

Comprehensive Annual Financial Report

County of San Luis Obispo, California



Fiscal Year Ended June 30, 2020



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



Cover photo of the Pismo Beach pier taken by
Ryan Richmond, Auditor-Controller-Treasurer-Tax Collector's Office

**COUNTY OF SAN LUIS OBISPO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
JUNE 30, 2020**

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal.....	1
Certificate of Achievement for Excellence in Financial Reporting	12
List of Elected and Appointed Officials	13
Organizational Chart.....	14

FINANCIAL SECTION

Independent Auditors' Report.....	15
Management's Discussion and Analysis	18

Basic Financial Statements:

Government-Wide Financial Statements:

Statement of Net Position	36
Statement of Activities.....	37

Fund Financial Statements:

Governmental Funds:

Balance Sheet.....	39
Reconciliation of Governmental Funds Balance Sheet to the Government- Wide Statement of Net Position – Governmental Activities.....	40
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	41
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-Wide Statement of Activities – Governmental Activities.....	42

Proprietary Funds:

Statement of Fund Net Position.....	43
Statement of Revenues, Expenses, and Changes in Fund Net Position	44
Statement of Cash Flows	45

Fiduciary Funds:

Statement of Fiduciary Net Position.....	46
Statement of Changes in Fiduciary Net Position	47

Notes to Basic Financial Statements.....	48
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The accompanying notes are an integral part of these financial statements.

FINANCIAL SECTION (CONTINUED)

Required Supplementary Information

Description 90

Schedule of the County’s Proportionate Share of the San Luis Obispo County Pension Plan’s Net Pension Liability..... 91

Schedule of the County’s Contributions to the San Luis Obispo County Pension Plan..... 92

Other Post-Employment Benefits (OPEB) Plan Schedule of Changes in the County’s Net OPEB Liability and Related Ratios..... 93

Other Post-Employment Benefits (OPEB) Plan Schedule of Actuarially Determined Plan Contributions and Related Ratios..... 94

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget to Actual Comparison - General Fund 95

Notes to Required Supplementary Information..... 97

Other Supplementary Information:

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds:

Nonmajor Governmental Fund Descriptions 98

Combining Balance Sheet..... 100

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 104

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

Capital Projects 108

Community Development..... 109

Emergency Medical Services 110

Driving Under the Influence Programs 111

Fish and Game..... 112

Road Impact Fees 113

Library..... 114

Parks..... 115

Public Facilities Fees 116

Roads..... 117

Wildlife Grazing 118

Flood Control Districts 119

Lighting Control Districts..... 120

County Service Area Districts 121

Public Facilities Corporation 122

Pension Obligation Bonds 123

SLO County Financing Authority 124

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

FINANCIAL SECTION (CONTINUED)

Nonmajor Enterprise Funds:

Nonmajor Enterprise Fund Descriptions 125
Combining Statement of Net Position 126
Combining Statement of Revenues, Expenses, and Changes in Net Position..... 127
Combining Statement of Cash Flows..... 128

Internal Service Funds:

Internal Service Fund Descriptions 129
Combining Statement of Net Position 130
Combining Statement of Revenues, Expenses, and Changes in Net Position..... 131
Combining Statement of Cash Flows..... 132

Internal Service Funds – Insurance Funds:

Combining Statement of Net Position 133
Combining Statement of Revenues, Expenses, and Changes in
Net Position 134
Combining Statement of Cash Flows 135

Fiduciary Funds:

Fiduciary Fund Description..... 136

Agency Funds:

Combining Statement of Fiduciary Net Position..... 137
Combining Statement of Changes in Assets and Liabilities 138

Investment Trust Funds:

Combining Statement of Fiduciary Net Position..... 139
Combining Statement of Changes in Fiduciary Net Position 140

General Fund - Detail Budgetary Comparison Schedules:

Detail Schedule of Expenditures – Budget to Actual Comparison 141

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

STATISTICAL SECTION (UNAUDITED)

Statistical Section Table of Contents149

Net Position by Component150

Changes in Net Position151

Fund Balances, Governmental Funds153

Changes in Fund Balances, Governmental Funds154

Estimated 30 Year Pension Liability Funding.....156

Assessed Valuation157

Direct and Overlapping Property Tax Rates158

Principal Property Taxpayers159

Property Tax Levies and Collections.....160

Special Assessment Billings and Collections161

Ratios of Total Debt Outstanding.....162

Ratios of General Bonded Debt Outstanding.....163

Legal Debt Margin Information.....164

Demographic and Economic Statistics165

Principal Employers166

Full Time Equivalent County Government Employees by Function167

Operating Indicators by Function.....168

Capital Asset Statistics by Function169

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

INTRODUCTORY SECTION



COUNTY
of SAN LUIS
OBISPO



COUNTY OF SAN LUIS OBISPO

AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

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

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

January 21, 2021

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, 2020, is hereby submitted as mandated by Sections 25250 and 25253 of the Government Code of the State of California. These statutes require that the County publish a complete set of financial statements audited in accordance with Generally Accepted Auditing Standards (GAAS) by a firm of licensed certified public accountants. The County prepares its financial statements in accordance with Generally Accepted Accounting Principles (GAAP). The requirements for financial reporting in accordance with GAAP are established by the Governmental Accounting Standards Board (GASB).

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

The County's financial statements have been audited by CliftonLarsonAllen LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide a reasonable assurance that the financial statements of the County for the fiscal year ended June 30, 2020, are free of any material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the County's financial statements for the fiscal year ended June 30, 2020, are fairly presented and in conformity

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

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

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

Profile of the Government

The County of San Luis Obispo, incorporated in 1850, is located on the central coast of the State of California, midway between Los Angeles and San Francisco. The County currently occupies a land area of 3,616 square miles and serves a population of 283,111 residents. Approximately 44% of the population resides in the unincorporated area. The seven incorporated cities in the County are Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo.

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

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

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

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

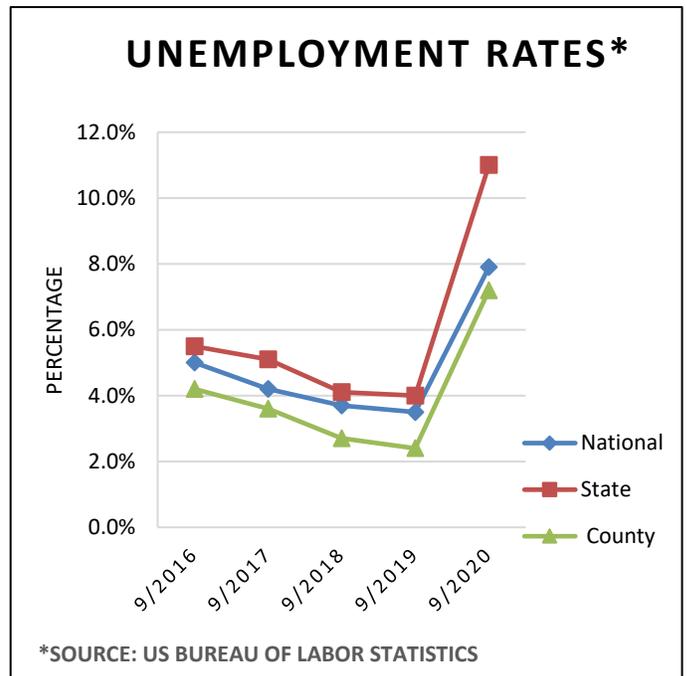
The County has various blended component units which primarily provide utility and debt financing services. The County's only discretely presented component unit is the Children and Families Commission of San Luis Obispo County (First 5), which allocates funds from the California Children and Families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

Factors Affecting Financial Condition

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

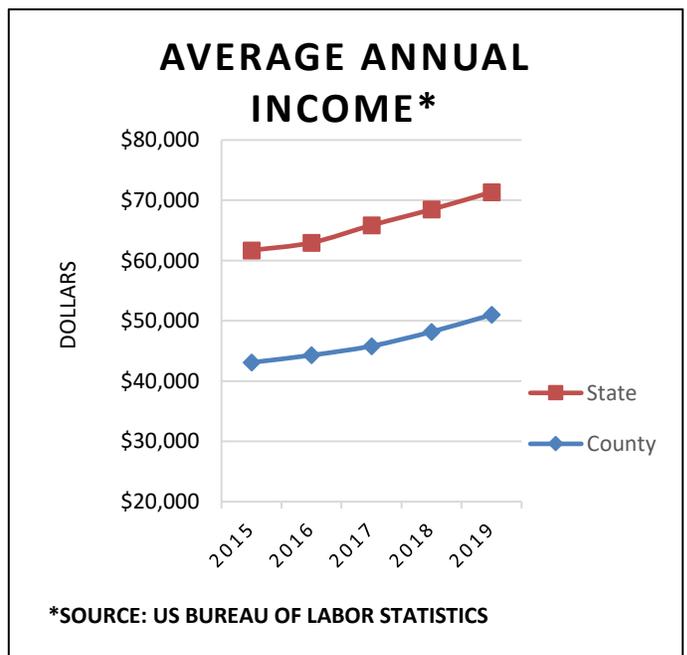
Employment:

- Unemployment in the County, as of September 2020, was 7.2% which is lower than both the state rate of 11.0% and the national rate of 7.9%. During the same period last year, unemployment in the County was 2.4%. The rise in the County's unemployment rate has closely followed the trend in unemployment at the state and national level and is primarily attributable to the COVID-19 pandemic.
- The State of California has a major presence in the County of San Luis Obispo with California Men's Colony, Atascadero State Hospital, Caltrans, and the California Polytechnic State University, making the State the largest employer in the County.



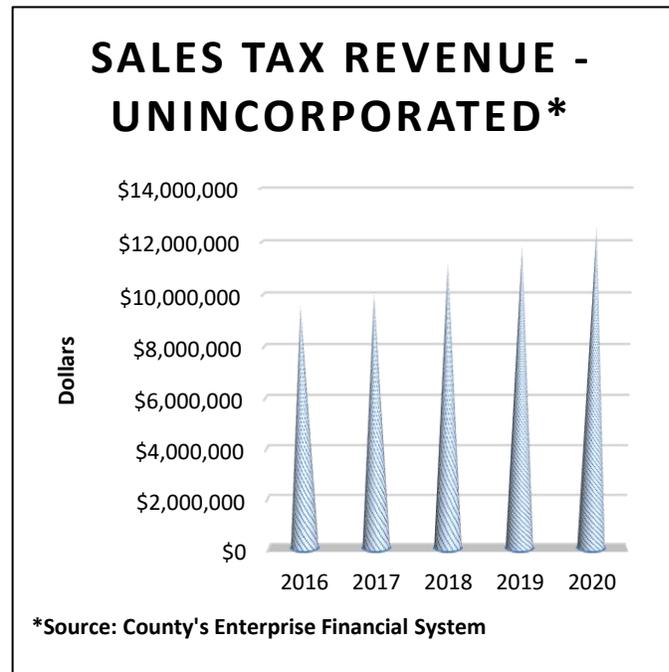
Wages:

- Average income increased by 5.8% to \$51,011, from 2018 to 2019 (most recent data) for the residents of the County of San Luis Obispo whereas average income for the state increased by 4.2% as reported by the Bureau of Labor Statistics.
- As reported by the Bureau of Labor Statistics, the highest earning 2019 occupational groups consisted of psychiatrists, physicians and surgeons, family and general healthcare practitioners, personal financial advisors, architect and engineering managers, dentists, pharmacists, chief executives, first-line supervisors of police and detectives and industrial production managers.



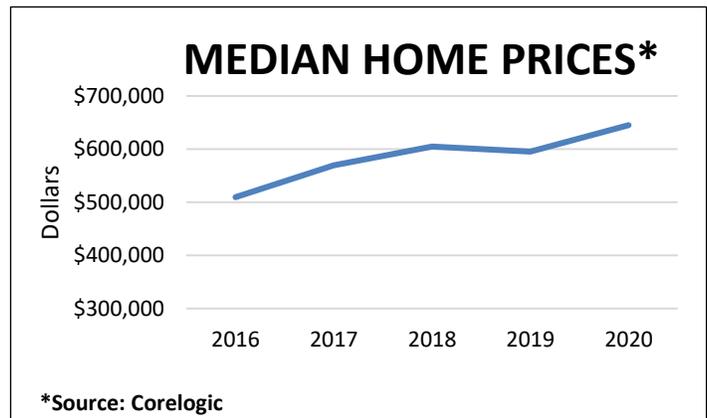
Retail Sales:

- Sales and use tax revenue was \$12.5 million for the FY 2019-20. While this is a 5.9% increase in sales tax revenue from June 2019 to June 2020, it is forecasted that COVID-19 will decrease sales tax revenues in the subsequent year.
- With a wide variety of activities offering year-round visitor appeal, the County continues to benefit fiscally from the tourism industry. Tourists spent approximately \$305 million in retail locally in 2019 which is an 8.5% increase in spending from 2018 as reported by the tourism marketing agency Visit SLO CAL.



Real Estate and Property Taxes:

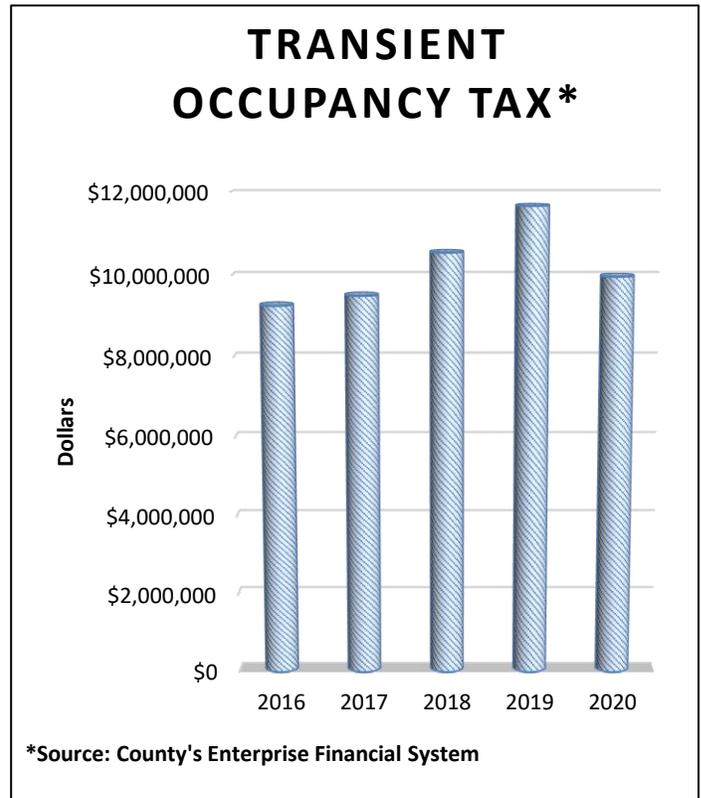
The County's median home price increased from \$595,000 in August 2019 to \$645,000 in August 2020. This is an 8.4% increase from the same period in the prior year. The increase in median home price demonstrates people's continued desire to live in the area and a healthy local real estate market.



- Discretionary property tax receipts were \$140 million in FY 2019-20, an increase of 5.8% over the prior year.
- The total tax levy on secured property, which excludes unsecured property, direct charges, and school bonds, was \$573,449,410 for FY 2019-20, an increase of 4.3% from the previous year.
- Property transfer tax is related to the value and number of real estate transactions during the year. In the County's unincorporated areas property transfer taxes increased 35% to \$3.8 million in FY 2019-20.
- The property tax delinquency rate increased from 0.9% in FY 2018-19 to 1.6% in FY 2019-20.

Tourism:

- Transient Occupancy Tax (TOT) collections in the unincorporated areas decreased 15% in FY 2019-20. This decrease is mainly due to the impact of the shelter-at-home orders related to the COVID-19 pandemic.
- The scenic coastline and rolling vineyards continue to make San Luis Obispo a desired tourist destination. From farm-to-table cuisine to mountainous hikes to beautiful walks on the beach, San Luis Obispo County has an abundance of activities that appeal to tourists and residents alike. Visit SLO CAL reported that tourists spent \$1.94 billion across all business sectors in San Luis Obispo County in the 2019 calendar year, but due to COVID-19, are forecasting a \$557 million reduction in spending for calendar year 2020.



Long-term financial planning:

- The County expects that COVID-19 will significantly impact the budget in the current and future years. As such, the County anticipates a multi-year budget strategy to achieve structural balance. The FY 2020-21 comprehensive budget authorized a \$679 million governmental fund spending level, an increase over the \$648 million budget for FY 2019-20. The budget provides support to the development of departmental programs and services and assists County operations in responding to continuously changing needs, including the health and safety of the community. The increase in property tax revenue and intergovernmental revenue allowed for an increase in the FY 2020-21 spending level. In FY 2020-21, the General Fund has \$615.2 million appropriated to finance expenditures, including contingencies of \$27.0 million.
- The General Fund reports fund balance intended for a variety of long-term needs in classifications based on the extent to which the amounts are restricted for use. The General Reserve, established per Government Code §29127, is accessible only upon declaration of emergency by the Board of Supervisors. As of June 30, 2020, the General Reserve was \$13.0 million. In addition to the General Reserve,

reserves exist for building replacement (\$44.1 million), automation projects (\$18.0 million), and tax-loss mitigation purposes (\$44.3 million). Other classifications of General Fund balance are described in Footnote 11.

- On March 13, 2020, the County Health Officer declared a public health emergency and the County Emergency Services Director proclaimed a local emergency due to the COVID-19 pandemic and the County used \$7.5 million of contingency funds for immediate response costs and to establish the Cal Poly Alternate Care Site (CPACS).
- Each year a 5-year Capital Improvement Program (CIP) is compiled. The CIP is a plan for short-range and long-range capital acquisition and development. It also includes plans to improve or rehabilitate County-owned roads and facilities. The plan provides the mechanism for estimating capital requirements; setting priorities; monitoring and evaluating the progress of capital projects; and informing the public of projected capital improvements and unfunded needs. While the CIP covers a five-year planning period, it is updated each year to reflect ongoing changes as new projects are added, existing projects are modified, and completed projects are removed from the plan document. The five-year CIP does not appropriate funds; rather it serves as a budgeting tool, identifying those capital project appropriations to be made through the adoption of the County's annual budget. The budgeted capital expenditures for FY 2020-21 increased 20% from the prior year and are approximately \$7 million.
- In September 2018, Governor Jerry Brown signed Senate Bill 1090, a bipartisan bill that will provide \$85 million in economic assistance to the community. The bill is an effort, in part, to lessen the effects of lost tax revenue that will result from the closure of the Diablo Canyon Nuclear Power Plant. PG&E plans to close the plant by fiscal year 2024-25. The County will receive its portion of annual installment payments for the economic assistance through FY 2024-25 and the payments will be used for economic development (\$4.0 million), safety (\$4.5 million), affordable housing (\$6.4 million), infrastructure (\$5.0 million), roads (\$1.2 million), libraries (\$2.0 million), and General Fund tax loss mitigation (\$12.1 million).

Relevant Financial Policies:

- **Balanced Budget:** The County Administrative Officer shall present a balanced budget for all County operating funds on an annual basis.
- **Ongoing Budget Administration:** The County Administrative Officer shall submit Quarterly Financial Status Reports to the Board of Supervisors. The reports shall provide expenditure and revenue projections and identify and clarify projected variances along with recommendations and proposed corrective actions.

- **Budget Priorities:** The budget is an effort to allocate resources in an effective and efficient manner in order to achieve the County’s vision of a Safe, Healthy, Livable, Prosperous, and Well-Governed Community.
- **Use of “One-Time” Funds:** One-time revenue shall be dedicated for use for one-time expenditures. Annual budgets will not be increased to the point that ongoing operating costs become overly reliant upon cyclical or unreliable one-time revenues.
- **Adopt a Formal Debt Policy:** A comprehensive Debt Management Policy was developed by the Auditor-Controller and approved by the Debt Advisory Committee. It was adopted by the Board of Supervisors on December 14, 2010.
- **Cost Recovery through Fees:** Utilize fees to recover costs where reasonable and after all cost savings options have been explored.
- **Pension Cost:** Governor Brown implemented a Public Employee Pension Reform Act (PEPRA) which took effect on January 1, 2013. In compliance with PEPRA the County established a Tier III retirement plan that complies with or exceeds the requirements of the pension reform legislation. In addition, the County and most labor units have adopted a 50/50 funding split between the County and the employees. As of December 31, 2019, approximately 49% of County employees fall under PEPRA.

Major Initiatives

- **Countywide:** The County has taken many actions to address the impacts of COVID-19 since a local health emergency was declared by the County Health Officer on March 13, 2020. The County purchased ventilators to treat patients in area hospitals and personal protective equipment (PPE) to protect County employees and local healthcare workers. A safe parking program was created to provide homeless individuals and families access to safe, clean spaces to park and sleep overnight. Food and prescription deliveries were made to self-isolating seniors, individuals with chronic medical conditions, and individuals required to self-isolate due to COVID-19 exposure or diagnosis. The County partnered with California Polytechnic State University, Dignity Health, and Tenet Healthcare to establish an alternate care site (ACS) at the university. Phase 1, which is 165 beds was completed on April 8, 2020. At full buildout, the ACS will be able to provide care to more than 900 patients. The County Public Health lab increased their testing capability to 300 samples per day. The County continues to monitor and address the needs of the community impacted by the COVID-19 pandemic.
- **Administrative Office:** Standard & Poor Global Ratings (S&P) affirmed the County’s high bond ratings. S&P Global Ratings confirmed the County’s creditworthiness by affirming the County’s Pension Obligation Bonds rating at AAA and Lease

Revenue Bonds rating at AA+ with a stable outlook, both of which are the highest possible bond ratings in each category. Overall, S&P's view is that the County is better positioned for long-term sustainability today than when S&P last conducted their review. The County's Financial Management Team, made up of staff members from the Administrative Office and the Auditor-Controller-Treasurer-Tax Collector's Office, presented S&P representatives with the County's financial performance and fiscal policies as one of the steps to financing the Animal Services Facility project.

- **Animal Services:** The County entered into a memorandum of understanding with all seven cities including Atascadero, Arroyo Grande, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo to authorize and fund a new \$20 million animal services facility. This will replace the 43-year-old public animal shelter located off Highway 1. The new facility will incorporate design features to create a more sustainable, long-lasting facility, allow for the humane care of sheltered animals, and support the community's already strong animal services' volunteer program.
- **Behavioral Health:** The County Behavioral Health Department celebrated one year of integrated physical health/behavioral health treatment through the SLO-HIP (Health Integration Program) project. Community Health Centers of the Central Coast (CHC) provided weekly physical health care screenings and treatment in the Adult Mental Health clinic in San Luis Obispo for a full year and has provided care to 183 patients in just six months; 43 of these individuals had not seen a primary care physician for years. SLO-HIP is funded by SAMHSA (Substance Abuse Mental Health Services Agency) to coordinate wellness activities and physical health screenings, and to encourage individuals with serious mental health concerns to engage in ongoing physical health care. National data has shown that individuals with serious mental health disorders die at least 25 years earlier than the general population. This project has served to build the culture of integrative health care with multiple agencies, such as CAPSLO and TMHA, while improving the health of the clients served.
- **Emergency Services:** The County Office of Emergency Services launched a new one-stop resource in August 2019 for San Luis Obispo County residents and visitors focused on emergency preparedness and response. ReadySLO.org was designed as a partnership between the County, seven cities and other response partners to help ensure anyone in SLO County is better prepared to respond to a large-scale emergency. Providing all SLO County residents and visitors with an easy-to-remember and reliable source of emergency information has been a long-time goal of the County Office of Emergency Services.
- **Planning and Building:** The Department of Planning and Building launched new online services. The County of San Luis Obispo now offers users the ability to apply for renewable energy permits, ePermits, schedule building inspections, look up permit details and pay fees online through the County's Citizen Self-Service

(CSS) Portal. ePermits include instant permits such as a water heater replacement or electrical panel replacement. Renewable energy permits include, for example, solar/photovoltaic system or electric vehicle charging station permits that require plan review.

- **Public Works:** The first solar projects in County-owned facilities were completed and represent a major sustainability milestone for the County. Solar parking canopies were constructed at the Department of Parks and Recreation's Dairy Creek Golf Course and the Department of Social Services on South Higuera Street. They are designed to supply over 80 percent of site electricity needs. These solar projects will generate over 850,000 kilowatt-hours of renewable energy per year- replacing an additional 625 metric tons of CO2 emissions, equivalent to removing 135 passenger vehicles from the road each year. The County is looking forward to more than a million dollars of energy expense savings over the next 20 years.
- **Sheriff:** The County of San Luis Obispo was named a Stepping Up Innovator County for leading the way in reducing the number of people in jail who have a mental illness. Stepping Up is a national initiative to reduce the number of people with mental illnesses in jails. The County met key criteria to earn the distinction including screening every person who is booked into jail for mental illness using a nationally validated screening tool. This allows for timely treatment by jail health staff. The County plans to reduce the number of people with mental illness booked into the County Jail, reduce the length of stay in jail for people with mental illness, increase the percentage of people connected to treatment upon release, and reduce the rate of recidivism for people with mental illness.

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, 2019. This was the thirty-fourth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement the County published an easily readable and efficiently organized Comprehensive Annual Financial Report (CAFR). This report satisfied both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

- The Government Finance Officers Association presented the County with its Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning July 1, 2019. In order to receive this prestigious award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device.
- The County of San Luis Obispo earned the California State Controller's Award for Counties Financial Transaction Reporting for the fiscal year ending June 30, 2019. This is the fourth consecutive year that the County has earned this award which recognizes the County's professionalism in preparing an accurate and timely report.

Acknowledgments:

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

Respectfully submitted,



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



Wade Horton
County Administrative Officer



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**County of San Luis Obispo
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO

COUNTY OF SAN LUIS OBISPO
LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2020

Elected Officials

Board of Supervisors

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

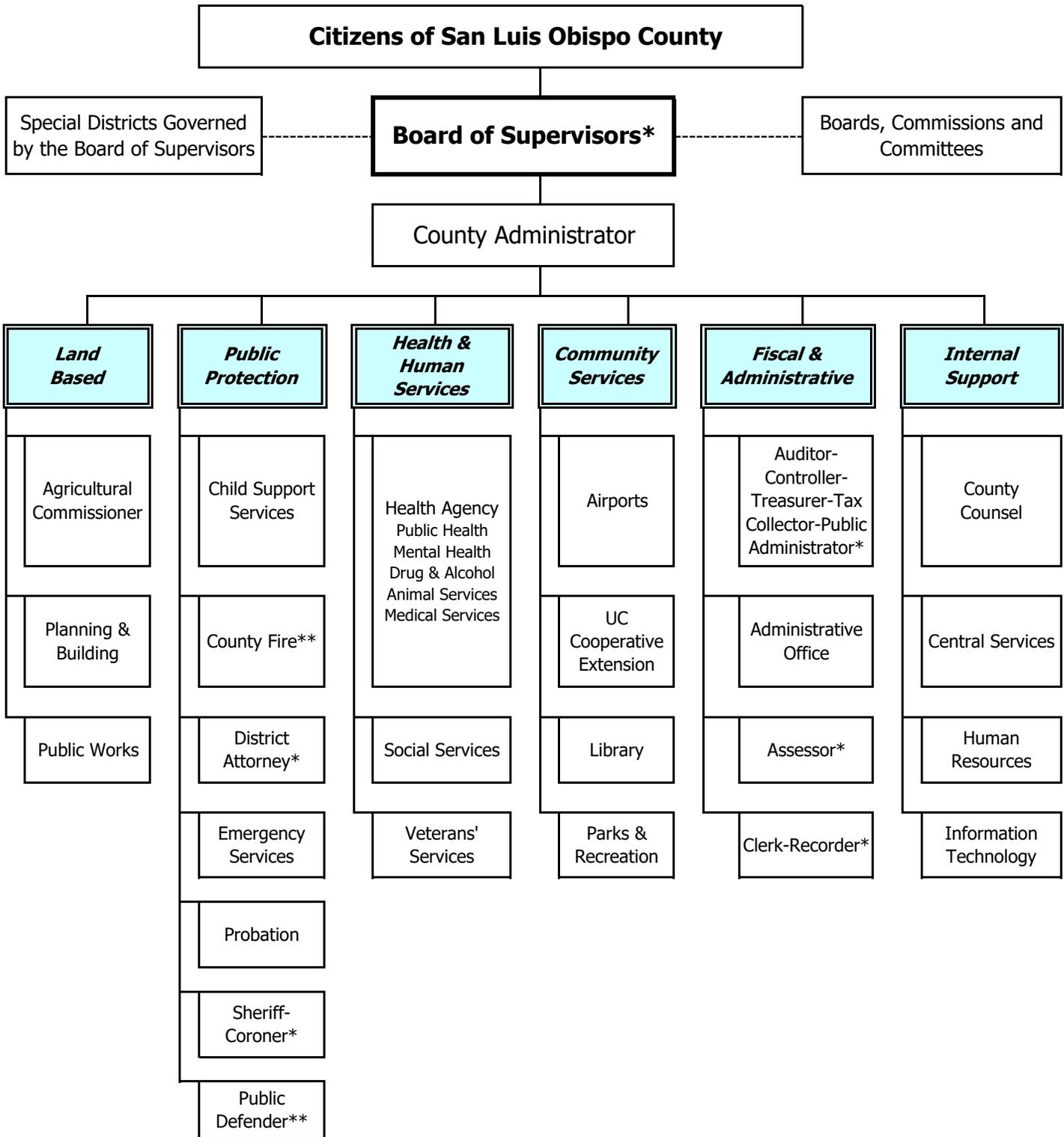
Other Elected Officials

Assessor Tom J. Bordonaro Jr.
Auditor-Controller-Treasurer-Tax Collector-Public Administrator..... James W. Hamilton
County Clerk-Recorder Tommy Gong
District AttorneyDan Dow
Sheriff-Coroner Ian Parkinson

Appointed Officials

Agricultural Commissioner Martin Settevendemie
Director of Airports Kevin Bumen
Behavioral Health Administrator Anne Robin
Central Services Director Christopher Lopez
Chief Probation Officer James Salio
Director of Child Support Services Natalie Walter
County Administrative Officer Wade Horton
County Counsel Rita L. Neal
County Fire Chief Scott Jalbert
Director of UC Cooperative Extension Katherine Soule
Health Agency Director Michael Hill
Human Resources Director Tami Douglas-Schatz
Director of Information Technology Daniel Milei
Library Director Christopher Barnickel
Director of Parks and Recreation Nick Franco
Director of Planning and Building Trevor Keith
Public Health Officer Penny Borenstein
Director of Public Works (Interim).....John Diodati
County Social Services Director Devin Drake
Veterans' Services Officer Morgan Boyd

County of San Luis Obispo Organizational Chart



* Elected Officials

**Contract

FINANCIAL SECTION



COUNTY
of SAN LUIS
OBISPO



INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of San Luis Obispo, California (County), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the San Luis Obispo County Pension Trust which represent 60 percent of the assets and 2 percent of the total revenue/contributions of the aggregate remaining fund information and 100 percent of the assets and revenues of the discretely presented component unit, respectively. Those financial statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component unit and net pension trust fund, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2020, and the respective changes in financial position, and where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

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

Other Information

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Roseville, California
January 21, 2021



COUNTY
of SAN LUIS
OBISPO

MANAGEMENT'S DISCUSSION AND ANALYSIS



COUNTY
of SAN LUIS
OBISPO

**COUNTY OF SAN LUIS OBISPO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020**

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, 2020. 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 36. 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 \$1,365,858 (*net position*). The majority of this amount, \$1,491,490 is the net investment in capital assets, while \$66,655 is restricted for specific purposes (*restricted net position*). *Unrestricted net position* indicates the portion of net position which may be used to meet the County's ongoing obligations to citizens and creditors; however, the recording of the County's pension liability in accordance with GASB Statement No. 68 (GASB 68) and the County's OPEB liability in accordance with GASB Statement No. 75 (GASB 75) created a negative unrestricted net position of \$192,287 (Table A).
- ❖ The County's total net position decreased by \$12,974. The decrease is the net result of a \$27,163 reduction in governmental activities and a \$14,189 increase in business-type activities. The change in the total net position is comprised of an increase in restricted net position offset by increased negative unrestricted net position caused by decreased revenues and increased expenses (Table B).
- ❖ The \$16.8 million increase in net investment in capital assets represents capital acquisitions during the year reduced by depreciation and increased by retirement of long-term debt (Table A).
- ❖ As of June 30, 2020, the County's governmental activities reported combined ending net position of \$982,742, a decrease of \$27,163 in comparison with the prior year. Due to the recording of the long-term pension and OPEB obligations, no amount of the governmental activities' net position is available for spending at the County's discretion for current and future needs (*unrestricted net position*) (Table A).
- ❖ Business-type activities posted net program income of \$4,595 before general revenues, contributions and transfers from other funds, an increase of \$508 when compared to net program income of \$4,087 in the prior year. The difference from the prior year is a combination of decreases in capital grants of \$3,139 for the Airport and \$2,242 for Los Osos Wastewater and increases to operating grants and contributions of \$4,821 for the Airport and increased water sale revenues for the General Flood Control Zone – Salinas Dam of \$1,971. Additionally, most enterprise activities had increased charges for services. Overall expenses for business-type activities increased \$780 thousand.
- ❖ At the end of the fiscal year, the entire \$324,530 fund balance of the General Fund was either nonspendable \$18,734, restricted \$10,915, committed \$175,455 or assigned \$119,426.
- ❖ Consistent with the prior year, the County prepaid its \$61.6 million employer retirement contribution to the San Luis Obispo County Pension Trust (Pension Trust) in July of 2020. The prior year prepayment was \$55.0 million. The County will save an estimated \$1.3 million by prepaying the employer retirement contribution.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide financial statements

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

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

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

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

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

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

The government-wide financial statements can be found on pages 36 to 38 of this report.

Fund Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

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

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

The basic governmental fund financial statements can be found on pages 39 to 42 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 43 to 45 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 46 to 47 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 48 to 89 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The required supplementary information can be found on pages 90 to 97 of this report.

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

Combining and individual fund statements and schedules - The combining and individual fund statements and schedules referred to earlier provide information for nonmajor governmental funds, nonmajor enterprise funds, internal service funds, and fiduciary funds and are presented following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 98 to 107 and 125 to 140 of this report.

Budgetary comparison schedules - The budgetary comparison schedules (other than the General Fund which is presented in the required supplementary information section) for the Capital Projects, Pension Obligation Bonds, San Luis Obispo County Public Facilities Corporation, SLO County Financing Authority, and nonmajor Special Revenue funds can be found on pages 108 to 124 of this report.

Detail budgetary schedules demonstrating legal level of compliance with budgetary control for the General Fund are presented on pages 141 to 148 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As stated earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,365,858 as detailed in the table below:

Table A
Statement of Net Position
June 30, 2020
(in thousands)

	June 30, 2020			June 30, 2019			2019-2020
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Assets:							
Current assets	\$ 620,672	\$ 160,246	\$ 780,918	\$ 589,848	\$ 148,133	\$ 737,981	5.8%
Other noncurrent assets	21,957	10,375	32,332	3,386	10,236	13,622	137.4%
Capital assets	1,227,138	589,280	1,816,418	1,214,459	596,352	1,810,811	0.3%
Total assets	1,869,767	759,901	2,629,668	1,807,693	754,721	2,562,414	2.6%
Deferred Outflows of Resources	81,473	5,151	86,624	176,881	5,843	182,724	(52.6%)
Liabilities:							
Current liabilities	99,278	39,499	138,777	77,947	38,282	116,229	19.4%
Long-term liabilities	810,625	340,909	1,151,534	872,051	352,460	1,224,511	(6.0%)
Total liabilities	909,903	380,408	1,290,311	949,998	390,742	1,340,740	(3.8%)
Deferred Inflows of Resources	58,595	1,528	60,123	24,671	895	25,566	135.2%
Net position:							
Net investment in capital assets	1,202,709	288,781	1,491,490	1,188,830	285,888	1,474,718	1.1%
Restricted	66,655	-	66,655	41,281	-	41,281	61.5%
Unrestricted	(286,622)	94,335	(192,287)	(220,206)	83,039	(137,167)	40.2%
Total net position	\$ 982,742	\$ 383,116	\$ 1,365,858	\$ 1,009,905	\$ 368,927	\$ 1,378,832	(0.9%)

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Analysis of Net Position

The County's total net position decreased by \$12,974 or 0.9%. The total net position decrease was a combination of decreased deferred outflows of resources (\$96.1 million), decreased total liabilities (\$50.4 million), increased total assets (\$67.3 million), and increased deferred inflows of resources (\$34.6 million). Causes for the changes in each of these categories are detailed below.

The overall \$67.3 million increase in total assets, 2.6%, is primarily due to inflows of the governmental activities' cash and restricted cash (\$37.9 million) and an increase in governmental activities' property tax receivables (\$5 million). Business activities' cash inflows also contributed \$14.5 million to the increase. Within governmental activities, the significant cash increases occurred due to higher property tax revenue coupled with the County's issuance of \$20.4 million of lease revenue bonds for construction of a new Animal Services Facility and refunding the 2008 Series A Certificates of Participation. The increase in business activities' cash resulted primarily from Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act money received by the Airport (\$2.5 million), settlement damages received for leakage repair costs associated with the Nacimiento water pipeline (\$2.6 million), and increased water sales by the State Water Project (\$168 thousand) and General Flood Control Zone – Salinas Dam activities (\$2.0 million).

Of the \$96.1 million, or 52.6%, decrease in deferred outflows of resources, \$94.1 million was related to deferred pension resources and \$1.8 million was related to deferred OPEB resources. The pension deferred outflows net decrease was caused primarily by a \$109 million change in the net difference between projected and actual earnings on pension plan investments, slightly offset by a \$3.3 million increase in County contributions subsequent to the measurement date. The OPEB deferred outflows decrease was primarily attributable to a \$1.8 million decrease to changes in actuarial assumptions.

Total liabilities of the County decreased \$50,429, or 3.8%. The largest contributor to the decrease was a decrease in the County's net pension obligation of \$82.6 million. The overall decrease in liabilities was offset by a \$12.1 million increase in accounts payable, a \$4.3 million increase to salaries and benefits payable, a \$6.9 million increase to compensated absences and a \$5 million increase to deposits from others relating to a Public Work's project.

Deferred inflows of resources increased \$34.6 million, or 135.2%. \$32.1 million of the increase was related to deferred pension resources associated with the change in the net difference between projected and actual earnings on pension plan investments. Additionally, deferred inflows related to community development loans increased by \$2.9 million over the prior year.

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

The most significant portion of the County's net position is net investment of capital assets of \$1,491,490. This amount reflects investment in capital assets (e.g., land and easements, structures and improvements, infrastructure, and equipment), less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The remaining \$66,655, or 4.9%, of the balance of the County's net position represents resources that are subject to external restrictions on how they may be used.

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

In total, the County's net position decreased \$13.0 million. Total net position for governmental activities decreased \$27.2 million and total net position for business-type activities increased \$14.2 million due to normal operating activities.

Net Investment in Capital Assets for business-type and governmental activities increased \$16.8 million. Business-type activities net investment increased \$2.9 million due to the Airport's runway rehabilitation project that does not have related debt and the purchase of TopTracer Range technology for the Dairy Creek Golf Course. The remainder is comprised of an increase in State Water Project water rights and reduction to capital related debt from scheduled debt service principal payments. Governmental activities net investment increased \$13.9 million. The increase is mostly due to Roads projects including the Geneseo Road Bridge (\$3.3 million), River Grove Drive Bridge (\$3.1 million), and Oceano stormwater drainage improvement (\$4.9 million) projects. The retirement of capital related long-term debt also contributed to the increase.

The \$25,374, or 61.5% increase to *Restricted net position* for governmental activities is primarily comprised of increases to the General Government (\$937 thousand), Public Protection (\$1.4 million), Public Ways and Facilities (\$895 thousand), and Debt Service (\$22.1 million) functions. The General Government increases related to purchase obligations for professional services for Human Services and Talent Development as well as increased claims, contracts and other restrictions imposed by grantors or contributors. The Public Protection increase was driven by purchases of vehicles and equipment for fire protection services. Restricted net position increased slightly for the Recreation and Cultural Services function, was unchanged for the Public Assistance function, and decreased slightly for the Health and Sanitation, and Education functions. The increases and decreases are mostly due to fluctuations in purchase obligations. Restricted net position represents net position of the County which is subject to constraints imposed by creditors, grantors, contributors, laws, or regulations.

There was a decrease of \$55.1 million in *Unrestricted net position* reported in connection with the Total Primary Government. This category represents the portion of the County's net position which is not subject to constraints imposed by creditors, grantors, contributors, laws, or regulations. When positive, this amount may be used to meet the County's general obligations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Table B
Statement of Activities
For the Year Ended June 30, 2020
(in thousands)

	June 30, 2020			June 30, 2019			2019-2020
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Revenues:							
Program revenues:							
Charges for services	\$ 55,269	\$ 55,206	\$ 110,475	\$ 58,501	\$ 53,322	\$ 111,823	(1.2%)
Operating grants and contributions	261,619	4,666	226,285	254,589	386	254,975	4.4%
Capital grants and contributions	19,884	3,123	23,007	16,516	7,999	24,515	(6.2%)
General revenues:							
Property taxes	198,927	4,043	202,970	189,689	3,912	193,601	4.8%
Other taxes	27,878	-	27,878	27,224	-	27,224	2.4%
Interest and investment income	12,849	2,169	15,018	12,952	1,590	14,542	3.3%
Grants not restricted to specific programs	3,845	-	3,845	2,115	-	2,115	81.8%
Other revenues	1,144	2,889	4,033	35,445	574	36,019	(88.8%)
Total revenues	581,415	72,096	653,511	597,031	67,783	664,814	(1.7%)
Expenses:							
General government	53,926	-	53,926	54,434	-	54,434	(0.9%)
Public protection	241,749	-	241,749	213,809	-	213,809	13.1%
Public ways and facilities	33,199	-	33,199	34,202	-	34,202	(2.9%)
Health and sanitation	113,463	-	113,463	119,259	-	119,259	(4.9%)
Public assistance	132,868	-	132,868	131,432	-	131,432	1.1%
Education	14,322	-	14,322	12,698	-	12,698	12.8%
Recreation and cultural services	11,501	-	11,501	11,891	-	11,891	(3.3%)
Interest on long-term debt	7,057	-	7,057	1,468	-	1,468	380.7%
Airport	-	10,133	10,133	-	8,398	8,398	20.7%
Golf	-	3,347	3,347	-	3,491	3,491	(4.1%)
State Water Contract	-	7,709	7,709	-	6,973	6,973	10.6%
Nacimiento Water Contract	-	13,257	13,257	-	14,318	14,318	(7.4%)
Lopez Flood Control	-	6,733	6,733	-	7,004	7,004	(3.9%)
Lopez Park	-	2	2	-	3	3	(33.3%)
General Flood Control	-	913	913	-	1,142	1,142	(20.1%)
County Service Areas	-	4,670	4,670	-	4,747	4,747	(1.6%)
Los Osos Wastewater	-	11,636	11,636	-	11,544	11,544	0.8%
Total expenses	608,085	58,400	666,485	579,193	57,620	636,813	4.7%
Excess/(deficiency) before transfers	(26,670)	13,696	(12,974)	17,838	10,163	28,001	(146.2%)
Transfers	(493)	493	-	(625)	625	-	-
Change in net position	(27,163)	14,189	(12,974)	17,213	10,788	28,001	(146.2%)
Net position - beginning of year	1,009,905	368,927	1,378,832	997,303	356,523	1,353,826	1.8%
Prior Period Adjustment	-	-	-	(4,611)	1,616	(2,995)	(100%)
Net position - end of year	\$ 982,742	\$ 383,116	\$ 1,365,858	\$ 1,009,905	\$ 368,927	\$ 1,378,832	(0.9%)

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Analysis of Governmental and Business-type Activities

Governmental Activities

Governmental Activities decreased the County's net position by \$27.2 million compared to an increase of \$12.6 million in the prior year.

Overall, total revenues for governmental activities decreased \$15.6 million, or 2.6%. Significant factors contributing to the overall decrease in revenues from the prior year are detailed below:

- ❖ *Other Revenues* decreased by \$34.3 million or 96.8% as a consequence of the prior year recognition of \$34.9 million of economic impact mitigation funds for the impending closure of the Diablo Canyon Nuclear Power Plant.
- ❖ *Operating Grants and Contributions* increased by \$7.0 million, or 2.8%, due to state increases to funding for Social Services' programs.
- ❖ *Capital Grants and Contributions* increased by \$3.4 million, or 20.4%, due to state and federal increases in roads funding.
- ❖ *Property Taxes* rose \$9.2 million, or 4.9% over the prior year, a function of the regular 2% increase in assessed property value allowed by California's Proposition 13.

Overall, total expenditures increased by \$28.9 million, or 5.0%. Notable factors contributing to the overall increase in expenditures from the prior year are detailed below:

- ❖ *General Government* expenditures decreased by \$508 thousand from reduced expenditures for professional services and supplies due the completion of countywide automation projects in the prior fiscal year including the Integrated Document Management (IDM) upgrade, the Jail and Records Management System and the Assessor's Recorded Documentation System replacement projects.
- ❖ *Public Protection* increased expenditures by \$27.9 million primarily due to increased salaries and wages across the majority of departments in the function (\$9.4 million), purchases of services and supplies related to the County's emergency response to COVID-19 (\$4.5 million), and payments made to Templeton and Oceano Community Services Districts related to the Integrated Regional Water Management (IRWM) Grant Program (\$3.1 million).
- ❖ *Public Ways and Facilities* expenditures decreased \$1.0 million due to the reduction of the County's portion of the Paso Robles Water Basin Groundwater Sustainability Plan professional services cost.
- ❖ *Health and Sanitation* expenditures decreased \$5.8 million due to the combination of increased mental health professional services of \$5.1 million and an overall net decrease in pension related expenditures of \$10.7 million.
- ❖ *Public Assistance* increased expenditures of \$1.4 million resulted from an increase in the foster care and CalWORKs assistance programs' participant costs.
- ❖ The increase in *Education* expenditures of \$1.6 million was due to computer purchases for the Driving Under the Influence Program and an increase in the Library's professional services costs for modified patron services as a result of COVID-19 restrictions.
- ❖ Interest expense on long-term debt increased by \$5.6 million primarily attributable to interest payments on the 2003 Capital Appreciation Bonds.

For FY 2019-20, the County was able to maintain its funding of General Fund contingencies at a level of 5%, while still making investments in the many programs and services provided to the community.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Business-type Activities

Business-type activities increased the County's net position by \$14.2 million compared to an increase of \$12.4 million in the previous year. Revenues exceeded expenses by \$13.7 million, and a transfer of \$493 thousand from governmental activities resulted in the total increase to net position. Key elements of current year business-type activity are as follows:

Total revenue increased \$4.3 million or 6.4% from the preceding year. The largest increase occurred in *Operating Grants and Contributions* (\$4.3 million) related to the Airport receiving \$4.5 million in CARES Act funding from the Federal Aviation Administration. Additionally, *Other Revenues* increased \$2.3 million related to the receipt of settlement damages for leakage repairs associated with the Nacimiento water pipeline and *Charges for Services* increased \$1.9 million attributable to increased water sales for General Flood Control – Salinas Dam activities. The increases were offset by decreases in *Capital Grants and Contributions* of \$4.9 million. The Airport had decreased capital grants of \$2.7 million related to the completion of the new airport terminal and Los Osos Wastewater had decreased capital grants of \$2.2 million related to construction of the wastewater treatment plant.

Expenses for business-type activities increased \$780 thousand or 1.4% from the prior year. Within business-type activities, the largest increase, \$1.7 million, was caused by professional services payments related to the Airport property appraisal and grant acquisitions. This increase was offset by the Nacimiento Water Contracts' \$1.0 million expense decline due to the decrease in utility expenses and litigation costs.

FUND FINANCIAL STATEMENT ANALYSIS

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

Governmental Funds

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

- *Nonspendable fund balance*, \$18,738, decreased by \$520 thousand, 2.7% from the prior year. Nonspendable fund balance represents amounts that are not spendable in form or are legally or contractually required to be maintained intact, and includes (1) inventories of \$101, (2) prepaid items of \$842, and (3) long-term receivables of \$17,795. The decrease from the prior year primarily relates to the decline in prepaid items in the amount of \$764 thousand, or 33%.
- *Restricted fund balance*, \$67,972, increased \$22.2 million, or 48.5%, from the prior year. Restricted fund balance represents amounts that are subject to externally enforceable legal restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation. Significant components of this balance include amounts restricted for (1) Tax reduction reserves of \$4,613, (2) General Public Protection programs of \$3,219, (3) Mental Health Services Act funds of \$2,774, (4) Public Facilities funds of \$14,638, (5) Traffic impact programs of \$10,613, and (6) Debt service of \$31,770. The majority of the increase to restricted fund balance relates to an increase in amounts restricted in the various Nonmajor Governmental Funds.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- *Committed fund balance*, \$243,048, increased \$6.6 million, or 2.8%, from the prior year. Committed fund balance represents amounts with constraints imposed by the Board of Supervisors for specified purposes. Significant components of this balance include commitments for (1) Flood control programs, \$21,296, (2) Tax reduction reserve, \$44,271, (3) Automation projects, \$18,014, (4) Roads, \$16,182, (5) Building replacement, \$44,103, (6) Solar plant mitigation, \$5,579, (7) Capital projects, \$17,278, and (8) Maintenance projects, \$6,782. The increase is partly due to the County receiving the second installment of the economic impact mitigation funds for the impending closure of the Diablo Canyon Nuclear Power Plant (\$10.2 million).
- *Assigned fund balance*, \$119,426, decreased \$7.6 million, or 6.0%, from the prior year. Assigned fund balance represents amounts the County intends to use for specific purposes that are neither restricted nor committed. Significant components of this balance include (1) Behavioral Health programs, \$16,160, (2) Tax reduction reserve, \$19,709, (3) Sheriff-Coroner and Emergency Services programs, \$6,936, and (4) Subsequent Fiscal Year Budget, \$36,428. The largest changes in the assigned fund balance category were an increase in tax reduction reserves (\$8.8 million) and decreases to general government programs (\$10.5 million), Sheriff-Coroner and Emergency Services program (\$4.8 million), foster care and adoption programs (\$4.0 million), and Behavioral Health programs (\$3.3 million).

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$449,184, an increase of 4.8%, or \$20,685 in comparison with the prior year. Approximately 80.7% of the total fund balance, or \$362,474, 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 \$305,796 while total fund balance reached \$324,530. 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 \$495 million. Spendable fund balance represents 61.8% of the total fund expenditures, while total fund balance represents 65.6% of the same amount, a 5.7% decrease from the prior year. During the current fiscal year, the fund balance of the General Fund decreased by \$3.8 million.

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

- ❖ Total revenues exceeded total expenditures by \$18.5 million, which was a \$46.3 million decrease from the prior year.
- ❖ General Fund revenues ended the year with a decrease of \$11.9 million or 2.7% less than the prior year. The largest revenue decrease occurred in *Other Revenues*, which decreased by \$14.2 million. The decrease was due to the County having recognized economic impact mitigation funding for the impending closure of the Diablo Canyon Nuclear Power Plant in the prior year. *Aid from other governments decreased* by \$2.2 million primarily due to reduced public safety state aid revenue. The largest increase was in *Taxes* with a \$4.9 million increase due to property taxes which are allowed up to a 2% increase by California's Proposition 13 and increases in sales tax.
- ❖ Total expenditures in the General Fund increased \$34.4 million, or 7.5%, from the prior year. Expenditures increased for the Public Protection, Health and Sanitation, Public Assistance, Education, and Recreation and Cultural Services functions; like the prior year, negotiated salaries and benefit raises increased costs in most functions and were the major component in the overall rise (\$16.8 million). In addition, services and supplies related to the County's emergency response to COVID-19 (\$4.5 million) and expenditures related to social services (\$6.4 million) contributed to the increase in expenditures. Expenditures decreased for the General Government and Public Ways and Facilities functions due to reduced professional services.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Capital Projects

The Capital Projects Fund handles construction projects for the County's governmental funds. The fund ended the fiscal year with a total fund balance of \$18.9 million. Capital outlay expenditures exceeded revenues by \$6.4 million and net transfers totaled \$6.6 million. The combination of these two factors resulted in a \$167 thousand increase in fund balance for the current year. Funding for specific projects comes primarily from use of designations, public facilities fees, issuance of long-term debt, and aid from other government agencies. The General Fund transferred \$6.9 million to the Capital Projects Fund of which \$1.7 million was for design and construction of a new County Fire and Sheriff emergency dispatch facility and \$779 thousand was for Los Osos Landfill remediation. The remainder was for general government, public health and parks projects. Significant current year activities of the Capital Projects Fund are discussed in the Capital Assets section under governmental activities.

Governmental Fund Revenues

Revenues for all governmental funds combined totaled \$587.1 million in the current fiscal year and decreased by approximately 0.7%, or \$4.0 million, from the prior fiscal year revenues of \$591.1 million.

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

Table C
Revenues Classified by Source
Governmental Funds
Fund Financial Statements
For the Year Ended June 30, 2020
(in thousands)

	2019-2020		2018-2019		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source:						
Taxes	\$ 223,041	38.0%	\$ 217,106	36.7%	\$ 5,935	2.7%
Licenses, Permits, and Franchises	11,477	1.9%	12,133	2.1%	(656)	(5.4%)
Fines, Forfeitures, and Penalties	3,916	0.7%	4,396	0.7%	(480)	(10.9%)
Use of Money and Property	12,247	2.1%	12,268	2.1%	(21)	(0.2%)
Aid from Governmental Agencies	277,267	47.2%	271,961	46.0%	5,306	2.0%
Charges for Current Services	46,712	8.0%	47,957	8.1%	(1,245)	(2.6%)
Other Revenues	12,396	2.1%	25,278	4.3%	(12,882)	(51.0%)
Total	\$ 587,056	100%	\$ 591,099	100%	\$ (4,043)	(0.7%)

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

- ❖ *Taxes* increased \$5.9 million or 2.7% primarily due to the regular 2% increase in assessed property value allowed by California's Proposition 13 and an increase in sales tax revenues.
- ❖ *Licenses, Permits, and Franchises* decreased \$656 thousand, or 5.4%. The decrease was driven by a decrease in land use and building plans review fees being collected for commercial buildings and residential additions.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

- ❖ *Fines, Forfeitures, and Penalties* decreased \$480 thousand, or 10.9%. The decrease was primarily due to a decline in court fines and collections related to vehicle infractions.
- ❖ *Aid from Governmental Agencies* increased \$5.3 million, or 2.0%. The increase was primarily due to increased federal aid related to Mental and Behavioral Health and Roads.
- ❖ *Charges for Services* decreased \$1.2 million, or 2.6%. The decrease was the result of declines in Park’s revenue, including a \$1.1 million decline in camping fee revenue and a \$155 thousand reduction in group day use fees. Due to COVID-19 restrictions, campgrounds were closed for several months and park use was limited.
- ❖ *Other Revenues* decreased \$12.9 million, or 51.0%. The decrease is primarily attributable to community impact mitigation revenues related to the closure of the Diablo Canyon Nuclear Power Plant received in the prior year.

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

Table D
Expenditures by Function Including Capital Outlay
Governmental Funds
Fund Financial Statements
For the Year Ended June 30, 2020
(in thousands)

	2019-2020		2018-2019		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Expenditures by Function:						
General Government	\$ 54,078	9.1%	\$ 54,991	10.3%	\$ (913)	(1.7%)
Public Protection	205,162	34.7%	185,033	34.4%	20,129	10.9%
Public Ways and Facilities	43,865	7.4%	35,267	6.6%	8,598	24.4%
Health and Sanitation	108,158	18.3%	103,512	19.3%	4,646	4.5%
Public Assistance	131,154	22.2%	121,327	22.7%	9,827	8.1%
Education	12,769	2.2%	12,191	2.3%	578	4.7%
Recreation and Cultural Services	11,637	2.0%	10,574	2.0%	1,063	10.1%
Principal payments	10,561	1.8%	5,093	1.0%	5,468	107.4%
Interest on Long-Term Debt	6,416	1.1%	1,204	0.2%	5,212	432.9%
Capital outlay	7,645	1.3%	6,374	1.2%	1,271	19.9%
Total	\$ 591,445	100%	\$ 535,566	100%	\$ 55,879	10.4%

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

- ❖ *Public Protection* expenditures increased \$20.1 million, or 10.9%. The increase related to increased salaries and services & supplies spread across multiple departments: specifically, increased billings from the State to County Fire increased due to negotiated labor and contract rates and increased County Fire vehicle replacement costs. Increased professional services expenditures for Public Defender occurred mid-year to fund an additional attorney on an ongoing basis.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

- ❖ *Public Ways and Facilities* expenditures increased \$8.6 million, or 24.4%. In addition to continued countywide microsurfacing, overlay, and chip seal projects, expenditures increased due to the start and completion of several large projects. These projects included the repairs and replacements of Santa Margarita Creek, Los Osos Creek, Jack Creek Road, Toro Creek Road, and the Arroyo Grande Creek bridges.
- ❖ *Public Assistance* expenditures increased \$9.8 million, or 8.1%. The increase was caused by increased supportive care costs for social services, foster care, and CalWORKs programs.
- ❖ *Principal and Interest Payments on Long-Term Debt* increased by \$10.7 million, or 170% due to beginning the repayment of the Nacimiento Water Project Revenue Refunding Bond, 2015 Series A and the payoff of the 2008 Series A Vineyard Drive Interchange Certificates of Participation.
- ❖ *Capital Outlay* expenditures increased \$1.3 million, or 19.9%. The increase is primarily due to the Jail’s roof replacement and the start of the Animal Services Facility Project.

Proprietary Funds

The County’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following table shows actual revenues, expenses, and results of operations for the 2019-20 fiscal year.

Table E
Statement of Revenues, Expenses and Results of Operations
Proprietary Funds
Fund Financial Statements
For the Year Ended June 30, 2020
(in thousands)

	Major Funds		Nonmajor Funds		Total	
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Other Enterprise Funds	Total Enterprise
Operating revenues	\$ 8,651	\$ 19,518	\$ 7,825	\$ 5,261	\$ 17,152	\$ 58,407
Operating expenses	<u>10,356</u>	<u>6,012</u>	<u>7,606</u>	<u>8,209</u>	<u>14,246</u>	<u>46,429</u>
Operating income (loss)	<u>(1,705)</u>	<u>13,506</u>	<u>219</u>	<u>(2,948)</u>	<u>2,906</u>	<u>11,978</u>
Non-operating revenues (expenses), net	<u>4,951</u>	<u>(6,412)</u>	<u>2,735</u>	<u>(3,224)</u>	<u>832</u>	<u>(1,118)</u>
Net income (loss) before contributions and transfers	3,246	7,094	2,954	(6,172)	3,738	10,860
Contributions and transfers, net	<u>152</u>	<u>-</u>	<u>-</u>	<u>2,345</u>	<u>1,119</u>	<u>3,616</u>
Change in net position	\$ <u>3,398</u>	\$ <u>7,094</u>	\$ <u>2,954</u>	\$ <u>(3,827)</u>	\$ <u>4,857</u>	\$ <u>14,476</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

- ❖ The *Airport Fund* reported an operating loss of \$1.7 million, a \$2.4 million loss over the prior year operating income of \$733 thousand. Operating revenues decreased \$370 thousand as the result of California's March 2020 Stay at Home Orders limiting non-essential travel. Passenger and enplanement activity decreased for the first time since the 2013-14 fiscal year, both declining by approximately 17% from the prior year. Net position increased by \$3.4 million compared to an increase in net position of \$4.4 million in the prior year. The net position increased despite the operating revenue decline as a result of the Federal Aviation Administration's payment of CARES Act funds (\$2.5 million) and Airport Improvement Program grants (\$2.0 million) to the Airport in FY 2019-20.
- ❖ The *Nacimiento Water Contract Fund* realized operating income of \$13.5 million, an increase of \$3.4 million from the prior year's operating income of \$10.1 million. The increase is primarily attributable to the receipt of a \$2.6 million settlement for leak repairs to the Nacimiento water pipeline, combined with a decrease in operating expenses of \$786 thousand. The increase in revenue and the decrease in expenses resulted in net position increasing \$7.1 million.
- ❖ The *State Water Project Fund* realized operating income of \$219 thousand, a \$629 thousand decrease from the prior year's operating income of \$845 thousand. The decrease is primarily attributable to a \$795 thousand increase in operating expenses over the prior year but was offset slightly by \$169 thousand in increased water sales. Overall, net position increased by \$3.0 million, which is primarily attributable to property tax receipts.
- ❖ The *Los Osos Wastewater Fund* reported an operating loss of \$2.9 million, an increase of \$80 thousand compare to the prior year. The wastewater plant began full-service operations in FY 2016-17 and both operating revenue and expense remained relatively similar to the prior year. Operating revenue decreased by \$102 thousand and operating expenses decreased \$22 thousand. Capital contributions decreased by \$3.0 million and overall net position decreased \$3.8 million, compared to a \$721 thousand decrease in the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for expenditures and transfers out increased by \$40.0 million, or 7.4%, during the year, leading to the final amended budget. This increase was funded in part by increases to both budgeted revenues and transfers in totaling \$27.6 million and the use of reserves and designations for the balance. Unanticipated revenues totaling \$12.8 million in State, Federal, and Other Governmental Aid, \$10.3 million in Other Revenue, \$678 thousand in Interfund Revenues, \$503 thousand in Charges for Current Services, \$105 thousand in Fines, Forfeitures, and Penalties, and \$3.2 million in Other Financing Sources financed the budget augmentations.

The \$14.0 million in the Public Protection function augmentations were primarily divided among Sheriff-Coroner programs, which received \$5.1 million in augmentations, Probation program augmentations of \$2.6 million, County Fire augmentations of \$2.4 million, and Planning and Building program augmentations of \$1.6 million. The \$12.8 million in the General Government function augmentations were primarily for the maintenance and upgrade of County facilities. The \$6.2 million increase in the Public Assistance function relates almost entirely to Social Services including foster care and adoption assistance, housing placement and supportive services. Health and Sanitation augmentations relate to Drug and Alcohol programs, which received \$1.9 million, \$1.4 for Public Health programs, \$1.1 million for Mental Health Services Act programs, and Mental Health programs received \$712 thousand. Public Ways and Facilities augmentations of \$1.3 million for Development Services for outside agency projects, \$1.2 million for the Sustainable Groundwater Management Act management, and \$257 thousand for Services provided for Special District projects.

At the close of the fiscal year, actual General Fund expenditures were 87.3% of the current budget, while General Fund revenues were realized at 98.3% of budget.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the County had \$1.8 billion invested in a broad range of capital assets, including land, buildings, systems improvements, machinery and equipment, park facilities, golf courses, airport facilities, roads, bridges, dams, and water and sewer lines (see Table F). This amount represents a net decrease (including additions and deductions) of \$5.6 million or 0.3% from last year.

Table F
Capital Assets
June 30, 2020
(in thousands)

	Governmental Activities June 30, 2019	Governmental Activities June 30, 2020	Business- Type Activities June 30, 2019	Business- Type Activities June 30, 2020	Total Capital Assets June 30, 2019	Total Capital Assets June 30, 2020	Total Percent Change
Land	\$ 795,513	\$ 795,532	\$ 36,513	\$ 36,513	\$ 832,026	\$ 832,045	-
Water Rights	-	-	58,591	61,212	58,591	61,212	4.5%
Other Property Non-Depreciable	-	-	1,968	1,968	1,968	1,968	-
Construction-in- progress	28,891	35,171	2,097	3,997	30,988	39,168	26.4%
Structures & Improvements	263,455	268,005	209,772	210,480	473,227	478,485	1.1%
Equipment	103,034	104,901	10,164	10,317	113,198	115,218	1.8%
Other Property Depreciable	980	1,258	554	554	1,534	1,812	18.1%
Infrastructure Depreciable	<u>412,682</u>	<u>434,516</u>	<u>381,471</u>	<u>381,692</u>	<u>794,153</u>	<u>816,208</u>	2.8%
Subtotal	1,604,555	1,639,383	701,130	706,733	2,305,685	2,346,116	1.8%
Less Accumulated Depreciation	<u>(390,096)</u>	<u>(412,245)</u>	<u>(104,778)</u>	<u>(117,453)</u>	<u>(494,874)</u>	<u>(529,698)</u>	7.0%
Total	\$ <u>1,214,459</u>	\$ <u>1,227,138</u>	\$ <u>596,352</u>	\$ <u>589,280</u>	\$ <u>1,810,811</u>	\$ <u>1,816,418</u>	0.3%

Major additions and future commitments in capital assets - Governmental Activities

County Roads had the majority of additions in governmental activities with \$20.5 million worth of assets. Microsurfacing, overlay, and chip seal projects throughout the County comprised most of the road additions. Other major roads projects included the replacement of a low water crossing on Geneseo Road with a new concrete bridge over Huerhuero Creek near the community of Creston (\$3.3 million), the rehabilitation of the historic steel truss bridge over the Estrella River near Paso Robles (\$3.1 million), and improving stormwater drainage in the community of Oceano (\$4.9 million). Other notable capital asset additions during FY 2019-20 include design-build work beginning on the Sheriff-Coroner and County Fire co-located emergency dispatch facility (\$1.7 million) and the new Animal Services Facility (\$1.3 million). The County completed a new sports facility at Nipomo Community Park (\$347 thousand) and roof improvements were made to both the Sheriff-Coroner's Office (\$537 thousand) and the San Luis Obispo Vet's Hall (\$301 thousand).

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

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

Within business-type activities, the Dairy Creek Golf Course added TopTracer Range technology (\$669 thousand) and the Airport began work on the runway rehabilitation project (\$504 thousand).

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

Debt Administration

At the end of the current fiscal year, the County of San Luis Obispo had total notes and bonds payable of \$483 million. In July 2003, the County issued Pension Obligation Bonds to refund the Unfunded Actuarial Accrued Liability due to the Pension Trust. The balance remaining on the County’s Pension Obligation Bonds at the end of the FY 2019-20 was \$93.7 million. Pension Obligation Bonds debt service payments are funded by County payroll benefits.

The remainder of the County’s debt consists of \$33.2 million in certificates of participation, which are repaid from a variety of revenues; \$82.8 million in State loans; \$74.0 million in assessment bonds relating to the Los Osos Wastewater project; \$167.9 million in revenue bonds which are repaid with water service revenue; and \$24.4 million in lease revenue bonds for the construction and equipping of an animal services facility and debt refunding. General Obligation Bonds totaling \$7.6 million are backed by the full faith and credit of the County.

Table G
Outstanding Debt
June 30, 2020
(in thousands)

	Governmental Activities June 30, 2019	Governmental Activities June 30, 2020	Business- Type Activities June 30, 2019	Business- Type Activities June 30, 2020	Total June 30, 2019	Total June 30, 2020	Total Percent Change
Certificates of Participation	\$ 19,768	\$ 13,076	\$ 12,184	\$ 11,299	\$ 31,952	\$ 24,735	(23.7%)
Certificates of Participation from Direct Borrowings	5,762	5,636	2,922	2,871	8,684	8,507	(2.0%)
Pension Obligation Bonds	96,903	93,733	-	-	96,903	93,733	(3.3%)
State Notes from Direct Borrowings	1,901	1,744	84,409	81,079	86,310	82,823	(4.0%)
Lease Revenue Bonds	-	24,403	-	-	-	24,403	-
Revenue Bonds	-	-	172,628	167,918	172,628	167,918	(2.7%)
General Obligation Bonds	-	-	8,162	7,645	8,162	7,645	(6.3%)
Assessment Bonds	-	-	75,358	73,943	75,358	73,943	(1.9%)
Total	\$ 124,334	\$ 138,592	\$ 355,663	\$ 344,755	\$ 479,997	\$ 483,347	0.7%

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The increase from the prior year for the County's certificates of participation, notes, and bonds payable was \$3.3 million, or 0.7%. The increase was caused by the issuance of \$20.4 million of lease revenue bonds which will be used to finance the construction and equipping of an animal services facility and refunding of the 2008 Series A Certificates of Participation. The issuance of the lease revenue bonds offset the \$21.1 million of debt payments causing the overall slight increase in total debt. 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 \$743.1 million.

Other liabilities include compensated absences of \$35.5 million for governmental activities and \$513 thousand for business-type activities; landfill postclosure costs of \$7.2 million; and a self-insurance liability of \$20.1 million. More detailed information about the County's long-term debt and other long-term liabilities is presented in Note 10 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- ❖ The County is committed to providing services with integrity, collaboration, professionalism, accountability and responsiveness, and these values are reflected in the Fiscal Year 2019-20 budget which represents conservative growth compared to the Fiscal Year 2018-19 budget. The County's conservative approach to budgeting has ensured its ability to sustain fiscal health in recent years and will be central to the County's ability to respond to potential changes in State and Federal policy.
- ❖ The impacts COVID-19 will have to the County's funding sources are not yet fully known, but the statewide and local shelter at home orders will have a significant economic impact, which will decrease the amount of funding available for vital County operations. However, the State's adopted budget includes \$28.3 million of federal Coronavirus Aid, Relief, and Economic Security Act, or CARES Act, funding that will be passed through from the State to the County for COVID-19 public health and safety activities.
- ❖ The In-Home Supportive Services (IHSS) program provides assistance and services to eligible older or disabled individuals to help them remain safely in their homes. Last year, the Governor's FY 2019-20 Budget made several positive changes affecting the existing funding structure for IHSS, following the State's 2017 decision to unwind the Coordinated Care Initiative and shift nearly \$600 million in IHSS costs from the State to counties. No additional changes to the IHSS funding structure are proposed at this time; however, this issue will remain on the County's list of State issues impacting our local budget, due to the fact that the continued expenditure growth for this program will have a material impact to both the State and the County's budget over the next several years. The Governor's Budget includes \$14.9 billion in IHSS costs, with \$5.2 billion coming from the State General Fund (representing growth of 16% over the current year). The proposed State budget also reflects an estimate that the average monthly caseload for this program will increase by 4.5% over the prior year projection, for a total of 586,000 program recipients in FY 2020-21. The expected cost for the County's IHSS program in FY 2020-21 is \$7.5 million and represents a total expenditure increase of \$339 thousand over the current year. While this increase in expense is manageable within the context of the County's overall budget, this ongoing expense will continue to grow, and the County needs to fully support this program with General Fund support in the long-term. The Department of Social Services' budget request includes the use of \$689,792 of prior year caseload growth funding to support a portion of the \$7.5 million of total IHSS expense. This is not an ongoing or sustainable funding source, and staff is looking at options to incrementally increase the amount of General Fund support to this program over the next year or two.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

- ❖ The closure of Diablo Canyon Power Plant (Diablo Canyon) in 2025 is expected to have significant ramifications to the local community. According to a 2013 study by the California Polytechnic State University in San Luis Obispo, Diablo Canyon, one of the largest employers in the county, contributes approximately \$1 billion annually to the local economy. In addition to unitary taxes from the value of the plant, the County receives direct funding from PG&E for emergency preparedness and response activities. PG&E also initiates a variety of expenditures including emergency equipment, infrastructure and training providing sales tax, as well as general economic benefits to the community. The reduction in unitary taxes from Diablo Canyon will occur gradually as the assessed value of the plant declines leading up to the closure in 2025. Total unitary tax revenue, inclusive of Diablo Canyon, is budgeted to decrease by approximately \$1.4 million in FY 2020-21, representing a 19% decrease compared to the current year adopted budget. In September 2018, Senate Bill 1090 approved the payment of \$85 million by PG&E to the community to, in part, lessen the effects of lost tax revenue associated with Diablo Canyon's closure. The County began receiving payment of its \$34.9 million portion in FY 2018-19.
- ❖ Economic indicators show signs of an unclear economy as COVID-19 continues to impact normal business activities.
 - Sales tax revenue for unincorporated areas came in at \$12.5 million, or 5.9% higher than the preceding year. However, it is forecasted the sales tax revenues will decrease in the subsequent year due to COVID-19.
 - In calendar year 2019, Visit SLO CAL, the non-profit countywide marketing and management organization for San Luis Obispo County, reported tourists spent \$1.94 billion across all business sectors. In calendar year 2020, Visit SLO CAL forecasts that tourism spending will decrease \$557 million.
 - County assessed property tax valuations increased from \$56.3 million to \$59.5 million or 5.8%.
 - Transient Occupancy Tax collections were \$10.0 million, which is a \$1.7 million, or 14.6%, decrease from FY 2018-19. From March through June of 2020, transient occupancy tax dropped \$1.8 million when compared to the same time period of the prior year. This decrease is directly attributable to COVID-19.
- ❖ The Board of Supervisors adopted the FY 2020-21 budget in June 2020, with an \$104.4 million fund balance in the General Fund, of which \$36.4 million was appropriated to finance the current year's expenditures including contingencies. \$10 million was placed in general reserves, and \$32.9 million was earmarked for designations. The total General Fund budget for FY 2020-21 is \$579.7 million, a 4.0% increase from the previous year. The County budget also includes community-wide results and indicators as well as department goals and performance measures that gauge how departments are meeting the needs of the community.

REQUESTS FOR INFORMATION

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

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



COUNTY
of SAN LUIS
OBISPO

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF NET POSITION
JUNE 30, 2020 (IN THOUSANDS)**

	Primary Government			Component Unit First 5
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 486,072	\$ 72,191	\$ 558,263	\$ 9,054
Accounts receivable, net	19,105	2,124	21,229	-
Property taxes receivable	18,284	-	18,284	-
Other receivables	1,856	106,544	108,400	-
Due from other governments	43,080	2,672	45,752	696
Deposits with others	2	86	88	4
Internal balances	24,464	(24,464)	-	-
Inventories	690	36	726	-
Prepaid items	1,063	838	1,901	3
Loans receivable	26,056	219	26,275	-
Total Current Assets	<u>620,672</u>	<u>160,246</u>	<u>780,918</u>	<u>9,757</u>
Noncurrent Assets:				
Restricted cash with fiscal agent	21,957	10,071	32,028	-
Prepaid insurance	-	304	304	-
Capital Assets:				
Nondepreciable	830,702	103,690	934,392	-
Depreciable, net	396,436	485,590	882,026	-
Total Noncurrent Assets	<u>1,249,095</u>	<u>599,655</u>	<u>1,848,750</u>	<u>-</u>
Total Assets	<u>1,869,767</u>	<u>759,901</u>	<u>2,629,668</u>	<u>9,757</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pensions	62,773	1,480	64,253	67
Deferred OPEB	18,700	225	18,925	-
Deferred loss on refunding	-	3,446	3,446	-
Total Deferred Outflows of Resources	<u>81,473</u>	<u>5,151</u>	<u>86,624</u>	<u>67</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	24,807	9,255	34,062	662
Salaries and benefits payable	16,817	180	16,997	15
Deposits from others	11,587	2,953	14,540	-
Accrued interest	1,327	4,911	6,238	-
Other current liabilities	2,083	-	2,083	-
Unearned revenue	5,208	11,210	16,418	80
Bonds and notes payable	10,834	10,806	21,640	-
Compensated absences	22,035	184	22,219	3
Landfill closure/postclosure costs	649	-	649	-
Self-insurance payable	3,931	-	3,931	-
Total Current Liabilities	<u>99,278</u>	<u>39,499</u>	<u>138,777</u>	<u>760</u>
Long-Term Liabilities:				
Net pension liability	618,962	6,297	625,259	84
Net OPEB liability	27,702	334	28,036	-
Bonds and notes payable	127,758	333,949	461,707	-
Compensated absences	13,484	329	13,813	14
Landfill closure/postclosure costs	6,510	-	6,510	-
Self-insurance payable	16,209	-	16,209	-
Total Long-Term Liabilities	<u>810,625</u>	<u>340,909</u>	<u>1,151,534</u>	<u>98</u>
Total Liabilities	<u>909,903</u>	<u>380,408</u>	<u>1,290,311</u>	<u>858</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pensions	31,707	1,164	32,871	3
Deferred OPEB	2,086	26	2,112	-
Deferred bond refunding	-	338	338	-
Deferred community development loans	24,802	-	24,802	-
Total Deferred Inflows of Resources	<u>58,595</u>	<u>1,528</u>	<u>60,123</u>	<u>3</u>
NET POSITION				
Net investment in capital assets	1,202,709	288,781	1,491,490	-
Restricted for:				
General government	4,964	-	4,964	-
Public protection	5,507	-	5,507	-
Health and sanitation	47	-	47	-
Public assistance	14	-	14	-
Public ways and facilities	25,765	-	25,765	-
Recreation and cultural services	189	-	189	-
Education	2	-	2	-
Debt service	30,167	-	30,167	-
Unrestricted	<u>(286,622)</u>	<u>94,335</u>	<u>(192,287)</u>	<u>8,963</u>
Total Net Position	<u>\$ 982,742</u>	<u>\$ 383,116</u>	<u>\$ 1,365,858</u>	<u>\$ 8,963</u>

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

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020 (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	\$ 53,926	\$ 12,967	\$ 685	\$ -	\$ 13,652
Public protection	241,749	21,291	59,974	1,799	83,064
Public ways and facilities	33,199	4,797	11,302	17,732	33,831
Health and sanitation	113,463	8,571	74,699	-	83,270
Public assistance	132,868	1,155	114,525	-	115,680
Education	14,322	2,193	204	267	2,664
Recreation and cultural services	11,501	4,295	230	86	4,611
Interest on long-term debt	7,057	-	-	-	-
Total governmental activities	<u>608,085</u>	<u>55,269</u>	<u>261,619</u>	<u>19,884</u>	<u>336,772</u>
Business-type activities:					
Airport	10,133	8,300	4,644	505	13,449
Golf	3,347	2,750	-	-	2,750
State Water Contract	7,709	7,825	14	-	7,839
Nacimiento Water Contract	13,257	16,732	-	-	16,732
Lopez Flood Control	6,733	6,978	5	-	6,983
Lopez Park	2	-	-	-	-
General Flood Control - Salinas Dam	913	2,884	-	-	2,884
County Service Areas	4,670	4,492	3	-	4,495
Los Osos Wastewater	11,636	5,245	-	2,618	7,863
Total business-type activities	<u>58,400</u>	<u>55,206</u>	<u>4,666</u>	<u>3,123</u>	<u>62,995</u>
Total primary government	<u>\$ 666,485</u>	<u>\$ 110,475</u>	<u>\$ 266,285</u>	<u>\$ 23,007</u>	<u>\$ 399,767</u>
Component unit:					
First 5 San Luis Obispo	<u>\$ 2,530</u>	<u>\$ -</u>	<u>\$ 2,451</u>	<u>\$ -</u>	<u>\$ 2,451</u>

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

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020 (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	\$ (40,274)	\$ -	\$ (40,274)	
Public protection	(158,685)	-	(158,685)	
Public ways and facilities	632	-	632	
Health and sanitation	(30,193)	-	(30,193)	
Public assistance	(17,188)	-	(17,188)	
Education	(11,658)	-	(11,658)	
Recreation and cultural services	(6,890)	-	(6,890)	
Interest on long-term debt	(7,057)	-	(7,057)	
Total governmental activities	<u>(271,313)</u>	<u>-</u>	<u>(271,313)</u>	
Business-type activities:				
Airport	-	3,316	3,316	
Golf	-	(597)	(597)	
State Water Contract	-	130	130	
Nacimiento Water Contract	-	3,475	3,475	
Lopez Flood Control	-	250	250	
Lopez Park	-	(2)	(2)	
General Flood Control	-	1,971	1,971	
County Service Areas	-	(175)	(175)	
Los Osos Wastewater	-	(3,773)	(3,773)	
Total business-type activities	<u>-</u>	<u>4,595</u>	<u>4,595</u>	
Total primary government	<u>\$ (271,313)</u>	<u>\$ 4,595</u>	<u>\$ (266,718)</u>	
Component unit:				
First 5 San Luis Obispo				<u>\$ (79)</u>
General Revenues:				
Taxes:				
Property taxes	198,927	4,043	202,970	-
Sales and use taxes	12,535	-	12,535	-
Transient occupancy taxes	9,956	-	9,956	-
Transfer tax	3,863	-	3,863	-
Other taxes	1,524	-	1,524	-
Grants not restricted to specific programs	3,845	-	3,845	-
Interest earnings not restricted to specific programs	12,849	2,169	15,018	173
Other revenues	1,144	2,889	4,033	12
Transfers	(493)	493	-	112
Total General Revenues and Transfers	<u>244,150</u>	<u>9,594</u>	<u>253,744</u>	<u>297</u>
Change in net position	(27,163)	14,189	(12,974)	218
Net position - beginning of year	<u>1,009,905</u>	<u>368,927</u>	<u>1,378,832</u>	<u>8,745</u>
Net position - end of year	<u>\$ 982,742</u>	<u>\$ 383,116</u>	<u>\$ 1,365,858</u>	<u>\$ 8,963</u>

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



COUNTY
of SAN LUIS
OBISPO

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**



COUNTY
of SAN LUIS
OBISPO

**COUNTY OF SAN LUIS OBISPO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020 (IN THOUSANDS)**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 329,060	\$ 19,950	\$ 87,990	\$ 437,000
Restricted cash with fiscal agent	-	1,604	20,353	21,957
Accounts receivable, net	18,961	-	136	19,097
Accrued property taxes receivable	18,284	-	-	18,284
Other receivables	1,790	-	66	1,856
Due from other governments	36,224	1,499	5,357	43,080
Due from other funds	-	911	400	1,311
Inventories	101	-	-	101
Loans receivable	-	-	26,056	26,056
Advances to other funds	21,394	-	3,211	24,605
Prepaid items	838	-	4	842
Other assets	-	-	2	2
Total assets	<u>\$ 426,652</u>	<u>\$ 23,964</u>	<u>\$ 143,575</u>	<u>\$ 594,191</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 17,995	\$ 3,076	\$ 2,724	\$ 23,795
Salaries and benefits payable	14,812	-	536	15,348
Due to other funds	-	-	1,211	1,211
Deposits from others	4,511	-	1,699	6,210
Unearned revenue	4,466	600	142	5,208
Other current liabilities	2,083	-	-	2,083
Advances from other funds	-	-	3,660	3,660
Total liabilities	<u>43,867</u>	<u>3,676</u>	<u>9,972</u>	<u>57,515</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	58,255	1,406	1,775	61,436
Deferred community development loans	-	-	26,056	26,056
Total deferred inflows of resources	<u>58,255</u>	<u>1,406</u>	<u>27,831</u>	<u>87,492</u>
<u>FUND BALANCES</u>				
Nonspendable	18,734	-	4	18,738
Restricted	10,915	1,604	55,453	67,972
Committed	175,455	17,278	50,315	243,048
Assigned	119,426	-	-	119,426
Unassigned	-	-	-	-
Total fund balances	<u>324,530</u>	<u>18,882</u>	<u>105,772</u>	<u>449,184</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 426,652</u>	<u>\$ 23,964</u>	<u>\$ 143,575</u>	<u>\$ 594,191</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, 2020 (IN THOUSANDS)

Total Fund Balances - Total Governmental Funds	\$	449,184
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.		1,213,561
Accrued property tax and grant revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		61,436
Internal service funds are used by the County to charge the costs of vehicle fleet management, comprehensive public works services, and operations of the County's workers' compensation, protected self-insurance, unemployment, and dental insurance programs to individual funds. The assets and liabilities are included in governmental activities in the Statement of Net Position.		(21,228)
Adjustments for internal service funds are necessary to "close" those funds by charging additional amounts to participating business-type activities to completely cover the internal service funds' costs for the year.		3,419
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(1,327)
The pension liability of governmental funds is not due and payable in the current period, and therefore is not reported in the fund financial statements.		(563,791)
The other post-employment benefit (OPEB) of governmental funds is not due and payable in the current period, and therefore is not reported in the fund financial statements.		(25,112)
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.		28,298
The unamortized portion of changes to the net other post-employment benefit (OPEB) liability, the net difference between projected and actual earnings on OPEB investments, and contributions subsequent to the OPEB liability measurement date are not reported in the fund financial statements for governmental funds.		15,061
Repayment and issuance of community development loans are reported as revenue and expenditures in the fund statements which contribute to the change in fund balance. However, in the Statement of Net Position loan repayments and issuances change deferred inflows.		1,254
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds as follows:		
Certificates of participation	(18,712)	
Bonds and notes payable	(119,879)	
Compensated absences	(32,263)	
Landfill closure/postclosure costs	(7,159)	
	(178,013)	(178,013)
Net Position of Governmental Activities	\$	982,742

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, 2020 (IN THOUSANDS)

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes	\$ 206,173	\$ -	\$ 16,868	\$ 223,041
Licenses, permits, and franchises	11,477	-	-	11,477
Fines, forfeitures, and penalties	2,984	340	592	3,916
Use of money and property	9,483	529	2,235	12,247
Aid from other governments	239,683	267	37,317	277,267
Charges for services	34,618	97	11,997	46,712
Other revenues	9,142	-	3,254	12,396
	<u>513,560</u>	<u>1,233</u>	<u>72,263</u>	<u>587,056</u>
Total revenues				
<u>EXPENDITURES</u>				
Current:				
General government	54,078	-	-	54,078
Public protection	196,062	-	9,100	205,162
Public ways and facilities	3,381	-	40,484	43,865
Health and sanitation	105,060	-	3,098	108,158
Public assistance	130,496	-	658	131,154
Education	608	-	12,161	12,769
Recreation and cultural services	4,813	-	6,824	11,637
Debt service:				
Principal payments	282	-	10,279	10,561
Interest and fiscal charges	233	-	6,183	6,416
Capital outlay	-	7,645	-	7,645
	<u>495,013</u>	<u>7,645</u>	<u>88,787</u>	<u>591,445</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>18,547</u>	<u>(6,412)</u>	<u>(16,524)</u>	<u>(4,389)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Debt Issued	-	-	24,407	24,407
Transfers in	2,903	7,924	25,976	36,803
Transfers out	(25,271)	(1,345)	(9,520)	(36,136)
	<u>(22,368)</u>	<u>6,579</u>	<u>40,863</u>	<u>25,074</u>
Total other financing sources (uses)				
Net change in fund balances	(3,821)	167	24,339	20,685
Fund balances - beginning	<u>328,351</u>	<u>18,715</u>	<u>81,433</u>	<u>428,499</u>
Fund balances - ending	<u>\$ 324,530</u>	<u>\$ 18,882</u>	<u>\$ 105,772</u>	<u>\$ 449,184</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, 2020 (IN THOUSANDS)

Net Change in Fund Balances - Total Governmental Funds \$ 20,685

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

Property tax, intergovernmental revenue and other revenue in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 9,288

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	\$	6,398	
General government		2,450	
Public protection		4,035	
Public ways		20,538	
Health and sanitation		473	
Public assistance		10	
Education		492	
Recreation and cultural services		778	
		778	35,174

In the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. (22,214)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (170)

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			10,561
Debt Issuance			(24,407)

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	\$	(6,381)	
Change in accrued interest payable		(659)	
Change in landfill closure/postclosure costs		(127)	
Change in net OPEB liability		(570)	
Change in deferred OPEB outflows		(1,674)	
Change in deferred OPEB inflows		351	
Change in Net Pension Liability		69,998	
Change in deferred pension outflows		(57,233)	
Change in deferred pension inflows		(55,544)	
Change in capital appreciation bond accretion		(430)	
Amortization of debt premiums, discounts and issuance costs		18	
		18	(52,251)

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. (3,761)

Repayment and issuance of community development loans are reported as revenue and expenditures in the fund statements which contribute to the change in fund balance. However, in the Statement of Net Position loan repayments and issuances change deferred inflows and do not affect the Statement of Activities. (355)

The net (revenue) expense allocable to business-type activities 287

Change in Net Position of Governmental Activities \$ (27,163)

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

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020 (IN THOUSANDS)**

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Nonmajor Enterprise Funds		
ASSETS							
Current assets:							
Cash and investments	\$ 10,037	\$ 21,475	\$ 16,009	\$ 5,761	\$ 18,909	\$ 72,191	\$ 49,072
Accounts receivable, net	144	-	1,601	-	379	2,124	8
Other receivables	117	-	-	106,427	-	106,544	-
Due from other governments	2,672	-	-	-	-	2,672	-
Due from other funds	-	-	-	-	300	300	-
Deposits with others	-	-	-	-	86	86	-
Inventories	-	-	-	-	36	36	589
Loans receivable	-	-	-	219	-	219	-
Prepaid items	-	-	-	-	838	838	221
Total current assets	<u>12,970</u>	<u>21,475</u>	<u>17,610</u>	<u>112,407</u>	<u>20,548</u>	<u>185,010</u>	<u>49,890</u>
Noncurrent assets:							
Advances to other funds	-	-	-	-	79	79	-
Restricted cash with fiscal agent	-	9,583	-	-	488	10,071	-
Prepaid insurance	-	304	-	-	-	304	-
Capital assets:							
Nondepreciable:							
Land	24,030	3,259	-	5,406	3,818	36,513	-
Construction in progress	639	334	-	-	3,023	3,996	-
Water rights	-	-	61,213	-	-	61,213	-
Other property	-	-	-	-	1,968	1,968	-
Depreciable:							
Infrastructure, net	462	144,994	24	167,592	23,165	336,237	-
Structures and improvements, net	78,016	8,585	5,653	3,021	47,434	142,709	387
Equipment, net	5,237	10	2	150	749	6,148	13,190
Other property, net	-	-	-	-	496	496	-
Total noncurrent assets	<u>108,384</u>	<u>167,069</u>	<u>66,892</u>	<u>176,169</u>	<u>81,220</u>	<u>599,734</u>	<u>13,577</u>
Total assets	<u>121,354</u>	<u>188,544</u>	<u>84,502</u>	<u>288,576</u>	<u>101,768</u>	<u>784,744</u>	<u>63,467</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred pensions	803	-	-	-	677	1,480	12,965
Deferred OPEB	139	-	-	-	86	225	1,748
Deferred loss on refunding	-	3,446	-	-	-	3,446	-
Total deferred outflows of resources	<u>942</u>	<u>3,446</u>	<u>-</u>	<u>-</u>	<u>763</u>	<u>5,151</u>	<u>14,713</u>
LIABILITIES							
Current liabilities:							
Accounts payable	264	1,016	6,396	60	1,519	9,255	1,012
Salaries and benefits payable	99	-	-	-	81	180	1,469
Interest payable	3	2,471	-	2,068	369	4,911	-
Self-insurance payable	-	-	-	-	-	-	3,931
Deposits from others	79	502	1,954	3	415	2,953	5,378
Unearned revenue	83	8,597	2,456	-	74	11,210	-
Due to other funds	-	-	-	-	400	400	-
Accrued vacation and sick leave - current	89	-	-	-	95	184	2,139
Notes and bonds payable - current	69	4,510	-	3,317	2,910	10,806	-
Total current liabilities	<u>686</u>	<u>17,096</u>	<u>10,806</u>	<u>5,448</u>	<u>5,863</u>	<u>39,899</u>	<u>13,929</u>
Noncurrent liabilities:							
Self-insurance liability	-	-	-	-	-	-	16,209
Advances from other funds	6,748	-	-	12,755	1,521	21,024	-
Accrued vacation and sick leave	173	-	-	-	156	329	1,117
Notes and bonds payable	309	163,407	-	136,270	33,963	333,949	-
Net OPEB Liability	206	-	-	-	128	334	2,590
Net Pension Liability	3,415	-	-	-	2,882	6,297	55,171
Total noncurrent liabilities	<u>10,851</u>	<u>163,407</u>	<u>-</u>	<u>149,025</u>	<u>38,650</u>	<u>361,933</u>	<u>75,087</u>
Total liabilities	<u>11,537</u>	<u>180,503</u>	<u>10,806</u>	<u>154,473</u>	<u>44,513</u>	<u>401,832</u>	<u>89,016</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred pensions	631	-	-	-	533	1,164	10,197
Deferred OPEB	16	-	-	-	10	26	195
Bond refunding	-	338	-	-	-	338	-
Total deferred inflows of resources	<u>647</u>	<u>338</u>	<u>-</u>	<u>-</u>	<u>543</u>	<u>1,528</u>	<u>10,392</u>
NET POSITION							
Net investment in capital assets	108,006	1,956	66,892	68,068	43,859	288,781	13,577
Unrestricted	2,106	9,193	6,804	66,035	13,616	97,754	(34,805)
Total net position	<u>\$ 110,112</u>	<u>\$ 11,149</u>	<u>\$ 73,696</u>	<u>\$ 134,103</u>	<u>\$ 57,475</u>	<u>386,535</u>	<u>\$ (21,228)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(3,419)	
Net Position of Business-Type Activities per Government-Wide Financial Statements						<u>\$ 383,116</u>	

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020 (IN THOUSANDS)

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Nonmajor Enterprise Funds		
OPERATING REVENUES:							
Charges for services	\$ 8,601	\$ 16,732	\$ 7,825	\$ 5,245	\$ 17,115	\$ 55,518	\$ 56,778
Other revenues	50	2,786	-	16	37	2,889	85
Total operating revenues	8,651	19,518	7,825	5,261	17,152	58,407	56,863
OPERATING EXPENSES:							
Salaries and benefits	2,753	-	-	-	1,780	4,533	31,413
Services and supplies	3,890	3,716	7,326	3,788	9,764	28,484	21,405
Other charges	28	-	-	-	3	31	-
Insurance benefit payments	-	-	-	-	-	-	4,896
Depreciation	3,473	2,202	204	4,364	2,432	12,675	2,759
Countywide cost allocation	212	94	76	57	267	706	546
Total operating expenses	10,356	6,012	7,606	8,209	14,246	46,429	61,019
Operating income (loss)	(1,705)	13,506	219	(2,948)	2,906	11,978	(4,156)
NONOPERATING REVENUES (EXPENSES):							
Property taxes	-	-	2,339	-	1,704	4,043	-
Interest income	321	796	438	152	462	2,169	1,196
Interest expense	(14)	(7,208)	(56)	(3,376)	(1,342)	(11,996)	-
Sale of capital assets	-	-	-	-	-	-	232
Aid from governmental agencies	4,644	-	14	-	8	4,666	-
Other revenues	-	-	-	-	-	-	127
Total nonoperating revenues (expenses)	4,951	(6,412)	2,735	(3,224)	832	(1,118)	1,555
Income (loss) before contributions and transfers	3,246	7,094	2,954	(6,172)	3,738	10,860	(2,601)
Capital contributions	505	-	-	2,618	-	3,123	-
Transfers in	-	-	-	-	1,176	1,176	-
Transfers out	(353)	-	-	(273)	(57)	(683)	(1,160)
Change in net position	3,398	7,094	2,954	(3,827)	4,857	14,476	(3,761)
Net position - beginning	106,714	4,055	70,742	137,930	52,618		(17,467)
Net position - ending	\$ 110,112	\$ 11,149	\$ 73,696	\$ 134,103	\$ 57,475		\$ (21,228)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(287)	
Change in Net Position of Business-Type Activities per Government-Wide Financial Statements						\$ 14,189	

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, 2020 (IN THOUSANDS)**

	Business-Type Activities - Enterprise Funds					Total Enterprise Funds	Governmental Activities Internal Service Funds
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Nonmajor Enterprise Funds		
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers and third parties	\$ 8,739	\$ 19,039	\$ 9,193	\$ 5,261	\$ 16,888	\$ 59,120	\$ -
Receipts from interfund billings	-	-	-	-	-	-	56,866
Payments for goods and services	(4,245)	(2,937)	(7,004)	(3,902)	(8,621)	(26,709)	(11,946)
Payments to employees for services	(1,930)	-	-	-	(1,601)	(3,531)	(30,582)
Payments for insurance benefits	-	-	-	-	-	-	(4,324)
Payments for premiums	-	-	-	-	-	-	(5,722)
Net cash provided (used) by operating activities	2,564	16,102	2,189	1,359	6,666	28,880	4,292
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Property tax proceeds	-	-	2,339	-	1,704	4,043	-
Grants and subsidies from other governmental agencies	5,174	-	14	-	8	5,196	-
Advances from other funds	(2,358)	-	-	-	940	(1,418)	-
Due from other funds	-	-	-	-	(300)	(300)	-
Transfers from other funds	-	-	-	-	1,176	1,176	-
Transfers to other funds	(353)	-	-	(273)	(57)	(683)	(1,160)
Net cash provided (used) by noncapital financing activities	2,463	-	2,353	(273)	3,471	8,014	(1,160)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchases and construction of capital assets	(510)	(377)	(2,623)	-	(2,091)	(5,601)	(2,538)
Proceeds from sale of capital assets	-	-	-	-	-	-	249
Advances to other funds	-	-	-	-	18	18	-
Advances from other funds	(1,692)	-	-	-	-	(1,692)	-
Capital contributions	505	-	-	5,124	-	5,629	-
Principal paid on capital debt	(66)	(4,121)	-	(3,236)	(2,806)	(10,229)	-
Interest paid on capital debt	(93)	(7,689)	(56)	(3,201)	(1,454)	(12,493)	-
Net cash provided (used) by capital and related financing activities	(1,856)	(12,187)	(2,679)	(1,313)	(6,333)	(24,368)	(2,289)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest received	321	796	438	152	462	2,169	1,196
Net cash provided (used) by investing activities	321	796	438	152	462	2,169	1,196
Net increase (decrease) in cash and cash equivalents	3,492	4,711	2,301	(75)	4,266	14,695	2,039
CASH AND CASH EQUIVALENTS:							
Beginning of year	6,545	26,347	13,708	5,836	15,131	67,567	47,033
End of year	\$ 10,037	\$ 31,058	\$ 16,009	\$ 5,761	\$ 19,397	\$ 82,262	\$ 49,072
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating income (loss)	\$ (1,705)	\$ 13,506	\$ 219	\$ (2,948)	\$ 2,906	\$ 11,978	\$ (4,156)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	3,473	2,202	204	4,364	2,432	12,675	2,759
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:							
Receivables, net	79	-	2,345	-	(31)	2,393	-
Inventory	-	-	-	-	12	12	50
Prepaid items	-	-	-	-	91	91	6
Deferred outflows - pension	192	-	-	-	335	527	7,187
Deferred outflows - OPEB	(25)	-	-	-	9	(16)	193
Accounts payable	(102)	729	397	(60)	1,287	2,251	12
Deposits from others	(6)	144	(848)	3	29	(678)	4,290
Salaries and benefits payable	124	-	-	-	58	182	505
Deferred inflows - pension	373	-	-	-	273	646	5,029
Deferred inflows - OPEB	2	-	-	-	(2)	-	(39)
Net OPEB liability	55	-	-	-	2	57	32
Net pension liability	92	-	-	-	(501)	(409)	(12,148)
Unearned revenue	12	(479)	(128)	-	(234)	(829)	-
Self-insurance liability	-	-	-	-	-	-	572
Total adjustments	4,269	2,596	1,970	4,307	3,760	16,902	8,448
Net cash provided (used) by operating activities	\$ 2,564	\$ 16,102	\$ 2,189	\$ 1,359	\$ 6,666	\$ 28,880	\$ 4,292

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, 2020 (IN THOUSANDS)
SAN LUIS OBISPO PENSION TRUST FUND
DECEMBER 31, 2019 (IN THOUSANDS)**

	Agency Funds June 30, 2020	Investment Trust Funds June 30, 2020	San Luis Obispo County Pension Trust December 31, 2019
<u>ASSETS</u>			
Cash and cash equivalents	\$ 132,203	\$ 433,472	\$ 46,396
Contributions receivable	-	-	3,288
Accrued interest and dividends receivable	-	-	716
Accounts receivable	-	-	25
Securities sold	-	-	981
Prepaid benefits	-	-	-
Investments pension trust:			
Bonds and notes, at fair value	-	-	265,883
International fixed income, at fair value	-	-	148,272
Collateralized mortgage obligations, at fair value	-	-	5,983
Domestic equities, at fair value	-	-	298,422
International equities, at fair value	-	-	323,758
Alternative investments, at fair value	-	-	165,993
Real estate, at fair value	-	-	204,950
Prepaid Expenses	-	-	75
Capital assets-net of accumulated depreciation	-	-	7,407
	<u>\$ 132,203</u>	<u>\$ 433,472</u>	<u>\$ 1,472,149</u>
<u>LIABILITIES</u>			
Agency obligations	\$ 132,203	\$ -	\$ -
Securities purchased	-	-	3,432
Accrued liabilities	-	-	1,740
Prefunded contributions	-	-	27,973
	<u>\$ 132,203</u>	<u>\$ -</u>	<u>\$ 33,145</u>
<u>NET POSITION</u>			
Net position held in trust for pool participants	\$ -	\$ 433,472	\$ -
Net position restricted for pensions	-	-	1,439,004
	<u>\$ -</u>	<u>\$ 433,472</u>	<u>\$ 1,439,004</u>

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
AGENCY AND INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2020 (IN THOUSANDS)
SAN LUIS OBISPO PENSION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2019 (IN THOUSANDS)

	<u>Investment Trust Funds June 30, 2020</u>	<u>San Luis Obispo County Pension Trust December 31, 2019</u>
<u>ADDITIONS</u>		
Contributions:		
County contributions	\$ 1,049,435	\$ -
Employer contributions	-	48,958
Member contributions	-	32,983
Total contributions	<u>1,049,435</u>	<u>81,941</u>
Investment income:		
Realized and unrealized gains and losses	-	181,521
Interest	7,300	4,450
Dividends	-	11,372
Real estate management trust income	-	-
Real estate operating income, net	-	12
Other investment income, net	-	-
Investment expenses	-	(3,633)
Total investment income	<u>7,300</u>	<u>193,722</u>
Other Income	-	18
Total additions	<u>1,056,735</u>	<u>275,681</u>
<u>DEDUCTIONS</u>		
Benefits:		
Monthly benefit payments	-	101,221
Refunds of contributions	-	3,292
Death benefits	-	118
Total benefits	<u>-</u>	<u>104,631</u>
Administrative expenses	-	2,120
Prefunded discount amortization	-	1,546
Total administrative expenses	<u>-</u>	<u>3,666</u>
Distributions from investment pool	<u>1,104,660</u>	<u>-</u>
Total deductions	<u>1,104,660</u>	<u>108,297</u>
Change in net position	(47,925)	167,384
Net position - beginning	<u>481,397</u>	<u>1,271,620</u>
Net position - ending	<u>\$ 433,472</u>	<u>\$ 1,439,004</u>

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



COUNTY
of SAN LUIS
OBISPO

NOTES TO THE BASIC FINANCIAL STATEMENTS



COUNTY
of SAN LUIS
OBISPO

COUNTY OF SAN LUIS OBISPO
NOTES TO THE BASIC FINANCIAL STATEMENTS (IN THOUSANDS)
JUNE 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

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

The County reporting entity includes all significant organizations, departments, and agencies over which the County is considered financially accountable. The component units discussed below are included in the County's reporting entity because of the significance of their operational and financial relationships with the County. The accompanying financial statements present the financial position of the County and those County-related entities that meet the criteria for component units established by the Governmental Accounting Standards Board (GASB) Statement Nos. 14, 61 and 80.

Blended Component Units

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Discretely Presented Component Unit

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-wide Financial Statements

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

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

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

Enterprise funds, reported as business-type activities, distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with an enterprise fund's principal ongoing operation. The principal operating revenues of the County enterprise funds (Airport, Nacimiento Water Contract, State Water Project, Los Osos Wastewater, and nonmajor enterprise) are charges to customers for sales and services. Operating expenses for

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Fund Financial Statements

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

New Accounting Pronouncements

For the fiscal year ended June 30, 2020, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance (GASB 95)*. The requirements of this statement are effective for financial statement periods beginning after June 15, 2018 and later. GASB 95 postpones the effective dates of certain provisions in Statements and Implementation Guides and is intended to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic.

The County reports the following Major Governmental Funds:

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

The County reports the following Major Proprietary Funds:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

The County reports the following Fiduciary Funds:

- The Pension Trust Fund accumulates contributions from the County and its employees, as well as earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula), and administrative expenses. This fund includes all assets of the San Luis Obispo County Pension Trust as of December 31, 2019.
- 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 96 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 144 different Agency Funds. These include accounts for temporary holding of funds for the tax assessment areas created under the 1915 Improvement Act, temporary clearing funds, and other temporary holding funds not classified in other agency categories.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

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

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

Deposits and Investments

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

Cash balances of substantially all funds are pooled and invested by the County Treasurer for the purpose of increasing earnings through investment activities. State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool. In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments held by the County Treasurer are stated at fair value at June 30, 2020. The fair value of pooled investments is determined annually and is based on current market prices.

The County pool is not registered with the Securities and Exchange Commission as an investment company and does not issue separate investment reports. The County has not provided or obtained any legally binding guarantees to support the value of the shares. Participants may withdraw up to the amortized cost of their respective shares as displayed on the combined balance sheet. The share of the Treasurer's pool related to involuntary participants is 99.83 percent.

Cash and Cash Equivalents

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

Receivables and Payables

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

Deferred Outflows and Inflows of Resources

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Property Tax

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

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

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

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

Interfund Transactions

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

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

Inventories and Prepaid Items

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

columns in the Government-wide financial statements. Capital assets are defined as assets with an initial individual cost greater than the capitalization threshold for the specified type of asset and an estimated useful life beyond a single fiscal period. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets and capital assets received in a service concession arrangement are recorded at acquisition value. General infrastructure assets acquired prior to July 1, 1980, are reported at estimated historical cost using deflated replacement costs.

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

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

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

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

Compensated Absences

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

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

Long-term Obligations

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

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Pensions

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

Other Postemployment Benefits (OPEB)

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

Fund Equity

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

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

E. ESTIMATES

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

DETAIL NOTES ON ALL FUNDS

2. CASH AND CASH EQUIVALENTS

Cash in Treasury

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

The San Luis Obispo County Investment Pool is rated by Fitch Ratings, one of the Nationally Recognized Statistical Rating Organizations. Fitch has consistently rated the County Pool with their highest rating since Fiscal Year (FY) 1994-95. Fitch reaffirmed the County Pool's "AAAf/S1" rating on September 16, 2019. The County Pool's "AAAf" fund credit quality rating reflects the "the highest underlying credit quality (or lowest vulnerability to default)". The "f" suffix to the Fund Credit Quality Rating indicates a fund rather than an individual issue or issuer. The County Pool's "S1" rating reflects the pool's low sensitivity to market risk and capacity to return stable principal value to meet anticipated cash flow requirements, even in adverse interest rate environments.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The County Treasury Oversight Committee (CTOC) was created by the Board of Supervisors' Resolution and consists five members. The CTOC monitors and reviews quarterly, the management of public funds maintained in the investment pool in accordance with the CGC. The CTOC and the Board of Supervisors review and approve the IP annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the CTOC and the investment pool participants every quarter. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value. CGC directs the CTOC to cause an annual IP compliance audit. A list of providers for the annual compliance audit is specified in the Board Resolution which created the CTOC. These providers are the County Auditor in conjunction with or in addition to work directed by CGC, independent certified public accountants (CPAs) selected to review the County's Comprehensive Annual Financial Report, and independent CPAs as deemed appropriate. CLA (CliftonLarsonAllen LLP) was selected to perform an Annual Investment Program Compliance Audit for the FY ended June 30, 2020. The results of these audits have been presented to the Board of Supervisors on a yearly basis. All such audits from prior years have had no findings.

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

The County maintains a combined pool of cash and investments which provides cash flow for the funding needs of the County, school districts, and other local agencies required by law to keep funds in the Treasury. The combined pool's investments are stated at fair value and have a weighted-average maturity of 0.83 years. Interest is apportioned to the separate funds based on the individual fund's average daily balance. Securities are held in a customer-segregated safekeeping account during the fiscal year. A Cash Statement and Asset List is requested monthly from the appropriate institutions and verified against records maintained in the Treasury.

The County's combined pool has invested in the CalTRUST Short-Term Fund (CTSTF). CalTRUST is a Joint Powers Agency Authority created by local public agencies to provide a method for local public agencies to pool their assets for investment purposes. CalTRUST is governed by a Board of Trustees made up of experienced local agency treasury and investment officers. The CalTRUST Board sets overall policies for the program and selects and supervises the activities of the investment manager, currently BlackRock. Public agencies invest in shares of beneficial interest with a Net Asset Value (NAV) that fluctuates. CalTRUST attempts to minimize NAV fluctuation. This type of investment is an authorized investment under CGC §53601 (p). As of June 30, 2020, the CTSTF NAV was \$1.008 per \$1.00 of investment.

The County's combined pool has invested in the State's Local Agency Investment Fund (LAIF). This fund is not registered with the Securities and Exchange Commission as an investment company but is required to invest according to CGC. Market valuation is conducted quarterly. LAIF provided a fair value dollar factor of 1.004912795 for its portfolio as of June 30, 2020. 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, 2020, 3.37% of the LAIF pool includes Medium-term and Short-term Structured notes and Asset-backed securities. The Local Investment Advisory Board, which consists of five members as designated by statute, provides oversight for LAIF.

As of June 30, 2020, the County's combined pool includes funds deposited in collateralized interest-bearing bank accounts known as Public Investment Money Market Accounts (PIMMAs) and FDIC Insured Placement Service Deposits. Per CGC §53631 et seq., PIMMAs are depository accounts, not investments, and are fully liquid and collateralized by eligible securities. Placement Service Deposits are when a single large deposit is placed into individual deposits of less than \$250,000 with network banks. As a result, full FDIC insurance is maintained. Placement Service Deposits are not term deposits, and the full balance is available at any time on demand. PIMMAs and Placement Service Deposits are not investments by code, but they are included in the County's combined pool and are treated internally as investments for tracking, management, and reporting purposes.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Governmental Accounting Standards Board (GASB) Statement No. 31 requires governmental external investment pools to report certain investments at fair value in the financial statements and report the change in the fair value of investments in the year in which the change occurred. In compliance with these requirements, the fair value of the County's combined pool is determined annually and is based on current market prices received from the securities custodian, CalTRUST, and LAIF, except for instruments which are carried at amortized cost plus accrued interest. The County Treasury has provided a fair value dollar factor of 1.011121330918 in the Quarterly Report of Investments as of June 30, 2020, which can be used for financial reporting by the pool participants. The fair value of the investments is the pool participant's amount invested balance multiplied by the fair value dollar factor.

The table below identifies the investment types that are authorized for the County by the CGC. The County's combined pool is further restricted by both the County IP and the Treasurer's written policies and procedures to reduce exposure to investment risks. The County IP gives the County Treasurer the authority to act in the best interest of the County in the face of changing market conditions and circumstances by making written exceptions to the County IP and the Treasurer's written policies and procedures within the limits of the CGC and all relevant laws. As of June 30, 2020, the table represents the County's IP or where more restrictive, the Treasurer's written policies and procedures, that address interest risk, credit risk, and concentration of credit risk.

Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Investment types utilized by the combined pool in FY 2019-20			
U.S. Treasury Notes	4 years	100%	N/A
U.S. Treasury Bills	Maximum issued	100%	N/A
U.S. Government Agencies: Federal Home Loan Bank	4 years	20%	N/A
U.S. Government Agencies: Farm Credit	4 years	20%	N/A
Local Agency Investment Fund (LAIF)	N/A	15%	N/A
Money Market Mutual Funds (Shares of Beneficial Interest) issued by a Joint Powers Authority	N/A	15%	15% per issuer. Requires specific written approval of County Treasurer for each type of investment.
Supranationals	4 years	20%	10% per issuer (IBRD, IFC, or IADB only). Must have AAA/A-1+ by 1 of the 3 credit rating agencies.
Public Investment Money Market Accounts (PIMMA)	N/A	50%	20%
FDIC Insured Placement Service Deposits	N/A	15%	Up to \$250,00 per participating bank
Investments authorized, but not utilized in FY 2019-20			
U.S. Treasury Bonds	4 years	100%	N/A
CDARS	1 year	15%	1%
Bankers' Acceptances-Domestic	30 days	10%	4%
Commercial Paper	30 days	5%	2%
Collateralized Certificates of Deposit	1 year	5%	1%
Tri-Party Repurchase Agreements	30 days	15% of all repos	N/A
Cash Management Bills	Maximum issued	100%	N/A
Bonds, Notes, Warrants, other evidences of indebtedness of any local agency within this state	1 year	5%	No more than 10% of issuer debt and assets. Requires specific written approval of County Treasurer for each type of investment.
Bonds issued by a Local Agency	1 year	5%	Requires specific written approval of County Treasurer for each type of investment.
Registered State Warrants	1 year	10%	Requires specific written approval of County Treasurer for each type of investment.
Pledged Funds held by a trustee or fiscal agent	Per specific statutory provisions or in accordance with the ordinance, resolution, indenture, or agreement of a local agency providing for the issuance.		
Investments not authorized in FY 2019-20			
U.S. Government Agencies: Federal National Mortgage Assoc.			
U.S. Government Agencies: Federal Home Loan Mortgage Corp.			

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Interest Rate Risk

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

Custodial Credit Risk

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

Credit Risk

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

Concentration of Credit Risk

At June 30, 2020, the County did not have investments in medium-term notes.

The following is a summary of the credit quality distribution and concentration of credit risk by investment type as a percentage of the County's Investment Pool's fair value at June 30, 2020.

Investment Type	S&P	Moody's	% of Portfolio*
U.S. Government Agencies	AA+	Aaa	36.30%
U.S. Treasuries	AA+	Aaa	33.55%
Supranationals	AAA	Aaa	6.69%
CalTRUST-Short-Term Fund	AAf/S1+	Not Rated	13.40%
LAIF	Not Rated	Not Rated	10.06%
Total			<u>100.00%</u>

GASB Statement No. 40 requires that investments in single issuers exceeding 5% of the County's pooled investments be disclosed as concentrations of credit risk. As of the year ended June 30, 2020, the following investments exceeded the 5% disclosure threshold:

Investment Type	% of Portfolio*
U.S. Government Agencies-Federal Home Loan Bank	16.59%
U.S. Government Agencies-Farm Credit Bank	19.71%

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

At June 30, 2020, the County had the following investments and interest-bearing deposits (in thousands):

Instrument	Maturity Dates	Interest Rate %	Weighted Average Maturity Years	Fair Value	Cost
Supranationals	8/5/20-4/19/22	1.562%-2.751%	0.92	\$ 50,229	\$ 49,309
U.S. Treasuries	7/31/20-11/30/22	1.527%-2.828%	1.15	252,152	246,315
U.S. Government Agencies	7/06/20-12/09/22	1.660%-2.903%	1.04	272,823	267,012
LAIF	On Demand	2.033%	-	75,638	75,000
CalTRUST	On Demand	1.059%	-	100,728	99,964
Total Investments in County Treasury			0.83	\$ 751,570	\$ 737,600
Deposits in Financial Institutions				\$ 387,025	\$ 387,025
Cash on Hand				294	294
Total Cash held in Treasury				1,138,889	1,124,919
Deposits in Transit				5,070	5,070
Outstanding Warrants				(14,570)	(14,570)
Total				1,129,389	1,115,419
Imprest Cash				1,224	1,224
Non-pool Cash Deposits				2,379	2,379
Other Cash Deposits				3,603	3,603
Total Cash and Cash Equivalents				\$ 1,132,992	\$ 1,119,022
<u>Restricted Cash with Fiscal Agent</u>					
U.S. Government & Federal Agencies				\$ 30,423	\$ 30,423
Certificates of Deposit & Money Market Accounts				1,605	1,605
Total				32,028	32,028
Total restricted and unrestricted cash and cash equivalents				\$ 1,165,020	\$ 1,151,050
<u>Total Cash and Investments Summary</u>				<u>Fair Value</u>	
Total Governmental Activities				\$ 508,029	
Total Business-type Activities				82,262	
Total Fiduciary Funds				565,675	
Total Component Unit				9,054	
Total Cash and Investments				\$ 1,165,020	

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2020 (in thousands):

	Fair Value
<u>Statement of Net Position:</u>	
Net position held for pool participants	\$ 1,129,389
Equity of internal pool participants	\$ 695,917
Equity of external pool participants (voluntary and involuntary)	433,472
Total Equity	\$ 1,129,389
<u>Statement of Changes in Net Position:</u>	
Revenue	\$ 21,708
Investment costs	(816)
Net deposits	(10,956)
Change in fair value	8,600
Net change in pool net position	18,536
Net position at July 1, 2019	1,110,853
Net position at June 30, 2020	\$ 1,129,389

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Fair Value Measurements

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

The County has the following recurring fair value measurements as of June 30, 2020:

		<u>Fair Value Measurements Using</u> <u>Investments by fair value level</u>				
		<u>Quoted Prices</u> <u>in Active</u> <u>Markets for</u> <u>Identical</u> <u>Assets</u> <u>(Level 1)</u>	<u>Significant</u> <u>Other</u> <u>Observable</u> <u>Inputs</u> <u>(Level 2)</u>	<u>Significant</u> <u>Unobservable</u> <u>Inputs</u> <u>(Level 3)</u>		
<u>Debt securities</u>						
US Treasuries	\$	252,152	\$ 252,152	\$ -	\$ -	
US Government Agencies		272,823	272,823	-	-	
Supranationals		50,229	50,229	-	-	
Total measured at fair value		<u>575,204</u>	<u>575,204</u>	<u>-</u>	<u>-</u>	
<u>Investments measured at amortized cost</u>						
LAIF		75,638	-	-	-	
CalTRUST		100,728	-	-	-	
Total investments in County Treasury	\$	<u>751,570</u>	\$ -	\$ -	\$ -	

Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2020, 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	\$ 30,139
Restricted interest on lease reserves	285
Restricted for contractor retentions	1,604
Total Restricted Cash	<u>\$ 32,028</u>

Cash Deposits Outside of the Treasury Pool

At fiscal year-end, the carrying amount of the County's other cash deposits was \$2,074,989 and the combined financial institutions' balance was \$2,378,662. The difference of \$303,673 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 \$2,378,662 was covered by federal depository insurance or by collateral held by the County's agent in the County's name.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

3. RECEIVABLES

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

	Governmental Activities		
	General Fund	Nonmajor Special Revenue Funds	Internal Service Funds
Accounts Receivable	\$ 18,961	136	8
Allowance for Doubtful Accounts	-	-	-
Net Accounts Receivable	\$ 18,961	136	8

	Business-Type Activities		
	Airport	State Water Contract	Nonmajor Enterprise Funds
Accounts Receivable	\$ 144	1,601	379
Allowance for Doubtful Accounts	-	-	-
Net Accounts Receivable	\$ 144	1,601	379

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2020, is as follows (in thousands):

<u>Governmental Activities</u>	Balance July 1, 2019	Additions	Retirements	Transfers & Adjustments	Balance June 30, 2020
Capital assets, not being depreciated:					
Land	\$ 795,513	\$ -	\$ -	\$ 19	\$ 795,532
Construction in progress	28,891	15,192	-	(8,912)	35,171
Total capital assets, not being depreciated	824,404	15,192	-	(8,893)	830,703
Capital assets, being depreciated:					
Structures and improvements	263,455	2,608	-	1,942	268,005
Equipment	103,034	4,636	(2,977)	208	104,901
Infrastructure	412,682	15,091	-	6,743	434,516
Other property	980	278	-	-	1,258
Total capital assets, being depreciated	780,151	22,613	(2,977)	8,893	808,680
Less accumulated depreciation for:					
Structures and improvements	(96,319)	(5,664)	-	-	(101,983)
Equipment	(64,713)	(8,551)	2,825	-	(70,439)
Infrastructure	(229,017)	(10,745)	-	-	(239,762)
Other property	(47)	(14)	-	-	(61)
Total accumulated depreciation	(390,096)	(24,974)	2,825	-	(412,245)
Total capital assets being depreciated, net	390,055	(2,361)	(152)	8,893	396,435
Governmental activities capital assets, net	\$ 1,214,459	\$ 12,831	\$ (152)	\$ -	\$ 1,227,138

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Business-Type Activities</u>	<u>Balance July 1, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance June 30, 2020</u>
Capital assets, not being depreciated:					
Land	\$ 36,513	\$ -	\$ -	\$ -	\$ 36,513
Construction in progress	2,097	1,900	-	-	3,997
Water rights	58,591	2,621	-	-	61,212
Other property	1,968	-	-	-	1,968
Total capital assets, not being depreciated	99,169	4,521	-	-	103,690
Capital assets, being depreciated:					
Infrastructure	381,471	221	-	-	381,692
Structures and improvements	209,772	708	-	-	210,480
Equipment	10,164	153	-	-	10,317
Other property	554	-	-	-	554
Total capital assets, being depreciated	601,961	1,082	-	-	603,043
Less accumulated depreciation for:					
Infrastructure	(38,031)	(7,426)	-	-	(45,457)
Structures and improvements	(63,099)	(4,668)	-	-	(67,767)
Equipment	(3,590)	(581)	-	-	(4,171)
Other property	(58)	-	-	-	(58)
Total accumulated depreciation	(104,778)	(12,675)	-	-	(117,453)
Total capital assets being depreciated, net	497,183	(11,593)	-	-	485,590
Business-type activities capital assets, net	\$ 596,352	\$ (7,072)	\$ -	\$ -	\$ 589,280

Depreciation Expense

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

<u>Governmental Activities</u>		<u>Amount</u>
General Government		\$ 5,462
Public Protection		4,071
Public Ways and Facilities		10,249
Health and Sanitation		613
Public Assistance		233
Education		423
Recreational and Cultural Services		1,164
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets		2,759
Total Depreciation Expense - Governmental Activities		<u>\$ 24,974</u>
<u>Business-Type Activities</u>		<u>Amount</u>
Airport		\$ 3,473
Los Osos Wastewater		4,364
Nacimiento Water Contract		2,202
State Water Project		204
Nonmajor Enterprise		2,432
Total Depreciation Expense - Business-type Activities		<u>\$ 12,675</u>

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, 2020 (in thousands):

Governmental Activities

<u>Project</u>	<u>Expended to June 30, 2020</u>	<u>Committed Funds</u>	<u>Remaining Budget</u>
Roads Infrastructure	\$ 18,247	\$ 10,804	\$ 18,827
AG Levee WMP Alta3a	3,033	-	1,759
CDF-SLO-Program for Co-located Dispatch	2,362	-	1,728
Health – COC – Animal Services Facility	2,260	493	17,596
New Storage Tanks – CSA 10 Water	2,086	1	4,882
Los Osos Landfill Remediation	1,522	119	-
Sheriff JMS/RMS Implementation Project	788	3,411	-
Templeton to Atlas Connector	657	-	256
AG Levee WMP Mod3C	554	-	2,184
Vets Hall Roof Replacement	446	20	-
Sheriff Main Jail HVAC	418	100	280

Business-Type Activities

<u>Project</u>	<u>Expended to June 30, 2020</u>	<u>Committed Funds</u>	<u>Remaining Budget</u>
Airport Runway Rehab	\$ 626	\$ -	\$ 514

6. LEASES

County as Lessor

The County's General Fund and Enterprise Funds receive revenue from various properties leased to others under agreements classified as operating leases in accordance with Financial Accounting Standards Board (FASB) Statement 13. The leases cover periods ranging generally from 1 to 55 years. The General Fund leases portions of the former County General Hospital. The original cost of these facilities was \$12,313. As of June 30, 2020, they had a carrying value of \$7,771 net of accumulated depreciation of \$4,542. The Airport leases portions of airport land to various operators. The cost and carrying value of the original Airport land area is \$2,011.

The following is a schedule of minimum future rental payments to be received under these non-cancelable operating leases at June 30, 2020 (in thousands):

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2021	\$ 306	\$ 945
2022	279	891
2023	222	699
2024	198	549
2025	162	415
Later Years	663	7,966
<u>Total</u>	<u>\$ 1,830</u>	<u>\$ 11,465</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Minimum future rental payments do not include contingent rental payments, which are received as stipulated in the lease contracts. These contingent rental payments are based on the monthly revenues of the concessionaire operating on the premises. Contingent rental payments amounted to \$3,069 for the fiscal year ended June 30, 2020.

County as Lessee

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

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

Rental payments for fiscal year ended June 30, 2020 totaled \$4,603. The following rental costs represent future minimum payments under leases that have remaining non-cancelable terms as of June 30, 2020, for the next five years and for each five-year period thereafter (in thousands):

Year Ending June 30,	Minimum Lease Payments
2021	\$ 3,906
2022	3,283
2023	2,718
2024	1,976
2025	1,842
2026-2030	5,283
2031-2035	2,338
2036-2040	401
Total	<u>\$ 21,747</u>

7. RISK MANAGEMENT

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

<u>Type of Coverage</u>	<u>Self-Insurance</u>	<u>Authority</u>
Liability	\$ 250,000 per occurrence	\$ 25,000,000
Workers' Compensation	\$ 250,000 per occurrence	Statutory
Unemployment	\$ 199,166 maximum	-----
Dental	None - Funded by Employees	-----

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

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

	Beginning of the fiscal year liability	Current year claims, changes & estimates	Claim payments	Balance at fiscal year-end
2018-19	\$ 18,907	\$ 5,093	\$ 4,432	\$ 19,568
2019-20	\$ 19,568	\$ 4,708	\$ 4,136	\$ 20,140

8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances at June 30, 2020, was (in thousands):

<u>Payable Fund (Due to Balance)</u>	<u>Receivable Fund (Due from Balance)</u>	Amount
Nonmajor Governmental Funds	Capital Projects Fund	\$ 911
	Nonmajor Enterprise Fund	300
		<u>1,211</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	400
	Total	<u>\$ 1,611</u>

The SLO County Financing Authority owes the Capital Projects Fund \$911 for bond proceeds for the Animal Services Facility. The Parks Fund owes the Golf Fund \$300 for the construction of the TopTracer driving range technology installed at the Dairy Creek Golf Course.

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

<u>Payable Fund (Advances from Balance)</u>	<u>Receivable Fund (Advances to Balance)</u>	Amount
Nonmajor Governmental Funds	General Fund	\$ 3,581
	Nonmajor Enterprise Funds	79
		<u>3,660</u>
Nonmajor Enterprise Funds	General Fund	1,115
	Nonmajor Governmental Funds	406
		<u>1,521</u>
Airport Fund	General Fund	6,748
Los Osos Wastewater Fund	General Fund	9,950
	Nonmajor Governmental Funds	2,805
		<u>12,755</u>
	Total	<u>\$ 24,684</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Advances related to the General Fund include an internal loan to the County Services Area 21 Special Revenue Fund of \$36, a loan of \$238 related to the restoration of the Cayucos Pier, an operating loan of \$669 for Parks related to reduced revenues due to COVID-19, and an internal loan to the Roads Fund of \$2,638 related to the Oceano water drainage improvement project. Nonmajor Governmental Funds’ advances from Nonmajor Enterprise Funds of \$79 is for future debt payments from the Lopez Park Enterprise Fund to the Parks Special Revenue Fund.

The Nonmajor Enterprise Funds advances of \$1,521 represent internal loans received by the County Services Areas Enterprise Funds from the General Fund (\$994), from the County Services Area 10 Special Revenue Fund (\$255), and from the General Flood Control Zone Special Revenue Fund (\$151). The Golf Fund also received \$121 from the General Fund.

The Airport owes the General Fund \$6,748 for internal loans for various projects including the refinancing of a State loan for the construction of hangars and the new terminal.

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

9. TRANSFERS

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 17,861
	Capital Projects Fund	6,912
	Nonmajor Enterprise Funds	498
		<u>25,271</u>
Capital Projects Fund	General Fund	1,345
		<u>1,345</u>
Nonmajor Governmental Funds	Nonmajor Governmental Funds	6,766
	General Fund	1,064
	Capital Projects Fund	1,012
	Nonmajor Enterprise Funds	678
		<u>9,520</u>
Airport Fund	General Fund	281
	Nonmajor Governmental Funds	72
		<u>353</u>
Los Osos Wastewater Fund	General Fund	202
	Nonmajor Governmental Funds	71
		<u>273</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	55
	General Fund	2
		<u>57</u>
Internal Service Funds	Nonmajor Governmental Funds	1,151
	General Fund	9
		<u>1,160</u>
Total Transfers		<u>\$ 37,979</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

General Fund transfers to Nonmajor Governmental Funds included contributions to the following Special Revenue Funds: Roads (\$6,219), Library (\$667), Community Development (\$524), and Parks (\$10). The General Fund also transferred \$10,441 to the Pension Obligation Bond Debt Service Fund to finance debt service payments, \$498 for Golf Fund operations, and \$6,912 to the Capital Projects Fund for various capital projects.

The Capital Projects Fund transferred \$1,345 to the General Fund for costs related to the new construction of the Sheriff and County Fire Co-Located Emergency Dispatch Facility.

Nonmajor Governmental Funds' transfers consist of contributions of Public Facilities Fees revenue from the Public Facilities Fees Special Revenue Fund to the General Fund for \$391 of lease debt payments, \$100 to the Capital Projects Fund for park maintenance projects, and \$329 to the Parks Fund for various park projects. The Public Facilities Fee Special Revenue Fund (\$200) and the Parks Fund (\$300) transferred a combined \$500 to the Golf Fund for the addition of TopTracer driving range technology at the Dairy Creek Golf Course. The Parks Fund transferred \$166 to the General Fund for Templeton Pool repairs and transferred debt services payments to the Pension Obligation Bond Fund (\$90), General Fund (\$61), and Lopez Park Enterprise Fund (\$2). The SLO County Financing Authority Fund transferred \$910 to the Capital Projects Fund for the construction of the Animal Services Facility and \$4,998 to the Public Financing Corporation for bond proceeds. The Roads Fund transferred \$4 to Flood Control Zone 18 Special Revenue Fund for reimbursement of maintenance costs. The Road Impact Fee Special Revenue Fund transferred Impact Fees of \$448 to the General Fund for debt service and \$431 to the Roads Fund for capital and maintenance projects. The Library Fund (\$252), Driving Under the Influence Fund (\$33), and the Public Facilities Corporation Fund (\$629) made transfers to the Pension Obligation Bond Debt Service Fund to finance debt service payments. The County Service Area Special Revenue Funds transferred \$176 to County Service Area Enterprise Funds.

The Airport Enterprise Fund transferred \$281 to the General Fund and \$72 to the Pension Obligation Bond Fund for debt service.

The Los Osos Wastewater Fund transferred \$202 to the General Fund and \$71 to the Flood Control Zone Fund for debt service.

Transfers from Nonmajor Enterprise Funds included \$49 of transfers from the Golf Enterprise Fund to the Pension Obligation Bond Debt Service Fund and County Services Area 23 Enterprise Fund transferred \$6 to County Service Area 21 Special Revenue Fund. County Services Area 23 Enterprise Fund transferred \$2 in debt service payments to the General Fund.

The Garage Internal Service Fund transferred \$9 to the General Fund due to early vehicle retirement. The Public Works (\$1,099) and the Garage (\$52) Internal Service Funds made transfers to the Pension Obligation Bond Debt Service Fund for debt service.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

10. BONDED INDEBTEDNESS AND LONG-TERM DEBT

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2020, is as follows (in thousands):

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2019</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2020</u>	<u>Due within one year</u>
Bonds and notes payable:						
Certificates of participation (COP)	\$ 19,046	\$ -	\$ -	\$ 6,678	\$ 12,368	\$ 1,096
Certificates of participation from direct borrowings	5,762	-	-	126	5,636	130
Unamortized discount on COP	(75)	-	-	(75)	-	-
Unamortized premium on COP	797	-	-	89	708	-
Unamortized premium on lease	-	-	4,027	4	4,023	-
State notes from direct borrowings	1,901	-	-	157	1,744	158
Pension obligation bonds	96,903	430	-	3,600	93,733	9,040
Lease revenue bonds	-	-	20,380	-	20,380	410
Total bonds and notes payable	124,334	430	24,407	10,579	138,592	10,834
Other liabilities:						
Compensated absences	28,718	-	25,198	18,397	35,519	22,035
Landfill postclosure costs	7,032	-	564	437	7,159	649
Self-insurance	19,568	-	4,708	4,136	20,140	3,931
Total other liabilities	55,318	-	30,470	22,970	62,818	26,615
Total Governmental Activities	\$ 179,652	\$ 430	\$ 54,877	\$ 33,549	\$ 201,410	\$ 37,449
<u>Business-Type Activities</u>	<u>Beginning Balance July 1, 2019</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2020</u>	<u>Due within one year</u>
Bonds and notes payable:						
Certificates of participation (COP)	\$ 11,889	\$ -	\$ -	\$ 852	\$ 11,037	\$ 889
Certificates of participation from direct borrowings	2,922	-	-	51	2,871	53
Unamortized premium on COP	295	-	-	33	262	-
State notes from direct borrowings	84,409	-	-	3,330	81,079	3,409
Revenue bonds	164,126	-	-	4,285	159,841	4,510
Unamortized premium on revenue bonds	8,502	-	-	425	8,077	-
General obligation bonds	7,485	-	-	460	7,025	485
Unamortized premium on general obligation bonds	677	-	-	57	620	-
Assessment bonds	75,358	-	-	1,415	73,943	1,460
Total bonds and notes payable	355,663	-	-	10,908	344,755	10,806
Other liabilities:						
Compensated absences	385	-	302	174	513	184
Total other liabilities	385	-	302	174	513	184
Total Business-Type Activities	\$ 356,048	\$ -	\$ 302	\$ 11,082	\$ 345,268	\$ 10,990

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Annual debt service requirements for governmental activities as of June 30, 2020, are summarized as follows:

Year Ending June 30,	Governmental Activities				
	Certificates of Participation, Including Direct Borrowings		Pension Obligation Bonds		
	Principal	Interest	Principal	Unaccrued Appreciation	Total
2021	\$ 1,226	\$ 730	\$ 8,799	\$ 241	\$ 9,040
2022	1,279	680	8,863	757	9,620
2023	1,337	622	8,906	1,319	10,225
2024	1,391	563	8,931	1,919	10,850
2025	1,461	500	8,942	2,563	11,505
2026-2030	5,347	1,619	44,573	23,702	68,275
2031-2035	2,236	955	4,719	3,821	8,540
2036-2040	1,741	511	-	-	-
2041-2045	1,370	250	-	-	-
2046-2047	616	24	-	-	-
Total	\$ 18,004	\$ 6,454	\$ 93,733	\$ 34,322	\$ 128,055

Governmental Activities (Continued)

Year Ending June 30,	State Notes		Lease Revenue Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 158	\$ 17	\$ 410	\$ 966
2022	160	15	590	787
2023	162	14	610	763
2024	163	12	635	738
2025	165	11	665	712
2026-2030	849	28	3,740	3,133
2031-2035	87	1	4,575	2,303
2036-2040	-	-	4,490	1,354
2041-2045	-	-	4,665	482
Total	\$ 1,744	\$ 98	\$ 20,380	\$ 11,238

Business-Type Activities

Year Ending June 30,	Certificates of Participation, Including Direct Borrowings		State Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 942	\$ 628	\$ 3,409	\$ 1,714	\$ 4,510	\$ 7,298
2022	989	584	3,488	1,635	4,745	7,064
2023	1,038	536	3,571	1,553	4,990	6,817
2024	1,087	484	3,479	1,470	5,250	6,558
2025	1,144	428	3,539	1,390	5,525	6,283
2026-2030	5,553	1,269	18,286	5,723	32,065	26,973
2031-2035	1,307	390	11,782	4,069	40,305	18,730
2036-2040	480	288	13,008	2,842	50,870	8,170
2041-2045	575	192	14,362	1,489	11,581	229
2046-2050	601	79	6,155	185	-	-
2051-2053	192	11	-	-	-	-
Total	\$ 13,908	\$ 4,889	\$ 81,079	\$ 22,070	\$ 159,841	\$ 88,122

Business-Type Activities (Continued)

Year Ending June 30,	General Obligation Bonds		Assessment Bonds	
	Principal	Interest	Principal	Interest
2021	\$ 485	\$ 351	\$ 1,460	\$ 2,013
2022	510	327	1,505	1,972
2023	540	300	1,541	1,931
2024	565	271	1,587	1,888
2025	595	239	1,632	1,844
2026-2030	3,510	669	8,862	8,509

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2020
Business-Type Activities						
Certificates of Participation						
<u>US Department of Agriculture (USDA) 2009</u>	4/30/2009	2049	4.375%	\$6 - \$86	\$1,631	\$1,423
A direct borrowing from the USDA used to finance a water system improvement project in County Service Area 23. Debt service is provided by water sales revenues.						
<u>2011 Refunding Lopez Dam Remediation</u>	5/12/2011	2030	2.0% - 5.5%	\$928 - \$934	11,990	7,830
Used to refund the 2000 A COP issue. The original COP was used to improve and retrofit the Lopez Dam. Debt service is provided by semi-annual lease payments made by the Lopez Flood Control District for the use of the retrofitted facilities.						
<u>2012 Series A</u>	10/15/2012	2028	0.5% - 5.0%	\$381 - \$475	5,323	3,207
Lease Revenue Refunding Bonds used to refund the 2002 A Certificates of Participation. The original COP was partially used to finance the Dairy Creek Golf Course. Debt service is provided by semi-annual lease payments from the Dairy Creek Golf Course. Collateral for this debt are the County properties located in the City of San Luis Obispo namely the Old Courthouse, Courthouse Annex B and Courthouse Annex C.						
<u>USDA 2013</u>	07/01/2013	2053	2.75%	\$18 - \$67	1,621	1,448
A direct borrowing from the USDA used to finance a water system improvement project in County Service Area 10A. Debt service is provided by water sales revenues.						
					<u>\$20,565</u>	<u>\$13,908</u>

State Notes

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

Cayucos Water Treatment Facility	1998	2023	3.0315%	\$174	\$3,011	\$494
Lopez Recreation Area	2004	2024	2.5132%	\$21	325	79
Lopez Water Treatment Plant Upgrade	2006	2028	2.60%	\$1,672	25,945	14,484
Airport Fuel Farm	2007	2025	4.6557%	\$86	1,000	378
Los Osos Wastewater Project	2012	2046	2.0%	\$336 - \$598	69,461	65,644
					<u>\$99,742</u>	<u>\$81,079</u>

Revenue Bonds

<u>2018 Nacimiento Water Project Revenue Refunding Bonds Series A</u>	5/07/2018	2040	3.0% - 5.0%	\$1,063 - \$9,173	\$27,045	\$23,325
Used to refund all of the outstanding 2007 Nacimiento Water Project Revenue Bonds Series A which were used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts, payable under water delivery contracts.						
<u>2007 Nacimiento Pipeline Project Series B</u>	9/26/2007	2040	5.2% - 5.6%	\$2,132 - \$2,646	38,565	32,695
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	103,821
The 2007 bonds were used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts, payable under water delivery contracts. The 2015 Series A Nacimiento Water Project Revenue Refunding Bonds were issued to provide funds to advance refund certain 2007 Series A Nacimiento Water Project Revenue Bonds.						
					<u>\$172,725</u>	<u>\$159,841</u>

General Obligation Bonds

<u>2011 Refunding – Lopez Dam Remediation</u>	5/12/2011	2030	2.0% - 5.5%	\$833 - \$840	\$10,760	\$7,025
Used to refund the 2000 A general obligation (GO) issue. The original GO Bonds were used to improve and retrofit the Lopez Dam. Debt service is provided by applicable property taxes.						

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Assessment Bonds

	2012	2037	2.75%	\$1,609 - \$3,245	<u>\$83,129</u>	<u>\$73,943</u>
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Issued to the USDA to finance the construction of the Los Osos Wastewater Project. Debt service is provided by amounts levied against property owners who benefit from the project.

Public Facilities Corporation

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

Financing Authority

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

Description of Long-Term Lease Arrangements

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

Description of Special Assessment Bonds

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

The County acts in an agent capacity for the assessment districts. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the County must provide resources to cover the deficiency until other resources, for example, foreclosure proceeds, are received. Special assessment principal outstanding at June 30, 2020, totaled \$74,605 with interest rates from 2.52% to 5.45%.

Accrued Vacation and Sick Leave Pay and Compensatory Time Off

County employees have accumulated unpaid vested benefits for compensatory time off, sick leave and vacation earned of \$36,032 at June 30, 2020. The accumulated benefits will be liquidated in future years as employees elect to use them. In the normal course of business, all payments of these accumulated benefits will be funded from appropriations in the year in which they are to be paid.

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

Legal debt margin

State statutes limit the amount of general obligation debt a governmental entity may issue to 1.25% of its net assessed valuation. The current debt limitation for the County is \$743,126 with a margin of \$736,101.

Direct Placement Debt

The County does not have any direct placement debt as of June 30, 2020.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Direct Borrowings

The County's outstanding notes from direct borrowings related to governmental activities of \$7,380 contain default provisions and where applicable (1) the entire obligation becomes due and payable if the County is unable to make installment/lease payments, and (2) the lessor terminates the lease or re-let the leased premises.

The County's outstanding notes from direct borrowings related to business-type activities of \$83,950 contain a provision that if default continues after the cure period, entire obligation becomes due and payable.

Rebatable Arbitrage Earnings

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service. During the current year, the County performed calculations of excess investment earnings and at June 30, 2020 had an arbitrage liability of \$147.

11. NET POSITION/FUND BALANCES

Net Position

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

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

Net Investment in Capital Assets at June 30, 2020, is as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 1,202,709
Business-type activities	288,781
Total	<u>\$ 1,491,490</u>

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

Included in total restricted net position at June 30, 2020, is \$14,638 of Public Facility Fees and \$10,613 of Road Impact Fees restricted due to enabling legislation. The remaining \$41,404 of restricted net position is restricted due to restrictions imposed by creditors, grantors, or contributors.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Restricted net position at June 30, 2020, for governmental activities is as follows (in thousands):

	<u>Amount</u>
RESTRICTED FOR:	
<u>General Government</u>	
Purchase obligations for Non-Departmental related professional services	\$ 5
Purchase obligations for Assessor related equipment and professional services	21
Purchase obligations for Clerk-Recorder equipment and professional services	48
Purchase obligations for County Counsel professional services	15
Purchase obligations for Human Services professional services and software	171
Purchase obligations for Utilities Management software and professional services	19
Purchase obligations for building maintenance projects	81
Purchase obligations for Information Technology related equipment, software and professional services	332
Purchase obligations for Central Services related professional services	1
Purchase obligations for Auditor-Controller-Treasurer-Tax Collector related professional services	66
Purchase obligations for Talent Development professional services	147
Claims, contracts and other restrictions imposed by grantors or contributors	<u>4,058</u>
Total General Government	<u>4,964</u>
 <u>Public Protection</u>	
Purchase obligations for Waste Management related professional services and software maintenance	112
Purchase obligations for Grand Jury related supplies	1
Purchase obligations for District Attorney software support and supplies	14
Purchase obligations for Sheriff-Coroner related training, professional services and supplies	3
Purchase obligations for Animal Services professional services	7
Purchase obligations for Probation related safety equipment and professional services	163
Purchase obligations for fire protection related vehicles and equipment	3,515
Purchase obligations for Planning and Building related professional services	1,180
Purchase obligations for flood control related engineering and environmental services	<u>512</u>
Total Public Protection	<u>5,507</u>
 <u>Health and Sanitation</u>	
Purchase obligations for Behavioral Health related professional services	44
Purchase obligations for Public Health related professional services	<u>3</u>
Total Health and Sanitation	<u>47</u>
 <u>Public Ways and Facilities</u>	
Purchase obligations for Public Works related software and professional services	514
Road impact fees restricted by enabling legislation for road maintenance and construction	10,613
Public facilities fees restricted by enabling legislation for public facilities	<u>14,638</u>
Total Public Ways and Facilities	<u>25,765</u>
 <u>Recreation and Cultural Services</u>	
Parks equipment and maintenance services	189
 <u>Public Assistance</u>	
Purchase obligations for Social Services related professional services	14
 <u>Education</u>	
Library equipment	2
 <u>Debt Service</u>	
	<u>30,167</u>
Total Restricted Net Position	<u>\$ 66,655</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2020, is as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ (286,622)
Business-type activities	<u>94,335</u>
Total	<u>\$ (192,287)</u>

The Public Works Internal Service Fund reported a deficit in net position of \$32,217 at June 30, 2020. This deficit is mainly due to the fund's net pension liability of \$52,549 and the County plans to reduce the deficit with increased future charges.

Fund Balance

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Fund balances for all the major and nonmajor governmental funds as of June 30, 2020, are distributed as follows:

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>Nonspendable:</u>				
Inventories	\$ 101	\$ -	\$ -	\$ 101
Prepaid items	838	-	4	842
Advances to other funds	17,795	-	-	17,795
Subtotal	<u>18,734</u>	<u>-</u>	<u>4</u>	<u>18,738</u>

<u>Restricted for:</u>				
Tax reduction reserves	4,613	-	-	4,613
General Government programs	309	-	-	309
Public Protection programs	3,219	-	-	3,219
Mental Health Services Act	2,774	-	-	2,774
Public facilities	-	-	14,638	14,638
Traffic impact programs	-	-	10,613	10,613
Wildlife and grazing programs	-	-	36	36
Debt service	-	1,604	30,166	31,770
Subtotal	<u>10,915</u>	<u>1,604</u>	<u>55,453</u>	<u>67,972</u>

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>Committed to:</u>				
Maintenance projects	6,782	-	-	6,782
County Counsel services	915	-	-	915
Human Resources services	307	-	-	307
IT projects	332	-	-	332
Other general government	9,732	-	-	9,732
Fire equipment	6,249	-	-	6,249
Planning programs	1,182	-	-	1,182
Other public protection	582	-	-	582
Public health programs	807	-	-	807
Behavioral Health programs	48	-	-	48
Social Services' programs	14	-	-	14
Law enforcement medical care services	20	-	-	20
Public works engineering & consulting services	475	-	-	475
Community parks programs	29	-	-	29
Fish and game programs	-	-	186	186
Flood control programs	-	-	21,296	21,296
Lighting programs	-	-	492	492
Community development programs	-	-	1,009	1,009
Emergency medical services	-	-	701	701
Roads	-	-	16,182	16,182

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Community service areas	-	-	3,014	3,014
Driving under the influence programs	-	-	937	937
Library programs	-	-	5,152	5,152
Regional parks programs	-	-	1,338	1,338
Wildlife and grazing programs	-	-	8	8
General reserve	10,000	-	-	10,000
SB1090 economic development	10,153	-	-	10,153
COVID-19 services	7,282	-	-	7,282
Internal financing	3,445	-	-	3,445
Solar plant safety	843	-	-	843
Solar plant mitigation	5,579	-	-	5,579
Automation projects	18,014	-	-	18,014
Prado Rd interchange project	1,435	-	-	1,435
Talent development	1,822	-	-	1,822
Building replacement	44,103	-	-	44,103
Tax reduction reserve	44,271	-	-	44,271
Lease financing	1,034	-	-	1,034
Capital projects	-	17,278	-	17,278
Subtotal	<u>175,455</u>	<u>17,278</u>	<u>50,315</u>	<u>243,048</u>

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
<u>Assigned to:</u>				
Tax reduction reserve	19,709	-	-	19,709
General government	6,769	-	-	6,769
Sheriff-Coroner and Emergency Services programs	6,936	-	-	6,936
Probation programs	10,463	-	-	10,463
District Attorney programs	4,598	-	-	4,598
Waste Management programs	13	-	-	13
Planning programs	2,079	-	-	2,079
Other public protection programs	2,871	-	-	2,871
Foster Care & Social Services programs	9,122	-	-	9,122
Law enforcement medical care services	241	-	-	241
Veterans' Services programs	148	-	-	148
Public ways and facilities	2,517	-	-	2,517
Behavioral Health programs	16,160	-	-	16,160
Public Health programs	1,234	-	-	1,234
Subsequent Fiscal Year Budget	36,428	-	-	36,428
Imprest cash	138	-	-	138
Subtotal	<u>119,426</u>	<u>-</u>	<u>-</u>	<u>119,426</u>
Total	<u>\$ 324,530</u>	<u>\$ 18,882</u>	<u>\$ 105,772</u>	<u>\$ 449,184</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

12. LAPSING ENCUMBRANCES

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

The following is a summary of lapsing encumbrances at June 30, 2020, to be reappropriated during the next fiscal year (in thousands):

<u>Fund</u>	<u>Total Encumbrances</u>
General Fund	\$ 2,710
Capital Projects Fund	19,210
Nonmajor Governmental Fund	8,719
Total Lapsing Encumbrances	<u>\$ 30,639</u>

13. OTHER COMMITMENTS

In 1965, San Luis Obispo County Flood Control and Water Conservation District (District) began payments in accordance with a contract with the State Department of Water Resources (DWR) for a water supply from the State Water Project. Estimated future principal payments for the State Water contract will total \$28,662 over the next 15 years. The estimated amounts vary by year. For example, the principal amount due in 2020 is \$1,082 while \$2,606 is due in 2035. In 1992 the District entered Water Supply Contracts, of like terms, with various sub-contractors which presently provide resources to cover approximately 85% of the capital costs. The contract with the DWR expires in 2035. A proposed Delta conveyance would require a contract extension agreement for financing beyond 2035.

14. CONTINGENT LIABILITIES

The County is subject to various lawsuits, inverse condemnation cases, personnel actions, disputes over tax assessments, and other actions incidental to the ordinary course of County operations. In the opinion of the County Counsel, the total potential claims against the County not covered by insurance, resulting from litigation would not materially affect the financial statements of the County at June 30, 2020.

15. LANDFILL POSTCLOSURE CARE COSTS

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

The remaining estimated liability for landfill postclosure costs as of June 30, 2020, is \$7,159 (in 2020 dollars). Of this, \$4,552 is for the Maintenance Cost and \$2,607 is the Corrective Action Cost. The cost estimates were provided by a licensed professional geologist in the Post Closure Maintenance Plan dated May 2017 and revised cost dated May 29, 2018, and the Engineers Estimate of Corrective Action Update dated March 18, 2016. Both reports are required to be updated every five years. However, the actual cost of postclosure care may be higher (or lower) due to inflation, changes in technology, or changes in landfill laws and regulations. Therefore, the cost estimate will be reviewed and adjusted as needed for changes in these factors.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

16. TAX ABATEMENTS

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

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

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

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

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

For the fiscal year ended June 30, 2020, the Agricultural Preserve Program tax abatements were \$15,108.

17. DEFINED BENEFIT PENSION PLAN

Description of the System that Administers the Pension Plan

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

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

Plan Description

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

(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.

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, 2019, there were 1,031 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, 2019, there were 296 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, 2019, there were 1,268 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, 2019, are shown in the following table:

Tiers	Summary of Plan	Active members
Miscellaneous Tier 1	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	839 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.	248 members
Miscellaneous Tier 3	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 52.	1,090 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.	75 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.	45 members

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Safety Tier 1	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	117 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.	133 members

Benefit Provisions

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

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

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

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

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

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

Contributions

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

PLAN	EMPLOYER CONTRIBUTION RATES	EMPLOYEE CONTRIBUTION RATES
Miscellaneous Tier 1	22.80-24.85%	15.65-24.10%
Miscellaneous Tier 2	22.80-24.85%	7.26-17.20%
Miscellaneous Tier 3	22.31-24.36%	5.64-17.96%
Probation Tier 1	22.11-24.03%	20.83-29.35%
Probation Tier 2	Not negotiated	Not negotiated
Probation Tier 3	23.53%	9.59-21.63%
Safety Tier 1	33.97-40.84%	16.72-33.80%
Safety Tier 2	36.42-40.84%	10.95-24.71%
Safety Tier 3	30.38-40.23%	9.75-21.75%

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, 2018	\$42,046
June 30, 2019	\$43,432
June 30, 2020	\$49,018

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

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

The entire Plan is 65.3% funded as of January 1, 2020; 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 65.3 cents available for payment.

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

Total pension liability represents the portion of the actuarial present value of projected benefit payments attributable to past periods of service for current and inactive employees. The County’s share of the total pension liability as of December 31, 2019, was \$2,059,268. The County’s share of the Plan’s fiduciary net position was \$1,407,345 as of the same date. As of December 31, 2019, the Plan’s fiduciary net position was 68.34% of the total pension liability.

At June 30, 2020, the County reported a liability of \$625,259 for its proportionate share of the net pension liability of the Plan. The net pension liability was measured as of December 31, 2019.

The total pension liability used to calculate the net pension liability was determined by an actuarial valuation date of January 1, 2019. The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2013 through December 31, 2017. Measurements as of December 31, 2019, are based on the fair value of assets on that date, and the Total Pension Liability as of the valuation date, January 1, 2019. The actuarial assumptions were rolled forward to the Pension Trust Plan’s fiscal year-end of December 31, 2019. There were no significant events between the January 1, 2019 valuation date and the December 31, 2019 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, 2019, the County's proportionate share was 93.80%, compared to 93.82% at December 31, 2018, a decrease of 0.02%.

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

For the year ended June 30, 2020, the County recognized pension expense of \$92,850. 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, 2019, 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	\$ 1,757	\$ 78
Deferred outflows and inflows of resources – difference between expected and actual experience	21,751	508
Deferred outflows of resources – changes in actuarial assumptions	15,708	-
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	-	32,285
County contributions subsequent to the measurement date	25,037	-
	<u>\$ 64,253</u>	<u>\$ 32,871</u>

Deferred outflows of resources above represent the unamortized portion of changes to net pension liability, changes in actuarial assumptions, and the net difference between projected and actual earnings on pension plan investments along with deferred outflows of resources of \$25,037 for contributions for the fiscal year ending June 30, 2020 made subsequent to the measurement date of December 31, 2019.

The \$25,037 of subsequent contributions will be recognized as reduction of the net pension liability in the fiscal year ending June 30, 2021. 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, 2019, and is 4.9810 years. The difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended December 31, 2019 is also recognized over 4.9810 years.

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

Year Ending June 30,	Future Recognition (in thousands)
2021	\$ 11,254
2022	(2,569)
2023	15,381
2024	(18,961)
2025	1,240
Thereafter	-
Total	<u>\$ 6,345</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Actuarial Assumptions

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Amortization growth rate	Level percentage of payroll
Salary increases	2.75% plus service-related merit component
COLA increases	2.50% for Tier 1 and 2.00% for Tier 2 and Tier 3
Investment rate of return	7.00%, net of administrative expense
Post-Retirement Mortality	RP-2014 Mortality Tables with generational mortality improvements using scale MP-2017, a 105% multiplier for healthy males and 115% multiplier for healthy females, and white-collar adjustment applied to RP-2014

The actuarial assumptions used in the January 1, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2013 – December 31, 2017.

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

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	30%	1.30%
Domestic Equities	20%	3.64%
International Equities	20%	5.31%
Alternative Investments	15%	4.53%
Real Estate	15%	5.37%

Discount Rate

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

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

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

	1% Decrease (in thousands) 6.00%	Discount Rate (in thousands) 7.00%	1% Increase (in thousands) 8.00%
County’s net pension liability as of December 31, 2019	\$892,079	\$625,259	\$407,745

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Pension Plan Fiduciary Net Position

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

18. POST-EMPLOYMENT HEALTHCARE BENEFITS

General Information about the OPEB Plan

Plan Description

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

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

Benefit Eligibility and Employees Covered

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

At June 30, 2020, a total of 3,619 employees were covered by the OPEB Plan's benefit terms:

Active Plan Members	2,485
Inactive Plan Members	931
Inactive Plan members entitled to but not yet receiving benefits	<u>203</u>
	3,619

Benefits Provided

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

Retirees who elect to participate in a County-sponsored health insurance plan are eligible to a monthly subsidy funded by the County's OPEB benefit. The amounts the County contributes toward retiree medical premiums depends on bargaining unit. In FY 2019-20, the County provided the following to eligible retirees:

	<u>Non-management Employees</u>	<u>Management Employees</u>
Calendar Year 2019	\$136 per month	\$139 per month
Calendar Year 2020	\$139 per month	\$139 per month

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Contributions

The County makes all contributions to the trustee for investment and reinvestment pursuant to the terms of the agreement with the CERBT. Employees are not required to contribute to the plan. For the fiscal year ended June 30, 2020, the funding was a combination of direct premium payments to contracted medical, dental and vision providers, plus a contribution of \$676 thousand to the CERBT. The County has selected the Actuarially Determined Contribution (ADC) funding method of contributing 100% of the ADC to fund the CERBT.

Net OPEB Liability

The County reported a net OPEB liability of \$28.0 million as of June 30, 2020. The June 30, 2020 net OPEB Liability was determined by the actuary using a measurement date of June 30, 2019.

Actuarial Methods and Assumptions

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

The total OPEB liability as of June 30, 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	6.5%
Inflation	2.5%
Health care cost trend rate	6.9% for FY 2019, gradually decreasing over several decades to an ultimate rate of 4.0% in FY 2076 and later years.
Actuarial cost method	Entry Age Normal
Amortization method for investment gains and losses	Straight-line amortization over a closed 5-year period
Amortization method for effects of assumption changes and experience gains and losses	Straight-line amortization over a period equal to the average of the expected remaining service lives of all members that are provided with OPEB through the plan
Amortization method for ADC purposes	Level percentage of payroll over a rolling amortization period of 14 years
Reimbursement eligibility	40% of all retirants will apply for and receive the reimbursement
Payroll growth rate	2.75% per annum
Salary increases	Inflation of 2.5% plus productivity increase rate of 0.25% plus an additional service-related merit component.
Investment rate of return	6.5%

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Post-retirement mortality RP-2014 Mortality Tables with generational mortality improvements using scale MP-2017, and additional adjustments.

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

Discount Rate

The actuarially assumed discount rate of 6.5% per annum, compounded annually, reflects the County's current policy of pay-as-you-go plus additional funding of the OPEB liability, and the County's ongoing selection of a "less conservative" (Strategy 1) portfolio invested by the CERBT. Per GASB guidance, the discount rate was determined by calculating the single rate that produces the same present value of expected benefit payments as (1) the expected long-term rate of return on plan assets during the period when projected assets are sufficient to pay future retiree benefits, and (2) the 20-year municipal bond rate after assets are projected to be exhausted.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Target Range</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Global Equity	59%	plus/minus 5%	7.26%
Fixed Income	25%	plus/minus 5%	4.51%
Treasury Inflation-Protected Securities (TIPS)	5%	plus/minus 3%	3.70%
Global Real Estate Investment Trusts (REITs)	8%	plus/minus 5%	7.03%
Commodities	3%	plus/minus 3%	4.89%

The long-term expected real rate of return, net of expenses, for CERBT Strategy 1 is assumed to be 6.50%.

Changes in the Net OPEB Liability

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

	<u>Total OPEB Liability</u>	<i>Less</i>	<u>Plan Fiduciary Net Position</u>	<i>Equals</i>	<u>Net OPEB Liability</u>
Balances as of June 30, 2019	\$45,502		\$18,127		\$27,375
Projected Changes for fiscal year-end June 30, 2020:					
Service Cost	1,538		-		1,538
Interest Cost	3,073		-		3,073
Differences between expected and actual experience	-		-		-
Actuarial Gains/Losses	-		-		-
Change in Assumptions	1,129		-		1,129
Net Investment Income	-		1,161		(1,161)
Benefit Payments	(3,037)		(3,037)		-
Employer Contributions	-		3,922		(3,922)
Administrative Expenses	-		(4)		4
Other Deductions	-		-		-
Net Projected Changes	<u>2,703</u>		<u>2,042</u>		<u>661</u>
Projected Balances as of June 30, 2020	<u>\$48,205</u>		<u>\$20,169</u>		<u>\$28,036</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

At June 30, 2020, the OPEB Plan’s fiduciary net position was 41.8% of the total OPEB liability.

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

The following table presents the net OPEB liability calculated using the discount rate of 6.5%, as well as what the liability would be if it were calculated using a discount rate that is one percentage-point lower, 5.5%, or one percentage-point higher, 7.5%, than the current rate:

	1% Decrease (in thousands) 5.5%	Discount Rate (in thousands) 6.5%	1% Increase (in thousands) 7.7%
Net OPEB Liability	\$33,720	\$28,036	\$23,296

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

	1% Decrease (in thousands)	Discount Rate (in thousands)	1% Increase (in thousands)
Net OPEB Liability	\$22,393	\$28,036	\$34,919

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$4,675. OPEB expense represents the change in the net OPEB liability during the measurement period, adjusted for actual contributions and the deferred recognition of changes in investment gain/loss, actuarial gain/loss, actuarial assumptions or method and plan benefits. The County’s discretely presented component unit did not report any OPEB liability, expense or deferred outflows or inflows of resources.

At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
Deferred outflows and inflows of resources – difference between expected and actual experience	\$ -	\$ 2,062
Deferred outflows of resources – changes in actuarial assumptions	15,147	-
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	-	50
County contributions subsequent to the measurement date	3,778	-
	<u>\$ 18,925</u>	<u>\$ 2,112</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

\$3,778 reported as deferred outflows of resources related to OPEB resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability for the fiscal year ending June 30, 2021.

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

Year ending June 30,	Future Recognition (in thousands)
2021	\$ 2,429
2022	2,429
2023	2,429
2024	2,441
2025	2,444
Thereafter	864
Total	\$ 13,036

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

19. SUBSEQUENT EVENTS

Pension Obligation Prefunding

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 17, 2020, the County made an advance payment of \$61.6 million representing the County's FY 2020-21 employer retirement and employer paid portion of employee normal retirement contributions to the Pension Trust. The prepayment resulted in a savings of \$1.3 million to the County.

Coronavirus Aid, Relief, and Economic Security (CARES) Act

As part of the State's adopted FY 2020-21 budget, approximately \$28.3 million in federal funding will be passed from the State to the County in order to support activities and expenditures that promote public health and safety in response to the COVID-19 public health emergency.

REQUIRED SUPPLEMENTARY INFORMATION



COUNTY
of SAN LUIS
OBISPO

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

Measurement Date December 31 st	County's proportion of the net pension liability	County's proportionate share of the net pension liability	County's covered payroll	County's proportionate share of the net pension liability (asset) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2013	92.64%	\$354,823	\$153,942**	230.49%	74.78%
2014	92.65%	\$391,423	\$157,730**	248.16%	73.53%
2015	92.92%	\$506,626	\$166,433**	304.40%	67.57%
2016	93.10%	\$602,805	\$172,192**	350.08%	64.59%
2017	93.67%	\$529,033	\$186,278**	284.00%	70.36%
2018	93.82%	\$707,815	\$193,122	366.51%	62.76%
2019	93.80%	\$625,259	\$194,717	321.11%	68.34%

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

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

Changes to benefit terms

None

Changes of assumptions

None

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 payroll	County's actual contributions as a percentage of covered payroll
2014	\$30,956	\$28,867 [^]	\$2,089	\$155,754 ^{**}	18.53%
2015	\$30,687	\$30,174 [^]	\$513	\$162,273 ^{**}	18.59%
2016	\$32,839	\$31,997 [^]	\$843	\$170,552 ^{**}	18.76%
2017	\$35,066	\$35,415 [^]	(\$349)	\$181,338 ^{**}	19.53%
2018	\$45,153	\$42,046 [^]	\$3,107	\$190,135	22.11%
2019	\$48,198	\$43,432	\$4,766	\$193,294	22.47%
2020	\$53,675	\$49,018	\$4,658	\$202,414	24.22%

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

[^]Restated to reflect a fiscal year measurement period.

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

Changes to benefit terms

None

Changes of assumptions

None

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

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

	Fiscal Year <u>2017-18</u>	Fiscal Year <u>2018-19</u>	Fiscal Year <u>2019-20</u>
Total OPEB liability:			
Service cost	\$ 688	\$ 611	\$ 1,538
Interest	1,949	2,007	3,073
Differences between expected and actual experience	-	(2,842)	-
Changes of assumptions	-	19,530	1,129
Benefit payments	<u>(1,690)</u>	<u>(1,526)</u>	<u>(3,037)</u>
Net change in total OPEB liability	947	17,780	2,703
Total OPEB liability – beginning	<u>26,775</u>	<u>27,722</u>	<u>45,502</u>
Total OPEB liability – ending (a)	<u>\$ 27,222</u>	<u>\$ 45,502</u>	<u>\$ 48,205</u>
 Plan Fiduciary net position:			
Employer contributions	1,707	2,521	3,922
Net investment income	1,155	1,286	1,161
Benefit payments	(1,690)	(1,526)	(3,037)
Administrative expense	(7)	(8)	(4)
Other deductions	<u>-</u>	<u>(1,171)</u>	<u>-</u>
Net change in plan fiduciary net position	1,165	1,102	2,042
Plan fiduciary net position – beginning	<u>15,860</u>	<u>17,025</u>	<u>18,127</u>
Plan fiduciary net position – ending (b)	<u>\$ 17,025</u>	<u>\$ 18,127</u>	<u>\$ 20,169</u>
 County's net OPEB liability – ending (a) – (b)	<u>\$ 10,697</u>	<u>\$ 27,375</u>	<u>\$ 28,036</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	61.4%	39.8%	41.8%
 Covered-employee payroll	\$ 190,136	\$ 193,294	\$ 202,414
 County's net OPEB liability as a percentage of covered-employee payroll	5.6%	14.2%	13.9%

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

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

Changes to benefit terms

None

Changes of assumptions

The Discount rate decreased from 6.75% as of June 30, 2019 to 6.50% as of June 30, 2020.

The investment rate of return decreased from 6.75% as of June 30, 2019 to 6.50% as of June 30, 2020.

The Notes to RSI are integral to the above schedule.

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

Fiscal Year Ended June 30 th	Actuarially Determined Contribution (ADC)	Contributions in relation to the ADC	Plan Contributions Over/(Under) ADC	Annual Covered- Employee Payroll	Plan Contributions as a Percentage of Covered-Employee Payroll
	(a)	(b)	(b-a)		
2017	\$ 1,621 [^]	\$ 1,682 [^]	\$ 61 [^]	\$ 181,338 [^]	0.93% [^]
2018	\$ 1,707	\$ 2,521	\$ 814	\$ 190,136	1.33%
2019	\$ 3,982	\$ 3,925	\$ (57)	\$ 193,294	2.03%
2020	\$ 4,229	\$ 3,778	\$ (451)	\$ 202,414	1.87%

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

[^]Restated based on updated actuarial information.

Changes to benefit terms

None

Changes of assumptions

The Discount rate decreased from 6.75% as of June 30, 2019 to 6.50% as of June 30, 2020.

The investment rate of return decreased from 6.75% as of June 30, 2019 to 6.50% as of June 30, 2020.

The Notes to RSI are integral to the above schedule.

COUNTY OF SAN LUIS OBISPO
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 203,188	\$ 203,188	\$ 206,173	\$ 2,985
Licenses, permits, and franchises	12,370	12,370	11,477	(893)
Fines, forfeitures, and penalties	4,007	4,112	2,699	(1,413)
Use of money and property	3,214	3,214	7,274	4,060
Aid from other governments	261,716	274,499	239,683	(34,816)
Charges for services	32,978	34,159	34,618	459
Other revenue	4,907	15,228	7,620	(7,608)
Total Revenues	<u>522,380</u>	<u>546,770</u>	<u>509,544</u>	<u>(37,226)</u>
Expenditures:				
Current:				
General government	53,240	82,123	50,561	31,562
Public protection	195,522	209,521	196,062	13,459
Public ways and facilities	4,425	7,009	3,381	3,628
Health and sanitation	108,044	113,176	105,060	8,116
Public assistance	140,753	146,987	130,496	16,491
Education	631	639	608	31
Recreation and Culture	5,058	5,338	4,813	525
Contingencies	26,143	3,093	-	3,093
Total Expenditures	<u>533,816</u>	<u>567,886</u>	<u>490,981</u>	<u>76,905</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(11,436)</u>	<u>(21,116)</u>	<u>18,563</u>	<u>39,679</u>
Other Financing Sources (Uses):				
Transfers in	2,166	2,856	680	(2,176)
Transfers out	(20,532)	(27,450)	(22,734)	4,716
Total Other Financing Sources (Uses)	<u>(18,366)</u>	<u>(24,594)</u>	<u>(22,054)</u>	<u>2,540</u>
Net change in fund balances	<u>(29,802)</u>	<u>(45,710)</u>	<u>(3,491)</u>	<u>42,219</u>
Fund balances, beginning	<u>264,135</u>	<u>264,135</u>	<u>264,135</u>	<u>-</u>
Fund balances, ending	<u>\$ 234,333</u>	<u>\$ 218,425</u>	<u>\$ 260,644</u>	<u>\$ 42,219</u>

Continued

COUNTY OF SAN LUIS OBISPO
Required Supplementary Information
General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (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	\$ 509,544
Revenues for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	4,016
Total Revenues as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 513,560</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	\$ 490,981
Expenditures for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	4,032
Total Expenditures as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 495,013</u>

Other financing sources/(uses) of resources

Actual amounts (budgetary basis) "Total Other Financing Sources (Uses)" from the Budgetary Comparison Schedule	\$ (22,054)
Other financing sources (uses) for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	(314)
Total Other Financing Sources (Uses) as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ (22,368)</u>

COUNTY OF SAN LUIS OBISPO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2020

1. BUDGETARY BASIS OF ACCOUNTING

A. BUDGETARY ACCOUNTING

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

After the budget is approved, the appropriations can be added to, subtracted from, or changed only by Board resolution. All such changes must be within the revenues and reserves estimated as available in the final budget or within revised revenue estimates as approved by the Board. During the fiscal year ended June 30, 2020 the Board of Supervisors approved all necessary supplemental appropriations. Generally, the effects of the supplemental appropriations are to increase the budget for cost of living adjustments and new programs and grants financed by other governmental agencies.

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

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

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

B. BUDGETARY EXPENDITURES IN EXCESS OF APPROPRIATION

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

OTHER SUPPLEMENTARY INFORMATION



COUNTY
of SAN LUIS
OBISPO

**COMBINING FINANCIAL STATEMENTS
NONMAJOR GOVERNMENTAL FUNDS**



COUNTY
of SAN LUIS
OBISPO

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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

Community Development Program

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

Emergency Medical Services

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

Driving Under the Influence Programs

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

Fish & Game

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

Road Impact Fees

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

Library

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

Parks

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

Public Facilities Fees

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

Roads

Accounts for resources used to maintain the County road system.

Wildlife & Grazing

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

NONMAJOR GOVERNMENTAL FUNDS (Continued)

SPECIAL REVENUE SPECIAL DISTRICT FUNDS:

Flood Control Districts

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

Lighting Districts

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

County Service Areas

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

DEBT SERVICE FUNDS:

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

San Luis Obispo County Public Facilities Corporation (PFC)

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

Pension Obligation Bonds

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

SLO County Financing Authority

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

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020 (IN THOUSANDS)**

	Special Revenue			
	Community Development	Emergency Medical Services	Driving Under the Influence Programs	Fish and Game
Assets				
Cash and cash equivalents	\$ 1,994	\$ 254	\$ 993	\$ 187
Restricted cash with fiscal agent	-	-	-	-
Accounts receivable, net	-	-	-	-
Other receivables	-	-	-	-
Due from other governments	-	447	14	-
Due from other funds	-	-	-	-
Loans receivable	26,056	-	-	-
Advances to other funds	-	-	-	-
Prepaid items	-	-	4	-
Other assets	-	-	-	-
Total assets	\$ 28,050	\$ 701	\$ 1,011	\$ 187
Liabilities				
Accounts payable	\$ 184	\$ -	\$ 3	\$ 1
Salaries and benefits payable	-	-	48	-
Due to other funds	-	-	-	-
Deposits from others	801	-	19	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	985	-	70	1
Deferred Inflows of Resources				
Unavailable revenue	-	-	-	-
Deferred community development loans	26,056	-	-	-
Total deferred inflows of resources	26,056	-	-	-
Fund Balances				
Nonspendable	-	-	4	-
Restricted	-	-	-	-
Committed	1,009	701	937	186
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	1,009	701	941	186
Total liabilities, deferred inflows of resources, and fund balances	\$ 28,050	\$ 701	\$ 1,011	\$ 187

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020 (IN THOUSANDS)**

	Special Revenue			
	Road Impact Fees	Library	Parks	Public Facilities Fees
Assets				
Cash and cash equivalents	\$ 10,613	\$ 5,608	\$ 3,513	\$ 14,638
Restricted cash with fiscal agent	-	-	-	-
Accounts receivable, net	-	-	57	-
Other receivables	-	-	66	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Loans receivable	-	-	-	-
Advances to other funds	-	-	-	-
Prepaid items	-	-	-	-
Other assets	-	-	-	-
Total assets	\$ 10,613	\$ 5,608	\$ 3,636	\$ 14,638
Liabilities				
Accounts payable	\$ -	\$ 74	\$ 282	\$ -
Salaries and benefits payable	-	324	164	-
Due to other funds	-	-	300	-
Deposits from others	-	-	556	-
Unearned revenue	-	58	-	-
Advances from other funds	-	-	986	-
Total liabilities	-	456	2,288	-
Deferred Inflows of Resources				
Unavailable revenue	-	-	10	-
Deferred community development loans	-	-	-	-
Total deferred inflows of resources	-	-	10	-
Fund Balances				
Nonspendable	-	-	-	-
Restricted	10,613	-	-	14,638
Committed	-	5,152	1,338	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	10,613	5,152	1,338	14,638
Total liabilities, deferred inflows of resources, and fund balances	\$ 10,613	\$ 5,608	\$ 3,636	\$ 14,638

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020 (IN THOUSANDS)**

	Special Revenue				
	Roads	Wildlife Grazing	Flood Control Districts	Lighting Districts	County Service Areas
Assets					
Cash and cash equivalents	\$ 17,650	\$ 44	\$ 18,862	\$ 492	\$ 2,418
Restricted cash with fiscal agent	-	-	-	-	-
Accounts receivable, net	-	-	73	2	4
Other receivables	-	-	-	-	-
Due from other governments	3,208	-	1,688	-	-
Due from other funds	-	-	-	-	400
Loans receivable	-	-	-	-	-
Advances to other funds	-	-	2,956	-	255
Prepaid items	-	-	-	-	-
Other assets	2	-	-	-	-
Total assets	\$ 20,860	\$ 44	\$ 23,579	\$ 494	\$ 3,077
Liabilities					
Accounts payable	\$ 1,633	\$ -	\$ 524	\$ -	\$ 23
Salaries and benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits from others	323	-	-	-	-
Unearned revenue	84	-	-	-	-
Advances from other funds	2,638	-	-	-	36
Total liabilities	4,678	-	524	-	59
Deferred Inflows of Resources					
Unavailable revenue	-	-	1,759	2	4
Deferred community development loans	-	-	-	-	-
Total deferred inflows of resources	-	-	1,759	2	4
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	36	-	-	-
Committed	16,182	8	21,296	492	3,014
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total fund balances	16,182	44	21,296	492	3,014
Total liabilities, deferred inflows of resources, and fund balances	\$ 20,860	\$ 44	\$ 23,579	\$ 494	\$ 3,077

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2020 (IN THOUSANDS)**

	Debt Service			Total Nonmajor Governmental Funds
	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Debt Service Financing Authority	
<u>Assets</u>				
Cash and cash equivalents	\$ 3	\$ 10,709	\$ 12	\$ 87,990
Restricted cash with fiscal agent	-	6	20,347	20,353
Accounts receivable, net	-	-	-	136
Other receivables	-	-	-	66
Due from other governments	-	-	-	5,357
Due from other funds	-	-	-	400
Loans receivable	-	-	-	26,056
Advances to other funds	-	-	-	3,211
Prepaid items	-	-	-	4
Other assets	-	-	-	2
	-	-	-	2
Total assets	\$ 3	\$ 10,715	\$ 20,359	\$ 143,575
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,724
Salaries and benefits payable	-	-	-	536
Due to other funds	-	-	911	1,211
Deposits from others	-	-	-	1,699
Unearned revenue	-	-	-	142
Advances from other funds	-	-	-	3,660
	-	-	911	9,972
Total liabilities	-	-	911	9,972
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	-	-	-	1,775
Deferred community development loans	-	-	-	26,056
	-	-	-	27,831
Total deferred inflows of resources	-	-	-	27,831
<u>Fund Balances</u>				
Nonspendable	-	-	-	4
Restricted	3	10,715	19,448	55,453
Committed	-	-	-	50,315
Assigned	-	-	-	-
Unassigned	-	-	-	-
	-	-	-	-
Total fund balances	3	10,715	19,448	105,772
Total liabilities, deferred inflows of resources, and fund balances	\$ 3	\$ 10,715	\$ 20,359	\$ 143,575

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020 (IN THOUSANDS)**

	Special Revenue			
	Community Development	Emergency Medical Services	Driving Under the Influence Programs	Fish and Game
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	572	-	20
Use of money and property	28	6	26	1
Aid from other governments	2,212	-	72	-
Charges for services	-	-	1,380	-
Other revenues	877	-	-	-
	<u>3,117</u>	<u>578</u>	<u>1,478</u>	<u>21</u>
Total revenues				
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	24
Public ways and facilities	-	-	-	-
Health and sanitation	3,098	-	-	-
Public assistance	-	658	-	-
Education	-	-	1,480	-
Recreation and cultural services	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>3,098</u>	<u>658</u>	<u>1,480</u>	<u>24</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	19	(80)	(2)	(3)
<u>Other financing sources (uses)</u>				
Debt Issued	-	-	-	-
Transfers in	524	-	-	-
Transfers out	-	-	(33)	-
	<u>524</u>	<u>-</u>	<u>(33)</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	543	(80)	(35)	(3)
Fund balances - beginning	466	781	976	189
Fund balances - ending	<u>\$ 1,009</u>	<u>\$ 701</u>	<u>\$ 941</u>	<u>\$ 186</u>

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020 (IN THOUSANDS)

	Special Revenue			
	Road Impact Fees	Library	Parks	Public Facilities Fees
<u>Revenues</u>				
Taxes	\$ -	\$ 9,920	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	286	122	127	398
Aid from other governments	-	116	306	-
Charges for services	1,104	75	4,490	1,546
Other revenues	-	786	7	-
	<u>1,390</u>	<u>11,019</u>	<u>4,930</u>	<u>1,944</u>
Total revenues				
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	-
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Education	-	10,681	-	-
Recreation and cultural services	-	-	6,824	-
Debt service:				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>-</u>	<u>10,681</u>	<u>6,824</u>	<u>-</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>1,390</u>	<u>338</u>	<u>(1,894)</u>	<u>1,944</u>
<u>Other financing sources (uses)</u>				
Debt Issued	-	-	-	-
Transfers in	-	667	339	-
Transfers out	(879)	(252)	(619)	(1,020)
	<u>(879)</u>	<u>415</u>	<u>(280)</u>	<u>(1,020)</u>
Total other financing sources (uses)				
Net change in fund balances	511	753	(2,174)	924
Fund balances - beginning	<u>10,102</u>	<u>4,399</u>	<u>3,512</u>	<u>13,714</u>
Fund balances - ending	<u>\$ 10,613</u>	<u>\$ 5,152</u>	<u>\$ 1,338</u>	<u>\$ 14,638</u>

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020 (IN THOUSANDS)

	Special Revenue				
	Roads	Wildlife and Grazing	Flood Control Districts	Lighting Districts	County Service Areas
<u>Revenues</u>					
Taxes	\$ 1,932	\$ -	\$ 3,933	\$ 40	\$ 1,043
Licenses, permits, and franchises	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	422	1	483	13	70
Aid from other governments	30,917	2	3,688	-	4
Charges for services	779	-	562	11	8
Other revenues	234	-	657	1	3
	<u>34,284</u>	<u>3</u>	<u>9,323</u>	<u>65</u>	<u>1,128</u>
<u>Expenditures</u>					
Current:					
Public protection	-	3	9,028	45	-
Public ways and facilities	39,793	-	-	-	691
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Education	-	-	-	-	-
Recreation and cultural services	-	-	-	-	-
Debt service:					
Principal payments	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
	<u>39,793</u>	<u>3</u>	<u>9,028</u>	<u>45</u>	<u>691</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,509)</u>	<u>-</u>	<u>295</u>	<u>20</u>	<u>437</u>
<u>Other financing sources (uses)</u>					
Debt Issued	-	-	-	-	-
Transfers in	6,650	-	76	-	6
Transfers out	(4)	-	-	-	(176)
	<u>6,646</u>	<u>-</u>	<u>76</u>	<u>-</u>	<u>(170)</u>
Net change in fund balances	1,137	-	371	20	267
Fund balances - beginning	15,045	44	20,925	472	2,747
Fund balances - ending	<u>\$ 16,182</u>	<u>\$ 44</u>	<u>\$ 21,296</u>	<u>\$ 492</u>	<u>\$ 3,014</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2020 (IN THOUSANDS)**

	Debt Service			Total Nonmajor Governmental Funds
	Debt Service Public Facilities Corporation	Debt Service Pension Obligation Bonds	Debt Service Financing Authority	
<u>Revenues</u>				
Taxes	\$ -	\$ -	\$ -	\$ 16,868
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	592
Use of money and property	5	206	41	2,235
Aid from other governments	-	-	-	37,317
Charges for services	756	-	1,286	11,997
Other revenues	-	689	-	3,254
	<u>761</u>	<u>895</u>	<u>1,327</u>	<u>72,263</u>
Total revenues				
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	9,100
Public ways and facilities	-	-	-	40,484
Health and sanitation	-	-	-	3,098
Public assistance	-	-	-	658
Education	-	-	-	12,161
Recreation and cultural services	-	-	-	6,824
Debt service:				
Principal payments	5,765	3,601	913	10,279
Interest and fiscal charges	451	4,911	821	6,183
	<u>6,216</u>	<u>8,512</u>	<u>1,734</u>	<u>88,787</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(5,455)</u>	<u>(7,617)</u>	<u>(407)</u>	<u>(16,524)</u>
<u>Other financing sources (uses)</u>				
Debt Issued	-	-	24,407	24,407
Transfers in	4,997	12,717	-	25,976
Transfers out	(629)	-	(5,908)	(9,520)
	<u>4,368</u>	<u>12,717</u>	<u>18,499</u>	<u>40,863</u>
Total other financing sources (uses)				
Net change in fund balances	(1,087)	5,100	18,092	24,339
Fund balances - beginning	<u>1,090</u>	<u>5,615</u>	<u>1,356</u>	<u>81,433</u>
Fund balances - ending	<u>\$ 3</u>	<u>\$ 10,715</u>	<u>\$ 19,448</u>	<u>\$ 105,772</u>

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



COUNTY
of SAN LUIS
OBISPO

COUNTY OF SAN LUIS OBISPO
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ -	\$ -	\$ 340	\$ 340
Use of money and property	-	-	529	529
Aid from other governments	-	1,316	267	(1,049)
Charges for services	101	1,203	97	(1,106)
Other revenues	-	-	-	-
Total Revenues	<u>101</u>	<u>2,519</u>	<u>1,233</u>	<u>(1,286)</u>
Expenditures:				
Capital outlay	<u>5,893</u>	<u>38,707</u>	<u>7,645</u>	<u>31,062</u>
Total Expenditures	<u>5,893</u>	<u>38,707</u>	<u>7,645</u>	<u>31,062</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,792)</u>	<u>(36,188)</u>	<u>(6,412)</u>	<u>29,776</u>
Other Financing Sources (Uses):				
Transfers in	5,792	35,446	7,924	(27,522)
Transfers out	-	(1,345)	(1,345)	-
Total Other Financing Sources (Uses)	<u>5,792</u>	<u>34,101</u>	<u>6,579</u>	<u>(27,522)</u>
Net change in fund balances	-	(2,087)	167	2,254
Fund balances, beginning	<u>18,715</u>	<u>18,715</u>	<u>18,715</u>	<u>-</u>
Fund balances, ending	<u>\$ 18,715</u>	<u>\$ 16,628</u>	<u>\$ 18,882</u>	<u>\$ 2,254</u>

COUNTY OF SAN LUIS OBISPO
Community Development
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 28	\$ 28
Aid from other governments	2,941	7,089	2,212	(4,877)
Charges for services	-	-	-	-
Other revenues	-	365	877	512
Total Revenues	<u>2,941</u>	<u>7,454</u>	<u>3,117</u>	<u>(4,337)</u>
Expenditures:				
Current:				
Health and sanitation				
Services and supplies	928	927	924	3
Other charges	2,538	7,051	2,174	4,877
Contingencies	49	49	-	49
Total Expenditures	<u>3,515</u>	<u>8,027</u>	<u>3,098</u>	<u>4,929</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(574)</u>	<u>(573)</u>	<u>19</u>	<u>592</u>
Other Financing Sources (Uses):				
Transfers in	524	524	524	-
Total Other Financing Sources (Uses)	<u>524</u>	<u>524</u>	<u>524</u>	<u>-</u>
Net change in fund balances	(50)	(49)	543	592
Fund balances, beginning	<u>466</u>	<u>466</u>	<u>466</u>	<u>-</u>
Fund balances, ending	<u>\$ 416</u>	<u>\$ 417</u>	<u>\$ 1,009</u>	<u>\$ 592</u>

COUNTY OF SAN LUIS OBISPO
Emergency Medical Services
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ 800	\$ 800	\$ 572	\$ (228)
Use of money and property	1	1	6	5
Other revenues	-	-	-	-
Total Revenues	<u>801</u>	<u>801</u>	<u>578</u>	<u>(223)</u>
Expenditures:				
Current:				
Public assistance				
Services and supplies	801	1,135	658	477
Total Expenditures	<u>801</u>	<u>1,135</u>	<u>658</u>	<u>477</u>
Net change in fund balances	-	(334)	(80)	254
Fund balances, beginning	<u>781</u>	<u>781</u>	<u>781</u>	<u>-</u>
Fund balances, ending	<u>\$ 781</u>	<u>\$ 447</u>	<u>\$ 701</u>	<u>\$ 254</u>

COUNTY OF SAN LUIS OBISPO
Driving Under the Influence Program
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 6	\$ 6	\$ 26	\$ 20
Charges for services	1,452	1,452	1,380	(72)
Aid from other governments	-	82	72	(10)
Other revenues	40	40	-	(40)
Total Revenues	<u>1,498</u>	<u>1,580</u>	<u>1,478</u>	<u>(102)</u>
Expenditures:				
Current:				
Education				
Salaries, wages, and benefits	1,005	1,026	993	33
Services and supplies	427	555	467	88
Other charges	20	20	20	-
Capital outlay	-	-	-	-
Contingencies	66	66	-	66
Total Expenditures	<u>1,518</u>	<u>1,667</u>	<u>1,480</u>	<u>187</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(20)</u>	<u>(87)</u>	<u>(2)</u>	<u>85</u>
Other Financing Sources (Uses):				
Transfers out	-	-	(33)	(33)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(33)</u>	<u>(33)</u>
Net change in fund balances	(20)	(87)	(35)	52
Fund balances, beginning	<u>976</u>	<u>976</u>	<u>976</u>	<u>--</u>
Fund balances, ending	<u>\$ 956</u>	<u>\$ 889</u>	<u>\$ 941</u>	<u>\$ 52</u>

COUNTY OF SAN LUIS OBISPO
Fish and Game
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ 20	\$ 20	\$ 20	\$ -
Use of money and property	-	-	1	1
Total Revenues	<u>20</u>	<u>20</u>	<u>21</u>	<u>1</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	<u>23</u>	<u>33</u>	<u>24</u>	<u>9</u>
Total Expenditures	<u>23</u>	<u>33</u>	<u>24</u>	<u>9</u>
Net change in fund balances	(3)	(13)	(3)	10
Fund balances, beginning	<u>189</u>	<u>189</u>	<u>189</u>	<u>-</u>
Fund balances, ending	<u>\$ 186</u>	<u>\$ 176</u>	<u>\$ 186</u>	<u>\$ 10</u>

COUNTY OF SAN LUIS OBISPO
Road Impact Fees
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 286	\$ 286
Charges for services	-	-	1,104	1,104
Total Revenues	<u>-</u>	<u>-</u>	<u>1,390</u>	<u>1,390</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>1,390</u>	<u>1,390</u>
Other Financing Sources (Uses):				
Transfers out	<u>(1,199)</u>	<u>(4,484)</u>	<u>(879)</u>	<u>3,605</u>
Total Other Financing Sources (Uses)	<u>(1,199)</u>	<u>(4,484)</u>	<u>(879)</u>	<u>3,605</u>
Net change in fund balances	(1,199)	(4,484)	511	4,995
Fund balances, beginning	<u>10,102</u>	<u>10,102</u>	<u>10,102</u>	<u>-</u>
Fund balances, ending	<u>\$ 8,903</u>	<u>\$ 5,618</u>	<u>\$ 10,613</u>	<u>\$ 4,995</u>

COUNTY OF SAN LUIS OBISPO
Library
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 9,745	\$ 9,745	\$ 9,920	\$ 175
Use of money and property	46	46	122	76
Aid from other governments	118	123	116	(7)
Charges for services	74	74	75	1
Other revenues	15	517	786	269
Total Revenues	<u>9,998</u>	<u>10,505</u>	<u>11,019</u>	<u>514</u>
Expenditures:				
Current:				
Education				
Salaries, wages, and benefits	6,804	7,014	6,713	301
Services and supplies	3,779	4,322	3,936	386
Other charges	5	223	32	191
Capital outlay	-	152	-	152
Contingencies	574	364	-	364
Total Expenditures	<u>11,162</u>	<u>12,075</u>	<u>10,681</u>	<u>1,394</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,164)</u>	<u>(1,570)</u>	<u>338</u>	<u>1,908</u>
Other Financing Sources (Uses):				
Transfers in	667	667	667	-
Transfers out	-	-	(252)	(252)
Total Other Financing Sources (Uses)	<u>667</u>	<u>667</u>	<u>415</u>	<u>(252)</u>
Net change in fund balances	(497)	(903)	753	1,656
Fund balances, beginning	<u>4,399</u>	<u>4,399</u>	<u>4,399</u>	<u>-</u>
Fund balances, ending	<u>\$ 3,902</u>	<u>\$ 3,496</u>	<u>\$ 5,152</u>	<u>\$ 1,656</u>

COUNTY OF SAN LUIS OBISPO
Parks
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ 39	\$ 220	\$ -	\$ (220)
Use of money and property	52	52	127	75
Aid from other governments	23	109	306	197
Charges for services	5,668	4,663	4,490	(173)
Other revenues	26	26	7	(19)
Total Revenues	<u>5,808</u>	<u>5,070</u>	<u>4,930</u>	<u>(140)</u>
Expenditures:				
Current:				
Recreation and cultural services				
Salaries, wages, and benefits	2,787	2,808	2,692	116
Services and supplies	2,725	3,704	3,926	(222)
Other charges	-	652	139	513
Capital outlay	170	2,387	67	2,320
Contingencies	100	-	-	-
Total Expenditures	<u>5,782</u>	<u>9,551</u>	<u>6,824</u>	<u>2,727</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>26</u>	<u>(4,481)</u>	<u>(1,894)</u>	<u>2,587</u>
Other Financing Sources (Uses):				
Transfers in	-	1,920	339	(1,581)
Transfers out	<u>(21)</u>	<u>(601)</u>	<u>(619)</u>	<u>(18)</u>
Total Other Financing Sources (Uses)	<u>(21)</u>	<u>1,319</u>	<u>(280)</u>	<u>(1,599)</u>
Net change in fund balances	5	(3,162)	(2,174)	988
Fund balances, beginning	<u>3,512</u>	<u>3,512</u>	<u>3,512</u>	<u>-</u>
Fund balances, ending	<u>\$ 3,517</u>	<u>\$ 350</u>	<u>\$ 1,338</u>	<u>\$ 988</u>

COUNTY OF SAN LUIS OBISPO
Public Facilities Fees
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 398	\$ 398
Charges for services	1,967	1,967	1,546	(421)
Total Revenues	<u>1,967</u>	<u>1,967</u>	<u>1,944</u>	<u>(23)</u>
Expenditures:				
Current:				
General government				
Salaries, wages, and benefits	-	-	-	-
Services and supplies	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,967</u>	<u>1,967</u>	<u>1,944</u>	<u>(23)</u>
Other Financing Sources (Uses):				
Transfers out	(400)	(3,024)	(1,020)	2,004
Total Other Financing Sources (Uses)	<u>(400)</u>	<u>(3,024)</u>	<u>(1,020)</u>	<u>2,004</u>
Net change in fund balances	1,567	(1,057)	924	1,981
Fund balances, beginning	<u>13,714</u>	<u>13,714</u>	<u>13,714</u>	<u>-</u>
Fund balances, ending	<u>\$ 15,281</u>	<u>\$ 12,657</u>	<u>\$ 14,638</u>	<u>\$ 1,981</u>

COUNTY OF SAN LUIS OBISPO
Roads
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,876	\$ 1,876	\$ 1,932	\$ 56
Use of money and property	125	125	422	297
Aid from other governments	18,262	41,886	30,917	(10,969)
Charges for services	184	788	779	(9)
Other revenues	-	918	234	(684)
Total Revenues	<u>20,447</u>	<u>45,593</u>	<u>34,284</u>	<u>(11,309)</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	18,564	21,825	39,349	(17,524)
Other charges	485	731	444	287
Capital outlay	9,080	50,168	-	50,168
Total Expenditures	<u>28,129</u>	<u>72,724</u>	<u>39,793</u>	<u>32,931</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,682)</u>	<u>(27,131)</u>	<u>(5,509)</u>	<u>21,622</u>
Other Financing Sources (Uses):				
Transfers in	6,966	10,251	6,650	(3,601)
Transfers out	(4)	(4)	(4)	-
Total Other Financing Sources (Uses)	<u>6,962</u>	<u>10,247</u>	<u>6,646</u>	<u>(3,601)</u>
Net change in fund balances	(720)	(16,884)	1,137	18,021
Fund balances, beginning	<u>15,045</u>	<u>15,045</u>	<u>15,045</u>	<u>-</u>
Fund balances, ending	<u>\$ 14,325</u>	<u>\$ (1,839)</u>	<u>\$ 16,182</u>	<u>\$ 18,021</u>

COUNTY OF SAN LUIS OBISPO
Wildlife and Grazing
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 1	\$ 1
Aid from other governments	4	4	2	(2)
Total Revenues	<u>4</u>	<u>4</u>	<u>3</u>	<u>(1)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	<u>11</u>	<u>11</u>	<u>3</u>	<u>8</u>
Total Expenditures	<u>11</u>	<u>11</u>	<u>3</u>	<u>8</u>
Net change in fund balances	(7)	(7)	-	7
Fund balances, beginning	<u>44</u>	<u>44</u>	<u>44</u>	<u>-</u>
Fund balances, ending	<u>\$ 37</u>	<u>\$ 37</u>	<u>\$ 44</u>	<u>\$ 7</u>

COUNTY OF SAN LUIS OBISPO
Flood Control Districts
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 3,697	\$ 3,697	\$ 3,933	\$ 236
Use of money and property	174	174	483	309
Aid from other governments	8,511	8,707	3,688	(5,019)
Charges for services	552	552	562	10
Other revenues	1	879	657	(222)
Total Revenues	<u>12,935</u>	<u>14,009</u>	<u>9,323</u>	<u>(4,686)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	7,867	8,307	5,504	2,803
Other charges	3,290	4,091	3,524	567
Capital outlay	<u>3,173</u>	<u>5,963</u>	<u>-</u>	<u>5,963</u>
Total Expenditures	<u>14,330</u>	<u>18,361</u>	<u>9,028</u>	<u>9,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,395)</u>	<u>(4,352)</u>	<u>295</u>	<u>4,647</u>
Other Financing Sources (Uses):				
Transfers in	171	171	76	(95)
Transfers out	<u>(120)</u>	<u>(120)</u>	<u>-</u>	<u>120</u>
Total Other Financing Sources (Uses)	<u>51</u>	<u>51</u>	<u>76</u>	<u>25</u>
Net change in fund balances	(1,344)	(4,301)	371	4,672
Fund balances, beginning	<u>20,925</u>	<u>20,925</u>	<u>20,925</u>	<u>-</u>
Fund balances, ending	<u>\$ 19,581</u>	<u>\$ 16,624</u>	<u>\$ 21,296</u>	<u>\$ 4,672</u>

COUNTY OF SAN LUIS OBISPO
Lighting Districts
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 41	\$ 41	\$ 40	\$ (1)
Use of money and property	5	5	13	8
Charges for services	9	9	11	2
Other revenues	-	-	1	1
Total Revenues	<u>55</u>	<u>55</u>	<u>65</u>	<u>10</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	64	64	45	19
Capital outlay	-	59	-	59
Total Expenditures	<u>64</u>	<u>123</u>	<u>45</u>	<u>78</u>
Net change in fund balances	(9)	(68)	20	88
Fund balances, beginning	<u>472</u>	<u>472</u>	<u>472</u>	<u>-</u>
Fund balances, ending	<u>\$ 463</u>	<u>\$ 404</u>	<u>\$ 492</u>	<u>\$ 88</u>

COUNTY OF SAN LUIS OBISPO
County Service Areas
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 998	\$ 998	\$ 1,043	\$ 45
Use of money and property	22	22	70	48
Aid from other governments	2	2	4	2
Charges for services	4	4	8	4
Other revenues	17	17	3	(14)
Total Revenues	<u>1,043</u>	<u>1,043</u>	<u>1,128</u>	<u>85</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	872	983	691	292
Capital outlay	41	41	-	41
Total Expenditures	<u>913</u>	<u>1,024</u>	<u>691</u>	<u>333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>130</u>	<u>19</u>	<u>437</u>	<u>418</u>
Other Financing Sources (Uses):				
Transfers in	1,020	1,020	6	(1,014)
Transfers out	(336)	(349)	(176)	173
Total Other Financing Sources (Uses)	<u>684</u>	<u>671</u>	<u>(170)</u>	<u>(841)</u>
Net change in fund balances	814	690	267	(423)
Fund balances, beginning	<u>2,747</u>	<u>2,747</u>	<u>2,747</u>	<u>-</u>
Fund balances, ending	<u>\$ 3,561</u>	<u>\$ 3,437</u>	<u>\$ 3,014</u>	<u>\$ (423)</u>

COUNTY OF SAN LUIS OBISPO
Public Facilities Corporation
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 5	\$ 5
Charges for services	-	-	756	756
Total Revenues	-	-	761	761
Expenditures:				
Debt Service:				
Principal payments	-	-	5,765	(5,765)
Interest and fiscal charges	-	-	451	(451)
Total Expenditures	-	-	6,216	(6,216)
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	(5,455)	(5,455)
Other Financing Sources (Uses):				
Transfers in	-	-	4,997	4,997
Transfers out	-	-	(629)	(629)
Total Other Financing Sources (Uses)	-	-	4,368	4,368
Net change in fund balances	-	-	(1,087)	(1,087)
Fund balances, beginning	1,090	1,090	1,090	-
Fund balances, ending	\$ 1,090	\$ 1,090	\$ 3	\$ (1,087)

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, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	206	206
Other revenues	12,300	12,300	689	(11,611)
Total Revenues	<u>12,300</u>	<u>12,300</u>	<u>895</u>	<u>(11,405)</u>
Expenditures:				
Debt Service:				
Principal payments	3,601	3,601	3,601	-
Interest and fiscal charges	4,912	4,912	4,911	1
Total Expenditures	<u>8,513</u>	<u>8,513</u>	<u>8,512</u>	<u>1</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,787</u>	<u>3,787</u>	<u>(7,617)</u>	<u>(11,404)</u>
Other Financing Sources (Uses):				
Transfers in	629	629	12,717	12,088
Total Other Financing Sources (Uses)	<u>629</u>	<u>629</u>	<u>12,717</u>	<u>12,088</u>
Net change in fund balances	4,416	4,416	5,100	684
Fund balances, beginning	<u>5,615</u>	<u>5,615</u>	<u>5,615</u>	<u>-</u>
Fund balances, ending	<u>\$ 10,031</u>	<u>\$ 10,031</u>	<u>\$ 10,715</u>	<u>\$ 684</u>

COUNTY OF SAN LUIS OBISPO
Financing Authority
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2020 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 41	\$ 41
Charges for services	-	-	1,286	1,286
Total Revenues	<u>-</u>	<u>-</u>	<u>1,327</u>	<u>1,327</u>
Expenditures:				
Debt Service:				
Principal payments	-	-	913	(913)
Interest and fiscal charges	-	-	821	(821)
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,734</u>	<u>(1,734)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(407)</u>	<u>(407)</u>
Other Financing Sources (Uses):				
Transfers out	-	-	(5,908)	(5,908)
Debt issued	-	-	24,407	24,407
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>18,499</u>	<u>18,499</u>
Net change in fund balances	-	-	18,092	18,092
Fund balances, beginning	<u>1,356</u>	<u>1,356</u>	<u>1,356</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,356</u>	<u>\$ 1,356</u>	<u>\$ 19,448</u>	<u>\$ 18,092</u>



COUNTY
of SAN LUIS
OBISPO

**COMBINING FINANCIAL STATEMENTS
NONMAJOR ENTERPRISE FUNDS**



COUNTY
of SAN LUIS
OBISPO

NONMAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS:

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

General Flood Control Zone – Salinas Dam

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

Lopez Flood Control

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

Golf

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

Lopez Park

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

County Service Areas

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

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF NET POSITION
NONMAJOR ENTERPRISE FUNDS
JUNE 30, 2020 (IN THOUSANDS)**

	General Flood Control Zone - Salinas Dam	Lopez Flood Control	Golf	Lopez Park	County Service Areas	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 3,192	\$ 10,211	\$ 750	\$ 25	\$ 4,731	\$ 18,909
Accounts receivable, net	-	10	53	-	316	379
Due from other funds	-	-	300	-	-	300
Inventories	-	-	36	-	-	36
Prepaid items	-	63	775	-	-	838
Deposits with others	-	-	-	-	86	86
Total current assets	3,192	10,284	1,914	25	5,133	20,548
Noncurrent assets:						
Restricted cash with fiscal agent	-	1	487	-	-	488
Advances to other funds	-	-	-	79	-	79
Capital assets:						
Nondepreciable						
Land	-	2,155	1,333	-	330	3,818
Construction in progress	-	-	221	-	2,802	3,023
Water rights	-	-	-	-	-	-
Other property	-	1,968	-	-	-	1,968
Depreciable						
Infrastructure, net	-	21,528	6	-	1,631	23,165
Structures and improvements, net	-	32,375	7,867	-	7,192	47,434
Equipment, net	-	164	292	-	293	749
Other property, net	-	-	-	-	496	496
Total noncurrent assets	-	58,191	10,206	79	12,744	81,220
Total assets	3,192	68,475	12,120	104	17,877	101,768
Deferred Outflows of Resources						
Deferred pensions	-	-	677	-	-	677
Deferred OPEB	-	-	86	-	-	86
Total deferred outflows of resources	-	-	763	-	-	763
Liabilities						
Current liabilities:						
Accounts payable	22	25	848	-	624	1,519
Salaries and benefits payable	-	-	81	-	-	81
Deposits from others	-	249	-	-	166	415
Interest payable	-	320	30	-	19	369
Unearned revenue	-	15	-	-	59	74
Due to other funds	-	-	-	-	400	400
Accrued vacation and sick leave - current	-	-	95	-	-	95
Notes and bonds payable - current	-	2,329	349	19	213	2,910
Total current liabilities	22	2,938	1,403	19	1,481	5,863
Noncurrent liabilities:						
Advances from other funds	-	-	121	-	1,400	1,521
Accrued vacation and sick leave - noncurrent	-	-	156	-	-	156
Notes and bonds payable - noncurrent	-	27,630	3,120	60	3,153	33,963
Net OPEB Liability	-	-	128	-	-	128
Net Pension Liability	-	-	2,882	-	-	2,882
Total noncurrent liabilities	-	27,630	6,407	60	4,553	38,650
Total liabilities	22	30,568	7,810	79	6,034	44,513
Deferred Inflows of Resources						
Deferred pensions	-	-	533	-	-	533
Deferred OPEB	-	-	10	-	-	10
Total deferred inflows of resources	-	-	543	-	-	543
Net Position						
Net investment in capital assets	-	28,231	6,250	-	9,378	43,859
Unrestricted	3,170	9,676	(1,720)	25	2,465	13,616
Total net position	\$ 3,170	\$ 37,907	\$ 4,530	\$ 25	\$ 11,843	\$ 57,475

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020 (IN THOUSANDS)**

	General Flood Control Zone - Salinas Dam	Lopez Flood Control	Golf	Lopez Park	County Service Areas	Total
<u>Operating revenues</u>						
Charges for services	\$ 2,884	\$ 6,978	\$ 2,750	\$ -	\$ 4,503	\$ 17,115
Other revenues	7	8	7	-	15	37
Total operating revenues	<u>2,891</u>	<u>6,986</u>	<u>2,757</u>	<u>-</u>	<u>4,518</u>	<u>17,152</u>
<u>Operating expenses</u>						
Salaries and benefits	-	-	1,780	-	-	1,780
Services and supplies	886	3,981	968	-	3,929	9,764
Other charges	-	3	-	-	-	3
Depreciation	-	1,519	388	-	525	2,432
Countywide cost allocation	21	79	89	-	78	267
Total operating expenses	<u>907</u>	<u>5,582</u>	<u>3,225</u>	<u>-</u>	<u>4,532</u>	<u>14,246</u>
Operating income (loss)	<u>1,984</u>	<u>1,404</u>	<u>(468)</u>	<u>-</u>	<u>(14)</u>	<u>2,906</u>
<u>Nonoperating revenues (expenses)</u>						
Property taxes	-	1,165	-	-	539	1,704
Interest income	70	269	10	1	112	462
Interest expense	-	(1,117)	(102)	(2)	(121)	(1,342)
Aid from governmental agencies	-	5	-	-	3	8
Total nonoperating revenues (expenses)	<u>70</u>	<u>322</u>	<u>(92)</u>	<u>(1)</u>	<u>533</u>	<u>832</u>
Income (loss) before contributions and transfers	2,054	1,726	(560)	(1)	519	3,738
Transfers in	-	-	998	2	176	1,176
Transfers out	-	-	(49)	-	(8)	(57)
Change in net position	2,054	1,726	389	1	687	4,857
Net position - beginning	<u>1,116</u>	<u>36,181</u>	<u>4,141</u>	<u>24</u>	<u>11,156</u>	<u>52,618</u>
Net position - ending	<u>\$ 3,170</u>	<u>\$ 37,907</u>	<u>\$ 4,530</u>	<u>\$ 25</u>	<u>\$ 11,843</u>	<u>\$ 57,475</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020 (IN THOUSANDS)**

	General Flood Control Zone - Salinas Dam	Lopez Flood Control	Golf	Lopez Park	County Service Areas	Total
Cash Flows From Operating Activities						
Receipts from customers and third parties	\$ 2,651	\$ 6,992	\$ 2,764	\$ -	\$ 4,481	\$ 16,888
Payments to employees for services	-	-	(1,601)	-	-	(1,601)
Payments for goods and services	(903)	(4,137)	(166)	-	(3,415)	(8,621)
Net cash provided (used) by operating activities	<u>1,748</u>	<u>2,855</u>	<u>997</u>	<u>-</u>	<u>1,066</u>	<u>6,666</u>
Cash Flows from Noncapital Financing Activities						
Property tax proceeds	-	1,165	-	-	539	1,704
Grants and subsidies from other governmental agencies	-	5	-	-	3	8
Advances from other funds	-	-	-	-	940	940
Due from other funds	-	-	(300)	-	-	(300)
Transfers from other funds	-	-	998	2	176	1,176
Transfers to other funds	-	-	(49)	-	(8)	(57)
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>1,170</u>	<u>649</u>	<u>2</u>	<u>1,650</u>	<u>3,471</u>
Cash Flows from Capital and Related Financing Activities						
Purchases and construction of capital assets	-	15	(734)	-	(1,372)	(2,091)
Proceeds from sale of capital assets	-	-	-	-	-	-
Advances to other funds	-	-	-	18	-	18
Advances from other funds	-	-	-	-	-	-
Principal paid on capital debt	-	(2,245)	(337)	(18)	(206)	(2,806)
Interest paid on capital debt	-	(1,192)	(138)	(2)	(122)	(1,454)
Net cash provided (used) by capital and related financing activities	<u>-</u>	<u>(3,422)</u>	<u>(1,209)</u>	<u>(2)</u>	<u>(1,700)</u>	<u>(6,333)</u>
Cash Flows from Investing Activities						
Interest received	70	269	10	1	112	462
Net cash provided (used) by investing activities	<u>70</u>	<u>269</u>	<u>10</u>	<u>1</u>	<u>112</u>	<u>462</u>
Net increase (decrease) in cash and cash equivalents	1,818	872	447	1	1,128	4,266
Cash and cash equivalents at beginning of year	1,374	9,340	790	24	3,603	15,131
Cash and cash equivalents at end of year	<u>\$ 3,192</u>	<u>\$ 10,212</u>	<u>\$ 1,237</u>	<u>\$ 25</u>	<u>\$ 4,731</u>	<u>\$ 19,397</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 1,984	\$ 1,404	\$ (468)	\$ -	\$ (14)	\$ 2,906
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	-	1,519	388	-	525	2,432
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:						
(Increase) decrease in:						
Receivables, net	-	6	6	-	(43)	(31)
Inventory	-	-	12	-	-	12
Prepaid items	-	(5)	96	-	-	91
Deferred outflows - pensions	-	-	335	-	-	335
Deferred outflows - OPEB	-	-	9	-	-	9
Increase (decrease) in:						
Accounts payable	4	(111)	789	-	605	1,287
Deposits from others	-	41	-	-	(12)	29
Salaries and benefits payable	-	-	58	-	-	58
Deferred inflows - pensions	-	-	273	-	-	273
Deferred inflows - OPEB	-	-	(2)	-	-	(2)
Net OPEB liability	-	-	2	-	-	2
Net pension liability	-	-	(501)	-	-	(501)
Unearned revenue	(240)	1	-	-	5	(234)
Total adjustments	<u>(236)</u>	<u>1,451</u>	<u>1,465</u>	<u>-</u>	<u>1,080</u>	<u>3,760</u>
Net cash provided (used) by operating activities	<u>\$ 1,748</u>	<u>\$ 2,855</u>	<u>\$ 997</u>	<u>\$ -</u>	<u>\$ 1,066</u>	<u>\$ 6,666</u>

**COMBINING FINANCIAL STATEMENTS
INTERNAL SERVICE FUNDS**



COUNTY
of SAN LUIS
OBISPO

INTERNAL SERVICE FUNDS

INTERNAL SERVICE FUNDS:

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

Garage

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

Public Works

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

Insurance Funds

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

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2020 (IN THOUSANDS)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 5,679	\$ 20,293	\$ 23,100	\$ 49,072
Accounts receivable, net	-	8	-	8
Inventories	14	575	-	589
Prepaid items	-	-	221	221
Total current assets	<u>5,693</u>	<u>20,876</u>	<u>23,321</u>	<u>49,890</u>
Noncurrent assets:				
Capital assets:				
Structures and improvements, net	129	258	-	387
Equipment, net	5,243	7,947	-	13,190
Total noncurrent assets	<u>5,372</u>	<u>8,205</u>	<u>-</u>	<u>13,577</u>
Total assets	<u>11,065</u>	<u>29,081</u>	<u>23,321</u>	<u>63,467</u>
<u>Deferred Outflows of Resources</u>				
Deferred pensions	616	12,349	-	12,965
Deferred OPEB	91	1,657	-	1,748
Total deferred outflows of resources	<u>707</u>	<u>14,006</u>	<u>-</u>	<u>14,713</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	304	536	172	1,012
Salaries and benefits payable	66	1,403	-	1,469
Self-insurance liability	-	-	3,931	3,931
Deposits from others	-	5,378	-	5,378
Accrued vacation and sick leave	99	2,040	-	2,139
Total current liabilities	<u>469</u>	<u>9,357</u>	<u>4,103</u>	<u>13,929</u>
Noncurrent liabilities:				
Self-insurance liability	-	-	16,209	16,209
Accrued vacation and sick leave	71	1,046	-	1,117
Net OPEB liability	135	2,455	-	2,590
Net pension liability	2,622	52,549	-	55,171
Total noncurrent liabilities	<u>2,828</u>	<u>56,050</u>	<u>16,209</u>	<u>75,087</u>
Total liabilities	<u>3,297</u>	<u>65,407</u>	<u>20,312</u>	<u>89,016</u>
<u>Deferred Inflows of Resources</u>				
Deferred pensions	485	9,712	-	10,197
Deferred OPEB	10	185	-	195
Total deferred inflows of resources	<u>495</u>	<u>9,897</u>	<u>-</u>	<u>10,392</u>
<u>Net Position</u>				
Net investment in capital assets	5,372	8,205	-	13,577
Unrestricted	2,608	(40,422)	3,009	(34,805)
Total net position	<u>\$ 7,980</u>	<u>\$ (32,217)</u>	<u>\$ 3,009</u>	<u>\$ (21,228)</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, 2020 (IN THOUSANDS)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
<u>Operating revenues</u>				
Charges for services	\$ 6,643	\$ 38,831	\$ 11,304	\$ 56,778
Other revenues	16	69	-	85
	<u>6,659</u>	<u>38,900</u>	<u>11,304</u>	<u>56,863</u>
Total operating revenues				
<u>Operating expenses</u>				
Salaries and benefits	1,450	29,660	303	31,413
Services and supplies	3,088	8,056	10,261	21,405
Insurance benefit payments	-	-	4,896	4,896
Depreciation	1,832	927	-	2,759
Countywide cost allocation	114	147	285	546
	<u>6,484</u>	<u>38,790</u>	<u>15,745</u>	<u>61,019</u>
Total operating expenses				
Operating income (loss)	<u>175</u>	<u>110</u>	<u>(4,441)</u>	<u>(4,156)</u>
<u>Nonoperating revenues (expenses)</u>				
Interest income	140	401	655	1,196
Sale of capital assets	211	21	-	232
Other revenues (expense)	127	-	-	127
	<u>478</u>	<u>422</u>	<u>655</u>	<u>1,555</u>
Total nonoperating revenues (expenses)				
Income (loss) before capital contributions and transfers	653	532	(3,786)	(2,601)
Capital Contributions	-	-	-	-
Transfers in	-	-	-	-
Transfers out	(61)	(1,099)	-	(1,160)
Change in net position	592	(567)	(3,786)	(3,761)
Net position - beginning	<u>7,388</u>	<u>(31,650)</u>	<u>6,795</u>	<u>(17,467)</u>
Net position - ending	<u>\$ 7,980</u>	<u>\$ (32,217)</u>	<u>\$ 3,009</u>	<u>\$ (21,228)</u>

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020 (IN THOUSANDS)

	Garage	Public Works	Combined Insurance (5 Funds)	Total
Cash Flows From Operating Activities				
Receipts from interfund billings	\$ 6,660	\$ 38,900	\$ 11,306	\$ 56,866
Payments for goods and services	(3,209)	(3,868)	(4,869)	(11,946)
Payments to employees for services	(1,497)	(28,554)	(531)	(30,582)
Payments for insurance benefits	-	-	(4,324)	(4,324)
Payments for premiums	-	-	(5,722)	(5,722)
Net cash provided (used) by operating activities	<u>1,954</u>	<u>6,478</u>	<u>(4,140)</u>	<u>4,292</u>
Cash Flows from Noncapital Financing Activities				
Transfers from other funds	-	-	-	-
Transfers to other funds	(61)	(1,099)	-	(1,160)
Net cash provided (used) by noncapital financing activities	<u>(61)</u>	<u>(1,099)</u>	<u>-</u>	<u>(1,160)</u>
Cash Flows from Capital and Related Financing Activities				
Purchases and construction of capital assets	(1,456)	(1,082)	-	(2,538)
Proceeds from sale of capital assets	228	21	-	249
Net cash provided (used) by capital and related financing activities	<u>(1,228)</u>	<u>(1,061)</u>	<u>-</u>	<u>(2,289)</u>
Cash Flows from Investing Activities				
Interest received	140	401	655	1,196
Net cash provided (used) by investing activities	<u>140</u>	<u>401</u>	<u>655</u>	<u>1,196</u>
Net increase (decrease) in cash and cash equivalents	805	4,719	(3,485)	2,039
Cash and cash equivalents at beginning of year	4,874	15,574	26,585	47,033
Cash and cash equivalents at end of year	<u>\$ 5,679</u>	<u>\$ 20,293</u>	<u>\$ 23,100</u>	<u>\$ 49,072</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 175	\$ 110	\$ (4,441)	\$ (4,156)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	1,832	927	-	2,759
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase) decrease in:				
Receivables, net	-	-	-	-
Inventory	(2)	52	-	50
Prepaid expenses	-	6	-	6
Deferred outflows - pensions	362	6,825	-	7,187
Deferred outflows - OPEB	15	178	-	193
Increase (decrease) in:				
Accounts payable	(4)	59	(43)	12
Deposits from others	-	4,290	-	4,290
Salaries and benefits payable	(5)	738	(228)	505
Deferred inflows - pensions	234	4,795	-	5,029
Deferred inflows - OPEB	(3)	(36)	-	(39)
Net OPEB liability	(5)	37	-	32
Net pension liability	(645)	(11,503)	-	(12,148)
Self-insurance liability	-	-	572	572
Total adjustments	<u>1,779</u>	<u>6,368</u>	<u>301</u>	<u>8,448</u>
Net cash provided (used) by operating activities	<u>\$ 1,954</u>	<u>\$ 6,478</u>	<u>\$ (4,140)</u>	<u>\$ 4,292</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS - INSURANCE
JUNE 30, 2020 (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	\$ 17,083	\$ 4,423	\$ 201	\$ 1,186	\$ 207	\$ 23,100
Prepaid expenses	221	-	-	-	-	221
Total current assets	<u>17,304</u>	<u>4,423</u>	<u>201</u>	<u>1,186</u>	<u>207</u>	<u>23,321</u>
Total assets	<u>17,304</u>	<u>4,423</u>	<u>201</u>	<u>1,186</u>	<u>207</u>	<u>23,321</u>
<u>Liabilities</u>						
Current liabilities:						
Accounts payable	126	5	-	41	-	172
Salaries and benefits payable	-	-	-	-	-	-
Self-insurance liability	<u>2,762</u>	<u>1,169</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,931</u>
Total current liabilities	<u>2,888</u>	<u>1,174</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>4,103</u>
Noncurrent liabilities:						
Self-insurance liability	<u>13,662</u>	<u>2,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,209</u>
Total noncurrent liabilities	<u>13,662</u>	<u>2,547</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,209</u>
Total liabilities	<u>16,550</u>	<u>3,721</u>	<u>-</u>	<u>41</u>	<u>-</u>	<u>20,312</u>
<u>Net Position</u>						
Unrestricted	<u>754</u>	<u>702</u>	<u>201</u>	<u>1,145</u>	<u>207</u>	<u>3,009</u>
Total net position	<u>\$ 754</u>	<u>\$ 702</u>	<u>\$ 201</u>	<u>\$ 1,145</u>	<u>\$ 207</u>	<u>\$ 3,009</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, 2020 (IN THOUSANDS)**

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
<u>Operating revenues</u>						
Charges for services	\$ 3,536	\$ 2,750	\$ 410	\$ 2,111	\$ 2,497	\$ 11,304
Total operating revenues	3,536	2,750	410	2,111	2,497	11,304
<u>Operating expenses</u>						
Salaries and benefits	303	-	-	-	-	303
Services and supplies	4,280	4,031	31	193	1,726	10,261
Insurance benefit payments	2,387	221	285	1,327	676	4,896
Countywide cost allocation	134	151	-	-	-	285
Total operating expenses	7,104	4,403	316	1,520	2,402	15,745
Operating income (loss)	(3,568)	(1,653)	94	591	95	(4,441)
<u>Nonoperating revenues (expenses)</u>						
Interest income	494	125	3	27	6	655
Total nonoperating revenues (expenses)	494	125	3	27	6	655
Income (loss) before transfers	(3,074)	(1,528)	97	618	101	(3,786)
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Change in net position	(3,074)	(1,528)	97	618	101	(3,786)
Net position - beginning	3,828	2,230	104	527	106	6,795
Net position - ending	\$ 754	\$ 702	\$ 201	\$ 1,145	\$ 207	\$ 3,009

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS - INSURANCE
FOR THE YEAR ENDED JUNE 30, 2020 (IN THOUSANDS)

	<u>Workers'</u> <u>Compensation</u>	<u>Protected</u> <u>Self-Insurance</u>	<u>Unemployment</u> <u>Insurance</u>	<u>Dental</u> <u>Insurance</u>	<u>OPEB</u>	<u>Total</u>
Cash Flows From Operating Activities						
Receipts from interfund billings	\$ 3,537	\$ 2,750	\$ 410	\$ 2,112	\$ 2,497	\$ 11,306
Payments for goods and services	(3,224)	(1,405)	(31)	(186)	(23)	(4,869)
Payments to employees for services	(531)	-	-	-	-	(531)
Payments for insurance benefits	(2,013)	(23)	(285)	(1,327)	(676)	(4,324)
Payments for premiums	(1,227)	(2,792)	-	-	(1,703)	(5,722)
Net cash provided (used) by operating activities	<u>(3,458)</u>	<u>(1,470)</u>	<u>94</u>	<u>599</u>	<u>95</u>	<u>(4,140)</u>
Cash Flows from Investing Activities						
Interest received	494	125	3	27	6	655
Net cash provided (used) by investing activities	<u>494</u>	<u>125</u>	<u>3</u>	<u>27</u>	<u>6</u>	<u>655</u>
Net increase (decrease) in cash and cash equivalents	(2,964)	(1,345)	97	626	101	(3,485)
Cash and cash equivalents at beginning of year	20,047	5,768	104	560	106	26,585
Cash and cash equivalents at end of year	<u>\$ 17,083</u>	<u>\$ 4,423</u>	<u>\$ 201</u>	<u>\$ 1,186</u>	<u>\$ 207</u>	<u>\$ 23,100</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ (3,568)	\$ (1,653)	\$ 94	\$ 591	\$ 95	\$ (4,441)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Changes in assets and liabilities:						
Increase (decrease) in:						
Accounts payable	(36)	(15)	-	8	-	(43)
Salaries and benefits payable	(228)	-	-	-	-	(228)
Self-insurance liability	374	198	-	-	-	572
Total adjustments	<u>110</u>	<u>183</u>	<u>-</u>	<u>8</u>	<u>-</u>	<u>301</u>
Net cash provided (used) by operating activities	<u>\$ (3,458)</u>	<u>\$ (1,470)</u>	<u>\$ 94</u>	<u>\$ 599</u>	<u>\$ 95</u>	<u>\$ (4,140)</u>



COUNTY
of SAN LUIS
OBISPO

**COMBINING FINANCIAL STATEMENTS
FIDUCIARY FUNDS**



COUNTY
of SAN LUIS
OBISPO

FIDUCIARY FUNDS

AGENCY FUNDS:

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

1915 Act

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

Clearing Funds

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

Other Funds

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

INVESTMENT TRUST FUNDS

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

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 AGENCY FUNDS
 JUNE 30, 2020 (IN THOUSANDS)**

	Clearing and Revolving Funds (92 Funds)	1915 Act Service Funds (17 Funds)	Other Agency Funds (35 Funds)	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 85,126	\$ 843	\$ 46,234	\$ 132,203
Total assets	<u>\$ 85,126</u>	<u>\$ 843</u>	<u>\$ 46,234</u>	<u>\$ 132,203</u>
<u>LIABILITIES</u>				
Assets held as agency for others	\$ 85,126	\$ 843	\$ 46,234	\$ 132,203
Total liabilities	<u>\$ 85,126</u>	<u>\$ 843</u>	<u>\$ 46,234</u>	<u>\$ 132,203</u>

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020 (IN THOUSANDS)

	Balance July 01, 2019	Additions	Deletions	Balance June 30, 2020
<u>Clearing and Revolving Funds (92 Funds)</u>				
Assets:				
Cash and cash equivalents	\$ 78,411	\$ 1,382,675	\$ 1,375,960	\$ 85,126
Total assets	<u>\$ 78,411</u>	<u>\$ 1,382,675</u>	<u>\$ 1,375,960</u>	<u>\$ 85,126</u>
Liabilities:				
Assets held as agency for others	\$ 78,411	\$ 1,382,675	\$ 1,375,960	\$ 85,126
Total liabilities	<u>\$ 78,411</u>	<u>\$ 1,382,675</u>	<u>\$ 1,375,960</u>	<u>\$ 85,126</u>
<u>1915 Act Service Funds (17 Funds)</u>				
Assets:				
Cash and cash equivalents	\$ 812	\$ 154	\$ 123	\$ 843
Total assets	<u>\$ 812</u>	<u>\$ 154</u>	<u>\$ 123</u>	<u>\$ 843</u>
Liabilities:				
Assets held as agency for others	\$ 812	\$ 154	\$ 123	\$ 843
Total liabilities	<u>\$ 812</u>	<u>\$ 154</u>	<u>\$ 123</u>	<u>\$ 843</u>
<u>Other Agency Funds (35 Funds)</u>				
Assets:				
Cash and cash equivalents	\$ 38,131	\$ 463,421	\$ 455,318	\$ 46,234
Total assets	<u>\$ 38,131</u>	<u>\$ 463,421</u>	<u>\$ 455,318</u>	<u>\$ 46,234</u>
Liabilities:				
Assets held as agency for others	\$ 38,131	\$ 463,421	\$ 455,318	\$ 46,234
Total liabilities	<u>\$ 38,131</u>	<u>\$ 463,421</u>	<u>\$ 455,318</u>	<u>\$ 46,234</u>
<u>Total All Agency Funds</u>				
Assets:				
Cash and cash equivalents	\$ 117,354	\$ 1,846,250	\$ 1,831,401	\$ 132,203
Total assets	<u>\$ 117,354</u>	<u>\$ 1,846,250</u>	<u>\$ 1,831,401</u>	<u>\$ 132,203</u>
Liabilities:				
Assets held as agency for others	\$ 117,354	\$ 1,846,250	\$ 1,831,401	\$ 132,203
Total liabilities	<u>\$ 117,354</u>	<u>\$ 1,846,250</u>	<u>\$ 1,831,401</u>	<u>\$ 132,203</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS
JUNE 30, 2020 (IN THOUSANDS)**

	School Districts (39 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
ASSETS					
Cash and cash equivalents	\$ 381,128	\$ 21,690	\$ 1,222	\$ 29,432	\$ 433,472
Total assets	<u>\$ 381,128</u>	<u>\$ 21,690</u>	<u>\$ 1,222</u>	<u>\$ 29,432</u>	<u>\$ 433,472</u>
NET POSITION					
Net position held in trust for pool participants	\$ 381,128	\$ 21,690	\$ 1,222	\$ 29,432	\$ 433,472
Total Net Position	<u>\$ 381,128</u>	<u>\$ 21,690</u>	<u>\$ 1,222</u>	<u>\$ 29,432</u>	<u>\$ 433,472</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2020 (IN THOUSANDS)**

	School Districts (39 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<u>Additions</u>					
Contributions to pooled investments	\$ 974,962	\$ 13,475	\$ 15,548	\$ 45,450	\$ 1,049,435
Interest	6,498	419	-	383	7,300
Total additions	<u>981,460</u>	<u>13,894</u>	<u>15,548</u>	<u>45,833</u>	<u>1,056,735</u>
<u>Deductions</u>					
Distributions from investment pool	<u>1,033,310</u>	<u>11,214</u>	<u>16,195</u>	<u>43,941</u>	<u>1,104,660</u>
Total deductions	<u>1,033,310</u>	<u>11,214</u>	<u>16,195</u>	<u>43,941</u>	<u>1,104,660</u>
Change in net position	(51,850)	2,680	(647)	1,892	(47,925)
Net position - beginning	<u>432,978</u>	<u>19,010</u>	<u>1,869</u>	<u>27,540</u>	<u>481,397</u>
Net position - ending	<u><u>\$ 381,128</u></u>	<u><u>\$ 21,690</u></u>	<u><u>\$ 1,222</u></u>	<u><u>\$ 29,432</u></u>	<u><u>\$ 433,472</u></u>



COUNTY
of SAN LUIS
OBISPO

**GENERAL FUND
DETAIL BUDGETARY COMPARISON SCHEDULES**



COUNTY
of SAN LUIS
OBISPO

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2020

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>General Government - Expenditures</u>				
<u>Legislative and Administrative</u>				
Administrative Office:				
Salaries, wages, and benefits	\$ 2,362	\$ 2,726	\$ 2,422	\$ 304
Services and supplies	172	399	329	70
Other charges	-	150	150	-
Expenditure transfers and reimbursements	(114)	(114)	(111)	(3)
Total	2,420	3,161	2,790	371
Board of Supervisors:				
Salaries, wages, and benefits	1,559	1,559	1,486	73
Services and supplies	220	220	167	53
Expenditure transfers and reimbursements	(42)	(42)	(43)	1
Total	1,737	1,737	1,610	127
Clerk/Recorder:				
Salaries, wages, and benefits	2,360	2,218	2,050	168
Services and supplies	1,129	1,402	1,240	162
Capital outlay	-	296	297	(1)
Expenditure transfers and reimbursements	-	-	(1)	1
Total	3,489	3,916	3,586	330
Communications & Outreach				
Salaries, wages, and benefits	131	131	117	14
Services and supplies	28	28	19	9
Total	159	159	136	23
Total Legislative and Administrative	7,805	8,973	8,122	851
<u>Finance</u>				
Assessor:				
Salaries, wages, and benefits	9,955	9,880	9,125	755
Services and supplies	1,066	1,287	1,255	32
Capital outlay	-	8	8	-
Total	11,021	11,175	10,388	787
Auditor-Controller-Treasurer-Tax Collector				
Public Administrator:				
Salaries, wages, and benefits	7,778	7,778	7,267	511
Services and supplies	725	790	579	211
Other charges	-	-	-	-
Capital outlay	10	10	9	1
Expenditure transfers and reimbursements	(20)	(20)	(17)	(3)
Total	8,493	8,558	7,838	720
Total Finance	19,514	19,733	18,226	1,507

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2020

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>General Government - Expenditures</u> (continued)				
<u>Counsel</u>				
County Counsel:				
Salaries, wages, and benefits	\$ 4,060	\$ 4,060	\$ 3,623	\$ 437
Services and supplies	1,037	1,454	505	949
Total Counsel	<u>5,097</u>	<u>5,514</u>	<u>4,128</u>	<u>1,386</u>
<u>Personnel</u>				
Personnel:				
Salaries, wages, and benefits	5,072	5,072	4,865	207
Services and supplies	1,914	2,056	1,712	344
Expenditure transfers and reimbursement	<u>(1,033)</u>	<u>(1,033)</u>	<u>(1,017)</u>	<u>(16)</u>
Total Personnel	<u>5,953</u>	<u>6,095</u>	<u>5,560</u>	<u>535</u>
Talent Development:				
Salaries, wages, and benefits	268	268	144	124
Services and supplies	526	526	346	180
Total Talent Development	<u>794</u>	<u>794</u>	<u>490</u>	<u>304</u>
Total Personnel	<u>6,747</u>	<u>6,889</u>	<u>6,050</u>	<u>839</u>
<u>Property Management</u>				
Facilities Management:				
Salaries, wages, and benefits	4,463	4,480	4,122	358
Services and supplies	4,367	4,462	4,016	446
Other charges	-	-	-	-
Expenditure transfers and reimbursements	<u>(1,941)</u>	<u>(1,941)</u>	<u>(2,043)</u>	<u>102</u>
Total	<u>6,889</u>	<u>7,001</u>	<u>6,095</u>	<u>906</u>
Maintenance Projects:				
Services and supplies	2,697	10,538	4,037	6,501
Total	<u>2,697</u>	<u>10,538</u>	<u>4,037</u>	<u>6,501</u>
Central Services				
Salaries, wages, and benefits	1,804	1,830	1,764	66
Services and supplies	2,907	2,908	2,854	54
Other charges	109	109	108	1
Capital outlay	-	19	-	19
Expenditure transfers and reimbursements	<u>(541)</u>	<u>(541)</u>	<u>(572)</u>	<u>31</u>
Total	<u>4,279</u>	<u>4,325</u>	<u>4,154</u>	<u>171</u>
Total Property Management	<u>13,865</u>	<u>21,864</u>	<u>14,286</u>	<u>7,578</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2020

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>General Government - Expenditures</u> (continued)				
<u>Other General</u>				
Information Technology:				
Salaries, wages, and benefits	\$ 13,501	\$ 13,501	\$ 12,779	\$ 722
Services and supplies	4,503	4,909	4,366	543
Capital outlay	-	13	13	-
Other charges	30	30	30	-
Expenditure transfers and reimbursements	(6,318)	(6,318)	(6,214)	(104)
Total	<u>11,716</u>	<u>12,135</u>	<u>10,974</u>	<u>1,161</u>
Non-Department Financing Uses:				
Services and supplies	-	2,000	65	1,935
Other Charges	-	192	192	-
Expenditure transfers and reimbursements	(14,120)	(14,120)	(13,969)	(151)
Total	<u>(14,120)</u>	<u>(11,928)</u>	<u>(13,712)</u>	<u>1,784</u>
Contributions to Other Agencies:				
Services and supplies	1,982	2,590	1,940	650
Total	<u>1,982</u>	<u>2,590</u>	<u>1,940</u>	<u>650</u>
Non-Department Other:				
Services and supplies	634	15,633	441	15,192
Capital Outlay	-	720	106	614
Expenditure transfers and reimbursements	-	-	-	-
Total	<u>634</u>	<u>16,353</u>	<u>547</u>	<u>15,806</u>
Total Other General	<u>212</u>	<u>19,150</u>	<u>(251)</u>	<u>19,401</u>
Total General Government	<u>53,240</u>	<u>82,123</u>	<u>50,561</u>	<u>31,562</u>
<u>Public Protection - Expenditures</u>				
<u>Judicial</u>				
Court Operations Fund:				
Other charges	2,427	2,427	2,408	19
Total	<u>2,427</u>	<u>2,427</u>	<u>2,408</u>	<u>19</u>
District Attorney:				
Salaries, wages, and benefits	17,025	17,009	16,414	595
Services and supplies	2,077	2,204	2,028	176
Other charges	73	191	184	7
Capital outlay	6	37	21	16
Expenditure transfers and reimbursements	(26)	(26)	(27)	1
Total	<u>19,155</u>	<u>19,415</u>	<u>18,620</u>	<u>795</u>
Child Support Services:				
Salaries, wages, and benefits	3,953	3,953	3,091	862
Services and supplies	922	982	828	154
Total	<u>4,875</u>	<u>4,935</u>	<u>3,919</u>	<u>1,016</u>
Grand Jury:				
Salaries, wages, and benefits	34	34	10	24
Services and supplies	95	96	61	35
Total	<u>129</u>	<u>130</u>	<u>71</u>	<u>59</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2020

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Public Protection - Expenditures</u> (continued)				
<u>Judicial</u> (continued)				
Public Defender:				
Services and supplies	\$ 7,386	\$ 7,420	\$ 7,402	\$ 18
Total	<u>7,386</u>	<u>7,420</u>	<u>7,402</u>	<u>18</u>
 Total Judicial	 <u>33,972</u>	 <u>34,327</u>	 <u>32,420</u>	 <u>1,907</u>
<u>Police Protection</u>				
Sheriff-Coroner:				
Salaries, wages, and benefits	68,013	72,230	69,907	2,323
Services and supplies	13,970	14,061	13,554	507
Other charges	-	70	29	41
Capital outlay	160	858	368	490
Expenditure transfers and reimbursements	(767)	(767)	(1,003)	236
Total Police Protection	<u>81,376</u>	<u>86,452</u>	<u>82,855</u>	<u>3,597</u>
<u>Detention and Correction</u>				
Probation Department:				
Salaries, wages, and benefits	19,423	19,801	18,309	1,492
Services and supplies	5,381	7,537	5,136	2,401
Capital outlay	-	35	-	35
Expenditure transfers and reimbursements	(242)	(242)	(231)	(11)
Total Detention and Correction	<u>24,562</u>	<u>27,131</u>	<u>23,214</u>	<u>3,917</u>
<u>Fire Protection</u>				
County Fire:				
Salaries, wages, and benefits	-	6	6	-
Services and supplies	25,595	26,282	24,123	2,159
Other charges	-	95	44	51
Capital outlay	1,480	3,409	1,359	2,050
Total Fire Protection	<u>27,075</u>	<u>29,792</u>	<u>25,532</u>	<u>4,260</u>
<u>Protective Inspection</u>				
Agricultural Commissioner:				
Salaries, wages, and benefits	5,544	5,622	5,423	199
Services and supplies	971	1,085	1,000	85
Other charges	33	33	29	4
Capital outlay	7	7	6	1
Expenditure transfers and reimbursements	(2)	(2)	(2)	-
Total Protective Inspection	<u>6,553</u>	<u>6,745</u>	<u>6,456</u>	<u>289</u>
<u>Other Protection</u>				
Animal Services:				
Salaries, wages, and benefits	1,940	1,940	1,713	227
Services and supplies	930	936	853	83
Capital outlay	-	-	-	-
Total	<u>2,870</u>	<u>2,876</u>	<u>2,566</u>	<u>310</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2020

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Public Protection - Expenditures</u> (continued)				
<u>Other Protection</u> (continued)				
Emergency Services:				
Salaries, wages, and benefits	\$ 924	\$ 978	\$ 941	\$ 37
Services and supplies	546	1,175	5,294	(4,119)
Other charges	280	932	573	359
Capital outlay	-	50	45	5
Total	1,750	3,135	6,853	(3,718)
Planning Department:				
Salaries, wages, and benefits	13,104	13,146	11,945	1,201
Services and supplies	3,000	4,598	3,375	1,223
Capital outlay	6	6	-	6
Expenditure transfers and reimbursements	-	-	(5)	5
Total	16,110	17,750	15,315	2,435
Waste Management:				
Services and supplies	1,244	1,303	841	462
Other charges	10	10	10	--
Total	1,254	1,313	851	462
Total Other Protection	21,984	25,074	25,585	(511)
Total Public Protection	195,522	209,521	196,062	13,459
<u>Public Ways and Facilities - Expenditures</u>				
<u>Public Works:</u>				
Services and supplies	4,389	6,553	3,184	3,369
Other charges	36	456	197	259
Capital outlay	-	-	-	-
Total	4,425	7,009	3,381	3,628
Total Public Ways and Facilities	4,425	7,009	3,381	3,628
<u>Health and Sanitation - Expenditures</u>				
<u>Health</u>				
Public Health:				
Salaries, wages, and benefits	23,243	22,481	21,462	1,019
Services and supplies	7,304	9,915	9,283	632
Other charges	1,299	2,061	1,182	879
Capital outlay	9	305	-	305
Expenditure transfers and reimbursements	(2,627)	(4,183)	(4,746)	563
Total	29,228	30,579	27,181	3,398

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2020

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Health and Sanitation - Expenditures</u> (continued)				
<u>Health</u> (continued)				
Behavioral Health:				
Salaries, wages, and benefits	\$ 36,506	\$ 35,423	\$ 33,641	\$ 1,782
Services and supplies	42,003	45,629	42,855	2,774
Other charges	1,600	3,536	2,771	765
Capital outlay	-	30	27	3
Expenditure transfers and reimbursements	(1,293)	(2,021)	(1,415)	(606)
Total	<u>78,816</u>	<u>82,597</u>	<u>77,879</u>	<u>4,718</u>
Total Health	<u>108,044</u>	<u>113,176</u>	<u>105,060</u>	<u>8,116</u>
Total Health and Sanitation	<u>108,044</u>	<u>113,176</u>	<u>105,060</u>	<u>8,116</u>
<u>Public Assistance - Expenditures</u>				
<u>Administration</u>				
Department of Social Services:				
Salaries, wages, and benefits	53,185	53,185	48,961	4,224
Services and supplies	21,934	22,213	19,335	2,878
Other charges	18,143	21,015	13,294	7,721
Capital outlay	10	10	10	-
Expenditure transfers and reimbursements	(66)	(66)	(125)	59
Total Administration	<u>93,206</u>	<u>96,357</u>	<u>81,475</u>	<u>14,882</u>
<u>Aid Programs</u>				
Aid Foster Care Non-Fed:				
Services and supplies	92	92	92	-
Other charges	27,355	28,548	27,618	930
Expenditure transfers and reimbursement	(238)	(238)	(10)	(228)
Total	<u>27,209</u>	<u>28,402</u>	<u>27,700</u>	<u>702</u>
Calworks Assistance:				
Other charges	9,684	11,149	10,883	266
Total	<u>9,684</u>	<u>11,149</u>	<u>10,883</u>	<u>266</u>
Total Aid Programs	<u>36,893</u>	<u>39,551</u>	<u>38,583</u>	<u>968</u>
<u>General Relief</u>				
General Relief:				
Other charges	1,365	1,697	1,692	5
Total General Relief	<u>1,365</u>	<u>1,697</u>	<u>1,692</u>	<u>5</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2020

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Public Assistance - Expenditures</u> (continued)				
<u>Veterans Service</u>				
Veterans Service:				
Salaries, wages, and benefits	\$ 820	\$ 820	\$ 711	\$ 109
Services and supplies	142	142	83	59
Other charges	-	11	-	11
Total Veterans Service	<u>962</u>	<u>973</u>	<u>794</u>	<u>179</u>
<u>Other Assistance</u>				
Law Enforcement Med Care:				
Salaries, wages, and benefits	380	380	259	121
Services and supplies	8,170	8,252	7,922	330
Expenditure transfers and reimbursements	(223)	(223)	(229)	6
Total Other Assistance	<u>8,327</u>	<u>8,409</u>	<u>7,952</u>	<u>457</u>
Total Public Assistance	<u>140,753</u>	<u>146,987</u>	<u>130,496</u>	<u>16,491</u>
<u>Education - Expenditures</u>				
<u>Agricultural Education</u>				
UC Cooperative Extension				
Salaries, wages, and benefits	511	519	499	20
Services and supplies	120	120	109	11
Capital outlay	-	-	-	-
Total Agricultural Education	<u>631</u>	<u>639</u>	<u>608</u>	<u>31</u>
Total Education	<u>631</u>	<u>639</u>	<u>608</u>	<u>31</u>
<u>Recreation and Culture - Expenditures</u>				
<u>Community Parks</u>				
Salaries, wages, and benefits	3,016	2,964	2,762	202
Services and supplies	1,842	2,174	1,977	197
Capital outlay	55	55	19	36
Other Charges	152	152	57	95
Expenditure transfers and reimbursements	(7)	(7)	(2)	(5)
Total Community Parks	<u>5,058</u>	<u>5,338</u>	<u>4,813</u>	<u>525</u>
Total Recreation and Culture	<u>5,058</u>	<u>5,338</u>	<u>4,813</u>	<u>525</u>
Total General Fund - Expenditures (Before Contingencies)	<u>507,673</u>	<u>564,793</u>	<u>490,981</u>	<u>73,812</u>

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2020

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Contingencies</u>				
<u>Appropriation for Contingencies</u>				
Contingencies - General Fund:				
Appropriation for contingency	\$ 26,143	\$ 3,093	\$ -	\$ 3,093
Total	<u>26,143</u>	<u>3,093</u>	<u>-</u>	<u>3,093</u>
 Total Appropriation for Contingency	 26,143	 3,093	 -	 3,093
 Total Contingency	 26,143	 3,093	 -	 3,093
 Total General Fund Expenditures	 <u>\$ 533,816</u>	 <u>\$ 567,886</u>	 <u>\$ 490,981</u>	 <u>\$ 76,905</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

\$ 490,981

Differences - budget to GAAP:

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

4,032

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

\$ 495,013

STATISTICAL SECTION



COUNTY
of SAN LUIS
OBISPO

COUNTY OF SAN LUIS OBISPO

Statistical Section

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

	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	150
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	157
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	162
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	165
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	167

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Governmental Activities										
Net investment in capital assets	\$ 1,084,978	\$ 1,099,885	\$ 1,103,924	\$ 1,112,934	\$ 1,130,241	\$ 1,168,573	\$ 1,178,967	\$ 1,185,073	\$ 1,188,830	\$ 1,202,709
Restricted	36,258	31,477	28,863	43,109	37,722	41,230	64,822	29,836	41,281	66,655
Unrestricted	234,786	265,454	304,257	325,113	(150,074)	(170,962)	(226,970)	(217,606)	(220,206)	(286,622)
Total governmental activities net position	\$ 1,356,022	\$ 1,396,816	\$ 1,437,044	\$ 1,481,156	\$ 1,017,889	\$ 1,038,841	\$ 1,016,819	\$ 997,303	\$ 1,009,905	\$ 982,742
Business-type Activities										
Net investment in capital assets	\$ 149,097	\$ 153,801	\$ 167,138	\$ 188,485	\$ 213,455	\$ 237,157	\$ 270,246	\$ 283,410	\$ 285,888	\$ 288,781
Unrestricted	38,665	33,081	58,433	98,097	97,173	93,158	85,316	73,113	83,039	94,335
Total business-type activities net position	\$ 187,762	\$ 186,882	\$ 225,571	\$ 286,582	\$ 310,628	\$ 330,315	\$ 355,562	\$ 356,523	\$ 368,927	\$ 383,116
Total Primary Government										
Net investment in capital assets	\$ 1,234,075	\$ 1,253,686	\$ 1,271,062	\$ 1,301,419	\$ 1,343,696	\$ 1,405,730	\$ 1,449,213	\$ 1,468,483	\$ 1,474,718	\$ 1,491,490
Restricted	36,258	31,477	28,863	43,109	37,722	41,230	64,822	29,836	41,281	66,655
Unrestricted	273,451	298,535	362,690	423,210	(52,901)	(77,804)	(141,654)	(144,493)	(137,167)	(192,287)
Total primary government net position	\$ 1,543,784	\$ 1,583,698	\$ 1,662,615	\$ 1,767,738	\$ 1,328,517	\$ 1,369,156	\$ 1,372,381	\$ 1,353,826	\$ 1,378,832	\$ 1,365,858

Note:

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

Sources:

Statement of Net Assets for FY 2010-2011 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)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Expenses										
Governmental Activities										
General government	\$ 35,344	\$ 35,231	\$ 34,507	\$ 36,866	\$ 45,598	\$ 53,282	\$ 56,390	\$ 56,858	\$ 54,434	\$ 53,926
Public protection	132,413	136,219	142,353	148,135	162,432	170,134	187,255	183,814	213,809	241,749
Public ways and facilities	27,365	27,120	28,474	28,253	34,136	33,418	32,098	41,606	34,202	33,199
Health and sanitation	66,657	65,799	69,222	74,313	78,137	88,326	99,150	103,822	119,259	113,463
Public assistance	98,841	96,435	97,929	99,449	110,470	118,089	125,102	122,753	131,432	132,868
Education	10,057	10,000	9,922	9,611	9,457	11,934	12,787	12,754	12,698	14,322
Recreation and cultural services	7,363	7,344	9,735	7,745	9,755	8,702	10,385	8,927	11,891	11,501
Interest on long term debt	6,787	6,620	6,041	5,270	5,124	4,602	4,555	11,840	1,468	7,057
Total Governmental Activities Expenses	384,827	384,768	398,183	409,642	455,109	488,487	527,722	542,374	579,193	608,085
Business-type Activities Expenses										
Airport	7,732	5,422	5,435	5,664	6,187	6,117	6,391	7,966	8,398	10,133
Golf	2,690	2,863	2,779	2,608	2,968	3,131	3,111	3,297	3,491	3,347
State Water Contract	6,705	6,761	5,536	5,992	6,351	5,848	5,571	5,909	6,973	7,709
Nacimiento Water Contract	11,844	11,901	14,738	13,840	15,776	14,888	14,191	14,044	14,318	13,257
Lopez Flood Control	6,499	5,752	6,548	6,116	6,128	6,220	6,387	7,072	7,004	6,733
Lopez Park	-	-	-	-	4	4	4	3	3	2
General Flood Control Zone - Salinas Dam	928	1,816	746	809	845	824	851	1,056	1,142	913
Transit	1,105	8	-	-	-	-	-	-	-	-
County Service Areas	3,877	3,836	3,779	3,857	4,194	4,065	4,218	4,445	4,747	4,670
Los Osos Wastewater	5	6,672	344	231	235	3,807	10,322	10,918	11,544	11,636
Total Business-type Activities Expenses	41,385	45,031	39,905	39,117	42,688	44,904	51,046	54,710	57,620	58,400
Total Primary Government Expenses	\$ 426,212	\$ 429,799	\$ 438,088	\$ 448,759	\$ 497,797	\$ 533,391	\$ 578,768	\$ 597,084	\$ 636,813	\$ 666,485
Program Revenues										
Governmental Activities										
Fees, Fines, Charges for Services										
General government	\$ 13,971	\$ 17,545	\$ 16,575	\$ 14,678	\$ 12,407	\$ 13,702	\$ 14,839	\$ 12,937	\$ 13,484	\$ 12,967
Public protection	20,843	15,679	16,352	23,035	20,774	20,768	21,231	23,666	22,946	21,291
Public ways and facilities	11,549	5,069	5,465	4,356	4,255	9,434	7,462	6,155	5,721	4,797
Health and sanitation	7,453	6,014	5,196	6,570	6,631	7,179	6,757	7,501	7,698	8,571
Public assistance	2,399	2,366	2,920	2,070	2,077	2,107	2,032	1,763	1,194	1,155
Education	2,037	2,545	3,583	1,723	2,998	1,952	1,644	2,006	1,943	2,193
Recreation and cultural services	3,714	3,952	4,435	4,537	5,056	4,975	5,127	5,592	5,515	4,295
Operating Grants and Contributions										
General Government	1,120	628	122	252	54	735	748	321	200	685
Public Protection	37,244	45,646	50,477	54,233	62,359	63,528	52,205	58,184	59,592	59,974
Public ways and facilities	9,446	11,813	15,018	14,688	14,145	11,025	9,918	11,506	10,485	11,302
Health and sanitation	48,567	44,741	55,064	57,344	62,338	61,950	67,626	76,494	76,211	74,699
Public assistance	86,479	85,505	87,912	89,640	94,775	98,414	102,784	105,848	107,758	114,525
Education	289	175	175	102	105	124	132	173	143	204
Recreation and cultural services	357	18	350	-	131	153	273	671	200	230
Capital Grants and Contributions										
General government	279	843	8	69	156	45	-	349	930	-
Public protection	-	-	-	3,315	9,701	4,420	7,820	656	1,197	1,799
Public ways and facilities	7,411	12,930	3,479	5,570	6,435	6,031	6,655	8,893	14,361	17,732
Health and sanitation	-	-	-	-	-	-	-	-	-	-
Public assistance	-	-	-	-	-	-	-	-	-	267
Recreation and cultural services	81	247	50	282	1,776	10,804	1,157	191	28	86
Total Governmental Activities Revenues	253,239	255,716	267,181	282,464	306,173	317,346	308,410	322,906	329,606	336,772

Source: Statement of Activities

(continued)

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Business-type Activities										
Fees, Fines, Charges for Services										
Airport	3,888	3,719	4,053	4,493	4,883	5,165	5,662	7,158	8,947	8,300
Golf	2,590	2,690	2,639	2,779	2,967	2,589	2,291	2,584	2,717	2,750
State Water Contract	6,453	6,609	6,185	6,358	6,562	6,846	5,941	6,110	7,656	7,825
Nacimiento Water Contract	7,968	13,893	13,800	13,685	9,682	17,048	15,149	15,709	16,947	16,732
Lopez Flood Control	6,359	6,440	6,174	6,123	6,208	6,530	6,708	6,677	7,148	6,978
Lopez Park	-	-	-	-	-	-	-	-	-	-
General Flood Control Zone - Salinas Dam	1,870	1,252	730	861	794	960	904	909	913	2,884
County Service Areas	3,090	3,186	3,352	3,312	3,408	-	2,301	3,662	3,894	4,492
Los Osos Wastewater	-	-	-	-	-	3,551	3,620	4,467	5,100	5,245
Operating Grants and Contributions										
Airport	180	372	132	127	126	126	126	396	328	4,644
Golf	-	5	-	-	269	-	1,017	-	-	-
State Water Contract	10	10	13	13	13	13	14	14	14	14
Nacimiento Water Contract	30	28	29	12	9	9	-	6	-	-
Lopez Flood Control	15	15	15	8	8	8	-	7	5	5
Lopez Park	-	-	-	-	-	-	-	-	-	-
Transit	1,097	-	-	-	-	-	-	-	-	-
General Flood Control Zone - Salinas Dam	-	-	-	-	-	-	-	-	26	-
County Service Areas	3	3	3	3	211	295	3	3	13	3
Los Osos Wastewater	-	35	1	-	-	2,810	18	-	-	-
Capital Grants and Contributions										
Airport	2,074	138	572	1,770	365	7,069	15,379	2,211	3,139	505
Nacimiento Water Contract	-	-	-	-	-	-	-	24	-	-
County Service Areas	288	64	294	2	-	-	-	-	-	-
Los Osos Wastewater	9,357	9,127	35,717	57,507	26,385	4,157	10,086	2,982	4,860	2,618
Total Business-Type Activities Revenues	<u>45,272</u>	<u>47,586</u>	<u>73,709</u>	<u>97,053</u>	<u>61,890</u>	<u>57,176</u>	<u>69,219</u>	<u>52,919</u>	<u>61,707</u>	<u>62,995</u>
Total Primary Government Revenues	<u>\$ 298,511</u>	<u>\$ 303,302</u>	<u>\$ 340,890</u>	<u>\$ 379,517</u>	<u>\$ 368,063</u>	<u>\$ 374,522</u>	<u>\$ 377,629</u>	<u>\$ 375,825</u>	<u>\$ 391,313</u>	<u>\$ 399,767</u>
Net (Expense)/Revenues										
Governmental Activities	\$ (131,588)	\$ (129,052)	\$ (131,002)	\$ (127,178)	\$ (148,936)	\$ (171,141)	\$ (219,312)	\$ (219,468)	\$ (249,587)	\$ (271,313)
Business-Type Activities	3,887	2,555	33,804	57,936	19,202	12,272	18,173	(1,791)	4,087	4,595
Total Primary Government net expense	<u>\$ (127,701)</u>	<u>\$ (126,497)</u>	<u>\$ (97,198)</u>	<u>\$ (69,242)</u>	<u>\$ (129,734)</u>	<u>\$ (158,869)</u>	<u>\$ (201,139)</u>	<u>\$ (221,259)</u>	<u>\$ (245,500)</u>	<u>\$ (266,718)</u>
General Revenue and Other Changes in Net Position										
Governmental Activities										
Property Taxes	\$ 139,214	\$ 140,288	\$ 143,182	\$ 152,256	\$ 155,374	\$ 163,367	\$ 173,153	\$ 180,051	\$ 189,689	\$ 198,927
Other Taxes	14,393	16,330	23,940	22,088	22,984	21,953	23,072	25,708	27,224	27,878
Interest and investment income	986	1,202	733	599	3,174	4,401	3,289	3,171	12,952	12,849
Unrestricted Grants	3,520	3,978	3,537	1,727	13,327	3,140	63	2,740	2,115	3,845
Other revenues	172	-	4	-	-	-	5	2	35,445	1,144
Transfers	150	8,048	(166)	(790)	(2,676)	(768)	(2,292)	2,267	(625)	(493)
Special Item	-	-	-	(2,800)	-	-	-	-	-	-
Total Governmental Activities	<u>158,435</u>	<u>169,846</u>	<u>171,230</u>	<u>173,080</u>	<u>192,183</u>	<u>192,093</u>	<u>197,290</u>	<u>213,939</u>	<u>266,800</u>	<u>244,150</u>
Business-type Activities										
Property Taxes	3,841	3,799	4,145	4,402	4,782	4,782	3,814	3,858	3,912	4,043
Other Taxes	28	28	29	32	-	-	-	-	-	-
Interest and investment income	965	755	385	595	659	847	630	1,272	1,590	2,169
Other revenues	447	31	160	40	183	268	338	-	574	2,889
Transfers	(150)	(8,048)	166	790	2,676	768	2,292	(2,267)	625	493
Total Business-type Activities	<u>5,131</u>	<u>(3,435)</u>	<u>4,885</u>	<u>5,859</u>	<u>8,300</u>	<u>6,665</u>	<u>7,074</u>	<u>2,863</u>	<u>6,701</u>	<u>9,594</u>
Total Primary Government	<u>\$ 163,566</u>	<u>\$ 166,411</u>	<u>\$ 176,115</u>	<u>\$ 178,939</u>	<u>\$ 200,483</u>	<u>\$ 198,758</u>	<u>\$ 204,364</u>	<u>\$ 216,802</u>	<u>\$ 273,501</u>	<u>\$ 253,744</u>
Change in Net Position										
Governmental Activities	\$ 26,847	\$ 40,794	\$ 40,228	\$ 45,902	\$ 43,247	\$ 20,952	\$ (22,022)	\$ (5,529)	\$ 17,213	\$ (27,163)
Business-Type Activities	9,018	(880)	38,689	63,795	27,502	18,937	25,247	1,072	10,788	14,189
Total Primary Government	<u>\$ 35,865</u>	<u>\$ 39,914</u>	<u>\$ 78,917</u>	<u>\$ 109,697</u>	<u>\$ 70,749</u>	<u>\$ 39,889</u>	<u>\$ 3,225</u>	<u>\$ (4,457)</u>	<u>\$ 28,001</u>	<u>\$ (12,974)</u>

Source: Statement of Activities

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
General Fund										
Nonspendable	\$ 3,333	\$ 3,176	\$ 3,092	\$ 779	\$ 5,089	\$ 3,454	\$ 3,535	\$ 18,511	\$ 19,222	\$ 18,734
Restricted	7,113	6,682	4,005	3,214	2,945	2,872	2,649	10,083	12,276	10,915
Committed	62,380	68,880	96,365	116,940	138,140	168,619	164,492	152,501	169,846	175,455
Assigned	-	-	104,237	118,248	125,112	122,925	126,596	107,145	127,007	119,426
Unassigned	87,741	102,291	-	-	-	-	-	-	-	-
Total General Fund	\$ 160,567	\$ 181,029	\$ 207,699	\$ 239,181	\$ 271,286	\$ 297,870	\$ 297,272	\$ 288,240	\$ 328,351	\$ 324,530
All Other Governmental Funds										
Nonspendable	\$ 352	\$ 390	\$ 596	\$ -	\$ 920	\$ 3,776	\$ 3	\$ 24	\$ 36	\$ 4
Restricted	22,065	19,788	18,311	20,164	20,563	21,317	24,192	24,750	33,496	57,057
Committed	55,446	61,144	65,903	74,240	78,508	61,926	94,904	62,307	66,616	67,593
Assigned	94	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(486)	-	-	(3,038)	-	-
Total all other Governmental Funds	\$ 77,957	\$ 81,322	\$ 84,810	\$ 94,404	\$ 99,505	\$ 87,019	\$ 119,099	\$ 84,043	\$ 100,148	\$ 124,654

Source: Balance Sheet - Governmental Funds

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Revenues										
Taxes	\$ 155,419	\$ 160,920	\$ 171,771	\$ 177,765	\$ 178,740	\$ 185,764	\$ 196,822	\$ 203,583	\$ 217,106	\$ 223,041
Licenses, permits, and franchises	7,413	7,863	9,247	10,694	10,452	10,539	11,446	11,140	12,133	11,477
Fines, forfeitures, and penalties	7,993	6,750	6,654	5,257	5,686	5,173	4,339	5,977	4,396	3,916
Revenues from use of money and property	1,242	2,273	1,475	1,373	3,864	4,939	3,984	3,779	12,268	12,247
Aid from governmental agencies	194,625	206,372	209,234	229,283	261,351	256,490	254,350	262,660	271,961	277,267
Charges for current services	56,486	45,538	41,690	50,071	43,530	46,308	49,460	49,793	47,957	46,712
Other revenues	6,531	8,451	11,342	6,235	9,110	11,504	8,481	6,869	25,278	12,396
Total revenues	<u>429,709</u>	<u>438,167</u>	<u>451,413</u>	<u>480,678</u>	<u>512,733</u>	<u>520,717</u>	<u>528,882</u>	<u>543,801</u>	<u>591,099</u>	<u>587,056</u>
Expenditures										
Current:										
General government	50,321	45,850	44,374	44,317	51,207	54,461	54,918	60,445	54,991	54,078
Public protection	135,636	138,579	143,832	148,155	157,783	156,096	164,839	175,175	185,033	205,162
Public ways and facilities	37,261	40,338	34,178	28,528	29,903	41,044	29,077	42,254	35,267	43,865
Health and sanitation	68,472	67,830	70,021	74,586	75,116	81,591	88,623	99,885	103,512	108,158
Public assistance	100,202	97,185	98,059	99,442	107,104	111,227	113,392	117,066	121,327	131,154
Education	10,191	9,973	9,901	12,205	11,388	10,534	11,560	11,640	12,191	12,769
Recreational and cultural services	7,187	6,998	7,538	7,993	10,104	9,888	9,963	10,358	10,574	11,637
Debt service:										
Principal payments	4,595	4,435	4,065	5,412	6,070	6,788	7,576	50,989	5,093	10,561
Interest and fiscal charges	6,464	6,289	5,863	5,419	5,209	4,687	4,639	11,666	1,204	6,416
Debt issuance costs	-	-	269	-	-	-	-	-	-	-
Capital outlay	3,399	5,540	3,692	11,312	20,019	30,465	11,554	11,828	6,374	7,645
Total expenditures	<u>423,728</u>	<u>423,017</u>	<u>421,792</u>	<u>437,369</u>	<u>473,903</u>	<u>506,781</u>	<u>496,141</u>	<u>591,306</u>	<u>535,566</u>	<u>591,445</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,981</u>	<u>15,150</u>	<u>29,621</u>	<u>43,309</u>	<u>38,830</u>	<u>13,936</u>	<u>32,741</u>	<u>(47,505)</u>	<u>55,533</u>	<u>(4,389)</u>

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

(continued)

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Other Financing Sources										
Refunding certificates of participation issued	-	-	14,427	-	-	-	-	-	-	-
Premium on refunding certificates of participation issued	-	-	1,418	-	-	-	-	-	-	-
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	20,384
Premium on lease revenue bonds issued	-	-	-	-	-	-	-	-	-	4,023
Payment to refunded escrow agent	-	-	(16,400)	-	-	-	-	-	-	-
Discount on certificates of participation issued	-	-	-	-	-	-	-	-	-	-
Transfers in	34,421	35,815	48,113	26,502	33,299	35,803	57,668	54,782	31,633	36,803
Transfers out	(33,595)	(27,138)	(47,021)	(25,935)	(34,924)	(35,641)	(58,927)	(51,365)	(30,950)	(36,136)
Total other financing sources (uses)	<u>826</u>	<u>8,677</u>	<u>(15,308)</u>	<u>567</u>	<u>(1,625)</u>	<u>162</u>	<u>(1,259)</u>	<u>3,417</u>	<u>683</u>	<u>25,074</u>
Special Item	-	-	-	-	(2,800)	-	-	-	-	-
Net change in fund balances	<u>\$ 6,807</u>	<u>\$ 23,827</u>	<u>\$ 14,313</u>	<u>\$ 43,876</u>	<u>\$ 34,405</u>	<u>\$ 14,098</u>	<u>\$ 31,482</u>	<u>\$ (44,088)</u>	<u>\$ 56,216</u>	<u>\$ 20,685</u>
Debt Service as a percentage of non-capital expenditures	2.80%	2.73%	2.48%	2.61%	2.57%	2.54%	2.62%	11.25%	1.23%	3.05%

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

San Luis Obispo County
Estimated 30 Year Pension Liability Funding
Schedule Based on January 1, 2020 Actuarial Valuation
6.875% Discount Rate Assumption - 6.875% Actual Returns
2.75% Payroll Growth Assumption
(In Millions)

Valuation as of January 1,	Input Market Return for Past Fiscal Year	Actual Total Contribution Rate for Fiscal Year	Compensation at Valuation	Determined Contribution	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded AAL	Funded Ratio	Market Value of Assets (MVA)	Funded Ratio Using MVA
2020	6.88%	42.98%	\$ 206	\$ 88	\$ 2,170	\$ 1,417	\$ 753	65.3%	\$ 1,439	66.3%
2021	6.88%	46.39%	211	98	2,248	1,497	751	66.6%	1,513	67.3%
2022	6.88%	47.46%	217	103	2,325	1,587	738	68.3%	1,596	68.6%
2023	6.88%	46.88%	223	105	2,402	1,663	739	69.2%	1,682	70.0%
2024	6.88%	46.85%	229	107	2,477	1,770	707	71.5%	1,770	71.5%
2025	6.88%	45.83%	236	108	2,551	1,860	691	72.9%	1,860	72.9%
2026	6.88%	45.55%	242	110	2,624	1,949	675	74.3%	1,949	74.3%
2027	6.88%	45.31%	249	113	2,695	2,041	654	75.7%	2,041	75.7%
2028	6.88%	45.09%	256	115	2,765	2,134	631	77.2%	2,134	77.2%
2029	6.88%	44.89%	263	118	2,834	2,229	605	78.7%	2,229	78.7%
2030	6.88%	44.72%	270	121	2,902	2,327	575	80.2%	2,327	80.2%
2031	6.88%	44.56%	277	124	2,969	2,428	541	81.8%	2,428	81.8%
2032	6.88%	44.43%	285	127	3,034	2,533	501	83.5%	2,533	83.5%
2033	6.88%	44.31%	293	130	3,099	2,641	458	85.2%	2,641	85.2%
2034	6.88%	44.19%	301	133	3,164	2,754	410	87.0%	2,754	87.0%
2035	6.88%	44.09%	309	136	3,227	2,871	356	89.0%	2,871	89.0%
2036	6.88%	44.00%	317	140	3,290	2,994	296	91.0%	2,994	91.0%
2037	6.88%	43.92%	326	143	3,353	3,123	230	93.1%	3,123	93.1%
2038	6.88%	43.86%	335	147	3,415	3,259	156	95.4%	3,259	95.4%
2039	6.88%	41.94%	344	144	3,478	3,403	75	97.8%	3,403	97.8%
2040	6.88%	16.62%	354	59	3,541	3,548	(7)	100.2%	3,548	100.2%
2041	6.88%	16.73%	364	61	3,605	3,610	(5)	100.1%	3,610	100.1%
2042	6.88%	16.84%	374	63	3,670	3,673	(3)	100.1%	3,673	100.1%
2043	6.88%	16.47%	384	63	3,736	3,738	(2)	100.1%	3,738	100.1%
2044	6.88%	17.15%	394	68	3,803	3,803	-	100.0%	3,803	100.0%
2045	6.88%	17.13%	405	69	3,873	3,873	-	100.0%	3,873	100.0%
2046	6.88%	17.11%	416	71	3,945	3,945	-	100.0%	3,945	100.0%
2047	6.88%	17.10%	428	73	4,019	4,019	-	100.0%	4,019	100.0%
2048	6.88%	17.09%	440	75	4,097	4,097	-	100.0%	4,097	100.0%
2049	6.88%	17.08%	452	77	4,177	4,177	-	100.0%	4,177	100.0%
2050	6.88%	17.08%	464	79	4,261	4,261	-	100.0%	4,261	100.0%

Discussion: This schedule is prepared by the SLO County Pension Trust's actuary and is a supplement to the annual Actuarial Valuation Report. Its purpose is to estimate progress towards fully funding the Actuarial Accrued Liability (AAL) 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: Funding policy of the Plan Sponsor subject to change annually.

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

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

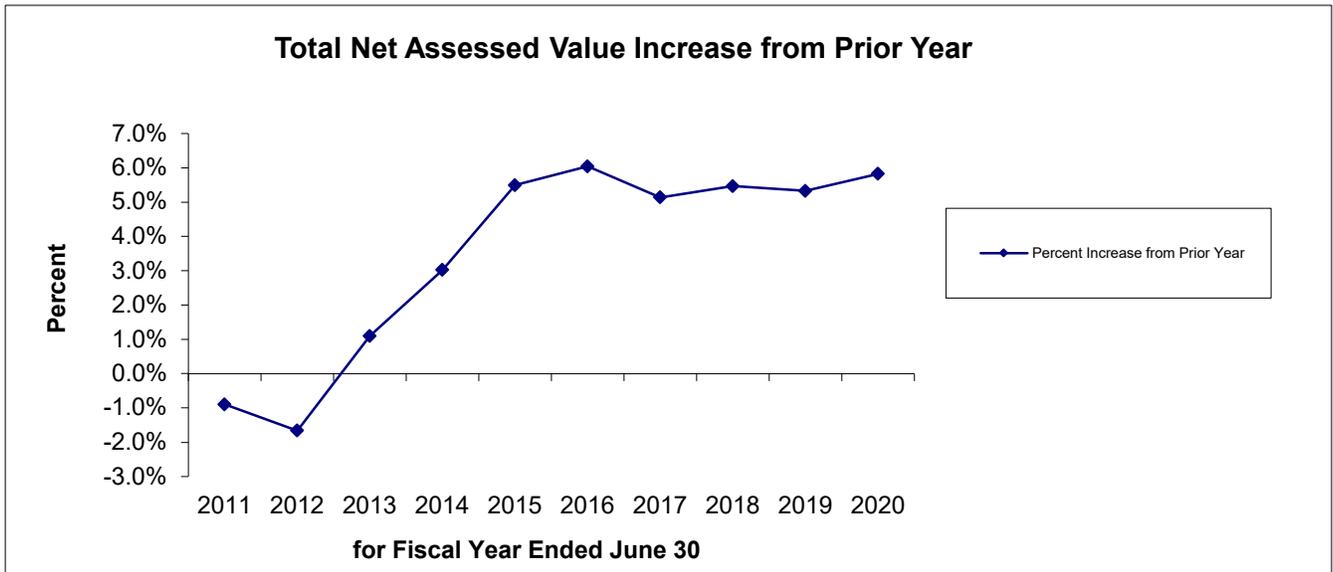
Amounts in this schedule differ from those used for financial reporting. This schedule contains values based on a January 1, 2020 actuarial valuation report. Net Pension Liability and related amounts used for financial reporting are based on a June 30, 2020 actuarial valuation report.

Source: Gabriel, Roeder, Smith, & Company
Supplementary exhibit to the SLO County Pension Trust Actuarial Valuation Report
For the Year Beginning January 1, 2020

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

Fiscal Year Ended June 30,	Secured	Unsecured	Exemptions	Net Assessed Valuations	Percentage Change from Prior Year	Tax Rate
2011	\$ 41,846,720	\$ 1,118,384	\$ (927,194)	\$ 42,037,910	-0.9%	1.0029
2012	41,223,923	1,081,597	(965,089)	41,340,431	-1.7%	1.0030
2013	41,667,316	1,138,202	(1,009,234)	41,796,284	1.1%	1.0040
2014	42,900,845	1,195,631	(1,036,531)	43,059,945	3.0%	1.0040
2015	45,288,599	1,230,775	(1,093,212)	45,426,162	5.5%	1.0040
2016	48,037,099	1,257,845	(1,122,568)	48,172,375	6.0%	1.0037
2017	50,458,742	1,362,539	(1,173,683)	50,647,598	5.1%	1.0040
2018	53,278,739	1,386,183	(1,248,961)	53,415,961	5.5%	1.0040
2019	56,147,148	1,420,625	(1,305,110)	56,262,663	5.3%	1.0040
2020	58,382,427	2,345,033	(1,277,412)	59,540,048	5.8%	1.0040

Source: County Assessed Values, Exemptions and Growth % Book



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

Source: County Assessed Values, Exemptions and Growth % Book

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
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	0.00290	0.00300	0.00400	0.00400	0.00400	0.00374	0.00400	0.00400	0.00400	0.00400
Total Direct Rate	1.00290	1.00300	1.00400	1.00400	1.00400	1.00374	1.00400	1.00400	1.00400	1.00400
Cities, Schools, and Special Districts Combined Rates										
Arroyo Grande	0.0470	0.0477	0.0576	0.0580	0.0569	0.0756	0.0680	0.1085	0.1051	0.0965
Atascadero	0.0975	0.0442	0.0452	0.0452	0.0590	0.1373	0.1373	0.1373	0.1373	0.1373
Grover Beach	0.0389	0.0396	0.0495	0.0499	0.0509	0.0940	0.1023	0.1599	0.1901	0.1815
Morro Bay	0.0499	0.0501	0.0510	0.0510	0.0510	0.0688	0.0683	0.0683	0.0683	0.0683
Paso Robles	0.0389	0.0816	0.0815	0.0815	0.0782	0.0955	0.0828	0.0828	0.1291	0.1222
Pismo Beach	0.0389	0.0396	0.0495	0.0499	0.0509	0.0700	0.0680	0.1085	0.1051	0.0965
San Luis Obispo	-	-	-	-	-	0.0683	0.0683	0.0683	0.0683	0.0683

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

Source: County Property Tax Rate Book

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

Taxpayer	Industry	Fiscal Year 2019-20			Fiscal Year 2010-11		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Co.	Utility	\$ 2,001,973	1	3.37%	\$ 2,504,614	1	5.96%
High Plans Ranch II LLC	Solar Ranch	823,210	2	1.38%	-	-	-
Phillips 66 Company	Oil Refinery	164,954	3	0.28%	-	-	-
Southern California Gas Co.	Utility	119,954	4	0.20%	62,345	7	0.15%
Jamestown Premier	Commercial	115,503	5	0.19%	-	-	-
CAP VIII - Mustang Village LLC	Apartments	94,501	6	0.16%	74,801	3	0.18%
E&J Gallo Winery/Vineyards	Winery	93,204	7	0.16%	-	-	-
Treasury Wine Estates	Winery	92,493	8	0.16%	-	-	-
Firestone Walker LLC	Brewery	90,903	9	0.15%	-	-	-
Sierra Vista Hospital	Hospital	78,296	10	0.13%	57,514	9	0.14%
TOSCO Corp	Petroleum & Gas	-	-	-	152,407	2	0.36%
Plains Exploration & Prod Co	Petroleum & Gas	-	-	-	73,502	4	0.17%
Pacific Bell Telephone Co	Communications	-	-	-	67,993	5	0.16%
Beringer Wine Estates Company	Winery	-	-	-	67,595	6	0.16%
Martin Hotel Management	Hotel	-	-	-	60,804	8	0.14%
Twin Cities Com. Hospital	Hospital	-	-	-	55,193	10	0.13%
Total		\$ 3,674,991		6.18%	\$ 3,176,768		7.56%
Total County Assessed Value		\$ 59,540,048			\$ 42,037,910		

Sources:

Fiscal Year 2019-20 - County Property Tax System

Fiscal Year 2010-11 - San Luis Obispo County CAFR

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

Fiscal Year Ended June 30,	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			
2011	\$ 408,623	\$ 397,830	97.36%	N/A	\$ 10,793	2.64%
2012	403,472	396,238	98.21%	N/A	7,234	1.79%
2013	405,225	399,807	98.66%	N/A	5,418	1.34%
2014	421,140	416,450	98.89%	N/A	4,690	1.11%
2015	447,088	442,330	98.94%	N/A	4,758	1.06%
2016	470,629	466,465	99.12%	N/A	4,164	0.88%
2017	495,277	490,890	99.11%	N/A	4,387	0.89%
2018	522,528	517,777	99.09%	N/A	4,751	0.91%
2019	549,869	544,994	99.11%	N/A	4,874	0.89%
2020	573,449	564,422	98.43%	N/A	9,027	1.57%

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)

Fiscal Year Ended June 30,	Special Assessment Billings (a)	Special Assessment Collected (a)
2011	\$ -	\$ 3,127 * v
2012	3,664	3,786 *
2013	3,494	3,545 *
2014	3,497	3,630
2015	3,489	3,598
2016	3,496	3,633
2017	3,490	3,577
2018	5,063	5,196
2019	5,058	5,065
2020	5,063	5,106

Note:

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

Sources:

a. County Property Tax System

* Amounts restated

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

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Governmental Activities										
Certificates of Participation	\$28,820	\$27,895	\$25,662	\$24,640	\$23,600	\$22,527	\$21,411	\$26,135	\$24,808	\$18,004
Less deferred amounts:										
For issuance discounts:	(107)	(103)	(99)	(95)	(91)	(87)	(83)	(79)	(75)	-
Add deferred amounts:										
For issuance premiums:	-	-	1,329	1,240	1,152	1,063	975	886	797	708
State notes	-	-	-	-	-	-	-	2,056	1,901	1,744
Pension Obligation Bonds	122,689	119,429	115,624	111,234	146,219	145,291	143,890	99,407	96,903	93,733
Lease revenue bonds	-	-	-	-	-	-	-	-	-	20,380
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	-	-	4,023
Total bonds and notes payable	151,402	147,221	142,516	137,019	170,880	168,794	166,193	128,405	124,334	138,592
Business-Type Activities										
Certificates of Participation	19,897	19,060	17,920	18,257	17,745	17,194	16,470	15,678	14,811	13,908
Add deferred amounts:										
For issuance premiums:	-	-	492	459	426	393	361	328	295	262
State Note	31,024	35,884	34,399	46,529	72,774	86,611	85,674	87,667	84,409	81,079
Revenue Bonds	196,444	193,483	190,389	187,170	183,813	177,198	173,535	168,410	164,126	159,841
Add deferred amounts:										
For issuance premiums:	6,371	6,158	5,945	5,732	5,519	10,058	9,623	8,926	8,502	8,077
Unamortized outflow on Bond Refinancing	-	-	-	-	-	(4,171)	(3,990)	(3,808)	-	-
General Obligation Bonds	10,760	10,245	9,890	9,530	9,155	8,760	8,350	7,925	7,485	7,025
Add deferred amounts:										
For issuance premiums:	1,128	1,072	1,015	959	902	846	790	733	677	620
Bond Anticipation Notes	8,677	-	-	-	-	-	-	-	-	-
Assessment Bonds	-	15,364	39,527	76,438	79,829	79,396	78,089	76,746	75,358	73,943
Total bonds and notes payable	274,301	281,266	299,577	345,074	370,163	376,285	368,902	362,605	355,663	344,755
Total Outstanding Debt	\$425,703	\$428,487	\$442,093	\$482,093	\$541,043	\$545,079	\$535,095	\$491,010	\$479,997	\$483,347
Percentage of Personal Income**	3.88%	3.57%	3.52%	3.76%	3.86%	3.76%	3.58%	3.13%	2.92%	2.80%
Percentage of Assessed Value of Taxable Property*	1.03%	1.03%	1.03%	1.06%	1.12%	1.08%	1.00%	0.87%	0.81%	0.81%
Net outstanding debt Per Capita	\$ 1,571.06	\$ 1,578.32	\$ 1,624.28	\$ 1,770.08	\$ 1,972.50	\$ 1,960.88	\$ 1,916.46	\$ 1,753.31	\$ 1,713.66	\$1,707.27

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

Source: Notes to the Financial Statements, Note 10

** Restated for FY 2010-11 through FY 2018-19

* 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 Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands)
(UNAUDITED)

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Certificates of Participation	\$17,075	\$16,400	\$14,427	\$13,675	\$12,915	\$12,137	\$11,326	\$10,482	\$9,606	\$8,693
Less deferred amounts:										
For issuance discounts:	-	-	(99)	(95)	(91)	(87)	(83)	(79)	(75)	-
Add deferred amounts:										
For issuance premiums:	-	-	1,330	1,240	1,152	1,063	975	886	797	708
Lease Revenue Bonds	-	-	-	-	-	-	-	-	-	20,380
Less deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	-	-	4,023
General Obligation Bonds	10,760	10,245	9,890	9,530	9,155	8,760	8,350	7,925	7,485	7,025
Add deferred amounts:										
For issuance premiums:	1,128	1,072	1,015	959	902	846	790	733	677	620
State Notes	-	-	-	-	-	-	-	2,056	1,901	1,744
Assessment Bonds	-	15,364	39,527	76,438	79,829	79,396	78,089	76,746	75,358	73,943
Less resources restricted for principal repayment	(2,848)	(2,893)	(2,684)	(2,683)	(2,683)	(2,688)	(2,692)	(2,712)	(8,061)	(30,167)
Net Total General Bonded Debt	\$ 26,115	\$ 40,188	\$ 63,406	\$ 99,064	\$ 101,179	\$ 99,427	\$ 96,755	\$ 96,037	\$ 87,688	\$ 86,969
Percentage of Personal Income**	0.24%	0.33%	0.51%	0.77%	0.72%	0.69%	0.65%	0.61%	0.53%	0.50%
Percentage of Assessed Value of Taxable Property ¹	0.06%	0.10%	0.15%	0.22%	0.21%	0.20%	0.18%	0.18%	0.15%	0.15%
Net outstanding debt Per Capita	\$ 96.38	\$ 148.03	\$ 232.96	\$ 363.73	\$ 368.87	\$ 357.68	\$ 346.53	\$ 342.93	\$ 313.06	\$ 307.19

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

Source: Notes to the Financial Statements, Note 10

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

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

	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Assessed Value of Property (a)	\$ 42,037,909	\$ 41,340,430	\$ 41,796,283	\$ 43,059,945	\$ 45,426,163	\$48,172,375	\$50,647,598	\$53,415,961	\$56,262,663	\$59,450,048
Debt Limit, 1.25% of Assessed Value	525,474	516,755	522,454	538,249	567,827	602,155	633,095	667,700	703,283	743,126
<u>Amount of Debt Applicable to Limit</u>										
General Obligation Bonds (b)	11,888	11,317	10,905	10,489	10,057	9,606	9,140	8,658	7,485	7,025
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Total Debt Applicable	11,888	11,317	10,905	10,489	10,057	9,606	9,140	8,658	7,485	7,025
Legal Debt Margin	\$ 513,586	\$ 505,438	\$ 511,549	\$ 527,760	\$ 557,770	\$ 592,549	\$ 623,955	\$ 659,042	\$ 695,798	\$ 736,101
Total Debt Applicable as a Percentage of the Debt Limit	2.26%	2.19%	2.09%	1.95%	1.77%	1.60%	1.44%	1.30%	1.06%	0.95%

Source:

(a) Countywide Assessed Values & Exemptions

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

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

Calendar Year	Population (1,a)	Personal Income (in thousands) (1,a)	Per Capita Income (1,a)	Median Age (4,c)	School Enrollment (3,b,d)	Unemployment Rate (2,e)
2011	270,966	10,966,438	40,322	40.30	44,104	9.9
2012	271,483	12,008,355	43,698	39.20	43,022	8.5
2013	272,177	12,547,278	45,388	39.50	42,600	6.4
2014	272,357	12,823,005	45,947	39.50	42,911	5.3
2015	274,293	14,034,209	49,873	39.30	41,853	4.4
2016	277,977	14,552,207	51,442	39.00	43,117	4.5
2017	279,210	14,937,322	53,006	38.80	43,112	3.6
2018	280,048	15,700,229	55,580	39.60	42,713	3.2
2019	280,101	16,465,164	58,108	39.60	42,673	2.9
2020	283,111	17,270,828	61,004	40.00	42,556	11.5

Sources:

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

Notes:

- a. Data for prior calendar years
- b. Data includes kindergarten through grade 12 and Cuesta College
- c. Calendar year 2012 - 2016 figures are projections based on the American Community Survey 5-Year Estimates
- d. Data for school year ending in the stated calendar year
- e. Data as of June 30, 2020

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

Function/Program	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18*	2018-19*	2019-20*
General Government	442.75	437.50	438.25	430.75	436.75	440.50	430.75	437.50	441.00	455.25
Public Protection	783.25	808.25	812.00	817.25	832.25	848.25	867.00	909.50	912.00	899.75
Public Ways and Facilities	194.25	193.75	193.75	188.75	190.75	207.75	234.75	237.75	246.75	247.75
Health and Sanitation	424.00	430.50	445.25	464.00	485.25	505.50	556.00	536.50	530.00	531.00
Public Assistance	424.75	425.75	428.00	478.00	500.75	524.00	524.00	523.00	522.00	523.50
Education	78.50	77.50	75.50	75.50	75.50	77.50	78.00	77.75	78.00	78.25
Recreation and Cultural Services	56.00	52.00	52.00	55.00	59.00	60.00	61.00	61.00	61.00	61.00
Total	<u>2,403.50</u>	<u>2,425.25</u>	<u>2,444.75</u>	<u>2,509.25</u>	<u>2,580.25</u>	<u>2,663.50</u>	<u>2,751.50</u>	<u>2,783.00</u>	<u>2,790.75</u>	<u>2,796.50</u>

Source: County Budget Report

Notes:

2011-2017 Position allocation figures were calculated at the time of budget preparation for the following year.

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

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

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

Function / Department	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Recreation and Cultural Services										
Parks										
Day Use Passes	51,519	57,135	56,601	42,821	57,564	n/a	n/a	n/a	n/a	n/a
Daily Passes*	n/a	n/a	n/a	246,727	239,140	189,232	230,915	257,220	60,902	59,194
Annual Passes	1,992	2,357	2,406	2,998	3,137	n/a	n/a	n/a	n/a	n/a
Annual Vehicle Passes*	n/a	n/a	n/a	8,744	12,584	9,614	6,504	8,066	3,974	1,823
Daily Boat Launches*	15,602	16,133	14,809	26,110	23,706	16,001	16,312	24,340	9,664	11,210
Annual Boat Passes*	618	238	551	1,412	1,245	480	1,383	1,353	1,629	1,288
Public Protection										
Planning and Building										
Total Permits Issued	2,073	2,086	2,070	2,622	3,139	3,355	3,927	3,542	3,256	3,299
Number of New Affordable Housing **	80	39	44	13	151	99	65	133	131	n/a
Sheriff										
Jail bookings	12,682	12,966	13,273	12,583	11,375	11,018	11,774	11,324	10,246	8,144
Average daily population	558	679	717	780	679	603	632	621	636	552
Health and Sanitation										
Mental Health										
Day Treatment Days provided to youth in out-of-county group home facilities***	2,937	1,588	1,885	1,764	1,613	1,381	604	n/a	n/a	n/a
Public Health										
Percentage of the State allocated caseload enrolled in the Women, Infants & Children (WIC) Program	100	99	99	95	91	86	76	72	68	n/a
Percentage of live born infants whose mothers received prenatal care in the first trimester.	79	82	80	79	79	80	78	78	84	86
Public Assistance										
Social Services										
Percentage of child abuse/neglect referrals where a response is required within 10 days that were timely	96.8	97.6	98.0	96.1	97.9	97.0	n/a	n/a	n/a	n/a
Percentage of child abuse/neglect referrals where a response is required within 10 days and where contact was made within the required period.	n/a	n/a	n/a	n/a	n/a	n/a	91	95	95	94
Education										
Library										
Annual number of items circulated per capita	10.0	10.1	10.1	9.8	9.6	10.5	10.3	11.6	12.1	12.1
Annual Expenditure per capita for total Library budget	\$ 35.35	\$ 35.25	\$ 34.35	\$ 35.50	\$ 36.13	\$ 36.27	\$ 38.10	\$ 40.36	\$ 40.57	\$ 44.47
Public Ways and Facilities										
Roads										
Pavement Condition Rating for all County roads (70 = "good")	60	58	60	61	61	65	66	65	65	60
Airport										
Airport										
Takeoffs and Landings	80,556	80,158	71,428	66,696	71,001	71,181	71,001	77,917	82,110	68,067
Passenger Enplanements	139,909	134,244	132,315	147,105	149,558	155,744	180,141	226,588	259,481	215,900

Source: County Budget Performance Indicators

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

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

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

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

Function/Program	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Recreation and Cultural Services										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	13,572	13,424	13,424	13,583	13,583	13,583	13,583	13,583	13,583	13,841
Public Protection										
Correction facility capacities (a)	689	637	717	797	797	797	909	909 *	909	909
Public Ways and Facilities										
Miles of county roads	1,332	1,333	1,335	1,336	1,336	1,338	1,338	1,339	1,339	1,349
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

* Fiscal Year 2017-18 facility capacity number restated by Sheriff's Department

Source: County departments' management



COUNTY
of SAN LUIS
OBISPO