

Annual Comprehensive Financial Report

County of San Luis Obispo, California



Fiscal Year Ended June 30, 2021

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





Cover photo of Pismo Beach at sunset from the Ontario Ridge Trail taken by Rachael Koenig, Auditor-Controller-Treasurer-Tax Collector's Office

**COUNTY OF SAN LUIS OBISPO
ANNUAL COMPREHENSIVE FINANCIAL REPORT
JUNE 30, 2021
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The accompanying notes are an integral part of these financial statements.

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

INTRODUCTORY SECTION





COUNTY OF SAN LUIS OBISPO

AUDITOR - CONTROLLER • TREASURER - TAX COLLECTOR

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

January 17, 2022

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 Annual Comprehensive Financial Report of the County of San Luis Obispo (County) for the fiscal year ended June 30, 2021, 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, 2021, 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, 2021, are fairly presented and in conformity

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

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

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

Profile of the Government

The County of San Luis Obispo, incorporated in 1850, is located on the central coast of the State of California, midway between Los Angeles and San Francisco. The County currently occupies a land area of 3,616 square miles and serves a population of 282,249 residents. Approximately 43% of the population resides in the unincorporated area. The seven incorporated cities in the County are Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, and San Luis Obispo.

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

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

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

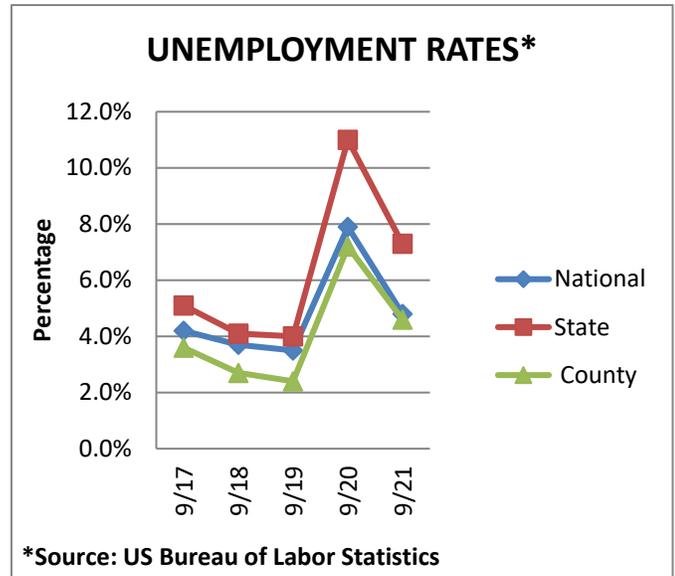
The County has various blended component units which primarily provide utility and debt financing services. The County has two discretely presented component units. The first is the Children and Families Commission of San Luis Obispo County (First 5), which allocates funds from the California Children 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 is discretely presented in the Government-Wide Financial Statements. The other discretely presented component unit is the San Luis Obispo County Pension Trust which is an independent trust that administers the San Luis Obispo County Employees Retirement Plan on behalf of the County and is a fiduciary component unit. The San Luis Obispo County Pension Trust is presented in the Fiduciary Fund Financial Statements.

Factors Affecting Financial Condition

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

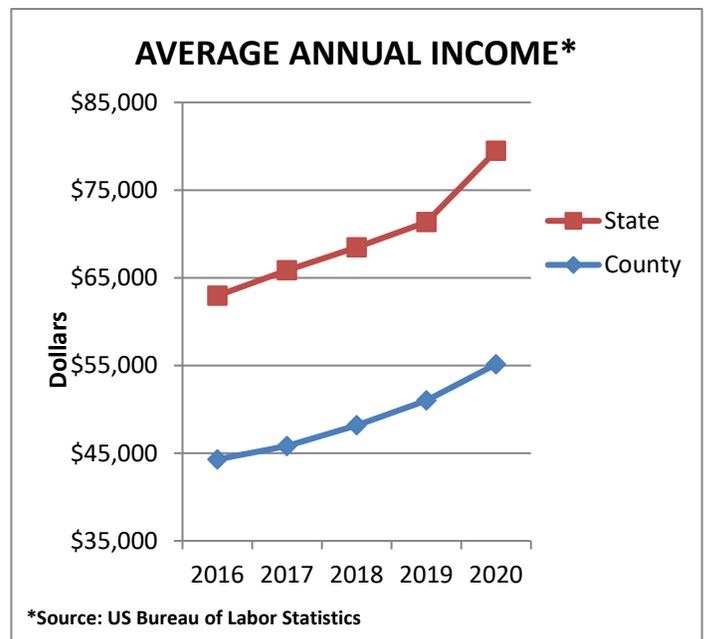
Employment:

- Unemployment in the County, as of September 2021, was 4.6% which is lower than both the state rate of 7.3% and the national rate of 4.8%. During the same period last year, unemployment in the County was 7.2%. The fall in the County's unemployment rate has closely followed the trend in unemployment at the state and national level decreasing after strict COVID-19 pandemic measures were lifted.
- 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.



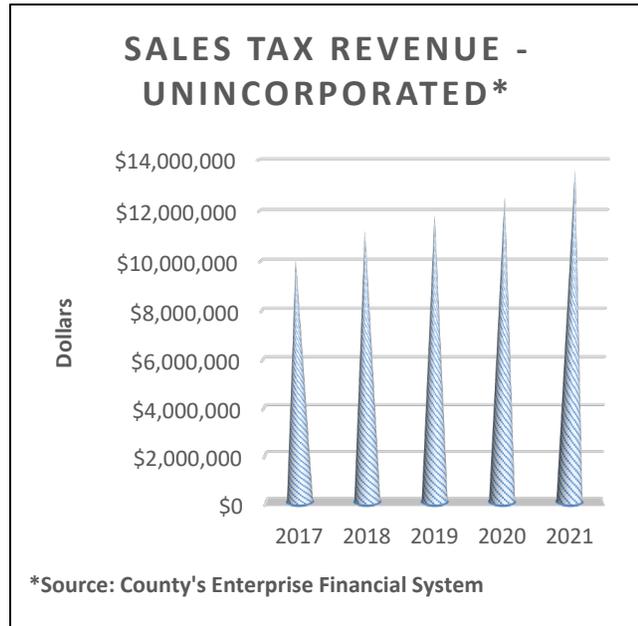
Wages:

- Average income increased by 8.1% to \$55,143, from 2019 to 2020 (most recent data) for the residents of the County of San Luis Obispo whereas average income for the state increased by 11.4% as reported by the Bureau of Labor Statistics.
- As reported by the Bureau of Labor Statistics, the highest earning 2020 occupational groups in the County consisted of physicians, psychiatrists, dentists, personal financial advisors, computer and information systems managers, chief executives, architectural and engineering managers, pharmacists, first-line supervisors of police and detectives and pediatricians.



Retail Sales:

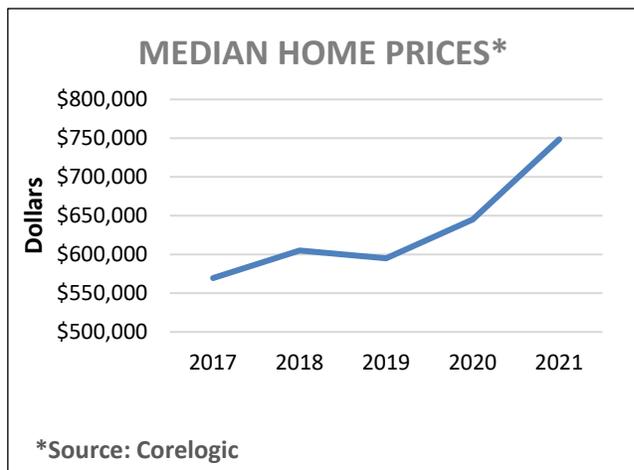
- Although COVID-19 impacted tourism spending, sales and use tax revenue increased 8.6% to \$13.6 million for FY 2020-21.
- According to Visit SLO CAL, tourists spent \$1.19 billion in calendar year 2020. The leading sectors for tourism spending were lodging (\$411 million), food service (\$310 million), retail (\$150 million), and recreation (\$120 million).



Real Estate and Property Taxes:

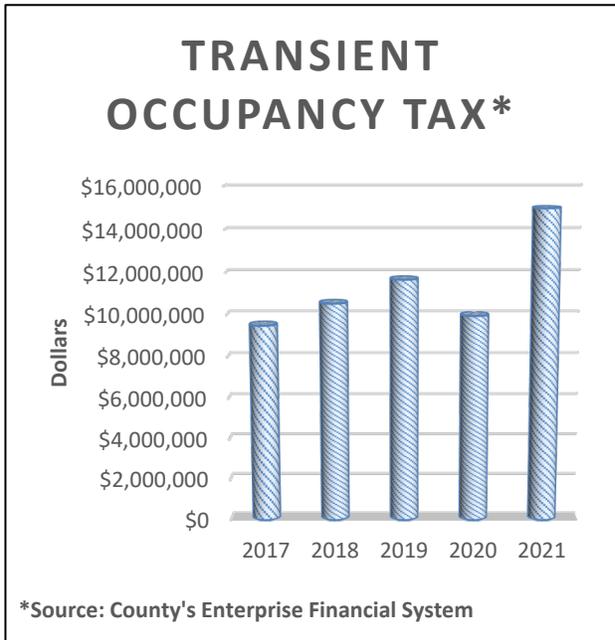
The County's median home price increased from \$645,000 in August 2020 to \$748,500 in July 2021. This is a 16% increase from the prior year. The increase in median home price demonstrates people's continued desire to live in the area and a healthy local real estate market.

- Discretionary property tax receipts were \$145 million in FY 2020-21, an increase of 3.6% over the prior year.
- The total tax levy on secured property, which excludes unsecured property, direct charges, and school bonds, was \$599,507,672 for FY 2020-21, an increase of 4.5% 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 10.4% to \$4.2 million in FY 2020-21.
- The property tax delinquency rate decreased from 1.6% in FY 2019-20 to 1.1% in FY 2020-21.



Tourism:

- The scenic coastline, rolling vineyards, and abundance of outdoor activities continues to make San Luis Obispo County a tourist destination. With shelter-at-home orders related to COVID-19 being lifted Transient Occupancy Tax (TOT) collections in the unincorporated areas increased 51% in FY 20-21.
- Airline passenger travel saw a 217% increase at the San Luis Obispo County Airport when comparing June 2020 to June 2021.



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 2021-22 comprehensive budget authorized a \$754 million governmental fund spending level, an increase over the \$679 million budget for FY 2020-21. 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 2021-22 spending level. In FY 2021-22, the General Fund has \$720.8 million appropriated to finance expenditures, including contingencies of \$27.6 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, 2021, the General Reserve was \$13.0 million. In addition to the General Reserve, reserves exist for building replacement (\$40.7 million), automation projects (\$12.4 million), and tax-loss mitigation purposes (\$43.3 million). Other classifications of General Fund balance are described in Footnote 11.
- The County was allotted \$55 million of Coronavirus State and Local Fiscal Recovery Funds under the American Rescue Plan Act of 2021. These funds are provided to the County in two equal payments. The first payment of \$27.5 million

was received in June 2021, with the second payment of \$27.5 million due to be received twelve months after the first payment. As of June 30, 2021, none of the Coronavirus State and Local Fiscal Recovery Funds had been spent. However, on June 15, 2021, the County Board of Supervisors adopted broad expenditure categories for the use of the funds based on the US Department of Treasury defined eligible uses.

<u>County Defined Use Category</u>	<u>Dollar Allocation</u>
Public Health and Negative Economic Impacts	\$30M
Water, Sewer, and Broadband	\$15M
Restoration of Government Services	\$10M
Total Allocation	\$55M

- On November 16, 2021, the County Board of Supervisors voted to remove the County from the Integrated Waste Management Authority (IWMA) Joint Powers Agreement (JPA). The JPA had consisted of representatives from the County, seven cities, and special districts. Transitional withdrawal of the County from the IWMA will continue through FY 2021-22 and result in County Public Works managing the County solid waste resources.
- 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 2021-22 increased 16% from the prior year and are approximately \$8 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, 2020, approximately 54% of County employees fall under PEPRA.

Major Initiatives

- **COVID-19:** 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. Since the initial declaration, the County's efforts have shifted from emergency response to on-going crisis management. Testing, contact tracing, and updating the public with the most current information has continued since the onset but with the development of vaccines the County also established three mass vaccination sites to expedite its distribution. At full capacity the vaccination sites could administer more than 15,000 doses per week. As of December 6, 2021,

63.6% of residents 5 and older were fully vaccinated and 70.6% of residents were partially vaccinated.

- **Administrative Office:** In coordination with the California Complete Count Committee, the Administrative Office managed the County's participation in outreach for the 2020 Census, increasing the County's self-response rate from 66.3% in the prior census to 68.5%.
- **Behavioral Health:** Behavioral Health staff, in collaboration with the Courts, Probation, the District Attorney's Office and the Public Defender, held the first successful graduations from the Mental Health Diversion Court program, which is an intensive behavioral health treatment program of up to 18 months to reduce criminal justice recidivism.
- **District Attorney:** Despite temporary court closures, social distancing measures, and quarantines of justice partner staff, the District Attorney's Office was able to complete 20 jury trials as well as implementing new technology to appear via remote video for hearings that did not require courtroom appearances.
- **Public Works:** Completed construction of two new water storage tanks in Community Service Area 10A to provide the community with the required amount of water storage, improve firefighting capabilities, and ensure an additional 50 years of service life.
- **Sheriff:** Installed new wi-fi cabling in the jail to facilitate the inmate technology upgrade to include the use of tablets by inmates who earn tablet use through good behavior. Tablets allow inmates to purchase services such as movies, games, music, and commissary services.
- **Social Services:** Launched the Active Supportive Intervention Services for Transition (ASIST) Program which achieved a 91% success rate at moving youth with complex needs to permanency and home-based care.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2020. This was the thirty-fifth 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 Annual Comprehensive Financial Report. 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 Annual Comprehensive Financial Report 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, 2020. 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, 2020. This is the fifth 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 Annual Comprehensive 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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

COUNTY OF SAN LUIS OBISPO
LIST OF ELECTED AND APPOINTED OFFICIALS

JUNE 30, 2021

Elected Officials

Board of Supervisors

District #1 John Peschong
District #2 Bruce S. Gibson
District #3 Dawn Ortiz-Legg
District #4 Chairperson..... Lynn Compton
District #5 Debbie Arnold

Other Elected Officials

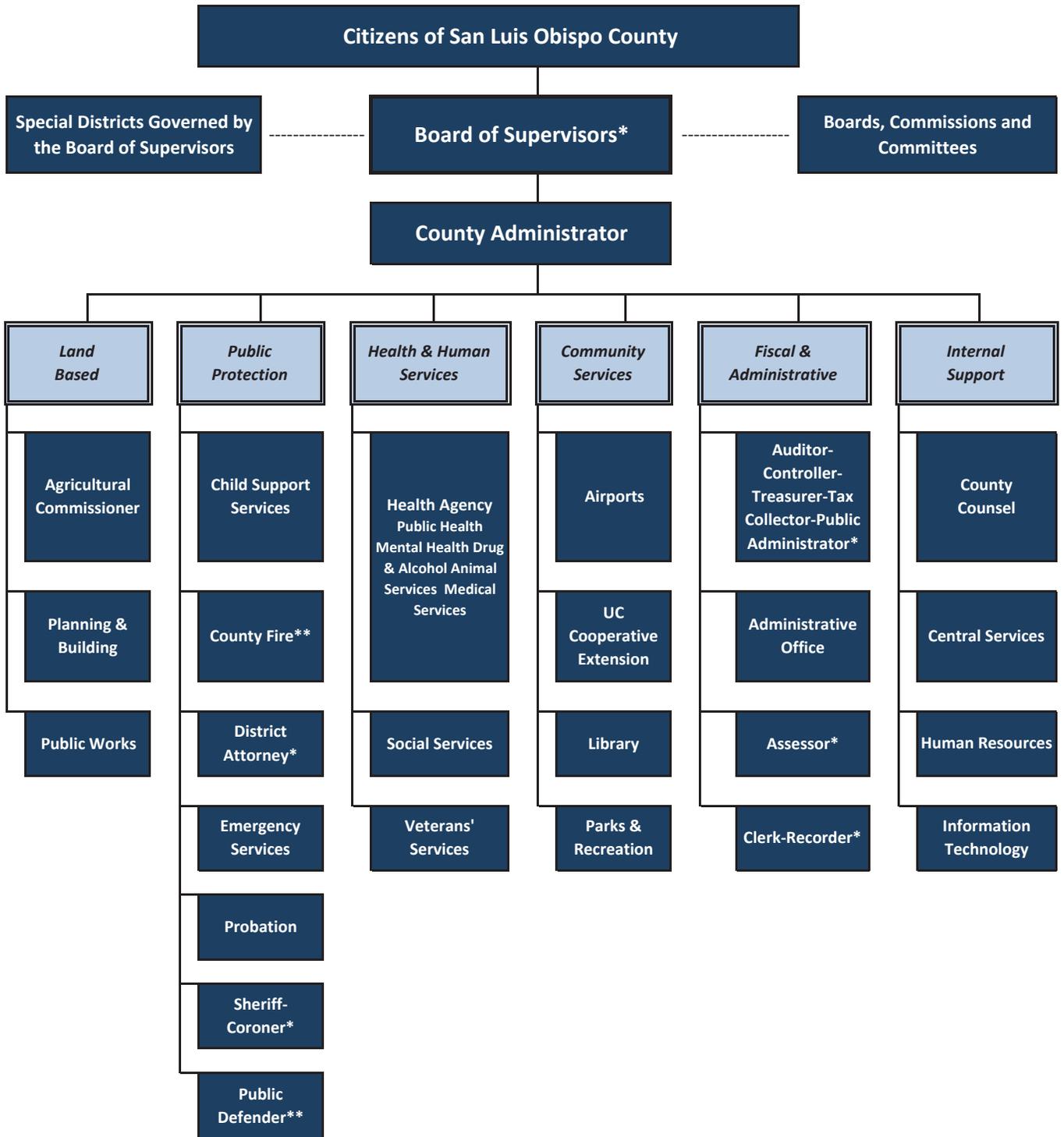
Assessor Tom J. Bordonaro Jr.
Auditor-Controller-Treasurer-Tax Collector-Public Administrator James W. Hamilton
County Clerk-Recorder Tommy Gong
District Attorney Dan Dow
Sheriff-Coroner Ian Parkinson

Appointed Officials

Agricultural Commissioner Martin Settevendemie
Director of Airports Courtney Johnson
Behavioral Health Administrator..... Anne Robin
Central Services Director Christopher Lopez
Chief Probation Officer Robert Reyes
Director of Child Support Services..... Natalie Walter
County Administrative Officer Wade Horton
County Counsel Rita L. Neal
County Fire Chief Eddy Moore
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..... 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





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, 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2021, and the respective changes in financial position, and where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Cumulative effect of change in accounting principle

As disclosed in Note 19 to the financial statements, the County adopted GASB Statement No. 84 *Fiduciary Activities*. As a result of the implementation of this standard, the County reported a restatement for the change in accounting principle. Our opinion is not modified with respect to this matter.

As disclosed in Note 19 to the financial statements, the County reported a restatement for the cumulative change in accounting principle related to loans receivable. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of the County's proportionate share of the San Luis Obispo County'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

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

historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County 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

Roseville, California
January 17, 2022



MANAGEMENT'S DISCUSSION AND ANALYSIS



COUNTY
of SAN LUIS
OBISPO

**COUNTY OF SAN LUIS OBISPO
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2021**

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, 2021. We encourage readers to consider the information presented here in conjunction with the transmittal letter at the front of this report and the County's financial statements, which begin on page 41. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

FINANCIAL HIGHLIGHTS

- ❖ The assets of the County exceeded its liabilities at the close of the most recent fiscal year by \$1,460,246 (*net position*). The majority of this amount, \$1,494,484 is the net investment in capital assets, while \$104,024 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 \$138,262 (Table A).
- ❖ The County's total net position increased by \$94,388. The increase is the combination of a \$83,737 increase in governmental activities and a \$10,651 increase in business-type activities. The change in the total net position is comprised of an increase in restricted net position and a decrease in negative unrestricted net position caused by increased revenues and decreased expenses (Table B).
- ❖ The \$3.0 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, 2021, the County's governmental activities reported combined ending net position of \$1,066,479, an increase of \$83,737 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 \$6,065 before general revenues, contributions and transfers from other funds, an increase of \$1,470 when compared to net program income of \$4,595 in the prior year. The difference from the prior year is related to increased Airport operating grants of \$2,936 and capital grants of \$633. These increases were offset by a net decrease in Fees, Fines, and Charges for Services across all business-type activities of \$1,439. Overall expenses for business-type activities increased \$895 thousand.
- ❖ At the end of the fiscal year, the entire \$402,300 fund balance of the General Fund was either nonspendable \$9,861, restricted \$24,212, committed \$194,669 or assigned \$173,558.
- ❖ Consistent with the prior year, the County prepaid its \$70.1 million employer retirement contribution to the San Luis Obispo County Pension Trust (Pension Trust) in July of 2021. The prior year prepayment was \$61.6 million. The County will save an estimated \$1.5 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 35 to 37 of this report.

Fund Financial Statements

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

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 and any major special revenue funds to demonstrate compliance with the budget and can be located in the required supplementary section of the report. Individual budgetary data for each of the nonmajor governmental funds is provided in the other supplementary information section of this report.

The basic governmental fund financial statements can be found on pages 38 to 41 of this report.

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

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

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

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 County also discretely presents the *San Luis Obispo County Pension Trust* which is an independent trust that administers the San Luis Obispo County Employees Retirement Plan on behalf of the County. The San Luis Obispo County Pension Trust is a fiduciary component unit and is presented in the Fiduciary Fund Financial Statements.

The basic fiduciary fund financial statements can be found on pages 45 to 46 of this report.

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

The notes to the basic financial statements can be found on pages 47 to 89 of this report.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

The required supplementary information can be found on pages 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 \$1,441,596 as detailed in the table below:

Table A
Statement of Net Position
June 30, 2021
(in thousands)

	June 30, 2021			June 30, 2020			2020-2021
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Assets:							
Current assets	\$ 725,741	\$ 167,177	\$ 892,918	\$ 620,672	\$ 160,246	\$ 780,918	14.3%
Other noncurrent assets	22,230	10,499	32,729	21,957	10,375	32,332	1.2%
Capital assets	1,241,383	584,991	1,826,374	1,227,138	589,280	1,816,418	0.5%
Total assets	<u>1,989,354</u>	<u>762,667</u>	<u>2,752,021</u>	<u>1,869,767</u>	<u>759,901</u>	<u>2,629,668</u>	4.7%
Deferred Outflows of Resources	114,546	4,450	118,996	81,473	5,151	86,624	37.4%
Liabilities:							
Current liabilities	142,883	32,803	175,686	99,278	39,499	138,777	26.6%
Long-term liabilities	828,237	339,563	1,167,800	810,625	340,909	1,151,534	1.4%
Total liabilities	<u>971,120</u>	<u>372,366</u>	<u>1,343,486</u>	<u>909,903</u>	<u>380,408</u>	<u>1,290,311</u>	4.1%
Deferred Inflows of Resources	66,301	984	67,285	58,595	1,528	60,123	11.9%
Net position:							
Net investment in capital assets	1,210,972	283,512	1,494,484	1,202,709	288,782	1,491,491	0.2%
Restricted	104,024	-	104,024	66,655	-	66,655	56.1%
Unrestricted	(248,517)	110,255	(138,262)	(286,622)	94,334	(192,288)	(28.1%)
Total net position	<u>\$ 1,066,479</u>	<u>\$ 393,767</u>	<u>\$ 1,460,246</u>	<u>\$ 982,742</u>	<u>\$ 383,116</u>	<u>\$ 1,365,858</u>	6.9%

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Analysis of Net Position

The County's total net position increased by \$94.4 million or 6.9%. The total net position increase was a combination of increased total assets (\$122.4 million), increased deferred outflows of resources (\$32.4 million), increased total liabilities (\$53.2 million), and increased deferred inflow of resources (\$7.2 million). Causes for the changes in each of these categories are detailed below.

The overall \$122.4 million increase in total assets, 4.7%, is primarily due to inflows of the governmental activities' cash and restricted cash (\$121.2 million) and an increase in governmental activities' due from other governments (\$5.6 million). Increased cash resulted from decreased total governmental activities expenses of \$21.4 million combined with increased governmental activities program revenues of \$26.1 million and increased business-type activities program revenues of \$2.4 million. The increases to cash were offset by a \$6.9 million reduction to Community Development loans receivable. In governmental activities general revenues also increased for property taxes (\$9.4 million), sales and use tax (\$1.1 million), transient occupancy tax (\$5.0 million), transfer tax (\$401 thousand), and other taxes (\$51 thousand). Additionally, grants not restricted to specific programs increased \$37.3 million due to federal COVID-19 awards being recognized (\$27.0 million CARES, \$8.4 million Emergency Rental Assistance Program, and \$3.6 million in reimbursed FEMA expenses). Additional information regarding changes in revenues and expenses can be found after Table B – Statement of Activities.

The \$32.4 million increase, or 37.4%, in deferred outflows of resources was the combination of increases in deferred pension resources (\$29.7 million) and deferred OPEB resources (\$2.9 million), and slightly offset by a decrease in deferred loss on debt refunding (\$182 thousand). The pension deferred outflows net increase was caused primarily by changes in the net difference between projected and actual earnings on pension plan investments from the prior year and slightly offset by a \$1.9 million increase in County contributions subsequent to the measurement date. The OPEB deferred outflows increase was primarily attributable to the difference between the expected and actual liability, combined with contributions made between the measurement date and reporting date.

Total liabilities of the County increased \$53.2 million, or 4.1%. The largest contributors to the increase were the County's net pension obligation of \$12.1 million, the OPEB liability of \$6.5 million, and unearned revenue of \$32.3 million. The increase in unearned revenue relates to the County's 1st installment of the American Rescue Plan Act (\$27.5 million) which had been received but not yet spent as of June 30, 2021.

Deferred inflows of resources increased \$7.2 million, or 11.9%. The increase is the combination of a \$32.4 million increase related to deferred pension resources associated with the change in the net difference between projected and actual earnings on pension plan investments and a restatement related to Community Development loans receivable. A change in deferred inflow recognition resulted in a restatement of \$18.0 million.

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 \$1,494,484. This amount reflects investment in capital assets (e.g., land and easements, structures and improvements, infrastructure, and equipment), less any outstanding related debt used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The remaining \$104,024, or 7.1%, of the balance of the County's net position represents resources that are subject to external restrictions on how they may be used.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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 increased \$94.4 million. Total net position for governmental activities increased \$83.8 million and total net position for business-type activities increased \$10.7 million due to normal operating activities.

Net Investment in Capital Assets for business-type and governmental activities increased a net of \$3.0 million. Business-type activities net investment decreased \$5.3 million due to the depreciation of existing capital projects exceeding the increase in new assets being depreciated. New business-type capital assets include State Water Project water rights (\$3.1 million) and construction in progress related to the Airport rehabilitation project (\$2.0 million). The remainder is the reduction to capital related debt from scheduled debt service principal payments. Governmental activities net investment increased \$8.3 million. The increase is related to the new Animal Services Facility (\$7.3 million) and Roads projects including: work beginning on the Tefft St/Hwy 101 Interchange Operational Improvement Project (\$1.2 million), widening of Los Berros Road in Nipomo to allow for the incorporation of bike lanes (\$541 thousand), pedestrian enhancements in Oceano (\$447 thousand), and replacement of the Jack Creek Road Bridge in Templeton (\$407 thousand). The retirement of capital related long-term debt also contributed to the increase.

Restricted net position represents net position of the County which is subject to constraints imposed by creditors, grantors, contributors, laws, or regulations. The \$37.4 million, or 56.1%, increase to *Restricted net position* for governmental activities is primarily comprised of increases to the General Government (\$9.0 million), Public Protection (\$12.6 million), Health and Sanitation (\$17.6 million), and Public Ways and Facilities (\$2.3 million). Debt Service decreased \$7.1 million. The General Government increase related to purchase obligations for capital outlay for countywide automation (\$2.9 million increase), as well as increased claims, contracts and other restrictions imposed by grantors or contributors. The Public Protection increase was driven by capital project retention payments associated with the new Animal Services Facility (\$303 thousand) and Women's Jail Expansion (\$1.6 million). Health and Sanitation's increase related to the recognition of additional Mental Health Services Act funds as restricted. Public Ways and Facilities' increase related to increased Public Facilities Fees (\$1.2 million) and Road Impact Fees (\$899 thousand). The Debt Service decrease was the combination of increased Pension Obligation Bond payments (\$4.5 million) and transfers out of debt proceeds received for the 2020 Lease Revenue Bonds Series A for the construction of the new Animal Services Facility.

There was an increase of \$54.0 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, 2021
(in thousands)

	June 30, 2021			June 30, 2020			2020-2021
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government	Total % Chg
Revenues:							
Program revenues:							
Charges for services	\$ 60,886	\$ 53,767	\$ 114,653	\$ 55,269	\$ 55,206	\$ 110,475	3.8%
Operating grants and contributions	285,082	7,709	292,791	261,619	4,666	266,285	10.0%
Capital grants and contributions	16,859	3,884	20,743	19,884	3,123	23,007	(9.8%)
General revenues:							
Property taxes	208,371	4,387	212,758	198,927	4,043	202,970	4.8%
Other taxes	34,440	-	34,440	27,878	-	27,878	23.5%
Interest and investment income	696	405	1,101	12,849	2,169	15,018	(92.7%)
Grants not restricted to specific programs	41,157	-	41,157	3,845	-	3,845	970.4%
Other revenues	4,813	76	4,889	1,144	2,889	4,033	21.2%
Total revenues	652,304	70,228	722,532	581,415	72,096	653,511	10.6%
Expenses:							
General government	55,612	-	55,612	53,926	-	53,926	3.1%
Public protection	204,861	-	204,861	241,749	-	241,749	(15.3%)
Public ways and facilities	36,017	-	36,017	33,199	-	33,199	8.5%
Health and sanitation	121,358	-	121,358	113,463	-	113,463	7.0%
Public assistance	134,476	-	134,476	132,868	-	132,868	1.2%
Education	14,213	-	14,213	14,322	-	14,322	(0.8%)
Recreation and cultural services	10,497	-	10,497	11,501	-	11,501	(8.7%)
Interest on long-term debt	9,645	-	9,645	7,057	-	7,057	36.7%
Airport	-	9,146	9,146	-	10,133	10,133	(9.7%)
Golf	-	3,869	3,869	-	3,347	3,347	15.6%
State Water Contract	-	6,928	6,928	-	7,709	7,709	(10.1%)
Nacimiento Water Contract	-	14,816	14,816	-	13,257	13,257	11.8%
Lopez Flood Control	-	7,087	7,087	-	6,733	6,733	5.3%
Lopez Park	-	1	1	-	2	2	(50.0%)
General Flood Control	-	1,170	1,170	-	913	913	28.1%
County Service Areas	-	4,697	4,697	-	4,670	4,670	0.6%
Los Osos Wastewater	-	11,581	11,581	-	11,636	11,636	(0.5%)
Total expenses	586,679	59,295	645,974	608,085	58,400	666,485	(3.1%)
Excess/(deficiency) before transfers	65,625	10,933	76,558	(26,670)	13,696	(12,974)	(690.1%)
Transfers	282	(282)	-	(493)	493	-	-
Change in net position	65,907	10,651	76,558	(27,163)	14,189	(12,974)	(690.1%)
Net position - beginning of year	982,742	383,116	1,365,858	1,009,905	368,927	1,378,832	(0.9%)
Cumulative effect of change in accounting principal	17,830	-	17,830	-	-	-	-
Net position - end of year	\$ 1,066,479	\$ 393,767	\$ 1,460,246	\$ 982,742	\$ 383,116	\$ 1,365,858	6.9%

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Analysis of Governmental and Business-type Activities

Governmental Activities

Governmental Activities increased the County's net position by \$83.7 million compared to a decrease of \$27.2 million in the prior year.

Overall, total revenues for governmental activities increased \$70.9 million, or 12.2%. Significant factors contributing to the overall increase in revenues from the prior year are detailed below:

- ❖ *Grants Not Restricted to Specific Programs* increased by \$37.3 million, or 970.4% due to the receipt of Federal Aid of \$27.0 million from the CARES Act, \$8.4 million from the Emergency Rental Assistance Program (ERAP), and a \$1.9 million increase in FEMA reimbursement from the prior year.
- ❖ *Operating Grants and Contributions* increased by \$23.5 million, or 9.0%, primarily due to a \$11.9 million increase in state aid for Medi-Cal, a \$6.0 million increase in state aid for Mental Health Services Act, and various increases in other state awards related to Behavioral and Public Health programs.
- ❖ *Property Taxes* rose \$9.4 million, or 4.7% over the prior year, a function of the regular 2% increase in assessed property value allowed by California's Proposition 13.
- ❖ *Other Taxes* increased by \$6.6 million, or 23.5%, due to a \$1.1 million increase in sales tax revenues and a \$5.0 million increase in transient occupancy taxes collected.
- ❖ *Changes for Services* increased by \$5.6 million, or 10.2%, mostly attributable to an increase in camping fees, an increase in road impact fees, and an increase in recording fees.

Overall, total expenses decreased by \$21.4 million, or 3.5%. Notable factors contributing to the overall decrease in expenses from the prior year are detailed below:

- ❖ *Public Protection* expenses decreased by \$36.9 million, or 15.3% primarily due to a decrease in overall net pension related expenses of \$25.5 million. Additionally, services and supplies decreased by \$6.7 million due to a decrease in professional services. Other charges decreased by \$3.4 million mainly due to \$3.1 million in grant payments being made to the Templeton and Oceano Community Services Districts in FY 2019-20 related to the Integrated Regional Water Management (IRWM) Grant Program.
- ❖ *Health and Sanitation* expenses increased \$7.9 million, or 7.0% due to the combination of a \$4.1 million increase in salaries and wages, a \$3.8 million increase in professional services, and a \$1.2 million increase in purchases and supplies related to the County's emergency response to COVID-19 offset by a decrease in other charges.
- ❖ *Public Ways and Facilities* expenses increased \$2.8 million, or 8.5% due to an increase in services and supplies expense related to Roads projects.

For FY 2020-21, 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.

Business-type Activities

Business-type activities increased the County's net position by \$10.7 million compared to an increase of \$14.2 million in the previous year. Revenues exceeding expenses by \$10.9 million, and a transfer of \$282 thousand to governmental activities resulted in the total increase to net position. Key elements of current year business-type activity are as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Total revenue decreased \$1.9 million or 2.6% from the preceding year. Airport's *Fees, Fines, and Charges for Services* decreased \$2.2 million due to reduced passenger travel during the pandemic. Airport parking fees collected decreased \$783 thousand and passenger facility charges decreased \$460 thousand from the prior year. The reduction in fees collected due to reduced travel was offset by additional *Operating Grants and Contributions* from the CARES Act revenue issued by the Federal Aviation Administration to support airport's loss of revenue experienced during the pandemic. The Airport received \$5.0 million in CARES Act funding, a \$2.5 million increase over FY 2019-20. While passenger travel decreased, the use of the County's golf courses increased. Overall, Golf's *Fees, Fines, and Charges for Services* increased \$1.6 million. Increased use of the courses and the addition of the TopTracer digital technology at the Dairy Creek Golf Course driving range resulted in increased revenues. The largest increase occurring in *Operating Grants and Contributions* (\$4.8 million) related to the Airport receiving \$4.5 million in CARES Act funding from the Federal Aviation Administration. Additionally, *Other Revenues* decreased \$2.8 million related to the receipt of settlement damages for leakage repairs associated with the Nacimiento water pipeline in the prior year.

Expenses for business-type activities increased \$895 thousand or 1.5% from the prior year. Within business-type activities, the largest increase, \$1.6 million, related to increased professional services costs for repairs to the Nacimiento water pipeline. Decreased operating expenses in the Airport and State Water helped offset the increase.

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*, \$9,867, decreased by \$8.9 million, 47.3% 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 \$93, (2) prepaid items of \$498, and (3) long-term receivables of \$9,276. The decrease from the prior year primarily relates to the repayment of an advance made from the General Fund to the Los Osos Wastewater Fund for a settlement payment made to a contractor of the Los Osos wastewater treatment facility.
- *Restricted fund balance*, \$82,318, increased \$14.3 million, or 21.1%, 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 \$4,227, (2) General Public Protection programs of \$7,215, (3) Mental Health Services Act funds of \$2,774, (4) Public Facilities funds of \$15,796, (5) Traffic impact programs of \$11,512, (6) Automation projects of \$6,746, and (7) Debt service of \$29,341. The increase mostly relates to an increase in amounts restricted for automation projects and public protection programs.
- *Committed fund balance*, \$283,305, increased \$40.3 million, or 16.6%, 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, \$18,857, (2) Tax reduction reserve, \$43,305, (3) Automation projects, \$12,354, (4) Roads, \$20,162, (5) Building replacement, \$40,748, (6) Solar plant mitigation, \$15,640, (7) Capital projects, \$17,107, (8) SB 1090 Economic Development, \$13,126 and (9) COVID-19 services, \$20,022. The increase is mostly attributable to the increase in amounts committed for COVID-19 services of \$20.0 million, a 175% increase from the

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

\$7.3 million committed in the prior year. Additionally, a prior period adjustment of \$19.2 million occurred in the Community Development Fund due to a change in the recognition of the deferred inflows of resources.

- *Assigned fund balance*, \$173,558, increased \$54.1 million, or 45.3%, 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) Public Health programs, \$17,596, (2) Tax reduction reserve, \$19,712, (3) General Government, \$17,635, (4) Social Services programs, \$12,534, and (5) Subsequent Fiscal Year Budget, \$69,001. The largest changes in the assigned fund balance category were increases in subsequent fiscal year budget (\$32.6 million), Public Health programs (\$16.4 million), and general government programs (\$10.9 million).

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balance of \$549,048, an increase of 22.2%, or \$99.9 million in comparison with the prior year. Approximately 83.2% of the total fund balance, or \$456,863, 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 \$392,439 while total fund balance reached \$402,300. 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 \$509 million. Spendable fund balance represents 77.1% of the total fund expenditures, while total fund balance represents 79.0% of the same amount, a 13.5% increase from the prior year. During the current fiscal year, the fund balance of the General Fund increased by \$78.1 million.

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

- ❖ Total revenues exceeded total expenditures by \$100.3 million, which was an \$81.8 million increase from the prior year.
- ❖ General Fund revenues ended the year with an increase of \$95.7 million or 18.6% more than the prior year. The largest revenue increase occurred in *Aid from Other Governments*, which increased by \$80.7 million. This increase includes a \$27.0 million increase in CARES Act funding, an \$8.4 million increase in federal Emergency Rental Assistance Program (ERAP) monies, a \$1.9 million increase in FEMA funding, an \$11.9 million increase in State Aid for Medi-Cal, a \$5.7 million increase in State Aid for public safety, and a \$4.7 million increase in State Aid realignment backfill. The second largest increase was in *Taxes* with a \$19.6 million, or 9.5% increase from the prior year due to an increase in revenues from property taxes, sales taxes, and transient occupancy taxes.
- ❖ Total expenditures in the General Fund increased \$13.9 million, or 2.8%, from the prior year. Expenditures increased for the General Government, Public Ways and Facilities, Health and Sanitation, and Education functions. The majority of the increase relates to a redistribution of \$8.3 million of ERAP funding to the State to administer the program. Other increases across functions related to retirement expense, worker's compensation insurance, and medical insurance premiums (\$7.5 million). Expenditures decreased for the Public Protection, Public Assistance, and Recreation and Cultural Services functions due to reduced professional services.

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 \$19.0 million. Capital outlay expenditures exceeded revenues by \$12.3 million and net transfers totaled \$12.4 million. The combination of these two factors resulted in a \$110 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 \$5.1 million to the Capital Projects Fund for various capital projects including \$991 thousand for renovations to the Women's Jail and \$437 thousand for renovations to Honor Farm Jail, \$413 thousand for construction of the Sheriff and County Fire co-located emergency dispatch facility, and \$171 thousand for Los Osos Landfill remediation. The remainder was for development of the new Probation Department building and various general government projects.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

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 \$674.3 million in the current fiscal year and increased by approximately 14.9%, or \$87.2 million, from the prior fiscal year revenues of \$587.1 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, 2021
(in thousands)

	2020-2021		2019-2020		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Revenues by Source:						
Taxes	\$ 243,406	36.1%	\$ 223,041	38.0%	\$ 20,365	9.1%
Licenses, Permits, and Franchises	12,522	1.9%	11,477	1.9%	1,045	9.1%
Fines, Forfeitures, and Penalties	4,352	0.6%	3,916	0.7%	436	11.1%
Use of Money and Property	1,084	0.2%	12,247	2.1%	(11,163)	(91.1%)
Aid from Governmental Agencies	348,093	51.6%	277,267	47.2%	70,826	25.5%
Charges for Current Services	51,694	7.7%	46,712	8.0%	4,982	10.7%
Other Revenues	13,104	1.9%	12,396	8.0%	708	5.7%
Total	\$ 674,255	100%	\$ 587,056	100%	\$ 87,199	14.9%

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

- ❖ *Taxes* increased \$20.4 million, or 9.1% primarily due to the regular 2% increase in assessed property value allowed by California’s Proposition 13, a 50% increase in transient occupancy taxes, and an increase in sales tax revenues.
- ❖ *Licenses, Permits, and Franchises* increased \$1.0 million, or 9.1%. The increase was driven by an increase in land use and building permits as well as an increase in franchise fees.
- ❖ *Use of Money and Property* decreased \$11.2 million, or 91.1% due to a decrease in the fair market value of various investments and decreased interest earnings from the prior year.
- ❖ *Aid from Governmental Agencies* increased \$70.8 million, or 25.5% primarily due to increased state and federal aid related to the COVID-19 pandemic. Federal aid of \$27.0 million was received from the CARES Act and \$8.4 million was received from the Emergency Rental Assistance Program (ERAP). State aid increased with regards to Medi-Cal, Public Health and Safety, and Mental Health.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

- ❖ *Charges for Services* increased \$5.0 million, or 10.7%. The increase was driven by an increase in election services, recording fees, camping fees, and fire protection services.
- ❖ *Other Revenues* increased \$708 thousand, or 5.7%. The increase is primarily attributable to reimbursements from participating cities for the construction of the new Animal Services facility.

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, 2021
(in thousands)

	2020-2021		2019-2020		Increase/(Decrease)	
	Amount	Percent of Total	Amount	Percent of Total	Amount	Percent Change
Expenditures by Function:						
General Government	\$ 64,686	10.8%	\$ 54,078	9.1%	\$ 10,608	19.6%
Public Protection	199,299	33.4%	205,162	34.7%	(5,863)	(2.9%)
Public Ways and Facilities	37,099	6.2%	43,865	7.4%	(6,766)	(15.4%)
Health and Sanitation	117,359	19.6%	108,158	18.3%	9,201	8.5%
Public Assistance	129,141	21.6%	131,154	22.2%	(2,013)	(1.5%)
Education	13,368	2.2%	12,769	2.2%	599	4.7%
Recreation and Cultural Services	10,976	1.8%	11,637	2.0%	(661)	(5.7%)
Principal payments	5,289	0.9%	10,561	1.8%	(5,272)	(49.9%)
Interest on Long-Term Debt	7,030	1.2%	6,416	1.1%	614	9.6%
Capital outlay	13,795	2.3%	7,645	1.3%	6,150	80.4%
Total	\$ 598,042	100%	\$ 591,445	100%	\$ 6,597	1.1%

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

- ❖ *General Government* expenditures increased \$10.6 million, or 19.6%. The increase primarily relates to a redistribution of \$8.3 million of the County’s Emergency Rental Assistance Program funding to the State of California’s Department of Housing and Community Development to administer the program on the County’s behalf.
- ❖ *Public Ways and Facilities* expenditures decreased \$6.8 million, or 15.4% primarily due to the completion of several large projects, such as the Geneseo Road project and the Estrella River Bridge project.
- ❖ *Health and Sanitation* expenditures increased \$9.2 million, or 8.5%. The increase is primarily due to salaries, services, and supplies needed to respond to the COVID-19 pandemic.
- ❖ *Principal Payments on Long-Term Debt* decreased by \$5.3 million, or 49.9% due to the payoff of the 2008 Series A Vineyard Drive Interchange Certificates of Participation in the prior year.
- ❖ *Capital Outlay* expenditures increased \$6.2 million, or 80.4%. The increase is primarily due to the construction of the Animal Services Facility, a joint effort between the County and participating cities.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

Proprietary Funds

The County’s proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The following table shows actual revenues, expenses, and results of operations for the 2020-21 fiscal year.

Table E
Statement of Revenues, Expenses and Results of Operations
Proprietary Funds
Fund Financial Statements
For the Year Ended June 30, 2021
(in thousands)

	Major Funds		Nonmajor Funds		Total	
	Airport	Nacimiento Water Contract	State Water Project	Los Osos Wastewater	Other Enterprise Funds	Total Enterprise
Operating revenues	\$ 6,202	\$ 17,458	\$ 7,470	\$ 5,334	\$ 17,558	\$ 54,022
Operating expenses	9,123	7,795	6,870	8,190	15,640	47,618
Operating income (loss)	(2,921)	9,663	600	(2,856)	1,918	6,404
Non-operating revenues (expenses), net	7,605	(6,630)	2,455	(3,290)	767	907
Net income (loss) before contributions and transfers	4,684	3,033	3,055	(6,146)	2,685	7,311
Contributions and transfers, net	841	-	-	2,371	390	3,602
Change in net position	\$ 5,525	\$ 3,033	\$ 3,055	\$ (3,775)	\$ 3,075	\$ 10,913

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 \$2.9 million, a \$1.2 million increase from the prior year operating loss of \$1.7 million. Operating revenues decreased by \$2.5 million compared to the prior year due to the ongoing COVID-19 pandemic. Enplanement activity decreased for only the second time since the 2013-14 fiscal year, declining by approximately 30% from the prior year. Net position increased by \$5.5 million compared to an increase in net position of \$3.4 million in the prior year. Despite the operating revenue decline, net position increased as a result of non-operating revenues of \$7.6 million which include the Federal Aviation Administration’s CARES Act funds and Airport Improvement Program grants.
- ❖ The *Nacimiento Water Contract Fund* realized operating income of \$9.7 million, a decrease of \$3.8 million from the prior year’s operating income of \$13.5 million. Operating income decreased by \$3.8 million due to a decrease in operating revenues of \$2.0 million and an increase in operating expenses of \$1.8 million. The decrease in operating revenues is primarily attributable to the receipt of a \$2.6 million settlement in the prior year for pipeline repairs and slightly offset by an \$800 thousand increase in water sales in the current fiscal year. The \$1.8 million increase in operating expenses is due to \$1.2 million in costs

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

associated with the North Salinas River crossing repair as well an increase in electricity expense. Overall net position increased \$3.0 million compared to an increase in net position of \$7.1 million in the prior year.

- ❖ The *State Water Project Fund* realized operating income of \$600 thousand, a \$381 thousand increase from the prior year's operating income of \$219 thousand. The increase is primarily attributable to a \$736 thousand decrease in operating expenses over the prior year but was offset by \$355 thousand in decreased water sales. Overall, net position increased by \$3.1 million, which is primarily attributable to property tax receipts.
- ❖ The *Los Osos Wastewater Fund* reported an operating loss of \$2.9 million, consistent with the prior year's operating loss. The wastewater plant began full-service operations in FY 2016-17. Both operating revenue and expense remained relatively similar to the prior year. Operating revenue increased by \$73 thousand and operating expenses decreased \$19 thousand. Overall net position decreased \$3.8 million, which is equal to the prior year's decrease in net position.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for expenditures and transfers out increased by \$71.0 million, or 12.6%, during the year, leading to the final amended budget. This increase was funded by increases to both budgeted revenues and transfers-in (\$70 million) and the uses of reserves and designations for the balance. Unanticipated revenues totaling \$54.3 million in State, Federal, and Other Governmental Aid, \$1.4 million in Other Revenue, \$250 thousand in Licenses, Permits and Franchises, \$279 thousand in Interfund Revenues, \$311 thousand in Charges for Current Services, \$316 thousand in Fines, Forfeitures, and Penalties, and \$12.7 million in Other Financing Sources financed the budget augmentations.

General Government function augmentations of \$28.2 million were primarily for \$8.3 million of payments for emergency services and Clerk-Recorder program augmentations of \$1.4 million with the remaining augmentations going toward the maintenance and upgrade of County facilities. Public Protection function augmentations of \$16.0 million were primarily divided among Emergency Services augmentations of \$5.9 million, County Fire which received \$4.2 million in augmentations, Sheriff-Coroner program augmentations of \$2.7 million, Planning and Building program augmentations of \$1.4 million, Public Defender program augmentations totaling \$1.1 million, Waste Management program augmentations of \$283 thousand, and various smaller augmentations totaling \$473 thousand to the District Attorney, Probation, Animal Services, and Agricultural Commissioner's programs. The \$12.8 million increase in the Public Assistance function relates almost entirely to Social Services including CalWORKS assistance, law enforcement medical care and indigent burial programs. Recreation augmentations totaling \$3.3 million were primarily for Parks related capital projects. Public Ways and Facilities augmentations of \$2.2 million were for \$1.3 million of Development Services for outside agency projects, with the remainder primarily relating to Special District projects.

At the close of the fiscal year, actual General Fund expenditures were 82.8% of the current budget, while General Fund revenues were realized at 96.0% of budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2021, the County had \$1.8 billion invested in a broad range of capital assets, including land, buildings, systems improvements, machinery and equipment, park facilities, golf courses, airport facilities, roads, bridges, dams, and water and sewer lines (see Table F). This amount represents a net increase (including additions and deductions) of \$10.0 million or 0.5% from last year.

MANAGEMENT’S DISCUSSION AND ANALYSIS (continued)

**Table F
Capital Assets
June 30, 2021
(in thousands)**

	Governmental Activities June 30, 2020	Governmental Activities June 30, 2021	Business- Type Activities June 30, 2020	Business- Type Activities June 30, 2021	Total Capital Assets June 30, 2020	Total Capital Assets June 30, 2021	Total Percent Change
Land	\$ 795,532	\$ 796,008	\$ 36,513	\$ 36,718	\$ 832,045	\$ 832,726	0.1%
Water Rights	-	-	61,212	64,277	61,212	64,277	5.0%
Other Property Non-Depreciable	-	-	1,968	1,968	1,968	1,968	-
Construction-in- progress	35,171	45,188	3,997	3,470	39,168	48,658	24.2%
Structures & Improvements	268,005	277,769	210,480	212,043	478,485	489,812	2.4%
Equipment	104,901	106,582	10,317	10,899	115,218	117,481	2.0%
Other Property Depreciable	1,258	1,258	554	554	1,812	1,812	-
Infrastructure Depreciable	434,516	447,306	381,692	385,248	816,208	832,554	2.0%
Subtotal	1,639,383	1,674,111	706,733	715,177	2,346,116	2,389,288	1.8%
Less Accumulated Depreciation	(412,245)	(432,728)	(117,453)	(130,186)	(529,698)	(562,914)	6.3%
Total	\$ 1,227,138	\$ 1,241,383	\$ 589,280	\$ 584,991	\$ 1,816,418	\$ 1,826,374	0.5%

Major additions and future commitments in capital assets - Governmental Activities

County Roads had the majority of additions in governmental activities with \$11.9 million worth of assets. Microsurfacing, overlay, and chip seal projects throughout the County comprised most of the road additions. Other major roads projects include work beginning on the Tefft St/Hwy 101 Interchange Operational Improvement Project (\$1.2 million), widening of Los Berros Road in Nipomo to allow for the incorporation of bike lanes (\$541 thousand), pedestrian enhancements in Oceano (\$447 thousand), and replacement of the Jack Creek Road Bridge in Templeton (\$407 thousand). Other notable capital asset additions during FY 2020-21 include work on the new Animal Services Facility (\$7.2 million), enhancement of the Arroyo Grande levee (\$3.8 million), and \$1.3 million of radio modernization. The Co-located dispatch project continued (\$413 thousand) and roof improvements were made to both the Grover Beach Health Campus (\$178 thousand) and the San Luis Obispo Vet’s Hall (\$122 thousand).

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

Within business-type activities, The County constructed two new water storage tanks in Cayucos (\$1.6 million); the Airport continued work on the runway rehabilitation and safety projects (\$1.2 million) and isolation valves were installed on the Nacimiento Water Project (\$653 thousand).

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

Debt Administration

At the end of the current fiscal year, the County of San Luis Obispo had total notes and bonds payable of \$480 million. In July 2003, the County issued Pension Obligation Bonds to refund the Unfunded Actuarial Accrued Liability due to the Pension Trust. The balance remaining on the County’s Pension Obligation Bonds at the end of the FY 2020-21 was \$89.8 million. Pension Obligation Bonds debt service payments are funded by County payroll benefits.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

The remainder of the County's debt consists of \$33.4 million in certificates of participation, which are repaid from a variety of revenues; \$90 million in State loans; \$72.9 million in assessment bonds relating to the Los Osos Wastewater project; \$163 million in revenue bonds which are repaid with water service revenue; and \$23.8 million in lease revenue bonds for the construction and equipping of an animal services facility. General Obligation Bonds totaling \$7.1 million are backed by the full faith and credit of the County.

Table G
Outstanding Debt
June 30, 2021
(in thousands)

	Govern- mental Activities June 30, 2020	Govern- mental Activities June 30, 2021	Business- Type Activities June 30, 2020	Business- Type Activities June 30, 2021	Total June 30, 2020	Total June 30, 2021	Total Percent Change
Certificates of Participation	\$ 13,076	\$ 11,891	\$ 11,299	\$ 10,377	\$ 24,375	\$ 22,268	(8.6%)
Certificates of Participation from Direct Borrowings	5,636	8,347	2,871	2,818	8,507	11,165	31.2%
Pension Obligation Bonds	93,733	89,825	-	-	93,733	89,825	(4.2%)
State Notes from Direct Borrowings	1,744	1,586	81,079	88,385	82,823	89,971	8.6%
Lease Revenue Bonds	24,403	23,807	-	-	24,403	23,807	(2.4%)
Revenue Bonds	-	-	167,918	162,983	167,918	162,983	(2.9%)
General Obligation Bonds	-	-	7,645	7,104	7,645	7,104	(7.1%)
Assessment Bonds	-	391	73,943	72,483	73,943	72,874	(1.4%)
Total	<u>\$ 138,592</u>	<u>\$ 135,847</u>	<u>\$ 344,755</u>	<u>\$ 344,150</u>	<u>\$ 483,347</u>	<u>\$ 479,997</u>	(0.7%)

The decrease from the prior year for the County's certificates of participation, notes, and bonds payable was \$3.4 million, or 0.7%. The decrease was caused by \$17.3 million of debt payments offset by an \$11 million increase of a Los Osos Wastewater Project loan and the issuance of \$2.8 million of Certificates of Participation to finance the construction of a storm drain improvement project in Oceano. Additionally, in FY 2020-21, a change in accounting principle resulted in an ending balance increase of \$391 thousand to include Special District Assessment Bond debt related to Roads which was previously recorded in a Fiduciary Fund. Detailed information on the issuance of debt and change in accounting principle can be found in Notes 10 and 19.

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 \$777.5 million.

Other liabilities include compensated absences of \$37.6 million for governmental activities and \$529 thousand for business-type activities; landfill post-closure costs of \$7.2 million; and a self-insurance liability of \$21.0 million. More detailed information about the County's long-term debt and other long-term liabilities is presented in Note 10 to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- ❖ The County is committed to providing services with integrity, collaboration, professionalism, accountability and responsiveness, and these values are reflected in the Fiscal Year 2020-21 budget.
- ❖ The impacts COVID-19 will have to the County's funding sources are not yet fully known, but the County has received grants to support specific programs to address issues related to the pandemic (including direct response), as well as more broad allocations to generally assist local governments. Significant allocations include:
 - \$28.3 million in Coronavirus Relief Funds through the Coronavirus Aid, Relief, and Economic Security (CARES) Act.
 - \$55.0 million in American Rescue Plan Act (ARPA) funds.
 - \$5.2 million of Federal Emergency Management Agency (FEMA) expense reimbursement from the beginning of the pandemic through FY 2020-21.
- ❖ The Governor's FY 2021-22 January budget proposal continues to emphasize the homeless challenges that the State is facing. The State has invested \$1 billion in state and federal revenues towards homeless programs and services since the onset of the COVID-19 pandemic, and the FY 2021-22 budget proposes to allocate \$1.75 billion of one-time General Fund revenue to fund proposals to address the homeless crisis. The proposals include:
 - \$750 million of additional funding for continued Project Homekey acquisitions and operations. This funding would provide for additional competitive grants for local governments to purchase and rehabilitate housing (including hotels, motels, vacant apartment buildings, and other buildings) and convert them into interim or permanent long-term housing. As a part of this, the Governor is seeking early action from the Legislature on \$250 million to continue funding Project Homekey projects in the current year. As previously reported, our county received \$15 million from Project Homekey in October 2020. This funding was allocated to the Housing Authority of San Luis Obispo (HASLO), Peoples' Self-Help Housing and the El Camino Homeless Organization (ECHO) to convert a Motel 6 into a homeless shelter and low-income housing facility.
 - \$750 million to expand outpatient treatment options and help counties provide treatment in less restrictive, community-based residential care settings. This funding will be allocated to counties through a competitive grant process to fund efforts to acquire and rehabilitate property to expand the community continuum of behavioral health treatment resources and infrastructure. Counties will be required to provide a local match.
 - \$250 million of one-time General Fund to be provided to counties for the acquisition or rehabilitation of adult residential facilities and residential care facilities for the elderly.
- ❖ 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 which provide 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 \$488 thousand in FY 2021-22, representing an 8% decrease compared to the FY 2020-

MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

21 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 improving economy although COVID-19 continues to impact normal business activities.
 - Sales tax revenue for unincorporated areas came in at \$13.6 million, or 8.8% higher than the preceding year.
 - County assessed property tax valuations increased from \$59.5 million to \$62.2 million or 4.5%.
 - Transient Occupancy Tax collections were \$15.0 million, which is a \$5 million, or 50%, increase from FY 2019-20. This increase is primarily attributable to a rebound in tourism demand after COVID-19 shelter in place orders were lifted.
- ❖ The Board of Supervisors adopted the FY 2021-22 budget in June 2021, with a \$172.9 million fund balance in the General Fund, of which \$69.0 million was appropriated to finance the current year's expenditures including contingencies. \$13 million was placed in general reserves, and \$64.8 million was earmarked for designations. The total General Fund budget for FY 2021-22 is \$640.9 million, a 10.6% increase from the previous year. The County budget also includes community-wide results and indicators as well as department goals and performance measures that gauge how departments are meeting the needs of the community.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS



COUNTY
of SAN LUIS
OBISPO

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF NET POSITION
JUNE 30, 2021 (IN THOUSANDS)**

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	First 5 San Luis Obispo
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 606,990	\$ 71,710	\$ 678,700	\$ 9,384
Accounts receivable, net	15,512	3,646	19,158	-
Property taxes receivable	16,909	-	16,909	-
Other receivables	2,196	104,170	106,366	-
Due from other governments	48,723	1,669	50,392	188
Deposits with others	3	86	89	4
Internal balances	15,008	(15,008)	-	-
Inventories	710	20	730	-
Prepaid items	498	662	1,160	3
Loans receivable (net of allowance for uncollectibles)	19,192	222	19,414	-
Total Current Assets	<u>725,741</u>	<u>167,177</u>	<u>892,918</u>	<u>9,579</u>
Noncurrent Assets:				
Restricted cash with fiscal agent	22,230	10,211	32,441	-
Prepaid insurance	-	288	288	-
Capital Assets:				
Nondepreciable	841,196	106,433	947,629	-
Depreciable, net	400,187	478,558	878,745	-
Total Noncurrent Assets	<u>1,263,613</u>	<u>595,490</u>	<u>1,859,103</u>	<u>-</u>
Total Assets	<u>1,989,354</u>	<u>762,667</u>	<u>2,752,021</u>	<u>9,579</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pensions	93,026	925	93,951	74
Deferred OPEB	21,520	261	21,781	-
Deferred loss on refunding	-	3,264	3,264	-
Total Deferred Outflows of Resources	<u>114,546</u>	<u>4,450</u>	<u>118,996</u>	<u>74</u>
LIABILITIES				
Current Liabilities:				
Accounts payable	24,097	8,872	32,969	184
Salaries and benefits payable	18,091	207	18,298	-
Deposits from others	17,977	2,179	20,156	-
Accrued interest	4,346	4,379	8,725	-
Other current liabilities	2,095	-	2,095	-
Unearned revenue	37,495	5,359	42,854	-
Bonds and notes payable	11,745	11,606	23,351	-
Compensated absences	22,169	201	22,370	5
Landfill closure/postclosure costs	716	-	716	-
Self-insurance payable	4,152	-	4,152	-
Total Current Liabilities	<u>142,883</u>	<u>32,803</u>	<u>175,686</u>	<u>189</u>
Long-Term Liabilities:				
Net pension liability	631,109	6,276	637,385	101
Net OPEB liability	34,172	415	34,587	-
Bonds and notes payable	124,102	332,544	456,646	-
Compensated absences	15,461	328	15,789	15
Landfill closure/postclosure costs	6,529	-	6,529	-
Self-insurance payable	16,864	-	16,864	-
Total Long-Term Liabilities	<u>828,237</u>	<u>339,563</u>	<u>1,167,800</u>	<u>116</u>
Total Liabilities	<u>971,120</u>	<u>372,366</u>	<u>1,343,486</u>	<u>305</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pensions	64,649	643	65,292	1
Deferred OPEB	1,652	20	1,672	-
Deferred bond refunding	-	321	321	-
Total Deferred Inflows of Resources	<u>66,301</u>	<u>984</u>	<u>67,285</u>	<u>1</u>
NET POSITION				
Net investment in capital assets	1,210,972	283,512	1,494,484	-
Restricted for:				
General government	13,917	-	13,917	-
Public protection	18,088	-	18,088	-
Health and sanitation	17,650	-	17,650	-
Public assistance	2,814	-	2,814	-
Public ways and facilities	28,026	-	28,026	-
Recreation and cultural services	202	-	202	-
Education	217	-	217	-
Debt service	23,110	-	23,110	-
Unrestricted	<u>(248,517)</u>	<u>110,255</u>	<u>(138,262)</u>	<u>9,347</u>
Total Net Position	<u>\$ 1,066,479</u>	<u>\$ 393,767</u>	<u>\$ 1,460,246</u>	<u>\$ 9,347</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, 2021 (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	\$ 55,612	\$ 15,502	\$ 789	\$ -	\$ 16,291
Public protection	204,861	23,552	67,187	3,814	94,553
Public ways and facilities	36,017	5,532	11,073	12,856	29,461
Health and sanitation	121,358	8,038	91,988	-	100,026
Public assistance	134,476	926	113,555	-	114,481
Education	14,213	1,622	219	-	1,841
Recreation and cultural services	10,497	5,714	271	189	6,174
Interest on long-term debt	9,645	-	-	-	-
Total governmental activities	586,679	60,886	285,082	16,859	362,827
Business-type activities:					
Airport	9,146	6,140	7,580	1,138	14,858
Golf	3,869	4,376	105	200	4,681
State Water Contract	6,928	7,470	15	-	7,485
Nacimiento Water Contract	14,816	17,458	-	-	17,458
Lopez Flood Control	7,087	6,927	6	-	6,933
Lopez Park	1	-	-	-	-
General Flood Control - Salinas Dam	1,170	1,370	-	-	1,370
County Service Areas	4,697	4,702	3	-	4,705
Los Osos Wastewater	11,581	5,324	-	2,546	7,870
Total business-type activities	59,295	53,767	7,709	3,884	65,360
Total primary government	\$ 645,974	\$ 114,653	\$ 292,791	\$ 20,743	\$ 428,187
Component unit:					
First 5 San Luis Obispo	\$ 1,871	\$ -	\$ 2,049	\$ -	\$ 2,049

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, 2021 (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	\$ (39,321)	\$ -	\$ (39,321)	
Public protection	(110,308)	-	(110,308)	
Public ways and facilities	(6,556)	-	(6,556)	
Health and sanitation	(21,332)	-	(21,332)	
Public assistance	(19,995)	-	(19,995)	
Education	(12,372)	-	(12,372)	
Recreation and cultural services	(4,323)	-	(4,323)	
Interest on long-term debt	(9,645)	-	(9,645)	
Total governmental activities	<u>(223,852)</u>	<u>-</u>	<u>(223,852)</u>	
Business-type activities:				
Airport	-	5,712	5,712	
Golf	-	812	812	
State Water Contract	-	557	557	
Nacimiento Water Contract	-	2,642	2,642	
Lopez Flood Control	-	(154)	(154)	
Lopez Park	-	(1)	(1)	
General Flood Control	-	200	200	
County Service Areas	-	8	8	
Los Osos Wastewater	-	(3,711)	(3,711)	
Total business-type activities	<u>-</u>	<u>6,065</u>	<u>6,065</u>	
Total primary government	<u>\$ (223,852)</u>	<u>\$ 6,065</u>	<u>\$ (217,787)</u>	
Component unit:				
First 5 San Luis Obispo				<u>\$ 178</u>
General Revenues:				
Taxes:				
Property taxes	208,371	4,387	212,758	-
Sales and use taxes	13,617	-	13,617	-
Transient occupancy taxes	14,984	-	14,984	-
Transfer tax	4,264	-	4,264	-
Other taxes	1,575	-	1,575	-
Grants not restricted to specific programs	41,157	-	41,157	-
Interest earnings not restricted to specific programs	696	405	1,101	92
Other revenues	4,813	76	4,889	100
Transfers	282	(282)	-	-
Total General Revenues and Transfers	<u>289,759</u>	<u>4,586</u>	<u>294,345</u>	<u>192</u>
Change in net position	65,907	10,651	76,558	370
Net position - beginning of year, as restated	982,742	383,116	1,365,858	8,977
Cumulative effect of change in accounting principle	17,830	-	17,830	-
Net position - end of year	<u>\$ 1,066,479</u>	<u>\$ 393,767</u>	<u>\$ 1,460,246</u>	<u>\$ 9,347</u>



**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS**



**COUNTY OF SAN LUIS OBISPO
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021 (IN THOUSANDS)**

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 451,897	\$ 13,914	\$ 95,112	\$ 560,923
Restricted cash with fiscal agent	-	1,885	20,345	22,230
Accounts receivable, net	15,087	-	401	15,488
Accrued property taxes receivable	16,909	-	-	16,909
Other receivables	2,196	-	-	2,196
Due from other governments	36,760	1,400	10,563	48,723
Due from other funds	-	8,134	400	8,534
Inventories	93	-	-	93
Loans receivable, net of allowance for uncollectibles	-	-	19,192	19,192
Advances to other funds	9,276	-	2,690	11,966
Prepaid items	492	-	6	498
Other assets	-	-	3	3
	<u>-\$ 532,710</u>	<u>-\$ 25,333</u>	<u>-\$ 148,712</u>	<u>-\$ 706,755</u>
Total assets	<u>\$ 532,710</u>	<u>\$ 25,333</u>	<u>\$ 148,712</u>	<u>\$ 706,755</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 16,465	\$ 4,408	\$ 2,839	\$ 23,712
Salaries and benefits payable	16,191	-	531	16,722
Due to other funds	-	-	8,134	8,134
Deposits from others	9,957	-	2,531	12,488
Unearned revenue	36,917	498	80	37,495
Other current liabilities	2,095	-	-	2,095
Advances from other funds	-	48	991	1,039
	<u>-</u>	<u>48</u>	<u>991</u>	<u>1,039</u>
Total liabilities	<u>81,625</u>	<u>4,954</u>	<u>15,106</u>	<u>101,685</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenue	<u>48,785</u>	<u>1,387</u>	<u>5,850</u>	<u>56,022</u>
Total deferred inflows of resources	<u>48,785</u>	<u>1,387</u>	<u>5,850</u>	<u>56,022</u>
<u>FUND BALANCES</u>				
Nonspendable	9,861	-	6	9,867
Restricted	24,212	1,885	56,221	82,318
Committed	194,669	17,107	71,529	283,305
Assigned	173,558	-	-	173,558
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>402,300</u>	<u>18,992</u>	<u>127,756</u>	<u>549,048</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 532,710</u>	<u>\$ 25,333</u>	<u>\$ 148,712</u>	<u>\$ 706,755</u>

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021 (IN THOUSANDS)

Total Fund Balances - Total Governmental Funds	\$	549,048
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.		1,228,160
Accrued property tax and grant revenues are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		56,022
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.		(25,627)
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.		3,681
Interest on long-term debt is recognized as it accrues, regardless of when it is due.		(4,346)
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.		(575,874)
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.		(31,012)
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.		25,893
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.		18,031
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	(20,238)	
Bonds and notes payable	(115,609)	
Compensated absences	(34,405)	
Landfill closure/postclosure costs	(7,245)	(177,497)
Net Position of Governmental Activities	\$	<u>1,066,479</u>

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021 (IN THOUSANDS)

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes	\$ 225,758	\$ -	\$ 17,648	\$ 243,406
Licenses, permits, and franchises	12,522	-	-	12,522
Fines, forfeitures, and penalties	3,577	319	456	4,352
Use of money and property	995	-	89	1,084
Aid from other governments	320,356	189	27,548	348,093
Charges for services	35,775	1,004	14,915	51,694
Other revenues	10,253	-	2,851	13,104
	<u>609,236</u>	<u>1,512</u>	<u>63,507</u>	<u>674,255</u>
Total revenues				
<u>EXPENDITURES</u>				
Current:				
General government	64,686	-	-	64,686
Public protection	191,559	-	7,740	199,299
Public ways and facilities	3,796	-	33,303	37,099
Health and sanitation	114,904	-	2,455	117,359
Public assistance	128,616	-	525	129,141
Education	620	-	12,748	13,368
Recreation and cultural services	4,571	-	6,405	10,976
Debt service:				
Principal payments	158	-	5,131	5,289
Interest and fiscal charges	17	-	7,013	7,030
Capital outlay	-	13,795	-	13,795
	<u>508,927</u>	<u>13,795</u>	<u>75,320</u>	<u>598,042</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>100,309</u>	<u>(12,283)</u>	<u>(11,813)</u>	<u>76,213</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Debt Issued	-	-	2,841	2,841
Transfers in	1,433	12,393	23,558	37,384
Transfers out	(23,604)	-	(12,490)	(36,094)
	<u>(22,171)</u>	<u>12,393</u>	<u>13,909</u>	<u>4,131</u>
Total other financing sources (uses)				
Net change in fund balances	78,138	110	2,096	80,344
Fund balances - beginning, as restated	324,530	18,882	105,772	449,184
Cumulative effect of change in accounting principle	(368)	-	19,888	19,520
Fund balances - ending	<u>\$ 402,300</u>	<u>\$ 18,992</u>	<u>\$ 127,756</u>	<u>\$ 549,048</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, 2021 (IN THOUSANDS)

Net Change in Fund Balances - Total Governmental Funds \$ 80,344

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. (5,414)

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	\$	13,460	
General government		3,457	
Public protection		7,234	
Public ways		11,941	
Health and sanitation		289	
Public assistance		105	
Education		144	
Recreation and cultural services		350	36,980

In the Statement of Activities, the cost of capital assets is allocated over their estimated useful lives and reported as depreciation expense. (22,238)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position. (144)

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

Debt principal payments			5,419
Debt Issuance			(2,841)

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	\$	(2,142)	
Change in accrued interest payable		(3,020)	
Change in landfill closure/postclosure costs		(86)	
Change in net OPEB liability		(5,900)	
Change in deferred OPEB outflows		2,578	
Change in deferred OPEB inflows		392	
Change in Net Pension Liability		(12,083)	
Change in deferred pension outflows		(47,610)	
Change in deferred pension inflows		45,206	
Change in capital appreciation bond accretion		328	
Amortization of debt premiums, discounts and issuance costs		275	(22,062)

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. (4,399)

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. -

The net (revenue) expense allocable to business-type activities 262

Change in Net Position of Governmental Activities \$ 65,907

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021 (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	\$ 16,762	\$ 15,628	\$ 13,703	\$ 5,768	\$ 19,849	\$ 71,710	\$ 46,067
Accounts receivable, net	-	2	3,235	-	409	3,646	24
Other receivables	326	-	-	103,844	-	104,170	-
Due from other governments	1,669	-	-	-	-	1,669	-
Deposits with others	-	-	-	-	86	86	-
Inventories	-	-	-	-	20	20	617
Loans receivable	-	-	-	222	-	222	-
Prepaid items	-	-	-	-	662	662	-
Total current assets	<u>18,757</u>	<u>15,630</u>	<u>16,938</u>	<u>109,834</u>	<u>21,026</u>	<u>182,185</u>	<u>46,708</u>
Noncurrent assets:							
Advances to other funds	-	-	-	-	60	60	-
Restricted cash with fiscal agent	-	9,723	-	-	488	10,211	-
Prepaid insurance	-	288	-	-	-	288	-
Capital assets:							
Nondepreciable:							
Land	24,030	3,259	-	5,406	4,022	36,717	-
Construction in progress	2,608	164	-	-	699	3,471	-
Water rights	-	-	64,277	-	-	64,277	-
Other property	-	-	-	-	1,968	1,968	-
Depreciable:							
Infrastructure, net	415	143,833	12	165,582	22,535	332,377	-
Structures and improvements, net	75,066	8,415	5,461	715	49,912	139,569	357
Equipment, net	4,962	7	2	100	1,045	6,116	12,866
Other property, net	-	-	-	-	496	496	-
Total noncurrent assets	<u>107,081</u>	<u>165,689</u>	<u>69,752</u>	<u>171,803</u>	<u>81,225</u>	<u>595,550</u>	<u>13,223</u>
Total assets	<u>125,838</u>	<u>181,319</u>	<u>86,690</u>	<u>281,637</u>	<u>102,251</u>	<u>777,735</u>	<u>59,931</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred pensions	516	-	-	-	409	925	8,142
Deferred OPEB	161	-	-	-	100	261	1,990
Deferred loss on refunding	-	3,264	-	-	-	3,264	-
Total deferred outflows of resources	<u>677</u>	<u>3,264</u>	<u>-</u>	<u>-</u>	<u>509</u>	<u>4,450</u>	<u>10,132</u>
LIABILITIES							
Current liabilities:							
Accounts payable	752	972	6,753	77	318	8,872	385
Salaries and benefits payable	111	-	-	-	96	207	1,369
Interest payable	-	2,395	-	1,640	344	4,379	-
Self-insurance payable	-	-	-	-	-	-	4,152
Deposits from others	79	595	1,048	5	452	2,179	5,489
Unearned revenue	44	3,135	2,138	-	42	5,359	-
Due to other funds	-	-	-	-	400	400	-
Accrued vacation and sick leave - current	102	-	-	-	99	201	2,227
Notes and bonds payable - current	-	4,745	-	3,840	3,021	11,606	-
Total current liabilities	<u>1,088</u>	<u>11,842</u>	<u>9,939</u>	<u>5,562</u>	<u>4,772</u>	<u>33,203</u>	<u>13,622</u>
Noncurrent liabilities:							
Self-insurance liability	-	-	-	-	-	-	16,864
Advances from other funds	5,506	-	-	2,293	3,188	10,987	-
Accrued vacation and sick leave	157	-	-	-	171	328	998
Notes and bonds payable	-	158,238	-	143,454	30,852	332,544	-
Net OPEB Liability	256	-	-	-	159	415	3,160
Net Pension Liability	3,500	-	-	-	2,776	6,276	55,235
Total noncurrent liabilities	<u>9,419</u>	<u>158,238</u>	<u>-</u>	<u>145,747</u>	<u>37,146</u>	<u>350,550</u>	<u>76,257</u>
Total liabilities	<u>10,507</u>	<u>170,080</u>	<u>9,939</u>	<u>151,309</u>	<u>41,918</u>	<u>383,753</u>	<u>89,879</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred pensions	359	-	-	-	284	643	5,658
Deferred OPEB	12	-	-	-	8	20	153
Bond refunding	-	321	-	-	-	321	-
Total deferred inflows of resources	<u>371</u>	<u>321</u>	<u>-</u>	<u>-</u>	<u>292</u>	<u>984</u>	<u>5,811</u>
NET POSITION							
Net investment in capital assets	106,516	5,361	69,752	55,060	46,823	283,512	13,223
Unrestricted	9,121	8,821	6,999	75,268	13,727	113,936	(38,850)
Total net position	<u>\$ 115,637</u>	<u>\$ 14,182</u>	<u>\$ 76,751</u>	<u>\$ 130,328</u>	<u>\$ 60,550</u>	<u>397,448</u>	<u>\$ (25,627)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(3,681)	
Net Position of Business-Type Activities per Government-Wide Financial Statements						<u>\$ 393,767</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, 2021 (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	\$ 6,172	\$ 17,458	\$ 7,470	\$ 5,324	\$ 17,522	\$ 53,946	\$ 59,180
Other revenues	30	-	-	10	36	76	75
Total operating revenues	6,202	17,458	7,470	5,334	17,558	54,022	59,255
OPERATING EXPENSES:							
Salaries and benefits	2,233	-	-	-	1,798	4,031	32,354
Services and supplies	3,141	5,522	6,643	3,752	11,119	30,177	22,668
Other charges	30	-	-	-	3	33	-
Insurance benefit payments	-	-	-	-	-	-	5,799
Depreciation	3,513	2,203	204	4,366	2,469	12,755	2,740
Countywide cost allocation	206	70	23	72	251	622	555
Total operating expenses	9,123	7,795	6,870	8,190	15,640	47,618	64,116
Operating income (loss)	(2,921)	9,663	600	(2,856)	1,918	6,404	(4,861)
NONOPERATING REVENUES (EXPENSES):							
Property taxes	-	-	2,460	45	1,882	4,387	-
Interest income	30	348	-	11	16	405	7
Interest expense	(5)	(6,978)	(20)	(3,346)	(1,245)	(11,594)	-
Sale of capital assets	-	-	-	-	-	-	245
Aid from governmental agencies	7,580	-	15	-	114	7,709	1,211
Other revenues	-	-	-	-	-	-	7
Total nonoperating revenues (expenses)	7,605	(6,630)	2,455	(3,290)	767	907	1,470
Income (loss) before contributions and transfers	4,684	3,033	3,055	(6,146)	2,685	7,311	(3,391)
Capital contributions	1,138	-	-	2,546	200	3,884	-
Transfers in	-	-	-	-	250	250	398
Transfers out	(297)	-	-	(175)	(60)	(532)	(1,406)
Change in net position	5,525	3,033	3,055	(3,775)	3,075	10,913	(4,399)
Net position - beginning	110,112	11,149	73,696	134,103	57,475		(21,228)
Net position - ending	<u>\$ 115,637</u>	<u>\$ 14,182</u>	<u>\$ 76,751</u>	<u>\$ 130,328</u>	<u>\$ 60,550</u>		<u>\$ (25,627)</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds						(262)	
Change in Net Position of Business-Type Activities per Government-Wide Financial Statements						<u>\$ 10,651</u>	

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

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021 (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	\$ 6,099	\$ 11,994	\$ 4,611	\$ 5,334	\$ 17,505	\$ 45,543	\$ -
Receipts from interfund billings	-	-	-	-	-	-	59,240
Payments for goods and services	(2,893)	(5,541)	(6,308)	(3,804)	(1,829)	(20,375)	(17,083)
Payments to employees for services	(2,095)	-	-	-	(12,361)	(14,456)	(31,773)
Payments for insurance benefits	-	-	-	-	-	-	(4,922)
Payments for premiums	-	-	-	-	-	-	(6,542)
Net cash provided (used) by operating activities	1,111	6,453	(1,697)	1,530	3,315	10,712	(1,080)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Property tax proceeds	-	-	2,460	-	1,882	4,342	-
Grants and subsidies from other governmental agencies	8,583	-	14	-	114	8,711	1,210
Advances from other funds	-	-	-	-	1,673	1,673	-
Due from other funds	-	-	-	-	300	300	-
Transfers from other funds	-	-	-	-	250	250	398
Transfers to other funds	(297)	-	-	(175)	(60)	(532)	(1,406)
Other Nonoperating Revenue/Expenses	-	-	-	45	-	45	-
Net cash provided (used) by noncapital financing activities	8,286	-	2,474	(130)	4,159	14,789	202
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchases and construction of capital assets	(2,211)	(700)	(3,064)	-	(2,493)	(8,468)	(2,379)
Proceeds from sale of capital assets	-	-	-	-	-	-	245
Advances to other funds	-	-	-	-	19	19	-
Advances from other funds	(1,242)	-	-	-	(6)	(1,248)	-
Capital contributions	1,138	-	-	5,126	200	6,464	-
Principal paid on capital debt	(378)	(4,346)	-	(2,757)	(2,910)	(10,391)	-
Interest paid on capital debt	(9)	(7,462)	(19)	(3,773)	(1,360)	(12,623)	-
Net cash provided (used) by capital and related financing activities	(2,702)	(12,508)	(3,083)	(1,404)	(6,550)	(26,247)	(2,134)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Interest received	30	348	-	11	16	405	7
Net cash provided (used) by investing activities	30	348	-	11	16	405	7
Net increase (decrease) in cash and cash equivalents	6,725	(5,707)	(2,306)	7	940	(341)	(3,005)
CASH AND CASH EQUIVALENTS:							
Beginning of year	10,037	31,058	16,009	5,761	19,397	82,262	49,072
End of year	\$ 16,762	\$ 25,351	\$ 13,703	\$ 5,768	\$ 20,337	\$ 81,921	\$ 46,067
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:							
Operating income (loss)	\$ (2,921)	\$ 9,663	\$ 600	\$ (2,856)	\$ 1,918	\$ 6,404	\$ (4,861)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:							
Depreciation expense	3,513	2,203	204	4,366	2,469	12,755	2,740
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:							
(Increase) decrease in:							
Receivables, net	(65)	(2)	(1,633)	2	(30)	(1,728)	(16)
Inventory	-	-	-	-	16	16	(27)
Prepaid items	-	-	-	-	176	176	221
Deferred outflows - pension	287	-	-	-	268	555	4,824
Deferred outflows - OPEB	(22)	-	-	-	(14)	(36)	(241)
Increase (decrease) in:							
Accounts payable	489	50	357	18	(1,200)	(286)	(627)
Deposits from others	-	-	(906)	-	37	(869)	110
Salaries and benefits payable	9	-	-	-	35	44	(131)
Deferred inflows - pension	(273)	-	-	-	(249)	(522)	(4,538)
Deferred inflows - OPEB	(3)	-	-	-	(2)	(5)	(43)
Net OPEB liability	50	-	-	-	30	80	570
Net pension liability	85	-	-	-	(106)	(21)	62
Unearned revenue	(38)	(5,461)	(319)	-	(33)	(5,851)	-
Self-insurance liability	-	-	-	-	-	-	877
Total adjustments	4,032	(3,210)	(2,297)	4,386	1,397	4,308	3,781
Net cash provided (used) by operating activities	\$ 1,111	\$ 6,453	\$ (1,697)	\$ 1,530	\$ 3,315	\$ 10,712	\$ (1,080)

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

**COUNTY OF SAN LUIS OBISPO
STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL AND INVESTMENT TRUST FUNDS
JUNE 30, 2021 (IN THOUSANDS)
SAN LUIS OBISPO PENSION TRUST FUND
DECEMBER 31, 2020 (IN THOUSANDS)**

	San Luis Obispo County Pension Trust December 31, 2020	Investment Trust Funds June 30, 2021	Custodial Funds June 30, 2021	Total Fiduciary Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 61,482	\$ 520,623	\$ 113,172	\$ 695,277
Receivables:				
Contributions	1,272	-	-	1,272
Interest and dividends	585	-	-	585
Securities sold	1,171	-	-	1,171
Taxes for other governments	-	-	486	486
Investments at fair value:				
Bonds and notes	268,621	-	-	268,621
International fixed income	153,501	-	-	153,501
Collateralized mortgage obligations	7,365	-	-	7,365
Domestic equities	359,291	-	-	359,291
International equities	370,824	-	-	370,824
Alternative investments	172,467	-	-	172,467
Real estate	206,419	-	-	206,419
Other assets	189	-	2,190	2,379
Capital assets, net	6,758	-	17	6,775
	<u>\$ 1,609,945</u>	<u>\$ 520,623</u>	<u>\$ 115,865</u>	<u>\$ 2,246,433</u>
<u>LIABILITIES</u>				
Other current liabilities	\$ 1,266	\$ -	\$ 68,090	69,356
Prefunded contributions	29,762	-	-	29,762
Securities purchased	12,591	-	-	12,591
Other long-term liabilities	-	-	9	9
	<u>\$ 43,619</u>	<u>\$ -</u>	<u>\$ 68,099</u>	<u>\$ 111,718</u>
<u>NET POSITION</u>				
Restricted for:				
Pensions	\$ 1,566,326	\$ -	\$ -	1,566,326
Pool Participants	-	520,623	-	520,623
Individuals, organizations and other governments	-	-	47,766	47,766
	<u>\$ 1,566,326</u>	<u>\$ 520,623</u>	<u>\$ 47,766</u>	<u>\$ 2,134,715</u>
Total net position	<u>\$ 1,566,326</u>	<u>\$ 520,623</u>	<u>\$ 47,766</u>	<u>\$ 2,134,715</u>

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

COUNTY OF SAN LUIS OBISPO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL AND INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2021 (IN THOUSANDS)
SAN LUIS OBISPO PENSION TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 2020 (IN THOUSANDS)

	San Luis Obispo County Pension Trust <u>December 31, 2020</u>	Investment Trust Funds <u>June 30, 2021</u>	Custodial Funds <u>June 30, 2021</u>	Total Fiduciary Funds
<u>ADDITIONS</u>				
Contributions:				
Contributions to pooled investments	\$ -	\$ 1,202,409	\$ -	\$ 1,202,409
Employer contributions	56,306	-	-	56,306
Member contributions	35,888	-	-	35,888
Total contributions	<u>92,194</u>	<u>1,202,409</u>	<u>-</u>	<u>1,294,603</u>
Investment income:				
Realized and unrealized gains and losses	144,466	-	-	144,466
Interest	3,406	4,121	917	8,444
Dividends	7,908	-	-	7,908
Investment expenses	(3,529)	-	-	(3,529)
Total investment income	<u>152,251</u>	<u>4,121</u>	<u>917</u>	<u>157,289</u>
Property taxes collected for other governments	-	-	212,276	212,276
Sales taxes collected for other governments	-	-	15,381	15,381
Other Income	36	-	11,183	11,219
Total additions	<u>244,481</u>	<u>1,206,530</u>	<u>239,757</u>	<u>1,690,768</u>
<u>DEDUCTIONS</u>				
Benefits:				
Monthly benefit payments	109,135	-	-	109,135
Refunds of contributions	3,168	-	-	3,168
Death benefits	865	-	-	865
Total benefits	<u>113,168</u>	<u>-</u>	<u>-</u>	<u>113,168</u>
Administrative expenses	2,570	-	30	2,600
Distributions from pooled investments	-	1,119,380	-	1,119,380
Depreciation expense	-	-	-	-
Interest expenses	-	-	24,973	24,973
Payments to other local governments	-	-	2,558	2,558
Prefunded discount amortization	1,421	-	-	1,421
Property taxes distributed to other governments	-	-	206,219	206,219
Total deductions	<u>117,159</u>	<u>1,119,380</u>	<u>233,780</u>	<u>1,470,319</u>
Change in net position	127,322	87,150	5,977	220,449
Net position - beginning	1,439,004	433,473	41,369	1,913,846
Cumulative effect of Change in Accounting Principle	-	-	420	420
Net position - ending	<u>\$ 1,566,326</u>	<u>\$ 520,623</u>	<u>\$ 47,766</u>	<u>\$ 2,134,715</u>

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



NOTES TO THE BASIC FINANCIAL STATEMENTS

COUNTY OF SAN LUIS OBISPO
NOTES TO THE BASIC FINANCIAL STATEMENTS (IN THOUSANDS)
JUNE 30, 2021

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, 80, and 84.

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 Units

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.

The County also discretely presents the *San Luis Obispo County Pension Trust* which is an independent trust that administers the San Luis Obispo County Employees Retirement Plan on behalf of the County, and is a fiduciary component unit which is presented in the Fiduciary Fund Financial Statements.

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 Countywide Cost Allocation Plan and internal payments for services provided between departments.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

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, 2021, the County implemented the following Governmental Accounting Standards Board (GASB) Statements:

- GASB Statement No. 84, *Fiduciary Activities (GASB 84)*. The requirements of this statement are effective for financial statement periods beginning after December 15, 2020. GASB 84 improves consistency in accounting and financial reporting for fiduciary activities by providing guidance on how to report specific fiduciary activities based on certain criteria.
- GASB Statement No. 98, *The Annual Comprehensive Financial Report (GASB 98)*. The requirements of this statement are effective for fiscal years ending after December 15, 2021; however, the County has implemented this Statement this fiscal year. GASB 98 establishes the term annual comprehensive financial report and its acronym ACFR. This Statement was developed in response to concerns raised by stakeholders that the common pronunciation of the former acronym sounds like a profoundly objectionable racial slur.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

- The Nacimiento Water Contract Fund accounts for the activities and delivery of water associated with the Nacimiento water supply reservoir and the contract with Monterey County.
- The State Water Project Fund accounts for revenues, expenses and net position relating to the countywide taxpayers' obligations associated with the State Water Project, which provides for the delivery of state water into the County.
- The Los Osos Wastewater Fund accounts for the construction, operation and maintenance of the wastewater treatment plant serving the community of Los Osos.
- Additionally, the County reports on Internal Service Funds. Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or to other governments on a cost-reimbursement basis. Internal Service Funds account for the activities of fleet operations, construction management services, and self-insurance programs such as workers' compensation, long-term disability, employee benefits, and personal injury & property damage.

The County reports the following Fiduciary Funds:

- The Pension Trust Fund accumulates contributions from the County and its employees, as well as earnings from the fund's investments. Disbursements are made from the fund for retirement, disability and death benefits (based on a defined benefit formula), and administrative expenses. This fund includes all assets of the San Luis Obispo County Pension Trust as of December 31, 2020.
- 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 Custodial Funds account for the resources held by the County in a custodial capacity on behalf of other agencies. 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 fiduciary 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. 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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

accounting. However, prepaid items, such as rent expense, are recorded using the consumption method which recognizes expenses during the period benefited by the prepayment. Debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized as expenditures only to the extent that payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

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

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

Deposits and Investments

In accordance with 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, 2021. 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 99.88 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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

Property Tax

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

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

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

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

Interfund Transactions

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

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

Inventories and Prepaid Items

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Capital Assets

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

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

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

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

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

Compensated Absences

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

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

Long-term Obligations

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions

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

Other Postemployment Benefits (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County's OPEB Plan (OPEB Plan) and additions to/deductions from the OPEB Plan's fiduciary net position have been determined on the same basis as they are reported by 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)

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

1994-95. Fitch reaffirmed the County Pool's "AAAF/S1" rating on September 9, 2020. The County Pool's "AAAF" fund credit quality rating reflects the "the highest underlying credit quality (or lowest vulnerability to default)". The "f" suffix to the Fund Credit Quality Rating indicates a fund rather than an individual issue or issuer. The County Pool's "S1" rating reflects the pool's low sensitivity to market risk and capacity to return stable principal value to meet anticipated cash flow requirements, even in adverse interest rate environments.

The County Treasury Oversight Committee (CTOC) was created by the Board of Supervisors' Resolution and consists of five members. The CTOC monitors and reviews quarterly, the management of public funds maintained in the investment pool in accordance with the CGC. The CTOC and the Board of Supervisors review and approve the IP annually. The County Treasurer prepares and submits a comprehensive investment report to the members of the CTOC and the investment pool participants every quarter. The report covers the type of investments in the pool, maturity dates, par value, actual costs and fair value. CGC directs the CTOC to cause an annual IP compliance audit. A list of providers for the annual compliance audit is specified in the Board Resolution which created the CTOC. These providers are the County Auditor in conjunction with or in addition to work directed by CGC, independent certified public accountants (CPAs) selected to review the County's Annual Comprehensive 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, 2021. The results of these audits are presented to the Board of Supervisors on a yearly basis. All such audits from prior years have had no findings.

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

The County maintains a combined pool of cash and investments which provides cash flow for the funding needs of the County, school districts, and other local agencies required by law to keep funds in the Treasury. The combined pool's investments are stated at fair value and have a weighted-average maturity of 1.66 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, 2021, the CTSTF NAV was \$1.006 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 1.00008297 for its portfolio as of June 30, 2021. 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, 2021, 2.31% 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, 2021, 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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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.

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 1.001761739887 in the Quarterly Report of Investments as of June 30, 2021, 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’s IP and the Treasurer’s written policies and procedures to reduce exposure to investment risks. The County’s 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’s IP and the Treasurer’s written policies and procedures within the limits of the CGC and all relevant laws. As of June 30, 2021, 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 2020-21			
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	25%	N/A
U.S. Government Agencies: Farm Credit	4 years	25%	N/A
Local Agency Investment Fund (LAIF)	N/A	15%	N/A
Joint Powers Authority Pool	N/A	20%	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 \$250,000 per participating bank
Bonds, Notes, Warrants, other evidences of indebtedness of any local agency within this state	1 year	10%	No more than 10% of issuer debt and assets. Requires specific written approval of County Treasurer for each type of investment.
Investments authorized, but not utilized in FY 2020-21			
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 issued by a Local Agency	1 year	5%	Requires specific written approval of County Treasurer for each type of investment.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 2020-21			
U.S. Government Agencies: Federal National Mortgage Assoc.			
U.S. Government Agencies: Federal Home Loan Mortgage Corp.			
Bankers' Acceptances-Foreign			
Negotiable Certificates of Deposit			
Bi-Party Repurchase Agreements			
Medium-Term Notes			
Money Market Mutual Funds (Shares of Beneficial Interest) issued by diversified management companies			
Treasury Notes or Bonds of this state			
Registered Treasury Notes or Bonds of any of the other 49 United States			
Notes, Bonds, or other obligations that are at all times secured by a valid first priority security interest			
Mortgage Pass-Through Securities			
Investments not authorized in the County's IP			
Reverse Repurchase Agreements			
Securities Lending Agreements			

Interest Rate Risk

In accordance with County's IP, the County manages 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 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, 2021, 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, 2021.

Investment Type	S&P	Moody's	% of Portfolio*
U.S. Government Agencies	AA+	Aaa	32.46%
U.S. Treasuries	AA+	Aaa	24.31%
Supranationals	AAA	Aaa	26.40%
CalTRUST-Short-Term Fund	AAf/S1+	Not Rated	9.64%
LAIF	Not Rated	Not Rated	7.19%
Total			<u>100.00%</u>

*Where a percentage limit is specified, that limit is applicable only on the date of purchase. Bank Deposit accounts such as PIMMAs and Placement Service Deposits are tracked, managed, and reported as part of the County's combined pool and are included in portfolio percentage limit calculations. Percentages that exceeded the limits authorized in the County's IP as of June 30, 2021, were due to maturities and reductions in bank deposit accounts.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2021, the following investments exceeded the 5% disclosure threshold:

Investment Type	% of Portfolio*
U.S. Government Agencies-Federal Home Loan Bank	16.91%
U.S. Government Agencies-Farm Credit Bank	15.55%
Supranationals – IADB	12.85%
Supranationals – IBRD	10.65%

At June 30, 2021, the County had the following investments and interest-bearing deposits (in thousands):

Instrument	Maturity Dates	Interest Rate %	Weighted Average Maturity Years	Fair Value	Cost
U.S. Government Agencies	8/27/21-4/14/25	0.090%-2.903%	1.70	\$ 338,667	\$ 338,033
U.S. Treasuries	7/15/21-2/28/25	0.124%-2.828%	1.67	253,595	252,143
Supranationals	1/18/22-4/03/25	0.206%-1.700%	2.66	275,394	277,647
CalTRUST	On Demand	0.19%	-	100,528	99,964
LAIF	On Demand	0.560%	-	75,067	75,000
Total Investments in County Treasury				\$ 1,043,251	\$ 1,042,787
Deposits in Financial Institutions				\$ 320,030	\$ 320,030
Cash on Hand				343	343
Total Cash held in Treasury				1,363,624	1,363,160
Deposits in Transit				5,222	5,222
Outstanding Warrants				(19,920)	(19,920)
Total				1,348,926	1,348,462
Imprest Cash				1,271	1,271
Non-pool Cash Deposits				2,623	2,623
Other Cash Deposits				3,894	3,894
Total Cash and Cash Equivalents				\$ 1,352,820	\$ 1,352,356
Restricted Cash with Fiscal Agent					
U.S. Government & Federal Agencies				\$ 30,556	\$ 30,556
Certificates of Deposit & Money Market Accounts				1,885	1,885
Total				32,441	32,441
Total restricted and unrestricted cash and cash equivalents				\$ 1,385,261	\$ 1,384,797
Total Cash and Investments Summary				Fair Value	
Total Governmental Activities				\$ 629,220	
Total Business-Type Activities				81,921	
Total Investment and Custodial Fiduciary Funds				633,795	
Total Fiduciary Component Unit – SLO Pension Trust as of December 31, 2020				61,482	
SLO Pension Trust Fund Perspective Difference ¹				(30,541)	
Total Component Unit – First 5				9,384	
Total Cash and Investments as of June 30, 2021				\$ 1,385,261	

¹ Perspective amount represents the combination of the change in Total SLO Pension Trust cash from the Pension Trust’s ACFR Reporting Date of 12/31/2020 to the County’s ACFR Reporting Date of 6/30/2021 and the portion of Pension Trust’s cash held outside of the County’s financial system. The cash balance in the County’s Treasury for San Luis Obispo County Pension Trust as of 6/30/2021 is \$30,941.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The following represents a condensed statement of net position and changes in net position for the Treasurer's investment pool as of June 30, 2021 (in thousands):

	<u>Fair Value</u>
<u>Statement of Net Position:</u>	
Net position held for pool participants	\$ <u>1,348,926</u>
Equity of internal pool participants	\$ 828,305
Equity of external pool participants (voluntary and involuntary)	<u>520,621</u>
Total Equity	\$ <u>1,348,926</u>
<u>Statement of Changes in Net Position:</u>	
Revenue	\$ 13,238
Investment costs	(894)
Net deposits	217,322
Change in fair value	<u>(10,129)</u>
Net change in pool net position	219,537
Net position at July 1, 2020	<u>1,129,389</u>
Net position at June 30, 2021	\$ <u>1,348,926</u>

Fair Value Measurements

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

The County has the following recurring fair value measurements as of June 30, 2021:

	<u>Fair Value Measurements Using</u> <u>Investments by fair value level</u>		
	<u>Quoted</u> <u>Prices in</u> <u>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	\$ 253,595	\$ 253,595	\$ -
US Government Agencies	338,667	338,667	-
Supranationals	<u>275,394</u>	<u>275,394</u>	-
Total measured at fair value	<u>867,656</u>	<u>867,656</u>	-
Investments measured at amortized cost			
LAIF	75,067	-	-
CalTRUST	<u>100,528</u>	-	-
Total investments in County Treasury	\$ <u>1,043,251</u>	\$ -	\$ -

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Restricted Cash with Fiscal Agent

Cash and investments at June 30, 2021, 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	\$ 30,147
Restricted interest on lease reserves	409
Restricted for contractor retentions	1,885
Total Restricted Cash	<u>\$ 32,441</u>

Cash Deposits Outside of the Treasury Pool

At fiscal year-end, the carrying amount of the County's other cash deposits was \$2,259,083 and the combined financial institutions' balance was \$2,622,482. The difference of \$363,399 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 \$2,622,482 was covered by federal depository insurance or by collateral held by the County's agent in the County's name.

3. RECEIVABLES

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

	<u>Governmental Activities</u>		
	<u>General Fund</u>	<u>Nonmajor Special Revenue Funds</u>	<u>Internal Service Funds</u>
Accounts Receivable	\$ 15,087	\$ 401	\$ 24
Allowance for Doubtful Accounts	-	-	-
Net Accounts Receivable	<u>\$ 15,087</u>	<u>\$ 401</u>	<u>\$ 24</u>
	<u>Business-Type Activities</u>		
	<u>Nacimiento Water Contract</u>	<u>State Water Contract</u>	<u>Nonmajor Enterprise Funds</u>
Accounts Receivable	\$ 2	\$ 3,235	\$ 409
Allowance for Doubtful Accounts	-	-	-
Net Accounts Receivable	<u>\$ 2</u>	<u>\$ 3,235</u>	<u>\$ 409</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

4. CAPITAL ASSETS

A summary of changes in capital assets for the year ended June 30, 2021, is as follows (in thousands):

<u>Governmental Activities</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance June 30, 2021</u>
Capital assets, not being depreciated:					
Land	\$ 795,532	\$ 54	\$ -	\$ 422	\$ 796,008
Construction in progress	35,171	23,433	(85)	(13,331)	45,188
Total capital assets, not being depreciated	830,703	23,487	(85)	(12,909)	841,196
Capital assets, being depreciated:					
Structures and improvements	268,005	4,246	(20)	5,538	277,769
Equipment	104,901	6,236	(4,716)	161	106,582
Infrastructure	434,516	5,580	-	7,210	447,306
Other property	1,258	-	-	-	1,258
Total capital assets, being depreciated	808,680	16,062	(4,736)	12,909	832,915
Less accumulated depreciation for:					
Structures and improvements	(101,983)	(5,841)	20	-	(107,804)
Equipment	(70,439)	(7,958)	4,476	-	(73,921)
Infrastructure	(239,762)	(11,163)	-	-	(250,925)
Other property	(61)	(17)	-	-	(78)
Total accumulated depreciation	(412,245)	(24,979)	4,496	-	(432,728)
Total capital assets being depreciated, net	396,435	(8,917)	(240)	12,909	400,187
Governmental activities capital assets, net	\$ 1,227,138	\$ 14,570	\$ (325)	\$ -	\$ 1,241,383
<u>Business-Type Activities</u>	<u>Balance July 1, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers & Adjustments</u>	<u>Balance June 30, 2021</u>
Capital assets, not being depreciated:					
Land	\$ 36,513	\$ 91	\$ -	\$ 114	\$ 36,718
Construction in progress	3,997	1,694	-	(2,221)	3,470
Water rights	61,212	3,065	-	-	64,277
Other property	1,968	-	-	-	1,968
Total capital assets, not being depreciated	103,690	4,850	-	(2,107)	106,433
Capital assets, being depreciated:					
Infrastructure	381,692	3,025	-	531	385,248
Structures and improvements	210,480	-	-	1,563	212,043
Equipment	10,317	591	(22)	13	10,899
Other property	554	-	-	-	554
Total capital assets, being depreciated	603,043	3,616	(22)	2,107	608,744
Less accumulated depreciation for:					
Infrastructure	(45,457)	(7,415)	-	-	(52,872)
Structures and improvements	(67,767)	(4,707)	-	-	(72,474)
Equipment	(4,171)	(633)	22	-	(4,782)
Other property	(58)	-	-	-	(58)
Total accumulated depreciation	(117,453)	(12,755)	22	-	(130,186)
Total capital assets being depreciated, net	485,590	(9,139)	-	2,107	478,558
Business-type activities capital assets, net	\$ 589,280	\$ (4,289)	\$ -	\$ -	\$ 584,991

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Depreciation Expense

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

<u>Governmental Activities</u>	<u>Amount</u>
General Government	\$ 4,978
Public Protection	4,062
Public Ways and Facilities	10,684
Health and Sanitation	679
Public Assistance	245
Education	425
Recreational and Cultural Services	1,166
Capital assets held by the County's internal service funds are charged to the various functions based on their usage of the assets	2,740
Total Depreciation Expense - Governmental Activities	<u>\$ 24,979</u>
<u>Business-Type Activities</u>	<u>Amount</u>
Airport	\$ 3,513
Los Osos Wastewater	4,366
Nacimiento Water Contract	2,203
State Water Project	204
Nonmajor Enterprise	2,469
Total Depreciation Expense - Business-type Activities	<u>\$ 12,755</u>

5. CONSTRUCTION IN PROGRESS AND RELATED COMMITMENTS

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

The following is a schedule of major projects included in Construction in Progress as of June 30, 2021 (in thousands):

<u>Governmental Activities</u>			
<u>Project</u>	<u>Expended to June 30, 2021</u>	<u>Committed Funds</u>	<u>Remaining Budget</u>
Roads Infrastructure	\$ 17,390	\$ 13,501	\$ 13,408
Health – COC – Animal Services Facility	9,483	493	10,373
CDF-SLO-Program for Co-located Dispatch	2,775	-	11,897
Los Osos Landfill Remediation	1,772	43	-
Radio Monitorization	1,367	4,733	-
Women's Jail	1,251	100	51
Sheriff JMS/RMS Implementation Project	1,078	3,121	-
Templeton to Atascadero Connector	710	-	204
<u>Business-Type Activities</u>			
<u>Project</u>	<u>Expended to June 30, 2021</u>	<u>Committed Funds</u>	<u>Remaining Budget</u>
Airport Runway Rehab	\$ 1,140	\$ -	\$ -
Airport Master Plan Update	740	-	615

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 41 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, 2021, they had a carrying value of \$7,340 net of accumulated depreciation of \$4,972. 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, 2021 (in thousands):

Year Ending June 30,	Governmental Activities	Business-Type Activities
2022	\$ 274	\$ 1,187
2023	216	1,097
2024	192	951
2025	156	752
2026	98	554
Later Years	556	7,660
Total	<u>\$ 1,492</u>	<u>\$ 12,201</u>

Minimum future rental payments do not include contingent rental payments, which are received as stipulated in the lease contracts. These contingent rental payments are based on the monthly revenues of the concessionaire operating on the premises. Contingent rental payments amounted to \$2,634 for the fiscal year ended June 30, 2021.

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, 2021, totaled \$5,235. The following rental costs represent future minimum payments under leases that have remaining non-cancelable terms as of June 30, 2021, for the next five years and for each five-year period thereafter (in thousands):

Year Ending June 30,	Minimum Lease Payments
2022	\$ 4,336
2023	3,265
2024	2,505
2025	2,249
2026	1,759
2027-2031	4,134
2032-2036	2,009
Total	<u>\$ 20,257</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

7. RISK MANAGEMENT

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

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 PRISM is available on request from the Office of Risk Management, County of San Luis Obispo.

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

	<u>Beginning of the fiscal year liability</u>	<u>Current year claims, changes & estimates</u>	<u>Claim payments</u>	<u>Balance at fiscal year-end</u>
2019-20	\$ 19,568	\$ 4,708	\$ 4,136	\$ 20,140
2020-21	\$ 20,140	\$ 6,892	\$ 6,016	\$ 21,016

8. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of June 30, 2021, was (in thousands):

<u>Payable Fund (Due to Balance)</u>	<u>Receivable Fund (Due from Balance)</u>	<u>Amount</u>
Nonmajor Governmental Funds	Capital Projects Fund	\$ 8,134
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	400
	Total	<u>\$ 8,534</u>

The SLO County Financing Authority owes the Capital Projects Fund \$8,134 for bond proceeds for the Animal Services Facility.

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Payable Fund (Advances from Balance)</u>	<u>Receivable Fund (Advances to Balance)</u>	<u>Amount</u>
Capital Projects	General Fund	\$ 48
Nonmajor Governmental Funds	General Fund	931
	Nonmajor Enterprise Funds	60
		<u>991</u>
Nonmajor Enterprise Funds	General Fund	2,791
	Nonmajor Governmental Funds	397
		<u>3,188</u>
Airport Fund	General Fund	5,506
Los Osos Wastewater Fund	Nonmajor Governmental Funds	<u>2,293</u>
	Total	<u>\$ 12,026</u>

Advances related to the General Fund include an internal loan of \$48 to the Capital Projects Fund to fund the Cayucos Veteran's Hall rehabilitation, an internal loan to the County Services Area 21 Special Revenue Fund of \$23, a loan of \$239 related to the restoration of the Cayucos Pier, and an operating loan of \$669 for Parks related to reduced revenues due to COVID-19. Nonmajor Governmental Funds' advances from Nonmajor Enterprise Funds of \$60 is for future debt payments from the Lopez Park Enterprise Fund to the Parks Special Revenue Fund.

The Nonmajor Enterprise Funds advances of \$3,188 represent internal loans received by the County Services Areas Enterprise Funds from the General Fund (\$2,670), from the County Services Area 10 Special Revenue Fund (\$255), and from the General Flood Control Zone Special Revenue Fund (\$142). The Golf Fund also received \$121 from the General Fund.

The Airport owes the General Fund \$5,506 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 \$2,293.

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	\$ 18,044
	Capital Projects Fund	5,124
	Internal Service Funds	398
	Nonmajor Enterprise Funds	38
		<u>23,604</u>
Nonmajor Governmental Funds	Capital Projects Fund	7,269
	Nonmajor Governmental Funds	4,123
	General Fund	886
	Nonmajor Enterprise Funds	212
	<u>12,490</u>	
Airport Fund	General Fund	220
	Nonmajor Governmental Funds	77
	<u>297</u>	

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Transfer From</u>	<u>Transfer To</u>	<u>Amount</u>
Los Osos Wastewater Fund	General Fund	111
	Nonmajor Governmental Funds	64
		<u>175</u>
Nonmajor Enterprise Funds	Nonmajor Governmental Funds	59
	General Fund	1
		<u>60</u>
Internal Service Funds	Nonmajor Governmental Funds	1,191
	General Fund	215
		<u>1,406</u>
Total Transfers		<u>\$ 38,032</u>

General Fund transfers to Nonmajor Governmental Funds included contributions to the following Special Revenue Funds: Roads (\$6,241), Library (\$656), Community Development (\$39), and Parks (\$240). The General Fund also transferred \$10,868 to the Pension Obligation Bond Debt Service Fund to finance debt service payments, \$39 to the Golf Fund, \$398 to Internal Service Funds as reimbursement for General Fund related COVID-19 expenses, and \$5,124 to the Capital Projects Fund for various capital projects including renovations to the Women’s Jail, construction of the Sheriff and County Fire co-located emergency dispatch facility, and new Probation Department building project.

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 \$399 for lease debt service payments. In addition, the Public Facilities Fees Special Revenue Fund transferred \$428 to the Parks Fund for various park projects and \$46 to the Capital Projects Fund for Park’s maintenance projects. The Debt Service Public Facilities Corporation Fund transferred \$2,841 to the Roads Fund for the Oceano drainage project. The Debt Service SLO County Financing Authority Fund transferred \$7,223 to the Capital Project Fund for the debt related to the construction of the Animal Services Facility. The Parks Special Revenue Fund made transfers to the Pension Obligation Bond Debt Service Fund (\$90) and the General Fund (\$87). The Roads Fund transferred \$4 to Flood Control District 16 Special Revenue Fund and \$20 to the General Fund. The Road Impact Fee Special Revenue Fund transferred Impact Fees of \$347 to the General Fund for debt service payments, and \$462 to the Roads Fund for capital and maintenance projects. Parks Special Revenue Fund transferred \$2 to the Lopez Park Enterprise Fund for debt service payment. The Library Fund (\$264) and the Driving Under the Influence Fund (\$32) made transfers to the Pension Obligation Bond Debt Service Fund to finance debt service payments. The Library Fund transferred \$33 to the General Fund for repayment for staffing assistance. County Service Area 16 Special Revenue Fund transferred \$2 to the Special Revenue Flood Control Zone. The County Service Area Special Revenue Funds transferred \$210 to County Service Area Enterprise Funds.

The Airport Enterprise Fund transferred \$220 to the General Fund and \$77 to the Pension Obligation Bond Fund for debt service.

The Los Osos Wastewater Fund transferred \$111 to the General Fund and \$64 to the Special Revenue Flood Control Districts Fund for debt service.

Transfers from Nonmajor Enterprise Funds included \$54 of transfers from the Golf Enterprise Fund to the Pension Obligation Bond Debt Service Fund and County Services Area 16 Enterprise Fund transferred \$5 to Special Revenue Flood Control Districts Fund. County Services Area 23 Enterprise Fund transferred \$1 in debt service payments to the General Fund.

The Garage Internal Service Fund transferred \$21 to the General Fund due to early vehicle retirement. The Workers Compensation Internal Service Fund transferred \$194 to the General Fund for an on-site employee medical clinic. The Public Works (\$1,137) and the Garage (\$54) Internal Service Funds made transfers to the Pension Obligation Bond Debt Service Fund for debt service payments.

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, 2021, is as follows (in thousands):

<u>Governmental Activities</u>	<u>Beginning Balance July 1, 2020</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2021</u>	<u>Due within one year</u>
Bonds and notes payable:						
Certificates of participation (COP)	\$ 12,368	\$ -	\$ -	\$ 1,096	\$ 11,272	\$ 1,145
Certificates of participation from direct borrowings	5,636	-	2,841	130	8,347	184
Unamortized premium on COP	708	-	-	89	619	-
Unamortized premium on Lease	4,023	-	-	186	3,837	-
State notes from direct borrowings	1,744	-	-	158	1,586	160
Pension Obligation Bonds	93,733	(328)	-	3,580	89,825	9,619
Lease Revenue Bonds	20,380	-	-	410	19,970	590
Assessment Bonds from direct borrowings	436*	-	-	45	391	47
Total bonds and notes payable	139,028	(328)	2,841	5,694	135,847	11,745
Other liabilities:						
Compensated absences	35,519	-	20,334	18,223	37,630	22,169
Landfill post-closure costs	7,159	-	645	559	7,245	716
Self-insurance	20,140	-	6,892	6,016	21,016	4,152
Total other liabilities	62,818	-	27,871	24,798	65,891	27,037
Total Governmental Activities	\$ 201,846	\$ (328)	\$ 30,712	\$ 30,492	\$ 201,738	\$ 38,782

*Beginning balance restated, see Footnote 19, Change in Accounting Principle

<u>Business-Type Activities</u>	<u>Beginning Balance July 1, 2020</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance June 30, 2021</u>	<u>Due within one year</u>
Bonds and notes payable:						
Certificates of participation (COP)	\$ 11,037	\$ -	\$ -	\$ 889	\$ 10,148	\$ 935
Certificates of participation from direct borrowings	2,871	-	-	53	2,818	54
Unamortized premium on COP	262	-	-	33	229	-
State notes from direct borrowings	81,079	-	11,023	3,717	88,385	3,857
Revenue bonds	159,841	-	-	4,511	155,330	4,745
Unamortized premium on revenue bonds	8,077	-	-	424	7,653	-
General obligation bonds	7,025	-	-	485	6,540	510
Unamortized premium on general obligation bonds	620	-	-	56	564	-
Assessment bonds	73,943	-	-	1,460	72,483	1,505
Total bonds and notes payable	344,755	-	11,023	11,628	344,150	11,606
Other liabilities:						
Compensated absences	513	-	203	187	529	201
Total other liabilities	513	-	203	187	529	201
Total Business-Type Activities	\$ 345,268	\$ -	\$ 11,226	\$ 11,815	\$ 344,679	\$ 11,807

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Annual debt service requirements for governmental activities as of June 30, 2021, are summarized as follows:

Governmental Activities

Year Ended June 30,	Certificates of Participation, Including Direct Borrowings		Pension Obligation Bonds		
	Principal	Interest	Principal	Unaccrued Appreciation	Total
	2022	1,329	730	9,361	259
2023	1,389	671	9,412	813	10,225
2024	1,442	611	9,441	1,409	10,850
2025	1,513	547	9,457	2,048	11,505
2026	1,572	485	9,462	2,723	12,185
2027-2031	4,521	1,624	42,692	21,938	64,631
2032-2036	2,629	1,053	-	-	-
2037-2041	1,830	611	-	-	-
2042-2046	1,780	330	-	-	-
2047-2051	710	107	-	-	-
2052-2056	434	64	-	-	-
2057-2061	470	25	-	-	-
Total	\$ 19,619	\$ 6,858	\$ 89,825	\$ 29,190	\$ 119,015

Year Ended June 30,	State Notes		Lease Revenue Bonds		Assessment Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 160	\$ 15	\$ 590	\$ 787	47	20
2023	162	14	610	763	50	17
2024	163	12	635	738	53	15
2025	165	11	665	712	56	12
2026	166	10	685	685	58	8
2027-2031	770	19	3,900	2,980	127	7
2032-2036	-	-	4,760	2,117	-	-
2037-2041	-	-	4,320	1,178	-	-
2042-2045	-	-	3,805	312	-	-
Total	\$ 1,586	\$ 81	\$ 19,970	\$ 10,272	391	79

Business-Type Activities

Year Ended June 30,	Certificates of Participation, Including Direct Borrowings		State Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 989	\$ 584	\$ 3,857	\$ 1,722	\$ 4,745	\$ 7,064
2023	1,038	536	3,826	1,753	4,990	6,817
2024	1,087	484	3,737	1,668	5,250	6,558
2025	1,144	428	3,800	1,584	5,525	6,283
2026	1,198	371	3,885	1,499	5,815	5,994
2027-2031	5,335	1,000	18,877	6,170	33,580	25,456
2032-2036	416	353	14,073	4,489	42,230	16,806
2037-2041	497	270	15,537	3,024	53,195	5,846
2042-2046	597	171	17,154	1,407	-	-
2047-2051	535	59	3,639	73	-	-
2052-2056	130	5	-	-	-	-
2057-2061	-	-	-	-	-	-
Total	\$ 12,966	\$ 4,261	\$ 88,385	\$ 23,389	\$ 155,330	\$ 80,824

Year Ended June 30,	General Obligation Bonds		Assessment Bonds	
	Principal	Interest	Principal	Interest
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	630	206	1,677	1,798
2027-2031	3,700	484	9,105	8,262
2032-2036	-	-	10,455	6,919
2037-2041	-	-	11,999	5,378
2042-2046	-	-	13,764	3,609
2047-2051	-	-	15,793	1,581
2052-2056	-	-	3,425	47
Total	\$ 6,540	\$ 1,827	\$ 72,483	\$ 35,229

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Long-term liabilities at June 30, 2021, consisted of the following:

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2021
Governmental Activities						
Certificates of Participation						
<u>2007 Series A</u>	2/8/2007	2036	4% - 4.25%	\$79 - \$307	\$5,090	\$3,525
Used to finance the construction of the Paso Robles Courthouse building. Debt service is provided by court fines specifically designated and restricted for new construction or major renovation of court facilities. Collateral for this debt are the Paso Robles Courthouse building and the County Department of Social Services building located in the City of San Luis Obispo.						
<u>2012 Series A</u>	10/15/2012	2027	0.5% - 5.0%	\$192 - \$1,289	14,427	7,747
Lease Revenue Refunding Bonds used to refund the 2002 A Certificates of Participation. The original COP was partially used to finance a portion of the new government center. Debt service is provided by semi-annual payments funded by general County revenues. Collateral for this debt are the County properties located in the City of San Luis Obispo namely the Old Courthouse, Courthouse Annex B and Courthouse Annex C.						
<u>IBank Loan</u>	10/01/2016	2046	3.75%	\$114 - \$320	6,000	5,506
A direct borrowing from the California Infrastructure & Economic Development Bank (I-Bank) used for the final construction costs of the new terminal building at the San Luis Obispo County Regional Airport. The debt is backed by the General Fund and repaid using a combination of Passenger Facility Charges, Customer Facility Charges, and other local funding from Airport operations. Collateral for this debt initially consisted of the 2 nd floor office spaces and the subterranean level 1 (also known as P1) located at 1055 Monterey St., City of San Luis Obispo. A collateral substitution was requested by the County to free up this original collateral to use as collateral for the Lease Revenue Bonds 2020A and Lease Revenue Refunding Bonds 2020B. Said substitution was approved by IBank on November 20, 2019 per its Resolution 19-22. Collateral was replaced by the County of San Luis Obispo Public Library and Office Building located at 6555 Capistrano Ave., Atascadero.						
<u>Oceano Drainage Project</u>	2/01/2021	2061	1.75%	\$25 - \$98	2,841	2,841
A direct borrowing from the USDA used to finance a storm drain improvement project on Highway 1 & 13 th street in Oceano, CA. Debt service is provided by the County's General Fund. The loan is secured by a Certificate of Participation bond with first lien position in the amount of \$2,841 fully registered as to both principal and interest in the name of the United States of America, acting through the United States Department of Agriculture.						
					\$28,358	\$19,619
State Note	10/8/2015	2030	1.00%	\$88	\$2,197	\$1,586
A direct borrowing from the California Energy Commission (CEC) to be used for energy conservation projects. Projects to be implemented by the loan were identified through the Sustainable Solutions Turnkey program with PG&E. These projects will provide estimated long-term energy savings to the County of \$140 annually.						
Pension Obligation Bonds						
Used to refund the Unfunded Actuarial Accrued Liability (UAAL) due to the Pension Trust as of July 2, 2003, as determined by an outside actuary. Debt service payments are expected to be funded by County payroll benefits.						
<u>2003 Series C Capital Appreciation Bonds (CAB)</u>	7/2/2003	2030	5.27% - 5.73%	zero - \$15,000	\$44,199	\$119,015
<u>2003 Series C CABs Unaccrued Interest</u>						(29,190)
					\$44,199	\$89,825
Lease Revenue Bonds						
<u>2020 Lease Revenue Bonds Series A</u>	3/01/2020	2044	4.0%	\$318- \$1,030	\$16,145	\$15,880
Used to finance the construction and equipping of an Animal Services Facility and pay certain costs of issuance associated with the 2020A Bonds. Debt service is provided by facility charges made by participating cities to the County and the County's General Fund. Collateral for this debt consists of the County Government Center located at 1055 Monterey St., City of San Luis Obispo.						
<u>2020 Lease Revenue Refunding Bonds Series B</u>	3/01/2020	2036	4.0%	\$82 - \$347	4,235	4,090
Used to prepay and refund all of the \$5,620 outstanding principal amount of County of San Luis Obispo Certificates of Participation (Vineyard Drive Interchange Improvements, 2008 Series A) and pay certain costs of issuance associated with the 2020B Bonds. Debt service is provided by development fees. Collateral for this debt consists of the County Government Center located at 1055 Monterey St., City of San Luis Obispo.						
					\$20,380	\$19,970

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

	Date of Issue	Maturity	Interest Rates	Semi Annual Installments	Original Issue Amount	Outstanding at 6/30/2021
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Assessment Bonds

<u>Sherwood Drive Underground Utility Assessment District Limited Obligation Improvement Bond, Series 2006</u>	12/21/2006	2027	5.45%	\$11-\$67	\$818	\$391
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A direct borrowing originally from Mission Community Bank (now Pacific Premier Bank) used to finance the replacement of overhead utility lines in the public right-of-way with an underground system, and removal of all overhead lines and supporting structures in the public right-of-way in the area of Sherwood Drive between Wedgewood Street and Lampton Street, including portions of Castle Street, Drake Street, Jean Street, and Kerwin Street, in the unincorporated community of Cambria. Debt service is provided by semi-annual payments from special assessments levied against all benefitted real property within the boundaries of the Sherwood Drive Underground Utility Assessment District.

Business-Type Activities

Certificates of Participation

<u>US Department of Agriculture (USDA) 2009</u>	4/30/2009	2049	4.375%	\$31 - \$86	\$1,631	\$1,398
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A direct borrowing from the USDA used to finance a water system improvement project in County Service Area 23. Debt service is provided by water sales revenues.

<u>2011 Refunding Lopez Dam Remediation</u>	5/12/2011	2030	2.0% - 5.5%	\$189 - \$928	11,990	7,290
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Used to refund the 2000 A COP issue. The original COP was used to improve and retrofit the Lopez Dam. Debt service is provided by semi-annual lease payments made by the Lopez Flood Control District for the use of the retrofitted facilities.

<u>2012 Series A</u>	10/15/2012	2028	0.5% - 5.0%	\$71 - \$476	5,323	2,858
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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%	\$20 - \$67	1,621	1,420
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A direct borrowing from the USDA used to finance a water system improvement project in County Service Area 10A. Debt service is provided by water sales revenues.

<u>\$20,565</u>	<u>\$12,966</u>
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State Notes

The County has directly borrowed from the State of California Department of Water Resources and the California Department of Transportation to finance the construction of water systems in unincorporated areas and to construct hangars at the San Luis Obispo airport. State loans are repaid with water and water service revenue and hangar rental revenue. The Airport Fuel Farm loan with the California Department of Transportation was paid off on 9/09/2020. One of the Los Osos Wastewater Project loans from the State of California Department of Water Resources was modified with an additional loan amount of \$11,023 on 4/29/2021.

Cayucos Water Treatment Facility	1998	2023	3.0315%	\$87	\$3,011	\$335
Lopez Recreation Area	2004	2024	2.5132%	\$10	325	60
Lopez Water Treatment Plant Upgrade	2006	2030	2.60%	\$836	25,945	13,180
Airport Fuel Farm	2007	2025	4.6557%	\$86	1,000	-
Los Osos Wastewater Project	2012	2046	2.0%	\$1,565 - \$2,147	80,484	74,810
					<u>\$110,765</u>	<u>\$88,385</u>

Revenue Bonds

<u>2018 Nacimiento Water Project Revenue Refunding Bonds Series A</u>	5/07/2018	2040	3.0% - 5.0%	\$433 - \$9,173	\$27,045	\$23,125
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Used to refund all of the outstanding 2007 Nacimiento Water Project Revenue Bonds Series A which were used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts, payable under water delivery contracts.

<u>2007 Nacimiento Pipeline Project Series B</u>	9/26/2007	2040	5.2% - 5.6%	\$887 - \$2,636	38,565	31,850
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Used to build the Nacimiento Water Delivery Project. Debt service is provided by water sales revenues of participating cities and districts payable under water delivery contracts.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

2015 Nacimiento Water Project Revenue

<u>Refunding Bonds Series A</u>	8/5/2015	2038	3.0%-5.0%	\$2,271 - \$8,094	107,115	100,355
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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>\$155,330</u>
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General Obligation Bonds

2011 Refunding – Lopez Dam

<u>Remediation</u>	5/12/2011	2030	2.0% - 5.5%	\$169 - \$840	<u>\$10,760</u>	<u>\$6,540</u>
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Used to refund the 2000 A general obligation (GO) issue. The original GO Bonds were used to improve and retrofit the Lopez Dam. Debt service is provided by applicable property taxes.

Assessment Bonds

	5/24/2012	2051	2.75%	\$997 - \$3,472	<u>\$83,129</u>	<u>\$72,483</u>
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Issued by 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, 2021, totals \$73,057 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 \$38,159 at June 30, 2021. 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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 \$777,508 with a margin of \$770,968.

Direct Placement Debt

The County does not have any direct placement debt as of June 30, 2021.

Direct Borrowings

The County's outstanding notes from direct borrowings related to governmental activities of \$10,324 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 \$91,203 contain a provision that if default continues after the cure period, the 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, 2021 had an arbitrage liability of \$148.

11. NET POSITION/FUND BALANCES

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

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

Net Investment in Capital Assets at June 30, 2021, is as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ 1,210,972
Business-type activities	283,512
Total	<u>\$ 1,494,484</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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Included in total restricted net position at June 30, 2021, is \$15,796 of Public Facility Fees, \$11,512 of Road Impact Fees, and \$44 of Wildlife and Grazing programs restricted due to enabling legislation. The remaining \$76,672 of restricted net position is restricted due to restrictions imposed by creditors, grantors, or contributors.

Restricted net position at June 30, 2021, for governmental activities is as follows (in thousands):

	<u>Amount</u>
RESTRICTED FOR:	
<u>General Government</u>	
Purchase obligations for Board of Supervisors professional services	\$ 2
Purchase obligations for Non-Departmental related professional services	8
Purchase obligations for Administrative Office related professional services	122
Purchase obligations for Assessor related equipment maintenance and professional services	41
Purchase obligations for Clerk-Recorder equipment maintenance	11
Purchase obligations for County Counsel office equipment	8
Purchase obligations for Human Services professional services and software	114
Purchase obligations for Utilities Management related professional services	19
Purchase obligations for Building Maintenance projects	4
Purchase obligations for Information Technology related equipment and professional services	213
Purchase obligations for Central Services related professional services	11
Purchase obligations for Auditor-Controller-Treasurer-Tax Collector related professional services	164
Purchase obligations for Talent Development professional services	48
Claims, contracts and other restrictions imposed by grantors or contributors	<u>13,152</u>
Total General Government	<u>13,917</u>
<u>Public Protection</u>	
Purchase obligations for Waste Management related professional services	122
Purchase obligations for Grand Jury related supplies	1
Purchase obligations for Public Defender related professional services	12
Purchase obligations for Sheriff-Coroner related equipment and professional services	235
Purchase obligations for Animal Services professional services	7
Purchase obligations for Emergency Services related professional services	100
Purchase obligations for Probation related software, equipment, and professional services	192
Purchase obligations for fire protection related vehicles and equipment	1,880
Purchase obligations for Planning and Building related professional services	1,363
Purchase obligations for flood control related engineering and environmental services	1,142
Wildlife and Grazing programs restricted by enabling legislation	44
Claims, contracts and other restrictions imposed by grantors or contributors	<u>12,990</u>
Total Public Protection	<u>18,088</u>
<u>Health and Sanitation</u>	
Purchase obligations for Public Health related professional services and computer software	225
Purchase obligations for Behavioral Health related professional services and computer software	406
Claims, contracts and other restrictions imposed by grantors or contributors	<u>17,019</u>
Total Health and Sanitation	<u>17,650</u>
<u>Public Assistance</u>	
Claims, contracts and other restrictions imposed by grantors or contributors	2,814
<u>Public Ways and Facilities</u>	
Purchase obligations for Public Works related professional services	718
Road impact fees restricted by enabling legislation for road maintenance and construction	11,512
Public facilities fees restricted by enabling legislation for public facilities	<u>15,796</u>
Total Public Ways and Facilities	<u>28,026</u>
<u>Recreation and Cultural Services</u>	
Parks equipment and maintenance services	202
<u>Education</u>	
Library equipment and vehicles	104
Driving Under the Influence software services	87
Claims, contracts and other restrictions imposed by grantors or contributors	16
Prepaid expenses	8
Purchase obligations for Farm Advisor computer supplies	<u>2</u>
Total Education	<u>217</u>

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

<u>Debt Service</u>		<u>23,110</u>
	Total Restricted Net Position	<u>\$ 104,024</u>

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

Unrestricted net position at June 30, 2021, is as follows (in thousands):

	<u>Amount</u>
Governmental activities	\$ (248,517)
Business-type activities	<u>110,255</u>
Total	<u>\$ (138,262)</u>

The Public Works Internal Service Fund reported a deficit in net position of \$31,441 at June 30, 2021. This deficit is mainly due to the fund’s net pension liability of \$52,861 and the County plans to reduce the deficit with increased future charges.

The Worker’s Compensation and Protected Self-Insurance Internal Service Funds reported deficits in net position of \$1,837 and \$2,448, respectively, at June 30, 2021. The deficits are mainly due to increased payouts from each fund, without sufficient charges to users. Net position for each fund fluctuates and over time, aims to break-even. Should deficits continue, the amount charged to users will be increased to offset increasing costs.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Administrative Officer for specific uses during the County’s budgeting process. Budgets requested by departments require approval by the County Board of Supervisors.

- *Unassigned Fund Balance* – is the residual classification for the General Fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose.

Fund balances for all the major and nonmajor governmental funds as of June 30, 2021, are distributed as follows:

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<u>Nonspendable:</u>				
Inventories	\$ 93	\$ -	\$ -	\$ 93
Prepaid items	492	-	6	498
Advances to other funds	9,276	-	-	9,276
Subtotal	9,861	-	6	9,867
<u>Restricted for:</u>				
General Government programs & encumbrances	1,898	-	-	1,898
Automation projects	6,746	-	-	6,746
Tax reduction reserves	4,227	-	-	4,227
Public Protection programs	7,215	-	-	7,215
Public Ways and Facilities programs & encumbrances	672	-	-	672
Health and Sanitation programs & encumbrances	632	-	-	632
Mental Health Services Act	2,774	-	-	2,774
Education programs	2	-	-	2
Recreation programs	38	-	-	38
Lease financing	8	-	-	8
Public facilities	-	-	15,796	15,796
Traffic impact programs	-	-	11,512	11,512
Flood Control Districts services	-	-	1,142	1,142
Library equipment & maintenance services	-	-	104	104
Driving Under the Influence services	-	-	87	87
Community Service Areas road maintenance	-	-	46	46
Wildlife and grazing programs	-	-	44	44
Parks equipment and maintenance services	-	-	34	34
Debt service	-	1,885	27,456	29,341
Subtotal	\$ 24,212	\$ 1,885	\$ 56,221	\$ 82,318
<u>Committed to:</u>				
Maintenance projects	\$ 7,025	\$ -	\$ -	\$ 7,025
County Counsel services	1,048	-	-	1,048

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Human Resources services	331	-	-	331
Clerk Recorder services	451	-	-	451
IT projects	171	-	-	171
Other general government	8,278	-	-	8,278
Fire equipment	3,582	-	-	3,582
Sheriff programs	240	-	-	240
Emergency services programs	95	-	-	95
Other public protection	170	-	-	170
Public health programs	828	-	-	828
Behavioral Health programs	17	-	-	17
Social Services programs	42	-	-	42
Public works engineering & consulting services	56	-	-	56
Community parks programs	85	-	-	85
Fish and game programs	-	-	183	183
Flood control programs	-	-	18,857	18,857
Lighting programs	-	-	513	513
Community development programs	-	-	20,916	20,916
Emergency medical services	-	-	601	601
Roads	-	-	20,162	20,162
Community service areas	-	-	3,058	3,058
Driving under the influence programs	-	-	659	659
Library	-	-	5,064	5,064
Parks	-	-	1,516	1,516
General reserve	13,000	-	-	13,000
SB1090 Economic development	13,126	-	-	13,126
COVID-19 services	20,022	-	-	20,022
Internal financing	4,589	-	-	4,589
Solar plant safety	843	-	-	843
Solar plant mitigation	15,640	-	-	15,640
Automation projects	12,354	-	-	12,354
Prado Rd Interchange project	1,435	-	-	1,435
Talent Development	1,822	-	-	1,822
Rainy Day Fund	4,370	-	-	4,370
Building replacement	40,748	-	-	40,748
Tax reduction reserve	43,305	-	-	43,305
Lease financing	996	-	-	996
Capital Projects	-	17,107	-	17,107
Subtotal	<u>\$ 194,669</u>	<u>\$ 17,107</u>	<u>\$ 71,529</u>	<u>\$ 283,305</u>

	General Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total
<u>Assigned to:</u>				
Tax reduction reserve	\$ 19,712	\$ -	\$ -	\$ 19,712
Clerk Recorder services	257	-	-	257
IT projects	239	-	-	239
General government	17,635	-	-	17,635
Sheriff-Coroner & Emergency Services programs	7,885	-	-	7,885
Probation programs	10,569	-	-	10,569

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

District Attorney programs	3,876	-	-	3,876
Planning programs	2,005	-	-	2,005
Other public protection programs	3,242	-	-	3,242
Foster Care & Social Services programs	12,534	-	-	12,534
Law Enforcement Medical Care services	167	-	-	167
Veterans' Services programs	132	-	-	132
Public ways and facilities	1,829	-	-	1,829
Behavioral Health programs	6,741	-	-	6,741
Public Health programs	17,596	-	-	17,596
Subsequent Fiscal Year Budget	69,001	-	-	69,001
Imprest cash	138	-	-	138
Subtotal	<u>\$ 173,558</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 173,558</u>
Total	<u>\$ 402,300</u>	<u>\$ 18,992</u>	<u>\$ 127,756</u>	<u>\$ 549,048</u>

12. LAPSING ENCUMBRANCES

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

The following is a summary of lapsing encumbrances at June 30, 2021, to be reappropriated during the next fiscal year (in thousands):

<u>Fund</u>	<u>Total Encumbrances</u>
General Fund	\$ 2,658
Capital Projects Fund	13,101
Nonmajor Governmental Fund	6,914
Total Lapsing Encumbrances	<u>\$ 22,673</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 \$25,729 over the next 14 years. The estimated amounts vary by year. For example, the principal amount due in 2021 is \$1,152 while \$2,431 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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2021.

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 the date of this report, the landfill closure is complete and only postclosure costs remain.

The remaining estimated liability for landfill postclosure cost as of June 30, 2021, is \$7,245 (in 2021 dollars). Of this, \$4,607 is for the Maintenance Cost and \$2,638 is the Corrective Action Cost. The cost estimates were provided by a licensed professional geologist in the Postclosure 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.

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, 2021, the Agricultural Preserve Program tax abatements were \$16,067.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 six 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, the San Luis Obispo County Pension Trust, and the San Luis Obispo Regional Transit Authority. The Plan exists, operates and is constituted under the authority of Section 53215 of Section 17 of Article XVI of the California Constitution and the Government Code Article 1.5 (Pension Trusts), of Chapter 2 (Officers and Employees), of Part 1 (Powers and Duties Common to Cities, Counties and Other Agencies), of Division 2 (Cities, Counties and Other Agencies), of Title 5 (Local Agencies) of the California Government Code.

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

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, 2020, there were 905 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, 2020, there were 293 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, 2020, there were 1,386 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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, 2020, 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.	730 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.	243 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.	1,195 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.	71 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.	48 members
Safety Tier 1	Vested after accumulation of five years of Pension Trust service credit & eligible to receive a Service Retirement Allowance after vesting and attaining a minimum age of 50.	104 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.	50 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.	143 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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

thirty-six consecutive months of earnings with no pickup.

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

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

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

Contributions

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

PLAN	EMPLOYER CONTRIBUTION RATES	EMPLOYEE CONTRIBUTION RATES
Miscellaneous Tier 1	24.22-26.42%	15.65-25.51%
Miscellaneous Tier 2	24.22-26.42%	7.26-18.61%
Miscellaneous Tier 3	23.73-25.93%	5.64-17.96%
Probation Tier 1	23.43-25.67%	21.83-30.67%
Probation Tier 2	Not negotiated	Not negotiated
Probation Tier 3	25.17%	9.75-22.62%
PLAN	EMPLOYER CONTRIBUTION RATES	EMPLOYEE CONTRIBUTION RATES
Safety Tier 1	34.85-42.59%	16.72-34.67%
Safety Tier 2	37.30-42.59%	10.95-25.58%
Safety Tier 3	31.26-41.98%	10.59-22.95%

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, 2019	\$43,432
June 30, 2020	\$49,018
June 30, 2021	\$53,737

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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

The \$27,000 of subsequent contributions will be recognized as reduction of the net pension liability in the fiscal year ending June 30, 2022. 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, 2020, and is 5 years. The difference between the actual employer contributions and the proportionate share of the employer contributions during the measurement period ended December 31, 2020 is also recognized over 5 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)
2022	\$ (840)
2023	17,080
2024	(17,204)
2025	2,623
Thereafter	-
Total	\$ 1,659

Actuarial Assumptions

The total pension liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.25%
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	6.875%, net of administrative expense
Post-Retirement Mortality	Males: Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, and a 99% multiplier. Females: Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, and a 101% multiplier.

The actuarial assumptions used in the January 1, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019.

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
Cash Equivalents/Short Duration Govt	10%	(1.50%)
Equities – Public Market	30%	3.23%
Real Assets	15%	5.13%
Private Markets	30%	5.42%
US Treasury – Long Duration/TIPS	15%	(1.11%)

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 6.875%. 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 6.875%, 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, 5.875%, or one percentage-point higher, 7.875%, than the current rate:

	1% Decrease (in thousands) 5.875%	Discount Rate (in thousands) 6.875%	1% Increase (in thousands) 7.875%
County net pension liability as of December 31, 2020	\$927,118	\$637,385	\$400,390

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 ACFR.

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 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.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

At June 30, 2021 a total of 4,034 employees were covered by the OPEB Plan's benefit terms:

Active Plan Members	2,688
Inactive Plan Members	1,083
Inactive Plan members entitled to but not yet receiving benefits	263
	<u>4,034</u>

Benefits Provided

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

Retirees who elect to participate in a County-sponsored health insurance plan are eligible to a monthly subsidy funded by the County's OPEB benefit. In FY 20-21 the County provided the following to eligible retirees:

	<u>Employee Healthcare Benefit</u>
Calendar Year 2020	\$139 per month
Calendar Year 2021	\$143 per month

Contributions

The County makes all contributions to the trustee for investment and reinvestment pursuant to the terms of the agreement with the CERBT. Employees are not required to contribute to the plan. For the fiscal year ended June 30, 2021, the funding was a combination of direct premium payments to contracted medical, dental and vision providers, plus a contribution of \$526 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 \$34.6 million as of June 30, 2021. The June 30, 2021 net OPEB Liability was determined by the actuary using a measurement date of June 30, 2020.

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, 2021 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	6.25%
Inflation	2.25%
Health care cost trend rate	6.7% for FY 2021, gradually decreasing over several decades to an ultimate rate of 3.8% in FY 2076 and later years.
Actuarial cost method	Entry Age Normal

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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 13 years
Reimbursement eligibility	40% of all retirants will apply for and receive the reimbursement
Payroll growth rate	2.75% per annum
Salary increases	2.75% plus service-related merit component
Investment rate of return	6.25%
Post-retirement mortality	Males: Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, and a 99% multiplier. Females: Pub-2010, Amount-Weighted, Above Median Income, with generational mortality improvements using scale MP-2019, and a 101% multiplier.

The withdrawal, retirement, disability, mortality, and salary scale are based on an experience study for the five-year period ending December 31, 2019 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 6.25% 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%	7.15%
Fixed Income	25%	plus/minus 5%	3.65%
Treasury Inflation-Protected Securities (TIPS)	5%	plus/minus 3%	2.82%
Global Real Estate Investment Trusts (REITs)	8%	plus/minus 5%	6.68%
Commodities	3%	plus/minus 3%	4.13%
Cash	-	plus 2%	-

The long-term expected real rate of return, net of expenses, for CERBT Strategy 1 is assumed to be 6.25%.

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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:

	Total OPEB Liability	<i>Less</i>	Plan Fiduciary Net Position	<i>Equals</i>	Net OPEB Liability
Balances as of June 30, 2020	\$48,208		\$20,172		\$28,036
Projected Changes for fiscal year-end June 30, 2021:					
Service Cost	1,652		-		1,652
Interest Cost	3,140		-		3,140
Differences between expected and actual experience	4,990		-		4,990
Actuarial Gains/Losses	-		-		-
Change in Assumptions	1,269		-		1,269
Net Investment Income	-		732		(732)
Benefit Payments	(3,102)		(3,102)		-
Employer Contributions	-		3,778		(3,778)
Administrative Expenses	-		(10)		10
Other Deductions	-		-		-
Net Projected Changes	<u>7,949</u>		<u>1,398</u>		<u>6,551</u>
Projected Balances as of June 30, 2021	<u>\$56,157</u>		<u>\$21,570</u>		<u>\$34,587</u>

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

At June 30, 2021, the OPEB Plan's fiduciary net position was 38.4% 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 6.25%, as well as what the liability would be if it were calculated using a discount rate that is one percentage-point lower, 5.25%, or one percentage-point higher, 7.25%, than the current rate:

	1% Decrease (in thousands) 5.25%	Discount Rate (in thousands) 6.25%	1% Increase (in thousands) 7.27%
Net OPEB Liability	\$41,165	\$34,587	\$29,115

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

	1% Decrease (in thousands) 5.7%	Trend Rate (in thousands) 6.7%	1% Increase (in thousands) 7.7%
Net OPEB Liability	\$28,644	\$34,587	\$41,805

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$5,770. 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, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources (in thousands)	Deferred Inflows of Resources (in thousands)
	<u> </u>	<u> </u>
Deferred outflows and inflows of resources – difference between expected and actual experience	\$ 4,250	\$ 1,672
Deferred outflows of resources – changes in actuarial assumptions	13,394	-
Deferred outflows of resources – net difference between projected and actual earnings on pension plan investments	446	-
County contributions subsequent to the measurement date	3,691	-
	<u>\$ 21,781</u>	<u>\$ 1,672</u>

\$3,691 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, 2022.

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

Year ended June 30,	Future Recognition (in thousands)
<u> </u>	<u> </u>
2022	\$ 3,479
2023	3,479
2024	3,492
2025	3,495
2026	1,749
Thereafter	724
	<u>\$ 16,418</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS (Continued)

19. CHANGE IN ACCOUNTING PRINCIPLE

GASB Statement No. 84

During the fiscal year ended June 30, 2021, the County implemented GASB Statement No. 84, *Fiduciary Activities*, to improve accounting and financial reporting by state and local governments.

As of July 1, 2020, the County implemented this Statement decreasing beginning net position in the government-wide statements by \$108 thousand. This included a \$436 thousand increase to Governmental Activities long-term liabilities, to include Special District Assessment Bond debt related to Roads which was previously recorded in a Fiduciary Fund.

The portion of the restatement reportable in the fund financial statements was a \$368 thousand decrease in fund balance to the General Fund, a \$696 thousand increase to fund balance in the Roads Fund, and a \$420 thousand increase to net position in the fiduciary statements for Custodial Funds.

Community Development Fund

The Community Development Fund's beginning fund balance increased by \$19,192 due to a change in the accounting treatment of the community development loans issued and the deferred inflow recorded. The adjustment also increased beginning net position in the government-wide statements by \$17,938.

20. 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 16, 2021, the County made an advance payment of \$70.1 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 \$1.5 million to the County.



REQUIRED SUPPLEMENTARY INFORMATION



REQUIRED SUPPLEMENTARY INFORMATION

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

- Schedule of 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%
2020	93.64%	\$637,385	\$211,200	301.79%	69.71%

*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%
2021	\$52,724	\$53,874	(\$1,150)	\$204,688	26.32%

*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 YEARS¹
 (in thousands)

	Fiscal Year 2017-18	Fiscal Year 2018-19	Fiscal Year 2019-20	Fiscal Year 2020-21
Total OPEB liability:				
Service cost	\$ 688	\$ 611	\$ 1,538	\$ 1,652
Interest	1,949	2,007	3,073	3,140
Differences between expected and actual experience	-	(2,842)	-	4,990
Changes of assumptions	-	19,530	1,129	1,269
Benefit payments	(1,690)	(1,526)	(3,037)	(3,102)
Net change in total OPEB liability	947	17,780	2,703	7,949
Total OPEB liability – beginning	26,775	27,722	45,502	48,208
Total OPEB liability – ending (a)	<u>\$ 27,222</u>	<u>\$ 45,502</u>	<u>\$ 48,205</u>	<u>\$ 56,157</u>
Plan Fiduciary net position:				
Employer contributions	1,707	2,521	3,922	3,778
Net investment income	1,155	1,286	1,161	732
Benefit payments	(1,690)	(1,526)	(3,037)	(3,102)
Administrative expense	(7)	(8)	(4)	(10)
Other deductions	-	(1,171)	-	-
Net change in plan fiduciary net position	1,165	1,102	2,042	1,398
Plan fiduciary net position – beginning	15,860	17,025	18,127	20,172
Plan fiduciary net position – ending (b)	<u>\$ 17,025</u>	<u>\$ 18,127</u>	<u>\$ 20,169</u>	<u>\$ 21,570</u>
County's net OPEB liability – ending (a) – (b)	<u>\$ 10,697</u>	<u>\$ 27,375</u>	<u>\$ 28,036</u>	<u>\$ 34,587</u>
Plan fiduciary net position as a percentage of the total OPEB liability	61.4%	39.8%	41.8%	38.4%
Covered-employee payroll ²	\$ 190,136	\$ 193,294	\$ 202,414	\$ 204,688
County's net OPEB liability as a percentage of covered-employee payroll	5.6%	14.2%	13.9%	16.9%

¹ 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.

² Contributions made to the OPEB plan are not based on measure of pay.

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 6.50% as of June 30, 2020 to 6.25% as of June 30, 2021.

The investment rate of return decreased from 6.50% as of June 30, 2020 to 6.25% as of June 30, 2021.

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 ¹
 (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 ²	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%
2021	\$ 5,134	\$ 3,691	\$ (1,443)	\$ 204,688	1.80%

¹ 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.

² Contributions made to the OPEB plan are not based on measure of pay.

[^]Restated based on updated actuarial information.

Changes to benefit terms

None

Changes of assumptions

The discount rate decreased from 6.50% as of June 30, 2020 to 6.25% as of June 30, 2021.

The investment rate of return decreased from 6.50% as of June 30, 2020 to 6.25% as of June 30, 2021.

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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 208,862	\$ 208,862	\$ 225,758	\$ 16,896
Licenses, permits, and franchises	12,127	12,377	12,522	145
Fines, forfeitures, and penalties	4,070	4,386	3,311	(1,075)
Use of money and property	3,920	3,920	838	(3,082)
Aid from other governments	265,173	319,558	320,356	798
Charges for services	34,963	35,552	35,775	223
Other revenue	7,296	8,725	8,385	(340)
Total Revenues	<u>536,411</u>	<u>593,380</u>	<u>606,945</u>	<u>13,565</u>
Expenditures:				
Current:				
General government	55,404	78,266	58,214	20,052
Public protection	202,833	218,847	191,559	27,288
Public ways and facilities	4,591	6,806	3,796	3,010
Health and sanitation	117,715	126,473	114,904	11,569
Public assistance	138,022	150,816	128,616	22,200
Education	629	644	620	24
Recreation and Culture	4,980	8,326	4,571	3,755
Contingencies	27,027	24,189	-	24,189
Total Expenditures	<u>551,201</u>	<u>614,367</u>	<u>502,280</u>	<u>112,087</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(14,790)</u>	<u>(20,987)</u>	<u>104,665</u>	<u>125,652</u>
Other Financing Sources (Uses):				
Transfers in	359	1,155	797	(358)
Transfers out	(15,479)	(23,837)	(22,321)	1,516
Total Other Financing Sources (Uses)	<u>(15,120)</u>	<u>(22,682)</u>	<u>(21,524)</u>	<u>1,158</u>
Net change in fund balances	(29,910)	(43,669)	83,141	126,810
Fund balances, beginning, restated	<u>232,531</u>	<u>232,531</u>	<u>232,531</u>	<u>-</u>
Fund balances, ending	<u>\$ 202,621</u>	<u>\$ 188,862</u>	<u>\$ 315,672</u>	<u>\$ 126,810</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, 2021 (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	\$ 606,945
Revenues for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	2,291
Total Revenues as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 609,236</u>

Uses/outflows of resources

Actual amounts (budgetary basis) "Total Expenditures" from the budgetary comparison schedule	\$ 502,280
Expenditures for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	6,647
Total Expenditures as reported in the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 508,927</u>

Other financing sources/(uses) of resources

Actual amounts (budgetary basis) "Total Other Financing Sources (Uses)" from the Budgetary Comparison Schedule	\$ (21,524)
Other financing sources (uses) for funds not meeting the special revenue fund definition which are presented with the General Fund for financial reporting purposes	(647)
Total Other Financing Sources (Uses) as reported in the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ (22,171)</u>

COUNTY OF SAN LUIS OBISPO
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

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, 2021 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



**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, 2021 (IN THOUSANDS)**

	Special Revenue			
	Community Development	Emergency Medical Services	Driving Under the Influence Programs	Fish and Game
Assets				
Cash and cash equivalents	\$ 3,885	\$ 264	\$ 773	\$ 202
Restricted cash with fiscal agent	-	-	-	-
Accounts receivable, net	-	-	-	-
Due from other governments	-	337	16	-
Due from other funds	-	-	-	-
Loans receivable, net of allowance for uncollectibles	19,192	-	-	-
Advances to other funds	-	-	-	-
Prepaid items	-	-	2	-
Other assets	-	-	-	-
Total assets	\$ 23,077	\$ 601	\$ 791	\$ 202
Liabilities				
Accounts payable	\$ 535	\$ -	\$ 3	\$ 19
Salaries and benefits payable	-	-	24	-
Due to other funds	-	-	-	-
Deposits from others	1,626	-	-	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	-	-
Total liabilities	2,161	-	27	19
Deferred Inflows of Resources				
Unavailable revenue	-	-	16	-
Total deferred inflows of resources	-	-	16	-
Fund Balances				
Nonspendable	-	-	2	-
Restricted	-	-	87	-
Committed	20,916	601	659	183
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	20,916	601	748	183
Total liabilities, deferred inflows of resources, and fund balances	\$ 23,077	\$ 601	\$ 791	\$ 202

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021 (IN THOUSANDS)**

	Special Revenue			
	Road Impact Fees	Library	Parks	Public Facilities Fees
<u>Assets</u>				
Cash and cash equivalents	\$ 11,512	\$ 5,511	\$ 3,348	\$ 15,796
Restricted cash with fiscal agent	-	-	-	-
Accounts receivable, net	-	2	40	-
Due from other governments	-	-	-	-
Due from other funds	-	-	-	-
Loans receivable, net of allowance for uncollectibles	-	-	-	-
Advances to other funds	-	-	-	-
Prepaid items	-	4	-	-
Other assets	-	-	-	-
Total assets	\$ 11,512	\$ 5,517	\$ 3,388	\$ 15,796
<u>Liabilities</u>				
Accounts payable	\$ -	\$ 1	\$ 147	\$ -
Salaries and benefits payable	-	344	163	-
Due to other funds	-	-	-	-
Deposits from others	-	-	560	-
Unearned revenue	-	-	-	-
Advances from other funds	-	-	968	-
Total liabilities	-	345	1,838	-
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	-	-	-	-
<u>Fund Balances</u>				
Nonspendable	-	4	-	-
Restricted	11,512	104	34	15,796
Committed	-	5,064	1,516	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total fund balances	11,512	5,172	1,550	15,796
Total liabilities, deferred inflows of resources, and fund balances	\$ 11,512	\$ 5,517	\$ 3,388	\$ 15,796

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021 (IN THOUSANDS)**

	Special Revenue				
	Roads	Wildlife Grazing	Flood Control Districts	Lighting Districts	County Service Areas
Assets					
Cash and cash equivalents	\$ 17,791	\$ 44	\$ 17,748	\$ 513	\$ 2,480
Restricted cash with fiscal agent	-	-	-	-	-
Accounts receivable, net	-	-	346	1	12
Due from other governments	4,733	-	5,477	-	-
Due from other funds	-	-	-	-	400
Loans receivable, net of allowance for uncollectibles	-	-	-	-	-
Advances to other funds	-	-	2,435	-	255
Prepaid items	-	-	-	-	-
Other assets	3	-	-	-	-
	<u>22,527</u>	<u>44</u>	<u>26,006</u>	<u>514</u>	<u>3,147</u>
Total assets	<u>\$ 22,527</u>	<u>\$ 44</u>	<u>\$ 26,006</u>	<u>\$ 514</u>	<u>\$ 3,147</u>
Liabilities					
Accounts payable	\$ 1,940	\$ -	\$ 186	\$ -	\$ 8
Salaries and benefits payable	-	-	-	-	-
Due to other funds	-	-	-	-	-
Deposits from others	345	-	-	-	-
Unearned revenue	80	-	-	-	-
Advances from other funds	-	-	-	-	23
	<u>2,365</u>	<u>-</u>	<u>186</u>	<u>-</u>	<u>31</u>
Total liabilities	<u>2,365</u>	<u>-</u>	<u>186</u>	<u>-</u>	<u>31</u>
Deferred Inflows of Resources					
Unavailable revenue	-	-	5,821	1	12
	<u>-</u>	<u>-</u>	<u>5,821</u>	<u>1</u>	<u>12</u>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>5,821</u>	<u>1</u>	<u>12</u>
Fund Balances					
Nonspendable	-	-	-	-	-
Restricted	-	44	1,142	-	46
Committed	20,162	-	18,857	513	3,058
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
	<u>20,162</u>	<u>44</u>	<u>19,999</u>	<u>513</u>	<u>3,104</u>
Total fund balances	<u>20,162</u>	<u>44</u>	<u>19,999</u>	<u>513</u>	<u>3,104</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,527</u>	<u>\$ 44</u>	<u>\$ 26,006</u>	<u>\$ 514</u>	<u>\$ 3,147</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)
JUNE 30, 2021 (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	\$ 15,232	\$ 10	\$ 95,112
Restricted cash with fiscal agent	-	6	20,339	20,345
Accounts receivable, net	-	-	-	401
Due from other governments	-	-	-	10,563
Due from other funds	-	-	-	400
Loans receivable, net of allowance for uncollectibles	-	-	-	19,192
Advances to other funds	-	-	-	2,690
Prepaid items	-	-	-	6
Other assets	-	-	-	3
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 3</u>	<u>\$ 15,238</u>	<u>\$ 20,349</u>	<u>\$ 148,712</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ 2,839
Salaries and benefits payable	-	-	-	531
Due to other funds	-	-	8,134	8,134
Deposits from others	-	-	-	2,531
Unearned revenue	-	-	-	80
Advances from other funds	-	-	-	991
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>-</u>	<u>8,134</u>	<u>15,106</u>
<u>Deferred Inflows of Resources</u>				
Unavailable revenue	-	-	-	5,850
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,850</u>
<u>Fund Balances</u>				
Nonspendable	-	-	-	6
Restricted	3	15,238	12,215	56,221
Committed	-	-	-	71,529
Assigned	-	-	-	-
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>3</u>	<u>15,238</u>	<u>12,215</u>	<u>127,756</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 3</u>	<u>\$ 15,238</u>	<u>\$ 20,349</u>	<u>\$ 148,712</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021 (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	-	425	-	31
Use of money and property	-	-	-	-
Aid from other governments	2,405	-	59	-
Charges for services	-	-	1,308	-
Other revenues	726	-	1	-
	<u>3,131</u>	<u>425</u>	<u>1,368</u>	<u>31</u>
Total revenues				
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	34
Public ways and facilities	-	-	-	-
Health and sanitation	2,455	-	-	-
Public assistance	-	525	-	-
Education	-	-	1,528	-
Recreation and cultural services	-	-	-	-
Debt service:				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>2,455</u>	<u>525</u>	<u>1,528</u>	<u>34</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>676</u>	<u>(100)</u>	<u>(160)</u>	<u>(3)</u>
<u>Other financing sources (uses)</u>				
Debt Issued	-	-	-	-
Transfers in	39	-	-	-
Transfers out	-	-	(33)	-
	<u>39</u>	<u>-</u>	<u>(33)</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	715	(100)	(193)	(3)
Fund balances - beginning	1,009	701	941	186
Cumulative effect of change in accounting principle	19,192	-	-	-
Fund balances - ending	<u>\$ 20,916</u>	<u>\$ 601</u>	<u>\$ 748</u>	<u>\$ 183</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, 2021 (IN THOUSANDS)**

	Special Revenue			
	Road Impact Fees	Library	Parks	Public Facilities Fees
<u>Revenues</u>				
Taxes	\$ -	\$ 10,363	\$ -	\$ -
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-
Use of money and property	17	-	16	19
Aid from other governments	-	128	151	-
Charges for services	1,691	31	5,949	2,010
Other revenues	-	360	14	-
	<u>1,708</u>	<u>10,882</u>	<u>6,130</u>	<u>2,029</u>
Total revenues				
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	-
Public ways and facilities	-	-	-	-
Health and sanitation	-	-	-	-
Public assistance	-	-	-	-
Education	-	11,220	-	-
Recreation and cultural services	-	-	6,405	-
Debt service:				
Principal payments	-	-	-	-
Interest and fiscal charges	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures				
	<u>-</u>	<u>11,220</u>	<u>6,405</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,708</u>	<u>(338)</u>	<u>(275)</u>	<u>2,029</u>
<u>Other financing sources (uses)</u>				
Debt Issued	-	-	-	-
Transfers in	-	656	668	-
Transfers out	(809)	(298)	(181)	(871)
	<u>(809)</u>	<u>(298)</u>	<u>(181)</u>	<u>(871)</u>
Total other financing sources (uses)				
	<u>(809)</u>	<u>358</u>	<u>487</u>	<u>(871)</u>
Net change in fund balances	899	20	212	1,158
Fund balances - beginning	10,613	5,152	1,338	14,638
Cumulative effect of change in accounting principle	-	-	-	-
Fund balances - ending	<u>\$ 11,512</u>	<u>\$ 5,172</u>	<u>\$ 1,550</u>	<u>\$ 15,796</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, 2021 (IN THOUSANDS)**

	Special Revenue				
	Roads	Wildlife and Grazing	Flood Control Districts	Lighting Districts	County Service Areas
<u>Revenues</u>					
Taxes	\$ 2,057	\$ -	\$ 4,128	\$ 42	\$ 1,058
Licenses, permits, and franchises	-	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	-	-
Use of money and property	17	-	-	1	6
Aid from other governments	23,539	4	1,258	-	4
Charges for services	353	-	571	10	6
Other revenues	391	-	340	1	4
Total revenues	<u>26,357</u>	<u>4</u>	<u>6,297</u>	<u>54</u>	<u>1,078</u>
<u>Expenditures</u>					
Current:					
Public protection	-	4	7,669	33	-
Public ways and facilities	32,525	-	-	-	778
Health and sanitation	-	-	-	-	-
Public assistance	-	-	-	-	-
Education	-	-	-	-	-
Recreation and cultural services	-	-	-	-	-
Debt service:					
Principal payments	45	-	-	-	-
Interest and fiscal charges	23	-	-	-	-
Total expenditures	<u>32,593</u>	<u>4</u>	<u>7,669</u>	<u>33</u>	<u>778</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,236)</u>	<u>-</u>	<u>(1,372)</u>	<u>21</u>	<u>300</u>
<u>Other financing sources (uses)</u>					
Debt Issued	-	-	-	-	-
Transfers in	9,544	-	75	-	-
Transfers out	(24)	-	-	-	(210)
Total other financing sources (uses)	<u>9,520</u>	<u>-</u>	<u>75</u>	<u>-</u>	<u>(210)</u>
Net change in fund balances	3,284	-	(1,297)	21	90
Fund balances - beginning	16,182	44	21,296	492	3,014
Cumulative effect of change in accounting principle	696	-	-	-	-
Fund balances - ending	<u>\$ 20,162</u>	<u>\$ 44</u>	<u>\$ 19,999</u>	<u>\$ 513</u>	<u>\$ 3,104</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, 2021 (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	\$ -	\$ -	\$ -	\$ 17,648
Licenses, permits, and franchises	-	-	-	-
Fines, forfeitures, and penalties	-	-	-	456
Use of money and property	-	5	8	89
Aid from other governments	-	-	-	27,548
Charges for services	308	-	2,678	14,915
Other revenues	-	1,014	-	2,851
	<u>308</u>	<u>1,019</u>	<u>2,686</u>	<u>63,507</u>
<u>Expenditures</u>				
Current:				
Public protection	-	-	-	7,740
Public ways and facilities	-	-	-	33,303
Health and sanitation	-	-	-	2,455
Public assistance	-	-	-	525
Education	-	-	-	12,748
Recreation and cultural services	-	-	-	6,405
Debt service:				
Principal payments	150	3,580	1,356	5,131
Interest and fiscal charges	158	5,492	1,340	7,013
	<u>308</u>	<u>9,072</u>	<u>2,696</u>	<u>75,320</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(8,053)</u>	<u>(10)</u>	<u>(11,813)</u>
<u>Other financing sources (uses)</u>				
Debt Issued	2,841	-	-	2,841
Transfers in	-	12,576	-	23,558
Transfers out	(2,841)	-	(7,223)	(12,490)
	<u>-</u>	<u>12,576</u>	<u>(7,223)</u>	<u>13,909</u>
Net change in fund balances	-	4,523	(7,233)	2,096
Fund balances - beginning	3	10,715	19,448	105,772
Cumulative effect of change in accounting principle	-	-	-	19,888
Fund balances - ending	<u>\$ 3</u>	<u>\$ 15,238</u>	<u>\$ 12,215</u>	<u>\$ 127,756</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
Capital Projects Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ -	\$ -	\$ 319	\$ 319
Use of money and property	-	-	-	-
Aid from other governments	-	3,315	189	(3,126)
Charges for services	-	1,195	1,004	(191)
Other revenues	-	-	-	-
Total Revenues	<u>-</u>	<u>4,510</u>	<u>1,512</u>	<u>(2,998)</u>
Expenditures:				
Capital outlay	<u>7,047</u>	<u>52,362</u>	<u>13,795</u>	<u>38,567</u>
Total Expenditures	<u>7,047</u>	<u>52,362</u>	<u>13,795</u>	<u>38,567</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(7,047)</u>	<u>(47,852)</u>	<u>(12,283)</u>	<u>35,569</u>
Other Financing Sources (Uses):				
Transfers in	7,047	46,293	12,393	(33,900)
Transfers out	-	-	-	-
Total Other Financing Sources (Uses)	<u>7,047</u>	<u>46,293</u>	<u>12,393</u>	<u>(33,900)</u>
Net change in fund balances	-	(1,559)	110	1,669
Fund balances, beginning	<u>18,882</u>	<u>18,882</u>	<u>18,882</u>	<u>-</u>
Fund balances, ending	<u>\$ 18,882</u>	<u>\$ 17,323</u>	<u>\$ 18,992</u>	<u>\$ 1,669</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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Aid from other governments	\$ 3,490	\$ 16,774	\$ 2,405	\$ (14,369)
Charges for services	-	-	-	-
Other revenues	-	-	726	726
Total Revenues	<u>3,490</u>	<u>16,774</u>	<u>3,131</u>	<u>(13,643)</u>
Expenditures:				
Current:				
Health and sanitation				
Services and supplies	440	1,124	427	697
Other charges	3,089	15,689	2,028	13,661
Contingencies	55	55	-	55
Total Expenditures	<u>3,584</u>	<u>16,868</u>	<u>2,455</u>	<u>14,413</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(94)</u>	<u>(94)</u>	<u>676</u>	<u>770</u>
Other Financing Sources (Uses):				
Transfers in	39	39	39	-
Total Other Financing Sources (Uses)	<u>39</u>	<u>39</u>	<u>39</u>	<u>-</u>
Net change in fund balances	(55)	(55)	715	770
Fund balances, beginning, restated	<u>20,201</u>	<u>20,201</u>	<u>20,201</u>	<u>-</u>
Fund balances, ending	<u>\$ 20,146</u>	<u>\$ 20,146</u>	<u>\$ 20,916</u>	<u>\$ 770</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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ 800	\$ 800	\$ 425	\$ (375)
Use of money and property	1	1	-	(1)
Total Revenues	<u>801</u>	<u>801</u>	<u>425</u>	<u>(376)</u>
Expenditures:				
Current:				
Public assistance				
Services and supplies	<u>801</u>	<u>1,052</u>	<u>525</u>	<u>527</u>
Total Expenditures	<u>801</u>	<u>1,052</u>	<u>525</u>	<u>527</u>
Net change in fund balances	-	(251)	(100)	151
Fund balances, beginning	<u>701</u>	<u>701</u>	<u>701</u>	<u>-</u>
Fund balances, ending	<u>\$ 701</u>	<u>\$ 450</u>	<u>\$ 601</u>	<u>\$ 151</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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 18	\$ 18	\$ -	\$ (18)
Charges for services	1,449	1,449	1,308	(141)
Aid from other governments	38	59	59	-
Other revenues	2	2	1	(1)
Total Revenues	<u>1,507</u>	<u>1,528</u>	<u>1,368</u>	<u>(160)</u>
Expenditures:				
Current:				
Education				
Salaries, wages, and benefits	1,012	1,128	940	188
Services and supplies	429	787	568	219
Other charges	20	20	20	-
Contingencies	56	56	-	56
Total Expenditures	<u>1,517</u>	<u>1,991</u>	<u>1,528</u>	<u>463</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(10)</u>	<u>(463)</u>	<u>(160)</u>	<u>303</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	(10)	(463)	(193)	270
Fund balances, beginning	<u>941</u>	<u>941</u>	<u>941</u>	<u>-</u>
Fund balances, ending	<u>\$ 931</u>	<u>\$ 478</u>	<u>\$ 748</u>	<u>\$ 270</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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ 27	\$ 27	\$ 31	\$ 4
Total Revenues	<u>27</u>	<u>27</u>	<u>31</u>	<u>4</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	33	33	34	(1)
Total Expenditures	<u>33</u>	<u>33</u>	<u>34</u>	<u>(1)</u>
Net change in fund balances	(6)	(6)	(3)	3
Fund balances, beginning	<u>186</u>	<u>186</u>	<u>186</u>	<u>-</u>
Fund balances, ending	<u>\$ 180</u>	<u>\$ 180</u>	<u>\$ 183</u>	<u>\$ 3</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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 17	\$ 17
Charges for services	-	-	1,691	1,691
Total Revenues	<u>-</u>	<u>-</u>	<u>1,708</u>	<u>1,708</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>1,708</u>	<u>1,708</u>
Other Financing Sources (Uses):				
Transfers out	(926)	(4,816)	(809)	4,007
Total Other Financing Sources (Uses)	<u>(926)</u>	<u>(4,816)</u>	<u>(809)</u>	<u>4,007</u>
Net change in fund balances	(926)	(4,816)	899	5,715
Fund balances, beginning	<u>10,613</u>	<u>10,613</u>	<u>10,613</u>	<u>-</u>
Fund balances, ending	<u>\$ 9,687</u>	<u>\$ 5,797</u>	<u>\$ 11,512</u>	<u>\$ 5,715</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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 10,304	\$ 10,304	\$ 10,363	\$ 59
Use of money and property	65	65	-	(65)
Aid from other governments	116	128	128	-
Charges for services	64	64	31	(33)
Other revenues	15	565	360	(205)
Total Revenues	<u>10,564</u>	<u>11,126</u>	<u>10,882</u>	<u>(244)</u>
Expenditures:				
Current:				
Education				
Salaries, wages, and benefits	7,034	7,211	6,909	302
Services and supplies	4,093	4,708	4,109	599
Other charges	8	141	115	26
Capital outlay	-	206	87	119
Contingencies	558	428	-	428
Total Expenditures	<u>11,693</u>	<u>12,694</u>	<u>11,220</u>	<u>1,474</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,129)</u>	<u>(1,568)</u>	<u>(338)</u>	<u>1,230</u>
Other Financing Sources (Uses):				
Transfers in	640	660	656	(4)
Transfers out	<u>(33)</u>	<u>(33)</u>	<u>(298)</u>	<u>(265)</u>
Total Other Financing Sources (Uses)	<u>607</u>	<u>627</u>	<u>358</u>	<u>(269)</u>
Net change in fund balances	(522)	(941)	20	961
Fund balances, beginning	<u>5,152</u>	<u>5,152</u>	<u>5,152</u>	<u>-</u>
Fund balances, ending	<u>\$ 4,630</u>	<u>\$ 4,211</u>	<u>\$ 5,172</u>	<u>\$ 961</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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties	\$ 57	\$ 79	\$ -	\$ (79)
Use of money and property	54	54	16	(38)
Aid from other governments	23	729	151	(578)
Charges for services	5,985	6,085	5,949	(136)
Other revenues	20	20	14	(6)
Total Revenues	<u>6,139</u>	<u>6,967</u>	<u>6,130</u>	<u>(837)</u>
Expenditures:				
Current:				
Recreation and cultural services				
Salaries, wages, and benefits	2,942	2,942	2,761	181
Services and supplies	2,935	3,200	3,361	(161)
Other charges	-	555	283	272
Capital outlay	32	3,460	-	3,460
Contingencies	340	340	-	340
Total Expenditures	<u>6,249</u>	<u>10,497</u>	<u>6,405</u>	<u>4,092</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(110)</u>	<u>(3,530)</u>	<u>(275)</u>	<u>3,255</u>
Other Financing Sources (Uses):				
Transfers in	240	2,688	668	(2,020)
Transfers out	<u>(21)</u>	<u>(21)</u>	<u>(181)</u>	<u>(160)</u>
Total Other Financing Sources (Uses)	<u>219</u>	<u>2,667</u>	<u>487</u>	<u>(2,180)</u>
Net change in fund balances	109	(863)	212	1,075
Fund balances, beginning	<u>1,338</u>	<u>1,338</u>	<u>1,338</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,447</u>	<u>\$ 475</u>	<u>\$ 1,550</u>	<u>\$ 1,075</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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 19	\$ 19
Charges for services	1,668	1,668	2,010	342
Total Revenues	<u>1,668</u>	<u>1,668</u>	<u>2,029</u>	<u>361</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>1,668</u>	<u>1,668</u>	<u>2,029</u>	<u>361</u>
Other Financing Sources (Uses):				
Transfers out	<u>(400)</u>	<u>(13,682)</u>	<u>(871)</u>	<u>12,811</u>
Total Other Financing Sources (Uses)	<u>(400)</u>	<u>(13,682)</u>	<u>(871)</u>	<u>12,811</u>
Net change in fund balances	1,268	(12,014)	1,158	13,172
Fund balances, beginning	<u>14,638</u>	<u>14,638</u>	<u>14,638</u>	<u>-</u>
Fund balances, ending	<u>\$ 15,906</u>	<u>\$ 2,624</u>	<u>\$ 15,796</u>	<u>\$ 13,172</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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,969	\$ 1,969	\$ 2,057	\$ 88
Use of money and property	125	125	17	(108)
Aid from other governments	19,502	33,172	23,539	(9,633)
Charges for services	217	217	353	136
Other revenues	7	771	391	(380)
Total Revenues	<u>21,820</u>	<u>36,254</u>	<u>26,357</u>	<u>(9,897)</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	19,687	23,948	32,331	(8,383)
Other charges	546	834	194	640
Capital outlay	9,929	38,553	-	38,553
Debt Service	-	-	68	(68)
Total Expenditures	<u>30,162</u>	<u>63,335</u>	<u>32,593</u>	<u>30,742</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(8,342)</u>	<u>(27,081)</u>	<u>(6,236)</u>	<u>20,845</u>
Other Financing Sources (Uses):				
Transfers in	7,145	14,067	9,544	(4,523)
Transfers out	(4)	(36)	(24)	12
Total Other Financing Sources (Uses)	<u>7,141</u>	<u>14,031</u>	<u>9,520</u>	<u>(4,511)</u>
Net change in fund balances	(1,201)	(13,050)	3,284	16,334
Fund balances, beginning, restated	<u>16,878</u>	<u>16,878</u>	<u>16,878</u>	<u>-</u>
Fund balances, ending	<u>\$ 15,677</u>	<u>\$ 3,828</u>	<u>\$ 20,162</u>	<u>\$ 16,334</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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ 1	\$ 1	\$ -	\$ (1)
Aid from other governments	4	4	4	-
Total Revenues	<u>5</u>	<u>5</u>	<u>4</u>	<u>(1)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	8	8	4	4
Total Expenditures	<u>8</u>	<u>8</u>	<u>4</u>	<u>4</u>
Net change in fund balances	(3)	(3)	-	3
Fund balances, beginning	<u>44</u>	<u>44</u>	<u>44</u>	<u>-</u>
Fund balances, ending	<u>\$ 41</u>	<u>\$ 41</u>	<u>\$ 44</u>	<u>\$ 3</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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 3,927	\$ 3,927	\$ 4,128	\$ 201
Use of money and property	177	177	-	(177)
Aid from other governments	4,328	4,328	1,258	(3,070)
Charges for services	569	569	571	2
Other revenues	438	671	340	(331)
Total Revenues	<u>9,439</u>	<u>9,672</u>	<u>6,297</u>	<u>(3,375)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	8,435	9,286	7,465	1,821
Other charges	490	490	177	313
Capital outlay	3,942	4,336	27	4,309
Total Expenditures	<u>12,867</u>	<u>14,112</u>	<u>7,669</u>	<u>6,443</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,428)</u>	<u>(4,440)</u>	<u>(1,372)</u>	<u>3,068</u>
Other Financing Sources (Uses):				
Transfers in	28	28	75	47
Transfers out	(20)	(515)	-	515
Total Other Financing Sources (Uses)	<u>8</u>	<u>(487)</u>	<u>75</u>	<u>562</u>
Net change in fund balances	(3,420)	(4,927)	(1,297)	3,630
Fund balances, beginning	<u>21,296</u>	<u>21,296</u>	<u>21,296</u>	<u>-</u>
Fund balances, ending	<u>\$ 17,876</u>	<u>\$ 16,369</u>	<u>\$ 19,999</u>	<u>\$ 3,630</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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 42	\$ 42	\$ 42	\$ -
Use of money and property	5	5	1	(4)
Charges for services	9	9	10	1
Other revenues	-	-	1	1
Total Revenues	<u>56</u>	<u>56</u>	<u>54</u>	<u>(2)</u>
Expenditures:				
Current:				
Public protection				
Services and supplies	65	65	33	32
Capital outlay	47	47	-	47
Total Expenditures	<u>112</u>	<u>112</u>	<u>33</u>	<u>79</u>
Net change in fund balances	(56)	(56)	21	77
Fund balances, beginning	<u>492</u>	<u>492</u>	<u>492</u>	<u>-</u>
Fund balances, ending	<u>\$ 436</u>	<u>\$ 436</u>	<u>\$ 513</u>	<u>\$ 77</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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 1,030	\$ 1,030	\$ 1,058	\$ 28
Use of money and property	26	26	6	(20)
Aid from other governments	4	4	4	-
Charges for services	4	4	6	2
Other revenues	2	2	4	2
Total Revenues	<u>1,066</u>	<u>1,066</u>	<u>1,078</u>	<u>12</u>
Expenditures:				
Current:				
Public ways and facilities				
Services and supplies	<u>1,064</u>	<u>1,118</u>	<u>778</u>	<u>340</u>
Total Expenditures	<u>1,064</u>	<u>1,118</u>	<u>778</u>	<u>340</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2</u>	<u>(52)</u>	<u>300</u>	<u>352</u>
Other Financing Sources (Uses):				
Transfers out	<u>(52)</u>	<u>(52)</u>	<u>(210)</u>	<u>(158)</u>
Total Other Financing Sources (Uses)	<u>(52)</u>	<u>(52)</u>	<u>(210)</u>	<u>(158)</u>
Net change in fund balances	(50)	(104)	90	194
Fund balances, beginning	<u>3,014</u>	<u>3,014</u>	<u>3,014</u>	<u>-</u>
Fund balances, ending	<u>\$ 2,964</u>	<u>\$ 2,910</u>	<u>\$ 3,104</u>	<u>\$ 194</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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Charges for services	\$ -	\$ -	\$ 308	\$ 308
Total Revenues	<u>-</u>	<u>-</u>	<u>308</u>	<u>308</u>
Expenditures:				
Debt Service:				
Principal payments	-	-	150	(150)
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>158</u>	<u>(158)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>308</u>	<u>(308)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):				
Debt issued	-	-	2,841	2,841
Transfers out	<u>-</u>	<u>-</u>	<u>(2,841)</u>	<u>(2,841)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, beginning	<u>3</u>	<u>3</u>	<u>3</u>	<u>-</u>
Fund balances, ending	<u><u>\$ 3</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ 3</u></u>	<u><u>\$ -</u></u>

COUNTY OF SAN LUIS OBISPO
Pension Obligation Bonds
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget to Actual Comparison
For the Year Ended June 30, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of Money and Property	\$ 99	\$ 99	\$ 5	\$ (94)
Other revenues	12,700	12,700	1,014	(11,686)
Total Revenues	<u>12,799</u>	<u>12,799</u>	<u>1,019</u>	<u>(11,780)</u>
Expenditures:				
Debt Service:				
Principal payments	3,580	3,580	3,580	-
Interest and fiscal charges	5,492	5,492	5,492	-
Total Expenditures	<u>9,072</u>	<u>9,072</u>	<u>9,072</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,727</u>	<u>3,727</u>	<u>(8,053)</u>	<u>(11,780)</u>
Other Financing Sources (Uses):				
Transfers in	-	-	12,576	12,576
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>12,576</u>	<u>12,576</u>
Net change in fund balances	3,727	3,727	4,523	796
Fund balances, beginning	<u>10,715</u>	<u>10,715</u>	<u>10,715</u>	<u>-</u>
Fund balances, ending	<u>\$ 14,442</u>	<u>\$ 14,442</u>	<u>\$ 15,238</u>	<u>\$ 796</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, 2021 (in thousands)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Use of money and property	\$ -	\$ -	\$ 8	\$ 8
Charges for services	-	-	2,678	2,678
Total Revenues	<u>-</u>	<u>-</u>	<u>2,686</u>	<u>2,686</u>
Expenditures:				
Debt Service:				
Principal payments	-	-	1,356	(1,356)
Interest and fiscal charges	-	-	1,340	(1,340)
Total Expenditures	<u>-</u>	<u>-</u>	<u>2,696</u>	<u>(2,696)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>(10)</u>	<u>(10)</u>
Other Financing Sources (Uses):				
Transfers out	-	-	(7,223)	(7,223)
Debt issued	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(7,223)</u>	<u>(7,223)</u>
Net change in fund balances	<u>-</u>	<u>-</u>	<u>(7,233)</u>	<u>(7,233)</u>
Fund balances, beginning	<u>19,448</u>	<u>19,448</u>	<u>19,448</u>	<u>-</u>
Fund balances, ending	<u>\$ 19,448</u>	<u>\$ 19,448</u>	<u>\$ 12,215</u>	<u>\$ (7,233)</u>



**COMBINING FINANCIAL STATEMENTS
NONMAJOR ENTERPRISE FUNDS**



NONMAJOR ENTERPRISE FUNDS

ENTERPRISE FUNDS:

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is to have the costs of providing goods or services to the general public on a continuing basis be financed primarily through user charges, or where the County has decided that 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, 2021 (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	\$ 3,415	\$ 10,544	\$ 1,032	\$ 25	\$ 4,833	\$ 19,849
Accounts receivable, net	-	8	23	-	378	409
Inventories	-	-	20	-	-	20
Prepaid items	-	-	662	-	-	662
Deposits with others	-	-	-	-	86	86
Total current assets	3,415	10,552	1,737	25	5,297	21,026
Noncurrent assets:						
Restricted cash with fiscal agent	-	1	487	-	-	488
Advances to other funds	-	-	-	60	-	60
Capital assets:						
Nondepreciable						
Land	-	2,155	1,333	-	534	4,022
Construction in progress	-	2	226	-	471	699
Water rights	-	-	-	-	-	-
Other property	-	1,968	-	-	-	1,968
Depreciable						
Infrastructure, net	-	20,536	5	-	1,994	22,535
Structures and improvements, net	-	31,882	7,742	-	10,288	49,912
Equipment, net	-	215	323	-	507	1,045
Other property, net	-	-	-	-	496	496
Total noncurrent assets	-	56,759	10,116	60	14,290	81,225
Total assets	3,415	67,311	11,853	85	19,587	102,251
Deferred Outflows of Resources						
Deferred pensions	-	-	409	-	-	409
Deferred OPEB	-	-	100	-	-	100
Total deferred outflows of resources	-	-	509	-	-	509
Liabilities						
Current liabilities:						
Accounts payable	35	35	141	-	107	318
Salaries and benefits payable	-	-	96	-	-	96
Deposits from others	-	272	13	-	167	452
Interest payable	-	299	27	-	18	344
Unearned revenue	-	17	-	-	25	42
Due to other funds	-	-	-	-	400	400
Accrued vacation and sick leave - current	-	-	99	-	-	99
Notes and bonds payable - current	-	2,418	365	19	219	3,021
Total current liabilities	35	3,041	741	19	936	4,772
Noncurrent liabilities:						
Advances from other funds	-	-	121	-	3,067	3,188
Accrued vacation and sick leave - noncurrent	-	-	171	-	-	171
Notes and bonds payable - noncurrent	-	25,156	2,722	40	2,934	30,852
Net OPEB Liability	-	-	159	-	-	159
Net Pension Liability	-	-	2,776	-	-	2,776
Total noncurrent liabilities	-	25,156	5,949	40	6,001	37,146
Total liabilities	35	28,197	6,690	59	6,937	41,918
Deferred Inflows of Resources						
Deferred pensions	-	-	284	-	-	284
Deferred OPEB	-	-	8	-	-	8
Total deferred inflows of resources	-	-	292	-	-	292
Net Position						
Net investment in capital assets	-	29,184	6,542	-	11,097	46,823
Unrestricted	3,380	9,930	(1,162)	26	1,553	13,727
Total net position	\$ 3,380	\$ 39,114	\$ 5,380	\$ 26	\$ 12,650	\$ 60,550

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021 (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	\$ 1,370	\$ 6,927	\$ 4,376	\$ -	\$ 4,849	\$ 17,522
Other revenues	-	-	31	-	5	36
Total operating revenues	<u>1,370</u>	<u>6,927</u>	<u>4,407</u>	<u>-</u>	<u>4,854</u>	<u>17,558</u>
<u>Operating expenses</u>						
Salaries and benefits	-	-	1,798	-	-	1,798
Services and supplies	1,148	4,436	1,441	-	4,094	11,119
Other charges	-	3	-	-	-	3
Depreciation	-	1,510	423	-	536	2,469
Countywide cost allocation	16	71	90	-	74	251
Total operating expenses	<u>1,164</u>	<u>6,020</u>	<u>3,752</u>	<u>-</u>	<u>4,704</u>	<u>15,640</u>
Operating income (loss)	<u>206</u>	<u>907</u>	<u>655</u>	<u>-</u>	<u>150</u>	<u>1,918</u>
<u>Nonoperating revenues (expenses)</u>						
Property taxes	-	1,322	-	-	560	1,882
Interest income	4	6	-	-	6	16
Interest expense	-	(1,034)	(96)	(1)	(114)	(1,245)
Aid from governmental agencies	-	6	105	-	3	114
Total nonoperating revenues (expenses)	<u>4</u>	<u>300</u>	<u>9</u>	<u>(1)</u>	<u>455</u>	<u>767</u>
Income (loss) before contributions and transfers	210	1,207	664	(1)	605	2,685
Capital Contributions	-	-	200	-	-	200
Transfers in	-	-	38	2	210	250
Transfers out	-	-	(52)	-	(8)	(60)
Change in net position	210	1,207	850	1	807	3,075
Net position - beginning	<u>3,170</u>	<u>37,907</u>	<u>4,530</u>	<u>25</u>	<u>11,843</u>	<u>57,475</u>
Net position - ending	<u>\$ 3,380</u>	<u>\$ 39,114</u>	<u>\$ 5,380</u>	<u>\$ 26</u>	<u>\$ 12,650</u>	<u>\$ 60,550</u>

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021 (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	\$ 1,369	\$ 6,932	\$ 4,447	\$ -	\$ 4,757	\$ 17,505
Payments for goods and services	(1,150)	(4,414)	(2,113)	-	(4,684)	(12,361)
Payments to employees for services	-	-	(1,829)	-	-	(1,829)
Net cash provided (used) by operating activities	219	2,518	505	-	73	3,315
Cash Flows from Noncapital Financing Activities						
Property tax proceeds	-	1,322	-	-	560	1,882
Grants and subsidies from other governmental agencies	-	6	105	-	3	114
Advances from other funds	-	-	-	-	1,673	1,673
Due from other funds	-	-	300	-	-	300
Transfers from other funds	-	-	38	2	210	250
Transfers to other funds	-	-	(52)	-	(8)	(60)
Net cash provided (used) by noncapital financing activities	-	1,328	391	2	2,438	4,159
Cash Flows from Capital and Related Financing Activities						
Purchases and construction of capital assets	-	(79)	(333)	-	(2,081)	(2,493)
Proceeds from sale of capital assets	-	-	-	-	-	-
Advances to other funds	-	-	-	19	-	19
Advances from other funds	-	-	-	-	(6)	(6)
Capital Contributions	-	-	200	-	-	200
Principal paid on capital debt	-	(2,329)	(349)	(19)	(213)	(2,910)
Interest paid on capital debt	-	(1,111)	(132)	(2)	(115)	(1,360)
Net cash provided (used) by capital and related financing activities	-	(3,519)	(614)	(2)	(2,415)	(6,550)
Cash Flows from Investing Activities						
Interest received	4	6	-	-	6	16
Net cash provided (used) by investing activities	4	6	-	-	6	16
Net increase (decrease) in cash and cash equivalents	223	333	282	-	102	940
Cash and cash equivalents at beginning of year	3,192	10,212	1,237	25	4,731	19,397
Cash and cash equivalents at end of year	\$ 3,415	\$ 10,545	\$ 1,519	\$ 25	\$ 4,833	\$ 20,337
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ 206	\$ 907	\$ 655	\$ -	\$ 150	\$ 1,918
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation expense	-	1,510	423	-	536	2,469
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:						
(Increase) decrease in:						
Receivables, net	-	2	30	-	(62)	(30)
Inventory	-	-	16	-	-	16
Prepaid items	-	63	113	-	-	176
Deferred outflows - pensions	-	-	268	-	-	268
Deferred outflows - OPEB	-	-	(14)	-	-	(14)
Increase (decrease) in:						
Accounts payable	13	10	(706)	-	(517)	(1,200)
Deposits from others	-	24	12	-	1	37
Salaries and benefits payable	-	-	35	-	-	35
Deferred inflows - pensions	-	-	(249)	-	-	(249)
Deferred inflows - OPEB	-	-	(2)	-	-	(2)
Net OPEB liability	-	-	30	-	-	30
Net pension liability	-	-	(106)	-	-	(106)
Unearned revenue	-	2	-	-	(35)	(33)
Total adjustments	13	1,611	(150)	-	(77)	1,397
Net cash provided (used) by operating activities	\$ 219	\$ 2,518	\$ 505	\$ -	\$ 73	\$ 3,315

**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, 2021 (IN THOUSANDS)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 6,094	\$ 21,364	\$ 18,609	\$ 46,067
Accounts receivable, net	-	24	-	24
Inventories	15	602	-	617
Total current assets	6,109	21,990	18,609	46,708
Noncurrent assets:				
Capital assets:				
Structures and improvements, net	129	228	-	357
Equipment, net	4,977	7,889	-	12,866
Total noncurrent assets	5,106	8,117	-	13,223
Total assets	11,215	30,107	18,609	59,931
<u>Deferred Outflows of Resources</u>				
Deferred pensions	350	7,792	-	8,142
Deferred OPEB	101	1,889	-	1,990
Total deferred outflows of resources	451	9,681	-	10,132
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	211	-	174	385
Salaries and benefits payable	78	1,291	-	1,369
Self-insurance liability	-	-	4,152	4,152
Deposits from others	-	5,489	-	5,489
Accrued vacation and sick leave	96	2,131	-	2,227
Total current liabilities	385	8,911	4,326	13,622
Noncurrent liabilities:				
Self-insurance liability	-	-	16,864	16,864
Accrued vacation and sick leave	100	898	-	998
Net OPEB liability	161	2,999	-	3,160
Net pension liability	2,374	52,861	-	55,235
Total noncurrent liabilities	2,635	56,758	16,864	76,257
Total liabilities	3,020	65,669	21,190	89,879
<u>Deferred Inflows of Resources</u>				
Deferred pensions	243	5,415	-	5,658
Deferred OPEB	8	145	-	153
Total deferred inflows of resources	251	5,560	-	5,811
<u>Net Position</u>				
Net investment in capital assets	5,106	8,117	-	13,223
Unrestricted	3,289	(39,558)	(2,581)	(38,850)
Total net position	\$ 8,395	\$ (31,441)	\$ (2,581)	\$ (25,627)

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021 (IN THOUSANDS)**

	Garage	Public Works	Combined Insurance (5 Funds)	Total
<u>Operating revenues</u>				
Charges for services	\$ 6,407	\$ 39,950	\$ 12,823	\$ 59,180
Other revenues	10	65	-	75
	<u>6,417</u>	<u>40,015</u>	<u>12,823</u>	<u>59,255</u>
Total operating revenues				
<u>Operating expenses</u>				
Salaries and benefits	1,264	30,481	609	32,354
Services and supplies	3,046	7,933	11,689	22,668
Insurance benefit payments	-	-	5,799	5,799
Depreciation	1,735	1,005	-	2,740
Countywide cost allocation	129	174	252	555
	<u>6,174</u>	<u>39,593</u>	<u>18,349</u>	<u>64,116</u>
Total operating expenses				
Operating income (loss)	<u>243</u>	<u>422</u>	<u>(5,526)</u>	<u>(4,861)</u>
<u>Nonoperating revenues (expenses)</u>				
Interest income	5	1	1	7
Aid from governmental agencies	71	1,138	2	1,211
Sale of capital assets	162	83	-	245
Other revenues (expense)	7	-	-	7
	<u>245</u>	<u>1,222</u>	<u>3</u>	<u>1,470</u>
Total nonoperating revenues (expenses)				
Income (loss) before capital contributions and transfers	488	1,644	(5,523)	(3,391)
Transfers in	2	268	128	398
Transfers out	(75)	(1,136)	(195)	(1,406)
Change in net position	415	776	(5,590)	(4,399)
Net position - beginning	<u>7,980</u>	<u>(32,217)</u>	<u>3,009</u>	<u>(21,228)</u>
Net position - ending	<u>\$ 8,395</u>	<u>\$ (31,441)</u>	<u>\$ (2,581)</u>	<u>\$ (25,627)</u>

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2021 (IN THOUSANDS)

	Garage	Public Works	Combined Insurance (5 Funds)	Total
Cash Flows From Operating Activities				
Receipts from interfund billings	\$ 6,416	\$ 40,001	\$ 12,823	\$ 59,240
Payments for goods and services	(3,272)	(8,635)	(5,176)	(17,083)
Payments to employees for services	(1,434)	(29,730)	(609)	(31,773)
Payments for insurance benefits	-	-	(4,922)	(4,922)
Payments for premiums	-	-	(6,542)	(6,542)
Net cash provided (used) by operating activities	<u>1,710</u>	<u>1,636</u>	<u>(4,426)</u>	<u>(1,080)</u>
Cash Flows from Noncapital Financing Activities				
Grants and subsidies from other governmental agencies	71	1,138	1	1,210
Transfers from other funds	2	268	128	398
Transfers to other funds	(75)	(1,136)	(195)	(1,406)
Net cash provided (used) by noncapital financing activities	<u>(2)</u>	<u>270</u>	<u>(66)</u>	<u>202</u>
Cash Flows from Capital and Related Financing Activities				
Purchases and construction of capital assets	(1,460)	(919)	-	(2,379)
Proceeds from sale of capital assets	162	83	-	245
Net cash provided (used) by capital and related financing activities	<u>(1,298)</u>	<u>(836)</u>	<u>-</u>	<u>(2,134)</u>
Cash Flows from Investing Activities				
Interest received	5	1	1	7
Net cash provided (used) by investing activities	<u>5</u>	<u>1</u>	<u>1</u>	<u>7</u>
Net increase (decrease) in cash and cash equivalents	415	1,071	(4,491)	(3,005)
Cash and cash equivalents at beginning of year	<u>5,679</u>	<u>20,293</u>	<u>23,100</u>	<u>49,072</u>
Cash and cash equivalents at end of year	<u>\$ 6,094</u>	<u>\$ 21,364</u>	<u>\$ 18,609</u>	<u>\$ 46,067</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	<u>\$ 243</u>	<u>\$ 422</u>	<u>\$ (5,526)</u>	<u>\$ (4,861)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	1,735	1,005	-	2,740
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase) decrease in:				
Receivables, net	-	(16)	-	(16)
Inventory	(1)	(26)	-	(27)
Prepaid expenses	-	-	221	221
Deferred outflows - pensions	266	4,558	-	4,824
Deferred outflows - OPEB	(10)	(231)	-	(241)
Increase (decrease) in:				
Accounts payable	(93)	(536)	2	(627)
Deposits from others	-	110	-	110
Salaries and benefits payable	39	(170)	-	(131)
Deferred inflows - pensions	(242)	(4,296)	-	(4,538)
Deferred inflows - OPEB	(3)	(40)	-	(43)
Net OPEB liability	26	544	-	570
Net pension liability	(250)	312	-	62
Self-insurance liability	-	-	877	877
Total adjustments	<u>1,467</u>	<u>1,214</u>	<u>1,100</u>	<u>3,781</u>
Net cash provided (used) by operating activities	<u>\$ 1,710</u>	<u>\$ 1,636</u>	<u>\$ (4,426)</u>	<u>\$ (1,080)</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS - INSURANCE
JUNE 30, 2021 (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	\$ 15,251	\$ 1,617	\$ 166	\$ 1,102	\$ 473	\$ 18,609
Total current assets	<u>15,251</u>	<u>1,617</u>	<u>166</u>	<u>1,102</u>	<u>473</u>	<u>18,609</u>
Total assets	<u>15,251</u>	<u>1,617</u>	<u>166</u>	<u>1,102</u>	<u>473</u>	<u>18,609</u>
<u>Liabilities</u>						
Current liabilities:						
Accounts payable	41	96	-	37	-	174
Self-insurance liability	<u>2,937</u>	<u>1,215</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,152</u>
Total current liabilities	<u>2,978</u>	<u>1,311</u>	<u>-</u>	<u>37</u>	<u>-</u>	<u>4,326</u>
Noncurrent liabilities:						
Self-insurance liability	<u>14,110</u>	<u>2,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,864</u>
Total noncurrent liabilities	<u>14,110</u>	<u>2,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,864</u>
Total liabilities	<u>17,088</u>	<u>4,065</u>	<u>-</u>	<u>37</u>	<u>-</u>	<u>21,190</u>
<u>Net Position</u>						
Unrestricted	<u>(1,837)</u>	<u>(2,448)</u>	<u>166</u>	<u>1,065</u>	<u>473</u>	<u>(2,581)</u>
Total net position	<u>\$ (1,837)</u>	<u>\$ (2,448)</u>	<u>\$ 166</u>	<u>\$ 1,065</u>	<u>\$ 473</u>	<u>\$ (2,581)</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, 2021 (IN THOUSANDS)**

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
<u>Operating revenues</u>						
Charges for services	\$ 5,376	\$ 2,622	\$ 349	\$ 1,894	\$ 2,582	\$ 12,823
Total operating revenues	5,376	2,622	349	1,894	2,582	12,823
<u>Operating expenses</u>						
Salaries and benefits	609	-	-	-	-	609
Services and supplies	4,349	5,266	59	224	1,791	11,689
Insurance benefit payments	2,750	354	419	1,750	526	5,799
Countywide cost allocation	100	152	-	-	-	252
Total operating expenses	7,808	5,772	478	1,974	2,317	18,349
Operating income (loss)	(2,432)	(3,150)	(129)	(80)	265	(5,526)
<u>Nonoperating revenues (expenses)</u>						
Interest income	-	-	-	-	1	1
Aid from governmental agencies	2	-	-	-	-	2
Total nonoperating revenues (expenses)	2	-	-	-	1	3
Income (loss) before transfers	(2,430)	(3,150)	(129)	(80)	266	(5,523)
Transfers in	34	-	94	-	-	128
Transfers out	(195)	-	-	-	-	(195)
Change in net position	(2,591)	(3,150)	(35)	(80)	266	(5,590)
Net position - beginning	754	702	201	1,145	207	3,009
Net position - ending	\$ (1,837)	\$ (2,448)	\$ 166	\$ 1,065	\$ 473	\$ (2,581)

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS - INSURANCE
FOR THE YEAR ENDED JUNE 30, 2021 (IN THOUSANDS)

	Workers' Compensation	Protected Self-Insurance	Unemployment Insurance	Dental Insurance	OPEB	Total
Cash Flows From Operating Activities						
Receipts from interfund billings	\$ 5,376	\$ 2,622	\$ 349	\$ 1,894	\$ 2,582	\$ 12,823
Payments for goods and services	(3,041)	(1,838)	(59)	(228)	(10)	(5,176)
Payments to employees for services	(609)	-	-	-	-	(609)
Payments for insurance benefits	(2,126)	(101)	(419)	(1,750)	(526)	(4,922)
Payments for premiums	(1,272)	(3,489)	-	-	(1,781)	(6,542)
Net cash provided (used) by operating activities	(1,672)	(2,806)	(129)	(84)	265	(4,426)
Cash Flows from Noncapital Financing Activities						
Grants and subsidies from other governmental agencies	1	-	-	-	-	1
Transfers from other funds	34	-	94	-	-	128
Transfers to other funds	(195)	-	-	-	-	(195)
Net cash provided (used) by noncapital financing activities	(160)	-	94	-	-	(66)
Cash Flows from Investing Activities						
Interest received	-	-	-	-	1	1
Net cash provided (used) by investing activities	-	-	-	-	1	1
Net increase (decrease) in cash and cash equivalents	(1,832)	(2,806)	(35)	(84)	266	(4,491)
Cash and cash equivalents at beginning of year	17,083	4,423	201	1,186	207	23,100
Cash and cash equivalents at end of year	\$ 15,251	\$ 1,617	\$ 166	\$ 1,102	\$ 473	\$ 18,609
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities						
Operating income (loss)	\$ (2,432)	\$ (3,150)	\$ (129)	\$ (80)	\$ 265	\$ (5,526)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Changes in assets and liabilities:						
(Increase) decrease in:						
Prepaid Items	221	-	-	-	-	221
Increase (decrease) in:						
Accounts payable	(85)	91	-	(4)	-	2
Salaries and benefits payable	-	-	-	-	-	-
Self-insurance liability	624	253	-	-	-	877
Total adjustments	760	344	-	(4)	-	1,100
Net cash provided (used) by operating activities	\$ (1,672)	\$ (2,806)	\$ (129)	\$ (84)	\$ 265	\$ (4,426)



**COMBINING FINANCIAL STATEMENTS
FIDUCIARY FUNDS**



COUNTY
of SAN LUIS
OBISPO

FIDUCIARY FUNDS

PENSION TRUST:

The San Luis Obispo County Pension Trust is an independent trust that administers the San Luis Obispo County Employees Retirement Plan on behalf of the County.

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.

CUSTODIAL FUNDS:

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

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021 (IN THOUSANDS)

	Clearing and Revolving Funds (92 Funds)	1915 Act Service Funds (17 Funds)	Other Custodial Funds (35 Funds)	Total
<u>ASSETS</u>				
Cash and cash equivalents	\$ 93,965	\$ 116	\$ 19,091	\$ 113,172
Taxes for other governments	486	-	-	486
Other assets	3	-	2,187	2,190
Capital assets, net	-	-	17	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 94,454</u>	<u>\$ 116</u>	<u>\$ 21,295</u>	<u>\$ 115,865</u>
<u>LIABILITIES</u>				
Other current liabilities	\$ 59,241	\$ -	\$ 8,849	\$ 68,090
Other long-term liabilities	9	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>\$ 59,250</u>	<u>\$ -</u>	<u>\$ 8,849</u>	<u>\$ 68,099</u>
<u>NET POSITION</u>				
Restricted for:				
Individuals, organizations and other governments	<u>\$ 35,204</u>	<u>\$ 116</u>	<u>\$ 12,446</u>	<u>\$ 47,766</u>

COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
CUSTODIAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021 (IN THOUSANDS)

	Clearing and Revolving Funds (92 Funds)	1915 Act Service Funds (17 Funds)	Other Agency Funds (35 Funds)	Total
<u>ADDITIONS</u>				
Interest	\$ 848	\$ 1	\$ 68	\$ 917
Property taxes collected for other governments	212,227	49	-	212,276
Sales taxes collected for other governments	-	-	15,381	15,381
Other Income	9,133	-	2,050	11,183
Total additions	<u>222,208</u>	<u>50</u>	<u>17,499</u>	<u>239,757</u>
<u>DEDUCTIONS</u>				
Administrative expenses	22	-	8	30
Interest expenses	24,967	6	-	24,973
Payments to other local governments	2,288	9	261	2,558
Property taxes distributed to other governments	192,527	43	13,649	206,219
Total deductions	<u>219,804</u>	<u>58</u>	<u>13,918</u>	<u>233,780</u>
Change in net position	2,404	(8)	3,581	5,977
Net position - beginning	32,800	74	8,495	41,369
Cumulative effect of change in accounting principle	-	50	370	420
Net position - ending	<u>\$ 35,204</u>	<u>\$ 116</u>	<u>\$ 12,446</u>	<u>\$ 47,766</u>

**COUNTY OF SAN LUIS OBISPO
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 INVESTMENT TRUST FUNDS
 JUNE 30, 2021 (IN THOUSANDS)**

	School Districts (39 Funds)	Special Districts (32 Funds)	Courts (6 Funds)	Other Local Boards (19 Funds)	Total
<u>ASSETS</u>					
Cash and cash equivalents	\$ 439,572	\$ 48,197	\$ 1,321	\$ 31,533	\$ 520,623
Total assets	<u>\$ 439,572</u>	<u>\$ 48,197</u>	<u>\$ 1,321</u>	<u>\$ 31,533</u>	<u>\$ 520,623</u>
<u>NET POSITION</u>					
Net position held in trust for pool participants	\$ 439,572	\$ 48,197	\$ 1,321	\$ 31,533	\$ 520,623
Total Net Position	<u>\$ 439,572</u>	<u>\$ 48,197</u>	<u>\$ 1,321</u>	<u>\$ 31,533</u>	<u>\$ 520,623</u>

**COUNTY OF SAN LUIS OBISPO
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
INVESTMENT TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2021 (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	\$ 1,085,600	\$ 39,834	\$ 14,268	\$ 62,707	\$ 1,202,409
Interest	3,534	380	-	207	4,121
Total additions	<u>1,089,134</u>	<u>40,214</u>	<u>14,268</u>	<u>62,914</u>	<u>1,206,530</u>
<u>Deductions</u>					
Distributions from investment pool	<u>1,030,691</u>	<u>13,707</u>	<u>14,169</u>	<u>60,813</u>	<u>1,119,380</u>
Total deductions	<u>1,030,691</u>	<u>13,707</u>	<u>14,169</u>	<u>60,813</u>	<u>1,119,380</u>
Change in net position	58,443	26,507	99	2,101	87,150
Net position - beginning	<u>381,129</u>	<u>21,690</u>	<u>1,222</u>	<u>29,432</u>	<u>433,473</u>
Net position - ending	<u><u>\$ 439,572</u></u>	<u><u>\$ 48,197</u></u>	<u><u>\$ 1,321</u></u>	<u><u>\$ 31,533</u></u>	<u><u>\$ 520,623</u></u>



**GENERAL FUND
DETAIL BUDGETARY COMPARISON SCHEDULES**



COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2021

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	\$ 2,601	\$ 2,601	\$ 2,369	\$ 232
Services and supplies	446	1,911	879	1,032
Other charges	-	-	-	-
Expenditure transfers and reimbursements	(109)	(109)	(110)	1
Total	2,938	4,403	3,138	1,265
Board of Supervisors:				
Salaries, wages, and benefits	1,493	1,563	1,462	101
Services and supplies	221	201	180	21
Expenditure transfers and reimbursements	(38)	(38)	(38)	-
Total	1,676	1,726	1,604	122
Clerk/Recorder:				
Salaries, wages, and benefits	2,501	2,580	2,361	219
Services and supplies	1,199	2,444	2,116	328
Capital outlay	-	587	187	400
Expenditure transfers and reimbursements	(1)	(1)	(1)	-
Total	3,699	5,610	4,663	947
Communications & Outreach				
Salaries, wages, and benefits	116	122	107	15
Services and supplies	27	21	9	12
Total	143	143	116	27
Total Legislative and Administrative	8,456	11,882	9,521	2,361
<u>Finance</u>				
Assessor:				
Salaries, wages, and benefits	9,782	9,786	8,944	842
Services and supplies	1,102	1,119	884	235
Total	10,884	10,905	9,828	1,077
Auditor-Controller-Treasurer-Tax Collector				
Public Administrator:				
Salaries, wages, and benefits	7,814	7,814	7,336	478
Services and supplies	699	764	477	287
Expenditure transfers and reimbursements	(15)	(15)	(15)	-
Total	8,498	8,563	7,798	765
Total Finance	19,382	19,468	17,626	1,842

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2021

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
General Government - Expenditures (continued)				
<u>Counsel</u>				
County Counsel:				
Salaries, wages, and benefits	\$ 3,900	\$ 3,939	\$ 3,665	\$ 274
Services and supplies	991	1,991	872	1,119
Capital outlay	6	6	-	6
Total Counsel	4,897	5,936	4,537	1,399
<u>Personnel</u>				
Personnel:				
Salaries, wages, and benefits	5,171	5,271	5,027	244
Services and supplies	1,896	2,356	1,919	437
Expenditure transfers and reimbursement	(1,119)	(1,243)	(1,256)	13
Total Personnel	5,948	6,384	5,690	694
Talent Development:				
Salaries, wages, and benefits	186	213	203	10
Services and supplies	445	555	484	71
Expenditure transfers and reimbursement	(6)	(6)	(6)	-
Total Talent Development	625	762	681	81
Total Personnel	6,573	7,146	6,371	775
<u>Property Management</u>				
Facilities Management:				
Salaries, wages, and benefits	4,400	4,610	4,121	489
Services and supplies	4,323	4,212	3,835	377
Expenditure transfers and reimbursements	(2,039)	(2,039)	(2,152)	113
Total	6,684	6,783	5,804	979
Maintenance Projects:				
Services and supplies	3,238	10,097	2,821	7,276
Total	3,238	10,097	2,821	7,276
Central Services				
Salaries, wages, and benefits	1,762	1,911	1,805	106
Services and supplies	2,982	2,909	2,879	30
Other charges	111	36	36	-
Capital outlay	-	40	40	-
Expenditure transfers and reimbursements	(521)	(521)	(585)	64
Total	4,334	4,375	4,175	200
Total Property Management	14,256	21,255	12,800	8,455

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2021

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	\$ 13,450	\$ 13,617	\$ 12,611	\$ 1,006
Services and supplies	6,368	6,405	4,667	1,738
Capital outlay	-	12	12	-
Other charges	-	15	15	-
Expenditure transfers and reimbursements	(5,653)	(5,551)	(5,605)	54
Total	<u>14,165</u>	<u>14,498</u>	<u>11,700</u>	<u>2,798</u>
Non-Department Financing Uses:				
Services and supplies	-	1,938	-	1,938
Other Charges	-	8,291	8,291	-
Expenditure transfers and reimbursements	(14,805)	(14,805)	(14,822)	17
Total	<u>(14,805)</u>	<u>(4,576)</u>	<u>(6,531)</u>	<u>1,955</u>
Contributions to Other Agencies:				
Services and supplies	1,867	2,057	1,786	271
Total	<u>1,867</u>	<u>2,057</u>	<u>1,786</u>	<u>271</u>
Non-Department Other:				
Services and supplies	613	600	404	196
Total	<u>613</u>	<u>600</u>	<u>404</u>	<u>196</u>
Total Other General	<u>1,840</u>	<u>12,579</u>	<u>7,359</u>	<u>5,220</u>
Total General Government	<u>55,404</u>	<u>78,266</u>	<u>58,214</u>	<u>20,052</u>
<u>Public Protection - Expenditures</u>				
<u>Judicial</u>				
Court Operations Fund:				
Other charges	2,427	2,427	2,427	-
Total	<u>2,427</u>	<u>2,427</u>	<u>2,427</u>	<u>-</u>
District Attorney:				
Salaries, wages, and benefits	18,295	18,326	17,321	1,005
Services and supplies	2,140	2,221	1,934	287
Other charges	86	126	113	13
Capital outlay	-	18	18	-
Expenditure transfers and reimbursements	(26)	(26)	(25)	(1)
Total	<u>20,495</u>	<u>20,665</u>	<u>19,361</u>	<u>1,304</u>
Child Support Services:				
Salaries, wages, and benefits	3,945	3,945	3,227	718
Services and supplies	840	840	723	117
Total	<u>4,785</u>	<u>4,785</u>	<u>3,950</u>	<u>835</u>
Grand Jury:				
Salaries, wages, and benefits	32	43	42	1
Services and supplies	94	84	47	37
Expenditure transfers and reimbursements	-	-	(29)	29
Total	<u>126</u>	<u>127</u>	<u>60</u>	<u>67</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, 2021

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
Public Protection - Expenditures (continued)				
<u>Judicial</u> (continued)				
Public Defender:				
Services and supplies	\$ 7,459	\$ 8,588	\$ 7,792	\$ 796
Total	<u>7,459</u>	<u>8,588</u>	<u>7,792</u>	<u>796</u>
Total Judicial	<u>35,292</u>	<u>36,592</u>	<u>33,590</u>	<u>3,002</u>
<u>Police Protection</u>				
Sheriff-Coroner:				
Salaries, wages, and benefits	70,753	71,916	69,053	2,863
Services and supplies	14,391	14,608	13,791	817
Other charges	-	135	29	106
Capital outlay	141	1,334	800	534
Expenditure transfers and reimbursements	(936)	(936)	(952)	16
Total Police Protection	<u>84,349</u>	<u>87,057</u>	<u>82,721</u>	<u>4,336</u>
<u>Detention and Correction</u>				
Probation Department:				
Salaries, wages, and benefits	20,370	20,494	18,821	1,673
Services and supplies	6,099	6,172	4,887	1,285
Expenditure transfers and reimbursements	(248)	(248)	(237)	(11)
Total Detention and Correction	<u>26,221</u>	<u>26,418</u>	<u>23,471</u>	<u>2,947</u>
<u>Fire Protection</u>				
County Fire:				
Salaries, wages, and benefits	-	1	1	-
Services and supplies	26,601	27,529	21,109	6,420
Other charges	-	-	-	-
Capital outlay	574	3,891	663	3,228
Expenditure transfers and reimbursements	-	-	(1)	1
Total Fire Protection	<u>27,175</u>	<u>31,421</u>	<u>21,772</u>	<u>9,649</u>
<u>Protective Inspection</u>				
Agricultural Commissioner:				
Salaries, wages, and benefits	5,832	5,848	5,631	217
Services and supplies	985	950	853	97
Capital outlay	12	53	11	42
Expenditure transfers and reimbursements	(3)	(3)	(9)	6
Total Protective Inspection	<u>6,826</u>	<u>6,848</u>	<u>6,486</u>	<u>362</u>
<u>Other Protection</u>				
Animal Services:				
Salaries, wages, and benefits	1,934	2,010	1,762	248
Services and supplies	1,041	1,048	883	165
Total	<u>2,975</u>	<u>3,058</u>	<u>2,645</u>	<u>413</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, 2021

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	\$ 1,115	\$ 1,228	\$ 858	\$ 370
Services and supplies	601	5,388	3,475	1,913
Other charges	340	781	657	124
Capital outlay	-	567	434	133
Expenditure transfers and reimbursements	-	-	(352)	352
Total	<u>2,056</u>	<u>7,964</u>	<u>5,072</u>	<u>2,892</u>
Planning Department:				
Salaries, wages, and benefits	13,764	13,873	12,350	1,523
Services and supplies	2,842	4,167	2,662	1,505
Capital outlay	-	7	7	-
Expenditure transfers and reimbursements	-	-	(18)	18
Total	<u>16,606</u>	<u>18,047</u>	<u>15,001</u>	<u>3,046</u>
Waste Management:				
Services and supplies	1,327	1,436	801	635
Other charges	6	6	-	6
Total	<u>1,333</u>	<u>1,442</u>	<u>801</u>	<u>641</u>
Total Other Protection	<u>22,970</u>	<u>30,511</u>	<u>23,519</u>	<u>6,992</u>
Total Public Protection	<u>202,833</u>	<u>218,847</u>	<u>191,559</u>	<u>27,288</u>
<u>Public Ways and Facilities - Expenditures</u>				
<u>Public Works:</u>				
Services and supplies	4,590	6,288	3,616	2,672
Other charges	1	518	180	338
Total	<u>4,591</u>	<u>6,806</u>	<u>3,796</u>	<u>3,010</u>
Total Public Ways and Facilities	<u>4,591</u>	<u>6,806</u>	<u>3,796</u>	<u>3,010</u>
<u>Health and Sanitation - Expenditures</u>				
<u>Health</u>				
Public Health:				
Salaries, wages, and benefits	24,856	26,658	25,376	1,282
Services and supplies	14,772	17,091	16,467	624
Other charges	1,043	2,237	1,225	1,012
Capital outlay	-	1,183	239	944
Expenditure transfers and reimbursements	(7,199)	(7,665)	(9,575)	1,910
Total	<u>33,472</u>	<u>39,504</u>	<u>33,732</u>	<u>5,772</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, 2021

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	\$ 36,925	\$ 36,332	\$ 33,868	\$ 2,464
Services and supplies	47,395	49,865	46,308	3,557
Other charges	1,975	2,774	2,646	128
Capital outlay	-	50	50	-
Expenditure transfers and reimbursements	(2,052)	(2,052)	(1,700)	(352)
Total	84,243	86,969	81,172	5,797
Total Health	117,715	126,473	114,904	11,569
Total Health and Sanitation	117,715	126,473	114,904	11,569
<u>Public Assistance - Expenditures</u>				
<u>Administration</u>				
Department of Social Services:				
Salaries, wages, and benefits	54,675	54,890	51,019	3,871
Services and supplies	20,250	21,521	19,413	2,108
Other charges	13,094	22,992	12,157	10,835
Capital outlay	10	52	46	6
Expenditure transfers and reimbursements	(119)	(119)	(233)	114
Total Administration	87,910	99,336	82,402	16,934
<u>Aid Programs</u>				
Aid Foster Care Non-Fed:				
Services and supplies	92	92	92	-
Other charges	28,463	28,464	25,428	3,036
Expenditure transfers and reimbursement	(238)	(238)	-	(238)
Total	28,317	28,318	25,520	2,798
Calworks Assistance:				
Other charges	10,791	12,042	10,282	1,760
Total	10,791	12,042	10,282	1,760
Total Aid Programs	39,108	40,360	35,802	4,558
<u>General Relief</u>				
General Relief:				
Other charges	1,573	1,619	1,427	192
Total General Relief	1,573	1,619	1,427	192

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2021

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	\$ 798	\$ 825	\$ 679	\$ 146
Services and supplies	116	89	67	22
Other charges	-	-	-	-
Total Veterans Service	914	914	746	168
<u>Other Assistance</u>				
Law Enforcement Med Care:				
Salaries, wages, and benefits	137	257	235	22
Services and supplies	8,603	8,553	8,227	326
Expenditure transfers and reimbursements	(223)	(223)	(223)	-
Total Other Assistance	8,517	8,587	8,239	348
Total Public Assistance	138,022	150,816	128,616	22,200
<u>Education - Expenditures</u>				
<u>Agricultural Education</u>				
UC Cooperative Extension				
Salaries, wages, and benefits	509	558	536	22
Services and supplies	120	86	84	2
Total Agricultural Education	629	644	620	24
Total Education	629	644	620	24
<u>Recreation and Culture - Expenditures</u>				
<u>Community Parks</u>				
Salaries, wages, and benefits	2,951	2,995	2,720	275
Services and supplies	1,861	1,961	1,743	218
Capital outlay	25	3,172	-	3,172
Other Charges	143	198	108	90
Total Community Parks	4,980	8,326	4,571	3,755
Total Recreation and Culture	4,980	8,326	4,571	3,755
Total General Fund - Expenditures (Before Contingencies)	524,174	590,178	502,280	87,898

continued

COUNTY OF SAN LUIS OBISPO
General Fund
Detail Schedule of Expenditures
Budget to Actual Comparison (in thousands)
For the Year Ended June 30, 2021

Description	Original Budget	Final Budget	Actual	Variance with Final Budget
<u>Contingencies</u>				
<u>Appropriation for Contingencies</u>				
Contingencies - General Fund:				
Appropriation for contingency	\$ 27,027	\$ 24,189	\$ -	\$ 24,189
Total	<u>27,027</u>	<u>24,189</u>	<u>-</u>	<u>24,189</u>
Total Appropriation for Contingency	<u>27,027</u>	<u>24,189</u>	<u>-</u>	<u>24,189</u>
Total Contingency	<u>27,027</u>	<u>24,189</u>	<u>-</u>	<u>24,189</u>
Total General Fund Expenditures	<u>\$ 551,201</u>	<u>\$ 614,367</u>	<u>\$ 502,280</u>	<u>\$ 112,087</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	\$ 502,280
Differences - budget to GAAP:	
Expenditures by funds no longer meeting the special revenue fund classification which are presented with the General Fund for financial reporting purposes	<u>6,647</u>
Total expenditures as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 508,927</u>

STATISTICAL SECTION



COUNTY OF SAN LUIS OBISPO

Statistical Section

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

	Page
Financial Trends Information	
These schedules contain trend information that may assist the reader in assessing the County’s current financial performance by placing it in historical perspective	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	155
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	160
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	163
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	165

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

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Governmental Activities										
Net investment in capital assets	\$ 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	\$ 1,210,972
Restricted	31,477	28,863	43,109	37,722	41,230	64,822	29,836	41,281	66,655	104,024
Unrestricted	265,454	304,257	325,113	(150,074)	(170,962)	(226,970)	(217,606)	(220,206)	(286,622)	(248,517)
Total governmental activities net position	<u>\$ 1,396,816</u>	<u>\$ 1,437,044</u>	<u>\$ 1,481,156</u>	<u>\$ 1,017,889</u>	<u>\$ 1,038,841</u>	<u>\$ 1,016,819</u>	<u>\$ 997,303</u>	<u>\$ 1,009,905</u>	<u>\$ 982,742</u>	<u>\$ 1,066,479</u>
Business-Type Activities										
Net investment in capital assets	\$ 153,801	\$ 167,138	\$ 188,485	\$ 213,455	\$ 237,157	\$ 270,246	\$ 283,410	\$ 285,888	\$ 288,781	\$ 283,512
Restricted	33,081	58,433	98,097	97,173	93,158	85,316	73,113	83,039	94,335	110,255
Total business-Type activities net position	<u>\$ 186,882</u>	<u>\$ 225,571</u>	<u>\$ 286,582</u>	<u>\$ 310,628</u>	<u>\$ 330,315</u>	<u>\$ 355,562</u>	<u>\$ 356,523</u>	<u>\$ 368,927</u>	<u>\$ 383,116</u>	<u>\$ 393,767</u>
Total Primary Government										
Net investment in capital assets	\$ 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	\$ 1,494,484
Restricted	31,477	28,863	43,109	37,722	41,230	64,822	29,836	41,281	66,655	104,024
Unrestricted	298,535	362,690	423,210	(52,901)	(77,804)	(141,654)	(144,493)	(137,167)	(192,287)	(138,262)
Total primary government net position	<u>\$ 1,583,698</u>	<u>\$ 1,662,615</u>	<u>\$ 1,767,738</u>	<u>\$ 1,328,517</u>	<u>\$ 1,369,156</u>	<u>\$ 1,372,381</u>	<u>\$ 1,353,826</u>	<u>\$ 1,378,832</u>	<u>\$ 1,365,858</u>	<u>\$ 1,460,246</u>

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 2011-12
Statement of Net Position beginning in FY 2012-13 and ongoing

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

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Program Expenses										
Governmental Activities										
General government	\$ 35,231	\$ 34,507	\$ 36,866	\$ 45,598	\$ 53,282	\$ 56,390	\$ 56,858	\$ 54,434	\$ 53,926	\$ 55,612
Public protection	136,219	142,353	148,135	162,432	170,134	187,255	183,814	213,809	241,749	204,861
Public ways and facilities	27,120	28,474	28,253	34,136	33,418	32,098	41,606	34,202	33,199	36,017
Health and sanitation	65,799	69,222	74,313	78,137	88,326	99,150	103,822	119,259	113,463	121,358
Public assistance	96,435	97,929	99,449	110,470	118,089	125,102	122,753	131,432	132,868	134,476
Education	10,000	9,922	9,611	9,457	11,934	12,787	12,754	12,698	14,322	14,213
Recreation and cultural services	7,344	9,735	7,745	9,755	8,702	10,385	8,927	11,891	11,501	10,497
Interest on long term debt	6,620	6,041	5,270	5,124	4,602	4,555	11,840	1,468	7,057	9,645
Total Governmental Activities Expenses	384,768	398,183	409,642	455,109	488,487	527,722	542,374	579,193	608,085	586,679
Business-Type Activities Expenses										
Airport	5,422	5,435	5,664	6,187	6,117	6,391	7,966	8,398	10,133	9,146
Golf	2,863	2,779	2,608	2,968	3,131	3,111	3,297	3,491	3,347	3,869
State Water Contract	6,761	5,536	5,992	6,351	5,848	5,571	5,909	6,973	7,709	6,928
Nacimiento Water Contract	11,901	14,738	13,840	15,776	14,888	14,191	14,044	14,318	13,257	14,816
Lopez Flood Control	5,752	6,548	6,116	6,128	6,220	6,387	7,072	7,004	6,733	7,087
Lopez Park	-	-	-	4	4	4	3	3	2	1
General Flood Control Zone - Salinas Dam	1,816	746	809	845	824	851	1,056	1,142	913	1,170
Transit	8	-	-	-	-	-	-	-	-	-
County Service Areas	3,836	3,779	3,857	4,194	4,065	4,218	4,445	4,747	4,670	4,697
Los Osos Wastewater	6,672	344	231	235	3,807	10,322	10,918	11,544	11,636	11,581
Total Business-Type Activities Expenses	45,031	39,905	39,117	42,688	44,904	51,046	54,710	57,620	58,400	59,295
Total Primary Government Expenses	\$ 429,799	\$ 438,088	\$ 448,759	\$ 497,797	\$ 533,391	\$ 578,768	\$ 597,084	\$ 636,813	\$ 666,485	\$ 645,974
Program Revenues										
Governmental Activities										
Fees, Fines, Charges for Services										
General government	\$ 17,545	\$ 16,575	\$ 14,678	\$ 12,407	\$ 13,702	\$ 14,839	\$ 12,937	\$ 13,484	\$ 12,967	\$ 15,502
Public protection	15,679	16,352	23,035	20,774	20,768	21,231	23,666	22,946	21,291	23,552
Public ways and facilities	5,069	5,465	4,356	4,255	9,434	7,462	6,155	5,721	4,797	5,532
Health and sanitation	6,014	5,196	6,570	6,631	7,179	6,757	7,501	7,698	8,571	8,038
Public assistance	2,366	2,920	2,070	2,077	2,107	2,032	1,763	1,194	1,155	926
Education	2,545	3,583	1,723	2,998	1,952	1,644	2,006	1,943	2,193	1,622
Recreation and cultural services	3,952	4,435	4,537	5,056	4,975	5,127	5,592	5,515	4,295	5,714
Operating Grants and Contributions										
General Government	628	122	252	54	735	748	321	200	685	789
Public Protection	45,646	50,477	54,233	62,359	63,528	52,205	58,184	59,592	59,974	67,187
Public ways and facilities	11,813	15,018	14,688	14,145	11,025	9,918	11,506	10,485	11,302	11,073
Health and sanitation	44,741	55,064	57,344	62,338	61,950	67,626	76,494	76,211	74,699	91,988
Public assistance	85,505	87,912	89,640	94,775	98,414	102,784	105,848	107,758	114,525	113,555
Education	175	175	102	105	124	132	173	143	204	219
Recreation and cultural services	18	350	-	131	153	273	671	200	230	271
Capital Grants and Contributions										
General government	843	8	69	156	45	-	349	930	-	-
Public protection	-	-	3,315	9,701	4,420	7,820	656	1,197	1,799	3,814
Public ways and facilities	12,930	3,479	5,570	6,435	6,031	6,655	8,893	14,361	17,732	12,856
Health and sanitation	-	-	-	-	-	-	-	-	-	-
Education	-	-	-	-	-	-	-	-	267	-
Recreation and cultural services	247	50	282	1,776	10,804	1,157	191	28	86	189
Total Governmental Activities	255,716	267,181	282,464	306,173	317,346	308,410	322,906	329,606	336,772	362,827

Source: Statement of Activities

(continued)

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

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-2018	2018-19	2019-20	2020-21
Business-Type Activities										
Fees, Fines, Charges for Services										
Airport	3,719	4,053	4,493	4,883	5,165	5,662	7,158	8,947	8,300	6,140
Golf	2,690	2,639	2,779	2,967	2,589	2,291	2,584	2,717	2,750	4,376
State Water Contract	6,609	6,185	6,358	6,562	6,846	5,941	6,110	7,656	7,825	7,470
Nacimiento Water Contract	13,893	13,800	13,685	9,682	17,048	15,149	15,709	16,947	16,732	17,458
Lopez Flood Control	6,440	6,174	6,123	6,208	6,530	6,708	6,677	7,148	6,978	6,927
Lopez Park	-	-	-	-	-	-	-	-	-	-
General Flood Control Zone - Salinas Dam	1,252	730	861	794	960	904	909	913	2,884	1,370
County Service Areas	3,186	3,352	3,312	3,408	-	2,301	3,662	3,894	4,492	4,702
Los Osos Wastewater	-	-	-	-	3,551	3,620	4,467	5,100	5,245	5,324
Operating Grants and Contributions										
Airport	372	132	127	126	126	126	396	328	4,644	7,580
Golf	5	-	-	269	-	1,017	-	-	-	105
State Water Contract	10	13	13	13	13	14	14	14	14	15
Nacimiento Water Contract	28	29	12	9	9	-	6	-	-	-
Lopez Flood Control	15	15	8	8	8	-	7	5	5	6
Lopez Park	-	-	-	-	-	-	-	-	-	-
Transit	-	-	-	-	-	-	-	-	-	-
General Flood Control Zone - Salinas Dam	-	-	-	-	-	-	-	26	-	-
County Service Areas	3	3	3	211	295	3	3	13	3	3
Los Osos Wastewater	35	1	-	-	2,810	18	-	-	-	-
Capital Grants and Contributions										
Airport	138	572	1,770	365	7,069	15,379	2,211	3,139	505	1,138
Nacimiento Water Contract	-	-	-	-	-	-	24	-	-	200
County Service Areas	64	294	2	-	-	-	-	-	-	-
Los Osos Wastewater	9,127	35,717	57,507	26,385	4,157	10,086	2,982	4,860	2,618	2,546
Total Business-Type Activities Revenues	47,586	73,709	97,053	61,890	57,176	69,219	52,919	61,707	62,995	65,360
Total Primary Government Revenues	\$ 303,302	\$ 340,890	\$ 379,517	\$ 368,063	\$ 374,522	\$ 377,629	\$ 375,825	\$ 391,313	\$ 399,767	\$ 428,187
Net (Expense)/Revenues										
Governmental Activities	\$ (129,052)	\$ (131,002)	\$ (127,178)	\$ (148,936)	\$ (171,141)	\$ (219,312)	\$ (219,468)	\$ (249,587)	\$ (271,313)	\$ (223,852)
Business-Type Activities	2,555	33,804	57,936	19,202	12,272	18,173	(1,791)	4,087	4,595	6,065
Total Primary Government net expense	\$ (126,497)	\$ (97,198)	\$ (69,242)	\$ (129,734)	\$ (158,869)	\$ (201,139)	\$ (221,259)	\$ (245,500)	\$ (266,718)	\$ (217,787)
General Revenue and Other Changes in Net Position										
Governmental Activities										
Property Taxes	\$ 140,288	\$ 143,182	\$ 152,256	\$ 155,374	\$ 163,367	\$ 173,153	\$ 180,051	\$ 189,689	\$ 198,927	\$ 208,371
Other Taxes	16,330	23,940	22,088	22,984	21,953	23,072	25,708	27,224	27,878	34,440
Interest and investment income	1,202	733	599	3,174	4,401	3,289	3,171	12,952	12,849	696
Unrestricted Grants	3,978	3,537	1,727	13,327	3,140	63	2,740	2,115	3,845	41,157
Other revenues	-	4	-	-	-	5	2	35,445	1,144	4,813
Transfers	8,048	(166)	(790)	(2,676)	(768)	(2,292)	2,267	(625)	(493)	282
Special Item	-	-	(2,800)	-	-	-	-	-	-	-
Total Governmental Activities	169,846	171,230	173,080	192,183	192,093	197,290	213,939	266,800	244,150	289,759
Business-Type Activities										
Property Taxes	3,799	4,145	4,402	4,782	4,782	3,814	3,858	3,912	4,043	4,387
Other Taxes	28	29	32	-	-	-	-	-	-	-
Interest and investment income	755	385	595	659	847	630	1,272	1,590	2,169	405
Other revenues	31	160	40	183	268	338	-	574	2,889	76
Transfers	(8,048)	166	790	2,676	768	2,292	(2,267)	625	493	(282)
Total Business-Type Activities	(3,435)	4,885	5,859	8,300	6,665	7,074	2,863	6,701	9,594	4,586
Total Primary Government	\$ 166,411	\$ 176,115	\$ 178,939	\$ 200,483	\$ 198,758	\$ 204,364	\$ 216,802	\$ 273,501	\$ 253,744	\$ 294,345
Change in Net Position										
Governmental Activities	\$ 40,794	\$ 40,228	\$ 45,902	\$ 43,247	\$ 20,952	\$ (22,022)	\$ (5,529)	\$ 17,213	\$ (27,163)	\$ 65,907
Business-Type Activities	(880)	38,689	63,795	27,502	18,937	25,247	1,072	10,788	14,189	10,651
Total Primary Government	\$ 39,914	\$ 78,917	\$ 109,697	\$ 70,749	\$ 39,889	\$ 3,225	\$ (4,457)	\$ 28,001	\$ (12,974)	\$ 76,558

Source: Statement of Activities

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

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
General Fund										
Nonspendable	\$ 3,176	\$ 3,092	\$ 779	\$ 5,089	\$ 3,454	\$ 3,535	\$ 18,511	\$ 19,222	\$ 18,734	\$ 9,861
Restricted	6,682	4,005	3,214	2,945	2,872	2,649	10,083	12,276	10,915	24,212
Committed	68,880	96,365	116,940	138,140	168,619	164,492	152,501	169,846	175,455	194,669
Assigned	-	104,237	118,248	125,112	122,925	126,596	107,145	127,007	119,426	173,558
Unassigned	102,291	-	-	-	-	-	-	-	-	-
Total General Fund	\$ 181,029	\$ 207,699	\$ 239,181	\$ 271,286	\$ 297,870	\$ 297,272	\$ 288,240	\$ 328,351	\$ 324,530	\$ 402,300
All Other Governmental Funds										
Nonspendable	\$ 390	\$ 596	\$ -	\$ 920	\$ 3,776	\$ 3	\$ 24	\$ 36	\$ 4	\$ 6
Restricted	19,788	18,311	20,164	20,563	21,317	24,192	24,750	33,496	57,057	58,106
Committed	61,144	65,903	74,240	78,508	61,926	94,904	62,307	66,616	67,593	88,636
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	(486)	-	-	(3,038)	-	-	-
Total all other Governmental Funds	\$ 81,322	\$ 84,810	\$ 94,404	\$ 99,505	\$ 87,019	\$ 119,099	\$ 84,043	\$ 100,148	\$ 124,654	\$ 146,748

Source: Balance Sheet - Governmental Funds

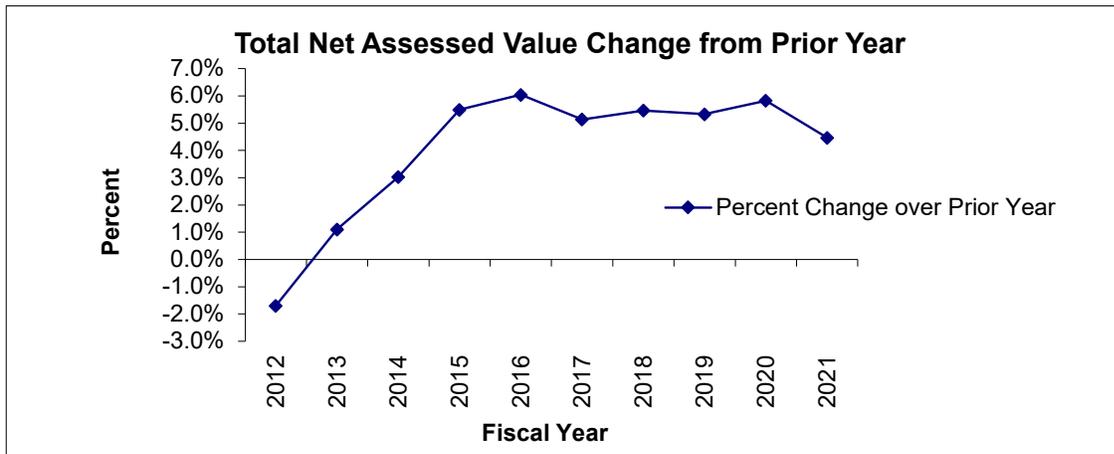
County of San Luis Obispo
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(In Thousands)
(UNAUDITED)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Revenues										
Taxes	\$ 160,920	\$ 171,771	\$ 177,765	\$ 178,740	\$ 185,764	\$ 196,822	\$ 203,583	\$ 217,106	\$ 223,041	\$ 243,406
Licenses, permits, and franchises	7,863	9,247	10,694	10,452	10,539	11,446	11,140	12,133	11,477	12,522
Fines, forfeitures, and penalties	6,750	6,654	5,257	5,686	5,173	4,339	5,977	4,396	3,916	4,352
Revenues from use of money and property	2,273	1,475	1,373	3,864	4,939	3,984	3,779	12,268	12,247	1,084
Aid from governmental agencies	206,372	209,234	229,283	261,351	256,490	254,350	262,660	271,961	277,267	348,093
Charges for current services	45,538	41,690	50,071	43,530	46,308	49,460	49,793	47,957	46,712	51,694
Other revenues	8,451	11,342	6,235	9,110	11,504	8,481	6,869	25,278	12,396	13,104
Total revenues	438,167	451,413	480,678	512,733	520,717	528,882	543,801	591,099	587,056	674,255
Expenditures										
Current:										
General government	45,850	44,374	44,317	51,207	54,461	54,918	60,445	54,991	54,078	64,686
Public protection	138,579	143,832	148,155	157,783	156,096	164,839	175,175	185,033	205,162	199,299
Public ways and facilities	40,338	34,178	28,528	29,903	41,044	29,077	42,254	35,267	43,865	37,099
Health and sanitation	67,830	70,021	74,586	75,116	81,591	88,623	99,885	103,512	108,158	117,359
Public assistance	97,185	98,059	99,442	107,104	111,227	113,392	117,066	121,327	131,154	129,141
Education	9,973	9,901	12,205	11,388	10,534	11,560	11,640	12,191	12,769	13,368
Recreational and cultural services	6,998	7,538	7,993	10,104	9,888	9,963	10,358	10,574	11,637	10,976
Debt service:										
Principal payments	4,435	4,065	5,412	6,070	6,788	7,576	50,989	5,093	10,561	5,289
Interest and fiscal charges	6,289	5,863	5,419	5,209	4,687	4,639	11,666	1,204	6,416	7,030
Debt issuance costs	-	269	-	-	-	-	-	-	-	-
Capital outlay	5,540	3,692	11,312	20,019	30,465	11,554	11,828	6,374	7,645	13,795
Total expenditures	423,017	421,792	437,369	473,903	506,781	496,141	591,306	535,566	591,445	598,042
Excess (deficiency) of revenues over (under) expenditures	15,150	29,621	43,309	38,830	13,936	32,741	(47,505)	55,533	(4,389)	76,213
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	2,841
Premium on lease revenue bonds issued	-	-	-	-	-	-	-	-	4,023	-
Payment to refunded escrow agent	-	(16,400)	-	-	-	-	-	-	-	-
Discount on certificates of participation issued	-	-	-	-	-	-	-	-	-	-
Transfers in	35,815	48,113	26,502	33,299	35,803	57,668	54,782	31,633	36,803	37,384
Transfers out	(27,138)	(47,021)	(25,935)	(34,924)	(35,641)	(58,927)	(51,365)	(30,950)	(36,136)	(36,094)
Total other financing sources and uses	8,677	537	567	(1,625)	162	(1,259)	3,417	683	25,074	4,131
Special Item	-	-	(2,800)	-	-	-	-	-	-	-
Net change in fund balances	\$ 23,827	\$ 30,158	\$ 41,076	\$ 37,205	\$ 14,098	\$ 31,482	\$ (44,088)	\$ 56,216	\$ 20,685	\$ 80,344
Debt Service as a percentage of non-capital expenditures	2.73%	2.48%	2.61%	2.57%	2.54%	2.62%	11.25%	1.23%	3.05%	2.20%

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

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

Fiscal Year Ended,	Secured	Unsecured	Exemptions	Net Assessed Valuations	Percentage Change from Prior Year	Tax Rate
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
2021	61,279,618	2,349,231	(1,428,237)	62,200,611	4.5%	1.0040



* Discussion: 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)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
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	0.00300	0.00400	0.00400	0.00400	0.00374	0.00400	0.00400	0.00400	0.00400	0.00400
Total Direct Rate	1.00300	1.00400	1.00400	1.00400	1.00374	1.00400	1.00400	1.00400	1.00400	1.00400
Cities, Schools, and Special Districts Combined Rates										
Arroyo Grande	0.0477	0.0576	0.0580	0.0569	0.0756	0.0680	0.1085	0.1051	0.0965	0.0827
Atascadero	0.0442	0.0452	0.0452	0.0590	0.1373	0.1373	0.1373	0.1373	0.1373	0.1373
Grover Beach	0.0396	0.0495	0.0499	0.0509	0.0940	0.1023	0.1599	0.1901	0.1815	0.1677
Morro Bay	0.0501	0.0510	0.0510	0.0510	0.0688	0.0683	0.0683	0.0683	0.0683	0.0614
Paso Robles	0.0816	0.0815	0.0815	0.0782	0.0955	0.0828	0.0828	0.1291	0.1222	0.1160
Pismo Beach	0.0396	0.0495	0.0499	0.0509	0.0700	0.0680	0.1085	0.1051	0.0965	0.0827
San Luis Obispo	-	-	-	-	0.0683	0.0683	0.0683	0.0683	0.0683	0.0583

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 2020-21			Fiscal Year 2011-12		
		Assessed Value	Rank	Percentage of Total County Assessed Value	Assessed Value	Rank	Percentage of Total County Assessed Value
Pacific Gas & Electric Co.	Utility	\$ 1,773,687	1	2.85%	\$ 2,543,033	1	6.15%
High Plans Ranch II LLC	Solar Ranch	802,327	2	1.29%	-	-	-
Phillips 66 Company	Oil Refinery	169,952	3	0.27%	-	-	-
Jamestown Premier	Commercial	151,907	4	0.24%	-	-	-
Southern California Gas Co.	Utility	140,745	5	0.23%	63,738	7	0.15%
E&J Gallo Winery/Vineyards	Winery	99,552	6	0.16%	-	-	-
CAP VIII - Mustang Village LLC	Apartments	97,030	7	0.16%	75,358	6	0.18%
Firestone Walker LLC	Brewery	91,103	8	0.15%	-	-	-
Treasury Wine Estates	Winery	88,182	9	0.14%	-	-	-
Sierra Vista Hospital	Hospital	83,300	10	0.13%	56,615	9	0.14%
TOSCO Corp	Petroleum & Gas	-	-	-	138,970	2	0.34%
Plains Exploration & Prod Co	Petroleum & Gas	-	-	-	91,305	3	0.22%
Beringer Wine Estates Company	Winery	-	-	-	89,882	4	0.22%
Pacific Bell Telephone Co	Communications	-	-	-	81,038	5	0.20%
Martin Hotel Management	Hotel	-	-	-	61,074	8	0.15%
Twin Cities Com. Hospital	Hospital	-	-	-	53,788	10	0.13%
	Total	\$ 3,497,785		5.62%	\$ 3,254,801		7.87%
	Total County Assessed Value	\$ 62,200,611			\$ 41,340,431		

Sources:

County Property Tax System
2011-2012 San Luis Obispo County Annual Comprehensive Financial Report

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

Collected within the
Fiscal Year of the Levy

Fiscal Year Ended June 30,	Total Levy for the Fiscal Year	Collected Amount	% of Original Levy	Collections in Subsequent Years*	Delinquent Amount	% of Levy Delinquent
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%
2021	599,508	592,847	98.89%	N/A	6,660	1.11%

Note: Amounts do not include tax collections for bonds or special assessments

Source: County Property Tax Booklet

*Collections in subsequent years are not available from the County's current property tax system.

County of San Luis Obispo
Special Assessment Billings and Collections
(In Thousands)
(UNAUDITED)

Year ended June 30,	Special Assessment Billings	Special Assessment Collected
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
2021	5,042	5,084

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.

* Amounts restated

Source: County Property Tax System

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

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Governmental Activities										
Certificates of Participation	\$ 27,895	\$ 25,662	\$ 24,640	\$ 23,600	\$ 22,527	\$ 21,411	\$ 26,135	\$ 24,808	\$ 18,004	\$ 19,619
Less deferred amounts:										
For issuance discounts:	(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	619
State notes	-	-	-	-	-	-	2,056	1,901	1,744	1,586
Pension Obligation Bonds	119,429	115,624	111,234	146,219	145,291	143,890	99,407	96,903	93,733	89,825
Lease revenue bonds	-	-	-	-	-	-	-	-	20,380	19,970
Add deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	-	4,023	3,837
Assessment Bonds from direct borrowings***	-	-	-	-	-	-	-	-	436	391
Total bonds and notes payable	<u>147,221</u>	<u>142,516</u>	<u>137,019</u>	<u>170,880</u>	<u>168,794</u>	<u>166,193</u>	<u>128,405</u>	<u>124,334</u>	<u>139,028</u>	<u>135,847</u>
Business-Type Activities										
Certificates of Participation	19,060	17,920	18,257	17,745	17,194	16,470	15,678	14,811	13,908	12,966
Add deferred amounts:										
For issuance premiums:	-	492	459	426	393	361	328	295	262	229
State Note	35,884	34,399	46,529	72,774	86,611	85,674	87,667	84,409	81,079	88,385
Revenue Bonds	193,483	190,389	187,170	183,813	177,198	173,535	168,410	164,126	159,841	155,330
Add deferred amounts:										
For issuance premiums:	6,158	5,945	5,732	5,519	10,058	9,623	8,926	8,502	8,077	7,653
Unamortized outflow on Bond Refinancing	-	-	-	-	(4,171)	(3,990)	(3,808)	-	-	-
General Obligation Bonds	10,245	9,890	9,530	9,155	8,760	8,350	7,925	7,485	7,025	6,540
Add deferred amounts:										
For issuance premiums:	1,072	1,015	959	902	846	790	733	677	620	564
Bond Anticipation Notes	-	-	-	-	-	-	-	-	-	-
Assessment Bonds	15,364	39,527	76,438	79,829	79,396	78,089	76,746	75,358	73,943	72,483
Total bonds and notes payable	<u>281,266</u>	<u>299,577</u>	<u>345,074</u>	<u>370,163</u>	<u>376,285</u>	<u>368,902</u>	<u>362,605</u>	<u>355,663</u>	<u>344,755</u>	<u>344,150</u>
Total Outstanding Debt	<u>\$ 428,487</u>	<u>\$ 442,093</u>	<u>\$ 482,093</u>	<u>\$ 541,043</u>	<u>\$ 545,079</u>	<u>\$ 535,095</u>	<u>\$ 491,010</u>	<u>\$ 479,997</u>	<u>\$ 483,783</u>	<u>\$ 479,997</u>
Percentage of Personal Income**	3.57%	3.52%	3.76%	3.86%	3.76%	3.58%	3.13%	2.92%	2.80%	N/A
Percentage of Assessed Value of Taxable Property ¹	1.04%	1.06%	1.12%	1.19%	1.13%	1.06%	0.92%	0.85%	0.81%	0.77%
Net outstanding debt Per Capita	\$ 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	\$ 1,700.62

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

Source: Notes to the Financial Statements, Note 10

** Restated for FY 2011-12 through FY 2018-19

*** Restated for FY 2019-20

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
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years
(In Thousands)
(UNAUDITED)

	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Certificates of Participation	\$ 16,400	\$ 14,427	\$ 13,675	\$ 12,915	\$ 12,137	\$ 11,326	\$ 10,482	\$ 9,606	\$ 8,693	\$ 7,747
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	619
Lease Revenue Bonds	-	-	-	-	-	-	-	-	20,380	19,970
Less deferred amounts:										
For issuance premiums:	-	-	-	-	-	-	-	-	4,023	3,837
General Obligation Bonds	10,245	9,890	9,530	9,155	8,760	8,350	7,925	7,485	7,025	6,540
Add deferred amounts:										
For issuance premiums:	1,072	1,015	959	902	846	790	733	677	620	564
State Notes	-	-	-	-	-	-	2,056	1,901	1,744	1,586
Assessment Bonds	15,364	39,527	76,438	79,829	79,396	78,089	76,746	75,358	73,943	72,483
Less resources restricted for principal repayment	(2,893)	(2,684)	(2,683)	(2,683)	(2,688)	(2,692)	(2,712)	(8,061)	(30,167)	(27,456)
Net Total General Obligation Debt	\$ 40,188	\$ 63,406	\$ 99,064	\$ 101,179	\$ 99,427	\$ 96,755	\$ 96,037	\$ 87,688	\$ 86,969	\$ 85,890
Percentage of Personal Income**	0.33%	0.51%	0.77%	0.72%	0.69%	0.65%	0.61%	0.53%	0.50%	N/A
Percentage of Assessed Value of Taxable Property ¹	0.10%	0.15%	0.23%	0.22%	0.21%	0.19%	0.18%	0.16%	0.15%	0.14%
Net outstanding debt Per Capita	\$ 148.03	\$ 232.96	\$ 363.73	\$ 368.87	\$ 357.68	\$ 346.53	\$ 342.93	\$ 313.06	\$ 307.19	\$ 304.31

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

Source: Notes to the Financial Statements, Note 10

** Restated for FY 2011-12 through FY 2018-19

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)**

	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>
Assessed Value of Property (a)	\$ 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	\$ 62,200,611
Debt Limit, 1.25% of Assessed Value	516,755	522,454	538,249	567,827	602,155	633,095	667,700	703,283	743,126	777,508
<u>Amount of Debt Applicable to Limit</u>										
General Obligation Bonds (b)	11,317	10,905	10,489	10,057	9,606	9,140	8,658	7,485	7,025	6,540
Less: Resources Restricted to Paying Principal	-	-	-	-	-	-	-	-	-	-
Total Debt Applicable	11,317	10,905	10,489	10,057	9,606	9,140	8,658	7,485	7,025	6,540
Legal Debt Margin	<u>\$ 505,438</u>	<u>\$ 511,549</u>	<u>\$ 527,760</u>	<u>\$ 557,770</u>	<u>\$ 592,549</u>	<u>\$ 623,955</u>	<u>\$ 659,042</u>	<u>\$ 695,798</u>	<u>\$ 736,101</u>	<u>\$ 770,968</u>
Total Debt Applicable as a Percentage of the Debt Limit	2.19%	2.09%	1.95%	1.77%	1.60%	1.44%	1.30%	1.06%	0.95%	0.84%

Source:

- (a) County Assessed Values, Exemptions and Growth % Book
(b) Notes to the Financial Statements, Note 10

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)
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
2021	282,249	N/A	N/A	N/A	40,403	5.9

Sources:

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

Notes:

N/A = not available

- 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, 2021

**County of San Luis Obispo
Principal Employers
Current Year and Ten Years Ago
(UNAUDITED)**

Employer	2021			2012		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
County of San Luis Obispo*	2,807	1	2.14%	2,601	1	2.01%
Atascadero State Hospital	2,300	2	1.75%	2,200	3	1.70%
California Men's Colony	2,000	3	1.53%	1,768	4	1.36%
Cal Poly State University, SLO	1,912	4	1.46%	2,426	2	1.87%
Pacific Gas and Electric Company	1,700	5	1.30%	1,719	5	1.33%
Tenet Healthcare	1,312	6	1.00%	1,409	6	1.09%
Lucia Mar Unified School District	1,070	7	0.82%	1,100	7	0.85%
Community Action Partnership of San Luis Obispo County	942	8	0.72%	-	-	-
Paso Robles Public Schools	935	9	0.71%	831	9	0.64%
Cuesta College	854	10	0.65%	-	-	-
San Luis Coastal Unified School District	-	-	-	828	10	0.64%
King Ventures	-	-	-	850	8	0.66%
Total Employment Labor Force	131,100			129,700		

Sources:

Pacific Coast Business Times
State of California Employment Development Department
2011-12 San Luis Obispo County Annual Comprehensive Financial Report
2020-21 County Budget Report*

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

Function/Program	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18*	2018-19*	2019-20*	2020-21*
General Government	437.50	438.25	430.75	436.75	440.50	430.75	437.50	441.00	455.25	458.00
Public Protection	808.25	812.00	817.25	832.25	848.25	867.00	909.50	912.00	899.75	904.25
Public Ways and Facilities	193.75	193.75	188.75	190.75	207.75	234.75	237.75	246.75	247.75	248.75
Health and Sanitation	430.50	445.25	464.00	485.25	505.50	556.00	536.50	530.00	531.00	530.00
Public Assistance	425.75	428.00	478.00	500.75	524.00	524.00	523.00	522.00	523.50	526.75
Education	77.50	75.50	75.50	75.50	77.50	78.00	77.75	78.00	78.25	78.50
Recreation and Cultural Services	52.00	52.00	55.00	59.00	60.00	61.00	61.00	61.00	61.00	61.00
Total	<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>	<u>2,807.25</u>

Source: County Budget Report

Notes:

2012-2017 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	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Recreation and Cultural Services										
Parks										
<i>Day Use Passes</i>	57,135	56,601	42,821	57,564	n/a	n/a	n/a	n/a	n/a	n/a
<i>Daily Passes*</i>	n/a	n/a	246,727	239,140	189,232	230,915	257,220	60,902	59,194	62,559
<i>Annual Passes</i>	2,357	2,406	2,998	3,137	n/a	n/a	n/a	n/a	n/a	n/a
<i>Annual Vehicle Passes*</i>	n/a	n/a	8,744	12,584	9,614	6,504	8,066	3,974	1,823	1,716
<i>Daily Boat Launches*</i>	16,133	14,809	26,110	23,706	16,001	16,312	24,340	9,664	11,210	11,810
<i>Annual Boat Passes*</i>	238	551	1,412	1,245	480	1,383	1,353	1,629	1,288	764
Public Protection										
Planning and Building										
<i>Total Permits Issued</i>	2,086	2,070	2,622	3,139	3,355	3,927	3,542	3,256	3,299	3,624
<i>Number of New Affordable Housing</i>	39	44	13	151	99	65	133	131	n/a	n/a
Sheriff										
<i>Jail bookings</i>	12,966	13,273	12,583	11,375	11,018	11,774	11,324	10,246	8,144	6,235
<i>Average daily population</i>	679	717	780	679	603	632	621	636	552	448
Health and Sanitation										
Mental Health										
<i>Day Treatment Days provided to youth in out-of-county group home facilities**</i>	1,588	1,885	1,764	1,613	1,381	604	n/a	n/a	n/a	n/a
Public Health										
<i>Percentage of the State allocated caseload enrolled in the Women, Infants & Children (WIC) Program</i>	99	99	95	91	86	76	72	68	n/a	n/a
<i>Percentage of live born infants whose mothers received prenatal care in the first trimester.</i>	82	80	79	79	80	78	78	84	86	94
Public Assistance										
Social Services										
<i>Percentage of child abuse/neglect referrals where a response is required within 10 days that were timely</i>	98	98	96	98	97	n/a	n/a	n/a	n/a	n/a
<i>Percentage of child abuse/neglect referrals where a response is required within 10 days and where contact was made within the required period.</i>	n/a	n/a	n/a	n/a	n/a	91	95	95	94	92
Education										
Library										
<i>Annual number of items circulated per capita</i>	10.1	10.1	9.8	9.6	10.5	10.3	11.6	12.1	12.1	8.9
<i>Annual Expenditure per capita for total Library budget</i>	\$ 35.25	\$ 34.35	\$ 35.50	\$ 36.13	\$ 36.27	\$ 38.10	\$ 40.36	\$ 40.57	\$ 44.47	\$ 43.00
Public Ways and Facilities										
Roads										
<i>Pavement Condition Rating for all County roads (70 = "good")</i>	58	60	61	61	65	66	65	65	60	60
Airport										
Airport										
<i>Takeoffs and Landings</i>	80,158	71,428	66,696	71,001	71,181	71,001	77,917	82,110	68,067	75,082
<i>Passenger Enplanements</i>	134,244	132,315	147,105	149,558	155,744	180,141	226,588	259,481	215,900	150,065

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.

** 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	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Recreation and Cultural Services										
County golf courses	3	3	3	3	3	3	3	3	3	3
Park acreage	13,424	13,424	13,583	13,583	13,583	13,583	13,583	13,583	13,841	13,841
Public Protection										
Correction facility capacities (a)	637	717	797	797	797	909	909 *	909	909	909
Public Ways and Facilities										
Miles of county roads	1,333	1,335	1,336	1,336	1,338	1,338	1,339	1,339	1,349	1,349
Airport										
Number of runways	2	2	2	2	2	2	2	2	2	2

Notes:

The 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