90 mandated claims. Other factors affecting State Aid include the expiration of a flood control zone grant offset by increases in Medi-Cal and monies to the Capital Projects fund for construction of the women's jail. A \$3.6 million increase in Federal Aid is mostly comprised of increased Welfare Administration monies, while a \$599 thousand increase in Other Governmental Aid is related to Social Services programs.
- ❖ *Other Revenues* increased \$2.4 million or 26.3%. The increase was a combination of receipt of \$5 million from a contractor who abandoned a development and a decrease related to the prior year sale of the Atascadero library.

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

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

Table D
Expenditures By Function Including Capital Outlay
Governmental Funds
Fund Financial Statements
For the Year Ended June 30, 2016
(in thousands)

	2015-2016		2014-2015		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Expenditures by Function:						
General Government	\$ 54,461	10.8%	\$ 51,207	10.8%	\$ 3,254	6.4%
Public Protection	156,096	30.8%	157,783	33.3%	(1,687)	(1.1%)
Public Ways and Facilities	41,044	8.1%	29,903	6.3%	11,141	37.3%
Health and Sanitation	81,591	16.1%	75,116	15.9%	6,475	8.6%
Public Assistance	111,227	21.9%	107,104	22.6%	4,123	3.8%
Education	10,534	2.1%	11,388	2.4%	(854)	(7.5%)
Recreational and Cultural Services	9,888	2.0%	10,104	2.1%	(216)	(2.1%)
Principal payments	6,788	1.3%	6,070	1.3%	718	11.8%
Interest on Long-Term Debt	4,687	0.9%	5,209	1.1%	(522)	(10.0%)
Capital outlay	30,465	6.0%	20,019	4.2%	10,446	52.2%
Total	\$ 506,781	100%	\$ 473,903	100%	\$ 32,878	6.9%

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

- ❖ *General Government* expenditures increased \$3.3 million or 6.4%. Salaries and benefits rose across almost all functions, including General Government, due to negotiated increases and regular employee step increases. Services and supplies expenditures in the General Government function also rose with the implementation of a new recording and cashiering system in the Clerk-Recorder’s Office and the implementation of the single largest energy efficiency retrofit project in the history of the County that will save energy, reduce costs, and reduce greenhouse gas emissions in a number of County facilities.
- ❖ *Public Ways and Facilities* expenditures increased \$11.1 million or 37.3%. The fluctuation is primarily attributable to microsurfacing, overlay, and chip seal projects throughout the County, particularly in the Los Osos area due to completion of the community’s new wastewater system. Additionally, the replacement of the Tar Springs Bridge on Branch Mill Road in the south county contributed to the overall increase in expenditures.
- ❖ *Health and Sanitation* expenditures increased \$6.5 million or 8.6%. The growth is caused by increased professional services expenditures for youth and adult outpatient services as well as for Mental Health Services Act enhanced crisis and adult full service partnership services.
- ❖ *Capital Outlay* expenditures increased \$10.4 million or 52.2%. The increase primarily relates to continuing construction activity on both the Women’s Jail Project and the expansion of the Juvenile Hall.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Proprietary Funds

The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following table shows actual revenues, expenses, and results of operations for the FY 2015-16.

Table E
Statement of Revenues, Expenses and Results of Operations
Proprietary Funds
Fund Financial Statements
For the Year Ended June 30, 2016
(in thousands)

	Major Funds				Nonmajor Funds	Total
	Airport	Nacimiento Water Contract	Lopez Flood Control	Los Osos Wastewater	Other Enterprise Funds	Total Enterprise
Operating revenues	\$ 5,232	\$ 17,168	\$ 6,531	\$ 28	\$ 14,075	\$ 43,034
Operating expenses	5,818	5,569	4,831	2,092	13,594	31,904
Operating income (loss)	(586)	11,599	1,700	(2,064)	481	11,130
Non-operating revenues (expenses), net	(193)	(7,412)	(83)	1,110	2,311	(4,267)
Net income (loss) before contributions and transfers	(779)	4,187	1,617	(954)	2,792	6,863
Contributions and transfers, net	7,004	(487)	-	5,638	(161)	11,994
Change in net position	\$ 6,225	\$ 3,700	\$ 1,617	\$ 4,684	\$ 2,631	\$ 18,857

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

- ❖ The *Airport Fund* reported an operating loss of \$586 thousand, \$414 thousand less than the prior year loss of \$1.0 million. Net position increased by \$6.2 million compared to a decrease in net position of \$483 thousand in the prior year. The increase in net position is primarily due to capital contributions of \$7 million for the construction of a new terminal along with a number of small decreases in various operating expenses. Enplanement activity grew for the second consecutive year with a 4.1% increase over the prior year.
- ❖ The *Nacimiento Water Contract Fund* realized operating income of \$11.6 million, a significant increase from the prior years' operating income of \$3.0 million. The increase is mostly attributable to an additional \$6.2 million in water sales and \$1.6 million in other billings to outside agencies over the prior year. The increased revenue significantly contributed to the \$8.6 million increase in operating income over the prior year and the \$3.7 million increase in net position, compared to the prior years' \$4.3 million decrease in net position.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- ❖ The *Lopez Flood Control Fund* reported \$1.7 million in operating income, an increase of \$138 thousand or 8.8% from the prior year. Net position increased by \$1.6 million due to increases in water sales and interest income and slightly lower interest payments on debt.
- ❖ The *Los Osos Wastewater Fund* reported an operating loss of \$2.1 million. FY 15-16 was the first year that depreciation was reported for fund operations which contributed \$1 million to the operating loss. Services and supplies costs also increased with the ramp-up of operations. Capital contributions decreased to \$4.2 million, a \$22.2 million decrease from the prior year amount which is reflective of the winding down of the construction phases of the project. Capital contributions were the significant factor in the change in net position of \$4.7 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for expenditures and transfers out increased by \$37.1 million, or 8%, during the year, contributing towards the final amended budget. This increase was funded in part by increases in budgeted revenues of \$21.9 million and the use of reserves and designations for the balance. Unanticipated revenues totaling \$12.1 million in State and Federal Aid, \$1.4 million in Charges for Current Services, \$4.4 million in Other Revenue, \$518 thousand in Fines, Forfeitures, and Penalties, \$892 thousand in Inter-fund Revenues, and \$2.6 million in Other Financing sources financed the budget augmentations. The largest budget augmentations occurred in the functional areas of Health and Sanitation (\$6.9 million), Public Ways and Facilities (\$4.7 million), General Government (\$4.5 million), Public Assistance (\$3.3 million), and Public Protection (\$2.5 million). The \$6.9 million in Health and Sanitation function augmentations were primarily for Public Health services, \$4.5 million, and Mental Health Services, \$2.1 million, with the remainder to Drug and Alcohol Services. Most of Public Ways and Facilities' \$4.7 million augmentation is for construction costs related to a development abandoned by the initial developer. The \$4.5 million in augmentations for the General Government function were primarily for the maintenance and upgrade of County facilities including a renovation of the Los Osos tennis courts. The \$3.3 million increase in the Public Assistance function relates to Social Services including foster care and adoption assistance, housing placement and supportive services. Significant Public Protection function budget augmentations include \$1.6 million for the Sheriff-Coroner's programs. The remaining increase is due to various smaller augmentations for the Office of Emergency Services, Probation, and Planning and Building. At the close of the fiscal year, actual General Fund expenditures were 87.9% of budget, while General Fund revenues were realized at 100.9% of budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2016, the County had \$1.8 billion invested in a broad range of capital assets, including land, buildings, systems improvements, machinery and equipment, park facilities, golf courses, airport facilities, roads, bridges, dams, and water and sewer lines (see Table F). This amount represents a net increase (including additions and deductions) of \$67.7 million or 4% from last year.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

**Table F
Capital Assets
June 30, 2016
(in thousands)**

	Governmental Activities June 30, 2015	Governmental Activities June 30, 2016	Business Type Activities June 30, 2015	Business Type Activities June 30, 2016	Total Capital Assets June 30, 2015	Total Capital Assets June 30, 2016	Total Percent Change
Land	\$ 794,547	\$ 795,091	\$ 32,621	\$ 35,710	\$ 827,168	\$ 830,801	0.4%
Water Rights	-	-	48,417	51,028	48,417	51,028	5.4%
Other Property Non Depreciable	-	-	1,968	1,968	1,968	1,968	-
Construction- in-progress	58,202	74,891	150,532	15,325	208,734	90,216	(56.8%)
Structures & Improvements	183,460	188,692	169,235	170,845	352,695	359,537	1.9%
Equipment	80,476	84,779	3,365	3,736	83,841	88,515	5.6%
Other Property Depreciable	340	340	554	554	894	894	-
Infrastructure Depreciable	<u>346,338</u>	<u>372,510</u>	<u>194,363</u>	<u>359,686</u>	<u>540,701</u>	<u>732,196</u>	35.4%
Subtotal	1,463,363	1,516,303	601,055	638,852	2,064,418	2,155,155	4.4%
Less Accumulated Depreciation	<u>(310,728)</u>	<u>(325,996)</u>	<u>(61,949)</u>	<u>(69,697)</u>	<u>(372,677)</u>	<u>(395,693)</u>	6.2%
Total	<u>\$ 1,152,635</u>	<u>\$ 1,190,307</u>	<u>\$ 539,106</u>	<u>\$ 569,155</u>	<u>\$ 1,691,741</u>	<u>\$ 1,759,462</u>	4.0%

Major additions and future commitments in capital assets - Governmental Activities

County Roads had the majority of additions in governmental activities with \$18.2 million worth of assets. Microsurfacing, overlay, and chip seal projects throughout the County comprised most of the road additions. Other major roads projects include the widening of River Road in the north county and the replacement of the Tar Springs Bridge on Branch Mill Road in the south county. Other notable capital asset additions during FY 2015-16 include the Cayucos Pier renovation (\$909 thousand), information technology network equipment (\$478 thousand), and upgrades to the boat-in camps at Santa Margarita Lake (\$264 thousand). Major on-going projects include a new planning and building permit tracking system, construction of a Women's Jail, and expansion of the Juvenile Hall.

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

Within Business-type Activities, \$23.1 million of the additions 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. Construction was completed in FY 2015-16.

Other major additions include, the construction of the new airport terminal which increased capital assets by \$10.5 million and has \$23.7 million in future commitments.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Debt Administration

At the end of the current fiscal year, the County of San Luis Obispo had total notes and bonds payable of \$545 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 2015-16 was \$145.3 million. Pension Obligation Bonds debt service payments are funded by County payroll benefits.

The remainder of the County's debt consists of: \$41.1 million in certificates of participation, which are repaid from a variety of revenues; \$86.7 million in State loans; \$79.4 million in assessment bonds relating to the Los Osos Wastewater project, and \$183.1 million in revenue bonds which are repaid with water service revenue. General Obligation Bonds totaling \$9.6 million are backed by the full faith and credit of the County.

Table G
Outstanding Debt
June 30, 2016
(in thousands)

	Governmental Activities June 30, 2015	Governmental Activities June 30, 2016	Business Type Activities June 30, 2015	Business Type Activities June 30, 2016	Total Outstanding Debt June 30, 2015	Total Outstanding Debt June 30, 2016	Total Percent Change
Certificates of participation	\$ 24,661	\$ 23,503	\$ 18,171	\$ 17,587	\$ 42,832	\$ 41,090	(4.1%)
Pension Obligation Bonds	146,219	145,291	-	-	146,219	145,291	(0.6%)
State notes	-	-	72,774	86,611	72,774	86,611	19.0%
Revenue bonds	-	-	189,332	183,085	189,332	183,085	(3.3%)
General obligation bonds	-	-	10,057	9,606	10,057	9,606	(4.5%)
Assessment Bonds	-	-	79,829	79,396	79,829	79,396	(0.5%)
	<u>\$ 170,880</u>	<u>\$ 168,794</u>	<u>\$ 370,163</u>	<u>\$ 376,285</u>	<u>\$ 541,043</u>	<u>\$ 545,079</u>	0.7%

The increase over last year for the County's certificates of participation, notes, and bonds payable was \$4 million, or 0.7%. This increase is the net of new debt issuances and scheduled debt payments. During FY 2015-16, the County issued \$107,115 of 2015 Series A Nacimiento Water Project Revenue Refunding Bonds to provide funds to advance refund certain 2007 Series A Nacimiento Water Project Revenue Bonds. The bonds will be repaid from and secured by water sales revenues. Additional information on the issuance of debt can be found in Note 10 to the financial statements.

State statutes limit the amount of general obligation debt a governmental entity may issue to 1.25% of its net assessed valuation. The current debt limitation for the County is \$602.2 million.

Other liabilities include compensated absences of \$27.4 million for Governmental Activities and \$354 thousand for Business-type Activities; landfill post-closure costs of \$5.6 million; and a self-insurance liability of \$18.7 million. More detailed information about the County's long-term debt and other long-term liabilities is presented in Note 10 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- ❖ Even though the recent recession is behind us, the County remains mindful of the work that was required to get to this point, and is very cognizant of the level of effort that will be necessary to maintain a solid financial position. The County is committed to employing the same strategies that helped during years of budget difficulty as a guide to investing in programs and services, while sustaining fiscal health.
- ❖ The Fiscal Year 2016-17 budget represents conservative growth compared to the Fiscal Year 2015-16 budget; however, the growth is not viewed as "adding back" to previously reduced programs and services. County operations must be flexible enough to respond to the changing needs of the community. The FY 2016-17 budget focuses on ensuring that the County can meet both current and future needs.
- ❖ The five-year drought, which is affecting all areas of California, is particularly severe in San Luis Obispo County due to a reliance on groundwater and the major presence of the agricultural industry.
- ❖ Various State revenues which fund local transportation infrastructure continue to decline including the Highway Users Tax (fuel tax) and Transportation Development Act revenues which are affected by declining gasoline sales and prices.
- ❖ Economic indicators continue to show signs of local economic improvement from the recent economic downturn:
 - The number of building permits issued increased 6.9% from the prior year, indicating a solid housing market.
 - Property transfer taxes for unincorporated areas came in 12% higher than the preceding year reflecting an increase in the value and number of real estate transactions.
 - County assessed property tax valuations increased from \$45.4 million to \$48.1 million or 6%.
 - Transient Occupancy Tax (bed tax) collections continued an upward trend in FY 2015-16, with a 6% increase over FY 2014-15.
- ❖ The Board of Supervisors adopted the FY 2016-17 budget in June 2016, with a \$102.6 million fund balance in the general fund, of which \$40 million was appropriated to finance the current year's expenditures including contingencies, \$13 million was placed in general reserves, and \$34.4 million was earmarked for designations. The total General Fund budget for FY 2016-17 is \$493 million, a 5.1% increase from the previous year. The County budget also includes community-wide results and indicators as well as department goals and performance measures that gauge how departments are meeting the needs of the community.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the County Auditor-Controller-Treasurer-Tax Collector-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, 2016 (In Thousands)**

	Primary Government			Component Unit First 5
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 420,565	\$ 57,428	\$ 477,993	\$ 8,414
Accounts receivable, net	535	2,225	2,760	-
Property taxes receivable	11,487	-	11,487	-
Other receivables	3,650	113,402	117,052	-
Due from other governments	42,006	2,707	44,713	324
Deposits with others	-	13	13	12
Internal balances	10,131	(10,131)	-	-
Inventories	570	-	570	-
Prepaid items	668	151	819	2
Other assets	7,616	-	7,616	-
Total Current Assets	497,228	165,795	663,023	8,752
Noncurrent Assets:				
Restricted cash with fiscal agent	3,702	11,005	14,707	-
Prepaid insurance	-	278	278	-
OPEB asset	1,117	-	1,117	-
Capital Assets:				
Nondepreciable	869,982	104,031	974,013	-
Depreciable, net	320,325	465,124	785,449	-
Total Noncurrent Assets	1,195,126	580,438	1,775,564	-
Total Assets	1,692,354	746,233	2,438,587	8,752
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pensions	115,143	1,138	116,281	-
Deferred loss on refunding	-	4,171	4,171	-
Total Deferred Outflows of Resources	115,143	5,309	120,452	-
LIABILITIES				
Current Liabilities:				
Salaries and benefits payable	9,428	90	9,518	18
Accounts payable	20,476	11,730	32,206	415
Deposits from others	3,825	4,272	8,097	-
Accrued interest	1,695	6,187	7,882	-
Other current liabilities	8,511	-	8,511	-
Unearned revenue	2,627	13,053	15,680	-
Bonds and notes payable	7,576	7,603	15,179	-
Compensated absences	18,514	169	18,683	-
Landfill closure/postclosure costs	640	-	640	-
Self insurance payable	3,457	-	3,457	-
Total Current Liabilities	76,749	43,104	119,853	433
Long-Term Liabilities:				
Net Pension Liability	501,541	5,085	506,626	21
Bonds and notes payable	161,218	372,853	534,071	-
Compensated absences	8,918	185	9,103	-
Landfill closure/postclosure costs	4,980	-	4,980	-
Self insurance payable	15,250	-	15,250	-
Total Long-Term Liabilities	691,907	378,123	1,070,030	21
Total Liabilities	768,656	421,227	1,189,883	454
DEFERRED INFLOWS OF RESOURCES				
Deferred pensions	-	-	-	22
Total Deferred Inflows of Resources	-	-	-	22
NET POSITION				
Net investment in capital assets	1,168,573	237,157	1,405,730	-
Restricted for:				
General government	3,506	-	3,506	-
Public protection	4,753	-	4,753	-
Health and sanitation	174	-	174	-
Public assistance	17	-	17	-
Public ways and facilities	19,618	-	19,618	-
Recreation and culture	22	-	22	-
Education	1	-	1	-
Debt service	13,139	-	13,139	-
Unrestricted	(170,962)	93,158	(77,804)	8,276
Total Net Position	\$ 1,038,841	\$ 330,315	\$ 1,369,156	\$ 8,276

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, 2016 (In Thousands)**

Functions/Programs	Expenses	Program Revenues			Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 53,282	\$ 13,702	\$ 735	\$ 45	\$ 14,482
Public protection	170,134	20,768	63,528	4,420	88,716
Public ways and facilities	33,418	9,434	11,025	6,031	26,490
Health and sanitation	88,326	7,179	61,950	-	69,129
Public assistance	118,089	2,107	98,414	-	100,521
Education	11,934	1,952	124	-	2,076
Recreation and cultural services	8,702	4,975	153	10,804	15,932
Interest on long-term debt	4,602	-	-	-	-
Total governmental activities	<u>488,487</u>	<u>60,117</u>	<u>235,929</u>	<u>21,300</u>	<u>317,346</u>
Business-type activities:					
Airport	6,117	5,165	126	7,069	12,360
Golf	3,131	2,589	-	-	2,589
State Water Contract	5,848	6,846	13	-	6,859
Nacimiento Water Contract	14,888	17,048	9	-	17,057
Lopez Dam	6,220	6,530	8	-	6,538
Lopez Park	4	-	-	-	-
General Flood Control	824	960	-	-	960
County Service Areas	4,065	3,551	295	-	3,846
Los Osos Wastewater	3,807	-	2,810	4,157	6,967
Total business-type activities	<u>44,904</u>	<u>42,689</u>	<u>3,261</u>	<u>11,226</u>	<u>57,176</u>
Total primary government	<u>\$ 533,391</u>	<u>\$ 102,806</u>	<u>\$ 239,190</u>	<u>\$ 32,526</u>	<u>\$ 374,522</u>
Component unit:					
First Five San Luis Obispo	<u>\$ 1,945</u>	<u>\$ -</u>	<u>\$ 1,799</u>	<u>\$ -</u>	<u>\$ 1,799</u>

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF ACTIVITIES (Continued)
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit First 5
	Governmental Activities	Business-Type Activities	Total	
Governmental activities:				
General government	\$ (38,800)	\$ -	\$ (38,800)	
Public protection	(81,418)	-	(81,418)	
Public ways and facilities	(6,928)	-	(6,928)	
Health and sanitation	(19,197)	-	(19,197)	
Public assistance	(17,568)	-	(17,568)	
Education	(9,858)	-	(9,858)	
Recreation and cultural services	7,230	-	7,230	
Interest on long-term debt	(4,602)	-	(4,602)	
Total governmental activities	(171,141)	-	(171,141)	
Business-type activities:				
Airport	-	6,243	6,243	
Golf	-	(542)	(542)	
State Water Contract	-	1,011	1,011	
Nacimiento Water Contract	-	2,169	2,169	
Lopez Dam	-	318	318	
Lopez Park	-	(4)	(4)	
General Flood Control	-	136	136	
County Service Areas	-	(219)	(219)	
Los Osos Wastewater	-	3,160	3,160	
Total business-type activities	-	12,272	12,272	
Total primary government	\$ (171,141)	\$ 12,272	\$ (158,869)	
Component unit:				
First Five San Luis Obispo				\$ (146)
General Revenues and Transfers:				
Taxes:				
Property taxes	163,367	4,782	168,149	-
Sales and use taxes	9,575	-	9,575	-
Transient occupancy taxes	9,249	-	9,249	-
Transfer tax	2,655	-	2,655	-
Other taxes	474	-	474	-
Grants not restricted to specific programs	3,140	-	3,140	-
Interest earnings not restricted to specific programs	4,401	847	5,248	45
Other revenues	-	268	268	-
Transfers	(768)	768	-	-
Total General Revenues and Transfers	192,093	6,665	198,758	45
Change in net position	20,952	18,937	39,889	(101)
Net position - beginning of year	1,017,889	310,628	1,328,517	8,377
Prior period adjustment	-	750	750	-
Net position - end of year	\$ 1,038,841	\$ 330,315	\$ 1,369,156	\$ 8,276

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, 2016 (In Thousands)**

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 287,720	\$ 18,296	\$ 71,902	\$ 377,918
Restricted cash with fiscal agent	-	1,933	1,769	3,702
Accounts receivables, net	176	-	353	529
Accrued property taxes receivable	11,487	-	-	11,487
Other receivables	3,379	271	-	3,650
Due from other governments	28,769	8,379	4,858	42,006
Due from other funds	1,692	-	-	1,692
Inventories	99	-	-	99
Prepaid items	667	-	1	668
Advances to other funds	3,680	-	3,775	7,455
Other assets	-	-	7,616	7,616
	<u>\$ 337,669</u>	<u>\$ 28,879</u>	<u>\$ 90,274</u>	<u>\$ 456,822</u>
Total assets	<u>\$ 337,669</u>	<u>\$ 28,879</u>	<u>\$ 90,274</u>	<u>\$ 456,822</u>
<u>LIABILITIES</u>				
Salaries and benefits payable	\$ 8,193	\$ -	\$ 410	\$ 8,603
Accounts payable	7,473	4,420	7,582	19,475
Deposits from others	1,556	-	1,140	2,696
Unearned revenue	1,336	885	406	2,627
Other current liabilities	935	-	7,576	8,511
Advances from other funds	-	-	1,197	1,197
	<u>19,493</u>	<u>5,305</u>	<u>18,311</u>	<u>43,109</u>
Total liabilities	<u>19,493</u>	<u>5,305</u>	<u>18,311</u>	<u>43,109</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	<u>20,306</u>	<u>7,458</u>	<u>1,060</u>	<u>28,824</u>
Total deferred inflows of resources	<u>20,306</u>	<u>7,458</u>	<u>1,060</u>	<u>28,824</u>
<u>FUND BALANCES</u>				
Nonspendable	3,454	-	3,776	7,230
Restricted	2,872	-	21,317	24,189
Committed	168,619	16,116	45,810	230,545
Assigned	122,925	-	-	122,925
Unassigned	-	-	-	-
	<u>297,870</u>	<u>16,116</u>	<u>70,903</u>	<u>384,889</u>
Total fund balances	<u>297,870</u>	<u>16,116</u>	<u>70,903</u>	<u>384,889</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 337,669</u>	<u>\$ 28,879</u>	<u>\$ 90,274</u>	<u>\$ 456,822</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, 2016 (In Thousands)**

Total Fund Balances - Total Governmental Funds	\$	384,889
Amounts reported for Governmental Activities in the Statement of Net Position were different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.		1,177,265
Accrued property tax and grant revenues are not available to pay for current-period expenditures and therefore are deferred in the funds.		28,824
The other post employment benefit (OPEB) asset is not available to pay for current-period expenditures and therefore is deferred in the funds.		1,117
Internal service funds are used by the County to charge the cost of vehicle fleet management, comprehensive public works services, and operations of the County's workers' compensation, protected self-insurance, unemployment, and dental insurance programs to individual funds. The assets and liabilities are included in governmental activities in the Government-Wide Statement of Net Position.		(2,536)
Adjustments for internal service funds are necessary to "close" those funds by charging additional amounts to participating business-type activities to completely cover the internal service funds' costs for the year.		2,181
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(1,695)
The pension liability is not due and payable in the current period, and therefore is not reported in the fund financial statements.		(456,714)
The unamortized portion of changes to the net pension liability, the net difference between projected and actual earnings on pension plan investments, and contributions subsequent to the pension liability measurement date are not reported in the fund financial statements for governmental funds.		104,863
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period. Therefore, they are not reported in the governmental funds as follows:		
Bonds and notes payable	\$ (168,794)	
Compensated absences	(24,939)	
Landfill closure/post closure costs	(5,620)	(199,353)
Net Position of Governmental Activities	\$	<u>1,038,841</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, 2016 (In Thousands)

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes	\$ 173,794	\$ -	\$ 11,970	\$ 185,764
Licenses, permits, and franchises	10,539	-	-	10,539
Fines, forfeitures, and penalties	3,823	526	824	5,173
Use of money and property	4,157	156	626	4,939
Aid from other governments	216,622	15,278	24,590	256,490
Charges for services	32,270	834	13,204	46,308
Other revenues	8,934	403	2,167	11,504
	<u>450,139</u>	<u>17,197</u>	<u>53,381</u>	<u>520,717</u>
<u>EXPENDITURES</u>				
Current:				
General government	54,461	-	-	54,461
Public protection	150,386	-	5,710	156,096
Public ways and facilities	2,120	-	38,924	41,044
Health and sanitation	76,895	-	4,696	81,591
Public assistance	108,958	-	2,269	111,227
Education	474	-	10,060	10,534
Recreation and cultural services	-	-	9,888	9,888
Debt service:				
Principal payments	-	-	6,788	6,788
Interest and fiscal charges	-	-	4,687	4,687
Capital outlay	-	30,465	-	30,465
	<u>393,294</u>	<u>30,465</u>	<u>83,022</u>	<u>506,781</u>
Excess (deficiency) of revenues over (under) expenditures	<u>56,845</u>	<u>(13,268)</u>	<u>(29,641)</u>	<u>13,936</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	938	6,416	28,449	35,803
Transfers out	(31,199)	-	(4,442)	(35,641)
	<u>(30,261)</u>	<u>6,416</u>	<u>24,007</u>	<u>162</u>
Net change in fund balances	26,584	(6,852)	(5,634)	14,098
Fund balances - beginning	271,286	22,968	76,537	370,791
Fund balances - ending	<u>\$ 297,870</u>	<u>\$ 16,116</u>	<u>\$ 70,903</u>	<u>\$ 384,889</u>

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

**COUNTY OF SAN LUIS OBISPO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

Net Change in Fund Balances - Total Governmental Funds	\$	14,098
Amounts reported for governmental activities in the Statement of Revenues, Expenditures, and Changes in Fund Balances were different because:		
Property tax and intergovernmental revenue in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		3,437
Governmental funds report capital outlay as expenditures. These expenditures have no effect on net position.		
Capital outlay expenditures that have no effect on net position are reported in the following functional categories:		
Capital outlay	\$ 30,465	
General government	3,895	
Public protection	2,858	
Public ways	17,077	
Health and sanitation	106	
Public assistance	35	
Education	10	
Recreation and cultural services	<u>1,341</u>	55,787
In the statement of activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense.		(18,278)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to decrease net position.		(316)
Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds, but reduces the liability in the statement of net position.		
Debt principal payments		6,788
Some expenses reported in the Government-Wide Statement of Activities do not require the use of current financial resources. Therefore, they are not reported as expenditures in governmental funds:		
Change in compensated absences	\$ (656)	
Change in accrued interest payable	(92)	
Change in landfill closure/postclosure costs	(1,343)	
Change in OPEB	(1,266)	
Change in Net Pension Liability	(103,917)	
Change in deferred pension outflows	70,861	
Capital appreciation bond accretion	(4,787)	
Amortization of debt premiums, discounts and issuance costs	<u>85</u>	(41,115)
Internal service funds were used by the County to charge the costs of vehicle fleet management, comprehensive public works services, and operations of the County's workers' compensation, protected self-insurance, unemployment, and dental insurance programs to individual funds. The net revenue or expenditure effect of internal service funds is reported with governmental activities.		631
The net (revenue) expense allocable to business-type activities		<u>(80)</u>
Change in Net Position of Governmental Activities	\$	<u>20,952</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, 2016 (In Thousands)**

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	Lopez Flood Control	Los Osos Wastewater	Nonmajor Enterprise Funds		
ASSETS							
Current assets:							
Cash and investments	\$ 4,382	\$ 16,649	\$ 9,818	\$ 7,641	\$ 18,938	\$ 57,428	\$ 42,647
Accounts receivable, net	-	106	-	-	2,119	2,225	6
Other receivables	204	-	-	113,198	-	113,402	-
Due from other governments	2,307	-	-	400	-	2,707	-
Deposits with others	-	-	-	-	13	13	-
Inventories	-	-	-	-	-	-	471
Prepaid items	-	-	34	-	117	151	-
Total current assets	6,893	16,755	9,852	121,239	21,187	175,926	43,124
Noncurrent assets:							
Advances to other funds	-	-	-	-	150	150	-
Restricted cash with fiscal agent	-	10,518	-	-	487	11,005	-
Prepaid insurance	-	278	-	-	-	278	-
Capital assets:							
Nondepreciable:							
Land	23,189	3,259	2,155	5,444	1,663	35,710	-
Construction in progress	12,926	7	1,366	-	1,027	15,326	-
Water rights	-	-	-	-	51,027	51,027	-
Other property	-	-	1,968	-	-	1,968	-
Depreciable:							
Infrastructure, net	646	152,860	23,781	163,989	1,984	343,260	-
Structures and improvements, net	52,373	9,264	34,359	896	23,235	120,127	316
Equipment, net	493	-	39	308	401	1,241	12,726
Other property, net	-	-	-	-	496	496	-
Total noncurrent assets	89,627	176,186	63,668	170,637	80,470	580,588	13,042
Total assets	96,520	192,941	73,520	291,876	101,657	756,514	56,166
DEFERRED OUTFLOWS OF RESOURCES							
Deferred pensions	595	-	-	-	543	1,138	10,280
Deferred loss on refunding	-	4,171	-	-	-	4,171	-
Total deferred outflows of resources	595	4,171	-	-	543	5,309	10,280
LIABILITIES							
Current liabilities:							
Salaries and benefits payable	47	-	-	-	43	90	825
Accounts payable	2,294	740	55	3,281	5,360	11,730	1,001
Interest payable	97	2,829	385	2,811	65	6,187	-
Self insurance payable	-	-	-	-	-	-	3,457
Deposits from others	39	1,058	125	-	3,050	4,272	1,129
Unearned revenue	44	9,002	2,276	-	1,731	13,053	-
Due to other funds	1,692	-	-	-	-	1,692	-
Accrued vacation and sick leave - current	98	-	-	-	71	169	1,614
Notes and bond payable - current	57	3,665	2,037	1,307	537	7,603	-
Total current liabilities	4,368	17,294	4,878	7,399	10,857	44,796	8,026
Noncurrent liabilities:							
Self insurance liability	-	-	-	-	-	-	15,250
Advances from other funds	3,144	-	-	2,752	512	6,408	-
Accrued vacation and sick leave	82	-	-	-	103	185	879
Notes and bonds payable	566	183,593	36,849	143,255	8,590	372,853	-
Net Pension Liability	2,741	-	-	-	2,344	5,085	44,827
Total noncurrent liabilities	6,533	183,593	36,849	146,007	11,549	384,531	60,956
Total liabilities	10,901	200,887	41,727	153,406	22,406	429,327	68,982
NET POSITION							
Net investment in capital assets	89,004	(21,590)	24,782	26,075	71,343	189,614	13,042
Unrestricted	(2,790)	17,815	7,011	112,395	8,451	142,882	(15,578)
Total net position	\$ 86,214	\$ (3,775)	\$ 31,793	\$ 138,470	\$ 79,794	332,496	\$ (2,536)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(2,181)	
Net Position of Business-Type Activities per Government-Wide Financial Statements						\$ 330,315	

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	Lopez Flood Control	Los Osos Wastewater	Nonmajor Enterprise Funds		
OPERATING REVENUES:							
Charges for services	\$ 5,199	\$ 17,048	\$ 6,530	\$ 28	\$ 13,961	\$ 42,766	\$ 50,214
Other revenues	33	120	1	-	114	268	180
Total operating revenues	5,232	17,168	6,531	28	14,075	43,034	50,394
OPERATING EXPENSES:							
Salaries and benefits	1,562	-	-	-	1,450	3,012	26,375
Services and supplies	1,830	3,153	3,422	833	10,612	19,850	16,598
Other charges	26	152	3	226	32	439	-
Insurance and compensation claims	-	-	-	-	-	-	3,386
Depreciation	2,276	2,197	1,342	1,013	1,101	7,929	2,429
Countywide cost allocation	124	67	64	20	399	674	571
Total operating expenses	5,818	5,569	4,831	2,092	13,594	31,904	49,359
Operating income (loss)	(586)	11,599	1,700	(2,064)	481	11,130	1,035
NONOPERATING REVENUES (EXPENSES):							
Property taxes	-	1,350	1,246	-	2,186	4,782	-
Interest income	29	562	64	48	144	847	296
Interest expense	(52)	(9,333)	(1,401)	(1,748)	(325)	(12,859)	-
Other non-operating revenue (expenses)	(296)	-	-	-	(2)	(298)	230
Aid from governmental agencies	126	9	8	2,810	308	3,261	-
Total nonoperating revenues (expenses)	(193)	(7,412)	(83)	1,110	2,311	(4,267)	526
Income (Loss) before contributions and transfers	(779)	4,187	1,617	(954)	2,792	6,863	1,561
Capital contributions	7,069	-	-	4,157	-	11,226	-
Transfers in	23	-	-	1,489	197	1,709	-
Transfers out	(88)	(487)	-	(8)	(358)	(941)	(930)
Change in net position	6,225	3,700	1,617	4,684	2,631	18,857	631
Net position - beginning	79,239	(7,475)	30,176	133,786	77,163	-	(3,167)
Prior period adjustment	750	-	-	-	-	-	-
Net position - beginning (restated)	79,989	(7,475)	30,176	133,786	77,163	-	(3,167)
Net position - ending	<u>\$ 86,214</u>	<u>\$ (3,775)</u>	<u>\$ 31,793</u>	<u>\$ 138,470</u>	<u>\$ 79,794</u>	<u>80</u>	<u>\$ (2,536)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						80	
Change in Net Position of Business-Type Activities per Government-Wide Financial Statements						<u>\$ 18,937</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, 2016 (In Thousands)**

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	Lopez Flood Control	Los Osos Wastewater	Nonmajor Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers and third parties	\$ 5,159	\$ 23,717	\$ 6,579	\$ 28	\$ 12,923	\$ 48,406	\$ -
Receipts from interfund billings	-	-	-	-	-	-	50,397
Payments for goods and services	161	(3,334)	(3,696)	(1,000)	(11,511)	(19,380)	(14,438)
Payments to employees for service	(1,348)	-	-	-	(1,271)	(2,619)	(22,898)
Payments for insurance benefits	-	-	-	-	-	-	(3,297)
Payments for premiums	-	-	-	-	-	-	(2,621)
Net cash provided by operating activities	3,972	20,383	2,883	(972)	141	26,407	7,143
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Property tax proceeds	-	1,350	1,246	-	2,186	4,782	-
Grants and subsidies from other government agencies	(2,075)	9	8	-	513	(1,545)	-
Advances from other funds	-	-	-	2,752	71	2,823	-
Advances to other funds	-	-	-	-	487	487	-
Due to other funds	-	-	-	-	(208)	(208)	-
Transfers from other funds	23	-	-	1,489	197	1,709	-
Transfers to other funds	(88)	(487)	-	(8)	(358)	(941)	(930)
Net cash provided (used) by noncapital financing activities	(2,140)	872	1,254	4,233	2,888	7,107	(930)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchases and construction of capital assets	(10,509)	(156)	(506)	(26,453)	(3,268)	(40,892)	(2,909)
Proceeds from issuance of long-term debt	-	107	-	16,059	215	16,381	-
Proceeds from sale of capital assets	-	-	-	-	-	-	232
Grants and subsidies from other government agencies	-	-	-	5,783	-	5,783	-
Advances from other funds	(261)	-	-	-	-	(261)	-
Due to other funds	1,692	-	-	-	-	1,692	-
Capital contributions	7,069	-	-	4,157	-	11,226	-
Principal paid on capital debt	(56)	(6,137)	(2,028)	(1,271)	(543)	(10,035)	-
Interest paid on capital debt	(31)	(9,870)	(1,415)	(713)	(312)	(12,341)	-
Net cash (used) by capital and related financing activities	(2,096)	(16,056)	(3,949)	(2,438)	(3,908)	(28,447)	(2,677)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest received	29	355	64	48	144	640	296
Net cash provided (used) by investing activities	29	355	64	48	144	640	296
Net increase (decrease) in cash and cash equivalents	(235)	5,554	252	871	(735)	5,707	3,832
CASH AND CASH EQUIVALENTS:							
Beginning of year	4,617	21,613	9,566	6,770	20,160	62,726	38,815
End of year	\$ 4,382	\$ 27,167	\$ 9,818	\$ 7,641	\$ 19,425	\$ 68,433	\$ 42,647
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:							
Operating income (loss)	\$ (586)	\$ 11,599	\$ 1,700	\$ (2,064)	\$ 481	\$ 11,130	\$ 1,035
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	2,276	2,197	1,342	1,013	1,101	7,929	2,429
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:							
Receivables, net	(36)	253	-	-	(673)	(456)	2
Inventory	-	-	-	-	21	21	90
Prepaid items	13	-	(2)	-	94	105	-
Accounts payable	2,140	38	(222)	79	(584)	1,451	56
Deposits from others	(12)	-	17	-	4	9	(35)
Salaries and benefits payable	9	-	-	-	3	12	193
Deferred pensions	(385)	-	-	-	(369)	(754)	(6,940)
Net pension liability	567	-	-	-	542	1,109	10,178
Unearned revenue	(37)	6,296	48	-	(483)	5,824	-
Other accrued liabilities	-	-	-	-	-	-	42
Accrued vacation and sick leave	23	-	-	-	4	27	4
Self-insurance liability	-	-	-	-	-	-	89
Total adjustments	4,558	8,784	1,183	1,092	(340)	15,277	6,108
Net cash provided (used) by operating activities	\$ 3,972	\$ 20,383	\$ 2,883	\$ (972)	\$ 141	\$ 26,407	\$ 7,143

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, 2016 (In Thousands)
SAN LUIS OBISPO PENSION TRUST FUND
DECEMBER 31, 2015 (In Thousands)**

	Agency Funds June 30, 2016	Investment Trust Fund June 30, 2016	San Luis Obispo County Pension Trust December 31, 2015
<u>ASSETS</u>			
Cash and cash equivalents	\$ 69,478	\$ 328,662	\$ 36,730
Contributions receivable	-	-	2,054
Accrued interest and dividends receivable	-	-	1,321
Accounts receivable	-	-	21
Securities sold	-	-	17,924
Prepaid benefits	-	-	60
Investments pension trust:			
Bonds and notes, at fair value	-	-	308,080
International fixed income, at fair value	-	-	121,581
Collateralized mortgage obligations, at fair value	-	-	5,001
Domestic equities, at fair value	-	-	260,146
International equities, at fair value	-	-	258,033
Alternative investments, at fair value	-	-	55,698
Real estate, at fair value	-	-	118,507
Capital assets-net of accumulated depreciation	-	-	197
	<u>\$ 69,478</u>	<u>\$ 328,662</u>	<u>\$ 1,185,353</u>
<u>LIABILITIES</u>			
Agency obligations	\$ 69,478	\$ -	\$ -
Securities purchased	-	-	26,916
Accrued liabilities	-	-	1,062
Prefunded Contributions	-	-	21,572
	<u>\$ 69,478</u>	<u>\$ -</u>	<u>\$ 49,550</u>
<u>NET POSITION</u>			
Net position held in trust for pool participants	\$ -	\$ 328,662	\$ -
Net position restricted for pensions	-	-	1,135,803
	<u>\$ -</u>	<u>\$ 328,662</u>	<u>\$ 1,135,803</u>
Total net position	<u>\$ -</u>	<u>\$ 328,662</u>	<u>\$ 1,135,803</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, 2016 (In Thousands)
SAN LUIS OBISPO PENSION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2015 (In Thousands)

	Investment Trust Fund June 30, 2016	San Luis Obispo County Pension Trust December 31, 2015
<u>ADDITIONS</u>		
Contributions:		
County contributions	\$ 864,828	\$ -
Employer contributions	-	33,618
Member contributions	-	24,587
Total contributions	<u>864,828</u>	<u>58,205</u>
Investment income:		
Realized and unrealized gains and losses	-	(31,450)
Interest	1,475	5,765
Dividends	-	10,279
Real estate management trust income	-	1,539
Real estate operating income, net	-	1,314
Other investment income, net	-	-
Investment expenses	-	(4,153)
Total investment income	<u>1,475</u>	<u>(16,706)</u>
Total additions	<u>866,303</u>	<u>41,499</u>
<u>DEDUCTIONS</u>		
Benefits:		
Monthly benefit payments	-	72,442
Refunds of contributions	-	1,613
Death benefits	-	999
Total benefits	<u>-</u>	<u>75,054</u>
Administrative expenses	-	2,528
Prefunded Discount Amortization	-	1,450
Total administrative expenses	<u>-</u>	<u>3,978</u>
Distributions from investment pool	<u>899,833</u>	<u>-</u>
Total deductions	<u>899,833</u>	<u>79,032</u>
Change in net position	(33,530)	(37,533)
Net position - beginning	<u>362,192</u>	<u>1,173,336</u>
Net position - ending	<u>\$ 328,662</u>	<u>\$ 1,135,803</u>

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



NOTES TO THE BASIC FINANCIAL STATEMENTS



COUNTY OF SAN LUIS OBISPO
NOTES TO THE BASIC FINANCIAL STATEMENTS (IN THOUSANDS)
JUNE 30, 2016

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 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 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-Treasurer-Tax Collector at 1055 Monterey, Room D290, San Luis Obispo, CA 93408.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Discretely Presented Component Unit

First 5 San Luis Obispo County – First 5 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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Fund Financial Statements

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

New Accounting Pronouncements

For the fiscal year ended June 30, 2016, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement are effective for financial statement periods beginning after June 15, 2015. GASB 72 addresses accounting and financial reporting issues related to fair value measurements, provides guidance for determining a fair value measurement for financial reporting purposes, and provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. GASB 72 increases comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. The Statement also enhances fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.
- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The requirements of this statement are effective for financial periods beginning after June 15, 2015. GASB 76 reduces the hierarchy of generally accepted accounting principles (GAAP) to two categories of authoritative GAAP. The *GAAP Hierarchy* consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities and the framework for selecting those principles. GASB 76 improves financial reporting by directing governments to apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability. The Statement will also enhance the comparability of financial statement information among governments.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. The requirements of this statement are effective for financial statement periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. GASB 79 addresses accounting and financial reporting for certain investment pools and pool participants, specifically establishing criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The Statement also establishes additional note disclosure requirements for qualify external investment pools that measure all of their investments at amortized cost for financial reporting purposes and for governments that participate in those pools. The provisions of the Statement enhance comparability of financial statements among governments.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County reports the following Major Governmental Funds:

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

The County reports the following Major Proprietary Funds:

- The Airport Fund accounts for the maintenance, operations, and development of the County-owned commercial service airports in San Luis Obispo and Oceano.
- The Nacimiento Water Contract Fund accounts for the activities and delivery of water associated with the Nacimiento water supply reservoir and the contract with Monterey County.
- The Lopez Dam Flood Control Fund accounts for the maintenance, water treatment and water distribution services of the Lopez Dam Flood Control Zone 3, which provides water to south San Luis Obispo County, and the activities of the Lopez Dam Seismic Remediation Project.
- The Los Osos Wastewater Fund accounts for the construction, operation and maintenance of the wastewater treatment plant serving the community of Los Osos.
- Additionally, the County reports on Internal Service Funds. Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost-reimbursement basis. Internal Service Funds account for the activities of fleet operations, construction management 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, 2015.
- 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The Government-wide, Proprietary, and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except that Agency Fund financial statements have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property, sales tax, transient occupancy taxes, grants, entitlements, and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from sales and occupancy taxes are recognized when the underlying transactions take place. Revenues from grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been satisfied.

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

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

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

D. ASSETS, LIABILITIES, AND FUND EQUITY

Deposits and Investments

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

Cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held by the County Treasurer are stated at fair value at June 30, 2016. The fair value of pooled investments is determined annually and is based on current market prices.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County pool is not registered with the Securities and Exchange Commission as an investment company and does not issue separate investment reports. The County has not provided or obtained any legally binding guarantees to support the value of the shares. Participants may withdraw up to the amortized cost of their respective shares as displayed on the combined balance sheet. The share of the Treasurer's pool related to involuntary participants is 99.85 percent.

Cash and Cash Equivalents

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

Receivables and Payables

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

Deferred Outflows and Inflows of Resources

In addition to assets, the financial statements may report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position that is applicable to a future reporting period. In addition to liabilities, the financial statements may report a separate section for deferred inflows of resources which are defined as an acquisition of net position that is applicable to a future reporting period.

Property Tax

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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."

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

Inventories and Prepaid Items

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

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

Capital Assets

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

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

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

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

<u>Asset Type</u>	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Land	No threshold	-----
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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Compensated Absences

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

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

Long-term Obligations

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

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

Fund Equity

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

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

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

The San Luis Obispo County Investment Pool is rated by Fitch Ratings, one of the Nationally Recognized Statistical Rating Organizations. Fitch has consistently rated the County Pool with their highest rating since FY 1994-95. The County Pool's "AAA" fund credit quality rating reflects the "pool's lowest vulnerability to losses as a result of defaults in its portfolio and is based on the actual and prospective average credit quality of the pool's investments." The County Pool's "V1" fund 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 August 23, 2016, Fitch revised their bond rating scales. The addition of an "f" suffix to the Fund Credit Quality Rating indicates a fund rather than an individual user or issuer. In addition, the previously assigned Fund Volatility Ratings have been renamed Fund Market Risk Sensitivity Ratings, and the related rating scale has been revised from "V1" to "V6" to "S1" to "S6". Consequently, Fitch revised its highest rating for the County Pool from "AAA/V1" to "AAAf/S1".

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 CGC. The CTOC and the Board of Supervisors review and approve the County's Investment Policy annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the CTOC and the investment pool participants every quarter. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value. The CGC directs the CTOC to cause an annual Investment Policy 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 CGC; independent certified public accountants (CPAs) selected to review the County's Comprehensive Annual Financial Report; and independent CPAs as deemed appropriate. Brown Armstrong Accountancy Corporation was selected to perform an Annual Investment Program Compliance Audit for the fiscal year ended June 30, 2016. The results of these audits have been presented to the Board of Supervisors on a yearly basis.

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

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

The combined pool's investments are stated at fair value. 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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. 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, CalTRUST, 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 1.002271912280 in the Quarterly Report of Investments as of June 30, 2016, 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 the CalTRUST Short-Term Fund (CTSTF). CalTRUST is a Joint Powers Agency Authority created by local public agencies to provide a method for local public agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasury and investment officers. The CalTRUST Board sets overall policies for the program and selects and supervises the activities of the investment manager, currently Wells Fargo Capital Management. Public agencies invest in shares of beneficial interest with a Net Asset Value (NAV) that fluctuates. CalTRUST attempts to minimize NAV fluctuation, and historically, the NAV of this fund has been stable. This type of investment is an authorized investment under California GC §53601 (p). As of June 30, 2016, the CTSTF NAV was \$1.002 per \$1.00 of investment.

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 1.000621222 for its portfolio as of June 30, 2016. 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, 2016, 2.81% 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.

GASB Statement No. 79 establishes specific criteria used to determine whether a qualifying external investment pool may elect to use an amortized cost exception to fair value measurement. The criteria provide qualifying external investment pools and participants in those pools with consistent application of an amortized cost-based measurement for financial reporting purposes. There was no material impact on the County's financial statement as a result of the implementation of GASB Statement No. 79.

As of June 30, 2016, the County's combined pool includes funds deposited in collateralized Public Investment Money Market Accounts (PIMMAs) and Certificates of Deposit (CDs) placed through the Certificate of Deposit Account Registry Service (CDARS). PIMMAs are interest-bearing active bank accounts and by CGC §53631 et seq., are considered depository accounts, not investments. PIMMAs are fully liquid and collateralized by eligible securities per CGC §53651 et seq. Deposits placed through CDARS as authorized by CGC §53635.8, are distributed into individual CDs 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. Even though PIMMAs are not investments by code, they are included in the County's combined pool and are treated internally as investments for tracking, management, and reporting purposes.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

procedures within the limits of the California GC and all relevant laws. As of June 30, 2016, the table represents the County's IP or where more restrictive, the Treasurer's written policies and procedures, that address interest risk, credit risk, and concentration of credit risk.

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Bonds issued by a Local Agency	1 year	5%	Requires specific written approval of County Treasurer for each type of investment.
U.S. Treasury Notes	3 years	100%	N/A
U.S. Treasury Bonds	3 years	100%	N/A
U.S. Treasury Bills	Maximum issued	100%	N/A
Cash Management Bills	Maximum issued	100%	N/A
Registered State Warrants	1 year	10%	Requires specific written approval of County Treasurer for each type of investment.
Treasury Notes or Bonds of this state	Not authorized in FY 2015-16		
Registered Treasury Notes or Bonds of any of the other 49 United States	Not authorized in FY 2015-16		
Bonds, Notes, Warrants, other evidences of indebtedness of any local agency within this state*	1 year	5%	No more than 10% of issuer debt and assets. Requires specific written approval of County Treasurer for each type of investment.
U.S. Government Agencies:			
Federal National Mortgage Assoc.	Not authorized in FY 2015-16		
Federal Home Loan Mortgage Corp.	Not authorized in FY 2015-16		
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 2015-16		
Commercial Paper	30 days	5%	2%
Collateralized Certificates of Deposit	1 year	5%	1%
Negotiable Certificates of Deposit	Not authorized in FY 2015-16		
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 2015-16		
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 2015-16		
Money Market Mutual Funds (Shares of Beneficial Interest) issued by a Joint Powers Authority	N/A	10%	10% per issuer. Requires specific written approval of County Treasurer for each type of investment
Money Market Mutual Funds (Shares of Beneficial Interest) issued by diversified management companies	Not authorized in FY 2015-16		
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 2015-16		
Mortgage Pass-Through Securities	Not authorized in FY 2015-16		
Local Agency Investment Fund	N/A	15%	N/A
Supranationals	Not authorized in FY 2015-16		

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Interest Rate Risk

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

Custodial Credit Risk

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

Credit Risk

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

Concentration of Credit Risk

At June 30, 2016, the County did not have investments in corporate bonds or medium term notes.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County's Investment Pool's fair value at June 30, 2016.

Investment Type	S&P	Moody's	% of Portfolio*
U.S. Treasuries	AA+	Aaa	27.34%
U.S. Government Agencies	AA+	Aaa	54.25%
CDARS	Not Rated	Not Rated	6.01%
Local Agency Investment Fund	Not Rated	Not Rated	9.98%
CalTRUST-Short-Term Fund	AAf/S1+	Not Rated	2.37%
TRAN	Not Rated	Not Rated	0.05%
Total			<u>100.00%</u>

*Bank Deposit accounts such as PIMMAs are tracked, managed, and reported as part of the County's combined pool and are included in portfolio percentage limit calculations. CDARS and LAIF are 4% and 7% respectively, of the County's combined pool inclusive of the PIMMAs 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, 2016, the following investments exceeded the 5% disclosure threshold:

Investment Type	% of Portfolio
U.S. Government Agencies-Federal Home Loan Bank	26.84%
U.S. Government Agencies-Farm Credit Bank	27.41%

*Federal Home Loan Bank and Farm Credit Bank are 19.13% and 19.53% respectively, of the County's combined pool inclusive of the PIMMAs and therefore are within the limits authorized in the Treasurer's Investment Policy.

At June 30, 2016, the County had the following investments and interest-bearing deposits (in thousands):

Instrument	Maturity Dates	Interest Rate %	Weighted Average Maturity Years	Fair Value	Cost
CDARS	7/28/16-6/29/17	0.349%-0.628%	0.81	\$ 38,000	\$ 38,000
U.S. Treasuries	8/31/16-2/15/19	0.410%-1.265%	1.18	172,976	172,126
U.S. Government Agencies	7/18/16-4/26/19	0.570%-1.340%	1.10	343,179	341,551
Local Agency Investment Fund	On Demand	0.58%	-	63,126	63,000
CalTRUST	On Demand	0.73%	-	15,030	15,000
TRAN	1/30/18	2.60%	1.58	307	304
Total Investments in County Treasury			0.97	\$ <u>632,618</u>	\$ <u>629,981</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Deposits in Financial Institutions	263,221	263,221
Cash on Hand	<u>190</u>	<u>190</u>
Total Cash held in Treasury	896,029	893,392
Deposits in Transit	571	571
Outstanding Warrants	<u>(14,519)</u>	<u>(14,519)</u>
Total	882,081	879,444
Imprest Cash	1,303	1,303
Non-pool Cash Deposits	<u>1,163</u>	<u>1,163</u>
Other Cash Deposits	2,466	2,466
Total cash and cash equivalents	\$ <u>884,547</u>	\$ <u>881,910</u>

	Fair	
	Value	Cost
<u>Restricted Cash with Fiscal Agent</u>		
U.S. Government & Federal Agencies	\$ <u>12,775</u>	\$ <u>12,775</u>
Certificates of Deposit & Money Market Accounts	1,932	1,932
Total	<u>14,707</u>	<u>14,707</u>
Total restricted and unrestricted cash and cash equivalents	\$ <u>899,254</u>	\$ <u>896,617</u>

	Fair
	Value
<u>Total Cash and Investments Summary</u>	
Total Governmental Activities	\$ <u>424,267</u>
Total Business-type Activities	68,433
Total Fiduciary Funds	398,140
Total Component Unit	<u>8,414</u>
Total Cash and Investments	\$ <u>899,254</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, 2016, (in thousands):

	Fair Value
<u>Statement of Net Position:</u>	
Net position held for pool participants	\$ <u>882,079</u>
Equity of internal pool participants	\$ 554,171
Equity of external pool participants (voluntary and involuntary)	<u>327,908</u>
Total Equity	\$ <u>882,079</u>
<u>Statement of Changes in Net Position:</u>	
Revenue	\$ 5,394
Investment Costs	(851)
Net Deposits	2,253
Change in fair value	<u>1,087</u>
Net change in pool	7,883
Net position at July 1, 2015	<u>874,196</u>
Net position at June 30, 2016	\$ <u>882,079</u>

Fair Value Measurements

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County has the following recurring fair value measurements as of June 30, 2016:

	<u>Fair Value Measurements Using</u>		
	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Unobservable Inputs
<u>Investments by fair value level</u>	(Level 1)	(Level 2)	(Level 3)
<u>Debt securities</u>			
US Treasuries	\$ 172,976	\$ 172,976	\$ -
US Government Agencies	343,179	343,179	-
TRAN	307	-	307
CDARS	38,000	38,000	-
Total measured at fair value	<u>\$ 554,462</u>	<u>\$ 554,155</u>	<u>\$ 307</u>
<u>Investments measured at amortized cost</u>			
LAIF	63,126	-	-
Cal TRUST	15,030	-	-
Total investments in County Treasury	<u>\$ 632,618</u>	<u>\$ -</u>	<u>\$ -</u>

Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2016 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	\$ 12,773
Restricted interest on lease reserves	1
Restricted for Contractor Retentions	1,933
Total Restricted Cash	<u>\$ 14,707</u>

Cash Deposits Outside of the Treasury Pool

At fiscal year end, the carrying amount of the County's other cash deposits was \$1,068,171 and the combined financial institutions' balance was \$1,160,908. The difference of \$92,737 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 \$1,160,908 was covered by federal depository insurance or by collateral held by County's agent in the County's name.

3. RECEIVABLES

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

	<u>Governmental Activities</u>		
	<u>General Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Internal Service Funds</u>
Accounts Receivable	\$ 176	\$ 353	\$ 6
Allowance for Doubtful Accounts	-	-	-
Net Accounts Receivable	<u>\$ 176</u>	<u>\$ 353</u>	<u>\$ 6</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	Business-Type Activities	
	Nacimiento Water Contract	Nonmajor Enterprise Funds
Accounts Receivable	\$ 106	\$ 2,119
Allowance for Doubtful Accounts	-	-
Net Accounts Receivable	\$ 106	\$ 2,119

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2016, is as follows (in thousands):

<u>Governmental Activities</u>	Balance July 1, 2015	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2016
Capital assets, not being depreciated:					
Land	\$ 794,547	\$ 95	\$ (31)	\$ 480	\$ 795,091
Construction in progress	58,202	43,125	(197)	(26,239)	74,891
Total capital assets, not being depreciated	852,749	43,220	(228)	(25,759)	869,982
Capital assets, being depreciated:					
Structures and improvements	183,460	1,344	(1,006)	4,894	188,692
Equipment	80,476	5,239	(4,667)	3,731	84,779
Infrastructure	346,338	9,139	(20)	17,053	372,510
Other property	340	-	-	-	340
Total capital assets, being depreciated	610,614	15,722	(5,693)	25,678	646,321
Less accumulated depreciation for:					
Structures and improvements	(76,764)	(4,049)	1,000	-	(79,813)
Equipment	(47,763)	(6,316)	4,347	72	(49,660)
Infrastructure	(186,178)	(10,339)	20	-	(196,497)
Other property	(23)	(3)	-	-	(26)
Total accumulated depreciation	(310,728)	(20,707)	5,367	72	(325,996)
Total capital assets being depreciated, net	299,886	(4,985)	(326)	25,750	320,325
Governmental activities capital assets, net	\$ 1,152,635	\$ 38,235	\$ (554)	\$ (9)	\$ 1,190,307

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Business-Type Activities</u>	Balance July 1, 2015	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2016
Capital assets, not being depreciated:					
Land	\$ 32,621	\$ 151	\$ (35)	\$ 2,973	\$ 35,710
Construction in progress	150,532	11,439	-	(146,646)	15,325
Water Rights	48,417	2,611	-	-	51,028
Other Property	1,968	-	-	-	1,968
Total capital assets, not being depreciated	233,538	14,201	(35)	(143,673)	104,031
Capital assets, being depreciated:					
Infrastructure	194,363	22,965	-	142,358	359,686
Structures and improvements	169,235	157	(425)	1,878	170,845
Equipment	3,365	195	(92)	268	3,736
Other Property	554	-	-	-	554
Total capital assets, being depreciated	367,517	23,317	(517)	144,504	534,821
Less accumulated depreciation for:					
Infrastructure	(12,440)	(3,987)	-	-	(16,427)
Structures and improvements	(47,127)	(3,759)	168	-	(50,718)
Equipment	(2,324)	(183)	85	(72)	(2,494)
Other Property	(58)	-	-	-	(58)
Total accumulated depreciation	(61,949)	(7,929)	253	(72)	(69,697)
Total capital assets being depreciated, net	305,568	15,388	(264)	144,432	465,124
Business-type activities capital assets, net	\$ 539,106	\$ 29,589	\$ (299)	\$ 759	\$ 569,155

Depreciation Expense

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

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 3,611
Public Protection	2,720
Public Ways and Facilities	10,104
Health and Sanitation	595
Public Assistance	242
Education	351
Recreational and Cultural Services	655
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	2,429
Total Depreciation Expense-Governmental Activities	\$ 20,707
<u>Business-type Activities</u>	<u>Amount</u>
Airport	\$ 2,276
Golf	365
Los Osos Wastewater	1,013
State Water Project	206
Nacimiento	2,197
Lopez Flood Control	1,342
Nonmajor Enterprise	530
Total Depreciation Expense-Business-type Activities	\$ 7,929

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, 2016, (in thousands):

<u>Governmental Activities</u>			
Project	Expended to June 30, 2016	Committed Funds	Remaining Budget
Sheriff Women's Jail Expansion	\$ 33,472	\$ 10,952	\$ 3,089
SLO Probation Juvenile Hall Expansion	19,016	1,695	-
Roads Infrastructure	15,985	15,255	23,220
WTP 6th Membrane Filter Mod	928	14	30
MS Office 365 Project	789	154	-
Health-COC An Svs Expansion	628	639	-
AG Levee WMP Alt3a (Prop1E/HMGP)FCZ1	559	127	836
New Storage Tanks – CSA 10 Water	531	-	164
SST Capital Project	464	3,871	1,103
General Government SLO - Elevator	424	491	1,022
Parks – Avila -Bob Jones Trail (Ontario Rd)	118	14	3,579
Budget Prep System Replacement	391	932	-
Permit Tracking System	381	681	-

<u>Business-Type Activities</u>			
Project	Expended to June 30, 2016	Committed Funds	Remaining Budget
SLO Airport Facilities Infrastructure	\$ 12,926	\$ 23,746	\$ 25,188

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, 2016 they had a carrying value of \$8,036 net of accumulated depreciation of \$2,751. 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, 2016 (in thousands):

Year Ending June 30	General Fund	Airport
2017	\$ 707	\$ 328
2018	684	271
2019	673	261
2020	638	247
2021	167	238
Later Years	1,180	5,762
Total	\$ 4,049	\$ 7,107

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 \$2,327 for the fiscal year ended June 30, 2016.

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, 2016 totaled \$3,375. 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, 2016 for the next five years and for each five-year period thereafter (in thousands):

Year Ending June 30	Minimum Lease Payments
2017	\$ 2,722
2018	2,226
2019	2,121
2020	2,012
2021	1,715
2022-2026	6,503
2027-2031	3,618
2032-2036	1,676
Total	<u>\$ 22,593</u>

7. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County has self-insurance programs for liability, workers' compensation, unemployment insurance and dental coverage. There were no liability claims settlements and there were three 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	\$ 218,883 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 85% confidence level.

	<u>Beginning of the fiscal year liability</u>	<u>Current year claims, changes & estimates</u>	<u>Claim payments</u>	<u>Balance at fiscal year end</u>
2014-15	\$ 18,316	\$ 4,945	\$ 4,643	\$ 18,618
2015-16	\$ 18,618	\$ 4,377	\$ 4,288	\$ 18,707

8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 2016 was (in thousands):

<u>Payable Fund (Due to Balance)</u>	<u>Receivable Fund (Due from Balance)</u>	<u>Amount</u>
Airport	General Fund	\$ 1,692
	Total	<u>\$ 1,692</u>

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

<u>Payable Fund (Advances from Balance)</u>	<u>Receivable Fund (Advances to Balance)</u>	<u>Amount</u>
Nonmajor Governmental Funds	Nonmajor Enterprise Funds	\$ 150
	Nonmajor Governmental Funds	659
	General Fund	<u>388</u>
	Total	<u>1,197</u>
Nonmajor Enterprise Funds	General Fund	148
	Nonmajor Governmental Funds	<u>364</u>
	Total	<u>512</u>
Airport	General Fund	3,144
Los Osos Wastewater	Nonmajor Governmental Funds	2,752
	Total	<u>\$ 7,605</u>

Nonmajor Governmental Funds' advances from Nonmajor Enterprise Funds of \$150 are comprised of funds from the Lopez Park Enterprise Fund to the Parks Special Revenue Fund for future debt service obligations.

Advances between Nonmajor Governmental Funds are internal loans of \$659 from the Roads Special Revenue Fund to the Roads Impact Fees Special Revenue Fund. Advances related to the General Fund include an internal loan to the County Services Area 21 Special Revenue Fund of \$193 and a loan of \$195 related to the restoration of the Cayucos Pier.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The Nonmajor Enterprise Funds advances of \$512 represent internal loans received by the County Services Areas Special Districts Enterprise Funds from the General Fund (\$148) and from the County Services Area 10 Special Revenue Fund (\$275), and from the Flood Control Zone for (\$89).

The Airport owes the General Fund \$3,144 for internal loans for various projects including the refinancing of a State loan for the construction of hangars.

The Los Osos Wastewater Fund received a long-term operating loan from the Flood Control Zone Fund of \$2,752.

9. TRANSFERS

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 24,971
	Capital Projects Fund	6,203
	Airport	13
	Nonmajor Enterprise Funds	12
		<u>31,199</u>
Nonmajor Governmental Funds	General Fund	882
	Capital Projects Fund	213
	Nonmajor Governmental Funds	1,673
	Los Osos Wastewater	1,489
	Nonmajor Enterprise Funds	185
	<u>4,442</u>	
Airport	General Fund	35
	Nonmajor Governmental Funds	53
	<u>88</u>	
Nonmajor Enterprise Funds	General Fund	1
	Nonmajor Governmental Funds	357
	<u>358</u>	
Internal Service Funds	General Fund	20
	Nonmajor Governmental Funds	900
	Airport	10
	<u>930</u>	
Los Osos Wastewater	Nonmajor Governmental Funds	8
Nacimiento	Nonmajor Governmental Funds	487
Total Transfers		<u>\$ 37,512</u>

General Fund transfers to Nonmajor Governmental Funds included contributions to the following Special Revenue Funds: Roads (\$11,146), Library (\$634), Community Development (\$591), County Medical Services Program (\$318) and Parks (\$3,617). The General Fund also transferred \$8,665 to the Pension Obligation Bond Debt Service Fund to finance debt service payments, \$13 to the Airport, \$12 to Golf, and \$6,203 to the Capital Projects Fund for various capital projects.

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 (\$398) for debt service, and to the Capital Projects Fund (\$206), and the Library Fund (\$541) to fund capital and maintenance projects. The Parks Special Revenue Fund made transfers to the Capital Projects Fund (\$7), to the Pension Obligation Bond Debt Service Fund (\$160), and to the Lopez Park Enterprise Fund (\$4) for debt service. The Parks Special Revenue Fund also transferred \$31 to the General Fund for the purchase of equipment. The Roads Fund transferred \$4 to Flood Control Zone 18 Special Revenue Fund for maintenance projects. The Road Impact Fee Special Revenue Fund transferred Impact Fees of \$453 to the General Fund for debt service, and \$703 to the Roads Fund for capital and maintenance projects. The Library Fund (\$212), the County Medical Services Program Fund (\$18) and the Driving Under the Influence Fund (\$35) made transfers to the Pension Obligation Bond Debt Service Fund to finance debt service payments. Other Nonmajor Governmental Fund transfers include a transfer of \$1,489 of grant related monies from the Flood Control District to the Los Osos Wastewater Fund, and \$181 of transfers between various County Service Areas.

The Airport Enterprise Fund transferred \$35 to the General Fund and \$53 to the Pension Obligation Bond Fund for debt service.

Transfers from Nonmajor Enterprise funds included \$1 of transfers from the County Service Areas to the General Fund for debt service, transfers of \$44 from the Golf Enterprise Fund to the Pension Obligation Bond Debt Service Fund, a \$293 transfer of grant monies from the County Service Area 23 Enterprise fund to the Flood Control Zone Special Revenue Fund, and transfers between various County Services Areas (\$20).

The Garage Internal Service Fund transferred \$20 to the General Fund and \$10 in fixed assets to the Airport Fund. Internal Service Fund transfers to nonmajor governmental funds represent contributions to the Pension Obligation Bond Debt Service Fund for debt service by the Public Works (\$851) and Garage (\$49) Internal Service Funds.

The Los Osos Wastewater Fund transferred \$8 to the Flood Control Zone Special Revenue Fund for debt service and the Nacimiento Construction Fund transferred surplus funds of \$487 to the Flood Control Zone Special Revenue Fund.

10. BONDED INDEBTEDNESS AND LONG TERM DEBT

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2016 (in thousands) is as follows:

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2015</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2016</u>	<u>Due within one year</u>
Bonds and notes payable:						
Certificates of participation	\$ 23,600	\$ -	\$ -	\$ 1,073	\$ 22,527	\$ 1,116
Unamortized discount on COP	(91)	-	-	(4)	(87)	-
Unamortized premium on COP	1,152	-	-	89	1,063	-
Pension Obligation Bonds	146,219	-	4,787	5,715	145,291	6,460
Total Bonds and notes payable	170,880	-	4,787	6,873	168,794	7,576
Other liabilities:						
Compensated absences	26,730	-	16,515	15,813	27,432	18,514
Landfill post-closure costs	4,277	-	1,740	397	5,620	640
Self insurance	18,618	-	4,377	4,288	18,707	3,457
Total other liabilities	49,625	-	22,632	20,498	51,759	22,611
Total Governmental Activities	\$ 220,505	\$ -	\$ 27,419	\$ 27,371	\$ 220,553	\$ 30,187

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Business-Type Activities</u>	Beginning Balance <u>July 1, 2015</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	Ending Balance <u>June 30, 2016</u>	Due within <u>one year</u>
Bonds and notes payable:						
Certificates of participation	\$ 17,745	\$ -	\$ 215	\$ 766	\$ 17,194	\$ 799
Unamortized premium on COP	426	-	-	33	393	-
State notes	72,774	-	15,220	1,383	86,611	1,422
Revenue bonds	183,813	-	107,115	113,730	177,198	3,665
Unamortized premium on Revenue Bonds	5,519	-	9,828	5,289	10,058	-
Unamortized outflows on Bond Refinancing	-	-	181	4,352	(4,171)	-
General obligation bonds	9,155	-	-	395	8,760	410
Unamortized premium on General obligation bonds	902	-	-	56	846	-
Assessment bonds	<u>79,829</u>	<u>-</u>	<u>838</u>	<u>1,271</u>	<u>79,396</u>	<u>1,307</u>
Total bonds and notes payable	<u>370,163</u>	<u>-</u>	<u>133,397</u>	<u>127,275</u>	<u>376,285</u>	<u>7,603</u>
Other liabilities:						
Compensated absences	<u>328</u>	<u>-</u>	<u>162</u>	<u>136</u>	<u>354</u>	<u>169</u>
Total other liabilities	<u>328</u>	<u>-</u>	<u>162</u>	<u>136</u>	<u>354</u>	<u>169</u>
Total Business-Type Activities	<u>\$ 370,491</u>	<u>\$ -</u>	<u>\$ 133,559</u>	<u>\$ 127,409</u>	<u>\$ 376,639</u>	<u>\$ 7,772</u>

Annual debt service requirements for governmental activities as of June 30, 2016, are summarized as follows:

Governmental Activities						
Year Ended June 30,	Certificates of Participation		Pension Obligation Bonds			Total
	Principal	Interest	Principal	Unaccrued Appreciation	Interest	
2017	\$ 1,116	\$ 958	\$ 6,460	\$ -	\$ 3,644	\$ 10,104
2018	1,159	913	7,265	-	3,336	10,601
2019	1,207	865	6,976	969	3,171	11,116
2020	1,253	816	49,609	1,436	1,586	52,631
2021	1,301	765	7,091	1,949	-	9,040
2022-2026	7,423	2,923	35,704	18,681	-	54,385
2027-2031	4,824	1,398	32,186	32,444	-	4,630
2032-2036	3,105	665	-	-	-	-
2037-2041	1,139	65	-	-	-	-
Total	<u>\$ 22,527</u>	<u>\$ 9,368</u>	<u>\$ 145,291</u>	<u>\$ 55,479</u>	<u>\$ 11,737</u>	<u>\$ 212,507</u>
Business-Type Activities						
Year Ended June 30,	Certificates of Participation		State Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 799	\$ 770	\$ 1,422	\$ 566	\$ 3,665	\$ 8,395
2018	829	738	3,070	1,828	3,850	8,206
2019	867	703	3,104	1,758	4,050	8,005
2020	903	665	3,177	1,685	4,270	7,793
2021	942	625	3,252	1,610	4,495	7,569
2022-2026	5,456	2,387	16,778	6,885	26,265	34,052
2027-2031	5,335	985	16,303	4,933	33,510	26,791
2032-2036	416	337	11,030	3,518	42,280	18,019
2037-2041	497	255	12,178	2,370	54,813	6,716
2042-2046	597	156	13,445	1,103	-	-
2047-2051	535	43	2,852	57	-	-
2052-2056	18	1	-	-	-	-
Total	<u>\$ 17,194</u>	<u>\$ 7,665</u>	<u>\$ 86,611</u>	<u>\$ 26,313</u>	<u>\$ 177,198</u>	<u>\$ 125,546</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2016
Business-Type Activities						
Certificates of Participation						
<u>USDA 2009</u>	4/30/2009	2049	4.375%	\$6 - \$86	\$1,631	\$1,513
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	9,765
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	0.5%- 5.0%	\$381-\$475	5,323	4,478
Lease Revenue Refunding Bonds used to refund the 2002 A Certificates of Participation. The original COP was partially used to the finance the Dairy Creek Golf Course. Debt service is provided by semi-annual lease payments from the Dairy Creek Golf Course.						
<u>USDA 2013</u>	07/01/2013	2053	2.75%	\$18-\$67	1,508	1,438
Used to finance a water system improvement project in County Service Area 10A. Debt service is provided by water sales revenues.						
					\$20,452	\$17,194

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	\$1,087
Santa Margarita Water System	1999	2018	3.41%	\$36	513	68
Lopez Recreation Area	2004	2024	2.5132%	\$21	325	150
Lopez Water Treatment Plant Upgrade	2006	2028	2.60%	\$1,672	25,945	19,515
Airport Fuel Farm	2007	2025	4.6557%	\$86	1,000	624
Los Osos Waste Water Project	2012	2046	2.0%	\$336-\$598	65,167	65,167
					\$95,961	\$86,611

Revenue Bonds

<u>1976 Water Bond-County Service Area 16</u>	4/1/1976	2016	5.00%	\$7 - \$9	\$135	\$0
Used to improve the Shandon Water System. Debt service is provided primarily by water sales revenues.						
<u>2007 Nacimiento Pipeline Project Series A</u>	9/26/2007	2040	3.75% - 5.0%	\$7,658 - \$10,048	157,845	34,440
<u>2007 Nacimiento Pipeline Project Series B</u>	9/26/2007	2040	5.196% - 5.571%	\$2,132 - \$2,646	38,565	35,645
Used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts payable under water delivery contracts.						
<u>2015 Nacimiento Water Project Revenue Refunding Bonds Series A</u>	8/5/2015	2038	3.0%-5.0%	\$2,603-\$8,097	107,115	107,113
The 2007 bonds were used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts, payable under water delivery contracts. The 2015 Series A Nacimiento Water Project Revenue Refunding Bonds were issued to provide funds to advance refund certain 2007 Series A Nacimiento Water Project Revenue Bonds.						
					\$303,660	\$177,198

General Obligation Bonds

<u>2011 Refunding – Lopez Dam Remediation</u>	5/12/2011	2030	2.0% - 5.5%	\$833 - \$840	\$10,760	\$8,760
Used to refund the 2000 A GO issue. The original GO Bonds were used to improve and Retrofit the Lopez Dam. Debt service is provided by applicable property taxes.						
Assessment Bonds	2012	2037	2.75%	\$1,609 - \$3,245	\$83,129	\$79,396
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.						

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Public Facilities Corporation

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

Financing Authority

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

Description of Long-Term Lease Arrangements

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

Description of Special Assessment Bonds

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

The County acts in an agent capacity for the assessment districts. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment principal outstanding at June 30, 2016 totals \$79,396 with interest rates from 3.25% to 6.85%.

Accrued Vacation and Sick Leave Pay and Compensatory Time Off

County employees have accumulated unpaid vested benefits for compensatory time off, sick leave and vacation earned of \$27,786 at June 30, 2016. The accumulated benefits will be liquidated in future years as employees elect to use them. In the normal course of business, all payments of these accumulated benefits will be funded from appropriations in the year in which they are to be paid.

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

Legal debt margin

State statutes limit the amount of general obligation debt a governmental entity may issue to 1.25% of its net assessed valuation. The current debt limitation for the County is \$602,155 with a margin of \$593,395.

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, 2016 had an arbitrage liability of \$718,443.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Fiscal Year 2015-16 Debt Issue

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

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.

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

Net Investment in Capital Assets at June 30, 2016 is as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 1,168,573
Business-type activities	237,157
	<hr/>
Total	\$ 1,405,730

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, 2016 is \$19,533 restricted due to enabling legislation.

Restricted net position at June 30, 2016 for governmental activities is as follows (in thousands):

	<u>Amount</u>
RESTRICTED FOR:	
<u>General Government</u>	
Purchase obligations for Board of Supervisors related professional services	\$ 20
Purchase obligations for Auditor-Controller-Treasurer-Tax Collector related professional services	85
Purchase obligations for Assessor related software and professional services	149
Purchase obligations for County Counsel related professional services	162
Purchase obligations for Human Resources related professional services	60
Purchase obligations for building maintenance projects	48
Purchase obligations for Information Technology related professional services and equipment	162
Purchase obligations for capital projects	2
Claims, contracts and other restrictions	<u>2,818</u>
Total General Government	<u>3,506</u>
<u>Public Protection</u>	
Purchase obligations for Waste Management related professional services	55
Purchase obligations for Grand Jury related supplies	1
Purchase obligations for Sheriff-Coroner related professional services and supplies	33

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Purchase obligations for Animal Services professional services and training	9
Purchase obligations for Emergency Services related professional services	1
Purchase obligations for Probation related equipment	4
Purchase obligations for fire protection related software and equipment	1,992
Purchase obligations for Agriculture Commissioner related equipment	3
Purchase obligations for Planning related training, equipment, and professional services	885
Purchase obligations for capital projects	684
Purchase obligations for flood control related engineering and environmental services	1,086
Total Public Protection	<u>4,753</u>
<u>Health and Sanitation</u>	
Purchase obligations for Behavioral Health related supplies	18
Purchase obligations for Public Health related professional services and software	156
Total Health and Sanitation	<u>174</u>
<u>Public Ways and Facilities</u>	
Purchase obligations for Public Works related professional services, supplies, and software	71
Road maintenance and construction	7,667
Public facilities fees restricted for public facilities	11,866
Purchase obligations for capital projects	14
Total Public Ways and Facilities	<u>19,618</u>
<u>Recreation and Culture</u>	
Parks equipment and maintenance services	22
<u>Public Assistance</u>	
Purchase obligation for Veteran Services related supplies and professional services	17
<u>Education</u>	
Claims, contracts and other restrictions	1
<u>Debt Service</u>	
	<u>13,139</u>
Total Restricted Net Position	<u>\$ 41,230</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, 2016 is as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ (170,962)
Business-type activities	<u>93,158</u>
Total	<u>\$ (77,804)</u>

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

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

- *Nonspendable Fund Balance* - includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Fund balances for all the major and nonmajor governmental funds as of June 30, 2016, are distributed as follows:

	General Fund	Capital Projects Fund	Nonmajor Gov'tl Funds	Total
<u>Nonspendable:</u>				
Inventories	\$ 99	\$ -	\$ -	\$ 99
Prepaid Items	667	-	1	668
Advances to other funds	2,688	-	3,775	6,463
Subtotal	<u>3,454</u>	<u>-</u>	<u>3,776</u>	<u>7,230</u>
<u>Restricted for:</u>				
Tax loss reserves	2,872	-	-	2,872
Public facilities	-	-	11,866	11,866
Traffic impact programs	-	-	7,667	7,667
Wildlife and grazing programs	-	-	15	15
Debt service	-	-	1,769	1,769
Subtotal	<u>2,872</u>	<u>-</u>	<u>21,317</u>	<u>24,189</u>
<u>Committed to:</u>				
Maintenance projects	11,555	-	-	11,555
County Counsel projects	567	-	-	567
Assessor projects	376	-	-	376
Information Technology projects	307	-	-	307
Other general government	2,200	-	-	2,200
Planning programs	1,469	-	-	1,469
County fire programs	2,402	-	-	2,402
Other public protection	129	-	-	129
Public health programs	232	-	-	232

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	General Fund	Capital Projects Fund	Nonmajor Gov'tl Funds	Total
Behavioral health programs	93	-	-	93
Veterans' Services programs	189	-	-	189
Public works engineering & consulting services	111	-	-	111
Fish and game programs	-	-	188	188
Flood control programs	-	-	16,197	16,197
Lighting programs	-	-	511	511
Community development programs	-	-	381	381
Medical services programs	-	-	762	762
Emergency medical services	-	-	791	791
Roads	-	-	6,037	6,037
Community service areas	-	-	1,399	1,399
Driving under the influence programs	-	-	515	515
Library	-	-	3,704	3,704
Parks	-	-	3,952	3,952
Wildlife and grazing programs	-	-	5	5
General reserve	9,000	-	-	9,000
Fire equipment	550	-	-	550
Pension Obligation Bonds	24,587	-	-	24,587
Internal financing	2,137	-	-	2,137
Solar plant mitigation	15,276	-	-	15,276
Solar plant law enforcement activities	6,320	-	-	6,320
Automation projects	15,940	-	-	15,940
Building replacement	29,408	-	-	29,408
Organizational development	1,777	-	-	1,777
Tax reduction reserve	43,429	-	-	43,429
Lease financing	565	-	-	565
Capital Projects	-	16,116	-	16,116
Debt service	-	-	11,368	11,368
Subtotal	168,619	16,116	45,810	230,545
<u>Assigned to:</u>				
Tax reduction reserve	9,997	-	-	9,997
General government	14,975	-	-	14,975
Clerk Recorder programs	1,953	-	-	1,953
Sheriff programs	8,260	-	-	8,260
Probation programs	5,373	-	-	5,373
District Attorney programs	2,915	-	-	2,915
Waste Management programs	2,347	-	-	2,347
Emergency Services programs	1,411	-	-	1,411
Other public protection programs	1,103	-	-	1,103
Social Services programs	3,183	-	-	3,183

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	General Fund	Capital Projects Fund	Nonmajor Gov'tl Funds	Total
Foster Care/Adoption programs	4,155	-	-	4,155
Veterans' Services programs	90	-	-	90
Public ways and facilities	6,011	-	-	6,011
Behavioral Health programs	17,217	-	-	17,217
Public Health programs	3,828	-	-	3,828
Subsequent Fiscal Year Budget	39,989	-	-	39,989
Imprest cash	118	-	-	118
Subtotal	<u>122,925</u>	<u>-</u>	<u>-</u>	<u>122,925</u>
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 297,870</u>	<u>\$ 16,116</u>	<u>\$ 70,903</u>	<u>\$ 384,889</u>

12. LAPSING ENCUMBRANCES

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

The following is a summary of lapsing encumbrances at June 30, 2016 to be reappropriated during the next fiscal year (in thousands):

Function	Total Encumbrances
General Government	\$ 3,055
Health & Sanitation	3,672
Public Protection	8,132
Public Assistance	855
Public Ways and Facilities	19,050
Education	5
Recreation	1,185
Total Lapsing Encumbrances	<u>\$ 35,954</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 \$27,885 over the next 19 years. The estimated amounts vary by year. For example, the principal amount due in 2016 is \$953 while \$2,117 is due in 2035. In 1992 the District entered Water Supply Contracts, of like terms, with various sub-contractors which presently provide resources to cover approximately 85% of the capital costs. The contract with the DWR expires in 2035. At the present time, a potential contract extension agreement has not been finalized.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2016.

15. LANDFILL POSTCLOSURE CARE COSTS

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

The remaining estimated liability for landfill postclosure cost as of June 30, 2016, is \$5,620 (in 2016 dollars). Of this \$3,190 is for the Maintenance Cost and \$2,430 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 Update dated March 18, 2016. Both reports are required to be updated every five years. However, the actual cost of postclosure care may be higher (or lower) due to inflation, changes in technology, or changes in landfill laws and regulations. Therefore, the cost estimate will be reviewed and adjusted as needed for changes in these factors.

16. DEFINED BENEFIT PENSION PLAN

Description of the System that Administers the Pension Plan

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

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

Plan Description

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Tier 1		Tier 1 generally includes members hired before January 1, 2011. As of December 31, 2015, there were 1,568 active County employed members in Tier 1.
Tier 2		Tier 2 generally includes members hired on or after January 1, 2011 but before January 1, 2013. Tier 2 only applies to members hired after the date each bargaining unit adopted Tier 2. Members hired in a bargaining unit that did not adopt Tier 2 are considered Tier 1 members. As of December 31, 2015, there were 306 active County employed members in Tier 2.
Tier 3		Tier 3 includes all members hired on or after January 1, 2013. As of December 31, 2015, there were 571 active County employed members in Tier 3.

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

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

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

Summary of Plans and Eligible Participants

The active number of County employees and their respective tiers covered by the benefit terms as of December 31, 2015, is shown in the table below:

Tiers	Summary of Plan	Active members
Miscellaneous Tier 1	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	1,289 members
Miscellaneous Tier 2	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	258 members
Miscellaneous Tier 3	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 52.	514 members
Probation Tier 1	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	87 members
Probation Tier 2	N/A	-
Probation Tier 3	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	23 members
Safety Tier 1	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	192 members
Safety Tier 2	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	48 members
Safety Tier 3	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	34 members

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Benefit Provisions

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

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

For members within Tier 1, final average salary is the average monthly salary based on the highest twelve consecutive months of earnings. For members with Tier 2 or Tier 3 benefits, final average salary is the average monthly salary based on the highest thirty-six consecutive months of earnings.

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

Description of the terms of the plan's deferred retirement option program (DROP) and the total DROP balance for those members currently participating in the DROP

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

Contributions

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

PLAN	EMPLOYER CONTRIBUTION RATES	EMPLOYEE CONTRIBUTION RATES
Miscellaneous Tier 1	15.17-19.87%	11.14-19.53%
Miscellaneous Tier 2	15.17-19.87%	5.37-12.63%
Miscellaneous Tier 3	14.68-19.38%	3.75-11.99%
Probation Tier 1	15.44-16.24%	17.02-25.00%
Probation Tier 2	Not negotiated	Not negotiated
Probation Tier 3	15.62-15.74%	5.78-15.78%
Safety Tier 1	21.24-29.02%	14.35-25.18%
Safety Tier 2	22.35-29.20%	8.58-16.09%
Safety Tier 3	21.74-28.41%	7.38-13.13%

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

<u>Fiscal Year Ended</u>	<u>County contributions (in thousands)</u>
June 30, 2014	\$28,867
June 30, 2015	\$30,174
June 30, 2016	\$31,997

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

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

The entire Plan is 76.7% funded as of January 1, 2015; since this is a multi-employer cost sharing plan, the funded status is the same for all employees across the board. In general, this indicates that for every dollar of benefits due, SLOCPT had approximately 76.7 cents available for payment.

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

Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees. The County's share of the total pension liability as of December 31, 2015, was \$1,562,052. The County's share of the Plan's fiduciary net position was \$1,055,425 as of the same date. As of December 31, 2015, the Plan's fiduciary net position was 67.57% of the total pension liability.

At June 30, 2016, the County reported a liability of \$506,626 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of December 31, 2015.

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of January 1, 2015. The actuarial assumptions used in the January 1, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2009 through December 31, 2013. Measurements as of December 31, 2015, are based on the fair value of assets on that date, and the Total Pension Liability as of the valuation date, January 1, 2015. The actuarial assumptions were rolled forward to the Pension Trust Plan's fiscal year-end of December 31, 2015. There were no significant events between the January 1, 2015 valuation date and the December 31, 2015 measurement date for the Pension Plan's GASB Statement No. 67 valuation.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County's proportion of the net pension liability was based on a projection of the County's long-term share of contributions to the Plan relative to the projected contributions of all the Plan's participants, actuarially determined. At December 31, 2015, the County's proportionate share was 92.92%, compared to 92.65% at December 31, 2014, an increase of 0.27%.

For the year ended June 30, 2016, the County recognized pension expense of \$67,271. Pension expense represents the change in the net pension liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method and plan benefits. At December 31, 2015, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Deferred outflows of resources – change in proportion	\$ 894	\$ -
Deferred outflows of resources – difference between expected and actual experience	7,171	-
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	91,913	-
County contributions subsequent to the measurement date	16,303	-
Deferred inflows of resources- change in actual vs. proportionate contributions	-	-
Deferred inflows of resources – proportionate share of collective investment return	-	-
	<u>\$ 116,281</u>	<u>\$ -</u>

Deferred outflows of resources above represent the unamortized portion of changes to net pension liability and the net difference between projected and actual earnings on pension plan investments along with deferred outflows of resources of \$16,303 for contributions for the fiscal year ending June 30, 2016 made subsequent to the measurement date of December 31, 2015.

The \$16,303 of subsequent contributions will be recognized as reduction of the net pension liability in the fiscal year ending June 30, 2017. The difference between projected and actual investment earnings on pension plan investments is amortized over five years on a straight-line basis beginning in the year in which they occur. One-fifth was recognized in pension expense during the Plan's measurement period, and the remaining difference will be amortized over the remaining four-year period. Changes in assumptions and difference between expected and actual experience are recognized over the average expected remaining service lives of all employees that are provided with pensions through the Plan, determined as of January 1, 2015, and is 4.758 years. The difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended December 31, 2015 is also recognized over 4.758 years.

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

Year Ending June 30	Net Deferred Outflows of Resources (in thousands)
2017	\$ 26,529
2018	26,529
2019	26,529
2020	20,391
2021	-
Thereafter	-
Total	<u>\$ 99,978</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Actuarial Assumptions

The total pension liability in the January 1, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75%
Amortization growth rate	Level percentage of payroll
Salary increases	3.25% plus service-related merit component
COLA increases	3.00% for Tier 1 and 2.00% for Tier 2 and Tier 3
Investment rate of return	7.25%, net of administrative expense
Post-Retirement Mortality	Gender distinct RP-2000 with generational mortality improvements using scale AA, a 105% multiplier and white collar adjustment

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2009 – December 31, 2013.

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	35%	1.69%
Domestic Equities	23%	3.78%
International Equities	22%	7.96%
Alternative Investments	10%	4.10%
Real Estate	10%	2.70%

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that Plan member contributions will be made at the current contribution rate and that Employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the net pension liability of all plan employers collectively - the County's proportionate share is not broken out - calculated using the discount rate of 7.25%, as well as what all employers' cumulative net pension liability would be if it were calculated using a discount rate that is one percentage-point lower, 6.25%, or one percentage-point higher, 8.25%, than the current rate:

	1% Decrease (in thousands) 6.25%	Discount Rate (in thousands) 7.25%	1% Increase (in thousands) 8.25%
All Employers' net pension liability (includes contract agencies)	\$768,956	\$506,626	\$336,349

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Pension Plan Fiduciary Net Position

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

17. POST-EMPLOYMENT HEALTHCARE BENEFITS

Plan Description and Benefits

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

In April 2010, the County established an irrevocable trust with the California Employer's Retiree Benefit Trust (CERBT) to prefund the future cost of retiree health insurance benefits. The CERBT's administrator, CalPERS, issues a publicly available financial report consisting of financial statements and required supplementary information for the CERBT in aggregate. The report may be obtained by writing to CalPERS, Lincoln Plaza North, 400 Q Street, Sacramento, CA 95811. CalPERS does not provide a separate, audited GAAP-basis postemployment benefit plan report for the County's discrete information.

Funding Policy

The CalPERS contract requires that the County contribute certain minimum amounts for each retiree's health insurance. If the County selected another provider for health insurance coverage these minimum amounts might not apply. However, the County has been using CalPERS for medical coverage since 1990, and currently has not expressed intent to change providers. The amounts the County actually contributes depend on bargaining unit and for calendar year 2015 ranged from \$122 to \$139 per month. The subsidy is adjusted annually to reflect changes in the medical component of the Consumer Price Index.

Annual OPEB Cost and Net OPEB Asset

The County's annual Other Post-Employment Benefits (OPEB) cost is equal to the (a) annual required contribution (ARC) less (b) one year's interest on the beginning balance of the net OPEB asset plus/minus (c) any adjustment to the ARC. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost of each year and any unfunded actuarial liabilities (or funding excess) amortized over a thirty-year open period. The ARC of \$2,429 for the fiscal year ended June 30, 2016 includes the normal cost for current active employees of \$1,129 and a component for amortization of the total unfunded actuarial accrued liability (UAAL) of \$1,300. The following table shows the components of the Net OPEB Asset as of June 30, 2016:

Annual required contribution (ARC)	\$2,429
Interest on prior year net OPEB asset	(173)
Adjustment to ARC	443
Annual OPEB Cost	<u>2,699</u>
Contributions made	<u>1,433</u>
Increase (decrease) in net OPEB obligation	1,266
Net OPEB obligation (asset) – beginning of year	<u>(2,383)</u>
Net OPEB obligation (asset) – end of year	<u>(\$1,117)</u>

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 2016 and the two preceding years are as follows:

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Fiscal Year Ended	Annual OPEB Cost	Contributions	Percent of OPEB Cost Contributed	Net OPEB Obligation (Asset)
2014	\$1,479	\$1,819	123%	(\$2,314)
2015	\$1,519	\$1,588	105%	(\$2,383)
2016	\$2,699	\$1,433	53%	(\$1,117)

Funded Status and Funding Progress

The funded status of the OPEB plan as of June 30, 2016, (based on the County's June 30, 2015 actuarial valuation) is as follows:

Actuarially accrued liability	\$38,286
Actuarial value of plan assets	<u>(14,110)</u>
Unfunded actuarially accrued liability	<u>\$24,176</u>
Funded ratio (actuarial value of plan assets/AAL)	36.86%
Covered payroll (active plan members)	\$161,272
UAAL as a percentage of covered payroll	14.99%

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, 2015, actuarial valuation, the Entry Age Normal, Level Percent of Pay actuarial cost method was used. The actuarial assumptions included a 7.28% investment rate of return, an inflation rate of 3.75% per year, and assumed future medical inflation of 3.5% per year. The OPEB plan's unfunded actuarial liability is being amortized by level percent of payroll contributions over an open amortization period of 30 years.

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

18. PRIOR PERIOD ADJUSTMENT

The County increased the Airport Fund's beginning net position by \$750 to include value of a commercial aircraft maintenance facility conveyed to the County when the owner, American Eagle Airlines, closed the facility in 2009.

19. SUBSEQUENT EVENTS

Current provisions of the County's Retirement Plan permit the County to prepay its obligation to the Pension Trust on an annual basis. On July 12, 2016, the County made an advance payment of \$46.3 million representing the County's FY 2016-17 employer retirement and employer paid portion of employee normal retirement contributions to the Pension Trust. The prepayment resulted in a savings of \$1.4 million to the County.

REQUIRED SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of the County's Proportionate Share of the San Luis Obispo County Pension Plan's Net Pension Liability
- Schedule of the County's Contributions to the San Luis Obispo County Pension Plan
- Other Post Employment Benefits (OPEB) Plan Schedule of Funding Progress
- Budgetary Comparison Schedule – General Fund
- Note to required supplementary information

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

Fiscal Year Ending June 30th	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered- employee payroll	County's proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	Plan fiduciary net pension as a percentage of the total pension liability
2013	92.64%	\$ 354,823	\$ 161,446	219.78%	74.78%
2014	92.65%	\$ 391,423	\$ 168,662	232.08%	73.53%
2015	92.92%	\$ 506,626	\$ 175,547	288.60%	67.57%

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

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

Fiscal year ending June 30 th	Actuarially required contributions	Actual contributions	Contribution deficiency (excess)	County's covered- employee payroll	County's actual contributions as a percentage of covered- employee payroll
2014	\$ 30,687	\$ 29,691	\$ 996	\$ 168,662	17.60%
2015	\$ 32,839	\$ 31,239	\$ 1,600	\$ 175,547	17.80%

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

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

**COUNTY OF SAN LUIS OBISPO
REQUIRED SUPPLEMENTARY INFORMATION
OTHER POST EMPLOYMENT BENEFITS (OPEB) PLAN SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2016
(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)	Covered Payroll (c)	Unfunded AAL (Funding Excess) as a Percentage of Covered Payroll ((b-a)/c)
2011	\$ 8,775	\$ 21,185	\$ 12,410	41.42%	\$ 152,893	8.12%
2013	11,105	22,808	11,702	48.69%	154,555	7.57%
2015	14,110	38,286	24,176	36.85%	161,272	14.99%

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

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

**COUNTY OF SAN LUIS OBISPO
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 161,074	\$ 161,074	\$ 173,794	\$ 12,720
Licenses, permits, and franchises	9,602	9,603	10,539	936
Fines, forfeits, and penalties	3,845	4,362	3,577	(785)
Use of money and property	1,770	1,770	3,259	1,489
Aid from other governmental agencies	216,113	228,181	216,623	(11,558)
Charges for current services	32,106	34,353	32,258	(2,095)
Other revenue	3,513	7,928	8,930	1,002
Total Revenues	428,023	447,271	448,980	1,709
Expenditures:				
Current:				
General government	54,245	64,302	47,414	16,888
Public protection	159,529	166,004	150,386	15,618
Public ways and facilities	2,557	7,390	2,120	5,270
Health and sanitation	81,731	89,088	76,895	12,193
Public assistance	112,167	115,691	108,958	6,733
Education	533	535	474	61
Contingencies	21,678	20,757	-	20,757
Total Expenditures	432,440	463,767	386,247	77,520
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,417)	(16,496)	62,733	79,229
Other Financing Sources (Uses):				
Transfers in	1,493	3,953	88	(3,865)
Transfers out	(33,068)	(35,991)	(29,577)	6,414
Total Other Financing Sources (Uses)	(31,575)	(32,038)	(29,489)	2,549
Net Change in Fund Balances	(35,992)	(48,534)	33,244	81,778
Fund Balances, Beginning	271,286	271,286	271,286	-
Fund Balances, Ending	\$ 235,294	\$ 222,752	\$ 304,530	\$ 81,778

**COUNTY OF SAN LUIS OBISPO
REQUIRED SUPPLEMENTARY INFORMATION
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

Explanation of Differences between Budgetary Inflows and Outflows and Accounting Principles Generally Accepted in the United States of America Revenues and Expenditures

Sources/Inflows of Resources:

Actual amounts (budgetary basis) "Total Revenues" from the budgetary comparison schedule	\$ 448,980
Revenues for funds not meeting the especial revenue fund definition which are presented with the General Fund for financial reporting purposes	<u>1,159</u>
Total revenues as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 450,139</u></u>

Uses/Outflows of Resources:

Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	\$ 386,247
Expenditures for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	<u>7,047</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ 393,294</u></u>

Other Financing Sources (Uses) of Resources

Actual amounts (budgetary basis) "Total Other Financing Sources (Uses)" from the budgetary comparison schedule	\$ (29,489)
Other financing sources (uses) for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	<u>(772)</u>
Total Other Financing Sources (uses) as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u><u>\$ (30,261)</u></u>

**COUNTY OF SAN LUIS OBISPO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2016**

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, 2016 the Board of Supervisors approved all necessary supplemental appropriations. Generally, the effects of the supplemental appropriations are to increase the budget for cost of living adjustments and new programs and grants financed by other governmental agencies.

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

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

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

B. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATION

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



OTHER SUPPLEMENTARY INFORMATION



**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**



NONMAJOR GOVERNMENTAL FUNDS

DEBT SERVICE FUNDS:

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

San Luis Obispo County Public Facilities Corporation (PFC)

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

Pension Obligation Bonds

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

San Luis Obispo County Public Financing Authority (PFA)

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

SPECIAL REVENUE FUNDS:

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

Community Development Program

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

County Medical Services Program (CMSP)

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

Emergency Medical Services

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

Driving Under the Influence Programs

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

Fish and Game

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

Road Impact Fees

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

Library

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

Parks

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

Public Facilities Fees

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

Roads

Accounts for resources used to maintain the County road system.

Wildlife and Grazing

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

SPECIAL REVENUE SPECIAL DISTRICT FUNDS:

Flood Control Districts

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

Lighting Districts

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

County Service Areas

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

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2016 (In Thousands)**

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
<u>Assets</u>			
Cash and cash equivalents	\$ 11,368	\$ 60,534	\$ 71,902
Restricted cash with fiscal agent	1,769	-	1,769
Accounts receivable	-	353	353
Due from other governments	-	4,858	4,858
Advances to other funds	-	3,775	3,775
Prepaid items	-	1	1
Other assets	7,576	40	7,616
	<u>20,713</u>	<u>69,561</u>	<u>90,274</u>
Total assets	<u>\$ 20,713</u>	<u>\$ 69,561</u>	<u>\$ 90,274</u>
<u>Liabilities</u>			
Salaries and benefits payable	\$ -	\$ 410	\$ 410
Accounts payable	-	7,582	7,582
Deposits from others	-	1,140	1,140
Unearned revenue	-	406	406
Other current liabilities	7,576	-	7,576
Advances from other funds	-	1,197	1,197
	<u>7,576</u>	<u>10,735</u>	<u>18,311</u>
Total liabilities	<u>7,576</u>	<u>10,735</u>	<u>18,311</u>
<u>Deferred Inflows of Resources</u>			
Unavailable revenue	-	1,060	1,060
	<u>-</u>	<u>1,060</u>	<u>1,060</u>
<u>Fund Balance</u>			
Nonspendable	-	3,776	3,776
Restricted	1,769	19,548	21,317
Committed	11,368	34,442	45,810
Assigned	-	-	-
Unassigned	-	-	-
	<u>13,137</u>	<u>57,766</u>	<u>70,903</u>
Total fund balances	<u>13,137</u>	<u>57,766</u>	<u>70,903</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,713</u>	<u>\$ 69,561</u>	<u>\$ 90,274</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, 2016 (In Thousands)**

	Debt Service Funds	Special Revenue Funds	Total Nonmajor Governmental Funds
<u>Revenues</u>			
Taxes	\$ -	\$ 11,970	\$ 11,970
Fines, forfeitures, and penalties	-	824	824
Use of money and property	63	563	626
Aid from other governments	-	24,590	24,590
Charges for current services	1,813	11,391	13,204
Other revenues	585	1,582	2,167
	<u>2,461</u>	<u>50,920</u>	<u>53,381</u>
<u>Expenditures</u>			
Current:			
Public protection	-	5,710	5,710
Public ways and facilities	-	38,924	38,924
Health and sanitation	-	4,696	4,696
Public assistance	-	2,269	2,269
Education	-	10,060	10,060
Recreation and cultural services	-	9,888	9,888
Debt service:			
Principal payments	6,788	-	6,788
Interest and fiscal charges	4,687	-	4,687
	<u>11,475</u>	<u>71,547</u>	<u>83,022</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9,014)</u>	<u>(20,627)</u>	<u>(29,641)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers in	10,083	18,366	28,449
Transfers out	-	(4,442)	(4,442)
	<u>10,083</u>	<u>13,924</u>	<u>24,007</u>
Net change in fund balances	1,069	(6,703)	(5,634)
Fund balances - beginning	<u>12,068</u>	<u>64,469</u>	<u>76,537</u>
Fund balances - ending	<u>\$ 13,137</u>	<u>\$ 57,766</u>	<u>\$ 70,903</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICES FUNDS
JUNE 30, 2016 (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	\$ 905	\$ 10,449	\$ 14	\$ 11,368
Restricted cash with fiscal agent	452	-	1,317	1,769
Other assets	305	6,460	811	7,576
	<u>305</u>	<u>6,460</u>	<u>811</u>	<u>7,576</u>
Total assets	<u>\$ 1,662</u>	<u>\$ 16,909</u>	<u>\$ 2,142</u>	<u>\$ 20,713</u>
<u>Liabilities and Fund Balance</u>				
Liabilities				
Other current liabilities	\$ 306	\$ 6,460	\$ 810	\$ 7,576
	<u>306</u>	<u>6,460</u>	<u>810</u>	<u>7,576</u>
Total liabilities	<u>306</u>	<u>6,460</u>	<u>810</u>	<u>7,576</u>
Fund Balances				
Restricted	452	-	1,317	1,769
Committed	904	10,449	15	11,368
	<u>904</u>	<u>10,449</u>	<u>15</u>	<u>11,368</u>
Total fund balances	<u>1,356</u>	<u>10,449</u>	<u>1,332</u>	<u>13,137</u>
Total liabilities and fund balances	<u>\$ 1,662</u>	<u>\$ 16,909</u>	<u>\$ 2,142</u>	<u>\$ 20,713</u>

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 NONMAJOR DEBT SERVICES FUNDS
 FOR THE YEAR ENDED JUNE 30, 2016 (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	\$ 2	\$ 58	\$ 3	\$ 63
Charges for current services	759	-	1,054	1,813
Other revenues	-	585	-	585
	<u>761</u>	<u>643</u>	<u>1,057</u>	<u>2,461</u>
<u>Expenditures</u>				
Debt service:				
Principal payments	295	5,715	778	6,788
Interest and fiscal charges	464	3,947	276	4,687
	<u>759</u>	<u>9,662</u>	<u>1,054</u>	<u>11,475</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2</u>	<u>(9,019)</u>	<u>3</u>	<u>(9,014)</u>
<u>Other financing sources (uses)</u>				
Transfers in	-	10,083	-	10,083
Transfers out	-	-	-	-
	<u>-</u>	<u>10,083</u>	<u>-</u>	<u>10,083</u>
Net change in fund balances	2	1,064	3	1,069
Fund balances - beginning	<u>1,354</u>	<u>9,385</u>	<u>1,329</u>	<u>12,068</u>
Fund balances - ending	<u>\$ 1,356</u>	<u>\$ 10,449</u>	<u>\$ 1,332</u>	<u>\$ 13,137</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016 (In Thousands)**

	Community Development	CMSP	Emergency Medical Services	Driving Under the Influence Programs
<u>Assets</u>				
Cash and cash equivalents	\$ 699	\$ 745	\$ 356	\$ 550
Accounts receivable	-	-	-	-
Due from other governments	-	54	435	-
Advances to other funds	-	-	-	-
Prepaid items	-	-	-	1
Other assets	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 699</u>	<u>\$ 799</u>	<u>\$ 791</u>	<u>\$ 551</u>
<u>Liabilities</u>				
Salaries and benefits payable	\$ -	\$ 14	\$ -	\$ 31
Accounts payable	147	6	-	4
Deposits from others	171	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>318</u>	<u>20</u>	<u>-</u>	<u>35</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	-	17	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<u>Fund Balances</u>				
Nonspendable	-	-	-	1
Restricted	-	-	-	-
Committed	381	762	791	515
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>381</u>	<u>762</u>	<u>791</u>	<u>516</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 699</u>	<u>\$ 799</u>	<u>\$ 791</u>	<u>\$ 551</u>

Continued

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016 (In Thousands)**

	Fish and Game	Road Impact Fees	Library	Parks	Public Facilities Fees
<u>Assets</u>					
Cash and cash equivalents	\$ 192	\$ 8,326	\$ 3,939	\$ 4,798	\$ 11,893
Accounts receivable	-	-	-	-	-
Due from other governments	-	-	-	-	-
Advances to other funds	-	-	-	-	-
Prepaid items	-	-	-	-	-
Other assets	-	-	-	-	-
Total assets	\$ 192	\$ 8,326	\$ 3,939	\$ 4,798	\$ 11,893
<u>Liabilities</u>					
Salaries and benefits payable	\$ -	\$ -	\$ 188	\$ 177	\$ -
Accounts payable	4	-	47	178	-
Deposits from others	-	-	-	146	27
Unearned revenue	-	-	-	-	-
Advances from other funds	-	659	-	345	-
Total liabilities	4	659	235	846	27
<u>Deferred Inflows of Resources</u>					
Unavailable revenue	-	-	-	-	-
<u>Fund Balances</u>					
Nonspendable	-	-	-	-	-
Restricted	-	7,667	-	-	11,866
Committed	188	-	3,704	3,952	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	188	7,667	3,704	3,952	11,866
Total liabilities, deferred inflows of resources, and fund balances	\$ 192	\$ 8,326	\$ 3,939	\$ 4,798	\$ 11,893

Continued

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2016 (In Thousands)**

	Roads	Wildlife Grazing	Special Districts	Total Nonmajor Special Revenue Funds
<u>Assets</u>				
Cash and cash equivalents	\$ 12,211	\$ 20	\$ 16,805	\$ 60,534
Accounts receivable	-	-	353	353
Due from other governments	2,144	-	2,225	4,858
Advances to other funds	659	-	3,116	3,775
Prepaid items	-	-	-	1
Other assets	40	-	-	40
	<u>\$ 15,054</u>	<u>\$ 20</u>	<u>\$ 22,499</u>	<u>\$ 69,561</u>
<u>Liabilities</u>				
Salaries and benefits payable	\$ -	\$ -	\$ -	\$ 410
Accounts payable	6,446	-	750	7,582
Deposits from others	796	-	-	1,140
Unearned revenue	101	-	305	406
Advances from other funds	-	-	193	1,197
	<u>7,343</u>	<u>-</u>	<u>1,248</u>	<u>10,735</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	1,015	-	28	1,060
<u>Fund Balances</u>				
Nonspendable	659	-	3,116	3,776
Restricted	-	15	-	19,548
Committed	6,037	5	18,107	34,442
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<u>6,696</u>	<u>20</u>	<u>21,223</u>	<u>57,766</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 15,054</u>	<u>\$ 20</u>	<u>\$ 22,499</u>	<u>\$ 69,561</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, 2016 (In Thousands)**

	Community Development	CMSP	Emergency Medical Services	Driving Under the Influence Programs
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Fines, forfeitures, and penalties	-	-	801	-
Use of money and property	4	5	2	4
Aid from other governments	3,745	156	-	-
Charges for current services	-	181	-	1,314
Other revenues	133	674	-	-
	<u>3,882</u>	<u>1,016</u>	<u>803</u>	<u>1,318</u>
Total revenues				
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	-
Public ways and facilities	-	-	-	-
Health and sanitation	4,696	-	-	-
Public assistance	-	1,414	855	-
Education	-	-	-	1,286
Recreation and cultural services	-	-	-	-
	<u>4,696</u>	<u>1,414</u>	<u>855</u>	<u>1,286</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(814)</u>	<u>(398)</u>	<u>(52)</u>	<u>32</u>
<u>Other financing sources (uses)</u>				
Transfers in	591	318	-	-
Transfers out	-	(17)	-	(35)
	<u>591</u>	<u>301</u>	<u>-</u>	<u>(35)</u>
Total other financing sources (uses)				
Net change in fund balances	(223)	(97)	(52)	(3)
Fund balances - beginning	604	859	843	519
Fund balances - ending	<u>\$ 381</u>	<u>\$ 762</u>	<u>\$ 791</u>	<u>\$ 516</u>

Continued

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	Fish and Game	Road Impact Fees	Library	Parks	Public Facilities Fees
<u>Revenues</u>					
Taxes	\$ -	\$ -	\$ 8,085	\$ -	\$ -
Fines, forfeitures, and penalties	23	-	-	-	-
Use of money and property	-	63	25	138	88
Aid from other governments	-	-	113	319	-
Charges for current services	-	1,527	173	5,024	1,876
Other revenues	-	-	492	53	-
	<u>23</u>	<u>1,590</u>	<u>8,888</u>	<u>5,534</u>	<u>1,964</u>
<u>Expenditures</u>					
Current:					
Public protection	32	-	-	-	-
Public ways and facilities	-	-	-	-	-
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Education	-	-	8,774	-	-
Recreation and cultural services	-	-	-	9,888	-
	<u>32</u>	<u>-</u>	<u>8,774</u>	<u>9,888</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(9)</u>	<u>1,590</u>	<u>114</u>	<u>(4,354)</u>	<u>1,964</u>
<u>Other financing sources (uses)</u>					
Transfers in	-	-	1,175	3,617	-
Transfers out	-	(1,159)	(212)	(202)	(1,144)
	<u>-</u>	<u>(1,159)</u>	<u>963</u>	<u>3,415</u>	<u>(1,144)</u>
Net change in fund balances	(9)	431	1,077	(939)	820
Fund balances - beginning	<u>197</u>	<u>7,236</u>	<u>2,627</u>	<u>4,891</u>	<u>11,046</u>
Fund balances - ending	<u>\$ 188</u>	<u>\$ 7,667</u>	<u>\$ 3,704</u>	<u>\$ 3,952</u>	<u>\$ 11,866</u>

Continued

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	Roads	Wildlife and Grazing	Special Districts	Total Nonmajor Special Revenue Funds
<u>Revenues</u>				
Taxes	\$ 1,672	\$ -	\$ 2,213	\$ 11,970
Fines, forfeitures, and penalties	-	-	-	824
Use of money and property	91	-	143	563
Aid from other governments	16,861	2	3,394	24,590
Charges for current services	712	-	584	11,391
Other revenues	163	-	67	1,582
	<u>19,499</u>	<u>2</u>	<u>6,401</u>	<u>50,920</u>
<u>Expenditures</u>				
Current:				
Public protection	-	2	5,676	5,710
Public ways and facilities	38,748	-	176	38,924
Health and sanitation	-	-	-	4,696
Public assistance	-	-	-	2,269
Education	-	-	-	10,060
Recreation and cultural services	-	-	-	9,888
	<u>38,748</u>	<u>2</u>	<u>5,852</u>	<u>71,547</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(19,249)</u>	<u>-</u>	<u>549</u>	<u>(20,627)</u>
<u>Other financing sources (uses)</u>				
Transfers in	11,852	-	813	18,366
Transfers out	(4)	-	(1,669)	(4,442)
	<u>11,848</u>	<u>-</u>	<u>(856)</u>	<u>13,924</u>
Net change in fund balances	(7,401)	-	(307)	(6,703)
Fund balances - beginning	<u>14,097</u>	<u>20</u>	<u>21,530</u>	<u>64,469</u>
Fund balances - ending	<u>\$ 6,696</u>	<u>\$ 20</u>	<u>\$ 21,223</u>	<u>\$ 57,766</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS – SPECIAL DISTRICTS
JUNE 30, 2016 (In Thousands)**

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>Assets</u>				
Cash and cash equivalents	\$ 14,702	\$ 511	\$ 1,592	\$ 16,805
Accounts receivable	353	-	-	353
Due from other governments	2,225	-	-	2,225
Advances to other funds	2,842	-	274	3,116
	<u>2,842</u>	<u>-</u>	<u>274</u>	<u>3,116</u>
Total assets	<u>\$ 20,122</u>	<u>\$ 511</u>	<u>\$ 1,866</u>	<u>\$ 22,499</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable	\$ 750	\$ -	\$ -	\$ 750
Unearned revenue	305	-	-	305
Advances from other funds	-	-	193	193
	<u>-</u>	<u>-</u>	<u>193</u>	<u>193</u>
Total liabilities	<u>1,055</u>	<u>-</u>	<u>193</u>	<u>1,248</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	28	-	-	28
	<u>28</u>	<u>-</u>	<u>-</u>	<u>28</u>
Total deferred inflows of resources	<u>28</u>	<u>-</u>	<u>-</u>	<u>28</u>
<u>Fund Balances</u>				
Nonspendable	2,842	-	274	3,116
Committed	16,197	511	1,399	18,107
	<u>16,197</u>	<u>511</u>	<u>1,399</u>	<u>18,107</u>
Total fund balances	<u>19,039</u>	<u>511</u>	<u>1,673</u>	<u>21,223</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 20,122</u>	<u>\$ 511</u>	<u>\$ 1,866</u>	<u>\$ 22,499</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, 2016 (In Thousands)**

	Flood Control Districts	Lighting Districts	County Service Areas	Total
<u>Revenues</u>				
Taxes	\$ 1,849	\$ 34	\$ 330	\$ 2,213
Use of money and property	127	4	12	143
Aid from other governmental agencies	3,392	-	2	3,394
Charges for current services	570	10	4	584
Other revenue	67	-	-	67
	<u>6,005</u>	<u>48</u>	<u>348</u>	<u>6,401</u>
<u>Expenditures</u>				
Current:				
Public protection	5,642	34	-	5,676
Public ways and facilities	-	-	176	176
	<u>5,642</u>	<u>34</u>	<u>176</u>	<u>5,852</u>
	<u>363</u>	<u>14</u>	<u>172</u>	<u>549</u>
<u>Other financing sources (uses)</u>				
Transfers in	792	-	21	813
Transfers out	(1,489)	-	(180)	(1,669)
	<u>(697)</u>	<u>-</u>	<u>(159)</u>	<u>(856)</u>
Net change in fund balances	(334)	14	13	(307)
Fund balances - beginning	19,373	497	1,660	21,530
Fund balances - ending	<u>\$ 19,039</u>	<u>\$ 511</u>	<u>\$ 1,673</u>	<u>\$ 21,223</u>

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



**COUNTY OF SAN LUIS OBISPO
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Fines, forfeits, and penalties	\$ -	\$ 65	\$ 526	\$ 461
Use of money and property	-	-	156	156
Aid from other governmental agencies	-	27,510	15,278	(12,232)
Charges for services	-	2,531	834	(1,697)
Other Revenues	-	249	403	154
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	-	30,355	17,197	(13,158)
<u>Expenditures</u>				
Capital outlay	1,719	56,249	30,465	25,784
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	1,719	56,249	30,465	25,784
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over (under) expenditures	(1,719)	(25,894)	(13,268)	12,626
<u>Other financing sources (uses)</u>				
Transfers in	4,321	15,399	6,416	(8,983)
Transfers out	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	4,321	15,399	6,416	(8,983)
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	2,602	(10,495)	(6,852)	3,643
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - beginning	22,968	22,968	22,968	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances - ending	\$ 25,570	\$ 12,473	\$ 16,116	\$ 3,643
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**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, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ -	\$ -	\$ 2	\$ 2
Charges for current services	-	-	759	759
Total revenues	-	-	761	761
<u>Expenditures</u>				
Debt service:				
Principal payments	-	-	295	(295)
Interest and fiscal charges	-	-	464	(464)
Total expenditures	-	-	759	(759)
Excess (deficiency) of revenues over (under) expenditures	-	-	2	2
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	2	2
Fund balances - beginning	1,354	1,354	1,354	-
Fund balances - ending	\$ 1,354	\$ 1,354	\$ 1,356	\$ 2

**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, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ 9	\$ 9	\$ 58	\$ 49
Other revenues	10,028	10,028	585	(9,443)
Total revenues	<u>10,037</u>	<u>10,037</u>	<u>643</u>	<u>(9,394)</u>
<u>Expenditures</u>				
Debt service:				
Principal payments	5,715	5,715	5,715	-
Interest and fiscal charges	3,947	3,947	3,947	-
Total expenditures	<u>9,662</u>	<u>9,662</u>	<u>9,662</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>375</u>	<u>375</u>	<u>(9,019)</u>	<u>(9,394)</u>
<u>Other financing sources (uses)</u>				
Transfers in	-	-	10,083	10,083
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>10,083</u>	<u>10,083</u>
Net change in fund balances	375	375	1,064	689
Fund balances - beginning	<u>9,385</u>	<u>9,385</u>	<u>9,385</u>	<u>-</u>
Fund balances - ending	<u>\$ 9,760</u>	<u>\$ 9,760</u>	<u>\$ 10,449</u>	<u>\$ 689</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, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ -	\$ -	\$ 3	\$ 3
Charges for services	-	-	1,054	1,054
Total revenues	-	-	1,057	1,057
<u>Expenditures</u>				
Debt service:				
Principal payments			778	(778)
Interest and fiscal charges	-	-	276	(276)
Total expenditures	-	-	1,054	(1,054)
Excess (deficiency) of revenues over (under) expenditures	-	-	3	3
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	3	3
Fund balances - beginning	1,329	1,329	1,329	-
Fund balances - ending	\$ 1,329	\$ 1,329	\$ 1,332	\$ 3

**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, 2016 (In Thousands)**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Use of money and property	\$ -	\$ -	\$ 4	\$ 4
Aid from other governmental agencies	3,504	7,536	3,745	(3,791)
Other revenues	-	-	133	133
	<u>3,504</u>	<u>7,536</u>	<u>3,882</u>	<u>(3,654)</u>
<u>Expenditures</u>				
Current:				
Health and sanitation				
Services and supplies	781	1,032	784	248
Other charges	3,315	7,595	3,912	3,683
Contingencies	40	40	-	40
	<u>4,136</u>	<u>8,667</u>	<u>4,696</u>	<u>3,971</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(632)</u>	<u>(1,131)</u>	<u>(814)</u>	<u>317</u>
<u>Other financing sources (uses)</u>				
Transfers in	591	1,091	591	(500)
Transfers out	-	-	-	-
	<u>591</u>	<u>1,091</u>	<u>591</u>	<u>(500)</u>
Net change in fund balances	(41)	(40)	(223)	(183)
Fund balances - beginning	604	604	604	-
Fund balances - ending	<u>\$ 563</u>	<u>\$ 564</u>	<u>\$ 381</u>	<u>\$ (183)</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, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ 1	\$ 1	\$ 5	\$ 4
Aid from other governmental agencies	66	154	156	2
Charges for current services	232	232	181	(51)
Other revenues	686	686	674	(12)
	<u>985</u>	<u>1,073</u>	<u>1,016</u>	<u>(57)</u>
Total revenues				
<u>Expenditures</u>				
Current:				
Public assistance				
Salaries, wages, and benefits	538	538	419	119
Services and supplies	955	1,976	995	981
	<u>1,493</u>	<u>2,514</u>	<u>1,414</u>	<u>1,100</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(508)</u>	<u>(1,441)</u>	<u>(398)</u>	<u>1,043</u>
<u>Other financing sources (uses)</u>				
Transfers in	508	508	318	(190)
Transfers out	-	-	(17)	(17)
	<u>508</u>	<u>508</u>	<u>301</u>	<u>(207)</u>
Total other financing sources (uses)				
Net change in fund balances	-	(933)	(97)	836
Fund balances - beginning	<u>859</u>	<u>859</u>	<u>859</u>	<u>-</u>
Fund balances - ending	<u>\$ 859</u>	<u>\$ (74)</u>	<u>\$ 762</u>	<u>\$ 836</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, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Fines, forfeits, and penalties	\$ 846	\$ 846	\$ 801	\$ (45)
Use of money and property	1	1	2	1
	<u>847</u>	<u>847</u>	<u>803</u>	<u>(44)</u>
<u>Expenditures</u>				
Current:				
Public assistance				
Services and supplies	869	1,250	855	395
	<u>869</u>	<u>1,250</u>	<u>855</u>	<u>395</u>
Net change in fund balances	(22)	(403)	(52)	351
Fund balances - beginning	<u>843</u>	<u>843</u>	<u>843</u>	<u>-</u>
Fund balances - ending	<u>\$ 821</u>	<u>\$ 440</u>	<u>\$ 791</u>	<u>\$ 351</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, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ 1	\$ 1	\$ 4	\$ 3
Charges for current services	1,340	1,340	1,314	(26)
Total revenues	<u>1,341</u>	<u>1,341</u>	<u>1,318</u>	<u>(23)</u>
<u>Expenditures</u>				
Current:				
Education				
Salaries, wages, and benefits	968	968	930	38
Service and supplies	378	379	356	23
Contingencies	25	25	-	25
Total expenditures	<u>1,371</u>	<u>1,372</u>	<u>1,286</u>	<u>86</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(30)</u>	<u>(31)</u>	<u>32</u>	<u>63</u>
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	(35)	(35)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(35)</u>	<u>(35)</u>
Net change in fund balances	(30)	(31)	(3)	28
Fund balances - beginning	<u>519</u>	<u>519</u>	<u>519</u>	<u>-</u>
Fund balances - ending	<u>\$ 489</u>	<u>\$ 488</u>	<u>\$ 516</u>	<u>\$ 28</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, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Fines, forfeits, and penalties	\$ 20	\$ 20	\$ 23	\$ 3
Total revenues	20	20	23	3
<u>Expenditures</u>				
Current:				
Public protection				
Services and supplies	46	46	32	14
Total expenditures	46	46	32	14
Excess (deficiency) of revenues over (under) expenditures	(26)	(26)	(9)	17
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(26)	(26)	(9)	17
Fund balances - beginning	197	197	197	-
Fund balances - ending	\$ 171	\$ 171	\$ 188	\$ 17

**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, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ -	\$ -	\$ 63	\$ 63
Charges for current services	-	(140)	1,527	1,667
Total revenues	-	(140)	1,590	1,730
Excess (deficiency) of revenues over (under) expenditures	-	(140)	1,590	1,730
<u>Other financing sources (uses)</u>				
Transfers in	-	140	-	(140)
Transfers out	(1,079)	(3,729)	(1,159)	2,570
Total other financing sources (uses)	(1,079)	(3,589)	(1,159)	2,430
Net change in fund balances	(1,079)	(3,729)	431	4,160
Fund balances - beginning	7,236	7,236	7,236	-
Fund balances - ending	\$ 6,157	\$ 3,507	\$ 7,667	\$ 4,160

**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, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 7,803	\$ 7,803	\$ 8,085	\$ 282
Use of money and property	5	5	25	20
Aid from other governmental agencies	98	112	113	1
Charges for current services	238	238	173	(65)
Other revenues	16	175	492	317
	<u>8,160</u>	<u>8,333</u>	<u>8,888</u>	<u>555</u>
<u>Expenditures</u>				
Current:				
Education				
Salaries, wages, and benefits	6,046	6,005	5,502	503
Services and supplies	3,114	3,505	3,218	287
Other charges	5	46	44	2
Capital Outlay	-	10	10	-
Contingencies	471	471	-	471
	<u>9,636</u>	<u>10,037</u>	<u>8,774</u>	<u>1,263</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,476)</u>	<u>(1,704)</u>	<u>114</u>	<u>1,818</u>
<u>Other financing sources (uses)</u>				
Transfers in	634	1,175	1,175	-
Transfers out	-	(853)	(212)	641
	<u>634</u>	<u>322</u>	<u>963</u>	<u>641</u>
Net change in fund balances	(842)	(1,382)	1,077	2,459
Fund balances - beginning	<u>2,627</u>	<u>2,627</u>	<u>2,627</u>	<u>-</u>
Fund balances - ending	<u>\$ 1,785</u>	<u>\$ 1,245</u>	<u>\$ 3,704</u>	<u>\$ 2,459</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, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Fines, forfeitures, and penalties	\$ 98	\$ 176	\$ -	\$ (176)
Use of money and property	120	120	138	18
Aid from other governmental agencies	3	3	319	316
Charges for current services	4,809	5,235	5,024	(211)
Other revenues	76	85	53	(32)
	<u>5,106</u>	<u>5,619</u>	<u>5,534</u>	<u>(85)</u>
<u>Total revenues</u>				
<u>Expenditures</u>				
Current:				
Recreation and cultural services				
Salaries, wages, and benefits	4,939	4,938	4,641	297
Services and supplies	3,577	4,241	3,790	451
Other charges	105	2,437	1,288	1,149
Capital outlay	84	180	169	11
Contingencies	200	200	-	200
	<u>8,905</u>	<u>11,996</u>	<u>9,888</u>	<u>2,108</u>
<u>Total expenditures</u>				
Excess (deficiency) of revenues over (under) expenditures	<u>(3,799)</u>	<u>(6,377)</u>	<u>(4,354)</u>	<u>2,023</u>
<u>Other financing sources (uses)</u>				
Transfers in	3,617	3,923	3,617	(306)
Transfers out	(21)	(21)	(202)	(181)
	<u>3,596</u>	<u>3,902</u>	<u>3,415</u>	<u>(487)</u>
<u>Total other financing sources (uses)</u>				
Net change in fund balances	(203)	(2,475)	(939)	1,536
Fund balances - beginning	<u>4,891</u>	<u>4,891</u>	<u>4,891</u>	<u>-</u>
Fund balances - ending	<u>\$ 4,688</u>	<u>\$ 2,416</u>	<u>\$ 3,952</u>	<u>\$ 1,536</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, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Use of money and property	\$ -	\$ -	\$ 88	\$ 88
Charges for current services	1,852	1,853	1,876	23
Total revenues	1,852	1,853	1,964	111
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers out	(400)	(5,781)	(1,144)	4,637
Total other financing sources (uses)	(400)	(5,781)	(1,144)	4,637
Net change in fund balances	1,452	(3,928)	820	4,748
Fund balances - beginning	11,046	11,046	11,046	-
Fund balances - ending	\$ 12,498	\$ 7,118	\$ 11,866	\$ 4,748

**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, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 1,578	\$ 1,578	\$ 1,672	\$ 94
Use of money and property	20	20	91	71
Aid from other governmental agencies	19,656	40,147	16,861	(23,286)
Charges for current services	141	728	712	(16)
Other revenues	8	174	163	(11)
	<u>21,403</u>	<u>42,647</u>	<u>19,499</u>	<u>(23,148)</u>
<u>Expenditures</u>				
Current:				
Public ways and facilities				
Services and supplies	19,650	22,282	38,035	(15,753)
Other charges	557	1,057	713	344
Capital outlay	18,887	45,556	-	45,556
	<u>39,094</u>	<u>68,895</u>	<u>38,748</u>	<u>30,147</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,691)</u>	<u>(26,248)</u>	<u>(19,249)</u>	<u>6,999</u>
<u>Other financing sources (uses)</u>				
Transfers in	11,773	14,423	11,852	(2,571)
Transfers out	(4)	(144)	(4)	140
	<u>11,769</u>	<u>14,279</u>	<u>11,848</u>	<u>(2,431)</u>
Net change in fund balances	(5,922)	(11,969)	(7,401)	4,568
Fund balances - beginning	14,097	14,097	14,097	-
Fund balances - ending	<u>\$ 8,175</u>	<u>\$ 2,128</u>	<u>\$ 6,696</u>	<u>\$ 4,568</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, 2016 (In Thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Aid from other governmental agencies	\$ 4	\$ 4	\$ 2	\$ (2)
Total revenues	4	4	2	(2)
<u>Expenditures</u>				
Current:				
Public protection				
Services and supplies	4	4	2	2
Total expenditures	4	4	2	2
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	20	20	20	-
Fund balances - ending	\$ 20	\$ 20	\$ 20	\$ -

**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, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 1,749	\$ 1,749	\$ 1,849	\$ 100
Use of money and property	31	31	127	96
Aid from other governmental agencies	6,606	6,639	3,392	(3,247)
Charges for current services	497	993	570	(423)
Other revenues	68	68	67	(1)
	<u>8,951</u>	<u>9,480</u>	<u>6,005</u>	<u>(3,475)</u>
<u>Expenditures</u>				
Current:				
Public protection				
Services and supplies	5,860	7,908	5,198	2,710
Other charges	2,005	2,005	419	1,586
Capital outlay	1,688	3,047	25	3,022
	<u>9,553</u>	<u>12,960</u>	<u>5,642</u>	<u>7,318</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(602)</u>	<u>(3,480)</u>	<u>363</u>	<u>3,843</u>
<u>Other financing sources (uses)</u>				
Transfers in	244	244	792	548
Transfers out	(8,952)	(9,042)	(1,489)	7,553
	<u>(8,708)</u>	<u>(8,798)</u>	<u>(697)</u>	<u>8,101</u>
Net change in fund balances	(9,310)	(12,278)	(334)	11,944
Fund balances - beginning	<u>19,373</u>	<u>19,373</u>	<u>19,373</u>	<u>-</u>
Fund balances - ending	<u>\$ 10,063</u>	<u>\$ 7,095</u>	<u>\$ 19,039</u>	<u>\$ 11,944</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, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 35	\$ 35	\$ 34	\$ (1)
Use of money and property	2	2	4	2
Charges for current services	8	8	10	2
	<u>45</u>	<u>45</u>	<u>48</u>	<u>3</u>
<u>Expenditures</u>				
Current:				
Public protection				
Services and supplies	32	36	34	2
	<u>32</u>	<u>36</u>	<u>34</u>	<u>2</u>
Excess (deficiency) of revenues over (under) expenditures	<u>13</u>	<u>9</u>	<u>14</u>	<u>5</u>
<u>Other financing sources (uses)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	13	9	14	5
Fund balances - beginning	497	497	497	-
Fund balances - ending	<u>\$ 510</u>	<u>\$ 506</u>	<u>\$ 511</u>	<u>\$ 5</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, 2016 (In Thousands)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 330	\$ 330	\$ 330	\$ -
Use of money and property	4	4	12	8
Aid from other governmental agencies	2	2	2	-
Charges for current services	4	4	4	-
Total revenues	<u>340</u>	<u>340</u>	<u>348</u>	<u>8</u>
<u>Expenditures</u>				
Current:				
Public ways and facilities				
Services and supplies	117	117	176	(59)
Capital outlay	33	168	-	168
Total expenditures	<u>150</u>	<u>285</u>	<u>176</u>	<u>109</u>
Excess (deficiency) of revenues over (under) expenditures	<u>190</u>	<u>55</u>	<u>172</u>	<u>117</u>
<u>Other financing sources (uses)</u>				
Transfers in	1,041	1,041	21	(1,020)
Transfers out	(225)	(225)	(180)	45
Total other financing sources (uses)	<u>816</u>	<u>816</u>	<u>(159)</u>	<u>(975)</u>
Net change in fund balances	1,006	871	13	(858)
Fund balances - beginning	<u>1,660</u>	<u>1,660</u>	<u>1,660</u>	<u>-</u>
Fund balances - ending	<u>\$ 2,666</u>	<u>\$ 2,531</u>	<u>\$ 1,673</u>	<u>\$ (858)</u>

**COMBINING FINANCIAL STATEMENTS
NONMAJOR ENTERPRISE FUNDS**



NONMAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS:

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

General Flood Control Zone

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

State Water Project

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

Golf

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

Lopez Park

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

County Service Areas

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

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2016 (In Thousands)**

	General Flood Control Zone	State Water Project	Golf	Lopez Park	County Service Areas	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,334	\$ 12,797	\$ 780	\$ 23	\$ 4,004	\$ 18,938
Accounts receivable, net	-	1,862	81	-	176	2,119
Prepaid items	-	-	117	-	-	117
Deposits with others	-	-	-	-	13	13
Total current assets	1,334	14,659	978	23	4,193	21,187
Noncurrent assets:						
Restricted cash with fiscal agent	-	-	487	-	-	487
Advances to other funds	-	-	-	150	-	150
Capital assets:						
Nondepreciable						
Land	-	-	1,333	-	330	1,663
Construction in progress	-	-	153	-	874	1,027
Water rights	-	51,027	-	-	-	51,027
Depreciable						
Infrastructure, net	-	73	7	-	1,904	1,984
Structures and improvements, net	-	6,419	8,574	-	8,242	23,235
Equipment, net	-	2	152	-	247	401
Other property, net	-	-	-	-	496	496
Total noncurrent assets	-	57,521	10,706	150	12,093	80,470
Total assets	1,334	72,180	11,684	173	16,286	101,657
Deferred Outflows of Resources						
Deferred pensions	-	-	543	-	-	543
Total deferred outflows of resources	-	-	543	-	-	543
Liabilities						
Current liabilities:						
Accounts payable	6	5,225	24	-	105	5,360
Salaries and benefits payable	-	-	43	-	-	43
Deposits from others	-	2,887	-	-	163	3,050
Accrued interest	-	-	40	-	25	65
Unearned revenue	-	1,582	-	-	149	1,731
Accrued vacation and sick leave - current	-	-	71	-	-	71
Notes and bonds payable - current	-	-	299	17	221	537
Total current liabilities	6	9,694	477	17	663	10,857
Noncurrent liabilities:						
Advances from other funds	-	-	53	-	459	512
Accrued vacation and sick leave - noncurrent	-	-	103	-	-	103
Notes and bonds payable - noncurrent	-	-	4,572	133	3,885	8,590
Net Pension Liability	-	-	2,344	-	-	2,344
Total noncurrent liabilities	-	-	7,072	133	4,344	11,549
Total liabilities	6	9,694	7,549	150	5,007	22,406
Net Position						
Net investment in capital assets	-	57,521	5,835	-	7,987	71,343
Unrestricted	1,328	4,965	(1,157)	23	3,292	8,451
Total net position	\$ 1,328	\$ 62,486	\$ 4,678	\$ 23	\$ 11,279	\$ 79,794

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	General Flood Control Zone	State Water Project	Golf	Lopez Park	County Service Areas	Total
<u>Operating revenues</u>						
Charges for current services	\$ 960	\$ 6,846	\$ 2,589	\$ -	\$ 3,566	\$ 13,961
Other revenues	1	109	1	-	3	114
Total operating revenues	<u>961</u>	<u>6,955</u>	<u>2,590</u>	<u>-</u>	<u>3,569</u>	<u>14,075</u>
<u>Operating expenses</u>						
Salaries and benefits	-	-	1,450	-	-	1,450
Services and supplies	811	5,587	901	-	3,313	10,612
Other charges	-	-	-	-	32	32
Depreciation	-	206	365	-	530	1,101
Countywide cost allocation	15	55	259	-	70	399
Total operating expenses	<u>826</u>	<u>5,848</u>	<u>2,975</u>	<u>-</u>	<u>3,945</u>	<u>13,594</u>
Operating income (loss)	<u>135</u>	<u>1,107</u>	<u>(385)</u>	<u>-</u>	<u>(376)</u>	<u>481</u>
<u>Nonoperating revenues (expenses)</u>						
Property taxes	-	1,736	-	-	450	2,186
Interest income	10	98	6	-	30	144
Interest expense	-	(15)	(163)	(4)	(143)	(325)
Other non-operating revenues (expenses)	-	-	-	-	(2)	(2)
Aid from governmental agencies	-	13	-	-	295	308
Total nonoperating revenues (expenses)	<u>10</u>	<u>1,832</u>	<u>(157)</u>	<u>(4)</u>	<u>630</u>	<u>2,311</u>
Income (loss) before contributions and transfers	145	2,939	(542)	(4)	254	2,792
Capital Contributions	-	-	-	-	-	-
Transfers in	-	-	13	4	180	197
Transfers out	-	-	(44)	-	(314)	(358)
Change in net position	145	2,939	(573)	-	120	2,631
Net position - beginning	<u>1,183</u>	<u>59,547</u>	<u>5,251</u>	<u>23</u>	<u>11,159</u>	<u>77,163</u>
Net position - ending	<u>\$ 1,328</u>	<u>\$ 62,486</u>	<u>\$ 4,678</u>	<u>\$ 23</u>	<u>\$ 11,279</u>	<u>\$ 79,794</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	General Flood Control Zone	State Water Project	Golf
Cash Flows From Operating Activities			
Receipts from customers	\$ 960	\$ 5,904	\$ 2,519
Payments to employees for services	-	-	(1,271)
Payments for goods and services	(993)	(6,127)	(1,064)
Net cash provided (used) by operating activities	<u>(33)</u>	<u>(223)</u>	<u>184</u>
Cash Flows from Noncapital Financing Activities			
Property tax proceeds	-	1,736	-
Grants and subsidies from other governmental agencies	-	13	-
Advances to other funds	-	-	487
Advances from other funds	-	-	30
Due to other funds	-	-	-
Transfers from other funds	-	-	13
Transfers to other funds	-	-	(44)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>1,749</u>	<u>486</u>
Cash Flows from Capital and Related Financing Activities			
Purchases and construction of capital assets	-	(2,606)	(87)
Proceeds from issuance of long-term debt	-	-	-
Principal paid on capital debt	-	-	(320)
Interest paid on capital debt	-	-	(165)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(2,606)</u>	<u>(572)</u>
Cash Flows from Investing Activities			
Interest received	<u>10</u>	<u>98</u>	<u>6</u>
Net cash provided (used) by investing activities	<u>10</u>	<u>98</u>	<u>6</u>
Net increase (decrease) in cash and cash equivalents	(23)	(982)	104
Cash and cash equivalents at beginning of year	<u>1,357</u>	<u>13,779</u>	<u>1,163</u>
Cash and cash equivalents at end of year	<u>\$ 1,334</u>	<u>\$ 12,797</u>	<u>\$ 1,267</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	<u>\$ 135</u>	<u>\$ 1,107</u>	<u>\$ (385)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	206	365
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase) decrease in:			
Receivables, net	-	(615)	(71)
Inventory	-	-	21
Prepaid items	-	-	94
Increase (decrease) in:			
Accounts payable	(168)	(484)	(20)
Deposits from others	-	-	-
Salaries and benefits payable	-	-	3
Deferred pensions	-	-	(369)
Net pension liability	-	-	542
Unearned revenue	-	(437)	-
Accrued vacation and sick leave	-	-	4
Total adjustments	<u>(168)</u>	<u>(1,330)</u>	<u>569</u>
Net cash provided (used) by operating activities	<u>\$ (33)</u>	<u>\$ (223)</u>	<u>\$ 184</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS (Continued)
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	<u>Lopez Park</u>	<u>County Service Areas</u>	<u>Total</u>
Cash Flows From Operating Activities			
Receipts from customers	\$ -	\$ 3,540	\$ 12,923
Payments to employees for services	-	-	(1,271)
Payments for goods and services	-	(3,327)	(11,511)
	<u>-</u>	<u>213</u>	<u>141</u>
Net cash provided (used) by operating activities			
Cash Flows from Noncapital Financing Activities			
Property tax proceeds	-	450	2,186
Grants and subsidies from other governmental agencies	-	500	513
Advances to other funds	-	-	487
Advances from other funds	-	41	71
Due to other funds	-	(208)	(208)
Transfers from other funds	4	180	197
Transfers to other funds	-	(314)	(358)
	<u>4</u>	<u>649</u>	<u>2,888</u>
Net cash provided (used) by noncapital financing activities			
Cash Flows from Capital and Related Financing Activities			
Purchases and construction of capital assets	-	(575)	(3,268)
Proceeds from issuance of long-term debt	-	215	215
Principal paid on capital debt	-	(223)	(543)
Interest paid on capital debt	(4)	(143)	(312)
	<u>(4)</u>	<u>(726)</u>	<u>(3,908)</u>
Net cash provided (used) by capital and related financing activities			
Cash Flows from Investing Activities			
Interest received	-	30	144
	<u>-</u>	<u>30</u>	<u>144</u>
Net cash provided (used) by investing activities			
Net increase (decrease) in cash and cash equivalents	-	166	(735)
Cash and cash equivalents at beginning of year	23	3,838	20,160
Cash and cash equivalents at end of year	<u>\$ 23</u>	<u>\$ 4,004</u>	<u>\$ 19,425</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	<u>\$ -</u>	<u>\$ (376)</u>	<u>\$ 481</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation expense	-	530	1,101
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:			
(Increase) decrease in:			
Receivables, net	-	13	(673)
Inventory	-	-	21
Prepaid items	-	-	94
Increase (decrease) in:			
Accounts payable	-	88	(584)
Deposits from others	-	4	4
Salaries and benefits payable	-	-	3
Deferred pensions	-	-	(369)
Net pension liability	-	-	542
Unearned revenue	-	(46)	(483)
Accrued vacation and sick leave	-	-	4
Total adjustments	<u>-</u>	<u>589</u>	<u>(340)</u>
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ 213</u>	<u>\$ 141</u>



**COMBINING FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS**



INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS:

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

Garage

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

Public Works

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

Combined Insurance Funds

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



**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2016 (In Thousands)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 4,208	\$ 15,339	\$ 23,100	\$ 42,647
Accounts receivable	-	6	-	6
Inventory	12	459	-	471
Total current assets	<u>4,220</u>	<u>15,804</u>	<u>23,100</u>	<u>43,124</u>
Noncurrent assets:				
Capital assets:				
Structures and improvements, net	10	306	-	316
Equipment, net	5,007	7,719	-	12,726
Total noncurrent assets	<u>5,017</u>	<u>8,025</u>	<u>-</u>	<u>13,042</u>
Total assets	<u>9,237</u>	<u>23,829</u>	<u>23,100</u>	<u>56,166</u>
<u>Deferred Outflows of Resources</u>				
Deferred pensions	568	9,712	-	10,280
Total deferred outflows of resources	<u>568</u>	<u>9,712</u>	<u>-</u>	<u>10,280</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	150	570	281	1,001
Salaries and benefits payable	41	784	-	825
Self-insurance liability	-	-	3,457	3,457
Deposits from others	-	1,129	-	1,129
Accrued vacation and sick leave - current	71	1,543	-	1,614
Total current liabilities	<u>262</u>	<u>4,026</u>	<u>3,738</u>	<u>8,026</u>
Noncurrent liabilities:				
Self-insurance liability	-	-	15,250	15,250
Accrued vacation and sick leave - noncurrent	77	802	-	879
Net Pension Liability	2,482	42,345	-	44,827
Total noncurrent liabilities	<u>2,559</u>	<u>43,147</u>	<u>15,250</u>	<u>60,956</u>
Total liabilities	<u>2,821</u>	<u>47,173</u>	<u>18,988</u>	<u>68,982</u>
<u>Net Position</u>				
Net investment in capital assets	5,017	8,025	-	13,042
Unrestricted	1,967	(21,657)	4,112	(15,578)
Total net position	<u>\$ 6,984</u>	<u>\$ (13,632)</u>	<u>\$ 4,112</u>	<u>\$ (2,536)</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, 2016 (In Thousands)**

	<u>Garage</u>	<u>Public Works</u>	<u>Combined Insurance (5 Funds)</u>	<u>Total</u>
<u>Operating revenues</u>				
Charges for current services	\$ 5,571	\$ 31,856	\$ 12,787	\$ 50,214
Other revenues	71	109	-	180
Total operating revenues	<u>5,642</u>	<u>31,965</u>	<u>12,787</u>	<u>50,394</u>
<u>Operating expenses</u>				
Salaries and benefits	1,460	24,915	-	26,375
Services and supplies	2,602	6,878	7,118	16,598
Insurance benefit payments	-	-	3,386	3,386
Depreciation	1,544	885	-	2,429
Countywide cost allocation	-	113	458	571
Total operating expenses	<u>5,606</u>	<u>32,791</u>	<u>10,962</u>	<u>49,359</u>
Operating income (loss)	<u>36</u>	<u>(826)</u>	<u>1,825</u>	<u>1,035</u>
<u>Nonoperating revenues (expenses)</u>				
Interest income	31	97	168	296
Other revenue (expense)	192	38	-	230
Total nonoperating revenues (expenses)	<u>223</u>	<u>135</u>	<u>168</u>	<u>526</u>
Income (loss) before transfers	259	(691)	1,993	1,561
Transfers out	<u>(79)</u>	<u>(851)</u>	<u>-</u>	<u>(930)</u>
Change in net position	180	(1,542)	1,993	631
Net position - beginning	<u>6,804</u>	<u>(12,090)</u>	<u>2,119</u>	<u>(3,167)</u>
Net position - ending	<u>\$ 6,984</u>	<u>\$ (13,632)</u>	<u>\$ 4,112</u>	<u>\$ (2,536)</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	<u>Garage</u>	<u>Public Works</u>	<u>Combined Insurance (5 Funds)</u>	<u>Total</u>
Cash Flows From Operating Activities				
Receipts from interfund billings	\$ 5,643	\$ 31,968	\$ 12,786	\$ 50,397
Payments for goods and services	(2,661)	(6,738)	(5,039)	(14,438)
Payments to employees for services	(1,271)	(21,627)	-	(22,898)
Payments for insurance benefits	-	-	(3,297)	(3,297)
Payments for premiums	-	-	(2,621)	(2,621)
Net cash provided (used) by operating activities	<u>1,711</u>	<u>3,603</u>	<u>1,829</u>	<u>7,143</u>
Cash Flows from Noncapital Financing Activities				
Transfers to other funds	<u>(79)</u>	<u>(851)</u>	<u>-</u>	<u>(930)</u>
Net cash provided (used) by noncapital financing activities	<u>(79)</u>	<u>(851)</u>	<u>-</u>	<u>(930)</u>
Cash Flows from Capital and Related Financing Activities				
Purchases and construction of capital assets	(1,366)	(1,543)	-	(2,909)
Proceeds from sale of capital assets	<u>192</u>	<u>40</u>	<u>-</u>	<u>232</u>
Net cash provided (used) by capital and related financing activities	<u>(1,174)</u>	<u>(1,503)</u>	<u>-</u>	<u>(2,677)</u>
Cash Flows from Investing Activities				
Interest received	<u>31</u>	<u>97</u>	<u>168</u>	<u>296</u>
Net cash provided (used) by investing activities	<u>31</u>	<u>97</u>	<u>168</u>	<u>296</u>
Net increase (decrease) in cash and cash equivalents	489	1,346	1,997	3,832
Cash and cash equivalents at beginning of year	<u>3,719</u>	<u>13,993</u>	<u>21,103</u>	<u>38,815</u>
Cash and cash equivalents at end of year	<u>\$ 4,208</u>	<u>\$ 15,339</u>	<u>\$ 23,100</u>	<u>\$ 42,647</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	<u>\$ 36</u>	<u>\$ (826)</u>	<u>\$ 1,825</u>	<u>\$ 1,035</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	1,544	885	-	2,429
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase) decrease in:				
Receivables, net	-	2	-	2
Inventory	(1)	91	-	90
Increase (decrease) in:				
Accounts payable	(57)	198	(85)	56
Deposits from others	-	(35)	-	(35)
Salaries and benefits payable	7	186	-	193
Deferred pensions	(383)	(6,557)	-	(6,940)
Net pension liability	561	9,617	-	10,178
Other accrued liabilities	-	42	-	42
Accrued vacation and sick leave	4	-	-	4
Self-insurance liability	-	-	89	89
Total adjustments	<u>1,675</u>	<u>4,429</u>	<u>4</u>	<u>6,108</u>
Net cash provided (used) by operating activities	<u>\$ 1,711</u>	<u>\$ 3,603</u>	<u>\$ 1,829</u>	<u>\$ 7,143</u>

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS – INSURANCE
 JUNE 30, 2016 (In Thousands)**

	<u>Workers' Compensation</u>	<u>Protected Self-Insurance</u>	<u>Unemployment Insurance</u>	<u>Dental Insurance</u>	<u>OPEB</u>	<u>Total</u>
<u>Assets</u>						
Current assets:						
Cash and cash equivalents	\$ 16,967	\$ 5,148	\$ 219	\$ 668	\$ 98	\$ 23,100
Total current assets	<u>16,967</u>	<u>5,148</u>	<u>219</u>	<u>668</u>	<u>98</u>	<u>23,100</u>
Total assets	<u>16,967</u>	<u>5,148</u>	<u>219</u>	<u>668</u>	<u>98</u>	<u>23,100</u>
<u>Liabilities</u>						
Current liabilities:						
Accounts payable	281	-	-	-	-	281
Self-insurance payable	<u>2,461</u>	<u>996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,457</u>
Total current liabilities	<u>2,742</u>	<u>996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,738</u>
Noncurrent liabilities:						
Self-insurance liability	<u>13,070</u>	<u>2,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,250</u>
Total noncurrent liabilities	<u>13,070</u>	<u>2,180</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,250</u>
Total liabilities	<u>15,812</u>	<u>3,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18,988</u>
<u>Net Position</u>						
Unrestricted	<u>1,155</u>	<u>1,972</u>	<u>219</u>	<u>668</u>	<u>98</u>	<u>4,112</u>
Total net position	<u>\$ 1,155</u>	<u>\$ 1,972</u>	<u>\$ 219</u>	<u>\$ 668</u>	<u>\$ 98</u>	<u>\$ 4,112</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, 2016 (In Thousands)**

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
<u>Operating revenues</u>						
Charges for current services	\$ 6,315	\$ 3,000	\$ 136	\$ 1,778	\$ 1,558	\$ 12,787
Total operating revenues	6,315	3,000	136	1,778	1,558	12,787
<u>Operating expenses</u>						
Services and supplies	3,293	2,285	25	156	1,359	7,118
Insurance benefit payments	1,604	-	233	1,447	102	3,386
Countywide cost allocation	324	133	-	1	-	458
Total operating expenses	5,221	2,418	258	1,604	1,461	10,962
Operating income (loss)	1,094	582	(122)	174	97	1,825
<u>Nonoperating revenues (expenses)</u>						
Interest income	125	36	2	5	-	168
Total nonoperating revenues (expenses)	125	36	2	5	-	168
Income (loss) before transfers	1,219	618	(120)	179	97	1,993
Change in net position	1,219	618	(120)	179	97	1,993
Net position - beginning	(64)	1,354	339	489	1	2,119
Net position - ending	\$ 1,155	\$ 1,972	\$ 219	\$ 668	\$ 98	\$ 4,112

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS – INSURANCE
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	<u>Workers' Compensation</u>	<u>Protected Self-Insurance</u>	<u>Unemployment Insurance</u>	<u>Dental Insurance</u>	<u>OPEB</u>	<u>Total</u>
Cash Flows From Operating Activities						
Receipts from interfund billings	\$ 6,314	\$ 3,000	\$ 136	\$ 1,778	\$ 1,558	\$ 12,786
Payments for goods and services	(2,443)	(1,053)	(25)	(159)	(1,359)	(5,039)
Payments for insurance benefits	(1,448)	(67)	(233)	(1,447)	(102)	(3,297)
Payments for premiums	(1,256)	(1,365)	-	-	-	(2,621)
Net cash provided (used) by operating activities	<u>1,167</u>	<u>515</u>	<u>(122)</u>	<u>172</u>	<u>97</u>	<u>1,829</u>
Cash Flows from Noncapital Financing Activities						
Grants and subsidies from other governmental agencies	-	-	-	-	-	-
Transfers to other funds	-	-	-	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities						
Purchases and construction of capital assets	-	-	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-	-	-
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash Flows from Investing Activities						
Interest received	125	36	2	5	-	168
Net cash provided (used) by investing activities	<u>125</u>	<u>36</u>	<u>2</u>	<u>5</u>	<u>-</u>	<u>168</u>
Net increase (decrease) in cash and cash equivalents	1,292	551	(120)	177	97	1,997
Cash and cash equivalents at beginning of year	15,675	4,597	339	491	1	21,103
Cash and cash equivalents at end of year	<u>\$ 16,967</u>	<u>\$ 5,148</u>	<u>\$ 219</u>	<u>\$ 668</u>	<u>\$ 98</u>	<u>\$ 23,100</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 1,094	\$ 582	\$ (122)	\$ 174	\$ 97	\$ 1,825
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Changes in assets and liabilities:						
Increase (decrease) in:						
Accounts payable	(83)	-	-	(2)	-	(85)
Self-insurance liability	156	(67)	-	-	-	89
Total adjustments	<u>73</u>	<u>(67)</u>	<u>-</u>	<u>(2)</u>	<u>-</u>	<u>4</u>
Net cash provided (used) by operating activities	<u>\$ 1,167</u>	<u>\$ 515</u>	<u>\$ (122)</u>	<u>\$ 172</u>	<u>\$ 97</u>	<u>\$ 1,829</u>

**COMBINING FINANCIAL STATEMENTS
FIDUCIARY FUNDS**



FIDUCIARY FUNDS

AGENCY FUNDS:

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

1915 Act Service Funds

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

Clearing and Revolving Funds

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

Other Agency Funds

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

INVESTMENT TRUST FUNDS:

These funds are used by the County to account for the assets of legally separate entities who deposit cash with the County Treasurer. These include school and community college districts, other special districts governed by local boards, regional boards and authorities, courts and pass through funds for tax collections for cities. These funds represent the assets, primarily cash and investments, and the related liability of the County to disburse these monies on demand. The County combines Investment Trust Funds into four reporting types because of their similar nature: School Districts (42 funds), Special Districts (32 funds), Courts (6 funds), and Other Local Boards (19 funds).

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2016 (In Thousands)**

	Clearing and Revolving Funds (98 Funds)	1915 Act Service Funds (17 Funds)	Other Agency Funds (30 Funds)	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 38,892	\$ 1,355	\$ 29,231	\$ 69,478
Total assets	<u>\$ 38,892</u>	<u>\$ 1,355</u>	<u>\$ 29,231</u>	<u>\$ 69,478</u>
<u>LIABILITIES</u>				
Assets held as agency for others	\$ 38,892	\$ 1,355	\$ 29,231	\$ 69,478
Total liabilities	<u>\$ 38,892</u>	<u>\$ 1,355</u>	<u>\$ 29,231</u>	<u>\$ 69,478</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	Balance June 30, 2015	Additions	Deletions	Balance June 30, 2016
<u>Clearing and Revolving Funds (98 Funds)</u>				
Assets:				
Cash and cash equivalents	\$ 23,796	\$ 1,095,223	\$ 1,080,127	\$ 38,892
Total assets	<u>\$ 23,796</u>	<u>\$ 1,095,223</u>	<u>\$ 1,080,127</u>	<u>\$ 38,892</u>
Liabilities:				
Assets held as agency for others	\$ 23,796	\$ 1,095,223	\$ 1,080,127	\$ 38,892
Total liabilities	<u>\$ 23,796</u>	<u>\$ 1,095,223</u>	<u>\$ 1,080,127</u>	<u>\$ 38,892</u>
<u>1915 Act Service Funds (17 Funds)</u>				
Assets:				
Cash and cash equivalents	\$ 1,694	\$ 522	\$ 861	\$ 1,355
Total assets	<u>\$ 1,694</u>	<u>\$ 522</u>	<u>\$ 861</u>	<u>\$ 1,355</u>
Liabilities:				
Assets held as agency for others	\$ 1,694	\$ 522	\$ 861	\$ 1,355
Total liabilities	<u>\$ 1,694</u>	<u>\$ 522</u>	<u>\$ 861</u>	<u>\$ 1,355</u>
<u>Other Agency Funds (30 Funds)</u>				
Assets:				
Cash and cash equivalents	\$ 25,525	\$ 337,350	\$ 333,644	\$ 29,231
Total assets	<u>\$ 25,525</u>	<u>\$ 337,350</u>	<u>\$ 333,644</u>	<u>\$ 29,231</u>
Liabilities:				
Assets held as agency for others	\$ 25,525	\$ 337,350	\$ 333,644	\$ 29,231
Total liabilities	<u>\$ 25,525</u>	<u>\$ 337,350</u>	<u>\$ 333,644</u>	<u>\$ 29,231</u>
<u>Total All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 51,015	\$ 1,433,095	\$ 1,414,632	\$ 69,478
Total assets	<u>\$ 51,015</u>	<u>\$ 1,433,095</u>	<u>\$ 1,414,632</u>	<u>\$ 69,478</u>
Liabilities:				
Assets held as agency for others	\$ 51,015	\$ 1,433,095	\$ 1,414,632	\$ 69,478
Total liabilities	<u>\$ 51,015</u>	<u>\$ 1,433,095</u>	<u>\$ 1,414,632</u>	<u>\$ 69,478</u>

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 INVESTMENT TRUST FUNDS
 JUNE 30, 2016 (In Thousands)**

	School Districts (41 Funds)	Special Districts (33 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 287,841	\$ 15,043	\$ 1,844	\$ 23,934	\$ 328,662
Total assets	<u>\$ 287,841</u>	<u>\$ 15,043</u>	<u>\$ 1,844</u>	<u>\$ 23,934</u>	<u>\$ 328,662</u>
<u>NET POSITION</u>					
Assets held in trust for pool participants	\$ 287,841	\$ 15,043	\$ 1,844	\$ 23,934	\$ 328,662
Total Net Position	<u>\$ 287,841</u>	<u>\$ 15,043</u>	<u>\$ 1,844</u>	<u>\$ 23,934</u>	<u>\$ 328,662</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	School Districts (41 Funds)	Special Districts (33 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<u>Additions</u>					
Contributions to pooled investments	\$ 804,561	\$ 8,270	\$ 19,878	\$ 32,119	\$ 864,828
Interest	1,306	76	-	93	1,475
Total additions	<u>805,867</u>	<u>8,346</u>	<u>19,878</u>	<u>32,212</u>	<u>866,303</u>
<u>Deductions</u>					
Distributions from investment pool	<u>839,875</u>	<u>7,653</u>	<u>20,215</u>	<u>32,090</u>	<u>899,833</u>
Total deductions	<u>839,875</u>	<u>7,653</u>	<u>20,215</u>	<u>32,090</u>	<u>899,833</u>
Change in net position	(34,008)	693	(337)	122	(33,530)
Net position - beginning	<u>321,849</u>	<u>14,350</u>	<u>2,181</u>	<u>23,812</u>	<u>362,192</u>
Net position - ending	<u>\$ 287,841</u>	<u>\$ 15,043</u>	<u>\$ 1,844</u>	<u>\$ 23,934</u>	<u>\$ 328,662</u>



**GENERAL FUND
DETAIL BUDGETARY COMPARISON SCHEDULES**



**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>General Government - Expenditures</u>				
<u>Legislative and Administrative</u>				
Administrative Office				
Salaries, wages, and benefits	\$ 1,883	\$ 1,883	\$ 1,652	\$ 231
Services and supplies	197	198	240	(42)
Expenditure transfers and reimbursements	(85)	(85)	(85)	-
Total	<u>1,995</u>	<u>1,996</u>	<u>1,807</u>	<u>189</u>
Board of Supervisors				
Salaries, wages, and benefits	1,523	1,523	1,357	166
Services and supplies	204	207	212	(5)
Expenditure transfers and reimbursements	(39)	(39)	(39)	-
Total	<u>1,688</u>	<u>1,691</u>	<u>1,530</u>	<u>161</u>
Clerk/Recorder				
Salaries, wages, and benefits	2,092	2,126	2,028	98
Services and supplies	1,096	1,355	1,295	60
Capital outlay	5	372	5	367
Expenditure transfers and reimbursements	-	-	(1)	1
Total	<u>3,193</u>	<u>3,853</u>	<u>3,327</u>	<u>526</u>
Total Legislative and Administrative	<u>6,876</u>	<u>7,540</u>	<u>6,664</u>	<u>876</u>
<u>Finance</u>				
Assessor				
Salaries, wages, and benefits	8,770	8,770	7,646	1,124
Services and supplies	826	1,287	862	425
Capital outlay	10	58	8	50
Expenditure transfers and reimbursements	-	-	(2)	2
Total	<u>9,606</u>	<u>10,115</u>	<u>8,514</u>	<u>1,601</u>
Auditor-Controller				
Salaries, wages, and benefits	4,950	4,950	4,697	253
Services and supplies	222	343	242	101
Capital outlay	-	3	-	3
Expenditure transfers and reimbursements	(11)	(11)	(27)	16
Total	<u>5,161</u>	<u>5,285</u>	<u>4,912</u>	<u>373</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>General Government - Expenditures</u> (Continued)				
Treasurer-Tax Collector-Public Administrator				
Salaries, wages, and benefits	2,549	2,536	2,366	170
Services and supplies	332	356	344	12
Expenditure transfers and reimbursements	-	-	(6)	6
Total	2,881	2,892	2,704	188
Total Finance	17,648	18,292	16,130	2,162
<u>Counsel</u>				
County Counsel				
Salaries, wages, and benefits	3,375	3,396	3,249	147
Services and supplies	221	822	269	553
Capital outlay	-	7	-	7
Total Counsel	3,596	4,225	3,518	707
<u>Personnel</u>				
Personnel				
Salaries, wages, and benefits	2,455	2,455	2,335	120
Services and supplies	683	830	641	189
Total Personnel	3,138	3,285	2,976	309
<u>Property Management</u>				
Facilities Management				
Salaries, wages, and benefits	7,646	6,217	5,994	223
Services and supplies	4,979	4,425	4,391	34
Other charges	101	101	101	-
Capital outlay	41	34	21	13
Expenditure transfers and reimbursements	(2,573)	(2,463)	(2,879)	416
Total	10,194	8,314	7,628	686
Maintenance Projects				
Services and supplies	7,078	15,221	4,634	10,587
Expenditure transfers and reimbursements	-	(69)	(50)	(19)
Total	7,078	15,152	4,584	10,568
Central Services				
Salaries, wages, and benefits	-	1,017	730	287
Services and supplies	-	1,289	1,181	108
Capital outlay	-	16	-	16
Expenditure transfers and reimbursements	-	(277)	(312)	35
Total	-	2,045	1,599	446
Total Property Management	17,272	25,511	13,811	11,700

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>General Government - Expenditures</u> (Continued)				
<u>Other General</u>				
Information Technology				
Salaries, wages, and benefits	10,388	10,365	9,877	488
Services and supplies	3,925	4,116	3,810	306
Expenditure transfers and reimbursements	<u>(3,257)</u>	<u>(3,257)</u>	<u>(3,358)</u>	<u>101</u>
Total	<u>11,056</u>	<u>11,224</u>	<u>10,329</u>	<u>895</u>
Risk Management				
Salaries, wages, and benefits	871	871	818	53
Services and supplies	846	883	781	102
Expenditure transfers and reimbursements	<u>(61)</u>	<u>(61)</u>	<u>(61)</u>	<u>-</u>
Total	<u>1,656</u>	<u>1,693</u>	<u>1,538</u>	<u>155</u>
Non-Department Financing Uses				
Services and supplies	1,035	1,035	694	341
Expenditure transfers and reimbursements	<u>(10,335)</u>	<u>(10,335)</u>	<u>(10,394)</u>	<u>59</u>
Total	<u>(9,300)</u>	<u>(9,300)</u>	<u>(9,700)</u>	<u>400</u>
Contributions to Other Agencies				
Services and supplies	<u>1,914</u>	<u>1,931</u>	<u>1,818</u>	<u>113</u>
Total	<u>1,914</u>	<u>1,931</u>	<u>1,818</u>	<u>113</u>
Non-Departmental Other Expenditures				
Services and supplies	<u>389</u>	<u>389</u>	<u>330</u>	<u>59</u>
Total	<u>389</u>	<u>389</u>	<u>330</u>	<u>59</u>
Total Other General	<u>5,715</u>	<u>5,937</u>	<u>4,315</u>	<u>1,622</u>
Total General Government	<u>54,245</u>	<u>64,790</u>	<u>47,414</u>	<u>17,376</u>
<u>Public Protection - Expenditures</u>				
<u>Judicial</u>				
Court Operations Fund				
Other charges	<u>2,427</u>	<u>2,427</u>	<u>2,394</u>	<u>33</u>
Total	<u>2,427</u>	<u>2,427</u>	<u>2,394</u>	<u>33</u>
District Attorney				
Salaries, wages, and benefits	13,759	13,684	12,449	1,235
Services and supplies	1,518	1,540	1,464	76
Other charges	-	68	68	-
Capital outlay	10	16	16	-
Expenditure transfers and reimbursements	<u>(231)</u>	<u>(231)</u>	<u>(218)</u>	<u>(13)</u>
Total	<u>15,056</u>	<u>15,077</u>	<u>13,779</u>	<u>1,298</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>Public Protection - Expenditures</u> (Continued)				
Child Support Services				
Salaries, wages, and benefits	3,664	3,664	3,201	463
Services and supplies	979	979	915	64
Total	<u>4,643</u>	<u>4,643</u>	<u>4,116</u>	<u>527</u>
Grand Jury				
Salaries, wages, and benefits	32	32	17	15
Services and supplies	98	104	85	19
Capital outlay	6	-	-	-
Total	<u>136</u>	<u>136</u>	<u>102</u>	<u>34</u>
Public Defender				
Services and supplies	5,952	6,054	5,937	117
Total	<u>5,952</u>	<u>6,054</u>	<u>5,937</u>	<u>117</u>
Total Judicial	<u>28,214</u>	<u>28,337</u>	<u>26,328</u>	<u>2,009</u>
<u>Police Protection</u>				
Sheriff-Coroner				
Salaries, wages, and benefits	54,949	55,905	54,287	1,618
Services and supplies	11,209	11,433	10,361	1,072
Other charges	-	74	93	(19)
Capital outlay	395	911	597	314
Expenditure transfers and reimbursements	(165)	(165)	(161)	(4)
Total Police Protection	<u>66,388</u>	<u>68,158</u>	<u>65,177</u>	<u>2,981</u>
<u>Detention and Correction</u>				
Probation Department				
Salaries, wages, and benefits	16,550	16,550	15,481	1,069
Services and supplies	3,936	3,912	3,685	227
Other charges	-	10	5	5
Capital outlay	-	231	191	40
Expenditure transfers and reimbursements	(266)	(266)	(264)	(2)
Total Detention and Correction	<u>20,220</u>	<u>20,437</u>	<u>19,098</u>	<u>1,339</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>Public Protection - Expenditures</u> (Continued)				
<u>Fire Protection</u>				
County Fire				
Services and supplies	19,727	20,450	18,483	1,967
Capital outlay	787	2,295	82	2,213
Total Fire Protection	<u>20,514</u>	<u>22,745</u>	<u>18,565</u>	<u>4,180</u>
<u>Protective Inspection</u>				
Agricultural Commissioner				
Salaries, wages, and benefits	4,665	4,704	4,521	183
Services and supplies	802	778	783	(5)
Capital outlay	7	7	4	3
Expenditure transfers and reimbursements	-	-	(2)	2
Total Protective Inspection	<u>5,474</u>	<u>5,489</u>	<u>5,306</u>	<u>183</u>
<u>Other Protection</u>				
Animal Services				
Salaries, wages, and benefits	1,733	1,733	1,408	325
Services and supplies	983	1,028	858	170
Total	<u>2,716</u>	<u>2,761</u>	<u>2,266</u>	<u>495</u>
Emergency Services				
Salaries, wages, and benefits	834	834	791	43
Services and supplies	410	452	284	168
Other charges	435	709	74	635
Capital outlay	24	36	27	9
Total	<u>1,703</u>	<u>2,031</u>	<u>1,176</u>	<u>855</u>
Planning Department				
Salaries, wages, and benefits	11,363	10,955	9,680	1,275
Services and supplies	1,970	3,975	2,177	1,798
Other charges	-	50	76	(26)
Capital outlay	-	10	10	-
Total	<u>13,333</u>	<u>14,990</u>	<u>11,943</u>	<u>3,047</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>Public Protection - Expenditures</u> (Continued)				
Waste Management				
Services and supplies	967	1,056	527	529
Total	967	1,056	527	529
Total Other Protection	18,719	20,838	15,912	4,926
Total Public Protection	159,529	166,004	150,386	15,618
<u>Public Ways and Facilities - Expenditures</u>				
<u>Public Works</u>				
Public Works				
Services and supplies	2,557	3,390	2,120	1,270
Other charges	-	4,000	-	4,000
Total Public Works	2,557	7,390	2,120	5,270
Total Public Ways and Facilities	2,557	7,390	2,120	5,270
<u>Health and Sanitation - Expenditures</u>				
<u>Health</u>				
Public Health				
Salaries, wages, and benefits	18,409	18,415	16,601	1,814
Services and supplies	4,976	5,345	4,620	725
Other charges	1,580	5,780	317	5,463
Capital outlay	119	255	106	149
Expenditure transfers and reimbursement	(1,438)	(1,438)	(1,305)	(133)
Total	23,646	28,357	20,339	8,018
Behavioral Health				
Salaries, wages, and benefits	30,791	30,191	28,321	1,870
Services and supplies	27,379	29,490	28,192	1,298
Other charges	1,097	2,232	1,361	871
Expenditure transfers and reimbursement	(1,182)	(1,182)	(1,318)	136
Total	58,085	60,731	56,556	4,175
Total Health	81,731	89,088	76,895	12,193
Total Health and Sanitation	81,731	89,088	76,895	12,193

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
<u>Public Assistance - Expenditures</u>				
<u>Administration</u>				
Department of Social Services				
Salaries, wages, and benefits	45,610	45,731	43,289	2,442
Services and supplies	16,781	16,879	16,345	534
Other charges	8,996	11,525	10,145	1,380
Capital outlay	90	41	35	6
Expenditure transfers and reimbursement	(52)	(52)	(52)	-
Total Administration	<u>71,425</u>	<u>74,124</u>	<u>69,762</u>	<u>4,362</u>
<u>Aid Programs</u>				
Aid Foster Care Non-Fed				
Services and supplies	68	68	68	-
Other charges	22,430	23,030	22,174	856
Total	<u>22,498</u>	<u>23,098</u>	<u>22,242</u>	<u>856</u>
Calworks Assistance				
Other charges	12,816	12,816	11,852	964
Total	<u>12,816</u>	<u>12,816</u>	<u>11,852</u>	<u>964</u>
Total Aid Programs	<u>35,314</u>	<u>35,914</u>	<u>34,094</u>	<u>1,820</u>
<u>General Assistance</u>				
General Assistance				
Other charges	1,144	1,182	1,157	25
Total General Assistance	<u>1,144</u>	<u>1,182</u>	<u>1,157</u>	<u>25</u>
<u>Veterans Services</u>				
Veterans Services				
Salaries, wages, and benefits	717	646	529	117
Services and supplies	48	302	113	189
Total Veterans Services	<u>765</u>	<u>948</u>	<u>642</u>	<u>306</u>

**COUNTY OF SAN LUIS OBISPO
GENERAL FUND
DETAIL SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL COMPARISON (Continued)
FOR THE YEAR ENDED JUNE 30, 2016 (In Thousands)**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Public Assistance - Expenditures (Continued)				
<u>Other Assistance</u>				
Law Enforcement Med Care				
Salaries, wages, and benefits	2,760	2,623	2,425	198
Services and supplies	1,300	1,441	1,436	5
Expenditure transfers and reimbursement	(541)	(541)	(558)	17
Total Other Assistance	<u>3,519</u>	<u>3,523</u>	<u>3,303</u>	<u>220</u>
Total Public Assistance	<u>112,167</u>	<u>115,691</u>	<u>108,958</u>	<u>6,733</u>
Education - Expenditures				
<u>Agriculture Education</u>				
Farm Advisor				
Salaries, wages, and benefits	432	432	381	51
Services and supplies	101	103	93	10
Total Agriculture Education	<u>533</u>	<u>535</u>	<u>474</u>	<u>61</u>
Total Education	<u>533</u>	<u>535</u>	<u>474</u>	<u>61</u>
Total General Fund Expenditures (Before Contingencies)	<u>410,762</u>	<u>443,498</u>	<u>386,247</u>	<u>57,251</u>
Contingencies				
<u>Appropriation for Contingencies</u>				
Contingencies - General Fund				
Appropriation for contingency	21,678	20,757	-	20,757
Total Appropriation for Contingencies	<u>21,678</u>	<u>20,757</u>	<u>-</u>	<u>20,757</u>
Total Contingencies	<u>21,678</u>	<u>20,757</u>	<u>-</u>	<u>20,757</u>
Total General Fund Expenditures	<u>\$ 432,440</u>	<u>\$ 464,255</u>	<u>\$ 386,247</u>	<u>\$ 78,008</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	\$ 386,247
Differences - budget to GAAP:	-
Expenditures by funds no longer meeting the special revenue fund classification which are presented with the General Fund for financial reporting purposes.	<u>7,047</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 393,294</u>

STATISTICAL SECTION



COUNTY OF SAN LUIS OBISPO

Statistical Section

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

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



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

	<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>	<u>2013-2014</u>	<u>2014-2015</u>	<u>2015-2016</u>
Governmental Activities										
Net investment in capital assets	\$ 1,012,458	\$ 1,047,361	\$ 1,063,955	\$ 1,071,844	\$ 1,084,978	\$ 1,099,885	\$ 1,103,924	\$ 1,112,934	\$ 1,130,241	\$ 1,168,573
Restricted	50,061	52,566	41,188	36,385	36,258	31,477	28,863	43,109	37,722	41,230
Unrestricted	190,107	173,396	192,271	206,786	234,786	265,454	304,257	325,113	(150,074)	(170,962)
Total governmental activities net position	<u>\$ 1,252,626</u>	<u>\$ 1,273,323</u>	<u>\$ 1,297,414</u>	<u>\$ 1,315,015</u>	<u>\$ 1,356,022</u>	<u>\$ 1,396,816</u>	<u>\$ 1,437,044</u>	<u>\$ 1,481,156</u>	<u>\$ 1,017,889</u>	<u>\$ 1,038,841</u>
Business-type activities										
Net investment in capital assets	\$ 146,021	\$ 155,907	\$ 167,188	\$ 160,627	\$ 149,097	\$ 153,801	\$ 167,138	\$ 188,485	\$ 213,455	\$ 237,157
Unrestricted	16,511	16,202	12,266	18,117	38,665	33,081	58,433	98,097	97,173	93,158
Total business-type activities net position	<u>\$ 162,532</u>	<u>\$ 172,109</u>	<u>\$ 179,454</u>	<u>\$ 178,744</u>	<u>\$ 187,762</u>	<u>\$ 186,882</u>	<u>\$ 225,571</u>	<u>\$ 286,582</u>	<u>\$ 310,628</u>	<u>\$ 330,315</u>
Total Primary Government										
Net investment in capital assets	\$ 1,158,479	\$ 1,203,268	\$ 1,231,143	\$ 1,232,471	\$ 1,234,075	\$ 1,253,686	\$ 1,271,062	\$ 1,301,419	\$ 1,343,696	\$ 1,405,730
Restricted	50,061	52,566	41,188	36,385	36,258	31,477	28,863	43,109	37,722	41,230
Unrestricted	206,618	189,598	204,537	224,903	273,451	298,535	362,690	423,210	(52,901)	(77,804)
Total primary government net position	<u>\$ 1,415,158</u>	<u>\$ 1,445,432</u>	<u>\$ 1,476,868</u>	<u>\$ 1,493,759</u>	<u>\$ 1,543,784</u>	<u>\$ 1,583,698</u>	<u>\$ 1,662,615</u>	<u>\$ 1,767,738</u>	<u>\$ 1,328,517</u>	<u>\$ 1,369,156</u>

Notes:

Source - Statement of Net Assets for FY 2006-2007 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)**

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Expenses										
Governmental Activities										
General government	\$ 50,819	\$ 46,971	\$ 41,658	\$ 36,561	\$ 35,344	\$ 35,231	\$ 34,507	\$ 36,866	\$ 45,598	\$ 53,282
Public protection	120,165	135,987	136,755	134,768	132,413	136,219	142,353	148,135	162,432	170,134
Public ways and facilities	22,256	24,503	24,713	24,927	27,365	27,120	28,474	28,253	34,136	33,418
Health and sanitation	55,173	66,382	66,542	68,199	66,657	65,799	69,222	74,313	78,137	88,326
Public assistance	84,045	93,472	97,803	96,645	98,841	96,435	97,929	99,449	110,470	118,089
Education	8,626	9,966	10,967	10,390	10,057	10,000	9,922	9,611	9,457	11,934
Recreation and cultural services	6,106	6,024	7,561	8,708	7,363	7,344	9,735	7,745	9,755	8,702
Interest on long-term debt	5,163	5,771	5,433	6,356	6,787	6,620	6,041	5,270	5,124	4,602
Total Governmental Activities Expenses	352,353	389,076	391,432	386,554	384,827	384,768	398,183	409,642	455,109	488,487
Business-Type Activities Expenses										
Airport	4,021	7,809	4,559	5,204	7,732	5,422	5,435	5,664	6,187	6,117
Golf	3,301	3,033	3,249	2,974	2,690	2,863	2,779	2,608	2,968	3,131
State Water contract	4,792	5,179	5,661	5,630	6,705	6,761	5,536	5,992	6,351	5,848
Nacimiento Water contract	559	20,021	10,144	10,613	11,844	11,901	14,738	13,840	15,776	14,888
Lopez Dam	5,807	7,945	6,189	5,813	6,499	5,752	6,548	6,116	6,128	6,220
Lopez Park	-	-	-	-	-	-	-	-	4	4
General Flood Control Zone	681	689	712	831	928	1,816	746	809	845	824
Transit	714	1,071	987	1,143	1,105	8	-	-	-	-
County Service Areas	3,465	3,419	3,434	3,744	3,877	3,836	3,779	3,857	4,194	4,065
Los Osos Wastewater	-	-	-	-	5	6,672	344	231	235	3,807
Total Business-Type Activities Expenses	23,340	49,166	34,935	35,952	41,385	45,031	39,905	39,117	42,688	44,904
Total Primary Government Expenses	\$ 375,693	\$ 438,242	\$ 426,367	\$ 422,506	\$ 426,212	\$ 429,799	\$ 438,088	\$ 448,759	\$ 497,797	\$ 533,391
Program Revenues										
Governmental Activities										
Fees, Fines, Charges for Services										
General government	\$ 18,743	\$ 13,299	\$ 17,729	\$ 12,878	\$ 13,971	\$ 17,545	\$ 16,575	\$ 14,678	\$ 12,407	\$ 13,702
Public protection	21,061	20,380	23,285	21,072	20,843	15,679	16,352	23,035	20,774	20,768
Public ways and facilities	7,236	7,580	4,190	3,234	11,549	5,069	5,465	4,356	4,255	9,434
Health and sanitation	6,505	6,583	6,863	7,026	7,453	6,014	5,196	6,570	6,631	7,179
Public assistance	2,798	2,864	2,784	925	2,399	2,366	2,920	2,070	2,077	2,107
Education	1,759	1,891	1,922	2,304	2,037	2,545	3,583	1,723	2,998	1,952
Recreation and cultural services	1,246	2,183	3,931	3,822	3,714	3,952	4,435	4,537	5,056	4,975
Operating Grants and Contributions										
General Government	1,454	446	751	377	1,120	628	122	252	54	735
Public Protection	41,429	40,924	38,080	40,034	37,244	45,646	50,477	54,233	62,359	63,528
Public ways and facilities	8,712	8,975	10,406	10,679	9,446	11,813	15,018	14,688	14,145	11,025
Health and sanitation	44,135	46,267	49,149	57,784	48,567	44,741	55,064	57,344	62,338	61,950
Public assistance	75,391	79,190	83,175	81,525	86,479	85,505	87,912	89,640	94,775	98,414
Education	299	262	260	259	289	175	175	102	105	124
Recreation and cultural services	167	185	178	177	357	18	350	-	131	153
Capital Grants and Contributions										
General government	291	264	384	449	279	843	8	69	156	45
Public protection	1,799	319	82	-	-	-	-	3,315	9,701	4,420
Public ways and facilities	6,008	15,130	5,966	10,259	7,411	12,930	3,479	5,570	6,435	6,031
Health and sanitation	-	34	-	-	-	-	-	-	-	-
Recreation and cultural services	171	979	423	173	81	247	50	282	1,776	10,804
Total Governmental Activities	239,204	247,755	249,558	252,977	253,239	255,716	267,181	282,464	306,173	317,346

Source: Statement of Activities

(continued)

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

	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016
Business-Type Activities										
Fees, Fines, Charges for Services										
Airport	3,919	4,585	3,734	3,541	3,888	3,719	4,053	4,493	4,883	5,165
Golf	3,016	3,058	2,879	2,653	2,590	2,690	2,639	2,779	2,967	2,589
State Water Contract	4,458	5,309	5,767	6,513	6,453	6,609	6,185	6,358	6,562	6,846
Nacimiento Water Contract	6,893	3,018	284	355	7,968	13,893	13,800	13,685	9,682	17,048
Lopez Dam	5,987	6,453	5,494	6,164	6,359	6,440	6,174	6,123	6,208	6,530
General Flood Control Zone	575	600	637	661	1,870	1,252	730	861	794	960
Transit	52	55	63	-	-	-	-	-	-	3,551
County Service Areas	2,860	2,869	2,658	2,784	3,090	3,186	3,352	3,312	3,408	-
Operating Grants and Contributions										
Airport	281	820	144	182	180	372	132	127	126	126
Golf	-	-	-	-	-	5	-	-	269	-
State Water Contract	8	8	8	8	10	10	13	13	13	13
Nacimiento Water Contract	25	28	31	31	30	28	29	12	9	9
Lopez Dam	-	-	15	15	15	15	15	8	8	8
Transit	-	-	-	1,172	1,097	-	-	-	-	-
General Flood Control Zone	543	624	962	-	-	-	-	-	-	-
County Service Areas	155	2	4	4	3	3	3	3	211	295
Los Osos Wastewater	-	-	-	-	-	35	1	-	-	2,810
Capital Grants and Contributions										
Airport	9,509	19,201	6,750	4,310	2,074	138	572	1,770	365	7,069
County Service Areas	-	165	275	339	288	64	294	2	-	-
Los Osos Wastewater	-	-	-	-	9,357	9,127	35,717	57,507	26,385	4,157
Total Business-Type Activities Revenues	38,281	46,795	29,705	28,732	45,272	47,586	73,709	97,053	61,890	57,176
Total Primary Government Revenues	\$ 277,485	\$ 294,550	\$ 279,263	\$ 281,709	\$ 298,511	\$ 303,302	\$ 340,890	\$ 379,517	\$ 368,063	\$ 374,522
Net (Expense)/Revenues										
Governmental Activities	\$ (113,149)	\$ (141,321)	\$ (141,874)	\$ (133,577)	\$ (131,588)	\$ (129,052)	\$ (131,002)	\$ (127,178)	\$ (148,936)	\$ (171,141)
Business-Type Activities	14,941	(2,371)	(5,230)	(7,220)	3,887	2,555	33,804	57,936	19,202	12,272
Total Primary Government net expense	\$ (98,208)	\$ (143,692)	\$ (147,104)	\$ (140,797)	\$ (127,701)	\$ (126,497)	\$ (97,198)	\$ (69,242)	\$ (129,734)	\$ (158,869)
General Revenue and Other Changes in Net Position										
Governmental Activities										
Property Taxes	\$ 128,867	\$ 133,292	\$ 141,195	\$ 132,723	\$ 139,214	\$ 140,288	\$ 143,182	\$ 152,256	\$ 155,374	\$ 163,367
Other Taxes	15,798	15,881	14,389	13,358	14,393	16,330	23,940	22,088	22,984	21,953
Interest and investment income	11,025	9,790	4,646	1,690	986	1,202	733	599	3,174	4,401
Unrestricted Grants	4,079	4,019	4,890	3,972	3,520	3,978	3,537	1,727	13,327	3,140
Other revenues	-	-	-	-	172	-	4	-	-	-
Transfers	(319)	(964)	845	(565)	150	8,048	(166)	(790)	(2,676)	(768)
Special Item	-	-	-	-	-	-	-	(2,800)	-	-
Total Governmental Activities	159,450	162,018	165,965	151,178	158,435	169,846	171,230	173,080	192,183	192,093
Business-type Activities										
Property Taxes	3,359	3,402	3,678	3,654	3,841	3,799	4,145	4,402	4,782	4,782
Other Taxes	-	-	27	28	28	28	29	32	-	-
Interest and investment income	1,897	7,290	6,190	1,900	965	755	385	595	659	847
Other revenues	304	292	572	363	447	31	160	40	183	268
Transfers	319	964	(845)	565	(150)	(8,048)	166	790	2,676	768
Total Business-type Activities	5,879	11,948	9,622	6,510	5,131	(3,435)	4,885	5,859	8,300	6,665
Total Primary Government	\$ 165,329	\$ 173,966	\$ 175,587	\$ 157,688	\$ 163,566	\$ 166,411	\$ 176,115	\$ 178,939	\$ 200,483	\$ 198,758
Change in Net Position										
Governmental Activities	\$ 46,301	\$ 20,697	\$ 24,091	\$ 17,601	\$ 26,847	\$ 40,794	\$ 40,228	\$ 45,902	\$ 43,247	\$ 20,952
Business-Type Activities	20,820	9,577	4,392	(710)	9,018	(880)	38,689	63,795	27,502	18,937
Total Primary Government	\$ 67,121	\$ 30,274	\$ 28,483	\$ 16,891	\$ 35,865	\$ 39,914	\$ 78,917	\$ 109,697	\$ 70,749	\$ 39,889

Notes:

Source - Statement of Activities

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

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund				
Reserved	\$ 29,841	\$ 31,853	\$ 40,561	\$ 49,543
Unreserved	<u>74,727</u>	<u>64,886</u>	<u>63,626</u>	<u>66,559</u>
Total General Fund	<u>\$ 104,568</u>	<u>\$ 96,739</u>	<u>\$ 104,187</u>	<u>\$ 116,102</u>
All Other Governmental Funds				
Reserved	\$ 30,278	\$ 50,422	\$ 42,697	\$ 39,243
Unreserved, reported in:				
Special Revenue Funds	70,630	60,384	51,703	55,513
Capital Project Funds	31,638	21,233	23,248	20,859
Debt Service Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 132,546</u>	<u>\$ 132,039</u>	<u>\$ 117,648</u>	<u>\$ 115,615</u>

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

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

Source: Balance Sheet - Governmental Funds

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 141,934	\$ 144,596	\$ 154,155	\$ 153,910	\$ 155,419	\$ 160,920	\$ 171,771	\$ 177,765	\$ 178,740	\$ 185,764
Licenses, permits, and franchises	9,404	9,117	8,006	6,906	7,413	7,863	9,247	10,694	10,452	10,539
Fines, forfeits, and penalties	6,262	6,224	6,973	6,078	7,993	6,750	6,654	5,257	5,686	5,173
Revenues from use of money and property	9,789	8,452	4,122	1,644	1,242	2,273	1,475	1,373	3,864	4,939
Aid from governmental agencies	184,142	196,994	188,794	199,771	194,625	206,372	209,234	229,283	261,351	256,490
Charges for current services	55,083	50,592	54,208	47,065	56,486	45,538	41,690	50,071	43,530	46,308
Other revenues	6,750	3,122	6,856	5,358	6,531	8,451	11,342	6,235	9,110	11,504
Total revenues	413,364	419,097	423,114	420,732	429,709	438,167	451,413	480,678	512,733	520,717
Expenditures										
Current:										
General government	55,375	51,733	51,461	45,162	50,321	45,850	44,374	44,317	51,207	54,461
Public protection	126,043	134,058	140,746	136,857	135,636	138,579	143,832	148,155	157,783	156,096
Public ways and facilities	38,981	44,814	42,139	31,093	37,261	40,338	34,178	28,528	29,903	41,044
Health and sanitation	57,590	66,180	67,267	68,442	68,472	67,830	70,021	74,586	75,116	81,591
Public assistance	87,182	92,682	98,170	96,248	100,202	97,185	98,059	99,442	107,104	111,227
Education	8,755	9,698	11,016	13,020	10,191	9,973	9,901	12,205	11,388	10,534
Recreational and cultural services	8,005	9,911	8,654	8,313	7,187	6,998	7,538	7,993	10,104	9,888
Debt service:										
Principal payments	6,560	2,601	3,264	3,790	4,595	4,435	4,065	5,412	6,070	6,788
Interest and fiscal charges	6,401	5,593	5,181	5,954	6,464	6,289	5,863	5,419	5,209	4,687
Debt issuance costs	-	-	-	550	-	-	269	-	-	-
Capital outlay	10,241	13,333	2,849	1,965	3,399	5,540	3,692	11,312	20,019	30,465
Total expenditures	405,133	430,603	430,747	411,394	423,728	423,017	421,792	437,369	473,903	506,781
Excess (deficiency) of revenues over expenditures	8,231	(11,506)	(7,633)	9,338	5,981	15,150	29,621	43,309	38,830	13,936

Continued

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources										
Issuance of long-term debt	-	-	-	-	-	-	-	-	-	-
Refunding certificates of participation issued	-	-	-	-	-	-	14,427	-	-	-
Premium on refunding certificates of participation issued	-	-	-	-	-	-	1,418	-	-	-
Proceeds of long-term debt	5,090	7,325	-	-	-	-	-	-	-	-
Payment to San Luis Pension Trust	-	-	-	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	42,565	-	-	-	-	-	-
Payment to refunded escrow agent	-	-	-	(42,000)	-	-	(16,400)	-	-	-
Discount on certificates of participation issued	-	(119)	-	-	-	-	-	-	-	-
Transfers in	42,996	42,324	43,523	33,044	34,421	35,815	48,113	26,502	33,299	35,803
Transfers out	(42,817)	(42,751)	(42,833)	(33,065)	(33,595)	(27,138)	(47,021)	(25,935)	(34,923)	(35,641)
Total other financing sources and uses	5,269	6,779	690	544	826	8,677	537	567	(1,624)	162
Special Item	-	-	-	-	-	-	-	(2,800)	-	-
Net change in fund balances	\$ 13,500	\$ (4,727)	\$ (6,943)	\$ 9,882	\$ 6,807	\$ 23,827	\$ 30,158	\$ 41,076	\$ 37,206	\$ 14,098
Debt Service as a percentage of non-capital expenditures	3.50%	2.13%	2.13%	2.51%	2.80%	2.73%	2.48%	2.61%	2.57%	2.54%

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

**COUNTY OF SAN LUIS OBISPO
ESTIMATED 30 YEAR PENSION LIABILITY FUNDING
PROJECTION BASED ON JANUARY 1, 2016 ACTUARIAL
VALUATION WITH TIER 3 (AB 340)
7.125% INVESTMENT RATE OF RETURN ASSUMPTION
3.375% PAYROLL GROWTH ASSUMPTION**

Valuation as of January 1,	Input Market Return for Past Fiscal Year	Market Return for Past Fiscal Year	Total Contribution Rate	Compensation at Valuation	Total Contribution	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded AAL	Funded Ratio	Total Normal Cost Rate	Market Value of Assets (MVA)	Funded Ratio Using MVA
2016	7.125%	-1.44%	38.90%	177	68.9	1,749	1,248	501	71.4%	21.35%	1,136	65.0%
2017	7.125%	7.125%	39.94%	182	72.8	1,829	1,281	548	70.0%	20.79%	1,203	65.8%
2018	7.125%	7.125%	40.63%	188	76.2	1,908	1,326	582	69.5%	20.29%	1,273	66.7%
2019	7.125%	7.125%	41.42%	193	79.9	1,987	1,371	616	69.0%	19.84%	1,346	67.7%
2020	7.125%	7.125%	42.06%	198	83.5	2,065	1,423	642	68.9%	19.43%	1,421	68.8%
2021	7.125%	7.125%	41.99%	204	85.8	2,143	1,497	646	69.9%	19.07%	1,498	69.9%
2022	7.125%	7.125%	41.87%	210	88.1	2,219	1,572	647	70.8%	18.73%	1,576	71.0%
2023	7.125%	7.125%	41.77%	217	90.4	2,294	1,650	644	71.9%	18.43%	1,654	72.1%
2024	7.125%	7.125%	41.66%	223	92.9	2,368	1,729	639	73.0%	18.16%	1,734	73.2%
2025	7.125%	7.125%	41.55%	230	95.5	2,440	1,809	631	74.1%	17.92%	1,815	74.4%
2026	7.125%	7.125%	41.47%	237	98.2	2,512	1,891	621	75.3%	17.71%	1,897	75.5%
2027	7.125%	7.125%	41.40%	244	101.1	2,581	1,975	606	76.5%	17.52%	1,980	76.7%
2028	7.125%	7.125%	41.35%	252	104.1	2,650	2,059	591	77.7%	17.34%	2,065	77.9%
2029	7.125%	7.125%	41.32%	260	107.3	2,717	2,146	571	79.0%	17.19%	2,152	79.2%
2030	7.125%	7.125%	41.31%	268	110.6	2,782	2,235	547	80.3%	17.05%	2,241	80.6%
2031	7.125%	7.125%	41.32%	276	114.2	2,846	2,327	519	81.8%	16.93%	2,333	82.0%
2032	7.125%	7.125%	41.33%	285	117.9	2,909	2,423	486	83.3%	16.81%	2,429	83.5%
2033	7.125%	7.125%	41.37%	294	121.8	2,972	2,522	450	84.9%	16.71%	2,528	85.1%
2034	7.125%	7.125%	41.43%	304	125.9	3,033	2,626	407	86.6%	16.62%	2,632	86.8%
2035	7.125%	7.125%	41.52%	314	130.3	3,094	2,735	359	88.4%	16.54%	2,741	88.6%
2036	7.125%	7.125%	41.65%	324	134.9	3,154	2,850	304	90.4%	16.46%	2,856	90.6%
2037	7.125%	7.125%	41.84%	335	140.0	3,214	2,972	242	92.5%	16.40%	2,978	92.7%
2038	7.125%	7.125%	42.15%	346	145.7	3,274	3,102	172	94.7%	16.34%	3,108	94.9%
2039	7.125%	7.125%	42.82%	357	152.9	3,335	3,242	93	97.2%	16.29%	3,248	97.4%
2040	7.125%	7.125%	16.97%	369	62.6	3,396	3,394	2	99.9%	16.25%	3,400	100.1%
2041	7.125%	7.125%	16.51%	381	62.9	3,459	3,458	1	100.0%	16.21%	3,464	100.1%
2042	7.125%	7.125%	16.48%	394	64.9	3,523	3,521	2	99.9%	16.18%	3,527	100.1%
2043	7.125%	7.125%	16.45%	407	67.0	3,588	3,587	1	100.0%	16.15%	3,593	100.1%
2044	7.125%	7.125%	16.44%	421	69.2	3,656	3,655	1	100.0%	16.13%	3,661	100.1%
2045	7.125%	7.125%	16.43%	435	71.5	3,727	3,725	2	99.9%	16.12%	3,731	100.1%
2046	7.125%	7.125%	16.42%	450	73.8	3,800	3,799	1	100.0%	16.10%	3,805	100.1%

Discussion:

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

Notes:

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

Projection assumes no actuarial gains and losses, other than from assets. Projection based on constant population.

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

The Unfunded Actuarial Liability presented in this schedule and used for funding purposes is calculated using the smoothed actuarial value of Plan assets. This differs from the Net Pension Liability used for financial statement reporting under GASB 68 which is measured using the market value of Plan assets.

Amounts in this schedule differ from those used for financial reporting. This projection contains values based on a January 1, 2016 actuarial valuation report. Net Pension Liability and related amounts used for financial reporting are based on a June 30, 2016 actuarial valuation report.

All dollar amounts in millions.

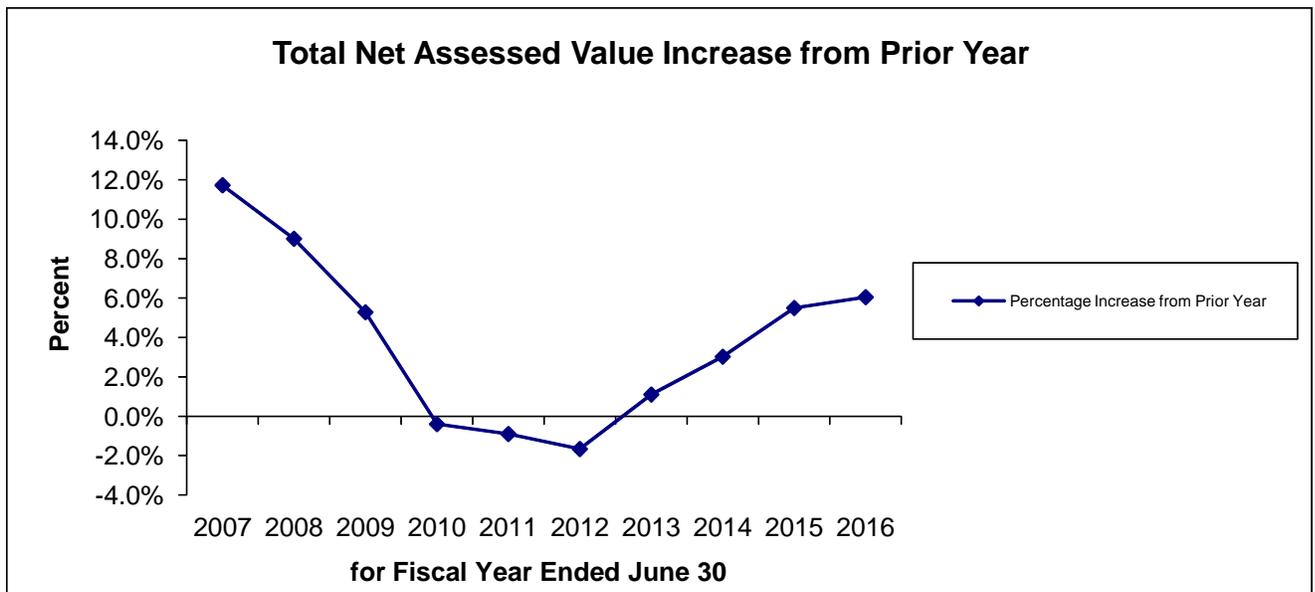
Source:

Gabriel Roeder Smith & Company
Supplementary exhibit to the 2015 SLO County Pension Trust Actuarial Valuation Report
For the Year Beginning January 1, 2016

**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
2007	\$ 36,890,449	\$ 1,000,873	\$ (781,070)	\$ 37,110,252	11.7%	1.0021
2008	40,252,987	1,035,443	(835,356)	40,453,074	9.0%	1.0020
2009	42,348,044	1,132,435	(891,949)	42,588,530	5.3%	1.0020
2010	42,185,284	1,148,662	(914,309)	42,419,637	-0.4%	1.0020
2011	41,846,720	1,118,384	(927,194)	42,037,910	-0.9%	1.0029
2012	41,223,923	1,081,597	(965,089)	41,340,431	-1.7%	1.0030
2013	41,667,316	1,138,202	(1,009,234)	41,796,284	1.1%	1.0040
2014	42,900,845	1,195,631	(1,036,531)	43,059,945	3.0%	1.0040
2015	45,288,599	1,230,775	(1,093,212)	45,426,162	5.5%	1.0040
2016	48,037,099	1,257,845	(1,122,568)	48,172,375	6.0%	1.0037

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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
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	0.00221	0.00220	0.00220	0.00220	0.00290	0.00300	0.00400	0.00400	0.00400	0.00374
Total Direct Rate	1.00221	1.00220	1.00220	1.00220	1.00290	1.00300	1.00400	1.00400	1.00400	1.00374
Cities, Schools, and Special Districts Combined Rates										
Arroyo Grande	0.0392	0.0422	0.0464	0.0464	0.0470	0.0477	0.0576	0.0580	0.0569	0.0756
Atascadero	0.0975	0.0975	0.0975	0.0975	0.0975	0.0442	0.0452	0.0452	0.0590	0.1373
Grover Beach	0.0295	0.0333	0.0382	0.0382	0.0389	0.0396	0.0495	0.0499	0.0509	0.0940
Morro Bay	0.0231	0.0492	0.0492	0.0492	0.0499	0.0501	0.0510	0.0510	0.0510	0.0688
Paso Robles	0.0952	0.0997	0.0948	0.0988	0.0389	0.0816	0.0815	0.0815	0.0782	0.0955
Pismo Beach	0.0295	0.0333	0.0382	0.0382	0.0389	0.0396	0.0495	0.0499	0.0509	0.0700
San Luis Obispo	-	-	-	-	-	-	-	-	-	0.0683

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 2016			Fiscal Year 2007		
		Assessed Value	Rank	Percentage of Total County Assessed	Assessed Value	Rank	Percentage of Total County Assessed
Pacific Gas & Electric Co.	Utility	\$ 2,683,257	1	5.57%	\$ 2,177,838	1	5.88%
Phillips 66 Company	Oil Refinery	155,118	2	0.32%	-	-	-
Beringer Wine Estates Company	Winery	90,412	3	0.19%	65,609	4	0.18%
Southern California Gas Co	Utility	81,863	4	0.17%	53,458	7	0.14%
Mustang UCAL LLC	Apartments	78,358	5	0.16%	70,825	3	0.19%
E&J Gallo Winery	Winery	71,920	6	0.15%	-	-	-
Pacific Bell Telephone Co	Telephone	70,939	7	0.15%	-	-	-
Freeport-McMoran Oil & Gas	Petroleum & Gas	69,100	8	0.14%	-	-	-
Martin Hotel Mgmt Co LLC	Hotel	64,891	9	0.13%	-	-	-
Sierra Vista Hospital Inc	Hospital	59,296	10	0.12%	-	-	-
TOSCO Corp	Petroleum & Gas	-	-	-	140,179	2	0.38%
AT&T California	Communications	-	-	-	61,619	5	0.17%
Duke Energy Morro Bay LLC	Utility	-	-	-	61,400	6	0.17%
Charter Communications LLC	Real Estate	-	-	-	50,720	8	0.14%
Centex Homes	Developer	-	-	-	49,786	9	0.13%
Twin Cities Com. Hospital	Hospital	-	-	-	45,587	10	0.12%
Total		\$ 3,425,154		7.11%	\$ 2,777,021		7.49%
Total County Assessed Value		\$ 48,172,375			\$ 37,055,966		

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			
2007	\$ 362,429	\$ 354,117	97.71%	N/A	\$ 8,312	2.29%
2008	394,779	380,943	96.50%	N/A	13,836	3.50%
2009	416,262	400,120	96.12%	N/A	16,142	3.88%
2010	412,698	398,951	96.67%	N/A	13,747	3.33%
2011	408,623	397,830	97.36%	N/A	10,793	2.64%
2012	403,472	396,238	98.21%	N/A	7,234	1.79%
2013	405,225	399,807	98.66%	N/A	5,418	1.34%
2014	421,140	416,450	98.89%	N/A	4,690	1.11%
2015	447,088	442,330	98.94%	N/A	4,758	1.06%
2016	470,629	466,465	99.12%	N/A	4,164	0.88%

Note:

Amounts do not include Tax collections for Bonds or Special Assessments

Source: County Property Tax Booklet

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

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

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

Note:

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

Source:

- a. County Property Tax System

* Amounts restated

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

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

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Certificates of Participation	\$ 27,125	\$ 33,319	\$ 31,920	\$ 30,420	\$ 28,820	\$ 27,895	\$ 25,662	\$ 24,640	\$ 23,600	\$ 22,527
Less deferred amounts:										
For issuance discounts:	-	(119)	(115)	(111)	(107)	(103)	(99)	(95)	(91)	(87)
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	1,329	1,240	1,152	1,063
Pension Obligation Bonds	130,504	129,034	127,169	125,444	122,689	119,429	115,624	111,234	146,219	145,291
Total bonds and notes payable	157,629	162,234	158,974	155,753	151,402	147,221	142,516	137,019	170,880	168,794
Business Type										
Certificates of Participation	21,535	20,985	20,848	20,657	19,897	19,060	17,920	18,257	17,745	17,194
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	492	459	426	393
Pension Obligation Bonds										
State Note	26,144	31,824	32,283	32,418	31,024	35,884	34,399	46,529	72,774	86,611
Revenue Bonds	56	196,461	196,456	196,450	196,444	193,483	190,389	187,170	183,813	177,198
Add deferred amounts:										
For issuance premiums:	-	6,371	6,371	6,371	6,371	6,158	5,945	5,732	5,519	10,058
Unamortized outflow on Bond Refinancing	12,000	-	-	-	-	-	-	-	-	(4,171)
General Obligation Bonds	-	11,730	11,450	11,155	10,760	10,245	9,890	9,530	9,155	8,760
Add deferred amounts:										
For issuance premiums:	-	-	-	-	1,128	1,072	1,015	959	902	846
Bond Anticipation Notes	-	-	-	-	8,677	-	-	-	-	-
Assessment Bonds	-	-	-	-	-	15,364	39,527	76,438	79,829	79,396
Total bonds and notes payable	59,735	267,371	267,408	267,051	274,301	281,266	299,577	345,074	370,163	376,285
Total Outstanding Debt	\$ 217,364	\$ 429,605	\$ 426,382	\$ 422,804	\$ 425,703	\$ 428,487	\$ 442,093	\$ 482,093	\$ 541,043	\$ 545,079
Percentage of Personal Income	N/A									
Percentage of Assessed Value of Taxable Property*	0.59%	1.06%	1.00%	1.00%	1.01%	1.04%	1.06%	1.12%	1.19%	1.13%
Net outstanding debt Per Capita	\$ 820.55	\$ 1,595.05	\$ 1,576.69	\$ 1,547.42	\$ 1,571.06	\$ 1,578.32	\$ 1,624.28	\$ 1,770.08	\$ 1,972.50	\$ 1,960.89

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)

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Certificates of Participation	\$ 19,545	\$ 18,965	\$ 18,361	\$ 17,730	\$ 17,075	\$ 16,400	\$ 14,427	\$ 13,675	\$ 12,915	\$ 12,137
Less deferred amounts:										
For issuance discounts:	-	-	-	-	-	-	(99)	(95)	(91)	(87)
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	1,330	1,240	1,152	1,063
General Obligation Bonds	12,000	11,730	11,450	11,155	10,760	10,245	9,890	9,530	9,155	8,760
Add deferred amounts:										
For issuance premiums:	-	-	-	-	1,128	1,072	1,015	959	902	846
Assessment Bonds	-	-	-	-	-	15,364	39,527	76,438	79,829	79,396
Less resources restricted for principal repayment	(13,505)	(15,297)	(10,929)	(10,665)	(9,752)	(9,666)	(9,640)	(10,691)	(12,069)	(13,139)
Net Total General Obligation Debt	\$ 18,040	\$ 15,398	\$ 18,882	\$ 18,220	\$ 19,211	\$ 33,415	\$ 56,450	\$ 91,056	\$ 91,793	\$ 88,976
Percentage of Personal Income	N/A									
Percentage of Assessed Value of Taxable Property*	0.05%	0.04%	0.04%	0.04%	0.05%	0.08%	0.14%	0.21%	0.20%	0.18%
Net Outstanding debt Per Capita	\$ 68.10	\$ 57.17	\$ 69.82	\$ 66.68	\$ 70.90	\$ 123.08	\$ 207.40	\$ 334.33	\$ 334.65	\$ 320.08

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)**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Value of Property (a) (b)	\$ 37,110,252	\$ 40,453,074	\$ 42,588,529	\$ 42,419,637	\$ 42,037,909	\$ 41,340,430	\$ 41,796,283	\$ 43,059,945	\$ 45,426,163	\$ 48,172,375
Debt Limit, 1.25% of Assessed Value	463,878	505,663	532,357	530,245	525,474	516,755	522,454	538,249	567,827	602,155
<i>Amount of Debt Applicable to Limit</i>										
General Obligation Bonds (c)	12,000	11,730	11,450	11,155	11,888	11,317	10,905	10,489	10,057	9,606
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Total Debt Applicable	12,000	11,730	11,450	11,155	11,888	11,317	10,905	10,489	10,057	9,606
Legal Debt Margin	<u>\$ 451,878</u>	<u>\$ 493,933</u>	<u>\$ 520,907</u>	<u>\$ 519,090</u>	<u>\$ 513,586</u>	<u>\$ 505,438</u>	<u>\$ 511,549</u>	<u>\$ 527,760</u>	<u>\$ 557,770</u>	<u>\$ 592,549</u>
Total Debt Applicable as a Percentage of the Debt Limit	2.59%	2.32%	2.15%	2.10%	2.26%	2.19%	2.09%	1.95%	1.77%	1.60%

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	\$45,029,609
Pipeline Right-of-Way (Unitary)	6,295
Aircraft	91,300
Total Local Assessed	45,127,204

State Assessed

Local Utility	24,718
Unitary	3,020,453
Total State Assessed	3,045,171

Combined Assessed Values

Sub-Total Combined Assessed Values	48,081,075
Aircraft	91,300
Total Combined Assessed Values	<u>\$48,172,375</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)
2007	264,900	\$ 9,977,057	\$ 38,144	37.30	44,610	4.6
2008	269,337	10,709,753	40,204	37.30	44,441	5.7
2009	270,429	10,237,494	38,179	39.30	44,874	9.0
2010	273,231	10,532,649	38,994	39.40	44,351	10.0
2011	270,966	10,966,438	40,322	40.30	44,104	9.9
2012	271,483	12,008,355	43,698	39.20	43,022	8.5
2013	272,177	12,547,278	45,388	39.50	42,600	6.4
2014	272,357	12,823,005	45,947	39.50	42,911	5.3
2015	274,293	N/A	N/A	N/A	41,853	4.4
2016	277,977	N/A	N/A	N/A	43,117	4.5

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

- a. Data for Calendar Years
- b. Data includes kindergarten through grade 12 and Cuesta College
- c. Calendar year 2009 -2013 figures are projections based on the 2000 census
- d. Prior years were revised per the US Department of Commerce
- e. Data for School Year ending in the stated calendar year.

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

Employer	2016			2007		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Cal Poly State University, SLO	3,055	1	2.17%	2,677	1	2.00%
County of San Luis Obispo	2,800	2	1.99%	2,546	2	1.90%
Atascadero State Hospital	2,000	3	1.42%	2,155	3	1.61%
California Men's Colony	1,540	4	1.10%	1,800	5	1.35%
Pacific Gas and Electric Company	1,900	5	1.35%	1,800	4	1.35%
Cal Poly Corporation	1,400	6	1.00%	1,400	6	1.05%
Tenet Healthcare	1,272	7	0.90%	-	-	-
Compass Health Inc	1,200	8	0.85%	-	-	-
Lucia Mar Unified School District	1,000	9	0.71%	1,042	7	0.78%
Paso Robles Public Schools	935	10	0.67%	803	10	0.60%
Cuesta College	-	-	-	830	8	0.62%
San Luis Unified School District	-	-	-	821	9	0.61%
Total Employment Labor Force			140,600			133,800

Source:

1. SLO Chamber of Commerce
2. State of California Employment Development Department
3. 2006-2007 San Luis Obispo County CAFR

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

Function/Program	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government	482.00	495.50	485.25	451.00	442.75	437.50	438.25	430.75	436.75	440.50
Public Protection	885.25	891.75	879.50	799.75	783.25	808.25	812.00	817.25	832.25	848.25
Public Ways and Facilities	185.25	191.25	199.25	202.25	194.25	193.75	193.75	188.75	190.75	207.75
Health and Sanitation	394.50	423.75	421.00	424.75	424.00	430.50	445.25	464.00	485.25	505.50
Public Assistance	443.75	453.25	437.25	426.75	424.75	425.75	428.00	478.00	500.75	524.00
Education	84.00	87.50	87.50	78.50	78.50	77.50	75.50	75.50	75.50	77.50
Recreation and Cultural Services	59.00	58.00	58.00	56.00	56.00	52.00	55.00	55.00	59.00	60.00
Total	<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>	<u>2,509.25</u>	<u>2,580.25</u>	<u>2,663.50</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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Recreation and Cultural Services										
Parks										
<i>Day Use Passes</i>	66,899	65,895	47,156	47,011	51,519	57,135	56,601	42,821	57,564	n/a
<i>Daily Passes</i>	n/a	246,727*	239,140*	189,232						
<i>Annual Passes</i>	1,416	1,598	3,547	2,220	1,992	2,357	2,406	2,998	3,137	n/a
<i>Annual Vehicle Passes</i>	n/a	8,744	12,584	9,614						
<i>Daily Boat Launches</i>	19,737	14,085	16,864	15,802	15,602	16,133	14,809	26,110*	23,706*	16,001
<i>Annual Boat Passes</i>	793	847	752	627	618	238*	551	1,412*	1,245*	480
Public Protection										
Planning and Building										
<i>Total Permits Issued</i>	2,897	2,634	2,261	2,067	2,073	2,086	2,070	2,622	3,139	3,355
<i>Number of New Affordable Housing</i>	63	218	105	82	80	39	44	13	151	99
Sheriff										
<i>Jail bookings (a)</i>	18,718	18,321	14,158	13,025	12,682	12,966	13,273	12,583	11,375	11,018
<i>Average daily population (a)</i>	553	567	540	551	558	679	717	780	679	603
Health and Sanitation										
Mental Health										
<i>Total number of patient days in State Hospitals</i>	447	603	365	364	n/a	n/a	n/a	n/a	n/a	n/a
<i>Day Treatment Days provided to youth in out-of-county group home facilities</i>	n/a	2,067	2,692	2,212	2,937	1588*	1,885	1,764	1,613	1,381
Public Health										
<i>Number of Children enrolled in the Healthy Families Program</i>	4,752	5,098	5,450	5,709	n/a	n/a	n/a	n/a	n/a	n/a
<i>Percentage of the State allocated caseload enrolled in the Women, Infants & Children(WIC) Program</i>	n/a	100	98	97	100	99	99	95	91	86
<i>Percentage of live born infants whose mothers received prenatal care in the first trimester.</i>	82.7	76.0	78.0	78.0	78.5	81.7	80.0	79.0	79	80
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>	2.9	n/a								
<i>Percentage of child abuse/neglect referrals where a response is required within 10 days that were timely</i>	77.1	69.8	88.7	94.1	96.8	97.6*	98.0*	96.1*	97.9	97.0
Education										
Library										
<i>Annual number of items circulated per capita</i>	7.0	7.5	9.2	9.4	10.0	10.1	10.1*	9.8*	9.6	10.5
<i>Annual Expenditure per capita for total Library budget</i>	\$ 31.07	\$ 33.75	\$ 38.43	\$ 35.35	\$ 35.35	\$ 35.25	\$ 34.35	\$ 35.50	\$ 36.13	\$ 36.27
Public Ways and Facilities										
Roads										
<i>Pavement Condition Rating for all county roads (70 = "good")</i>	69	65	62	65	60	58	60	61	61	64
Airport										
Airport										
<i>Takeoffs and Landings (a)</i>	92,096	96,172	95,419	88,161	80,556	80,158	71,428	66,696	71,001	71,181
<i>Passenger Enplanements</i>	177,176	182,285	132,748	125,152	139,909	134,244	132,315	147,105	149,558	155,744

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	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Recreation and Cultural Services										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	12,056	13,402	13,422	13,422	13,572	13,424	13,424	13,583	13,583	13,583
Public Protection										
Correction facility capacities (a)	684	693	693	693	689	637	717	797	797	797
Public Ways and Facilities										
Miles of county roads	1,321	1,334	1,336	1,329	1,332	1,333	1,335	1,336	1,336	1,338
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

